



MIDAC HOLDINGS CO., LTD.

[Securities Code: 6564]

Fiscal Year Ended March 31, 2024 (1Q)

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	: 313 (As of the end of June 2023: group consolidated basis) <small>(Note)</small>
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) ENSHU CRUSHED STONE CO., LTD. (Kita-ku, Hamamatsu)

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

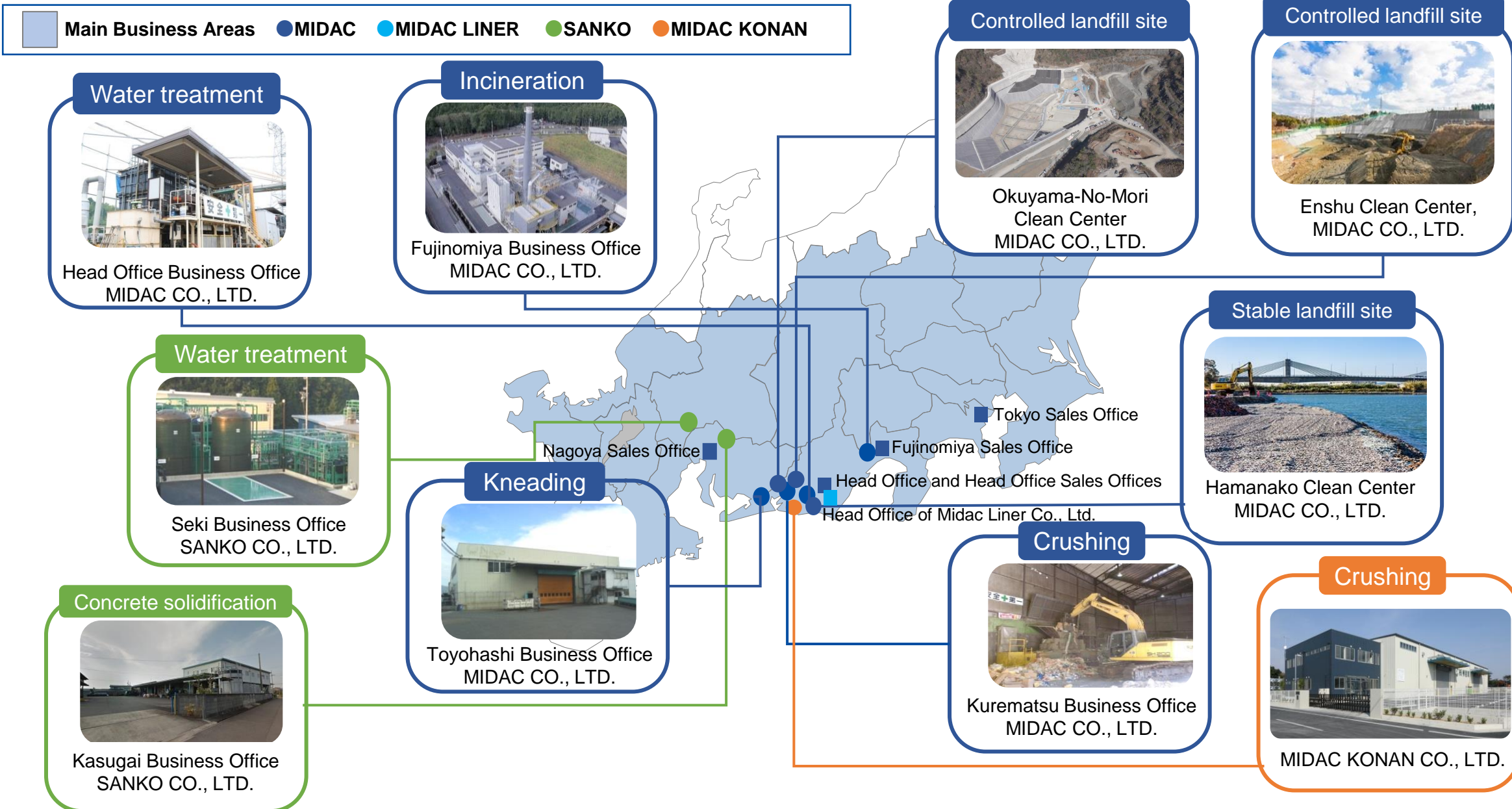
Business Offices

- 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)

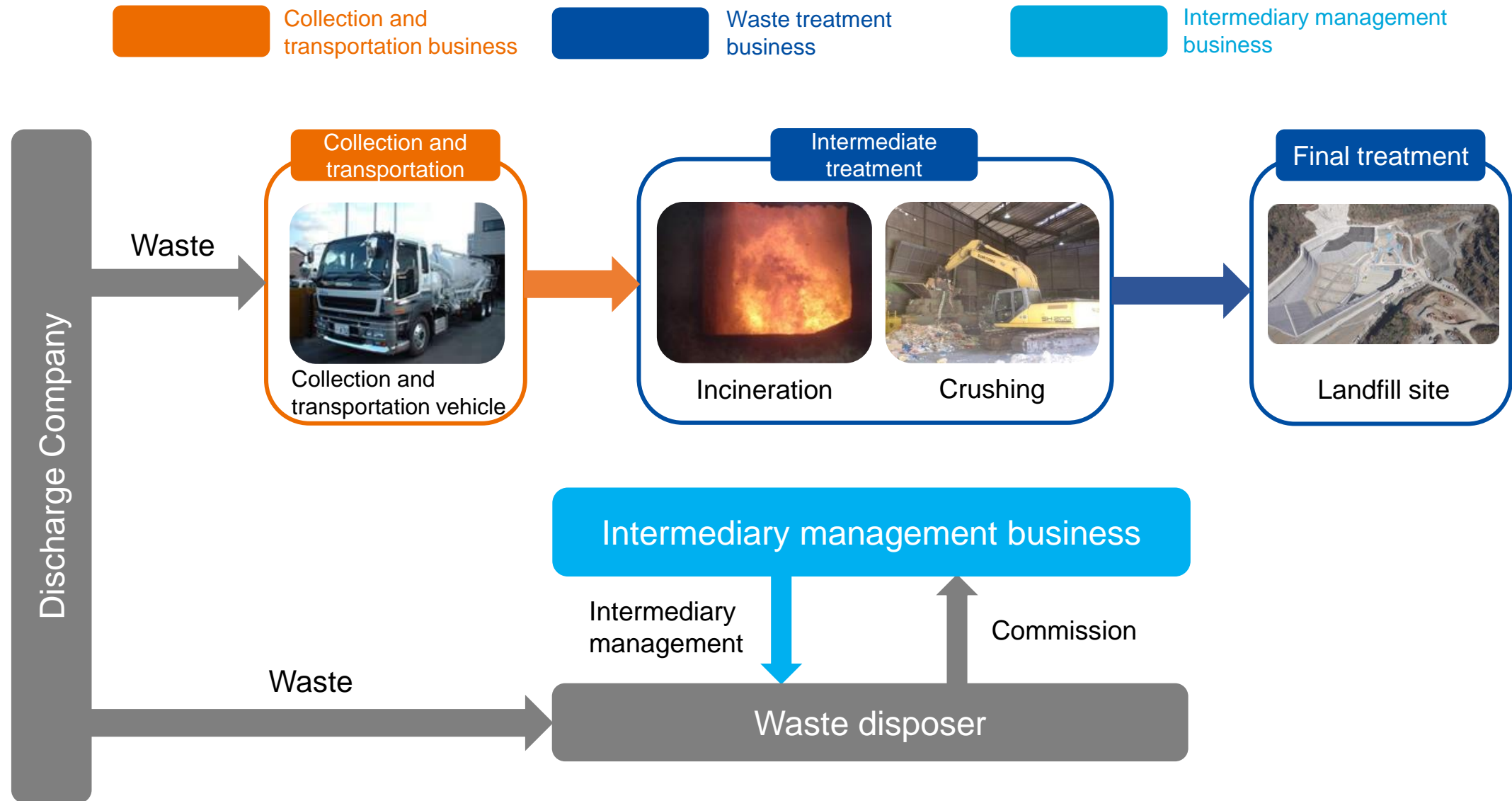
Sales Offices

- 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)

