

Where is Daiseiki headed?

▶▶ This section outlines the future Daiseiki seeks to achieve over the medium to long term as a “solution-oriented company,” together with its long-term vision and strategic direction.



Message from the President

Embracing the challenge to deepen and evolve— becoming a solution-oriented company through the circular economy that supports Japanese manufacturing

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CEO MESSAGE

Key Points

- ▶ Aiming to be a company that prospers for 100 years
- ▶ Optimizing the circular economy as a whole
- ▶ Deepening our existing businesses to support new challenges
- ▶ Strengthening Group-wide collaboration
- ▶ Evolving to create new value
- ▶ Developing people and our organization for the next 100 years
- ▶ Governance that continually examines future competitiveness
- ▶ Becoming a force that supports Japanese manufacturing

Laying the foundation for growth in the circular economy with the aim of becoming a company that prospers for 100 years

As symbolized by the surge in crude oil prices amid the escalating tensions in the Middle East, it has once again become clear that the uncertainty in the environment surrounding resources and energy poses a threat to Japan's economy. Given this state of affairs, it is more important than ever to make effective use of and recycle limited resources.

In point of fact, some automakers have already announced plans to use at least 30% recycled materials by weight for new vehicles to be sold from 2030 onward. I believe that these societal changes will present new growth opportunities, not only for Daiseiki MCR—which recycles lead from used batteries—but also for the entire Daiseiki Group as we promote “circular economy-type recycling,” which returns waste to arterial industries as a resource.

Daiseiki views these social challenges as new business opportunities, and by leveraging the technologies and expertise of our Group companies to advance the sophistication of the circular economy, we will achieve sustainable growth while addressing social issues.

Achieving carbon neutrality and advancing the circular economy are now issues no business can avoid. Through factory tours and other interactions with clients, we have heard an increasing number of comments expressing a desire to “further promote recycling” and “move toward carbon

neutrality.” Client expectations are becoming more complex each year, and it is now a necessity that we offer proposals addressing issues such as how to circulate resources, reduce environmental impact, and balance environmental value with economic efficiency.

Efforts to advance the circular economy are expected to accelerate further across industries. Against this backdrop, we are taking on the challenge of evolving from a specialized waste management company into a solution-oriented company in the circular economy. This means going beyond simply processing waste to providing solutions that support our clients' manufacturing operations. To achieve this, we must steadily grow our existing businesses while venturing further into the creation of new value.

Transforming the negative asset of waste into a positive asset in the form of usable domestic resources, and sharing that value with our clients—I am confident that this business model will serve as the foundation for the Daiseiki Group's future growth.

- ▶ P.15 External Environment Surrounding Daiseiki
- ▶ P.17 A History of Challenge and Evolution
- ▶ P.21 Value Creation Process

Moving upstream in manufacturing to become a driving force in optimizing the entire value chain through the circular economy

The main theme of Expo 2005 Aichi, Japan, was the environment. The concept of “zero emissions” promoted at the time aimed to reduce waste sent to landfill to zero through recycling. Twenty years later, the concept of “zero emissions” highlighted at Expo 2025 Osaka, Kansai, Japan, has evolved into the goal of achieving net-zero CO₂ emissions to help prevent global warming.

Through the recycling of industrial waste, Daiseki has contributed both to the 2005 vision of zero emissions and to the 2025 goals of decarbonization and zero emissions. By expanding its business domains in response to evolving societal challenges, the Daiseki Group itself has also continued to grow.

The keywords shared by these two visions of zero emissions are “a sustainable society” and “balancing a rich environment with economic growth.” We believe that what society is now calling for next is the circular economy. When considering the sustainability of manufacturing, we believe that the perspectives of preventing waste in the first place and keeping resources in circulation, rather than simply recycling waste, will become increasingly important.

The concept of the circular economy was developed to

build a society that keeps resources in circulation and thereby realize the sustainable and prosperous lives of eight billion people envisioned by the SDGs. Against the backdrop of the crude oil crisis caused by the 2026 blockade of the Strait of Hormuz and restrictions on rare-earth exports, manufacturers have once again become acutely aware of the finite nature of resources and procurement risks. The circular economy is not merely an environmental measure. It is also a management priority for ensuring stable manufacturing operations and is becoming increasingly important from the perspective of resource security.

To support manufacturing in Japan, the Daiseki Group intends to go beyond simply treating waste generated during production and offer solutions that reach further upstream in the manufacturing process. For example, it will be important to consider optimization not only in terms of waste treatment but across all stages, including procurement, production, and reuse. This will involve process improvements aimed at reducing waste generation and promoting reuse, the use of recycled materials, and procurement and production practices based on the circular economy.

