

# COMPANY RESEARCH AND ANALYSIS REPORT

## MIDAC HOLDINGS Co., LTD.

6564

Tokyo Stock Exchange Prime Market

10-Sep.-2025

FISCO Ltd. Analyst

**Masanobu Mizuta**



FISCO Ltd.

<https://www.fisco.co.jp>

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

## Contents

<b>Summary</b>	<b>01</b>
1. Characteristics and strengths of integrated treatment system of collection/transportation, intermediate treatment, and final disposal, and an extremely profitable earnings structure	01
2. FY3/25 net sales and profits up sharply, growth, beating upwardly revised forecasts	01
3. Forecast for net sales and profits rising to record highs in FY3/26, maintaining a trend of profit growth	02
4. Progress of the first medium-term plan is on track	02
<b>Company profile</b>	<b>03</b>
1. Company profile	03
2. History	04
<b>Business overview</b>	<b>05</b>
1. Business overview	05
2. Features, strengths, and business units	08
3. Trends by segment	09
4. Risk factors and issues and measures in response to them	10
<b>Results trends</b>	<b>11</b>
1. Summary of consolidated financial results for FY3/25	11
2. Trends by segment	12
3. Financial condition	13
<b>Outlook</b>	<b>14</b>
● Summary of the FY3/26 consolidated results forecasts	14
<b>Growth strategy</b>	<b>15</b>
1. Long-term vision “Challenge 80th” and the first medium-term plan, focused on the foundation-building stage	15
2. Shareholder return policy	18
3. Sustainability management	19
4. FISCO’s viewpoint	20

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

## Summary

### Forecast for net sales and profits rising to record highs in FY3/26, maintaining a trend of profit growth

MIDAC HOLDINGS CO., LTD. <6564> (hereafter, also “the Company”) is a pure holding company for a corporate group that seeks to establish a recycling-oriented society through appropriate waste treatment. With a mission of passing down this irreplaceable Earth as beautiful as it was before, it develops solutions related to waste treatment and management for waste dischargers, seeking to be an environment-creation group on the frontlines of these endeavors.

#### 1. Characteristics and strengths of integrated treatment system of collection/transportation, intermediate treatment, and final disposal, and an extremely profitable earnings structure

The Company’s business segments are the waste treatment business, the collection and transportation business, the intermediary management business, and the other business. The waste treatment business provides waste treatment services that consist of intermediate treatment at the Company’s facilities (including incineration, pulverization, water treatment, and concrete solidification) and final disposal of waste given off by dischargers. The collection and transportation business provides services involving the collection of waste given off by dischargers and its transport to treatment facilities. The intermediary management business is a service that refers materials, such as waste that is difficult for the Company to process, to other processing companies. Other business encompasses the crushed stone manufacturing and surplus soil disposal businesses. As a characteristic and strength of the Company, it has built an integrated treatment system that undertakes processes from collection and transportation to intermediate treatment and final disposal. As a result, the Company has an extremely profitable earnings structure.

#### 2. FY3/25 net sales and profits up sharply, growth, beating upwardly revised forecasts

Consolidated financial results for FY3/25 were net sales of ¥10,905mn, up 14.2% year on year (YoY), operating profit of ¥4,534mn, up 28.1% YoY, ordinary profit of ¥4,450mn, up 31.8%, and profit attributable to owners of parent of ¥2,862mn, up 50.1%. Net sales and profits came in well above the Company’s previous forecasts, which were upwardly revised on February 14, 2025. In addition to a steady increase in the volume of waste delivered to Okuyama-No-Mori Clean Center in the waste treatment business on the back of strong landfill demand, this reflects a contribution from a full-year of consolidated earnings from FRIEND SANITARY CO., LTD. in the collection and transportation business. As a result, the operating profit margin rose 4.5 percentage points (pp) to 41.6%, and the ordinary profit margin increased 5.4pp to 40.8%, marking even higher profitability.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

**10-Sep.-2025**  
<https://www.midac.jp/en/ir/>

# Summary

## 3. Forecast for net sales and profits rising to record highs in FY3/26, maintaining a trend of profit growth

For FY3/26 consolidated results forecasts, the Company forecasts net sales will rise 6.5% YoY to ¥11,617mn, operating profit grow 5.7% to ¥4,792mn, ordinary profit increase 5.6% to ¥4,700mn, and profit attributable to owners of parent grow 2.4% to ¥2,930mn. It envisions net sales and profits rising to record highs, maintaining a trend of profit growth. This is driven by an increase in the waste volume handled by Okuyama-No-Mori Clean Center. Looking at forecasts on a half-year basis, these are weighted towards 2H, given generally lower earnings in 1H due to seasonal factors in relation to the number of operating days. Although the growth rate for FY3/26 will be slower than in the previous fiscal year because the effect of full-year consolidated earnings from FRIEND SANITARY will run its course, we at FISCO believe the Company's favorable performance can be continuously expected, considering the volume of waste accepted for highly profitable final disposal is heading up—mainly at Okuyama-No-Mori Clean Center, and the impact from large-scale regular repairs for incineration facilities in the previous fiscal year will run its course.

## 4. Progress of the first medium-term plan is on track

The Company established a 10-year vision, Challenge 80th in June 2022. The first medium-term plan (FY3/23 to FY3/27) is the stage of building a foundation to accelerate growth, while the second medium-term plan (FY3/28 to FY3/32) is positioned as the stage to establish an industry-leading position through accelerating growth. Results targets for FY3/27, the final year of the first medium-term plan, (organic growth excluding M&A) are net sales of ¥10.0bn, and ordinary profit of ¥5.0bn. As of FY3/25, the Company generated net sales of ¥9,421mn and ordinary profit of ¥3,915mn by organic growth alone, with the Company well on its way to reaching its targets in FY3/27. For FY3/32, the final year of Challenge 80th (including M&A), the targets are net sales of ¥40.0bn and ordinary profit of ¥12.0bn. As part of its business strategy, the Company has disclosed plans to develop three controlled landfill sites. In addition, by establishing a supportive M&A business model and focusing on investment, the Company aims to expand in scale by active expansion in the Kanto area, a large market, while maintaining a high profit margin. As of FY3/25, the Company generated net sales of ¥9.4bn and ordinary profit of ¥3.9bn by organic growth alone. The Company is well on track to reach its targets for FY3/27.

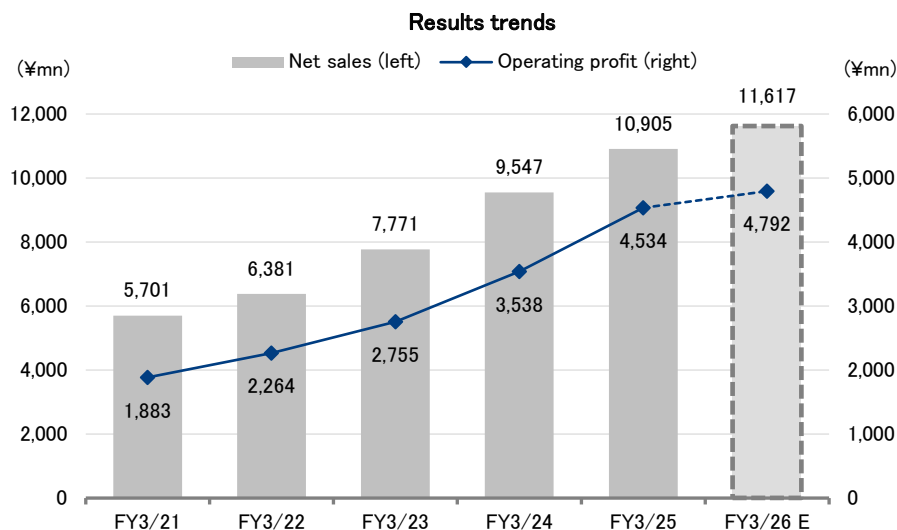
## Key Points

- Characteristics and strengths of integrated treatment system of collection/transportation, intermediate treatment, and final disposal, and an extremely profitable earnings structure
- FY3/25 net sales and profits up sharply, growth, beating upwardly revised forecasts. Forecast for net sales and profits rising to record highs in FY3/26, maintaining a trend of profit growth
- Aims to expand business while maintaining high profit margins. Progress of the first medium-term plan is on track

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

## Summary



Source: Prepared by FISCO from the Company's financial results

## Company profile

### Corporate group seeking to establish a recycling-oriented society through appropriate waste treatment

#### 1. Company profile

The Company is a pure holding company for a corporate group that seeks to establish a recycling-oriented society through appropriate waste treatment. The name MIDAC comes from the Japanese words for water, land and air, symbolizing the environment. With a mission of passing down this irreplaceable Earth as beautiful as it was before, it develops solutions related to waste treatment and management by dischargers, seeking to be an environment-creation group on the frontlines of these endeavors.

