



Kurita Water Industries Ltd.

Results Presentation for the First Half of the Fiscal Year Ending March 31, 2024

(Securities code: 6370)

November 8, 2023

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1 | Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2024

Overview of Results



(Billions of Yen)		FY03/2023 1H Results	FY03/2024 1H Results	YoY Change	1H Forecast (Announced in May)
Orders		200.4	186.4	(7.0%)	175.0
Net Sales		160.7	188.4	+ 17.2%	181.0
Business Profit		16.6	18.1	+ 8.7%	16.2
Net of Other Income and Expenses		(0.3)	0.2	—	(0.5)
Operating Profit		16.3	18.3	+ 11.9%	15.7
Profit Before Tax		17.5	18.2	+ 3.9%	15.5
Profit Attributable to Owners of Parent		12.4	12.6	+ 1.8%	10.5
Basic Earnings per Share (Yen)		110.15	112.05	+ 1.7%	93.42
Foreign Exchange Rate	USD (Yen)	134.0	141.0		135.0
	EUR (Yen)	138.7	153.4		138.5
	CNY (Yen)	19.9	19.8		19.7

- The impact of new consolidation of Arcade Engineering GmbH and its group companies are included from the 2nd quarter in General Industry segment.
- In the same period of the previous fiscal year, the gain on derivative transactions (1.1 billion yen) accompanying the acquisition of additional shares in Pentagon Technologies Group, Inc. was posted as financial income that was included in profit before tax.

Results by Segment



(Billions of Yen)		FY03/2023 1H Results	FY03/2024 1H Results	YoY Change	1H Forecast (Announced in May)
Total	Orders	200.4	186.4	(14.0)	175.0
	Net Sales	160.7	188.4	+ 27.7	181.0
	Business Profit	16.6	18.1	+ 1.5	16.2
	Business Profit Margin	10.3%	9.6%	(0.7pp)	9.0%
	Operating Profit	16.3	18.3	+ 1.9	15.7
Electronics Industry	Orders	93.5	78.8	(14.7)	68.0
	Net Sales	67.4	87.6	+ 20.2	81.0
	Business Profit	10.0	9.1	(0.9)	7.4
	Business Profit Margin	14.8%	10.4%	(4.4pp)	9.1%
	Operating Profit	9.9	9.4	(0.6)	7.4
General Industry	Orders	106.9	107.6	+ 0.7	107.0
	Net Sales	93.3	100.8	+ 7.5	100.0
	Business Profit	6.6	8.9	+ 2.3	8.8
	Business Profit Margin	7.1%	8.9%	+ 1.8pp	8.8%
	Operating Profit	6.4	8.9	+ 2.5	8.3

Electronics Industry

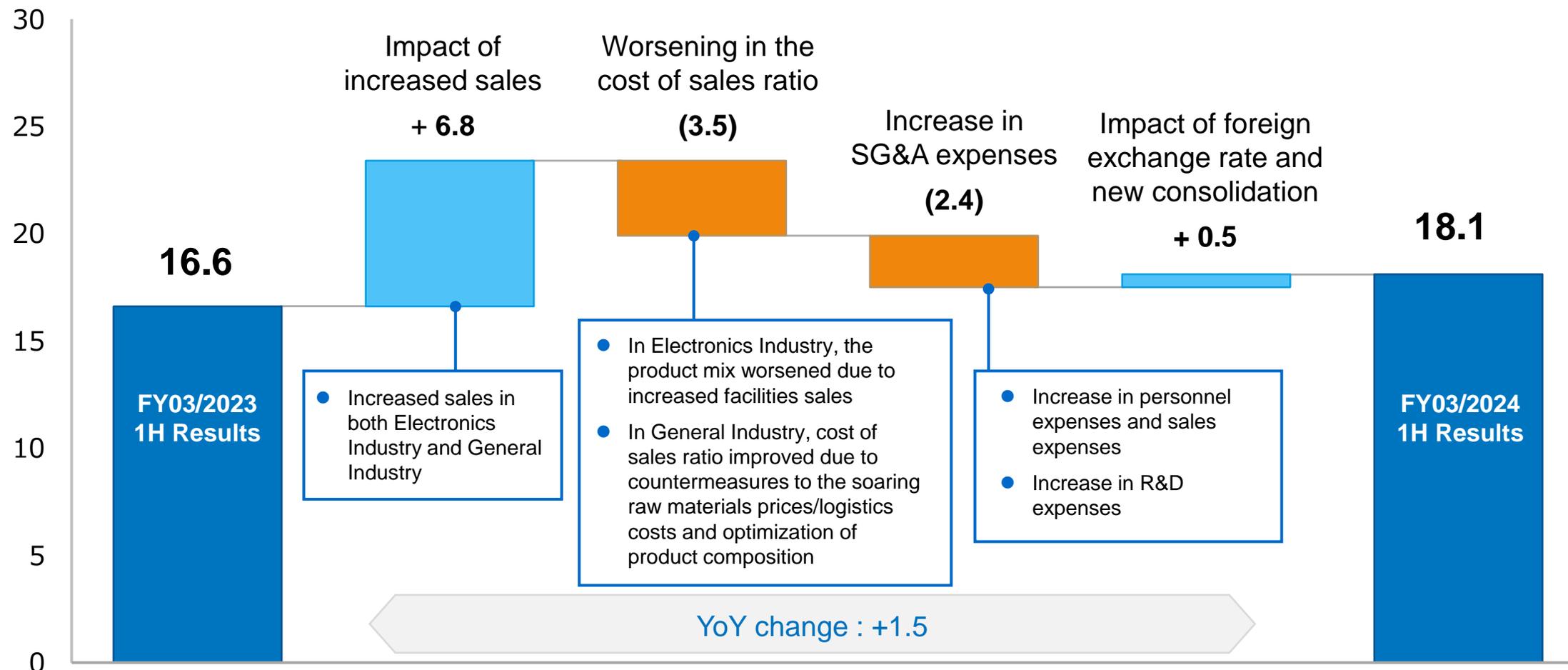
- Order declined mainly due to the decrease in facilities, precision tool cleaning, and maintenance.
- Net sales increased mainly due to the construction progress of facilities orders already received.
- Business profit decreased due to a deteriorating cost of sales ratio with lower service business composition and the increase of SG&A expenses, despite the sales increase.

General Industry

- The impact of new consolidation of Arcade Engineering GmbH and its group companies are included from the 2nd quarter.
- On an organic basis excluding foreign exchange and new consolidation impacts, orders declines, while net sales increased due to the progress of facilities and maintenance projects.
- Business profit increased, with the effects of higher sales and an improved cost of sales ratio more than offsetting the increase in SG&A expenses.

