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Power to Turn into Resources, Return to Nature

DAIEI KANKYO

FY2026/3 1st Quarter Financial Results

[Securities Code : 9336]

Aug. 8, 2025

Executive Summary

Results	FY2026/3 1Q Results	• **Net sales** 20,020 million yen（+ 3.4% Year on Year ） • **Operating profit** 4,260 million yen（▲16.4% Year on Year ）
	Progress Rate for FY2026/3 Forecasts	• **Net sales** 23.9% (First half: 50.8%) • **Operating profit** 19.5% (First half: 47.9%)
Progress of Important Policies	FY2026/3 1Q Results	• **Governance structure** ✓Appointed 6 new executive officers in Apr. 2025 • **M&A** ✓Made 3 companies consolidated subsidiaries ➢ Clean Tech Nabari Co., Ltd. and Hizen Kankyo Co., Ltd. in Apr. 2025 ➢ Wood Life Company, Ltd.*1 in May 2025 • **Establishment of new company** ✓Established Miyakojima Eco Service Co., Ltd. in May 2025 • **Medium-Term Management Plan** ✓Released D-Plan 2028 in May 2025
	FY2026/3 Forecasts	• **Recycling facilities** ✓Scheduled completion of the plastic recycling facility in Sep. 2025 • **Contaminated soil treatment facilities** ✓Scheduled to begin operations of the Suehiro Plant of Geo-Re Japan Inc. in Sep. 2025 • **Expansion of final disposal sites** ✓Scheduled to start services in the 2nd stage final disposal site at Gobo RC in Nov. 2025

*1 Wood Life Company, Ltd. has changed its name to Kyoto Eco Service Co., Ltd. as of May 30, 2025.

Agenda

1. FY2026/3 1Q Results

Power to Turn into Resources, Return to Nature
DAIEI KANKYO

FY2026/3 1Q Results

Consolidated Statements of Income

(million yen)	FY2026/3 1Q YTD	FY2025/3 1Q YTD	Year on Year
Net sales	**20,020**	19,353	**+3.4%**
Operating profit	**4,260**	5,096	**▲16.4%**
Operating profit margin	**21.3%**	26.3%	**▲5.0pt**
EBITDA*1	**6,138**	6,724	**▲8.7%**
EBITDA margin*1	**30.7%**	34.7%	**▲4.0pt**
Ordinary profit	**4,271**	5,369	**▲20.4%**
Profit attributable to owners of parent	**2,906**	3,497	**▲16.9%**
Profit margin attributable to owners of parent	**14.5%**	18.1%	**▲3.6pt**

*1: EBITDA = Operating profit + Depreciation (excluding non-operating expenses) + Amortization of Goodwill, EBITDA margin = EBITDA/Net Sales

FY2026/3 1Q Results

By Segment

(million yen)	FY2026/3 1Q YTD	FY2025/3 1Q YTD	Year on Year
Waste-related Business			
Net sales	**19,345**	18,691	**+3.5%**
Segment profit	**4,350**	5,168	**▲15.8%**
Segment profit margin	**22.5%**	27.6%	**▲5.1pt**
Other Businesses			
Net sales	**674**	661	**+2.0%**
Segment loss	**▲70**	▲43	**–**
Segment loss margin	**▲10.5%**	▲6.5%	**▲4.0pt**

FY2026/3 1Q Results

Net Sales by Business Domain

(million yen)	FY2026/3 1Q YTD	FY2025/3 1Q YTD	Year on Year
Waste-related Business	**19,345**	**18,691**	**+3.5%**
Waste management and recycling	**16,608**	16,559	**+0.3%**
Soil remediation	**1,051**	791	**+32.8%**
Other (Waste-related Business)	**1,685**	1,339	**+25.8%**
Other Businesses	**674**	**661**	**+2.0%**
Valuable Resource Recycling Business	**594**	625	**▲4.9%**
Sports Promotion Business	**79**	36	**+121.1%**

FY2026/3 1Q Results

Volume of Waste and Contaminated Soil Received

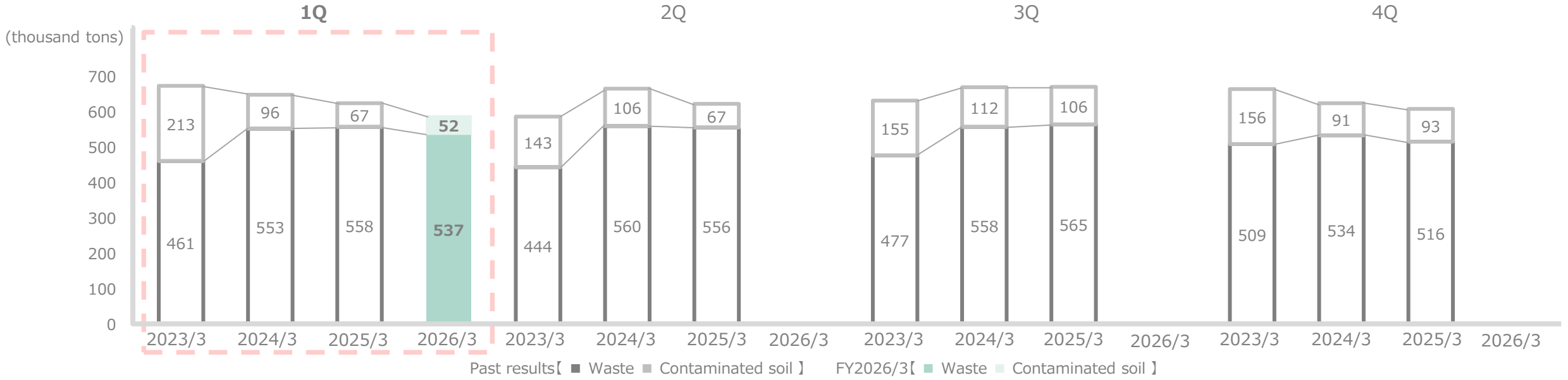
(thousand tons)	FY2026/3 1Q YTD	FY2025/3 1Q YTD	Year on Year
Waste	**537**	558	**▲3.7%**
Contaminated soil	**52**	67	**▲22.3%**

Waste volume received

- Although the volume received in the Kanto area increased, it could not cover the decline forecasted in the initial plan, resulting in a decrease year on year

Contaminated soil volume received

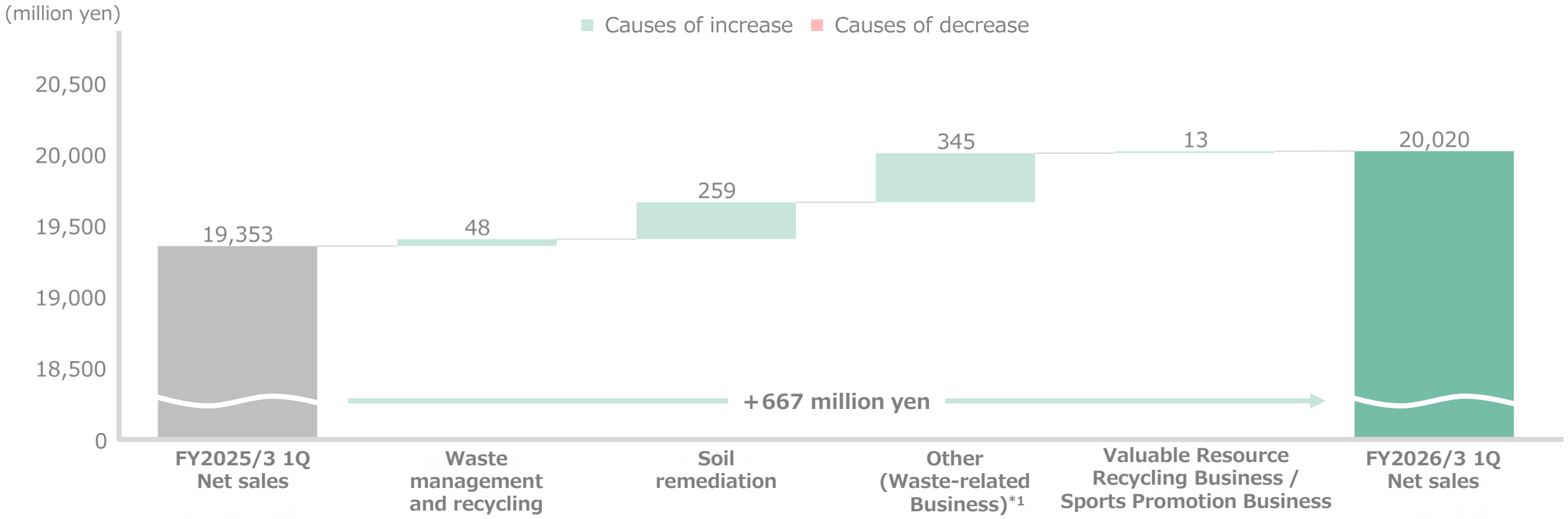
- Decreased year on year due to the volume of soil generated from purification treatment projects being lower than expected, despite an increase in the volume received related to heat treatment projects



FY2026/3 1Q Results

Consolidated Net Sales Change Factors

✓ Soil remediation	: Increased due to the strong performance in the acceptance of soil from high-unit-price heat treatment projects
✓ Other (Waste-related Business)	: Increased due to steady orders for demolition work received by Eiwa Recycle Co., Ltd. and Kaisei Co., Ltd., as well as a new contract for survey work

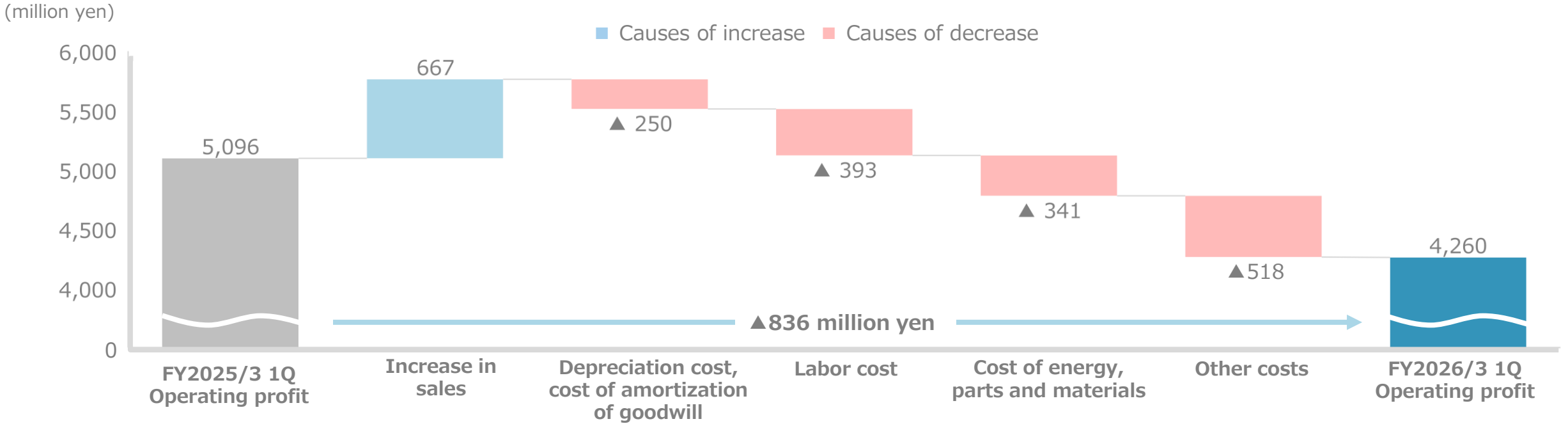


*1: The figure for Other includes those for the business domains other than Waste management and recycling and Soil remediation under Waste-related Business.

FY2026/3 1Q Results

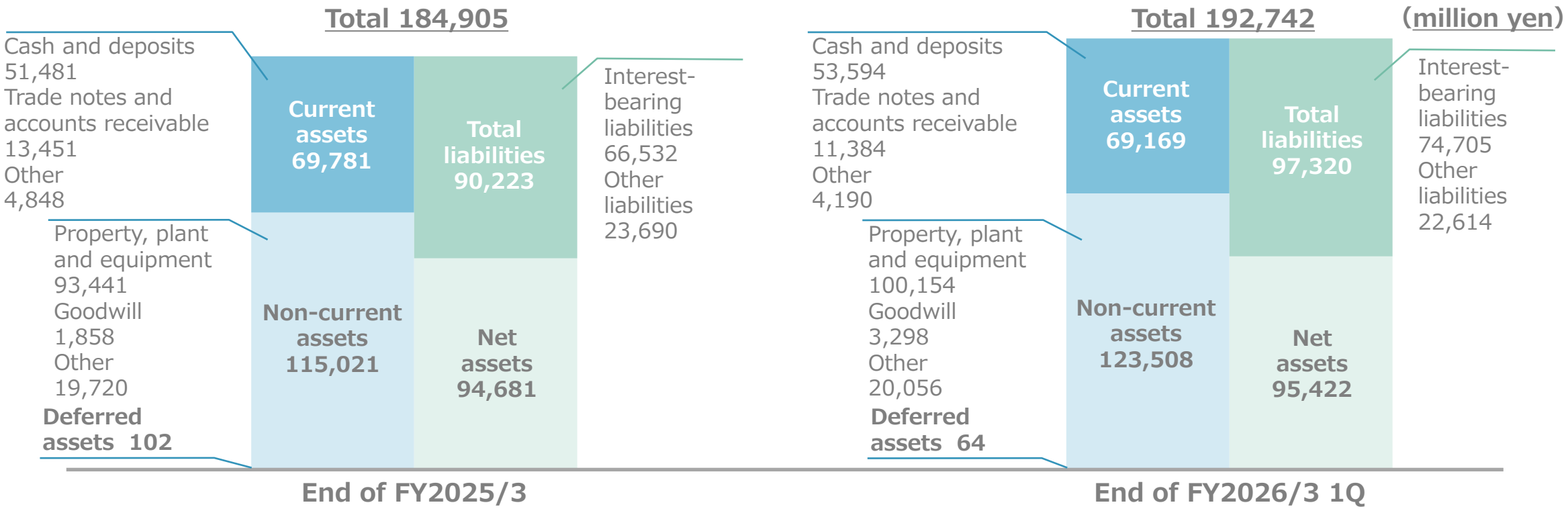
Consolidated Operating Profit Change Factors

- ✓ Depreciation cost, cost of amortization of goodwill : Increased due to the end of the offset effect caused by the re-estimation of asset retirement obligations for final disposal sites as well as an increase in the depreciation cost per unit due to the completion of the 2nd phase construction of the 8th stage final disposal site at the Mie Recycling Center
- ✓ Labor cost : Increased due to salary rises and an increase in the number of employees including through M&A
- ✓ Cost of energy, parts and materials : Repair and maintenance expenses increased due to periodic repairs to incineration and other heat treatment facilities at the Mie Recycling Center
- ✓ Other costs : Outsourcing costs increased due to demolition work received by Kaisei Co., Ltd., which became a consolidated subsidiary in Jan. 2025



FY2026/3 1Q Results

Consolidated Balance Sheet



Property, plant and equipment

- ✓ Construction in progress (CIP) increased due to the acquisition of Hizen Kankyo Co., Ltd. as a consolidated subsidiary, etc.（+5,207）
- ✓ Land increased due to the acquisition of Kyoto Eco Service Co., Ltd. as a consolidated subsidiary, etc.（+2,181）

Goodwill

- ✓ Increased due to the acquisition of Hizen Kankyo Co., Ltd., Kyoto Eco Service Co., Ltd., etc. as consolidated subsidiaries（+1,439）

2. Progress Rate for FY2026/3 Forecasts

Power to Turn into Resources, Return to Nature
DAIEI KANKYO

Progress Rate for FY2026/3 Forecasts

Consolidated Statements of Income

Our view as of the end of 1Q

- ✓ Net sales : Although the plan is weighted toward the second half and progress toward the full-year plan is slow, the results are better than expected
- ✓ Operating profit : The progress was generally in line with the plan which is weighted toward the second half, similar to net sales. The reason for this is because while sales increased compared to the plan, outsourcing costs associated with demolition work increased and some expenses were incurred ahead of schedule

(million yen)	1Q YTD	First half forecasts	Progress rate for first half forecasts	Full year forecasts	Progress rate for full year forecasts
Net sales	**20,020**	39,400	50.8%	83,900	23.9%
Operating profit	**4,260**	8,900	47.9%	21,800	19.5%
Operating profit margin	**21.3%**	22.6%	–	26.0%	–
EBITDA	**6,138**	12,900	47.6%	31,200	19.7%
EBITDA margin	**30.7%**	32.8%	–	37.2%	–
Ordinary profit	**4,271**	8,800	48.5%	21,600	19.8%
Profit attributable to owners of parent	**2,906**	5,900	49.3%	14,400	20.2%
Profit margin attributable to owners of parent	**14.5%**	15.0%	–	17.2%	–

