

Financial Results Q4 FY26/6



Microwave **Chemical**

**Make Wave,
Make World.**

世界が知らない世界をつくれ

Agenda

1. Executive Summary
2. Notice Regarding Revision of Financial Forecasts
3. Financial Results and KPI Highlights
4. Review of FY26/6 Growth Strategy and Q4 Business Highlights

Executive Summary

FY26/6 Q4 results

- Sales of JPY803MM (50.0% YoY).
- Progress against the full-year sales plan announced on May 9, 2025 (JPY 1,317MM for the 12-month plan and JPY 1,613MM for the 15-month plan) was 61.0% and 49.8%, respectively.
- Progress on contracted sales reached 75.4% and 61.6% under the 12-month and 15-month plans, respectively (JPY 994MM).

KPI

- Number of new contracts: Acquired 16 contracts, 64.0% progress against FY26/6 target (25 contracts, both 12-month plan and 15-month plan).
- Number of total contracts: Total 52 contracts signed, 88.1% and 82.3% progress against FY26/3 and FY26/6 targets (59 and 64 contracts), respectively, including 43 contracts delivered already.

Growth Strategy & Business Highlights

While maintaining our Microwave (MW) solutions partnership business as our core, we plan to create new businesses in parallel.

(1) Collaboration Business

- Focus on key projects with strong market demand and clear prospects for social implementation, and steadily advance their development and deployment.
 - **CTBE: Launched the development of mass-production equipment for a novel “regenerative ligament” for ACL reconstruction.**
 - **KOBEX: Commenced the development of microwave-based vacuum solvent distillation recovery equipment.**

(2) New Business

- Explore applications of MW technology in various fields. Leverage our integrated capabilities (e.g. business development, lab-scale testing, and engineering) to offer new solutions other than MW to our existing clients.

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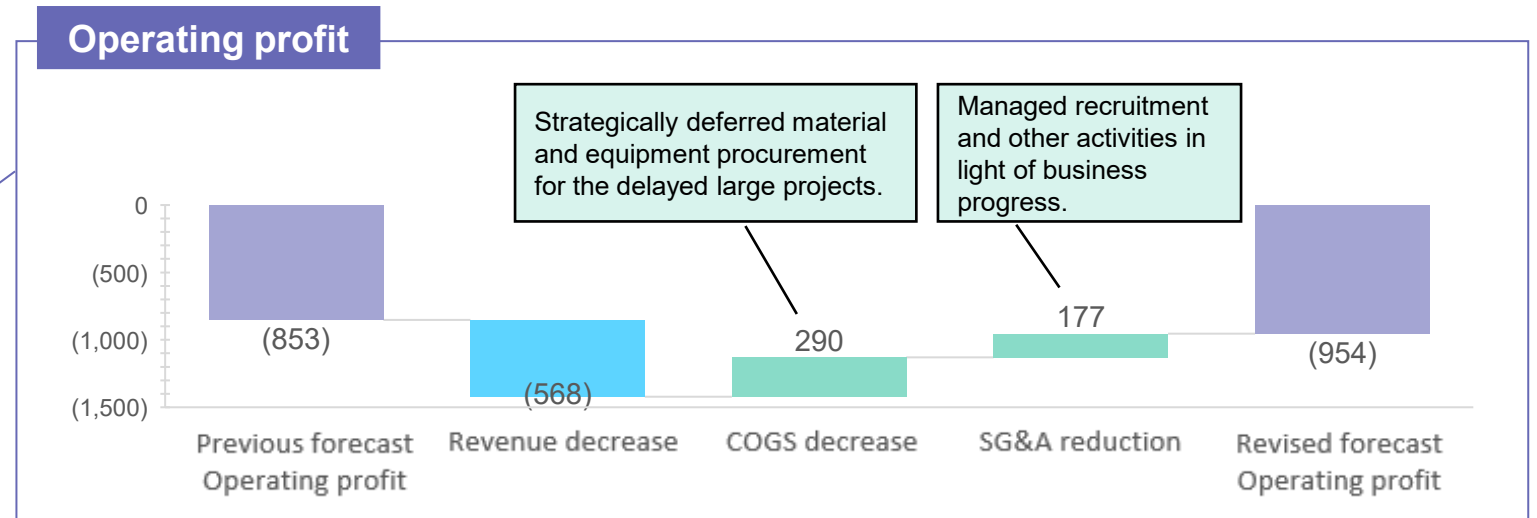
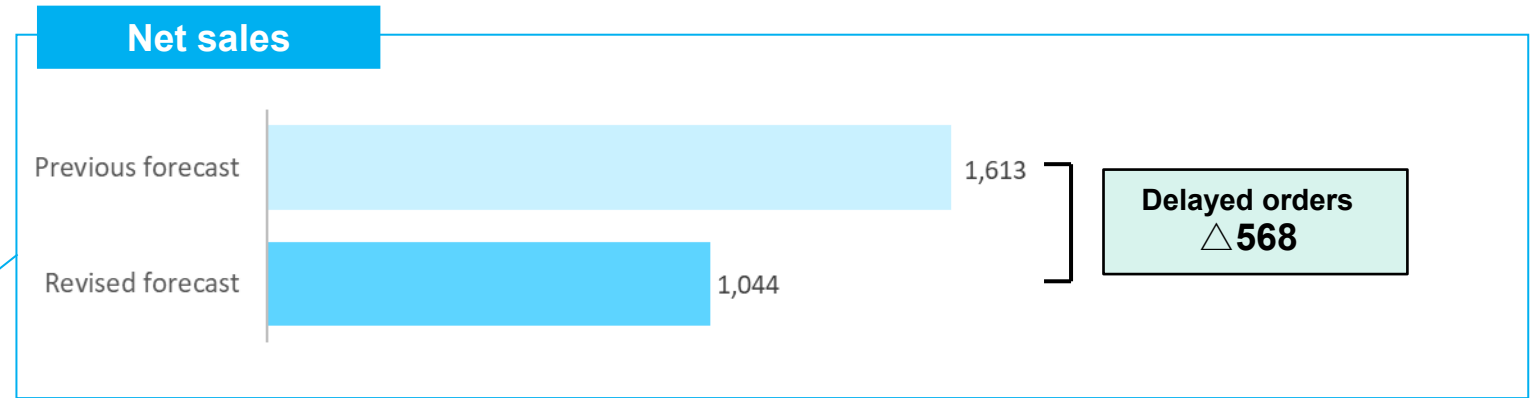
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Notice Regarding Revision of Financial Forecasts

