TRANSLATION - FOR REFERENCE ONLY



Outline of Financial Results for the Fiscal Year Ended March 2020

April 27, 2020 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 facilities for purification plans, sewage plants, refuse processing facilities, and recycling facilities in Japan and overseas.

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.

COVID-19 infection has spread all over the world and has a great impact on our lives. We hope that it will end as soon as possible.

While working on preventing the spread of infection, we will continue to contribute to the sustainability of water and environmental infrastructure, which is indispensable for people's lives.

Impact on business results for the fiscal year ended March 31, 2020 It had almost no effect on our business performance.

Impact on business results (forecast) for the fiscal year ending March 31, 2021 At this point, the impact of the spread of the new coronavirus infection on our business results is not taken into consideration. In line with the responses by the national and local governments to the infection

situation of the new coronavirus, we will disclose the information in a timely manner, when impacts on our business become evident.



- I Outline of Financial Results for the Fiscal Year Ended March 2020 ∕ Full-Year Forecast of Financial Results and Dividend for Fiscal Year Ending March 2021
- II Progress of Medium-Term Business Plan 2020 (FY2019-2021) and future policy





- I Outline of Financial Results for the Fiscal Year Ended March 2020 / Full-Year Forecast of Financial Results and Dividend for Fiscal Year Ending March 2021
- I Progress of Medium-Term Business Plan 2020 (FY2019-2021) and future policy





* Orders Received

Sales to waste recycling facilities etc. were favorable, exceeding the previous year's results and the previous forecast, and the order backlog remained at a high level. [Reference] Order backlog: 142.4 billion yen at FYE3/'19 \rightarrow 138.6 billion yen at FYE3/'20

* Net Sales & Profit

Net Sales increased due to favorable performance in both the PE business (domestic EPC, overseas) and SS business (O&M, PPP). Regarding profits, we made strategic development investments as planned, and all of operating income, ordinary income, and net income increased. Net sales and profits are almost as forecasted.

* Dividends

Increased annual dividends to 71 yen (31 yen at the end of 2Q, 40 yen at FYE^{*1}) based on the stable dividend policy.

	Orders Received	Net Sales	Operating Profit	Ordinary Income	Net Income* ²	Dividend (yen)
FYE 3/'20 Results	125.0 Change: +5.0 YoY: +1.2	128.7 Change: +3.7 YoY: +11.4	8.2 Change:+0.0 YoY:+0.6	8.1 Change:-0.1 YoY: +0.5	5.7 Change:+0.1 YoY:+0.5	71*
	-	-	Margin: 6.4%	Margin:6.3%	Margin:4.4%	-
FYE 3/'20 forecast (On 29th Jan.)	120.0	125.0	8.2	8.2	5.6	71
FYE 3/'19	123.8	117.3	7.6	7.6	5.2	62
Results	-	_	Margin: 6.5%	Margin: 6.5%	Margin:4.4%	—

 $\ensuremath{\overset{\scriptstyle <}{\times}}$ Rounded to the nearest 10 million yen

*1 The year-end dividend of 40 yen will be resolved in May

(Rillion yon)

*2 Net Income attributable to parent company shareholders



Business activities

* Promotion of corporate venture capital

Acquired shares by third-party allocation of shares of Plant form Inc.* and Ashita-Team Co., Ltd.*(March) [*Refer to p.33 for an overview of both companies]

* Acquired all shares of Wigen Companies, Inc. of US (April 2020)

CSR/environmental conservation, communication activities

- * Signed a water source reforestation and conservation agreement with Sendai City (January)
- * Signed naming rights contract for Nagoya City Sewerage Science Museum (January)
- * Exhibited at TBS Radio "RADIO EXPO TBS Radio Expo 2020 -" (Yokohama) (February)
- * Our company president Yasushi Nakamura's book "WOODAP Prescription for the future of water and sewerage" was released (March)

* Please see our website (News of 2019) for the achievements for FYE 3/'20 (annual). <u>https://www.metawater.co.jp/eng/news/</u>

Consolidated statement of income (YoY change)

