

Top Message

Establishing a Circular Economy from Waste and Achieving Carbon Neutrality

We will fulfill our mission as an environment-creating company that is appreciated by people and needed by society

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1 Daiseki's Mission and Driving Force

Daiseki's Mission since Its Foundation to Contribute to Both the Economy and the Environment

Daiseki began as an oil and fat product manufacturer in 1945. At that time, Japan was a poor country, and with the exchange rate at 360 yen to the U.S. dollar, the prices of imported goods were high, making oil a precious resource. With the idea of making the best use of this limited and precious resource, we discovered the value of waste oil, which would otherwise have been thrown away, and achieved an innovation that broke with common sense by using technology to recycle it. While people's affluent lives were realized as Japan's economy grew, Daiseki also paid attention to the increasingly serious pollution problems and contributed to the balance between the economy and the environment. This is not limited to the past. Since then, Daiseki has pioneered the recycling of industrial waste such as wastewater, sludge, and lead, and has also ventured into contaminated soil remediation and biodiesel fuel production.

Daiseki's greatest strength is its ability to turn waste that causes environmental pollution into a valuable resource. We have innovated and accomplished the difficult task of creating value from waste in response to the changing times and the needs of the manufacturing industry. What methods are there to use waste as a raw material? Who will use it? Where does it come from? Is it an economically viable process? With the desire to benefit our customers and business partners, and to realize an abundant life for

employees and local people, we have continued to take on challenges with wisdom, ingenuity, and action. This desire has been summarized in a single phrase as our purpose of being “an environment-creating company contributing to society through the environment by making the best use of limited resources.”

Aiming to Be a Company That Prospers for 100 Years

We would like to make Daiseiki a company that prospers for 100 years while realizing this purpose. I believe there are two things necessary to achieve this. One is to surely pass on the thoughts contained in the purpose to the next generation, and the other is to make it a company that our employees can be proud of for their families. I believe that this is a company that is needed by its customers, a company where every employee shines with a sense of fulfillment, a company that is trusted and expected by society, and a company that lives up to their expectations with integrity. I would like to pass on this philosophy that has been inherited from our founder to the next generation.

We have pursued technologies that are useful to the world since our founding. We want to be a company that prospers for 100 years and continues to shine for our children and future generations. In order to realize this future, Daiseiki's mission is to be a company that takes on the challenge of innovation ahead of its time, and to use its strengths for the broad benefit of the world.

Daiseiki's Innovation Mindset Fostered from a Clear Management Principle

The driving force behind Daiseiki's innovation is the clear-cut Management Principles of “Ideas, Plans, Structures, Actions” established by the Company's founder, Haruo Ito. This philosophy has fostered a mindset of flexibly changing business operations in response to the trends and needs of the times, rather than sticking to a specific business. We are not bound by existing common sense or technology, but rather freely think of ideas, and formulate plans to create new technologies. Next, we create structures and finally take action.

The structures in particular are the key to the success or failure of the business. Structure refers to organizational development such as leaders and teams. If we can have a leader who is enthusiastic about making the plan and sees it as their own and a team that supports the leader, we can make the world a better place, even if it is an unprecedented challenge.

This spirit of constantly taking on challenges based on “Ideas, Plans, Structures, Actions” is the source of Daiseiki's growth potential and has been passed down in our DNA.



2 Strengthening Human Capital

Employees as the Best Management Resource to Achieve Vision 2030 and the Future

VISION 2030 is our Long-Term Business Plan for the next 10 years, and is a milestone in achieving our goal of becoming a “company that prospers for 100 years.” Currently, Daiseiki is striving as a whole to achieve VISION 2030, and the basis of this is the spirit of taking on challenges and motivation of each employee, and efforts to acquire knowledge and improve skills. Daiseiki considers employees as the most important management resource. Since assuming the presidency, the most important things to me have been, firstly, employee health; secondly, employee safety; and thirdly, compliance.

Daiseiki is a company that prioritizes the health and safety of its employees. In addition, the main business of industrial waste treatment is a licensed business based on strict waste management laws. We sincerely observe compliance to live up to the trust of our customers and protect their interests. From there, the value of Daiseiki as a company that prospers for 100 years is born, and we believe that VISION 2030 will surely be achieved as part of this process.

Expanding the Fields of Activity of our Employees and Sharing Daiseiki's Growth with Everyone

Every year, promising new employees join our team, and I feel that more and more of them are applying to



Daiseki because they see great potential in our mission of achieving a balance between the environment and the economy. We provide opportunities to acquire new knowledge and skills in response to the aspirations of each employee, such as position-based training, management training, and a qualification acquisition support system that draws out their abilities, and we are working to further motivate employees and support their self-realization. We will also enhance the salary and promotion system to strengthen employee engagement further in the future.

In promoting diversity, in recent years the ratio of new employees joining the Company in sales and technician positions has been half male and half female, and the percentage of women in the Company as a whole has been increasing year by year. To enable a variety of employees to play an active role in the Company, we have enhanced benefit programs related to childcare and nursing care, and we are also promoting internal education and work environments to increase the number of female managers and male employees taking maternity leave.

We have decided to introduce a new restricted stock incentive plan for the shareholding association system in order to motivate employees to strive for the Company's growth. We hope that employees will use their Daiseki shares for their own future, and that we can all rejoice and share in Daiseki's growth.

