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*Power to Turn into Resources, Return to Nature*

**DAIEI KANKYO**

# **FY2025/ 3**

## **Financial Results**

**[Securities Code : 9336]**

May 14, 2025



# Executive Summary

Results	FY2025/3 Results	<ul style="list-style-type: none"> <li>• <b>Net sales</b> 80,178 million yen (+ 9.8% year on year)</li> <li>• <b>Operating profit</b> 21,548 million yen (+ 9.3% year on year)</li> </ul>
	FY2026/3 Forecasts	<ul style="list-style-type: none"> <li>• <b>Net sales</b> 83,900 million yen (+ 4.6% year on year)</li> <li>• <b>Operating profit</b> 21,800 million yen (+ 1.2% year on year)</li> </ul>
Progress of Important Policies	FY2025/3 Results	<ul style="list-style-type: none"> <li>• <b>Governance structure</b> <ul style="list-style-type: none"> <li>✓ Transition to a Company with an Audit and Supervisory Committee in Jun. 2024</li> </ul> </li> <li>• <b>Integrated report</b> <ul style="list-style-type: none"> <li>✓ Japanese version was released in Aug. and English version was released in Oct. 2024</li> </ul> </li> <li>• <b>Shareholder returns</b> <ul style="list-style-type: none"> <li>✓ Paid interim dividends in Dec. 2024</li> <li>✓ Finalized decision to introduce a shareholder incentive program in Jan. 2025</li> </ul> </li> <li>• <b>M&amp;A</b> <ul style="list-style-type: none"> <li>✓ 4 companies in the Kanto area became consolidated subsidiaries by Jan. 2025</li> </ul> </li> <li>• <b>Final disposal sites</b> <ul style="list-style-type: none"> <li>✓ Started services in the 2nd phase area of the 8th stage final disposal site at Mie RC in Jan. 2025</li> </ul> </li> <li>• <b>Incineration and other heat treatment facilities</b> <ul style="list-style-type: none"> <li>✓ Acquired a permit to install Izumi Energy Plaza in Mar. 2025</li> </ul> </li> <li>• <b>PPP (Public Private Partnership)</b> <ul style="list-style-type: none"> <li>✓ Signed agreement with Aioi City in Mar. 2025</li> </ul> </li> </ul>
	FY2026/3 Forecasts	<ul style="list-style-type: none"> <li>• <b>Governance structure</b> <ul style="list-style-type: none"> <li>✓ Appointed 6 new executive officers in Apr. 2025</li> </ul> </li> <li>• <b>M&amp;A/New company establishment</b> <ul style="list-style-type: none"> <li>✓ 2 companies became consolidated subsidiaries in Apr. / Established a company in Miyakojima in May 2025</li> </ul> </li> <li>• <b>Medium-Term Management Plan</b> <ul style="list-style-type: none"> <li>✓ Released D-Plan 2028 in May 2025</li> </ul> </li> <li>• <b>Recycling facilities</b> <ul style="list-style-type: none"> <li>✓ Scheduled to begin operations of the plastic recycling facility in Sep. 2025</li> </ul> </li> <li>• <b>Expansion of final disposal sites</b> <ul style="list-style-type: none"> <li>✓ Scheduled to start services in the 2nd stage final disposal site at Gobo RC in Nov. 2025</li> </ul> </li> </ul>

# Agenda

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# 1. FY2025/3 Results

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# FY2025/3 Results

## Consolidated Statements of Income

(million yen)	FY2024/3	FY2025/3	Year on Year
Net sales	73,035	<b>80,178</b>	<b>+9.8%</b>
Operating profit	19,714	<b>21,548</b>	<b>+9.3%</b>
Operating profit margin	27.0%	<b>26.9%</b>	<b>▲0.1pt</b>
EBITDA*1	26,265	<b>27,824</b>	<b>+5.9%</b>
EBITDA margin	36.0%	<b>34.7%</b>	<b>▲1.3pt</b>
Ordinary profit	20,589	<b>21,484</b>	<b>+4.3%</b>
Profit attributable to owners of parent	13,591	<b>14,364</b>	<b>+5.7%</b>
Profit margin attributable to owners of parent	18.6%	<b>17.9%</b>	<b>▲0.7pt</b>

\*1: EBITDA = Operating profit + Depreciation (excluding non-operating expenses) + Amortization of Goodwill. EBITDA margin = EBITDA/Net Sales



# FY2025/3 Results

## Consolidated Statements of Income (Quarterly)

(million yen)	FY2025/3 1Q	FY2025/3 2Q	FY2025/3 3Q	FY2025/3 4Q	FY2025/3 Full year
Net sales	19,353	18,805	20,755	<b>21,265</b>	<b>80,178</b>
Operating profit	5,096	5,064	5,515	<b>5,871</b>	<b>21,548</b>
Operating profit margin	26.3%	26.9%	26.6%	<b>27.6%</b>	<b>26.9%</b>
EBITDA	6,724	6,330	7,185	<b>7,584</b>	<b>27,824</b>
EBITDA margin	34.7%	33.7%	34.6%	<b>35.7%</b>	<b>34.7%</b>
Ordinary profit	5,369	4,803	5,550	<b>5,761</b>	<b>21,484</b>
Profit attributable to owners of parent	3,497	3,136	3,923	<b>3,807</b>	<b>14,364</b>
Profit margin attributable to owners of parent	18.1%	16.7%	18.9%	<b>17.9%</b>	<b>17.9%</b>

# FY2025/3 Results

## By Segment

(million yen)	FY2024/3	FY2025/3	Year on Year
<b>Waste-related Business</b>			
Net sales	71,032	<b>77,487</b>	<b>+9.1%</b>
Segment profit	20,109	<b>21,893</b>	<b>+8.9%</b>
Segment profit margin	28.3%	<b>28.3%</b>	<b>▲0.0pt</b>
<b>Other Businesses</b>			
Net sales	2,002	<b>2,691</b>	<b>+34.4%</b>
Segment loss	▲238	<b>▲225</b>	<b>—</b>
Segment loss margin	▲11.9%	<b>▲8.4%</b>	<b>+ 3.5pt</b>

# FY2025/3 Results

## By Segment (Quarterly)

(million yen)	FY2025/3 1Q	FY2025/3 2Q	FY2025/3 3Q	FY2025/3 4Q	FY2025/3 Full year
<b>Waste-related Business</b>					
Net sales	18,691	18,144	20,055	<b>20,596</b>	<b>77,487</b>
Segment profit	5,168	5,172	5,603	<b>5,949</b>	<b>21,893</b>
Segment profit margin	27.6%	28.5%	27.9%	<b>28.9%</b>	<b>28.3%</b>
<b>Other Businesses</b>					
Net sales	661	660	700	<b>668</b>	<b>2,691</b>
Segment loss	▲43	▲76	▲57	<b>▲48</b>	<b>▲225</b>
Segment loss margin	▲6.5%	▲11.6%	▲8.2%	<b>▲7.2%</b>	<b>▲8.4%</b>



# FY2025/3 Results

## Net Sales by Business Domain

(million yen)	FY2024/3	FY2025/3	Year on Year
<b>Waste-related Business</b>	<b>71,032</b>	<b>77,487</b>	<b>+9.1%</b>
Waste management and recycling	63,108	<b>66,154</b>	<b>+4.8%</b>
Soil remediation	4,699	<b>4,860</b>	<b>+3.4%</b>
Other (Waste-related Business)	3,225	<b>6,472</b>	<b>+100.7%</b>
<b>Other Businesses</b>	<b>2,002</b>	<b>2,691</b>	<b>+34.4%</b>
Valuable Resource Recycling Business	1,996	<b>2,469</b>	<b>+23.7%</b>
Sports Promotion Business* <sup>1</sup>	6	<b>221</b>	<b>+3,525.7%</b>

\*1: The Sports Promotion Business began in Mar. 2024, so the previous year's results only cover one month's sales.

# FY2025/3 Results

## Net Sales by Business Domain (Quarterly)

(million yen)	FY2025/3 1Q	FY2025/3 2Q	FY2025/3 3Q	FY2025/3 4Q	FY2025/3 Full year
<b>Waste-related Business</b>	<b>18,691</b>	<b>18,144</b>	<b>20,055</b>	<b>20,596</b>	<b>77,487</b>
Waste management and recycling	16,559	16,110	17,043	<b>16,440</b>	<b>66,154</b>
Soil remediation	791	893	1,427	<b>1,748</b>	<b>4,860</b>
Other (Waste-related Business)	1,339	1,140	1,584	<b>2,406</b>	<b>6,472</b>
<b>Other Businesses</b>	<b>661</b>	<b>660</b>	<b>700</b>	<b>668</b>	<b>2,691</b>
Valuable Resource Recycling Business	625	613	623	<b>606</b>	<b>2,469</b>
Sports Promotion Business	36	47	76	<b>62</b>	<b>221</b>

# FY2025/3 Results

## Volume of Waste and Contaminated Soil Received

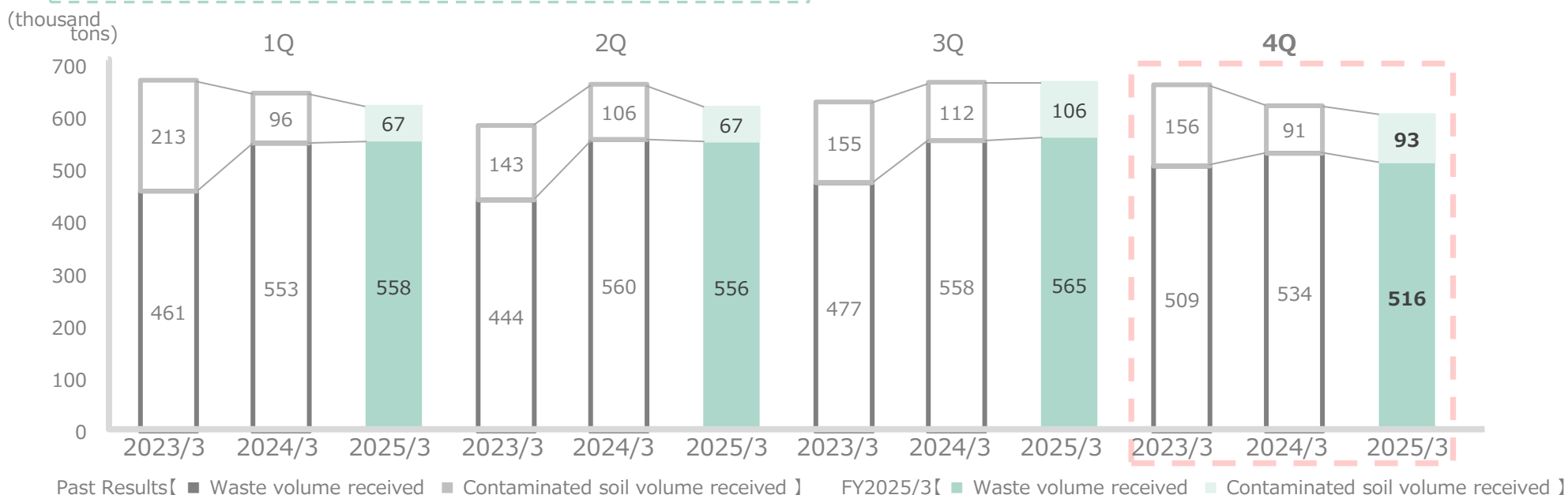
(thousand tons)	FY2024/3	FY2025/3	Year on Year
Waste volume received	2,207	<b>2,196</b>	<b>▲0.5%</b>
Contaminated soil volume received	406	<b>335</b>	<b>▲17.4%</b>

### Waste volume received

- Orders for infrastructure development projects remained steady
- Decreased due to control of low-unit-price waste volume received

### Contaminated soil volume received

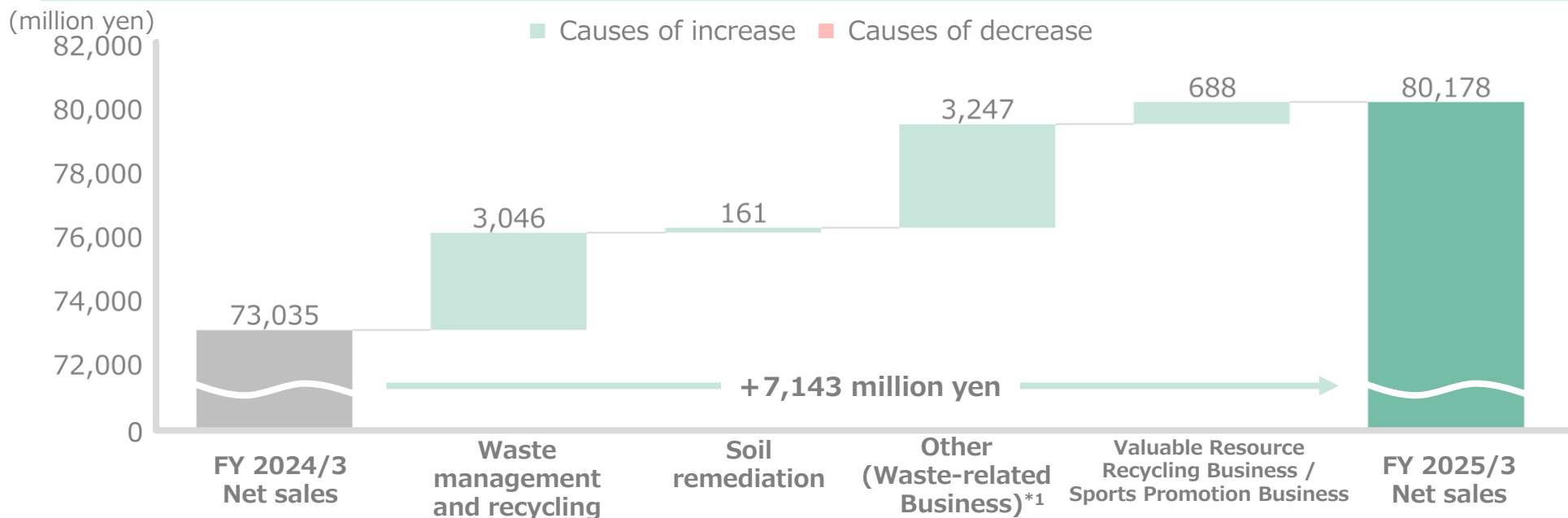
- Decreased due to continued control of volume received at final disposal sites, despite an increase in the volume received related to heat treatment projects



# FY2025/3 Results

## Consolidated Net Sales Change Factors

- ✓ Waste management and recycling : Increased due to the strong performance in the acceptance of high-unit-price waste, in addition to continued orders for infrastructure development projects
- ✓ Soil remediation : Increased due to an increase in the proportion of high-unit-price heat treatment projects relative to the total volume received
- ✓ Other (Waste-related Business) : Increased due to steady orders for construction projects for municipal facilities received by Daiei Kankyo and demolition work received by Eiwa Recycle Co., Ltd. and Kaisei Co., Ltd.
- ✓ Valuable Resource Recycling Business : Increased due to high-unit sales prices as a result of the soaring prices in the aluminum market in addition to high volume of aluminum pellets sold

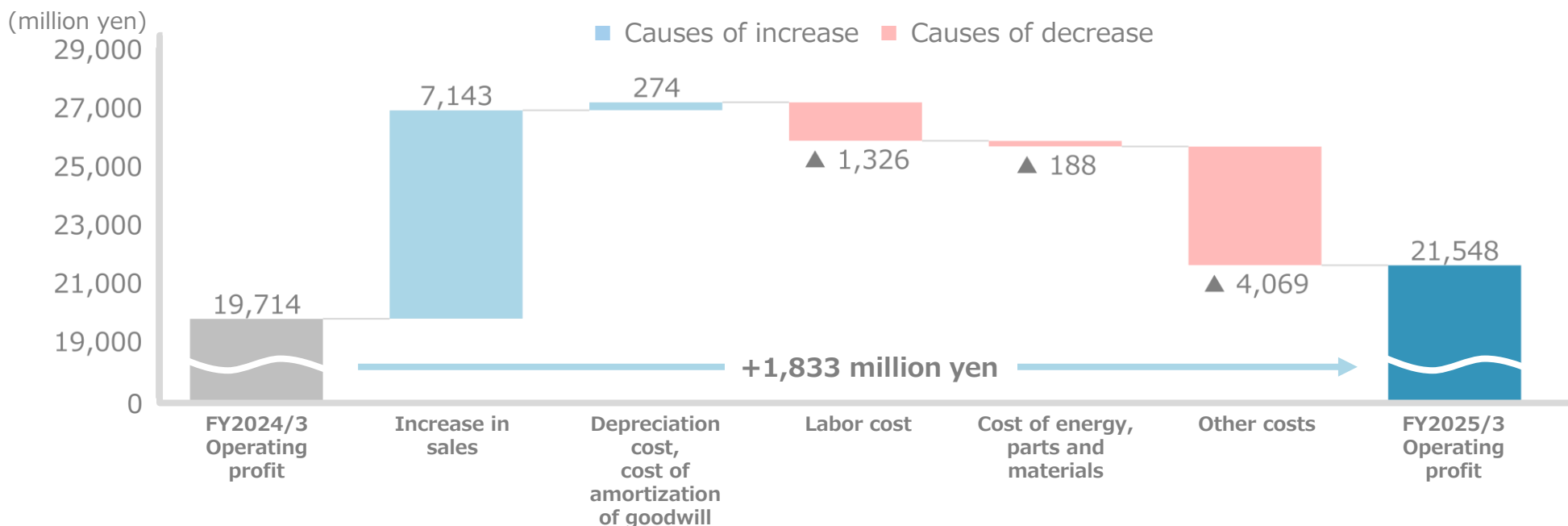


\*1: The figure for Other includes those for the business domains other than Waste management and recycling and Soil remediation under Waste-related Business

