

FOR IMMEDIATE RELEASE

Kurita Water Industries Ltd. Reports Earnings for the Three Months Ended June 30, 2024

Tokyo, Japan, August 8, 2024 - Kurita Water Industries Ltd. (the “Company”) (TSE Securities Code 6370) announced net sales of 93,980 million yen and profit attributable to owners of parent of 5,701 million yen, or 50.74 yen per share, for the three months ended June 30, 2024 (April 1, 2024 - June 30, 2024).

Results of Operations

Total consolidated orders for the Kurita Group (the “Group”) in the three months ended June 30, 2024 rose 0.9% from the level of the year-ago period, to 99,268 million yen, and net sales increased 3.8%, to 93,980 million yen. Business profit* increased 12.1%, to 8,357 million yen, operating profit was 8,638 million yen, up 6.2% versus the year-ago period, profit before tax was 8,738 million yen, rising 7.6%, and profit attributable to owners of parent amounted to 5,701 million yen, up 0.1%.

During the three months ended June 30, 2024, the global economy continued to recover moderately, although the recovery lacked strength in certain countries and regions, given uncertainty due to the prolonged war in Ukraine and growing tensions in the Middle East.

Production activities in Japan’s manufacturing industry showed signs of recovery due to the resumption of production at certain auto manufacturers and progress in adjusting inventories of electronic components, including semiconductors. Capital investment held firm, bolstered by strong corporate earnings. Overseas, the U.S. economy remained firm, while European economies experienced a slow recovery due to the persistent effects of rising prices and interest rate hikes. The Chinese economy’s rebound was weak due to the prolonged slump in the real estate market, but other Asian economies showed moderate recovery.

*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 has Electronics Industry and General Industry as two reportable segments in its segment information in order to formulate strategies based on an in-depth examination of the characteristics of each market and to expand solutions by combining diverse products and services, from the viewpoint of providing value to society and customers.

Electronics Industry

Total Group orders for the Electronics Industry segment were 37,362 million yen, down 11.1% versus the year-ago period. Orders for precision tool cleaning, maintenance, and recurring contract-based services including ultrapure water supply increased, reflecting a recovery in the semiconductor market. Meanwhile, orders for water treatment facilities decreased significantly due to the absence of orders for large-scale projects posted in the same period of the previous fiscal year.

Total Group net sales for the Electronics Industry segment amounted to 43,606 million yen, an increase of 0.9% year on year. Net sales of water treatment facilities declined due to the absence of sales from large-scale projects in Japan, which were recorded in the same period of the previous fiscal year. Net sales of maintenance also fell. However, net sales of recurring contract-based services and precision tool cleaning increased.

In terms of profits, business profit amounted to 4,706 million yen, an increase of 8.1% year on year, and operating profit stood at 4,772 million yen, a rise of 5.4% year on year, reflecting an improvement in the cost of sales ratio due to a decrease in facility projects with a comparatively high cost ratio, although net sales rose only slightly.

General Industry

Total Group orders for the General Industry segment increased 9.8% from the same period of the previous fiscal year, to 61,905 million yen. Orders for water treatment facilities rose mainly due to the addition of four Arcade companies as consolidated subsidiaries in the second quarter of the previous fiscal year. Orders for maintenance and recurring contract-based services also increased. Orders for water treatment chemicals rose due to exchange rates and the development of the CSV business.

Total Group net sales for the General Industry segment amounted to 50,374 million yen, an increase of 6.4% year on year. Net sales of maintenance, which was strong in the same period of the previous fiscal year, declined, but net sales of water treatment facilities increased due to the abovementioned acquisition of four Arcade companies and the recognition of revenue from the order backlog at the end of the previous fiscal year. Net sales of recurring contract-based services and water treatment chemicals also climbed.

In terms of profits, business profit amounted to 3,656 million yen, an increase of 18.2% year on year, reflecting the growth of the CSV business, which generates high-added-value. Operating profit stood at 3,870 million yen, up 7.6% year on year, reflecting a decrease in foreign exchange gain.

Financial Condition

1) Total assets: 569,541 million yen, an increase of 12,134 million yen from the end of the previous fiscal year

Current assets totaled 229,607 million yen at the end of the first quarter, an increase of 1,589 million yen from the end of the previous fiscal year. This was mainly due to increases of 4,442 million yen in other financial assets and 2,544 million yen in inventories, which offset a decrease of 3,943 million yen in trade and other receivables.

