

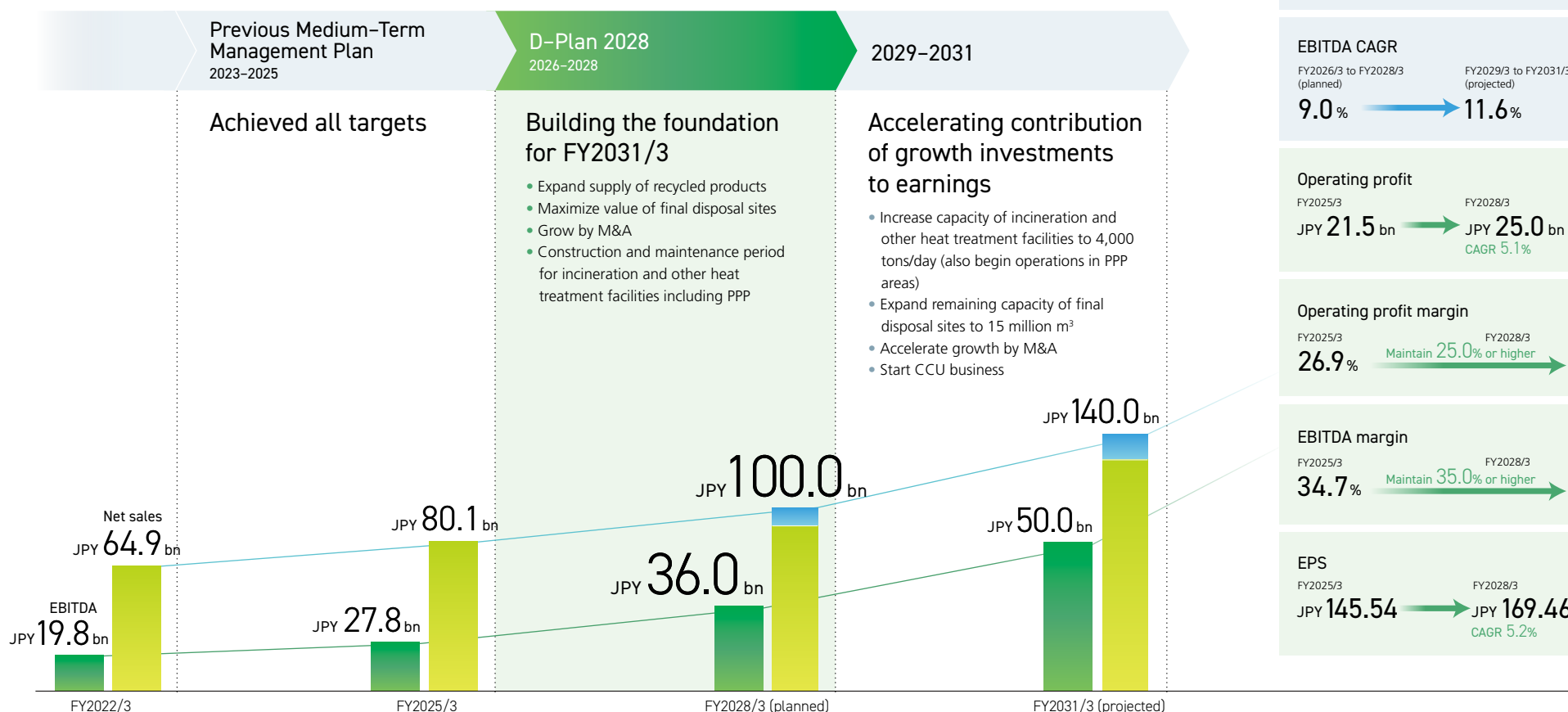
Positioning of the Medium-Term Management Plan

D-Plan 2028 as the medium-term target for building a foundation toward FY2031/3

The Daiei Kankyo Group has formulated the three-year Medium-Term Management Plan, D-Plan 2028, with the fiscal year ending March 31, 2026 as the first year. This plan is aimed at building a foundation during the first three years, toward the fiscal year ending March 31, 2031, six years from now. We will steadily grow through organic expansion and M&A while continuing to invest in growth to achieve our vision.

