



MIDAC HOLDINGS CO., LTD.

[Securities Code: 6564]

Fiscal Year Ended March 31, 2023

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, Higashi-ku, Hamamatsu, Shizuoka
Number of Employees	: 308 ^(Note) (As of the end of March 2023: group consolidated basis)
Subsidiary	: MIDAC CO., LTD. (Higashi-ku, Hamamatsu) MIDAC LINER CO., LTD. (Higashi-ku, Hamamatsu) SANKO CO., LTD. (Kasugai, Aichi) MIDAC KONAN CO., LTD. (Nishi-ku, Hamamatsu) LOVE THY NEIGHBOR CO., LTD. (Setagaya-ku, Tokyo) IWAHARA ORCHARDS CO., LTD. (Hokuto City, Yamanashi)

Note: Includes the average number of 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

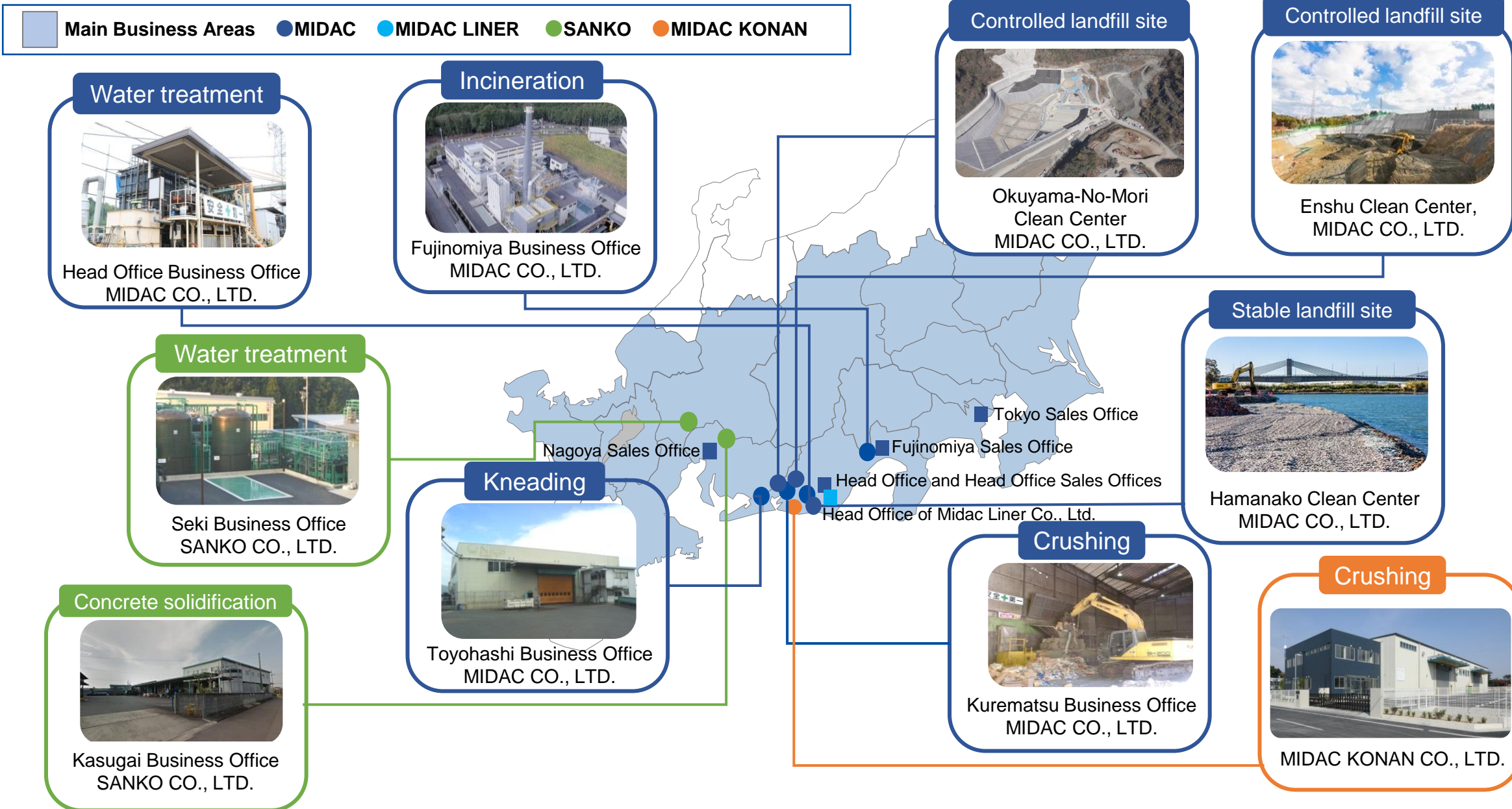
Business Offices

- Fujinomiya Business Office (incineration)
- Head Office Business Office (water treatment, collection transportation)
- Kurematsu Business Office (crushing)
- 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)

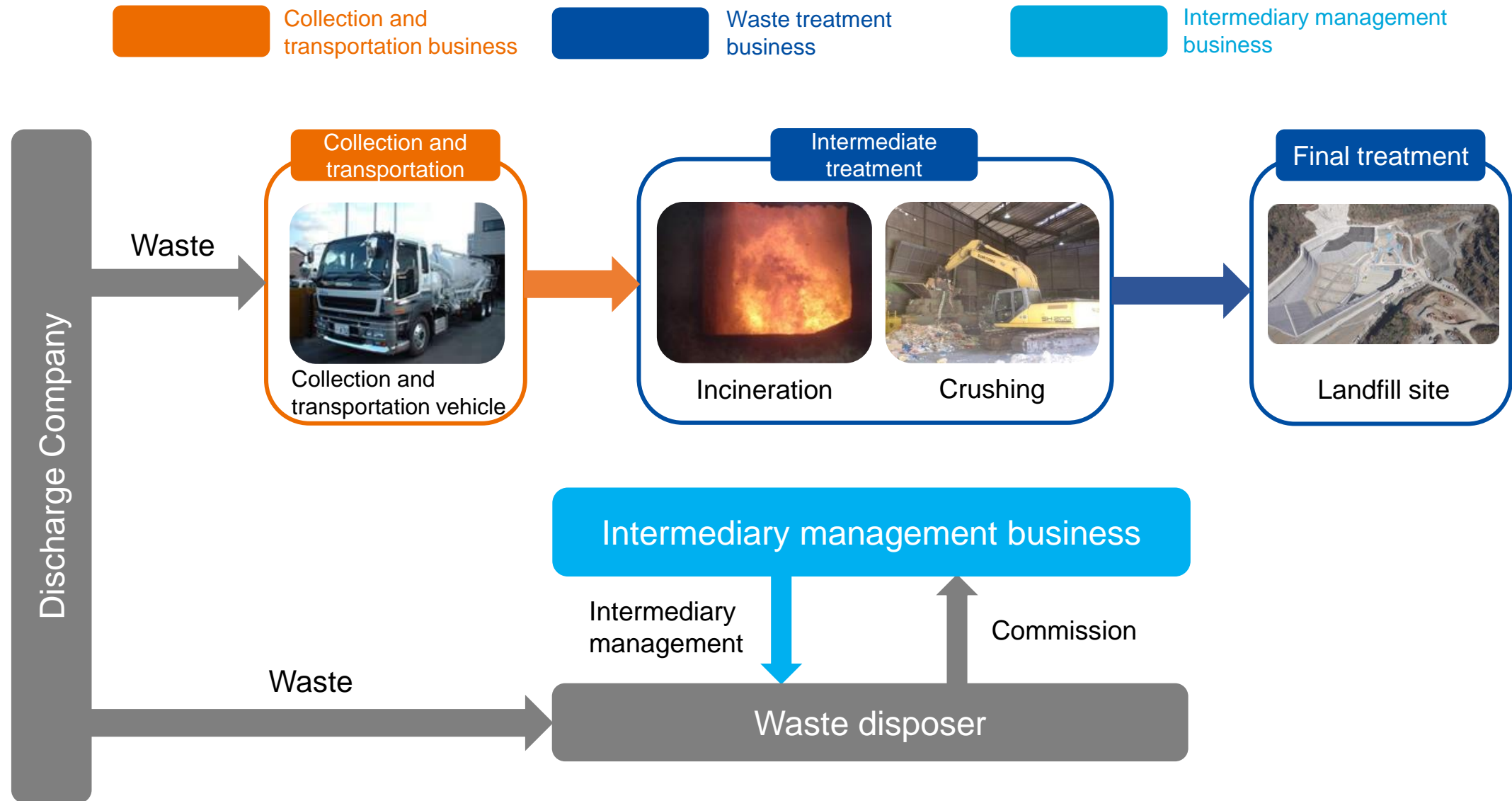
Sales Offices

- 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)

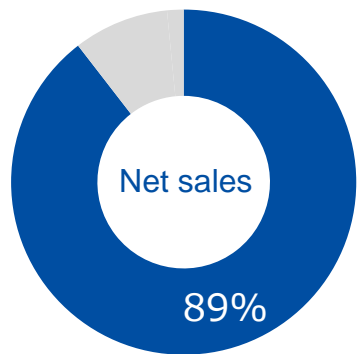


[1] – 3 About MIDAC Group (Waste Treatment Process)



[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)

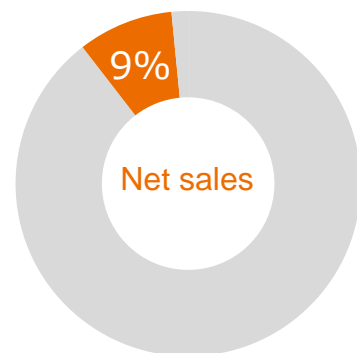


Kurematsu Business Office
(crushing)



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)

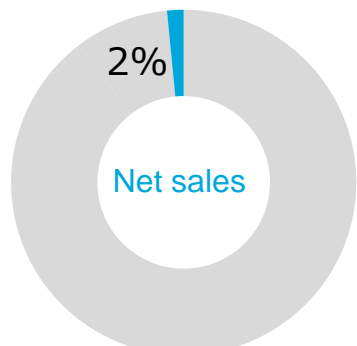


Collection and transportation vehicle
(general collection and transportation)



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.



