



Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2023

July 27, 2022

METAWATER Co., Ltd.



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 Highlights of the First Quarter of the Fiscal Year
Ending March 2023

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Financial Highlights for FYE 3/'23 (consolidated) METAWATER

* Orders Received

Orders were generally on par with the previous year.

(Reference) Order backlog: JPY 191.0bn end 1Q FYE3/'22 ⇒ JPY 204.3bn end 1Q FYE3/'23 (+JPY 13.2bn)

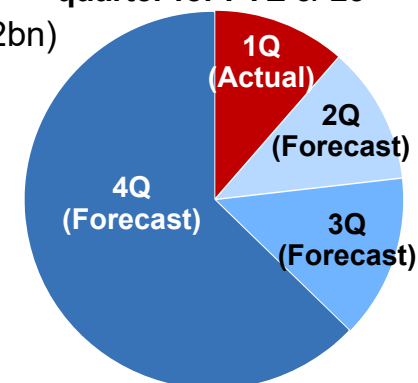
* Net Sales & Profits

The Group's business is dominated by domestic public works projects, and sales and profits tend to be significantly skewed toward 4Q, with sales in the 1Q usually accounting for about 10% of the year's total.

In 1Q, **both net sales and income increased from the previous year** due to steady performance of the EPC business and the North American subsidiary in the overseas business, as well as the consolidation of K.K. Mizumusubi Management Miyagi.

Ordinary income includes foreign exchange gain of 664 million yen due to the impact of yen depreciation.

Sales breakdown by quarter for FYE 3/'23



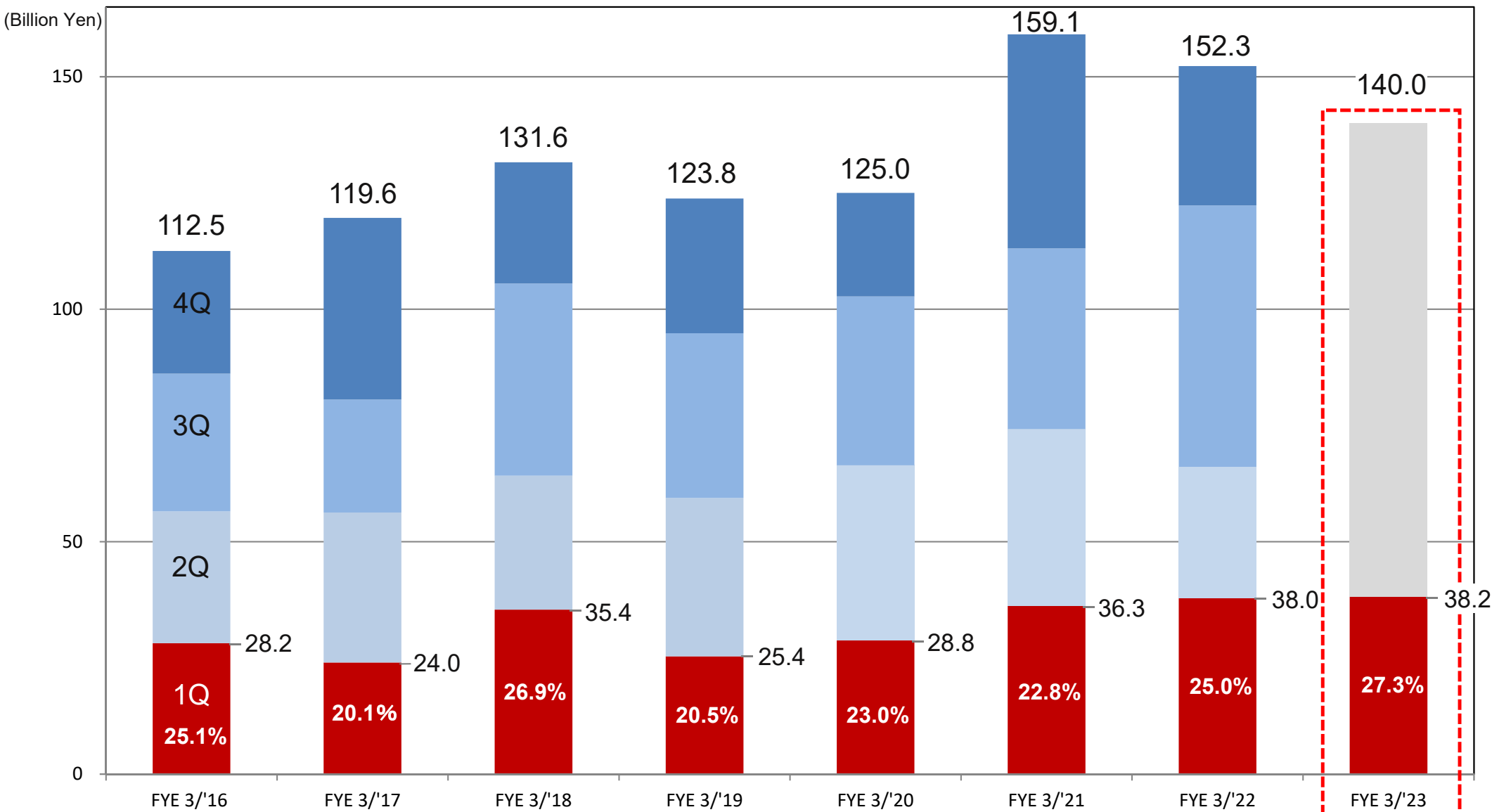
(Billion Yen)

