MIDAC HOLDINGS CO., LTD.

[Securities Code: 6564]

Fiscal Year Ended March 31, 2025 (2Q)
Financial Results Information

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[1] – 1 About MIDAC Group (Corporate Profile)



Company Name	: MIDAC HOLDINGS CO., LTD.
Founded	: April 1952
Capital Fund	: 90 million yen
Representative	: President & Representative Director Keiko Kato
Head Office	: 2163 Aritama Minami-machi, Chuo-ku, Hamamatsu, Shizuoka
Number of Employees	: 403* (As of the end of September 2024: group consolidated basis)
Subsidiary	: MIDAC CO., LTD. / MIDAC LINER CO., LTD. / SANKO CO., LTD. / MIDAC KONAN CO., LTD. / ENSHU CRUSHED STONE CO., LTD. / FRIEND SANITARY CO., LTD. / LOVE THY NEIGHBOR CO., LTD. / IWAHARA ORCHARDS CO., LTD.
Affiliated Company	: GREEN CIRCULAR FACTORY CO., LTD.

*Includes temporary workers

<<Business Profile>>

- Collection, transportation and treatment of industrial waste and specially controlled industrial waste
- Collection, transportation and treatment of general waste

<<Our Business Facilities>>

MIDAC **Midac Liner** **Sanko** **Midac Konan** **Enshu Crushed Stone** **Friend Sanitary**

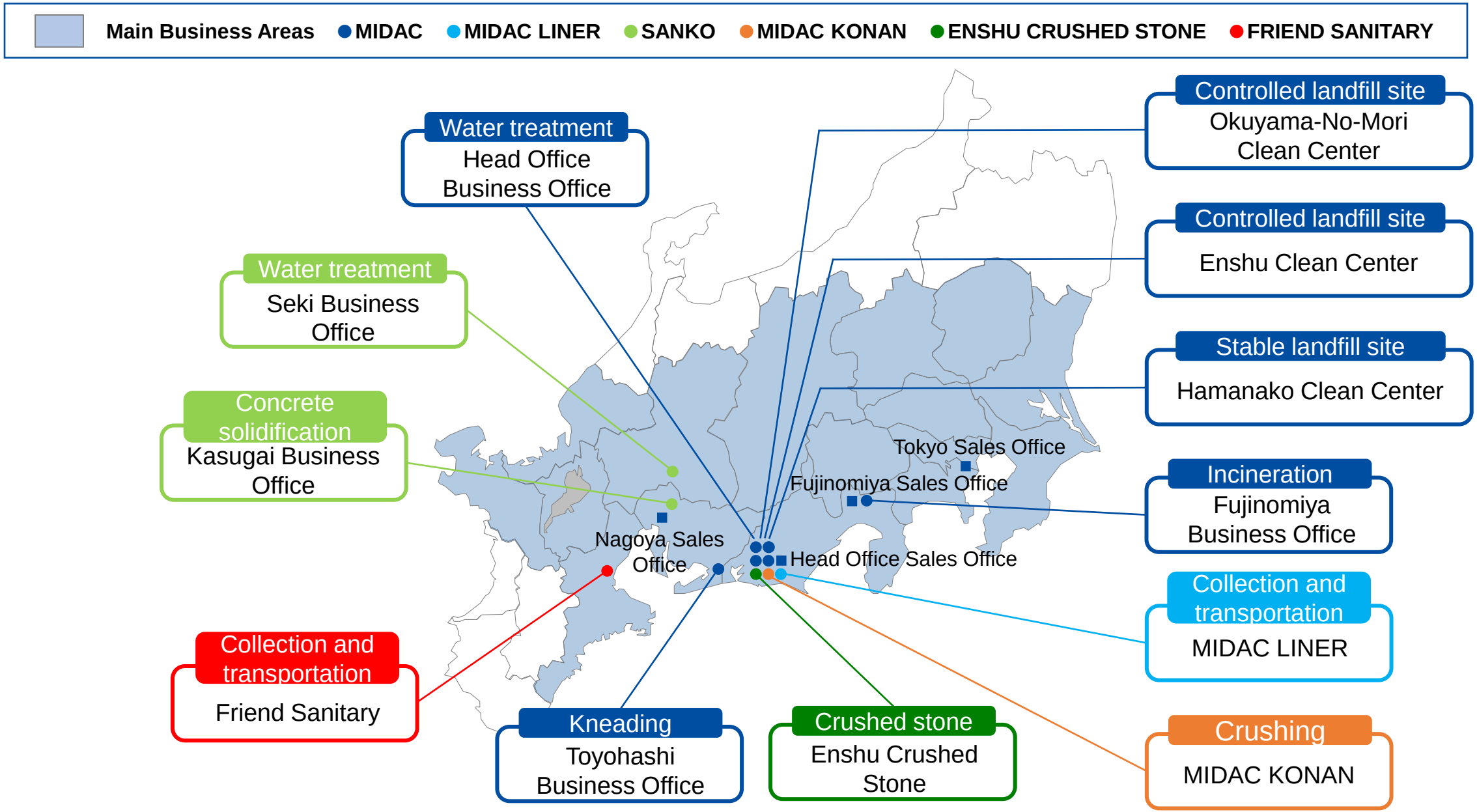
Business Offices

- Fujinomiya Business Office (incineration)
- Head Office Business Office (water treatment, collection transportation)
- Toyohashi Business Office (kneading)
- MIDAC LINER CO., LTD. (collection and transportation)
- Kasugai Business Office (concrete solidification)
- Seki Business Office (water treatment)
- MIDAC KONAN CO., LTD. (crushing)
- Enshu Crushed Stone (crushed stone)
- Friend Sanitary (collection and transportation)

Sales Offices

- Tokyo Sales Office (Kawasaki City, Kanagawa Prefecture)
- Fujinomiya Sales Office (Fujinomiya City, Shizuoka Prefecture)
- Head Office Sales Office (Hamamatsu City, Shizuoka Prefecture)
- Nagoya Sales Office (Nagoya City, Aichi Prefecture)

[1] – 2 About MIDAC Group (List of Business Units)



[1] – 3 About MIDAC Group (Waste Treatment Process)

Collection and transportation business

Waste treatment business

Intermediary management business

Discharge Company

Waste

Collection and transportation



Collection and transportation vehicle

Intermediate treatment



Incineration



Crushing

Final treatment



Landfill site

Intermediary management business

Intermediary management

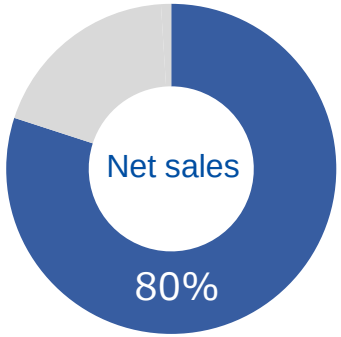
Commission

Waste

Waste disposer

[1] – 4 About MIDAC Group (List of Segments)

<Waste treatment business>



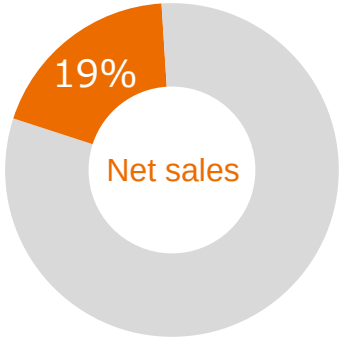
- We provide waste treatment services at our main facilities.
- Our waste treatment services consist of intermediate treatment and final treatment.
- This is the core business of our group and we have a wide variety of waste treatment facilities.


Seki Business Office
(water treatment)


Fujinomiya Business Office
(incineration)


Okuyama-No-Mori CC
(landfill site)

<Collection and transportation business>



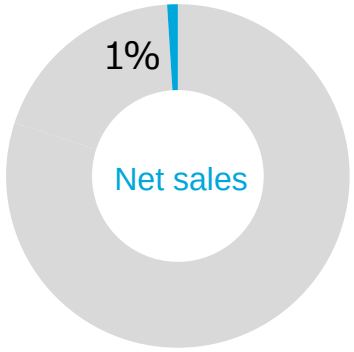
- We provide waste collection and transportation services.
- We have various types of vehicles to transport various waste, including solids and liquids.
- Incidental cleaning services are also available.


Collection and transportation vehicle
(industrial waste collection and transportation)


Collection and transportation vehicle
(general collection and transportation)


Cleaning services

<Intermediary management business>



- We provide customer referral services to other waste disposers.
- We offer appropriate treatment solutions for waste materials that are difficult for us to dispose of or waste materials that are generated outside of our trade area.

*Net sales will include intra-group sales.


Fujinomiya Sales Office


Tokyo Sales Office

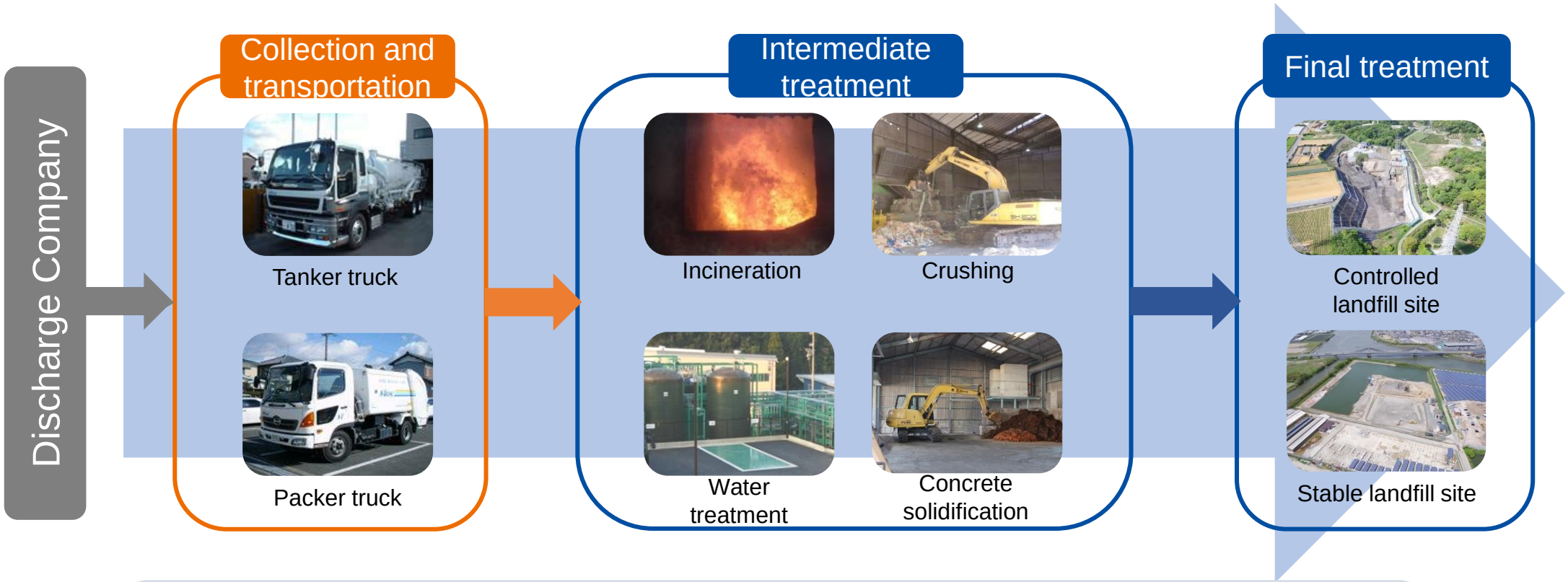


Nagoya Sales Office

[1] – 5 About MIDAC Group (Integrated Treatment System)

- Unlike many of our competitors who are engaged only in waste collection and transportation business or intermediate treatment business, our group has an integrated treatment system for offering a full range of services, from collection and transportation to final treatment through various facilities of our group.

