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Power to Turn into Resources, Return to Nature
DAIEI KANKYO

[Securities Code : 9336]

FY2024/ 3 1st Quarter Financial Results

August 9, 2023



Executive Summary

Results	FY2024/3 1Q Results	<ul style="list-style-type: none"> • Net sales 17,604 million yen (+ 8.8% year on year) • Operating profit 4,513 million yen (+33.2% year on year)
	Progress Rate for FY2024/3 Forecasts	<ul style="list-style-type: none"> • Net sales Progress rate 24.8% • Operating profit Progress rate 28.0%
Progress of Important Policies	FY2024/3 1Q Results	<ul style="list-style-type: none"> • Actions regarding The Plastic Resource Circulation Act <ul style="list-style-type: none"> ✓ Business plan for recycling Accredited in April 2023 • Incineration and power generation facility <ul style="list-style-type: none"> ✓ Launched operation in May 2023 (440 t/day) • TCFD <ul style="list-style-type: none"> ✓ Declaration of endorsement in June 2023 • Restricted stock compensation <ul style="list-style-type: none"> ✓ Decision to introduce in June 2023
	Forecasts from FY2024/3 2Q	<ul style="list-style-type: none"> • Sustainability Report <ul style="list-style-type: none"> ✓ Japanese version to be released in August 2023 ✓ English version to be released in October 2023 • Chemical recycling <ul style="list-style-type: none"> ✓ Completed demonstrating gasification and methanolification to examine commercialization, in March 2024 • CDP <ul style="list-style-type: none"> ✓ Response scheduled in 2024

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1. About Daiei Kankyo Group

Company Profile

Name	Daiei Kankyo Co., Ltd.	FY 2023/3 (Consolidated)			
Founded	1979	Net Sales	JPY 67.6 bn		
Representative	Fumio Kaneko, President and Representative Director	Operating Profit	JPY 16.6 bn (Margin : 24.6%)		
Employees*1	2,470 ppl. (consolidated; as of Mar. 31, 2023)	EBITDA*3	JPY 22.2 bn (Margin : 32.9%)		
Location	Kobe Fashion Plaza, 2-9-1 Koyo-cho-naka, Higashinada-ku, Kobe, Hyogo*2	Profit Attributable to Owners of Parent	JPY 10.4 bn (Margin : 15.5%)		
Waste-related Business *4			Other Business *4 (Valuable Resource Recycling Business)		
— Segment sales : JPY 65.4 bn (97% of net sales) — Segment profit : 16.7 bn			— Segment sales : 2.1 bn (3 % of net sales) — Segment profit : 0.1 bn		
Waste management and recycling 		Soil remediation 		Aluminum pellets 	
View waste as a resource and provide a full range of waste management and recycling services from collection and transportation to intermediate treatment, recycling, as well as final disposal 83.5% of net sales		Propose solutions ranging from inspections and consulting to remediation based on the Soil Contamination Countermeasures Law 8.8% of net sales		Manufacture and sell aluminum pellets made from aluminum cans purchased as resources	
Facility construction and administration 	Consulting 	Electricity generation 	Forest management 	Other 	Recycled plastic pallets 
					Manufacture and sell recycled plastic pallets made mainly from plastic container packaging

*1: Includes full-time and average temporary employee through the year

*2: Company headquarters

*3: EBITDA = Operating profit + Depreciation + Amortization of Goodwill. EBITDA margin = EBITDA/Net Sales

*4: Financial figures are actual results from FY2023/3. Segment profit includes intersegment consolidation adjustments.

The Overview of Daiei Kankyo Group

Consolidated Subsidiary and Business Development Area

Consolidated Subsidiaries *1

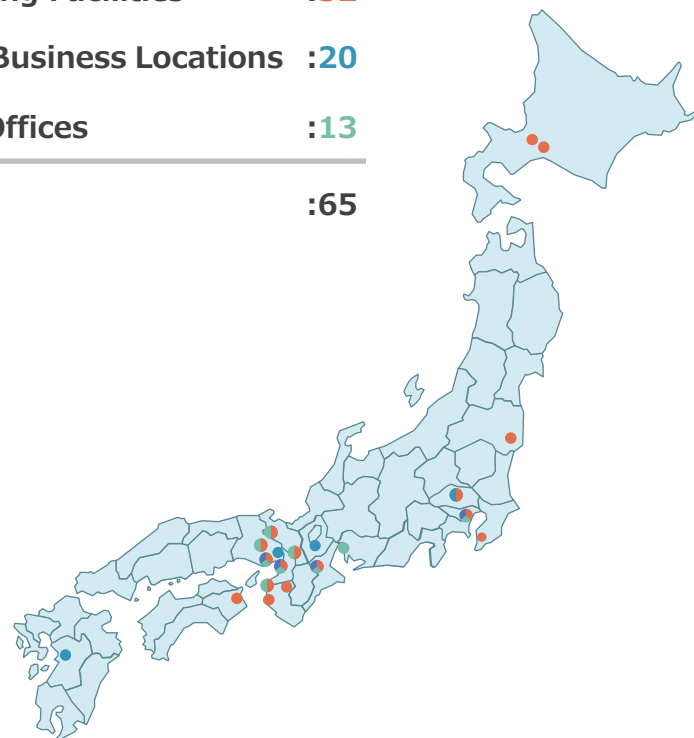
Daiei Kankyo

30 companies

Mie Chuo Kaihatsu	DINS Kansai	Kyodoh Doboku	Geo-Re Japan
Safety Island	Settsu Seiun	Kyoto Kankyo	Kobe Port Recycle
Daiei Amet	Clean Stage	Settsu	Tohoku Eco Clean
Create Navi	Plafactory	Omiachiman Eco Service	Sanki Kaihatsu
Software Total Service	Green Arrows Kansai	Maruyo	General Agriculture & Forestry
DINS Environmental Analysis Center	Daiei Kankyo Research Institute	Resource Circulation Systems	DINS Mirai
Ashiya Josui	ISV Japan	DINS Hokkaido	Tadaoka Eco Service
Negibozu	Makinosato	※ : Companies that joined our group through M&A <u>17 companies</u>	

Business Development Area (Waste Disposal, Recycling Business Locations)*2

● Recycling Facilities	:32
● Other Business Locations	:20
● Sales Offices	:13
Total	:65

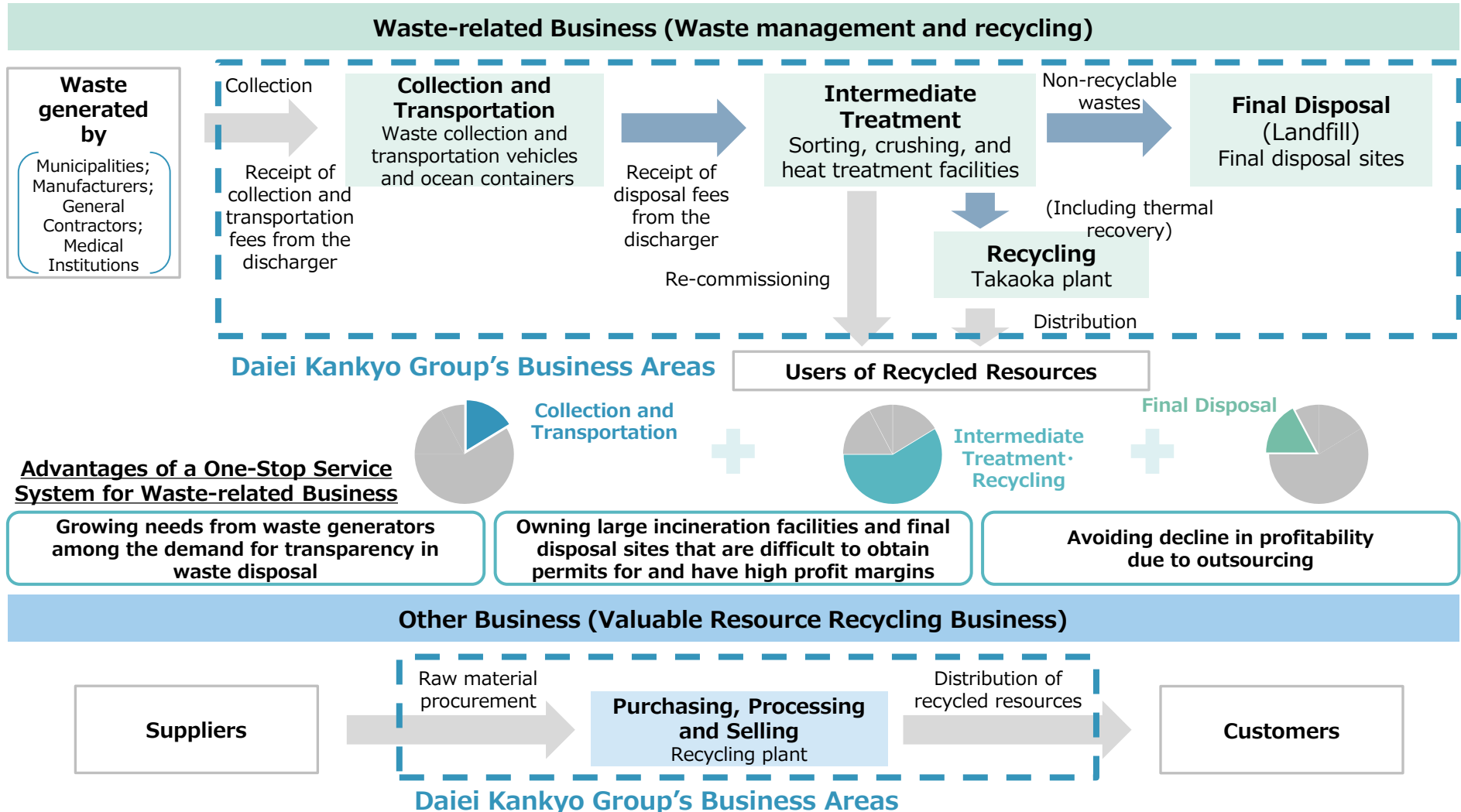


*1 : As of March. 31, 2023. In addition to the consolidated subsidiaries listed above, there are 2 non-consolidated subsidiaries, 5 affiliates accounted for by the equity method and 7 other affiliates.

*2 : As of March. 31, 2023. Some dotted locations include multiple types of facilities. This includes locations of 5 affiliates accounted for by the equity method (other affiliates are omitted due to lack of materiality).

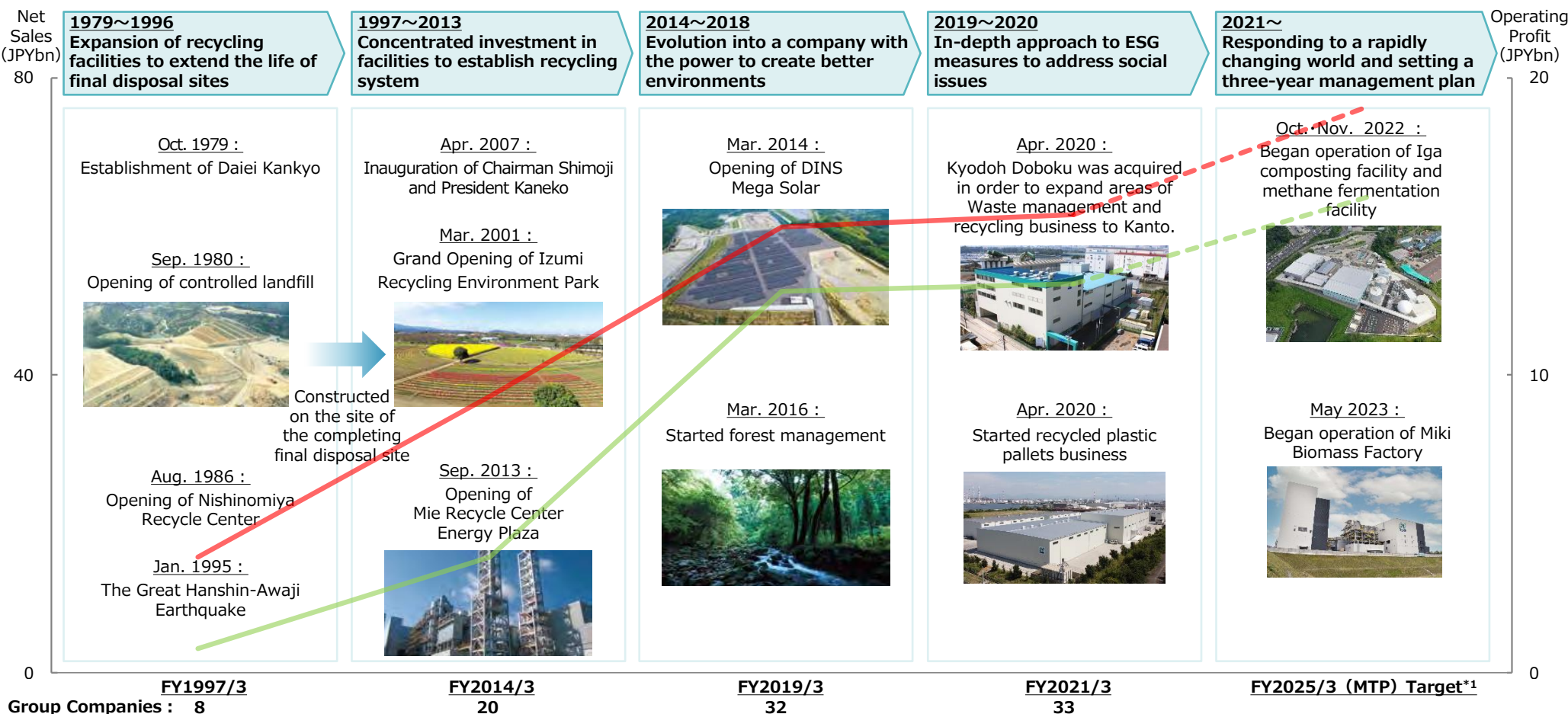
Business Model (Main Business Flow)

Business Model of each segment



The History of Daiei Kankyo

We started out in the final disposal business and quickly shifted to volume reduction and recycling to ensure our continued competitiveness. Since then, we have developed a wide range of environment-related businesses, including soil remediation, facility construction and administration, consulting, electricity generation and forest management.



