



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



January 31, 2023
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 Third Quarter of the Fiscal Year Ending March 2023
- II Full-Year Earnings Forecast for the Fiscal Year Ending March 2023
- III Outline of Financial Results for the Third Quarter of the Fiscal Year Ending March 2023

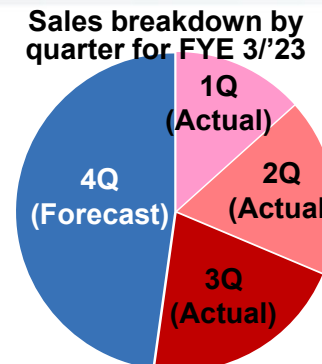
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Financial Highlights for 3Q FYE 3/'23 (consolidated)

* Orders Received

While the EPC business and the overseas business increased YoY, **orders received for the current period term were lower YoY**, mainly due to the receipt of large project orders in the PPP business in the previous year.

(Reference) Order backlog: JPY225.0bn end 3Q FYE3/'22 ⇒ 230.9bn end 3Q FYE3/'23 (+JPY 5.8bn)



* Net Sales & Profits

Despite the impact of higher raw material prices, **sales and profits in the 3Q were higher than in the previous year**, mainly due to the solid performance of the North American subsidiary as well as the steady performance of K.K. Mizumusubi Management Miyagi in the PPP business.

Recurring profit includes a FX gain of approx. JPY 550mn due the impact of the weak yen.

(Note) The majority of our group's business is domestic public works projects, and sales and profits are significantly skewed toward the 4Q. Therefore, the performance in the 3Q cumulative period tends to be low in a normal year.

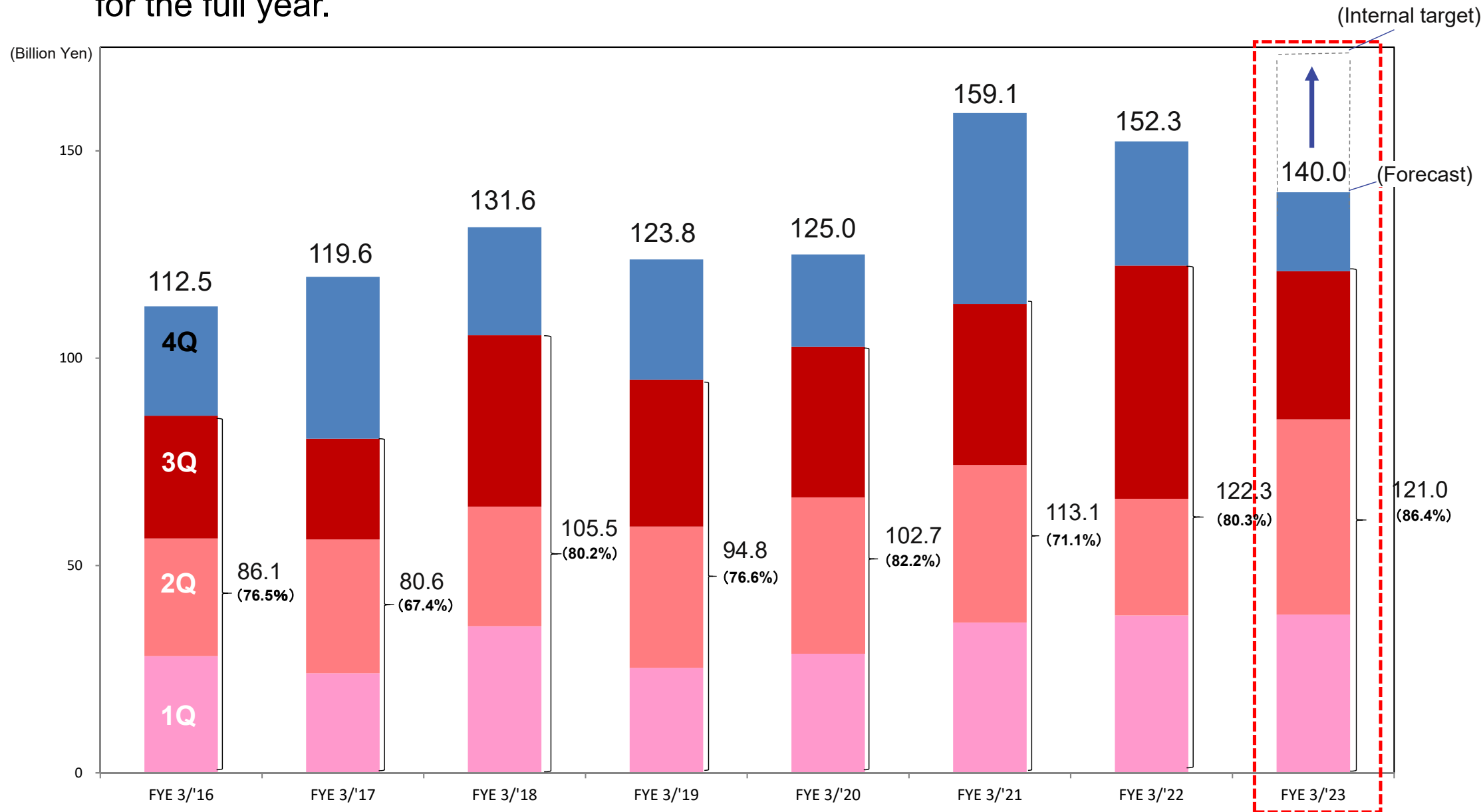
(Billion Yen)