- Sales decreased by JPY568MM (-35.2%) vs. previous forecast due to delayed orders for multiple major projects.
- Meanwhile, the increase in operating loss was limited to JPY100MM vs. the previous forecast.

(JPYMM)	Previous forecast	Revised forecast	Difference
Net sales⁽¹⁾	1,613	1,044	(568)
Phase 1	169	100	(68)
Phase 2	1,283	881	(402)
Phase 3	160	10	(150)
Phase 4	0	52	52
Others	0	0	0
Operating profit	(853)	(954)	(100)
Ordinary profit	(864)	(982)	(118)
Profit after tax	(884)	(986)	(102)

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



(Note) The revised forecast is based on information available at the time of publication of this document. Actual results may differ due to various future factors.

Forecast Revision: Background and Path forward

- Earnings volatility has been primarily driven by high dependence on the chemical industry and sales concentration in major projects.
- **Diversifying our customer base and revenue sources** is a key management priority.

Background

External Environment: Shifting Investment Climate in the Chemical Industry

- Decarbonization efforts are expected to continue in the medium-to-long term, progress is stalling in the short term due to policy uncertainties and profitability challenges.
- In the chemical industry, oversupply — driven by a persistent domestic demand-supply gap and China's rapid capacity expansion — is accelerating structural reform and consolidation.

Business Characteristics: Inherent Variability in Order Timing for Major Projects

- Major projects generate significant revenue per order but are inherently subject to timing variability - as projects advance toward commercialization and mass production, customers' investment decisions become more deliberate.
- Delayed projects remain in active development or redesign phase, and we **continue to drive them forward toward commercialization**.

Strategic Initiatives for Growth

1 Expand into Mining Process

— Critical Minerals

- Apply versatile microwave solutions across a broad range of applications.
- Capitalize on the rising importance of economic security to develop mining process capabilities for critical minerals.
- Diversify our customer base beyond the chemical industry to mitigate the risk of earnings volatility.

2 Launch New Technology Solutions

— Low-Concentration Precious Metal Recovery Business, etc.

- Develop and deliver new technology solutions, spearheaded by the precious metal recovery business acquired in Sep. 2025.
- Leverage end-to-end capabilities - business development, R&D and engineering – to integrate new technology solutions.
- Build recurring revenue streams and diversify revenue sources.



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Change in Fiscal Year End

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

	2025		2026	
	January to March	April to December	January to March	April to June
Before: fiscal year ending March	FY25/3	FY26/3		FY27/3
After: fiscal year ending June	FY25/3	FY26/6 (15-month financial results)	Q4	

General Shareholders' Meeting	<ul style="list-style-type: none"> • The General Shareholders' Meeting for FY26/6 is scheduled to be held in September.
Financial results disclosure	<ul style="list-style-type: none"> • The quarterly and full-year financial disclosures for FY26/6 are scheduled as follows: August 2025, November 2025, February 2026, May 2026, and August 2026.

Financial Results of FY26/6 Q4

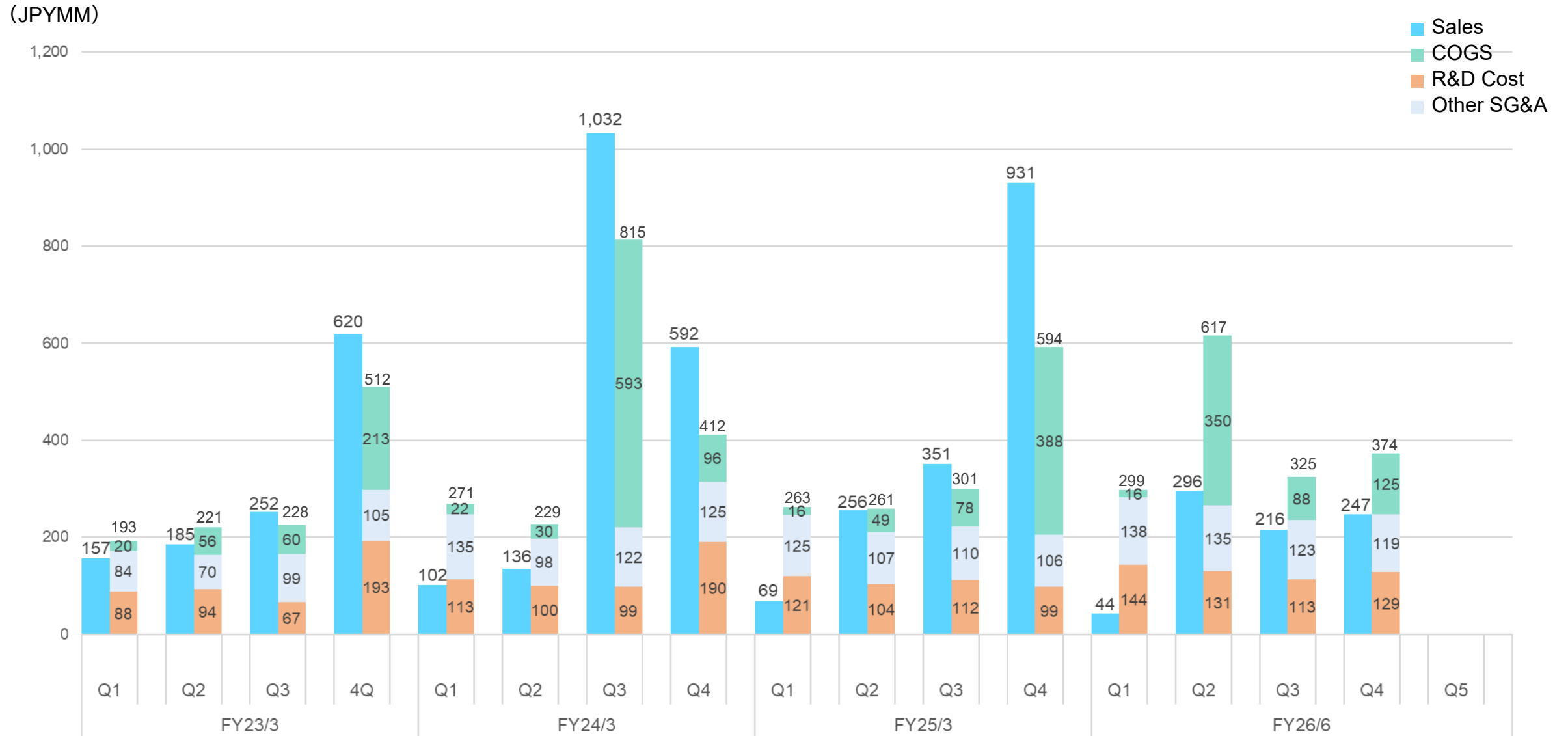
- FY26/6 is positioned as an investment phase to accelerate social implementation and is expected to result in an operating loss.
- Although Q4 sales are 49.8% of the full-year plan, the progress rates on a contracted basis are 61.6% (both on the 15-month basis; details provided later).

