Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2027

July 29, 2026

METAWATER Co., Ltd.

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FYE 3/'27 Q1 Financial Results Overview (Consolidated)

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■Orders and Backlog

Orders received rose YoY, driven by strong performance in the International Business and the Environmental Engineering Business.

Order backlog: 355,291M yen in FYE 3/'26 Q1 ⇒ ¥425,884M yen in FY3/27 Q1 (+70,592M yen)

■Net Sales and Operating Income

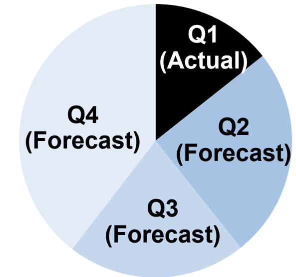
Net sales increased due to the consolidation of Schwing Bioset,Inc.(Schwing) and E&P Anlagenbau GmbH(E&P) in the International Business, alongside steady progress on large construction projects in the Environmental Engineering Business.

Operating income was impacted by defect countermeasure costs in the environmental engineering business and, in the overseas business, by the early processing of some unprofitable Schwing projects and other factors, falling below the previous year.

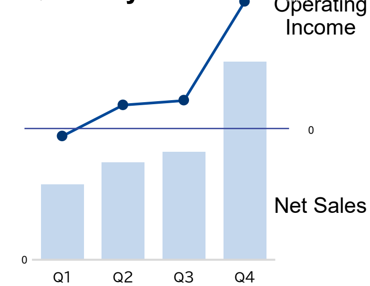
* Note: Ordinary income includes FX gain of 134M yen

The Group's business is predominantly domestic public sector projects, where sales and profits tend to heavily concentrate in Q4.
Q1 net sales typically account for around 15% of the annual total, with some variations occur year-to-year depending on project composition..

FYE 3/'27 Quarterly Net Sales Breakdown



<Reference> FYE 3/'26 Quarterly Trends



(million yen)

	Orders Received	Net Sales	Operating Income	Ordinary Income	Net Income	DPS (yen) End of Q2	DPS (yen) Year-end
FYE 3/'27 Q1 Actual	74,262	37,677	-910	-861 *1	-711	–	–
YoY Change	+4,617 +6.6%	+4,622 +14.0%	-306 -	-195 -	+292 -		
FYE 3/'26 Q1 Actual	69,645	33,054	-603	-665 *2	-1,003	–	–
FYE 3/'27 Forecast* (Announced 2026.4.24)	246,000	240,000	15,000	14,500	10,000	40	40

* Rounded down to the nearest million yen (same for all subsequent actual figures) *1 FX gain of 134M yen, etc. *2 FX loss of 152M yen, etc.

Orders received and Sales in Q1 FYE 3/'27 (consolidated)

