

FOR IMMEDIATE RELEASE

Kurita Water Industries Ltd. Reports Earnings for the Nine Months Ended December 31, 2024

Tokyo, Japan, February 6, 2025 - Kurita Water Industries Ltd. (the “Company”) (TSE Securities Code 6370) announced net sales of 300,842 million yen and profit attributable to owners of parent of 24,235 million yen, or 215.55 yen per share, for the nine months ended December 31, 2024 (April 1, 2024 - December 31, 2024).

Results of Operations

Total consolidated orders for the Kurita Group (the “Group”) in the nine months ended December 31, 2024 rose 11.0% from the level of the year-ago period, to 312,517 million yen, and net sales increased 4.9%, to 300,842 million yen. Business profit* increased 15.9%, to 35,295 million yen, operating profit was 34,709 million yen, up 13.7% versus the year-ago period, profit before tax was 34,704 million yen, rising 13.9%, and profit attributable to owners of parent amounted to 24,235 million yen, up 10.6%.

During the nine months ended December 31, 2024, the global economy recovery continued, albeit lacking in strength in certain countries and regions given uncertainty due to the materialization of geopolitical risks, such as the prolonged strife in Ukraine and the Middle East.

Production activities in Japan’s manufacturing industry showed signs of a recovery due to the resumption of production at certain auto manufacturers and progress in adjusting inventories of electronic components, including semiconductors. However, production was inconsistent due to natural disasters, such as earthquakes and typhoons. Capital investment held firm, bolstered by strong corporate earnings.

Overseas, the U.S. economy remained firm. In Europe and China, domestic demand was weak, resulting in a slow economic recovery. In other Asian economies, recovery trends continued, although there were some signs of weakness.

*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

The Group has Electronics Industry and General Industry as 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.

Electronics Industry

Total Group orders for the Electronics Industry segment increased 16.1% from the same period of the previous fiscal year, to 145,563 million yen. Orders for water treatment facilities increased due to orders for large-scale projects in Japan and East Asia. Orders for recurring contract-based services rose, driven by the commencement of new ultrapure water supply projects and the recording of one-time sales. Orders for precision tool cleaning also climbed, reflecting a recovery in the semiconductor market.

Total Group net sales for the Electronics Industry segment amounted to 135,803 million yen, an increase of 3.3% year on year. Net sales of water treatment facilities declined due to the absence of sales from large-scale projects in Japan, which were recorded in the same period of the previous fiscal year. Net sales of maintenance also fell. However, net sales of recurring contract-based services and precision tool cleaning increased.

In terms of profits, business profit amounted to 19,346 million yen, an increase of 29.7% year on year, and operating profit stood at 19,468 million yen, a rise of 29.2% year on year, reflecting an improvement

in the cost of sales ratio due to a decrease in facility projects with a comparatively high cost ratio.

General Industry

Total Group orders for the General Industry segment increased 6.9% from the same period of the previous fiscal year, to 166,954 million yen. Orders for water treatment facilities rose mainly due to large-scale projects in Japan and the addition of four Arcade companies as consolidated subsidiaries in the second quarter of the previous fiscal year. Orders for maintenance and recurring contract-based services also increased. Orders for water treatment chemicals decreased when the effect of the increase in yen-equivalent value associated with the depreciation of the yen is excluded. This reflects the weak recovery in manufacturing production activity in Europe, China and parts of Southeast Asia.

Total Group net sales for the General Industry segment amounted to 165,039 million yen, an increase of 6.3% year on year. Net sales of water treatment facilities increased due to the acquisition of four Arcade companies and the recognition of revenue from the order backlog at the end of the previous fiscal year. Net sales of maintenance, recurring contract-based services also climbed. As with orders, water treatment chemicals registered a decrease in sales when the effect of foreign exchange rates is excluded.

In terms of profits, business profit amounted to 15,938 million yen, an increase of 2.6% year on year, mainly reflecting the growth of the CSV business, which generates high-added-value. Operating profit stood at 15,230 million yen, down 1.4% year on year, reflecting a decrease in foreign exchange gain of European subsidiaries.

Financial Condition

1) Total assets: 568,178 million yen, an increase of 10,771 million yen from the end of the previous fiscal year

Current assets totaled 222,622 million yen at the end of the third quarter, a decrease of 5,396 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 12,171 million yen in trade and other receivables, which more than offset an increase of 7,159 million yen in cash and cash equivalents.