(JPYMM)	FY25/3 Q4	FY26/6 Q4	YoY comparison		Forecasts ⁽²⁾		Progress	
			Difference	%	26/3 12M	26/6 15M	26/3 12M	26/6 15M
Net sales⁽¹⁾	1,608	803	(804)	(50.0)%	1,317	1,613	61.0%	49.8%
Phase 1	258	55	(202)	(78.4)%	169	169	32.9%	32.9%
Phase 2	1,330	690	(640)	(48.1)%	1,090	1,283	63.3%	53.8%
Phase 3	15	10	(5)	(33.3)%	58	160	17.2%	6.3%
Phase 4	0	46	45	6939.8%	-	-	-	-
Others	4	0	(3)	(96.3)%	-	-	-	-
Gross profit	1,075	222	(852)	(79.3)%	474	558	46.9%	39.8%
<i>% Net sales</i>	<i>66.8%</i>	<i>27.7%</i>	<i>(39.2)pt</i>	-	<i>36.0%</i>	<i>34.6%</i>	-	-
Operating profit	187	(813)	(1,000)	-	(662)	(853)	-	-
<i>% Net sales</i>	<i>11.7%</i>	-	-	-	-	-	-	-
Ordinary profit	182	(830)	(1,012)	-	(671)	(864)	-	-
Profit before tax	164	(812)	(976)	-	(682)	(881)	-	-
Profit after tax	161	(816)	(977)	-	(685)	(884)	-	-

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

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

Quarterly Sales and Costs (FY23/3Q1-FY26/6Q4)

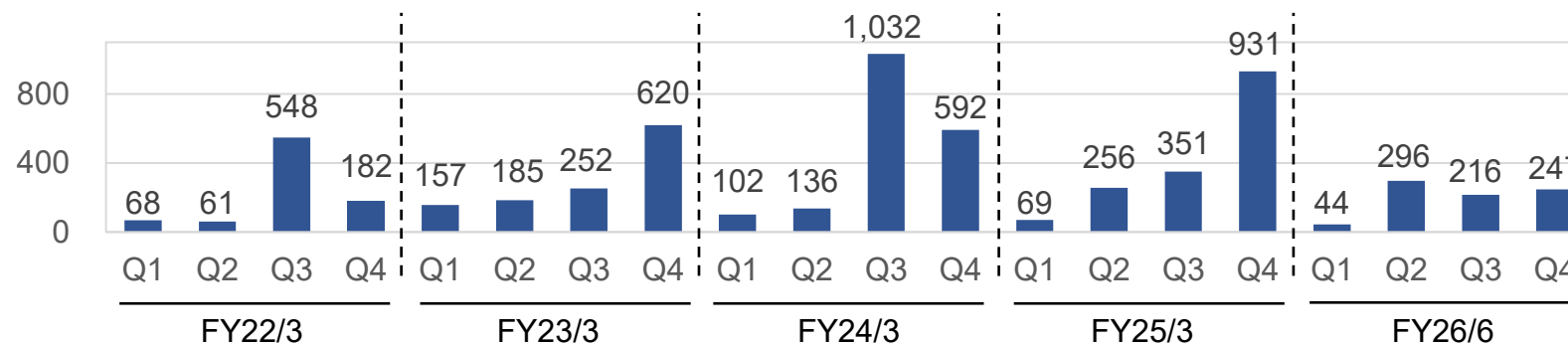


Seasonal Fluctuations / Revenue Recognition

Seasonal Fluctuations

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

Quarterly Net Sales (JPYMM)



Revenue Recognition

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

(1) Joint development agreement (JDA)

