

FY2022 December 1st Quarter Results Presentation

KITZ CORPORATION May 2022

The forecast data presented herein reflects assumed results based on conditions that are subject to change. KITZ Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document. Numerical figures presented herein are rounded down.

FY2022 1st Quarter Results

(Millions of Yen)

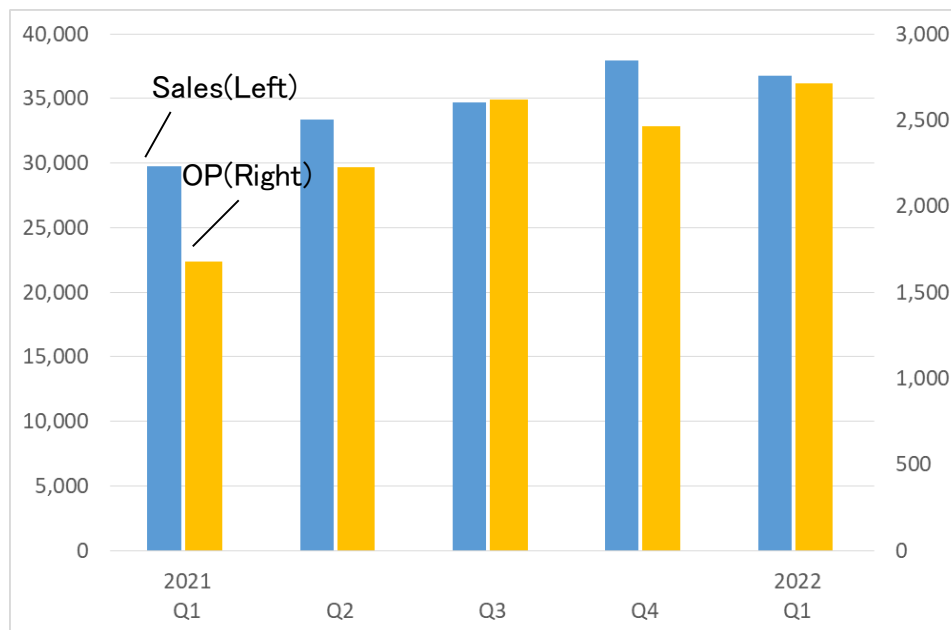
| | FY2021 Q1 Results | FY2022 Q1 Plan | FY2022 Q1 Results | Y o Y | | Plan vs Results | |
|--|-------------------------|----------------------|-------------------------|-------|--------|-----------------|-------|
| Sales | 29,772 | 34,500 | 36,750 | 6,977 | 23.4% | 2,250 | 6.5% |
| Valve Manufacturing | 23,683 | 27,100 | 28,773 | 5,089 | 21.5% | 1,673 | 6.2% |
| Brass Bar Manufacturing | 5,772 | 7,100 | 7,643 | 1,871 | 32.4% | 543 | 7.7% |
| Operating Income | 1,677 <5.6%> | 2,100 | 2,721 <7.4%> | 1,044 | 62.3% | 621 | 29.6% |
| Valve Manufacturing | 2,433 | 3,100 | 3,803 | 1,370 | 56.3% | 703 | 22.7% |
| Brass Bar Manufacturing | 187 | 100 | (62) | (250) | — | (162) | — |
| Ordinary Income | 1,694 | 2,000 | 2,832 | 1,137 | 67.1% | 832 | 41.6% |
| Net income attributable to owners of the parent | 918 | 1,300 | 1,866 | 948 | 103.2% | 566 | 43.6% |
| Yen / US Dollar | 107.15 | 115.00 | 117.81 | | | | |
| Yen / Euro | 128.45 | 130.00 | 131.57 | | | | |
| Electrolytic Copper, Yen / ton | 937,000 | 1,200,000 | 1,211,000 | | | | |

*Note : Total Sales and Operating Income include other segment and adjustment.

