

Financial Results Q3 FY25/3



Microwave **Chemical**

**Make Wave,
Make World.**

世界が知らない世界をつくれ

Agenda

1. Executive Summary
2. Financial Results and KPI Highlights
3. Review of FY25/3 Growth Strategy and Q3 Business Highlights



Executive Summary

FY25/3 Q3 Results

- Sales of JPY677MM ((46.7)% YoY)
- Progress rate against FY25/3 full-year sales forecast (JPY1,710MM) is 40%. As the progress rate on contract basis reached 90% (JPY1,540MM), we do not change the full-year target.

KPI

- Number of new contracts: Acquired 18 new contracts, 62% progress against FY25/3 target (29 contracts).
- Total number of contracts: Total 59 contracts signed, 97% progress against FY25/3 target (61 contracts), including 30 contracts delivered already.

Business Highlights

- We advanced the development in the metal smelting process, which is a focus of our green business areas.
 - Started calcination tests of manganese nodule ores using microwaves.
 - We participated in a project supported by the Tokyo Metropolitan Government, where the University of Tokyo plans to develop smelting of manganese nodule ore found in the sea off Minami-Torishima Island, Japan.

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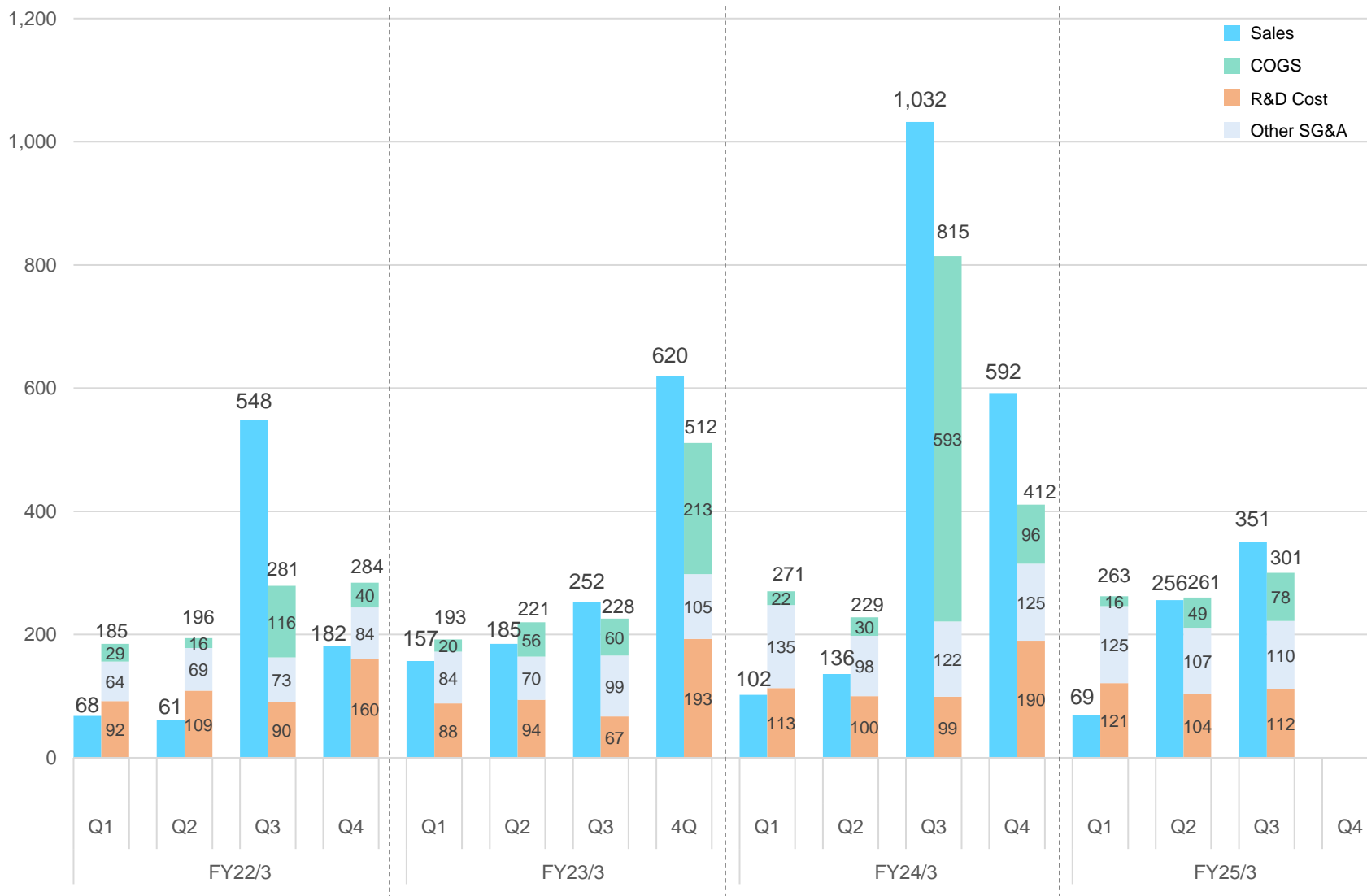
Financial Results of FY25/3 Q3

