Kurita Water Industries Ltd.

Results Presentation for the Fiscal Year Ended March 31, 2024

(Securities code: 6370)

May 10, 2024

Table of Contents

1 Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 ..... p 1- 8

2 Consolidated Business Forecast for the Fiscal Year Ending March 31, 2025 ..... p 9-16

3 Progress of the Medium-Term Management Plan “Pioneering Shared Value 2027（PSV-27）” ..... p 17-26

4 Appendix ..... p 27-29

1 Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

Overview of Results

(Billions of Yen)		FY 03/2023 Results	FY 03/2024 Results	YoY Change	FY 03/2024 Forecast (Announced in Feb.)
Orders		374.3	390.2	+ 4.2%	375.0
Net Sales		344.6	384.8	+ 11.7%	380.0
Business Profit		38.6	42.1	+ 9.0%	40.0
Net of Other Income and Expenses		(9.5)	(0.8)	–	(0.3)
Operating Profit		29.1	41.2	+ 41.9%	39.7
Profit Before Tax		30.2	41.7	+ 38.3%	39.2
Profit Attributable to Owners of Parent		20.1	29.2	+ 45.0%	28.0
Basic Earnings per Share (yen)		179.14	259.70	+ 45.0%	249.06
Return on Equity (ROE)		7.1%	9.3%	+ 2.2pp	–
Return on Invested Capital（ROIC）		8.0%	7.2%	(0.8pp)	–
Foreign Exchange Rate	USD（Yen）	135.5	144.6		139.7
	EUR（Yen）	141.0	156.8		152.5
	CNY（Yen）	19.8	20.1		19.7

- The impact of the new consolidation of Arcade Engineering GmbH and its group companies (herein after “Arcade Engineering”) is included in the General Industry segment from the second quarter of the fiscal year ended March 2024.
- Operating profit increased year on year due to the impact of recording a 7.6-billion-yen impairment loss on goodwill related to Kurita America, Inc. in the previous fiscal year.

Results by Segment

(Billions of Yen)		FY 03/2023 Results	FY 03/2024 Results	YoY Change	FY03/2024 Forecast (Announced in Feb.)
Total	Orders	374.3	390.2	+ 15.9	375.0
	Net Sales	344.6	384.8	+ 40.2	380.0
	Business Profit	38.6	42.1	+ 3.5	40.0
	Business Profit Margin	11.2%	10.9%	(0.3pp)	10.5%
	Operating Profit	29.1	41.2	+ 12.2	39.7
Electronics Industry	Orders	169.9	165.8	(4.1)	159.5
	Net Sales	149.3	172.7	+ 23.4	169.0
	Business Profit	21.8	19.9	(1.8)	19.4
	Business Profit Margin	14.6%	11.5%	(3.0pp)	11.5%
	Operating Profit	20.9	20.2	(0.7)	19.4
General Industry	Orders	204.4	224.3	+ 20.0	215.5
	Net Sales	195.3	212.1	+ 16.8	211.0
	Business Profit	16.9	22.1	+ 5.2	20.6
	Business Profit Margin	8.7%	10.4%	+ 1.8pp	9.8%
	Operating Profit	8.2	21.0	+ 12.8	20.3

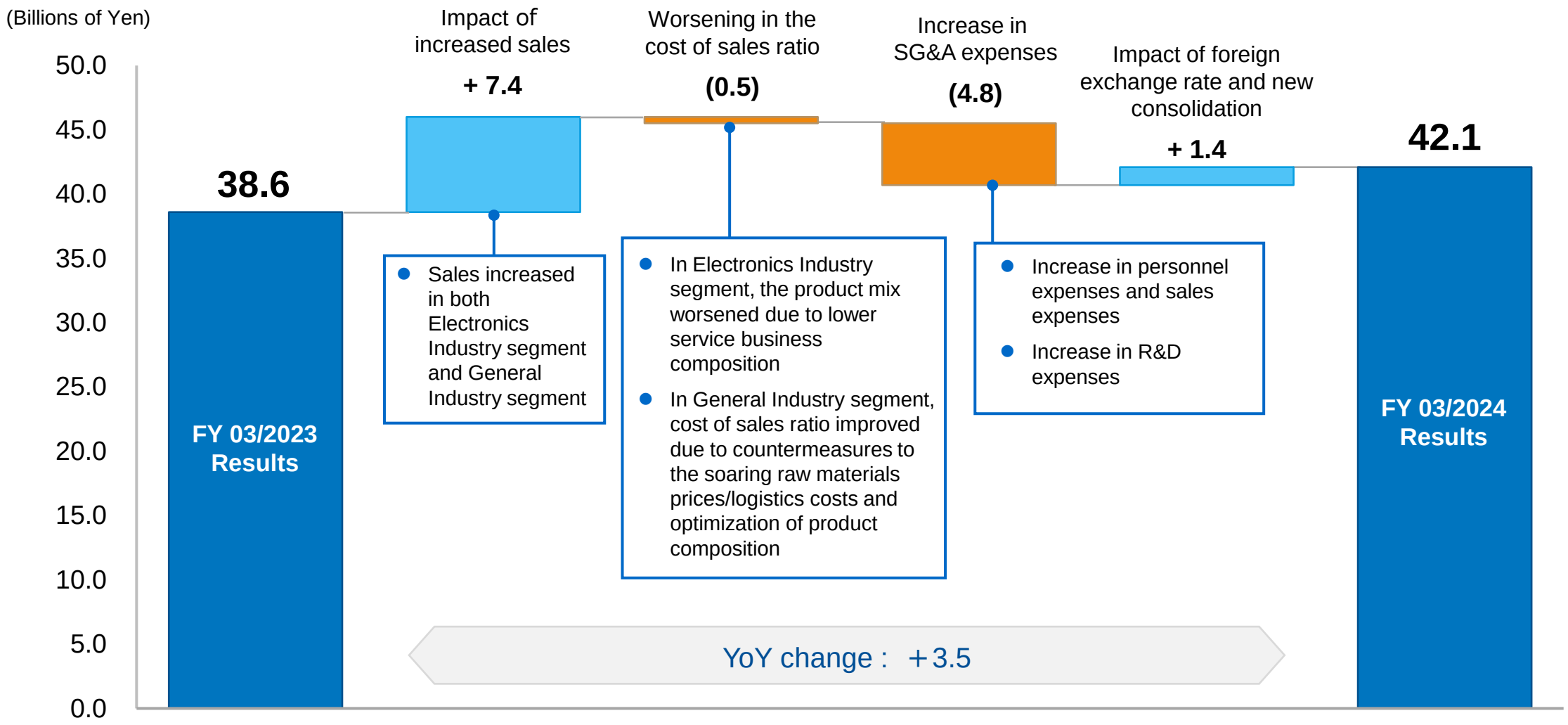
Electronics Industry

- Order declined mainly due to the absence of orders for large-scale projects posted in the previous fiscal year, while net sales increased due to an increase in facilities, maintenance and recurring contract-based services.
- Business profit decreased due to a worsened cost of sales ratio with lower service business composition and the increase of SG&A expenses, despite the sales increase.

