



METAWATER Co., Ltd.

For Immediate Release

April 24, 2025

CONSOLIDATED RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2025

[JP GAAP]

Company name	METAWATER Co., Ltd.
Stock exchanges on which the shares are listed	Prime Market of Tokyo Stock Exchange
Securities code	9551
URL	https://www.metawater.co.jp
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Scheduled date of annual meeting of shareholders	June 24, 2025
Filing date of annual securities report	June 23, 2025
Payment date of cash dividends	June 5, 2025
Supplementary information materials on annual results	Available
Annual results briefing	Held for institutional investors and analysts

(Amounts are rounded down to the nearest million yen)

1. Highlight of consolidated results for the fiscal year ended March 31, 2025

(1) Consolidated operating results

(Percentages are year-to-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	179,094	8.2	10,626	7.3	9,951	(5.1)	6,852	(0.3)
Fiscal year ended March 31, 2024	165,561	9.9	9,903	14.0	10,490	15.7	6,875	10.0

Note: Comprehensive income: Fiscal year ended March 31, 2025 10,965 million yen 8.8%
Fiscal year ended March 31, 2024 10,081 million yen 26.8%

	Net income per share - Basic -	Net income per share - Diluted -	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	157.06	—	8.9	5.4	5.9
Fiscal year ended March 31, 2024	157.67	—	10.0	6.7	6.0

Note: Share of profit/(loss) of entities accounted for by the equity method

Fiscal year ended March 31, 2025 (5) million yen
Fiscal year ended March 31, 2024 (38) million yen

Note: For the purpose of calculating the net income per share, Metawater shares held in the Impact Neutralization Trust® are not included in the number of treasury stock to calculate the average number of shares outstanding for the year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
As of March 31, 2025	Million yen 196,783	Million yen 85,350	% 41.3	Yen 1,863.12
As of March 31, 2024	168,843	75,676	43.2	1,672.17

Note: Shareholders' equity:

As of March 31, 2025

81,304 million yen

As of March 31, 2024

72,932 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2025	13,316	(4,094)	12,005	35,683
Fiscal year ended March 31, 2024	(5,486)	(3,098)	11,338	14,219

2. Dividends

Period	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	22.00	—	24.00	46.00
Fiscal year ended March 31, 2025	—	24.00	—	26.00	50.00
Fiscal year ending March 31, 2026 (Forecast)	—	28.00	—	28.00	56.00

	Total amount of dividends (Annual)	Payout ratio (Consolidated)	Dividend to net assets (Consolidated)
	Million yen	%	%
Fiscal year ended March 31, 2024	1,988	29.2	2.9
Fiscal year ended March 31, 2025	2,181	31.8	2.8
Fiscal year ending March 31, 2026 (Forecast)		—	

3. Forecast for consolidated operating results for the fiscal year ending March 31, 2026

(Percentages are year-to-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	Net income per share - Basic -
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Fiscal year ending March 31, 2026	200,000	11.7	11,500	8.2	10,900	9.5	7,500	9.4
								171.87

Notes:

- (1) Significant changes in the scope of consolidation during the fiscal year ended March 31, 2025: No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - (a) Changes by a newly issued or amended accounting pronouncement: Yes
 - (b) Changes other than (2)-(a) above: No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatement: No
- (3) Number of shares issued and outstanding (common stock)
 - (a) Number of shares issued and outstanding at the end of the year (including treasury stock): 45,758,500 shares as of March 31, 2024 and 44,258,500 shares as of March 31, 2025.
 - (b) Number of treasury stock at the end of the year: 2,142,964 shares as of March 31, 2024 and 619,714 shares as of March 31, 2025.
 - (c) Average number of shares outstanding for the year: 43,607,720 shares for the fiscal year ended March 31, 2024 and 43,631,524 shares for the fiscal year ended March 31, 2025.

Note: Metawater shares held in the Impact Neutralization Trust® are not included in the number of treasury stock to calculate the average number of shares outstanding for the year.

