

Calculation basis for analysis of fiscal impact of risks and opportunities on business activities (relevant to p. 53 of Integrated Report 2024)

The Daiseki Group assessed the fiscal impact of risks and opportunities on its business activities in FY2023. Since the impact on business activities does not change in FY2024, the results of the FY2023 analysis are used

■ 4.0°C scenario

▼ Positive fiscal impacts

* The long-term business scale is difficult to predict and is therefore assumed to be equal to the medium-term business scale.

No.	Item	Short term		Medium term		Long term	
Opportunity 1	Increased profit from new business (market opportunity)	5,000	The Daiseki Group's consolidated operating profit in FY2023 was ¥12,711 million, of which approximately ¥11,000 million was generated by our industrial waste treatment and recycling operations. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. Our consolidated operating profit in FY2018, the year before we launched Vision 2030, was ¥8,777 million, increasing to ¥12,711 million in FY2023, giving an average annual growth rate of 7.6% over this five-year period. If we continue to grow at this rate until FY2031, our consolidated operating profit will be ¥23,000 million in that year. In Vision 2030, we set out our plan to increase revenues and profit through new businesses, M&A, and other activities, with a target of achieving a consolidated operating profit of ¥25,000 million by FY2031. We plan to generate ¥20,000 million of this consolidated operating profit from our existing industrial waste treatment and recycling operations. We also plan to establish new businesses that will contribute to carbon neutrality and the circular economy and generate an operating profit of ¥5,000 million by FY2031. Daiseki Eco. Solution provides a record of success in this area: starting out as a new internal venture within Daiseki Co., Ltd. in 1996, it has grown, in the approximately 20 years since its founding, into a Group company now generating an operating profit of ¥2,000 million. We are working to establish three new businesses of a similar scale to Daiseki Eco. Solution. In the short term, we can expect the demand for carbon neutrality and a circular economy to be approximately the same in either a 1.5°C or 4.0°C scenario. On this basis, we estimate that the fiscal impact of this opportunity will be a contribution of ¥5,000 million to increases in consolidated operating profit from FY2023 to FY2031.	10,000	In the medium term, we have hypothesized that a 4.0°C scenario would see a 2.3% growth in consolidated operating profit by FY2051. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. In the ten years prior to the launch of Vision 2030, from FY2007 to FY2017, our consolidated operating profit grew at an average annual growth rate of 2.3%, while in the five years since its launch, from FY2018 to FY2023, this rate has been 7.6%. In a 4.0°C scenario, we hypothesize that growth in the medium term will remain at pre-launch levels. This would see our consolidated operating profit grow to approximately ¥36,000 million by FY2051. Of this, we would plan to generate ¥26,000 million from our existing industrial waste treatment and recycling operations and ¥10,000 million from new businesses. We estimate that the medium-term fiscal impact of this opportunity in a 4.0°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2051) would be ¥10,000 million, taking into account the fact that we recorded no profit from new businesses in FY2023.	10,000	In the long term, we have hypothesized that a 4.0°C scenario would see a 2.3% growth in consolidated operating profit by FY2051. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. In the ten years prior to the launch of Vision 2030, from FY2007 to FY2017, our consolidated operating profit grew at an average annual growth rate of 2.3%, while in the five years since its launch, from FY2018 to FY2023, this rate has been 7.6%. In a 4.0°C scenario, we hypothesize that growth in the long term will remain at pre-launch levels. This would see our consolidated operating profit grow to approximately ¥36,000 million by FY2051. Of this, we would plan to generate ¥26,000 million from our existing industrial waste treatment and recycling operations and ¥10,000 million from new businesses. We estimate that the long-term fiscal impact of this opportunity in a 4.0°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2051) would be ¥10,000 million, taking into account the fact that we recorded no profit from new businesses in FY2023.
		million yen	million yen	million yen			