General Industry

- Orders and net sales increased due to the new consolidation of Arcade Engineering and expanded facility business in North America.
- Business profit increased, with the effects of higher sales and an improved cost of sales ratio more than offsetting the increase in SG&A expenses.
- Operating profit increased due to the absence of an impairment loss on goodwill related to Kurita America, Inc. recorded in the previous fiscal year

Factors in Change in Business Profit (YoY Change)



Electronics Industry Segment

(Billions of Yen)	FY 03/2023 Results	FY 03/2024 Results	YoY Change	FY 03/2024 Forecast (Announced in Feb.)
Orders	**169.9**	**165.8**	**(4.1)**	**159.5**
Facilities	68.6	62.6	(5.9)	58.4
Recurring Contract-Based Services	42.3	46.6	+ 4.3	45.2
Services	59.0	56.6	(2.5)	56.0
Chemicals	10.7	10.4	(0.2)	11.0
Precision Tool Cleaning	27.7	24.9	(2.8)	24.7
Maintenance	20.7	21.2	+ 0.5	20.3
Net Sales	**149.3**	**172.7**	**+ 23.4**	**169.0**
Facilities	50.1	70.3	+ 20.2	69.8
Recurring Contract-Based Services	42.1	46.6	+ 4.4	45.0
Services	57.1	55.8	(1.3)	54.2
Chemicals	10.7	10.4	(0.3)	10.8
Precision Tool Cleaning	27.6	25.0	(2.6)	24.8
Maintenance	18.8	20.3	+ 1.6	18.7

- Orders for facilities declined due to the absence of orders for large-scale projects posted in the previous fiscal year. Net sales increased due to the sales progress from ordered projects mainly in Japan and China.
- Recurring contract-based services increased due to an increase in water supply services.
- Net sales for precision tool cleaning decreased reflecting the impact of operations in customers' plants.
- Orders for maintenance were almost at the same level as the previous fiscal year, but net sales increased due to the progress of ordered projects.

Factors in Change	(Billions of Yen)
Organic Change	+ 20.0
Impact of Foreign Exchange Rate	+ 3.4

General Industry Segment

(Billions of Yen)	FY 03/2023 Results	FY 03/2024 Results	YoY Change	FY 03/2024 Forecast (Announced in Feb.)
Orders	**204.4**	**224.3**	**+ 20.0**	**215.5**
Facilities	26.4	41.9	+ 15.5	32.6
Recurring Contract-Based Services*	7.4	10.4	+ 3.0	10.9
Services*	170.6	172.1	+ 1.4	172.0
Chemicals*	119.4	116.6	(2.8)	117.5
Maintenance	43.5	46.6	+ 3.1	45.7
Others	7.6	8.9	+ 1.2	8.8
Net Sales	**195.3**	**212.1**	**+ 16.8**	**211.0**
Facilities	20.0	29.8	+ 9.8	27.7
Recurring Contract-Based Services*	6.5	10.2	+ 3.7	10.5
Services*	168.8	172.1	+ 3.3	172.8
Chemicals*	119.0	116.6	(2.4)	116.3
Maintenance	41.5	45.8	+ 4.2	46.3
Others	8.3	9.7	+ 1.4	10.2

* Due to changes in disclosed segments, the breakdown figures for the fiscal year ended March 31, 2023, which were provisionally calculated, have been re-calculated as actual figures.

- Orders increased due to the new consolidation of Arcade Engineering, increased orders in North America related to facility projects for public sector and electronics industry. Net sales increased mainly overseas due to the progress of ordered projects.
- Recurring contract-based services increased due to the growth both in Japan and overseas.
- Orders and net sales for chemicals declined mainly due to the impact of the operations in customers' plants in China and the optimization of product composition.
- Orders for maintenance increased due to the winning of engineering cleaning projects. Net sales increased due to the progress of maintenance and cleaning projects.

Factors in Change (Billions of Yen)

Organic Change	+ 4.7
Impact of Foreign Exchange Rate	+ 7.6
Impact of New Consolidation	+ 4.5

Net Sales by Region / CSV Business Net Sales

Net Sales by Region - Consolidated

(Billions of Yen)	FY 03/2023 Results	FY 03/2024 Results	YoY Change	FY 03/2024 Forecast (Announced in Feb.)
Japan	178.5	198.4	+ 19.9	195.0
Asia	76.7	85.9	+ 9.3	84.9
North & South America	59.9	63.6	+ 3.6	64.0
EMEA	29.5	37.0	+ 7.4	36.2
Total	**344.6**	**384.8**	**+ 40.2**	**380.0**

Net Sales by Region - General Industry

(Billions of Yen)	FY 03/2023 Results	FY 03/2024 Results	YoY Change	FY 03/2024 Forecast (Announced in Feb.)
Japan	99.7	106.8	+ 7.1	104.6
Asia	24.6	22.5	(2.1)	23.6
North & South America	41.5	45.8	+ 4.3	46.7
EMEA	29.5	37.0	+ 7.4	36.2
Total	**195.3**	**212.1**	**+ 16.8**	**211.0**

Net Sales by Region - Electronics Industry

(Billions of Yen)	FY 03/2023 Results	FY 03/2024 Results	YoY Change	FY 03/2024 Forecast (Announced in Feb.)
Japan	78.8	91.6	+ 12.8	90.4
Asia	52.1	63.4	+ 11.3	61.3
North & South America	18.4	17.7	(0.7)	17.3
EMEA	–	–	–	–
Total	**149.3**	**172.7**	**+ 23.4**	**169.0**

CSV Business Net Sales

(Billions of Yen)	FY 03/2024 Results	% of Net Sales*	FY 03/2024 Forecast (Announced in Feb.)
Consolidated	40.2	10.4%	45.0
Electronics Industry	12.1	7.0%	14.0
General Industry	28.1	13.2%	31.0

* Percentage of consolidated or segment net sales

Capital Expenditures, Depreciation and R&D Expenses

(Billions of Yen)	FY 03/2023 Results	FY 03/2024 Results	YoY Change	FY 03/2024 Forecast (Announced in Feb.)
Capital Expenditures (Property, Plant and Equipment*)	46.6	38.9	(7.7)	40.0
Depreciation (Property, Plant and Equipment*)	25.8	28.3	+ 2.5	27.3
R&D Expenses	6.3	7.4	+ 1.1	7.6

* Right-of-use assets are included.

