



Kurita Water Industries Ltd.

# **Results Presentation for the Fiscal Year Ended March 31, 2023**

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(Securities code: 6370)

May 12, 2023

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# 1 Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

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# Overview of Results



(Billions of Yen)		FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast Announced on Feb. 2
Orders		315.2	374.3	+ 18.7%	375.0
Net Sales		288.2	344.6	+ 19.6%	350.0
Business Profit		32.9	38.6	+ 17.1%	39.0
Net of Other Income and Expenses		2.8	(9.5)	—	(1.0)
Operating Profit		35.7	29.1	(18.7%)	38.0
Profit Before Tax		30.1	30.2	+ 0.2%	39.0
Profit Attributable to Owners of Parent		18.5	20.1	+ 9.0%	27.6
Basic Earnings per Share (yen)		164.38	179.14	+ 9.0%	245.56
Return on Equity (ROE)		7.0%	7.1%	+ 0.1pp	—
Foreign Exchange Rate	USD (yen)	112.4	135.5		136.0
	EUR (yen)	130.6	141.0		140.0
	CNY (yen)	17.5	19.8		20.0

- Operating profit decreased year on year due to the absence of gain on sale of fixed assets recorded in the previous fiscal year and reflecting a goodwill impairment loss of 7.6 billion yen at Kurita America, Inc.
- Profit before tax and profit attributable to owners of parent rose due to the change in the net of finance income\*1 and costs\*2 accompanying the acquisition of additional shares in Pentagon Technologies Group, Inc.

\*1 Finance income of 1.1 billion yen posted in this fiscal year from derivatives transactions

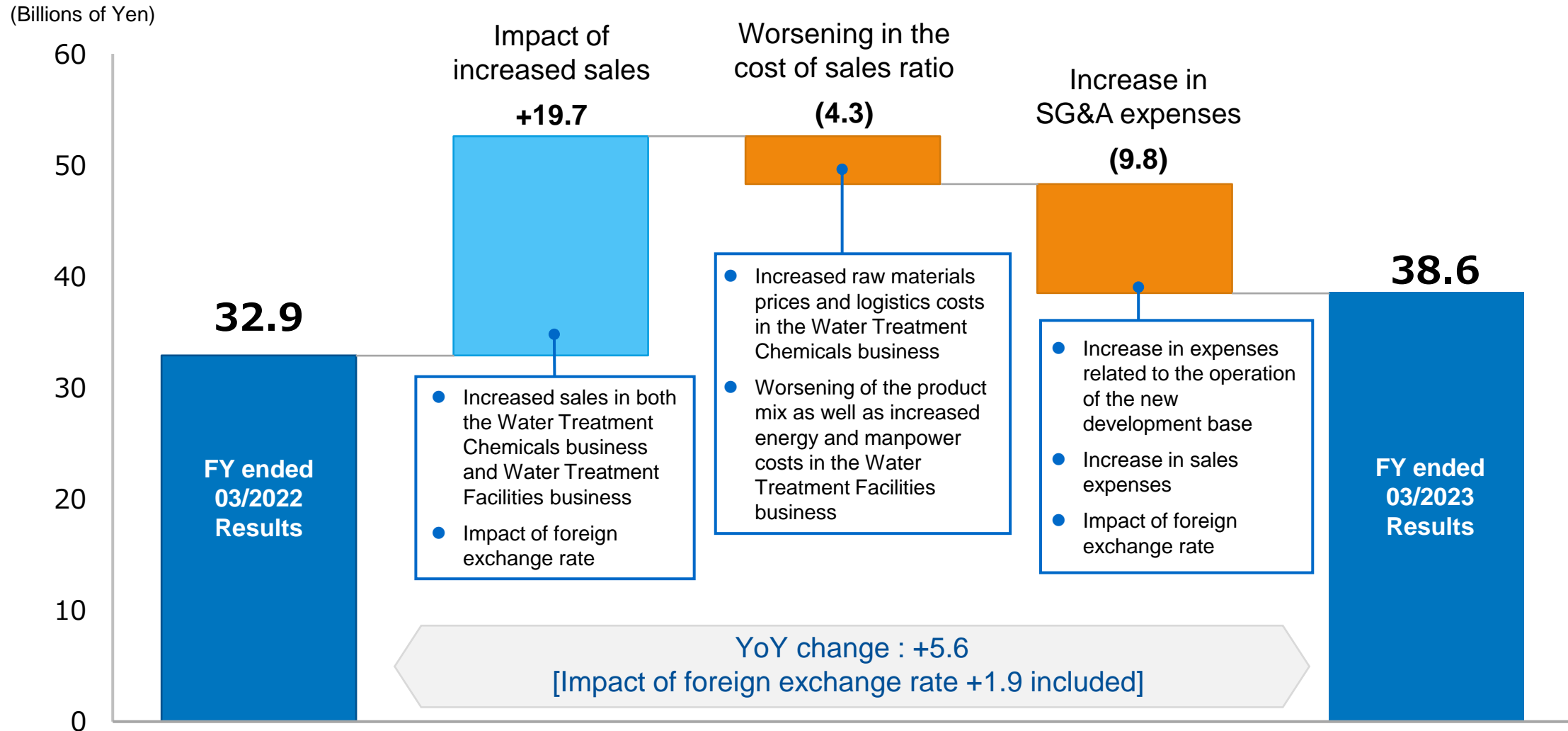
\*2 Finance costs of 5.5 billion yen posted in previous fiscal year from the subsequent measurement of liabilities related to a forward contract concluded with non-controlling shareholders

