

## Overview of the Daiseki Group's Performance

# Wastewater, Waste Oil, and Sludge Recycling Business

<b>Business description</b>	<ul style="list-style-type: none"> <li>● Business centered on the collection, transportation, intermediate treatment of industrial waste, and manufacturing and sales of recycled products</li> </ul>
<b>Review of FY2024</b>	<ul style="list-style-type: none"> <li>● We achieved record high net sales and operating profit due to an increase in the amount of wastewater received centered on major customer factories and strong sales of recycled fuel</li> </ul>
<b>Basic strategy</b>	<ul style="list-style-type: none"> <li>● Improve market share by expanding items accepted and amount received through technological enhancement and new equipment introduction</li> <li>● M&amp;A with an emphasis on environment and recycling</li> </ul>
<b>Market Environment</b>	<ul style="list-style-type: none"> <li>● While industrial production in Japan is expected to remain flat or decrease in the long term, the demand for carbon neutrality and the circular economy may increase</li> </ul>

	Positive factors	Negative factors
<b>Internal factors</b>	<p><b>S</b>trength</p> <ul style="list-style-type: none"> <li>● High profitability due to superior business model</li> <li>● High recycling rate</li> <li>● Contribution to carbon neutrality</li> <li>● Network spanning all of Japan</li> <li>● Wide range of wastes and products handled</li> <li>● Knowledge related to the Waste Management and Public Cleansing Act, which is difficult to interpret</li> <li>● High-level emergency response in disaster situations</li> <li>● Contribution to environmental protection by purifying wastewater and waste oil</li> </ul>	<p><b>W</b>eakness</p> <ul style="list-style-type: none"> <li>● The circular economy is not yet a core business</li> <li>● Scope of business is Japan only, and has not yet expanded overseas</li> <li>● Smaller business scale and limited business scope compared to major companies outside Japan</li> </ul>
<b>External factors</b>	<p><b>O</b>pportunity</p> <ul style="list-style-type: none"> <li>● Increase in customers who demand carbon neutrality</li> <li>● Growing necessity of the circular economy due to high resource prices</li> <li>● Growing interest of the international community in biodiversity and the water cycle</li> <li>● High barriers to entering the waste disposal industry in Japan due to the Waste Management and Public Cleansing Act</li> </ul>	<p><b>T</b>hreat</p> <ul style="list-style-type: none"> <li>● Shrinkage of the Japan industrial waste market due to stagnation of the domestic manufacturing industry</li> <li>● Increase in energy costs due to tightening of carbon neutrality regulations</li> <li>● Barriers to expanding business due to the strict provisions of the Waste Management and Public Cleansing Act and differing interpretations of this Act by each local government</li> </ul>

<b>Future growth strategies</b>	<ul style="list-style-type: none"> <li>● Expansion of market share of industrial waste recycling business, development of recycling treatment services for industrial waste with low greenhouse gas emissions, development of new businesses related to the circular economy through research and development</li> </ul>
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