



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

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 Third Quarter of the Fiscal Year Ending March 2020
- II Results of Acquisition of Treasury Stock by Means of a Tender Offer and Revision of Dividend Forecast for the Fiscal Year Ending March 2020
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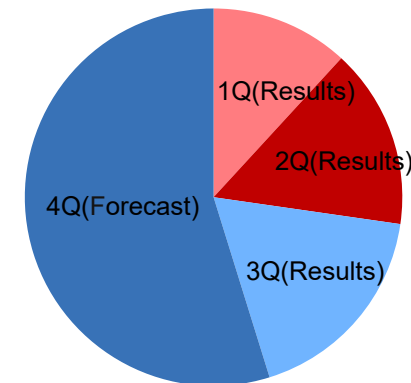
Financial Highlights of 3Q FYE 3/'20 (Consolidated)

* Orders Received

Orders received for this 1-3Q exceeded the results of the same period of previous fiscal year.

[Reference] Order backlogs: End of 3QFYE3/'19, 180.6 billion yen >> End of 3QFYE3/'20, 188.6 billion yen

FYE3/'20 sales composition by quarter



* Net Sales & Profit

Net sales and profits for this 1-3Q **increased** due to the good performances in PE business (EPC, Overseas) and SS business (O&M, PPP).

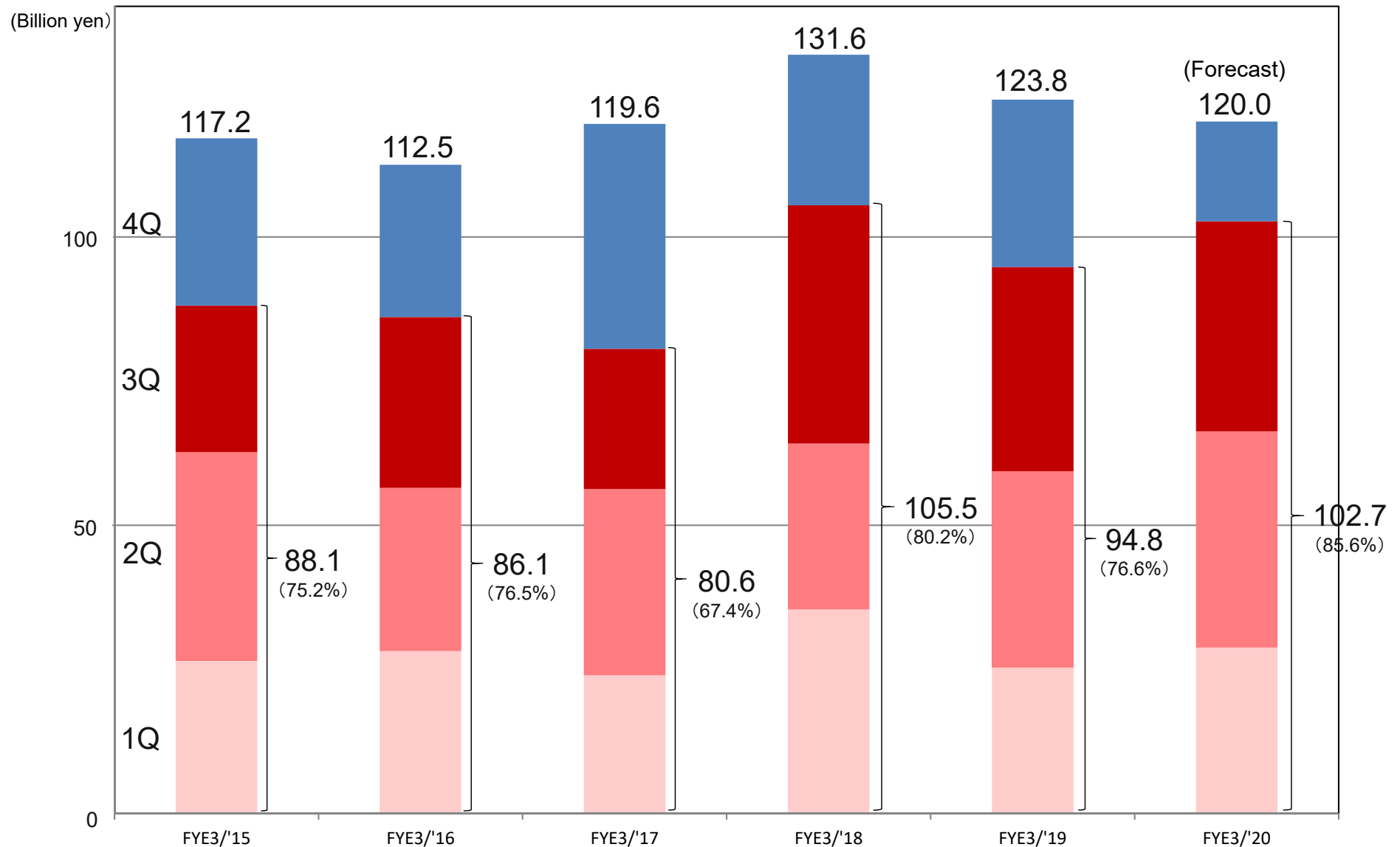
	Orders Received	Net Sales	Operating Profit	Ordinary Income	Net Income for the Quarter*	Interim Dividend (yen)
3Q (1-3Q) FYE3/'20	102.7	56.5	(3.5)	(3.5)	(2.6)	31 (Paid)
	YoY: +7.9 +8.3%	YoY: +6.4 +12.7%	YoY: +0.4	YoY: +0.2	YoY: +0.1	YoY: ±0
3Q (1-3Q) FYE3/'19	94.8	50.1	(3.9)	(3.7)	(2.6)	31

