



Kurita Water Industries Ltd.

Results Presentation for the Fiscal Year Ended March 31, 2021

(Securities code: 6370)

May 7, 2021

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1 | Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

Overview of Results



(Billions of Yen)		FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Orders		259.5	262.3	+ 1.1%	264.0
Net Sales		264.8	267.7	+ 1.1%	270.0
Business Profit		26.7	29.5	+ 10.6%	28.0
Net of Other Income and Expenses		0.8	2.1	–	1.0
Operating Profit		27.5	31.5	+ 14.7%	29.0
Profit before Tax		26.7	29.2	+ 9.2%	28.0
Profit Attributable to Owners of Parent		18.3	19.1	+ 4.4%	19.0
Basic Earnings per Share (yen)		162.86	169.94	+ 4.3%	169.15
Return on Equity (ROE)		7.6%	7.7%	+ 0.1 pp	–
Exchange Rate	USD (yen)	108.7	106.1		107.0
	EUR (yen)	120.8	123.7		121.0
	CNY (yen)	15.6	15.7		15.3

- Pentagon Technologies, which operates a tool cleaning business in the United States, was included in the scope of consolidation from the period under review.
- A liquidation gain on contract termination settlements of 2.1 billion yen in the ultrapure water supply business, a gain on the sale of fixed assets (land) of 1.3 billion yen and a loss on goodwill impairment related to a subsidiary of 1.3 billion yen are posted in net of other income and expenses.

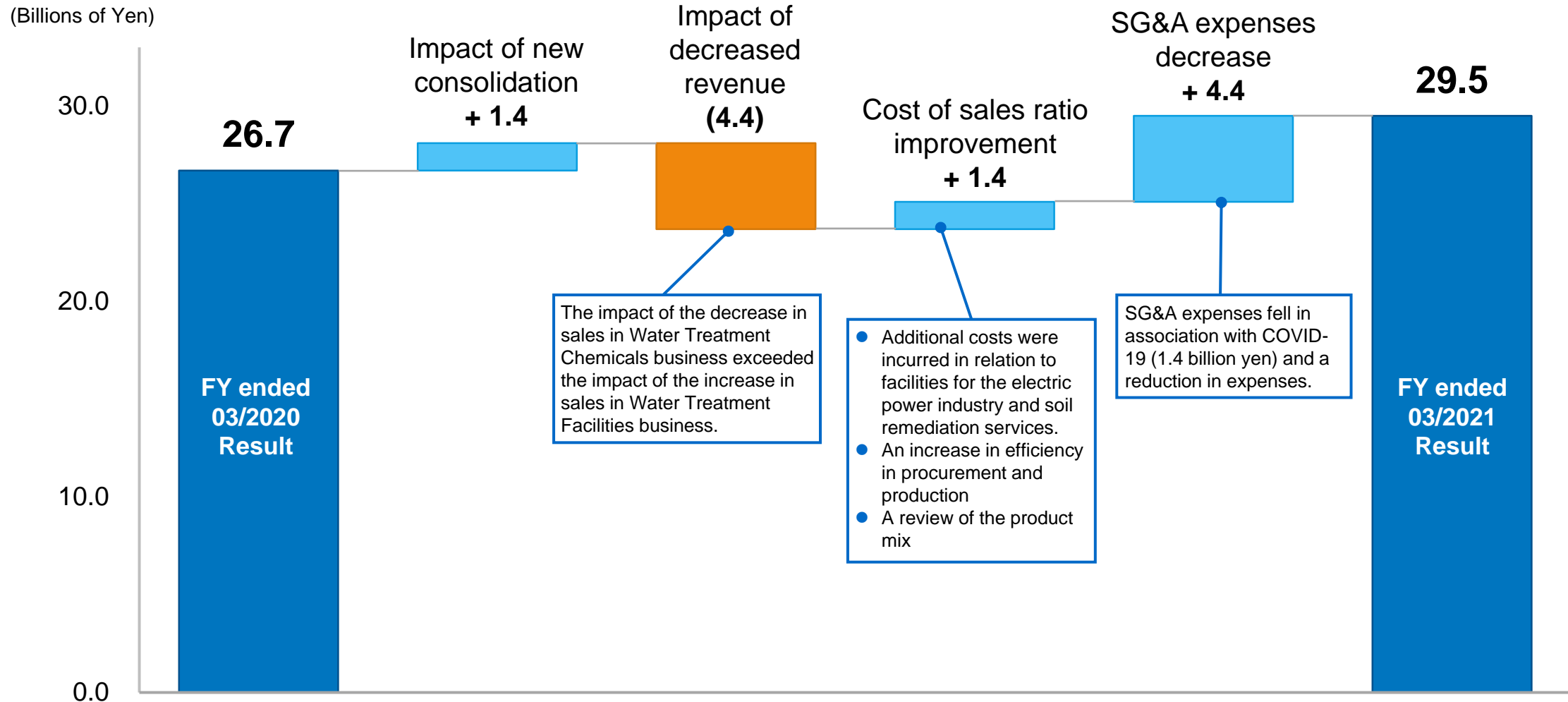
Results by Segment



(Billions of Yen)		FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Total	Orders	259.5	262.3	+ 2.8	264.0
	Net Sales	264.8	267.7	+ 2.9	270.0
	Business Profit	26.7	29.5	+ 2.8	28.0
	Business Profit Margin	10.1%	11.0%	+ 0.9 pp	10.4%
	Operating Profit	27.5	31.5	+ 4.1	29.0
Water Treatment Chemicals	Orders	113.8	103.6	(10.2)	103.9
	Net Sales	113.6	103.2	(10.4)	103.9
	Business Profit	11.7	12.3	+ 0.6	11.7
	Business Profit Margin	10.3%	11.9%	+ 1.6 pp	11.3%
	Operating Profit	10.1	11.8	+ 1.7	10.2
Water Treatment Facilities	Orders	145.8	158.8	+ 13.0	160.1
	Net Sales	151.2	164.5	+ 13.3	166.1
	Business Profit	15.1	17.1	+ 2.1	16.3
	Business Profit Margin	10.0%	10.4%	+ 0.4 pp	9.8%
	Operating Profit	17.4	19.6	+ 2.2	18.8

- Both orders and net sales decreased in the Water Treatment Chemicals business due to the impact of the COVID-19 pandemic (orders and net sales are estimated to have fallen 9.0 billion yen and 9.2 billion yen, respectively).
- In the Water Treatment Facilities business, both orders and net sales increased, reflecting the start of consolidation of Pentagon Technologies Group, Inc., despite the impact of the COVID-19 pandemic (orders and net sales are estimated to have declined 5.5 billion yen and 3.8 billion yen, respectively).
- The cost of sales ratio improved in the Water Treatment Chemicals business and deteriorated in the Water Treatment Facilities business when excluding new consolidation.
- SG&A expenses decreased in both segments excluding the impact of new consolidation. The decrease due to COVID-19 is estimated to be 1.4 billion yen.
- COVID-19 is estimated to have reduced business profit by 3.1 billion yen.