- We plan to achieve operating surplus by controlling SG&A expenses for the FY25/3 full-year plan.
- Q3 cumulative sales are 40% of the full-year plan, whereas the progress on a contracted basis is JPY1,540MM (90%).

(JPYMM)	FY24/3	FY25/3	YoY comparison		FY25/3	Progress
	Q3 (9 months)	Q3 (9 months)	Difference	%	Forecasts	%
Net sales	1,270	677	(593)	(46.7)%	1,710	39.6%
Phase 1	301	82	(219)	(72.5)%	490	16.9%
Phase 2	968	589	(379)	(39.1)%	1,201	49.1%
Phase 3	-	-	-	-	15	0.0%
Phase 4	-	0	0	-	-	-
Others	-	3	3	-	3	112.7%
Gross profit	624	531	(92)	(14.8)%	1,021	52.1%
% Net sales	49.1%	78.5%	29.4pt	-	59.7%	-
Operating profit	(45)	(149)	(104)	-	48	-
% Net sales	-	-	-	-	2.8%	-
Ordinary profit	(47)	(154)	(106)	-	40	-
Profit before tax	(68)	(150)	(82)	-	40	-
Profit after tax	(73)	(152)	(79)	-	37	-

Quarterly Sales and Costs (FY22/3Q1-FY25/3Q3)

(JPY MM)

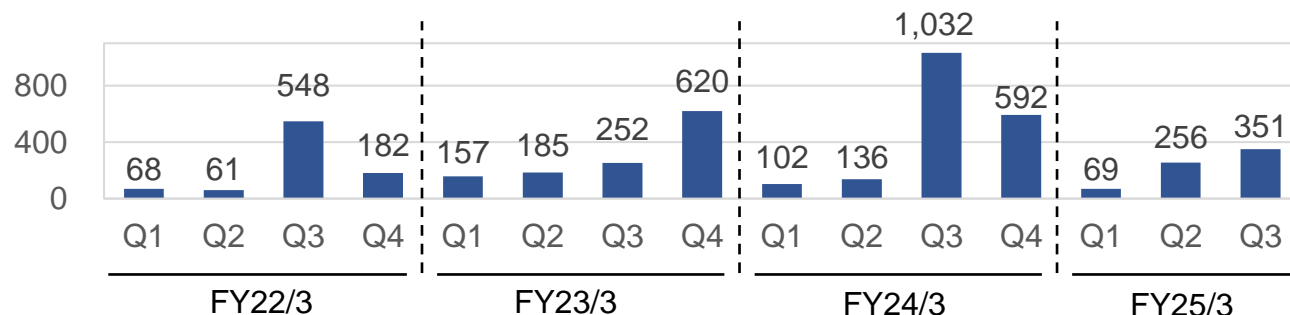


Seasonal Fluctuations / Revenue Recognition

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 company's 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 the Company's 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)

