



Power to Turn into Resources, Return to Nature

DAIEI KANKYO

FY2023/ 3 Financial Results

May 12, 2023



Executive Summary

Results	FY2023/3 Results	<ul style="list-style-type: none"> • Net sales 67,658 million yen (+ 4.1% year on year) • Operating income 16,623 million yen (+29.5% year on year)
	FY2024/3 Forecasts	<ul style="list-style-type: none"> • Net sales 71,037 million yen (+ 5.0 % year on year) • Operating income 16,140 million yen (▲ 2.9 % year on year)
Progress of Important Policies	FY2023/3 Results	<ul style="list-style-type: none"> • Methane fermentation facility <ul style="list-style-type: none"> ✓ Launched operation in Nov. 2022 (320 t/day) • Composting facility <ul style="list-style-type: none"> ✓ Launched operation in Oct. 2022 (92 t/day) • Controlled final disposal facilities <ul style="list-style-type: none"> ✓ Launched services on 3 sites this term, with permit granted for construction on one site (expansion for all sites) • Public-private partnership business <ul style="list-style-type: none"> ✓ Concluded an agreement in Feb. 2023 (third case) • Chemical recycling <ul style="list-style-type: none"> ✓ Launched business in Aug. 2022 to demonstrate gasification and methanolification • Corporate governance <ul style="list-style-type: none"> ✓ Established Sustainability Promotion Committee in Sep. 2022
	FY2024/3 Forecasts	<ul style="list-style-type: none"> • Incineration and power generation facility <ul style="list-style-type: none"> ✓ Will launch operation in Jun. 2023 (440 t/day) • Actions regarding the Law Concerning the Promotion of Resource Recycling of Plastics <ul style="list-style-type: none"> ✓ Business plan for recycling Accredited in April 2023 • Chemical recycling <ul style="list-style-type: none"> ✓ Completed demonstrating gasification and methanolification to examine commercialization, in March 2024

Agenda

1 About Daiei Kankyo Group

2 FY2023/3 Results

3 FY2024/3 Forecasts

4 Shareholder Returns

5 Growth Strategy




6 Appendix







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 Income	JPY 16.6 bn (Margin : 24.6%)
Employees*1	2,469 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	Net Income Attributable to Owners of Parent	JPY 10.4 bn (Margin : 15.5%)

Waste-related Business *4	Other Business *4 (Valuable Resource Recycling Business)
<ul style="list-style-type: none"> - Segment sales : JPY 65.4 bn (97% of net sales) - Segment profit : 16.7 bn 	<ul style="list-style-type: none"> - Segment sales : 2.1 bn (3 % of net sales) - Segment profit : 0.1 bn

<p>Waste management and recycling </p> <p>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</p> <p style="text-align: center;">83.5% of net sales</p>	<p>Soil remediation </p> <p>Propose solutions ranging from inspections and consulting to remediation based on the Soil Contamination Countermeasures Law</p> <p style="text-align: center;">8.8% of net sales</p>	<p>Aluminum pellets </p> <p>Manufacture and sell aluminum pellets made from aluminum cans purchased as resources and efficiently recycled with almost no environmental impact</p>
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<p>Facility construction and administration</p> 	<p>Consulting</p> 	<p>Electricity generation</p> 	<p>Forest management</p> 	<p>Other</p> 	<p>Recycled plastic pallets </p> <p>Manufacture and sell recycled plastic pallets made mainly from plastic container packaging</p>
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*1: Includes full-time and average temporary employee through the year

*2: Company headquarters

*3: EBITDA = Operating income + 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

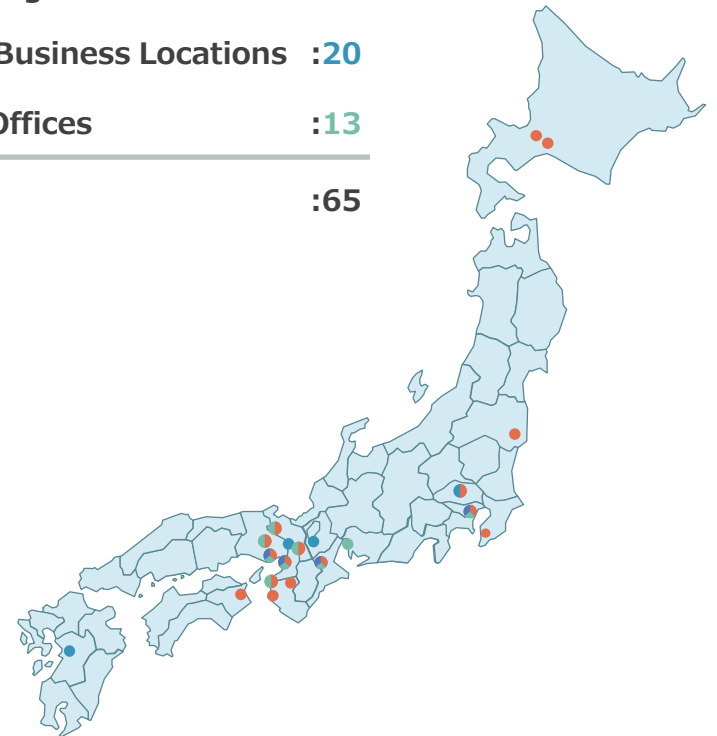
Daiei Kankyo

30 companies

Mie Chuo Kaihatsu	DINS Kansai	Kyodoh Doboku	Geo-Re Japan
Settsu Seiun	Safety Island	Kyoto Kankyo	Kobe Port Recycle
Daiei Amet	Settsu	Clean Stage	Sanki Kaihatsu
General Agriculture & Forestry	Resource Circulation Systems	Omihachiman Eco Service	Create Navi
Green Arrows Kansai	Software Total Service	Maruyo	DINS Environmental Analysis Center
Ashiya Josui	ISV Japan	Daiei Kankyo Research Institute	DINS Hokkaido
Plafactory	Tohoku Eco Clean	DINS Mirai	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

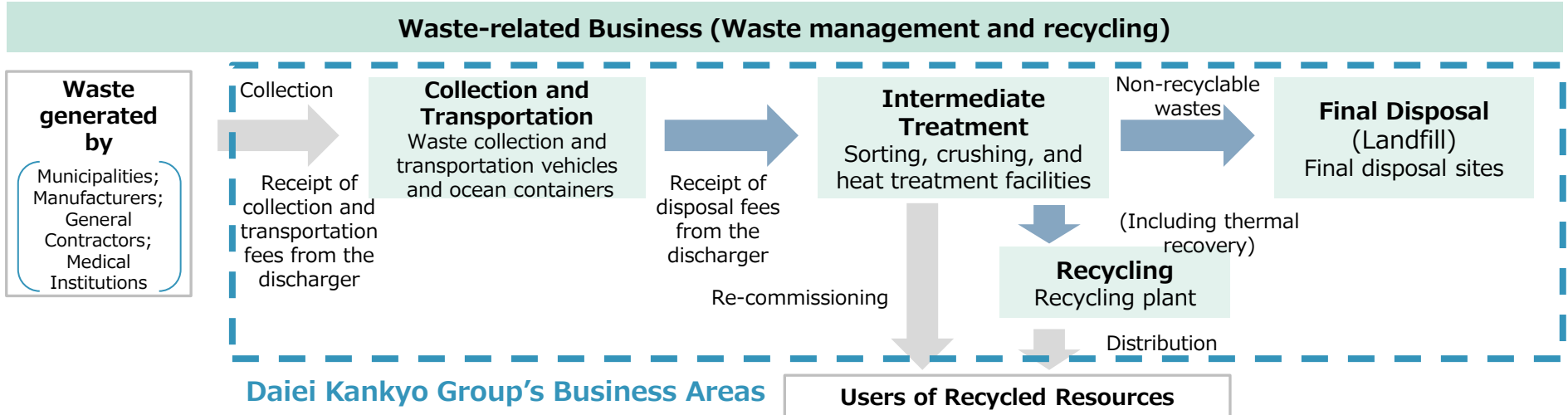


*1 : As of March. 31, 2023. In addition to the consolidated subsidiaries listed above, there are 2 non-consolidated subsidiaries, 5 affiliates accounted for by the equity method and 7 other affiliates.

*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)

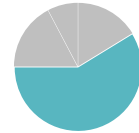
Business Model of each segment



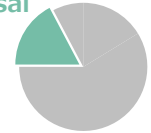
Advantages of a One-Stop Service System for Waste-related Business



Collection and Transportation



Intermediate Treatment·Recycling



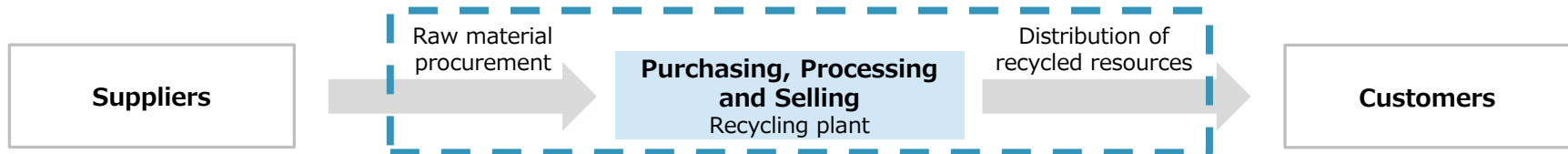
Final Disposal

Growing needs from waste generators among the demand for transparency in waste disposal

Owning large incineration facilities and final disposal sites that are difficult to obtain permits for and have high profit margins

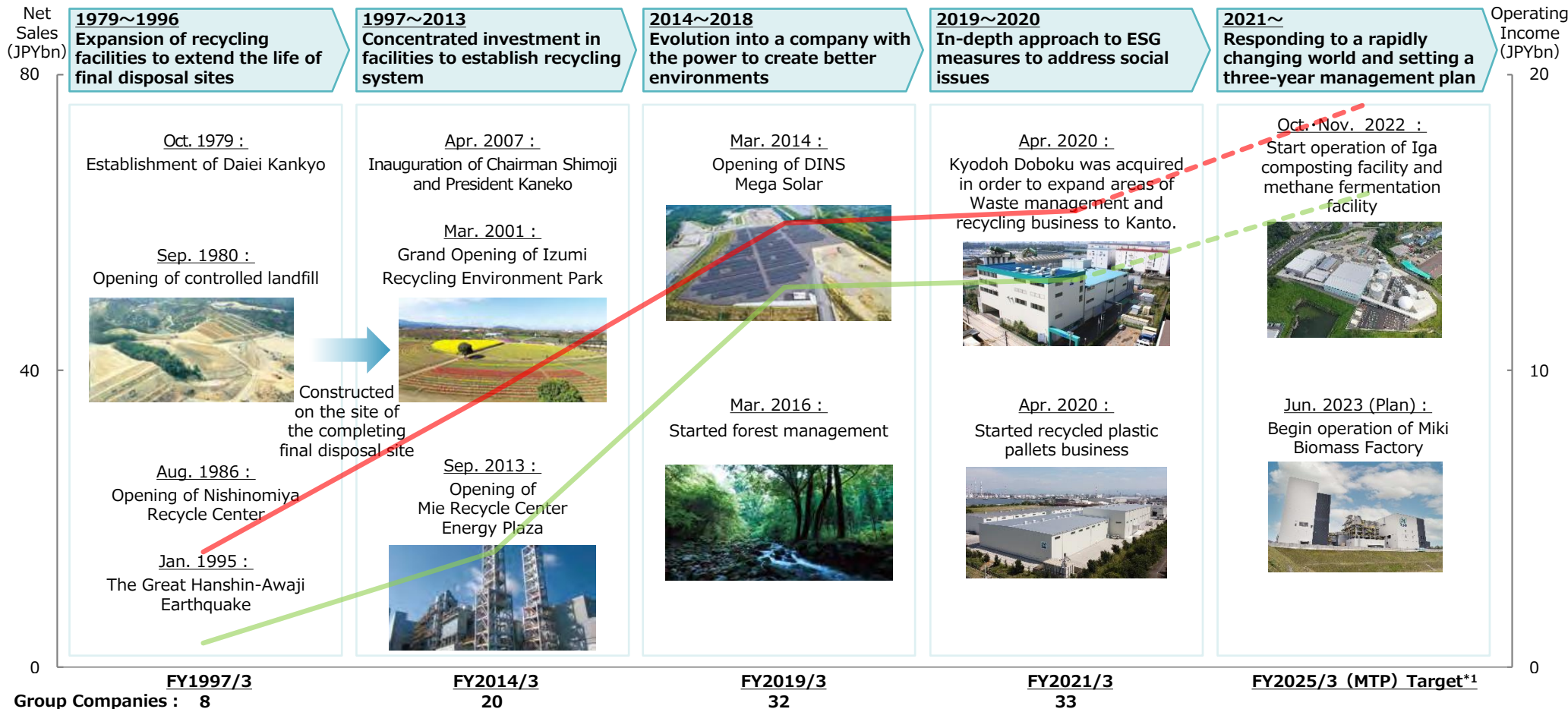
Avoiding decline in profitability due to outsourcing

Other Business (Valuable Resource Recycling Business)



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 P41 for mid-term management plan targets.

