



Outline of Financial Results for the Fiscal Year Ended March 2022

Segment Information

- **Plant Engineering Business(PE business):** Domestic EPC business / Overseas business

The main work in this segment is different types of engineering that focus on the design and construction of machinery facilities used in the purification processes in purification plans, sewage processes in sewage plants, sludge treatment processes, and processes for creating fuel in Japan and overseas as well as the design and construction of electrical facilities for the operation, monitoring, and control of these.

- **Service Solution Business(SS business):** Domestic O&M business / Domestic PPP business

The main work in this segment includes a range of services such as repair work, operation, and management (maintenance/inspection) of mechanical and electrical equipment for water treatment plants, sewage plants, refuse processing facilities, and recycling facilities; it also includes the design, construction, operation, maintenance and management of facilities and equipment through public-private partnerships.

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.

- I Financial Results for the Fiscal Year Ended March 2022
- II Full-year Earnings and Dividend Forecast for the Fiscal Year Ending March 2023
- III Toward the achievement of the “Medium-Term Business Plan 2023” (Fiscal Year Ending March 2024)
- IV Engage in Sustainable ESG Initiatives

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Financial Highlights for FYE 3/'22 (consolidated)

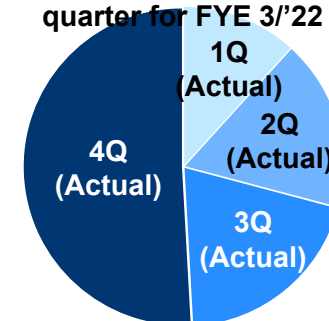


* Orders Received

Although the number of large projects decreased and the absence of one-time factors due to the lump-sum renewal of multi-year service contracts resulted in a year-on-year decrease, EPC and overseas subsidiaries (North America and Europe) performed strong, bringing **the order backlog substantially above the forecast and setting an all-time record high.**

(Reference) Order backlog: JPY 169.3 bn at end of FYE 3/'21 → JPY 186.0 bn at end of FYE3/'22

Sales breakdown by quarter for FYE 3/'22



* Net Sales & Profits

Net sales **increased and exceeded the forecast** mainly due to strong sales at overseas subsidiaries (North America and Europe), O&M, and METAWATER SERVICE CO.

Profits declined due to the absence of one-time factors such as the sale of shares in a retirement benefit trust recorded in the previous fiscal year, whereas improved gross profit and expenses led to an increase in profits that **exceeded the forecast**. Ordinary income significantly exceeded the forecast due to an increase in foreign exchange gains from the weaker yen.

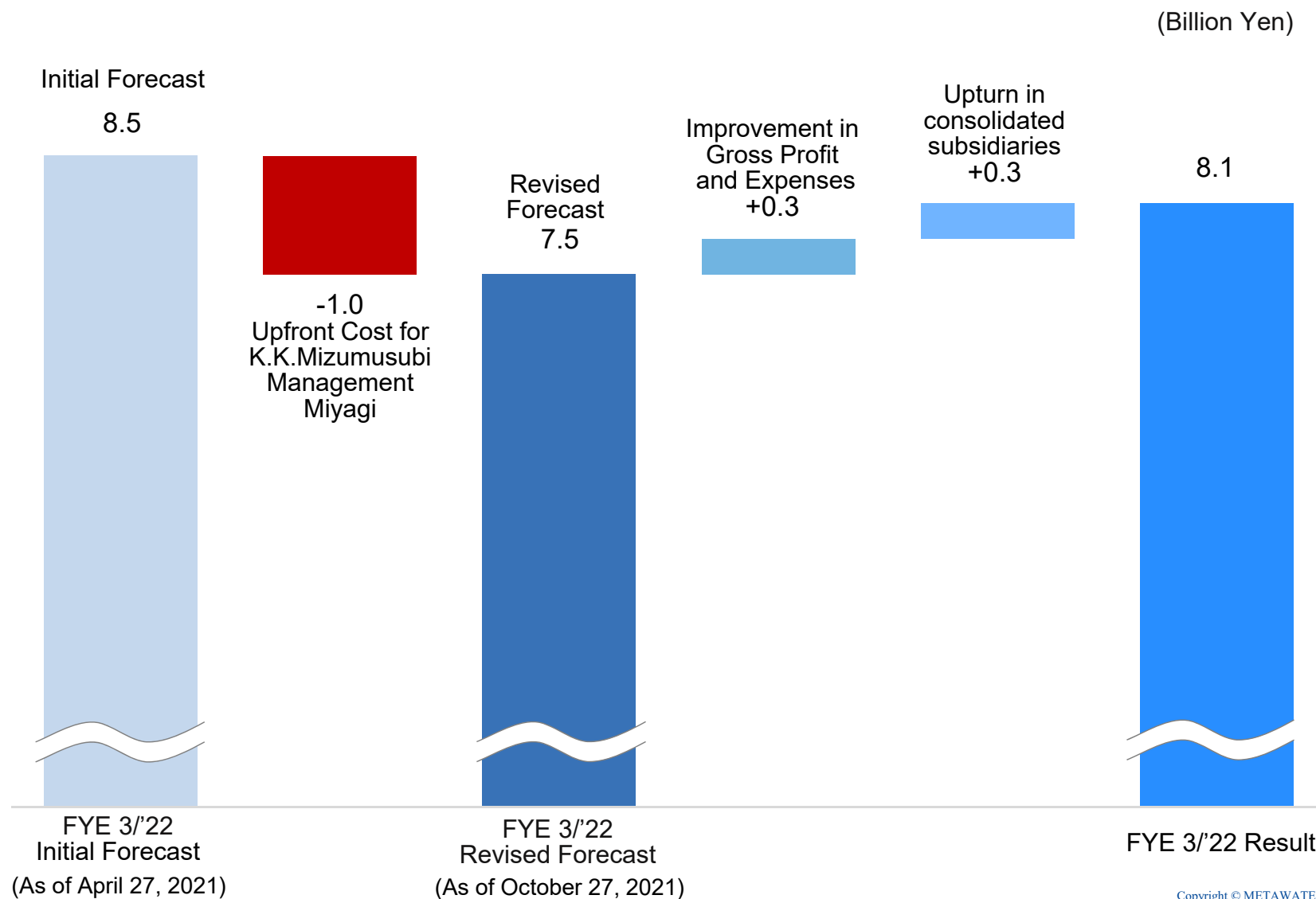
(Billion Yen)

	Orders Received	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of the parent	DPS (Yen)	
						Interim	Year-End
FYE3/'22 Results	152.3	135.6	8.1	8.8	6.2	20	to be resolve in May
	vs Forecast: +17.3	vs Forecast: +0.6	vs Forecast: +0.6	vs Forecast: +1.4	vs Forecast: +0.8		20
	YoY: -6.8 -4.3%	YoY: +2.2 +1.7%	YoY: -2.7	YoY: -2.3	YoY: -0.3		
FYE3/'22 Forecast (As of October 27, 2021)	135.0	135.0	7.5	7.4	5.4	20	20
FYE3/'21 Results	159.1	133.4	10.9	11.1	6.5	40 (Before the stock split)	20

Effective from the beginning of the accounting period for FYE 3/'22, the Group adopted the "Accounting Standard for Revenue Recognition" and others. As a result, for this fiscal year, net sales increased by 250mn yen, cost of sales increased by 310mn yen, and operating income, ordinary income, and net profit for the period before taxes each decreased by 60mn yen. Also, the retained earnings at the beginning of the period increased by 210mn yen.

Factors for the changes in operating income (vs. FYE 3/22 forecast) **METAWATER**

In FYE 3/22, the Operating Income exceeded the forecast (as of October 27, 2021) due to improved gross profit and expenses, as well as favorable turnaround in consolidated subsidiaries.



