

FOR IMMEDIATE RELEASE

Kurita Water Industries Ltd. Reports Earnings for the Fiscal Year ended March 31, 2024

Tokyo, Japan, May 9, 2024 - Kurita Water Industries Ltd. (the “Company”) (TSE Securities Code 6370) announced net sales of 384,825 million yen and profit attributable to owners of parent of 29,189 million yen, or 259.70 yen per share, for the fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024).

Results of Operations

Total consolidated orders for the Kurita Group (the “Group”) in the fiscal year ended March 31, 2024 rose 4.2% from the level of the previous fiscal year, to 390,152 million yen, and net sales increased 11.7%, to 384,825 million yen. Business profit* increased 9.0%, to 42,055 million yen, operating profit was 41,232 million yen, up 41.9% versus the previous fiscal year, profit before tax was 41,686 million yen, rising 38.3%, and profit attributable to owners of parent amounted to 29,189 million yen, up 45.0%.

During the fiscal year, other income of 1,968 million yen and other expenses of 2,791 million yen were posted. Other income increased 404 million yen from the previous fiscal year, chiefly due to foreign exchange gains posted at European subsidiaries. Other expenses decreased 8,304 million yen, chiefly reflecting the absence of a goodwill impairment loss of 7,646 million yen related to Kurita America, Inc. (Water Treatment Chemicals business) posted in the previous fiscal year. The other income and expenses significantly boosted operating profit, profit before tax, and profit attributable to owners of parent.

During the fiscal year ended March 31, 2024, the global economy experienced increasing uncertainty, a reflection of the prolonged war in Ukraine and growing tensions over the Middle East crisis. Despite this, signs of an economic recovery continued to emerge, although there was evidence of weakness in some areas due to price hikes and interest rate increases.

Looking at the market conditions surrounding the Group, production activities in Japan’s manufacturing industry showed a tendency towards recovery due to increasing consumer spending following the normalization of social activities, which resulted from the COVID-19 pandemic being downgraded to a Class 5 infectious disease. The removal of constraints on the supply of raw materials also played a role in the recovery of production. However, the recovery slowed down in the second half of the fiscal year, chiefly due to weak semiconductor-related demand and production stoppages at certain auto manufacturers. Capital investment held firm against a backdrop of high corporate earnings. Overseas, the U.S. economy remained firm, but European economies saw sluggish growth due to rising prices, especially energy prices, and interest-rate hikes. The Chinese economy’s rebound was weak, mainly due to the prolonged slump in the real estate market, while other Asian regions showed signs of recovery.

In this environment, the Group has begun implementing a five-year medium-term management plan named PSV-27 (Pioneering Shared Value 2027). The basic policy is to refine human resources, technologies and business processes to create value that exceeds expectations from stakeholders through overwhelming speed and problem-solving ability. In the electronics industry, the Group utilized, throughout the value chain, its water knowledge, which it had acquired and visualized by leveraging digital technology and analyzing the data accumulated primarily in the ultrapure water supply business. The Group brought together in a single organization three functions—sales, production, and development—to offer solutions that help customers solve their problems based on a deep understanding of them in the areas of environmental impact reduction, including water saving, greenhouse gas emission reduction, and waste recycling, as well as productivity improvements. In the general industry, the Group identified, in a centralized manner, the trends and needs of customers involved in various types of business across different countries and regions and stepped up initiatives to expand the CSV (creating shared value) business globally, offering solutions that create value shared with society. Overseas, the Group acquired four companies, Arcade Group companies including Arcade Engineering GmbH (Head Office: Germany). As a result, the Group obtained local

manufacturing bases and a supply chain for its water treatment facilities business for the electronics industry in Europe. The Group worked to build a business foundation for responding promptly to an increase in demand for water treatment facilities for the electronics industry chiefly due to the European Chips Act.

*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

Previously, the Group's reportable segments were the Water Treatment Chemicals segment and the Water Treatment Facilities segment, from the viewpoint of the products and services provided; however, starting from the fiscal year under review, the Group has Electronics Industry and General Industry as the 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.

Year-on-year comparisons are based on figures for the same period of the previous fiscal year which have been reclassified to conform to the new segments.