No.	Item	Short term		Medium term		Long term	
Opportunity 2	Increased profit from existing industrial waste treatment and recycling operations (market opportunity)	9,000	The Daiseki Group's consolidated operating profit in FY2023 was ¥12,711 million, of which approximately ¥11,000 million was generated by our industrial waste treatment and recycling operations. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. Our consolidated operating profit in FY2018, the year before we launched Vision 2030, was ¥8,777 million, increasing to ¥12,711 million in FY2023, giving an average annual growth rate of 7.6% over this five-year period. If we continue to grow at this rate until FY2031, our consolidated operating profit will be ¥23,000 million in that year. In Vision 2030, we set out our plan to increase revenues and profit through new businesses, M&A, and other activities, with a target of achieving a consolidated operating profit of ¥25,000 million by FY2031. We can expect the demand for industrial waste treatment and recycling to be approximately the same in either a 1.5°C or 4.0°C scenario, and plan to generate ¥20,000 million of the above consolidated operating profit target from our existing industrial waste treatment and recycling operations. We estimate that the short-term fiscal impacts of this opportunity in a 4.0°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2031) will be ¥9,000 million: the ¥20,000 million projection for FY2031 minus the ¥11,000 million contributed in FY2023.	15,000	In the medium term, we have hypothesized that a 4.0°C scenario would see a 2.3% growth in consolidated operating profit by FY2051. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. In the ten years prior to the launch of Vision 2030, from FY2007 to FY2017, our consolidated operating profit grew at an average annual growth rate of 2.3%, while in the five years since its launch, from FY2018 to FY2023, this rate has been 7.6%. In a 4.0°C scenario, we hypothesize that growth in the medium term will remain at pre-launch levels. This would see our consolidated operating profit grow to approximately ¥36,000 million by FY2051. Of this, we would plan to generate ¥26,000 million from our existing industrial waste treatment and recycling operations. We estimate that the medium-term fiscal impacts of this opportunity in a 4.0°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2051) will be ¥15,000 million: the ¥26,000 million projection for FY2051 minus the ¥11,000 million contributed in FY2023.	15,000	In the long term, we have hypothesized that a 4.0°C scenario would see a 2.3% growth in consolidated operating profit by FY2051. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. In the ten years prior to the launch of Vision 2030, from FY2007 to FY2017, our consolidated operating profit grew at an average annual growth rate of 2.3%, while in the five years since its launch, from FY2018 to FY2023, this rate has been 7.6%. In a 4.0°C scenario, we hypothesize that growth in the long term will remain at pre-launch levels. This would see our consolidated operating profit grow to approximately ¥36,000 million by FY2051. Of this, we would plan to generate ¥26,000 million from our existing industrial waste treatment and recycling operations. We estimate that the long-term fiscal impacts of this opportunity in a 4.0°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2051) will be ¥15,000 million: the ¥26,000 million projection for FY2051 minus the ¥11,000 million contributed in FY2023.
		million yen	million yen	million yen			

No.	Item	Short term		Medium term		Long term	
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Opportunity 3	Increased profit from our recycled fuels business (market opportunity)	450	As greenhouse gas emissions regulations become more stringent, regulations on fossil fuel use are also being tightened. Based on predictions of rising demand for recycled fuels over the short, medium, and long term in a 4.0°C scenario, we will continue to expand our operations in this area. Daiseiki's FY2023 operating profit was ¥9,639 million. Approximately 10% of this, ¥900 million yen, came from our recycled fuels business. In terms of the short-term fiscal impacts of this opportunity in a 4.0°C scenario, we hypothesize that operating profit from these operations will increase by 50% (¥450 million).	1,125	In terms of the medium-term fiscal impacts of this opportunity in a 4.0°C scenario, we hypothesize that a 50% increase in operating profit from these operations in the short term (as compared to FY2023) will be followed by a further 50% increase (an anticipated increase of ¥1,125 million in total).	1,125	In terms of long-term fiscal impacts of this opportunity in a 4.0°C scenario, we hypothesize that a 50% increase in operating profit from these operations in the short term (as compared to FY2023) will be followed by a further 50% increase (an anticipated increase of ¥1,125 million in total).
		million yen		million yen		million yen	

