

DAISEKI INTEGRATED REPORT 2025

From regeneration to circulation.

To Our Stakeholders

From regeneration to circulation.

Through “**One Daiseki**,” we support society and create a business model that maximizes the value of resources.

Daiseki has spent over half a century sincerely confronting industrial waste. Through our efforts in resource circulation, we have created value by balancing environmental conservation with economic growth.


Today, society is undergoing a profound transformation. In an era where sustainability is more vital than ever, we believe our mission extends beyond simply processing waste—it is to regenerate it as a resource and return it to society. This is a responsibility that only Daiseki, with decades of direct experience, is uniquely equipped to fulfill—and one we embrace with pride.

In our Integrated Report 2025, we outline our initiatives to meet the dual challenge of building a circular society and strengthening profitability, along with our medium- to long-term outlook. Nothing would bring us greater satisfaction than if this report inspires more of our stakeholders to share in the vision we are working to achieve.

Through this report and our broader commitment to transparency, we seek to deepen engagement with stakeholders. By actively incorporating your feedback into our business activities and management decisions, we aim to contribute to the realization of a more sustainable and equitable society.

We position ourselves as “an environmental value-creation company contributing to society through the environment by making the best use of limited resources.” Guided by this purpose, the Daiseki Group is stepping confidently into its next stage. We invite you to follow and support our ongoing efforts.

Tetsuya YAMAMOTO
President and Representative Director





Our mission is to preserve the global environment and contribute to the creation of a sustainable society. In order to achieve a sustainable society, it is said that we must shift to economic activities that remain within the limits of the Earth (i.e., planetary boundaries). To pass on a sustainable and promising future to the next generation, the power of human capital is indispensable. Daiseki is also dedicated to cultivating future-oriented talent.

Management Principles

Guidelines/Policies

Ideas, Plans, Structures, Actions

Environmental Policy, Health and Safety Policy
Human Rights Policy, Corruption Prevention Policy

Environmental Policy

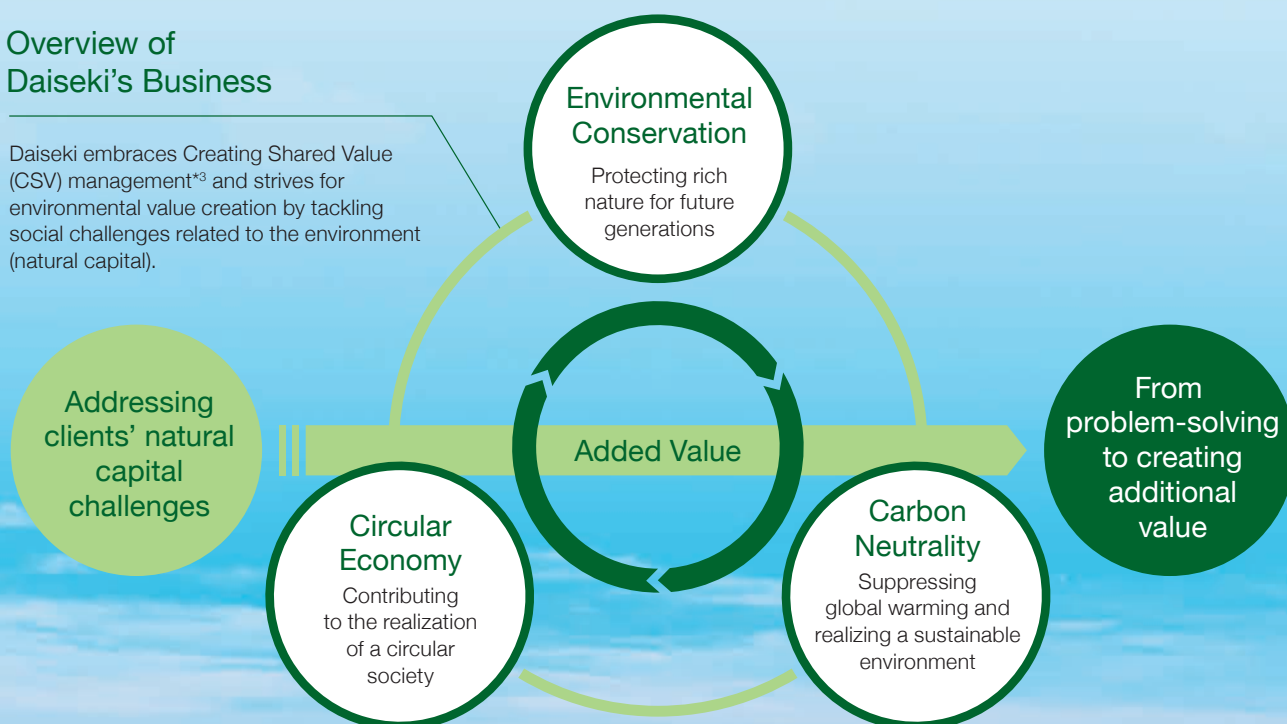
Health and Safety Policy

Human Rights Policy

Corruption Prevention Policy

Overview of
Daiseki's Business

Daiseki embraces Creating Shared Value (CSV) management*3 and strives for environmental value creation by tackling social challenges related to the environment (natural capital).



*1 Purpose: The reason a company exists and the value it aims to provide to society.

*2 Core Value: The shared values and behavioral guidelines that all employees uphold in their daily work.

*3 CSV management refers to pursuing corporate profit through business activities that contribute to society.

What We Convey in Integrated Report 2025

Six Key Questions to Shape the Future

To provide our stakeholders with a deeper understanding of Daiseki's vision and efforts to enhance corporate value, we have organized our message around six key themes.

01

What kind of company is Daiseiki?

We are a company that consistently embraces the challenge of environmental value creation through “wisdom, ingenuity, and action”.

Daiseiki has tackled social issues by recycling industrial waste. Guided by a flexible corporate DNA and core values rooted in our Management Principles, we continue to evolve by taking on new challenges and learning from setbacks.

Who We Are

Introduction

› P.05 Our DNA

02

What is a business model that maximizes resource value?

We create value by regenerating waste as a resource and returning it to society.

Through collaboration within the Group and alliances with external partners—referred to as “One Daiseiki”—we generate positive impact by collecting, processing, recycling, and reusing waste, contributing to environmental conservation and environmental value creation.

Feature

Feature

› P.15 Innovating a New Business Model



What is Daiseiki's investment strategy to support its evolution into a company that prospers for 100 years?

We will establish a circular economy-based business through strategic capital allocation.

We pursue growth investments with a balanced approach to shareholder returns, prioritizing investments in the technologies, facilities, human capital, and alliances, including M&A, essential for the future of our circular economy business.

CHAPTER 02 Strategy

Growth Strategy › P.33 CFO Message › P.37 Human Capital

What is Daiseiki's future vision and growth strategy to achieve it?

Guided by VISION 2030, we have formulated various strategies and are actively implementing them.

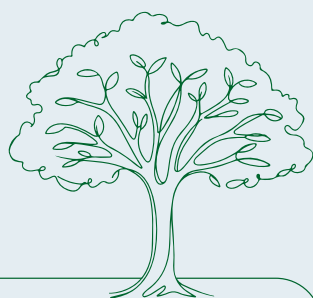
Our goals for FY2031 include achieving targets for sales, operating profit, and ROE, while positioning ourselves as a leading company in promoting the circular economy. We aim to deepen engagement with cutting-edge client needs and strengthen our foundation by expanding technology, talent, and business areas through M&A and alliances.

CHAPTER 02 Strategy

Growth Strategy

› P.31 Long-Term Business Plan VISION 2030





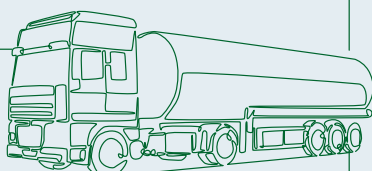
What value does Daiseki create?

Daiseki creates both social value that contributes to the environment and economic value for the Company.

By ensuring economic efficiency in recycling, we generate new value from waste. We balance social value such as environmental conservation for industries and communities, promoting carbon neutrality, and realizing a circular economy with economic value through improved corporate profitability.

CHAPTER 01 How We Create Value

Daiseki's Value Creation > P.21 Value Creation Process



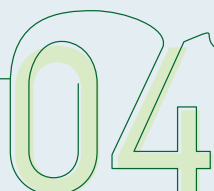
How does Daiseki maintain and develop its strengths?

We enhance our capabilities by combining and leveraging individual strengths throughout the organization.

Our key strengths include a broad client base supporting industries such as manufacturing and construction, a nationwide network, proposal capabilities that integrate technical expertise and sales, flexible responses to diverse waste types and needs, and strong collaboration within the Group and with external partners as part of the "One Daiseki" framework. We remain committed to continuously reinforcing these organizational and human strengths.

CHAPTER 01 How We Create Value

Daiseki's Value Creation > P.27 Five Strengths



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Scope Covered by This Report, etc.

• Scope of Report

The scope covers the value creation activities, business activities, and sustainability activities of the entire Daiseki Group.

• Period Covered by This Report and Important Organizational Changes Occurring During This Period
This report covers FY2025 (March 1, 2024 to February 28, 2025). However, some sections refer to activities and results occurring before or after this period. No significant changes to the structure of our organization, our shareholder composition, our business description, or other similar areas have occurred within the period covered.

Date of publication: September 30, 2025.

Daiseki's corporate website

Our DNA

A DNA that embraces challenges and

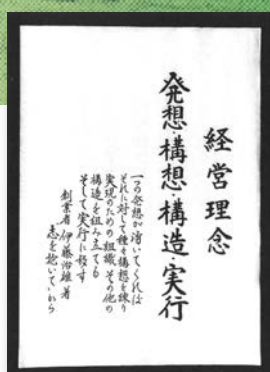
Daiseki has continued to innovate through “wisdom, ingenuity, and action” backed by our DNA of taking on challenges and the Management Principles of “Ideas, Plans, Structures, Actions”.

Ideas

A single “Idea” is born from foresight and prediction.

And various “Plans” are elaborated for it.

Plans

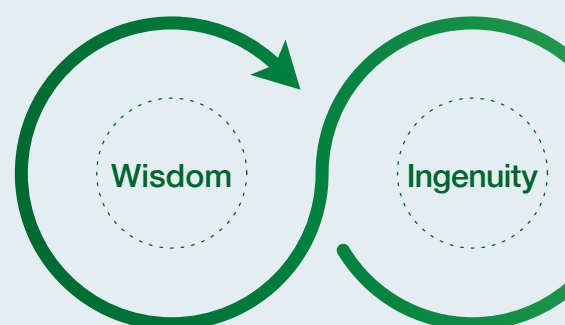


Daiseki's Management Principles

For Daiseiki, its Management Principles serve as a vital source of innovation. The principles of “Ideas, Plans, Structures, Actions” established by founder Haruo Ito, form the foundation of the Company's management and business development. These principles have been passed down since the Company's founding as a code of conduct that is actively practiced.

Daiseiki's Unique Values: “Wisdom, Ingenuity, and Action”

At Daiseiki, “wisdom, ingenuity, and action” are unique values deeply connected to the Management Principles of “Ideas, Plans, Structures, Actions,” and have been the driving force behind the Company's environmental and recycling businesses for many years. By applying wisdom, the Company identifies fundamental solutions; through ingenuity, it develops optimal methods; and with action, implements them concretely. This approach has led to numerous innovations over time.



values driving change

Structures

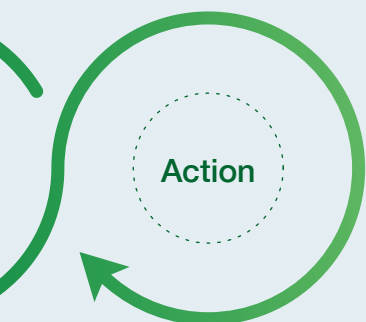
To realize those “Plans,”
“Structures” such as an organization
and others are formed.

We then move them to “Actions.”

Actions

The Roots of Daiseiki

Founder Haruo Ito navigated significant challenges and societal changes before and after the Second World War to grow the business. Through firsthand experience of setbacks and successes during business transformations, the Management Principles of “Ideas, Plans, Structures, Actions” emerged naturally. This spirit of adapting to social change continues to be inherited today, fostering a corporate culture that encourages free thinking and bold challenges. This mindset serves as the foundation of the Company’s culture, pioneering environmental businesses such as waste oil recycling.



A Circular Business Model Growing through “Wisdom, Ingenuity, and Action”

As environmental issues gain increasing importance today, Daiseiki has created an entirely new business model that goes beyond conventional waste disposal. The key lies in “wisdom, ingenuity” and the collective “action” of “One Daiseiki”. By confronting the challenging task of balancing environmental conservation with economic efficiency, the Company transforms industrial waste—once regarded as worthless—into valuable resources through its proprietary technologies and extensive network.

At a Glance

11 key facts to know about Daiseiki

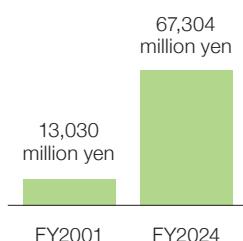
We have compiled a list of key figures and external evaluations that highlight Daiseiki's growth, strengths, and social value. This provides a comprehensive overview of our challenges and value creation for the future, covering both financial and non-financial aspects.

Daiseiki Today

01 Growing net sales

Net sales have increased approximately

5.2 times
since FY2001.

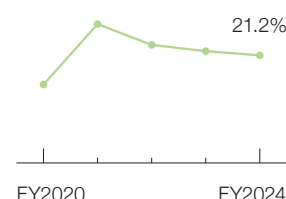


Business expansion, the development of a nationwide network, entry into diverse industrial waste sectors, and technological innovation have all contributed to this growth.

02 Stable, high profitability

Operating profit margin

21.2 %

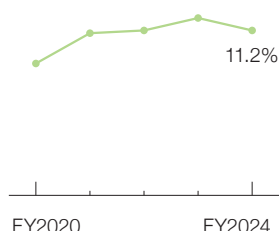


We have established an excellent business model that generates revenue from both waste treatment fees and sales of recycled products.

03 Steadily improving ROE*1

ROE

11.2 %

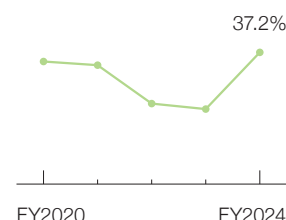


ROE for FY2025 was 11.2%.
We aim to reach 15.0% by FY2031.

04 Further enhancement of shareholder returns

Dividend payout ratio

37.2 %



The dividend payout ratio for FY2025 was 37.2%.
We aim to increase this to 40% by FY2027.

05 CDP rating in the top 2% worldwide*2

Achieved an A score

for two consecutive years



We have earned CDP's highest rating, an A score, for two consecutive years. CDP is an international environmental disclosure organization that evaluates the environmental initiatives of companies and municipalities worldwide. This recognition reflects our strong commitment to carbon neutrality and our transparent approach to environmental disclosure.

*1 Return on Equity (ROE) is an indicator that shows how much profit a company generates relative to its shareholders' equity.

*2 Calculated based on the total number of companies requested to disclose by CDP.

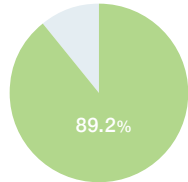
Value Created by Daiseki

Contribution to resource circulation

06

89.2 %

We contribute to resource circulation by recycling various types of industrial waste—such as waste oil, wastewater, and sludge—into recycled fuels and cement raw materials.



On the calculation method for recycling rates

CO₂ emission reduction effects delivered by Daiseki

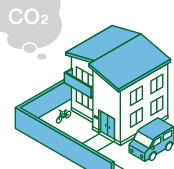
07

643,000 t-CO₂

Equivalent to the annual CO₂ emissions of 250,000 households*3

By recycling waste oil, waste solvents, and other materials instead of incinerating them, we reduce CO₂ emissions.

On the calculation method for avoided emissions



Strengths That Create Value

Comprehensive industrial waste treatment capacity covering nearly all of Japan

› P.54 Excellent Industrial Waste Disposal Company Certification System

08

Number of municipalities granting industrial waste collection and transport licenses:

45 prefectures and metropolitan areas (out of 47)

Number of industrial waste types accepted for intermediate treatment:

32,635

As a certified excellent industrial waste treatment company, Daiseki holds licenses for industrial waste collection and transport from municipalities covering almost the entire country and handles a wide variety of industrial waste at our own treatment facilities. Industrial waste is classified into 37 categories under the Waste Management and Public Cleansing Act, but Daiseki manages these in more detailed classifications to reduce environmental impact and meet diverse clients' needs.

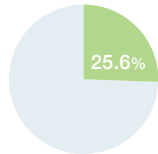
Market share among factories with 100 or more employees

09

25.6 %

We have business relationships with 6,201 of the 24,252 factories in Japan with 100 or more employees.

With a broad client base across the manufacturing sector nationwide, we efficiently and reliably handle large volumes of industrial waste, meeting the needs of major waste generators. We aim to increase our market share to 30% by FY2031.



One-stop solutions through Group collaboration

10

Number of joint sales cases in the Group

988

We promote one-stop solutions sales by jointly proposing multiple services through Group-wide collaboration, leading to the acquisition of new clients for each Group company.

Investment for Future Growth

Strategic investments for the future

› P.35 CFO Message

11

Growth and human capital investments (FY2025–FY2027)

26 billion yen

Over the three-year period from FY2025 to FY2027, we plan to invest a total of 26 billion yen in business expansion, technology adoption, and human capital development.

*3 In FY2024, the average CO₂ emissions per household were 2.52 t-CO₂/year (based on the Ministry of the Environment's FY2024 survey on household CO₂ emissions)

Challenges for “One Daiseki”

Daiseiki will establish a problem-finding business model to reduce environmental impacts and improve profitability and create a foundation for growth that supports a company that prospers for 100 years.

Tetsuya YAMAMOTO
President and Representative Director

Tetsuya Yamamoto

Points Conveyed in the Message from the President

- Daiseki's roots and corporate DNA
- Our Vision
- The value created by Daiseki
- Daiseki's business model and strengths
- Growth strategy and enhancement of human capital
- The importance of health, safety, and compliance
- Our determination to be a company that prospers for 100 years

Continually evolving in step with the times being the essence of Daiseki's DNA Our Inherited Management Principles being the foundation of our business activities

Daiseki has continuously addressed the social issue of industrial waste and responded to the ever-evolving demands of society. Our origins date back to 1945 in the immediate aftermath of the Pacific War when we commenced an oil refining business starting with rapeseed oil. Subsequently, Daiseki carried out and expanded its business by responding to the trends of the times such as the advance of the automobile industry and the growing production of concrete products. With Japan entering a period of rapid economic growth, pollution became an increasingly serious social problem. As these trends unfolded, we discovered the value of waste oil, which would otherwise have been discarded, as an unused resource and achieved an innovation that broke conventional wisdom by using technology to recycle waste oil. This allowed Daiseki to achieve a transition to becoming a waste processor.

Daiseki has flexibly changed its business model to keep up with the changing times. This has been possible thanks to its corporate DNA of responding to changes and challenges and the steady penetration of its Management Principles of "Ideas, Plans, Structures, Actions," which are the basis of our business activities and the foundation of our corporate culture. Specifically, Daiseki identifies the essence of matters without being bound by conventional wisdom or past practices and opens the way to possibilities with new "ideas." Next, we incorporate these ideas into concrete visions and "plan" the directions we should pursue. Then we build "teams," or "structures," to realize our vision and resolutely take "actions." By constantly repeating this

cycle, we have adapted to changes in society and achieved both evolution and growth.

Contemporary society is now facing the key challenge of sustainability. There are growing calls for companies to have a higher sense of ethics and commit to creating social value, as issues such as finite resources, climate change, and environmental pollution pose increasingly serious threats. Having continuously dealt directly with the issue of waste material, Daiseki will process waste as well as utilize this waste as a resource that it returns back to society. This is the mission that Daiseki, which has continuously dealt with waste, must fulfill in the coming generations.

› P.05 The Roots of Daiseki

› P.17 The History of Daiseki's Value Creation

Combining our strengths cultivated through waste handling to realize a virtuous cycle for “One Daiseki”



For over half a century, we have consistently created value in environmental conservation and resource circulation by undertaking intermediate treatment and recycling of industrial waste generated by clients, mainly in manufacturing industries. A distinctive feature of Daiseki's business model is the ability to generate revenue from both fee income for processing waste, which is the “entrance” for waste, and the sales of recycled products, which is the “exit.” Why have we been able to realize this business model? This is because Daiseki possesses strengths not easily replicated by other companies. Besides its history of continually handling waste, Daiseki's business of recycling waste oil, which started in 1955, was structured to generate revenue through the low-cost purchase of used oil as a raw material or by collecting it as waste, processing it, and then selling it for a fee. Another reason underlying the success of our business model is the ability to ascertain the needs of both waste producers and users of recycled products based on our Management Principles of “Ideas, Plans, Structures, Actions.”

Close collaboration between Daiseki's Sales Department and Technology Department is a strength that enhances the uniqueness and the inimitability of our business model. On the basis of issues identified by the Sales Department, the Technology Department develops unique treatment processes, which

are then proposed to clients by the Sales Department. Daiseki sometimes goes as far as the waste generation process in the upstream sector of the supply chain and starts by gaining a deep understanding of the client's manufacturing process. Using one manufacturing client as an example, we exhaustively analyzed the components of waste liquid samples provided and identified which components were mixed in at which process. This analysis enabled us to propose a different method for processing the waste that up to then could only be incinerated. This ultimately contributed to reducing waste and enabling recycling. As this example illustrates, we have established a structure for quickly providing optimal solutions by identifying the essential issues faced by our clients from the perspectives of how we can recycle waste and generate sustainable profits rather than turning to incineration or landfill disposal. Daiseki's network of seven works across the country serves as the foundation for responding flexibly to the characteristics of each region and for making quick responses in emergencies. Whenever natural disasters occur, we work closely with their bases to quickly set up support systems. This enables Daiseki to live up to the trust of clients who know that “we can leave it to Daiseki with a sense of reassurance.”

The “structure” of “One Daiseki” functions as Daiseki's business model that competitors cannot replicate. This structure combines Daiseki's shared sense of mission passed down through the generations and individual strengths that include a broad client base supported by strong technical and sales capabilities, an extensive network of offices, and consistency throughout the value chain. Furthermore, besides collaboration within the Group, the future of “One Daiseki” will require the utilization of business synergies through alliances with external partners. In working toward its major target of establishing a circular economy, we will collaborate with a variety of players from industry, government, and academia to realize value creation. In the seemingly mundane yet complex field of waste disposal, we will continue our unrelenting efforts to tackle challenges and solve problems with “wisdom, ingenuity, and action.” This stance is both a source of pride and part of Daiseki's DNA.