# Results by Segment

(Billions of Yen)		FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Feb. 2)
Total	Orders	315.2	374.3	+ 59.0	375.0
	Net Sales	288.2	344.6	+ 56.4	350.0
	Business Profit	32.9	38.6	+ 5.6	39.0
	Business Profit Margin	11.4%	11.2%	(0.2pp)	11.1%
	Operating Profit	35.7	29.1	(6.7)	38.0
Water Treatment Chemicals	Orders	118.4	136.9	+ 18.5	136.5
	Net Sales	117.7	136.1	+ 18.5	136.0
	Business Profit	13.6	16.3	+ 2.7	15.7
	Business Profit Margin	11.5%	12.0%	+ 0.4pp	11.5%
	Operating Profit	14.6	7.6	(7.0)	15.7
Water Treatment Facilities	Orders	196.8	237.4	+ 40.6	238.5
	Net Sales	170.5	208.5	+ 37.9	214.0
	Business Profit	19.4	22.4	+ 3.0	23.3
	Business Profit Margin	11.4%	10.7%	(0.6pp)	10.9%
	Operating Profit	21.2	21.5	+ 0.4	22.3

- Net sales and business profit in the Water Treatment Chemicals business increased year on year, mainly due to growth in overseas, and exceeded the forecast.
- Orders in the Water Treatment Facilities business increased in overseas and the domestic general industries.
- In the Water Treatment Facilities business, net sales rose year on year for the domestic electronics industry and overseas, but fell short of the forecast mainly in the precision tool cleaning in Japan and overseas.
- Business profit in the Water Treatment Facilities business increased year on year as the impact of increased sales exceeded an increase in SG&A expenses and a worsening in the cost of sales ratio. The result did not reach forecast mainly due to the lower impact of sales.

# Factors in Change in Business Profit (YoY Change)



# Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Feb. 2)
<b>Orders</b>	<b>118.4</b>	<b>136.9</b>	<b>+ 18.5</b>	<b>136.5</b>
Domestic	43.4	44.0	+ 0.6	43.9
Overseas	75.0	92.9	+ 17.8	92.6
<b>Net Sales</b>	<b>117.7</b>	<b>136.1</b>	<b>+ 18.5</b>	<b>136.0</b>
Domestic	42.8	43.5	+ 0.7	43.4
Overseas	74.8	92.6	+ 17.8	92.6
<b>Business Profit</b>	<b>13.6</b>	<b>16.3</b>	<b>+ 2.7</b>	<b>15.7</b>
<b>Business Profit Margin</b>	<b>11.5%</b>	<b>12.0%</b>	<b>+ 0.4pp</b>	<b>11.5%</b>
<b>Operating Profit</b>	<b>14.6</b>	<b>7.6</b>	<b>(7.0)</b>	<b>15.7</b>

- In Japan, due to the continued shortages of semiconductors and impact of COVID-19 in certain industries, net sales rose slightly from the previous fiscal year.
- Overseas, net sales increased due to revisions to sales prices in response to rising raw material prices, the development of CSV business, and an impact of foreign exchange rate.
- Business profit increased. This is because the impact of increased sales more than offset the impact of the worsening in the cost of sales ratio and increase in SG&A expenses.