Electronics Industry

Total Group orders for the Electronics Industry segment fell 2.4%, to 165,805 million yen from the previous fiscal year. Orders for recurring contract-based services increased chiefly due to the contribution of an ultrapure water supply contract that began in the previous fiscal year, and orders for maintenance exceeded the high level recorded a year ago. However, orders for water treatment facilities decreased due to the absence of orders for large-scale projects posted in the same period of the previous year. Orders for precision tool cleaning fell, reflecting the impact of lower capacity utilization at customers' plants in Japan and the U.S. associated with the deterioration in semiconductor market conditions.

Total Group net sales for the Electronics Industry segment amounted to 172,698 million yen, an increase of 15.7% year on year. While net sales of precision tool cleaning decreased, net sales of water treatment facilities rose sharply due to progress with the construction of already ordered large-scale projects and net sales of recurring contract-based services and maintenance also grew.

In terms of profits, business profit amounted to 19,938 million yen, a decrease of 8.3% year on year, and operating profit declined 3.3%, to 20,202 million yen, reflecting a decrease in sales of precision tool cleaning and a deterioration in the cost of sales ratio due to an increase in facility projects with a comparatively high cost ratio.

General Industry

Total Group orders for the General Industry segment increased 9.8% from the previous fiscal year, to 224,346 million yen. Orders for water treatment chemicals declined given lower capacity utilization at customers' plants, mainly in China. Orders for water treatment facilities rose mainly due to the addition of four Arcade companies as new consolidated subsidiaries. Orders for recurring contract-based services, engineering cleaning, and maintenance also increased.

Total Group net sales for the General Industry segment amounted to 212,127 million yen, an increase of 8.6% year on year. Decline in sales of water treatment chemicals was offset by the addition of new consolidated subsidiaries and recognition of revenue from the order backlog in the water treatment facilities business and maintenance business, as well as growth in recurring contract-based services and engineering cleaning, resulting in growth in net sales.

In terms of profits, business profit amounted to 22,103 million yen, an increase of 30.8% year on year, reflecting higher sales and efforts to improve profitability, including product mix optimization

and cost-cutting. Operating profit rose significantly to 21,030 million yen, up 155.1% year on year, reflecting the absence of a goodwill impairment loss of 7,646 million yen related to Kurita America, Inc. (Water Treatment Chemicals business) posted in the previous fiscal year.

Financial Condition

1) Total assets: 557,407 million yen (increased 55,869 million yen from the end of the previous fiscal year)

Current assets totaled 228,018 million yen at the end of the period, an increase of 31,602 million yen from the end of the previous fiscal year. This was mainly due to an increase of 19,165 million yen in trade and other receivables, a rise of 4,222 million yen in inventories, and a climb of 3,541 million yen in cash and cash equivalents.

Non-current assets totaled 329,388 million yen at the end of the period, an increase of 24,267 million yen from the end of the previous fiscal year. Property, plant and equipment increased 12,236 million yen chiefly due to the acquisition of new facilities in the ultrapure water supply business (Electronics Industry), and goodwill rose 10,588 million yen. The rise in goodwill is attributable to an increase of 2,734 million yen due to the acquisition of Arcade Engineering GmbH, Arcade Industrie SAS and Kurita Switzerland AG (former Arcade Engineering AG, whose name changed on December 18, 2023), companies manufacturing and selling water treatment facilities in Europe, and Arcade Engineering (Asia) Pte. Ltd. during the second quarter under review, and also reflects the weakening of the yen against foreign currencies.

2) Liabilities: 223,995 million yen, an increase of 18,217 million yen from the end of the previous fiscal year

Current liabilities totaled 118,620 million yen at the end of the period, an increase of 9,152 million yen from the end of the previous fiscal year. This is chiefly attributable to increases of 16,938 million yen in trade and other payables and 2,302 million yen in other current liabilities, which offset a decrease of 9,901 million yen in bonds and borrowings.

Non-current liabilities totaled 105,375 million yen at the end of the period, an increase of 9,065 million yen from the end of the previous fiscal year. This was mainly due to an increase in bonds and borrowings of 9,956 million yen resulting from the increase of long-term borrowings.

3) Equity: 333,411 million yen, an increase of 37,652 million yen from the end of the previous fiscal year

This was attributable to an increase of 16,251 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 21,019 million yen in retained earnings due to the posting of a profit attributable to owners of parent.

Cash Flows

Consolidated net cash and cash equivalents at the end of the fiscal year ended March 31, 2024 totaled 54,009 million yen, an increase of 3,541 million yen from the end of the previous fiscal year ended March 31, 2023.