As of the end of FY3/25, the Company has total assets on a consolidated basis of ¥28,492mn, net assets of ¥15,452mn, an equity ratio of 54.1%, shares outstanding of 27,773,500 shares (including 115,322 treasury shares), and 398 employees (including temporary workers). The Group consisted of the Company (a pure holding company headquartered in Hamamatsu City, Shizuoka Prefecture), consolidated subsidiaries MIDAC CO., LTD. (headquartered in Hamamatsu City, Shizuoka Prefecture), MIDAC LINER CO., LTD. (headquartered in Hamamatsu City, Shizuoka Prefecture), SANKO CO., LTD. (headquartered in Kasugai City, Aichi Prefecture), MIDAC KONAN CO., LTD. (headquartered in Hamamatsu City, Shizuoka Prefecture), FRIEND SANITARY (headquartered in Tsu City, Mie Prefecture), ENSHU CRUSHED STONE (headquartered in Hamamatsu City, Shizuoka Prefecture), non-consolidated subsidiaries LOVE THY NEIGHBOR CO., LTD. (headquartered in Setagaya City, Tokyo), IWAHARA ORCHARDS CO., LTD. (headquartered in Hokuto City, Yamanashi Prefecture) and equity-method affiliate GREEN CIRCULAR FACTORY CO., LTD (headquartered in Takasaki City, Gunma Prefecture; a joint venture with YAMADA HOLDINGS CO., LTD. <9831>; the Company's share is 40%). In April 2025, the Company acquired 100% of the shares of TAIHEIKOUSAN CO., LTD. (Chiyoda City, Tokyo) and made it a consolidated subsidiary.

Important disclosures and disclaimers appear at the back of this document.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

**10-Sep.-2025**  
<https://www.midac.jp/en/ir/>

## Company profile

### 2. History

The forerunner to MIDAC HOLDINGS, KOJIMA SEISOSHA was founded to conduct general waste handling operations in Hamamatsu City, Shizuoka Prefecture in April 1952. In 1964, the company was incorporated as KOJIMA SEISO CO., LTD. to increase its credibility in society and thereafter expanded its business by collecting, transporting and disposing of industrial waste. In July 1996, the Company changed its name to MIDAC CO., LTD. In September 2021, its name changed to MIDAC HOLDINGS, and in April 2022, the Company shifted to a holding company structure. To expand business, the Company actively uses M&A, and in recent years it made ENSHU CRUSHED STONE a wholly owned subsidiary in July 2023, made FRIEND SANITARY a wholly owned subsidiary in September 2023, and made TAIHEIKOUSAN a wholly owned subsidiary in April 2025.

Regarding the Company's stock, it listed on the Second Section of Nagoya Stock Exchange (NSE) in December 2017 and listed on the Second Section of the Tokyo Stock Exchange (TSE) in December 2018. It then listed on the TSE First Section and NSE First Section in December 2019. In April 2022, in connection with market restructuring, it listed on the TSE Prime Market and NSE Premier Market.

#### History

Date	Event
<b>April 1952</b>	KOJIMA SEISOSHA was founded in Hamamatsu City and was authorized the same month by Hamamatsu City to conduct general waste handling operations
<b>April 1960</b>	Licensed to conduct general waste collection, transportation and disposal by Kamimura in Hamamatsu County, Shizuoka Prefecture (now Hamamatsu City)
<b>July 1964</b>	Incorporated as KOJIMA SEISO CO., LTD. to increase its credibility in society
<b>September 1972</b>	Obtained license in Shizuoka Prefecture to conduct collection, transport and final disposal
<b>May 1986</b>	Established new liquid waste processing center in Hamamatsu City
<b>April 1988</b>	Obtained licenses from Hamamatsu City to perform industrial waste disposal and specially controlled industrial waste disposal, and built a new controlled landfill site in the city
<b>October 1992</b>	Added new active sludge treatment facility at the head office plant
<b>October 1993</b>	Built new carbonization facilities primarily for processing infectious waste
<b>July 1996</b>	Changed name to MIDAC CO., LTD. (currently MIDAC HOLDINGS)
<b>March 1997</b>	Added new specified hazardous industrial waste treatment facility at the head office plant
<b>May 1997</b>	Opened Fujinomiya Business Office (intermediate processing facility) in Fujinomiya City, Shizuoka Prefecture
<b>January 1998</b>	Established wholly owned subsidiary MIDAC ANALYSIS CENTER CO., LTD. in Hamamatsu City
<b>April 1998</b>	Opened Fukude Business Office (incinerating facility) in Fukude Town, Iwata District, Shizuoka Prefecture (now Iwata City)
<b>March 2000</b>	Established MIDAC FUJINOMIYA CO., LTD. in Fujinomiya City, Shizuoka Prefecture (50% joint venture in September 2001)
<b>December 2001</b>	Head office acquires ISO 14001 certification Opened the Toyohashi Business Office (sludge treatment facility) in Toyohashi City, Aichi Prefecture
<b>April 2002</b>	Opened the Tokyo Sales Office in Setagaya City, Tokyo
<b>December 2002</b>	MIDAC FUJINOMIYA opens facility for processing municipal waste and industrial waste
<b>August 2003</b>	Established NIES CO., LTD, a wholly owned subsidiary, in Toyohashi City, Aichi Prefecture for intermediate processing of industrial waste (sorting, kneading, crushing, sorting)
<b>October 2003</b>	Operations of Toyohashi Business Office transferred to NIES
<b>November 2003</b>	Established SOSEKI CO., LTD. a new wholly owned subsidiary in Toyohashi City, Aichi Prefecture for recycling of industrial waste (manufacture of roadbed material)
<b>April 2004</b>	Established MIDAC LINER CO., LTD., a wholly owned subsidiary in Hamamatsu City
<b>June 2004</b>	Municipal waste collection and transportation business transferred to MIDAC LINER
<b>July 2004</b>	MIDAC HOLDINGS CO., LTD. established as a pure holding company in Hamamatsu City and switched to holding company structure
<b>October 2004</b>	SOSEKI opened an industrial waste recycling facility in Toyohashi City, Aichi Prefecture MIDAC HOLDINGS established I CLEAN KARIYA CO., LTD. in Nagoya City (75% share)
<b>January 2005</b>	Tokyo Sales Office relocated to Kawasaki City
<b>April 2005</b>	MIDAC HOLDINGS establishes SUN MIDAC, CO., LTD., a wholly owned subsidiary in Hamamatsu City and transfers the agriculture business
<b>July 2005</b>	Established the Nagoya Sales Office in Nagoya City
<b>March 2006</b>	MIDAC merges with NIES, SOSEKI, I CLEAN KARIYA, and MIDAC ANALYSIS CENTER MIDAC LINER merges with SUN MIDAC
<b>April 2010</b>	MIDAC merges with MIDIC HOLDINGS and MIDAC LINER

Important disclosures and disclaimers appear at the back of this document.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

