



# METAWATER Co., Ltd.

For Immediate Release

July 25, 2019

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED  
JUNE 30, 2019 (Unaudited)

**[JP GAAP]**

Company name	METAWATER Co., Ltd.
Stock exchanges on which the shares are listed	First Section of Tokyo Stock Exchange
Securities code	9551
URL	<a href="https://www.metawater.co.jp">https://www.metawater.co.jp</a>
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Filing date of quarterly securities report	August 8, 2019
Payment date of cash dividends	—
Supplementary information materials on quarterly results	Available
Quarterly results briefing	Will not be held

(Amounts are rounded down to the nearest million yen)

## 1. Highlight of consolidated results for the three months ended June 30, 2019

### (1) Consolidated operating results (year-to-date)

(Percentages are year-to-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2019	14,848	28.2	(1,563)	—	(1,659)	—	(1,162)	—
Three months ended June 30, 2018	11,582	13.5	(2,316)	—	(2,096)	—	(1,486)	—

Note: Comprehensive income: Three months ended June 30, 2019 (912) million yen — %  
Three months ended June 30, 2018 (2,244) million yen — %

	Net income per share - Basic -	Net income per share - Diluted -
	Yen	Yen
Three months ended June 30, 2019	(44.85)	—
Three months ended June 30, 2018	(57.34)	—

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets
	Million yen	Million yen	%
As of June 30, 2019	122,645	57,314	46.6
As of March 31, 2019	132,620	59,031	44.4

Note: Shareholders' equity: As of June 30, 2019 57,173 million yen  
As of March 31, 2019 58,889 million yen

## 2. Dividends

Period	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	31.00	—	31.00	62.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Forecast)		31.00	—	31.00	62.00

Note: Revision of forecast for dividends from the latest announcement: No

## 3. Forecast for consolidated operating results for the fiscal year ending March 31, 2020

(Percentages are year-to-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share - Basic -
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2020	125,000	6.5	8,000	5.2	8,000	4.9	5,500	6.4	212.16

Note: Revision of forecast for operating results from the latest announcement: No

**Notes:**

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019 (Changes in specified subsidiaries that caused a change in the scope of consolidation) : No
- (2) Application of accounting method specific to preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - (a) Changes by a newly issued or amended accounting pronouncement: No
  - (b) Changes other than (3)-(a) above: No
  - (c) Changes in accounting estimates: No
  - (d) Retrospective restatement: No
- (4) Number of shares issued and outstanding (common stock)
  - (a) Number of shares issued and outstanding at the end of the period (including treasury stock): 25,923,500 shares as of March 31, 2019 and 25,923,500 shares as of June 30, 2019.
  - (b) Number of treasury stock at the end of the period: 150 shares as of March 31, 2019 and 150 shares as of June 30, 2019.
  - (c) Average number of shares issued and outstanding for the period: 25,923,409 shares for the three months ended June 30, 2018 and 25,923,350 shares for the three months ended June 30, 2019.

This quarterly report is not subject to the quarterly review performed by certified public accountants or accounting firm.

**Appropriate Use of Forecasts and Other Matters**

Descriptions and statements in relation to estimates and other forward-looking projections disclosed in this document are based on judgments and assumptions using information currently available to the Company. Actual results may differ significantly from such projections due to risks of uncertainty inherent in such judgments and assumptions as well as changes in business operations and the internal and external environment of the Company. As such, the Company does not guarantee the accuracy of any forward-looking projections disclosed.

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## 1. Qualitative Information Regarding Consolidated Results for the Three months Ended June 30, 2019

### (1) Explanation of Operating Results

During the three months ended June 30, 2019, business conditions of the Japanese economy have recovered moderately, although some weakness remained. This is due in part to the effects of various government policies amid the improving labor market and increasing salary levels. The global economy continued to recover moderately as a whole, despite the risks of uncertainty related to developments in trade issues, the outlook for the Chinese economy and the government policies.

Under such circumstances, in order to achieve the Midterm Business Plan 2020 (from the fiscal year ended March 31, 2019 to fiscal year ending March 31, 2021), the Group tries its best to implement the priority measures: i) strategic development investment, ii) business strategy (enhancement of foundation field and expansion of growth field) and iii) efforts of sustainable ESG.