	Orders Received	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Dividend per Share (Yen)
Cumulative 3Q FYE3/'23 Results	121.0	77.7	-2.0	-1.4	-1.3	End of 2Q
	YoY: -1.3 -1.1%	YoY: +11.2 +16.7%	YoY: +0.6	YoY: +1.0	YoY: +0.5	20
Cumulative 3Q FYE3/'22 Results	122.3	66.6	-2.6	-2.4	-1.8	20

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

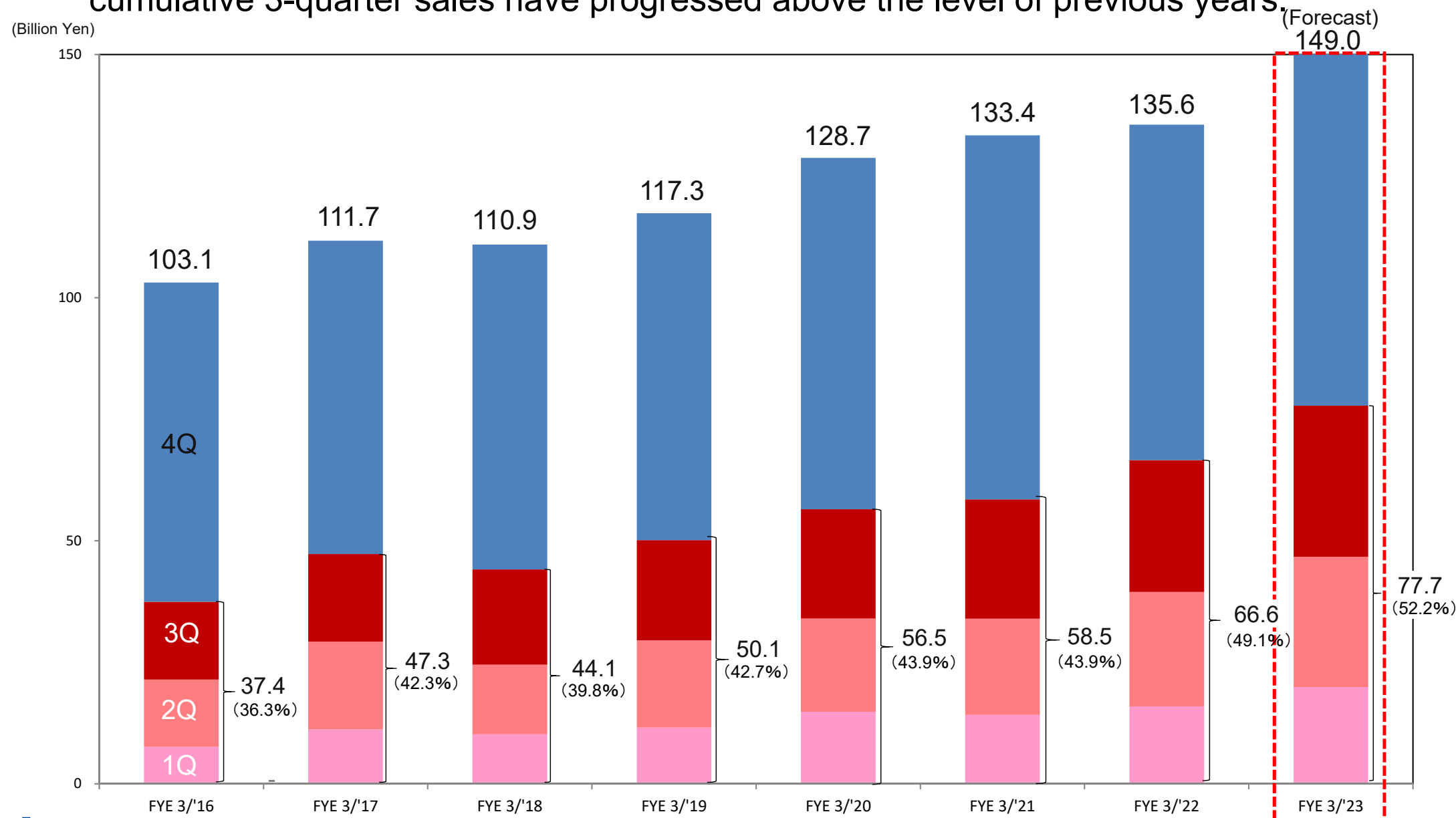
Orders Received in 3Q FYE 3/'23 (Consolidated)