Progress Rate for FY2026/3 Forecasts

By Segment

- **Our view as of the end of 1Q**

✓ Waste-related Business : Net sales for Waste management and recycling exceeded our expectations while costs increased due to an increase in transportation cost and some expenses being incurred ahead of schedule. As a result, the progress of segment profit was in line with the plan

✓ Other Businesses : Net sales for Sports Promotion Business were below our expectations while costs increased due to the soaring prices in the aluminum pellet market. As a result, net sales were lower, and segment loss was larger than expected

(million yen)	1Q YTD	First half forecasts	Progress rate for first half forecasts	Full year forecasts	Progress rate for full year forecasts
Waste-related Business					
Net sales	19,345	**38,000**	**50.8%**	**81,200**	**23.8%**
Segment profit	4,350	**8,900**	**48.6%**	**21,800**	**19.9%**
Segment profit margin	22.5%	**23.5%**	**–**	**27.0%**	**–**
Other Businesses					
Net sales	674	**1,300**	**50.5%**	**2,600**	**25.1%**
Segment loss	▲70	**▲0**	**–**	**▲0**	**–**
Segment loss margin	▲10.5%	**▲0.6%**	**–**	**▲0.3%**	**–**

Progress Rate for FY2026/3 Forecasts

Net Sales by Business Domain

- **Our view as of the end of 1Q**

✓ Waste management and recycling	: Exceeded our expectations due to the proportion of higher-unit-price waste increasing, in addition to the increase in the volume of waste received
✓ Soil remediation	: Although the volume of soil from purification treatment projects was lower than expected, resulting in a decrease in the volume received, orders for high-unit-price items were generally in line with the plan
✓ Other (Waste-related Business)	: Exceeded our expectations due to an increase in orders for demolition work received by Eiwa Recycle Co., Ltd. and Kaisei Co., Ltd. and a new contract for survey work

(million yen)	1Q YTD	First half forecasts	Progress rate for first half forecasts	Full year forecasts	Progress rate for full year forecasts
Waste-related Business	**19,345**	**38,000**	**50.8%**	**81,200**	**23.8%**
Waste management and recycling	16,608	**32,800**	**50.6%**	**68,100**	**24.4%**
Soil remediation	1,051	**2,300**	**45.3%**	**6,600**	**15.9%**
Other (Waste-related Business)	1,685	**2,900**	**58.0%**	**6,400**	**26.2%**
Other Businesses	**674**	**1,300**	**50.5%**	**2,600**	**25.1%**
Valuable Resource Recycling Business	594	**1,100**	**52.0%**	**2,200**	**25.9%**
Sports Promotion Business	79	**100**	**41.1%**	**300**	**20.1%**

Progress Rate for FY2026/3 Forecasts

Volume of Waste and Contaminated Soil Received

- **Our view as of the end of 1Q**

✓ Waste : Exceeded our expectations due to new spot orders in addition to an increase in the volume received in the Kanto area

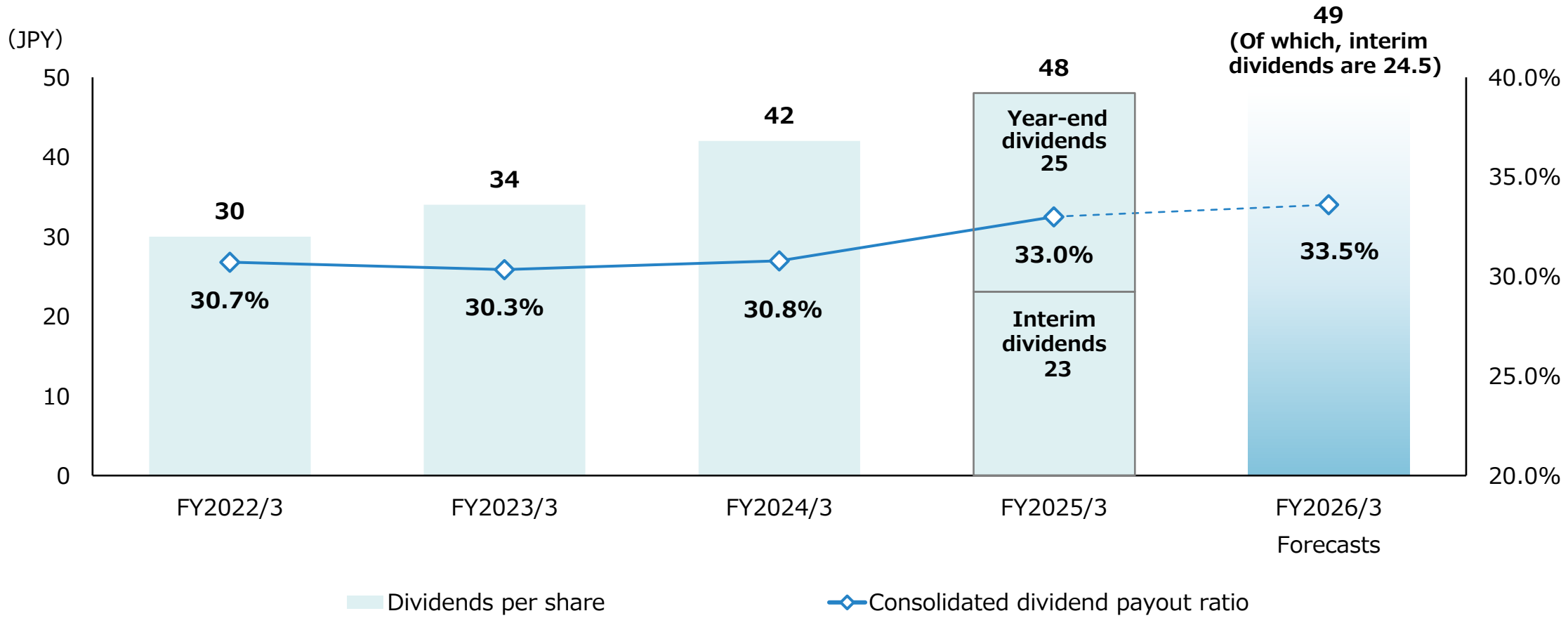
✓ Contaminated soil : Fell short of our expectations due to the lower volume of soil from purification treatment projects despite an increase in the volume received related to heat treatment projects

(thousand tons)	1Q YTD	Full year forecasts	Progress rate for full year forecasts
Waste	**537**	**2,210**	**24.2%**
Contaminated soil	**52**	**590**	**8.9%**

3. Shareholder Returns

Shareholder Returns

- Maintaining target consolidated dividend payout ratio at **33% or higher** in the period of the Medium-Term Management Plan (FY2026/3 to FY2028/3)
- Ensuring **progressive dividends** to achieve sustainable and stable shareholder returns
- Considering additional shareholder returns in line with profit growth



4. About Daiei Kankyo Group

Power to Turn into Resources, Return to Nature
DAIEI KANKYO

Company Profile

Established in 1979,

Daiei Kankyo Co., Ltd. opened a final disposal site in Izumi City, Osaka and commenced operations.

Our Group headquarters is currently on Rokko Island in Kobe City, Hyogo.

The current president and representative director, Fumio Kaneko, was one of the original founders.

Name	**Daiei Kankyo Co., Ltd.**	**Employees*1**	**2,662 (consolidated; as of March 31, 2025)**
Founded	**Izumi, Osaka in 1979**		
President and representative director	**Fumio Kaneko**	**Group headquarters**	**Kobe Fashion Plaza, 2-9-1 Koyochonaka, Higashinada-ku Kobe, Hyogo**

*1: Includes full-time employees and average number of temporary employees throughout the year

The History of Daiei Kankyo Group

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

Founding period | First growth period | Second growth period

1979–1996
Expansion of recycling facilities to extend the life of final disposal sites

Immediately after the opening of the final disposal site in 1980, we shifted to the recycling business in order to ensure the sustainability of the business.
The business environment remained challenging due to a lack of understanding of recycling costs.

Founding

Oct. 1979:
Establishment of Daiei Kankyo

Sep. 1980:
Opening of controlled final disposal site

1997–2013
Concentrated investment in facilities to establish recycling system

Our highly regarded performance in handling waste from the Great Hanshin-Awaji Earthquake led to increased deals with municipalities.
As a result, we continue to do significant business with municipalities today.

Turning point 1

Jan. 1995:
The Great Hanshin-Awaji Earthquake Involved in disaster waste management

As a local company, immediately after the disaster, we were asked by many municipalities to carry out disaster waste management.

2014–2018
Evolution into a company with the power to create better environments

Since the opening of the Mie Recycle Center Energy Plaza, the Group's largest incineration power generation facility with a daily processing capacity of 636 tons, number of municipalities we work with increased rapidly.

Turning point 2

Sep. 2013:
Opening of Mie Recycle Center Energy Plaza

2019–2022
In-depth approach to ESG measures to address social issues

As the Group expanded to more than 2,000 employees and 32 Group companies, its outdated governance structure began heading towards a crisis. To address such a situation, the Group listed itself on the Prime Market of the Tokyo Stock Exchange.
M&A was also pursued aggressively for maintaining a high growth rate.

Turning point 3

Dec. 2022:
Listed on the Tokyo Stock Exchange Prime Market

We strengthened governance structure by establishing a system in line with the Corporate Governance Code.

2023–
Expanding our business while promoting recycling with the goal of carbon neutrality

In addition to further strengthening business with municipalities and promoting recycling for carbon neutrality, we also plan to expand our business through M&A.

Turning point 4

May 2023:
Began operation of Miki Biomass Factory

No. of Group Companies (figures from FY2023/3 onward show number of consolidated subsidiaries)

FY1997/3	FY2014/3	FY2019/3	FY2023/3	FY2025/3
8	20	32	31	39

The Overview of Daiei Kankyo Group

Daiei Kankyo

(as of Aug. 8, 2025)

Consolidated subsidiaries: 42 companies*1

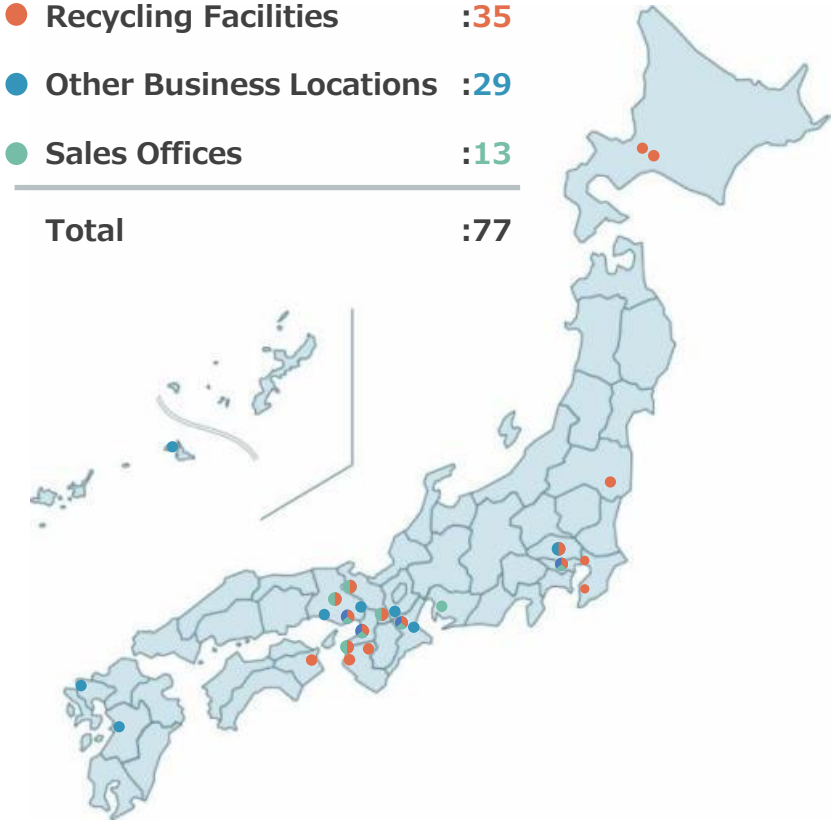
Mie Chuo Kaihatsu	DINS Kansai	**Kyodoh Doboku**	**Geo-Re Japan**	**Safety Island**
Eiwa Recycle	**Settsu Seiun**	**Kyoto Kankyo**	**Kobe Port Recycle**	**Daiei Amet**
Settsu	**Kaisei**	Plafactory	Create Navi	**Tohoku Eco Clean**
Omihachiman Eco Service	**Urayasu Seiun**	**INAC Football Club**	**Software Total Service**	**Sanki Kaihatsu**
Maruyo	Green Arrows Kansai	Tadaoka Eco Service	**General Agriculture & Forestry**	DINS Environmental Analysis Center
D-design	GLOBAL ENVIRONMENTAL TECHNOLOGY	Daiei Kankyo Research Institute	Resource Circulation Systems	DINS Mirai
Ashiya Josui	Clean Stage	**Aia**	**ISV Japan**	**DINS Hokkaido**
Aioi Eco Service	**Clean Tech Nabari**	**Hizen Kankyo**	Miyakojima Eco Service	**Kyoto Eco Service**
Negibozu	Makinosato			

* □ : Companies that joined our group through M&A: **26** companies

Business Development Area (Waste Management and Recycling Business Locations)*2

- Recycling Facilities :35
- Other Business Locations :29
- Sales Offices :13

Total :77



*1: As of Aug. 8, 2025. In addition to the consolidated subsidiaries listed above, there are 2 non-consolidated subsidiaries, 6 affiliates accounted for by the equity method and 5 other affiliates.
*2: As of Aug. 8, 2025. Some dotted locations include multiple types of facilities. This includes the locations of 6 affiliates accounted for by the equity method (other affiliates have been omitted due to lack of materiality).

Segment Overview

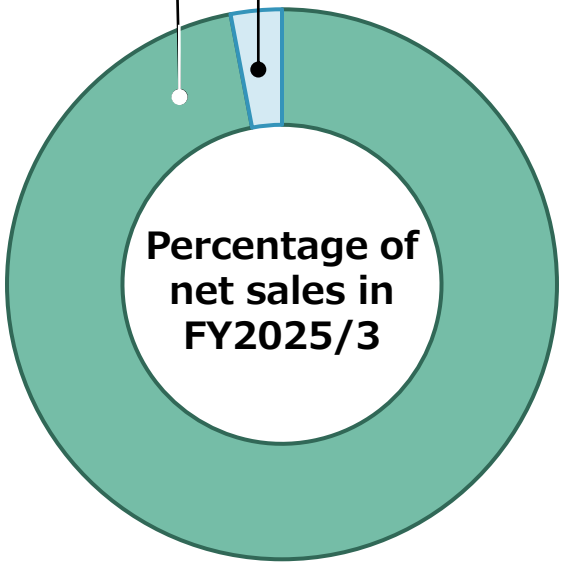
Core business: Waste management and recycling

Waste-related Business 97%

Segment sales: JPY77.4 bn

More than 80% of net sales

- **Waste management and recycling** 82.5%
- **Soil remediation** 6.1%
- **Other (Waste-related Business)** 8.1%
  - Facility construction and administration
  - Consulting
  - Electricity generation
  - Forest management
  - Others



Other Businesses 3%

Segment sales: JPY2.6 bn

- **Valuable Resource Recycling Business**
  - Aluminum pellets
  - Recycled plastic pallets
- **Sports Promotion Business**

Strengths of Daiei Kankyo Group

Our 5 advantages in the core business

1 One-stop service

- Handling all processes within our facilities provides peace of mind regarding traceability
- This contributes to the acquisition of a wide range of customers

2 Customers spreading across a wide range of industries

We are not dependent on any specific customer, and have a wide range of customers including municipalities, manufacturers, general contractors, and medical institutions

3 Capacity

We own a considerable number of incineration and other heat treatment facilities and final disposal sites with industry-leading capacity and high profitability

4 No. of business with municipalities

- Approximately 70% of our total permitted capacity is authorized for general waste management
- We work with approximately 27% of municipalities across Japan
- Approximately 20% of our net sales come from general waste management