Fujinomiya Sales Office



Tokyo Sales Office

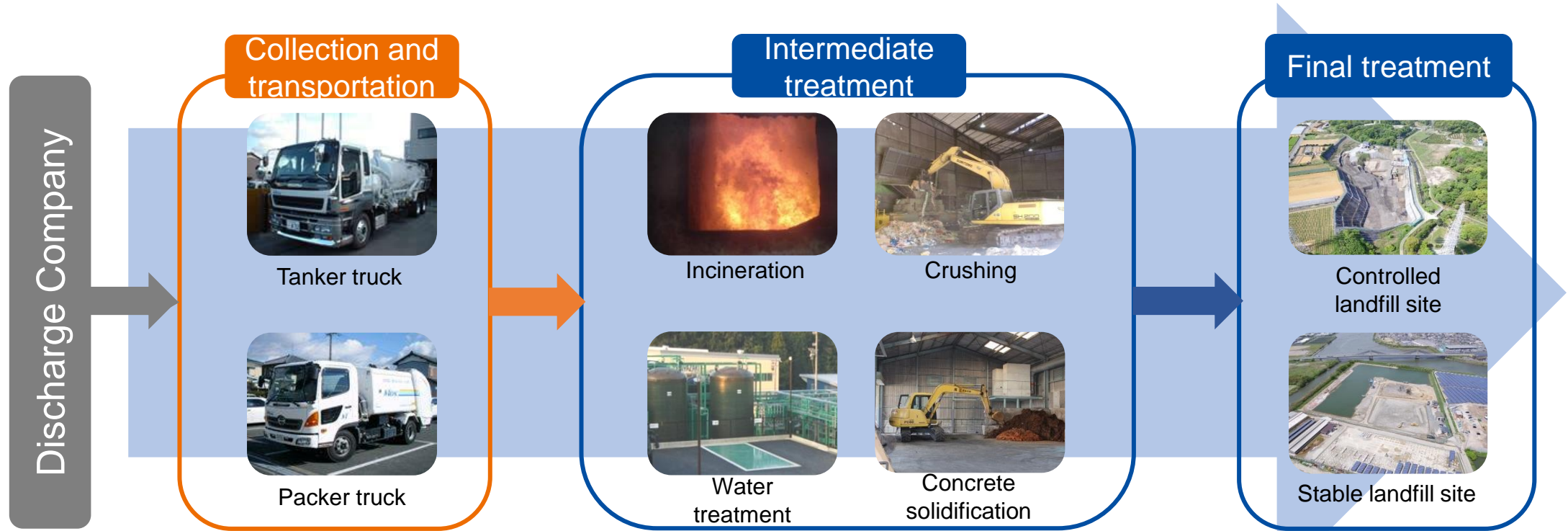


Nagoya Sales Office

Note: Net sales will include intra-group sales.

- 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

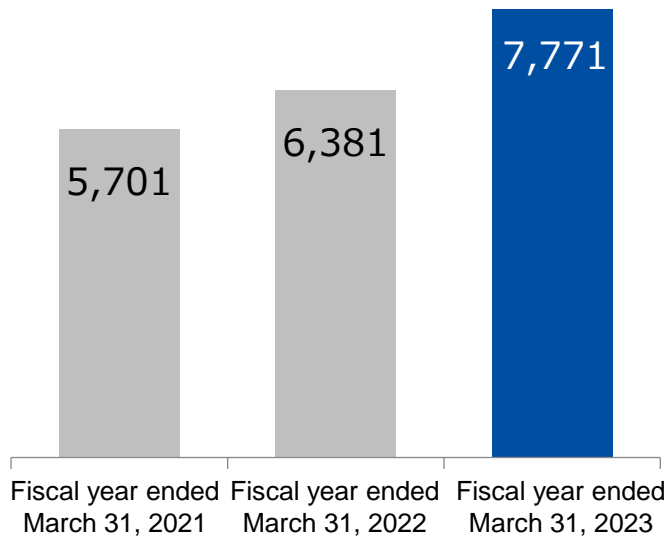


- Discharge companies feel safe to outsource waste treatment without worrying about the risk of inappropriate disposal / transfer of waste treatment.
- By processing waste materials generated within our group in-house, we can achieve synergy effects such as reducing the cost of intermediate treatment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

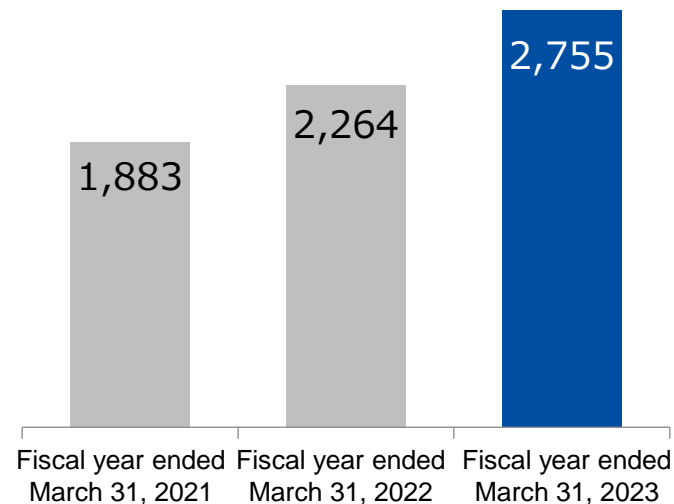
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- Net sales: **7,771 million yen** (Year on year +21.8%)
- Operating income: **2,755 million yen** (Year on year +21.7%)
- Net income: **1,685 million yen** (Year on year +31.2%)

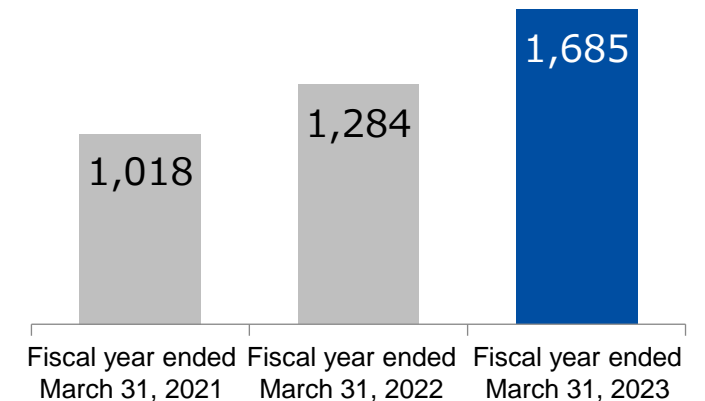
<Net sales>



<Operating income>

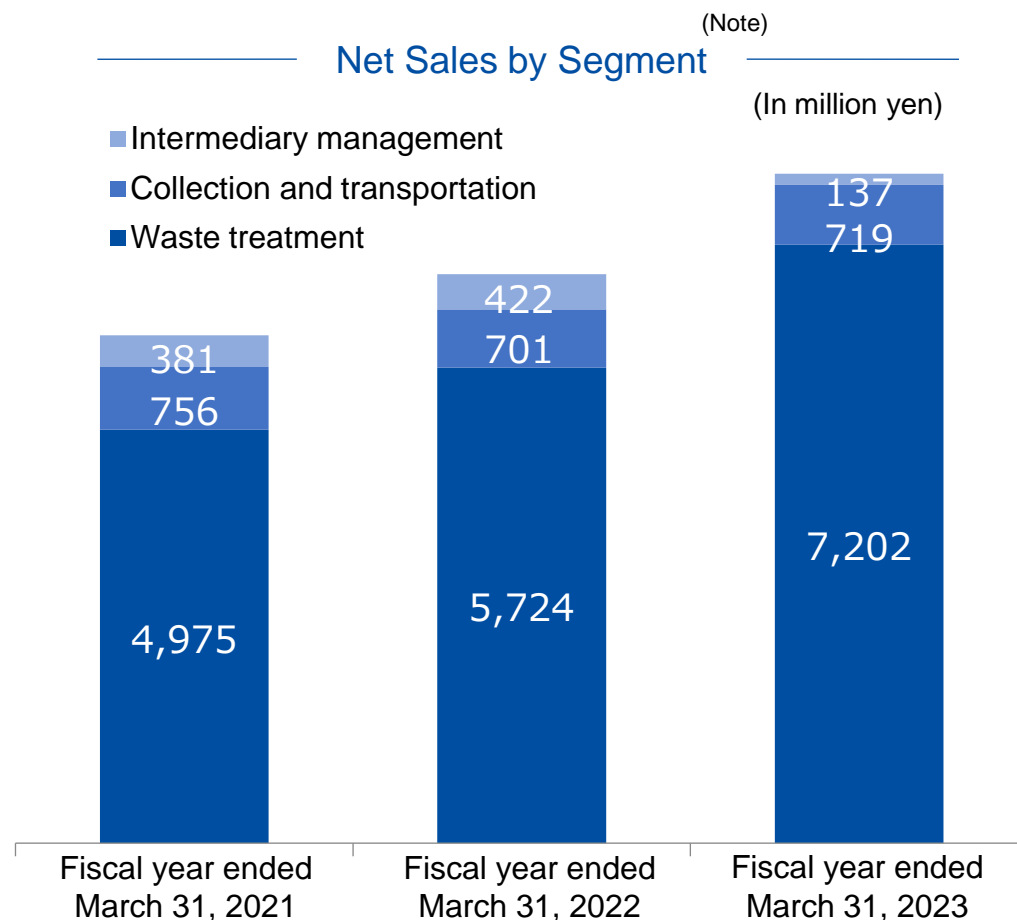


<Net income> ^(Note)

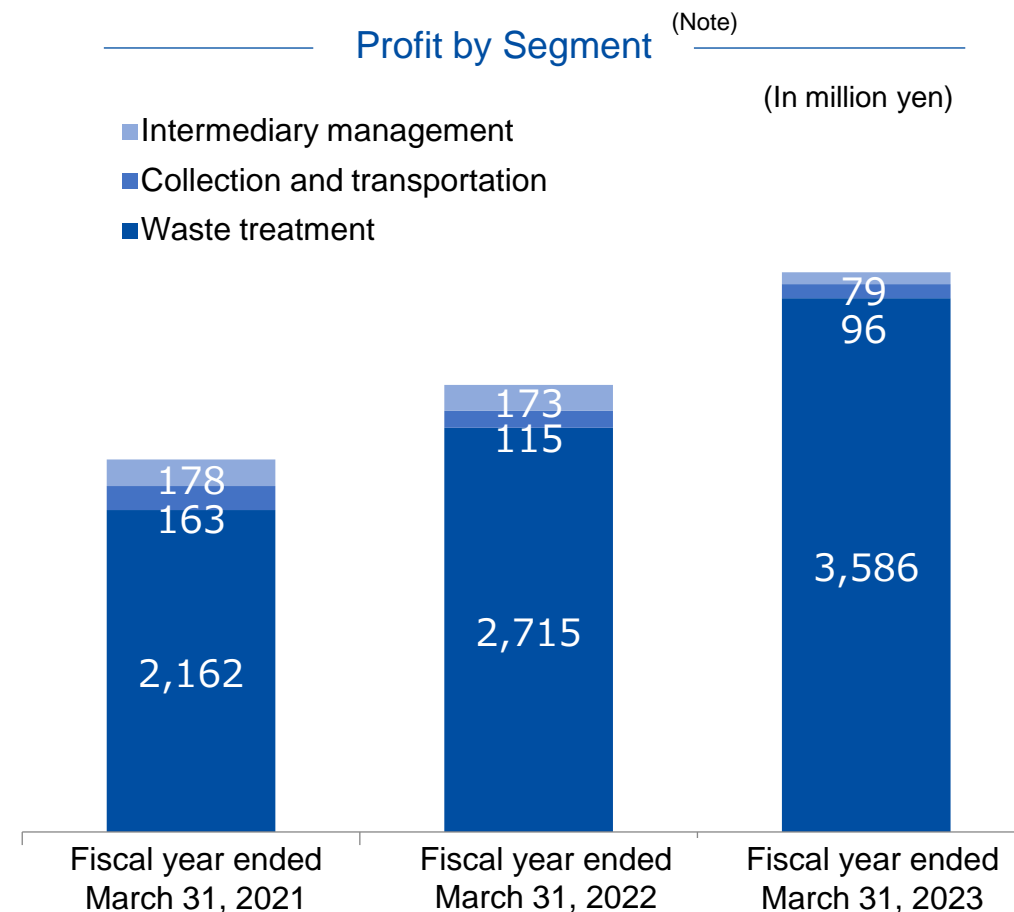


[2] – 2 Financial Results (Analysis by Segment)

- Sales and profits increased in the waste treatment business, while sales increased and profits decreased in the collection and transportation business.
- The intermediary management business recorded a decrease in sales and profits.