*1: Please refer to P32 for mid-term management plan targets.

Note: The line graph on the back shows the historical net sales and operating profit. — : Net Sales, — : Operating profit

Excluding FY 2021/3 results and FY 2025/3 (MTP) targets, net sales and operating profit are simple sum of unaudited figures of the four major Group companies (Daiei Kankyo, Mie Chuo Kaihatsu, DINS Kansai, Kyodoh Doboku). FY 2021/3 results and FY 2025/3 (MTP) targets are consolidated figures of the Group.

2. FY2024/3 1Q Results

FY2024/3 1Q Results

Consolidated Statements of Income

(million yen)	FY2023/3 1Q ^{*1}	FY2024/3 1Q	Year-on-year
Net sales	16,174	17,604	+ 8.8%
Operating profit	3,389	4,513	+ 33.2%
Operating profit margin	21.0%	25.6%	+ 4.6pt
EBITDA	4,743	5,812	+ 22.5%
EBITDA margin	29.3%	33.0%	+ 3.7pt
Ordinary profit	3,459	4,748	+ 37.3%
Profit attributable to owners of parent	2,387	3,014	+ 26.2%
Profit margin attributable to owners of parent	14.8%	17.1%	+ 2.3pt

*1: Since the Company was listed on the Prime Market of the Tokyo Stock Exchange on December 14, 2022, quarterly consolidated financial statements for the 1st quarter of FY2023/3 were not reviewed by GYOSEI & CO. pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

FY2024/3 1Q Results

By Segment

(million yen)	FY2023/3 1Q* ¹	FY2024/3 1Q	Year-on-year
Waste-related Business			
Net sales	15,532	17,121	+ 10.2%
Segment profit	3,367	4,581	+ 36.0%
Segment profit margin	21.7%	26.8%	+ 5.1pt
Other Business (Valuable Resource Recycling Business)			
Net sales	642	482	▲24.9%
Segment profit	59	▲28	—
Segment profit margin	9.3%	▲5.9%	▲15.2pt

*1: Since the Company was listed on the Prime Market of the Tokyo Stock Exchange on December 14, 2022, quarterly consolidated financial statements for the 1st quarter of FY2023/3 were not reviewed by GYOSEI & CO. pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

FY2024/3 1Q Results

Net Sales by Business Domain

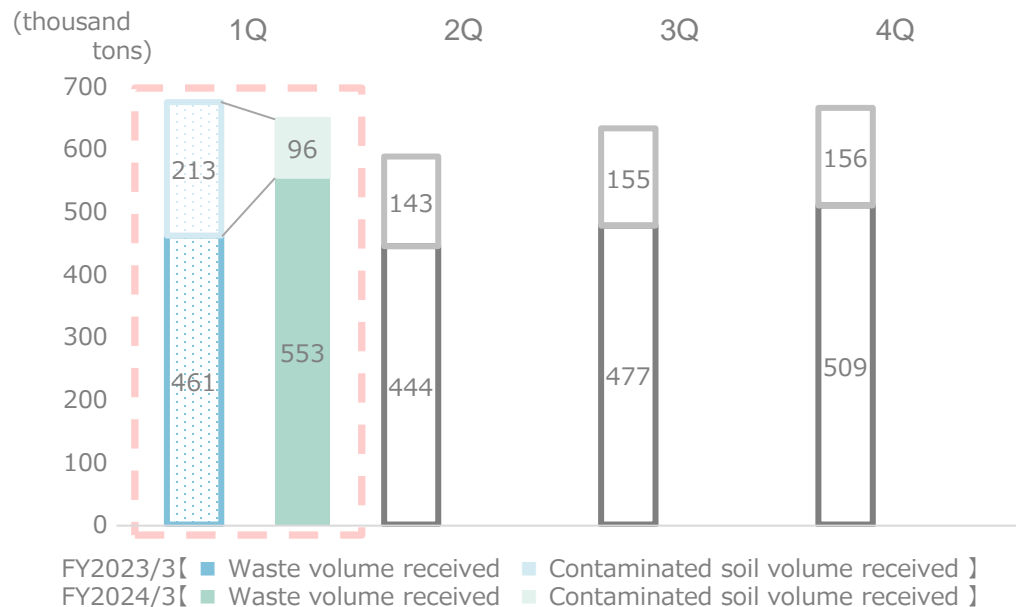
(million yen)	FY2023/3 1Q* ¹	FY2024/3 1Q	Year-on-year
Waste-related Business			
Waste management and recycling	13,856	15,419	+ 11.3%
Soil remediation	1,353	1,180	▲ 12.8%
Other	322	522	+ 62.1%
Other Business (Valuable Resource Recycling Business)			
Aluminum pellets	505	351	▲ 30.5%
Recycled plastic pallets	136	130	▲ 4.0%

*1: Since the Company was listed on the Prime Market of the Tokyo Stock Exchange on December 14, 2022, quarterly consolidated financial statements for the 1st quarter of FY2023/3 were not reviewed by GYOSEI & CO. pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

FY2024/3 1Q Results

Volume of Waste and Contaminated Soil Received

(thousand tons)	FY2023/3 1Q	FY2024/3 1Q	Year-on-year
Waste volume received	461	553	+ 20.0%
Contaminated soil volume received	213	96	▲54.6%



Waste volume received

- In addition to the recovery of economy since last fall, orders for major projects and infrastructure development projects have also increased.

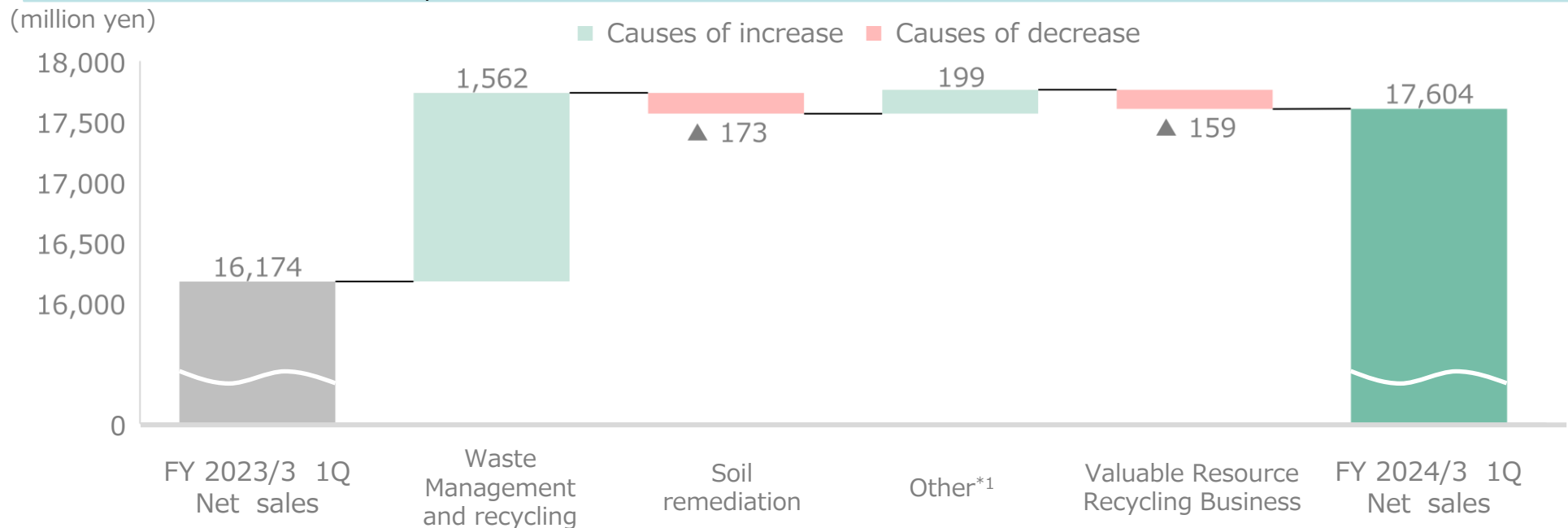
Contaminated soil volume received

- Although the previous fiscal year saw a large increase from orders including major projects in the Kanto region, the first quarter saw a large decrease due to reviewing the unit price of orders for contaminated soil to be received at final disposal sites.

FY2024/3 1Q Results

Consolidated Net sales Change Factors

- ✓ Waste management and recycling : In addition to the recovery of economy since last fall, orders for major projects and infrastructure development projects led to a significant increase in sales year on year
- ✓ Soil remediation : Volume received decreased significantly and sales also decreased year on year due to the completion of major projects and due to reviewing the unit price of orders for contaminated soil to be received at final disposal sites
- ✓ Valuable Resource Recycling Business : Although sales of aluminum pellets decreased due to a decline in the market and a decrease in orders received as a result of a reduction in crude steel production in the steel industry, the decrease was within our expectations
Sales volume and net sales of recycled plastic pallets declined due to lower demand from the distribution industry

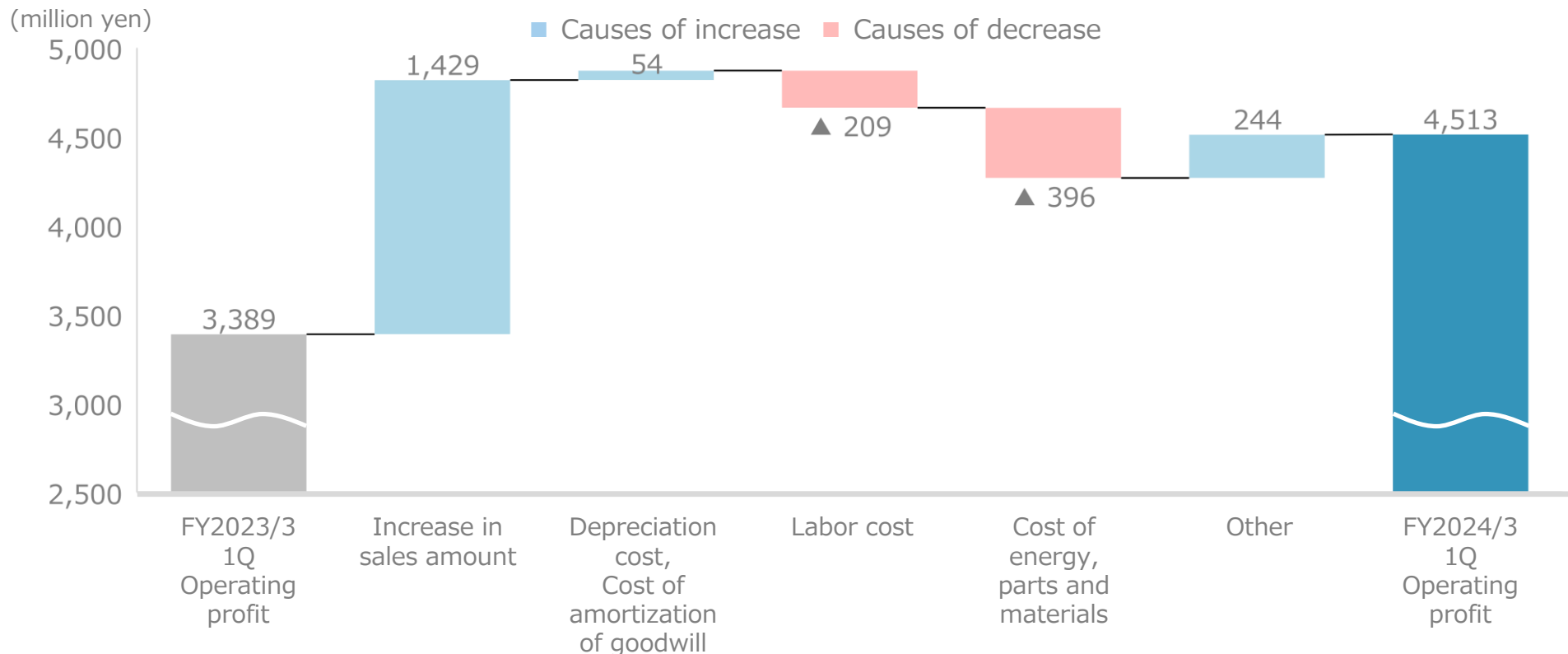


*1: The figure for "Other" includes those for the business fields other than the waste management and recycling, and soil remediation in the waste--related businesses