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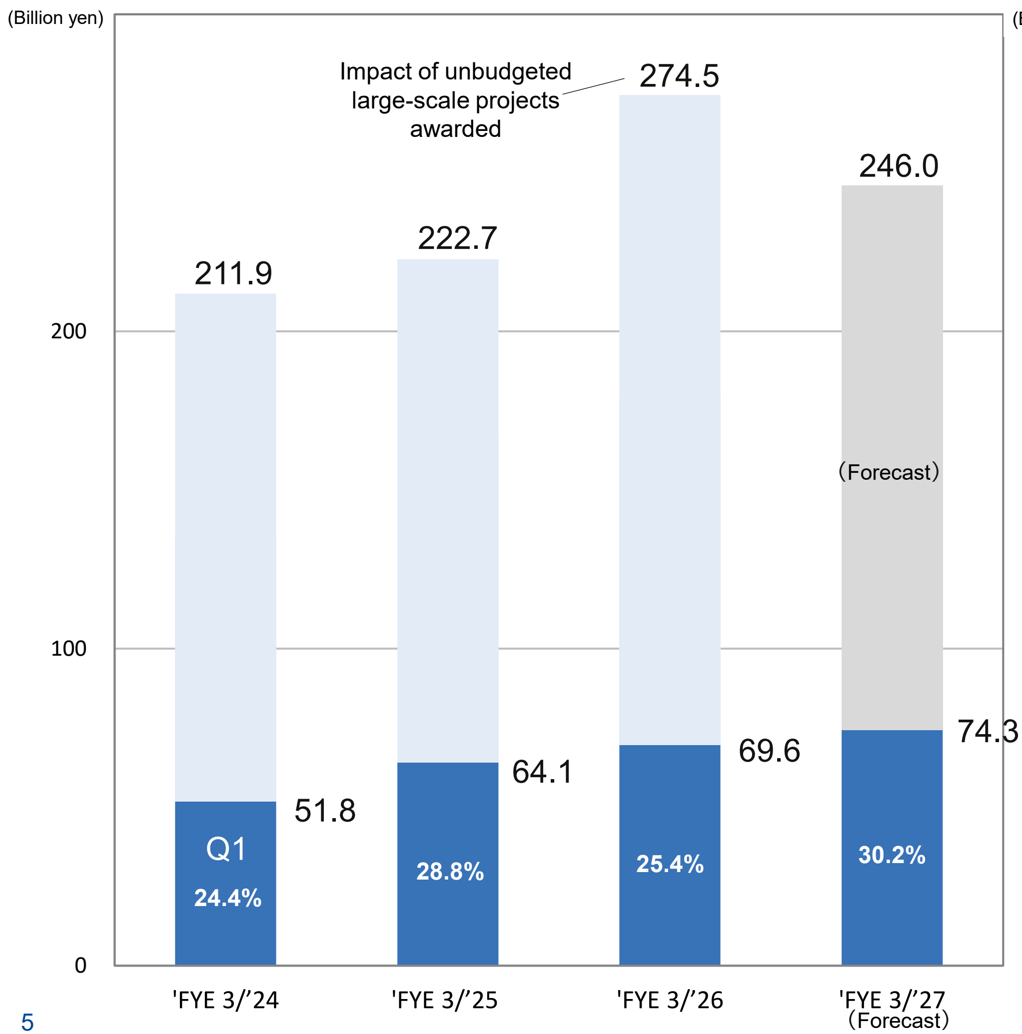
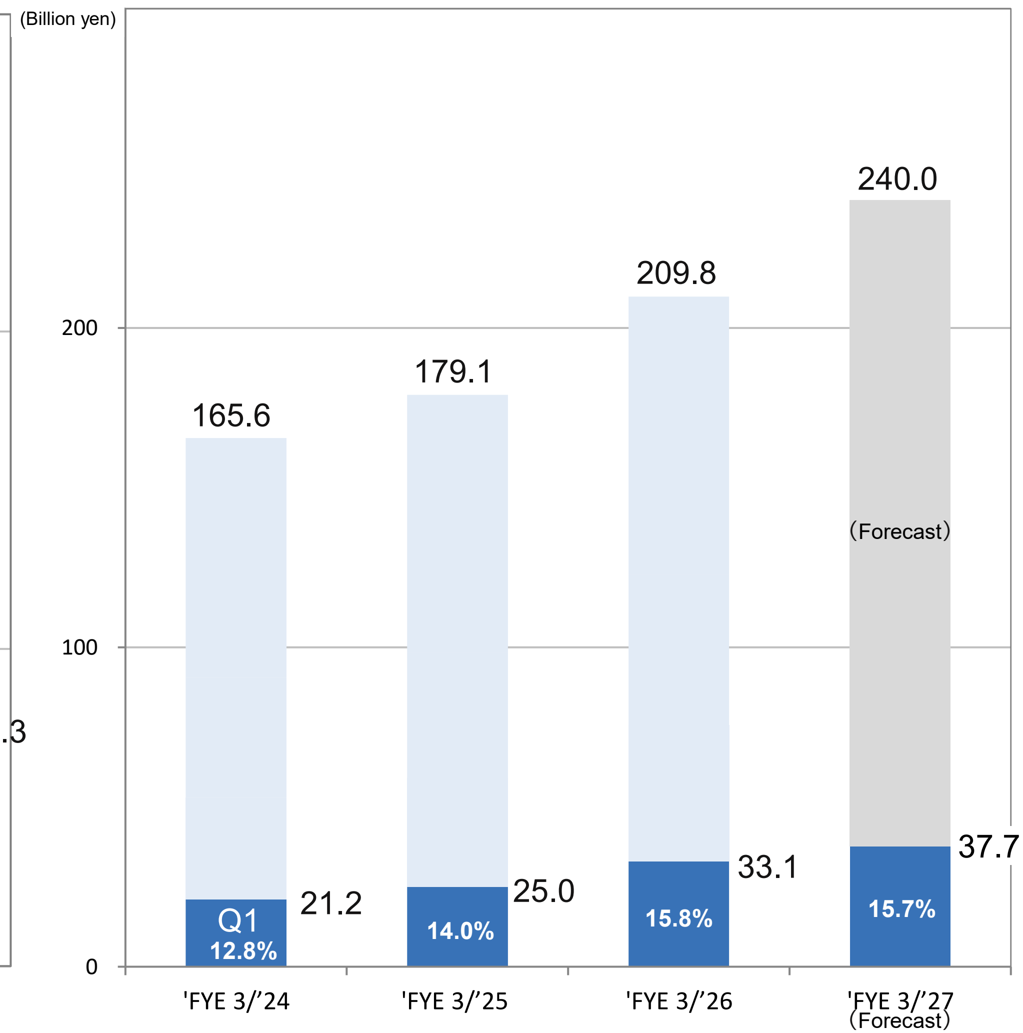
Orders received for the current fiscal year (annual plan) are projected to decline due to a pullback from large-scale projects in the previous year. In this Q1, orders received exceeded the typical annual level by securing a large-scale project; Sales were in line with the typical annual level and progressed as planned.