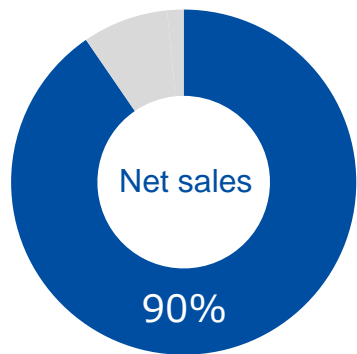


[1] – 3 About MIDAC Group (Waste Treatment Process)



[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)

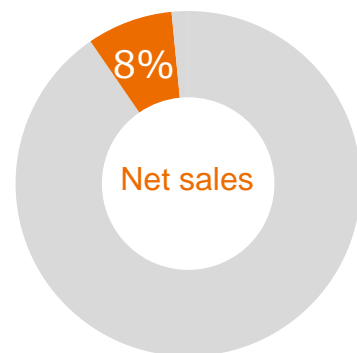


Kurematsu Business Office
(crushing)



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)

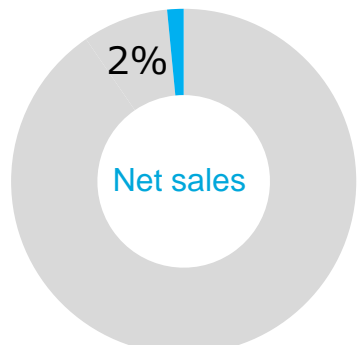


Collection and transportation vehicle
(general collection and transportation)



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



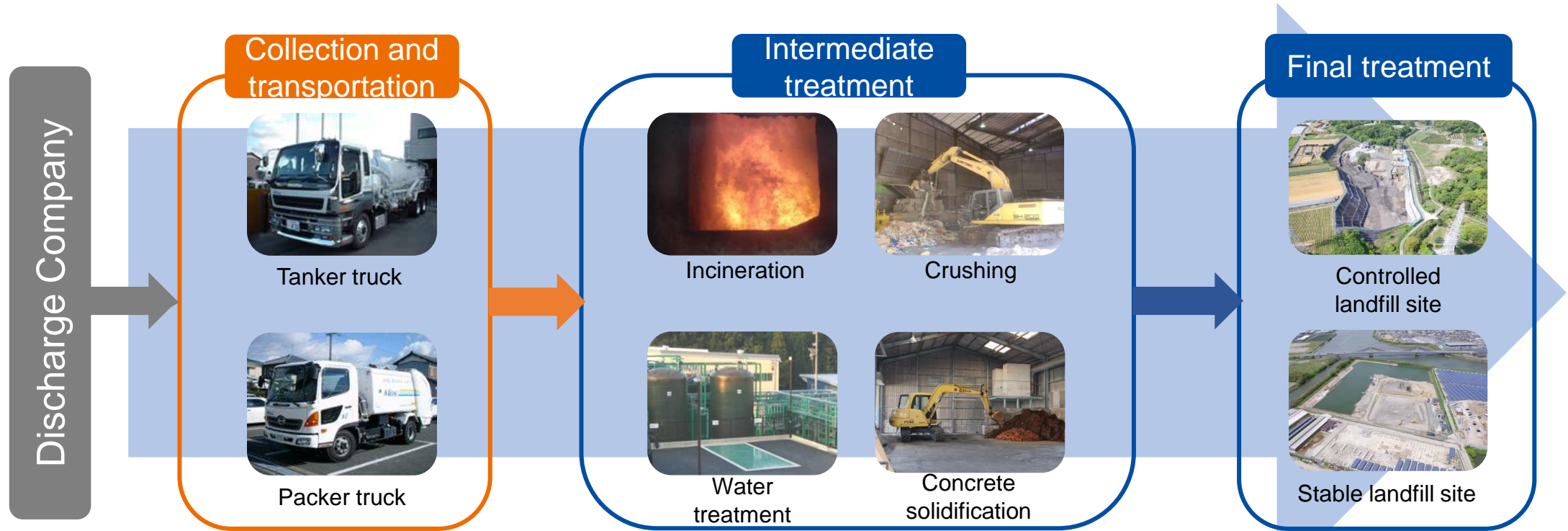
Nagoya Sales Office

Note: Net sales will include intra-group sales.

[1] – 5 About MIDAC Group (Integrated Treatment System)

- 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

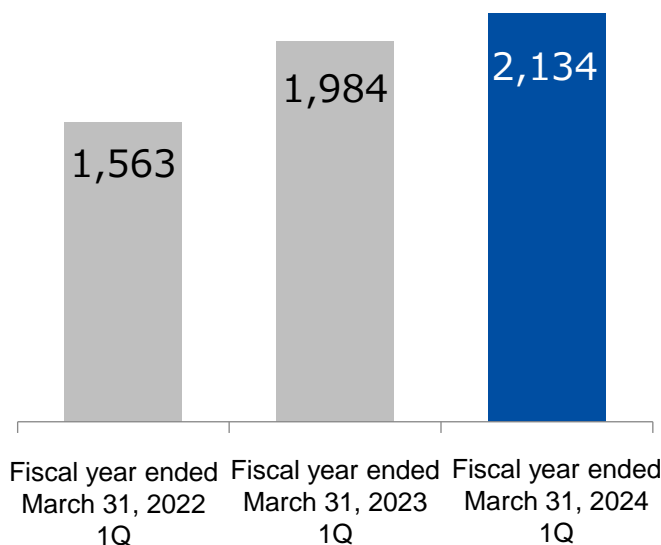


- Discharge companies feel safe to outsource waste treatment without worrying about the risk of inappropriate disposal / transfer of waste treatment.
- By processing waste materials generated within our group in-house, we can achieve synergy effects such as reducing the cost of intermediate treatment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

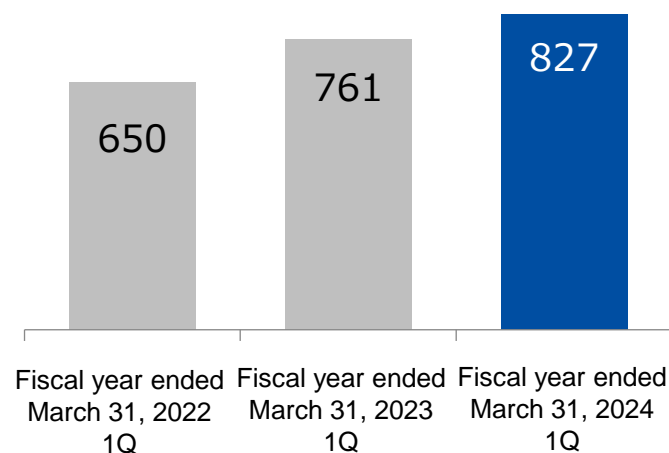
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- Net sales: **2,134 million yen** (Year on year +7.6%)
- Operating income: **827 million yen** (Year on year +8.7%)
- Net income: **499 million yen** (Year on year +16.3%)