5 Extensive M&A track record

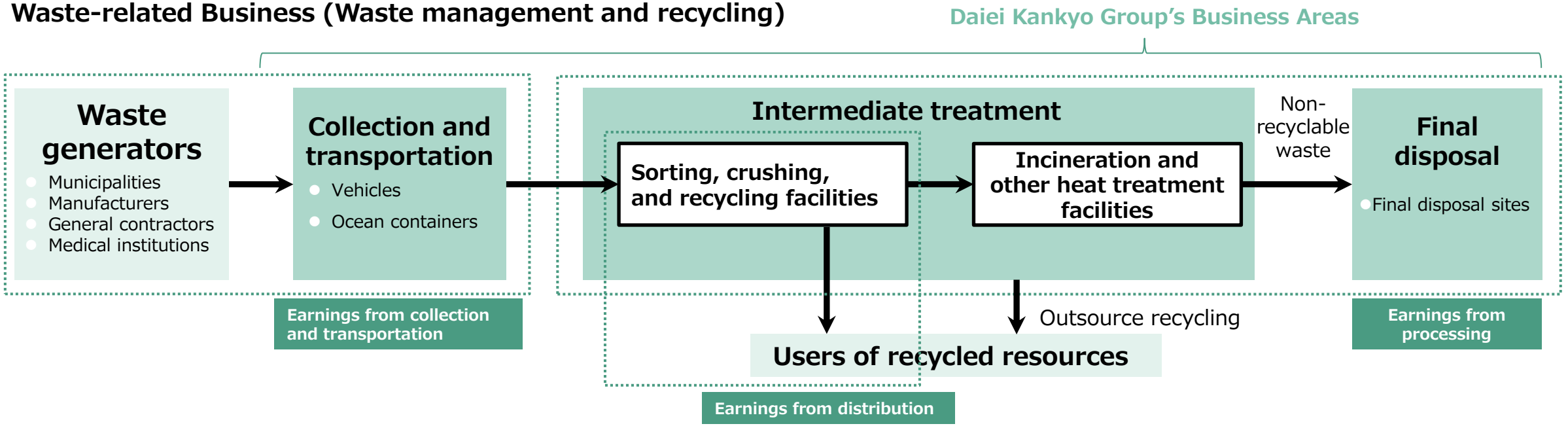
- Of the 42 consolidated subsidiaries, 26 were acquired through M&A*1
- Major subsidiaries have joined the Group through M&A
- Growth so far has been driven by both organic means and M&A

*1: As of Aug. 8, 2025

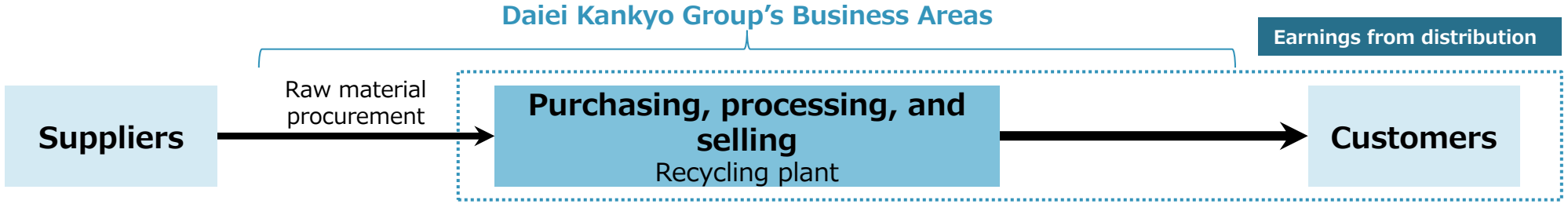
Business Model (Main Business Flow)

Provide one-stop service

Waste-related Business (Waste management and recycling)



Other Businesses (Valuable Resource Recycling Business)

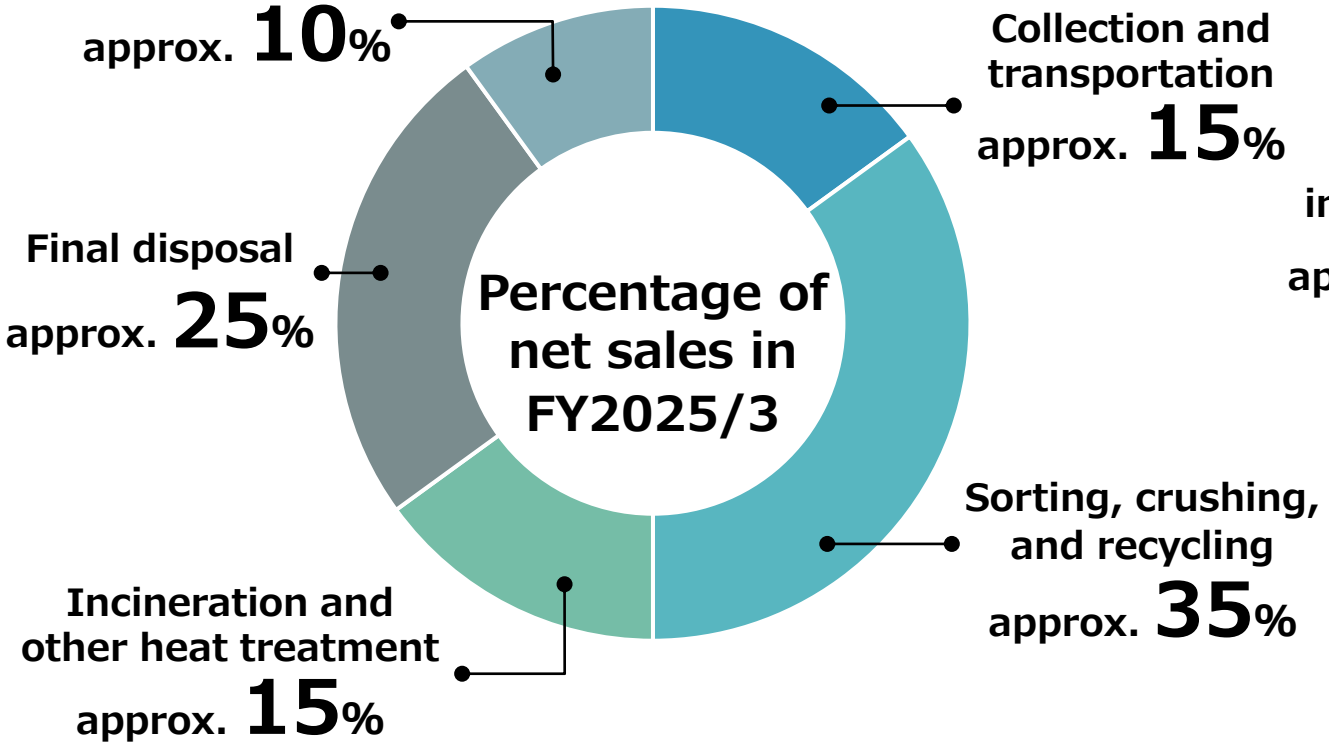


Breakdown of Net Sales

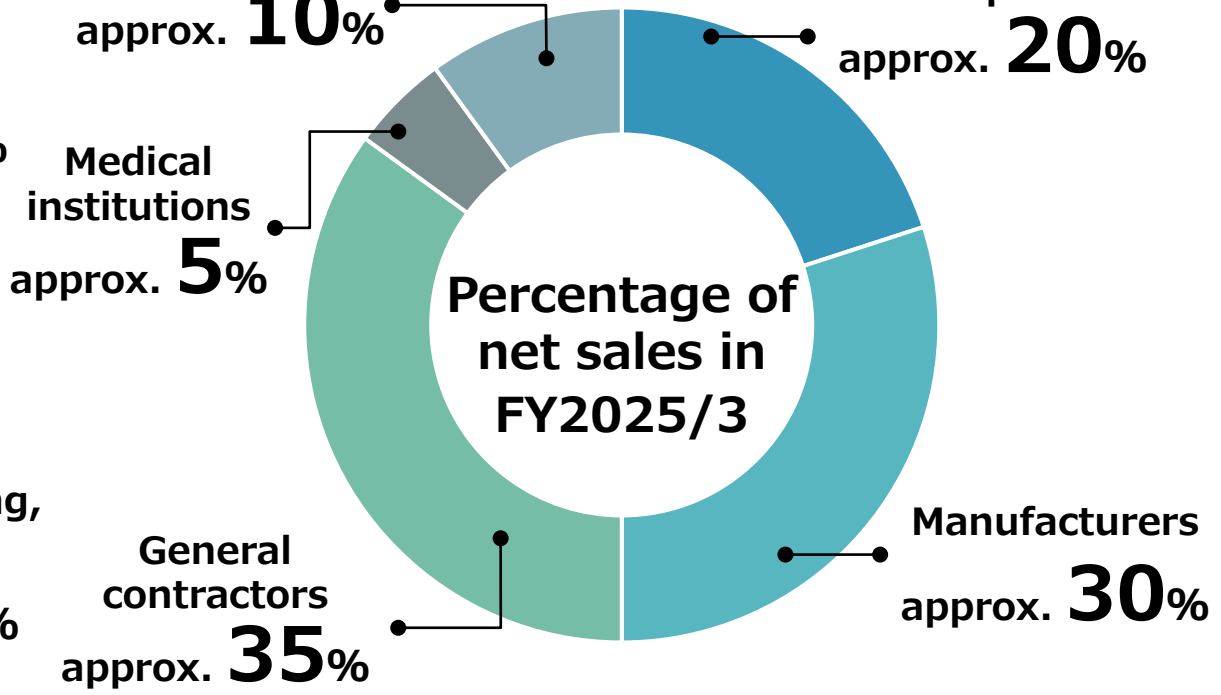
Breakdowns on a Per-Process Basis and by Main Customer

We are not dependent on any specific customer, and have a wide range of customers including municipalities, manufacturers, general contractors, and medical institutions.

Breakdown on a per-process basis



Breakdown by main customer

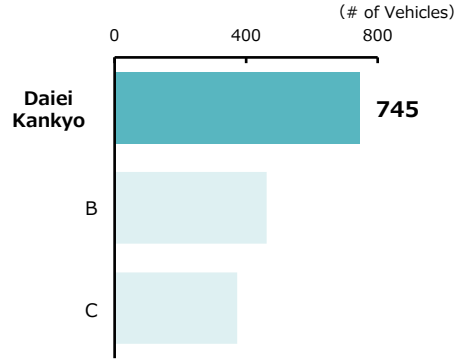


Capacity Compared to Other Companies*1

Total Permitted Capacity*2 of Facilities (As of Jun. 30, 2025)

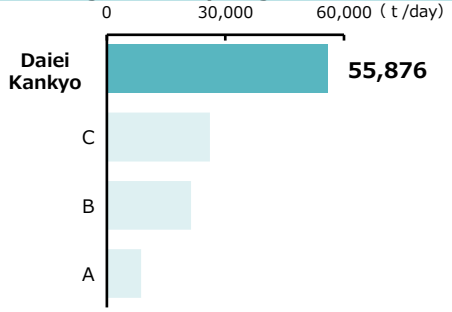
Collection and Transportation

Company-owned Vehicles

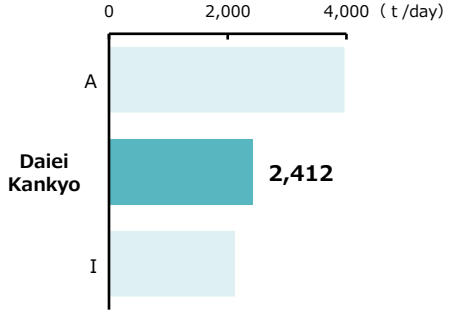


Intermediate Treatment

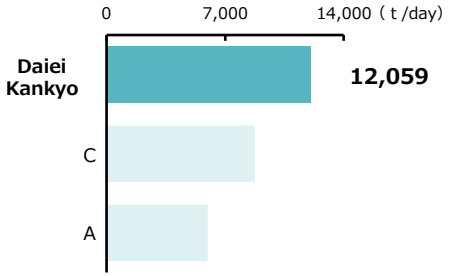
Total Permitted Capacity for Sorting, Crushing, and Recycling Facilities



Total Permitted Capacity for Incineration and Other Heat Treatment Facilities

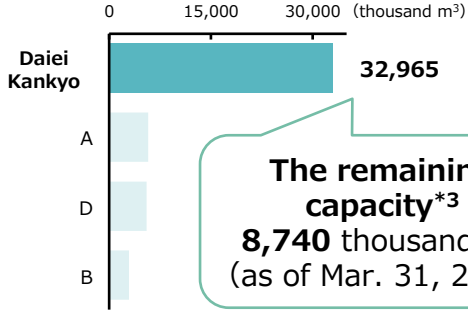


Total Permitted Capacity for Soil Remediation



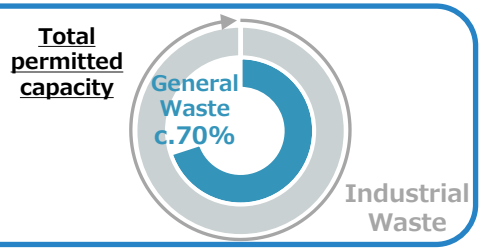
Final Disposal

Total Permitted Capacity for Final Disposal Sites



The remaining capacity*3
8,740 thousand m³
(as of Mar. 31, 2025)

Approx. 70% of our total permitted capacity is authorized for general waste management in addition to industrial waste management



*1: Data of 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 was used to create the graphs, etc. for each item.
*2: Total permitted capacity refers to the treatment capacity that has been permitted by the prefectures, etc. for each item (final disposal sites are described with "permitted capacity" because they are capacity-based). Calculations for companies other than Daiei Kankyo are based on our own aggregation method using the most recent publicly available data.
*3: Updated total permitted capacity of facilities following the review of calculations
Sources: Integrated Reports, Annual Securities Reports, financial disclosure information, websites, and other public information of the companies (as of Jun. 30, 2025);
Japan Industrial Waste Management Foundation. Sanpai-kun, Sanpainet (https://www2.sanpainet.or.jp/zyohou/index.php);
Japan Disaster Treatment Systems. Transportation and Treatment Capacity (http://jdts.or.jp/ability/)

Relationships with Municipalities

Expand scope of business and expand business area to nationwide

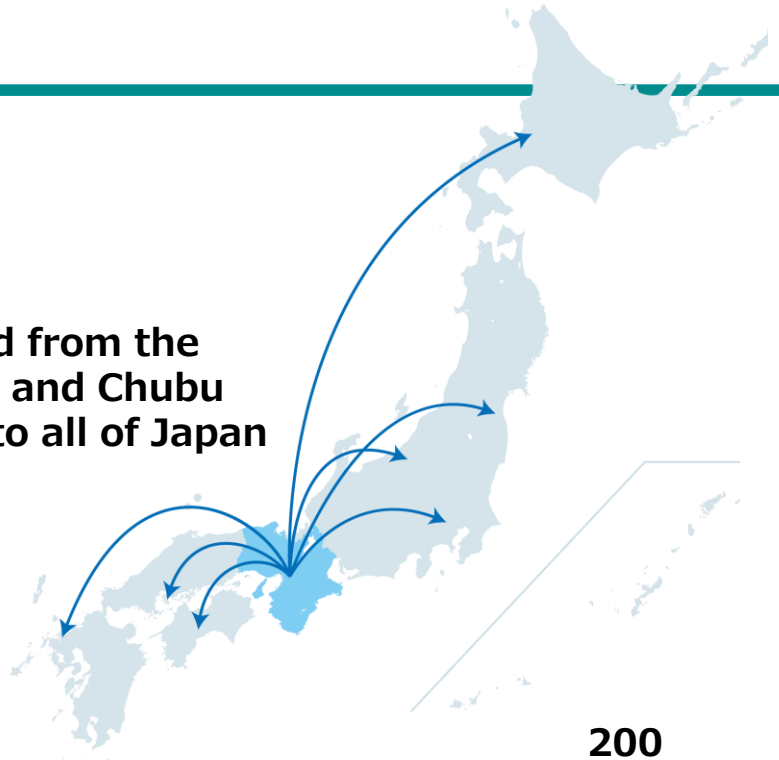
As of FY2025/3

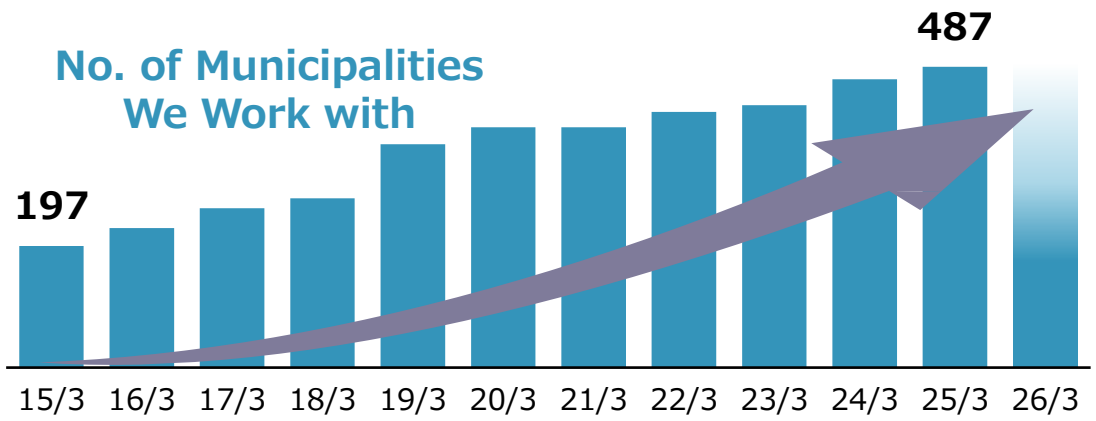
No. of municipalities we worked with[*1]

