Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 14, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: MIDAC HOLDINGS CO., LTD.
Listing: Tokyo Stock Exchange, Nagoya Stock Exchange
Securities code: 6564
URL: https://www.midac.jp
Representative: Keiko Kato, President
Inquiries: Hiroaki Takada, Director, Department Manager of Planning Department
Telephone: +81-53-488-7173

Scheduled date to file semi-annual securities report: November 14, 2024
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	5,147	22.7	1,911	41.0	1,859	40.6	1,179	56.5
September 30, 2023	4,194	10.9	1,355	7.9	1,322	8.0	753	2.9

Note: Comprehensive income For the six months ended September 30, 2024: ¥1,179 million [56.5%]
For the six months ended September 30, 2023: ¥753 million [2.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	42.66	42.66
September 30, 2023	27.29	27.29

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	27,364	13,760	50.2
March 31, 2024	26,901	12,789	47.4

Reference: Equity
As of September 30, 2024: ¥13,725 million
As of March 31, 2024: ¥12,759 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	8.00	8.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (Forecast)			–	10.00	10.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	10,391	8.8	3,849	8.8	3,881	14.9	2,484	30.3	89.84

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to "(3) Notes to semi-annual consolidated financial statements (Notes on changes in accounting policies)" on page 8 of the attached materials.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	27,773,500 shares
As of March 31, 2024	27,773,500 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	115,322 shares
As of March 31, 2024	115,302 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	27,658,178 shares
Six months ended September 30, 2023	27,621,145 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements including business results forecasts in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual results may differ significantly due to various factors. For the suppositions that form the assumptions for earnings forecasts and points to note concerning the use thereof, please refer to "1. Qualitative information regarding financial results for the six months ended September 30, 2024 (3) Explanation regarding consolidated earnings forecasts and other forward-looking statements" on page 3 of the attached materials.

Accompanying Materials – Contents

Index

1. Qualitative information regarding financial results for the six months ended September 30, 2024 2
(1) Explanation regarding operating results 2
(2) Explanation regarding financial position 3
(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements 3
2. Semi-annual consolidated financial statements and significant notes thereto 4
(1) Consolidated balance sheet 4
(2) Consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative) 6
Consolidated statement of income (cumulative) 6
Consolidated statement of comprehensive income (cumulative) 7
(3) Notes to semi-annual consolidated financial statements 8
(Notes on changes in accounting policies) 8
(Notes on premise of going concern) 8
(Notes on significant changes in the amount of shareholders' equity) 8
(Notes on segment information) 9

1. Qualitative information regarding financial results for the six months ended September 30, 2024

(1) Explanation regarding operating results

In the six months ended September 30, 2024, the Japanese economy, exhibiting improvement in the employment and income environment, progressed with a tone of gradual recovery. On the other hand, the future outlook continues to be uncertain with ongoing high interest rates in North America and Europe, concerns about the outlook of the Chinese economy, rising prices and circumstances in the Middle East.

Under these circumstances, the MIDAC HOLDINGS Group (the "Group") has been promoting measures to strengthen the profitability of existing businesses to "build a foundation for accelerated growth" in accordance with the first phase of the medium-term management plan. In particular, the contracted waste volume increased significantly due to the acceptance of new large-scale projects and the expansion of transaction volume with existing clients, since the Group has focused on increasing its contracted waste volume, primarily at the controlled landfill site.

In addition, FRIEND SANITARY CO., LTD., whose results have been reflected in the business results since the third quarter of the previous fiscal year, likewise performed well against the backdrop of a stable business environment. ENSHU CRUSHED STONE CO., LTD. contributed to the strengthening of governance in the development of facilities as well as to the improvement of profitability through its operations of managing earth dug out of construction sites, for which initiatives were started from the six months under review.

As a result of the above, for the six months ended September 30, 2024, net sales amounted to 5,147 million yen (+22.7% year-on-year), operating profit amounted to 1,911 million yen (+41.0%), ordinary profit amounted to 1,859 million yen (+40.6%), and profit attributable to owners of parent amounted to 1,179 million yen (+56.5%), meaning that both sales and profits increased, and the Group achieved its highest ever net sales and profit at each stage of profit for the six months ended September 30, 2024.

Business performance by segment was as follows.