Integrated Treatment System



- Discharge companies feel safe to outsource waste treatment without worrying about the risk of inappropriate disposal / transfer of waste treatment.
- By processing waste materials generated within our group in-house, we can achieve synergy effects such as reducing the cost of intermediate treatment facilities and increasing competitiveness.

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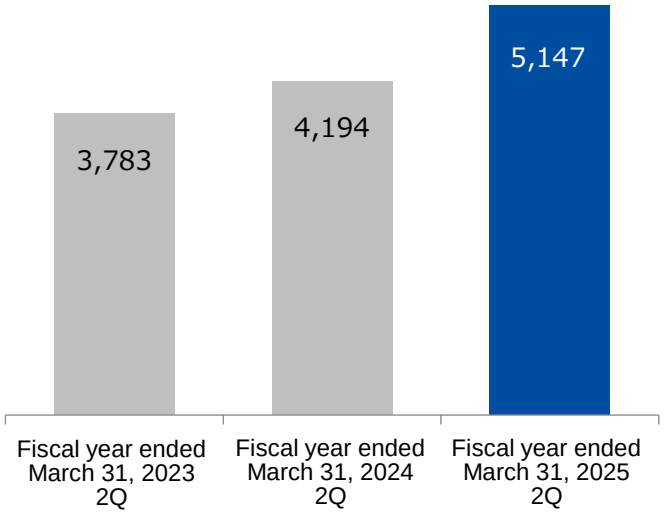
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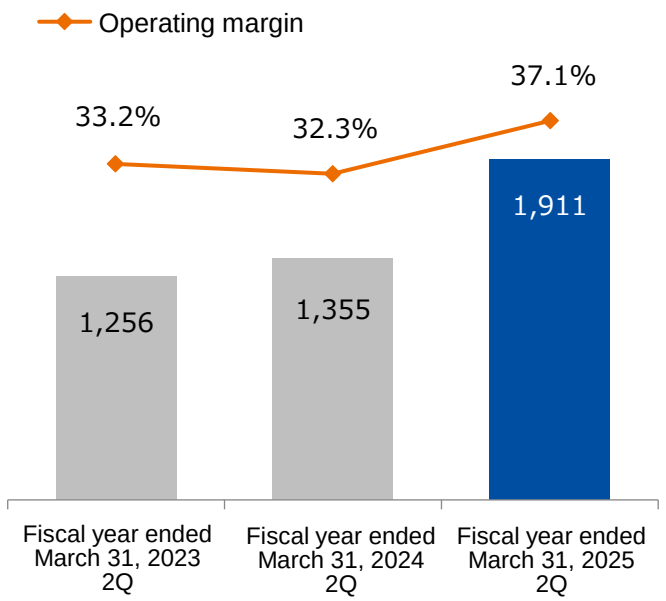
[2] – 1 Financial Results (Consolidated Performance Highlights)

- Net sales: **5,147 million yen** (Year on year +22.7%)
- Operating income: **1,911 million yen** (Year on year +41.0%)
- Net income: **1,179 million yen** (Year on year +56.5%)

＜Net sales＞

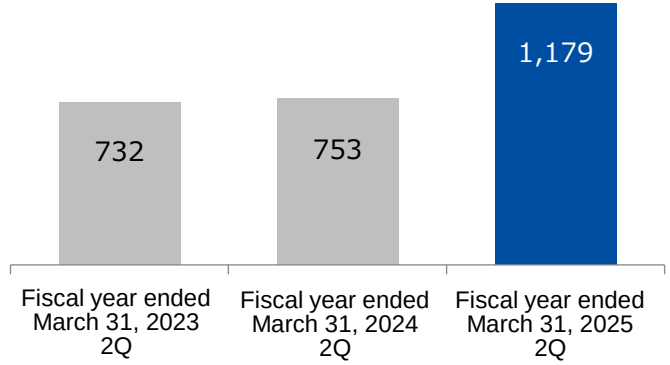


＜Operating income＞



＜Net income＞

(Note)



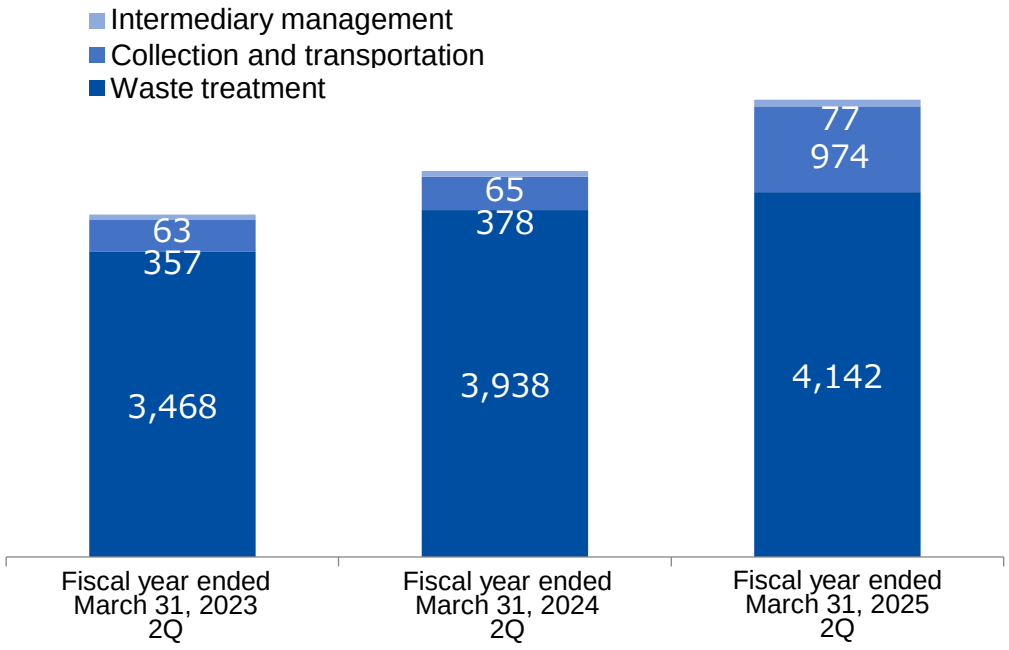
Note: Net income attributable to the parent company's shareholders

[2] – 2 Financial Results (Analysis by Segment)

- Sales and profits increased in all segments.
- In the waste treatment business, sales increased due to contracting of large new projects and increased transactions with existing business partners.
- While some business was shifted to the intermediary management business to increase profitability, there was an overall increase in sales and profit rate for the collection and transportation business, partly due to contributions by Friend Sanitary operations.
- The intermediary management business saw increased orders of small and large projects.

Net Sales by Segment (Note)

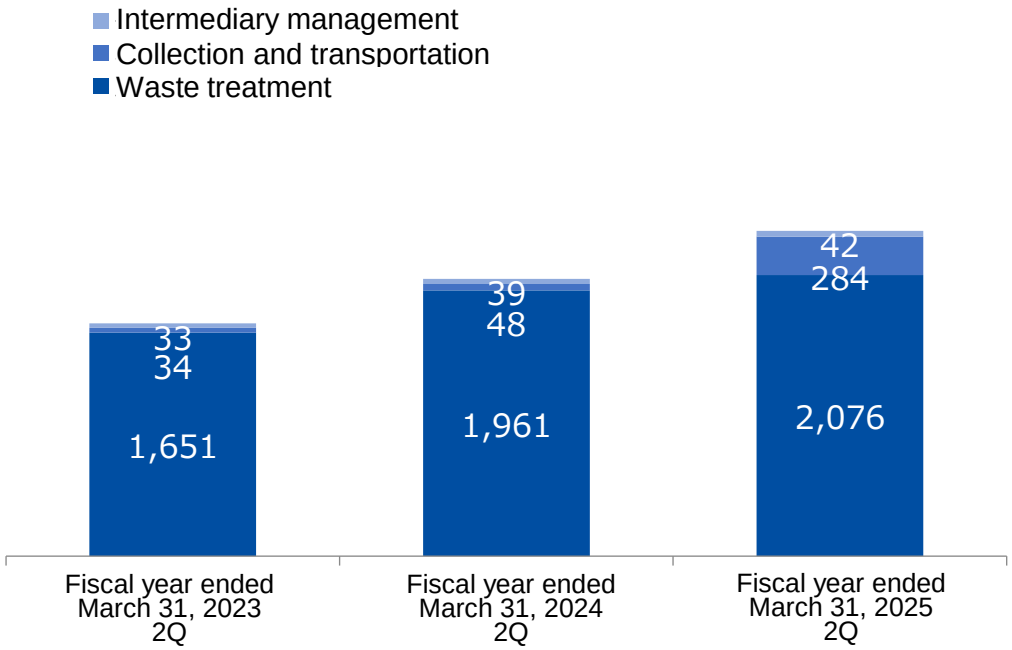
(In million yen)



Note: Include internal transactions

Profit by Segment (Note)

(In million yen)

