

COMPANY RESEARCH AND ANALYSIS REPORT

MIDAC HOLDINGS CO., LTD.

6564

Tokyo Stock Exchange Prime Market

9-Feb.-2026

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

MIDAC HOLDINGS CO., LTD.
6564 Tokyo Stock Exchange Prime Market

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<https://www.midac.jp/en/ir/>

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Summary

Promoting growth through both organic and M&A investment

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, the Company 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 for 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’s earnings structure is extremely profitable.

2. The Company achieved higher net sales and profits at the planned level in 1H FY3/26

Consolidated financial results for 1H FY3/26 (TAIHEI KOSAN CO., LTD* was consolidated on the income statement from 2Q) were net sales of ¥5,397mn, up 4.9% year on year (YoY), operating profit of ¥1,987mn, up 4.0%, ordinary profit of ¥1,975mn, up 6.3%, and profit attributable to owners of parent of ¥1,202mn, up 2.0%. The Company achieved higher net sales and profits, finishing at levels generally in line with the plan initially announced on May 15, 2025. In the core waste treatment business, the Company steadily increased the volume of waste consigned to Okuyama-No-Mori Clean Center, driven by the acquisition of new large-scale projects and a greater volume of transactions with existing clients. This growth offset temporary negative impacts, such as a reactionary decrease from spot projects at FRIEND SANITARY CO., LTD. and a reactionary decrease from surplus soil disposal business at ENSHU CRUSHED STONE. Operating profit margin declined slightly but remains at a high level.

| * TAIHEI KOSAN, headquartered in Chiyoda-ku, Tokyo, become a consolidated subsidiary in April 2025. |

Summary

3. Full-year forecasts for net sales and profits rising to record highs in FY3/26, maintaining a trend of profit growth

For FY3/26 full-year consolidated results forecasts, the Company maintained its initial plan, forecasting net sales to increase 6.5% YoY to ¥11,617mn, operating profit to increase 5.7% to ¥4,792mn, ordinary profit to increase 5.6% to ¥4,700mn, and profit attributable to owners of parent to increase 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, particularly at Okuyama-No-Mori Clean Center. Regarding TAIHEI KOSAN, the Company restricted reception of waste due to final disposal site construction, but resumed reception in November 2025. In 1H, progress rates were 46.5% for net sales, 41.5% for operating profit, 42.0% for ordinary profit, and 41.1% for profit attributable to owners of parent. These were rather low levels, but for the Company, they are initially weighted toward 2H, given generally lower earnings in 2Q due to seasonal factors in relation to the number of operating days. Considering that the 1H results were generally in line with the plan and that the volume of waste consigned for final disposal with high profitability is on an upward trend, FISCO believes that strong results can be expected.

4. Promoting growth investment through both organic and M&A investment

In June 2022, the Company established a 10-year vision, Challenge 80th, in which the first medium-term plan (FY3/23 to FY3/27) is positioned as 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 of establishing an industry-leading position through that accelerated growth. Results targets for FY3/27, the final year of the first medium-term plan (organic growth only and 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. In terms of progress as of FY3/25, the Company has generated net sales of ¥9,421mn and ordinary profit of ¥3,915mn by organic growth alone, and is well on its way to reaching its targets in FY3/27. The business strategy is to promote growth through both organic and M&A investment, and to expand business areas while pursuing the Company's strengths. The Company plans to increase its scale while maintaining a high profit margin through active expansion in the Kanto area, which is a particularly large market.

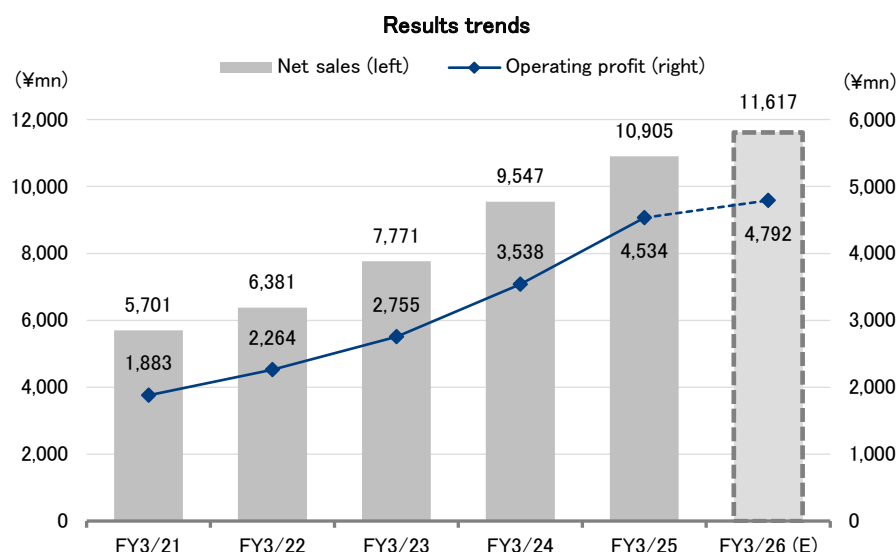
Key Points

- Characteristics and strengths of integrated treatment system for collection/transportation, intermediate treatment, and final disposal, and an extremely profitable earnings structure
- The Company achieved higher net sales and profits in line with its plan in 1H FY3/26
- Full-year forecast for net sales and profits rising to record highs in FY3/26, maintaining a trend of profit growth
- Promoting growth through both organic and M&A investment

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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, which symbolize 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 for waste dischargers, seeking to be an environment-creation group on the frontlines of these endeavors.