FY2024/3 1Q Results

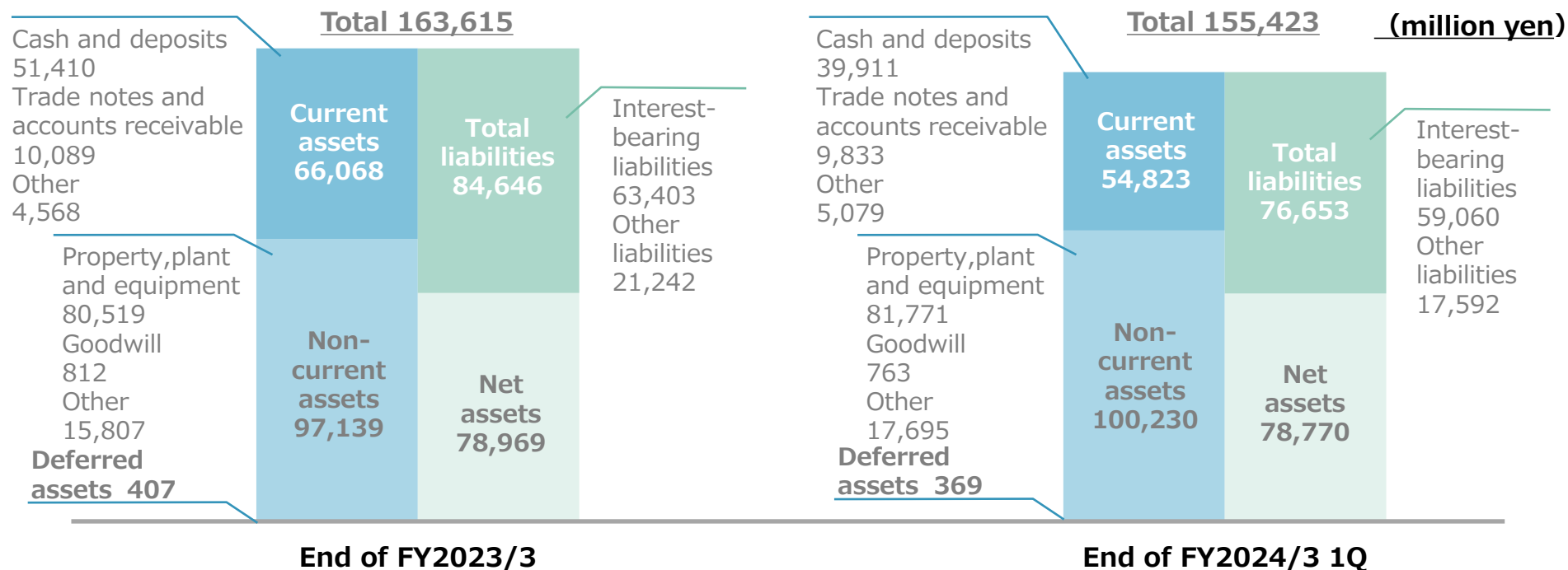
Consolidated Operating Profit Change Factors

- ✓ Cost of energy, parts and materials increased significantly year on year, but it is expected to increase to the same level as planned at the beginning of the period for the full year
- ✓ Other costs, which were expected to increase by approximately 1.1 billion yen for the full year, decreased year on year in the first quarter due to ongoing cost reductions through insourcing



FY2024/3 1Q Results

Consolidated Balance Sheet



Cash and deposits

- ✓ Decreased by 11,499 million yen due to planned repayment of interest-bearing liabilities and payment of dividends

Property, plant and equipment

- ✓ Increased by 1,252 million yen due to the construction of a controlled final disposal site (2nd stage construction) at Mie Chuo Kaihatsu, a subsidiary

Net assets

- ✓ Decreased by 198 million yen due to the payment of dividends, which was deducted from the increase in profit attributable to owners of parent

3. Progress Rate for FY2024/3 Forecasts

Progress Rate for FY2024/3 Forecasts

Consolidated Statements of Income

(million yen)	FY2024/3 Forecasts	FY2024/3 1Q	Progress Rate for FY2024/3 Forecasts
Net sales	71,037 (35,085)	17,604	24.8% (50.2%)
Operating profit	16,140 (7,672)	4,513	28.0% (58.8%)
Operating profit margin	22.7% (21.9%)	25.6%	—
EBITDA	22,810 (10,613)	5,812	25.5% (54.8%)
EBITDA margin	32.1% (30.3%)	33.0%	—
Ordinary profit	16,338 (7,761)	4,748	29.1% (61.2%)
Profit attributable to owners of parent	10,416 (5,007)	3,014	28.9% (60.2%)
Profit margin attributable to owners of parent	14.7% (14.3%)	17.1%	—

Note : Figures in parentheses for FY2024/3 Forecasts and Progress Rate for FY2024/3 Forecasts represent the first half of 2024/3 Forecasts and Progress Rate for the first half of FY2024/3 Forecasts respectively.

Progress Rate for FY2024/3 Forecasts

By Segment

(million yen)	FY2024/3 Forecasts	FY2024/3 1Q	Progress Rate for FY2024/3 Forecasts
Waste-related Business			
Net sales	69,078	17,121	24.8%
Segment profit	16,260	4,581	28.2%
Segment profit margin	23.5%	26.8%	—
Other Business (Valuable Resource Recycling Business)			
Net sales	1,959	482	24.6%
Segment profit	143	▲28	—
Segment profit margin	7.3%	▲5.9%	—

Progress Rate for FY2024/3 Forecasts

Net Sales by Business Domain

(million yen)	FY2024/3 Forecasts	FY2024/3 1Q	Progress Rate for FY2024/3 Forecasts
Waste-related Business			
Waste management and recycling	60,039	15,419	25.7%
Soil remediation	5,938	1,180	19.3%
Other	3,099	522	16.8%
Other Business (Valuable Resource Recycling Business)			
Aluminum pellets	1,352	351	26.0%
Recycled plastic pallets	606	130	21.6%

Progress Rate for FY2024/3 Forecasts

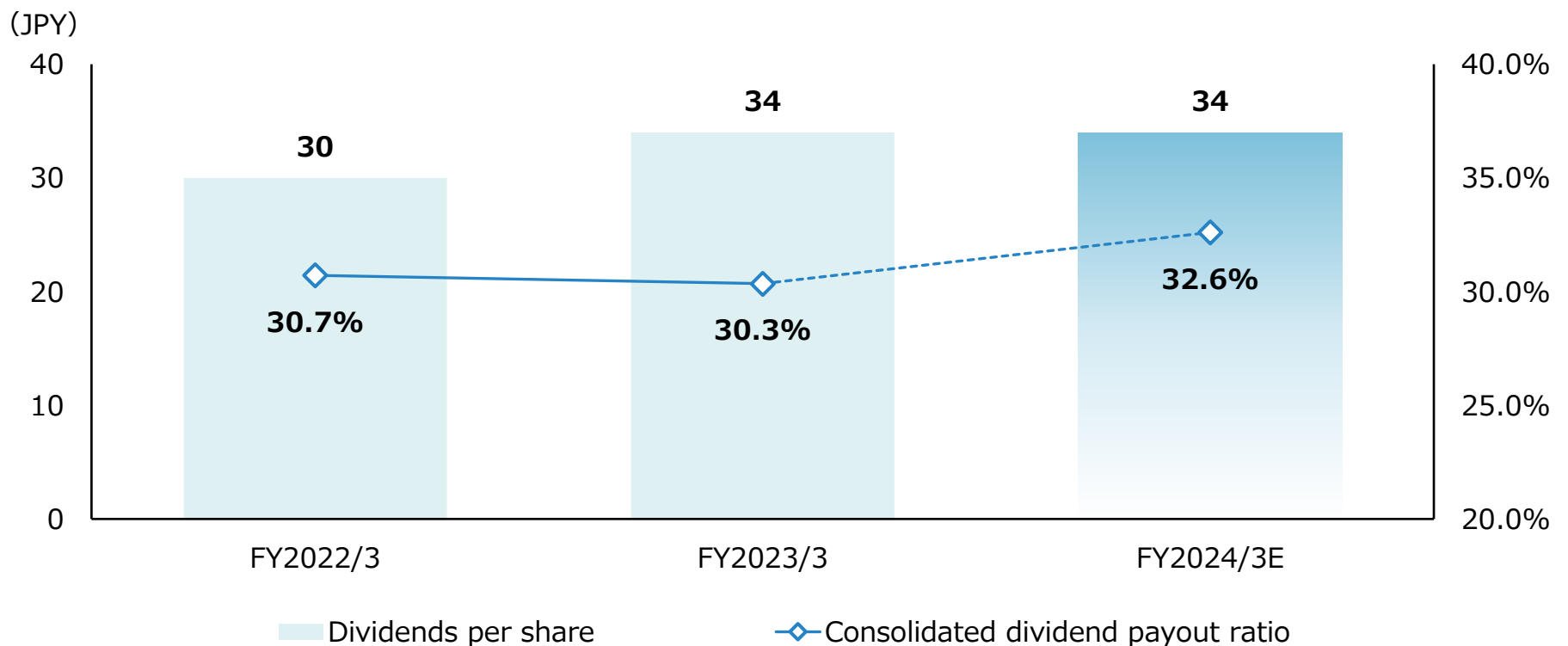
Volume of Waste and Contaminated Soil Received

(thousand tons)	FY2024/3 Forecasts	FY2024/3 1Q	Progress Rate for FY2024/3 Forecasts
Waste volume received	1,992	553	27.8%
Contaminated soil volume received	635	96	15.2%

4. Shareholder Returns

Shareholder Returns

- **Target of Consolidated dividend payout ratio**
During the period of the mid-term management plan (FY2023/3 to FY2025/3)
: **30% or higher**
- Aiming to achieve sustainable and stable shareholder returns while continuing capital investment for growth in the future.

