

TRANSLATION - FOR REFERENCE ONLY



# Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2020



July 25, 2019

**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.

- I Highlights of the First Quarter of the Fiscal Year Ending March 2020 and forecasts for the Fiscal Year Ending March 2020
- II Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2020

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# Financial Highlights of 1Q FYE 3/'20 (Consolidated)

## \* Orders Received

Orders received for this 1Q exceeded the results of the same period of the previous fiscal year. >> Full-year forecast is unchanged.

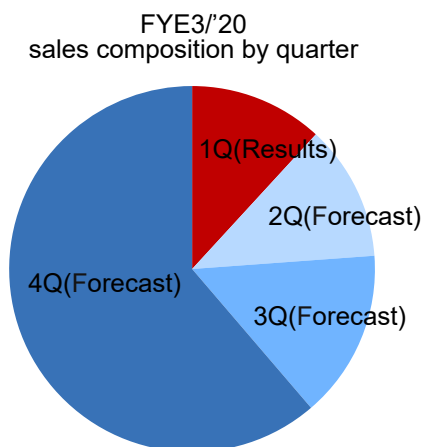
[Reference] Order backlogs: End of 1QFYE3/'19, 149.7 billion yen >> End of 1QFYE3/'20, 156.3 billion yen

## \* Net Sales & Profit

**Sales and profits increased** due to steady progress in EPC in Japan and overseas business.

>> Full-year forecast is unchanged.

We will carefully review our work progress forecasts for the fiscal year ending March 2020, and **announce them when releasing financial results for the second quarter of fiscal year ending March 2020.**



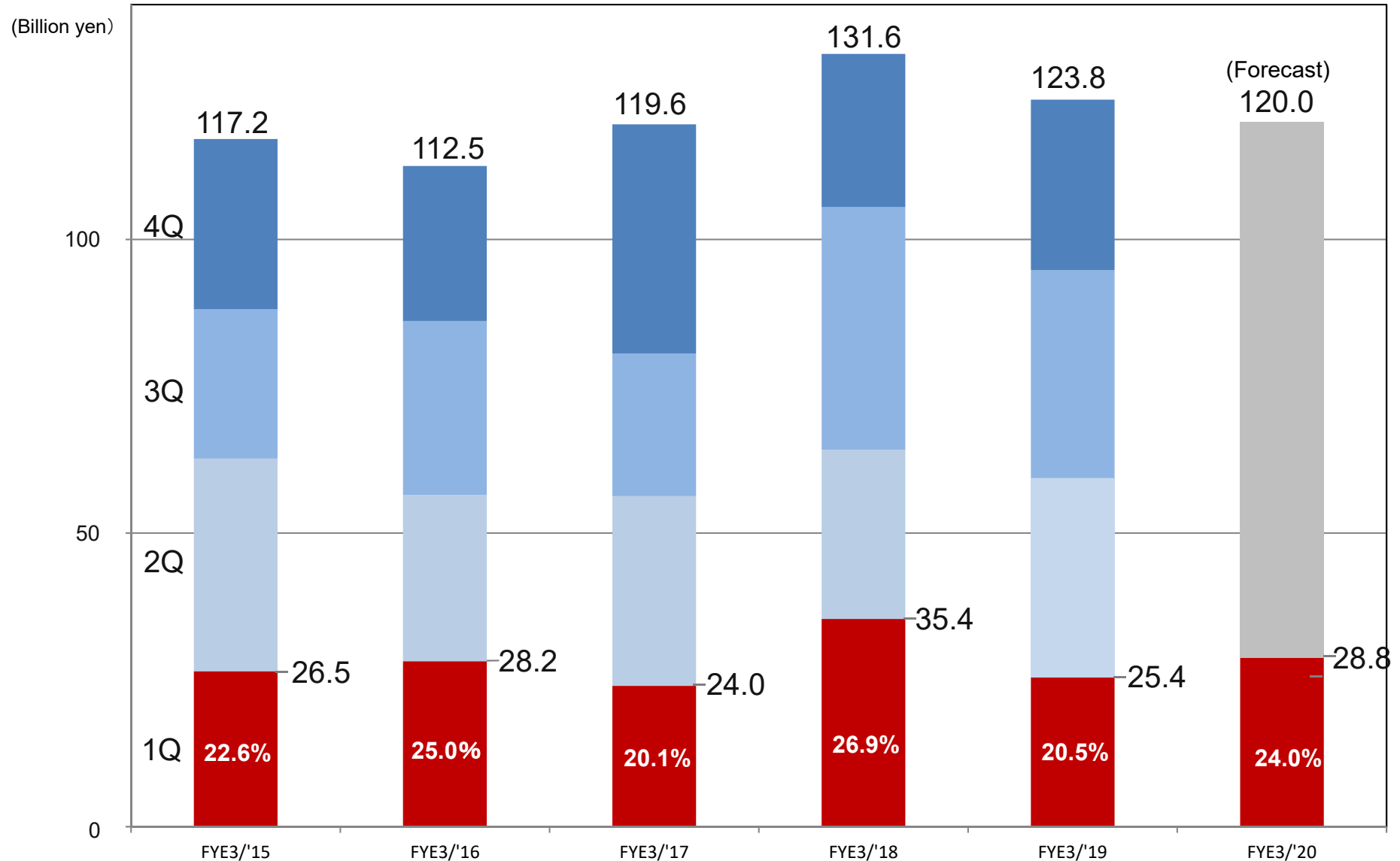
	Orders Received	Net Sales	Operating Profit	Ordinary Income	Net Income for the quarter*	Annual Dividend (yen)
1QFYE3/'20 Results	28.8 YoY:+3.5 +13.6%	14.8 YoY:+3.3 +28.2%	(1.6) YoY:+0.8	(1.7) YoY:+0.4	(1.2) YoY:+0.3	-
1QFYE3/'19 Results	25.4	11.6	(2.3)	(2.1)	(1.5)	-
FYE3/'20 Forecast (Released April 25,2019)	120.0 YoY:-3.8 -3.1%	125.0 YoY:+7.7 +6.5%	8.0 YoY:+0.4 +5.2%	8.0 YoY:+0.4 +4.9%	5.5 YoY:+0.3 +6.4%	62