› P.21 Value Creation Process

› P.27 Five Strengths That Support “One Daiseki”

Creating a new business model utilizing growing environmental awareness as an opportunity Addressing essential issues that clients are yet unaware

Carbon neutrality and a circular economy are now among the most crucial issues facing society as a whole. Particularly noteworthy, in the industrial sector there is a rising need to fundamentally rethink the traditional business model of mass

production, mass consumption, and mass waste. Daiseki regards this rising environmental awareness as a social demand and has also positioned this as an opportunity for its own growth.

Among greenhouse gas (GHG) emissions, the issue of how to reduce Scope 3, which is GHG emissions from supply chain operators other than the company itself and product users, is becoming an urgent issue that companies must address. Under these circumstances, an increasing number of companies are considering reviews of their disposal methods, especially in response to Category 5 (emissions from waste generated through business operations). This movement is especially conspicuous among global companies as well as companies that earn high scores in the evaluations of the Carbon Disclosure Project (CDP), an international environmental rating organization. To share a common perspective with environmentally conscious companies, we must possess powers of persuasion backed by a solid track record. With this in mind, we have focused on disclosing information through CDP and have received CDP's A score for two consecutive years. Daiseki is making approaches mainly to these companies with high environmental awareness and is proposing recycling methods that result in less CO₂ emissions.

At the same time, Daiseki sees the transition to a circular economy as an opportunity and is working to build a new business model. The circular business model that Daiseki aims for is a system that creates and shares new value with clients by circulating waste materials as resources rather than simply discarding these materials.

For example, in addition to recycling that Daiseki has traditionally undertaken, there are numerous other possibilities

for circular economy businesses that include reuse and sharing as well as deploying products as services. To the present, Daiseki's main clients have been in the manufacturing and construction industries. To attract general users outside of these industries, such as local governments, as new clients, we will anticipate and identify essential issues and needs that clients do not easily become aware of and propose solutions that are unique to Daiseki.

Daiseki has been handling waste for many years and has built a solid track record of creating value by changing its perspective on materials that at first glance appear to be useless. Utilizing this strength, under the Long-Term Business Plan VISION 2030 we aim to establish a circular economy business model. To do so, we will first form alliances with external partners that share our philosophy and build a value chain that is indispensable for realizing a circular economy business throughout "One Daiseki." Daiseki will work in tandem with its clients to both reduce environmental impacts and improve earnings power while generating positive value by creating new resources using waste, which is a negative value. This new business model will support Daiseki's sustainable growth as well as the circular economy aimed for by Daiseki.

› P.15 Innovating a New Business Model

Positive results and our determination toward attaining the Long-Term Business Plan VISION 2030 Strengthening "One Daiseki" through aggressive investments, including M&A

In the fiscal year ended February 2025, the Daiseki Group as a whole posted decreases in both revenue and profits. Nevertheless, Daiseki achieved record highs for both sales and operating profit by focusing on increasing market share by acquiring new plant transactions, primarily from environmentally conscious companies, as well as by increasing sales of recycled fuels.

Daiseki Eco. Solution recorded a decline in both sales and profits due to a reactionary decrease after securing large projects in the previous fiscal year. Nonetheless, the company attained its targets for both sales and operating profit by increasing the ratio of consulting-related sales through collaboration with Daiseki. Meanwhile, it strengthened its financial base by reducing business volatility and the cost of shareholders' capital. These measures helped lay the groundwork for growth in realizing the long-term business plan VISION 2030.

Under VISION 2030, which was formulated in FY2019, Daiseki set the target of recording 25 billion yen in operating profit for FY2031. Of this amount, we aim to generate 20 billion yen from existing businesses and the remaining 5 billion yen from new businesses. In working toward these targets, we will place top priority on growth investments and will promote active investments, including undertaking M&A when needed. We will also further raise the capabilities of "One Daiseki" through collaboration with and acquisition of companies with waste

recycling and advanced recycling technologies. In December 2024, Daiseki announced a tender offer for OSAKA YUKA INDUSTRY LTD. The company possesses distillation technologies for chemical materials, and these technologies are currently not available at Daiseki. Although this tender offer was ultimately unsuccessful, Daiseki will continue searching for essential collaboration partners and M&A partners to realize a circular economy. In this way, we will expand our existing businesses and cultivate new businesses and increase net income to improve ROE as we strive to maximize shareholder value.

In promoting growth strategies, we have been holding thorough discussions at the Board of Directors, which consists of four outside directors and three internal directors. As Chairperson of the Board, I will coordinate the Board of Directors and work to strengthen "proactive governance" that will enable us to take risks for growth rather than merely hedging risks.

› P.31 Long-Term Business Plan VISION2030

› P.33 CFO Message

› P.43 Roundtable Discussion with External Directors

First, “health,” second, “safety,” and third, “compliance” Establishing Daiseki’s own sustainability

My personal theory is that we ourselves must be sustainable to contribute to the sustainability of society. Since assuming the presidency, the most important things to me have been, firstly, employee health; secondly, employee safety; and thirdly, compliance. Specifically, we will build an environment where “healthy” employees “safely” undertake their work without accidents and maintain strong “compliance” to retain the trust of our clients. First, we aim to solidify our foundation and make Daiseki “a company that our employees can be proud of for their families.” For this reason, Daiseki is building safety management systems at all business sites, thoroughly complying with laws and regulations, carrying out regular internal audits, and permeating compliance awareness among all employees. As part of these efforts, in May 2025 the Daiseki Group formulated its Environmental Policy, Health and Safety Policy, Human Rights Policy, and Corruption Prevention Policy.

Furthermore, Daiseki will provide value not only within the Company itself but also to clients and society as a whole. This will allow Daiseki to create a “virtuous cycle of sustainable growth” that strengthens its position. Daiseki’s “ideal state” is to remain an indispensable presence in society as a core company in venous industries that support manufacturing and other industries.

In our business operations, each business site takes responsibility and undertakes autonomous management through an independently-funded business structure. The aim is to strengthen the proposal capabilities of each business site and to enable each employee to achieve growth with a management-oriented mindset. I consider the Works Managers of our seven Works nationwide to be “masters of their own domains.” I also anticipate that the Works Managers of our business sites nationwide will accumulate management experience, thereby allowing them to grow into core human capital who will lead the next generation for Daiseki.

With regard to human capital, I believe it is important to balance the mobility and expertise of our employees. Well-known companies such as the world’s cutting-edge

semiconductor manufacturers and IT companies are seeking to reduce environmental impacts throughout their entire supply chains. Daiseki strives to proactively identify such environmental issues faced by these clients. We develop and propose innovative solutions and then advance and deploy these technologies into various services to further expand our client base.

Daiseki maintains contact points with cutting-edge clients based on its expertise that includes technological capabilities that cannot be imitated by competitors. Daiseki possesses extensive experience making proposals and developing technologies to address clear-cut issues. Along with its human capital who can maintain and advance our strengths cultivated to the present, to transition to a new business model we will require employees with market-in mindsets who can anticipate client issues and propose solutions that clients are not yet aware. Furthermore, Daiseki will likely need human capital to handle DX (digital transformation) and marketing in the future. We will clearly define the type of human capital needed for meeting the new challenge of realizing a circular economy while enhancing its human capital, including through M&A, to establish its ideal human capital portfolio*. I believe that creating an environment where we can continue to take on challenges will serve as the foundation of our succession plan (successor development plan) that is currently being discussed by the Appointment and Compensation Committee. I am confident that these measures will help us develop the human capital who can lead Daiseki in the future.

› P.37 Human Capital

› P.53 Compliance



Without today's challenges, no hope for future growth Increasing earnings power and building the foundation for a company that will prosper for 100 years

Since its founding, Daiseki has always taken on the challenge of responding to a changing society through its “wisdom, ingenuity, and action” and has created both social and economic value by undertaking its environmental and recycling businesses.

Daiseki would not exist today without its history of meeting challenges and experiencing failures. Our current high growth is the fruit of the business model pioneered by our predecessors 20 to 30 years ago using their “wisdom, ingenuity, and action.” We have an obligation to establish a new business model aimed at realizing the circular economy that we are striving for and to position this model as our revenue base for the next generation.

My aspiration is to make Daiseki a company that will prosper for 100 years. To ensure that Daiseki continues to shine in the future, we must continue to be a presence needed by society. I will pass on the Daiseki's Management Principles of “Ideas, Plans, Structures, and Actions” and its DNA of “wisdom, ingenuity, and action” to future generations and establish a new business model as the foundation for a company that prospers for 100 years without relying solely on the tailwinds of carbon neutrality and the circular economy.

This challenge cannot be met without the full strength of each and every employee. We will create a value chain through alliances not only within the Group but also with stakeholders such as clients and business partners in manufacturing industries and with local communities. This will allow us to create and operate a structure for a circular economy that also supports manufacturing industries. We will aggregate the powers of “One Daiseki” to take a step toward the future and embrace changes in society. Furthermore, we will evolve Daiseki into a company that creates change on its own. This is my mission as president.

I ask our shareholders, investors, business partners, and stakeholders in the local community to continue to closely watch the Daiseki Group as it takes on new challenges and to cheer us on with encouragement. Taking to heart our purpose of being an “an environmental value-creation company contributing to



society through the environment by making the best use of limited resources,” we will steadily implement strategies to achieve VISION 2030 and make all-out efforts to ensure that Daiseki is a company continuously needed by society. I look forward to working with our stakeholders to make Daiseki a company that will prosper for 100 years. We sincerely invite you to look forward to the continued challenge of Daiseki.



* Human capital portfolio: A diagram or plan that designed how many and what type of employees will be deployed to which areas in order to realize future business strategies.

Feature Innovating a New Business Model

Resolving client issues and creating new value through the comprehensive strengths of “One Daiseki”

Daiseki is promoting proposals for realizing carbon neutrality and a circular economy, focusing primarily on environmentally advanced companies, with the aim of further expanding its business foundation. Here we introduce an example of how “One Daiseiki” created new value by collaborating both internally and with external partners that included government agencies and a cement company to support stable production and carbon neutrality for its client.

Kyushu Works / Case study of Company A

Proposal involving government and partner company Persistent dialogue and ability to take action to create value

Utilizing the strength of its A score obtained from CDP for two consecutive years, Daiseki is promoting proposals for switching waste disposal from incineration to recycling as part of efforts to help clients achieve carbon neutrality. Based on environmental laws and regulations, Company A had been outsourcing the incineration of waste generated during product manufacturing to detoxify this waste. Because incineration was its only treatment option, Company A would face difficulties in properly managing its waste if these incineration companies should become unable to handle waste disposal. Recognizing this situation as a risk, Company A sought to reduce its waste management risk and stabilize operations by securing an alternative disposal method.

Upon hearing about Company A's situation, a Daiseki sales representative believed this company's needs could be met by switching from waste incineration to waste recycling utilizing Daiseki's knowledge, technologies, and network. First, Daiseki's sales representative reconfirmed environmental laws and persistently coordinated with government agencies before finally obtaining approval for a waste recycling project. Subsequently, Daiseki consulted with its partner cement company and devised a plan for realizing both detoxification and recycling. Rather than incinerating waste generated by Company A, under this plan Daiseki would recycle this waste into recycled fuels that replace coal, with the cement company using this recycled fuels. Our sales representative's continuous dialogue and ability to take action helped realize the proposal that leveraged the comprehensive strengths of “One Daiseiki.” Furthermore, the proposal was also realized by utilizing an industrial waste treatment license obtained several years earlier by Daiseki's Technology Department, which foresaw such a need for recycling.

A major strength of Daiseki's business model is the ability to form alliances both inside and outside the Company to tackle issues that it is unable to solve on its own. This proposal was developed through internal collaboration between the Sales Department and Technology Department as well as through continued coordination with government agencies and our partner cement company. This proposal enabled Daiseki to solve the client's original issue of reducing its waste management risk as well as to address latent needs such as reducing fossil fuel consumption and CO₂ emissions. In this manner, Daiseki's proposal created environmental value.



The proposal succeeded because Daiseki explored all possibilities without any preconceptions and acted without giving up.

Yuma Matsuo

Assistant Division Chief
Sales Division 2, Sales Department
Daiseki Kyusyu Works

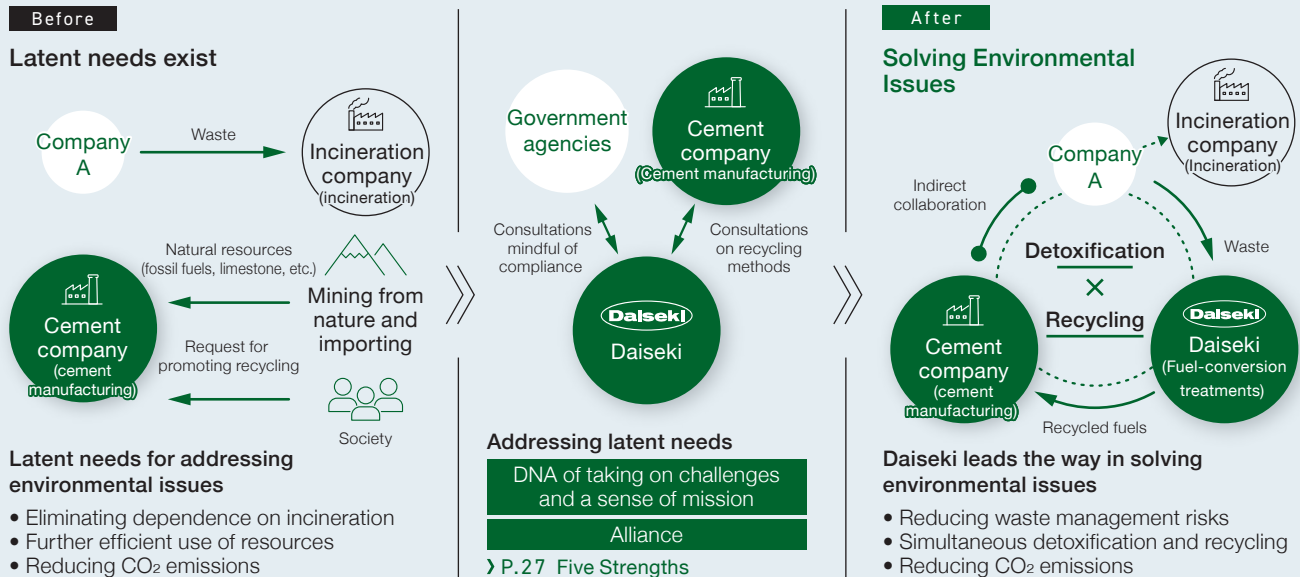


We foresaw this need and were able to utilize the industrial waste treatment license that we applied for and obtained from the government several years earlier.

Ryota Kudo

Chief Technician
Production Development Division, Technology Department
Daiseki Kyusyu Works

Realizing detoxification and recycling through alliances with government and partner companies



Key points of value creation

01 Identifying issues and pursuing possibilities utilizing our DNA of taking on challenges

Daiseki has talented human capital capable of returning to the basics without being bound by past precedents and who can act persistently to solve client problems. Our human capital also possesses keen intellectual curiosity that allows them to take satisfaction in making new proposals. Daiseki is a company with a mission of protecting the global environment and building a sustainable society. Our shared sense of mission and the opportunity to contribute to society through our work lead to high motivation.

02 Utilizing collaborative relationships with partner companies to help solve client challenges

Daiseki's strengths are its collaborative relationships built with partner companies over many years and its ability to make proposals that combine the respective strengths of each company. Through our proposal to Company A, we were able to contribute to this client as well as to the partner cement company by promoting recycling and reducing CO₂ emissions.

Value Created by Daiseki and Future Outlook

Our proposal made in 2023 enabled Company A to expand its waste management options and maintain stable production while reducing its waste management risk. To date, we have recycled 30,000 tons of waste generated by Company A, thereby reducing greenhouse gas emissions by 52,000 tons of CO₂ compared with simple incineration. Using Company A's case as a model, we are promoting proposals to other manufacturing clients.

Client Feedback

Besides reducing business risk by expanding our waste management options, Daiseki's service also provided environmental value by reducing CO₂ emissions.

We were struggling to secure a stable network of waste disposal partners along with the recent decline in incineration companies. During this time, Daiseki's representative suggested that we switch to recycling rather than being bound by the conventional notion that waste liquid must be incinerated. Although new challenges arose each time considerations progressed, I was impressed by how Daiseki refused to give up and continually negotiated with the other company and the government.

Through this proposal, besides resolving the original

issue of securing a stable network of waste disposal partners, Daiseki also provided the added value of reducing CO₂ emissions by eliminating the need to incinerate waste. Daiseki answered our questions without ambiguity and responded clearly and quickly regarding their capabilities. This gave us a genuine feel for Daiseki's strengths, such as their technological capabilities and network and so we were able to place our order with confidence. We will definitely consult with Daiseki again in the future in the event any difficult issues arise.

Daiseiki's Value Creation

History of Value Creation

Daiseiki was founded in 1945, and since its establishment in 1958, Daiseiki has created various innovations and supported Japanese manufacturing up until now.

Founding period

1945→1970

Daiseiki was founded as an oil refining business. Anticipating social and environmental changes driven by industrial development, the Company launched its waste treatment operations.

Number of business locations: **2**

- Daiseiki Headquarters
- Locations other than Daiseiki Headquarters
- Licensed areas



Daiseiki's history

- 1945** • Commenced an oil refining business in Mie Prefecture starting with rapeseed oil. (Daiseiki's starting point)
- 1954** • Started gasoline sales business, foreseeing the development of the automobile industry
- 1955** • Started a recycling business that regenerates industrial oil from waste oil
- 1961** • Started manufacturing and sales of petroleum products such as concrete mold release agent, foreseeing the advance of concrete products (Daiseiki Co., Ltd. and Hokuriku Daiseiki Co., Ltd.)
- 1966** • Concerned about the worsening pollution, started a waste oil treatment business



Daido Sekiyu
Kagakukogyo Co., Ltd.

Seminal period

1971→1990

Following the waste oil treatment business, we also started a wastewater treatment business. Daiseiki begins its journey into the industrial waste treatment business.

Number of business locations: **6**

Number of licenses granted: **35** municipalities



- 1971** • Started wastewater treatment business.
- 1972** • Obtained first license for industrial waste management in the city of Nagoya in response to the enactment of the Waste Management and Public Cleansing Act in 1970.
- 1980s** • Started wastewater treatment using activated sludge
• Started production of supplemental fuel for cement companies
• Started sludge recycling business for cement



Nagoya Works

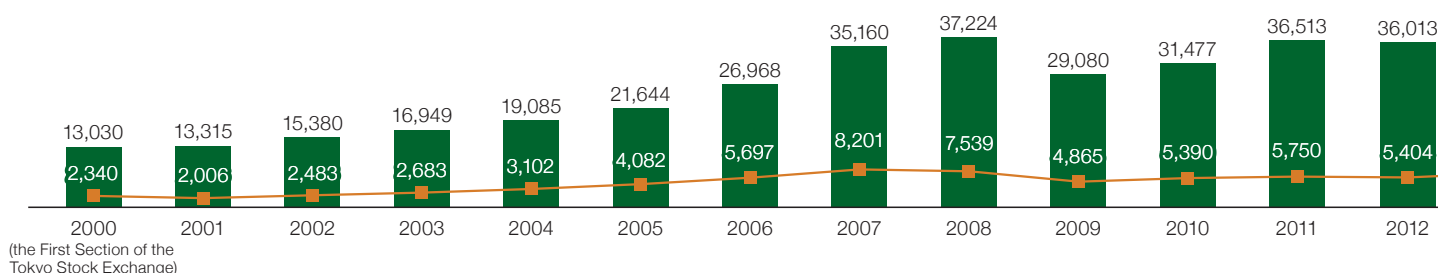
Social developments

- Widespread adoption of automobiles begins
- Construction of large-scale gas stations commences
- Demand for concrete products increases
- The Basic Act on Environmental Pollution is enacted in response to worsening pollution
- The Waste Management and Public Cleansing Act is established, making industrial waste treatment a licensed industry

- The Act on Rationalizing Energy Use is enacted following the oil crisis.
- The cement industry begins using recycled fuel and converting sludge and other waste into reusable resources.

Trend in Net Sales and Operating Profit (million yen)

- Consolidated net sales
- Consolidated operating profit



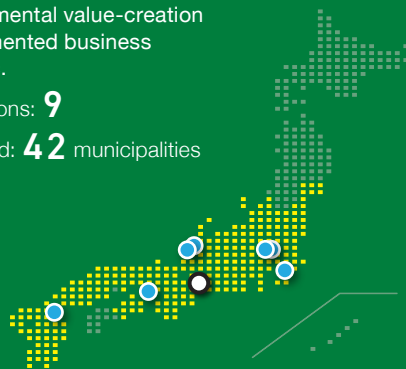
Rapid growth period

1991→2000

Advancing as an environmental value-creation company, Daiseki implemented business spin-offs and went public.

Number of business locations: **9**

Number of licenses granted: **42** municipalities



1995 • Began over-the-counter trading

1997 • At the 10th National Congress for Consideration of Waste and the Living Environment, received the Health and Welfare Minister Award (Award for Success in Environmental Business)

1999 • Listed on the Second Section of the Tokyo Stock Exchange

2000 • Designated to the First Section of the Tokyo Stock Exchange
• Started contaminated soil remediation business (Daiseki Eco. Solution Co., Ltd.)



Listing on the First Section of the Tokyo Stock Exchange

Development period

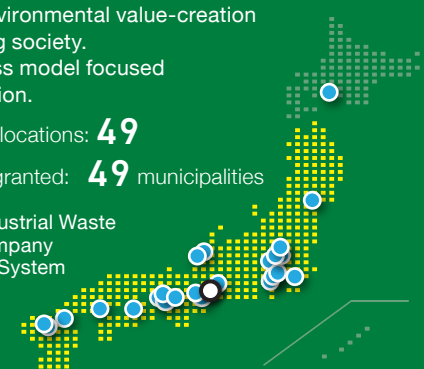
2001→

Developed as an environmental value-creation company supporting society. Expanded a business model focused on resource circulation.

Number of business locations: **49**

Number of licenses granted: **49** municipalities

▶ P.54 Excellent Industrial Waste Disposal Company Certification System



2007 • Started lead recycling business (Daiseki MCR Co., Ltd.)

2009 • Started waste plasterboard recycling business (Green Arrows Central Co., Ltd.)

2010 • Started large tank cleaning business (System Kikou Co., Ltd.)

