

FOR IMMEDIATE RELEASE

Kurita Water Industries Reports Earnings for the Three Months Ended June 30, 2021

Tokyo, Japan, July 30, 2021 - Kurita Water Industries Ltd. (the "Company") (TSE Securities Code 6370) announced net sales of 63,199 million yen and profit attributable to owners of parent of 3,740 million yen, or 33.29 yen per share, for the three months ended June 30, 2021 (April 1, 2021 – June 30, 2021).

Results of Operations

Total consolidated orders for the Kurita Group (the "Group") in the three months ended June 30, 2021 rose 18.6% from the level of the year-ago period, to 77,618 million yen, and net sales increased 3.6%, to 63,199 million yen. Business profit* was increased 4.6%, to 5,872 million yen, operating profit was 5,816 million yen, down 0.5% versus the year-ago period, profit before tax was 5,630 million yen, declined 0.9%, and profit attributable to owners of parent amounted to 3,740 million yen, down 4.9%. Operating profit, profit before tax and profit attributable to owners of parent declined due to the absence of the gain on step acquisition of 463 million yen that was posted in the same period of the previous fiscal year in relation to the acquisition of Pentagon Technologies Group, Inc. (Water Treatment Facilities business) in the United States, which was an equity method affiliate and became a consolidated subsidiary.

In the first quarter under review, the Group acquired 51% of the shares in Kurita Aquachemie Limited (Water Treatment Chemicals business) in the Middle East and consolidated both it and its two wholly owned subsidiaries. The Group acquired also Keytech Water Management (Water Treatment Chemicals business), making it a consolidated subsidiary. The operating results of those companies are newly consolidated. The PPA for Pentagon Technologies Group, Inc., which was consolidated in the same period of the previous fiscal year, was determined towards the end of the previous fiscal year, and the results in the same period of the previous fiscal year have been revised retroactively.

During the first quarter of the fiscal year ending March 31, 2022, there were signs of a recovery in the world economy as economic activity moved toward normalization, reflecting economic stimulus measures in the world and the increasing pace of vaccinations. In Japan, production activities in the manufacturing industry recovered against the backdrop of growth in exports, and there were signs of recovery in capital investment in certain sectors. Overseas, the U.S. and Chinese economies recovered steadily. Meanwhile, in certain countries in Europe and Asia, economic recovery was weak due to a resurgence in COVID-19 infections.

In this environment, the Group stepped up initiatives to expand total solutions by focusing on proposal activities that would help solve customer issues such as the reduction of the environmental impact, including water saving, the reduction of CO₂ emissions and waste reduction, and an improvement in productivity based on society and customers' deep understanding of issues, aiming to become an indispensable partner of customers in the long term.

*Business profit is the Group's own indicator that measures constant business performance. It is net sales less cost of sales and selling, general and administrative expenses. Although business profit is not defined by IFRS, the Group voluntarily discloses it, believing that it is beneficial for users of its financial statements.

Segment Information

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 29,238 million yen, up 13.7% versus the year-ago period, while net sales rose 13.8%, to 27,901 million yen.

In terms of profits, business profit amounted to 3,236 million yen, an increase of 15.7% year on year, and operating profit rose to 3,230 million yen, up 16.6% year on year, chiefly due to an increase in net sales.

Both orders and net sales increased slightly in Japan due to a rise in capacity utilization at customers' plants, reflecting a recovery in production activity in the manufacturing industry, while there were no increases in inventories at customers, a contrast to the same period of the previous fiscal year.

Overseas, both orders and net sales rose due to an increase in reaction to a fall in demand a year ago because of stagnant economic activities caused by the spread of COVID-19, the consolidation of the operating results (for three months) of the subsidiaries in the Middle East and Canada acquired in the first quarter under review, and an increase in results in yen at overseas subsidiaries due to the weaker yen.

Water Treatment Facilities

Total Group orders for the Water Treatment Facilities segment were 48,379 million yen, up 21.9% versus the same period of the previous fiscal year. Net sales declined 3.2%, to 35,297 million yen.

Business profit fell to 2,650 million yen, down 6.3% year on year, due to a fall in sales and a rise in selling, general and administrative expenses. Operating profit decreased to 2,591 million yen, a fall of 15.9% year on year, reflecting the absence of a gain on step acquisition of 463 million yen (posted in other income) posted in the same period of the previous fiscal year.

In Japan, both orders and net sales of water treatment facilities for the electronics industry increased. Orders for maintenance services for the industry increased, reflecting the expansion of facilities against a backdrop of firm capacity utilization at customers' plants. Net sales remained almost flat due to progress in the construction of projects for which orders were posted in the previous fiscal year.

