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May 12, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Securities code: 6564
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 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to file Securities Report: June 29, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	7,771	21.8	2,755	21.7	2,692	23.0	1,685	31.2
March 31, 2022	6,381	11.9	2,264	20.2	2,188	18.4	1,284	26.1

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥1,685 million [31.2%]
 For the fiscal year ended March 31, 2022: ¥1,284 million [26.1%]

	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, 2023	61.12	61.10	16.4	12.9	35.5
March 31, 2022	47.98	47.97	17.1	12.8	35.5

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023: ¥- million

For the fiscal year ended March 31, 2022: ¥- million

Note: MIDAC HOLDINGS CO., LTD. (the "Company") conducted a 2-for-1 share split of its common shares on July 1, 2021. Therefore, basic earnings per share and diluted earnings per share are calculated based on the assumption that such a stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

(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, 2023	21,607	10,983	50.7	397.26
March 31, 2022	20,040	9,536	47.6	345.62

Reference: Equity

As of March 31, 2023: ¥10,965 million

As of March 31, 2022: ¥9,529 million

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2021. Therefore, net assets per share are calculated based on the assumption that such a stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

(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, 2023	2,849	(2,243)	39	6,540
March 31, 2022	1,807	(3,908)	3,700	5,894

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, 2022	–	0.00	–	5.00	5.00	137	10.4	1.8
Fiscal year ended March 31, 2023	–	0.00	–	5.00	5.00	138	8.2	1.3
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	5.00	5.00		8.0	

- Notes: 1. The Company conducted a 2-for-1 share split of its common shares on July 1, 2021. For the fiscal year ended March 31, 2022, a commemorative dividend of 2.50 yen per share was paid to celebrate the 70th anniversary of the Company's founding, and the total annual dividend per share, including the ordinary dividend of 2.50 yen per share, is 5.00 yen per share.
2. As mentioned above, since a commemorative dividend was paid for the fiscal year ended March 31, 2022, the ordinary dividend for the fiscal year ended March 31, 2023, is actually increased by 2.50 yen.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023	4,044	6.9	1,212	(3.5)	1,173	(4.2)	660	(9.9)	23.94
Fiscal year ending March 31, 2024	8,454	8.8	3,013	9.4	2,875	6.8	1,731	2.7	62.76

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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

(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, 2023	27,773,500 shares
As of March 31, 2022	27,773,500 shares

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

As of March 31, 2023	170,001 shares
As of March 31, 2022	200,667 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	27,581,571 shares
Fiscal year ended March 31, 2022	26,774,743 shares

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2021. Therefore, “Total number of issued shares at the end of the period,” “Number of treasury shares at the end of the period,” and “Average number of shares outstanding during the period” are calculated based on the assumption that such a stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	1,736	(51.0)	823	220.4	819	3.2	781	17.6
March 31, 2022	3,548	(3.2)	256	(39.7)	794	(10.8)	664	(0.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2023	28.35	28.34
March 31, 2022	24.82	24.81

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2021. Therefore, basic earnings per share and diluted earnings per share are calculated based on the assumption that such a stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

(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, 2023	13,787	5,576	40.3	201.38
March 31, 2022	16,354	7,542	46.1	273.56

Reference: Equity

As of March 31, 2023: ¥5,558 million

As of March 31, 2022: ¥7,536 million

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2021. Therefore, net assets per share are calculated based on the assumption that such a stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

* 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. Please see “1. Overview of operating results and others” on page 2 of the accompanying materials for the assumptions used in earnings forecasts and precautionary statements regarding the use of earnings forecasts, etc.

Accompanying Materials – Contents

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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 continued to face an uncertain outlook, as the economy showed signs of achieving a balance between the control of COVID-19 infections and socioeconomic activities through measures such as the relaxation of action restrictions and the spread of vaccinations against the coronavirus disaster, while inflationary pressures increased due to the prolonged geopolitical risk from the situation in Russia and Ukraine and the sharp rise in energy resource prices.

Under these circumstances, on the occasion of the 70th anniversary of the founding of the MIDAC HOLDINGS Group (the “Group”) in April 2022, as our significant milestone, we have formulated “what we should aim for” for the 80th anniversary in the next 10 years, namely, the “Challenge 80th” 10-year vision of the Group.