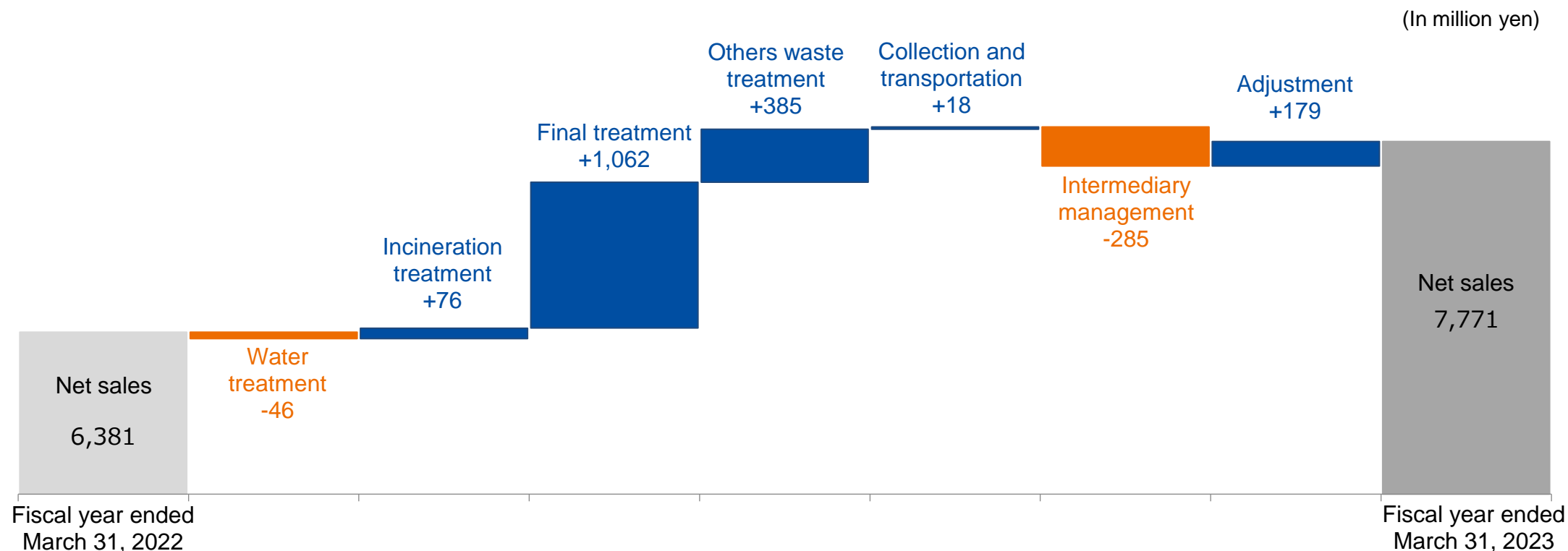
Note: Include internal transactions



Note: Include internal transactions

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

- The waste treatment business performed well, centered around final treatment, due to the operation of the Okuyama-No-Mori Clean Center, etc.
- The water treatment business saw a decrease in profits due to the implementation of intake restrictions so as to reduce the burden on facilities.
- Sales declined in the intermediary management business, primarily due to a decline in internal sales associated with the transition to a holding company structure.



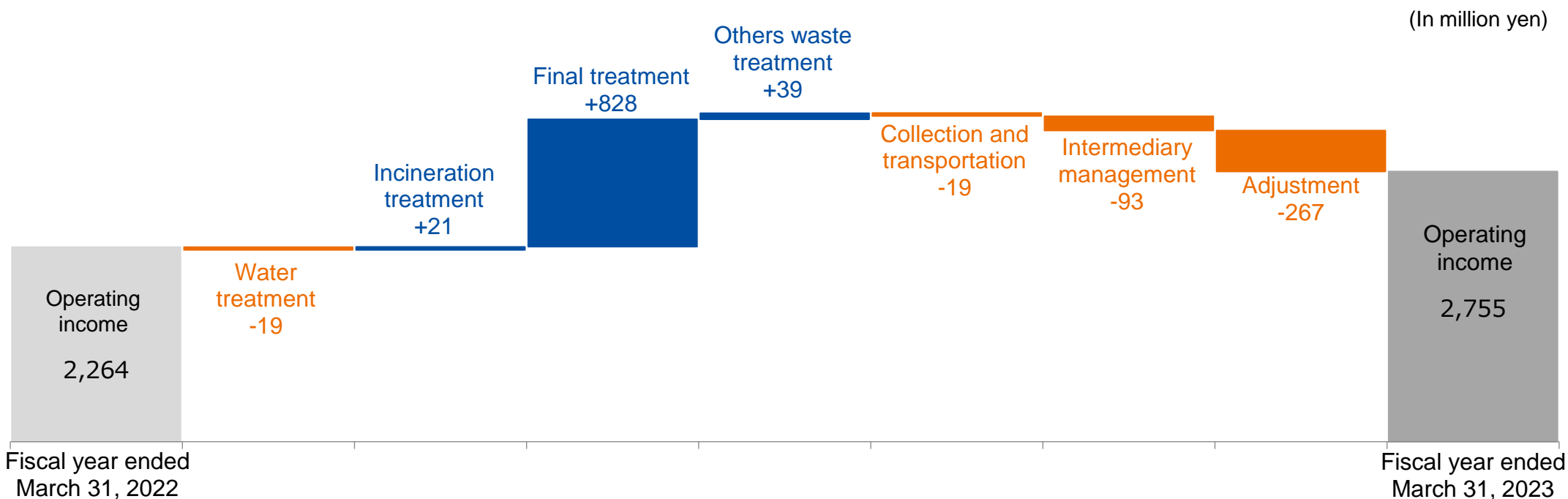
Note 1: Figures for each category include internal transactions.

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.
- In the collection and transportation business, profits decreased due to an increase in SG&A expenses associated with the establishment of Midac Liner following the company split.
- Profits declined in the intermediary management business due to a decline in internal sales accompanying the transition to a holding company structure.
- Adjustments were primarily due to an increase in SG&A expenses not attributable to reporting segments.



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 (Comparison with Projected Results)

- Net sales were largely in line with expectations due to the significantly increased processing capacity of controlled landfill sites.
- The cost of sales exceeded expectations due to maintenance costs related to the efficient operation of controlled landfill sites and soaring pharmaceutical and electricity costs due to rising prices.

(In million yen)

	Fiscal year ended March 31, 2023 Full-year forecast	Fiscal year ended March 31, 2023 Results		
			Composition ratio	Expected ratio
Net sales	7,844	7,771	100.0%	99.1%
Cost of sales	3,017	3,143	40.4%	104.2%
Gross operating income	4,826	4,628	59.6%	95.9%
Selling expenses and general and administrative expenses	1,863	1,872	24.1%	100.5%
Operating income	2,962	2,755	35.5%	93.0%
Non-operating income	15	33	—	—
Non-operating expenses	92	96	—	—
Ordinary profit	2,885	2,692	34.6%	93.3%
Extraordinary profit	0	0	—	—
Extraordinary loss	0	0	—	—
Net income before tax	2,885	2,692	34.6%	93.3%
Corporate taxes	1,135	1,006	—	—
Net income ^(Note)	1,750	1,685	21.7%	96.3%

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

[2] – 6 Financial Results (Balance Sheet)

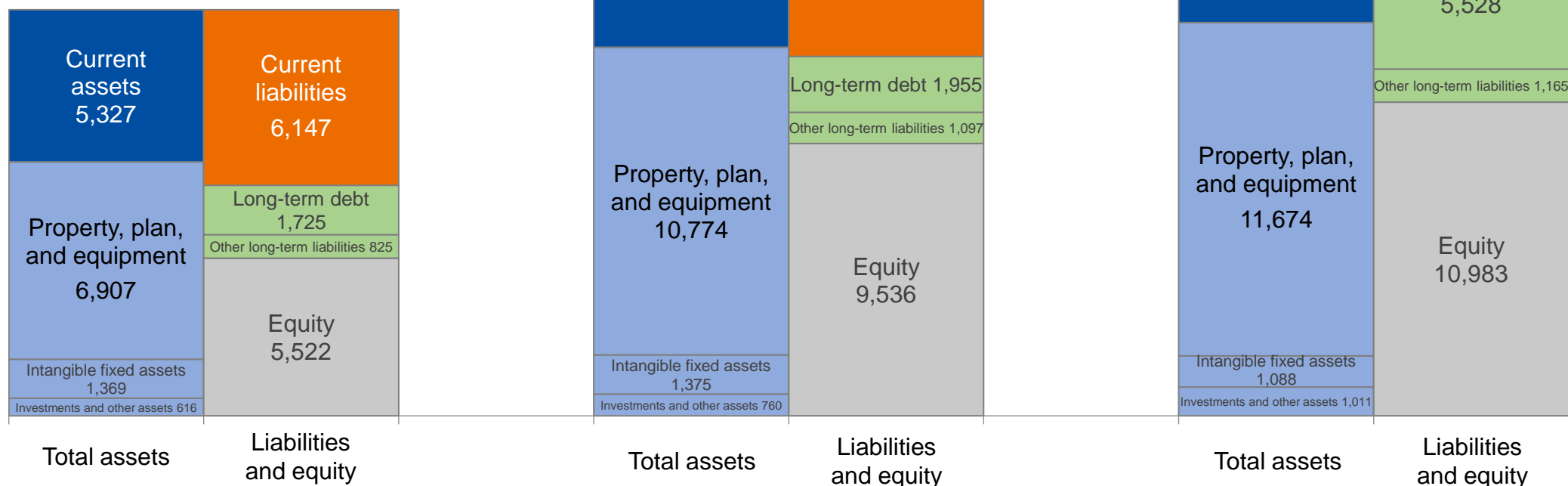
- Increase in current assets: Due to factors such as an increase in cash and deposits due to strong operating cash flow.
- Decrease in current liabilities and increase in long-term debt: Due to the conversion of short-term debt related to Okuyama-No-Mori Clean Center into long-term debt.
- The equity ratio improved by 3.1 percentage points year-on-year to 50.7% due to an increase in retained earnings, etc.

