



# METAWATER Co., Ltd.

For Immediate Release

April 24, 2026

## CONSOLIDATED RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2026

**[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	<a href="https://www.metawater.co.jp">https://www.metawater.co.jp</a>
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Scheduled date of annual meeting of shareholders	June 23, 2026
Filing date of annual securities report	June 16, 2026
Payment date of cash dividends	June 4, 2026
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, 2026

#### (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, 2026	209,844	17.2	12,879	21.2	13,175	32.4	9,136	33.3
Fiscal year ended March 31, 2025	179,094	8.2	10,626	7.3	9,951	(5.1)	6,852	(0.3)

Note: Comprehensive income: Fiscal year ended March 31, 2026 11,346 million yen 3.5%  
Fiscal year ended March 31, 2025 10,965 million yen 8.8%

	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, 2026	209.30	—	10.7	6.3	6.1
Fiscal year ended March 31, 2025	157.06	—	8.9	5.4	5.9

Note: Share of profit/(loss) of entities accounted for by the equity method  
Fiscal year ended March 31, 2026 74 million yen  
Fiscal year ended March 31, 2025 (5) million yen

## (2) 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, 2026	220,292	94,150	40.6	2,050.35
As of March 31, 2025	196,783	85,350	41.3	1,863.12

Note: Shareholders' equity:

As of March 31, 2026

89,519 million yen

As of March 31, 2025

81,304 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, 2026	15,132	(17,027)	(7,165)	26,736
Fiscal year ended March 31, 2025	13,316	(4,094)	12,005	35,683

## 2. Dividends

Period	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	24.00	—	26.00	50.00
Fiscal year ended March 31, 2026	—	35.00	—	35.00	70.00
Fiscal year ending March 31, 2027 (Forecast)	—	40.00	—	40.00	80.00

	Total amount of dividends (Annual)	Payout ratio (Consolidated)	Dividend to net assets (Consolidated)
	Million yen	%	%
Fiscal year ended March 31, 2025	2,181	31.8	2.8
Fiscal year ended March 31, 2026	3,056	33.4	3.6
Fiscal year ending March 31, 2027 (Forecast)		—	

### 3. Forecast for consolidated operating results for the fiscal year ending March 31, 2027

(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, 2027	240,000	14.4	15,000	16.5	14,500	10.1	10,000	9.5	229.04

#### Notes:

- (1) Significant changes in the scope of consolidation during the fiscal year ended March 31, 2026: Yes  
Newly included: 2 companies (Schwing Bioset, Inc., Revinu, Inc.,)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - (a) Changes by a newly issued or amended accounting pronouncement: No
  - (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): 44,258,500 shares as of March 31, 2025 and 44,258,500 shares as of March 31, 2026.
  - (b) Number of treasury stock at the end of the year: 619,714 shares as of March 31, 2025 and 598,014 shares as of March 31, 2026.
  - (c) Average number of shares outstanding for the year: 43,631,524 shares for the fiscal year ended March 31, 2025 and 43,653,767 shares for the fiscal year ended March 31, 2026.

Note: Metawater shares held by Custody Bank of Japan, Ltd. (trust E account) as trust assets under a Stock Benefit Trust (J-ESOP) are included in the number of treasury stock to calculate the number of treasury stock at the end of the year and 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, 2026**

**(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, 2026	125,261	9.0	5,272	42.8	6,897	84.1	5,316	89.4
Fiscal year ended March 31, 2025	114,927	3.4	3,691	(17.2)	3,747	(34.0)	2,807	(31.0)

	Net income per share - Basic -	Net income per share - Diluted -
	Yen	Yen
Fiscal year ended March 31, 2026	121.79	—
Fiscal year ended March 31, 2025	64.34	—

**(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, 2026	145,554	59,716	41.0	1,367.74
As of March 31, 2025	140,479	57,004	40.6	1,306.28

Note: Shareholders' equity:

As of March 31, 2026

59,716 million yen

As of March 31, 2025

57,004 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.