Note: The line graph on the back shows the historical net sales and operating income. ■ : Net Sales. ■ : Operating income

Excluding FY 2021/3 results and FY 2025/3 (MTP) targets, net sales and operating income 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. FY2023/3 Results

FY2023/3 Results

Consolidated Statements of Income

(million yen)	FY2022/3	FY2023/3	Year-on-year
Net sales	64,992	67,658	+ 4.1%
Operating income	12,840	16,623	+ 29.5%
Operating income margin	19.8%	24.6%	+ 4.8pt
EBITDA	19,826	22,250	+ 12.2%
EBITDA margin	30.5%	32.9%	+ 2.4pt
Net income attributable to owners of parent	8,870	10,494	+ 18.3%
Net income margin attributable to owners of parent	13.6%	15.5%	+ 1.9pt

FY2023/3 Results

Consolidated Statements of Income (for each quarter)

(million yen)	FY2023/3 1Q	FY2023/3 2Q	FY2023/3 3Q	FY2023/3 4Q	FY2023/3 Full-year
Net sales	16,174	16,318	17,296	17,869	67,658
Operating income	3,389	3,757	4,111	5,365	16,623
Operating income margin	21.0%	23.0%	23.8%	30.0%	24.6%
EBITDA	4,743	5,167	5,600	6,738	22,250
EBITDA margin	29.3%	31.7%	32.4%	37.7%	32.9%
Net income attributable to owners of parent	2,387	2,376	2,443	3,286	10,494
Net income margin attributable to owners of parent	14.8%	14.6%	14.1%	18.4%	15.5%

FY2023/3 Results

By Segment

(million yen)	FY2022/3	FY2023/3	Year-on-year
Waste-related Business			
Net sales	63,154	65,472	+ 3.7%
Segment profit	12,975	16,715	+ 28.8%
Segment profit margin	20.5%	25.5%	+ 5.0pt
Other Business (Valuable Resource Recycling Business)			
Net sales	1,838	2,185	+ 18.9%
Segment profit	106	134	+ 26.4%
Segment profit margin	5.8%	6.2%	+ 0.4pt

FY2023/3 Results

By Segment (for each quarter)

(million yen)	FY2023/3 1Q	FY2023/3 2Q	FY2023/3 3Q	FY2023/3 4Q	FY2023/3 Full-year
Waste-related Business					
Net sales	15,532	15,797	16,782	17,360	65,472
Segment profit	3,367	3,796	4,149	5,401	16,715
Segment profit margin	21.7%	24.0%	24.7%	31.1%	25.5%
Other Business (Valuable Resource Recycling Business)					
Net sales	642	520	514	509	2,185
Segment profit	59	13	36	25	134
Segment profit margin	9.3%	2.6%	7.0%	5.0%	6.2%

FY2023/3 Results

Net Sales by Business Domain

(million yen)	FY2022/3	FY2023/3	Year-on-year
Waste-related Business			
Waste management and recycling	56,263	56,489	+ 0.4%
Soil remediation	3,915	5,970	+ 52.5%
Other	2,975	3,012	+ 1.2%
Other Business (Valuable Resource Recycling Business)			
Aluminum pellets	1,394	1,624	+ 16.5%
Recycled plastic pallets	443	561	+ 26.6%

FY2023/3 Results

Net Sales by Business Domain (for each quarter)

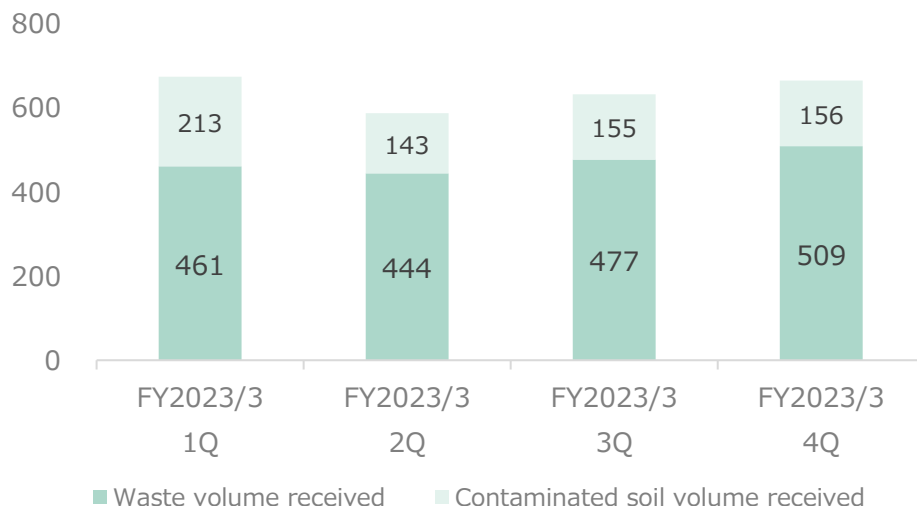
(million yen)	FY2023/3 1Q	FY2023/3 2Q	FY2023/3 3Q	FY2023/3 4Q	FY2023/3 Full-year
Waste-related Business					
Waste management and recycling	13,856	13,448	14,428	14,755	56,489
Soil remediation	1,353	1,357	1,694	1,565	5,970
Other	322	991	659	1,038	3,012
Other Business (Valuable Resource Recycling Business)					
Aluminum pellets	505	381	373	363	1,624
Recycled plastic pallets	136	138	140	145	561

FY2023/3 Results

Volume of Waste and Contaminated Soil Received

(thousand tons)	FY2022/3	FY2023/3	Year-on-year
Waste volume received	1,901	1,893	▲0.4%
Contaminated soil volume received	406	668	+64.3%

(thousand tons) Waste volume received (for each quarter)



Waste volume received

- With the recovery of economy since last fall, the waste volume received during the fourth quarter increased compared to the previous quarter. However, for the full year, the volume decreased by 0.4%, making it almost the same as the previous year.

Contaminated soil volume received

- The volume received significantly increased due to receiving spot orders in a wide range of areas, including redevelopment construction in the Kansai region.

FY2023/3 Results

Capital Expenditures, Depreciation, and Amortization of goodwill

(million yen)	FY2022/3	FY2023/3	Year-on-year
Capital expenditures	17,659	12,934	▲4,724
Depreciation	6,249	5,413	▲835
Amortization of goodwill	736	212	▲523

Capital expenditures

- Investments in Iga Recycle Center, Miki Biomass Factory, and final disposal sites of subsidiaries have been made in accordance with plans

Depreciation

- Depreciation started in April 2023 for the methane fermentation facility at Iga Recycle Center, which started operating last fall after the completion of a test run

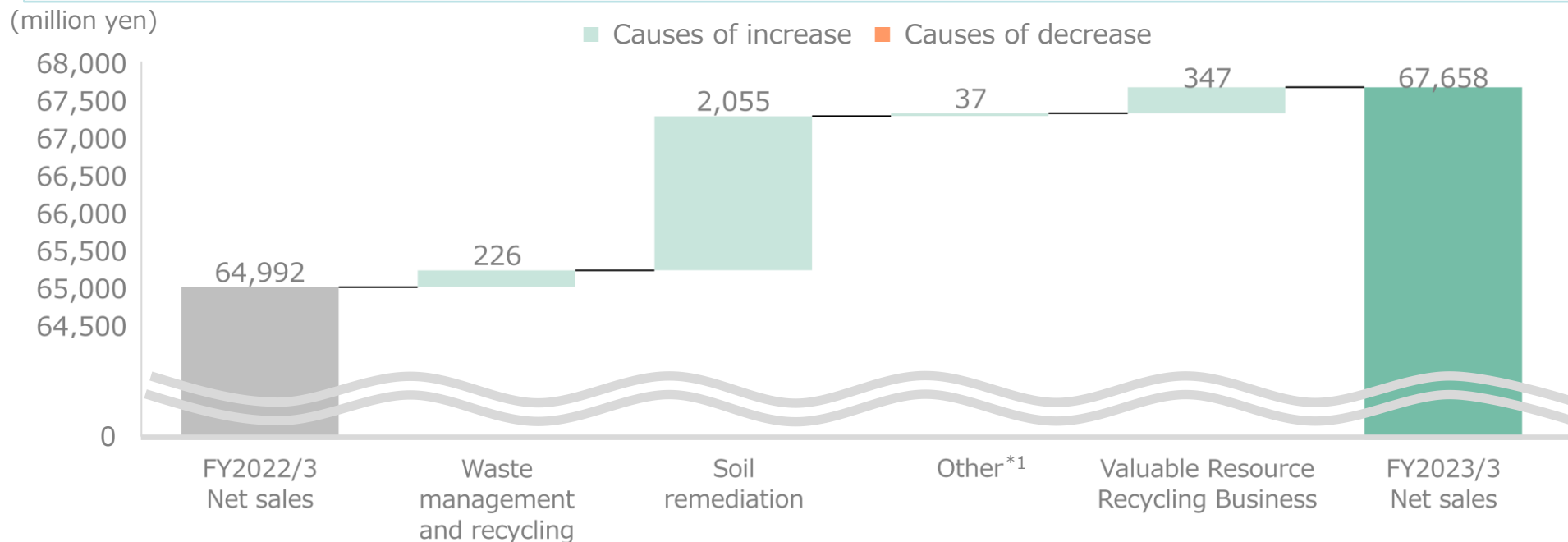
Amortization of goodwill

- Amortization of Kyodoh Doboku, a subsidiary company, completed in FY 2022/ 3

FY2023/3 Results

Consolidated Net sales Change Factors

- ✓ Waste management and recycling : During the first half, waste volume received decreased due to the stagnation of economic activities affected by the rising prices of energy, parts and materials. The volume recovered in the second half due to the economic recovery since last fall, resulting in almost the same level as the previous year
- ✓ Soil remediation : The volume received significantly increased due to receiving spot orders over a wide range of areas, including redevelopment construction in the Kansai region
- ✓ Valuable Resource Recycling Business : With aluminum market prices remaining high, amount of sales for aluminum pellets has increased; sales volume for recycled plastic pallets has increased due to the enhancement of production lines