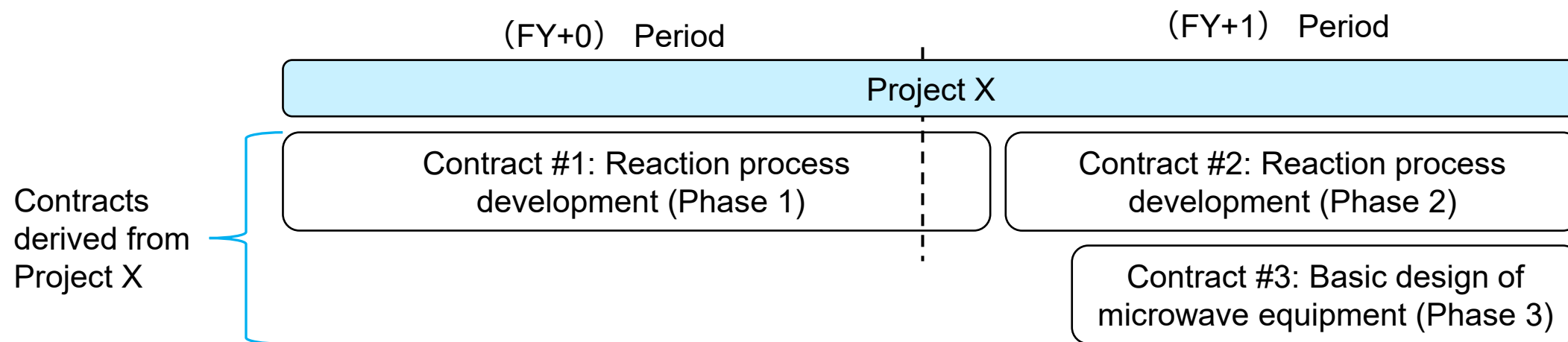
We submit reports, samples, etc. stipulated in the JDA and receive payment. Under such agreements, **revenue is booked upon acceptance of the report, samples, etc. by the client**.

(2) License agreement

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

KPI (Key Performance Indicator)

- Our KPIs are **(1) the number of new contracts, (2) the total number of contracts, and (3) sales by phase**. Contracts are executed with clients based on our solutions and services in each phase, and multiple contracts may be executed for a single project, as illustrated below.
- “Sales by phase” indicates the progress of projects through sales generated in each phase. Since contracts are the basis of our revenue, we disclose the number of contracts that are expected to be completed and recognized as sales within the current fiscal year.



(Ref) Grant Information

- Development has been accelerated, mainly in the green business areas, with the support of the following grant programs.
- In addition to the grant directly received by us, there are also multiple development projects where our client companies utilize grant programs.

Institution	Project	Theme	Grant (JPY Thou)
NEDO	<ul style="list-style-type: none"> • Program for Promotion of R&D and Social Implementation of Energy-saving Technologies toward Realization of a Decarbonized Society / Demonstration and Development 	<ul style="list-style-type: none"> • Demonstration and development of a new chemical recycling method for plastics using a microwave process 	<ul style="list-style-type: none"> • 2,800
NEDO	<ul style="list-style-type: none"> • Program for Promotion of R&D and Social Implementation of Energy-saving Technologies toward Realization of a Decarbonized Society/Priority Subjects Promotion Scheme (Phase I) 	<ul style="list-style-type: none"> • Development of Innovative Naphtha Cracking Technology Using Microwave Heating 	<ul style="list-style-type: none"> • 51,268
AMED	<ul style="list-style-type: none"> • Basic drug discovery technology development project for next-generation treatment and diagnosis (RNA-targeted drug discovery technology) 	<ul style="list-style-type: none"> • Development of basic technologies for manufacturing raw materials and APIs for manufacturing, purification, and analysis of nucleic acid drugs 	<ul style="list-style-type: none"> • 545

Funding and Liquidity

- Amid increased temporary funding needs due to delayed orders for major projects, we secured borrowings totaling JPY500MM to secure liquidity for driving the business toward operating profitability in FY27/6.
- Separately, we renewed our commitment line with The Shoko Chukin Bank, Ltd. in March 2025 (total facility of JPY500MM, 5 years).

FY26/6 Q4 Actions

- Secured long-term borrowings totaling JPY500MM.
 - The Minato Bank, Ltd.: JPY300MM, 5 years.
 - Japan Finance Corporation: JPY200MM, 5 years.

FY26/6 Actions (Reiterated)

- Hiring and investments to be placed in line with business progress.
- Committed to achieving operating profitability in FY27/6 and restoring our cash position.

FY26/6 Q4 KPI Highlights

1 Number of New Contracts

- Acquired 16 contracts.
- Progress rate is 64.0% against the target of 25 contracts for both 12-month plan and 15-month plan.

2 Total Number of Contracts

- 52 contracts were executed, including 43 delivered.
- Progress rates are 88.1% against the target of 59 contracts for 12-month plan, and 81.3% against the target of 64 contracts for 15-month plan.

3 Sales by Phase

- JPY994MM achieved on contract basis.
- Progress rates are 75.4% for 12-month plan and 61.6% for 15-month plan.