(In million yen)

Fiscal year ended March 31, 2021

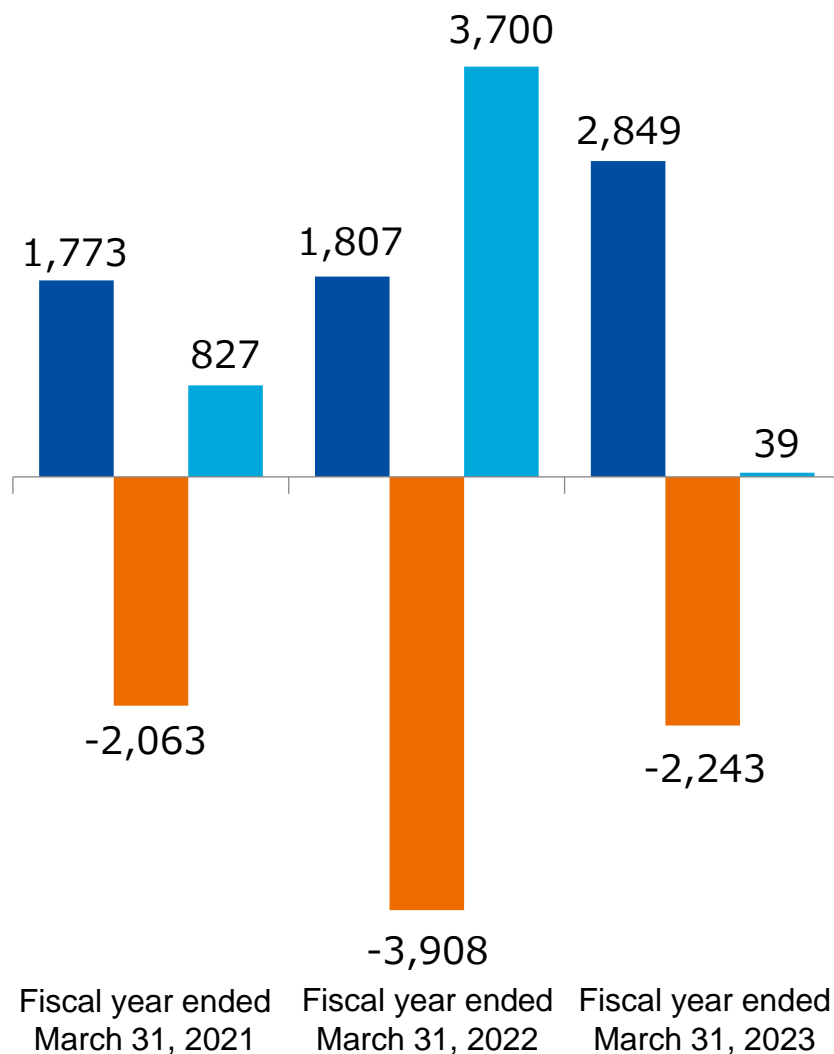
Fiscal year ended March 31, 2022

Fiscal year ended March 31, 2023



[2] – 7 Financial Results (Cash Flow Statement)

■ Operation CF ■ Investment CF ■ Financial CF (In million yen)



Operation CF

Net income before income tax adjustment: +2,692 million yen
 Depreciation: +564 million yen
 Amortization of goodwill: +240 million yen
 Payment of corporate taxes: -1,018 million yen, etc.

Investment CF

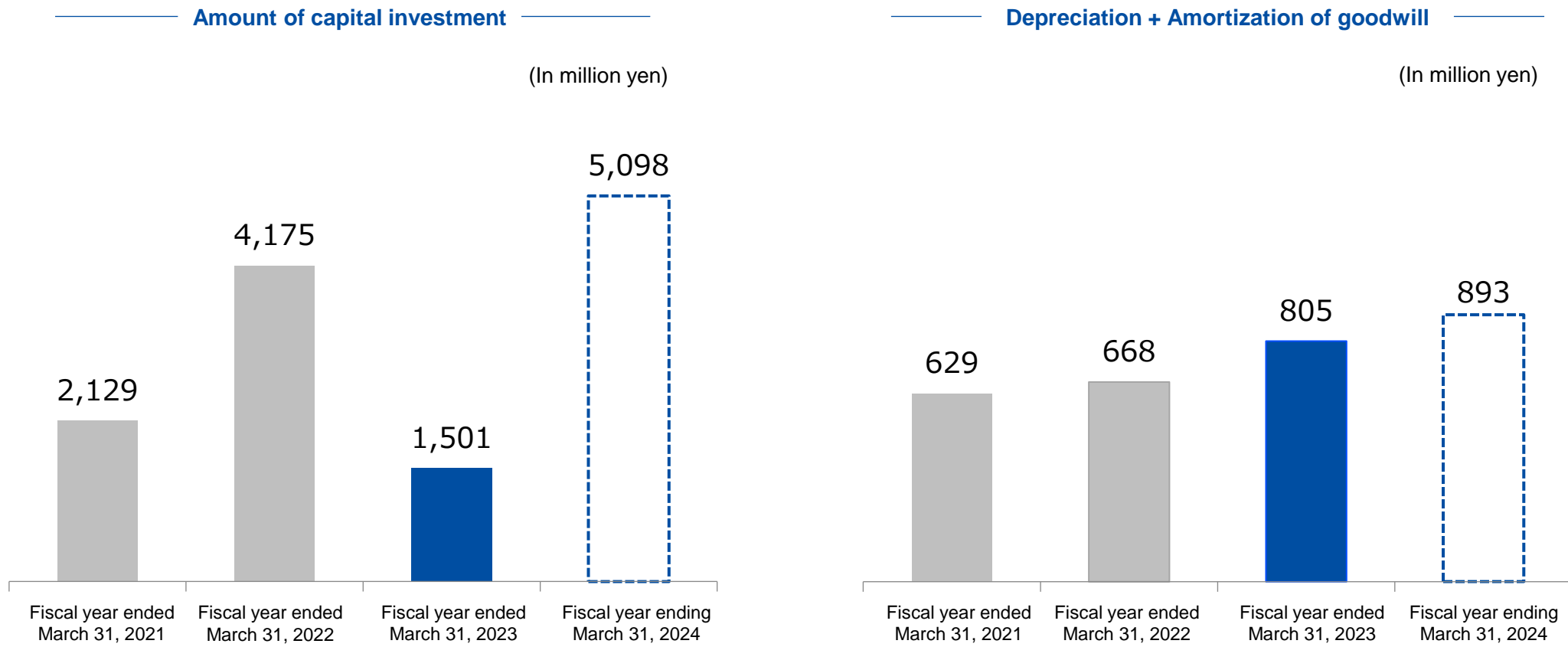
Payments for purchases of tangible fixed assets: -1,972 million yen, etc.

Financial CF

Proceeds from long-term borrowings: +4,600 million yen
 Net decrease in short-term borrowings: -3,593 million yen
 Repayments of long-term borrowings: -651 million yen, etc.

[2] – 8 Financial Results (Capital Investment)

- In the fiscal year ended March 31, 2023 there was a decrease in capital investment for the Okuyama-No-Mori Clean Center.
- We plan to continue capital investment related to new waste treatment facilities, such as by acquiring land, in the fiscal year ending March 31, 2024.



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[3] – 1 Future Outlook (Forecast of Full-year Financial Results)



- In order to meet landfill demand, we will expand the acceptance quota at Okuyama-No-Mori Clean Center so that we can further increase the contracted waste volume.
- At intermediate treatment facilities, we will aim to improve operating rate by continuing to promote sales activities aimed at expanding sales channels.

(In million yen)

	Fiscal year ended March 31, 2023 Results	Fiscal year ending March 31, 2024 Forecast	Composition ratio	
			Composition ratio	Year-on-year
Net sales	7,771	8,454	100.0%	8.8%
Cost of sales	3,143	3,433	40.6%	9.2%
Gross operating income	4,628	5,020	59.4%	8.5%
Selling expenses and general and administrative expenses	1,872	2,007	23.7%	7.2%
Operating income	2,755	3,013	35.6%	9.4%
Non-operating income	33	8	—	—
Non-operating expenses	96	146	—	—
Ordinary profit	2,692	2,875	34.0%	6.8%
Extraordinary profit	0	0	—	—
Extraordinary loss	0	0	—	—
Net income before tax	2,692	2,875	34.0%	6.8%
Corporate taxes	1,006	1,144	—	—
Net income ^(Note)	1,685	1,731	20.5%	2.7%

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

[3] – 2 Future Outlook (Response to External Environment)

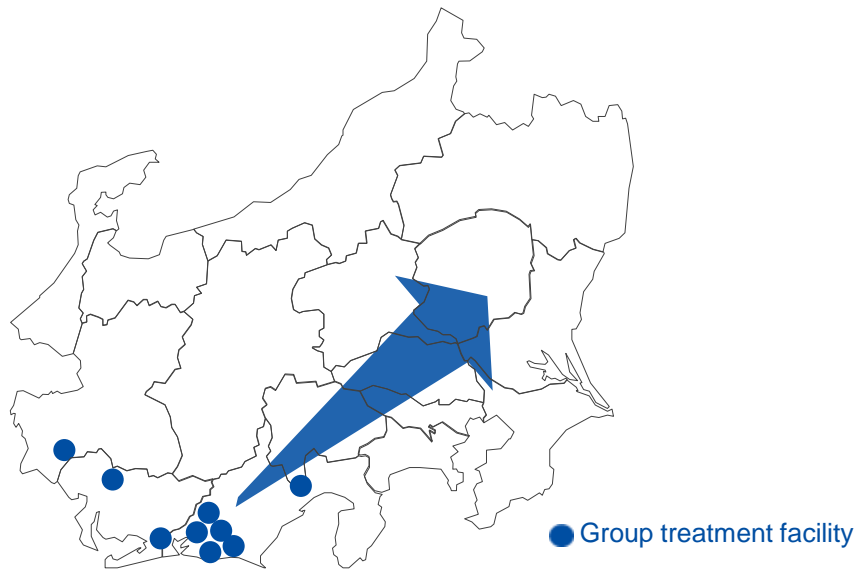
- Based on the waste integrated treatment system, we are developing efficient and wide-area sales to robust industries and business partners by demonstrating the superiority of our treatment facilities and licenses.
- In order to promote efficient operation, we will clearly separate roles when there 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] – 3 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
New controlled landfill site



March 2022: Land acquisition
Acquisition of land for new incineration facility



Operation start scheduled in April 2026
New water treatment facility

Aggressive and speedy M&A



March 2015
SANKO CO., LTD.