As of the end of 1H FY3/26, the Company has total assets on a consolidated basis of ¥37,349mn, net assets of ¥16,311mn, an equity ratio of 43.6%, shares outstanding of 27,773,500 shares (including 99,122 treasury shares), and 424 employees (including temporary workers). The Group consists 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; became a consolidated subsidiary in September 2023), ENSHU CRUSHED STONE (headquartered in Hamamatsu City, Shizuoka Prefecture; became a consolidated subsidiary in July 2023), and TAIHEI KOSAN; non-consolidated subsidiaries LOVE THY NEIGHBOR CO., LTD. (headquartered in Setagaya City, Tokyo) and 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%).

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Company profile

2. History

The forerunner to MIDAC HOLDINGS, KOJIMA SEISOSHA was founded in April 1952 to conduct general waste handling operations in Hamamatsu City, Shizuoka Prefecture. 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., then in September 2021 to MIDAC HOLDINGS. In April 2022, the Company transitioned to a holding company structure. The Company actively uses M&A to expand its business, and in recent years it made ENSHU CRUSHED STONE a wholly owned subsidiary in July 2023, FRIEND SANITARY a wholly owned subsidiary in September 2023, and TAIHEI KOSAN a wholly owned subsidiary in April 2025.

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

History

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

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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	Newly establishes final disposal business (Okuyama-No-Mori Clean Center) in 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	Okuyama-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 TAIHEI KOSAN CO., LTD. a wholly owned subsidiary

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

Business overview

Engaged in 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 cannot be used by its owner or sold for a fee to another party (this excludes radioactive substances and items exposed to such substances). It is broadly divided between industrial waste and general waste.

Industrial waste constitutes 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 waste, explosive, toxic, and infectious wastes are referred to as specially controlled industrial wastes.

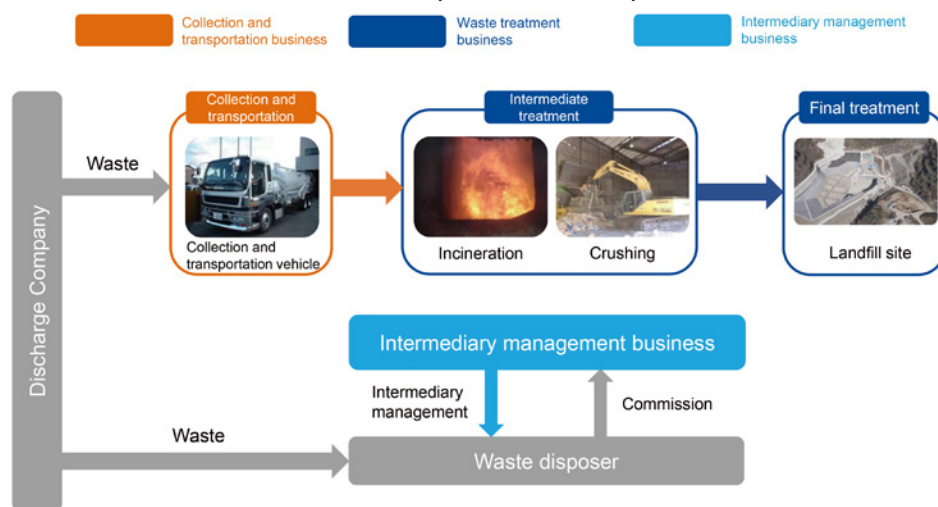
Business overview

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), and specially controlled general waste (parts that use PCB included in household waste, soot and dust gathered at dust collection facilities in 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 of 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 referring customers (dischargers) 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. 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

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 this structure with waste and storing the waste 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 their original state—for example, waste plastics or rubble), shielded landfill sites (landfill disposal sites that are filled with waste that includes toxic substances and are isolated from their 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; such 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). In 2023, the industry's market scale was estimated at ¥4.8315tn (source: Ministry of the Environment, "Report on the Market Size and Employment of the Environmental Industry (March 2025)"), an increase of about 20% from ¥4.0236tn in 2019. Japan's total industrial waste output was 365 million tons in fiscal 2023 (source: Ministry of the Environment, "Industrial Waste Discharge and Treatment Status (Preliminary Figures for FY2023)"). After falling below 400 million tons in fiscal 2009, the volume has shown a gradual downward trend due to progress in waste recycling (3Rs = reduce, reuse, recycle), but waste emissions are expected to continue at a certain level in the future.

Final disposal volume (source: Ministry of the Environment, "Industrial Waste Discharge and Treatment Status (Preliminary Figures for FY2023)") has remained at around 9 million tons since fiscal 2018. That volume has fallen compared with 14 million tons in fiscal 2010, but 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 general and industrial waste in fiscal 2030, and going forward, final disposal will be unavoidable and landfill sites will continue to be essential to society—a situation that is unlikely 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 m³ (shielded landfill sites 0.02mn m³, stable landfill sites 66.25mn m³, and controlled landfill sites 114.35mn m³) increased YoY by 3.04mn m³, or 1.7%. The number of remaining years (= remaining volume/final disposal volume) in Japan is 20.0 years. This number 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," which was 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. As such, the business climate appears favorable for the Company.