Progress in the first 3 quarters at a high level, aiming for a record high level of orders for the full year.



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

Typically, 3Q year-to-date sales are around 40% of the year's total. The current cumulative 3-quarter sales have progressed above the level of previous years.



Achievements in the 3Q of FYE 3/'23

Business Activities

- * Our 'Disc-type multi-filament filter fabric filtration equipment' (product name: Cloth Media Filter) was adopted for the first time in Japan in the 'Renewal construction of water facilities for the Ishizu Wastewater Treatment Centre' in Sakai City, Osaka Prefecture (Oct)
- * Joint development of "PFOS/PFOA adsorption treatment system" with Maeda Corporation (Nov)
- * Resolution was passed to establishment an Impact Neutralization Trust® for the purpose of strengthening corporate governance by expanding the number of shares in circulation (Nov)

Other Major Activities

- * Participated in the Onagawa Autumn Harvest Festival 2022, a major autumn event in the town of Onagawa (Oct)
- * Won the "Most Liked!" IR Award at the 2022 IR Award organized by the Japan Investor Relations Association (Nov)
- * Co-sponsored the "Great Water Adventure Executive Committee" booth at Ecopro 2022 (Dec)

(Reference)

- * Received order of ceramic membranes for the Church Wilne water treatment works in U.K. (Press Release on Jan 30)

I Highlights of the Third Quarter of the Fiscal Year
Ending March 2023

**II Full-Year Earnings Forecast for the Fiscal Year Ending
March 2023**

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Consolidated earnings forecast for FYE 3/'23

■ Current Situation

- Increased risks stemming from the external environment, such as longer delivery times for necessary components due to stagnation in the supply chain, delays in other companies' construction work (civil engineering / machinery and equipment) that impact on our operations, higher utility costs at operation and maintenance sites due to soaring fuel costs, etc.

■ Response and discernment

- In the growth area of overseas business, consolidated subsidiaries, mainly in North America, are performing well, while in the PPP business, **K.K. Mizumusubi Management Miyagi is showing steady growth.**
- We will assess the impact on full-year results by taking further measures through securing necessary parts and materials with prolonged delivery times, ensuring sales using the percentage-of-completion method, and reducing costs and expenses.
⇒ **No change to full-year consolidated forecasts for FYE 3/'23.**

Full-Year Earnings Forecast for FYE 3/'23

(Billion Yen)

	Orders Received	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	EPS (Yen)	DPS (Yen)	
FYE 3/'23 Forecast (As of Apr. 27, 2022)	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%	144.53	20	20
	—	—	% of sales: 6.2%	% of sales: 6.2%	% of sales: 4.2%	—	—	—
FYE 3/'22 Result	152.3	135.6	8.1	8.8	6.2	143.39	20	20
	—	—	% of sales: 6.0%	% of sales: 6.5%	% of sales: 4.6%	—	—	—

