



Kurita Water Industries Ltd.

Results Presentation for the Fiscal Year Ended March 31, 2022

(Securities code: 6370)

May 9, 2022

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1 Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

Overview of Results



(Billions of Yen)		FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Orders		262.3	315.2	+ 20.2%	296.0
Net Sales		267.7	288.2	+ 7.6%	291.0
Business Profit		29.5	32.9	+ 11.8%	34.0
Net of Other Income and Expenses		2.1	2.8	—	0.0
Operating Profit		31.5	35.7	+ 13.3%	34.0
Profit Before Tax		29.2	30.1	+ 3.2%	29.2
Profit Attributable to Owners of Parent		19.1	18.5	(3.2%)	18.0
Basic Earnings per Share (yen)		169.94	164.38	(3.3%)	160.19
Return on Equity (ROE)		7.7%	7.0%	(0.7pp)	—
Foreign Exchange Rate	USD (yen)	106.1	112.4		110.8
	EUR (yen)	123.7	130.6		130.9
	CNY (yen)	15.7	17.5		17.2

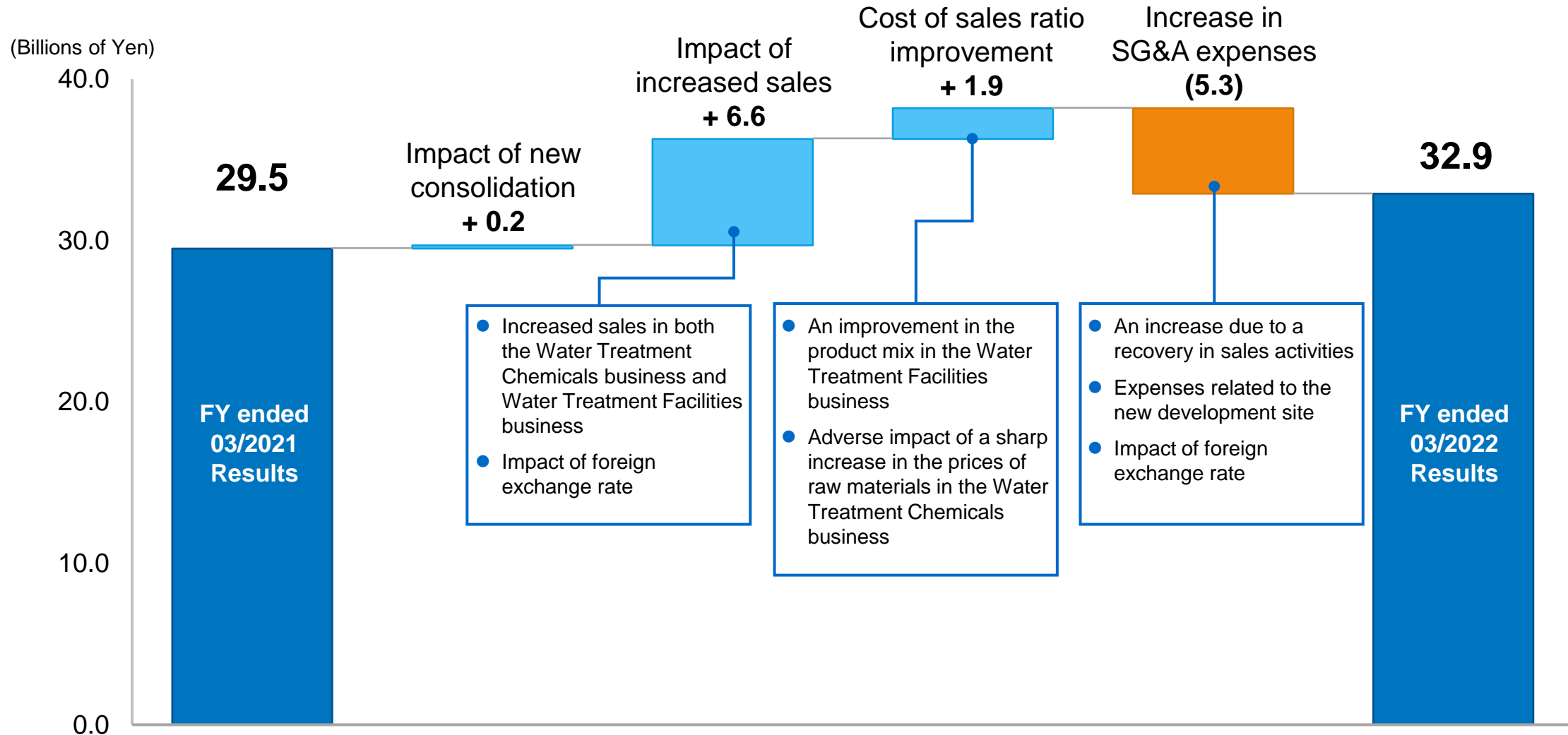
- Both orders and net sales increased due to growth in the Water Treatment Facilities business for the domestic electronics industry and overseas and the overseas Water Treatment Chemicals business, as well as the acquisition of water treatment chemicals companies in the Middle East and Canada.
- Finance costs of 5.5 billion yen were posted following the subsequent measurement of liabilities related to a forward contract concluded with non-controlling shareholders of Pentagon Technologies Group, Inc.

