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Power to Turn into Resources, Return to Nature

DAIEI KANKYO

[Securities Code : 9336]

FY2024/ 3 2nd Quarter Financial Results

November 9, 2023



Executive Summary FY2024/3

Results	FY2024/3 2Q Results	<ul style="list-style-type: none"> • Net sales 35,504 million yen (+ 9.3% year on year) • Operating profit 9,449 million yen (+ 32.2% year on year) <p>Both sales and profits reached record highs</p>
	FY2024/3 Revised Forecasts	<ul style="list-style-type: none"> • Net sales 71,580 million yen (+ 543 million yen against initial forecasts) • Operating profit 18,518 million yen (+ 2,377 million yen against initial forecasts) <p>Revised forecasts for significant increase in profit</p>
	Progress Rate for FY2024/3 Revised Forecasts	<ul style="list-style-type: none"> • Net sales Progress rate 49.6% • Operating profit Progress rate 51.0%
Progress of Important Policies	Environment	<ul style="list-style-type: none"> • Methane fermentation facility <ul style="list-style-type: none"> ✓ Launched operation in Nov. 2022 / Depreciation began in May 2023 • Miki Biomass Factory <ul style="list-style-type: none"> ✓ Launched operation in May 2023 / Depreciation began in Sep. 2023 • Expansion of final disposal sites <ul style="list-style-type: none"> ✓ Plan to launch service in Apr. 2025 at Mie RC and Gobo RC • 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
	Social	<ul style="list-style-type: none"> • Progress on Key Measures : PPP <ul style="list-style-type: none"> ✓ Started construction of relay facility for Tadaoka project in Oct. 2023 • 30 by 30 <ul style="list-style-type: none"> ✓ Natural Symbiosis Site and Alliance Membership in Oct. 2023 • RS for the Employee Stock Ownership Plan <ul style="list-style-type: none"> ✓ Decision to introduce in Sep. 2023 / Decision for the disposal of treasury shares in Nov. 2023
	Governance	<ul style="list-style-type: none"> • Sustainability Report <ul style="list-style-type: none"> ✓ Japanese version was released in Aug.2023 / English version was released in Oct. 2023 • Acquisition of treasury shares <ul style="list-style-type: none"> ✓ Decision in Sep. 2023

Agenda

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Progress Rate for FY2024/3 Revised Forecasts

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Appendix

1. FY2024/3 2Q Results

FY2024/3 2Q Results

Consolidated Statements of Income

✓ Net sales and profit in the first half of the fiscal year were the highest on record

(million yen)	FY2024/3 2Q YTD	FY2023/3 2Q YTD	Year-on-year	FY2024/3 2Q Initial forecasts	Compared to Initial forecasts
Net sales	35,504	32,492	+ 9.3%	35,085	+ 1.2%
Operating profit	9,449	7,147	+ 32.2%	7,672	+ 23.2%
Operating profit margin	26.6%	22.0%	+ 4.6pt	21.9%	+ 4.7pt
EBITDA	12,205	9,910	+ 23.1%	10,613	+ 15.0%
EBITDA margin	34.4%	30.5%	+ 3.9pt	30.3%	+ 4.1pt
Ordinary profit	10,162	7,326	+ 38.7%	7,761	+ 30.9%
Profit attributable to owners of parent	6,561	4,763	+ 37.7%	5,007	+ 31.0%
Profit margin attributable to owners of parent	18.5%	14.7%	+ 3.8pt	14.3%	+ 4.2pt

FY2024/3 2Q Results

Consolidated Statements of Income (Quarterly)

(million yen)	FY2024/3 1Q	FY2024/3 2Q	FY2024/3 3Q	FY2024/3 4Q	FY2024/3 2Q YTD
Net sales	17,604	17,900			35,504
Operating profit	4,513	4,936			9,449
Operating profit margin	25.6%	27.6%			26.6%
EBITDA	5,812	6,392			12,205
EBITDA margin	33.0%	35.7%			34.4%
Ordinary profit	4,748	5,413			10,162
Profit attributable to owners of parent	3,014	3,547			6,561
Profit margin attributable to owners of parent	17.1%	19.8%			18.5%

FY2024/3 2Q Results

By Segment

(million yen)	FY2023/3 2Q YTD	FY2024/3 2Q YTD	Year-on-year
Waste-related Business			
Net sales	31,330	34,572	+ 10.3%
Segment profit	7,163	9,574	+ 33.6%
Segment profit margin	22.9%	27.7%	+ 4.8pt
Other Business (Valuable Resource Recycling Business)			
Net sales	1,162	931	▲ 19.8%
Segment profit	72	▲ 45	—
Segment profit margin	6.3%	▲ 4.9%	▲ 11.2pt

FY2024/3 2Q Results

By Segment (Quarterly)

(million yen)	FY2024/3 1Q	FY2024/3 2Q	FY2024/3 3Q	FY2024/3 4Q	FY2024/3 2Q YTD
Waste-related Business					
Net sales	17,121	17,450			34,572
Segment profit	4,581	4,992			9,574
Segment profit margin	26.8%	28.6%			27.7%
Other Business (Valuable Resource Recycling Business)					
Net sales	482	449			931
Segment profit	▲28	▲17			▲45
Segment profit margin	▲5.9%	▲3.9%			▲4.9%

FY2024/3 2Q Results

Net Sales by Business Domain

(million yen)	FY2023/3 2Q YTD	FY2024/3 2Q YTD	Year-on-year
Waste-related Business			
Waste management and recycling	27,305	31,136	+ 14.0%
Soil remediation	2,710	2,209	▲ 18.5%
Other	1,314	1,227	▲ 6.6%
Other Business (Valuable Resource Recycling Business)			
Aluminum pellets	887	660	▲ 25.5%
Recycled plastic pallets	275	271	▲ 1.4%

FY2024/3 2Q Results

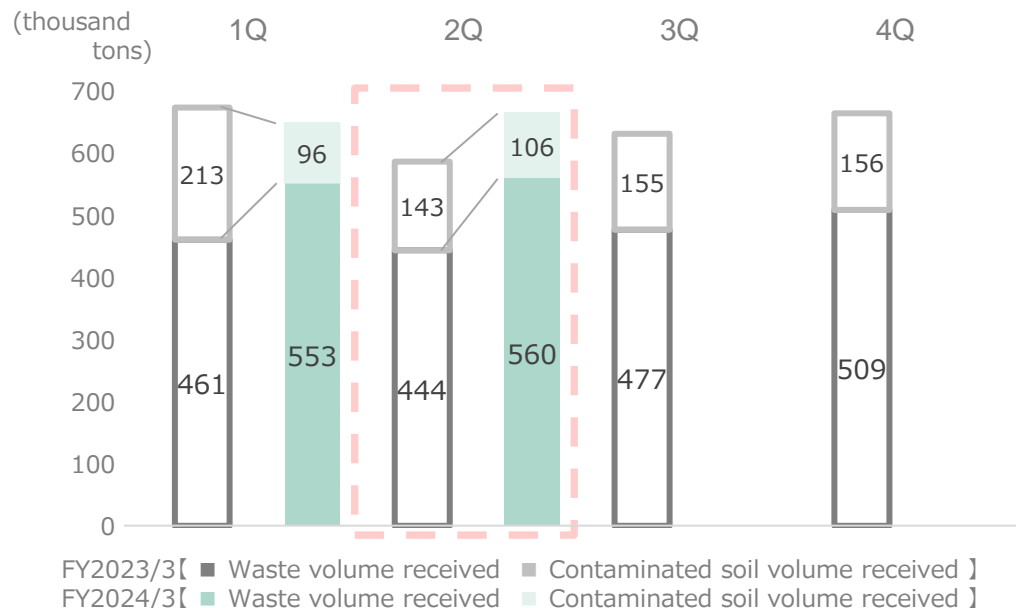
Net Sales by Business Domain (Quarterly)

(million yen)	FY2024/3 1Q	FY2024/3 2Q	FY2024/3 3Q	FY2024/3 4Q	FY2024/3 2Q YTD
Waste-related Business					
Waste management and recycling	15,419	15,717			31,136
Soil remediation	1,180	1,028			2,209
Other	522	705			1,227
Other Business (Valuable Resource Recycling Business)					
Aluminum pellets	351	309			660
Recycled plastic pallets	130	140			271

FY2024/3 2Q Results

Volume of Waste and Contaminated Soil Received

(thousand tons)	FY2023/3 2Q YTD	FY2024/3 2Q YTD	Year-on-year
Waste volume received	906	1,113	+ 22.9%
Contaminated soil volume received	356	202	▲43.1%



Waste volume received

- Increased significantly due to the continued acquisition of demand for waste management associated with infrastructure development projects mainly in the Kansai and Chubu regions.

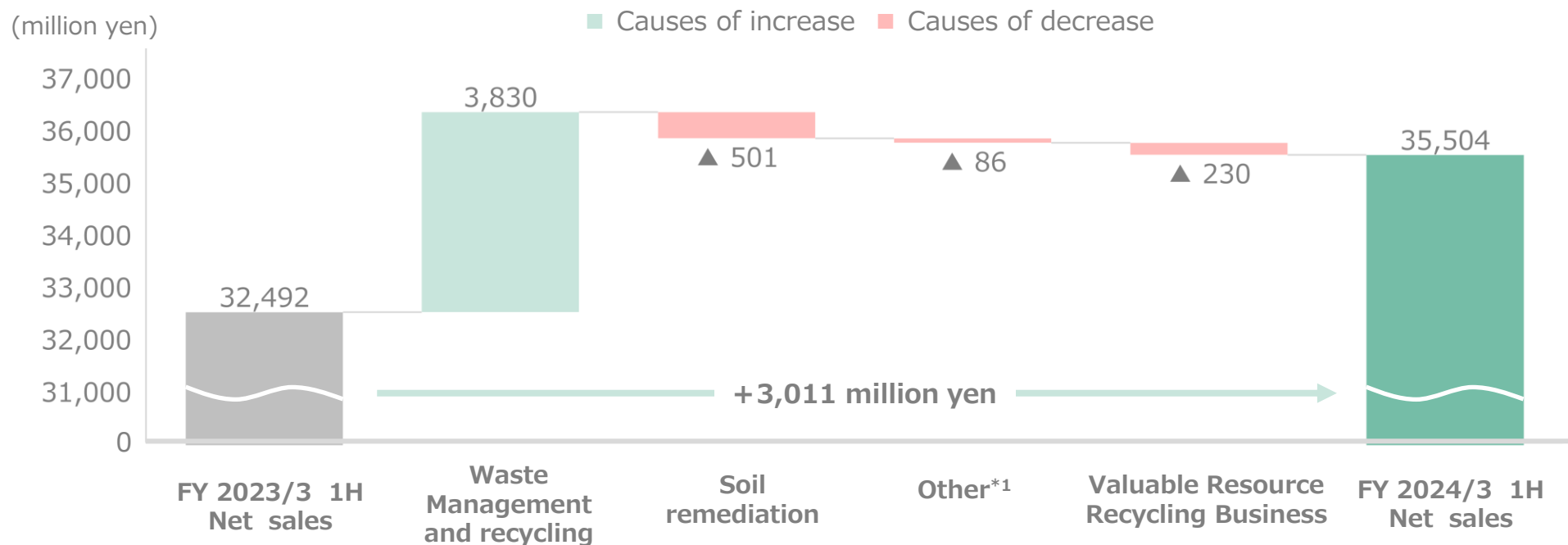
Contaminated soil volume received

- Continued to review the unit price of orders received in order to control the volume of waste received at final disposal site.

FY2024/3 2Q Results

Consolidated Net sales Change Factors

- ✓ Waste management and recycling : Volume received increased significantly year on year due to demand for waste management associated with infrastructure development projects continued to contribute to an increase in the volume of waste received.
- ✓ Soil remediation : Decreased year on year due to continued review of the unit price of orders to reduce the volume of orders received at final disposal sites.
- ✓ Valuable Resource Recycling Business : Sales of aluminum pellets decreased within the expected range due to the continued downward trend in the market.
Sales of recycled plastic pallets stay same as the previous year.