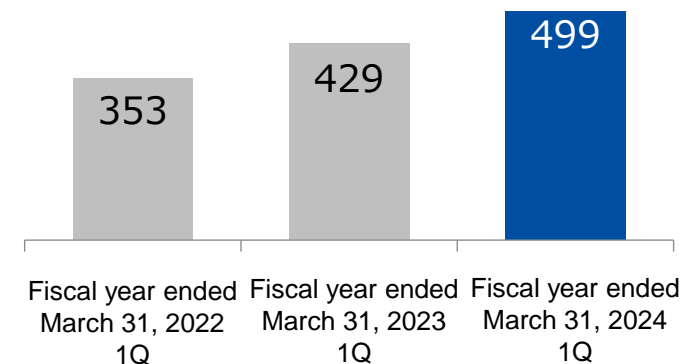
<Net sales>



<Operating income>

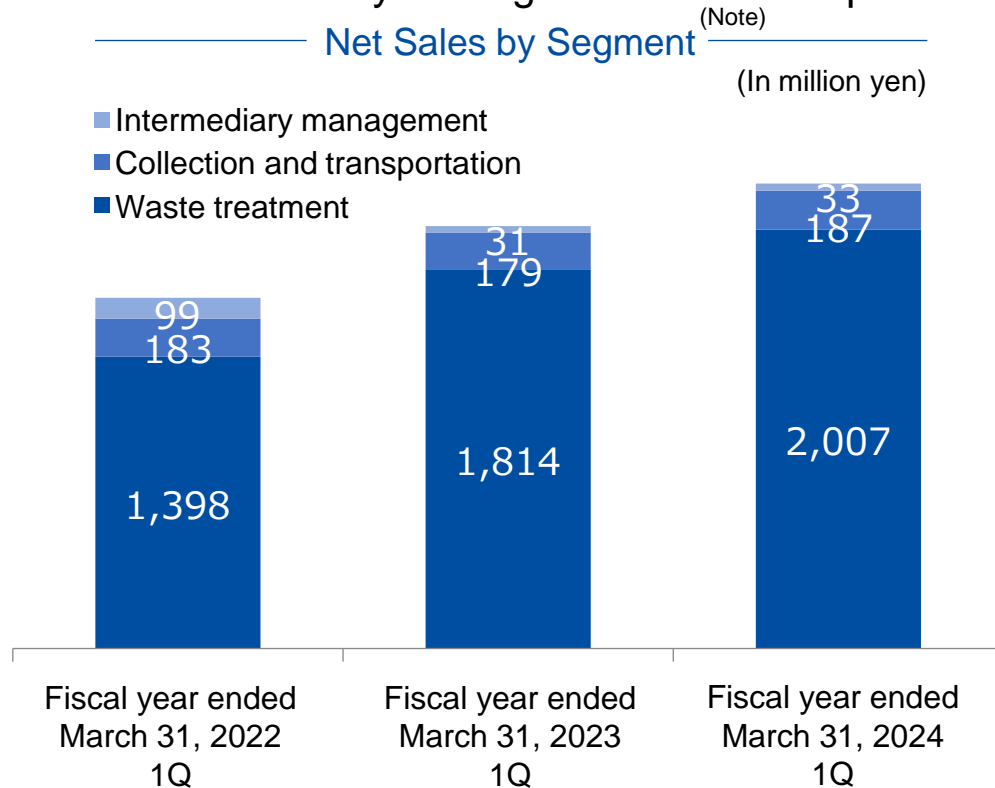


<Net income> ^(Note)

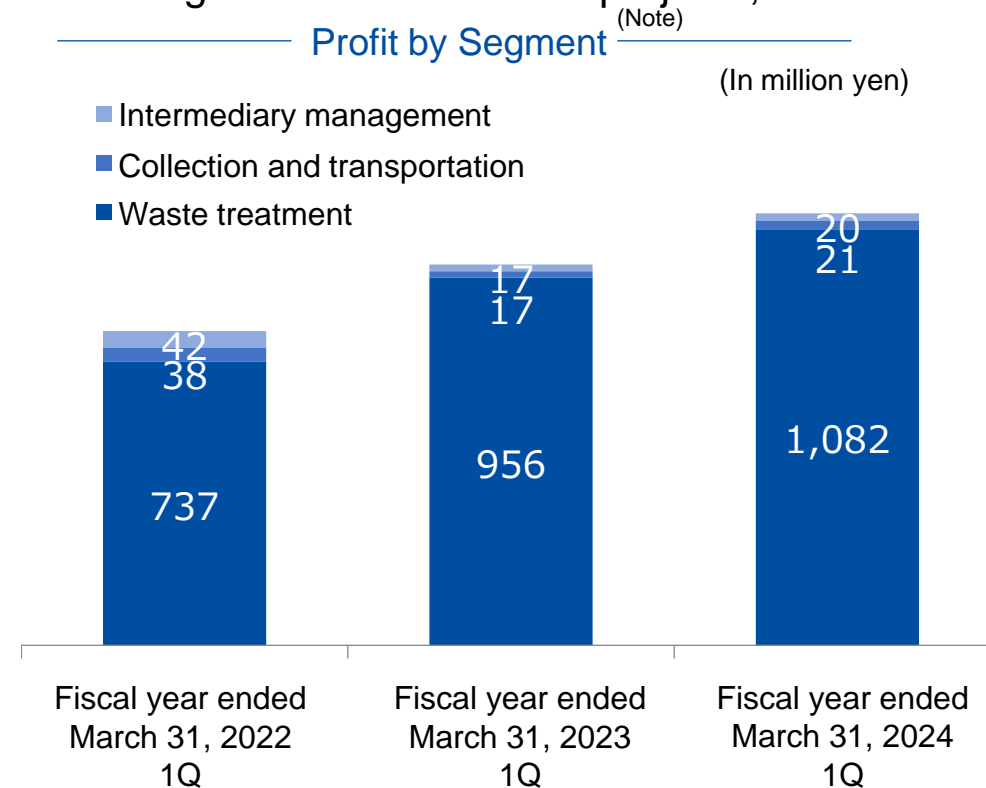


[2] – 2 Financial Results (Analysis by Segment)

- Sales and profits increased in all segments.
- In the waste treatment business, contracted waste volume significantly increased, mainly due to large-scale transactions with the construction industry.
- In the collection and transportation business, contracted industrial waste volume decreased, but the amount of general waste increased.
- The intermediary management business performed well with large-scale construction projects, etc.



Note: Include internal transactions



Note: Include internal transactions

[2] – 3 Financial Results (Comparison with Projected Results)

- Contracted waste volume significantly increased due to an expansion of the acceptance quota at the Okuyama-No-Mori Clean Center.
- We strove to improve profitability by passing on soaring raw material costs to prices.

(In million yen)

	Fiscal year ended March 31, 2024 Full-year forecast	Fiscal year ended March 31, 2024 1Q Results	Composition ratio	Percentage against forecast
Net sales	8,454	2,134	100.0%	25.3%
Cost of sales	3,433	780	36.6%	22.7%
Gross operating income	5,020	1,354	63.4%	27.0%
Selling expenses and general and administrative expenses	2,007	526	24.7%	26.2%
Operating income	3,013	827	38.8%	27.5%
Non-operating income	8	5	—	—
Non-operating expenses	146	21	—	—
Ordinary profit	2,875	812	38.0%	28.2%
Extraordinary profit	0	0	—	—
Extraordinary loss	0	0	—	—
Net income before tax	2,875	812	38.0%	28.2%
Corporate taxes	1,144	312	—	—
Net income ^(Note)	1,731	499	23.4%	28.8%

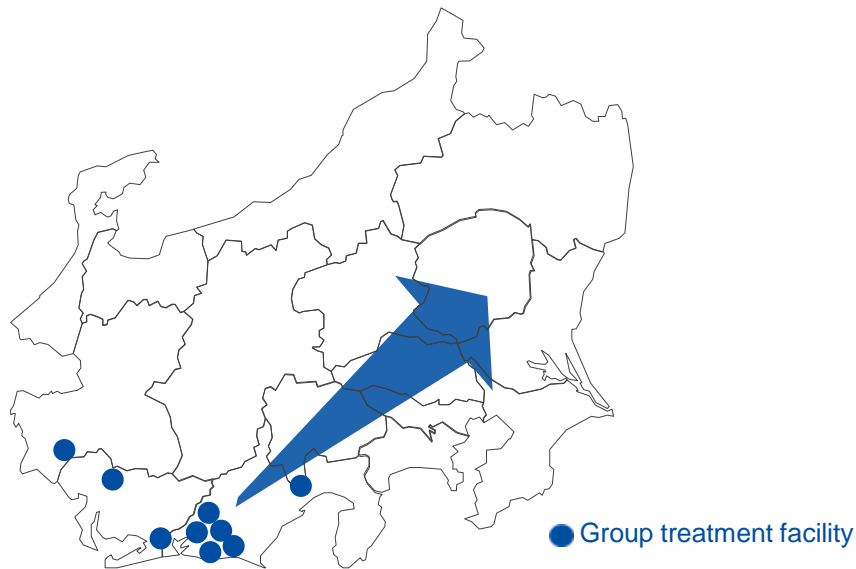
Note: Net income attributable to the parent company's shareholders

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[3] – 2 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.

