



Top Message

Water supply and sewage works are essential for preventing the spread of novel coronavirus infections. The METAWATER Group is committed to sustaining the water and environmental infrastructure that is indispensable to people's lives.

Yasushi Nakamura
President and Representative Director

Before being designated as the President and Representative Director in June 2016, he experienced a series of management positions in the Plant Engineering and Service Solution Divisions, as well as accepting the role of Executive General Manager of the Corporate Strategy Planning Division. He has been engaged as a key member of the development of the Water Business Cloud (WBC), and is well versed in business execution in a wide range of fields supported by his affluent experience.

In April 2008, the METAWATER Group was established as the first comprehensive engineering enterprise in Japan engaged in the water and environmental fields. Since then, we have worked as a corporate group engaged in the social infrastructure indispensable to industries and people's lives, promoting the fusion of mechanical technology, electrical technology, ICT, and operation and maintenance know-how, to develop our water, sewage, and resource environment (waste recycling) businesses. Much of Japan's water and sewage infrastructure was developed during a period of high economic growth, and the aging of these facilities and equipment is becoming more serious. Measures to protect against natural disasters such as earthquakes, torrential rains, and typhoons, which have been occurring frequently in recent years, are also a major issue.

Additionally, the global spread of the novel coronavirus since January 2020 has increased the role water supply and sewage works play, which are a cornerstone of public health. However, local governments that plan and operate water and wastewater business are having problems of their own, such as a shortage of engineers and a decreased income due to a declining population.

In order to solve these issues, wider area management and further comprehensiveness through public-private partnerships (PPP), which have been examined up to now, are now moving from the examination stage to the implementation stage, including legal development. Our Group has been steadily building up its track record, developing technologies that make use of ICT, etc., and formulating concrete codes of conduct that can be shared by all Group employees. We are finally ready to move on to concrete measures. We will continue to make sincere efforts to become a corporate group that can be entrusted with social infrastructure with peace of mind and contribute to the sustainability of water and environmental infrastructure, which is essential to people's lives. We will also contribute to the United Nations' "Sustainable Development Goals (SDGs)*1" through both business and CSR activities.

We will continue to implement bold measures to respond to the rapidly changing business environment.

The business environment surrounding us is undergoing major changes. Aging facilities and equipment are being renewed, measures against natural disasters are being taken, and the business continuity of water and environmental infrastructure is becoming increasingly more important as a cornerstone of public health. In response to these changes, our Group is strengthening our corporate structure in order to realize our long-term vision of 200 billion yen in sales, through the implementation of the "Mid-Term Management Plan 2020" (April 2018 to March 2021).

Under the "Mid-Term Management Plan 2020", in addition to conventional development investments, we will implement development of products, solutions, and new businesses as "strategic development investments" that are essential for medium- to long-term growth. As part of our business strategy, we are capturing replacement demand and reinforcing the Engineering, Procurement and Construction (EPC) business, while at the same time steadily increasing the Operation and Maintenance (O&M) business, which is one of our stock businesses. We are also working to expand our PPP and overseas businesses, which are growth areas, through regional and partner strategies that capitalize on our achievements thus far.

Regarding the PPP business, the implementation of the "revised Water Supply Act" in October 2019 is expected to increase the number of further comprehensiveness projects as well as the demand for wider area management projects represented by concessions. The METAWATER Group has participated in about half of the approximately 60 PPP projects in the water supply and sewage field, and has been involved in a variety of further comprehensiveness projects. Looking ahead to the full-scale implementation of wider area management projects in the

future, we will further promote reductions in construction costs and improvement of operation and maintenance efficiency through the incorporation of cutting-edge technologies such as AI and ICT in addition to the "three centers" centered around the "Training center for facility operators", "Supply center for parts", and "Knowledge center". In addition, we will contribute to the sustainability of water and environmental infrastructure through "WOODAP"^{*2}, our original concepts for design, construction, operation, and maintenance centered around quick recovery of water and sewage facilities in the event of a disaster.

As for our overseas business, in addition to the German company FUCHS^{*3} joining our Group in May 2019, the American company Wigen^{*4} joined us in April 2020. As a result, in North America, AAS^{*5}, which offers wastewater solutions, and Wigen, which offers water supply and reclaimed drinking water solutions, have joined forces to strengthen our business platform. In Europe, we are expanding the use of filtration technology in response to the strengthening of environmental regulations. In Asia and other regions, we will continue to address local needs through means such as the use of ODA^{*6}.

On the capital policy front, in November 2019, we acquired 4.2 million shares of our company stock held by NGK INSULATORS, LTD. and Fuji Electric Co., Ltd. (2 million shares from NGK and 2.2 million shares from Fuji Electric) through a tender offer, and increased our year-end dividend forecast for the fiscal year ended March 31, 2020 to 40 yen per share, enhancing capital efficiency (ROE) and returning profits to shareholders.

We have also been promoting further work style reforms, such as by improving the telework environment and shortening scheduled working hours. In the future, as a second stage we will work to reform the work flow and create a working environment where employees can actively work with a high level of productivity.