Roadmap through FY2031/3

M&A Organic net sales



Maximize EPS

Net sales CAGR

FY2026/3 to FY2028/3 (planned)

7.6%

FY2029/3 to FY2031/3 (projected)

11.9%

EBITDA CAGR

FY2026/3 to FY2028/3 (planned)

9.0%

FY2029/3 to FY2031/3 (projected)

11.6%

Operating profit

FY2025/3

JPY 21.5 bn

FY2028/3

JPY 25.0 bn

CAGR 5.1%

Operating profit margin

FY2025/3

26.9%

FY2028/3

Maintain 25.0% or higher

EBITDA margin

FY2025/3

34.7%

FY2028/3

Maintain 35.0% or higher

EPS

FY2025/3

JPY 145.54

FY2028/3

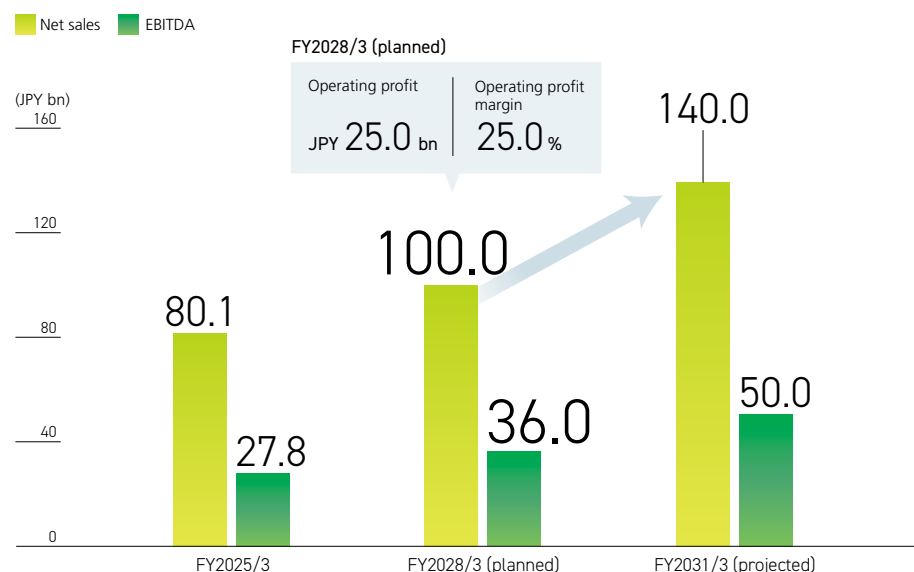
JPY 169.46

CAGR 5.2%

Strategy Summary

In June 2024, the Daiei Kankyo Group identified five material issues (materiality) to address social challenges such as the transition to carbon neutrality and a circular economy, while achieving sustainable growth. Under D-Plan 2028, we will implement growth measures and measures for strengthening the management foundation to address materiality.

Medium-term targets for net sales and EBITDA



Cash allocation

Cash on hand + Borrowings	JPY 29.0 bn or more	Growth investment	
Cumulative operating cash flow over three years	JPY 85.0 bn	M&A	JPY 10.0 bn or more
		Investment in growth area	JPY 36.0 bn
		Investment in maintenance and replacement	JPY 14.0 bn
		Repayment of borrowings	JPY 38.0 bn
		Shareholder returns	JPY 16.0 bn or more

Overview of strategy

Growth measures	Contributes to earnings from D-Plan 2028 onward	Advance resource recycling systems	Increase earnings in the recycling business through increased supply to the “artery” (e.g., manufacturing) market
			Maximize the value of final disposal sites (maximize sales per unit of capacity)
		Deepen relationships with municipalities	Expand the scope of transaction with municipalities we work with Expand business area to nationwide
	Expand business areas through M&A	Actively execute projects that are expected to generate synergies (increase in volume received)	
	Measure for FY2031/3	Increase capacity of incineration and other heat treatment facilities	Started construction of 5 facilities to increase the capacity to 4,000 tons/day
		Expand planned annual landfill volume and remaining capacity of final disposal sites	Promote M&A in new areas to increase planned annual landfill volume
			Promote new construction and expansion plans in existing areas
		Promote PPP	Conclude a total of 7 agreements
Measures for strengthening management foundation	Promote human capital management	Maximize employee engagement	
	Improve Group management capabilities	Further strengthen governance and risk management systems	