## Overseas Net Sales by Region

(Billions of Yen)	FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Feb. 2)
Asia	26.8	30.6	+ 3.8	31.4
North & South America	23.6	32.5	+ 8.9	32.1
EMEA	24.5	29.5	+ 5.1	29.2
<b>Total</b>	<b>74.8</b>	<b>92.6</b>	<b>+ 17.8</b>	<b>92.6</b>

### Factors in Change (Billions of Yen)

Organic Change	+6.7
Effect of Foreign Exchange Rate	+11.0

# Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Feb. 2)
<b>Orders</b>	<b>86.7</b>	<b>80.3</b>	<b>(6.3)</b>	<b>78.5</b>
Facilities	25.5	12.7	(12.8)	12.7
Maintenance	20.1	20.6	+ 0.5	18.8
Ultrapure Water Supply Business	31.5	37.8	+ 6.3	37.3
Tool Cleaning	9.6	9.3	(0.3)	9.6
<b>Net Sales</b>	<b>65.1</b>	<b>81.5</b>	<b>+ 16.4</b>	<b>83.6</b>
Facilities	6.9	14.7	+ 7.9	15.2
Maintenance	17.2	19.8	+ 2.5	21.5
Ultrapure Water Supply Business	31.5	37.8	+ 6.3	37.3
Tool Cleaning	9.5	9.2	(0.3)	9.6

- For facilities, orders decreased due to the reaction to large-scale orders received in the 4Q of the previous fiscal year, while net sales increased due to progress on the construction of ordered projects.
- In the maintenance business, orders and net sales increased year on year due to steady orders mainly for large-scale projects. However, net sales fell short of the forecast as there were not as many projects as expected that would be recorded as net sales for this fiscal year.
- Orders and net sales in the ultrapure water supply business increased due to the commencement of new supply project.
- Both orders and net sales in precision tool cleaning slightly decreased from the previous fiscal year, reflecting the impact of operations in customers' plants.



# Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Feb. 2)
<b>Orders</b>	<b>44.2</b>	<b>55.9</b>	<b>+ 11.7</b>	<b>63.1</b>
Energy and Infrastructure	36.4	49.8	+13.4	54.1
Soil Remediation	5.1	4.0	(1.1)	6.4
Other	2.8	2.1	(0.7)	2.6
<b>Net Sales</b>	<b>51.5</b>	<b>51.0</b>	<b>(0.5)</b>	<b>53.9</b>
Energy and Infrastructure	44.3	44.2	(0.1)	45.8
Soil Remediation	4.4	4.7	+ 0.3	5.5
Other	2.8	2.1	(0.7)	2.5

- In energy and infrastructure, orders increased year on year due to the reaction of cancellations and downward revisions of orders received in the previous fiscal year for facilities for general industries, as well as the receipt of orders for large-scale maintenance projects for general industries in this fiscal year. On the other hand, it fell short of the forecast due to the postponement of projects in facilities and maintenance for public sector.
- Energy and infrastructure net sales almost unchanged from the previous fiscal year, reflecting a decrease in sales from facilities for the general industries, although sales from maintenance for general industries rose.
- In soil remediation, net sales increased slightly despite a decrease in orders due to the rebound from a remediation project acquired in the previous fiscal year. Orders and net sales fell short of the forecast due to the postponement of the implementation of the remediation project.

# Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Feb. 2)
<b>Orders</b>	<b>66.0</b>	<b>101.2</b>	<b>+ 35.2</b>	<b>96.9</b>
Facilities	32.5	61.8	+ 29.2	53.6
Maintenance	15.1	17.6	+ 2.5	18.1
Ultrapure Water Supply Business	3.2	3.4	+ 0.2	3.5
Precision Tool Cleaning	15.1	18.4	+ 3.3	21.7
<b>Net sales</b>	<b>54.0</b>	<b>76.0</b>	<b>+ 22.0</b>	<b>76.5</b>
Facilities	21.5	37.4	+ 15.9	33.7
Maintenance	14.2	16.8	+ 2.6	17.6
Ultrapure Water Supply Business	3.2	3.4	+ 0.2	3.5
Precision Tool Cleaning	15.1	18.4	+ 3.3	21.7

- Against the backdrop of brisk investment in East Asia, orders and net sales increased year on year, and orders received exceeded the forecast.
- Precision tool cleaning business in the U.S. were impacted by the operational status of customer plants, while the acquisition of new projects contributed to sales. As a result, excluding the impact of foreign exchange rate, the net sales increased only slightly and fell short of the forecast.

