

DAISEKI INTEGRATED REPORT 2026

**Expanding and driving the circular economy
with a “challenge first” approach**



To Our Stakeholders

Taking on the challenge of evolving

Expanding and driving the circular economy with a “challenge first” approach

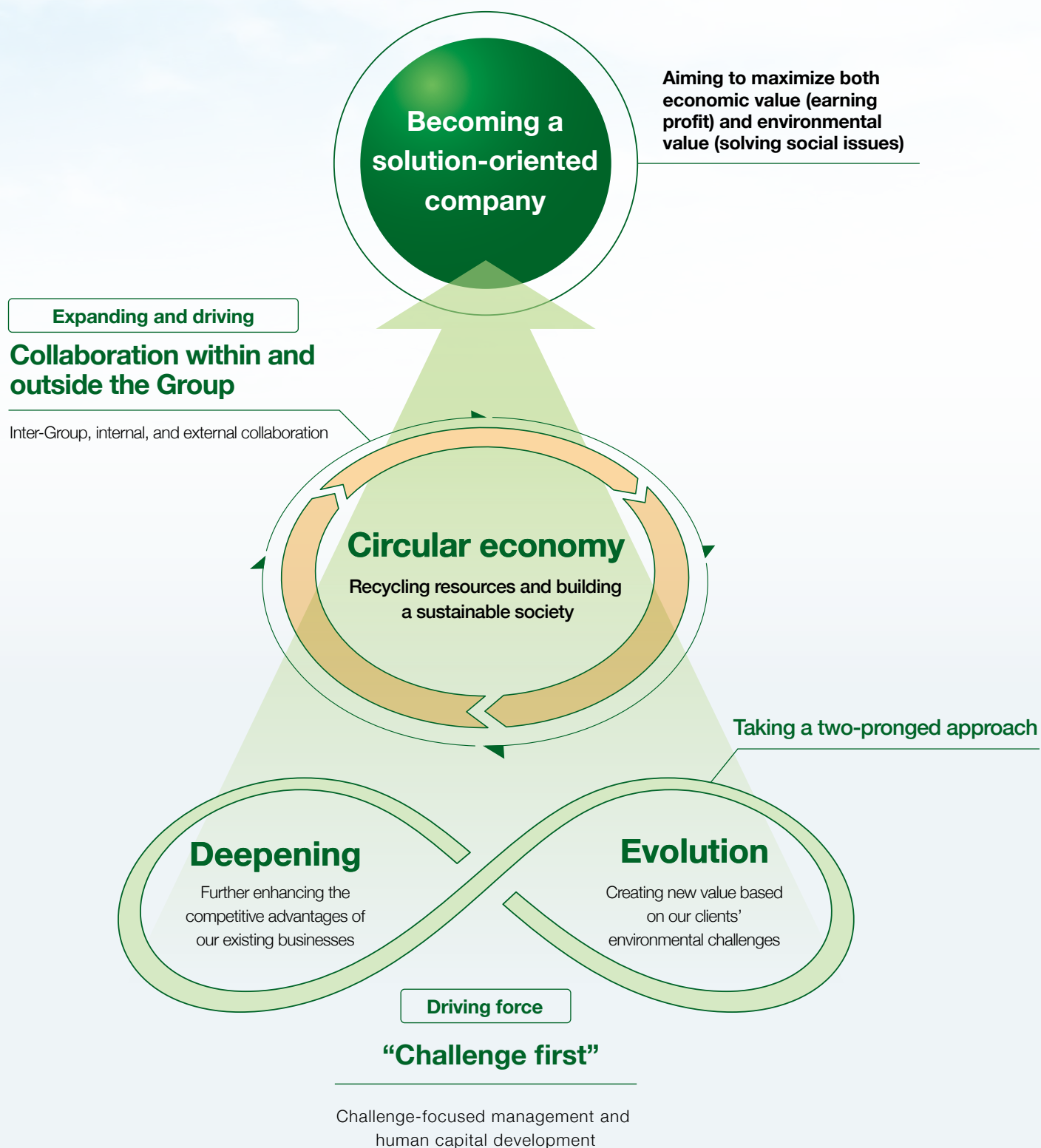
Amid great changes taking place in the social and industrial landscape, Daiseki continues to take on the challenge of creating new value under the motto “challenge first” with the goal of becoming a company that prospers for 100 years.

We will pursue “Deepening”—further enhancing the competitive advantages of our existing businesses—and “evolution”—creating new value based on our clients’ environmental challenges. With this two-pronged approach, we will expand the circular economy through collaboration both within and outside the Group.

We aim to be a “solution-oriented company” that addresses client challenges while creating new value and recycling resources to make them valuable again.

In our Integrated Report 2026, we present the competitive advantages, growth strategies, and governance practices that are supporting us as we take on the challenge of evolving.





Key Points of Integrated Report 2026

Understanding the Daiseki Group's corporate value with

4 questions

We explain the Daiseki Group's vision and its feasibility through the lens of four questions.

Introduction

- To Our Stakeholders > P.01
- Key Points of Integrated Report 2026 > P.03
- Our DNA > P.05
- At a Glance > P.07

Q1

Our medium- to long-term vision

Where is Daiseki headed?



- ▶▶ This section outlines the future Daiseki 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 > P.09
- External Environment Surrounding Daiseki > P.15
- A History of Challenges and Evolution > P.17
- Long-Term Business Plan: Vision 2030 > P.19

Q2

Competitive advantages

Why do clients choose Daiseki?

- ▶▶ We present the competitive advantages that form the foundation of client trust and how we leverage those strengths to create value.

- Value Creation Process > P.21
- Daiseki's Value Chain and Competitive Advantages > P.23
- Five Strengths That Connect and Drive the Value Chain > P.25
- Special Feature
From Solving Client Challenges to Anticipating Future Needs
— Expanding Revenue Through Group-Wide Collaboration > P.27



Q3

Growth strategies

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 > P.29
- Daiseki Group's Business Strategy > P.33
- Growth Strategies and Progress by Business Segment > P.35
- Strengthening Human Capital Management > P.41
- Message from the CFO > P.43
- Capital Supporting Evolution > P.47
- Material Issues > P.49



Q4

The foundation supporting our challenge

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 > P.51
- Directors and Executive Officers > P.55
- Corporate Governance > P.57
- Risk Management > P.60
- Compliance > P.61



Data Section

- Financial Data/Non-Financial Data > P.63
- Stock-Related Information/Company Information > P.65

• Scope of Report

The scope covers the value creation activities, business activities, and sustainability activities of the entire Daiseki Group.

• Period Covered by This Report and Important Organizational Changes Occurring During This Period

This report covers FY2026 (March 1, 2025 to February 28, 2026).

However, some sections refer to activities and results occurring before or after this period.

No significant changes to the structure of our organization, our shareholder composition, our business description, or other similar areas have occurred within the period covered.

Date of publication: July 31, 2026.

Symbol Guide



..... More details provided on our website.



P.00 Related information provided in this report.

Our DNA

A challenge-embracing DNA and

Daiseki has continued to innovate through “wisdom, ingenuity, and action” backed by our DNA of taking on challenges and the Management Principles

>> Daiseki's Management Principles

“Ideas, Plans, Structures, Actions”

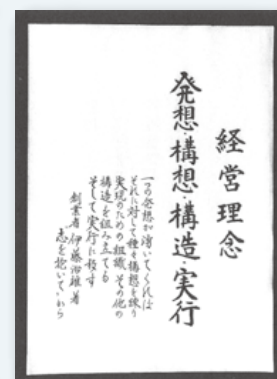
“After conceiving of an idea, we consider it from various angles, organize structures to realize it, and put our plan into action.”

For Daiseiki, its Management Principles serve as a vital source of innovation.

Founder Haruo Ito navigated significant societal changes before and after the Second World War to grow the business.

The Management Principles of “Ideas, Plans, Structures, Actions,” born from his firsthand experiences of both setbacks and successes in business transformation, form the foundation of the Company's management and business development.

This spirit of adapting to social change continues to be relevant today, fostering a corporate culture that encourages free thinking and bold challenges.



>> Daiseiki Group's Purpose*1

Making the Best Use of Limited Resources

An Environmental Value-Creation Company Contributing to Society through the Environment



Leveraging the strength of our proprietary environmental technologies, we will promote resource circulation and carbon neutrality, while aiming to evolve into a solution-oriented company by deepening our existing businesses and taking on the challenge of entering new business areas.

Core Value*2

Nurture the Future

Our mission is to preserve the global environment and contribute to the realization of a sustainable society.

In doing so, we will develop forward-thinking human capital and pass on a sustainable future to the next generation.

*1 Purpose: The reason a company exists and the value it aims to provide to society.

*2 Core Value: The shared values and behavioral guidelines that all employees uphold in their daily work.

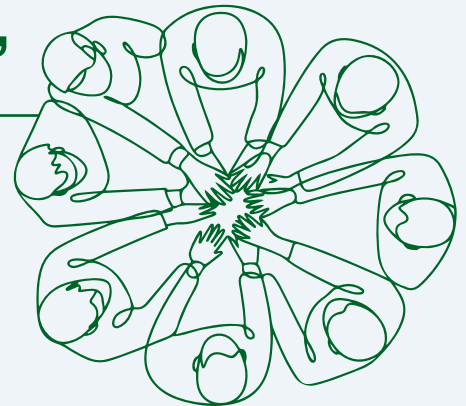
values that drive evolution

les of “Ideas, Plans, Structures, Actions.”

>> Daiseki’s Unique Values:

“Wisdom, ingenuity, and action”

These unique values are deeply connected to the Management Principles of “Ideas, Plans, Structures, Actions” and have been the driving force behind the Company’s environmental and recycling businesses for many years.



By applying wisdom, the Company identifies fundamental solutions; through ingenuity, it develops optimal methods; and with action, it implements them concretely.

This approach has created numerous innovations and will continue to do so into the future.

>> Management strategy: Three key focus areas

“Health, safety, and compliance”

First, “health,” second, “safety,” and third, “compliance”
Establishing Daiseki’s own sustainability



We ourselves must be sustainable to contribute to the sustainability of society.

We believe that we can only be an enterprise that is trusted by society when our employees enjoy good health, when we have established an environment that enables our businesses to eliminate accidents and achieve safety, and when we maintain rigorous compliance that secures the trust of our clients.

First, we aim to solidify our foundation and make Daiseki “a company that our employees can be proud of for their families.”

Accordingly, Daiseki is building a safety management system, thoroughly complying with laws and regulations, carrying out regular internal audits, and instilling compliance awareness among all employees. As part of these efforts, in May 2025 the Daiseki Group formulated its Environmental Policy, Health and Safety Policy, Human Rights Policy, and Corruption Prevention Policy.



Environmental Policy



Health and Safety Policy



Human Rights Policy



Corruption Prevention Policy

At a Glance

10 key facts to know about Daiseiki

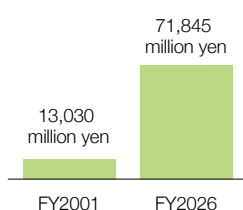
We have compiled a list of key figures and external evaluations that highlight Daiseiki's growth, strengths, and social value. This provides a comprehensive overview of our challenges and value creation for the future, covering both financial and non-financial aspects.

Daiseiki Today

Growing net sales 01

Net sales have increased
Approx.

5.5 times
since FY2001

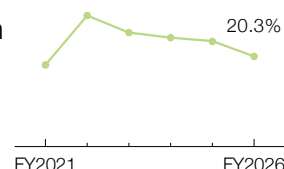


Business expansion, the development of a nationwide network, entry into diverse industrial waste sectors, and technological innovation have all contributed to this growth.

Stable, high profitability 02

Operating profit margin

20.3 %

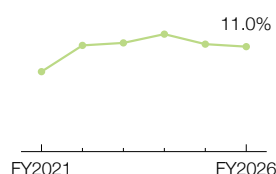


We have established an excellent business model that generates revenue from both waste treatment fees and sales of recycled products.

ROE backed by our ability to generate profit*1 03

ROE

11.0 %

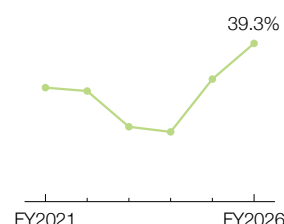


Backed by the stable profitability of our existing businesses, we achieved an ROE of 11.0% in FY2026. We aim to reach 15.0% by FY2031.

Further enhancement of shareholder returns 04

Dividend payout ratio

39.3 %



The dividend payout ratio for FY2026 was 39.3%. We will continue to provide shareholder returns with a target payout ratio of approximately 40%.

CDP rating in the top 5% worldwide*2

Achieved an A score
for three consecutive years



We have earned CDP's highest rating, an A score, for three consecutive years. CDP is an international environmental disclosure organization that evaluates the environmental initiatives of companies and municipalities worldwide. This recognition reflects our strong commitment to carbon neutrality and our transparent approach to environmental disclosure.

*1 Return on Equity (ROE) is an indicator that shows how much profit a company generates relative to its shareholders' equity.

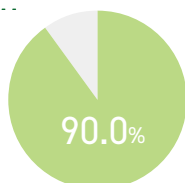
*2 Calculated based on the total number of companies requested to disclose by CDP.

The Value Created by Daiseki

Recycling rate for accepted waste

90.0 %

We contribute to resource circulation by recycling various types of industrial waste—such as waste oil, wastewater, and sludge—into recycled fuels and cement raw materials.



On the calculation method for recycling rates

CO₂ emission reduction effects

597,000 t-CO₂

Equivalent to the annual CO₂ emissions of 240,000 households*3

By recycling waste oil, waste solvents, and other materials instead of incinerating them, we reduce CO₂ emissions.

On the calculation method for avoided emissions

Strengths That Create Value

Comprehensive industrial waste treatment capacity covering nearly all of Japan

Number of prefectures granting industrial waste collection and transport licenses:

45 out of 47 prefectures

As a certified excellent industrial waste treatment company, Daiseki holds licenses for industrial waste collection and transport from municipalities covering almost the entire country and handles a wide variety of industrial waste at its own treatment facilities. Industrial waste is classified into 37 categories under the Act on Waste Management and Public Cleaning, but Daiseki manages these in more detailed classifications to reduce environmental impact and meet diverse clients' needs. [▶ P.62 Excellent Industrial Waste Disposal Company Certification System](#)

Number of industrial waste types accepted for intermediate treatment

33,087

Initiatives for Future Growth and Evolution

Market share among factories with 100 or more employees

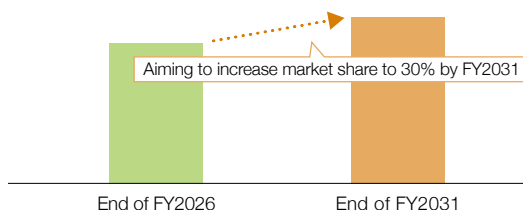
25.6 %

Number of factories with which new business relationships were established during FY2026

249
client facilities



We have business relationships with 6,450 of the 25,208 factories in Japan with 100 or more employees (as of the end of FY2026). With a broad client base across the manufacturing sector nationwide, we efficiently and reliably handle large volumes of industrial waste, meeting the needs of major waste generators. We aim to increase our market share to 30% by FY2031.

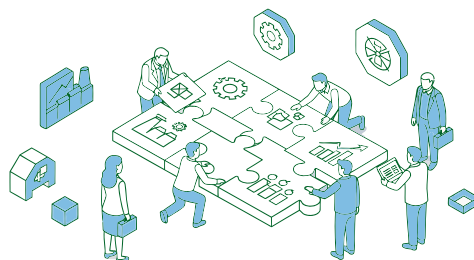


One-stop solutions through Group collaboration

Net sales from Group-wide collaboration

1,989 million yen

We promote one-stop solutions sales by jointly proposing multiple services through Group-wide collaboration, leading to the acquisition of new clients for each Group company.



*3 In FY2024, the average CO₂ emissions per household were 2.47 t-CO₂/year (based on the Ministry of the Environment's FY2024 survey on household CO₂ emissions)

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



小本哲也

Tetsuya YAMAMOTO

President and
Representative Director

EO 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 Daiseki MCR—which recycles lead from used batteries—but also for the entire Daiseki Group as we promote “circular economy-type recycling,” which returns waste to arterial industries as a resource.

Daiseki 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 Daiseki 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, Daiseiki 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 Daiseiki Group itself has also continued to grow.

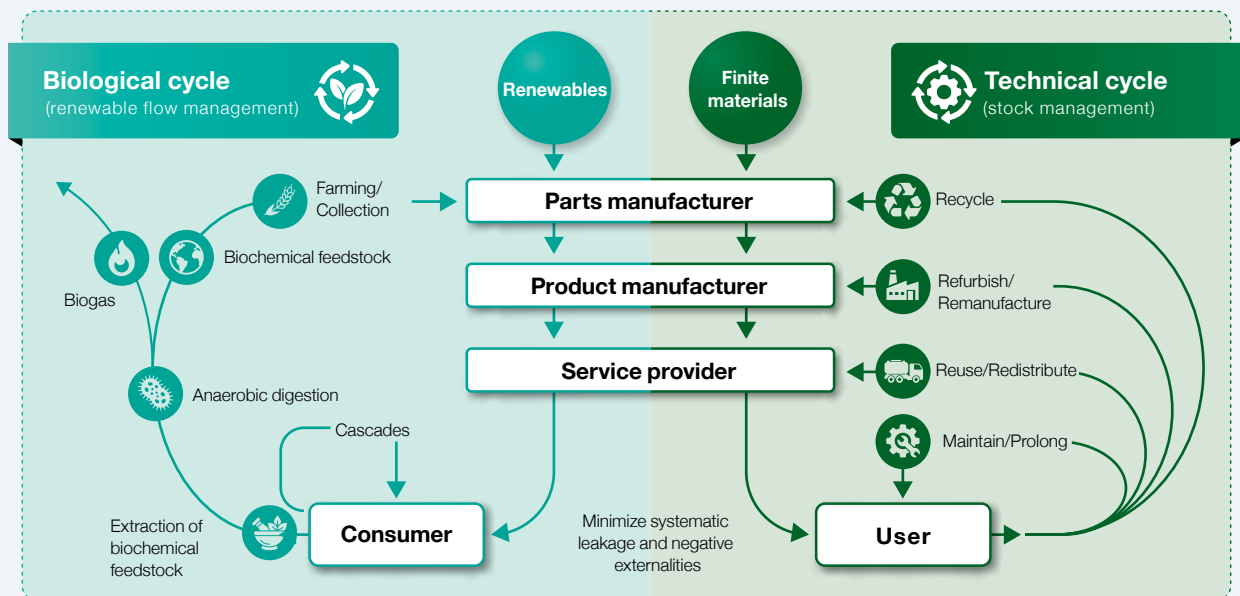
The keywords shared by these two visions of zero emissions are “a sustainable society” and “balancing a rich environment with economic growth.” We believe that what society is now calling for next is the circular economy. When considering the sustainability of manufacturing, we believe that the perspectives 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 Daiseiki 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.

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.

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

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.

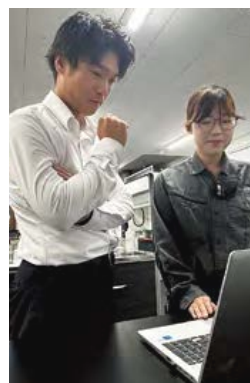
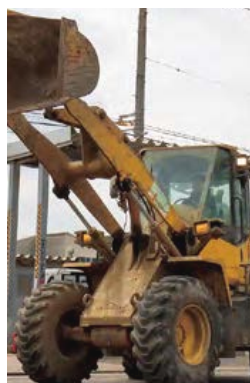
In doing so, it is essential that we do not simply build on our existing businesses but take on the challenge of venturing into new areas to create unprecedented value. An example of one step taken in this direction is Daiseki's succession to the business of SyncMOF, a startup originating from Nagoya 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.

External Environment Surrounding Daiseiki

Since our founding, we have consistently developed our business by anticipating current and future needs. Even in today's world characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), this commitment remains unwavering. As environmental issues increasingly emerge as critical challenges in the business landscape, we will continue to identify both risks and opportunities in pursuit of a sustainable society as an environmental value-creation company.

