

Message from the Vice President

# Achieving the Long-Term Business Plan VISION 2030 by expanding new and existing businesses while strengthening the foundation for growth through network expansion and human capital enhancement

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## Contributing to Society by Developing the Environmental Businesses as a Top Runner in Waste Treatment

We are entering the implementation phase of various initiatives, with new business development at the

forefront, to achieve the long-term management plan VISION 2030, which targets consolidated sales of 150 billion yen and operating profit of 25 billion yen. Five new business projects are underway, two of which have been announced. We also opened new works that will serve as a foothold for expansion in Japan, bringing the number of works to seven. M&As are also underway, directly linked to expanding Daiseki's market share and strengthening its technological capabilities.

The new business projects are cutting into areas that are highly affinitive with the environmental business and can contribute to society. At the same time, they take advantage of Daiseki's greatest strength, its technological development capabilities in resource recycling. Daiseki's strength in new business is being the first to explore areas that other companies have not yet ventured into, as seen from its past track record. We are currently taking on the challenge of being the top runner in waste treatment and in pursuit of our purpose of being "an environment-creating company contributing to society through the environment by making the best use of limited resources." I will provide details on two of the five new projects that have already been announced and one M&A.

## Current Status of Daiseki's New Businesses That Provide Solutions to Environmental and Resource Issues

First, in the Circular City Gamagori Project, Daiseki is working with Gamagori City to generate electricity from biomass fuel by utilizing general waste, which until now has been incinerated in incinerators. A plant has been constructed in Gamagori City as a demonstration test,



where general waste is sorted by resource and converted to fuel. The advantage of handling general waste is that a stable supply is ensured, unlike industrial waste, whose emissions are affected by the economy and industry structure. This will contribute to society by providing a new solution to the problem of aging incinerators, which is a concern of many municipalities.

We aim not only to lead the efforts of a single municipality but also to encourage administrative and legislative efforts to promote the development of a circular economy of general waste throughout Japan.

Secondly, to become carbon neutrality, we have jointly developed a CO<sub>2</sub>-free MOF ammonia collection technology with SyncMOF, a Nagoya University venture company. We are in the process of improving the accuracy of the technology and securing sales channels, and are receiving offers from various companies. Although Daiseki has been engaged in resource recycling of solid and liquid industrial waste up until now, gas was our first challenge. In the future, we hope to divert our technology not only to ammonia, but also to the collection and recycling of other gaseous fuels.

Thirdly, M&As are also underway, as they are directly linked to expanding Daiseki's market share and strengthening its technological capabilities. By making Sugimoto Trading Company Co., Ltd. and Sugimoto Paper Industry Co., Ltd. consolidated subsidiaries, we aim to expand the solutions that we provide to our customers by incorporating technical services for waste plastic and used paper recycling, which we have not handled before, and by leveraging both companies' general and industrial waste transportation and processing operations. Daiseki's basic M&A policy is to acquire technologies that we do not have, seek synergies with existing and new businesses, and be highly profitable. Moving forward, we will consider M&As not only in the venous industry but also in the arterial industry. In this way, we intend to develop our business based on the circular economy in the future.

### Solidifying Daiseki's Growth Foundation by Expanding Networks and Strengthening Human Capital

In our plan to open works to expand Daiseki's nationwide network, the Hiroshima Works began operations in March 2024, bringing the number of Daiseki's works to seven. The Hiroshima Works will acquire new customers in the manufacturing industry in the Chugoku and Shikoku regions and develop its business, focusing on supplemental fuel recycling.

Although Daiseki's operations are nationwide, its business is community-based and emphasizes immediate response to the issues of various companies. Furthermore, we want to root Daiseki as a company that serves its customers closely and meets social demands,



such as improving long working hours for drivers and reducing CO<sub>2</sub> emissions from heavy-duty vehicles. We are also considering opening two more works in the Tohoku region and Hokkaido, and are in the process of surveying suitable locations.

Regarding overseas expansion, we are conducting market and regulatory surveys in Southeast Asian countries where waste issues and pollution are becoming more critical due to rapid industrialization and are in discussions with some governments. One of the latest developments we are focusing on is the implementation of a revised law that enforces the partial recycling of industrial waste requirements. In countries where industrial waste treatment facilities are being constructed one after another, we have received inquiries from local companies in this industry regarding collaboration in the field of fuel recycling. In anticipation of the possibility that regulations regarding industrial waste may become stricter in many countries, we are preparing for early realization by gaining an understanding of law enforcement and administrative trends, including collaboration with Japanese companies.

In order to build a foundation of human capital which is indispensable for growth, we will strengthen our human capital through measures such as increasing the number of employees in the technology development, conducting online training for future executives using external contractors, enhancing support for obtaining qualifications, and promoting external human resources.

Our VISION 2030, which is our goal, is an important milestone in Daiseki's journey to become a company that prospers for 100 years. We believe that we can surely achieve this goal by firmly focusing on the purpose of "an environment-creating company contributing to society through the environment by making the best use of limited resources," and by practicing the Management Principles of "Ideas, Plans, Structures, Actions" with all employees working together as one.