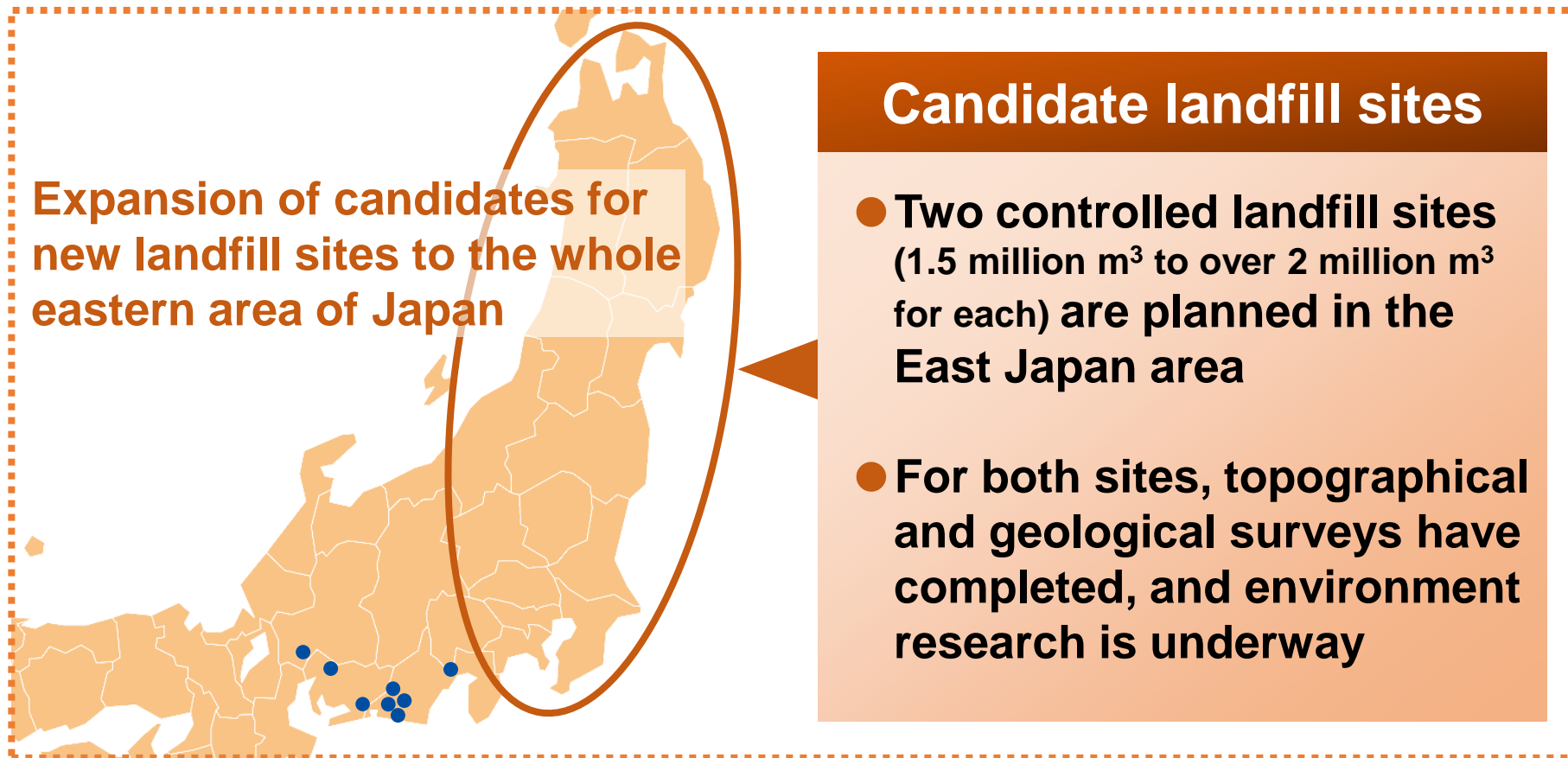


December 2015
MIDAC CO., LTD.



October 2021
MIDAC KONAN CO., LTD.

We will promote development by establishing a wide range of site candidates for final 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

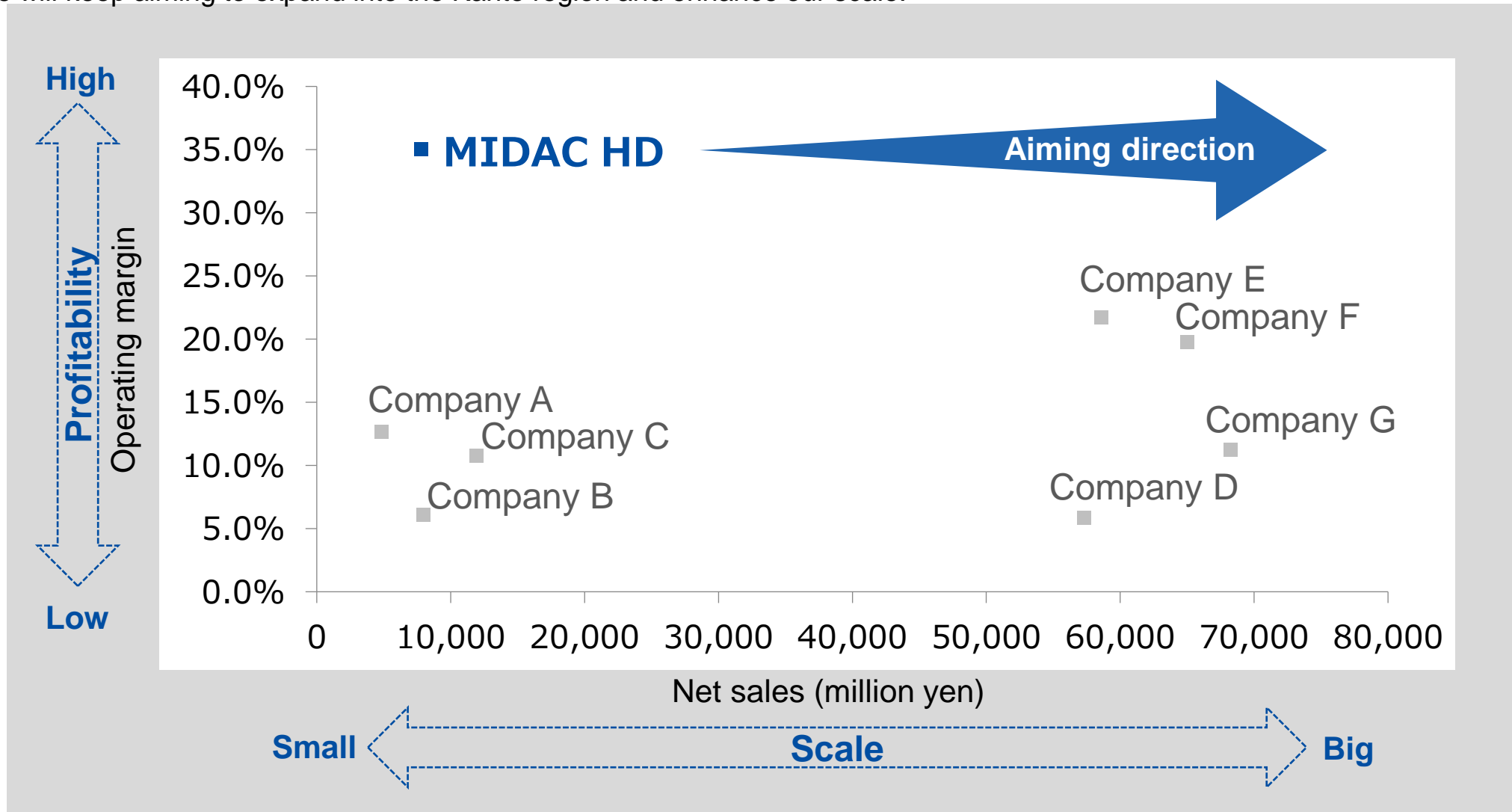
Candidate landfill sites

- **Two controlled landfill sites (1.5 million m³ to over 2 million m³ for each) are planned in the East Japan area**
- **For both sites, topographical and geological surveys have completed, and environment research is underway**

[3] – 5 Future Outlook (Comparison with Competitors and Aiming Direction)



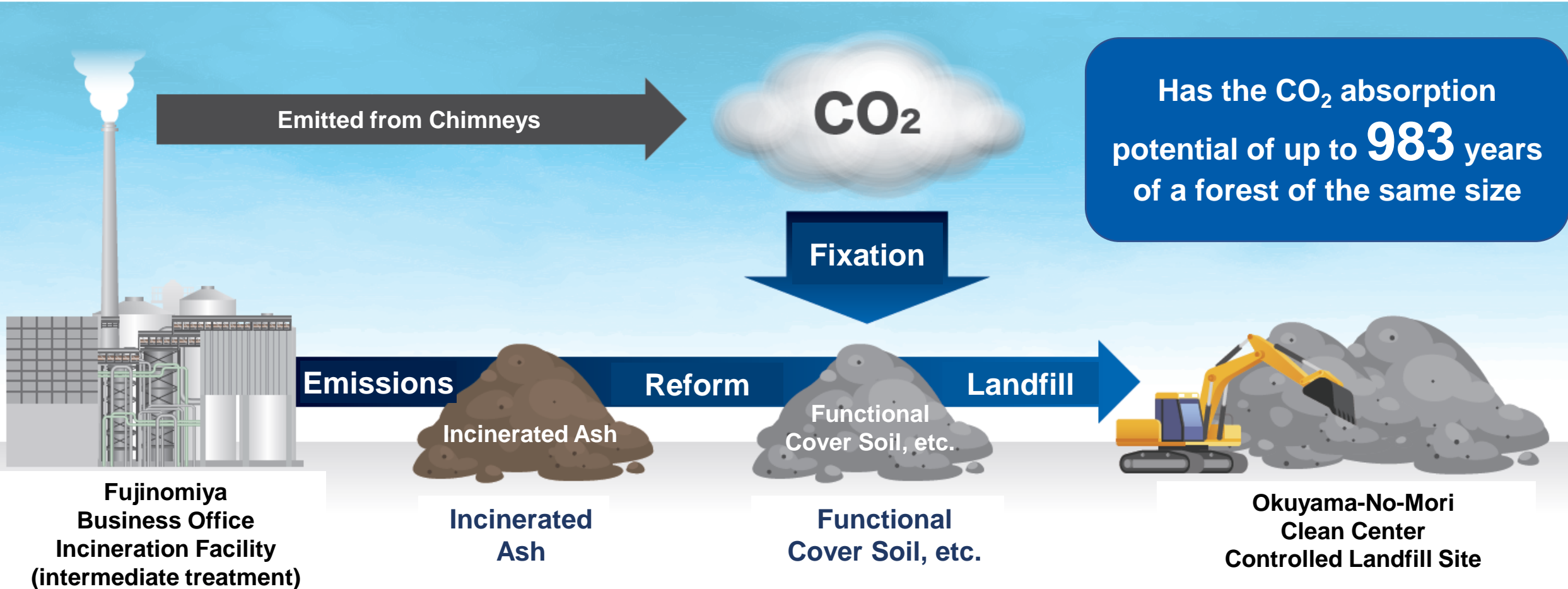
- Net sales recorded 7,771 million yen, and the scale is smaller than competitors. However, we are maintaining a high operating margin recording 35.5%. (Results for the fiscal year ended March 31, 2023)
- We will keep aiming to expand into the Kanto region and enhance our scale.



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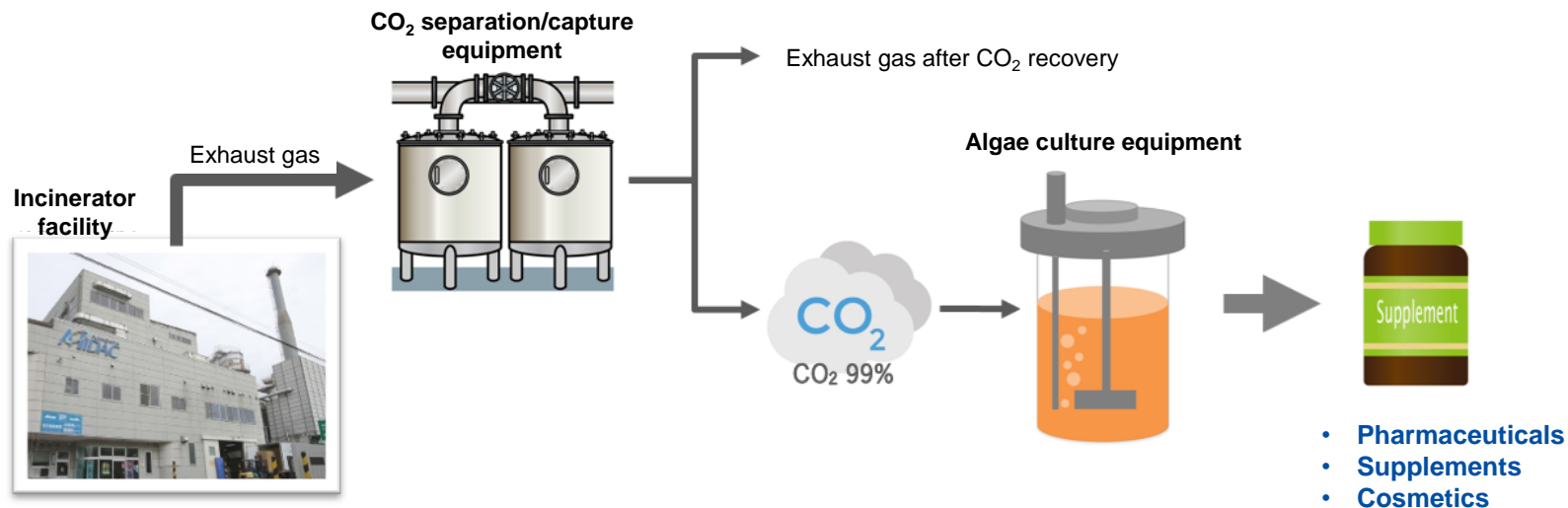
- Through joint research with the Waseda University GeoLab (Professor Hideo Komine), we are working on CCS (CO₂ Capture and Storage) for incineration-derived CO₂ by using landfill sites and industrial byproducts (waste), and will contribute to achieving carbon neutral by 2050.