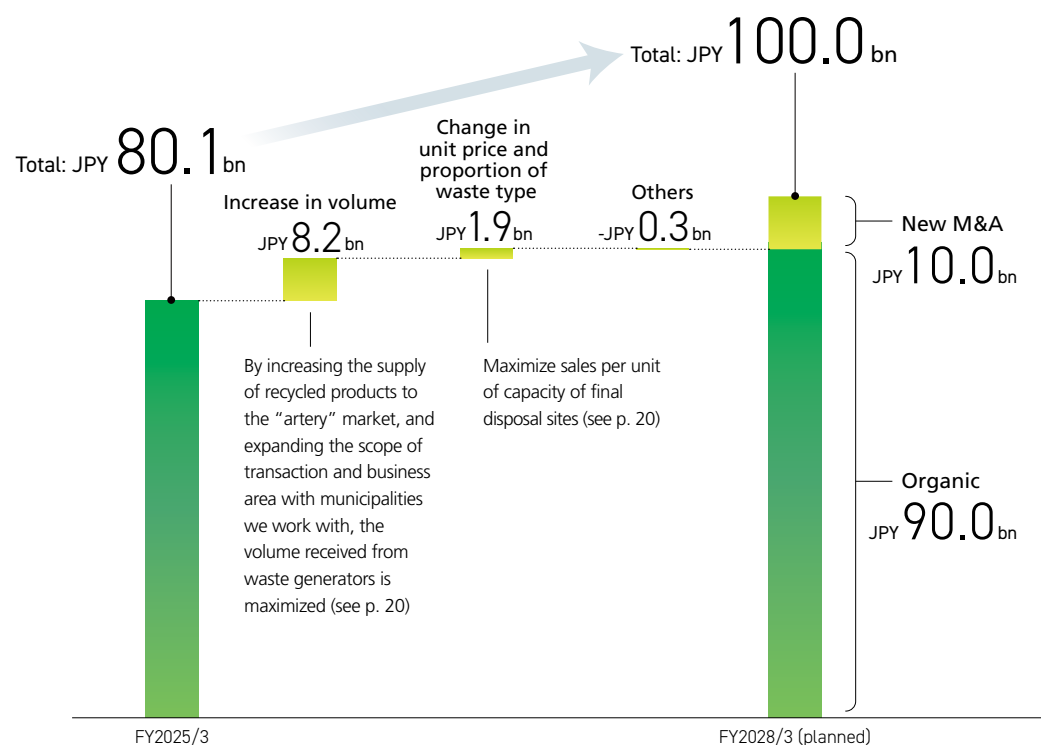
Key Points of the Sales Expansion Strategy

Growth both organically and inorganically

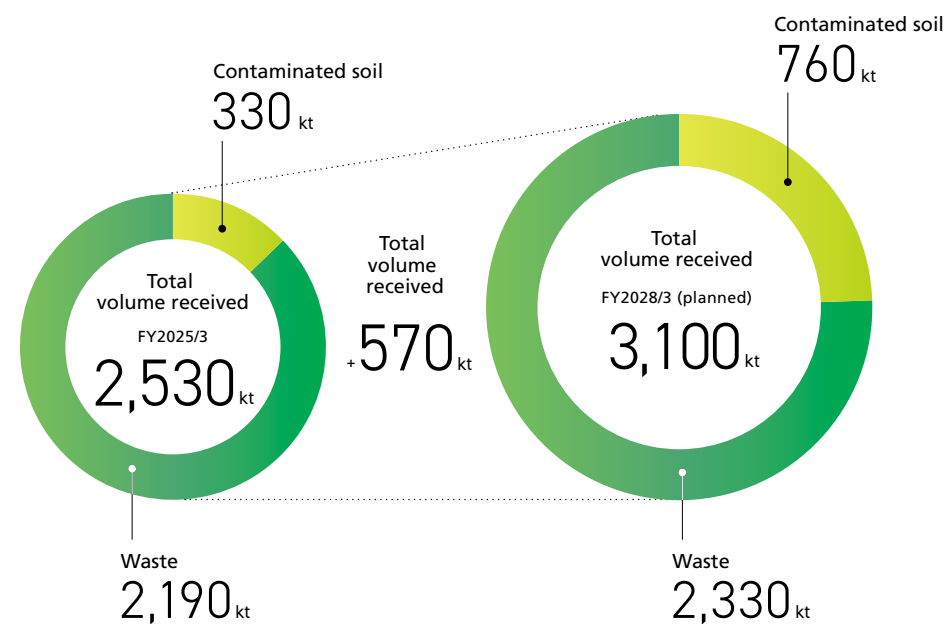
Under D-Plan 2028, we plan to increase net sales by approximately ¥10.0 billion through organic growth and an additional ¥10.0 billion through new M&A, targeting net sales of ¥100.0 billion. The key to this is expanding the volume of both waste and contaminated soil received.

The breakdown of organic growth is expected to be approximately ¥8.2 billion from increased volume and approximately ¥1.9 billion from changes in unit prices and proportion of waste type.