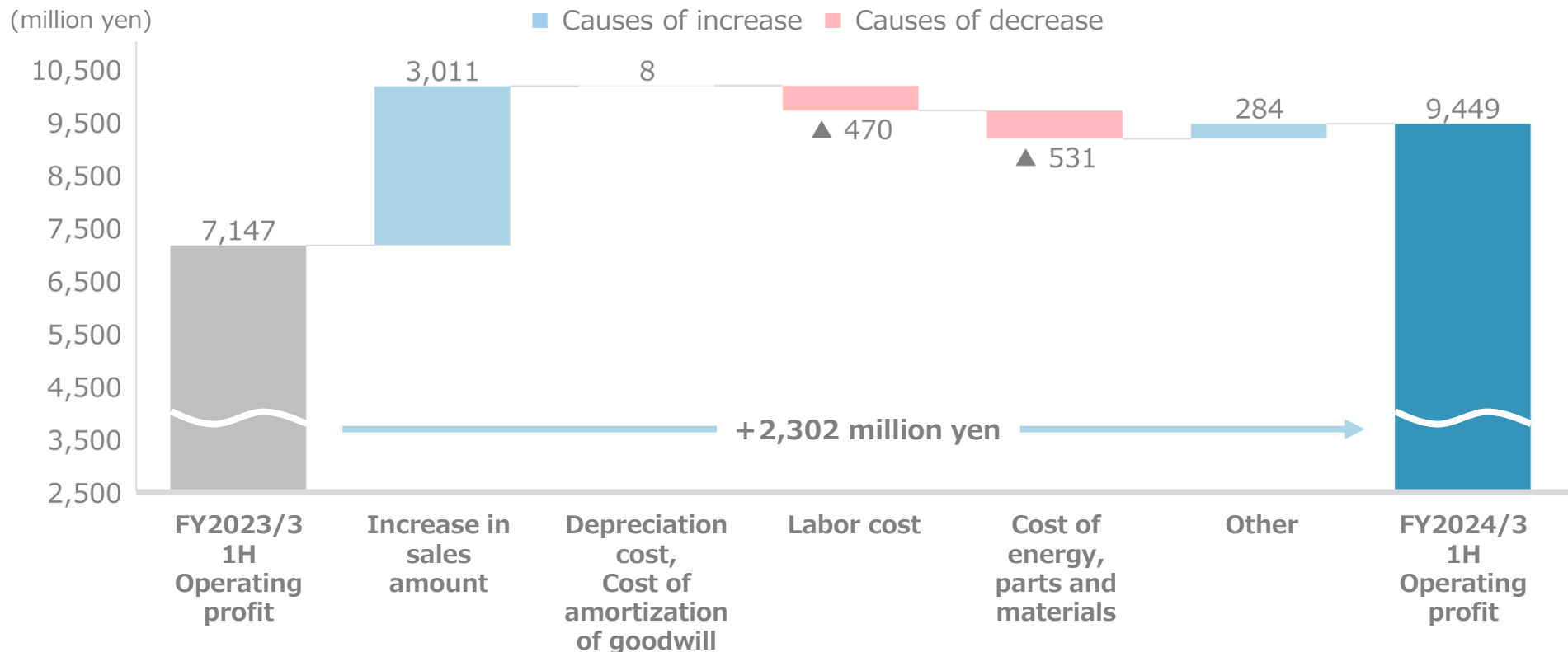


*1: The figure for "Other" includes those for the business fields other than the waste management and recycling, and soil remediation in the waste--related businesses

FY2024/3 2Q Results

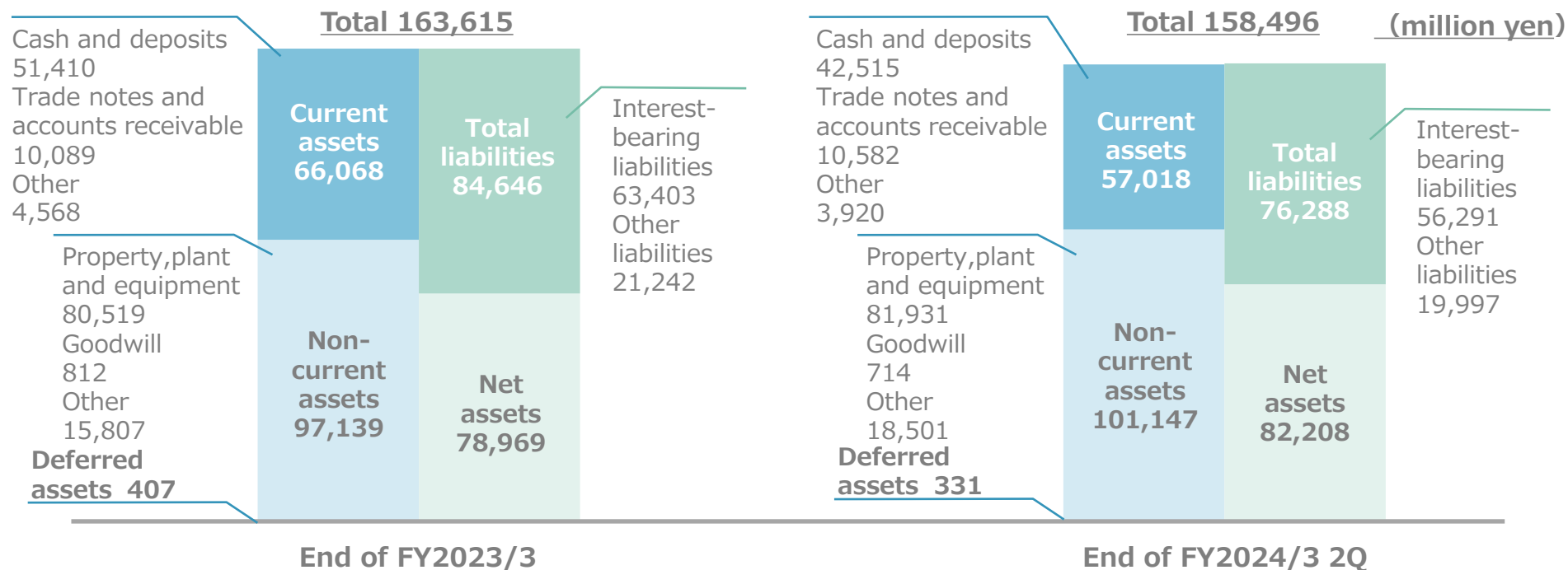
Consolidated Operating Profit Change Factors

- ✓ Depreciation and amortization costs remained flat year on year due to change in depreciation start date for methane fermentation facilities and re-estimation of asset retirement obligations for final disposal sites.
- ✓ Cost of energy, parts, and materials increased significantly compared to the previous year, but remained within the range of the full-year forecasts at the beginning of the fiscal year.
- ✓ Other costs, which were expected to increase by approximately 1.1 billion yen for the full year, decreased year on year due to ongoing cost reductions through insourcing.



FY2024/3 2Q Results

Consolidated Balance Sheet



Cash and deposits

- ✓ Decreased due to planned repayment of interest-bearing liabilities and payment of dividends. (▲8,895)

Property, plant and equipment

- ✓ Increased due to acceptance inspection of Miki Biomass Factory and Iga Methane Fermentation Facility (+1,411)

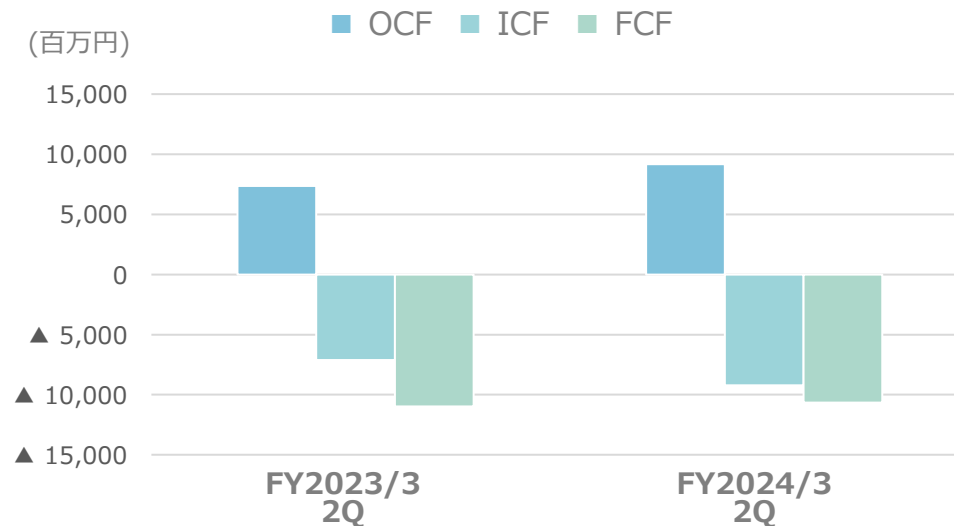
Net assets

- ✓ Increased due to profit attributable to owners of parent despite dividend payment. (+3,239)

FY2024/3 2Q Results

Statements of Cash Flow

	FY2023/3 2Q	FY2024/3 2Q	Year-on-year
Cash flow from operating activities	7,371	9,193	1,822
Cash flow from investing activities	▲7,116	▲9,209	▲2,092
Free cash flow	255	▲15	▲270
Cash flow from financing activities	▲10,980	▲10,663	316
Cash and cash equivalents at end of period	47,952	42,974	▲4,977



Cash flow from operating activities

- Income before income taxes +10,178
- Depreciation cost +2,656
- Income taxes paid ▲3,528

Cash flow from investing activities

- Purchase of property, plant and equipment ▲7,405
- Purchase of investment securities ▲1,843

Cash flow from financing activities

- Repayments of long-term borrowings ▲6,470
- Dividends paid ▲3,390

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 (+237)

2. FY2024/3 Revised Forecasts

FY2024/3 Revised Forecasts

Consolidated Statements of Income

✓ Revised to substantial profit increase forecasts from initial decrease forecasts.

(million yen)	FY2024/3 Initial Forecasts	FY2024/3 1H Results	FY2024/3 2H Revised Forecasts	FY2024/3 Revised Forecasts	Change From Initial Forecasts
Net sales	71,037	35,504	36,075	71,580	+ 543
Operating profit	16,140	9,449	9,068	18,518	+ 2,377
Operating profit margin	22.7%	26.6%	25.1%	25.9%	+ 3.2pt
EBITDA	22,810	12,205	12,289	24,494	+ 1,683
EBITDA margin	32.1%	34.4%	34.1%	34.2%	+ 2.1pt
Ordinary profit	16,338	10,162	9,212	19,374	+ 3,035
Profit attributable to owners of parent	10,416	6,561	5,889	12,451	+ 2,034
Profit margin attributable to owners of parent	14.7%	18.5%	16.3%	17.4%	+ 2.7pt

FY2024/3 Revised Forecasts

By Segment

(million yen)	FY2024/3 Initial Forecasts	FY2024/3 1H Results	FY2024/3 2H Revised Forecasts	FY2024/3 Revised Forecasts	Change From Initial Forecasts
Waste-related Business					
Net sales	69,078	34,572	35,088	69,660	+582
Segment profit	16,260	9,574	9,188	18,762	+2,501
Segment profit margin	23.5%	27.7%	26.2%	26.9%	+3.4pt
Other Business (Valuable Resource Recycling Business)					
Net sales	1,959	931	987	1,919	▲39
Segment profit	143	▲45	▲37	▲83	▲226
Segment profit margin	7.3%	▲4.9%	3.8%	▲4.4%	▲11.7pt