# FY2025/3 Results

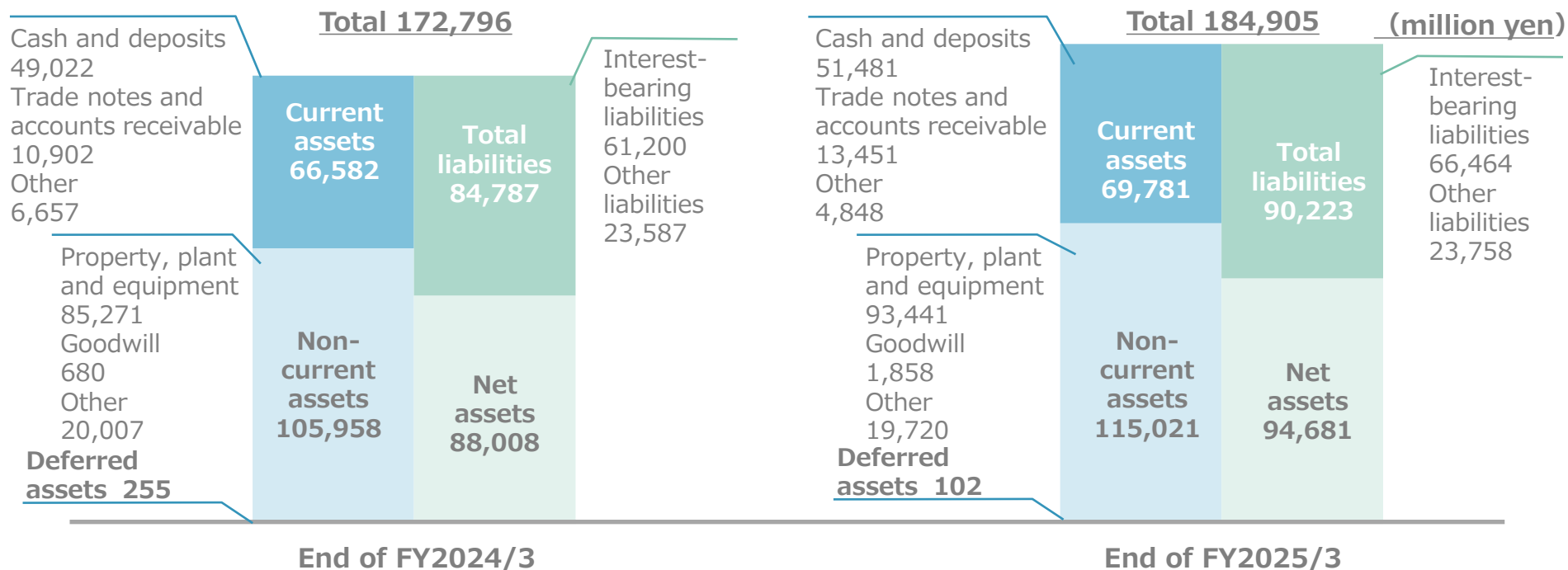
## Consolidated Operating Profit Change Factors

- ✓ Depreciation cost, cost of amortization of goodwill : Decreased due to the offset caused by the re-estimation of asset retirement obligations for final disposal sites
- ✓ Labor cost : Increased due to salary rises and an increase in the number of employees as a result of making 4 companies consolidated subsidiaries through M&A
- ✓ Other costs : Increased due to an increase in outsourcing costs associated with orders for construction projects for municipal facilities received by Daiei Kankyo and demolition work received by Eiwa Recycle Co., Ltd. and Kaisei Co., Ltd., as well as higher purchase unit prices of raw materials to produce aluminum pellets in the Valuable Resource Recycling Business as a result of soaring prices in the aluminum market



# FY2025/3 Results

## Consolidated Balance Sheet



### Property, plant and equipment

- ✓ Land increased due to the acquisition of Urayasu Seiun, Inc. as a consolidated subsidiary, etc. (+1,153)
- ✓ Final disposal sites increased due to the start of services at a final disposal site of Mie Chuo Kaihatsu Co., Ltd. (+6,086)
- ✓ Construction in progress (CIP) increased due to the construction of a new plastic recycling facility for DINS Kansai Co., Ltd. (+2,943)

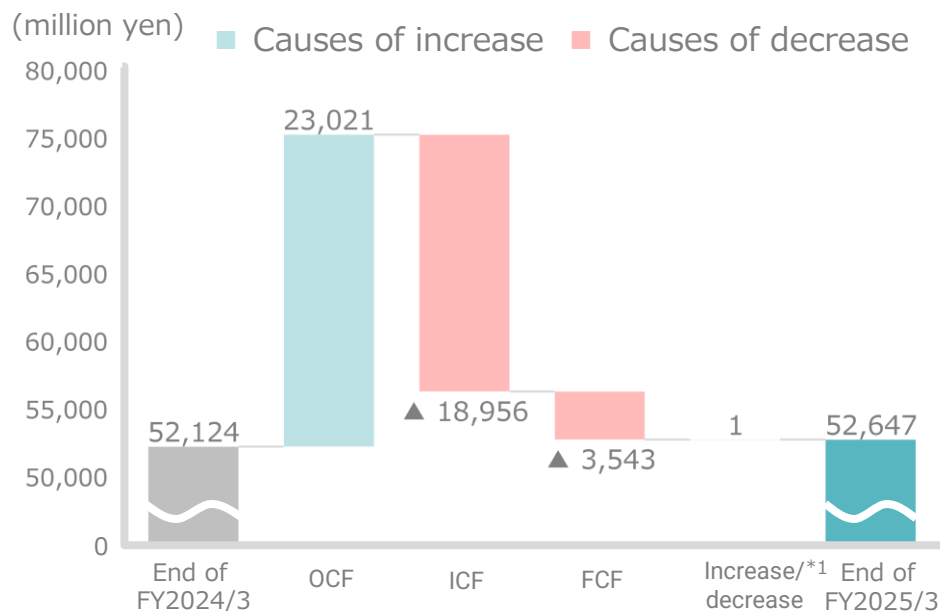
### Goodwill

- ✓ Increased due to the acquisition of Eiwa Recycle Co., Ltd., etc. as consolidated subsidiaries (+1,178)

# FY2025/3 Results

## Statements of Cash Flow

	FY2024/3	FY2025/3	Year on Year
Cash flow from operating activities	21,674	<b>23,021</b>	<b>+1,346</b>
Cash flow from investing activities	▲15,562	<b>▲18,956</b>	<b>▲3,394</b>
Free cash flow	6,112	<b>4,065</b>	<b>▲2,047</b>
Cash flow from financing activities	▲7,643	<b>▲3,543</b>	<b>+4,099</b>
Cash and cash equivalents at the end of period	52,124	<b>52,647</b>	<b>+523</b>



### Cash flow from operating activities

- Profit before income taxes +21,554
- Depreciation cost +6,174
- Payment of income taxes, etc. ▲7,364

### Cash flow from investing activities

- Purchase of property, plant and equipment ▲16,227
- Acquisition of shares in consolidated subsidiaries resulting in change in the scope of consolidation ▲3,112

### Cash flow from financing activities

- Proceeds from long-term borrowings +19,500
- Repayments of long-term borrowings ▲13,522
- Payment of dividends ▲6,428

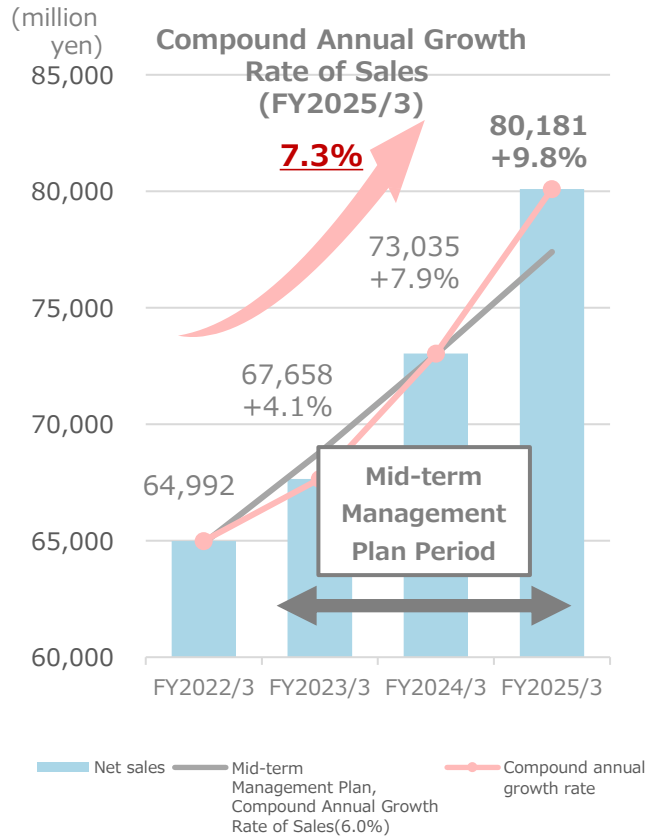
\*1: Increase/decrease indicates exchange rate changes affecting cash and cash equivalents.



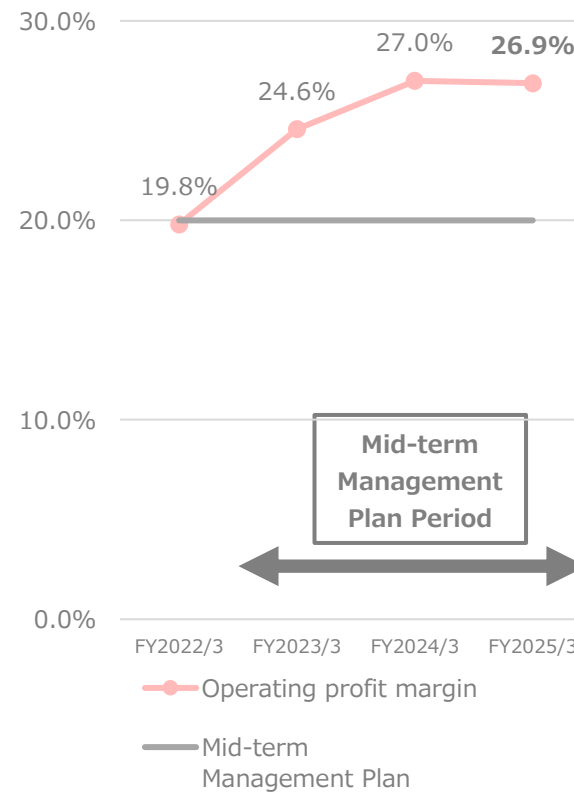
# FY2025/3 Results

## Compound Annual Growth Rate of Sales, Operating Profit Margin, and EBITDA Margin

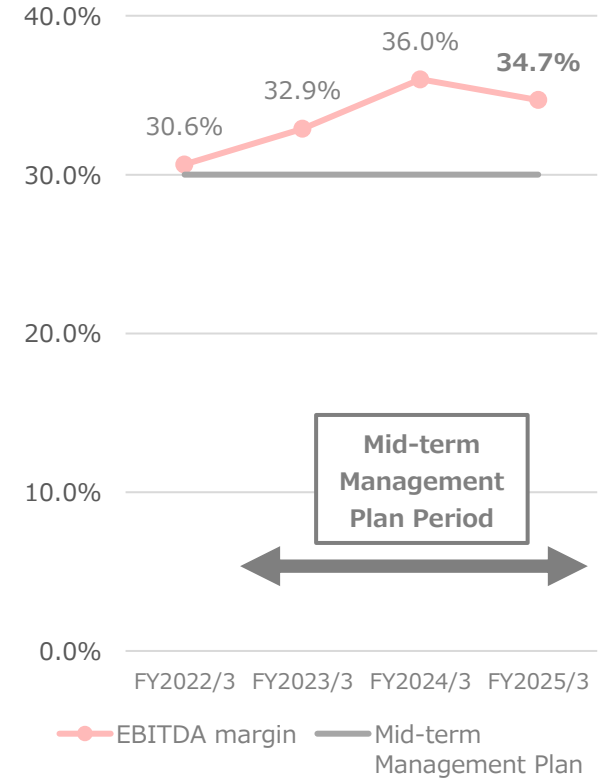
### ✓ Compound Annual Growth Rate of Sales



### ✓ Operating Profit Margin



### ✓ EBITDA Margin



# FY2025/3 Results

## Capital Efficiency and Leverage Indicators

	FY2024/3	FY2025/3	Year on Year
EBITDA margin	36.0%	34.7%	▲1.3pt
ROE*1	16.4%	15.8%	▲0.6pt
ROIC*2	14.0%	14.1%	+0.1pt
Net D/E ratio*3	0.1×	0.1×	—

Note: Details of adjustment process for each indicator are described on P70 and after

\*1: ROE = Profit attributable to owners of parent / equity (average of beginning and ending amounts)

\*2: ROIC = NOPAT (Net Operating Profit After Taxes) / Invested capital at the beginning of the period, Invested capital = Non-current assets + Current assets (excluding cash and deposits) - Current liabilities (excluding interest-bearing debt(current)). Interest-bearing Debt = Bonds + Debt + Lease, etc.

\*3: Net D/E ratio = (Interest-bearing debt - cash & cash equivalent) / equity

## 2. FY2026/3 Forecasts

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# FY2026/3 Forecasts

## Key Point

- ✓ Despite rising costs, both sales and profit are expected to certainly increase through sales expansion, and EBITDA is expected to substantially increase

### Sales

Expecting a steady increase in sales due to continued orders for infrastructure development projects and an increase in the volume of contaminated soil received

Aiming to increase sales by advancing resource recycling systems

Expecting an increase in total sales for 5 companies in the Kanto area

### Profit

Expecting a considerable increase in depreciation costs due to absence of the impact of the re-estimation of asset retirement obligations for final disposal sites and start of services at final disposal sites

Expecting an increase in labor cost due to regular salary raises and an increase in the number of employees

# FY2026/3 Forecasts

## Consolidated Statements of Income

(million yen)	FY2025/3	FY2026/3	Year on Year
Net sales	80,178	<b>83,900</b>	<b>+4.6%</b>
Operating profit	21,548	<b>21,800</b>	<b>+ 1.2%</b>
Operating profit margin	26.9%	<b>26.0%</b>	<b>▲0.9pt</b>
EBITDA	27,824	<b>31,200</b>	<b>+12.1%</b>
EBITDA margin	34.7%	<b>37.2%</b>	<b>+ 2.5pt</b>
Ordinary profit	21,484	<b>21,600</b>	<b>+ 0.5%</b>
Profit attributable to owners of parent	14,364	<b>14,400</b>	<b>+ 0.2%</b>
Profit margin attributable to owners of parent	17.9%	<b>17.2%</b>	<b>▲0.7pt</b>

# FY2026/3 Forecasts

## Consolidated Statements of Income (First Half/ Second Half)

(million yen)	FY2026/3 First half	FY2026/3 Second half	FY2026/3 Full year
Net sales	39,400	44,500	83,900
Operating profit	8,900	12,900	21,800
Operating profit margin	22.6%	29.0%	26.0%
EBITDA	12,900	18,200	31,200
EBITDA margin	32.8%	41.1%	37.2%
Ordinary profit	8,800	12,800	21,600
Profit attributable to owners of parent	5,900	8,500	14,400
Profit margin attributable to owners of parent	15.0%	19.1%	17.2%

# FY2026/3 Forecasts

## By Segment

(million yen)	FY2025/3	FY2026/3	Year on Year
<b>Waste-related Business</b>			
Net sales	77,487	<b>81,200</b>	<b>+4.8%</b>
Segment profit	21,893	<b>21,800</b>	<b>+0.0%</b>
Segment profit margin	28.3%	<b>27.0%</b>	<b>▲1.3pt</b>
<b>Other Businesses</b>			
Net sales	2,691	<b>2,600</b>	<b>▲0.0%</b>
Segment loss	<b>▲225</b>	<b>▲0</b>	<b>—</b>
Segment loss margin	<b>▲8.4%</b>	<b>▲0.3%</b>	<b>+8.1pt</b>



# FY2026/3 Forecasts

## By Segment (First Half / Second Half)

(million yen)	FY2026/3 First half	FY2026/3 Second half	FY2026/3 Full year
<b>Waste-related Business</b>			
Net sales	38,000	43,100	81,200
Segment profit	8,000	12,900	21,800
Segment profit margin	23.5%	30.0%	27.0%
<b>Other Businesses</b>			
Net sales	1,300	1,300	2,600
Segment profit (loss)	▲0	0	▲0
Segment profit (loss) margin	▲0.6%	0.1%	▲0.3%

# FY2026/3 Forecasts

## Net Sales by Business Domain

(million yen)	FY2025/3	FY2026/3	Year on Year
<b>Waste-related Business</b>	<b>77,487</b>	<b>81,200</b>	<b>+4.8%</b>
Waste management and recycling	66,154	<b>68,100</b>	<b>+3.0%</b>
Soil remediation	4,860	<b>6,600</b>	<b>+35.9%</b>
Other (Waste-related Business)	6,472	<b>6,400</b>	<b>▲0.6%</b>
<b>Other Businesses</b>	<b>2,691</b>	<b>2,600</b>	<b>▲0.0%</b>
Valuable Resource Recycling Business	2,469	<b>2,200</b>	<b>▲7.1%</b>
Sports Promotion Business	221	<b>300</b>	<b>+79.5%</b>

# FY2026/3 Forecasts

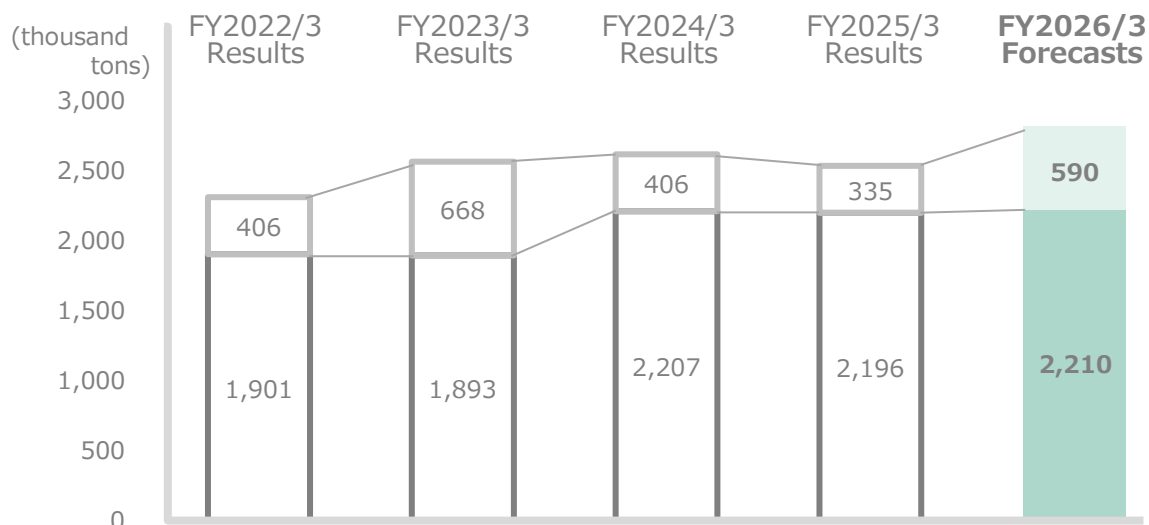
## Net Sales by Business Domain (First Half / Second Half)

(million yen)	FY2026/3 First half	FY2026/3 Second half	FY2026/3 Full year
<b>Waste-related Business</b>	<b>39,400</b>	<b>44,500</b>	<b>81,200</b>
Waste management and recycling	32,800	35,300	68,100
Soil remediation	2,300	4,200	6,600
Other (Waste-related Business)	2,900	3,500	6,400
<b>Other Businesses</b>	<b>1,300</b>	<b>1,300</b>	<b>2,600</b>
Valuable Resource Recycling Business	1,100	1,100	2,200
Sports Promotion Business	100	200	300

# FY2026/3 Forecasts

## Volume of Waste and Contaminated Soil Received

(thousand tons)	FY2025/3	FY2026/3	Year on Year
Waste volume received	2,196	<b>2,210</b>	<b>+0.9%</b>
Contaminated soil volume received	335	<b>590</b>	<b>+77.4%</b>