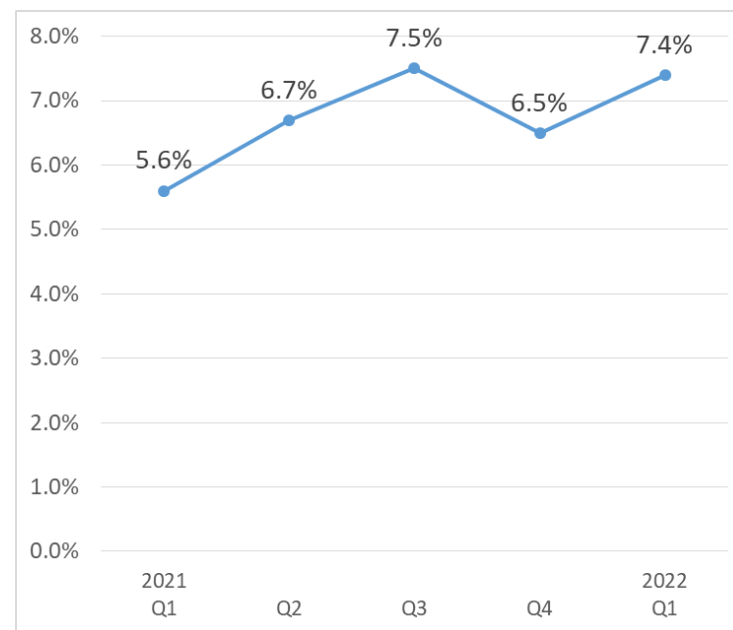
Quarterly Results (Consolidated)

(Mil Yen)

Sales / OP



OP Margin



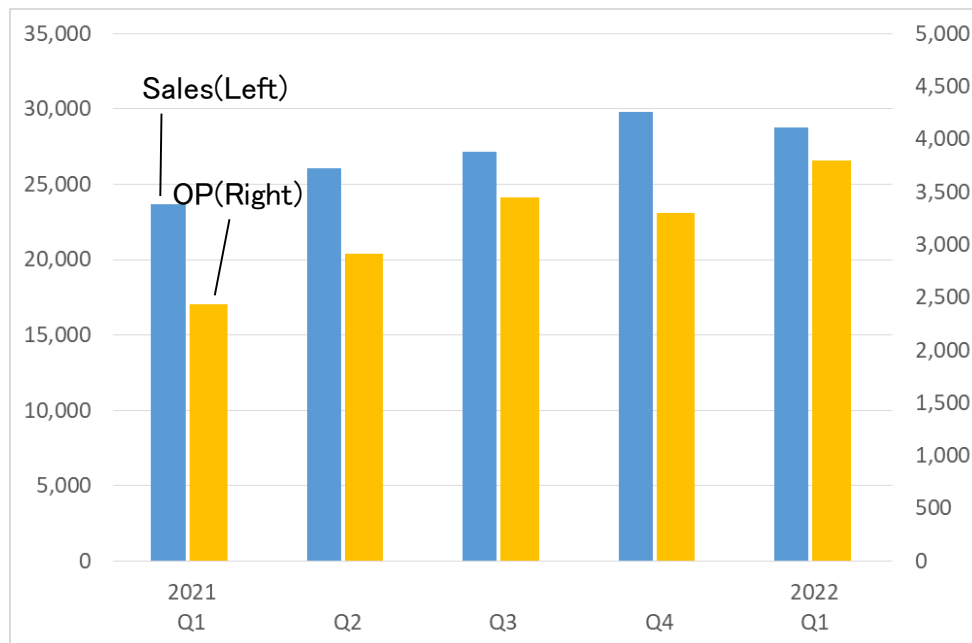
(Million Yen)

| | FY2021 | | | | FY2022 |
|-------------------------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Sales | 29,772 | 33,345 | 34,729 | 37,942 | 36,750 |
| Operating Income | 1,677 | 2,224 | 2,621 | 2,467 | 2,721 |
| Ordinary Income | 1,694 | 2,263 | 2,706 | 2,310 | 2,832 |
| Net Income | 918 | 1,144 | 1,764 | 1,126 | 1,866 |
| OP Margin | 5.6% | 6.7% | 7.5% | 6.5% | 7.4% |