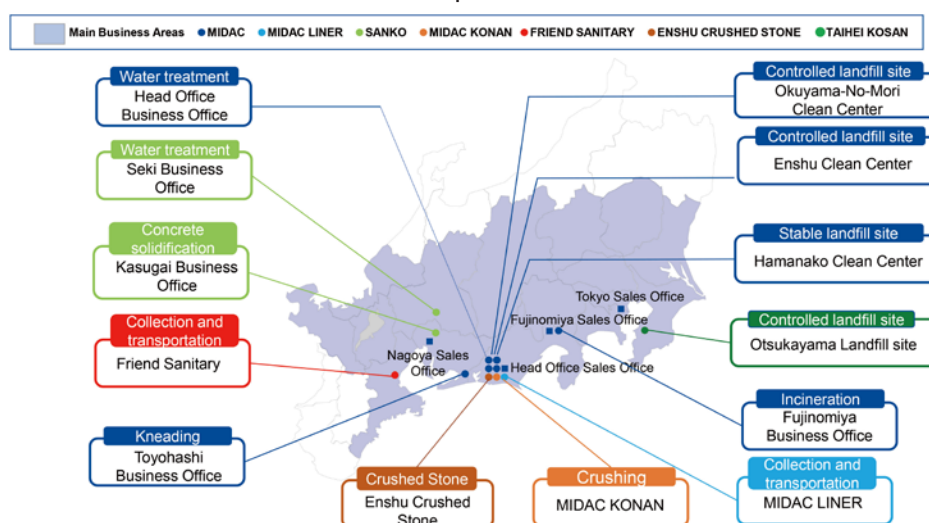
Characteristics and strengths of integrated treatment system for collection/transportation, intermediate treatment, and final disposal

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. These processes are 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 such as lower costs at intermediate treatment facilities.

Regarding 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 pulverizing and sorting of waste products as well as the sorting and kneading of sludge, etc.; 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 intermediate treatment of sludge and waste fluids at the Seki Business Office; MIDAC KONAN crushes, sorts, and reduces solid waste; ENSHU CRUSHED STONE crushes stone; and MIDAC LINER and FRIEND SANITARY handle collection and transportation. TAIHEI KOSAN also operates a controlled landfill site in Chiba Prefecture (Otsukayama Landfill site, opened in 1985). Another characteristic and strength of the Company is that its operating base is in Hamamatsu City, Shizuoka Prefecture—roughly in the middle of the so-called Pacific Belt, where waste discharge is substantial—and its service area extends east to west from the Kanto area to the Chubu area.

About MIDAC Group: List of business units



Source: The Company's results briefing materials

TAIHEI KOSAN continued to restrict reception of waste due to construction work at the third disposal site, seventh embankment section, but resumed reception in November 2025.

Business overview

Furthermore, in June 2024, the Company received permission from Hamamatsu City to make changes to its industrial waste processing facility in relation to a plan to increase the landfill capacity of the controlled landfill site at the Enshu Clean Center. In July 2024, the Company acquired a license from Hamamatsu City for MIDAC to establish an industrial waste processing facility in the form of a new water treatment facility (the Miyakoda Techno Plant, scheduled to start operation in April 2026 or thereafter). In February 2025, the Company received permission to make changes to an industrial waste facility in relation to a plan to increase the capacity of the stable landfill site at the Hamanako Clean Center. In April of the same year, construction to increase landfill capacity at the Enshu Clean Center's controlled landfill site was completed, and the license to perform industrial waste disposal was renewed. In July of the same year, construction to increase capacity at the Hamanako Clean Center's stable landfill site was completed, and the license to perform industrial waste disposal was renewed.

Net sales and operating profit from the waste treatment business increasing, operating profit margin also on the upswing

3. Trends by segment

Looking at trends over the past five fiscal years (FY3/21–FY3/25), the Company's mainstay waste treatment business has shown steady growth in both net sales and operating profit, with the operating profit margin also on an upward trend. Net sales increased approximately 1.8 times from ¥4,975mn in FY3/21 to ¥8,902mn in FY3/25, operating profit increased approximately 2.3 times from ¥2,162mn to ¥4,951mn, and the operating profit margin increased 12.1 percentage points (pp) from 43.5% to 55.6%. This is mainly due to the trend for increased sales from profitable operations such as incineration (intermediate treatment) and final disposal, along with a steady increase in the volume of waste accepted, particularly 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 increased rapidly since FY3/24 (net sales in FY3/25 increased 2.8 times from FY3/23 to ¥2,023mn, and operating profit increased 5.5 times to ¥529mn), while the operating profit margin also increased 26.2% in FY3/25. This is mainly because FRIEND SANITARY, which focuses on the highly profitable sewage collection and transportation business, became consolidated on the income statement from 3Q FY3/24. As a result, the operating profit margin on a consolidated basis rose 8.6pp from 33.0% in FY3/21 to 41.6% in FY3/25. This extremely profitable earnings structure is also characteristic of the Company.

In 1H FY3/26, the operating profit margin was 36.8% on a consolidated basis—52.0% for the waste treatment business, and 22.3% for the collection and transportation business. All figures declined compared to FY3/25 (full year), which was due to the waste treatment business imposing restrictions on reception of waste at TAIHEI KOSAN (consolidated on the income statement from 2Q FY3/26) because of final disposal site construction, and the collection and transportation business being affected by a reactionary decrease at FRIEND SANITARY from spot projects (sewage treatment-related construction) in the previous fiscal year.