※ Rounded to the nearest 10 million yen (hereinafter the same shall apply to Results)

\* Net income attributable to owners of parent company

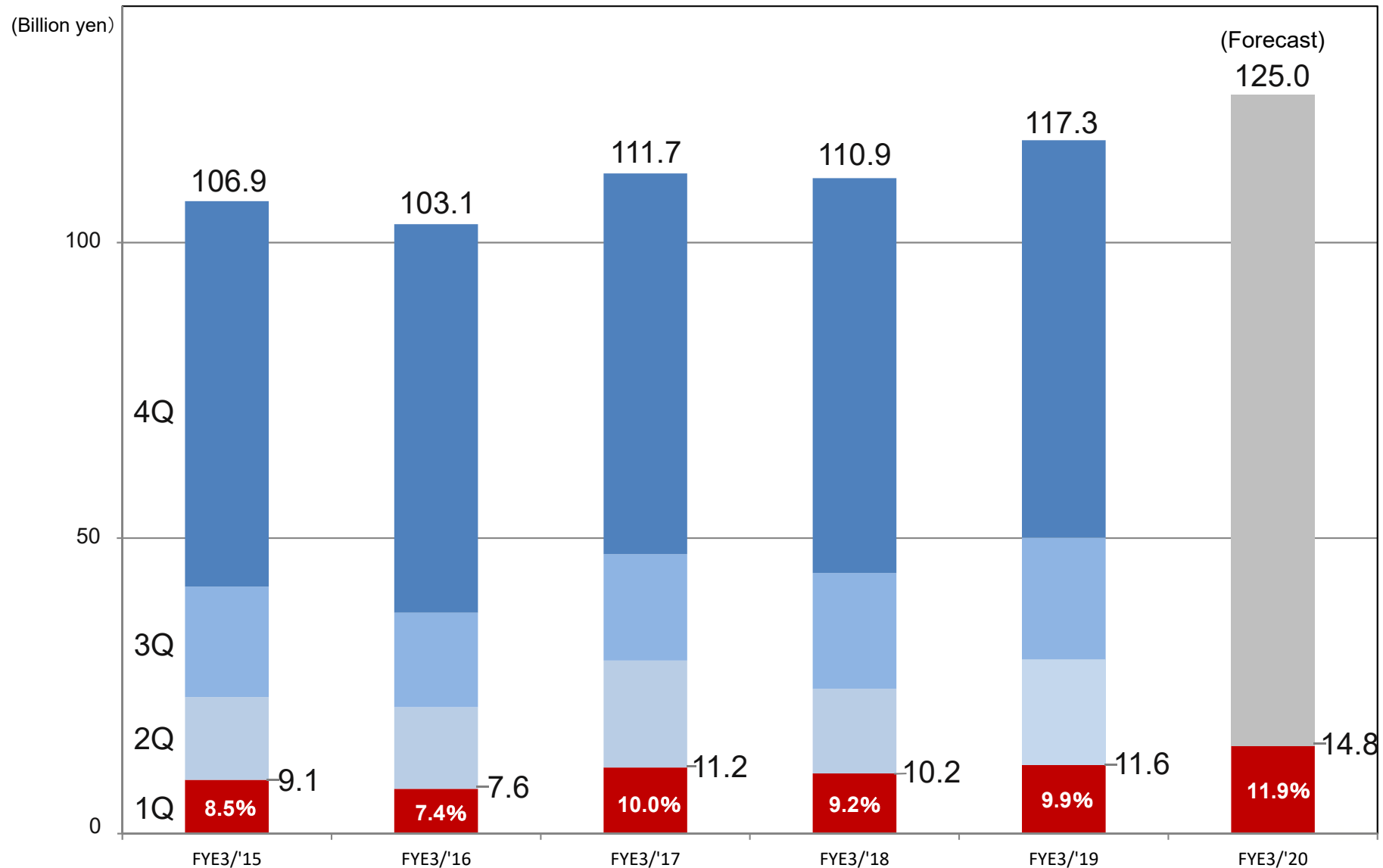
# Trend of 1Q orders received

The orders received in 1Q usually accounts for around 25% of the year total. This 1Q was at the same level as in previous years.



# Trend of 1Q Sales

In our group's business, Japanese public works account for the majority, and sales and profits tend to be concentrated in 4Q. As a result, net sales of 1Q in previous years are about 10% of the year total. The net sales of this 1Q is at the same level as in previous years.



# Achievements in the 1Q of FYE March 2020

## Business activities

- \* Newly established an Innovation Center (April)
- \* Our group's Aqua-Aerobic Systems, Inc. (US) acquired all shares of FUCHS Enprotec GmbH (Germany) (April)
- \* Established the Common Parts Center and started its operation (June)  
(Reference) Established METAWATER Research Institute Co., Ltd. (July) \* Released June 20, 2019

## Technology and development

- \* Developed a new model “ZLS,” a dedicated controller for water environment (April)
- \* “Demonstration Project for Advanced Wastewater Treatment Technology in Single Tank Nitrification Denitrification Process using ICT and AI Control” selected for FY2019 B-DASH Project \* (April)
- \* Our “low power type digester stirring device” received the Japan Society of Industrial Machinery Manufacturers Chairperson’s Prize of the 45th Outstanding Environmental Device Award by the Japan Society of Industrial Machinery Manufacturers (June)

## ESG

- \* Implemented activities such as conservation activities of water source forests, environmental education in elementary schools and educational activities for local residents.(April-June)
- \* Started operation of telework system and four-day working week system (June)



I Highlights of the First Quarter of the Fiscal Year  
Ending March 2020  
and forecasts for the Fiscal Year Ending March 2020

**II Outline of Financial Results for the First Quarter  
of the Fiscal Year Ending March 2020**

## II Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2020

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/'19	1Q FYE 3/'20	Change
<b>Net Sales</b>	11.6	14.8	+3.3
<b>Operating Profit</b>	(2.3)	(1.6)	+0.8
<b>Operating Profit Margin</b>	-20.0%	-10.5%	+9.5%
<b>Ordinary Income</b>	(2.1)	(1.7)	+0.4
<b>Net income attributable to owners of parent company</b>	(1.5)	(1.2)	+0.3