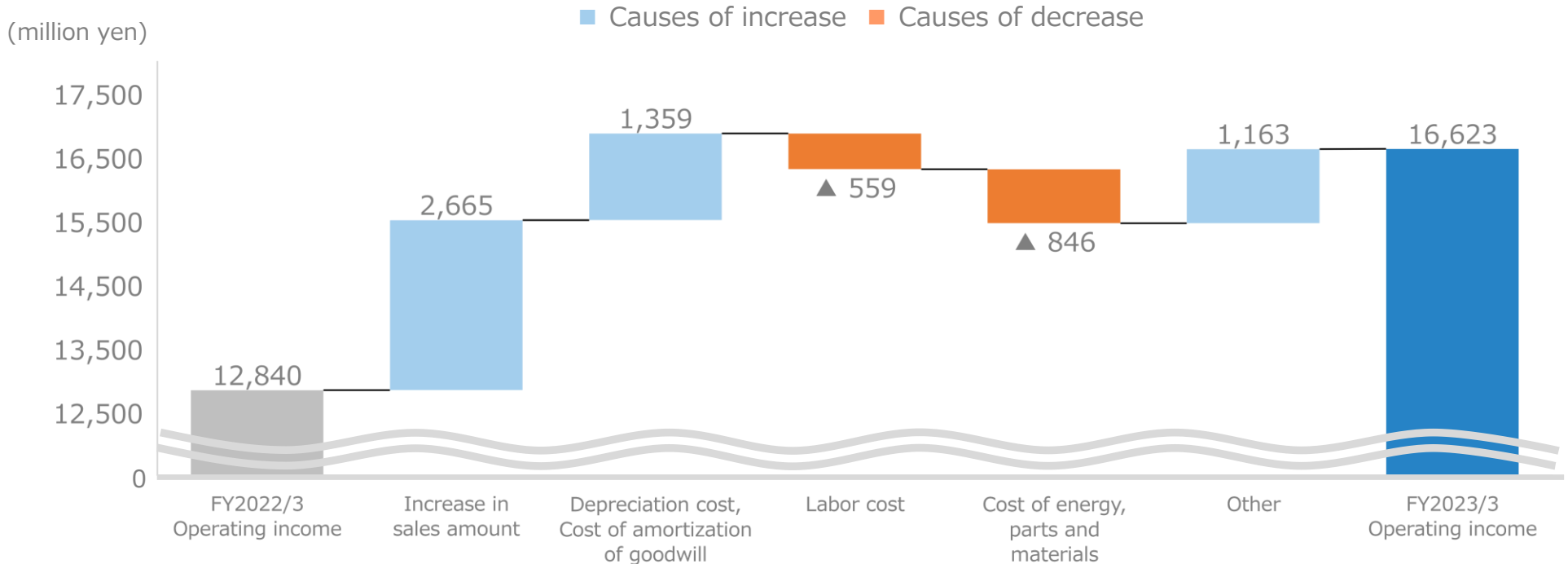


*1: The figure for "Other" includes those for the business fields other than the waste management and recycling, and soil remediation in the waste--related businesses

FY2023/3 Results

Consolidated Operating Income Change Factors

- ✓ Depreciation cost and amortization cost for goodwill decreased
- ✓ Costs increased due to the rising prices of energy, parts and materials affected by the deterioration of the situation in Ukraine
- ✓ Succeeded in containing other costs by improving revenues of subsidiaries



FY2023/3 Results

Consolidated Balance Sheet

(million yen)	End of FY2022/3	End of FY2023/3	Year-on-year
Cash and deposits	57,845	51,410	▲6,435
Trade notes and accounts receivable	9,409	10,089	679
Other	4,554	4,568	13
Current assets	71,810	66,068	▲5,742
Property, plant and equipment	69,943	80,519	10,576
Goodwill	1,025	812	▲212
Other	15,503	15,807	303
Non-current assets	86,472	97,139	10,667
Deferred asset	0	407	407
Total assets	158,282	163,615	5,333
Interest-bearing liabilities	79,812	63,403	▲16,408
Other liabilities	18,399	21,242	2,843
Total liabilities	98,211	84,646	▲13,565
Total equity	60,070	78,969	18,898
Total liabilities and equity	158,282	163,615	5,333

Property, plant and equipment

- Increased due to deliberate capital expenditure

Total Equity

- Common stock and legal capital surplus increased by 5,348 million yen each by acquiring funds through initial listing

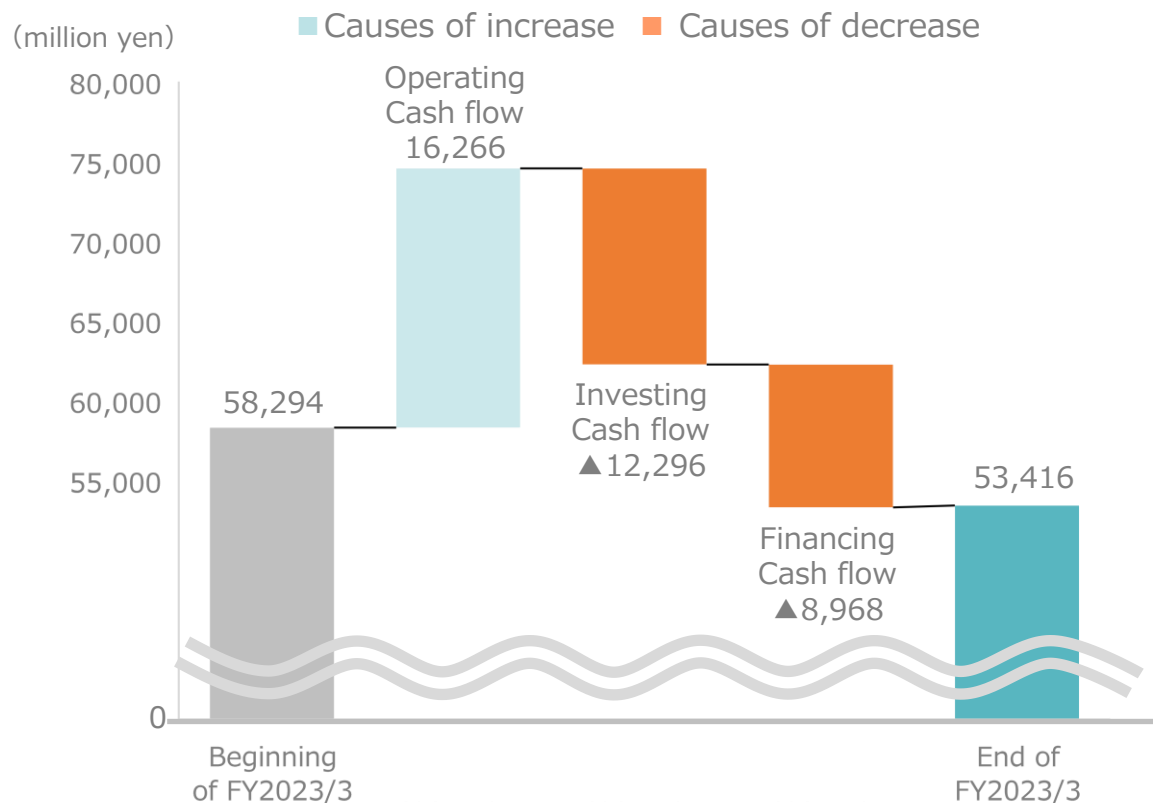
Cash and deposits and Interest-bearing liabilities

- Systematically reduced the amount of retention for cross-trading

FY2023/3 Results

Statements of Cash Flow

✓ Free cash flow was 3,970 million yen, with an increase by 2,370 million yen year-on-year



Cash flow from operating activities

- Income before income taxes +16,459
- Depreciation cost +5,413
- Income taxes paid ▲6,081

Cash flow from investing activities

- Purchase of property, plant and equipment ▲12,934

Cash flow from financing activities

- Repayments of long-term borrowings ▲15,348
- Proceeds from issuance of shares +10,239
- Dividends paid ▲2,747

Note: Causes of increase/decrease comparing the beginning and end of FY2023/3 include, in addition to the CFs described in the chart, effect of exchange rate change on cash and cash equivalents (+120)

FY2023/3 Results

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	0.4x	0.1x	▲0.3x

Note: Details of adjustment process for each index are described on P55 and after

*1: ROE = Net income 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

3. FY2024/3 Forecasts

FY2024/3 Forecasts

Planning Points

Sales

Anticipating an increase in the amount of discharge of waste and contaminated soil due to the full-fledged launch of large-scale development constructions, including the Osaka-Kansai Japan Expo

With the full-fledged launch of large-scale facilities, anticipating an increase in the volume to receive

With an aim to decarbonize and shift to a circular economy, developing sales activities using the facilities certified pursuant to the Law Concerning the Promotion of Resource Recycling of Plastics

Profit

Depreciation cost is anticipated to increase due to the launch of operation of large-scale facilities, and other costs are also assumed to increase

FY2024/3 Forecasts

Consolidated Statements of Income

(million yen)	FY2022/3	FY2023/3	FY2024/3 Forecasts	Year-on-year
Net sales	64,992	67,658	71,037	+5.0%
Operating income	12,840	16,623	16,140	▲2.9%
Operating income margin	19.8%	24.6%	22.7%	▲1.9pt
EBITDA	19,826	22,250	22,810	+2.5%
EBITDA margin	30.5%	32.9%	32.1%	▲0.8pt
Net income attributable to owners of parent	8,870	10,494	10,416	▲0.7%
Net income margin attributable to owners of parent	13.6%	15.5%	14.7%	▲0.8pt

FY2024/3 Forecasts

By Segment

(million yen)	FY2022/3	FY2023/3	FY2024/3 Forecasts	Year-on-year
Waste-related Business				
Net sales	63,154	65,472	69,078	+5.5%
Segment profit	12,975	16,715	16,260	▲2.7%
Segment profit margin	20.5%	25.5%	23.5%	▲2.0pt
Other Business (Valuable Resource Recycling Business)				
Net sales	1,838	2,185	1,959	▲10.4%
Segment profit	106	134	143	+6.6%
Segment profit margin	5.8%	6.2%	7.3%	1.1pt

FY2024/3 Forecasts

Net Sales by Business Domain

(million yen)	FY2022/3	FY2023/3	FY2024/3 Forecasts	Year-on-year
Waste-related Business				
Waste management and recycling	56,263	56,489	60,039	+ 6.3%
Soil remediation	3,915	5,970	5,938	▲ 0.5%
Other	2,975	3,012	3,099	+ 2.9%
Other Business (Valuable Resource Recycling Business)				
Aluminum pellets	1,394	1,624	1,352	▲ 16.7%
Recycled plastic pallets	443	561	606	+ 8.1%

FY2024/3 Forecasts

Volume of Waste and Contaminated Soil Received

(thousand tons)	FY2022/3	FY2023/3	FY2024/3 Forecasts	Year-on-year
Waste volume received	1,901	1,893	1,992	+5.2%
Contaminated soil volume received	406	668	635	▲4.9%

Waste volume received

- Waste volume received is expected to increase due to the full-fledged launch of operation of Iga Methane Fermentation Facility and Miki Biomass Factory

Contaminated soil volume received

- With the continued intake of large-scale spot orders, including redevelopment constructions, the volume received is expected to remain in the same level as FY2023/3

FY2024/3 Forecasts

Capital Expenditures, Depreciation, and Amortization of goodwill

(million yen)	FY2022/3	FY2023/3	FY2024/3 Forecasts	Year-on-year
Capital expenditures	17,659	12,934	14,391	+ 1,457
Depreciation	6,249	5,413	6,472	+ 1,059
Amortization of goodwill	736	212	197	▲ 15

