

Kurita Water Industries Ltd. Reports Earnings for the Three Months Ended June 30, 2023

Tokyo, Japan, August 8, 2023 - Kurita Water Industries Ltd. (the “Company”) (TSE Securities Code 6370) announced net sales of 90,544 million yen and profit attributable to owners of parent of 5,695 million yen, or 50.67 yen per share, for the three months ended June 30, 2023 (April 1, 2023 - June 30, 2023).

Results of Operations

Total consolidated orders for the Kurita Group (the “Group”) in the three months ended June 30, 2023 fell 1.7% from the level of the year-ago period, to 98,413 million yen, and net sales increased 21.3%, to 90,544 million yen. In terms of profits, business profit* amounted to 7,457 million yen, an increase of 18.0% year on year, and operating profit rose to 8,131 million yen, up 27.5% year on year. In the absence of the gain on derivatives transactions of 1,090 million yen, which was posted as one-off finance income in the same period of the previous fiscal year, profit before tax was 8,120 million yen, up 10.9%, and profit attributable to owners of parent amounted to 5,695 million yen, up 17.1%.

During the three months ended June 30, 2023, the global economy continued to show a tendency toward recovery, despite signs of weakness in some regions due to the impact of rising prices and monetary policy tightening. In Japan, production activities in the manufacturing industry seemed to falter amid a slowdown in semiconductor-related demand; however, the economy showed signs of recovery as constraints on the supply of raw materials eased. Capital investment held firm, bolstered by strong corporate earnings. Overseas, the U.S. economy and Asian economies excluding China recovered modestly but economic recovery in Europe was sluggish under the impact of rising prices and monetary policy tightening. In China, the recovery of production activities in the manufacturing industry floundered, and the economic rebound lost momentum.

*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 three months ended June 30, 2023, 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 were 42,037 million yen, down 3.5% versus the year-ago period. While orders of recurring contract-based services increased due to the sales contribution of an ultrapure water supply contract that began in the previous fiscal year, orders of precision tool cleaning decreased under the impact of lower capacity utilization at customers’ plants in Japan and the U.S. due to deterioration in semiconductor market conditions, and maintenance orders also decreased.

Total Group net sales for the Electronics Industry segment rose 39.7%, to 43,205 million yen. 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 4,352 million yen, an increase of 1.5% year on year, while operating profit climbed 5.6% year on year, to 4,526 million yen, with the sharp increase in net sales offset by deterioration in the cost of sales ratio due to an increase in facility projects with a comparatively high cost ratio and a decrease in the sales share of the precision tool cleaning business.

General Industry

Total Group orders for the General Industry segment fell 0.3%, to 56,375 million yen. The recording of orders for large-scale projects in the water treatment facilities business and growth of orders for recurring contract-based services were offset by decreased orders in the chemicals business under the impact of lower capacity utilization at customers' plants mainly in China.

Total Group net sales for the General Industry segment amounted to 47,338 million yen, an increase of 8.2% year on year. Decline in the chemicals business was offset by recognition of revenue from the order backlog in the water treatment facilities business and maintenance business and growth in recurring contract-based services, resulting in growth in net sales.

In terms of profits, business profit increased 52.7% year on year, to 3,092 million yen, reflecting higher sales due to the effects of price increases in addition to cost-cutting efforts. Operating profit rose 72.2% to 3,596 million yen, partly due to an increase of 368 million yen in foreign exchange gain which is recorded in other income.

Financial Condition

Condition of assets, liabilities and equity

1) Total assets: 523,893 million yen, an increase of 22,355 million yen from the end of the previous fiscal year

Current assets totaled 210,185 million yen at the end of the first quarter, an increase of 13,769 million yen from the end of the previous fiscal year. This was mainly due to an increase of 9,103 million yen in trade and other receivables and increases in cash and cash equivalents and inventories of 1,694 million yen and 1,510 million yen, respectively.

Non-current assets totaled 313,708 million yen at the end of the first quarter, an increase of 8,587 million yen from the end of the previous fiscal year. Property, plant and equipment increased 3,256 million yen chiefly due to the acquisition of new facilities in the ultrapure water supply business (Electronics Industry), and goodwill rose 5,105 million yen due to the weakening of the yen against other currencies.

2) Liabilities: 216,263 million yen, an increase of 10,485 million yen from the end of the previous fiscal year

Current liabilities totaled 121,442 million yen at the end of the period, an increase of 11,974 million yen from the end of the previous fiscal year. This is chiefly attributable to increases of 9,665 million yen in bonds and borrowings and 6,049 million yen in trade and other payables respectively, which offset a decrease of 2,681 million yen in income taxes payable.