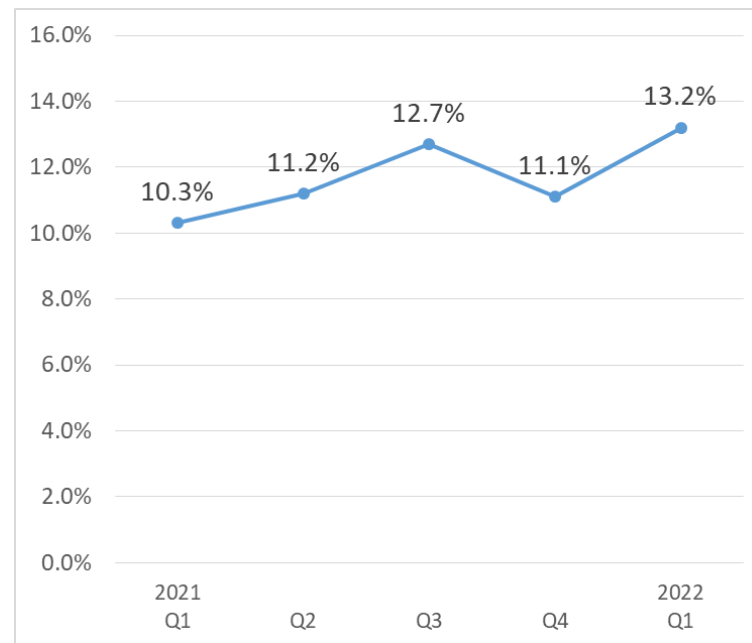
Quarterly Results (Valve Manufacturing)

Sales / OP

(Mil Yen)



OP Margin



(Million Yen)

| | FY2021 | | | | FY2022 |
|------------------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Sales | 23,683 | 26,073 | 27,184 | 29,812 | 28,773 |
| Operating Income | 2,433 | 2,914 | 3,443 | 3,296 | 3,803 |
| OP Margin | 10.3% | 11.2% | 12.7% | 11.1% | 13.2% |

Valve Manufacturing Business Results

– by Market –

The building equipment, petrochemical, machinery equipment, and semiconductor equipment markets made steady progress against the annual plan. Water treatment got off to a slow start, partly due to seasonal factors. Semiconductor materials (filters) were also mostly steady. In fine-chemical, development of new products will be hastened. In hydrogen/clean energy, focus on activities to win orders for projects.

(Millions of Yen)

| | | FY2021 Results | FY2022 Plan | FY2022 Q1 Results | Progress |
|--------|-----------------------------------|-------------------|----------------|----------------------|----------|
| Core | Building Equipment | 22,900 | 22,700 | 7,000 | 31% |
| | Petrochemical/Natural Gas | 23,700 | 24,200 | 6,300 | 26% |
| | Water Treatment | 7,700 | 8,000 | 1,600 | 20% |
| | Machinery and Equipment | 11,100 | 10,900 | 2,800 | 26% |
| Growth | Semiconductor Equipment | 17,100 | 18,800 | 4,700 | 25% |
| | Semiconductor Materials (Filters) | 3,700 | 4,300 | 1,000 | 23% |
| | Fine-chemical | 1,700 | 2,100 | 300 | 15% |
| | Hydrogen & Clean Energy | 1,100 | 2,200 | 300 | 14% |
| Others | | 17,700 | 19,000 | 4,600 | 24% |
| Total | | 106,800 | 112,200 | 28,800 | 26% |

Note1 : From the fiscal year ending December 31, 2022, we disclose the results separately in the target markets outlined in Medium-Term Management Plan.

Note2 : Since figures are shown in unites of ¥100 million, cumulative figures and totals may not match in some cases.

