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May 15, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: MIDAC HOLDINGS CO., LTD.
Listing: Tokyo Stock Exchange, Nagoya Stock Exchange
Securities code: 6564
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Scheduled date of ordinary general meeting of shareholders: June 27, 2025
Scheduled date to commence dividend payments: June 30, 2025
Scheduled date to file Securities Report: June 30, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	10,905	14.2	4,534	28.1	4,450	31.8	2,862	50.1
March 31, 2024	9,547	22.8	3,538	28.4	3,377	25.5	1,907	13.1

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥2,861 million [49.9%]
For the fiscal year ended March 31, 2024: ¥1,908 million [13.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	103.51	103.50	20.3	16.1	41.6
March 31, 2024	69.00	68.99	16.1	13.9	37.1

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2025: ¥－0 million
For the fiscal year ended March 31, 2024: ¥ 0 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	28,492	15,452	54.1	557.28
March 31, 2024	26,901	12,789	47.4	461.33

Reference: Equity
As of March 31, 2025: ¥15,413 million
As of March 31, 2024: ¥12,759 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	4,174	(3,470)	(1,376)	7,939
March 31, 2024	2,653	(2,845)	2,263	8,611

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	–	0.00	–	8.00	8.00	221	11.6	1.9
Fiscal year ended March 31, 2025	–	0.00	–	14.00	14.00	387	13.5	2.7
Fiscal year ending March 31, 2026 (Forecast)	–	0.00	–	18.00	18.00		17.0	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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
Six months ending September 30, 2025	5,547	7.8	2,020	5.7	1,974	6.2	1,188	0.8	42.98
Fiscal year ending March 31, 2026	11,617	6.5	4,792	5.7	4,700	5.6	2,930	2.4	105.96

*** Notes**

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

(2) 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 the attached document page 10「(5) Notes to consolidated financial statements (Changes in accounting policies)」

(3) Number of issued shares (common shares)

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

As of March 31, 2025	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 March 31, 2025	115,322 shares
As of March 31, 2024	115,302 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	27,658,178 shares
Fiscal year ended March 31, 2024	27,639,722 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2025(from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	4,061	55.1	3,007	90.0	2,945	89.5	2,919	111.3
March 31, 2024	2,619	50.8	1,582	92.2	1,553	89.7	1,382	76.8

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	105.57	105.56
March 31, 2024	50.00	50.00

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	19,133	9,577	49.9	344.89
March 31, 2024	18,470	6,856	37.0	246.81

Reference: Equity

As of March 31, 2025: ¥9,538 million

As of March 31, 2024: ¥6,826 million

* Financial results reports are exempt from audit 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 “4. Future outlook” on page 4 of the attached materials.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review, the Japanese economy was on a moderate recovery trend, underpinned by the recovery in consumer spending and inbound demand. On the other hand, the outlook remains uncertain due to the prolonged situation in Russia and Ukraine as well as the chronic rise in prices.

Under these circumstances, under the First Medium-Term Business Plan, which aims to realize the MIDAC Group's 10-year vision, "Challenge 80th," we have worked to strengthen the profitability of existing businesses in order to "build a foundation for accelerated growth."

First, in Organic growth, we worked to expand the amount of contracted waste centered on Okuyama-No-Mori Clean Center, Controlled landfill site, and the amount of contracted waste rose significantly due to the entrustment of new large-scale projects and an increase in the volume of transactions with existing business partners. In addition, both landfill sites are making steady progress in their plans to increase landfill capacity for Controlled landfill site "Enshu Clean Center" and Stable landfill site "Hamanako Clean Center," both of which are located in the region, and are investing to further strengthen their earnings bases over the medium to long term.

With regard to M&A growth, FRIEND SANITARY CO., LTD. and ENSHU CRUSHED STONE CO., LTD., which have been reflected in business results since the third quarter of the fiscal year ended March 31, 2024, contributed to consolidated results for the fiscal year under review on the back of a stable business environment.