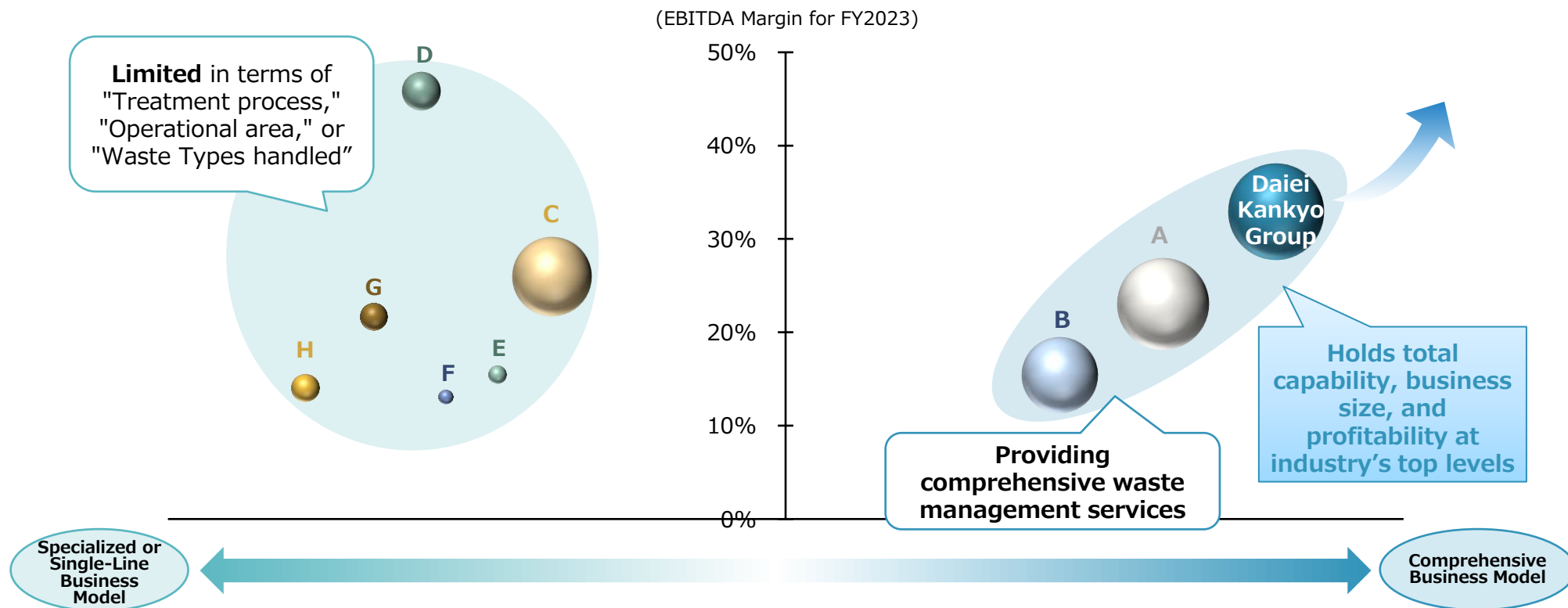


5. Growth Strategy

Position Maps of the Industry

Position Maps of Japanese Waste Management Industry (Our Analysis)

We recognize that we are in a unique position in the industry in terms of our "one-stop treatment process," "wide operational area," and "variety of waste types handled," and we will continue to enhance our comprehensive strength, business scale, and profitability to further improve our presence in the industry.

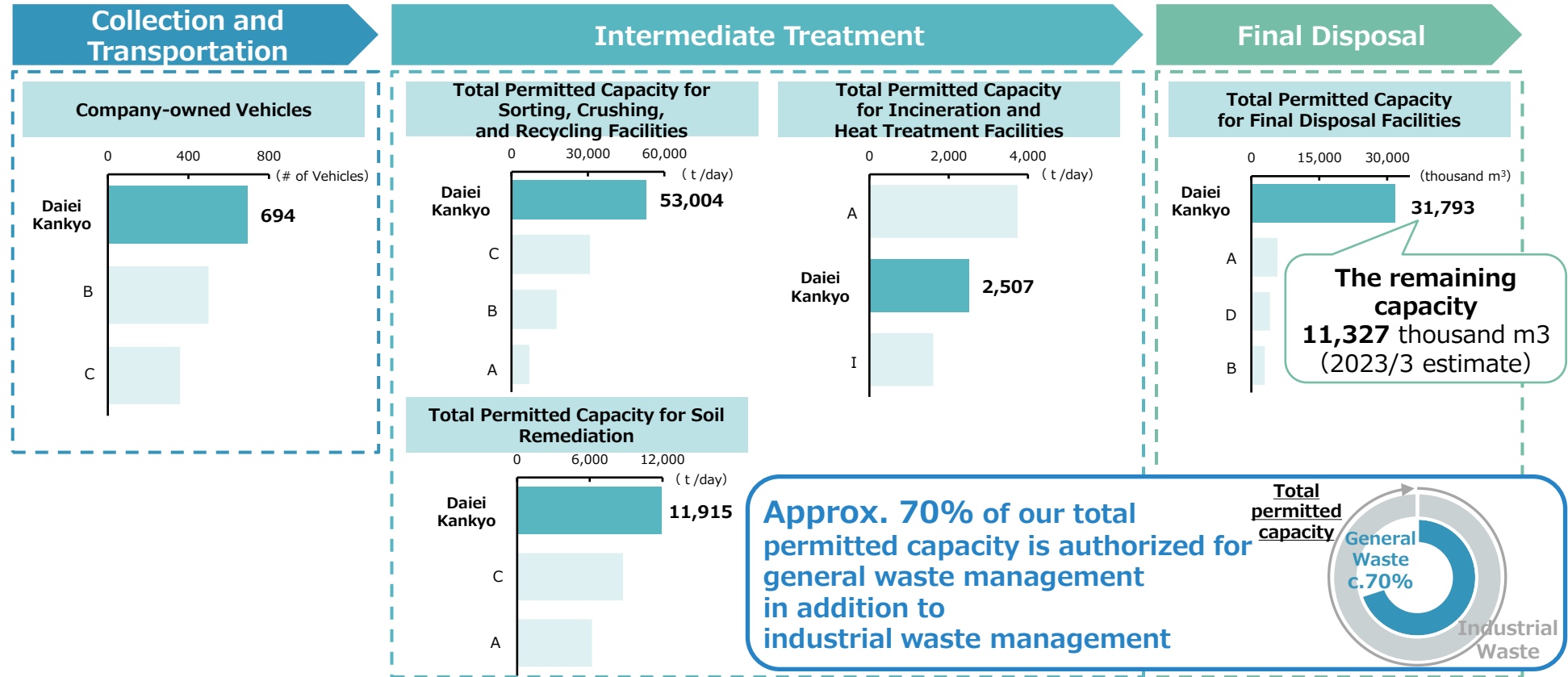


Note: The size of the bubbles indicates EBITDA for the FY2023
 The Analysis of "Comprehensive Business Model" and "Specialized or Single-Line Business Model" is based on our own categorizations of the market.
 EBITDA and EBITDA margin of the other companies are calculated by us in accordance with the formulas based on the data published by each company.
 Our calculations may differ from the figures published by each company.
 Some companies use figures from business segments that are classified as waste management businesses

Source: Publicly available information of each company

Capacity Compared to Other Companies*1

Total permitted capacity*2 of facilities (As of June 30, 2023)



*1: Listed companies and subsidiaries of listed companies (Figures for non-listed subsidiaries of each company for which information is available are also included) in the waste management and recycling industry.

*2: Total permitted capacity refers to the treatment capacity that has been permitted by the prefectures, etc. for each item. Calculations for companies other than Daiei Kankyo are based on our aggregation method using the most recent publicly available data.

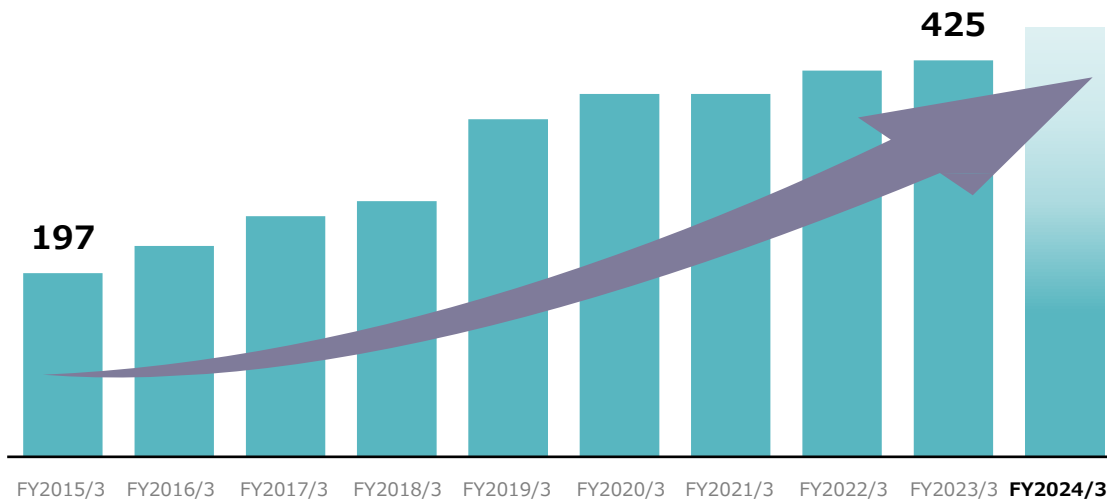
Sources: Integrated Report; Annual Securities Report; financial disclosure information, website, and other public information of the company (as of June 30, 2023); "Industrial Wastes Information Network" of Japan Industrial Waste Management Foundation and a website of Japan Disaster Treatment Systems

of Municipalities We Work with

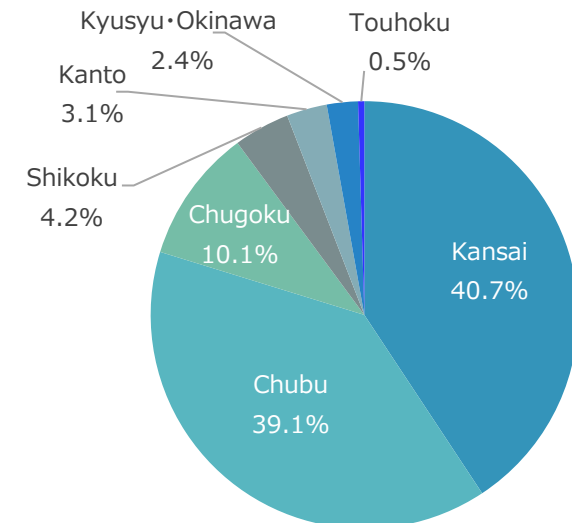
of Municipalities We Work with*1

- ✓ In Sep. 2013, the Mie Recycle Center Energy Plaza, the Group's largest facility capable of handling general waste, began operations. Daiei Kankyo has been expanding business with local governments since then.
- ✓ As for FY2023/3 result, we worked with **425 municipalities**, which account for **approx. 24%** of the total municipalities in Japan *2
- ✓ Temporary processing contracts at our group facilities increased due to the occurrence of problems at municipal facilities caused by aging, etc.
- ✓ Aiming to expand the number of client municipalities through public-private partnerships (PPP)

of Municipalities We Work with*1



Breakdown of Municipalities We Work with*3 (FY2023/3)



*1: The number of municipalities includes prefectures and the 23 wards of Tokyo, and for wide-area associations, each of the constituent municipalities of the wide-area associations is counted as one municipality.

*2: # 1,718 municipalities in Japan as of Apr. 1, 2023 (excluding the 23 wards of Tokyo), plus the 23 wards of Tokyo and 47 prefectures.

*3: Mie Prefecture is included in the Chubu region.
Sources: Portal Site of Official Statistics of Japan (e-Stat)

of Disaster Cooperation Agreements with Municipalities

of Disaster Cooperation Agreements with Municipalities

- ✓ Accelerated the signing of disaster cooperation agreements with municipalities after the disastrous heavy rain and Typhoon No. 21 in West Japan in 2018, etc.
- ✓ As of the end of June 2023, **164 agreements** had been signed, **approx. 9%** of the total number of agreements signed by all municipalities in Japan*¹
- ✓ Aiming to increase the number of agreements

Our Experience with Disaster Waste*²

Great Hanshin-Awaji Earthquake

1995/1
(15mil t)



Typhoon in Hyogo

2004/10
(0.07mil t)

Typhoon/Flood in Kii

2011/8-9
(0.1mil t)

Great East Japan earthquake

2011/3
(31mil t)

Kumamoto Earthquake

2016/4
(3mil t)



Disastrous heavy rain in Kanto and Tohoku

2015/9(0.09mil t)



Disastrous heavy rain in West Japan

2018/7
(2mil t)

Typhoon in Osaka

2018/8-9
(2mil t)



Typhoon in Boso and East Japan

2019/10
(1.2mil t)

Disastrous heavy rain in Kyusyu

2020/7
(0.6mil t)

[Reference] Estimated amount of disaster waste (Maximum)

- ✓ Nankai thrust Earthquake : Approx. 350mil t (inc. Tsunami deposits)
- ✓ Tokyo inland earthquake : Approx. 110mil t

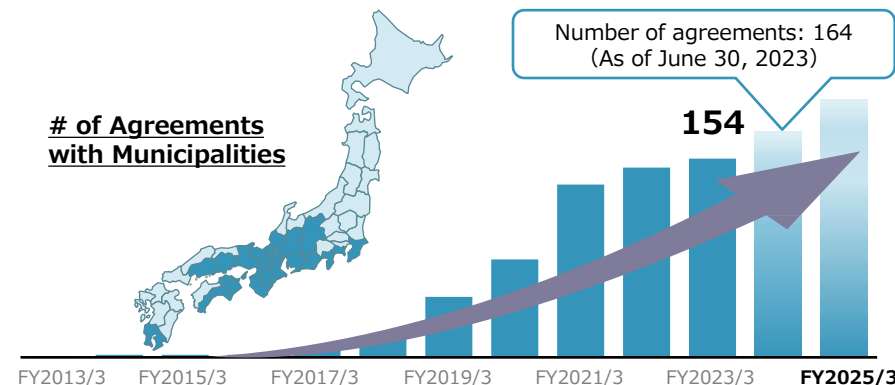
*1 : # 1,718 municipalities in Japan as of Apr. 1, 2023 (excluding the 23 wards of Tokyo), plus the 23 wards of Tokyo and 47 prefectures.