Non-current assets totaled 345,555 million yen at the end of the third quarter, an increase of 16,167 million yen from the end of the previous fiscal year. This was mainly due to an increase of 14,855 million yen in property, plant and equipment primarily resulting from the acquisition of facilities in the ultrapure water supply business (Electronics Industry) and the precision tool cleaning business (Electronics Industry) and a rise of 1,987 million yen in goodwill in yen terms resulting from the weakening of the yen against other currencies.

2) Liabilities: 216,178 million yen, a decrease of 7,817 million yen from the end of the previous fiscal year.

Current liabilities totaled 135,327 million yen at the end of the third quarter, an increase of 16,707 million yen from the end of the previous fiscal year. This was mainly due to an increase in bonds and borrowings of 15,943 million yen. The increase in bonds and borrowings was due to the transfer of bonds of 30,000 million yen due for redemption in December 2025 from non-current liabilities to current liabilities, which more than offset a decrease caused by the redemption of commercial paper.

Non-current liabilities totaled 80,850 million yen at the end of the third quarter, a decrease of 24,525 million yen from the end of the previous fiscal year. This was chiefly attributable to decreases of 22,196 million yen in bonds and borrowings and 2,853 million yen in other non-current liabilities. The decrease in bonds and borrowings is due to the transfer of bonds due for redemption in December 2025 mentioned above to current liabilities, which outweighed an increase in long-term borrowings.

3) Equity: 351,999 million yen, an increase of 18,588 million yen from the end of the previous fiscal year

This was attributable to an increase of 3,294 million yen in other components of equity mainly due to an increase in exchange differences on translation of foreign operations, reflecting the weakening of

the yen against other currencies, and a rise of 14,332 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 third quarter totaled 61,168 million yen, an increase of 7,159 million yen from the end of the previous fiscal year.

The various cash flows and related factors are outlined below.

1) Cash Flows from Operating Activities

Net cash provided by operating activities during the nine months ended December 31, 2024 totaled 65,103 million yen, an increase of 32,050 million yen from the same period of the previous fiscal year. This was chiefly due to inflows, including profit before tax of 34,704 million yen, depreciation, amortization and impairment losses of 26,080 million yen, and a decrease in trade and other receivables of 11,211 million yen, which were partially offset by outflows, including income taxes paid of 10,762 million yen.

2) Cash Flows from Investing Activities

Net cash used in investing activities totaled 38,249 million yen, an increase of 10,435 million yen from the same period of the previous fiscal year. Cash was used mainly for purchases of property, plant and equipment of 35,913 million yen.

3) Cash Flows from Financing Activities

Net cash used in financing activities totaled 20,265 million yen, an increase of 11,528 million yen from the same period of the previous fiscal year. Cash was used mainly for a net decrease in short-term borrowings and commercial paper of 14,140 million yen, dividends paid of 9,956 million yen, and repayments of lease liabilities of 3,913 million yen, which were partially offset by proceeds from long-term borrowings of 9,977 million yen.

The Group's basic policy is to constantly secure the liquidity necessary for business operations and establish a stable fund-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 period 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).

Forecasts for the Fiscal Year Ending March 31, 2025

The Group's current outlook for the fiscal year ending March 31, 2025 is consistent with the earnings forecast disclosed in "Reports Earnings for the Six Months Ended September 30, 2024," which was announced on November 7, 2024.

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.

Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	54,009	61,168
Trade and other receivables	139,464	127,293
Other financial assets	6,367	5,823
Inventories	21,069	22,908
Other current assets	7,107	5,426
Total current assets	228,018	222,622
Non-current assets		
Property, plant and equipment	190,973	205,828
Right-of-use assets	22,898	23,301
Goodwill	71,001	72,988
Intangible assets	17,485	17,054
Investments accounted for using equity method	1,422	1,575
Other financial assets	16,994	17,005
Deferred tax assets	8,340	7,541
Other non-current assets	272	261
Total non-current assets	329,388	345,555
Total assets	557,407	568,178

