FOR IMMEDIATE RELEASE

Kurita Water Industries Reports Earnings for the Nine Months Ended December 31, 2018

Tokyo, Japan, February 8, 2019—Kurita Water Industries Ltd. (TSE Securities Code 6370) announced net sales of 193,723 million yen and profit attributable to owners of parent of 12,938 million yen, or 115.23 yen per share, for the nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018).

Results of Operations

Total consolidated orders for the Kurita Group (Kurita Water Industries Ltd. and its consolidated subsidiaries and equity method affiliates) in the nine months ended December 31, 2018 rose 6.7% from the level of the year-ago period, to 200,601 million yen, and net sales increased 18.5%, to 193,723 million yen. Operating income was 17,252 million yen, up 16.1% versus the same the year-ago period, and ordinary income was 17,582 million yen, up 19.4%. Profit attributable to owners of parent amounted to 12,938 million yen, down 4.5%.

Looking at the market environment surrounding the Kurita Group, in Japan, production in the manufacturing industry remained firm, despite the temporary impact of natural disasters, and capital expenditure also continued to be solid on the back of robust corporate earnings. Overseas, although the Chinese economy showed signs of deceleration as the global economic outlook became increasingly uncertain, mainly due to trade friction between the United States and China, the U.S. economy remained firm, and economies in Europe and emerging countries in Asia excluding China also recovered moderately.

In this environment, the Group sought to develop and market competitive products and services using IT and sensing technologies. It also proposed solutions to customers' challenges including the reduction of environmental footprints, energy saving and improvements in productivity.

The Group has expanded the scope of application of the percentage-of-completion method mainly in the Water Treatment Facilities business. As a consequence, net sales increased 10,104 million yen, and operating income and ordinary income rose 2,121 million yen, respectively. In addition, the Group recorded a 8,381 million yen gain on sales of shareholdings of other listed companies (gain of sales of investment securities) in extraordinary income, while 4,920 million yen, the sum of a 2,838 million yen loss associated with the transfer of the aluminum compound business of Kurita Europe GmbH and a 1,106 million yen impairment loss on goodwill of Kurita Water Industries (Jiangyin) Co., Ltd., was recorded in extraordinary losses. The recording of the impairment loss on goodwill of Kurita Water Industries (Jiangyin) Co., Ltd. was based on the Group's decision to transfer the production function of water treatment chemicals of this company to a plant of the new Kurita Water Industries (Taixing) Co., Ltd. (due to begin operating in the second half of fiscal year ending March 31, 2021) to eliminate production constraints associated with tightened regulations on companies that manufacture hazardous chemicals in densely populated areas in China.

Segment Overview

The Group consists of two reportable segments in its segment information: Water Treatment Chemicals and Water Treatment Facilities

Water Treatment Chemicals

Total Group orders for the Water Treatment Chemicals segment were 77,802 million yen, up 17.0% versus the same period of the fiscal year ended March 31, 2018, while sales rose 16.5%, to 77,437 million yen.

Operating income climbed 22.3%, to 6,854 million yen mainly due to the increase in overseas sales.

In Japan, orders and sales increased despite the absence of the posting of spot projects of equipment and services that was made in the year-ago period, while sales and orders in cooling water treatment chemicals and process treatment chemicals for iron and steel increased thanks to segment efforts to develop new customers by proposing problem solutions using new products and services.

Overseas, both orders and sales rose, reflecting an increase in the consolidation period for operating results of Hansu Co., Ltd. in South Korea, which became a consolidated subsidiary in the fourth quarter of the previous fiscal year, by nine months, in addition to an increase in demand for water treatment, particularly in Asia.

Water Treatment Facilities

Total Group orders for the Water Treatment Facilities segment were 122,798 million yen, up 1.1% versus the same period of the previous fiscal year. Partly thanks to the expansion of the scope of application of the percentage-of-completion method, sales rose 19.9%, to 116,285 million yen.

Operating income climbed 12.4%, to 10,407 million yen as higher sales offset the effect of the deteriorated cost of sales ratio due to the occurrence of unprofitable projects.