[For Reference] Financial Highlights (Non-consolidated)

Highlight of non-consolidated results for the fiscal year ended March 31, 2025

(1) Non-consolidated operating results

(Percentages are year-to-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	114,927	3.4	3,691	(17.2)	3,747	(34.0)	2,807	(31.0)
Fiscal year ended March 31, 2024	111,155	7.2	4,458	(3.7)	5,677	4.9	4,068	3.5

	Net income per share - Basic -	Net income per share - Diluted -
	Yen	Yen
Fiscal year ended March 31, 2025	64.34	—
Fiscal year ended March 31, 2024	93.30	—

Note: For the purpose of calculating the net income per share, Metawater shares held in the Impact Neutralization Trust® are not included in the number of treasury stock to calculate the average number of shares outstanding for the year.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	140,479	57,004	40.6	1,306.28
As of March 31, 2024	123,418	56,207	45.5	1,288.70

Note: Shareholders' equity: As of March 31, 2025 57,004 million yen
As of March 31, 2024 56,207 million yen

* This report is not subject to audit performed by certified public accountants or accounting firm.

* Appropriate use of forecasts and other matters

Descriptions and statements in relation to estimates and other forward-looking projections disclosed in this document are based on judgments and assumptions using information currently available to the Company. Actual results may differ significantly from such projections due to risks of uncertainty inherent in such judgments and assumptions as well as changes in business operations and the internal and external environment of the Company. As such, the Company does not guarantee the accuracy of any forward-looking projections disclosed.

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1. Operating Results Review

(1) Operating Results Review for the Current Fiscal Year

Japanese economy during the fiscal year ended March 31, 2025 recovered modestly, partly due to the various effective policies. The global economy continued to recover modestly, although there were signs of weakness in some regions. Meanwhile, there were concerns about downside risks to the economy, including rise in prices, fluctuations in the financial and capital markets, the situation in the Middle East, and the impact of the policy trends in the U.S.

Under such circumstances, the Group has been making company-wide efforts to achieve the Midterm Business Plan 2027 (through the fiscal year ending March 31, 2028), by focusing on the following priority measures: i) growth strategies in each business field, ii) investment and financing strategies to enhance corporate value and iii) sustainability efforts.

The operating results of the Group for the fiscal year ended March 31, 2025 are as the table below.

Both net sales and operating income increased year on year mainly driven by the strong performance in the International Business Segment. Both order received and order backlog increased year on year as a result of strong order receipts. Ordinary income was lower than the previous year mainly due to the foreign exchange loss caused by the effect of yen appreciation in the current period, compared to the foreign exchange gain in the previous period.

	Fiscal year ended March 31, 2024 (Million yen)	Fiscal year ended March 31, 2025 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	165,561	179,094	13,532	8.2
Operating income	9,903	10,626	722	7.3
Ordinary income	10,490	9,951	(539)	(5.1)
Profit attributable to owners of parent	6,875	6,852	(22)	(0.3)
Order received	211,914	222,724	10,809	5.1
Order backlog	275,071	318,700	43,629	15.9

As of April 1, 2024, the Group changed the composition of its reportable segments from the previous two segments (Plant Engineering Business and Service Solutions Business) to four segments (Environmental Engineering Business, System Solution Business, Operation Business and International Business), from a management approach perspective.

Operating results by segment are as follows. Year on year increase/(decrease) of each segment is calculated after reclassifying the previous year's figures based on the new segment composition.

(Environmental Engineering Business)

The Environmental Engineering Business Segment, which consists of the Water Environmental Business and the Resource and Environmental Business, is primarily engaged in the design, construction, maintenance and inspection of mechanical equipment for domestic water and sewage treatment plants and resource recycling facilities.

In the Water Environmental Business, both net sales and operating income decreased year on year, due to a year-on-year decrease in design and construction-related net sales calculated based on the percentage-of-completion method, despite a year-on-year increase in service-related net sales year on year. In the Resource and Environmental Business, both net sales and operating income increased year on year, driven by the steady performance of large-scale construction projects.