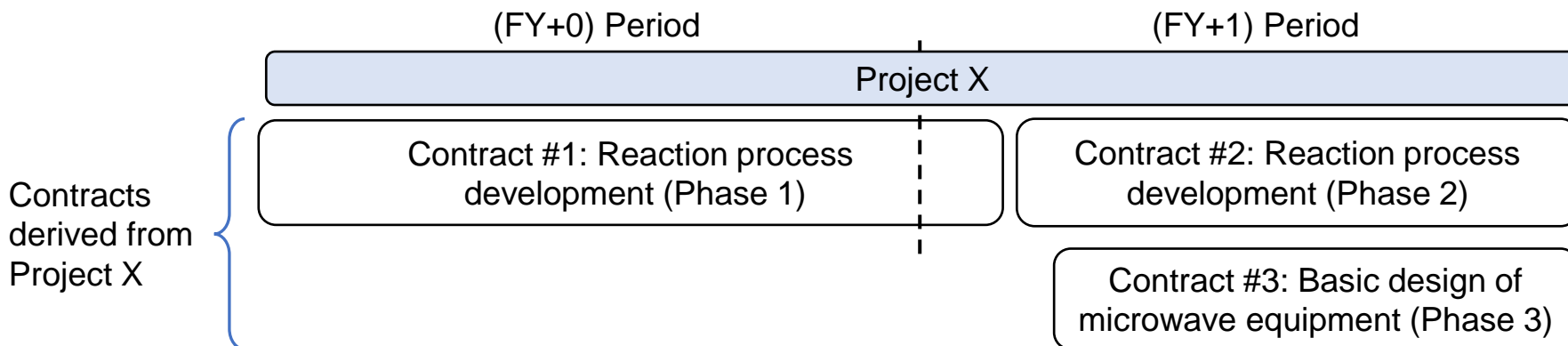
The Company submits reports, samples, etc. stipulated in the JDA and receives payment. Under such agreements, **revenue is booked upon acceptance of the report, samples, etc. by the client**.

(2) License agreement

Under license agreements, the Company licenses its intellectual property to clients and receives 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)

- Important KPIs for our business are **(1) number of new contracts**, **(2) total number of contracts**, and **(3) sales by phase**.
 - Contracts are executed with clients based on our solutions and service per phase.
 - Multiple contracts would be executed with one project as indicated below.
- (3) Sales by phase shows progress of the contracts by sales in each phase.
- Contracts are basis of our sales. We disclose number of contracts which are expected to be completed and book sales within this FY.



FY25/3 Q3 KPI Highlights

1 Number of New Contracts

- Acquired 18 contracts out of 29 annual target (62% progress, added 7 contracts from Q2).

2 Total Number of Contracts

- 59 contracts were executed, including 30 contracts delivered already (added 16 contracts from Q2, while FY25/3 target is 61 contracts).