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

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

Consolidated Statement of Income

(Billion Yen)

	3Q FYE 3/'22	3Q FYE 3/'23	Change
Net Sales	66.6	77.7	+11.2
Operating Income	-2.6	-2.0	+0.6
(Operating Margin %)	-4.0%	-2.6%	+1.4%
Ordinary Income	-2.4	-1.4	+1.0
Net income attributable to owners of parent company	-1.8	-1.3	+0.5

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

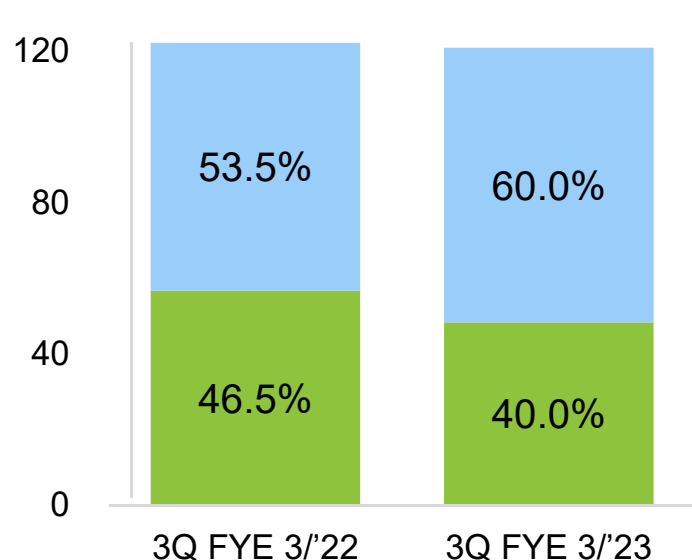
Segment Information (Consolidated)

(Billion Yen)

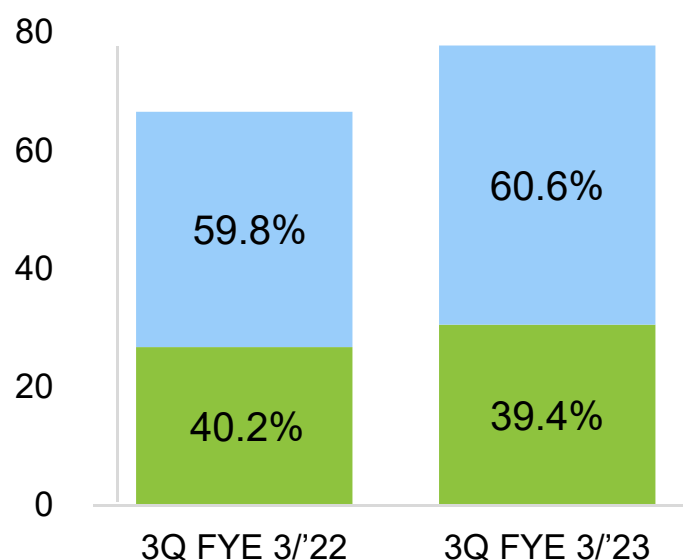
	Orders Received			Net Sales			Operating Income		
	3Q FYE 3/'22	3Q FYE 3/'23	Change	3Q FYE 3/'22	3Q FYE 3/'23	Change	3Q FYE 3/'22	3Q FYE 3/'23	Change
Plant Engineering Business	65.5	72.6	+7.0	39.8	47.2	+7.3	-2.4	-1.7	+0.8
Service Solution Business	56.8	48.4	-8.4	26.8	30.6	+3.8	-0.2	-0.3	-0.1
Total	122.3	121.0	-1.3	66.6	77.7	+11.2	-2.6	-2.0	+0.6

