

Financial Results Q1 FY26/6



Microwave **Chemical**

**Make Wave,
Make World.**

世界が知らない世界をつくれ

Agenda

1. Executive Summary
2. Financial Results and KPI Highlights
3. Review of FY26/6 Growth Strategy and Q1 Business Highlights



Executive Summary

FY26/6 Q1 results	<ul style="list-style-type: none">• Sales of JPY44MM ((36.2)% YoY).• Progress rate against the full-year sales plan (JPY1,317MM based on 12-month plan and JPY1,613MM based on 15-month plan) is 3.3% and 2.7%, respectively. As the completion of joint development, for which revenue is recorded, tends to be concentrated in the second half of the fiscal year, we do not change the full-year target.• Progress rates of contracted sales reached 29.9% and 24.4% on 12-month and 15-month plan, respectively (JPY393MM).
KPI	<ul style="list-style-type: none">• Number of new contracts: Acquired 2 contracts, 8.0% progress against FY25 target (25 contracts, both 12-month plan and 15-month plan).• Number of total contracts: Total 18 contracts signed, 30.5% and 28.1% progress against FY26/3 and FY26/6 tagrets (59 and 64 contracts), respectively, including 6 contracts delivered already.
Growth Strategy & Business Highlights	<p>While focusing on Microwave (MW) solutions business (collaboration business), we plan to create new businesses in parallel.</p> <p>(1) Collaboration business</p> <ul style="list-style-type: none">• Focus on key projects with strong potential for commercialization, such as metal smelting processes, chemical recycling.• Due to increase of MW oscillator costs and longer delivery time associated with the scale-up of MW systems, which would decrease profitability, we begin internal development to reduce costs from FY26/6.<ul style="list-style-type: none">– On June 19, we announced the launch of a new research base, the “Yokohama Lab,” within the Yokohama New Technology Creation Center Leading Venture Plaza (Tsurumi Ward, Yokohama City), and the full-scale start of our in-house microwave oscillator development project. <p>(2) New Business</p> <ul style="list-style-type: none">• Explore applications of MW technology in various fields. Leverage our integrated capabilities (e.g. business development, lab-scale testing, and engineering) to offer new solutions other than MW to our existing clients.



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Change in Fiscal Year End

- We have changed its fiscal year-end from March to June starting from the current fiscal year. As a transitional measure, this fiscal year will be an irregular fiscal period covering 15 months.
 - Background: Most of our clients are domestic companies with a March fiscal year-end, and budgets for our joint development projects are typically determined around April. Since our own budget planning coincides with this period, we have been required to determine earnings forecasts while continuing budget negotiations with clients until the last minute—or in some cases, before negotiations were concluded.
- ⇒By shifting to a June fiscal year-end and delaying our budget formulation by three months, we aim to improve the accuracy and efficiency of our financial planning.

	2025		2026	
	January to March	April to December	January to March	April to June
Before: fiscal year ending March	FY25/3	FY26/3		FY27/3
After: fiscal year ending June	FY25/3	FY26/6 (15-month financial results)		
General Shareholders' Meeting	• The General Shareholders' Meeting for FY26/6 is scheduled to be held in September.			
Financial results disclosure	• The quarterly and full-year financial disclosures for FY26/6 are scheduled as follows: August 2025, November 2025, February 2026, May 2026, and August 2026.			