Based on the circular economy principle of “making the best use of limited resources,” we aim to eliminate the following four forms of waste in manufacturing.

1 Wasted resources
Materials and energy that cannot be continually regenerated
2 Wasted capacity
Products and resources that are underutilized or unused
3 Wasted lifecycles
Usable products that are discarded before the end of their useful lives
4 Wasted embedded value
Components, materials, and energy that are not recovered from discarded products or reused

By eliminating these forms of waste, we will help reduce our clients’ costs, optimize resource use, and contribute to the circular economy. We will also take on the challenge of developing new revenue models through which we share with

our clients the value created by these efforts.

For the Daiseki Group, this means venturing into uncharted territory. The answers do not necessarily lie in a straightforward extension of our existing businesses, and we are still exploring how best to commercialize these initiatives. Nevertheless, as we enter an era in which the circular economy is taking hold in earnest, we will not be able to achieve our next stage of growth unless we venture into these areas. Rather than seeking to become Japan’s largest waste management company, the Daiseki Group aims, as a waste recycling professional, to become “a company that supports the evolution of Japanese manufacturing.” To achieve this goal, we are now taking on the challenge of changing the world for the better by helping solve the challenges faced by our clients and society through the circular economy.

➤ P.23 Daiseki’s Value Chain and Competitive Advantages

➤ P.35 Growth Strategies and Progress by Business Segment (FY2026 Achievements)

*Progress in the Daiseki Group’s material recycling initiatives. Material recycling is included within the scope of the circular economy.

Deepening our existing businesses through “wisdom, ingenuity and action” to support our next challenge

The Daiseki Group is able to take on challenges in new growth areas because our existing businesses generate stable profits and provide a solid foundation for our next challenges. The Daiseki Group is built on a solid business foundation—including safety, compliance, frontline capabilities, and sales expertise—that we have continuously strengthened. The characteristics of waste differ by industry and process, and we take each of them seriously, putting our minds to the task, coming up with creative solutions, and taking action even when there is no precedent. The Daiseki Group’s strengths lie in the DNA of “wisdom, ingenuity, and action” that we have inherited since our founding, as well as our frontline-driven ability to provide solutions.

These strengths are also demonstrated in our daily interactions with clients. For example, our sales and technical representatives visit clients’ factories in person and listen closely to their concerns. In response to questions such as “Can more of this be recycled?” “Can costs be reduced?” and “Can safety be improved?” our frontline staff have pooled their ideas and made continuous improvements, thereby building relationships of trust with our clients.

Efforts to build a sustainable society by addressing challenges facing our clients in the manufacturing sector, such

as resource constraints and soaring raw material and energy prices, and by realizing a circular economy do not always yield results in the short term. That is why we will steadily advance our evolution into a solution-oriented company while channeling the cash generated by our existing businesses into growth investments.



At Daiseki, “Safety Conventions” are held twice a year at all business sites to raise safety awareness. These events also provide opportunities for the President and other members of senior management to communicate directly with employees.

➤ P.05 Our DNA

➤ P.43 Message from the CFO

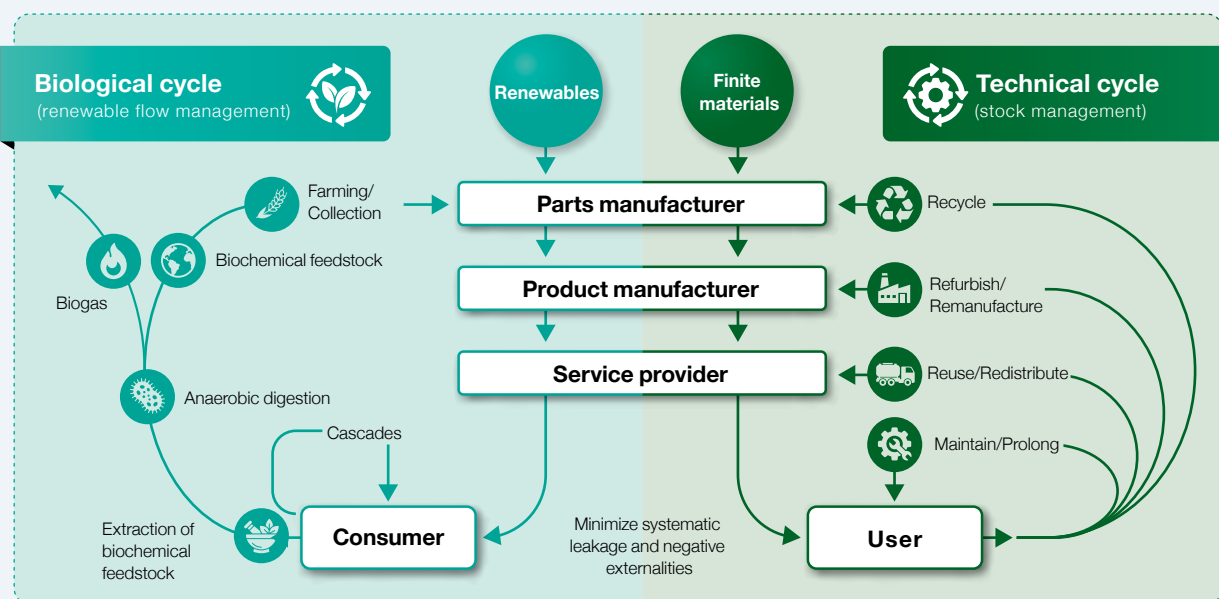
Strengthening Group-wide collaboration to flexibly address a broad range of client challenges