Non-current liabilities totaled 94,821 million yen at the end of the period, a decrease of 1,489 million yen from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings of 970 million yen resulting from the repayment of long-term borrowings.

3) Equity: 307,630 million yen, an increase of 11,871 million yen from the end of the previous fiscal year

This was attributable to an increase of 10,449 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 1,287 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 first quarter totaled 52,162 million yen, an increase of 1,694 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 first quarter ended June 30, 2023 totaled 4,467 million yen, a decrease of 6,474 million yen from the same period of the previous fiscal year. Inflows from profit before tax of 8,120 million yen and depreciation, amortization and impairment losses of 7,858 million yen were partly offset by an increase in trade and other receivables of 6,317 million yen and income taxes paid of 4,688 million yen.

2) Cash Flows from Investing Activities

Net cash used in investing activities totaled 7,987 million yen, a decrease of 8,567 million yen from the same period of the previous fiscal year. Cash was used mainly for purchases of property, plant and equipment of 7,228 million yen.

3) Cash Flows from Financing Activities

Net cash provided by financing activities totaled 2,693 million yen, a decrease of 2,067 million yen from the same period of the previous fiscal year. Outflows chiefly from dividends paid of 4,421 million yen, repayments of lease liabilities of 1,251 million yen, and repayments of long-term borrowings of 1,135 million yen were offset by inflows chiefly from net increase in short-term borrowings and commercial paper of 9,479 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 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, 2024

The Group considers that consolidated earnings forecasts for the fiscal year ending March 31, 2024 will be consistent with the forecast for the first half of the fiscal year ending March 31, 2024 and for the full fiscal year stated in the "Earnings for the Fiscal Year Ended March 31, 2023" released on May 11, 2023.

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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	50,468	52,162
Trade and other receivables	120,299	129,402
Other financial assets	3,357	3,632
Inventories	16,847	18,357
Other current assets	5,444	6,631
Total current assets	196,416	210,185
Non-current assets		
Property, plant and equipment	178,737	181,993
Right-of-use assets	21,928	22,134
Goodwill	60,413	65,518
Intangible assets	17,104	17,595
Investments accounted for using equity method	1,283	1,328
Other financial assets	15,433	16,373
Deferred tax assets	9,984	8,539
Other non-current assets	235	224
Total non-current assets	305,121	313,708
Total assets	501,538	523,893

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	51,465	57,514
Bonds and borrowings	28,998	38,663
Lease liabilities	4,294	4,496
Income taxes payable	6,018	3,337
Provisions	2,301	1,969
Other current liabilities	16,390	15,460
Total current liabilities	109,468	121,442
Non-current liabilities		
Bonds and borrowings	48,758	47,788
Lease liabilities	18,016	18,086
Other financial liabilities	1,666	2,150
Net defined benefit liability	17,321	17,705
Provisions	2,613	2,614
Deferred tax liabilities	2,362	1,480
Other non-current liabilities	5,570	4,995
Total non-current liabilities	96,310	94,821
Total liabilities	205,778	216,263
Equity		
Share capital	13,450	13,450
Capital surplus	(608)	(553)
Treasury shares	(10,638)	(10,639)
Other components of equity	14,132	24,581
Retained earnings	277,639	278,926
Equity attributable to owners of parent	293,975	305,766
Non-controlling interests	1,784	1,863
Total equity	295,759	307,630
Total liabilities and equity	501,538	523,893

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

Condensed quarterly consolidated statement of profit or loss

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	74,660	90,544
Cost of sales	48,455	61,253
Gross profit	26,204	29,291
Selling, general and administrative expenses	19,883	21,834
Other income	514	1,023
Other expenses	456	348
Operating profit	6,378	8,131
Finance income	1,312	228
Finance costs	402	261
Share of profit (loss) of investments accounted for using equity method	36	21
Profit before tax	7,325	8,120
Income tax expense	2,153	2,356
Profit for the period	5,172	5,763
Profit attributable to		
Owners of parent	4,865	5,695
Non-controlling interests	306	67
Profit for the period	5,172	5,763
Earnings per share		
Basic earnings per share (yen)	43.29	50.67
Diluted earnings per share (yen)	—	—