Factors in Change in Business Profit (YoY Change)



Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Orders	113.8	103.6	(10.2)	103.9
Domestic	46.0	42.6	(3.4)	42.8
Overseas	67.7	61.0	(6.8)	61.1
Net Sales	113.6	103.2	(10.4)	103.9
Domestic	46.0	42.2	(3.8)	42.8
Overseas	67.6	61.0	(6.6)	61.1
Business Profit	11.7	12.3	+ 0.6	11.7
Business Profit Margin	10.3%	11.9%	+ 1.6 pp	11.3%
Operating Profit	10.1	11.8	+ 1.7	10.2

- Domestic net sales decreased in all customer industries.
- Overseas net sales decreased 11% excluding the two months of new consolidation of Avista Technologies.
- The negative impact of the decrease on net sales was generally offset through improvements in the cost of sales ratio and reductions of expenses, resulting in an increase in business profit.

Overseas Sales by Region

(Billions of Yen)	FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Asia	26.4	22.5	(3.9)	22.1
North America	19.5	17.7	(1.8)	18.7
EMEA	19.1	18.7	(0.4)	18.3
Other	2.6	2.2	(0.5)	2.0
Total	67.6	61.0	(6.6)	61.1

Factors in Change (Billions of Yen)

Organic Change	(6.1)
Effect of Foreign Exchange Rate	(1.0)
New Consolidation	+ 0.5

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Orders	56.4	60.4	+ 4.0	59.3
Facilities	5.5	6.6	+ 1.1	6.8
Maintenance	17.1	17.0	(0.1)	16.4
Ultrapure Water Supply Business	26.6	28.1	+ 1.5	27.8
Tool Cleaning	7.2	8.7	+ 1.5	8.3
Net Sales	56.0	58.9	+ 3.0	59.0
Facilities	6.1	5.7	(0.4)	6.5
Maintenance	16.1	16.5	+ 0.4	16.4
Ultrapure Water Supply Business	26.6	28.1	+ 1.5	27.8
Tool Cleaning	7.2	8.6	+ 1.4	8.3

- While orders in facilities increased due to an increase in orders for a large project, net sales fell slightly.
- Results in maintenance remained firm. Orders remained flat from the previous fiscal year, and net sales increased.
- Net sales in the ultrapure water supply business increased due to the commencement of water supply in the previous fiscal year for a certain contract.
- Tool cleaning net sales increased due to new orders.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Orders	56.1	53.8	(2.2)	54.1
Energy and Infrastructure	45.5	46.5	+ 1.1	44.5
Soil Remediation	7.8	4.6	(3.2)	7.4
Other	2.8	2.7	(0.1)	2.2
Net Sales	59.7	60.2	+ 0.5	61.8
Energy and Infrastructure	49.0	50.3	+ 1.3	51.6
Soil Remediation	7.9	7.2	(0.7)	8.0
Other	2.8	2.7	(0.1)	2.2

- Orders for facilities for the electric power industry fell slightly, but net sales increased due to progress in construction projects in the order backlog.
- Orders for facilities for general industries increased, reflecting orders for a large project. Net sales rose due to progress in construction projects in the order backlog.
- Orders and net sales in maintenance for general industries decreased due to the COVID-19 pandemic.
- Soil remediation orders and net sales decreased in reaction to the large projects posted in the previous fiscal year and due to the postponement of remediation plans.
- While additional costs were incurred in relation to facilities for the electric power industry and soil remediation services, profitability in maintenance services for the public sector improved.

Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Orders	33.3	44.6	+ 11.2	46.7
Facilities	22.8	19.3	(3.5)	21.6
Maintenance	7.5	10.9	+ 3.4	11.7
Ultrapure Water Supply Business	3.0	3.1	+ 0.0	2.7
Tool Cleaning	–	11.4	+ 11.4	10.6
Net Sales	35.5	45.4	+ 9.9	45.3
Facilities	23.8	20.2	(3.7)	20.6
Maintenance	8.6	10.8	+ 2.2	11.3
Ultrapure Water Supply Business	3.0	3.1	+ 0.0	2.7
Tool Cleaning	–	11.4	+ 11.4	10.6

- Orders for facilities in China recovered in the second half, and orders in the full year were on a par with the year-ago level. Net sales decreased.
- Orders and net sales for South Korea increased due to orders for large facility projects and progress in construction of ordered projects.
- Although orders for Taiwan decreased in reaction to orders for a large project in the previous fiscal year, net sales increased.
- Pentagon Technologies was newly consolidated in North America.

Sales by Region

(Billions of Yen)	FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Asia	26.2	26.1	(0.1)	24.4
North America and Other	9.3	19.3	+ 10.0	20.9
Total	35.5	45.4	+ 9.9	45.3

Factors in Change (Billions of Yen)

Organic Change	(1.3)
Effect of Foreign Exchange Rate	(0.2)
New Consolidation	+ 11.4

Breakdown of Service Business Sales



(Billions of Yen)	FY ended 03/2020	FY ended 03/2021	YoY Change	Previous Forecast (Announced on Nov. 5)
Water Treatment Chemicals	113.6	103.2	(10.4)	103.9
Water Treatment Facilities	110.1	125.3	+ 15.2	125.3
Ultrapure Water Supply Business	29.6	31.2	+ 1.6	30.6
Domestic Tool Cleaning	7.2	8.6	+ 1.4	8.3
Overseas Tool Cleaning	–	11.4	+ 11.4	10.6
Soil Remediation	7.9	7.2	(0.7)	8.0
Domestic Maintenance	54.5	54.0	(0.5)	54.3
Overseas Maintenance	8.6	10.8	+ 2.2	11.3
Other	2.3	2.2	(0.1)	2.2
Total	223.7	228.5	+ 4.8	229.2

- A decrease in the Water Treatment Chemicals business was more than offset by an increase in the service business in the Water Treatment Facilities business.
- Overseas tool cleaning has been added due to the new consolidation of Pentagon Technologies.
- Overseas maintenance was firm in the electronics industry.