**10-Sep.-2025**  
<https://www.midac.jp/en/ir/>

#### Company profile

Date	Event
April 2011	MIDAC makes MIDAC FUJINOMIYA a wholly owned subsidiary
March 2012	MIDAC merges with MIDAC FUJINOMIYA
January 2013	Seki Business Office established in Seki City, Gifu Prefecture
March 2015	Made SANKO CO., LTD. a wholly owned subsidiary
December 2015	Made SANSEI KAIHATSU CO., LTD. a wholly owned subsidiary (now MIDAC)
December 2017	Listed on the Second Section of the Nagoya Stock Exchange (NSE)
December 2018	Acquired license from Hamamatsu City for establishing industrial waste processing facility as a newly controlled landfill site Listed on the Second Section of the Tokyo Stock Exchange (TSE)
December 2019	Listed on First Section of TSE and First Section of NSE
September 2021	MIDAC changes name to MIDAC HOLDINGS, and MIDAC HAMANA CO., LTD. changes its name to MIDAC
October 2021	The final disposal business (Okuyama-No-Mori Clean Center) split off from MIDAC via a company split YANAGI INDUSTRY CO., LTD. made a wholly owned subsidiary (name changed to MIDAC KONAN CO., LTD. in April 2023)
February 2022	Okayama-No-Mori Clean Center, a new controlled landfill site, begins operations
April 2022	Changed to holding company structure (existing businesses split off into consolidated subsidiaries via company split method) Changed listings to Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market as part of market reclassification
May 2022	Made LOVE THY NEIGHBOR CO., LTD. a wholly owned subsidiary (non-consolidated)
November 2022	Made IWAHARA ORCHARDS CO., LTD. a wholly owned subsidiary (non-consolidated)
July 2023	Made ENSHU CRUSHED STONE CO., LTD. a wholly owned subsidiary
September 2023	Established GREEN CIRCULAR FACTORY CO., LTD (equity-method affiliate), a joint venture with YAMADA HOLDINGS <9831> Made FRIEND SANITARY CO., LTD. a wholly owned subsidiary
May 2024	Signed a basic agreement with Terrarem Group Co., Ltd. regarding joint commercialization of resource recycling
November 2024	Signed a basic agreement with Chubu Recycle Co., Ltd. regarding joint commercialization of resource recycling business
April 2025	Made TAIHEIKOUSAN CO., LTD. a wholly owned subsidiary

Source: Prepared by FISCO from the Company's annual securities report, press releases, etc.

## Business overview

### Carries out the waste treatment business, collection and transportation business, and intermediary management business

#### 1. Business overview

The Company carries out the collection, transport and treatment of industrial waste and specially controlled industrial waste and the collection, transport and treatment of general waste. Waste is defined as an item no longer needed because it can't be used by its owner or sold for a fee to another party (excludes radioactive substances and items exposed to such substances). It is largely divided between industrial waste and general waste.

Industrial waste is 20 categories of waste defined under the Waste Management and Public Cleansing Act among the waste given off by business activities (cinder, sludge, waste oil, waste acid, waste alkali, waste plastics, scrap rubber, scrap metal, scrap glass, scrap concrete, scrap ceramics, slag, rubble, soot and dust, scrap paper, scrap lumber, scrap textiles, animal and plant residue, animal-based solid waste, animal waste, animal carcasses, and items not included in the aforementioned that are processed in order to dispose of the above industrial waste). Among industrial wastes, explosive, toxic, and infectious wastes are referred to as specially controlled industrial wastes.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

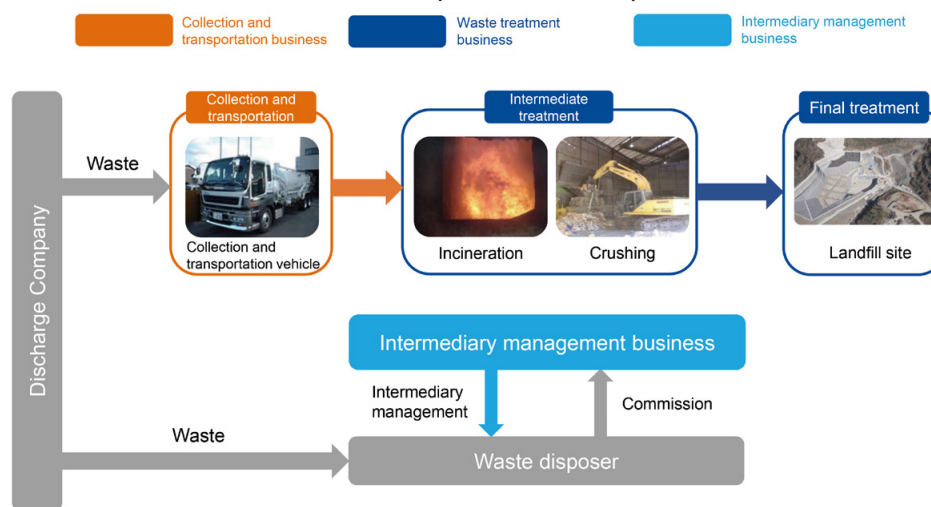
#### Business overview

General waste is any waste that is not classified as industrial waste under the Waste Management and Public Cleansing Act. General waste is divided into regular business waste (non-industrial waste given off by business activities), regular household waste (waste given off by the everyday living activities of regular households), specially controlled general waste (parts that use PCB included in household waste, soot and dust gathered at dust collection facilities at waste processing facilities, and infectious waste).

#### (a) Business segments / Description

The Company's business segments are the waste treatment business, the collection and transportation business, the intermediary management business, and the other business. The waste treatment business consists of waste treatment services for intermediate treatment (incineration, pulverization, water treatment, concrete solidification, etc.) and final disposal at its own facilities for waste given off by dischargers (companies, local municipalities, etc.). The collection and transportation business consists of services for transporting waste given off by dischargers to treatment sites by way of tanker trucks and packer trucks. The intermediary management business consists of services for intermediating for customers (dischargers) to refer them to other treatment providers for waste that is difficult for the Company to treat and waste outside its scope of business. In the waste treatment business and collection and transportation business, fees are charged to the discharger for intermediate processing, final disposal and collection and transportation. In the intermediary management business, referral fees are collected from the treatment provider. The other business encompasses the crushed stone manufacturing and surplus soil disposal businesses of ENSHU CRUSHED STONE, which became a subsidiary in July 2023.

#### About MIDAC Group: Waste treatment process



Source: The Company's results briefing materials



**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

#### Business overview

Intermediate processing consists of reducing the amount, reducing the volume, stabilizing, detoxification, and recycling of waste before final disposal. Depending on the properties of the waste, it is treated by incineration, pulverization and sorting, reducing and forming, neutralizing, dehydrating, or melting. Final disposal consists of landfilling, ocean disposal, or recycling. Landfilling involves building a storage structure by separating off a place limited by land or sea in order to avoid unauthorized spreading or discharge of waste into the environment, filling it with waste and storing it there until after a number of years it returns to nature. There are three types of sites. Stable landfill sites (landfill disposal sites filled only with items that do not hinder environmental safety even if landfilled in its original state like waste plastics or rubble), shielded landfill sites (landfill disposal sites that are filled with waste that include toxic substances and are isolated from its surroundings with a concrete enclosure and roof), and controlled landfill sites (landfill disposal sites that are filled with waste that is not toxic enough to meet the threshold for shielded landfill sites but cannot be treated at a stable landfill site; facilities are mandated for seepage control and leachate treatment because the hazardous substances give off eluate, gas or sewage).

#### (b) Business environment

The Company is a member of the domestic industrial waste processing industry (waste treatment and recycling services). The industry's market scale is estimated at ¥4.7044tn (Source: Ministry of the Environment, "Report on the Market Size and Employment of the Environmental Industry (March 2024)"), up about 18% from ¥3.9921tn in 2018. Japan's total industrial waste output was 366 million tons in fiscal 2023 (Source: Ministry of the Environment, "Industrial Waste Discharge and Treatment Status (Preliminary Figures for FY2023)"). There has been no major change in the total output, and going forward a fixed amount of waste continues to be expected.

Final disposal volume (Source: Ministry of the Environment, "Industrial Waste Discharge and Treatment Status (Preliminary Figures for FY2023)") has trended at around 9 million tons since 2018. This is a decline compared to fiscal 2010's 14 million tons. Progress of recycling (the 3Rs: Reduce, Reuse, Recycle) is thought to have had an impact. However, under the Ministry of the Environment's "Fundamental Plan for Establishing a Sound Material-Cycle Society (August 2024)," a target has been set of approximately 11 million tons for the final disposal volume of industrial waste in fiscal 2030, and going forward, final disposal will be unavoidable, and landfill sites will continue to be essential to society; this is not likely to change.