Condensed quarterly consolidated statement of comprehensive income

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit for the period	5,172	5,763
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	51	492
Remeasurements of defined benefit plans	53	(24)
Total of items that will not be reclassified to profit or loss	104	467
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,734	9,965
Cash flow hedges	106	18
Share of other comprehensive income of investments accounted for using equity method	46	23
Total of items that may be reclassified to profit or loss	8,887	10,008
Other comprehensive income, net of tax	8,992	10,475
Comprehensive income for the period	14,165	16,239
Comprehensive income attributable to		
Owners of parent	12,855	16,119
Non-controlling interests	1,309	119
Comprehensive income for the period	14,165	16,239

(3) Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(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	—	—	—	7,778	106	51
Total comprehensive income for the period	—	—	—	7,778	106	51
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	(8)	—	—	—	—
Changes in ownership interests in subsidiaries	—	(19,233)	—	1,796	—	—
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	—	22,051	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—
Other	—	132	—	—	—	—
Total transactions with owners	—	2,942	(0)	1,796	—	—
Balance as of June 30, 2022	13,450	(134)	(10,694)	13,068	146	8,678

(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	–	–	4,865	4,865	306	5,172
Other comprehensive income	53	7,989	–	7,989	1,003	8,992
Total comprehensive income for the period	53	7,989	4,865	12,855	1,309	14,165
Purchase of treasury shares	–	–	–	(0)	–	(0)
Dividends	–	–	(4,045)	(4,045)	–	(4,045)
Share-based payment transactions	–	–	–	(8)	0	(7)
Changes in ownership interests in subsidiaries	–	1,796	–	(17,437)	(4,614)	(22,051)
Liabilities pertaining to forward contracts concluded with non-controlling shareholders	–	–	–	22,051	–	22,051
Transfer from other components of equity to retained earnings	(53)	(53)	53	–	–	–
Other	–	–	(0)	132	–	132
Total transactions with owners	(53)	1,742	(3,992)	692	(4,614)	(3,921)
Balance as of June 30, 2022	–	21,893	260,946	285,462	2,643	288,106

Three months ended June 30, 2023 (April 1, 2023 - June 30, 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	—	—	—	9,937	18	492
Total comprehensive income for the period	—	—	—	9,937	18	492
Purchase of treasury shares	—	—	(1)	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	55	—	—	—	—
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	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	55	(1)	—	—	—
Balance as of June 30, 2023	13,450	(553)	(10,639)	19,616	241	4,724

(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	–	–	5,695	5,695	67	5,763
Other comprehensive income	(24)	10,424	–	10,424	51	10,475
Total comprehensive income for the period	(24)	10,424	5,695	16,119	119	16,239
Purchase of treasury shares	–	–	–	(1)	–	(1)
Dividends	–	–	(4,383)	(4,383)	(37)	(4,421)
Share-based payment transactions	–	–	–	55	(2)	53
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	24	24	(24)	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	24	24	(4,408)	(4,328)	(40)	(4,369)
Balance as of June 30, 2023	–	24,581	278,926	305,766	1,863	307,630

(4) Condensed quarterly consolidated statement of cash flows

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before tax	7,325	8,120
Depreciation, amortization and impairment losses	6,839	7,858
Share of loss (profit) of investments accounted for using equity method	(36)	(21)
Loss (gain) on sale of fixed assets	(17)	(26)
Decrease (increase) in inventories	(1,921)	(642)
Decrease (increase) in trade and other receivables	3,204	(6,317)
Increase (decrease) in trade and other payables	(2,518)	1,974
Other	5,188	(1,899)
Subtotal	18,063	9,047
Interest received	48	101
Dividends received	147	105
Interest paid	(20)	(98)
Income taxes paid	(7,297)	(4,688)
Net cash provided by (used in) operating activities	10,941	4,467
Cash flows from investing activities		
Payments into time deposits	(376)	(1,645)
Proceeds from withdrawal of time deposits	208	1,492
Purchase of property, plant and equipment	(16,108)	(7,228)
Proceeds from sale of property, plant and equipment	64	28
Purchase of intangible assets	(319)	(459)
Other	(21)	(174)
Net cash provided by (used in) investing activities	(16,554)	(7,987)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial paper	22,618	9,479
Proceeds from issuance of bonds	9,955	–
Proceeds from long-term borrowings	–	22
Repayments of long-term borrowings	(272)	(1,135)
Repayments of lease liabilities	(1,417)	(1,251)
Dividends paid	(4,072)	(4,421)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(22,051)	–
Other	(0)	(1)
Net cash provided by (used in) financing activities	4,760	2,693
Effect of exchange rate changes on cash and cash equivalents	594	2,520
Net increase (decrease) in cash and cash equivalents	(258)	1,694
Cash and cash equivalents at beginning of period	45,730	50,468
Cash and cash equivalents at end of period	45,472	52,162

Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

Not applicable

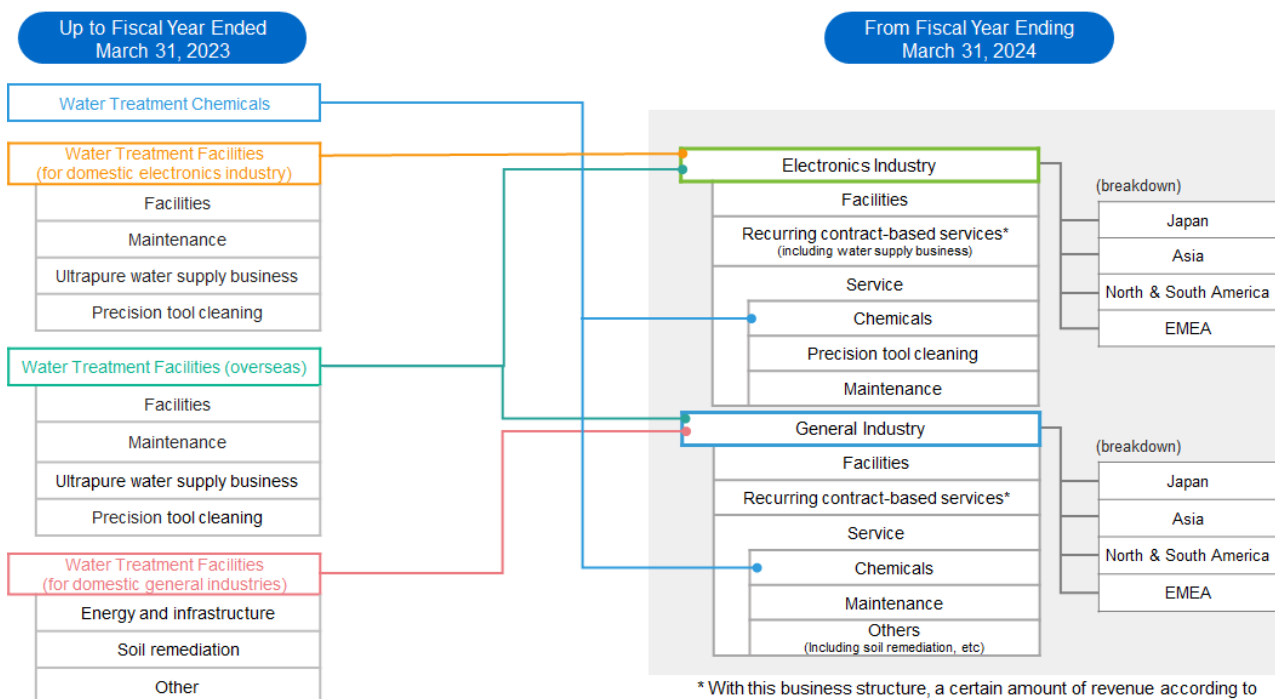
(Segment Information)

(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 first three months of 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 first three months of the previous fiscal year has also been restated to reflect this change.



(2) Information of reportable segments

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(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 outside customers	30,923	43,737	74,660	—	74,660
Inter-segment sales and transfers	—	—	—	—	—
Total	30,923	43,737	74,660	—	74,660
Segment income	4,287	2,088	6,376	2	6,378
Finance income					1,312
Finance costs					402
Share of profit (loss) of investments accounted for using equity method					36
Profit before tax					7,325

(Notes) 1. Segment income: Amount resulting from eliminations of inter-segment transactions.

2. Segment income is shown at the operating profit level.

Three months ended June 30, 2023 (April 1, 2023 - June 30, 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 outside customers	43,205	47,338	90,544	—	90,544
Inter-segment sales and transfers	—	—	—	—	—
Total	43,205	47,338	90,544	—	90,544
Segment income	4,526	3,596	8,123	8	8,131
Finance income					228
Finance costs					261
Share of profit (loss) of investments accounted for using equity method					21
Profit before tax					8,120

(Notes) 1. Segment income: Amount resulting from eliminations of inter-segment transactions.

2. Segment income is shown at the operating profit level.

(Bonds)

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

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.

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

No bonds were issued or redeemed.