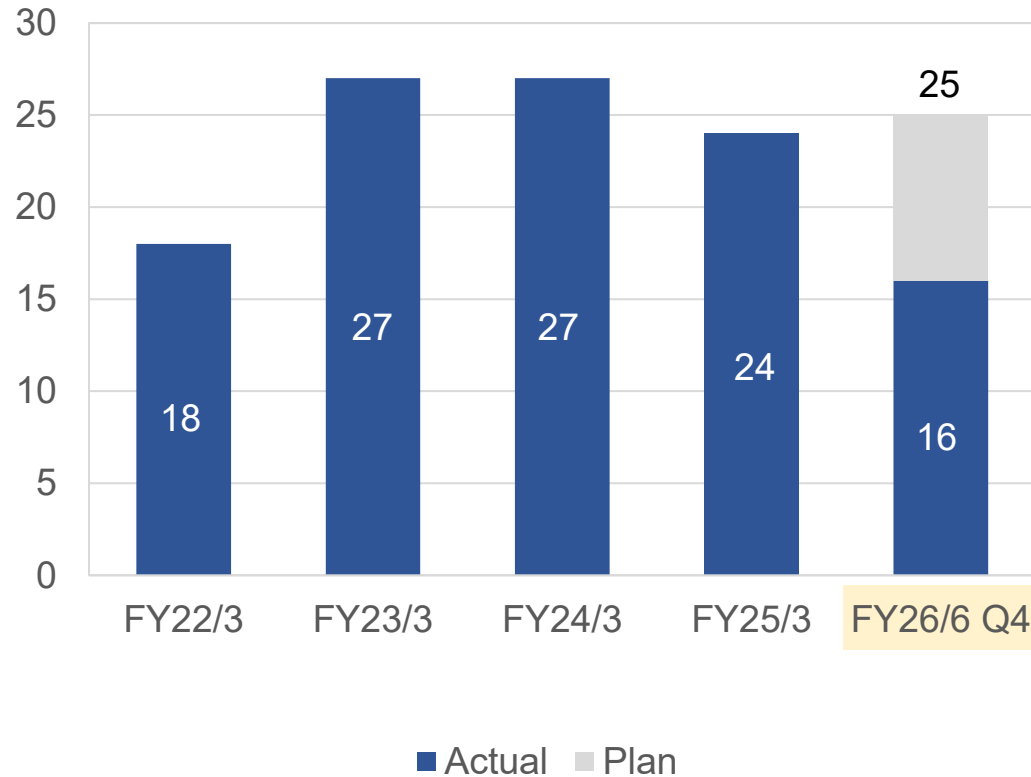
(Note) FY26/6 management metrics exclude revenue from the Precious Metal Recovery Business.



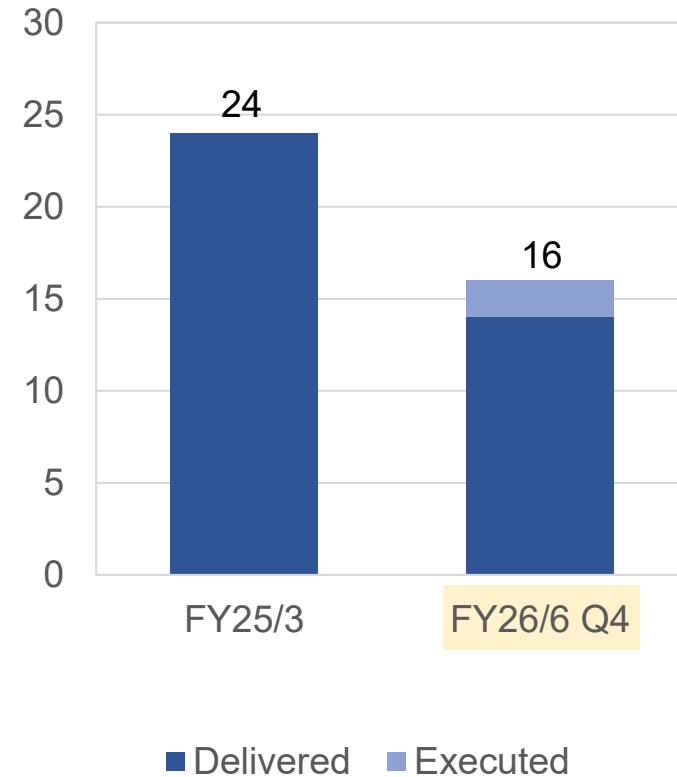
KPI (1) Number of New Contracts

- Progress rate is 64.0% against the target of 25 contracts for both 12-month plan and 15-month plan.