Consolidated Statement of Income

(Billion Yen)

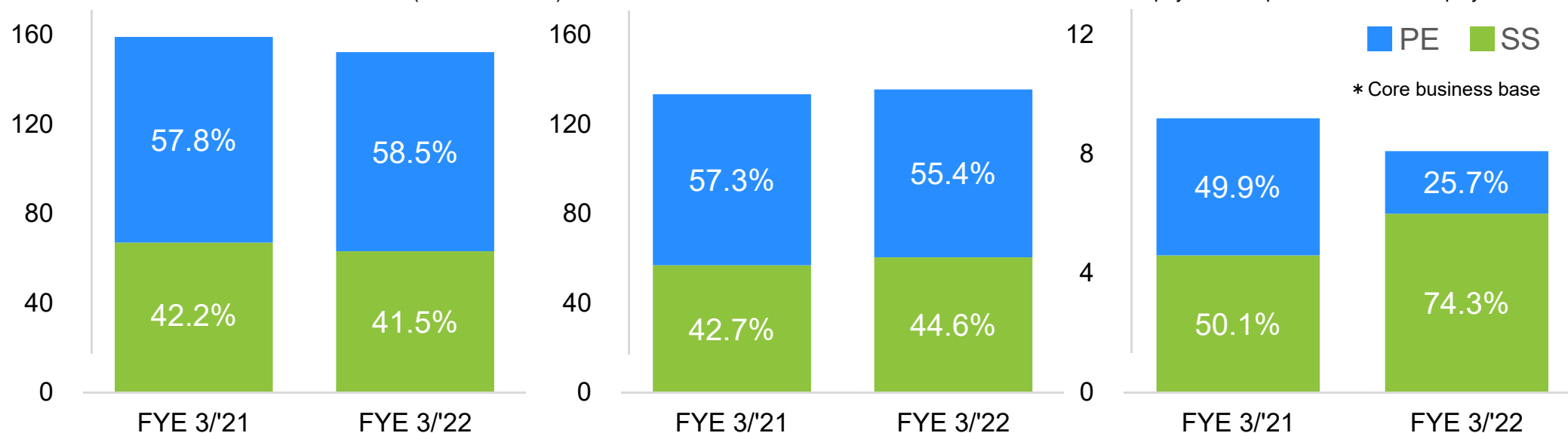
	FYE 3/'21	FYE 3/'22	Change
Net Sales	133.4	135.6	+2.2
Operating Income	10.9	8.1	-2.7
(% of sales)	8.1%	6.0%	-2.1%
Ordinary Income	11.1	8.8	-2.3
Net Income attributable to owners of parent	6.5	6.2	-0.3

Segment Information (Consolidated)

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	FYE 3/'21	FYE 3/'22	Change	FYE 3/'21	FYE 3/'22	Change	FYE 3/'21	FYE 3/'22	Change
Plant Engineering Business	92.0	89.1	-3.0	76.5	75.1	-1.4	5.5 (4.6)	2.1 (2.1)	-3.4 (-2.5)
Service Solution Business	67.1	63.2	-3.9	56.9	60.5	+3.6	5.3 (4.6)	6.0 (6.0)	+0.7 (+1.5)
Total	159.1	152.3	-6.8	133.4	135.6	+2.2	10.9 (9.1)	8.1 (8.1)	-2.7 (-1.0)

* Figures in parentheses () are operating income excluding the effects of lump-sum amortization of unrecognized actuarial gains / losses (credit variances) due to the sale of shares held in the retirement benefit trust and the payment of special benefits to employees.



Segment Information (Consolidated)

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	FYE 3/'21	FYE 3/'22	Change	FYE 3/'21	FYE 3/'22	Change	FYE 3/'21	FYE 3/'22	Change
Plant Engineering Business	92.0	89.1	-3.0	76.5	75.1	-1.4	5.5 (4.6)	2.1 (2.1)	-3.4 (-2.5)
Service Solution Business	67.1	63.2	-3.9	56.9	60.5	+3.6	5.3 (4.6)	6.0 (6.0)	+0.7 (+1.5)
Total	159.1	152.3	-6.8	133.4	135.6	+2.2	10.9 (9.1)	8.1 (8.1)	-2.7 (-1.0)

* Figures in parentheses () are operating income excluding the effects of lump-sum amortization of unrecognized actuarial gains / losses (credit variances) due to the sale of shares held in the retirement benefit trust and the payment of special benefits to employees.

Plant Engineering Business	<p>【Orders Received & Order Backlog】 Orders received for EPC were down from the previous fiscal year Order backlog increased by 14.0bn yen from the previous fiscal year (99.0bn yen at FYE 3/'21 ⇒ 113.0bn yen at FYE 3/'22)</p> <p>【Net Sales & Operating Income】 • EPC business: Both net sales and operating income were down from the previous year • Overseas business: Sales increased from the previous year, mainly due to strong performance of subsidiaries in North America and Europe, but operating income was lower than the previous year</p>
Service Solution Business	<p>【Orders Received & Order Backlog】 Orders received were lower than the previous year due to the absence of one-time factors resulting from the lump-sum renewal of multi-year service contracts Order backlog increased by 2.7bn yen from the previous fiscal year (70.3bn yen at FYE 3/'21 ⇒ 73.0bn yen at FYE 3/'22)</p> <p>【Net Sales & Operating Income】 O&M business: Both net sales and operating income were higher than in the previous year PPP business: Both net sales and operating income were higher than in the previous year</p>

Consolidated Balance Sheets

(Billion Yen)

	End of FYE 3/21	End of FYE 3/22	Change
Cash and deposits	18.8	21.3	+2.5
Trade receivable and contract assets	78.4	77.4	-1.0
Inventories	9.0	8.0	-1.0
Others	3.1	2.3	-0.8
Total current assets	109.3	108.9	-0.3
Tangible fixed assets	4.3	4.5	+0.2
Intangible fixed assets	8.4	10.5	+2.1
Deferred Tax assets	2.7	2.8	+0.1
Others	6.6	6.3	-0.2
Total fixed assets	21.9	24.1	+2.2
Total assets	131.2	133.1	+1.9

	End of FYE 3/21	End of FYE 3/22	Change
Accounts payable- trade	36.3	38.0	+1.7
Short-term loans payable	^{*1} (0.9) 1.4	^(0.9) 1.8	+0.4
Advance received Contract liabilities	12.7	7.5	-5.2
Others	12.2	9.7	-2.5
Total current liabilities	62.6	57.0	-5.6
Long-term loans payable	^{*2} (9.0) 10.3	^(9.7) 10.6	+0.4
Others	4.9	5.9	+1.0
Total fixed liabilities	15.2	16.5	+1.4
Total liabilities	77.8	73.5	-4.2
Total net assets	53.4	59.5	+6.1
Total liabilities & net assets	131.2	133.1	+1.9

*1 *2: The figures in parentheses are the amounts of project finance loan for PFI, etc.

Consolidated Cash Flows

(Billion Yen)

	FYE 3/'21	FYE 3/'22	Change
Cash and cash equivalents at the end of previous FY	12.9	18.0	+5.2
Operating cash flow	10.4	6.6	-3.8
Investing cash flow	-3.3	-3.8	-0.6
Free cash flow	7.2	2.8	-4.4
Financing cash flow	-2.1	-0.6	+1.5
Effect of exchange rate changes on cash and cash equivalents	0.1	0.4	+0.3
Cash and cash equivalents at the end of current FY	18.0	20.6	+2.6

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Consolidated Earnings and Dividend Forecast for FYE 3/23

* Orders received

Due to a decrease in large-size EPC projects, performance for FY'23/3 expected to be lower than the previous year, yet the long-term growth trend (3-year average) is unchanged.

* Sales and profit

Sales are expected to remain strong.

Profits are expected to increase mainly due to an increase in gross profit and a favorable turnaround in consolidated subsidiaries.

* Dividend

The annual dividend is planned to be 40 yen (20 yen interim and 20 yen year-end).