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	68,403	72,830
Bonds and borrowings	19,097	35,040
Lease liabilities	4,603	4,421
Income taxes payable	5,423	4,218
Provisions	2,399	1,729
Other current liabilities	18,692	17,086
Total current liabilities	118,620	135,327
Non-current liabilities		
Bonds and borrowings	58,714	36,518
Lease liabilities	18,774	19,191
Other financial liabilities	2,338	2,250
Retirement benefit liability	17,527	18,121
Provisions	2,865	2,909
Deferred tax liabilities	1,628	1,185
Other non-current liabilities	3,526	673
Total non-current liabilities	105,375	80,850
Total liabilities	223,995	216,178
Equity		
Share capital	13,450	13,450
Capital surplus	(361)	(81)
Treasury shares	(10,869)	(10,572)
Other components of equity	30,383	33,677
Retained earnings	298,658	312,990
Equity attributable to owners of parent	331,261	349,465
Non-controlling interests	2,150	2,533
Total equity	333,411	351,999
Total liabilities and equity	557,407	568,178

(2) Condensed quarterly consolidated statement of profit or loss and comprehensive income

Condensed quarterly consolidated statement of profit or loss

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	286,675	300,842
Cost of sales	189,886	192,053
Gross profit	96,789	108,789
Selling, general and administrative expenses	66,336	73,493
Other income	1,601	1,155
Other expenses	1,534	1,742
Operating profit	30,518	34,709
Finance income	577	734
Finance costs	733	846
Share of profit (loss) of investments accounted for using equity method	108	107
Profit before tax	30,471	34,704
Income tax expense	8,303	10,141
Profit for the period	22,168	24,563
Profit attributable to		
Owners of parent	21,906	24,235
Non-controlling interests	262	327
Profit for the period	22,168	24,563
Earnings per share		
Basic earnings per share (yen)	194.89	215.55
Diluted earnings per share (yen)	–	–

Condensed quarterly consolidated statement of comprehensive income

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit for the period	22,168	24,563
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	1,211	(297)
Remeasurements of defined benefit plans	(38)	(6)
Total of items that will not be reclassified to profit or loss	1,173	(304)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,724	3,764
Cash flow hedges	(111)	(92)
Share of other comprehensive income of investments accounted for using equity method	22	46
Total of items that may be reclassified to profit or loss	7,635	3,718
Other comprehensive income, net of tax	8,809	3,413
Comprehensive income for the period	30,977	27,977
Comprehensive income attributable to		
Owners of parent	30,687	27,522
Non-controlling interests	290	454
Comprehensive income for the period	30,977	27,977

(3) Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2023 (April 1, 2023 - December 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, 2023	13,450	(608)	(10,638)	9,678	222	4,231
Profit for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	7,718	(111)	1,211
Total comprehensive income for the period	-	-	-	7,718	(111)	1,211
Purchase of treasury shares	-	-	(356)	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	146	78	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	1
Total transactions with owners	-	146	(277)	-	-	1
Balance as of December 31, 2023	13,450	(462)	(10,916)	17,397	111	5,444

(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	-	-	21,906	21,906	262	22,168
Other comprehensive income	(38)	8,780	-	8,780	28	8,809
Total comprehensive income for the period	(38)	8,780	21,906	30,687	290	30,977
Purchase of treasury shares	-	-	-	(356)	-	(356)
Dividends	-	-	(9,105)	(9,105)	(112)	(9,218)
Share-based payment transactions	-	-	-	225	(2)	222
Transfer from other components of equity to retained earnings	38	39	(39)	-	-	-
Total transactions with owners	38	39	(9,145)	(9,236)	(115)	(9,352)
Balance as of December 31, 2023	-	22,952	290,400	315,425	1,959	317,384

Nine months ended December 31, 2024 (April 1, 2024 - December 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, 2024	13,450	(361)	(10,869)	25,144	134	5,104
Profit for the period	–	–	–	–	–	–
Other comprehensive income	–	–	–	3,683	(92)	(297)
Total comprehensive income for the period	–	–	–	3,683	(92)	(297)
Purchase of treasury shares	–	–	(3)	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	280	300	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	–	280	297	–	–	–
Balance as of December 31, 2024	13,450	(81)	(10,572)	28,828	42	4,807