Financial Results of FY26/6 Q1

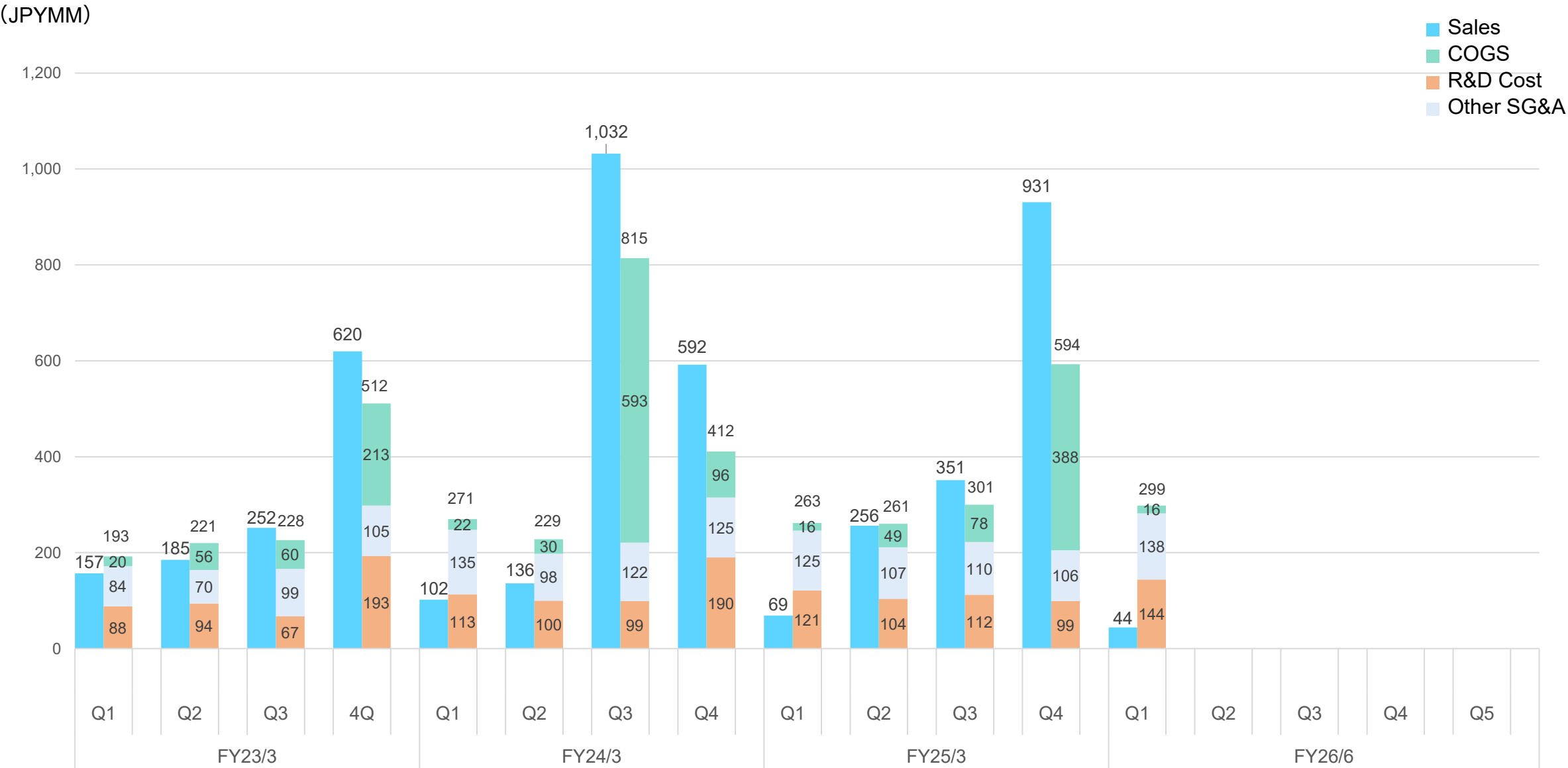
- FY26/6 is positioned as an investment phase to accelerate social implementation and is expected to result in an operating loss.
- Although Q1 sales are c.3% of the full-year plan, the progress rates on a contracted basis are 29.9% on a 12-month basis and 24.4% on a 15-month basis.

(JPYMM)	FY25/3 Q1	FY26/6 Q1	YoY comparison		Forecasts ⁽²⁾		Progress	
			Difference	%	26/3 12M	26/6 15M	26/3 12M	26/6 15M
Net sales⁽¹⁾	69	44	(25)	(36.2)%	1,317	1,613	3.3%	2.7%
Phase 1	9	1	(8)	(88.8)%	169	169	0.6%	0.6%
Phase 2	59	32	(26)	(44.3)%	1,090	1,283	3.0%	2.6%
Phase 3	-	10	10	-	58	160	17.2%	6.3%
Phase 4	0	-	(0)	(100.0)%	-	-	-	-
Others	-	-	-	-	-	-	-	-
Gross profit	52	27	(24)	(47.4)%	474	558	5.8%	4.9%
% Net sales	75.5%	62.3%	(13.2)pt	-	36.0%	34.6%	-	-
Operating profit	(194)	(255)	(60)	-	(662)	(853)	38.5%	29.9%
% Net sales	-	-	-	-	-	-	-	-
Ordinary profit	(196)	(259)	(63)	-	(671)	(864)	38.6%	30.0%
Profit before tax	(196)	(259)	(63)	-	(682)	(881)	38.0%	29.4%
Profit after tax	(196)	(260)	(63)	-	(685)	(884)	37.9%	29.4%

(1) Phase 1 is the R&D phase, Phase 2 is the demonstration development phase, Phase 3 is the actual equipment introduction (equipment sales) phase, and Phase 4 is the manufacturing support phase.

(2) Based on FY25 forecasts announced on May 9, 2025.

Quarterly Sales and Costs (FY23/3Q1-FY26/6Q1)



25/6 Balance Sheet Summary

- While we recorded a net loss in Q1, progress in accounts receivable collection led to an increase in cash and cash equivalents as of the end of June 2025 compared to the end of March 2025.

