



Outline of Financial Results for the Third Quarter of the Fiscal Year Ending March 2024



January 31, 2024
METAWATER Co., Ltd.

The METAWATER Group would like to express our deepest sympathies to all those affected by the 2024 Noto Peninsula Earthquake.

We pray from the heart for the earliest possible restoration and recovery of the devastated area.

As a corporate group involved in the design, construction, operation, and maintenance of water supply and sewage facilities, which are critical infrastructures, as well as resource recycling facilities, we will do our utmost to support the recovery and reconstruction of the affected areas.

- I Highlights of the Third Quarter of the Fiscal Year Ending March 2024 and the Full-Year Earnings Forecast

- II Outline of Financial Results for the Third Quarter of the Fiscal Year Ending March 2024

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Financial Highlights for 1-3Q FYE 3/24 (consolidated)

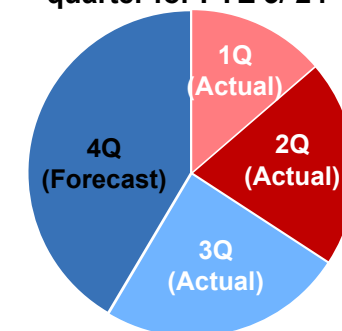
■ Orders Received

Orders received significantly increased over the previous year due to strong performance at our North American subsidiary, O&M, resource recycling, and service subsidiary.

(Reference)

Order Backlog: 230.9bn yen end 3Q FYE3/23 ⇒ 273.3bn yen (+42.4bn yen) end 3Q FYE3/24

Sales breakdown by quarter for FYE 3/24



■ Net Sales & Income

Net sales, operating income, ordinary income, and net income were all higher than the previous year due to:

- Increased sales of large-scale projects in the EPC business and strong performance of the North American subsidiary in the international business
- Sales increase in repair and maintenance work in O&M business and contribution of consolidated subsidiaries' performance in PPP business

The Group's business is dominated by domestic public works projects, with sales and profits tending to be significantly skewed toward the 4Q, and earnings in the 1-3Q tend to be low in general.

(Billion Yen)