As a result of the above, in the fiscal year under review, net sales amounted to 10,905 million yen (+14.2% year-on-year), operating profit amounted to 4,534 million yen (+28.1%), ordinary profit amounted to 4,450 million yen (+31.8%), and profit attributable to owners of parent amounted to 2,862 million yen (+50.1%), meaning that both sales and profits increased, and the Group achieved its highest ever net sales and profit at each stage of profit.

Business performance by segment was as follows.

(i) Waste treatment business

In the landfill site, the contracted waste volume increased significantly due to the strong demand for landfill, and we were able to contract for large projects, mainly from the construction industry. In addition, at intermediate treatment facilities, the volume of contracts from existing clients remained stable. As a result of the above, net sales amounted to 8,549 million yen (+5.7%) and segment profit amounted to 4,951 million yen (+9.8%).

(ii) Collection and transportation business

In terms of industrial waste, although contract unit prices improved as we pushed forward with price revisions in line with rising prices, the volume of contracted waste declined compared with the previous fiscal year, partly due to a decrease in spot projects, including disaster waste related to heavy rains. 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 2,013 million yen (+54.3%) and segment profit amounted to 529 million yen (+139.8%).

(iii) Intermediary management business

We strengthened our sales activities with an eye to improving transport efficiency and profitability. In addition, we focused on acquiring regular projects. As a result, intermediary to partner companies remained largely unchanged from the previous year. As a result of the above, net sales amounted to 127 million yen (-1.9%) and segment profit amounted to 91 million yen (-3.7%).

(2) Overview of financial position for the fiscal year under review

(Assets)

Current assets as of the end of the fiscal year under review amounted to 9,605 million yen, a decrease of 830 million yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 672 million yen. In addition, non-current assets amounted to 18,887 million yen, an increase of 2,422 million yen from the end of the previous fiscal year. This was mainly due to a 649 million yen increase in land, a 2,123 million yen increase in Construction in progress.

As a result, total assets amounted to 28,492 million yen, an increase of 1,591 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of the end of the fiscal year under review amounted to 3,993 million yen, a decrease of 2,818 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 9,047 million yen, an increase of 1,747 million yen from the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings of 1,688 million yen.

As a result, total liabilities amounted to 13,040 million yen, a decrease of 1,070 million yen from the end of the previous fiscal year.

(Net assets)

Total net assets as of the end of the fiscal year under review amounted to 15,452 million yen, an increase of 2,662 million yen from the end of the previous fiscal year. This was due to factors such as an increase in retained earnings of 2,641 million yen as a result of the recording of profit attributable to owners of parent, etc.

(3) Overview of cash flows for the fiscal year under review

(Millions of yen)

Item	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Increase (decrease)
Cash flows from operating activities	2,653	4,174	1,521
Cash flows from investing activities	(2,845)	(3,470)	(624)
Cash flows from financing activities	2,263	(1,376)	(3,640)
Net increase (decrease) in cash and cash equivalents	2,071	(672)	(2,743)
Cash and cash equivalents at beginning of period	6,540	8,611	2,071
Cash and cash equivalents at end of period	8,611	7,939	(672)

Ending balance of cash and cash equivalents for the fiscal year under review (“funds”) amounted to 7,939 million yen, a decrease of 672 million yen from the end of the previous fiscal year.

The status of each type of cash flow and the main reasons thereof are as follows.

(Cash flows from operating activities)

Funds obtained as a result of operating activities amounted to 4,174 million yen (＋57.3% year-on-year.

This was mainly due to inflows from profit before income taxes of 4,450 million yen, depreciation of 711 million yen, and amortization of goodwill of 267 million yen, and outflows from income taxes paid of 1,639 million yen.

(Cash flows from investing activities)

Funds used as a result of investing activities amounted to 3,470 million yen (+21.9% year-on-year). This was mainly due to outflows from purchase of property, plant and equipment of 3,391 million yen.

(Cash flows from financing activities)

Funds used as a result of financing activities amounted to 1,376 million yen (Acquired 2,263 million yen in the same period of the previous fiscal year) .