▼ Negative fiscal impacts

No.	Item	Short term		Medium term		Long term	
Risk 1	Increased energy costs due to carbon pricing systems (regulatory risk)	211	The GX League's emissions trading system (GX-ETS) will launch in FY2024. Daiseki is not currently expected to make emissions-based payments under the GX-ETS due to our low emissions. However, we have estimated the potential fiscal impact of this risk by taking into account the possibility that we may reach the threshold for the system in future and estimating the sum we would have to pay. In FY2023, the Daiseki Group's Scope 1 emissions were 27,951 tons of CO ₂ and our Scope 2 emissions were 9,990 tons of CO ₂ , giving a combined total of 37,941 tons of CO ₂ . The Japanese government has declared its goal to reduce emissions by 46% by FY2031 as compared to FY2014 levels. If Daiseki were required to reduce our emissions by 46% by FY2031 as compared to FY2023 levels, this would correspond to a reduction of 17,453 tons of CO ₂ . We have made provisional calculations on the basis of carbon pricing being applied to this amount. We have estimated that the price of carbon per ton will increase to 90 US\$ by FY2031 in a 4.0°C scenario, based on predictions put forward by the International Energy Agency (IEA) in its World Energy Outlook (WEO) 2022. We used an exchange rate of 1 US\$ to ¥134.1, based on FY2023 rates. We thereby estimated a fiscal impact of ¥211 million: 17,453 tons of CO ₂ × 90 US\$ × ¥134.1.	1,150	The Japanese government has declared its goal to reduce emissions to zero by FY2051. If we hypothesize that Daiseki's business will double in size over the medium term, emissions to be reduced over the medium term will total 75,882 tons of CO ₂ (double our emissions in FY2023). We have made provisional calculations on the basis of carbon pricing being applied to this amount. We have estimated that the price of carbon per ton will increase to 113 US\$ by FY2051 in a 4.0°C scenario, based on predictions put forward by the IEA in its WEO 2022. We used an exchange rate of 1 US\$ to ¥134.1, based on FY2023 rates. We thereby estimated a medium-term fiscal impact of ¥1,150 million: 75,882 tons of CO ₂ × 113 US\$ × ¥134.1.	1,150	The Japanese government has declared its goal to reduce emissions to zero by FY2051. If we hypothesize that Daiseki's business will double in size over the long term, emissions to be reduced over the medium term will total 75,882 tons of CO ₂ (double our emissions in FY2023). We have made provisional calculations on the basis of carbon pricing being applied to this amount. We have estimated that the price of carbon per ton will increase to 113 US\$ by FY2051 in a 4.0°C scenario, based on predictions put forward by the IEA in its WEO 2022. We used an exchange rate of 1 US\$ to ¥134.1, based on FY2023 rates. We thereby estimated a long-term fiscal impact of ¥1,150 million: 75,882 tons of CO ₂ × 113 US\$ × ¥134.1.
		million yen	million yen	million yen			

No.	Item	Short term		Medium term		Long term	
Risk 2	Reduced profit due to halt in operations caused by natural disaster (acute physical risk)	280	There are risks of temporary reductions in sales revenue and the accrual of repair costs for equipment due to halts in factory operations, disruption of logistics networks, and other factors due to storms. The costs from the FY2020 disaster at Daiseki's Chiba Works amounted to approximately ¥40 million. Disasters in the 1.5°C scenario and the 4.0°C scenario over the short term are thought to be similar. We have estimated potential damages on the basis of the property value of our Chiba and other Works. The estimated value of Daiseki's Chiba Works as of the end of February 2023 (not including associated land) is ¥223 million. However, the average property value of a Daiseki Works (not including associated land), averaged across all of Daiseki's six Works, is ¥1,588 million, equivalent to seven times the value of our Chiba Works. To estimate the potential short-term fiscal impact of this risk, we have therefore taken into account the possibility of suffering damages amounting to seven times the level incurred at the time of the disaster at our Chiba Works, for an estimate of ¥280 million.	1,269	To estimate worst-case medium-term impacts in a 4.0°C scenario, we considered the possibility that a disaster could occur at Daiseki Kyushu Works, our highest-valued Works. If we hypothesize that Daiseki's business doubles in size over this period and a disaster occurs at our Kyushu Works (with a property value of ¥3,536 million, 16 times that of our Chiba Works), estimated damages amount to ¥1,269 million (¥40 million × 2 × ¥3,536 million ÷ ¥223 million).	2,538	Over the long term in a 4.0°C scenario, we assume that physical risk will increase as weather events become more severe, and therefore hypothesize that fiscal impacts will double as compared to the medium term, for an estimated impact of ¥2,538 million.
		million yen	million yen	million yen			

■ 1.5°C scenario

▼ Positive fiscal impacts

* The long-term business scale is difficult to predict and is therefore assumed to be equal to the medium-term business scale.