### Waste volume received

- Expected to remain steady due to continued orders for infrastructure development projects

### Contaminated soil volume received

- Expected to increase volume received due to start of operation of expanded facilities for washing treatment

Results/Initial Forecasts[ ■ Waste volume received ■ Contaminated soil volume received ]  
 Revised Forecasts[ ■ Waste volume received ■ Contaminated soil volume received ]

# FY2026/3 Forecasts

## Capital Expenditures, Depreciation, and Amortization of goodwill

(million yen)	FY2025/3	FY2026/3	Year on Year
Capital expenditures	16,227	15,100	▲ 6.4%
Depreciation (excluding non-operating expenses)	5,828	8,600	+49.0%
Amortization of goodwill	447	700	+61.3%

### Capital expenditures

- Make investments for sustainable growth\*<sup>1</sup> in line with plans

Major growth investments:

Daiei Kankyo Co., Ltd. – Gobo Recycle Center:	The 2nd stage controlled final disposal site	3,600 million yen
	Nishinomiya Recycle Center: Incineration and other heat treatment facility	2,000 million yen
DINS Kansai Co., Ltd. – RAC Recycle Center:	Plastic recycling facility	1,900 million yen
Geo-Re Japan Inc. – Contaminated soil treatment facility		1,000 million yen

### Depreciation

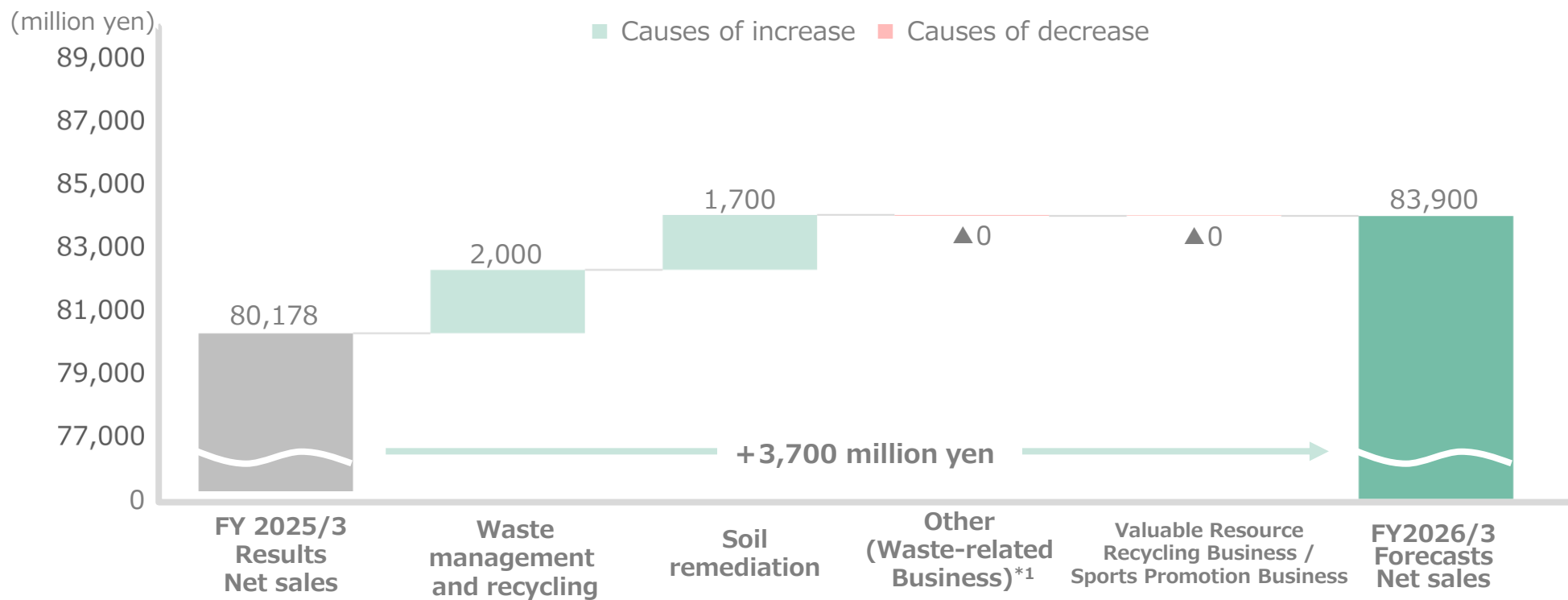
- Increase due to absence of the impact of the re-estimation of asset retirement obligations for final disposal sites

\*<sup>1</sup> Regarding plans for investments for sustainable growth, see p. 56

# FY2026/3 Forecasts

## Consolidated Net sales Change Factors

- ✓ Waste management : Expected to increase due to a change in the ratio of higher-unit-price wastes and the effect of price and recycling pass-through, in addition to a slight increase in the volume received
- ✓ Soil remediation : Expected to increase as a result of higher volume received due to start of operation of expanded facilities for washing treatment

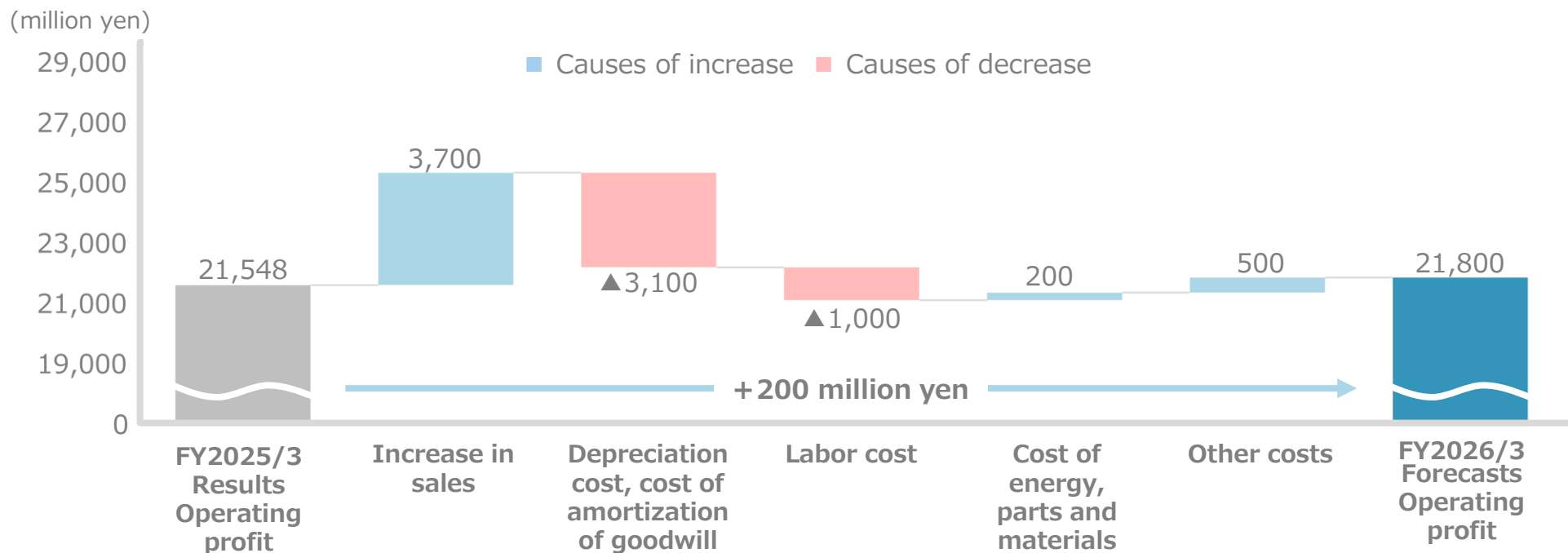


\*1: The figure for Other includes those for the business fields other than Waste management and recycling, and Soil remediation in Waste-related Business

# FY2026/3 Forecasts

## Consolidated Operating Profit Change Factors

- ✓ Depreciation cost, cost of amortization of goodwill : Depreciation cost is expected to considerably increase due to absence of the impact of the re-estimation of asset retirement obligations for final disposal sites and start of services at final disposal sites
- ✓ Labor cost : Expected to increase due to salary raises including regular salary raises and an increase in the number of employees through M&A
- ✓ Cost of energy, parts and materials : Expected to decrease due to cost reduction by insourcing of repairs
- ✓ Other costs : Expected to decrease due to cost reduction by insourcing and lower outsourcing costs





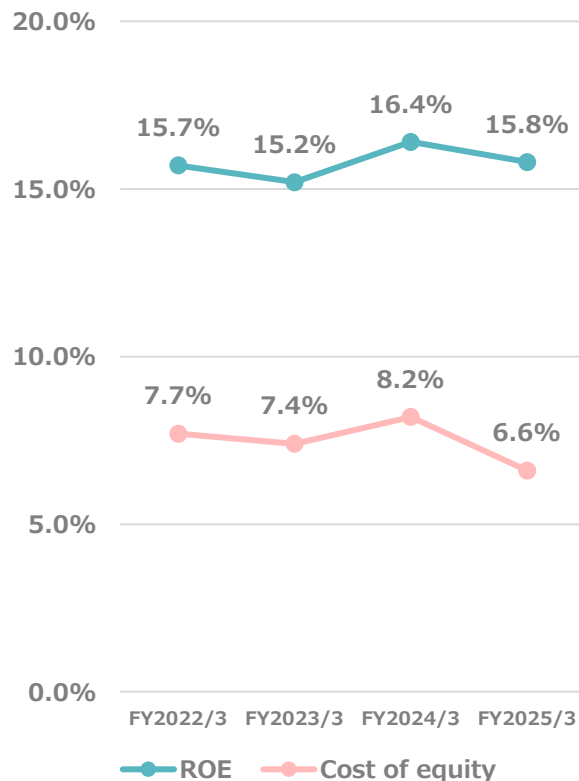
# 3. Capital Profitability and Market Evaluation

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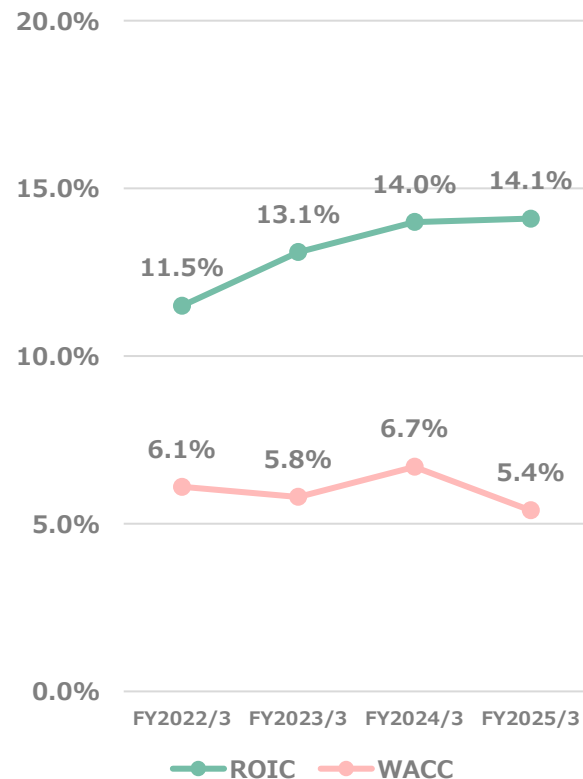
# Capital Profitability and Market Evaluation

ROE・Cost of equity, ROIC・WACC, PBR・EPS

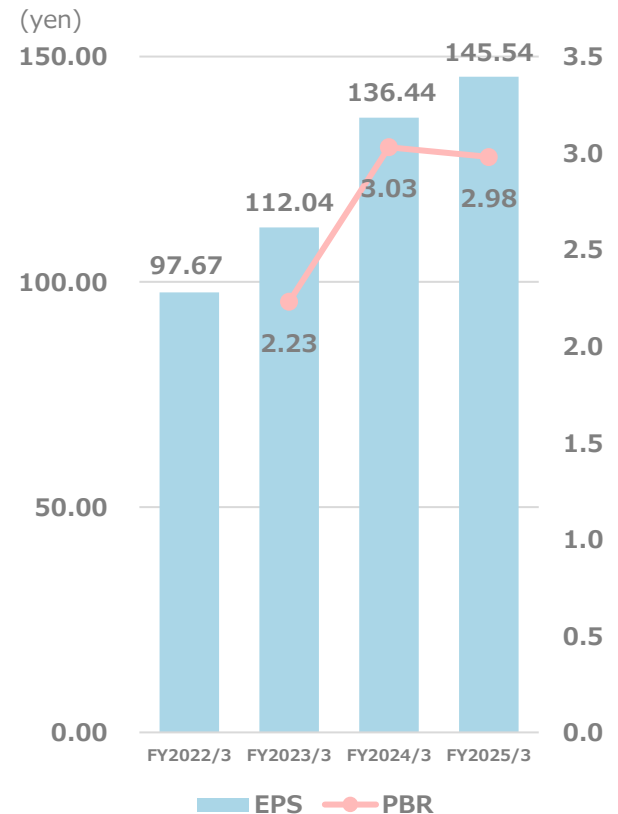
## ✓ ROE・Cost of equity



## ✓ ROIC・WACC



## ✓ PBR\*1・EPS\*2



\*1: PBR (Price-to-book ratio) = Share price / Net assets per share

\*2: EPS (Earnings per share) = Net income / Average total number of shares outstanding during the period

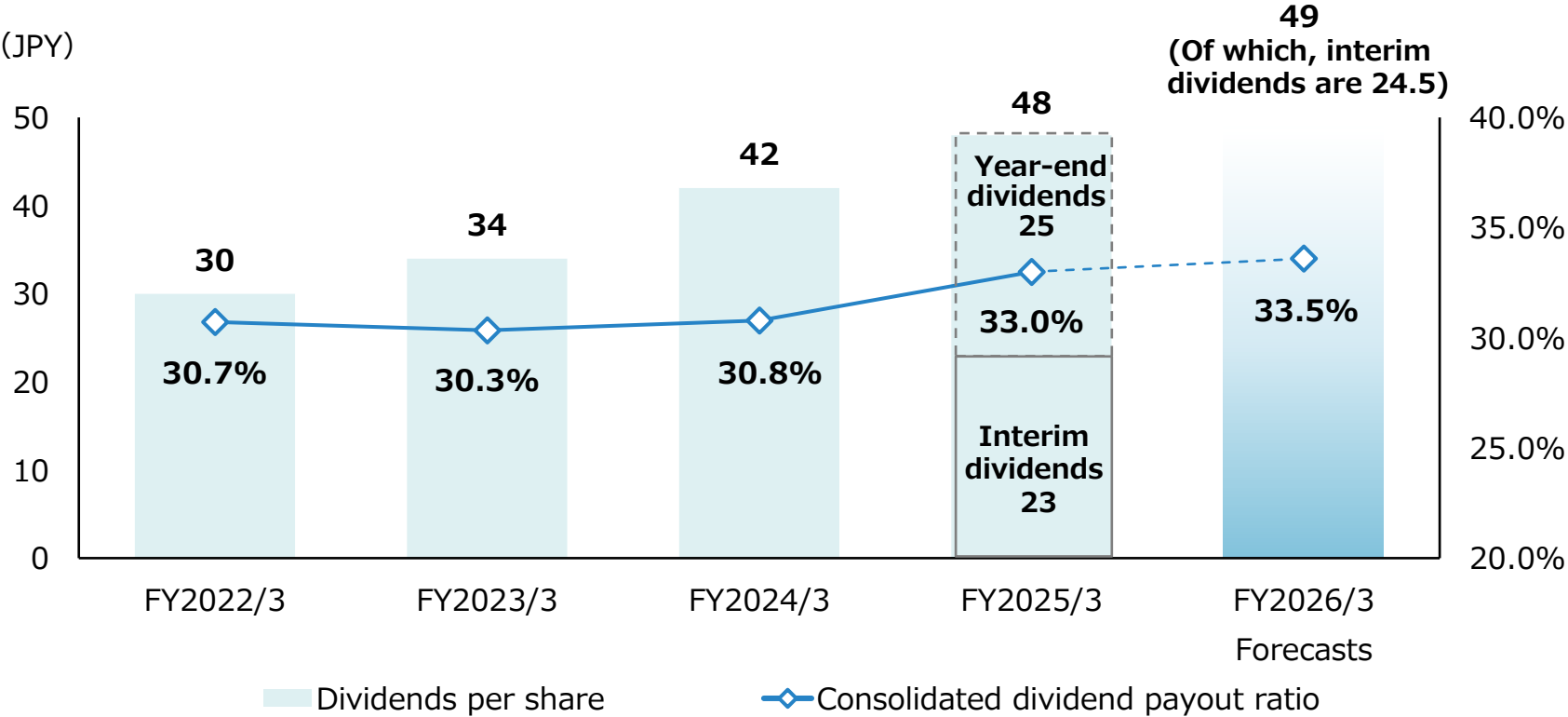
Note: Cost of equity and WACC are assumed based on expert opinion.

# 4. Shareholder Returns

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# Shareholder Returns

- Maintaining target consolidated dividend payout ratio at **33% or higher** in the period of the Medium-Term Management Plan (FY2026/3 to FY2028/3)
- Ensuring **progressive dividends** to achieve sustainable and stable shareholder returns
- Considering additional shareholder returns in line with profit growth



# 5. About Daiei Kankyo Group

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# Company Profile

Name	Daiei Kankyo Co., Ltd.	FY2025/3 Results (Consolidated)	
Founded	1979	Net Sales	JPY 80.1 bn
Representative	Fumio Kaneko, President and Representative Director	Operating Profit	JPY 21.5 bn (Margin : 26.9%)
Employees*1	2,662 ppl. (consolidated; as of Mar. 31, 2025)	EBITDA*3	JPY 27.8 bn ( Margin : 34.7%)
Location	Kobe Fashion Plaza, 2-9-1 Koyochonaka, Higashinada-ku, Kobe, Hyogo*2	Profit Attributable to Owners of Parent	JPY 14.3 bn ( Margin : 17.9%)

## Waste-related Business \*3

- Segment sales: JPY 77.4 bn (97% of net sales)
- Segment profit: JPY 21.8 bn

### Waste management and recycling

View waste as a resource and provide a full range of waste management and recycling services from collection and transportation to intermediate treatment, recycling, as well as final disposal

**82.5%** of net sales

### Soil remediation


Propose solutions ranging from inspections and consulting to remediation based on the Soil Contamination Countermeasures Law

**6.1%** of net sales

## Other Businesses \*3

- Segment sales: JPY 2.6 bn ( 3 % of net sales)
- Segment profit: JPY ▲0.2 bn

### Valuable Resource Recycling Business

**Aluminum pellets**   
Manufacture and sell aluminum pellets made from aluminum cans purchased as resources

**Recycled plastic pallets**   
Manufacture and sell recycled plastic pallets made mainly from plastic container packaging

### Other (Waste-related Business)

Facility construction and administration



Consulting



Electricity generation



Forest management



Other



### Sports Promotion Business

Regional development enterprise through the management of a women's professional soccer club

\*1: Includes full-time employees and average number of temporary employees throughout the year

\*2: Group headquarters

\*3: Financial figures are actual results from FY2025/3. Segment profit includes intersegment consolidation adjustments.

