

Summary of Q&A Session at the Financial Results Conference Call  
for the First Quarter of the Fiscal Year Ending March 31, 2017

Date and Time: Monday, August 1, 2016, from 11:00 a.m. to 11:40 a.m.

Notice: This summary is a reference designed for the convenience of those who could not attend the financial results conference call stated above. Please note that this is not a word-for-word transcript of all remarks made at that session, but is a summary prepared by Kurita Water Industries Ltd.

Q. What are the ratios of semiconductors, liquid crystal display (LCD) panels, and electronic components in facilities orders and sales for the electronics industry? Do you feel that orders for facilities overseas will be weak from the second quarter?

A. Orders for semiconductors, LCD panels, and electronics components were at a ratio of 2:7:1, and sales were at a ratio of 3:6:1. We do not feel any particular weakness in our performance in the facilities business overseas.

Q. Is growth in soil remediation services temporary or sustainable?

A. It is difficult to determine the sustainability of growth. However, we have announced new biological technologies in the field of in situ remediation, where we are strong, and expect that we will continue to achieve steady growth.

Q. Do you expect replacement demand associated with aging facilities for industrial complexes? Are you still weak in business for electric power?

A. We expect that there will definitely be investments to replace aging facilities for industrial complexes, but replacement demand from industrial complexes is not very strong at present. In our business for general industries, maintenance for public offices grew. Sales from facilities for electric power move up and down, and in the first quarter, sales declined due to delays in construction work.

Q. Would sales at KEAG have increased year on year in the first quarter due to the effect of cross-selling, among other factors, if there had been three months in the previous first quarter?

A. Sales would have been on a par with the year-ago level in local currencies. There were some synergies, but we cannot say that sales increased because of synergies.

Q. What were results at KEAG like in the first quarter? Has income in the previous first quarter been adjusted retroactively?

A. Orders and sales in the first quarter under review were approximately 5.5 billion yen, and operating income was around zero. In the first quarter of the previous fiscal year, an operating loss of 0.6 billion yen was recorded after a retroactive adjustment associated with the acquisition cost.

Q. Is there any risk of cancellation of the contract with the largest customer in the ultrapure water supply business?

A. The contract can be cancelled. In that case, we will receive cancellation money, and the customer will have the facilities.

Q. Besides cancellation, are there any possibilities of changes in basic charges or changes in the unit price in volume charges?

A. We have once extended a contract, under which we made a profit, and lowered the charge on a single-year basis.

Q. Are you negotiating with the largest customer in the ultrapure water supply business? Can the negotiating partner change to an acquiring company?

A. Generally speaking, we are always negotiating with every client. The negotiating partner in question is the company with which we have concluded the contract.

Q. What were the actual exchange rates in the first quarter under review?

A. 115 yen against the dollar, 127 yen against the euro, and 17.6 yen against the yuan.

Q. What were growth rates in local currencies in the first quarter under review at KEAG and in the overseas water treatment chemicals business excluding KEAG?

A. 53% at KEAG and 8% in the business excluding KEAG.

Q. Could you qualitatively describe growth in the overseas water treatment chemicals business by region in local currencies in the first quarter under review?

A. Growth was achieved in almost all regions.

Q. I understand that in operating income in the facilities business in the electronics industry in the first quarter under review, an improvement in earnings in the overseas business was offset by an increase in maintenance cost in the ultrapure water supply business. Could you describe other factors? Will this trend in operating income continue in the second quarter?

A. The effect of factors other than an improvement in earnings in the overseas business and maintenance cost in the ultrapure water supply business was minor. We expect that the trend will continue in the second quarter.

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