For the operating results of the Group for the three months ended June 30, 2019, net sales was ¥14,848 million (28.2% increase year to year), operating loss was ¥1,563 million (¥2,316 million for the three months ended June 30, 2018), ordinary loss was ¥1,659 million (¥2,096 million for the three months ended June 30, 2018) and loss attributable to owners of parent was ¥1,162 million (¥1,486 million for the three months ended June 30, 2018). The outstanding order was ¥28,815 million (13.6% increase year to year).

Our business consists mostly of the domestic public work projects for government agencies, which are typically developed and completed intensively in the fourth quarter. As a result, operating results of the first quarter tend to be low, and this fiscal year is no exception.

The Group's business consists of two segments: Plant Engineering Business Segment including EPC (note 1) as foundation field and foreign business as growth field and Service Solutions Business Segment including O&M (note 2) as foundation field and PPP (note 3) as growth field.

Operating results by segment are as follows:

#### (Plant Engineering Business)

For the Plant Engineering Business, net sales amounted to ¥9,644 million (25.8% increase year to year) and operating loss amounted to ¥487 million (¥1,280 million for the three months ended June 30, 2018), due to a steady growth in EPC and foreign business. Outstanding order was ¥10,980 million (38.4% increase year to year).

#### (Service Solutions Business)

For the Service Solutions Business, net sales amounted to ¥5,203 million (32.9% increase year to year) due to a steady growth in O&M and PPP businesses. Operating loss amounted to ¥1,076 million (¥1,035 million for the three months ended June 30, 2018), due to the difference of projects composition. Outstanding order was ¥17,835 million (2.4% increase year to year).

Note:

1. EPC: Engineering, Procurement and Construction
2. O&M: Operation and Maintenance
3. PPP (Public-Private Partnership): the means for the private sector to participate in providing services to the public

### (2) Explanation of Financial Position

Total assets as of June 30, 2019 decreased by ¥9,974 million compared to March 31, 2019 to

¥122,645 million.

Current assets decreased by ¥10,403 million compared to March 31, 2019 to ¥105,134 million due to a decrease in notes and accounts receivable - trade, offsetting with an increase in cash and cash equivalent.

Non-current assets increased by ¥429 million compared to March 31, 2019 to ¥17,511 million due to an increase in goodwill as a result of acquisition of FUCHS Enprotec GmbH.

Current liabilities decreased by ¥7,820 million compared to March 31, 2019 to ¥48,506 million due to a decrease in accounts payable - trade, offsetting with an increase in advances received.

Non-current liabilities decreased by ¥437 million compared to March 31, 2019 to ¥16,825 million due to a decrease in PFI and other project finance loans.

Total net assets decreased by ¥1,717 million compared to March 31, 2019 to ¥57,314 million due to recognition of loss attributable to owners of parent and payment of dividends.

### **(3) Explanation of Consolidated Business Forecast**

There is no change in the forecast for the fiscal year ending March 31, 2020 announced on April 25, 2019.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	28,589	54,539
Notes and accounts receivable - trade	76,282	37,035
Work in process	4,670	7,448
Supplies	3,932	4,189
Other current assets	2,062	1,922
Total current assets	115,538	105,134
Non-current assets		
Property, plant and equipment	3,188	3,272
Intangible assets		
Goodwill	1,670	2,039
Customer-related assets	2,539	2,494
Other	1,861	1,795
Total intangible assets	6,072	6,328
Investments and other assets	7,822	7,909
Total non-current assets	17,082	17,511
Total assets	132,620	122,645