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Business overview

Trends by segment

	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25	1H FY3/26
Consolidated net sales	5,701	6,381	7,771	9,547	10,905	5,397
Waste treatment	4,975	5,724	7,202	8,445	8,902	4,534
Collection and transportation	756	701	719	1,314	2,023	939
Intermediary management	381	422	137	148	158	89
Total	6,113	6,848	8,059	9,908	11,084	5,563
Other	-	-	-	25	217	31
Adjustments	-412	-467	-287	-386	-395	-197
Consolidated operating profit	1,883	2,264	2,755	3,538	4,534	1,987
Waste treatment	2,162	2,715	3,586	4,508	4,951	2,357
Collection and transportation	163	115	96	220	529	209
Intermediary management	178	173	79	94	91	53
Total	2,504	3,004	3,762	4,823	5,572	2,620
Other	-	-	-	-29	82	-28
Adjustments	-620	-739	-1,006	-1,255	-1,120	-604
Consolidated operating profit margin	33.0%	35.5%	35.5%	37.1%	41.6%	36.8%
Waste treatment	43.5%	47.4%	49.8%	53.4%	55.6%	52.0%
Collection and transportation	21.7%	16.5%	13.4%	16.8%	26.2%	22.3%
Intermediary management	46.6%	40.9%	57.8%	63.8%	57.3%	59.4%

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

Strengthening 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, changes in waste discharge volumes due to changing economic conditions, and intensified market competition. Regulations include the Waste Management and Public Cleansing Act and other related regulations, and 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 of waste fills a site, operations come to an end, but developing a new landfill site involves a process of prior discussions with the municipality, land selection and acquisition, an environmental assessment, presentations to local residents, and so on before the municipality grants the license and construction can begin. This takes a considerable amount of time, so the Company is promoting new landfill site development plans in line with its medium- to long-term business plans.

There has been no major change in waste discharge volumes in recent years, and a certain amount of waste is expected to continue in the future. 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. Taking these factors into account, FISCO believes there is only a small risk of a decline in the Company's results due to fluctuations in waste discharge volumes caused by economic cycles or intensified market competition.

Results trends

The Company achieved higher net sales and profits in line with its plan in 1H FY3/26

1. Summary of consolidated financial results for 1H FY3/26

Consolidated financial results for 1H FY3/26 (TAIHEI KOSAN was consolidated on the income statement from 2Q) were net sales of ¥5,397mn, up 4.9% YoY, operating profit of ¥1,987mn, up 4.0%, ordinary profit of ¥1,975mn, up 6.3%, and profit attributable to owners of parent of ¥1,202mn, up 2.0%. Net sales and profits increased generally in line with the plan (figures initially announced on May 15, 2025 were for 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). In the Company's mainstay waste treatment business, the volume of waste consigned—particularly to Okuyama-No-Mori Clean Center—steadily increased, driven by the acquisition of new large-scale projects and expansion of transactions with existing customers. This growth offset temporary negative impacts such as a reactionary decrease from spot projects at FRIEND SANITARY and a reactionary decline from surplus soil disposal business at ENSHU CRUSHED STONE.

Gross profit increased 7.2% YoY due to the expansion of highly profitable final disposal, and the gross profit margin rose 1.3pp to 60.6%. SG&A expenses increased 12.6% and the SG&A expense ratio increased 1.7pp to 23.8%. As a result, the operating profit margin declined 0.3pp to 36.8%, but remains at a high level. In addition to the increase in operating profit, ordinary profit was also boosted by a gain on sale of non-current assets in non-operating income, which increased ¥42mn (¥4mn in the same period of the previous fiscal year and ¥46mn in the current 1H). As a result, the ordinary profit ratio increased 0.5pp to 36.6%.

Summary of consolidated financial results for 1H FY3/26

	1H FY3/25		Plan	1H FY3/26		YoY		vs. plan	
	Results	% of net sales		Results	% of net sales	Amount	Change (%)	Amount	Attainment rate
Net sales	5,147	100.0%	5,547	5,397	100.0%	249	4.9%	-149	97.3%
Gross profit	3,049	59.3%	-	3,269	60.6%	219	7.2%	-	-
SG&A expenses	1,138	22.1%	-	1,282	23.8%	143	12.6%	-	-
Operating profit	1,911	37.1%	2,020	1,987	36.8%	75	4.0%	-32	98.4%
Ordinary profit	1,859	36.1%	1,974	1,975	36.6%	116	6.3%	1	100.1%
Profit attributable to owners of parent	1,179	22.9%	1,188	1,202	22.3%	23	2.0%	14	101.3%

Note: The plan is the initial forecast announced on May 15, 2025.
Source: Prepared by FISCO from the Company's financial results

Waste treatment business steadily expanding

2. Trends by segment

In the waste treatment business, net sales (including internal net sales and transfers) increased 9.5% YoY to ¥4,534mn and operating profit (prior to adjustments and eliminations) increased 13.5% to ¥2,357mn, resulting in both higher sales and profits, while the operating profit margin increased 1.9pp to 52.0%. In addition to a steady increase in the volume of waste consigned to final disposal sites, particularly at Okuyama-No-Mori Clean Center, the volume handled by intermediate treatment facilities also remained stable, offsetting the negative impact of restrictions on reception of waste due to construction work at the TAIHEI KOSAN final disposal site (with no net sales and only costs incurred in 2Q).