	Fiscal year ended March 31, 2024 (Million yen)	Fiscal year ended March 31, 2025 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	52,878	52,367	(510)	(1.0)
Operating income	3,009	2,362	(646)	(21.5)
Order received	74,017	51,918	(22,098)	(29.9)
Order backlog	101,963	101,514	(448)	(0.4)

(System Solution Business)

The System Solution Business Segment, which consists of the System Engineering Business and the Customer Engineering Businesses, is primarily engaged in the design, manufacture, maintenance and management of electrical equipment for domestic water and sewage treatment plants.

In the System Engineering Business, net sales increased year on year driven by the steady performance of large-scale construction projects, while operating income decreased year on year due to an increase in depreciation and labor costs. In the Customer Engineering Business, both net sales and operating income increased year on year driven by the steady performance of repair and renewal work.

	Fiscal year ended March 31, 2024 (Million yen)	Fiscal year ended March 31, 2025 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	52,570	57,211	4,641	8.8
Operating income	3,690	3,422	(267)	(7.3)
Order received	60,424	63,455	3,030	5.0
Order backlog	65,082	71,326	6,243	9.6

(Operation Business)

The Operation Business Segment is primarily engaged in the operation of domestic water and sewage treatment plants and resource recycling facilities.

Both net sales and operating income increased year on year, supported by the steady performance of subsidiaries.

	Fiscal year ended March 31, 2024 (Million yen)	Fiscal year ended March 31, 2025 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	28,880	31,787	2,907	10.1
Operating income	2,111	2,219	107	5.1
Order received	40,632	55,860	15,228	37.5
Order backlog	78,946	103,020	24,073	30.5

(International Business)

The International Business Segment is primarily engaged in the design, construction, maintenance, and management of facilities and equipment for international water and sewage treatment plants, as well as private sector business.

Both net sales and operating income increased year on year, supported by the steady performance of subsidiaries in North America and Europe.

	Fiscal year ended March 31, 2024 (Million yen)	Fiscal year ended March 31, 2025 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	31,232	37,727	6,494	20.8
Operating income	1,092	2,621	1,529	140.0
Order received	36,840	51,489	14,648	39.8
Order backlog	29,078	42,839	13,761	47.3

(2) Financial Position Review for the Current Fiscal Year

Total assets as of March 31, 2025 increased by ¥27,939 million compared to March 31, 2024 to ¥196,783 million.

Current assets increased by ¥24,103 million compared to March 31, 2024 to ¥160,178 million due to an increase in cash and deposits, as well as notes and accounts receivable - trade, and contract assets.

Non-current assets increased by ¥3,797 million compared to March 31, 2024 to ¥36,516 million due to an increase in assets for retirement benefits.

Current liabilities increased by ¥1,393 million compared to March 31, 2024 to ¥65,885 million due to an increase in electronically recorded obligations and contract liabilities.

Non-current liabilities increased by ¥16,872 million compared to March 31, 2024 to ¥45,547 million due to the issuance of bonds as well as an increase in long-term loans payable.

Total net assets increased by ¥9,673 million compared to March 31, 2024 to ¥85,350 million due to the recognition of profit attributable to owners of parent and an increase in foreign currency translation adjustment.

(3) Cash Flow Review for the Current Fiscal Year

The balance of cash and cash equivalents (hereinafter the “funds”) as of March 31, 2025 increased by ¥21,463 million compared to March 31, 2024 to ¥35,683 million. An analysis of the cash flows for the fiscal year ended March 31, 2025 and related commentary thereon are presented below:

(Cash flows from operating activities)

The funds generated by operating activities was ¥13,316 million (¥18,802 million increase year to year): ¥9,861 million of the recognition of income before income taxes, offsetting ¥4,920 million of increase in trade receivables and contract assets.