FY2024/3 Revised Forecasts

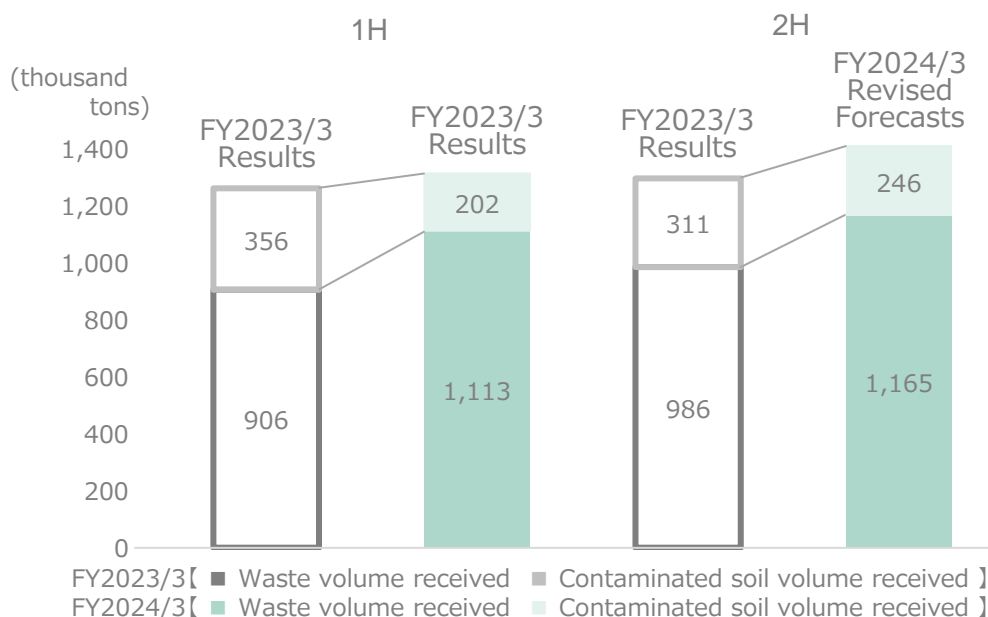
Net Sales by Business Domain

(million yen)	FY2024/3 Initial Forecasts	FY2024/3 1H Results	FY2024/3 2H Revised Forecasts	FY2024/3 Revised Forecasts	Change From Initial Forecasts
Waste-related Business					
Waste management and recycling	60,039	31,136	30,674	61,810	+1,770
Soil remediation	5,938	2,209	2,863	5,072	▲866
Other	3,099	1,227	1,550	2,777	▲322
Other Business (Valuable Resource Recycling Business)					
Aluminum pellets	1,352	660	691	1,351	▲0
Recycled plastic pallets	606	271	296	567	▲38

FY2024/3 Revised Forecasts

Volume of Waste and Contaminated Soil Received

(thousand tons)	FY2024/3 Initial Forecasts	FY2024/3 1H Results	FY2024/3 2H Revised Forecasts	FY2024/3 Revised Forecasts	Change From Initial Forecasts
Waste volume received	1,992	1,113	1,165	2,279	+ 287
Contaminated soil volume received	635	202	246	449	▲ 186



Waste volume received

- Expect to increase significantly year on year in the second half of the fiscal year due to continued demand for waste management associated with infrastructure development project, mainly in the Kansai and Chubu regions.

Contaminated soil volume received

- Continue to reduce the volume of orders received at final disposal sites due to expected continued increase in the waste volume received.

FY2024/3 Revised Forecasts

Capital Expenditures, Depreciation, and Amortization of goodwill

(million yen)	FY2024/3 Initial Forecasts	FY2024/3 1H Results	FY2024/3 2H Revised Forecasts	FY2024/3 Revised Forecasts	Change From Initial Forecasts
Capital expenditures	14,391	7,405	6,986	14,391	–
Depreciation	6,472	2,655	3,123	5,778	▲693
Amortization of goodwill	197	98	98	197	+0

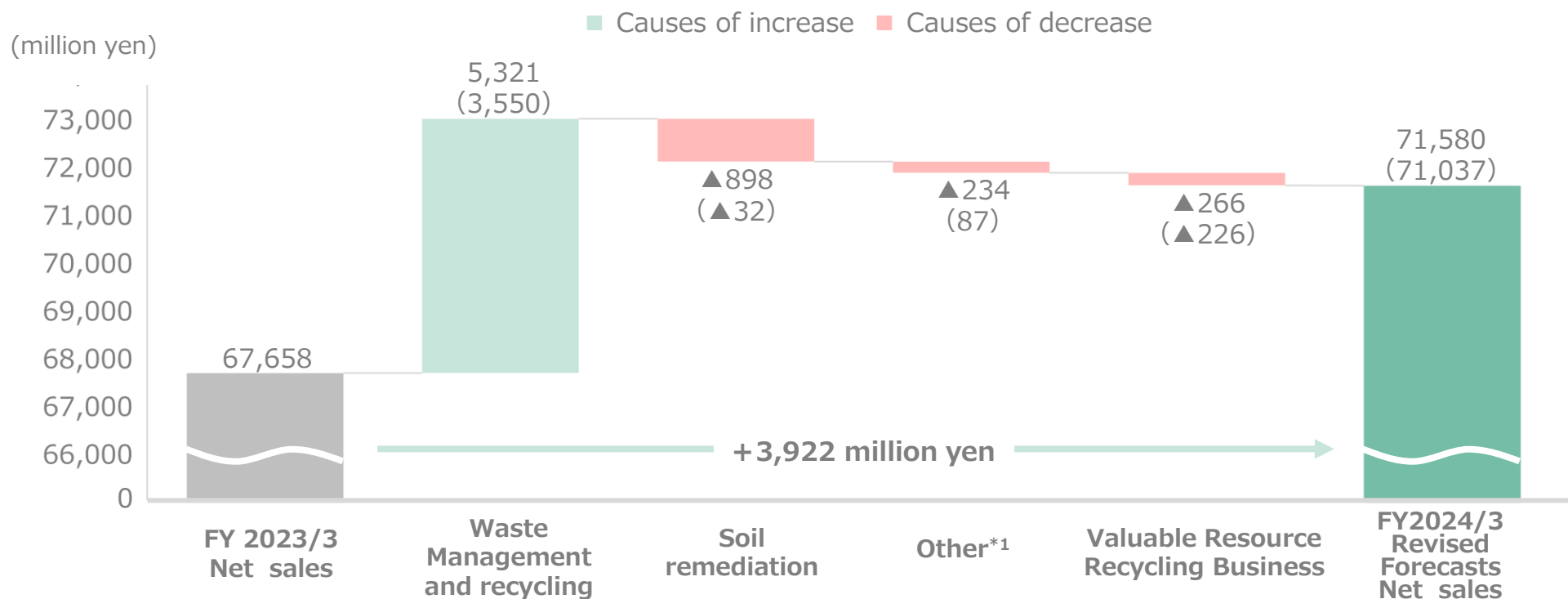
Depreciation

- The depreciation of the methane fermentation facility at the Iga Recycle Center, which started operating last fall, has been changed from April 2023 to June 2023.
- Decrease due to re-estimation of asset retirement obligations for final disposal site.

FY2024/3 Revised Forecasts

Consolidated Net sales Change Factors

- ✓ Waste management and recycling : Sales are expected to increase from the initial forecasts due to a significant increase in the volume of waste received as the result of continued demand for waste management associated with infrastructure development projects, mainly in the Kansai and Chubu region.
- ✓ Soil remediation : In the second half of the fiscal year, the unit price of orders for contaminated soil to be accepted at final disposal site will be reviewed, and the volume of orders received is expected to be significantly curbed, resulting in a significant decrease in sales.

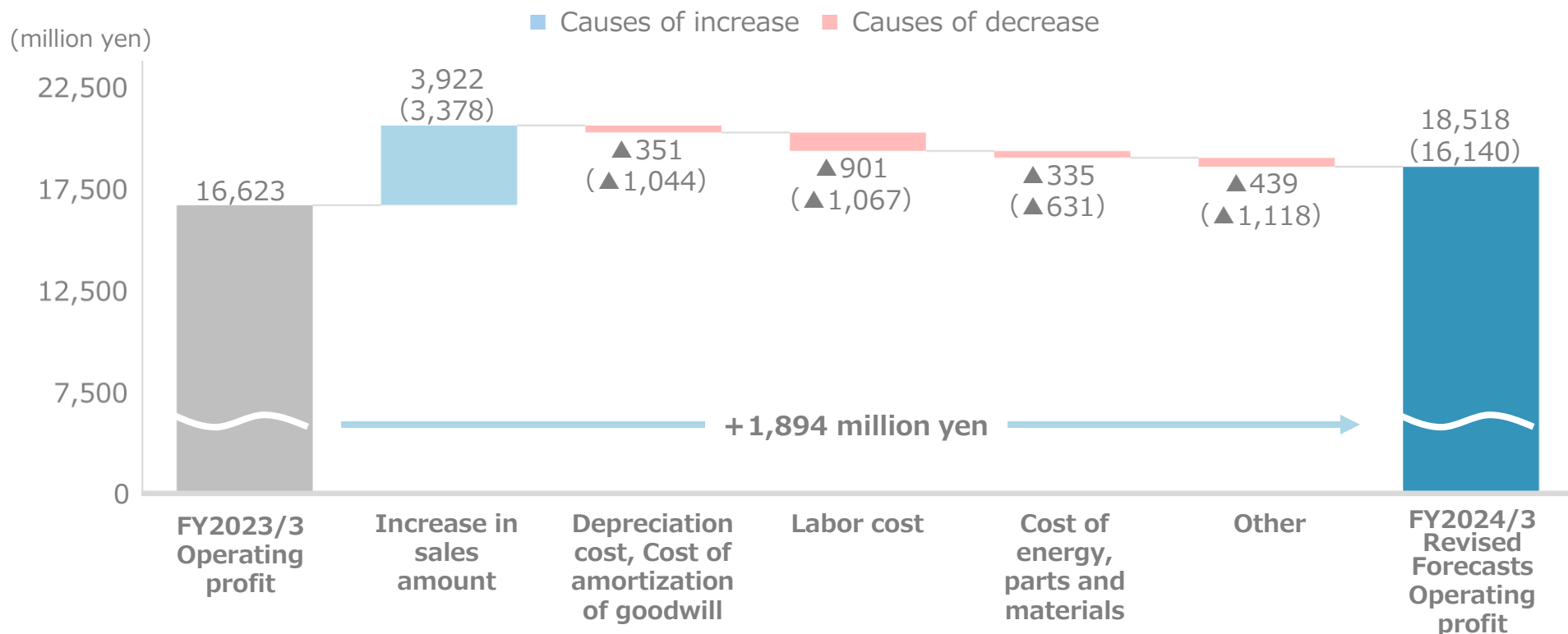


*1: The figure for "Other" includes those for the business areas other than the waste management and recycling, and soil remediation in the waste-related businesses
 Note: Figures in parentheses in the graphs indicate the initial forecasts

FY2024/3 Revised Forecasts

Consolidated Operating Profit Change Factors

- ✓ Depreciation and amortization costs will continue to decrease in the second half due to re-estimation of asset retirement obligations for final disposal sites.
- ✓ Cost of energy, parts, and materials were reviewed based on recent energy, parts and materials trends.
- ✓ Cost reductions through in-house production are expected to continue in the second half of the fiscal year, and other cost expenses, which were expected increase by approximately 1.1 billion yen for the full fiscal year, have been revised.



Note: Figures in parentheses in the graphs indicate the initial forecasts

3. Progress Rate for FY2024/3 Revised Forecasts

Progress Rate for FY2024/3 Revised Forecasts

Consolidated Statements of Income

(million yen)	FY2024/3 Revised Forecasts	FY2024/3 1H Results	Progress Rate For FY2024/3 Revised Forecasts
Net sales	71,580	35,504	49.6%
Operating profit	18,518	9,449	51.0%
Operating profit margin	25.9%	26.6%	—
EBITDA	24,494	12,205	49.8%
EBITDA margin	34.2%	34.4%	—
Ordinary profit	19,374	10,162	52.5%
Profit attributable to owners of parent	12,451	6,561	52.7%
Profit margin attributable to owners of parent	17.4%	18.5%	—

Progress Rate for FY2024/3 Revised Forecasts

By Segment

(million yen)	FY2024/3 Revised Forecasts	FY2024/3 1H Results	Progress Rate For FY2024/3 Revised Forecasts
Waste-related Business			
Net sales	69,660	34,572	49.6%
Segment profit	18,762	9,574	51.0%
Segment profit margin	26.9%	27.7%	—
Other Business (Valuable Resource Recycling Business)			
Net sales	1,919	931	48.6%
Segment profit	▲83	▲45	54.9%
Segment profit margin	▲4.4%	▲4.9%	—

Progress Rate for FY2024/3 Revised Forecasts

Net Sales by Business Domain

(million yen)	FY2024/3 Revised Forecasts	FY2024/3 1H Results	Progress Rate For FY2024/3 Revised Forecasts
Waste-related Business			
Waste management and recycling	61,810	31,136	50.4%
Soil remediation	5,072	2,209	43.6%
Other	2,777	1,227	44.2%
Other Business (Valuable Resource Recycling Business)			
Aluminum pellets	1,351	660	48.9%
Recycled plastic pallets	567	271	47.8%