## Contents of Appendix

<b>1. Operating Results Review .....</b>	<b>6</b>
<b>(1) Operating Results Review for the Current Fiscal Year .....</b>	<b>6</b>
<b>(2) Financial Position Review for the Current Fiscal Year .....</b>	<b>8</b>
<b>(3) Cash Flow Review for the Current Fiscal Year .....</b>	<b>8</b>
<b>(4) Future Forecast .....</b>	<b>9</b>
<b>2. Basic Approach to the Selection of Accounting Standards .....</b>	<b>10</b>
<b>3. Consolidated Financial Statements and Major Notes.....</b>	<b>11</b>
<b>(1) Consolidated Balance Sheets .....</b>	<b>11</b>
<b>(2) Consolidated Statements of Income and Statements of Comprehensive Income.....</b>	<b>13</b>
<b>(3) Consolidated Statements of Changes in Shareholders' Equity .....</b>	<b>16</b>
<b>(4) Consolidated Statements of Cash Flows.....</b>	<b>20</b>
<b>(5) Notes to the Consolidated Financial Statements.....</b>	<b>23</b>
<b>Notes on Going Concern Assumption .....</b>	<b>23</b>
<b>Additional Information.....</b>	<b>23</b>
<b>Business Combination.....</b>	<b>24</b>
<b>Segment Information.....</b>	<b>26</b>
<b>Per Share Information .....</b>	<b>28</b>
<b>Significant Subsequent Events.....</b>	<b>28</b>

## 1. Operating Results Review

### (1) Operating Results Review for the Current Fiscal Year

The Japanese economy recovered modestly during the fiscal year ended March 31, 2026, due to the improved employment and income environment as well as various effective policies. In addition, the global economy continued to show signs of a slower recovery, despite stagnation in some regions. On the other hand, there were growing concerns about downside risks to the economy, such as the situation in the Middle East, fluctuations in the financial and capital markets, and 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, 2026 are as the table below.

Both net sales and operating income increased year on year driven by the strong performance in the Environmental Engineering Business, the Operation Business, and the International Business. In addition, both order received and order backlog increased year on year as a result of strong order receipts. Ordinary income includes ¥621 million of the foreign exchange gain due to depreciation of Japanese Yen.

On a non-consolidated basis, both net sales and operating income of the Company increased year on year mainly driven by the strong performance in the Environmental Engineering Business, significantly contributing to the operating results of the Group.

	Fiscal year ended March 31, 2025 (Million yen)	Fiscal year ended March 31, 2026 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	179,094	209,844	30,749	17.2
Operating income	10,626	12,879	2,252	21.2
Ordinary income	9,951	13,175	3,224	32.4
Profit attributable to owners of parent	6,852	9,136	2,283	33.3
Order received	222,724	274,532	51,808	23.3
Order backlog	318,700	389,299	70,598	22.2

The Group's business consists of four segments: Environmental Engineering Business, System Solution Business, Operation Business, and International Business. Operating results by segment are as follows.

(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 increased year on year driven by the steady performance of large-scale construction work.

In the Resource and Environmental Business, both net sales and operating income increased year on year driven by the steady performance of repair work.

	Fiscal year ended March 31, 2025 (Million yen)	Fiscal year ended March 31, 2026 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	52,367	58,475	6,107	11.7
Operating income	2,362	4,543	2,180	92.3
Order received	51,918	75,410	23,492	45.2
Order backlog	101,514	118,449	16,935	16.7

(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 work, while operating income decreased year on year due to an increase in research and development expenses, depreciation, and other expenses.

In the Customer Engineering Business, both net sales and operating income were at the same level year on year driven by the steady performance of repair work.