	Orders Received	Net Sales	Operating Income	Ordinary Income	Net Income for the quarter	Dividend Per Share (Yen)	
1Q FYE3/'23 Results	38.2	19.9	-1.9	-1.1	-1.0	-	
	YoY: +0.2 +0.6%	YoY: +4.0 +25.0%	YoY: +0.9	YoY: +1.6	YoY: +1.1		
1Q FYE3/'22 Results	38.0	15.9	-2.8	-2.7	-2.1	-	
FYE3/'23 Forecast* (As of April 27, '22)	140.0	149.0	9.3	9.3	6.3	End of 2Q	Year-end
	YoY: -12.3 -8.1%	YoY: +13.4 +9.9%	YoY: +1.2 +14.2%	YoY: +0.5 +6.3%	YoY: +0.1 +0.9%	20	20

* Figures are rounded to the nearest 10 million yen (same applies to the results hereafter)

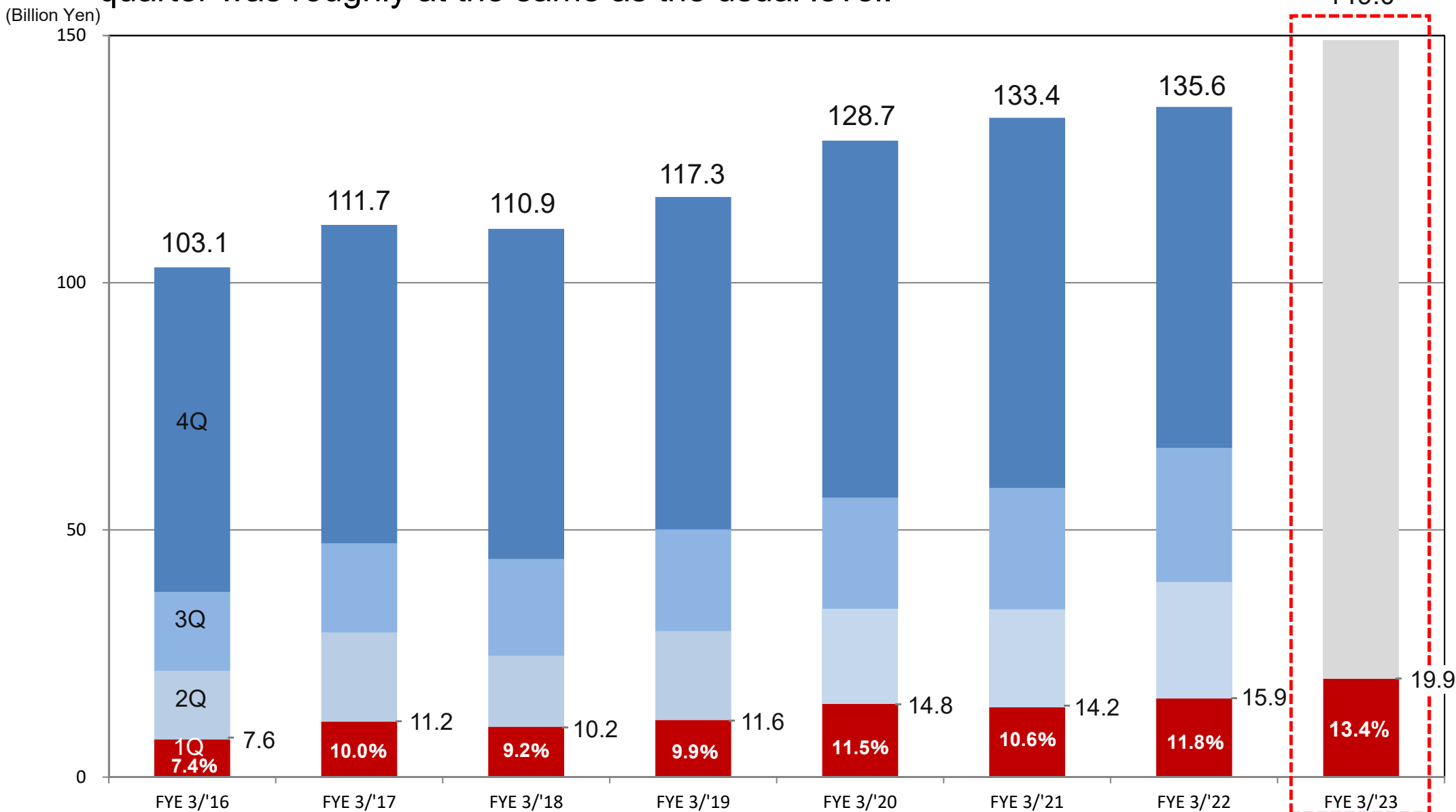
Orders Received in 1Q FYE 3/'23 (Consolidated)

Orders received in the first quarter usually account for around 20-25% of the annual total.
This 3-month period orders were slightly above the normal level, yet roughly in line with the plan.



Sales in 1Q FYE 3/'23 (Consolidated)

Sales in the first quarter are usually about 10% of the annual total, and the current first quarter was roughly at the same as the usual level.



Achievements in the 1Q of FYE 3/'23

Business Activities

- * Launched Miyagi Prefecture Integrated Water Supply, Industrial Waterworks, and Sewerage Public-Private Partnership Management Project (April) *pg 9
- * Enacted "Basic Policy on Sustainability (April)

Reference : Completion of "Aquaponics Park Oofunato" (released on July 15)

Research and Development

- * The B-DASH project, "Advanced Treatment Technology with ICT and AI Control of Single Tank Nitrification-Denitrification Processes," implemented in FY 2019, has been made into a guideline (April)

Others

- * Published an original video on the company's website that introduces the importance of sewerage (May)

【Notice】 "METAWATER REPORT 2022" to be published on the company's website
(Japanese version : August 1, English version : September 1)

