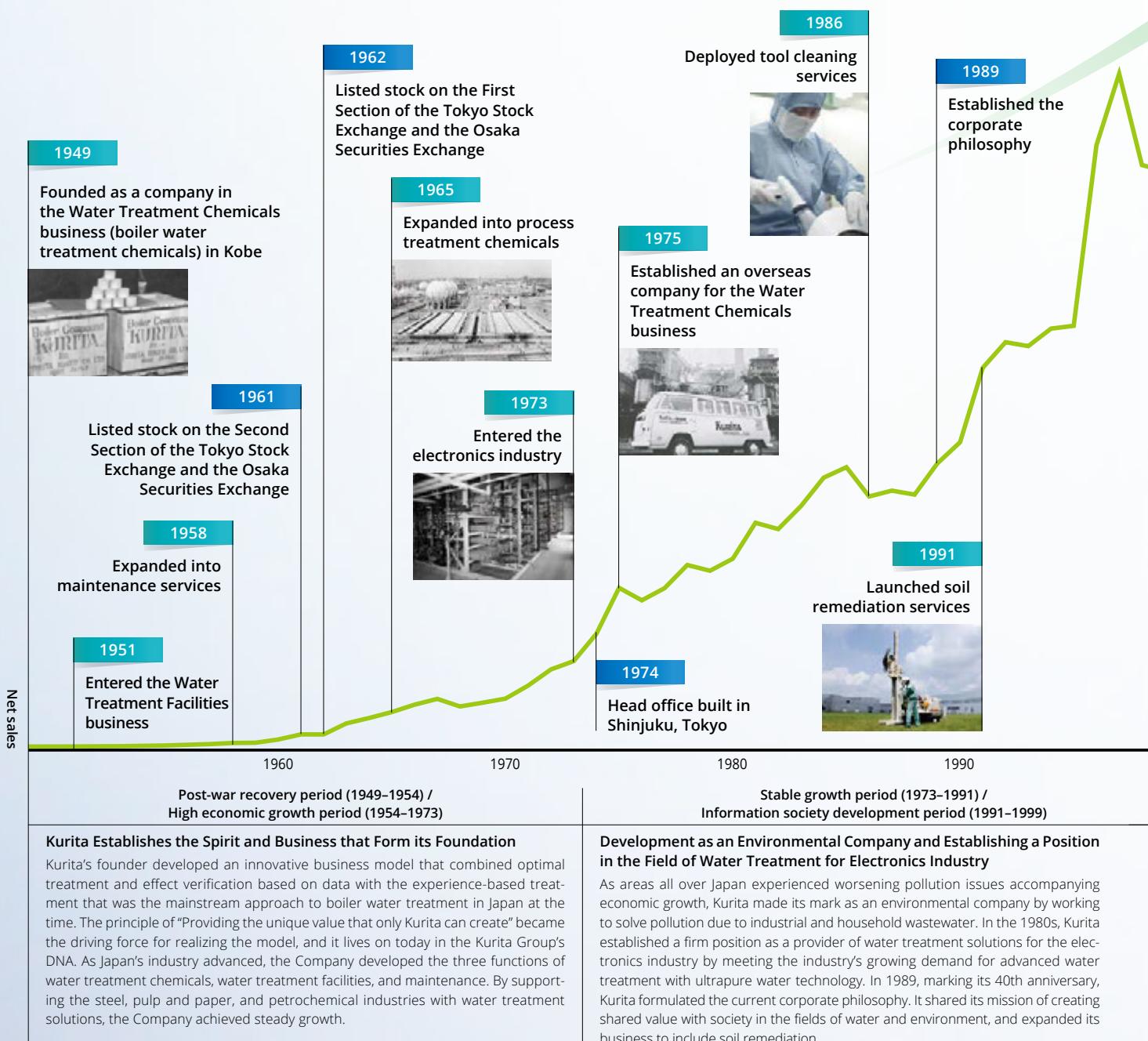


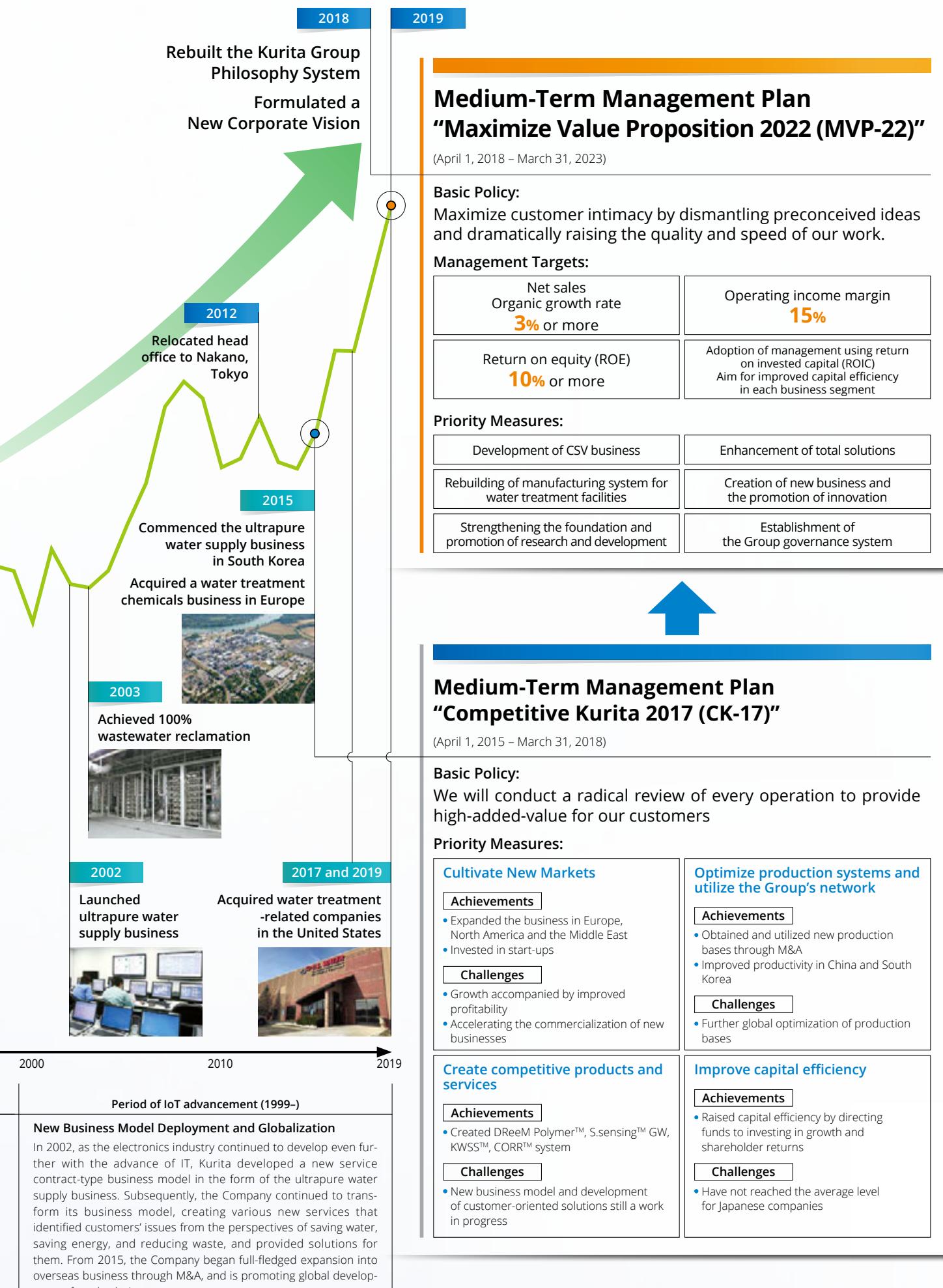
# The Kurita Group's Value Creation

## History of Value Creation

Since its establishment, the Kurita Group has provided value to its customers by solving water-related issues in various industries.