We will continue to promote the five-year medium-term management plan over the two phases to realize “Challenge 80th”. During the first period of the medium-term management plan, which runs through the fiscal year ending March 31, 2027, we will work to strengthen the volume of contracts at existing facilities to “build a foundation for accelerated growth,” and in the fiscal year ended March 31, 2023, the first year of the plan, we looked to the future and implemented maintenance to improve long-term intake efficiency at landfill sites. In addition, to maximize the processing capacity of the greatly increased landfill sites, we aggressively expanded our wide-area sales activities and clearly separated the roles of the two new controlled landfill sites in the region, and worked to raise order unit prices by strengthening cooperation with each intermediate treatment facility and promoting more efficient operations.

As a result of the above, in the fiscal year under review, net sales amounted to 7,771 million yen (+21.8% year-on-year), operating profit amounted to 2,755 million yen (+21.7%), ordinary profit amounted to 2,692 million yen (+23.0%), and profit attributable to owners of parent amounted to 1,685 million yen (+31.2%), 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

The volume of contracts increased mainly due to the start of operation of a new controlled landfill site (Okuyama-No-Mori Clean Center) by MIDAC CO., LTD., a consolidated subsidiary that operates landfill sites, and the establishment of a new intermediate treatment route for construction waste by MIDAC KONAN CO., LTD. (former name: YANAGI SANGYO CO., LTD.), which newly joined the Group in October 2021. As a result of the above, net sales amounted to 6,934 million yen (+25.1%) and segment profit amounted to 3,586 million yen (+32.1%).

(ii) Collection and transportation business

In the industrial waste business, although there was a decrease due to the switch of some transactions to the intermediary management business, the volume of contracts remained at the same level as the previous fiscal year by focusing on sales to existing customers. In the area of general waste, although there was a decrease in some existing customers due to the impact of the COVID-19 infection, the volume of contracts remained at the same level as the previous fiscal year as a result of our efforts to cultivate new customers.

Segment profit decreased due to an increase in selling, general and administrative expenses resulting from the establishment of a new company, MIDAC LINER CO., LTD., which took over the general waste collection and transportation business in a company split effective April 1, 2022. As a result of the above, net sales amounted to 710 million yen (+1.4%) and segment profit amounted to 96 million yen (-16.6%).

(iii) Intermediary management business

Net sales declined due to a decrease in the number of regular and large-scale contracts. Segment profit after accounting for internal sales decreased mainly due to a decrease in internal net sales resulting from the transition to a holding company structure through a company split effective April 1, 2022. As

a result of the above, net sales amounted to 126 million yen (-7.3%) and segment profit amounted to 79 million yen (-54.1%).

(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 7,833 million yen, an increase of 704 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits of 646 million yen. In addition, non-current assets amounted to 13,773 million yen, an increase of 863 million yen from the end of the previous fiscal year. This was mainly due to an increase in land of 366 million yen and an increase in buildings and structures of 272 million yen.

As a result, total assets amounted to 21,607 million yen, an increase of 1,567 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 3,929 million yen, a decrease of 3,520 million yen from the end of the previous fiscal year. This was mainly due to a decrease in short-term borrowings payable of 3,593 million yen. In addition, non-current liabilities amounted to 6,693 million yen, an increase of 3,640 million yen from the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings of 3,573 million yen.

As a result, total liabilities amounted to 10,623 million yen, an increase of 119 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 10,983 million yen, an increase of 1,447 million yen from the end of the previous fiscal year. This was due to factors such as an increase in retained earnings of 1,547 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, 2022	Fiscal year ended March 31, 2023	Increase (decrease)
Cash flows from operating activities	1,807	2,849	1,041
Cash flows from investing activities	(3,908)	(2,243)	1,665
Cash flows from financing activities	3,700	39	(3,661)
Net increase (decrease) in cash and cash equivalents	1,600	646	(954)
Cash and cash equivalents at beginning of period	4,293	5,894	1,600
Cash and cash equivalents at end of period	5,894	6,540	646

Ending balance of cash and cash equivalents for the fiscal year under review (“funds”) amounted to 6,540 million yen, an increase of 646 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 2,849 million yen (+57.6% year-on-year).

This was mainly due to inflows from profit before income taxes of 2,692 million yen, depreciation of 564 million yen, and amortization of goodwill of 240 million yen, and outflows from income taxes paid of 1,018 million yen.

(Cash flows from investing activities)

Funds used as a result of investing activities amounted to 2,243 million yen (-42.6% year-on-year).

This was mainly due to the purchase of property, plant and equipment of 1,972 million yen and the purchase of shares of subsidiaries not resulting in change in scope of consolidation of 185 million yen.

(Cash flows from financing activities)

Funds obtained as a result of financing activities amounted to 39 million yen (-98.9% year-on-year).

