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For Immediate Release

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Notice of Recognition of Impairment Loss and Revision of Business Forecast

Kurita Water Industries Ltd. (the “Company”) hereby announces that it has resolved to transfer all of the issued and outstanding shares of Pentagon Technologies Group, Inc. (“Pentagon”), a consolidated subsidiary of the Company. As a result, the Company expects to classify Pentagon’s business as a discontinued operation and to record an impairment loss on its fixed assets. Accordingly, the Company hereby announces a revision, as set forth below, to its business forecast for the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) announced on February 5, 2026.

For details of the Share Transfer, please refer to today’s separately released announcement entitled “Notice Regarding Transfer of Shares of Consolidated Subsidiaries.”

1. Classification as a discontinued operation due to the share transfer

As a result of the decision to execute the share transfer, the assets and liabilities related to Pentagon meet the criteria to be classification as held for sale in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations”, from the fiscal year ended March 31, 2026, and are therefore classified as held for sale.

Accordingly, net sales, business profit, operating profit, and profit before income taxes are disclosed as amounts excluding discontinued operations (i.e., amounts from continuing operations), while profit attributable to owners of the parent is disclosed as the combined total of continuing operations and discontinued operations.

2. Recognition of impairment loss

As a result of the share transfer, the fair value of Pentagon’s assets less costs to sell is lower than their carrying amount, and the Company expects to record an impairment loss of 19.9 billion yen on fixed assets, including goodwill, related to Pentagon.

3.Revision of full-year consolidated business forecast for fiscal year ended March 31, 2026

(April 1,2025 to March 31,2026)

Net sales are expected to be lower than the previously announced forecast, mainly because the performance of Pentagon will no longer be included in continuing operations. On the other hand, business profit, operating profit, and profit before income taxes are expected to exceed the previously announced forecast, due to improvements in the cost of sales ratio resulting from an increased proportion of service-related net sales in the Electronics Industry segment, as well as reductions in selling, general and administrative expenses. Profit attributable to owners of the parent is expected to be lower than the previously announced forecast due to the recording of the impairment loss on the fixed assets, including goodwill, related to Pentagon.

There is no change to the dividend forecast.

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

(Million yen)

	Net Sales	Business Profit (Note1)	Operating Profit	Profit Before Income Taxes	Profit Attributable to Owners of the Parent	Basic Earnings per Share (Yen)
Previous Forecasts (A)	425,000	54,000	53,500	52,500	36,300	330.61
Revised Forecasts (B) (Note2)	402,800	57,300	58,200	58,100	15,900	145.00
Change (B-A)	(22,200)	3,300	4,700	5,600	(20,400)	(185.61)
Percent Change (%)	(5.2)	6.1	8.8	10.7	(56.2)	(56.1)
For Reference: Fiscal Year ended March 31,2025 before Retrospective Adjustment (Note2)	408,888	49,184	31,275	31,821	20,305	180.66
For Reference: Fiscal Year ended March 31,2025 after Retrospective Adjustment (Note2)	388,814	50,898	49,918	50,709	20,305	180.66

(Note1) 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.

(Note2) The above figures are based on "1.Classification as a discontinued operation due to the share transfer ". Figures for the previous fiscal year are shown both before and after retrospective adjustment.