(Cash flows from investing activities)

The funds used for investing activities was ¥4,094 million (¥995 million decrease year to year): ¥1,772 million used for purchase of property, plant and equipment, and ¥2,422 million used for purchase of intangible assets.

(Cash flows from financing activities)

The funds generated by financing activities was ¥12,005 million (¥667 million increase year to year): ¥26,319 million in proceeds from short-term loans payable, ¥4,962 million in proceeds from

long-term loans payable, and ¥9,950 million in proceeds from issuance of bonds, offsetting ¥2,094 million used for payment of dividends and ¥29,910 million used for repayments of short-term loans payable.

(Reference) Index related to cash flows over the years

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Shareholders' equity to total assets (%)	44.5	45.7	43.2	41.3
Shareholders' equity to total assets based on market value (%)	65.5	52.8	59.2	42.6
Interest-bearing debt to cash flows (%)	187.0	—	—	193.8
Interest coverage ratio	41.8	—	—	44.9

Shareholders' equity to total assets: Shareholders' equity / Total assets

Shareholders' equity to total assets based on market value: Total market value of equity / Total assets

Interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payment

Notes:

1. These indexes are calculated based on the consolidated financial data.
2. Cash flows represent cash flows from operating activities.
3. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet that accrue interest.
4. Interest-bearing debt to cash flows and interest coverage ratio for the fiscal years ended March 31, 2023 and March 31, 2024 are not shown since cash flows from operating activities were negative.

(4) Future Forecast

Japanese economy for the fiscal year ending March 31, 2026 is expected to continue its modest recovery, partly due to the various effective policies. The global economy is also expected to continue its recovery. However, close attention needs to be paid to the downside risks to the economy, including rise in prices, fluctuations in the financial and capital markets, the situation in the Middle East, and the impact of the policy trends in the U.S.

In the domestic water and sewage business, which is the Group's core business, it has become apparent that local governments are facing financial difficulties and the shortage of engineers mainly due to declining population. In addition, measures against aging facilities and equipment that were built during the period of high economic growth, as well as preparation for natural disasters such as major earthquakes, typhoons and torrential rains, have become urgent issues. Under such circumstances, public-private partnerships ("PPP") that utilize the funds, technology and knowhow of the private sector as a result of the implementation of the Act on Promotion of Private Finance Initiative ("PFI") and the revision of the Waterworks Act, as well as the initiatives under the National Resilience Plan, have been steadily developing. Especially, the PPP/PFI Promotion Action Plan (Cabinet Office: 2023 revised version) aims to expand the introduction of "Water PPP", a new method of public-private partnership, in order to enhance both the quality and quantity of PPP/PFI. In addition, new business opportunities and business

models are being created against the backdrop of technological innovations such as AI and IoT.

Under such circumstances, the Group's order backlog grew steadily, which is expected to contribute to sales in the following years. Moreover, we will continue to make efforts for streamlining of operations and cost reduction initiatives in order to enhance profitability, and will make upfront investments such as human capital and DX investments in order to realize the long-term vision. Consequently, the Group expects an increase in revenue and profit for the consolidated results for the fiscal year ending March 31, 2026 as follows.

Due to the nature of the business, sales of the Group to Japanese government agencies and local governments tend to be concentrated in the fourth quarter. We assume that this trend will continue in the next fiscal year.

	Fiscal year ended March 31, 2025 (Million yen)	Fiscal year ending March 31, 2026 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	179,094	200,000	20,905	11.7
Operating income	10,626	11,500	873	8.2
Ordinary income	9,951	10,900	948	9.5
Profit attributable to owners of parent	6,852	7,500	647	9.4