- Capital expenditures declined year-on-year due to a lower investment in ultrapure water supply business.
- Depreciation increased due to the start of new ultrapure water supply business projects during the previous fiscal year.
- R&D expenses increased due to strengthening efforts to create innovation.

Financial Condition

(Billions of Yen)	End of March 2023	End of March 2024	Change
Cash and Cash Equivalents	50.5	54.0	+ 3.5
Other Current Assets	145.9	174.0	+ 28.1
Total Current Assets	**196.4**	**228.0**	**+ 31.6**
Property, Plant and Equipment	178.7	191.0	+ 12.2
Goodwill	60.4	71.0	+ 10.6
Other Non-Current Assets	66.0	67.4	+ 1.4
Total Non-Current Assets	**305.1**	**329.4**	**+ 24.3**
Total Assets	**501.5**	**557.4**	**+ 55.9**
Current Liabilities	109.5	118.6	+ 9.2
Non-Current Liabilities	96.3	105.4	+ 9.1
Total Liabilities	**205.8**	**224.0**	**+ 18.2**
Equity Attributable to Owners of Parent	294.0	331.3	+ 37.3
Non-Controlling Interests	1.8	2.2	+ 0.4
Total Equity	**295.8**	**333.4**	**+ 37.7**
Total Liabilities and Equity	**501.5**	**557.4**	**+ 55.9**

- Other current assets increased due to increases in trade and other receivables.
- Property, plant and equipment increased, mainly reflecting the acquisition of ultrapure water supply business facilities.
- Goodwill increased due to the acquisition of Arcade Engineering shares and the impact of foreign exchange rates.
- Total liabilities increased mainly due to an increase in trade and other payables.
- Total equity increased mainly due to the increase in retained earnings and the posting of exchange differences on translation of foreign operations, reflecting the weakening of the yen against other currencies.

2 Consolidated Business Forecast for the Fiscal Year Ending March 31, 2025

Assumptions for the Business Forecast

- We expect the Japanese economy will recover to a solid growth trajectory, driven mainly by domestic demand.

- Overseas, the European economy remains weak, but inflationary pressures are being eased. We expect weakness to persist in China's economic recovery due to an ongoing real estate downturn despite surging semiconductor investments, but project solid growth in other parts of Asia, and a continued gradual recovery in the United States.

- Demand in the semiconductor market will continue to grow, driven by generative AI applications and power semiconductors, with economic recovery contributing to a rebound from the second half of the year.

- The shortage and extended lead time of materials and components, which reflect changes in the supply-demand balance, will continue.

Overview of Business Forecast

(Billions of Yen)		FY 03/2024 Results	FY 03/2025 Forecast	YoY Change
Orders		390.2	400.0	+ 2.5%
Net Sales		384.8	400.0	+ 3.9%
Business Profit		42.1	47.0	+ 11.8%
Net of Other Income and Expenses		(0.8)	(1.0)	–
Operating Profit		41.2	46.0	+ 11.6%
Profit Before Tax		41.7	45.0	+ 7.9%
Profit Attributable to Owners of Parent		29.2	33.0	+ 13.1%
Basic Earnings per Share (yen)		259.70	293.65	+ 13.1%
Return on Equity (ROE)		9.3%	9.7%	–
Return on Invested Capital（ROIC）		7.2%	7.9%	–
Foreign Exchange Rate	USD（yen）	144.6	142.0	
	EUR（yen）	156.8	154.0	
	CNY（yen）	20.1	19.8	

- Arcade Engineering GmbH and its group companies were newly consolidated from the second quarter of the fiscal year ended March 2024.

Forecast by Segment

(Billions of Yen)		FY 03/2024 Results	FY 03/2025 Forecast	YoY Change
Total	Orders	390.2	400.0	+ 9.8
	Net Sales	384.8	400.0	+ 15.2
	Business Profit	42.1	47.0	+ 4.9
	Business Profit Margin	10.9%	11.8%	+ 0.8pp
	Operating Profit	41.2	46.0	+ 4.8
Electronics Industries	Orders	165.8	170.0	+ 4.2
	Net Sales	172.7	169.0	(3.7)
	Business Profit	19.9	21.0	+ 1.1
	Business Profit Margin	11.5%	12.4%	+ 0.9pp
	Operating Profit	20.2	21.0	+ 0.8
General Industries	Orders	224.3	230.0	+ 5.7
	Net Sales	212.1	231.0	+ 18.9
	Business Profit	22.1	26.0	+ 3.9
	Business Profit Margin	10.4%	11.3%	+ 0.8pp
	Operating Profit	21.0	25.0	+ 4.0

