



Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2026

- I Highlights of the First Quarter of the Fiscal Year
Ending March 2026
- II Outline of Financial Results for the First Quarter
of the Fiscal Year Ending March 2026
(Statement of Income ▪ Balance Sheets ▪ Cash Flows)
- III Progress of the ‘Mid-term Business Plan 2027’
- IV Reference Materials

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Ending March 2026
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Financial Highlights for Q1 FYE 3/'26 (consolidated)

Orders received

Q1 orders exceeded those of the previous year in Environmental Engineering, System Solution, and International Businesses

(Reference) Order Backlog: 314,139mn yen end Q1 FYE3/'25 ⇒ 355,291mn (+41,152mn) yen end Q1 FYE3/'26

Net Sales and Operating Income

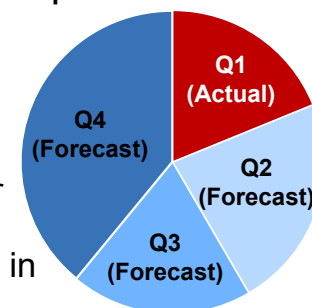
- Both **Net Sales and Operating Income** were significantly higher YoY due to strong performance of our North American and European subsidiaries in the International Business, as well as solid results from large-scale construction projects in the Environmental Engineering and System Solutions businesses in domestic operations. (generally progressing in line with the plan)
- Ordinary Income includes FX losses (152mn yen).

Sales and profits tend to be heavily skewed toward Q4 as the majority of the Group's business is domestic public works projects, and sales in Q1 usually account for about 15% of the total for the year. The results for each fiscal year may vary slightly due to differences in the project mix.

※ As mentioned in our guidance at the beginning of the period, our exports to the U.S. are very limited and **the tariffs have almost no impact**

(Million Yen)

Sales breakdown by quarter for FYE 3/'26



	Orders Received	Net Sales	Operating Income	Ordinary Income	Net income	DPS (Yen)	
Q1 FYE 3/'26 Results	69,645 YoY: +5,561 +8.7%	33,054 YoY: +8,039 +32.1%	-603 YoY: +1,464	-665 YoY: +1,000	-1,003 YoY: +575	-	
Q1 FYE 3/'25 Results	64,083	25,015	-2,068	-1,666 ^{*1}	-1,578	-	
FYE 3/'26 Forecast* (As of 24. Apr. '25)	230,000 YoY: +7,276 +3.3%	200,000 YoY: +20,905 +11.7%	11,500 YoY: +873 +8.2%	10,900 YoY: +948 +9.5%	7,500 YoY: +647 +9.4%	Interim 28	Year-End 28

* Figures are rounded down to the nearest million yen (the same applies to subsequent Q1 figures).

*1 FX gain 381mn yen and other

Segment Information (Consolidated)

Orders received : Operation business saw a reactionary decline from last year's multi-year lump-sum appropriation, and SS business posted a YoY increase due to large-size projects.

Net sales : increased in all segments, with strong performance by the North American subsidiary of the International Business

Operating Income : grew due to increased sales and an improved gross margin, despite the depreciation burden of K.K.Mizumusubi Management Miyagi in the operating business segment.

(Million yen)

	Orders Received			Net Sales			Operating Income		
	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change
Environmental Engineering Business	16,280	16,588	+307	7,087	8,553	+1,466	-808	-427	+380
System Solution Business	18,077	26,213	+8,136	5,223	6,903	+1,680	-1,527	-1,168	+358
Operation Business	19,072	13,364	-5,708	5,735	5,802	+66	330	113	-216
International Business ^{*1}	10,652	13,478	+2,825	6,969	11,795 ^{*2}	+4,826	-63	879 ^{*2}	+942
Total	64,083	69,645	+5,561	25,015	33,054	+8,039	-2,068	-603	+1,464

*1 FX: Q1 FYE3/'25 1\$=148.6JPY; Q1 FYE3/'26 1\$=152.6JPY *2 FX impact on sales was 273mn yen, and OP was 26mn yen

Environmental Engineering Business / System Solution Business

(Million Yen)

	Orders Received			Net Sales			Operating Income		
	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change
Environmental Engineering Business	16,280	16,588	+307	7,087	8,553	+1,466	-808	-427	+380

Environmental Engineering Business Segment: Consists of the Water Environmental Business and the Resource and Environmental Business. Main business activities include design, construction, maintenance and inspection of mechanical equipment for domestic water and sewage treatment plants.

【Orders Received and Backlog】

Resource and Environmental Business performed well.

Order Backlog: 111,156mn yen → 109,549mn yen

【Net Sales and Operating Income】

Water Environmental Business: both sales and operating income were up YoY due to steady progress in large-scale construction projects.

Resource and Environmental Business: both sales and operating income were up YoY due to steady sales of large-scale building construction and repair work.

	Orders Received			Net Sales			Operating Income		
	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change
System Solution Business	18,077	26,213	+8,136	5,223	6,903	+1,680	-1,527	-1,168	+358

System Solution Business Segment: Consists of the System Engineering Business and the Customer Engineering Businesses. The main business is the design, manufacture, maintenance, and upkeep of electrical and other equipment for domestic water and sewage treatment.

【Orders Received and Backlog】

System Engineering Business performed well.