In the collection and transportation business, net sales decreased 3.6% YoY to ¥939mn and operating profit decreased 26.2% to ¥209mn, resulting in both lower net sales and profits. The operating profit margin decreased 6.9pp to 22.3%. This was due to the reactionary decrease from spot projects at FRIEND SANITARY in the previous fiscal year. Meanwhile, the number of contracts for MIDAC LINER increased due to new business development focused on restaurants. The intermediary management business performed steadily—for example, through the acquisition of large-scale projects—with net sales increasing 16.7% to ¥89mn and operating profit increasing 25.4% to ¥53mn, which resulted in higher net sales and profits. The operating profit margin increased 4.2pp to 59.4%. In the other business, net sales decreased 77.5% to ¥31mn, and operating loss recorded ¥28mn (compared to a profit of ¥72mn in the same period of the previous fiscal year). A decrease in the amount of surplus soil disposal business at ENSHU CRUSHED STONE, which had increased in the previous fiscal year due to the acceptance of surplus soil generated from the second to fourth phases of construction at Okuyama-No-Mori Clean Center, had a negative impact.

Overview of 1H FY3/26 results by segment

	1H FY3/25		1H FY3/26		YoY	
	Results	Composition ratio	Results	Composition ratio	Amount	Change (%)
Net sales by segment						
Waste treatment	4,142	79.8%	4,534	81.5%	391	9.5%
Collection and transportation	974	18.8%	939	16.9%	-34	-3.6%
Intermediary management	77	1.5%	89	1.6%	12	16.7%
Total	5,193	100.0%	5,563	100.0%	369	7.1%
Other	138	-	31	-	-107	-77.5%
Adjustments	-184	-	-197	-	-	-
Operating profit by segment						
Waste treatment	2,076	50.1%	2,357	52.0%	280	13.5%
Collection and transportation	284	29.2%	209	22.3%	-74	-26.2%
Intermediary management	42	55.2%	53	59.4%	10	25.4%
Total	2,403	46.3%	2,620	47.1%	217	9.0%
Other	72	-	-28	-	-	-
Adjustments	-563	-	-604	-	-	-

Notes 1: Segment net sales are a percentage of the 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

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Results trends

According to the Company's results briefing materials, the main factors behind the ¥249mn YoY increase in net sales were a decrease of ¥16mn in water treatment, an increase of ¥43mn in incineration treatment, an increase of ¥321mn in final disposal from steady growth in the volume of waste accepted, an increase of ¥43mn in other waste treatment, a decrease of ¥34mn in collection and transportation business due to a reactionary decrease from spot projects at FRIEND SANITARY, an increase of ¥12mn in intermediary management, a decrease of ¥107mn in other business due to a reactionary decrease from surplus soil treatment business at ENSHU CRUSHED STONE, and a decrease of ¥12mn in adjustments. The factors behind the ¥75mn increase in operating profit were as follows: Water treatment decreased ¥17mn due to lower net sales; incineration increased ¥108mn, partly due to a review of the regular repairs schedule; final disposal increased ¥160mn as the negative impact from TAIHEI KOSAN was offset by higher consignment volumes at existing final disposal sites; other waste disposal increased ¥28mn; collection and transportation decreased ¥74mn due to a reactionary decrease from spot projects; intermediary management increased ¥10mn; other business decreased ¥100mn due to a reactionary decrease from surplus soil disposal business; and adjustments decreased ¥41mn.

Maintaining financial soundness

3. Financial condition

Looking at financial aspects, total assets at the end of 1H FY3/26 increased ¥8,856mn compared to the end of the previous fiscal year to ¥37,349mn. Mainly due to investments in M&A, final disposal sites, and new water treatment facilities, cash and deposits decreased ¥1,463mn YoY, while final disposal sites (net) increased ¥5,222mn, land increased ¥325mn, construction in progress increased ¥738mn, goodwill increased ¥2,396mn, and investments and other assets increased ¥1,111mn. Total liabilities increased ¥7,997mn to ¥21,038mn. Primarily, provision for retirement benefits for directors (and other officers) decreased ¥758mn, while accounts payable increased ¥5,005mn and provisions for landfill site maintenance and management increased ¥3,374mn. Interest-bearing debt (total of long-term borrowings and bonds) decreased ¥483mn to ¥8,839mn. Net assets increased ¥859mn to ¥16,311mn. Primarily, retained earnings increased ¥815mn. As a result, the equity ratio decreased 10.5pp to 43.6%.

Although the equity ratio has significantly decreased, building a foundation for growth through M&A and capital investment is seen as essential for the Company. FISCO believes that taking into account the Company's plentiful cash and deposits from steady operating cash flow, it remains financially disciplined and sound.