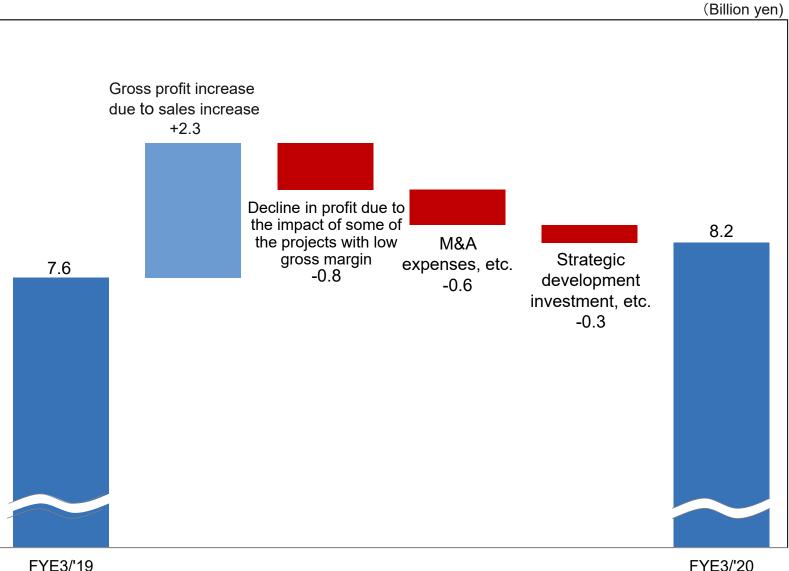


			(Billion yen)	
	FYE 3/'19	FYE 3/'20	change	
Net Sales	117.3	128.7	+11.4	Change in net sales Domestic EPC, Overseas, O&M, and PPP perform favorably
Operating Profit	7.6	8.2	+0.6	PE: +6.8 SS: +4.5 Change in operating profit
Operating Profit Margin	6.5%	6.4%	-0.1%	From sales increase:+2.3From low gross profit projects:-0.8From M&A costs etc.:-0.6From strategic development
Ordinary Income	7.6	8.1	+0.5	investments etc.: -0.3 Change in profit/loss in
Net Income attributable to parent company shareholders	5.2	5.7	+0.5	non-operating profit Impact of exchange rate -0.1

X Rounded to the nearest 10 million yen

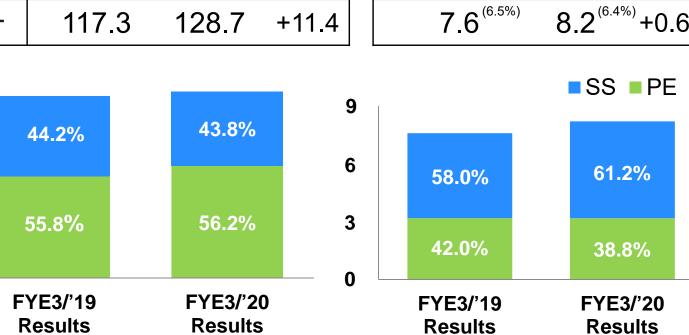
Operating profit growth factors and contraction factors (YoY) METAWATER

In FYE 3/20, we achieved the previous forecast by covering the effects of some low gross profit projects, M&A expenses, strategic development investment, etc. with increased sales.





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	N	Ope (Oper		
	FYE 3/'19	FYE 3/'20	change	FYE 3/'19
PE	65.5	72.4	+6.8	3.2
SS	51.8	56.4	+4.5	4.4
合計	117.3	128.7	+11.4	7.6



(Billion yen)

change

3.2^(4.4%) -0.0

5.0^(8.9%)+0.6

8.2^(6.4%)+0.6

Operating Profit

(Operating Profit Margin)

3.2^(4.9%)

4.**4**^(8.5%)

FYE 3/'20

Domestic EPC business: Net sales performed well, but operating profit remained at the same level as the previous fiscal year due to the Ρ difference in the project Ε structure.

Overview

Overseas business:

Both net sales and operating profit performed at the same level as the previous fiscal year.

PPP business:

S

S

Both net sales and operating profit performed well.

O&M business:

Both net sales and operating profit performed well.

120

90

60

30

0



(Rillion ven)

End of End of change FYE 3/'20 FYE 3/'19 13.6 28.6 -14.9 Cash and deposits Notes and accounts 76.3 78.1 +1.8 receivable-trade 8.6 8.1 -0.5 Inventories 2.1 2.1 +0.1Others **Total current** 115.5 101.9 -13.6 assets 3.2 3.2 -0.0 Tangible fixed assets 6.0 6.1 -0.1 Intangible fixed assets 3.3 2.8 -0.5 Deferred Tax assets 5.5 4.6 +1.0Others 17.1 17.5 +0.4**Total fixed assets** 132.6 119.5 -13.2 **Total assets**

			(Billion yen)
	End of FYE 3/'19	End of FYE 3/'20	Change
Accounts payable-trade	30.3	35.5	+5.2
Short-term loans payable	$^{*1}_{(0.8)}$ 1.2	_(0.9) 1.1	-0.1
Advance received	16.1	9.0	-7.1
Others	8.7	8.7	-0.1
Total current liabilities	56.3	54.3	-2.0
Long-term loans payable	$^{*2}_{(10.7)}$ 12.6	_(9.8) 11.4	-1.2
Others	4.7	4.2	-0.6
Total fixed liabilities	17.3	15.5	-1.7
Total liabilities	73.6	69.9	-3.7
Total net assets	59.0	*3 49.6	-9.4
Total liabilities/ net assets	132.6	119.5	-13.2

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

*3 : Include Acquisition of Treasury Stock -14.3billion yen



(Billion yen)

	FYE 3/'19	FYE 3/'20	change
Cash and Cash equivalents at the end of previous FY	25.0	27.8	+2.8
Operating cash flow	6.2	3.5	-2.7
Investing cash flow	(0.8)	(1.4)	-0.6
Free cash flow	5.4	2.1	-3.3
Financing cash flow	(2.6)	(17.0)	-14.4
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0	0.0
Cash and Cash equivalents at the end of current FY	27.8	12.9	-14.9

* Orders received / Net sales / Profit

Toward realizing our long-term vision in the fiscal year ending March 2021, the final year of the Midterm Business Plan 2020, we aim to achieve the initial plan for orders received, net sales, and profits.