(Billion Yen)							
	Orders Received	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	DPS (Yen)	
FYE 3/23 Forecast	140.0 YoY: 12.3bn yen -8.1%	149.0 YoY: +13.4bn yen +9.9%	9.3 YoY: +1.2bn yen +14.2%	9.3 YoY: +0.5bn yen +6.3%	6.3 YoY: +0.1bn yen +0.9%	Interim 20	Year-End 20
	—	—	% of Sales: 6.2%	% of Sales: 6.2%	% of Sales: 4.2%	—	
FYE 3/22 Results	152.3	135.6	8.1	8.8	6.2	20	20*
	—	—	% of Sales: 6.0%	% of Sales: 6.5%	% of Sales: 4.6%	—	

* Year-end dividend is scheduled to be resolved in May

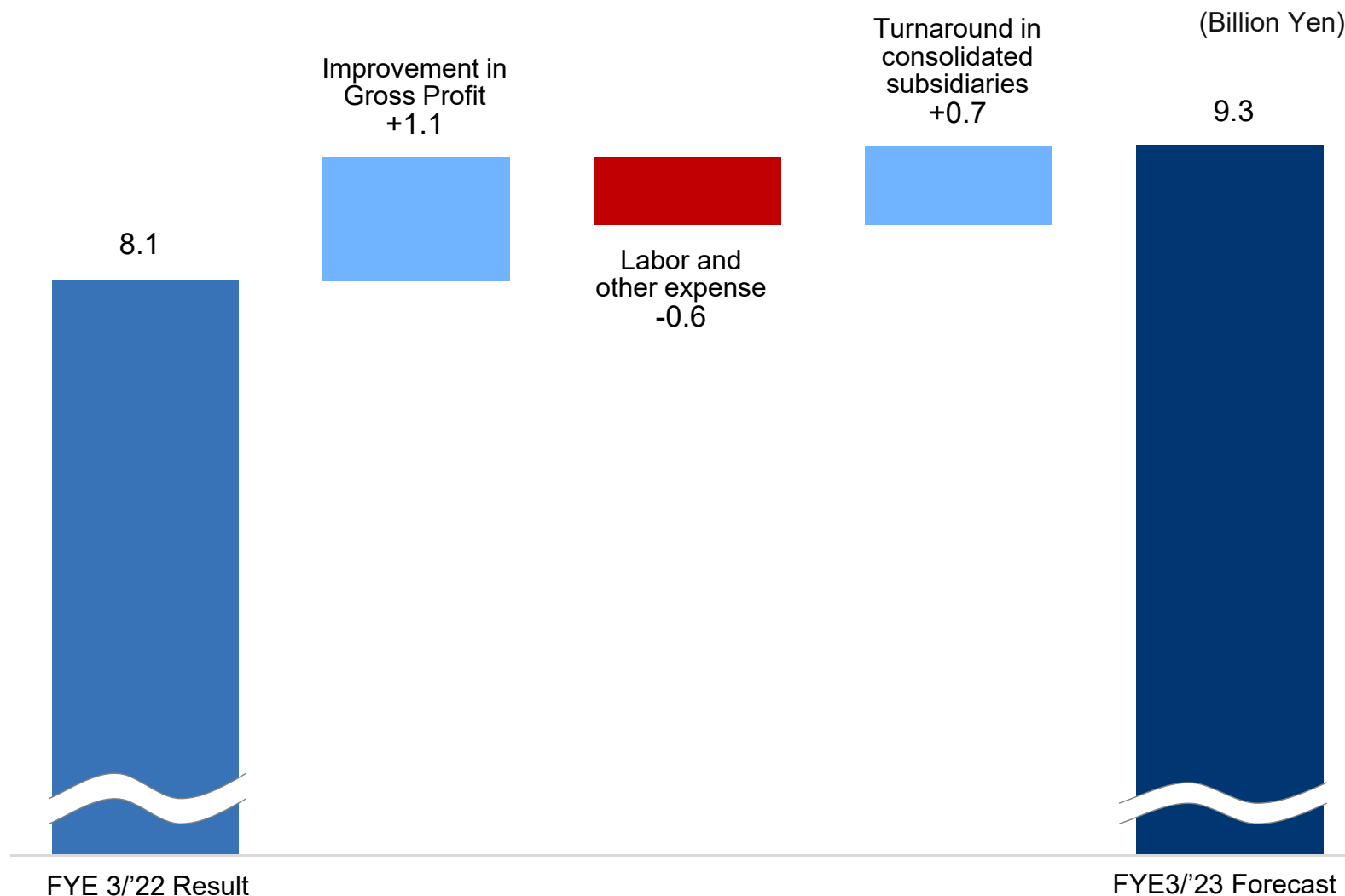
Trends in Orders Received

Orders received fluctuate from year to year, yet are on a growth trend over the long term.



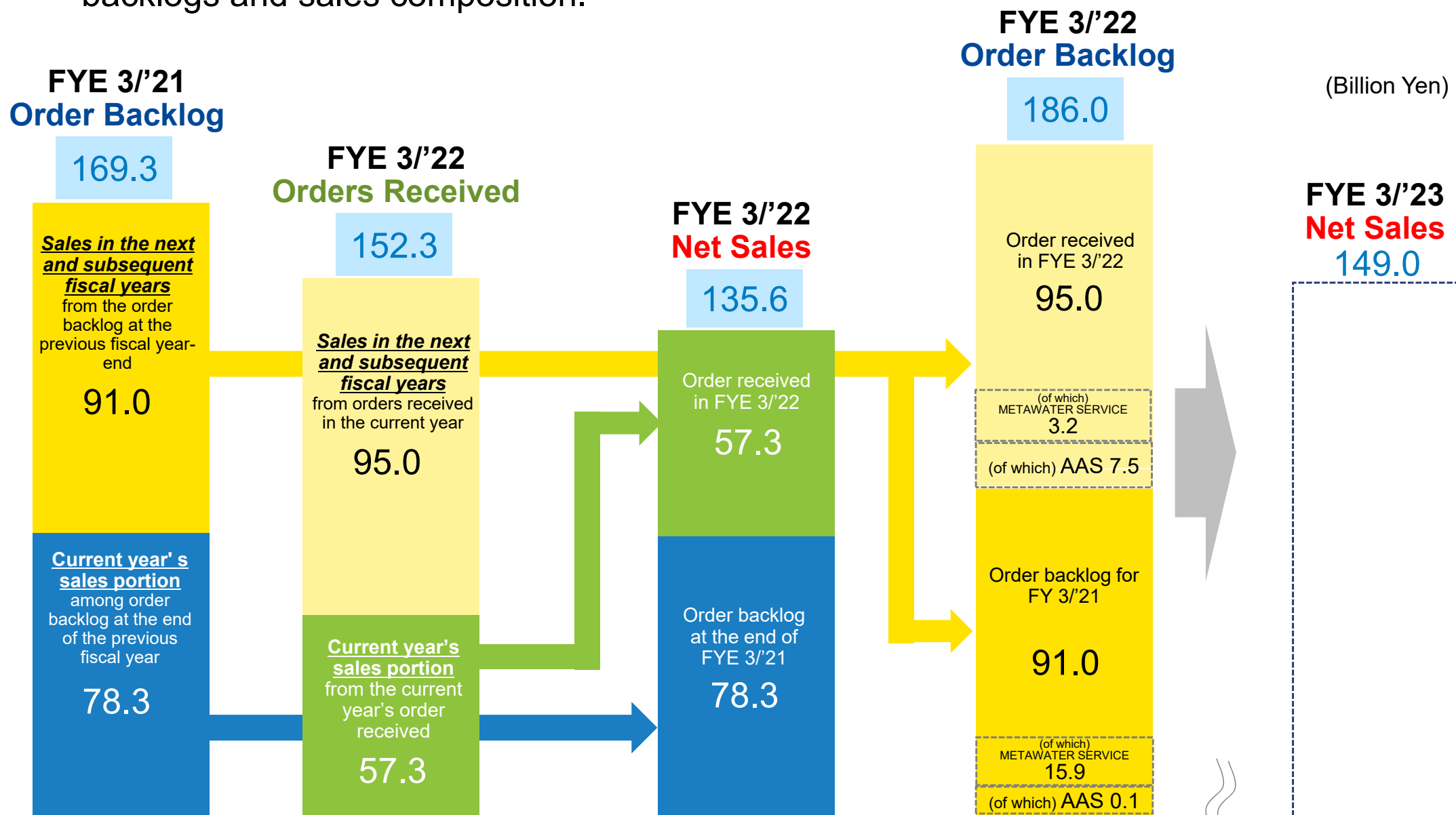
Factors for the changes in Operating Income (vs. FYE 3/'22 result)

Higher profit is expected in FYE 3/'23 mainly due to the contribution of high gross margin projects.