of New Contracts



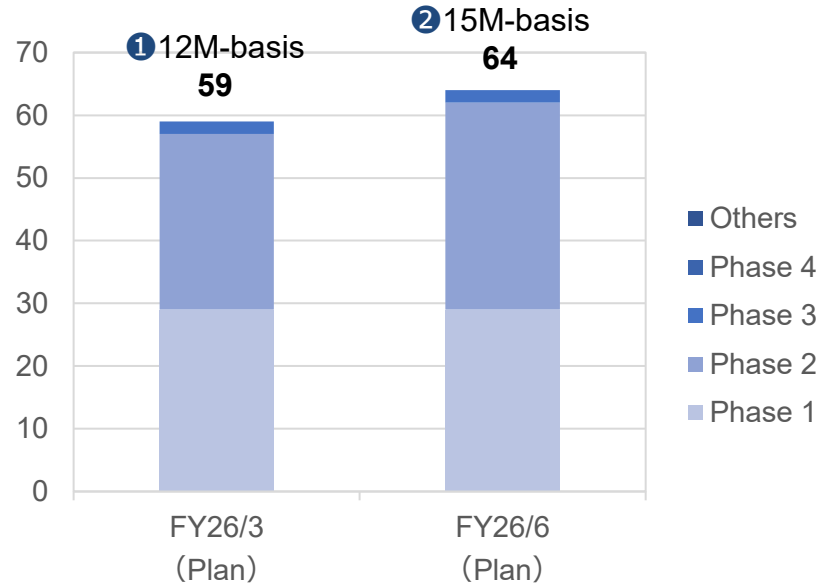
YoY Comparison



KPI (2) Total Number of Contracts

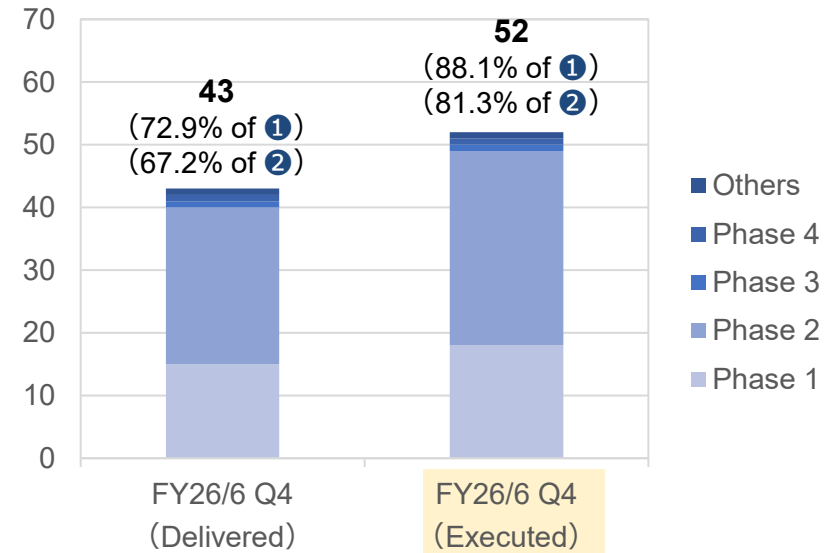
- Progress rates are 88.1% against 12-month plan, and 81.3% against the 15-month plan.

Full-year plan



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

Q4 results



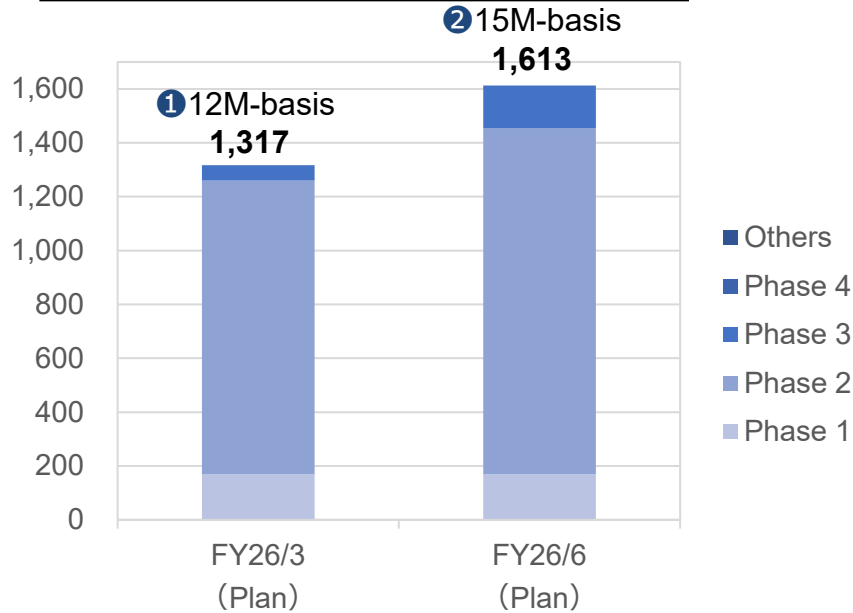
	15	18
	25	31
	1	1
	1	1
	1	1
Total	43	52

KPI (3) Sales by Phase

- Progress rates of contracted sales reached 75.4% and 61.6% on 12-month and 15-month plan, respectively.

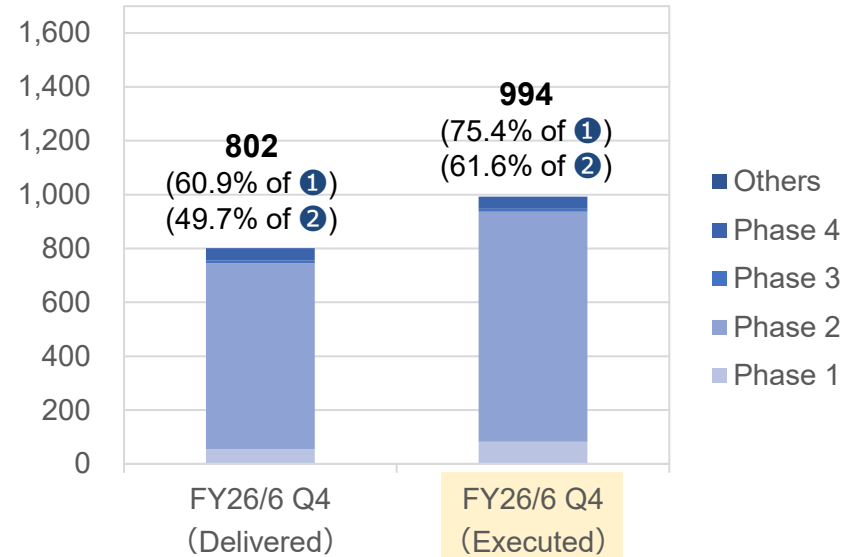
(JPYMM)