Progress Rate for FY2024/3 Revised Forecasts

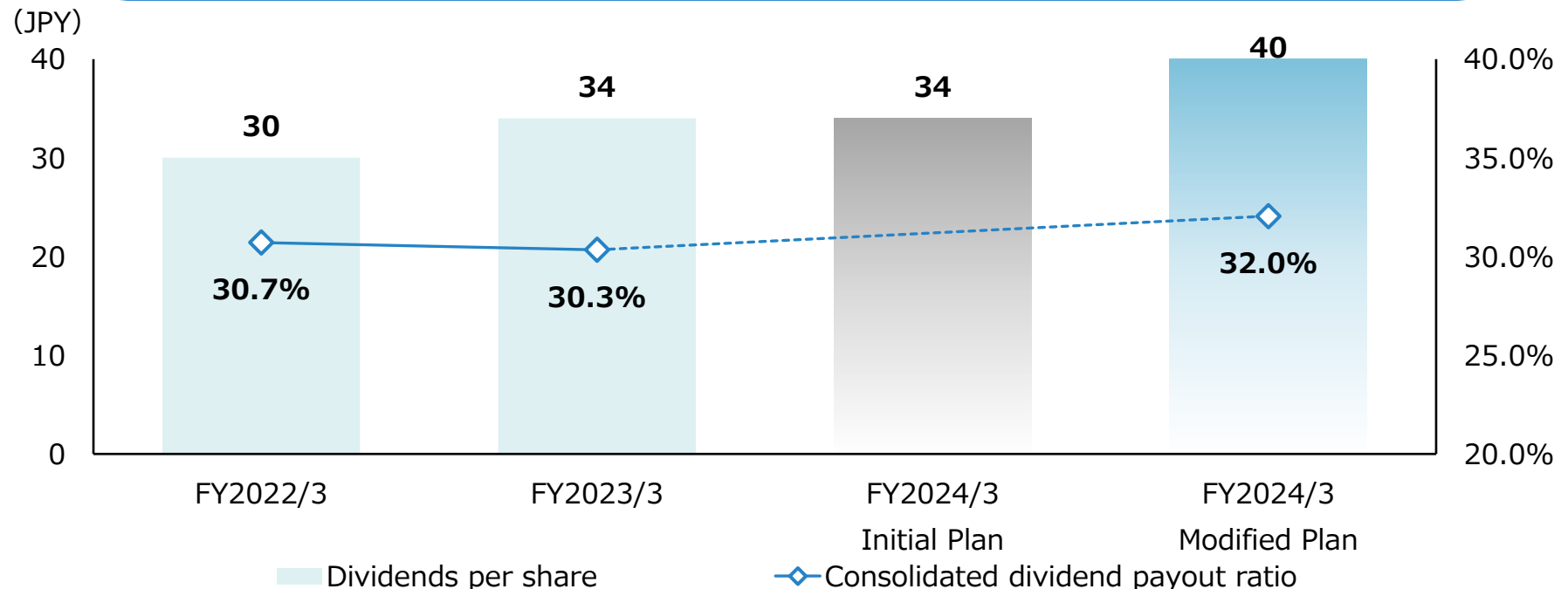
Volume of Waste and Contaminated Soil Received

(thousand tons)	FY2024/3 Revised Forecasts	FY2024/3 1H Results	Progress Rate For FY2024/3 Revised Forecasts
Waste volume received	2,279	1,113	48.9%
Contaminated soil volume received	449	202	45.2%

4. Shareholder Returns










Shareholder Returns

- **Target of Consolidated dividend payout ratio**
During the period of the mid-term management plan (FY2023/3 to FY2025/3)
: **30% or higher**
- Aiming to achieve sustainable and stable shareholder returns while continuing capital investment for growth.
- Dividend per share revised upward from 34 yen to **40 yen** based on the revised forecasts.



5. About Daiei Kankyo Group

Company Profile

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

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

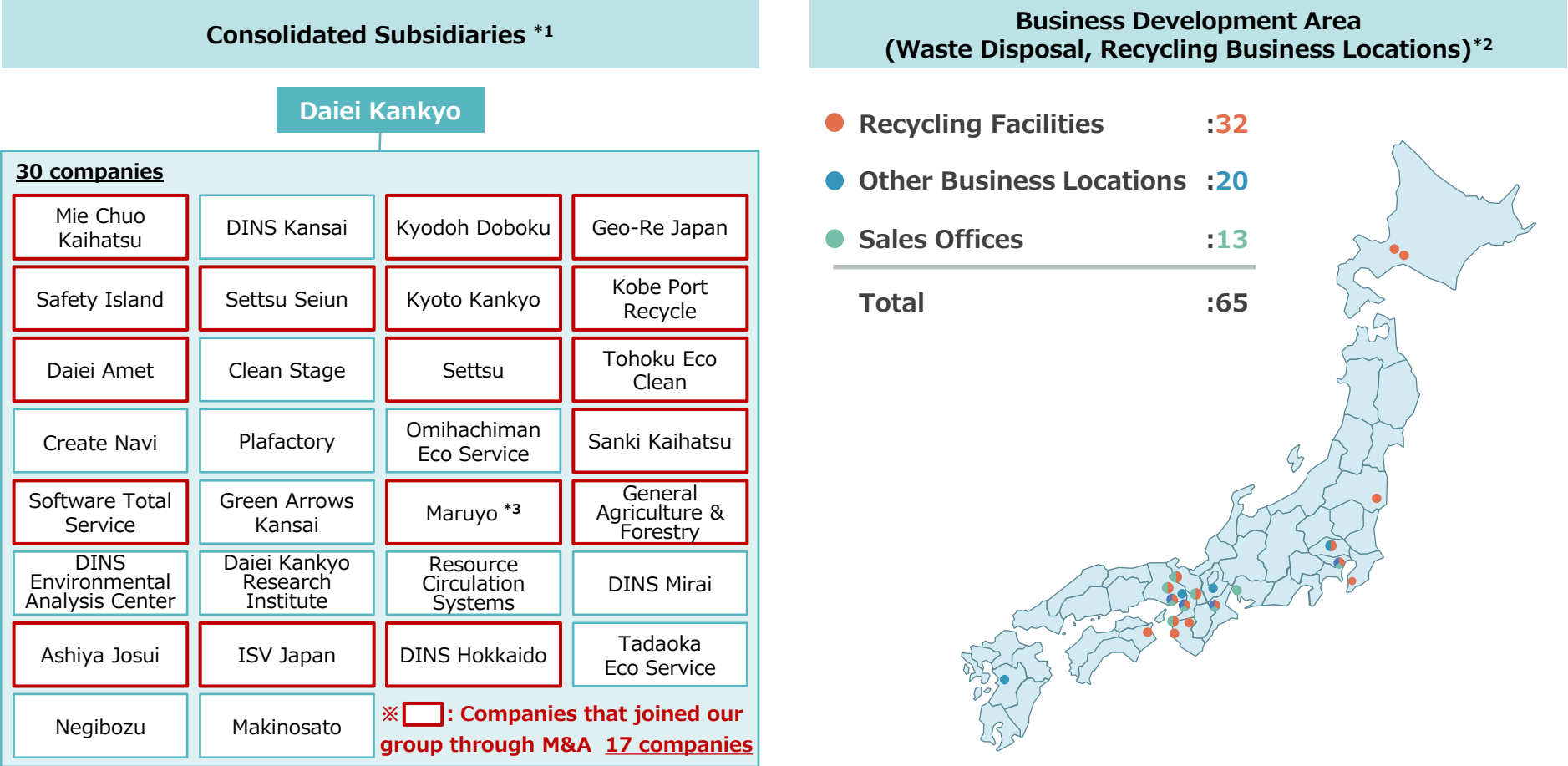
*2: Company headquarters

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

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

The Overview of Daiei Kankyo Group

Consolidated Subsidiary and Business Development Area



*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).

*3 :

“Maruyo Shoten Co.,Ltd.” changed its name to “Maruyo Co., Ltd.” as of October 1, 2023