Results by Segment

(Billions of Yen)		FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Total	Orders	262.3	315.2	+ 52.9	296.0
	Net Sales	267.7	288.2	+ 20.5	291.0
	Business Profit	29.5	32.9	+ 3.5	34.0
	Business Profit Margin	11.0%	11.4%	+ 0.4pp	11.7%
	Operating Profit	31.5	35.7	+ 4.2	34.0
Water Treatment Chemicals	Orders	103.6	118.4	+ 14.8	117.4
	Net Sales	103.2	117.7	+ 14.4	117.3
	Business Profit	12.3	13.6	+ 1.3	13.7
	Business Profit Margin	11.9%	11.5%	(0.4pp)	11.7%
	Operating Profit	11.8	14.6	+ 2.7	14.2
Water Treatment Facilities	Orders	158.8	196.8	+ 38.1	178.6
	Net Sales	164.5	170.5	+ 6.0	173.7
	Business Profit	17.1	19.4	+ 2.3	20.3
	Business Profit Margin	10.4%	11.4%	+ 1.0pp	11.7%
	Operating Profit	19.6	21.2	+ 1.5	19.8

- Both orders and net sales in the Water Treatment Chemicals business rose due to a recovery in demand overseas in addition to newly consolidated subsidiaries.
- Business profit in the Water Treatment Chemicals business rose, with an increase in SG&A expenses and a worsening in the cost of sales ratio more than offset by an increase in net sales.
- Orders in the Water Treatment Facilities business increased chiefly due to an increase in orders for facilities for the electronics industry in Japan and overseas.
- Looking at net sales in the Water Treatment Facilities business, sales fell in domestic general industries, but increased in maintenance in Japan and overseas, tool cleaning, and ultrapure water supply business.
- Business profit in the Water Treatment Facilities business rose due to an improvement in the cost of sales ratio and the impact of increased sales overcoming a rise in SG&A expenses.

Factors in Change in Business Profit (YoY Change)



Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Orders	103.6	118.4	+ 14.8	117.4
Domestic	42.6	43.4	+ 0.8	43.2
Overseas	61.0	75.0	+ 14.0	74.2
Net Sales	103.2	117.7	+ 14.4	117.3
Domestic	42.2	42.8	+ 0.6	43.1
Overseas	61.0	74.8	+ 13.9	74.2
Business Profit	12.3	13.6	+ 1.3	13.7
Business Profit Margin	11.9%	11.5%	(0.4pp)	11.7%
Operating Profit	11.8	14.6	+ 2.7	14.2

- Kurita AquaChemie (Middle East) and Keytech Water Management (Canada) were newly consolidated.
- In Japan, capacity utilization rose at customers' plants, reflecting a recovery in production activities in the manufacturing industry. However, net sales increased only slightly due to a decline in capacity utilization at plants in certain industries because of COVID-19 and semiconductor shortages.
- Net sales overseas increased due to a recovery in demand, newly consolidated companies and the ongoing depreciation of the yen.

Overseas Net Sales by Region

(Billions of Yen)	FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Asia	22.5	26.8	+ 4.4	27.2
North & South America	19.9	23.6	+ 3.8	23.1
EMEA	18.7	24.5	+ 5.8	23.9
Total	61.0	74.8	+ 13.9	74.2

Factors in Change (Billions of Yen)

Organic Change	+ 5.6
Effect of Foreign Exchange Rate	+ 4.3
New Consolidation	+ 4.0

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Orders	60.4	86.7	+ 26.3	65.1
Facilities	6.6	25.5	+ 18.9	6.2
Maintenance	17.0	20.1	+ 3.1	18.3
Ultrapure Water Supply Business	28.1	31.5	+ 3.3	31.0
Tool Cleaning	8.7	9.6	+ 0.9	9.6
Net Sales	58.9	65.1	+ 6.1	65.1
Facilities	5.7	6.9	+ 1.1	7.0
Maintenance	16.5	17.2	+ 0.7	17.6
Ultrapure Water Supply Business	28.1	31.5	+ 3.3	31.0
Tool Cleaning	8.6	9.5	+ 0.9	9.5

- For facilities, orders increased chiefly due to orders for large projects in the fourth quarter. Net sales increased due to progress on the construction of ordered projects.
- In maintenance, both orders and net sales were strong against a backdrop of firm capacity utilization at customers' plants.
- Net sales in the ultrapure water supply business increased due to new projects.
- Tool cleaning net sales climbed due to acquisitions of new projects.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Orders	53.8	44.2	(9.6)	56.6
Energy and Infrastructure	46.5	36.4	(10.2)	48.3
Soil Remediation	4.6	5.1	+ 0.4	5.9
Other	2.7	2.8	+ 0.1	2.3
Net Sales	60.2	51.5	(8.7)	54.4
Energy and Infrastructure	50.3	44.3	(6.0)	47.0
Soil Remediation	7.2	4.4	(2.8)	5.0
Other	2.7	2.8	+ 0.1	2.3

- Energy and infrastructure orders declined due to cancellations and downward revisions of orders for large projects for facilities in general industries.
- In energy and infrastructure, net sales from maintenance for general industries increased, but net sales from facilities for the electric power industry and for general industries fell due to the absence of progress in the construction of large projects in the previous fiscal year.
- Soil remediation orders increased, but net sales declined in reaction to sales from large projects a year ago.

Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Orders	44.6	66.0	+ 21.4	56.9
Facilities	19.3	32.5	+ 13.2	25.4
Maintenance	10.9	15.1	+ 4.3	13.8
Ultrapure Water Supply Business	3.1	3.2	+ 0.2	3.2
Tool Cleaning	11.4	15.1	+ 3.8	14.5
Net sales	45.4	54.0	+ 8.6	54.2
Facilities	20.2	21.5	+ 1.4	22.5
Maintenance	10.8	14.2	+ 3.3	14.0
Ultrapure Water Supply Business	3.1	3.2	+ 0.2	3.2
Tool Cleaning	11.4	15.1	+ 3.8	14.5

- In China, both orders and net sales increased due to orders for large projects and progress on the construction of ordered projects.
- In South Korea, both orders and net sales increased due to orders for large projects and progress on the construction of ordered projects.
- Orders for Taiwan rose, but net sales fell in reaction to sales from large projects a year ago.
- In the United States, orders and net sales increased primarily in the tool cleaning business.

Net Sales by Region

(Billions of Yen)	FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Asia	26.1	31.2	+ 5.2	31.6
North & South America, etc.	19.3	22.7	+ 3.4	22.6
Total	45.4	54.0	+ 8.6	54.2

Factors in Change (Billions of Yen)

Organic Change	+ 5.0
Effect of Foreign Exchange Rate	+ 3.6

Breakdown of Service Business Sales

(Billions of Yen)	FY ended 03/2021	FY ended 03/2022	YoY Change	Previous Forecast (Announced on Jan. 31)
Water Treatment Chemicals	103.2	117.7	+ 14.4	117.3
Water Treatment Facilities	125.3	135.3	+ 9.9	137.4
Ultrapure Water Supply Business	31.2	34.7	+ 3.5	34.2
Domestic Tool Cleaning	8.6	9.5	+ 0.9	9.5
Overseas Tool Cleaning	11.4	15.1	+ 3.8	14.5
Soil Remediation	7.2	4.4	(2.8)	5.0
Domestic Maintenance	54.0	55.3	+ 1.3	57.8
Overseas Maintenance	10.8	14.2	+ 3.3	14.0
Other	2.2	2.2	(0.0)	2.3
Total	228.5	252.9	+ 24.3	254.7

- Net sales in the Water Treatment Chemicals business rose due to a recovery in demand overseas and the addition of new consolidated subsidiaries.
- Net sales in the Water Treatment Facilities business rose due to an increase in sales in business for the electronics industry, including tool cleaning, ultrapure water supply, and overseas maintenance.

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY ended 03/2021	FY ended 03/2022	YoY Change
Capital Expenditures (Property, Plant and Equipment*)	32.6	66.4	+ 33.7
Water Treatment Chemicals	8.1	10.8	+ 2.7
Water Treatment Facilities	24.5	55.6	+ 31.0
Depreciation (Property, Plant and Equipment*)	17.9	20.1	+ 2.2
Water Treatment Chemicals	3.9	4.2	+ 0.2
Water Treatment Facilities	14.0	15.9	+ 1.9
R&D Expenses	5.3	5.4	+ 0.1
Water Treatment Chemicals	1.7	1.5	(0.2)
Water Treatment Facilities	3.6	3.9	+ 0.3

- Capital expenditures rose, reflecting increases in expenditure for the ultrapure water supply business in the Water Treatment Facilities business and for the new domestic development base.
- Depreciation expense increased with the start of new water supply in the ultrapure water supply business and the commencement of operations of the new development base.
- R&D Expenses were about the same as last year.

* Right-of-use assets are included.

Financial Condition



(Billions of Yen)	End of March 2021	End of March 2022	Change
Cash and Cash Equivalents	62.2	45.7	(16.5)
Other Current Assets	114.3	132.7	+ 18.4
Total Current Assets	176.5	178.4	+ 1.9
Property, Plant and Equipment	117.6	161.0	+ 43.4
Goodwill	55.6	63.0	+ 7.4
Other Non-current Assets	75.2	67.6	(7.7)
Total Non-current Assets	248.4	291.6	+ 43.1
Total Assets	424.9	470.0	+ 45.1
Current Liabilities	75.0	113.9	+ 39.0
Non-current Liabilities	92.1	78.2	(13.9)
Total Liabilities	167.1	192.1	+ 25.0
Equity Attributable to Owners of Parent	253.1	271.9	+ 18.8
Non-controlling Interests	4.7	5.9	+ 1.2
Total Equity	257.8	277.9	+ 20.0
Total Liabilities and Equity	424.9	470.0	+ 45.1

- Property, plant and equipment increased, reflecting the acquisition of ultrapure water supply business facilities and the construction of the new domestic development base.
- Goodwill climbed due to the weaker yen and the consolidation of Kurita AquaChemie Limited and Keytech Water Management as subsidiaries.
- Other non-current assets declined due to the sale of certain investment securities held.
- Current liabilities increased due to the transfer of liabilities related to the acquisition of additional shares in Pentagon Technologies Group, Inc. from non-current liabilities, and an increase in the value of the company with the subsequent measurement of liabilities to reflect a change in the business plan, as well as exchange rate changes.
- The increase in current liabilities includes issuance of bonds and an increase in borrowings.

2 Consolidated Business Forecast for the Fiscal Year Ending March 31, 2023

- The domestic economy will recover moderately until the latter half of the fiscal year.
- Recovery in overseas economies will slow and will become more moderate than in the previous fiscal year.
- The strong motivation for capital investment in the electronics industry will continue. Capacity utilization at plants will remain firm.
- In domestic general industries, capital investment and capacity utilization at plants will improve moderately.
- Sharp rises in raw materials prices and parts shortages that have materialized are reflected in the business forecast.