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY ended 03/2020	FY ended 03/2021	YoY Change
Capital Expenditures (Property, Plant and Equipment)	31.7	32.6	+ 0.9
Water Treatment Chemicals	6.4	8.1	+ 1.7
Water Treatment Facilities	25.3	24.5	(0.8)
Ultrapure Water Supply Business	13.1	11.8	(1.3)
Other than the above	12.2	12.8	+ 0.5
Depreciation (Property, Plant and Equipment)	15.8	17.9	+ 2.1
Water Treatment Chemicals	3.9	3.9	+ 0.0
Water Treatment Facilities	11.9	14.0	+ 2.1
R&D Expenses	5.7	5.3	(0.4)
Water Treatment Chemicals	2.0	1.7	(0.3)
Water Treatment Facilities	3.7	3.6	(0.1)

- Capital investment included investment for the ultrapure water supply business, opening a new development site and reorganizing domestic manufacturing sites.
- Depreciation increased, reflecting new water supply in the ultrapure water supply business.
- R&D expenses were almost the same as the latest forecast.

Financial Condition



(Billions of Yen)	End of March 2020	End of March 2021	Change
Cash and Cash Equivalents	50.2	62.2	+ 12.0
Other Current Assets	112.6	114.3	+ 1.6
Total Current Assets	162.8	176.5	+ 13.6
Property, Plant and Equipment	106.4	117.6	+ 11.2
Goodwill	47.0	55.6	+ 8.6
Other Non-current Assets	71.5	75.2	+ 3.7
Total Non-current Assets	224.9	248.4	+ 23.5
Total Assets	387.7	424.9	+ 37.2
Current Liabilities	94.4	75.0	(19.5)
Non-current Liabilities	49.2	92.1	+ 42.9
Total Liabilities	143.6	167.1	+ 23.5
Equity Attributable to Owners of Parent	242.4	253.1	+ 10.6
Non-controlling Interests	1.7	4.7	+ 3.1
Total Equity	244.1	257.8	+ 13.7
Total Liabilities and Equity	387.7	424.9	+ 37.2

- The increase in non-current liabilities was due to the issuance of 30.0 billion yen in unsecured bonds and the liabilities pertaining to the additional acquisition of shares in Pentagon Technologies to be implemented in June 2022.
- Current liabilities decreased due to repayment of loans.

2 | Consolidated Business Forecast for the Fiscal Year Ending March 31, 2022

Assumptions for the Business Forecast for the Fiscal Year Ending March 31, 2022



- We assume that the negative effect of COVID-19 on the world economy will become smaller in the second half of the fiscal year.
- The domestic economy is assumed to recover more moderately than overseas economies.
- In the electronics industry, the motivation for capital investment is assumed to be strong, and capacity utilization at plants is assumed to remain firm.
- In industries other than the electronics industry, the need for capital investment and production activity at plants are assumed to recover.

Overview of Business Forecast



(Billions of Yen)		FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Orders		262.3	280.0	+ 6.7%
Net Sales		267.7	276.0	+ 3.1%
Business Profit		29.5	33.0	+ 12.0%
Net of Other Income and Expenses		2.1	(1.0)	—
Operating Profit		31.5	32.0	+ 1.5%
Profit before Tax		29.2	31.3	+ 7.4%
Profit Attributable to Owners of Parent		19.1	21.1	+ 10.5%
Basic Earnings per Share (yen)		169.94	187.82	+ 10.5%
Exchange Rate	USD (yen)	106.1	106.0	
	EUR (yen)	123.7	124.0	
	CNY (yen)	15.7	16.0	

- Both orders and net sales will increase due to a smaller impact of COVID-19 and the consolidation of water treatment chemical companies in the Middle East and Canada.
- Business profit is forecast to rise, with an increase in SG&A expenses more than offset by an improvement in the cost of sales ratio and a rise in net sales.
- Net of other income and expenses are forecast to be minus 1.0 billion yen chiefly due to expenses related to the relocation of the development site and PMI expenses at a subsidiary in North America.