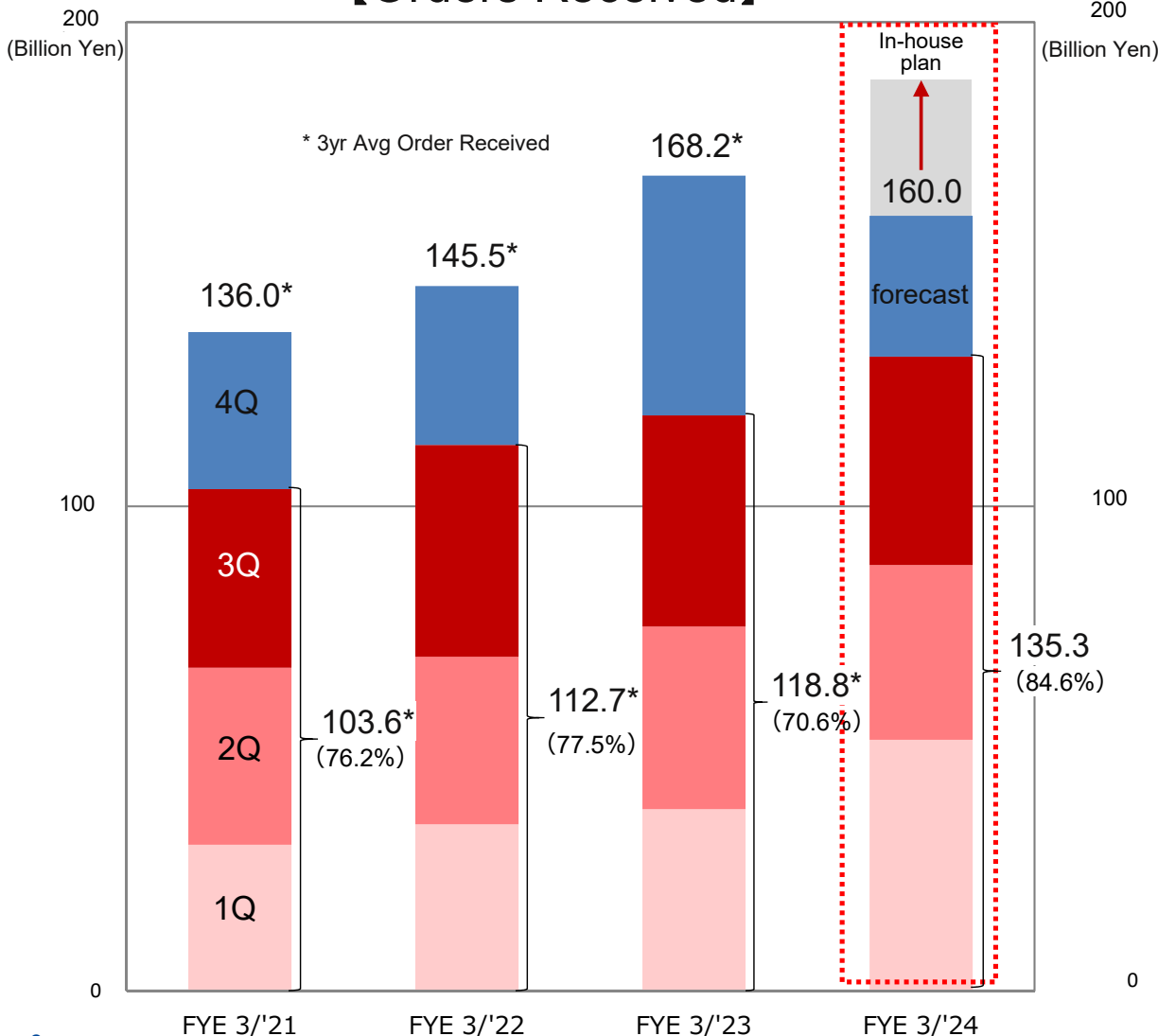
	Orders Received	Net Sales	Operating Income	Ordinary Income	Net Income	Dividend Per Share (Yen)
1-3Q FYE3/24 Results	135.3	90.7	0.1	0.3	-0.4	End of 2Q 22
	YoY: +14.3 +11.8%	YoY: +13.0 +16.7%	YoY: +2.1	YoY: +1.8	YoY: +0.9	
1-3Q FYE3/23 Results	121.0	77.7	-2.0	-1.4	-1.3	20

* Figures are rounded to the nearest 10 million yen (same applies to the results hereafter)