In addition, landfill sites in Japan (number of licensed facilities) numbered 1,551 nationwide as of April 1, 2023 (Source: Ministry of the Environment, "Status of the Installation of Industrial Waste Treatment Facilities and Permitting for Industrial Waste Treatment Businesses, etc. (FY2022 Results, etc.)") The remaining volume of 180.63mn m<sup>3</sup> (shielded landfill sites 0.02mn m<sup>3</sup>, stable landfill sites 66.25mn m<sup>3</sup>, and controlled landfill sites 114.35mn m<sup>3</sup>) increased YoY by 3.04mn m<sup>3</sup>, or 1.7%. Remaining years (=remaining volume/final disposal volume) in Japan is 20.0 years; it is 11.7 years in the Tokyo metropolitan area, and 18.2 years in the Kinki area.

Moreover, the concepts of a "circular economy" where a recycling-oriented economy is established through business activities and "3R + Renewable" listed as a basic principle in Japan's Resource Circulation Strategy for Plastics in May 2019 have gained attention in recent years, and industries involved in treating and recycling waste are becoming as important as industries involved in making and selling products. The business climate looks favorable for the Company.

## Characteristics and strengths of integrated treatment system of collection/transportation, intermediate treatment, and final disposal

### 2. Features, strengths, and business units

As a characteristic and strength of the Company, it has built an integrated treatment system that undertakes processes from collection and transportation to intermediate treatment, and final disposal made possible by the Group owning a variety of facilities, whereas most companies in the same industry are either collection and transportation only or intermediate treatment only. As a result, the Company's earnings structure is extremely profitable. Dischargers, which are the Company's customers, can contract waste processing to the Company with full confidence and with no concerns about inappropriate treatment, etc., in the process of waste treatment. Moreover, integrated treatment within the Group creates Group synergies like lower costs at intermediate treatment facilities.

Turning to the Group's business units, MIDAC's Head Office Business Office handles the intermediate treatment, collection, and transportation of sludge and waste liquids, the Toyohashi Business Office offers waste product pulverizing and sorting as well as sludge sorting and kneading, the Fujinomiya Business Office incinerates various types of waste, the Enshu Clean Center (Hamamatsu City, Shizuoka Prefecture) provides controlled landfill sites, the Hamanako Clean Center (Hamamatsu City, Shizuoka Prefecture) is a stable landfill site, and Okuyama-No-Mori Clean Center (Hamamatsu City, Shizuoka Prefecture) is a controlled landfill site. In addition, SANKO handles concrete solidification of sludge, etc.—an intermediate treatment—at the Kasugai Business Office and an intermediate treatment for sludge and waste fluids at the Seki Business Office, MIDAC KONAN crushes and sorts solid waste, ENSHU CRUSHED STONE crushes stone, and MIDAC LINER and FRIEND SANITARY handle collection and transportation of general waste. The Company's operating base is in Hamamatsu City, Shizuoka Prefecture, which is roughly in the middle of the so-called Pacific Belt where waste discharge is substantial, and its service area extends from east to west from the Kanto area to the Chubu area, which is another characteristic and strength.

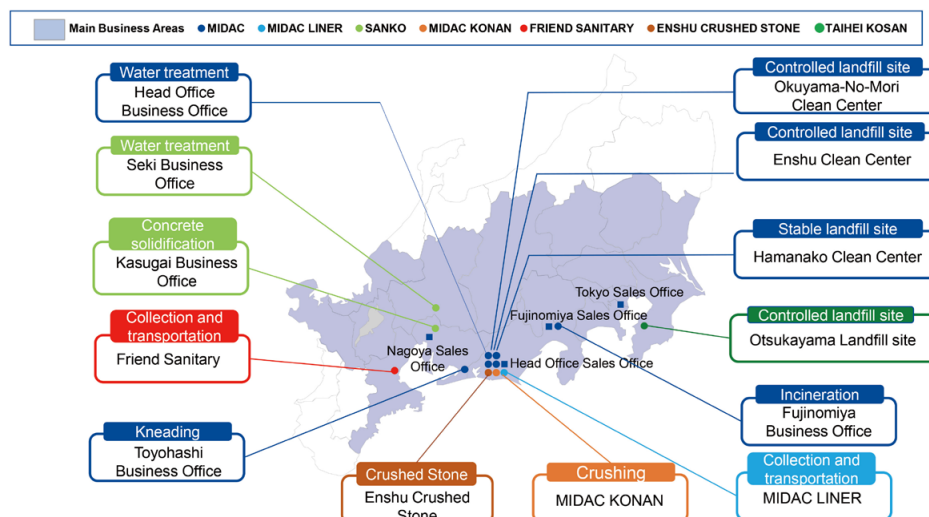
Regarding Okuyama-No-Mori Clean Center, it was licensed and began operations in February 2022, and now the second to fourth phases of construction are underway. The second to fourth phases are scheduled to launch operations in September 2026. Also, in June 2024, the Company received permission to make changes to the industrial waste facility from Hamamatsu City for a plan to increase the landfill capacity of the controlled landfill site of the Enshu Clean Center. In July 2024, the Company acquired license for establishing industrial waste processing facility from Hamamatsu City for a new water treatment facility of MIDAC (Miyakoda Techno Plant, scheduled to start operation in April 2026 or thereafter). In February 2025, the Company received permission to make changes to the industrial waste facility for a plan to increase the landfill capacity of the stable landfill site of the Hamanako Clean Center. In April 2025, construction was completed to increase the landfill capacity of the Enshu Clean Center's controlled landfill site, and the license to perform industrial waste disposal was renewed. In April 2025, the Company made TAIHEIKOUSAN a subsidiary, adding a controlled landfill site in the Kanto region (Mt. Ohtsuka landfill disposal site in Chiba Prefecture, opened in 1985) to the Group's business units. Regarding the MIDAC Kurematsu Business Office, the solid waste crushing business has been integrated into MIDAC KONAN to improve efficiency.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

## Business overview

### About MIDAC Group: List of business units



Source: The Company's results briefing materials

## Net sales and operating profit from the waste treatment business increasing. Operating profit margin also on the upswing

### 3. Trends by segment

Looking at segment net sales, operating profit, and operating profit margins for the past six fiscal years (FY3/20 to FY3/25), the mainstay waste treatment business has seen increases in net sales and operating profit. In addition, the operating profit margin is on the upswing, increasing 13.5pp from 42.1% in FY3/20 to 55.6% in FY3/25. This is mainly due to an increased share of sales from profitable operations such as incineration (intermediate treatment) and final disposal, along with the steady increase in the volume of waste accepted mainly at the Okuyama-No-Mori Clean Center, which was licensed and began operations in February 2022. In the collection and transportation business, net sales and operating profit have expanded rapidly (net sales in FY3/25 increased 2.8 times from FY3/23 to ¥2,023mn, and operating profit increased 5.5 times to ¥529mn), and operating profit margins have risen sharply since FY3/24. This is mainly because FRIEND SANITARY, which became a subsidiary in September 2023 (consolidated on the income statement from 3Q FY3/24), focuses on the highly profitable human waste collection and transportation business. As a result, the operating profit margin on a consolidated basis rose 12.9pp from 28.7% in FY3/20 to 41.6% in FY3/25. This extremely profitable earnings structure is also one of the Company's features.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