	Fiscal year ended March 31, 2025 (Million yen)	Fiscal year ended March 31, 2026 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	57,211	61,154	3,942	6.9
Operating income	3,422	2,625	(797)	(23.3)
Order received	63,455	86,880	23,425	36.9
Order backlog	71,326	97,052	25,726	36.1

(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, 2025 (Million yen)	Fiscal year ended March 31, 2026 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	31,787	33,455	1,667	5.2
Operating income	2,219	2,425	205	9.3
Order received	55,860	48,555	(7,305)	(13.1)
Order backlog	103,020	118,120	15,099	14.7

(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, 2025 (Million yen)	Fiscal year ended March 31, 2026 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	37,727	56,759	19,031	50.4
Operating income	2,621	3,285	663	25.3
Order received	51,489	63,686	12,197	23.7
Order backlog	42,839	55,676	12,836	30.0

## (2) Financial Position Review for the Current Fiscal Year

Total assets as of March 31, 2026 increased by ¥23,509 million compared to March 31, 2025 to ¥220,292 million.

Current assets increased by ¥2,976 million compared to March 31, 2025 to ¥163,154 million due to an increase in supplies and consumption taxes refund receivable.

Non-current assets increased by ¥20,553 million compared to March 31, 2025 to ¥57,070 million due to an increase in construction in progress, leased assets, goodwill, and shares of affiliates included in investment securities.

Current liabilities increased by ¥13,374 million compared to March 31, 2025 to ¥79,259 million due to an increase in accounts payable - trade and contract liabilities.

Non-current liabilities increased by ¥1,334 million compared to March 31, 2025 to ¥46,882 million due to an increase in lease obligations.

Total net assets increased by ¥8,799 million compared to March 31, 2025 to ¥94,150 million due to the recognition of profit attributable to owners of parent.

## (3) Cash Flow Review for the Current Fiscal Year

The balance of cash and cash equivalents (hereinafter the “funds”) as of March 31, 2026 decreased by ¥8,947 million compared to March 31, 2025 to ¥26,736 million. An analysis of the cash flows for the fiscal year ended March 31, 2026 and related commentary thereon are presented below:

(Cash flows from operating activities)

The funds generated by operating activities was ¥15,132 million (¥1,815 million increase year to year): ¥13,054 million of the recognition of income before income taxes and ¥4,630 million of a decrease in trade receivables and contract assets, offsetting ¥2,499 million of an increase in inventory.

(Cash flows from investing activities)

The funds used for investing activities was ¥17,027 million (¥12,933 million decrease year to year): ¥4,730 million used for purchase of property, plant and equipment, ¥2,423 million used for purchase of intangible assets, ¥6,428 million used for purchase of investment securities, and ¥3,577 million used for acquisition of newly consolidated subsidiaries.

(Cash flows from financing activities)

The funds used for financing activities was ¥7,165 million (¥19,170 million decrease year to year): ¥2,662 million used for payment of dividends and ¥3,540 million used for repayments of short-term loans payable.

(Reference) Index related to cash flows over the years

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Shareholders' equity to total assets (%)	45.7	43.2	41.3	40.6
Shareholders' equity to total assets based on market value (%)	52.8	59.2	42.6	67.4
Interest-bearing debt to cash flows (%)	—	—	193.8	280.9
Interest coverage ratio (times)	—	—	44.9	29.5

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 sheets 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, 2027 is expected to continue its modest recovery, due to the improved employment and income environment as well as various effective policies. The global economy is also expected to continue its modest recovery. However, attention needs to be paid to factors, such as the situation in the Middle East, fluctuations in the financial and capital markets, 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 has made company-wide efforts to implement the priority measures set forth in the Midterm Business Plan 2027. As a result, the Group expects to significantly exceed the original plan and has revised the management targets for the final year of the plan as shown in the table below:

	Target for the fiscal year ending March 31, 2028 (Original plan)	Target for the fiscal year ending March 31, 2028 (Revised plan)	Increase/(decrease)
Order received	¥200.0 billion or more	¥250.0 billion or more	¥50.0 billion
Net sales	¥200.0 billion	¥245.0 billion	¥45.0 billion
Operating income	¥13.0 billion	¥16.5 billion	¥3.5 billion
Net income	¥8.5 billion	¥11.0 billion	¥2.5 billion
ROE	10 % or more	11 % or more	1 %

