



# Outline of Financial Results for the Fiscal Year Ended March 2023

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April 26, 2023  
METAWATER Co., Ltd.

## Segment Information

- **Plant Engineering Business(PE business):** Domestic EPC business / International 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 international 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 Highlights for the Fiscal Year Ended March 2023
- II Full-year Earnings and Dividend Forecast for the Fiscal Year Ending March 2024
- III Financial Results for the Fiscal Year Ended March 2023

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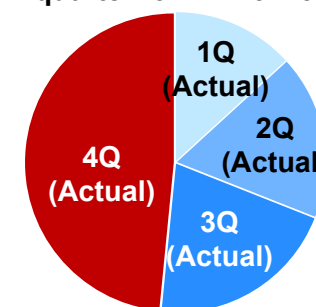
# Financial Highlights for FYE 3/'23 (consolidated)



## \* Orders Received

- Both the orders received and the order backlog reached all-time highs, significantly exceeding the previous year's results.
  - The EPC business and International business performed well, whilst the PPP business received large orders (Osaka City Sludge Treatment Facility Development and Operation Project, etc.) [Order backlog: JPY 228.7bn at the end of FY3/'23 (+JPY 42.7bn YoY)]

Sales breakdown by quarter for FYE 3/'23



## \* Net Sales & Profits

- Both sales and profits increased
- Operating profit was slightly lower than forecast, but recurring profit and net profit were largely in line with forecasts
  - Profits were affected by prolonged delivery of necessary components, postponement of construction periods due to delays in other companies' works (earthworks), and increased utility costs at operation and maintenance sites. Ordinary Income includes a foreign exchange gain of JPY 0.5bn due to the impact of the weaker yen.

## \* Dividend

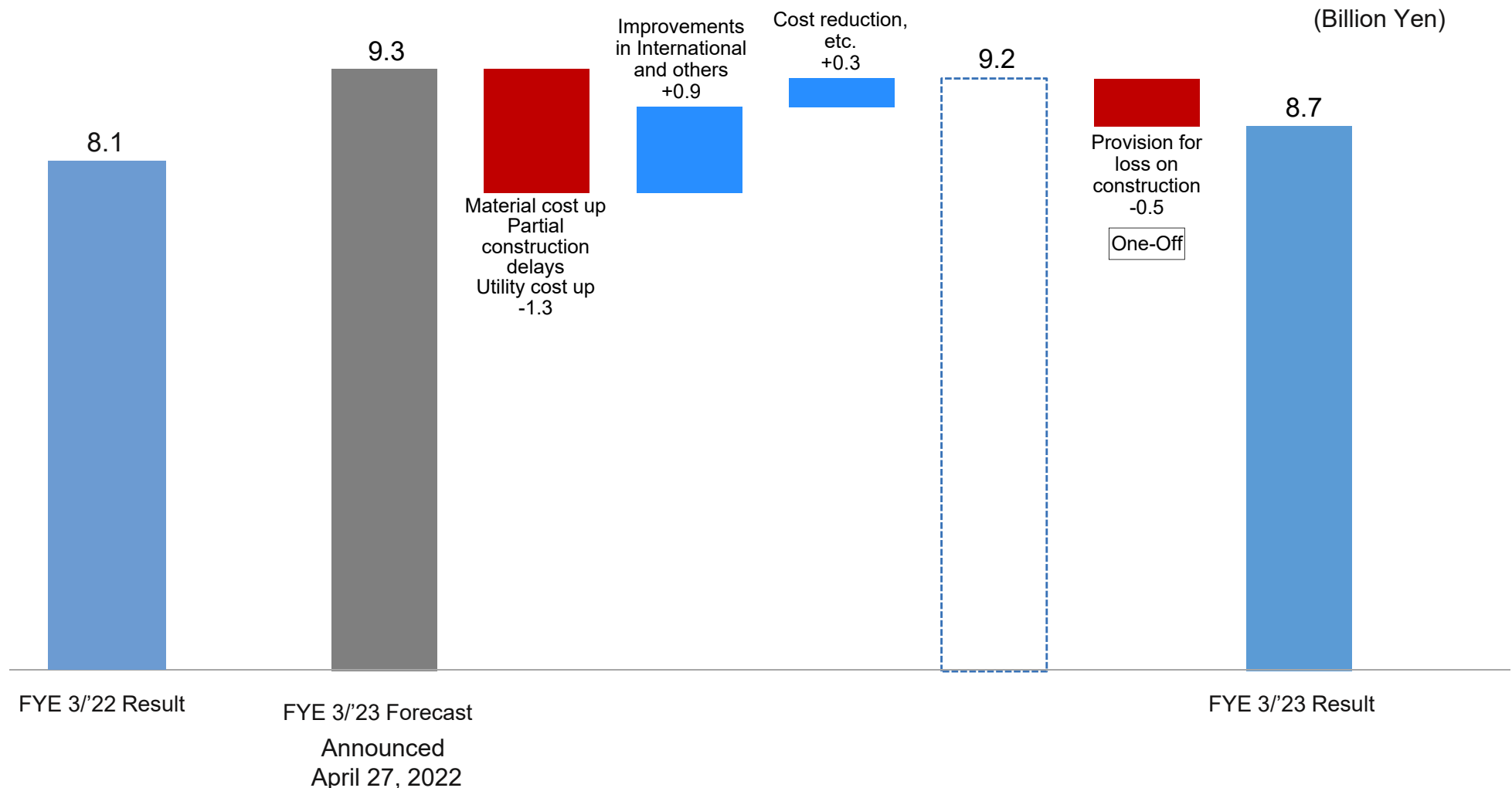
- Increasing dividend to 42 yen per annum (20 yen at interim and 22 yen at the year-end\*) under the stable dividend policy