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DINS

Power to Turn into Resources, Return to Nature

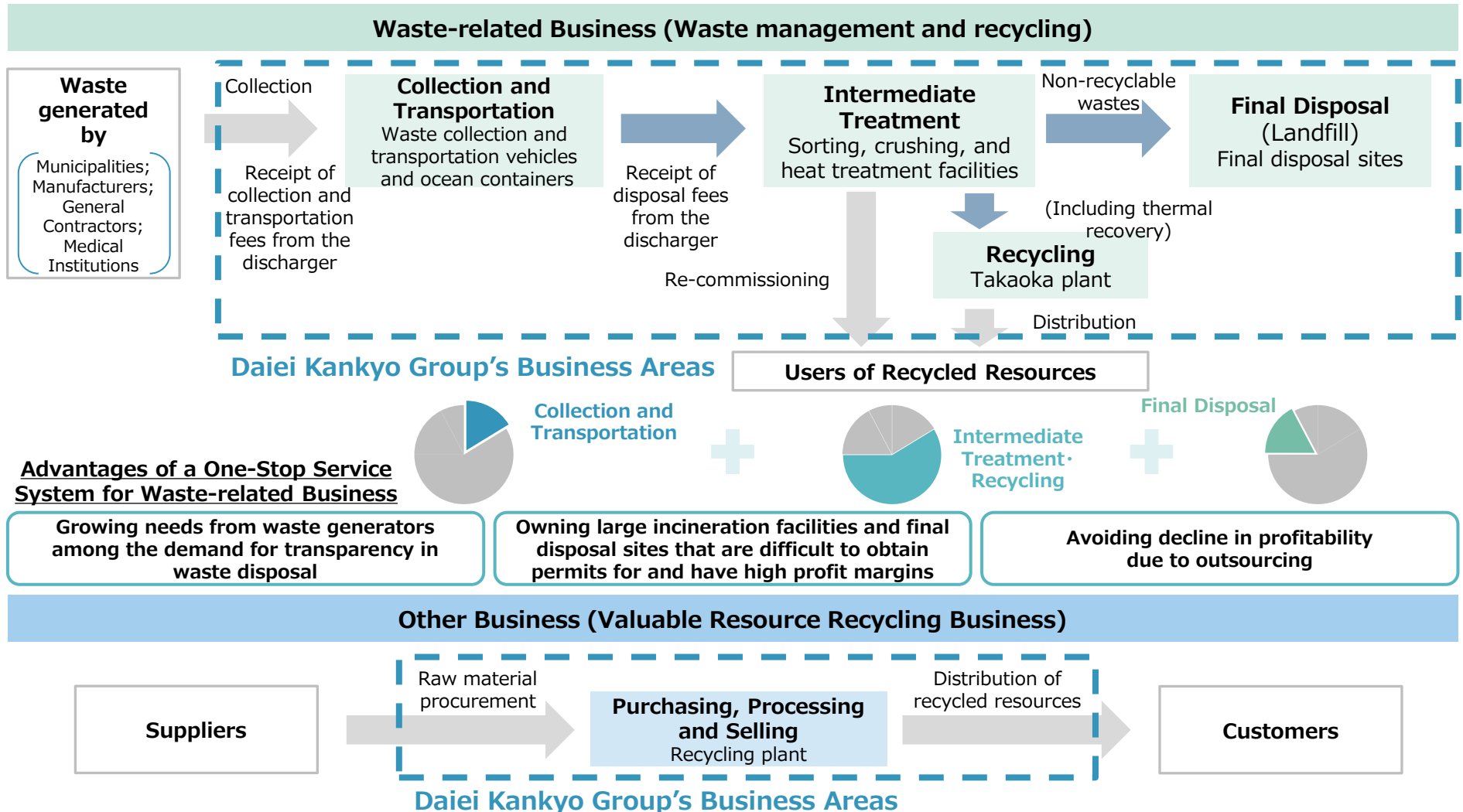
DAIEI KANKYO

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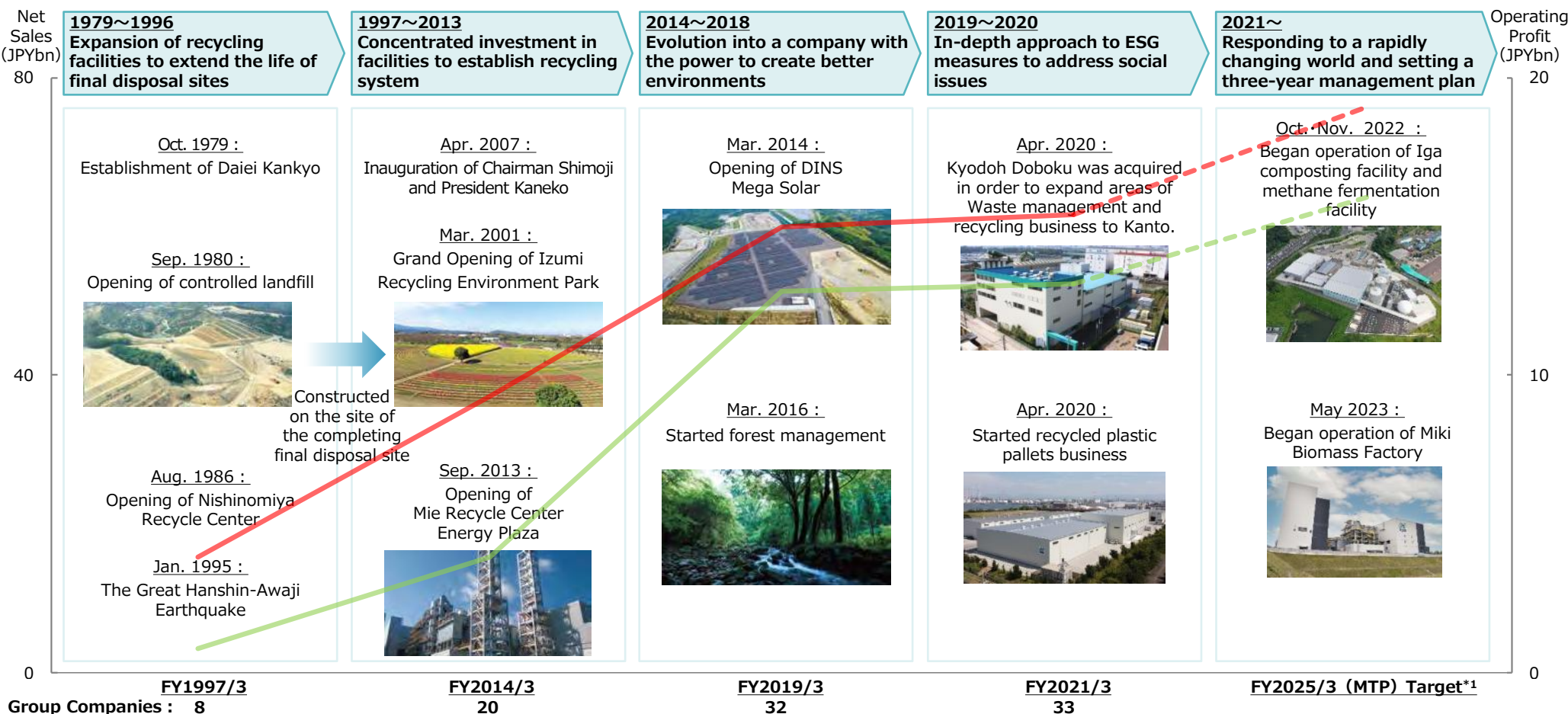
Business Model (Main Business Flow)

Business Model of each segment



The History of Daiei Kankyo

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



*1: Please refer to P44 for mid-term management plan targets.

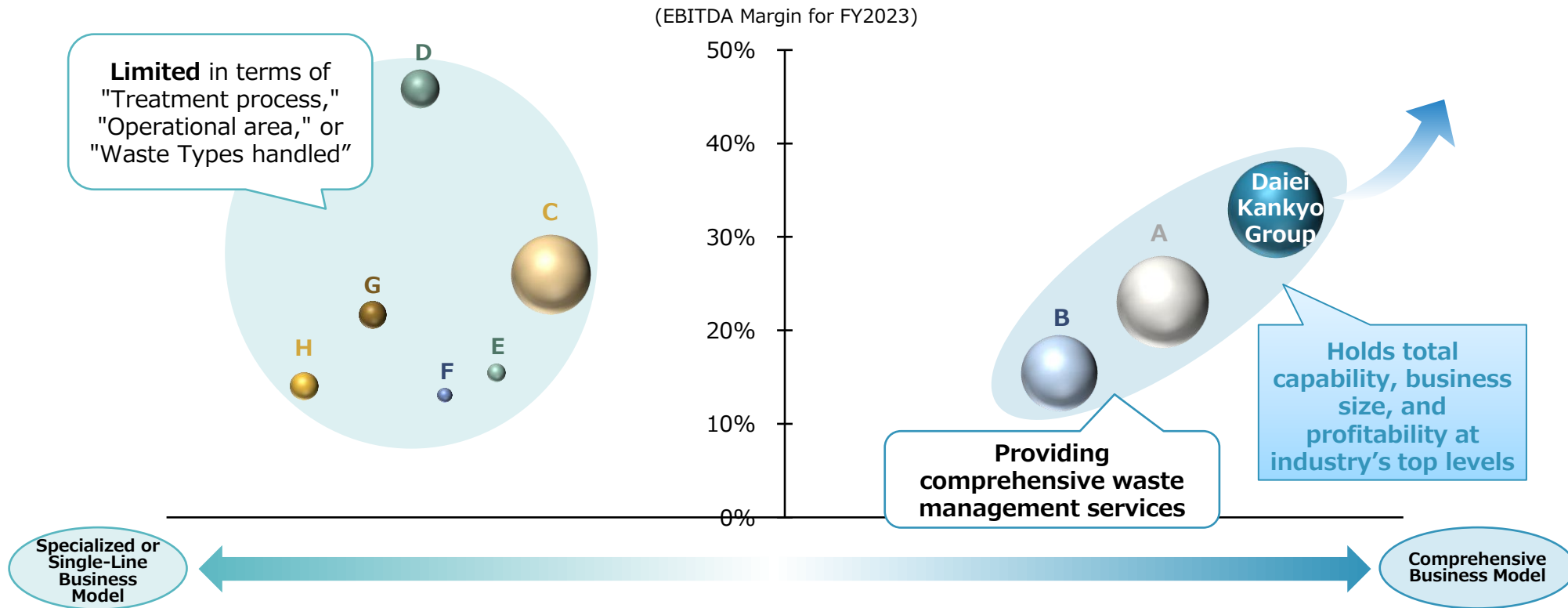
Note: The line graph on the back shows the historical net sales and operating profit. — : Net Sales, — : Operating profit

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

Position Maps of the Industry

Position Maps of Japanese Waste Management Industry (Our Analysis)

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

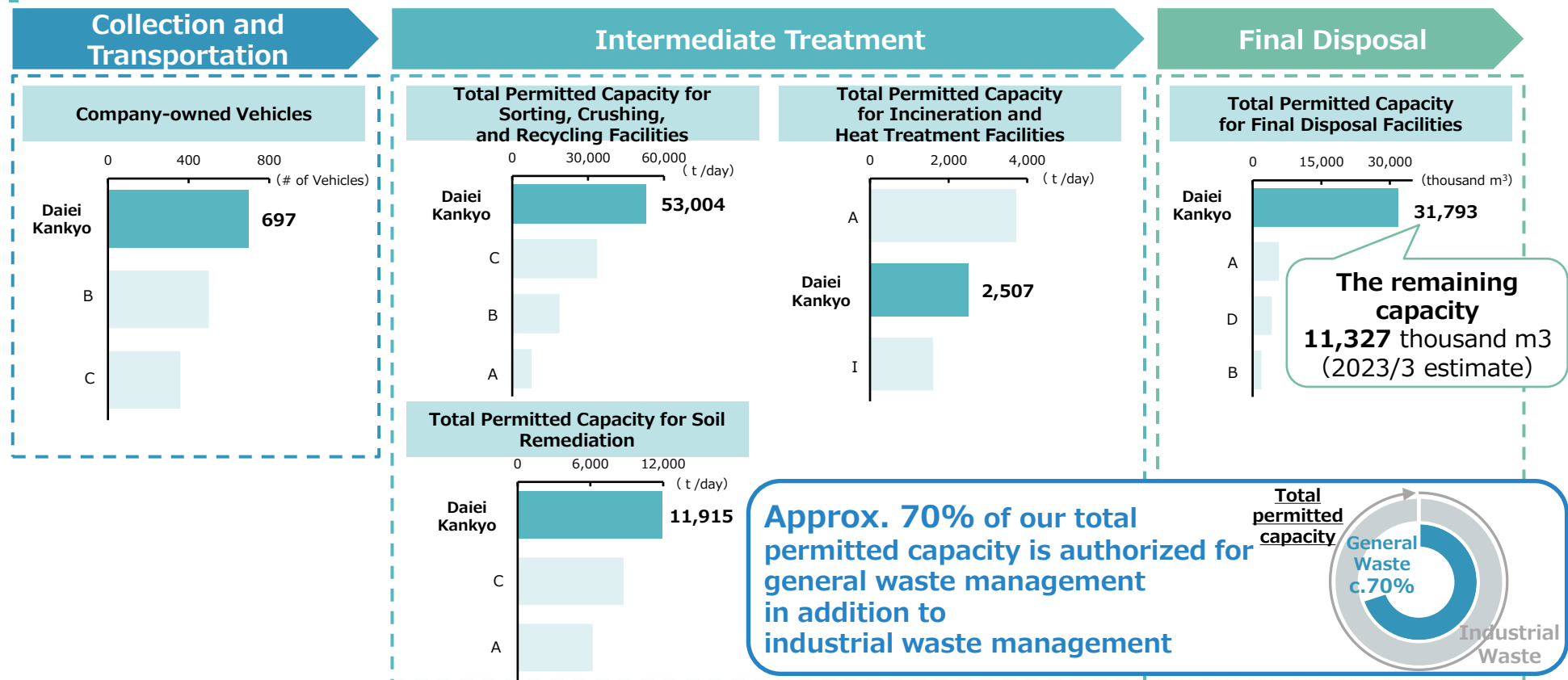


Note: The size of the bubbles indicates EBITDA for the FY2023
 The Analysis of "Comprehensive Business Model" and "Specialized or Single-Line Business Model" is based on our own categorizations of the market.
 EBITDA and EBITDA margin of the other companies are calculated by us in accordance with the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

Source: Publicly available information of each company

Capacity Compared to Other Companies*1

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



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

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

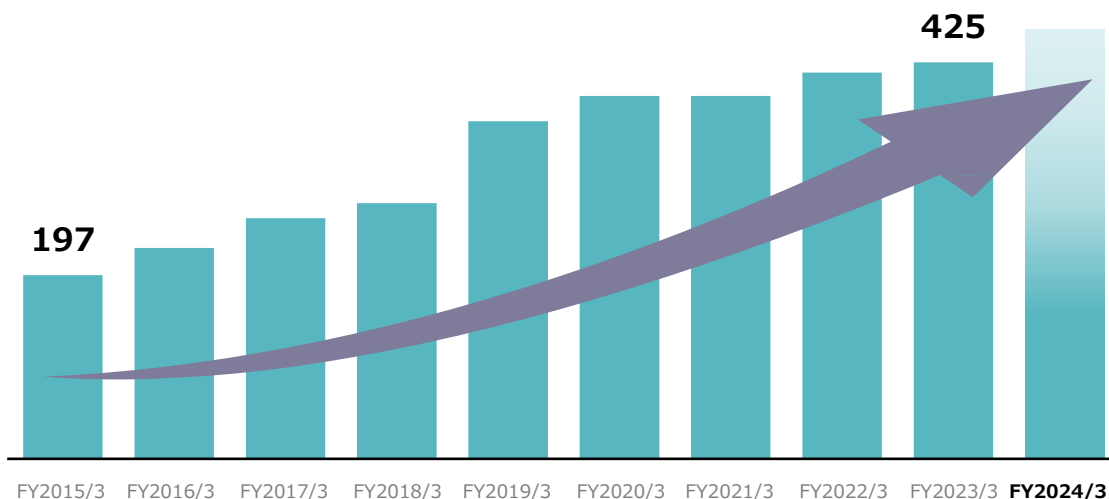
Sources: Integrated Report; Annual Securities Report; financial disclosure information, website, and other public information of the company (as of June 30, 2023); "Industrial Wastes Information Network" of Japan Industrial Waste Management Foundation and a website of Japan Disaster Treatment Systems

of Municipalities We Work with

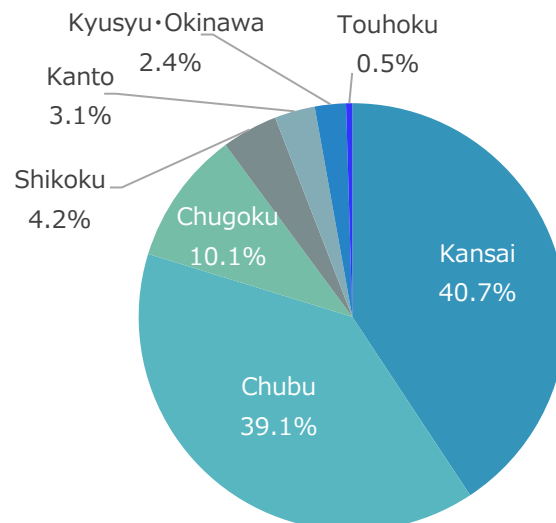
of Municipalities We Work with*1

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

of Municipalities We Work with*1



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



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

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

*3: Mie Prefecture is included in the Chubu region.