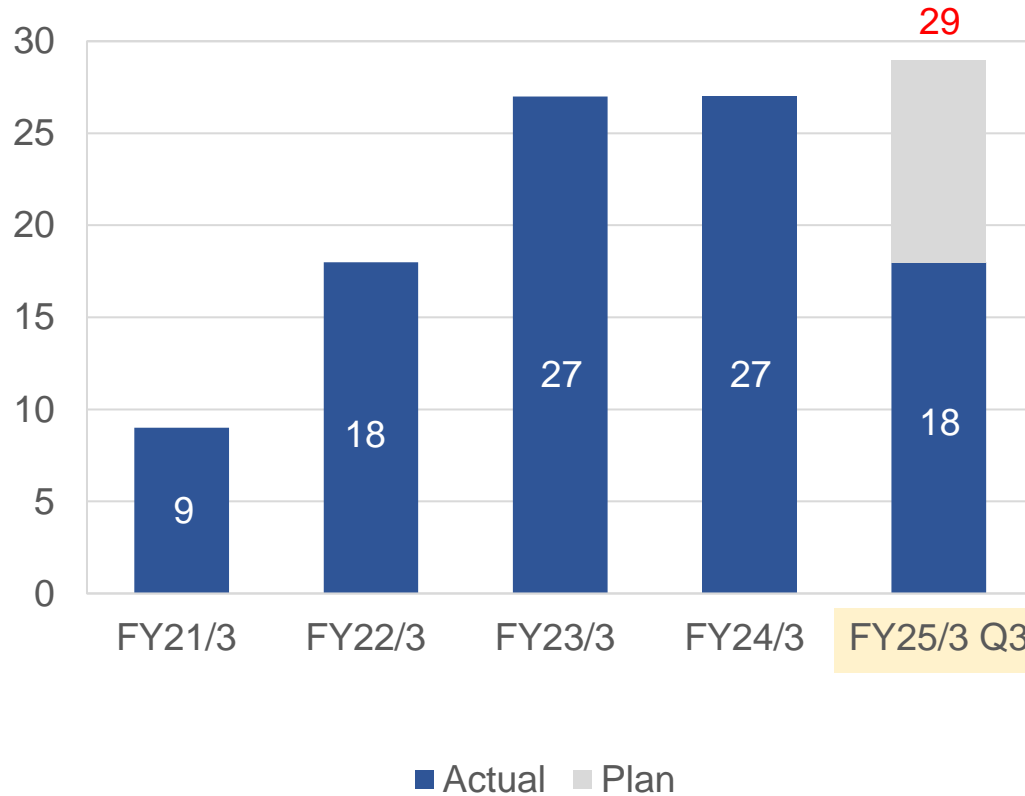
3 Sales by Phase

- JPY1,540MM (90% progress) achieved on contract basis (increased JPY196MM from Q2, while FY25/3 target is JPY1,710MM).

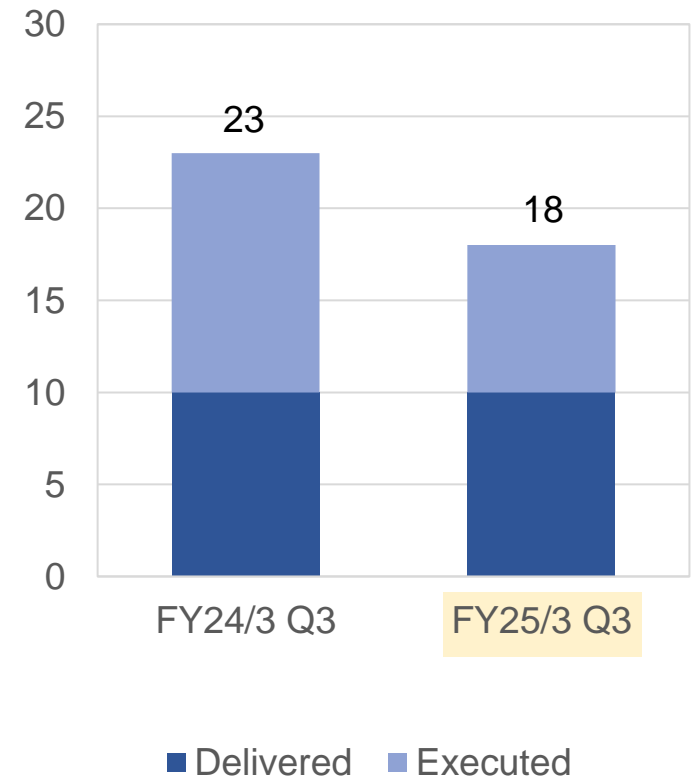
KPI (1) Number of New Contracts

- 62% progress against FY25/3 target, added 7 contracts from Q2.