(Billion Yen)

	Orders Received	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of the parent	DPS (Yen)	
						Interim	Year-End
FYE3/'23 Results	193.4	150.7	8.7	9.1	6.3	20	Resolution scheduled for May
	vs Forecast: +53.4	vs Forecast: +1.7	vs Forecast: -0.6	vs Forecast: -0.2	vs Forecast: -0.0		22*
	YoY: +41.1 +27.0%	YoY: +15.2 +11.2%	YoY: +0.5 +6.7%	YoY: +0.3 +3.6%	YoY: +0.0 +0.1%		vs Forecast: +2
FYE3/'23 Forecast (As of April 27, 2022)	140.0	149.0	9.3	9.3	6.3	20	20
FYE3/'22 Results	152.3	135.6	8.1	8.8	6.2	20	20

# Factors for the changes in operating income (result vs. forecast for FYE 3/'23 )

Increased component costs, some construction delays and increased utility costs at operation and maintenance sites were offset by a favorable upturn at US subsidiaries and other factors. **Higher profits achieved albeit below the forecast due to the provision for construction losses (one-off).**



## Business Activities

- \* Launched Miyagi Prefecture Integrated Water Supply, Industrial Waterworks, and Sewerage Public-Private Partnership Management Project (Apr)
- \* Enacted "Basic Policy on Sustainability (Apr)
- \* Completed Aquaponics Park Ofunato (Jul)
- \* Our "Energy-saving nitrogen removal system for high-concentration sewage return water" received the "Industrial Science and Technology Policy and Environment Bureau Director-General's Award, Ministry of Economy, Trade and Industry" at the 48th Excellent Environmental Equipment Awards held by the Japan Society of Industrial Machinery Manufacturers (JSIM) (Jul)
- \* Received an order for ceramic membrane for Hampton Loade water treatment works in U.K., which will become the world's largest ceramic membrane water treatment plant (Aug)
- \* 'Disc-type multi-filament filter fabric filtration equipment' (Cloth Media Filter from our US subsidiary) was adopted for the first time in Japan in the 'Ishizu Water Reclamation Centre Water Facilities Renewal Project' in Sakai City, Osaka Prefecture (Aug)
- \* Signed a contract for the 'Osaka City Sludge Treatment Facility Development and Operation Project' (Mar) \*p10 for details

## Research and Development

- \* 'Advanced treatment technology using ICT and AI control of the single tank nitrification and denitrification process', a B-DASH project\* carried out in FY2019, became a guideline (Apr)
- \* Joint development of "PFOS/PFOA adsorption treatment system" with Maeda Corporation (Nov)
- \* "Demonstration Project regarding sewage resources utilization by using new phosphorus recovery system" was adopted for the FY2022 revised B-DASH project\* (Feb)
- \* Made a joint patent application with Unicharm Corporation for a diaper recycling business and signed a research consignment agreement (Mar)