25/3 Balance Sheet

(JPYMM)

Cash and deposits	507	Accounts payable	68
Accounts receivable	598	Current portion of LTD	28
Work on process	43	Contract liability	129
Others	64	Others	200
Current assets	1,214	Current liabilities	426
Tangible fixed assets	809	Long-term debt	353
		Lease obligation	280
Intangible assets	21	Fixed liabilities	633
		Capital fund, etc.	3,445
		Earned surplus	(2,381)
Investments and other assets	78	Net assets	1,064
Total	2,124	Total debt and net assets	2,124

25/6 Balance Sheet

(JPYMM)

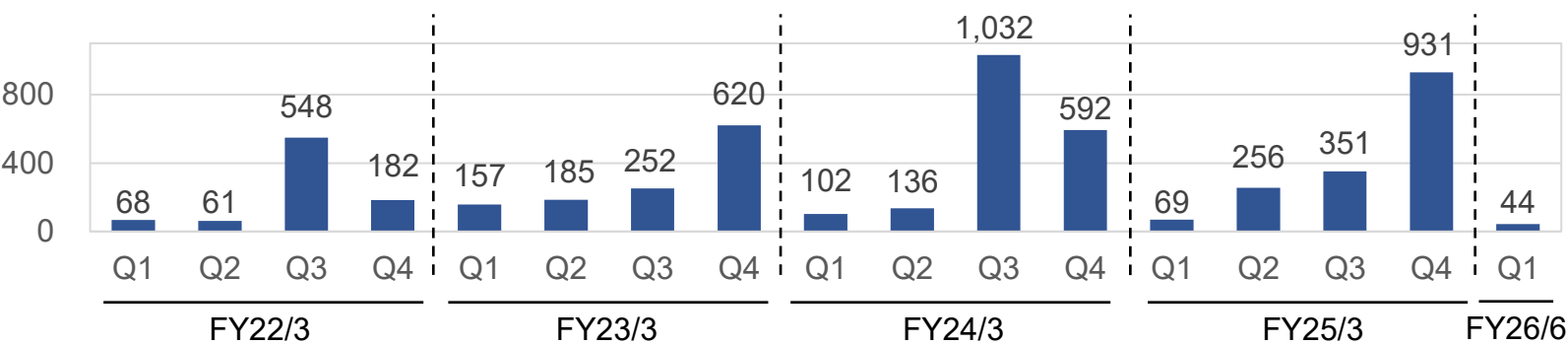
Cash and deposits	612	Accounts payable	26
Accounts receivable	51	Current portion of LTD	30
Work on process	103	Contract liability	145
Others	105	Others	136
Current assets	871	Current liabilities	338
Tangible fixed assets	794	Long-term debt	344
		Lease obligation	276
Intangible assets	20	Fixed liabilities	620
		Capital fund, etc.	3,445
		Earned surplus	(2,641)
Investments and other assets	78	Net assets	805
Total	1,764	Total debt and net assets	1,764

Seasonal Fluctuations / Revenue Recognition

Seasonal Fluctuations

- Our major clients, chemical companies, finalizes budgets by March, just before the start of the new fiscal year, so projects with MWCC often begin in the first or second quarter. As a result, the completion of the contracts, in which **our revenues are recorded, tends to be biased toward the second half of the year**. There is also an impact from the completion timing of large-scale projects.
- In addition, as the majority of SG&A expenses are fixed costs, the proportion of profits also tends to be weighted toward the second half of the year, which would affect investors' decisions.

**Quarterly Net Sales
(JPYMM)**



Revenue Recognition

The following is a description of the main performance obligations in our main business related to revenues arising from contracts with clients and the usual time at which such performance obligations are met. Payment is made generally within one month after obligation is fulfilled and does not include financial component.

(1) Joint development agreement (JDA)

We submit reports, samples, etc. stipulated in the JDA and receives payment. Under such agreements, **revenue is booked upon acceptance of the report, samples, etc. by the client.**