2013 • Expanded the waste plasterboard recycling business (Green Arrows Kyushu Co., Ltd.)

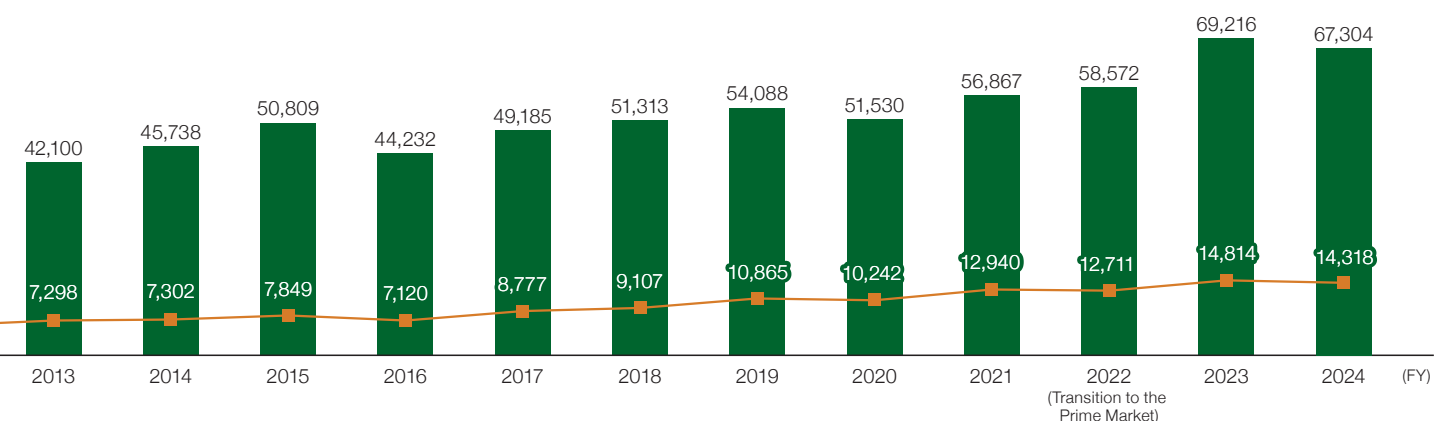
2023 • Started waste plastic and used paper recycling business (Sugimoto Trading Company Co., Ltd., Sugimoto Paper Industry Co., Ltd.)



Supporting recovery efforts in the areas affected by the Great East Japan Earthquake

- Public awareness of global environmental conservation issues increases with the enactment of the Basic Act on the Environment
- Conducted recovery support activities for the heavy oil spill accident of the Russian oil tanker the Nakhodka in the Sea of Japan
- Accelerated shift of production bases from Japan to overseas following the collapse of the economic bubble

- Interest in the 3Rs (Reduce, Reuse, Recycle) increases with the enactment of the Basic Act on Establishing a Sound Material-Cycle Society
- Carried out recovery support activities in response to the Great East Japan Earthquake
- Act on Promoting a Smooth Transition to a Decarbonized Growth-Oriented Economic Structure enacted to reduce greenhouse gas emissions
- Launched the Circular Partners (CPs) initiative by the Ministry of Economy, Trade and Industry
- Carried out recovery support activities in response to the Noto Peninsula Earthquake



External Environment Surrounding Daiseiki

Since our founding, we have consistently developed our business by anticipating current and future needs. Even in today's world characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), this commitment remains unwavering. As environmental issues increasingly emerge as critical challenges in the business landscape, Daiseiki, as an environmental value-creation company, will continue to identify both risks and opportunities in pursuit of a sustainable society.

01 Key External Environmental Factors

Politics

- Strengthening of carbon neutrality regulations in Japan, such as the introduction of the GX-ETS system
- Rising expectations for the circular economy, highlighted by the announcement of the "Policy Package for Accelerating the Transition to a Circular Economy"
- Increased risks to economic security due to growing geopolitical instability

Economy

- Stagnation and hollowing-out of domestic manufacturing
- Increasing demand for carbon neutrality and environmental impact reduction driven by growing sustainability awareness
- Ongoing depreciation of the yen against the U.S. dollar, leading to higher demand for low-cost resources
- Transition toward a circular economy

Society

- Growing interest in environmental and social issues driven by the widespread adoption of the SDGs
- Increasing need for human capital development in response to demographic a declining birthrate and aging population, as well as changing values
- Diversification of values, including the emergence of anti-ESG sentiments

Technology

- Rising expectations for innovation through cross-sector and interdisciplinary collaboration
- Growing demand for sustainability-related technologies, along with increasing complexity and technical difficulty

Key External Environment Keywords

- ⊙ Human, intellectual, and social capital
- ⊙ Carbon neutrality
- ⊙ Circular economy

02 Anticipated Risks

Contraction of the industrial waste treatment market due to the decline of domestic manufacturing

Decreasing demand for cascade recycling* among leading-edge companies

Growing trend of in-house waste treatment by industrial waste generators

03 Opportunities and Response Measures

Growing number of companies recognizing challenges in achieving carbon neutrality

Responding to demand for services that reduce greenhouse gas emissions associated with industrial waste treatment

Increasing awareness of circular economy practices among leading-edge companies

Addressing the rising demand for circular economy solutions

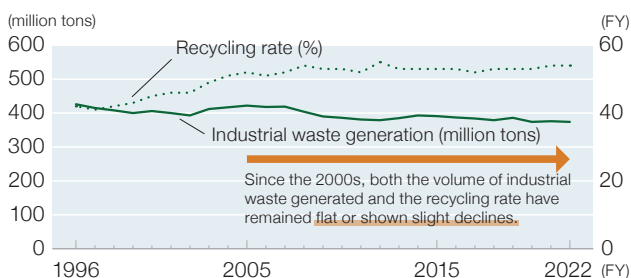
04 Key Initiatives

Responding to the carbon neutrality and circular economy needs of leading-edge companies

Revisiting our management strategy with a focus on environmental conservation and environmental value creation

Trends in Industrial Waste Generation and Recycling Rates

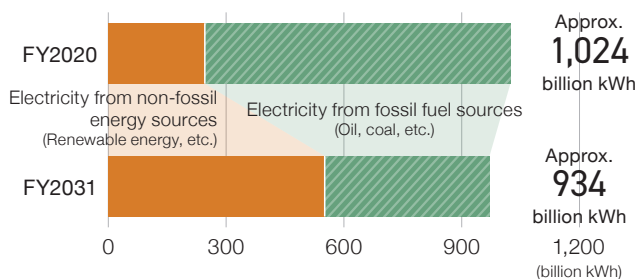
Due to the contraction of the manufacturing sector and rising environmental awareness, the volume of industrial waste is expected to remain flat or decline slightly. Meanwhile, the recycling rate of industrial waste has plateaued in recent years, while the complexity of waste treatment continues to increase.



Source: Ministry of the Environment, Status of Industrial Waste Generation and Treatment (FY2023 Results)

Power Generation Mix: Results and Targets

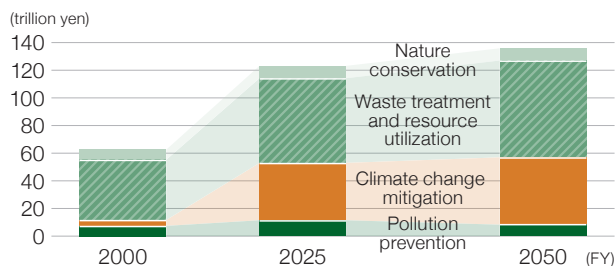
With the Cabinet's approval of the Basic Policy for the Realization of GX and other policies, the transition to non-fossil energy sources in Japan is expected to accelerate.



Prepared by the Company based on the Agency for Natural Resources and Energy's Outlook for Energy Supply and Demand in FY2031 (Related Materials)

Market Size

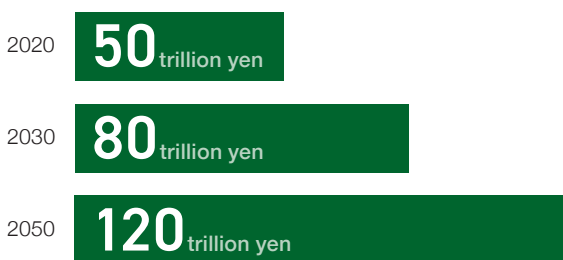
The climate change mitigation sector, including efforts toward carbon neutrality, is projected to remain one of the largest segments within the environmental business industry. Alongside waste management and resource efficiency, it is expected to see continued growth in both scale and importance.



Prepared by the Company based on the Ministry of the Environment's FY2023 Report on the Market Size and Employment of the Environmental Industry.

Market Size of the Circular Economy (Japanese Government Estimate)

The circular economy market is expected to continue expanding and emerge as a major industry in the coming years.



Source: Ministry of Economy, Trade and Industry (METI), Industrial Science and Technology Policy and Environment Bureau, Establishment of a Growth-Oriented, Resource-Autonomous Circular Economy

Riding the growing momentum toward carbon neutrality, we will expand our industrial waste treatment services that contribute to the reduction of greenhouse gas emissions. To meet the circular economy demands of leading-edge companies, we will strengthen collaboration within the Group and forge strategic alliances with external partners to build a robust value chain. In anticipation of these changes in the external environment, we will continue to revise our management strategy and formulate aligned business and human capital strategies.

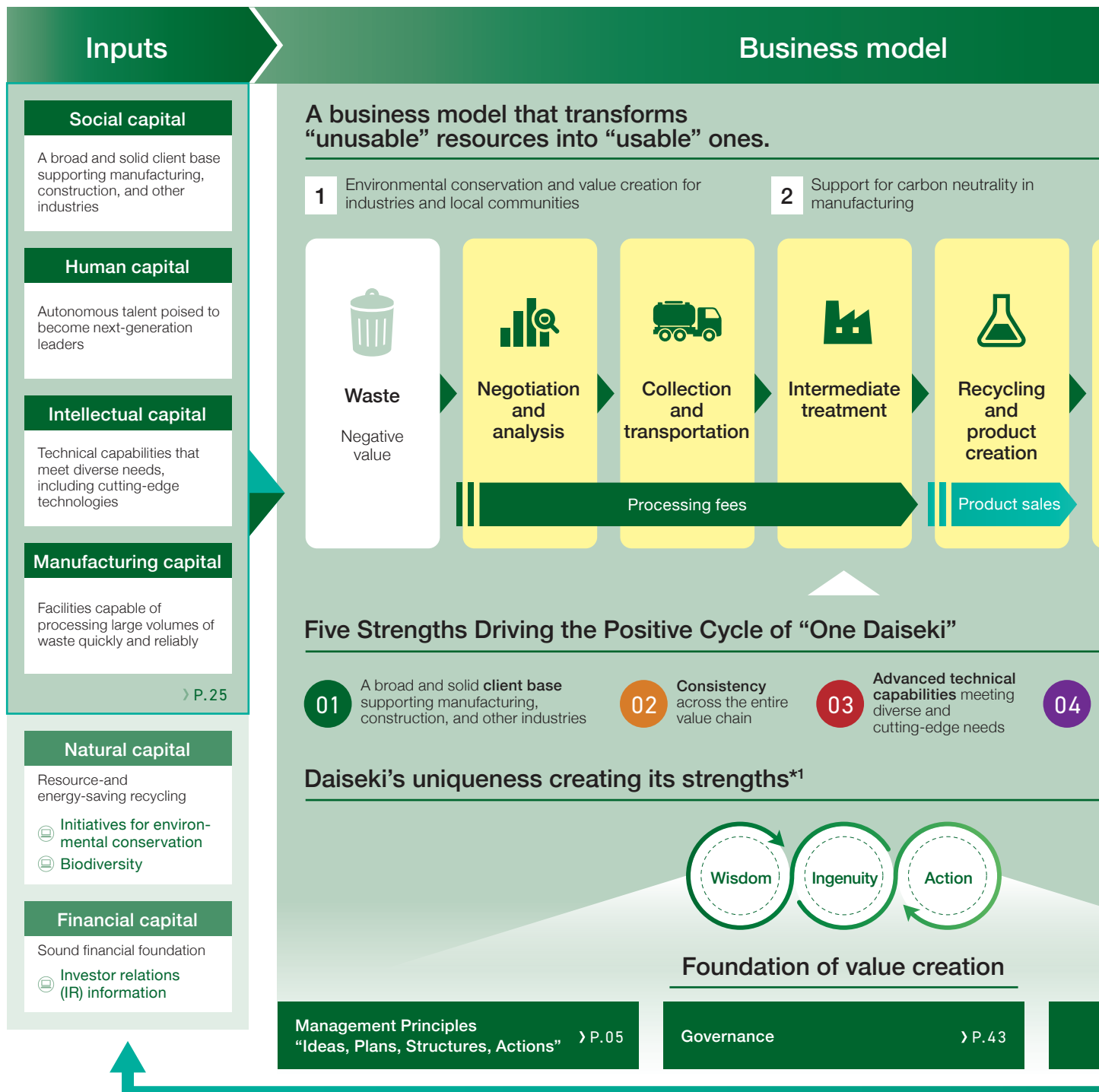
* Cascade recycling: A method of recycling materials, which deteriorate in quality due to recycling, into different products in stages.

Value Creation Process —Delivering new value to society through “One Daiseki”—

Rooted in the founding Management Principles passed down since its establishment, Daiseki has consistently embraced challenges with “wisdom, ingenuity, and action.” Leveraging its cultivated strengths, the Company has built a unique business model that creates both economic and social value.

External environment > P.19

- Shift in carbon neutrality policies
- Growing expectations for a circular economy
- Stagnation and hollowing-out of domestic manufacturing
- Prolonged period of yen depreciation and strong U.S. dollar
- Rising expectations for innovation through cross-sector and interdisciplinary collaboration
- Rising demand for increasingly complex and advanced sustainability-related technologies



Purpose

Making the Best Use of Limited Resources

An Environmental Value-Creation Company Contributing to Society through the Environment

VISION 2030

Building the value chain essential for a circular economy-based business

› P.09 CEO Message

› P.31 Long-Term Business Plan VISION 2030

Output

Outcome

› P.23

3 Contribution to the circular economy through resource circulation



Consulting and technology provision



Environmental protection and value creation

Positive value

› P.27

Alliances involving internal and external stakeholders

05

A shared sense of mission uniting all employees

› P.05

Combining diverse technologies to recycle industrial waste into resources to the greatest extent possible

Recycled products shipment

Recycled fuels	279,000 tons
Raw materials for cement (from waste)	207,000 tons
Usable metals, etc.	8,000 tons
Raw materials for cement (from contaminated soil)	373,000 tons
Recycled lead	14,000 tons
Other recycled materials	282,000 tons



Recycled fuels



Raw materials for cement



Usable metals, etc.



Recycled lead



Large-scale tank cleaning



Raw materials for plasterboard



Biodiesel fuel



Recycled paper

☎ Initiatives for environmental conservation

Realization of CSV management*2 that increases the Company's economic value alongside enhancing social value

Economic value › P.31

Long-Term Business Plan: Vision 2030

FY2031 target

Consolidated net sales 150.0 billion yen

Consolidated operating profit 25.0 billion yen

ROE 15.0%

Social value › P.29

1

Environmental conservation and value creation for industries and local communities

Prevention of environmental pollution

2

Support for carbon neutrality in manufacturing

Mitigation of climate change

3

Contribution to the circular economy through resource circulation

Revitalization of domestic manufacturing

Ensuring economic security

Materiality Issues

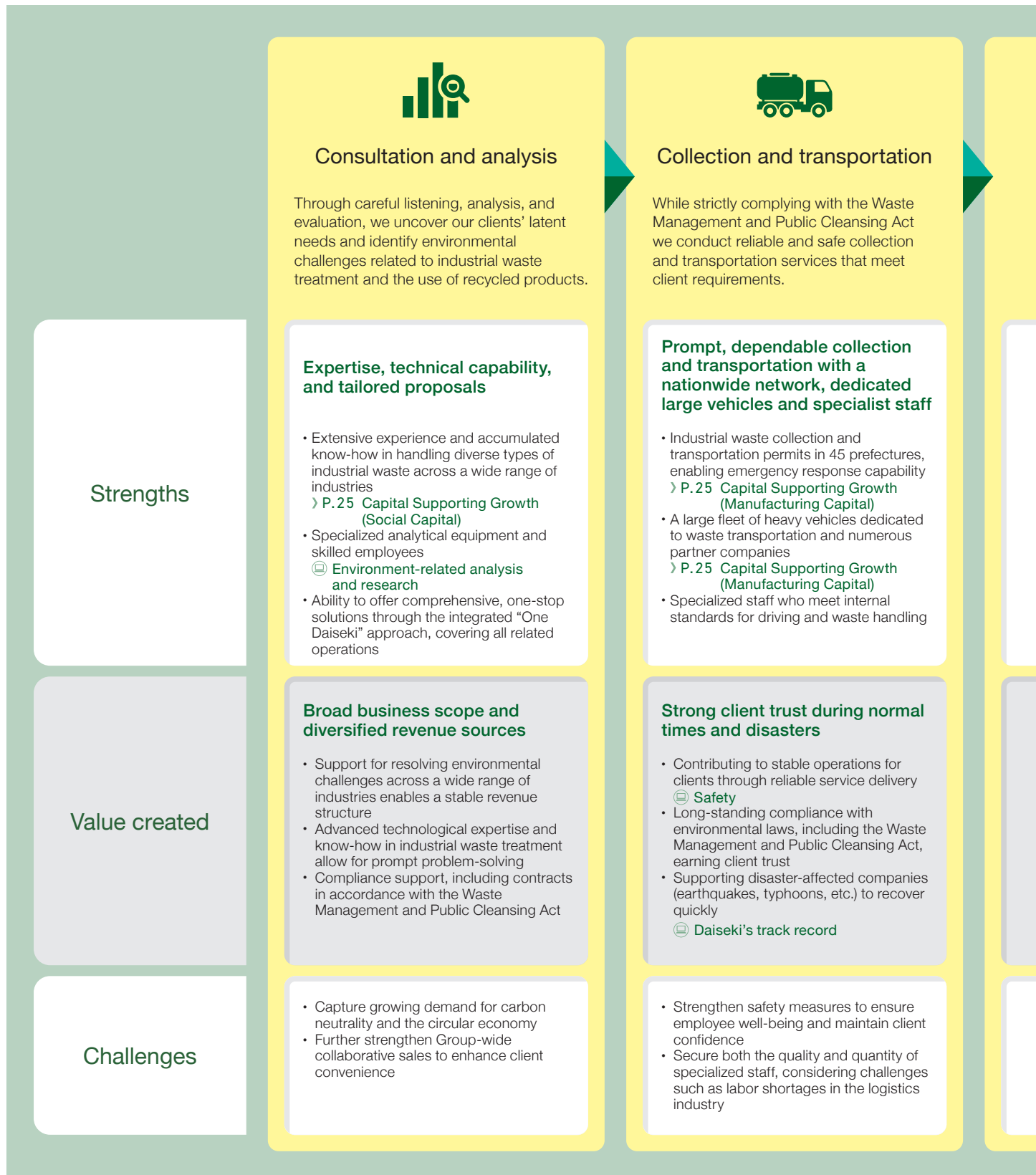
› P.29

*1 Uniqueness: Features not found in other companies

*2 CSV management: CSV stands for Creating Shared Value. It aims for companies to generate profits through business that contributes to society.

Strengths and Value Offered in Our Value Chain

To deliver the environmental value demanded by society, we conduct our business activities in waste treatment and recycling under the unified approach of “One Daiseki.” This enables us to consistently meet the diverse needs of our clients while generating revenue at every stage of environmental value creation. Below, we outline the strengths of the Daiseki Group's value chain, the value it generates, and our future direction.







Intermediate treatment

We safely and reliably detoxify and reduce the volume of waste at our intermediate treatment facilities, tailored to the physical and chemical characteristics of the waste, contributing to CO₂ reduction.

Industry-leading treatment volume and variety leveraging manufacturing capital and technical expertise, contributing to client CO₂ reduction

- Operation of large-scale activated sludge facilities
 › P.25 Capital Supporting Growth (Manufacturing Capital)
- Proprietary combined treatment methods that make processing of difficult-to-treat waste liquids easier
 Wastewater treatment and recycling
- Strict compliance with environmental regulations to ensure proper treatment
- Use of low-CO₂ emission treatment technologies
 Carbon neutrality

Safe and cost-effective environmental conservation and CO₂ reduction

- Safety backed by technological expertise
 Safety
- Realizing low-cost treatment through proprietary technologies
- Trusted as a leading industrial waste treatment provider
- Supporting clients' CO₂ reduction efforts
- Employing low-CO₂ emission treatment technologies
 Carbon neutrality

- Enhance safety measures to protect employees and maintain client trust
- Reduce intermediate treatment costs



Recycling and product creation

We process client waste to manufacture recycled products, contributing to the prevention of resource depletion by offering alternatives to virgin materials.

Balancing environmental conservation and economic efficiency Staff deeply committed to environmental value creation

- An outstanding business model that harmonizes environmental conservation and economic efficiency
 › P.21 Value Creation Process
- Recycling rate of 89.2%, significantly exceeding the national average of 54.2% (FY2023 data, Ministry of the Environment)
 › P.07 At a Glance
- Staff driven by a strong mission to manufacture and sell recycled products
 › P.27 Daiseki Strengths (A shared sense of mission)

Contribution to economic resource circulation and the circular economy

- Manufacturing and selling recycled products through cascade recycling as substitutes for virgin materials, helping to prevent resource depletion
- Advancing material recycling business to support the circular economy
 Recycled resources

- Further improve the efficiency of cascade recycling
- Expand markets and develop technologies for material recycling



Consulting and technology provision

We propose solutions from new perspectives that leverage the strengths of the Daiseki Group to address clients' latent needs and environmental risks.

Proactive proposal capabilities for potential environmental challenges and a broad client base

- Credibility as a Carbon Disclosure Project (CDP)-A list company
- Expertise and technical capabilities under the "One Daiseki" approach
 › P.26 Capital Supporting Growth (Intellectual Capital)
- Extensive client base backing the realization of a circular economy
 › P.25 Capital Supporting Growth (Social Capital)
- Numerous employees driving innovative proposals
 › P.26 Capital Supporting Growth (Human Capital)

Responding to core client challenges and needs while balancing profitability and environmental value creation

- Identifying clients' fundamental issues and needs, then proposing unique Daiseki solutions to create client value
 › P.15 Feature: Innovating a New Business Model
- Building new business models that contribute to environmental conservation, carbon neutrality, and the circular economy

- Capture growing demand for carbon neutrality and circular economy initiatives
- Acquire know-how and advanced technologies through the promotion of "One Daiseki"
 › P.09 CEO Message

Capital Supporting Growth

Daiseki is built on a strong capital foundation that enables us to support society and maximize the value of resources through our integrated “One Daiseki” business model. To further enhance and evolve this model, we proactively invest in both human capital and intellectual capital.