【Orders Received】



【Net Sales】



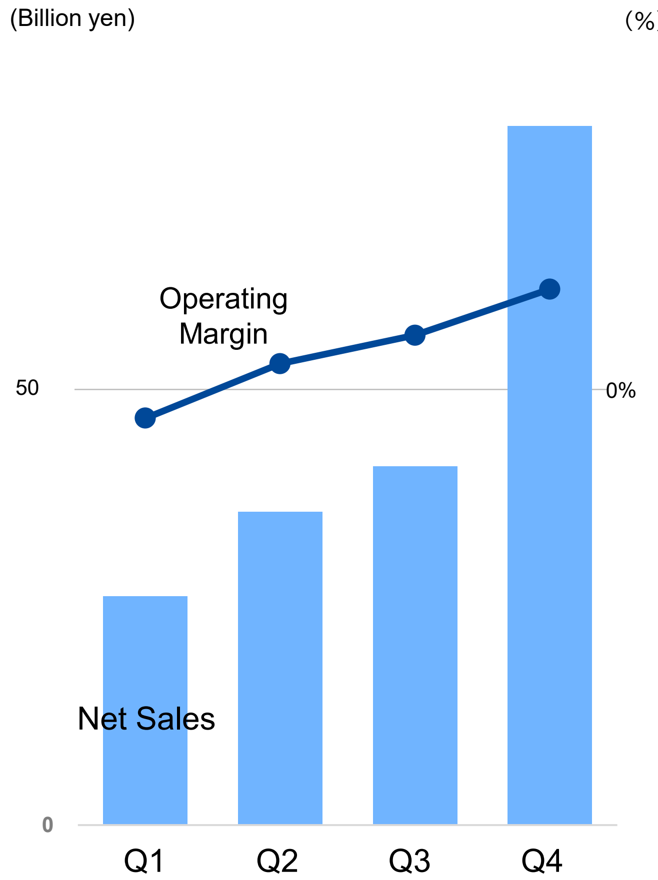
【Reference】Trends in Sales, Cost of Sales, and SG&A Expenses