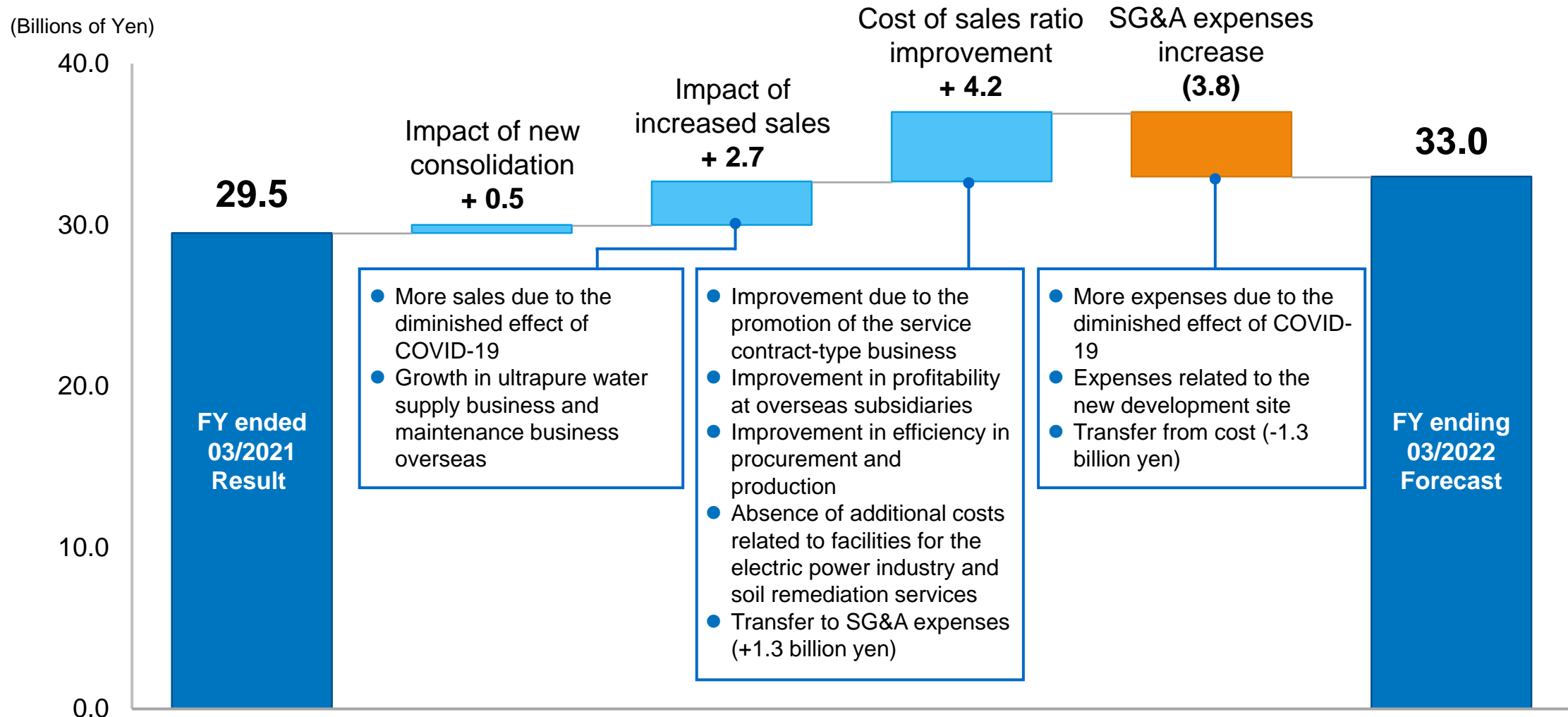
Forecast by Segment



(Billions of Yen)		FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Total	Orders	262.3	280.0	+ 17.7
	Net Sales	267.7	276.0	+ 8.3
	Business Profit	29.5	33.0	+ 3.5
	Business Profit Margin	11.0%	12.0%	+ 0.9 pp
	Operating Profit	31.5	32.0	+ 0.5
Water Treatment Chemicals	Orders	103.6	112.1	+ 8.5
	Net Sales	103.2	111.9	+ 8.7
	Business Profit	12.3	15.4	+ 3.1
	Business Profit Margin	11.9%	13.8%	+ 1.9 pp
	Operating Profit	11.8	14.8	+ 3.0
Water Treatment Facilities	Orders	158.8	167.9	+ 9.1
	Net Sales	164.5	164.1	(0.4)
	Business Profit	17.1	17.6	+ 0.5
	Business Profit Margin	10.4%	10.7%	+ 0.3 pp
	Operating Profit	19.6	17.2	(2.4)

- In the Water Treatment Chemicals business, net sales are forecast to increase due to the new consolidation of Kurita Aquachemie in the Middle East and Canada-based Keytech Water Management and a smaller negative effect of COVID-19.
- Business profit in the Water Treatment Chemicals business is forecast to increase, with an increase in SG&A expenses more than offset by a rise in net sales and an improvement in the cost of sales ratio.
- In the Water Treatment Facilities business, orders are forecast to climb while net sales are expected to fall slightly. Business profit is forecast to increase due to an improvement in the cost of sales ratio.
- Operating profit in the Water Treatment Facilities business is forecast to decrease due to the absence of a liquidation gain on contract termination settlements in the ultrapure water supply business posted in the previous fiscal year.

Factors in Change in Business Profit (YoY Change)



(Billions of Yen)	FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Orders	103.6	112.1	+ 8.5
Domestic	42.6	44.6	+ 2.0
Overseas	61.0	67.5	+ 6.5
Net Sales	103.2	111.9	+ 8.7
Domestic	42.2	44.4	+ 2.2
Overseas	61.0	67.5	+ 6.5
Business Profit	12.3	15.4	+ 3.1
Business Profit Margin	11.9%	13.8%	+ 1.9 pp
Operating Profit	11.8	14.8	+ 3.0

- Kurita Aquachemie and Keytech Water Management are being consolidated.
- We plan to increase net sales in Japan and overseas, assuming that the negative impact of COVID-19 will become smaller.
- Domestic net sales are forecast to rise 5% in the first half and 5% in the second half.
- Overseas net sales are forecast to climb 7% in the first half and 6% in the second half except for the effect of new consolidation.

Overseas Sales by Region

(Billions of Yen)	FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Asia	22.5	24.4	+ 2.0
North America	17.7	20.2	+ 2.5
EMEA	18.7	20.7	+ 2.0
Other	2.2	2.2	(0.0)
Total	61.0	67.5	+ 6.5

Factors in Change (Billions of Yen)

Organic Change	+ 3.7
Effect of Foreign Exchange Rate	+ 0.1
New Consolidation	+ 2.7

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Orders	60.4	61.6	+ 1.3
Facilities	6.6	4.9	(1.6)
Maintenance	17.0	18.1	+ 1.1
Ultrapure Water Supply Business	28.1	30.1	+ 1.9
Tool Cleaning	8.7	8.5	(0.1)
Net Sales	58.9	62.4	+ 3.4
Facilities	5.7	6.6	+ 0.9
Maintenance	16.5	17.2	+ 0.7
Ultrapure Water Supply Business	28.1	30.1	+ 1.9
Tool Cleaning	8.6	8.5	(0.1)

- Orders in facilities are expected to fall, reflecting orders for a large project in the previous fiscal year. Net sales are expected to rise.
- Both orders and net sales in maintenance are expected to exceed the year-ago level.
- Net sales in the ultrapure water supply business are forecast to increase, with the negative effect of the termination of an agreement in the previous fiscal year more than offset by the posting of revenue from additional facilities.
- Net sales in tool cleaning are expected to be on a par with the level in the previous fiscal year.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Orders	53.8	61.7	+ 7.9
Energy and Infrastructure	46.5	50.4	+ 3.9
Soil Remediation	4.6	8.9	+ 4.3
Other	2.7	2.4	(0.3)
Net Sales	60.2	59.0	(1.2)
Energy and Infrastructure	50.3	48.2	(2.1)
Soil Remediation	7.2	8.4	+1.2
Other	2.7	2.4	(0.3)

- Orders are expected to increase in facilities for both general industries and the electric power industry, but net sales are expected to decline.
- Both orders and net sales are forecast to increase in maintenance for general industries on the assumption of a recovery in capacity utilization at customers' plants.
- Both orders and net sales are forecast to climb in soil remediation services, assuming orders for new projects and the resumption of projects that had been postponed.
- Orders in maintenance for the public sector is expected to increase. Net sales are expected to remain flat from the previous fiscal year.

Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Orders	44.6	44.6	(0.0)
Facilities	19.3	17.6	(1.7)
Maintenance	10.9	12.4	+ 1.5
Ultrapure Water Supply Business	3.1	3.0	(0.0)
Tool Cleaning	11.4	11.6	+ 0.2
Net Sales	45.4	42.7	(2.7)
Facilities	20.2	16.1	(4.1)
Maintenance	10.8	12.0	+ 1.2
Ultrapure Water Supply Business	3.1	3.0	(0.0)
Tool Cleaning	11.4	11.6	+ 0.2

- Orders for China are forecast to increase, while net sales are forecast to fall slightly.
- Orders and net sales for South Korea are forecast to decrease due to a reaction to orders for a large project in the previous fiscal year and sales from projects running their courses.
- Orders and net sales in maintenance overseas are expected to exceed the year-ago level.
- Net sales in tool cleaning are forecast to remain at a high level as in the previous fiscal year.

Sales by Region

(Billions of Yen)	FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Asia	26.1	23.0	(3.1)
North America and Other	19.3	19.7	+ 0.4
Total	45.4	42.7	(2.7)

Factors in Change (Billions of Yen)

Organic Change	(2.8)
Effect of Foreign Exchange Rate	+ 0.2
New Consolidation	–

Breakdown of Service Business Sales



(Billions of Yen)	FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Water Treatment Chemicals	103.2	111.9	+ 8.7
Water Treatment Facilities	125.3	133.5	+ 8.2
Ultrapure Water Supply Business	31.2	33.1	+ 1.9
Domestic Tool Cleaning	8.6	8.5	(0.1)
Overseas Tool Cleaning	11.4	11.6	+ 0.2
Soil Remediation	7.2	8.4	+ 1.2
Domestic Maintenance	54.0	57.5	+ 3.5
Overseas Maintenance	10.8	12.0	+ 1.2
Other	2.2	2.4	+ 0.2
Total	228.5	245.4	+ 16.9

- Net sales in Water Treatment Chemicals are expected to rise due to new consolidation and a smaller negative effect of COVID-19.
- Net sales in domestic maintenance are forecast to increase due to a recovery in capacity utilization at plants in general industries.
- Soil remediation net sales are expected to increase due to orders for new projects and the execution of postponed projects.
- Net sales in the ultrapure water supply business are forecast to increase, with the adverse effect of the termination of an agreement in the previous fiscal year more than offset by the posting of revenue from additional facilities.

Capital Expenditures, Depreciation and R&D Expenses

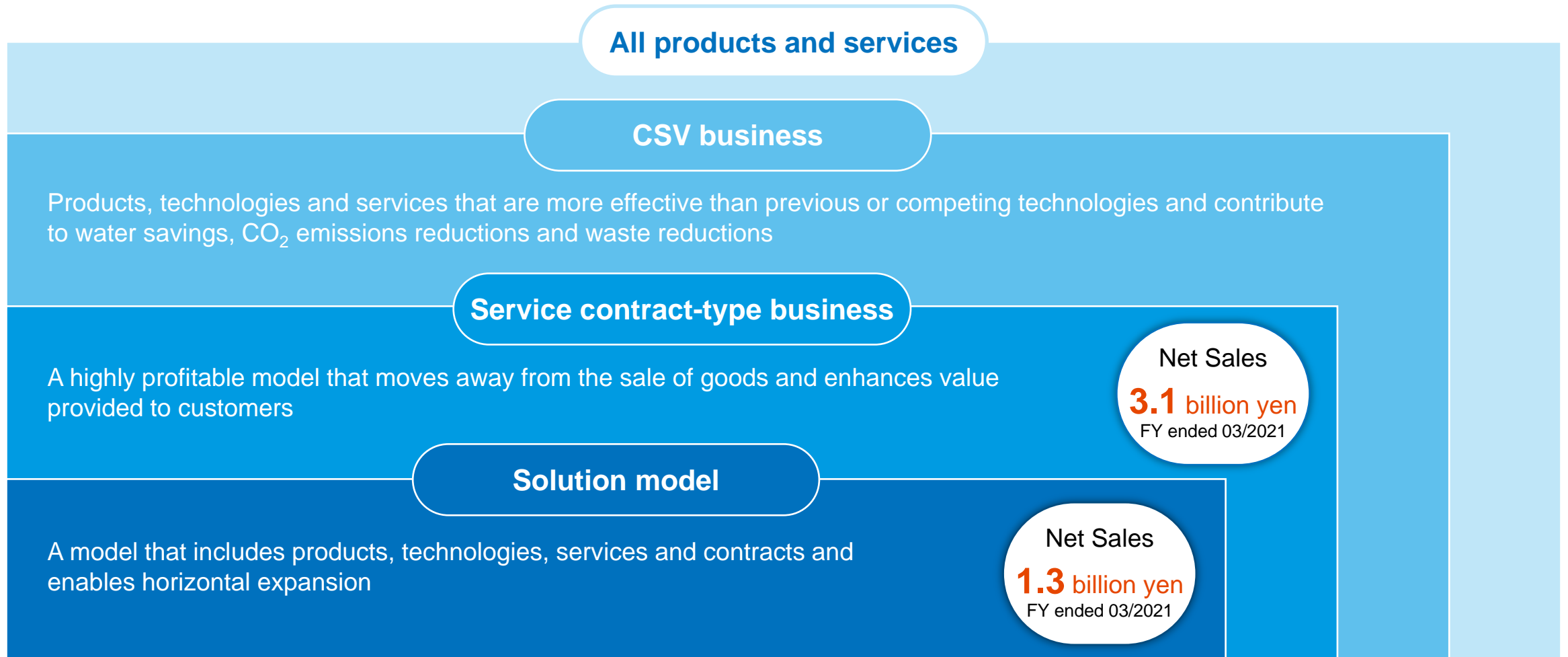


(Billions of Yen)	FY ended 03/2021 (Results)	FY ending 03/2022 (Forecast)	YoY Change
Capital Expenditures (Property, Plant and Equipment)	32.6	63.4	+ 30.7
Ultrapure Water Supply Business	11.8	32.6	+ 20.9
Other than the above	20.9	30.7	+ 9.8
Depreciation (Property, Plant and Equipment)	17.9	19.7	+ 1.8
Water Treatment Chemicals	3.9	4.1	+ 0.2
Water Treatment Facilities	14.0	15.6	+ 1.6
R&D Expenses	5.3	5.2	(0.1)
Water Treatment Chemicals	1.7	1.6	(0.1)
Water Treatment Facilities	3.6	3.7	+ 0.1

- Capital investment in the ultrapure water supply business is planned to increase significantly.
- Capital investment planned other than the above is investment primarily in building the new development base and an overseas chemicals manufacturing base.
- Depreciation is planned to increase due to the posting of the depreciation of additional ultrapure water supply facilities.
- R&D expenses will be about the same as the level in the previous fiscal year.