Non-current assets totaled 339,934 million yen at the end of the first quarter, an increase of 10,546 million yen from the end of the previous fiscal year. Property, plant and equipment increased 6,605 million yen chiefly due to the acquisition of new facilities in the ultrapure water supply business (Electronics Industry), and goodwill rose 4,207 million yen due to the weakening of the yen against other currencies.

2) Liabilities: 225,643 million yen, an increase of 1,648 million yen from the end of the previous fiscal year

Current liabilities totaled 122,326 million yen at the end of the first quarter, an increase of 3,706 million yen from the end of the previous fiscal year. This is chiefly attributable to increases of 5,513 million yen in trade and other payables and 2,926 million yen in bonds and borrowings, which offset a decrease of 3,251 million yen in other current liabilities.

Non-current liabilities totaled 103,316 million yen at the end of the first quarter, a decrease of 2,059 million yen from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings of 1,032 million yen resulting from the repayment of long-term borrowings.

3) Equity: 343,898 million yen, an increase of 10,487 million yen from the end of the previous fiscal year

This was attributable to an increase of 9,315 million yen in other components of equity mainly due to the posting of exchange differences on translation of foreign operations, reflecting the weakening of the yen against other currencies, and a rise of 981 million yen in retained earnings due to the posting of a profit attributable to owners of parent.

Cash Flows

Consolidated cash and cash equivalents at the end of the first quarter totaled 53,050 million yen, a decrease of 959 million yen from the end of the previous fiscal year.

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, 2024 totaled 16,706 million yen, an increase of 12,239 million yen from the same period of the previous fiscal year. This was chiefly due to inflows, including profit before tax of 8,738 million yen, depreciation, amortization and impairment losses of 8,445 million yen, and a decrease in trade and other receivables of 6,435 million yen, which were partially offset by outflows, including income taxes paid of 4,212 million yen.

2) Cash Flows from Investing Activities

Net cash used in investing activities totaled 15,202 million yen, an increase of 7,215 million yen from the same period of the previous fiscal year. Cash was used mainly for purchase of property, plant and equipment of 10,560 million yen and payments into time deposits of 4,908 million yen.

3) Cash Flows from Financing Activities

Net cash used in financing activities totaled 4,264 million yen, an increase of 6,957 million yen from the same period of the previous fiscal year. Cash was used mainly for dividends paid of 4,758 million yen.

The Group's basic policy is to constantly secure the liquidity necessary for business operations and establish a stable fund-raising system. Short-term working capital, capital investment and other investments in growth fields depend chiefly on the Group's own funds, but the Group procures 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 two financial institutions (no borrowing executed and unexecuted borrowings within the commitment line was 20,000 million yen).

Forecasts for the Fiscal Year Ending March 31, 2025

The Group considers that consolidated earnings forecasts for the fiscal year ending March 31, 2025 will be consistent with the forecast for the first half of the fiscal year ending March 31, 2025 and for the full fiscal year stated in the "Earnings for the Fiscal Year Ended March 31, 2024" released on May 9, 2024.

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, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	54,009	53,050
Trade and other receivables	139,464	135,521
Other financial assets	6,367	10,809
Inventories	21,069	23,613
Other current assets	7,107	6,612
Total current assets	228,018	229,607
Non-current assets		
Property, plant and equipment	190,973	197,578
Right-of-use assets	22,898	22,750
Goodwill	71,001	75,208
Intangible assets	17,485	17,559
Investments accounted for using equity method	1,422	1,535
Other financial assets	16,994	17,268
Deferred tax assets	8,340	7,899
Other non-current assets	272	131
Total non-current assets	329,388	339,934
Total assets	557,407	569,541

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	68,403	73,916
Bonds and borrowings	19,097	22,023
Lease liabilities	4,603	5,012
Income taxes payable	5,423	3,926
Provisions	2,399	2,005
Other current liabilities	18,692	15,441
Total current liabilities	118,620	122,326
Non-current liabilities		
Bonds and borrowings	58,714	57,682
Lease liabilities	18,774	18,244
Other financial liabilities	2,338	2,269
Net defined benefit liability	17,527	17,879
Provisions	2,865	2,911
Deferred tax liabilities	1,628	1,350
Other non-current liabilities	3,526	2,979
Total non-current liabilities	105,375	103,316
Total liabilities	223,995	225,643
Equity		
Share capital	13,450	13,450
Capital surplus	(361)	(291)
Treasury shares	(10,869)	(10,861)
Other components of equity	30,383	39,698
Retained earnings	298,658	299,639
Equity attributable to owners of parent	331,261	341,636
Non-controlling interests	2,150	2,262
Total equity	333,411	343,898
Total liabilities and equity	557,407	569,541