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

of Disaster Cooperation Agreements with Municipalities

of Disaster Cooperation Agreements with Municipalities

- ✓ Accelerated the signing of disaster cooperation agreements with municipalities after the disastrous heavy rain and Typhoon No. 21 in West Japan in 2018, etc.
- ✓ As of the end of September 2023, **168 agreements** had been signed, **approx. 9%** of the total number of agreements signed by all municipalities in Japan*¹
- ✓ Aiming to increase the number of agreements

Our Experience with Disaster Waste*²

Great Hanshin-Awaji Earthquake

1995/1
(15mil t)



Typhoon in Hyogo

2004/10
(0.07mil t)

Typhoon/Flood in Kii

2011/8-9
(0.1mil t)

Great East Japan earthquake

2011/3
(31mil t)

Kumamoto Earthquake

2016/4
(3mil t)



Disastrous heavy rain in Kanto and Tohoku

2015/9(0.09mil t)



Disastrous heavy rain in West Japan

2018/7
(2mil t)

Typhoon in Osaka

2018/8-9
(2mil t)



Typhoon in Boso and East Japan

2019/10
(1.2mil t)

Disastrous heavy rain in Kyusyu

2020/7
(0.6mil t)

[Reference] Estimated amount of disaster waste (Maximum)

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

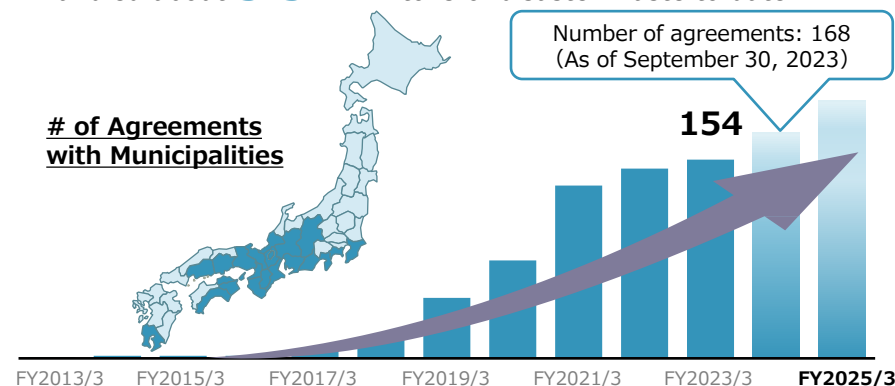
*1 : # 1,718 municipalities in Japan as of Apr. 1, 2023 (excluding the 23 wards of Tokyo), plus the 23 wards of Tokyo and 47 prefectures.

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

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

Number of Cooperation Agreements with Municipalities

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



Overview of the Waste Management Business in Japan

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

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

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

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

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

*4 : Excluding construction and improvement costs

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

Overview of the Waste Management Business in Japan

Industry players of our recognition

		Collection and Transportation	Intermediate Treatment			Final Disposal
			Sorting, Crushing, Recycling	Incineration and Heat Treatment	Soil Remediation	
Industrial Waste	Private Sector *1	# of companies c.110k companies	# of companies 9,908 companies	# of companies 129 companies	# of companies 152 companies	# of companies 705 companies
	Public Sector *1		# of facilities 925	# of facilities 1,060 PPP Growth Opportunity		# of facilities 1,066 (in operation)
General Waste						

Industrial Waste (Mainly business activities waste) Industry

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

General Waste (Mainly household waste) Industry

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

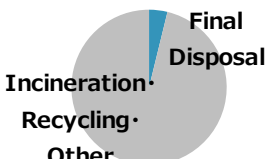
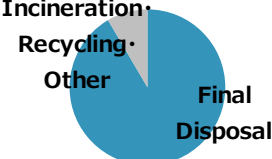
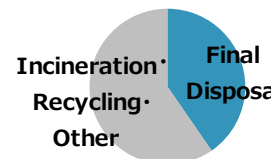
*1: # of industrial waste operators as of July 31, 2023 excluding # of soil remediation operators as of June 30, 2023 and incineration and heat treatment operators as of July 20, 2023. # of general waste facilities based on FY2022A

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

Waste Management Markets in Japan, United States and Europe

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

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

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

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

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

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

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

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

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

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

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

6. Growth Strategy

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

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

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

5 to 6%

**EBITDA margin
(FY2025/3)**

30% or higher

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

Approx. 20%

Examples of Factors Not Included the Financial Targets

M&A

**Changes in
Contracted Waste
Management Prices**

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

Progress on Key Measures

Operation and Construction of new large facilities

Operation of Recycling Facilities

Iga Methane Fermentation Facility

Operation
began in Nov.
2022

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



Iga Composting Facility

Operation
began in Oct.
2022

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



Construction of Heat Treatment Facilities

Miki Biomass Factory

Operation
began in May
2023

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



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

Capacity of Heat Treatment

End of FY2022/3

2,067 t/day

End of FY2030/3
(Target)

4,000 t/day

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

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

Progress on Key Measures

Expansion of final disposal sites for sustainable growth


Controlled Final Disposal Sites

Mie Chuo Kaihatsu Co., Ltd. Mie Recycle Center 8th stage Controlled final disposal site

Construction
started in Mar.
2020

- ✓ Start of service : Around April 2025
- ✓ Permitted Capacity : 6,641,181m³
(of which 5,911,181m³ for 2nd phase construction)
- ✓ Estimated Investment Total :
Approx. JPY 5.5bn (2nd phase construction)




 : 8th stage disposal site construction area
(2nd phase)

Daiei Kankyo Co., Ltd. Gobo Recycle Center 2nd stage Controlled final disposal site

Construction
started in Jan.
2023

- ✓ Start of service : Around April 2025
- ✓ Permitted Capacity : 1,355,882m³
- ✓ Estimated Investment Total : Approx. JPY 4.2bn



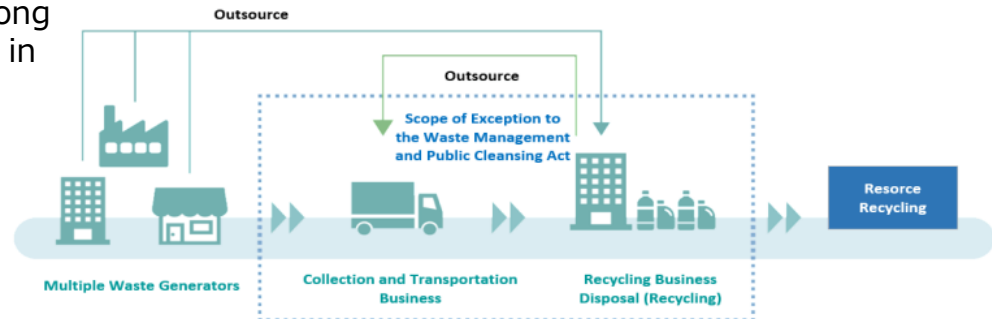
 : 2nd stage disposal site
construction area

Initiatives to Promote Carbon Neutrality

Initiatives regarding “The Plastic Resource Circulation Act”

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

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



Examples of initiatives for decarbonization and recycling

Demo project planned to complete in Mar. 2024

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

Demo project launched in Oct. 2021

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

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

Progress on Key Measures: PPP

Previous Case of PPP

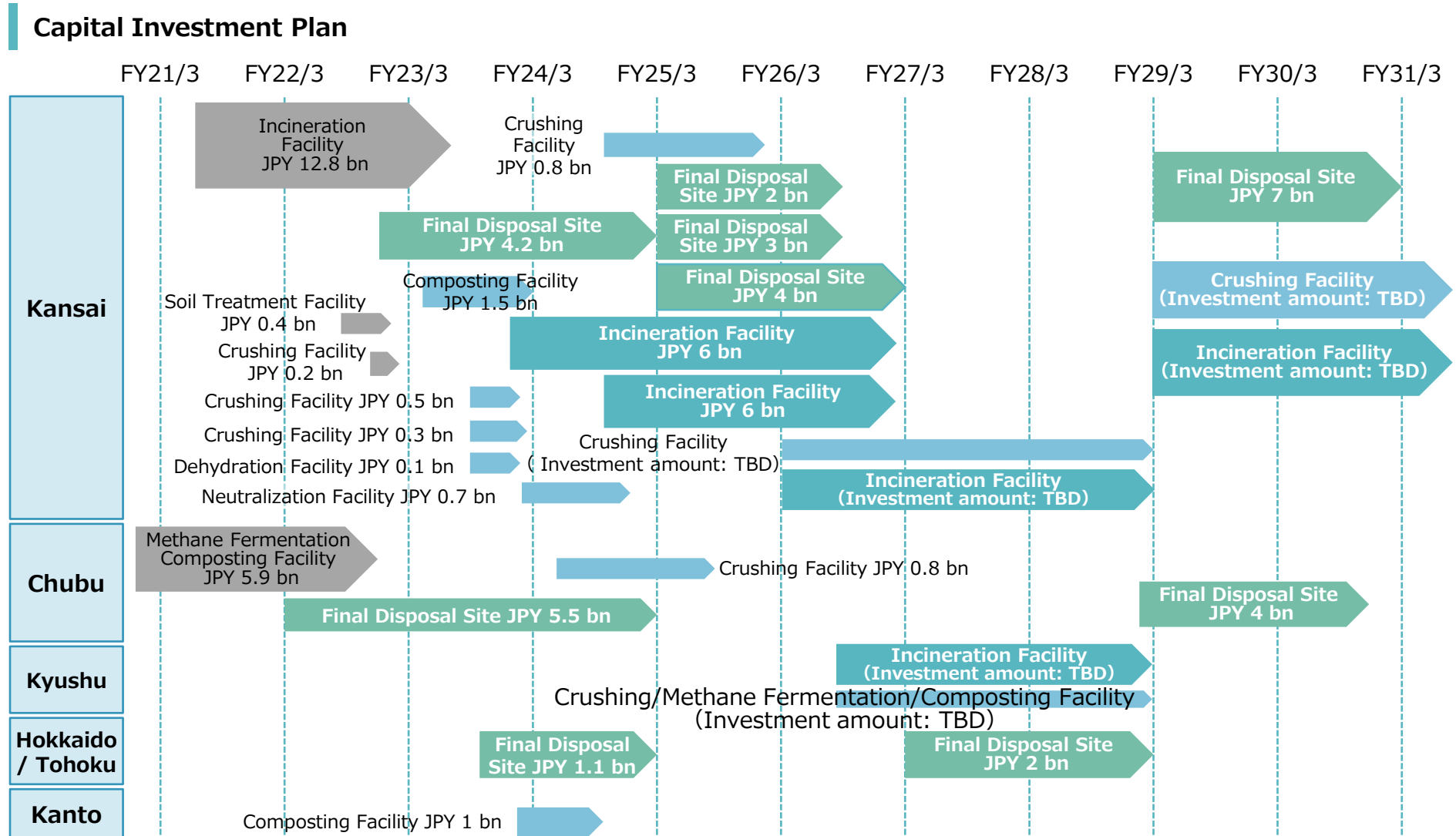
Previous Case①: Kamimashiki-gun, Kumamoto		Previous Case②: Aioi, Hyogo		Previous Case③: Tadaoka, Osaka	
Date of Agreement	✓ Oct. 2021	Date of Agreement	✓ Oct. 2021	Date of Agreement	✓ Feb. 2023
Business Location	✓ Mifune-machi, Kamimashiki, Kumamoto	Business Location	✓ Aioi, Hyogo	Business Location	✓ Tadaoka, Senboku-gun, Osaka
Facilities Overview	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



- ✓ Started construction of a relay facility to receive general wastes from the town of Tadaoka from April 2024 until the energy recovery facility is completed.