Factors in Change in Business Profit (YoY Change)

(Billions of Yen)



Electronics Industry Segment



(Billions of Yen)	FY03/2023 1H Results	FY03/2024 1H Results	YoY Change	1H Forecast (Announced in May)
Orders	93.5	78.8	(14.7)	68.0
Facilities	40.0	27.9	(12.1)	18.1
Recurring Contract- Based Services	20.2	22.8	+ 2.6	22.4
Services	33.3	28.1	(5.2)	27.5
Chemicals	5.6	5.1	(0.5)	5.4
Precision Tool Cleaning	14.4	11.9	(2.5)	12.8
Maintenance	13.3	11.1	(2.3)	9.3
Net Sales	67.4	87.6	+ 20.2	81.0
Facilities	19.2	38.8	+ 19.7	33.4
Recurring Contract- Based Services	20.2	22.7	+ 2.6	22.6
Services	28.1	26.0	(2.0)	25.0
Chemicals	5.6	5.2	(0.4)	5.4
Precision Tool Cleaning	14.3	11.9	(2.4)	12.8
Maintenance	8.1	8.9	+ 0.8	6.8

- Orders for facilities declined compared to the same period of the previous fiscal year when we won large projects. Net sales increased due to the sales progress from ordered projects mainly in Japan and China.
- Recurring contract-based services increased due to an increase in water supply business.
- Net sales for precision tool cleaning decreased due to reflecting the impact of operations in customers' plants.
- Orders for maintenance decreased compared to the same period of previous fiscal year, when the level of orders was high with some frontloaded projects. Net sales increased due to the growth both in Japan and overseas.

Factors in Change (Billions of Yen)

Organic Change	+ 19.4
Impact of Foreign Exchange Rate	+ 0.8

General Industry Segment



(Billions of Yen)	FY03/2023 1H Results	FY03/2024 1H Results	YoY Change	1H Forecast (Announced in May)
Orders	106.9	107.6	+ 0.7	107.0
Facilities	13.7	13.7	(0.1)	12.3
Recurring Contract- Based Services	3.5	4.9	+ 1.5	5.0
Services	89.7	89.0	(0.7)	89.7
Chemicals	60.0	58.2	(1.8)	62.3
Maintenance	25.9	26.0	+ 0.1	23.7
Others	3.8	4.8	+ 1.0	3.7
Net Sales	93.3	100.8	+ 7.5	100.0
Facilities	7.9	11.7	+ 3.8	9.1
Recurring Contract- Based Services	3.2	5.1	+ 1.9	5.3
Services	82.3	84.0	+ 1.8	85.6
Chemicals	59.5	58.1	(1.5)	61.8
Maintenance	18.7	22.1	+ 3.4	19.3
Others	4.0	3.9	(0.1)	4.5

- Excluding the impact of the new consolidation of Arcade Engineering, orders declined, while net sales increased both in Japan and overseas due to the progress of ordered projects.
- Recurring contract-based services increased due to the growth both in Japan and overseas.
- Orders and net sales for chemicals declined mainly due to the impact of the operations in customers' plants in China and the optimization of product composition.
- Orders for maintenance remained almost flat compared to the same period of previous fiscal year, but net sales increased due to the acquisition of cleaning projects in Japan and the progress of construction.

Factors in Change (Billions of Yen)

Organic Change	+ 2.8
Impact of Foreign Exchange Rate	+ 3.2
Impact of New Consolidation	+ 1.5

Net Sales by Region / CSV Business Net Sales



Net Sales by Region - Consolidated

(Billions of Yen)	FY03/2023 1H Results	FY03/2024 1H Results	YoY Change	1H Forecast (Announced in May)
Japan	79.5	97.5	+ 17.9	91.9
Asia	36.0	43.1	+ 7.1	42.0
North & South America	30.4	30.3	(0.2)	31.6
EMEA	14.7	17.5	+ 2.8	15.4
Total	160.7	188.4	+ 27.7	181.0

Net Sales by Region - General Industry

(Billions of Yen)	FY03/2023 1H Results	FY03/2024 1H Results	YoY Change	1H Forecast (Announced in May)
Japan	45.9	50.1	+ 4.2	46.7
Asia	12.0	11.2	(0.8)	14.4
North & South America	20.7	22.0	+ 1.2	23.4
EMEA	14.7	17.5	+ 2.8	15.4
Total	93.3	100.8	+ 7.5	100.0

Net Sales by Region - Electronics Industry

(Billions of Yen)	FY03/2023 1H Results	FY03/2024 1H Results	YoY Change	1H Forecast (Announced in May)
Japan	33.7	47.3	+ 13.7	45.2
Asia	24.0	32.0	+ 7.9	27.6
North & South America	9.7	8.3	(1.4)	8.2
EMEA	—	—	—	—
Total	67.4	87.6	+ 20.2	81.0

CSV Business Net Sales

(Billions of Yen)	FY03/2024 1H Results	% of Net Sales [*]
Consolidated	19.2	10.2%
Electronics Industry	6.3	7.2%
General Industry	12.9	12.8%

*Percentage of consolidated or segment net sales

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY03/2023 1H Results	FY03/2024 1H Results	YoY Change
Capital Expenditures (Property, Plant and Equipment*)	26.5	15.3	(11.2)
Depreciation (Property, Plant and Equipment*)	12.2	13.9	+ 1.7
R&D Expenses	3.0	3.6	+ 0.5

* Right-of-use assets are included.

- Capital expenditures declined compared to the same period of the previous fiscal year due to a lower investment in water supply business.
- Depreciation increased due to the start of new water supply projects during the previous fiscal year.
- R&D expenses increased due to strengthening efforts to create innovation.

Financial Condition



(Billions of Yen)	End of March 2023	End of September 2023	Change
Cash and Cash Equivalents	50.5	49.1	(1.3)
Other Current Assets	145.9	161.6	+ 15.6
Total Current Assets	196.4	210.7	+ 14.3
Property, Plant and Equipment	178.7	182.2	+ 3.4
Goodwill	60.4	69.4	+ 9.0
Other Non-current Assets	66.0	66.6	+ 0.6
Total Non-current Assets	305.1	318.1	+ 12.9
Total Assets	501.5	528.8	+ 27.2
Current Liabilities	109.5	116.4	+ 6.9
Non-current Liabilities	96.3	94.8	(1.5)
Total Liabilities	205.8	211.2	+ 5.4
Equity Attributable to Owners of Parent	294.0	315.7	+ 21.7
Non-controlling Interests	1.8	1.9	+ 0.1
Total Equity	295.8	317.6	+ 21.8
Total Liabilities and Equity	501.5	528.8	+ 27.2

- Other current assets increased due to increases in contract assets and trade receivables.
- Property, plant and equipment increased, mainly reflecting the acquisition of water supply business facilities.
- Goodwill increased due to the acquisition of Arcade Engineering GmbH shares and the impact of foreign exchange rates.
- Total equity increased mainly due to the posting of exchange differences on translation of foreign operations, reflecting the weakening of the yen against other currencies and the increase in retained earnings.