01 Key External Environmental Factors

Politics

- Global momentum toward carbon neutrality and increasingly stringent requirements to reduce emissions across the entire supply chain
- Government initiatives promoting the circular economy, including the enactment of the Act Concerning Sophistication of Recycling Business, etc.
- Stricter management of hazardous chemicals such as PFAS and strengthened environmental regulations on water quality and soil contamination

Economy

- Structural weakness in demand in Japan's heavy industries, including the cement industry, which is a major destination for recycled products
- Rising resource and energy prices amid geopolitical risks, alongside ongoing consolidation and closure of domestic manufacturing plants
- Supply chain restructuring and the reshoring of manufacturing in response to the weaker yen and heightened geopolitical risks
- Companies setting targets for the use of recycled materials

Society

- Progress in waste reduction and in-house treatment by manufacturers as the transition to a circular economy accelerates
- Increasing labor shortages caused by the decline in Japan's working-age population and the growing impact of the logistics industry's "2024 problem"

Technology

- The emergence of new technologies for resource separation, recovery, and reuse utilizing biotechnology, including microorganisms, and advanced materials such as metal-organic frameworks (MOFs)*1
- Progress in the automation and streamlining of supply chains and factory operations through digital technologies (DX), including AI, IoT, and robotics

Key External Environment Keywords

- ◎ Waste reduction in the manufacturing industry
- ◎ Circular economy
- ◎ Carbon neutrality

02 Anticipated Risks

Risk of stagnation or disruption of existing recycling schemes due to consolidation, closure, or declining demand at cement plants and other major customers for recycled products

Declining demand resulting from customers' waste reduction initiatives and increased in-house waste treatment

Pressure on profit margins caused by prolonged inflation, including rising fuel and electricity costs and outsourced transportation expenses

03 Opportunities and Response

Growing demand for consulting services that provide manufacturers with comprehensive support for resource circulation from the product design stage onward

Government initiatives promoting the circular economy and companies setting targets for the use of recycled materials

Provision of industrial waste treatment services that help customers reduce their Scope 3 emissions

04 Key Initiatives

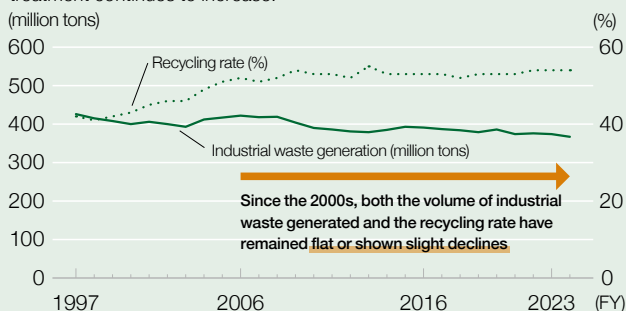
Review management strategies in anticipation of changes in the external environment over the next 10 and 20 years

Leverage MOF technology acquired through a business transfer, together with collaboration within and outside the Group, to become a solution-oriented company that supports manufacturing

*1 MOF (metal-organic framework)

Trends in Industrial waste generation and recycling rates

Due to the contraction of Japan's manufacturing sector and rising environmental awareness, the volume of industrial waste is expected to remain flat or decline slightly. Meanwhile, the recycling rate of industrial waste has plateaued in recent years, while the complexity of waste treatment continues to increase.

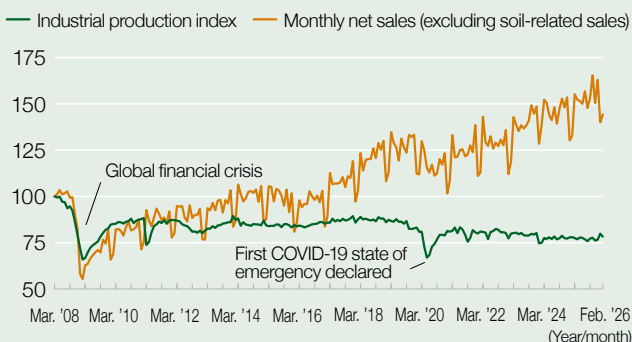


Source: Ministry of the Environment, State of Generation and Treatment of Industrial Waste in FY2024 (April 1, 2023–March 31, 2024)

Trends in the industrial production index and net sales

The industrial production index, an indicator of production activity in the manufacturing sector that forms Daiseki's customer base, has been on a downward trend.

Note: In the graph, the March 2008 value for each series is set to 100.

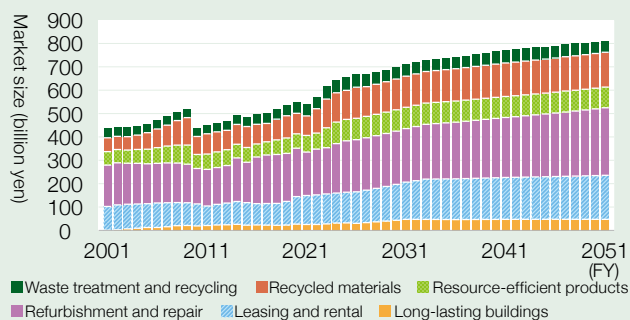


Source: Daiseki, Financial Results for the Fiscal Year Ended February 28, 2026 (68th fiscal year)

Measures

Market size

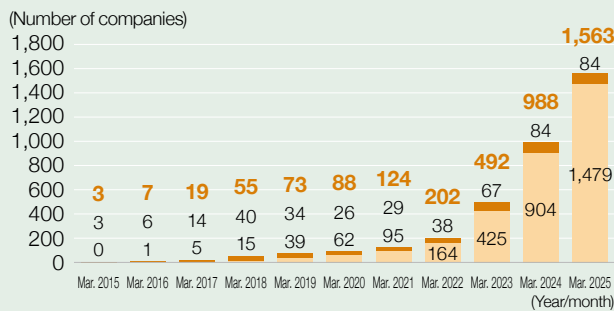
The market for the waste treatment and resource utilization sector as a whole is expected to continue expanding toward 2050.



Prepared by the Company based on the Ministry of the Environment's Report on the Market Size and Employment of the Environmental Industry (2024).

Companies in Japan participating in the science based targets initiative (SBTi)

The number of companies with SBTi-validated targets covering Scope 3 emissions is increasing. This trend is expected to drive greater demand for Daiseki's lower-carbon industrial waste treatment services.



Source: Ministry of the Environment; Science Based Targets initiative (SBTi)

As the external environment undergoes rapid change, Daiseki will accurately anticipate society's needs 10 and 20 years into the future and continuously evolve its business, human capital, and financial strategies. By strengthening collaboration among Daiseki Group companies, we will gain deeper insight into customer needs and provide a broader range of solutions. For technologies and capabilities that are not available within the Daiseki Group, we will leverage external partnerships and M&A to continue evolving into a solution-oriented company that provides multifaceted support for companies' manufacturing activities.

A History of Challenges and Evolution

Daiseki was founded in 1945, and since its establishment in 1958, it has created various innovations and supported Japanese manufacturing up until now.

Daiseki was founded as an oil refining business. Anticipating social and environmental changes driven by industrial development, the Company launched its waste treatment operations.

Number of business locations 2

- Daiseki Headquarters
- Locations other than Daiseki Headquarters
- Licensed areas



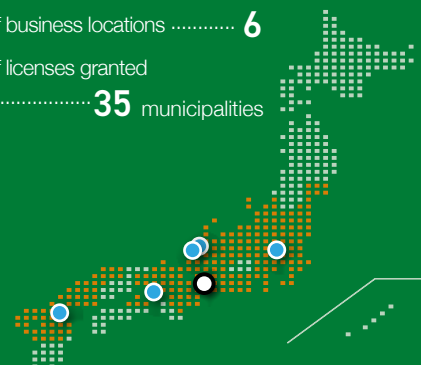
Founding period

1945→1970

Following the waste oil treatment business, we also expanded into the wastewater treatment business. Daiseki began its journey into the industrial waste treatment business.

Number of business locations 6

Number of licenses granted 35 municipalities



Seminal period

1971→1990

Daiseki's history

1945

- Commenced an oil refining business in Mie Prefecture starting with rapeseed oil (Daiseki's starting point)

1954

- Started a gasoline sales business, foreseeing the development of the automobile industry

1955

- Started a recycling business that regenerates industrial oil from waste oil

1961

- Started manufacturing and selling petroleum products such as concrete mold release agents, foreseeing the advance of concrete products (Daiseki Co., Ltd. and Hokuriku Daiseki Co., Ltd.)



Daido Sekiyu Kagakukogyo Co., Ltd.

1966

- Concerned about the worsening pollution, started a waste oil treatment business

1971

- Started a wastewater treatment business

1972

- Obtained the first license for industrial waste management in the city of Nagoya in response to the enactment of the Waste Management and Public Cleansing Act in 1970

1980s

- Started wastewater treatment using activated sludge
- Started production of supplemental fuel for cement companies
- Started a sludge recycling business for cement production



Nagoya Works

Social developments

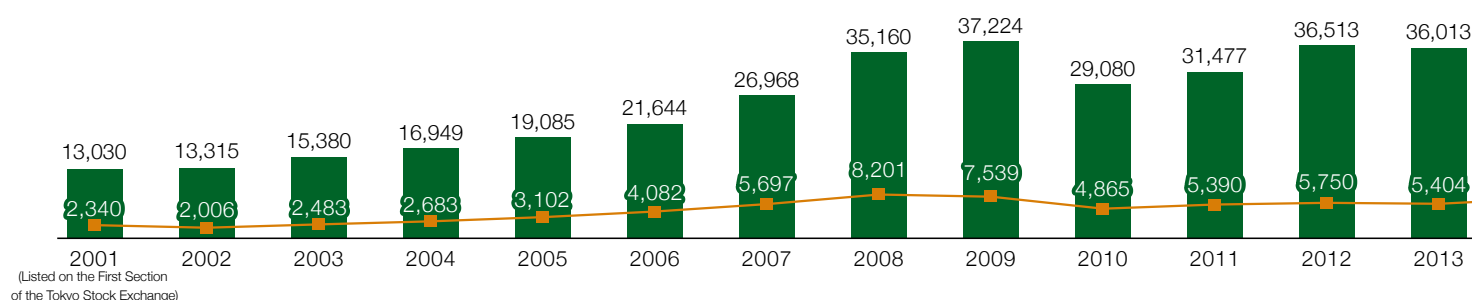
- Widespread adoption of automobiles begins
- Construction of large-scale gas stations commences
- Demand for concrete products increases
- The Basic Law for Environmental Pollution Control is enacted in response to worsening pollution
- The Waste Management and Public Cleansing Act is established, making industrial waste treatment a licensed industry

- The Act on Rationalizing Energy Use is enacted following the oil crisis.
- The cement industry begins using recycled fuel and converting sludge and other waste into reusable resources.

Trend in Net Sales and Operating Profit (million yen)

■ Consolidated net sales

■ Consolidated operating profit



Advancing as an environmental value-creation company, Daiseki implemented business spin-offs and went public.

Number of business locations 9
Number of licenses granted 42 municipalities



Rapid growth period

1991→2000

1995

- Began over-the-counter trading

1997

- At the 10th National Congress for Consideration of Waste and the Living Environment, received the Health and Welfare Minister Award (Award for Success in Environmental Business)

1999

- Listed on the Second Section of the Tokyo Stock Exchange

2000

- Transferred to the First Section of the Tokyo Stock Exchange
- Started a contaminated soil remediation business (Daiseki Eco. Solution)



Listing on the First Section of the Tokyo Stock Exchange

- Public awareness of global environmental conservation issues increases with the enactment of the Basic Act on the Environment
- Conducted recovery support activities for the heavy oil spill accident of the Russian oil tanker Nakhodka in the Sea of Japan
- Accelerated shift of production bases from Japan to overseas following the collapse of the economic bubble

Developed as an environmental value-creation company supporting society. Expanded a business model focused on resource circulation.

Number of business locations 49
Number of licenses granted 49 municipalities



Development period

2001→

2007

- Started a lead recycling business (Daiseki MCR Co., Ltd.)

2009

- Started a waste plasterboard recycling business (Green Arrows Central Co., Ltd.)

2010

- Started a large tank cleaning business (System Kikou Co., Ltd.)

2025

- Made Daiseki Eco. Solution a wholly owned subsidiary through a tender offer

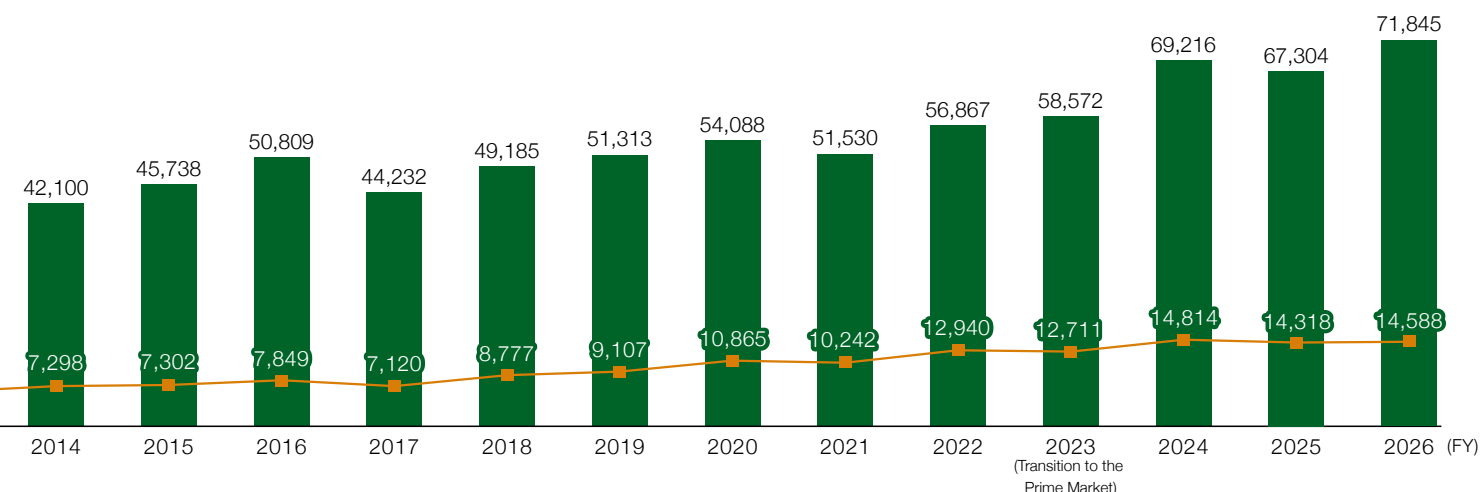


Supporting recovery efforts in the areas affected by the Great East Japan Earthquake

2026

- Acquired the SyncMOF business

- Interest in the 3Rs (Reduce, Reuse, Recycle) increases with the enactment of the Basic Act on Establishing a Sound Material-Cycle Society
- Carried out recovery support activities in response to the Great East Japan Earthquake
- Act on Promoting a Smooth Transition to a Decarbonized Growth-Oriented Economic Structure enacted to reduce greenhouse gas emissions
- The Ministry of Economy, Trade and Industry launched the Circular Partners (CPs) initiative
- Carried out recovery support activities in response to the Noto Peninsula Earthquake



Long-Term Business Plan

VISION 2030

— Aiming to triple sales and operating profit and achieve 15% ROE compared to FY2018

In June 2018, in response to changing external conditions such as the growing environmental awareness since the 2010s and the need for further growth, Daiseki formulated its long-term business plan, VISION 2030. Since then, domestic policies toward carbon neutrality have been strengthened, and initiatives for the circular economy have been launched. Taking these changes in the external environment into account, the Daiseki Group will formulate and advance strategies aimed at becoming a solution-oriented company.

►► Basic Structure of the Strategy to Achieve VISION 2030

VISION 2030



Management strategy

Management strategy, etc.

Formulate strategies aimed at becoming a solution-oriented company

Business strategy

Formulate new business strategies based on the management strategy

Functional Strategy

Promote financial and human capital strategies that support the execution of the business strategy. Under the slogan "challenge first," we are currently overhauling our personnel system for the first time in 20 years.

►► External Environment

2010s onward

Risks

2018

Disruptions

2020s onward

Tightening of Regulations

Present

Forecast at b

FY2018
Actual
Performance

Specific Targets and Progress Toward VISION 2030

The specific targets and progress of

1 Opening three new operating bases

Hiroshima Works
Commenced operations in March 2024;
achieved profitability in FY2026



Two other operating
bases under
consideration
(Hokkaido, Tohoku region, etc.)

2 Progress toward establishing three new core businesses

► Expanded the range of items handled

Gases (MOFs)

Acquired the SyncMOF business in January 2026, expanding our business domain from liquids to gases

	FY2027	FY2031
Net sales plan	0.1 billion yen	1.0 billion yen
Operating profit plan	50 million yen	0.3 billion yen

Waste plastics business

In January 2025, Daiseki Eco. Solution was selected as the preferred proposer for the City of Shizuoka's Plastic Resource Recycling Partnership Project (partner under the collaboration agreement)

	FY2027	FY2031
Net sales plan	—	1.7 billion yen
Operating profit plan	—	0.5 billion yen

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collection

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Environmental Changes and Daiseki's Response

Increasing environmental awareness

Closure of VISION 2030

Tightening of carbon neutrality regulations
Promotion of the circular economy

Formulating and advancing strategies aimed at becoming a solution-oriented company

*Embodiment of
Our Purpose and
Becoming
a Company
That Prospers
for 100 Years*



The VISION 2030 disclosed in the financial results announcement in April 2026 are as follows.

Businesses (disclosed in April 2026)

Evaluation of M&A opportunities

Evaluate M&A opportunities involving companies where synergies can be achieved by leveraging Daiseki's client base and technological capabilities, as well as companies that possess strengths not currently held by Daiseki

	FY2028	FY2031
Net sales plan	20 billion yen	25 billion yen
Operating profit plan	2.0 billion yen	2.5 billion yen

Other circular economy-related businesses

Evaluate business opportunities aimed at establishing a circular economy for mineral oils

	FY2027	FY2031
Net sales plan	-	0.8 billion yen
Operating profit plan	-	0.3 billion yen

Acquisition of Sugimoto Trading Company

In FY2023, Daiseki Eco. Solution acquired Sugimoto Trading Company Co., a subsidiary, entering the waste plastics recycling, municipal waste collection and transportation, and recovered paper collection businesses

	FY2027	FY2031
Net sales plan	2.2 billion yen	2.8 billion yen
Operating profit plan	0.3 billion yen	0.4 billion yen

Total

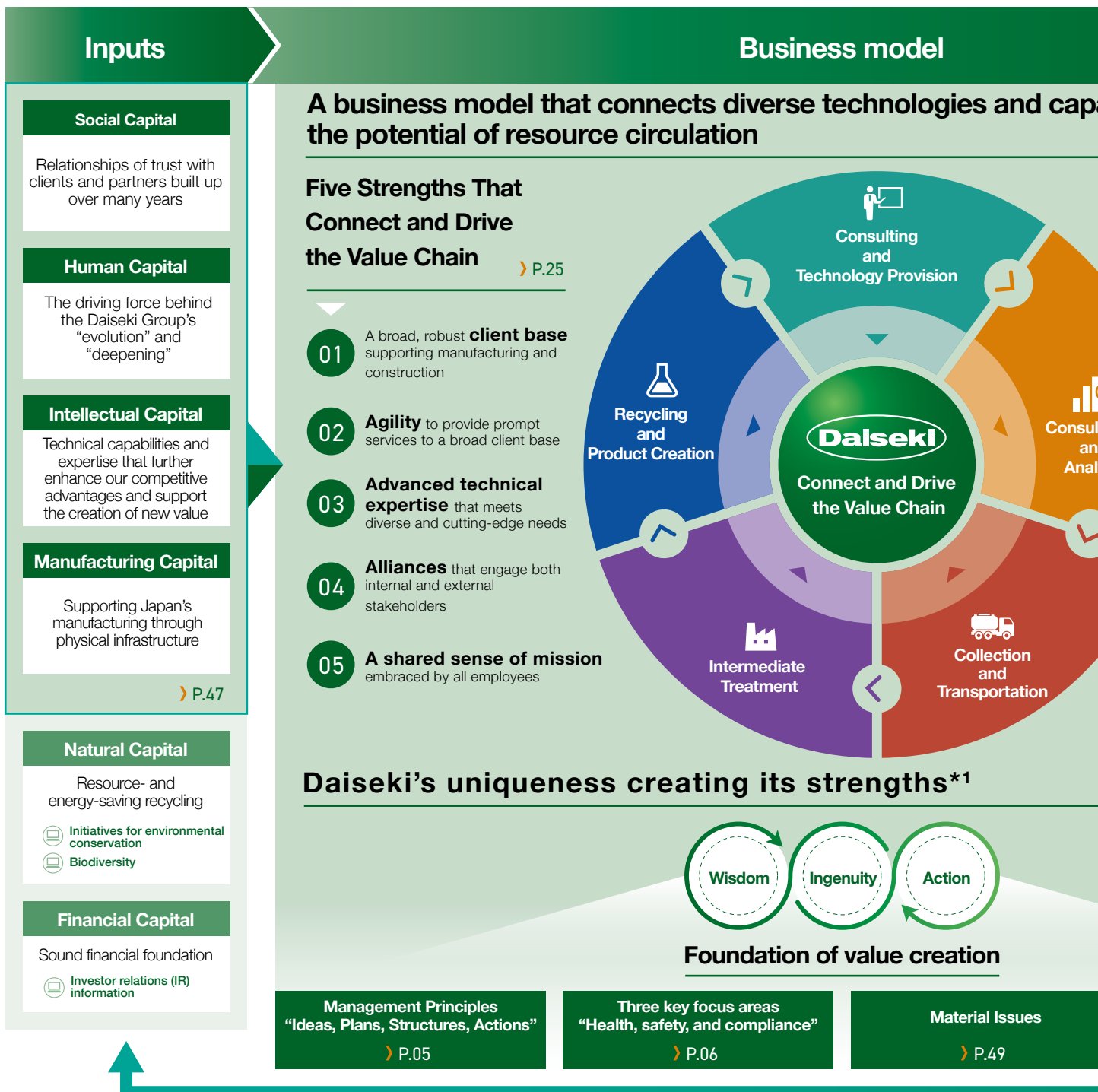
	FY2031
Net sales plan	31.3 billion yen
Operating profit plan	4.0 billion yen

Why do clients choose Daiseki?

▶▶ We present the competitive advantages that form the foundation of client trust and how we leverage those strengths to create value.

Value Creation Process

Since its founding, Daiseki has built a unique business model that connects and drives the resource circulation value chain, powered by the spirit of “wisdom, ingenuity, and action” passed down through generations. By leveraging these strengths, Daiseki creates both economic and social value.