Capital expenditures

- Investing for sustainable growth^{*1} in accordance with plans

Main investments for growth: Miki Biomass Factory 4,186 million yen
 Mie Chuo Kaihatsu 8th period final disposal site (2nd period of construction) 1,726 million yen

Depreciation

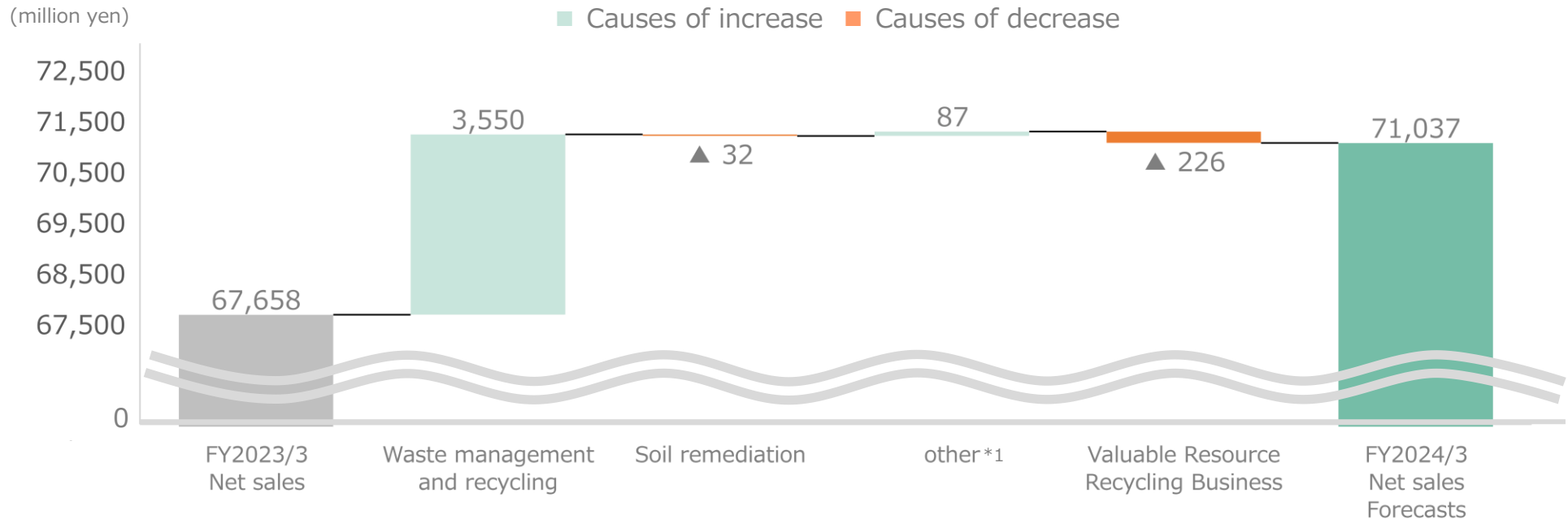
- Depreciation will start for Iga Methane Fermentation Facility and Miki Biomass Factory

*1: Please refer to P45 for the details of the investment plan aimed at sustainable growth

FY2024/3 Forecasts

Consolidated Net sales Change Factors

- ✓ Waste management and recycling : Anticipating revenue increase with full-fledged operation of Iga Methane Fermentation Facility and Miki Biomass Factory
- ✓ Soil remediation : With the continued intake of large-scale one-off orders, including redevelopment constructions, anticipating the sales level to remain the same
- ✓ Valuable Resource Recycling Business : Anticipating revenue decrease due to the weak market rate of aluminum

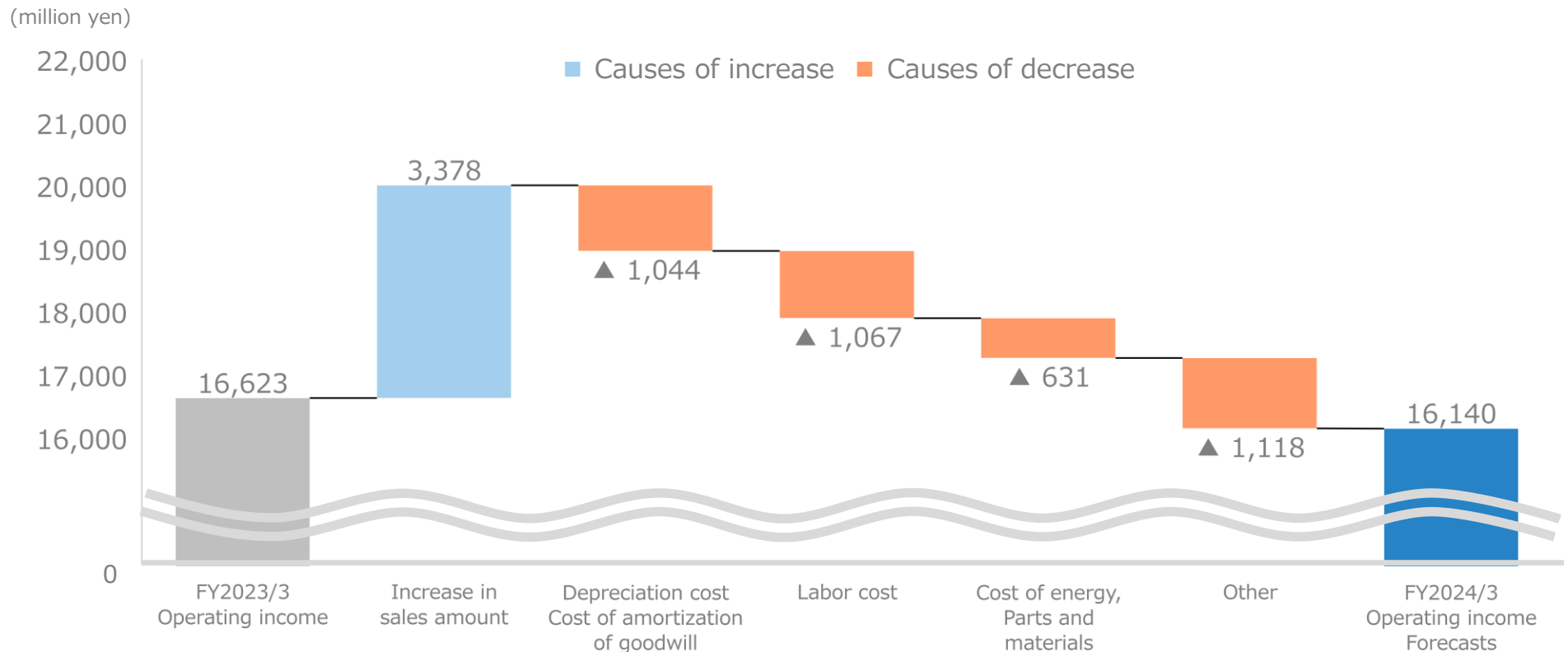


*1: The figure for "Other" includes those for the business fields other than the waste management and recycling, and soil remediation in the waste-related businesses

FY2024/3 Forecasts

Consolidated Operating Income Change Factors

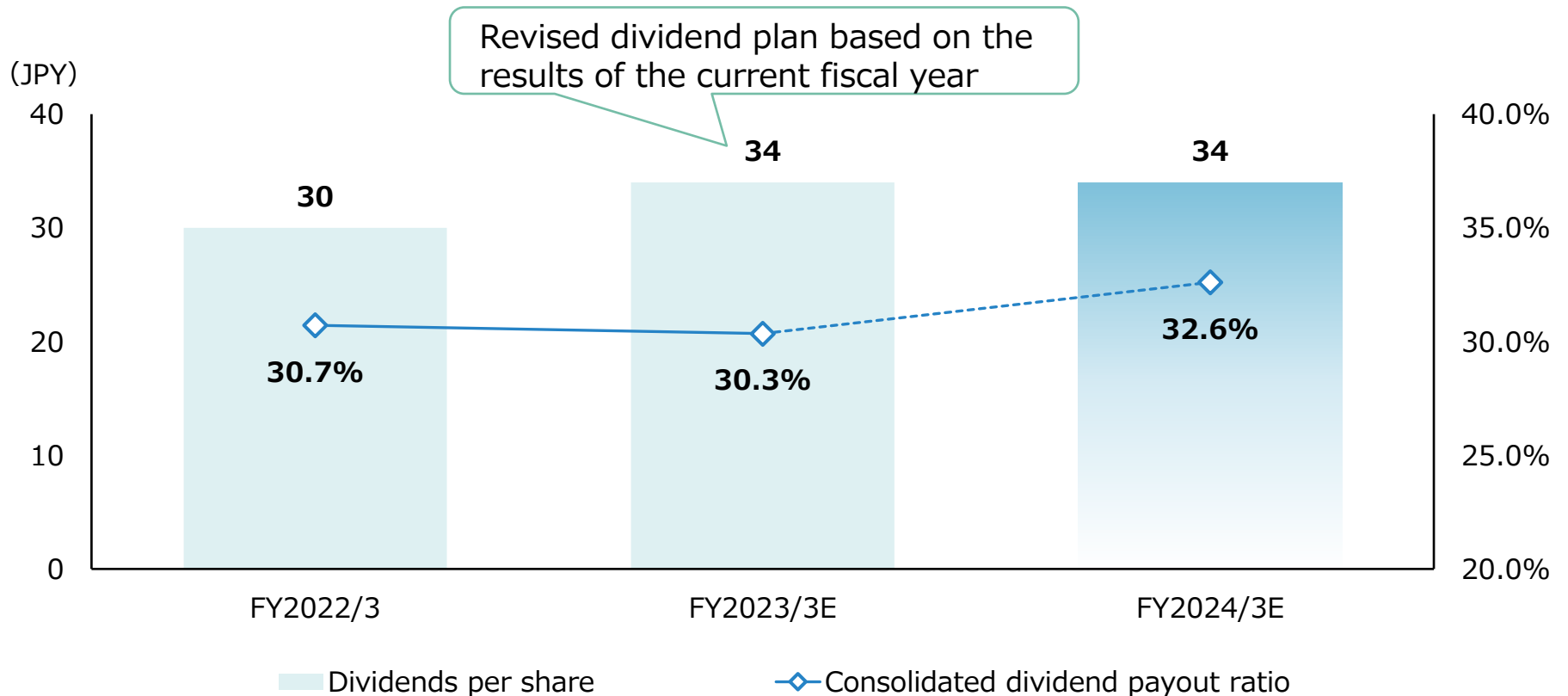
- ✓ Depreciation costs will increase due to the start of depreciation of Iga Methane Fermentation Facility and Miki Biomass Factory
- ✓ Continuing high energy costs, parts and materials prices, and other costs are assumed to increase



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.