* Dividend

Annual dividend planned to be increased to 80 yen (40 yen at the end of 2Q + 40 yen at FYE).

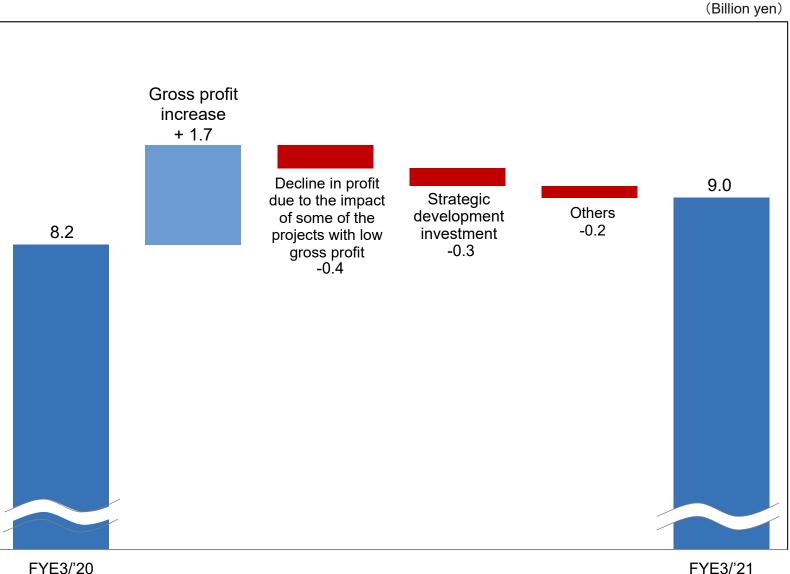
* At this point, the impact of the spread of the new coronavirus infection on our business results is not taken into consideration. We will disclose the information in a timely manner, when impacts on our business become evident.

Received Income Income 140.0 130.0 9.0 9.0 6.2 YoY:+15.0 YoY:+1.3 YoY:+0.8 YoY:+0.9 YoY:+0.5 80						(Billion Yen)	
FYE3/21 YoY:+15.0 YoY:+1.3 YoY:+0.8 YoY:+0.9 YoY:+0.5 80			Net Sales	Operating Profit		Net Income*	Dividend (yen)
	FYE3/'21 Forecast						80
Margin: 6.9% Margin: 6.9%		_	-	Margin: 6.9%	Margin:6.9%	Margin:4.8%	-
FYE3/20 125.0 128.7 8.2 8.1 5.7 71		125.0	128.7	8.2	8.1	5.7	71
Results — — Margin: 6.4% Margin: 6.3% Margin: 4.4% —	Results	—	—	Margin: 6.4%	Margin:6.3%	Margin: 4.4%	—

* Net income attributable to owners of parent company

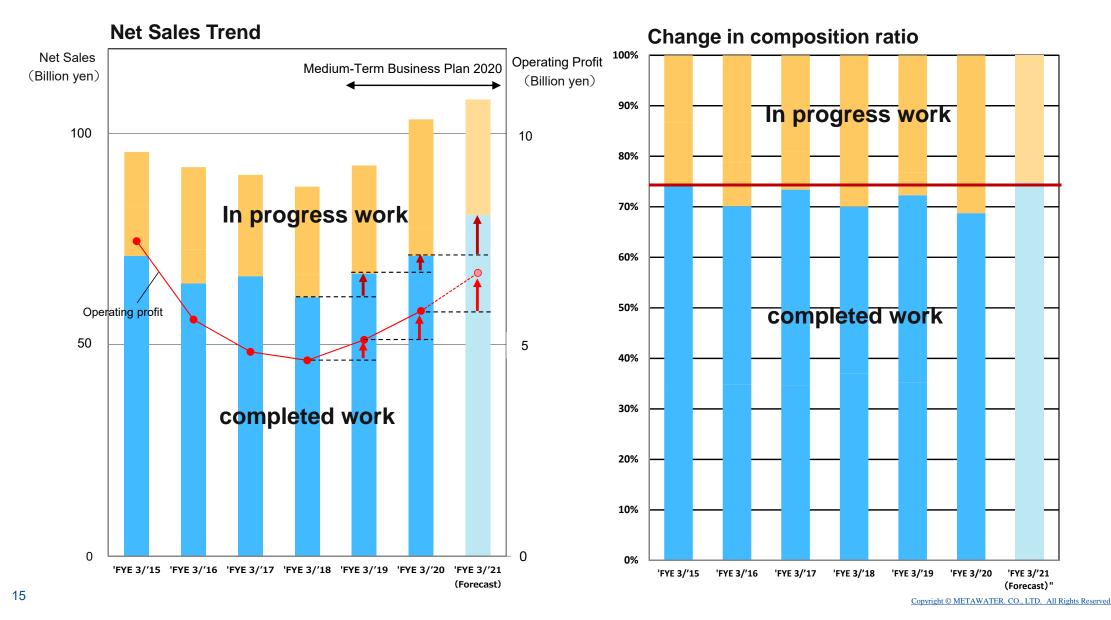
Operating profit growth factors and contraction factors (vs. FYE 3/'20 actuals)