\* B-DASH - **B**reakthrough by **D**ynamic **A**pproach in **S**ewage **H**igh Technology – Demonstration Project conducted by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)



## ESG

- \* Released the latest version of an original video introducing the importance of sewage systems on the company's website (May)
- \* Conducted training and water cycle awareness activities for the general public and for teachers.
  - "Private Sector Training for Teachers" sponsored by the Japan Institute for Economic Affairs and Public Relations (Aug).
  - "METAWATER Water Sprinkling Project 2022" (Aug)
- \* Participated in the Onagawa Autumn Harvest Festival 2022, a major autumn event in the town of Onagawa, Miyagi Prefecture (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)
- \* Introduction of a 'side job system' as part of work style reform (Mar)
- \* Introduced 'remote working system' to facilitate 'a work style that allows everyone to work from any location' (Mar)

# Osaka City Sludge Treatment Facility Development and Operation Project

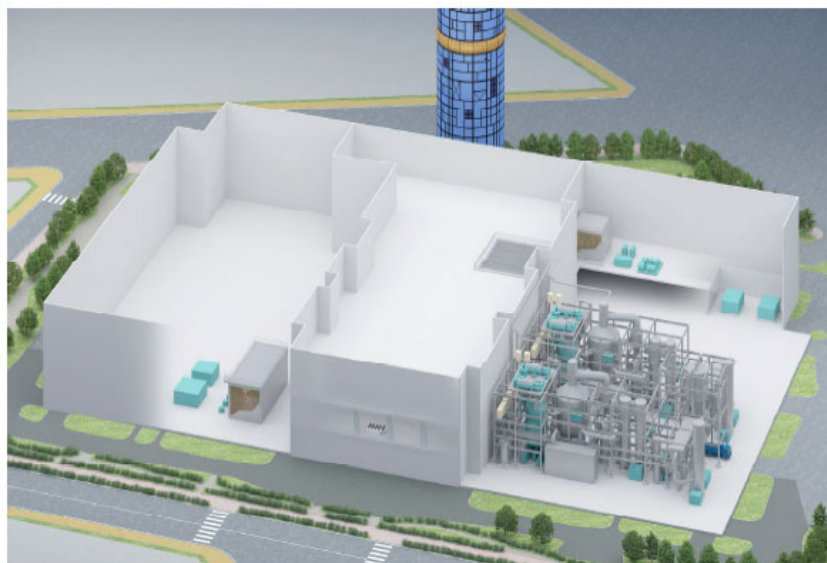


Contracts were obtained for the sludge treatment facilities at the Maishima Sludge Centre and Hirano Sewage Treatment Plant, including the reconstruction and renewal of facilities, operation and maintenance management over a period of 20 years, and the effective utilization of sludge resources in an integrated manner.

The aim is to achieve stable and secure sludge treatment using economies of scale, to sustain the sewerage system and optimize life-cycle costs.

## Main features

- effective usage of all the sludge generated by the sewage system of Osaka City.
- Utilizing the existing sludge pumping network and sludge storage tanks, achieve stable and efficient sludge treatment and effective utilization to cope with fluctuations in the quality and quantity of sludge.



Rendering image: Maishima Sludge Centre



Rendering image: Hirano Sewage Treatment Plant

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# Consolidated Earnings and Dividend Forecast for FYE 3/'24

## \* Orders Received

- Although this year's orders will be lower than that of the previous year due to the large PPP projects awarded in FY 3/'23, the long-term growth trend (3-year average) is maintained

## \* Sales and Profit

- The FYE 3/'24 forecasts (Mid-Term Business Plan 2023 targets) have been revised to factor in improved compensation for employees as a measure against inflation and rising prices.

## \* Dividend

- The annual **dividend to be increased** to 44 yen (22 yen interim and 22 yen year-end)
- 2mn treasury shares to be cancelled** for improved capital efficiency.  
[Treasury stock balance 4.168mn shares ⇒ 2.168mn shares (4.7% of shares outstanding)]

(Billion Yen)

	Orders Received	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	DPS (Yen)	
						interim	Year-End
FYE 3/'24 Forecast	160.0 YoY: -33.4 -17.3%	155.0 YoY: +4.3 +2.8%	10.0 YoY: +1.3 +15.1%	9.5 YoY: +0.4 +4.8%	6.4 YoY: +0.1 +2.4%	22	22
	—	—	% of Sales: 6.5%	% of Sales: 6.1%	% of Sales: 4.1%	—	
FYE 3/'23 Results	193.4	150.7	8.7	9.1	6.3	20	22
	—	—	% of Sales: 5.8%	% of Sales: 6.0%	% of Sales: 4.2%	—	