In Japan, orders for water treatment facilities increased significantly in the electronics industry due to orders received for large-scale projects, and sales also rose thanks to progress in construction work for large-scale projects. Orders and sales in maintenance services rose, thanks to increase of orders for expansion and remodeling projects against a backdrop of a rise in capacity utilization at customers' plants.

In general industries, orders and sales of water treatment facilities decreased, but orders and sales of maintenance services remained stable mainly for remodeling and expansion projects at customers' plants for the purpose of expanding production capacity. Meanwhile, orders for water treatment facilities for electric power and soil remediation increased due to orders received for large-scale projects, and sales also increased significantly thanks to progress in construction work for large-scale projects the orders for which were received in the previous fiscal year.

Overseas, while orders for water treatment facilities declined in reaction to orders for multiple large-scale projects in the previous fiscal year, sales increased due to progress in construction work for large-scale projects for the electronics industry in China and South Korea. Sales in the ultrapure water supply business in Japan and overseas increased due to the posting of sales from expansion projects.

Financial Condition

1) Total assets: 336,471 million yen (increased 13,425 million yen from the end of the previous fiscal year)

Current assets totaled 175,356 million yen at the end of the third quarter (December 31, 2018), an increase of 14,947 million yen from the end of the previous fiscal year (March 31, 2018). This was mainly a result of an increase of 12,322 million yen in funds in hand, or cash and deposits and marketable securities, due to proceeds from sales of shareholdings of other listed companies and the receipt of long-term advances received, as well as an increase of 1,824 million yen in trade accounts receivable due to higher sales, despite a decrease of 1,419 million yen in work in progress due to the absence of posting of the relevant projects chiefly associated with the expansion of the scope of application of the percentage-of-completion method.

Non-current assets totaled 161,115 million yen at the end of the nine-month period (December 31, 2018), a decrease of 1,522 million yen from the end of the previous fiscal year. This decrease mainly reflected a 15,657 million yen decline in investment securities due to sales of shareholdings of other listed companies, although property, plant and equipment increased 12,360 million yen with capital expenditure in the ultrapure water supply business (Water Treatment Facilities business), which outweighed the depreciation of existing facilities.

2) Liabilities: 101,695 million yen (increased 19,502 million yen from the end of the previous fiscal year)

Current liabilities totaled 58,466 million yen at the end of the period, an increase of 2,317 million yen from the end of the previous fiscal year. The increase mainly reflected a rise of 8,759 million yen in Other due to increases in accounts payable and advances received, while trade accounts payable and income taxes payable decreased 4,627 million yen and 1,428 million yen, respectively.

Non-current liabilities totaled 43,229 million yen at the end of the period, an increase of 17,185 million yen from the end of the previous fiscal year. This increase mainly reflected a rise of 16,903 million yen in Other due to the receipt of long-term advances received.

3) Net assets: 234,775 million yen (decreased 6,078 million yen from the end of the previous fiscal year)

Net assets totaled 234,775 million yen at the end of the period, a decrease of 6,078 million yen from the end of the previous fiscal year. This decrease was mainly due to a fall of 12,359 million yen in accumulated other comprehensive income, while shareholders' equity rose 6,485 million yen. The major factor for the increase in shareholders' equity was a rise of 6,767 million yen in retained earnings due to the posting of profit attributable to owners of parent, which outweighed the posting of year-end dividends and interim dividends. Meanwhile, the major factors for the decrease in accumulated other comprehensive income were a 8,249 million yen decline in unrealized gains on available-for-sale securities, the result of a decrease in unrealized gains on investment securities held associated with sales of shareholdings of other listed companies, and a 4,482 million yen fall in foreign currency translation adjustments associated with the appreciation of the yen against foreign currencies.

Outlook for the Fiscal Year Ending March 31, 2019

The Group's current outlook for the year ending March 31, 2019 is consistent with the earnings forecast disclosed in "Earnings Report for the Six Months Ended September 30, 2018," which was announced on November 9, 2018.