（3-year average）FYE 3/'24 to FYE 3/'26

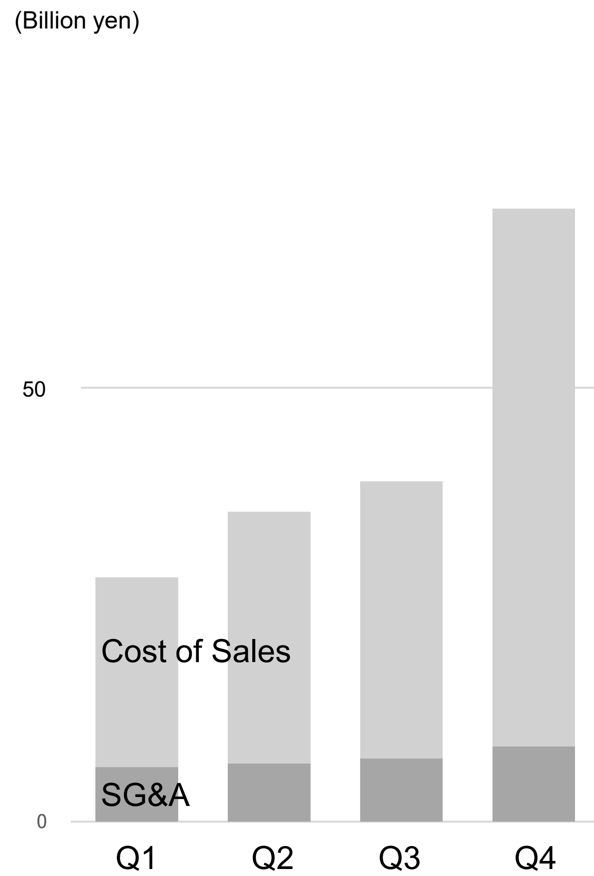
Sales increase toward year-end (Q3–Q4). Cost of sales also increases in line with sales toward year-end. SG&A expenses remain at roughly the same level in each quarter. Operating income increases significantly toward year-end (Q3–Q4).

【Orders Received】

【 Net Sales・Operating Margin 】



【Cost of Sales and SG&A】



Q1 FYE 3/’27 Operating Income YoY change

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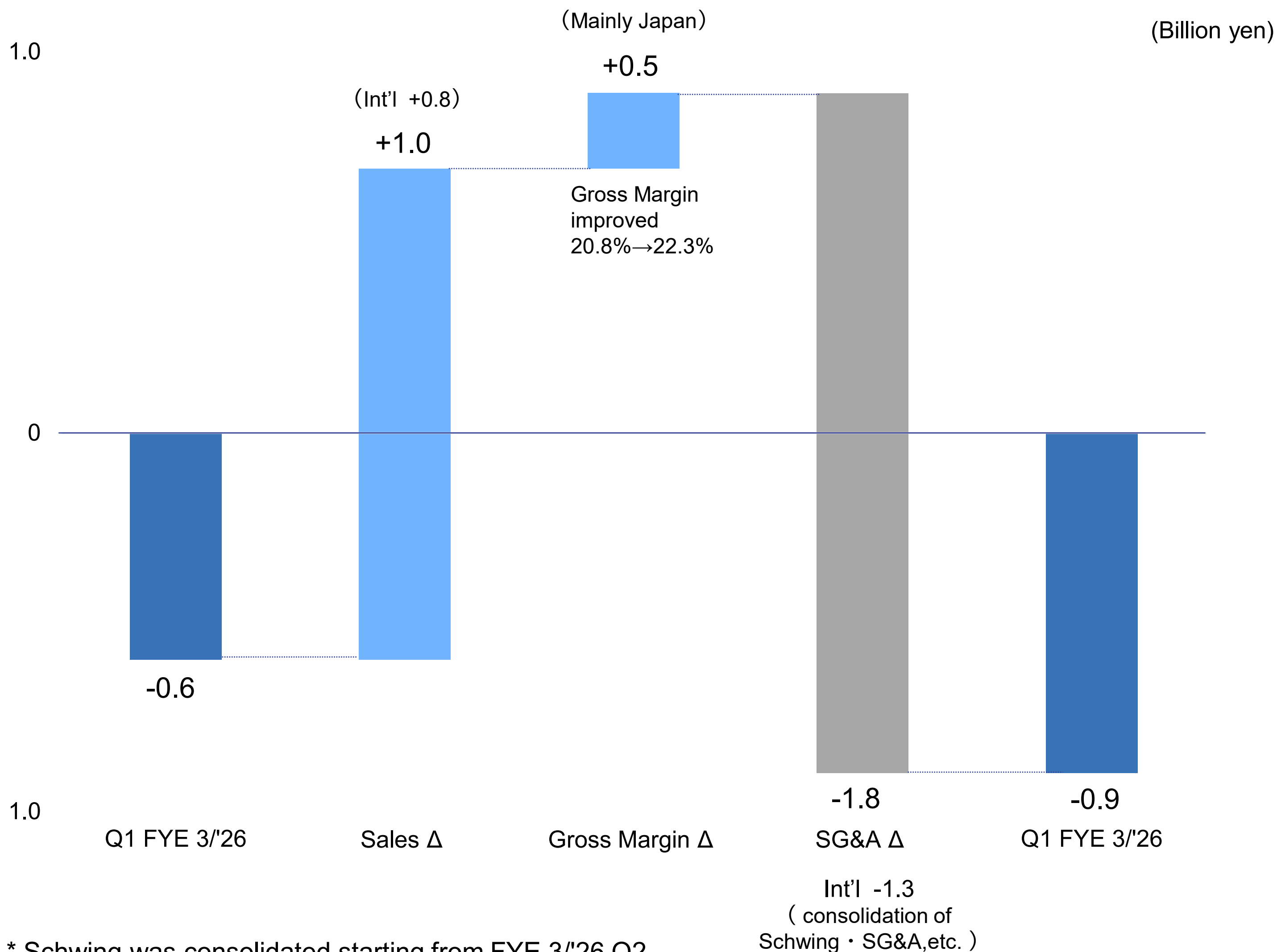
Profit declined mainly due to the consolidation of Schwing* (higher sales and SG&A), an impact not present in Q1 of the previous year.