## Net Sales by Region

(Billions of Yen)	FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Feb. 2)
Asia	31.2	48.3	+ 17.0	45.1
North & South America, etc.	22.7	27.7	+ 5.0	31.3
<b>Total</b>	<b>54.0</b>	<b>76.0</b>	<b>+ 22.0</b>	<b>76.5</b>

### Factors in Change (Billions of Yen)

Organic Change	+12.9
Effect of Foreign Exchange Rate	+9.1

# Breakdown of Service Business Sales

(Billions of Yen)	FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Feb. 2)
<b>Water Treatment Chemicals</b>	<b>117.7</b>	<b>136.1</b>	<b>+ 18.5</b>	<b>136.0</b>
<b>Water Treatment Facilities</b>	<b>135.3</b>	<b>151.8</b>	<b>+ 16.6</b>	<b>160.1</b>
Ultrapure Water Supply Business	34.7	41.2	+ 6.5	40.8
Domestic Precision Tool Cleaning	9.5	9.2	(0.3)	9.6
Overseas Precision Tool Cleaning	15.1	18.4	+ 3.3	21.7
Soil Remediation	4.4	4.7	+ 0.3	5.5
Domestic Maintenance	55.3	59.4	+ 4.1	62.3
Overseas Maintenance	14.2	16.8	+ 2.6	17.6
Other	2.2	2.1	(0.0)	2.5
<b>Total</b>	<b>252.9</b>	<b>288.0</b>	<b>+ 35.0</b>	<b>296.1</b>

- Service business net sales rose due to the sales increase in the Water Treatment Chemicals business, ultrapure water supply business, domestic and overseas maintenance, and overseas precision tool cleaning.
- Results fell short of the forecast, in the field of domestic and overseas precision cleaning, and domestic and overseas maintenance.

# Capital Expenditures, Depreciation and R&D Expenses

(Billions of Yen)	FY ended 03/2022	FY ended 03/2023	YoY Change	Forecast (Announced on Oct. 31)
<b>Capital Expenditures (Property, Plant and Equipment*)</b>	<b>66.4</b>	<b>46.6</b>	<b>(19.8)</b>	<b>53.7</b>
Water Treatment Chemicals	10.8	6.4	(4.5)	-
Water Treatment Facilities	55.6	40.3	(15.3)	-
<b>Depreciation (Property, Plant and Equipment*)</b>	<b>20.1</b>	<b>25.8</b>	<b>+ 5.7</b>	<b>23.5</b>
Water Treatment Chemicals	4.2	4.7	+ 0.5	4.4
Water Treatment Facilities	15.9	21.1	+ 5.2	19.1
<b>R&amp;D Expenses</b>	<b>5.4</b>	<b>6.3</b>	<b>+ 1.0</b>	<b>5.8</b>
Water Treatment Chemicals	1.5	1.8	+ 0.3	1.7
Water Treatment Facilities	3.9	4.5	+ 0.7	4.2

\* Right-of-use assets are included.

- Capital expenditures declined compared to previous fiscal year due to the absence of investments related to new development bases.
- Capital expenditures for the ultrapure water supply business decreased from the previous fiscal year.
- Depreciation increased due to the start of new projects in the ultrapure water supply business and the start of operation of new development bases.
- R&D expenses increased due to the start of operation of new development bases.

# Financial Condition



(Billions of Yen)	End of March 2022	End of March 2023	Change
Cash and Cash Equivalents	45.7	50.5	+ 4.7
Other Current Assets	132.7	145.9	+ 13.3
<b>Total Current Assets</b>	<b>178.4</b>	<b>196.4</b>	<b>+ 18.0</b>
Property, Plant and Equipment	161.0	178.7	+ 17.7
Goodwill	63.0	60.4	(2.6)
Other Non-current Assets	67.6	66.0	(1.6)
<b>Total Non-current Assets</b>	<b>291.6</b>	<b>305.1</b>	<b>+ 13.5</b>
<b>Total Assets</b>	<b>470.0</b>	<b>501.5</b>	<b>+ 31.6</b>
Current Liabilities	113.9	109.5	(4.5)
Non-current Liabilities	78.2	96.3	+18.1
<b>Total Liabilities</b>	<b>192.1</b>	<b>205.8</b>	<b>+ 13.7</b>
Equity Attributable to Owners of Parent	271.9	294.0	+ 22.1
Non-controlling Interests	5.9	1.8	(4.2)
<b>Total Equity</b>	<b>277.9</b>	<b>295.8</b>	<b>+ 17.9</b>
<b>Total Liabilities and Equity</b>	<b>470.0</b>	<b>501.5</b>	<b>+ 31.6</b>