Valve Manufacturing Business Results

– by Area –

In the Japanese market, sales increased due to strong sales and price revision for building equipment and semiconductor equipment. The ASEAN market showed signs of recovery from the slump caused by COVID-19. In South Korea, sales for semiconductor equipment were strong. China slowed down due to stagnation in real estate industry and re-expansion of the COVID-19. There are concerns about the impact of Shanghai's lockdown in the future. In the Americas, industrial market such as petrochemicals performed well. Europe maintained the same level as previous year, but there are concerns about the economic slow down due to Russia-Ukraine war.

(Millions of Yen)

| | FY2021 Results | | | | FY2022 Results | Y o Y | |
|------------------------------------|----------------|--------|--------|--------|----------------|-------|-----|
| | 1Q | 2Q | 3Q | 4Q | 1Q | | |
| Japan | 15,300 | 16,800 | 16,900 | 18,400 | 17,300 | 2,100 | 13% |
| Overseas Total | 8,400 | 9,300 | 10,300 | 11,400 | 11,400 | 2,900 | 36% |
| ASEAN, Korea and other | 3,200 | 3,300 | 3,900 | 3,800 | 4,400 | 1,200 | 38% |
| China (incl. HK, Taiwan) | 2,000 | 2,400 | 2,900 | 3,400 | 2,400 | 400 | 20% |
| Middle East | 100 | 100 | 100 | 100 | 100 | – | – |
| Asia Total | 5,300 | 5,800 | 7,000 | 7,300 | 6,800 | 1,500 | 28% |
| Americas (North and South America) | 2,400 | 2,700 | 2,500 | 3,000 | 3,600 | 1,200 | 55% |
| Europe, etc. | 700 | 800 | 800 | 1,000 | 800 | 100 | 24% |

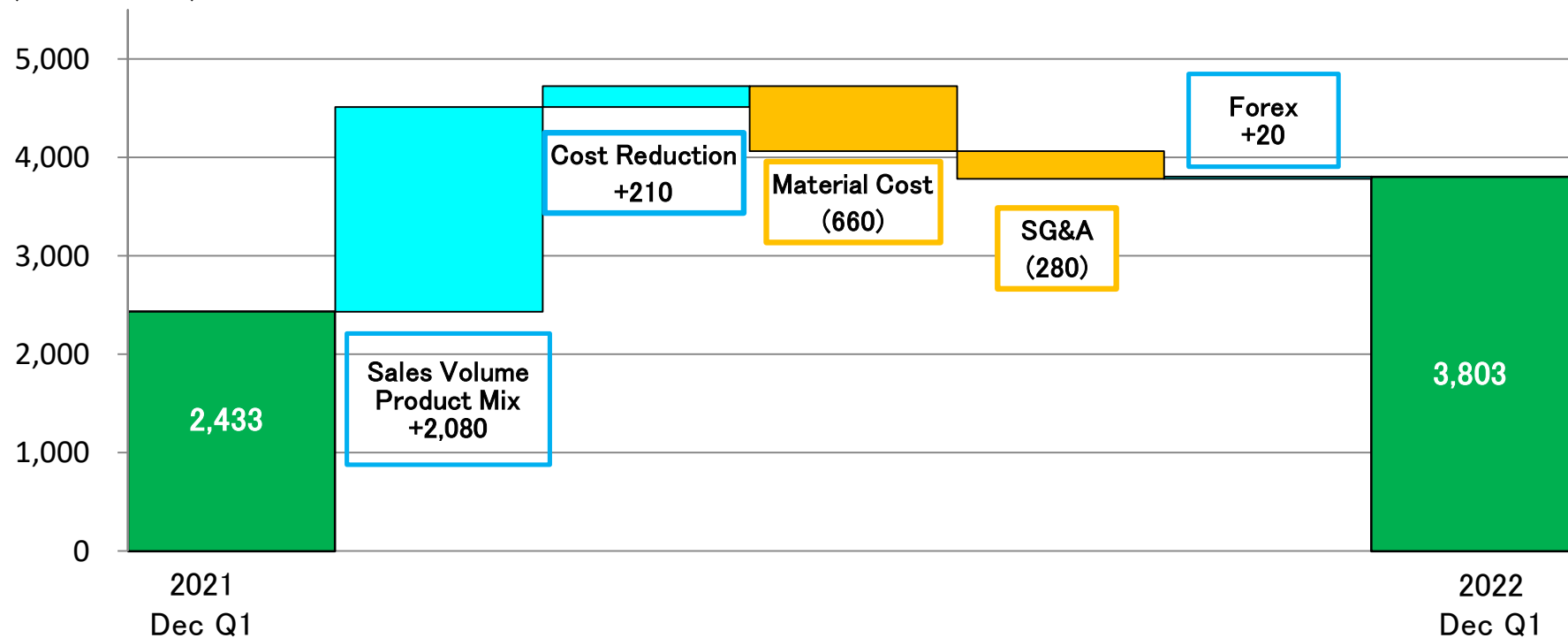
Note : Since figures are shown in unites of ¥100 million, cumulative figures and totals may not match in some cases.