2 | Consolidated Business Forecast for the Fiscal Year Ending March 31, 2024

- Japan's economy will maintain growth, and investments with a medium- to long-term view, such as digitalization and decarbonization, will continue.
- Overseas, moderate economic recovery will be seen in Asia (excluding China) and the US, but European economies are expected to see little growth due to the impact of rising prices and monetary tightening. The Chinese economy's rebound will be hindered mainly by a prolonged slump in the real estate market.
- The production adjustment phase in the semiconductor market is expected to continue into the second half of the fiscal year, with signs of recovery starting in next fiscal year.
- Shortages and extended lead time of parts are expected to continue due to the supply-demand imbalance.

Overview of Business Forecast



(Billions of Yen)		FY 03/2023 Results	FY 03/2024 Forecast (Announced in November)	YoY Change	FY 03/2024 Previous Forecast (Announced in May)
Orders		374.3	365.0	(2.5%)	350.0
Net Sales		344.6	380.0	+ 10.3%	375.0
Business Profit		38.6	40.0	+ 3.7%	40.0
Net of Other Income and Expenses		(9.5)	(0.3)	—	(1.0)
Operating Profit		29.1	39.7	+ 36.6%	39.0
Profit Before Tax		30.2	39.2	+ 30.0%	38.2
Profit Attributable to Owners of Parent		20.1	28.0	+ 39.1%	27.0
Basic Earnings per Share (Yen)		179.14	249.06	+ 39.0%	240.21
Foreign Exchange Rate	USD (Yen)	135.5	139.7		135.0
	EUR (Yen)	141.0	152.5		138.5
	CNY (Yen)	19.8	19.7		19.7

- In the previous fiscal year, goodwill impairment loss (7.6 billion yen) related to Kurita America's water treatment chemicals business was recorded as other expenses, and the gain on derivative transactions (1.1 billion yen) accompanying the acquisition of additional shares in Pentagon Technologies Group, Inc. was posted as financial income that was included in profit before tax.

Forecasts by Segment



(Billions of Yen)		FY 03/2023 Result (Reference)	FY 03/2024 Forecast (Announced in November)	YoY Change	FY 03/2024 Previous Forecast (Announced in May)
Total	Orders	374.3	365.0	(9.3)	350.0
	Net Sales	344.6	380.0	+ 35.4	375.0
	Business Profit	38.6	40.0	+ 1.4	40.0
	Business Profit Margin	11.2%	10.5%	(0.7pp)	10.7%
	Operating Profit	29.1	39.7	+ 10.6	39.0
Electronics Industry	Orders	169.9	149.5	(20.4)	140.0
	Net Sales	149.3	166.0	+ 16.7	162.5
	Business Profit	21.8	19.0	(2.8)	18.1
	Business Profit Margin	14.6%	11.4%	(3.1pp)	11.1%
	Operating Profit	20.9	19.0	(1.9)	18.1
General Industry	Orders	204.4	215.5	+ 11.1	210.0
	Net Sales	195.3	214.0	+ 18.7	212.5
	Business Profit	16.9	21.0	+ 4.1	21.9
	Business Profit Margin	8.7%	9.8%	+ 1.2pp	10.3%
	Operating Profit	8.2	20.7	+ 12.5	20.9