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



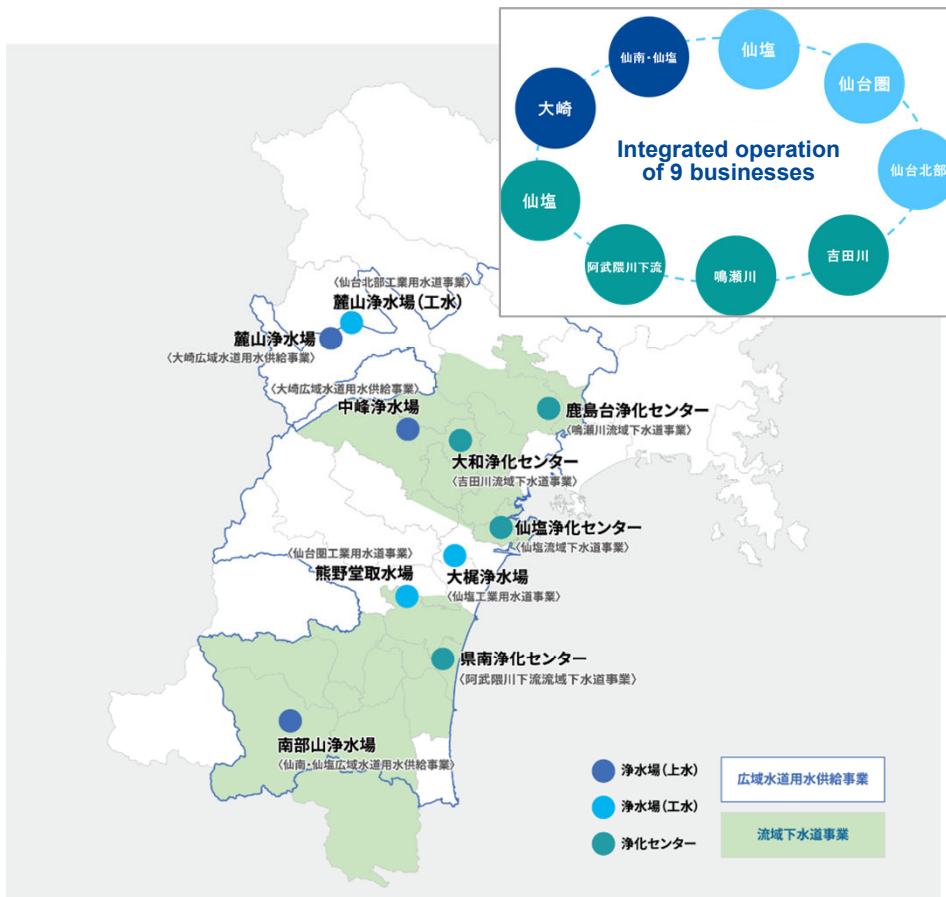
This project was started on April 1, 2022 by K.K. Mizumusubi Management Miyagi, a special purpose company headed by METAWATER

Japan's First

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

Japan's First

Integrated concession of water supply, industrial water supply, and sewerage systems



Main facilities for operation

Water Supply



Nakamine Treatment Plant

Capacity: approx. 19,000m³/day



Nanbuyama Treatment Plant

Capacity: approx. 280,000m³/day

Water Supply

Industrial Water

Industrial Water



Fumotoyama Treatment Plant

Capacity:
approx. 80,000m³/day (potable)
approx. 60,000m³/day (industrial)



Ookaji Treatment Plant

Capacity: approx. 100,000m³/day

Sewerage Systems



Senen Sewage treatment Plant

Capacity:
approx. 220,000m³/day (Max.)



Kennan Sewage treatment Plant

Capacity:
approx. 125,000m³/day (Max.)



Kashimadai Sewage treatment Plant

Capacity:
approx. 9,000m³/day (Max.)



Taiwa Sewage treatment Plant

Capacity:
approx. 42,000m³/day (Max.)

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**II Outline of Financial Results for the First Quarter
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II Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2023

1. Consolidated Statement of Income
2. Segment Information
3. Consolidated Balance Sheets
4. Status of Consolidated Cash Flows

Consolidated Statement of Income

(Billion Yen)

	1Q FYE 3/'22	1Q FYE 3/'23	Change
Net Sales	15.9	19.9	+4.0
Operating Income	-2.8	-1.9	+0.9
(Operating Profit Margin)	-17.7%	-9.7%	+8.0%
Ordinary Income	-2.7	-1.1	+1.6
Net income attributable to owners of parent company	-2.1	-1.0	+1.1