Social Capital

The Foundation of the “One Daiseki” Model

› P.15 Feature: Innovating a New Business Model

Daiseki's industry-leading client base is a vital form of capital that supports our “One Daiseki” business model. We serve a broad spectrum of industries—including manufacturing and construction—which forms the backbone of our efforts to realize a circular economy. Our distinctive end-to-end service model, from the acceptance of industrial waste to the processing and sale of recycled products, is made possible by this extensive client network.

By maintaining strong relationships across diverse sectors, we are able to deliver more tailored and effective solutions. The deep trust we have built is also evident in the frequent referrals we receive from business partners and affiliates.

Efforts to Strengthen Social Capital

We are focused on responding to the needs of leading-edge companies that are advancing carbon neutrality and the circular economy.

- Providing guidance on treatment methods to recycle waste as a valuable resource
- Enhancing support from both environmental and cost-efficiency perspectives
- Expanding partnerships with environmentally conscious companies and municipalities, and pursuing new client acquisition in untapped regions



Client Base

Serving **26** out of **27** industry categories*

*Based on the number of mid-level classifications within the manufacturing and construction sectors

6,201 client facilities



Number of contracts secured through Group sales collaboration

241



Number of client referrals from business partners and affiliates

51

Manufacturing Capital

Supporting Industrial Production Through Physical Infrastructure

› P.39 Daiseki Group's Business

Daiseki operates a nationwide network of facilities, including large-scale industrial waste treatment plants. When businesses select a waste management provider, compliance with the Act on Waste Management and Public Cleaning and possession of proper permits and facilities are basic requirements. In addition, the ability to efficiently handle large volumes of industrial waste is a key factor in provider evaluation.

Daiseki's robust manufacturing capital enables us to meet the demanding needs of major waste-generating businesses. Through this infrastructure, we support the circulation of recovered waste as a valuable resource.

Efforts to Strengthen Manufacturing Capital

We are making capital investments to balance environmental and safety priorities, including pollution prevention, CO₂ emissions reduction, recycling enhancement, and accident prevention.

- Introduction of new equipment to expand the range of treatable and recyclable materials
- Opening new offices to acquire clients in untapped regions
- Capital investment in new business development, including testing equipment and demonstration plants



Nationwide coverage of facilities

45 out of 47 prefectures



Activated sludge treatment tank size

18,471 m³



Number of large collection and transportation vehicles

178 vehicles

Human Capital

The Source of Daiseki's Technical Expertise and Proposal Capability

› P.37 Human Capital

Leveraging various forms of capital requires the power of people. At Daiseki, we place great importance on human capital as the foundation of our technical skills and proposal capabilities. We invest in developing independent, management-ready talent by providing management training, including finance education, for executive candidates, and entrusting branch managers with independent, profit-and-loss responsibility.

In new business development, we engage both internal staff and external experts with specialized knowledge to drive progress. To foster future innovation, we are committed to creating a workplace where diverse talent can thrive.

Efforts to Strengthen Human Capital

To secure and develop the next generation of talent that will sustain a company that prospers for 100 years, we are advancing initiatives to strengthen our human capital.

- Securing talent internally and externally to support new business development
- Revising the personnel system through the "Nurture the Future" project
- Developing innovative talent by providing employees with management training in finance, business strategy, marketing, and accounting through GLOBIS's eMBA program



Proposal-oriented employees

153



Personnel in charge of new business development

15 (including two external experts)



Growth rate of women managers

3.7 times increase (14 women managers)

From the end of FY2021 to the end of FY2025



Total management training hours

485 (22 participants in total)

Intellectual Capital

Embodiment of "wisdom, ingenuity, and action"

› P.05 Our DNA

Daiseki views waste not as garbage, but as a valuable resource. While industrial waste is classified into 37 categories under the Waste Management and Public Cleansing Act the optimal treatment varies even within the same category depending on the waste's properties, client requirements, and intended reuse.

We have built services that respond to the diverse needs of environmentally conscious clients and accumulated the technical expertise and know-how to recycle waste while minimizing environmental impact. Daiseki values this approach to waste management as part of our "DNA That Creates Innovation," placing great importance on intellectual capital.

Efforts to Strengthen Intellectual Capital

To safeguard Daiseki's profitability for the future, we are expanding our intellectual capital through both offensive and defensive strategies.

- Building industrial waste treatment services that meet the diverse needs of our clients
- Filing patents to protect Daiseki's unique intellectual property rights
- Continuously conducting market research and R&D to drive new business development



Number of industrial waste types accepted for intermediate treatment

32,635



Number of active patents

4



R&D expenses

181 million yen



New business development projects

14

Five Strengths That Support “One Daiseki”

Our strengths extend beyond a resource-driven business model and the various forms of capital that underpin it. Since our founding, the virtuous cycle created by “One Daiseki” has continually maximized capital efficiency and enhanced the business model at each stage. Here, we explain the mechanism of this virtuous cycle by breaking down “One Daiseki” into five key elements.



Our concept of “One Daiseki” goes beyond simply uniting employees in a common effort. It is a strength that stems from engaging clients across diverse industries, from the Daiseki Group’s collaborative coverage of the entire value chain, and from our technical expertise that meets a broad range of client needs.

In addition, we have two other strengths. One is our ability to

form alliances and collaborate with external partners who bring the technical skills and know-how necessary to fulfill client demands. Another is the shared sense of mission among all employees to address social challenges by creating future environmental value. Together, these strengths generate a virtuous cycle of sustainable growth.

01

A broad, robust **client base**
supporting manufacturing and construction

› P.25 Capital Supporting Growth (Social Capital)

Building strong relationships with a diverse range of clients not only facilitates sales growth and risk resilience but also expands opportunities for resource reuse. This foundation is a crucial strength that serves as a source of added value through environmental value creation.

Duration of client relationships

- Less than 10 years **47.1%**
- 10 to 19 years **37.4%**
- 20 years or more **15.5%**



02

Consistency
throughout the value chain

› P.07 At a Glance

› P.25 Capital Supporting Growth (Manufacturing Capital)

› P.54 Excellent Industrial Waste Disposal Company Certification System

To optimally address the diverse needs of our clients, we ensure we have the necessary functions and capabilities in place. In particular, our ability to manage the entire process from receiving orders nationwide, collecting and transporting waste, performing recycling treatment, to selling recycled products plays a key role in our ongoing growth as an environmental value-creation company.

Amount of materials received for recycling**1.97 million tons** (Approximately 4,041 times the weight of water in a 25-meter swimming pool)**Number of prefectures with industrial waste collection and transport licenses****45 out of 47 prefectures**

03

Advanced technical expertise
that meets diverse and cutting-edge needs

› P.26 Capital Supporting Growth (Intellectual Capital)

To equip ourselves with the technical capabilities to meet our clients' most advanced needs, we pursue research and development not only in traditional technologies but also in acquiring new technologies. Additionally, our employees proactively embody "wisdom, ingenuity, and action" by proposing and implementing cost-reduction improvements.

Number of industrial waste types accepted for intermediate treatment**32,635****Number of cost-reduction proposals and their impact****185 proposals, 534 million yen in cost savings**

04

Alliances that engage both internal and external stakeholders

› P.25 Capital Supporting Growth (Social Capital)

To fulfill the needs of our clients and society under the "One Daiseki" approach, we actively collaborate with a wide range of stakeholders, including partner companies, corporations, universities, and experts who possess technical skills and know-how. We prioritize building cooperative and trust-based relationships with external partners from a long-term perspective, rather than focusing solely on short-term profits within our own company.

Number of external partners

- Partner companies (collection, transportation, final disposal, etc.) : **268**
- Companies engaged in joint technology development : **10**
- Municipalities with comprehensive cooperation agreements : **2 cities**
- Experts invited for new business development : **2**



05

A shared sense of mission
embraced by all employees

› P.09 CEO Message

We uphold the Management Principles of "Ideas, Plans, Structures, Actions" and inherit the values of "wisdom, ingenuity, and action." Regardless of role or position, all employees share a sense of mission to resolve social challenges while ensuring economic efficiency. Many employees driven by this mission actively engage in new business development.

Number of applicants for new business ideas

- 1st round : **332**
- 2nd round : **214**
- 3rd round : **226**

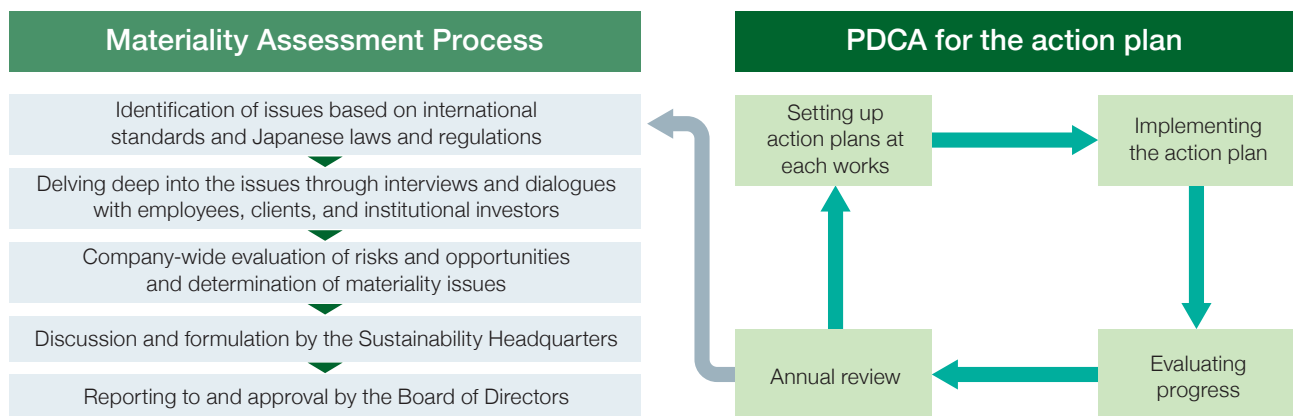


Materiality

We have identified five material issues (materiality)^{*1} to guide our efforts in building a business model that contributes to both environmental conservation and environmental value-creation—while ensuring sustainable growth and supporting society. To further enhance our medium- to long-term corporate value, we are also formulating specific KPIs^{*2} for each material issue. These materialities are reviewed on an ongoing basis to reflect changes in the external environment and stakeholder expectations.

Assessment Process

At Daiseki, we begin by broadly identifying relevant issues, then deepen our understanding through internal and external interviews and dialogue. We incorporate insights from TCFD scenario analyses and risk and opportunity assessments based on ISO 14001. The identified materialities are formulated by the Sustainability Headquarters and finalized upon approval by the Board of Directors.



Daiseki's Material Issues (Materiality)

At Daiseki, we have identified five key material issues based on our Purpose, Management Principles, and related policies and guidelines. For each material issue, we have designated priority items and established action plans, implementing a PDCA (Plan-Do-Check-Act) cycle to ensure continuous improvement. We are also formulating KPIs and targets to measure progress toward our medium- to long-term goals.

Materiality Issues	Initiatives to Achieve Materiality
 Making the best use of limited resources	Contributing to environmental conservation and carbon neutrality by appropriately recycling industrial waste. > P.15 Feature  Carbon neutrality  Environmental management structure Aiming to realize a circular economy society by supporting resource circulation mainly for manufacturing industry clients  Circular economy  Environmental management structure
 Creating workplace that individuals shine	Maintaining and improving the physical and mental health of employees and their families, who are the foundation supporting our growth  Health management  Protection of human rights Promoting human capital strategies essential for growth based on business strategy > P.37 Human Capital  Human capital development
 Eliminating industrial and environmental accidents	Penetrating the philosophy to put safety as the top priority above all else  Safety Providing training and deploying equipment necessary to ensure safety  Safety
 A company well-liked by local communities	Contributing to the conservation of the local environment  Local communities Maintaining social infrastructure through disaster recovery support  Daiseki's track record
 Promoting thorough understanding of compliance and observation of laws and regulations	Strengthening governance systems and implementing compliance education  Governance Promoting governance that supports growth and succession planning with a focus on the next generation > P.49 Corporate governance  Governance

Assessing the Importance

The importance of each materiality is evaluated along two dimensions: “Importance to Stakeholders” and “Importance to Business Activities.” By aligning this assessment with sustainability perspectives, we strive to enhance corporate value from a medium- to long-term perspective.

Importance to stakeholders	High	<ul style="list-style-type: none">● Diversity● Work-life balance	<ul style="list-style-type: none">● Carbon neutrality● Circular economy● Environmental conservation● Relationship of trust with clients● Human capital development● Health management● Increasing employee engagement● Compliance● Corporate governance● Core business share up● Develop new businesses
		<ul style="list-style-type: none">● Relationship of trust with local communities● Cooperation with local governments and universities● Contribution to local communities	<ul style="list-style-type: none">● Demonstration of each person's individuality and abilities● Philosophy of ensuring safety● Nurturing employees who work safely● Safety education● Equipment necessary for safety
	Low		
		Low	High
		Importance to business activities	

	Targets	Results
▶	Increase avoided emissions to 785,000 t-CO ₂ or more by FY2028	Reduced 643,000 t-CO ₂ in FY2025 Established Daiseki Group Environmental Policy in May 2025 (revised for Daiseki alone)
▶	Increase material recycling shipment volume to 258,300 t or more by FY2031	Shipped 149,000 t of recycled materials in FY2025 Established Daiseki Group Environmental Policy in May 2025 (revised for Daiseki alone)
▶	Maintain and improve the physical and mental health of employees	Established Daiseki Group Human Rights Policy in May 2025 and introduced health checkup subsidies for employees' families
▶	Revise the personnel system and formulate human capital strategy	Started revising personnel system in April 2025
▶	By FY2031, review the Safety and Health Management Regulation, instill the safety philosophy, and clarify responsibilities	Established Daiseki Group Health and Safety Policy in May 2025 (revised for Daiseki alone) Established disaster and accident reporting standards at Daiseiki in April 2024
▶	Achieve zero lost-time accidents among Daiseiki employees	Recorded 2 lost-time accidents in FY2025
▶	Conduct cleaning activities around business sites and environmental beautification activities in collaboration with local municipalities and residents	1,164 employees participated in cleaning and environmental beautification activities in FY2025
▶	Provide swift recovery support when clients' factories are affected by natural disasters or accidents	Supported disaster recovery for companies affected by the Noto Peninsula earthquake in Ishikawa and Toyama prefectures in January 2024
▶	Strengthen Group governance structure	Established Daiseiki Group Corruption Prevention Policy in May 2025; Audit and Supervisory Committees from Group companies engaged in opinion exchanges, and presidents of Group companies provided business briefings to the committees.
▶	Develop a succession plan	Held succession plan study session with external experts in February 2024; started revising personnel system including succession plan in April 2025

*1 Materiality Issues: Issues that a company considers particularly important or prioritizes in its business activities.

*2 KPI: Key Performance Indicator — a metric used to evaluate progress toward a specific goal.

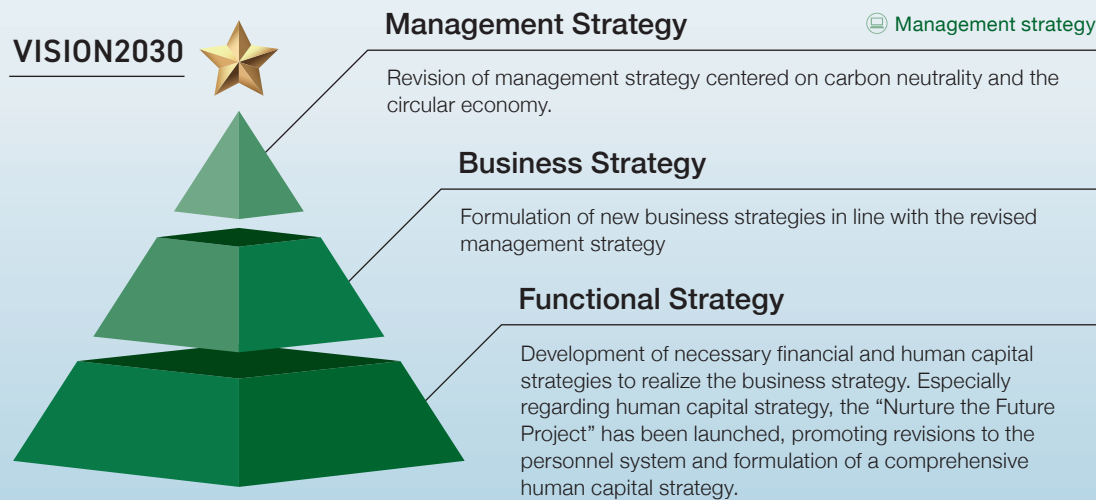
Growth Strategies

Long-Term Business Plan VISION2030

Aiming to triple sales and operating profit and achieve 15% ROE compared to FY2018

In June 2018, in response to changing external conditions such as the growing environmental awareness since the 2010s and the need for further growth, Daiseki formulated its long-term business plan, VISION 2030. Since then, domestic policies toward carbon neutrality have been strengthened, and initiatives for the circular economy have been launched. The Daiseki Group continues to evaluate risks and opportunities arising from these external changes to develop strategies and drive forward concrete initiatives.

Basic Structure of the Strategy to Achieve VISION 2030



External Environmental Changes and Daiseki's Response

Until the 2010s

2018

2020s onward

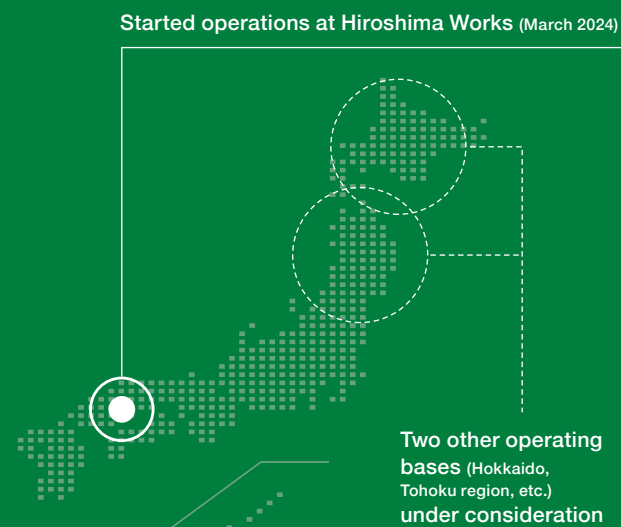
Present

FY2018
Actual Performance

The Specific Targets and Progress of VISION 2030 Going Forward

The specific targets and progress of VISION 2030 disclosed in the financial results announcement in April 2025 are as follows.

1 Opening Three New Operating Bases



2 Progress toward establishing three new core businesses (Disclosed in April 2025)

► Expanded the range of items handled

Selective adsorption and collection of ammonia from exhaust gases using an adsorbent called MOF (disclosed by Daiseki in October 2023)

Ammonia recovery from exhaust gas and wastewater

	FY2027	FY2031
Sales plan	0.3 billion yen	3.0 billion yen
Operating profit plan	0.1 billion yen	1.0 billion yen

Ammonia recovery from composting facilities

Selective adsorption and recovery of ammonia from composting facilities using an adsorbent called MOF (disclosed by Daiseki in June 2025)

	FY2027	FY2031
Sales plan	50 million yen	400 million yen
Operating profit plan	10 million yen	100 million yen

Embodiment of Our Purpose and Becoming a Company That Prospers for 100 Years

Building the value chain essential for a circular economy-based business

Goals of VISION 2030

Rising environmental awareness and stagnation in domestic manufacturing

Disclosure of VISION 2030

Tightening of carbon neutrality regulations; promotion of the circular economy

Formulating and advancing strategies to realize the ideal state by FY2031



► Entered the waste plastic recycling business

Entered the waste plastic recycling business through the acquisition of the Sugimoto Group (disclosed by Daiseki Eco. Solution in March 2023)

Sugimoto to Group business

	FY2027	FY2031
Sales plan	2.2 billion yen	2.8 billion yen
Operating profit plan	0.3 billion yen	0.4 billion yen

Other Waste Plastic Initiatives

Promoting material recycling of waste plastics that were previously incinerated (disclosed by Daiseki Eco. Solution in January 2025)

	FY2027	FY2031
Sales plan	-	1.5 billion yen
Operating profit plan	-	0.4 billion yen

► Other circular economy-related businesses

Exploring various possibilities such as M&A and strategic alliances, including mineral oil regeneration

Mineral oil regeneration, etc.

	FY2027	FY2031
Sales plan	-	0.4 billion yen
Operating profit plan	-	0.1 billion yen

Total

	FY2031
Sales plan	8.1 billion yen
Operating profit plan	2.0 billion yen

CFO Message

Daiseki will make proactive growth investments and appropriately allocate resources to attain VISION 2030 and contribute to improving corporate value in the medium to long term.

Hideki KATASE

Managing Executive Officer,
General Manager,
Headquarters of Planning and Management



Daiseki aims to further expand its business foundation by leveraging strengths that cannot be replicated by other companies.

Daiseki's competitive advantages are derived from its technological capabilities for treating and recycling highly difficult-to-process wastewater at plants, its sales capabilities that enable it to identify clients who will use its recycled products, a client base of over 6,000 large-scale production plants, and its employees' healthy sense of loyalty to the company.

Daiseki engages in businesses centered on waste treatment and recycling with large companies in a broad assortment of industries such as the manufacturing and construction industries. Our business model is unique because it provides us with two opportunities to generate cash, first at the input phase, where we collect and process waste, and second at the output phase, where we sell products recycled from that waste. I believe Daiseki still has significant room to expand its business by undertaking composite transactions with each and every client, widening its transaction item range, and expanding into other businesses. Moreover, we also have some leeway for utilizing our ingenuity to enhance productivity and efficiency such as by having employees play multiple roles.

There are waste disposal companies all across Japan that carry out landfill and incineration processing. When potential clients compare waste disposal costs, there are still numerous instances of clients failing to see the benefits of switching to Daiseki and for this reason we are sometimes unable to enter into contracts. In recent years, however, a growing number of clients, especially environmentally conscious companies, are asking for waste recycling instead of using landfills or incineration. Daiseki appeals to such clients by emphasizing the benefits it can provide as added value. These include Daiseki's unique capabilities in recycling waste material for reuse as resources.