(2) Condensed quarterly consolidated statement of profit or loss and comprehensive income

Condensed quarterly consolidated statement of profit or loss

(Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	90,544	93,980
Cost of sales	61,253	61,350
Gross profit	29,291	32,630
Selling, general and administrative expenses	21,834	24,272
Other income	1,023	585
Other expenses	348	304
Operating profit	8,131	8,638
Finance income	228	351
Finance costs	261	301
Share of profit (loss) of investments accounted for using equity method	21	49
Profit before tax	8,120	8,738
Income tax expense	2,356	2,959
Profit for the period	5,763	5,778
Profit attributable to		
Owners of parent	5,695	5,701
Non-controlling interests	67	76
Profit for the period	5,763	5,778
Earnings per share		
Basic earnings per share (yen)	50.67	50.74
Diluted earnings per share (yen)	–	–

Condensed quarterly consolidated statement of comprehensive income

(Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit for the period	5,763	5,778
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured at fair value through other comprehensive income	492	(76)
Remeasurements of defined benefit plans	(24)	–
Total of items that will not be reclassified to profit or loss	467	(76)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9,965	9,417
Cash flow hedges	18	(15)
Share of other comprehensive income of investments accounted for using equity method	23	64
Total of items that may be reclassified to profit or loss	10,008	9,465
Other comprehensive income, net of tax	10,475	9,389
Comprehensive income for the period	16,239	15,167
Comprehensive income attributable to		
Owners of parent	16,119	15,016
Non-controlling interests	119	151
Comprehensive income for the period	16,239	15,167

(3) Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(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, 2023	13,450	(608)	(10,638)	9,678	222	4,231
Profit for the period	–	–	–	–	–	–
Other comprehensive income	–	–	–	9,937	18	492
Total comprehensive income for the period	–	–	–	9,937	18	492
Purchase of treasury shares	–	–	(1)	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	55	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–
Total transactions with owners	–	55	(1)	–	–	–
Balance as of June 30, 2023	13,450	(553)	(10,639)	19,616	241	4,724

(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, 2023	–	14,132	277,639	293,975	1,784	295,759
Profit for the period	–	–	5,695	5,695	67	5,763
Other comprehensive income	(24)	10,424	–	10,424	51	10,475
Total comprehensive income for the period	(24)	10,424	5,695	16,119	119	16,239
Purchase of treasury shares	–	–	–	(1)	–	(1)
Dividends	–	–	(4,383)	(4,383)	(37)	(4,421)
Share-based payment transactions	–	–	–	55	(2)	53
Transfer from other components of equity to retained earnings	24	24	(24)	–	–	–
Total transactions with owners	24	24	(4,408)	(4,328)	(40)	(4,369)
Balance as of June 30, 2023	–	24,581	278,926	305,766	1,863	307,630

Three months ended June 30, 2024 (April 1, 2024 - June 30, 2024)

(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, 2024	13,450	(361)	(10,869)	25,144	134	5,104
Profit for the period	–	–	–	–	–	–
Other comprehensive income	–	–	–	9,407	(15)	(76)
Total comprehensive income for the period	–	–	–	9,407	(15)	(76)
Purchase of treasury shares	–	–	(0)	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	69	9	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–
Total transactions with owners	–	69	8	–	–	–
Balance as of June 30, 2024	13,450	(291)	(10,861)	34,552	118	5,028

(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, 2024	–	30,383	298,658	331,261	2,150	333,411
Profit for the period	–	–	5,701	5,701	76	5,778
Other comprehensive income	–	9,315	–	9,315	74	9,389
Total comprehensive income for the period	–	9,315	5,701	15,016	151	15,167
Purchase of treasury shares	–	–	–	(0)	–	(0)
Dividends	–	–	(4,719)	(4,719)	(38)	(4,758)
Share-based payment transactions	–	–	–	78	–	78
Transfer from other components of equity to retained earnings	–	–	–	–	–	–
Total transactions with owners	–	–	(4,719)	(4,641)	(38)	(4,680)
Balance as of June 30, 2024	–	39,698	299,639	341,636	2,262	343,898