of New Contracts



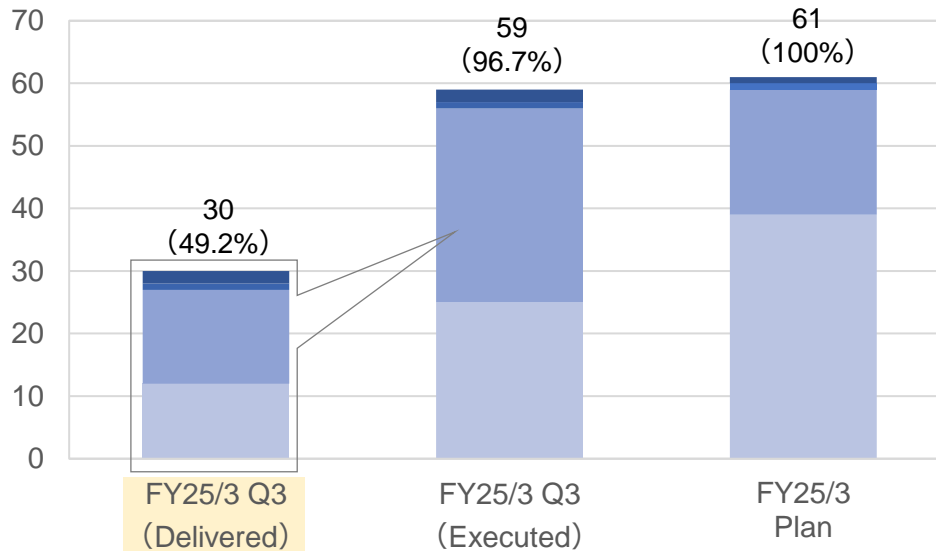
YoY Comparison



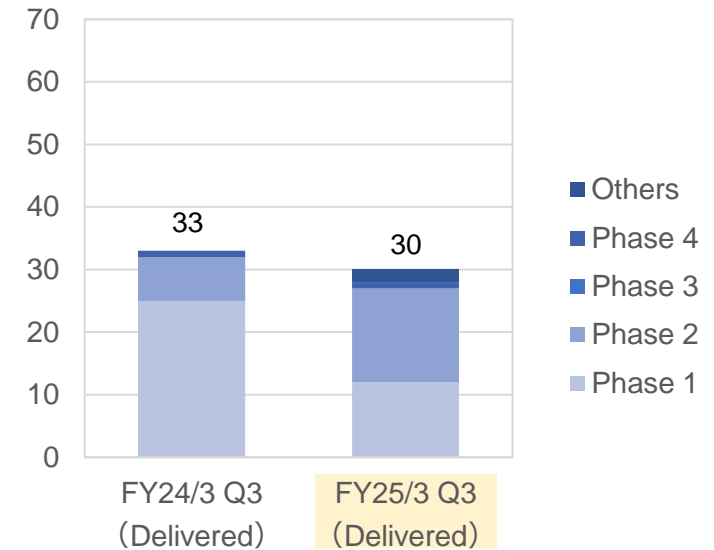
KPI (2) Total Number of Contracts

- 97% progress against FY25/3 target, added 16 contracts from Q2.

Progress vs. Full-year plan



YoY Comparison



			(Difference)
Phase 1	12	25	39
Phase 2	15	31	20
Phase 3	0	0	1
Phase 4	1	1	0
Others	2	2	1
Total	30	59	61

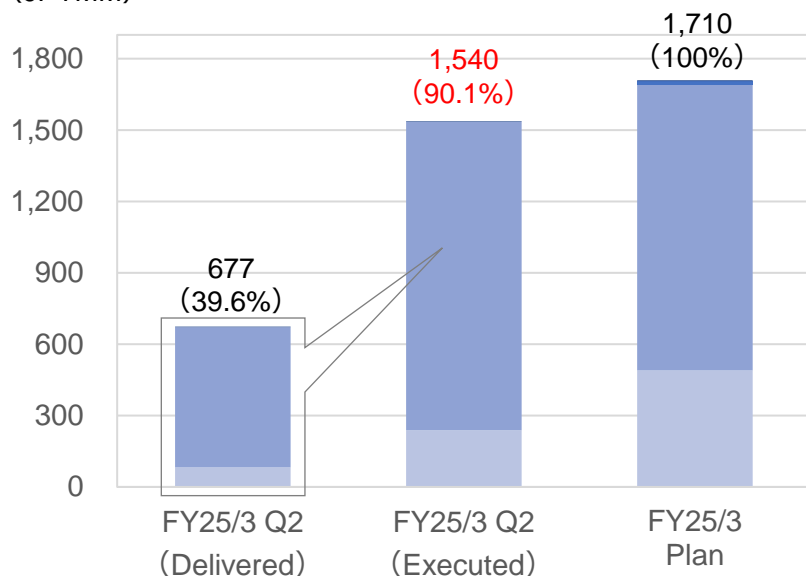
			(Difference)
	25	12	(13)
	7	15	8
	0	0	0
	1	1	0
	0	2	2
	33	30	(3)

KPI (3) Sales by Phase

- 90% progress against FY25/3 target, increased JPY196MM from Q2.