Order Backlog 77,936mn yen → 90,636mn yen

【Net Sales and Operating Income】

System Engineering Business: both net sales and operating income were up YoY due to steady sales of large-scale construction projects.

Customer Engineering Businesses: both net sales and operating income were up YoY due to steady sales of repair and renewal work.

Operation Business / International Business

(Million Yen)

	Orders Received			Net Sales			Operating Income		
	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change
Operation Business	19,072	13,364	-5,708	5,735	5,802	+66	330	113	-216

Operation Business Segment: Consists of Metawater Service Corporation, SPCs, and others. Main business is the operation of domestic water and sewage treatment plants and resource recycling facilities.

【Orders Received and Backlog】

Orders were lower YoY due to a reactionary decrease from the multi-year lump-sum order received in the last year.

Order Backlog: 92,284mn yen → 110,582mn yen

【Net Sales and Operating Income】

Sales were flat YoY; however, operating income was lower YoY due to an increase in depreciation and labor costs at subsidiaries.

	Orders Received			Net Sales ^{*1}			Operating Income ^{*2}		
	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change	Q1 FYE 3/'25	Q1 FYE 3/'26	Change
International Business	10,652	13,478	+2,825	6,969	11,795	+4,826	-63	879	+942

International Business Segment: Consists of Aqua-Aerobic Systems, Inc. in North America, Rood Wit Blauw Water B.V. in Europe, and other overseas subsidiaries. Main business includes design, construction, maintenance, and management of facilities and equipment for international water and sewage treatment plants, as well as private sector business.

【Orders Received and Backlog】

Orders were up YoY due to steady performance at the North American and European subsidiaries.

Order Backlog: 32,762mn yen → 44,522mn yen

【Net Sales and Operating Income】

Both sales and operating income were up YoY due to steady performance of the North American and European subsidiaries.

^{*1} Includes FX impact of 273mn yen

^{*2} After deduction of the Amortization of goodwill incurred in acquiring overseas subsidiaries and other intangible assets 188mn yen

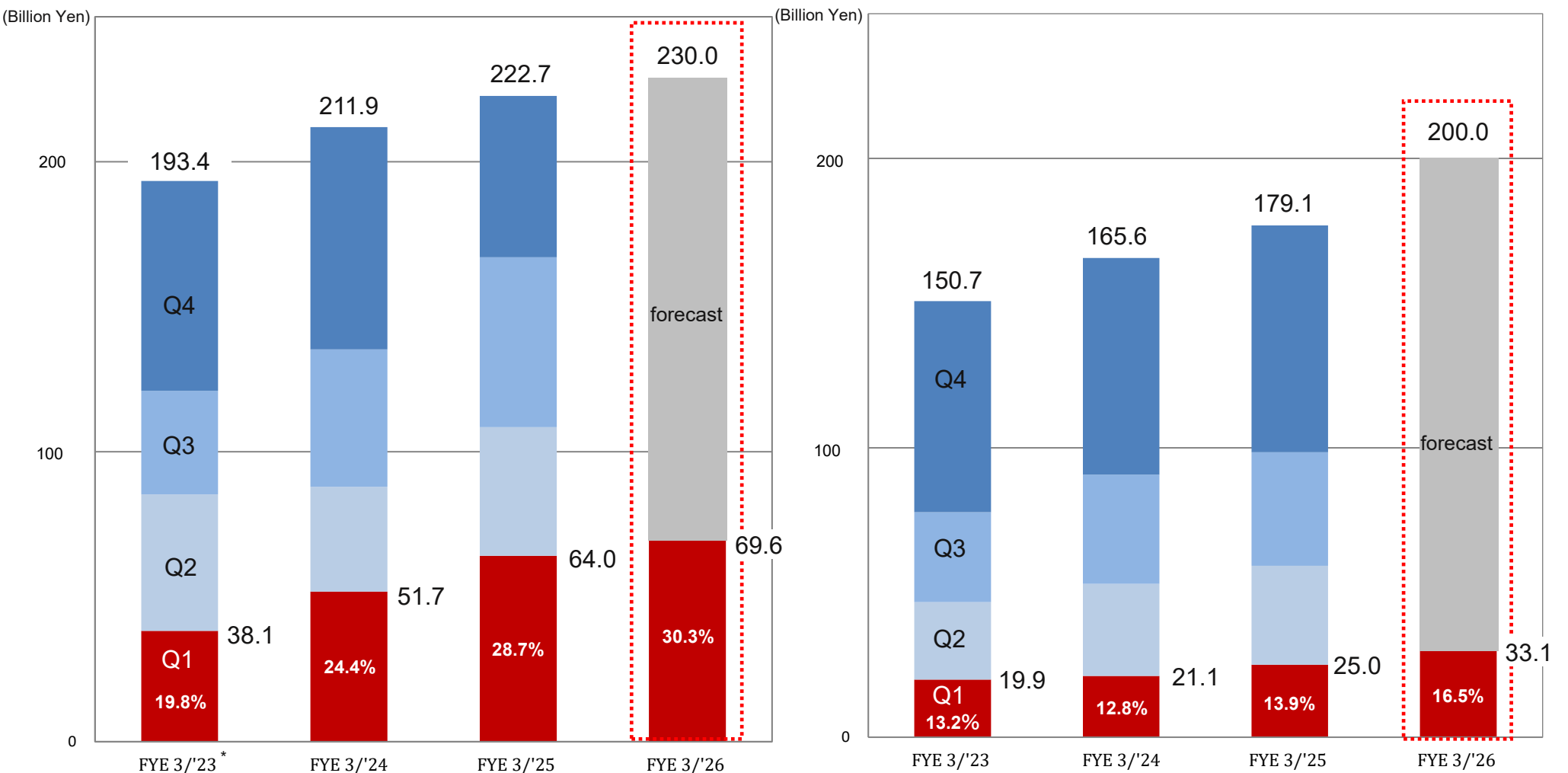
Orders received and Sales in Q1 FYE 3/'26 (consolidated)



With the growth of International Business, orders received and sales exceeded past trends in relation to annual forecasts.