* Schwing was consolidated starting from FYE 3/'26 Q2

FYE 3/'27 Q1 Segment Information (Consolidated)

(Million Yen)

	Orders Received			Net Sales			Operating Income (Operating margin)		
	Q1 FYE3/'26	Q1 FYE3/'27	Change	Q1 FYE3/'26	Q1 FYE3/'27	Change	Q1 FYE3/'26	Q1 FYE3/'27	Change
Environmental Engineering Business	16,588	21,013	+4,425	8,553	9,497	+943	-427 -	-727 -	-299
System Solution Business	26,213	19,346	-6,867	6,903	7,269	+365	-1,168 -	-1,141 -	+27
Operation Business	13,364	15,172	+1,807	5,802	6,126	+324	113 (2.0%)	239 (3.9%)	+126
International Business[*1]	13,478	18,729	+5,250	11,795	14,784[*2]	+2,988	879 (7.5%)	717[*2] (4.8%)	-161
Total	69,645	74,262	+4,617	33,054	37,677	+4,622	-603 -	-910 -	-306

【Orders Received】
International business, and DBO and recycling facility projects within the Environmental Engineering business performed well, exceeding the previous period's results.
Note that the System Solutions business fell YoY in reaction to a large-scale project recorded in the Q1 FYE3/'26.

【Net Sales】
Increased due to the consolidation impact of Schwing and E&P[*3] in the International Business, as well as steady progress on large-scale construction projects in the Environmental Engineering Business.

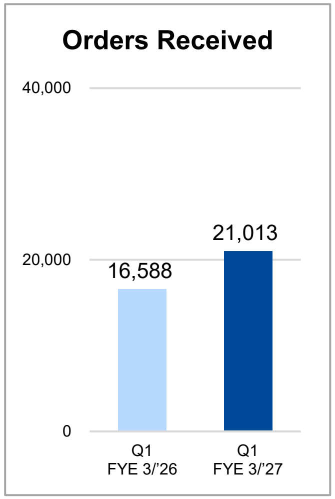
【Operating Income】
Down YoY due to the accounting treatment of defect countermeasure costs in the Environmental Engineering Business and the early recognition of some unprofitable projects at Schwing in the International Business, among other factors.

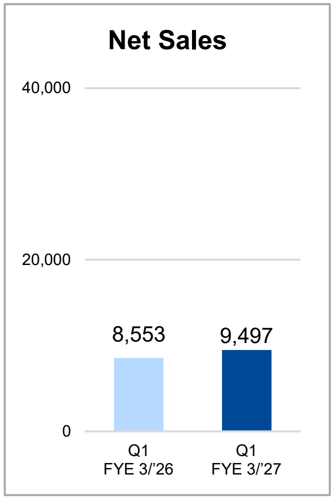
*1 FX: Q1 FYE3/'26 1$=152.6JPY; Q1 FYE3/'27 1$=157.0JPY
*2 FX impact on sales was 369mn yen, and OP was 24mn yen
*3 Schwing was consolidated starting from FYE 3/'26 Q2, and E&P starting from FYE3/'26 Q3