# Mid-Term Business Plan 2023 vs FYE 3/'24 Forecast

Orders received and Sales: Increase due to larger projects, long-term operation and maintenance projects and business expansion in North America

Profits: Revised to reflect the impact of improvements in employee treatment

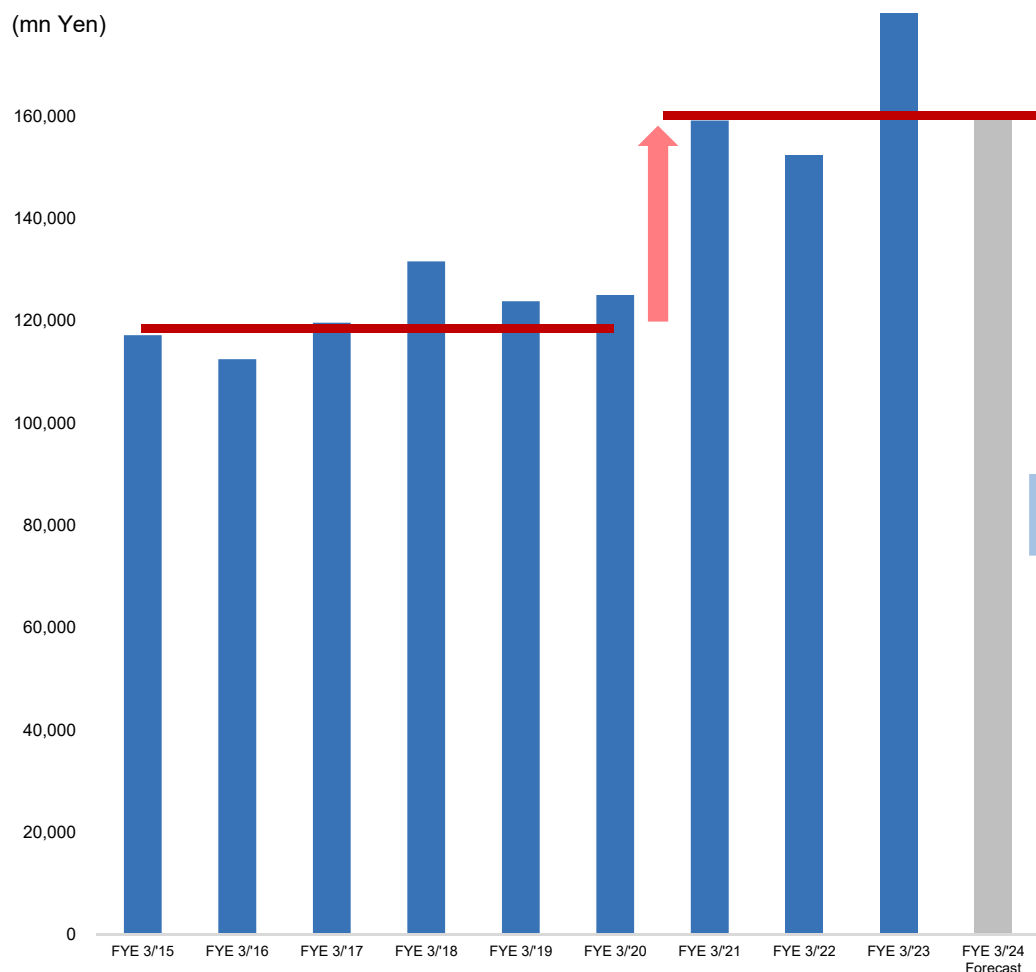
(Billion Yen)

(Consolidated)	Mid-Term Business Plan 2023 <small>(announced Oct 27, 2021)</small>	FYE 3/'24 Forecast	Change
Orders Received	150.0	160.0	+10.0
Net Sales	145.0	155.0	+10.0
Operating Income <small>(% of Sales)</small>	10.5 (7.2%)	10.0 (6.5%)	-0.5 (-0.7%)
Net Income	7.2	6.4	-0.8
ROE	11% or higher	10% or higher	-