【 Orders Received 】

【 Sales 】



* Received a large-scale PPP order for the 'Osaka City Sludge Treatment Facility Development and Operation Project' in FYE 3/'23

① Reduction of the regular working hours to 7 hours/day

As part of our initiative to become the 'No. 1 Company to Work For,' the Group is advancing work style reforms by gradually reducing scheduled working hours. Most recently, we shortened the standard workday by an additional 15 minutes to 7 hours per day.

We promote further streamlining of operations to increase productivity, improve employee retention, and strengthen the competitiveness of the Group's recruitment. In addition, we aim to establish flexible work styles by encouraging the use of the “four-day workweek system,” “side job system,” “workcation,” etc.

Overview of the revision of
regular working hours

	Until FYE 3/'20	Until FYE 3/'25	From FYE 3/'26 onward
regular working hours	7hrs 45min / Day (9:00 – 17:30)	7hrs 15min / Day (9:00 – 17:00)	7hrs 00min / Day (9:00 – 16:45)

② “Downsizable sewage treatment technology using aerobic granules” was selected as an AB-Cross project in 2025.

The technology proposed by the joint research group consisting of Miyagi Prefecture, the Japan Sewage Works Agency, and Metawater has been selected for a full-scale demonstration project in fiscal year 2025 for the “Innovative Technology Demonstration Project for Integrated Water Supply and Sewerage Systems (AB-Cross Project)” carried out by the Ministry of Land, Infrastructure, Transport and Tourism.

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Q1 FYE 3/'26 Consolidated Statement of Income

(Million yen)

	Q1 FYE3/'25	Q1 FYE3/'26	Change
Net sales	25,015	33,054	+8,039
Gross profit	4,139	6,881	+2,742
Operating income	-2,068	-603	+1,464
(Operating margin)	-8.3%	-1.8%	+6.5%
Non-Operating income/expenses	402	-61	-464
Ordinary income	-1,666	-665	+1,000
Extraordinary gains / losses	—	-5	-5
Income before taxes and other adjustment	-1,666	-671	+995
Income taxes	-203	247	+450
Net income attributable to non-controlling interests	115	84	-30
Net income attributable to owners of parent	-1,578	-1,003	+575

(Million yen)