Financial Statements — Consolidated

Balance Sheet — Consolidated

(Million yen)

	As of March 31, 2018	As of December 31, 2018
	Amount	Amount
Assets		
Current assets		
Cash and deposits	61,086	72,005
Notes receivable – trade	7,870	8,750
Accounts receivable – trade	78,994	80,818
Marketable securities	3	1,406
Finished products	3,968	4,133
Work in process	3,621	2,202
Raw materials and supplies	2,800	2,765
Other	2,528	3,776
Allowance for doubtful accounts	(464)	(503)
Total current assets	160,409	175,356
Non-current assets		
Property, plant and equipment		
Buildings (net)	11,132	12,890
Machinery and equipment (net)	42,843	42,765
Other (net)	32,051	42,732
Total property, plant and equipment	86,028	98,388
Intangible fixed assets		
Goodwill	20,362	19,240
Other	10,641	9,465
Total intangible fixed assets	31,003	28,706
Investments and other assets		
Investment securities	35,683	20,026
Other	10,099	14,143
Allowance for doubtful accounts	(176)	(149)
Total investments and other assets	45,605	34,020
Total noncurrent assets	162,637	161,115
Total assets	323,046	336,471

(Million yen)

	As of March 31, 2018 Amount	As of December 31, 2018 Amount
Liabilities		
Current liabilities		
Notes payable – trade	2,073	2,571
Accounts payable – trade	26,801	22,174
Income taxes payable	4,806	3,378
Provision	3,436	2,551
Other	19,031	27,790
Total current liabilities	56,149	58,466
Non-current liabilities		
Net defined benefit liability	16,610	16,907
Provision	191	175
Other	9,242	26,145
Total non-current liabilities	26,044	43,229
Total liabilities	82,193	101,695
Net assets		
Shareholders' equity		
Common stock	13,450	13,450
Capital surplus	10,959	10,665
Retained earnings	209,149	215,916
Treasury stock	(10,943)	(10,932)
Total shareholders' equity	222,615	229,100
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	16,558	8,309
Deferred gains (losses) on hedges	(1)	213
Revaluation reserve for land	(380)	(200)
Foreign currency translation adjustments	6	(4,476)
Remeasurements of defined benefit plans	3	(18)
Total accumulated other comprehensive income	16,187	3,828
Non-controlling interests	2,049	1,847
Total net assets	240,853	234,775
Total liabilities and net assets	323,046	336,471

Statements of Income and Comprehensive Income — Consolidated

Statement of Income

(Million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
	Amount	Amount
Net sales	163,511	193,723
Cost of sales	109,381	133,050
Gross profit	54,130	60,672
Selling, general and administrative expenses	39,275	43,419
Operating income	14,854	17,252
Non-operating income		
Interest income	139	124
Dividend income	537	551
Foreign exchange gains	–	93
Equity in earnings of unconsolidated subsidiaries and affiliates	140	112
Other	419	728
Total non-operating income	1,236	1,611
Non-operating expenses		
Interest expense	303	245
Foreign exchange losses	105	–
Loss on valuation of investments in capital	–	251
Acquisition expenses	530	392
Other	426	393
Total non-operating expenses	1,364	1,282
Ordinary income	14,726	17,582
Extraordinary income		
Gain on sales of investment securities	1,572	8,381
Gain on step acquisitions	2,443	–
Total extraordinary income	4,015	8,381
Extraordinary losses		
Loss on sales of non-current assets	–	535
Impairment loss	–	*1 1,106
Loss on liquidation of business	–	440
Loss on transfer of business	–	*2 2,838
Total extraordinary losses	–	4,920
Income before income taxes	18,742	21,043
Income taxes	5,121	8,129
Net income	13,621	12,913
Profit (loss) attributable to non-controlling interests	76	(24)
Profit attributable to owners of parent	13,545	12,938

Statement of Comprehensive Income

(Million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
	Amount	Amount
Net income	13,621	12,913
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	2,568	(8,246)
Deferred gains (losses) on hedges	(1,085)	214
Foreign currency translation adjustments	1,599	(2,001)
Remeasurements of defined benefit plans	(12)	(24)
Share of other comprehensive income of entities accounted for using equity method	75	(152)
Total other comprehensive income	3,145	(10,210)
Comprehensive income	16,766	2,702
Components:		
Comprehensive income attributable to owners of parent	16,690	2,803
Comprehensive income attributable to non-controlling interests	76	(100)

Notes to Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

Not applicable

(Changes in the scope of consolidation or the scope of application of the equity method)

(Changes in the scope of consolidation)

From the first quarter of the current fiscal year, Fracta, Inc. and Fracta (a wholly-owned subsidiary of Fracta, Inc.) are included in the scope of consolidation associated with the acquisition of shares of Fracta, Inc.