Orders for water treatment facilities for general industries climbed, reflecting the posting of orders for large projects, but net sales declined. Orders for maintenance services for the industry increased, reflecting a recovery in demand for maintenance at customers' facilities, but net sales fell. Both orders for and net sales from water treatment facilities for the electric power industry and soil remediation services decreased because orders for large projects declined and the posting of sales from the order backlog ran its course.

Overseas, orders rose due to orders for large water treatment facilities projects in the electronics industry in East Asia. However, net sales declined with the peaking of sales from water treatment facilities for the electronics industry in East Asia, although net sales of tool cleaning service increased.

Total net sales in the ultrapure water supply business in Japan and overseas increased due to the contribution of a contract that began in the previous fiscal year.

Financial Condition

Condition of assets, liabilities and equity

1) Total assets: 423,002 million yen, a decrease of 1,926 million yen from the end of the previous fiscal year)

Current assets totaled 164,037 million yen at the end of the first quarter (June 30, 2021), a decrease of 12,445 million yen from the end of the previous fiscal year (March 31, 2021). This was mainly attributable to a decrease in cash and cash equivalents of 10,638 million yen, chiefly due to the payment of income taxes and fixed assets purchasing expenses, and a decrease in trade and other receivables of 2,604 million yen due to the smooth collection of accounts receivable – trade.

Non-current assets totaled 258,965 million yen at the end of the first quarter, an increase of 10,520 million yen from the end of the previous fiscal year. Property, plant and equipment increased 9,458 million yen chiefly due to the acquisition of new facilities in the ultrapure water supply business (Water Treatment Facilities business) and progress in the construction of a new research and development base in Akishima-shi, Tokyo, which the Company plans to open in April 2022.

2) Liabilities: 165,611 million yen, a decrease of 1,479 million yen from the end of the previous fiscal year

Current liabilities totaled 85,231 million yen at the end of the period, an increase of 10,279 million yen from the end of the previous fiscal year. This was mainly due to an increase of 12,546 million yen in other financial liabilities and an increase of 4,734 million yen in trade and other payables, while income taxes payable fell 5,946 million yen.

An increase in other financial liabilities is chiefly attributable to liabilities related to the forward contract concluded with non-controlling shareholders of Pentagon Technologies Group, Inc. (Water Treatment Facilities business). They were transferred from non-current liabilities.

Non-current liabilities totaled 80,380 million yen at the end of the period, a decrease of 11,757 million yen from the end of the previous fiscal year. This is because liabilities related to the forward contract were transferred to current liabilities, and other financial liabilities decreased 11,652 million yen.

3) Equity: 257,391 million yen, a decrease of 446 million yen from the end of the previous fiscal year

This principally reflected a decrease of 850 million yen in other components of equity due to a fall in fair value measured through other comprehensive income in association with a decrease in the market value of shares held, while non-controlling interests increased 472 million yen chiefly due to business combinations.

Cash Flows

Consolidated net cash and cash equivalents at the end of the first quarter (June 30, 2021) totaled 51,590 million yen, a decrease of 10,638 million yen from the end of the previous fiscal year (March 31, 2021).

The various cash flows and related factors are outlined below.

1) Cash Flows from Operating Activities

Net cash provided by operating activities during the first quarter ended June 30, 2021 totaled 4,097 million yen, a decrease of 9,616 million yen from the same period of the previous fiscal year. Inflows from profit before tax of 5,630 million yen and depreciation and amortization of 5,606 million yen were partly offset by income taxes paid of 7,657 million yen.

2) Cash Flows from Investing Activities

Net cash used in investing activities totaled 11,026 million yen, an increase of 3,938 million yen from the same period of the previous fiscal year. Cash was used mainly for purchases of property, plant and equipment of 7,967 million yen and the acquisition of subsidiaries of 2,611 million yen (after deducting cash and cash equivalents included in acquired assets).

3) Cash Flows from Financing Activities

Net cash used in financing activities totaled 3,918 million yen, a decrease of 11,536 million yen from the same period of the previous fiscal year. Cash was used mainly for dividends paid of 3,847 million yen.

The Group's basic policy is to constantly secure the liquidity necessary for business operations and establish a stable funds-raising system. Short-term working capital is basically supplied by the Group's own funds. Capital investment and other investments in growth fields depend chiefly on the Group's own funds, but the Group considers financing through bond markets and bank loans as needed. As of the end of the period under review, the Group has concluded commitment line contracts with one financial institution (executed and unexecuted borrowings within the commitment line were – million yen and 20,000 million yen, respectively).