The Daiseki Group is currently shifting toward an approach of serving its clients as a unified group. FY2026 marked a major turning point for the Daiseki Group. While our existing businesses continued to perform strongly, with consolidated net sales and gross profit reaching record highs, we moved

into full gear in implementing a system that leverages Group-wide collaboration to address customer challenges.

In October 2025, we launched a tender offer for Daiseki Eco. Solution, a consolidated subsidiary engaged in the remediation of contaminated soil. Going forward, we will

FOCUS The circular economy: Making the most of limited resources



A circular economy is an economic system in which products and services are designed from the production stage with recycling and reuse in mind, minimizing the use of new resources while maximizing the value of resources. Its importance is growing as an approach that shifts away from an economy based on mass production, mass consumption, and mass disposal, keeps resources in

circulation, and aims to regenerate nature.

The circular economy aims to build a system that maximizes the value of resources through two complementary cycles: the biological cycle, which circulates resources that can be broken down and regenerated in nature, and the technical cycle, which keeps resources such as metals and plastics in circulation.

combine the strengths of Group companies including Daiseki and Daiseki Eco. Solution, as well as Daiseki MCR, specializing in lead recycling, and System Kikou, engaging in large-scale tank cleaning, to provide optimal solutions tailored to each customer. Rather than having each company operate independently, we will shift to a mindset of serving our clients as a unified group to create even greater value.

We will expand the value we provide across the entire Group beyond waste management, including soil management, resource recovery, circular economy, carbon neutrality initiatives and more. We will provide necessary solutions through Group collaboration, focusing on our clients' problems. This approach will be the key to the Daiseki Group's future growth. In point of fact, at Daiseki Eco. Solution, sales generated through joint sales efforts with Daiseki reached 1.3 billion yen, achieving a year-on-year increase of approximately 9%. We are already beginning to see results from Group-wide

collaboration in addressing client challenges.

This is not simply about improving sales efficiency. It is about transforming the Daiseki Group from a waste management company into a solution-oriented company that addresses its clients' challenges. While leveraging the customer base we have built up over the years, we will deepen our engagement with clients, ensuring the entire Group shares an understanding of what our clients want, and will use this to provide them with new value. We are positioning this fiscal year as the starting point for the Daiseki Group's evolution into a customer-centric company.

› **P.27 Special Feature: From Solving Client Challenges to Anticipating Future Needs**

› **P.33 Daiseki Group's Business Strategy**

Creating new value by taking on the challenge of evolving beyond waste management

To grow as a solution-oriented company, we must not only address the challenges our clients are currently facing but also consider the challenges they are likely to face in the future, as well as societal issues, and proactively propose solutions.

In doing so, it is essential that we do not simply build on our existing businesses but take on the challenge of venturing into new areas to create unprecedented value. An example of one step taken in this direction is Daiseki's succession to the business of SyncMOF, a startup originating from Nagoya University. By utilizing metal-organic framework (MOF) technology, we can expand the possibilities for recovering and reusing resources and gases that previously could not be fully recycled. We position this initiative not merely as an investment in new technology, but as a symbolic challenge representing our evolution from "waste management" to "providing solutions for the circular economy."

