



Kurita Water Industries Ltd.

Results Presentation for the Fiscal Year Ended March 31, 2020

(Securities code: 6370)

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

Overview of Results

(Billions of Yen)		FY ended 03/2019	FY ended 03/2020	YoY Change	Previous Forecast (Announced on Nov. 11)	Initial Forecast
Orders		258.4	259.5	+0.4%	270.0	270.0
Net Sales		257.3	264.8	+2.9%	273.0	278.0
Business Profit		25.7	26.7	+3.8%	26.5	26.5
Net of Other Income and Expenses		(5.8)	0.8	-	3.5	2.5
Operating Profit		19.9	27.5	+38.4%	30.0	29.0
Profit Before Tax		20.3	26.7	+31.7%	30.2	29.2
Profit Attributable to Owners of Parent		12.1	18.3	+51.8%	21.3	20.6
Basic Earnings per Share (yen)		107.33	162.86	+51.7%	189.69	183.47
Foreign Exchange Rate	USD (yen)	110.9	108.7		109.0	110.0
	EUR (yen)	128.4	120.8		122.0	125.0
	CNY (yen)	16.5	15.6		15.8	16.6

- Although the novel coronavirus had an impact on orders and net sales, the impact on business profit was limited due to reduction of SG&A expenses and other factors.
- Breakdown of other income and expenses: 4.8 billion yen gain on sale of assets in Ultrapure Water Supply Business, 2.3 billion yen loss on sale of R&D base land and buildings, 1.1 billion yen in North American subsidiary integration expenses, etc., among others.
(Previous fiscal year: 2.9 billion yen loss on transfer of KEG's alumina compound business, 1.3 billion yen in acquisition-related expenses, 1.2 billion yen impairment loss on goodwill of subsidiaries, 500 million yen loss on liquidation of business, etc.)

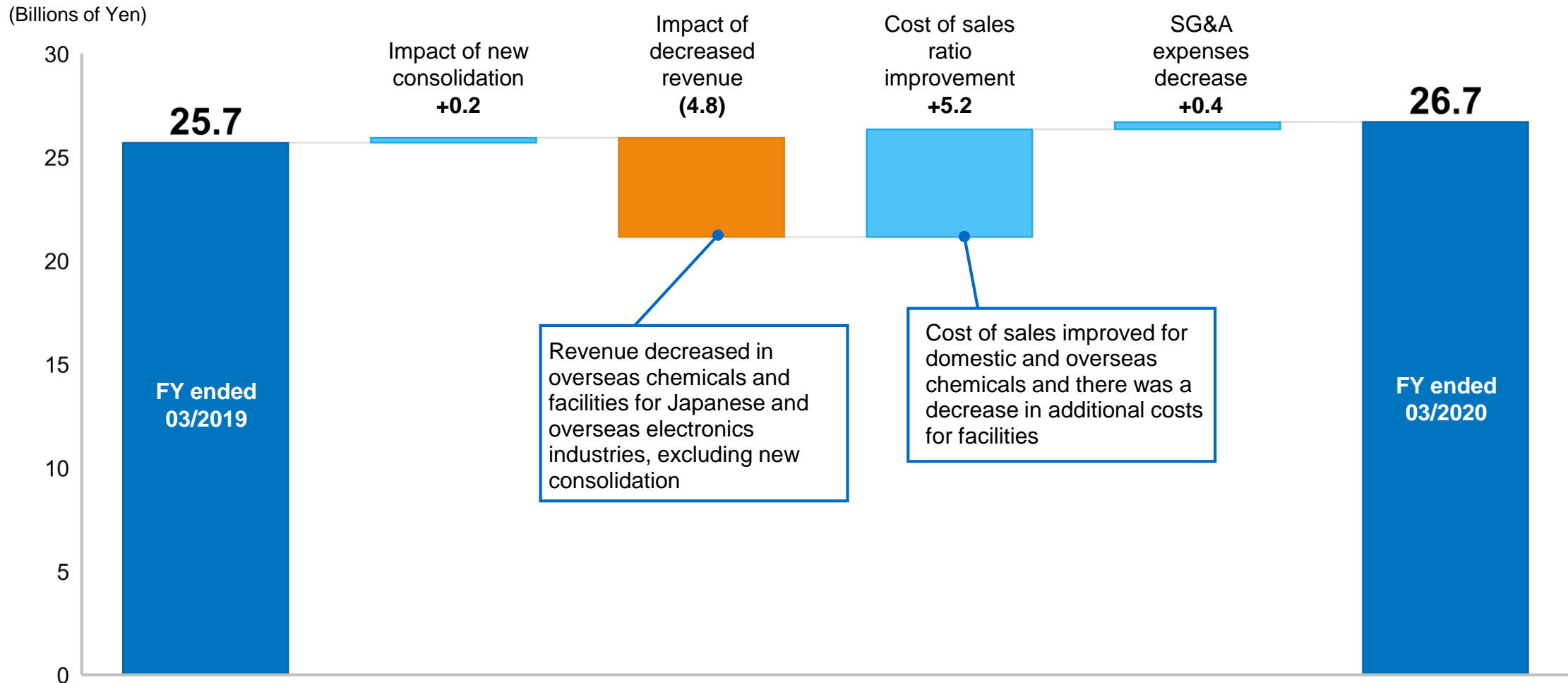
- In China, the Water Treatment Chemicals Business has been affected by the decline in the rate of operation by customers, and in the Water Treatment Facilities Business there has also been delayed orders caused by the restrictions on business activities and an impact on sales due to the suspension of local construction work.
- There have also been suspensions and delays of some work on water treatment facilities and maintenance in North America and Japan.
- There was an increase in shipments of water treatment chemicals due to moves to increase inventories by customers in Europe and in the North and South America.
- The impact on business profit was limited.