(4) Condensed quarterly consolidated statement of cash flows

(Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before tax	8,120	8,738
Depreciation, amortization and impairment loss	7,858	8,445
Share of loss (profit) of investments accounted for using equity method	(21)	(49)
Loss (gain) on sale of fixed assets	(26)	(9)
Decrease (increase) in inventories	(642)	(1,689)
Decrease (increase) in trade and other receivables	(6,317)	6,435
Increase (decrease) in trade and other payables	1,974	5
Other	(1,899)	(1,003)
Subtotal	9,047	20,871
Interest received	101	142
Dividends received	105	73
Interest paid	(98)	(169)
Income taxes paid	(4,688)	(4,212)
Net cash provided by (used in) operating activities	4,467	16,706
Cash flows from investing activities		
Payments into time deposits	(1,645)	(4,908)
Proceeds from withdrawal of time deposits	1,492	1,932
Purchase of property, plant and equipment	(7,228)	(10,560)
Proceeds from sale of property, plant and equipment	28	49
Purchase of intangible assets	(459)	(695)
Other	(174)	(1,019)
Net cash provided by (used in) investing activities	(7,987)	(15,202)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial paper	9,479	2,857
Proceeds from long-term borrowings	22	–
Repayments of long-term borrowings	(1,135)	(1,088)
Repayments of lease liabilities	(1,251)	(1,274)
Dividends paid	(4,421)	(4,758)
Other	(1)	(0)
Net cash provided by (used in) financing activities	2,693	(4,264)
Effect of exchange rate changes on cash and cash equivalents	2,520	1,801
Net increase (decrease) in cash and cash equivalents	1,694	(959)
Cash and cash equivalents at beginning of period	50,468	54,009
Cash and cash equivalents at end of period	52,162	53,050

Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Three months ended June 30, 2024 (April 1, 2024 - June 30, 2024)