4) Forecasts for the Fiscal Year Ending March 31, 2022

Regarding the impact of COVID-19, while it is difficult to rationally estimate how COVID-19 will spread and when it will subside, the Company assumes that the economy will recover moderately, given that economic activities are likely to normalize gradually through the second half of the current fiscal year owing to increasing vaccinations around the world and policy measures. Therefore, the Group considers that consolidated earnings forecasts for the fiscal year ending March 31, 2022 will be consistent with the forecast for the first half of the fiscal year ending March 31, 2022 and for the full fiscal year stated in the “Earnings for the Fiscal Year Ended March 31, 2021” released on May 6, 2021.

The business forecasts are made by the Company based on information available at the time of publication of this report and may differ from actual results due to changes in a range of factors.

Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

(Million yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	62,228	51,590
Trade and other receivables	97,745	95,141
Other financial assets	2,817	2,733
Inventories	9,911	10,789
Other current assets	3,780	3,781
Total current assets	176,482	164,037
Non-current assets		
Property, plant and equipment	117,603	127,062
Right-of-use assets	19,405	19,222
Goodwill	55,596	58,306
Intangible assets	17,320	17,124
Investments accounted for using equity method	1,578	1,245
Other financial assets	33,563	31,593
Deferred tax assets	3,199	4,226
Other non-current assets	177	184
Total non-current assets	248,445	258,965
Total assets	424,928	423,002

(Million yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	46,506	51,240
Borrowings	445	1,716
Lease liabilities	4,373	4,509
Other financial liabilities	–	12,546
Income taxes payable	8,135	2,189
Provisions	1,847	1,439
Other current liabilities	13,644	11,589
Total current liabilities	74,952	85,231
Non-current liabilities		
Bonds and borrowings	31,207	31,134
Lease liabilities	15,327	15,058
Other financial liabilities	13,703	2,051
Retirement benefit liability	18,027	18,280
Provisions	1,160	1,635
Deferred tax liabilities	2,368	2,545
Other non-current liabilities	10,343	9,674
Total non-current liabilities	92,137	80,380
Total liabilities	167,090	165,611
Equity		
Share capital	13,450	13,450
Capital surplus	(2,212)	(2,206)
Treasury shares	(10,787)	(10,788)
Other components of equity	8,500	7,650
Retained earnings	244,138	244,063
Equity attributable to owners of parent	253,089	252,170
Non-controlling interests	4,748	5,220
Total equity	257,837	257,391
Total liabilities and equity	424,928	423,002

(2) Condensed quarterly consolidated statement of profit or loss

(Million yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	60,980	63,199
Cost of sales	39,438	39,713
Gross profit	21,542	23,486
Selling, general and administrative expenses	15,926	17,613
Other income	714	312
Other expenses	483	369
Operating profit	5,847	5,816
Finance income	297	197
Finance costs	460	449
Share of profit (loss) of investments accounted for using equity method	(2)	66
Profit before tax	5,681	5,630
Income tax expense	1,690	1,681
Profit for the period	3,991	3,949
Profit attributable to		
Owners of parent	3,932	3,740
Non-controlling interests	58	208
Profit for the period	3,991	3,949
Earnings per share		
Basic earnings per share (yen)	35.02	33.29
Diluted earnings per share (yen)	—	—

(3) Condensed quarterly consolidated statement of comprehensive income

(Million yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit for the period	3,991	3,949
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in the fair value of financial assets measured at fair value through other comprehensive income	3,031	(1,305)
Remeasurements of defined benefit plans	(24)	4
Total of items that will not be reclassified to profit or loss	3,007	(1,300)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(126)	440
Cash flow hedges	(65)	(14)
Share of other comprehensive income of investments accounted for using equity method	(39)	27
Total of items that may be reclassified to profit or loss	(232)	452
Other comprehensive income, net of tax	2,774	(848)
Comprehensive income for the period	6,766	3,100
Comprehensive income attributable to		
Owners of parent	6,669	2,895
Non-controlling interests	96	205
Comprehensive income for the period	6,766	3,100

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2020 (April 1, 2020 - June 30, 2020)

(Million yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2020	13,450	8,212	(10,893)	(9,033)	503	8,747
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	(205)	(65)	3,031
Total comprehensive income for the period	—	—	—	(205)	(65)	3,031
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	28	—	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	—	(10,578)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—
Other	—	(55)	—	—	—	—
Total transactions with owners	—	(10,605)	(0)	—	—	—
Balance as of June 30, 2020	13,450	(2,393)	(10,894)	(9,239)	437	11,778

(Million yen)

