



April 28, 2025

For Immediate Release

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Notice of Posting of an Impairment Loss and a Revision of Business Forecast

Kurita Water Industries Ltd. (hereinafter "Kurita") announces that it has revised its business forecast for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) announced on February 6, 2025. This revision is primarily due to impairment losses that will be recorded for Pentagon Technologies Group, Inc. (hereinafter "Pentagon") and Kurita Fracta Holdings, Inc. (hereinafter "Fracta"), both of which are consolidated subsidiaries. The details are as follows.

1. Posting of an Impairment Loss

(1) Impairment losses for Pentagon

In April 2020, the Kurita Group (the "Group") acquired Pentagon, making it a subsidiary, to enhance its precision tool cleaning business. In June 2022, Pentagon became a wholly owned subsidiary. The Group has determined that Pentagon is unlikely to meet its projected revenue target due to low capacity utilization at certain semiconductor plants of major customers in Europe and North America, as well as changes to their plant construction plans and delays in the construction. The Group has reviewed its business plan given the current business environment and has planned to record impairment losses of 16.5 billion yen on fixed assets including goodwill for Pentagon.

(2) Impairment losses for Fracta

In May 2018, the Group made Fracta a subsidiary with the aim of acquiring a new business in the software development business of predicting water main degradations. In March 2023, Fracta became a wholly owned subsidiary. However, the Group has concluded that the acquired business is not able to achieve the expected revenue chiefly due to delays in establishing its business structure and it is challenging for Fracta to achieve its plan in the near term. The Group has reviewed its business plan given the current business environment and has planned to record impairment losses of 2.5 billion yen on goodwill for Fracta.

2. Revision of the consolidated business forecast for the fiscal year ended March 31, 2025

(April 1, 2024 – March 31, 2025)

(Million yen)

	Net Sales	Business Profit	Operating Profit	Profit Before Tax	Profit Attributable to Owners of Parent	Basic Earnings per Share (yen)
Previous Forecasts (A)	410,000	50,000	49,700	49,000	34,500	306.81
Revised Forecasts (B)	408,800	49,100	31,200	31,800	20,300	180.61
Change (B-A)	△1,200	△900	△18,500	△17,200	△14,200	—
Percent Change (%)	△0.3	△1.8	△37.2	△35.1	△41.2	—
For Reference: Fiscal Year ended March 31, 2024	384,825	42,055	41,232	41,686	29,189	259.70

Note) 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.

The Group has revised its business profit forecast downward for the fiscal year ended March 31, 2025. This revision is attributed to lower-than-expected net sales in the water treatment chemicals business in the General Industry segment, which reflects a decline in economic sentiment in certain regions of Europe and Asia, as well as temporary losses anticipated in the precision tool cleaning business. Operating profit and other profit figures are expected to be lower than forecasted, due to impairment losses on fixed assets including goodwill to be recorded as described in 1. Posting of an Impairment Loss.

The dividend forecast remains unchanged.

3. Recording extraordinary losses in non-consolidated results

Due to the impairment losses recorded for Pentagon, the actual value of Kurita America Holdings Inc., the holding company of Pentagon, will decline significantly. Kurita thus plans to record a loss on valuation of shares of subsidiaries and associates of 25.3 billion yen for the fiscal year ended March 31, 2025. This loss on valuation of shares will be recorded only in the non-consolidated results and will not affect the consolidated results.

Note) These forecasts reflect Kurita's judgment based on currently available information and may differ from actual results due to changes in various factors.