2. Basic Approach to the Selection of Accounting Standards

The Group currently operates in Japan and hence, continues to apply Japanese Accounting Standards. However, we will consider adopting IFRS (International Financial Reporting Standards) based on the proportion of foreign shareholders, and the adoption trend of other domestic companies.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	14,882	36,278
Notes and accounts receivable - trade, and contract assets	103,059	109,214
Work in process	4,898	1,497
Supplies	8,801	9,501
Other current assets	4,432	3,685
Total current assets	136,074	160,178
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,468	2,636
Machinery and equipment, net	1,616	1,922
Tools, furniture and fixtures, net	615	572
Construction in progress	245	538
Other property, plant and equipment, net	823	1,005
Total property, plant and equipment	5,768	6,674
Intangible assets		
Software	3,256	2,860
Software in progress	452	639
Goodwill	2,344	2,255
Customer-related assets	4,404	4,446
Right to operate public facilities	900	850
Other intangible assets	4,697	6,654
Total intangible assets	16,055	17,706
Investments and other assets		
Investment securities	2,382	2,319
Long-term loans receivable	773	664
Guarantee deposits	1,228	1,205
Assets for retirement benefits	3,941	4,910
Deferred tax assets - non-current	2,253	2,622
Other non-current assets	315	413
Total investments and other assets	10,895	12,135
Total non-current assets	32,718	36,516
Deferred assets		
Bond issuance costs	50	88
Total deferred assets	50	88
Total assets	168,843	196,783

(1) Consolidated Balance Sheets (continued)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	25,127	21,988
Electronically recorded obligations	7,208	8,817
Short-term loans payable	3,591	—
Current portion of PFI and other project finance loans	697	805
Income taxes payable	2,899	2,414
Contract liabilities	10,552	12,944
Provision for warranties for completed construction	1,044	1,391
Provision for loss on construction contracts	1,236	1,269
Other current liabilities	12,133	16,253
Total current liabilities	64,491	65,885
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term loans payable	—	5,000
PFI and other project finance loans	12,726	14,620
Liability for retirement benefit	4,836	4,753
Other non-current liabilities	1,112	1,174
Total non-current liabilities	28,675	45,547
Total liabilities	93,166	111,433
Net assets		
Shareholders' equity		
Capital stock	11,946	11,946
Capital surplus	9,410	9,406
Retained earnings	52,513	54,733
Treasury stock	(3,640)	(1,052)
Total shareholders' equity	70,230	75,033
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	111	151
Deferred gains or losses on hedges	28	83
Foreign currency translation adjustment	2,747	5,158
Remeasurements of defined benefit plans	(186)	876
Total accumulated other comprehensive income	2,701	6,270
Non-controlling interests	2,744	4,046
Total net assets	75,676	85,350
Total liabilities and net assets	168,843	196,783

(2) Consolidated Statement of Income and Statement of Comprehensive Income

Consolidated Statement of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	165,561	179,094
Cost of sales	131,158	140,380
Gross profit	34,403	38,713
Selling, general and administrative expenses	24,499	28,087
Operating income	9,903	10,626
Non-operating income		
Interest income	153	177
Dividends income	63	92
Gain on sales of investment securities	100	—
Foreign exchange gain	621	—
Miscellaneous income	41	1
Total non-operating income	980	271
Non-operating expenses		
Interest expenses	233	296
Share of loss of entities accounted for using equity method	38	5
Commission expenses	64	10
Loss on valuation of investment securities	—	235
Loss on disposal of non-current assets	21	104
Foreign exchange loss	—	147
Commission for syndicated loans	16	37
Miscellaneous loss	18	109
Total non-operating expenses	393	946
Ordinary income	10,490	9,951
Extraordinary losses		
System migration costs	—	90
Total extraordinary losses	—	90
Income before income taxes	10,490	9,861
Income taxes - current	3,345	3,268
Income taxes - deferred	(221)	(701)
Total income taxes	3,124	2,566
Net income	7,366	7,294
Profit attributable to non-controlling interests	490	441
Profit attributable to owners of parent	6,875	6,852