Results by Segment

(Billions of Yen)		FY ended 03/2019	FY ended 03/2020	YoY Change	Previous Forecast (Announced on Nov. 11)
Total	Orders	258.4	259.5	+1.1	270.0
	Net Sales	257.3	264.8	+7.5	273.0
	Business Profit	25.7	26.7	+1.0	26.5
	Business Profit Margin	10.0%	10.1%		9.7%
	Operating Profit	19.9	27.5	+7.6	30.0
Water Treatment Chemicals	Orders	102.9	113.8	+10.8	117.4
	Net Sales	102.1	113.6	+11.5	117.2
	Business Profit	9.8	11.7	+1.9	11.5
	Business Profit Margin	9.6%	10.3%		9.8%
	Operating Profit	4.3	10.1	+5.9	10.5
Water Treatment Facilities	Orders	155.5	145.8	(9.7)	152.6
	Net Sales	155.2	151.2	(4.0)	155.8
	Business Profit	15.9	15.1	(0.8)	15.0
	Business Profit Margin	10.2%	10.0%		9.6%
	Operating Profit	15.5	17.4	+1.9	19.5

- The effects of new consolidation of U.S. Water Services, Inc. ("U.S. Water"), Avista Technologies, Inc. and Avista Technologies (UK) Ltd. ("Avista") are included in the period under review.
- Orders and net sales decreased in the Water Treatment Chemicals Business, excluding the impact of new consolidation.
- In the Water Treatment Facilities Business, orders decreased for the electronics industry and general industries in Japan, and also overseas excluding the impact of U.S. Water being newly consolidated.
- Business profit increased in the Water Treatment Chemicals Business due to improvement in the cost of sales ratio, and decreased in the Water Treatment Facilities Business due to decreased revenue despite improvement in the cost of sales ratio.

Factors in Change in Business Profit (YoY Change)



Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2019	FY ended 03/2020	YoY Change	Previous Forecast (Announced on Nov. 11)
Orders	102.9	113.8	+10.8	117.4
Domestic	46.2	46.0	(0.2)	47.0
Overseas	56.7	67.7	+11.0	70.4
Net Sales	102.1	113.6	+11.5	117.2
Domestic	45.6	46.0	+0.5	46.8
Overseas	56.6	67.6	+11.0	70.4
Business Profit	9.8	11.7	+1.9	11.5
Business Profit Margin	9.6%	10.3%		9.8%
Operating Profit	4.3	10.1	+5.9	10.5

- In Japan, there has been a general decline in demand in the second half of the year.
- Revenue decreased by 1.2 billion yen due to the sale of the alumina compound business in Europe.
- Streamlining of low-margin products was implemented overseas.
- Business profit increased and the business profit margin improved due to improvement of the cost of sales ratio and reduction of SG&A expenses in Japan and overseas.

Overseas Sales by Region

(Billions of Yen)	FY ended 03/2019	FY ended 03/2020	YoY Change	Previous Forecast (Announced on Nov. 11)
Asia	28.1	26.4	(1.8)	27.3
North America	4.5	19.5	+15.0	20.5
EMEA	21.3	19.1	(2.2)	19.8
Other	2.7	2.6	(0.1)	2.7
Total	56.6	67.6	+11.0	70.4

Factors in Change (Billions of Yen)

Organic Change	(1.9)
Effect of Foreign Exchange Rate	(2.8)
New Consolidation	+15.8

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2019	FY ended 03/2020	YoY Change	Previous Forecast (Announced on Nov. 11)
Orders	61.4	56.4	(5.0)	56.9
Facilities	10.9	5.5	(5.5)	5.1
Maintenance	17.8	17.1	(0.6)	18.4
Ultrapure Water Supply Business	25.8	26.6	+0.8	26.2
Tool Cleaning	6.9	7.2	+0.3	7.1
Net Sales	58.1	56.0	(2.1)	57.3
Facilities	9.5	6.1	(3.4)	7.0
Maintenance	15.9	16.1	+0.2	17.0
Ultrapure Water Supply Business	25.8	26.6	+0.8	26.2
Tool Cleaning	6.9	7.2	+0.3	7.1

- Orders for facilities decreased due to the absence of the orders for large projects placed in the previous fiscal year.
- Orders for maintenance decreased due to the postponement of large projects.
- Revenue increased in the Ultrapure Water Supply Business due to the commencement of water supply in new projects despite the renewal and revision of certain contracts.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2019	FY ended 03/2020	YoY Change	Previous Forecast (Announced on Nov. 11)
Orders	63.9	56.1	(7.8)	58.2
Energy and Infrastructure	50.6	45.5	(5.1)	47.1
Soil Remediation	10.6	7.8	(2.8)	8.5
Other	2.8	2.8	+0.1	2.6
Net Sales	57.5	59.7	+2.1	60.2
Energy and Infrastructure	44.5	49.0	+4.5	49.0
Soil Remediation	10.4	7.9	(2.5)	8.5
Other	2.7	2.8	+0.2	2.7

- The decrease in orders for Energy and Infrastructure is due to the decrease in orders for facilities for the electric power industry and general industries, and maintenance services for the public sector.
- Sales for Energy and Infrastructure increased as a result of progress with construction of the order backlog for facilities for the electric power industry and general industries, and maintenance services for public sector, and growth of the chemical cleaning services.
- Soil remediation orders and sales decreased, reflecting the absence of the large projects recorded in the previous fiscal year.

Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2019	FY ended 03/2020	YoY Change	Previous Forecast (Announced on Nov. 11)
Orders	30.2	33.3	+3.1	37.6
Facilities	18.4	22.8	+4.4	26.4
Maintenance	8.6	7.5	(1.1)	8.3
Ultrapure Water Supply Business	3.2	3.0	(0.2)	2.9
Net Sales	39.5	35.5	(4.0)	38.3
Facilities	28.7	23.8	(4.9)	26.1
Maintenance	7.7	8.6	+0.9	9.4
Ultrapure Water Supply Business	3.2	3.0	(0.2)	2.9

- Facilities orders and sales include the 7.5 billion yen impact of new consolidation of U.S. Water.
- Orders and sales for facilities in China and South Korea decreased significantly, reflecting the absence of the large projects recorded in the previous fiscal year.
- In China, orders decreased by 700 million yen and sales decreased by 800 million yen due to restrictions on business activities and delays in the progress of construction work due to the impact of the novel coronavirus in the fourth quarter.

Sales by Region

(Billions of Yen)	FY ended 03/2019	FY ended 03/2020	YoY Change
Asia	38.4	26.2	(12.2)
North America and Other	1.1	9.3	+8.2
Total	39.5	35.5	(4.0)

Factors in Change (Billions of Yen)

Organic Change	(10.1)
Effect of Foreign Exchange Rate	(1.4)
New Consolidation	+7.5

* Figures for the fiscal year ended March 31, 2019 are unaudited IFRS reference values.

Breakdown of Service Business Sales



(Billions of Yen)	FY ended 03/2019	FY ended 03/2020	YoY Change	Previous Forecast (Announced on Nov. 11)
Water Treatment Chemicals	102.1	113.6	+11.5	117.2
Water Treatment Facilities	107.4	110.1	+2.6	111.7
Ultrapure Water Supply Business	29.0	29.6	+0.7	29.1
Tool Cleaning	6.9	7.2	+0.3	7.1
Soil Remediation	10.4	7.9	(2.5)	8.5
Domestic Maintenance	51.2	54.5	+3.2	55.2
Overseas Maintenance	7.7	8.6	+0.9	9.4
Other	2.2	2.3	+0.1	2.5
Total	209.6	223.7	+14.1	228.9

- The Water Treatment Chemicals Business increased due to the impact of new consolidation.
- Sales in domestic maintenance increased due to increased revenue in maintenance services for public sector.
- Revenue in soil remediation decreased due to large projects running their course.

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY ended 03/2019	FY ended 03/2020	YoY Change
Capital Expenditures (Excluding Intangible)	40.0	31.7	(8.3)
Water Treatment Chemicals	3.8	6.4	+2.6
Water Treatment Facilities	36.2	25.3	(10.9)
Ultrapure Water Supply Business	27.9	13.1	(14.8)
Other than the above	8.3	12.2	+3.9
Depreciation (Excluding Intangible)	15.6	15.8	+0.2
Water Treatment Chemicals	3.2	3.9	+0.7
Water Treatment Facilities	12.4	11.9	(0.5)
R&D Expenses	5.5	5.7	+0.2
Water Treatment Chemicals	1.9	2.0	+0.1
Water Treatment Facilities	3.6	3.7	+0.1

- In the Water Treatment Chemicals Business, manufacturing facilities were increased overseas including in Europe.
- Capital expenditures remained high in the Water Treatment Facilities Business although they decreased compared to the previous year when large investments were made in the Ultrapure Water Supply Business.
- The amount of capital expenditures includes 7.1 billion yen in investment in right of land use assets.
- Depreciation decreased, primarily in the Ultrapure Water Supply Business.

Financial Condition

(Billions of Yen)	End of March 2019	End of March 2020	Change
Cash and Cash Equivalents	35.5	50.2	+14.7
Other Current Assets	115.6	112.6	(2.9)
Total Current Assets	151.1	162.8	+11.8
Property, Plant and Equipment	103.4	106.4	+3.0
Goodwill	43.8	47.0	+3.3
Other Non-current Assets	61.3	71.5	+10.2
Total Non-current Assets	208.4	224.9	+16.5
Total Assets	359.5	387.7	+28.2
Current Liabilities	73.5	94.4	+20.9
Non-current Liabilities	46.7	49.2	+2.4
Total Liabilities	120.3	143.6	+23.3
Total Equity Attributable to Owners of Parent	237.3	242.4	+5.2
Non-controlling Interests	1.9	1.7	(0.2)
Total Equity	239.2	244.1	+4.9
Total Liabilities and Equity	359.5	387.7	+28.2

- Goodwill increased as a result of new consolidation of Avista.
- There was an increase in right of land use assets due to the acquisition of fixed-term leasehold of R&D facilities.
- Borrowings increased as a result of execution of a commitment line agreement.