(i) Waste treatment business

At MIDAC CO., LTD., the contracted waste volume at landfill sites increased significantly due to strong landfill demand. In addition, at water treatment facilities, the volume of contracts increased due to the contribution of large-scale spot projects. As a result of the above, net sales amounted to 3,978 million yen (+5.7%) and segment profit amounted to 2,076 million yen (+5.9%).

(ii) Collection and transportation business

In the industrial waste business, although cost pass-through to large-scale customers was successful, the volume of contracts decreased from the previous fiscal year due to factors such as a decrease in the number of spot projects including handling of disaster waste associated with torrential rain, etc. In the area of general waste, the volume of contracts increased from the previous fiscal year since the performance of FRIEND SANITARY CO., LTD. is making full-year contribution from the current fiscal year. As a result of the above, net sales amounted to 969 million yen (+159.5%) and segment profit amounted to 284 million yen (+483.0%).

(iii) Intermediary management business

In addition to an increase in the number of orders received for both small-scale and large-scale projects, intermediary services for partner companies remained strong as we focused on sales activities with an eye to improving delivery efficiency and profitability. As a result of the above, net sales amounted to 61 million yen (+4.0%) and segment profit amounted to 42 million yen (+8.9%).

(2) Explanation regarding financial position

(Assets)

Current assets as of September 30, 2024 amounted to 10,120 million yen, a decrease of 315 million yen from the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts receivable - trade of 242 million yen.

In addition, non-current assets amounted to 17,244 million yen, an increase of 779 million yen from the end of the previous fiscal year. This was mainly due to a 907 million yen increase in property, plant and equipment including land, and a 118 million yen decrease in intangible assets including goodwill.

As a result, total assets amounted to 27,364 million yen, an increase of 463 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of September 30, 2024 amounted to 4,142 million yen, a decrease of 2,669 million yen from the end of the previous fiscal year. This was mainly due to a decrease in short-term borrowings of 2,800 million yen.

In addition, non-current liabilities amounted to 9,461 million yen, an increase of 2,161 million yen from the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings of 2,134 million yen.

As a result, total liabilities amounted to 13,604 million yen, a decrease of 507 million yen from the end of the previous fiscal year.

(Net assets)

Total net assets as of September 30, 2024 amounted to 13,760 million yen, an increase of 970 million yen from the end of the previous fiscal year. This was mainly due to factors such as an increase in retained earnings of 958 million yen as a result of the recording of profit attributable to owners of parent of 1,179 million yen, etc.

(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements

No revisions have been made to the consolidated earnings forecasts announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” on May 15, 2024.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,787,716	8,706,610
Notes and accounts receivable - trade	1,303,777	1,061,196
Inventories	73,837	74,850
Other	273,183	280,535
Allowance for doubtful accounts	(2,481)	(3,015)
Total current assets	10,436,032	10,120,177
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,005,784	985,195
Machinery, equipment and vehicles, net	726,225	740,571
Landfill site, net	4,870,675	4,722,694
Land	4,577,814	5,032,174
Construction in progress	2,150,167	2,762,597
Other, net	66,759	61,219
Total property, plant and equipment	13,397,426	14,304,453
Intangible assets		
Goodwill	1,220,669	1,086,680
Facility installation right	80,200	60,150
Other	65,856	101,822
Total intangible assets	1,366,725	1,248,653
Investments and other assets		
Investment securities	257,193	257,340
Deferred tax assets	669,058	665,409
Other	774,663	768,299
Total investments and other assets	1,700,916	1,691,049
Total non-current assets	16,465,068	17,244,155
Total assets	26,901,101	27,364,333