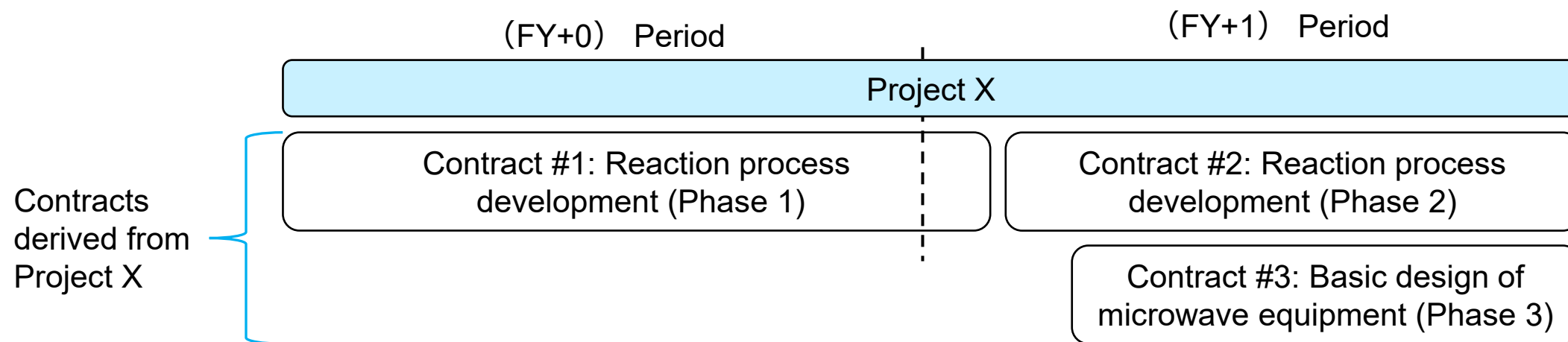
(2) License agreement

Under license agreements, we license our intellectual property to clients and receives upfront payments and running royalties as compensation. The upfront payment is booked as revenue at the time the intellectual property is licensed. Running royalties are based on the sales revenue of the licensee company, and revenue is recognized when the product is sold by the licensee company.



KPI (Key Performance Indicator)

- Important KPIs for our business are **(1) number of new contracts**, **(2) total number of contracts**, and **(3) sales by phase**.
 - Contracts are executed with clients based on our solutions and service per phase.
 - Multiple contracts would be executed with one project as indicated below.
- (3) Sales by phase shows progress of the contracts by sales in each phase.
- Contracts are basis of our sales. We disclose number of contracts which are expected to be completed and book sales within this FY.



FY26/6 Q1 KPI Highlights

1 Number of New Contracts

- Acquired 2 contracts.
- Progress rate is 8.0% against the target of 25 contracts for both 12-month plan and 15-month plan.

2 Total Number of Contracts

- 18 contracts were executed, including 6 delivered.
- Progress rates are 30.5% against the target of 59 contracts for 12-month plan, and 28.1% against the target of 64 contracts for 15-month plan.

3 Sales by Phase

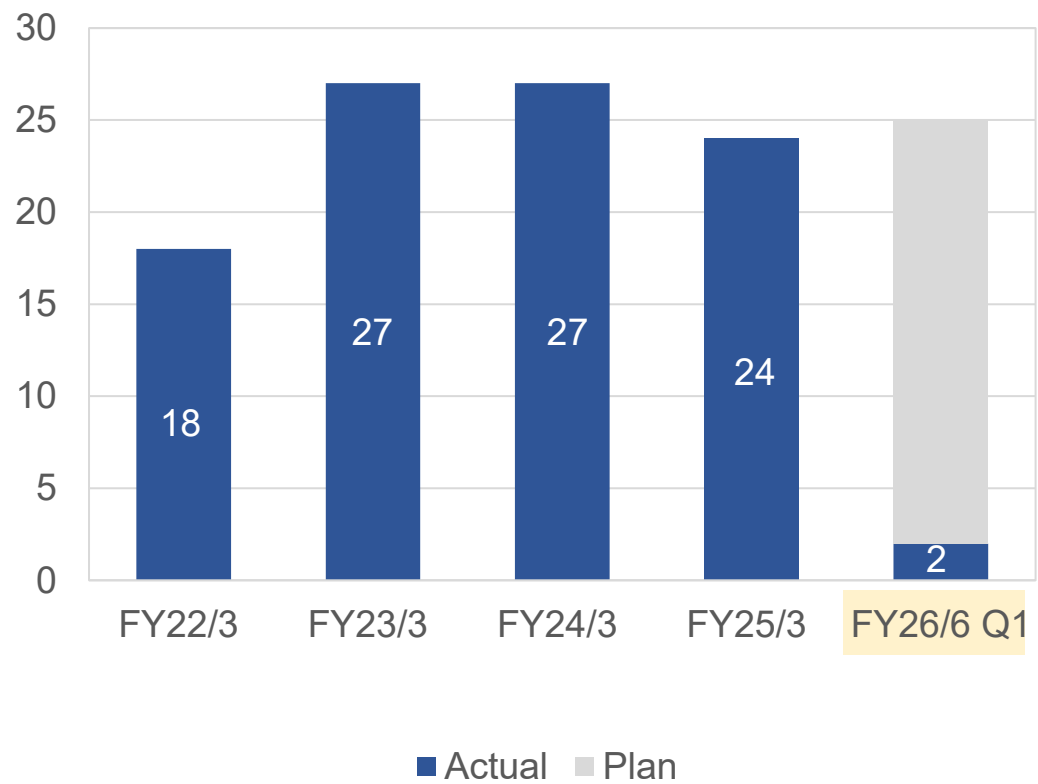
- JPY393MM achieved on contract basis.
- Progress rates are 29.9% for 12-month plan and 24.4% for 15-month plan.