The various cash flows and related factors are outlined below.

1) Cash Flows from Operating Activities

Net cash provided by operating activities during the fiscal year ended March 31, 2024 totaled 50,874 million yen, an increase of 2,243 million yen from the previous fiscal year. This was chiefly due to inflows, including profit before tax of 41,686 million yen and depreciation, amortization and impairment losses of 32,637 million yen, which were partially offset by outflows, including an increase in trade and other receivables of 15,177 million yen and income taxes paid of 12,965 million yen.

2) Cash Flows from Investing Activities

Net cash used in investing activities totaled 35,801 million yen, a decrease of 10,473 million yen from the previous fiscal year. Cash was used mainly for purchases of property, plant and equipment of 28,958 million yen and the acquisition of subsidiaries of 3,080 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 15,337 million yen, an increase of 16,438 million yen from the previous fiscal year. Cash was used mainly for dividends paid of 9,236 million yen, a net decrease in short-term borrowings and commercial paper of 10,196 million yen, and repayments of lease liabilities of 5,310 million yen, which were partially offset by proceeds from long-term borrowings of 12,013 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, 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 fiscal year 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).

(Reference) Indicators related to cash flow

	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024
Ratio of equity attributable to owners of parent (%)	62.5	59.6	57.9	58.6	59.4
Ratio of equity attributable to owners of parent based on market value (%)	72.3	125.4	108.7	135.4	127.0
Ratio of interest-bearing debt to cash flows (%)	148.1	130.3	207.0	207.4	200.7
Interest coverage ratio (times)	126.3	187.8	123.9	124.1	132.8

Ratio of equity attributable to owners of parent: $\text{Equity attributable to owners of parent} / \text{Total assets}$

Ratio of equity attributable to owners of parent based on market value: $\text{Market capitalization} / \text{Total assets}$

Ratio of interest-bearing debt to cash flows: $\text{Interest-bearing debt} / \text{Cash flow}$

Interest coverage ratio: $\text{Cash flow} / \text{Interest payments}$

1. Each indicator is calculated based on consolidated financial figures.
2. Market capitalization is calculated based on the number of shares outstanding excluding treasury stock.
3. Cash flow is net cash provided by operating activities.
4. Interest-bearing debt includes all liabilities requiring the payment of interest under the liabilities section of the consolidated statement of financial position.

Outlook for Overall Business, Including Production, Sales, and Profits and Losses

The global economy is experiencing a moderate slowdown. The Chinese economy is expected to slow due to a real estate market slump and the ongoing trade tensions between the U.S. and China, leading to import and export restrictions. In the United States, demand control measures to curb inflation will take effect, but the economy will slow only slightly due to the firm employment situation. The U.S. economy will likely rebound in the latter half of the fiscal year following interest rate cuts. Emerging economies, including Asian economies other than China, will experience firm growth because of slower rises in import prices resulting from interest rate cuts in the U.S., leading to lower downward pressure on the currencies. These economies are replacing China as production and demand areas, and increasing direct investment in them will also help them grow.

The semiconductor market is expected to recover, driven by demand for automobiles and generative AI. Data centers focusing on AI will likely invest in acquiring new equipment, including general-purpose servers, or in replacing existing equipment.

The Japanese economy is predicted to return to a firm growth trajectory based on domestic demand.

While wages continue to increase due to the labor shortage, price hikes will slow. As a result, real wages will increase, and consumer spending is expected to rebound. Companies will pass on cost increases to their customers, and corporate performance will be firm. Capital investment will continue to increase. Exports are expected to continue to increase following an upturn in the semiconductor cycle, although the growth rate will likely slow because of a possible downturn in overseas economies.

The forecasts do not reflect causes for concern over a further slowdown in the global economy, including increasing energy inventories due to growing geopolitical risks and reviews of supply chains due to the strengthening of economic security. In that case, capacity utilization at plants of customers may fall and capital expenditures may be postponed. It is also possible that business activities at the Group will be delayed. If the actual situation becomes very different from our assumption, our business will be affected and the forecasts may have to be revised.

The consolidated results forecasts for the first half and the full year of the fiscal year ending March 31, 2025 are as shown below.

(The percentages are year-on-year changes.)