CCS Concept for Incineration-Derived CO₂ by Using Incineration Byproducts (Waste)



- This research aims to reduce the CO₂ emissions from incineration while ensuring economic efficiency by producing "fucoxanthin," a high value-added substance, by using CO₂ 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 CO₂ emissions.

Image of a CCU Incinerator



Algae culturing is one of the technologies attracting attention as a method for fixing the CO₂ separated and recovered from the exhaust gases from factories, etc.

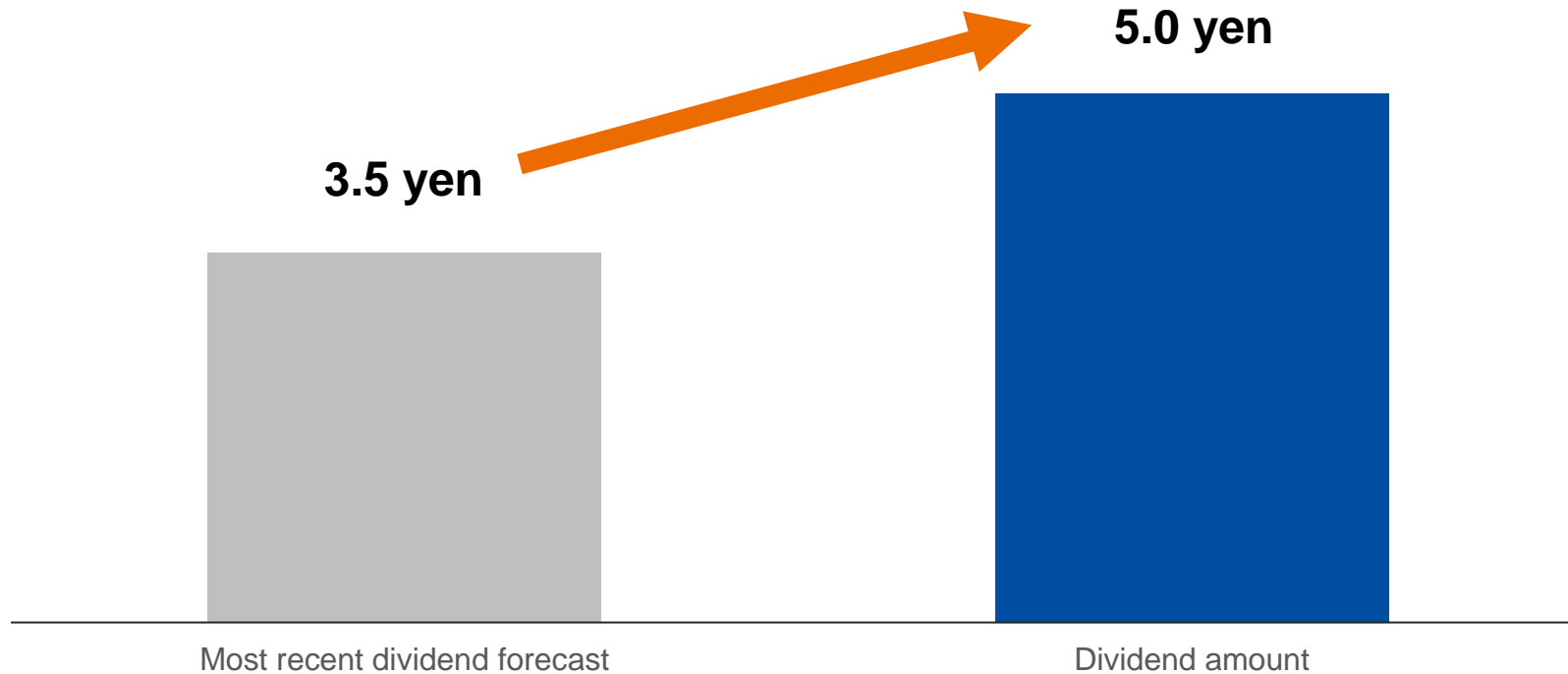


New laboratory at the MIDAC Fujinomiya Business Office



ALNUR R&D Center

- The dividend was increased compared to the most recent dividend forecast.
- We will continue to pay stable dividends while strengthening our management base and financial position.
- Internal reserves will be appropriated for investment to further expand our businesses in the future.

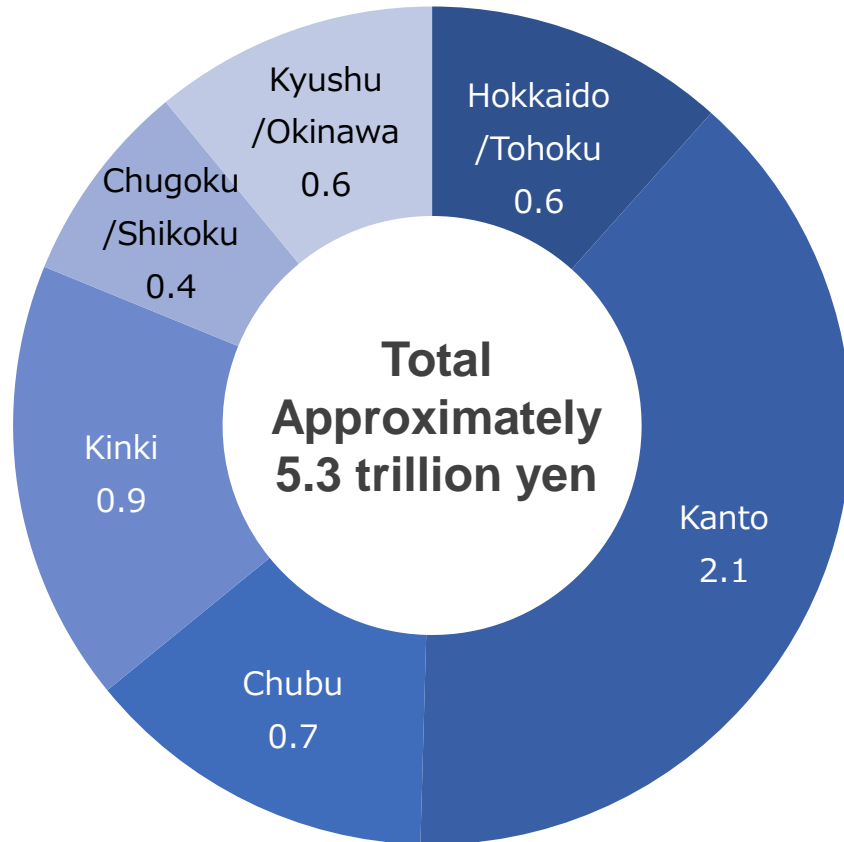


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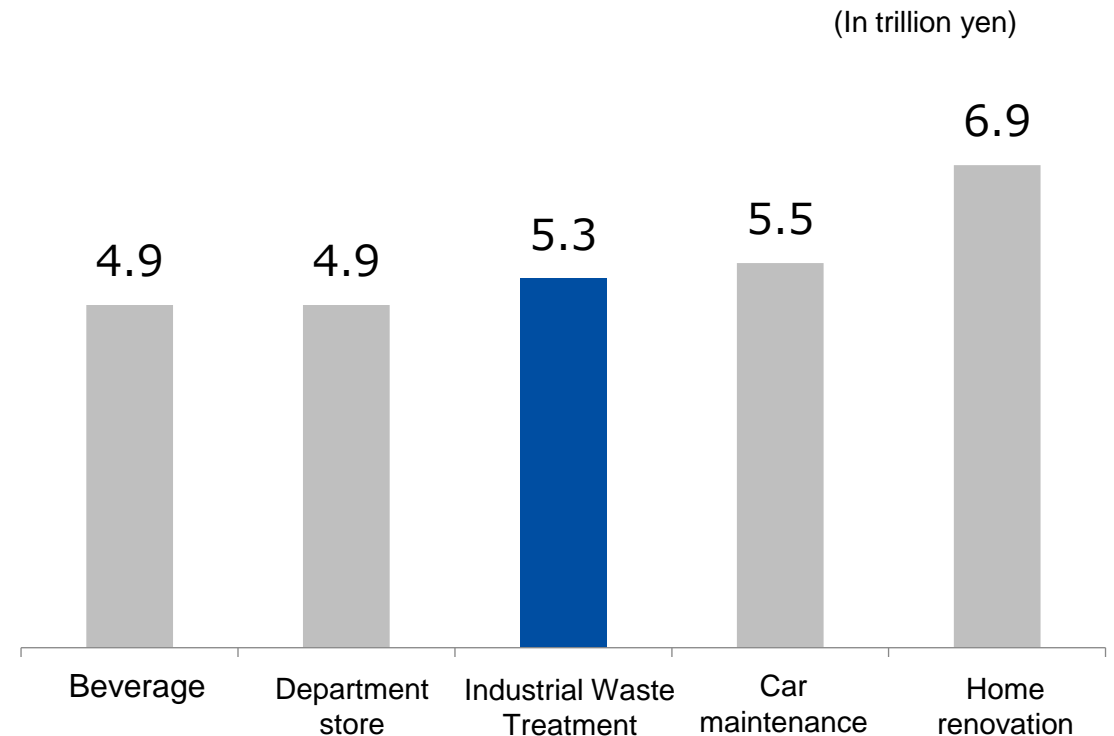
[5] – 1 Industrial Environment (Market Size)

- The estimated market size of the domestic industrial waste treatment industry is approximately 5.3 trillion yen.
- Market size surpasses that of the beverage and department store industries.