Net sales (consolidated) forecast for the FYE 3/'23, based on order backlog for the FYE 3/'22

A significant increase in net sales is expected in FYE 3/'23 given the trend in order backlogs and sales composition.



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“Medium-Term Business Plan 2023” - Targets

Aim to achieve operating income of 10.5bn yen in the final year of "Medium-Term Business Plan 2023" by strengthening basic fields (EPC and O&M), expanding growth fields (Overseas Business and PPP), and expand sales of No.1 product lines.

(Billion Yen)

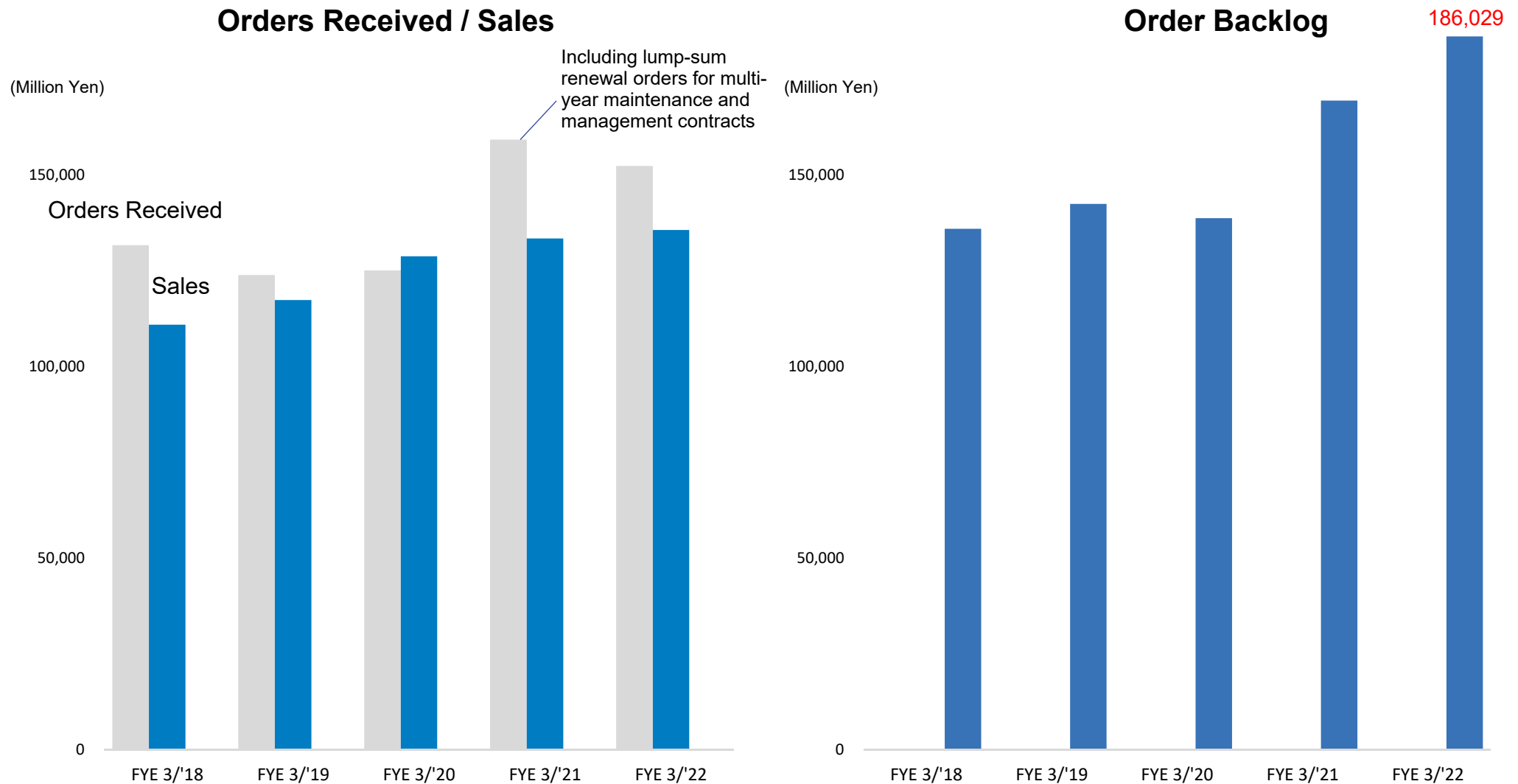
【Repost: as of October 27, 2021】

(Consolidated)	FYE 3'22 Result	FYE 3'23 Forecast	FYE 3'24 Target
Orders Received	152.3	140.0	150.0
Net Sales	135.6	149.0	145.0
Operating Income (% of Sales)	8.1 (6.0%)	9.3 (6.2%)	10.5 (7.2%)
Net Income	6.2	6.3	7.2
ROE	11.1%	10.4%	11% or higher

Orders Received, Sales, and Order Backlogs

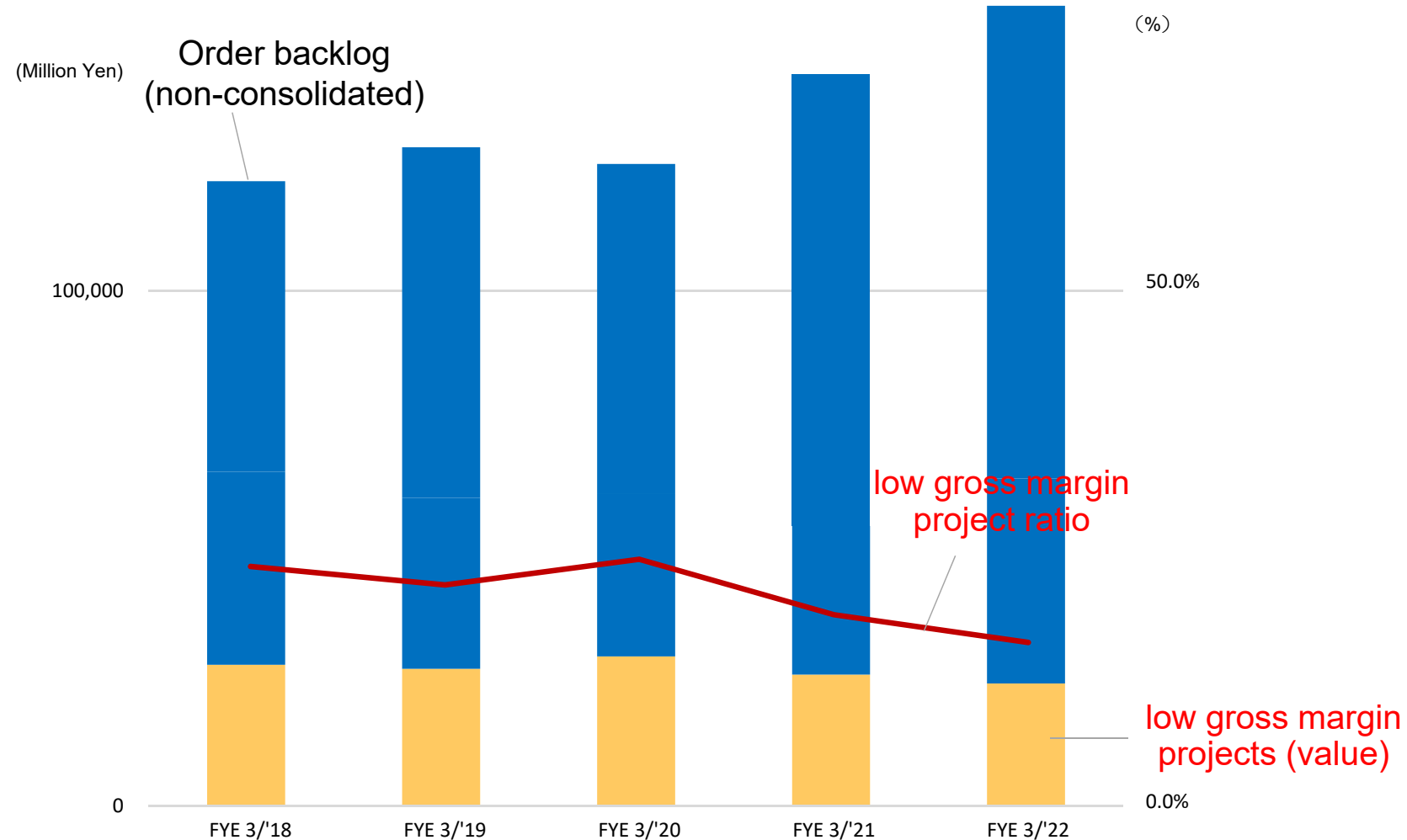
Orders received remained strong, and **sales and order backlogs reached a new record highs.**