Valve manufacturing Business - Operating Income

(Millions of Yen)

| | FY2021 Q1 Results | FY2022 Q1 Plan | FY2022 Q1 Results | Y o Y | | Plan vs Results | |
|---------------------|-------------------------|----------------------|-------------------------|-------|-------|-----------------|-------|
| Sales | 23,683 | 27,100 | 28,773 | 5,089 | 21.5% | 1,673 | 6.2% |
| Operating Income | 2,433 | 3,100 | 3,803 | 1,370 | 56.3% | 703 | 22.7% |

(Millions of Yen)



Brass Bar Manufacturing Business

■ Sales

Raw material prices, which affect selling prices, continued to rise and unit selling prices increased. Production and sales volumes remained steady. Net sales increased 32.4% year on year to 7,643 million yen.

■ Operating Income

Operating loss of 62 million yen (vs. operating income of 187 million yen in the same period of the previous year) due to deteriorated manufacturing costs resulting from defects in furnace renewal work, etc. We will strive to recover as the industry as a whole is promoting improvement of roll margins.

(Millions of Yen)

| | FY2021 Q1 Results | FY2022 Q1 Plan | FY2022 Q1 Results | Y o Y | | Plan vs Results | |
|---------------------------------|-------------------------|----------------------|-------------------------|-------|-------|-----------------|------|
| Sales | 5,772 | 7,100 | 7,643 | 1,871 | 32.4% | 543 | 7.7% |
| Operating Income | 187 | 100 | (62) | (250) | – | (162) | – |
| Electrolytic Copper, Yen/ton | 937,000 | 1,200,000 | 1,211,000 | | | | |



Brass products



Manufacturing facilities

Other income/expense

Extra ordinary income/loss

(Millions of Yen)

| | FY2021 Q1 Results | FY2022 Q1 Results | Y o Y | Note |
|--|----------------------|----------------------|-------|--|
| Operating Income | 1,677 | 2,721 | 1,044 | |
| ■ Non-operating Income | 307 | 267 | (40) | Exchange gains (FY2021 Q1:52→FY2022 Q1:-) |
| ■ Non-operating Expense | 290 | 156 | (134) | Exchange loss (FY2021 Q1:- →FY2022 Q1:13) Brass Bar Manufacturing Business hedge profit and loss (FY2021 Q1: (121)→FY2022 Q1: (58)) |
| Ordinary Income | 1,694 | 2,832 | 1,137 | |
| ■ Extraordinary Income | 8 | 0 | (7) | |
| ■ Extraordinary Loss | 6 | 7 | 0 | |
| Net Income before income taxes and minority interests | 1,696 | 2,826 | 1,129 | |
| Income Taxes | 747 | 920 | 173 | |
| Net Income | 949 | 1,905 | 956 | |
| Net Income attributable to the non-controlling interests | 30 | 38 | 7 | |
| Net Income attributable to owners of the parent | 918 | 1,866 | 948 | |

Balance Sheet

Total assets increased 2,689 million yen due to an increase in trade receivables and inventories.