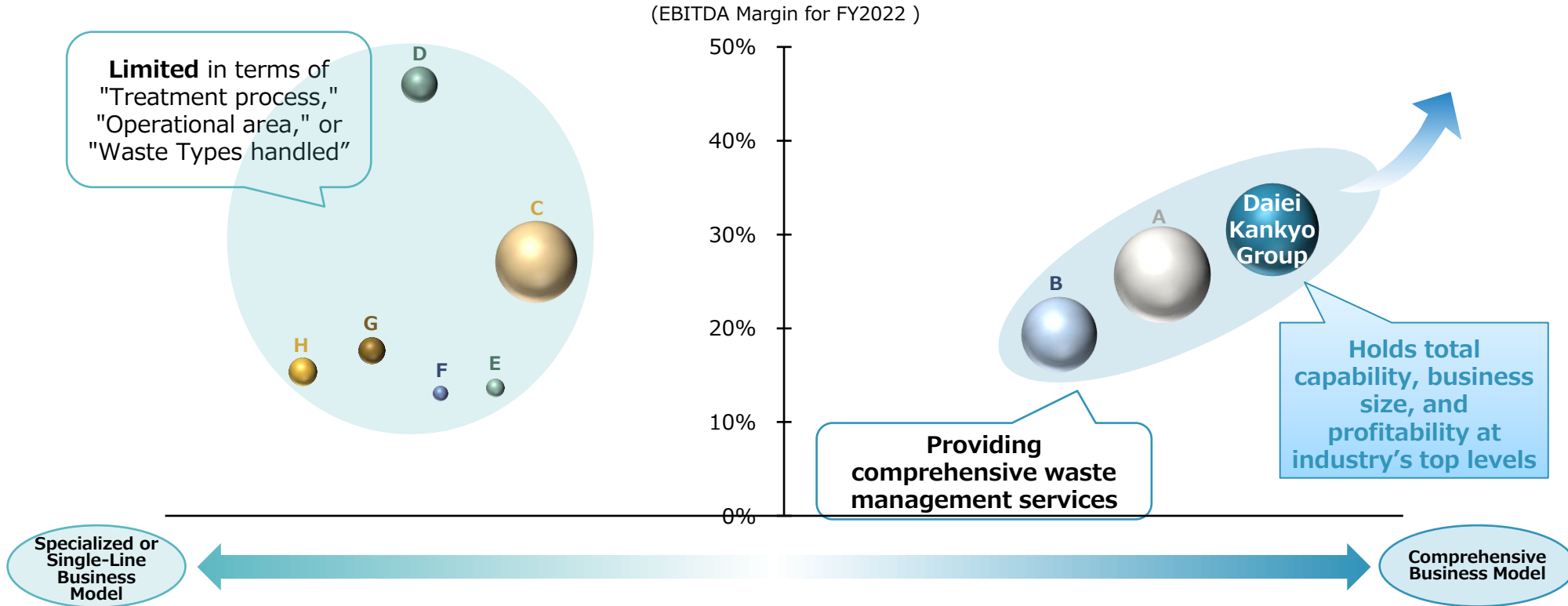


5. Growth Strategy

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.

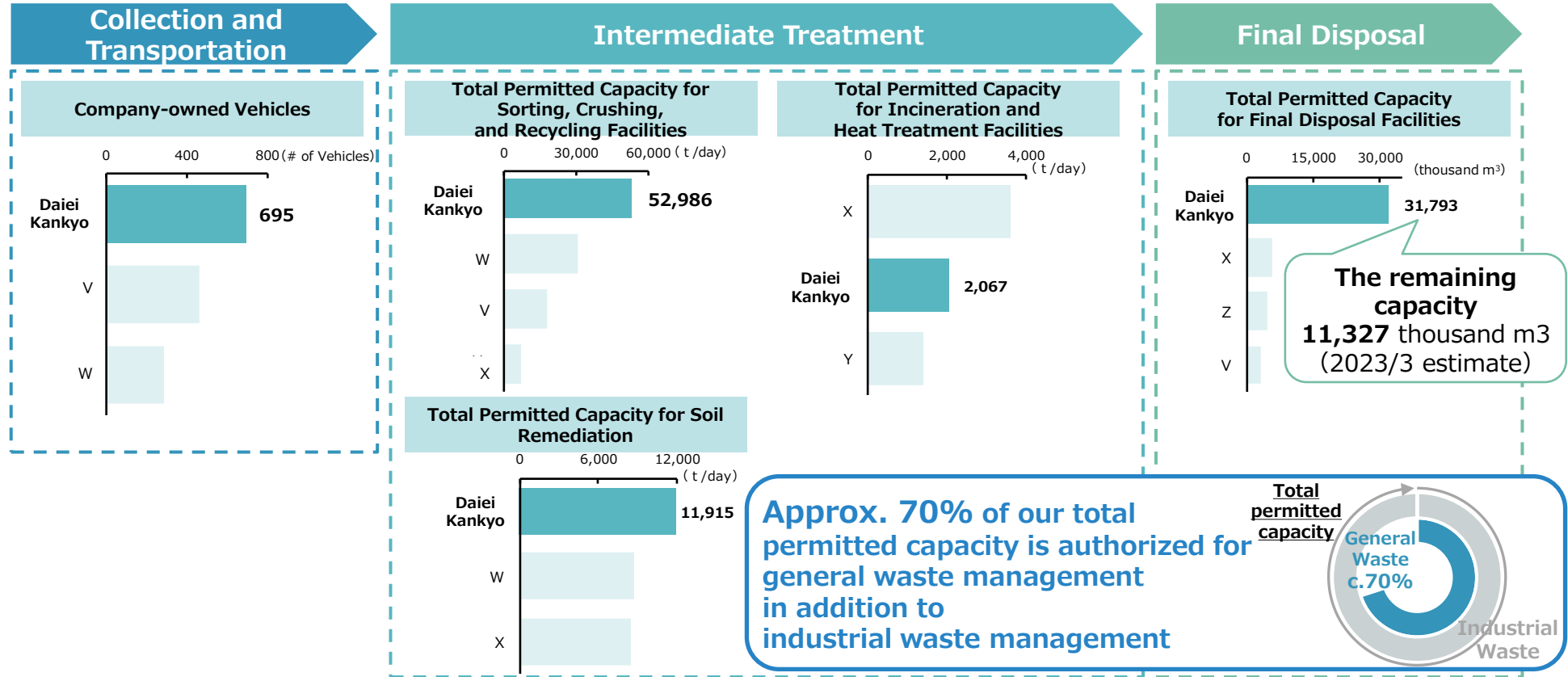


Note: The size of the bubbles indicates EBITDA for the FY2022
 The Analysis of "Comprehensive Business Model" and "Specialized or Single-Line Business Model" is based on our own categorizations of the market.
 EBITDA and EBITDA margin of the other companies are calculated by us in accordance with the 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 March. 31, 2023)



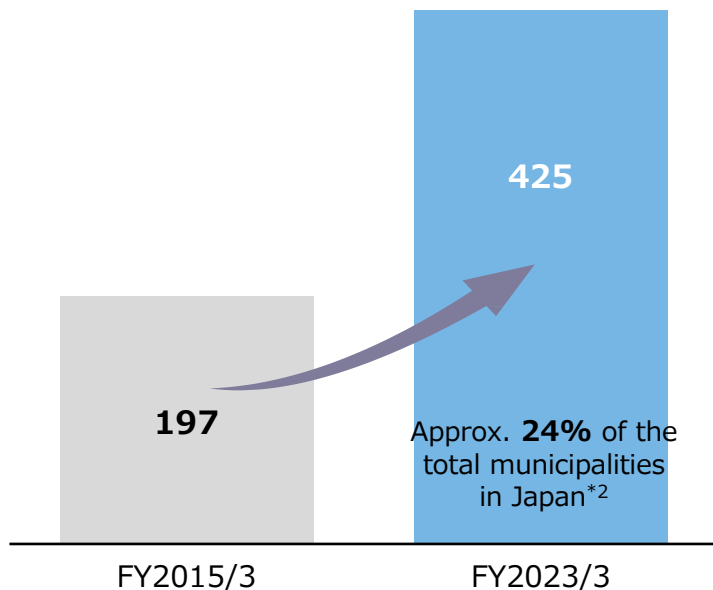
*1: Listed companies and subsidiaries of listed companies (Figures for non-listed subsidiaries of each company for which information is available are also included) in the waste management and recycling industry.
 *2: Total permitted capacity refers to the treatment capacity that has been permitted by 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 Mar 31, 2023); "Industrial Wastes Information Network" of Japan Industrial Waste Management Foundation and a website of Japan Disaster Treatment Systems

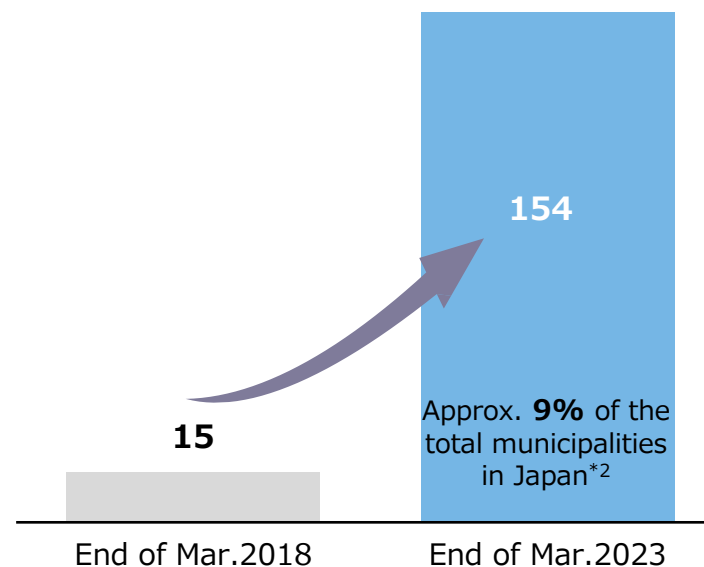
of Municipalities We Work with

of Municipalities We Work with / # of Disaster Cooperation Agreements

of Municipalities We Work with*1



of Disaster Cooperation Agreements with Municipalities



- In Sep. 2013, the Mie Recycle Center Energy Plaza, the Group's largest facility capable of handling general waste, began operation. Daiei Kankyo has been expanding business with local governments since then.
- Increased number of temporary processing contracts, such as for facility troubles, to build up a track record and trust

- Implemented disaster waste management for c.60 municipalities affected by the northern Osaka earthquake, torrential rains in western Japan, and Typhoon No. 21, which occurred in FY2019/3
- A sharp increase in the number of agreements signed with Daiei Kankyo, which has a proven track record in responding to disasters, which are becoming more frequent and larger in scale

*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.

Sources: Portal Site of Official Statistics of Japan (e-Stat)

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% 	<p>Major Customer Categories*1 (FY2023/3 Sales Composition)</p>	<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 	<p>Responsibility</p>	<ul style="list-style-type: none"> Municipalities
<ul style="list-style-type: none"> 392 mn tons 	<p>Emissions (FY2020)</p>	<ul style="list-style-type: none"> 41 mn tons
<p>Industrial waste management JPY 2,510.7 bn</p>	<p>Our Estimate TAM*2 (FY2020)</p>	<p>General waste management *4 JPY 1,690.4 bn</p>
<p>Recycling*3 JPY 3,017.4 bn</p>		<p>Disaster waste management JPY 56.0 bn</p>

*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 "Industrial Waste Discharge and Disposal (Preliminary Figures for FY2020)", "Results of Survey on General Waste Disposal Business in FY2020", "Industrial Wastes Information Network" of Japan Industrial Waste Management Foundation, "Waste Disposal Technology Information" of Ministry of the Environment, Report on the Market Size and Employment of the Environmental Industry (2022/3)", "waste management in Japan (FY2020/3)"

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 147 companies	# of companies c.152 companies	# of companies 682 companies
	Public Sector *1		# of facilities 999	# of facilities 1,087 PPP Growth Opportunity		# of facilities 1,075 (in operation)

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.