For the fiscal year ending March 2021, we aim to achieve the "Medium-term Business Plan 2020" by incorporating sales increase and improvements on gross profit of low gross profit projects.



Percentage of completed projects in sales (non-consolidated)

Net sales of highly profitable construction completed projects increased from the lowest point of FYE 3/'18, and the composition ratio of completed projects is expected to recover to the level of FYE 3/'15.

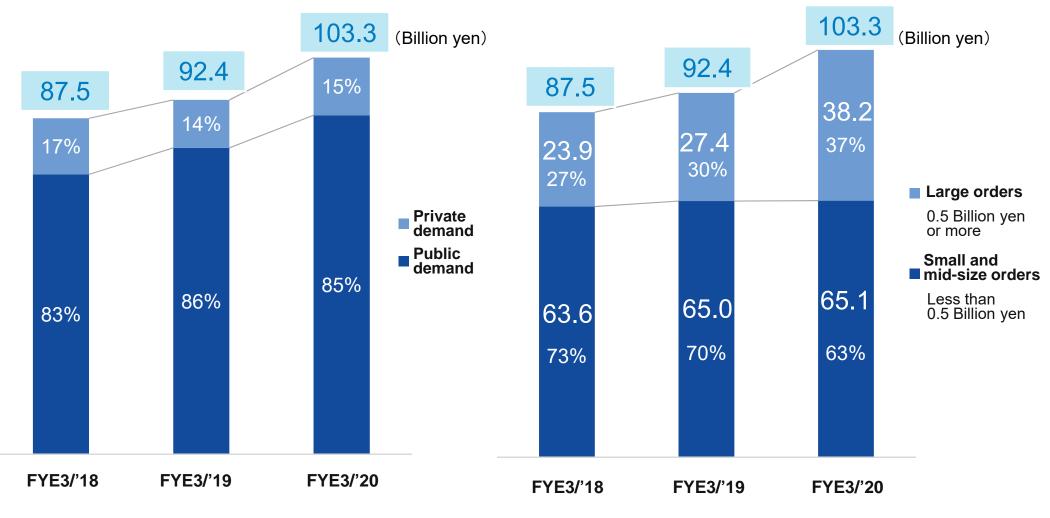


Sales ratio by customer / order amount (non-consolidated)

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1. By customer* (public / private)

2. By order amount



*By contracted customer

Sales composition for FYE3/'20 (consolidated)

(Billion yen) End of FYE3/'19 End of FYE3/'20 Order backlog FYE3/'20 Order backlog FYE3/'20 142.4 **Net Sales** 138.6 Orders received 128.7 125.0 Net sales for next term and thereafter from order backlog at Orders received **Orders received** the end of Net sales for in FYE3/'20 in FYE3/'20 previous term next term and thereafter from 70.1 54.9 68.5 orders received in current term 70.1 (Out of above) METAS 5.7 _____ (Out of above) AAS 3.2 Net sales of current term estimated from order backlog at the end of Order backlog Net sales of Order backlog of previous term of FYE3/'19 current term **FYE3/'19** estimated from orders received in 73.8 73.8 68.5 current term 54.9 (Out of above) METAS 6.6 _____ (Out of above) AAS 0.7

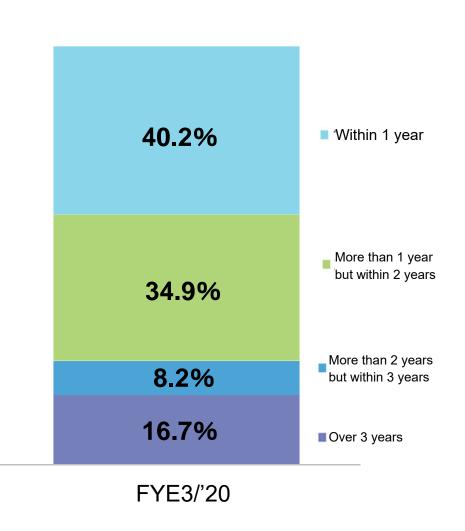
> * METAS: METAWATER SERVICE Co., Ltd. AAS: Aqua-Aerobic Systems, Inc.