(2) Consolidated Statement of Income and Statement of Comprehensive Income (continued)**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income	7,366	7,294
Other comprehensive income		
Valuation difference on available-for-sale securities	294	39
Deferred gains or losses on hedges	70	157
Foreign currency translation adjustment	1,058	2,411
Remeasurements of defined benefit plans	1,291	1,063
Total other comprehensive income	2,714	3,671
Comprehensive income	10,081	10,965
(Details)		
Comprehensive income attributable to owners of parent	9,544	10,421
Comprehensive income attributable to non-controlling interests	536	543

(3) Consolidated Statement of Changes in Shareholders' Equity

(Millions of yen)

	Fiscal year ended March 31, 2024				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2023	11,946	9,411	50,890	(7,089)	65,158
Changes during the year					
Dividends from surplus			(1,855)		(1,855)
Profit attributable to owners of parent			6,875		6,875
Cancellation of treasury stock		(5)	(3,396)	3,402	—
Restricted stock compensation		4		47	51
Changes in other equity, net					
Total changes during the year	—	(0)	1,623	3,449	5,072
Balance at March 31, 2024	11,946	9,410	52,513	(3,640)	70,230

(3) Consolidated Statement of Changes in Shareholders' Equity (continued)

(Millions of yen)

	Fiscal year ended March 31, 2024						
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2023	(182)	3	1,689	(1,477)	32	1,447	66,639
Changes during the year							
Dividends from surplus							(1,855)
Profit attributable to owners of parent							6,875
Cancellation of treasury stock							—
Restricted stock compensation							51
Changes in other equity, net	294	24	1,058	1,291	2,668	1,296	3,965
Total changes during the year	294	24	1,058	1,291	2,668	1,296	9,037
Balance at March 31, 2024	111	28	2,747	(186)	2,701	2,744	75,676

(3) Consolidated Statement of Changes in Shareholders' Equity (continued)

(Millions of yen)

	Fiscal year ended March 31, 2025				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2024	11,946	9,410	52,513	(3,640)	70,230
Changes during the year					
Dividends from surplus			(2,094)		(2,094)
Profit attributable to owners of parent			6,852		6,852
Purchase of treasury stock				(0)	(0)
Cancellation of treasury stock		(9)	(2,538)	2,548	—
Restricted stock compensation		4		39	44
Changes in other equity, net					
Total changes during the year	—	(4)	2,219	2,587	4,803
Balance at March 31, 2025	11,946	9,406	54,733	(1,052)	75,033

(3) Consolidated Statement of Changes in Shareholders' Equity (continued)

(Millions of yen)

	Fiscal year ended March 31, 2025						
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2024	111	28	2,747	(186)	2,701	2,744	75,676
Changes during the year							
Dividends from surplus							(2,094)
Profit attributable to owners of parent							6,852
Purchase of treasury stock							(0)
Cancellation of treasury stock							—
Restricted stock compensation							44
Changes in other equity, net	39	55	2,411	1,063	3,568	1,301	4,870
Total changes during the year	39	55	2,411	1,063	3,568	1,301	9,673
Balance at March 31, 2025	151	83	5,158	876	6,270	4,046	85,350

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Income before income taxes	10,490	9,861
Depreciation	2,142	2,601
Amortization of goodwill	302	326
Increase/(decrease) in liabilities for retirement benefits	355	397
(Increase)/decrease in assets for retirement benefits	48	(135)
Increase/(decrease) in provision for warranties for completed construction	(197)	245
Increase/(decrease) in provision for loss on construction contracts	12	32
Interest income and dividends income	(217)	(269)
Interest expenses	233	296
Foreign exchange (gain)/loss	(621)	147
Loss on disposal of property, plant and equipment	21	104
(Gain)/loss on sales of investment securities	(100)	—
(Gain)/loss on valuation of investment securities	—	239
Share of (profit)/loss of entities accounted for using equity method	38	5
(Increase)/decrease in trade receivables and contract assets	(15,150)	(4,920)
(Increase)/decrease in inventory	(3,358)	3,211
Increase/(decrease) in trade payables	(2,433)	1,292
Increase/(decrease) in contract liabilities	3,334	2,084
Other cash flows from operating activities	2,416	1,583
Subtotal	(2,681)	17,102
Interest and dividends income received	217	269
Interest expenses paid	(212)	(281)
Income taxes paid	(2,810)	(3,774)
Cash flows from operating activities	(5,486)	13,316