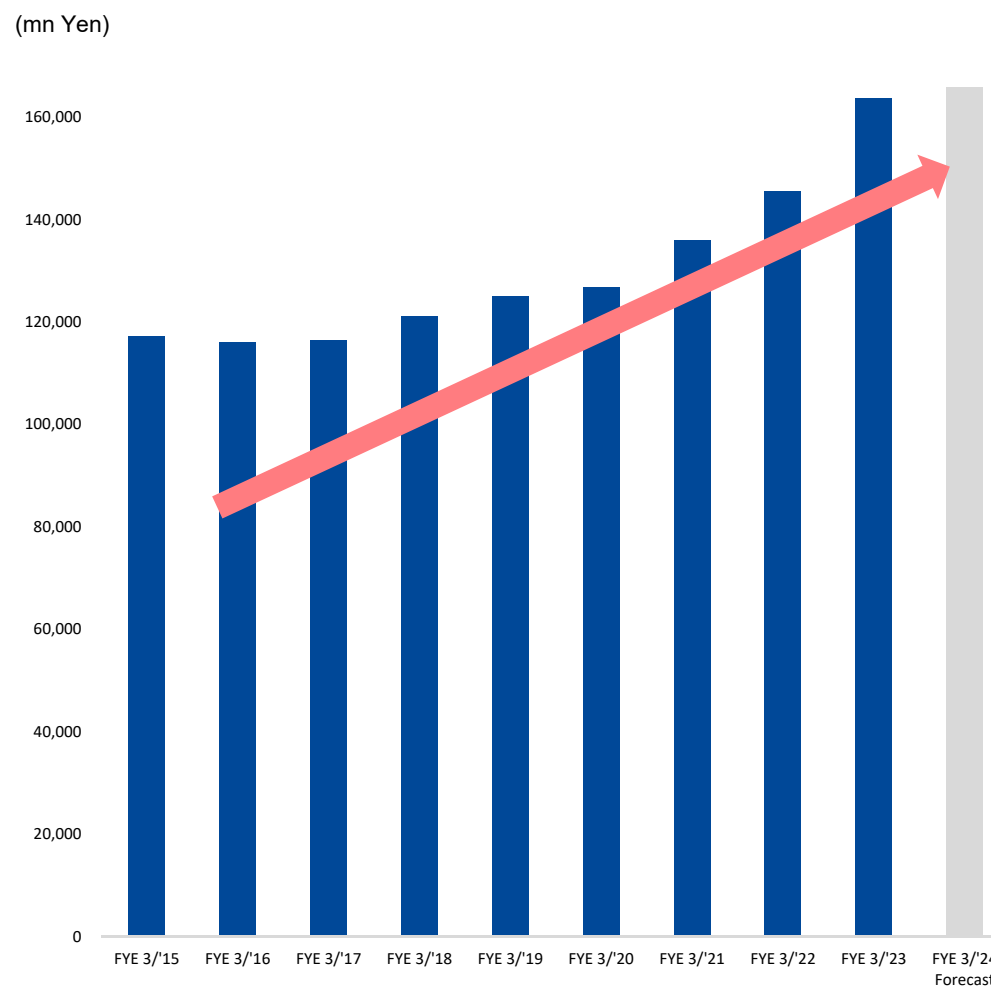
# Trends in orders received

Orders received increased to the JPY 160bn level - Entering a long-term growth trend