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(Billion yen)

Construction period	At the end of FYE 3/'20
Within 1 year	55.7
More than 1 year but within 2 years	48.4
More than 2 years but within 3 years	11.4
Over 3 years	23.1
Total	138.6





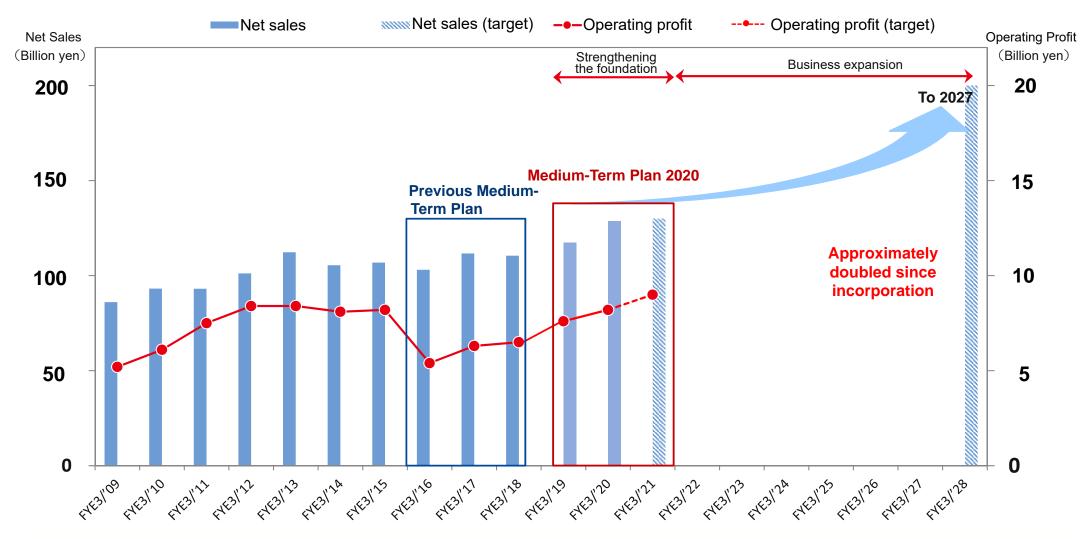
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Toward realization of long-term vision



Achieve Midterm Business Plan 2020 and work all-out on realizing the long-term vision.



* The figures show non-consolidated net sales and operating income until FYE3/'11, and consolidated net sales and operating income from FYE3/'12.

Promotion of operational reform



1st stage

Completed in FY2019 Operational efficiency 10% up

Institutional reform

- 1) Development of remote work environment
 - ① Develop ICT environment
 - 2 Develop satellite office
 - ③ Recommend work from home
- 2) Expand operation of flextime without core time
- 3) Introducing a four-day workweek
- 4) Shortening of regular working hours
- 5) ABW* implementation (West Japan, May)

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2nd stage

FY2020 and onward Operational efficiency +20% up 30% up in total with 1st stage

Operational flow reform

- 1) Operation review (Apply WOODAP)
- 2) Promotion of outsourcing
- 3) Organize a specialized organization that performs only common tasks
- 4) More transparent performance evaluation
 Ashita-Team Co., Ltd.
 "Zettai! evaluation [®]"
 "Ashita's cloud™ HR "
- 5) Preparation for the DX era Use the 30% of saved time for DX preparation

3rd stage

Deployment to PPP business

- 1) Analysis of operation management work
- 2) Advancement of work Productivity improvement + quality improvement + safety assurance

Achievements in FYE 3/'20 -- Work-style reform



Our efforts for work-style reform

Measure	Overview	Time of introduction
Satellite space	It is already installed at the headquarters, Hino, Nagoya, Osaka, Tachikawa, Sendai, Kobe, Nakatsugawa, and Arao. To be expanded in the future.	Starting from November 2017
Telecommuting system	Tools have been supplied to 70% of employees. Aim to supply 100% early.	June 2019
Four-day workweek	Trial period ends and full-scale operation begins	June 2019
Job return system	A system for rehiring employees who have left the job due to childcare, nursing care, spouse relocation, or career advancement.	April 2018
Introduce from FYE3/'21 and onwa	ard	
Reduction of prescribed working hours	Reduce working hours from 7 hours 45 minutes to 7 hours 15 minutes, by 11 hours a month and 132 hours a year (5.5 days).	April 2020
Review of leave accumulation	Increase the maximum number of leave accumulation days from 35 days to 100 days to make it easier to balance work with childcare and nursing care.	June 2020
Introduction of "Super On-site Agent System"	A system that recognizes outstanding agents on-site and treats them in the same manner as our general manager class.	June 2020
Review of the system for treatment of ages 60+	A system that allows skilled personnel to play active roles up to the age of 75 by maintaining the treatment even after the age of 60.	June 2021