Balance sheet and statements of cash flows (summarized version)

	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	End of 1H FY3/26	Change
(¥mn)						
Total assets	20,040	21,607	26,901	28,492	37,349	8,856
Current assets	7,129	7,833	10,436	9,605	8,635	-969
Non-current assets	12,910	13,773	16,465	18,887	28,714	9,826
Total liabilities	10,503	10,623	14,111	13,040	21,038	7,997
Current liabilities	7,450	3,929	6,811	3,993	8,988	4,995
Non-current liabilities	3,053	6,693	7,299	9,047	12,049	3,002
Total net assets	9,536	10,983	12,789	15,452	16,311	859
Shareholders' equity	9,529	10,965	12,758	15,413	16,269	855
Equity ratio	47.6%	50.7%	47.4%	54.1%	43.6%	-10.5pp

	FY3/22	FY3/23	FY3/24	FY3/25	1H FY3/26
Cash flows from operating activities	1,807	2,849	2,653	4,174	1,363
Cash flows from investing activities	-3,908	-2,243	-2,845	-3,470	-1,833
Cash flows from financing activities	3,700	39	2,263	-1,376	-909
Cash and cash equivalents at end of 1H	5,894	6,540	8,611	7,939	6,560

Source: Prepared by FISCO from the Company's financial results and half-yearly financial results

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Outlook

For full-year FY3/26, the Company maintains its initial plan and forecasts higher net sales and profits, with record highs expected for successive years

● Summary of the FY3/26 full-year consolidated results forecasts

For FY3/26 full-year consolidated results forecasts, the Company maintained its initial plan and forecasts that net sales will increase 6.5% YoY to ¥11,617mn, operating profit will increase 5.7% to ¥4,792mn, ordinary profit will increase 5.6% to ¥4,700mn, and profit attributable to owners of parent will increase 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, particularly at Okuyama-No-Mori Clean Center. Regarding TAIHEI KOSAN, which was consolidated on the income statement from 2Q, reception of waste was restricted due to final disposal site construction, but reception resumed in November 2025.

Summary of the FY3/26 full-year consolidated results forecasts

	FY3/25		FY3/26		YoY		1H		2H plan
	Results	% of net sales	Forecast	% of net sales	Amount	Change (%)	Results	Progress rate	
Net sales	10,905	100.0%	11,617	100.0%	712	6.5%	5,397	46.5%	6,070
Gross profit	6,824	62.6%	7,338	63.2%	514	7.5%	3,269	44.6%	-
SG&A expenses	2,289	21.0%	2,546	21.9%	257	11.2%	1,282	50.4%	-
Operating profit	4,534	41.6%	4,792	41.2%	258	5.7%	1,987	41.5%	2,772
Ordinary profit	4,450	40.8%	4,700	40.5%	250	5.6%	1,975	42.0%	2,726
Profit attributable to owners of parent	2,862	26.3%	2,930	25.2%	68	2.4%	1,202	41.1%	1,742

Note: The plan is the initial forecast announced on May 15, 2025.

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

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 at Okuyama-No-Mori Clean Center, etc.), the Company plans to make capital investments in a new water treatment facility (Miyakoda Techno Plant) and existing landfill sites.

Progress rates for 1H against the full-year forecasts are 46.5% for net sales, 41.5% for operating profit, 42.0% for ordinary profit, and 41.1% for profit attributable to owners of parent. Although the figures are somewhat low, the Company is subject to seasonal factors that result in a lower composition ratio for 2Q due to the number of operating days. As a result, the initial plan for the fiscal year is weighted toward 2H (the initial plan for 2H is 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). Considering that the 1H results were generally in line with the plan and that the volume of waste consigned for final disposal with high profitability is on an upward trend, FISCO believes that strong results can be expected.

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Growth strategy

Promoting growth through both organic and M&A investment

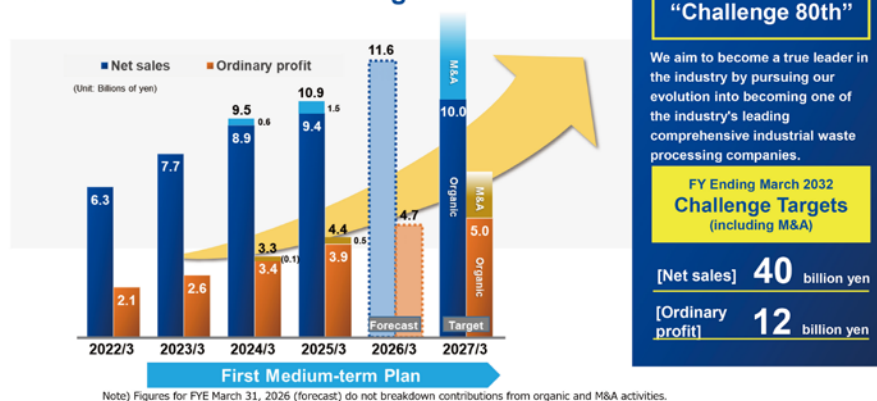
1. Long-term vision “Challenge 80th” and the first medium-term plan, focused on the foundation-building stage

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. This first medium-term plan runs from FY3/23 to FY3/27. 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 is positioned as the stage of building a foundation to accelerate growth, while the subsequent second medium-term plan (FY3/28 to FY3/32) is positioned as the stage of establishing an industry-leading position through that accelerated growth. Results targets for FY3/27, the final year of the first medium-term plan (organic growth only and 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.

As of FY3/25, the first medium-term plan is progressing steadily toward achieving the FY3/27 targets, with net sales from organic growth alone at ¥9,421mn and ordinary profit at ¥3,915mn (including M&A, consolidated net sales at ¥10,905mn and ordinary profit at ¥4,450mn).

Progress of the medium-term management plan (Challenge 80th)

With net sales already exceeding 10 billion yen, we have reached a stage where we are looking to further accelerate growth investments ahead of the next Medium-term Management Plan.



(Note) Figures for FYE March 31, 2026 (forecast) do not breakdown contributions from organic and M&A activities.