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	55,334	45,423
Short-term borrowings	4,090,000	1,290,000
Current portion of long-term borrowings	983,224	1,117,548
Income taxes payable	752,529	672,235
Accounts payable - other	334,245	549,667
Provision for bonuses	126,483	129,799
Other	469,864	338,002
Total current liabilities	6,811,681	4,142,675
Non-current liabilities		
Bonds payable	200,000	200,000
Long-term borrowings	5,184,421	7,319,378
Deferred tax liabilities	82,502	85,670
Retirement benefit liability	34,222	36,161
Provision for retirement benefits for directors (and other officers)	758,000	758,000
Provision for maintenance of landfill site	881,533	910,216
Asset retirement obligations	112,538	112,555
Other	46,410	39,357
Total non-current liabilities	7,299,628	9,461,339
Total liabilities	14,111,309	13,604,014
Net assets		
Shareholders' equity		
Share capital	90,000	90,000
Capital surplus	4,909,038	4,916,085
Retained earnings	7,862,738	8,821,305
Treasury shares	(103,542)	(103,572)
Total shareholders' equity	12,758,234	13,723,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,307	1,277
Total accumulated other comprehensive income	1,307	1,277
Share acquisition rights	30,249	35,222
Total net assets	12,789,791	13,760,318
Total liabilities and net assets	26,901,101	27,364,333

(2) Consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative)

Consolidated statement of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	4,194,902	5,147,226
Cost of sales	1,682,960	2,097,338
Gross profit	2,511,942	3,049,887
Selling, general and administrative expenses	1,156,577	1,138,166
Operating profit	1,355,364	1,911,721
Non-operating income		
Interest income	900	1,532
Gain on sale of non-current assets	1,634	4,293
Rental income from real estate	7,387	4,198
Other	2,910	6,593
Total non-operating income	12,832	16,618
Non-operating expenses		
Interest expenses	38,236	55,828
Other	7,330	13,250
Total non-operating expenses	45,566	69,078
Ordinary profit	1,322,630	1,859,261
Profit before income taxes	1,322,630	1,859,261
Income taxes	568,803	679,428
Profit	753,827	1,179,832
Profit attributable to owners of parent	753,827	1,179,832

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	753,827	1,179,832
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(30)
Total other comprehensive income	–	(30)
Comprehensive income	753,827	1,179,802
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	753,827	1,179,802

(3) Notes to semi-annual consolidated financial statements

(Notes on changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes and other relevant ASBJ regulations)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the six months ended September 30, 2024.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Implementation Guidance of 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

In addition, regarding the revisions related to revised treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities between consolidated companies, the Company has applied the Revised Implementation Guidance of 2022 from the beginning of the six months ended September 30, 2024. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Notes on segment information)

Segment information

I Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

Information on the amounts of net sales, profit or loss and information on disaggregation of revenue by reportable segment

(Thousands of yen)

	Reportable segments				Adjustments Note: 1	Amount recorded on semi-annual consolidated statement of income Note: 2
	Waste treatment	Collection and transportation	Intermediary management	Total		
Net sales						
Revenue from contracts with customers	3,762,483	373,531	58,887	4,194,902	–	4,194,902
Sales to external customers	3,762,483	373,531	58,887	4,194,902	–	4,194,902
Intersegment sales or transfers	175,656	4,599	6,531	186,786	(186,786)	–
Total	3,938,139	378,130	65,419	4,381,689	(186,786)	4,194,902
Segment profit	1,961,033	48,717	39,133	2,048,885	(693,520)	1,355,364

Notes: 1. The adjustments to segment profit of (693,520) thousand yen are mainly corporate expenses that are not allocated to each reportable segment.

2. Segment profit is adjusted with operating profit in the consolidated statement of income.

II Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

Information on the amounts of net sales, profit or loss and information on disaggregation of revenue by reportable segment

(Thousands of yen)

	Reportable segments				Other Note: 3	Adjustments Note: 1	Amount recorded on semi-annual consolidated statement of income Note: 2
	Waste treatment	Collection and transportation	Intermediary management	Total			
Net sales							
Revenue from contracts with customers	3,978,758	969,456	61,257	5,009,472	137,753	–	5,147,226
Sales to external customers	3,978,758	969,456	61,257	5,009,472	137,753	–	5,147,226
Intersegment sales or transfers	163,893	4,640	15,888	184,421	390	(184,812)	–
Total	4,142,652	974,097	77,145	5,193,894	138,143	(184,812)	5,147,226
Segment profit	2,076,499	284,048	42,613	2,403,161	72,332	(563,772)	1,911,721

Notes: 1. The adjustments to segment profit of (563,772) thousand yen are mainly corporate expenses that are not allocated to each reportable segment.

2. Segment profit is adjusted with operating profit in the consolidated statement of income.

3. The “Other” category is a business segment that is not included in the reportable segment.