*2 : Figures in parentheses are the amount of disaster waste generated in each natural disaster

Sources: National Institute for Environmental Studies "Platform of Disaster Waste Information"; MOEJ "Disaster Waste Management in Recent Natural Disasters, Each Year Edition"; MIC "Report on the Results of Administrative Evaluation and Monitoring of Disaster Waste Management"; MOEJ "Interim Report on the Grand Design of Disaster Waste Management in the Event of a Major Disaster (March 2014)"; Portal Site of Official Statistics of Japan (e-Stat)

Number of Cooperation Agreements with Municipalities

- ✓ Treated 1/3 of all disaster wastes created due to the Great Hanshin-Awaji Earthquake in 1995.
- ✓ Treated wide areas with land and sea transport after the Disastrous heavy rain in Kanto and Tohoku in 2015, putting our group companies' strengths to work.
- ✓ Handled about **5.5 mil** tons of disaster waste to date.



Overview of the Waste Management Business in Japan

Major Customer Categories and Overview of the Industrial and General Waste Management Business

Industrial Waste (Mainly business activities waste)	Waste Classification	General Waste (Mainly household waste)
<ul style="list-style-type: none"> Manufacturers : c.30% General Contractors : c.30% Medical Institutions : c.~10% 	Major Customer Categories*1 (FY2023/3 Sales Composition)	<ul style="list-style-type: none"> Municipalities : c.20% – Aiming to further increase transactions with municipalities by expanding PPP
<ul style="list-style-type: none"> Waste generators 	Responsibility	<ul style="list-style-type: none"> Municipalities
<ul style="list-style-type: none"> 370 mn tons 	Emissions (FY2021)	<ul style="list-style-type: none"> 40 mn tons
Industrial waste management JPY 2,508.8 bn	Our Estimate TAM*2 (FY2021)	General waste management *4 JPY 1,713.5 bn
Recycling*3 JPY 2,973.0 bn		Disaster waste management JPY 23.2 bn

*1 : Percentage of sales by industry for major customers is an approximate figure based on actual sales for the FY2023/3.

*2 : The figures are calculated by the Company based on the source below.

*3 : Market size of recycling services and recycled materials, excluding arterial industry (Industries that produce products, such as Manufacturing) receipts

*4 : Excluding construction and improvement costs

Sources: MOEJ "Survey Report on Industrial Waste Discharge and Disposal (Preliminary Figures for FY2021)", "Results of Survey on General Waste Disposal Business (FY 2021)", "Report on the Market Size and Employment of the Environmental Industry (2023/3)", "waste management in Japan (FY2021/3)"

Overview of the Waste Management Business in Japan

Industry players of our recognition

		Collection and Transportation	Intermediate Treatment			Final Disposal
			Sorting, Crushing, Recycling	Incineration and Heat Treatment	Soil Remediation	
Industrial Waste	Private Sector *1	# of companies c.110k companies	# of companies 9,703 companies	# of companies 129 companies	# of companies 152 companies	# of companies 682 companies
	Public Sector *1		# of facilities 925	# of facilities 1,060 PPP Growth Opportunity		# of facilities 1,066 (in operation)
General Waste						

Industrial Waste (Mainly business activities waste) Industry

- ✓ An extremely fragmented market comprising small- to mid-sized players and publicly traded companies
- ✓ High momentum for restructuring, with numerous small- to mid-sized players, divestitures of non-core businesses by operating companies, resulting in abundant M&A opportunities

General Waste (Mainly household waste) Industry

- ✓ Although momentum is building for a shift from the public to the private sector, the majority of processing is done at facilities owned by municipalities, creating a closed environment.

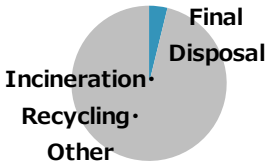
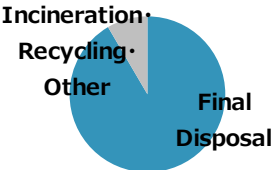
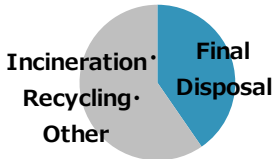
*1: # of industrial waste operators as of May 16, 2022 excluding # of soil remediation operators as of June 30, 2023 and incineration and heat treatment operators as of July 20, 2023. # of general waste facilities based on FY2022A

Sources: "Industrial Wastes Information Network" of Japan Industrial Waste Management Foundation, "List of Member Companies" of Soil Environment Center, "List of contaminated soil treatment companies based on the Soil Contamination Countermeasures Act" and "Waste Disposal Technology Information" of Ministry of the Environment

Waste Management Markets in Japan, United States and Europe

The Overview of Waste Management Markets in Japan, United States and Europe

In the United States and Europe, major listed companies account for a higher percentage of the waste management market compared to Japan, and most waste is disposed of by final disposal. In the Japanese waste management market, in comparison, there are a number of small- to mid-sized players, and most waste is recycled or incinerated for energy recovery, resulting in reduced volume of final disposal.

Region	Japan		United States		Europe	
Market Size*¹ (As of 2021)	JPY 7.2 tn		JPY 13.5 tn		JPY 15.3 tn	
Net Sales of Major Listed Companies for FY2023*² (Unit: JPY bn)	TRE HD	90.7	Waste Management	2,614.1	Veolia Environnement* ³	2,234.3
	DOWA HD* ³	87.8	Republic Services	1,793.0	Suez* ³	512.5
	Daiei Kankyo	67.6	Waste Connections	957.0		
	Daiseiki	58.5				
	Total	304.8	Total	5,364.2	Total	2,746.7
	% of Market Size*⁴	4.2%	% of Market Size*⁴	39.4%	% of Market Size*⁴	17.9%
Proportion of Final Disposal (based on weight; As of 2016)						

Note : Converted into yen at the exchange rates as of Dec. 30, 2022 (1USD=132.71JPY, 1EUR=141.43JPY)

*1: MARKETSANDMARKETS "WASTE MANAGEMENT MARKET GLOBAL FORECAST TO 2026" (Japan: 28.1USD bil, US: 102.4USD bil, Europe: 115.4USD bil).

For the Japanese market, the market size is calculated as the sum of four markets in FY2021, JPY 7.2 tn, for which data is provided by the Ministry of Environment: industrial waste management, recycling, general waste management, and disaster waste. Please see P29 for detail.

The market sizes for U.S. and Europe were calculated using the exchange rate indicated in Note on this page. The different calculation methods used to estimate regional market sizes may cause significant discrepancies in the percentage comparisons and therefore must not be placed undue reliance.

*2: 4 Japanese companies for FY2023, 5 U.S. and European companies for FY2022/12

*3: Figures for each company's waste treatment business segment (DOWA HD : "Environmental Management & Recycling", Veolia Environnement: "Waste", Suez: "Recycling and Recovery"). On Jan. 27, 2022, Veolia Environnement acquired 95.95% of Suez shares through tender offer.

*4: The denominator, market size, is not the total sales of all companies in each region, but only an estimate, and the numerator, sales of each company, and denominator, market size, cover different time periods. For these and other reasons, it does not represent actual market share.

Sources: QYResearch "Global Waste Treatment Disposal Sales Market Report 2017", MARKETSANDMARKETS "WASTE MANAGEMENT MARKET GLOBAL FORECAST TO 2026", Publicly available information of each company, MOEJ "Report on the Market Size and Employment of the Environmental Industry (2023/3)", "waste management in Japan (FY2021/3)"

Mid-term Management Plan Financial Targets (FY2023/3 to FY2025/3)

Financial Targets for the Final Year of the Mid-Term Management Plan (FY2025/3)

**Net sales
compound annual
growth rate*1
(FY2022/3 to FY2025/3)**

5 to 6%

**EBITDA margin
(FY2025/3)**

30% or higher

**Operating profit
margin
(FY2025/3)**

Approx. 20%

Examples of Factors Not Included the Financial Targets

M&A

**Changes in
Contracted Waste
Management Prices**

*1: Compound annual growth rate from FY2022/3 to FY2025/3

Progress on Key Measures

Operation and Construction of new large facilities

Operation of Recycling Facilities

Iga Methane Fermentation Facility

Operation
began in Nov.
2022

- ✓ A facility that ferments organic waste (general waste, food waste, organic sludge, liquid waste, etc.) to collect methane and generate electricity
- ✓ Generated electricity is sold under the feed-in tariff (FIT) system.
- ✓ Permitted capacity : 320 t/day
Power generation capacity : 1,980 kW
Annual power generation : 15,000 MWh



Iga Composting Facility

Operation
began in Oct.
2022

- ✓ A facility that produces compost from food waste began operation on the same site as the methane fermentation facility mentioned above
- ✓ Permitted capacity : 92 t/day



Construction of Heat Treatment Facilities

Miki Biomass Factory

Operation
began in May
2023

- ✓ Heat treatment facility for mixed-waste incineration of various wastes with biomass resources such as waste wood and food residues
- ✓ Permitted capacity : 440 t/day
Power generation capacity: 11,700 kW



Aim to Double the Processing Capacity of Heat Treatment Facilities of the Group & Contribution to Decarbonization

Capacity of Heat Treatment

End of FY2022/3

2,067 t/day

End of FY2030/3
(Target)

4,000 t/day

- Contribute to decarbonization by recovering energy from waste that must be incinerated
- Conduct research and study to introduce CCU*1

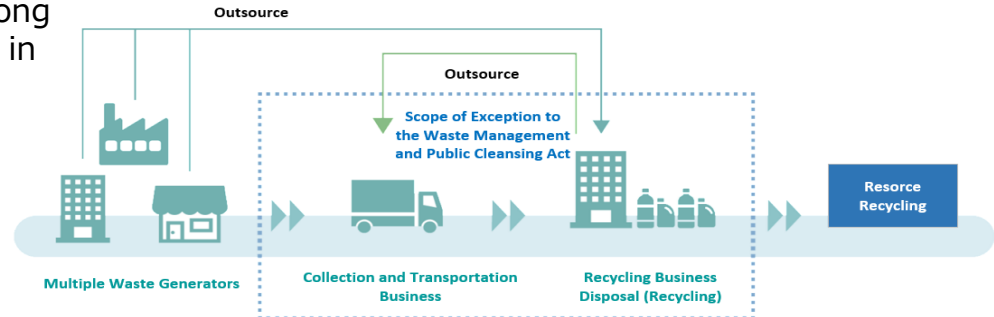
*1: CCU stands for "Carbon dioxide Capture and Utilization," which aims to reduce carbon emissions by replacing products such as conventional fossil fuel-derived fuels and chemicals with products made from CO2

Initiatives to Promote Carbon Neutrality

Initiatives regarding “The Plastic Resource Circulation Act”

- ✓ “The Plastic Resource Circulation Act” was enforced on Apr. 1, 2022 to further promote recycling of plastics in Japan
 - Promotes recycling initiatives through cooperation among all businesses, municipalities, and consumers involved in the entire life cycle of plastics.

Obtained accreditation in April 2023 for
the “Recycling Business Plan”
Proactively promoting recycling of
plastic resources



Examples of initiatives for decarbonization and recycling

Demo project planned to complete in Mar. 2024

- ✓ We launched **Japan's first demonstration project** for gasification and methanol conversion of waste plastics with Kobelco Eco-Solutions, etc. in August 2022, which we will complete in March 2024 and anticipate to shift to the phase for examining commercialization
- ✓ Aiming to establish a recycling system through chemical recycling of plastics that had been disposed of until now.