FY25/3 Q3

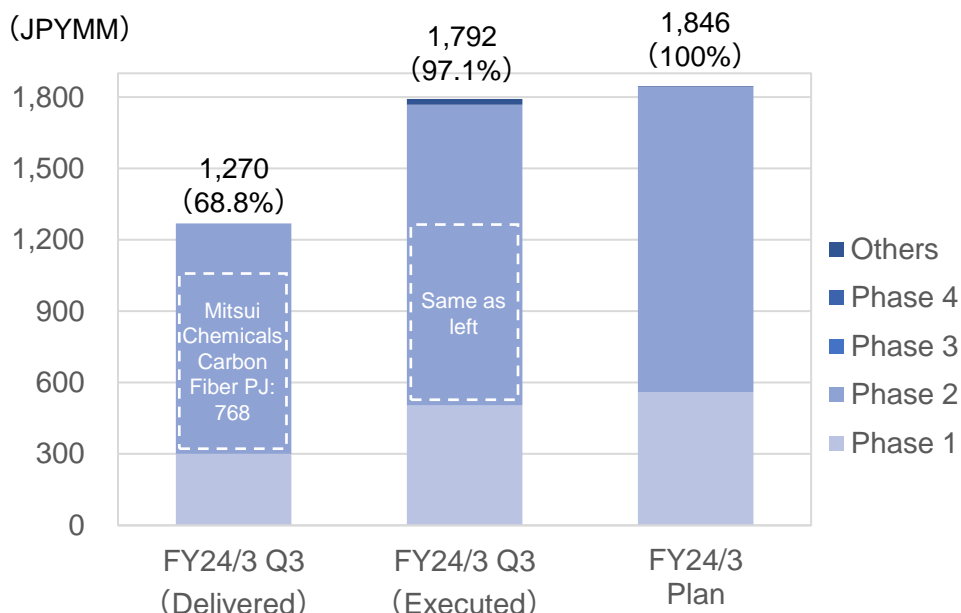
(JPYMM)



Phase 1	82	238	490
Phase 2	589	1,297	1,201
Phase 3	—	—	15
Phase 4	0	0	—
Others	3	3	3
Total	677	1,540	1,710

(Reference) FY24/3 Q3

(JPYMM)