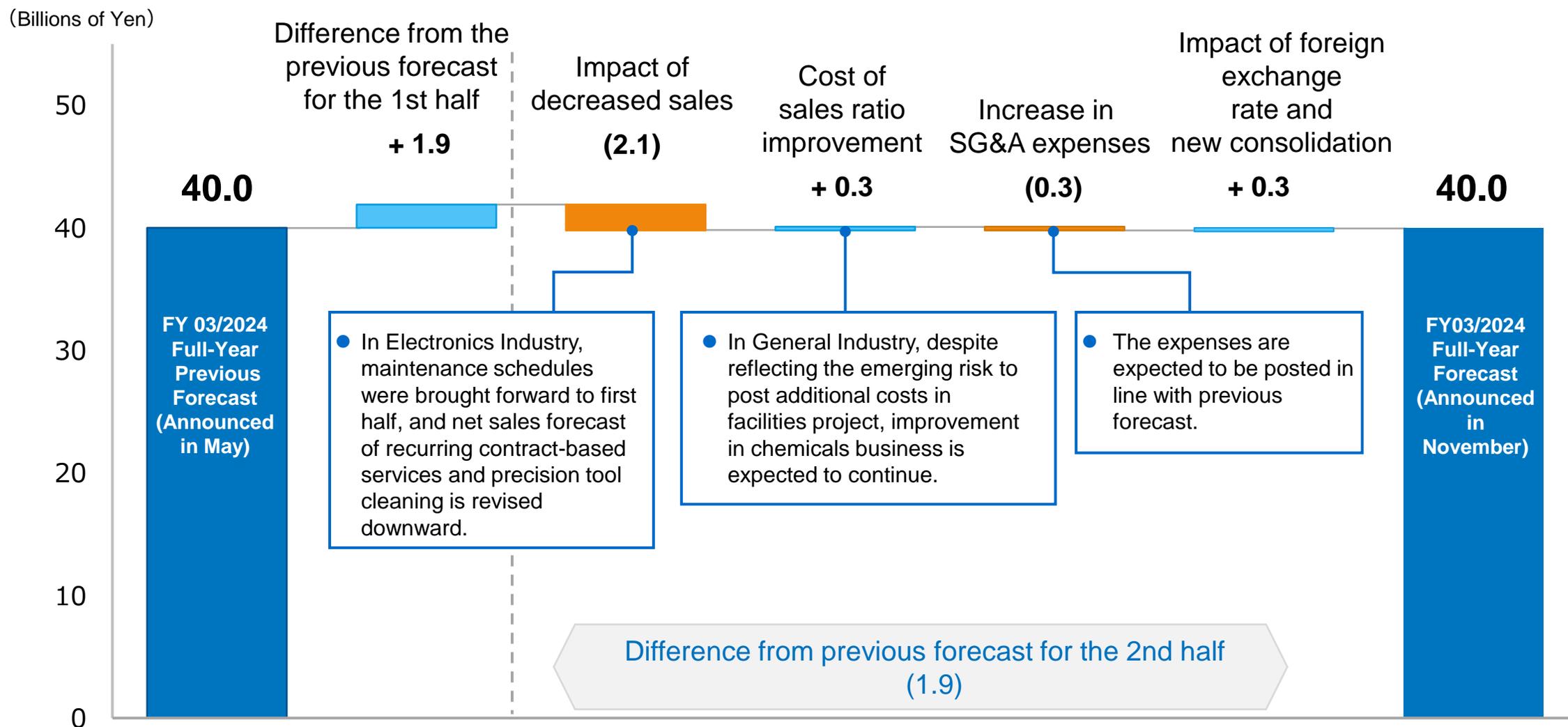
Electronics Industry

- Orders, net sales, and business profit forecasts are revised upward reflecting the progress in the first half.

General Industry

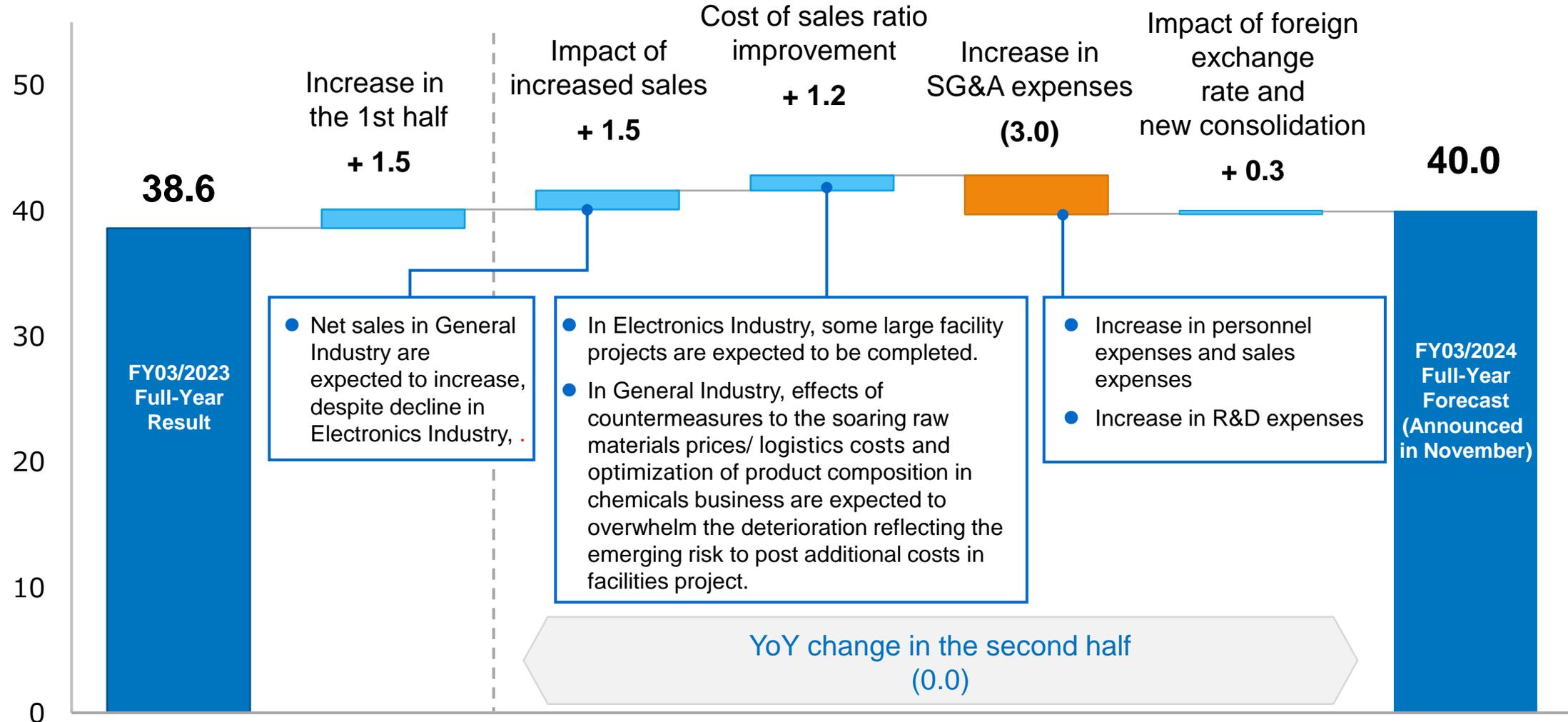
- On an organic basis excluding foreign exchange and new consolidation impacts, net sales for chemicals are expected to be lower than the previous forecast. Due to the impact of this lower net sales and reflecting the emerging risk of posting additional costs for facilities projects in the second half, business profit forecast is revised downward.

Factors in Change in Business Profit (compared to the previous forecast)



Factors in Change in Business Profit (YoY Change)

(Billions of Yen)



Electronics Industry Segment



(Billions of Yen)	FY 03/2023 Results (Reference)	FY 03/2024 Forecast (Announced in November)	YoY Change	FY 03/2024 Previous Forecast (Announced in May)
Orders	169.9	149.5	(20.4)	140.0
Facilities	68.6	48.4	(20.2)	38.2
Recurring Contract-Based Services	42.3	45.2	+ 2.9	46.3
Services	59.0	56.0	(3.1)	55.5
Chemicals	10.7	11.0	+ 0.3	10.6
Precision Tool Cleaning	27.7	24.7	(3.0)	27.0
Maintenance	20.7	20.3	(0.4)	17.8
Net Sales	149.3	166.0	+ 16.7	162.5
Facilities	50.1	66.8	+ 16.7	60.1
Recurring Contract-Based Services	42.1	45.0	+ 2.9	46.6
Services	57.1	54.2	(2.8)	55.9
Chemicals	10.7	10.8	+ 0.1	10.7
Precision Tool Cleaning	27.6	24.8	(2.8)	27.0
Maintenance	18.8	18.7	(0.1)	18.2

- Orders and net sales forecasts for facilities are revised upward due to the impact of winning projects in Asia.
- Orders and net sales forecasts for recurring contract-based services are revised downward due to the review of the water supply plan.
- In the precision tool cleaning business, orders and net sales forecasts are revised downward as the impact of operations in customers' plants is expected to continue into the second half.
- Maintenance orders and net sales forecasts are revised upward reflecting the progress in Japan and South Korea.