■ Current assets: Cash and deposits decreased 2,983 million yen. Notes and accounts receivable–trade increased 797 million yen. Inventories increased 3,783 million yen.

■ Fixed assets: Property, plant and equipment increased 1,624 million yen. Intangible assets decreased 337 million yen.

■ Liabilities: Notes and accounts payable–trade increased 2,095 million yen. Short- and long-term loans payable decreased 409 million yen.

■ Interest-bearing debts decreased 694 million yen to 39,016 million yen (net interest-bearing debt increased 2,289 million yen to 14,056 million yen)

■ Net assets increased 3,327 million yen due to increase in net income attributable to the parent company and foreign currency exchange adjustments, etc.

(Millions of Yen)

| Assets | December 2021 | March 2022 | Variance | Liabilities | December 2021 | March 2022 | Variance |
|-----------------------|---------------|------------|----------|----------------------------------|---------------|------------|----------|
| Current Assets | 86,621 | 88,197 | 1,576 | Current Liabilities | 32,939 | 32,745 | (194) |
| Fixed Assets | 56,798 | 57,911 | 1,113 | Fixed Liabilities | 29,226 | 28,783 | (442) |
| PPE | 41,436 | 43,060 | 1,624 | Total Liabilities | 62,166 | 61,528 | (637) |
| Intangible | 4,590 | 4,252 | (337) | Net Assets | 81,253 | 84,581 | 3,327 |
| Investment and others | 10,772 | 10,598 | (174) | | | | |
| Total Assets | 143,419 | 146,109 | 2,689 | Total Liabilities and Net Assets | 143,419 | 146,109 | 2,689 |

Cash Flows

- Operating Cash Flow** Income before income of 2,826 million yen, depreciation of 1,634 million yen, and an increase in accounts payable of 1,664 million yen. Income taxes paid of 2,394 million yen and a decrease in accrued bonuses of 1,335 million yen resulted in an increase of 984 million yen.
- Investing Cash Flow** Decrease of 2,474 million yen due to 2,393 million yen in expenditures for the acquisition of fixed assets.
- Financing Cash Flow** Decrease of 2,137 million yen due to repayment of long-term borrowings of 646 million yen, cash dividends paid of 991 million yen, etc.

(Millions of Yen)

| | FY2021 Q1 Results | FY2022 Q1 Results | Y o Y | |
|---|----------------------|----------------------|---------|---|
| Operating Cash Flow | 2,312 | 984 | (1,327) | — |
| Investing Cash Flow | (681) | (2,474) | (1,793) | — |
| Free Cash Flow | 1,631 | (1,490) | (3,121) | — |
| Financing Cash Flow | (1,471) | (2,137) | (665) | — |
| Cash and cash equivalents at the end of the period | 34,027 | 24,657 | (9,369) | — |

FY2022 Q1 Financial Highlight

(Millions of Yen)

| | Consolidated | |
|---|-------------------|-------------------|
| | FY2021 Q1 Results | FY2022 Q1 Results |
| Sales | 29,772 | 36,750 |
| Operating Income | 1,677 | 2,721 |
| Ordinary Income | 1,694 | 2,832 |
| Net Income attributable to owners of the parent | 918 | 1,866 |
| Overseas Sales Ratio | 28.9% | 32.8% |
| Overseas Sales Ratio in Valve Manufacturing Business | 35.6% | 39.6% |
| Interest Bearing Debt | 48,531 | 39,016 |
| Equity Ratio | 53.2% | 57.2% |
| BPS(Yen) | 849.10 | 933.33 |
| EPS(Yen) | 10.24 | 20.83 |