Net Sales YoY Δ

Mainly strong performance in Int'l Business +4,826

Of which FX impact +273

Operating Income YoY Δ

Sales increase +1,330

Gross Margin improvement (16.5%→20.8%) +1,412

SG&A increase -1,277

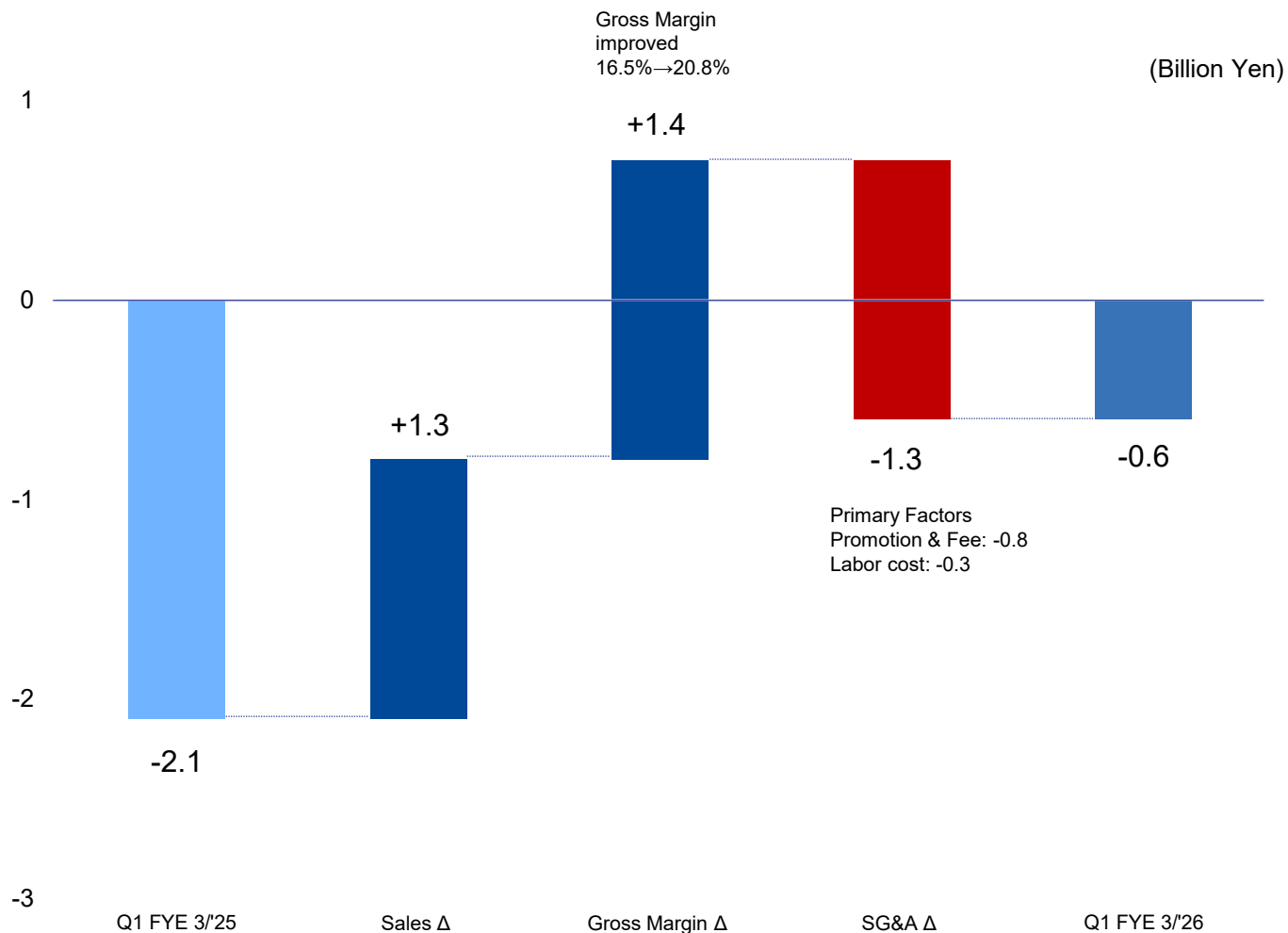
Non-Operating Income YoY Δ

FX impact (381 ⇒ -152) -534

Valuation loss on foreign currency denominated assets

Q1 FYE 3/'26 Operating Income YoY change

Operating Income increased due an improved gross margin from the higher sales and the project mix changes.



Consolidated Balance Sheets

Cash and deposits increased due to collection of accounts receivable and contract assets.

(Million yen)

	End of FYE 3/'25	End of Q1 FYE 3/'26	Change
Cash and deposits	36,278	72,809	+36,530
Trade receivable and contract assets	109,214	57,028	-52,185
Work in process and supplies	10,999	13,882	+2,883
Others	3,685	4,929	+1,243
Total current assets	160,178	148,650	-11,527
Tangible fixed assets	6,674	8,170	+1,496
Intangible fixed assets	17,706	20,230	+2,523
Deferred tax assets ^{*3}	2,622	4,271	+1,649
Others	9,601	11,009	+1,408
Total fixed assets	36,605	43,683	+7,077
Total assets	196,783	192,333	-4,450

	End of FYE 3/'25	End of Q1 FYE 3/'26	Change
Accounts payable- trade	30,806	24,844	-5,961
Short-term loans payable	(805) ^{*1} 805	(813) ^{*1} 1,654	+848
Contract liabilities	12,944	22,673	+9,728
Others	21,328	14,609	-6,718
Total current liabilities	65,885	63,781	-2,103
Bonds payable/ Long-term loans	(14,620) ^{*2} 39,620	(14,257) ^{*2} 39,257	-363
Others	5,927	6,986	+1,058
Total fixed liabilities	45,547	46,243	+695
Total liabilities	111,433	110,024	-1,408
Total net assets	85,350	82,308	-3,041
Total liabilities & net assets	196,783	192,333	-4,450

*1 *2: Figures in parentheses indicate the value of PFI and other project finance loans.

*3: Including deferred assets

Consolidated Cash Flows

Significant increase in operating cash flow due to receipt of large projects

(Million yen)

	Q1 FYE 3/'25	Q1 FYE 3/'26	Change
Cash and Cash equivalents at the end of previous FY	14,234	35,683	+21,449
Operating cash flow	37,435	44,618	+7,183 Collection of trade receivables + 6,155
Investing cash flow	-1,264	-3,542	-2,277
Free cash flow	36,170	41,076	+4,905
Financing cash flow	-4,121	-4,545	-424
Cash and cash equivalents at end of period	46,284	72,214	+25,930

