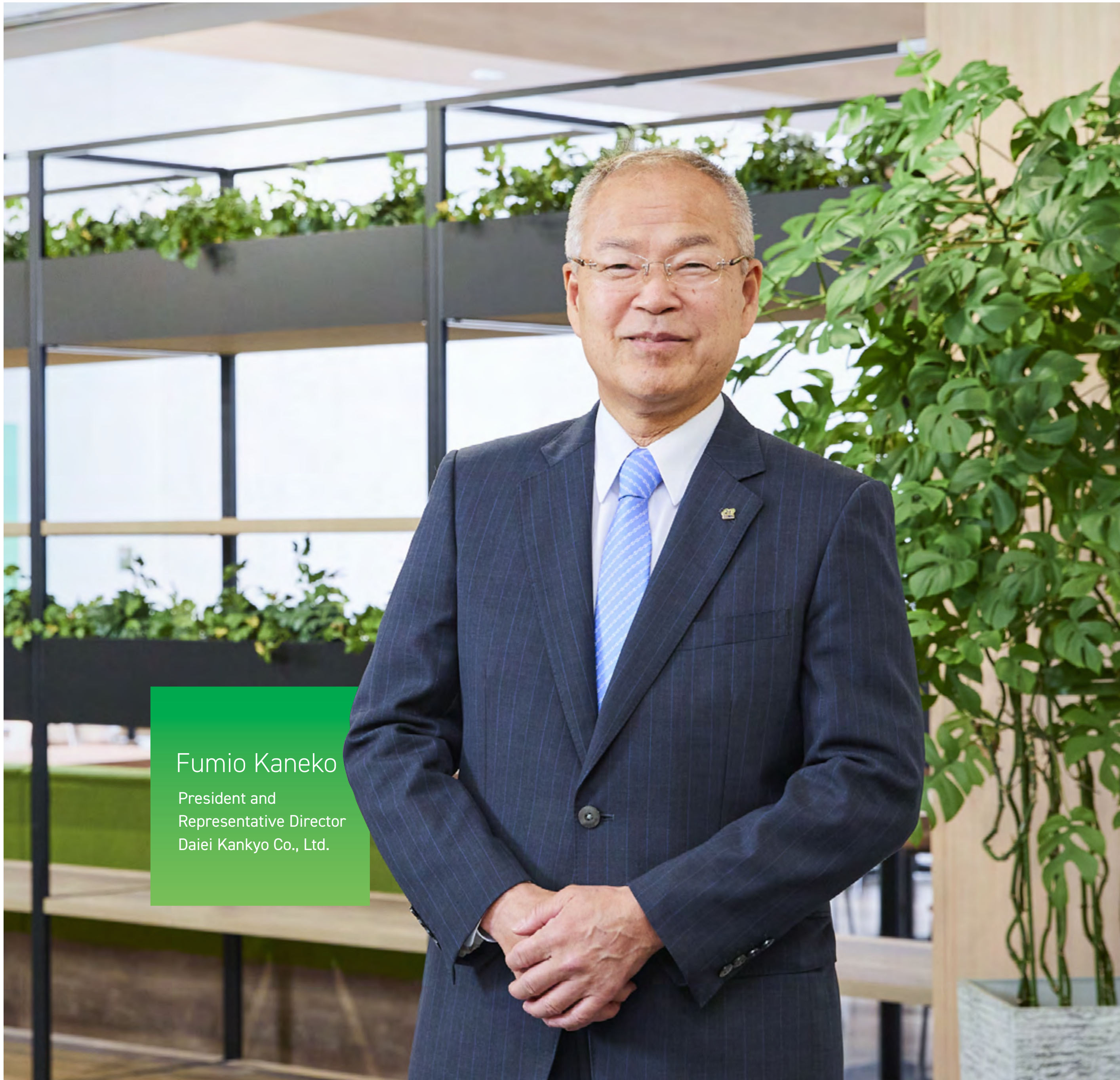
The Future Comes from Trust. Guided by this belief, we will continuously embrace challenges and strive for solid growth.