**10-Sep.-2025**  
<https://www.midac.jp/en/ir/>

## Business overview

### Trends by segment

	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
(¥mn)						
Consolidated net sales	5,213	5,701	6,381	7,771	9,547	10,905
Waste treatment	4,546	4,975	5,724	7,202	8,445	8,902
Collection and transportation	714	756	701	719	1,314	2,023
Intermediary management	323	381	422	137	148	158
Total	5,584	6,113	6,848	8,059	9,908	11,084
Other	-	-	-	-	25	217
Adjustments	-370	-412	-467	-287	-386	-395
Consolidated operating profit	1,495	1,883	2,264	2,755	3,538	4,534
Waste treatment	1,916	2,162	2,715	3,586	4,508	4,951
Collection and transportation	92	163	115	96	220	529
Intermediary management	130	178	173	79	94	91
Total	2,138	2,504	3,004	3,762	4,823	5,572
Other	-	-	-	-	-29	82
Adjustments	-643	-620	-739	-1,006	-1,255	-1,120
Consolidated operating profit margin	28.7%	33.0%	35.5%	35.5%	37.1%	41.6%
Waste treatment	42.1%	43.5%	47.4%	49.8%	53.4%	55.6%
Collection and transportation	12.9%	21.6%	16.4%	13.4%	16.7%	26.1%
Intermediary management	40.2%	46.7%	41.0%	57.7%	63.5%	57.6%

Note: Operating profit margin for each segment is before consolidation adjustments.  
Source: Prepared by FISCO from the Company's financial results

## Strengthen governance against regulatory risk; low risk from market competition

### 4. Risk factors and issues and measures in response to them

Typical risks faced by the waste treatment industry include legal regulations, development of landfill sites, change in waste discharge due to changing economic conditions, and intensified market competition. Regarding regulations, there is the Waste Management and Public Cleansing Act and other related regulations, but the Company is working to maintain compliance by strengthening overall Group governance so that it does not receive an order to suspend operations or other punishment such as a license being revoked. Regarding landfill sites, when the prescribed volume fills up the site, operations come to an end, but to develop a new landfill site, it takes a process of prior discussions with the municipality, land selection and acquisition, an environmental assessment survey, presentations to local residents and more before the municipality grants the license and construction can begin. It takes a considerable amount of time, so new landfill site development plans are promoted in line with medium- to long-term business plans.

There has been no major change in waste discharge in recent years, and going forward a fixed amount of waste continues to be expected. With regard to market competition, the Group has built an integrated treatment system and maintains a competitive advantage over other operators in the industry, which tend to be relatively small and are only involved in the collection and transportation business or in the intermediate treatment business. FISCO believes there is low risk its financial results will deteriorate due to competition intensifying.

## Results trends

### FY3/25 net sales and profits up sharply, growth, beating upwardly revised forecasts

#### 1. Summary of consolidated financial results for FY3/25

Consolidated financial results for FY3/25 were net sales of ¥10,905mn, up 14.2% YoY, operating profit of ¥4,534mn, up 28.1% YoY, ordinary profit of ¥4,450mn, up 31.8%, and profit attributable to owners of parent of ¥2,862mn, up 50.1%. Net sales and profits came in well above the Company's previous forecasts (upwardly revised forecasts on February 14, 2025 for net sales of ¥10,690mn, operating profit of ¥4,415mn, ordinary profit of ¥4,323mn, and profit attributable to owners of parent of ¥2,777mn). In addition to a steady increase in the volume of waste delivered to Okuyama-No-Mori Clean Center in the waste treatment business on the back of strong landfill demand, this reflects a contribution from a full-year of consolidated earnings from FRIEND SANITARY in the collection and transportation business.

Gross profit increased 16.4% YoY, and the gross margin rose 1.2pp to 62.6%. Although there was a one-time negative factor of lower capacity utilization due to large-scale regular repairs for incineration facilities, the expansion of profitable final disposal and a full-year of consolidated earnings from FRIEND SANITARY contributed to the increase. SG&A expenses declined 1.5% YoY, reflecting benefits from improved business efficiency and cost curbs, and the SG&A expense ratio fell 3.3pp YoY to 21.0%. As a result, the operating profit margin rose 4.5pp YoY to 41.6%, and the ordinary profit margin rose 5.4pp YoY to 40.8%, marking even higher profitability. Capital investment increased ¥1,023mn to ¥3,480mn, and depreciation and amortization (including goodwill amortization) to rise ¥50mn to ¥979mn.

#### Summary of consolidated financial results for FY3/25

	FY3/24		FY3/25		YoY		Previous forecast amount	Change from previous forecast	
	Results	% of net sales	Results	% of net sales	Amount	Change (%)		Amount	Attainment rate
Net sales	9,547	100.0%	10,905	100.0%	1,358	14.2%	10,690	215	102.0%
Gross profit	5,862	61.4%	6,824	62.6%	962	16.4%	6,715	109	101.6%
SG&A expenses	2,323	24.3%	2,289	21.0%	-34	-1.5%	2,300	-11	99.5%
Operating profit	3,538	37.1%	4,534	41.6%	996	28.1%	4,415	119	102.7%
Ordinary profit	3,377	35.4%	4,450	40.8%	1,073	31.8%	4,323	127	102.9%
Profit attributable to owners of parent	1,907	20.0%	2,862	26.2%	955	50.1%	2,777	85	103.1%

Note: Previous forecasts revised upwardly on February 14, 2025

Source: Prepared by FISCO from the Company's financial results

## Waste treatment business steadily expanding, collection and transportation business growing sharply with help from M&A

### 2. Trends by segment

Looking by segment (net sales include internal net sales and transfers; operating profit is prior to adjustments and eliminations), the waste treatment business's net sales rose 5.4% YoY to ¥8,902mn and operating profit increased 9.8% YoY to ¥4,951mn. So both net sales and profit grew steadily, and the operating profit margin rose 2.2pp YoY. Despite impact from large-scale regular repairs for incineration facilities, final disposal was strong as the amount of waste accepted rose, mainly at Okuyama-No-Mori Clean Center. In addition, there was a contribution from large one-off projects in water treatment and other factors. For the collection and transportation business, net sales grew 54.0% to ¥2,023mn and operating profit rose 140.5% to ¥529mn. The operating profit margin rose 9.4pp YoY, reflecting significant net sales and profit growth. A full-year of earnings from FRIEND SANITARY (newly consolidated on the income statement from 3Q FY3/24) contributed to the increase. For the intermediary management business, net sales increased 6.8% to ¥158mn and operating profit decreased 3.2% to ¥91mn. Although slightly down, sales were generally favorable as the Company strengthened its sales efforts with an eye to improving delivery efficiency and profitability. As for the other segment, net sales were ¥217mn, which was ¥25mn in the previous fiscal year, and operating profit was ¥82mn (loss of ¥29mn). Performance of the surplus soil disposal business of ENSHU CRUSHED STONE, which was newly consolidated on the income statement from 3Q FY3/24, was solid.

According to the Company's materials, the ¥1,358mn YoY increase in net sales breaks down by business as an increase of ¥40mn in water treatment, a decrease of ¥28mn in incineration treatment reflecting impact from large-scale regular repairs, an increase of ¥509mn in final disposal on growth in the volume of waste accepted, mainly at Okuyama-No-Mori Clean Center, a decrease of ¥65mn in other waste treatment, an increase of ¥708mn in collection and transportation reflecting benefits of a full-year of consolidated earnings from FRIEND SANITARY, an increase of ¥10mn in intermediary management, an increase of ¥191mn in other reflecting a full-year of consolidated earnings from ENSHU CRUSHED STONE, and a decrease of ¥9mn in adjustments. The ¥996mn YoY increase in operating profit breaks down by business as an increase of ¥38mn in water treatment, a decrease of ¥137mn in incineration treatment reflecting impact from large-scale regular repairs, an increase of ¥454mn in final disposal on growth in the volume of waste accepted, an increase of ¥88mn in other waste treatment, as the effect of disposal site decommissioning work for the Kurematsu Business Office booked in the previous fiscal year has run its course, an increase of ¥308mn in collection and transportation reflecting benefits of a full-year of earnings from FRIEND SANITARY's consolidation, a decrease of ¥3mn in intermediary management, an increase of ¥111mn in other reflecting a full-year of earnings from ENSHU CRUSHED STONE's consolidation, and an increase of ¥136mn in adjustments.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

# Results trends

## Overview of FY3/25 results by segment

(¥mn)

	FY3/24		FY3/25		YoY	
	Results	% of net sales	Results	% of net sales	Amount	Change (%)
<b>Net sales by segment</b>						
Waste treatment	8,445	85.2%	8,902	80.3%	457	5.4%
Collection and transportation	1,314	13.3%	2,023	18.3%	709	54.0%
Intermediary management	148	1.5%	158	1.4%	10	6.8%
Total	9,908	100.0%	11,084	100.0%	1,176	11.9%
Other	25	-	217	-	-	-
Adjustments	-386	-	-395	-	-	-
<b>Operating profit by segment</b>						
Waste treatment	4,508	53.4%	4,951	55.6%	443	9.8%
Collection and transportation	220	16.7%	529	26.1%	309	140.5%
Intermediary management	94	63.5%	91	57.6%	-3	-3.2%
Total	4,823	48.7%	5,572	50.3%	749	15.5%
Other	-29	-	82	37.8%	-	-
Adjustments	-1,255	-	-1,120	-	-	-

Notes 1: Segment net sales are a percentage of total before adjustments.