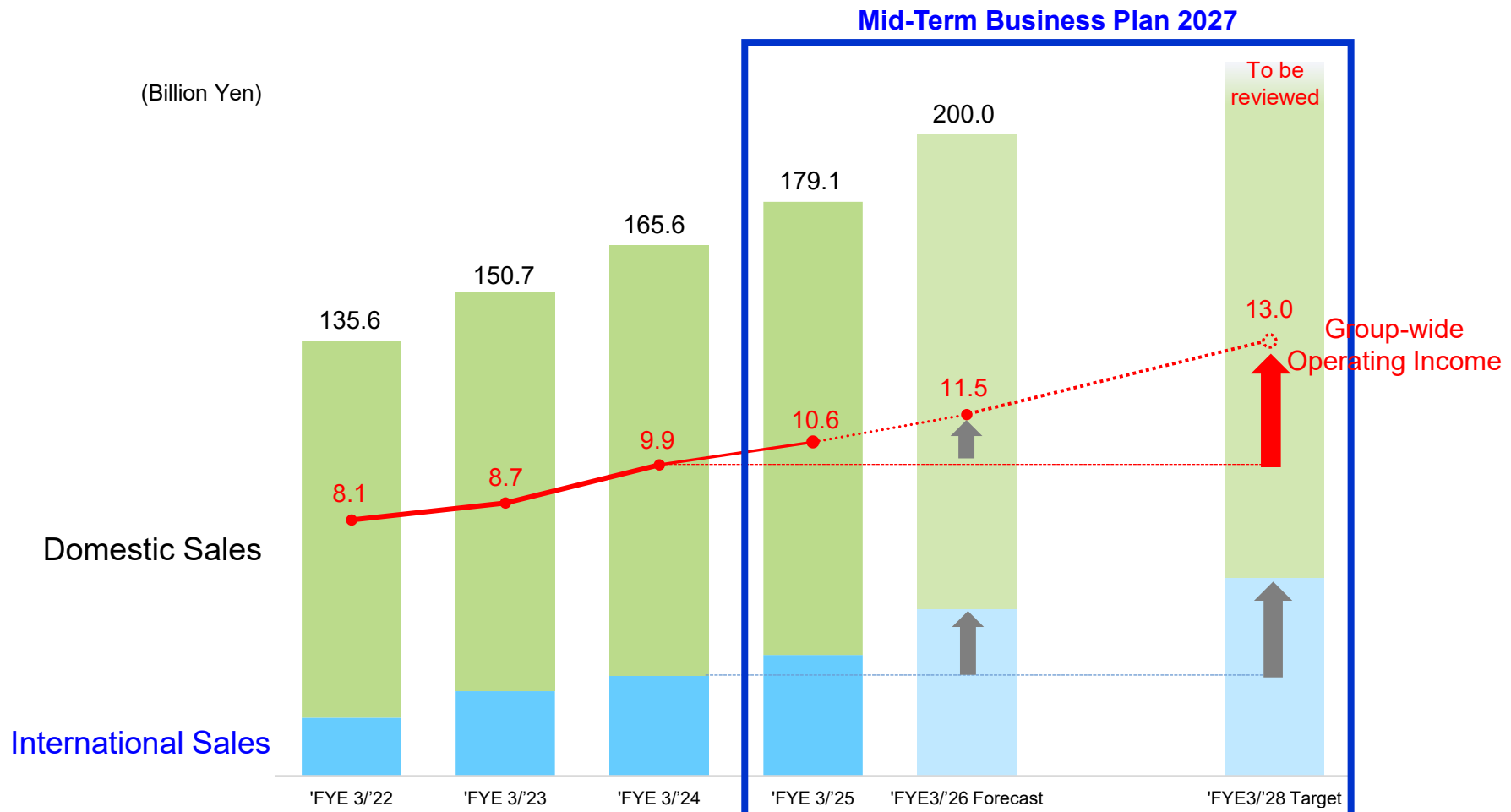
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Toward Achievement of 'Mid-term Business Plan 2027' ①

Expansion of International Business drives the group-wide sales and operating income

⇒ Increased visibility to achieve the MTP

【Sales and Operating Income Trends】



Toward Achievement of 'Mid-term Business Plan 2027' ②

Aim for growth in all segments (vs FYE'24/3), albeit affected by various factors in the short term.

■ Environmental Engineering Business

- Reduction of R&D burden
- Promotion of orders for new incinerators and equipment for recycling facilities
- Prevention of additional costs by streamlining on-site construction, and maintenance and expansion of profitability

■ System Solution Business

- R&D expenses arise in the short term
- Promote orders for monitoring and control systems and repair projects
- Improve labor productivity and reduce cost ratio through promotion of system engineering reforms