	First half of the fiscal year (April 1, 2024 - September 30, 2024)		Full year (April 1, 2024 - March 31, 2025)	
	Million yen	%	Million yen	%
Net sales	194,000	3.0	400,000	3.9
Business profit	20,000	10.7	47,000	11.8
Operating profit	19,500	6.6	46,000	11.6
Profit before tax	19,200	5.6	45,000	7.9
Profit attributable to owners of parent	13,500	7.2	33,000	13.1

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.

Outlook by Segment

Electronics Industry

Orders, especially in the service business, such as precision tool cleaning, are expected to increase given an anticipated semiconductor market recovery. Net sales are projected to decline due to the lack of sales from domestic large facility projects posted in the previous fiscal year, despite an expected increase in the service business. Business profit and operating profit are expected to increase, chiefly due to an improvement in the cost of sales ratio resulting from an increase in sales in the service business, which will more than offset the decrease in sales and an expected rise in selling, general and administrative expenses.

General Industry

Orders and net sales will increase due to the planned acquisition of a new large facility project in the United States, progress in constructing these facilities, and growth in the water treatment chemicals business. Business profit and operating profit are expected to increase, chiefly due to the predicted rise in net sales, which will likely exceed an increase in selling, general and administrative expenses.

Dividend Policy and Dividends for the Fiscal Year ended March 31, 2024 and the Fiscal Year ending March 31, 2025

The Company's basic policy is to provide shareholders with stable dividends.

Setting a payout ratio of 30 to 50% as our target, we will work to continue to increase dividends, making decisions based on the payout ratios for the most recent five years to respond flexibly to fluctuations in business performance each year. In using retained earnings, we will maintain capital discipline and will prioritize promising business fields that are expected to grow. If we have decided that there are excess funds, we will take steps to improve capital efficiency and return profits to shareholders, including the acquisition of treasury stock, taking the share price into consideration.

We intend to pay a year-end dividend of 42 yen per share for the fiscal year ended March 31, 2024, 3 yen more than the previous year-end dividend. Combined with the interim dividend of 42 yen per share (3 yen more than the previous interim dividend), the annual dividend comes to 84 yen per share, 6 yen higher than the previous fiscal year's annual dividend. For the fiscal year ending March 31, 2025, The Company plans to pay an interim dividend of 46 yen per share and a year-end dividend of 46 yen per share, for an annual dividend to be 92 yen per share.

The dividend forecasts above are made by the Company based on information available at the time of publication of this report. Actual results may differ from them due to a range of factors.

Basic Concept for the Selection of Accounting Standards

The Group voluntarily applied IFRS from the first quarter of the fiscal year ended March 31, 2020 for its consolidated financial statements for the purpose of increasing the international comparability of financial information and unifying accounting treatment within the Group.

Consolidated financial statements

(1) Consolidated statement of financial position

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	50,468	54,009
Trade and other receivables	120,299	139,464
Other financial assets	3,357	6,367
Inventories	16,847	21,069
Other current assets	5,444	7,107
Total current assets	196,416	228,018
Non-current assets		
Property, plant and equipment	178,737	190,973
Right-of-use assets	21,928	22,898
Goodwill	60,413	71,001
Intangible assets	17,104	17,485
Investments accounted for using equity method	1,283	1,422
Other financial assets	15,433	16,994
Deferred tax assets	9,984	8,340
Other non-current assets	235	272
Total non-current assets	305,121	329,388
Total assets	501,538	557,407

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	51,465	68,403
Bonds and borrowings	28,998	19,097
Lease liabilities	4,294	4,603
Income taxes payable	6,018	5,423
Provisions	2,301	2,399
Other current liabilities	16,390	18,692
Total current liabilities	109,468	118,620
Non-current liabilities		
Bonds and borrowings	48,758	58,714
Lease liabilities	18,016	18,774
Other financial liabilities	1,666	2,338
Net defined benefit liability	17,321	17,527
Provisions	2,613	2,865
Deferred tax liabilities	2,362	1,628
Other non-current liabilities	5,570	3,526
Total non-current liabilities	96,310	105,375
Total liabilities	205,778	223,995
Equity		
Share capital	13,450	13,450
Capital surplus	(608)	(361)
Treasury shares	(10,638)	(10,869)
Other components of equity	14,132	30,383
Retained earnings	277,639	298,658
Equity attributable to owners of parent	293,975	331,261
Non-controlling interests	1,784	2,150
Total equity	295,759	333,411
Total liabilities and equity	501,538	557,407