This was mainly due to Proceeds from long-term borrowings of 2,800 million yen as an income factor, and net decrease in short-term loans payable of 2,800 million yen and repayment of long-term loans payable of 1,134 million yen as an expenditure factor.

(4) Future outlook

Looking ahead, we expect a recovery in private consumption amid an improvement in the income environment due to the realization of a high rate of wage increases. On the other hand, uncertainty is projected to continue, including risks of economic downturns caused by U.S. policy, rising prices, and natural disasters caused by extreme weather.

Against this backdrop, in the next fiscal year, we will continue working to increase the amount of contracted waste in landfill sites in particular, based on the integrated waste treatment system from collection and transportation to final treatment, as the fourth year of our first medium-term management plan. In addition, at intermediate treatment facilities, we will work to improve operating rate by continuing to promote sales activities aimed at expanding our sales channels.

For future growth investments, we will focus on landfill sites and intermediate treatment facilities, and will pursue optimal investments for strengthening our management resources through both in-house development and proactive M&A. In addition, we will strengthen our progress-control for the opening of a new Water treatment facility, which is scheduled to begin operation in April 2026 or later.

Taking the above circumstances into consideration, in terms of the outlook for business performance in the next fiscal year, the Group forecasts net sales of 11,617 million yen (+6.5% year-on-year), operating profit of 4,792 million yen (+5.7%), ordinary profit of 4,700 million yen (+5.6%), and profit attributable to owners of parent of 2,930 million yen (+2.4%). This forecast does not reflect the results of TAIHEIKOUSAN INC. which became a subsidiary on April 14, 2025. We are currently in the process of scrutinizing the Company's earnings forecasts and will announce them again if it becomes necessary to revise the earnings forecasts.

2. Basic rationale for selection of accounting standards

The Group does not engage in international business development or fundraising, and has therefore prepared consolidated financial statements in accordance with accounting principles generally accepted in Japan.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	8,787,716	8,115,702
Notes and accounts receivable - trade	1,303,777	1,129,335
Inventories	73,837	82,930
Other	273,183	280,222
Allowance for doubtful accounts	(2,481)	(2,976)
Total current assets	10,436,032	9,605,214
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,714,869	3,027,595
Accumulated depreciation	(1,709,085)	(2,044,915)
Buildings and structures, net	1,005,784	982,680
Machinery, equipment and vehicles	5,236,809	5,357,167
Accumulated depreciation	(4,510,583)	(4,546,197)
Machinery, equipment and vehicles, net	726,225	810,970
Landfill site	6,495,775	6,572,551
Accumulated depreciation	(1,625,100)	(1,888,988)
Landfill site, net	4,870,675	4,683,563
Land	4,577,814	5,226,940
Construction in progress	2,150,167	4,274,086
Other	312,323	361,465
Accumulated depreciation	(245,563)	(282,555)
Other, net	66,759	78,910
Total property, plant and equipment	13,397,426	16,057,152
Intangible assets		
Goodwill	1,220,669	952,691
Facility installation right	80,200	40,100
Other	65,856	126,108
Total intangible assets	1,366,725	1,118,899
Investments and other assets		
Investment securities	257,193	255,064
Deferred tax assets	669,058	652,223
Other	774,663	804,355
Total investments and other assets	1,700,916	1,711,644
Total non-current assets	16,465,068	18,887,696
Total assets	26,901,101	28,492,911

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	55,334	35,475
Short-term borrowings	4,090,000	1,290,000
Current portion of long-term borrowings	983,224	960,522
Income taxes payable	752,229	677,721
Accounts payable - other	334,245	472,294
Provision for bonuses	126,483	148,640
Other	469,864	408,721
Total current liabilities	6,811,681	3,993,375
Non-current liabilities		
Bonds payable	200,000	200,000
Long-term borrowings	5,184,421	6,872,794
Deferred tax liabilities	82,502	87,678
Retirement benefit liability	34,222	52,066
Provision for retirement benefits for directors (and other officers)	758,000	758,000
Provision for maintenance of landfill site	881,533	938,943
Asset retirement obligations	112,538	112,571
Other	46,410	25,455
Total non-current liabilities	7,299,628	9,047,509
Total liabilities	14,111,309	13,040,885
Net assets		
Shareholders' equity		
Share capital	90,000	90,000
Capital surplus	4,909,038	4,923,132
Retained earnings	7,862,738	10,504,329
Treasury shares	(103,542)	(103,572)
Total shareholders' equity	12,758,234	15,413,889
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,307	(472)
Total accumulated other comprehensive income	1,307	(472)
Share acquisition rights	30,249	38,609
Total net assets	12,789,791	15,452,026
Total liabilities and net assets	26,901,101	28,492,911