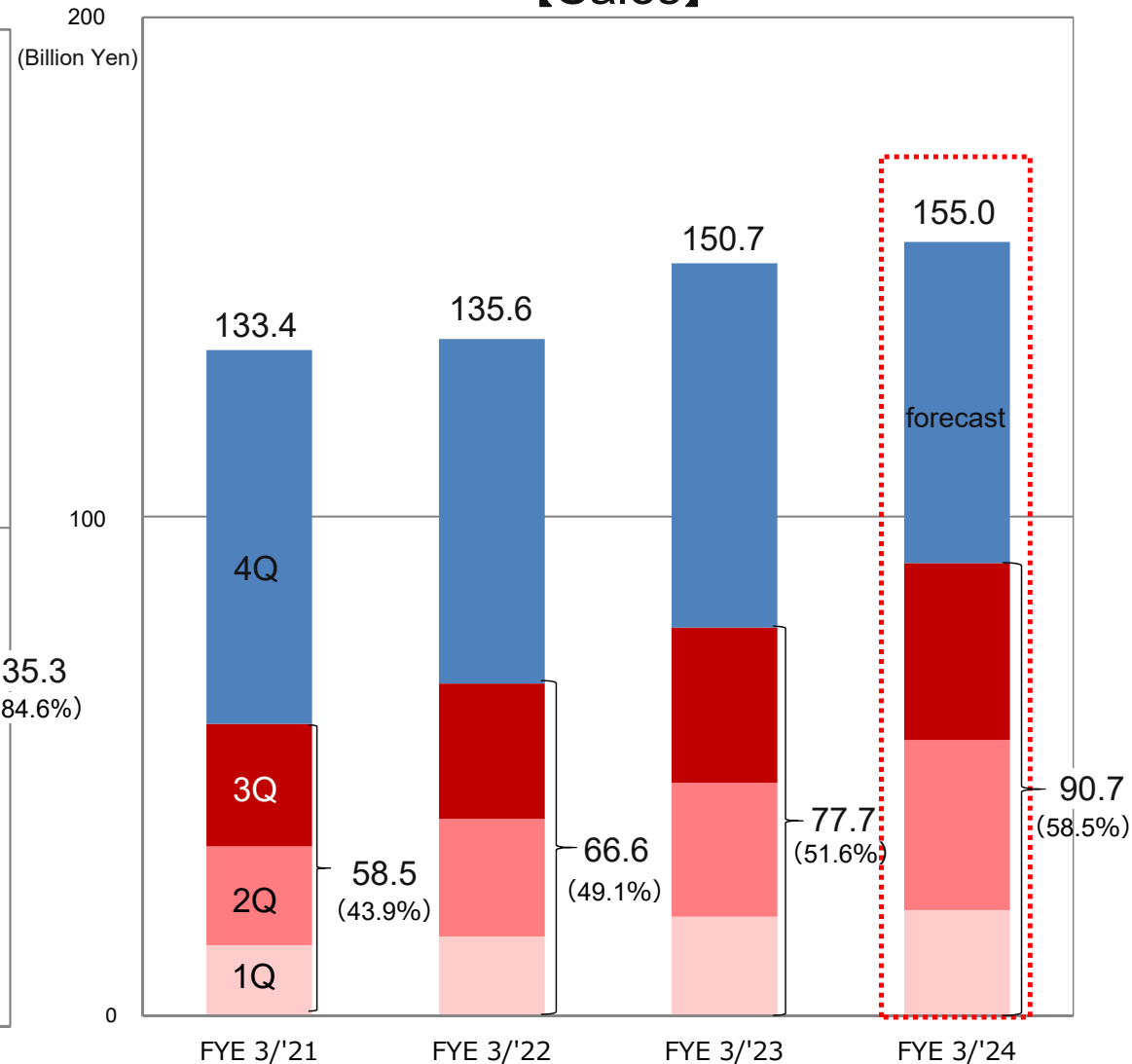
Orders received and Sales in 1-3Q FYE 3/'24 (consolidated)

Both orders and sales in the first third quarters of the current fiscal year were higher than in previous years. The 3-year average order intake increased steadily.