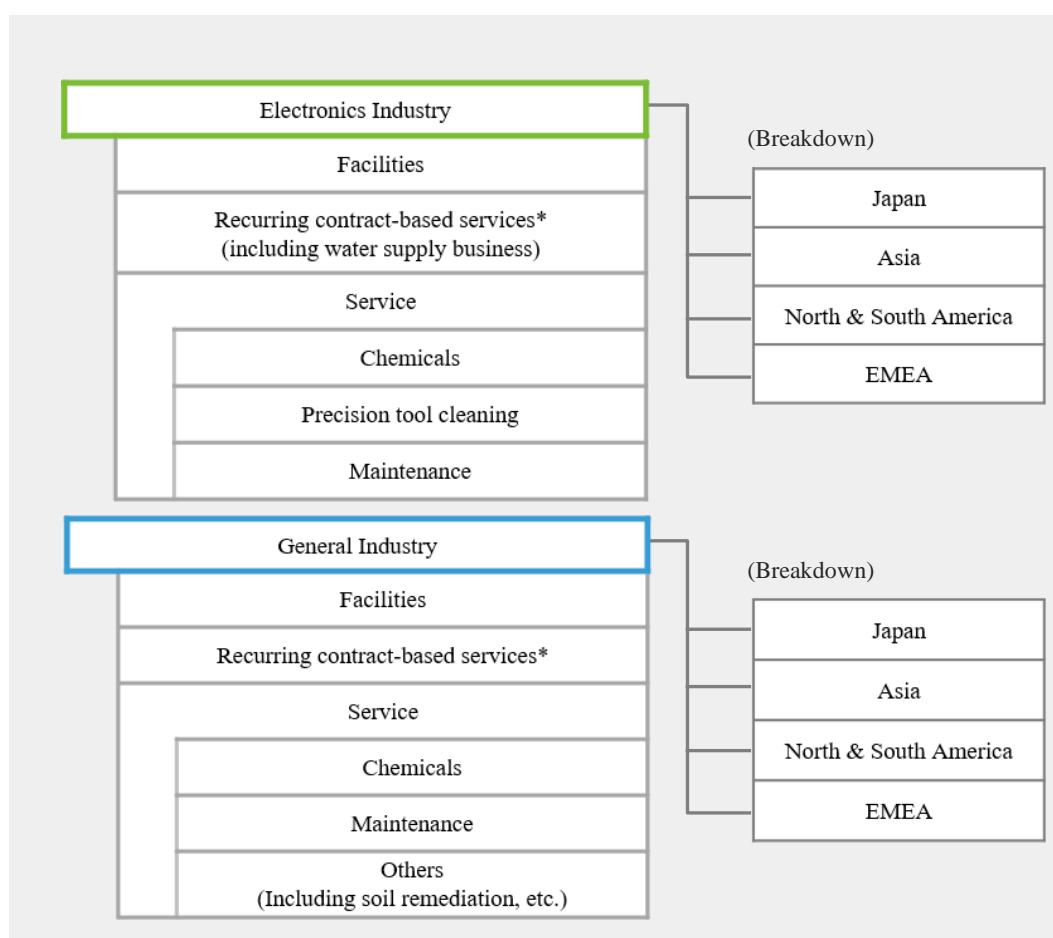
Not applicable

(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 has Electronics Industry and General Industry as two reportable segments in order to formulate strategies based on an in-depth examination of the characteristics of each market and to expand solutions by combining diverse products and services, from the viewpoint of providing value to society and customers.



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

(2) Information of reportable segments

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(Million yen)

	Reportable Segments		Total	Adjustments (note 1)	Amounts reported on the condensed quarterly consolidated statement of profit or loss (note 2)
	Electronics Industry	General Industry			
Net sales					
Sales to outside customers	43,205	47,338	90,544	–	90,544
Inter-segment sales and transfers	–	–	–	–	–
Total	43,205	47,338	90,544	–	90,544
Segment income	4,526	3,596	8,123	8	8,131
Finance income					228
Finance costs					261
Share of profit (loss) of investments accounted for using equity method					21
Profit before tax					8,120

- (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, 2024 (April 1, 2024 - June 30, 2024)

(Million yen)

	Reportable Segments		Total	Adjustments (note 1)	Amounts reported on the condensed quarterly consolidated statement of profit or loss (note 2)
	Electronics Industry	General Industry			
Net sales					
Sales to outside customers	43,606	50,374	93,980	–	93,980
Inter-segment sales and transfers	–	–	–	–	–
Total	43,606	50,374	93,980	–	93,980
Segment income	4,772	3,870	8,643	(4)	8,638
Finance income					351
Finance costs					301
Share of profit (loss) of investments accounted for using equity method					49
Profit before tax					8,738

- (Notes) 1. Segment income: Amount resulting from eliminations of inter-segment transactions.
2. Segment income is shown at the operating profit level.

(Net Sales)

The table below presents a breakdown of net sales for each reportable segment based on contracts with customers.

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(Million yen)

	Reportable Segments		Amounts reported on the condensed quarterly consolidated statement of profit or loss
	Electronics Industry	General Industry	
Japan	24,469	23,596	48,065
Asia	14,906	5,400	20,306
North & South America	3,558	10,600	14,159
EMEA	272	7,740	8,012
Total	43,205	47,338	90,544

- (Notes)
1. The amounts are net sales after eliminating inter-segment transactions.
 2. Net sales are broken down by countries or regions based on the locations of the Company or its consolidated subsidiaries. EMEA stands for Europe, the Middle East and Africa.
 3. Net sales in the United States, which are included in North & South America, are 12,394 million yen. Within this total, net sales in the Electronics Industry and the General Industry are 3,558 million yen and 8,836 million yen, respectively.

Three months ended June 30, 2024 (April 1, 2024 - June 30, 2024)

(Million yen)

	Reportable Segments		Amounts reported on the condensed quarterly consolidated statement of profit or loss
	Electronics Industry	General Industry	
Japan	18,577	23,817	42,395
Asia	19,935	5,137	25,073
North & South America	4,850	12,348	17,198
EMEA	243	9,070	9,313
Total	43,606	50,374	93,980

- (Notes)
1. The amounts are net sales after eliminating inter-segment transactions.
 2. Net sales are broken down by countries or regions based on the locations of the Company or its consolidated subsidiaries. EMEA stands for Europe, the Middle East and Africa.
 3. Net sales in the United States, which are included in North & South America, are 15,226 million yen. Within this total, net sales in the Electronics Industry and the General Industry are 4,850 million yen and 10,376 million yen, respectively.

(Business Combination)

(Transaction under common control)

(KURITA HANSU Water Industries Ltd.)

On April 1, 2024, Hansu Co., Ltd., which primarily engages in the manufacture and sale of water treatment chemicals in South Korea, was absorbed into Hansu Technical Service Ltd., which primarily engages in the manufacture and sale of water treatment facilities and maintenance services in South Korea. Following the merger, Hansu Technical Services Ltd. was renamed KURITA HANSU Water Industries Ltd.