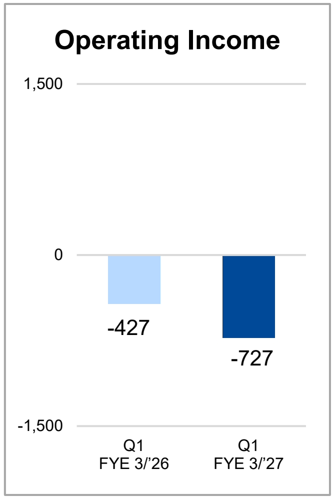
Segment Overview (1)

(Million Yen)

Environmental Engineering Business







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 and resource recycling facilities.

【Orders and Backlog】

Orders received: down slightly in the Resource Environmental Business; up YoY in the Water Environmental Business.

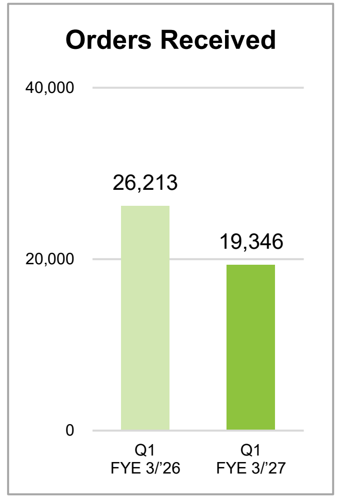
Order Backlog: 109,549M yen→129,652M yen

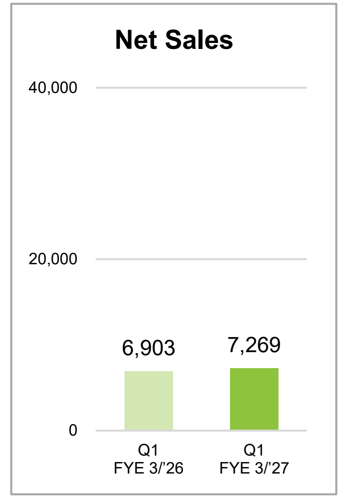
【Net Sales and Operating Income】

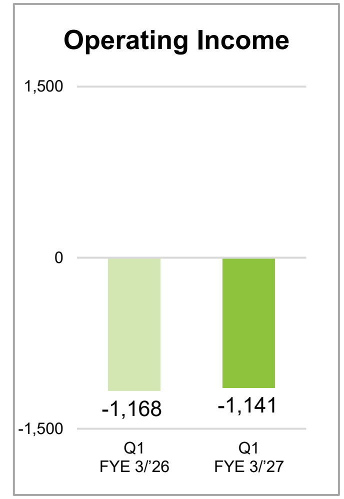
Water Environmental Business: Sales were up YoY due to steady progress on large-scale construction projects; however, Operating income declined YoY due to recording expenses for defect countermeasures related to certain products.

Resource Environmental Business: Sales were flat YoY due to steady progress on large-scale construction projects; however, Operating income fell YoY due to deteriorating profitability on certain construction projects and a decrease in net sales from maintenance and operations management.

System Solution Business







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 and Backlog】

Orders received: up YoY in the Customer Engineering Business; down YoY in the System Engineering Business due to a reaction to large orders received in the previous year.

Order Backlog: 90,636M yen→ 109,130M yen

【Net Sales and Operating Income】

System Engineering Business: Sales exceeded YoY due to steady progress on large-scale projects; Operating income fell slightly YoY due to increased labor costs and other factors.

Customer Engineering Business: Sales remained at the same level YoY due to steady progress in repair work; Operating income were up YoY owing to improved profitability on certain projects.

Segment Overview (2)

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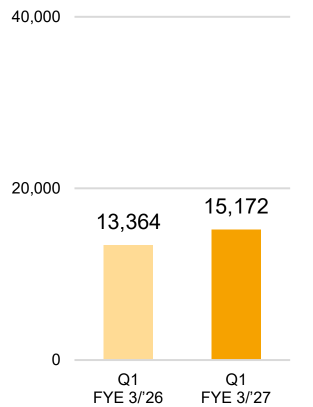
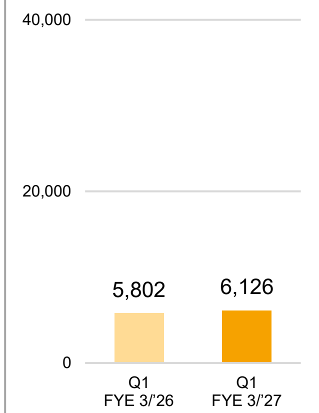
(Million Yen)