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Consolidated Business Forecast for the Fiscal Year Ending March 31, 2021

Assumptions

- Although it seems that novel coronavirus infections will taper by the end of this September, it is assumed that the impact on the economy will remain.
- The forecast is for reduced production in the automobile, steel and petroleum-related industries, and a decline in operating rates of commercial facilities and office buildings.
- Solid operations are expected in customers' factories in the electronics industry and the food industry.
- In industries other than those mentioned above, new proposals will be delayed and new capital expenditure will be frozen.
- Although there will be delays in certain materials, supplies and logistics, the adverse effects in the supply chain will be limited.

The Group's Response

- In Japan, employees are generally required to work from home in areas where stay-at-home requests are issued, and only operations that are essential for the continuation of the Group's business are being conducted by taking steps to prevent the spread of infection.
- Overseas, steps are being taken according to the conditions in each country.
- As a Group, we will do our best to provide products and services essential for the continuation of business activities of customers supporting society.

Overview of Business Forecast

(Billions of Yen)		FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Orders		259.5	261.0	+0.6%
Net Sales		264.8	268.0	+1.2%
Business Profit		26.7	23.5	(11.8%)
Net of Other Income and Expenses		0.8	(1.0)	-
Operating Profit		27.5	22.5	(18.1%)
Profit Before Tax		26.7	22.6	(15.3%)
Profit Attributable to Owners of Parent		18.3	16.0	(12.5%)
Earnings per Share (yen)		162.86	142.48	(12.5%)
Foreign Exchange Rate	USD (yen)	108.7	109.0	
	EUR (yen)	120.8	121.0	
	CNY (yen)	15.6	15.3	

- Orders and net sales include the 10.1 billion yen impact of new consolidation of Pentagon.
- The impact of the novel coronavirus has been incorporated in the form of -15.5 billion yen in sales and -6 billion yen in business profit centered on the Water Treatment Chemicals Business and maintenance.

Forecast by Segment

(Billions of Yen)		FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Total	Orders	259.5	261.0	+1.5
	Net Sales	264.8	268.0	+3.2
	Business Profit	26.7	23.5	(3.2)
	Business Profit Margin	10.1%	8.8%	
	Operating Profit	27.5	22.5	(5.0)
Water Treatment Chemicals	Orders	113.8	108.5	(5.3)
	Net Sales	113.6	107.6	(6.0)
	Business Profit	11.7	8.9	(2.8)
	Business Profit Margin	10.3%	8.3%	
	Operating Profit	10.1	8.1	(2.0)
Water Treatment Facilities	Orders	145.8	152.5	+6.7
	Net Sales	151.2	160.4	+9.2
	Business Profit	15.1	14.6	(0.5)
	Business Profit Margin	10.0%	9.1%	
	Operating Profit	17.4	14.4	(3.0)

- Due to the impact of the novel coronavirus, orders and net sales are expected to decrease by 8 billion yen in the Water Treatment Chemicals Business and 7.5 billion yen in the Water Treatment Facilities Business mainly during the first half of the year.
- Due to the impact of the novel coronavirus, business profit is expected to decrease by 4 billion yen in the Water Treatment Chemicals Business and 2 billion yen in the Water Treatment Facilities Business mainly during the first half of the year.
- During the second half of the year, the novel coronavirus is expected to have a negative impact on domestic water treatment chemicals and maintenance.

Water Treatment Chemicals

(Billions of Yen)	FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Orders	113.8	108.5	(5.3)
Domestic	46.0	42.0	(4.1)
Overseas	67.7	66.6	(1.2)
Net Sales	113.6	107.6	(6.0)
Domestic	46.0	41.9	(4.1)
Overseas	67.6	65.7	(2.0)
Business Profit	11.7	8.9	(2.8)
Business Profit Margin	10.3%	8.3%	
Operating Profit	10.1	8.1	(2.0)

Overseas Sales by Region

(Billions of Yen)	FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Asia	26.4	23.2	(3.2)
North America	19.5	20.5	+1.0
EMEA	19.1	19.4	+0.2
Other	2.6	2.6	(0.1)
Total	67.6	65.7	(2.0)

- Demand for chemicals is expected to decline in industries such as automobiles, steel and petroleum in Japan and overseas.
- Demand for air conditioning chemicals is expected to decline in Japan and overseas due to lower operating rates of office buildings and commercial facilities.
- Although volume will gradually recover during the second half of the year, it is possible that there will be downward pressure on prices.
- The targets for domestic sales are a decrease of 18% in the first half and an increase of 1% in the second half.
- The targets for overseas sales are a decrease of 9% in the first half and an increase of 2% in the second half, excluding the effects of new consolidation.

Factors in Change (Billions of Yen)

Organic Change	(2.2)
Effect of Foreign Exchange Rate	(0.2)
New Consolidation	+0.4

Water Treatment Facilities (for the domestic electronics industry)

(Billions of Yen)	FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Orders	56.4	56.1	(0.2)
Facilities	5.5	6.5	+1.0
Maintenance	17.1	14.2	(2.9)
Ultrapure Water Supply Business	26.6	28.1	+1.4
Tool Cleaning	7.2	7.3	+0.2
Net Sales	56.0	56.0	(0.0)
Facilities	6.1	6.3	+0.2
Maintenance	16.1	14.3	(1.8)
Ultrapure Water Supply Business	26.6	28.1	+1.4
Tool Cleaning	7.2	7.3	+0.1

- In regard to facilities, the impact of the novel coronavirus is minor.
- Delays in maintenance are expected due to restrictions on entry into customers' sites.
- Although the operating rate of some customers is expected to decline in the Ultrapure Water Supply Business, the impact will be minor.
- The impact of the novel coronavirus on Tool Cleaning is minor.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Orders	56.1	52.3	(3.8)
Energy and Infrastructure	45.5	42.8	(2.7)
Soil Remediation	7.8	7.3	(0.5)
Other	2.8	2.3	(0.5)
Net Sales	59.7	61.0	+1.3
Energy and Infrastructure	49.0	49.7	+0.7
Soil Remediation	7.9	9.0	+1.1
Other	2.8	2.3	(0.5)

- It is possible that there will be delays in construction work for facilities.
- Modifications are expected to be delayed in maintenance for general industries.
- Non-essential, non-urgent projects in soil remediation may also be postponed.
- There is no change in customer demand for chemical cleaning services.
- Local governments' budgets may be reduced for maintenance services for public sector.

Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Orders	33.3	44.0	+10.7
Facilities	22.8	22.6	(0.2)
Maintenance	7.5	8.5	+1.0
Ultrapure Water Supply Business	3.0	2.8	(0.3)
Tool Cleaning	-	10.1	+10.1
Net Sales	35.5	43.5	+8.0
Facilities	23.8	22.6	(1.3)
Maintenance	8.6	8.0	(0.6)
Ultrapure Water Supply Business	3.0	2.8	(0.3)
Tool Cleaning	-	10.1	+10.1

- In regard to facilities for China and South Korea, no projects have been canceled due to the impact of the novel coronavirus.
- In Southeast Asia, some construction and maintenance work cannot be conducted due to lockdown.
- Decreases are expected in facilities and maintenance in North America.
- Tool cleaning will be added through new consolidation of Pentagon.

Sales by Region

(Billions of Yen)	FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Asia	26.2	24.9	(1.2)
North America and Other	9.3	18.6	+9.2
Total	35.5	43.5	+8.0

Factors in Change (Billions of Yen)

Organic Change	(1.9)
Effect of Foreign Exchange Rate	(0.2)
New Consolidation	+10.1

Breakdown of Service Business Sales

(Billions of Yen)	FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Water Treatment Chemicals	113.6	107.6	(6.0)
Water Treatment Facilities	110.1	118.3	+8.2
Ultrapure Water Supply Business	29.6	30.8	+1.2
Tool Cleaning	7.2	17.4	+10.2
Soil Remediation	7.9	9.0	+1.1
Domestic Maintenance	54.5	50.7	(3.8)
Overseas Maintenance	8.6	8.0	(0.6)
Other	2.3	2.3	+0.0
Total	223.7	225.9	+2.2

- Revenue is expected to increase in the Ultrapure Water Supply Business in Japan.
- Revenue is expected to increase significantly in tool cleaning due to the new consolidation of Pentagon.
- Revenue from maintenance in Japan is expected to decrease, assuming that the impact of the novel coronavirus during the first half of the year cannot be covered during the second half.

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY ended 03/2020 (Results)	FY ending 03/2021 (Forecast)	YoY Change
Capital Expenditures (Excluding Intangible)	31.7	22.8	(9.0)
Ultrapure Water Supply Business	13.1	7.9	(5.1)
Other	18.7	14.8	(3.8)
Depreciation (Excluding Intangible)	15.8	17.3	+1.5
Water Treatment Chemicals	3.9	4.0	+0.1
Water Treatment Facilities	11.9	13.3	+1.4
R&D Expenses	5.7	5.2	(0.5)
Water Treatment Chemicals	2.0	2.4	+0.4
Water Treatment Facilities	3.7	2.9	(0.8)

- Investment in facilities for the Ultrapure Water Supply Business is expected to decrease in the initial plan, but additions may be made throughout the year.
- It is assumed that there will be an increase in asset holding associated with the expansion of service contract-type business.
- There are plans for reorganizing domestic manufacturing sites and investing in overseas chemical manufacturing sites.
- Depreciation will increase.