(1) Outline of the transaction

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

i) Surviving company

Name: Hansu Technical Service Ltd.

Business description: Manufacturing and sales of water treatment facilities, maintenance services

ii) Merged companies

Name: Hansu Co., Ltd.

Business description: Manufacture and sale of water treatment chemicals

(ii) Date of business combination

April 1, 2024

(iii) Legal form of business combination

An absorption-type merger in which Hansu Technical Service Ltd. is the surviving company. Hansu Co., Ltd. has been dissolved.

(iv) Name of the company after business combination

KURITA HANSU Water Industries Ltd.

(v) Main reason of integration

In its medium-term management plan, Pioneering Shared Value 2027 (PSV-27), the Group has determined priority measures including the upgrade of service businesses such as ultra-pure water supply to the electronics industry which requires advanced water treatment technologies, and the expansion of the CSV business, which seeks to create shared value with society through business targeting diverse industries.

The announced merger will integrate the technologies that the two companies have long cultivate and their abundance of knowledge accumulated at points of contact with sites. It will thus reinforce the foundation for quickly providing solutions for the diverse needs and issues of customers in South Korea. In particular, the Group will increase its ability to propose and provide services, etc., for the electronics industry and accelerate the creation and provision of solutions that will create shared value together with society in the CSV business for a wide variety of industries and in other businesses.

(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 carrying amount

(Kurita East Japan Co., Ltd. and Kurita West Japan Co., Ltd.)

On April 1, 2024, the Company reorganized eleven domestic sales companies etc. which primarily sell water treatment chemicals and provide maintenance services for water treatment facilities in Japan. Two of the 11 domestic sales companies Kurita Kanto Ltd. and Kurita Kansai Ltd. will implement absorption-type mergers in which they are the surviving companies and the other nine companies are dissolved. Following the mergers, Kurita Kanto Ltd. and Kurita Kansai Ltd. were renamed Kurita East Japan Co., Ltd. and Kurita West Japan Co., Ltd., respectively.

(1) Outline of the transaction

(i) Companies involved in mergers, their businesses, their names after mergers

Surviving company	Kurita Kanto Ltd.	Kurita Kansai Ltd.
Merged companies	Kurita BMS Co., Ltd. Kurita Hokkaido Ltd. Kurita Kitakantou Co., Ltd. Kurita Buil-Tech Co., Ltd.	Kurita Tokai Ltd. Kurita Hokuriku Ltd. Kurita Meiki Ltd. Kurita Sanyo Ltd. Kurita Kyushu Ltd.
Business description	Sale of water treatment chemicals and maintenance services for facilities	Sale of water treatment chemicals and maintenance services for facilities
Name of the company after business combination	Kurita East Japan Co., Ltd.	Kurita West Japan Co., Ltd.

(ii) Date of business combination

April 1, 2024

(iii) Legal form of business combination

Absorption-type mergers in which Kurita Kanto Ltd. and Kurita Kansai Ltd. are surviving companies. Kurita BMS Co., Ltd., Kurita Hokkaido Ltd., Kurita Kitakantou Co., Ltd., Kurita Buil-Tech Co., Ltd., Kurita Tokai Ltd., Kurita Hokuriku Ltd., Kurita Meiki Ltd., Kurita Sanyo Ltd., and Kurita Kyushu Ltd. have been dissolved.

(iv) Main reason of integration

Under the medium-term management plan, Pioneering Shared Value 2027 (PSV-27), the Group aims to strengthen the creation of shared value with society through business targeting diverse industries, and global expansion of CSV business is positioned as a priority measure. This reorganization is intended to speed up implementation of this measure and aims to achieve further expansion of CSV business in Japan's general water treatment market by seeking to strengthen contact points with customer sites through the provision of water treatment chemicals and maintenance services on a one-stop basis and by breaking down boundaries between domestic sales companies and building a framework for quickly and efficiently sharing successful models. Partnering closely with its customers to solve their business challenges, the Group contributes to saving water, reducing GHG emissions, recycling waste and reducing resource inputs and aims to realize a sustainable society through the creation and provision of solutions including CSV 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 carrying amount.

Disclaimer

- This document is an English translation of the Earnings Report for the Three Months Ended June 30, 2024 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, 2025" on page 3 of this document for the conditions assumed in the performance forecasts and the precautions concerning the use of performance forecasts.