Operation Business

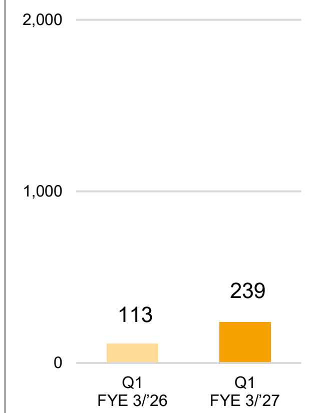
Orders Received



Net Sales

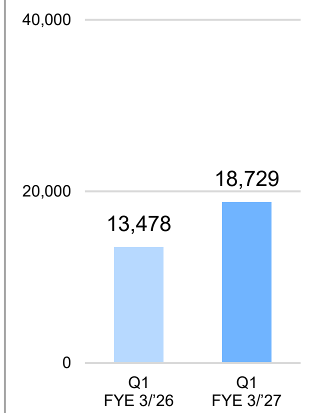


Operating Income

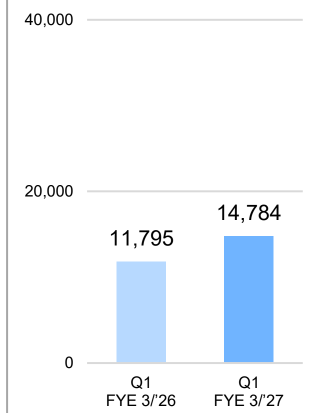


International Business

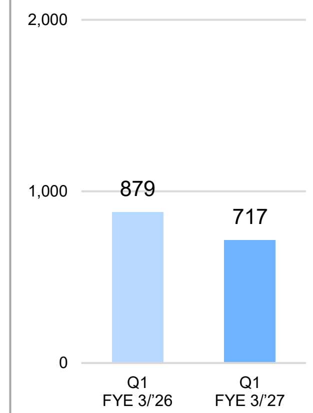
Orders Received



Net Sales



Operating Income



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 and Backlog】

Order received increased YoY, supported by steady order volume in operations/driving services and related areas.

Order Backlog: 110,582M yen→ 127,480M yen

【Net Sales and Operating Income】

Both Sales and Operating income increased YoY due to steady progress in service subsidiaries.

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 and Backlog】

Orders received were up YoY, driven by strong inquiries mainly for flagship products from North American and European subsidiaries.

Order Backlog: 44,522M yen→ 59,621M yen

【Net Sales and Operating Income】

Sales were up YoY, driven by steady performance in North American and European subsidiaries; Operating income fell YoY due to the impact of low-margin projects at Schwing.

* Of which, FX impact: Net sales 369M yen, Operating income 24M yen
* After amortization (300M yen) of goodwill and other intangible assets from the acquisition of overseas subsidiaries
* FX rate: 152.6 JPY/$ in FYE 3/'26 Q1; 157.0 JPY/$ in FY3/'27 Q1

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Q1 FYE 3/'27 Consolidated Statement of Income

(Million yen)

	Q1 FYE3/'26	Q1 FYE3/'27	Change
Net sales	**33,054**	**37,677**	**+4,622**
Gross profit	6,881	8,409	+1,527
Operating income	**-603**	**-910**	**▲306**
(Operating margin)	-1.8%	-2.4%	**▲0.6%**
Non-Operating income/expenses	-61	47	+109
Ordinary income	**-665**	**-861**	**▲195**
Extraordinary gains / losses	-5	-	+5
Income before taxes and other adjustment	**-671**	**-861**	**▲190**
Income taxes	247	-247	▲494
Net income attributable to non-controlling interests	84	97	+12
Net income attributable to owners of parent	**-1,003**	**-711**	**+292**

(Million yen)

Net Sales YoY Δ

Mainly strong performance in Int'l Business	+2,988
Of which FX impact +369	

Operating Income YoY Δ

Sales increase	+962
Gross Margin improvement (20.8%→22.3%)	+566
SG&A increase	-1,835

Non-Operating Income YoY Δ

FX impact (-152 ⇒ 134)	+287
Valuation gain on foreign currency denominated assets	

Consolidated Balance Sheets

Assets: Cash and deposits increased at end of FYE3/'27 Q1 due to collection of trade receivables/contract assets.