【Orders Received】



【Sales】

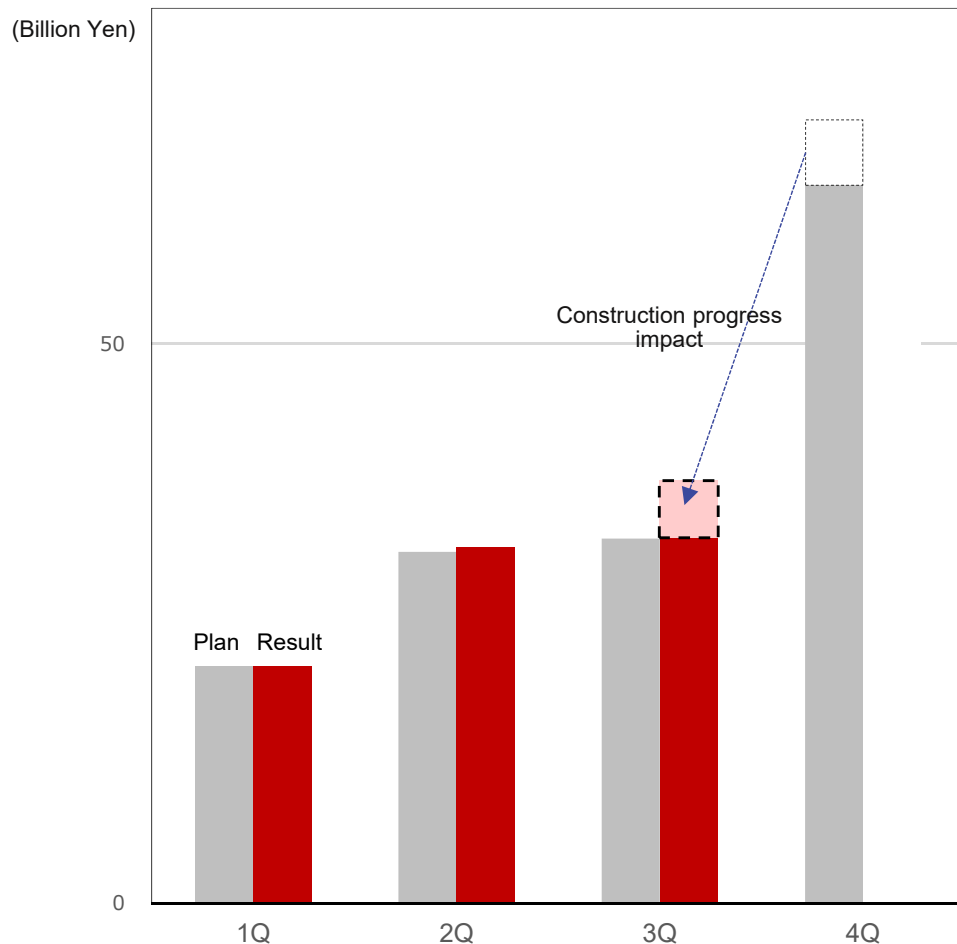


* Received a large-scale PPP order for the 'Osaka City Sludge Treatment Facility Development and Operation Project' in FYE 3/'23

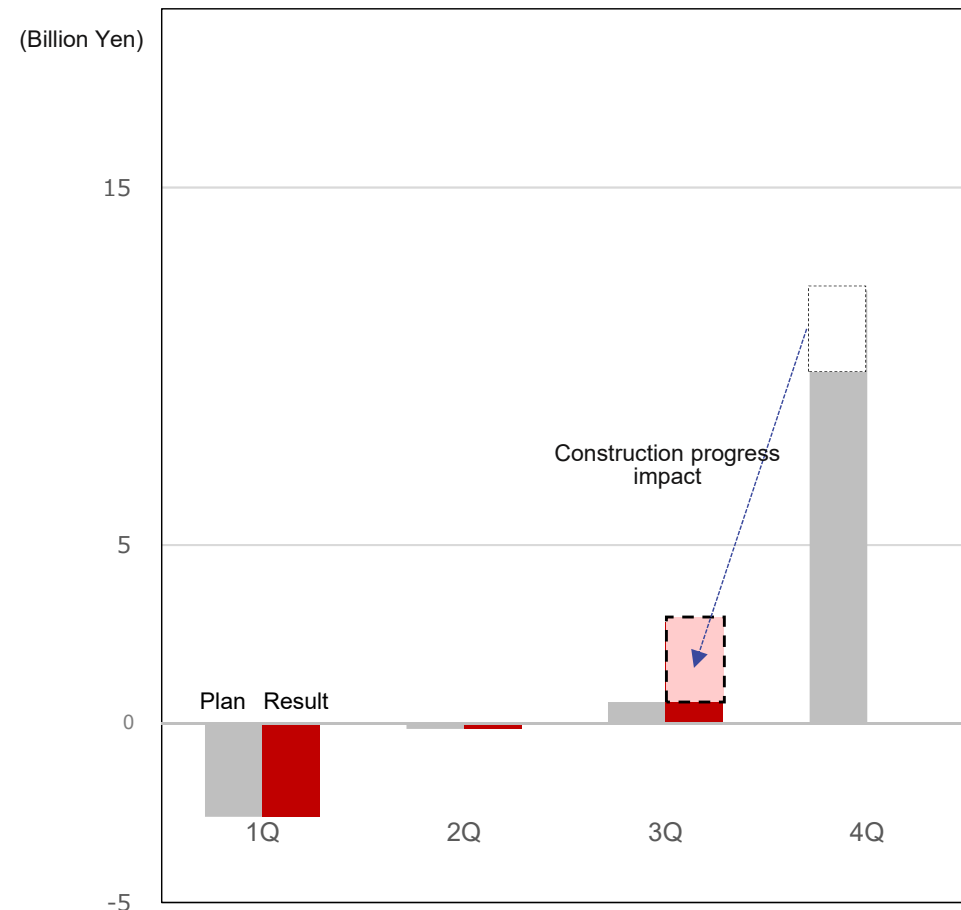
Sales and operating income - 1-3Q results and quarterly plans

Sales and operating income in the 3Q appear to be stronger due to projects that progressed earlier than initial forecasts, but on a full-year basis, progress was largely **in line with forecasts**.