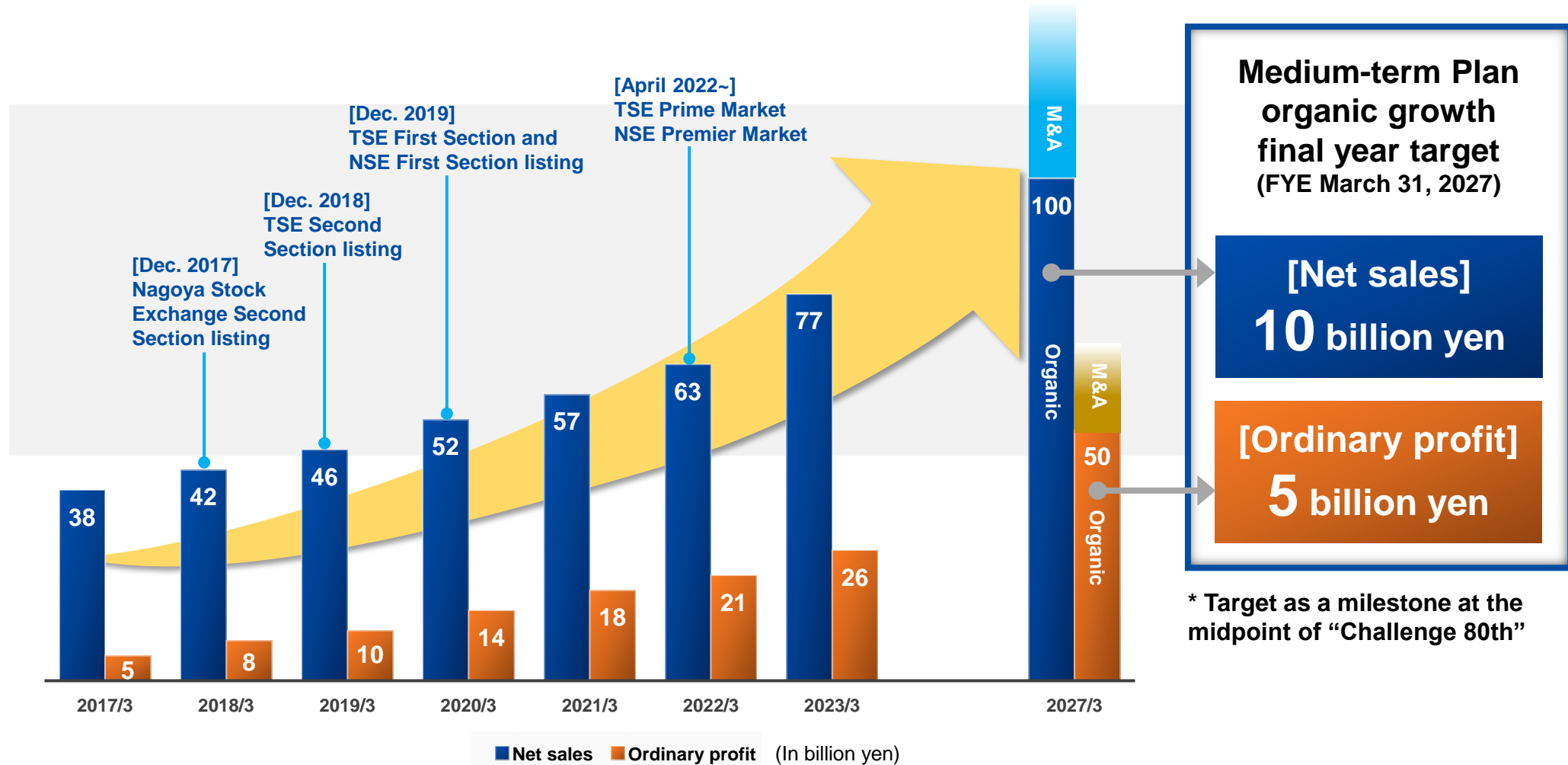


December 2015
MIDAC CO., LTD.

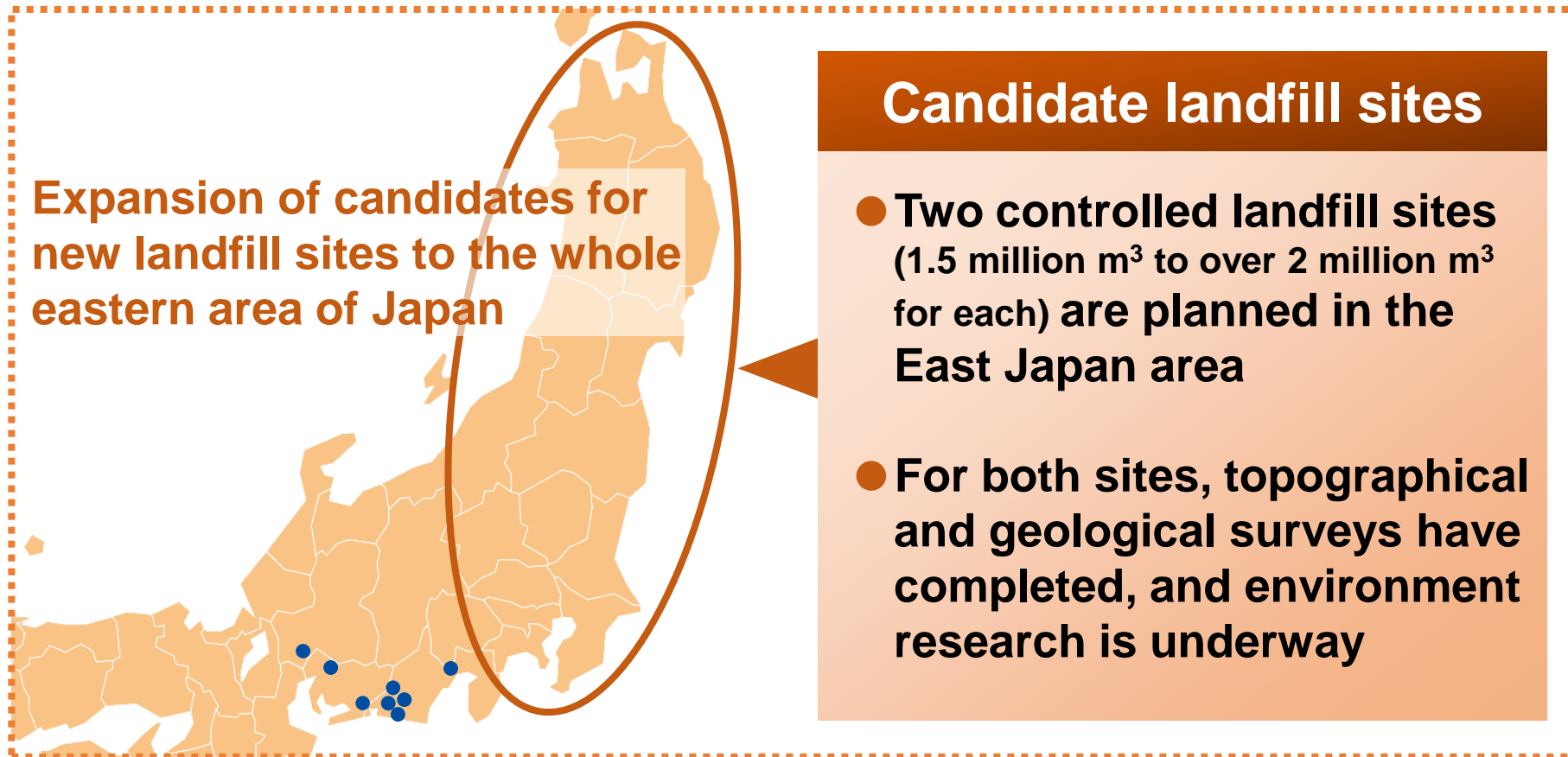


October 2021
MIDAC KONAN CO., LTD.

