

How will we evolve into a solution-oriented company?

▶▶ This section highlights our initiatives to drive growth and realize our vision through three lenses: business, human capital, and finance.

Message from the Vice President

Strengthening Group collaboration and promoting new business development—toward a system capable of meeting all our clients' needs

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Building on our strengths of trust and on-site expertise to refine our existing businesses

As moves toward a circular economy and carbon neutrality accelerate, the business landscape is changing rapidly. Environmental requirements for manufacturers are becoming more sophisticated and complex, making recycling and resource circulation increasingly important.

Against this backdrop, the Daiseki Group's existing businesses continue to perform steadily. Buoyed by the growing demand for recycling in recent years and the increase in demand for recycled fuels driven by the situation in the Middle East, our business performance in the immediate term has remained strong.

The source of our competitive advantages lies in our on-site capabilities. Basic premises on health, safety, and compliance as fundamental principles in our business operations enable us to consistently deliver safe, swift, and reliable service with "wisdom, ingenuity, and action." Preventing accidents and disposing of waste

safely may seem rather simple and obvious when put into words, but doing so continuously is by no means easy. It requires a tremendous amount of effort, both from the organization as a whole and from each individual employee.

Building upon such efforts, we have developed relationships of trust that allow our clients to feel confident in relying on us, making our name the first one to be mentioned when they need help with a problem. The trust we earned from our clients and our on-site expertise are sources of strength for the Daiseki Group and form the foundation for generating a wide range of business opportunities. Going forward, we will continue to bring together expertise, technology, and human capital from both within and outside the Group to advance our recycling technologies and further enhance our existing businesses.

Expanding the value we provide from "waste management" to "providing solutions"

Meanwhile, in the longer term, we face the concern that our business may gradually shrink if we rely solely on our existing operations. It is now, when our core businesses are performing well, when we need to further strengthen the competitive advantages of our existing operations while laying the groundwork for making a strategic move toward our next areas of growth.

Our goal is not merely to expand the range of waste materials we handle or to increase our market share in the industrial waste management market. It is to become the kind of partner that clients know they can count on to handle everything from start to finish. Leveraging the client base and on-site expertise we have cultivated through our existing businesses, we will not only serve client needs but also identify potential issues and proactively propose solutions. This is the kind of "solution-oriented company" into which we are aiming to evolve.

Examples of the challenges facing our clients include securing resources and protecting the environment, both of which have attracted renewed attention amid ongoing tensions in the Middle East. The Daiseki Group will work together as a unified whole to address such social and business challenges by leveraging the technologies, expertise, and client bases of its member companies. Furthermore, if the Group lacks the technologies or capabilities necessary to solve a particular problem, we intend to actively

pursue alliances with external companies and M&A. We believe that expanding our scope of business and enhancing the value we provide based on our clients' challenges will lead to future growth.

That is why the key to our evolution is strengthening Group collaboration. We will work across the Group to gain a comprehensive understanding of client needs and propose solutions that leverage each company's technical expertise. Following Daiseki Eco. Solution becoming a wholly owned subsidiary of Daiseki in 2025, Daiseki and Daiseki Eco. Solution have set mutual goals and are promoting cross-selling and collaboration leveraging each other's client bases. Through these initiatives, we will create value that individual Group companies on their own cannot achieve, and accelerate our evolution into a solution-oriented company.

Via collaboration with Daiseki Eco. Solution, we are working to establish a system that will enable us to provide cross-Group solutions to address the various challenges our clients face, such as contaminated soil remediation and waste management. The number of contracts has been increasing, thanks to our collaborative sales efforts that leverage our mutual client bases, leading to the creation of value that individual Group companies could not provide on their own.

▶ P.33 Daiseki Group's Business Strategy

People are the ones who drive change—our ideal human capital is also changing

Evolving into a solution-oriented company does not simply mean changing sales tactics. It means delving deeper into our clients' businesses and on-site operations to understand their essential needs, and creating value by combining the insights and expertise of our field, technical, and sales teams as well as those of the entire Group.

To achieve this, it is vital to transform not only our business but also the people and organizations that drive it. No matter how advanced the equipment or technology may be, no value can be created without people. For the Daiseki Group, human capital is the source of our ability to take action, technical expertise, and ability to propose solutions, and should be regarded as a "treasure." The Daiseki Group currently boasts individuals who possess advanced technical skills and expertise and carry out treatment operations with a high degree of precision, as well as those who continuously strive for improvement in their daily work. This is one of our greatest strengths.

