



Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2021

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.

The spread of the new coronavirus infections and frequent natural disasters have increased the role of water and sewage systems, which are vital to public health.

The METAWATER Group is committed to contributing to the sustainability of the "water and environmental infrastructure" that is essential to people's lives.

■ Impact on business results for the first quarter of the fiscal year ending March 31, 2021

There was almost no impact of COVID-19 on business performance.

■ Impact on business results (forecast) for the fiscal year ending March 31, 2021

At this point, we have not factored in the impact of COVID-19 on our financial results. We will cooperate with national and local governments in response to the future trend of COVID-19, and the information related to the effect on our business, if any, will be appropriately disclosed.

- I Highlights of the First Quarter of the Fiscal Year
Ending March 2021
and forecasts for the Fiscal Year Ending March 2021

- II Outline of Financial Results for the First Quarter
of the Fiscal Year Ending March 2021

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Financial Highlights of 1Q FYE 3/'21(Consolidated) METAWATER

* Orders Received

Domestic EPC, overseas, O&M, and PPP businesses all performed well, and significantly exceeded the previous year's results.

[Reference] Order backlog: 156.3bn yen at 1Q FYE3/'20 ⇒ 164.4bn yen at 1Q FYE3/'21

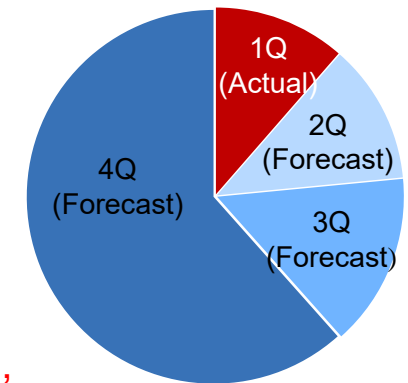
* Net Sales & Profits

The Group's business is dominated by domestic public works projects, and sales and profits tend to be significantly weighted toward 4Q. Sales in 1Q are usually about 10% of the annual sales. (The same applied in this 1Q)

Sales and profits declined in the current 1Q due to the difference in the project mix from the previous 1Q, but both sales and profits have been **largely in line with the internal plan**, and the **full-year earnings forecast* remains unchanged**.

⇒ The full-year forecast will be released at the 2Q results announcement, after carefully examining the progress of our work.

Sales breakdown by quarter for FYE 3/'21



	Orders Received	Net Sales	Operating Profit	Ordinary Income	Net Income for the quarter*	Annual Dividend (yen)
1QFYE3/'21 Results	36.3	14.2	(2.4)	(2.4)	(1.9)	-
	YoY: +7.4 +25.8%	YoY: -0.7 -4.5%	YoY: -0.8	YoY: -0.7	YoY: -0.7	
1QFYE3/'20 Results	28.8	14.8	(1.6)	(1.7)	(1.2)	-
FYE3/'21 Forecast	140.0	130.0	9.0	9.0	6.2	80
	YoY: +15.0 +12.0%	YoY: +1.3 +1.0%	YoY: +0.8 +9.4%	YoY: +0.9 +10.7%	YoY: +0.5 +9.2%	

(billion yen)