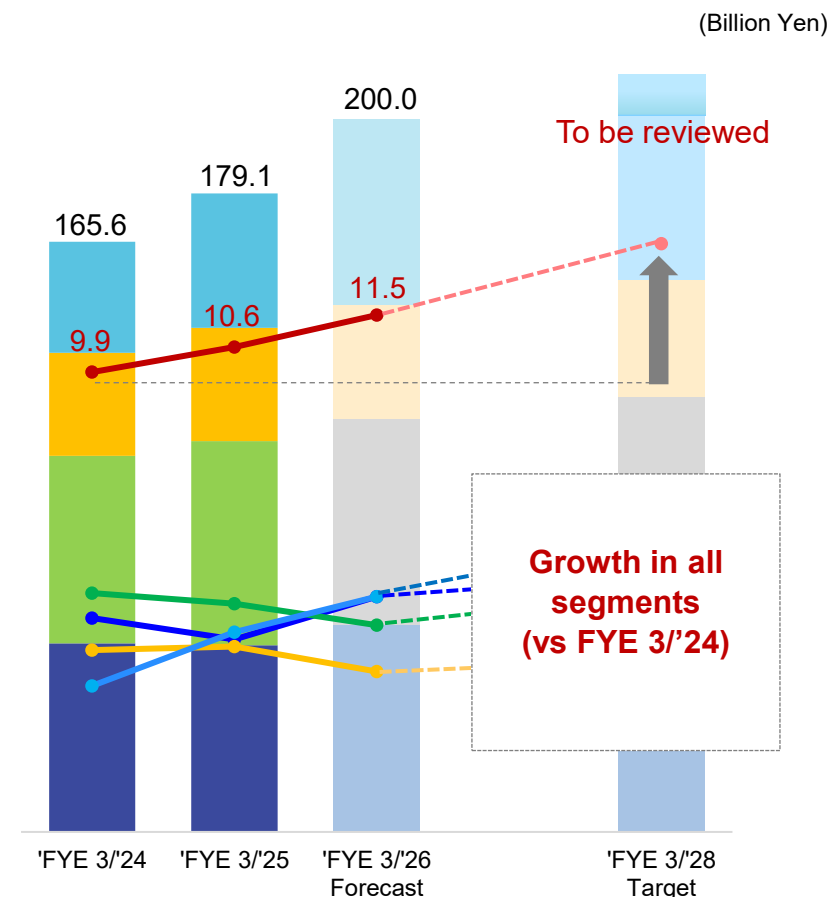
■ Operation Business

- Depreciation burden arises due to renewal of equipment at contracted facilities.
- Reduction in outsourcing costs through rationalization, and contribution of service subsidiaries

■ International Business

- In addition to strong existing businesses, full-scale expansion of new sewer technology "Nereda®"
- New consolidation of Schwing Bioset, Inc.
- Strengthening of comprehensive proposals by expanding product lineup and maximizing synergies
- Supporting company-wide earnings

Sales and Operating Income by Segment



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【Reference】

Order backlog, orders received, and sales trend (consolidated)

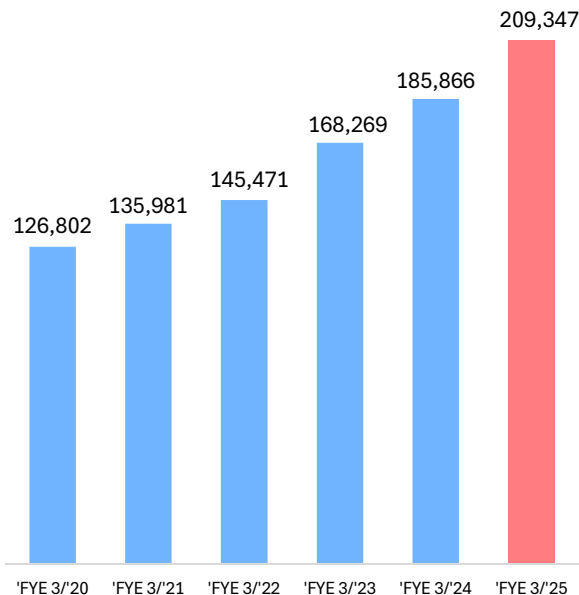
Backed by strong demand both domestically and internationally, **orders received, net sales, and operating income reached all-time highs.**

(Record-high order backlog, which includes multi-year service contracts)

【 Orders Received*】

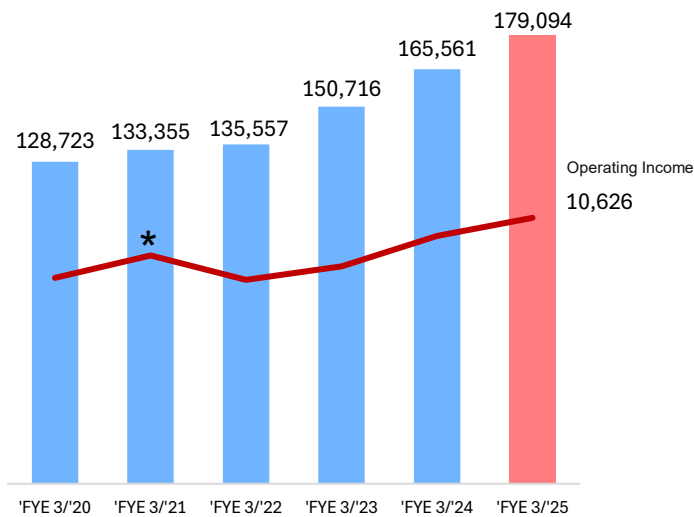
*3-year average

(Million Yen)



【 Net Sales・Operating Income 】

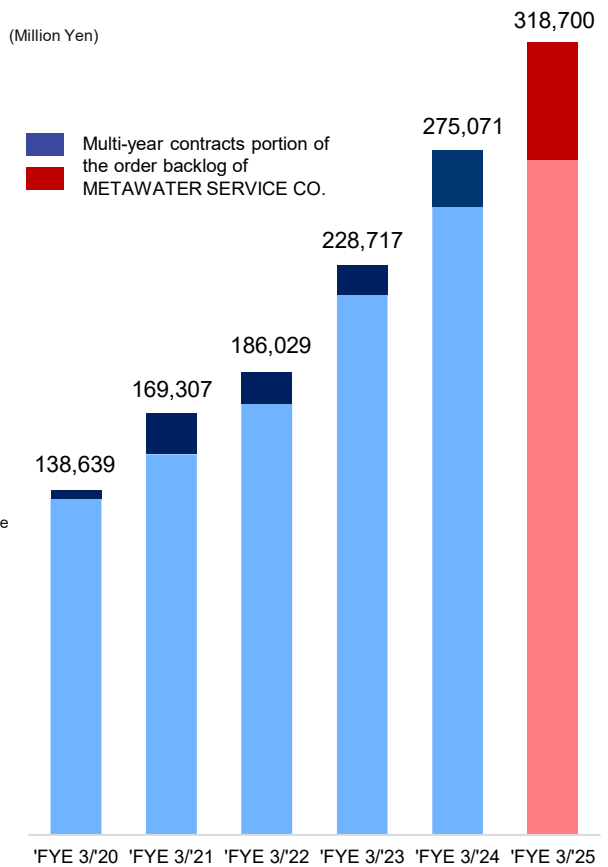
(Million Yen)



* Operating income for the FYE 3/'21 was 10.9bn yen; on a core business basis, excluding the one-off factor of the sale of shares in a retirement benefit trust, it was 9.1bn yen.