# The Overview of Daiei Kankyo Group

## Consolidated Subsidiary and Business Development Area

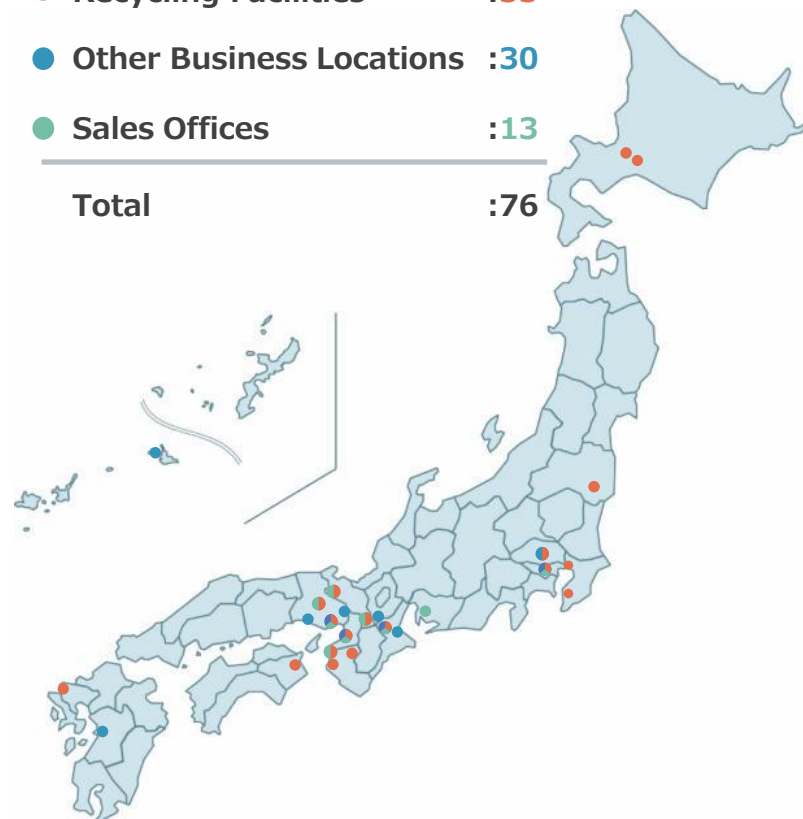
### Consolidated Subsidiaries \*1

41 companies					Daiei Kankyo
Mie Chuo Kaihatsu	DINS Kansai	Kyodoh Doboku	Geo-Re Japan	Safety Island	
Settsu Seiun	Kyoto Kankyo	Kobe Port Recycle	Daiei Amet	Settsu	
Clean Stage	Plafactory	Create Navi	Tohoku Eco Clean	Omihachiman Eco Service	
Sanki Kaihatsu	Green Arrows Kansai	Software Total Service	Maruyo	General Agriculture & Forestry	
DINS Environmental Analysis Center	D-design	Daiei Kankyo Research Institute	Resource Circulation Systems	DINS Mirai	
ISV Japan	Ashiya Josui	INAC Football Club	DINS Hokkaido	Tadaoka Eco Service	
Eiwa Recycle	Urayasu Seiun	Aia	GLOBAL ENVIRONMENTAL TECHNOLOGY .	Aioi Eco Service	
Kaisei	Clean Tech Nabari	Hizen Kankyo	Miyakojima Eco Service	Negibozu	
Makinosato					

※   : Companies that joined our group through M&A 25 companies

### Business Development Area (Waste Management and Recycling Business Locations) \*2

● Recycling Facilities	:33
● Other Business Locations	:30
● Sales Offices	:13
<b>Total</b>	<b>:76</b>



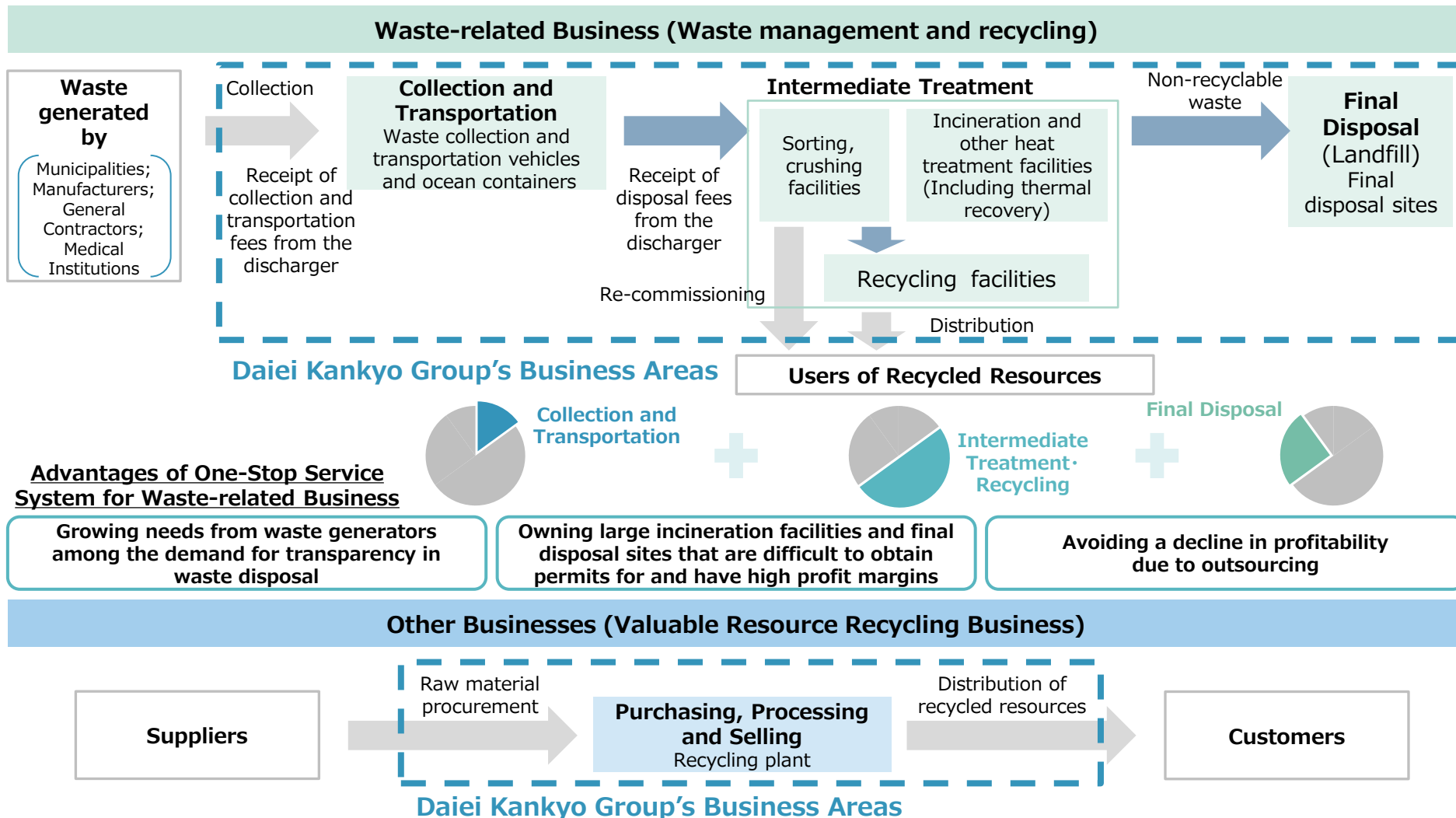
\*1 : As of May. 14, 2025. In addition to the consolidated subsidiaries listed above, there are 2 non-consolidated subsidiaries, 6 affiliates accounted for by the equity method and 5 other affiliates.

\*2 : As of May. 14, 2025. Some dotted locations include multiple types of facilities. This includes the locations of 6 affiliates accounted for by the equity method (other affiliates are omitted due to lack of materiality).



# Business Model (Main Business Flow)

## Business Model of each segment

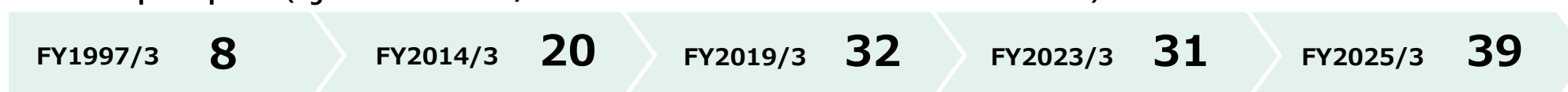


# The History of Daiei Kankyo Group

We started out in the final disposal business and quickly shifted to waste volume reduction and recycling to ensure our continued competitiveness. Since then, we have developed a wide range of environmental-related businesses, including soil remediation, facility construction and administration, consulting, electricity generation and forest management.



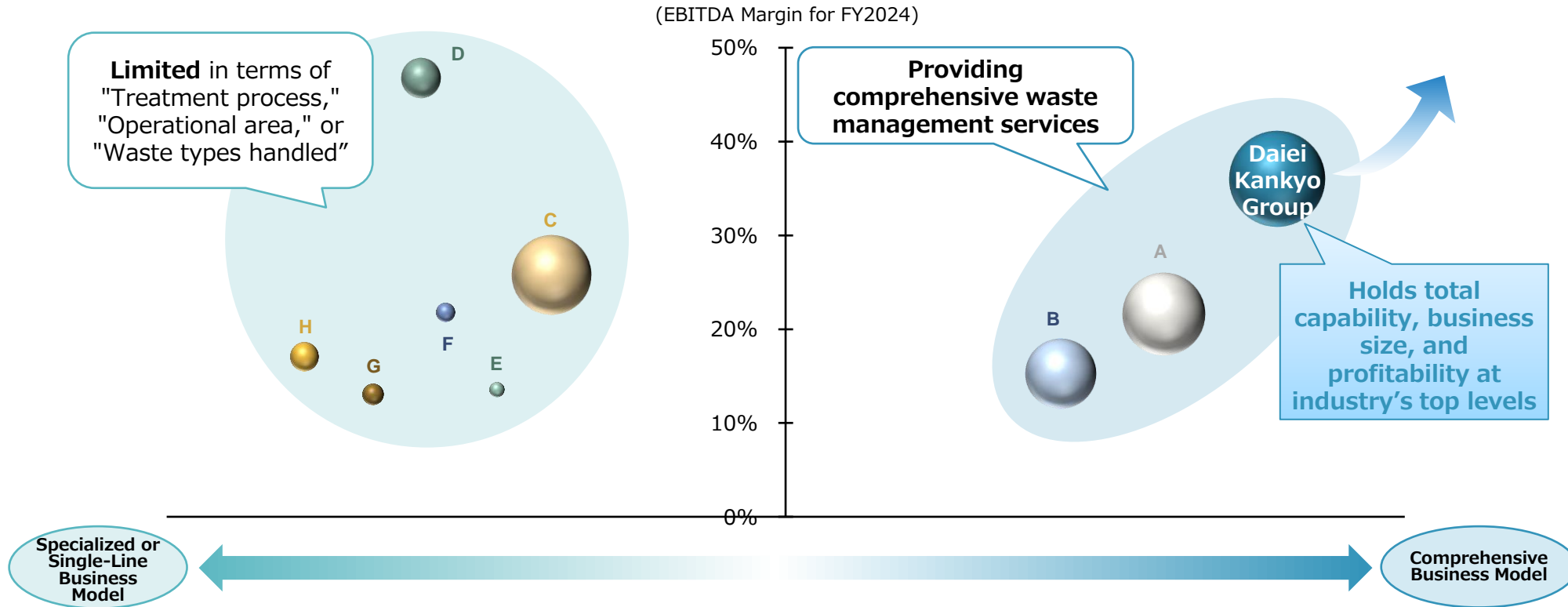
No. of Group Companies (figures from FY2023/3 onward show number of consolidated subsidiaries)



# Position Maps of the Industry

## Position Maps of Japanese Waste Management Industry (Our Analysis)

We recognize that we are in a unique position in the industry in terms of our "one-stop treatment process," "wide operational area," and "variety of waste types handled," and we will continue to enhance our comprehensive strength, business scale, and profitability to further improve our presence in the industry.

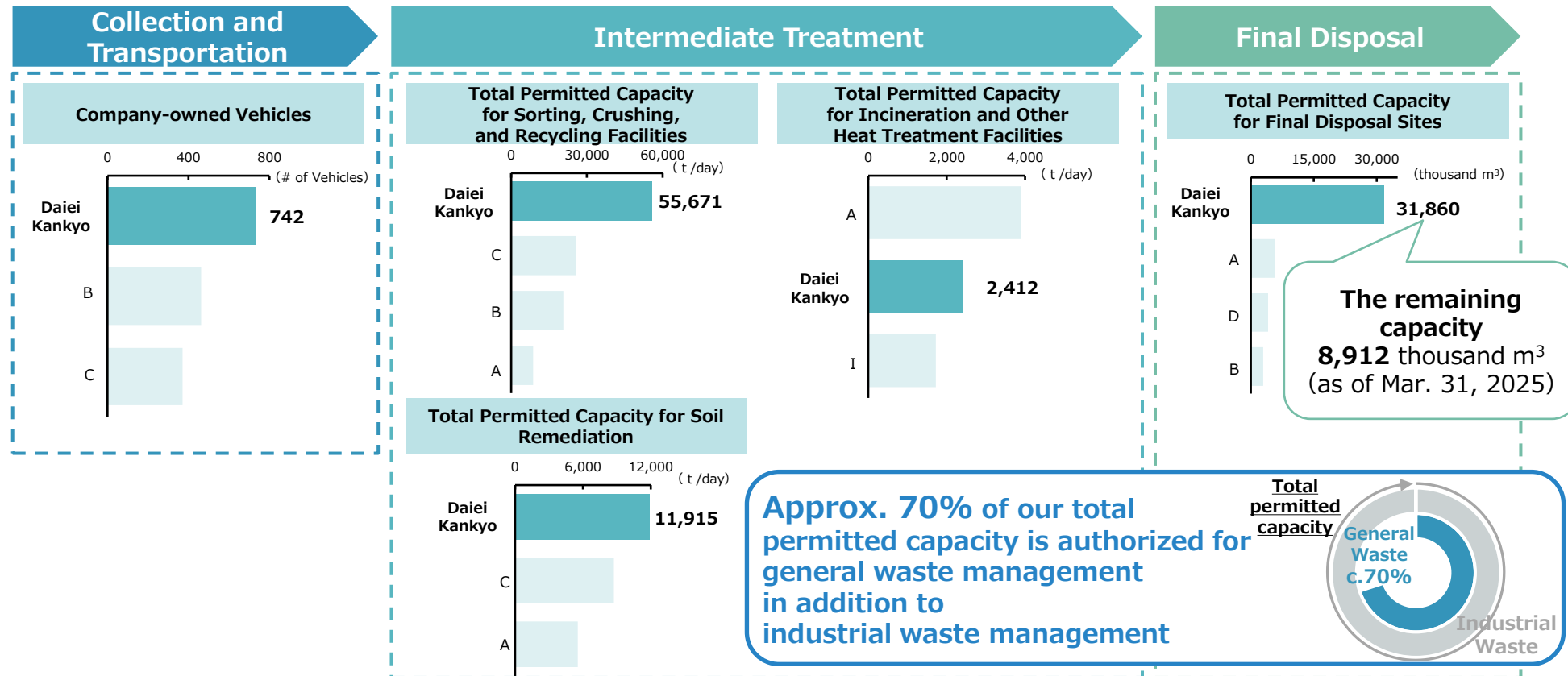


Note: The size of the bubbles indicates EBITDA for the FY2024.  
 The Analysis of "Comprehensive Business Model" and "Specialized or Single-Line Business Model" is based on our own categorizations of the market.  
 EBITDA and EBITDA margin of the other companies are calculated by us in accordance with the formulas based on the data published by each company.  
 Our calculations may differ from the figures published by each company.  
 Some companies use figures from business segments that are classified as waste management businesses

Source: Created based on publicly available information of each company

# Capacity Compared to Other Companies\*1

Total permitted capacity\*2 of facilities (As of Mar. 31, 2025)



\*1: Data of listed companies and subsidiaries of listed companies (figures for non-listed subsidiaries of each company for which information is available are also included) in the waste management and recycling industry was used to create the graphs, etc. for each item.

\*2: Total permitted capacity refers to the treatment capacity that has been permitted by the prefectures, etc. for each item (final disposal sites are described with "permitted capacity" because they are capacity-based). Calculations for companies other than Daiei Kankyo are based on our own aggregation method using the most recent publicly available data.

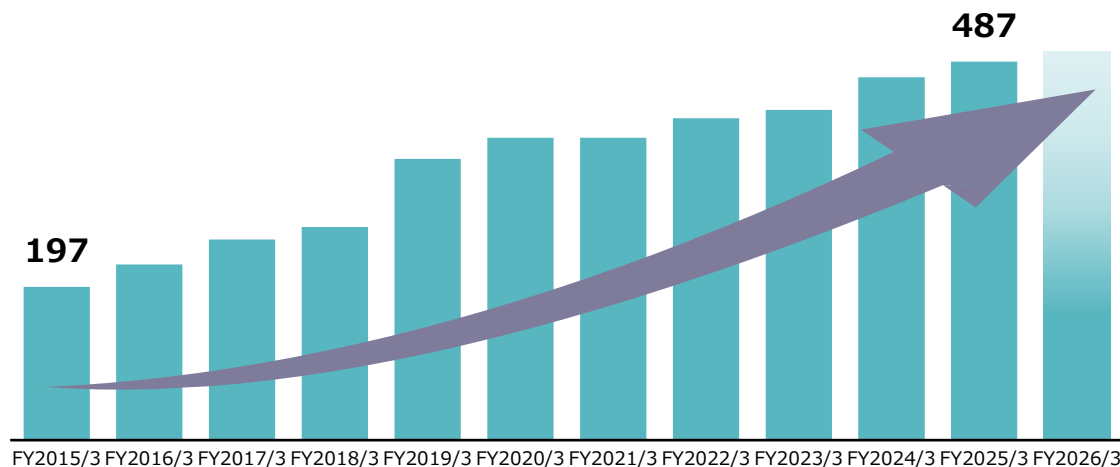
Sources: Integrated Reports, Annual Securities Reports, financial disclosure information, websites, and other public information of the companies (as of Dec. 31, 2024); Japan Industrial Waste Management Foundation. Sanpai-kun, Sanpainet (<https://www2.sanpainet.or.jp/zyohou/index.php>); Japan Disaster Treatment Systems. Transportation and Treatment Capacity (<http://jdts.or.jp/ability/>)

# No. of Municipalities We Work with

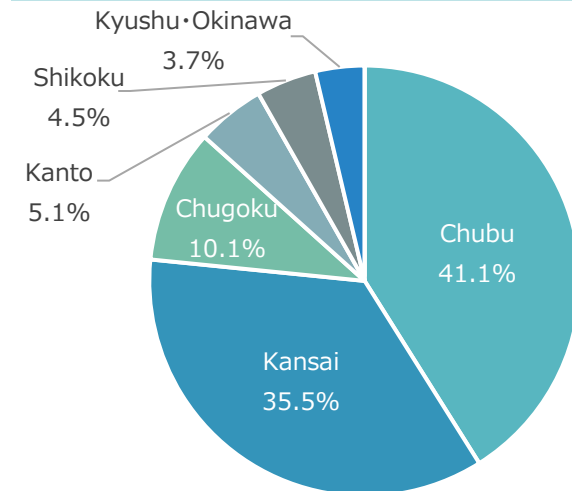
## No. of Municipalities We Work with\*1

- ✓ In Sep. 2013, the Mie Recycle Center Energy Plaza, the Group's largest facility capable of handling general waste, began operations. Daiei Kankyo has been expanding business with local governments since then.
- ✓ As for the FY2025/3 results, we worked with **487 municipalities**, which account for **approx. 27%** of the total municipalities in Japan \*2
- ✓ Temporary processing contracts at our Group facilities increased due to the occurrence of problems at municipal facilities caused by aging, etc.
- ✓ Aiming to expand the number of client municipalities through PPPs (public private partnerships)

No. of Municipalities We Work with



Breakdown of Municipalities We Work with\*3 (FY2025/3)



\*1: The number of municipalities includes prefectures and the 23 wards of Tokyo, and for wide-area associations, each of the constituent municipalities of the wide-area associations is counted as one municipality.