Source: The Company’s results briefing materials

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Growth strategy

The business strategy is to promote growth through both organic and M&A investment, and to expand business areas while pursuing the Company's strengths. The Company 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 will increase its advantage in 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, enhance intermediate treatment facilities (incineration, water treatment, etc.), and strengthen the horizontal deployment of collection and transportation business, with a view to comprehensively strengthening its integrated treatment system (collection/transportation, intermediate treatment, and final disposal), which is the foundation of the Group's strength.

Regarding the expansion of landfill sites to increase the Company's advantage in final disposal, because the acquisition of licenses for landfill sites requires considerable time, the Company will promote investment in increased volume and longer service lives at existing sites and the utilization of M&A. It will also select multiple candidate sites for facilities while simultaneously promoting its plans, with the aim of acquiring licenses for establishing facilities at an early stage and further expanding 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 m³ and a landfill period of approximately 17 years) and in Nasu Shiobara City, Tochigi Prefecture (with a landfill capacity of approximately 2.30mn m³ 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 m³ and a landfill period of approximately 20 years, making this one of the largest landfill sites in the Chugoku region).

The Company will significantly enhance the processing capacity of its final disposal sites as a group, including with the second to fourth phases of construction at the Okuyama-No-Mori Clean Center, expanded capacity at the Hamanako Clean Center and the Enshu Clean Center, and the controlled landfill site of TAIHEI KOSAN (Futtsu City, Chiba Prefecture, operational since 1985, with a capacity of approximately 3.03 million m³). 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 also on track.

Regarding development plans for intermediate treatment facilities, it acquired a new site for incineration facilities in Kumagaya City, Saitama Prefecture in November 2021. In July 2024, MIDAC acquired a license from Hamamatsu City, Shizuoka Prefecture for establishing an industrial waste processing facility in the city to expand treatment capacity and address the aging of its existing water treatment facilities. This will be the new water treatment facility, Miyakoda Techno Plant. The Company plans to open the new facility in April 2026 or later, and its processing capacity will be approximately five times that of the existing facility at the Head Office Business Office.

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Growth strategy

The Company has executed three M&As (ENSHU CRUSHED STONE in July 2023, FRIEND SANITARY in September 2023, and TAIHEI KOSAN in April 2025) since April 2022, when the first medium-term plan started. 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 during the second to fourth phases of construction at Okuyama-No-Mori Clean Center, handling the task within the Group and thereby strengthening its ties with the Group and increasing earnings. FRIEND SANITARY was made a subsidiary in order to expand business areas and improve profitability of the general waste collection and transportation business. TAIHEI KOSAN is a waste disposal company that aims to realize proper waste management and a scientifically and environmentally efficient waste treatment system. In 1997, it became the first industrial waste disposal company in Japan to obtain ISO 14001 certification. Over the long term, TAIHEI KOSAN is also considering expanding its controlled landfill site in Futtsu City, Chiba Prefecture, which has been in operation since 1985.

In June 2025, the Company disclosed measures to realize management that takes into account the cost of capital and the share price. The Company reports that its latest analysis shows the Group's cost of capital to be around 7% to 9%. In contrast, return on equity (ROE) has consistently exceeded this level for the last five years, and the Company has also continuously maintained its target ROE level of 15%. In particular, in FY3/25, the Company's efforts to achieve organic growth led to an increase in the volume of waste consigned to the Okuyama-No-Mori Clean Center, which boosted overall profitability. As a result, the net profit margin increased significantly, and ROE also increased significantly, by 4.2pp from 16.1% in FY3/24 to 20.3% in FY3/25. In addition, both net sales and profits reached record highs, and the Company received a certain level of recognition from the stock market, resulting in a YoY improvement in the price-to-book ratio (PBR), which is calculated based on the fiscal year-end share price (3.41 times at the end of March 2024, 3.72 times at the end of March 2025).

In terms of future direction, the Company will implement various steps to increase return on capital (ROC) and ensure that 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. In October 2025, the Company published its first integrated report, the Integrated Report 2025.

Continuing to pay a stable dividend for shareholder returns

2. Shareholder return policy

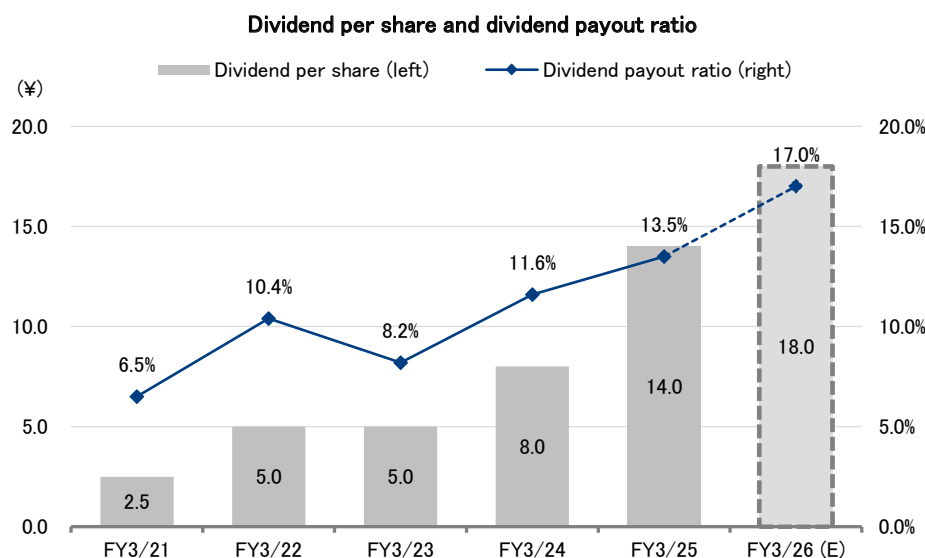
Regarding returning profits to shareholders, the Company's basic policy is to continue to pay a stable dividend while strengthening its management base and financial position. Internal reserves are to be used effectively to strengthen the management base and for investments to further expand the scope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