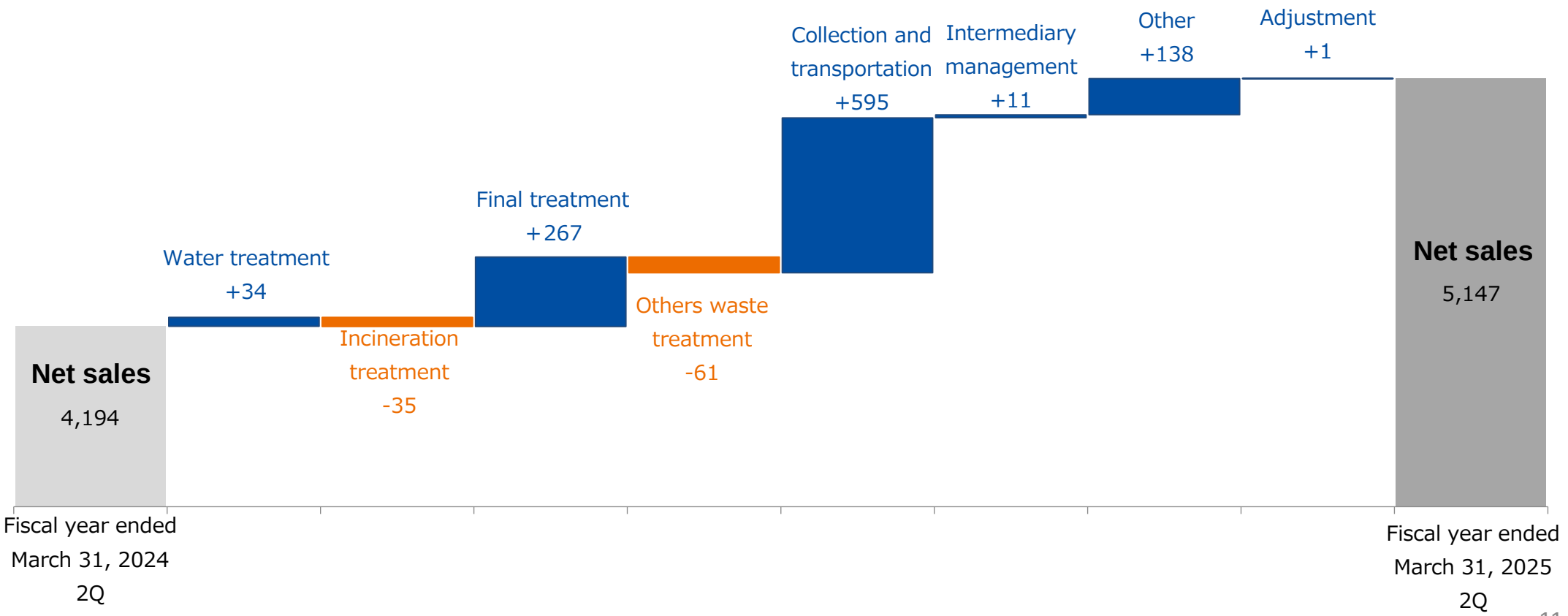


Note: Include internal transactions

[2] – 3 Financial Results (Analysis of Changes in Net Sales)

- Sales for the final treatment increased due to expanding the amount of contracted waste, primarily at the Okuyama-No-Mori Clean Center.
- Sales for the collection and transportation increased due to the contribution of Friend Sanitary operations.
- Other increased due to crushed stone manufacturing and surplus soil management at Enshu Crushed Stone.

(In million yen)



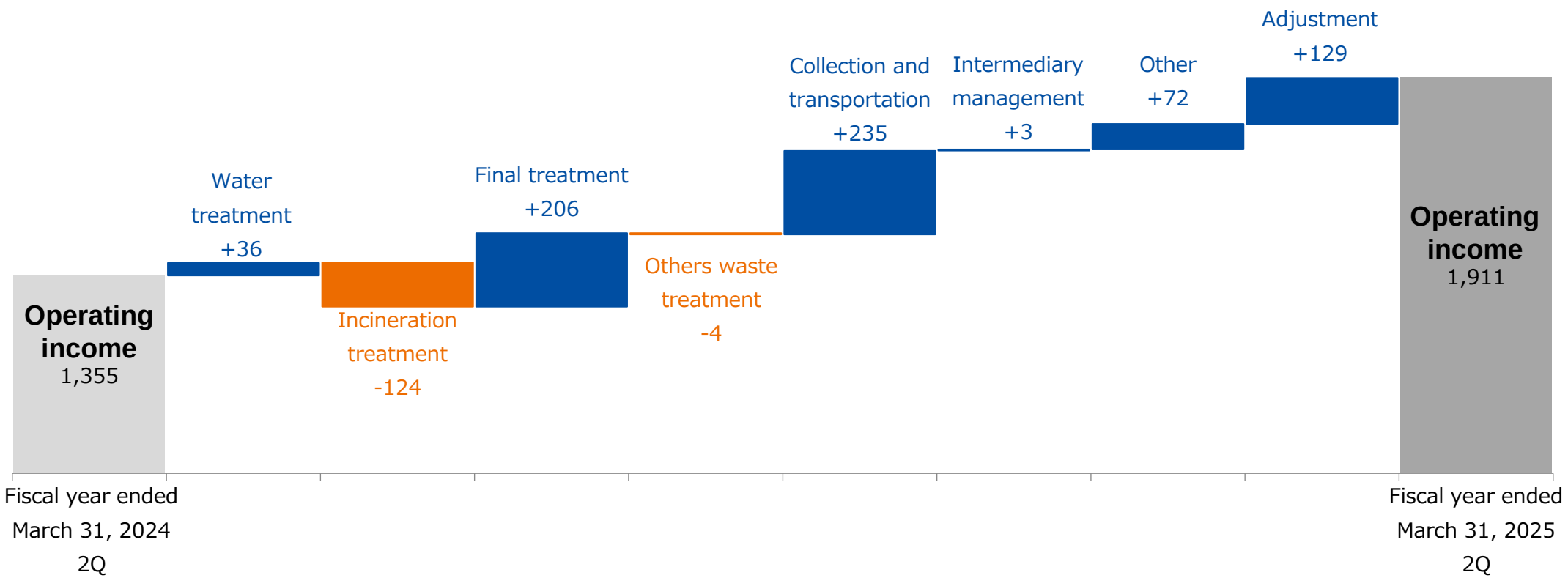
Note 1: Figures for each category include internal transactions.

Note 2: Adjustments represent changes from eliminations of intragroup transactions.

[2] – 4 Financial Results (Analysis of Changes in Operation Income)

- Final treatment made significant contributions, and the waste treatment business performed well.
- Profits declined due to regular large scale repairs on incineration facilities.
- There was a major increase in profit rate and amount due to contributions by Friend Sanitary to the collection and transportation.

(In million yen)



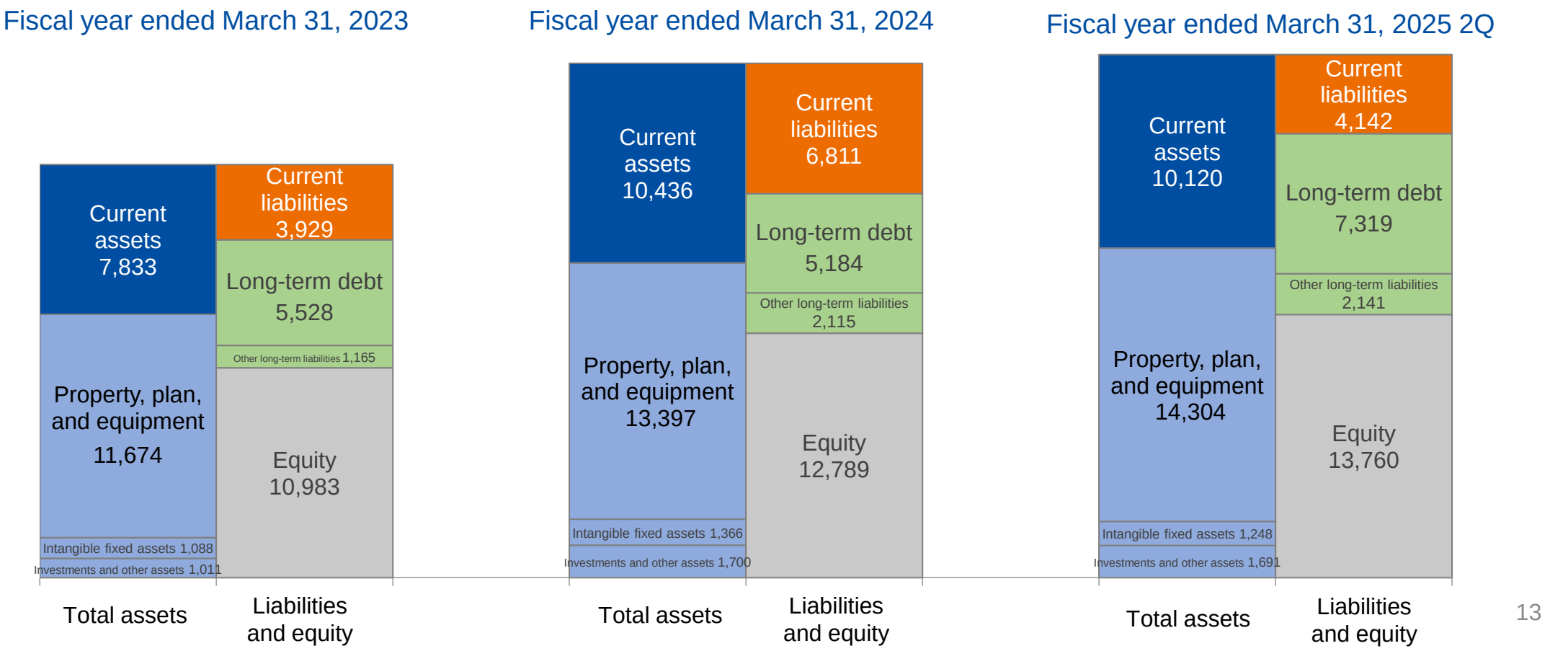
Note 1: Figures for each category include internal transactions.

Note 2: Adjustments represent changes from eliminations of intragroup transactions and company wide expenses.