\*2: 1,718 municipalities in Japan as of Apr. 1, 2025 (excluding the 23 wards of Tokyo), plus the 23 wards of Tokyo and 47 prefectures.

\*3: Mie Prefecture is included in the Chubu area.






Source: Portal Site of Official Statistics of Japan (e-Stat)

# No. of Disaster Cooperation Agreements with Municipalities

## No. of Disaster Cooperation Agreements with Municipalities

- ✓ Accelerated the signing of disaster cooperation agreements with municipalities after the disastrous heavy rain and Typhoon No. 21 in West Japan in 2018, etc.
- ✓ As of Mar. 31, 2025, **200 agreements** had been signed, **approx. 11%** of the total number of agreements signed by all municipalities in Japan\*1
- ✓ Aiming to increase the number of agreements

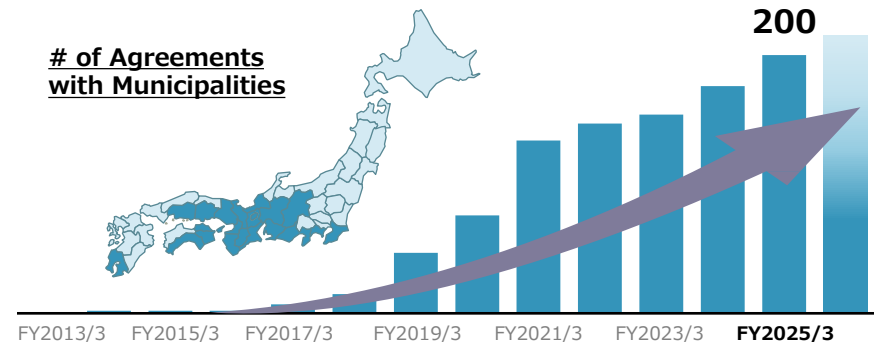
### Our Experience with Disaster Waste\*2

<b>Great Hanshin-Awaji Earthquake</b> 1995/1 (15mn t)		<b>Typhoon in Hyogo</b> 2004/10 (0.07mn t)	<b>Typhoon/Flood in Kii</b> 2011/8-9 (0.1mn t)
<b>Great East Japan earthquake</b> 2011/3 (31mn t)	<b>Kumamoto Earthquake</b> 2016/4 (3mn t)		<b>Disastrous heavy rain in Kanto and Tohoku</b> 2015/9(0.09mn t)
	<b>Typhoon in Osaka</b> 2018/8-9 (2mn t)		<b>Typhoon in Boso and East Japan</b> 2019/10 (1.2mn t)
<b>Disastrous heavy rain in West Japan</b> 2018/7 (2mn t)	<b>Disastrous heavy rain in Kyusyu</b> 2020/7 (0.6mn t)		

### Number of Cooperation Agreements with Municipalities

- ✓ Treated 1/3 of all disaster waste created due to the Great Hanshin-Awaji Earthquake in 1995.
- ✓ Treated wide areas with land and sea transport after the Disastrous heavy rain in Kanto and Tohoku in 2015, putting our group companies' strengths to work.
- ✓ Handled about **5.5 mn** tons of disaster waste to date.

# of Agreements with Municipalities



### [Reference] Estimated amount of disaster waste (Maximum)

- ✓ Nankai thrust Earthquake : Approx. 350mn t (inc. Tsunami deposits)
- ✓ Tokyo inland earthquake : Approx. 110mn t

\*1 : 1,718 municipalities in Japan as of Apr. 1, 2025 (excluding the 23 wards of Tokyo), plus the 23 wards of Tokyo and 47 prefectures.

\*2 : Figures in parentheses are the amount of disaster waste generated in each natural disaster.

Sources: National Institute for Environmental Studies. Platform of Disaster Waste Information (Earthquake and Tsunami) (<https://dwasteinfo2.nies.go.jp/page/page000015.html>), Platform of Disaster Waste Information (Flood and Sediment Disaster) (<https://dwasteinfo2.nies.go.jp/page/page000124.html>); MOEJ. "Kinnen no shizen saigai ni okeru saigai haikibutsu taisaku ni tsuite" [Disaster Waste Management in Recent Natural Disasters] (Sep. 13, 2017 / Dec. 18, 2018 / Jul. 3, 2019 / Oct. 29, 2020 / Dec. 13, 2021) (Based on materials on the MOEJ website "Investigative Commission on Managing Waste from Major Disasters" (<https://www.env.go.jp/recycle/waste/disaster/earthquake/committee2.html>)); MIC. "Saigai haikibutsu taisaku ni kansuru gyosei hyoka kanshi kekka hokoku sho" [Report on the Results of Administrative Evaluation and Monitoring of Disaster Waste Management] (Feb. 2022) ([https://www.soumu.go.jp/main\\_content/000795392.pdf](https://www.soumu.go.jp/main_content/000795392.pdf)); MOEJ. "Kyodai saigai hasseiji ni okeru saigai haikibutsu taisaku no gurando dezain ni tsuite chukan torimatome" [Interim Report on the Grand Design of Disaster Waste Management in the Event of a Major Disaster] (Mar. 2014) ([http://kouikishori.env.go.jp/action2/investigative\\_commission/grand\\_design/pdf/h2603report.pdf](http://kouikishori.env.go.jp/action2/investigative_commission/grand_design/pdf/h2603report.pdf)); Portal Site of Official Statistics of Japan (e-Stat)

# Overview of the Waste Management Business in Japan

## Major Customer Categories and Overview of the Industrial and General Waste Management Business

Industrial Waste (Mainly business activities waste)	Waste Classification	General Waste (Mainly household waste)
<ul style="list-style-type: none"> <li>Manufacturers : c.30%</li> <li>General Contractors : c.35%</li> <li>Medical Institutions : c.5%</li> </ul>	Major Customer Categories* <sup>1</sup> (FY2025/3 Sales Composition)	<ul style="list-style-type: none"> <li>Municipalities : c.20% – Aiming to further increase transactions with municipalities by expanding PPP</li> </ul>
<ul style="list-style-type: none"> <li>Waste generators</li> </ul>	Responsibility	<ul style="list-style-type: none"> <li>Municipalities</li> </ul>
<ul style="list-style-type: none"> <li>370 mn tons</li> </ul>	Emissions (FY2022)	<ul style="list-style-type: none"> <li>40 mn tons</li> </ul>
Industrial waste management JPY 2,969.6 bn	Our Estimate TAM* <sup>2</sup> (FY2022)	General waste management * <sup>4</sup> JPY 1,764.8 bn
Recycling* <sup>3</sup> JPY 3,933.1 bn		Disaster waste management JPY 17.0 bn

\*1 : Percentage of sales by industry for major customers is an approximate figure based on actual sales for the FY2025/3.

\*2 : The Total Addressable Market (TAM) is calculated by the Company based on the sources below.

\*3 : Market size of recycling services and recycled materials, excluding arterial industry (Industries that produce products, such as Manufacturing) receipts

\*4 : Excluding construction and improvement costs

Sources: MOEJ. "Reiwa 5 nendo jigyo Sangyo haikibutsu haishutsu shori jokyo chosa hokoku sho Reiwa 4 nendo sokuho chi (gaiyo ban)" [FY2023 Business Survey Report on Industrial Waste Discharge and Disposal Preliminary Figures for FY2022 (Summary)] (<https://www.env.go.jp/content/000220694.pdf>), "Ippan haikibutsu syori jigyo jittai chosa no kekka (Reiwa 4 nendo) ni tsuite" [Results of Survey on General Waste Disposal Business (FY2022)] (<https://www.env.go.jp/content/000123409.pdf>), "Kankyo sangyo no shijo kibo koyo kibo to ni kansuru hokokusho" [Report on the Market Size and Employment of the Environmental Industry] (Mar. 2024) ([https://www.env.go.jp/policy/keizai\\_portal/B\\_industry/r5/r5houkokusho.pdf](https://www.env.go.jp/policy/keizai_portal/B_industry/r5/r5houkokusho.pdf)), "Nihon no haikibutsu syori Reiwa 4 nendo ban" [Waste Management in Japan FY2022] (Mar. 2024) ([https://www.env.go.jp/recycle/waste\\_tech/ippan/r4/data/disposal.pdf](https://www.env.go.jp/recycle/waste_tech/ippan/r4/data/disposal.pdf))

# Overview of the Waste Management Business in Japan

## Industry players of our recognition

		Collection and Transportation	Intermediate Treatment			Final Disposal
			Sorting, Crushing, and Recycling	Incineration and Other Heat Treatment	Soil Remediation	
Industrial Waste	Private Sector <sup>*1</sup>	No. of companies <b>c.110k companies</b>	No. of companies <b>9,770 companies</b>	No. of companies <b>167 companies</b>	No. of companies <b>150 companies</b>	No. of companies <b>666 companies</b>
	Public Sector <sup>*1</sup>		No. of facilities <b>896</b>	No. of facilities <b>1,005</b> <b>PPP</b> <b>Growth Opportunity</b>		No. of facilities <b>1,034 (in operation)</b>

### Industrial Waste (Mainly business activities waste) Industry

- ✓ An extremely fragmented market comprising small- to mid-sized players and publicly traded companies
- ✓ High momentum for restructuring, with numerous small- to mid-sized players, divestitures of non-core businesses by operating companies, resulting in abundant M&A opportunities

### General Waste (Mainly household waste) Industry

- ✓ Although momentum is building for a shift from the public to the private sector, the majority of processing is done at facilities owned by municipalities, creating a closed environment.

\*1: No. of industrial waste operators as of Jul. 31, 2024, excluding soil remediation facilities (as of Apr. 1, 2025) and incineration and other heat treatment facilities (as of Mar. 31, 2025)  
No. of general waste facilities based on FY2023 Results

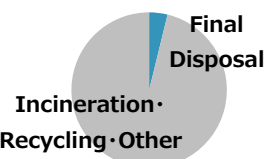
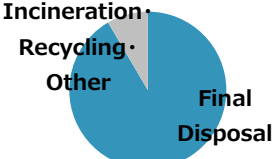
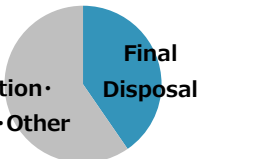
Sources: Japan Industrial Waste Management Foundation. Sanpai-kun, Sanpainet (<https://www2.sanpainet.or.jp/zyohou/index.php>); Geo-Environmental Protection Center. Membership (<https://www.gepc.or.jp/kaiindata/1kaiin.html>); MOEJ. "Dojo osen taisaku ho ni motozuku osen dojo shori gyosha ichiran" [List of Contaminated Soil Treatment Companies Based on the Soil Contamination Countermeasures Act] (as of Mar. 31, 2025) (<https://www.env.go.jp/content/000311935.pdf>) (viewed on Apr. 2025), MOEJ. Waste Disposal Technology Information website. "Ippan haikibutsu syori jittai chosa kekka (Reiwa 5 nendo chosa kekka)" [Results of Research on the Actual State of General Waste Disposal (FY2023)] ([https://www.env.go.jp/recycle/waste\\_tech/ippan/r5/index.html](https://www.env.go.jp/recycle/waste_tech/ippan/r5/index.html))



# Waste Management Markets in Japan, United States and Europe

## The Overview of Waste Management Markets in Japan, United States and Europe

In the United States and Europe, major listed companies account for a higher percentage of the waste management market compared to Japan, and most waste is disposed of by final disposal. In the Japanese waste management market, in comparison, there are a number of small- to mid-sized players, and most waste is recycled or incinerated for energy recovery, resulting in reduced volume of final disposal.

area	Japan		United States		Europe	
<b>Market Size*<sup>1</sup></b> (as of 2023)	<b>JPY 8.6 tn</b>		<b>JPY 15.2 tn</b>		<b>JPY 17.1 tn</b>	
<b>Net Sales of Major Listed Companies for FY2023*<sup>2</sup></b> (Unit: JPY bn)	TRE HD	92.8	Waste Management	2,943.9	Veolia Environnement* <sup>3</sup>	2,076.6
	DOWA HD* <sup>3</sup>	89.0	Republic Services	2,156.8	Suez* <sup>3</sup>	764.0
	Daiei Kankyo	73.0	Waste Connections	1,156.2		
	Daiseiki	69.2				
	<b>Total</b>	<b>324.1</b>	<b>Total</b>	<b>6,257.0</b>	<b>Total</b>	<b>2,840.6</b>
	<b>% of Market Size*<sup>4</sup></b>	<b>3.7%</b>	<b>% of Market Size*<sup>4</sup></b>	<b>41.0%</b>	<b>% of Market Size*<sup>4</sup></b>	<b>16.5%</b>
<b>Proportion of Final Disposal</b> (based on weight; as of 2016)						

Note : Converted into yen at the exchange rates as of Dec. 30, 2023 (1USD=144.13JPY, 1EUR=157.26JPY)

\*1: MARKETSANDMARKETS "WASTE MANAGEMENT MARKET GLOBAL FORECAST TO 2026" (Jun. 2021) (Japan: USD 29.7 bn, US: USD 105.7 bn, Europe: USD 119.1 bn). For the Japanese market, the market size is calculated as the sum of four markets in FY2022, JPY 8.6 tn, for which data is provided by the Ministry of Environment: industrial waste management, recycling, general waste management, and disaster waste. Please see P39 for details.

The market sizes for U.S. and Europe were calculated using the exchange rate indicated in Note on this page. The different calculation methods used to estimate regional market sizes may cause significant discrepancies in the percentage comparisons and therefore must not be placed undue reliance.

\*2: 4 Japanese companies for FY2024, 5 U.S. and European companies for FY2023/12

\*3: Figures for each company's waste treatment business segment (DOWA HD : "Environmental Management & Recycling", Veolia Environnement: "Waste", Suez: "Recycling and Recovery"). On Jan. 27, 2022, Veolia Environnement acquired 95.95% of Suez shares through tender offer.

\*4: The denominator, market size, is not the total sales of all companies in each area, but only an estimate, and the numerator, sales of each company, and denominator, market size, cover different time periods. For these and other reasons, it does not represent actual market share.

Sources: Created based on QYResearch. (Sep. 2017). "Global Waste Treatment Disposal Sales Market Report 2017"; MARKETSANDMARKETS. (Jun. 2021). "WASTE MANAGEMENT MARKET GLOBAL FORECAST TO 2026"; Publicly available information of each company; MOEJ. "Kankyo sangyo no shijo kibo koyo kibo to ni kansuru hokoku sho" [Report on the Market Size and Employment of the Environmental Industry] (Mar. 2024) ([https://www.env.go.jp/policy/keizai\\_portal/B\\_industry/r5/r5houkokusho.pdf](https://www.env.go.jp/policy/keizai_portal/B_industry/r5/r5houkokusho.pdf)), "Nihon no haikibutsu shori (Reiwa 4 nendo ban)" [Waste Management in Japan (FY2022)] (Mar. 2024) ([https://www.env.go.jp/recycle/waste\\_tech/ippan/r4/data/disposal.pdf](https://www.env.go.jp/recycle/waste_tech/ippan/r4/data/disposal.pdf))

# 6. Growth Strategy

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# Measures for Sustainable Growth

## Construction of New Recycling Facilities and Final Disposal Sites

### Recycling Facilities

#### Iga Methane Fermentation Facility

- ✓ A facility that ferments organic waste (general waste, food waste, organic sludge, liquid waste, etc.) to collect methane and generate electricity
- ✓ Generated electricity is sold under the feed-in tariff (FIT) system.
- ✓ Permitted capacity : 320 t/day  
Power generation capacity : 1,980 kW  
Annual power generation : 15,000 MWh



Operations  
began in Nov.  
2022

#### Iga Composting Facility

- ✓ A facility that produces compost from food waste began operation on the same site as the methane fermentation facility mentioned above
- ✓ Permitted capacity : 92 t/day




Operations  
began in Oct.  
2022

### Final Disposal Sites

#### Mie Chuo Kaihatsu Co., Ltd. – Mie Recycle Center: The 8th Stage Controlled Final Disposal Site

- ✓ Start of services : Jan. 2025
- ✓ Permitted capacity : 6,641,181 m<sup>3</sup>  
(of which 5,911,181 m<sup>3</sup> is for the 2nd phase construction)
- ✓ Total investment : Approx. JPY 10.2 bn (including approx. JPY 5.3 bn for the 2nd phase construction)


 : The 8th stage disposal site construction area  
(The 2nd phase)



Started services  
in Jan. 2025

#### Daiei Kankyo Co., Ltd. – Gobo Recycle Center: The 2nd Stage Controlled Final Disposal Site

- ✓ Start of services : Around Nov. 2025
- ✓ Permitted capacity : 1,355,882 m<sup>3</sup>
- ✓ Estimated total investment : Approx. JPY 5.3 bn
- ✓ Construction progress : Approx. 86%

 : The 2nd stage disposal site construction area



Construction  
started in Jan.  
2023

# Measures for Sustainable Growth

## Construction of Incineration and Other Heat Treatment Facilities

### Incineration and Other Heat Treatment Facilities

#### Daiei Kankyo Co., Ltd. – Miki Recycle Center: Miki Biomass Factory

- ✓ Heat treatment facility for mixed-waste incineration of various waste with biomass resources such as waste wood and food residues from the local area

- ✓ Permitted capacity

: 440 t/day

- ✓ Power generation capacity

: 11,700 kW



Operations  
began in  
May 2023

#### Daiei Kankyo Co., Ltd. – Izumi Recycle Center: Izumi Energy Plaza

- ✓ Permitted capacity

: 220 t/day

- ✓ Power generation capacity

: 4,810 kW

- ✓ Start of operations

: Scheduled for May, 2030



Conceptual image of  
completed facility

Obtained  
installation  
permit in Mar.  
2025

#### Daiei Kankyo Co., Ltd. – Nishinomiya Recycle Center: Nishinomiya Energy Plaza

- ✓ Permitted capacity

: 220 t/day

- ✓ Power generation capacity

: 4,650 kW

- ✓ Start of operations

: Scheduled for Dec. 2028



Conceptual image of  
completed facility

Obtained  
installation  
permit in Jan.  
2024

### Aim to Double the Processing Capacity of Incineration and Other Heat Treatment Facilities of the Group & Contribution to Decarbonization

#### Capacity of Incineration and Other Heat Treatment

End of FY2022/3	End of FY2025/3	End of FY2031/3 (Target)
2,067 t /day	<b>2,412 t /day</b>	<b>4,000 t /day</b>

- **Contribute to decarbonization by recovering energy from waste that must be incinerated**
- **Conduct research and study to introduce CCU\*1**

\*1: CCU stands for "Carbon dioxide Capture and Utilization," which aims to reduce carbon emissions by replacing products such as fuels and chemicals conventionally derived from fossil fuels with products made from CO2.