We aim to be a company that can contribute to the SDGs as a water and environmental infrastructure company.

The METAWATER Group is the first water and environmental infrastructure company to be classified as a "electric power and gas" on the Tokyo Stock Exchange by industry, and our business activities themselves play a role in CSR. We also believe that as a good corporate citizen it is our responsibility to continue to be a fair and sincere company and to contribute to the sustainable development of society and the global environment through both our CSR and business activities. To this end, in light of the expectations of our stakeholders and changes in society and the business environment, we will strengthen and sustain our ESG (Environment, Social, and Governance) initiatives to become a company trusted by all.

With regard to the environment, we are promoting environmental protection and conservation activities through our business activities. Regarding society, we are promoting work style reforms and diversity based on the idea that "people are our greatest asset". We are also promoting initiatives for safety, health, and quality, as well as environmental awareness and community contribution activities. As for corporate governance, we are working to enhance the efficiency and strength of our management structure, including compliance with the Corporate Governance Code, and strengthen risk management, including achieving more thorough compliance and strengthening internal control functions, BCP^{*7}, and information security. We are also aiming to achieve highly reliable and transparent management through active communication with stakeholders in accordance with our Disclosure Policy. Of the 17 SDGs, we have positioned Goals 6, 11, and 17 as priority areas. We take the "for all" part of Goal 6, "ensure availability and sustainable management of water and sanitation for all" seriously, aiming to create a

community where everyone has access to clean water and sanitation, and can continue to live with comfort and peace of mind. We believe that these efforts can only be achieved through "partnerships" with citizens, local governments, partner companies, and local companies all working together. We will continue to consider and promote concrete measures to achieve these three goals of the SDGs.



In-vehicle ceramic membrane filtration system

Delivering mobile water purification systems to emerging countries in Asia and Africa to ensure a safe water supply even in the event of a natural disaster



SDGs the METAWATER Group is focusing on

^{*1} Sustainable Development Goals (SDGs)
Adopted by the United Nations in 2015 with the aim of achieving a better and sustainable world by 2030. It consists of 17 goals and 169 targets to achieve said goals.
^{*2} WOODAP: Concepts for design, construction, operation, and maintenance centered around quick recovery in the event of a disaster
^{*3} FUCHS Enprotec GmbH
^{*4} Wigen Companies, Inc.
^{*5} Aqua-Aerobic Systems, Inc.
^{*6} Official Development Assistance (ODA)
^{*7} Business Continuity Plan (BCP)

"Mid-Term Management Plan 2020"

Establishing a business structure capable of realizing our long-term vision

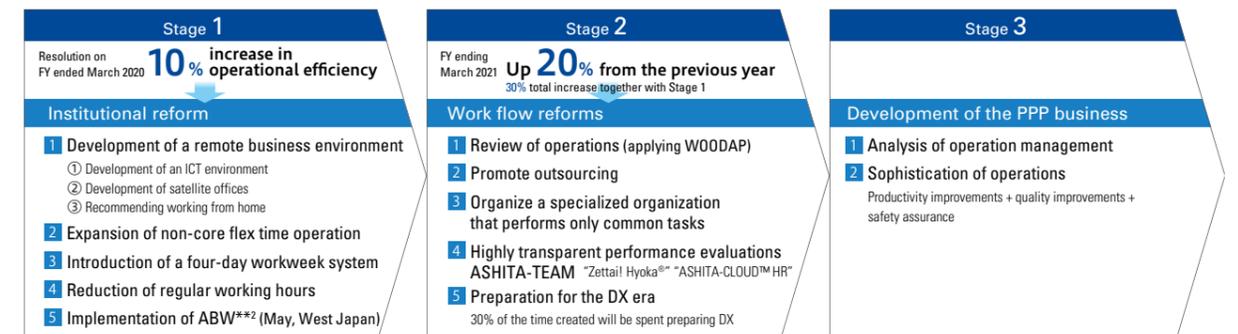
Key measures	
1 Expanding strategic development investments	Enhancing development of products, solutions, and new businesses that are essential for medium- to long-term growth
2 Strengthening and expanding business	Promoting efforts to strengthen core areas and expand growth areas
3 Engaging in continued ESG initiatives	Promoting activities that contribute to the environment and local communities, as well as actively strengthening corporate governance

Goals of the Mid-Term Management Plan

(Consolidated)	FY ended March 2019 (Results)	FY ended March 2020 (Results)	FY ending March 2021 (Targets)
Orders received	123.8 billion yen	125.0 billion yen	140.0 billion yen
Sales	117.3 billion yen	128.7 billion yen	130.0 billion yen ^{**1}
Operating profit	7.6 billion yen	8.2 billion yen	9.0 billion yen
Net profit	5.2 billion yen	5.7 billion yen	6.2 billion yen
ROE	9.1%	10.5%	10.0% or more

^{**1} On April 27, 2020, forecast sales for the fiscal year ending March 2021 were revised from 128.0 billion yen to 130.0 billion yen

Promotion of work flow reforms



^{**2} ABW (Activity-Based Working): A system for improving performance by selecting a work place according to the work content and purpose (Refer to Topics on page 46 for details)