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Growth strategy



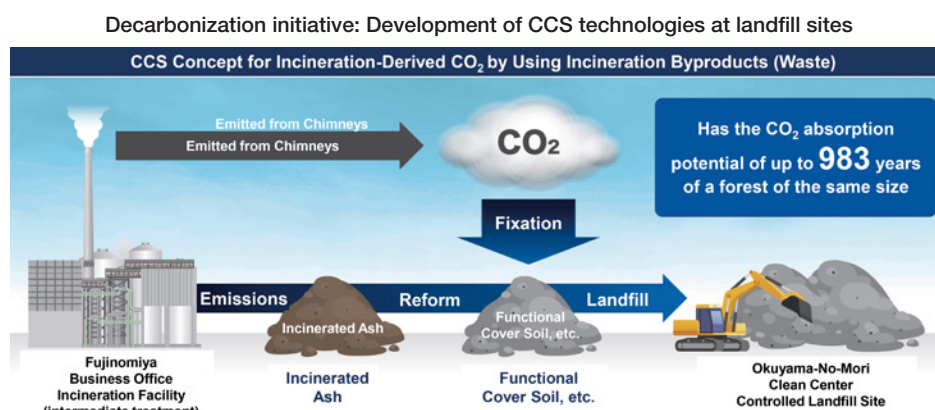
Notes 1: A 2-for-1 stock split was conducted on July 1, 2021, so figures for FY3/21 have been retroactively revised.
Notes 2: FY3/22 includes a regular dividend of ¥2.50 and a special 70th anniversary dividend of ¥2.50.
Source: Prepared by FISCO from the Company's financial results

Strengthening initiatives to establish a recycling-oriented society

3. Sustainability management

Regarding sustainability management, as well as protecting the natural environment by reducing and de-toxifying waste through its business activities—specifically waste treatment—the Company 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 CO₂ capture and storage (CCS) technology for disposal sites, which is being researched jointly with the Waseda University GeoLab (Prof. Hideo Komine). This technology solidifies CO₂ emitted by waste incineration facilities in the functional covering or waste produced from soot and dust—which are discharged as a byproduct of incineration—and stores it in a landfill site.



Source: The Company's results briefing materials

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Growth strategy

In April 2023, MIDAC concluded a joint research contract with ALNUR Co., Ltd., a subsidiary of PATH Corporation <3840>, for a decarbonized society. This research relates to carbon capture and utilization (CCU) technology involving the cultivation of microalgae. Algae cultivation is one technology being focused on as a method for solidifying CO₂ 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. In collaborating with ALNUR, the goal is to accelerate technology for the mass production and stable supply of fucoxanthin through microalgae cultivation that uses CO₂ from incineration and reduces CO₂ emissions, while at the same time 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, the subsidiary MIDAC KONAN introduced a solar panel aluminum frame / junction box separation system and has 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 such as the circular economy, the Company and its subsidiaries will strive to establish a sustainable, recycling-oriented society through the development of resource recycling technologies, appropriate treatment of waste, and more.

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 (an equity-method affiliate) to build a strategic creative partnership with YAMADA HOLDINGS and invest in growing recycling-based infrastructure.

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

In October 2025, the Company raised funds through an ESG management support loan provided by MUFG Bank, Ltd. The Company received an A rating in the latest ESG evaluation, which recognizes its ESG management as particularly advanced. In November of the same year, the Company held a signing ceremony with the Okuyama District Residents' Association Federation for the establishment prospectus of the Okuyama-No-Mori Clean Center Council, which aims to promote initiatives for regional development, coexistence between companies and the local community, and corporate growth. At the MIDAC's Toyohashi Business Office, the Company conducted a hands-on training exercise for a temporary disaster-related waste storage site, assuming a Nankai Trough earthquake. This exercise was organized by Toyohashi City.

Evaluating the business model with a high profit margin and medium- to long-term growth potential

4. FISCO's viewpoint

The Company's performance is on an expansionary trend. The profit margin is also on an upward trend, and the Company has achieved its basic growth policy of business expansion and rising profitability. This can be attributed to its expansion of high-margin final disposal operations while leveraging the strengths of its integrated waste treatment system, and FISCO highly commends the Company's business model for achieving these high profit margins. The industrial waste treatment sector has a somewhat anonymous reputation, but it is 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. As the development of new final disposal sites requires a considerable period of time, the Company is promoting its business in line with medium- to long-term plans. It is systematically expanding its final disposal capacity through capital investment to increase the capacity of existing final disposal sites (particularly the Okuyama-No-Mori Clean Center), support-type M&A with TAIHEI KOSAN, and new final disposal site development plans (Fukushima Prefecture, Tochigi Prefecture, Shimane Prefecture). The business environment remains favorable over the medium to long term, and the Company's medium- to long-term growth potential is also highly regarded.

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