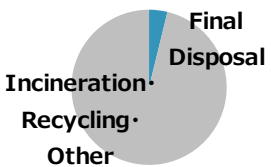
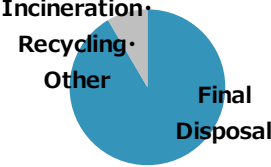
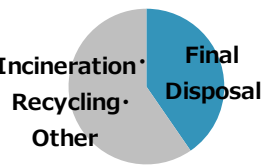
*1: # of industrial waste operators as of May 16, 2022 excluding # of soil remediation operators as of Feb. 2023 and incineration and heat treatment operators as of Mar. 31, 2023. # of general waste facilities based on FY2020A

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 2020)	JPY 7.2 tn		JPY 13.1 tn		JPY 14.7 tn	
Net Sales of Major Listed Companies for FY2022*2 (Unit: JPY bn)	DOWA HD*3	83.1	Waste Management	2,364.6	Veolia Environnement*3	1,582.4
	TRE HD	68.2	Republic Services	1,489.5		
	Daiseki	56.8	Waste Connections	811.2	Suez*3	1,039.3
	Total	208.2	Total	4,665.3	Total	2,621.7
	% of Market Size*4	2.9%	% of Market Size*4	35.7%	% of Market Size*4	17.8%
Proportion of Final Disposal (based on weight; As of 2016)						

Note : Converted into yen at the exchange rates as of Dec. 30, 2022 (1USD=131.9JPY, 1EUR=140.9JPY)

*1: MARKETSANDMARKETS "WASTE MANAGEMENT MARKET GLOBAL FORECAST TO 2026" (Japan: 25.9 USD bil, US: 99.0 USD bil, Europe: 111.5 USD bil). For the Japanese market, the market size is calculated as the sum of four markets in FY2020, for which data is provided by the Ministry of Environment: industrial waste management, recycling, general waste management, and disaster waste. Please see P38 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: 3 Japanese companies for FY2022, 5 U.S. and European companies for FY2021/12

*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 (2022/3)", "waste management in Japan (FY2020/3)"

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)

<p>Net sales compound annual growth rate*1 (FY2022/3 to FY2025/3)</p>	<p>5 to 6%</p>
<p>EBITDA margin (FY2025/3)</p>	<p>30% or higher</p>
<p>Operating income margin (FY2025/3)</p>	<p>Approx. 20%</p>

Examples of Factors Not Included the Financial Targets



*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

Scheduled to begin operations in Jun. 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
(Amount equivalent to electricity consumption of approximately 28,000 average households)



Currently under construction

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

Capacity of Heat Treatment

End of FY2022/3	End of FY2030/3 (Target)
2,067 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

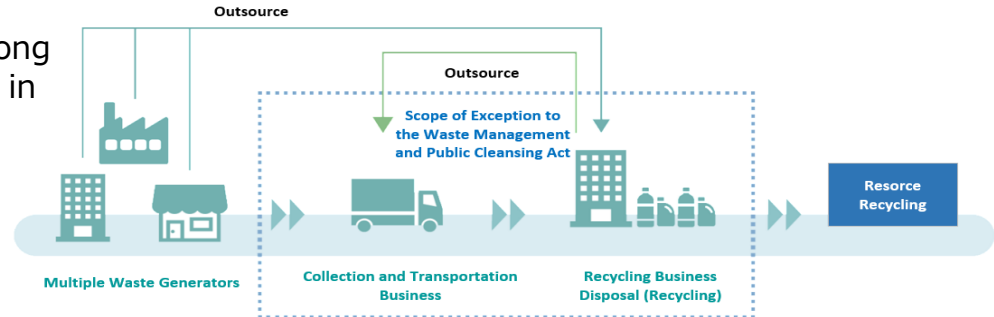
*1: CCU stands for "Carbon dioxide Capture and Utilization," which aims to reduce carbon emissions by replacing products such as conventional fossil fuel-derived fuels and chemicals with products made from CO2

Initiatives to Promote Carbon Neutrality

Initiatives regarding “The Law Concerning the Promotion of Resource Recycling of Plastics”

- ✓ “The Law Concerning the Promotion of Resource Recycling of Plastics” 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

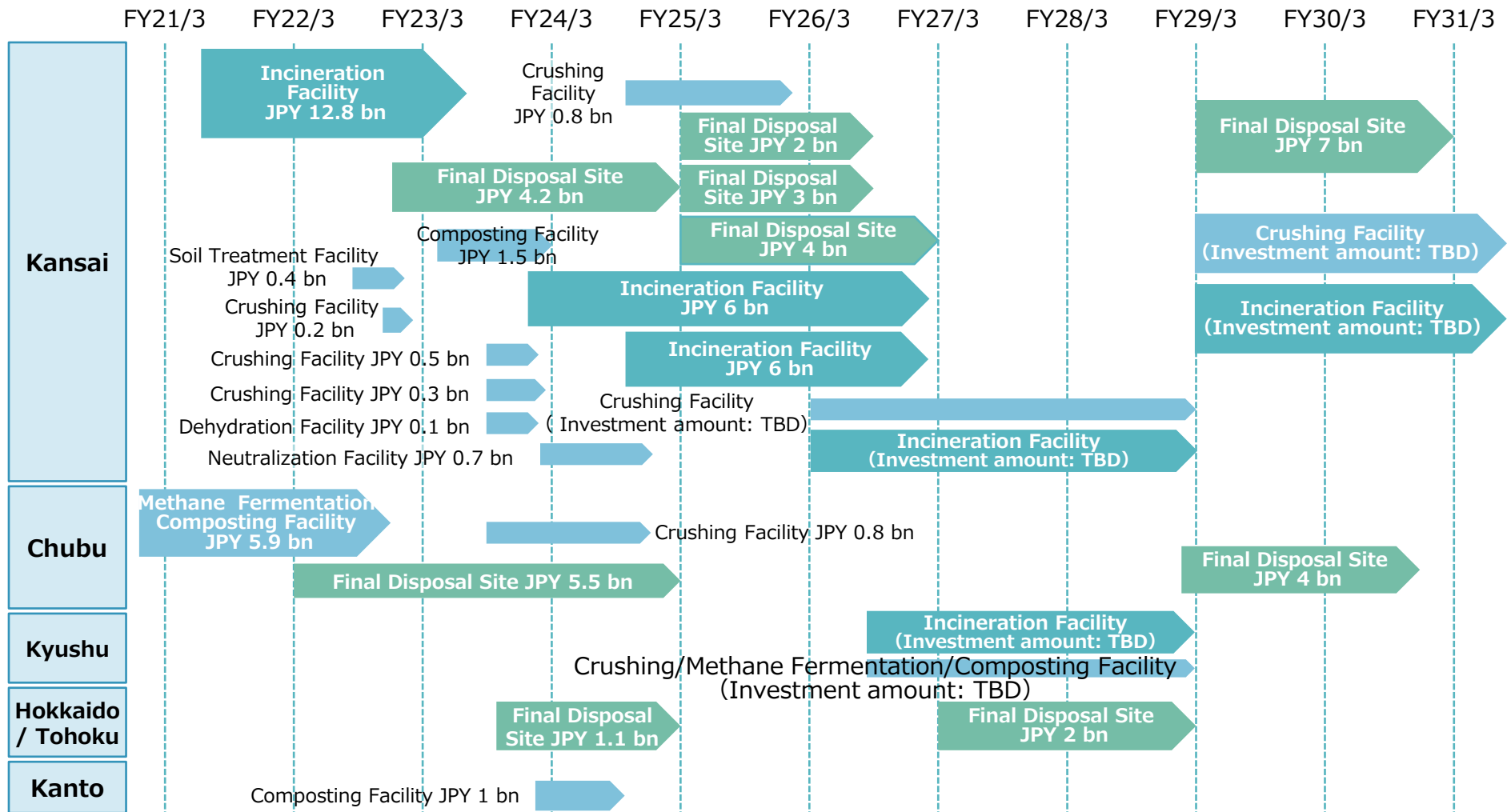
Previous Case①: Kamimashiki-gun, Kumamoto		Previous Case②: Aioi, Hyogo		Previous Case③: Tadaoka, Osaka	
Date of Agreement	✓ Oct. 2021	Date of Agreement	✓ Oct. 2021	Date of Agreement	✓ Feb. 2023
Business Location	✓ Mifune-machi, Kamimashiki, Kumamoto	Business Location	✓ Aioi, Hyogo	Business Location	✓ Tadaoka, Senboku-gun, Osaka
Facilities Overview	Capacity (t/day) ✓ Recycling : 900 ✓ Energy recovery : 400 ✓ Methane fermentation : 30 ✓ Composting : 60	Facilities Overview	Capacity (t/day) ✓ Recycling : 900 ✓ Energy recovery : 220	Facilities Overview	Capacity (t/day) ✓ 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.



Capital Investment Plan in the future

Capital Investment Plan



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

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

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

16%

84%

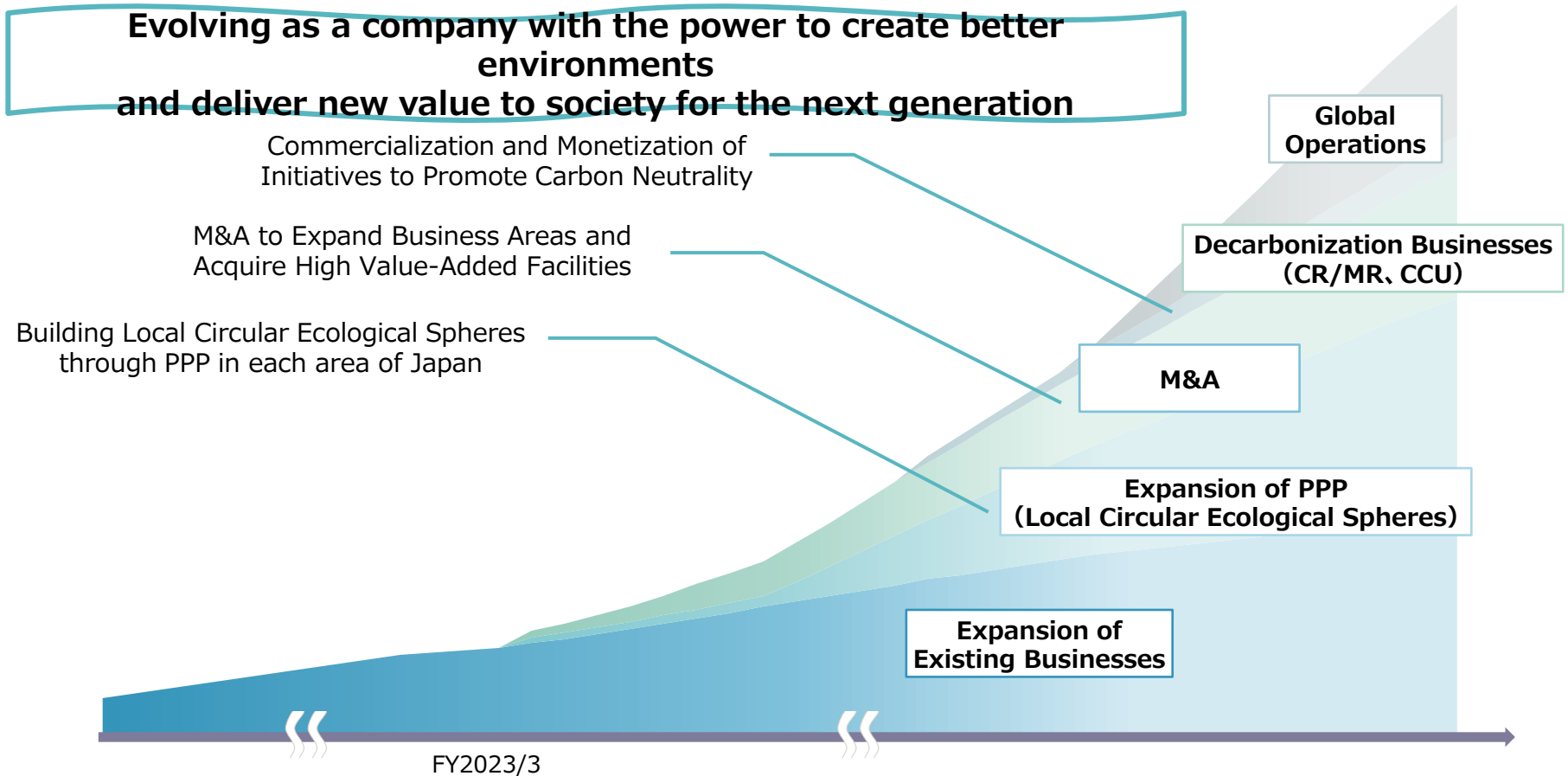
	Collection and Transportation	Intermediate Treatment		Final Disposal
		Sorting, Crushing, Recycling	Incineration and Heat Treatment	
Hokkaido/ Tohoku		✓✓✓	✓✓	✓
Kanto	✓	✓✓✓	✓✓	✓
Chubu		✓✓✓	✓✓	✓
Kansai		✓✓✓	✓✓	✓
Chugoku/Shikoku		✓✓✓	✓✓	✓
Kyushu		✓✓✓	✓✓	✓

- 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.