PE SS

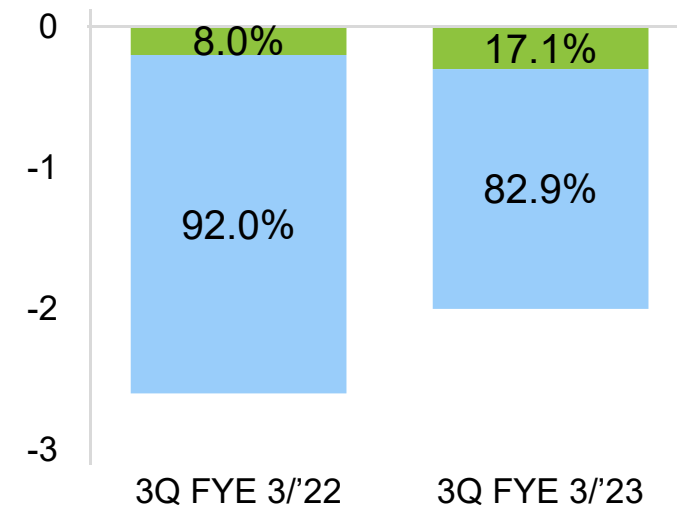
Orders Received



Net Sales



Operating Income



Segment Information (Consolidated)

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	3Q FYE 3/'22	3Q FYE 3/'23	Change	3Q FYE 3/'22	3Q FYE 3/'23	Change	3Q FYE 3/'22	3Q FYE 3/'23	Change
Plant Engineering Business	65.5	72.6	+7.0	39.8	47.2	+7.3	-2.4	-1.7	+0.8
Service Solution Business	56.8	48.4	-8.4	26.8	30.6	+3.8	-0.2	-0.3	-0.1
Total	122.3	121.0	-1.3	66.6	77.7	+11.2	-2.6	-2.0	+0.6

Plant Engineering Business

【Orders Received & Order Backlog】

Orders received were up YoY in both EPC and overseas businesses.

(Order Backlog: JPY 124.7bn at the end of 3Q FYE 3/'22 ⇒ JPY 140.0bn at the end of 3Q FYE 3/'23)

【Net Sales & Operating Income】

- EPC business: sales were up YoY, but operating income was down YoY mainly due to differences in gross profit margins for some large projects.
- Overseas business: both sales and operating income increased YoY, mainly due to favorable performance of the North American subsidiary.

Service Solution Business

【Orders Received & Order Backlog】

Orders received were down YoY

(Order Backlog: JPY100.3bn at the end of 3Q FYE 3/'22 ⇒ JPY 90.8bn at the end of 3Q FYE 3/'23)

【Net Sales & Operating Income】

- O&M business: both sales and operating income declined YoY.
- PPP business: both sales and operating income increased YoY, mainly due to the consolidation of K.K. Mizumusubi Management Miyagi.

Consolidated Balance Sheets



(Billion Yen)

	End of FYE 3/'22	End of 3Q FYE 3/'23	Change
Cash and deposits	21.3	15.4	-5.9
Trade receivable and contract assets	77.4	52.5	-24.9
Inventories	8.0	18.9	+10.9
Others	2.3	7.0	+4.7
Total current assets	108.9	93.8	-15.1
Tangible fixed assets	4.5	5.4	+0.8
Intangible fixed assets	10.5	12.4	+1.9
Deferred Tax assets	2.8	2.2	-0.5
Others	6.3	11.2	+4.9
Total fixed assets	24.1	31.3	+7.1
Total assets	133.1	125.1	-8.0

	End of FYE 3/'22	End of 3Q FYE 3/'23	Change
Accounts payable- trade	38.0	20.9	-17.1
Short-term loans payable	^{*1} (0.9) 1.8	(0.9) 5.0	+3.2
Contract liabilities	7.5	15.1	+7.6
Others	9.7	6.5	-3.2
Total current liabilities	57.0	47.5	-9.5
Long-term loans payable	^{*2} (9.7) 10.6	(11.2) 11.2	+0.5
Others	5.9	5.7	-0.2
Total fixed liabilities	16.5	16.9	+0.3
Total liabilities	73.5	64.4	-9.2
Total net assets	59.5	60.7	+1.2
Total liabilities & net assets	133.1	125.1	-8.0

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

Consolidated Cash Flows

(Billion Yen)

	3Q FYE 3/'22	3Q FYE 3/'23	Change
Cash and Cash equivalents at the end of previous FY	18.0	20.6	+2.6
Operating cash flow	6.6	-1.2	-7.9
Investing cash flow	-1.6	-7.6	-6.0
Free cash flow	5.0	-8.9	-13.9
Financing cash flow	-2.6	3.1	+5.7
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0	+0.0
Cash and Cash equivalents at the end of 3Q FYE 3/'23	20.4	14.8	-5.7

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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