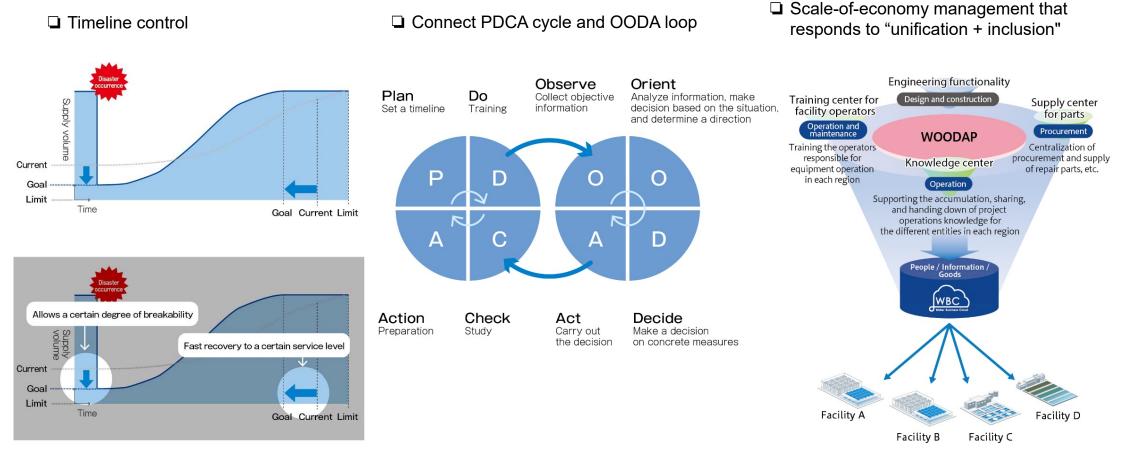
- ⁶ Our work-style reform initiatives (four-day workweek system, satellite offices) were introduced on the Tokyo Labor Bureau website and Ministry of Health, Labour and Welfare website (December 2019)
- * Acquired "Eruboshi," a certification system given by the Minister of Health, Labour and Welfare to companies that are good at promoting the active participation of women (March 2020)



"WOODAP" – Sustaining water and environmental infrastructure with PDCA and OODA

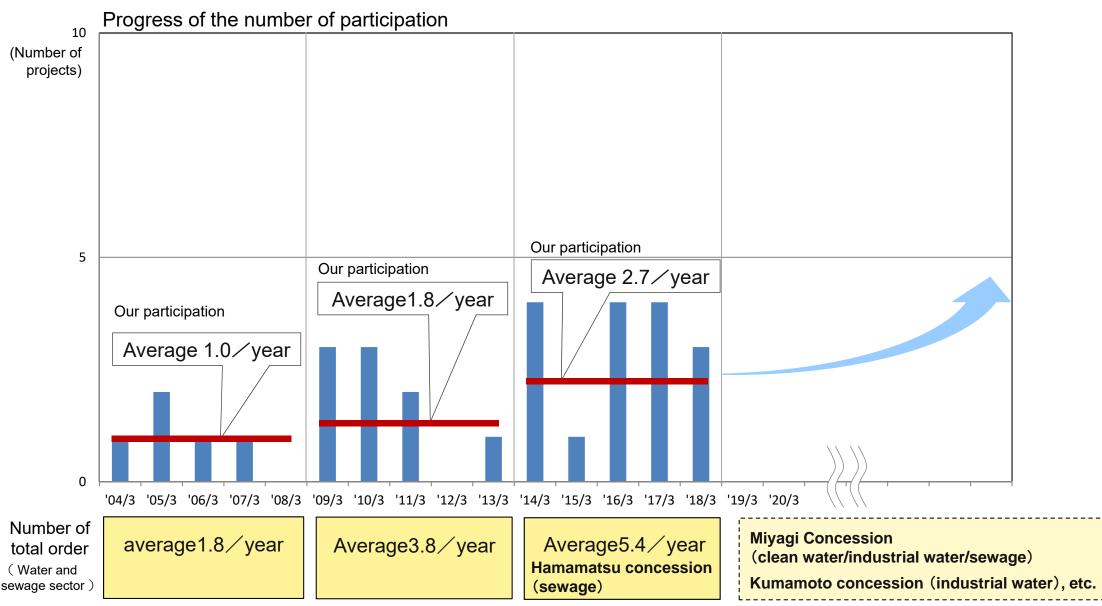
"WOODAP": Our original method of design / construction and operation / maintenance centering on early recovery in the event of a disaster.

In WOODAP, a clear goal is called "timeline", and it is the figure that OODA aims to be, which is sided with wisdom and preparation. Set clear goals, share wisdom on how to achieve those goals, and prepare for the site to make accurate decisions in the event of a disaster. In other words, WOODAP is to connect the PDCA cycle and the OODA loop.