## Orders Received

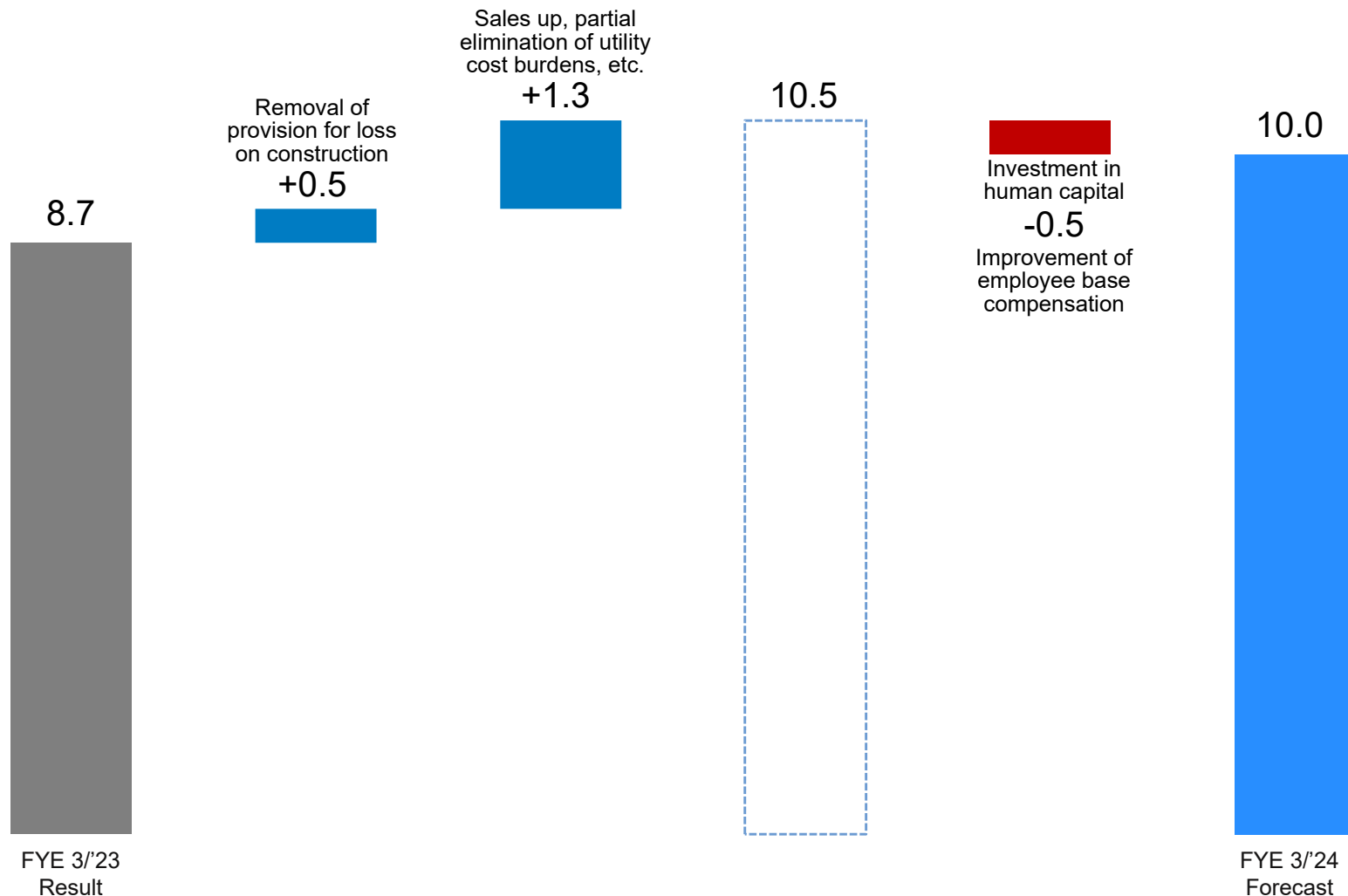


## Orders Received (3yrs Average)



# Factors for the changes in operating income (FYE 3/'24 forecast vs. FYE 3/'23 result)

Revised the targets of the Medium-Term Business Plan 2023, factoring in measures to deal with inflation and rising prices, such as improvements in employee benefits (salary base increases, etc.) ⇒ Build a solid base of JPY 10bn in operating profit



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### Ⅲ Financial Results for the Fiscal Year Ended March 2023

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3. Sales by region
4. Consolidated Balance Sheets
5. Status of Consolidated Cash Flows

# Consolidated Statement of Income

(Billion Yen)

	FYE 3/'22	FYE 3/'23	Change
<b>Net Sales</b>	135.6	150.7	+15.2
<b>Operating Income</b>	8.1	8.7	+0.5
<b>(Operating Margin %)</b>	6.0%	5.8%	-0.2%
<b>Ordinary Income</b>	8.8	9.1	+0.3
<b>Net Income attributable to owners of parent</b>	6.2	6.3	+0.0