Sustain growth and achieve net sales of 10 billion yen and ordinary profit of 5 billion yen through organic growth alone, excluding M&A growth



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

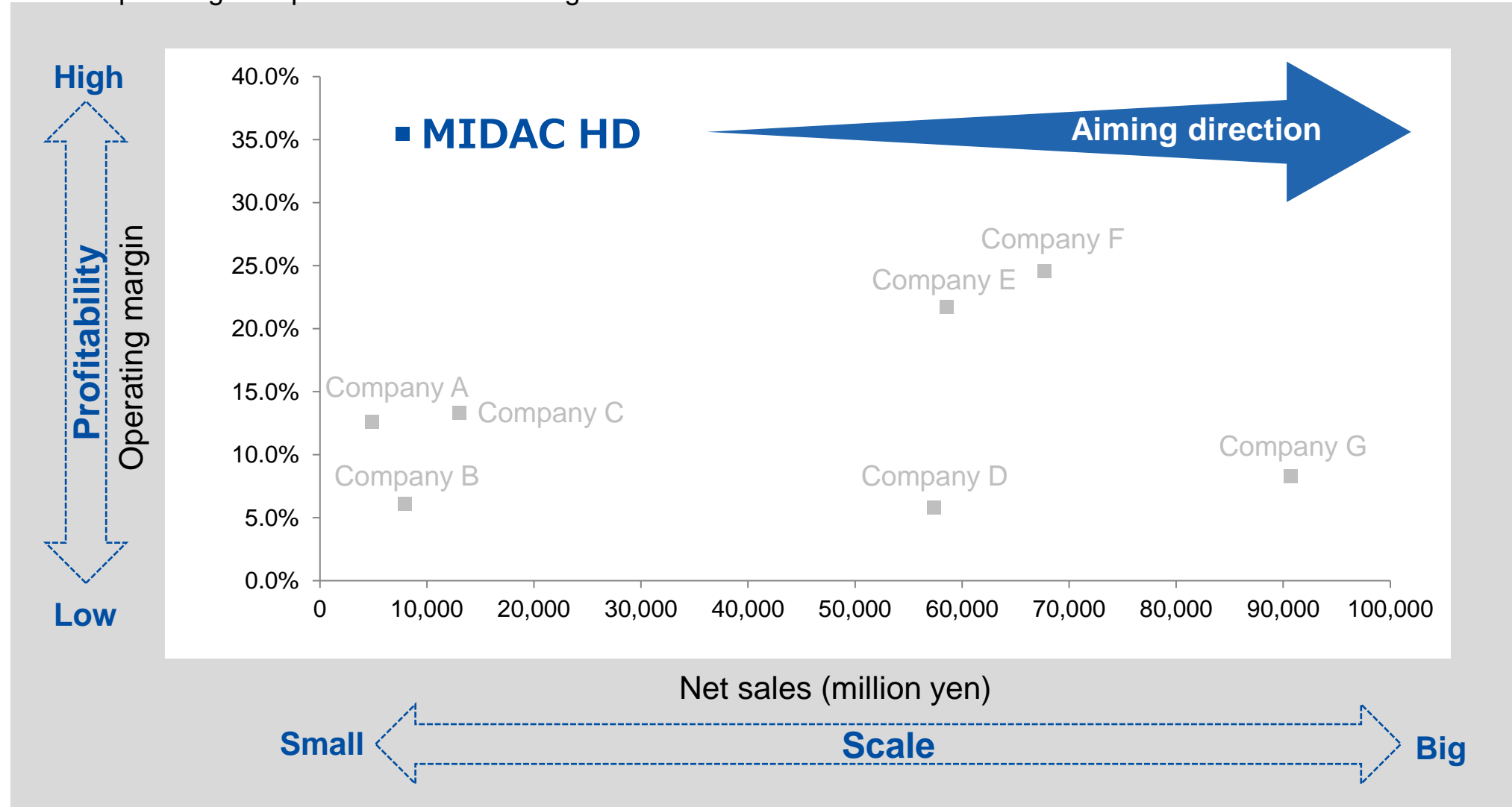
Candidate landfill sites

- **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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- We are building strategic co-creation partnership relationships with Yamada Holdings.
- Together we established a joint venture, **GREEN CIRCULAR FACTORY CO., LTD.**
- The joint venture will proactively invest for growth in resource-recycling infrastructure businesses in Japan.

**Aiming to build a recycling-oriented society and
preserve the global environment.**



Advanced and optimal
waste disposal capacity



Resource circulation
system

- We acquired all shares of ENSHU CRUSHED STONE CO., LTD. on July 21, 2023.
- While continuing their crushed stone manufacturing business, making the company a subsidiary will enable in-house management of surplus soil from the development of landfill sites, which is expected to reduce investment costs.
- Governance will be strengthened by ensuring the proper disposal and management of surplus soil.

— **ENSHU CRUSHED STONE CO., LTD.** —

Location	872-22 Kariyado, Inasa-cho, Kita-ku, Hamamatsu City, Shizuoka Prefecture
Established	December 26, 1967
Capital	45.3 million yen
Business Content	Crushed stone manufacturing business



- For their climate change initiatives, IWAHARA ORCHARDS has received "Effort Certification" under Yamanashi Prefecture's certification system.
- IWAHARA ORCHARDS is promoting efforts to curb emissions of carbon dioxide, one of the greenhouse gases.
- In the future, IWAHARA ORCHARDS aims to gather data on the carbon that is sequestered in its soil and acquire "Achievement Certification."

Yamanashi 4 per 1000 Initiative Certification System for Agricultural Products

This initiative is based on the idea that is the amount of carbon sequestered in the world's surface soil can be annually increased by 4 parts per mil,* then the increase in atmospheric carbon dioxide due to human economic activities can be reduced to virtually zero.