Additionally, the Group’s order backlog also grew steadily, due to strong order receipts in the current fiscal year, 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 promote human capital and DX investments in order to realize the Midterm Business Plan 2027 and 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, 2027 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, 2026 (Million yen)	Fiscal year ending March 31, 2027 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	209,844	240,000	30,155	14.4
Operating income	12,879	15,000	2,120	16.5
Ordinary income	13,175	14,500	1,324	10.1
Profit attributable to owners of parent	9,136	10,000	863	9.5

## 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, 2025	As of March 31, 2026
<b>Assets</b>		
Current assets		
Cash and deposits	36,278	27,266
Notes and accounts receivable - trade, and contract assets	109,214	109,932
Work in process	1,497	2,070
Supplies	9,501	12,244
Other current assets	3,685	11,640
Total current assets	160,178	163,154
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,636	2,958
Machinery and equipment, net	1,922	3,814
Tools, furniture and fixtures, net	572	736
Construction in progress	538	3,040
Other property, plant and equipment, net	1,005	3,284
Total property, plant and equipment	6,674	13,835
Intangible assets		
Software	2,860	2,621
Software in progress	639	368
Goodwill	2,255	3,890
Customer-related assets	4,446	6,389
Right to operate public facilities	850	800
Other intangible assets	6,654	8,727
Total intangible assets	17,706	22,798
Investments and other assets		
Investment securities	2,319	8,538
Long-term loans receivable	664	598
Guarantee deposits	1,205	1,302
Assets for retirement benefits	4,910	5,969
Deferred tax assets - non-current	2,622	3,149
Other non-current assets	413	878
Total investments and other assets	12,135	20,436
Total non-current assets	36,516	57,070
Deferred assets		
Bond issuance costs	88	67
Total deferred assets	88	67
Total assets	196,783	220,292

**(1) Consolidated Balance Sheets (continued)**

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	21,988	29,356
Electronically recorded obligations	8,817	8,213
Current portion of PFI and other project finance loans	805	711
Income taxes payable	2,414	2,925
Contract liabilities	12,944	19,495
Provision for warranties for completed construction	1,391	2,435
Provision for loss on construction contracts	1,269	1,227
Other current liabilities	16,253	14,893
Total current liabilities	65,885	79,259
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	5,000	5,017
PFI and other project finance loans	14,620	13,883
Liability for retirement benefit	4,753	4,665
Other non-current liabilities	1,174	3,316
Total non-current liabilities	45,547	46,882
Total liabilities	111,433	126,142
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,946	11,946
Capital surplus	9,406	9,562
Retained earnings	54,733	61,207
Treasury stock	(1,052)	(1,161)
Total shareholders' equity	75,033	81,554
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	151	162
Deferred gains or losses on hedges	83	174
Foreign currency translation adjustment	5,158	6,057
Remeasurements of defined benefit plans	876	1,569
Total accumulated other comprehensive income	6,270	7,964
Non-controlling interests	4,046	4,631
Total net assets	85,350	94,150
Total liabilities and net assets	196,783	220,292

## (2) Consolidated Statements of Income and Statements of Comprehensive Income

### Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	179,094	209,844
Cost of sales	140,380	162,792
Gross profit	38,713	47,051
Selling, general and administrative expenses	28,087	34,171
Operating income	10,626	12,879
Non-operating income		
Interest income	177	278
Dividends income	92	187
Foreign exchange gain	—	621
Share of profit of entities accounted for using equity method	—	74
Miscellaneous income	1	18
Total non-operating income	271	1,179
Non-operating expenses		
Interest expenses	296	513
Share of loss of entities accounted for using equity method	5	—
Commission expenses	10	6
Loss on valuation of investment securities	235	290
Loss on disposal of non-current assets	104	31
Foreign exchange loss	147	—
Commission for syndicated loans	37	—
Miscellaneous loss	109	40
Total non-operating expenses	946	883
Ordinary income	9,951	13,175