In 2018, the Kurita Group adopted as its corporate vision "A Creator of unique value to the solution of water and the environment," for contributing to the realization of a sustainable society and started the medium-term management plan Maximize Value Proposition 2022 (MVP-22), which positions CSR at the core. The Kurita Group will continue working to provide its stakeholders with new value, aiming to realize its corporate philosophy, "Study the properties of water, master them, and we will create an environment in which nature and man are in harmony."





## Kurita Group Philosophy System

The missions that the Kurita Group will fulfill in society into the future, its medium- and long-term visions, and its ways of thinking and values as the foothold for achieving them are stipulated as the Kurita Group Philosophy System.

### Corporate Philosophy

#### Study the properties of water, master them, and we will create an environment in which nature and man are in harmony

1. Kurita Group will contribute to facilitate the coexistence and shared prosperity of the natural environment and human society by creating shared value with society through water.
2. Kurita Group will generate new functions and value for water, through further exploration and exploitation of the fundamental properties of water.
3. Each individual of Kurita Group will adopt its customers' point of view and solve their water and environmental issues, by making full use of its unique technologies, products and services.

\* The corporate philosophy was set out in 1989 to mark the 40th founding anniversary of the Company.

### Corporate Vision

#### "A Creator of unique value to the solution of water and environment," contributing to the realization of a sustainable society.

1. Kurita Group will seek to create shared value with society such as environmental preservation and the effective use of resources, and will realize its corporate philosophy, by continuing to innovate and through businesses contributing to the natural environment, industry and people's lives.
2. Kurita Group will, as an indispensable partner, create value for customers such as "pursuit of safety," "productivity enhancement" and "reduction of environmental impact."
3. Kurita Group will evolve its "service business" and will provide customers, at speed, with comprehensive solutions making full use of Kurita's technologies, products and services in water treatment chemicals, water treatment facilities and maintenance services.

### Basic Policy

The basic policy encompasses the management direction and aims of the Group and forms the foundation of the Kurita Group Philosophy System.

- |  |  |
|--|--|
| <b>1. Kurita Group Code of Conduct</b>                                   | <b>4. CSR Policy</b>   |
| <b>2. Corporate Governance Policies</b>                                  | <b>5. Kurita Group BCM<br/>(Business Continuity Management) Policy</b> |
| <b>3. Basic Policies for Constructing<br/>an Internal Control System</b> | <b>6. Kurita Group Business Policy*</b>                                |

\* The Kurita Group Business Policy is made up of the Kurita Group Human Rights Policy, the Kurita Group Environmental Policy, and others.

### Core values

Fairness

Transparency

Integrity

Safety

Compatibility

# Management Resources

(Fiscal year ended March 31, 2019)

## Financial Capital

- Shareholders' equity

**¥233,417 million**

+4.9% year on year

## Social and Relationship Capital

- Globally expanding sales network, customer base covering a wide range of industries, supply chains, and alliances
- Certifications/Qualifications

## Human Capital

- Number of employees

**Consolidated: 6,613**

**Parent: 1,549**

- Training opportunities

## Natural Capital

- Water intake

**4 million m<sup>3</sup>**

- Energy

**4.55 million GJ**

- Materials and parts

## Manufactured Capital

- Property, plant and equipment (Net)