*4 parts per mil (‰) = 0.4%

	Certification Category	Specific Initiatives for Certification
Effort	[Plan Certification] Sets targets for specific actions to be taken, and certifies plans that are expected to reliably sequester carbon in the soil	<ol style="list-style-type: none"> 1. Increasing ground cover, such as by cultivating grass 2. Burying materials containing organic matter, such as compost and soil conditioners 3. Utilizing crop residues, such as pruned branches generated in production fields 4. Burying biochar produced from pruned branches, etc. 5. Other initiatives that are expected to sequester carbon
Achievement	[Actual Certification] Certification based on the results of carbon that is sequestered in soil	

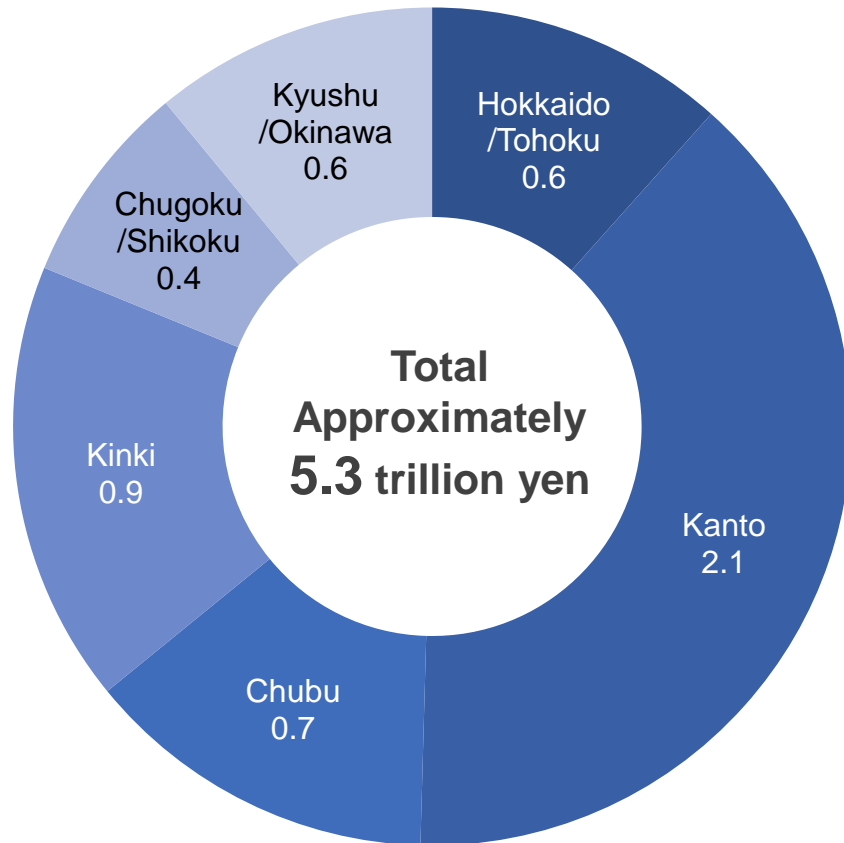


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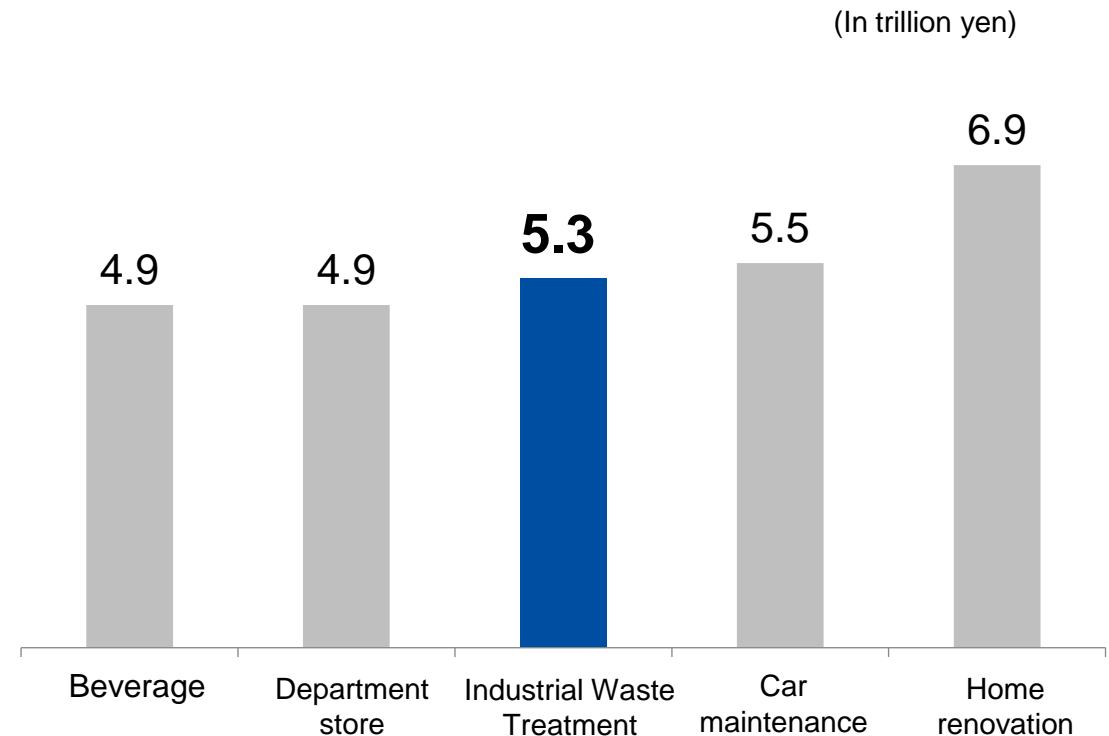
[5] – 1 Industrial Environment (Market Size)

- 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



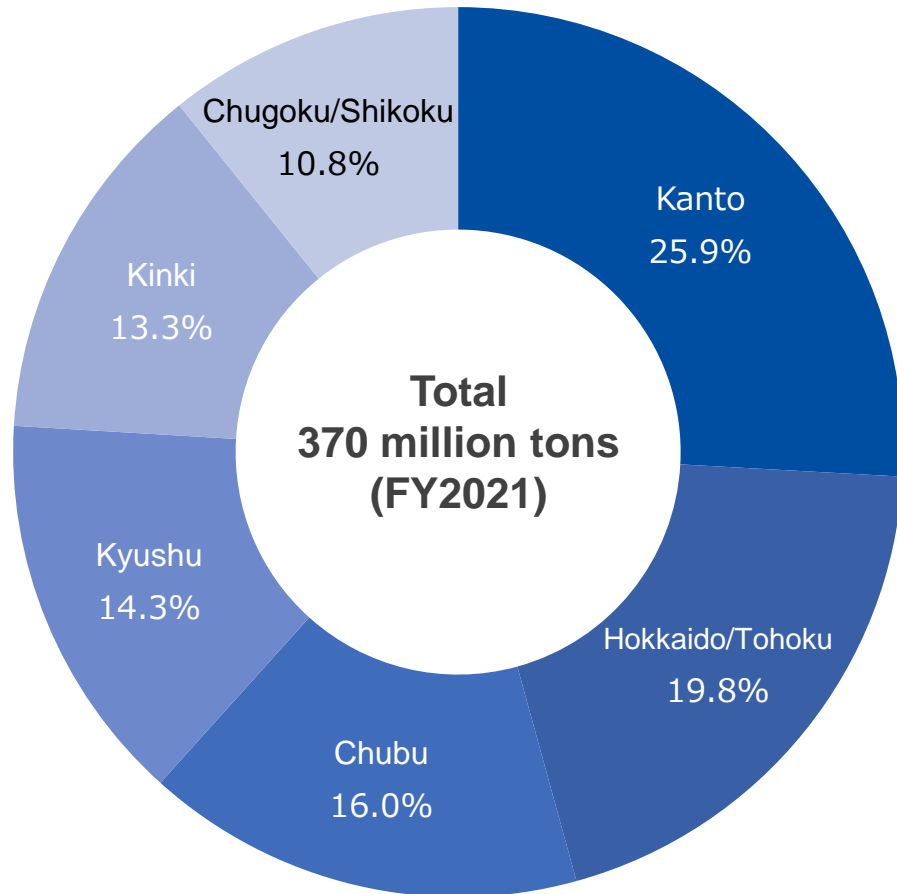
Source: "2022 Report on the Current Status and Outlook of the Beverage Market" (Beverage), Yano Research Institute Ltd.; "Summary of Nationwide Department Store Sales for December 2022" (Department Store), Japan Department Stores Association; "FY2011 Report on the Fact Finding Survey of Industrial Waste 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)