*186.0bn yen (+16.7bn yen) as of FYE3/'22



Order Backlog (non-consolidated)

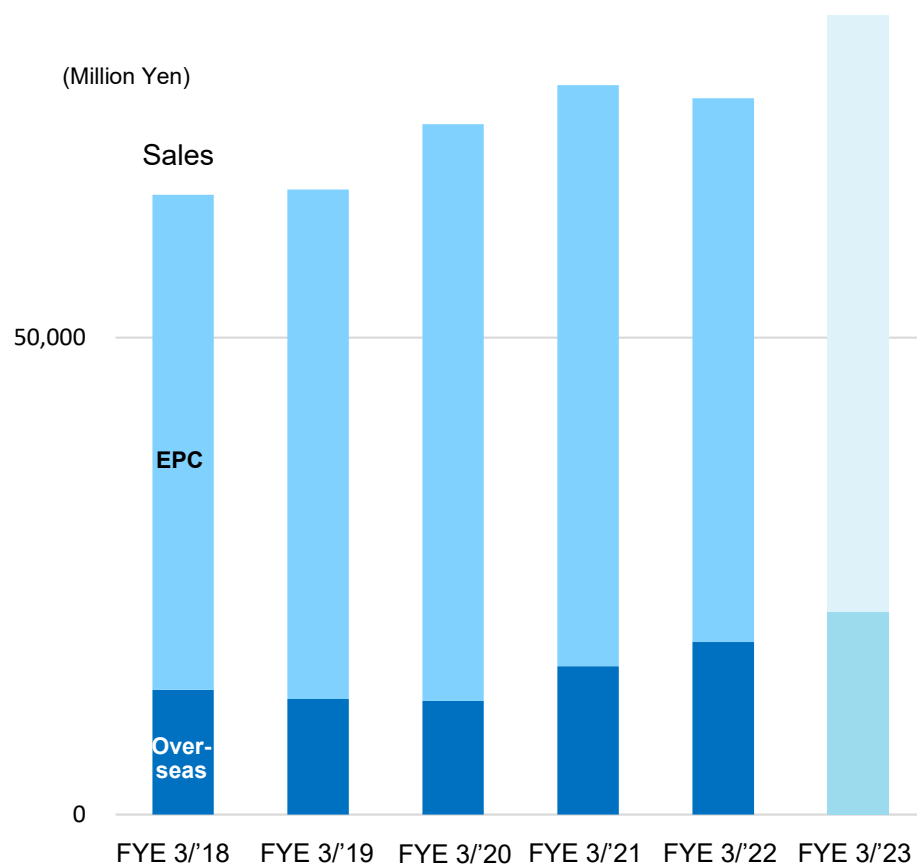
Growth in order backlogs has led to a decline in the percentage of low gross margin projects (value).



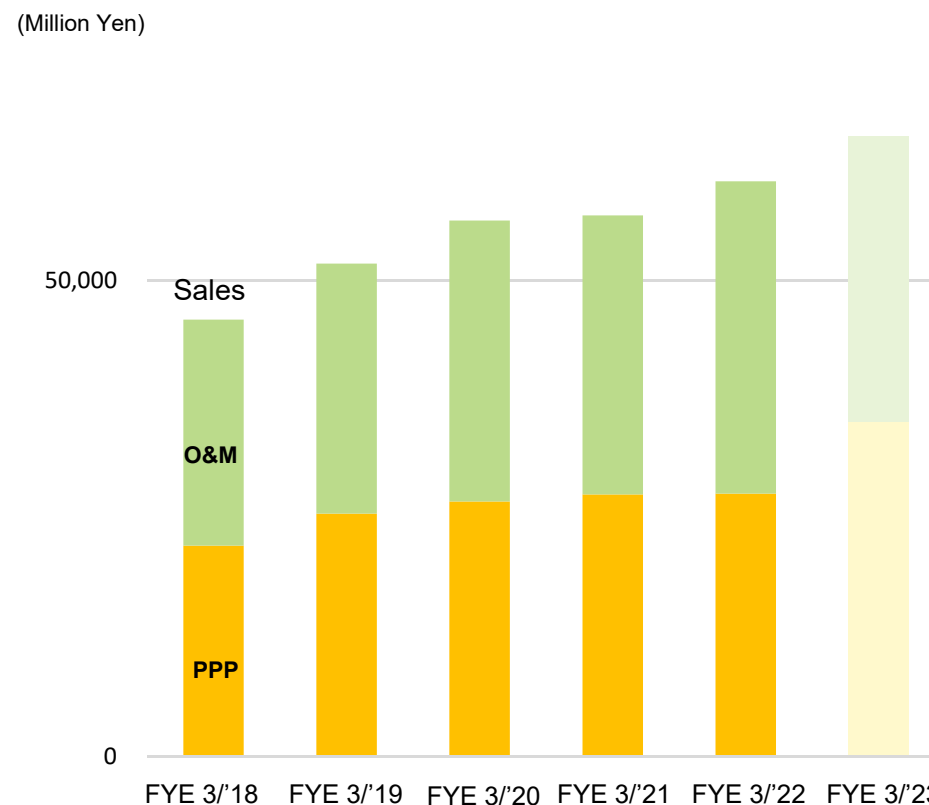
Sales by Segment

Sales in both Foundation Field (EPC, O&M) and Growth Field (Overseas, PPP) grew steadily.

Plant Engineering Business



Service Solution Business

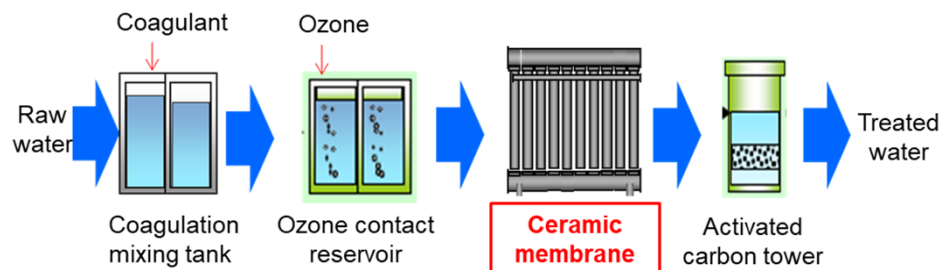


Expand sales of number one product lines

【 Drinking water field 】

"High-grade Water Purification Ceramic Membrane System"

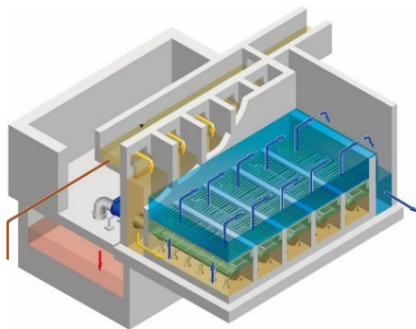
No. 1 in Japan in terms of treatment capacity (flux) among membrane systems for river surface water using ozone and coagulation pretreatment



【 Sewage field 】

"High-Speed Filtration System <alternative to primary sedimentation tank system>"

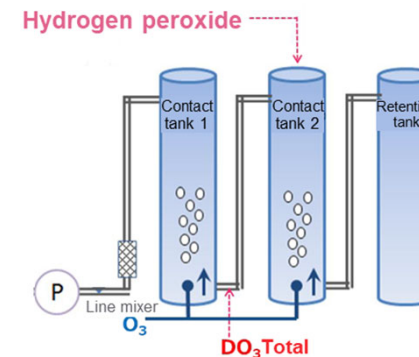
No. 1 in treatment capacity compared to conventional primary sedimentation tanks
(5x to 10x higher than conventional systems)



Selected as "New Technology Class I" by Japan Sewage Works Agency (March 2022)

"Ozone AOP* High-level Water Purification Treatment"* Accelerated oxidation treatment