**(1) Quarterly Consolidated Balance Sheets (continued)**

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	18,278	7,012
Electronically recorded obligations	8,380	13,065
Short-term loans payable	337	273
Current portion of PFI and other project finance loans	844	850
Income taxes payable	2,419	85
Advances received	16,075	18,755
Provision for warranties for completed construction	1,361	1,357
Provision for loss on construction contracts	517	584
Other current liabilities	8,111	6,520
<b>Total current liabilities</b>	<b>56,326</b>	<b>48,506</b>
Non-current liabilities		
Long-term loans payable	1,847	1,796
PFI and other project finance loans	10,705	10,328
Liability for retirement benefit	4,603	4,588
Other non-current liabilities	107	111
<b>Total non-current liabilities</b>	<b>17,262</b>	<b>16,825</b>
<b>Total liabilities</b>	<b>73,589</b>	<b>65,331</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,946	11,946
Capital surplus	15,080	15,080
Retained earnings	33,830	31,863
Treasury stock	(0)	(0)
<b>Total shareholders' equity</b>	<b>60,856</b>	<b>58,890</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49	55
Foreign currency translation adjustment	(371)	(222)
Remeasurements of defined benefit plans	(1,645)	(1,550)
<b>Total accumulated other comprehensive income</b>	<b>(1,967)</b>	<b>(1,717)</b>
Non-controlling interest	142	140
<b>Total net assets</b>	<b>59,031</b>	<b>57,314</b>
<b>Total liabilities and net assets</b>	<b>132,620</b>	<b>122,645</b>



**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**

**Quarterly Consolidated Statement of Income**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	11,582	14,848
Cost of sales	10,186	12,412
Gross profit	1,395	2,435
Selling, general and administrative expenses	3,711	3,999
Operating loss	(2,316)	(1,563)
Non-operating income		
Interest income	46	43
Dividends income	51	43
Foreign exchange gains	176	—
Miscellaneous income	0	1
Total non-operating income	275	88
Non-operating expenses		
Interest expenses	54	52
Loss on disposal of non-current assets	1	4
Foreign exchange loss	—	127
Miscellaneous loss	0	—
Total non-operating expenses	55	184
Ordinary loss	(2,096)	(1,659)
Loss before income taxes	(2,096)	(1,659)
Income taxes	(619)	(497)
Net loss	(1,477)	(1,162)
Profit attributable to non-controlling interests	9	0
Loss attributable to owners of parent	(1,486)	(1,162)

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income (continued)

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net loss	(1,477)	(1,162)
Other comprehensive income		
Valuation difference on available-for-sale securities	4	6
Foreign currency translation adjustment	(884)	148
Remeasurements of defined benefit plans	113	95
Total other comprehensive (loss) / income	(766)	250
Comprehensive loss	(2,244)	(912)
(Details)		
Comprehensive loss attributable to owners of parent	(2,253)	(912)
Comprehensive income attributable to non-controlling interests	9	0

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Notes on Going Concern Assumption**

No items to report.

#### **Notes on Significant Changes in Shareholders' Equity**

No items to report.

#### **Application of Accounting Method Specific to Preparation of Quarterly Consolidated Financial Statements**

##### **(Calculation of Tax Expenses)**

Tax expenses are calculated by reasonably estimating the effective tax rate applied to income before income taxes for the consolidated fiscal year including the three months ended June 30, 2019 after applying tax effect accounting, and multiplying such effective tax rate with income before income taxes for the quarter.

## Segment Information

Three months ended June 30, 2018

(Millions of yen)

	Reportable segments			Adjustments	Consolidated
	Plant Engineering Business	Service Solutions Business	Total		
Net Sales					
Sales to third parties	7,668	3,914	11,582	—	11,582
Inter-segment transactions and transfers	—	—	—	—	—
Net sales	7,668	3,914	11,582	—	11,582
Segment loss	(1,280)	(1,035)	(2,316)	—	(2,316)

Note: Segment loss is based on operating loss. There is no difference between segment loss and operating loss recorded on the quarterly consolidated statement of income.

Three months ended June 30, 2019

(Millions of yen)

	Reportable segments			Adjustments	Consolidated
	Plant Engineering Business	Service Solutions Business	Total		
Net Sales					
Sales to third parties	9,644	5,203	14,848	—	14,848
Inter-segment transactions and transfers	—	—	—	—	—
Net sales	9,644	5,203	14,848	—	14,848
Segment loss	(487)	(1,076)	(1,563)	—	(1,563)

Note: Segment loss is based on operating loss. There is no difference between segment loss and operating loss recorded on the quarterly consolidated statement of income.

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