We also emphasize that recycling instead of incinerating waste reduces CO₂ emissions and thus enables higher evaluations by CDP, an international environmental rating organization. In this area, Daiseki has earned an A score in the CDP Climate Change category for two consecutive years. There are only a handful of companies worldwide engaged primarily in industrial waste treatment and recycling that have earned an A score from CDP. This means that Daiseki is internationally recognized as a company that takes a leadership role in the field of carbon neutrality.

I recognize that our ability to utilize this evaluation to support the carbon neutrality of environmentally conscious companies is a unique strength of Daiseki that cannot be replicated by other companies.

An increasing number of companies, mainly those with A, A-, and B scores from CDP, are striving to reduce Scope 3 Category 5 emissions, which correspond to supply chain CO₂ emissions derived from the disposal and treatment of waste. In the fiscal year ended February 2025, Daiseki focused on cultivating new business with the plants operated by these companies and secured new business with 270 plants. Until now, our sales focused only on a person in charge of waste management in plants. Going forward, however, we will broaden our sales targets to include sustainability departments at company head offices, where we will explain the added value provided by Daiseki. We seek to develop new services aimed at realizing carbon neutrality and a circular economy by listening closely to the sophisticated issues and needs of environmentally conscious companies.

Looking back at the fiscal year ended February 2025 and progress towards achieving VISION 2030

In the fiscal year ended February 2025, the Daiseki Group recorded a decrease in both revenue and profits from the previous year, reflecting uncertainties in the external environment arising from such factors as soaring raw materials and energy prices and persistent inflation.

In the Group's core business of industrial waste treatment centering on Daiseki's plant wastewater treatment, we successfully cultivated new business in anticipation of demand from companies that are responding to CDP and also recorded favorable shipments of recycled fuels. As a result, Daiseki achieved record highs in both sales and operating profit.

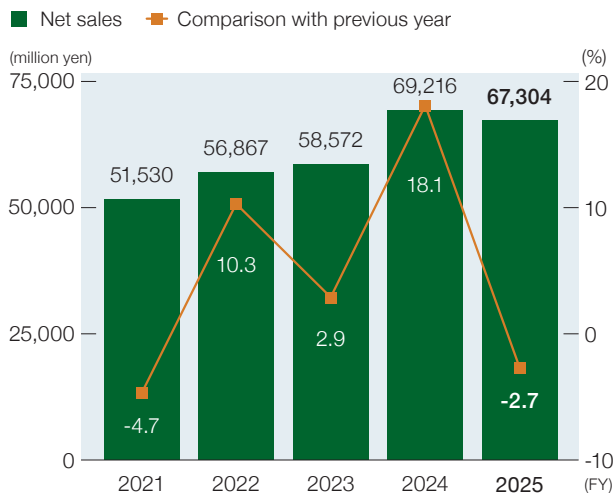
Despite a year-on-year decrease in large-scale soil projects, Daiseki Eco. Solution Co., Ltd.'s contaminated soil remediation business trended firmly, as both sales and operating profit exceeded plans thanks to orders for high-value-added projects. Daiseki MCR Co., Ltd. recorded a decrease in profits from the previous period due to the impact of an approximately two-month shutdown of operations at the Utsunomiya Recycling Center for the 11th year of large-scale repairs. Nevertheless, both sales and operating profit exceeded plans, as prices for lead remained strong throughout the year. System Kikou Co., Ltd. achieved record highs in both sales and ordinary profit due to the early completion of work on highly profitable projects in its main business of large-scale tank cleaning at refineries and crude oil storage bases.

On a consolidated basis, both sales and operating profit exceeded the initial plan. However, operating profit fell slightly short of the revised plan announced on January 6, 2025 due to the impact of costs related to the tender offer for OSAKA YUKA INDUSTRY recorded in the fourth quarter.

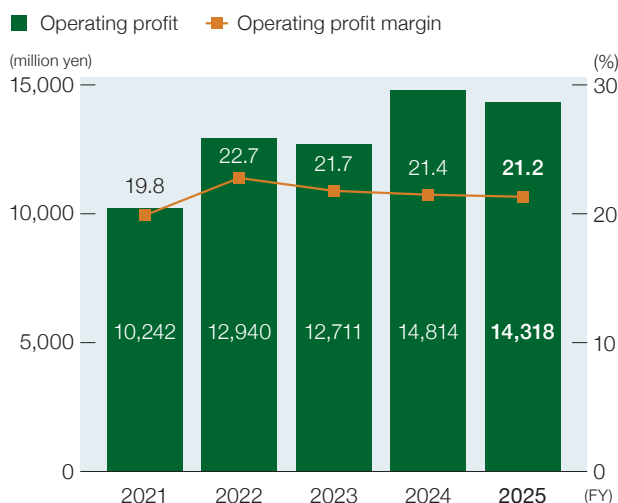
In the fiscal year ended February 2024, as the volatility of consolidated performance increased due to the impact of Daiseki Eco. Solution's contaminated soil remediation business, the β value also increased, which is used when calculating the cost of shareholders' capital. The β value represents the extent to which stock prices, such as for individual stocks and industry indices, are affected by market movements and is a risk indicator that shows how sensitively individual stock returns fluctuate in response to overall market movements. As a countermeasure, Daiseki Eco. Solution began utilizing a system that ranks and aggregates the probability and accuracy of projects handled by all sales representatives up to six months in advance to make approximate sales forecasts on a quarterly basis. Daiseki's sales representatives accompanied prospective clients with expected demand in the contaminated soil remediation business on visits to nearly 1,000 companies, which improved sales accuracy and reduced volatility. As a result, the β value decreased and we lowered the cost of shareholders' capital by 1 percentage point in the fiscal year ended February 2025.

In the fiscal year ending February 2026, Daiseki, Daiseki Eco. Solution, Daiseki MCR, and System Kiko are all expected to record increases in operating profits, while on a consolidated basis net sales and operating profits are expected to reach new record highs. We will utilize our rich client base and synergies both within and outside the Group and will strengthen initiatives for collaboration across the Group such as by providing a one-stop service for treating wastewater and soil.

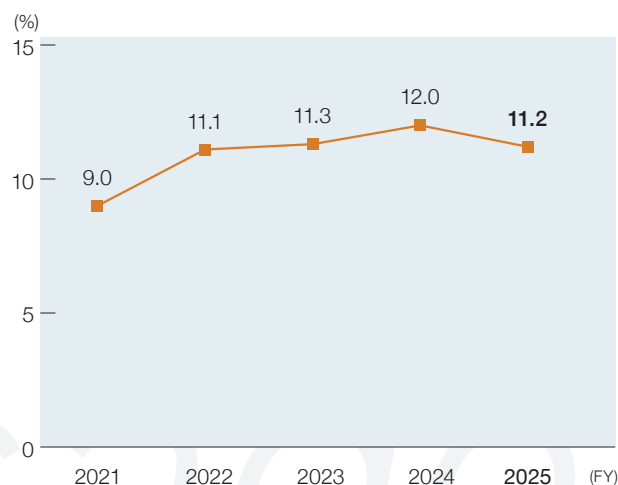
Net sales



Operating profit, Operating profit margin



ROE



Implement proactive growth investments to achieve VISION 2030

Our competitive advantage is our ability to undertake business with environmentally conscious companies by leveraging our strengths such as our high technological and sales capabilities. Looking ahead to the next stage of growth, we will actively invest in the circular economy, which is the most pressing need of environmentally conscious companies, with a particular focus on strengthening initiatives in material recycling fields. In The Policy Package for Accelerating the Transition to a Circular Economy of December 2024, the Japanese government announced a goal of growing the circular economy market to 80 trillion yen by 2030. Although Daiseki has been involved in recycling up to the present, a circular economy requires even more-advanced technological capabilities. Accordingly, to acquire technologies and know-how not possessed by Daiseiki, we will actively invest in technology partnerships and joint development with other companies and universities as well as in M&A and in recruiting people with specialized skills, as we strive to accelerate new business development by building these large-scale alliances that extend beyond the Daiseiki Group.

Although the TOB for OSAKA YUKA INDUSTRY LTD. in February 2025 was ultimately unsuccessful, we attempted this M&A with the hope of creating synergies between OSAKA YUKA INDUSTRY and Daiseiki. In the future, we will utilize OSAKA YUKA INDUSTRY's technologies and will consider businesses that meet the circular economy needs of Daiseiki's clients. In this way, we will ambitiously acquire technologies and know-how not possessed by the Daiseiki Group from outside the company. We will not remain complacent in thermal recycling^{**}, which currently supports Daiseiki's profitability. Rather, we must hone technologies for separating substances in waste and recycle them as resources while also preparing ourselves to shift to material recycling at any time. Therefore, when selecting M&A, we also focus on choosing companies with strengths not possessed by Daiseiki in accordance with the directions pursued by Daiseiki.

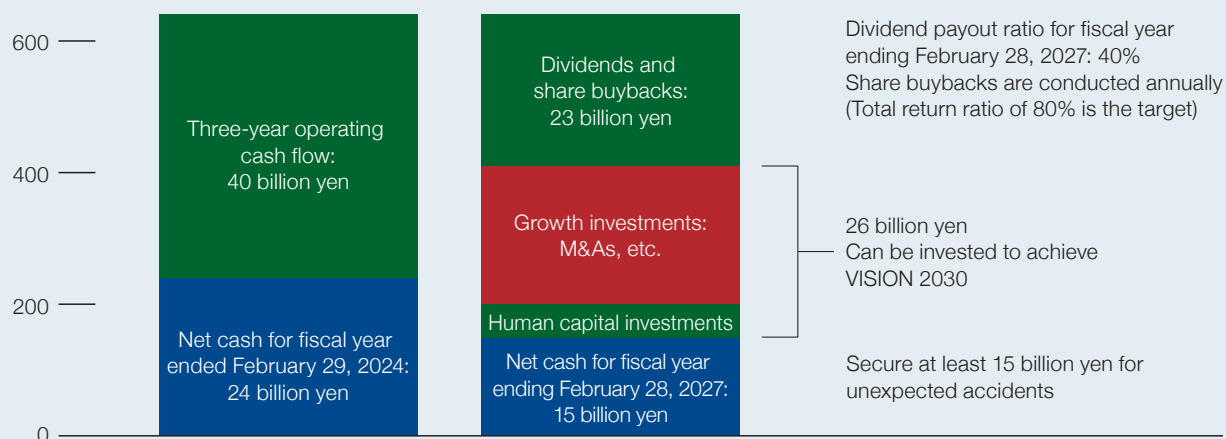
Daiseiki maintains a solid financial base. Nevertheless, I also recognize that holding excessively large amounts of cash is also an issue. In our mid-term management plan announced in April 2024, we set out a policy to reduce net cash by approximately 9 billion yen over three years and to improve fund efficiency. We will concentrate surplus funds of Group companies at our Head Office and allocate these funds for growth investments. Regarding Daiseiki's capital efficiency, our ROE is over 11%, and the equity

spread, which is the difference between that and the cost of shareholders' capital and currently calculated to be around 7.5%, is approximately 3.5%. We plan to increase the equity spread to 5% or higher. Regarding M&A, we will avoid companies with businesses that have low capital efficiency. We will also select candidate companies with which we can expect to create synergies by leveraging our extensive client base and technological capabilities and make concentrated investments in these companies.

For cash allocation, I recognize that the biggest issue we face is to accelerate growth investments while prioritizing the balance between growth investments and shareholder returns. We had targeted growth investments of 26 billion yen over the three-year period from the fiscal year ended February 2025 to the fiscal year ending February 2027. However, in the fiscal year ended February 2025, progress was limited to 4.4 billion yen due to our unsuccessful takeover bid for OSAKA YUKA INDUSTRY. Of the 26 billion yen earmarked for growth investments, we expect half of this, or about 12 billion to 13 billion yen, to be spent on establishing bases for Daiseiki and Daiseiki Eco. Solution, and about 12 billion to 13 billion yen to be spent for strengthening our technological capabilities through M&A with companies possessing strong technological capabilities.

In October 2024, we introduced a restricted stock incentive plan for the shareholding association system. In doing so, we disposed of a total of 75,100 shares of treasury stock with a value of 269 million yen, which equates to 100 shares per employee. The participation rate in the stock ownership plan is 98.8%. As shareholder returns, we plan to buy back 12 billion yen of our own shares over the three years from the fiscal year ended February 2025 to the fiscal year ending February 2027, with a dividend payout ratio of 40%. In the fiscal year ended February 2025, we paid out dividends of approximately 3.3 billion yen (dividend payout ratio: 37.2%) and bought back treasury shares for approximately 2.7 billion yen, with a progress rate of 22%. (We bought back treasury shares for approximately 5.6 billion yen of our own shares by May 2025, with a progress rate of 47%.) Under VISION 2030, we have set the targets of achieving consolidated net sales of 150 billion yen, consolidated operating profit of 25 billion yen, and ROE of 15.0% for the fiscal year ending February 2031. In the fiscal year ended February 2025, consolidated net sales amounted to 67.3 billion yen, consolidated operating profit was 14.3 billion yen, and

Cash allocation during the mid-term management plan announced in April 2024



ROE was 11.2%. Under the mid-term management plan, for the fiscal year ending February 2028 we aim for consolidated net sales of 81 billion yen, consolidated operating profit of 18 billion yen, and ROE of 12.2%. If we can continually achieve growth at this pace by pursuing improvements in profitability and total asset turnover, I expect the Group will record sales of 100 billion yen and operating profit of 22.6 billion yen by the fiscal year ending February 2031. When adding operating profit of 5 billion yen generated from new

businesses, we plan to achieve our operating profit target of 25 billion yen set in VISION 2030.

› P.40 Outlook for Future Business Strategy

*1 Thermal recycling (thermal recovery): Recycling that reduces the use of fossil fuels and the environmental impact by recovering the thermal energy generated when waste is burned.

Achieving sustainable growth through the proper allocation of people, materials, and money

The role of Daiseki's CFO spans a wide range, covering not only accounting and finance but also business strategy, M&A, financial strategy, human capital development, digital transformation, corporate governance, investor relations and sustainability. For example, when I proposed to the Sales Department that they select target clients, I hypothesized that companies with CDP scores of A, A- and B would find value in utilizing our competitive advantages with a high probability that they would become major clients.

Looking ahead, we will be unable to grow our businesses just by taking a passive stance and doing as we are told by clients. Alternatively, Daiseki must become a flag-bearer for the circular economy by seizing the initiative and standing at the forefront of the industry, anticipating and delving deeper into issues faced by clients, and leading the way to finding solutions. We will gather people with the skills needed for our future business model, and actively pursue alliances with companies, local governments, and universities outside the Group.

Daiseki is also working toward new business development. For example, through a business partnership, Daiseki is undertaking joint research with SyncMOF Inc., a Nagoya University venture. Daiseki and SyncMOF are jointly developing technologies for efficiently capturing ammonia in exhaust gases, which we found difficult to process with conventional equipment, by using a new adsorption/desorption agent with excellent ability to selectively capture only ammonia. By combining Daiseki's client base of over 6,000 production plants with SyncMOF's technological capabilities, we are able to expand our business scale in a win-win manner.

Strengthening human capital, an important asset for Daiseki, is also an urgent issue. There are many instances at Daiseki of two generations of a single family working at the company and I regard our low turnover rate to also be a strength. This situation is not the result of nepotism or low mobility of human capital. Rather, I believe this indicates that there are numerous employees who empathize with Daiseki's social mission of being a business that contributes to environmental conservation as well as its spirit of not wasting and who work in a job that they can be proud of in front of their families. To further strengthen our human capital, we will review our compensation and evaluation systems and expand our stock compensation system to the entire Group and increase the diversity of our human capital as well as employee engagement. Additionally, in working to achieve further business growth and to realize a circular economy, Daiseki must focus on hiring technical staff with a passion for developing new things, people for promoting the digital transformation, and people with the skills to anticipate and propose solutions to the issues faced by clients. Regarding our business portfolio, we plan to increase the weighting of the circular economy while promoting efficiency. We will also pay attention to how we allocate our capital consisting of people, materials, and money, and will proceed with our selection and concentration.

Furthermore, in light of Japan's declining population and

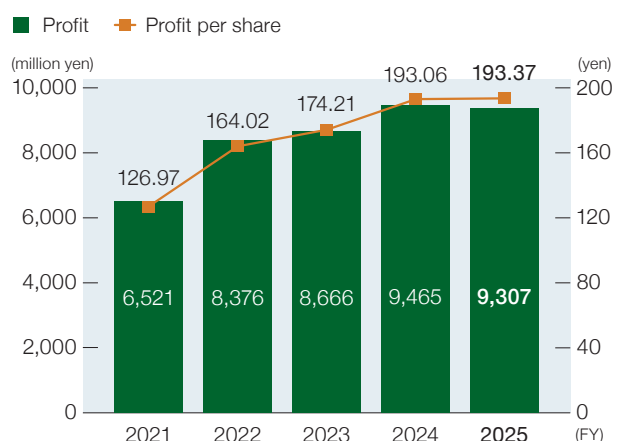
economic situation, we are considering medium-to-long-term measures that anticipate the future. We are currently gathering information in preparation for overseas expansion. We aim to develop and hire people with foresight to ensure our human capital is sufficient for future overseas expansion.

Daiseki's opportunities for dialogue with investors both in Japan and overseas have increased with each passing year. We aim to continue being a CSV company^{*2}, which makes large contributions to the environment and increases economic value and social value. Daiseki regards environmental responses not as a cost but rather as an opportunity for growth as a company. Recent years have witnessed demand for higher levels of environmental responses and this is providing a tailwind for Daiseki. We will hold in-depth discussions with investors about the source of our competitive advantages and how Daiseki will play a central role in the circular economy of tomorrow.

I will continue to oversee a wide range of areas, including financial matters, and strive to create comfortable working environments for our frontline employees as I make my utmost efforts to support Daiseki's growth. I sincerely ask for the understanding and support of all our stakeholders.

^{*2} CSV stands for Creating Shared Value. This is a concept proposed by Professor Michael E. Porter of Harvard University that combines social contribution and business, and aims to increase corporate profits through business that contributes to society.

Profit attributable to owners of parent



*Profit per share was calculated with reference to the 1.2-for-1 stock split of common stock carried out in September 2021 and assumes a stock split at the beginning of FY2021 in line with this.

Human Capital

To become a company that prospers for 100 years, Daiseki positions human capital as one of its most essential assets. Guided by the core value “Nurture the Future,” we are dedicated to developing and attracting forward-looking talent to help pass on a sustainable and brighter future to the next generation.

Our Approach to Human Capital

Since its founding, Daiseki has valued the spirit of mottainai—a deep respect for minimizing waste. We are committed to developing and attracting talent capable of creating business models that support society and make the most of resources through a “One Daiseki” approach. Our aim is to build a company where individuals with diverse skills and backgrounds come together, united by a shared commitment to Daiseki’s social mission.

Management Strategy Challenges

Business models for environmental value creation

Achieving both profitability and social mission through business activities



The Human Capital Environment

Diversifying values

Competition for acquiring human capital

Human capital strategy to realize business strategy

Human Capital Portfolio for Realizing “One Daiseki”

We systematically put into practice our Management Principles of Ideas, Plans, Structures, and Actions. Senior management generates bold ideas inspired by cutting-edge challenges, innovators formulate plans, leaders build the necessary structures, and professionals take action to bring those strategies to life.

While Daiseki has long engaged in environmental preservation as a core business, environmental value creation for the future requires a new generation of innovators. To this end, we aim to develop and attract talent with specialized knowledge and the ability to think and act strategically.

Human Capital Who Embody “One Daiseki”



Implementation Framework

To strengthen Group-wide initiatives related to human capital, the Daiseki Group has established the following implementation framework.

Human capital management across the Group is determined through the Board of Directors, Management Meeting, and other governance bodies. Presidents of each Daiseki Group company participate in the Management Meeting, where key human capital matters are discussed and decided from a Group-wide perspective.

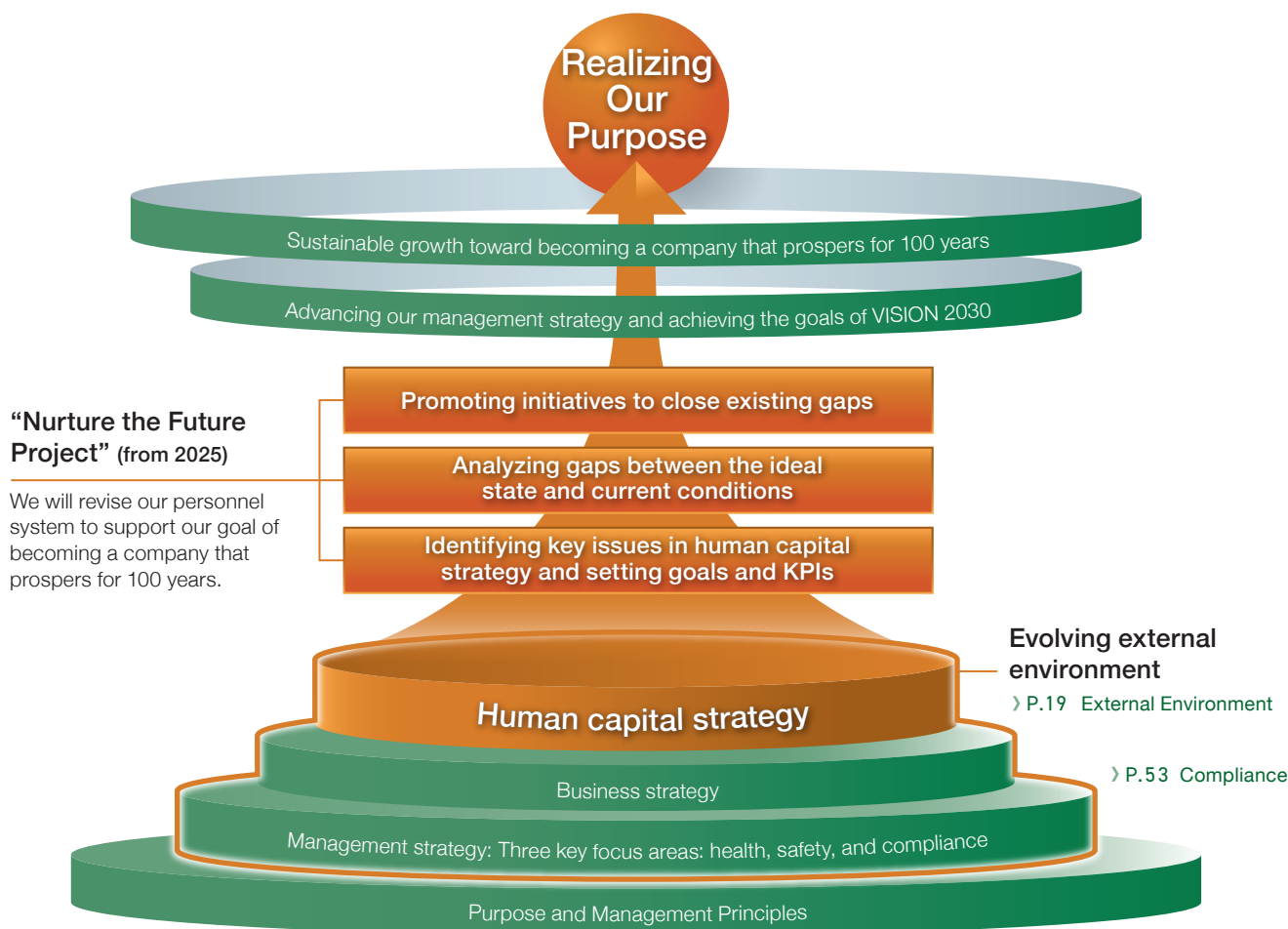
The General Manager, Headquarters of Planning and Management, at Daiseki serves as the central point of contact for human capital initiatives across the Group. Based on the policies determined in the Management Meeting, the Human Resources Department at Daiseki, along with the presidents and human capital personnel of each Group company, works in close coordination with the General Manager, Headquarters of Planning and Management, to develop and implement specific measures.