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

(Consolidated statement of income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	9,547,104	10,905,457
Cost of sales	3,684,858	4,081,134
Gross profit	5,862,246	6,824,322
Selling, general and administrative expenses	2,323,742	2,289,839
Operating profit	3,538,504	4,534,483
Non-operating income		
Interest income	1,789	5,191
Gain on sale of non-current assets	10,553	13,740
Rental income from real estate	13,235	8,881
Insurance claim income	4,420	2,899
Subsidy income	—	8,825
Other	7,492	19,986
Total non-operating income	37,491	59,526
Non-operating expenses		
Interest expenses	88,359	114,963
Loss on retirement of non-current assets	26,700	—
Rental costs on real estate	65,643	1,663
Other	17,622	27,038
Total non-operating expenses	198,326	143,666
Ordinary profit	3,377,669	4,450,343
Profit before income taxes	3,377,669	4,450,343
Income taxes - current	1,768,021	1,564,696
Income taxes - deferred	(297,362)	22,790
Total income taxes	1,470,659	1,587,487
Profit	1,907,010	2,862,856
Profit attributable to owners of parent	1,907,010	2,862,856

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,907,010	2,862,856
Other comprehensive income		
Valuation difference on available-for-sale securities	1,307	(1,780)
Total other comprehensive income	1,307	(1,780)
Comprehensive income	1,908,317	2,861,076
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,908,317	2,861,076

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	90,000	4,934,175	6,093,745	(152,190)	10,965,730
Changes during period					
Dividends of surplus			(138,017)		(138,017)
Profit attributable to owners of parent			1,907,010		1,907,010
Purchase of treasury shares				(796)	(796)
Disposal of treasury shares		(25,137)		49,445	24,308
Net changes in items other than shareholders' equity					
Total changes during period	–	(25,137)	1,768,992	48,649	1,792,504
Balance at end of period	90,000	4,909,038	7,862,738	(103,542)	12,758,234

(Thousands of yen)

	Share acquisition rights	Accumulated other comprehensive income		Total net assets
		Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	18,167	―	―	10,983,897
Changes during period				
Dividends of surplus				(138,017)
Profit attributable to owners of parent				1,907,010
Purchase of treasury shares				(796)
Disposal of treasury shares				24,308
Net changes in items other than shareholders' equity	12,081	1,307	1,307	13,388
Total changes during period	12,081	1,307	1,307	1,805,893
Balance at end of period	30,249	1,307	1,307	12,789,791

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	90,000	4,909,038	7,862,738	(103,542)	12,758,234
Changes during period					
Dividends of surplus			(221,265)		(221,265)
Profit attributable to owners of parent			2,862,856		2,862,856
Purchase of treasury shares				(30)	(30)
Disposal of treasury shares		14,094			14,094
Net changes in items other than shareholders' equity					
Total changes during period	–	14,094	2,641,590	(30)	2,655,654
Balance at end of period	90,000	4,923,132	10,504,329	(103,572)	15,413,889

(Thousands of yen)

	Share acquisition rights	Accumulated other comprehensive income		Total net assets
		Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	30,249	1,307	1,307	12,789,791
Changes during period				
Dividends of surplus				(221,265)
Profit attributable to owners of parent				2,862,856
Purchase of treasury shares				(30)
Disposal of treasury shares				14,094
Net changes in items other than shareholders' equity	8,360	(1,780)	(1,780)	6,579
Total changes during period	8,360	(1,780)	(1,780)	2,662,234
Balance at end of period	38,609	(472)	(472)	15,452,026