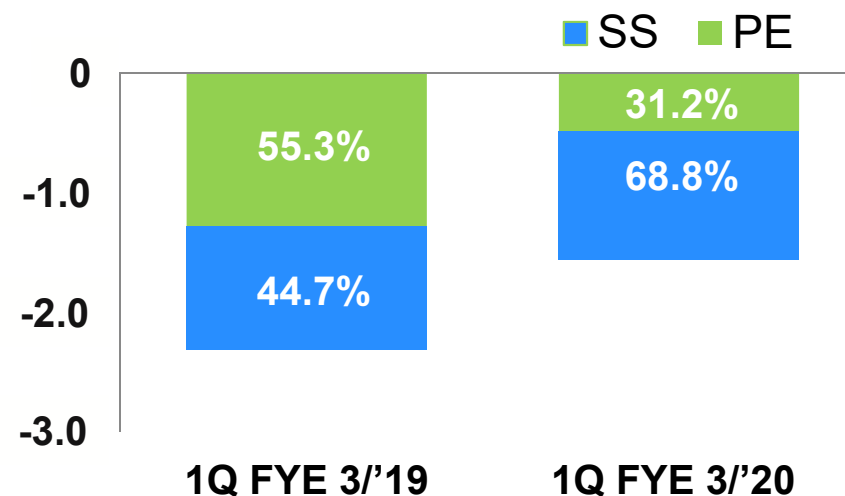
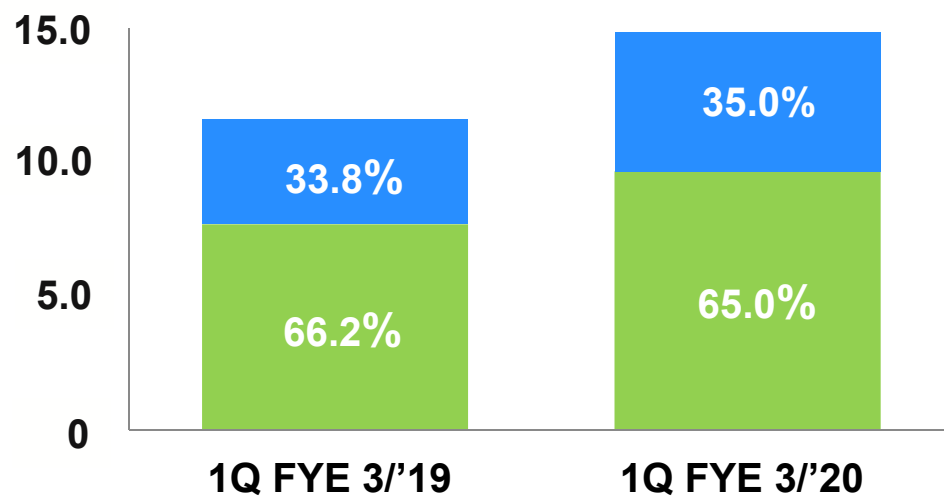
\* Rounded to the nearest 10 million yen

# Segment Information

(Billion yen)

	Net Sales		
	1Q FYE 3/'19	1Q FYE 3/'20	change
<b>PE</b>	7.7	9.6	+2.0
<b>SS</b>	3.9	5.2	+1.3
<b>Total</b>	11.6	14.8	+3.3

Operating Profit		
1Q FYE 3/'19	1Q FYE 3/'20	change
(1.3)	(0.5)	+0.8
(1.0)	(1.1)	-0.0
(2.3)	(1.6)	+0.8



# Consolidated Balance Sheet



(Billion yen)

	End of FYE 3/19	End of 1Q FYE 3/20	change
Cash and deposits	28.6	54.5	+25.9
Notes and accounts receivable-trade	76.3	37.0	-39.2
Inventories	8.6	11.7	+3.1
Others	2.1	1.9	-0.2
<b>Total current assets</b>	<b>115.5</b>	<b>105.1</b>	<b>-10.4</b>
Tangible fixed assets	3.2	3.3	+0.1
Intangible fixed assets	6.1	6.3	+0.3
Deferred Tax assets	3.3	3.2	-0.0
Others	4.6	4.7	+0.1
<b>Total fixed assets</b>	<b>17.1</b>	<b>17.5</b>	<b>+0.4</b>
<b>Total assets</b>	<b>132.6</b>	<b>122.6</b> <sup>*3</sup>	<b>-10.0</b>

	End of FYE 3/19	End of 1Q FYE 3/20	change
Accounts payable- trade	30.3	22.7	-7.6
Short-term loans payable	<sup>*1</sup> (0.8) 1.2	(0.9) 1.1	-0.1
Advance received	16.1	18.8	+2.7
Others	8.7	5.9	-2.8
<b>Total current liabilities</b>	<b>56.3</b>	<b>48.5</b>	<b>-7.8</b>
Long-term loans payable	<sup>*2</sup> (10.7) 12.6	(10.3) 12.1	-0.4
Others	4.7	4.7	-0.0
<b>Total fixed liabilities</b>	<b>17.3</b>	<b>16.8</b>	<b>-0.4</b>
<b>Total liabilities</b>	<b>73.6</b>	<b>65.3</b>	<b>-8.3</b>
<b>Total net assets</b>	<b>59.0</b>	<b>57.3</b>	<b>-1.7</b>
<b>Total liabilities/ net assets</b>	<b>132.6</b>	<b>122.6</b> <sup>*3</sup>	<b>-10.0</b>

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

\*3 : From this quarter, assets (including goodwill) and liabilities related to the acquired FUCHS are newly consolidated.

# Status of Consolidated Cash Flow

(Billion yen)

	1Q FYE 3/19	1Q FYE 3/20	change
Cash and Cash equivalents at the end of previous FY	25.0	27.8	+2.8
Operating cash flow	27.0	27.6	+0.5
Investing cash flow	(0.1)	(0.3)	-0.2
Free cash flow	26.9	27.2	+0.3
Financing cash flow	(0.6)	(1.3)	-0.7
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0	0.0
Cash and Cash equivalents at the end of current FY	51.3	53.7	+2.4

## 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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