Overview of Human Capital Management Aimed at Enhancing Corporate Value

Daiseki continuously revisits its management and business strategies in response to changes in the external environment. To realize these strategies, we formulate human capital strategies and revise our personnel system to foster and attract the necessary human capital.

In addition, Daiseki considers health, safety, and compliance as foundational elements that support sustainable growth. By providing a safe and secure working environment for employees, we earn the trust of our clients.



Health and Safety: Supporting the Success of Our People

Health management — Health management

Maintain and enhance the physical and mental well-being of employees and their families.

Initiatives

- Establishment of a health management implementation framework
- Provision of health consultations, employee training, and wellness seminars by public health nurses
- Implementation of mental and physical health consultations and targeted health guidance through external specialists
- Execution of employee engagement surveys

Results

- Certified as a 2025 Health and Productivity Management Outstanding Organization



A health management seminar

Safety Management System — Safety

Prioritize employee safety and build trust with our clients.

Initiatives

- Formulation of Daiseki Group Health and Safety Policy
- Appointment of Safety Promotion Managers at each worksite
- Establishment of Safety and Health Management System
- Implementation of safety education and training programs
- Elimination of unsafe conditions

Results

- Daiseki Group's work-related accident record



Safety Promotion Manager Appointment

Occupational accidents

Daiseki Group's Business

The Daiseki Group delivers value to clients through two core pillars: environmental conservation, and environmental value creation, which includes resource circulation. We are strengthening collaboration across the Group to provide one-stop solutions under the “One Daiseki” framework.

Overview of Daiseki Group Business Activities

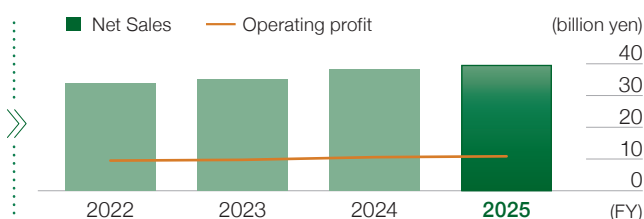
Group companies	Core businesses	Roles and value provided
Daiseki	Collection, transportation, and intermediate treatment of industrial waste	Reducing environmental impact and contributing to a recycling-oriented society through proper treatment and recycling of industrial waste
Daiseki Eco. Solution	Contaminated soil remediation, biodiesel fuel production, and PCB-related operations	Reducing environmental impact by remediating contaminated soil from construction sites and properly treating PCB waste, and supporting the development of a recycling-oriented society by producing biodiesel fuel
Hokuriku Daiseki	Petroleum product manufacturing and waste oil treatment	Manufacturing and sales of concrete mold release agents that allow smooth molding, and reducing environmental impact through waste oil recycling
Daiseki MCR	Lead recycling	Reducing environmental impact and contributing to a recycling-oriented society through lead recycling
System Kikou	Large tank cleaning	Maintaining infrastructure through large tank cleaning and contributing to a recycling-oriented society by recycling waste oil collected during the process
Green Arrows Chubu Green Arrows Kyushu	Waste plasterboard recycling	Contributing to a recycling-oriented society through the recycling of waste plasterboard
Sugimoto Trading Company Co., Ltd.	Collection, transportation, disposal, and recycling of general waste	Reducing environmental impact and supporting a recycling-oriented society through proper treatment and recycling of general waste
Sugimoto Paper Industry Co., Ltd.	Collection, transportation, and recycling of used paper	Contributing to a recycling-oriented society through the recycling of recovered paper

Business Overview



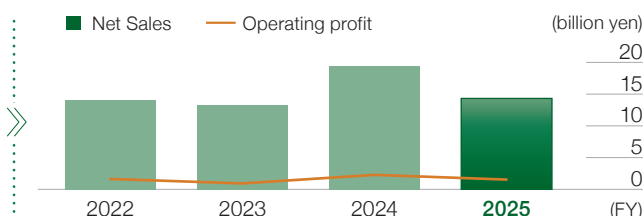
Wastewater, Waste Oil, and Sludge Recycling Business

This business centers on the collection, transportation, intermediate treatment, and the manufacture and sale of recycled products from industrial waste. It contributes to environmental conservation, carbon neutrality, and the circular economy.



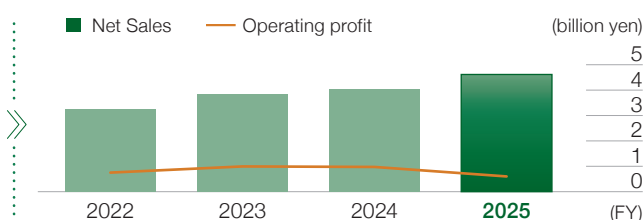
Contaminated Soil Recycling Business

This business provides one-stop services for soil contamination remediation consulting, investigation, analysis, construction, and treatment. We support clients in the manufacturing, real estate, and construction industries from an environmental conservation perspective.



Lead Recycling Business

This business recycles lead from waste lead batteries. We produce recycled lead using Japan's first reduction furnace powered by LNG, which helps reduce CO₂ emissions, and the world's first 50-ton induction heating refining furnace for lead smelting.



Outlook for Future Business Strategy

› P.31 Long-Term Business Plan: VISION 2030

The Daiseki Group is formulating the following business strategies to drive progress toward achieving VISION 2030. (Our targets by FY2031 are sales of 150 billion yen, operating profit of 25 billion yen, and ROE of 15.0%.)

Formulating New Business Strategies

Existing Businesses

Domestic Strategies

- Increase activity in currently underserved areas through cooperation between existing facilities
- Expand into new areas through development of new operating bases

Global Strategies

- Commence market research geared toward expansion into the Asian market

Development of Technologies and Equipment

- Raise our recycling rate
- Increase range of items accepted for treatment by adopting new technologies and equipment

Group Strategy

- Enhance synergy by strengthening cooperation, including exchange of human capital

New Business

Circular Economy Strategy

- Build the value chain essential for a circular economy-based business

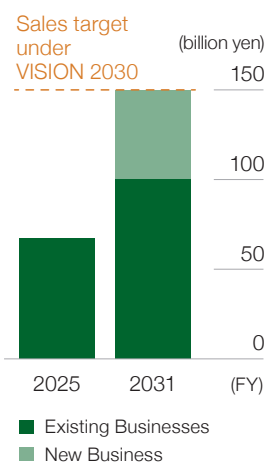
M&A Strategy

- M&A with an emphasis on environment and recycling

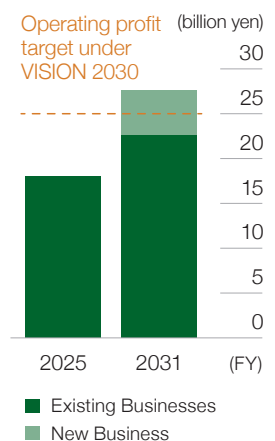
Alliance Strategy

- Promote alliance, including with other industries

Sales: Existing vs. new business



Operating profit: Existing vs. new business



Large Tank Cleaning Business

This business focuses on cleaning large-scale tanks, piping, pits, and tank-related maintenance work. It utilizes the Crude Oil Washing (COW) method, a technology that safely, quickly, and cost-effectively recovers crude oil sludge accumulated in large tanks.



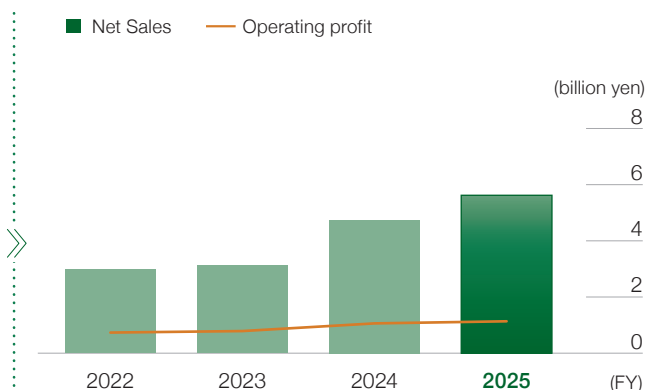
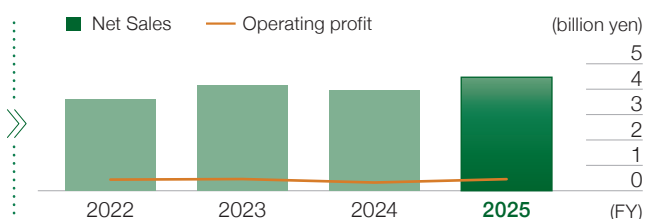
Waste Plasterboard Recycling Business

This business involves recycling waste plasterboard and manufacturing soil solidifiers from partially recycled gypsum powder. It operates as a joint venture uniting waste generators, recyclers, and users, which provides a stable business foundation.



Other Resources Recycling Business

This business includes the collection and transportation of general waste, including waste plastics, the collection of used paper and cardboard, and the manufacture and sale of biodiesel fuel. In FY2024, the Sugimoto Group was acquired as a subsidiary, expanding operations to include handling general waste.



* This graph combines the Waste Plasterboard Recycling Business and the Other Resources Recycling Business.

Growth Story by Business Segment

This section reviews the status of the six environmental solution businesses provided by the Daiseki Group as of FY2025. It also covers the market environment, the strengths we can leverage, and our future growth strategies.



Wastewater, Waste Oil, and Sludge Recycling Business

• Review of FY2025

Successful sales efforts targeting clients with high CDP ratings led to record-high sales and profits.

• Market Environment

Impacted by domestic industrial production.

• Strengths

A broad client base supporting various manufacturing sectors, high processing capacity and technical expertise, and strong client trust through regulatory compliance.

• Future growth strategy

Capturing demand driven by carbon neutrality and the circular economy.



Daiseki Nagoya Works



Contaminated Soil Recycling Business

• Review of FY2025

Collaboration with Daiseki boosted the ratio of consulting sales, enabling us to meet our sales and operating profit targets.

• Market Environment

Affected by trends in capital investment, construction activity, and real estate transactions.

• Strengths

Robust consulting expertise and comprehensive one-stop solutions through Group cooperation.

• Future growth strategy

Further strengthen partnership with Daiseki, expand consulting sales, and increase external resources.



Yatomi Recycling Center, Daiseki Eco. Solution Co. Ltd.



Lead Recycling Business

• Review of FY2025

Achieved planned sales and operating profit thanks to steady London Metal Exchange (LME) lead prices and a weaker yen.

• Market Environment

Influenced by LME lead market prices and exchange rates.

• Strengths

Material recycling of high-purity lead using environmentally advanced equipment.

• Future growth strategy

Increase sales by meeting client needs with industry-leading environmental measures.



Daiseki-MCR Co., Ltd.'s rotary gas melting furnace.



Large Tank Cleaning Business

• Review of FY2025

Completed high-profit projects ahead of schedule, achieving record-high sales and ordinary profit.

• Market Environment

Impacted by the operational status of large tanks.

• Strengths

Refined COW method technology, enabling safe, quick, and cost-effective cleaning of large tanks.

• Future growth strategy

Expand business scale through collaboration with Daiseki and overseas market entry.



Large tank cleaning by System Kikou Co., Ltd..



Waste Plasterboard Recycling Business

• Review of FY2025

Although input volume remained steady, higher costs prevented achieving planned targets.

• Market Environment

While this business is affected by the plasterboard market condition, medium- to long-term growth prospects remain.

• Strengths

A collaborative joint venture uniting waste generators, recyclers, and users, supporting material recycling efforts.

• Future growth strategy

Expand operations through new investments, including the construction of a new plant in Shizuoka.



Construction of Green Arrows Central's new Shizuoka facility.



Other Resources Recycling Business

• Review of FY2025

Secured large-scale relocation and removal projects, achieving planned sales targets.

• Market Environment

Volume of general waste and related materials affected the market.

• Strengths

Clients including large general retailers with high waste output, and eco-label certification for recycled paper.

• Future growth strategy

Enhance capacity for plastic waste processing and biodiesel production.



Equipment removal work at Sugimoto Trading Company Co., Ltd.

Governance That Drives Growth

Roundtable
Discussion
with
External
Directors

No growth without challenge:
Highlighting the dangers of complacency and
working to maximize corporate value



Norikazu Sahashi

Member of Audit and Supervisory Committee and Appointment and Compensation Committee
External Director

Ayako Suganuma

Member of Audit and Supervisory Committee and Appointment and Compensation Committee
External Director

Masaki Maeda

Chairperson of Audit and Supervisory Committee and Chairperson of Appointment and Compensation Committee
External Director

Mitsuru Okada

Member of Appointment and Compensation Committee
External Director

Please tell us about your background and your role as an external director.

Okada: I began my career as an engineer at a major non-ferrous metals manufacturer and have focused exclusively on the aluminum business. Starting in research, I gained experience in development, quality control, and the launch of overseas factories. Following corporate restructuring and integration within the business division, I became the first president of a newly established company. As president, I focused on strengthening the company's core capabilities and boosting profitability through product and technological innovation. In 2023, I joined Daiseiki as an external director, where I apply my executive experience to offer strategic guidance.

Maeda: During my time at an audit firm, I was responsible for handling corporate listings and audits. I was appointed as an external director of Daiseiki last fiscal year. As a certified public accountant, I strive to contribute to the Company's growth by leveraging my expertise in accounting standards, finance-driven M&A, and financial strategy.

Suganuma: I have long worked in the fields of education and welfare at the Aichi Prefectural Government. For Daiseiki to gain

stronger shareholder support and continue growing as a publicly listed entity, the appointment of women to managerial positions will become increasingly important. Since I only joined last year, I plan to actively create opportunities for discussion with employees, including women, and offer management suggestions based on those insights. Having also been involved in environmental administration, I hope to contribute further to strengthening the Company's foundation of trust by promoting thorough compliance with environmental and legal regulations.

Sahashi: I have been active in the Nagoya City Council for over 20 years. During the 2005 World Exposition, Aichi, Japan, I served as the council chair and expanded my insights through exchanges with experts both from Japan and abroad. Since being appointed as an external director of Daiseiki, I have consistently focused on ensuring employee compliance with safety and corporate governance. I am impressed by how the founder's DNA and values have permeated the company culture, alongside the governance framework that has been strengthened in step with business expansion.

What do you see as Daiseki's strengths, and which areas do you believe need further strengthening going forward?

Maeda: Without a doubt, Daiseki's greatest strengths lie in its track record and technical expertise in the environmental business, along with an unwavering commitment to legal compliance. The Company's core recycling business, which serves as the primary revenue driver, enjoys strong trust from government agencies and clients alike, leading to steady growth in both sales and profits. The ambitious goals set out in VISION 2030 cannot be achieved by simply extending existing businesses. It is therefore essential not to become complacent but to proactively anticipate changes in the external environment. From an investor's perspective, there is a clear demand to understand where the future growth drivers will come from. In addition to existing businesses, it is critical to determine how to leverage new technologies and advance market strategies to accelerate the next phase of growth. Building on strengths in technology and operational capabilities, the Company must simultaneously pursue forward-looking investments and proactive communication. Demonstrating a growth scenario that meets market expectations will help enhance corporate value.

Okada: One of Daiseki's major strengths is its community-focused business approach and the autonomy granted to each Works site. In particular, the strong trust built between the field operations and management—especially between the seven Works Managers nationwide and President Yamamoto, Vice President Ito, and other executives—is a distinctive advantage that sets the Company apart from others. While entrusting Works Managers as “masters of their own domains” fosters autonomy, it can also result in somewhat weaker horizontal collaboration between the sites. I attend the quarterly progress meetings for VISION 2030, and there is no doubt that the high level of motivation shared between the field and management supports sustained growth toward the ambitious goals. However, there are only five years left until the VISION 2030 deadline. Medium-



It is essential to maintain a constant sense of urgency about the current situation and avoid complacency with the existing portfolio and past successes.

Mitsuru Okada



Simultaneously pursuing forward-looking investments and proactive communication while demonstrating a growth scenario will help enhance corporate value.

Masaki Maeda

to long-term risks, such as the declining demand for cement recycling—one of the Company's current pillars of revenue—are becoming increasingly apparent. Although the Company has strong capabilities in generating profits from its existing businesses, I believe there is still room to improve in understanding and addressing client needs. Rather than relying solely on technology-driven services, the Company must establish new business models that proactively identify challenges clients themselves may not yet recognize and develop and offer solutions accordingly. Without dramatically enhancing its ability to generate revenue through such innovation, achieving VISION 2030 will not be possible.

Suganuma: Responding to changes in the external environment, such as the impact of Trump-era tariffs, requires more than simply extending existing businesses. The Company should continue to expand its client base beyond the manufacturing sector and actively consider M&A as a means to realize new business opportunities.

Sahashi: The founder's philosophy of valuing employees and their families has taken root within the Company, and I see the strong emphasis on safety and compliance as a key strength. There is a high level of awareness regarding safety and the environment, supported by a solid risk management framework. Daiseki has achieved growth through a cautious and deliberate approach—marked by a mindset of thoroughly assessing risks before taking action. However, as the shift toward a circular economy accelerates, long-term success will depend on the Company's willingness to embrace bold challenges. If the belief takes root that current success is reason enough to maintain the status quo, the organization risks missing early signals of change. Growth is not possible without challenge. To stay competitive, the Company needs to accelerate decision-making and actively pursue new business opportunities.

What is needed to maintain and build on the Company's strengths without settling for the status quo?

Maeda: Strengthening external communication is essential. Despite the Company's strong technical capabilities and initiatives, much of that value remains difficult for outsiders to see and fully appreciate. Through regular engagement with shareholders and investors, earnings briefings, and disclosures such as the integrated report, the Company should clearly communicate what its strengths are and where it is headed. Given the value it offers, it is a missed opportunity if people do not understand what the Company actually does. A more transparent communication framework is needed.

Suganuma: I pay close attention to ensuring that the pursuit of short-term growth does not come at the expense of safety, compliance, or employee well-being. Trust, which is one of the foundations supporting the Company's value creation, is extremely difficult to restore once lost. Simply chasing top-line growth risks turning true growth into unsustainable expansion, which must be avoided.

Okada: I consistently emphasize to management the critical importance of safety, which is the fundamental prerequisite for business continuity. I believe the key to embedding and sustaining important corporate priorities lies in fostering a strong sense of ownership among those responsible. Rather than leaving employees with only a vague awareness, it is essential to appoint accountable individuals at key points who take ownership, while also advancing systems to prevent human

error.

Sahashi: To bring speed and flexibility to management, it is necessary for us as external directors to actively provide suggestions and advice from outside the Company. I believe this is both our role and responsibility.

Okada: It is essential to maintain a constant sense of urgency about the current situation. Companies with well-established strengths often lack foresight, and those with strong existing businesses can become insensitive to change. If the Company becomes complacent with its existing portfolio and past successes, it will struggle to adapt to future market and societal shifts. Going forward, the Company's future depends on its ability to identify client challenges and solve them through new technologies and products—in other words, how well it embraces change and adapts. To drive Daiseiki's growth, cultivating talent with strong problem-solving skills is vital. Just as with safety, providing opportunities on the ground that foster a genuine sense of ownership is key to nurturing this mindset.

What key themes has the Board focused on this past year, and what topics should be prioritized going forward?

Maeda: A significant amount of time has been dedicated to health and safety. In particular, safety issues including not only



I pay close attention to ensuring that the pursuit of short-term growth does not come at the expense of safety or employee well-being.

Ayako Suganuma

actual incidents but also near misses are thoroughly shared and discussed. I am impressed by the corporate culture that goes beyond simply reporting, fostering in-depth discussions that lead to effective measures for preventing recurrence.

Suganuma: What left a strong impression on me was the amount of time dedicated to discussing how to ensure safety, particularly in the context of incident reports. At Board meetings, the heads of all seven regional sites come together to share updates and initiatives related to safety with us external directors. We have engaged in concrete discussions about what challenges exist at each location and how they can be addressed.

Okada: Over the three years since I joined, the range of topics addressed by the Board of Directors has expanded significantly. For proposals related to growth investments, such as acquisitions and land purchases, there is now a stronger framework for incorporating input from external directors. I have also seen a shift in the Board's focus toward medium- to long-term growth. Going forward, I believe we need to devote even more time to discussions on capital allocation to support future growth.

Sahashi: The most important priority is building an organization that can adapt flexibly to change, supported by strong talent

development and systems. Future growth will depend on how deeply a culture of embracing challenges can take root. Rather than shrinking back out of fear of failure, the entire organization should encourage proactive efforts to take on new challenges. In terms of talent development, the key issues are speed and scale. It is critical to accelerate the development of the next generation of leaders and to strengthen on-the-ground systems led by frontline teams.

Maeda: As Chair of the Appointment and Compensation Committee, I have been leading efforts to develop a succession plan. The core talent expected to drive the next generation of Daiseiki are the current Works Managers, who hold key responsibilities on the front lines. Last fiscal year, the committee conducted study sessions incorporating external perspectives to examine the ideal framework for future leadership. While progress has been made, we are still in the early stages. I also believe it is essential to advance the development of core talent with a strong sense of urgency.

Okada: There is no doubt that talent development should be a key topic of discussion for the Board going forward. It is especially important to strengthen the pipeline of core talent who will drive the Company's next phase of growth, particularly at the division and department manager levels. We will continue discussions with the management team to ensure alignment



Valuing employees and their families has taken root, and I see the strong emphasis on safety and compliance as a key strength.