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	3,377,669	4,450,343
Depreciation	674,751	711,646
Amortization of goodwill	254,462	267,977
Share-based payment expenses	60,208	56,626
Increase (decrease) in allowance for doubtful accounts	434	495
Increase (decrease) in provision for bonuses	11,022	22,157
Increase (decrease) in provision for retirement benefits	32,725	17,844
Increase(decrease) in provision for maintenance of landfill site	86,295	57,409
Interest and dividend income	(2,080)	(5,916)
Interest expenses	88,359	114,963
Loss (gain) on sale of non-current assets	(7,394)	(10,597)
Loss on retirement of property, plant and equipment	71,946	14,003
Loss on tax purpose reduction entry of non-current assets	-	4,127
Decrease (increase) in trade receivables	(234,427)	174,441
Decrease (increase) in inventories	33,430	(9,093)
Decrease (increase) in other current assets	(36,259)	(6,232)
Increase (decrease) in trade payables	2,884	(19,858)
Increase (decrease) in other current liabilities	(70,273)	69,597
Other, net	(39,904)	15,683
Subtotal	4,303,851	5,925,620
Interest and dividends received	2,080	4,416
Interest paid	(90,119)	(116,063)
Income taxes paid	(1,562,533)	(1,639,504)
Net cash provided by (used in) operating activities	2,653,279	4,174,468
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,855,629)	(3,391,714)
Proceeds from sale of property, plant and equipment	35,469	83,270
Purchase of intangible assets	(20,951)	(85,681)
Payments of leasehold and guarantee deposits	(556)	(15,471)
Payments into long-term deposits	(62,400)	(60,402)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,875,671)	-
Purchase of shares of subsidiaries and associates	(43,797)	-
Loan advances to subsidiaries and associates	(150,000)	-
Collection of loans receivable from subsidiaries and affiliates	26,572	2,412
Proceeds from cancellation of insurance funds	1,100,857	-
Other, net	407	(2,436)
Net cash provided by (used in) investing activities	(2,845,699)	(3,470,023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,800,000	(2,800,000)
Proceeds from long-term borrowings	660,000	2,800,000
Repayments of long-term borrowings	(1,031,530)	(1,134,329)
Redemption of bonds	(16,000)	-
Dividends paid	(138,017)	(221,237)
Other, net	(10,863)	(20,918)
Net cash provided by (used in) financing activities	2,263,589	(1,376,485)
Net increase (decrease) in cash and cash equivalents	2,071,169	(672,039)
Cash and cash equivalents at beginning of period	6,540,406	8,611,576
Cash and cash equivalents at end of period	8,611,576	7,939,536

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(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 fiscal year ended March 31, 2025.

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 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 fiscal year ended March 31, 2025.This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Notes on consolidated statement of cash flows)

Reconciliation of cash and cash equivalents at end of the fiscal year and the related account on the consolidated balance sheet is as follows:

(Thousands of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Cash and deposits	8,787,716	8,115,702
Time deposits with maturity over 3 months	(176,139)	(176,165)
Cash and cash equivalents	8,611,576	7,939,536

(Segment information)

Segment information

1. Overview of reportable segments

   Reportable segments of the Company are segments for which separate financial information is available from among the constituent units of the Company, and that are regularly the subject of reviews by the Board of Directors to determine the allocation of management resources and to assess business performance.

   The reportable segments of the Company consist of three segments: the “waste treatment business,” the “collection and transportation business,” and the “intermediary management business.”

   In the “waste treatment business,” the Company processes industrial waste produced by companies to render it harmless, including the coagulation sedimentation of sludge, etc., neutralization processing, and the sorting and kneading processing of cinders, dust, etc., and performs comprehensive incineration treatment of industrial waste, general waste, etc., created by companies, regional public bodies, etc., with methods that reduce the environmental impact. In addition, the Company processes waste that is difficult to recycle, residual products from recycling processes, etc., at landfill sites.

   In the “Collection and Transportation Business,” the Company collects and transports industrial waste and general waste created by corporate plants, offices, etc.