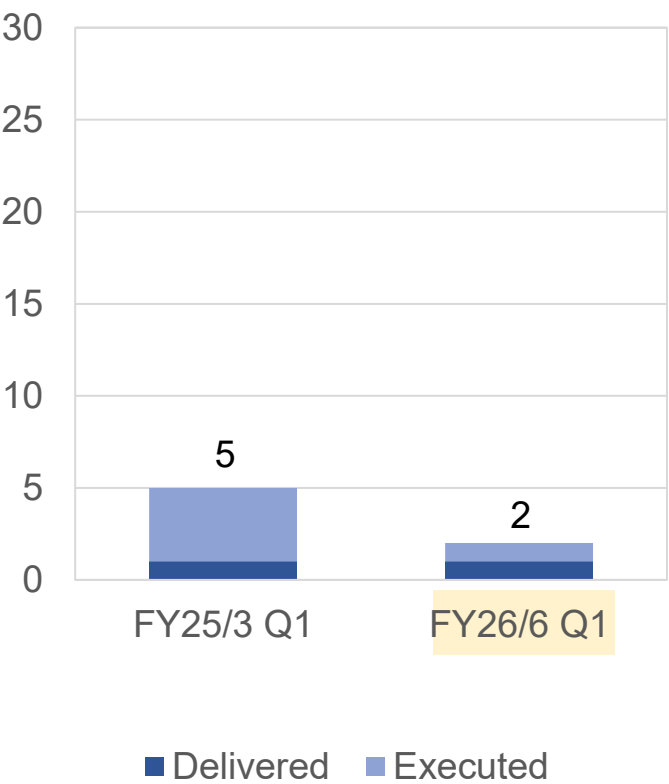
KPI (1) Number of New Contracts

- Progress rate is 8.0% against the target of 25 contracts for both 12-month plan and 15-month plan.

of New Contracts



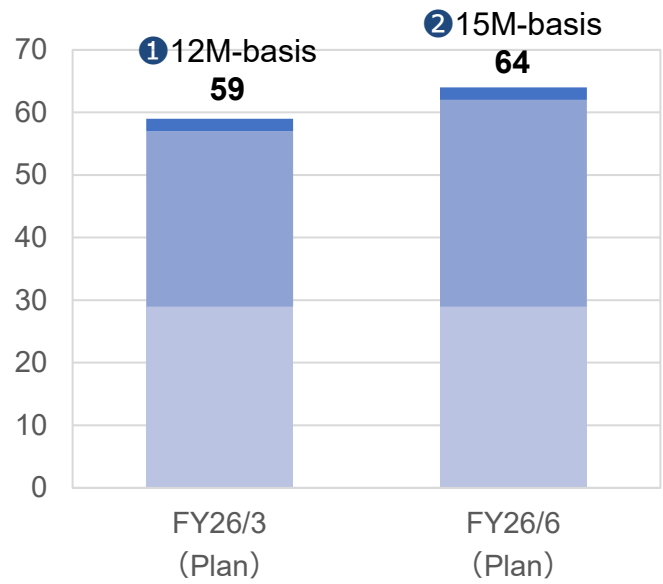
YoY Comparison



KPI (2) Total Number of Contracts

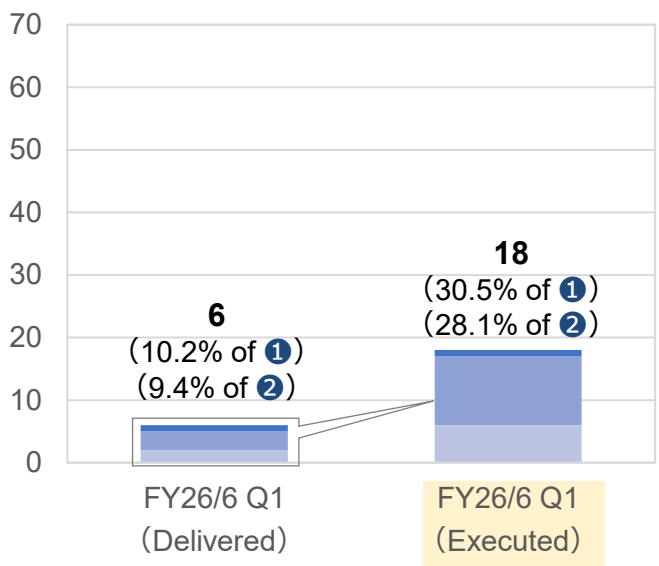
- Progress rates are 30.5% against 12-month plan, and 28.1% against the 15-month plan.
- The total number of contracts in FY25/3Q1 was 27.