From the third quarter of the current fiscal year, the newly established Kurita Water Industries (Taixing) Co., Ltd. is included in the scope of consolidation.

(Changes in matters related to the fiscal year of consolidated subsidiaries)

In the past, for all overseas consolidated subsidiaries whose closing date was December 31, the financial statements as of December 31 had been used and necessary adjustments had been made for consolidation for important transactions that had occurred during the period between their closing date and the consolidated closing date. However, the Group has changed the closing date of all overseas consolidated subsidiaries but Kurita Water Industries (Dalian) Co., Ltd., Kurita Water Industries (Jiangyin) Co., Ltd., Kurita Water Industries (Suzhou) Ltd., Kuritec (Shanghai) Co., Ltd. and Kurita do Brasil Ltda. to March 31. For the five companies above, the Group has changed their account settlement method to one in which a provisional closing equivalent to the full-year account settlement is made on the consolidated closing date. In association with this change, the Group has made an adjustment for profits and losses for three months from January 1, 2018 to March 31, 2018 using retained earnings and consolidated them in the first nine-month period under review.

(Changes in accounting policies)

(Changes to accounting policies that are difficult differentiating from changes to accounting estimates)

(Changes to the depreciation method of property, plant and equipment)

In the past, the Company adopted the declining-balance method for the deprecation of buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, facilities attached to buildings and structures acquired on or after April 1, 2016 and property, plant and equipment (excluding leased assets) except for facilities of ultrapure water supply business which the Company had installed at customer sites. However, the Company has changed the depreciation method for them to the straight-line method from the first quarter of the current fiscal year.

The Company has made this change because the pattern of consumption of the economic benefits of property, plant and equipment has changed as the expansion of the global business and a transition to the optimum production system have become clear. Given that actual production on a consolidated basis generally stays at a certain level and that the operation of facilities is also stable, the Company has determined that the straight-line method is more suitable for the consumption pattern of the economic benefits of property, plant and equipment.

The impact of this change on profits and losses in the first nine-month period under review is minor.

(Application of Accounting Unique to the Creation of Quarterly Consolidated Financial Statements)

Calculation of tax expense

The Company reasonably estimates an effective tax rate after the application of tax effect accounting for net income before income taxes for the consolidated fiscal year and multiplies the net income before income taxes by the estimated effective tax rate.

(Additional Information)

(Adoption of the “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018), among others, from the beginning of the first quarter of the current fiscal year. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

(Expansion the scope of application of the percentage-of-completion method)

In the past, the Company applied the percentage-of-completion method to construction work for progress of which the certainty of outcome can be recognized and applied the completed-contract method to other construction work. However, the Company has applied the percentage-of-completion method to other construction work from the first quarter of the current fiscal year because a reliable estimate has become possible for most of them due to the development and strengthening of the cost management system.

As a result, net sales have increased 10,104 million yen, and operating income, ordinary income and income before income taxes have increased 2,121 million yen, respectively.

(Statement of income)

*1. Impairment loss

Nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

1) Overview of assets or asset groups for which an impairment loss was recognized

During the nine-month period under review, an impairment loss was posted for the following asset group.

Use	Type	Place	Amount of impairment loss posted
–	Goodwill	Jiangyin, China	1,106 million yen

2) Background of recognition of an impairment loss

During the nine-month period under review, the Group recognized an impairment loss because the recoverability of investment amount became unrecognizable, given that the Group decided to transfer the production function of water treatment chemicals of Kurita Water Industries (Jiangyin) Co., Ltd. to a plant of the newly established Kurita Water Industries (Taixing) Co., Ltd. (due to begin operating in the second half of fiscal year ending March 31, 2021) to eliminate production constraints associated with tightened regulations on companies that manufacture hazardous chemicals in densely populated areas in China.

3) Amount of the impairment loss

The book value of the asset group for which the impairment loss was recognized was reduced to its recoverable value, and the reduction amount was posted in extraordinary losses as an impairment loss of 1,106 million yen.