3 Progress of Medium-Term Management Plan Maximize Value Proposition 2022 (MVP-22)

Designation of key objectives for the medium term

Maximize
customer
intimacy



Dismantle
preconceived
ideas



Dramatically raise
the quality and
speed of our work

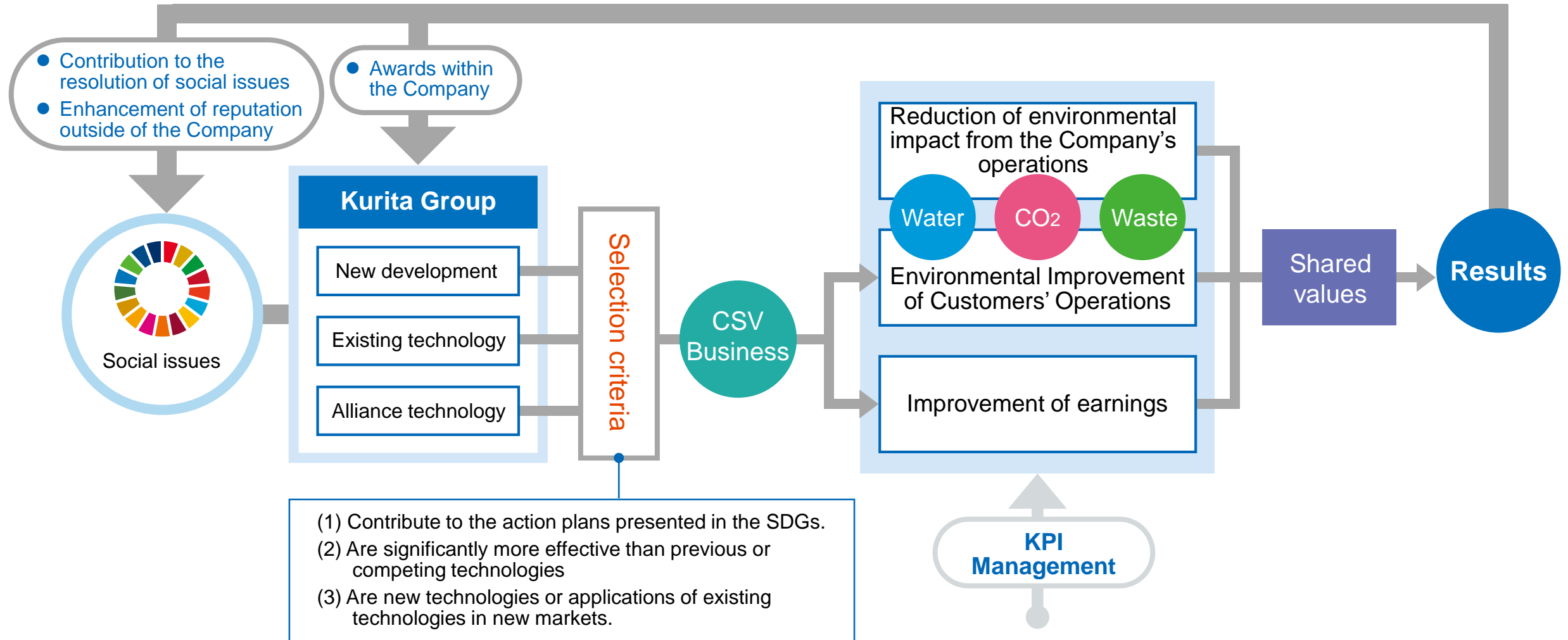


Emphasis on profitability and capital efficiency

	FY ended 03/2020 (Results)	FY ending 03/2023 (Target)
CAGR of net sales	- 0.7%	3% or more
Business profit margin on net sales	10.1%	15%
ROE	7.6%	10% or more

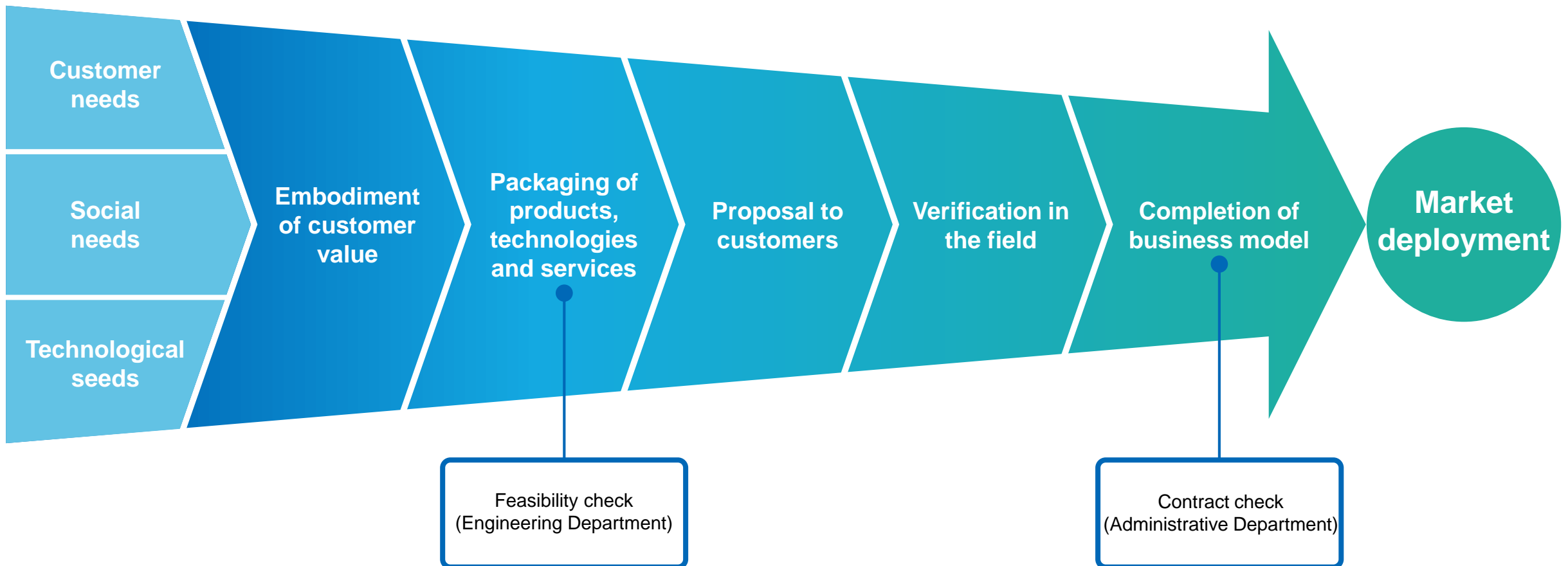
Creation of System for Promotion of CSV Business