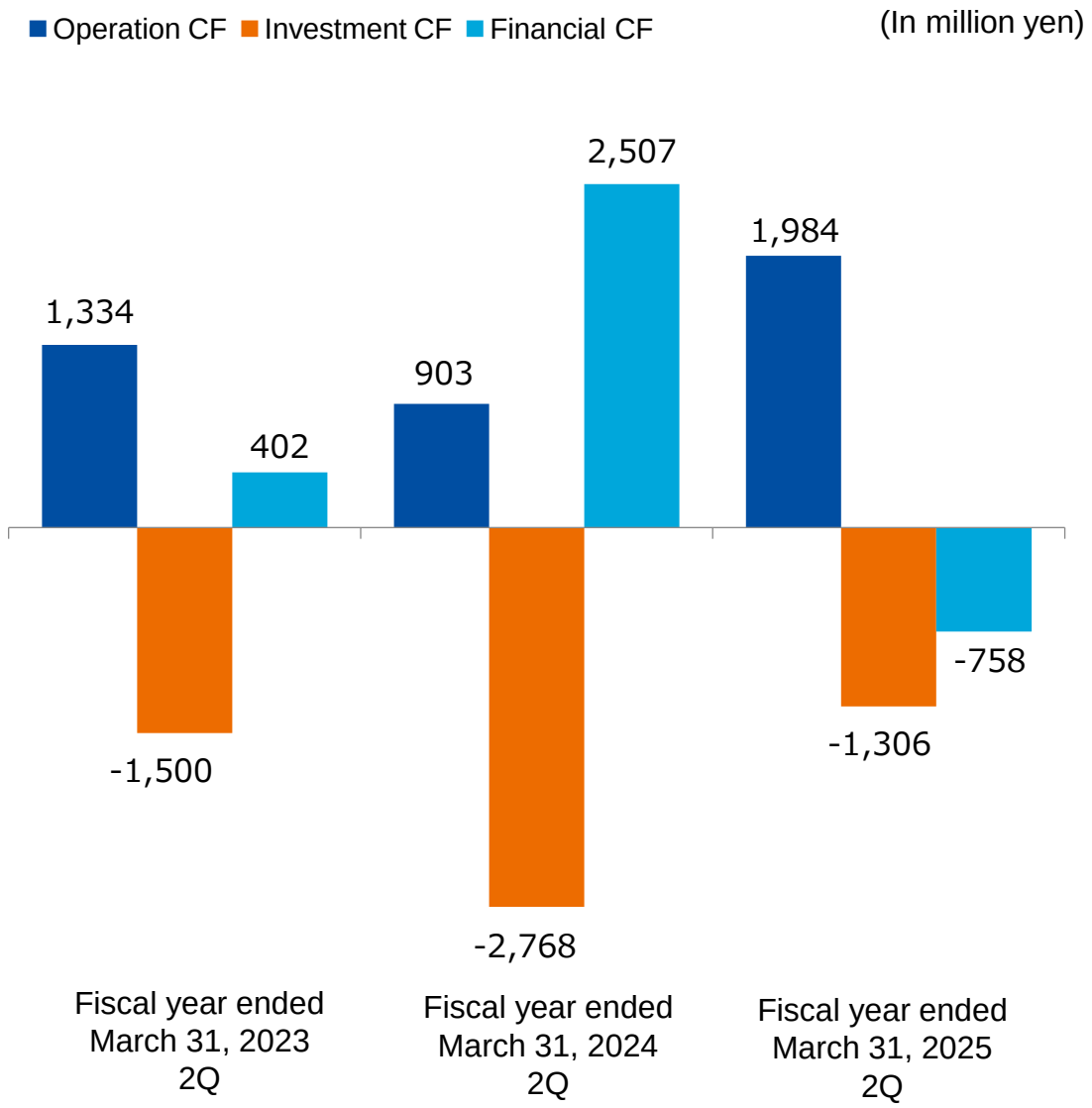
[2] – 5 Financial Results (Balance Sheet)

- Increase in property, plan, and equipment: Due to investment in new water treatment facilities.
- Decrease in current liabilities and increase in long-term debt: Short-term debt related to M&A converted to long-term debt.
- The equity ratio improved by 2.8 percentage points year-on-year to 50.2%.

(In million yen)



[2] – 6 Financial Results (Cash Flow Statement)



Operation CF

Net income before income tax adjustment: +1,859 million yen

Depreciation: +354 million yen

Amortization of goodwill: +133 million yen

Payment of corporate taxes: -752 million yen, etc.

Investment CF

Payments for purchases of tangible fixed assets: -1,238 million yen, etc.

Financial CF

Long-term borrowings increased: +2,800 million yen

Net decrease in short-term borrowings: -2,800 million yen

Repayments of long-term borrowings: -530 million yen, etc.

[2] – 7 Financial Results (Comparison with Projected Results)

- Sales and profits exceeded first half forecasts due to strong business performance of each subsidiary thanks to strong waste treatment demand.
- Factors that pushed up profits included review of repair methods and postponement of some repairs to second half during regular repairs for incineration facilities.
- As the initial forecast for the period planned for heavily weighting towards the second half, we will continue to aim to accumulate performance according to the plan

(In million yen)

	1H Results	Sales comparison	1H Forecast	Percentage against forecast	Full-year Forecast	Percentage against forecast
Net sales	**5,147**	100.0%	5,013	102.7%	10,391	49.5%
Operating income	**1,911**	37.1%	1,562	122.3%	3,849	49.7%
Ordinary profit	**1,859**	36.1%	1,578	117.8%	3,881	47.9%
Net income (Note)	**1,179**	22.9%	976	120.8%	2,484	47.5%

Note: Net income attributable to the parent company's shareholders

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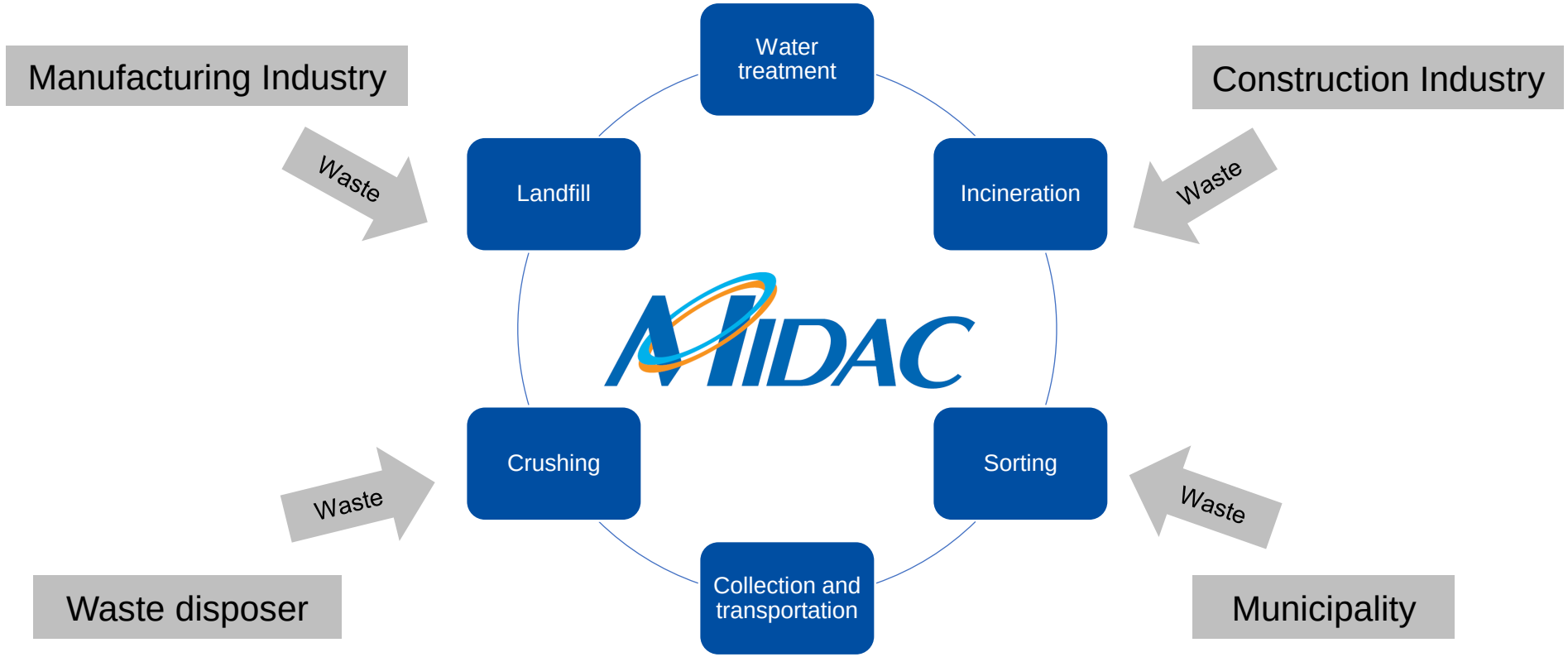
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[3] – 1 Future Outlook (Response to External Environment)

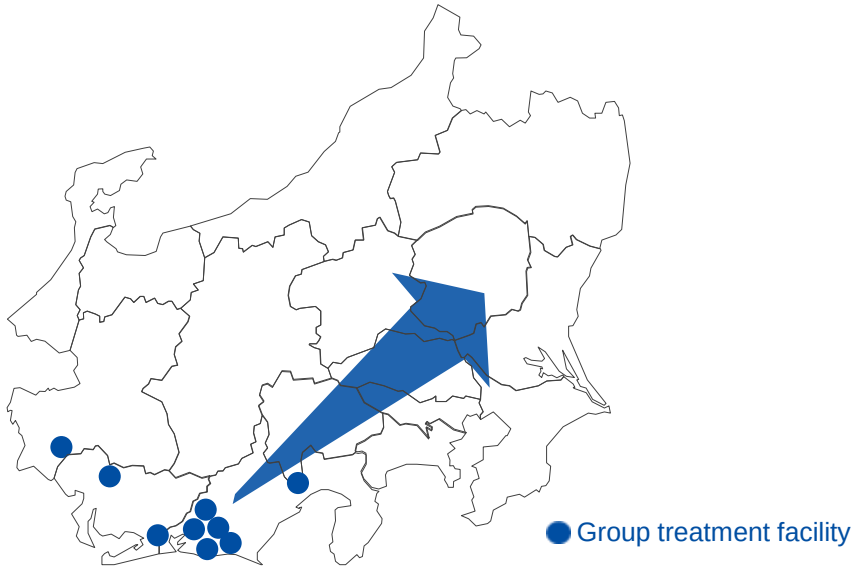
- We are developing efficient and wide-area sales to robust industries and business partners by demonstrating the superiority of our treatment facilities and licenses.
- In order to promote efficient operation, we will clearly separate roles when there are two controlled landfill sites in the same area.
- We will aim to improve the operating rate of each intermediate treatment facility by continuously strengthening the waste receiving system.



[3] – 2 Future Outlook (Medium- to Long-term Growth Strategy)

- To select our business area and keep growing, it is inevitable to establish new facilities in promising areas where demand is expected.
- By selecting some potential sites for incineration, final treatment facilities near the Pacific belt zone, promoting plans in parallel, and obtain the permission for establishment at an early stage thus further expansion our business.

Focus on the expansion to the Kanto region



- Focus on the expansion in Kanto region, and select some site candidates for new industrial waste treatment facilities.
- For the expansion of new waste treatment facilities, we shall not restrict our plans to our own development, but take flexible and speedy measures including M&A.