※ Rounded to the nearest 0.1 billion yen (hereinafter the same shall apply to Results)

* Net income attributable to owners of parent company

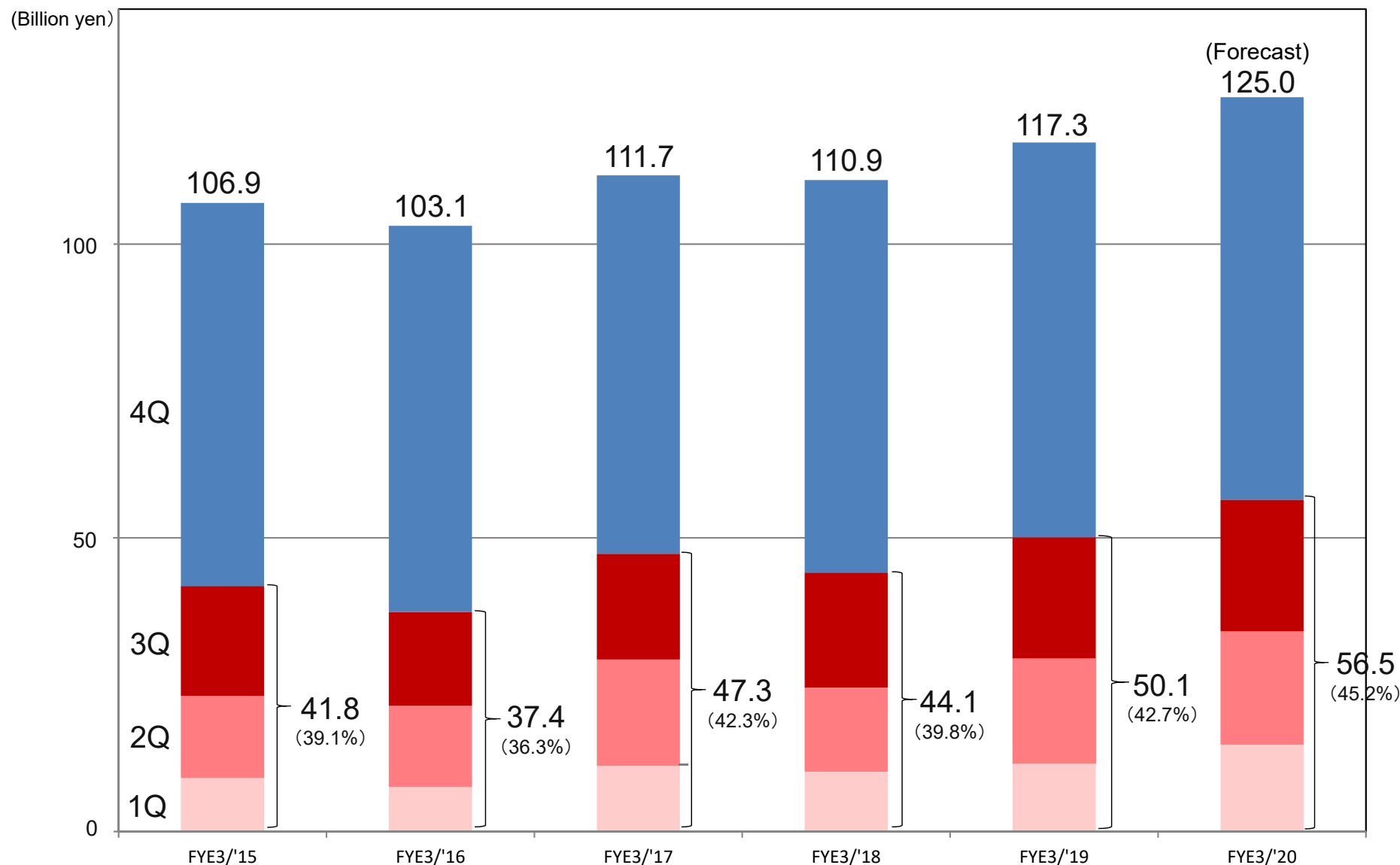
Trend of 3Q orders received

The orders received in 1-3Q usually accounts for around 70~80% of the year total. Orders received for this 1-3Q slightly exceeds the level of previous years.



Trend of 3Q 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 1-3Q in previous years are about 40% of the year total. The net sales of this 1-3Q is at the same level as in previous years.



Business & Financial efforts

- * Acquisition of treasury stock by means of a tender offer (October- December)
- * Exhibited at the Hakodate Waterworks Exhibition, introducing the latest engineering solutions and examples of public private partnerships (November)
- * METAWATER wins Best IR Award for Encouragement from Japan Investor Relations Association (November)
- * Exhibited at the Nomura IR Fair 2019 and Implemented IR for individual investors (December)
- * Participated in the Climate Change Biz 2019 conference and introduced the potential of secondary use of ceramic membranes (Refer to page 9-10) (December)



Potential of secondary use of ceramic membranes

Make social infrastructure facilities mobile.