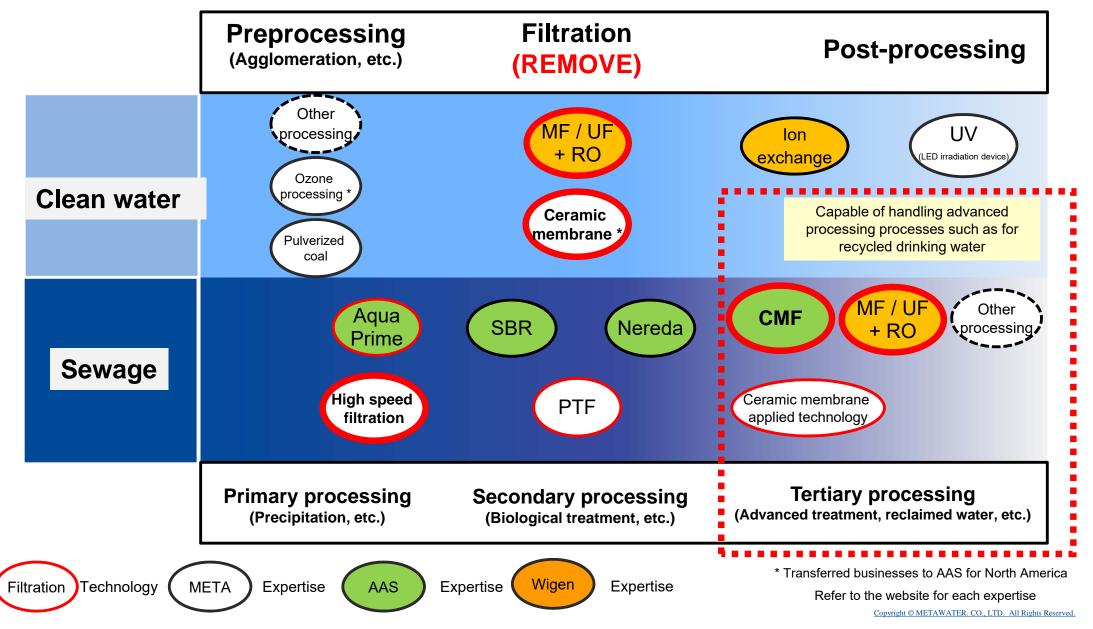
Growth Field – PPP Business

Signs of PPP demand increase due to concession progress in Miyagi and Kumamoto.



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Supporting advanced treatment processes for reclaimed water, etc., centered on "filtration technology" that the Group has strengths in.





North America: Secure growth based on AAS business (CMF, Nereda, etc.).

: Building a foundation for the recycled drinking water through Wigen.

Europe: Promote expansion of applications of original technologies (ceramic membrane, CMF) as a measure to strengthened environmental regulations.

Asia etc.: Continue to promote initiatives tailored to local needs, such as utilizing ODA.



PWNT: PWNT B.V.(Strategic business partner)

Strengthen core businesses (1)

Setting 2017 B-DASH* project as guideline

Demonstration study on technology for improving the treatment capacity of the final sedimentation basin

(Implemented by: METAWATER / Japan Sewage Works Agency / Matsumoto City Joint Research Facility)

Background

In recent years, technology to expand existing treatment facilities with simple construction work for temporary increase in inflow water due to consolidation of sewage plants due to population decline and facility deterioration is required.

Ex.) Renewal of final sedimentation basin at treatment plant A due to facility deterioration

<Conventional> We need to add one line of final sedimentation basin. (Expensive civil engineering work)

<Innovative technology> The total treated water volume can be maintained without adding new final sedimentation basin



The amount of treated water in the final sedimeritation basin 120km³/day at water treatment facility with 3 lines

Without adding new final sedimentation basin



Introducing a cassette type filtration tank into the existing final sedimentation basin to increase its treatment water volume





Strengthen core businesses (2)

METAWATER

Next-generation energy-saving incineration system: won orders for flow turbines

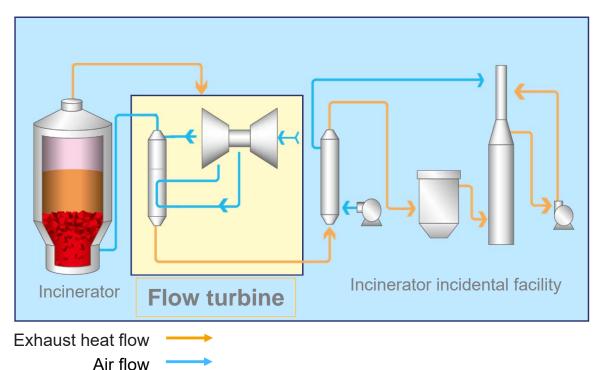
Features

Compared to conventional furnace: 40% reduction in power consumption

Achieved a significant reduction in power consumption by eliminating the need for the largest flow blower in the incinerator

Installable in existing sludge incineration system

Installable in conventional equipment, and the above power saving performance can be achieved by improving the existing furnace.