Estimated market size of the industrial waste treatment industry



Market size comparison to other industries



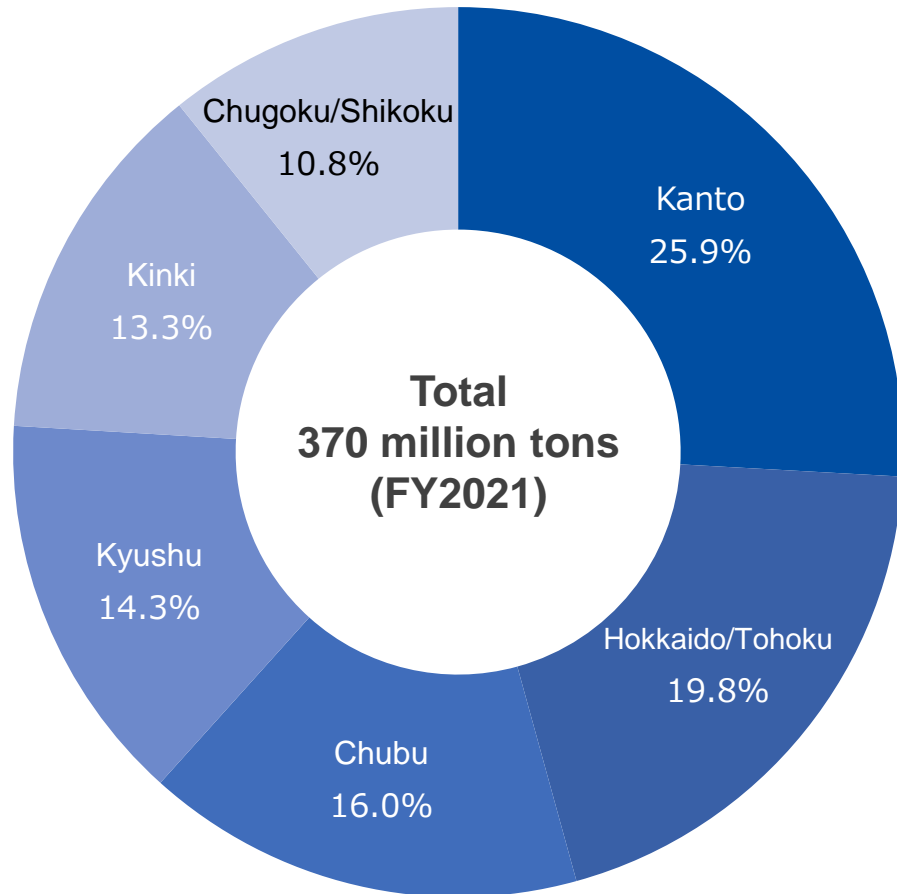
Source: "2022 Report on the Current Status and Outlook of the Beverage Market" (Beverage), Yano Research Institute Ltd.; "Summary of Nationwide Department Store Sales for December 2022" (Department Store), Japan Department Stores Association; "FY2011 Report on the Fact Finding Survey of Industrial Waste Treatment Business" (Waste Treatment), The Ministry of the Environment; "FY2021 Overview of the Results of Fact-Finding Surveys on Specified Automobile Maintenance Businesses" (Car maintenance), Japan Automobile Service Promotion Association (Japanese only); and "Outlook and Strategy for the Home Renovation Market (2022)" (Home Renovation), Yano Research Institute Ltd. (Japanese only)

Source: "FY2011 Report on the Fact-Finding Survey of Industrial Waste Treatment Business", The Ministry of the Environment (Japanese only)

[5] – 2 Industrial Environment (Industrial Waste by Region and Industry)

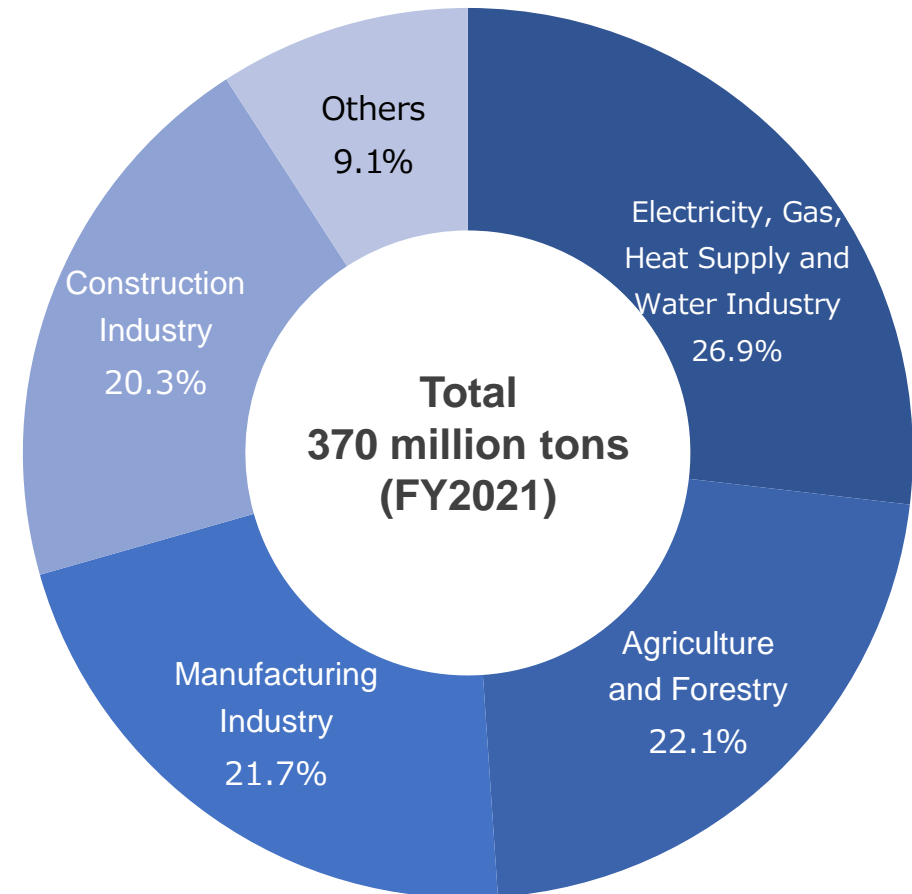
- By region, the Kanto region generated the largest industrial waste volume, followed by Hokkaido, Tohoku and Chubu.
- By industry, electricity, gas, heat supply, and water have the highest emissions, followed by agriculture and forestry, and manufacturing.

— Composition ratio of industrial waste by region —



Source: "Industrial Waste Discharge and Treatment Status (Preliminary Figures for FY2021)", The Ministry of the Environment (Japanese only)

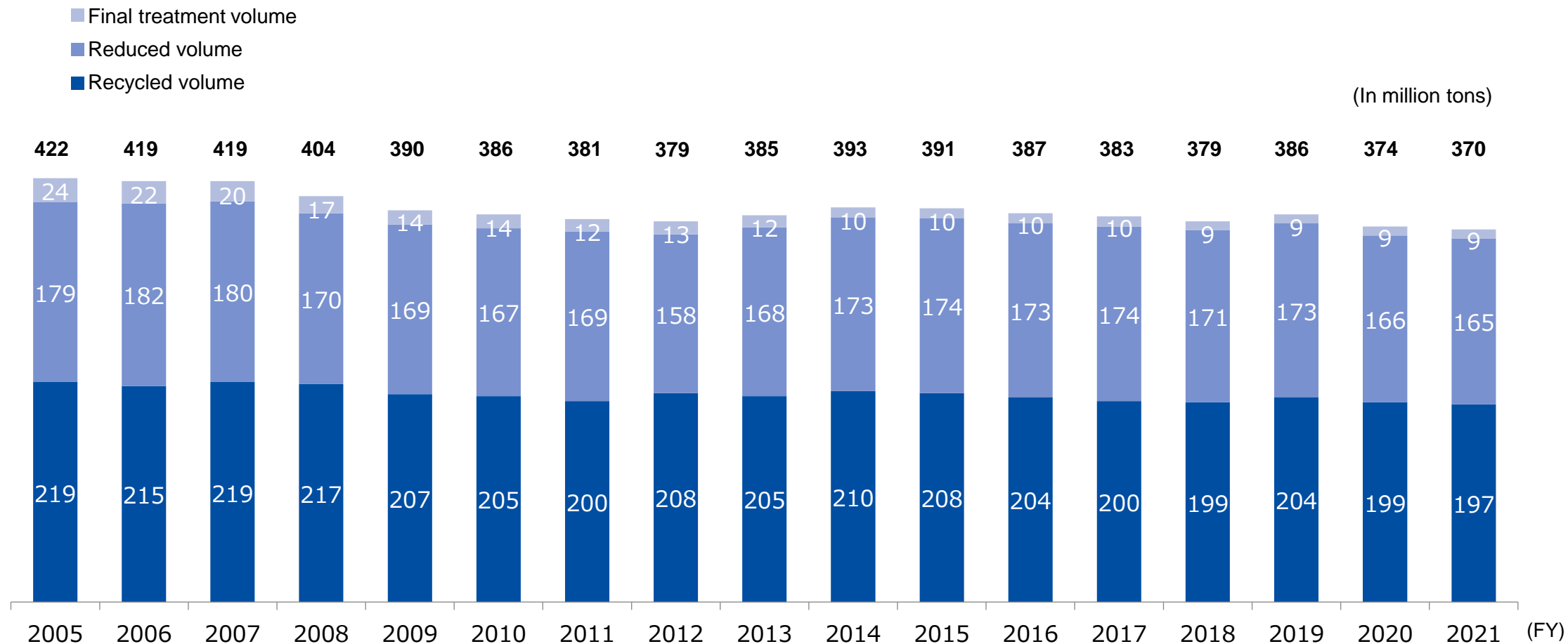
— Composition ratio of industrial waste by industry —



Source: "Industrial Waste Discharge and Treatment Status (Preliminary Figures for FY2021)", The Ministry of the Environment (Japanese only)

[5] – 3 Industrial Environment (Total Volume of Industrial Waste)

- The total volume of industrial waste in FY2021 was 370 million tons, showing no significant change.
- It is predicted that certain volume of waste will continue to arise in the future.

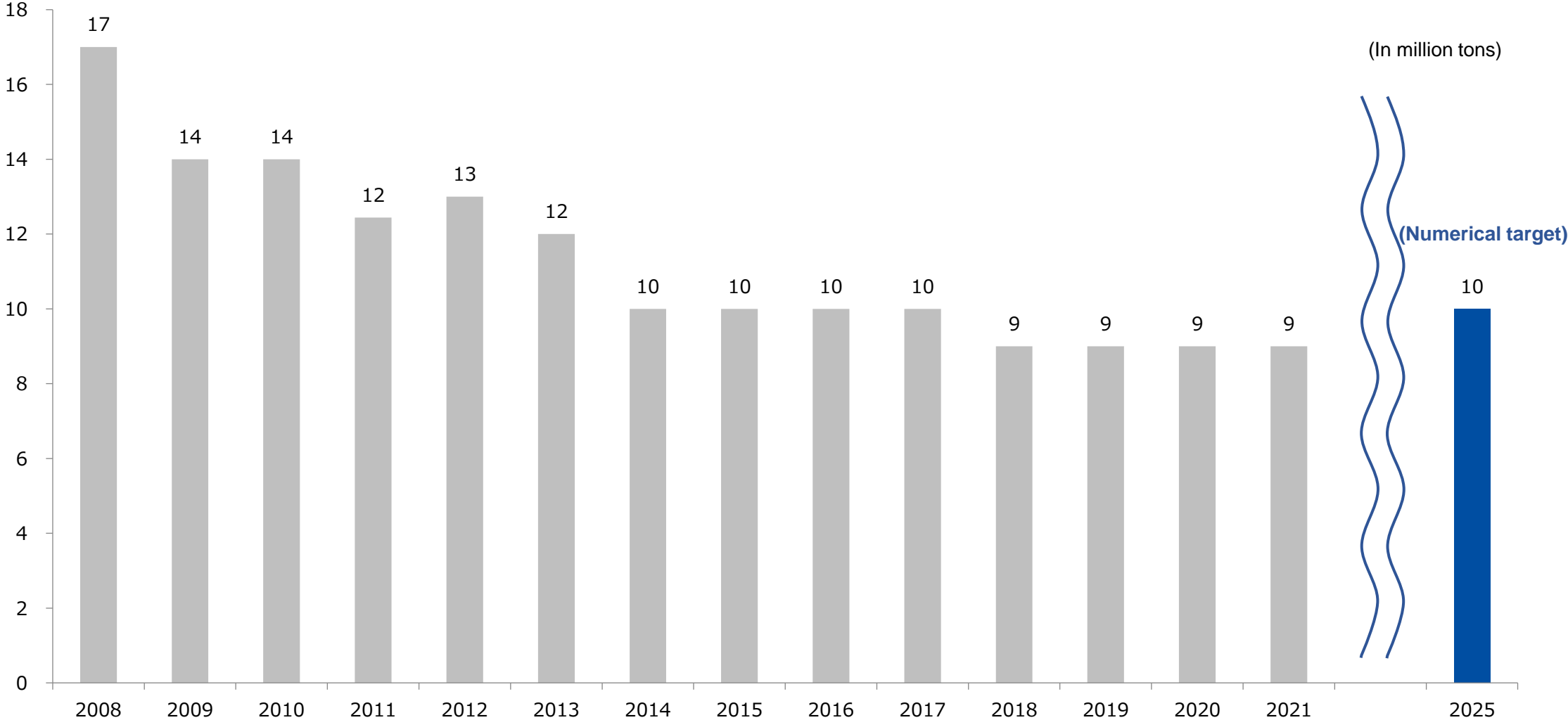


Source: "Industrial Waste Discharge and Treatment Status Research Report (Preliminary Figures for FY2021)", the Ministry of the Environment (Japanese only)