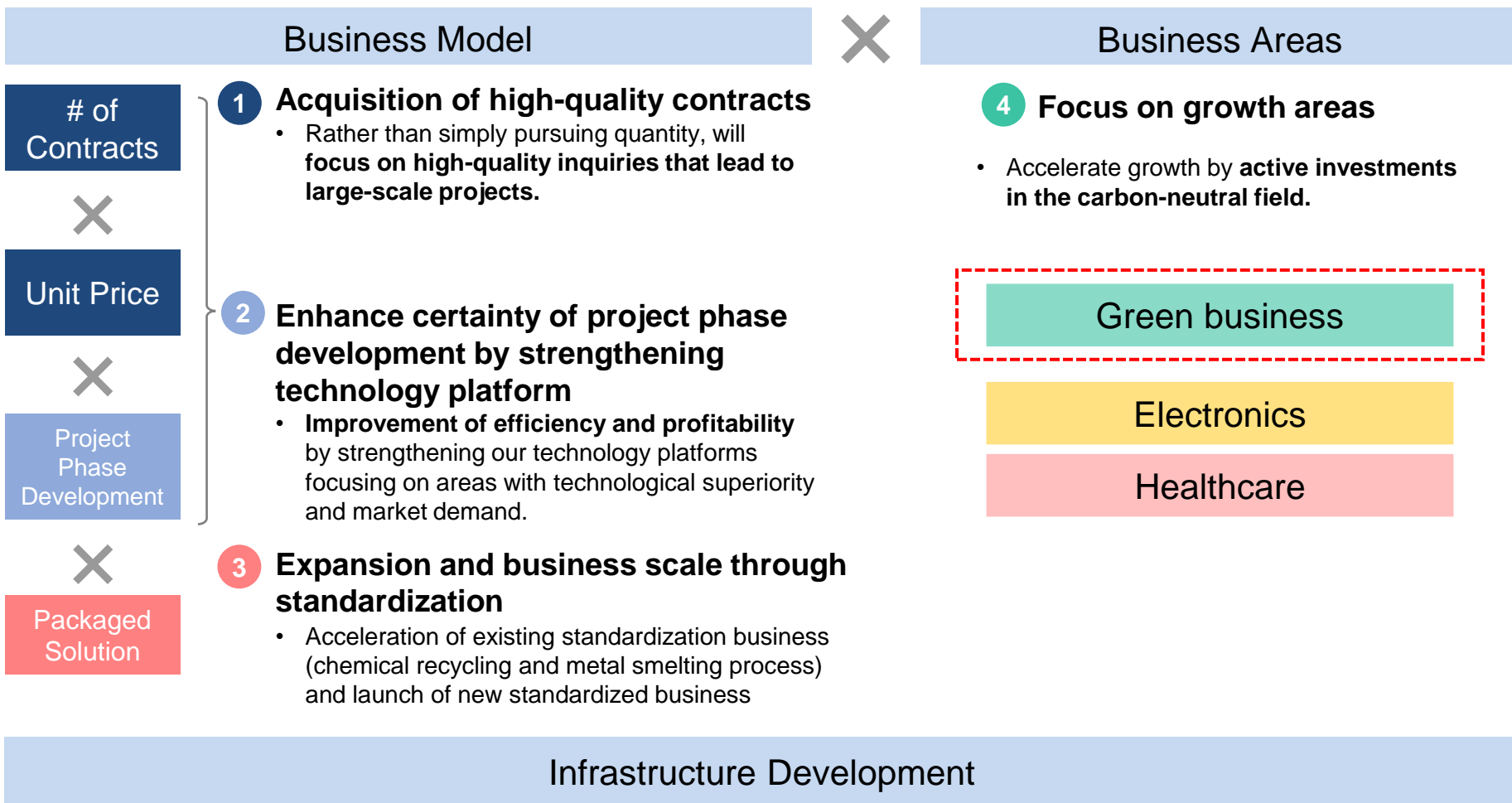
	301	504	559
	968	1,264	1,284
	—	—	—
	—	—	—
	—	24	3
Total	1,270	1,792	1,846

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- As implemented in FY24/3, we continue to make up-front investments in focusing business areas, and proceed with hypothesis verification of new standardization business for further growth.