Plan to expand sales



Plan to increase volume received



Key Points of Profit Contribution

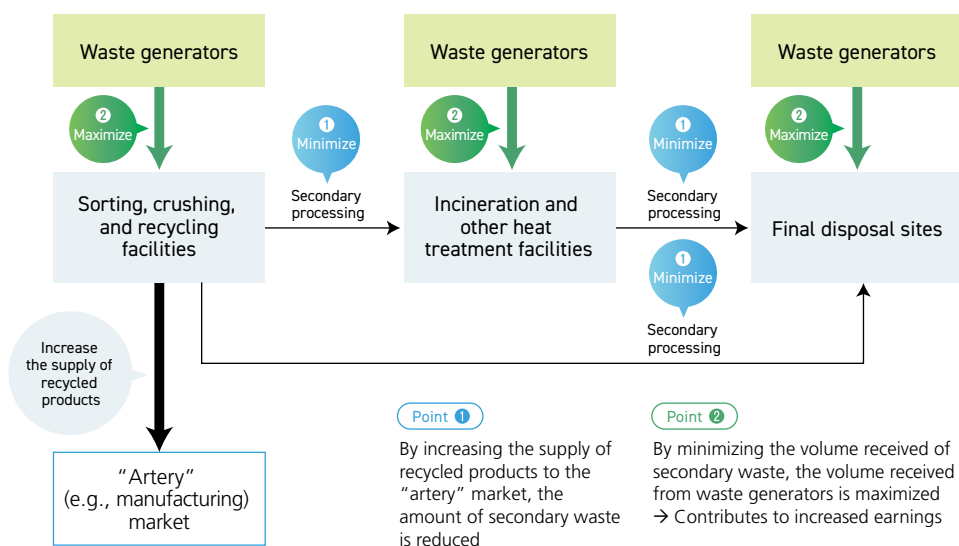
Maximizing volume received and the value of final disposal sites by advancing resource recycling systems

Under D-Plan 2028, we will drive profit growth by strengthening relationships with municipalities, actively pursuing M&A, and advancing resource recycling systems. By increasing the supply of recycled products to the “artery” market, the amount of secondary waste will decrease, leading to increased volume received from waste generators. Additionally, a certain proportion of low-value-added waste, such as waste plastics, still remains in final disposal sites. By promoting the recycling of these low-value-added materials, we aim to increase the proportion of high-value-added waste and maximize the value of final disposal sites.

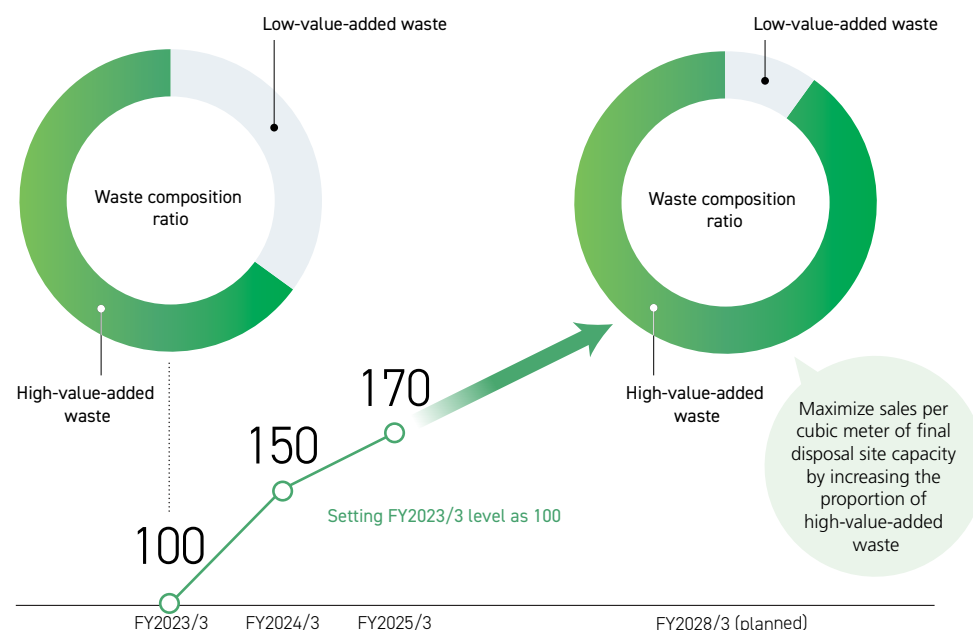
These efforts form the foundation for achieving our targets by the fiscal year ending March 31, 2031, and we will continue to work toward sustainable growth.

Increase supply to the “artery” (e.g., manufacturing) market →
Maximize the volume received from waste generators

→ Intake that contributes to increased earnings → Intake that does not contribute to increased earnings



Trends in sales per cubic meter of final disposal site capacity and change in the composition ratio of high- vs. low-value-added waste



What is high-value-added waste?

- High-density materials such as ash from incineration and buried waste
- High unit price items such as waste asbestos

What is low-value-added waste?

- Low-density materials such as combustible materials and plastics
- Low unit price items such as contaminated soil