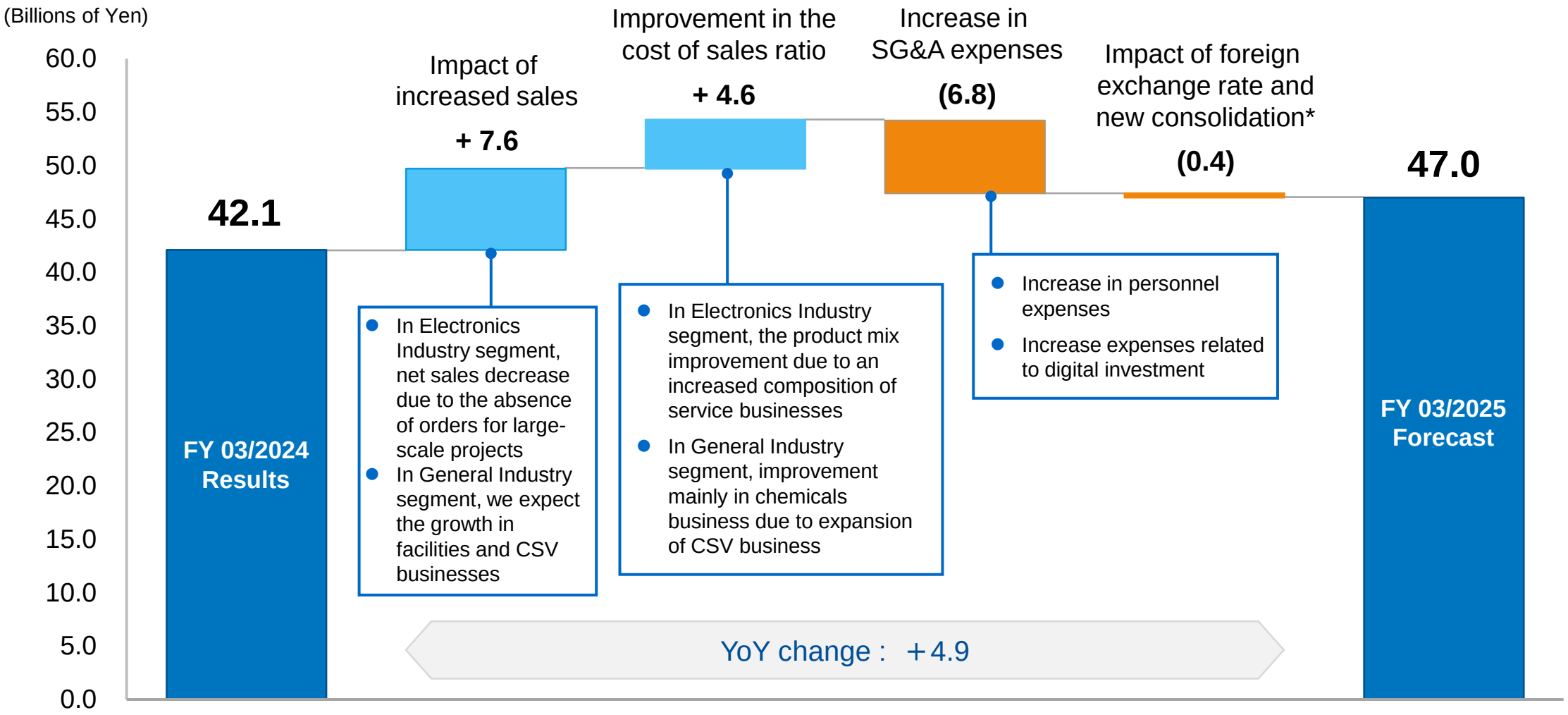
Electronics Industries

- Net sales for facilities are expected decline due to the absence of large-scale projects posted in the previous fiscal year.
- Business profit is forecast to increase due to an improving in cost of sales ratio with higher service business composition.

General Industries

- Orders and net sales are expected to increase due to expansion of facilities and CSV business.
- Business profit is forecast to increase, with the effects of higher sales and an improving in cost of sales ratio.

Factors in Change in Business Profit (YoY Change)



* Only the first quarter business forecast of Arcade Engineering is recognized, as it was newly consolidated from the second quarter of the previous fiscal year.

Electronics Industry Segment

(Billions of Yen)	FY 03/2024 Results	FY 03/2025 Forecast	YoY Change
Orders	**165.8**	**170.0**	**+ 4.2**
Facilities	62.6	58.4	(4.3)
Recurring Contract-Based Services	46.6	49.4	+ 2.8
Services	56.6	62.2	+ 5.7
Chemicals	10.4	10.9	+ 0.5
Precision Tool Cleaning	24.9	30.1	+ 5.2
Maintenance	21.2	21.3	+ 0.0
Net Sales	**172.7**	**169.0**	**(3.7)**
Facilities	70.3	58.4	(11.9)
Recurring Contract-Based Services	46.6	49.4	+ 2.8
Services	55.8	61.2	+ 5.4
Chemicals	10.4	11.0	+ 0.5
Precision Tool Cleaning	25.0	30.1	+ 5.0
Maintenance	20.3	20.2	(0.1)

- Orders for facilities are expected to decline compared to the previous fiscal year when semiconductor investment was booming. Net sales are expected to decline in reaction to large-scale projects posted in the previous fiscal year.
- Net sales for recurring contract-based services are expected to increase due to the start of new water supply business projects.
- Demand for precision tool cleaning is expected to increase as the semiconductor market recovers.
- Orders and net sales for maintenance are expected to remain at the same level as the previous fiscal year.

Factors in Change (Billions of Yen)

Organic Change	(2.1)
Impact of Foreign Exchange Rate	(1.6)

General Industry Segment

(Billions of Yen)	FY 03/2024 Results	FY 03/2025 Forecast	YoY Change
Orders	**224.3**	**230.0**	**+ 5.7**
Facilities	41.9	43.0	+ 1.1
Recurring Contract-Based Services	10.4	11.4	+ 1.0
Services	172.1	175.6	+ 3.5
Chemicals	116.6	122.3	+ 5.7
Maintenance	46.6	44.7	(1.9)
Others	8.9	8.6	(0.2)
Net Sales	**212.1**	**231.0**	**+ 18.9**
Facilities	29.8	41.5	+ 11.7
Recurring Contract-Based Services	10.2	11.9	+ 1.7
Services	172.1	177.6	+ 5.5
Chemicals	116.6	122.3	+ 5.6
Maintenance	45.8	46.7	+ 0.9
Others	9.7	8.6	(1.0)

- In the facilities business, both orders and net sales are expected to increase due to the acquisition of new facility project in North America and progress in construction work.
- Orders and net sales for recurring contract-based services are expected to increase due to the expansion of CSV business.
- Net sales for chemicals are expected to increase due to the impact of gradual economic recovery as well as the expansion of CSV business.
- Orders for maintenance are expected to decrease due to the impact of spot engineering cleaning projects in the previous fiscal year.

Factors in Change (Billions of Yen)

Organic Change	+ 19.3
Impact of Foreign Exchange Rate	(2.1)
Impact of New Consolidation*	+ 1.7

* Only the first quarter business forecast of Arcade Engineering is recognized, as it was newly consolidated from the second quarter of the previous fiscal year.

Net Sales by Region / CSV Business Net Sales

Net Sales by Region - Consolidated

(Billions of Yen)	FY 03/2024 Results	FY 03/2025 Forecast	YoY Change
Japan	198.4	187.7	(10.6)
Asia	85.9	92.2	+ 6.3
North & South America	63.6	78.4	+ 14.8
EMEA	37.0	41.7	+ 4.7
Total	**384.8**	**400.0**	**+ 15.2**

Net Sales by Region - General Industry

(Billions of Yen)	FY 03/2024 Results	FY 03/2025 Forecast	YoY Change
Japan	106.8	109.1	+ 2.3
Asia	22.5	23.8	+ 1.2
North & South America	45.8	56.4	+ 10.6
EMEA	37.0	41.7	+ 4.7
Total	**212.1**	**231.0**	**+ 18.9**

Net Sales by Region - Electronics Industry

(Billions of Yen)	FY 03/2024 Results	FY 03/2025 Forecast	YoY Change
Japan	91.6	78.6	(13.0)
Asia	63.4	68.5	+ 5.1
North & South America	17.7	21.9	+ 4.2
EMEA	–	–	–
Total	**172.7**	**169.0**	**(3.7)**

CSV Business Net Sales

(Billions of Yen)	FY 03/2024 Results	FY 03/2025 Forecast	% of Net Sales*	YoY Change
Consolidated	40.2	48.0	12.0%	+ 7.8
Electronics Industry	12.1	14.5	8.6%	+ 2.4
General Industry	28.1	33.5	14.5%	+ 5.4

*Percentage of consolidated or segment net sales

Capital Expenditures, Depreciation and R&D Expenses

(Billions of Yen)	FY 03/2024 Results	FY 03/2025 Forecast	YoY Change
Capital Expenditures (Property, Plant and Equipment*)	38.9	46.4	+ 7.5
Depreciation (Property, Plant and Equipment*)	28.3	31.5	+ 3.2
R&D Expenses	7.4	7.5	+ 0.1

* Right-of-use assets are included.