- Property, plant and equipment increased, mainly reflecting the acquisition of ultrapure water supply business facilities.
- Goodwill increased due to an impact of foreign exchange rates but decreased reflecting an impairment loss on goodwill related to water treatment chemicals business of Kurita America.
- Other non-current assets decreased mainly due to the partial sale of investment securities.
- Current liabilities decreased due to a decrease in other financial liabilities related to Pentagon Technologies Group, Inc., despite an increase from the issuance of commercial paper.
- Non-current liabilities increased due to the issuance of the bonds and new borrowings.

## 2 Consolidated Business Forecast for the Fiscal Year Ending March 31, 2024

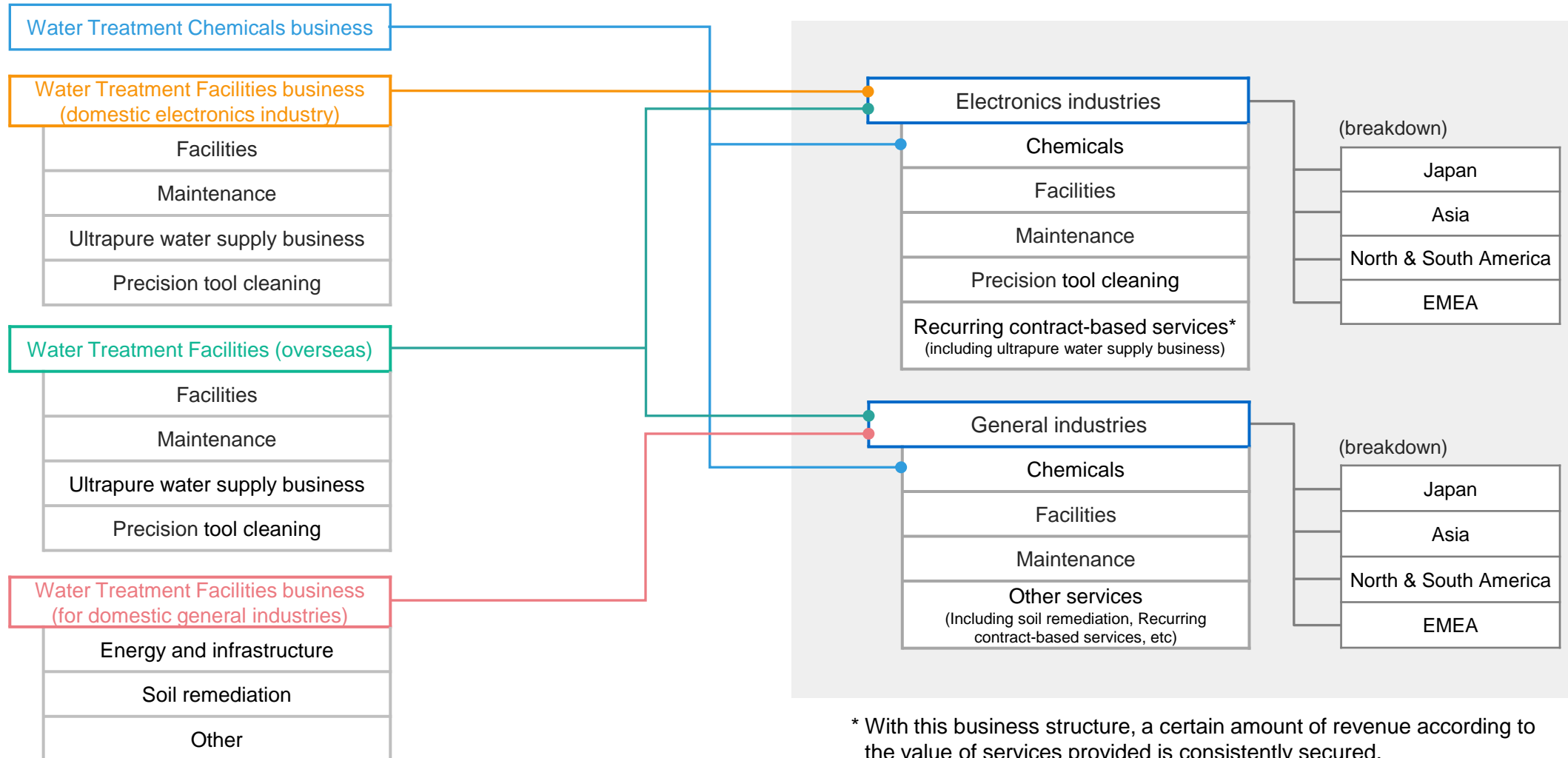
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- Japan's economy will maintain growth, and investments made with a medium- to long-term view, such as digitalization and decarbonization, will continue.
- Overseas, while inflation in the US and Euro zone is expected to ease, economic growth will be blunted compared with the previous fiscal year.
- The semiconductor market will enter a phase of production adjustments with negative growth compared with the previous fiscal year, but a recovery trend will begin from the second half of the year.