(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, 2024	–	30,383	298,658	331,261	2,150	333,411
Profit for the period	–	–	24,235	24,235	327	24,563
Other comprehensive income	(6)	3,287	–	3,287	126	3,413
Total comprehensive income for the period	(6)	3,287	24,235	27,522	454	27,977
Purchase of treasury shares	–	–	–	(3)	–	(3)
Dividends	–	–	(9,875)	(9,875)	(70)	(9,946)
Share-based payment transactions	–	–	–	580	–	580
Transfer from other components of equity to retained earnings	6	6	(6)	–	–	–
Other	–	–	(20)	(20)	–	(20)
Total transactions with owners	6	6	(9,903)	(9,318)	(70)	(9,389)
Balance as of December 31, 2024	–	33,677	312,990	349,465	2,533	351,999

(4) Condensed quarterly consolidated statement of cash flows

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before tax	30,471	34,704
Depreciation, amortization and impairment loss	24,089	26,080
Share of loss (profit) of investments accounted for using equity method	(108)	(107)
Loss (gain) on sale of fixed assets	(22)	1,009
Decrease (increase) in inventories	(3,407)	(1,386)
Decrease (increase) in trade and other receivables	(7,613)	11,211
Increase (decrease) in trade and other payables	3,934	4,627
Other	(2,746)	(623)
Subtotal	44,597	75,517
Interest received	335	507
Dividends received	266	187
Interest paid	(246)	(346)
Income taxes paid	(11,898)	(10,762)
Net cash provided by (used in) operating activities	33,053	65,103
Cash flows from investing activities		
Payments into time deposits	(6,031)	(6,258)
Proceeds from withdrawal of time deposits	4,850	7,035
Purchase of property, plant and equipment	(21,242)	(35,913)
Proceeds from sale of property, plant and equipment	48	96
Purchase of intangible assets	(2,007)	(2,616)
Payments for acquisition of subsidiaries (after deduction of cash and cash equivalents included in acquired assets)	(3,070)	–
Other	(361)	(592)
Net cash provided by (used in) investing activities	(27,814)	(38,249)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial paper	(5,065)	(14,140)
Proceeds from long-term borrowings	12,018	9,977
Repayments of long-term borrowings	(2,286)	(2,261)
Repayments of lease liabilities	(3,889)	(3,913)
Dividends paid	(9,236)	(9,956)
Other	(277)	28
Net cash provided by (used in) financing activities	(8,737)	(20,265)
Effect of exchange rate changes on cash and cash equivalents	2,316	570
Net increase (decrease) in cash and cash equivalents	(1,182)	7,159
Cash and cash equivalents at beginning of period	50,468	54,009
Cash and cash equivalents at end of period	49,286	61,168

Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Nine months ended December 31, 2024 (April 1, 2024 - December 31, 2024)

Not applicable

(Change in method of presentation)

(Condensed quarterly consolidated statement of cash flows)

Proceeds from sale of investment securities in cash flows from investing activities, which was presented separately for the first nine months of the previous fiscal year, is included in the “other” category in the earnings report for the first nine months of the fiscal year under review due to their lack of financial significance. To reflect this change in presentation, the Company has reclassified its condensed quarterly financial statements for the first nine months of the previous fiscal year.