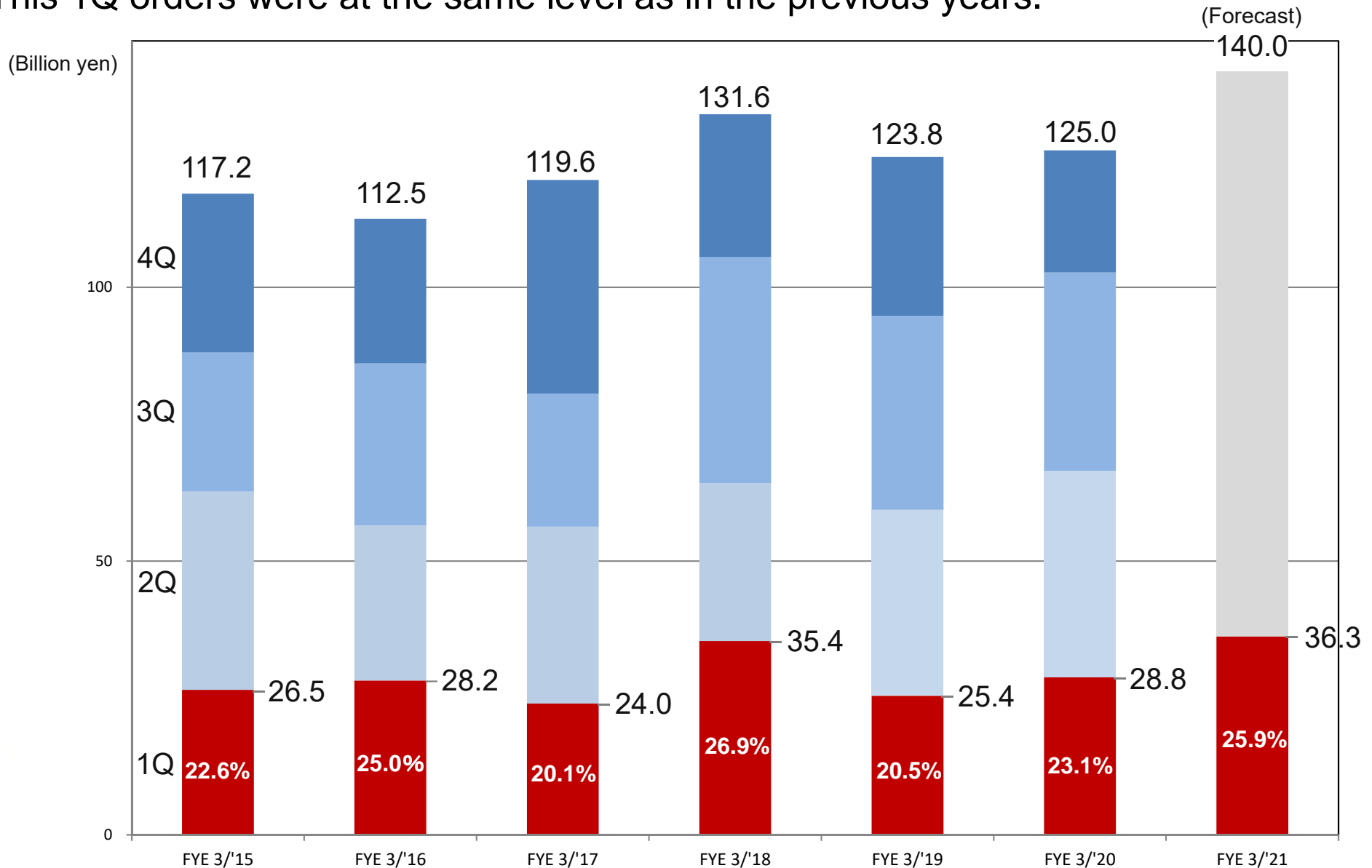
※ At this time, the impact of COVID-19 is not factored in on the forecast