# Change in disclosed segments

Up to Fiscal Year Ended  
March 31, 2023

From Fiscal Year Ending  
March 31, 2024





# Overview of Business Forecast

(Billions of Yen)		FY ended 03/2023 Results	FY ending 03/2024 Forecast	YoY Change
Orders		374.3	350.0	(6.5%)
Net Sales		344.6	375.0	+ 8.8%
Business Profit		38.6	40.0	+ 3.7%
Net of Other Income and Expenses		(9.5)	(1.0)	—
Operating Profit		29.1	39.0	+ 34.2%
Profit Before Tax		30.2	38.2	+ 26.7%
Profit Attributable to Owners of Parent		20.1	27.0	+ 34.1%
Basic Earnings per Share (yen)		179.14	240.21	+ 34.1%
Foreign Exchange Rate	USD (yen)	135.5	135.0	
	EUR (yen)	141.0	138.5	
	CNY (yen)	19.8	19.7	

- Orders are expected to decline due to the absence of large-scale facilities projects secured in East Asia and Japan in the previous fiscal year, with net sales projected to increase due to the recording of sales from facilities ordered projects and expansion of the chemicals business.
- As an impairment loss (7.6 billion yen) on goodwill related to water treatment chemicals business of Kurita America, Inc. was recorded in the previous fiscal year, operating profit and lower levels of profits are expected to increase significantly.

# Forecast by Segment

(Billions of Yen)		FY ended 03/2023 Results for reference	FY ending 03/2024 Forecast	YoY Change
Total	Orders	374.3	350.0	(24.3)
	Net Sales	344.6	375.0	+ 30.4
	Business Profit	38.6	40.0	+ 1.4
	Business Profit Margin	11.2%	10.7%	(0.5pp)
	Operating Profit	29.1	39.0	+ 9.9
Electronics Industries	Orders	169.9	140.0	(29.9)
	Net Sales	149.3	162.5	+ 13.2
	Business Profit	21.8	18.1	(3.7)
	Business Profit Margin	14.6%	11.1%	(3.4pp)
	Operating Profit	20.9	18.1	(2.8)
General Industries	Orders	204.4	210.0	+ 5.6
	Net Sales	195.3	212.5	+ 17.2
	Business Profit	16.9	21.9	+ 5.0
	Business Profit Margin	8.7%	10.3%	+ 1.7pp
	Operating Profit	8.2	20.9	+ 12.7