   In the “intermediary management business,” the Company utilizes our sales capabilities to provide referrals for waste (discharge companies) required by waste disposers, as part of the creation of a network together with other waste disposers. In addition, the Company also provides substitute administrative services in these transactions.

2. Method for calculating amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

   The accounting method for the operating segments that are reportable is based on the “Basis of preparation of consolidated financial statements” of the Company.

   Profits of the reportable segments are amounts based on operating profit.

   Intersegment income or transfers are based on current market price.

3. Information on the amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Reportable segments				Other Note: 3	Adjustments Note: 1	Amount recorded on consolidated statement of income Note: 2
	Waste treatment	Collection and transportation	Intermediary management	Total			
Net sales							
Revenue from contracts with customers	8,086,735	1,304,912	130,099	9,521,747	25,357	–	9,547,104
Sales to external customers	8,086,735	1,304,912	130,099	9,521,747	25,357	–	9,547,104
Intersegment sales or transfers	358,810	9,670	18,261	386,742	103	(386,845)	–
Total	8,445,545	1,314,582	148,361	9,908,489	25,460	(386,845)	9,547,104
Segment profit	4,508,050	220,790	94,596	4,823,438	(29,030)	(1,255,903)	3,538,504
Segment assets	9,481,863	1,303,816	257,548	11,043,228	124,506	15,733,366	26,901,101
Others							
Depreciation	534,123	82,338	4,620	621,081	1,729	51,939	674,751
Amortization of goodwill	240,947	11,666	–	252,613	1,848	–	254,462
Increase in property, plant and equipment and intangible assets	199,255	99,291	9,212	307,758	1,940	1,352,152	1,661,851

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Reportable segments				Other Note: 3	Adjustments Note: 1	Amount recorded on consolidated statement of income Note: 2
	Waste treatment	Collection and transportation	Intermediary management	Total			
Net sales							
Revenue from contracts with customers	8,549,686	2,013,960	127,580	10,691,226	214,230	–	10,905,457
Sales to external customers	8,549,686	2,013,960	127,580	10,691,226	214,230	–	10,905,457
Intersegment sales or transfers	352,546	9,066	31,389	393,002	2,853	(395,855)	–
Total	8,902,232	2,023,027	158,969	11,084,229	217,083	(395,855)	10,905,457
Segment profit	4,951,773	529,535	91,049	5,572,358	82,464	(1,120,339)	4,534,483
Segment assets	8,903,774	1,279,334	303,151	10,486,260	256,434	17,750,216	28,492,911
Others							
Depreciation	528,511	108,954	8,506	645,972	14,710	50,964	711,646
Amortization of goodwill	240,947	23,332	–	264,280	3,697	–	267,977
Increase in property, plant and equipment and intangible assets	366,805	93,988	34,492	495,286	194,007	2,791,326	3,480,620

Notes: 1. The details of adjustments are as follows.

(1) Segment profit

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Inter-segment transaction eliminations	7,526	8,560
Corporate expenses*	(1,263,429)	(1,128,899)
Total	(1,255,903)	(1,120,339)

* Corporate expenses mainly consist of general and administrative expenses not attributable to the reportable segments.

(2) Segment assets

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Corporate assets*	15,733,366	17,750,216
Total	15,733,366	17,750,216

* Corporate assets mainly consist of cash and deposits and non-current assets not attributable to the reportable segments.

(3) Adjustments to increase in tangible Non-current assets and intangible Non-current assets mainly consist of investment in land and buildings in the previous fiscal year and increase in construction in progress in the current fiscal year.

2. Segment profit has been reconciled with operating profit on the consolidated financial statements.

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

Related information

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by products and services

(Thousands of yen)

	Waste treatment	Collection and transportation	Intermediary management	Other	Total
Sales to external customers	8,086,735	1,304,912	130,099	25,357	9,547,104

2. Information by region
   (1) Net sales
   Not applicable since the Company has no overseas net sales.
   (2) Property, plant and equipment
   Not applicable since the Company has no property, plant and equipment located outside of Japan.
3. Information by main customers
   Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information by products and services

(Thousands of yen)

	Waste treatment	Collection and transportation	Intermediary management	Other	Total
Sales to external customers	8,549,686	2,013,960	127,580	214,230	10,905,457

2. Information by region
   (1) Net sales
   Not applicable since the Company has no overseas net sales.
   (2) Property, plant and equipment
   Not applicable since the Company has no property, plant and equipment located outside of Japan.
3. Information by main customers
   Not applicable.