* Net income attributable to owners of parent company

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

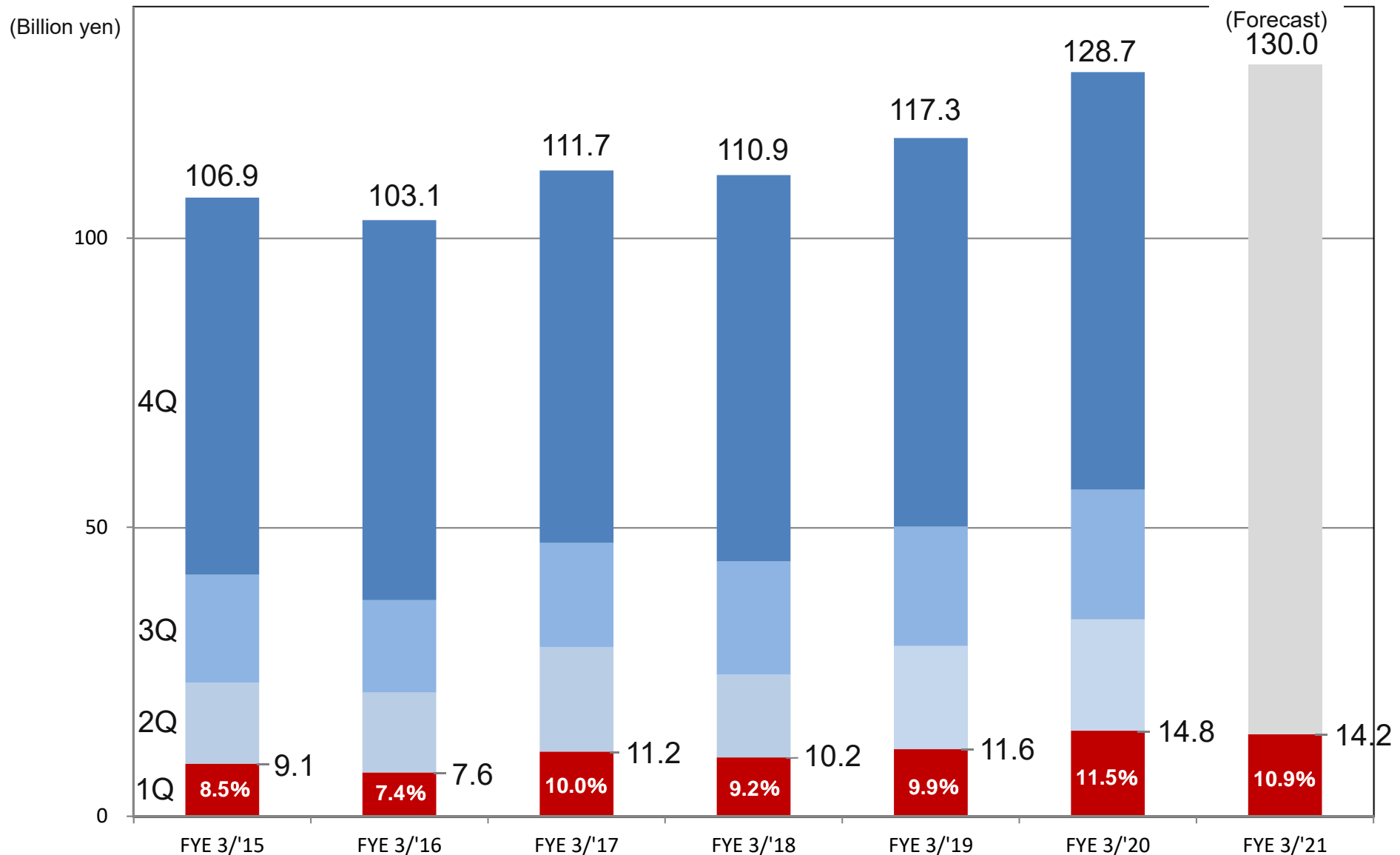
Orders Received in 1Q FYE 3/'21

Orders received in 1Q usually accounts for around 20%-25% of the annual order. This 1Q orders were at the same level as in the previous years.



Sales in 1Q FYE3/'21

As the majority of our business is domestic public works, sales and profits tend to be significantly skewed in 4Q, and sales in 1Q normally accounts for about 10% of annual sales. Sales in this 1Q were at the same level as in the previous years.



Achievements in 1Q FYE 3/'21

Business activities

- * Our group's METAWATER USA, INC. (US) acquired all shares of Wigen Companies, Inc. (US) (April)

(Released April 6, 2020)

<https://www.metawater.co.jp/eng/news/2020/04/metawater-acquires-all-shares-of-wigen-companies-inc.html>

- * The sludge recycling facility in the "North District of Akita Prefecture Wide Area Sludge Resource Recovery Project" started operation (April)

Work style reform initiatives

- * Commencement of shortened working hours (April)

→ Reduced daily working hours by 30 minutes (7hrs 45min ⇒ 7hrs 15mins)

- * Accelerate work style reform by introducing ABW (Activity Based Working) (May)

→ Introduction of ABW enables workers to freely choose the time and place according to their work content.

West Japan office was renewed as the first step.

- * Began operation of the new post-60 system (June)

→ Maintain benefits after age 60 and provide job opportunities up to age 75

- * Started operating the first-rate field agent system (June)

→ Qualified field agents receive the treatment equivalent to the manager.



【West Japan office renewed】



Big table with a total length of 25 m (for multipurpose uses)



Communication & recharge space

- I Highlights of the First Quarter of the Fiscal Year Ending March 2021 and forecasts for the Fiscal Year Ending March 2021
- II Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2021**

II Outline of Financial Results for the First Quarter of the Fiscal Year Ending March 2021

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/'20	1Q FYE 3/'21	Change
Net Sales	14.8	14.2	-0.7
Operating Profit	(1.6)	(2.4)	-0.8
Operating Profit Margin	-10.5%	-16.8%	-6.2%
Ordinary Income	(1.7)	(2.4)	-0.7
Net income attributable to owners of parent company	(1.2)	(1.9)	-0.7