Posted record earnings for three consecutive years, and achieved the previous Medium-Term Management Plan targets across all indicators

In the final year of the previous Medium-Term Management Plan, covering the fiscal years ended March 31, 2023 to March 31, 2025, the Daiei Kankyo Group continued focusing on securing orders for infrastructure development projects mainly in the Kansai and Chubu areas, and building a waste plastic resource recycling system with partner companies and municipalities. As part of our M&A strategy, we made Eiwa Recycle Co., Ltd. a consolidated subsidiary in April 2024; followed by Urayasu Seiun, Inc. and Aia, Inc. in July 2024; and finally Kaisei Co., Ltd. in January 2025. These companies operate in the Kanto area and have been expanding business by integrating operations with Kyodoh Doboku Co., Ltd., a Group company in the same area.



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As a result of these efforts, the Group's consolidated net sales for the fiscal year ended March 31, 2025 reached a record high of ¥80.1 billion, up 9.8% year on year. In terms of profit, despite increases in personnel and outsourcing expenses associated with orders for demolition work, operating profit amounted to ¥21.5 billion, up 9.3% year on year, and profit attributable to owners of parent was ¥14.3 billion, up 5.7%, both marking record highs. This was driven by higher sales per capacity at final disposal sites and continued cost reductions through insourcing. We maintained high levels of operating profit margin and EBITDA margin, our key management indicators, and successfully achieved all numerical targets set in the previous Medium-Term Management Plan.

Looking back over the three years of the previous Medium-Term Management Plan period, the fiscal year ended March 31, 2023, the first year, was marked by ongoing uncertainty in society and the economy due to the prolonged COVID-19 pandemic. During this time, the Company focused on strengthening internal rules and regulations in preparation for listing on the Tokyo Stock Exchange (TSE) Prime Market, which limited growth. However, entering the second year of the plan, as the pandemic finally subsided and economic activity began to recover, business growth gained momentum. The enforcement of the Act on Promotion of Resource Circulation for Plastics (hereinafter "Plastic Resource Circulation Act") in April 2022 brought increased attention to resource recycling, creating a favorable business environment for the Group, which is also engaged in chemical and material recycling. Benefiting from these favorable conditions, the Group achieved strong growth in the fiscal year ended March 31, 2024, with net sales up approximately 8% year on year and both operating profit and EBITDA increasing by 18%. In the third year, the fiscal year ended March 31, 2025, this momentum further accelerated, and we are very pleased to have concluded the Medium-Term Management Plan with record-high sales and profits.

Consolidated performance of the Previous Medium-Term Management Plan (FY2023/3 to FY2025/3)

Indicator	FY2022/3 (actual)	FY2023/3 (actual)	FY2024/3 (actual)	FY2025/3 (actual)
Net sales	JPY 64.9 bn	JPY 67.6 bn	JPY 73.0 bn	JPY 80.1 bn
EBITDA*1 margin*2	30.5 % (EBITDA JPY 19.8 bn)	32.9 % (EBITDA JPY 22.2 bn)	36.0 % (EBITDA JPY 26.2 bn)	34.7 % (EBITDA JPY 27.8 bn)
Operating profit margin	19.8 % (Operating profit JPY 12.8 bn)	24.6 % (Operating profit JPY 16.6 bn)	27.0 % (Operating profit JPY 19.7 bn)	26.9 % (Operating profit JPY 21.5 bn)

*1 EBITDA: Operating profit + Depreciation (excluding non-operating expenses) + Amortization of goodwill
*2 EBITDA margin: EBITDA / Net sales

We believe that the strong performance was also significantly supported by the positive effects of our stock exchange listing. This is evident, for example, in the enhanced execution of our M&A strategy. In this industry, which has long been characterized by a highly fragmented market, restructuring and consolidation are now rapidly advancing. We view this as a major opportunity and have actively pursued an M&A strategy even prior to our listing. Since going public, however, our heightened presence in the industry has led to a significant increase in the number of M&A opportunities brought to us. As a result, we have successfully executed a total of six M&A deals over the past two years. Going forward, we intend to actively pursue a growth strategy through M&A alongside organic business expansion.

Progressed in strengthening non-financial capital, contributing to enhanced corporate value

Over the three years of the previous Medium-Term Management Plan, significant progress was made in strengthening corporate capabilities in non-financial areas (non-financial capital).

Regarding human capital, becoming a publicly listed company has enhanced our social recognition, noticeably boosting employees' pride in their work and engagement with the Company. Over the past three years, we have advanced the development of our HR systems and employee training programs, fostering not only individual skill growth but also a deeper understanding of the Company's history, the current state of the industry, and our founding spirit and management philosophy. I feel confident that steady progress is being made on one of the key material issues (materiality) identified in June 2024, promoting human capital management.