Full-year plan



Phase 1	29	29
Phase 2	28	33
Phase 3	2	2
Phase 4	0	0
Others	0	0
Total	59	64

Q1 results



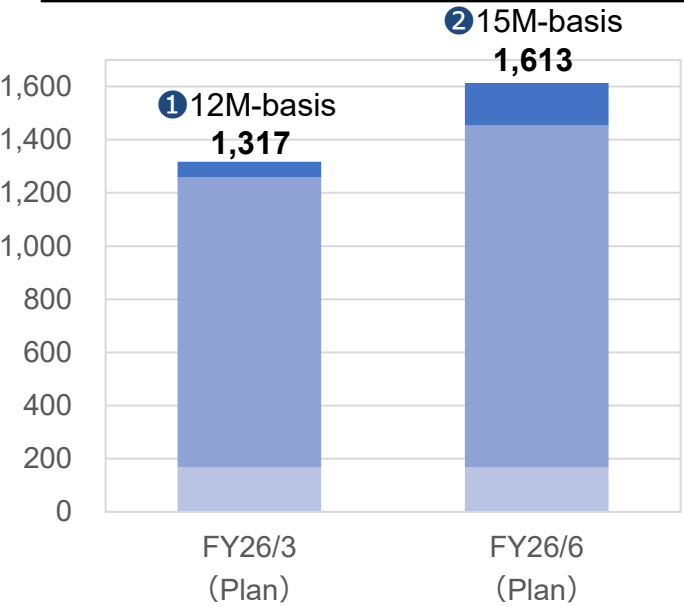
	2	6
	3	11
	1	1
	0	0
	0	0
	6	18

KPI (3) Sales by Phase

- Progress rates of contracted sales reached 29.9% and 24.4% on 12-month and 15-month plan, respectively.
- Contracted sales in FY25/3Q1 was JPY879MM.

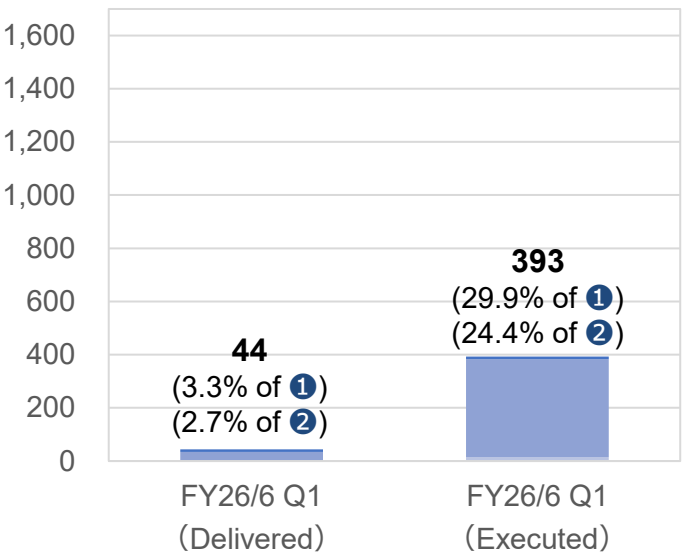
(JPYMM)

Full-year plan



Phase 1	169	169
Phase 2	1,090	1,283
Phase 3	58	160
Phase 4	-	-
Others	-	-
Total	1,317	1,613

Q1 results



	1	14
	32	368
	10	10
	-	-
	-	-
	44	393

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Mid-Term Growth Outlook

- While focusing on Microwave solutions business (collaboration business), we plan to create new businesses in parallel. Through this dual-engine strategy, we targets sales of JPY10Bn in FY30.
- Collaboration business: In addition to Phase 2 projects (unit price: tens of millions of yen), which have been the main revenue source, we plan to implement five Phase 3 projects (installation of commercial equipment with unit prices ranging from several hundred million to several billion yen) by 2030.
 - Plan to realize sales of JPY13–14Bn over the five years by FY30 in total.
 - Profit margins and lead times will also be improved through the initiatives outlined in “(1)” below.
- After 2030, we plan to establish our technology to enable multiple installation of commercial equipment every year.
- We also will launch new business initiatives to build a stable revenue as “(2)” below.