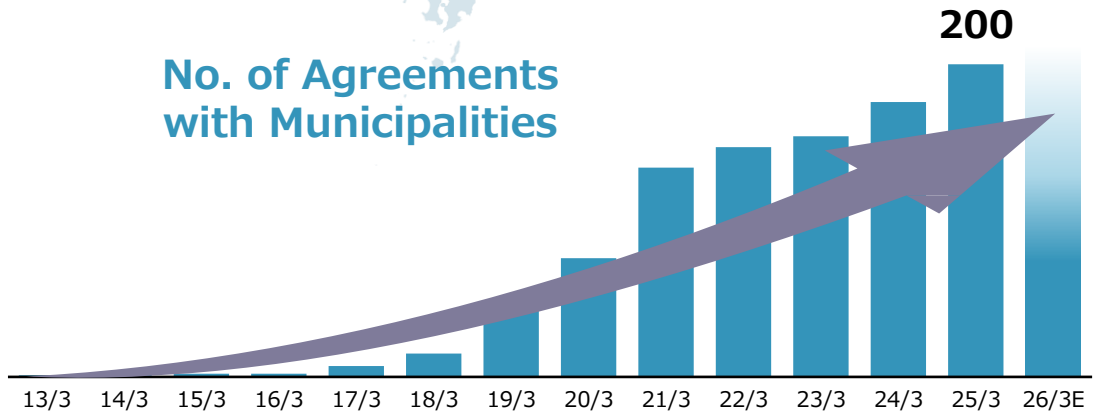
487

Disaster agreements

200





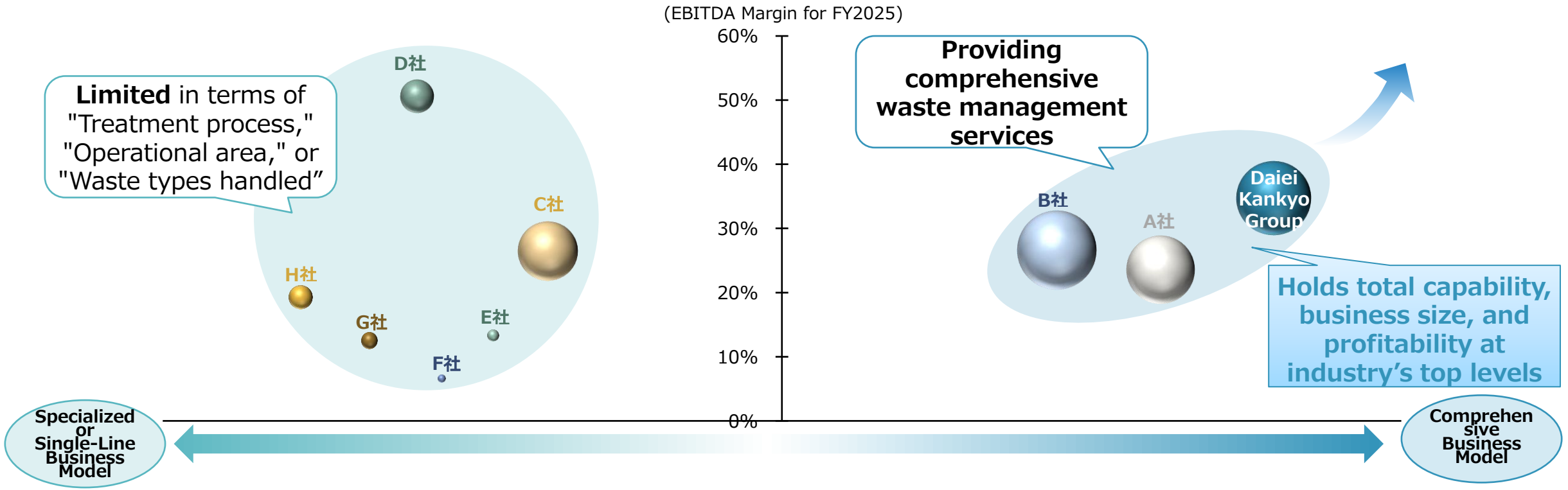


*1: The number of municipalities includes prefectures and the 23 wards of Tokyo, and for wide-area associations, each of the constituent municipalities of the wide-area associations is counted as one municipality.

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 FY2025.
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: Created based on publicly available information of each company

Overview of the Waste Management Business in Japan

Responsibility for general waste management lies with municipalities

Waste classification	Industrial waste (Mainly business activities waste)	General waste (Mainly household waste)
Responsibility	Waste generators	Municipalities
Emissions (FY2024/3)	370 mn tons	40 mn tons
Our Estimate TAM*1 (FY2024/3)	Industrial waste management JPY3,006.3 bn Recycling*2 JPY4,480.6 bn	General waste management*3 JPY1,850.9 bn Disaster waste management JPY15.2 bn TAM 9.3 tn
Daiei Kankyo's estimated processing cost per unit	Waste management market size / waste volume	
	Low cost <	High cost

*1: The Total Addressable Market (TAM) is calculated by the Company based on the sources below.
*2: Market size of recycling services and recycled materials, excluding arterial industry (Industries that produce products, such as Manufacturing) receipts
*3: Excluding construction and improvement costs

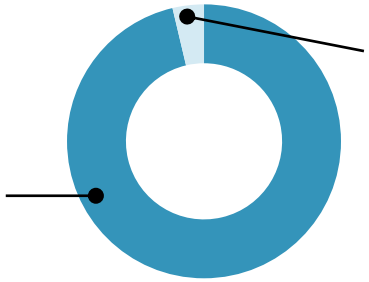
Sources: MOEJ. "Reiwa 6 nendo jigyo Sangyo haikibutsu haishutsu shori jokyo chosa hokoku sho Reiwa 5 nendo sokuho chi (gaiyo ban)" [FY2025 Business Survey Report on Industrial Waste Discharge and Disposal Preliminary Figures for FY2024 (Summary)] (Mar. 2025)(https://www.env.go.jp/content/000220694.pdf), "Ippan haikibutsu syori jigyo jittai chosa no kekka (Reiwa 5 nendo) ni tsuite" [Results of Survey on General Waste Disposal Business (FY2024)] (https://www.env.go.jp/content/000123409.pdf), "Kankyo sangyo no shijo kibo koyo kibo to ni kansuru hokokusho" [Report on the Market Size and Employment of the Environmental Industry] (Mar. 2024) (https://www.env.go.jp/policy/keizai_portal/B_industry/r5/r5houkokusho.pdf), "Nihon no haikibutsu syori Reiwa 5 nendo ban" [Waste Management in Japan FY2024] (Mar. 2025) (https://www.env.go.jp/recycle/waste_tech/ippan/r4/data/disposal.pdf)

Overview of the Waste Management Business in Japan

A highly fragmented market with 120,000 companies

Due to high proportion of small business
No company with a high market share

Market size
JPY9.3 tn



Total net sales of top four companies: JPY446.3 bn (4.8%)

Breakdown of approx. 120,000 companies by business type*1
(Higher barriers to entry mean fewer companies)

High momentum for industry restructuring

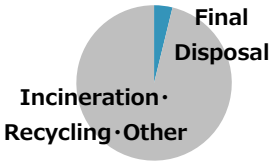
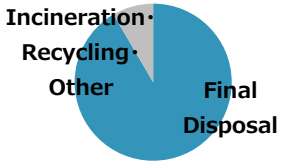
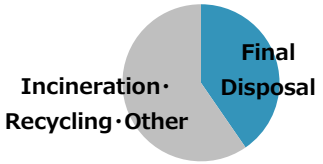
Reason for the abundance of M&A opportunities

- Supplying the “artery” market requires even greater traceability and visualization of CO2 emissions
- Recyclers cannot fully pass on increased costs, including the cost of secondary processing, through prices
- Cannot secure investment funds to keep up with advances in resource recycling
- Many businesses were founded in the 1970s and 80s, and have no succession plan

*1: No. of industrial waste operators as of Jul. 31, 2024, excluding incineration and other heat treatment facilities (as of Mar. 31, 2025)
Sources: Japan Industrial Waste Management Foundation. Sanpai-kun, Sanpainet (https://www2.sanpainet.or.jp/zyohou/index.php); MOEJ. Waste Disposal Technology Information website. ”Ippan haikibutsu syori jittai chosa kekka (Reiwa 5 nendo chosa kekka)” [Results of Research on the Actual State of General Waste Disposal(FY2023)] (https://www.env.go.jp/recycle/waste_tech/ippan/r5/index.html)

Waste Management Markets in Japan, United States and Europe

It is expected that consolidation of the kind seen in Europe and the United States will advance in Japan as well, where there is no company with a high market share.

area	Japan		United States		Europe	
Market Size*1 (as of 2023)	JPY 9.3 tn		JPY 15.2 tn		JPY 17.1 tn	
Net Sales of Major Listed Companies*2 (Unit: JPY bn)	DOWA HD (Environmental and Recycling Business)	180.1	Waste Management	2,943.9	Veolia Environnement*3	2,076.6
	TRE HD	118.6	Republic Services	2,156.8		
	Daiei Kankyo	80.1	Waste Connections	1,156.2	Suez*3	764.0
	Daiseki	67.3				
	Total	**446.3**	**Total**	**6,257.0**	**Total**	**2,840.6**
	% of Market Size*4	**4.8%**	**% of Market Size*4**	**41.0%**	**% of Market Size*4**	**16.5%**
Proportion of Final Disposal (based on weight; as of 2016)						

Note: Converted into yen at the exchange rates as of Dec. 30, 2023 (1USD=144.13JPY, 1EUR=157.26JPY)
*1: MARKETSANDMARKETS "WASTE MANAGEMENT MARKET GLOBAL FORECAST TO 2026" (Jun. 2021) (Japan: USD 29.7 bn, US: USD 105.7 bn, Europe: USD 119.1 bn).
For the Japanese market, the market size is calculated as the sum of four markets in FY2022, JPY 8.6 tn, for which data is provided by the Ministry of Environment: industrial waste management, recycling, general waste management, and disaster waste. Please see P30 for details.
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 FY2025, 5 U.S. and European companies for FY2023/12
*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 area, 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: Created based on QYResearch. (Sep. 2017). "Global Waste Treatment Disposal Sales Market Report 2017"; MARKETSANDMARKETS. (Jun. 2021). "WASTE MANAGEMENT MARKET GLOBAL FORECAST TO 2026"; Publicly available information of each company; MOEJ. "Kankyo sangyo no shijo kibo koyo kibo to ni kansuru hokoku sho" [Report on the Market Size and Employment of the Environmental Industry] (Mar. 2024) (https://www.env.go.jp/policy/keizai_portal/B_industry/r5/r5houkokusho.pdf), "Nihon no haikibutsu shori (Reiwa 5 nendo ban)" [Waste Management in Japan (FY2024)] (Mar. 2025) (https://www.env.go.jp/recycle/waste_tech/ippan/r4/data/disposal.pdf)

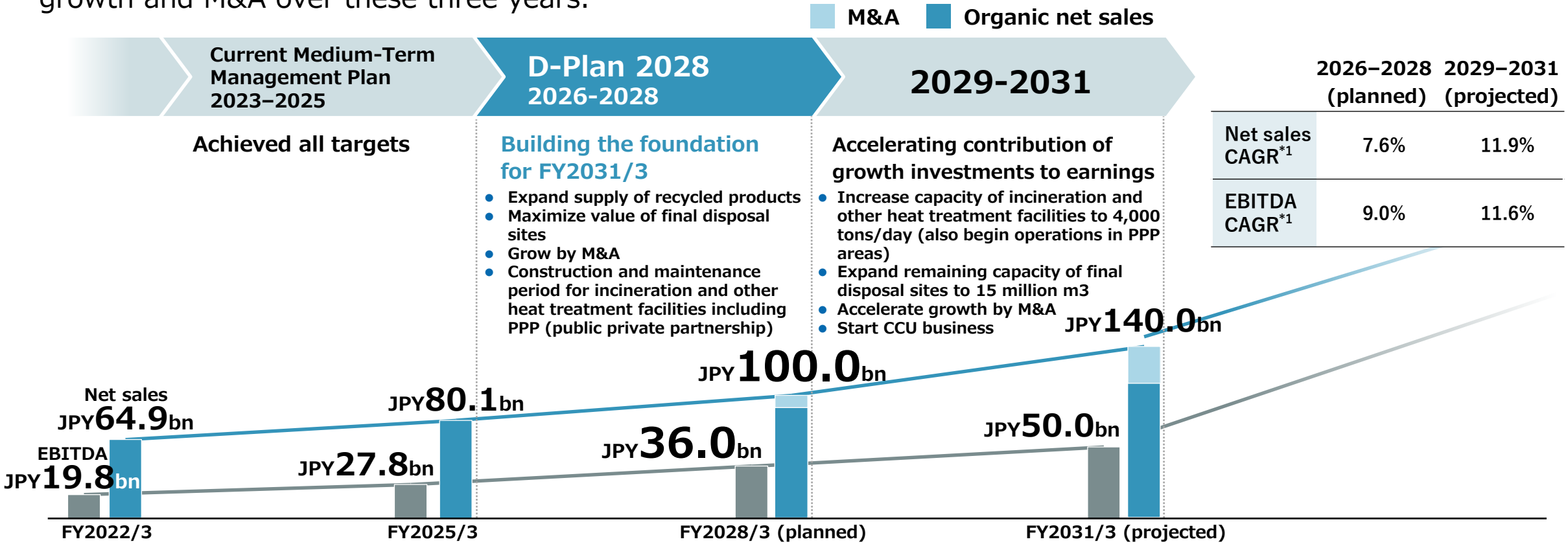
5. Growth Strategy

Power to Turn into Resources, Return to Nature
DAIEI KANKYO

Medium-Term Management Plan: D-Plan 2028

Formulated D-Plan 2028 which is our three-year Medium-Term Management Plan, with FY2026/3 as its first year

D-Plan 2028 is positioned as the first three years of our six-year plan through FY2031/3.
Toward our goal for FY2031/3, we will continue growth investments while steadily growing through organic growth and M&A over these three years.



	2026–2028 (planned)	2029–2031 (projected)
Net sales CAGR*1	7.6%	11.9%
EBITDA CAGR*1	9.0%	11.6%

*1: CAGR stands for “Compound Annual Growth Rate”.