**¥109,669 million**

- Global network of manufacturing bases

## Intellectual Capital

- R&D expenses

**¥5,490 million**

+4.4% year on year

- R&D personnel

**Approx. 180**

- R&D bases

**3 sites**

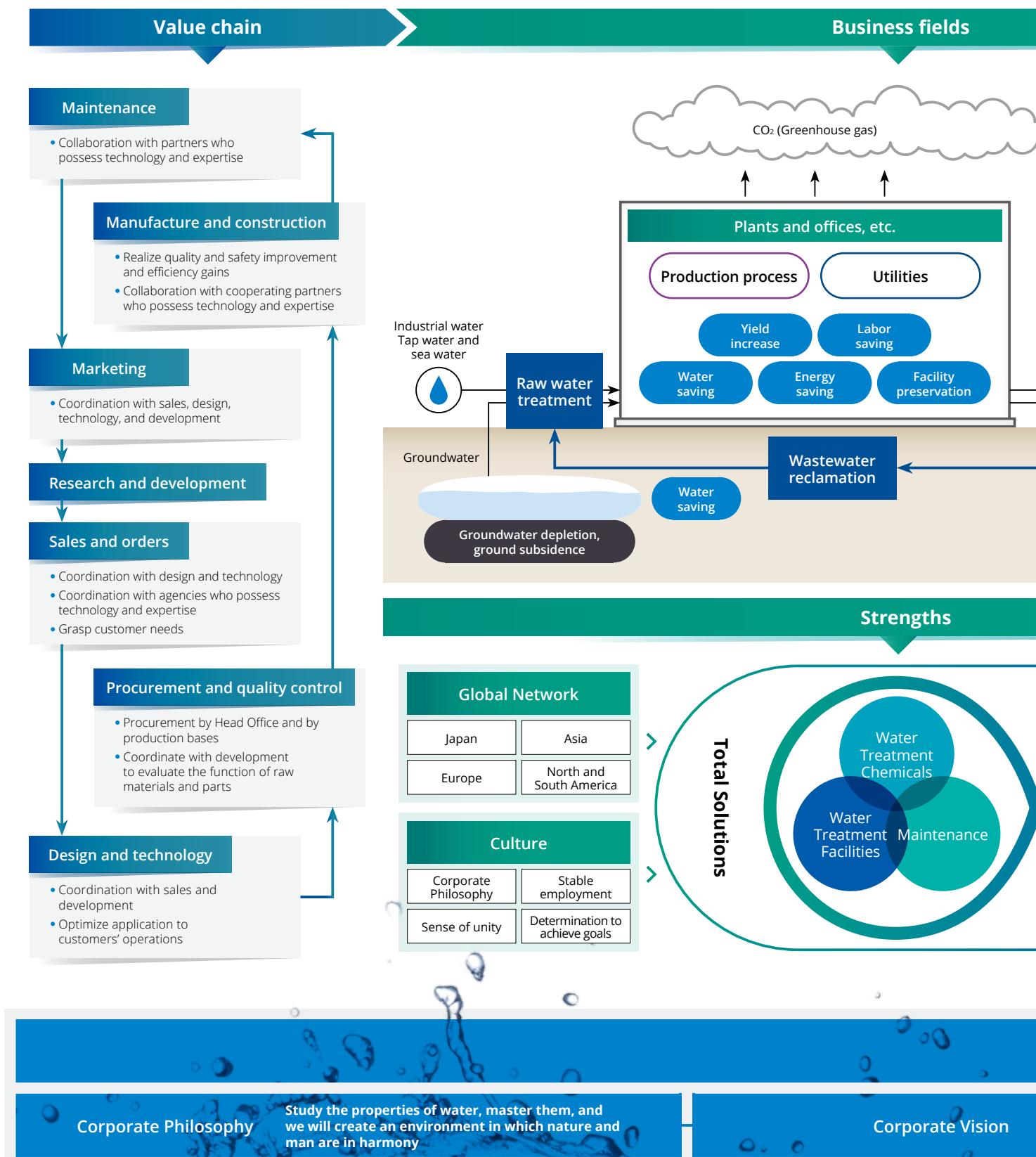
Japan, Germany,  
and Singapore

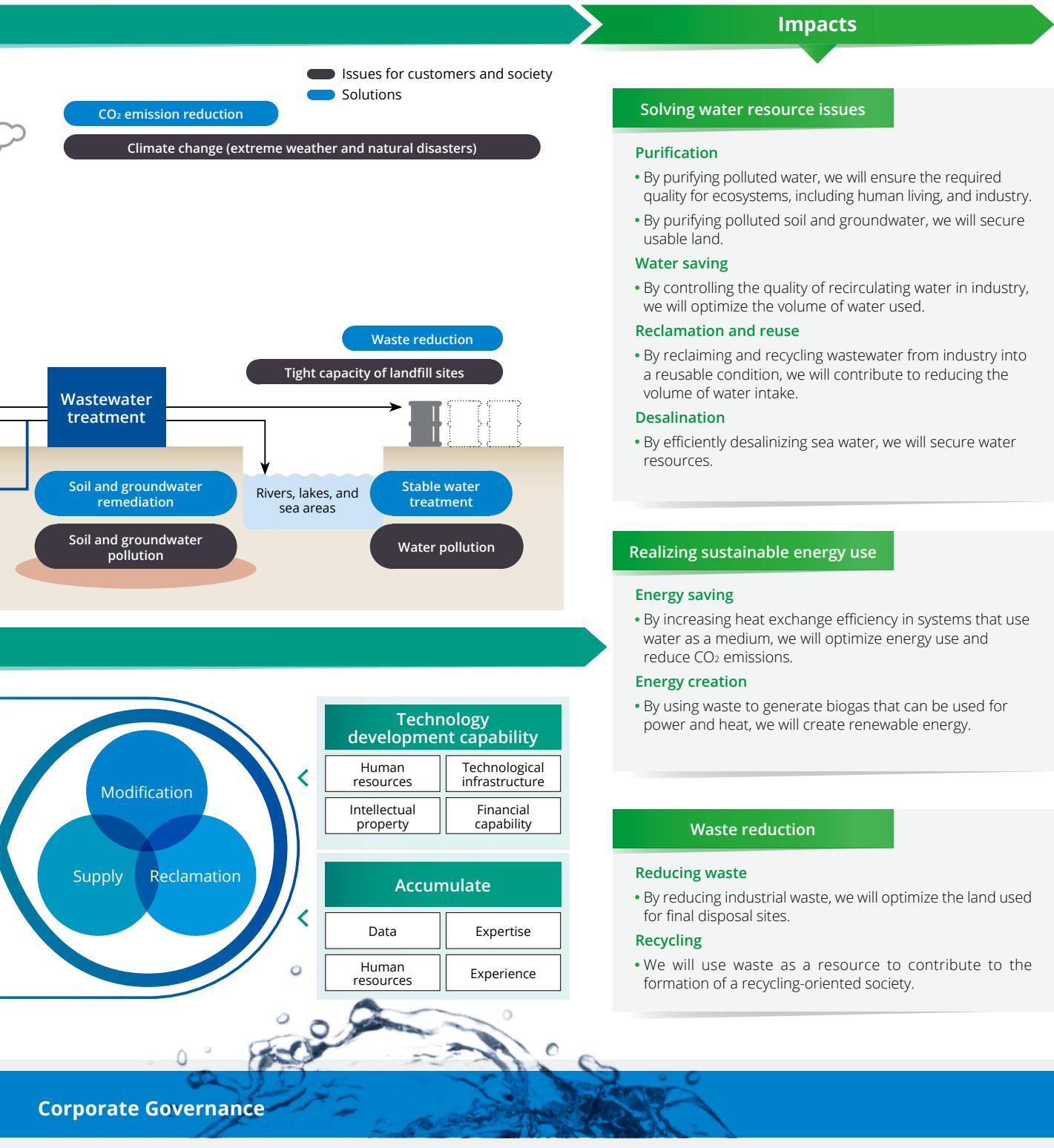
- Number of patents held

**2,326**

- Operation management data

## Business Model



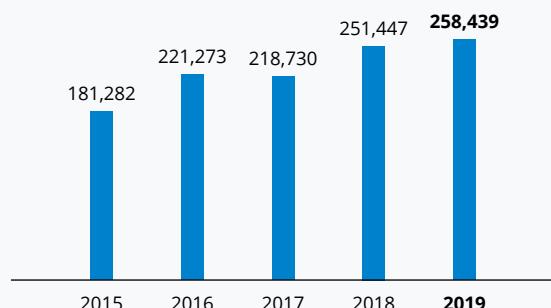


# Value Creation of the Kurita Group

## Performance (Fiscal year ended March 31, 2019)

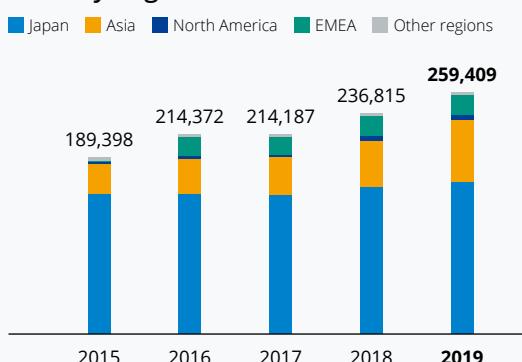
### Financial Capital

#### Orders (Millions of Yen)



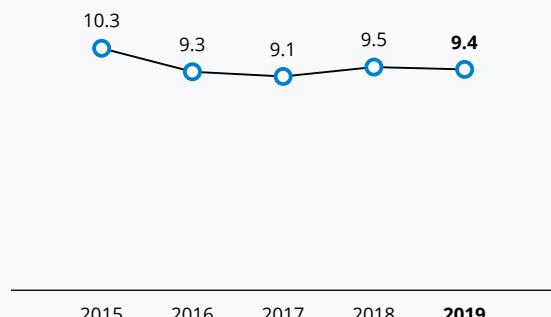
Orders declined for water treatment facilities in the flat-panel display and semiconductor sectors in China and South Korea, while orders for water treatment chemicals increased due to the consolidation of Hansu Co., Ltd. in South Korea in the fourth quarter of the previous fiscal year.