(1) Expansion of Existing Collaboration Business

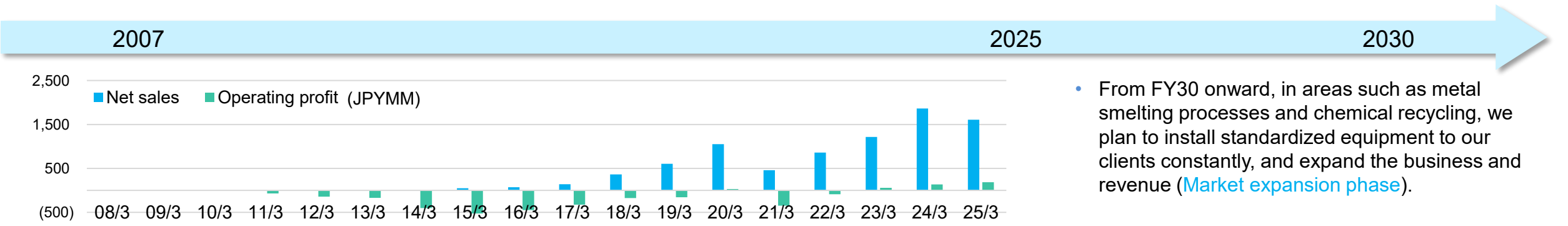
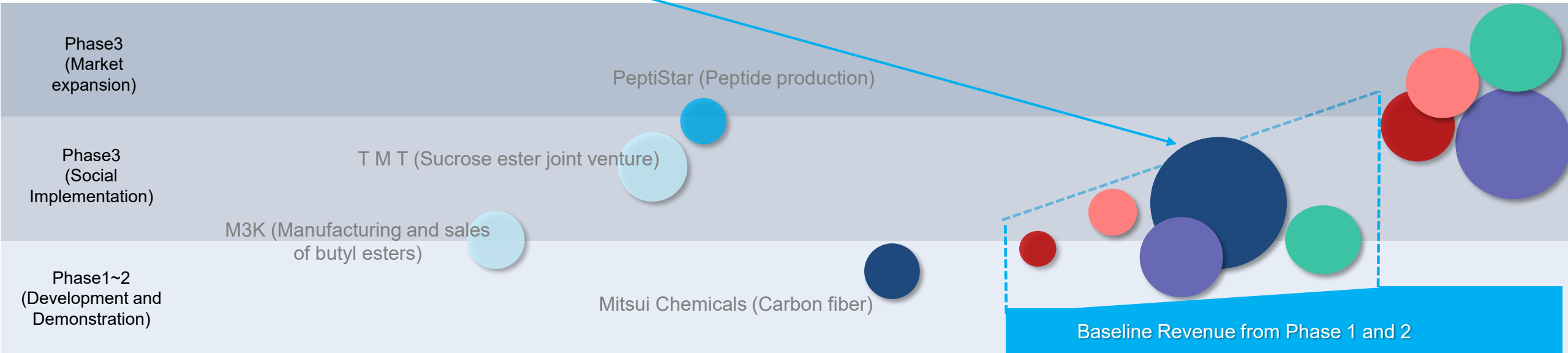
- Continue to focus on key projects with strong potential for commercialization.
 - Target areas include: metal smelting processes, chemical recycling, and carbon fiber manufacturing.
- Aim for large-scale revenue through installation of commercial equipment while progressing standardization of technologies and equipment to improve long-term gross margins and shorten lead times.
 - Invest in the development of new standard demonstration equipment for metal smelting processes.
 - Upgrade existing standard bench equipment.
- Due to increase of microwave oscillator costs and longer delivery time associated with the scale-up of microwave systems, which would decrease profitability, we will begin internal development to reduce costs from FY26/6.
 - An expert in microwave oscillator development has already been hired.
 - In the long term, we aim to sell oscillators to external companies.

(2) Launch of New Business Initiatives

- We will build new business through strategic hypothesis testing.
 - Explore applications of microwave (MW) technology in other fields (e.g., semiconductor materials).
 - Leverage our integrated capabilities (e.g. business development, lab-scale testing, and engineering) to offer new solutions other than MW to our existing clients.
 - Small-scale M&A
- Aim to establish recurring revenue by 2030.

Business Expansion Image of Microwave Solutions Business

- To date, our revenue has primarily been derived from Phase 1 and 2 projects (development and demonstration phases), providing R&D scopes.
- In our key focus areas—such as carbon fiber, metal smelting processes, and chemical recycling (CR)—technology standardization and platform development have been steadily progressing, and the business is now entering a "transition phase" toward Phase 3, social implementation phase.
 - Over the five years leading up to FY30, we plan to achieve five Phase 3 projects (commercial equipment installations), and, together with baseline revenue from Phases 1 and 2, aim to realize **JPY13–14Bn in total revenue over the five years**.