(4) Consolidated Statement of Cash Flows (continued)

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Net (increase)/decrease in time deposits	(23)	67
Purchase of property, plant and equipment	(911)	(1,772)
Purchase of intangible assets	(5,052)	(2,422)
Purchase of investment securities	(352)	(138)
Sales of investment securities	3,836	14
Payments of loans receivable	(652)	(2)
Collection of loans receivable	71	78
Other cash flows from investing activities	(14)	80
Cash flows from investing activities	(3,098)	(4,094)

(4) Consolidated Statement of Cash Flows (continued)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from short-term loan payable	3,591	26,319
Repayments of short-term loans payable	(2,428)	(29,910)
Proceeds from long-term loans payable	—	4,962
Proceeds from PFI and other project finance loans	2,300	2,700
Repayments of PFI and other project finance loans	(887)	(697)
Proceeds from issuance of bonds	9,946	9,950
Cash dividends paid	(1,855)	(2,094)
Proceeds from share issuance to non-controlling interests	761	759
Cash dividends paid to non-controlling interests	(1)	(1)
Other cash flows from financing activities	(88)	18
Cash flows from financing activities	11,338	12,005
Effect of exchange rate change on cash and cash equivalents	381	236
Increase/(decrease) in cash and cash equivalents	3,134	21,463
Cash and cash equivalents at April 1	11,085	14,219
Cash and cash equivalents at March 31	14,219	35,683

(5) Notes to the Consolidated Financial Statements

Notes on Going Concern Assumption

No items to report.

Changes in Accounting Policies

On April 1, 2024, the Group adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, revised on October 28, 2022) (hereinafter referred to as “ASBJ Statement No. 27 (revised 2022)”).

Regarding the amendment related to the classification of current income taxes (taxation on other comprehensive income), the Group follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of ASBJ Statement No. 27 (revised 2022), as well as the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, revised on October 28, 2022) (hereinafter referred to as “ASBJ Guidance No. 28 (revised 2022)”). These changes in accounting policies have no impact on the Group’s consolidated financial statements.

Also, on April 1, 2024, the Group adopted ASBJ Guidance No. 28 (revised 2022), regarding the amendment related to the review of the treatment in the consolidated financial statements when deferring for tax purposes the gain or loss on the sale of subsidiary shares and others among the Group companies. This change in the accounting policy has been applied retrospectively and has no impact on the Group’s consolidated financial statements for the fiscal year ended March 31, 2024.

Segment Information

1. Outline of reportable segments

(1) Method of determining reportable segments

The Company's segments represent components of the Group for which separate financial information is available and that are subject to periodical review by the board of directors in determining how to allocate operating resources and evaluating performance.

The Company has established business headquarters by its products and services at the corporate office, each of which operates under comprehensive domestic and international strategies developed for its products and services.

Therefore, the Group basically consists of four reportable segments: "Environmental Engineering Business", "System Solution Business", "Operation Business" and "International Business", which are based on the Company's business divisions in consideration of similarities of types and natures of products and services. "Environmental Engineering Business" is primarily engaged in the design, construction, maintenance and inspection of mechanical equipment for domestic water and sewage treatment plants and resource recycling facilities. "System Solution Business" is primarily engaged in the design, manufacture, maintenance and management of electrical equipment for domestic water and sewage treatment plants. "Operation Business" is primarily engaged in the operation of domestic water and sewage treatment plants and resource recycling facilities. "International Business" is primarily engaged in the design, construction, maintenance, and management of facilities and equipment for international water and sewage treatment plants, as well as private sector business.