- Capital expenditures are expected to increased due to the high-level investment for the ultrapure water supply project acquired in the previous fiscal year, as well as investments to expand the precision tool cleaning business.
- Depreciation are expected to increase due to the start of the ultrapure water supply project acquired in the previous fiscal year.
- R&D expenses remain at the same level as the previous fiscal year due to the continuously strengthening of initiatives aimed at creating innovation.

3 Progress of the Medium-Term Management Plan “Pioneering Shared Value 2027（PSV-27）”

Vision for the PSV-27

Vision

Pioneering "new value for water" to contribute to the realization of a sustainable society

Medium-term Management Plan

PSV-27

	FY 03/2024 Results	FY 03/2025 Forecast	PSV-27 FY 03/2028 Target
Financial Indicators			
Net sales	¥ 384.8 billion	¥ 400.0 billion	¥ 450.0 billion
Business profit margin on sales	10.9 %	11.8 %	16 %
ROE	9.3 %	9.7 %	12 % or more
ROIC	7.2 %	7.9 %	10 % or more
Main Non-Financial Indicators			
CSV business-based:			
Amount of water savings	111 million m³	135 million m³	300 million m³
Avoided GHG* emissions	733 thousand tons	900 thousand tons	*1,600 thousand tons
Rate of increase in resource recovery or reduction of resource input	minus 2% (compared to FY03/2023)	65% (compared to FY03/2023)	300% (compared to FY03/2023)

Enhancement of Corporate Value

Creating shared value

Materiality

Shared Value Themes

Basic Themes

* Greenhouse gases

* Based on progress, upward revision of +100 thousand tons

Priority Measures for the Electronics Industry

Priority measures	Progress made in FY 03/2024	Future direction
● Evolving the water supply business	● Secured two new projects	● Expansion into new customers and local communities ● Expansion of recurring contract-based services other than water supply
● Building new business foundations in Europe and North America	● Completed of M&A activities in Europe ● Made progress with new projects in North America	● Rollout of global strategy
● Reforming production process and strengthening the supply chain	● Released digital tools ● Began demand forecasting	● Productivity improvements through design automation
● Strengthening the foundations of the precision tool cleaning business	● Made growth investments	● Stable growth through the development of new businesses

Evolving the Water Supply Business

Further evolving water supply business models with a value-driven approach

Conventional water supply service

Evolution

Water supply services that help reduce a plant's overall environmental impact

Value provided to customers

- **Keeping down initial costs**
- Expanded coverage: **Focusing management resources in core businesses**
- New addition: **Reducing environmental impact and cost reductions**

Further evolution

Support

Production process reform and supply chain strengthening

New development by pursuing value propositions

- Develop new projects from a customer value-based approach to both new and existing customers alike

Coexistence with local communities

- Water recycling designed to optimize the water balance region-wide, with the aim of conserving groundwater

Peripheral recurring contract-based services

- Recurring contact-based services including resin and membrane recycling

Reforming Production Process and Strengthening the Supply Chain

Expanding handling capacity and driving cost reductions through improved productivity

Before

Proposal → Inquiry → Planning and design → Orders → Detailed design → Procurement → Manufacturing → Construction → Trial operation → Handover

Shortening the planning and design period

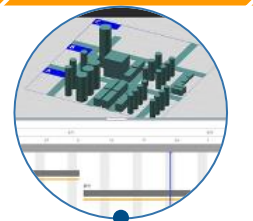
Shortening the detailed design period

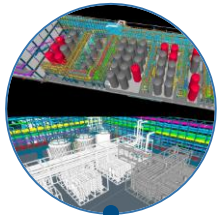
Shortening the manufacturing and construction period

Shortening the trial operation period

After

Proposal → Inquiry → Planning and design → Orders → Detailed design → Procurement → Manufacturing → Construction → Trial operation → Handover





Demand forecasting

Automatic design

Increased efficiency in procurement

Modularization

Front loading

Streamlining

30% reduction

in overall production lead times by March 31, 2028

(compared with FY 03/2023)

- Reduction in production person-hours
- Cost reductions
- Quality enhancement
- Expansion of handling capacity

Strengthening the Foundations of the Precision Tool Cleaning Business

Reinforcing foundations through a counteroffensive and business expansion in light of semiconductor market conditions bottoming out

Initiatives Under PSV-27

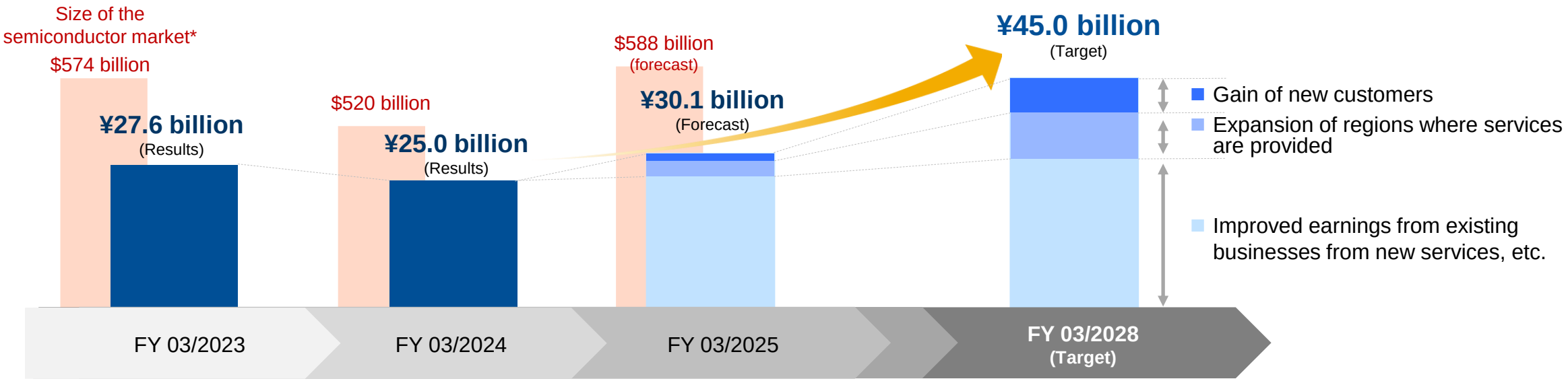
By FY 03/2024

- Development of a unified Japan-US management structure
- Consideration of new services through IP landscape utilization, etc.
- Capital investment and securing of human resources for business expansion