Notes 2: Segment operating profit margin is operating profit as a percentage of the segment's net sales.

Source: Prepared by FISCO from the Company's financial results

## Maintaining financial soundness

### 3. Financial condition

Looking at financials, total assets at the end of FY3/25 increased ¥1,591mn compared to the end of the previous fiscal year to ¥28,492mn. In current assets, cash and deposits decreased ¥672mn. Meanwhile, in non-current assets, land increased ¥649mn and construction in progress increased ¥2,123mn under property, plant and equipment due to investment in a new water treatment facility. Total liabilities decreased ¥1,071mn to ¥13,040mn. Whereas long-term borrowings increased ¥1,688mn in non-current liabilities, short-term borrowings decreased ¥2,800mn in current liabilities. Short-term borrowings pertaining to M&A were converted to long-term borrowings. Interest-bearing debt (total of long-term borrowings and bonds) decreased ¥1,134mn to ¥9,323mn. Net assets increased ¥2,663mn to ¥15,452mn. Retained earnings rose ¥2,641mn. As a result, the equity ratio increased 6.7pp to 54.1%.

Although the balance of interest-bearing debt seems slightly excessive, building a platform for growth through M&A and capital investment is seen as essential in the Company's case. Furthermore, we at FISCO believe the Company remains financially sound, considering its abundance of cash and deposits from steady operating cash flow, and an increase in the equity ratio due to accumulation of profit.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

**10-Sep.-2025**  
<https://www.midac.jp/en/ir/>

# Results trends

## Balance sheet and statements of cash flows (summarized version)

	End of FY3/21	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	Change
(¥mn)						
Total assets	14,222	20,040	21,607	26,901	28,492	1,591
Current assets	5,327	7,129	7,833	10,436	9,605	-830
Non-current assets	8,894	12,910	13,773	16,465	18,887	2,422
Total liabilities	8,699	10,503	10,623	14,111	13,040	-1,071
Current liabilities	6,147	7,450	3,929	6,811	3,993	-2,818
Non-current liabilities	2,551	3,053	6,693	7,299	9,047	1,748
Total net assets	5,522	9,536	10,983	12,789	15,452	2,663
Shareholders' equity	5,520	9,529	10,965	12,758	15,413	2,655
Equity ratio	38.8%	47.6%	50.7%	47.4%	54.1%	6.7pp

	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Cash flows from operating activities	1,773	1,807	2,849	2,653	4,174
Cash flows from investing activities	-2,063	-3,908	-2,243	-2,845	-3,470
Cash flows from financing activities	827	3,700	39	2,263	-1,376
Cash and cash equivalents at end of period	4,293	5,894	6,540	8,611	7,939

Source: Prepared by FISCO from the Company's financial results and results briefing materials

## Outlook

### Forecast for net sales and profits rising to consecutive record highs in FY3/26

#### ● Summary of the FY3/26 consolidated results forecasts

For FY3/26 consolidated results forecasts, the Company forecasts net sales will rise 6.5% YoY to ¥11,617mn, operating profit grow 5.7% to ¥4,792mn, ordinary profit increase 5.6% to ¥4,700mn, and profit attributable to owners of parent grow 2.4% to ¥2,930mn. It envisions net sales and profits rising to record highs, maintaining a trend of profit growth. This is driven by an increase in the waste volume handled by Okuyama-No-Mori Clean Center. The Company expects the gross margin to rise 0.6pp due to an increased share of final disposal and other factors, but the SG&A expense ratio to rise 0.9pp due to higher personnel expenses. As a result, the Company forecasts an operating profit margin of 41.2%, down 0.4pp. It expects capital investment to increase ¥4,470mn to ¥7,950mn, and depreciation and amortization (including goodwill amortization) to decrease ¥32mn to ¥947mn. In addition to investing in the development of new waste treatment facilities (the second to fourth phases of construction for Okuyama-No-Mori Clean Center), the Company plans to make capital investments in a new water treatment facility (Miyakoda Techno Plant) and existing landfill sites. The Company is reviewing the impact of TAIHEIKOUSAN, which became a consolidated subsidiary in April 2025, on the results, but the Company does not currently expect any extraordinary gains as it plans to revalue its assets based on fair value in the future.



**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

## Outlook

### Summary of FY3/26 consolidated results forecasts

	FY3/25		FY3/26		YoY		1H forecasts	2H forecasts
	Results	% of net sales	Forecast	% of net sales	Amount	Change (%)		
Net sales	10,905	100.0%	11,617	100.0%	712	6.5%	5,547	6,070
Gross profit	6,824	62.6%	7,338	63.2%	514	7.5%	-	-
SG&A expenses	2,289	21.0%	2,546	21.9%	257	11.2%	-	-
Operating profit	4,534	41.6%	4,792	41.2%	258	5.7%	2,020	2,772
Ordinary profit	4,450	40.8%	4,700	40.5%	250	5.6%	1,974	2,726
Profit attributable to owners of parent	2,862	26.2%	2,930	25.2%	68	2.4%	1,188	1,742

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Looking at forecasts on a half-year basis, the Company forecasts 1H FY3/26 net sales of ¥5,547mn, operating profit of ¥2,020mn, ordinary profit of ¥1,974mn, and profit attributable to owners of parent of ¥1,188mn. For 2H, the Company forecasts net sales of ¥6,070mn, operating profit of ¥2,772mn, ordinary profit of ¥2,726mn, and profit attributable to owners of parent of ¥1,742mn. These are weighted towards 2H, given generally lower earnings in 1H due to seasonal factors in relation to the number of operating days. Although the growth rate for FY3/26 will be slower than in the previous fiscal year as the effect of a full-year consolidated earnings from FRIEND SANITARY will run its course, we at FISCO believe the Company's favorable performance can be continuously expected, considering the volume of waste accepted for highly profitable final disposal is heading up—mainly at Okuyama-No-Mori Clean Center, and the impact from large-scale regular repairs for incineration facilities in the previous fiscal year will run its course.

## Growth strategy

### Aims to expand business while maintaining high profit margins

#### 1. Long-term vision “Challenge 80th” and the first medium-term plan, focused on the foundation-building stage

In April 2022, the company celebrated its 70th anniversary, and in June of the same year, it formulated “Challenge 80th,” a 10-year vision for the MIDAC Group, in order to realize the vision it should aim for on its 80th anniversary in 2032. To fulfill Challenge 80th, the Company created the first of two medium-term plans, each of which will last five years. As a basic strategy, the Company will aim to become a true leader in the industry by promoting its evolution into one of the industry's leading comprehensive waste processing companies. To accomplish this, the first medium-term plan (FY3/23 to FY3/27) is the stage of building a foundation to accelerate growth, while the second medium-term plan (FY3/28 to FY3/32) is positioned as the stage to establish an industry-leading position through accelerating growth. Results targets for FY3/27, the final year of the first medium-term plan, (organic growth excluding M&A), are net sales of ¥10.0bn, and ordinary profit of ¥5.0bn. For FY3/32, the final year of Challenge 80th (including M&A), the targets are net sales of ¥40.0bn and ordinary profit of ¥12.0bn.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

#### Growth strategy

The business strategy is to promote growth investment through both organic and M&A investment, and to expand business areas while pursuing the Company's strengths. It plans to increase its scale while maintaining a high profit margin through active expansion in the Kanto area, which is a particularly large market. As a key strategy, the Company expands the advantage of final disposal (acquisition of licenses for landfill sites through organic investment, the Company's unique supportive M&A investment, etc.), which is positioned as a core business, enhances intermediate treatment facilities (incineration, water treatment, etc.), and strengthens the horizontal deployment of collection and transportation, to comprehensively strengthen its integrated treatment system (collection/transportation, intermediate treatment, and final disposal), which is the foundation of the Group's strength.

