

Measures to achieve management conscious of the cost of capital and stock price

1 Basic approach to the mid-term management plan

Focus on the continuation of active dialogues

① Current cost of shareholders' capital

- The cost of shareholders' capital is 8.5% as of the end of February 2024 (Risk-free rate (30-year government bond yield) 1.74%, risk premium 6.24%, β 1.09)
 - ➔ Focus on Daiseki Eco. Solution, which has large performance fluctuations compared to Daiseki
- Efforts to reduce the volatility of the soil business of Daiseki Eco. Solution
 - Improve the accuracy of performance forecasts (manage projects intensively for six months)
 - Stabilize earnings by reviewing business portfolio and investing management resources in the recycling business
 - Reduce dependence on large-scale infrastructure projects by strengthening consulting sales and cooperation with Daiseki
 - Expand information bases to obtain stable project information
 - Roll out new initiatives such as cost caps
- ➔ The mid-term management plan projects a 4% growth rate in the soil business

② To improve ROE

- Growth investments: secure a 26 billion yen budget for M&As and human capital investments
- Shareholder returns: dividend payout ratio to at least 40%, aiming for approximately 12 billion yen of company share buybacks over three years
 - ➔ Aim for ROE to at least 12% by the fiscal year ending February 28, 2027

③ Investment in human capital for growth

- Implement the following measures in an aim to improve employee engagement
 - Introduce a restricted stock incentive plan for the shareholding association system
 - Implementation of a continuous base salary increase, introduction of a qualification allowance system (March 2024)

④ Continuation of active dialogue with institutional investors

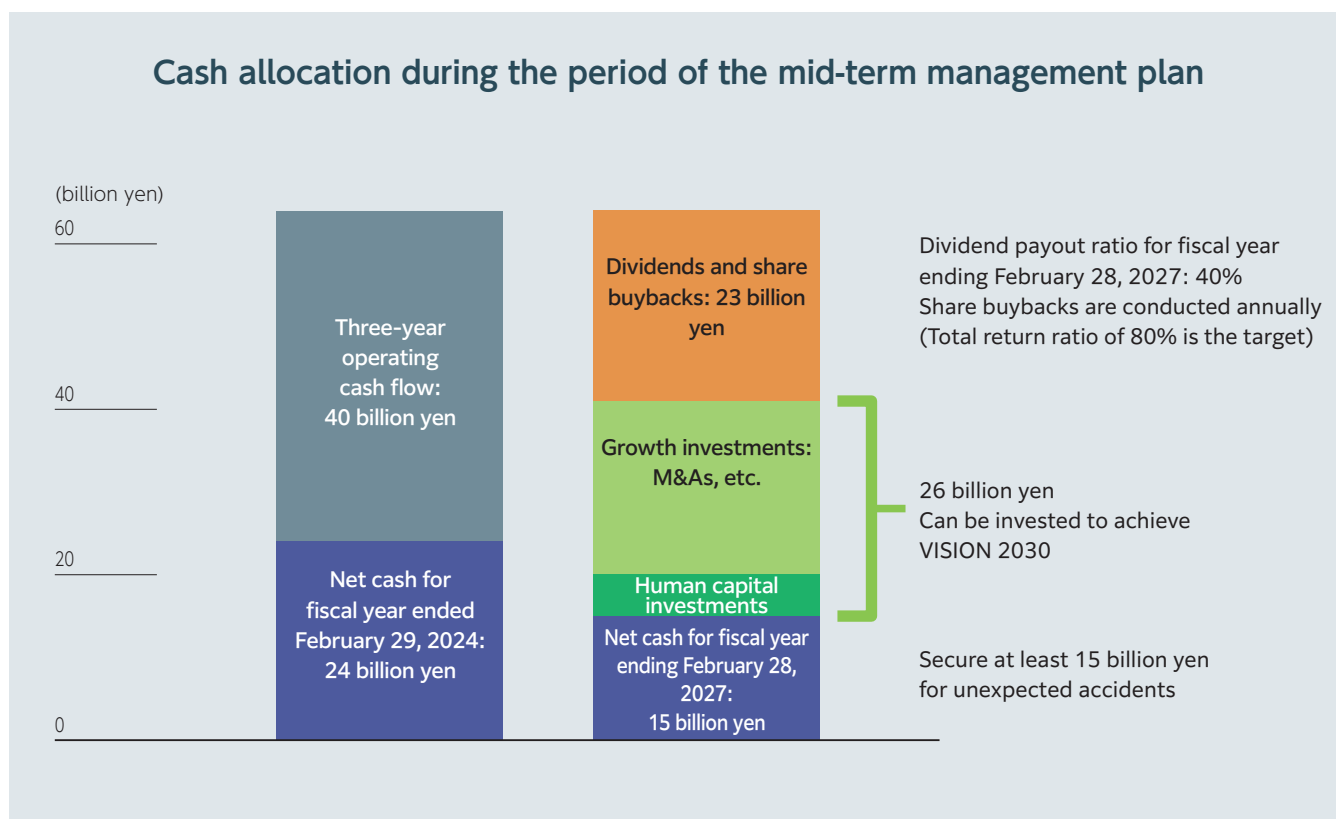
(Unit: Times)

	First half of fiscal year ended February 28, 2023	Second half of fiscal year ended February 28, 2023	First half of fiscal year ended February 29, 2024	Second half of fiscal year ended February 29, 2024
1-on-1 meetings with Japanese institutional investors	59	56	55	61
1-on-1 meetings with overseas institutional investors	64	58	52	46
Small meetings	1	1	1	2
Plant tours	—	—	—	1

2 Cash allocation

Cash will be allocated to the following three areas during the period of the mid-term management plan

(1) Investment for growth, (2) Dividends and share buybacks, (3) Contingency reserve funds.



As growth investments, Daiseiki plans to invest 26 billion yen in expanding the market share of the domestic wastewater business, expanding new businesses of Daiseiki and Daiseiki Eco. Solution, and M&As and human capital investments.