Information on impairment losses of non-current assets by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

Information on amortization of goodwill and unamortized balance by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Waste treatment	Collection and transportation	Intermediary management	Other	Corporate or eliminations	Total
Amortization for the fiscal year	240,947	11,666	–	1,848	–	254,462
Balance at the end of the fiscal year	693,573	454,990	–	72,105	–	1,220,669

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Waste treatment	Collection and transportation	Intermediary management	Other	Corporate or eliminations	Total
Amortization for the fiscal year	240,947	23,332	–	3,697	–	267,977
Balance at the end of the fiscal year	452,626	431,657	–	68,407	–	952,691

Information on gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Net assets per share	461.33	557.28
Basic earnings per share	69.00	103.51
Diluted earnings per share	68.99	103.50

Note: 1. The basis for the calculation of the basic earnings per share is as follows.

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	1,907,010	2,862,856
Value not attributable to shareholders of common shares (Thousands of yen)	–	–
Profit attributable to owners of parent related to common shares (Thousands of yen)	1,907,010	2,862,856
Average number of common shares outstanding during the period (Shares)	27,639,722	27,658,178
Overview of potential shares not included in the calculation of the diluted earnings per share because of the lack of dilution effects	6th series of share acquisition rights by resolution of the Board of Directors meeting held on June 7, 2022 Number of share acquisition rights: 204 Common shares: 20,400 shares	6th series of share acquisition rights by resolution of the Board of Directors meeting held on June 7, 2022 Number of share acquisition rights: 198 Common shares: 19,800 shares 7th series of share acquisition rights by resolution of the Board of Directors meeting held on April 18, 2024 Number of share acquisition rights: 228 Common shares: 22,800 shares

(Subsequent events)

At a meeting of the Board of Directors held on April 11, 2025, we resolved to acquire the shares of TAIHEIKOUSAN INC. and make it a subsidiary. Accordingly, on April 14, 2025, the Company entered into a share transfer agreement to acquire all of the shares of TAIHEIKOUSAN INC. and acquired all of the shares.

(1) Purpose of share purchase

TAIHEIKOUSAN INC. established Stable landfill site in 1974 and has operated Controlled landfill site since its establishment in 1985. Since its establishment, it has introduced its own waste treatment technology. In these ways, we are working to strengthen pollution-prevention measures and comply with standards. In other words, we are a waste treatment company that aims to realize an appropriate treatment of waste and a scientific and eco-efficient waste treatment system. As a company that is keenly aware of the social responsibilities of waste treatment, in 1997 the company was the first industrial waste treatment company in the country to acquire ISO14001 and thoroughly manage it in accordance with international standards. This stance aimed at realizing a sustainable, material-cycle society is a company that can share the same philosophy as ours.

Our group will continue to aggressively promote M&A and accelerate growth investment in the Kanto area. We believe that joining our group will be an opportunity for our group to evolve into an industry-leading comprehensive waste treatment company, and we have decided to make TAIHEIKOUSAN INC. a subsidiary.

(2) Name of the counterparty to the acquisition of shares

Takeshi Yamagami

Masataka Yamagami

Kikuko Yamagami

(3) Overview of companies to be acquired

Company Name：TAIHEIKOUSAN INC.

Description of business：Final treatment and collection and transport of industrial and general waste

Amount of Share capital：66,200 thousand yen(As of April 14, 2025)

(4) Time of stock acquisition

April 14, 2025

(5) Number of shares to be acquired, acquisition price and ownership ratios after acquisition

Number of shares to be acquired：Common stock 78,629 shares

Acquisition price：Approx. 100 million yen

ownership ratios after acquisition：100％