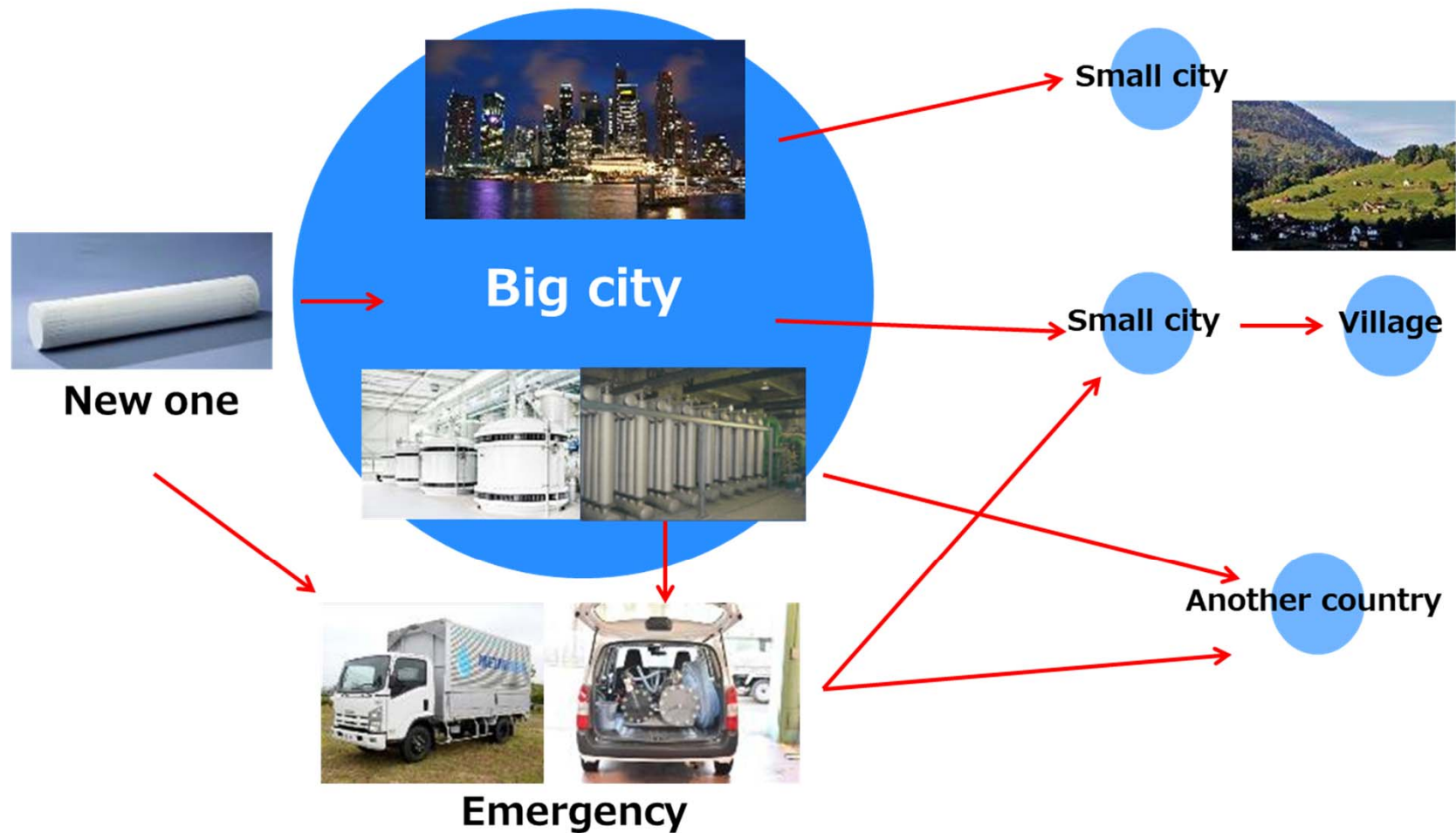
Trains that have completed their role in Japan are playing a role in other countries.



Photo taken in Myanmar

Potential of secondary use of ceramic membranes

Can ceramic membranes be used secondarily like trains?



ESG efforts

- * Exhibited as a special purpose company at Ofunato City Industrial Festival (October)
- * Provided visiting lessons for Hiyori Nursery School (Kirishima City) and Solanomachi Nursery School (Kagoshima City) (November)
- * Cooperated with and participated in "The Seventh Annual Science Festival at Miyakonojo Kosen" (November)
- * Sponsored EcoPro 2019 "Great Adventure on Water Executive Committee" (December)
- * Our work-style reform initiatives (four-day workweek system, satellite office installation) were introduced on the Tokyo Labor Bureau website and Ministry of Health, Labour and Welfare website (December)

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Results of Acquisition of Treasury Stock by Means of a Tender Offer

Overview of results of tender offer	
Period of the tender offer	From Wednesday, October 30 to Wednesday, November 27, 2019
Number of purchased	<p><u>4.2 million shares (16.2% of issued shares)</u></p> <p>NGK Insulators, Ltd. 2.0 million shares (Shareholding: 7.5 million shares, percentage of voting rights: 28.94%) Fuji Electric Co., Ltd. 2.2 million shares (Shareholding: 7.5 million shares, percentage of voting rights: 28.94%) Total:57.88%</p> <p>(Reference)</p> <p>Number of Shareholding and percentage of voting rights of the two companies (after the tender offer)</p> <p>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%</p> <p>※Date of change in the largest shareholder (principal shareholder) of the company and other affiliated companies: Thursday, December 19, 2019</p>
Purchased price	3,402 yen [8% discount on the average share price of 3,698 yen in the month up until the day before the day of resolution (Thursday, 29 th Oct., 2019) by the Board of Directors]
Total acquisition price	14.29 billion yen (Appropriation of funds on hand for full amount)

Revisions of Dividend Forecast for the FYE March 2020 METAWATER

* Orders received and net sales are expected to be in line with previous (October 29) forecast.