Regarding acquisition of licenses for landfill sites to expand the advantage of final disposal, the Company will promote investing in increased volume and longer service lives at existing sites since the acquisition of licenses for landfill sites require considerable time. The Company will also select multiple candidate sites for facilities while simultaneously promoting plans with the aim of acquiring licenses for facility establishment at an early date and further expansion of the business. In June 2025, the Company disclosed the progress of plans for two controlled landfill sites in eastern Japan, in Koriyama City, Fukushima Prefecture (with a landfill capacity of 1.61mn m<sup>3</sup> and a landfill period of approximately 17 years) and in Nasu Shiobara City, Tochigi Prefecture (with a landfill capacity of approximately 2.30mn m<sup>3</sup> and a landfill period of approximately 20 years). The company also disclosed a plan for Misato Town, Ochi-gun, Shimane Prefecture, as its first controlled landfill site in western Japan (approximately 4.00mn m<sup>3</sup>, approximately 20 years, one of the largest landfill sites in the Chugoku region). Together with the controlled landfill site (Futtsu City, Chiba Prefecture, in operation since 1985, approx. 3.03mn m<sup>3</sup>) of TAIHEIKOUSAN, which became a subsidiary in April 2025, these sites will significantly increase the treatment capacity of the Group's landfill sites. The Company is moving to obtain licenses for new business units in the Tohoku, Kanto, and western Japan areas in order to expand its business areas, and the progress of its growth investment is on track.

#### Expanding advantage of final disposal

### We are steadily working to expand our area of operations through growth investments

We are looking to accelerate the expansion of our operational footprint through "support-oriented M&As" in an aim to greatly expand the waste treatment capacity of our landfill sites over the mid- to long-term



Source: The Company's progress of the medium-term plans to fulfill Challenge 80th

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

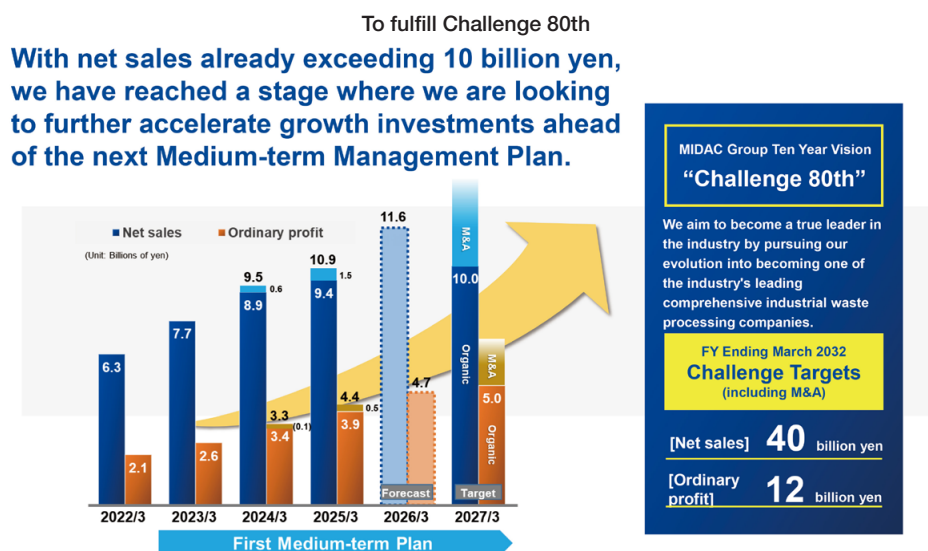
10-Sep.-2025  
<https://www.midac.jp/en/ir/>

### Growth strategy

In addition, regarding development plans for intermediate treatment facilities, it acquired a new site for incineration facilities in Kumagaya City, Saitama Prefecture in March 2022. MIDAC also plans to start operation of a new water treatment facility in Hamamatsu City, Shizuoka Prefecture (Miyakoda Techno Plant) in April 2026 or later to expand treatment capacity and address its aging existing water treatment facilities. It acquired a license for establishing an industrial waste processing facility from Hamamatsu City in July 2024. Treatment capacity will be roughly five times that of its existing facility at the Head Office Business Office.

Regarding M&A, the Company has executed three M&As since April 2022, when the first medium-term plan started (ENSHU CRUSHED STONE in July 2023, FRIEND SANITARY in September 2023, and TAIHEIKOUSAN in April 2025). The Company promotes unique supportive M&A based on its extensive experience and results, including expertise in the appropriate operation of landfill sites, operation of intermediate treatment facilities to reduce the burden on landfill sites, capital support through a stable financial base, and stable business continuity support through appropriate post-M&A integration processes (PMI). ENSHU CRUSHED STONE will accept the disposal of surplus soil discharged from the second to fourth phases of construction at Okuyama-No-Mori Clean Center (Hamamatsu City, Shizuoka Prefecture) to handle the task in-house within the Group, thereby strengthening ties within the Group and increasing earnings. FRIEND SANITARY was made a subsidiary in order to expand the business areas and improve profitability of the general waste collection and transportation business.

As for the progress of the first medium-term plan in terms of results, as of FY3/25, the Company generated net sales of 9.4bn and ordinary profit of ¥3.9bn by organic growth alone, and net sales of ¥10.9bn and ordinary profit of ¥4.4bn as consolidated financial results including M&A. For FY3/26 consolidated results forecasts including M&A, the Company forecasts net sales of ¥11.6bn and ordinary profit of ¥4.7bn. The Company is well on track to reach its targets for FY3/27, the final year of the first medium-term plan, of net sales of ¥10.0bn and ordinary profit of ¥5.0bn by organic growth alone.



Source: The Company's progress of the medium-term plans to fulfill Challenge 80th

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

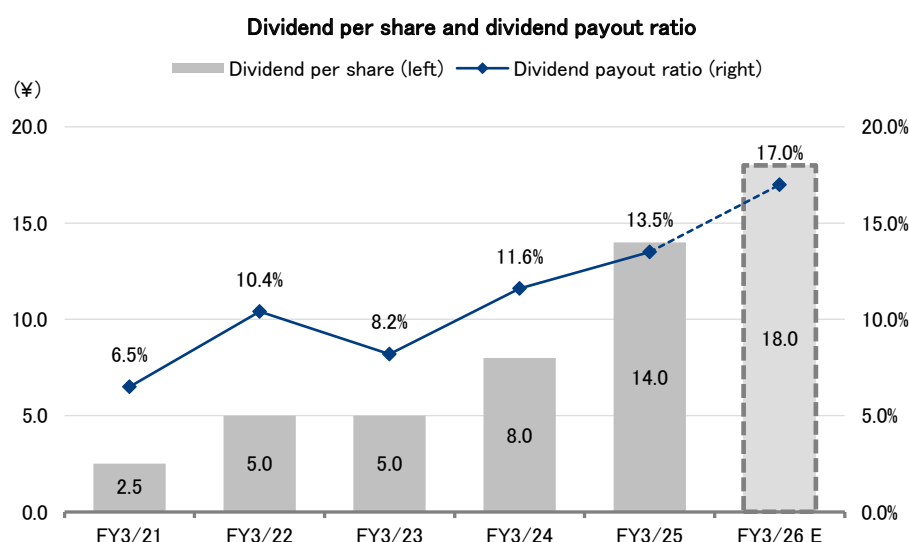
### Growth strategy

In June 2025, the Company disclosed measures to realize management that takes into account cost of capital and the share price. The Company reports its latest analysis shows the Group's cost of capital is around 7% to 9%. Return on equity (ROE) has consistently exceeded this level for the last five years, and it has continuously maintained its target ROE level of 15%. Also, over the same period, the price-to-book value (P/B) ratio has improved YoY. In terms of future measures, the Company will implement various steps to increase return on capital (ROC) and ensure ROE is consistently higher than cost of capital. This will include steadily working to achieve the targets of the first medium-term plan, continuously returning profits to shareholders and actively engaging in investor relations activities.