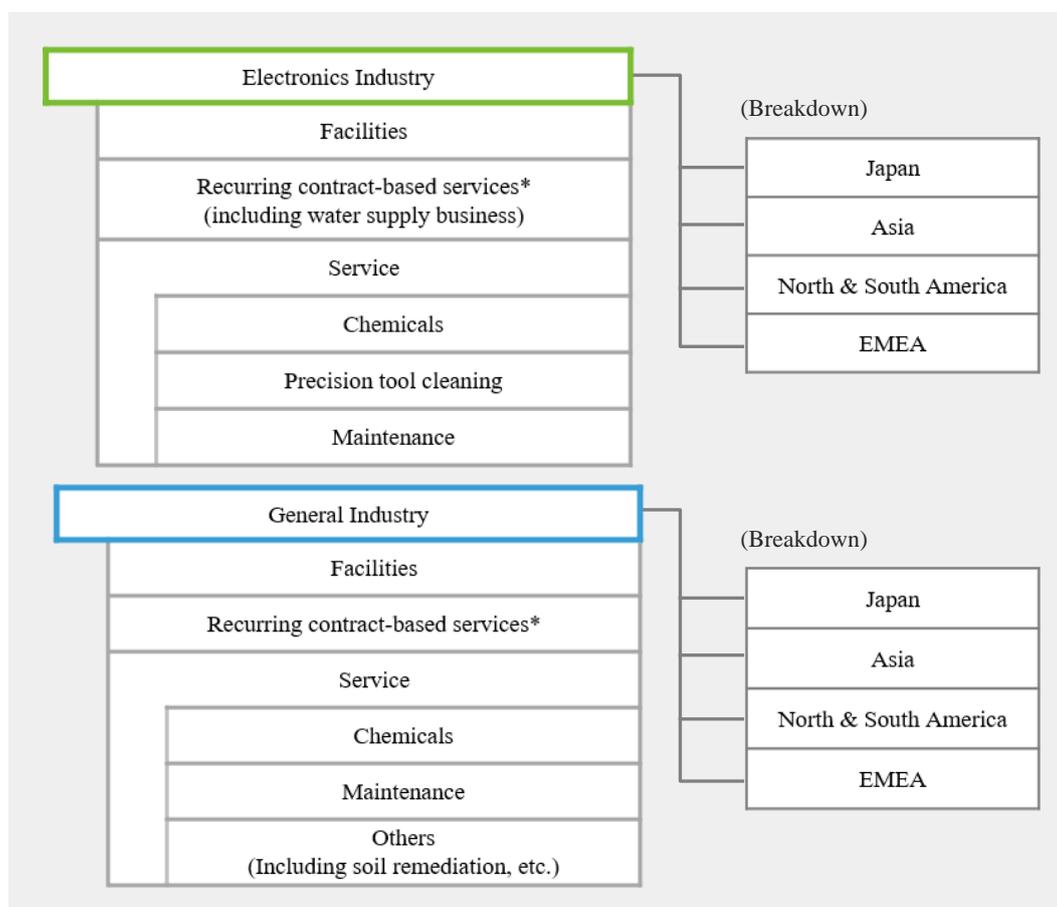
Consequently, 0 million yen in proceeds from sale of investment securities that was presented in cash flows from investing activities of the condensed quarterly consolidated statement of cash flows for the first nine months of the previous fiscal year is included in the “Other” category.

(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.

The Group has Electronics Industry and General Industry as two reportable segments 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.



* With this business structure, a certain amount of revenue according to the value of services provided is consistently secured.

(2) Information of reportable segments

Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(Million yen)

	Reportable Segments		Total	Adjustments (note 1)	Amounts reported on the condensed quarterly consolidated statement of profit or loss (note 2)
	Electronics Industry	General Industry			
Net sales					
Sales to external customers	131,419	155,256	286,675	–	286,675
Inter-segment sales and transfers	–	–	–	–	–
Total	131,419	155,256	286,675	–	286,675
Segment profit	15,072	15,454	30,526	(8)	30,518
Finance income					577
Finance costs					733
Share of profit (loss) of investments accounted for using equity method					108
Profit before tax					30,471

- (Notes) 1. Adjustments to segment profit include the elimination of inter-segment transactions, etc.
2. Segment profit presents the amount of operating profit.

Nine months ended December 31, 2024 (April 1, 2024 - December 31, 2024)

(Million yen)

	Reportable Segments		Total	Adjustments (note 1)	Amounts reported on the condensed quarterly consolidated statement of profit or loss (note 2)
	Electronics Industry	General Industry			
Net sales					
Sales to external customers	135,803	165,039	300,842	–	300,842
Inter-segment sales and transfers	–	–	–	–	–
Total	135,803	165,039	300,842	–	300,842
Segment profit	19,468	15,230	34,698	11	34,709
Finance income					734
Finance costs					846
Share of profit (loss) of investments accounted for using equity method					107
Profit before tax					34,704

- (Notes) 1. Adjustments to segment profit include the elimination of inter-segment transactions, etc.
2. Segment profit presents the amount of operating profit.

(Net Sales)

The table below presents a breakdown of net sales for each reportable segment based on contracts with customers.

Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(Million yen)

	Reportable Segments		Amounts reported on the condensed quarterly consolidated statement of profit or loss
	Electronics Industry	General Industry	
Japan	70,124	77,315	147,439
Asia	48,278	16,691	64,970
North & South America	12,241	34,191	46,432
EMEA	775	27,058	27,833
Total	131,419	155,256	286,675

- (Notes)
1. The amounts are net sales after eliminating inter-segment transactions.
 2. Net sales are broken down by countries or regions based on the locations of the Company or its consolidated subsidiaries. EMEA stands for Europe, the Middle East and Africa.
 3. Net sales in China, which are included in Asia, are 29,971 million yen. Within this total, net sales in the Electronics Industry and the General Industry are 24,742 million yen and 5,229 million yen, respectively.
 4. Net sales in the United States, which are included in North & South America, are 40,947 million yen. Within this total, net sales in the Electronics Industry and the General Industry are 12,241 million yen and 28,706 million yen, respectively.

Nine months ended December 31, 2024 (April 1, 2024 - December 31, 2024)

(Million yen)

	Reportable Segments		Amounts reported on the condensed quarterly consolidated statement of profit or loss
	Electronics Industry	General Industry	
Japan	62,071	81,519	143,591
Asia	58,483	17,009	75,493
North & South America	14,546	38,099	52,645
EMEA	702	28,410	29,112
Total	135,803	165,039	300,842

- (Notes)
1. The amounts are net sales after eliminating inter-segment transactions.
 2. Net sales are broken down by countries or regions based on the locations of the Company or its consolidated subsidiaries. EMEA stands for Europe, the Middle East and Africa.
 3. Net sales in China, which are included in Asia, are 39,167 million yen. Within this total, net sales in the Electronics Industry and the General Industry are 33,884 million yen and 5,282 million yen, respectively.
 4. Net sales in the United States, which are included in North & South America, are 46,657 million yen. Within this total, net sales in the Electronics Industry and the General Industry are 14,546 million yen and 32,110 million yen, respectively.

(Business Combination)

(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 merger will integrate the technologies that the two companies have long cultivated and the extensive knowledge they have accumulated at points of contact with sites. This will reinforce the foundations 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.

(Significant Subsequent Events)

(Additional Cash Contribution to Stock Compensation Plan)

The Company's Board of Directors resolved at an extraordinary meeting held on February 6, 2025 to make an additional cash contribution to the stock compensation plan (hereinafter "the Plan"; the trust already established for the introduction of the Plan shall hereinafter be referred to as "the Trust") for Directors (excluding External Directors and Directors concurrently serving as full-time members of the Audit Committee), Executive Officers and Corporate Officers of the Company, and certain Directors, etc. of major domestic subsidiaries of the Kurita Group (excluding External Directors; hereinafter collectively "the Directors, etc."), for the purpose that the trustor of the Trust can acquire additional shares of the Company's stock.

(1) Overview of the Trust

- (i) Name: Stock delivery trust for directors
- (ii) Trustor: Kurita Water Industries Ltd.
- (iii) Trustee: Sumitomo Mitsui Trust Bank, Limited. (Re-trust trustee: Custody Bank of Japan, Ltd.)
- (iv) Beneficiary: Directors, etc. meeting beneficiary requirements
- (v) Trust administrator: A third party who has no relationship of interest with the Company or the Company's directors, etc.
- (vi) Exercise of voting rights: No voting rights of the shares held in the Trust will be exercised during the trust period
- (vii) Type of trust: Trust of money other than money trust (third-party-benefit trust)
- (viii) Date of trust agreement: August 4, 2016
- (ix) Date of entrustment: February 14, 2025 (planned)
- (x) End of trust period: August 31, 2028 (planned)

(2) Matters concerning acquisition of the Company's shares by the trustee of the Trust

- (i) Type of shares to be acquired: Common stock of the Company
- (ii) Amount entrusted by the Company as funds for acquiring shares: Up to 1,990,000,000 yen
- (iii) Total number of shares to be acquired: 315,200 shares (maximum)
- (iv) Acquisition method of shares: Acquisition through trading on the stock exchange market (including off-floor trading)
- (v) Period of share acquisition: From February 14, 2025 to February 28, 2025 (planned)

Disclaimer

- This document is an English translation of the Earnings Report for the Nine Months Ended December 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 "Forecasts for the Fiscal Year Ending March 31, 2025" on page 3 of this document for the conditions assumed in the performance forecasts and the precautions concerning the use of performance forecasts.