【Sales】



【Operating Income】



Achievements in the 3Q of FYE 3/'24

Business Activities

- * Began introducing effectively 100% renewable energy for electricity used at all 52 domestic offices and construction site offices domestically (October) *p.9 for details
- * Our staff received the "Person of Merit in General Waste-Related Businesses" award at Minister of the Environment's Commendation for Achievement in Promoting a Recycling-Oriented Society in FY2023 (October)
- * Koganei City Resources Treatment Facility naming rights contract signed (November)
*p.10 for details
- * Passing water ceremony held for the "Osaka City Ebie Sewage Treatment Plant Reconstruction and Renewal Project" (December)
- * The company's first blue bond (1st unsecured bond) was issued (December)
(Reference)
- * Completion of the Sale of METAWATER Shares Undertaken in Association with the Establishment of an Impact Neutralization Trust® (disclosed at TSE on 30 January,2024)

Others

- * Co-sponsored the "Great Water Adventures Executive Committee" booth at Eco-Pro 2023 (December)

Effectively 100% of electricity use is now from renewable energy sources

Non-fossil certificates with tracking^{*1} are used at all 52 sites domestically (offices, R&D centers, sales offices, service stations, and satellite offices), including the headquarters, as well as at construction site offices.

Began introduction of effectively 100% renewable energy for electricity consumption by switching approximately 5 GWh of annual electricity consumption to renewable energy (Reduction of GHG emissions by approx. 2,600 t-CO₂/year^{*2})

Category	Area	Base Year	Target	Result in FY2022
GHG emissions (Scope1,2)	Domestic Group (consolidated)	2020 3,982t-CO ₂ / year	2030: 70% reduction 2050: net zero	3,968 t-CO ₂ / Year
				(Of which domestic 52 sites total: 2,586 t-CO ₂)

*1 non-fossil certificates that are issued by extracting the "non-fossil value" of electricity generated from non-fossil power sources such as solar, wind, and biomass, and adding tracking information such as power source type and power plant location

*2 Calculated from FY2022 actual results

Signed Naming Rights Agreement for “Koganei City Resources Treatment Facility”

Signed a naming rights agreement with Koganei City (Tokyo) for the "Koganei City Resources Treatment Facility".
(Contract period: March 24, 2025 - March 31, 2030)

The facility is nicknamed "Metawater Sustainable Park Koganei”

This agreement is the first of its kind in Tokyo for the adoption of naming rights for a cleaning-related facility, and the first time for our company to obtain naming rights for a resource recycling facility.



Mayor Shirai of Koganei City (right) and Director Fujii of Metawater (left)

Consolidated earnings forecast for FYE 3/'24

■ No change to consolidated earnings forecast for the FYE 3/'24

Orders Received

- Solid current performance was maintained by the North American subsidiary, O&M, resource recycling, and other businesses.
We continuously endeavor to expand orders by acquiring off-budget projects and adding incidental work.

Net Sales & Income

- While continuing to monitor construction period extensions due to delays in other companies' construction (earthwork) and prolonged delivery of necessary parts and materials, make early arrangements for necessary parts and materials by accelerating design, secure inventories through bulk purchasing, improve efficiency of process management, and reduce costs.

Consolidated Earnings Forecast for FYE 3/'24

(Billion Yen)

	Orders Received	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (Yen)	DPS (Yen)	
FYE 3/'24 Forecast (As of Apr. 26, 2023)	160.0 YoY: -33.4 -17.3%	155.0 YoY: +4.3 +2.8%	10.0 YoY: +1.3 +15.1%	9.5 YoY: +0.4 +4.8%	6.4 YoY: +0.1 +2.4%	146.74	Interim 22	Year-End 22
	–	–	% of sales: 6.5%	% of sales: 6.1%	% of sales: 4.1%	–	–	–
FYE 3/'23 Results	193.4	150.7	8.7	9.1	6.3	143.48	20	22
	–	–	% of sales: 5.8%	% of sales: 6.0%	% of sales: 4.2%	–	–	–