## □ Electronics Industries

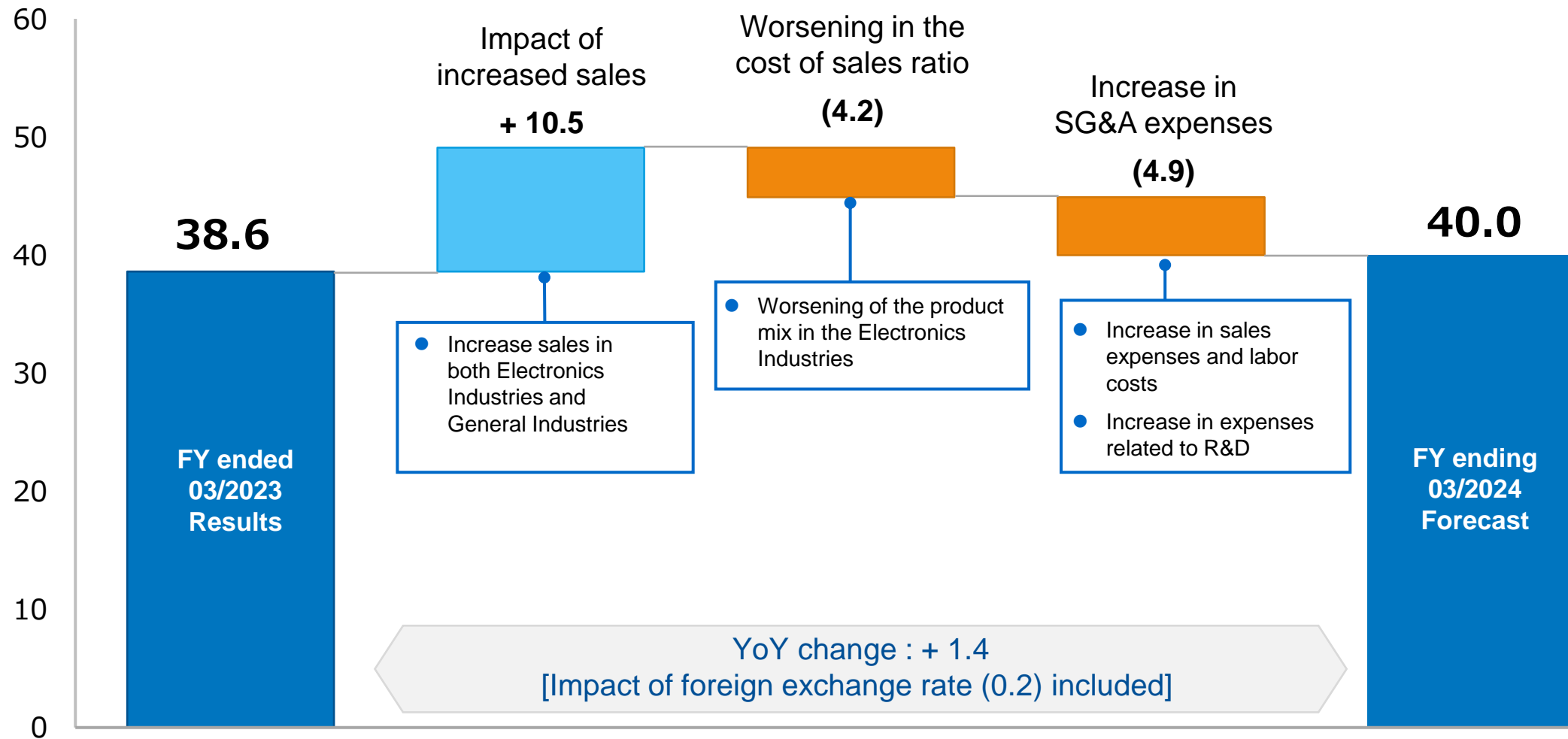
- Orders are expected decline due to the absence of large-scale facilities projects secured in the previous fiscal year, and net sales are expected to increase due to progress on construction for facilities projects for which orders have already been received.
- Business profit is projected to decline due to a deteriorating cost of sales ratio with lower service business ratio and the increase of SG&A expenses outweighing the effects of higher sales.

## □ General Industries

- Orders are expected to increase mainly due to expansion of the chemical business. Net sales are projected to increase due to progress on construction work for facilities and maintenance projects in addition to expansion of the chemical business.
- Business profit is forecast to rise, with the effects of higher sales and an improved cost of sales ratio more than offsetting the increase in SG&A expenses.
- Operating profit is expected to increase significantly as Kurita America, Inc. recorded an impairment loss in the previous fiscal year.