(Finance income)

Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

In the three months ended June 30, 2022, a gain on derivatives transactions of 1,090 million yen was recorded in finance income. This is income from a foreign exchange contract that the Company entered into after deciding to underwrite a capital increase in Kurita America Holdings Inc.

Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

Information is omitted because there were no important events.

(Significant Subsequent Events)

(Acquisition of shares in companies to make them subsidiaries)

At a meeting of the Board of Directors held on April 27, 2023, the Company resolved to acquire all issued shares in European companies manufacturing and selling water treatment facilities, namely, Arcade Engineering GmbH (“Arcade Germany”), Arcade Industrie SAS (“Arcade France”), and Arcade Engineering AG (“Arcade Switzerland”) through Kurita Europe GmbH, a consolidated subsidiary of the Company, and make them subsidiaries. Kurita Europe GmbH concluded a share purchase agreement to acquire the issued shares on May 2, 2023. The Company then acquired the shares on July 3, 2023. As a result of the acquisition of shares in Arcade Germany and Arcade Switzerland, the Company acquired the shares of Arcade Engineering (Asia) Pte. Ltd. (“Arcade Asia”), a subsidiary of the two companies.

Initial accounting treatment of the business combination was not completed by the date of approval of the condensed quarterly consolidated financial statements, and detailed information on the accounting treatment is not disclosed.

(1) Name, address, representative, capital and business of the company whose shares the Company will acquire

- (i) Acquired company: Arcade Engineering GmbH
Address: Meißner Str. 151a, 01445 Radebeul, Germany
Representative name: Dr. Claudia Kaiser
Amount of share capital: 25,000 euros
Business description: Design/engineering, construction management, and the provision of consulting services on water treatment facilities
- (ii) Acquired company: Arcade Industrie SAS
Address: Aire de la Thur - 68840 Pulversheim, France
Representative name: Ms. Claudine Muller
Amount of share capital: 40,000 euros
Business description: Design/engineering and manufacture of electric equipment for water treatment facilities
- (iii) Acquired company: Arcade Engineering AG
Address: Hegenheimermattweg 65, 4123 Allschwil, Switzerland
Representative name: Mr. Felix Grisch
Amount of share capital: 100,000 Swiss francs
Business description: Design/engineering of, and provision of consulting services on, water treatment facilities
- (iv) Acquired company: Arcade Engineering (Asia) Pte. Ltd.
Address: 280 Woodlands Industrial Park E5 #10-16, Singapore
Representative name: Mr. Frederic Schindler
Amount of share capital: 100,000 Singapore dollars
Business description: Design/engineering, construction management, and the provision of consulting services on water treatment facilities

(2) Purpose of the acquisition of shares

To operate globally in the electronics industry, a key market, the Group will acquire local manufacturing bases and a supply chain for its water treatment facilities business, targeting the electronics industry in Europe. The Company will build a business foundation for responding promptly to the growth in demand for water treatment facilities intended for the electronics industry, which partly reflects the European Chips Act, thus driving business expansion to the electronics industry in Europe. Further, the Company will combine products, technologies, and business models of the Group, including Kurita Europe GmbH and Kurita (Singapore) Pte. Ltd., a subsidiary of the Company, with the solution capabilities of Arcade Germany, Arcade France, Arcade Switzerland, and Arcade Asia, in its efforts to enhance solutions which contribute greatly to saving water, cutting CO₂ emissions, and reducing waste.

(3) Date of share acquisition

July 3, 2023

(4) Number of shares to be acquired, acquisition value and shareholding ratio after acquisition

(i) Arcade Engineering GmbH

Number of shares to be acquired: 3 shares
Acquisition value: 16,500,000 euros
Shareholding ratio after acquisition: 100%

(ii) Arcade Industrie SAS

Number of shares to be acquired: 2,000 shares
Acquisition value: 2,500,000 euros
Shareholding ratio after acquisition: 100%

(iii) Arcade Engineering AG

Number of shares to be acquired: 200 shares
Acquisition value: 6,000,000 euros
Shareholding ratio after acquisition: 100%

(iv) Arcade Engineering (Asia) Pte. Ltd.

Number of shares to be acquired: 100,000 shares
Acquisition value: – (The acquisition value is included in the acquisition value in (i) and (iii) above.)
Shareholding ratio after acquisition: 100%

(5) Fund procurement method and payment method

The Company's own funds

Disclaimer

- This document is an English translation of the Earnings Report for the Three Months Ended June 30, 2023 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, 2024” on page 3 of this document for the conditions assumed in the performance forecasts and the precautions concerning the use of performance forecasts.