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

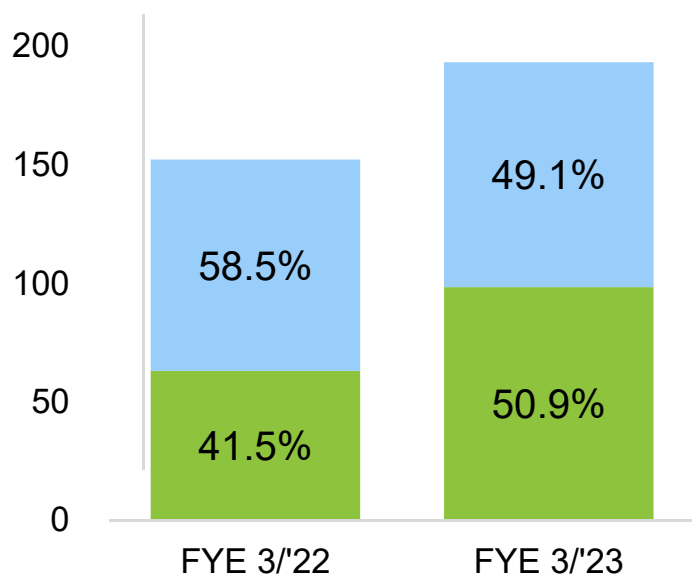
# Segment Information (Consolidated)

(Billion Yen)

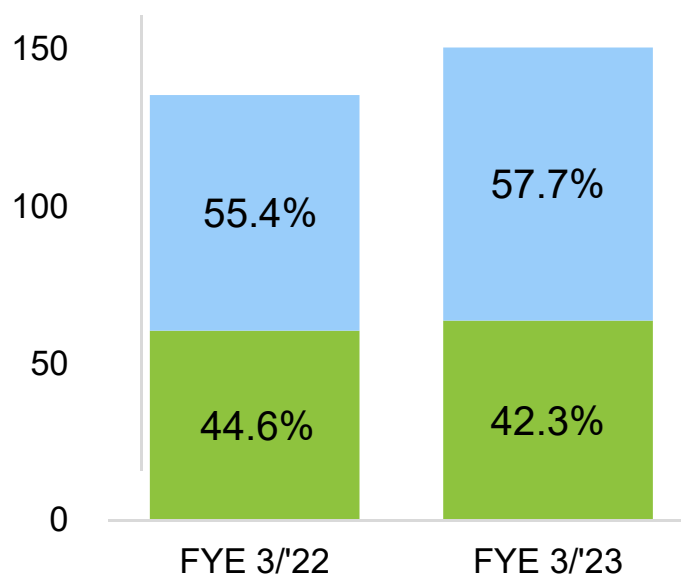
	Orders Received			Net Sales			Operating Income		
	FYE 3/'22	FYE 3/'23	Change	FYE 3/'22	FYE 3/'23	Change	FYE 3/'22	FYE 3/'23	Change
Plant Engineering Business	89.1	94.9	+5.8	75.1	87.0	+11.9	2.1	4.0	+1.9
Service Solution Business	63.2	98.5	+35.3	60.5	63.7	+3.3	6.0	4.7	-1.4
Total	152.3	193.4	+41.1	135.6	150.7	+15.2	8.1	8.7	+0.5

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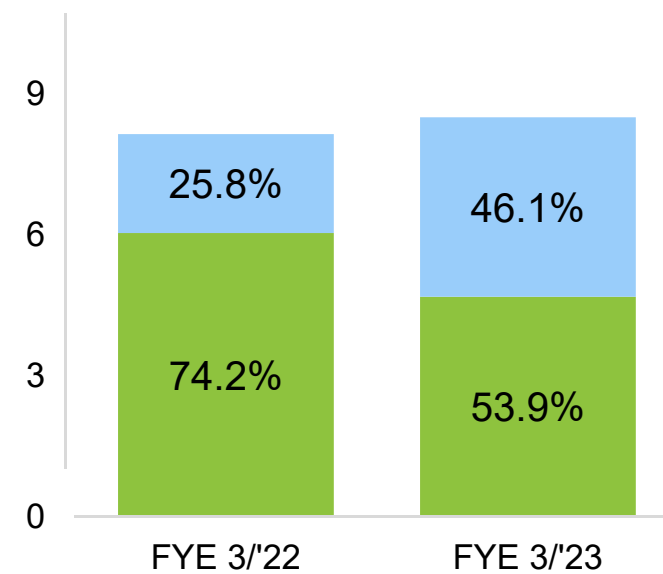
Orders Received