Demo project launched in Oct. 2021

- ✓ Project to collect and recycle refill packs of daily necessities and reuse them as refill packs
- ✓ **The pioneering nationwide project** involving collaboration between municipalities and 18 companies including Kao involved in manufacturing, sales, collection, and recycling.

Sources: MOEJ Special Website “The Law Concerning the Promotion of Resource Recycling of Plastics”

Progress on Key Measures: PPP

Previous Case of PPP

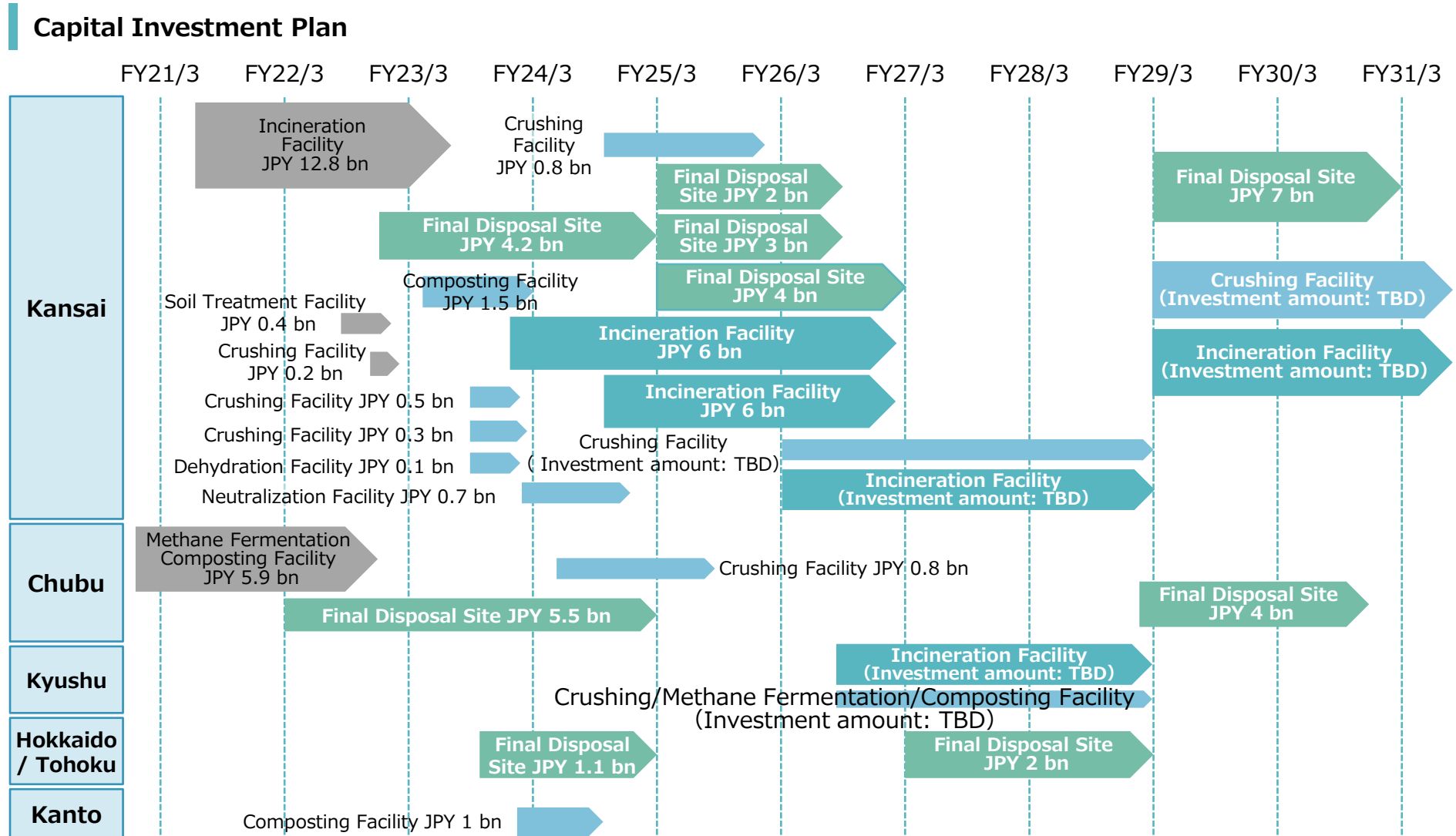
Previous Case①: Kamimashiki-gun, Kumamoto		Previous Case②: Aioi, Hyogo		Previous Case③: Tadaoka, Osaka	
Date of Agreement	✓ Oct. 2021	Date of Agreement	✓ Oct. 2021	Date of Agreement	✓ Feb. 2023
Business Location	✓ Mifune-machi, Kamimashiki, Kumamoto	Business Location	✓ Aioi, Hyogo	Business Location	✓ Tadaoka, Senboku-gun, Osaka
Facilities Overview	<div>Capacity (t/day)</div> <ul style="list-style-type: none"> ✓ Recycling : 900 ✓ Energy recovery : 400 ✓ Methane fermentation : 30 ✓ Composting : 60 	Facilities Overview	<div>Capacity (t/day)</div> <ul style="list-style-type: none"> ✓ Recycling : 900 ✓ Energy recovery : 220 	Facilities Overview	<div>Capacity (t/day)</div> <ul style="list-style-type: none"> ✓ Recycling : TBD ✓ Energy recovery : 220
Waste to be Treated	✓ General waste (5 towns in Kamimashiki-gun and others), industrial waste, disaster waste	Waste to be Treated	✓ General waste (Aioi and others), industrial waste, disaster waste	Waste to be Treated	✓ General waste (Tadaoka), industrial waste, disaster waste

By FY2030/3, we aim to execute 12 agreements for public private partnerships nationwide and to begin operations in four of them.



Note: In May 2023, one of the operators in Previous Case 2 was changed.

Capital Investment Plan in the future



Note : As of Mar. 31, 2023
Mie Prefecture is included in the Chubu region.

Priority Targets for M&A

M&As are mainly targeting the business operators that own intermediate treatment facilities and have stable customer base in the areas where we have limited number of facilities.

Abundant M&A Opportunities

Proportion of companies in the waste management industry with total business sales of JPY 1 bn or more(FY2010)

■ Sales of JPY 1 bn or more ■ Sales of less than JPY 1 bn

16%

84%

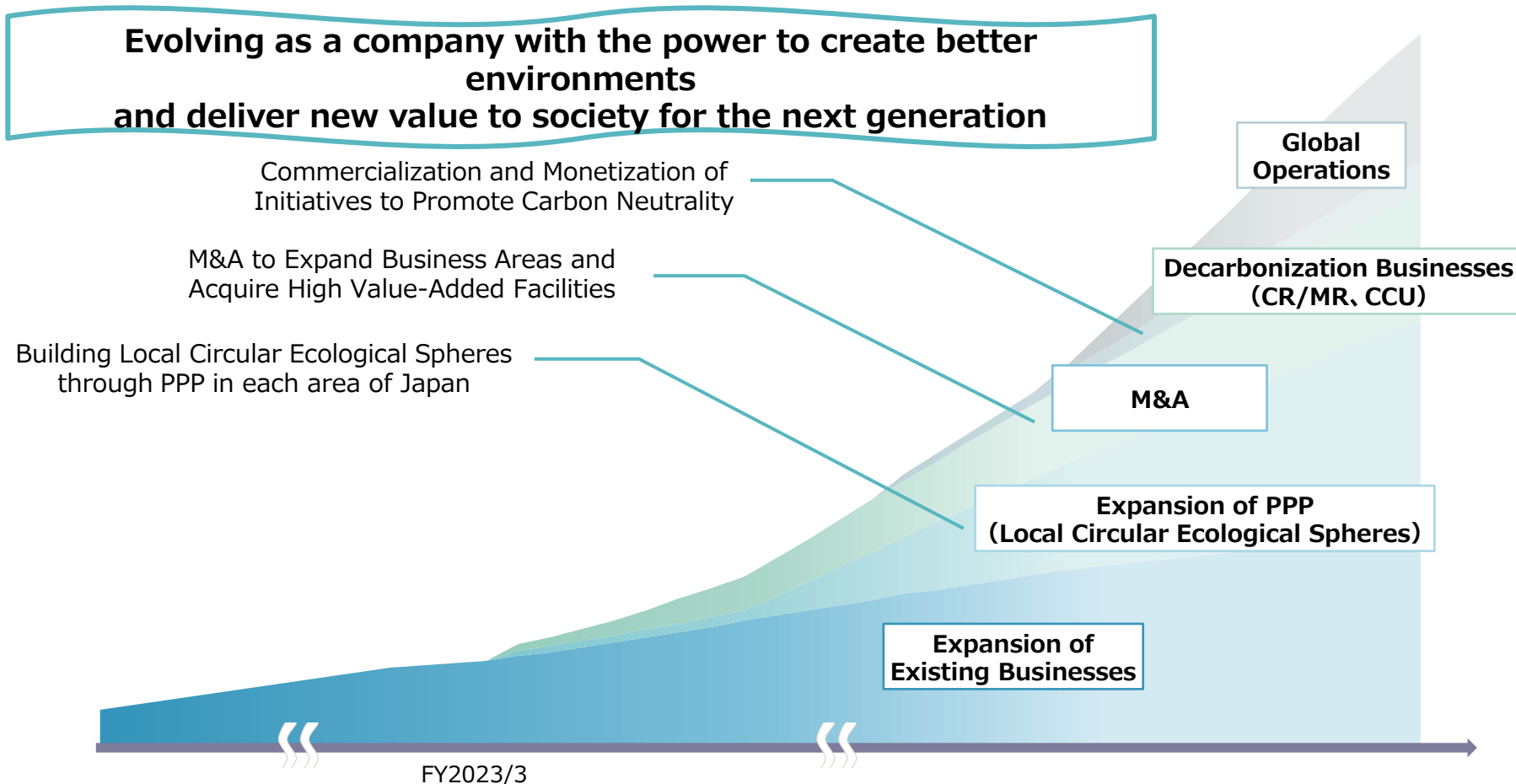
	Collection and Transportation	Intermediate Treatment		Final Disposal
		Sorting, Crushing, Recycling	Incineration and Heat Treatment	
Hokkaido/ Tohoku		✓✓✓	✓✓	✓
Kanto	✓	✓✓✓	✓✓	✓
Chubu		✓✓✓	✓✓	✓
Kansai		✓✓✓	✓✓	✓
Chugoku/Shikoku		✓✓✓	✓✓	✓
Kyushu		✓✓✓	✓✓	✓

- This table shows the priority of M&A targets by the number of check marks, categorized by region and waste treatment facility.
- Current number of recycling facilities: > >

Sources: MOEJ "Survey of industrial waste disposal industry in FY2011"

The Future Vision of Daiei Kankyo Group

We aim to evolve as a company with the power to create better environments and deliver new value to society for the next generation through expansion of existing businesses, active M&A, building local circular ecological spheres throughout Japan, and initiatives to promote carbon neutrality.