This was mainly due to inflows from proceeds from long-term borrowings of 4,600 million yen, and outflows from net decrease in short-term borrowings of 3,593 million yen and repayments of long-term borrowings of 651 million yen.

(4) Future outlook

With regard to the future outlook, although there are growing expectations for a recovery in economic activity due to the situation coexisting with COVID-19 following its shift in classification under the Infectious Disease Act, the global economy is expected to remain unstable due to the prolonged situation in Russia and Ukraine and the growing financial instability in the U.S. and Europe.

Under these circumstances, in the next fiscal year, the Group will continue to strive for the realization of “Challenge 80th” based on the integrated waste treatment system from collection and transportation to final treatment, while practicing organic growth, especially increasing the contracted waste volume by expanding the acceptance quota at the controlled landfill site (Okuyama-No-Mori Clean Center). 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.

Furthermore, we will steadily implement future growth investments with a focus on landfill sites and intermediate treatment facilities, based on a long-term perspective.

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 8,454 million yen (+8.8% year-on-year), operating profit of 3,013 million yen (+9.4%), ordinary profit of 2,875 million yen (+6.8%), and profit attributable to owners of parent of 1,731 million yen (+2.7%).

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,894,217	6,540,406
Notes and accounts receivable - trade	676,330	968,534
Inventories	63,817	92,548
Other	496,797	233,865
Allowance for doubtful accounts	(1,288)	(1,384)
Total current assets	7,129,873	7,833,970
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,013,291	2,418,511
Accumulated depreciation	(1,215,349)	(1,348,194)
Buildings and structures, net	797,941	1,070,317
Machinery, equipment and vehicles	3,855,420	3,954,854
Accumulated depreciation	(3,174,736)	(3,349,986)
Machinery, equipment and vehicles, net	680,684	604,867
Landfill site	6,075,819	6,493,763
Accumulated depreciation	(1,117,574)	(1,318,245)
Landfill site, net	4,958,244	5,175,517
Land	2,484,755	2,851,551
Construction in progress	1,788,486	1,898,153
Other	290,461	283,078
Accumulated depreciation	(226,188)	(209,453)
Other, net	64,272	73,625
Total property, plant and equipment	10,774,385	11,674,033
Intangible assets		
Goodwill	1,175,467	934,520
Facility installation right	160,400	120,300
Other	39,744	33,405
Total intangible assets	1,375,611	1,088,225
Investments and other assets		
Deferred tax assets	246,114	280,499
Other	514,176	730,834
Total investments and other assets	760,290	1,011,334
Total non-current assets	12,910,287	13,773,592
Total assets	20,040,161	21,607,562

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	68,086	52,449
Short-term borrowings	4,883,500	1,290,000
Current portion of bonds payable	30,000	16,000
Current portion of long-term borrowings	619,879	994,657
Income taxes payable	489,857	489,389
Accounts payable - other	1,036,507	525,731
Provision for bonuses	86,300	98,582
Other	236,221	462,891
Total current liabilities	7,450,352	3,929,701
Non-current liabilities		
Bonds payable	216,000	200,000
Long-term borrowings	1,955,519	5,528,913
Provision for maintenance of landfill site	699,605	795,238
Asset retirement obligations	110,922	112,505
Other	71,372	57,306
Total non-current liabilities	3,053,418	6,693,963
Total liabilities	10,503,771	10,623,664
Net assets		
Shareholders' equity		
Share capital	2,149,871	90,000
Capital surplus	2,896,672	4,934,175
Retained earnings	4,545,900	6,093,745
Treasury shares	(62,637)	(152,190)
Total shareholders' equity	9,529,807	10,965,730
Share acquisition rights	6,582	18,167
Total net assets	9,536,390	10,983,897
Total liabilities and net assets	20,040,161	21,607,562

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	6,381,147	7,771,698
Cost of sales	2,451,154	3,143,460
Gross profit	3,929,993	4,628,237
Selling, general and administrative expenses	1,665,126	1,872,942
Operating profit	2,264,866	2,755,295
Non-operating income		
Interest income	1,751	408
Gain on sale of non-current assets	8,612	8,822
Rental income from real estate	13,259	14,126
Insurance claim income	4,430	-
Subsidy income	8,408	-
Other	4,660	10,260
Total non-operating income	41,124	33,618
Non-operating expenses		
Interest expenses	68,618	80,343
Share issuance costs	18,138	-
Rental costs on real estate	10,250	9,909
Other	20,339	6,356
Total non-operating expenses	117,346	96,609
Ordinary profit	2,188,644	2,692,304
Profit before income taxes	2,188,644	2,692,304
Income taxes - current	954,546	1,040,980
Income taxes - deferred	(50,652)	(34,385)
Total income taxes	903,893	1,006,595
Profit	1,284,751	1,685,709
Profit attributable to owners of parent	1,284,751	1,685,709