	Equity attributable to owners of parent			Non-controlling interests	Total		
	Other components of equity		Retained earnings				
	Remeasurements of defined benefit plans	Total					
Balance as of April 1, 2020	—	216	231,456	242,442	1,666 244,108		
Profit for the period	—	—	3,932	3,932	58 3,991		
Other comprehensive income	(23)	2,736	—	2,736	38 2,774		
Total comprehensive income for the period	(23)	2,736	3,932	6,669	96 6,766		
Purchase of treasury shares	—	—	—	(0)	— (0)		
Dividends	—	—	(3,481)	(3,481)	(532) (4,013)		
Share-based payment transactions	—	—	—	28	0 28		
Changes in ownership interests in subsidiaries	—	—	—	—	—		
Increase (decrease) by business combination	—	—	—	—	3,260 3,260		
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	—	—	—	(10,578)	— (10,578)		
Transfer from other components of equity to retained earnings	23	23	(23)	—	—		
Other	—	—	47	(7)	— (7)		
Total transactions with owners	23	23	(3,457)	(14,039)	2,728 (11,311)		
Balance as of June 30, 2020	—	2,977	231,931	235,072	4,491 239,563		

Three months ended June 30, 2021 (April 1, 2021 - June 30, 2021)

(Million yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2021	13,450	(2,212)	(10,787)	(4,469)	(91)	13,060
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	470	(14)	(1,305)
Total comprehensive income for the period	—	—	—	470	(14)	(1,305)
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	6	—	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—
Other	—	0	—	—	—	—
Total transactions with owners	—	6	(0)	—	—	—
Balance as of June 30, 2021	13,450	(2,206)	(10,788)	(3,998)	(105)	11,755

(Million yen)

	Equity attributable to owners of parent				Non-controlling interests	Total		
	Other components of equity		Retained earnings	Total				
	Remeasurements of defined benefit plans	Total						
Balance as of April 1, 2021	—	8,500	244,138	253,089	4,748	257,837		
Profit for the period	—	—	3,740	3,740	208	3,949		
Other comprehensive income	4	(845)	—	(845)	(2)	(848)		
Total comprehensive income for the period	4	(845)	3,740	2,895	205	3,100		
Purchase of treasury shares	—	—	—	(0)	—	(0)		
Dividends	—	—	(3,819)	(3,819)	(6)	(3,825)		
Share-based payment transactions	—	—	—	6	(2)	4		
Changes in ownership interests in subsidiaries	—	—	—	—	—	—		
Increase (decrease) by business combination	—	—	—	—	274	274		
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	—	—	—	—	—	—		
Transfer from other components of equity to retained earnings	(4)	(4)	4	—	—	—		
Other	—	—	(0)	0	—	0		
Total transactions with owners	(4)	(4)	(3,814)	(3,814)	266	(3,547)		
Balance as of June 30, 2021	—	7,650	244,063	252,170	5,220	257,391		

(5) Condensed quarterly consolidated statement of cash flows

(Million yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before tax	5,681	5,630
Depreciation and amortization	5,118	5,606
Share of loss (profit) of investments accounted for using equity method	2	(66)
Loss (gain) on sale of fixed assets	(2)	(24)
Decrease (increase) in inventories	(963)	(419)
Decrease (increase) in trade and other receivables	9,438	3,281
Increase (decrease) in trade and other payables	(2,317)	(2,210)
Other	(1,773)	(396)
Subtotal	15,183	11,399
Interest received	32	19
Dividends received	169	367
Interest paid	(15)	(31)
Income taxes paid	(1,655)	(7,657)
Net cash provided by (used in) operating activities	13,713	4,097
Cash flows from investing activities		
Payments into time deposits	(450)	(415)
Proceeds from withdrawal of time deposits	282	425
Purchase of property, plant and equipment	(1,699)	(7,967)
Proceeds from sale of property, plant and equipment	3	91
Purchase of intangible assets	(318)	(507)
Payments for acquisition of subsidiaries (after deduction of cash and cash equivalents included in acquired assets)	(4,605)	(2,611)
Other	(299)	(41)
Net cash provided by (used in) investing activities	(7,088)	(11,026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,001)	1,259
Repayments of long-term borrowings	(260)	(132)
Repayments of lease liabilities	(1,189)	(1,253)
Dividends paid	(4,007)	(3,847)
Other	4	54
Net cash provided by (used in) financing activities	(15,454)	(3,918)
Effect of exchange rate changes on cash and cash equivalents	175	209
Net increase (decrease) in cash and cash equivalents	(8,653)	(10,638)
Cash and cash equivalents at beginning of period	50,215	62,228
Cash and cash equivalents at end of period	41,561	51,590

Notes to Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)

Not applicable

(Segment Information)

(1) Overview of reportable segments

The Company's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic review to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Group plans comprehensive strategies for the products that it handles in Japan and overseas, and develops a business. The Group's operations are therefore classified into two reportable segments, the Water Treatment Chemicals segment and the Water Treatment Facilities segment.