Creation of system for promotion of CSV business throughout the Group










The Course of Creation of a Solution Model

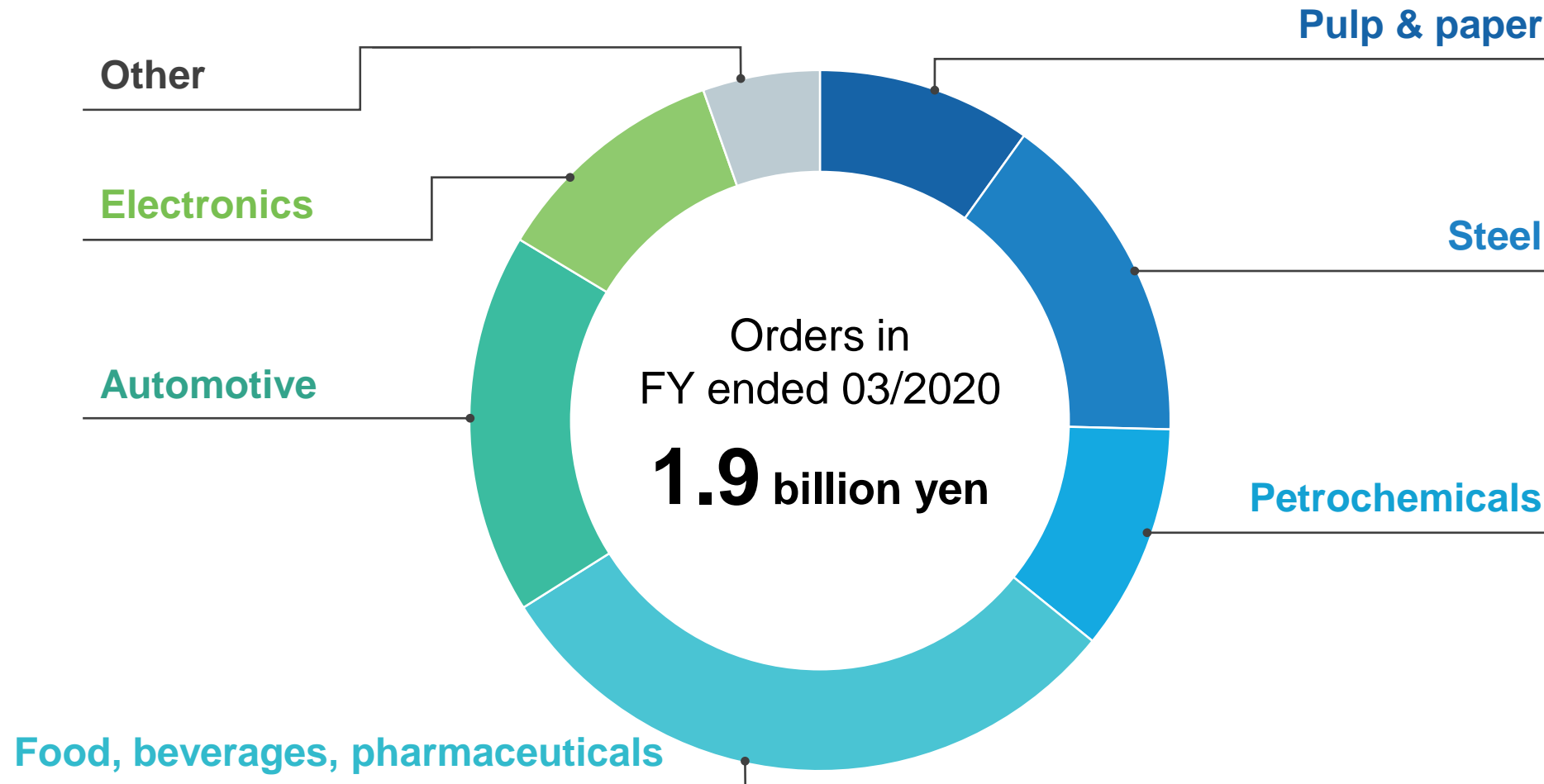
Contract follows verification in each stage



Completion of seven models for prototypes of horizontal expansion

Model name	Market area	Value provided
(1) 3S (Stable, Secure, Saving) solution for wastewater treatment using coagulation sensors	Entire market	 Waste reduction
(2) System of increasing productivity and operational efficiency, and improving environmental health for the paper production process	Paper/pulp	 Increased productivity
(3) Recycled water supply services	Water reclamation	 Water savings
(4) Reduced-waste/labor-saving model for exhaust gas and fly ash processing applying S.sensing	Infrastructure	 Waste reduction
(5) Improvement model aimed at existing biogas power plants	Energy	 Waste reduction
(6) Biogas power generation business through establishment of SPC	Energy	 Energy generation
(7) ACF technology	Petroleum	 Increased productivity

Adoption expanding to a wide range of industries



M&A and Measures by Region

	Europe	
Company	Kurita Europe GmbH	Avista Technologies (UK) Ltd.
History	2015 Acquisition 2017 Purchase of paper pulp production facility 2018 Sale of alumina compound business	2019 Acquisition
Business details	Water treatment chemicals	RO membrane chemicals
Business size	18.7 billion yen	600 million yen
Current situation and measures	Profitability has improved due to efforts to increase efficiency. The company will aim to expand business in the Middle East region.	Development of new European market.