[5] – 4 Industrial Environment (Trends in Landfill Site)



- The Fundamental Plan for Establishing a Sound Material-Cycle Society sets a numerical target of approximately 10 million tons for the final treatment volume in 2025.
- 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 FY2021)" published by the Ministry of the Environment and "Fundamental Plan for Establishing a Sound Material-Cycle Society (June 2018)" published by the Ministry of the Environment (Japanese only)

[5] – 5 Industrial Environment

(Remaining Capacity and Remaining Years for Industrial Waste Landfill Sites)



- The remaining capacity of landfill sites is approx. 153.97 million m³, a decrease of approx. 4.68 million m³ (2.9%) from the previous year.
- As of April 1, 2020, nationwide there are 16.8 years remaining for landfill sites, and 6.1 years for the Tokyo metropolitan area.
- 1,603 landfill sites have been approved nationwide.

1. Landfill site remaining capacity (as of April 1, 2020)

Landfill site	Remaining capacity (10,000 m ³)
Shielded landfill sites	3
	(3)
Stable landfill sites	5,499
	(5,734)
Controlled landfill sites	9,895
	(10,128)
Total	15,397
	(15,865)

1. () indicates the results of the previous year's survey.

2. Industrial waste landfill sites remaining capacity and remaining years (as of April 1, 2020)

Category	Landfill capacity (10,000 t)	Remaining capacity (10,000 m ³)	Remaining years (years)
Nationwide	916	15,397	16.8
	(913)	(15,865)	(17.4)
Tokyo metropolitan area	187	1,141	6.1
	(195)	(1,263)	(6.5)
Kinki area	137	2,462	17.9
	(142)	(2,709)	(19.1)

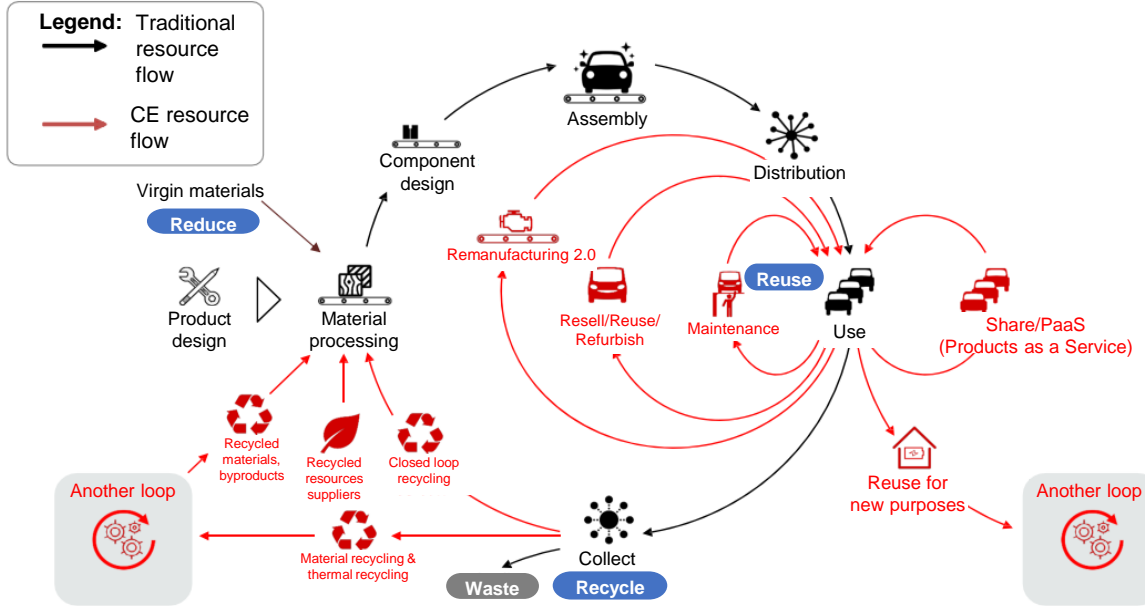
1. The "Tokyo metropolitan area" refers to Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa and Yamanashi prefectures.

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 m³).

4. () indicates the results of the previous year's survey.

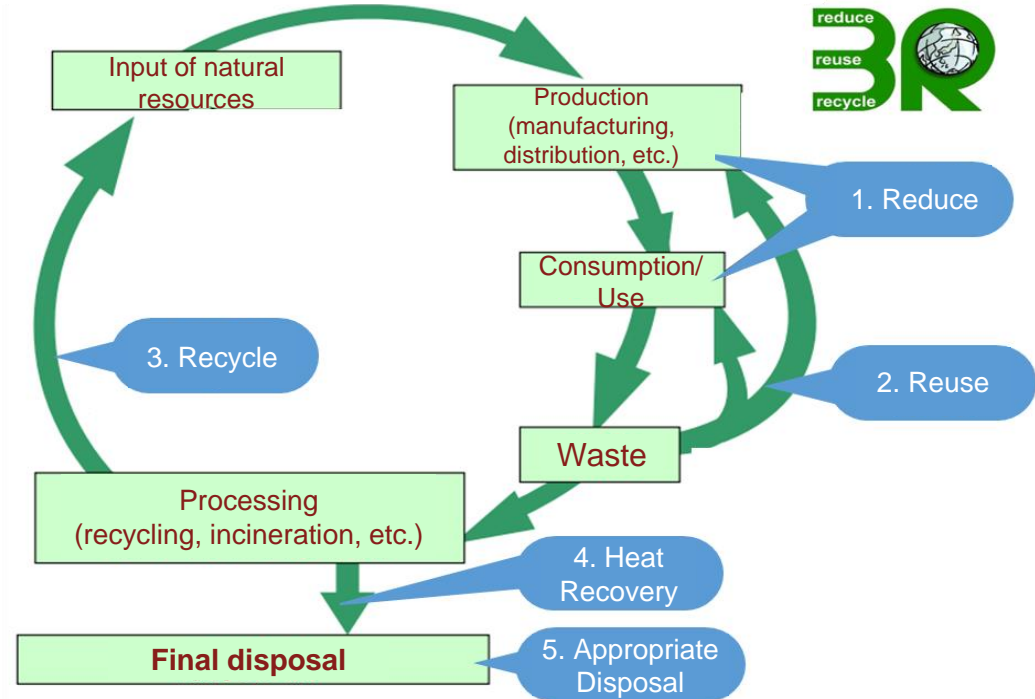
Circular Economy



*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 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..

- We are ensuring a better working environment so that employees and their families can continue to work with peace of mind.

Acquired the Platinum Kurumin certification

We **received Platinum Kurumin Mark** in August 2015, making us the second company in Shizuoka Prefecture to receive it (and the first in the industrial waste treatment industry).

Currently, MIDAC CO., LTD. and Midac Liner have received Platinum Kurumin Mark certification.



“The Platinum Kurumin certification system” was established under the revised Act on Advancement of Measures to Support Raising Next-Generation Children that came into effect on April 1, 2015. It is a system under which the certification is granted to recognize particularly advanced initiatives of (Kurumin certified) companies that have been certified as “a company supporting child rearing” by the Minister of Health, Labour and Welfare.

Three no-overtime days per week <Monday, Wednesday and Friday>

We have three no-overtime days per week.

Individual designation of annual paid leave

We have been designating annual paid leave. However, in order to allow employees to **take annual leave according to their needs and wishes**, we have introduced a system allowing employees to designate annual paid leave individually.

Childcare and nursing care support

We are providing childcare and nursing care support by making some of the leave paid for childcare and nursing care.

Certified as a work-life balance company

We were **certified as a company promoting work-life balance by Hamamatsu City** in February 2017.



This is a system to certify companies that are promoting work-life balance by helping employees balance career and family (childcare or nursing care) or community activities in an effort to create a pleasant working environment and promote greater participation by women.

Support for female employees

We are making proactive efforts to create a better working environment for our female employees by regularly holding seminars and workshops to support working women.

Start of the "Midac Omoiyari System" for staggered working hours

We have introduced a staggered working hours system that allows employees to secure time to pick up and drop off their children from daycare centers, take care of family members, and flexibly respond to their individual lifestyles.

■ Our group is committed to building good relations with local communities and protecting the environment.



Goto Beach Cleanup [November]

To protect our seas, we support the "6R Preferential Citizens' Campaign." A lot of plastic garbage was on the beach, and we were able to pick up a significant amount of it, including recyclable garbage.

We will continue our cleanup activities on a regular basis.

Environmental Education [September]

We visit Aritama Elementary School (Hamamatsu City) in the fall of every year to hold environmental classes so that children can enjoy learning about waste and the importance of sorting and reducing waste.

*In FY2022, in-person classes were held for the first time in three years.



Hands-On Recycling Education [February]

At Aeon Mall Hamamatsu Shitoro, we used a "mobile circulation recycling car" to hold hands-on recycling education in collaboration with Hamamatsu City.

We provided explanations about food loss and fertilization, had a quiz, and gave participants hands-on experience of putting food waste into composting equipment.



Flower Relay Project [On a regular basis]

'Tenhama Line: Flower Relay Project Linking People and Times' We weed the planted area at Kiga Station. We regularly clean and beautify the flowerbeds and surrounding areas at Kiga Station.



[Official] Launch and operation of YouTube corporate channel

We have started the YouTube corporate channel "SDGs Project: MIDAC Channel: Connecting SDGs to the Future".

Every month, one video is distributed.



Start of the SDGs Promotion System and Introduction of the Midac SDGs Support Team system

We launched the "SDGs Promotion Project" in November 2020 and have provided training to all departments and employees.

We have established the "MSLP system" and the "volunteer leave system" as activities to raise individuals' awareness of SDGs.

Since we would like to contribute to the promotion of the SDG activities of community by expanding the MSLP system beyond the Group to community, we have introduced the "Midac SDGs Support Team" system and invited participants.



Donation to Children's Cafeteria [December]

To Children's Cafeteria (SUSTAINABLE NET NPO) we donated a portion of the Group's emergency stockpiles as well as food that was collected from employees at the request of the employees' association. This year, we collected a wide variety of food products such as cup noodles and canned goods.



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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.

MIDAC HOLDINGS CO., LTD.