(2) Change in the composition of reportable segments

As a result of the review of the organizational structure, the Company changed the composition of the Group's reportable segments from the previous two segments (Plant Engineering Business and Service Solutions Business) to four segments (Environmental Engineering Business, System Solution Business, Operation Business and International Business), effective from April 1, 2024. This change enables the Group to make more appropriate decisions regarding the allocation of management resources and performance management from a management approach perspective, as well as to more accurately present the actual business operations. Segment information for the fiscal year ended March 31, 2024 is prepared based on the new composition of reportable segments as presented in "3. Net sales, income or loss, assets, liabilities and other items by reportable segment" for the fiscal year ended March 31, 2024.

2. Determination of net sales, income or loss, assets, liabilities and other items by reportable segment

Accounting treatment applied to the business segments reported is generally consistent with accounting treatment applied to prepare consolidated financial statements.

In addition, segment income is determined based on operating income, which is consistent with operating income on the consolidated statement of income.

3. Net sales, income or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments					Adjust- ments	Consoli- dated
	Environmental Engineering Business	System Solution Business	Operation Business	International Business	Total		
Net Sales							
Sales to third parties	52,878	52,570	28,880	31,232	165,561	—	165,561
Inter-segment transactions and transfers	—	—	—	—	—	—	—
Total	52,878	52,570	28,880	31,232	165,561	—	165,561
Segment income	3,009	3,690	2,111	1,092	9,903	—	9,903

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments					Adjust- ments	Consoli- dated
	Environmental Engineering Business	System Solution Business	Operation Business	International Business	Total		
Net Sales							
Sales to third parties	52,367	57,211	31,787	37,727	179,094	—	179,094
Inter-segment transactions and transfers	—	—	—	—	—	—	—
Total	52,367	57,211	31,787	37,727	179,094	—	179,094
Segment income	2,362	3,422	2,219	2,621	10,626	—	10,626

Per Share Information

	(Yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	1,672.17	1,863.12
Net income per share	157.67	157.06

Notes:

1. Diluted net income per share is not presented as there are no diluted shares.
2. Net income per share is calculated on the following basis.

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income per share		
Profit attributable to owners of parent	6,875	6,852
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common stock	6,875	6,852
Average number of shares outstanding during the year (number of shares)	43,607,720	43,631,524

Significant Subsequent Events

(Business combination by acquisitions)

On February 27, 2025, the Company's Board of Directors resolved to acquire all shares of Schwing Bioiset, Inc., a non-listed company in the United States, through METAWATER USA, INC., a U.S. subsidiary of the Company. The Company has entered into a share transfer agreement on March 9, 2025. As of April 1, 2025, the acquisition of all shares of Schwing Bioiset, Inc. was completed, and Schwing Bioiset, Inc. became a consolidated subsidiary of the Company.

1. Overview

(1) Name and business of the acquiree

Name: Schwing Bioiset, Inc.

Business: Sales and manufacturing of sludge treatment system

(2) Major purpose of business combination

The purpose is to create synergy effects for the entire North American business by acquiring strong products, sales results, and a sales and service network base related to the sludge treatment market in the United States, thereby expanding the Group's North American business.

(3) Date of business combination

April 1, 2025

(4) Legal form of business combination

Stock acquisition in exchange for cash

(5) Company name after business combination

Schwing Bioiset, Inc.

(6) Ratio of voting rights acquired

100%

(7) Principal basis for determining the acquirer

METAWATER USA, INC., the Company's consolidated subsidiary, acquired all shares of Schwing Bioiset, Inc. in exchange for cash.

2. Acquisition costs and the details

Consideration paid: cash, 3,264 million yen

Acquisition costs: 3,264 million yen

3. Details and amount of major acquisition-related costs

They have not yet been determined.

4. Amount of goodwill incurred, source, and method and period of amortization

They have not yet been determined.

5. Amounts and details of assets acquired and liabilities assumed on the business combination date

They have not yet been determined.