Overview of Business Forecast



(Billions of Yen)		FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Orders		315.2	320.0	+ 1.5%
Net Sales		288.2	325.0	+ 12.8%
Business Profit		32.9	38.0	+ 16.1%
Net of Other Income and Expenses		2.8	(1.5)	—
Operating Profit		35.7	36.5	+ 2.1%
Profit Before Tax		30.1	36.5	+ 21.3%
Profit Attributable to Owners of Parent		18.5	25.7	+ 39.1%
Basic Earnings per Share (yen)		164.38	228.69	+ 39.1%
Foreign Exchange Rate	USD (yen)	112.4	124.0	
	EUR (yen)	130.6	133.0	
	CNY (yen)	17.5	19.0	

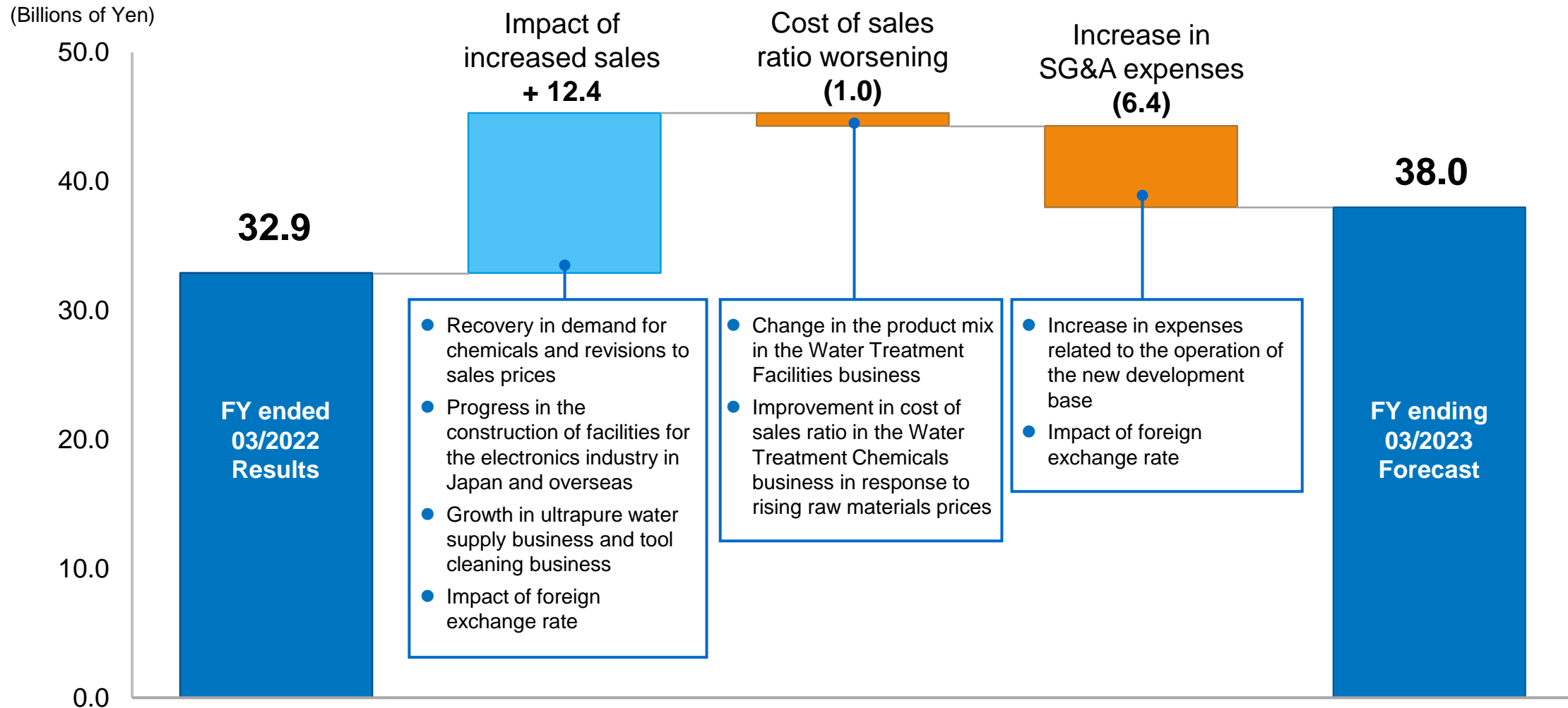
- Net sales are forecast to increase in both the Water Treatment Chemicals business and Water Treatment Facilities business.
- Net of other income and expenses reflect estimated expenses related to the relocations of former development and production bases.
- Profit before tax and profit are expected to increase significantly because of the absence of finance costs related to the acquisition of additional shares in Pentagon Technologies Group, Inc. recorded in the fiscal year ended March 31, 2022.