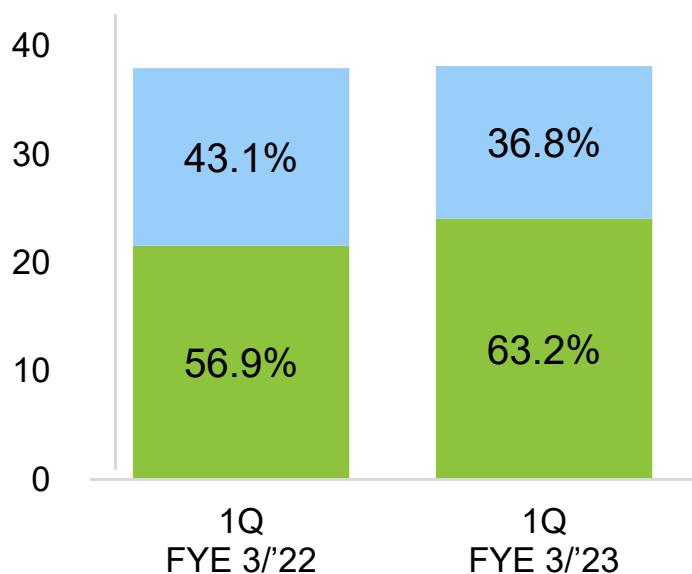
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Segment Information (Consolidated)

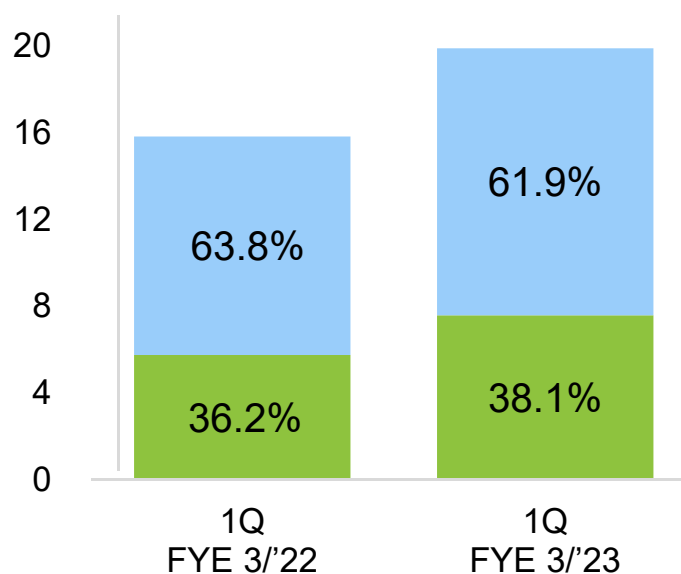
(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	1Q FYE 3/'22	1Q FYE 3/'23	Change	1Q FYE 3/'22	1Q FYE 3/'23	Change	1Q FYE 3/'22	1Q FYE 3/'23	Change
Plant Engineering Business	16.4	14.1	-2.3	10.2	12.3	+2.2	-1.6	-0.9	+0.8
Service Solution Business	21.6	24.1	+2.5	5.8	7.6	+1.8	-1.2	-1.1	+0.1
Total	38.0	38.2	+0.2	15.9	19.9	+4.0	-2.8	-1.9	+0.9

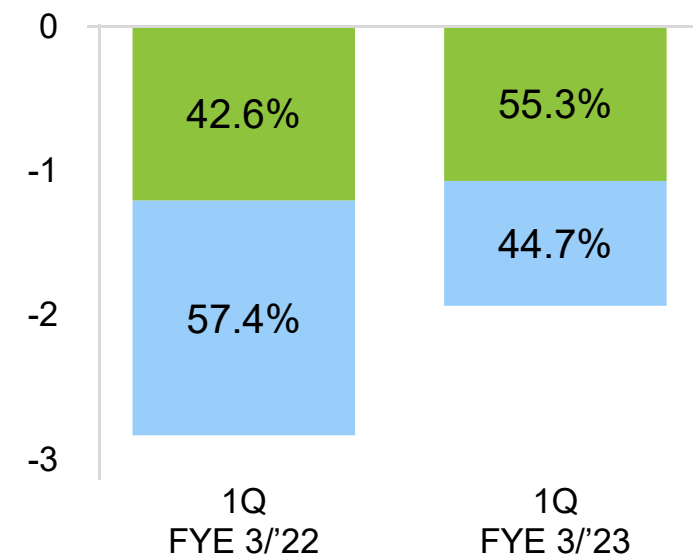
Orders Received



Net Sales



Operating Income



PE SS

Segment Information (Consolidated)