#### Sales by Region (Millions of Yen)



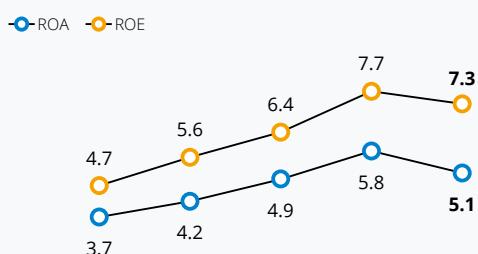
Sales rose strongly in Asia, reflecting solid growth in demand for water treatment chemicals and the consolidation of Hansu in South Korea, as well as steady progress on construction of large water treatment facility projects for the electronics industry.

#### Operating Income Margin (%)



The operating income margin remained at about the same level as an increase in operating income due to the effect of higher sales was offset by an increase in goodwill amortization due to acquisitions in the Water Treatment Chemicals business and temporary additional costs due to tight production capacity in the Water Treatment Facilities business.

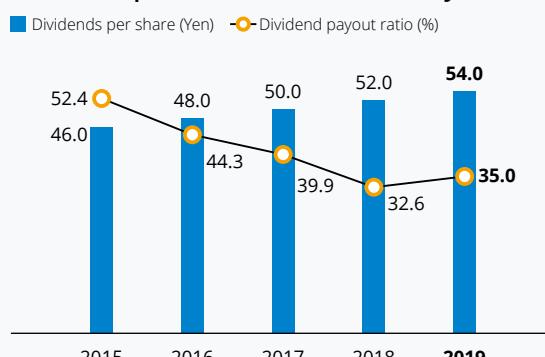
#### Return on Assets (ROA) and Return on Equity (ROE) (%)



ROE and ROA declined due to a decrease in net income, reflecting the impact of losses associated with the reorganization of unprofitable businesses, despite efforts to make effective use of capital by selling shares of other listed companies and allocating cash on hand to capital investment and M&As.

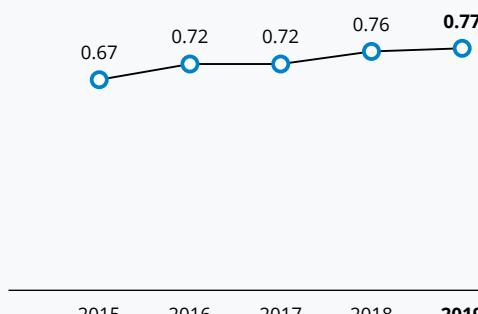
- ROA = Net income attributable to owners of parent ÷ Total assets (Average) × 100
- ROE = Net income attributable to owners of parent ÷ Equity (Average) × 100

#### Dividends per Share and Dividend Payout Ratio



Under a policy of striving to increase dividends, dividends increased for the 15th consecutive year. The dividend payout ratio increased slightly, partly reflecting the decrease in net income.

