

# What supports our challenge to evolve?

▶▶ We explain the role that governance plays in enabling Daiseki to achieve sustainable growth.

## Roundtable Discussion with External Directors

The source of our value creation is health, safety, and compliance: Continuing to advocate for human capital development and the creation of new businesses

### Ayako Suganuma

Member of Audit and Supervisory Committee and Appointment and Compensation Committee  
External Director

I believe that accelerating the creation of synergies by leveraging the strengths of each Group company will lead to further growth

A thorough commitment to health, safety, and compliance is the source of Daiseki's trustworthiness and competitive advantages

As Japan strives to become a leading nation in problem-solving, the Company has a mission to be at the forefront of solving these challenges

### Mitsuru Okada

Member of Appointment and Compensation Committee  
External Director

### Tomomi Nakamura

Member of Audit and Supervisory Committee and Appointment and Compensation Committee  
External Director

The Company's strength lies in its ability to earn clients' trust through advanced technology and expertise, and to continuously generate cash flow

### Masaki Maeda

Chairperson of Audit and Supervisory Committee and Chairperson of the Appointment and Compensation Committee  
External Director

Please tell us about your professional background and what role you strive to play as an external director.

**Okada:** After working for a major non-ferrous metals manufacturer, I went on to serve as the president of a company. Since joining Daiseki as an external director in 2023, I have drawn on my experience working in top management to provide a wide range of management advice. When I first took office, the Board of Directors primarily focused on reports on decisions that had already been made, but recently, discussions have expanded to cover a wide

range of topics, including investment proposals. I also attend the monthly Management Meeting and the quarterly progress meetings for VISION 2030, offering candid opinions that sometimes may be difficult for senior management to hear.

**Maeda:** In the past, I worked at an auditing firm, where I conducted financial audits and provided consulting services to companies. Drawing on my expertise as a certified public accountant, I provide

oversight and advice on finance and accounting as well as internal auditing from an objective standpoint. Based on the quarterly reports from the audit company, I discuss the Company's current status and challenges. At Board of Directors meetings in FY2026, I provided advice from a financial perspective on matters such as making Daiseki Eco. Solution a wholly owned subsidiary and the transfer of SyncMOF's business.

**Suganuma:** As an employee of the Aichi Prefectural Government, I engaged in work related to areas such as education and social welfare. At Daiseki, I strive to contribute to human capital development, with a particular focus on promoting the advancement and active participation of women. In 2025, I arranged opportunities to speak with several female employees and reported the issues identified during those discussions to the Board of Directors. In addition, based on my experience in environmental administration, I make a point of paying close attention to compliance. While compliance-focused management is one of the Company's strengths, minor lapses can inevitably occur in

day-to-day operations. I present my opinions and advice so that the Company's Works will share information on where problems are likely to arise and the specific issues that tend to occur, and in turn take preventative measures.

**Nakamura:** I served as a member of the Aichi Prefectural Assembly for 32 years. The period during which I served was a time when Aichi Prefecture was making strong strides forward, centered around Chubu Centrair International Airport, the Linear Chuo Shinkansen, the construction of the Shin-Tomei Expressway, and EXPO 2005 AICHI JAPAN. I began serving as an external director of the Company in May 2026. As issues such as an aging population and environmental problems become increasingly serious, Japan must become a leading nation in problem-solving. As a leading enterprise in the industry, I feel Daiseki has a mission to be at the forefront of solving environmental challenges. I will do my utmost to help the Company evolve into a strong enterprise that will lead the way for other businesses.

Please share your thoughts on Daiseki's strengths and competitive advantages, as well as areas that should be strengthened going forward.

**Okada:** President Yamamoto has always said that in order to remain an enterprise trusted by society, we must prioritize employee health, employee safety, and compliance over business success. By rigorously upholding these principles, the Company earns the trust of customers and local communities. I believe this above all is the source of Daiseki's competitive advantages.

At Daiseki, the managers of the seven works and the Headquarters of Business Generalization—which oversees all works—handle everything from sales to manufacturing in an integrated, end-to-end system, while strictly adhering to the three principles mentioned above and working to solve clients' challenges. In addition to advanced technology and expertise in industrial waste treatment, the Company's organizational strength, which enables it to tackle challenges through the integrated efforts of the manufacturing and sales divisions, is a major asset. An operating profit margin exceeding 20% demonstrates that Daiseki provides value that other companies cannot easily replicate.

On the other hand, while Daiseki has strong execution and drive in its existing businesses, I feel there is room for improvement in the ability to explore and generate ideas in new fields. For this reason, I have been working to improve the efficiency of the Headquarters of Business Generalization, and have made recommendations regarding the importance of actively assigning human capital to new business ventures and developing talent with an eye toward the future.

Furthermore, to further build Works Managers operating autonomously as "masters of their own domains," one of Daiseki's strengths, it is essential to enhance collaboration among works. In FY2026, three teams—Eastern Japan, Central Japan, and Western Japan—were established, and they are beginning to show results in both sales and technical areas. I believe that deepening horizontal connections will promote the sharing of insights and know-how across the entire Group, leading to further growth.