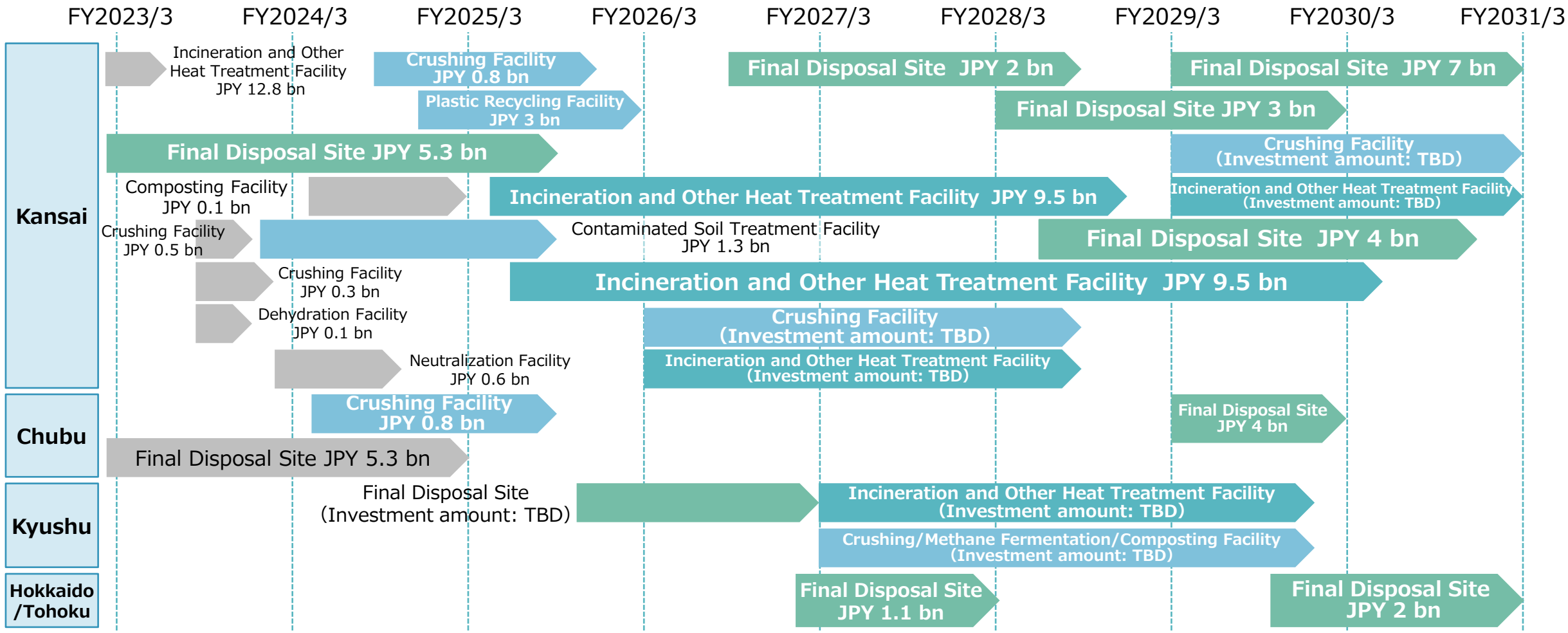
Growth Measures (Capacity Expansion of Treatment Facilities)

Steadily building the foundation for the vision for FY2031/3

	As of FY2025/3	Facility expansion policy during the period of D-Plan 2028	Vision for FY2031/3
Sorting, crushing, and recycling facilities	**Permitted capacity** **55,671 t/day**	Capital investment aimed at aggressive capacity expansion have been completed for now Capital investment to expand the supply of recycled products to the “artery” market will proceed as needed.	**Increase volume received by 1.5 times**
Incineration and other heat treatment facilities	**Permitted capacity** **2,412 t/day**	We will systematically develop our facilities to strengthen existing facilities and operate new facilities associated with PPP (public private partnership) ・Start construction of 5 plants	**Total permitted capacity 4,000 t/day**
Final disposal sites	**Planned annual landfill volume** **1.25 million m³**	Started receiving waste at final disposal sites in new areas through M&A, etc.	**Increase planned annual landfill volume from 1.25 million m³**
	Remaining capacity **8.740 million m³**	Steadily implement new construction and expansion plans in existing areas, and acquire final disposal sites in new areas through M&A, etc.	**Increase remaining capacity to over 15 million m³**

Capital Investment Plan in the Future

Capital Investment Plan



Note: As of Aug. 8, 2025
Mie Prefecture is included in the Chubu area.

Increasing Capacity of Sorting, Crushing, and Recycling Facilities and Soil Remediation Facilities

New Facility Construction

Sorting, Crushing, and Recycling Facility and Soil Remediation Facility

DINS Kansai Co., Ltd. - RAC Recycle Center: Plastic Recycling Facility

Obtained installation permit in Dec. 2024

- ✓ Permitted capacity : 72 t/day (Advanced plastic sorting)
  197.76 t/day (RPF production)
- ✓ Start of operations : Sep. 2025 (Advanced plastic sorting)
  Mar. 2026 (RPF production)
- ✓ Total investment : Approx. JPY 3.0 bn

Geo-Re Japan Inc. - Suehiro Plant: Soil Remediation Facility

Start of operations in Sep. 2025

- ✓ Permitted capacity : 2,640 t/day
- ✓ Start of operations : Sep. 2025
- ✓ Total investment : Approx. JPY 1.3 bn

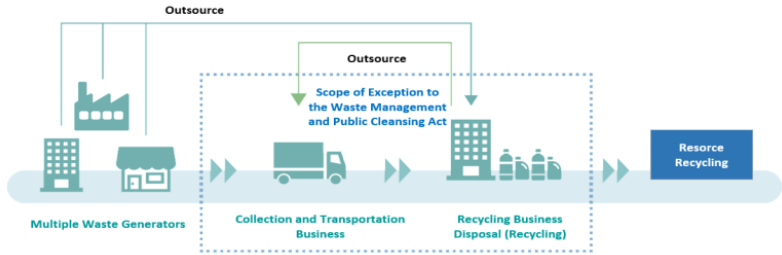
Initiatives to Promote Carbon Neutrality (Advancing Resource Recycling Systems)

Initiatives regarding the "Plastic Resource Circulation Act"

✓ **In addition to the 7 companies which obtained accreditation for the "Recycling Business Plan", recycling of materials similar to the that of accredited companies is being promoted for non-accredited companies.**

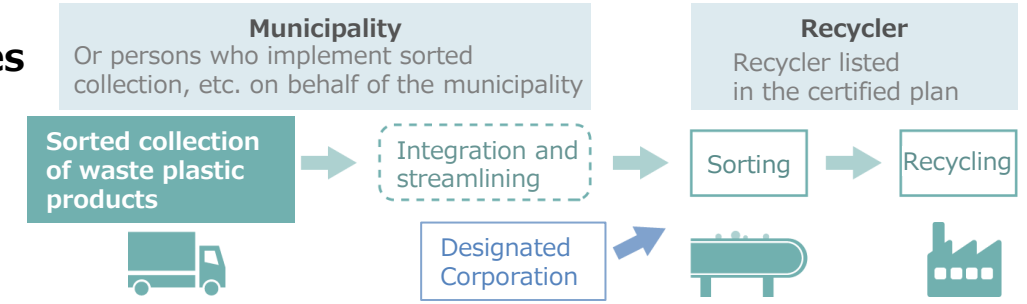
- **As of Aug. 8, 2025**
  Accredited companies: 7 / Non-accredited companies: 37

Aiming to increase the number of contracted non-accredited companies



✓ **Contributing to plastic resource circulation by participating as a recycler in Recycling Business Plans promoted by municipalities after obtaining accreditation.**

- **As of Aug. 8, 2025**
  Number of Recycling Business Plans in which we are participating: For 5 municipalities
  (Komono Town, Mie & Sakai City, Osaka & Kyoto City, Kyoto & Tsu City, Mie & Hashima City, Gifu)



Examples of initiatives for decarbonization and recycling

Demonstration project subsidized by the Ministry of the Environment completed in Mar. 2024

✓ We launched **Japan's first demonstration project** for gasification and methanol conversion of waste plastics with Kobelco Eco-Solutions, etc. in Aug. 2022, which we completed in Mar. 2024, and will continue to examine commercialization.

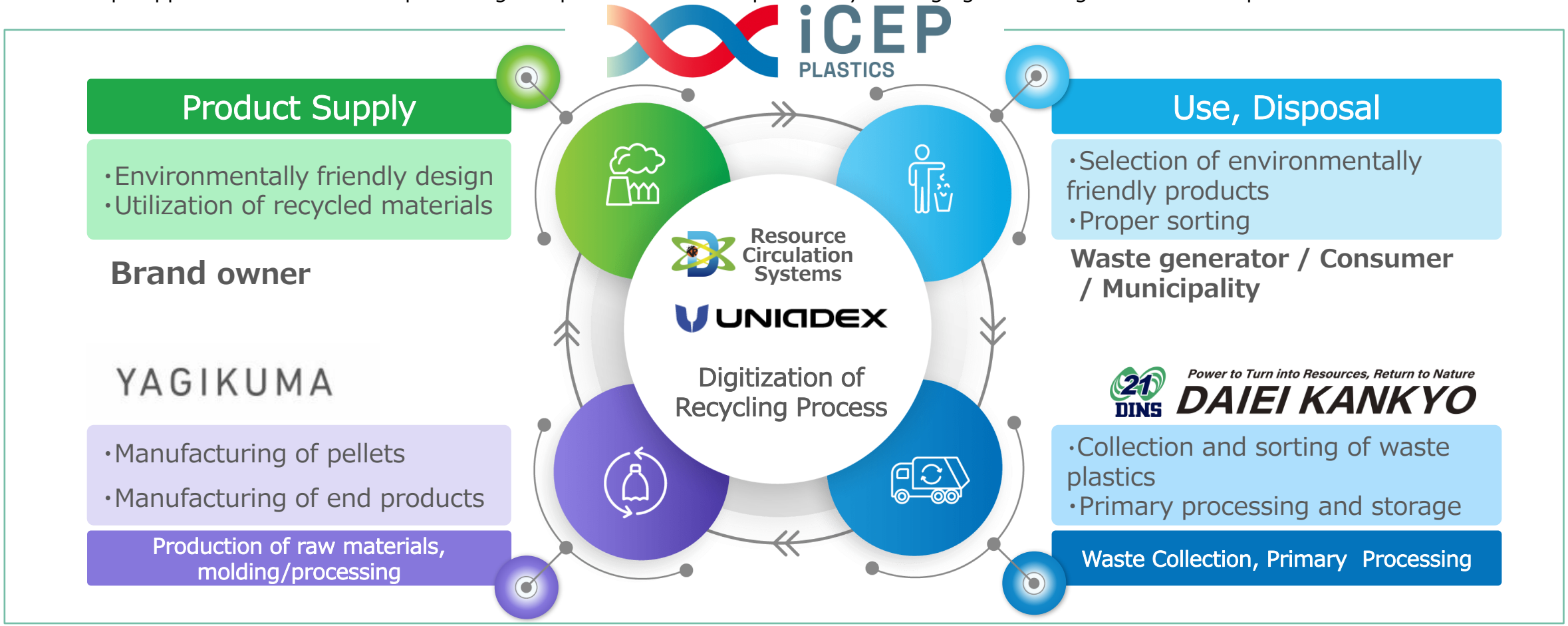
✓ Aiming to establish a recycling system through chemical recycling of plastics that had been disposed of until now.

Source: Created based on MOEJ. Special website on the Law Concerning the Promotion of Resource Recycling of Plastics (https://plastic-circulation.env.go.jp/about/pro/bunbetsu, https://plastic-circulation.env.go.jp/about/pro/haishutsu)

Initiatives to Promote Carbon Neutrality (Advancing Resource Recycling Systems)

Launched iCEP PLASTICS*1, a Total Coordination Service for Plastic Recycling through "Artery-Vein" Collaboration.

✓ One-stop support from collection to producing end products of waste plastics by leveraging the strengths of four companies.



*1: iCEP stands for "intelligence Circular Economy Platform".

Initiatives to Promote Carbon Neutrality（Advancing Resource Recycling Systems）

Example of iCEP PLASTICS Initiatives

Case 1 : Daiwa House Industry Co., Ltd.

Investigation into recycling waste plastic generated from non-residential construction sites

- ✓ Investigation of waste plastics generated from non-residential construction sites
- ✓ Promoting the establishment of resource recycling systems at construction sites

【Examples of products that can be made by using recycled plastic】

Case 2 : Kajima Corporation

Recycling waste plastic collected from construction sites into barricades

- ✓ Waste plastic collected from construction sites is used to produce recycled barricades
- ✓ Introduced at Kajima Corporation's construction sites to achieve resource recycling within the construction sites

Case 3 : LIXIL Corporation

Supplying waste plastic as raw material for paving materials

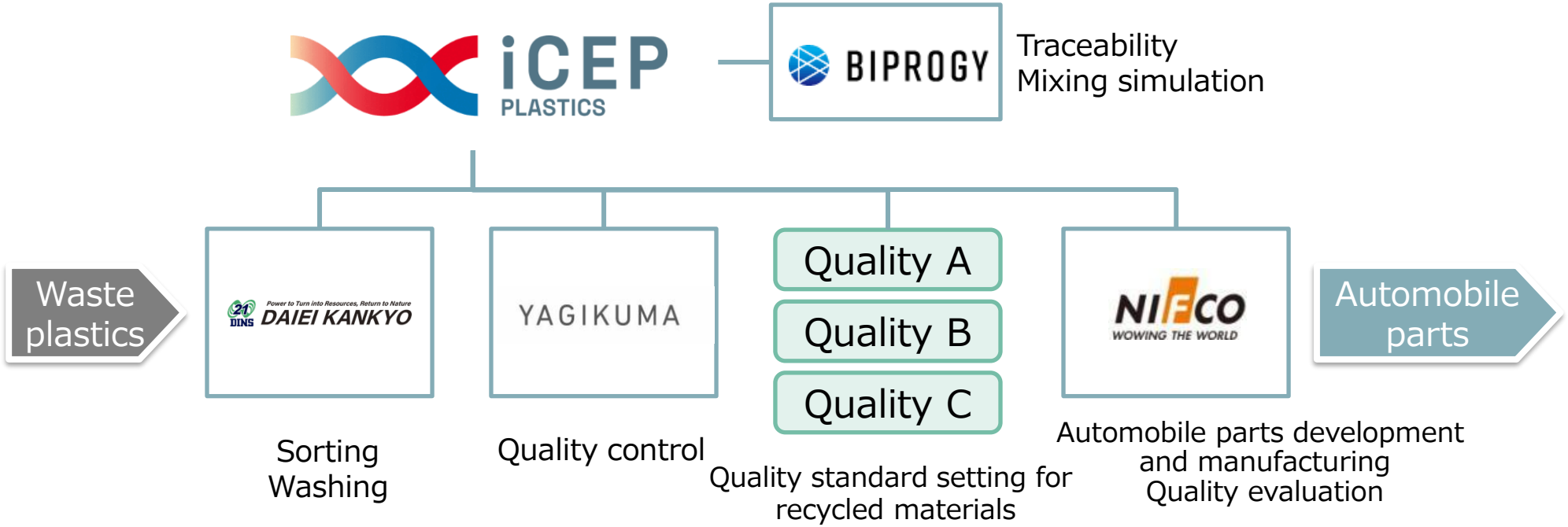
- ✓ Supplying waste plastic as raw material for recycled paving materials
- ✓ Realization of resource recycling of plastics

Creation of a new resource circulation model for waste plastics through artery-vein collaboration

Initiatives to Promote Carbon Neutrality (Advancing Resource Recycling Systems)

Promotion of XtoCar Project

✓ **Promote this "artery-vein" collaboration project to address the urgent issue of plastic recycling with the goal of realizing "XtoCar," a system in which recycled materials from waste plastics are supplied for the production of automobile parts**



Note: This project is conducted as the Japan Foundation for Advanced Auto Recycling's "Subsidy program regarding surveys, research, and demonstrations that contribute to the enhancement of automobile recycling, etc." for FY2026.

Initiatives to Promote Carbon Neutrality (Advancing Resource Recycling Systems)

Examples of Food Recycling Initiatives

Composting

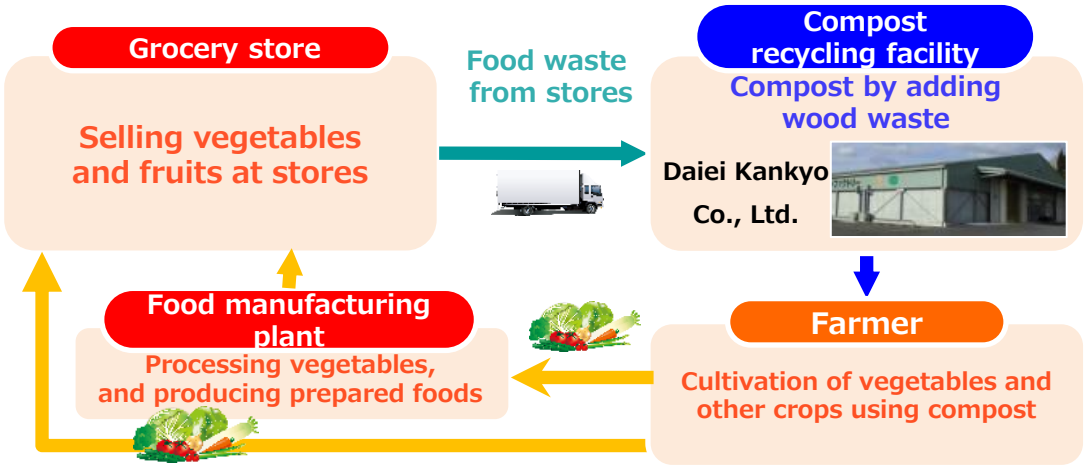
- ✓ Based on the "Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources," the composting facility at Miki Recycle Center **obtained certification for the "Recycling Project Plan" in Nov. 2014 and Mar. 2024** from the Ministry of Agriculture, Forestry and Fisheries, Ministry of the Environment, and Ministry of Economy, Trade and Industry.