3 Develop New Businesses

Circular Economy Business Where General Waste Is Transformed into a Resource

It is necessary to engage in business with an eye on future social changes in order to make Daiseki a company that prospers for 100 years. To this end, Daiseki is working to develop new businesses based on circular economy and carbon neutrality. We are conducting a demonstration experiment to commercialize biomass fuel power generation using general waste in the Circular City Gamagori Project being implemented by Gamagori City. While we are an industrial waste treatment company, we are embarking on a great challenge to change the general waste disposal situation in Japan by taking advantage of this once-in-a-lifetime opportunity provided by Gamagori City. Daiseki has conducted a demonstration experiment to convert household waste into biomass fuel. Daiseki envisions using this biomass fuel for power generation in the future. A growing number of municipalities are struggling with the problem of aging waste incineration facilities and having to consolidate as a result. To address and solve these social issues, Daiseki is working with Gamagori City aiming to establish a circular economy business that reduces incinerated waste and provides clean energy.

Ammonia Collection Business Contributing to the Circular Economy and Carbon Neutrality in an Aim to Achieve Vision 2030

We are considering a new business to collect discarded ammonia and utilize it as an industrial raw material and clean fuel. Ammonia is attracting attention as a raw material for fertilizers and chemical products, and as an alternative fuel to petroleum that does not emit CO₂ when burned. Although conventional ammonia manufacturing methods generate large amounts of CO₂ during production, in collaboration with SyncMOF, a Nagoya University venture, Daiseki has developed a new ammonia collection technology that does not cause the generation of CO₂. This new technology selectively collects ammonia by adsorbing mixed gas to MOF (metal-organic frameworks). The demand for ammonia in Japan is over 1 million tons per year, increasing with the growth of semiconductor fabrication facilities. We will proceed with improving the accuracy of MOF and developing sales channels, and promote their practical application.

Furthermore, we are entering new businesses recycling waste plastics and used paper through M&As with Sugimoto Trading Company Co., Ltd. and Sugimoto Paper Industry Co., Ltd. Five new business developments

and M&A projects are in progress. VISION 2030 sets a target of 25 billion yen in operating profit, and we aim to generate 5 billion yen from these new businesses.

Daiseiki has been committed to achieving a balance between the environment and the economy since its founding. We take waste seriously and have inherited the idea of viewing waste as a resource, not garbage, as a part of our DNA. We have worked to conserve the environment by recycling waste after it has served its purpose as a product, and reusing it as a resource. Based on this way of thinking, Daiseiki will take on this challenge together with its employees to create a sustainable and prosperous society and happiness for people.

4 The Present and Future of Daiseiki's Business

Contributing as an Infrastructure That Enhances People's Lives and Fulfills the Needs of Society

A major earthquake hit the Noto Peninsula in Ishikawa Prefecture on January 1, 2024. The Daiseiki immediately set up an emergency system to ensure the safety of employees and their families at the Hokuriku Works. On the morning of January 2, we conducted a day-long inspection of all our plant facilities. On the morning of January 3, we sent out to assist in recovering the affected companies. Daiseiki's mobility, knowledge, and processing capabilities were needed to treat chemical solutions leaking from pipes and tanks damaged by the earthquake and to help restore water purification plants. People from works outside of Hokuriku also rushed to support the affected companies in Ishikawa and Toyama prefectures, and all of Daiseiki worked hard to assist them. As a result, we were not only able to contribute to the restoration of the affected companies, but we were also heartened to hear that the cafeteria and bathrooms at one factory were now available for use by company employees and their families. In the past, when the Great East Japan Earthquake struck, we were on site as an emergency vehicle to collect leaked oil. Daiseiki also provided relief and recovery support at the request of national and local governments following the heavy rain disaster in western Japan and environmental pollution accidents involving oil tankers and cargo ships around the world.

To become a company that prospers for 100 years, we must continue to be a company that society needs. Daiseiki aims to continue contributing to society as infrastructure supporting the environment and economy in normal times, and as recovery and reconstruction infrastructure supporting the people in disaster and emergency situations.

Evolving as an Environment-Creating Company

In FY2024, Daiseiki's consolidated net sales reached 69.2 billion yen, and profits reached 9.4 billion yen, achieving the target plan and setting a new record. Even as industrial production in Japan struggles, we have leveraged our strength in recycling processing to expand market share among major factory customers, increasing the volume of wastewater intake and sales of recycled fuel. As manufacturing in Japan moves toward carbon neutrality, the demand for Daiseiki's recycling processing that does not burn waste and recycled fuel that replaces fossil fuels is growing. To meet these demands, we established a new Hiroshima Works and expanded the recycling fuel plant at the Kyushu Works in March 2024. We are also considering opening new works in the future. Daiseiki will continue to evolve further to achieve a sustainable society.

It is necessary to review the waste of all resources in order for people around the world to lead affluent lives as the SDGs aim to do. This is the circular economy that Daiseiki aims for. We excel at identifying waste and transforming it into recycled resources and value. In the fields of carbon neutrality and circular economy, Daiseiki will continue to evolve as "an environment-creating company contributing to society through the environment by making the best use of limited resources" in order to achieve a sustainable society.