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

	(Millions of yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Extraordinary income		
Gain on revision of retirement benefit plan	—	92
Total extraordinary income	—	92
Extraordinary losses		
Provision of allowance for doubtful accounts	—	60
System migration costs	90	152
Total extraordinary losses	90	213
Income before income taxes	9,861	13,054
Income taxes - current	3,268	3,976
Income taxes - deferred	(701)	(406)
Total income taxes	2,566	3,570
Net income	7,294	9,484
Profit attributable to non-controlling interests	441	347
Profit attributable to owners of parent	6,852	9,136

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

	(Millions of yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net income	7,294	9,484
Other comprehensive income		
Valuation difference on available-for-sale securities	39	10
Deferred gains or losses on hedges	157	259
Foreign currency translation adjustment	2,411	899
Remeasurements of defined benefit plans	1,063	693
Total other comprehensive income	3,671	1,862
Comprehensive income	10,965	11,346
(Details)		
Comprehensive income attributable to owners of parent	10,421	10,830
Comprehensive income attributable to non-controlling interests	543	516

**(3) Consolidated Statements of Changes in Shareholders' Equity**

(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 Statements 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

**(3) Consolidated Statements of Changes in Shareholders' Equity (continued)**

(Millions of yen)

	Fiscal year ended March 31, 2026				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2025	11,946	9,406	54,733	(1,052)	75,033
Changes during the year					
Dividends from surplus			(2,662)		(2,662)
Profit attributable to owners of parent			9,136		9,136
Purchase of treasury stock				(247)	(247)
Disposal of treasury stock		145		101	247
Restricted stock compensation		10		36	47
Changes in other equity, net					
Total changes during the year	—	156	6,473	(109)	6,521
Balance at March 31, 2026	11,946	9,562	61,207	(1,161)	81,554

**(3) Consolidated Statements of Changes in Shareholders' Equity (continued)**

(Millions of yen)

	Fiscal year ended March 31, 2026						
	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, 2025	151	83	5,158	876	6,270	4,046	85,350
Changes during the year							
Dividends from surplus							(2,662)
Profit attributable to owners of parent							9,136
Purchase of treasury stock							(247)
Disposal of treasury stock							247
Restricted stock compensation							47
Changes in other equity, net	10	90	899	693	1,693	585	2,278
Total changes during the year	10	90	899	693	1,693	585	8,799
Balance at March 31, 2026	162	174	6,057	1,569	7,964	4,631	94,150

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Income before income taxes	9,861	13,054
Depreciation	2,601	3,443
Amortization of goodwill	326	406
Increase/(decrease) in liabilities for retirement benefits	397	194
(Increase)/decrease in assets for retirement benefits	(135)	(182)
Increase/(decrease) in provision for warranties for completed construction	245	637
Increase/(decrease) in provision for loss on construction contracts	32	(42)
Interest income and dividends income	(269)	(465)
Interest expenses	296	513
Foreign exchange (gain)/loss	147	(621)
Loss on disposal of property, plant and equipment	104	31
(Gain)/loss on valuation of investment securities	239	290
Share of (profit)/loss of entities accounted for using equity method	5	(74)
(Increase)/decrease in trade receivables and contract assets	(4,920)	4,630
(Increase)/decrease in inventory	3,211	(2,499)
Increase/(decrease) in trade payables	1,292	2,707
(Increase)/decrease in consumption taxes refund receivable	3	(2,934)
Increase/(decrease) in accrued consumption taxes	1,937	(2,150)
Increase/(decrease) in contract liabilities	2,084	4,774
Other cash flows from operating activities	(357)	(2,750)
Subtotal	17,102	18,963
Interest and dividends income received	269	465
Interest expenses paid	(281)	(520)
Income taxes paid	(3,774)	(3,775)
Cash flows from operating activities	13,316	15,132