Factors in Change (Billions of Yen)

Organic Change	+ 15.6
Impact of Foreign Exchange Rate	+ 1.1

General Industry Segment



(Billions of Yen)	FY 03/2023 Results (Reference)	FY 03/2024 Forecast (Announced in November)	YoY Change	FY 03/2024 Previous Forecast (Announced in May)
Orders	204.4	215.5	+ 11.1	210.0
Facilities	26.4	29.6	+ 3.2	25.9
Recurring Contract-Based Services	6.7	10.9	+ 4.3	9.7
Services	171.3	175.0	+ 3.6	174.4
Chemicals	120.1	120.5	+ 0.3	124.6
Maintenance	43.5	45.7	+ 2.1	42.2
Others	7.6	8.8	+ 1.2	7.6
Net Sales	195.3	214.0	+ 18.7	212.5
Facilities	20.0	27.7	+ 7.7	24.5
Recurring Contract-Based Services	5.8	10.5	+ 4.7	9.4
Services	169.5	175.8	+ 6.3	178.6
Chemicals	119.7	119.3	(0.4)	124.3
Maintenance	41.5	46.3	+ 4.7	43.9
Others	8.3	10.2	+ 2.0	10.4

- Net sales forecast for facilities is revised upward reflecting first half results and the impact of new consolidation.
- Orders and net sales forecasts for chemicals are revised downward, reflecting the impact of operations in customers' plants in China and measures optimizing the product composition.
- Orders and net sales forecasts in maintenance and recurring contract-based services are revised upward reflecting net sales progress in the first half.

Factors in Change	(Billions of Yen)
Organic Change	+ 9.8
Impact of Foreign Exchange Rate	+ 4.8
Impact of New Consolidation	+ 4.0

Net Sales by Region / CSV Business Net Sales



Net Sales by Region - Consolidated

(Billions of Yen)	FY 03/2023 Results (Reference)	FY 03/2024 Forecast (Announced in November)	YoY Change	FY 03/2024 Previous Forecast (Announced in May)
Japan	178.5	195.9	+ 17.4	196.5
Asia	76.7	84.5	+ 7.8	83.7
North & South America	59.9	63.5	+ 3.6	63.7
EMEA	29.5	36.2	+ 6.7	31.0
Total	344.6	380.0	+ 35.4	375.0

Net Sales by Region - General Industry

(Billions of Yen)	FY 03/2023 Results (Reference)	FY 03/2024 Forecast (Announced in November)	YoY Change	FY 03/2024 Previous Forecast (Announced in May)
Japan	99.7	106.0	+ 6.3	105.9
Asia	24.6	25.7	+ 1.1	29.3
North & South America	41.5	46.2	+ 4.7	46.3
EMEA	29.5	36.2	+ 6.7	31.0
Total	195.3	214.0	+ 18.7	212.5

Net Sales by Region - Electronics Industry

(Billions of Yen)	FY 03/2023 Results (Reference)	FY 03/2024 Forecast (Announced in November)	YoY Change	FY 03/2024 Previous Forecast (Announced in May)
Japan	78.8	89.9	+ 11.1	90.6
Asia	52.1	58.8	+ 6.7	54.4
North & South America	18.4	17.3	(1.1)	17.5
EMEA	—	—	—	—
Total	149.3	166.0	+ 16.7	162.5

CSV Business Net Sales

(Billions of Yen)	FY 03/2024 Forecast (Announced in November)	% of Net Sales*
Consolidated	45.0	11.8%
Electronics Industry	14.0	8.4%
General Industry	31.0	14.5%

*Percentage of consolidated or segment net sales

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY 03/2023 Results	FY 03/2024 Forecast (Announced in November)	YoY Change	FY 03/2024 Previous Forecast (Announced in May)
Capital Expenditures (Property, Plant and Equipment*)	46.6	40.0	(6.6)	35.7
Depreciation (Property, Plant and Equipment*)	25.8	27.3	+ 1.5	27.3
R&D Expenses	6.3	7.6	+ 1.2	7.6

- Capital expenditures forecasts increased compared to the previous forecast, mainly reflecting expected investment for new water supply projects.
- Depreciation and R&D expenses remain unchanged from the previous forecasts.

* Right-of-use assets are included.

3 | Progress on Key Measures

Roll out value-driven businesses in the optimum form for two markets with different characteristics