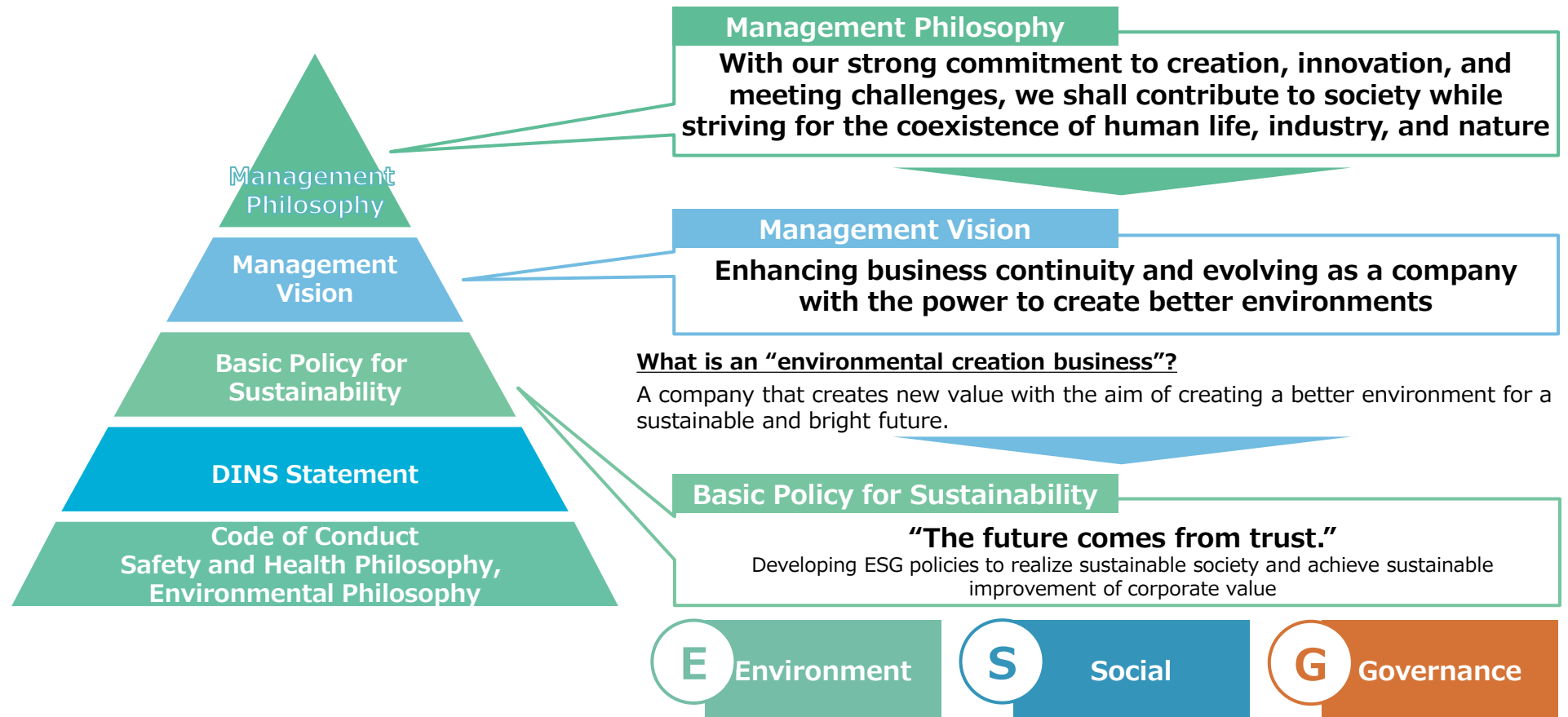


Note: CR = Chemical recycling, MR = Material recycling

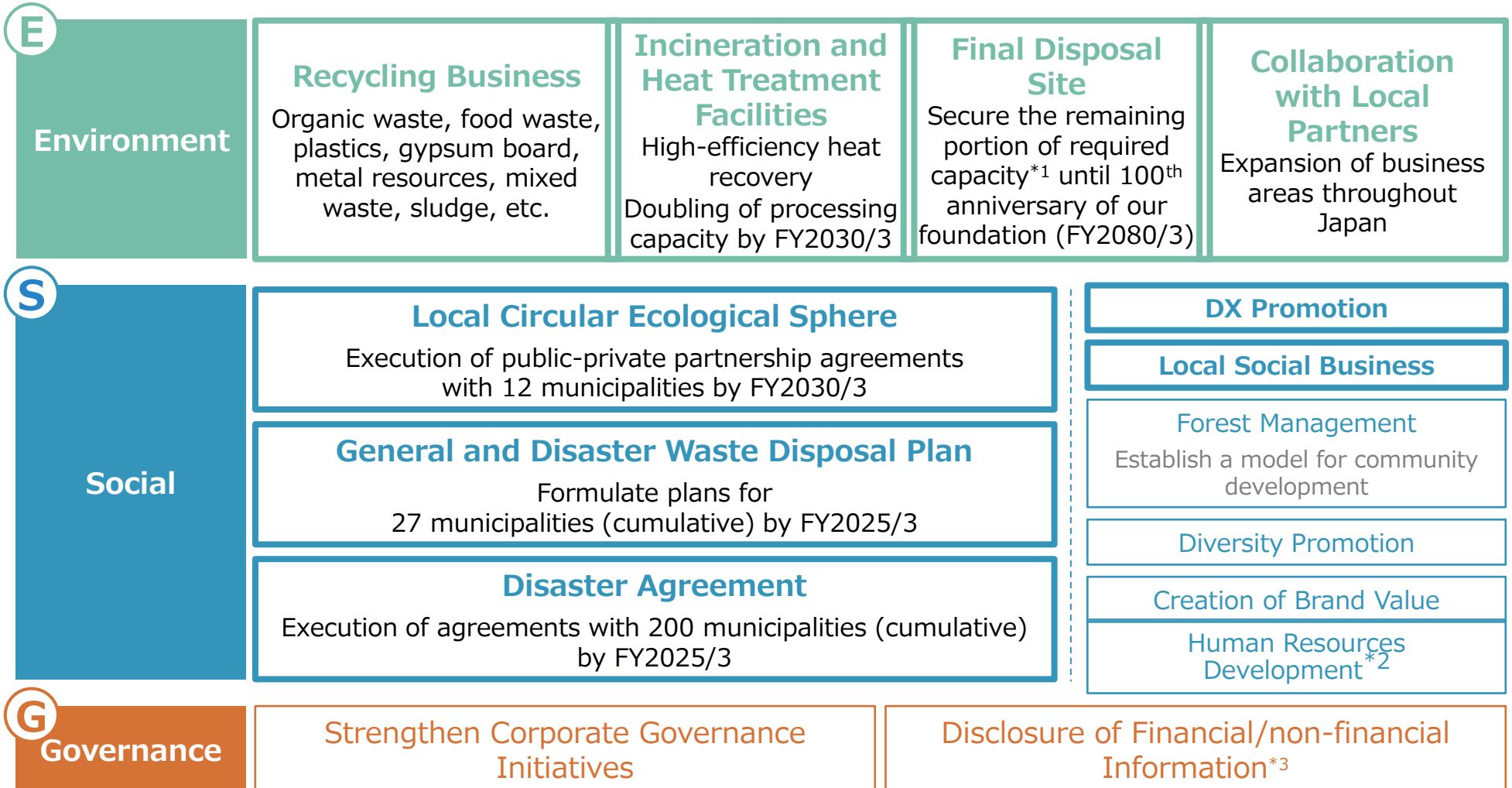
6. Appendix

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”

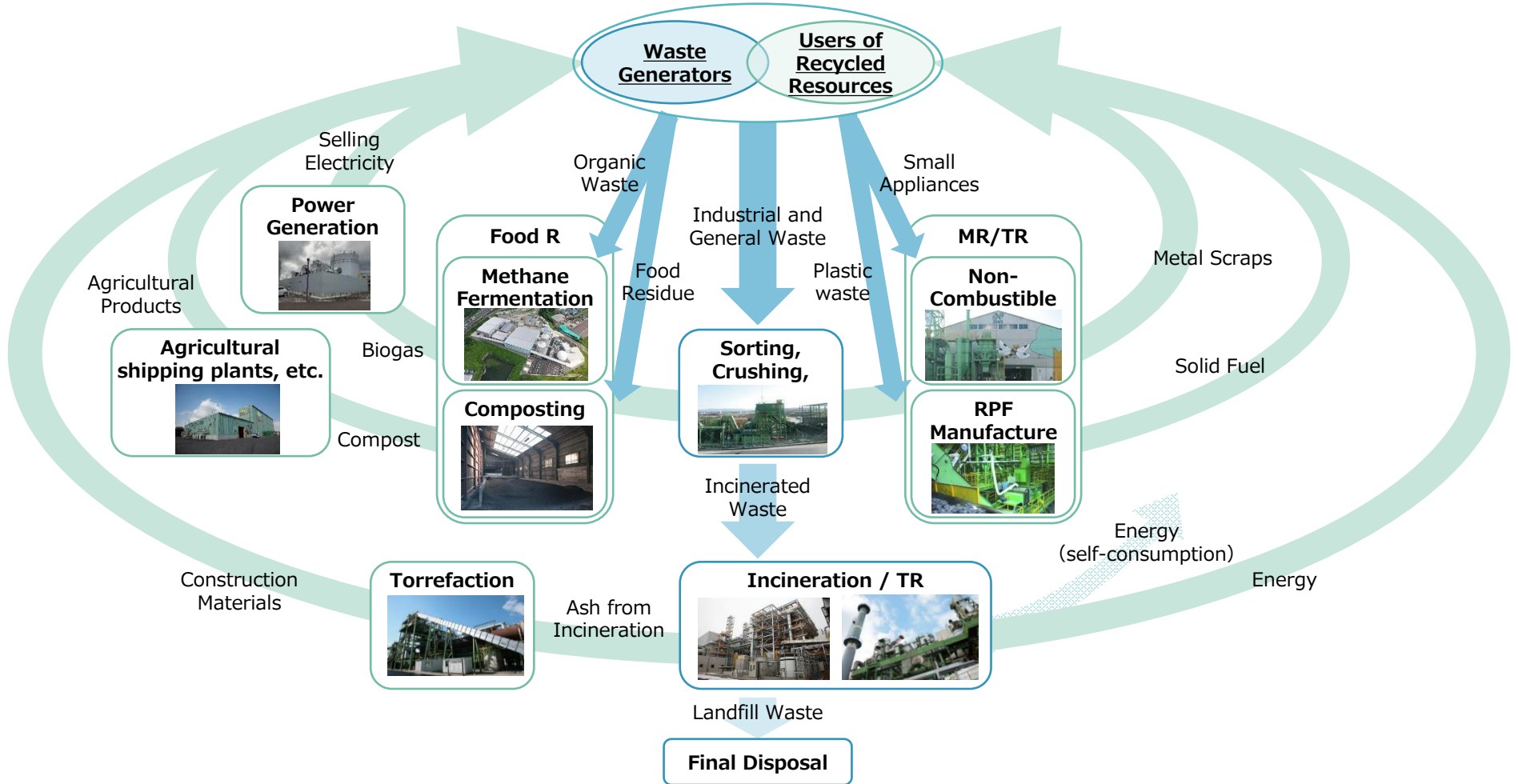
*1: The remaining portion of required capacity for final disposal sites is based on the estimated landfill space required through FY2080/3, assuming that the development of the resource recycling system progresses as expected.