External environment > P.15

- Carbon neutrality trend
- Increasing pressure to reduce supply chain emissions
- Promotion of circular economy policies
- Declining demand due to clients' waste reduction initiatives and increased in-house waste treatment
- Weak demand and restructuring in Japan's manufacturing and heavy industries
- Stricter management of hazardous chemicals and tighter environmental regulations
- Advancing resource circulation through new technologies and digital transformation (DX)

Purpose

**Making the Best Use of Limited Resources
An Environmental Value-Creation Company
Contributing to Society through the Environment**

**Toward becoming a company
that prospers for 100 years**

- > P.09 Message from the President
- > P.19 Long-Term Business Plan: Vision 2030

Output

Outcome

Capabilities to expand

> P.23

**Value created
by connecting
the value chain**

**Propose
solutions
based on the
characteristics
of each type of
waste**

**Recycle
waste into
valuable
resources**

**Optimize
resource
circulation
systems**

> P.05

**Combining diverse technologies to recycle
industrial waste and other materials into
resources to the greatest extent possible**

Shipment volume of recycled products

Recycled fuels	294,000 tons
Raw materials for cement	600,000 tons
Usable metals	2,000 tons
Recycled chemicals	3,000 tons
Plasterboard	97,000 tons
Recycled lead	14,000 tons
Recycled paper	35,000 tons
Recycled lubricant	331 kL
Other recycled materials	183,000 tons



Recycled fuels



Raw materials for cement



Usable metals



Recycled lead



Large-scale tank cleaning



Raw materials for plasterboard



Biodiesel fuel



Recycled lubricant



Initiatives for environmental conservation

**Realization of CSV management*2 that
increases the Company's economic
value alongside enhancing social value**

Economic value > P.19

**Long-Term Business Plan:
VISION 2030**

FY2031

Net sales **150.0 billion yen**

Operating profit **25.0 billion yen**

ROE **15.0%**

Social value > P.49

1

Environmental conservation and value creation for industries and local communities

**Prevention of
environmental pollution**

2

Support for carbon neutrality in manufacturing

**Mitigation of
climate change**

3

Contribution to the circular economy through resource circulation

**Revitalization of
domestic manufacturing**

Ensuring economic security

Corporate Governance

> P.57

*1 Uniqueness: Features not found in other companies *2 CSV management: CSV stands for Creating Shared Value. It aims for companies to generate profits through business that contributes to society.

Daiseki's Value Chain and Competitive Advantages

The essence of Daiseki's competitive advantage lies in its ability to provide integrated services spanning waste collection through to resource recovery. By identifying the optimal means—whether leveraging the Group's technologies and expertise, undertaking M&A, or pursuing collaboration—we connect the value chain and achieve resource circulation. This page explains the strengths and challenges at each stage of the process, as well as the value created through collaboration across the value chain.

- > P.25 **Five Strengths That Connect and Drive the Value Chain**
- > P.27 **Special Feature: From Solving Client Challenges to Anticipating Future Needs**
- > P.47 **Capital Supporting Evolution**



Value created by connecting the value chain

Propose solutions based on the characteristics of each type of waste

We propose treatment methods that extract valuable resources while minimizing environmental impact.

Recycle waste into valuable resources

Drawing on the technological expertise we have cultivated over many years, we recycle waste into valuable resources.

Optimize resource circulation systems

We share and accumulate knowledge gained from individual projects across the Group and apply it to other clients and new business fields.



Consulting and technology provision

We propose solutions from new perspectives that leverage the strengths of the Daiseki Group to address clients' latent needs and environmental risks.

Strength

Proactive proposals that support clients' manufacturing, environmental conservation, and resource circulation

Challenges

- Develop personnel capable of identifying clients' latent needs and driving Daiseki's evolution into a solution-oriented company



Consultation and analysis

We analyze waste samples provided by clients and, based on the results, propose a safe and reliable treatment method before entering into a contract.

Strength

Extensive expertise, technical capability, and the ability to respond to a wide range of client needs

Challenges

- Further strengthen the technological capabilities and compliance framework needed to address increasingly complex waste treatment requirements



Collection and transportation

We collect waste from clients' factories and other facilities and transport it safely and reliably to our processing plants.

Strength

Prompt, dependable collection and transportation with a nationwide network, dedicated large vehicles and specialist staff

Challenges

- Strengthen safety measures to protect employees and maintain client trust
- Secure both the quality and quantity of specialized staff, considering challenges such as labor shortages in the logistics industry



Intermediate treatment

We safely and reliably detoxify and reduce the volume of waste at our intermediate treatment facilities, tailored to the physical and chemical characteristics of the waste, contributing to CO₂ reduction.

Strength

Industry-leading treatment volume and variety leveraging manufacturing capital and technical expertise, contributing to clients' CO₂ emissions reductions

Challenges

- Strengthen safety measures to protect employees and maintain client trust
- Reduce intermediate treatment costs



Recycling and product creation

We process clients' waste into recycled products.

By selling recycled products that serve as alternatives to virgin materials, we promote resource circulation and help prevent resource depletion.

Strength

Balancing environmental conservation and economic efficiency. Staff deeply committed to environmental value creation

Challenges

- Further improve the efficiency of cascade recycling
- Expand markets and develop technologies for material recycling

Five Strengths That Connect and Drive the Value Chain

Since our founding, we have addressed the diverse challenges faced by our clients and society, expanding the potential of resource circulation by steadily accumulating knowledge and technologies gained in the field. The five strengths cultivated through this process organically connect the value chain and serve as the driving force behind the development of optimal solutions tailored to the differing characteristics of each client's waste and resources.

A broad, robust client base supporting manufacturing and construction

Client base

Agility to provide prompt services to a broad client base

Agility

Advanced technical expertise that meets diverse and cutting-edge needs

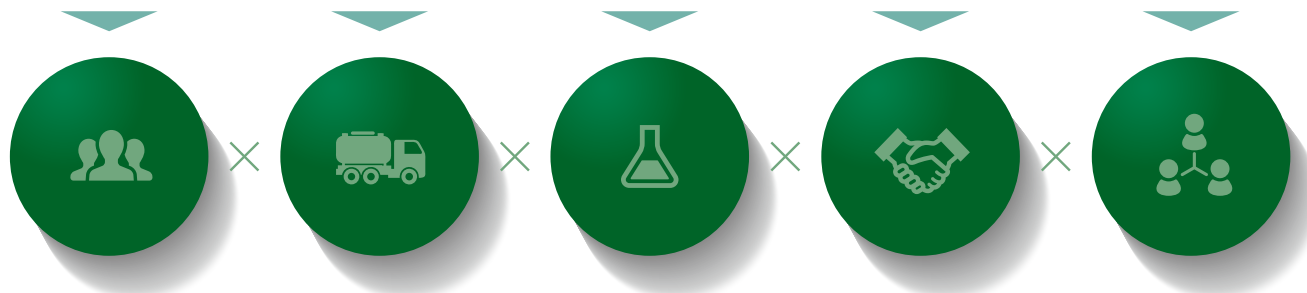
Advanced technical expertise

Alliances that engage both internal and external stakeholders

Alliances

A shared sense of mission embraced by all employees

A shared sense of mission



A broad, robust **client base** supporting manufacturing and construction

➤ P.47 Capital Supporting Evolution (Social Capital)

Building strong relationships with a diverse range of clients not only facilitates sales growth and risk resilience but also expands opportunities for resource reuse. This foundation is a crucial strength that serves as a source of added value through environmental value creation.

Number of Daiseki client factories in Japan with 100 or more employees (as of February 28, 2026)

..... **6,450** factories

Duration of client relationships

- Less than 10 years **47.4 %**
- 10 to 19 years **36.4 %**
- 20 years or more **16.2 %**



Agility to provide prompt services to a broad client base

➤ P.07 At a Glance
➤ P.47 Capital Supporting Evolution (Manufacturing Capital)

To optimally address the diverse needs of our clients, we ensure we have the necessary functions and capabilities in place. In particular, our ability to manage the entire process—receiving orders nationwide, collecting and transporting waste, performing recycling treatment, and selling recycled products—plays a key role in our ongoing growth as an environmental value-creation company. We also serve as part of the infrastructure supporting the recovery of businesses affected by disasters such as earthquakes and torrential rains.

Amount of materials received for recycling*

..... **1.97** million tons

(Approximately 4,041 times the weight of water in a 25-meter swimming pool)

* Total volume of waste, valuable materials, and other materials received by the Daiseki Group for recycling.

Number of municipalities granting industrial waste collection and transport licenses

..... **45** out of 47 prefectures





Advanced technical expertise

that meets diverse and cutting-edge needs

› P.48 Capital Supporting Evolution (Intellectual Capital)

To equip ourselves with the technical capabilities to meet our clients' most advanced needs, we pursue research and development not only in traditional technologies but also in acquiring new technologies. Additionally, our employees proactively embody "wisdom, ingenuity, and action" by proposing and implementing cost-reduction improvements.

Number of industrial waste types accepted for intermediate treatment

33,087

Number of cost reduction initiatives and cost savings

62 proposals, 850 million yen in cost savings



Alliances

that engage both internal and external stakeholders

- › P.27 Special Feature: From Solving Client Challenges to Anticipating Future Needs
- › P.47 Capital Supporting Evolution (Social Capital)

To fulfill the needs of our clients and society, we actively collaborate with a wide range of stakeholders, including partner companies, corporations, universities, and experts who possess technical skills and know-how. We prioritize building cooperative and trust-based relationships with external partners from a long-term perspective, rather than focusing solely on short-term profits within our own company.

Number of external partners

- Partner companies (collection, transportation, final disposal, etc.) 273 companies
- Companies engaged in joint technology development 10 companies
- Municipalities with comprehensive cooperation agreements 2 cities
- Experts invited for new business development 2 experts



A shared sense of mission

embraced by all employees

› P.29 Message from the Vice President

We uphold the Management Principles of "Ideas, Plans, Structures, Actions" and inherit the values of "wisdom, ingenuity, and action." Regardless of role or position, all employees share a sense of mission to resolve social challenges while ensuring economic efficiency. Many employees driven by this mission actively engage in new business development.

Number of applicants for new business ideas

- 1st round 332
- 2nd round 214
- 3rd round 226
- 4th round 203

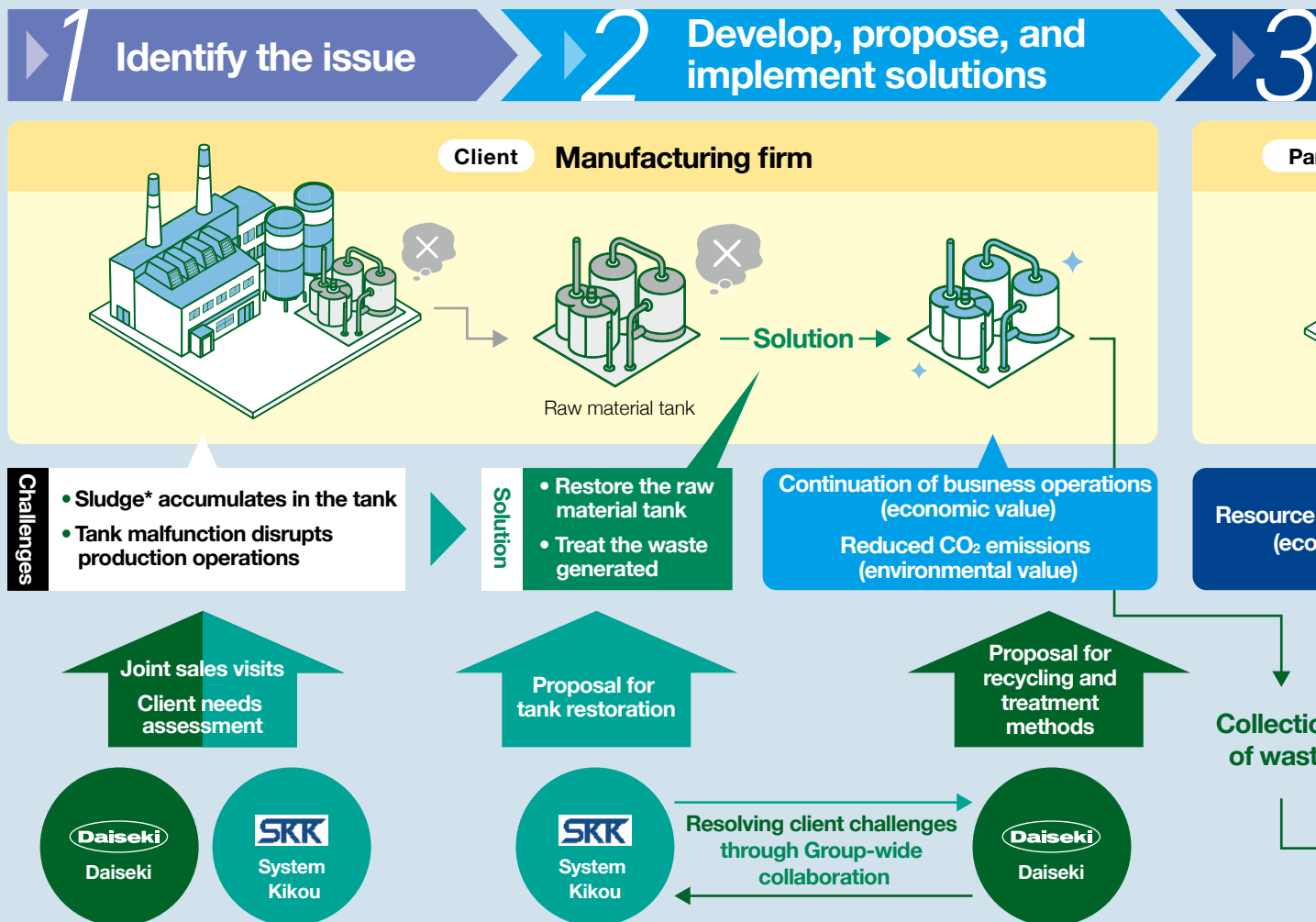


Special Feature

With its evolution into a solution-oriented company in mind, Daiseki is expanding the by combining the strengths of its Group companies. This feature presents a case in v System Kikou resolved a long-standing client challenge and led to the creation of nev

Daiseki×System Kikou

From Solving Client
— Expanding Reve



* Sludge: Mud-like waste generated during factory wastewater treatment and various manufacturing processes.

1 Identify the issue

Daiseki and System Kikou jointly visited Client A, a manufacturing client, where they identified a problem: production operations were being disrupted by the malfunction of a tank caused by sludge accumulation. Believing that the client's issue could be resolved by combining System Kikou's tank cleaning technology with Daiseki's waste treatment technology, the two companies jointly proposed a solution.

2 Develop, propose, and implement solutions

With System Kikou responsible for recovering the sludge from the chemical solution tank and Daiseki responsible for recycling the recovered sludge, the two companies carried out extensive simulations. As a result, they proposed a solution in which System Kikou applied its COW Method (see the box on the opposite page) to break up and recover the sludge adhering to the inside of the tank using a high-pressure water jet, while Daiseki recycled the recovered waste. Following approximately one and a half years of cleaning work, the chemical solution tank was restored as planned, resolving a long-standing issue for Client A.

3

At Client A, the accumulated sludge was removed, and production operations resumed. By applying the COW Method, the waste treatment technology was able to resolve the client's challenge.

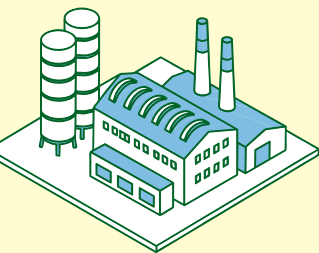
By applying the COW Method, the waste treatment technology was able to resolve the client's challenge. The equipment used for the solution was contributed by the Group.

value it provides to clients
which collaboration with
y value.

Challenges to Anticipating Future Needs Continue Through Group-Wide Collaboration

Create new value

artner Cement company



circulation through cement recycling
(economic and environmental value)

Shipment of
cement
raw materials

on
e



Create new value

ent A, two-thirds of the tank had become unusable due to sludge
accumulation. Through this cleaning project, however, all of the sludge was
removed, allowing the entire tank to be used once again for production
operations. Approximately 3,700 tons of waste were recovered. Although this
would previously have had to be incinerated, Daiseki's treatment
technology made it possible to recycle a portion of it as raw material for cement.
Leveraging their respective areas of expertise to address the client's
challenge, Daiseki and System Kikou created new value that extends beyond
waste treatment to supporting manufacturing. The maintenance of plant
equipment is essential to the manufacturing industry, and demand for similar
services is expected to continue growing. By harnessing the expertise of each
company through close collaboration, the Daiseki Group will continue
contributing to the resolution of client issues.

Client Feedback

A long-standing challenge was resolved, ensuring stable plant operations

For several years, we had struggled with the removal of sludge accumulating in our chemical solution tank. Each time sludge built up, we asked cleaning contractors and other service providers to remove it. However, they were unable to keep pace with the accumulation, and the volume of sludge continued to increase. We lived with the constant concern that our manufacturing process might come to a halt at any time. Representatives from Daiseki and System Kikou proposed installing high-pressure jet nozzles at the top of the tank and using water pressure to break up and recover the sludge.

At first, the scale of the proposal was so ambitious that it was difficult to envision how it would work. However, based on a carefully prepared construction plan, they removed the accumulated sludge from the tank precisely according to schedule. We have now implemented measures to prevent further sludge accumulation, enabling us to maintain stable operations, for which we are extremely grateful. Naturally, it would be best for problems of this kind not to occur, but should we encounter another difficult challenge in the future, we would certainly like to consult Daiseki and System Kikou again.

Message from One of the Staff in Charge

Despite the enormous volume of waste recovered from the tank, the Production and Technology Departments established the treatment method and coordinated shipments to the cement company, while the Operations Department arranged collection vehicles, including those of partner companies. Close coordination among the departments enabled the waste to be collected smoothly.



Sales Representative,
Sales Department
Daiseki Kyushu Works

By making frequent fine adjustments to the nozzles of the jetting equipment installed inside the tank, we were able to direct the jets at the sludge effectively. When the cleaning work was completed and I saw how pleased the client was, I felt a tremendous sense of accomplishment.

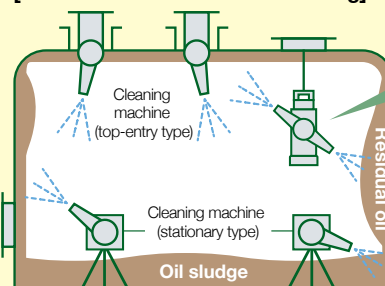


Construction
Representative,
Construction Group,
Business Division
System Kikou Co., Ltd.

Achieving safety, shorter lead times, and resource reuse through System Kikou's proprietary advanced technology

The COW Method eliminates the need for personnel to enter the tank and uses air-powered machinery to clean large tanks safely and within a short period. In addition to reducing equipment downtime and improving worker safety, it also reduces environmental impact by enabling the recovered sludge to be reused as a resource.

[Illustration of internal tank cleaning]



Air-powered machine
for internal tank cleaning

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

Yasuo ITO

Executive Vice President and
Representative Director



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 Daiseiki 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 Daiseiki 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.



Daiseki Group's Business Strategy

Building on the strengths of Daiseki, the company that became the cornerstone of the Daiseki Group, we have expanded our business scope and developed ventures that demonstrate a high level of expertise in each respective field. Going forward, we will further refine each company's competitive advantages and leverage our collective strength as a group to provide solutions that no single company could achieve on its own, making it possible to solve even more complex challenges.

>> Overview of Business Activities

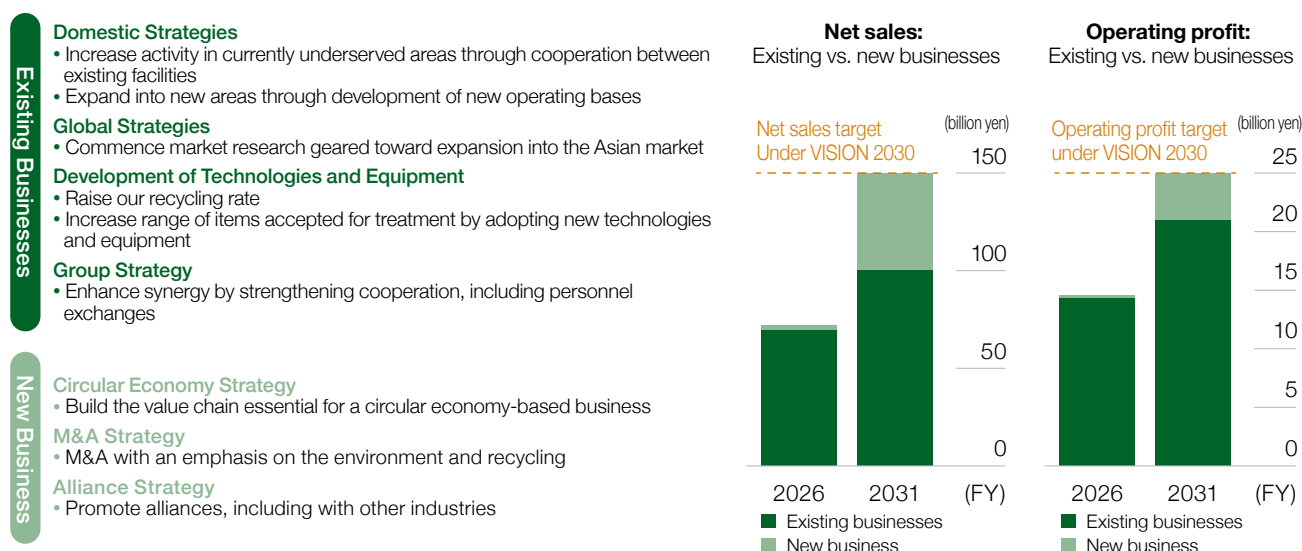
Group companies	Core businesses	Roles and value provided
Daiseki	Collection, transportation, and intermediate treatment of industrial waste	Reducing environmental impact and contributing to a recycling-oriented society through proper treatment and recycling of industrial waste
— Daiseki Eco. Solution	Contaminated soil remediation, biodiesel fuel production, and PCB-related operations	Reducing environmental impact by remediating contaminated soil from construction sites and properly treating PCB waste, and supporting the development of a recycling-oriented society by producing biodiesel fuel
— Green Arrows Central	Waste plasterboard recycling	Contributing to a recycling-oriented society through the recycling of waste plasterboard
— Green Arrows Kyushu		
— Sugimoto Trading Company	Collection, transportation, and disposal of general waste; and collection, transportation, and recycling of used paper	Reducing environmental impact and supporting a recycling-oriented society through proper treatment and recycling of general waste
— Daiseki MCR	Lead recycling	Reducing environmental impact and contributing to a recycling-oriented society through lead recycling
— System Kikou	Large tank cleaning	Maintaining infrastructure through large tank cleaning and contributing to a recycling-oriented society by recycling waste oil collected during the process
— Hokuriku Daiseki	Petroleum product manufacturing and waste oil treatment	Manufacturing and sales of concrete mold release agents that allow smooth molding, and reducing environmental impact through waste oil recycling

>> Outlook for Evolving into a Solution-Oriented Company

P.19 Long-Term Business Plan: VISION 2030

The Daiseki Group is formulating the following business strategies to drive progress toward achieving VISION 2030. (Our targets by FY2031 are net sales of 150 billion yen, operating profit of 25 billion yen, and ROE of 15.0%.)