4) Method of grouping assets

The Group conducts the grouping of business assets based on the type of business and the grouping of leased assets and idle assets by individual property.

5) Calculation method of the recoverable value

For the goodwill for which the impairment loss was recognized during the nine-month period under review, the Group recorded the entire amount of the unamortized balance as an extraordinary loss because the recoverability was not recognized, given that the Group decided to transfer the production function of water treatment chemicals of Kurita Water Industries (Jiangyin) Co., Ltd. to a plant of the newly established Kurita Water Industries (Taixing) Co., Ltd.

*2. Loss on transfer of business

Nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

A loss on transfer of business of 2,838 million yen comprises mainly of a loss on transfer pertaining to the sale of the aluminum compound business of Kurita Europe GmbH, its non-core business, and compensation money for the business continuation.

(Segment Information)

I. Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

1. Sales and income by reportable segment

(Million yen)

	Reportable Segments			Adjustments (note 1)	Amounts reported on the quarterly statements of income (note 2)
	Water Treatment Chemicals	Water Treatment Facilities	Total		
Sales					
Sales to outside customers	66,498	97,013	163,511	–	163,511
Inter-segment sales or transfers	301	192	493	(493)	–
Total	66,799	97,205	164,005	(493)	163,511
Segment income	5,602	9,260	14,863	(8)	14,854

Notes:

1. Adjustments related to sales represent elimination of inter-segment sales. Resultant adjustment of segment income is reflected in segment income adjustments.
2. Segment income is shown at the operating income level.

2. Information on the impairment loss or goodwill of non-current assets by reportable segment

(Significant impairment loss of non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

In the Water Treatment Chemicals business, the Company acquired shares of Hansu Co., Ltd., which had been an equity-method affiliate, and made it a consolidated subsidiary. The amount of increase in goodwill associated with this transaction was 5,155 million yen in the nine-month period under review.

(Significant gain on bargain purchase)

Not applicable

II Nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

1. Sales and income by reportable segment

(Million yen)

	Reportable Segment			Adjustments (note 1)	Amounts reported on the quarterly statements of income (note 2)
	Water Treatment Chemicals	Water Treatment Facilities	Total		
Sales					
Sales to outside customers	77,437	116,285	193,723	–	193,723
Inter-segment sales or transfers	605	1,145	1,750	(1,750)	–
Total	78,043	117,430	195,473	(1,750)	193,723
Segment income	6,854	10,407	17,262	(9)	17,252

Notes:

1. Adjustments related to sales represent elimination of inter-segment sales. Resultant adjustment of segment income is reflected in segment income adjustments.
2. Segment income is shown at the operating income level.

2. Matters related to changes in reportable segments

(Changes in the depreciation method of property, plant and equipment)

As stated in changes in accounting policies, the Company has changed the depreciation method for certain property, plant and equipment from the declining-balance method to the straight-line method from the first quarter of the current fiscal year. Associated with this, the Company has also changed the depreciation method for property, plant and equipment in the relevant reportable segments from the declining-balance method to the straight-line method.

The impact of this change on segment income in the Water Treatment Chemicals business and the Water Treatment Facilities business in the nine months under review is minor.

(Expansion of the scope of application of the percentage-of-completion method)

As stated in additional information, the Company has expanded the scope of application of the percentage-of-completion method from the first quarter of the current fiscal year.

As a result, net sales in the Water Treatment Facilities business has increased 10,104 million yen in the nine months under review, and the segment income has risen 2,121 million yen.

3. Information on the impairment loss or goodwill of non-current assets by reportable segment

(Significant impairment loss of non-current assets)

As a result of the Company's decision to transfer the production function of water treatment chemicals of Kurita Water Industries (Jiangyin) Co., Ltd. to a plant of the newly established Kurita Water Industries (Taixing) Co., Ltd. (due to begin operating in the second half of fiscal year ending March 31, 2021) in the Water Treatment Chemicals business, the Company recorded 1,106 million yen, the entire amount of the unamortized balance of goodwill which the Company had recorded when it had acquired shares of Kurita Water Industries (Jiangyin) Co., Ltd., as an impairment loss. For details, please refer to (Statement of income).