FY2022 Forecast

(Millions of Yen)

| | FY2021 Results | FY2022 | | | | | |
|--|-------------------|--------------------------|---------------|-----------------|-----------------|-----------|-------|
| | | Q1 Jan-Mar Results | Q2 Apr-Jun | Q1+Q2 | Q3+Q4 | Full Year | Y o Y |
| Sales | 135,790 | 36,750 | 32,649 | 69,400 | 73,600 | 143,000 | 5.3% |
| Operating Income | 8,990 <6.6%> | 2,721 | 1,558 | 4,280 <6.2%> | 5,720 <7.8%> | 10,000 | 11.2% |
| Ordinary Income | 8,975 <6.6%> | 2,832 | 1,312 | 4,145 | 5,555 | 9,700 | 8.1% |
| Net income attributable to owners of the parent | 4,954 <3.6%> | 1,866 | 833 | 2,700 | 3,600 | 6,300 | 27.2% |
| ROE | 6.4% | — | — | — | — | 7.6% | |
| EPS(Yen) | 55.26 | 20.83 | — | — | — | 70.28 | |
| Yen / US Dollar | 110.39 | 117.81 | 128.00 | | | | |
| Yen / Euro | 130.36 | 131.57 | 138.90 | | | | |
| Electrolytic Copper, Yen / ton | 1,067,000 | 1,211,000 | 1,370,000 | | | | |

Initial Plan
by 10th
February
115.00
130.00
1,200,000

FY2022 Forecast (By Segment)

(Millions of Yen)

| Sales | FY2021 Results | FY2022 | | | | | |
|-----------|----------------|--------------------------|---------------|--------|--------|-----------|-------|
| | | Q1 Jan-Mar Results | Q2 Apr-Jun | Q1+Q2 | Q3+Q4 | Full Year | Y o Y |
| Valve | 106,754 | 28,773 | 25,426 | 54,200 | 58,000 | 112,200 | 5.1% |
| Brass Bar | 27,366 | 7,643 | 6,756 | 14,400 | 14,600 | 29,000 | 6.0% |
| Other | 1,668 | 333 | 466 | 800 | 1,000 | 1,800 | 7.9% |
| Total | 135,790 | 36,750 | 32,649 | 69,400 | 73,600 | 143,000 | 5.3% |

| Operating Income | FY2021 Results | FY2022 | | | | | |
|------------------|----------------|--------------------------|---------------|---------|---------|-----------|---------|
| | | Q1 Jan-Mar Results | Q2 Apr-Jun | Q1+Q2 | Q3+Q4 | Full Year | Y o Y |
| Valve | 12,088 | 3,803 | 2,536 | 6,340 | 7,230 | 13,570 | 12.3% |
| Brass Bar | 665 | (62) | 122 | 60 | 470 | 530 | (20.4%) |
| Other | (243) | (88) | 18 | (70) | 70 | 0 | — |
| Adjustment | (3,519) | (931) | (1,118) | (2,050) | (2,050) | (4,100) | — |
| Total | 8,990 | 2,721 | 1,558 | 4,280 | 5,720 | 10,000 | 11.2% |