Electronics Industry Segment

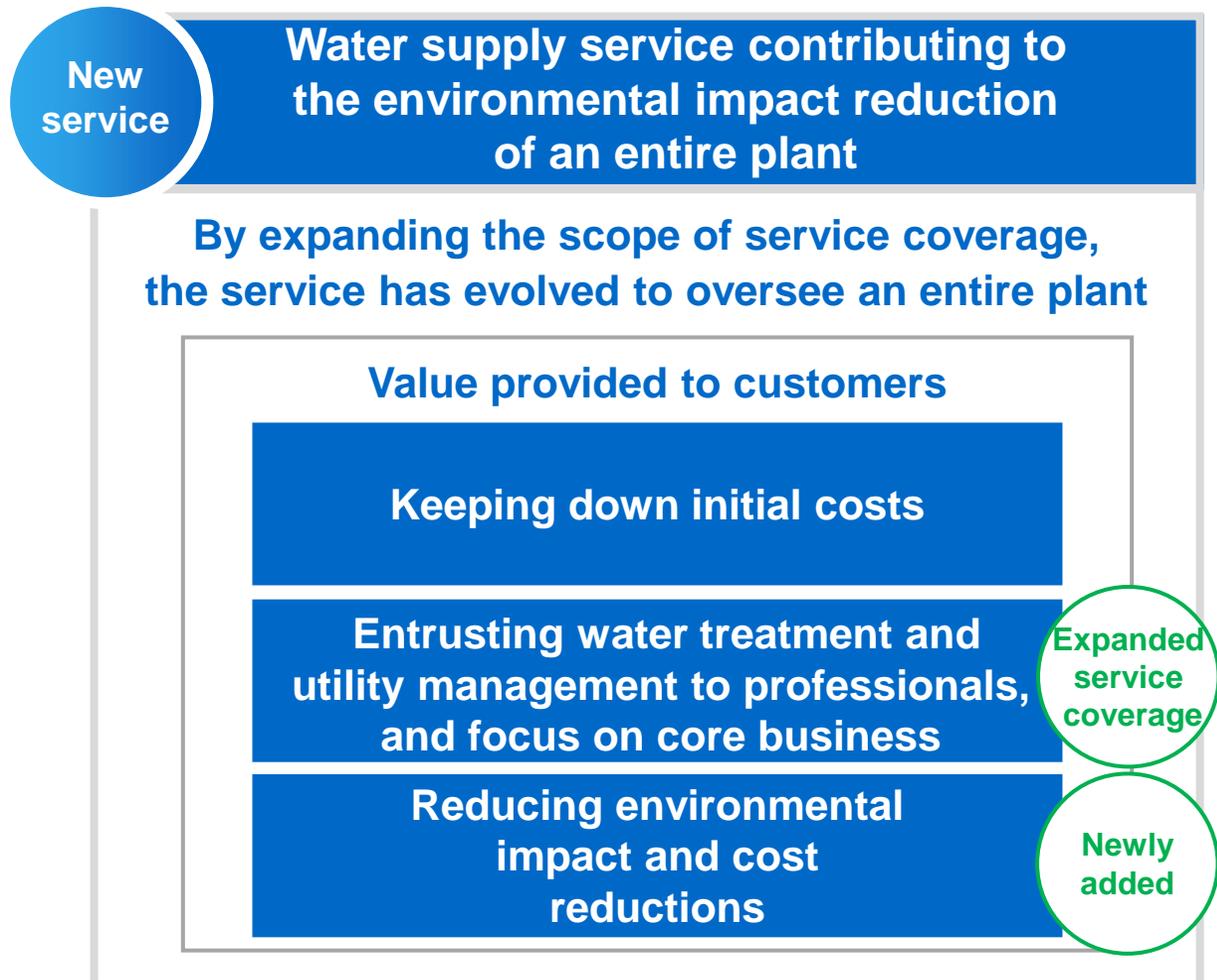
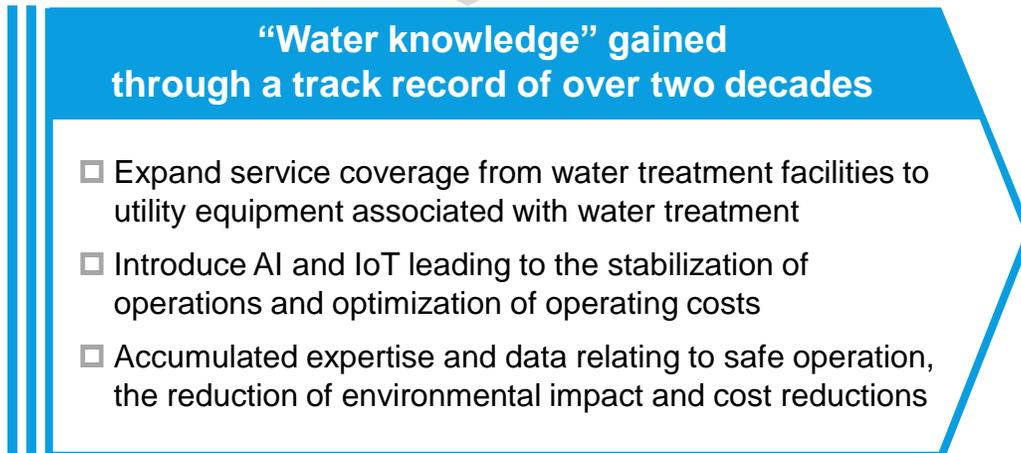
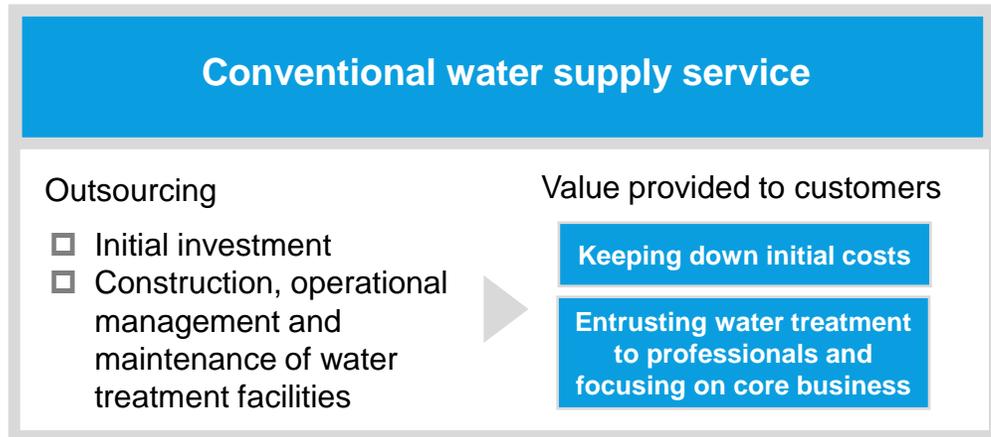
- Evolving the water supply business
- Strengthening the foundations of the precision tool cleaning business
- Building new business foundations in North America and Europe
- Reforming the production process and strengthening the supply chain

General Industry Segment

- Expanding the CSV business
- Utilizing digital infrastructure to accelerate business expansion
- Improving profitability in the US business
- Challenging new businesses that contribute to a circular economy society

Enhancing profitability and improving capital efficiency

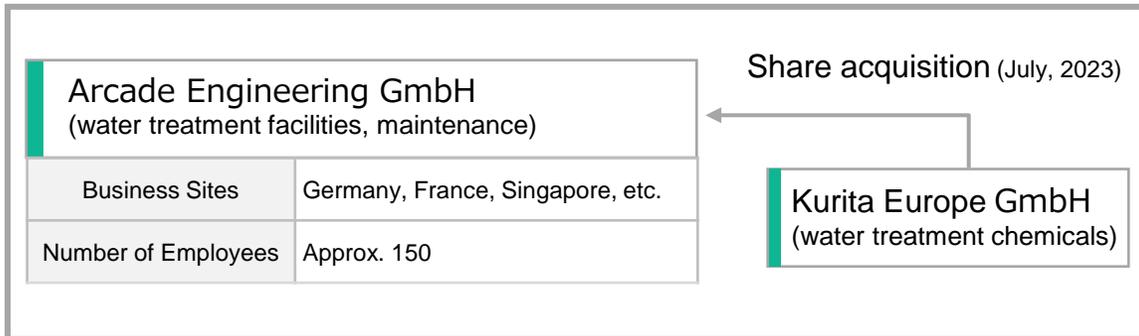
A business model that broadly supports customer issues expands the customer base