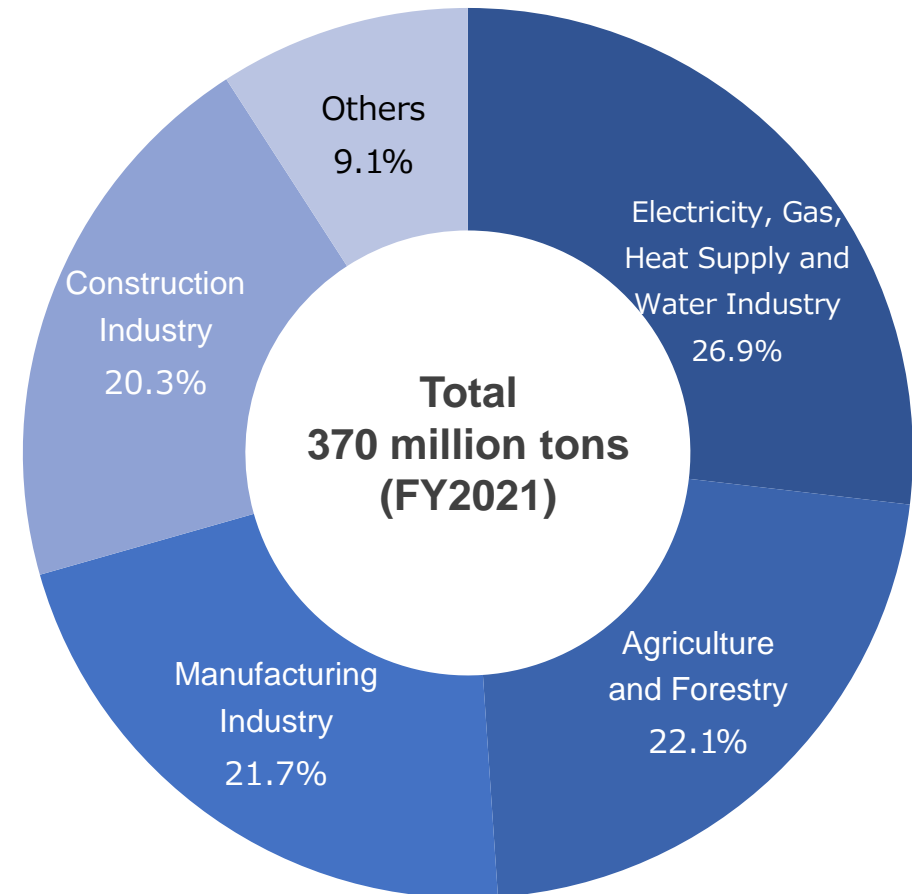
- By region, the Kanto region generated the largest industrial waste volume, followed by Hokkaido, Tohoku and Chubu.
- By industry, electricity, gas, heat supply, and water have the highest emissions, followed by agriculture and forestry, and manufacturing.

— 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)

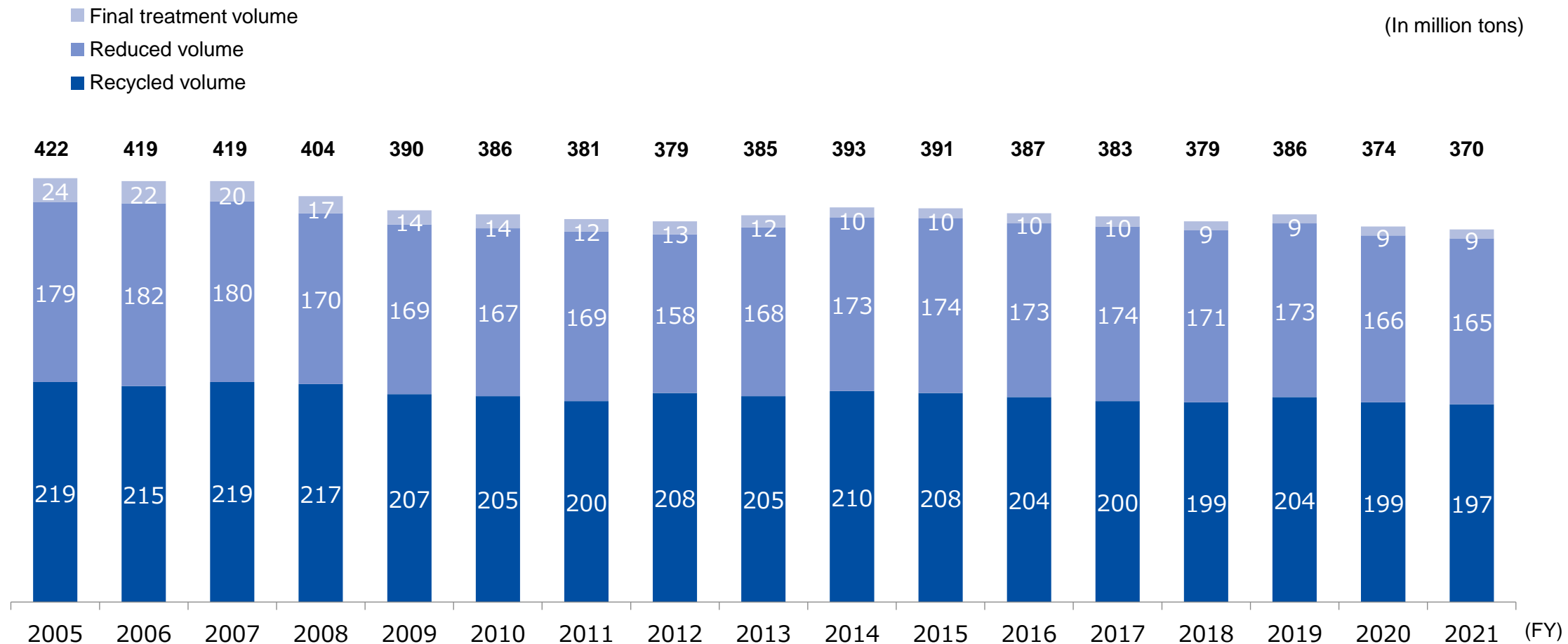
— Composition ratio of industrial waste by industry —



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)

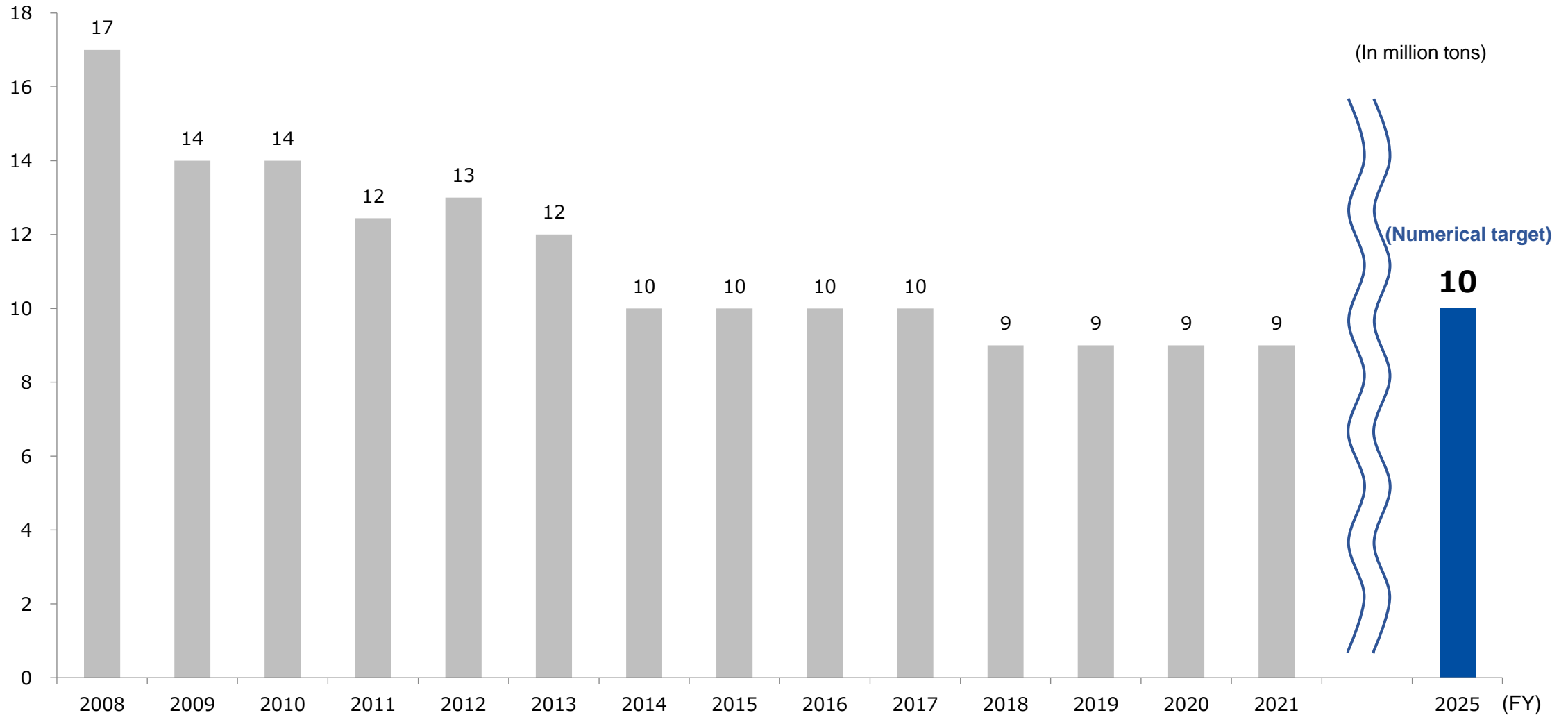
- The total volume of industrial waste in FY2021 was 370 million tons, showing no significant change.
- It is predicted that certain volume of waste will continue to arise in the future.