Net Sales



Operating Income



# Segment Information (Consolidated)

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	FYE 3/'22	FYE 3/'23	Change	FYE 3/'22	FYE 3/'23	Change	FYE 3/'22	FYE 3/'23	Change
Plant Engineering Business	89.1	94.9	+5.8	75.1	87.0	+11.9	2.1	4.0	+1.9
Service Solution Business	63.2	98.5	+35.3	60.5	63.7	+3.3	6.0	4.7	-1.4
Total	152.3	193.4	+41.1	135.6	150.7	+15.2	8.1	8.7	+0.5

## Plant Engineering Business

### 【Orders Received & Order Backlog】

Orders received were up YOY on the back of strong performance in the EPC and International business  
Order backlog increased by JPY 7.9bn YoY (JPY 113.0bn at FYE 3/'22 ⇒ JPY 121.0bn at FYE 3/'23)

### 【Net Sales & Operating Income】

- EPC business: both sales and operating income were up YoY
- International 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 up significantly YoY, mainly due to the large-scale projects in the PPP business.  
Order backlog also exceeded by JPY 34.8bn YoY (JPY 73.0bn at FYE 3/'22 ⇒ JPY 107.7bn at FYE 3/'23)

### 【Net Sales & Operating Income】

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

# Sales by region

(Billion Yen)

	FYE 3/'22	FYE 3/'23	Change	Change Excluding exchange rate effects
Japan	118.0	125.1	+7.1	+7.1
International	17.6	25.6	+8.0	+4.3
North America	12.6	18.6	+6.0	+2.9
Europe	4.8	6.8	+2.0	+1.3
Asia	0.1	0.2	+0.1	+0.1
Total	135.6	150.7	+15.2	+11.4

# Consolidated Balance Sheets



(Billion Yen)

	End of FYE 3/'22	End of FYE 3/'23	Change
Cash and deposits	21.3	11.7	-9.6
Trade receivable and contract assets	77.4	87.2	+9.8
Inventories	8.0	10.0	+2.0
Others	2.3	3.7	+1.4
<b>Total current assets</b>	<b>108.9</b>	<b>112.6</b>	<b>+3.7</b>
Tangible fixed assets	4.5	5.2	+0.6
Intangible fixed assets	10.5	12.5	+2.0
Deferred Tax assets	2.8	2.7	-0.0
Others	6.3	9.6	+3.3
<b>Total fixed assets</b>	<b>24.1</b>	<b>30.1</b>	<b>+5.9</b>
<b>Total assets</b>	<b>133.1</b>	<b>142.7</b>	<b>+9.6</b>

	End of FYE 3/'22	End of FYE 3/'23	Change
Accounts payable- trade	38.0	39.3	+1.3
Short-term loans payable	<sup>*1</sup> (0.9) 1.8	(0.9) 3.3	+1.5
Contract liabilities	7.5	7.1	-0.4
Others	9.7	9.5	-0.1
<b>Total current liabilities</b>	<b>57.0</b>	<b>59.2</b>	<b>+2.3</b>
Long-term loans payable	<sup>*2</sup> (9.7) 10.6	(11.1) 11.1	+0.5
Others	5.9	5.7	-0.2
<b>Total fixed liabilities</b>	<b>16.5</b>	<b>16.8</b>	<b>+0.3</b>
<b>Total liabilities</b>	<b>73.5</b>	<b>76.1</b>	<b>+2.5</b>
<b>Total net assets</b>	<b>59.5</b>	<b>66.6</b>	<b>+7.1</b>
<b>Total liabilities &amp; net assets</b>	<b>133.1</b>	<b>142.7</b>	<b>+9.6</b>

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

# Consolidated Cash Flows

(Billion Yen)

	FYE 3/'22	FYE 3/'23	Change
<b>Cash and cash equivalents at the end of previous FY</b>	18.0	20.6	+2.6
<b>Operating cash flow</b>	6.6	-4.3	-11.0
<b>Investing cash flow</b>	-3.8	-6.5	-2.6
<b>Free cash flow</b>	2.8	-10.8	-13.6
<b>Financing cash flow</b>	-0.6	0.7	+1.3
<b>Effect of exchange rate changes on cash and cash equivalents</b>	0.4	0.5	+0.1
<b>Cash and cash equivalents at the end of current FY</b>	20.6	11.1	-9.5

# 【Reference】 R&D / Capex / Depreciation expenses

(Billion Yen)

	FYE 3/'22	FYE 3/'23	Change
Research and Development expenses	2.0	2.1	+0.1
Capital Investment	2.8	2.6	-0.2
Depreciation expenses	1.5	1.6	+0.2



## 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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