Our own development



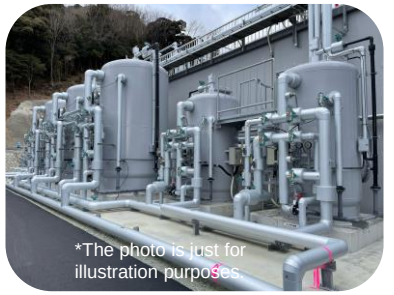
February 2022: Operation

Controlled landfill site
(Okuyama-No-Mori Clean Center)



March 2022: Land acquisition

Incineration facility



Operation start scheduled in April 2026
Water treatment facility
(tentative name:
Miyakoda Business Office)

Aggressive and speedy M&A



December 2015
MIDAC CO., LTD.



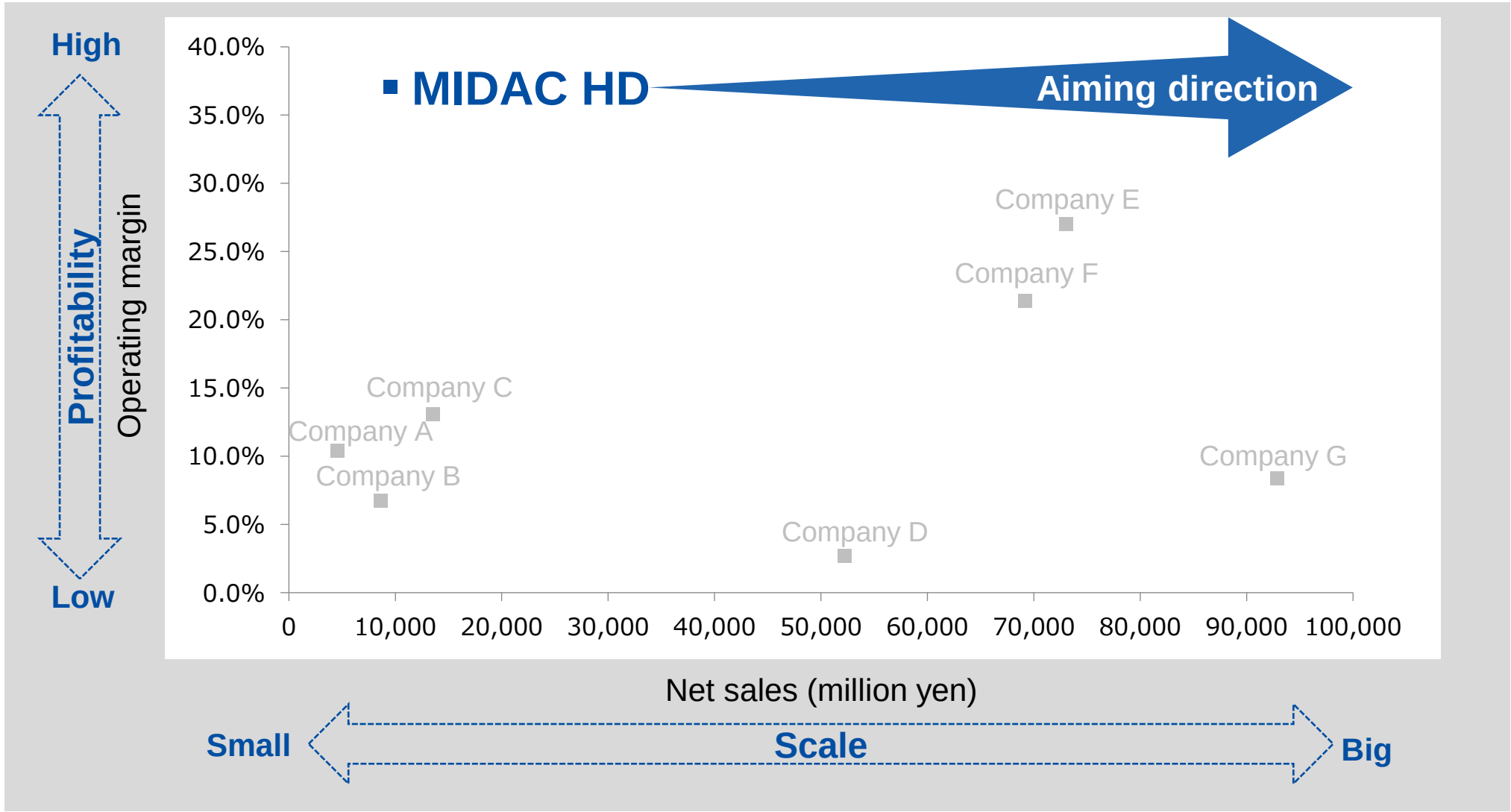
October 2021
MIDAC KONAN CO., LTD.



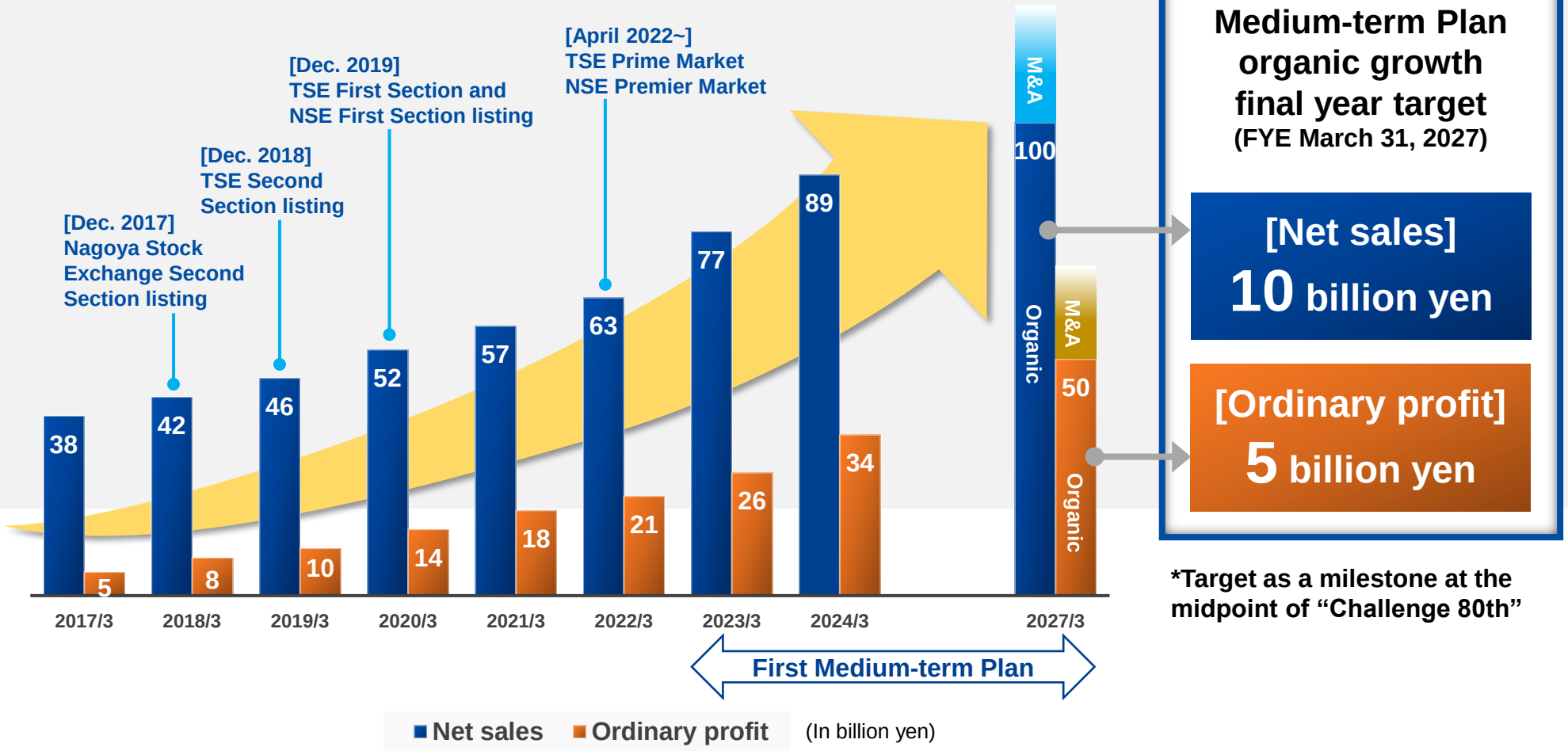
September 2023
FRIEND SANITARY CO., LTD.

[3] – 3 Future Outlook (Comparison with Competitors and Aiming Direction)

- Net sales recorded 9,547 million yen, and the scale is smaller than competitors. However, we are maintaining a high operating margin recording 37.1%. (Results for the fiscal year ended March 31, 2024)
- We will keep aiming to expand into the Kanto region and enhance our scale.



Sustain growth and achieve net sales of 10 billion yen and ordinary profit of 5 billion yen through organic growth alone, excluding M&A growth



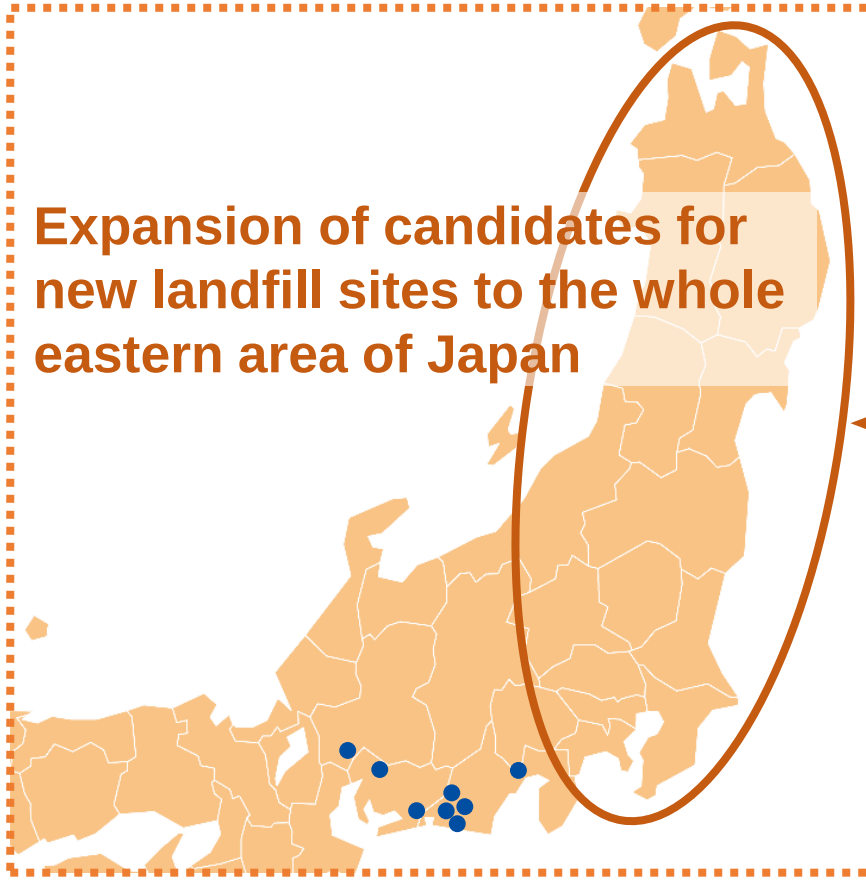
Medium-term Plan organic growth final year target
(FYE March 31, 2027)

[Net sales] 10 billion yen

[Ordinary profit] 5 billion yen

*Target as a milestone at the midpoint of "Challenge 80th"

We will promote development by establishing a wide range of site candidates for landfill sites for which it may be difficult to obtain permits.