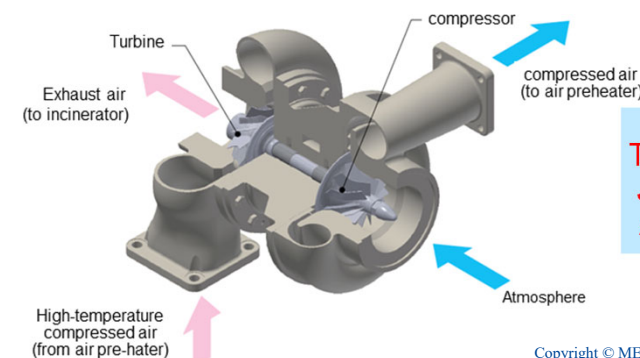
No. 1 in ozone injection control that enables suppression of by-products (bromic acid)



Received orders from Ibaraki Prefectural Enterprise Bureau and Nagase ChemteX Corporation (August and October 2021)

"Flow turbine system"

No.1 in power saving by using conventional fluidized bed incinerator



Selected as "New Technology Class I" by Japan Sewage Works Agency (March 2022)

Activities in Overseas Businesses

Acquired all shares of Wigen in the U.S. in April 2020 and RWB in the Netherlands in November 2020.

Obtained a new business base for business expansion in the U.S., and Enhanced sales capabilities of water treatment solutions in Europe.



Wigen Companies, Inc.



The company specializes in membrane filtration and ion exchange technologies for drinking water, private sector demand, and recycled water, and aims to increase its presence in the fast-growing potable recycled water market.

Together with Aqua-Aerobic Systems, Inc. (U.S.), the company aims to strengthen and expand its North American business by creating synergies from the resources of each company.



Rood Wit Blauw Water B.V.



The company provides various water treatment systems throughout Europe, and in particular, its ceramic membrane filtration systems have been delivered to more than 10 locations.

Through collaboration with Mecana Umwelttechnik GmbH (Switzerland) and FUCHS Enprotec GmbH (Germany), the company aims to strengthen and expand its European business by creating synergies from the resources of each company.

Launch of Miyagi Prefecture Integrated Water Supply, Industrial Waterworks, and Sewerage Public-Private Partnership Management Project



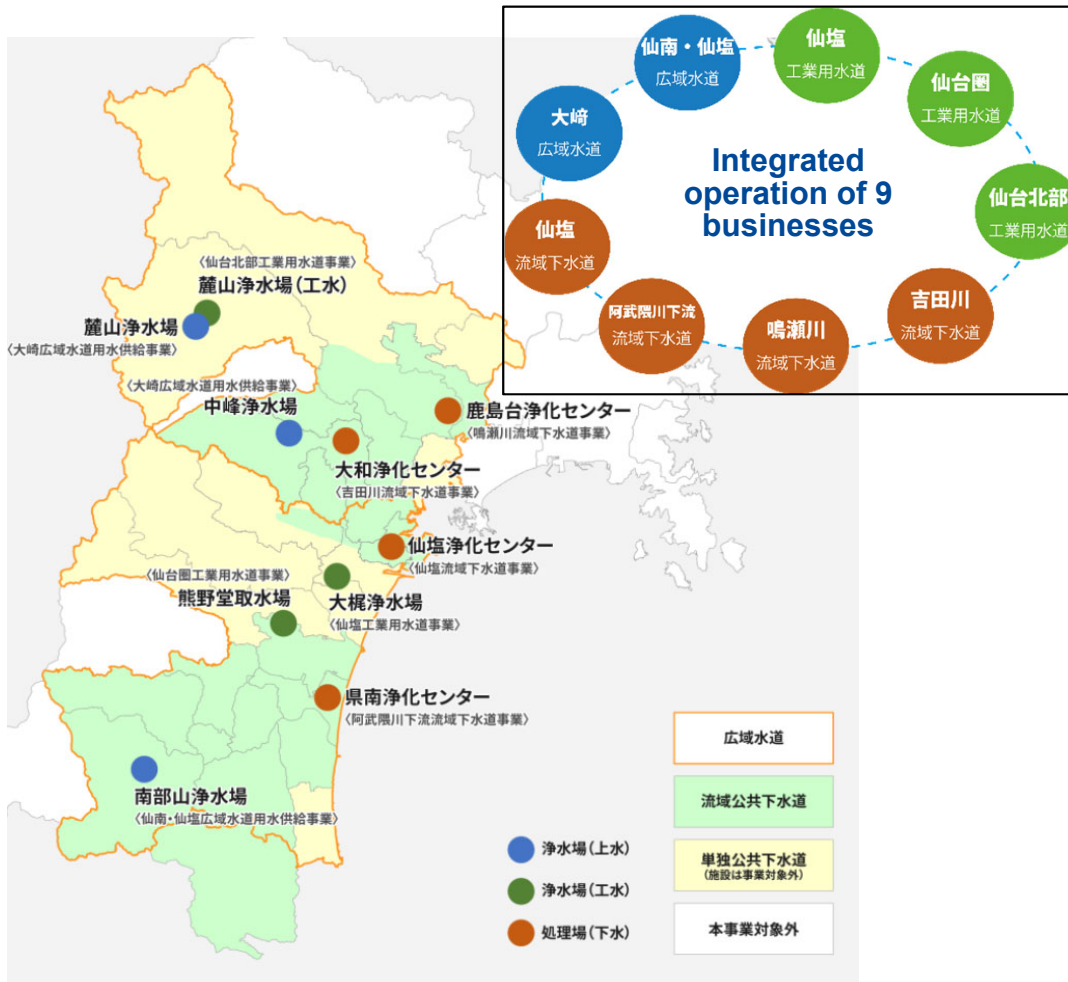
On April 1, 2022, the Miyagi Prefecture Integrated Water Supply, Industrial Waterworks, and Sewerage Public-Private Partnership Management Project (Miyagi management & operation method) began with K.K. Mizumusubi Management Miyagi, a special purpose company headed by METAWATER

Japan's first

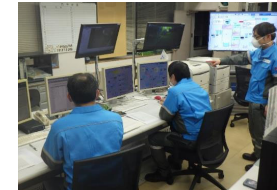
Integrated and long-term management and operation of water supply, sewerage and industrial water facilities

Japan's first

First concession project for a water utility



Began operations on April 1, 2022



Miyagi Prefecture Governor attended the business commencement ceremony held on April 12



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Establishment of the Basic Sustainability Policy

Social Issues



+



+

Declining population

Decrease in water utility revenue

Engineer shortage



Substantial renewal costs

Need to halt global warming

METAWATER Group

- Founded in April 2008 as Japan's first comprehensive engineering company in the water and environmental fields.
- As a corporate group involved in social infrastructure that is indispensable to peoples' lives and industry, we are engaged primarily in water supply, sewage system, and resource and environment (waste recycling) businesses.