#### Total Assets Turnover (Times)



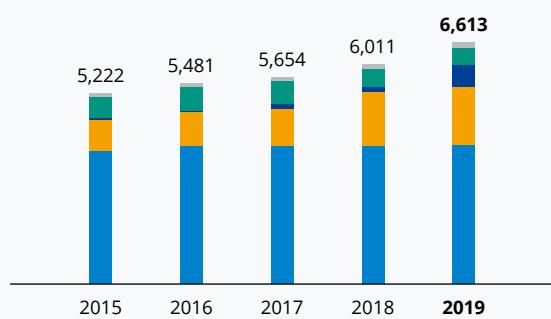
Total assets turnover improved due to aggressive allocation of our own funds into corporate acquisitions and growth in net sales against a backdrop of steady progress on construction of large water treatment facility projects.

- Total assets turnover = Net sales ÷ Total assets (Average)

## Human Capital

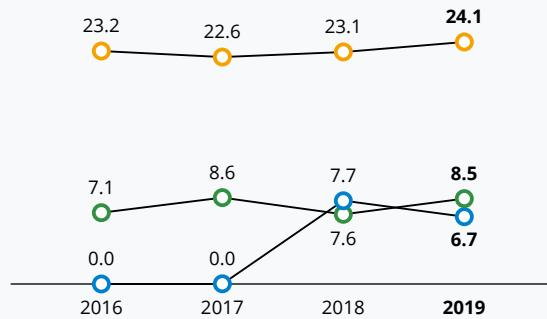
### Number of Employees by Region

■ Japan ■ Asia ■ North America ■ EMEA ■ Other regions



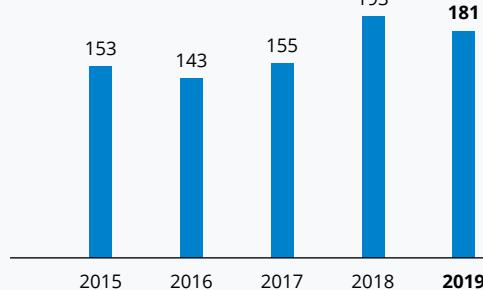
### Ratio of Female Directors and Members of the Audit & Supervisory Board and Employees (%)

■ Ratio of female directors and members of the Audit & Supervisory Board  
■ Ratio of female employees  
■ Ratio of women in management positions



## Intellectual Capital

### Number of Patents Pending (Japan)

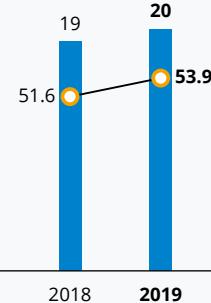


## Social and Relationship Capital

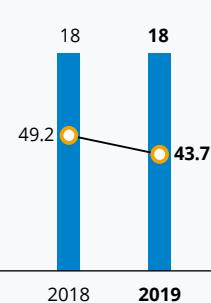
### Certification Acquired

■ Number of Companies ■ Acquisition rate among Group employees (%)

#### ISO 9001



#### ISO 14001



## Natural Capital

The Kurita Group aims to see environmental impact reduction\* in the operations of its customers offset and even exceed the environmental impacts of its own business. To this end, we have set numerical targets for the “amount of the reduction in environmental impact of customers - the amount of the Kurita Group’s own environmental impact,” with regard to water, CO<sub>2</sub>, and waste.

\* The Kurita Group has defined products, technologies, and business models that contribute significantly to water-saving, CO<sub>2</sub> emissions reduction, and waste reduction compared to previous levels as the “CSV business.” The reduction of environmental impact from customers’ operations is calculated based on results of applying the CSV business. Further information about the CSV business can be found in “Environmental Improvement Activities” on page 45.

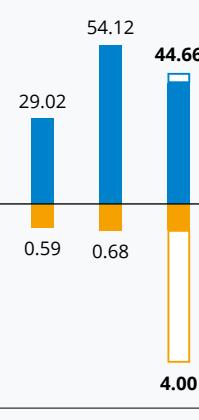
### Reduction at customers

■ Japan  
□ Overseas

### Impact from our business activities

■ Japan  
□ Overseas

### Water (million m<sup>3</sup>)



### CO<sub>2</sub> (1,000 t)



### Waste (1,000 t)