From FY 03/2025 onward

- Expanding operating regions and gaining new customers
- Boosting profitability through enhanced service offerings
- Strengthening of governance in response to ongoing investment and business expansion

Switching to businesses less affected by the silicon cycle



* The size of the semiconductor market is taken from World Semiconductor Trade Statistics (WSTS)

Priority Measures for General Industry

Priority measures	Progress made in FY 03/2024	Future direction
● Expanding the CSV business	● Promising results from expansion, including the creation of successful examples	● Customer value-based improvements to products and services ● Creation of new businesses models rooted in social value
● Utilizing digital infrastructure to accelerate business expansion	● Built a shared Group-wide data integration infrastructure	● Data utilization spanning the Group ● Improved customer communication
● Improved profitability in the US business	● Improved the business profit margin ● Stabilized business base	● Further profitability improvements and cost reductions
● Challenging new businesses that contribute to a circular economy society	● Promoting the commercialization of used diaper recycling	● Expansion of the used diaper recycling business ● Development of new businesses from the innovations rooted in social value

Expansion of the CSV Business (1)

Improving the quality and quantity of customer value and social value-based models

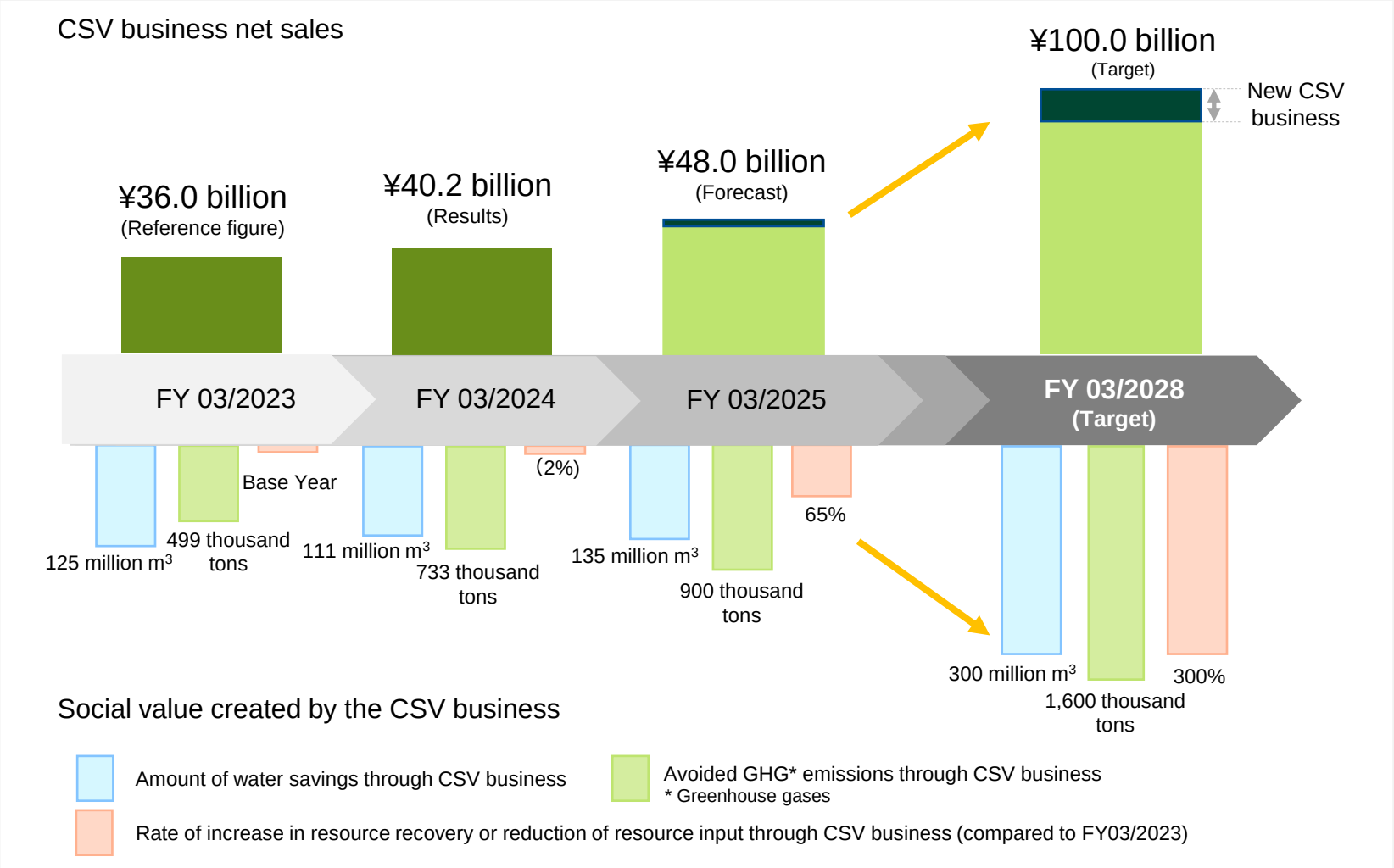
Key Themes of Initiatives

Customer value-based improvements to products and services

Creation of new business models rooted in social value

Further expansion of CSV business

Driving growth in General Industry segment



Expansion of the CSV Business (2)

Expanding business models with high potential by monitoring value contribution and profitability

Example (1) Customer value-based improvements to products and services

Customer Value → Products and services → Expanded contribution

Customer needs

- Reduced energy costs
- Improved productivity
- Reduced GHG emissions

Kurita Dropwise Condensation Technology

Paper and pulp

Oil refining and petrochemical

Expanded customer base and new markets

Example (2) Creation of new businesses models rooted in social value

Social Value → Products and services → Expanded contribution

Social issues

- Amount of waste from adult diapers has increased due to the aging population
- Local governments and other entities are stepping up efforts to respond to climate change

Used Diaper Separation and Treatment System

- Received two orders in the used diaper recycling business
- Concluded cooperation agreements with cities of Kamakura and Hamamatsu