(2) Consolidated statement of profit or loss and comprehensive income

Consolidated statement of profit or loss

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Net sales	344,608	384,825
Cost of sales	224,911	252,983
Gross profit	119,696	131,841
Selling, general and administrative expenses	81,106	89,786
Other income	1,564	1,968
Other expenses	11,095	2,791
Operating profit	29,058	41,232
Finance income	1,990	1,439
Finance costs	1,077	1,127
Share of profit (loss) of investments accounted for using equity method	179	141
Profit before tax	30,151	41,686
Income tax expense	9,473	12,099
Profit for the period	20,677	29,586
Profit attributable to		
Owners of parent	20,134	29,189
Non-controlling interests	543	396
Profit for the period	20,677	29,586
Earnings per share		
Basic earnings per share (yen)	179.14	259.70
Diluted earnings per share (yen)	–	–

Consolidated statement of comprehensive income

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Profit for the period	20,677	29,586
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	674	1,614
Remeasurements of defined benefit plans	830	192
Total of items that will not be reclassified to profit or loss	1,505	1,807
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	5,245	15,413
Cash flow hedges	182	(88)
Share of other comprehensive income of investments accounted for using equity method	2	67
Total of items that may be reclassified to profit or loss	5,429	15,393
Other comprehensive income, net of tax	6,935	17,200
Comprehensive income for the period	27,612	46,787
Comprehensive income attributable to		
Owners of parent	26,176	46,306
Non-controlling interests	1,436	481
Comprehensive income for the period	27,612	46,787

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 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, 2022	13,450	(3,076)	(10,694)	3,493	40	8,627
Profit for the period	–	–	–	–	–	–
Other comprehensive income	–	–	–	4,354	182	674
Total comprehensive income for the period	–	–	–	4,354	182	674
Purchase of treasury shares	–	–	(2)	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	76	58	–	–	–
Changes in ownership interests in subsidiaries	–	(19,793)	–	1,830	–	–
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	–	22,051	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(5,070)
Other	–	132	–	–	–	–
Total transactions with owners	–	2,467	55	1,830	–	(5,070)
Balance as of March 31, 2023	13,450	(608)	(10,638)	9,678	222	4,231

(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, 2022	–	12,161	260,073	271,914	5,948	277,862
Profit for the period	–	–	20,134	20,134	543	20,677
Other comprehensive income	830	6,041	–	6,041	893	6,935
Total comprehensive income for the period	830	6,041	20,134	26,176	1,436	27,612
Purchase of treasury shares	–	–	–	(2)	–	(2)
Dividends	–	–	(8,429)	(8,429)	(280)	(8,709)
Share-based payment transactions	–	–	–	135	(31)	103
Changes in ownership interests in subsidiaries	–	1,830	–	(17,962)	(5,289)	(23,251)
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	–	–	–	22,051	–	22,051
Transfer from other components of equity to retained earnings	(830)	(5,901)	5,901	–	–	–
Other	–	–	(39)	92	–	92
Total transactions with owners	(830)	(4,070)	(2,567)	(4,115)	(5,600)	(9,715)
Balance as of March 31, 2023	–	14,132	277,639	293,975	1,784	295,759

Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 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, 2023	13,450	(608)	(10,638)	9,678	222	4,231
Profit for the period	–	–	–	–	–	–
Other comprehensive income	–	–	–	15,397	(88)	1,614
Total comprehensive income for the period	–	–	–	15,397	(88)	1,614
Purchase of treasury shares	–	–	(356)	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	247	125	–	–	–
Changes in ownership interests in subsidiaries	–	–	–	–	–	–
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(741)
Other	–	–	–	68	–	–
Total transactions with owners	–	247	(231)	68	–	(741)
Balance as of March 31, 2024	13,450	(361)	(10,869)	25,144	134	5,104

(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	–	–	29,189	29,189	396	29,586
Other comprehensive income	192	17,116	–	17,116	84	17,200
Total comprehensive income for the period	192	17,116	29,189	46,306	481	46,787
Purchase of treasury shares	–	–	–	(356)	–	(356)
Dividends	–	–	(9,105)	(9,105)	(112)	(9,218)
Share-based payment transactions	–	–	–	373	(2)	370
Changes in ownership interests in subsidiaries	–	–	–	–	–	–
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	(192)	(934)	934	–	–	–
Other	–	68	–	68	–	68
Total transactions with owners	(192)	(865)	(8,171)	(9,020)	(115)	(9,135)
Balance as of March 31, 2024	–	30,383	298,658	331,261	2,150	333,411