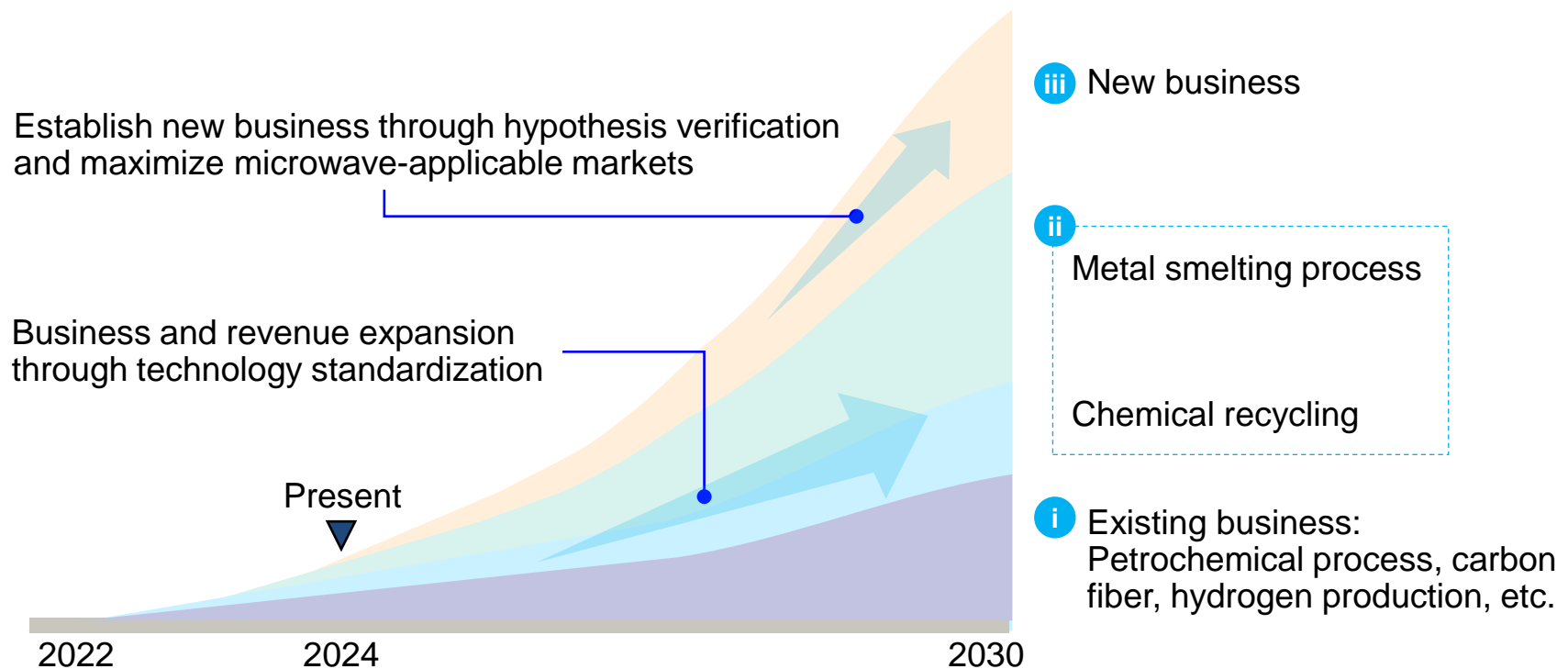


To accommodate the increase in stage-up contracts, we will gradually strengthen (1) personnel and (2) R&D infrastructure (laboratory & pilot facilities).

4 Growth Image in Green Business Areas

Reposted p.22 of FY24/3Q4
Earning Presentation Materials

- i Steadily develop existing projects in petrochemical process, carbon fiber production, and hydrogen production, etc. toward Phase 3 (actual equipment installation) with our partners to achieve profit.
- ii We have conducted hypothesis verification in various business areas and progressed standardization of technologies and accumulation of business track records especially in the chemical recycling and the metal smelting process. In these areas, we aim to expand business and maximize earnings by promoting horizontal development.
- iii In addition to the above businesses, we will simultaneously proceed with hypothesis verification to establish multiple new business areas.



Started calcination tests of Mn nodule ores found in the sea off Minami-Torishima Island

- We participate in the “Development of Smelting Methods for Seabed Mineral Resources”, a project led by the University of Tokyo and supported by the Tokyo Metropolitan Government, and [conduct calcination of manganese \(Mn\) nodule ores found near Minami-Torishima Island](#).
 - Recently a large volume of Mn nodules, spherical ores rich in cobalt, nickel, and manganese, were found within Japan’s EEZ near Minami-Torishima Island.
 - However, it would cost significantly to mine and smelt rare metals from these ores.
- We aim to establish an energy-efficient production process based on our microwave smelting technology.
 - We conduct lab tests using a few kg of ores in this fiscal year, and then proceed with bench scale testing using several tens of kg of ores next year. After confirming the economic feasibility, we plan testing on a several tons of ores in 2026-2027.



Mn nodule ores found in the sea off Minami-Torishima Island (Photo by The Nippon Foundation)

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