3 | Progress of Medium-Term Management Plan Maximize Value Proposition 2022 (MVP-22)

Shifting to a Business Model That Creates Shared Value with Society and Customer Value

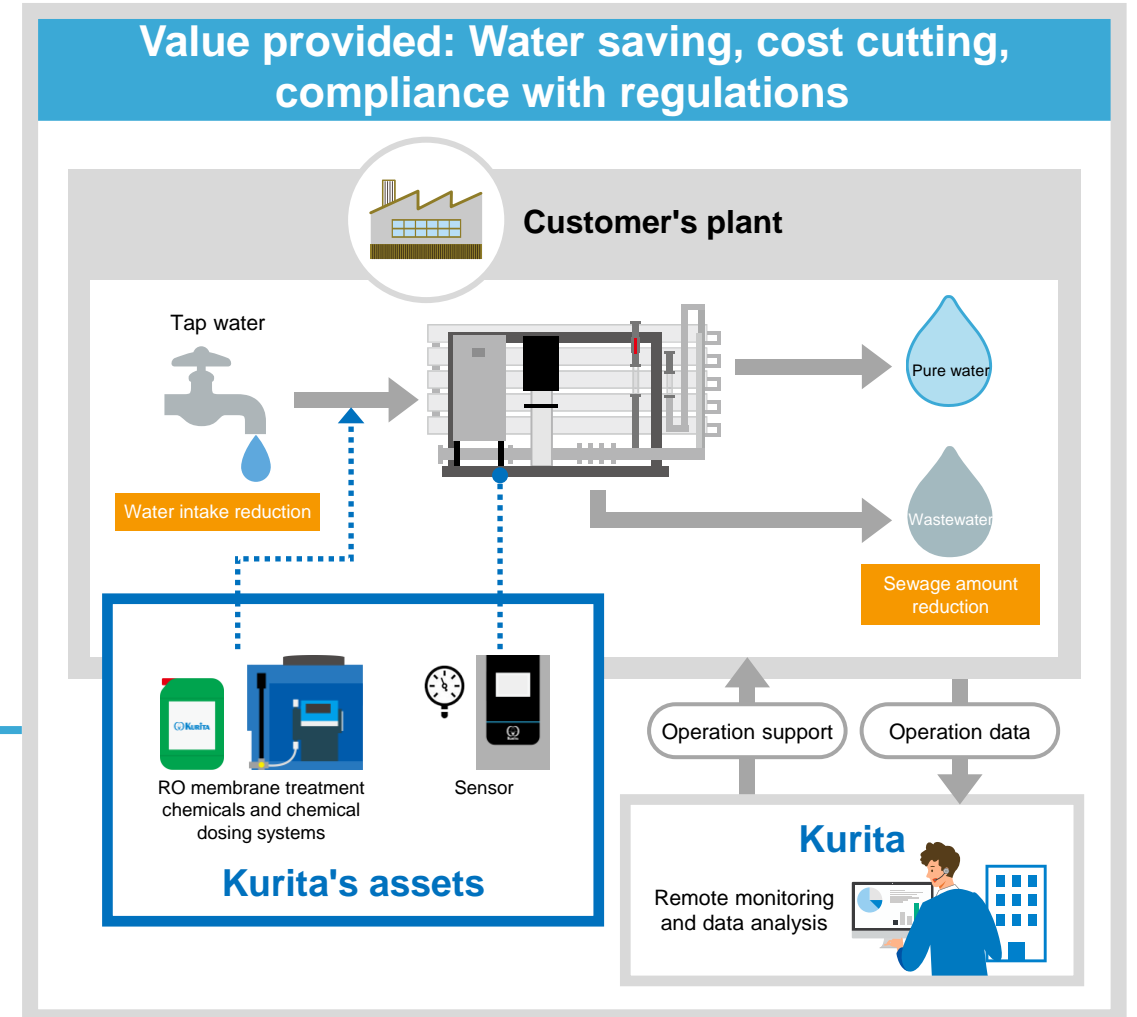


Created New Solutions That Maximize Customer Value

Existing Model



Model developed in fiscal year ended March 2021	Value provided
<ul style="list-style-type: none"> Reduction of raw material cost by modifying technology in steel industry 	CO ₂ emissions reduction
<ul style="list-style-type: none"> The best water treatment service for power generation boilers 	CO ₂ emissions reduction
<ul style="list-style-type: none"> Kurita Digital Assistant Service for Wastewater treatment facilities 	Labor saving
<ul style="list-style-type: none"> RO Operation Optimization Service 	Water saving
<ul style="list-style-type: none"> Stable operation support service for the thickener 	Waste reduction
<ul style="list-style-type: none"> Support service for optimal wastewater treatment operations 	Waste reduction



Developing Global RO Membrane Treatment Chemicals and Service Brands

Product lineup

- Building and developing a global product lineup
- Horizontal expansion of Avista's successful model
- Optimization of the RO membrane treatment chemicals production systems



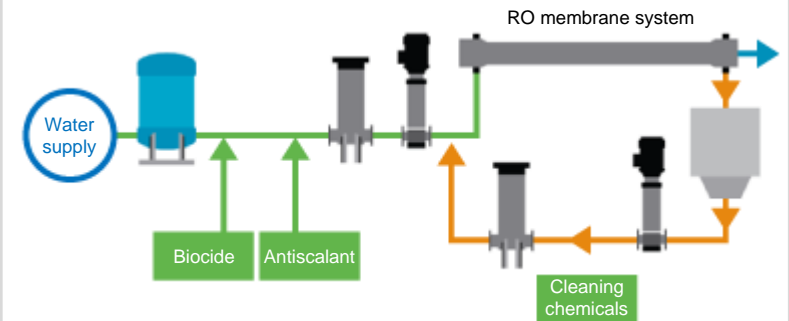
Sales and technology support

- Sales and technical training for RO membrane treatment chemicals and services
- Avista's sales and technical support in each geographical area
- Development of virtual event booths