Furthermore, the expansion of our business areas driven by our M&A strategy, along with advancements in public–private partnerships (PPPs), has greatly deepened trust with municipalities and local communities across diverse regions. As a result, the Group's social recognition has further increased, creating a positive cycle in which the core belief that "The Future Comes from Trust." permeates throughout the entire Group. These efforts contribute to building the foundation for Local Circular Ecological Spheres, one of the material issues.

Digital transformation (DX), regarded as a key priority for reinforcing our business foundation, has also advanced considerably. Over the past three years, we have improved efficiency by standardizing and systematizing many tasks that were previously dependent on individual expertise. During this process, we formed a DX promotion team that included staff directly involved in operations, clearly identifying issues while incorporating feedback from the field. This helped instill a sense of ownership among employees—an awareness that "we drove the change together"—which contributed to the development of a more effective system. As the Group continues to expand, we recognize that promoting DX will become increasingly essential, and remain committed to advancing these efforts.

We have also made progress in strengthening corporate governance, which serves as the foundation for corporate value creation. Reinforcing governance was, in fact, the primary objective behind our decision to go public. Since our founding in 1979, the Group has grown under a family-like management style. However, with expansion through M&A, the need to establish a robust governance framework across the organization has become increasingly important. The path we chose to achieve this was going public. In doing so, we have developed the Group's management framework and various systems in accordance with the rigorous standards required for a listed company. In June 2024, we transitioned our organizational structure to a company with an audit and supervisory committee, further strengthening our governance framework. The current Board of Directors actively engages in multifaceted discussions on various management issues, including three Outside Directors, and will continue to improve management transparency and Group capabilities.

Lunched D-Plan 2028, aiming for ¥100.0 billion in sales and ¥36.0 billion in EBITDA

The Group launched its new Medium-Term Management Plan, D-Plan 2028, covering the fiscal years ending March 31, 2026, to March 31, 2028, in April 2025. D-Plan 2028 is positioned as the first half of a six-year plan concluding in the fiscal year ending March 31, 2031. Over the initial three years from the fiscal year ending March 31, 2026, it aims to lay the foundation for a leap forward, followed by accelerating the Group's growth in the latter three years.

The numerical targets of the new Medium-Term Management Plan include ¥100.0 billion in net sales, ¥36.0 billion in EBITDA with an EBITDA margin of 35% or higher, operating profit of ¥25.0 billion with an operating profit margin of 25.0% or higher, and equity per share (EPS) of ¥169.46 in the fiscal year ending March 31, 2028, driven by both organic growth through the evolution and expansion of existing businesses and inorganic growth through active M&A. Among these targets, only the operating profit margin is set lower than the 26.9% recorded in the fiscal year ended March 31, 2025. This is due to anticipated increases in depreciation expenses following the completion of previously invested facilities, as well as the expected amortization of goodwill resulting from expanded M&A activities. The plan is to continuously increase operating profit itself; however, with the aim of generating sufficient cash flow for growth investments, our emphasis is placed on increasing EBITDA rather than operating profit.

Positioning of D-Plan 2028 (FY2026/3 to FY2028/3) and consolidated performance targets

Previous Medium-Term Management Plan 2023–2025	D-Plan 2028 2026–2028	2029–2031
Achieved all targets	Building the foundation for FY2031/3	Accelerating contribution of growth investments to earnings

Consolidated performance targets

	FY2025/3	FY2028/3	
Net sales	JPY 80.1 bn	JPY 100.0 bn	CAGR 7.6%
EBITDA	JPY 27.8 bn	JPY 36.0 bn	CAGR 9.0%
EBITDA margin	34.7%	Maintain 35.0% or higher	
Operating profit	JPY 21.5 bn	JPY 25.0 bn	CAGR 5.1%
Operating profit margin	26.9%	Maintain 25.0% or higher	
EPS	JPY 145.54	JPY 169.46	CAGR 5.2%

These numerical targets are viewed as achievable, given the Group's growth rate to date. If we can sustain an annual growth rate of 7.6% over the three years from the fiscal year ending March 31, 2026, and then 11.9% over the following three years from the fiscal year ending March 31, 2029, we will reach ¥140.0 billion in net sales. We believe such growth is fully achievable by continuing proactive growth investments and an M&A strategy based on a stable financial foundation.