No.	Item	Short term		Medium term		Long term	
Opportunity 1	Increased profit from new business (market opportunity)	5,000	The Daiseki Group's consolidated operating profit in FY2023 was ¥12,711 million, of which approximately ¥11,000 million was generated by our industrial waste treatment and recycling operations. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. Our consolidated operating profit in FY2018, the year before we launched Vision 2030, was ¥8,777 million, increasing to ¥12,711 million in FY2023, giving an average annual growth rate of 7.6% over this five-year period. If we continue to grow at this rate until FY2031, our consolidated operating profit will be ¥23,000 million in that year. In Vision 2030, we set out our plan to increase revenues and profit through new businesses, M&A, and other activities, with a target of achieving a consolidated operating profit of ¥25,000 million by FY2031. We plan to generate ¥20,000 million of this consolidated operating profit from our existing industrial waste treatment and recycling operations. We also plan to establish new businesses that will contribute to carbon neutrality and the circular economy and generate an operating profit of ¥5,000 million by FY2031. Daiseki Eco. Solution provides a record of success in this area: starting out as a new internal venture within Daiseki Co. Ltd. in 1996, it has grown, in the approximately 20 years since its founding, into a Group company now generating an operating profit of ¥2,000 million. We are working to establish three new businesses of a similar scale to Daiseki Eco. Solution. In the short term, we can expect the demand for carbon neutrality and a circular economy to be approximately the same in either a 1.5°C or 4.0°C scenario. On this basis, we estimate that the fiscal impact of this opportunity will be a contribution of ¥5,000 million to increases in consolidated operating profit from FY2023 to FY2031.	20,000	Over the medium term in a 1.5°C scenario, we can expect to see high growth rates due to increasing demand for carbon neutrality and a circular economy. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. In the ten years prior to the launch of Vision 2030, from FY2007 to FY2017, our consolidated operating profit grew at an average annual growth rate of 2.3%, while in the five years since its launch, from FY2018 to FY2023, this rate has been 7.6%. This would see our consolidated operating profit grow to approximately ¥60,000 million by FY2051. Of this, we would plan to generate ¥40,000 million from our existing industrial waste treatment and recycling operations and ¥20,000 million from new businesses. We estimate that the medium-term fiscal impact of this opportunity in a 1.5°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2051) would be ¥20,000 million, taking into account the fact that we recorded no profit from new businesses in FY2023.	20,000	Over the long term in a 1.5°C scenario, we can expect to see high growth rates due to increasing demand for carbon neutrality and a circular economy. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. In the ten years prior to the launch of Vision 2030, from FY2007 to FY2017, our consolidated operating profit grew at an average annual growth rate of 2.3%, while in the five years since its launch, from FY2018 to FY2023, this rate has been 7.6%. This would see our consolidated operating profit grow to approximately ¥60,000 million by FY2051. Of this, we would plan to generate ¥40,000 million from our existing industrial waste treatment and recycling operations and ¥20,000 million from new businesses. We estimate that the long-term fiscal impact of this opportunity in a 1.5°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2051) would be ¥20,000 million, taking into account the fact that we recorded no profit from new businesses in FY2023.
		million yen	million yen	million yen			