**Electrical Technology + Mechanical Technology
+ Maintenance know-how (ICT)**



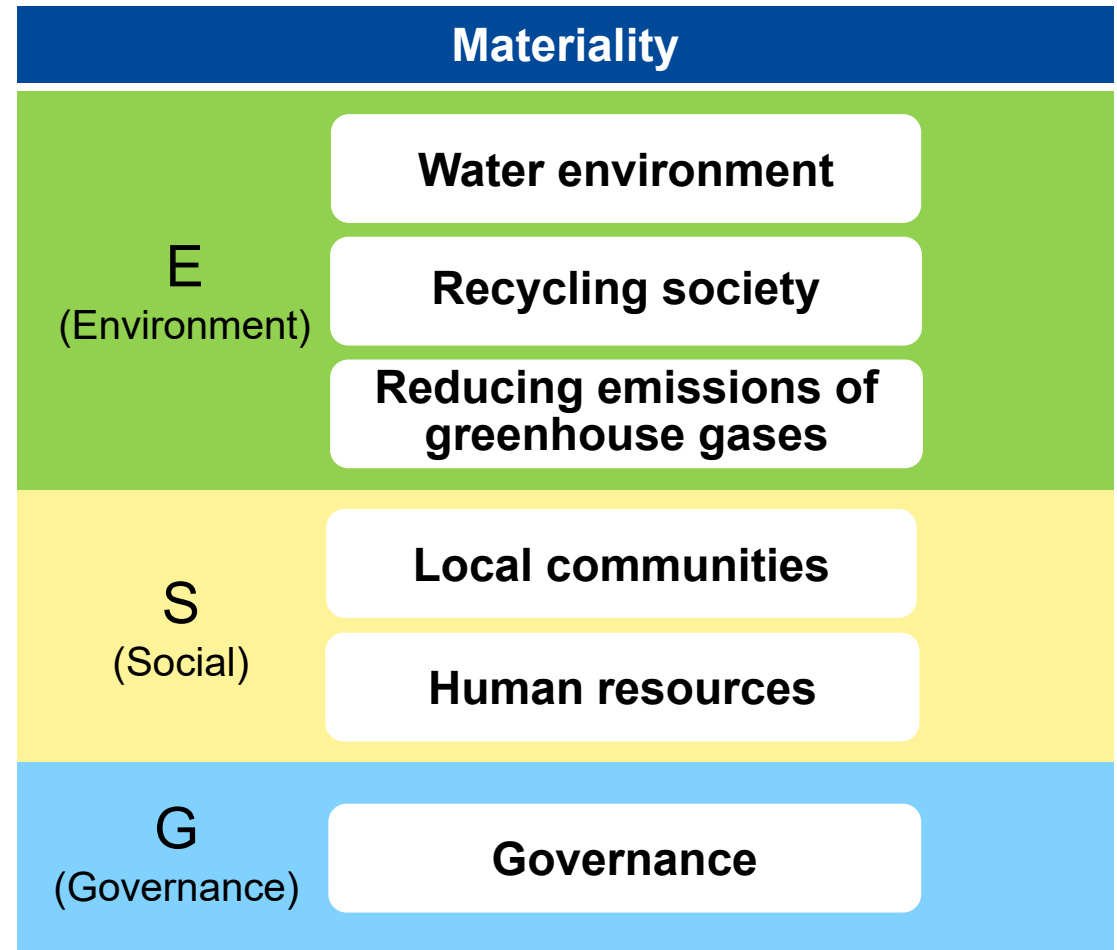
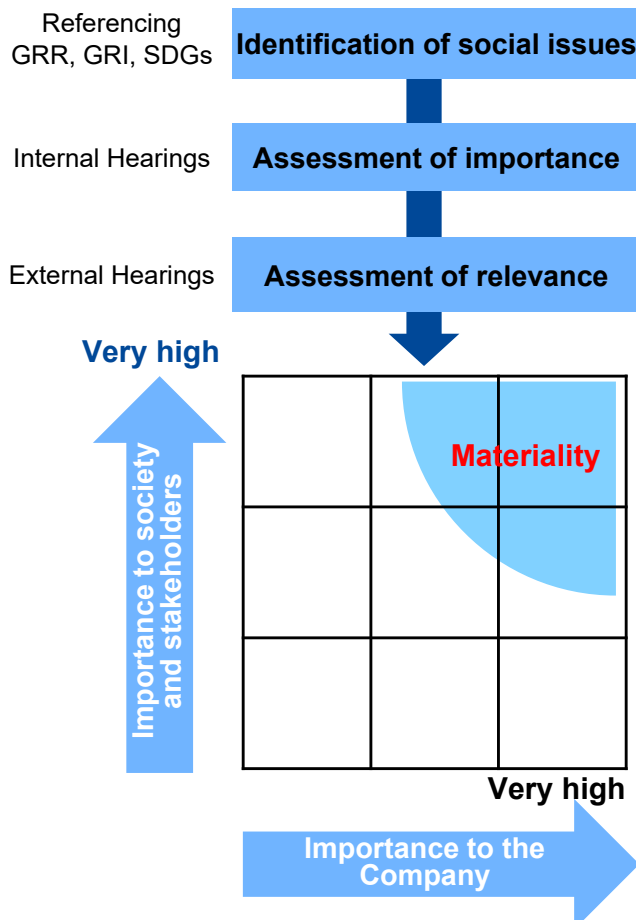
Partnership between public and private sectors is essential

We have established the Basic Policy on Sustainability that sets forth our basic policy and materiality issues, based on our repeated discussions on measures for realizing a sustainable environment and society, and increasing our corporate value.

Basic Sustainability Policy and Materiality (Key Issues) METAWATER

Resolved on the "Basic Policy on Sustainability" (including materiality specification)* in order to pursue initiatives to realize a sustainable society and enhance corporate value

< Process of Identification >



Materiality data will be published in the METAWATER Report (Integrated Report)

*Pls refer to the release on April 27, 2022, titled Enactment of Basic Policy on Sustainability

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Materiality Case Study - Water Environment

Our group has supplied mechanical and electrical equipment to **more than 2,000 water supply and sewage treatment facilities***, including large, medium, and small sites, and has been involved with more than 60 million people*

〈Reference〉 Number of each facilities in Japan	
Water supply plants:	Approx. 4,000*
Sewage treatment plants:	Approx. 2,000*

*Based on our own research

■ Contribution to sustainable water and wastewater facilities

Engage in the construction, maintenance, management, and operation of water and sewage facilities that provide a safe and secure water environment.

■ Contribution to the water environment overseas

Engage in the safe and secure water supply and compliance with environmental regulations by utilizing ceramic membranes, and other technologies.

■ Preservation of water conservation forests

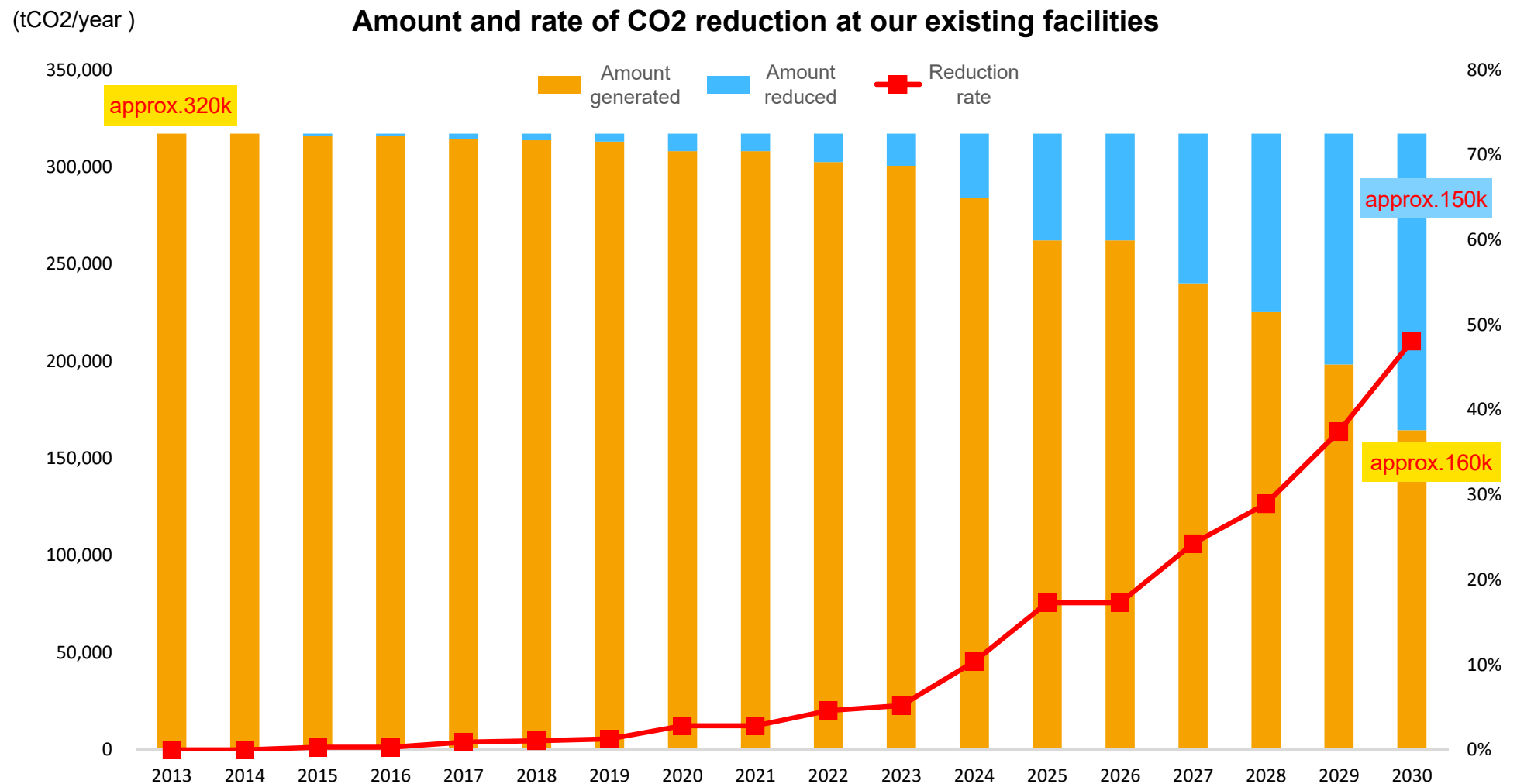
Engage in the conservation of water source forests, which are important in the water cycle.