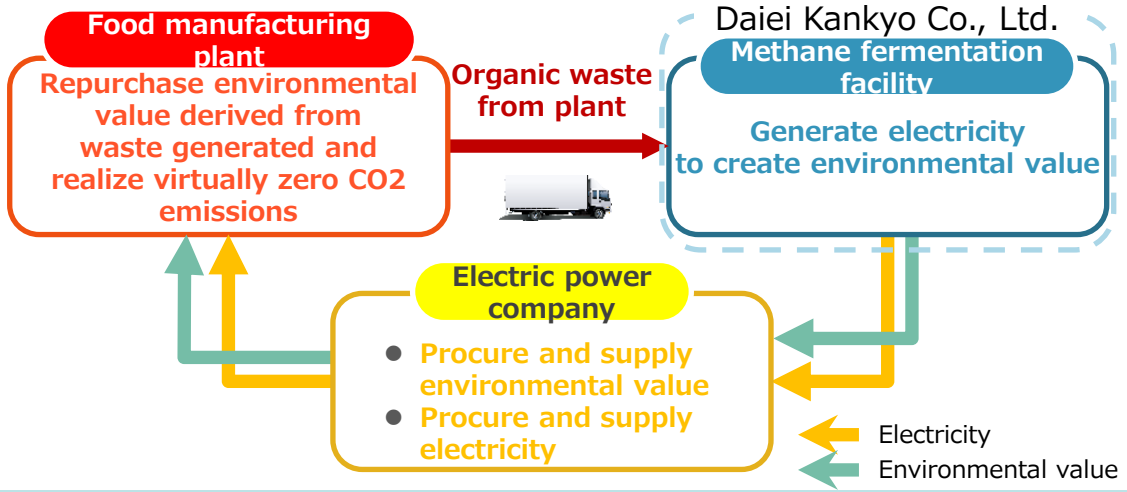
Methane Fermentation

- ✓ Generating electricity using gas produced through methane fermentation of food waste at the methane fermentation facility at Iga Recycle Center, and returning environmental value (non-fossil certificate) obtained to waste generators

Enabling waste generators to utilize non-fossil energy collected from their waste for production activities

Promote the creation of a Local Circular Ecological Sphere by maximizing the use of local resources and feeding it back to society





Increasing Capacity of Incineration and Other Heat Treatment Facilities

New Facility Construction

Incineration and Other Heat Treatment Facility

Daiei Kankyo Co., Ltd. –
Miki Recycle Center:Miki Biomass Factory

Operations began in May 2023

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

Daiei Kankyo Co., Ltd. –
Nishinomiya Recycle Center:Nishinomiya Energy Plaza

Obtained installation permit in Jan. 2024

- ✓ Permitted capacity : 220 t/day
- ✓ Power generation capacity : 4,650 kW
- ✓ Start of operations : Scheduled for Dec. 2028

Conceptual image of completed facility

Daiei Kankyo Co., Ltd. –
Izumi Recycle Center:Izumi Energy Plaza

Obtained installation permit in Mar. 2025

- ✓ Permitted capacity : 220 t/day
- ✓ Power generation capacity : 4,810 kW
- ✓ Start of operations : Scheduled for May. 2030

Conceptual image of completed facility

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

Capacity of Incineration and Other Heat Treatment

End of FY2022/3	End of FY2025/3	End of FY2031/3 (Target)
2,067 t ／day	**2,412 t ／day**	**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 fuels and chemicals conventionally derived from fossil fuels with products made from CO2.

Public Private Partnership (PPP) Projects

In municipalities facing declining populations, cutting general waste management costs is a top priority

A total of 49.5% of municipalities in Japan are experiencing depopulation

885 out of **1,788** municipalities*1

Many municipalities face multiple waste management challenges

Rising construction costs for treatment facilities	**Lack of financial resources** to renovate facilities	**Declining facility operating rates** due to population decline

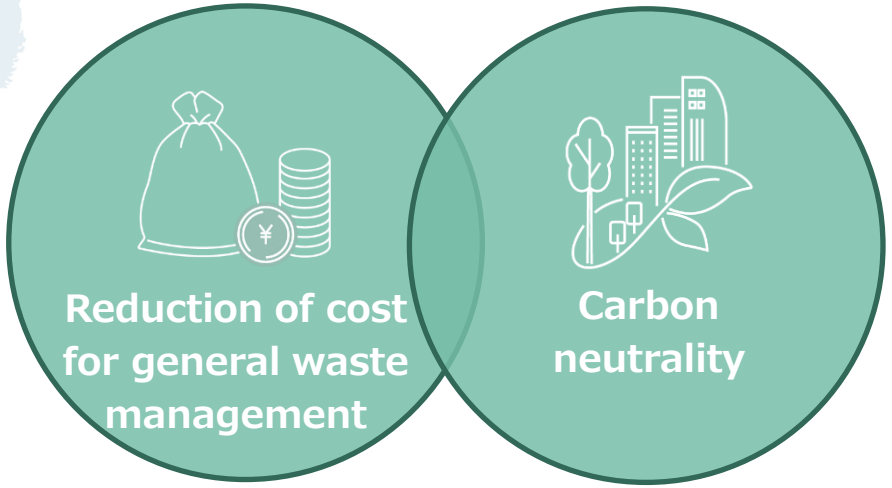
Outsourcing of waste management to the private sector has made little progress

For incineration and other heat treatment, which accounts for approximately 80% of general waste management, the outsourcing rate to the private sector is 5.2%

PPP

Shift general waste management to the private sector

Achieving simultaneously through integrated treatment with industrial waste



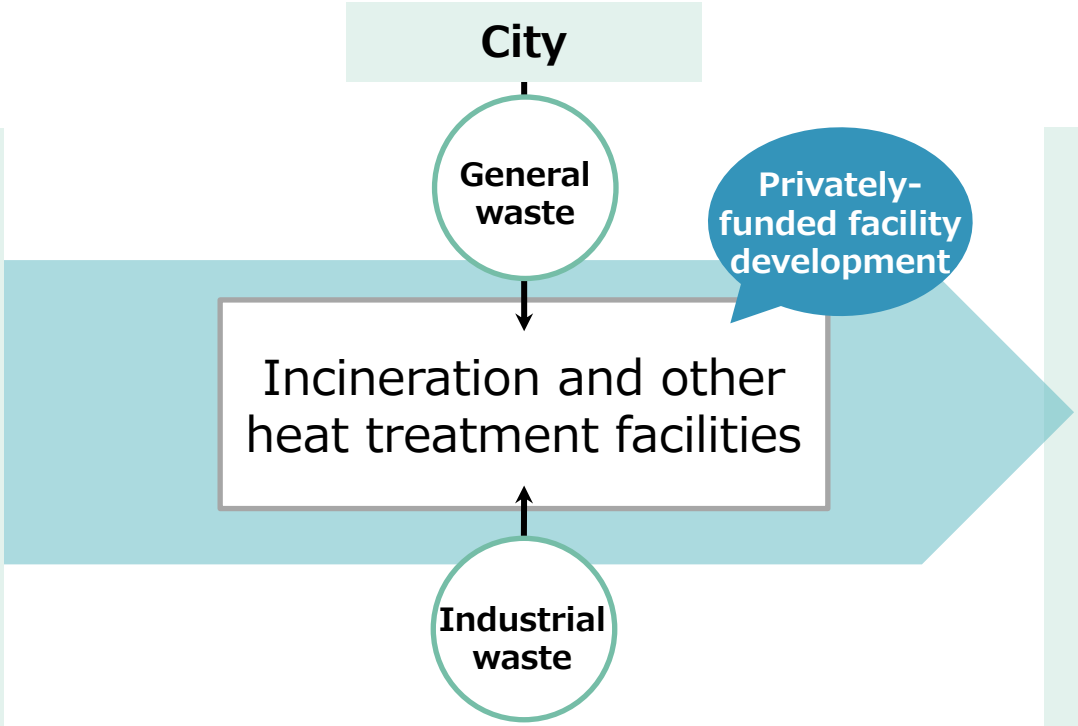
*1: 1,718 municipalities in Japan as of Apr. 1, 2025 (excluding the 23 wards of Tokyo), plus the 23 wards of Tokyo and 47 prefectures.
Source : Created based on the National Federation of Depopulated Areas' "Databank of Depopulated Areas: Number of Depopulated Cities, Towns and Villages as of April 1, 2022" (https://www.kaso-net.or.jp/publics/index/19/#block193), MOEJ. "Nihon no haikibutsu shori (Reiwa 5 nendo ban)" [Waste Management in Japan (FY2024)] (Mar. 2025) (https://www.env.go.jp/recycle/waste_tech/ippan/r4/data/disposal.pdf)

Public Private Partnership (PPP) Projects

Use PPP schemes to promote integrated treatment of general waste and industrial waste across Japan

Challenges facing municipalities

- Rising construction costs
- Lack of financial resources
- Declining facility operating rate
- Improving disaster response capabilities
- Addressing carbon neutrality



Solving the challenges facing municipalities

- Reducing cost of general waste management
- Stabilizing operating rate through integrated treatment of general waste and industrial waste
- Priority acceptance of disaster waste and utilization of PPP-based municipal facilities as disaster response centers
- Local use of energy
- Reducing CO2 emissions through CCU

FY2025/3 (results)

Total of **3** agreements concluded

FY2028/3 (planned)

Total of **7** agreements concluded

FY2031/3 (projected)

Total of **12** agreements concluded

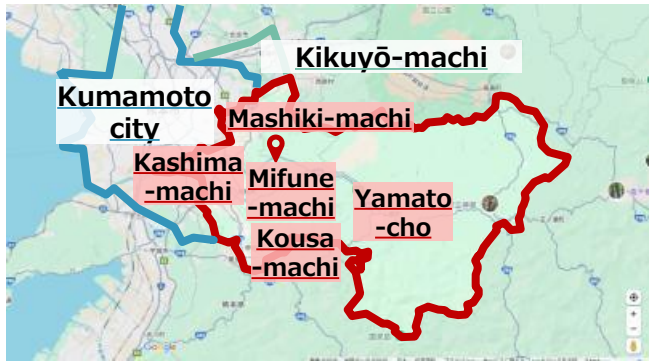
Total of **3** facilities in operation

FY2032/3 and beyond
Accelerating increase in number of agreements signed

Progress on Key Measures: PPP

Previous Case of PPP

①5 towns in Kamimashiki-gun, Kumamoto	
Date of Agreement	✓ Oct. 2021
Business Location	✓ Mifune-machi, Kamimashiki-gun, Kumamoto
Facilities Overview	Capacity (t/day) ✓ Recycling : 900 ✓ Energy recovery : 400 ✓ Methane fermentation : 30 ✓ Composting : 60



✓ The red pin depicts the proposed project area.

②Aioi, Hyogo	
Date of Agreement	✓ Oct. 2021
Business Location	✓ Aioi, Hyogo
Facilities Overview	Capacity (t/day) ✓ Recycling : 900 ✓ Energy recovery : 220

✓ Signed an implementation agreement

③Tadaoka, Osaka	
Date of Agreement	✓ Feb. 2023
Business Location	✓ Tadaoka, Senboku-gun, Osaka
Facilities Overview	Capacity(t/day) ✓ Recycling : TBD ✓ Energy recovery : 220

✓ The relay facility started operations in Apr. 2024.

By FY2031/3, we aim to execute 12 agreements for public private partnerships nationwide and to begin operations in 3 of them.

Increasing Capacity of Final Disposal Sites

New Facility Construction

Final Disposal Site

Mie Chuo Kaihatsu Co., Ltd. – Mie Recycle Center: The 8th Stage Controlled Final Disposal Site

Started services in Jan. 2025

- ✓ Start of services : Jan. 2025 (The 2nd phase)
- ✓ Permitted capacity : 6,641,181 ㎥
  (of which 5,911,181 ㎥ is for the 2nd phase construction)
- ✓ Total investment : Approx. JPY 10.2 bn
  (including approx. JPY 5.3 bn for the 2nd phase construction)

Daiei Kankyo Co., Ltd. – Gobo Recycle Center: The 2nd Stage Controlled Final Disposal Site

Construction started in Jan. 2023

- ✓ Start of services : Around Nov. 2025
- ✓ Permitted capacity : 1,355,882 ㎥
- ✓ Estimated total investment : Approx. JPY 5.3 bn
- ✓ Construction progress : Approx. 97%

Expanding Business Areas Through M&A

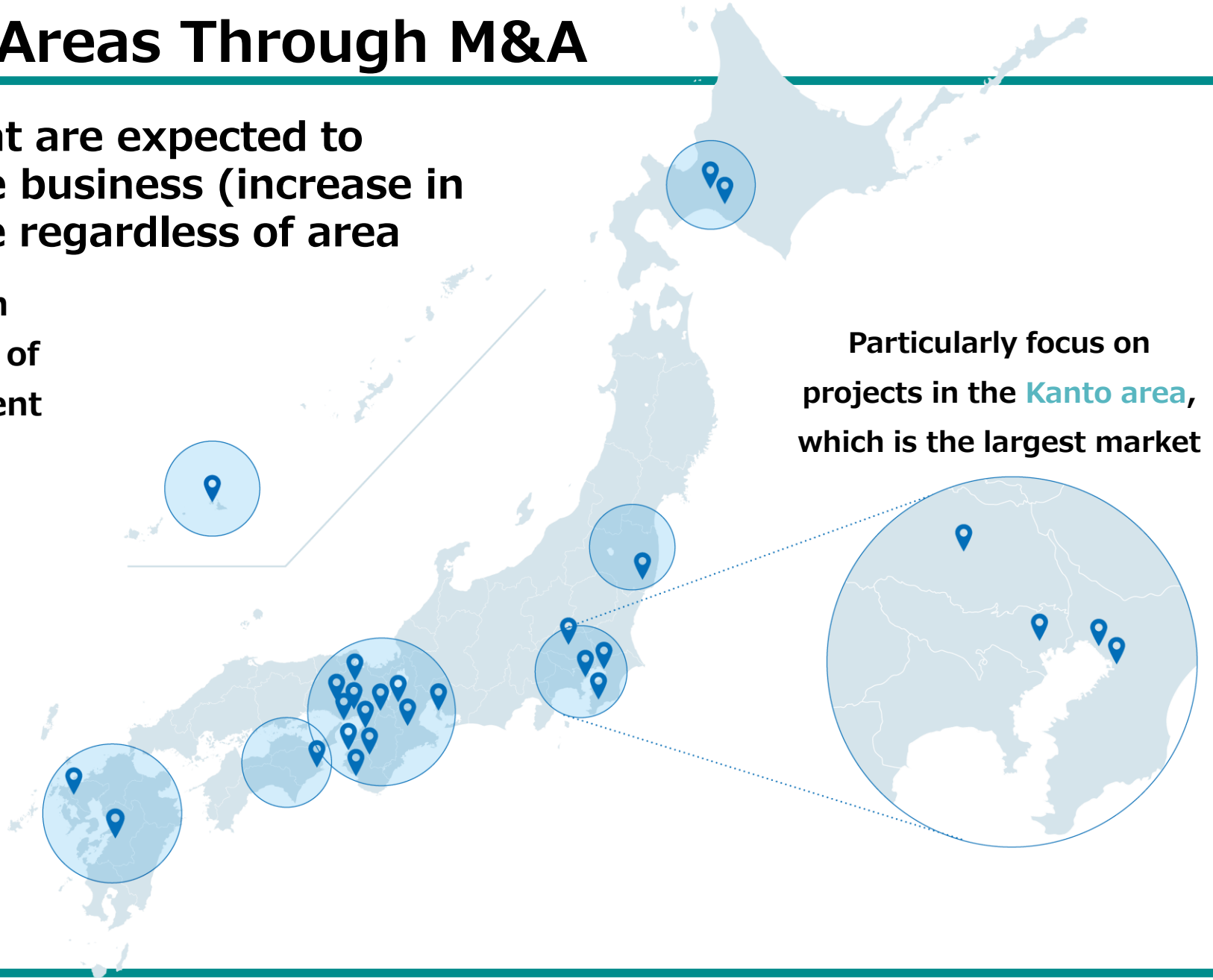
Actively execute projects that are expected to generate synergies with core business (increase in volume received) nationwide regardless of area