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,284,751	1,685,709
Comprehensive income	1,284,751	1,685,709
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,284,751	1,685,709

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	752,971	1,499,772	3,327,635	(60,018)	5,520,360	2,559	5,522,920
Changes during period							
Issuance of new shares	1,396,900	1,396,900			2,793,800		2,793,800
Transfer from share capital to other capital surplus							—
Dividends of surplus			(66,485)		(66,485)		(66,485)
Profit attributable to owners of parent			1,284,751		1,284,751		1,284,751
Purchase of treasury shares				(2,618)	(2,618)		(2,618)
Disposal of treasury shares							—
Net changes in items other than shareholders' equity						4,022	4,022
Total changes during period	1,396,900	1,396,900	1,218,265	(2,618)	4,009,446	4,022	4,013,469
Balance at end of period	2,149,871	2,896,672	4,545,900	(62,637)	9,529,807	6,582	9,536,390

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	2,149,871	2,896,672	4,545,900	(62,637)	9,529,807	6,582	9,536,390
Changes during period							
Issuance of new shares							–
Transfer from share capital to other capital surplus	(2,059,871)	2,059,871					–
Dividends of surplus			(137,864)		(137,864)		(137,864)
Profit attributable to owners of parent			1,685,709		1,685,709		1,685,709
Purchase of treasury shares				(152,718)	(152,718)		(152,718)
Disposal of treasury shares		(22,368)		63,165	40,796		40,796
Net changes in items other than shareholders' equity						11,585	11,585
Total changes during period	(2,059,871)	2,037,502	1,547,844	(89,553)	1,435,922	11,585	1,447,507
Balance at end of period	90,000	4,934,175	6,093,745	(152,190)	10,965,730	18,167	10,983,897

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,188,644	2,692,304
Depreciation	413,979	564,181
Amortization of goodwill	254,576	240,947
Share-based payment expenses	44,534	60,156
Share issuance costs	18,138	–
Increase (decrease) in allowance for doubtful accounts	(802)	95
Increase (decrease) in provision for bonuses	7,046	12,282
Increase (decrease) in provision for maintenance of landfill site	50,585	95,633
Interest and dividend income	(1,783)	(439)
Interest expenses	68,618	80,343
Loss (gain) on sale of non-current assets	(8,419)	(8,108)
Loss on tax purpose reduction entry of non-current assets	10,916	–
Decrease (increase) in trade receivables	100,445	(292,204)
Decrease (increase) in inventories	(15,462)	(28,730)
Decrease (increase) in other current assets	11,390	55,235
Increase (decrease) in trade payables	(18,504)	(15,637)
Decrease (increase) in consumption taxes refund receivable	(234,876)	234,876
Increase (decrease) in other current liabilities	(71,869)	187,467
Other, net	1,570	68,210
Subtotal	2,818,728	3,946,613
Interest and dividends received	1,783	439
Interest paid	(66,615)	(79,342)
Income taxes paid	(945,952)	(1,018,293)
Net cash provided by (used in) operating activities	1,807,944	2,849,416
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,919,248)	(1,972,145)
Proceeds from sale of property, plant and equipment	24,638	23,892
Purchase of intangible assets	(8,010)	(25,381)
Payments of leasehold and guarantee deposits	(41,076)	(10,470)
Payments into long-term deposits	(13,843)	(44,963)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(950,886)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(185,000)
Other, net	(10)	(29,087)
Net cash provided by (used in) investing activities	(3,908,435)	(2,243,155)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	546,000	(3,593,500)
Proceeds from long-term borrowings	1,067,378	4,600,000
Repayments of long-term borrowings	(784,780)	(651,828)
Proceeds from issuance of bonds	193,782	–
Redemption of bonds	(28,000)	(30,000)
Proceeds from issuance of shares	2,775,661	–
Dividends paid	(66,485)	(137,864)
Purchase of treasury shares	(2,618)	(137,665)
Other, net	–	(9,214)
Net cash provided by (used in) financing activities	3,700,938	39,927
Net increase (decrease) in cash and cash equivalents	1,600,446	646,189
Cash and cash equivalents at beginning of period	4,293,770	5,894,217
Cash and cash equivalents at end of period	5,894,217	6,540,406

(5) Notes to consolidated financial statements
(Notes on premise of going concern)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and in accordance with the transitional treatment prescribed in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement have been applied prospectively. The application of this implementation guidance on accounting standard will have no impact on consolidated financial statements for the fiscal year under review.