(4) Consolidated statement of cash flows

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities		
Profit before tax	30,151	41,686
Depreciation, amortization and impairment loss	37,276	32,637
Share of loss (profit) of investments accounted for using equity method	(179)	(141)
Loss (gain) on sale of fixed assets	76	(30)
Decrease (increase) in inventories	(3,109)	(2,741)
Decrease (increase) in trade and other receivables	(10,172)	(15,177)
Increase (decrease) in trade and other payables	7,965	7,290
Other	3,365	(144)
Subtotal	65,373	63,378
Interest received	301	508
Dividends received	442	336
Interest paid	(392)	(383)
Income taxes paid	(17,094)	(12,965)
Net cash provided by (used in) operating activities	48,631	50,874
Cash flows from investing activities		
Payments into time deposits	(4,871)	(10,467)
Proceeds from withdrawal of time deposits	4,902	7,695
Purchase of property, plant and equipment	(53,384)	(28,958)
Proceeds from sale of property, plant and equipment	265	66
Purchase of intangible assets	(1,601)	(3,096)
Proceeds from sale of investment securities	8,854	1,903
Payments for acquisition of subsidiaries (after deduction of cash and cash equivalents included in acquired assets)	–	(3,080)
Other	(439)	136
Net cash provided by (used in) investing activities	(46,274)	(35,801)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial paper	18,722	(10,196)
Proceeds from issuance of bonds	9,955	–
Proceeds from long-term borrowings	9,988	12,013
Repayments of long-term borrowings	(499)	(2,375)
Repayments of lease liabilities	(5,170)	(5,310)
Dividends paid	(8,699)	(9,236)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(23,272)	–
Other	76	(231)
Net cash provided by (used in) financing activities	1,101	(15,337)
Effect of exchange rate changes on cash and cash equivalents	1,278	3,805
Net increase (decrease) in cash and cash equivalents	4,737	3,541
Cash and cash equivalents at beginning of period	45,730	50,468
Cash and cash equivalents at end of period	50,468	54,009

Notes to Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

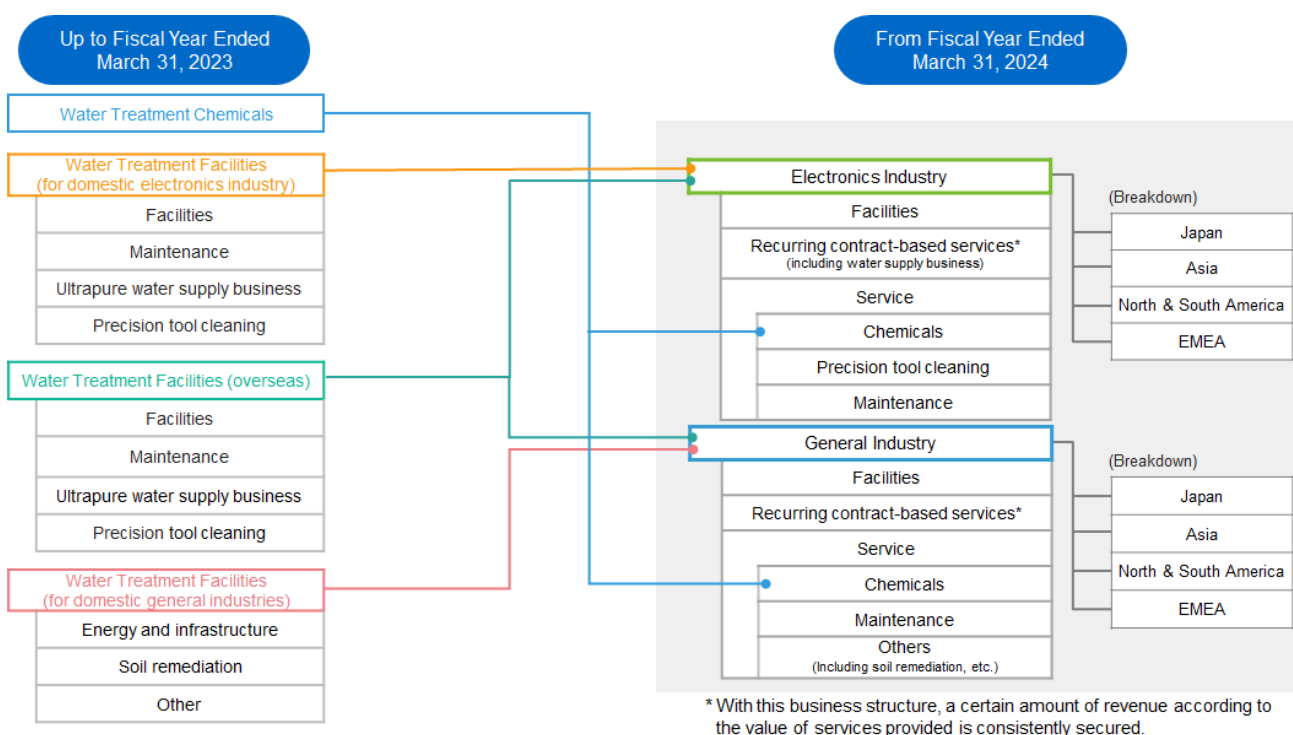
(Segment Information)