→ Full-year forecast remains unchanged

* METAWATER Group will continue to return profits to shareholders in accordance with the business situation, while securing internal reserves necessary for stable growth and changes in the business environment

Regarding dividends, the dividend per share forecast has been revised (increased) as follows, based on the results of “acquisition of treasury stock by means of a tender offer” and returns to shareholders will be strengthened.

→ Year-end dividend increased by 9 yen from 31 yen >> 40 yen

(Billion yen)

	Orders Received	Net Sales	Operating Profit	Ordinary Income	Net Income*	Net Income per share (Yen)	Dividend (Yen)		
							End of 2Q FYE 3/20	End of FYE 3/20	Total
Previous forecast (Announced on 29th October)	120.0	125.0	8.2	8.2	5.6	216.02	31	31	62
Revised forecast	120.0	125.0	8.2	8.2	5.6	257.79	31 (Paid) YoY: ±0	40 YoY: +9	71 YoY: +9
Results of for Previous year	123.8	117.3	7.6	7.6	5.2	199.46	31	31	62

*Net income attributable to owners of parent company



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III Outline of Financial Results for the Third 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)

	1-3Q FYE 3/19	1-3Q FYE 3/20	Change
Net Sales	50.1	56.5	+6.4
Operating Profit	(3.9)	(3.5)	+0.4
Operating Profit Margin	-7.8%	-6.1%	+1.7%
Ordinary Income	(3.7)	(3.5)	+0.2
Net income attributable to owners of parent company	(2.6)	(2.6)	+0.1

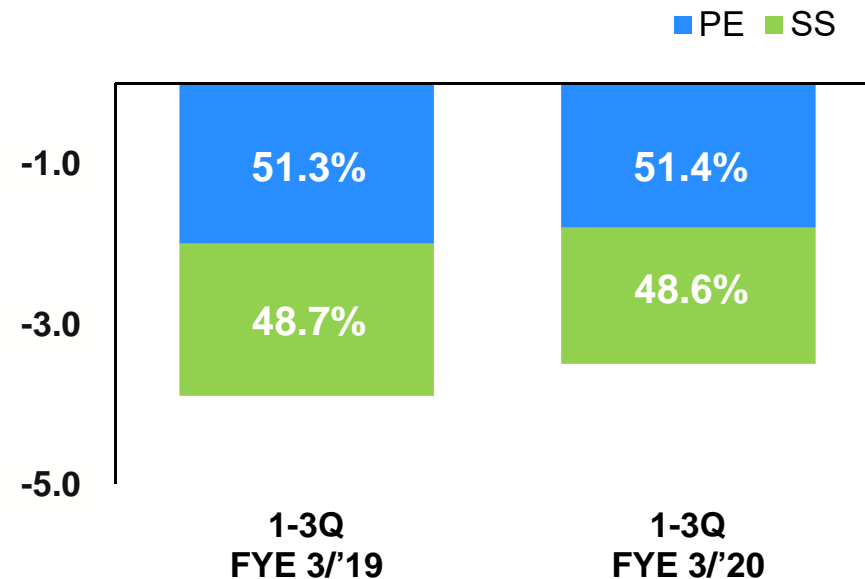
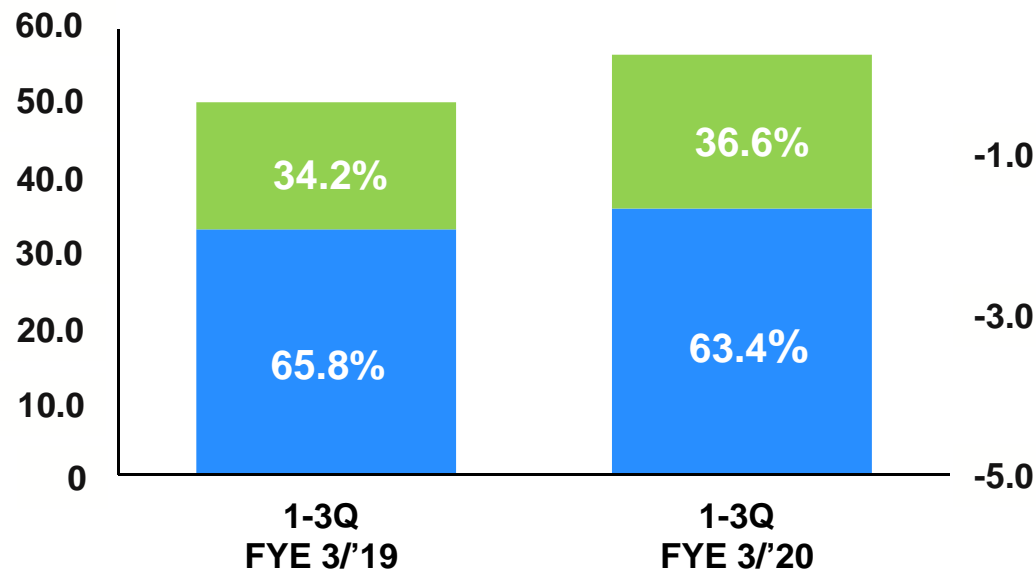
※ Rounded to the nearest 0.1 billion yen (hereinafter the same shall apply to Results)