**(4) Consolidated Statements of Cash Flows (continued)**

	(Millions of yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from investing activities		
Net (increase)/decrease in time deposits	67	65
Purchase of property, plant and equipment	(1,772)	(4,730)
Purchase of intangible assets	(2,422)	(2,423)
Purchase of investment securities	(138)	(6,428)
Sales of investment securities	14	3
Acquisition of newly consolidated subsidiaries	—	(3,577)
Payments of loans receivable	(2)	—
Collection of loans receivable	78	73
Other cash flows from investing activities	80	(9)
Cash flows from investing activities	(4,094)	(17,027)

**(4) Consolidated Statements of Cash Flows (continued)**

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities		
Proceeds from short-term loan payable	26,319	—
Repayments of short-term loans payable	(29,910)	(3,540)
Proceeds from long-term loans payable	4,962	—
Proceeds from PFI and other project finance loans	2,700	—
Repayments of PFI and other project finance loans	(697)	(831)
Proceeds from issuance of bonds	9,950	—
Cash dividends paid	(2,094)	(2,662)
Proceeds from share issuance to non- controlling interests	759	70
Cash dividends paid to non-controlling interests	(1)	(1)
Other cash flows from financing activities	18	(199)
Cash flows from financing activities	12,005	(7,165)
Effect of exchange rate change on cash and cash equivalents	236	113
Increase/(decrease) in cash and cash equivalents	21,463	(8,947)
Cash and cash equivalents at April 1	14,219	35,683
Cash and cash equivalents at March 31	35,683	26,736

## (5) Notes to the Consolidated Financial Statements

### Notes on Going Concern Assumption

No items to report.

### Additional Information

(Transaction of issuing the Company's shares to employees and other eligible persons through a trust)

At the Board of Directors meeting held on February 26, 2026, the Company issued a resolution for the introduction of an incentive plan involving a Stock Benefit Trust [J-ESOP] (hereinafter the "Plan") to provide its own shares to employees, for the purpose of further encouraging employees to perform their duties with the aim of improving the Company's stock price and business performance, and thereby enhancing the Company's medium- to long-term corporate value.

#### 1. Overview of the transactions

The Plan provides the Company's shares to employees who meet certain requirements in accordance with the Stock Benefit Rules established by the Company in advance.

The Company grants points to employees according to their individual contributions and other such elements, and provides the Company's shares equivalent to the number of points when employees acquire the right to receive benefits under certain conditions. Shares (including future shares) to be distributed to employees are to be acquired with money that is put into the trust beforehand and are separately managed as assets in trust.

#### 2. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their carrying amount (excluding the amount of incidental expenses) in the trust. The carrying amount and the number of shares of such treasury stock as of March 31, 2026 were ¥247,800 thousand and 60,000 shares, respectively.

(Overview of the acquisition of shares of SUIDO KIKO KAISHA, LTD.)

The Company conducted a tender offer for the shares of SUIDO KIKO KAISHA, LTD. from February 6, 2026 to March 24, 2026, and completed the settlement of the share purchase on March 31, 2026. As a result, the Company acquired 34.8% of the total number of shares issued and outstanding of SUIDO KIKO KAISHA, LTD., and SUIDO KIKO KAISHA, LTD. became the Company's affiliate accounted for using equity method.

The following table provides an overview of the investee, SUIDO KIKO KAISHA, LTD.

Company name (Investee's name)	SUIDO KIKO KAISHA, LTD.
Main business	Manufacture, installation, and sales of water treatment machines and equipment
Start of application of equity method	March 31, 2026
Ratio of voting rights after the share acquisition	34.8%

Period of the investee's business results included in the consolidated statement of income for the fiscal year ended March 31, 2026

As the equity method starts to apply to SUIDO KIKO KAISHA, LTD. from March 31, 2026, the share of profit/loss of entities accounted for using equity method in the consolidated statement of income for the fiscal year ended March 31, 2026 does not include the results of the investee.