Our fundamental policy on cash allocation is to maintain financial soundness while prioritizing the use of business-generated cash for growth investments and M&A to the greatest extent possible. D-Plan 2028 sets out cumulative investments over three years of ¥36.0 billion for growth initiatives and ¥10.0 billion plus additional funds for M&A.

For capital expenditures, the plan is to continue proactive investments across Japan aimed at realizing a recycling-oriented society. Regardless of the type of facility or its location, it goes without saying that communication and mutual understanding with the local community are of utmost importance. Valuing the phrase, "The Future Comes from Trust.," we recognize that deepening trust with municipalities and communities is key to the Group's growth.

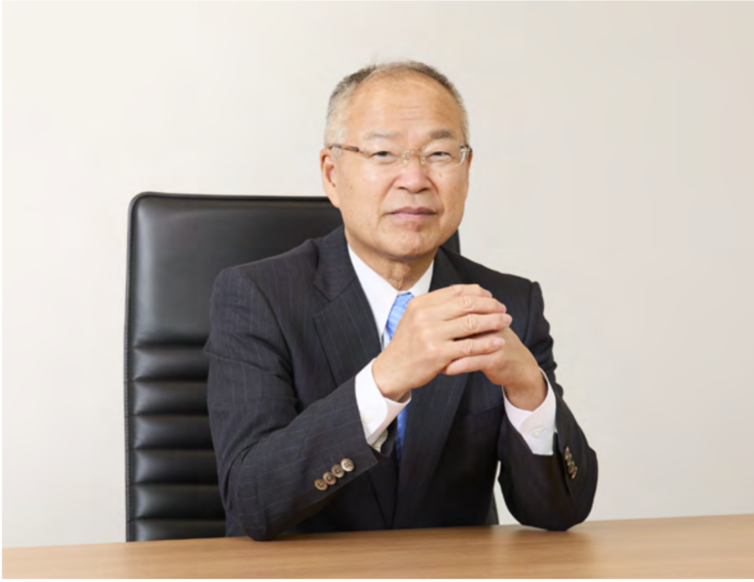
Going forward, with further industry restructuring and consolidation expected, we plan to pursue a more ambitious M&A strategy than ever before. While M&A investment is projected at ¥10.0 billion or more over three years, I believe the amount beyond ¥10.0 billion could increase substantially depending on circumstances.

Helping resolve community challenges and advancing a circular economy through PPPs and "artery-vein" collaboration

The Waste Management and Public Cleansing Act, enacted in 1970, established that private companies are responsible for handling industrial waste such as construction debris, while municipalities are tasked with managing general waste like household garbage. However, many local municipalities are experiencing financial shortfalls due to population decline, combined with rising processing costs from aging facilities, resulting in challenges in operating their waste treatment facilities. Based on these circumstances, the Group has long advocated establishing a system in which the private sector funds the construction of facilities that jointly process both general waste and industrial waste. This approach aims to efficiently generate resources and energy across the entire region through the new system, contributing to the realization of a circular and decarbonized society.

PPPs aimed at realizing Local Circular Ecological Spheres, are steadily progressing, with concrete efforts underway in three areas nationwide: five towns in Kamimashiki-gun, Kumamoto Prefecture; Aioi City, Hyogo Prefecture; and Tadaoka Town, Senboku-gun, Osaka Prefecture—to construct integrated treatment facilities (local energy centers). Once these facilities are operational, they are expected to demonstrate numerous benefits, including the efficiency of integrated processing, improvements to the surrounding environment, and revitalization of the local community. The Group's major treatment facilities are equipped to accept general waste. By demonstrating successful cases, we aim to present viable solutions to the waste management challenges faced by local municipalities, potentially accelerating the nationwide adoption of PPPs.

To realize a circular economy, it is essential to foster collaboration between "artery" companies that produce



finished goods and buildings, and "vein" companies responsible for waste management and recycling. Until now, decisions have largely been made from the perspective of artery-side companies. However, we believe that by becoming more involved in policymaking as a vein-side company and realizing true "artery-vein" collaboration, we can help bring about positive change in society. To advance the industry to a point where this becomes possible, the Group aims to lead the vein-side sector and drive change, guided by our management philosophy of creation, innovation, and meeting challenges.

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