Forecast by Segment

(Billions of Yen)		FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Total	Orders	315.2	320.0	+ 4.8
	Net Sales	288.2	325.0	+ 36.8
	Business Profit	32.9	38.0	+ 5.1
	Business Profit Margin	11.4%	11.7%	+ 0.3pp
	Operating Profit	35.7	36.5	+ 0.8
Water Treatment Chemicals	Orders	118.4	127.0	+ 8.6
	Net Sales	117.7	126.5	+ 8.8
	Business Profit	13.6	15.1	+ 1.5
	Business Profit Margin	11.5%	11.9%	+ 0.4pp
	Operating Profit	14.6	14.7	+ 0.1
Water Treatment Facilities	Orders	196.8	193.0	(3.8)
	Net Sales	170.5	198.5	+ 28.0
	Business Profit	19.4	22.9	+ 3.5
	Business Profit Margin	11.4%	11.5%	+ 0.1pp
	Operating Profit	21.2	21.8	+ 0.6

- In the Water Treatment Chemicals business, business profit is set to increase due to a rise in net sales and an improvement in the cost of sales ratio.
- In the Water Treatment Facilities business, orders are forecast to decline due to the absence of orders for large projects for electronics industry facilities in Japan and overseas in the previous fiscal year.
- Net sales in the Water Treatment Facilities business are forecast to rise due to the posting of sales from projects for which orders have been placed and expected growth in the ultrapure water supply business and tool cleaning.
- Business profit in the Water Treatment Facilities business is likely to increase, with an increase in SG&A expenses and a worsening in the cost of sales ratio more than offset by an increase in net sales.

Factors in Change in Business Profit (YoY Change)



Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Orders	118.4	127.0	+ 8.6
Domestic	43.4	44.8	+ 1.4
Overseas	75.0	82.2	+ 7.2
Net Sales	117.7	126.5	+ 8.8
Domestic	42.8	44.3	+ 1.5
Overseas	74.8	82.2	+ 7.3
Business Profit	13.6	15.1	+ 1.5
Business Profit Margin	11.5%	11.9%	+ 0.4pp
Operating Profit	14.6	14.7	+ 0.1

- We will continue to revise sales prices in Japan and overseas in response to rising raw materials prices.
- Domestic net sales are forecast to rise due to an expected recovery in demand and revisions to sales prices until the latter half of the fiscal year.
- In Asia, we will replace the existing products and services with highly profitable products and services, and in the process, we will achieve moderate growth.
- In the United States, we will complete PMI early and improve supply chains. We will also roll out high value-added products.
- In Europe, we plan to increase net sales by revising sales prices in a timely fashion and rolling out high value-added products.

Overseas Net Sales by Region

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Asia	26.8	28.1	+ 1.3
North & South America	23.6	27.5	+ 3.9
EMEA	24.5	26.5	+ 2.1
Total	74.8	82.2	+ 7.3

Factors in Change (Billions of Yen)

Organic Change	+ 3.6
Effect of Foreign Exchange Rate	+ 3.8

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Orders	86.7	72.3	(14.3)
Facilities	25.5	7.8	(17.6)
Maintenance	20.1	17.9	(2.3)
Ultrapure Water Supply Business	31.5	36.5	+ 5.0
Tool Cleaning	9.6	10.2	+ 0.6
Net Sales	65.1	80.1	+ 15.0
Facilities	6.9	15.9	+ 9.0
Maintenance	17.2	17.6	+ 0.3
Ultrapure Water Supply Business	31.5	36.5	+ 5.0
Tool Cleaning	9.5	10.2	+ 0.7

- Orders in facilities are expected to fall given the absence of orders for large projects received in the previous fiscal year, but net sales are forecast to increase due to progress in construction.
- Orders in maintenance are set to decline, but net sales are forecast to rise slightly.
- Net sales in the ultrapure water supply business are forecast to increase due to the start of water supply in new projects.
- Tool cleaning net sales are forecast to rise, reflecting expected high capacity utilization at plants of customers and new projects.

Water Treatment Facilities (for domestic general industries)

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Orders	44.2	57.5	+ 13.3
Energy and Infrastructure	36.4	48.4	+ 12.0
Soil Remediation	5.1	6.4	+ 1.4
Other	2.8	2.7	(0.1)
Net Sales	51.5	53.6	+ 2.1
Energy and Infrastructure	44.3	44.9	+ 0.6
Soil Remediation	4.4	6.0	+ 1.6
Other	2.8	2.7	(0.1)

- Energy and infrastructure orders are forecast to increase, as a reaction to cancellations and downward revisions of orders for large projects for facilities in general industries in the previous fiscal year. Orders for facilities for the electric power industry and engineering cleaning are also forecast to rise.
- In energy and infrastructure, net sales from facilities for general industries are forecast to fall, but net sales from the public sector and engineering cleaning are likely to rise.
- Both orders and net sales are forecast to climb in soil remediation services.

Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Orders	66.0	63.2	(2.8)
Facilities	32.5	23.9	(8.6)
Maintenance	15.1	16.9	+ 1.8
Ultrapure Water Supply Business	3.2	3.3	+ 0.1
Tool Cleaning	15.1	19.1	+ 4.0
Net sales	54.0	64.8	+ 10.8
Facilities	21.5	26.4	+ 4.9
Maintenance	14.2	16.1	+ 1.9
Ultrapure Water Supply Business	3.2	3.3	+ 0.1
Tool Cleaning	15.1	19.1	+ 4.0

- In China, orders are likely to decrease but remain at a high level. Net sales are forecast to increase.
- In South Korea, orders are forecast to decrease due to a reaction to orders for large projects in the previous fiscal year, but net sales are set to increase.
- Orders and net sales in maintenance are forecast to rise, reflecting the accumulation of facilities and the accelerating expansion of the service business.
- Tool cleaning net sales are forecast to rise, reflecting expected high capacity utilization at plants of customers and new projects.