# Factors in Change in Business Profit (YoY Change)

(Billions of Yen)



# Water Treatment for Electronics Industries

(Billions of Yen)	FY ended 03/2023 Results for reference	FY ending03/2024 Forecast	YoY Change
<b>Orders</b>	<b>169.9</b>	<b>140.0</b>	<b>(29.9)</b>
Water Treatment Chemicals	10.7	10.6	(0.0)
Facilities	68.6	38.2	(30.4)
Maintenance	20.7	17.8	(2.9)
Precision Tool Cleaning	27.7	27.0	(0.6)
Recurring Contract-Based Services	42.3	46.3	+ 4.0
<b>Net sales</b>	<b>149.3</b>	<b>162.5</b>	<b>+ 13.2</b>
Water Treatment Chemicals	10.7	10.7	(0.0)
Facilities	50.1	60.1	+ 10.0
Maintenance	18.8	18.2	(0.6)
Precision Tool Cleaning	27.6	27.0	(0.6)
Recurring Contract-Based Services	42.1	46.6	+ 4.4

## Net Sales by Region

(Billions of Yen)	FY ended 03/2023 Results for reference	FY ending03/2024 Forecast	YoY Change
Japan	78.3	90.6	+ 12.3
Asia	52.6	54.4	+ 1.8
North & South America	18.4	17.5	(0.9)
EMEA	—	—	—
<b>Total</b>	<b>149.3</b>	<b>162.5</b>	<b>+ 13.2</b>

- Orders and net sales for chemicals are expected to remain at the same level as the previous fiscal year.
- Facilities orders are expected to decline in reaction to large-scale projects won in East Asia and Japan in the previous fiscal year, while net sales increase with the progress of construction work for ordered projects.
- In the maintenance business, orders and net sales are expected to decrease in reaction to the strong demand mainly for large-scale projects in the previous fiscal year.
- Orders and sales for precision tool cleaning are expected to decline due to the impact of operations at customer plants.
- Orders and net sales for recurring contract-based services are expected to grow, mainly due to the contribution of the ultrapure water supply project that started in the previous fiscal year.

### Factors in Change (Billions of Yen)

Organic Change	+ 13.8
Effect of Foreign Exchange Rate	(0.5)

# Water Treatment for General Industries

(Billions of Yen)	FY ended 03/2023 Results for reference	FY ending 03/2024 Forecast	YoY Change
<b>Orders</b>	<b>204.4</b>	<b>210.0</b>	<b>+ 5.6</b>
Water Treatment Chemicals	120.1	124.6	+ 4.5
Facilities	26.4	25.9	(0.5)
Maintenance	43.5	42.2	(1.4)
Other Services	14.3	17.3	+ 2.9
<b>Net sales</b>	<b>195.3</b>	<b>212.5</b>	<b>+ 17.2</b>
Water Treatment Chemicals	119.7	124.3	+ 4.6
Facilities	20.0	24.5	+ 4.4
Maintenance	41.5	43.9	+ 2.4
Other services	14.0	19.8	+ 5.7

## Net Sales by Region

(Billions of Yen)	FY ended 03/2023 Results for reference	FY ending 03/2024 Forecast	YoY Change
Japan	96.7	105.9	+ 9.3
Asia	24.9	29.3	+ 4.3
North & South America	44.0	46.3	+ 2.2
EMEA	29.7	31.0	+ 1.3
<b>Total</b>	<b>195.3</b>	<b>212.5</b>	<b>+ 17.2</b>

- Orders and sales for chemicals are expected to increase due to the recovery of demand in some industries in Japan and business expansion overseas.
- Orders for facilities are expected to remain at the same level as the previous fiscal year, while net sales are expected to increase mainly due to the progress of construction work for ordered projects.
- Orders for maintenance are expected to decline as a reaction to the acquisition of multiple large-scale projects in the previous fiscal year, but sales are expected to increase as construction progresses.
- In other services, orders and net sales for recurring contract-based services and net sales for soil remediation expecting construction work progress are expected to increase.

### Factors in Change (Billions of Yen)

Organic Change	+ 18.2
Effect of Foreign Exchange Rate	(1.0)

# Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY ended 03/2023 Results for reference	FY ending 03/2024 Forecast	YoY Change
Capital Expenditures (Property, Plant and Equipment*)	46.6	35.7	(11.0)
Depreciation (Property, Plant and Equipment*)	25.8	27.3	+ 1.5
R&D Expenses	6.3	7.6	+ 1.2

\* Right-of-use assets are included.

- Capital investment is expected to decrease due to a down-sized investment in the ultrapure water supply business.
- Depreciation are expected to increase due to the start of the ultrapure water supply project in the previous fiscal year.
- R&D expenses are expected to increase due to the strengthening of initiatives aimed at creating innovation.



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#### **Forward-looking Statements**

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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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