【 Order Backlog 】

(Million Yen)



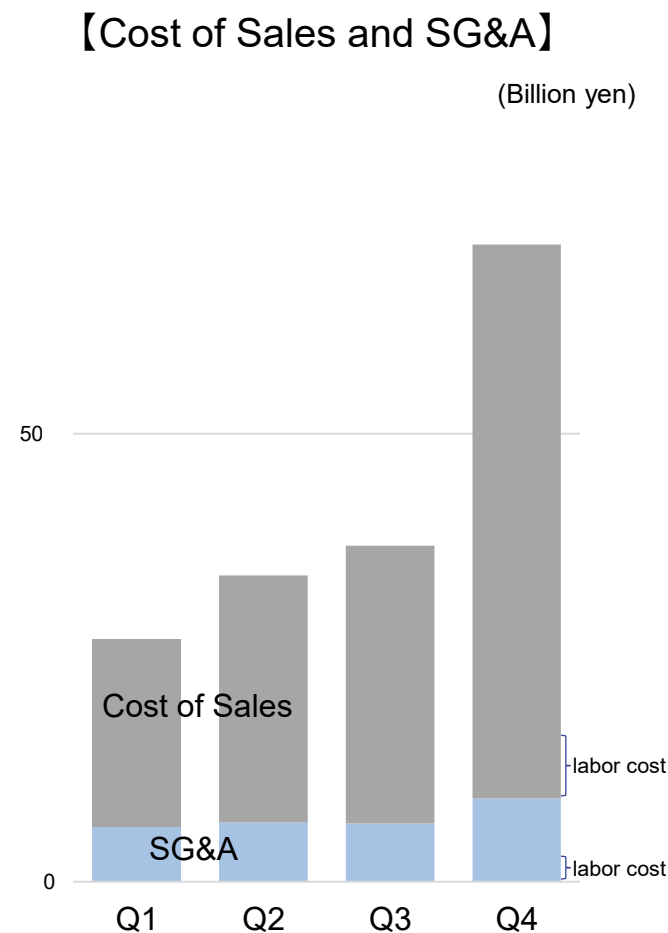
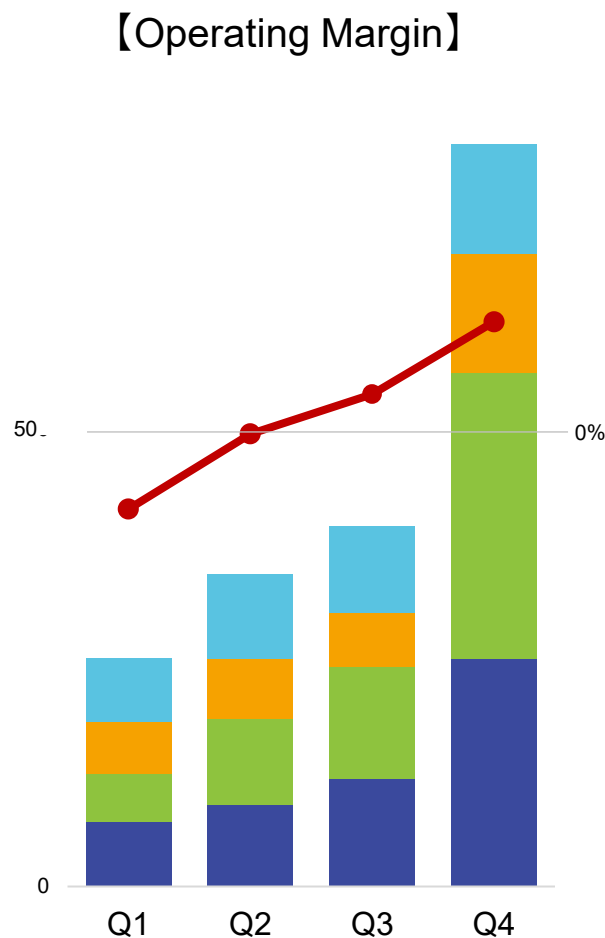
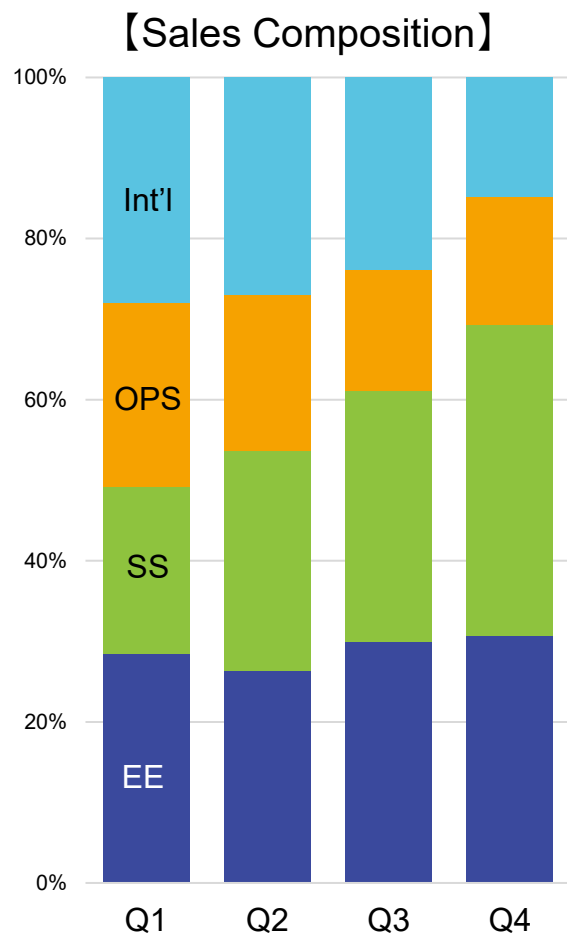
【Reference】