Formulating New Business Strategies



>> Daiseki: Expanding and Driving the Circular Economy

Aiming to evolve into a solution-oriented company, the Daiseki Group is combining the expertise and client bases of its member companies to provide solutions that could not be achieved by any single company on its own, thereby enhancing resource recycling and creating new value. We are expanding the strengths we have cultivated in our businesses to find solutions to new challenges.



>> Examples of Inter-Group Collaboration

Daiseki × Daiseki Eco. Solution

During factory tours for clients held by Daiseki, a survey regarding Daiseki Eco. Solution's contaminated soil treatment services is conducted. For prospective clients who have been identified as having needs in this area, Daiseki and Daiseki Eco. Solution collaborate to conduct joint sales visits, helping to generate new business opportunities.

> P.37 Contaminated Soil Recycling Business

Green Arrows Central × Group Companies

In connection with the launch of Green Arrows Central's Shizuoka Factory, Group companies pooled their respective expertise and know-how to provide support in areas such as architectural design, administrative procedures, and dialogue with local residents.

> P.40 Other Resources Recycling Business

Daiseki Eco. Solution × Sugimoto Trading Company

With Daiseki Eco. Solution launching a waste plastic recycling business in Shizuoka City, Sugimoto Trading Company, which has already been operating a similar business, is supporting the launch through the implementation of a pilot facility.

> P.40 Other Resources Recycling Business

Daiseki MCR × Group Companies

Group companies handle the initial collection of used lead-acid batteries and leverage the Group's collection network to efficiently procure raw materials from across Japan.

> P.38 Lead Recycling Business

Growth Strategies and Progress by Business Segment



Wastewater, Waste Oil, and Sludge Recycling Business

Main companies involved

Daiseki, Hokuriku Daiseki

The wastewater, waste oil, and sludge recycling business focuses primarily on the collection, transportation, and intermediate treatment of industrial waste, as well as the manufacture and sale of recycled products from the same.

Wastewater is treated until it meets the required standards, and the usable metals in the wastewater are recycled as metal residues; the waste oil is recycled as fuel; and the sludge is recycled as a raw material for cement.

Through these efforts, we are contributing to the preservation of the global environment and the realization of a sustainable society. Furthermore, by adopting recycling methods that reduce greenhouse gas emissions compared to incineration, we also contribute to carbon neutrality.



Daiseki Nagoya Works' activated sludge treatment facility

Strengths

- A business model that generates revenue from both the provision of industrial waste disposal services and the sale of recycled resources
- High recycling rate
- Contributes to carbon neutrality through low-carbon waste processing
- Wide range of industrial waste items handled
- A network of large-scale processing plants located throughout Japan
- High level of emergency response capability in the event of a disaster

FY2026 Achievements

- In FY2026, business performance was sluggish in the first half due to the impact of tariffs, but in the second half, the volume of wastewater received rebounded, and both net sales and operating profit reached record highs.
- Contribution to reducing clients' greenhouse gas emissions: 597,000 t-CO₂
- Amount of industrial waste accepted: 1.13 million t
- Recycled products shipments (usable metals): 2,000 t
- Recycled products shipments (recycled chemicals): 3,000 t



Business Environment

Risks

- Reduction of waste in the manufacturing sector and the establishment of recycling within manufacturing processes (in-house recycling) as the transition to a circular economy accelerates
- A prolonged rise in prices, including energy costs and outsourcing expenses
- Barriers to business expansion from strict waste disposal regulations

Opportunities

- Growing demand for waste recycling services due to an increasing number of clients seeking carbon neutrality
- Government policies to promote the transition to a circular economy and corporate initiatives to promote the use of recycled materials
- An expansion of business opportunities resulting from the return of manufacturing to Japan

Medium- to Long-Term Business Plans and Measures

- We are making capital investments to increase our treatment capacity for wastewater, waste oil, and sludge, as well as growth investments aimed at establishing new businesses, on an ongoing basis.
- We are currently revising our personnel system as part of our aim to evolve into a solution-oriented company.
- Having acquired SyncMOF's business, we are beginning to expand our operations into the recovery of gases such as ammonia, CO₂, and hydrogen using metal-organic framework (MOF) technology.
- We are planning a business to recycle used lubricating oil.
- We launched a tender offer for Daiseki Eco. Solution to further strengthen our business foundation through the mutual sharing of client bases among Group companies and to further deepen integrated Group management.

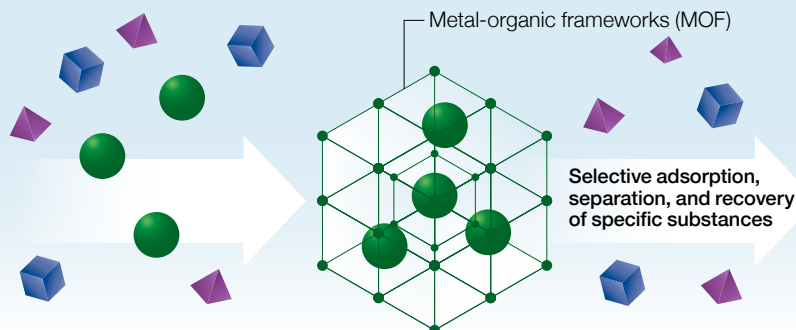
FOCUS MOF Technology Enabling the Recycling of Gases from Waste

Metal-organic frameworks (MOFs), also known as porous coordination polymers (PCPs), are porous materials formed by the interlocking of metal ions and organic ligands in a jungle-gym-like structure. Since MOFs allow for the flexible design of pore size and surface properties by varying the combination of metal ions and organic ligands, they can selectively adsorb and separate specific substances from a mixture of gases. Taking advantage of these characteristics, MOFs are expected to be applied in a wide range of fields, including gas separation and recovery and resource circulation, and research and development has been advancing worldwide in recent years. In October 2025,

three scientists, including Susumu Kitagawa, a Distinguished Professor at Kyoto University and a developer of MOFs, received the Nobel Prize in Chemistry, further increasing interest in MOFs.

Daiseki handles everything, from MOF synthesis and evaluation to equipment development, and is advancing applications for the recovery of gases, including ammonia, CO₂, and hydrogen. Furthermore, by combining this with Daiseki's resource recovery technology for wastewater, we aim to expand into areas where recycling was previously difficult to implement.

Image of MOF gas adsorption



Highlights from FY2026

Daiseki's Hokuriku and Kanto Works collaborate to assist a company that suffered flood damage in the Joetsu region of Niigata Prefecture with its recovery efforts

Due to heavy rains in September 2025, a manufacturing firm experienced flooding throughout its entire factory, and a power outage prevented the company from draining the water outside the facility.

The next day, Daiseki arranged for several tanker and vacuum trucks to collect the wastewater, which was a mixture of rainwater and oil.

Thereafter, between September and December, Daiseki arranged for a total of 208 heavy-duty vehicles to collect 2,080 tons of wastewater, thereby supporting the company in the resumption of its production activities.



One of the vacuum trucks that played a role in the recovery efforts

Message from One of the Staff in Charge

For the swiftest recovery, disaster waste must be removed as quickly as possible. What posed a challenge for us was the need to arrange vehicles for the recovery efforts while simultaneously handling our regular dispatch operations. Our own fleet was nowhere near sufficient, but our partner companies responded to our call for help, lending us a large number of vehicles and supporting our efforts. Arranging and managing the operations of such a vast number of vehicles was by no means an easy task, but I believe that it was precisely the kind of role I should fulfill as a dispatcher.



The dispatcher from the Operations Department of the Hokuriku Works

Growth Strategies and Progress by Business Segment



Contaminated Soil Recycling Business

Main companies involved

Daiseki Eco. Solution

In our soil contamination-related business, we have established a one-stop system that handles everything in-house, from consulting to surveys, analysis, and remediation.

We provide comprehensive services, including soil surveys using drilling and other methods, in-house environmental analysis, remediation work, and the disposal of contaminated soil through excavation and washing. Through efficient remediation and recycling of contaminated soil, we contribute to the creation of a circular society.



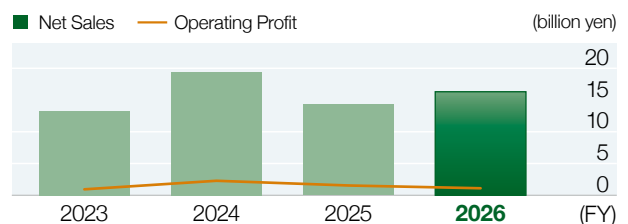
Daiseki Eco. Solution's Yatomi Recycling Center

Strengths

- The ability of being able to handle surveys, construction, and remediation across Japan
- A breadth of business operations enabling the provision of one-stop solutions for soil contamination remediation
- The ability to provide solutions for hard-to-treat materials (such as buried PCBs, buried gypsum, and yellow phosphorus), rooted in soil contamination remediation expertise

FY2026 Achievements

- The percentage of direct orders from clients generated through high-value-added consulting sales rose significantly to 51%, up from 43% in the previous fiscal year.
- Amount of contaminated soil accepted: 634,000 t



Business Environment

Risks

- Decline in construction investment due to soaring construction costs
- Decline in earnings due to rising production costs (outsourcing expenses for cement companies, shipping companies, etc.)
- Consolidation and restructuring among cement companies due to a decline in cement production, as well as a reduction in our reception of raw material-based waste and construction-generated soil
- Impact of the situation in the Middle East on the Japanese market

Opportunities

- Leveraging the Daiseki Group's client base following Daiseki Eco. Solution becoming a wholly owned subsidiary
- Increased opportunities to survey contaminated soil due to the return of manufacturing to Japan, driven by factors such as the weaker yen
- Increase in the volume of soil requiring treatment due to the expansion of transportation and infrastructure projects under Japan's national resilience plan
- Strengthened regulations on the traceability of contaminated soil treatment following amendments to the Soil Contamination Countermeasures Act

Medium- to Long-Term Business Plans and Measures

- We have identified the following three growth drivers:
 - (1) Growth of core businesses: Strengthen consulting capabilities, expand market share
 - (2) Creating synergies: Strengthen Group collaboration and promote new business initiatives
 - (3) Human capital: Define the ideal employee profile, create opportunities for individual growth, and strengthen organizational capabilities

Core businesses

Evolution and growth of soil and resource recycling businesses

Synergies

Next-generation synergies created through diversity and possibilities

Human capital

Individual growth and shaping the future together as a team

Highlights from FY2026

- To quickly resolve inefficient routine tasks and psychological barriers to AI adoption, and to promote the company-wide adoption of generative AI and improve productivity, we appointed cross-departmental DX promoters.
- We are currently developing a new system to streamline soil-related operations and strengthen our business foundation (scheduled for implementation in FY2027).
- We established a new technical sales department with the aim of further strengthening our technical consulting capabilities and improving our ability to generate proposals.



Lead Recycling Business

Main companies involved

Daiseki MCR

In our lead recycling business, we recycle lead from used lead-acid batteries.

We have introduced Japan's first LNG reduction furnace, which contributes to reducing CO₂ emissions, as well as a 50-ton induction heating refining furnace—a world-first in the lead smelting sector—enabling us to produce recycled lead with high efficiency and high quality.

We supply the recycled lead we produce to battery manufacturers, thereby contributing to the advancement of resource circulation and the reduction of environmental impact.



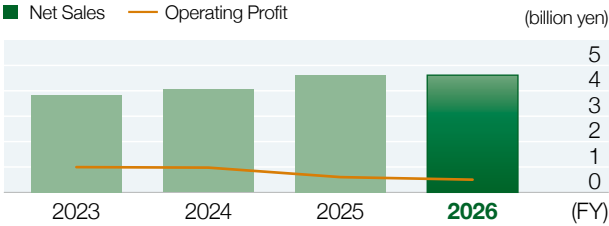
Daiseki MCR Co., Ltd.'s rotary gas melting furnace at Utsunomiya Recycling Center

Strengths

- One-stop service delivery through Group collaboration
- Supplying recycled lead with the lowest CO₂ emissions in Japan by implementing measures to reduce environmental impact and achieve carbon neutrality through a recycling process to get ahead of competitors

FY2026 Achievements

- In FY2026, production volume increased due to stable factory operation year-round that was a result of the large-scale renovations carried out in FY2025, and net sales reached a record high.
- Recycled products shipments (recycled lead): 14,000 t



FY	Net Sales (billion yen)	Operating Profit (billion yen)
2023	~3.2	~0.8
2024	~3.5	~0.7
2025	~3.8	~0.6
2026	~4.8	~0.5

Business Environment

Risks

- A shift toward a scramble for raw materials due to illegal demolition contractors and illegal recycling exporters
- Increased procurement costs due to rising prices of used lead-acid batteries, which we use as raw materials as described above

Opportunities

- Growing demand for recycled lead driven by government policies to promote the transition to a circular economy and corporate initiatives to promote the use of recycled materials
- Growing demand for low-environmental-impact lead recycling operations, driven by an increasing number of clients committed to carbon neutrality

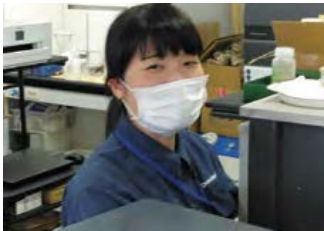
Medium- to Long-Term Business Plans and Measures

- Anticipating increased demand for recycled lead, we are moving forward with plans to invest 2.5 billion yen over the next three years to double our production capacity and expand market share in Japan from the current 5% to around 8–10%.
- We will relocate and consolidate the lead melting and casting processes—which were previously divided between the Utsunomiya Recycling Center and the Shinoi Factory—to the Hiraide Factory, and install one additional lead melting furnace at the Utsunomiya Recycling Center. In expanding our smelting and molding capacity and improving operational efficiency, and as part of the relocation and consolidation of our melting and casting operations, a new factory facility will be built on the site of a demolished warehouse on the grounds of the Hiraide Factory. By expanding our capacity to two melting furnaces, we aim to address the bottleneck in melting capacity and roughly double our total revenue and operating profit.

Highlights from FY2026

- We received the Supplier of the Year Award 2025.*

*A program administered by Energywith Co., Ltd. to recognize and honor suppliers who have achieved outstanding results in areas such as quality improvement, on-time delivery, cost reduction, and environmental conservation



Daiseki MCR Manufacturing
Department Production
Engineering Staff

Growth Strategies and Progress by Business Segment



Large Tank Cleaning Business

Main companies involved

System Kikou

In our large-scale tank cleaning business, we focus primarily on cleaning operations—including large oil tanks, piping, and pits installed at oil storage facilities—as well as tank-related maintenance work.

We utilize the COW method, a technology that cleans tank interiors and safely, efficiently, and quickly recovers crude oil sludge accumulated inside without the need for personnel to enter the tank, improving the efficiency of cleaning operations and reducing costs.

› P.27 From Solving Client Challenges to Anticipating Future Needs



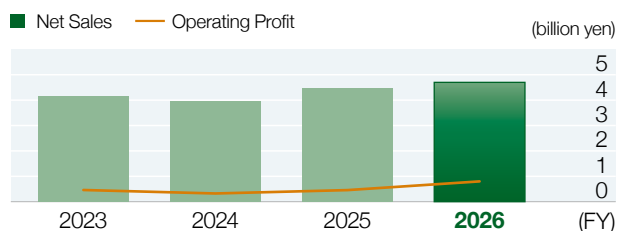
Large tank cleaning by System Kikou Co., Ltd.

Strengths

- A large inventory of specialized tank-cleaning equipment, enabling the company to undertake work at one of the largest numbers of sites simultaneously in Japan
- The COW method, a proprietary technology that enables safe, unmanned cleaning of tank interiors

FY2026 Achievements

- Thanks to the successful early completion of high-margin projects, both net sales and profit reached record highs.
- We were responsible for cleaning work at 4 of the 10 national stockpile sites across Japan, as well as at 3 joint stockpile sites operated in partnership with the private sector. We also carried out cleaning work at numerous private-sector oil refineries across Japan.



Business Environment

Risks

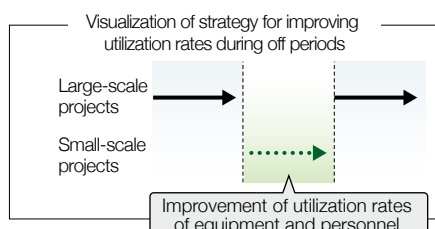
- Reduction in oil storage facilities due to declining demand for fossil fuels against the backdrop of progress toward carbon neutrality
- Difficulties in securing human capital due to the highly specialized nature of the market

Opportunities

- Opportunities to apply the COW method not only to maintenance work on large oil tanks but also to factory demolition and facility modifications
- Potential to expand client base through collaboration with Daiseiki
- Government moves to expand and replenish joint oil stockpiles with producing countries amid escalating tensions in the Middle East

Medium- to Long-Term Business Plans and Measures

Many large-scale oil tank cleaning projects have long work periods, and maintaining capacity utilization during off periods poses a challenge. Therefore, System Kikou aims to improve the utilization rates of equipment and personnel by undertaking cleaning projects for small-scale facilities other than large oil tanks in between other projects.



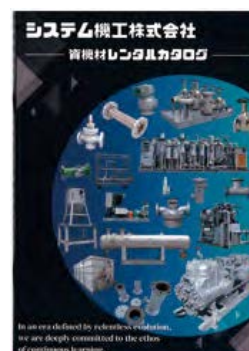
Highlights from FY2026

• Water mains cleaning

In FY2026, we conducted cleaning operations as part of the replacement of aging water mains in Suginami and Katsushika wards in Tokyo. When replacing water mains, the “pipe-in-pipe” method—which involves inserting a new pipe inside an existing one—is used, and cleaning the old pipe is required as a preparatory step. System Kikou carried out this preliminary work and contributed to the maintenance and renewal of social infrastructure built during the period of Japan’s rapid economic growth.

• Cleaning equipment rental business

Starting in FY2026, System Kikou launched a business to rent cleaning equipment to clients during off periods with the aim of improving equipment utilization rates.



System Kikou's equipment and materials rental catalog



Other Resource Recycling Businesses

Main companies involved
Daiseki Eco. Solution (BDF, PCBs), Green Arrows (plasterboard), Sugimoto Trading Company (general waste, recycled paper)

We contribute to the circular economy by crushing and processing waste plasterboard into gypsum powder and paper, and then recycling the processed gypsum powder as raw material for new plasterboard.



Green Arrows Central's Shizuoka Factory

We provide a wide range of environmental services, including the recycling of waste plastics and waste paper, the collection and transportation of general waste, the surveying and disposal of low-concentration PCB waste, the production and sale of biodiesel fuel (BDF), and the analysis of industrial waste and soil.



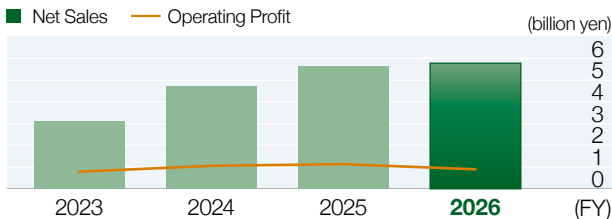
Waste paper recycling at Sugimoto Trading Company

Strengths

- Stronger Group collaboration and creation of synergies following Daiseki Eco. Solution becoming a wholly owned subsidiary of Daiseki
- High recycling rates and high-quality recycled materials
- Establishment of a circular supply chain through a joint venture consortium with a plasterboard manufacturer

FY2026 Achievements

- Recycled products shipments (plasterboard): 97,000 t
- Recycled products shipments (recycled paper): 35,000 t
- In December 2025, Green Arrows Central's new Shizuoka Factory began operations.



Business Environment

Risks

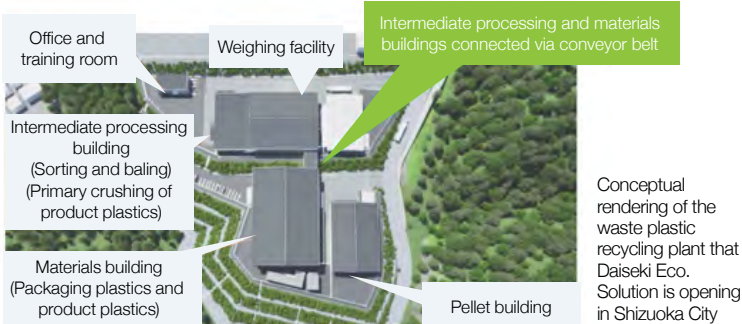
- Soaring raw material prices and instability in the supply chain due to the situation in the Middle East
- Intensifying competition due to the rising market value of waste plasterboard
- Contraction of the waste paper market due to the shift toward paperless operations

Opportunities

- Growing awareness of the circular economy
- Decreased supply of desulfurized gypsum, a raw material for products that compete with gypsum board, due to reduced operations at coal-fired power plants
- Increased demand for plastic waste recycling due to the enforcement of the Act on Promotion of Resource Circulation for Plastics in Japan

Medium- to Long-Term Business Plans and Measures

As a new business of Daiseki Eco. Solution, we plan to launch a material recycling business in April 2029 for plastic waste contained in municipal waste generated by Shizuoka City residents.