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



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

Priority Targets for M&A

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

Abundant M&A Opportunities

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

■ Sales of JPY 1 bn or more

■ Sales of less than JPY 1 bn

16%

84%

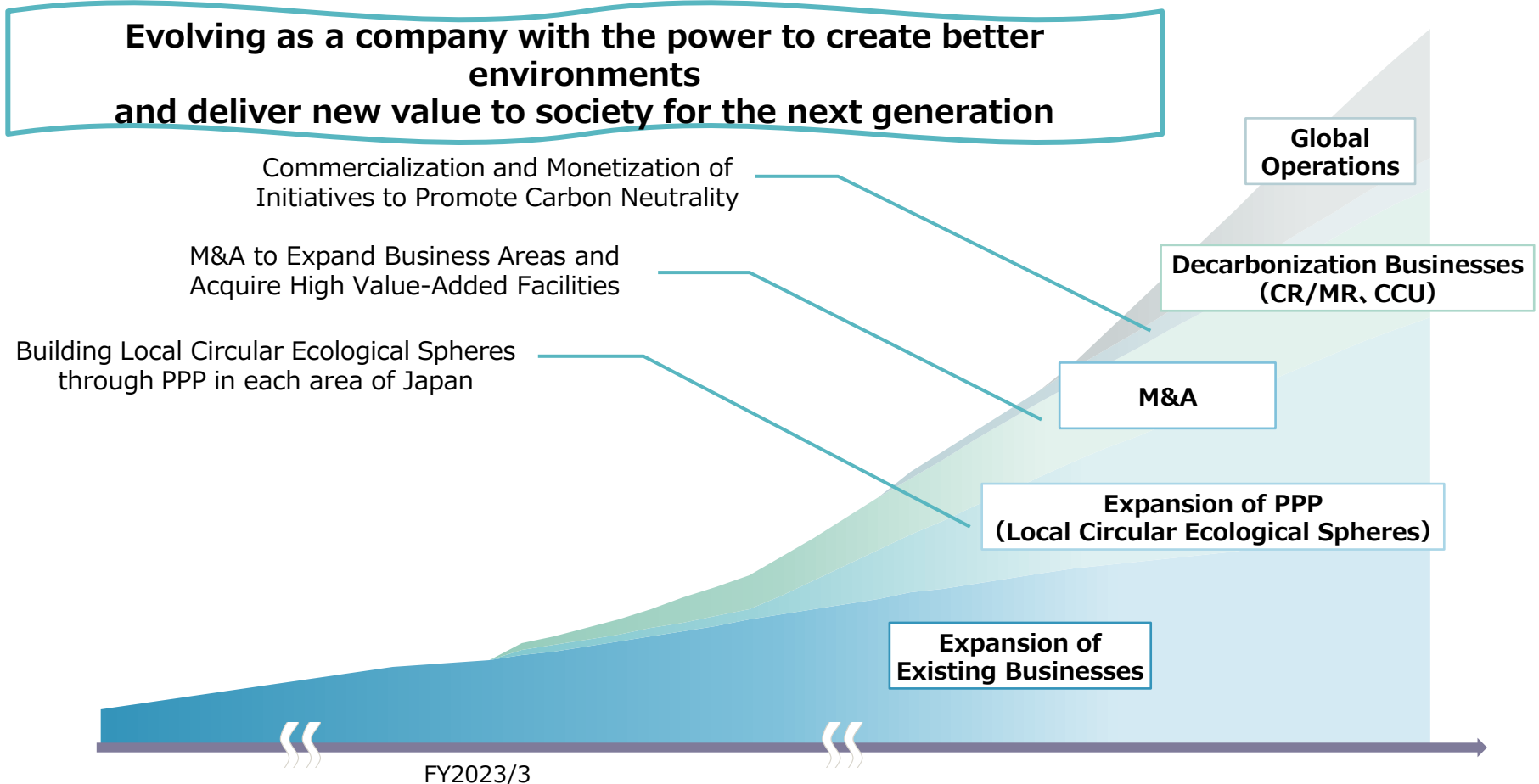
	Collection and Transportation	Intermediate Treatment		Final Disposal
		Sorting, Crushing, Recycling	Incineration and Heat Treatment	
Hokkaido/ Tohoku		✓✓✓	✓✓	✓
Kanto	✓	✓✓✓	✓✓	✓
Chubu		✓✓✓	✓✓	✓
Kansai		✓✓✓	✓✓	✓
Chugoku/Shikoku		✓✓✓	✓✓	✓
Kyushu		✓✓✓	✓✓	✓