Research and development

- Cooperation among R&D bases in the U.S., Japan and Singapore to develop new chemicals and software



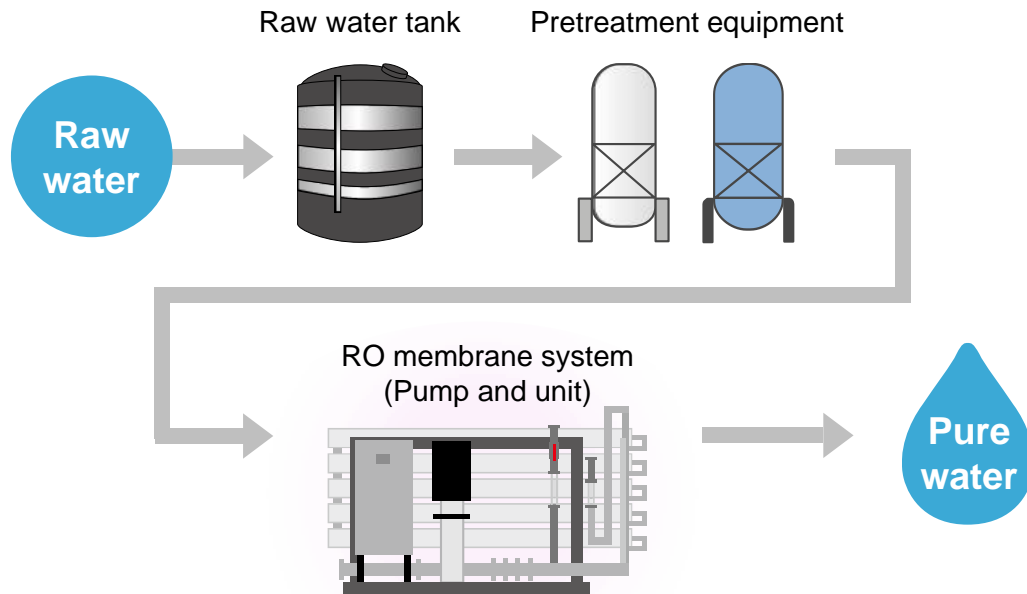
RO membrane treatment chemicals and service consolidated net sales

7.8 billion yen

(Result in FY ended 03/2021)

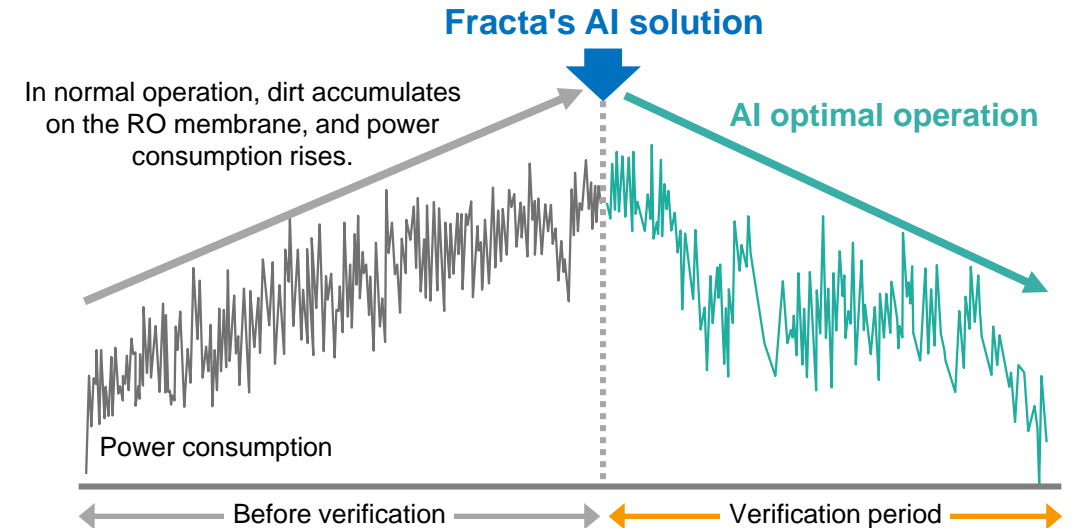
Cooperation with Fracta to Advance DX: Meta-Aqua Project

Outline of water treatment line and issues



Strongly pumping water is necessary for membrane treatment.
(About 60% of the line's power consumption is used.)

Outline of results of RO membrane system verification using an actual plant



Advantages of AI optimal operation

- Reduction in power consumption (approx. 10%)
- Reduction in operating cost due to lower maintenance frequency (approx. 40%)

Reducing Cost and Enhancing BCP Using Kurita Group Network

Global Supply Team



Procurement of chemicals

- Joint purchase
- Changing raw materials to low-priced ones
- Selecting common raw materials and suppliers in the Group



Production of chemicals

- Improving work efficiency through behavioral analysis
- Optimizing packaging and promoting 3R
- Improving efficiency by sharing manufacturing expertise in the Group



Facilities

- Selecting common parts and components in the Group
- Centralized purchasing of parts and components
- Effective use of resources in the Group

Cost improvement: **0.9** billion yen
(Result in FY ended 03/2021)