Net Sales by Region

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Asia	31.2	36.3	+ 5.1
North & South America, etc.	22.7	28.5	+ 5.8
Total	54.0	64.8	+ 10.8

Factors in Change (Billions of Yen)

Organic Change	+ 6.5
Impact of Foreign Exchange Rate	+ 4.4

Breakdown of Service Business Sales

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Water Treatment Chemicals	117.7	126.5	+ 8.8
Water Treatment Facilities	135.3	151.9	+ 16.7
Ultrapure Water Supply Business	34.7	39.7	+ 5.1
Domestic Tool Cleaning	9.5	10.2	+ 0.7
Overseas Tool Cleaning	15.1	19.1	+ 4.0
Soil Remediation	4.4	6.0	+ 1.6
Domestic Maintenance	55.3	58.2	+ 2.9
Overseas Maintenance	14.2	16.1	+ 1.9
Other	2.2	2.7	+ 0.5
Total	252.9	278.4	+ 25.5

- Service business sales are expected to rise, but the ratio of net sales in the service business is forecast to decline from a year earlier due to the posting of sales from large facilities projects won in the previous fiscal year.

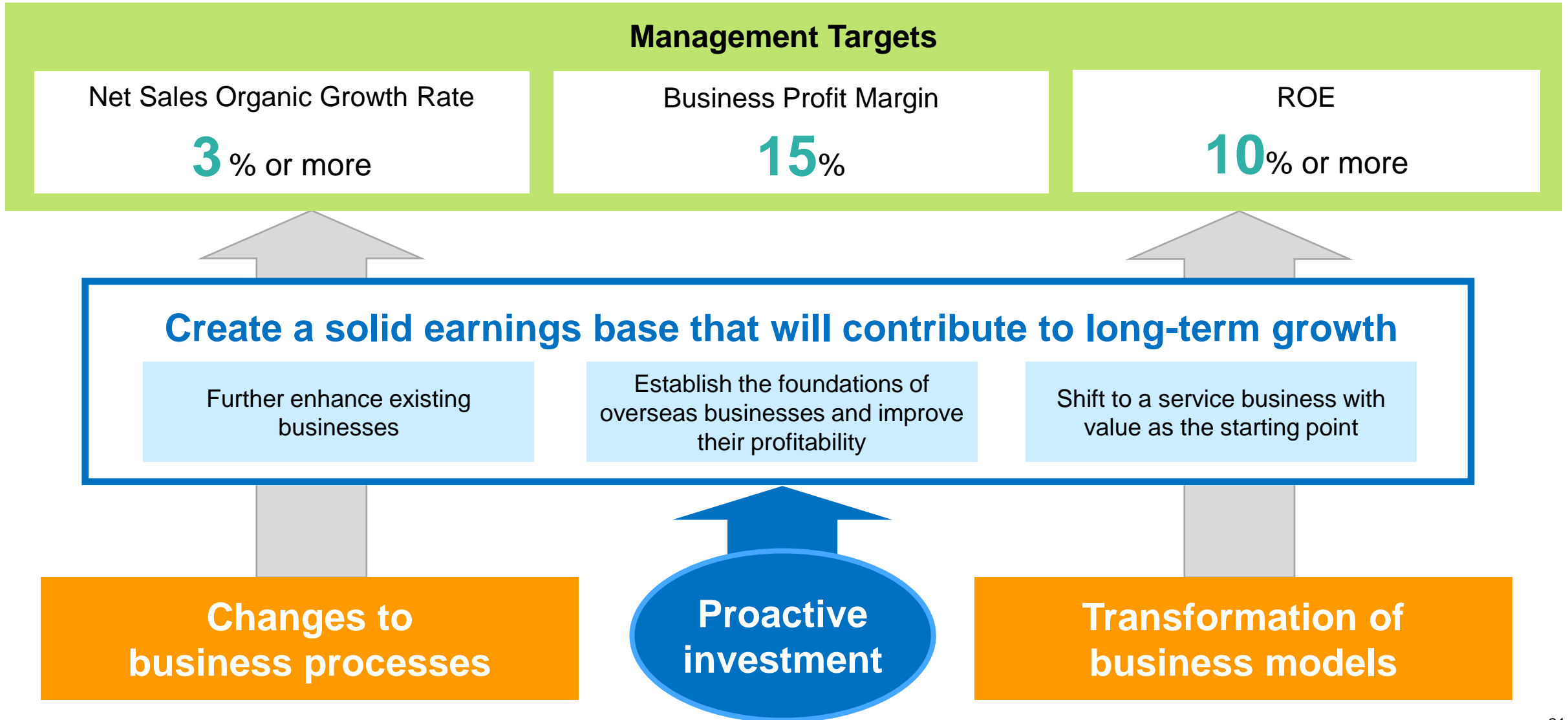
Capital Expenditures, Depreciation and R&D Expenses

(Billions of Yen)	FY ended 03/2022 Results	FY ending 03/2023 Forecast	YoY Change
Capital Expenditures (Property, Plant and Equipment*)	66.4	53.7	(12.7)
Depreciation (Property, Plant and Equipment*)	20.1	23.5	+ 3.4
Water Treatment Chemicals	4.2	4.4	+ 0.2
Water Treatment Facilities	15.9	19.1	+ 3.2
R&D Expenses	5.4	5.8	+ 0.5
Water Treatment Chemicals	1.5	1.7	+ 0.1
Water Treatment Facilities	3.9	4.2	+ 0.3