Liabilities: Accounts payable decreased due to payments for purchases, etc.

(Million yen)

	End of FYE 3/'26	End of Q1 FYE 3/'27	Change
Cash and deposits	27,266	59,372	+32,106
Trade receivable and contract assets	109,932	62,121	-47,810
Work in process and supplies	14,315	18,128	+3,812
Others	11,640	9,254	-2,386
Total current assets	**163,154**	**148,875**	**-14,278**
Tangible fixed assets	13,835	18,593	+4,758
Intangible fixed assets	22,798	22,467	-330
Deferred tax assets	3,149	3,175	+25
Others *3	17,355	17,426	+71
Total fixed assets	**57,138**	**61,663**	**+4,525**
Total assets	**220,292**	**210,539**	**-9,753**

	End of FYE 3/'26	End of Q1 FYE 3/'27	Change
Accounts payable-trade	37,570	25,729	-11,841
Short-term loans payable *1	(711) 711	(715) 715	+3
Contract liabilities	19,495	27,902	+8,406
Others	21,481	16,992	-4,488
Total current liabilities	**79,259**	**71,339**	**-7,919**
Bonds payable/ Long-term loans *2	(13,883) 38,900	(13,541) 38,558	-342
Others	7,981	7,905	-76
Total fixed liabilities	**46,882**	**46,464**	**-418**
Total liabilities	126,142	117,803	-8,338
Total net assets	94,150	92,735	-1,415
Total liabilities & net assets	**220,292**	**210,539**	**-9,753**

*1 *2: Figures in parentheses indicate the value of PFI and other project finance loans. *3: Including deferred assets

Consolidated Cash Flows

Operating cash flow declined YoY in reaction to major collections in the previous year Q1, yet remains generally in line with the plan.

(Million yen)

	Q1 FYE 3/'26	Q1 FYE 3/'27	Change	
Cash and Cash equivalents at the end of previous FY	35,683	26,736	-8,947	
Operating cash flow	44,618	38,763	-5,855	Collection of trade receivables -8,817
Investing cash flow	-3,542	-4,924	-1,382	
Free cash flow	41,076	33,839	-7,237	
Financing cash flow	-4,545	-1,744	2,801	
Cash and cash equivalents at end of period	72,214	58,830	-13,384	

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FYE 3/'27 Forecast by Segment (Consolidated)

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(Million Yen)

	Orders Received			Net Sales			Operating Income (Operating margin)		
	FYE 3/'26 Results	FYE 3/'27 Forecast	Change	FYE 3/'26 Results	FYE 3/'27 Forecast	Change	FYE 3/'26 Results	FYE 3/'27 Forecast	Change
Environmental Engineering Business	75,410	74,000	-1,410	58,475	68,000	+9,525	4,543 (7.8%)	5,000 (7.4%)	+457
System Solution Business	86,880	65,000	-21,880	61,154	66,000	+4,846	2,625 (4.3%)	2,900 (4.4%)	+275
Operation Business	48,555	38,000	-10,555	33,455	40,000	+6,545	2,425 (7.2%)	2,500 (6.3%)	+75
International Business*	63,686	69,000	+5,314	56,759	66,000	+9,241	3,285 (5.8%)	4,600 (7.0%)	+1,315
Total	274,532	246,000	-28,532	209,844	240,000	+30,156	12,879 (6.1%)	15,000 (6.3%)	+2,121

【Orders Received】

Although there will be a pullback from large-scale projects (outside the budget) in the Systems Solutions business, 240 billion yen sales are still expected.

【Net Sales】

Revenue growth is expected across all segments, driven by sales conversion from an abundant order backlog domestically, and the full consolidation of the international subsidiaries.

【Operating Income】

Operating income and all other profit metrics are expected to achieve record highs, reflecting improved profitability in international business and profit growth in domestic operations.

* FX: FYE3/'26 1$=149.6JPY; FYE3/'27(e) 1$=150.0JPY

Segment Information and Acronyms

- **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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