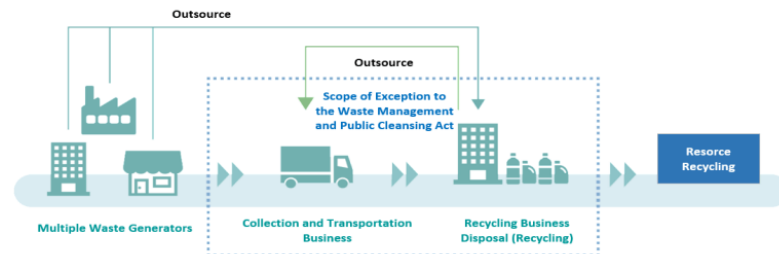
# Initiatives to Promote Carbon Neutrality

## Initiatives regarding “The Plastic Resource Circulation Act”

- ✓ In addition to the 7 companies which obtained accreditation for the “Recycling Business Plan”, recycling of materials similar to the that of accredited companies is being promoted for non-accredited companies.

- As of Mar. 31, 2025

Accredited companies: 7 / Non-accredited companies: 37

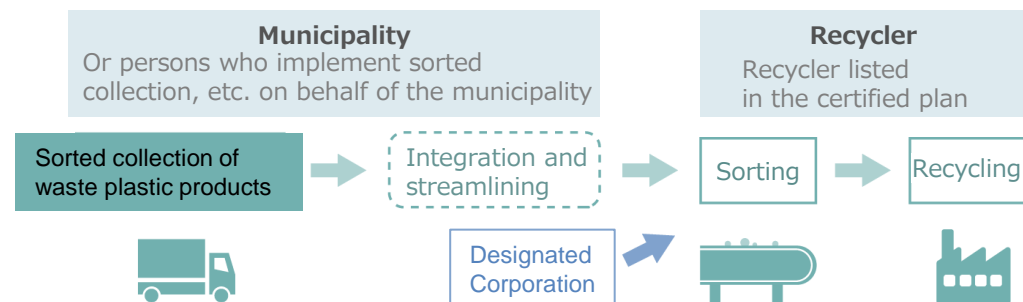


## Aiming to increase the number of contracted non-accredited companies

- ✓ Contributing to plastic resource circulation by participating as a recycler in Recycling Business Plans promoted by municipalities after obtaining accreditation.

- As of Mar. 31, 2025

Number of Recycling Business Plans in which we are participating: For 5 municipalities (Komono Town, Mie & Sakai City, Osaka & Kyoto City, Kyoto & Tsu City, Mie & Hashima City, Gifu)



## Examples of initiatives for decarbonization and recycling

### Demonstration project subsidized by the Ministry of the Environment completed in Mar. 2024

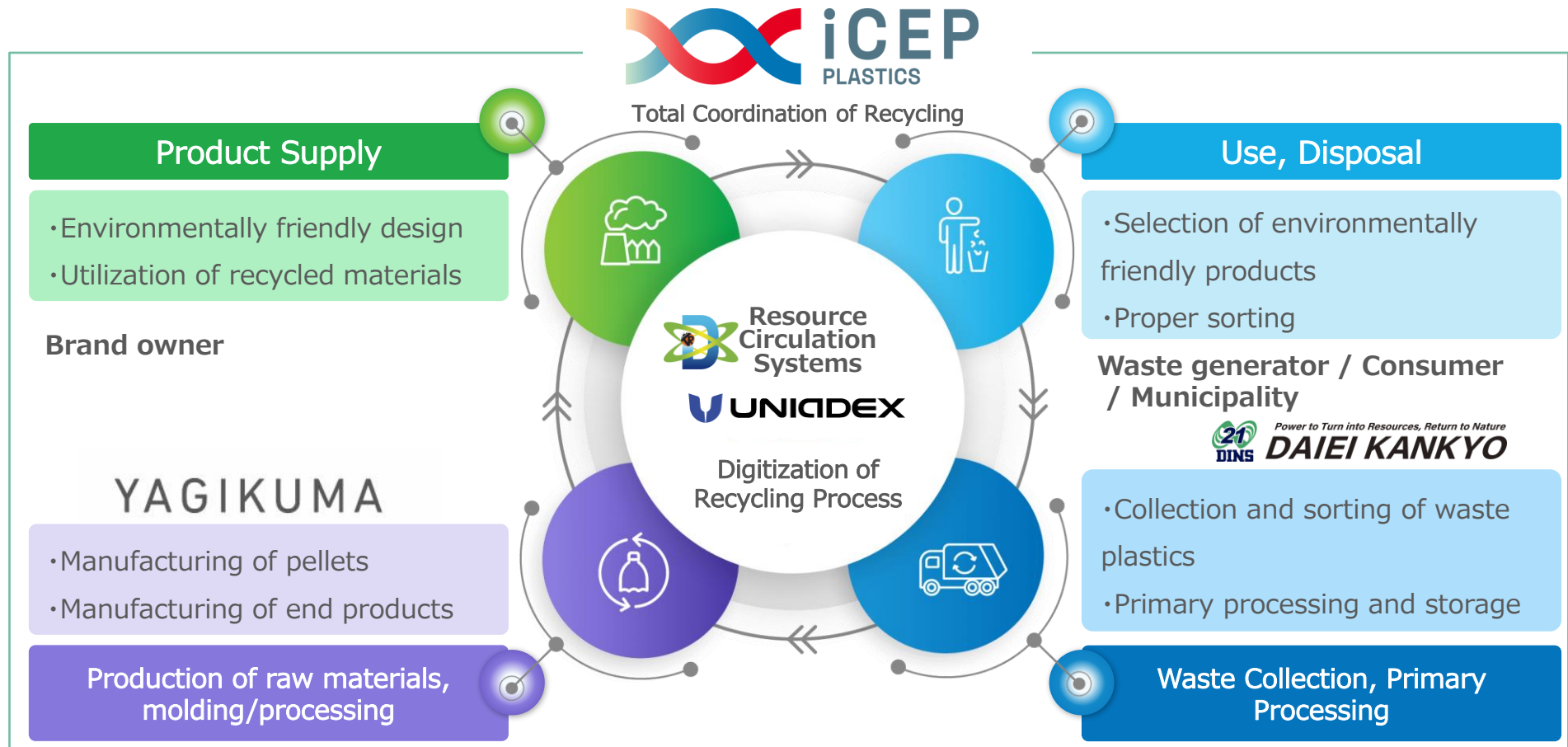
- ✓ We launched **Japan's first demonstration project** for gasification and methanol conversion of waste plastics with Kobelco Eco-Solutions, etc. in Aug. 2022, which we completed in Mar. 2024, and will continue to examine commercialization.
- ✓ Aiming to establish a recycling system through chemical recycling of plastics that had been disposed of until now.

Source: Created based on MOEJ. Special website on the Law Concerning the Promotion of Resource Recycling of Plastics (<https://plastic-circulation.env.go.jp/about/pro/bunbetsu>, <https://plastic-circulation.env.go.jp/about/pro/haishutsu>)

# Initiatives to Promote Carbon Neutrality

Launched iCEP PLASTICS<sup>\*1</sup>, a total coordination service for plastic recycling through “artery-vein” collaboration.

- ✓ One-stop support from collection to producing end products of waste plastics by leveraging the strengths of four companies.



\*1: iCEP stands for “intelligence Circular Economy Platform”.



# Initiatives to Promote Carbon Neutrality

## Example of iCEP PLASTICS Initiatives

### Case 1 : Daiwa House Industry Co., Ltd.

#### Investigation into recycling waste plastic generated from non-residential construction sites

- ✓ Investigation of waste plastics generated from non-residential construction sites
- ✓ Promoting the establishment of resource recycling systems at construction sites

【Examples of products that can be made by using recycled plastic】



### Case 2 : Kajima Corporation

#### Recycling waste plastic collected from construction sites into barricades

- ✓ Waste plastic collected from construction sites is used to produce recycled barricades
- ✓ Introduced at Kajima Corporation's construction sites to achieve resource recycling within the construction sites



### Case 3 : LIXIL Corporation

#### Supplying waste plastic as raw material for paving materials

- ✓ Supplying waste plastic as raw material for recycled paving materials
- ✓ Realization of resource recycling of plastics

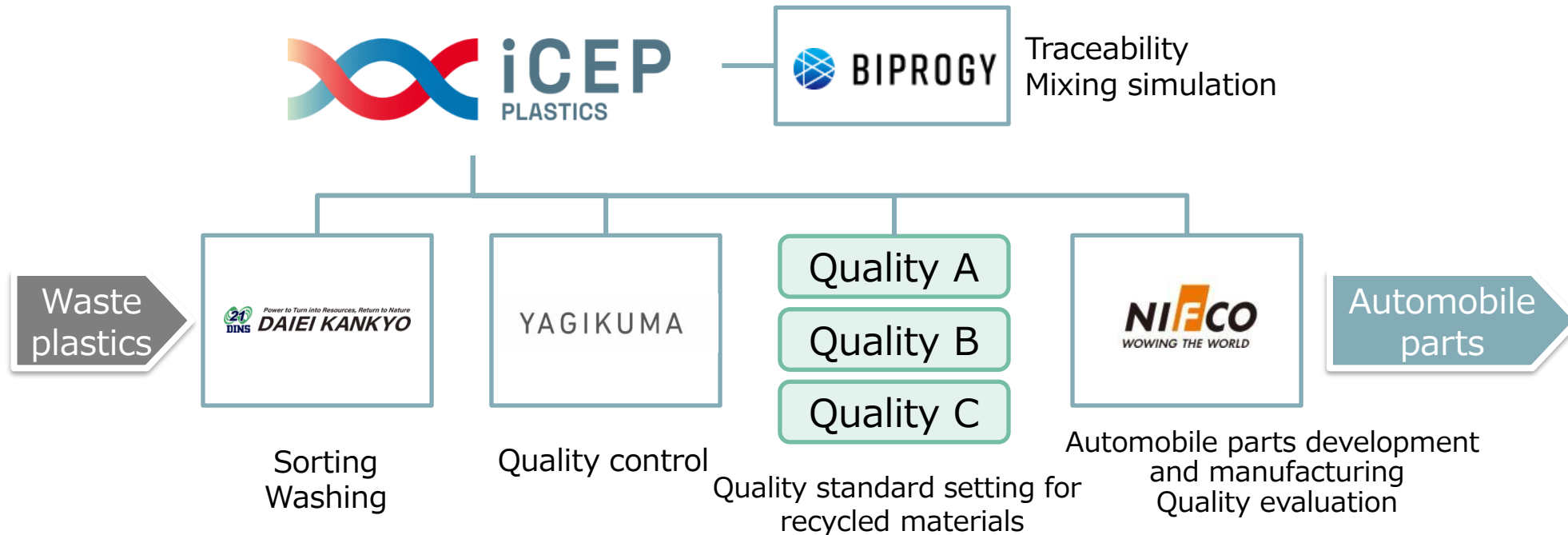


**Creation of a new resource circulation model for waste plastics through artery-vein collaboration**

# Initiatives to Promote Carbon Neutrality

## Promotion of XtoCar Project

- ✓ Promote this “artery-vein” collaboration project to address the urgent issue of plastic recycling with the goal of realizing “XtoCar,” a system in which recycled materials from waste plastics are supplied for the production of automobile parts



Note: This project is conducted as the Japan Foundation for Advanced Auto Recycling’s “Subsidy program regarding surveys, research, and demonstrations that contribute to the enhancement of automobile recycling, etc.” for FY2025.



# Initiatives to Promote Carbon Neutrality

## Examples of Food Recycling Loop Initiatives

### 1st Case

#### Obtained "Food Recycling Loop Certification" with AEON Agri Create Co., Ltd. and 8 other companies

- ✓ Based on the "Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources", the composting facility at Miki Recycle Center

obtained certification for the "Recycling Project Plan" in Nov. 2014

from the Ministry of Agriculture, Forestry and Fisheries, Ministry of the Environment, and Ministry of Economy, Trade and Industry

### 2nd Case

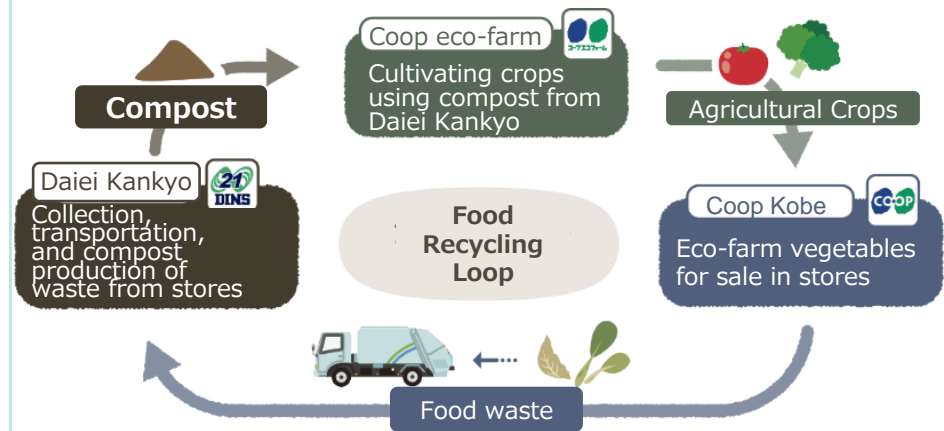
#### Obtained "Food Recycling Loop Certification" with Consumers Co-operative Kobe

- ✓ Based on the "Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources", the same facility at the same Recycle Center

obtained certification for the "Recycling Project Plan" in Mar. 2024

from the Ministry of Agriculture, Forestry and Fisheries and Ministry of the Environment

**Promote the creation of a Local Circular Ecological Sphere by maximizing the use of local resources and feeding it back to society.**



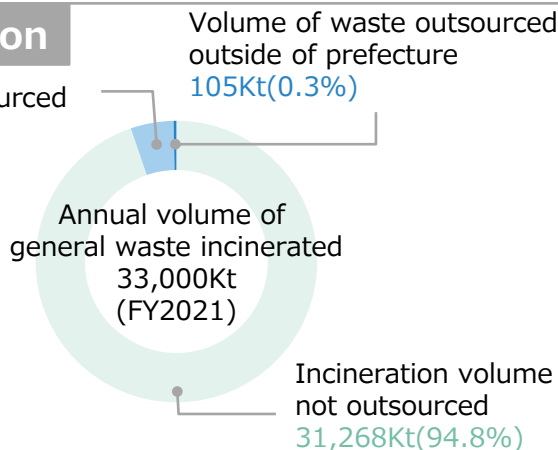
# Public Private Partnership (PPP) Projects

## Public Private Partnership (PPP)

A structure for the purpose of enabling municipalities to reduce costs for general waste management by treating general waste together with industrial waste at an incineration and other heat treatment facility constructed with private funds by sharing roles between a municipality and the private sector

### Current situation

Volume of waste outsourced  
within prefecture  
1,626Kt(4.9%)



### Challenges

#### Challenges facing municipalities

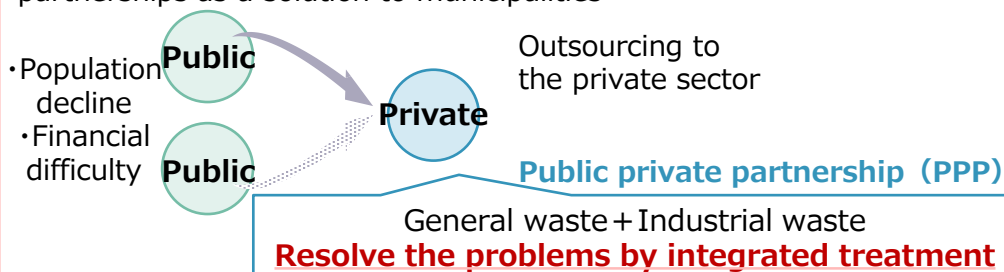
- ✓ Decline in facility operating rate as a result of population decline  
(increase in cost per person)
- ✓ Rise in construction costs
- ✓ Lack of financial resources to renew facilities
- ✓ Improving disaster response capabilities

#### What to do to achieve carbon neutrality

- ✓ Expansion of facilities for future CCU

### Shifting general waste management to the private sector

As a large number of municipalities have been considering outsourcing to the private sector, we have been suggesting public private partnerships as a solution to municipalities



### Expansion of PPP enables the achievement of:



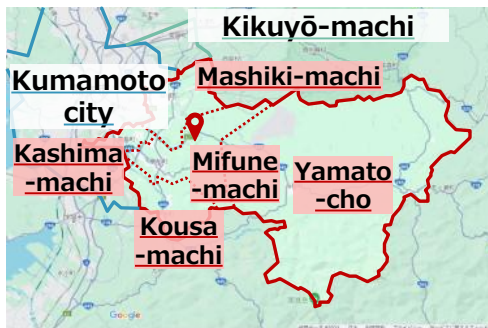
Source : Created based on MOEJ. "Haikibutsu shigen junkan bunya ni okeru kabon nyutoraru jitsugen purojekuto no kenkyu kaihatsu shakai jisso no hoko sei" [R&D and Social Implementation for the Achieving Carbon Neutrality in Waste and Resource Circulation Project] (Mar. 2023)  
([https://www.meti.go.jp/shingikai/sankoshin/green\\_innovation/green\\_power/pdf/005\\_03\\_00.pdf](https://www.meti.go.jp/shingikai/sankoshin/green_innovation/green_power/pdf/005_03_00.pdf))

# Progress on Key Measures: PPP

## Previous Case of PPP

### Previous Case①: 5 towns in Kamimashiki-gun and others, Kumamoto

Date of Agreement	✓ Oct. 2021
Business Location	✓ Mifune-machi, Kamimashiki, Kumamoto
Facilities Overview	Capacity (t/day) ✓ Recycling : 900 ✓ Energy recovery : 400 ✓ Methane fermentation : 30 ✓ Composting : 60
Waste to be Treated	✓ General waste (5 towns in Kamimashiki-gun and others), industrial waste, disaster waste



- ✓ The red pin depicts the proposed project area.