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

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

The Future Vision of Daiei Kankyo Group

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

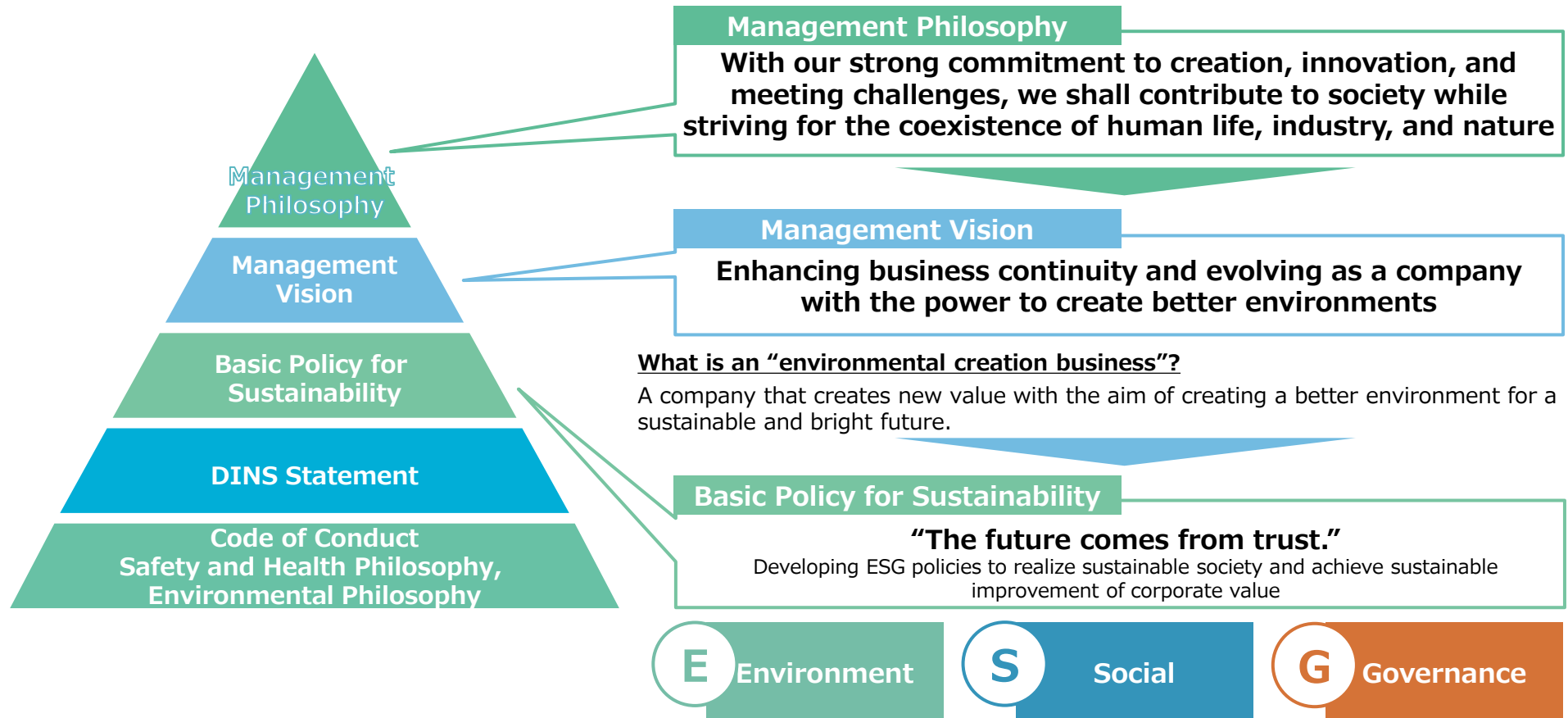


Note: CR = Chemical recycling, MR = Material recycling

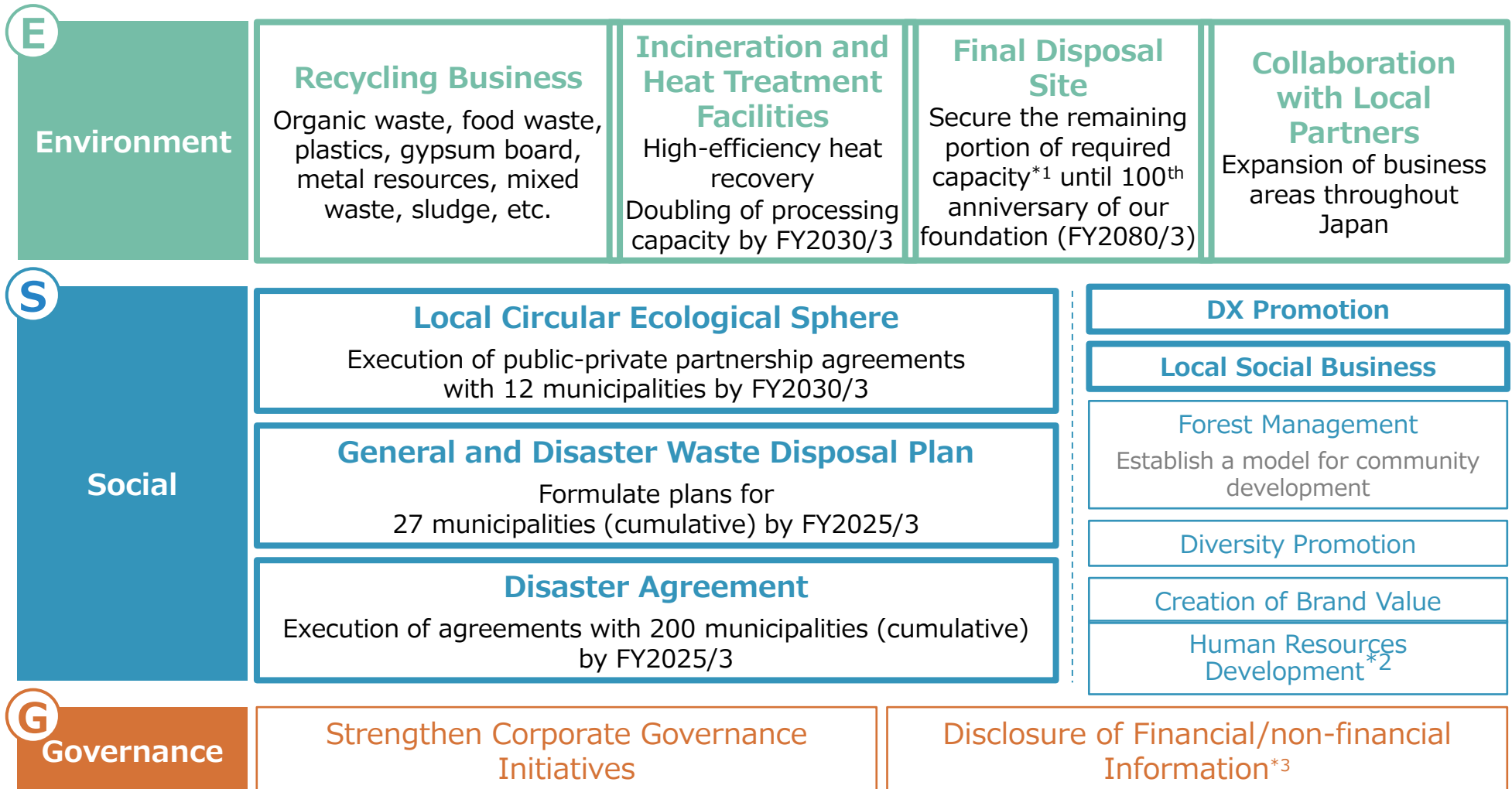
6. Appendix

Identity

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



ESG Policies for Creating Values



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

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

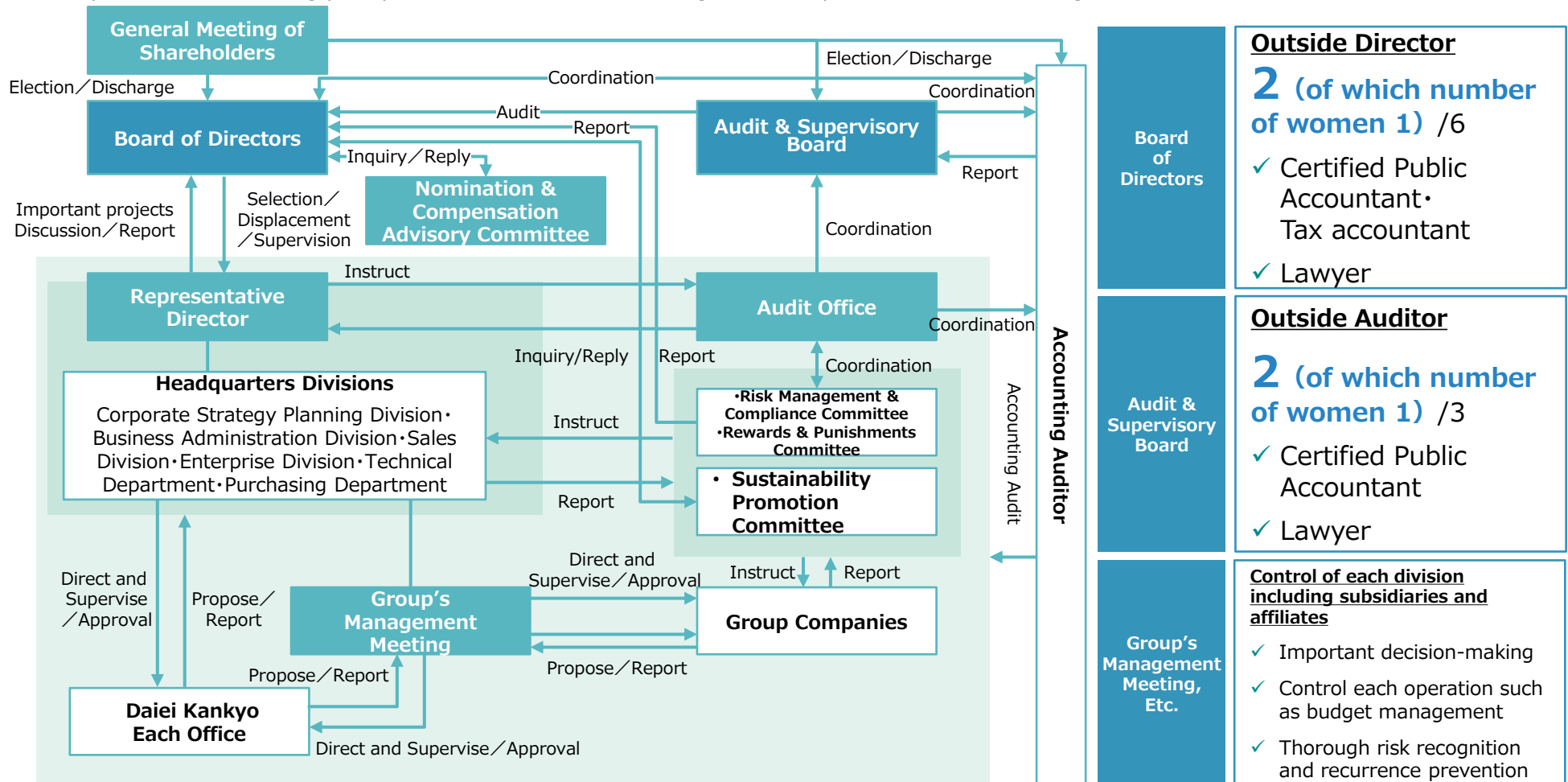
*2: Moved the item of “Human resources development” from governance section to society section.

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

Corporate Governance Structure

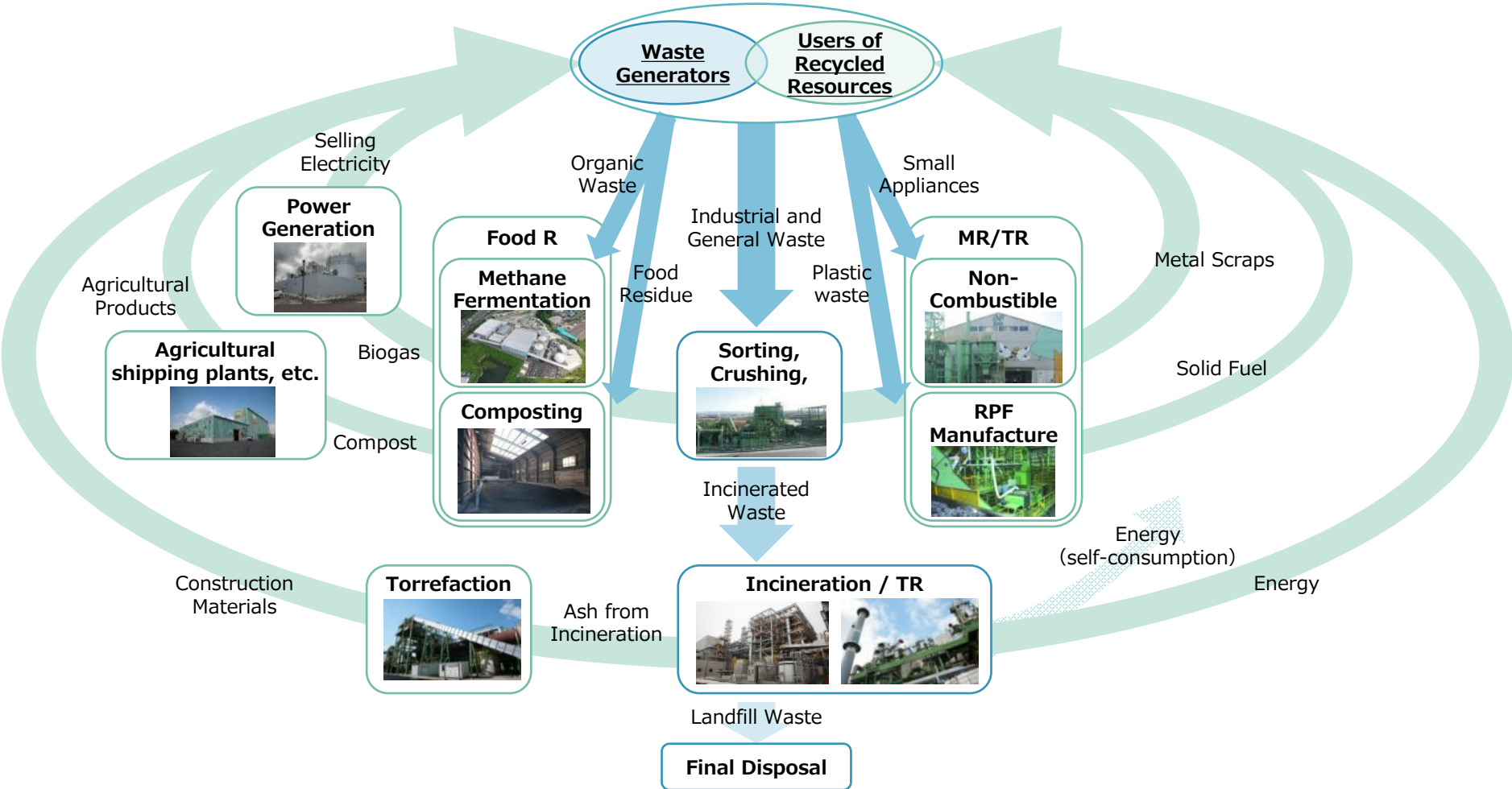
Overview of Corporate Governance Structure

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



Initiatives for Circular Economy

Illustration of Daiei Kankyo Group's Circular Economy



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

Efforts to Reduce CO2 Emissions

Endorsement of TCFD and information disclosure

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

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



<Greenhouse gas reduction targets>

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

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

<Daiei Kankyo Group's actual greenhouse gas emissions>

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

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

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

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

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



Solar power generation



RPF, recycled pallets

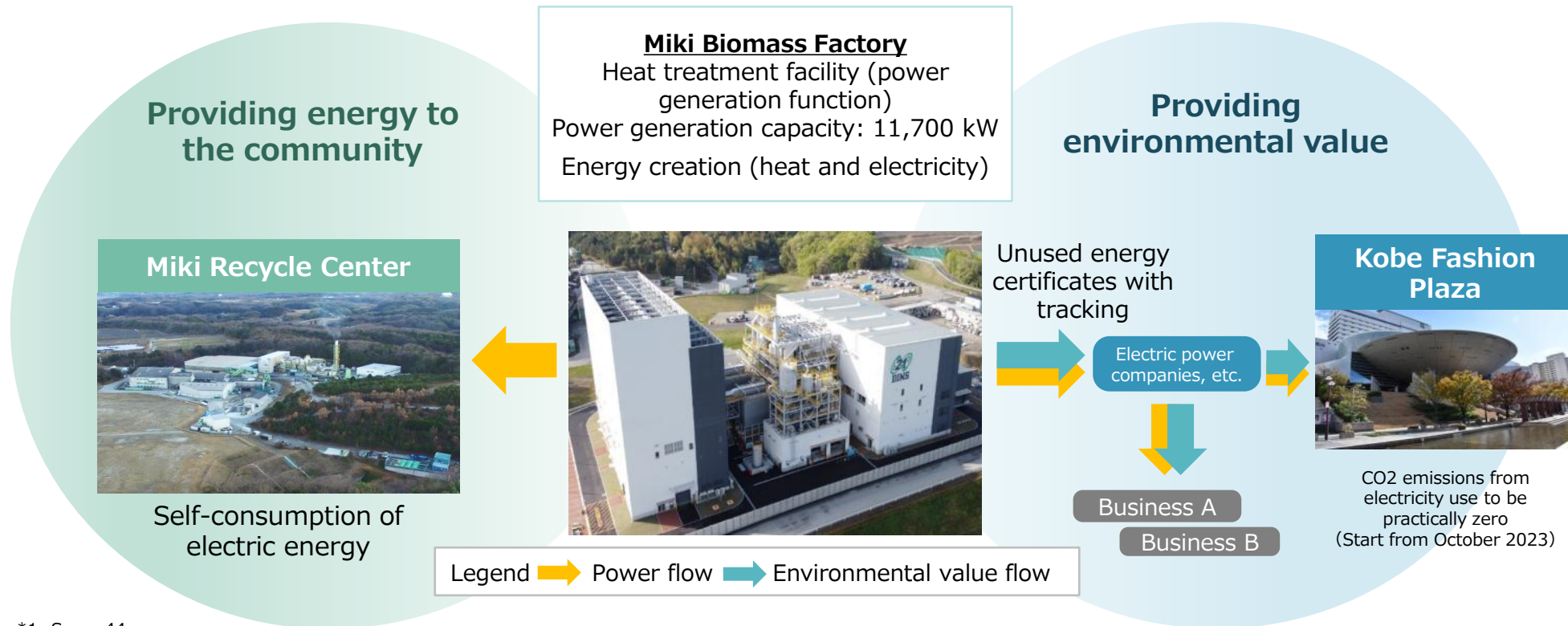


Company-owned forests

Efforts to Reduce CO2 Emissions

Energy value creation by Miki Biomass Factory

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



*1: See p.44

*2: Location of Group Headquarters

Initiatives for Nature Positive

Conservation of biodiversity

Participation in new domestic initiatives to achieve the international biodiversity targets through forest management business

Certified as “a Natural Symbiosis Site” by
The Ministry of the Environment (Oct. 6, 2023)

- ✓ Conservation of biodiversity was recognized at a specific site in Daiei Kankyo group owned forest.

【Site overview】

Name: “Daiei Kankyo Miyazakimimatsanrin”
Total Area: Approx. 2,234ha
Certified Area: Approx. 493ha
Certified Reason: Confirmed habitat of rare plants and southern limit plants etc...



(a Natural symbiosis site certification logo)

Participate in “30by30 Alliance for Biodiversity”

- ✓ Participation in the coalition of governments including the Ministry of the Environment, companies and non-profit organizations to achieve the 30by30 target in Japan



Daiei Kankyo Miyazakimimatsanrin



Award ceremony for certification of
a Natural Symbiosis Site

Human Capital Initiatives

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

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

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

【Reference】 Capital Efficiency and Leverage Indicators

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

Note: Details of adjustment process for each index are described on P62 and after

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

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

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

【Reference】 Reconciliation of EBITDA

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

【Reference】 Reconciliation of ROE

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

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

【Reference】 Reconciliation of ROIC

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

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

【Reference】 Reconciliation of Net D/E Ratio

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

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



Power to Turn into Resources, Return to Nature
DAIEI KANKYO

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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.