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II Outline of Financial Results for the Third Quarter of the Fiscal Year Ending March 2024

1. Consolidated Statement of Income
2. Segment Information
3. Consolidated Balance Sheets
4. Status of Consolidated Cash Flows

Consolidated Statement of Income



(Billion Yen)

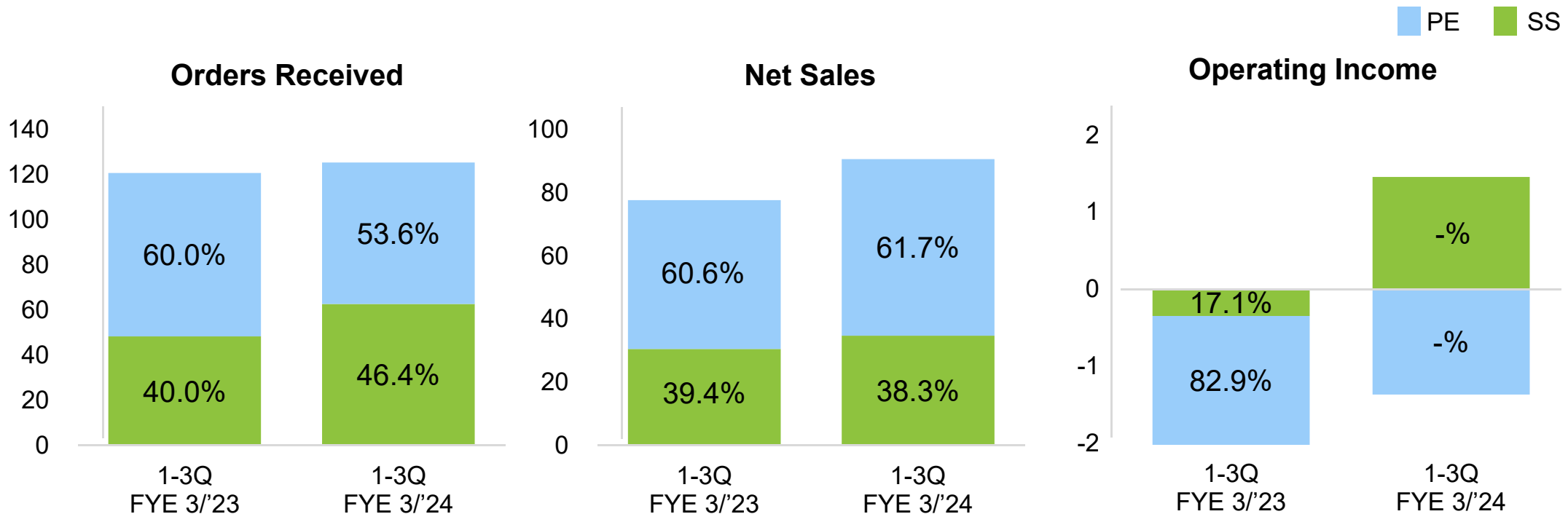
	1-3Q FYE 3/23	1-3Q FYE 3/24	Change
Net Sales	77.7	90.7	+13.0
Operating Income	-2.0	0.1	+2.1
(Operating Margin %)	-2.6%	0.1%	+2.7%
Ordinary Income	-1.4	0.3	+1.8
Net income attributable to owners of parent company	-1.3	-0.4	+0.9

Figures are rounded to the nearest 10 million yen (same applies to the results hereafter)

Segment Information (Consolidated)

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	1-3Q FYE 3/'23	1-3Q FYE 3/'24	Change	1-3Q FYE 3/'23	1-3Q FYE 3/'24	Change	1-3Q FYE 3/'23	1-3Q FYE 3/'24	Change
Plant Engineering Business	72.6	72.5	-0.1	47.2	56.0	+8.8	-1.7	-1.4	+0.3
Service Solution Business	48.4	62.8	+14.4	30.6	34.7	+4.1	-0.3	1.5	+1.8
Total	121.0	135.3	+14.3	77.7	90.7	+13.0	-2.0	0.1	+2.1



Segment Information (Consolidated)