(Significant changes in the amount of goodwill)

In the Water Treatment Chemicals business, the Company recorded an impairment loss as described above.

(Significant gain on bargain purchase)

Not applicable

(Significant subsequent events)

(Acquisition of equity interests through a consolidated subsidiary)

On February 8, 2019, the Company concluded an agreement to acquire 100% of the outstanding shares of Global Water Services Holding Company, Inc. (headquartered in Delaware, the United States; hereinafter "GWS"), a wholly owning parent company of U.S. Water Services, Inc. that manufactures and sells water treatment chemicals and facilities in the United States (headquartered in Minnesota, the United States; hereinafter "U.S. Water"), through Kurita America Holdings Inc., a wholly owned subsidiary of the Company. GWS will become a consolidated subsidiary of the Company.

1. Name, address, the name of representative, the amount of capital and business of the company whose shares will be acquired

(1) Name:	Global Water Services Holding Company, Inc.
(2) Address:	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware 19801, U.S.A.
(3) Name of representative:	CEO, Alan R. Hodnik
(4) Common stock and paid-in capital:	193,000,000 US dollars
(5) Business:	Holding of shares of U.S. Water

2. Purpose of acquiring equity interests

The Group aims to significantly expand its overseas businesses by establishing platforms in four regions of the world – Japan, Asia, Europe and the Americas, and this investment will be made as part of the Group's initiatives to strengthen business in the North America, a strategic market. In addition, the Group will accelerate business development in the United States by establishing even closer relationships with customers through the development of the service contract business model making full use of IT and sensing by injecting the Group's products with competitive advantage and highly unique services such as pure water supply and wastewater reclamation into the solid customer base and sales channels of GWS.

3. Time of acquiring equity interests

The Group will acquire equity interests as soon as it has obtained the approval from the authorities.

4. Acquisition price and the ownership ratio after acquisition

(1) Number of shares to acquire:	3,517,457 shares
(2) Purchase price:	270,000,000 US dollars
(3) Ownership ratio after acquisition:	100.0%

Supplementary Information — Consolidated

(1) Order Intake

(Million yen)

	Nine months ended December 31,			
	2017		2018	
Business segment	Amount	%	Amount	%
Water Treatment Chemicals	66,511	35.4	77,802	38.8
Water Treatment Facilities	121,415	64.6	122,798	61.2
Total	187,926	100.0	200,601	100.0

(2) Net Sales

(Million yen)

	Nine months ended December 31,			
	2017		2018	
Business segment	Amount	%	Amount	%
Water Treatment Chemicals	66,498	40.7	77,437	40.0
Water Treatment Facilities	97,013	59.3	116,285	60.0
Total	163,511	100.0	193,723	100.0

(3) Capital Expenditures (Property, Plant and Equipment)

(Million yen)

	Nine months ended December 31,			
	2017		2018	
Business segment	Amount	%	Amount	%
Water Treatment Chemicals	1,534	10.2	2,248	9.3
Water Treatment Facilities	13,466	89.8	22,035	90.7
Total	15,001	100.0	24,283	100.0

(4) Depreciation (Property, Plant and Equipment)

(Million yen)

	Nine months ended December 31,			
	2017		2018	
Business segment	Amount	%	Amount	%
Water Treatment Chemicals	1,294	13.0	1,537	13.9
Water Treatment Facilities	8,638	87.0	9,513	86.1
Total	9,933	100.0	11,050	100.0

Disclaimer

* This document is an English translation of the Earnings Report for the nine Months Ended December 31, 2018 as reference information primarily for overseas investors. If there are any discrepancies between the Japanese version and the English version, the Japanese version shall take precedence in all cases.

* The quarterly financial report is outside the scope of audit procedures by certified public accountants and audit firm.

* Comment regarding appropriate usage of earnings forecast, and other special notes
  Forward-looking statements such as earnings forecasts contained in this material are based on information currently available for the Company and certain assumptions which the Company deems reasonable, and the Company does not guarantee that they will be realized. Actual results may differ materially from forecasts due to various factors. Please see “Outlook for the Fiscal Year Ending March 31, 2019” on page 3 of the accompanying materials for notes to the use of earnings forecasts and preconditions, or assumptions, for the forecasts.