Materiality Case Study - Reduction of Greenhouse Gas Emissions

By delivering products and systems related to thermal operation at sewage treatment facilities, we aim to achieve the following by FY2030

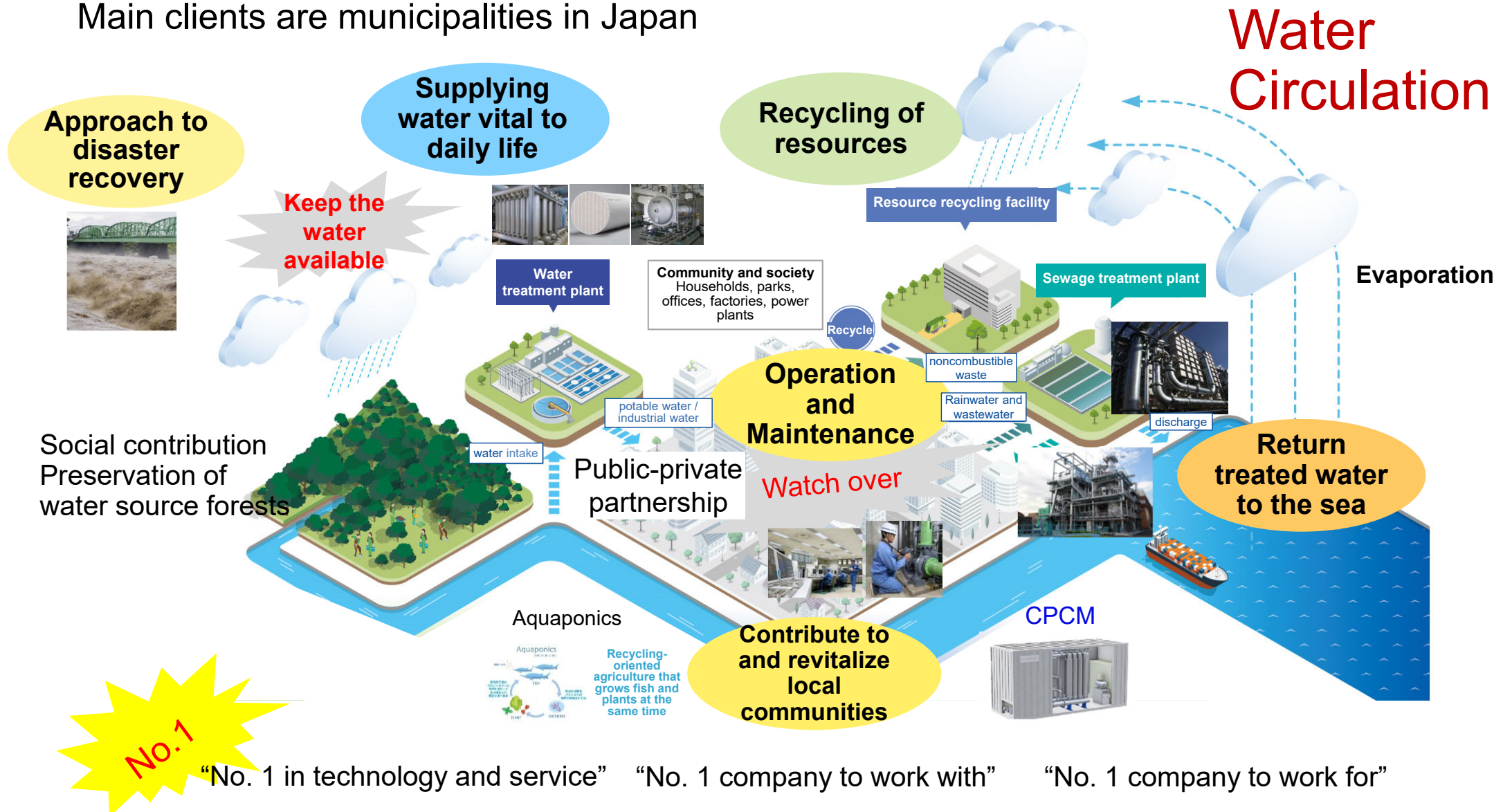
CO2 emissions reduction: approx. 150kt; CO2 emissions reduction rate: approx. 50% (compared to FY2013)

(Reference) Government policy: CO2 reduction rate of 46% in FY2030 (compared to FY2013)



Supporting Water and Environmental Infrastructure

Engaged in the design, construction, operation, maintenance, and management of water treatment plants, sewage treatment plants, and waste recycling facilities.
Main clients are municipalities in Japan



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

CSR Promotion Office, Investor & Public Relations Department, METAWATER Co., Ltd.

E-mail: pr@metawater.co.jp

【Reference】 Achievements of FYE 3/'22

Business Activities

- * Formulated “Medium-term Management Plan 2023”
(for the period of three fiscal years from FY ended 3/2022 to 3/2024) (April)
- * Began the first concession-based industrial water supply project in Japan, " Kumamoto Prefecture Ariake/Yatsushiro industrial waterworks operation project " (April)
- * Received an order for the first public sewerage facility engineering project in Phnom Penh, Cambodia (April)
- * Santo Corporation, which is engaged in environmental equipment design and general machine design and construction, joined our group (June)
- * Acquired a long-term issuer rating of "A+" in order to diversify and stabilize its financing capabilities (August)
*Rating by Japan Credit Rating Agency, Ltd.
- * Orders received for the ozone AOP technology, which was developed during the previous midterm business plan, in both water supply and industrial applications. (October) *AOP: Advanced Oxidation Process
- * Launched "Aquaponics" business, recirculation-based agriculture that grows fish and plants at the same time, in Ofunato City, Iwate Prefecture (November)
- * Concluded the Implementation Contract for the Miyagi Prefecture Integrated Water Supply, Industrial Waterworks, and Sewerage Public-Private Partnership Management Project (December)

【Reference】 Achievements of FYE 3/'22

Research and development

- * The "Demonstration project for wide-area monitoring and control system of sewerage facilities by utilizing ICT" was adopted as a B-DASH project * in 2021 (April).

*B-DASH (Breakthrough by Dynamic Approach in Sewage High Technology Project) Sewage innovative technology demonstration project implemented by Ministry of Land, Infrastructure and Transport

- * The "Flow turbine system", "Disk Type Special Long-Hair Filter Cloth Filtration System", and "High-Speed Filtration System<alternative to primary sedimentation tank system>" were selected as "New Technology Class I" by the Japan Sewage Works Agency, a regional joint corporation (March).

Social contribution / Communication Activities

- * Launched METAWATER's official Instagram account, "metagram by METAWATER" (June)
- * Held "Business Training for Japanese School Teachers", organized by the Japan Institute for Social and Economic Affairs (August)
- * Conducted "METAWATER Water Sprinkling Project 2021" (August)

Others

- * Introduced a share remuneration plan with restriction on transfer (June)
- * Cancelled 4,000,000 shares of Treasury stock (November)

【Reference】 R&D / Capex / Depreciation expenses

(Billion Yen)

	FYE 3/'21	FYE 3/ '22	Change
Research and Development expenses	2.1	2.0	-0.1
Capital Investment	0.7	2.8	+2.1
Depreciation expenses	1.3	1.5	+0.2