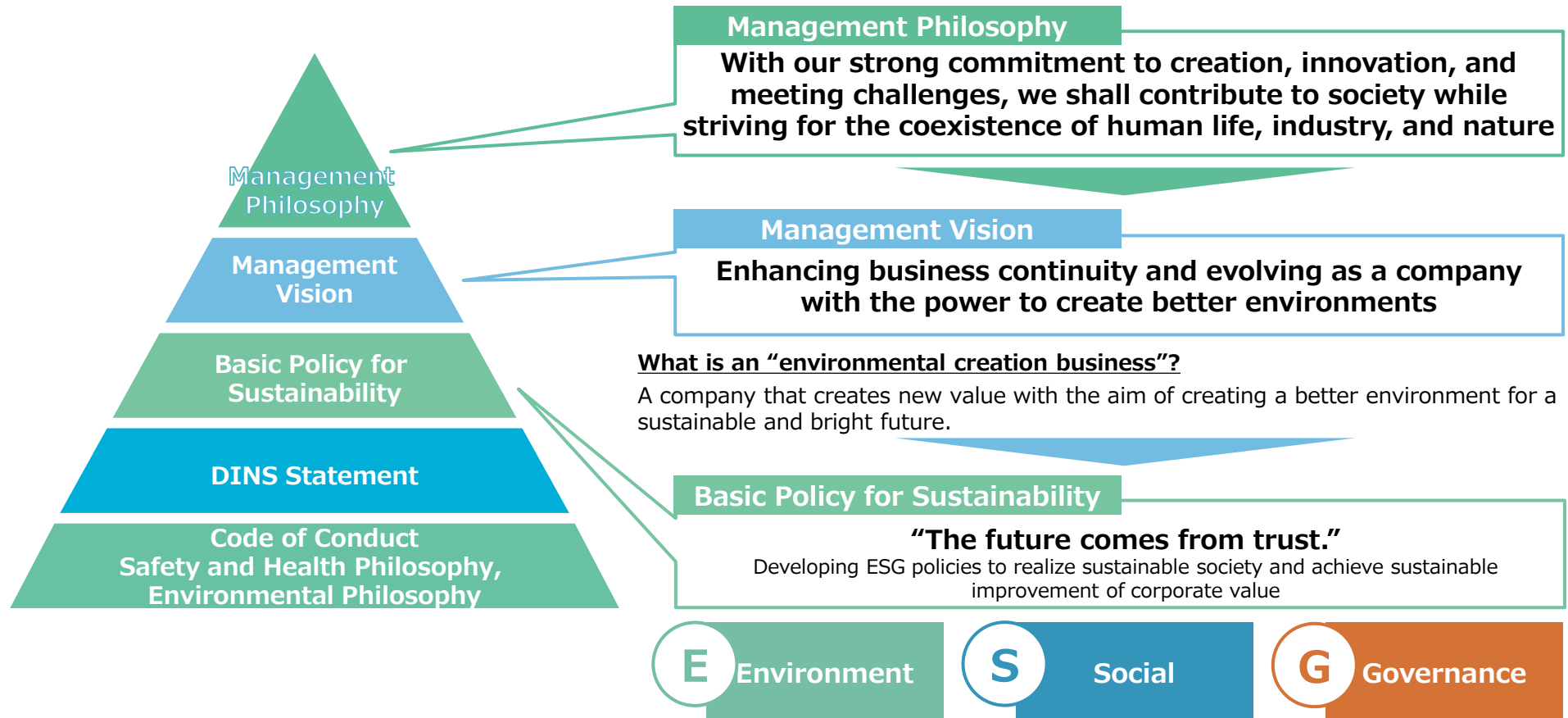


Note: CR = Chemical recycling, MR = Material recycling

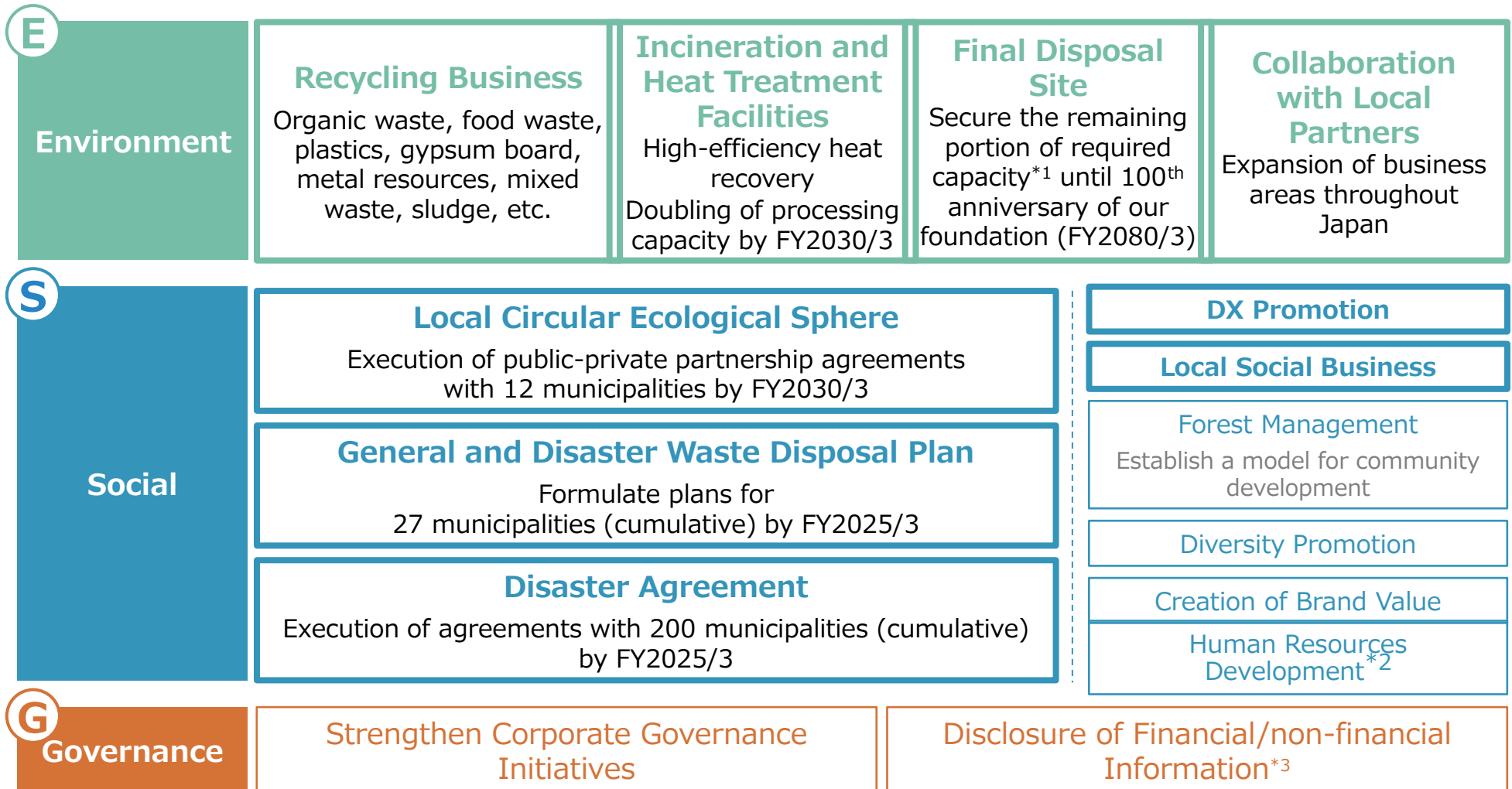
6. Appendix

Identity

- ✓ We have been steadily realizing our management vision and building a foundation of a “100 year company”. Our business is an important social infrastructure that must endure. As the social system is rapidly changing toward carbon neutrality by 2050, we will engage in ESG (Environmental, Social, and Governance) initiatives that will help solve social issues by taking a long-term perspective more than ever before.
- ✓ In order to change the current systems of waste management and recycling, we will actively invest in cooperation with various partners, and promotion of Local Circular Ecological Spheres, decarbonization, and DX, as well as further enhance our relationships with local communities, which we view as our greatest strength, to deliver new value to society for the next generation.



ESG Policies for Creating Values



Note: Those in thick-bordered boxes are the “ESG policies relating to growth strategies”, and those in thin-bordered boxes are the “ESG policies relating to the enhancement of management base”

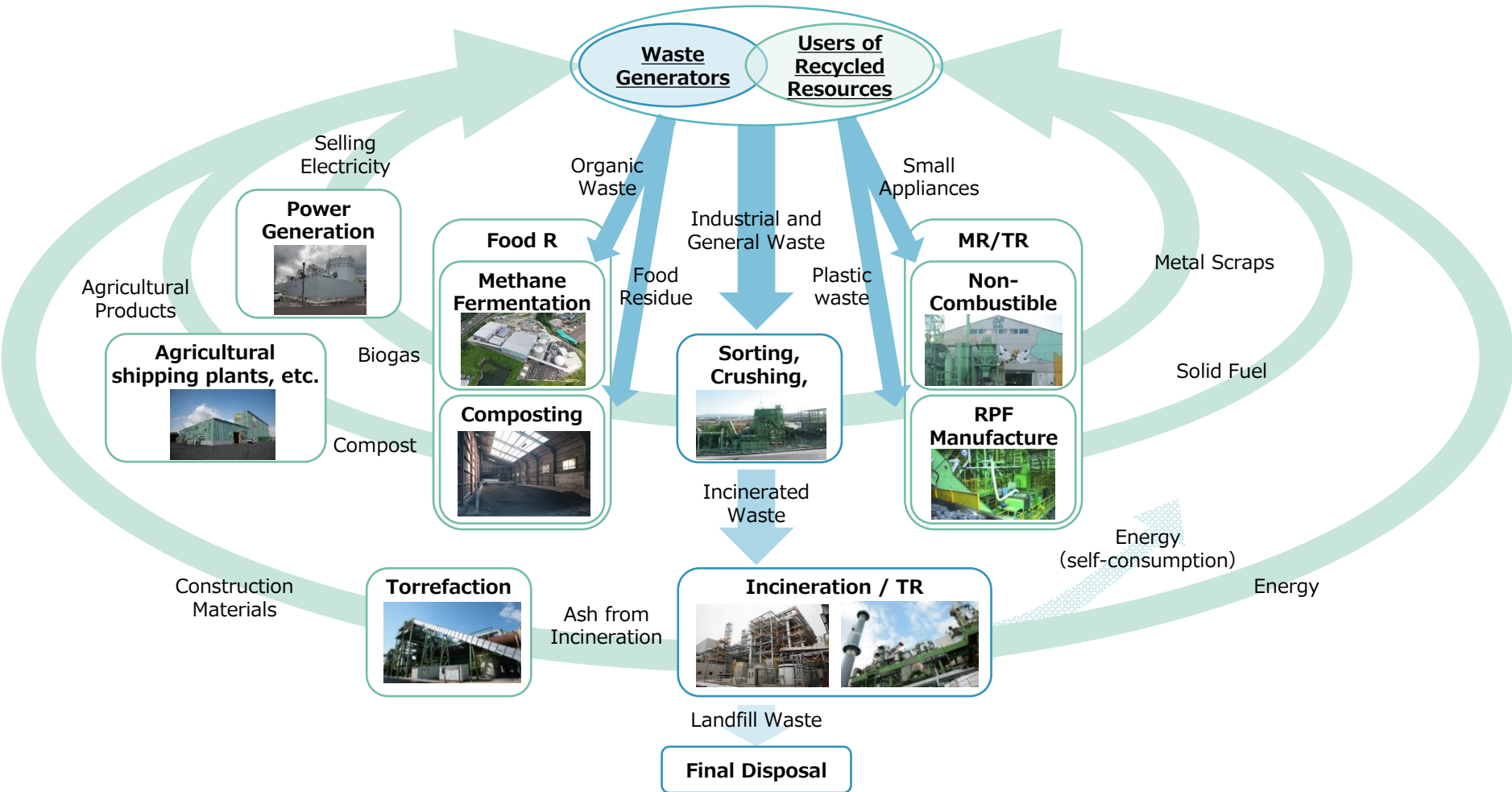
*1: The remaining portion of required capacity for final disposal sites is based on the estimated landfill space required through FY2080/3, assuming that the development of the resource recycling system progresses as expected.

*2: Moved the item of “Human resources development” from governance section to society section.

*3: “TCFD-based information disclosure” in the governance section has been changed to the “Disclosure of financial/non-financial information”.

Initiatives for Circular Economy

Illustration of Daiei Kankyo Group's Circular Economy



Note: R = Abbreviation for Recycling, TR = Thermal Recycling
RPF = Refuse Paper & Plastic Fuel, a solid fuel made from waste plastic and other materials

Efforts to Reduce CO2 Emissions

Endorsement of TCFD and information disclosure

We are working towards the government's goal of carbon neutrality by 2050 by implementing climate change countermeasures based on the TCFD protocols and reducing greenhouse gas emissions in society as a whole.

We endorsed the TCFD in June 2023 and disclosed 4 items based on the TCFD declaration



<Greenhouse gas reduction targets>

Long-term target	Achieve carbon neutrality for the entire Daiei Kankyo Group by 2050
Medium-term target	Achieve virtually zero CO2 emissions from electricity use for the entire Daiei Kankyo Group by 2030

► For details on the TCFD disclosure, please refer to [the Daiei Kankyo website](#).
(Japanese only)

<Daiei Kankyo Group's actual greenhouse gas emissions>

	Scope	FY2022/3 (t-CO2)	FY2023/3 (t-CO2)
Scope 1	Group as a whole*1	249,361	252,540
Scope 2	Group as a whole*1	22,666	18,714
Total	Group as a whole*1	272,027	271,254
(Reference) Scope 3	Four major companies*2	-	142,889

*1 Group-wide: All corporations included in the Daiei Kankyo Group in the reporting year

*2 Four major companies: Daiei Kankyo, Mie Chuo Kaihatsu, DINS Kansai, and Geo-Re Japan.