**Suganuma:** Against the backdrop of emerging geopolitical risks and increasingly serious environmental issues, expectations for the recycling industry, a sector which supports resource circulation, are rising even further. Under these circumstances, Daiseki's business model—which features a nationwide network of facilities and processing infrastructure capable of accepting and processing industrial waste across a wide geographic area—is not easily replicated. I believe that by building on this solid foundation and

evolving into an enterprise that takes the next step forward in solving our clients' challenges, the Company will be able to further enhance corporate value.

In addition, when I attend Board of Directors meetings, the seven Works Managers share information with me regarding their safety initiatives and the latest developments. By strengthening horizontal collaboration and actively sharing information, such as measures that proved effective at other works and situations that were perceived as hazardous, the Company should be able to make safety, the foundation of trust, even more robust.

**Maeda:** One of the Company's major strengths is that its high level of technical expertise helps it both earn clients' trust and deliver satisfaction, meaning that once Daiseki has established a business relationship, it often leads to a long-term partnership. As a result, the Company enjoys high profit margins and stable cash generation, and has a solid financial foundation.

Competitive advantages such as this are underpinned by the sincere dedication and on-the-ground capabilities of each and every employee. Daiseki takes clients' challenges seriously, draws on its wisdom and ingenuity to find solutions, and puts those solutions into action. I feel that these efforts, repeated again and again, foster long-term relationships of trust with clients and lead to the establishment of a stable revenue base.

As Chairperson of the Appointment and Compensation Committee, I am leading discussions on this matter, having positioned the development and promotion of the next generation of management talent and Works Managers as a key priority in order to maintain and build upon these strengths for the future. I believe it is important to systematically develop human capital that will drive new growth while upholding the corporate culture that defines Daiseki.

**Nakamura:** A business model that transforms waste collected from clients into resources and returns value to society is one that holds great social significance. Every time a Daiseki employee takes pride in addressing a client's challenges and resolves them through their wisdom, ingenuity, and action, the scope of the value the Company provides continues to expand. The accumulation of these efforts should lead not only to the Company's growth but also to the development of local communities and the realization of the circular economy. I hope to support Daiseki as it continues to grow in the future, serving as a central force in driving these changes.

## What topics did the Board of Directors focus on during the past year? Also, please share your thoughts on the topics you believe should be prioritized for discussion going forward.

**Maeda:** One of the topics the Board of Directors focused on in its discussions was safety. For Daiseki, safety is the foundation of all business activities. The Company reviews and discusses safety, including how to respond to problems when they occur and the thorough implementation of preventive measures, at every meeting.

In FY2026, a major agenda item involved the tender offer for Daiseki Eco. Solution. The Board of Directors engaged in a lively discussion regarding investment efficiency, focusing on whether this would generate sufficient returns, and whether the tender offer or allocating the same amount to capital expenditures for existing businesses would better enhance the corporate value of the Daiseki Group as a whole.

I believe that the concept of capital allocation will become even more important going forward. The goals set forth in VISION 2030 will be difficult to achieve if the Company only expands its existing businesses. How should limited management resources be allocated to investments such as M&A, capital expenditures, and new business ventures to generate the highest returns? This is a topic of great interest to the Company's investors, and we intend to continue discussing it at board meetings.

Further, in light of the risk that securing human capital will become more difficult, investing in AI and digital transformation (DX) to improve productivity in support functions such as finance and human resources is also a key priority. In addition to striking a balance between growth investments and shareholder returns, and achieving a sustainable improvement in ROIC while taking the cost of capital (WACC) into account, we will continue to deepen our discussions on the optimal capital structure, taking into

consideration an appropriate level of liquidity on hand, from the perspective of enhancing corporate value and capital efficiency over the medium to long term.

**Suganuma:** As Mr. Maeda mentioned, safety-related issues are the most frequently discussed topics at board meetings today. To enhance corporate value, it is crucial not only to pursue short-term profits but also to look toward the future, protect the health and safety of the employees who are the Company's greatest asset, and ensure strict compliance with regulations. I intend to continue vigorously emphasizing the importance of these issues.

In addition, the Company is currently working to overhaul its personnel system for the first time in 20 years. How to secure and develop the employees who will drive the Company forward will be another key agenda point.

**Okada:** The key to safety and compliance is people. It is necessary for the Board of Directors to deepen its discussions on the Company's human capital portfolio and strategy. In my experience, if you leave the revision of a personnel system entirely to an outside consulting firm, you often end up with a well-crafted plan that fails to translate into actual talent acquisition and development. We will engage in thorough discussions, receiving updates as needed, to ensure that revisions go hand in hand with actual conditions.

Currently, investment proposals that meet or exceed a certain threshold are discussed by the Board of Directors, but I feel that there are some topics where more information would help deepen the discussion. I believe that we external directors should also continue to educate ourselves so that we can create an environment where we will be consulted with on any matter.