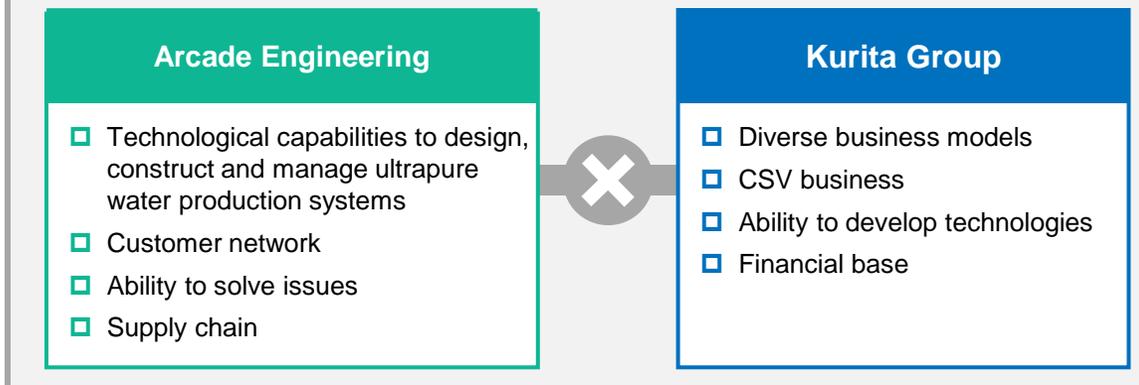
Rolling out the Facilities Business for the Electronics Industry in Europe and North America

Cater to expanded demand for water treatment facilities against the backdrop of Chips Act

Europe

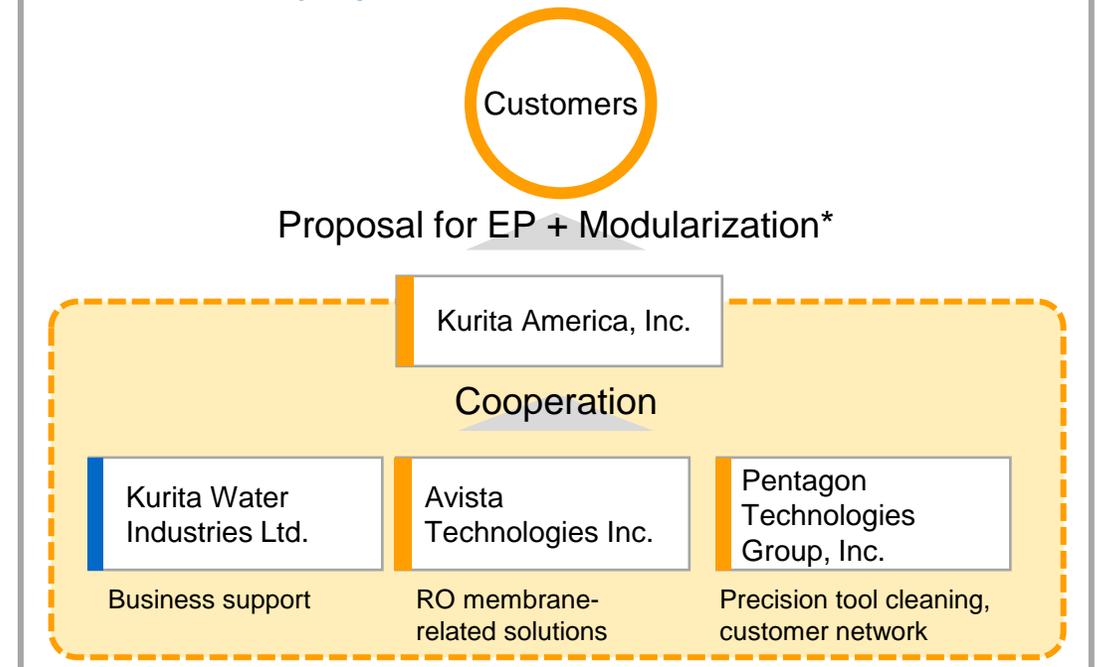


Accelerate business expansion by creating synergy



North America

Negotiations are ongoing to leverage the operating base in North America and Group resources to secure projects for semiconductors



* EP (Engineering & Procurement) + Modularization: A construction method to modularize completed water treatment facilities and assemble them within a customer factory, instead of building facility from scratch within the factory

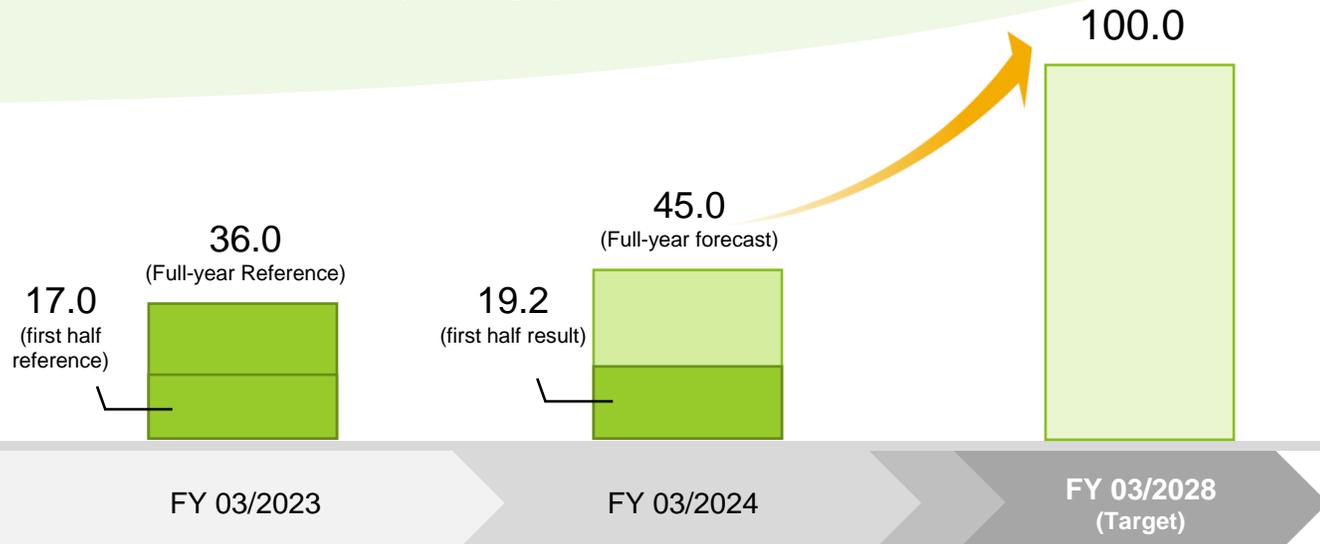
Improving profitability by creating shared value with society

CSV (Creating Shared Value) businesses

Products, technologies or business models with regard to water-savings, GHG emissions reduction, and resource recovery or resource input reduction

(As of October 2023: 62 models in total)

CSV business net sales (Billions of yen)



* Greenhouse gases

Current issues

Compared with conventional businesses, CSV businesses have managed to secure high profitability, but progress in business expansion is weaker

Implement initiatives in light of market size or competitive advantage

Main measures

- (1) Clarify and expand priority businesses
- (2) Develop proposals to solve issues specific to regional characteristics
- (3) Create new CSV businesses

Addressing environmental issues, the need to reduce energy costs and requirements, etc.