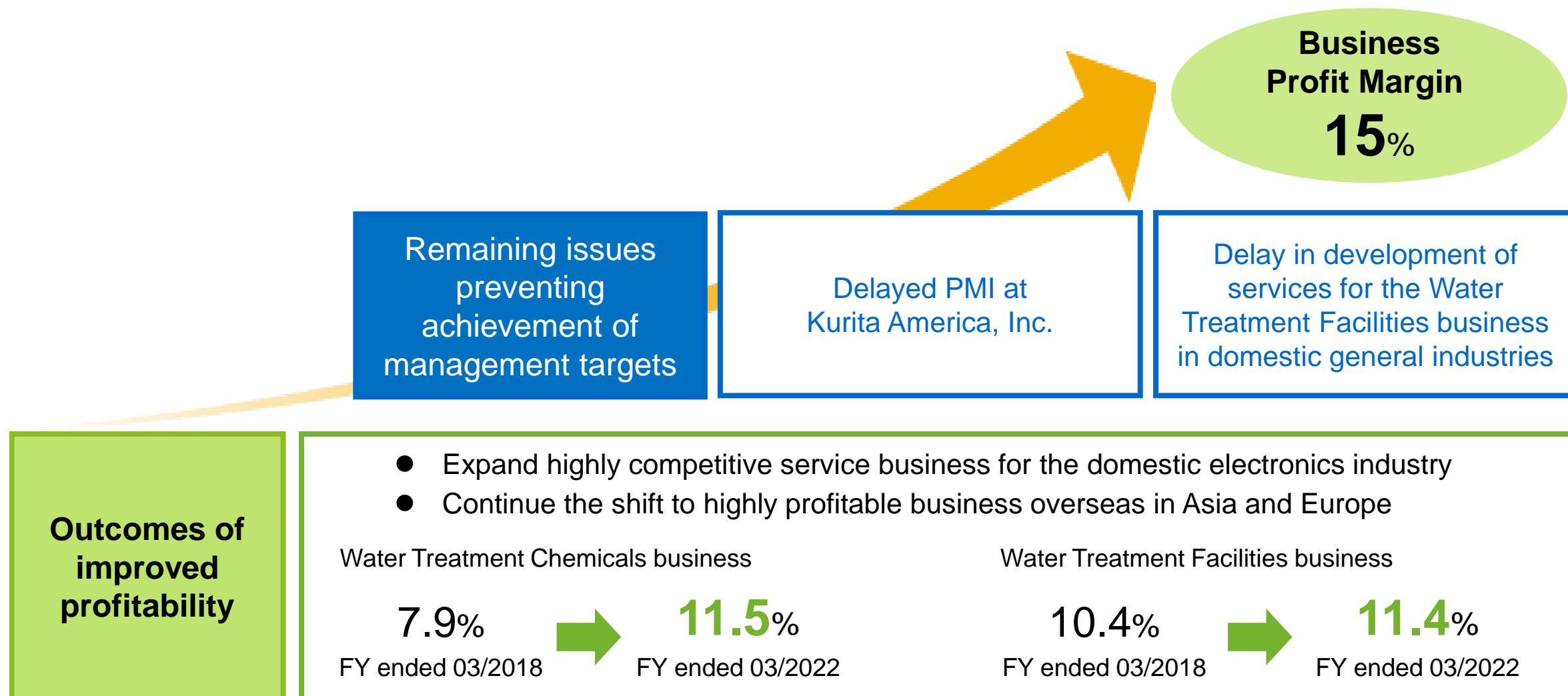
* Right-of-use assets are included.

- Capital investment is forecast to decrease in reaction to investment in the new development base in the previous fiscal year, although investment in the ultrapure water supply business is expected to be almost equal to the year-earlier level.
- Depreciation is forecast to increase, reflecting the start of water supply in new projects in the ultrapure water supply business and the operation of the new development base.
- In R&D expenses, expenses related to the new development base are expected to increase.

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



Continuing with initiatives aimed at achieving a business profit margin of 15%



Establish a highly profitable structure and build foundations that will facilitate long-term growth ahead of the next medium-term management plan