Orders received

No.	Place	Facility size	Order amount	Order time
1	Aichi Prefecture: Kinuura Western Purification Center	60t/day	4.5 billion yen	March 2019
2	Tokyo: Kitatama No. 2 Water Reclamation Center	70t/day	3.25 billion yen	July 2019

Strengthen core businesses (3)



Reuse

Ceramic membranes used in big cities going to small cities, towns and villages



Features of CPC

- Possible to reuse ceramic membranes leased for a certain number of years
- Simplified system, packaged in container size and sent to small cities, towns and villages

Capital policy

2019

2020



Acquisition of Treasury Stock

(From October 30, 2019 to November 27, 2019)

Purchased shares: 4.2 million shares (16.2% of issued shares) Total acquisition price: 14.29 billion yen

• (Reference) Major shareholders after the Tender Offer NGK Insulators, Ltd. 5.5 million shares, percentage of voting rights: 25.33% Fuji Electric Co., Ltd. 5.3 million shares, percentage of voting rights: 24.40% Total: 49.73%

<u>Consider how to utilize treasury stock</u>

We would like to examine various possibilities such as

- (1) Stock cancellation
- (2) Stock compensation (for executives and employees)
- (3) Strategic use to improve corporate value

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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E-mail: pr@metawater.co.jp



(Billion yen)

FYE 3/'19 FYE 3/'20 Change Research and 1.9 2.4 +0.5**Development expenses** +0.10.7 8.0 **Capital Investment** -0.2 1.3 1.1 **Depreciation expenses**

[Reference] Promotion of corporate venture capital



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Accelerate work-style reform

Company name	ASHITA-TEAM Co., Ltd.
Head Office	Ginza Six, 11th Floor, 6-10-1 Ginza, Chuo-ku, Tokyo
Foundation	September 25, 2008
Capital	545.10 million yen (including capital reserves)
Representative	Kyosuke Takahashi, Representative Director
Main Business Activities	 Consulting services related to HR AI powered cloud-based performance evaluation services

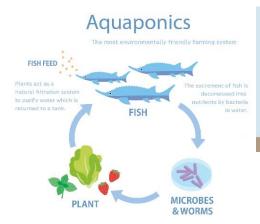




New utilization of water and sewage facilities

Company name	Plant form Inc.
Head Office	1-1863 Kamimaejima, Nagaoka, Niigata
Foundation	July 24, 2018
Capital	92.50 million yen (including capital reserves)
Representative	Yuji Yamamoto, Representative Director
Main Business Activities	 Planning, design, construction, and operation of aquaponics Cultivation of vegetables, farming of fish and seafood, and processing and sale Design, development, and sale of control systems related to aquaponics Education/training and temporary staffing related to aquaponics

Recirculation farming that nurtures fish and plants at the same time





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[Reference] Achievements in FYE3/'20 - Partnership (Overseas)



		FUCHS A Metawater Company	PWNT BOOK NO SHO
	* Ma	ide into a subsidiary company in May 2019	オランダ RWB
	Company name	FUCHS Enprotec GmbH	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~
	Location	Mayen, Rhineland-Palatinate, Germany	FUCHS
	Founded	1974	14 J J J J J J J J J J J J J J J J J J J
	Representative	Chairman: Peter G. Baumann (concurrently serving at AAS), President: Christian D. Henrich	TEXT Sam
	Main	Development/design/manufacturing of diffusers	and parts
	business	and mixing devices for wastewater treatment	



[Features]

- Development/design/manufacturing of air diffusers/mixing devices
- •Over 3,500 delivery records in 60 countries







WATER TECHNOLOGIES

A Metawater Company * Made into a subsidiary company in April 2020

Company name	Wigen Companies, Inc.
Location	Minnesota, USA (near Minneapolis)
Founded	1965
Representative	Director and chairman: Ken Akikawa, President and CEO: Jeff W. Wigen
Main business	Development/design/manufacturing of water treatment equipment such as membrane treatment and ion exchange



[Features]

Development/design/manufacturing of water treatment equipment such as membrane treatment and ion exchange

 Proven track record in reclaimed drinking water



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Domestic

* Construction orders received:

Over 1 billion yen: 10 (19 billion yen in total) (13 orders in the previous fiscal year, 25.3 billion yen in total)

From 500 million yen to 1 billion yen: 26 (16.8 billion yen in total)

(19 orders in the previous fiscal year, 12.4 billion yen in total)

* Construction completed: Order size over 1 billion yen: 16 (13 in the previous fiscal year)

- * New contract for operation/management: 6
- * Started operation/management: 1

Overseas

* Orders received

Slovak Republic: Ceramic membrane element for water purification plant