Norikazu Sahashi

between the Company's future business portfolio and the ideal talent portfolio, thereby enhancing the effectiveness of the succession plan.

Finally, how will you use your experience and knowledge to help revitalize the Board and boost medium- to long-term corporate value?

Maeda: I will continue to leverage my expertise in finance and related fields to provide recommendations on capital efficiency and capital allocation. I am confident that supporting operational efficiency and further strengthening the Company's investor relations framework will enhance frontline capabilities. Going forward, a clearer decision-making process based on financial efficiency and investment rationality is needed for the use of available funds, including M&A and capital expenditures. Additionally, I aim to support the IT-driven streamlining and efficiency of administrative tasks such as expense reimbursements and monthly closings.

Suganuma: Promoting diversity and creating a workplace where women and people with disabilities want to work at Daiseiki, as well as communicating this message clearly, are crucial. To become a leading company in realizing the circular economy, I will continue to advocate not only for the development of new technologies but also for advancing women's participation and emphasizing the importance of being a company where everyone can work comfortably.

Sahashi: A key challenge ahead is redefining the Daiseiki brand and raising its public profile. I aim to contribute by strengthening governance and enhancing external communications to deepen understanding and support for Daiseiki among investors, clients, employees, and other stakeholders, thereby building their confidence and expectations for growth while improving perceptions of the Company's value.

Okada: As a former executive, I have consistently used a sense

of urgency about performance to drive bold actions and create new initiatives. While the Company currently maintains solid results, it is essential to foster this sense of urgency now. Without a shared awareness of potential risks, achieving VISION 2030 and sustainable future growth will not be possible. It is crucial to recognize that maintaining the status quo means falling behind, and to consistently make forward-looking management decisions. I believe this organizational strength will genuinely enhance Daiseiki's corporate value. Drawing on my experience, I will continue to provide candid—and at times tough—advice as an external director to deepen discussions aimed at improving the Company's medium- to long-term corporate value.

Directors and Executive Officers

The following is the list of our directors and executive officers, whose duty is to drive the sustainable growth and corporate value improvement of Daiseiki.

Directors (as of May 22, 2025)



April 1989
October 1989
March 1995

May 1995
March 2000
March 2001
May 2006
May 2009

March 2015
May 2020

May 2022

Joined Hitachi, Ltd.
Joined the Company
General Manager, Technology Development Department
Director
Managing Director
General Manager, Nagoya Works
Senior Managing Director
General Manager, Headquarters of Business Generalization
Director Vice President
Director Vice President Executive Officer
Representative Director President Executive Officer (current position)

Tetsuya Yamamoto

Representative Director



February 1996
March 2010
May 2010
May 2013
March 2015
March 2018

May 2020

May 2020

May 2022

May 2022

Joined the Company
General Manager, Nagoya Works
Director
Managing Director
Senior Managing Director
Headquarters of Business Generalization
Director Senior Managing Executive Officer
General Manager, Corporate Planning Office, Headquarters of Business Generalization (current position)
Representative Director Vice President Executive Officer (current position)
General Manager, Headquarters of Business Generalization (current position)

Yasuo Ito

Representative Director



June 1985
September 2000
May 2003
September 2003
May 2013
March 2015
March 2015

September 2019
May 2020

Joined the Company
General Manager, Kyushu Works
Director
General Manager, Kanto Works
Managing Director
Senior Managing Director
Deputy General Manager, Headquarters of Business Generalization (current position)
General Manager, Kansai Works
Director Senior Managing Executive Officer (current position)

Koji Amano

Director



April 1982
June 2012

October 2013

June 2018
October 2022

May 2023

Joined Furukawa Electric Co., Ltd.
President and Chief Executive Officer, Furukawa-Sky Aluminum Corp.
Representative Director & President, UACJ Corporation
Advisor, UACJ Corporation
Part-time Director, E-PACK CO., LTD. (current position)
External Director, the Company (current position)

[Significant concurrent position]
Part-time Director, E-PACK CO., LTD.

Mitsuru Okada

External Director



April 1987

May 2005

July 2011

May 2012
May 2016

Elected as a Member of the Nagoya City Assembly, followed by six more consecutive elections
The 80th Chairperson of the Nagoya City Assembly
Part-time position in charge of liaison, Administration Division, TOAGOSEI CO., LTD. (current position)
Corporate Auditor, the Company
External Director, the Company (Audit and Supervisory Committee Member) (current position)

Norikazu Sahashi

External Director (Audit and Supervisory Committee Member)



October 1997
September 2007

June 2016
July 2016

June 2019
June 2023

May 2024

Joined Tohatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
General Manager, China Department, International Division, Nagoya Office, and Senior Manager, Audit Department, Tohatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
Retired from Deloitte Touche Tohmatsu LLC
President, Masaki Maeda Certified Public Accountant and Tax Accountant Office (current position)
Outside Corporate Auditor, SUGA STEEL Co., LTD.
Outside Corporate Auditor, CHUO MALLEABLE IRON CO., LTD. (current position)
External Director, the Company (Audit and Supervisory Committee Member) (current position)

(Significant concurrent position)
Outside Corporate Auditor, CHUO MALLEABLE IRON CO., LTD.

Masaki Maeda

External Director
(Audit and Supervisory Committee Member)



April 2011

April 2016

March 2018
April 2018
June 2023

May 2024

Director, Education and Planning Office, Aichi Prefectural Board of Education
Director, Department of the Environment, Aichi Prefectural Government
Retired from the Aichi Prefectural Government
President, Aichi Prefectural Cultural Promotion Agency
President, Aichi Prefectural Female Welfare Organization (currently Aichi Prefectural Women's Welfare Organization) (current position)
External Director, the Company (Audit and Supervisory Committee Member) (current position)

Ayako Suganuma

External Director (Audit and Supervisory Committee Member)

Executive Officers (as of May 22, 2025)

Tetsuya Yamamoto
President Executive Officer

Yasuo Ito
Vice President Executive Officer

Koji Amano
Senior Managing Executive Officer

Toshiyasu Isaka
Managing Executive Officer

Hideki Katase
Managing Executive Officer

Tatsuya Yasunaga
Managing Executive Officer

Takashi Kai
Executive Officer

Katsuaki Minami
Executive Officer

Directors Skill Matrix

The skill matrix of directors ensures an appropriate number of members for accurate and prompt decision-making by the Board of Directors and balances knowledge, experience, and abilities and considers diversity. Individual directors are selected based on their reputation, insight to ensure compliance with laws, regulations, and corporate ethics, as well as excellent judgment, decision-making ability, achievement-oriented ability, and self-control.

Name	Age	Years served	Committee		Corporate management	Industry knowledge	Business strategy	Global	Sales and marketing	Administrative risk	Finance and accounting	Sustainability	Technological innovation	Human resources, education, and diversity
			Appointment and Compensation	Audit, etc.										
Tetsuya Yamamoto Representative Director	60	30	○		●	●					●	●	●	
Yasuo Ito Representative Director	52	15	○		●		●	●	●					
Koji Amano Director	64	22				●			●					●
Mitsuru Okada Independent External Director	68	2	○		●		●	●						
Norikazu Sahashi Independent External Director	66	9	○	○		●				●		●		
Masaki Maeda Independent External Director	50	1	○	○			●	●		●	●			
Ayako Suganuma Independent External Director	67	1	○	○			●			●				●

(as of May 22, 2025)

Reasons for selection of necessary skills

Corporate management	As we face major changes in the business environment as an environmental value-creation company, Directors need to make appropriate decisions on the Group's overall management and medium- to long-term business strategy, based on their foresight and insights gained through experience in corporate management. Therefore, "corporate management" is identified as a key skill.
Industry knowledge	Directors should have broad knowledge and experience needed for the Group's overall management and medium- to long-term management, and "industry knowledge" is identified as a key skill for making appropriate business decisions.
Business strategy	For purpose-driven management, Directors must excel in abilities such as information gathering, information analysis, and logical thinking, and need to develop business strategies aligned with the vision for growth for the entire Group and changes in the market. Therefore, "business strategy" is identified as a key skill.
Global	Directors need to reflect global perspectives into the development of the Group's medium-term business strategy to cope with rapid changes in global society and economies. Therefore, "global" is identified as a key skill.
Sales and marketing	For the Group's sustainable growth and enhanced branding, Directors need to gather, analyze, and utilize various information on products and services demanded by the market and clients, and develop and implement relevant projects and plans. Therefore, "sales and marketing" is identified as a key skill.
Administrative risk	Appropriate advice based on a wealth of knowledge and experience is essential for strengthening the governance system through appropriate risk management for the sustainable growth of the Group and enhancement of the Group's corporate value over the medium to long term. Therefore, "administrative risk" is identified as a key skill.
Finance and accounting	Knowledge of finance and accounting, as well as financial knowledge and experience for planning and implementing corporate restructuring, M&A, etc., is needed to build a system for accurate financial reporting and a solid financial base and to seek sustainable growth and enhancement of corporate value. Therefore, "finance and accounting" is identified as a key skill.
Sustainability	Directors are expected to possess the knowledge needed for sustainable corporate management and seek management that enhances the sustainability of the Group's overall businesses so that the Group can contribute to the creation of a circular economy-based society and a sustainable society. Therefore, "sustainability" is identified as a key skill.
Technological innovation	Promoting technological innovation is essential so that the Group can continue sustainable development and contribute to the creation of a circular economy-based society. Therefore, "technological innovation" is identified as a key skill.
Human resources, education, and diversity	In order to achieve sustainable growth, the Group's employees need to be able to grow and demonstrate their abilities according to their personal strengths and in their own working styles. Therefore, "human capital, education, and diversity" are identified as key skills for developing and training employees in a manner that can fully unleash the potential of employees and for implementing initiatives to promote diversity.

Corporate Governance

Basic Approach to Corporate Governance

Daiseki positions corporate activities that comply with laws and social norms as the most important issue for improving transparency and soundness in corporate management. We have adopted the Audit and Supervisory Committee system with an Audit and Supervisory Committee comprising three outside directors, further enhancing the supervisory function of the Board of Directors. One of the external directors is a woman, who gives recommendations from a woman's perspective.

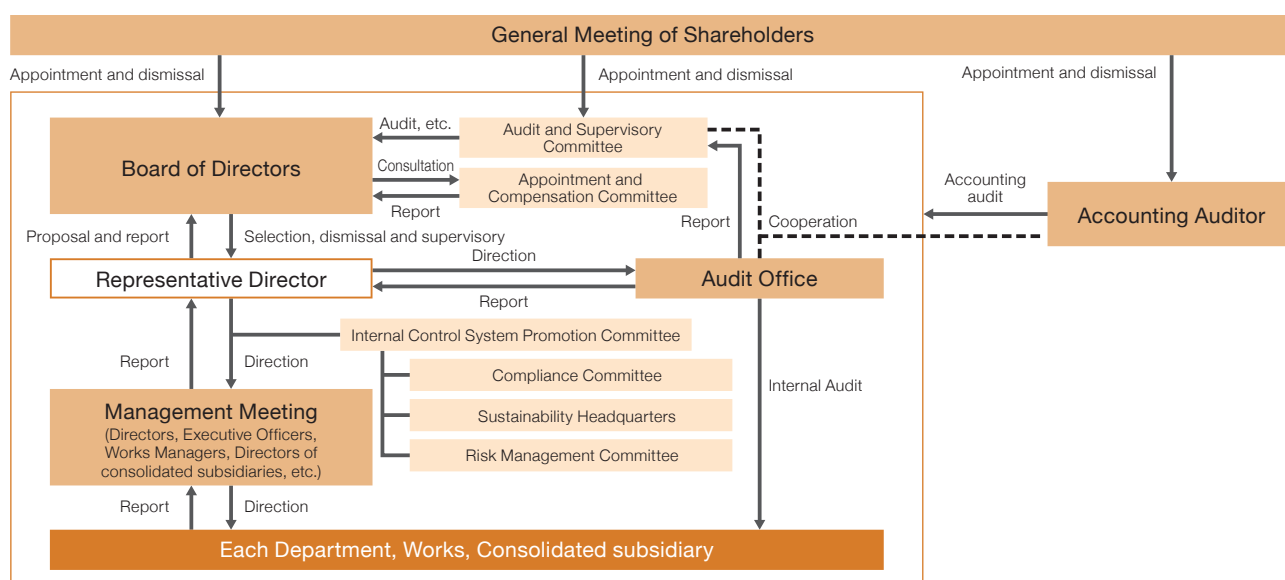
In May 2020, Daiseki introduced an executive officer system with the aim of clarifying business execution responsibilities, streamlining management and accelerating decision-making. Further, the authority necessary for conduct-

ing daily corporate activities is delegated to the Works Managers at each Works site and the Presidents of each Group company, with the Management Meeting held with the participation of directors, executive officers, Works Managers, directors of consolidated subsidiaries and other staff.

Also, in May 2023 we appointed an additional external director who has experience with corporate management in order to strengthen the company's governance, which means we now have a majority of external directors.

 Corporate Governance Report (in Japanese)

Daiseki's Corporate Governance System

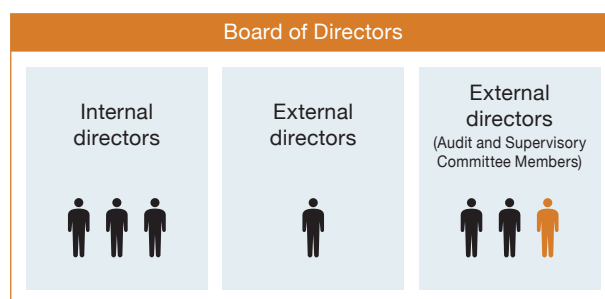


Board of Directors

The Board of Directors is comprised of seven members: three internal directors, one external director, and three external directors who also serve as Audit and Supervisory Committee Members. Of these members, one is a woman director, contributing to a more diverse Board composition. In addition to regular Board of Directors meetings which are held once per month in principle, extraordinary Board of Directors meetings are held as necessary. The Daiseki Group holds Board of Directors meetings more frequently with the aim of facilitating prompt and accurate decision-making and efficient organizational management of the Group as a whole.

Priority themes for FY2025

- Purchase of treasury shares
- Land acquisition for business expansion
- Explanations of credit decisions related to Group companies' major projects
- Thorough implementation of safety measures
- Tender offer for OSAKA YUKA INDUSTRY LTD.



Frequency of meetings and the number of meetings held

- Held once a month, in principle (with extraordinary meetings held as necessary)
- Held 24 times in FY2025

 ... Men
 ... Women

Audit and Supervisory Committee

Daiseki is a company with an Audit and Supervisory Committee, and as a general rule, the Audit and Supervisory Committee which consists of three external directors who have no vested interest in the company, meets once a month. The Audit and Supervisory Committee reports, discusses, and resolves important matters related to audits and other matters.

Details of specific matters considered by the Audit and Supervisory Committee

- Establishment and operation of internal control systems
- Appropriateness of audits by accounting auditors
- Status of internal control establishment
- Performance of duties by directors, employees, etc.

Main activities of Audit and Supervisory Committee Members

- Attending important meetings, including the Board of Directors' meetings
- Attending audit feedback meetings, audit results briefings, etc.
- Exchanging opinions with directors and employees
- Viewing and examining important approval documents, etc.

Appointment and Compensation Committee

The Appointment and Compensation Committee decides on the appointment, dismissal, and compensation of directors based on consultations from the Board of Directors, thereby enhancing the independence, objectivity, and accountability of the functions of the Board of Directors.

Details of specific matters considered by the Appointment and Compensation Committee

- Selection and dismissal of directors and matters related to the upper limit and level of compensation for directors
- Other matters deemed necessary by the Board of Directors

Priority themes for FY2025

- The Audit and Supervisory Committee of Daiseki and that of Daiseki Eco. Solution exchanged opinions for strengthening the Group's governance (March 2024).
- Presidents of Group companies explained the outline of their business (November 2024: Daiseki-MCR, December 2024: System Kikou).
- Plant tours at the Kyushu Works of Daiseki (December 2024)

Audit and Supervisory Committee

External director



Frequency of meetings and the number of meetings held

- Held once a month, in principle (with extraordinary meetings held as necessary)
- Held 14 times in FY2025

... Men
... Women

Appointment and Compensation Committee

Internal directors



External director



*Chairperson: External director

Frequency of meetings and the number of meetings held

- Held at least once a year (with extraordinary meetings held as necessary)
- Held twice in FY2025

... Men
... Women

Compensation for executives

Basic compensation, as fixed compensation and stock compensation, is paid to directors (excluding Audit and Supervisory Committee members and external directors), and basic compensation is paid to external directors (excluding Audit and Supervisory Committee members).

Daiseki has a compensation system linked to shareholder value so that it will function as an incentive for the sustainable improvement of corporate value and for the more intensive implementation and acceleration of sustainable management. Daiseki has a basic policy of ensuring appropriate levels of compensation in light of the responsibilities of each director in determining the amount of compensation for them.

The amount of compensation for external directors (Audit and

Supervisory Committee members) is determined through discussion by the Audit and Supervisory Committee, which ensures that the amount will not exceed the upper limit resolved at the General Meeting of Shareholders.

Daiseki has established the Appointment and Compensation Committee as a voluntary advisory body to the Board of Directors. This committee determines policies on compensation and others, deliberates on the contents of compensation, etc. for individuals, and gives advice and recommendations to the Board of Directors based on their results.

Securities Report (in Japanese)

	Number of executives (people)		Compensation amount (million yen)	
	FY2024	FY2025	FY2024	FY2025
Directors (Excluding Audit and Supervisory Committee Members and external directors)	3	3	129	146
External Directors (Excluding Audit and Supervisory Committee Members)	1	1	1	2
External Directors (Audit and Supervisory Committee Members)	3	5	7	7

Succession plan

The most recent initiative is a study session on a succession plan, which was held on February 7, 2024 and featured an outside speaker. We will continue to hold this study session. In addition, Daiseki has begun to revise its personnel system, evaluation methods, training programs, and other materials so as to develop next-generation business leaders.

Corporate Governance

Sustainability governance by the Board of Directors

We hold meetings of the Sustainability Headquarters, composed of the President and executive officers of Daiseki and the Presidents of Group companies, twice a year to deliberate and decide on important matters, including risk management related to environmental protection, climate change and human capital issues. The General Manager of the Headquarters of Planning and Management, appointed by the President as the General Environmental Management Manager responsible for the environmental field, including climate change issues, submits specific plans to the Sustainability Headquarters, where these plans are deliberated and formulated. The content and progress of these plans are reported to the Board of Directors.

Governance of Group companies

The Daiseki Group is engaged in various efforts to strengthen the governance of Group companies as follows.

① Management Meeting

A Management Meeting is held every month, attended by Daiseki directors, executive officers, and Works Managers of each Works site as well as directors of Group companies. Important matters are directed, communicated, and opinions and information are exchanged at the Management Meeting.

② Dispatch of directors to Group companies

Daiseki dispatches one director each to Daiseki MCR, System Kikou, and Hokuriku Daiseki to conduct governance of the Group companies.

③ Strengthening communication with Group companies

Since FY2024, Daiseki Co., Ltd. has been holding company-specific Management Meetings with Group companies, with the Headquarters of Business Generalization responsible for implementing business activities and the Headquarters of Planning and Management responsible for compliance, both of which are responsible for strengthening communication and understanding of the actual situation of Group companies. They discuss a wide range of issues, including confirmation of progress on management results, consultation on management issues, and requests for support from Daiseki Co., Ltd.

Effectiveness evaluation of Board of Directors

An effectiveness evaluation of the Board of Directors held in FY2025 was conducted, and its results were reported and discussed at the Board of Directors. The evaluation results are as follows.

① Task implemented

- Evaluation subject.....Board of Directors held from September 2023 to August 2024
- Person in charge of evaluation.....All Directors
- Overview.....Items to be evaluated
- (1) Composition and operation of the Board of Directors
- (2) Management strategy and business strategy
- (3) Discussions at the Board of Directors
- (4) Operation of the Board of Directors
- (5) Dialogue with external directors
- (6) Effectiveness of governance system and the Board of Directors
- (7) Other topics for discussion by the Board of Directors

② Analysis and evaluation results

- Questionnaire results.....Generally positive
- Effectiveness of Board of DirectorsConfirm that it is generally secured

③ Measures to realize effectiveness

- Four items pointed out as requiring improvement were as follows.
- (1) Consider establishing standards for important subjects such as medium- to long-term plans and financial strategy, and creating opportunities for full discussions at important meetings, including those of the Board of Directors.
- (2) Based on the results of discussions at Board of Directors meetings, consider strengthening the governance of the Group as a whole through prompt information sharing and full reporting of results Group-wide.
- (3) Consider increasing the diversity of the Board of Directors through in-house training of woman director candidates, as one of the goals included in the Priority Policy for Women's Activities and Gender Equality is to raise the ratio of woman directors in prime companies to at least 30% by 2030.
- (4) Consider creating opportunities for inspections of Group companies and discussions with Group company presidents and others regarding their medium- to long-term management issues and sustainability efforts.

Risk Management

Basic approach to risk management

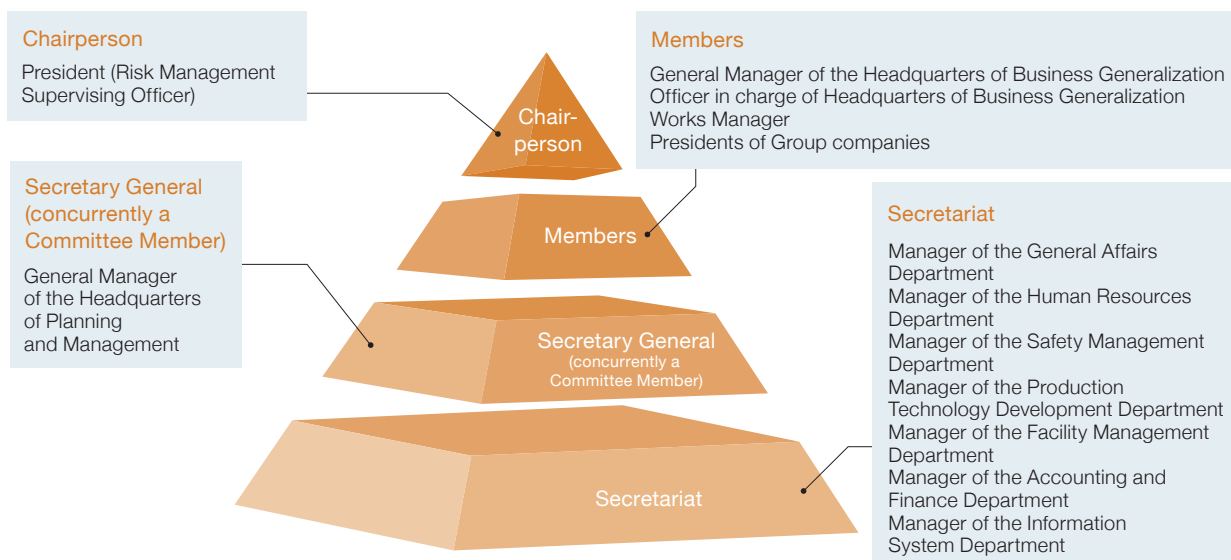
Daiseki established Risk Management Regulations in 2006 to address various risks including earthquakes and other natural disasters, occupational accidents and information leaks. Additionally, we created a risk map and established a response system defining responsible departments for each risk classification.