Expansion of candidates for new landfill sites to the whole eastern area of Japan

Candidate landfill sites

- **Two controlled landfill sites (1.5 million m^3 to over 2 million m^3 for each) are planned in the East Japan area**
- **For both sites, topographical and geological surveys have completed, and environment research is underway**

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[4] – 1 Topics (Basic agreement to study joint operation of resource circulation business)

- Concluded a basic agreement to study joint operation of resource circulation business with Chubu Recycle Co., Ltd.
- Our aim is to build a sustainable, recycling-oriented society by developing resource circulation technology and appropriate waste treatment.

Zero Emission Factory
中部リサイクル株式会社
Chubu Recycle Co.,Ltd.
× MIDAC

About Chubu Recycle

The corporate philosophy is “Zero Emission Factory.”

Work to achieve a resource cycling society by applying smelting-reduction to incinerator ash generated by incinerator facilities for recycling as construction materials and molten metals, in order to build a sustainable society.



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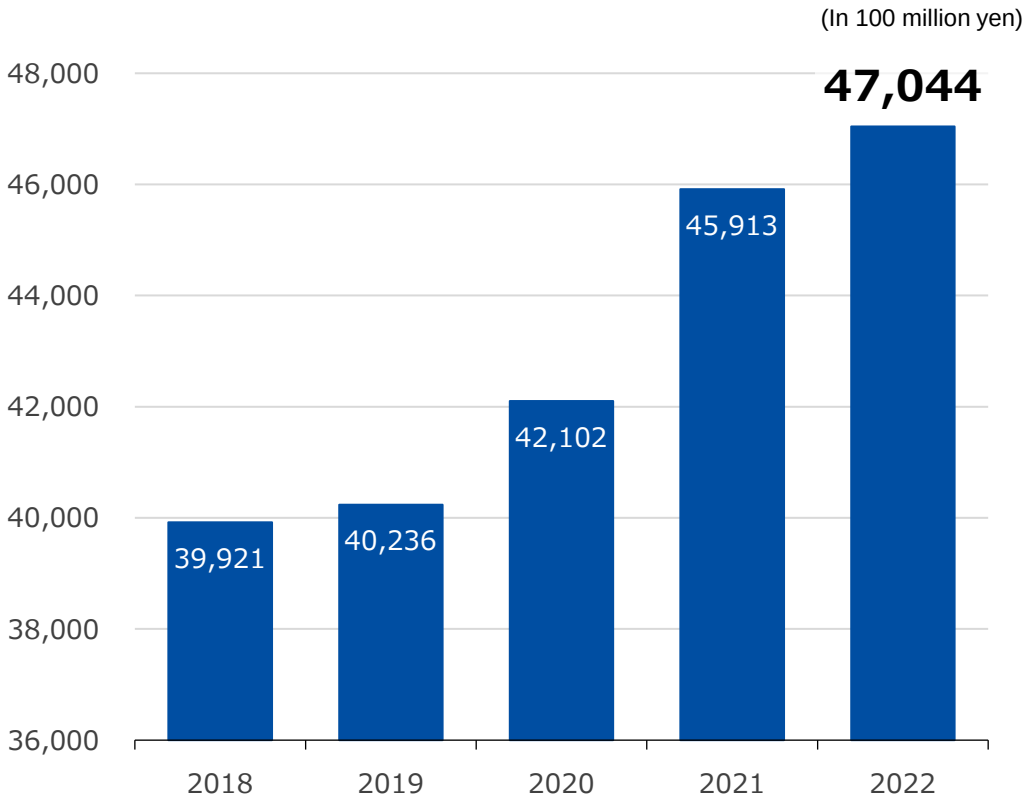
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[5] – 1 Industrial Environment (Market Size and Waste generation ratio per region)

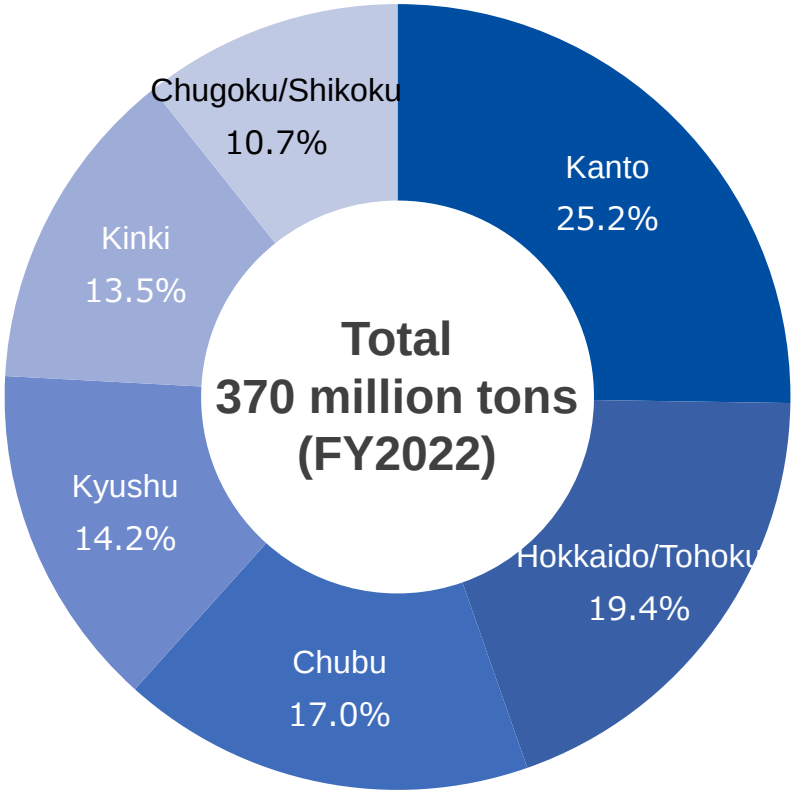
- The estimated market size of the domestic waste treatment and recycling services industries is **approximately 4.7 trillion yen.**
- By region, **Kanto** features the highest volume of industrial waste generated, followed by Hokkaido, Tohoku and Chubu.

Waste treatment and recycling services market size



Source: "Report on the Market Size and Employment of the Environmental Industry (March 2024)," the Ministry of the Environment

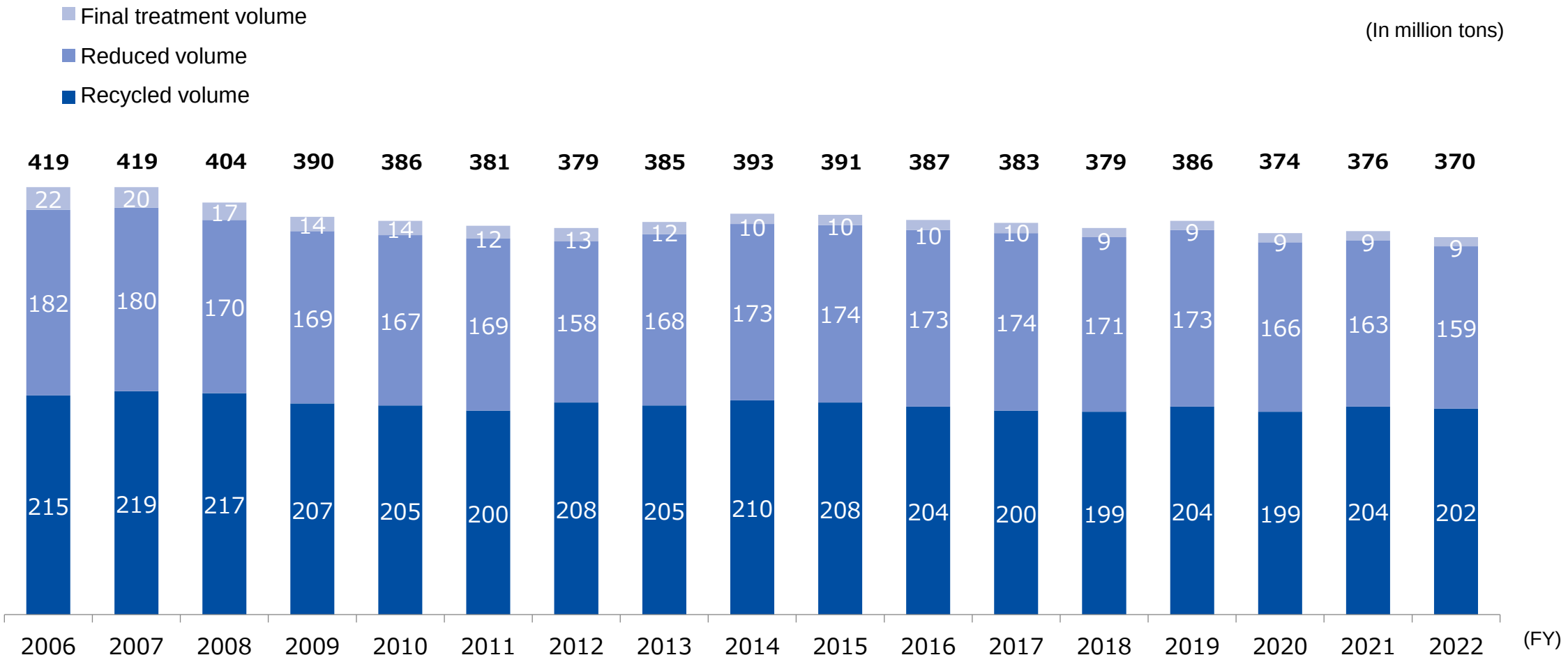
Composition ratio of industrial waste by region



Source: "Industrial Waste Discharge and Treatment Status (Preliminary Figures for FY2022)", the Ministry of the Environment (Japanese only)

[5] – 2 Industrial Environment (Total Volume of Industrial Waste)