Full-year plan



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

Q4 results



	55	82
	690	855
	10	10
	46	46
	0	0
Total	802	994

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Mid-Term Growth Outlook

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

(1) Expansion of Existing Collaboration Business

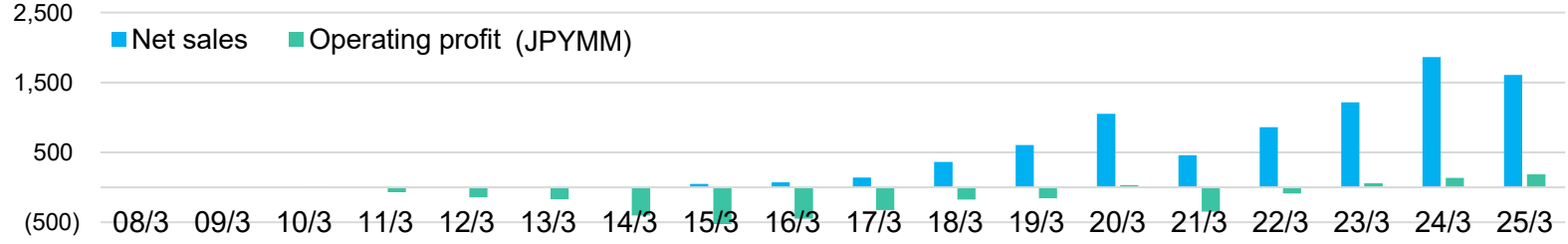
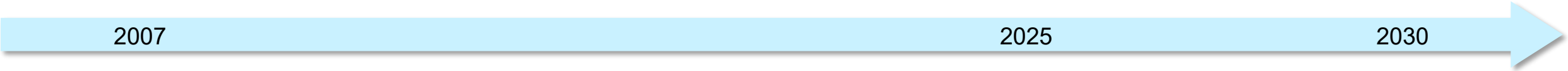
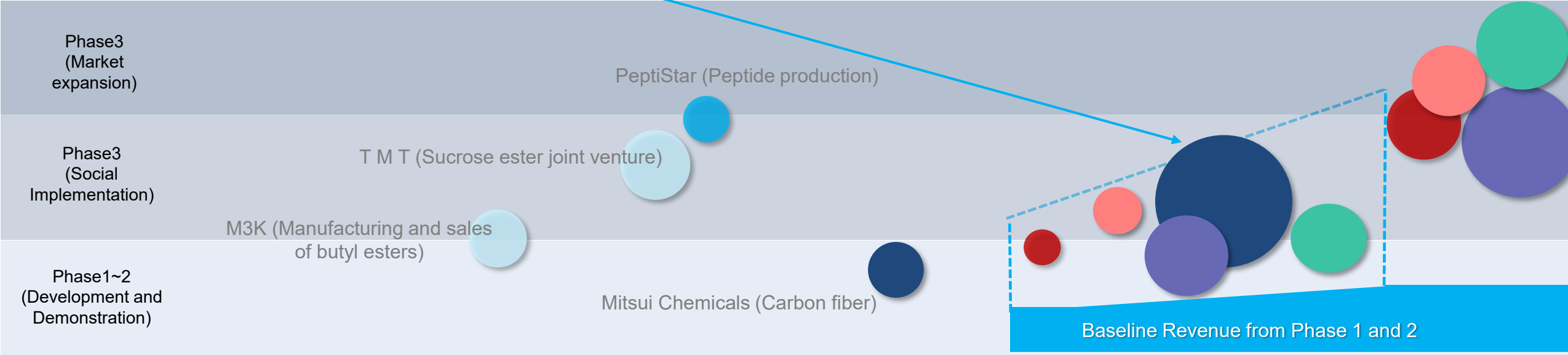
- Continue to focus on key projects with strong potential for commercialization.
 - Target areas include: metal smelting processes, chemical recycling, and carbon fiber manufacturing.
- Aim for large-scale revenue through installation of commercial equipment while progressing standardization of technologies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

(2) Launch of New Business Initiatives

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

Business Expansion Image of Microwave Solutions Business

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



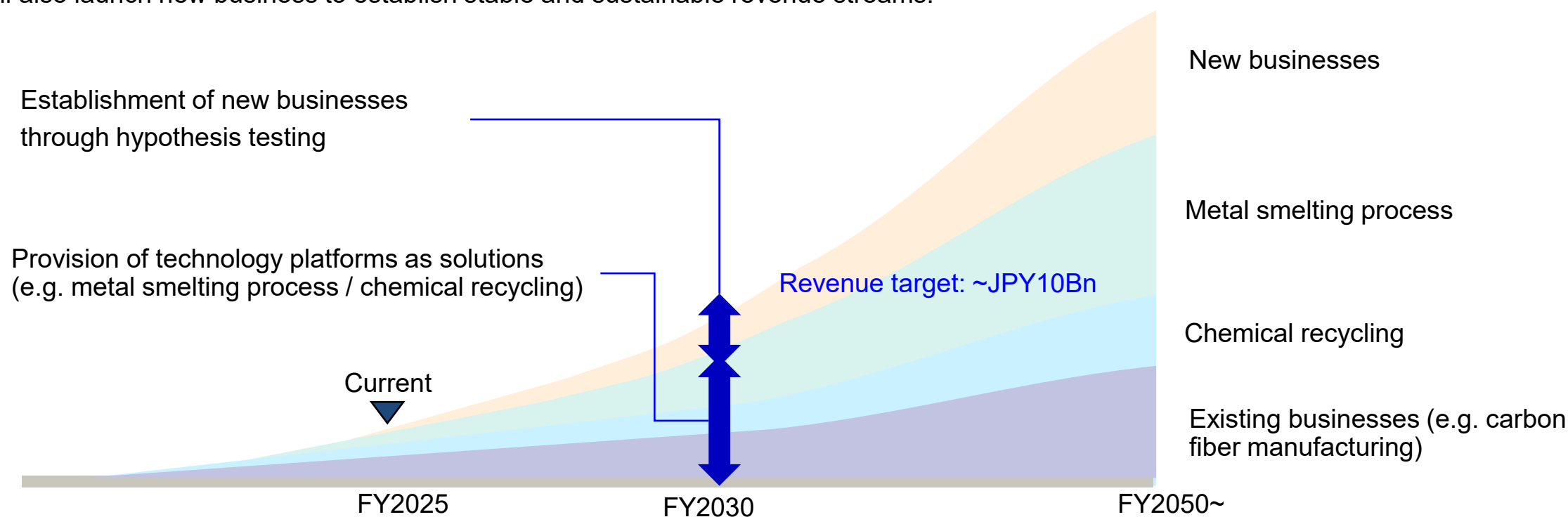
- From FY30 onward, in areas such as metal smelting processes and chemical recycling, we plan to install standardized equipment to our clients constantly, and expand the business and revenue (Market expansion phase).