<Contribution to the reduction of greenhouse gas (CO2) emissions in society as a whole>

Initiatives		Actual reduction in FY2023/3 (t-CO2)	
Thermal recycle	Power generation and sale by waste incineration	Approx. -2,000	Contribution
Solar power generation	Solar power generation and sale of electricity	Approx. -2,000	
Recycling	Manufacturing and sales of RPF and recycled pallets	Approx. -107,000	
Forest conservation	Fixation of CO2 emissions from approximately 8,170 ha of company-owned forests	Approx. -44,000	Ab-sorption



Solar power generation



RPF, recycled pallets

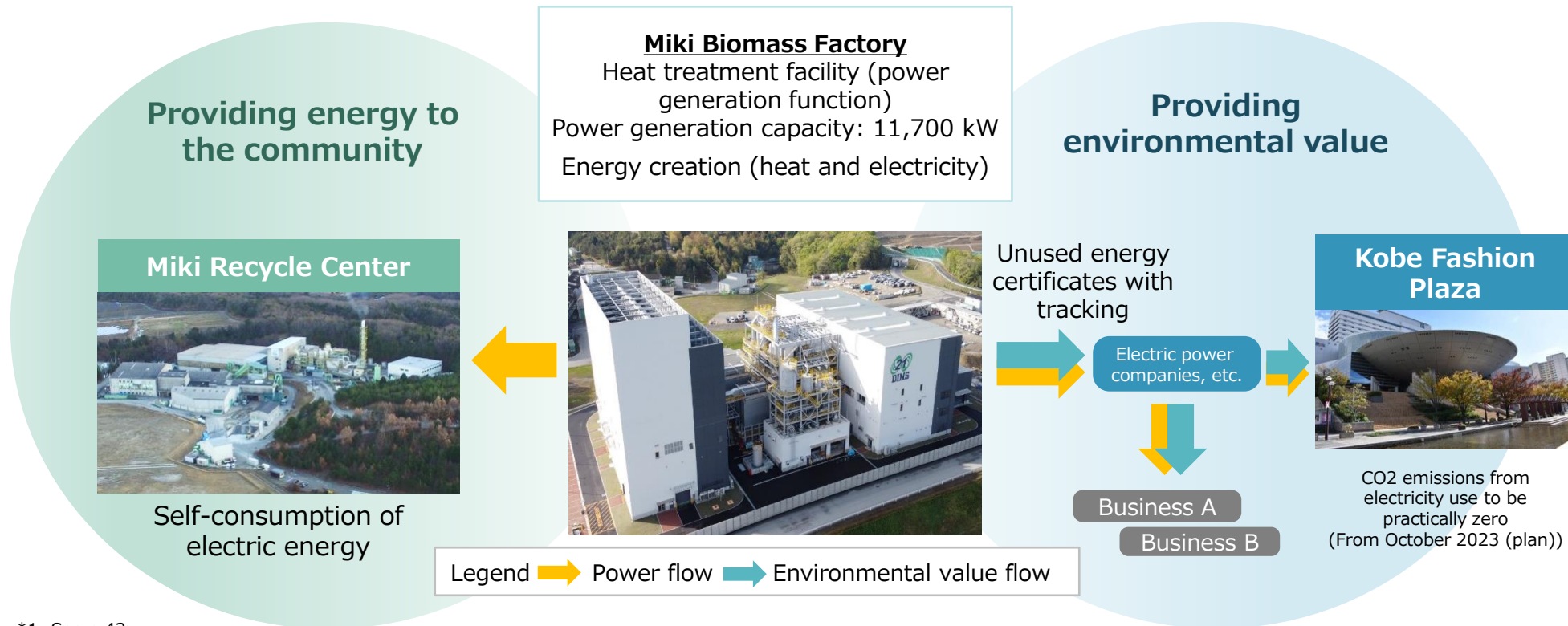


Company-owned forests

Efforts to Reduce CO2 Emissions

Energy value creation by Miki Biomass Factory

- ✓ The power generated by the Miki Biomass Factory is supplied to various facilities in the Miki Recycle Center, and the surplus is sold
- ✓ As an initiative toward our medium-term target*1, we will buy back the environmental value and achieve practically zero CO2 emissions at Kobe Fashion Plaza*2



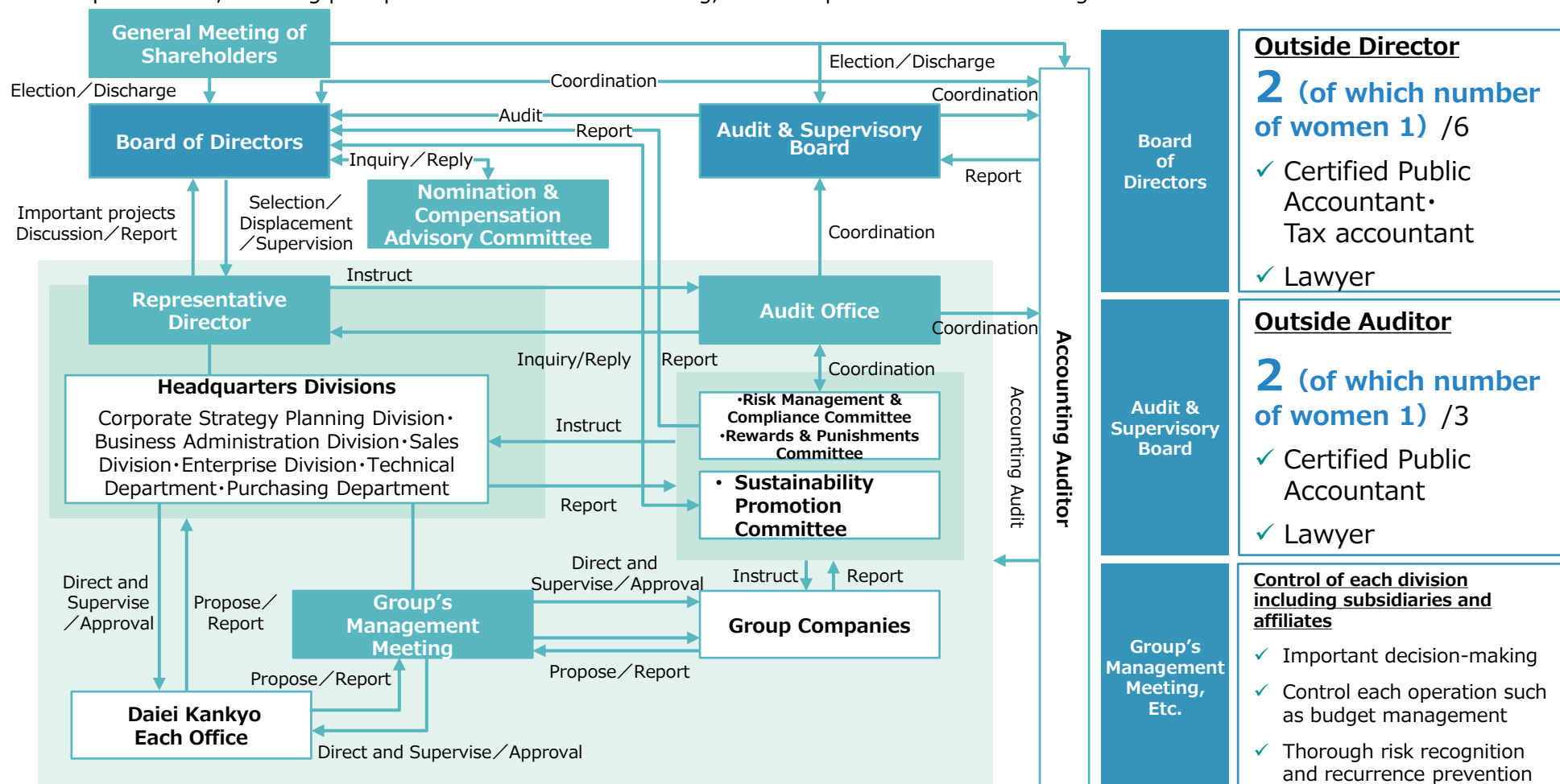
*1: See p.43

*2: Location of Group Headquarters

Corporate Governance Structure

Overview of Corporate Governance Structure

We are committed to “Fairness and Transparency in Management” and “Enhanced Supervision by the Board of Directors and Corporate Auditors” to earn the trust of customers and society and enhance our corporate value. In addition, we have strengthened our corporate competitiveness, ensuring prompt and rational decision making, and transparent and sound management.



Human Capital Initiatives

Achievements and targets of the human capital initiatives of the Daiei Kankyo Group

In order to achieve sustainable growth and increase corporate value for the Group, we recognize that expanding and diversifying human capital investment is an important management issue, and we have set targets to achieve this goal.

	Current state (As of March 31, 2023)	Target (As of March 31, 2025)
✓ Proportion of female new graduates hired (university graduate and above)	26.7%	30% or above
✓ Proportion of female managers	3.6%	6% or above
✓ Rehiring rate of retirees	80.0%	70% or above
✓ Paid leave utilization rate	72.2%	90% or above
✓ Rate of uptake of childcare leave by male employees	45.3%	50% or above
✓ Percentage of high-stress employees in stress checks	10.1%	10% or less

【Reference】 Capital Efficiency and Leverage Indicators

	FY2022/3	FY2023/3	Year-on-year
EBITDA margin	30.5%	32.9%	+ 2.4pt
ROE* ¹	15.7%	15.2%	▲ 0.5pt
ROIC* ²	11.5%	13.1%	+ 1.6pt
Net D/E ratio* ³	0.4×	0.1×	▲ 0.3×

Note: Details of adjustment process for each index are described on P48 and after

*1: ROE = Profit attributable to owners of parent / total common equity (average of beginning and ending amounts)

*2: ROIC = NOPAT (Net Operating Profit After Taxes) / Invested capital at the beginning of the period, Invested capital = Non-current assets + Current assets (excluding cash and deposits) - Current liabilities (excluding interest-bearing debt(current)). Interest-bearing Debt = Bonds + Debt + Lease, etc.

*3: Net D/E ratio = (Interest-bearing debt - cash & cash equivalent) / total common equity

【Reference】 Reconciliation of EBITDA

(million yen)	FY2022/3	FY2023/3
Operating profit	12,840	16,623
Depreciation	6,249	5,413
Amortization of Goodwill	736	212
EBITDA	19,826	22,250
EBITDA Margin	30.5%	32.9%

【Reference】 Reconciliation of ROE

(million yen)	FY2022/3	FY2023/3
Profit Attributable to Owners of Parent	8,870	10,494
Total Common Equity ^{*1}	56,324	69,115
ROE	15.7%	15.2%

*1: Total common equity is the sum of share capital, capital surplus, retained earnings, valuation difference on available-for-sale securities and remeasurements of defined benefit plans presented on our consolidated balance sheet.
Average of beginning and ending amounts for FY2022/3 and FY2023/3

【Reference】 Reconciliation of ROIC

(million yen)	FY2022/3	FY2023/3
Operating profit	12,840	16,623
Amortization of goodwill	736	212
Effective tax rate	30.6%	30.6%
NOPAT (Net Operating Profit After Taxes)	9,419	11,681
Net property, plant and equipment	60,286	69,943
Total investments and other assets	17,977	16,529
Total current assets (excluding cash and deposits)	13,525	13,964
Total current liabilities (excluding interest-bearing debt)	9,625	11,000
Invested Capital at the beginning of the period	82,164	89,436
ROIC	11.5%	13.1%

Note: Balance sheet items are as of the beginning of the period

【Reference】 Reconciliation of Net D/E Ratio

(million yen)	FY2022/3	FY2023/3
Net Interest-bearing Debt	21,518	9,987
Total Common Equity ^{*1}	59,743	78,487
Net D/E Ratio	0.4x	0.1x

*1: Total common equity is the sum of share capital, capital surplus, retained earnings, valuation difference on available-for-sale securities and remeasurements of defined benefit plans presented on our consolidated balance sheet.



Power to Turn into Resources, Return to Nature
DAIEI KANKYO

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Disclaimer

Our plans, forecasts, strategies, etc. described in this material are based on our management decisions obtained from currently available information. Actual results may differ from our forecasts depending on various risks and indeterminate factors.