### Previous Case②: Aioi, Hyogo

Date of Agreement	✓ Oct. 2021
Business Location	✓ Aioi, Hyogo
Facilities Overview	Capacity (t/day) ✓ Recycling : 900 ✓ Energy recovery : 220
Waste to be Treated	✓ General waste (Aioi and others), industrial waste, disaster waste



- ✓ Signed an implementation agreement

### Previous Case③: Tadaoka, Osaka

Date of Agreement	✓ Feb. 2023
Business Location	✓ Tadaoka, Senboku-gun, Osaka
Facilities Overview	Capacity(t/day) ✓ Recycling : TBD ✓ Energy recovery : 220
Waste to be Treated	✓ General waste (Tadaoka), industrial waste, disaster waste

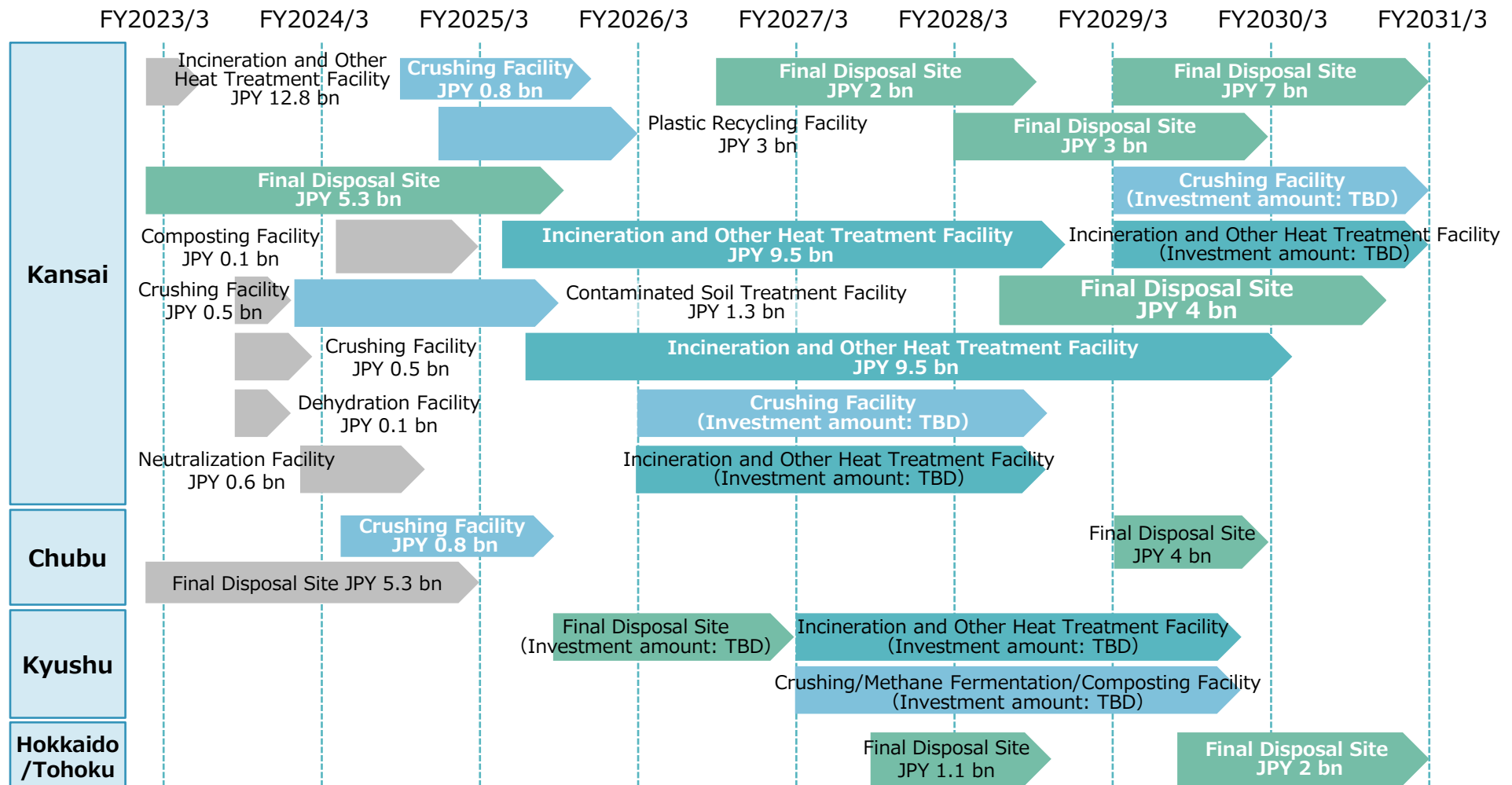


- ✓ The relay facility started operations in Apr. 2024.

**By FY2031/3, we aim to execute 12 agreements for public private partnerships nationwide and to begin operations in 3 of them.**

# Capital Investment Plan in the future

## Capital Investment Plan



Note : As of May 14, 2025

Mie Prefecture is included in the Chubu area.

# Priority Targets for M&A

M&A is mainly targeting the business operators that own intermediate treatment facilities and have a stable customer base in the areas where we have limited number of facilities.

## Abundant M&A Opportunities

**Proportion of companies in the waste management industry with total business sales of JPY 1 bn or more(FY2010)**

■ Sales of JPY 1 bn or more    ■ Sales of less than JPY 1 bn

16%

84%

	Collection and Transportation	Intermediate Treatment		Final Disposal
		Sorting, Crushing, and Recycling	Incineration and Heat Treatment	
Hokkaido/Tohoku		✓✓✓	✓✓	✓
Kanto	✓	✓✓✓	✓✓	✓
Chubu		✓✓✓	✓✓	✓
Kansai		✓✓✓	✓✓	✓
Chugoku/Shikoku		✓✓✓	✓✓	✓
Kyushu/Okinawa		✓✓✓	✓✓	✓

- This table shows the priority of M&A targets by the number of check marks, categorized by area and waste treatment facility.
- Current number of recycling facilities: ■ > ■ > ■

Source: Created based on MOEJ. "Heisei 23 nendo sangyo haikibutsu shori gyo jittai chosa gyomu hokoku sho" [Survey of Industrial Waste Disposal Industry in FY2011] (Mar. 2012) (<https://www.env.go.jp/content/900535882.pdf>)

# M&A Latest Results

FY2025/3 Result : 4 companies became consolidated subsidiaries (Kanto area)

## Kanto area

### ① Eiwa Recycle Co., Ltd.

Apr. 2024

Location	✓ 2-9-16 Nishiwaseda, Shinjuku-ku, Tokyo
Business	✓ Collection and transportation of industrial waste ✓ Comprehensive building demolition business
Capital	✓ JPY 30 mn
Last Fiscal Year Sales	✓ JPY 3,316 mn
Last Fiscal Year Operating Profit	✓ JPY 428 mn
Our advantage through M&A	✓ Expansion of orders for industrial waste received ✓ Increase in collection and transportation capacity in the Tokyo metropolitan area

### ② Urayasu Seiun, Inc.

Jul. 2024

Location	✓ 15-39 Chidori Urayasu, Chiba
Business	✓ Collection and transportation of general waste and industrial waste
Capital	✓ JPY 10 mn
Last Fiscal Year Sales	✓ JPY 583 mn
Last Fiscal Year Operating Profit	✓ JPY 10 mn
Our advantage through M&A	✓ Expansion of business area for handling general waste ✓ Increase in collection and transportation capacity in the Tokyo metropolitan area ✓ Strengthening relationships with municipalities

### ③ Aia, Inc.

Jul. 2024

Location	✓ 15-39 Chidori Urayasu, Chiba
Business	✓ General waste recycling business
Capital	✓ JPY 5 mn
Last Fiscal Year Sales	✓ JPY 12 mn
Last Fiscal Year Operating Profit	✓ ▲JPY 18 mn
Our advantage through M&A	✓ Expansion of business area for handling general waste ✓ Strengthening relationships with municipalities

### ④ Kaisei Co., Ltd.

Jan. 2025

Location	✓ 3-10-6, Chuo, Chuo-ku, Chiba
Business	✓ Comprehensive building demolition business
Capital	✓ JPY 20 mn
Last Fiscal Year Sales	✓ JPY 1,182 mn
Last Fiscal Year Operating Profit	✓ JPY 6 mn
Our advantage through M&A	✓ Expansion of orders for industrial waste received

# M&A Latest Results

FY2026/3 Result : 2 companies became consolidated subsidiaries  
(Chubu and Kyushu/Okinawa areas)

## Chubu area

Apr. 2025

### ① Clean Tech Nabari Co., Ltd.

Location	✓ 1476-1 Aogami, Shimohinachi, Nabari City, Mie
Business	✓ Collection and transportation of general waste
Capital	✓ JPY 8 mn
Last Fiscal Year Sales	✓ JPY 123 mn
Last Fiscal Year Operating Profit	✓ JPY 7 mn
Our advantage through M&A	<ul style="list-style-type: none"> <li>✓ Expansion of business area for handling general waste</li> <li>✓ Strengthening relationships with municipalities</li> </ul>

## Kyushu/Okinawa area

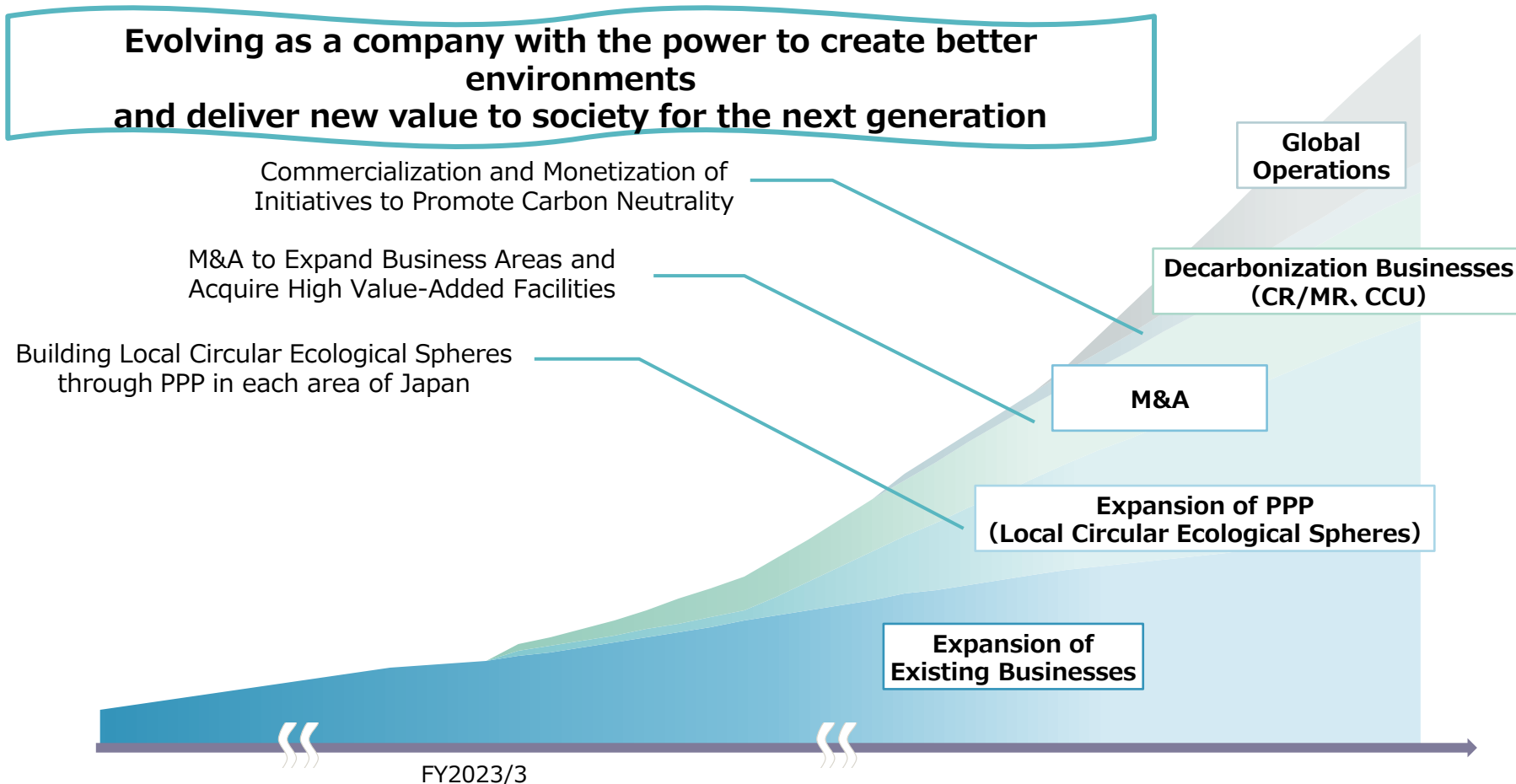
Apr. 2025

### ② Hizen Kankyo Co., Ltd.

Location	✓ 2109-5 Kuroshio, Kurogawacho, Imari City, Saga
Business	✓ Final disposal of general waste and industrial waste
Capital	✓ JPY 10 mn
Last Fiscal Year Sales	✓ —
Last Fiscal Year Operating Profit	✓ —
Our advantage through M&A	<ul style="list-style-type: none"> <li>✓ Establishment of a one-stop service system within the Kyushu/Okinawa area</li> <li>✓ Expansion of business area</li> <li>✓ Strengthening relationships with municipalities</li> </ul>

# The Future Vision of Daiei Kankyo Group

We aim to evolve as a company with the power to create better environments and deliver new value to society for the next generation through expansion of existing businesses, active M&A, building local circular ecological spheres throughout Japan, and initiatives to promote carbon neutrality.