Highlights from FY2026

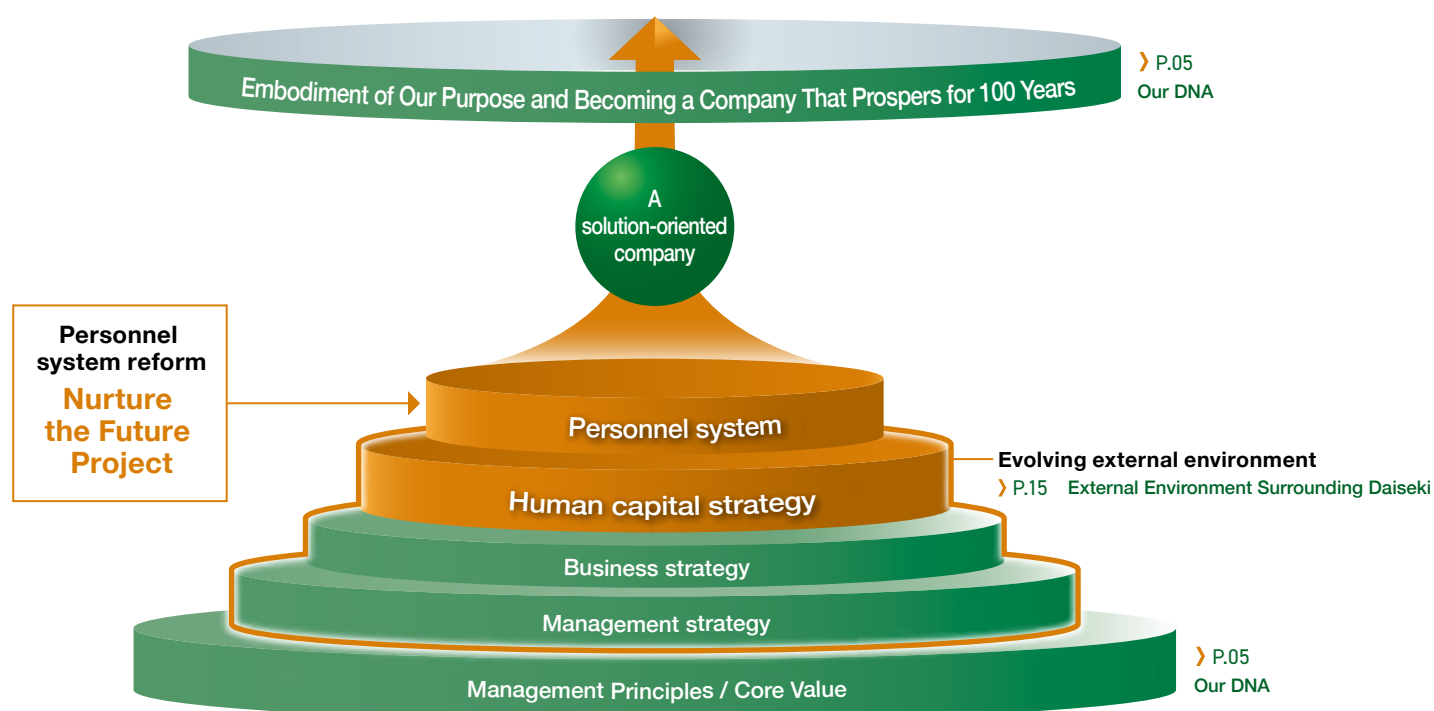
- Expanded waste plasterboard recycling business**
 With the start of operations at Green Arrows Central's Shizuoka Factory, we are aiming to strengthen our regional capabilities, explore new markets, and expand our market share.
- Absorption-type merger within the Group**
 In February 2026, Sugimoto Trading Company absorbed and merged with Sugimoto Paper Industry. With this move, we aim to further strengthen our management foundation and accelerate decision-making.
- Reception of the Kyushu Environmental Counseling Association Special Award**
 In January 2026, Green Arrows Kyushu received the Eco-Action 21 Environmental Management Report Awards Special Award.

Strengthening Human Capital Management

Aiming to become a company that prospers for 100 years, Daiseki positions human capital as one of its most essential assets. We are working to strengthen our human capital in order to pass on a sustainable and promising future to the next generation.

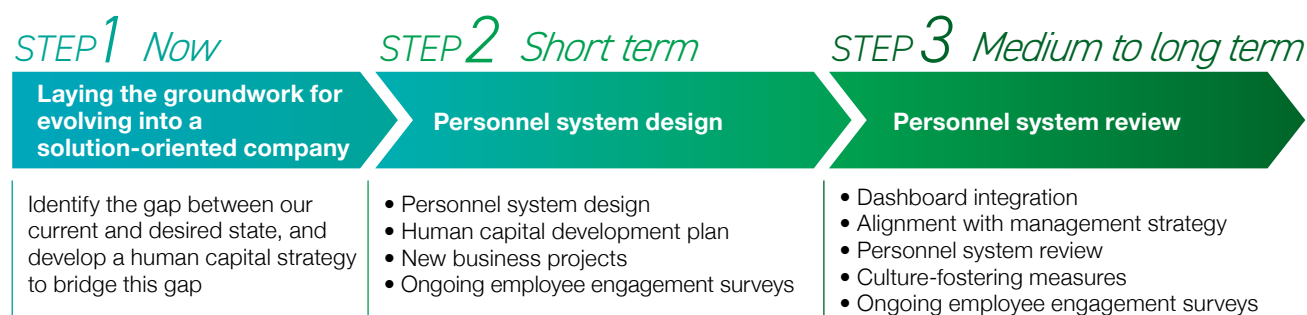
>> Overview of Human Capital Management Aimed at Evolving into a Solution-Oriented Company

Daiseki's goal is to embody its Purpose and continue to achieve sustainable growth as an enterprise. To achieve this goal, we aim to evolve into a company that solves the challenges facing our clients. Accordingly, we need human capital capable of identifying the challenges our clients will face in the future as well as potential challenges they may not even be aware of, and proactively propose solutions. Therefore, by identifying the gap between our current and desired state, and by implementing a human capital strategy aligned with our management strategy, we aim to strengthen our human capital.



>> Roadmap for Personnel System Reform

In FY2026, we launched the “Nurture the Future Project.” Under this plan, we will gradually implement reforms to our personnel system to better evaluate the challenges our employees take on.



As part of step 1, we are currently taking the first steps toward overhauling our personnel system by starting work on formulating a basic policy, as well as policies on workforce engagement, human capital allocation, recruitment, development, and workplace satisfaction and environment. In addition, as the foundation for these policies, we are continuing to explore a core personnel system policy that provides fair evaluation and treatment based on individual abilities, roles, and contributions.

>> Key Initiatives

To become a company that prospers for 100 years, Daiseki is rigorously enforcing health, safety, and compliance standards, and enhancing sustainability. Furthermore, to achieve further growth as an enterprise, we are promoting initiatives to develop the next generation of human capital, improve the workplace environment, and promote Group-wide collaboration.

Health Management



We have assigned two public health nurses to the Health Promotion Division to provide support so as to maintain and promote the physical and mental health of our Group employees.

Initiatives

- Provision of health consultations, employee training, and wellness seminars by public health nurses
- Implementation of mental and physical health consultations and targeted health guidance through external specialists
- Ongoing employee engagement surveys

Results

- Health management investment amount



A health seminar underway

Safety Assurance



To ensure the safety of our employees and maintain our clients' trust, we are working to strengthen our safety management system and thoroughly prevent accidents.

Initiatives

- Establishment of the Group's Health and Safety Policy
- Establishment of Safety and Health Management System
- Appointment of Safety Promotion Managers at each worksite
- Implementation of safety education and training programs
- Elimination of unsafe conditions

Results

- Number of occupational accident occurrences



Safety Promotion Manager Appointment

Compliance



To strengthen our governance framework, we are establishing a compliance system and enhancing employee training.

Initiatives

- Establishment of the Group's Environmental Policy, Human Rights Policy, and Anti-Corruption Policy
- Conducting monthly compliance study sessions for all employees
- Holding department-specific study sessions to acquire the specialized knowledge needed for work operations

Results

- Situation of training implementation, etc.



A compliance study session

Developing the Next Generation of Human Capital



We are working to strengthen our human capital, and are developing personnel to take charge of the next generation of our management.

Initiatives

- Management training utilizing GLOBIS's eMBA program
- Study sessions for managers and next-generation leaders featuring external guest speakers
- Fostering critical thinking and a culture of taking on challenges through calls for new business ideas

Results

- Situation of training implementation, etc.



Management training

Improving Employee Engagement

We are implementing measures to improve employee engagement.

Initiatives

- Implementation of activities to improve the workplace environment at Daiseki, and the establishment of a secretariat to facilitate such activities by serving as an intermediary between employees and the relevant departments
- Introduction of an employee stock ownership association system with a 15% incentive grant rate in the Daiseki Group
- Granting of 100 shares to Daiseki employees under an employee restricted stock system in 2024

Results

- Number of stock ownership association members



A Workplace Environment Improvement Project meeting at the Nagoya Works

Group-Wide Collaboration

To strengthen collaboration and create synergies among Group companies, Daiseki is dispatching executive officers, including the President, from Daiseki to Group companies, with the aim of establishing unified management as well as a system for human capital exchange.

Initiatives

- Dispatching one director each from Daiseki to Daiseki MCR, System Kikou, and Hokuriku Daiseki
- Holding individual management meetings with Group companies (refer to "Corporate Governance")

Reference

- P.59 Corporate Governance (Governance of Group Companies)



Addressing client challenges as a unified Group

Message from the CFO

Capitalizing on growing demand for resource circulation, we will accelerate growth through the twin pillars of stronger profitability and proactive investment.

Hideki KATASE

Managing Executive Officer, General Manager,
Headquarters of Planning and Management



Strengthening our earnings base by reducing outsourcing costs and shifting to clients in the semiconductor, chemical, and pharmaceutical sectors

The Daiseki Group is now aiming to evolve from a business focused primarily on industrial waste management to one that solves client challenges. To achieve this goal, we are not only strengthening the profitability of our existing businesses but also investing in new ventures, enhancing collaboration within the Group, and developing our human capital. As a result, we are making steady progress in laying the groundwork for our next phase of growth.

The Group's existing businesses are performing well. For the fiscal year ended February 2026, both consolidated net sales and gross profit reached record highs. Our core business—the treatment and recycling of factory wastewater—was the main driver of our performance. The volume of wastewater received, which had been sluggish in the first half of the year due to factors such as high U.S. tariffs, rebounded, starting in the second half. Over the past few years, we have been working to expand our reception of wastewater from the semiconductor, chemical, and pharmaceutical sectors where our recycling technologies can be effectively utilized. The results of our efforts are beginning to show, and profitability is improving.

Reducing outsourcing costs has also supported our profit growth. For example, instead of purchasing new chemicals

needed for waste management, we have reduced procurement costs by combining different types of waste for composite processing. We have also taken steps to reduce treatment costs by converting waste we previously paid to have processed by outside contractors into commercial-grade recycled fuel. By leveraging our technological capabilities and expertise, we have steadily reduced outsourcing costs as a percentage of net sales over the past several years. These efforts are bearing fruit, with Daiseki's gross profit rising steadily. We view the improvement in the profitability of our existing businesses and the strengthening of a stable foundation for cash generation as key achievements that will support our future growth investments.

Furthermore, during the fiscal year ended February 2026, Daiseki established new business relationships with 249 factories over the course of the year, and we also made steady progress toward our medium- to long-term goals for the number of relationships with large-scale factories. Group companies also expanded their client bases, including Daiseki Eco. Solution, which increased the proportion of revenue from consulting sales, and System Kikou, which expanded its market share in the large tank cleaning sector.

Identifying challenges from a client base of over 6,400 and evolving into a solution-oriented company

Meanwhile, against the backdrop of the progress being made in the fields of carbon neutrality and the circular economy, we expect our clients' awareness of the need to reduce their

environmental impact to manifest itself in the future as more specific challenges and needs. For the Daiseki Group to pursue sustainable growth, we must go beyond businesses

that are merely extensions of our existing operations and expand our services and create value from a client-centric perspective. To that end, we plan to invest in expanding our client base and strengthening our ability to provide solutions.

The source of Daiseki's value creation is its strong client base, consisting of more than 6,400 client factories, primarily in the manufacturing sector. As environmental awareness grows, the client base we have built presents opportunities to solve a variety of challenges that go beyond simply safely and reliably processing the waste we receive. If we can identify these latent needs and proactively offer environment-related products and services to our clients, the range of areas in which the Daiseki Group can play an active role should expand even further.

To achieve this, we are positioning FY2027 as "year one for Group-wide collaboration." By expanding our client reach while leveraging the client bases, technologies, and expertise across the Group, and by accelerating our evolution as a solution-oriented company, we will enhance Group management.

One example of how we quickly identify client needs and respond promptly through Group-wide collaboration is the dialogue we have with clients who come to tour Daiseki's factories. Through surveys, we confirm details such as whether a client has plans to rebuild or relocate a factory, and their need for a soil contamination survey. If clients consent to the sharing of this information, Daiseki Eco. Solution directly proposes soil contamination remediation measures. Broadening the range of survey questions would also enable us to understand clients' latent needs from multiple perspectives. Through such initiatives, we aim to evolve into a one-stop solutions provider offering all the products and services our clients need.

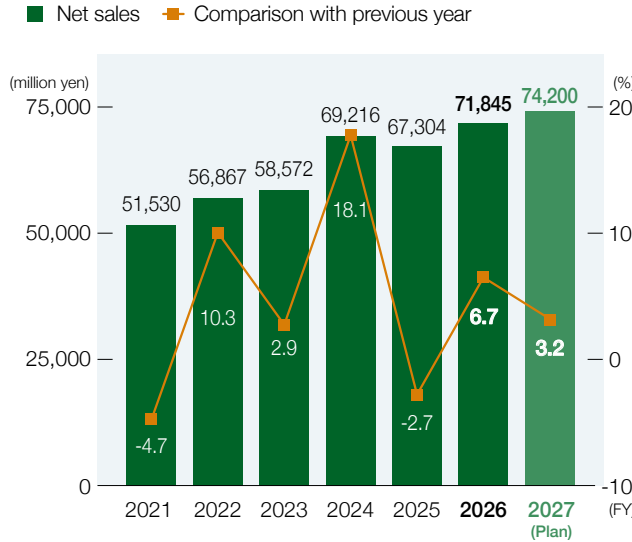
Investing in the recycled materials and recycling domains in recognition of the growing demand for resource circulation

The Daiseki Group is currently at an inflection point where growth opportunities are expanding significantly due to the growing need for resource circulation as a result of the escalating tensions in the Middle East. Given the current changes in the business environment, we believe now is the time to prioritize allocating cash generated by our core businesses to growth areas and accelerate the transformation of our business portfolio.

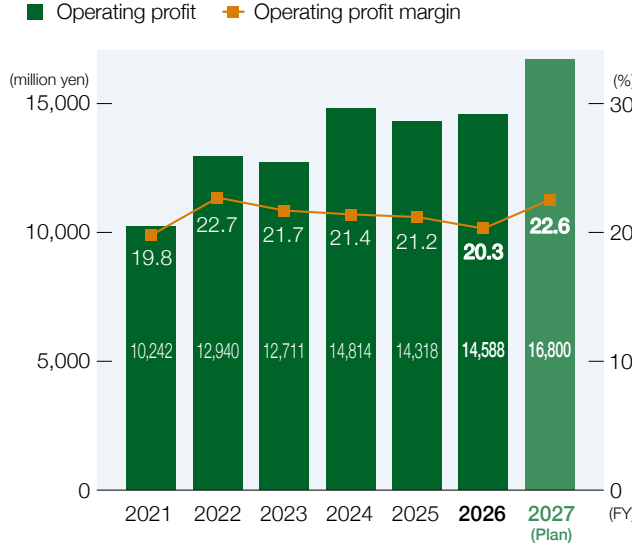
Although Daiseki's industrial wastewater treatment business and System Kikou's large tank cleaning business operate in mature markets, they hold significant market shares and serve as the cornerstones of the Group's existing businesses, underpinning its revenue base. We believe there is still some room for growth in our equipment utilization rate, and we expect these businesses to continue supporting the Group's growth investments while maintaining high profitability.

Meanwhile, there is a growing recognition that the plastic and lead recycling businesses operated by Daiseki Eco. Solution and Daiseki MCR are critical to resource circulation and economic security, and momentum is building for nationwide support for these initiatives in Japan. As manufacturers and suppliers have come to recognize the environmental value of recycled materials, signs of significant changes in the market environment are beginning to emerge, such as an increase in transactions at prices that include a "recycling premium," and the potential for medium- to long-term growth is expanding.

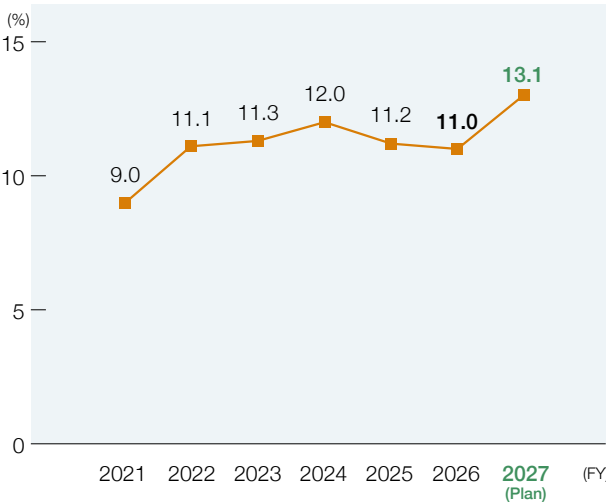
Net sales



Operating profit, Operating profit margin



ROE



With an eye toward these expanding business opportunities, we are moving forward with investments in new areas. For example, in anticipation of increased demand for wastewater treatment following the completion of a large-scale semiconductor factory in the Kyushu region, we plan to invest approximately 2.5 billion yen in capital expenditures at our Kyushu Works over the next three years. In addition, with the aim of strengthening our supply capacity in anticipation of future demand for recycled materials, over the next three years we plan to invest approximately 7 billion yen in Daiseki Eco. Solution's waste plastic recycling plant in Shizuoka City and approximately 2.5 billion yen in the expansion of Daiseki MCR's lead recycling plant.

Daiseki has earned CDP's highest rating, an A score, for three consecutive years in the Climate Change category. CDP is an international environmental disclosure organization that evaluates the environmental initiatives of companies and municipalities worldwide. This recognition is leading to expanded opportunities to engage with environmentally conscious companies and to capture demand for new solutions. New demand is emerging from the perspective of decarbonization, as recycling helps reduce CO₂

emissions associated with incineration. Furthermore, amid the instability in the Middle East, there is a growing recognition from the perspective of economic security that wastewater containing oil should be recovered and put to effective use as a resource rather than simply being disposed of.

Furthermore, as companies continue to advance their initiatives toward realizing the circular economy, we are receiving an increasing number of inquiries and requests from various industries in domains in which we have not yet established a presence regarding recycling that restores used materials to their original quality. We will carefully assess the technological maturity and market potential of these domains while investing in the necessary technological development and commercialization efforts, with the aim of enhancing our corporate value over the medium to long term.

› P.15 External Environment Surrounding Daiseki

› P.33 Daiseki Group's Business Strategy

Practicing disciplined capital allocation with an emphasis on future earnings growth

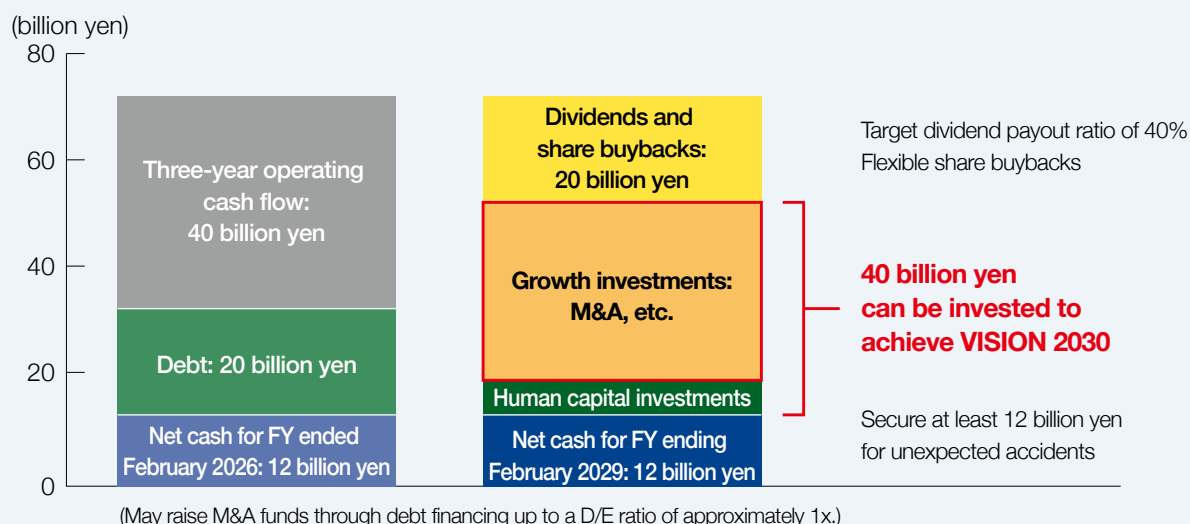
Under VISION 2030, the Daiseki Group has set targets of 150 billion yen in net sales, 25 billion yen in operating profit, and a return on equity (ROE) of 15.0%. If we continue to steadily build on the initiatives we currently have underway, we expect to achieve operating profit exceeding 21 billion yen for the fiscal year ending February 2031 from our existing businesses alone. We anticipate the remaining 4 billion yen to come from profit growth driven by new businesses and M&A.