Focus on business in new areas in addition to planned new expansion of incineration and other heat treatment facilities and final disposal sites

Aim to build a one-stop service in each area

Plan for FY2028/3

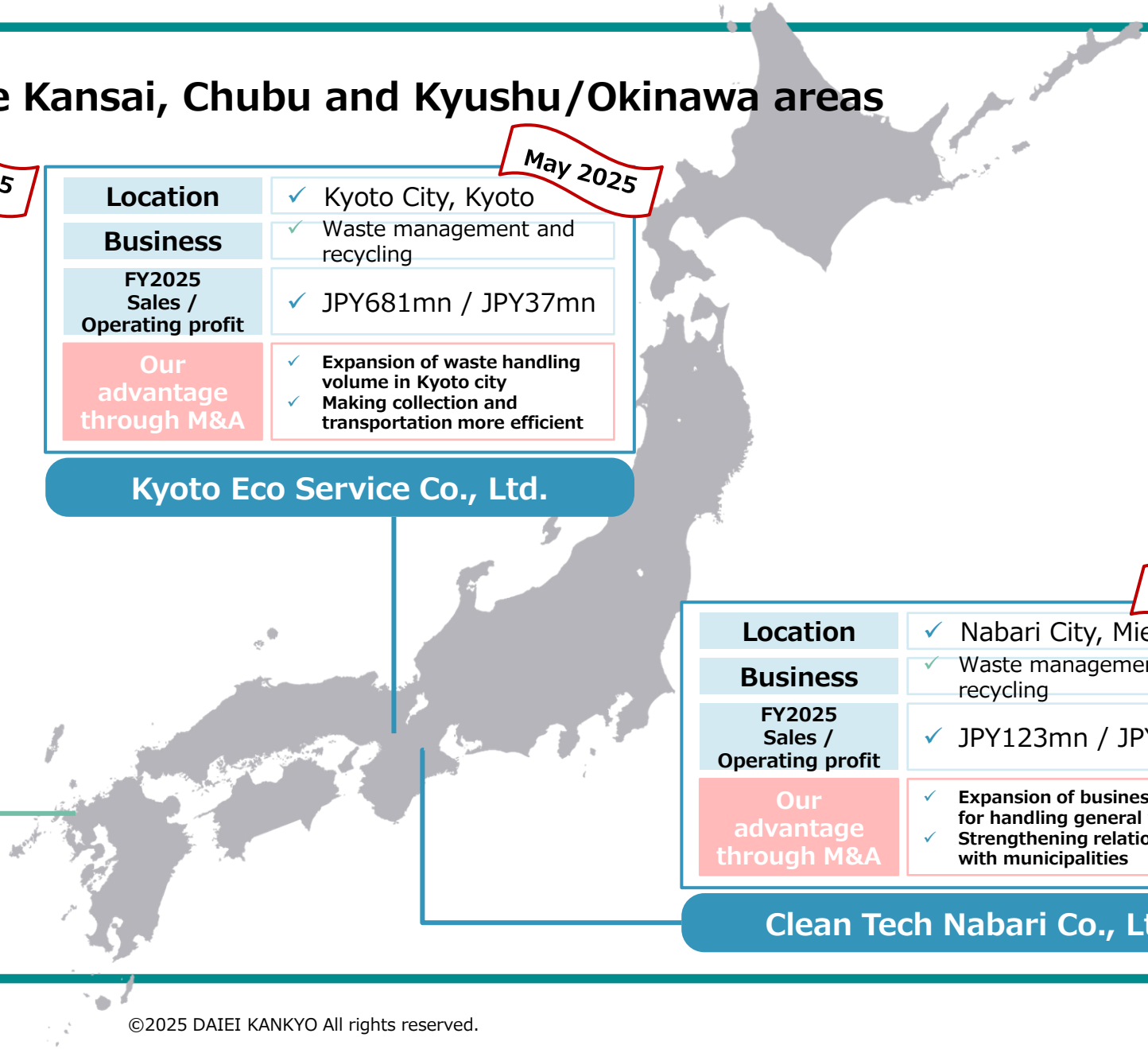
Net sales increase through M&A	Investment amount
JPY10.0bn	JPY10.0bn or more



Particularly focus on projects in the Kanto area, which is the largest market

M&A Latest Results

FY2026/3: 3 Companies in the Kansai, Chubu and Kyushu/Okinawa areas



Apr. 2025

Location	✓ Imari City, Saga
Business	✓ Waste management and recycling
FY2025 Sales / Operating Profit	✓ — / —
Our advantage through M&A	✓ Establishment of a one-stop service system within the Kyushu/Okinawa area ✓ Expansion of business area ✓ Strengthening relationships with municipalities

Hizen Kankyo Co., Ltd.

May 2025

Location	✓ Kyoto City, Kyoto
Business	✓ Waste management and recycling
FY2025 Sales / Operating profit	✓ JPY681mn / JPY37mn
Our advantage through M&A	✓ Expansion of waste handling volume in Kyoto city ✓ Making collection and transportation more efficient

Kyoto Eco Service Co., Ltd.

Apr. 2025

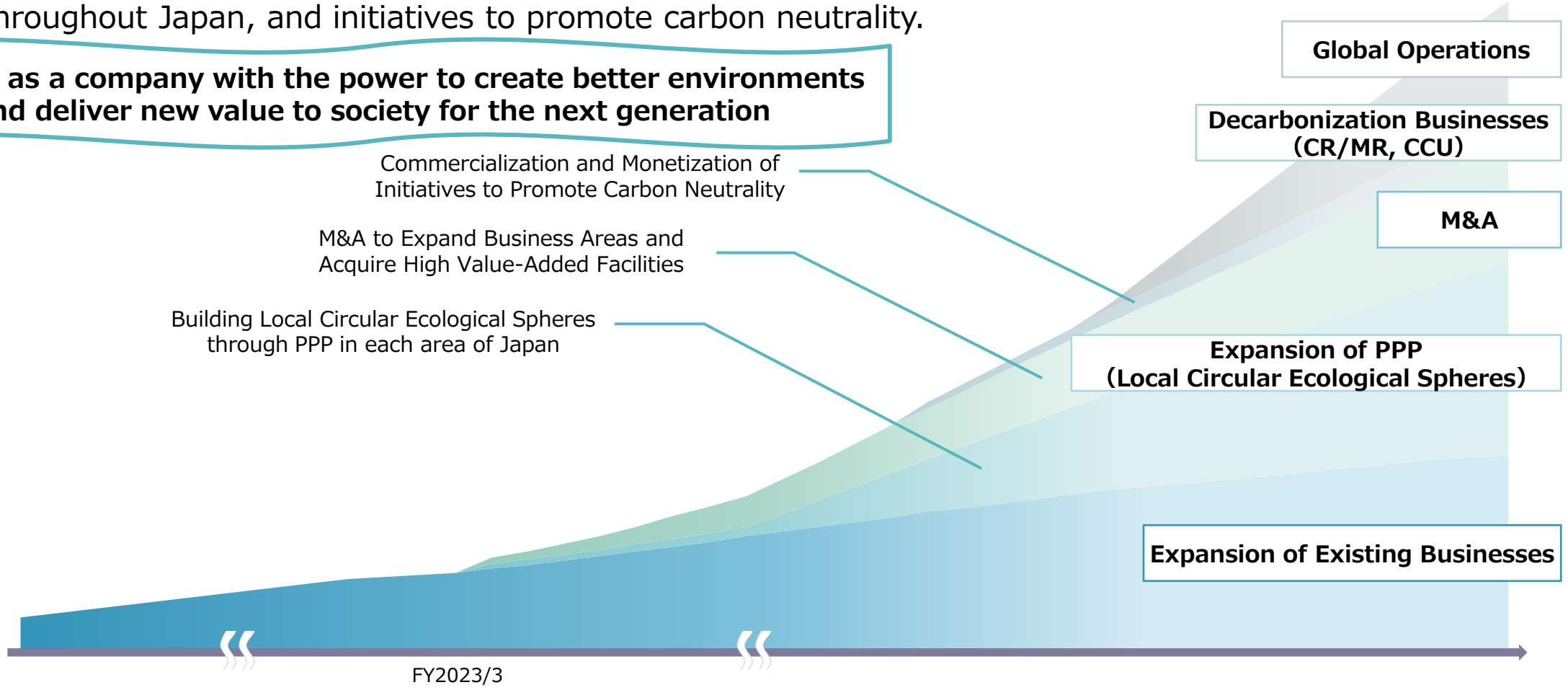
Location	✓ Nabari City, Mie
Business	✓ Waste management and recycling
FY2025 Sales / Operating profit	✓ JPY123mn / JPY7mn
Our advantage through M&A	✓ Expansion of business area for handling general waste ✓ Strengthening relationships with municipalities

Clean Tech Nabari Co., Ltd.

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.

Evolving as a company with the power to create better environments and deliver new value to society for the next generation



Note: CR = Chemical recycling, MR = Material recycling

7. Appendix

Power to Turn into Resources, Return to Nature
DAIEI KANKYO

Identity

Identity

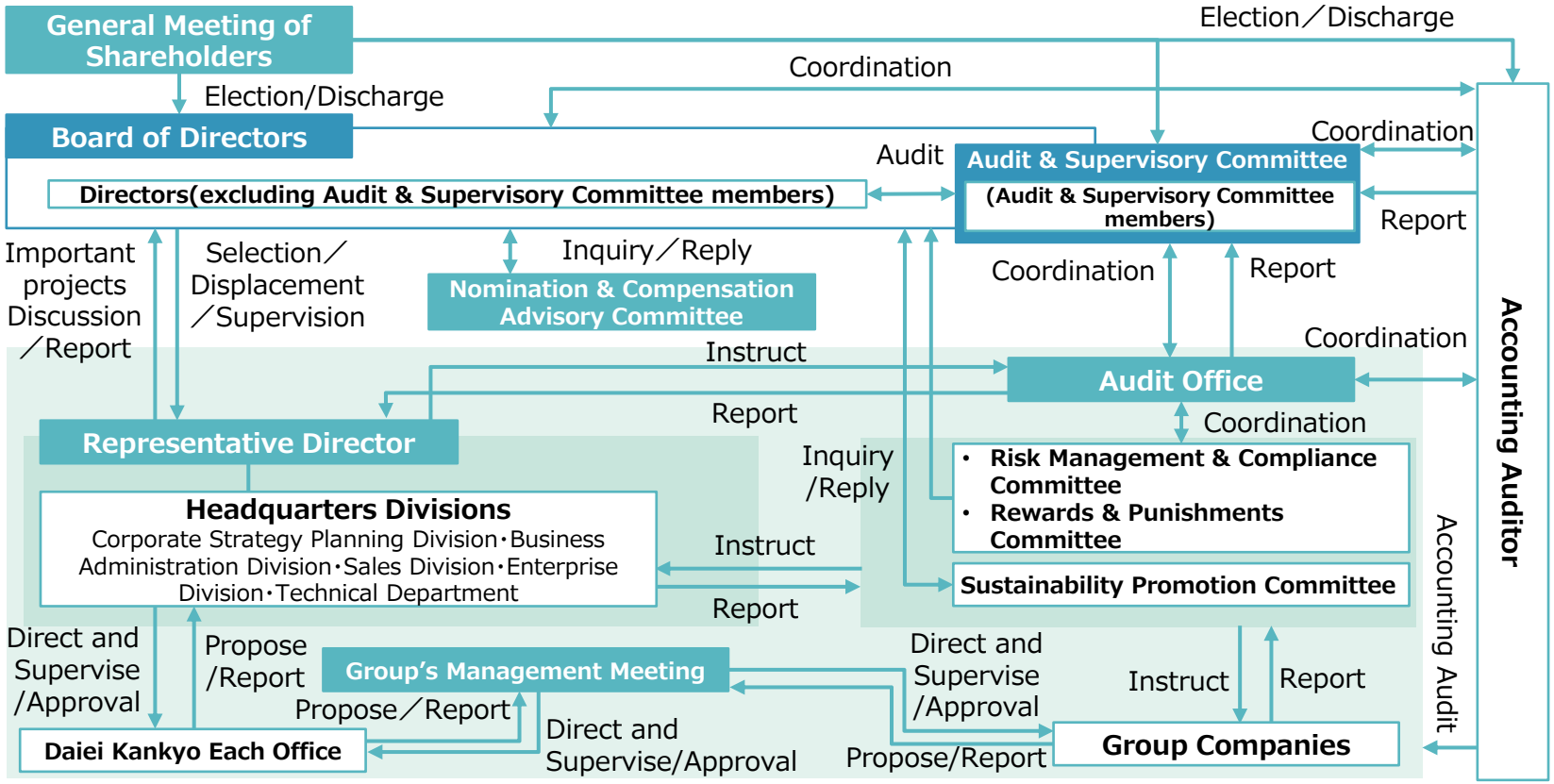
Since our founding in 1979, the Daiei Kankyo Group has always been committed to creation, innovation, and meeting challenges without being bound by existing frameworks, and aims to realize a sustainable recycling-oriented society.
We will continue to be a group essential for the daily lives of people and the future of the earth.

We formulated D-Plan 2028 to address 5 material issues.

Corporate Governance Structure

Transition to a Company with an Audit and Supervisory Committee

We aim to further enhance corporate value by having the Audit and Supervisory Committee conduct “appropriateness audits” as well as “legality audits,” by strengthening the audit function of the Board of Directors, and by delegating the authority to make important decisions related to business execution from the Board of Directors to the Directors, thereby accelerating management decision-making.



Board of Directors	**5 Male Directors** **2 Female Directors** **(Proportion of female directors 28.6%)** **3 Directors** **1 Outside Director (Female)** **1 Director / Audit & Supervisory Committee Member** **2 Outside Directors / Audit & Supervisory Committee Members (of these, 1 Female)**
Restricted share-based remuneration	**(Directors・Executive Officers)** **Introduction of performance-linked restricted share-based compensation** **(Directors・Executive Officers who are Audit & Supervisory Committee members)** **Introduction of restricted share-based remuneration**
Group’s Management Meeting, Etc.	**Control of each division including subsidiaries and affiliates** ✓ Important decision-making ✓ Control each operation such as budget management ✓ Thorough risk recognition and recurrence prevention

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.

	Past state (As of Mar. 31, 2024)	Current state (As of Mar. 31, 2025)	Target (As of Mar. 31, 2026)
✓ Proportion of female new graduates hired (university graduate and above)	36.8 %	**33.3 %**	30.0% or above
✓ Proportion of female managers	3.7 %	**4.3 %**	4.5% or above
✓ Rehiring rate of retirees	70.8 %	**80.0 %**	70.0% or above
✓ Paid leave utilization rate	77.7 %	**74.9 %**	90.0% or above
✓ Rate of uptake of childcare leave by male employees	93.2 %	**90.9 %**	90.0% or above
✓ Percentage of high-stress employees in stress checks	10.9 %	**10.9 %**	10.0% or less
✓ Wage gap between men and women (Men=100%)	66.0 %	**72.3 %**	75.0% or above

Initiatives for Coexistence with Local Communities

Promoting a society in which women actively participate

INAC KOBE LEONESSA
INAC神戸 レオネッサ

INAC KOBE ／ Promoting development of women's soccer

Photo by INAC KOBE LEONESSA
*The Empress's Cup JFA 45th All-Japan Women's Soccer Championship Tournament 2024

Based on the philosophy and vision of the WE-League, **we will contribute to the realization and development of a society where diversity of dreams and lifestyles abound and each individual shines through women's soccer and sports.**

VISION 01
The world's best women's soccer team

VISION 02
The world's best active women's community

VISION 03
The world's best league value

VISION 04
Career creation for after retiring from professional sports

Promoting coexistence with local communities

Opening of「ROKKO i PARK」

Commercial facility to which the Group headquarters relocated in 2020 finally reopened in Mar. 2024 after almost 6 years.

ROKKO i PARK
KOBE FASHION PLAZA

YAMADA STORE / Kirindo / KOBE SUPER STADIUM / DAISO / THREEPPY / GIGA FACTORY GEAR / KobeBelle / B COFFEE / エディック

*New tenants will be released as needed after contracts are signed.

Holding of Mie Fureai Festival (community event)

The Fureai Festival was held in Apr. 2024 after 5 years at the Mie Recycle Center, and approximately 2000 people attended.