## Continuing to pay a stable dividend for shareholder returns

### 2. Shareholder return policy

Regarding returning profits to shareholders, the Company's basic policy is to continue to pay a stable dividend while strengthening its management base and financial position. With respect to internal reserves, they are to be used effectively to strengthen the management base and for investments to further expand the scope of business into the future. Based on this basic policy, the dividend for FY3/25 is ¥14.00 (lump sum year-end dividend), an increase of ¥6.00 YoY. The Company has consecutively increased its dividends to a payout ratio of 13.5%. The dividend forecast for FY3/26 is ¥18.00 (lump sum year-end dividend), an increase of ¥4.00. The forecast is for three consecutive dividend increases and a payout ratio of 17.0%. Going forward, we at FISCO believe the Company can be expected to further enhance shareholder returns as its results expand.



Notes 1: A 2-for-1 stock split was conducted on July 1, 2021, so figures for FY3/21 have been retroactively revised.

Notes 2: FY3/22 includes a regular dividend of ¥2.50 and a special 70th anniversary dividend of ¥2.50.

Source: Prepared by FISCO from the Company's financial results

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

10-Sep.-2025  
<https://www.midac.jp/en/ir/>

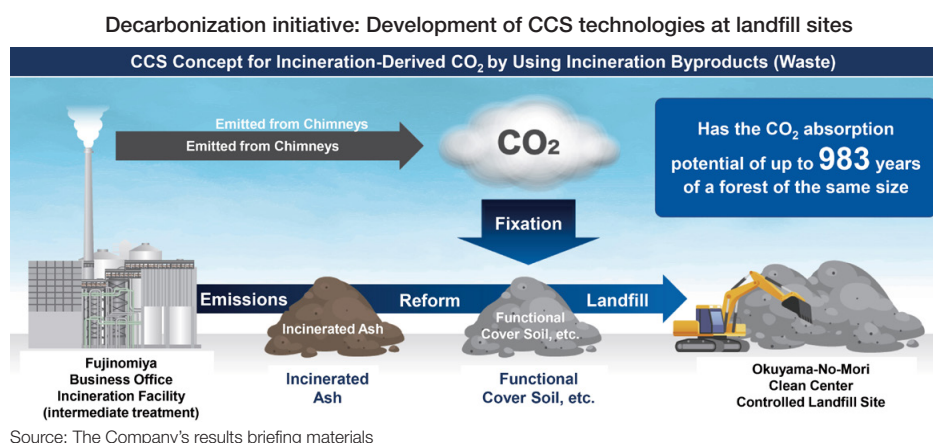
Growth strategy

## Strengthening initiatives to establish a recycling-oriented society

### 3. Sustainability management

Regarding sustainability management, the Company not only contributes to protecting the natural environment by reducing and de-toxifying waste through its business activities, specifically waste treatment, but also established a Sustainability Committee in April 2022 to strengthen decarbonization initiatives, initiatives for a better workplace environment, contributions to local communities, and initiatives for regional revitalization.

An example of a decarbonization initiative is CO<sub>2</sub> capture and storage (CCS) technology for disposal sites being researched jointly with the Waseda University GeoLab (Prof. Hideo Komine). The technology solidifies CO<sub>2</sub> given off by waste incineration facilities in the functional covering or waste produced from soot and dust discharged as a byproduct of incineration and stores it in a landfill site.



In April 2023, MIDAC concluded a joint research contract with ALNUR Co., Ltd., a subsidiary of PATH Corporation <3840>, regarding carbon capture and utilization (CCU) technology involving the cultivation of microalgae for a decarbonized society. Algae cultivation is one technology being focused on as a method of solidifying CO<sub>2</sub> that has been captured from the exhaust gas of factories, etc. ALNUR's strength is that it possesses continuous cultivation technology for the generative algae fucoxanthin, a rare substance derived from microalgae. Collaborating with ALNUR, the goal is to accelerate technology for the mass production and stable supply of fucoxanthin through microalgae cultivation that uses CO<sub>2</sub> from incineration and reduces CO<sub>2</sub> emissions while maintaining economic viability.

In May 2024, the Company signed a basic agreement with Terrarem Group Co., Ltd., which is involved in resource recycling and the operation of resource recycling facilities. The agreement covers joint commercialization of resource recycling, including the establishment of a business scheme for the appropriate reuse and recycling of used solar panels. The lifespan of solar panels is estimated to be approximately 25–30 years, with around 800,000 tons of solar panels projected to be disposed of each year in the mid-2030s. By maximizing their respective strengths, MIDAC and Terrarem Group Co., Ltd. aim to build a sustainable, recycling-oriented society through the development of resource recycling technology and appropriate treatment. Also, subsidiary MIDAC KONAN introduced a solar panel aluminum frame/junction box separation system and started recycling solar panels. In November 2024, the Company signed a basic agreement with Chubu Recycle Co., Ltd. regarding joint commercialization of resource recycling business. Given growing momentum for autonomous and robust recycling systems like the circular economy, they will strive to establish a sustainable recycling-oriented society through the development of resource recycling technologies, appropriate treatment of waste, and more.

**MIDAC HOLDINGS Co., LTD.**  
6564 Tokyo Stock Exchange Prime Market

**10-Sep.-2025**  
<https://www.midac.jp/en/ir/>

#### Growth strategy

With regard to other initiatives (SDGs, governance, workplace environment improvements, contributions to local communities, etc.), in June 2022, the Company declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures. In September 2023, the Company established GREEN CIRCULAR FACTORY CO., LTD to build a strategic creative partnership with YAMADA HOLDINGS and invest in growth in recycling-based infrastructure.

Moreover, to create a better workplace environment, the Company has a flexible working hours system called the Midac Omoiari System, which is a system of annual paid leave that allows the individual employee to choose the days to take off based on their own circumstances and requests, and offers support for child-raising and nursing care and also support for female employees. For building good relationships with local communities, the Company enters into agreements with municipalities on processing disaster waste when large scale disasters like earthquakes occur, has started and manages a corporate YouTube channel introducing SDGs initiatives, introduced a MIDAC SDGs Support Team system, holds interactive recycling classes, plants vegetation and removes weeds at Kiga Station as a part of Tenhama Line: Flower Relay Project Linking People and Times, and supplies food products to the Children's Cafeteria.

## Highly profitable business model is commendable

### 4. FISCO's viewpoint

The Company's performance is on an expansionary trend. Profit margins are also on the rise, with both the operating and ordinary profit margins rising to the 40% level in FY3/25. The Company has successfully achieved its basic growth policy of business expansion and rising profitability. This can be attributed to its expansion of high-margin final disposal operations leveraging its integrated waste treatment system, and we highly commend the Company's business model for achieving these high profit margins. The industrial waste treatment sector has a somewhat bland reputation, but it also has significant medium- to long-term growth potential as a sector that plays a crucial role in realizing a sustainable society, establishing a recycling-oriented society, and achieving carbon neutrality by 2050 as part of the SDGs, by contributing to environmental conservation through waste volume reduction, detoxification, and so forth. Therefore, we are keen to continuously observe the progress of the first medium-term plan, which is positioned as a stage for building the foundation for growth acceleration.



## Disclaimer

FISCO Ltd. ("FISCO") offers stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Exchange, and Nikkei Inc.

This report is provided solely for the purpose of offering information and is not a solicitation of investment nor any other act or action.

FISCO has prepared and published this report based on information it deems reliable. However, FISCO does not warrant the accuracy, completeness, certainty, nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs, and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report was prepared at the request of the subject company, with information provided by the company through telephone interviews and other means, and with compensation from the company. Hypotheses, conclusions and all other content contained in this report are based on FISCO's analysis. The contents of this report are current as of the date of preparation and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text, data, and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers, and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report with an understanding and acceptance of the above points.

■ For inquiries, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: [support@fisco.co.jp](mailto:support@fisco.co.jp)