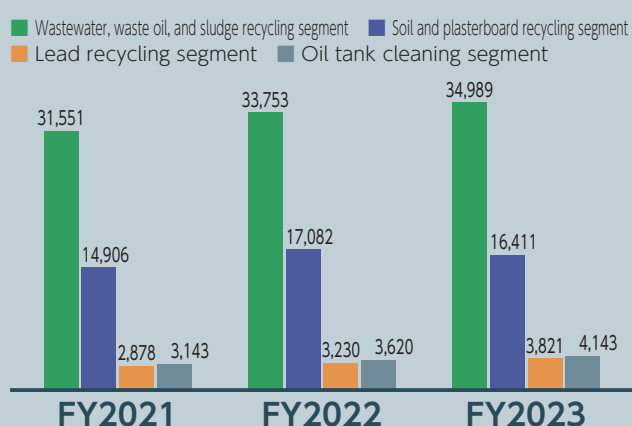


Daiseki Group's Performance by Business

Each company within the Daiseki Group is working to create value in the domains of environmental protection, resource recycling, and the transition away from fossil fuels. In this section, we categorize our operations into four segments (wastewater, waste oil, and sludge recycling; soil and plasterboard recycling; lead recycling; oil tank cleaning) and discuss our performance and initiatives for each segment.

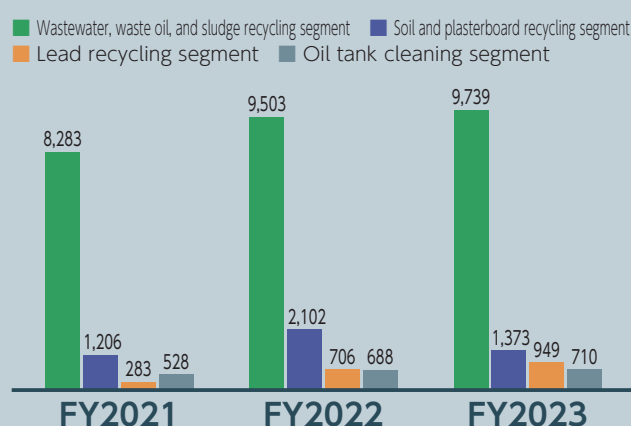
Note: Sugimoto Trading Company Co., Ltd. and Sugimoto Paper Industry Co., Ltd., which Daiseki Eco. Solution conducted an M&A with in March 2023, will be included from next fiscal year.

Consolidated net sales Millions of yen



Note: Information for wastewater, waste oil and sludge recycling segment is derived from data of Daiseki Co., Ltd and Hokuriku Daiseki Co., Ltd. and information for soil and plasterboard recycling segment is derived from data of Daiseki Eco. Solution Co., Ltd., Green Arrows Central Co., Ltd. and Green Arrows Kyushu Co., Ltd. Information for Lead recycling segment is derived data from Daiseki MCR Co., Ltd. and information of oil tank cleaning segment is derived data from System Kikou Co., Ltd.

Consolidated operating profit Millions of yen



	Positive factors	Negative factors
Internal factors	<p>Strength</p> <ul style="list-style-type: none"> ● High profitability due to superior business model ● High recycling rate ● Contribution to carbon neutrality ● Network spanning all of Japan ● Wide range of products handled ● Knowledge related to the Waste Management and Public Cleansing Act, which is difficult to interpret ● High-level emergency response in disaster situations ● Contribution to environmental protection by purifying wastewater and waste oil 	<p>Weakness</p> <ul style="list-style-type: none"> ● The circular economy is not yet a core business ● Scope of business is Japan only, and has not yet expanded overseas ● Smaller business scale and limited business scope compared to major companies outside Japan
External factors	<p>Opportunity</p> <ul style="list-style-type: none"> ● Increase in customers who demand carbon neutrality ● Growing necessity of the circular economy due to high resource prices ● Growing interest of the international community in biodiversity and the water cycle ● High barriers to entering the waste disposal industry in Japan due to the Waste Management and Public Cleansing Act 	<p>Threat</p> <ul style="list-style-type: none"> ● Shrinkage of the Japan industrial waste market due to stagnation of the Japanese manufacturing industry ● Increase in energy costs due to tightening of carbon-neutrality regulations ● Barriers to expanding business due to the strict provisions of the Waste Management and Public Cleansing Act and differing interpretations of this Act by each local government

Introduction of Group Companies

Daiseki Eco. Solution

Hiroya Yamamoto President and Representative Director

Our soil segment cleans and recycles soil contaminated by civil engineering works. Recycled soil is used as a construction material and a raw material for cement. In the plasterboard field, we collect plasterboard from demolition sites, separate its components, and recycle it into recycled plasterboard and raw materials for cardboard and recycled paper.

Going forward, we will reliably handle large-scale construction projects in the Tokyo metropolitan area, the Chubu region, and the Kinki region, and work to strengthen upstream sales and consulting business. In May 2023, we augmented treatment facilities at our used plasterboard works. We are promoting further expansion of the used plasterboard recycling business.



Daiseki MCR

Tadashi Hongo President and Representative Director

Daiseki MCR collects used batteries and separates, dissolves and smelts their components to recycle them into lead ingots. The lead ingots are used by battery manufacturers. Daiseki MCR is focusing on reducing greenhouse gas emissions in response to customer demand. In consideration of the large amounts of CO₂ that are emitted in the lead smelting process, in 2014 the company adopted the use of LNG instead of coke, resulting in an approximately 60% reduction of emissions. This was followed in March 2022 by a switch to carbon-neutral LNG.

Looking ahead, we will develop businesses that can contribute both to the circular economy and carbon neutrality.



System Kikou

Tsuneyasu Tanaka President and Representative Director

System Kikou carries out cleaning works and similar operations for oil tanks and tankers' internal storage tanks, collecting the crude oil sludge accumulated inside the tanks. Our cleaning technologies and systems are considered industry-leading both in Japan and overseas.

Until now, large oil tanks were the main target of the company's business, but now, in cooperation with Daiseki, tanks located in manufacturing plants are also targeted. We would like to go forward further strengthening the synergies of the Group.



Hokuriku Daiseiki

Katsuya Mishima Representative Director

Hokuriku Daiseiki manufactures and sells mold release agents for concrete products; special machine oils, cutting oils, and industrial lubricants; and rust inhibitors to prevent rusting of metal parts and machinery. We also collect waste oil and recycle it, processing it into process oils or similar products depending on its composition and properties. Waste oil recycling has been a part of Daiseiki's efforts since the company's founding, and we consider it to have been a precursor to what is now known as the circular economy. We are committed to further revitalizing our business and to cooperation with the rest of the Daiseki Group, founded on a philosophy of effectively utilizing the Earth's finite resources.