(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.

Previously, the Group's reportable segments were the Water Treatment Chemicals segment and the Water Treatment Facilities segment, from the viewpoint of the products and services provided; however, starting from the fiscal year under review, which is the first fiscal year of the new Medium-term Management Plan PSV-27, the Group has Electronics Industry and General Industry as the 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.

The segment information for the fiscal year ended March 31, 2023 has also been restated to reflect this change.



(2) Information of reportable segments

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Million yen)

	Reportable Segments		Total	Adjustments (Note)	Amounts reported on the consolidated financial statements
	Electronics Industry	General Industry			
Net sales					
Sales to outside customers	149,275	195,332	344,608	–	344,608
Inter-segment sales and transfers	–	–	–	–	–
Total	149,275	195,332	344,608	–	344,608
Segment income	20,890	8,243	29,134	(75)	29,058
Finance income					1,990
Finance costs					1,077
Share of profit (loss) of investments accounted for using equity method					179
Profit before tax					30,151

(Million yen)

	Reportable Segments		Total	Adjustments (Note)	Amounts reported on the consolidated financial statements
	Electronics Industry	General Industry			
Segment assets	235,718	211,377	447,096	54,441	501,538
Other amounts					
Depreciation and amortization	19,807	9,807	29,614	–	29,614
Impairment loss	–	7,660	7,660	–	7,660
Investments accounted for using equity method	–	1,234	1,234	49	1,283
Capital expenditures	38,263	9,978	48,241	–	48,241

- (Notes)
1. Segment income: Amount resulting from eliminations of inter-segment transactions.
 2. Segment income is shown at the operating profit level.
 3. Segment assets: Amount resulting from eliminations of inter-segment transactions.
The main factor of adjustments for segment assets is company-wide assets that are not allocated to the reportable segments.
 4. Capital expenditures include an increase in right-of-use assets.
 5. The main factor of impairment loss is a loss on goodwill impairment of 7,646 million yen. For details, refer to (Consolidated Statement of Profit or Loss: Other expenses).

Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(Million yen)

	Reportable Segments		Total	Adjustments (Note)	Amounts reported on the consolidated financial statements
	Electronics Industry	General Industry			
Net sales					
Sales to outside customers	172,698	212,127	384,825	–	384,825
Inter-segment sales and transfers	–	–	–	–	–
Total	172,698	212,127	384,825	–	384,825
Segment income	20,202	21,030	41,233	(0)	41,232
Finance income					1,439
Finance costs					1,127
Share of profit (loss) of investments accounted for using equity method					141
Profit before tax					41,686

(Million yen)

	Reportable Segments		Total	Adjustments (Note)	Amounts reported on the consolidated financial statements
	Electronics Industry	General Industry			
Segment assets	261,694	234,018	495,713	61,693	557,407
Other amounts					
Depreciation and amortization	21,697	10,939	32,637	–	32,637
Impairment loss	–	–	–	–	–
Investments accounted for using equity method	–	1,368	1,368	53	1,422
Capital expenditures	33,107	8,916	42,023	–	42,023

- (Notes)
1. Segment income: Amount resulting from eliminations of inter-segment transactions.
 2. Segment income is shown at the operating profit level.
 3. Segment assets: Amount resulting from eliminations of inter-segment transactions.
The main factor of adjustments for segment assets is company-wide assets that are not allocated to the reportable segments.
 4. Capital expenditures include an increase in right-of-use assets.
 5. Capital expenditures do not include assets acquired through corporate acquisitions.