4 | Priority Measures in Fiscal Year Ending March 31, 2022

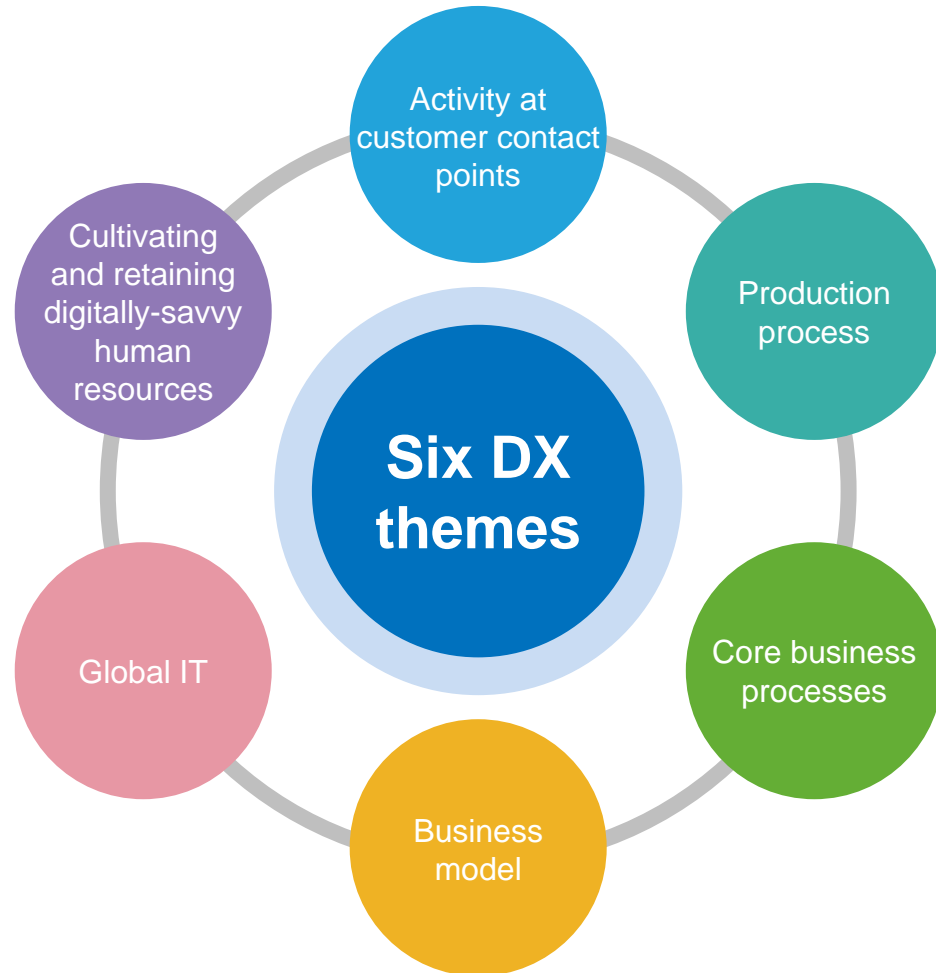
Strategically Developing Solutions for Three Types of Market



Existing on-site point of contact

New on-site point of contact

Determining Themes and Measures to Establish a Competitive Advantage Using DX



- Integrate DX activities at each organization and manage progress and develop plans across the Group.
- Develop and implement measures to accumulate and use “Water Knowledge.”
- Promote cooperation among internal organizations to create data-driven solutions.
- Shorten production processes and stabilize quality by automatically designing facility.

Accelerating Development of Businesses in Consideration of Market Characteristics

Europe

- Focusing on selected businesses
- Expanding CSV business

East Asia

- Taiwanese subsidiaries in the Chemicals business and in the Facilities business were merged in April 2021.
- Accelerating the development of the Water Treatment Facilities business into a service and the rollout of solutions

Middle East

- A joint venture was established in April 2021.
- Accelerating business expansion and the development of solutions

ASEAN

- Allocating management resources to competitive technologies
- Generating synergies throughout the ASEAN region

North America

Canada

- In April 2021, a company in the Water Treatment Chemicals business was acquired.
- Expanding the business foundation in North America

United States

- Reviewing the chemical markets the Group is focusing on
- Reviewing the facilities production processes

Pentagon Technologies

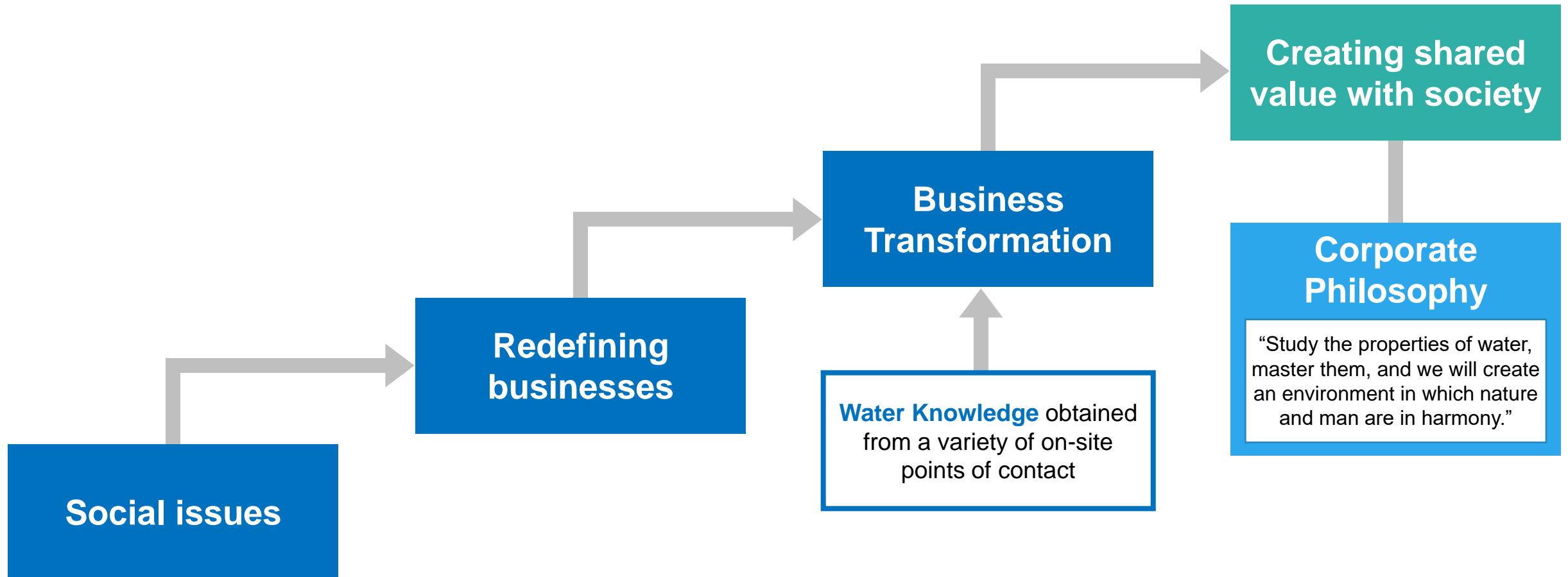
- Strengthening competitiveness in the electronics industry

Avista

- Global development of RO membrane treatment chemicals and services

Business Transformation Starting from Social Issues

Seeking to Create Shared Value with Society, Using “Water Knowledge”





Forward-looking Statements

This presentation contains forward-looking statements, business plan projections, and judgments based on information available to management at the time of writing. Due to the existence of a variety of risk factors and uncertainties, actual results may differ from those specified or implied by these forward-looking statements and projections.

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