Segment Information

(Billion yen)

	Net Sales		
	1-3Q FYE 3/19	1-3Q FYE 3/20	change
PE	33.0	35.8	+2.8
SS	17.1	20.7	+3.6
合計	50.1	56.5	+6.4

Operating Profit		
1-3Q FYE 3/19	1-3Q FYE 3/20	change
(2.0)	(1.8)	+0.2
(1.9)	(1.7)	+0.2
(3.9)	(3.5)	+0.4



Consolidated Balance Sheet

(Billion yen)

	End of FYE 3/'19	End of 3Q FYE 3/'20	Change
Cash and deposits	28.6	15.1	-13.5
Notes and accounts receivable-trade	76.3	39.2	-37.0
Inventories	8.6	25.2	+16.6
Others	2.1	5.7	+3.6
Total current assets	115.5	85.2	-30.3
Tangible fixed assets	3.2	3.2	-0.0
Intangible fixed assets	6.1	5.9	-0.2
Deferred Tax assets	3.3	3.1	-0.1
Others	4.6	4.9	+0.4
Total fixed assets	17.1	17.1	-0.0
Total assets	132.6	102.3	-30.3

	End of FYE 3/'19	End of 3Q FYE 3/'20	Change
Accounts payable- trade	30.3	20.1	-10.3
Short-term loans payable	*1 〈0.8〉 1.2	〈0.9〉 1.1	-0.1
Advance received	16.1	18.5	+2.4
Others	8.7	5.7	-3.1
Total current liabilities	56.3	45.4	-10.9
Long-term loans payable	*2 〈10.7〉 12.6	〈9.9〉 11.6	-1.0
Others	4.7	4.7	0.0
Total fixed liabilities	17.3	16.3	-1.0
Total liabilities	73.6	61.7	-11.9
Total net assets	59.0	*3 40.6	-18.4
Total liabilities/ net assets	132.6	102.3	-30.3

*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

Status of Consolidated Cash Flow

(Billion yen)

	1-3Q FYE 3/19	1-3Q FYE 3/20	change
Cash and Cash equivalents at the end of previous FY	25.0	27.8	+2.8
Operating cash flow	3.4	4.5	+1.1
Investing cash flow	(0.6)	(1.0)	-0.4
Free cash flow	2.7	3.5	+0.7
Financing cash flow	(2.5)	(16.9)	-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	25.2	14.3	-10.9

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

CSR Promotion Office, Investor & Public Relations Department, METAWATER Co., Ltd.

E-mail: pr@metawater.co.jp