* Rounded to the nearest 10 million yen

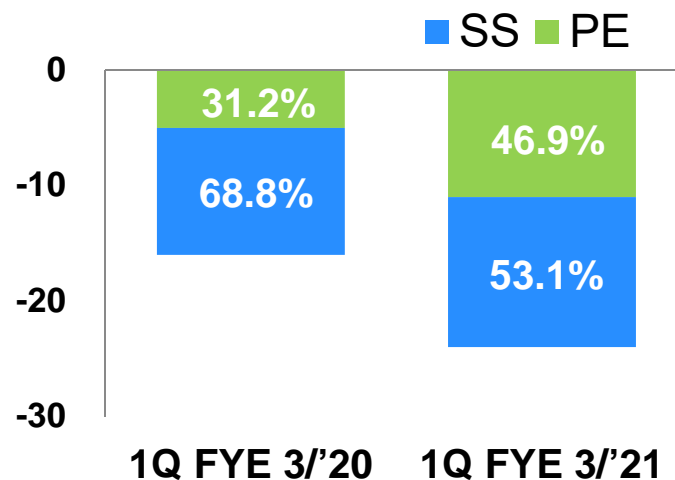
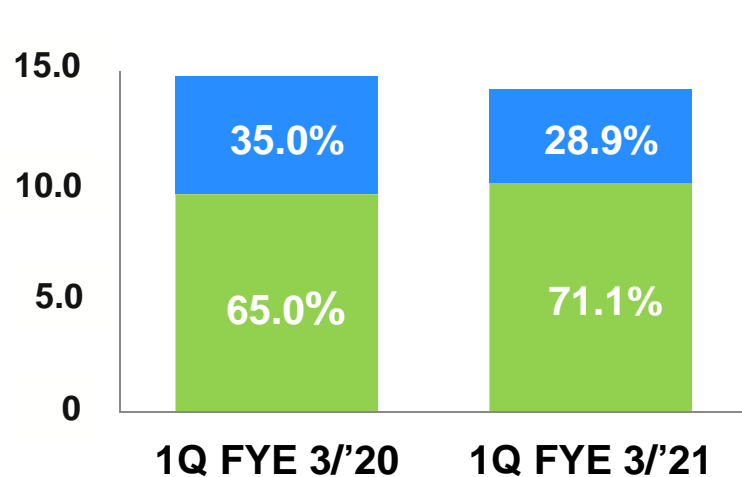
Segment Information

(Billion yen)

	Net Sales		
	1Q FYE 3/'20	1Q FYE 3/'21	change
PE	9.6	10.1	+0.4
SS	5.2	4.1	-1.1
Total	14.8	14.2	-0.7

	Operating Profit		
	1Q FYE 3/'20	1Q FYE 3/'21	change
PE	(0.5)	(1.1)	-0.6
SS	(1.1)	(1.3)	-0.2
Total	(1.6)	(2.4)	-0.8

	Overview
Plant Engineering	<p>Domestic EPC Business: Despite strong sales, operating profit fell below the previous year due to the different composition of the project.</p> <p>Overseas Business: Both sales and operating profit fell below the previous year's level.</p>
	<p>O&M Business Both sales and operating income declined year on year due to differences in the composition of projects.</p> <p>PPP Business Both sales and operating income increased steadily.</p>
Service Solutions	



Consolidated Balance Sheet

Cash and deposits at the end of 1Q were up, as in previous years, due to the collection of receivables at the end of the last fiscal year.

(Billion yen)

	End of FYE 3/20	End of 1Q FYE 3/21	change
Cash and deposits	13.6	40.5	+26.9
Notes and accounts receivable-trade	78.1	35.3	-42.8
Inventories	8.1	12.5	+4.5
Others	2.1	2.8	+0.6
Total current assets	101.9	91.1	-10.9
Tangible fixed assets	3.2	3.3	+0.1
Intangible fixed assets	6.0	8.0	+2.0
Deferred Tax assets	2.8	2.8	-0.0
Others	5.5	5.8	+0.3
Total fixed assets	17.5	19.9	+2.4
Total assets	119.5	111.0	-8.4

	End of FYE 3/20	End of 1Q FYE 3/21	change
Accounts payable- trade	35.5	24.2	-11.3
Short-term loans payable	^{*1} 1.1 <0.9>	<0.9> 1.1	+0.0
Advance received	9.0	17.1	+8.1
Others	8.7	6.6	-2.1
Total current liabilities	54.3	49.0	-5.4
Long-term loans payable	^{*2} 11.4 <9.8>	<9.5> 11.1	-0.3
Others	4.2	4.1	-0.0
Total fixed liabilities	15.5	15.2	-0.4
Total liabilities	69.9	64.1	-5.8
Total net assets	49.6	46.9	-2.7
Total liabilities/ net assets	119.5	111.0	-8.4

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

Status of Consolidated Cash Flow

(Billion yen)

	1Q FYE 3/20	1Q FYE 3/21	change
Cash and Cash equivalents at the end of previous FY	27.8	12.9	-14.9
Operating cash flow	27.6	30.7	+3.1
Investing cash flow	(0.3)	(2.6)	-2.2
Free cash flow	27.2	28.1	+0.8
Financing cash flow	(1.3)	(1.2)	+0.1
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	53.7	39.7	-14.0

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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