Further expansion of commercialization

Managing CSV business implementation

Sustainability Committee

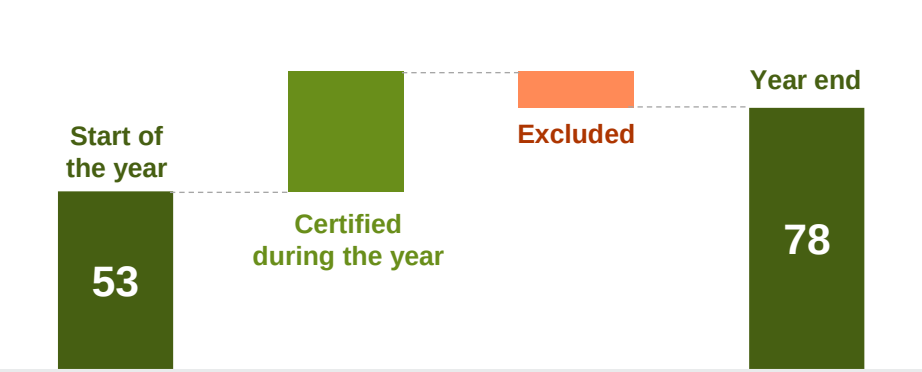
Quantitative expansion of CSV businesses

- Validate business models submitted for application and certify them as CSV businesses

Qualitative enhancement of CSV businesses

- Periodically verify value from the perspectives of novelty, superiority and profitability

Progression in the Number of CSV Business Models in FY 03/2024



Initiatives to Strengthen Business Foundations

Strategic investment in business assets, people, technologies and systems

Priority investment fields

Investment in Growth Businesses

- Securing new projects for water supply services
- Expansion of precision tool cleaning sites
- Expansion of service businesses and other efforts that contribute to resource recycling

Development of innovation

- Strengthening new business development functions
- Developing and gaining personnel skilled in R&D, IP and digital technologies

Bolstering human capital

- Securing and utilizing a diverse range of human resources utilizing HR data
- Enhancing the training of prospective next-generation management resources
- Initiatives to improve engagement by allowing diversity & inclusion to take root

Digital utilization

- Business DX to accelerate business growth
  (Utilization of AI and IoT, innovation in operational management technologies, automated design, etc.)
- Operational DX to strengthen management foundations
  (Centralization of management information, etc.)

	FY 03/2022	FY 03/2023	FY 03/2024 (First year results)	FY 03/2025 (Second year plan)	PSV-27 FY 03/2028
Capital expenditures	¥66.4 billion	¥46.6 billion	¥38.9 billion	¥46.4 billion	Cumulative ¥300 billion over five years
R&D expenses	¥5.4 billion	¥6.3 billion	¥7.4 billion	¥7.5 billion	–
SG&A ratio	24.8%	23.5%	23.3%	24.0%	Maintain levels from FY 03/2023

Initiatives to Enhance Corporate Value

Expanded equity spread × Solid shareholder returns = Maximization of corporate value

Expanded equity spread = profit growth × improved asset efficiency × optimization of the cost of capital

	FY 03/2022	FY 03/2023	FY 03/2024	FY 03/2025 (Forecast)	PSV-27 FY 03/2028
ROE	**7.0%**	**7.1%**	**9.3%**	**9.7%**	**12% or more**
ROIC	**7.1%**	**8.0%**	**7.2%**	**7.9%**	**10% or more**
Business profit margin	**11.4%**	**11.2%**	**10.9%**	**11.8%**	**16%**

Shareholder return:

Over the past five years, we maintain our financial rating with a dividend payout ratio in the 30-50% range, and followed a policy of systematically increasing dividends over the long term

	FY 03/2022	FY 03/2023	FY 03/2024 (planned)	FY 03/2025 (Forecast)	PSV-27 FY 03/2028
Dividends	**72 yen**	**78 yen**	**84 yen**	**92 yen**	**Continue to systematically increase dividends over the long term**
Dividend payout ratio	**43.8%**	**43.5%**	**32.3%**	**31.3%**	

Initiatives to enhance ROIC

- Calculate ROIC by business and drive the implementation of priority measures based on the characteristics of each business
- Implement activities to improve the cash conversion cycle (CCC)
- Set ROIC improvements as a performance evaluation metric for executive officers and corporate officers

4 Appendix

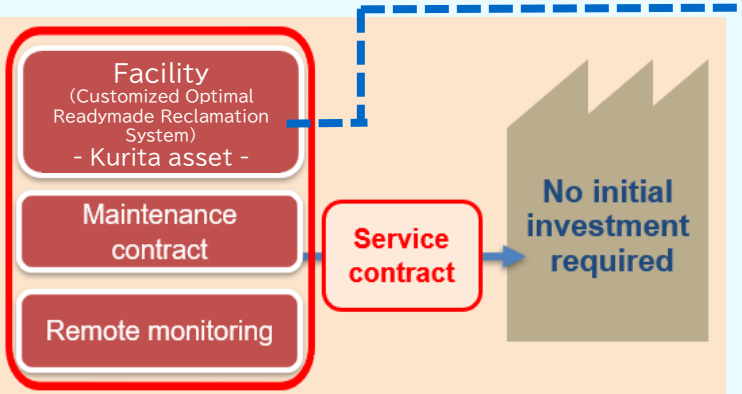
CSV business： Reclaimed Water Supply Services

Target		Social issues	Solution, competitiveness, social value			Market size (estimated)
Region	Japan, China (Additionally targeting South Korea, Taiwan and North America)	Lack of water resources essential for the manufacturing industry due to the impact of climate change, population growth, progress in industrialization, etc.	Solution	Contributing to customers' water- saving by collecting a various types of wastewater to reclaim and supplying water (recycled water) that has been purified to a level that can be reused in manufacturing processes, etc.		48 billion yen per year
			Competitiveness	- IP rights protection through multiple patents - Achieving stable operation even under high operating conditions - Providing recycled water in the amount and quality that meets customer needs		
Industry	Chemicals, Electronics, Automobile, Steel	Contributions to the SDGs 6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Social value (Kurita group's materiality themes and metrics)	- Solve issues related to water resources	- Amount of water savings	

Supplementary information

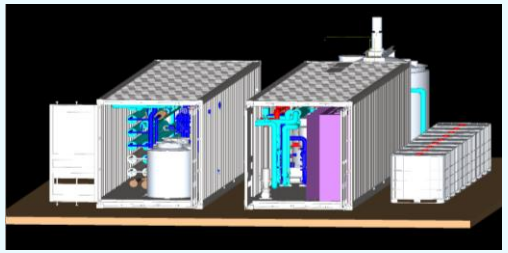
Customer's voice: Click here

Solution outline



・Installing facility at a customer's plant as Kurita's asset
・Concluding a service contract including maintenance

Innovative water recovery technology: Customized Optimal Readymade Reclamation System