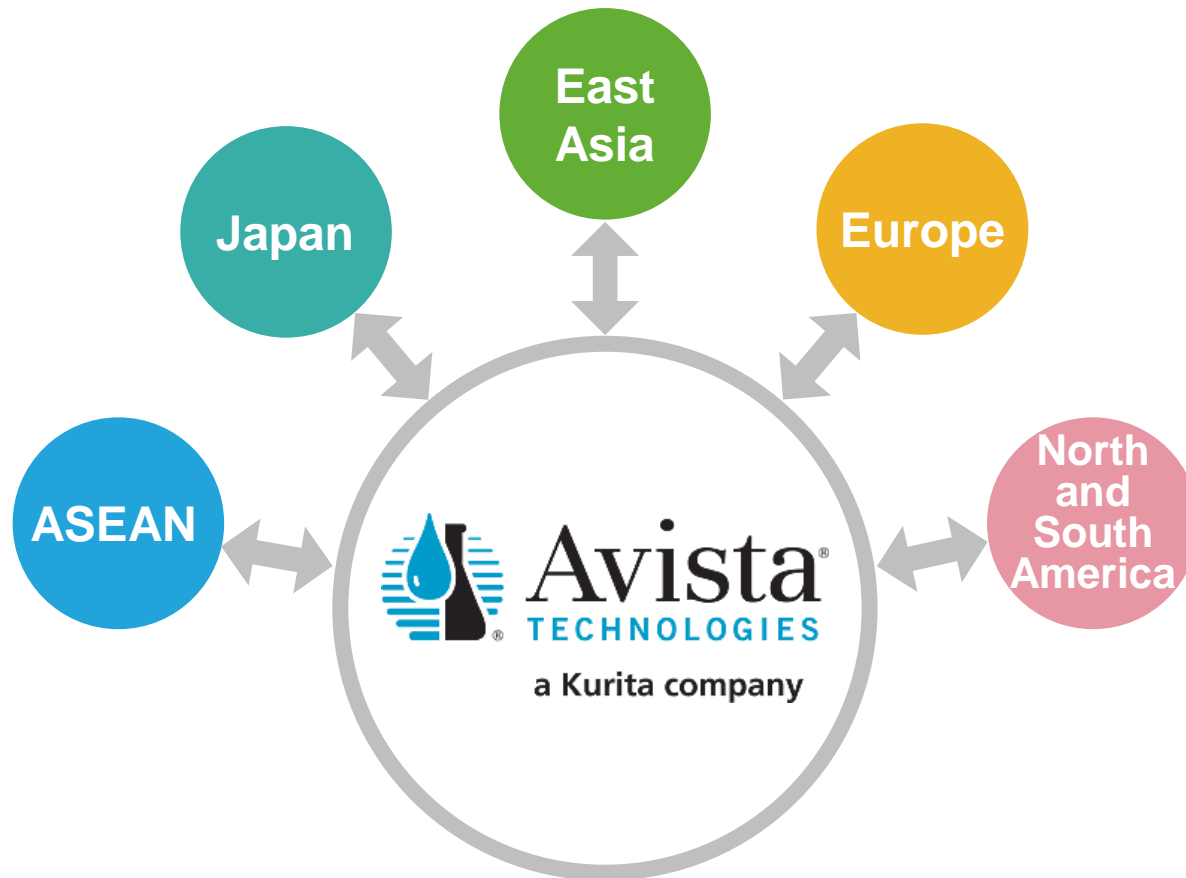
	North America	
Company	Kurita America, Inc.	Avista Technologies, Inc.
History	1996 Established Kurita America, Inc. 2017 Acquired Fremont Industries 2019 Acquired U.S. Water Services 2020 Merger	2019 Acquisition
Business details	Water treatment chemicals, water treatment facilities and maintenance	RO membrane chemicals
Business size	25.5 billion yen	2.9 billion yen
Current situation and measures	Aim to improve profitability and provide comprehensive solutions by completing integration and improving efficiency.	Aim to expand to the global market by utilizing the resources of the Kurita Group.

	Asia	
Company	Hansu Co., Ltd.	
History	2017 Became a consolidated subsidiary	
Business details	Water treatment chemicals	
Business size	7.3 billion yen	
Current situation and measures	Profitability has improved since the acquisition. Aiming to increase share within South Korea.	

	North America	
Company	Fracta, Inc.	APANA, Inc.
History	2018 Became a subsidiary	2017 Investment 2019 Additional investment
Business details	Software service	Water-saving service
Business size	500 million yen	200 million yen
Current situation and measures	Aim to contribute to more advanced water treatment services through the utilization of AI.	Aim to expand business in Japan.

* Business size is net sales forecast for the fiscal year ending March 31, 2021.

Project Acorn – R&D / Technical Project started in January 2020



Mission

- (1) Creation of globally unified strategic products
- (2) Global standardization of evaluation and testing methods
- (3) Development of new products
- (4) Development of new testing and evaluation methods and tools
- (5) Technology transfer and training for engineers in overseas operating companies
- (6) Support for the resolution of technical issues in individual customer projects

Utilize ICT and digital technology changing the way of business

1. Establishment of system for promoting digitalization

- Establishment of new Digital Strategy Division and integration of IT-related departments within the Group
- Establishment of UX* Group Engineering Division and transformation of design process

* User experience

2. Transformation of business model through digitalization brought about by the novel coronavirus pandemic

- Breakaway from business model that assumes physical tasks
- Improvement of customer intimacy through clarification of value provided
- Transformation into an organization capable of quickly providing high-quality service



Forward-looking Statements

This presentation contains forward-looking statements, business plan projections, and judgments based on information available to management at the time of writing. Due to the existence of a variety of risk factors and uncertainties, actual results may differ from those specified or implied by these forward-looking statements and projections.