## The Company's current business performance remains solid. How do you assess the feasibility of VISION 2030?

**Suganuma:** I believe we are making steady progress toward achieving the goals of VISION 2030 while taking the necessary steps. In particular, with the acquisition of Daiseki Eco. Solution as a wholly owned subsidiary, I expect the Company to further strengthen its framework for integrating the client bases, technologies, and human capital of each Group company, and that this in turn will accelerate the creation of Group synergies and lead to the capture of new growth opportunities.

**Okada:** The Company's existing businesses boast high market shares and stable profitability, serving as a solid foundation that underpins Daiseki's corporate value. At the same time, in order to achieve the goals set forth in VISION 2030, it is essential not only to maintain and improve the profitability of the Company's existing businesses but also to make sound management decisions regarding business selection and concentration, and to cultivate new areas of growth.

SyncMOF's business was transferred to the Company in FY2026, but it will take time for this new business to make a significant contribution to revenue. That is precisely why it is important to leverage our current strengths and accurately identify needs that are half a step or one step ahead. By sincerely addressing the concerns of clients and expanding the scope of solutions by leveraging the client bases, technologies, and expertise of Group companies, Daiseki is sure to create new business opportunities.

**Nakamura:** As society changes, companies are also expected to change. It is important to ensure that every single employee fully understands the Company's current situation and its future mission,

including where the Company is headed and what each employee should be working on within that context. Envisioning the desired future, setting goals, reviewing each initiative at the halfway point, identifying what went well and what needs improvement, and using those insights to move forward. I believe that by steadily maintaining this cycle, the feasibility of VISION 2030 will increase even further.



## How do you view the market's assessment of Daiseki, such as in terms of its stock price?

**Maeda:** As concerns the Company's stock price, given that its B2B business involves industrial waste disposal, I feel that it can be difficult to convey the strengths and growth potential of this business to investors. That is why I recommend that, in addition to enhancing the information disclosed through the Company's website and integrated reports and engaging in proactive dialogue with institutional investors, Daiseki should also strengthen shareholder returns through measures such as share buybacks and dividend increases.

At the same time, I recognize that the market has shown a certain level of appreciation for the profitability and stability of the Company's existing businesses. Going forward, it will be important to communicate more clearly how progress on new business initiatives, the creation of synergies through M&A, and

the Group's overall growth strategy will contribute to enhancing corporate value.

**Suganuma:** I believe that when the Company's employees feel they are doing work that makes a significant contribution to society and that "this is a company where it's easy to work," and they share that sense of fulfillment with those around them, it will ultimately lead to an improvement in Daiseki's reputation and public awareness.

**Okada:** While stock prices fluctuate in the short term due to various factors, if the Company can steadily nurture new businesses that are grounded in reality and create new value, it will have more growth stories to present to the market. I believe that such cumulative efforts will lead to long-term growth in corporate value.

## What challenges do you think Daiseki needs to address in order to grow and evolve toward its vision?

### Furthermore, in order to overcome these challenges and enhance corporate value, what kind of recommendations do you intend to give and what kind of roles do you intend to fulfill as an external director?

**Okada:** First and foremost, I strongly urge the establishment of a system that ensures the PDCA cycle runs smoothly to maintain employee health, employee safety, and compliance, which are the sources of the Company's competitiveness. Although top management is currently taking the lead in communicating this message, since this is an issue that depends heavily on employee awareness, we need initiatives that will foster a shift in mindset among each and every employee.

In Japan, demand for goods and services is declining due to the low birthrate, aging population, and population decline. To realize President Yamamoto's vision of a company that prospers for 100 years, it is essential to offset the decline in the volume of industrial waste generated by the manufacturing sector. As an external director, now that the Company's existing businesses are performing well, I will focus my efforts on developing new businesses while fostering a sense of urgency that Daiseki cannot achieve growth by simply continuing on its current path.

**Suganuma:** The trust of Daiseki's clients is the foundation of its value creation. Once trust is lost, it is difficult to regain, so it is important that all employees give their full commitment to safety and compliance efforts. In addition, the Company must achieve success in expanding new fields and make them an integral part of its organization. I believe the Company should continue initiatives such as its calls for new business ideas from employees. Daiseki should also step up its efforts to gather and implement ideas from younger employees regarding operational efficiency and the promotion of DX. I believe this will also contribute to the development of the next generation of human capital. I will continue to advocate for the promotion of such initiatives.

**Nakamura:** Daiseki has a history of adapting its business operations to keep pace with the times. Rather than saying, "This is how it's always been," I believe we need to raise questions and deepen discussions from the perspective of what Daiseki should be like now, as seen from the future.

**Maeda:** The Company has never faced a situation that has threatened its survival, and its current business performance remains solid. This can make it easy to fall into the mindset that "the Company is safe" or "we can get by just fine as we are," but it is essential to prepare for changes in the external environment and strive for growth with a sense of urgency.

This is my third year as an external director, and I feel that we are seeing a steady increase in initiatives, such as new business ventures and Group-wide collaboration, that inspire hope for the future and are truly exciting to hear about. To ensure that the Company remains an enterprise where employees, their families, and all stakeholders feel they made the right choice getting involved with Daiseki, I will continue to actively offer suggestions from a medium- to long-term perspective.