(3) Information related to geographic regions

Non-current assets and sales to external customers by geographic region in each fiscal year are as follows.

(i) Non-current assets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Japan	175,610	183,684
Asia	20,330	20,806
North & South America	60,749	69,364
EMEA	21,679	28,724
Total	278,370	302,580

(Note) Non-current assets are allocated based on the location of assets. Financial instruments or deferred tax assets are not included.

EMEA stands for Europe, the Middle East and Africa.

(ii) Net sales

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Japan	178,488	198,367
Asia	76,669	85,927
North & South America	59,931	63,577
EMEA	29,517	36,954
Total	344,608	384,825

(Note) Net sales were allocated to a country or areas based on the locations of customers. From the fiscal year under review, net sales are allocated to a country or areas based on the locations of the Company or its consolidated subsidiaries. Net sales for the year ended March 31, 2023, have been recalculated based on the locations of the Company or its consolidated subsidiaries.

EMEA stands for Europe, the Middle East and Africa.

(4) Information related to major customers

Because there is no single external customer that accounts for 10% or more of the net sales in the consolidated statement of income, no information is stated here.

(Bonds and borrowings)

(1) Bonds

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

The bonds issued are described below.

Name	Issue	Issue date	Total amount issued (million yen)	Interest rate (%)	Redemption period
The Company	Second series of unsecured bonds	May 26, 2022	10,000	0.29	May 26, 2027

No bonds were redeemed.

Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)

No bonds were issued or redeemed.

(2) Borrowings

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

The Group borrowed a total of 10,000 million yen (the final repayment date is December 29, 2027, equal payments) in the third quarter of the fiscal year.

Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)

The Group borrowed a total of 12,000 million yen (the final repayment dates are December 8, 2028 and December 22, 2028, lump-sum repayments) in the third quarter of the fiscal year.

(Per Share Information)

The basis for calculation of basic earnings per share is as shown below.

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Profit attributable to owners of parent	20,134	29,189
Amount not attributed to common stockholders	–	–
Profit that is used for calculating basic earnings per share	20,134	29,189
Average number of common shares outstanding	112,394,378	112,396,307

- (Notes)
1. Because there are no dilutive shares, diluted earnings per share are not stated.
 2. The Company's own shares posted as treasury shares remaining in trust are included in the treasury shares that are deducted in the calculation of the average number of shares outstanding for calculation for basic earnings per share. (244,000 shares in the fiscal year ended March 31, 2023, 254,000 shares in the fiscal year ended March 31, 2024)

(Consolidated Statement of Profit or Loss)

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Other expenses)

A goodwill impairment loss of 7,646 million yen was posted in the Water Treatment Chemicals business of Kurita America, Inc. in other expenses in the fourth quarter of the fiscal year. The impairment loss is calculated by comparing the value in use and the accounting book value. The value in use is calculated by discounting expected future cash flows using an appropriate discount rate. The discount rate was raised to 10.8% (9.5% a year ago), chiefly reflecting policy interest rate hikes in the United States. The business plan, the basis of an estimate of future cash flows, was carefully estimated and revised downward, considering changes in the water treatment chemicals market in the United States following the outbreak of COVID-19 and results during the fiscal year, which were affected by disruptions to logistics and rising prices, as well as results in previous fiscal years. As a result, the value in use was less than the accounting book value, and an impairment loss is recognized.

(Finance income)

In the first quarter of the fiscal year under review, a gain on derivatives transactions of 1,090 million yen was recorded in finance income. This was income from a foreign exchange contract that the Company entered into after deciding to underwrite a capital increase in Kurita America Holdings Inc.

Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)

Information is omitted because there were no important events.

(Significant Subsequent Events)

(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 book value.

(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 book value.

Disclaimer

- This document is an English translation of the Earnings Report for the Fiscal Year Ended March 31, 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 "Outlook for Overall Business, Including Production, Sales, and Profits and Losses" on page 4 of this document for the conditions assumed in the performance forecasts and the precautions concerning the use of performance forecasts.