The Risk Management Committee, which plays a central role in risk management, is chaired by the President Executive officer and manages risks facing the Daiseki Group thoroughly and comprehensively. The Audit Office audits the risk management

status of each department, reports the results to the Risk Management Committee and the Board of Directors on a regular basis, and deliberates and decides on improvement measures.

Our Sustainability Headquarters and Risk Management Committee have also deliberated on climate change risk analysis based on TCFD recommendations since FY2022, with progress confirmed at Management Meetings and results reported to the Board of Directors.

Composition of the Risk Management Committee



Risk map and measure to address risks *Risks with a high level of impact only

Impact	Frequency		
	Low	Medium	High
High	<ul style="list-style-type: none"> - Executive's infringement of disqualification provisions of the Waste Management and Public Cleansing Act - Violation of accounting-related rules - Deterioration in financial situation - Major typhoons/massive earthquakes - Abnormal fluctuations of management results/cash flows - Explosion/fire accidents (including damage from such accidents) - Transactions with a company with a problem - Response to anti-social forces - Leakage of business decision information - Occurrence of a significant legal case - Prolonged power outage/industrial water supply disruption - Server going down 	<ul style="list-style-type: none"> - Insider trading - Major scandal caused by an employee - Information system breakdown caused by a cyberattack - Cessation of acceptance by a final disposal site - Violation of the Antimonopoly Act resulting from a measure on competition - Action that is inappropriate in light of the Subcontract Act - Incomplete response to a legal revision - Violation of the Labor Standards Act and the Industrial Safety and Health Act or occupational accident, which may result from long working hours - Inaccurate financial reporting 	<ul style="list-style-type: none"> - Violation of the Waste Management and Public Cleansing Act - Violation in terms of permission content (item, capacity, etc.) - Absence, falsification, or loss of contract - Absence or falsification of manifest - Violation of other laws and regulations specified by the Waste Management and Public Cleansing Act - Occupational accident, leakage, and other accidents - Progress in material recycling

We have strengthened safety management and compliance measures because we have judged that violations of laws including the Waste Management and Public Cleansing Act and accidents such as occupational accidents and leakage will be the greatest risks. We are also developing new businesses and making research and development efforts to respond to the progress in material recycling.

Compliance

Basic Approach to Internal Controls

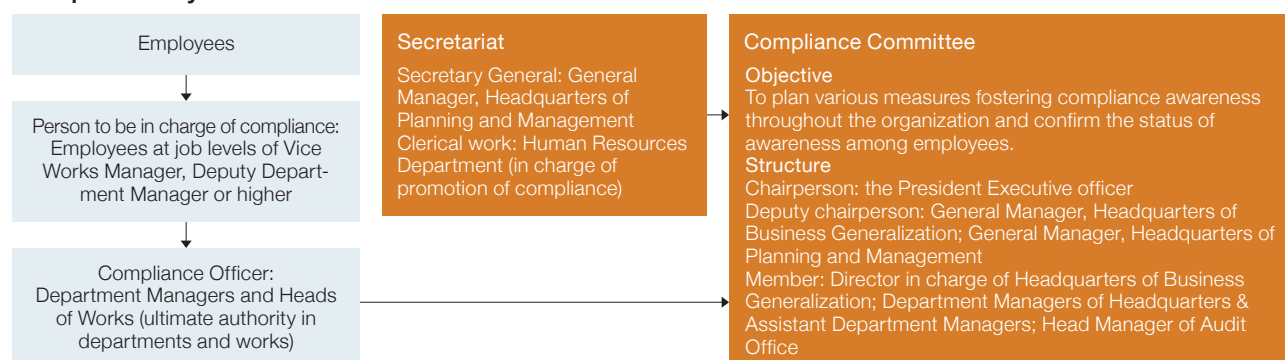
Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, Daiseki established the following system for ensuring the appropriateness of operations (hereinafter, the “internal control system.”)

- (1) Within the Daiseki Ethics Charter, Daiseki established three guidelines for corporate behavior that convey its stance on growing and developing alongside society: Social roles and responsibilities, compliance with laws and regulations, respect for human rights and the fostering of a free and open corporate culture.
To achieve perpetual development as an industry leader, Daiseki has developed an internal control system and strives to embody its Ethics Charter.
- (2) The Board of Directors formulates basic policies for internal control, provides instructions and supervision on the implementation status of internal controls, confirms maintenance and operational status and reviews basic policies and countermeasures when necessary.
- (3) Daiseki established the Internal Control System Promotion Committee chaired by the President Executive officer to ensure reliable financial reporting through the establishment and maintenance of internal control system programs.

Compliance System

Daiseki established a Compliance Committee in May 2002 and formulated an Ethics Charter announced within and outside the company. Compliance Committee chaired by the President Executive officer works on grasping the status of company-wide compliance systems established and its problems, analyzing compliance risks at each department and embodying countermeasures. For the cases where the Daiseki Group management or compliance officers at each department find problems related to compliance, we have established a system to report to Compliance Committee immediately and thoroughly operate that system.

Compliance System



Compliance consultation desk and protection of whistleblowers

The Daiseki Group established a compliance consultation counter where employees can directly consult with Daiseki Human Resources Department or corporate lawyers that is easy for employees to use, and thoroughly operate it informing the importance of it. When employees consult, the consultation counter will investigate the matter, determine the countermeasure to prevent it from happening again with the related departments and implement it thoroughly, company-wide. The whistleblowing system stipulates the protection of whistleblowers so that employees who make report suffer no adversity. All information from whistleblowers are handled in the strictest confidence only by those who respond in the whistleblower system so no information is leaked to the outside.

Status of compliance

In FY2025 again, the Daiseki Group complied with various laws and regulations, including those related to the environment, and did not receive any adverse dispositions (orders for improvement, orders for action, or business suspension orders).

Protection of human rights

In May 2025, we established the Daiseki Group Human Rights Policy. We support and respect internationally recognized human rights standards, including the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Compact, respect internationally recognized human rights, and ensure compliance with related laws and regulations of countries and regions where we engage in business activities.

 Protection of human rights

Prevention of corruption

In May 2025, we established the Daiseki Group Corruption Prevention Policy.

We set the following items, and we will surely observe related laws and regulations of countries and regions where we engage in business. We will under no circumstances ever tolerate involvement in acts of corruption.

- | | | |
|--|--|---------------------|
| (1) Scope of application | (2) Organizational structure for preventing corruption | (3) Prohibited acts |
| (4) Education | (5) Appropriate accounting record and management | (6) Monitoring |
| (7) Establishment of a whistleblowing office | (8) Action for dealing with violations, etc. | |

 Prevention of corruption

Status of corruption incidents

In FY2025, there were no cases of employees being dismissed or disciplined due to corruption in the Daiseki Group. There were also no cases of contracts with business partners being terminated or renewal refused due to corruption-related contract violations. In addition, no lawsuits related to corruption were filed against the Daiseki Group or its employees.

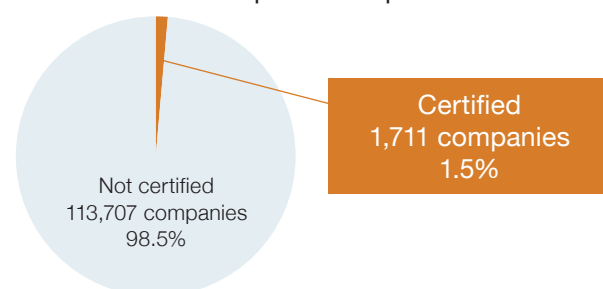
Excellent Industrial Waste Disposal Company Certification System

Daiseki was the first operator to be certified under this system by the city of Nagoya in 2011, and as of the end of February 2025 (February 28, 2025), we were certified as Excellent by a total of 49 local governments (45 prefectures and four cities), excluding Hokkaido and Okinawa Prefecture.

The criteria for certification as an excellent certified business include assurance of legal compliance, disclosure of business information, implementation of environmentally friendly measures, and financial soundness.

As of FY2025, there were 115,418 industrial waste disposers (disposal companies and collectors/transporters) in Japan, of which 1,711 companies, or about 1.5%, have been certified as excellent industrial waste disposers.

Percentage of Certified Excellent Industrial Waste Disposal Companies



Quality control system

Daiseki confirms that recycled products, secondary waste from landfill and incineration, cement raw materials, and other materials comply with internal standards that are stricter than laws and regulations when they are shipped.



Quality control analysis in progress

Supply chain management

Daiseki contracts the collection, transportation, and final disposal of industrial waste to suppliers. To ensure that these suppliers comply with the Waste Management and Public Cleansing Act and other laws and regulations, Daiseki systematically visits suppliers every year to check their compliance with related laws and regulations.



Visits to suppliers' sites

Data Section

Financial Data/Non-Financial Data

Consolidated Financial Data

	(million yen)	FY2015	FY2016	FY2017	FY2018
Operating Results	Net sales	45,738	50,809	44,232	49,185
	Gross profit	12,908	13,088	12,367	14,484
	Operating profit	7,302	7,849	7,120	8,777
	Profit attributable to owners of parent	4,035	3,847	4,132	5,833
	Selling, general and administrative expenses	5,605	5,238	5,247	5,707
Financial Position	Total assets	70,677	70,350	72,403	77,203
	Net assets	58,618	59,283	61,508	66,633
	Equity	54,667	54,646	56,397	60,982
	Interest-bearing debt	1,500	1,865	2,525	950
	Retained earnings	40,955	43,873	46,705	47,684
Cash Flows	Cash flows from operating activities	5,241	7,509	5,813	9,938
	Cash flows from investing activities	-2,493	-2,829	-4,452	-6,237
	Cash flows from financing activities	-484	-3,702	-1,934	-2,957
	Free cash flows	2,748	4,680	1,361	3,701
	Cash and cash equivalents	26,662	27,723	27,149	27,892
Per Share Information	Dividends per share (yen)	24	28	29	40
	Payout ratio (%)	26.7	32.6	30.2	29.3
	Net assets per share (BPS) (yen)	1,011.53	1,050.54	1,099.44	1,188.83
	Basic earnings per share (EPS) (yen)	74.66	71.47	79.84	113.72
Major Management Indicators	Gross profit margin (%)	28.2	25.7	27.9	29.4
	Operating profit margin (%)	15.9	15.4	16.0	17.8
	Ordinary profit ratio (%)	16.2	15.6	16.3	18.1
	ROE (%)	7.5	7.0	7.4	9.9
	ROA (%)	5.9	5.4	5.7	7.7
	Capital adequacy ratio (%)	77.3	77.6	77.8	78.9
	PBR (times)	1.7	1.3	1.8	2.2

Non-Financial Data

Environment (consolidated)		FY2022	FY2023	FY2024	FY2025
Scope 1 emissions (t-CO ₂)		27,738	27,951	29,366	29,146
Scope 2 emissions (t-CO ₂)		14,153	9,990	11,322	7,278
Scope 3 emissions	Category 1	66,717	63,184	82,082	83,442
	Category 2	11,259	17,592	20,959	23,628
	Category 3	6,416	6,383	6,599	6,609
	Category 4	14,881	14,772	12,444	11,990
	Category 5	40,190	42,246	42,188	35,067
	Category 6	945	876	990	988
	Category 7	2,615	2,302	2,379	2,382
	Category 8	48	0	0	0
	Category 9	374	356	397	367
	Category 10	613	444	502	434
	Category 11	7,006	7,587	7,555	7,994
	Category 12	1,867	1,067	74	23
	Category 13	0	0	0	0
	Category 14	0	0	0	0
	Category 15	0	0	0	0
Total of Scope 3 emissions (t-CO ₂)		152,931	156,809	176,169	172,924
Avoided emission (t-CO ₂)* ¹		564,000	559,000	555,000	643,000
Amount of materials received for recycling (tons)		2,072,000	2,061,000	2,102,000	1,970,000
Recycled products shipment (tons)		111,000	121,000	153,000	149,000

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
51,313	54,088	51,530	56,867	58,572	69,216	67,304
15,189	17,124	16,324	19,238	19,597	22,679	22,447
9,107	10,865	10,242	12,940	12,711	14,814	14,318
6,110	7,044	6,521	8,376	8,666	9,465	9,307
6,082	6,259	6,082	6,297	6,886	7,864	8,129
85,522	92,050	95,756	99,264	100,145	108,641	113,635
70,957	76,313	80,717	83,443	84,426	89,434	93,850
65,038	70,017	73,992	75,952	76,494	80,607	84,326
2,658	4,434	4,107	3,155	3,293	5,035	6,043
51,848	56,797	60,708	64,192	69,753	76,264	82,193
9,580	9,633	9,784	11,699	9,919	13,792	13,825
-8,396	-11,964	981	-3,827	-8,300	-8,252	-7,280
-347	-450	-3,049	-7,620	-8,031	-4,144	-5,321
1,184	-2,331	10,765	7,872	1,619	5,540	6,545
28,729	25,946	33,663	33,914	27,502	28,898	30,122
46	56	56	60	60	66	72
32.1	34.0	36.7	36.5	34.4	34.1	37.2
1,267.46	1,363.96	1,440.44	1,501.98	1,549.15	1,652.35	1,753.99
119.08	137.23	126.97	164.02	174.21	193.06	193.37
29.6	31.6	31.6	33.8	33.4	32.7	33.3
17.7	20.0	19.8	22.7	21.7	21.4	21.2
17.9	20.3	20.2	23.0	22.2	22.3	22.0
9.6	10.4	9.0	11.1	11.3	12.0	11.2
7.5	7.9	6.9	8.5	8.6	9.0	8.3
76.0	76.0	77.2	76.5	76.3	74.1	74.2
1.8	1.5	1.9	3.1	2.6	2.3	2.0

The Company conducted a 1.2-for-1 share split of its common shares on the effective date of September 1, 2021. Accordingly, net assets per share and basic earnings per share have been calculated on the premise that split was conducted at the beginning of the fiscal year ended February 28, 2015.

Social (consolidated)	FY2022	FY2023	FY2024	FY2025
Number of employees (men/women) (person)	848 / 156	865 / 163	947 / 191	979 / 204
Number of managers (men/women) (person)	187 / 3	195 / 3	192 / 10	220 / 14
Average Length of Service (men/women) (year)	10.4 / 7.5	10.7 / 7.5	10.3 / 8.2	10.4 / 7.8
Average Annual Salary (men/women) (million yen)	7.43 / 4.81	7.57 / 4.80	7.25 / 4.43	7.40 / 4.83
Number of new-graduate employees (men/women) (person)	20 / 7	7 / 12	18 / 7	7 / 10
Number of mid-career employees (men/women) (person)	58 / 3	49 / 9	67 / 10	82 / 14
Childcare leave acquisition rate*2 (men/women) (%)	10.8 / 85.7	21.4 / 150.0	37.5 / 200.0	44.7 / 61.5
Turnover rate*3 (men/women) (%)	2.2 / 3.8	2.6 / 6.2	3.9 / 4.2	4.0 / 7.4
Paid leave acquisition rate*4 (%)	60.5	67.3	63.4	69.1
Hiring and training-related investments (million yen)	27	23	27	42
Average education hours per person (hour)	7.2	7.3	7.5	14.7
Number of people with disabilities employed (person)	15	20	20	19

Governance (non-consolidated)	FY2022	FY2023	FY2024	FY2025
Internal directors (person)	3	3	3	3
External directors (person)	3	4	4	4

*1 Please refer to P. 7, At a Glance. > P.07 At a Glance

*2 Childcare leave acquisition rate shows the rate of employees who utilized childcare leave versus the number of employees who had newborns in that fiscal year; the childcare leave acquisition rate may exceed 100% if there were childcare leaves that spanned multiple fiscal years

*3 Turnover rate shows the rate of employees who resigned in FY2025 within the number of employees in February 2025

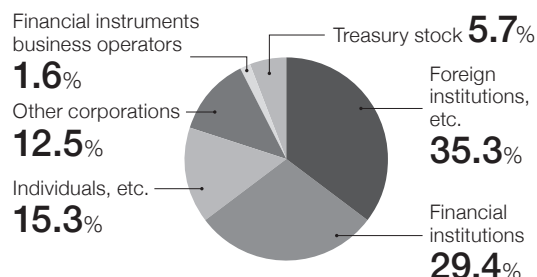
*4 The paid leave acquisition rate is the percentage calculated by the number of paid leave days granted to employees during the fiscal year as the denominator and the number of paid leave days taken by employees during the fiscal year as the numerator.

Stock-Related Information/Company Information (as of February 28, 2025)

Stock information

Securities code	9793
Listed stock exchange	Tokyo Stock Exchange Prime Section Nagoya Stock Exchange Premier Section
Round lot	100 stocks
Total number of authorized shares	79,200,000 stocks
Total number of stocks issued	51,000,000 stocks
Number of stock holders	5,688
Fiscal year	From March 1 through end of February of the following year
Annual General Meeting of Shareholders	May of each year
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Audit company	KPMG AZSA LLC.

Shareholding ratio by owner

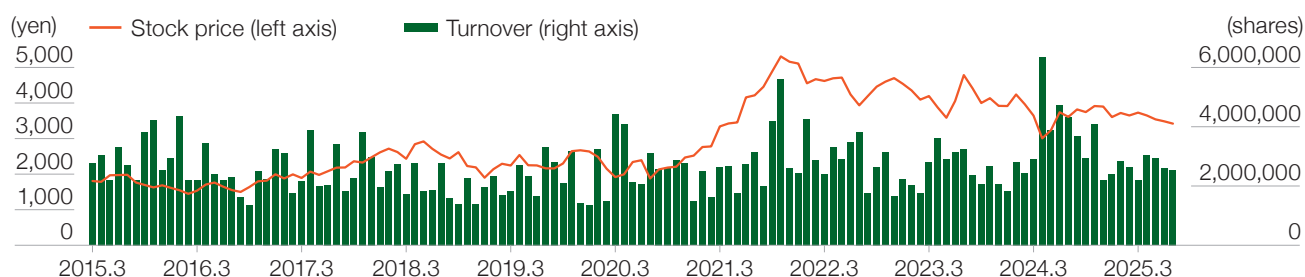


Major Shareholders

Shareholders	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	7,351	15.2
Custody Bank of Japan, Ltd.	4,578	9.5
JP MORGAN CHASE BANK	3,965	8.2
Kodomo Mirai Kenkyusho Co., Ltd.	2,580	5.3
NORTHERN TRUST CO. (AVFC)	1,647	3.4
STATE STREET BANK AND TRUST COMPANY	1,390	2.8
Hakutai Co., Ltd.	1,228	2.5
MUFG Bank, Ltd.	1,187	2.4
Hori Corporation Ltd.	1,117	2.3
Kiho Co., Ltd.	1,074	2.2

Treasury stock is excluded in the calculation of shareholding ratio.

Stock Price and Trading Volume (as of July 1, 2025)



Investor Relations Activities

	First half of fiscal year ended February 29, 2024	Second half of fiscal year ended February 29, 2024	First half of fiscal year ended February 28, 2025	Second half of fiscal year ended February 28, 2025
1-on-1 meetings with Japanese institutional investors	55	61	64	70
1-on-1 meetings with overseas institutional investors	52	46	64	52
Small meetings	1	2	4	5
Plant tours	—	1	1	2

Corporate Overview

Company name	Daiseki Co., Ltd.	Capital	6,382 million yen
President and Representative Director	Tetsuya Yamamoto	Net Sales	(consolidated) 67,304 million yen (non-consolidated) 38,483 million yen
Founded	November 1, 1945	Number of employees	(consolidated) 1,264 (non-consolidated) 787
Established	October 1, 1958		
Head office	1-86, Funami-cho, Minato-ku, Nagoya-shi, 455-8505		
Tel:	+81-52-611-6321 (Representative), +81-52-611-6322 (Head office)		
FAX:	+81-52-611-0160 (Representative), +81-52-612-4382 (Head office)		

Daiseki Group


Daiseki Co., Ltd. (Nagoya)	Waste collection, Intermediate treatment and recycling Manufacturing and sales of petroleum products
Daiseki Eco. Solution Co., Ltd. (Nagoya)	Soil pollution survey, purification process, etc.
Hokuriku Daiseki Co., Ltd. (Kanazawa, Ishikawa)	Manufacturing of lubricant and sales of petroleum products
Daiseki MCR Co., Ltd. (Utsunomiya, Tochigi)	Lead refining, recycling of used batteries
System Kikou Co., Ltd. (Minato-ku, Tokyo)	Cleaning work and related work for tank storage equipment
Green Arrows Central Co., Ltd. (Tokai, Aichi)	Waste Plasterboard recycling
Green Arrows Kyushu Co., Ltd. (Kasuya-Gun, Fukuoka)	Waste Plasterboard recycling
Sugimoto Trading Company Co., Ltd. (Hikone, Shiga)	General waste disposal, waste plastic recycling
Sugimoto Paper Industry Co., Ltd. (Nagahama, Shiga)	Collection and recycling of used paper

Rating information

Rating and Investment Information, Inc. (R&I) ◦ Rating A- ◦ Announced on December 3, 2024

Assessment by a Third party, Inclusion in Indexes and Initiatives We Support

Assessment by a third party

	CDP A (February 2025)		MSCI BBB (March 2024)		S&P Score 40 (December 2024)	FTSE ESG Rating 3.6 (June 2024)
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Inclusion in SRI Indexes

	FTSE Blossom Japan Index		FTSE Blossom Japan Sector Relative Index		S&P/JPX Carbon Efficient Index
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Initiative

	The UN Global Compact (Participated in April 2025)		SBT (Certified in November 2022)		TCFD (Approved in October 2020)
	GX League (Participated in May 2023)		Joined Circular Partners (CPs) (Joined in December 2023)		Circular Economy Association (Joined in October 2021)

 Initiatives and external evaluations



Daiseki Co., Ltd.

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<https://www.daiseki.co.jp/english>

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