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	1-3Q FYE 3/'23	1-3Q FYE 3/'24	Change	1-3Q FYE 3/'23	1-3Q FYE 3/'24	Change	1-3Q FYE 3/'23	1-3Q FYE 3/'24	Change
Plant Engineering Business	72.6	72.5	-0.1	47.2	56.0	+8.8	-1.7	-1.4	+0.3
Service Solution Business	48.4	62.8	+14.4	30.6	34.7	+4.1	-0.3	1.5	+1.8
Total	121.0	135.3	+14.3	77.7	90.7	+13.0	-2.0	0.1	+2.1

Plant Engineering Business	<p>【Orders Received & Order Backlog】 Orders received were down YoY overall, with the EPC business down YoY, despite steady growth in the North American subsidiary. Order Backlog: 140bn yen at the end of 3Q FYE 3/'23 ⇒ 137.5bn yen at the end of 3Q FYE 3/'24 (-2.6bn yen)</p> <p>【Net Sales & Operating Income】 Both sales and operating income increased YoY</p> <ul style="list-style-type: none"> • EPC business: Both sales and operating income were up YoY due to increased sales from large-scale projects. • International business: Sales were up YoY, due to the strong North American subsidiary and other factors; operating income remained at the same level as the previous year.
Service Solution Business	<p>【Orders Received & Order Backlog】 Orders received increased YoY due to strong performance in the O&M and service subsidiary. Order Backlog: 90.8bn yen at the end of 3Q FYE 3/'23 ⇒ 135.8bn yen at the end of 3Q FYE 3/'24 (+45bn yen)</p> <p>【Net Sales & Operating Income】 Both sales and operating income increased YoY</p> <ul style="list-style-type: none"> • O&M business: Both sales and operating income were up YoY due to an increase in repair work • PPP business: Both sales and operating income were up YoY due to solid performance in consolidated subsidiaries and other factors.

Consolidated Balance Sheets



(Billion Yen)

	End of FYE 3/'23	End of 3Q FYE 3/'24	Change
Cash and deposits	11.7	18.7	+6.9
Trade receivable and contract assets	87.2	63.9	-23.3
Inventories	9.9	23.7	+13.8
Others	3.8	6.0	+2.2
Total current assets	112.6	112.3	-0.4
Tangible fixed assets	5.2	5.7	+0.5
Intangible fixed assets	12.5	16.0	+3.6
Deferred Tax assets	2.7	2.6	-0.1
Others ^{*3}	9.6	7.9	-1.8
Total fixed assets	30.1	32.2	+2.1
Total assets	142.7	144.5	+1.8

	End of FYE 3/'23	End of 3Q FYE 3/'24	Change
Accounts payable- trade	35.6	18.8	-16.8
Short-term loans payable	^{*1} (0.9) 3.3	(0.7) 0.7	-2.6
Contract liabilities	7.1	17.7	+10.6
Others	13.2	10.1	-3.1
Total current liabilities	59.2	47.3	-12.0
Bonds payable/ long-term loans	^{*2} (11.1) 11.1	(12.8) 22.8	+11.6
Others	5.7	5.8	+0.1
Total fixed liabilities	16.8	28.6	+11.8
Total liabilities	76.1	75.8	-0.2
Total net assets	66.6	68.7	+2.0
Total liabilities & net assets	142.7	144.5	+1.8

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

*3: including deferred assets

Consolidated Cash Flows

(Billion Yen)

	1-3Q FYE 3/'23	1-3Q FYE 3/'24	Change
Cash and Cash equivalents at the end of previous FY	20.6	11.1	-9.5
Operating cash flow	-1.2	0.1	+1.3
Investing cash flow	-7.6	-2.2	+5.5
Free cash flow	-8.9	-2.0	+6.8
Financing cash flow	3.1	9.0	+5.9
Cash and Cash equivalents at the end of 3Q FYE 3/'24	14.8	18.0	+3.2

Segment Information

- **Plant Engineering Business(PE business):** Domestic EPC business / International 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 international 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 equipment for water treatment plants, sewage plants, refuse processing facilities, and recycling facilities; it also includes the design, construction, operation, maintenance and management of facilities and equipment through public-private partnerships.

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.

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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