## Business Combination

### Business combination by acquisitions

#### 1. Overview

##### (1) Name and business of the acquiree

Name: Schwing Bioset, 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 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 Bioset, 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 Bioset, Inc. in exchange for cash.

#### 2. Period of the acquiree's business results included in the consolidated statement of income for the fiscal year ended March 31, 2026

The fiscal year-end of the acquiree is December 31, which is three months different from the consolidated fiscal year-end. The consolidated financial statements for the fiscal year ended March 31, 2026 include the business results of the acquiree from April 1, 2025 to December 31, 2025.

#### 3. Acquisition costs and the details

Consideration paid: cash	2,783 million yen
Acquisition costs	2,783 million yen

#### 4. Details and amount of major acquisition-related costs

Advisory expenses and others: 293 million yen

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

(1) Amount of goodwill incurred

1,296 million yen

Subsequent to the provisional accounting applied for the six months ended September 30, 2025, the allocation of acquisition costs has been determined as of March 31, 2026. As a result, the amount of goodwill recognized at the time of the business combination decreased by ¥2,816 million.

(2) Source

The acquisition cost is accounted for as goodwill to the extent it exceeds the amount allocated to the assets acquired and liabilities assumed, net.

(3) Method and period of amortization

The straight-line method over 15 years

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

Current assets	5,973 million yen
Non-current assets	7,387 million yen
Total assets	<u>13,361 million yen</u>
Current liabilities	10,493 million yen
Non-current liabilities	1,379 million yen
Total liabilities	<u>11,873 million yen</u>

(Note) The amounts of assets and liabilities do not include the amount of goodwill in 5. above.

7. Amounts allocated to intangible fixed assets other than goodwill and the details by major type, as well as weighted-average amortization periods for the whole and by major type

Details by major type	Amount	Amortization period
Customer-related assets	2,443 million yen	12 years
Technology-related assets	807 million yen	10 years

8. Estimated impact on the consolidated statement of income for the fiscal year ended March 31, 2026, assuming that business combination was completed as of April 1, 2025 and the calculation methods thereof

This information is not provided because the effect on the consolidated statement of income for the fiscal year ended March 31, 2026 is immaterial.

## Segment Information

### 1. Outline of reportable segments

#### 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. 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, 2025

(Millions of yen)

	Reportable segments					Adjustments	Consolidated
	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

Fiscal year ended March 31, 2026

(Millions of yen)

	Reportable segments					Adjustments	Consolidated
	Environmental Engineering Business	System Solution Business	Operation Business	International Business	Total		
Net Sales							
Sales to third parties	58,475	61,154	33,455	56,759	209,844	—	209,844
Inter-segment transactions and transfers	—	—	—	—	—	—	—
Total	58,475	61,154	33,455	56,759	209,844	—	209,844
Segment income	4,543	2,625	2,425	3,285	12,879	—	12,879

## Per Share Information

	(Yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	1,863.12	2,050.35
Net income per share	157.06	209.30

Notes:

1. Diluted net income per share is not presented as there are no diluted shares.
2. Metawater shares held by Custody Bank of Japan, Ltd. (trust E account) as trust assets under the Stock Benefit Trust (J-ESOP) are included in the treasury stock deducted from the number of shares issued and outstanding at the end of the year for the calculation of net assets per share, and are included in the treasury stock deducted in the calculation of the average number of shares outstanding for the year for the calculation of net income per share.

The number of Metawater shares held in this trust account as of March 31, 2026 was 60,000 shares and the average number of such shares outstanding for the fiscal year ended March 31, 2026 was 60,000 shares.

3. Net income per share is calculated on the following basis.

	(Millions of yen)	
Net income per share	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit attributable to owners of parent	6,852	9,136
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common stock	6,852	9,136
Average number of shares outstanding during the year (number of shares)	43,631,524	43,653,767

## Significant Subsequent Events

No items to report.