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. 171.09 million m³, an increase of approx. 14.02 million m³ (8.9%) from the previous year.
- As of April 1, 2022, nationwide there are **19.7 years** remaining for landfill sites, and **13.4 years** for the Tokyo metropolitan area.
- **1,568 landfill sites** have been approved nationwide.

1. Landfill site remaining capacity (as of April 1, 2022)

Landfill site	Remaining capacity (10,000 m ³)
Shielded landfill sites	2
Stable landfill sites	5,923
Controlled landfill sites	11,183
Total	17,109

2. Industrial waste landfill sites remaining capacity and remaining years (as of April 1, 2022)

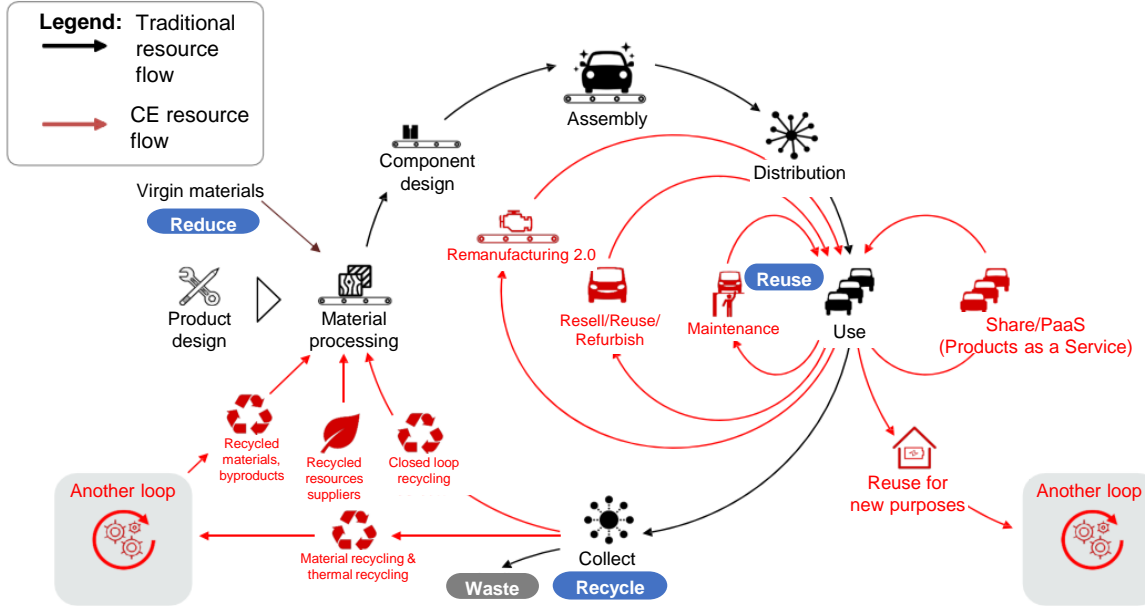
Category	Landfill capacity (10,000 t)	Remaining capacity (10,000 m ³)	Remaining years (years)
Nationwide	869	17,109	19.7
Tokyo metropolitan area	148	1,989	13.4
Kinki area	129	2,651	20.5

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).

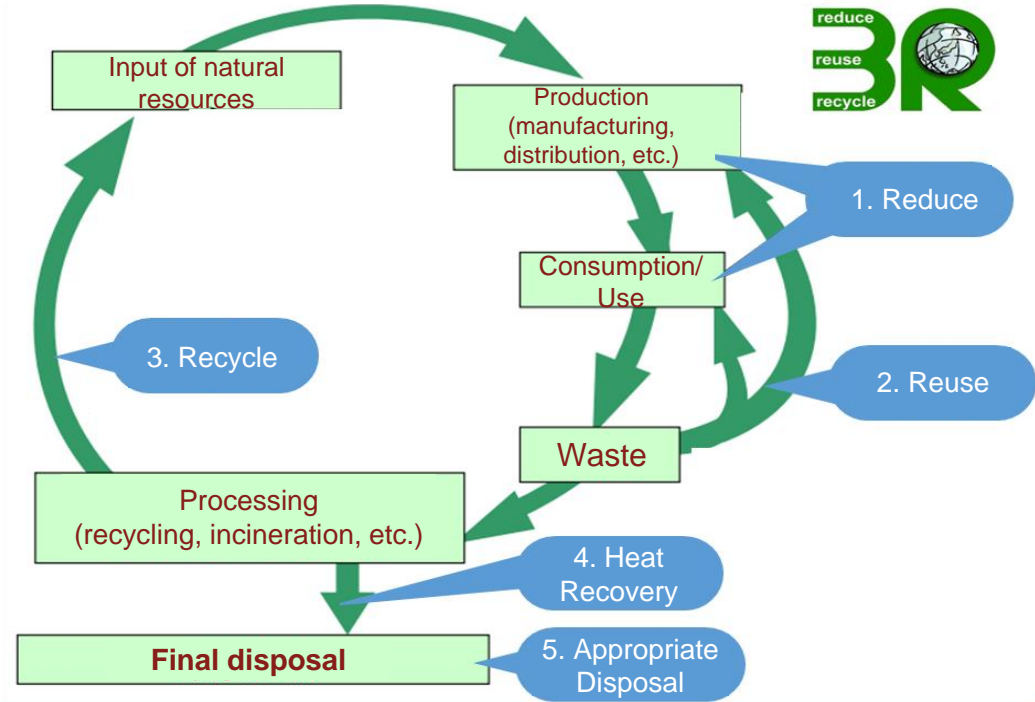
Circular Economy



*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..

[5] – 7 Initiatives to Increase Corporate Value

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

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.

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.

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.

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.

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.

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

We have three no-overtime days per week.

■ 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 Shitiro, 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.



[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.



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.



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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- While every effort has been made to ensure the accuracy and completeness of the information provided in this document, we do not guarantee the accuracy or completeness of such information. Please also understand that the information may be modified or removed without prior notice.
- This document is provided on the assumption that investors use it for any purpose at their own discretion and responsibility, and our company assumes no responsibility whatsoever.



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.