**Further
strengthen
growth
businesses**

**Achieve
profitability at
an early stage at
Kurita America,
Inc.**

**Rebuild
business models
in general
industries**

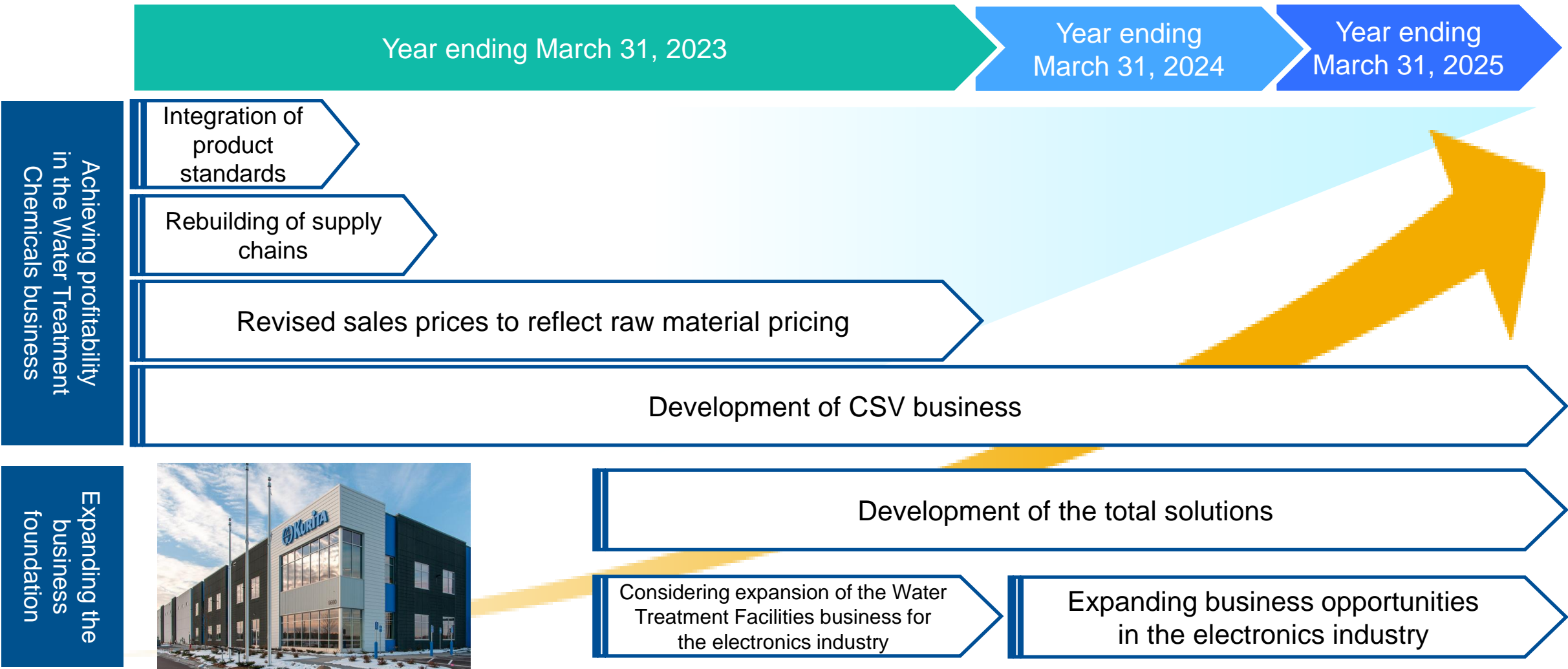
Enhance the ongoing provision of value for the electronics industry



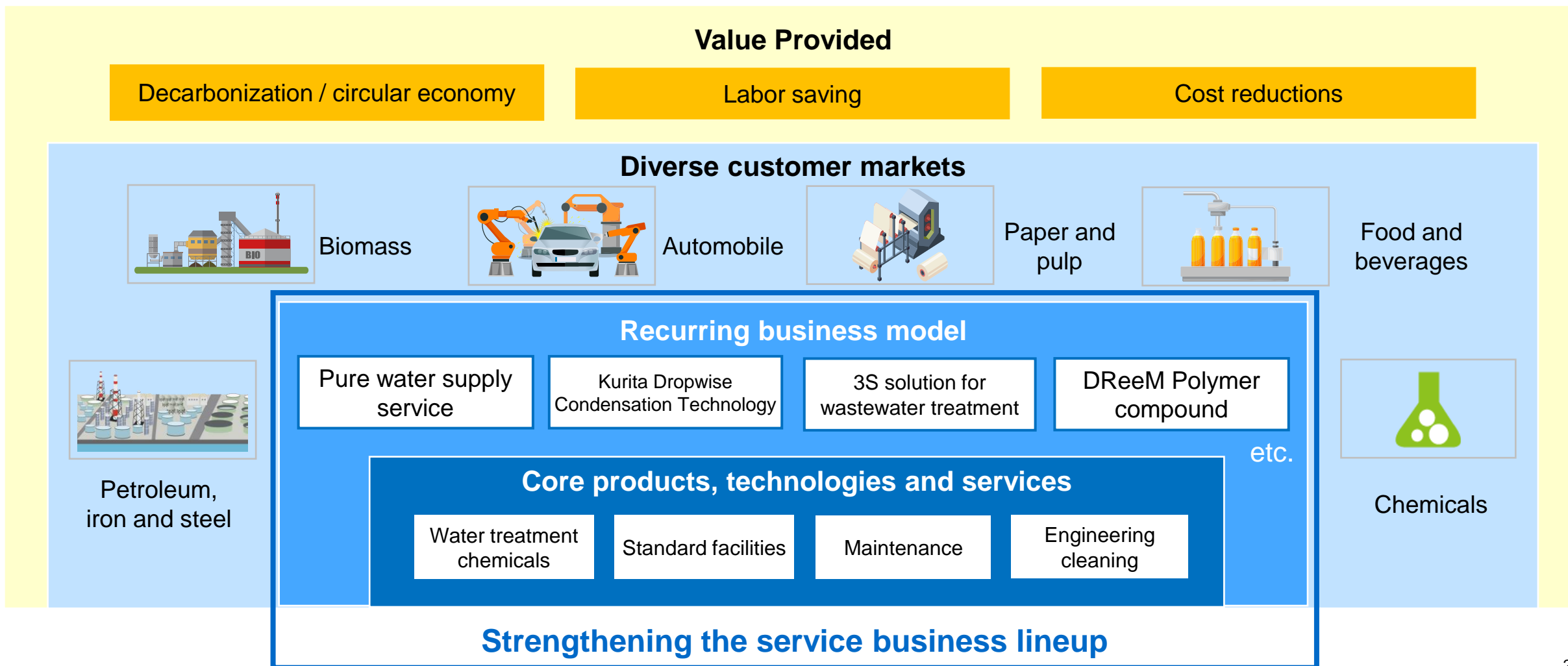
Achieve profitability at an early stage at Kurita America, Inc.



Toward developing a base for rolling out total solutions



Shifting from large EPC to a value-driven service business





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.

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