The Company's Characteristics:

Trends in Sales, Cost of Sales, and SG&A Expenses (FYE 3/'25 Results)

Both sales and sales composition of EE and SS businesses increase toward the end of the fiscal year.

Cost of sales also increases in line with sales toward the end of the period. SG&A expenses are generally the same in each quarter.



Segment Information

- ☐ **Environmental Engineering (EE) Business: Water Environmental Business / Resource and Environment Business**
The main operations involved are those entailing processes such as the **design, construction, upkeep, and operation & maintenance of elements such as machinery and equipment** for domestic water treatment plants, sewage treatment plants, and resource recycling facilities.
- ☐ **System Solution (SS) Business: System Engineering Business / Customer Engineering Business**
The main operations involved are those entailing the **design, manufacture, upkeep, and operation & maintenance of elements such as electrical equipment** for domestic water treatment plants and sewage treatment plants.
- ☐ **Operation Business**
The main operations involved consist of those involved in the **operation business** for domestic water treatment plants, sewage treatment plants, and resource recycling facilities.
- ☐ **International Business**
The main operations involved are the **design, construction, upkeep, and operation & maintenance** of facilities and equipment for water treatment plants and sewage treatment plants found overseas, as well as **business which caters to demand in the private sector abroad.**

Acronyms

EPC	Engineering, Procurement and Construction
O&M	Operation and Maintenance
PPP	Public-Private Partnership (Method through which the private sector participates in the provision of public services)
PFI	Private Finance Initiative (Method of public works which utilizes the private sector for the design and construction, operation and maintenance, management, and capital procurement of public facilities)
DBO	Design, Build and Operate (Method of public works which utilizes the private sector for the design and construction, and operation and maintenance management of public facilities)
Concession	An approach of granting business operation rights to private companies for a long term while leaving the authority of public facilities and authorization of business management to the public.

Disclosure Policy

1. Basic Policy

Based on its corporate philosophy, the METAWATER Group strives to become a corporate group that meets expectations of every stakeholder, garners trust from society and continuously contributes to society so as to achieve sustainable growth in society. In accordance with this viewpoint, the METAWATER Group discloses corporate information related to the Group to stakeholders and society in an equal, fair, timely and appropriate manner. It also promotes active communication with stakeholders to facilitate understanding of the METAWATER Group and ensure highly transparent and reliable business operations.

2. Basics of information disclosure

The METAWATER Group discloses corporate information whose disclosure is required by relevant laws such as the Companies Act, the Financial Instruments and Exchange Act, and rules set out by financial instruments exchanges in accordance with the applicable laws, regulations or rules. Even if the corporate information does not fall under such information, the Group proactively discloses information as much as possible when it is deemed to be useful for stakeholders or disclosure is deemed to be necessary for society.

3. Method of information disclosure

For corporate information whose disclosure is required by the above-mentioned laws, regulations and rules, the Group discloses information in a manner set out by the applicable laws, regulations or rules, and through the Company's website. Information that does not fall under such information is disclosed through the media, the Company's website or other appropriate means in consideration of its significance and urgent needs.

4. Communication after information is disclosed

The METAWATER Group actively communicates with stakeholders regarding disclosed information by answering questions in a conference, briefings meeting, interviews and inquiries. Opinions received from stakeholders through communication are shared within the Company's Group and treated as future reference.

5. Silent Period

In order to prevent the leaks of accounts closing information and ensure fairness, the Group sets a silent period that starts on the day after the closing date (including quarterly periods) through to the day of announcing financial statements. During this silent period, the Group does not answer any questions in a conference, briefings meeting, interviews and inquiries regarding the accounts closing and business prospects, except where information on a revision of business forecasts is disclosed.

6. Forward-looking statements

Of business forecasts, strategies and targets disclosed by the METAWATER Group, forward-looking statements are made based on information available to the Company's Group as of the date of disclosure and a certain grounds that are deemed to be reasonable. Actual performance may differ from forecasts as a result of various factors.

7. Establishment of Internal Structure

The METAWATER Group builds an internal structure and establishes internal rules so as to comply with this Disclosure Policy, disclose information in an appropriate manner, and communicate with stakeholders.



Contact regarding this document

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