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 Jun. 2023 and disclosed 4 items based on the TCFD declaration.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

<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	FY2023/3 (t-CO2)	FY2024/3 (t-CO2)	FY2025/3 (t-CO2)
Scope 1	Group as a whole*1	252,540	261,601	252,315
Scope 2	Group as a whole*1	18,714	25,013	19,766
Total	Group as a whole*1	271,254	286,615	272,082
(Reference) Scope 3	Group as a whole*1	–	223,306	184,299
	Four major companies*2	142,889	–	–

*1: All Group Companies: The consolidated subsidiaries included in our group during the reporting year are included in the scope of this report, while those that became consolidated subsidiaries during the period are excluded.
*2: Four major companies: Daiei Kankyo Co., Ltd., Mie Chuo Kaihatsu Co., Ltd., DINS Kansai Co., Ltd., and Geo-Re Japan Inc.

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

Initiatives		Actual reduction in FY2023/3 (t-CO2)	Actual reduction in FY2024/3 (t-CO2)	Actual reduction in FY2025/3 (t-CO2)	
Thermal recycle	Power generation and sale by waste incineration	Approx. -2,000	Approx. -19,000	Approx. -26,000	Contribution
Solar power generation	Solar power generation and sale of electricity	Approx. -2,000	Approx. -2,000	Approx. -2,000	Contribution
Recycling	Manufacturing and sales of RPF and recycled pallets	Approx. -107,000	Approx. -114,000	Approx. -117,000	Contribution
Forest management	Fixation of CO2 emissions from approximately 8,170 ha of company-owned forests	Approx. -44,000	Approx. -44,000	Approx. -44,000	Absorption

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

Miki Biomass Factory
Incineration and other heat treatment facility (power generation function)
Power generation capacity: 11,700 kW

Energy creation (heat and electricity)

Providing energy to local community

Miki Recycle Center

Self-consumption of electric energy

Providing environmental value

Unused energy certificates with tracking

Electric power companies, etc.

Business A

Business B

Kobe Fashion Plaza

CO2 emissions from electricity use to be practically zero (Start from Oct. 2023)

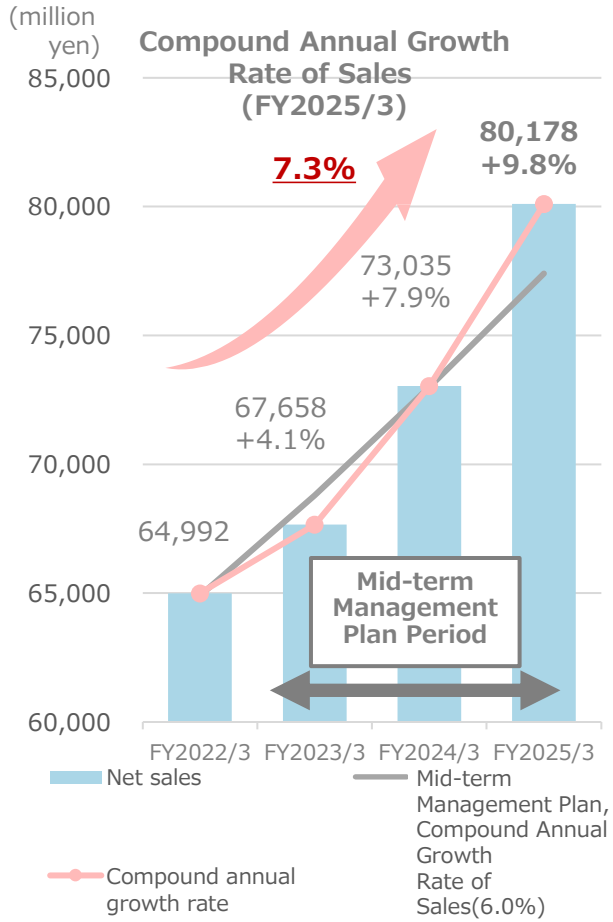
Legend → Power flow → Environmental value flow

*1: See p.56
*2: Location of Group headquarters

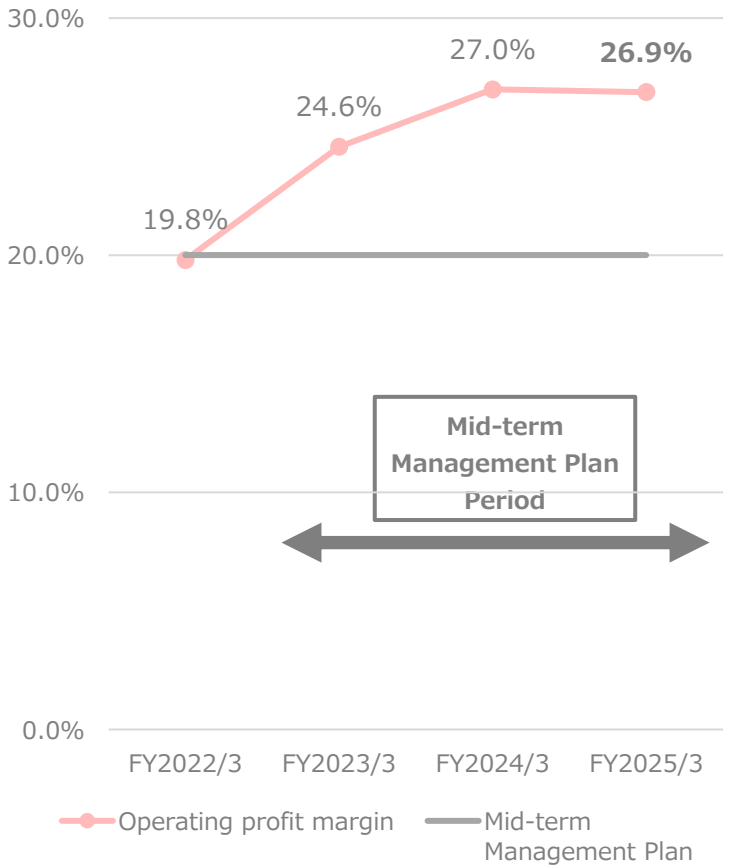
Capital Profitability and Market Evaluation

Financial Results for the Previous Medium-Term Management Plan (FY2023/3 to FY2025/3)

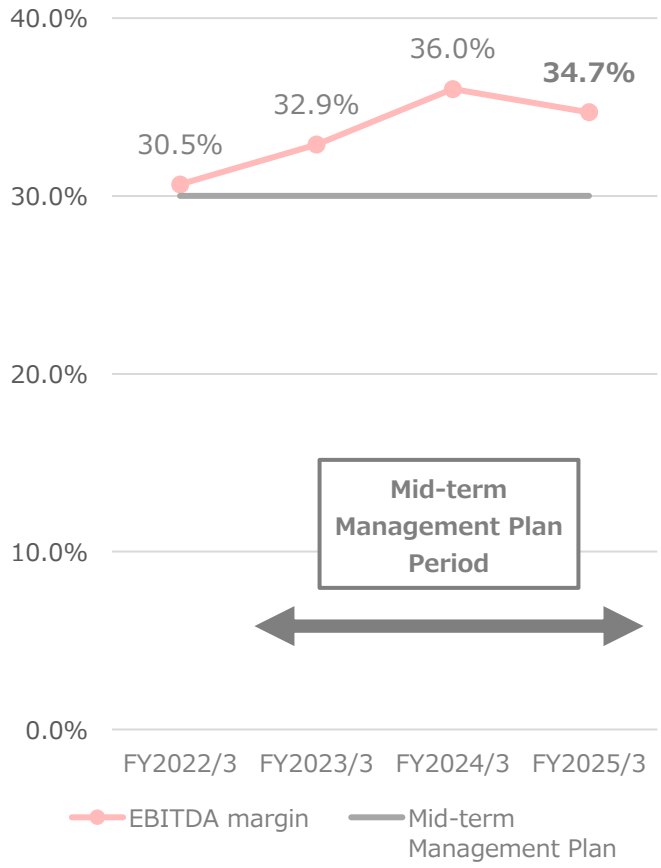
✓ Compound Annual Growth Rate of Sales



✓ Operating Profit Margin

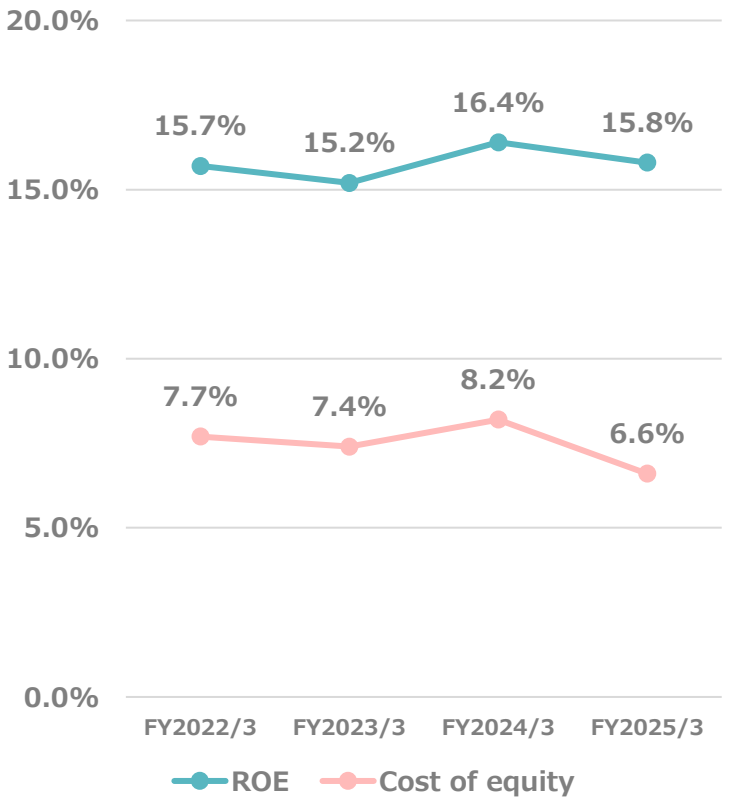


✓ EBITDA Margin

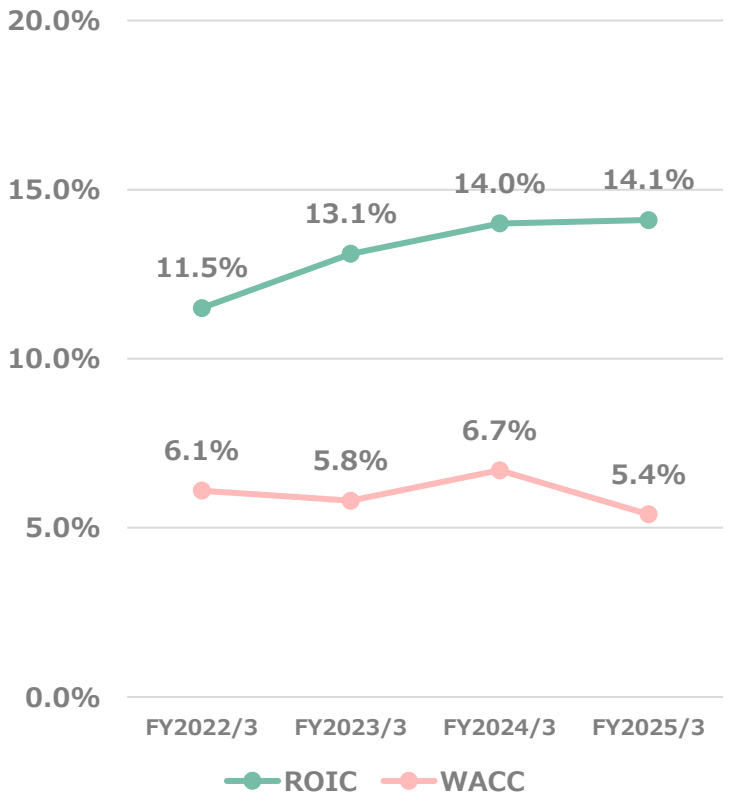


Capital Profitability and Market Evaluation

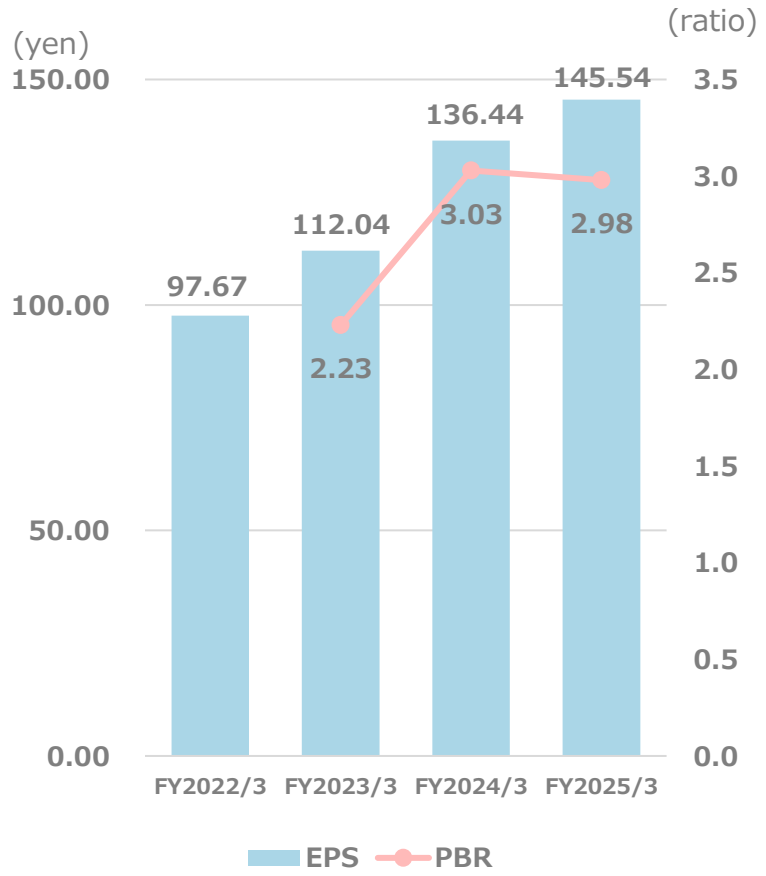
✓ ROE･Cost of Equity



✓ ROIC･WACC



✓ PBR*1･EPS*2



*1: PBR (Price-to-book ratio) = Share price / Net assets per share
*2: EPS (Earnings per share) = Net income / Average total number of shares outstanding during the period
Note: Cost of equity and WACC are assumed based on expert opinion.

Capital Efficiency and Leverage Indicators

	FY2024/3	FY2025/3	Year on Year
EBITDA margin	36.0%	**34.7%**	**▲1.3pt**
ROE*1	16.4%	**15.8%**	**▲0.6pt**
ROIC*2	14.0%	**14.1%**	**+0.1pt**
Net D/E ratio*3	0.1×	**0.1×**	**–**

Note: Details of adjustment process for each indicator are described on P70 and after
*1: ROE = Profit attributable to owners of parent / 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) / equity

【Reference】Reconciliation of EBITDA

(million yen)	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Operating profit	12,840	16,623	19,714	21,548
Depreciation (excluding non-operating expenses)	6,249	5,413	6,190	5,828
Amortization of goodwill	736	212	360	447
EBITDA	**19,826**	**22,250**	**26,265**	**27,826**
EBITDA margin	**30.5%**	**32.9%**	**36.0%**	**34.7%**

【Reference】Reconciliation of ROE

(million yen)	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Profit attributable to owners of parent	8,870	10,494	13,591	14,364
Equity*1	56,324	69,115	83,022	90,913
ROE	**15.7%**	**15.2%**	**16.4%**	**15.8%**

*1: 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).

【Reference】Reconciliation of ROIC

(million yen)	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Operating profit	12,840	16,623	19,714	21,548
Amortization of goodwill	736	212	360	447
Effective tax rate	30.6%	30.6%	30.6%	30.6%
NOPAT (Net Operating Profit After Taxes)	9,419	11,681	13,928	15,260
Net property, plant and equipment	60,286	69,943	80,519	85,271
Total investments and other assets	17,977	16,529	16,620	20,687
Total current assets (excluding cash and deposits)	13,525	13,964	14,657	17,559
Total current liabilities (excluding interest-bearing debt)	9,625	11,000	12,242	15,295
Invested capital at the beginning of the period	82,164	89,436	99,555	108,222
ROIC	**11.5%**	**13.1%**	**14.0%**	**14.1%**

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	FY2024/3	FY2025/3
Net Interest-bearing debt	21,518	9,987	9,075	13,816
Equity	59,743	78,487	87,557	94,269
Net D/E ratio	**0.4x**	**0.1x**	**0.1×**	**0.1×**

Power to Turn into Resources, Return to Nature

DAIEI KANKYO

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Official Account

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