To achieve an ROE of 15%, during the fiscal year ended February 2026, we conducted a share buyback of 800,000 shares, totaling 2.94 billion yen. In addition, with Daiseki Eco. Solution becoming a wholly owned subsidiary, ROE for the fiscal year ending February 2027 is expected to rise to the 13% range. Going forward, we will make use of bank loans when engaging in M&A while improving capital efficiency with the aim of achieving 15% ROE.

In the cash allocation plan announced in April 2026, we outlined 40 billion yen for growth investments and 20 billion yen for shareholder returns. With regard to net cash, we will set aside 12 billion yen to respond to sudden disasters and accidents. For the Daiseki Group today, proactive investment is essential to capitalize on growth opportunities. Starting in FY2027, we plan to increase the proportion of growth investments and prioritize investments aimed at generating profits.

To evolve into a solution-oriented company, we will expand our M&A targets to include all companies whose business focuses on factories. Even with regard to the business partners we deal with on a daily basis, there are many needs and challenges that we cannot fully address within our current business scope. In order to acquire products, services, and technologies that provide solutions in these areas, we plan to engage in M&A transactions of a certain scale and

Cash allocation during the medium-term management plan period (to the FY ending February 2029)



larger than that can be expected to have a significant financial impact.

The key will be to determine in what domains to allocate capital and what approach to take therein to drive future profit growth and enhance corporate value. We use a return on investment (ROI) of 10% or higher as one of our criteria for making investment decisions. The Board of Directors discusses and decides on major projects involving investments of 1 billion yen or more by Daiseki and 500 million yen or more by a Group company. External directors participate in these discussions, and the heads of subsidiaries provide direct explanations when necessary. Going forward, we plan to clarify not only the criteria for investment decisions but also those for resource allocation, including business divestitures.

We are not only pursuing short-term profit opportunities but are also investing in new growth businesses with an eye toward future growth. Our acquisition of SyncMOF's business in FY2026 is one such example. We made this decision on the understanding that this was a venture-backed business and that commercialization would take time; however, through this business acquisition, we have expanded the range of materials we handle from liquids to gases. Going forward, we will continue to carefully assess technological and market possibilities while investing in areas that will lead to the enhancement of our corporate value over the medium to long term.

We will also continue to actively invest in human resources. Under a "challenge first" approach, we are revising our personnel system for the first time in 20 years. We plan to invest in hiring DX specialists able to visualize everything, from the generation of wastewater, waste oil, and sludge through to their recovery, recycling, and the related CO₂ reduction effects, and use these insights to propose factory improvements and develop new services. We also intend to invest in securing global talent who understand overseas regulations and the resource recycling initiatives of leading international companies, and who will thus be able to offer proactive solutions to our Japanese clients. One of the strengths of Daiseki as well as the Daiseki Group as a whole is low employee turnover, with rates of just 2.1% and 3.4% respectively. We will also actively publicize that we are a CSV company* that our families can be proud of because we balance social and economic value, and use this to boost employee motivation.

› P.19 Long-Term Business Plan: Vision 2030

*CSV stands for Creating Shared Value. This is a concept proposed by Professor Michael E. Porter of Harvard University that combines social contribution and business, and aims to increase corporate profits through business that contributes to society.

Creating new revenue opportunities through cross-selling that leverages our client base

We place importance not only on growth driven by capital, such as M&A, but also on expanding growth opportunities by leveraging our existing client base. One such example is cross-selling through collaboration with external partners.

By forming business partnerships with companies that wish to do business with Daiseki's clients and serving as the point of contact for providing their products and services, we will expand the scope of solutions we offer to address client challenges while creating new revenue opportunities. Since sales representatives need to introduce partner products and services in a timely and appropriate manner, it is necessary to establish certain systems, such as training programs to strengthen their skills; however, this approach offers the potential to expand revenue opportunities

without requiring large-scale capital investment. We already have several concrete projects underway.

There is still significant room for growth in terms of synergies resulting from Group collaboration. For example, in the large tank cleaning and maintenance business which System Kikou had developed primarily targeting national strategic reserves and major oil distributors, sales efforts leveraging Daiseki's client base have proven successful in recent years, leading to the acquisition of new business, such as for oil tanks for paper manufacturers and chemical tanks for chemical manufacturers. Going forward, we will continue to combine the strengths and client bases of our Group companies to broaden the value we provide to our clients and thereby expand our revenue opportunities.

Aiming to enhance corporate value by supporting growth investments through appropriate risk-taking

Because waste management involves inherent risks, we have traditionally adopted a conservative financial management approach, such as building up cash reserves in preparation for any potential accidents. However, the business environment is changing, such as a reduction in the risk of accidents due to advances in safety-related technologies and a decrease in credit risk resulting from a review of our client base.

Based on these circumstances, we will strive to take appropriate risks going forward in order to support our growth investments. With a focus on achieving an optimal capital structure that strikes a balance between equity and debt, our Board of Directors will continue to review and discuss in depth our current capital

adequacy ratio—which is in the 70% range—and our debt-to-equity ratio (D/E ratio) of approximately 0.1x, with a view to balancing financial soundness and capital efficiency.

The Corporate Governance Code, which was revised in July 2026, identifies the promotion of growth investment and the strengthening of Board functions as key themes. As CFO, I will take responsibility for communicating information with regard to such matters publicly. Building on the stable earnings from our existing businesses, we will make investments in growth and human capital with appropriate financial discipline and aim for the sustainable enhancement of our corporate value.

I humbly ask for your continued understanding and support.

Capital Supporting Evolution

The Daiseki Group possesses the types of capital to support a business model that serves as the core of the circular economy, underpinning society and facilitating the circulation of resources. By complementing one another, these types of capital enhance our competitiveness and serve as a driver of value creation aimed at realizing a sustainable society.

>> Social Capital

Relationships of trust with clients and partners built up over many years

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

Daiseki's industry-leading client base is a vital form of capital that supports our "One Daiseki" business model. We serve a broad spectrum of industries—including manufacturing and construction—which forms the backbone of our efforts to realize a circular economy. Our distinctive end-to-end service model, from the acceptance of industrial waste to the processing and sale of recycled products, is made possible by this extensive client network. By maintaining strong relationships across diverse sectors, we are able to deliver more tailored and effective solutions. The deep trust we have built is also evident in the frequent referrals we receive from business partners and partner companies.

Efforts to Strengthen Intellectual Capital

We are focused on responding to the needs of leading-edge companies that are advancing carbon neutrality and the circular economy.

- Providing guidance on treatment methods to recycle waste as a valuable resource
- Enhancing support from both environmental and cost-efficiency perspectives
- Expanding partnerships with environmentally conscious companies and municipalities, and pursuing new client acquisition in untapped regions



Client Base

26 out of **27** industry categories*

*Based on the number of mid-level classifications within the manufacturing and construction sectors

6,450 client facilities



Number of contracts secured through Group sales collaboration

214 per year



Number of client referrals from business partners and affiliates

63 per year

>> Manufacturing Capital

Supporting Japan's manufacturing through physical infrastructure

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

Daiseki has a nationwide network of facilities, including large-scale industrial waste treatment plants. When businesses select a waste management provider, compliance with the Act on Waste Management and Public Cleaning and possession of proper permits and facilities are basic requirements. In addition, the ability to efficiently handle large volumes of industrial waste is a key factor in provider evaluation. Daiseki's robust manufacturing capital enables us to meet the demanding needs of major waste-generating businesses. Through this infrastructure, we support the circulation of recovered waste as a valuable resource.

Efforts to Strengthen Intellectual Capital

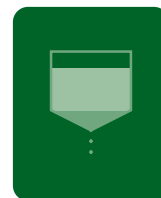
We are making capital investments to balance environmental and safety priorities, including pollution prevention, CO₂ emissions reduction, recycling enhancement, and accident prevention.

- Introduction of new equipment to expand the range of treatable and recyclable materials
- Opening new operating sites to acquire clients in untapped regions
- Capital investment in new business development, including testing equipment and demonstration plants



Number of municipalities granting industrial waste collection and transport licenses:

45 out of 47 prefectures



Activated sludge treatment tank size

18,471 m³



Number of large collection and transportation vehicles

191 vehicles

>> Human Capital

The driving force behind the Daiseki Group's "evolution" and "deepening"

> P.41 Strengthening Human Capital Management

Leveraging various forms of capital requires the power of people. At Daiseki, we place great importance on human capital as the foundation of our technical skills and proposal capabilities. We invest in developing independent, management-ready talent by providing management training, including finance education, for executive candidates, in addition to entrusting Works managers with independent, profit-and-loss responsibility. In new business development, we engage both internal staff and external experts to drive progress. To foster future innovation, we are committed to creating a workplace where diverse talent can thrive.

✓ Efforts to Strengthen Intellectual Capital

To secure and develop the next generation of talent that will sustain a company that prospers for 100 years, we are advancing initiatives to strengthen our human capital.

- Securing talent internally and externally to support new business development
- Reforming the personnel system through the "Nurture the Future" project
- Developing innovative talent by providing employees with management training in finance, business strategy, marketing, and accounting through GLOBIS's eMBA program



Proposal-oriented employees

176



Personnel in charge of new business development

15 (including 2 external experts)



Growth rate of women managers
From the end of FY2021 to the end of FY2026

4.2 times increase
(17 women managers)



Total management training hours

550 hours
(35 participants in total)

>> Intellectual Capital

Technical capabilities and expertise that further enhance our competitive advantages and support the creation of new value

> P.23 Daiseki's Value Chain and Competitive Advantages

Daiseki views waste not as garbage, but as a valuable resource. While industrial waste is classified into 37 categories under the Act on Waste Management and Public Cleaning, the optimal treatment varies even within the same category depending on the waste's properties, client requirements, and intended reuse. We have built services that respond to the diverse needs of environmentally conscious clients and accumulated the technical expertise and know-how to recycle waste while minimizing environmental impact. Daiseki values this approach to waste management as part of our "DNA That Creates Innovation," placing great importance on intellectual capital.

✓ Efforts to Strengthen Intellectual Capital

To safeguard Daiseki's profitability for the future, we are expanding our intellectual capital through both offensive and defensive strategies.

- Building industrial waste treatment services that meet the diverse needs of our clients
- Filing patent applications to protect Daiseki's unique intellectual property rights
- Continuously conducting market research and R&D to drive new business development



Number of industrial waste types accepted for intermediate treatment

33,087 cases



Number of active patents

5



R&D expenses

183 million yen



New business development projects

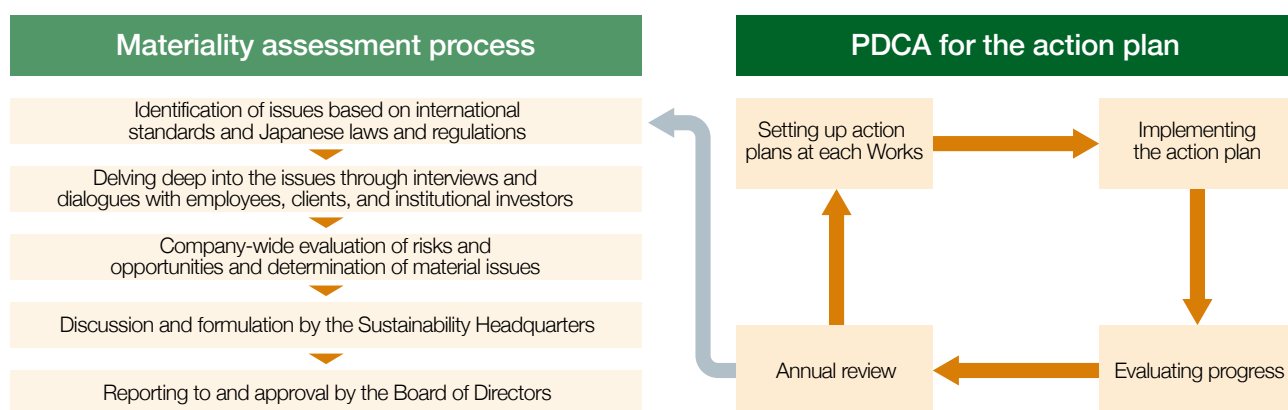
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Material Issues

We have identified five material issues (materiality)*¹ to guide our efforts in building a business model that contributes to both environmental conservation and environmental value-creation—while ensuring sustainable growth and supporting society. To further enhance our medium- to long-term corporate value, we are also formulating specific KPIs*² for each material issue. These materialities are reviewed on an ongoing basis to reflect changes in the external environment and stakeholder expectations.

>> Assessment Process

At Daiseiki, we begin by broadly identifying relevant issues, then deepen our understanding through internal and external interviews and dialogue. We incorporate insights from TCFD scenario analyses and risk and opportunity assessments based on ISO 14001. The identified material issues are formulated by the Sustainability Headquarters and finalized upon approval by the Board of Directors.



>> Daiseiki's Material Issues (Materiality)

At Daiseiki, we have identified five key material issues based on our Purpose, Management Principles, and related policies and guidelines. For each material issue, we have designated priority items and established action plans, implementing a PDCA (Plan-Do-Check-Act) cycle to ensure continuous improvement. We are also formulating KPIs and targets to measure progress toward our medium- to long-term goals.

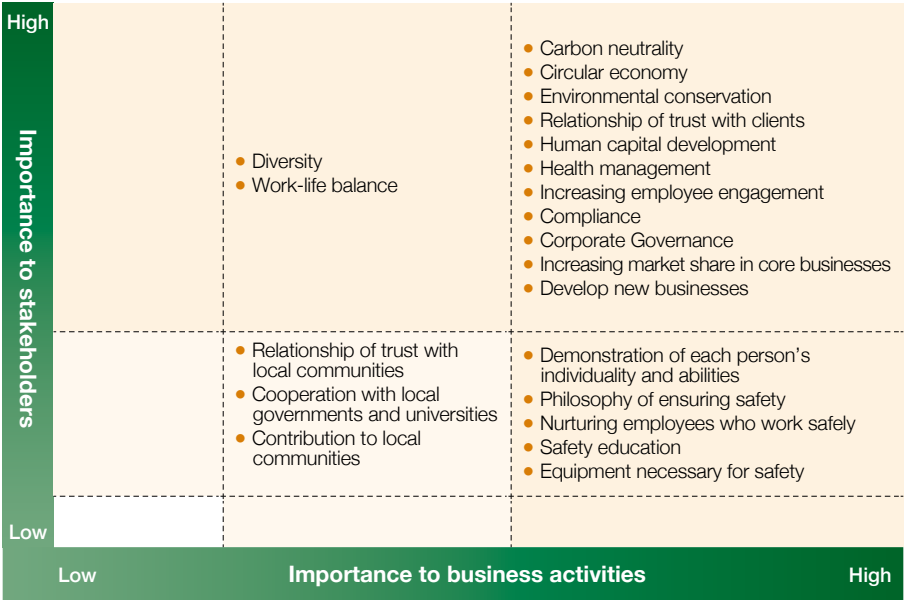
Guidelines / Policies

Envi
E

Material Issues	Initiatives to Achieve Materiality		
 Making the best use of limited resources	Contributing to environmental conservation and carbon neutrality by appropriately recycling industrial waste P.27 Special Feature: From Solving Client Challenges to Anticipating Future Needs—Expanding Revenue Through Group-Wide Collaboration Aiming to realize a circular economy society by supporting resource circulation mainly for manufacturing industry clients	Carbon neutrality Environmental management structure Circular economy Environmental management structure	
 Creating a workplace where every individual shines	Maintaining and improving the physical and mental health of employees and their families, who are the foundation supporting our growth Promoting human capital strategies essential for growth based on business strategy P.41 Strengthening Human Capital Management	Health management Protection of human rights Human resource development	
 Eliminating industrial and environmental accidents	Implementing the philosophy to put safety as the top priority above all else Providing training and deploying equipment necessary to ensure safety	Safety Safety	
 A company well-liked by local communities	Contributing to the conservation of the local environment Maintaining social infrastructure through disaster recovery support	Local communities Daiseiki's track record	
 Promoting thorough understanding of compliance and observation of laws and regulations	Strengthening governance systems and implementing compliance education Promoting governance that supports growth and succession planning with a focus on the next generation P.57 Corporate Governance	Governance Governance	

Assessing the Importance

The importance of each material issue is evaluated along two dimensions: “Importance to Stakeholders” and “Importance to Business Activities.” By aligning this assessment with sustainability perspectives, we strive to enhance corporate value from a medium- to long-term perspective.



Environmental PolicyHealth and Safety PolicyHuman Rights PolicyCorruption Prevention PolicyCode of Conduct

	Targets	Results
Environment	Increase avoided emissions to 785,000 t-CO ₂ or more by FY2028	Reduced 597,000 t-CO ₂ in FY2026 Established Daiseki Group Environmental Policy in May 2025 (revised for Daiseki alone)
Environment	Increase material recycling shipment volume to 258,300 t or more by FY2031	Shipped 153,000 t of recycled materials in FY2026 Established Daiseki Group Environmental Policy in May 2025 (revised for Daiseki alone)
Health and Safety	Maintain and improve the physical and mental health of employees	Initiated health checkup subsidies for employees' spouses in March 2025 Established Daiseki Group Human Rights Policy in May 2025
Human Resources	Reform the personnel system and formulate human capital strategy	11 people participated in a human resources consortium organized by Keio University and Persol Research and Consulting in FY2026 Started reforming personnel system in April 2025
Health and Safety	By FY2031, review the Safety and Health Management Regulation, instill the safety philosophy, and clarify responsibilities	Established Daiseki Group Health and Safety Policy in May 2025 (revised for Daiseki alone) Established workplace heat stroke management standards at Daiseki in August 2025 Held safety meetings for partner companies at all Daiseki Works prior to the busy periods in April, July, and December 2025
Health and Safety	Achieve zero lost-time accidents among Daiseki employees	Recorded 2 lost-time accidents in FY2026
Environment	Conduct environmental beautification activities around our Works in collaboration with local communities Promote the circular economy in collaboration with local governments	1,216 employees participated in cleaning and environmental beautification activities in FY2026 Daiseki Eco. Solution selected by Shizuoka City as a partner for plastic resource recycling in January 2025
Environment	Provide swift recovery support when clients' factories are affected by natural disasters or accidents	Supported the recovery of businesses affected by flooding caused by heavy rains in the Joetsu region of Niigata Prefecture in September 2025
Corruption Prevention	Strengthen Group governance structure	Established Daiseki Group Corruption Prevention Policy in May 2025
Succession Planning	Develop a succession plan	Invited an external manager to hold a study session for managers and next-generation leaders in June 2026

*1 Materiality Issues: Issues that a company considers particularly important or prioritizes in its business activities.
*2 KPI: Key Performance Indicator—a metric used to evaluate progress toward a specific goal.

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 Daiseiki, 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 Daiseiki 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 Daiseiki 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 Daiseiki 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 Daiseiki'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, Daiseiki 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.



Directors and Executive Officers

The following is the list of our directors and executive officers, whose duty is to drive the sustainable growth and corporate value improvement of Daiseiki.

>> Directors (As of May 28, 2026)



Tetsuya Yamamoto

Representative Director

April 1989 Joined Hitachi, Ltd.
October 1989 Joined the Company
March 1995 General Manager, Technology Development Department
May 1995 Director
March 2000 Managing Director
March 2001 General Manager, Nagoya Works
May 2006 Senior Managing Director
May 2009 General Manager, Headquarters of Business Generalization
March 2015 Director Vice President
May 2020 Director Vice President Executive Officer
May 2022 Representative Director President Executive Officer (current position)

Attendance at Board of Directors meetings: 100% (21/21)



Yasuo Ito

Representative Director

February 1996 Joined the Company
March 2010 General Manager, Nagoya Works
May 2010 Director
May 2013 Managing Director
March 2015 Senior Managing Director
March 2018 Headquarters of Business Generalization
May 2020 Director Senior Managing Executive Officer
May 2020 General Manager, Corporate Planning Office, Headquarters of Business Generalization (current position)
May 2022 Representative Director Vice President Executive Officer (current position)
May 2022 General Manager, Headquarters of Business Generalization (current position)

Attendance at Board of Directors meetings: 100% (21/21)



Koji Amano

Director

June 1985 Joined the Company
September 2000 General Manager, Kyushu Works
May 2003 Director
September 2003 General Manager, Kanto Works
May 2013 Managing Director
March 2015 Senior Managing Director
March 2015 Deputy General Manager, Headquarters of Business Generalization (current position)
September 2019 General Manager, Kansai Works
May 2020 Director Senior Managing Executive Officer (current position)

Attendance at Board of Directors meetings: 100% (21/21)



Mitsuru Okada

External Director

April 1982 Joined Furukawa Electric Co., Ltd.
June 2012 President and Chief Executive Officer, Furukawa-Sky Aluminum Corp.
October 2013 Representative Director & President, UACJ Corporation
June 2018 Advisor, UACJ Corporation
October 2022 Part-time Director, E-PACK CO., LTD. (current position)
May 2023 External Director, the Company (current position) (Significant concurrent position)
Part-time Director, E-PACK CO., LTD.

