October 29, 2026

For Immediate Release

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Notice Regarding Revision of Business Forecast Due to Loss on a Water Treatment Facilities Project and Recognition of Extraordinary Loss in Non-consolidated Financial Results

Kurita Water Industries Ltd. (the "Company") expects to recognize a loss on a water treatment facilities project for the electronics industry in the United States for the first half of the fiscal year ending March 31, 2027 (April 1, 2026 to September 30, 2026). As a result, the Company hereby announces that it has revised its consolidated business forecast for the fiscal year ending March 31, 2027, announced on August 6, 2026.

1. Reason for the Revision

Kurita America, Inc., a consolidated subsidiary of the Company in the United States, conducted a further review of the total estimated construction costs required to complete a large-scale water treatment facilities project for the electronics industry that is currently under construction. The project has experienced design delays and quality-related issues in addressing U.S.-specific standards and design certification requirements, as well as customer requirements, necessitating additional measures including design revisions, additional procurement of materials, and remanufacturing of modules. The Company has reviewed the total estimated construction costs as the design progressed. As the design has now advanced and the required quantities of materials and the remaining work have become clearer, the Company conducted a further review covering unit costs, fabrication methods, and on-site construction costs, and significantly increased its estimate of the total construction costs. As revenue from the project is recognized over time based on its progress toward completion, the increase in total estimated construction costs reduced the percentage of completion, resulting in a reduction in net sales and profit previously recognized. In addition, as the total estimated construction costs are expected to exceed the contract value, the Company recognized a provision for loss on the construction contract for the estimated loss. As a result of these factors, the reduction in profit attributable to this project compared with the previously announced forecast is expected to be 20.0 billion yen for the first half of the fiscal year ending March 31, 2027 and 23.6 billion yen for the full year. Accordingly, the Company has revised downward its forecasts for profit at each level from the previously announced forecast.
Meanwhile, the net sales forecast has been revised upward from the previously announced forecast, mainly reflecting sales progress in the chemicals business and the order intake in the facilities business.

2. Revision of Consolidated Business Forecast

In light of the above, the Company has revised its consolidated business forecast for the first half and the full year of the fiscal year ending March 31, 2027. The dividend forecast remains unchanged.

(1) Revision of Consolidated Business Forecast for the First Half of the Fiscal Year Ending March 31, 2027

(Millions of yen)

	Net Sales	Business Profit (Note1)	Operating Profit	Profit Before Tax	Profit Attributable to Owners of Parent	Basic Earnings per Share (Yen)
Previous Forecasts (A)	198,000	23,500	28,000	27,800	24,600	228.11
Revised Forecasts (B)	206,800	6,200	9,400	11,100	7,300	67.76
Change (B-A)	8,800	△17,300	△18,600	△16,700	△17,300	△160.35
Percent Change (%)	4.4	△73.6	△66.4	△60.1	△70.3	—
(Reference)Actual Results for the First Half of the Fiscal Year Ended March 31, 2026	189,338	24,167	25,408	25,224	17,174	155.90

(Note1) Business profit is the Company'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 Company voluntarily discloses it, believing that it is beneficial for users of its financial statements.

(Note2) Following the completion of the transfer of shares of Pentagon Technologies Group, Inc. ("Pentagon") on June 30, 2026, Pentagon's business has been classified as discontinued operations in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations." Accordingly, net sales, business profit, operating profit, and profit before tax for the first half of the fiscal year ending March 31, 2027 and the first half of the fiscal year ended March 31, 2026 are presented on a continuing operations basis, while profit attributable to owners of parent includes both continuing and discontinued operations.

(2) Revision of Consolidated Business Forecast for the Full Year of the Fiscal Year Ending March 31, 2027

(Millions of yen)

	Net Sales	Business Profit (Note1)	Operating Profit	Profit Before Tax	Profit Attributable to Owners of Parent	Basic Earnings per Share (Yen)
Previous Forecasts (A)	425,000	61,500	65,500	65,000	50,700	475.47
Revised Forecasts (B)	455,000	40,000	43,500	43,000	28,700	269.41
Change (B-A)	30,000	△21,500	△22,000	△22,000	△22,000	△206.06
Percent Change (%)	7.1	△35.0	△33.6	△33.8	△43.4	—
(Reference) Actual Results for the Fiscal Year Ended March 31, 2026	402,889	57,343	58,290	58,160	15,957	145.34

(Note1) Business profit is the Company'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 Company voluntarily discloses it, believing that it is beneficial for users of its financial statements.

(Note2) As Pentagon's business has been classified as discontinued operations in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," net sales, business profit, operating profit and profit before tax for the fiscal year ending March 31, 2027 and the fiscal year ended March 31, 2026 are disclosed on a continuing operations basis, while profit attributable to owners of parent includes both continuing and discontinued operations.

3. Outlook

With respect to this project, the total estimated construction costs, including the costs associated with the remaining work, have been reflected in the revised business forecast. Going forward, the Company will strengthen its project management structure and steadily advance the project toward completion. The Company will also apply the knowledge and expertise gained from this project, including in design and certification, to subsequent projects. Through these efforts, the Company aims to enhance project execution capabilities and profitability across the facilities business. The Company plans to provide further details on the status of this project and future measures at the financial results briefing scheduled for November 6, 2026.

There is no change to the management targets for the fiscal year ending March 31, 2028 under the medium-term management plan, “Pioneering Shared Value 2027 (PSV-27 Plan).” The Company will steadily implement its growth strategies and strive to achieve the targets set forth in the plan.

4. Recognition of Extraordinary Loss in Non-consolidated Financial Results

As a result of the recognition of the loss on a water treatment facilities project at Kurita America, Inc. described above, the effective value of the shares of Kurita America Holdings, Inc., the holding company of Kurita America, Inc., held by the Company has declined significantly. Accordingly, the Company will recognize a loss on valuation of shares of subsidiaries and associates of 36.2 billion yen as an extraordinary loss in its non-consolidated financial results for the first half of the fiscal year ending March 31, 2027. As this loss on valuation of shares of subsidiaries and associates will be eliminated in the Company’s consolidated financial results, its recognition will have no impact on the Company’s consolidated financial results.