At the same time, to evolve into a solution-oriented company, we also need people who can take the lead and proactively identify our

clients' challenges. Specifically, we need people who can venture into uncharted territory and create value through fresh ideas, as well as people who can draw on their expertise to take a cross-functional view of technology, sales, and management and see the business as a whole. Rebuilding our human capital portfolio will be essential to securing such talent. We aim to create an organization in which both those who "deepen" our existing businesses and those who drive the "evolution" of new businesses can thrive.

Furthermore, moving forward, we need to not only further hone our existing expertise but also strengthen our workforce by cultivating individuals who are sensitive to client needs, envision new opportunities and value, and translate technical insights into proposals and solutions, for example, professionals who can identify client challenges by leveraging their technical expertise and provide proposals and consulting services. We will cultivate the next generation of worksite leaders who understand both sales and on-site operations.

▶ P.41 Strengthening Human Capital Management

Taking on the development of the next-generation business leaders equipped with business literacy

In considering our medium- to long-term growth, it is also important that we develop the next-generation business leaders who will be able to make sound management decisions. At the heart of this are the Works Managers at our seven Works in Japan. We consider these Works Managers to be "masters of their own domains." It is our aim that, as they take on the responsibility of running our businesses and gain management experience, they will grow into our future core talent.

Even at this stage, our Works Managers are keeping track of performance metrics such as net sales and profit and

applying this information to their day-to-day operations. However, what will be required going forward is not just the ability to manage day-to-day figures. It is important that they grow into business leaders who can analyze market conditions and key performance indicators, identify challenges from a medium- to long-term perspective, and devise the necessary strategies.

For this reason, we are providing them with opportunities to learn the fundamentals of business management, such as finance, marketing, and strategic planning, through programs like GLOBIS's eMBA program. The goal is to help them

acquire the perspectives necessary for business leaders, such as making capital investment decisions with a focus on return on investment, and managing business operations in light of market trends. We are also asking our Works Managers to engage in regular dialogue with employees and work toward building an organization where people think and act independently. We believe that developing the next-generation business leaders, possessing both hands-on experience and strategic perspectives, will serve as a crucial foundation for the Daiseki Group's future.

Amid ongoing population decline and growing difficulties in securing human capital, simply relying on past successes and the strengths of existing businesses will not enable us to evolve into a solution-oriented company, nor achieve our next phase of growth. Daiseki Group's competitiveness, in the medium to long term, depends on how effectively we can develop talent capable of anticipating change and creating new value. Driven by this strong sense of urgency, we regard people development as one of our highest management priorities.

Initiating the first revision of our personnel system in 20 years—Transforming into an organization that embraces challenges

We are cultivating human capital capable of anticipating change, taking on challenges, and creating new value. And for this reason, we must change not only our approach to human resource development but also the personnel system itself. In 2025, we launched the "Developing People Who Will Create the Future" Project and, under the motto "challenge first," began revising our personnel system for the first time in 20 years. The phrase "developing people who will create the future" embodies our belief that it is people who will shape the future of our business, and that developing the people who will lead that future drives the Daiseki Group's sustainable growth.

As its first step, we are reviewing compensation and performance evaluations. If we want more employees to take on new challenges, simply encouraging them to do so is not enough. We need a system that allows those taking on challenges to act with confidence, and one in which their efforts and achievements are given proper due.

We are considering a system that will ensure that all employees share the Company's direction, that each employee understands what they need to do and strives to achieve results, and that the difficulty and degree of achievement of individual goals are reflected in evaluations. We will revise our personnel

system to ensure that those who take on challenges and achieve results are rewarded in a way that they find fair and satisfactory.

We are also considering promoting capable young employees who are eager to take on new challenges to key positions, regardless of their age or length of service. Daiseki has grown by prioritizing safe and reliable disposal at all of its Works. Such culture is the foundation of Daiseki, and will remain unchanged in the future. On top of this, we will instill a "challenge first" mindset throughout Daiseki through organizational and cultural reforms.

First and foremost, we will share management's policies with Works Managers, who will then ensure that these policies are effectively communicated down to the rank-and-file employees via dialogue with each department within their Works. In the past, those working on the front lines of our businesses have been so swamped with their immediate tasks that they have hardly had a chance to take on new challenges. That is why we will place self-motivated, proactive employees at the core of our company and transform our organizational culture so that veteran and mid-career employees alike see taking on challenges as a natural part of their work.

▶ P.41 Strengthening Human Capital Management (Roadmap for Personnel System Reform)

Promoting human capital development and the creation of new business initiatives from the front lines

However, simply putting a system in place is not enough to foster a culture of taking on challenges. We need opportunities that enable employees to actually think about the future and take on the challenge of creating value. One such initiative is the "Call for New Business Ideas."