Attendance at Board of Directors meetings: 100% (21/21)



Masaki Maeda

External Director
(Audit and Supervisory Committee Member)

October 1997 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
September 2007 General Manager, China Department, International Division, Nagoya Office, and Senior Manager, Audit Department, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
June 2016 Retired from Deloitte Touche Tohmatsu LLC
July 2016 President, Masaki Maeda Certified Public Accountant and Tax Accountant Office (current position)
June 2019 Outside Corporate Auditor, SUGA STEEL CO., LTD.
June 2023 Outside Corporate Auditor, CHUO MALLEABLE IRON CO., LTD. (current position)
May 2024 External Director, the Company (Audit and Supervisory Committee Member) (current position) (Significant concurrent position)
Outside Corporate Auditor, CHUO MALLEABLE IRON CO., LTD.

Attendance at Board of Directors meetings: 95% (20/21)
Attendance at Audit and Supervisory Committee meetings: 92% (13/14)



Ayako Suganuma

External Director
(Audit and Supervisory Committee Member)

April 1980 Joined the Aichi Prefectural Government
April 2011 Director, Education and Planning Office, Aichi Prefectural Board of Education
April 2016 Director, Department of the Environment, Aichi Prefectural Government
March 2018 Retired from the Aichi Prefectural Government
April 2018 President, Aichi Prefectural Cultural Promotion Agency
June 2023 President, Aichi Prefectural Female Welfare Organization (currently Aichi Prefectural Women's Welfare Organization) (current position)
May 2024 External Director, the Company (Audit and Supervisory Committee Member) (current position)

Attendance at Board of Directors meetings: 95% (20/21)
Attendance at Audit and Supervisory Committee meetings: 92% (13/14)



Tomomi Nakamura

External Director
(Audit and Supervisory Committee Member)

April 1980 Joined Aiho Co., Ltd.
July 1983 Full-time Staff Member, Aichi Prefectural Headquarters, Japan Socialist Party
April 1987 Elected for the first time as a Member of the Aichi Prefectural Assembly
Won eight consecutive elections
April 2002 Director, Midori Nursery School, Tokushige Welfare Corporation (current position)
August 2019 Director, Tokai Foundation for Traffic-Accident Orphans (current position)
April 2022 Member of the Board, Meijo University (current position)
May 2026 External Director, the Company (Audit and Supervisory Committee Member) (current position)

Attendance at Board of Directors meetings: -% (-/-)
Attendance at Audit and Supervisory Committee meetings: -% (-/-)
*Newly appointed

Executive Officers (As of May 28, 2026)

Tetsuya Yamamoto President Executive Officer	Yasuo Ito Vice President Executive Officer	Koji Amano Senior Managing Executive Officer	Toshiyasu Isaka Senior Managing Executive Officer	Hideki Katase Managing Executive Officer
Tatsuya Yasunaga Managing Executive Officer	Takashi Kai Managing Executive Officer	Katsuaki Minami Executive Officer	Koji Okudaira Executive Officer	Yoshihide Koshimizu Executive Officer

Directors' Skill Matrix

The skill matrix of directors ensures an appropriate number of members for accurate and prompt decision-making by the Board of Directors and balances knowledge, experience, and abilities and considers diversity. Individual directors are selected based on their reputation, insight to ensure compliance with laws, regulations, and corporate ethics, as well as excellent judgment, decision-making ability, achievement-oriented ability, and self-control.

Name	Age	Years served	Committee		Corporate management	Industry knowledge	Business strategy	Global	Sales and marketing	Administrative risk	Finance and accounting	Sustainability	Technological innovation	Human resources, education, and diversity
			Appointment and compensation	Audit, etc.										
Tetsuya Yamamoto Representative Director	61	31	○		●	●					●	●	●	
Yasuo Ito Representative Director	53	16	○		●	●	●	●	●					
Koji Amano Director	65	23				●			●					●
Mitsuru Okada Independent External Director	69	3	○		●		●	●						
Masaki Maeda Independent External Director	51	2	○	○			●	●		●	●			
Ayako Suganuma Independent External Director	68	2	○	○			●			●				●
Tomomi Nakamura Independent External Director	66	—	○	○						●		●		●

(As of May 28, 2026)

Reasons for selection of necessary skills

Corporate management	As we face major changes in the business environment as an environmental value-creation company, directors need to make appropriate decisions on the Group's overall management and medium- to long-term business strategy, based on their foresight and insights gained through experience in corporate management. Therefore, "corporate management" is identified as a key skill.
Industry knowledge	Directors should have broad knowledge and experience needed for the Group's overall management and medium- to long-term management, and "industry knowledge" is identified as a key skill for making appropriate business decisions.
Business strategy	For purpose-driven management, directors must excel in abilities such as information gathering, information analysis, and logical thinking and need to develop business strategies aligned with the vision for growth for the entire Group and changes in the market. Therefore, "business strategy" is identified as a key skill.
Global	Directors need to reflect global perspectives in the development of the Group's medium-term business strategy to cope with rapid changes in global society and economies. Therefore, "global" is identified as a key skill.
Sales and marketing	For the Group's sustainable growth and enhanced branding, directors need to gather, analyze, and utilize various information on products and services demanded by the market and clients and develop and implement relevant projects and plans. Therefore, "sales and marketing" is identified as a key skill.
Administrative risk	Appropriate advice based on a wealth of knowledge and experience is essential for strengthening the governance system through appropriate risk management for the sustainable growth of the Group and enhancement of the Group's corporate value over the medium to long term. Therefore, "administrative risk" is identified as a key skill.
Finance and accounting	Knowledge of finance and accounting, as well as financial knowledge and experience for planning and implementing corporate restructuring, M&A, etc., is needed to build a system for accurate financial reporting and a solid financial base and to seek sustainable growth and enhancement of corporate value. Therefore, "finance and accounting" is identified as a key skill.
Sustainability	Directors are expected to possess the knowledge needed for sustainable corporate management and seek management that enhances the sustainability of the Group's overall businesses so that the Group can contribute to the creation of a circular economy-based society and a sustainable society. Therefore, "sustainability" is identified as a key skill.
Technological innovation	Promoting technological innovation is essential so that the Group can continue sustainable development and contribute to the creation of a circular economy-based society. Therefore, "technological innovation" is identified as a key skill.
Human resources, education, and diversity	In order to achieve sustainable growth, the Group's employees need to be able to grow and demonstrate their abilities according to their personal strengths and in their own working styles. Therefore, "human resources, education, and diversity" are identified as key skills for developing and training employees in a manner that can fully unleash the potential of employees and for implementing initiatives to promote diversity.

Corporate Governance

>> Basic Approach to Corporate Governance

Daiseki positions corporate activities that comply with laws and social norms as the most important issue for improving transparency and soundness in corporate management. We have adopted the Audit and Supervisory Committee system with an Audit and Supervisory Committee comprising three external directors, further enhancing the supervisory function of the Board of Directors. Two of the external directors are women, who provide advice from perspectives informed by their experiences as women.

In May 2020, Daiseki introduced an executive officer system with the aim of clarifying business execution responsibilities, streamlining management and accelerating decision-making. Further, the authority necessary for conducting daily corporate

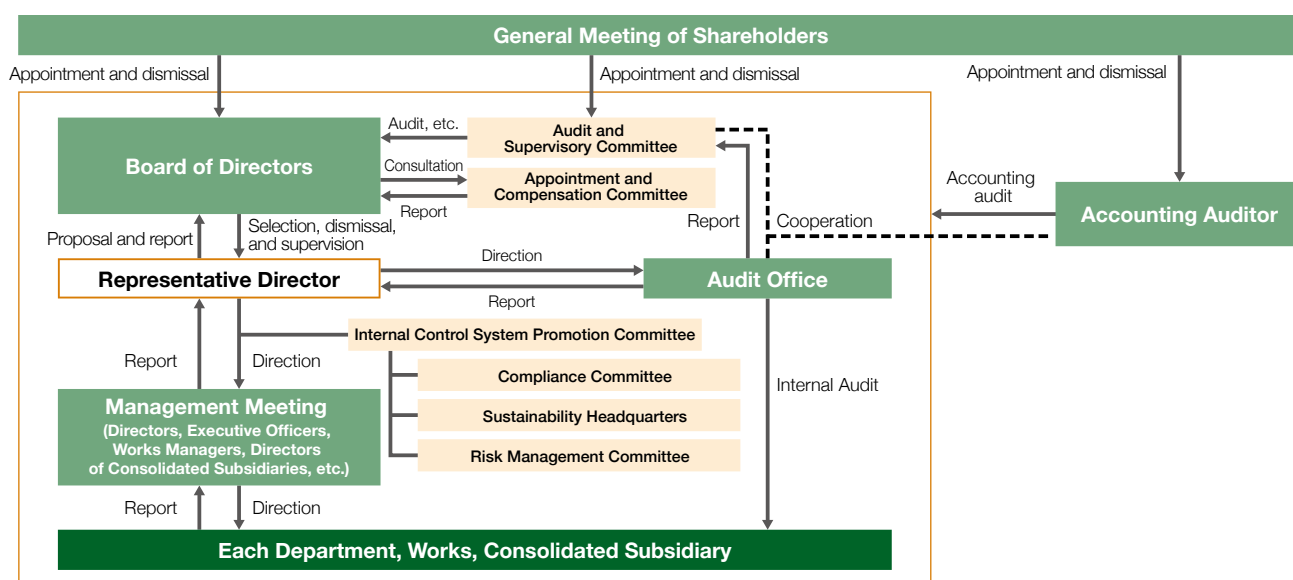
activities is delegated to the Works Managers at each Works site and the Presidents of each Group company, with the Management Meeting held with the participation of directors, executive officers, Works Managers, directors of consolidated subsidiaries and other staff.

Also, in May 2023 we appointed an additional external director who has experience with corporate management in order to strengthen the Company's governance, which means we now have a majority of external directors.



Corporate Governance Report (In Japanese)

>> Daiseki's Corporate Governance System



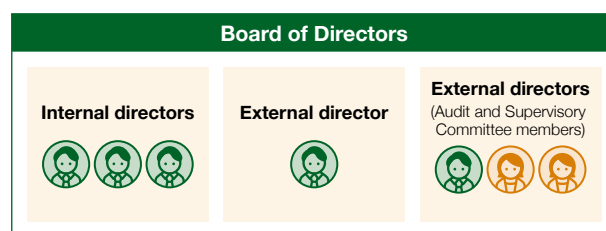
Board of Directors

The Board of Directors is comprised of seven members: three internal directors, one external director, and three external directors, who also serve as Audit and Supervisory Committee members. Two of the directors are women, contributing to a more diverse Board composition. In addition to regular Board of Directors

meetings which are held once per month in principle, extraordinary Board of Directors meetings are held as necessary. The Daiseki Group holds Board of Directors meetings more frequently with the aim of facilitating prompt and accurate decision-making and efficient organizational management of the Group as a whole.

Priority themes for FY2026

- Tender offer for the shares of Daiseki Eco. Solution
- Acquisition of the SyncMOF business
- Major investment projects across the Group for the next three fiscal years
- Purchase and cancellation of treasury shares
- Confirmation of the policy on holding strategic shareholdings
- Evaluation of the effectiveness of the Board of Directors
- Promotion of plans to overhaul the personnel system from the following fiscal year onward
- Formulation of the Daiseki Group's Environmental Policy, Health and Safety Policy, Human Rights Policy, and Corruption Prevention Policy



Frequency of meetings and the number of meetings held

- Held once a month, in principle (with extraordinary meetings held as necessary)
- Held 21 times in FY2026



... Men



... Women

Audit and Supervisory Committee

Daiseki is a company with an Audit and Supervisory Committee, and as a general rule, the Audit and Supervisory Committee, which consists of three external directors who have no vested interest in the Company, meets once a month. The Audit and Supervisory Committee reports on, discusses, and resolves important audit-related matters and other matters.

Details of specific matters considered by the Audit and Supervisory Committee

- Establishment and operation of internal control systems
- Appropriateness of audits by accounting auditors
- Status of internal control establishment
- Performance of duties by directors, employees, etc.

Main activities of Audit and Supervisory Committee Members

- Attending important meetings, including the Board of Directors' meetings
- Attending audit feedback meetings, audit results briefings, etc.
- Exchanging opinions with directors and employees
- Viewing and examining important approval documents, etc.

Priority themes for FY2026

- Review of the appropriateness of the tender offer for the shares of Daiseki Eco. Solution
- Review of the appropriateness of the acquisition of the SyncMOF business



Frequency of meetings and the number of meetings held

- Held once a month, in principle (with extraordinary meetings held as necessary)
- Held 14 times in FY2026

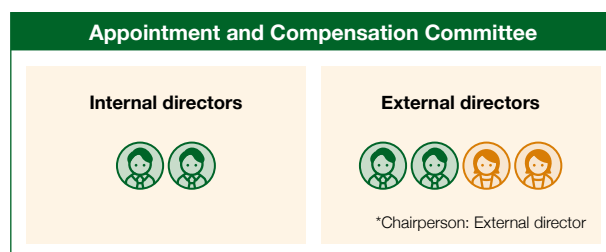
Men
Women

Appointment and Compensation Committee

The Appointment and Compensation Committee decides on the appointment, dismissal, and compensation of directors based on consultations from the Board of Directors, thereby enhancing the independence, objectivity, and accountability of the functions of the Board of Directors.

Details of specific matters considered by the Appointment and Compensation Committee

- Selection and dismissal of directors and matters related to the upper limit and level of compensation for directors
- Other matters deemed necessary by the Board of Directors



Frequency of meetings and the number of meetings held

- Held at least once a year (with extraordinary meetings held as necessary)
- Held 3 times in FY2026

Men
Women

>> Compensation for Executives

Basic compensation, that is, fixed compensation and stock compensation, is paid to directors (excluding Audit and Supervisory Committee members and external directors), and basic compensation is paid to external directors (excluding Audit and Supervisory Committee members).

Daiseki has a compensation system linked to shareholder value so that it will function as an incentive for the sustainable improvement of corporate value and for the more intensive implementation and acceleration of sustainable management. Daiseki has a basic policy of ensuring appropriate levels of compensation in light of the responsibilities of each director in determining the amount of compensation for them.

The amount of compensation for external directors (Audit and

Supervisory Committee members) is determined through discussion by the Audit and Supervisory Committee, which ensures that the amount will not exceed the upper limit resolved at the General Meeting of Shareholders.

Daiseki has established the Appointment and Compensation Committee as a voluntary advisory body to the Board of Directors. This committee determines policies on compensation and others, deliberates on the contents of compensation, etc. for individuals, and gives advice and recommendations to the Board of Directors based on their results.

Securities Report (In Japanese)

	Number of executives (people)		Compensation amount (million yen)	
	FY2025	FY2026	FY2025	FY2026
Directors (Excluding Audit and Supervisory Committee members and external directors)	3	3	146	144
External directors (Excluding Audit and Supervisory Committee members)	1	1	2	2
External directors (Audit and Supervisory Committee members)	5	3	7	8

>> Succession Plan

Daiseki is engaged in initiatives to develop both senior management and the next generation of leaders. In FY2026, 11 employees participated throughout the year in the Human Capital Consortium jointly organized by Keio University and the PERSOL Research and Consulting Co., Ltd. In June 2026, Daiseki also held a study session featuring an external corporate executive.

Corporate Governance

>> Sustainability Governance by the Board of Directors

We hold meetings of the Sustainability Headquarters, composed of the President and executive officers of Daiseki and the Presidents of Group companies, twice a year to deliberate and decide on important matters, including risk management related to environmental protection, climate change and human capital issues. The General Manager of the Headquarters of Planning and Management, appointed by the President as the General Environmental Management Manager responsible for the environmental field, including climate change issues, submits specific plans to the Sustainability Headquarters, where these plans are deliberated and formulated. The content and progress of these plans are reported to the Board of Directors.

>> Governance of Group Companies

The Daiseki Group is engaged in various efforts to strengthen the governance of Group companies as follows.

(1) Management Meeting

A Management Meeting is held every month, attended by Daiseki directors, executive officers, and Works Managers of each Works site as well as directors of Group companies. Important matters are directed and communicated, and opinions and information are exchanged at the Management Meeting.

(2) Dispatch of directors to Group companies

Daiseki dispatches one director each to Daiseki MCR, System Kikou, and Hokuriku Daiseki to oversee the governance of the Group companies.

(3) Strengthening communication with Group companies

Since FY2024, the Headquarters of Business Generalization, which is responsible for promoting business activities, and the Headquarters of Planning and Management, which is responsible

for compliance, have jointly held company-specific Management Meetings with Group companies to better understand their operations and strengthen communication. A wide range of matters are discussed, including progress in business performance, management issues, and requests for support from Daiseki.

(4) Advancing PMI toward integrated Group management

Following the conversion of Daiseki Eco. Solution into a wholly owned subsidiary and the acquisition of the SyncMOF business in FY2026, Daiseki has positioned FY2027 as the first year of Group collaboration. To realize integrated Group management, we will share our management philosophy and vision and integrate governance, while standardizing operational infrastructure and promoting organizational and cultural integration. Through cross-selling, we will maximize synergies across the Group.

>> Evaluation of the Effectiveness of the Board of Directors

In accordance with Japan's Corporate Governance Code, Daiseki recognizes the importance of further enhancing the functions and effectiveness of the Board of Directors. Each year, the Company analyzes and evaluates the effectiveness of the Board and discloses a summary of the results.

(1) Evaluation process

- Evaluation scope ... Board of Directors meetings held from September 2024 to August 2025
- Evaluators All directors
- Overview Items to be evaluated
- (1) Composition and operation of the Board of Directors
- (2) Management strategy and business strategy
- (3) Discussions at the Board of Directors
- (4) Operation of the Board of Directors
- (5) Dialogue with external directors
- (6) Effectiveness of governance system and the Board of Directors
- (7) Other topics for discussion by the Board of Directors

(2) Analysis and evaluation results

- Questionnaire results Generally positive
- Effectiveness of the Board of Directors Generally ensured

(3) Measures to realize effectiveness

- Three items pointed out as requiring improvement were as follows.
- (1) Consider establishing an opportunity for the Board of Directors to receive an explanation of the key considerations underlying the formulation and approval of the budget for the following fiscal year, and to engage in sufficient discussion of those matters.
- (2) While the Board of Directors receives explanations of major planned investment projects and engages in sufficient discussion regarding whether to approve them, progress monitoring is also important. Consider establishing an opportunity for the Board to receive updates on the progress of such projects.
- (3) In light of the Intensive Policy for Gender Equality and the Empowerment of Women, which includes a target of achieving at least 30% female representation among directors of Prime Market-listed companies by 2030, consider strengthening initiatives to develop future female director candidates from within the Company and enhancing the diversity of the Board of Directors.

Risk Management

>> Basic Approach to Risk Management

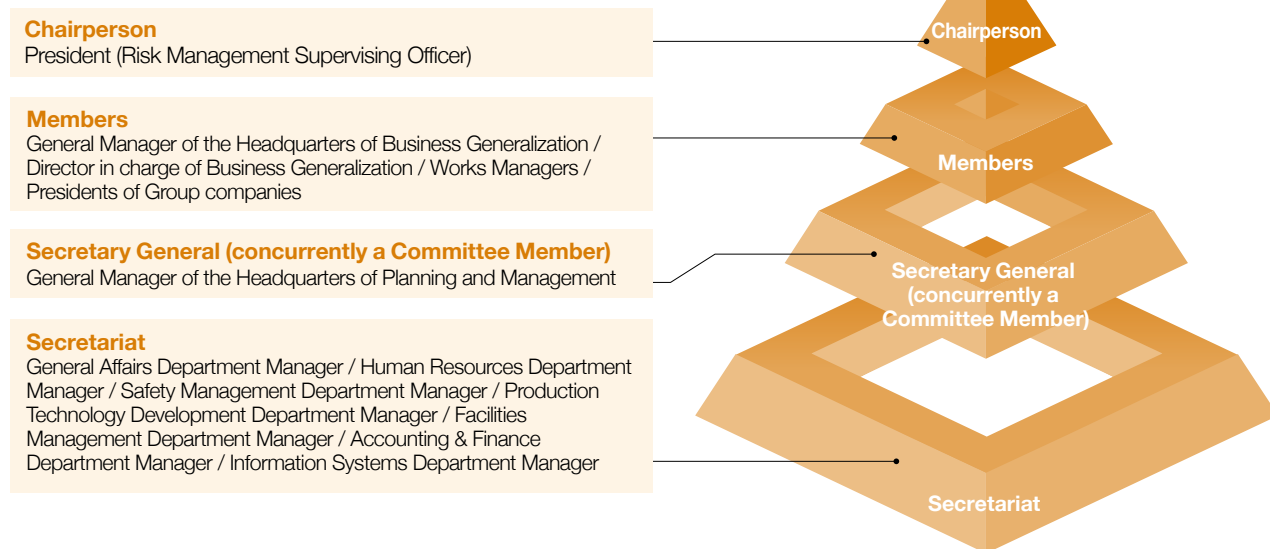
Daiseki established Risk Management Regulations in 2006 to address various risks including earthquakes and other natural disasters, occupational accidents and information leaks. Additionally, we created a risk map and established a response system defining responsible departments for each risk classification.

The Risk Management Committee, which plays a central role in risk management, is chaired by the President and Representative Director and manages risks facing the Daiseki Group thoroughly and comprehensively. The Audit Office audits the risk management

status of each department, reports the results to the Risk Management Committee and the Board of Directors on a regular basis, and deliberates and decides on improvement measures.

Our Sustainability Headquarters and Risk Management Committee have also deliberated on climate change risk analysis based on TCFD recommendations since FY2022, with progress confirmed at Management Meetings and results reported to the Board of Directors.