(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, 2022 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reportable segments				Adjustments Notes: 1.	Consolidated financial statement amounts Notes: 2.
	Waste treatment	Collection and transportation	Intermediary management	Total		
Net sales						
Revenue from contracts with customers	5,543,372	700,820	136,954	6,381,147	–	6,381,147
Sales to external customers	5,543,372	700,820	136,954	6,381,147	–	6,381,147
Intersegment sales or transfers	180,735	414	286,017	467,167	(467,167)	–
Total	5,724,108	701,234	422,972	6,848,315	(467,167)	6,381,147
Segment profit	2,715,171	115,962	173,027	3,004,161	(739,295)	2,264,866
Segment assets	9,235,603	119,264	287,109	9,641,977	10,398,184	20,040,161
Others						
Depreciation	318,457	65,356	6,055	389,869	24,110	413,979
Amortization of goodwill	254,576	–	–	254,576	–	254,576
Increase in property, plant and equipment and intangible assets	4,975,287	65,448	4,149	5,044,884	(869,070)	4,175,814

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable segments				Adjustments Notes: 1.	Consolidated financial statement amounts Notes: 2.
	Waste treatment	Collection and transportation	Intermediary management	Total		
Net sales						
Revenue from contracts with customers	6,934,144	710,626	126,927	7,771,698	–	7,771,698
Sales to external customers	6,934,144	710,626	126,927	7,771,698	–	7,771,698
Intersegment sales or transfers	268,388	8,939	10,387	287,716	(287,716)	–
Total	7,202,533	719,566	137,315	8,059,414	(287,716)	7,771,698
Segment profit	3,586,008	96,683	79,413	3,762,106	(1,006,810)	2,755,295
Segment assets	9,912,559	210,666	248,648	10,371,874	11,235,688	21,607,562
Others						
Depreciation	477,986	49,591	5,583	533,162	31,019	564,181
Amortization of goodwill	240,947	–	–	240,947	–	240,947
Increase in property, plant and equipment and intangible assets	718,775	37,445	4,539	760,760	740,826	1,501,587

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

(1) Segment profit (Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Inter-segment transaction eliminations	38,404	705
Corporate expenses*	(777,699)	(1,007,516)
Total	(739,295)	(1,006,810)

* 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, 2022	Fiscal year ended March 31, 2023
Corporate assets*	10,398,184	11,235,688
Total	10,398,184	11,235,688

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

(3) The adjustment for the increase in property, plant and equipment and intangible assets is mainly the amount transferred to reportable segments for land and construction in progress in the previous fiscal year, and mainly the investment in land and buildings in the fiscal year under review.

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

Related information

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Information by products and services

(Thousands of yen)

	Waste treatment	Collection and transportation	Intermediary management	Total
Sales to external customers	5,543,372	700,820	136,954	6,381,147

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, 2023 (from April 1, 2022 to March 31, 2023)

1. Information by products and services

(Thousands of yen)

	Waste treatment	Collection and transportation	Intermediary management	Total
Sales to external customers	6,934,144	710,626	126,927	7,771,698

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, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

Information on amortization of goodwill and unamortized balance by reportable segment

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Waste treatment	Collection and transportation	Intermediary management	Corporate or eliminations	Total
Amortization for the fiscal year	254,576	–	–	–	254,576
Balance at the end of the fiscal year	1,175,467	–	–	–	1,175,467

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Waste treatment	Collection and transportation	Intermediary management	Corporate or eliminations	Total
Amortization for the fiscal year	240,947	–	–	–	240,947
Balance at the end of the fiscal year	934,520	–	–	–	934,520

Information on gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Net assets per share	345.62	397.26
Basic earnings per share	47.98	61.12
Diluted earnings per share	47.97	61.10

Notes: 1. The Company conducted a 2-for-1 share split of its common shares on July 1, 2021. Therefore, net assets per share, basic earnings per share and diluted earnings per share are calculated based on the assumption that such a stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

2. The basis for the calculation of the basic earnings per share is as follows.

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	1,284,751	1,685,709
Value not attributable to shareholders of common shares (Thousands of yen)	—	—
Profit attributable to owners of parent related to common shares (Thousands of yen)	1,284,751	1,685,709
Average number of common shares outstanding during the period (Shares)	26,774,743	27,581,571
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: 213 Common shares: 21,300 shares

(Subsequent events)

Not applicable.