In our day-to-day work, our attention inevitably tends to focus on how to move forward with the tasks we are currently handling. Therefore, we established this initiative as an opportunity for employees to step away from their daily work to focus on creating new value, polish their ideas, and submit proposals. The goal of the initiative is not simply to create new businesses. It is to foster abilities to envision the future and anticipate trends, as well as instill a spirit of challenge. And it also aims to increase the number of employees who actively seek to create new value instead of staying with the status quo.

Open to all employees, we launched the Call for New Business Ideas in 2022, and have held it four times so far, receiving 200 to 300 submissions each time. Many employees join Daiseki today because



Each idea submitted through the "Call for New Business Ideas" is reviewed individually by the project members.

they are drawn to our development of new businesses—one of the projects under VISION 2030—and are eager to take on the challenge. We hope to spread the enthusiasm of young employees with a flexible mindset and a spirit of challenge throughout the entire organization. To ensure that those who submit ideas do not feel the exercise is not important unless their suggestions are adopted, we always provide feedback on the ideas we receive, and for those with potential, we consider commercializing them on a small scale.

Launching a new business is by no means easy. However, the act of taking on challenges with a positive attitude and going through the process of trial and error is something that is highly meaningful in itself. We also expect the young employees who came up with ideas

to become project leaders and drive them forward. And when doing so, they gain opportunities to engage in dialogue with senior employees and collaborate with on-site staff. We share the progress of our new business initiatives internally, and we believe that the experiences and lessons learned lay the groundwork for other employees to take on new challenges.

I do not view this initiative as merely a means to create new businesses. I see it as a crucial opportunity for simultaneously fostering talent and creating new value.

▶ P.42 Strengthening Human Capital Management (Developing the Next Generation of Human Capital)

Becoming a company that makes people wonder, "What will Daiseki do next?"

For the fiscal year ended February 2026, Daiseki's consolidated net sales and gross profit reached record highs, once again demonstrating the strength of the earnings base of our existing businesses. As companies continue to make progress toward carbon neutrality, growing demand for recycled fuels as an alternative to coal is driving our business performance.

Now, at a time when we are steadily generating cash, it is important to move forward with initiatives aimed at our next phase of growth. In the short term, we will further strengthen our existing businesses by building on our solid client base and deepening collaboration within the Group, including companies such as Daiseki Eco. Solution and System Kikou. We will improve our recycling technology and increase the variety of materials that can be recovered as resources.

At the same time, in order to meet needs that will become even more sophisticated and complex in the future, we must also make the necessary investments. In sectors such as infrastructure, energy, semiconductors, and pharmaceuticals, there is a growing demand for more advanced processing capabilities and safety. We will make the capital investments needed to enhance our capabilities in these areas. In addition, inorganic strategies will also be essential for accelerating growth. We will actively explore M&A opportunities that lead to the expansion of our client base, technology, and capabilities.

We will also focus our efforts on expanding internationally. In emerging economies such as the nations of Southeast Asia, waste management issues are becoming increasingly serious as these countries experience rapid economic development. While closely monitoring market conditions and regulatory frameworks, we will collaborate with governments and relevant agencies to steadily capitalize on business opportunities. Having expanded our businesses while strictly adhering to the compliance standards in Japan, we believe that the Daiseki Group is uniquely positioned to offer solutions that are in high demand in other nations as well.

We will also continue to explore business opportunities in new domains. In 2026, we took over the business from SyncMOF, a startup spun off from Nagoya University. Building on the ammonia recovery business that we had been jointly developing using a new adsorption/desorption material, we will expand our scope to include gases such as CO₂ and hydrogen. This initiative will involve expanding our business into the gas sector, in addition to our existing liquid and solid recovery businesses.

At this point in time, some initiatives are still in the exploratory phase. However, we also feel that we cannot create a vision for our next stage of growth if we only continue along

the same path as our existing businesses. So we are creating an environment that will serve as the foundation for generating new businesses through initiatives such as revising our personnel system and soliciting new business ideas. Going forward, we will clarify our investment criteria and KPIs, and while rigorously focusing our efforts on select areas, we will develop a business that will serve as our next pillar by FY2031.

When new ideas turn into actual businesses and we take on new challenges one after another, people both inside and outside the Group are sure to take interest and wonder, "What will Daiseki do next?" We believe that being seen as an enterprise that offers this sense of excitement will enhance Daiseki's appeal and help attract talented individuals who are eager to take on new challenges.

There is little doubt that the era of the circular economy is upon us. We are now standing at a major turning point. By firmly embracing this trend and working together as a unified Group to drive transformation, Daiseki will evolve beyond the role of a waste management company to become a solution-oriented company that offers higher value-added services. To realize VISION 2030 and ensure the sustainable growth of the entire Daiseki Group beyond that, we will continue to take on the challenge of transforming our businesses and our people.