Note: CR = Chemical recycling, MR = Material recycling

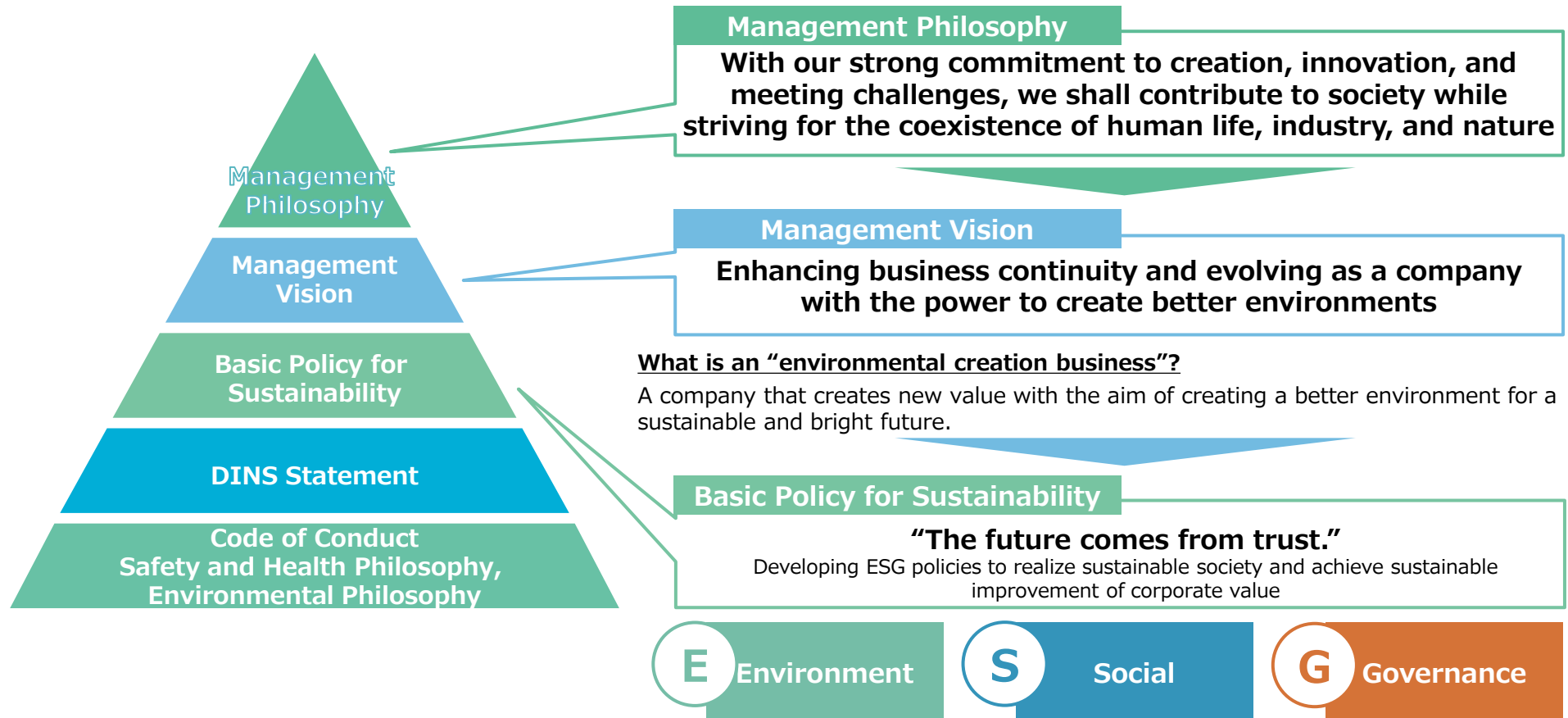


# 7. Appendix

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# Identity

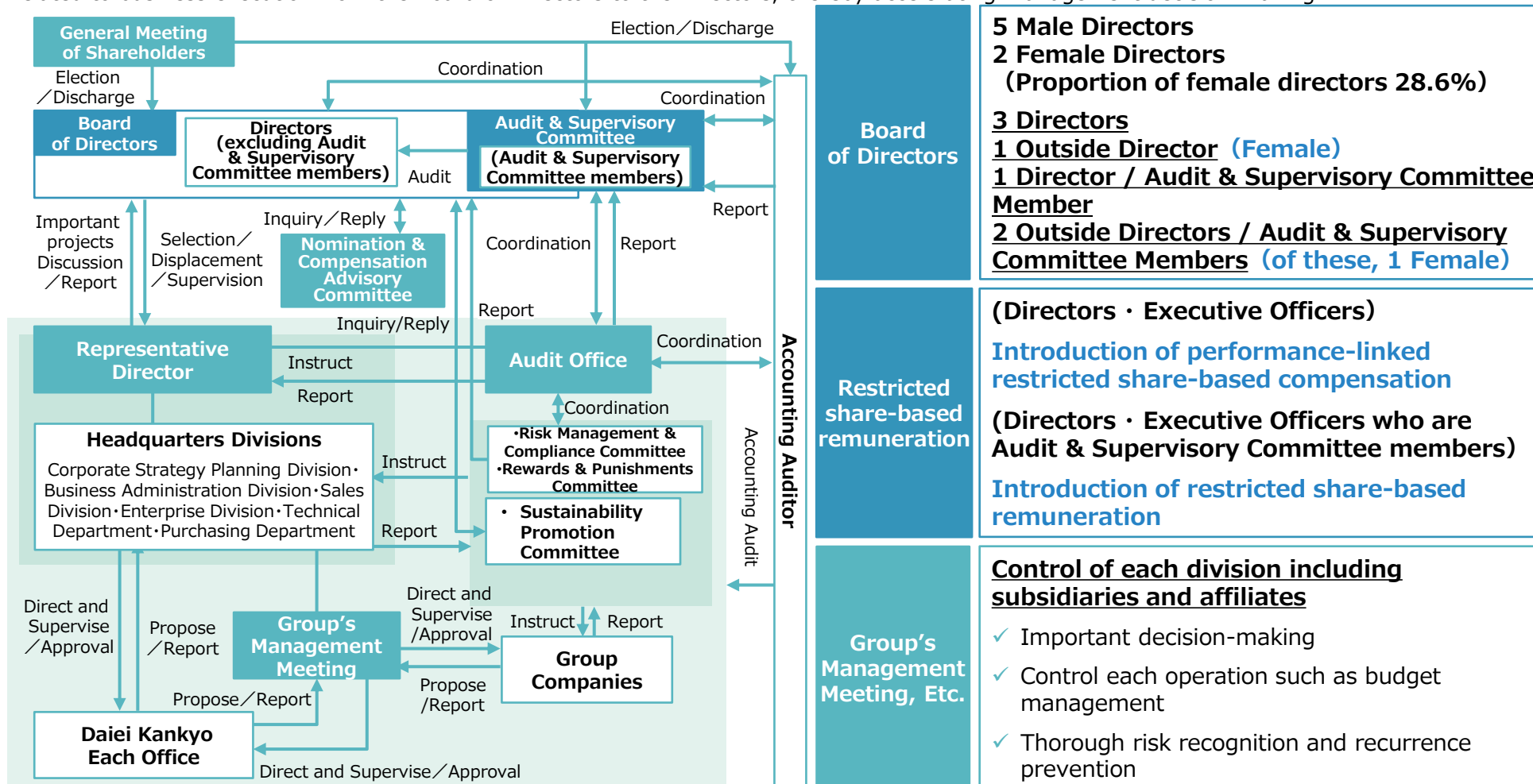
- ✓ We have been steadily realizing our management vision and building a foundation of a “100 year company”. Our business is an important social infrastructure that must endure. As the social system is rapidly changing toward carbon neutrality by 2050, we will engage in ESG (Environmental, Social, and Governance) initiatives that will help solve social issues by taking a long-term perspective more than ever before.
- ✓ In order to change the current systems of waste management and recycling, we will actively invest in cooperation with various partners, and promotion of Local Circular Ecological Spheres, decarbonization, and DX, as well as further enhance our relationships with local communities, which we view as our greatest strength, to deliver new value to society for the next generation.



# Corporate Governance Structure

## Transition to a Company with an Audit and Supervisory Committee

We aim to further enhance corporate value by having the Audit and Supervisory Committee conduct “appropriateness audits” as well as “legality audits,” by strengthening the audit function of the Board of Directors, and by delegating the authority to make important decisions related to business execution from the Board of Directors to the Directors, thereby accelerating management decision-making.



# Human Capital Initiatives

## Achievements and targets of the human capital initiatives of the Daiei Kankyo Group

In order to achieve sustainable growth and increase corporate value for the Group, we recognize that expanding and diversifying human capital investment is an important management issue, and we have set targets to achieve this goal.

	Past state (As of Mar. 31, 2024)	Current state (As of Mar. 31, 2025)	Target (As of Mar. 31, 2026)
✓ Proportion of female new graduates hired (university graduate and above)	36.8 %	<b>33.3 %</b>	30.0% or above
✓ Proportion of female managers	3.7 %	<b>4.3 %<sup>*1</sup></b>	4.0% or above
✓ Rehiring rate of retirees	70.8 %	<b>80.0 %</b>	70.0% or above
✓ Paid leave utilization rate	77.7 %	<b>74.9 %</b>	90.0% or above
✓ Rate of uptake of childcare leave by male employees	90.9 %	<b>90.9 %</b>	90.0% or above
✓ Percentage of high-stress employees in stress checks	10.9 %	<b>10.9 %</b>	10.0% or less

# Initiatives for Coexistence with Local Communities

Promoting a society in which women actively participate



INAC KOBE / Promoting development of women's soccer



Based on the philosophy and vision of the WE-League, we will contribute to the realization and development of **a society where diversity of dreams and lifestyles abound and each individual shines** through women's soccer and sports.

## VISION 0 1

The world's best women's soccer team

## VISION 0 2

The world's best active women's community

## VISION 0 3

The world's best league value

## VISION 0 4

Career creation for after retiring from professional sports

Promoting coexistence with local communities

## Opening of 「ROKKO i PARK」

Commercial facility to which the Group headquarters relocated in 2020 finally reopened in Mar. 2024 after almost 6 years.



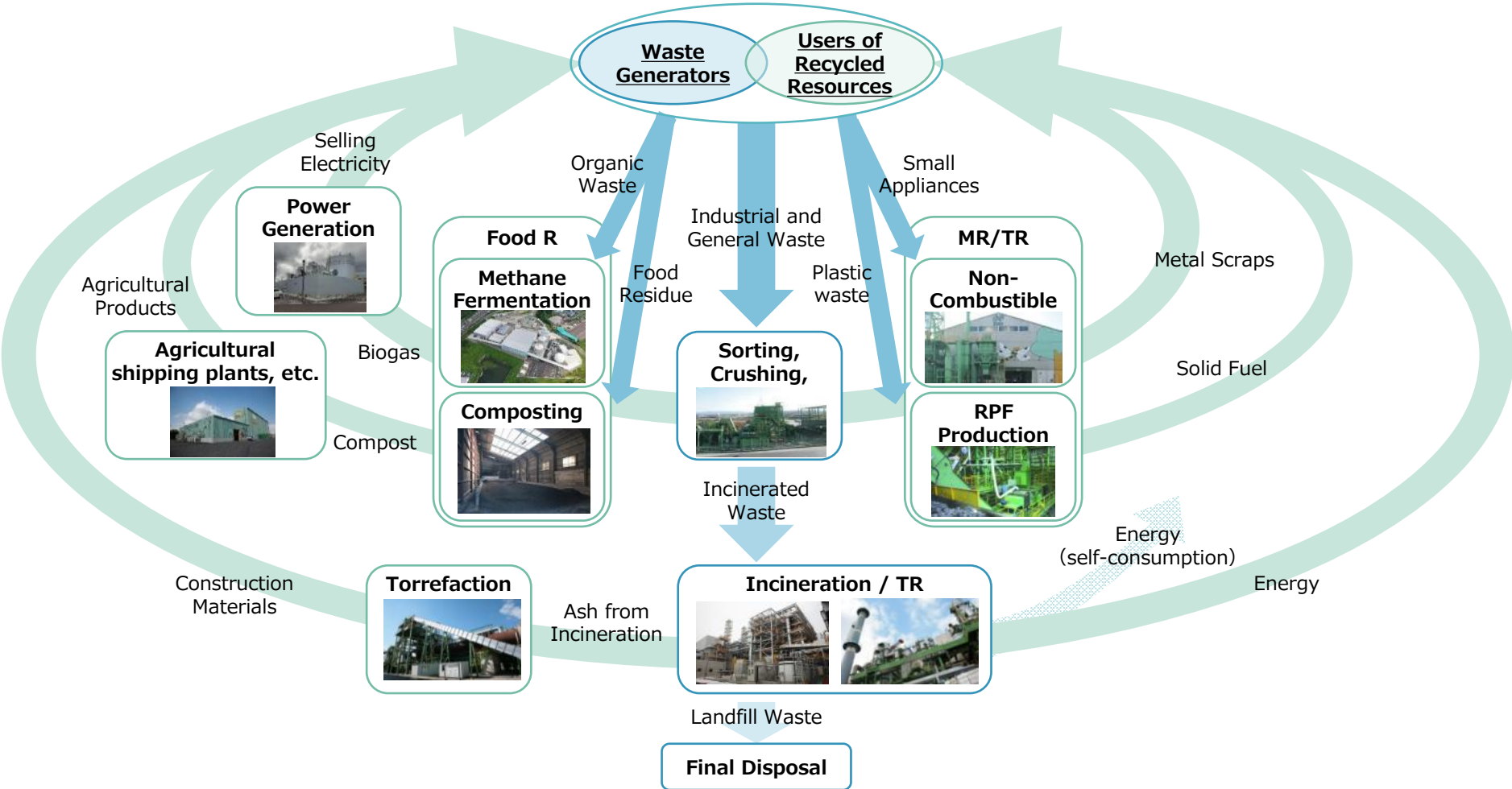
## Holding of Mie Fureai Festival (community event)

The Fureai Festival was held in Apr. 2024 after 5 years at the Mie Recycle Center, and approximately 2000 people attended.



# Initiatives for Circular Economy

## Illustration of Daiei Kankyo Group's Circular Economy



Note: R = Abbreviation for Recycling, MR = Material Recycling, TR = Thermal Recycling  
RPF = Refuse Paper & Plastic Fuel, a solid fuel made from waste plastic and other materials

# Efforts to Reduce CO2 Emissions

## Endorsement of TCFD and information disclosure

We are working towards the government's goal of carbon neutrality by 2050 by implementing climate change countermeasures based on the TCFD protocols and reducing greenhouse gas emissions in society as a whole.

We endorsed the TCFD in Jun. 2023 and disclosed 4 items based on the TCFD declaration.



### <Greenhouse gas reduction targets>

<b>Long-term target</b>	Achieve carbon neutrality for the entire Daiei Kankyo Group by 2050
<b>Medium-term target</b>	Achieve virtually zero CO2 emissions from electricity use for the entire Daiei Kankyo Group by 2030

►For details on the TCFD disclosure, please refer to the Daiei Kankyo website.  
(Japanese only)

### <Daiei Kankyo Group's actual greenhouse gas emissions>

	Scope	FY2022/3 (t-CO2)	FY2023/3 (t-CO2)	FY2024/3 (t-CO2)*1
Scope 1	Group as a whole*2	249,361	252,540	261,601
Scope 2	Group as a whole*2	22,666	18,714	25,013
Total	Group as a whole*2	272,027	271,254	286,615
(Reference) Scope 3	Group as a whole*2	—	—	223,306
	Four major companies*3	—	142,889	—

\*1 The figures disclosed to date have been updated due to a review of the aggregation.

\*2 All Group Companies: Corporations included in the Daiei Kankyo Group during the reporting year. D-design and INAC Football Club, which became consolidated subsidiaries during the period, are excluded from the calculation.

\*3 Four major companies: Daiei Kankyo Co., Ltd., Mie Chuo Kaihatsu Co., Ltd., DINS Kansai Co., Ltd., and Geo-Re Japan Inc.

### <Contribution to the reduction of greenhouse gas (CO2) emissions in society as a whole>

Initiatives		Actual reduction in FY2023/3 (t-CO2)	Actual reduction in FY2024/3 (t-CO2)	
Thermal recycle	Power generation and sale by waste incineration	Approx. -2,000	Approx. -19,000	Contribution
Solar power generation	Solar power generation and sale of electricity	Approx. -2,000	Approx. -2,000	
Recycling	Manufacturing and sales of RPF and recycled pallets	Approx. -107,000	Approx. -114,000	
Forest management	Fixation of CO2 emissions from approximately 8,170 ha of company-owned forests	Approx. -44,000	Approx. -44,000	Ab-sorption



Solar power generation



RPF, Recycled pallets



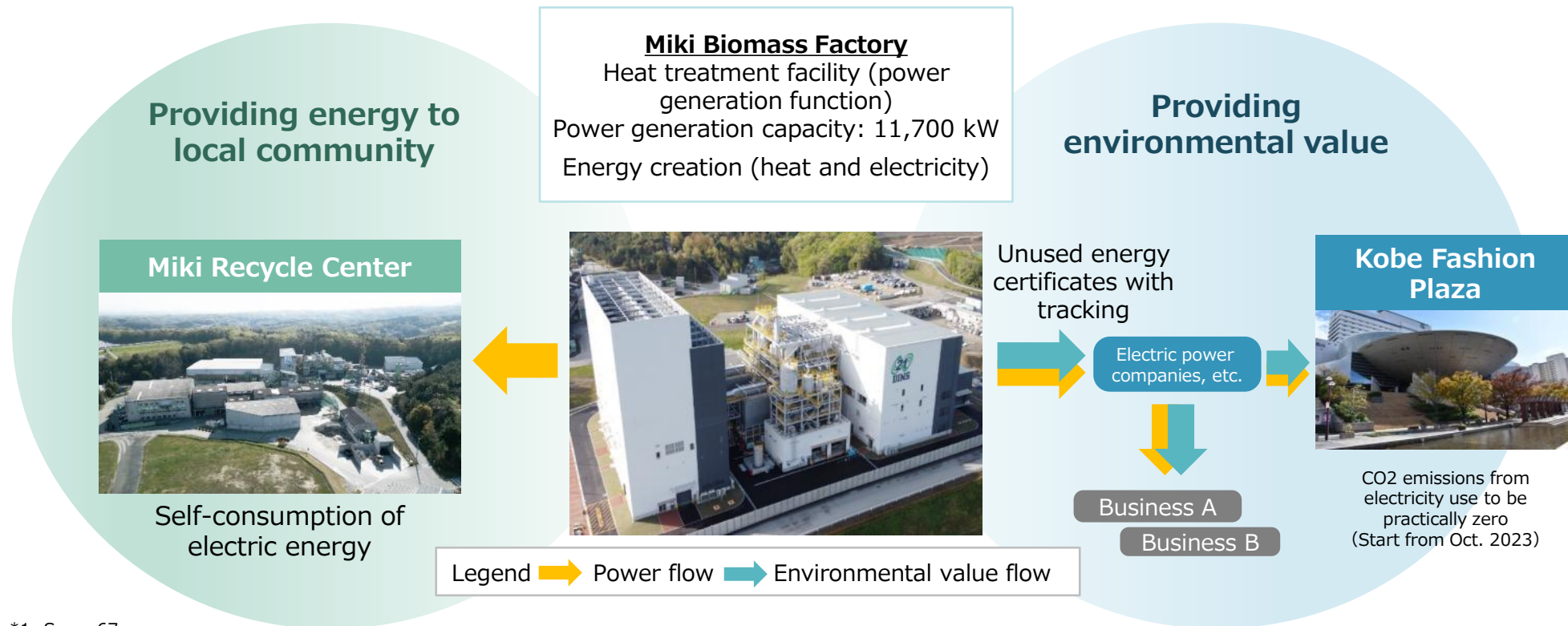
Company-owned forests



# Efforts to Reduce CO2 Emissions

## Energy value creation by Miki Biomass Factory

- ✓ The power generated by the Miki Biomass Factory is supplied to various facilities in the Miki Recycle Center, and the surplus is sold
- ✓ As an initiative toward our medium-term target\*1, we will buy back the environmental value and achieve practically zero CO2 emissions at Kobe Fashion Plaza\*2



\*1: See p.67

\*2: Location of Group headquarters



# Initiatives for Nature Positive

## Conservation of biodiversity

Participation in new domestic initiatives to achieve the international biodiversity targets through forest management business

Certified as “a Natural Symbiosis Site” by  
The Ministry of the Environment (Oct. 6, 2023)

- ✓ Conservation of biodiversity was recognized at a specific site in Daiei Kankyo group owned forest

### 【Site overview】

Name: “Daiei Kankyo Miyazaki Mimata Forest”  
Total Area: Approx. 2,234ha  
Certified Area: Approx. 493ha  
Certified Reason: Confirmed habitat of rare plants and southern limit plants etc...



( a Natural symbiosis site certification logo)

## Participation in “30by30 Alliance for Biodiversity”

- ✓ Participation in the coalition of governments including the Ministry of the Environment, companies and non-profit organizations to achieve the 30by30 target in Japan



Daiei Kankyo Miyazaki Mimata Forest



Award ceremony for certification of  
a Natural Symbiosis Site

## 【Reference】 Reconciliation of EBITDA

(million yen)	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Operating profit	12,840	16,623	19,714	21,548
Depreciation	6,249	5,413	6,190	5,828
Amortization of goodwill	736	212	360	447
<b>EBITDA</b>	<b>19,826</b>	<b>22,250</b>	<b>26,265</b>	<b>27,826</b>
<b>EBITDA Margin</b>	<b>30.6%</b>	<b>32.9%</b>	<b>36.0%</b>	<b>34.7%</b>

## 【Reference】 Reconciliation of ROE

(million yen)	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Profit Attributable to Owners of Parent	8,870	10,494	13,591	14,364
Equity <sup>*1</sup>	56,324	69,115	83,022	90,913
<b>ROE</b>	<b>15.7%</b>	<b>15.2%</b>	<b>16.4%</b>	<b>15.8%</b>

\*1: Equity is the sum of share capital, capital surplus, retained earnings, valuation difference on available-for-sale securities and remeasurements of defined benefit plans presented on our consolidated balance sheet (average of beginning and ending amounts).

## 【Reference】 Reconciliation of ROIC

(million yen)	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Operating profit	12,840	16,623	19,714	21,548
Amortization of goodwill	736	212	360	447
Effective tax rate	30.6%	30.6%	30.6%	30.6%
NOPAT (Net Operating Profit After Taxes)	9,419	11,681	13,928	15,260
Net property, plant and equipment	60,286	69,943	80,519	85,271
Total investments and other assets	17,977	16,529	16,620	20,687
Total current assets (excluding cash and deposits)	13,525	13,964	14,657	17,559
Total current liabilities (excluding interest-bearing debt)	9,625	11,000	12,242	15,295
Invested Capital at the beginning of the period	82,164	89,436	99,555	108,222
<b>ROIC</b>	<b>11.5%</b>	<b>13.1%</b>	<b>14.0%</b>	<b>14.1%</b>

Note: Balance sheet items are as of the beginning of the period

## 【Reference】 Reconciliation of Net D/E Ratio

(million yen)	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Net Interest-bearing Debt	21,518	9,987	9,075	13,816
Equity	59,743	78,487	87,557	94,269
<b>Net D/E Ratio</b>	<b>0.4x</b>	<b>0.1x</b>	<b>0.1x</b>	<b>0.1x</b>



*Power to Turn into Resources, Return to Nature*  
**DAIEI KANKYO**

**Contact:**

Corporate Strategy Planning Division  
Investor Relations/Sustainability Promotion Department  
TEL: +81-(0)78-857-6600  
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URL: <https://www.dinsgr.co.jp/english/>

 Official Account

Release of IR information



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