CSV business：Kurita Dropwise Condensation Technology

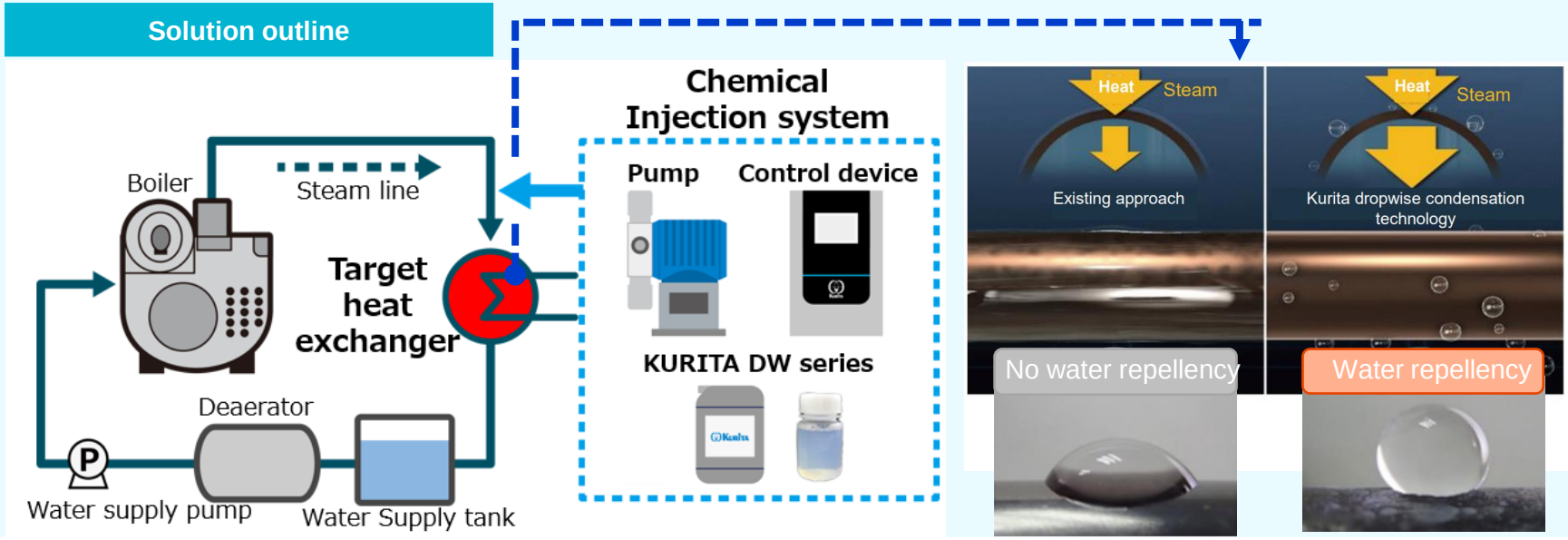
Target		Social issues	Solution, competitiveness, social value			Market size (estimated)
Region	Global	1. Global warming due to GHG emissions 2. Promoting the expansion of the introduction of environmentally friendly technologies	Solution	Contributing to energy-saving and productivity improvement, by inducing water-repellent properties in the surface of the heat exchanger using steam to boost heat transfer efficiency		30 billion yen per year
			Competitiveness	- IP rights protection through multiple patents - Easily applicable to a wide range of heat exchanger use points - Analysis know-how to quantify customer value		
Industry	All manufacturing industries that uses steam	Contributions to the SDGs 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Social value (Kurita group's materiality themes and metrics)	- Realization of a decarbonized society	- Avoided GHG emissions	

Supplementary information

PR Movie：Click here

Supplemental information：
- 2019:
  Won Agency of Natural Resources and Energy Director-General's Award in the 2019 Energy Conservation Grand
- 2022:
  Invention Encouragement Award presented by the Invention Association of the Kanto Region
- 2023:
  Won the Sasaki Award from the Japan Technical Association of the Pulp and Paper Industry

Solution outline



CSV business：Used Diaper Separation and Treatment System

Target		Social issues	Solution, competitiveness, social value			Market size (estimated)
Region	Japan	Super-aged society causing; 1. Increase in volume of used diaper wastes 2. Increase in energy consumption and CO2 emission due to incineration of used diapers	Solution	Recycle disposable diapers, which were previously incinerated, by sterilizing, washing, disassembling and separating them into plastics and pulp		60 billion yen per year（CY2030）
Industry	Local municipalities, waste disposal company	Contributions to the SDGs 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Competitiveness	- IP rights protection through multiple patents - Securing safety and operational efficiency, and reducing environmental impact - Recycling wastes in diverse ways according to their intended use		
			Social value（Kurita group's materiality themes and metrics）	- Realization of a decarbonized society - Building a circular economy society	- Avoided GHG emissions - Rate of increase in resource recovery or reduction of resource input	

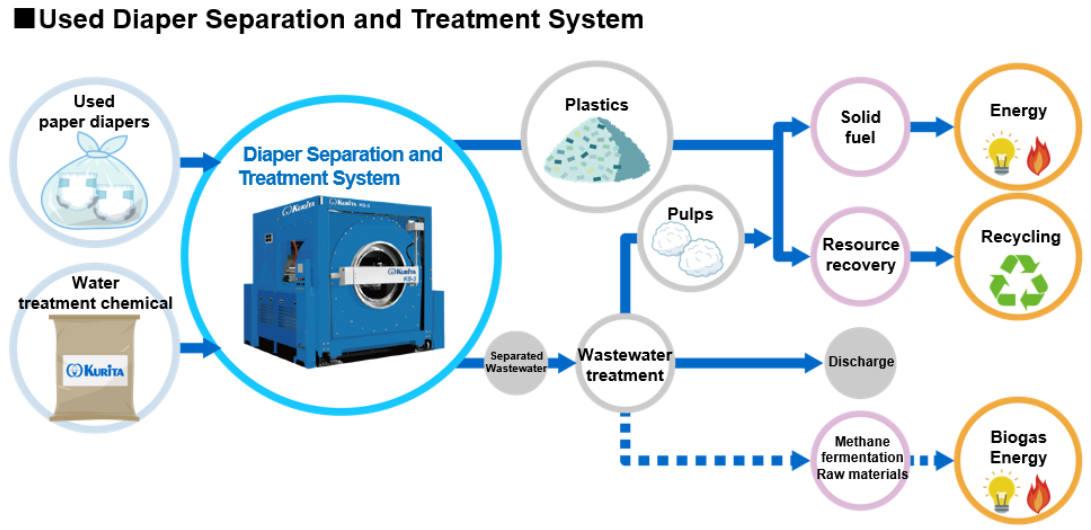
Supplementary information

Supplemental information：

- 2021 & 2022 Support for High-efficiency Installations for Facilities with Targets of Ministry of the Environment in Japan

- Selected as a project for the "Demonstration Project for a Plastic Resource Circulation System toward a Decarbonized Society" Program of the Environment in Japan

System flow



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.

The trademarks (products, services, logos) contained in this presentation belong to the Company or right holders that allow the Company to use the trademarks.