Illustrative Image of Long-Term Growth

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

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



Start of Development of Mass-Production Equipment for a Novel “Regenerative Ligament” for ACL Reconstruction (CTBE)

- Together with CoreTissue BioEngineering Inc. (“CTBE”), a Waseda University spin-out medical device startup, we have [begun developing mass-production equipment applying a microwave-based decellularization technology toward commercialization of a “regenerative ligament”[※] for ACL reconstruction.](#)
 - ACL injuries are common in sports; about 19,000 reconstruction surgeries are performed annually in Japan and about 175,000 in the United States.
 - The current standard, tendon autograft reconstruction, can burden patients by harvesting healthy tendon tissue and may leave insufficient tendon if re-rupture occurs.
- CTBE developed a decellularization method that [uses microwaves to vibrate water molecules, enabling solutions to penetrate deep into thick bovine tendon](#); it is the first in the world to remove cellular components without damaging tissue, achieving human-tendon-comparable strength and ligament-level thickness.
- [Leveraging our strength in scaling up microwave equipment, we will work with CTBE to build a verification unit](#) and support optimization of mass-production conditions.
- After delivery, CTBE will validate stable multi-unit manufacturing, aiming for implementation toward commercial production in 2028.

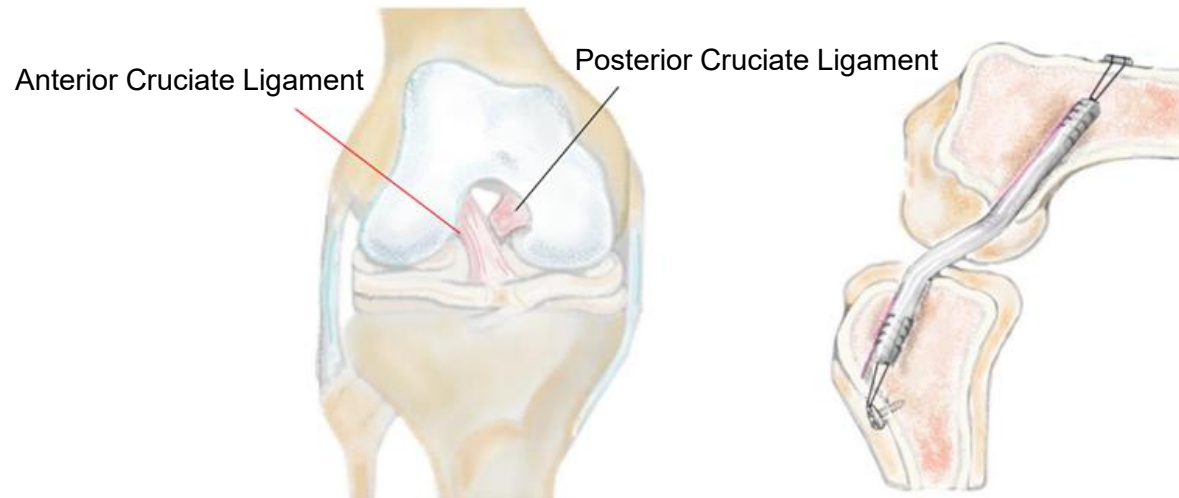


Figure: Location of the ACL(left) / Concept image of the “regenerative ligament” (right)

Note: “Removing cellular components that could trigger immune or inflammatory responses when animal-derived tissue is transplanted into humans. CTBE’s development product has not yet received medical device approval in any country to date.

Development of Microwave Vacuum Solvent Distillation Recovery Equipment (KOBEX)

- Together with KOBEX Co., Ltd. (“KOBEX”), we have [commenced development of microwave-based vacuum solvent distillation recovery equipment and prototype production](#). The prototype is scheduled for completion in April 2026; thereafter, we will conduct demonstrations with customers and plan commercial sales in 2027.
 - KOBEX designs, manufactures, and sells distillation equipment that evaporates and condenses solvents used in manufacturing processes for recovery, reuse, and recycling.
 - [As needs grow to reduce waste and cut solvent costs](#), some cases remain difficult to process with conventional equipment, prompting exploration of alternative heating methods.
- In this initiative, we will develop equipment leveraging microwaves’ ability to heat materials directly from the inside.
 - With precise temperature control, it is expected to [suppress residue generation and address energy loss and throughput decline](#).
 - It is also expected to enable distillation recovery of waste fluids that were difficult to handle with conventional external-heating distillation equipment.
- Through development and sales of the equipment, we aim to [accelerate the social implementation of innovative technologies in the environment and energy sectors](#)—starting with microwave technology—and drive new value creation.

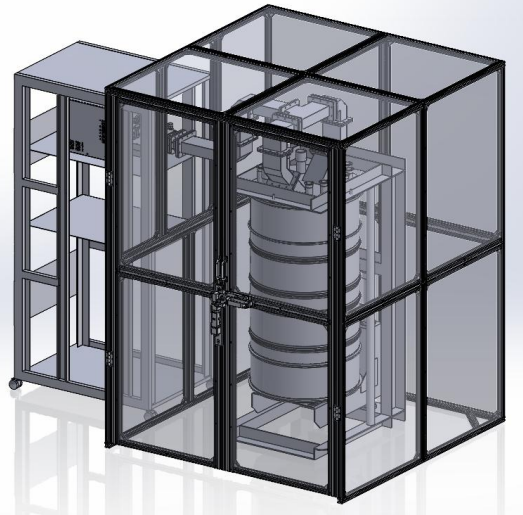


Figure: Concept image of the prototype unit to be developed in this project

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