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	1Q FYE 3/'22	1Q FYE 3/'23	Change	1Q FYE 3/'22	1Q FYE 3/'23	Change	1Q FYE 3/'22	1Q FYE 3/'23	Change
Plant Engineering Business	16.4	14.1	-2.3	10.2	12.3	+2.2	-1.6	-0.9	+0.8
Service Solution Business	21.6	24.1	+2.5	5.8	7.6	+1.8	-1.2	-1.1	+0.1
Total	38.0	38.2	+0.2	15.9	19.9	+4.0	-2.8	-1.9	+0.9

Plant Engineering Business	<p>【Orders Received・Order Backlog】 Orders received were down YoY due to a different project mix in the EPC business Order backlog increased by 9.8bn yen YoY (104.9bn yen at the end of 1Q FYE 3/'22 ⇒ 114.8bn yen at the end of FYE 3/'23)</p> <p>【Net Sales & Operating Income】</p> <ul style="list-style-type: none"> • EPC business: Both net sales and operating income were up YoY • Overseas business: Both sales and operating income were up YoY mainly due to steady performance at the North American subsidiary.
Service Solution Business	<p>【Orders Received・Order Backlog】 Orders Received were up YoY in both O&M business and PPP business Order backlog increased by 3.4bn yen YoY (86.1bn yen at the end of 1Q FYE 3/'22 ⇒ 89.5bn yen at the end of 1Q FYE 3/'23)</p> <p>【Net Sales & Operating Income】</p> <ul style="list-style-type: none"> • O&M business: Both net sales and operating income were down YoY • PPP business: Both net sales and operating income were up YoY due to the consolidation of K.K. Mizumusubi Management Miyagi.

Consolidated Balance Sheets



(Billion Yen)

	End of FYE 3/'22	End of 1Q FYE 3/'23	Change
Cash and deposits	21.3	49.0	+27.7
Trade receivable and contract assets	77.4	41.3	-36.1
Inventories	8.0	10.8	+2.8
Others	2.3	3.2	+0.9
Total current assets	108.9	104.3	-4.6
Tangible fixed assets	4.5	4.8	+0.3
Intangible fixed assets	10.5	10.9	+0.4
Deferred Tax assets	2.8	2.7	-0.1
Others	6.3	6.5	+0.1
Total fixed assets	24.1	24.9	+0.7
Total assets	133.1	129.2	-3.9

	End of FYE 3/'22	End of 1Q FYE 3/'23	Change
Accounts payable- trade	38.0	28.0	-10.0
Short-term loans payable	^{*1} (0.9) 1.8	(0.9) 2.0	+0.2
Contract liabilities	7.5	15.0	+7.5
Others	9.7	6.5	-3.2
Total current liabilities	57.0	51.5	-5.5
Long-term loans payable	^{*2} (9.7) 10.6	(11.6) 12.6	+2.0
Others	5.9	5.9	-0.0
Total fixed liabilities	16.5	18.5	+2.0
Total liabilities	73.5	70.0	-3.5
Total net assets	59.5	59.2	-0.4
Total liabilities & net assets	133.1	129.2	-3.9

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

Consolidated Cash Flows

(Billion Yen)

	1Q FYE 3/'22	1Q FYE 3/'23	Change
Cash and Cash equivalents at the end of previous FY	18.0	20.6	+2.6
Operating cash flow	27.2	27.6	+0.4
Investing cash flow	-1.6	-1.0	+0.6
Free cash flow	25.7	26.6	+1.0
Financing cash flow	-1.2	+1.1	+2.3
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0	0.0
Cash and Cash equivalents at the end of 1Q FYE 3/'23	42.4	48.3	+5.8

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.



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