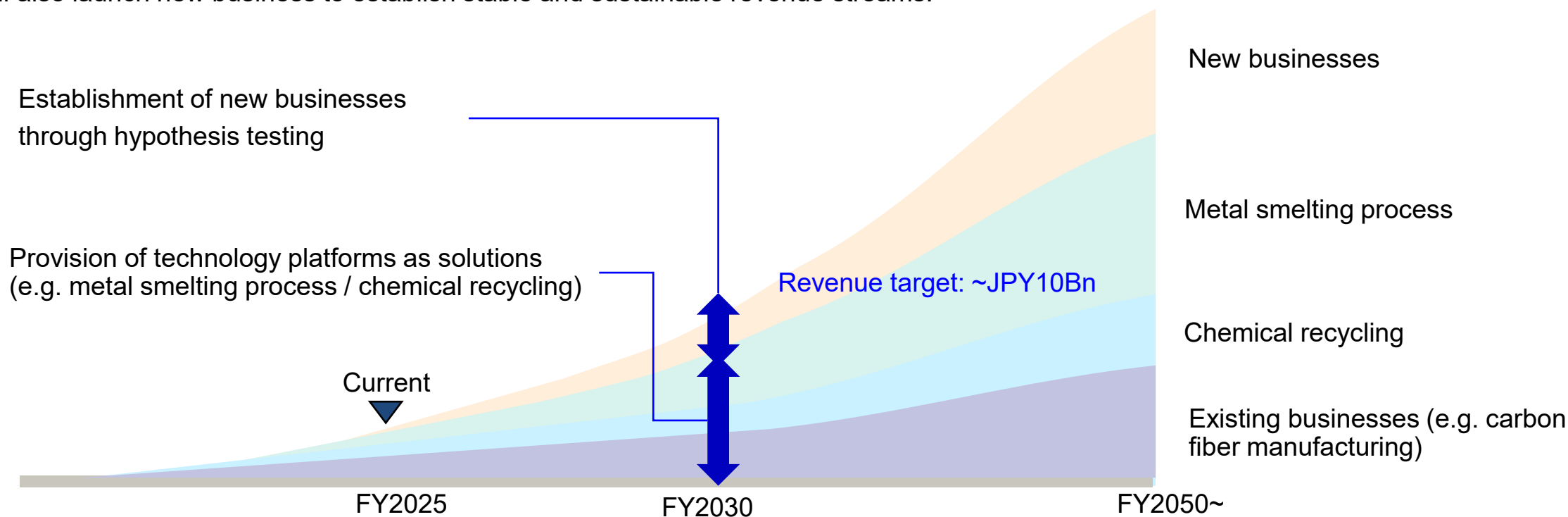
- From FY30 onward, in areas such as metal smelting processes and chemical recycling, we plan to install standardized equipment to our clients constantly, and expand the business and revenue (Market expansion phase).



Illustrative Image of Long-Term Growth

While positioning the existing microwave solutions business (collaboration business), which we have been engaged in over the years, as our core business, we will develop a dual-engine growth strategy by simultaneously creating new business to achieve sales of JPY10Bn by FY30.

- Microwave solutions business: In addition to Phase 2 projects (unit price: several tens of millions of yen), which have been the main source of revenue to date, we aim to implement five Phase 3 projects (commercial equipment installation) with unit prices ranging from several hundred million to several billion yen by 2030.
 - In [chemical recycling business and the metal smelting process business](#)—where technology standardization and accumulation of track records are underway—we will promote horizontal deployment to [expand business and maximize profitability](#).
- We will also launch new business to establish stable and sustainable revenue streams.



Project Highlight: Full-Scale Start of In-House Oscillator Development

- We have established a new research facility, the “Yokohama Lab,” in Tsurumi Ward, Yokohama (Fig.1), and officially launched a project on July 1, 2025, aiming for in-house production of microwave oscillators.
 - By hiring an engineer with extensive experience in microwave oscillator development, we will handle the entire development process—from oscillator design and prototyping to verification—with the aim of commercialization.
- Based on our growth strategy, particularly the transition of key focus areas such as metal smelting process and chemical recycling into the “social implementation phase,” we build a stable supply system of high-quality microwave oscillators.
 - Through the development of oscillators specialized for heating applications, we plan to reduce costs and shorten lead times.
 - A prototype is scheduled to be developed by the end of FY27/6, after which we supply the products to our projects (Fig. 2). We also plan external sales once mass production systems are in place.

Fig.1. Yokohama Lab (located within the Yokohama Leading Venture Plaza at the Yokohama Business Incubation Center)



Fig. 2. Conceptual Image of the Oscillators



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