No.	Item	Short term		Medium term		Long term	
Opportunity 2	Increased profit from existing industrial waste treatment and recycling operations (market opportunity)	9,000	The Daiseki Group's consolidated operating profit in FY2023 was ¥12,711 million, of which approximately ¥11,000 million was generated by our industrial waste treatment and recycling operations. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. Our consolidated operating profit in FY2018, the year before we launched Vision 2030, was ¥8,777 million, increasing to ¥12,711 million in FY2023, giving an average annual growth rate of 7.6% over this five-year period. If we continue to grow at this rate until FY2031, our consolidated operating profit will be ¥23,000 million in that year. In Vision 2030, we set out our plan to increase revenues and profit through new businesses, M&A, and other activities, with a target of achieving a consolidated operating profit of ¥25,000 million by FY2031. We can expect the demand for industrial waste treatment and recycling to be approximately the same in either a 1.5°C or 4.0°C scenario, and plan to generate ¥20,000 million of the above consolidated operating profit target from our existing industrial waste treatment and recycling operations. We estimate that the short-term fiscal impacts of this opportunity in a 1.5°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2031) will be ¥9,000 million: the ¥20,000 million projection for FY2031 minus the ¥11,000 million contributed in FY2023.	29,000	Over the medium term in a 1.5°C scenario, we can expect to see high growth rates due to increasing demand for Daiseki's industrial waste treatment and recycling operations, which can reduce emissions. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. In the ten years prior to the launch of Vision 2030, from FY2007 to FY2017, our consolidated operating profit grew at an average annual growth rate of 2.3%, while in the five years since its launch, from FY2018 to FY2023, this rate has been 7.6%. Taking an average of these two rates, we can hypothesize a growth rate in this area of 5.0% in a 1.5°C scenario. This would see our consolidated operating profit grow to approximately ¥60,000 million by FY2051. Of this, we would plan to generate ¥40,000 million from our existing industrial waste treatment and recycling operations. We estimate that the medium-term fiscal impacts of this opportunity in a 1.5°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2031) will be ¥29,000 million: the ¥40,000 million projection for FY2051 minus the ¥11,000 million contributed in FY2023.	29,000	Over the long term in a 1.5°C scenario, we can expect to see high growth rates due to increasing demand for Daiseki's industrial waste treatment and recycling operations, which can reduce emissions. In FY2019, Daiseki announced Vision 2030, our long-term management vision for FY2031. We have been strengthening our environment-related businesses since, with a focus on carbon neutrality and the circular economy. In the ten years prior to the launch of Vision 2030, from FY2007 to FY2017, our consolidated operating profit grew at an average annual growth rate of 2.3%, while in the five years since its launch, from FY2018 to FY2023, this rate has been 7.6%. Taking an average of these two rates, we can hypothesize a growth rate in this area of 5.0% in a 1.5°C scenario. This would see our consolidated operating profit grow to approximately ¥60,000 million by FY2051. Of this, we would plan to generate ¥40,000 million from our existing industrial waste treatment and recycling operations. We estimate that the long-term fiscal impacts of this opportunity in a 1.5°C scenario (its contribution to increases in consolidated operating profit from FY2023 to FY2051) will be ¥29,000 million: the ¥40,000 million projection for FY2051 minus the ¥11,000 million contributed in FY2023.
		million yen	million yen	million yen			

No.	Item	Short term		Medium term		Long term	
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Opportunity 3	Increased profit from our recycled fuels business (market opportunity)	270	As greenhouse gas emissions regulations become more stringent, regulations on fossil fuel use are also being tightened. In a 1.5°C scenario, recycled fuel alternatives to fossil fuels will also be subject to regulation, but we hypothesize that there will be a transition phase in which demand for fossil fuels is maintained in the short term, before disappearing over the medium to long term. In the short term, Daiseki will continue our recycled fuels business while considering a shift toward other businesses once the transition period is over, a shift we will make from the medium term onward. Daiseki's FY2023 operating profit was ¥9,639 million. Approximately 10% of this, ¥900 million yen, came from our recycled fuels business. In terms of the short-term fiscal impacts of this opportunity in a 1.5°C scenario, we hypothesize that operating profit from these operations will increase by 30% (¥270 million).	0	In the medium term in a 1.5°C scenario, we hypothesize that our recycled fuels business will be discontinued, resulting in no increase in operating profit in this area. The fiscal impact of this opportunity is therefore zero.	0	In the long term in a 1.5°C scenario, we hypothesize that our recycled fuels business will be discontinued, resulting in no increase in operating profit in this area. The fiscal impact of this opportunity is therefore zero.
		million yen		million yen		million yen	

