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June 19, 2025

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Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price

At the meeting of the Board of Directors held today, MIDAC HOLDINGS CO.,LTD. (the “Company”) resolved to analyze the current situation of the Company, including the cost of capital, profitability of capital, and market evaluation, and the Company will announce the future direction as follows.

1. Analysis of Current Situation

The Company has formulated the MIDAC Group's 10-Year Vision, "Challenge 80th," and the Medium-Term Management Plan for the period from the fiscal year ended March 31,2023 to the fiscal year ending March 31,2032. The first Medium-Term Management Plan up to the fiscal year ending March 31,2027 is based on the positioning of "building a foundation for accelerating growth," and the Company is aggressively promoting investment in growth.

Against this backdrop, the Company recognizes that the Company's cost of equity capital is approximately 7-9%, while ROE has consistently exceeded the cost of equity capital over the last 5 years, maintaining the target level of 15%. In the fiscal year ended March 31,2025, ROE saw significant improvements over the previous year due to the fact that increased the amount of contracted waste at Controlled landfill site "Okuyama-No-Mori Clean Center" pushed up our profitability and the resulting increase in net margins was noticeable in Organic growth practice. In addition, both net sales and profit reached record highs, and the price book value ratio ("PBR") also improved compared with the previous year, thanks to a certain level of reputation from the stock market.

The following table shows the trends in management indicators for the past 5 years.

Item	Fiscal year ended March 31,2021	Fiscal year ended March 31,2022	Fiscal year ended March 31,2023	Fiscal year ended March 31,2024	Fiscal year ended March 31,2025
Net sales (Millions of yen)	5,701	6,381	7,771	9,547	10,905
Operating profit (Millions of yen)	1,883	2,264	2,755	3,538	4,534
Ordinary profit (Millions of yen)	1,848	2,188	2,692	3,377	4,450
Profit attributable to owners of parent (Millions of yen)	1,018	1,284	1,685	1,907	2,862
Net assets (Millions of yen)	5,522	9,536	10,983	12,789	15,452
Stock price at end of period (yen)	2,450	2,741	2,155	1,572	2,070
ROE (%)	20.6	17.1	16.4	16.1	20.3
PBR (times)	11.8	7.93	5.42	3.41	3.72
Ratio of operating profit (%)	33.0	35.5	35.5	37.1	41.6
Ratio of ordinary profit (%)	32.4	34.3	34.6	35.4	40.8

(NOTE)Stock price at end of period is presented after retroactive adjustments for stock splits.

2. Future Direction

In order to improve PBR in the future, the Company believes that the company need to increase the growth potential of our businesses through the efficient use of capital. At the same time, the Company must endeavor to promote understanding of ourselves through dialogue with our stockholders.

The Company will continue to regard ROE as a key management indicator. However, the Company expects ROE to decline over the medium to long term as the Company continues to accumulate retained earnings, in part because of our planned establishment of new waste treatment facilities with a view to achieving long-term growth. In response, the Company will improve profitability by promoting the initiatives described below, with the aim of continuously exceeding ROE's cost of equity.

(1) Steady achievement of the First Medium-Term Management Plan

In the fiscal year ending March 31,2027, the final year of the First Medium-Term Management Plan, the company aim for net sales of 10,000 million yen and Ordinary profit of 5,000 million yen. In order to achieve the goals of this program, it is essential to ensure the amount of contracted waste in the implementation of Organic growth, particularly in Controlled landfill site "Okuyama-No-Mori Clean Center." The Company position landfill sites's the amount of contracted waste expansion as a priority in our business portfolio strategy. By steadily achieving the goals of the First Medium-Term Business Plan, the Company will strengthen profitability and improve ROE.

(2) Continuous stockholder returns

1 of our top priorities is to increase stockholder returns by enhancing corporate value. With regard to the distribution of profits, the Company's basic policy is to continuously pay stable dividends while strengthening its management foundation and financial position. For the year-end dividend for the fiscal year ended March 31,2025, the Company decided to increase the ordinary dividend from 10 yen to 14 yen, as announced in the Notice of revised forecasts and dividend forecasts dated February 14,2025. This dividend increase is a stockholder return after taking into account trends in business performance and financial position, etc. The Company will continue to consider the distribution of results commensurate with the growth in business performance and the continuous increase in the amount of dividends.

For the fiscal year ending March 31,2026, the Company forecasts a year-end dividend per share of 18 yen, after comprehensively taking into account the aforementioned basic policy and financial position.

(3) Implementation of proactive IR activities

The Company believes it is important to disclose information in a timely manner and build a relationship of trust with stockholders in order to achieve sustainable growth and increase corporate value over the medium to long term. Through dialogue (interviews) with stockholders and investors, the Company explains our management policies, business models, social contribution activities, and other initiatives. The Company believe that gaining a deeper understanding of us will lead to a stable, long-term stockholder structure. For stockholders and investors, the Company holds a briefing on our financial results once every 6 months and conducts individual interviews as requested. The Company is also working to actively disseminate information by enhancing English-language disclosure and refining our sustainability reports.

Going forward, the Company will continue to improve our corporate value by expanding IR and actively disseminating information, including our business, business performance, and sustainability initiatives, and by continuing to engage in dialogue with them.

In light of the challenges the Company has identified in the current analyses, the Company will promote our business activities with a view to growing our business, improving profitability of capital, and raising our stock price by continuously achieving ROE in excess of our cost of equity.