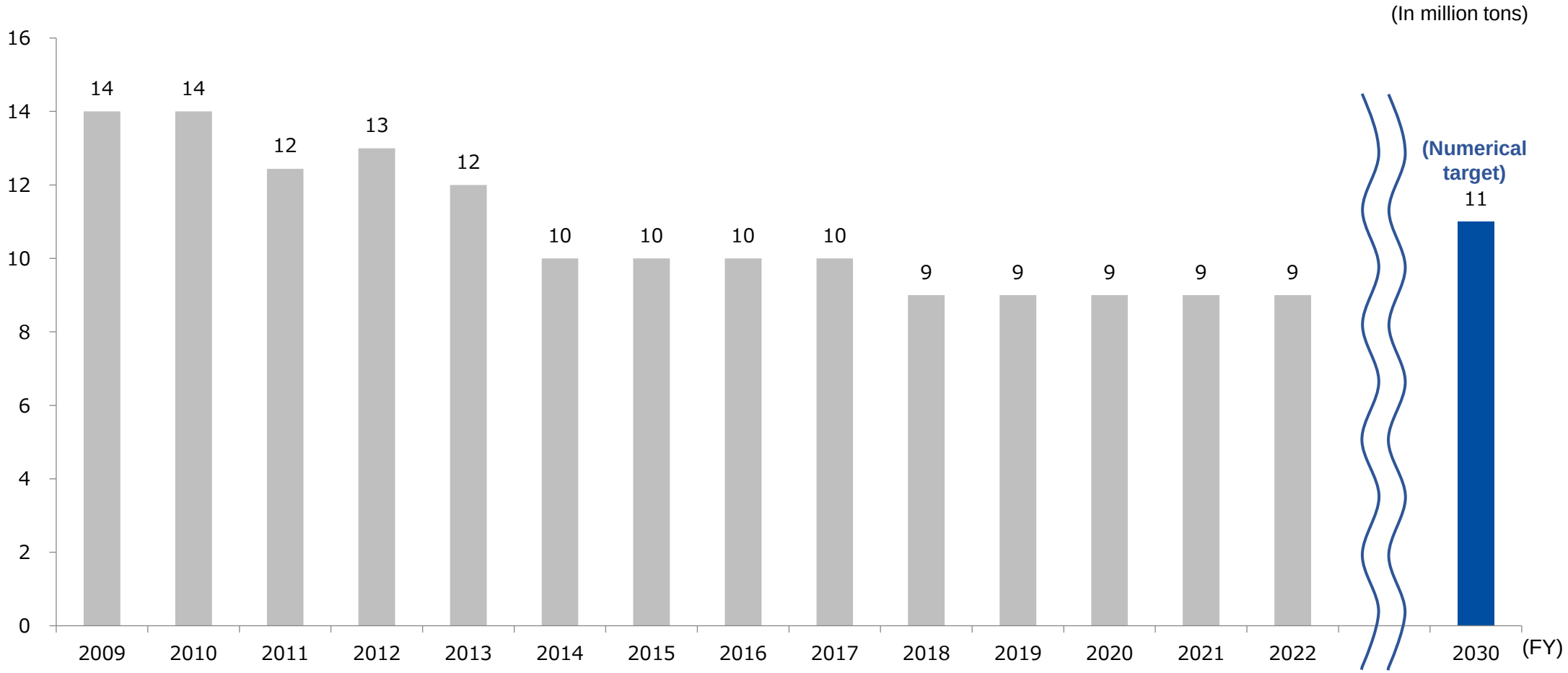
- The total volume of industrial waste in FY2022 was 370 million tons, showing no significant change.
- It is predicted that certain volume of waste will continue to arise in the future.



Source: "Industrial Waste Discharge and Treatment Status Research Report (Preliminary Figures for FY2022)", the Ministry of the Environment (Japanese only)

[5] – 3 Industrial Environment (Trends in Landfill Site)

- The Fundamental Plan for Establishing a Sound Material-Cycle Society sets a numerical target of **approximately 11 million tons** for the final treatment volume in FY2030.
- The final treatment of waste will inevitably occur in the future, and therefore landfill sites are indispensable to society.



Source: "Industrial Waste Discharge and Treatment Status Research Report (Preliminary Figures for FY2022)" published by the Ministry of the Environment and "Fundamental Plan for Establishing a Sound Material-Cycle Society (August 2024)" published by the Ministry of the Environment (Japanese only)

[5] – 4 Industrial Environment
(Remaining Capacity and Remaining Years for Industrial Waste Landfill Sites)

- The remaining capacity of landfill sites is approx. 171.09 million m^3, an increase of approx. 14.02 million m^3 (8.9%) from the previous year.
- As of April 1, 2022, nationwide there are **19.7 years** remaining for landfill sites, and **13.4 years** for the Tokyo metropolitan area.
- **1,568 landfill sites** have been approved nationwide.

1. Landfill site remaining capacity (as of April 1, 2022)

Landfill site	Remaining capacity (10,000 m^3)
Shielded landfill sites	2
Stable landfill sites	5,923
Controlled landfill sites	11,183
Total	17,109

2. Industrial waste landfill sites remaining capacity and remaining years (as of April 1, 2022)

Category	Landfill capacity (10,000 t)	Remaining capacity (10,000 m^3)	Remaining years (years)
Nationwide	869	17,109	19.7
Tokyo metropolitan area	148	1,989	13.4
Kinki area	129	2,651	20.5

1. The "Tokyo metropolitan area" refers to Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa and Yamanashi prefectures.
2. The "Kinki area" refers to Mie, Shiga, Kyoto, Osaka, Hyogo, Nara and Wakayama prefectures.
3. Remaining years = Remaining capacity / landfill capacity (with a conversion rate of 1 t = 1 m^3).

Source: Ministry of the Environment, "Status of the Installation of Industrial Waste Treatment Facilities and Permitting for Industrial Waste Treatment Businesses, etc. (FY2021 Results)" (Japanese only)

[5] – 5 Industrial Environment (Circular Economy and 3R+Renewable)

Circular Economy

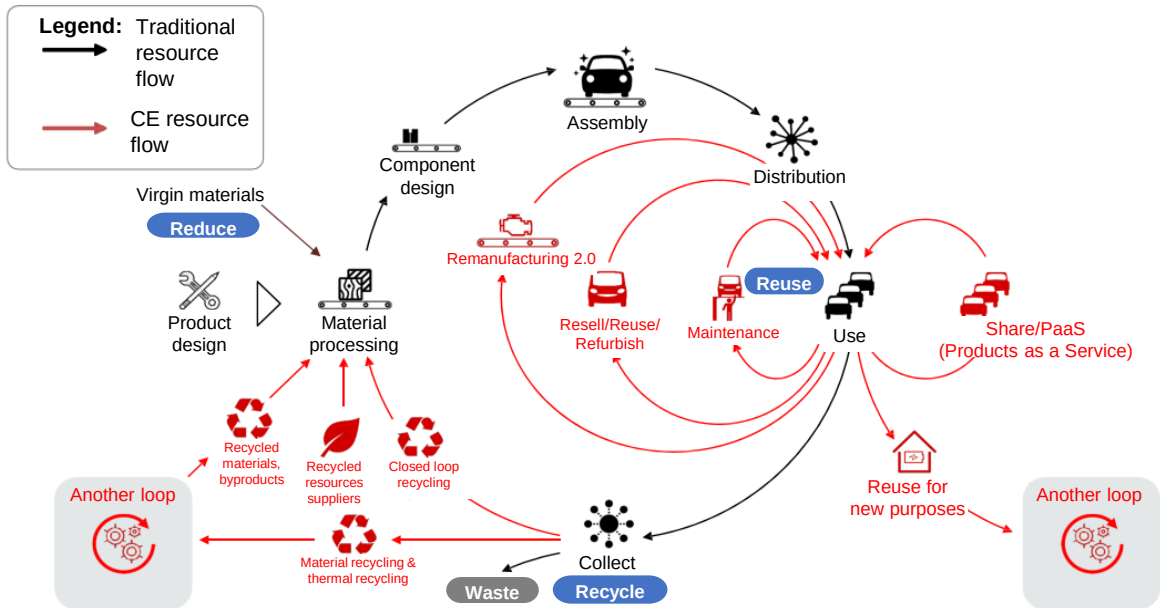


*Figure: Created by modifying "Current State of and Issues with Resource Circulation Policies" by the Ministry of Economy, Trade and Industry (Japanese only)

- Since the 1990s, 3R (Reduce, Reuse, Recycle) mechanisms and legal systems have been introduced worldwide.
- A circular economy means creating a recycling-oriented economy through business activities.