At this point, we are still in the exploratory phase, and it is not yet clear where or how revenue will be generated. However, Daiseki has a solid foundation consisting of stable revenue generated on the front lines of our clients' factories, as well as the technical expertise and operational capabilities we have cultivated over many

years. It is on this foundation that we can "sow new seeds"—that is, continue to take on the challenge of advancing into uncharted territory where there are no clear answers. I believe it is important to start small, keep challenging, and open up new areas of growth while nurturing our businesses. Taking on the challenge of a new domain is not something that is guaranteed to yield immediate, significant results. In fact, in most cases, it is difficult to assess profitability and business viability at the outset. Even so, we will take on the challenge while asking ourselves whether it will be needed by society in the future and whether we can leverage the Daiseki Group's strengths. I believe that continuing to plant these seeds will lead to our next stage of growth.

As we continue to generate solid profits from our existing businesses, we will nurture the buds of new growth. It is my belief that, moving forward, the Daiseki Group must continue to refine its existing businesses while keeping a challenge-oriented attitude in domains where there are no clear-cut answers.

› **P.29 Message from the Vice President**



Developing people for the next 100 years and building an organization that supports new challenges

When a company takes on a challenge, it is the people working on the front lines who bring about the actual transformation. At Daiseki, we believe that, in addition to the employees who steadily refine and deepen our existing businesses, human capital capable of identifying new problems, thinking independently, taking on new challenges, and creating new value is crucial to enhancing our future corporate value.

The Daiseki Group aims to enhance its corporate value through a two-pronged approach: "deepening," which further strengthens the competitive advantages of our existing businesses, and "evolution," which involves taking on new technologies and markets to open up new areas of growth. To achieve this, we are working to build an organization that encourages employees to take on challenges under the motto "challenge first." Together with the talented team members who support our advanced recycling technologies and safe waste collection, transportation, and

treatment operations, we will continue to take on the challenge of "deepening" by further improving safety and pursuing greater efficiency. At the same time, it is essential that we develop people capable of identifying latent issues through dialogue with clients and proposing new value. For this reason, we are working to create an environment in which every employee can readily take on challenges by soliciting new business ideas and revamping our personnel systems to encourage and reward such efforts.

To become a "company that prospers for 100 years," we must be an organization in which the next generation continues to take on new challenges. We are also committed to developing the core talent who will lead the next generation of management, and we will continue to regard investment in people as one of our most important management priorities.

› **P.41 Strengthening Human Capital Management**

Toward governance that continually pursues future competitiveness

With an eye toward the next 100 years, the evolution not only of our business operations but of our governance as well is essential to maintaining and enhancing our competitiveness far into the future. At the Daiseki Group, four of our seven directors are external directors, constituting a majority of the Board. In addition, with the appointment of Tomomi Nakamura in May 2026, the proportion of women directors rose to almost 30%. Through discussions among directors with diverse experiences and areas of expertise, we will further enhance the quality of management decision-making.

Over the past year, the Board of Directors has received numerous insights from our external directors on topics aimed at enhancing our corporate value over the medium to long term, including investment efficiency, safety management, human capital strategy, and the advancement of women in the workplace. In particular, our external directors are engaged in lively discussions from the perspectives of "Will this truly lead to

future competitiveness?" and "How will this be commercialized?" regarding investments aimed at the next phase of the circular economy and venturing into new growth areas. At times, our external directors have also encouraged us, saying, "This is an issue that Daiseki should address to help drive change in society."

What is required of our governance going forward is not only managing risk but also discussing the questions of what challenges we should take on and how we can enhance our competitive advantages to achieve medium- to long-term growth. As the President and Chairperson of the Board of Directors, I will further stimulate discussions that will lead to our next phase of growth, while also giving consideration to the formulation of VISION 2040.

› **P.51 Roundtable Discussion with External Directors**

Continuing to evolve to become a force that supports Japan's manufacturing industry

Enhancing corporate value is not simply a matter of increasing short-term profits. With regard to ROE, as well, I do not feel it should be increased solely through improvements in capital efficiency. I believe it is important to enhance the value we provide to our clients and strengthen our profitability while working to improve shareholder returns and capital efficiency.

Regarding capital allocation, we plan to actively pursue investments that enhance corporate value while continuing to return value to shareholders, targeting a dividend payout ratio of 40%. I believe that now, as our existing businesses continue to grow steadily, is the right time to accelerate initiatives aimed at our next phase of growth. With a focus on initiatives that

support Japan's manufacturing industry, we will actively work to create new businesses and pursue M&A to supplement the capabilities and networks the Group lacks.

We will steadily grow our existing businesses while also taking on the challenge of creating new value. As a force that supports Japan's manufacturing industry, we will aim to evolve into an enterprise that will be essential in the era of the circular economy and become a "company that prospers for 100 years," continuing to grow alongside society and our clients. To achieve this goal, I will continue to take on new challenges together with each employee of the Daiseki Group.