*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

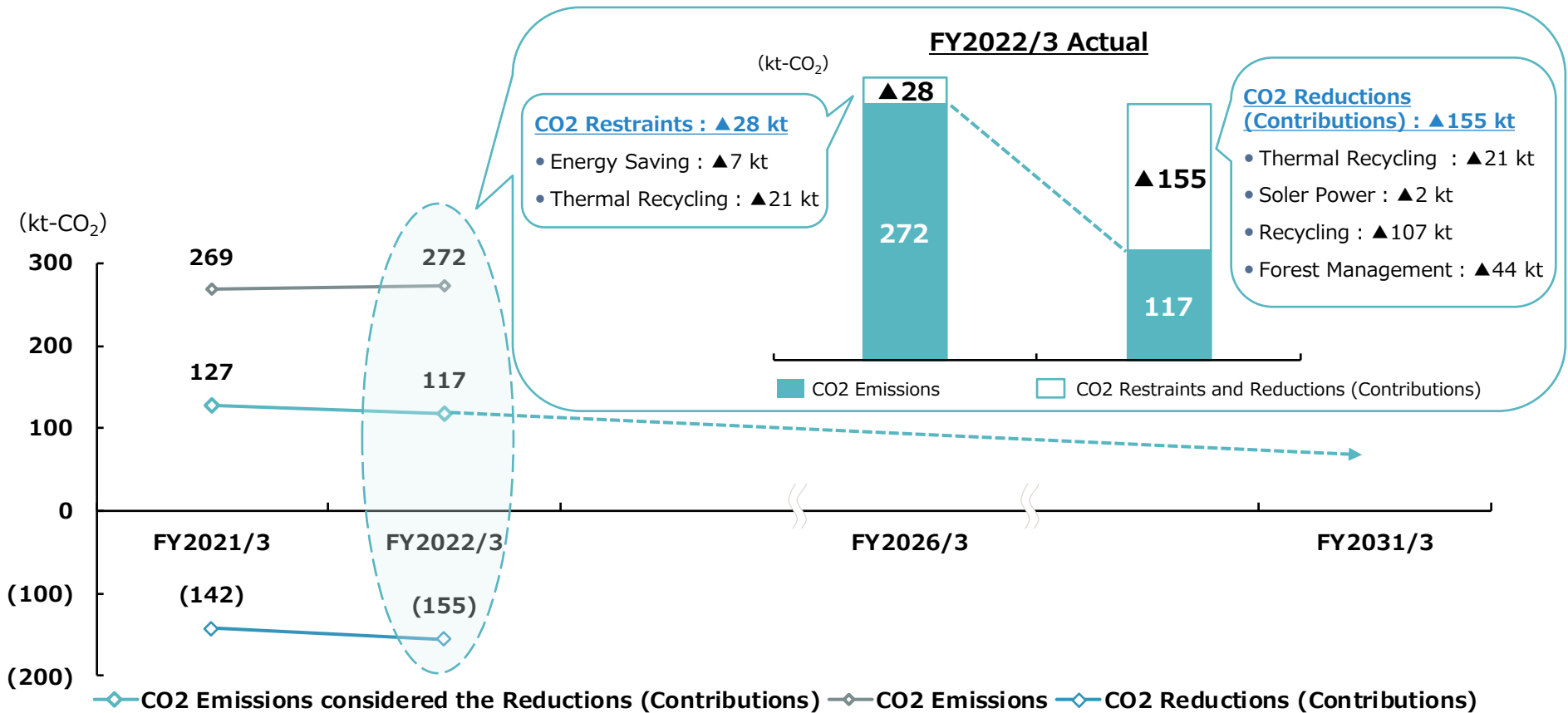


Note: R = Abbreviation for Recycling, TR = Thermal Recycling
 RPF = Refuse Paper & Plastic Fuel, a solid fuel made from waste plastic and other materials

Efforts to Reduce CO2 Emissions

The Emission, Restraints, and Reduction of CO2 from the business activities of the Daiei Kankyo Group

Daiei Kankyo Group manages CO2 emission trends, evaluates them, and analyzes causes and effects. In pursuit of carbon neutrality by 2050, we will continue our efforts to restrain and reduce CO2 emissions and contribute to the reduction of CO2 emissions in society as a whole.

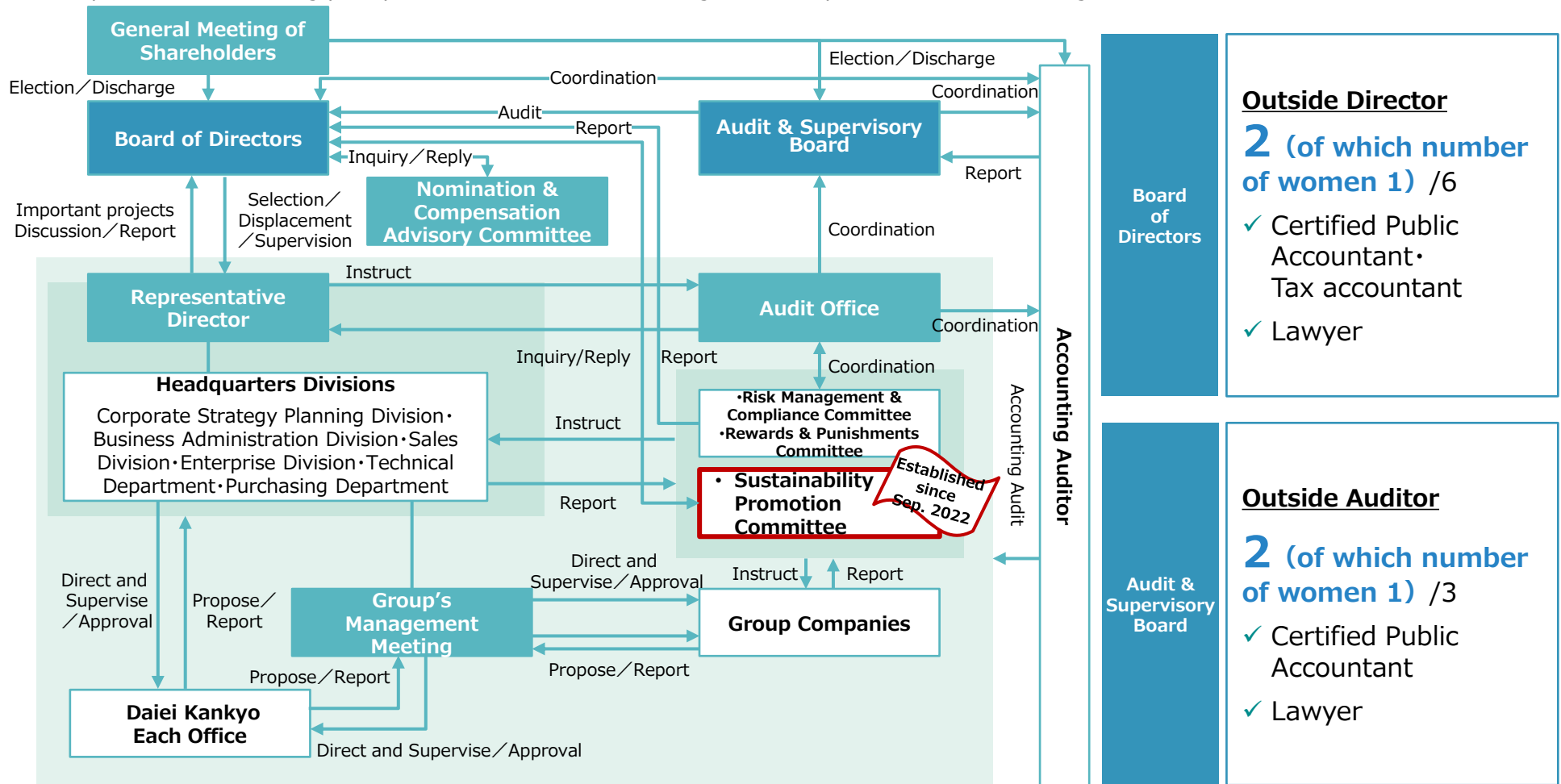


Note: The amount of CO2 emissions are calculated based on the "Greenhouse Gas Emissions Calculation, Reporting, and Publication System" under the Act on Promotion of Global Warming Countermeasures.
The amount of CO2 reduction (contribution) is calculated by multiplying the amount of each activity by the basic unit published by the manufacturer, country, industry, etc.

Corporate Governance Structure

The 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 been strengthened our corporate competitiveness, ensuring prompt and rational decision making, and transparent and sound management.



Outside Director

2 (of which number of women 1) /6

- ✓ Certified Public Accountant
- ✓ Tax accountant
- ✓ Lawyer

Outside Auditor

2 (of which number of women 1) /3

- ✓ Certified Public Accountant
- ✓ Lawyer

Diversity Promotion

Daiei Kankyo Group's Achievements and Targets for Diversity Promotion

We have been committed to promoting diversity through the development of diverse human resources who can contribute to the creation of new value. Particularly, we set Women's Advancement Promotion as a pillar, and aim to realize a workplace in which diverse human resources can play an active role.

Women's Advancement Promotion	<ul style="list-style-type: none">✓ Percentage of women among new graduate hires in regular full-time positions (People from 4-year college and above) (Target)<ul style="list-style-type: none">– FY2024/3 : 30% or higher (Apr. 2022 hired : 26.7%)✓ Percentage of women in managerial positions (Target)<ul style="list-style-type: none">– FY2024/3 : 4% or higher (FY2023/3 : 3.6%)✓ We aim to expand our childcare leave, consider childcare allowances, and acquire external certification system as part of childcare support
Employees with Disabilities	<ul style="list-style-type: none">✓ Percentage of employees with disabilities<ul style="list-style-type: none">– 3.78% (as of Jun. 1, 2022) > The statutory employment rate: 2.3%– During FY2025/3 (Target) : 4% or higher

【Reference】 Reconciliation of EBITDA

(million yen)	FY2022/3	FY2023/3
Operating income	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
Net Income 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 common stock, capital surplus, retained earnings, unrealized gain on available-for-sale securities and remeasurements of defined benefit plan 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 income	12,840	16,623
Amortization of goodwill	736	212
Effective tax rate	30.6%	30.6%
NOPAT (Net Operating income 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 common stock, capital surplus, retained earnings, unrealized gain on available-for-sale securities and remeasurements of defined benefit plan presented on our consolidated balance sheet.



Power to Turn into Resources, Return to Nature
DAIEI KANKYO

Contact:

Corporate Strategy Planning Division

Investor Relations Department

TEL: +81-(0)78-857-6600

E-mail: ir@dinsgr.co.jp

URL: <https://www.dinsgr.co.jp/english/>

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.