The Water Treatment Chemicals segment manufactures and sells water treatment chemicals and equipment and provides maintenance services. The Water Treatment Facilities segment manufacturers and sells water treatment equipment and facilities, supplies ultrapure water, chemical cleaning, tool cleaning, soil and groundwater remediation services, and provides maintenance services that encompass operation, maintenance, and management of water treatment facilities.

(2) Information of reportable segments

Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)

(Million yen)

	Reportable Segments		Total	Adjustments (note 1)	Amounts reported on the condensed quarterly consolidated statement of profit or loss (note 2)
	Water Treatment Chemicals	Water Treatment Facilities			
Sales					
Sales to outside customers	24,512	36,467	60,980	–	60,980
Inter-segment sales and transfers	81	435	517	(517)	–
Total	24,594	36,903	61,498	(517)	60,980
Segment income	2,770	3,081	5,851	(4)	5,847
Finance income					297
Finance costs					460
Share of profit (loss) of investments accounted for using equity method					(2)
Profit before tax					5,681

(Notes) 1. Segment income: Amount resulting from eliminations of inter-segment transactions.

2. Segment income is shown at the operating profit level.

Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)

(Million yen)

	Reportable Segments		Total	Adjustments (note 1)	Amounts reported on the condensed quarterly consolidated statement of profit or loss (note 2)
	Water Treatment Chemicals	Water Treatment Facilities			
Sales					
Sales to outside customers	27,901	35,297	63,199	–	63,199
Inter-segment sales and transfers	90	153	243	(243)	–
Total	27,991	35,451	63,443	(243)	63,199
Segment income	3,230	2,591	5,822	(6)	5,816
Finance income					197
Finance costs					449
Share of profit (loss) of investments accounted for using equity method					66
Profit before tax					5,630

(Notes) 1. Segment income: Amount resulting from eliminations of inter-segment transactions.

2. Segment income is shown at the operating profit level.

(Business Combination)

(Transaction under Common Control)

(1) Outline of the transaction

(i) Company names and businesses at the time of integration

i) Surviving company

Company name Kurita Water Industries Ltd.
Business description Manufacture and sale of water treatment chemicals and water treatment facilities; maintenance of water treatment facilities; ultrapure water supply; soil and groundwater remediation

ii) Merged companies

Company name Kurita Engineering Co., Ltd. ("Kurita Engineering")
Business description Plant cleaning and maintenance; manufacture and sale of cleaning and sewage treatment chemicals, facilities, and equipment; rental of temporary machinery

(ii) Date of business combination

April 1, 2021

(iii) Legal form of business combination

The business combination is an absorption-type merger. The surviving company is the Company. Kurita Engineering has been dissolved.

(iv) Name of the company after business combination

Kurita Water Industries Ltd.

(v) Main reason of integration

Kurita Engineering was established in 1959, by spinning off the chemical cleaning division of the Company. As a leading plant cleaning engineering company, Kurita Engineering engages primarily in chemical cleaning for large plants in Japan. In the social and industrial infrastructure market, including the electricity, iron and steel, petroleum refinery and petrochemical industries, which are primarily where Kurita Engineering and the Company operate, needs to reduce the environmental impact, including decarbonization to address climate change, and demand productivity improvement are increasing.

The merger enables the Company to appropriately respond to those needs by harnessing Kurita Engineering's strong technological base and customer base and using in an agile way the Company's management resources, including financial capital and human capital, and to provide optimal solutions. The Company will build a system to promptly respond to social and customer needs in the social and industrial infrastructure market and will expand the plant cleaning business and achieve sustainable growth in the business.

(2) Outline of accounting

The business combination under common control is a business combination in which all companies or businesses involved are ultimately controlled by the same company before and after the business combination. The control is not temporary. The Group continues to perform accounting treatment for all business combination transactions under common control based on book value.

Disclaimer

- This document is an English translation of the Earnings Report for the Three Months Ended June 30, 2021 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.
- This document is not subject to audit.
- The forward-looking statements such as performance forecasts contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable, and are not intended to be a commitment by the Company. Actual performance, etc. may differ due to a variety of factors. See "Forecasts for the Fiscal Year Ending March 31, 2022" on page 4 of this document for the conditions assumed in the performance forecasts and the precautions concerning the use of performance forecasts.