>> Composition of the Risk Management Committee



>> Risk Map and Measures to Address Risks * Risks with a high level of impact only

Impact	Frequency		
	Low	Medium	High
High	- Executives' infringement of disqualification provisions of the Waste Management and Public Cleansing Act - Violation of accounting-related rules - Deterioration in financial situation - Major typhoons/massive earthquakes - Abnormal fluctuations of management results/cash flows - Explosion/fire accidents (including damage from such accidents) - Transactions with a company with a problem - Response to anti-social forces - Leakage of business decision information - Occurrence of a significant legal case - Prolonged power outage/industrial water supply disruption - Server going down	- Insider trading - Major scandal caused by an employee - Suspension of acceptance by a final disposal site - Violation of the Antimonopoly Act resulting from a measure on competition - Action that is inappropriate in light of the Subcontract Act - Incomplete response to a legal revision - Violation of the Labor Standards Act and the Industrial Safety and Health Act or an occupational accident, which may result from long working hours - Inaccurate financial reporting	- Violation of the Waste Management and Public Cleansing Act - Violation in terms of permission of a content (item, capacity, etc.) - Absence, falsification, or loss of a contract - Absence or falsification of a manifest - Violation of other laws and regulations specified by the Waste Management and Public Cleansing Act - Occupational accidents, leakage, and other accidents - Progress in material recycling - Prolonged disruption of supply chains due to war and other conflicts - Information system breakdown caused by a cyberattack

We have strengthened safety management and compliance measures because we have judged that violations of laws including the Waste Management and Public Cleansing Act and accidents such as occupational accidents and leakage will be the greatest risks. We are also developing new businesses and making research and development efforts to respond to the progress in material recycling.



Compliance

>> Basic Approach to Internal Controls

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, Daiseki established the following system for ensuring the appropriateness of operations (hereinafter, the “internal control system”).

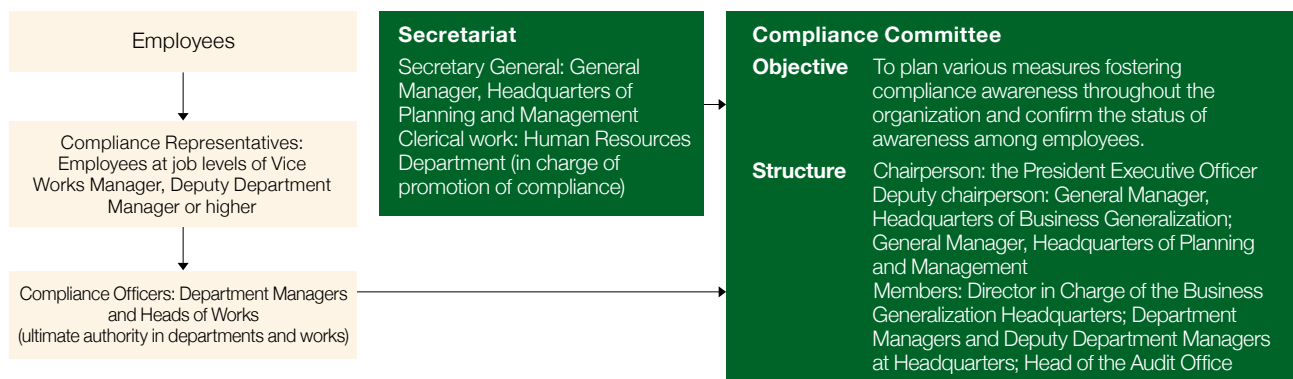
- (1) Within the Daiseki Ethics Charter, Daiseki established three guidelines for corporate behavior that convey its stance on growing and developing alongside society: Social roles and responsibilities, compliance with laws and regulations, respect for human rights and the fostering of a free and open corporate culture. To achieve perpetual development as an industry leader, Daiseki has developed an internal control system and strives to embody its Ethics Charter.
- (2) The Board of Directors formulates basic policies for internal control, provides instructions and supervision on the implementation status of internal controls, confirms maintenance and operational status and reviews basic policies and countermeasures when necessary.
- (3) Daiseki established the Internal Control System Promotion Committee chaired by the President Executive Officer, to ensure reliable financial reporting through the establishment and maintenance of internal control system programs.

>> Compliance System

The Daiseki Group established the Compliance Committee in May 2002 and formulated and publicly disclosed its Ethics Charter and Code of Conduct, both internally and externally. Chaired by the President and Representative Director, the Compliance Committee works to establish a company-wide compliance system, identify issues, analyze compliance risks specific to each department, and develop concrete countermeasures. If Daiseki Group officers or departmental compliance officers identify a compliance issue, they must promptly report it to the Compliance Committee.

 **Code of Conduct**

Compliance System



>> Compliance Consultation Desk (Including the External Hotline) and Protection of Whistleblowers

The Daiseki Group has established an easy-to-use compliance consultation desk where employees can consult directly with Daiseki’s Human Resources Department or corporate lawyers. The Group informs employees of the desk’s importance and ensures that it operates effectively. When employees consult, the consultation counter will investigate the matter, determine the countermeasure to prevent it from happening again with the related departments and implement it thoroughly, company-wide. Employees who make reports are protected from any disadvantage. Information provided by whistleblowers is handled only by those responsible and is kept strictly confidential. All information from whistleblowers is handled in the strictest confidence only by those who respond in the whistleblower system so no information is leaked to the outside. A total of 10 compliance consultations were received in FY2026.

>> Status of Compliance

In FY2026 again, the Daiseki Group complied with various laws and regulations, including those related to the environment, and did not receive any adverse dispositions (orders for improvement, orders for action, or business suspension orders).

>> Protection of Human Rights

In May 2025, we established the Daiseki Group Human Rights Policy. We support and respect internationally recognized human rights standards, including the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Compact, respect internationally recognized human rights, and ensure compliance with related laws and regulations of countries and regions where we engage in business activities.



Protection of human rights

>> Prevention of Corruption

In May 2025, we established the Daiseki Group Corruption Prevention Policy. We set the following items, and we will surely observe related laws and regulations of countries and regions where we engage in business. We will under no circumstances ever tolerate involvement in acts of corruption.

- | | | |
|--|--|---------------------|
| (1) Scope of application | (2) Organizational structure for preventing corruption | (3) Prohibited acts |
| (4) Education | (5) Appropriate accounting record and management | (6) Monitoring |
| (7) Establishment of a whistleblowing office | (8) Action for dealing with violations, etc. | |



Prevention of corruption

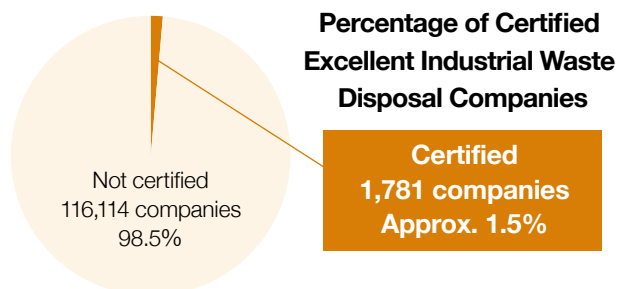
Status of corruption incidents

In FY2026, there were no cases of employees being dismissed or disciplined due to corruption in the Daiseki Group. There were also no cases of contracts with business partners being terminated or not renewed due to corruption-related contract violations. In addition, no lawsuits related to corruption were filed against the Daiseki Group or its employees.

>> Excellent Industrial Waste Disposal Company Certification System

Daiseki was the first operator to be certified under this system by the city of Nagoya in 2011, and as of the end of February 2026, we were certified as Excellent by a total of 49 local governments (45 prefectures and four cities), excluding Hokkaido and Okinawa Prefecture.

The criteria for certification as an excellent certified business include assurance of legal compliance, disclosure of business information, implementation of environmentally friendly measures, and financial soundness. As of the end of July 2025, there were 117,895 industrial waste management operators (disposal companies and collectors/transporters) in Japan, of which 1,781 companies, or about 1.5%, have been certified as excellent industrial waste disposers.



>> Quality Control System

Daiseki confirms that recycled products, secondary waste sent for landfill or incineration, cement raw materials, and other materials comply with internal standards that are stricter than laws and regulations when they are shipped.



Quality control analysis in progress

>> Supply Chain Management

Daiseki contracts the collection, transportation, and final disposal of industrial waste to suppliers. To ensure that these suppliers comply with the Waste Management and Public Cleansing Act and other laws and regulations, Daiseki systematically visits suppliers every year to check their compliance with related laws and regulations.



Visits to suppliers' sites

Data Section

Financial Data/Non-Financial Data

>> Consolidated Financial Data

	(million yen)	FY2016	FY2017	FY2018	FY2019
Operating Results	Net sales	50,809	44,232	49,185	51,313
	Gross profit	13,088	12,367	14,484	15,189
	Operating profit	7,849	7,120	8,777	9,107
	Profit attributable to owners of parent	3,847	4,132	5,833	6,110
	Selling, general and administrative expenses	5,238	5,247	5,707	6,082
Financial Position	Total assets	70,350	72,403	77,203	85,522
	Net assets	59,283	61,508	66,633	70,957
	Equity	54,646	56,397	60,982	65,038
	Interest-bearing debt	1,865	2,525	950	2,658
Cash Flows	Retained earnings	43,873	46,705	47,684	51,848
	Cash flows from operating activities	7,509	5,813	9,938	9,580
	Cash flows from investing activities	-2,829	-4,452	-6,237	-8,396
	Cash flows from financing activities	-3,702	-1,934	-2,957	-347
	Free cash flows	4,680	1,361	3,701	1,184
	Cash and cash equivalents	27,723	27,149	27,892	28,729
Per Share Information	Dividends per share (yen)	28	29	40	46
	Payout ratio (%)	32.6%	30.2%	29.3%	32.1%
	Net assets per share (BPS) (yen)	1,050.54	1,099.44	1,188.83	1,267.46
	Basic earnings per share (EPS) (yen)	71.47	79.84	113.72	119.08
Major Management Indicators	Gross profit margin (%)	25.7%	27.9%	29.4%	29.6%
	Operating profit margin (%)	15.4%	16.0%	17.8%	17.7%
	Ordinary profit margin (%)	15.6%	16.3%	18.1%	17.9%
	ROE (%)	7.0%	7.4%	9.9%	9.6%
	ROA (%)	5.4%	5.7%	7.7%	7.5%
	Capital adequacy ratio (%)	77.6%	77.8%	78.9%	76.0%
	PBR (times)	1.3	1.8	2.2	1.8

*The Company conducted a 1.2-for-1 share split of its common shares on the effective date of September 1, 2019.

>> Non-Financial Data

Environment (consolidated)	FY2023	FY2024	FY2025	FY2026
Scope 1 emissions (t-CO ₂)	27,951	29,366	29,146	30,373
Scope 2 emissions (t-CO ₂)	9,990	11,322	7,278	3,305
Scope 3 emissions				
Category 1	63,184	82,082	83,442	77,512
Category 2	17,592	20,959	23,628	20,531
Category 3	6,383	6,599	6,609	6,740
Category 4	14,772	12,444	11,990	15,843
Category 5	42,246	42,188	35,067	51,701
Category 6	876	990	988	923
Category 7	2,302	2,379	2,382	2,433
Category 8	0	0	0	0
Category 9	356	397	367	236
Category 10	444	502	434	470
Category 11	7,587	7,555	7,994	6,860
Category 12	1,067	74	23	8
Category 13	0	0	0	0
Category 14	0	0	0	0
Category 15	0	0	0	0
Total of Scope 3 emissions (t-CO ₂)	156,809	176,169	172,924	183,257
Avoided emissions (t-CO ₂)* ¹	559,000	555,000	643,000	597,000
Amount of materials received for recycling (10,000 tons)	206.1	210.2	197.0	197.2
Material recycling shipment volume (10,000 tons)	12.1	15.3	14.9	15.3

FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
54,088	51,530	56,867	58,572	69,216	67,304	71,845
17,124	16,324	19,238	19,597	22,679	22,447	24,087
10,865	10,242	12,940	12,711	14,814	14,318	14,588
7,044	6,521	8,376	8,666	9,465	9,307	9,155
6,259	6,082	6,297	6,886	7,864	8,129	9,499
92,050	95,756	99,264	100,145	108,641	113,635	105,176
76,313	80,717	83,443	84,426	89,434	93,850	83,403
70,017	73,992	75,952	76,494	80,607	84,326	81,746
4,434	4,107	3,155	3,293	5,035	6,043	7,089
56,797	60,708	64,192	69,753	76,264	82,193	76,162
9,633	9,784	11,699	9,919	13,792	13,825	10,984
-11,964	981	-3,827	-8,300	-8,252	-7,280	-4,071
-450	-3,049	-7,620	-8,031	-4,144	-5,321	-18,733
-2,331	10,765	7,872	1,619	5,540	6,545	6,913
25,946	33,663	33,914	27,502	28,898	30,122	18,301
56	56	60	60	66	72	76
34.0%	36.7%	36.5%	34.4%	34.1%	37.2%	39.3%
1,363.96	1,440.44	1,501.98	1,549.15	1,652.35	1,753.99	1,728.78
137.23	126.97	164.02	174.21	193.06	193.37	193.02
31.6%	31.6%	33.8%	33.4%	32.7%	33.3%	33.5%
20.0%	19.8%	22.7%	21.7%	21.4%	21.2%	20.3%
20.3%	20.2%	23.0%	22.2%	22.3%	22.0%	20.7%
10.4%	9.0%	11.1%	11.3%	12.0%	11.2%	11.0%
7.9%	6.9%	8.5%	8.6%	9.0%	8.3%	8.3%
76.0%	77.2%	76.5%	76.3%	74.1%	74.2%	77.7%
1.5	1.9	3.1	2.6	2.3	2.0	2.2

ber 1, 2021. Accordingly, net assets per share and basic earnings per share have been calculated on the premise that the split was conducted at the beginning of the fiscal year ended February 28, 2016.

Social (consolidated)	FY2023	FY2024	FY2025	FY2026
Number of employees (male/female) (persons)	865/163	947/191	979/204	1,015/199
Number of managers (male/female) (persons)	195/3	192/10	220/14	226/17
Average length of service (male/female) (years)	10.7/7.5	10.3/8.2	10.4/7.8	10.6/8.3
Average annual salary (male/female) (10,000 yen)	757/480	725/443	740/483	741/522
Number of new graduate hires (male/female) (persons)	7/12	18/7	7/10	14/5
Number of mid-career hires (male/female) (persons)	49/9	67/10	82/14	72/8
Childcare leave acquisition rate*2 (male/female) (%)	21.4/150.0	37.5/200.0	44.7/61.5	72.4/100.0
Turnover rate*3 (male/female) (%)	2.6/6.2	3.9/4.2	4.0/7.4	3.1/5.1
Paid leave acquisition rate*4	67.3	63.4	69.1	71.0
R&D expenses (million yen)	179	260	181	183
Hiring and training-related investments (million yen)	23	27	42	54
Average education hours per person (hour)	7.3	7.5	14.7	16.0
Number of people with disabilities employed (persons)	20	20	19	24

Governance (non-consolidated)	FY2023	FY2024	FY2025	FY2026
Internal directors (persons)	3	3	3	3
External directors (persons)	4	4	4	4

*1 Please refer to P.7, At a Glance.

▶ P.07 At a Glance

*2 The childcare leave acquisition rate is calculated as the percentage of employees whose children were born during the fiscal year who commenced childcare leave during the same fiscal year. If an employee commences childcare leave in more than one fiscal year, the childcare leave acquisition rate may exceed 100%.

*3 The turnover rate is the percentage of employees who resigned in FY2026 relative to the number of employees as of February 2026.

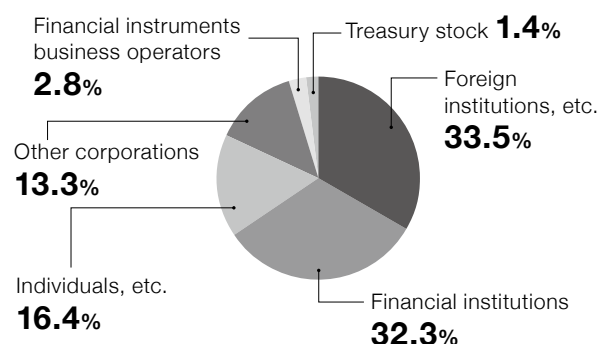
*4 The paid leave acquisition rate is the percentage calculated by the number of paid leave days granted to employees during the fiscal year as the denominator and the number of paid leave days taken by employees during the fiscal year as the numerator.

Stock-Related Information/Company Information (As of the end of February 2026)

>> Stock Information

Securities code	9793
Listed stock exchange	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Round lot	100 shares
Total number of authorized shares	79,200,000 shares
Total number of stocks issued	48,000,000 shares
Number of shareholders	6,120
Fiscal year	From March 1 through end of February of the following year
Annual General Meeting of Shareholders	May of each year
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Audit company	KPMG AZSA LLC.

Shareholding ratio by owner

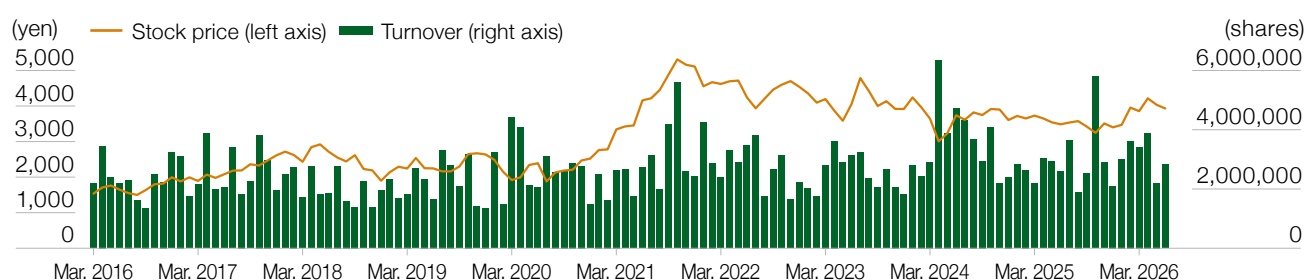


>> Major Shareholders

Shareholders	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	7,540	15.9
Custody Bank of Japan, Ltd.	5,480	11.5
Kodomo Mirai Kenkyusho Co., Ltd.	2,580	5.4
STATE STREET BANK AND TRUST COMPANY	1,998	4.2
NORTHERN TRUST CO. (AVFC)	1,515	3.2
CEP LUX-ORBIS SICAV	1,501	3.1
JP MORGAN CHASE BANK	1,377	2.9
Hakutai Co., Ltd.	1,228	2.5
Hori Corporation Ltd.	1,117	2.3
THE CHASE MANHATTAN BANK, N.A.	1,116	2.3

Note: Treasury stock is excluded in the calculation of shareholding ratio.

>> Stock Price and Trading Volume (As of June 30, 2026)



>> Investor Relations Activities

	First half of fiscal year ended February 28, 2025	Second half of fiscal year ended February 28, 2025	First half of fiscal year ended February 28, 2026	Second half of fiscal year ended February 28, 2026
1-on-1 meetings with Japanese institutional investors	64	70	56	61
1-on-1 meetings with overseas institutional investors	64	52	39	43
Small meetings	4	5	5	2
Plant tours	1	2	0	2

>> Corporate Overview

Company name Daiseki Co., Ltd.	Capital 6,382 million yen
President and Representative Director Tetsuya Yamamoto	Net Sales (Consolidated) 71,845 million yen (Non-consolidated) 40,402 million yen
Founded November 1, 1945	Number of employees (Consolidated) 1,295 (Non-consolidated) 809
Established October 1, 1958	
Headquarters 1-86, Funami-cho, Minato-ku, Nagoya-shi, 455-8505	
Tel: +81-52-611-6321 (Representative) Fax: +81-52-612-4382	

Daiseki Group

Daiseki Co., Ltd. (Nagoya, Aichi)	Collection, transportation and intermediate treatment of industrial waste, and manufacture and sale of recycled products
Daiseki Eco. Solution Co., Ltd. (Nagoya, Aichi)	Soil pollution survey, purification process, etc.
Green Arrows Central Co., Ltd. (Tokai, Aichi)	Waste plasterboard recycling
Green Arrows Kyushu Co., Ltd. (Kasuya-Gun, Fukuoka)	Waste plasterboard recycling
Sugimoto Trading Company Co., Ltd. (Hikone, Shiga)	Municipal waste treatment, recycling of waste plastics, and collection and recycling of waste paper
Daiseki MCR Co., Ltd. (Utsunomiya, Tochigi)	Lead refining, recycling of used batteries
System Kikou Co., Ltd. (Minato-ku, Tokyo)	Cleaning work and related work for large tank storage equipment
Hokuriku Daiseki Co., Ltd. (Kanazawa, Ishikawa)	Manufacturing of lubricant and sales of petroleum products

Rating information

Rating and Investment Information, Inc. (R&I) Rating A- Announced on January 15, 2026

>> Third-Party Assessments, Index Inclusion, and Participation in Initiatives

Assessment by a third party

 CDP A (January 2026) *Achieved an A score for three consecutive years	MSCI Score BBB (March 2026)	 Daiseki Co., Ltd. ESG Score 44 (Dec. 30, 2025)	CSA (S&P) Score 44 (December 2025)	FTSE ESG Score 3.7 (June 2026)
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Inclusion in SRI Indexes

 FTSE Blossom Japan Index	 FTSE Blossom Japan Sector Relative Index	 S&P/JPX カーボン エフィシエント 指数	S&P/JPX Carbon Efficient Index
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Initiative

 WE SUPPORT The UN Global Compact (became a signatory in April 2025)	 SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	SBTi (targets validated in November 2022)	 GX FUTURE CONSORTIUM	GX Future Consortium (participated in May 2023)
 Circular Partners (CPs) (joined in December 2023)	 Circular Economy Association	Circular Economy Association (joined in February 2022)		

 Initiatives and external evaluations



Daiseki Co., Ltd.

1-86 Funami-cho, Minato-ku, Nagoya, Aichi, Japan, 455-8505

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