▼ Negative fiscal impacts

No.	Item	Short term		Medium term		Long term	
Risk 1	Increased energy costs due to carbon pricing systems (regulatory risk)	328	The GX League's emissions trading system (GX-ETS) will launch in FY2024. Daiseki is not currently expected to make emissions-based payments under the GX-ETS due to our low emissions. However, we have estimated the potential fiscal impact of this risk by taking into account the possibility that we may reach the threshold for the system in future and estimating the sum we would have to pay. In FY2023, the Daiseki Group's Scope 1 emissions were 27,951 tons of CO ₂ and our Scope 2 emissions were 9,990 tons of CO ₂ , giving a combined total of 37,941 tons of CO ₂ . The Japanese government has declared its goal to reduce emissions by 46% by FY2031 as compared to FY2014 levels. If Daiseki were required to reduce our emissions by 46% by FY2031 as compared to FY2023 levels, this would correspond to a reduction of 17,453 tons of CO ₂ . We have made provisional calculations on the basis of carbon pricing being applied to this amount. We have estimated that the price of carbon per ton will increase to 140 US\$ by FY2031 in a 1.5°C scenario, based on predictions put forward by the IEA in its WEO 2022. We used an exchange rate of 1 US\$ to ¥134.1, based on FY2023 rates. We thereby estimated a short-term fiscal impact of ¥328 million: 17,453 tons of CO ₂ × 140 US\$ × ¥134.1.	2,544	The Japanese government has declared its goal to reduce emissions to zero by FY2051. If we hypothesize that Daiseki's business will double in size over the medium term, emissions to be reduced over the medium term will total 75,882 tons of CO ₂ (double our emissions in FY2023). We have made provisional calculations on the basis of carbon pricing being applied to this amount. We have estimated that the price of carbon per ton will increase to 250 US\$ by FY2051 in a 1.5°C scenario, based on predictions put forward by the IEA in its WEO 2022. We used an exchange rate of 1 US\$ to ¥134.1, based on FY2023 rates. We thereby estimated a medium-term fiscal impact of ¥2,544 million: 75,882 tons of CO ₂ × 250 US\$ × ¥134.1.	2,544	The Japanese government has declared its goal to reduce emissions to zero by FY2051. If we hypothesize that Daiseki's business will double in size over the long term, emissions to be reduced over the long term will total 75,882 tons of CO ₂ (double our emissions in FY2023). We have made provisional calculations on the basis of carbon pricing being applied to this amount. We have estimated that the price of carbon per ton will increase to 250 US\$ by FY2051 in a 1.5°C scenario, based on predictions put forward by the IEA in its WEO 2022. We used an exchange rate of 1 US\$ to ¥134.1, based on FY2023 rates. We thereby estimated a long-term fiscal impact of ¥2,544 million: 75,882 tons of CO ₂ × 250 US\$ × ¥134.1.
		million yen		million yen		million yen	

No.	Item	Short term		Medium term		Long term	
Risk 2	Reduced profit due to halt in operations caused by natural disaster (acute physical risk)	280	There are risks of temporary reductions in sales revenue and the accrual of repair costs for equipment due to halts in factory operations, disruption of logistics networks, and other factors due to storms. The costs from the FY2020 disaster at Daiseki's Chiba Works amounted to approximately ¥40 million. Disasters in the 1.5°C scenario and the 4.0°C scenario over the short term are thought to be similar. We have estimated potential damages on the basis of the property value of our Chiba and other Works. The estimated value of Daiseki's Chiba Works as of the end of February 2023 (not including associated land) is ¥223 million. However, the average property value of a Daiseki Works (not including associated land), averaged across all of Daiseki's six Works, is ¥1,588 million, equivalent to seven times the value of our Chiba Works. To estimate the potential short-term fiscal impact of this risk, we have therefore taken into account the possibility of suffering damages amounting to seven times the level incurred at the time of the disaster at our Chiba Works, for an estimate of ¥280 million.	560	We hypothesize that our business will double in size as compared to its short-term scope over the medium term in a 1.5°C scenario, accompanied by a doubling in potential damages for an estimated fiscal impact of ¥560 million.	560	We hypothesize that our business will double in size as compared to its short-term scope over the long term in a 1.5°C scenario, accompanied by a doubling in potential damages for an estimated fiscal impact of ¥560 million.
		million yen		million yen		million yen	

No.	Item	Short term		Medium term		Long term	
Risk 3	Reduced profit from sales of recycled fuels (market risk)	0	The demand for recycled fuels is predicted to be maintained over the short term in the 1.5°C scenario as well, and the fiscal impact is therefore expected to be zero.	900	In a 1.5°C scenario, we predict that demand for recycled fuels will disappear over the medium term onward, and therefore estimate a fiscal impact of ¥900 million in lost operating profit (the operating profit generated by our recycled fuels business in FY2023).	900	In a 1.5°C scenario, we predict that demand for recycled fuels will disappear over the medium term onward, and therefore estimate a fiscal impact of ¥900 million in lost operating profit (the operating profit generated by our recycled fuels business in FY2023).
		million yen		million yen		million yen	