3R + Renewable

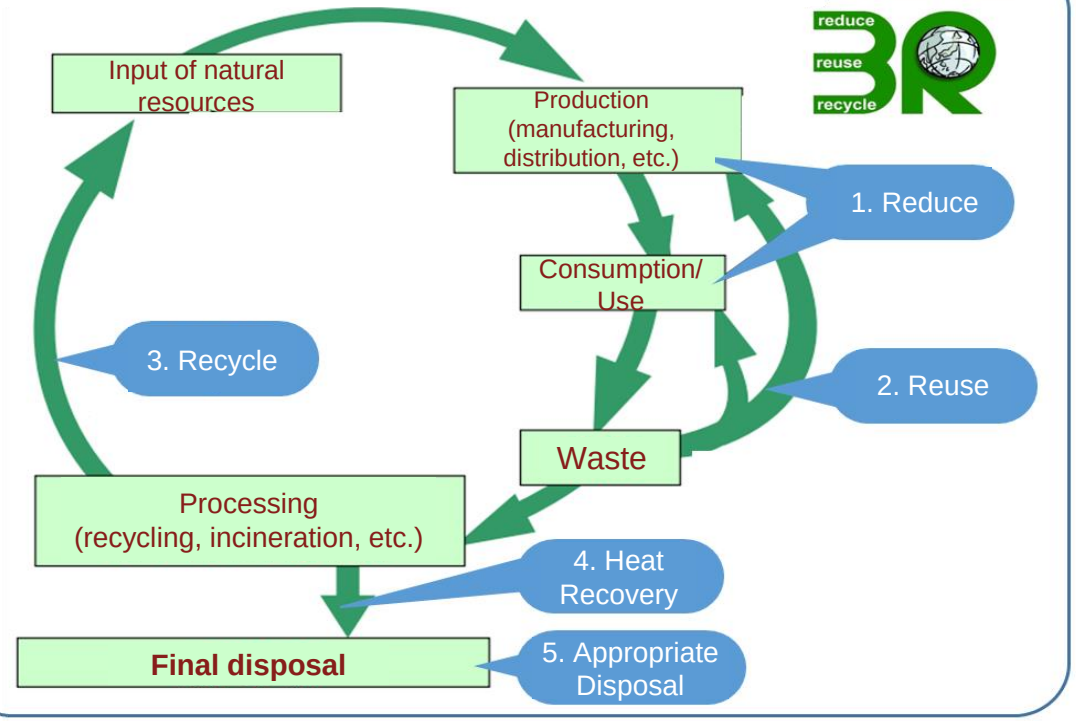


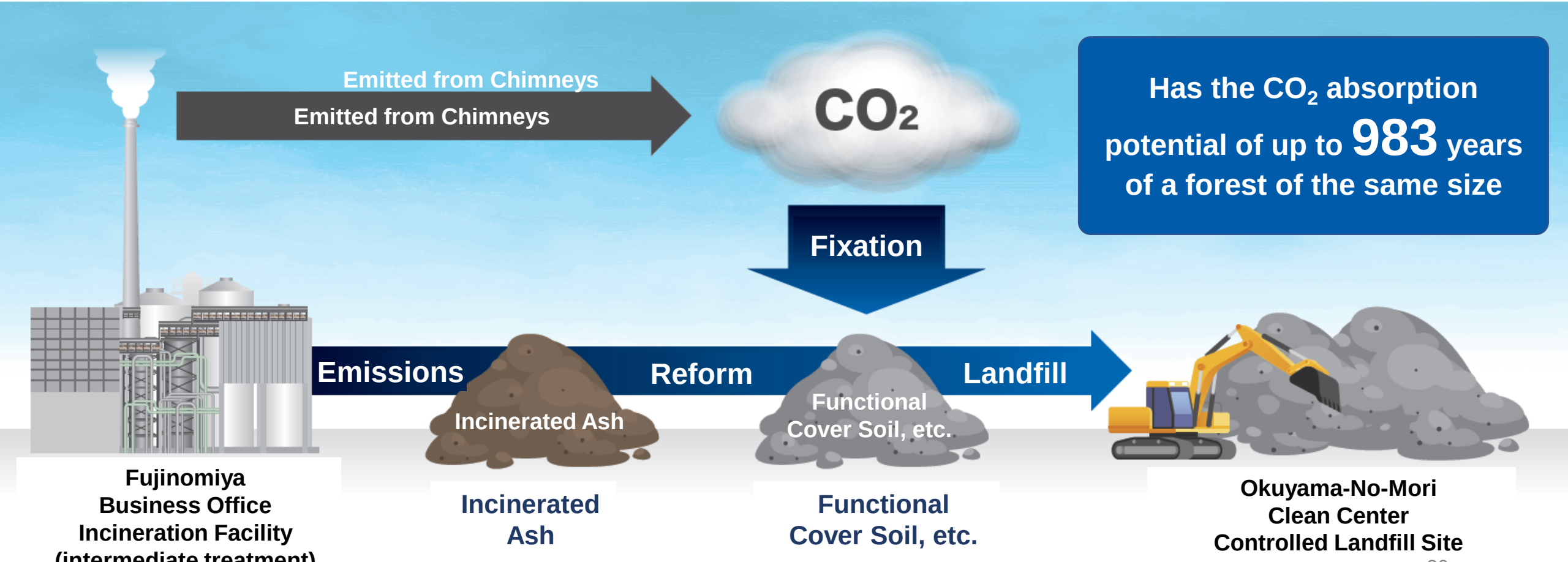
*Figure: Created by modifying reference materials from the Ministry of the Environment Central Environmental Council Subcommittee for the Promotion of a Recycling-Oriented Society (Japanese only)

- Articles 5 to 7 of The Basic Act on Establishing a Sound Material-Cycle Society (promulgated in June 2000) describe the basic principles of reduce, reuse, recycle, heat recovery, and appropriate disposal.
- "3R + Renewable" was listed as a basic principle in the Resource Circulation Strategy for Plastics in May 2019, and since then has been attracting attention.
- Similar to raw material processing industries, the importance of processing/recovery industries is shown.
- "Heat Recovery" and "Appropriate Disposal (Final Disposal)" are specified..

[5] – 6 Initiatives for Decarbonization
(Development of CCS Technologies at Waste Treatment Site)

- Through joint research with the Waseda University GeoLab (Professor Hideo Komine), we are working on CCS (CO_2 Capture and Storage) for incineration-derived CO_2 by using landfill sites and industrial byproducts (waste), and will contribute to achieving carbon neutral by 2050.

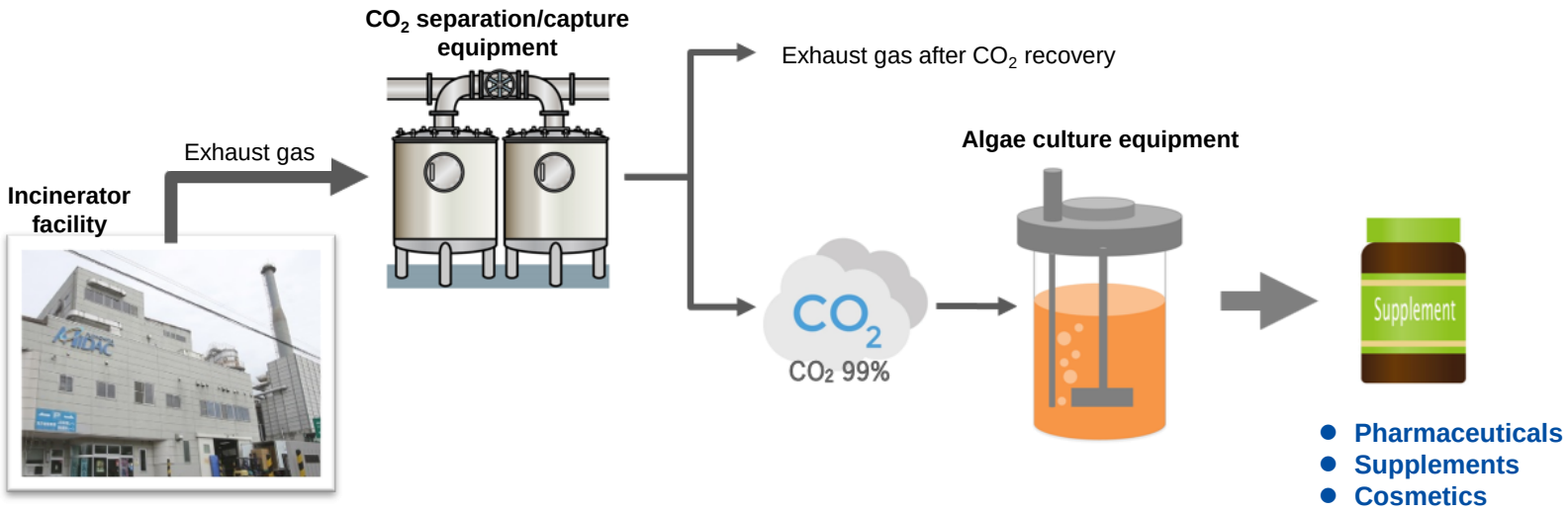
CCS Concept for Incineration-Derived CO_2 by Using Incineration Byproducts (Waste)



[5] – 7 Decarbonization Efforts (Microalgae Culturing CCU Technologies)

- This research aims to reduce the CO_2 emissions from incineration while ensuring economic efficiency by producing "fucoxanthin," a high value-added substance, by using CO_2 from incineration to cultivate microalgae.
- By collaborating with ALNUR Co., Ltd., which has strengths in continuous culture technologies for fucoxanthin-producing microalgae, we will accelerate our technological development for mass production and stable supply, create a fucoxanthin business, and reduce CO_2 emissions.

Image of a CCU Incinerator



*Algae culturing is one of the technologies attracting attention as a method for fixing the CO_2 separated and recovered from the exhaust gases from factories, etc.



New laboratory at the MIDAC Fujinomiya Business Office



ALNUR R&D Center

[5] – 8 Decarbonization Efforts
(Yamanashi 4 per 1000 Initiative Certification System for Agricultural Products)

- For their climate change initiatives, IWAHARA ORCHARDS has received "Effort Certification" under Yamanishi Prefecture's certification system.
- IWAHARA ORCHARDS is promoting efforts to curb emissions of carbon dioxide, one of the greenhouse gases.
- In the future, IWAHARA ORCHARDS aims to gather data on the carbon that is sequestered in its soil and acquire “Achievement Certification.”

Yamanashi 4 per 1000 Initiative Certification System for Agricultural Products

This initiative is based on the idea that is the amount of carbon sequestered in the world's surface soil can be annually increased by 4 parts per mil,* then the increase in atmospheric carbon dioxide due to human economic activities can be reduced to virtually zero.

*4 parts per mil (‰) = 0.4%

	Certification Category	Specific Initiatives for Certification
Effort	**[Plan Certification]** Sets targets for specific actions to be taken, and certifies plans that are expected to reliably sequester carbon in the soil	1. Increasing ground cover, such as by cultivating grass 2. Burying materials containing organic matter, such as compost and soil conditioners 3. Utilizing crop residues, such as pruned branches generated in production fields 4. Burying biochar produced from pruned branches, etc. 5. Other initiatives that are expected to sequester carbon
Achievement	**[Actual Certification]** Certification based on the results of carbon that is sequestered in soil	



[5] – 9 Performance Trends

(In million yen)

	FY2019	FY2020	YoY change	FY2021	YoY change	FY2022	YoY change	FY2023	YoY change
Net sales	5,213	5,701	+9.4%	6,381	+11.9%	7,771	+21.8%	9,547	+22.8%
Operating income	1,495	1,883	+26.0%	2,264	+20.2%	2,755	+21.7%	3,538	+28.4%
Operating margin	28.7%	33.0%	+4.4pt	35.5%	+2.4pt	35.5%	0.0pt	37.1%	+1.6pt
Ordinary profit	1,446	1,848	+27.8%	2,188	+18.4%	2,692	+23.0%	3,377	+25.5%
Ordinary profit margin	27.8%	32.4%	+4.7pt	34.3%	+1.9pt	34.6%	+0.3pt	35.4%	+0.7pt
Net income	795	1,018	+28.0%	1,284	+26.1%	1,685	+31.2%	1,907	+13.1%
Capital investment	1,321	2,129	+61.1%	4,175	+96.1%	1,501	-64.0%	2,457	+63.6%
Depreciation and goodwill amortization	675	629	-6.7%	668	+6.1%	805	+20.4%	929	+15.4%
EBITDA	2,171	2,513	+15.8%	2,933	+16.7%	3,560	+21.4%	4,467	+25.5%
ROE	24.0%	20.6%	-3.4pt	17.1%	-3.5pt	16.4%	-0.6pt	16.1%	-0.3pt

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Management Principles

In order to beautifully pass on to the next generation the irreplaceable Earth where water, earth, air and people all flourish together, the Midac Group will pursue Earth friendly waste treatment while being aware of its social responsibility as an environmental creation group that plays a leading role in this front.

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