Kurita Dropwise Condensation Technology

A technology that improves the heat transfer efficiency of steam in production and manufacturing processes by preventing the formation of a water membrane on the metal surface of steam-based heat exchangers

Energy costs

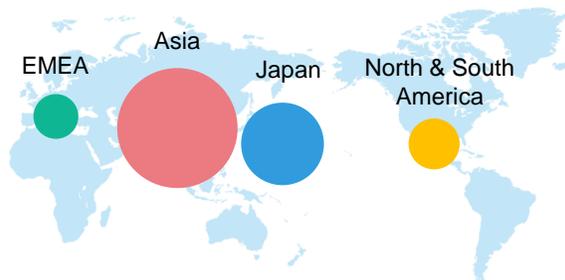


Production efficiency



Market potential

The applicable markets will spread around the world



Industry Fields

- Approaching production processes with strong potential for reducing energy usage, targeting markets with large-scale facilities

Main targets



Paper and pulp



Petroleum refining and petrochemicals, etc.

Other Fields

- Speedily deploying installation through top-down sales
- Developing a data infrastructure to share positive examples across the Kurita Group and accelerating rollout across the organization

Promoting business expansion and optimized cost structures under a new organization

Kurita America, Inc.

April 2020

Consolidate three companies in North America operating water treatment chemicals and facilities businesses

External environment

- Optimized business portfolio
- Integration of product standards for water treatment chemicals and development of logistics systems

From April 2023

Set Head of EMEA & Americas Region and began reforms under the new organization

1H of
FY 03/2024

Make steady progress in improving profitability



Establishment of the organization and system for expanding CSV business



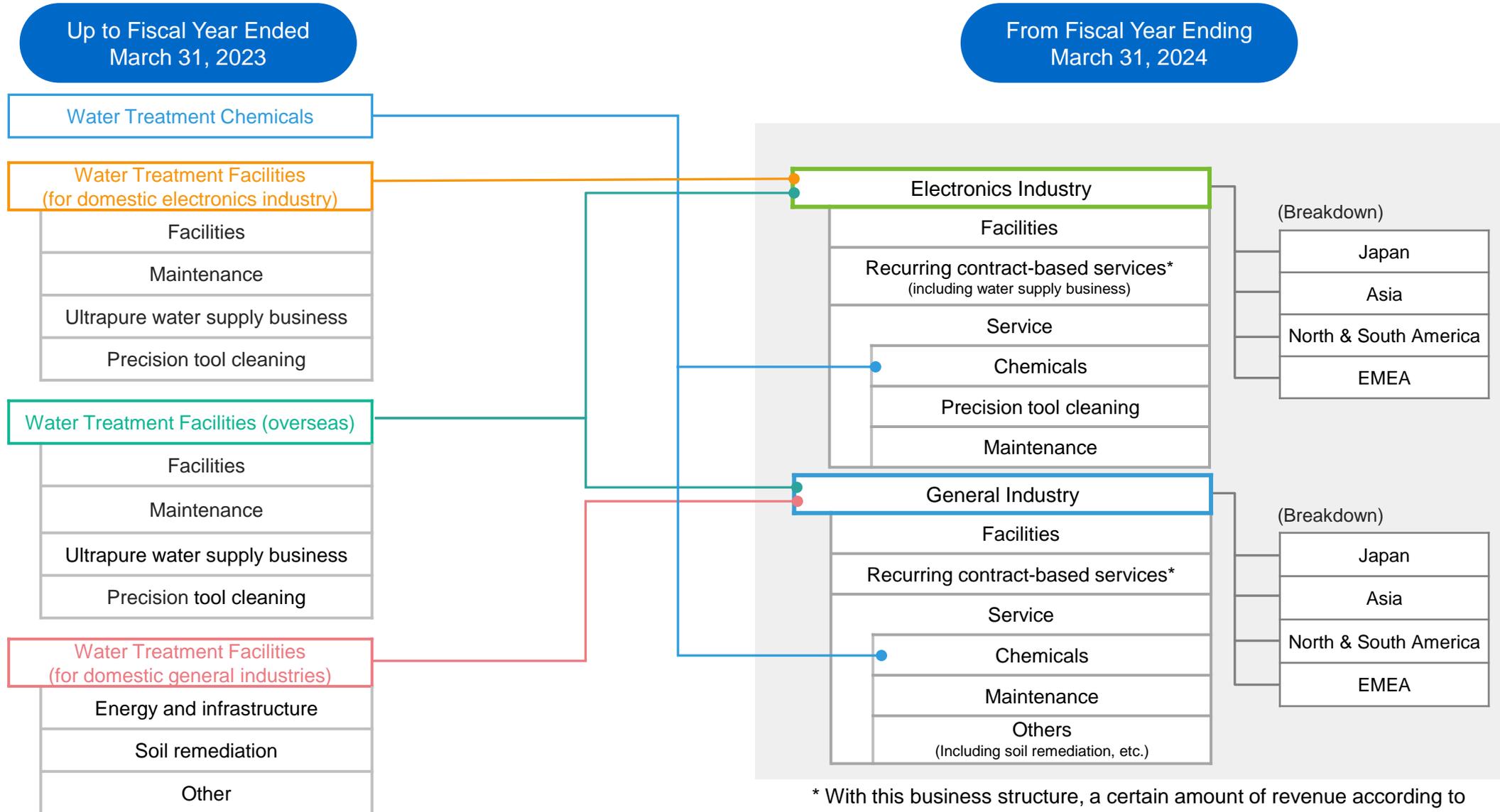
Enhancement of supply chain management in water treatment chemicals business



Expanding water treatment facilities business to focus areas

Achieving high profitability

Reference : Change in Disclosed Segments



* With this business structure, a certain amount of revenue according to the value of services provided is consistently secured.



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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