Initial Plan
by 10th
February

13,300

800

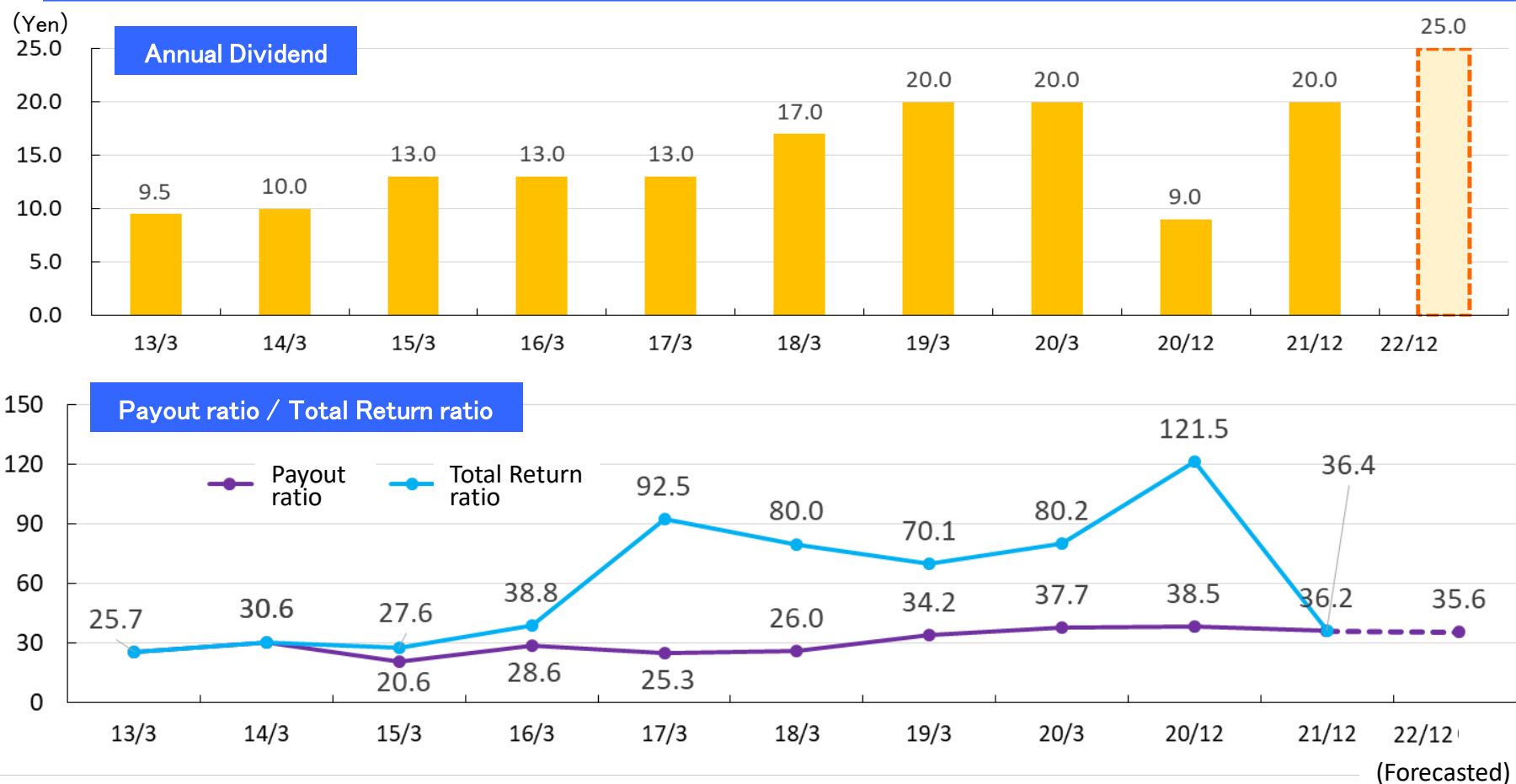
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(4,100)

10,000

Shareholder Return

KITZ believes that a dividend payout ratio of about 35% of net income attributable to owners of the parent is appropriate. The company paid ¥20 per share (¥9 in Q2 and ¥11 in Q4) as cash dividends for the year ended December. Payout ratio was 36.2% . KITZ expect a dividend of ¥25 per share for the year ending December 2022 (record high).



Innovation Center started its operation

On March 1st, as part of KITZ's 70th anniversary project, the KITZ Group Innovation Center (KIC) and experimental building constructed on the premises of KITZ Chino Plant began operations. KIC will enhance human resource development, creative and innovative technology development, and the ability to disseminate information internally and externally. KIC will also serve as the success to the KITZ Training Center to meet a wide range of internal and external training needs.



With the start of operations, KITZ decided on the nickname “KITZ Chino Techno Park” for the KITZ Chino area with the aim of enhancing the name recognition and image of the KITZ Group. KITZ will widely publicize it to the local community and other stakeholders outside the company.

The Certified Health & Productivity Management Outstanding Organizations Recognition Program

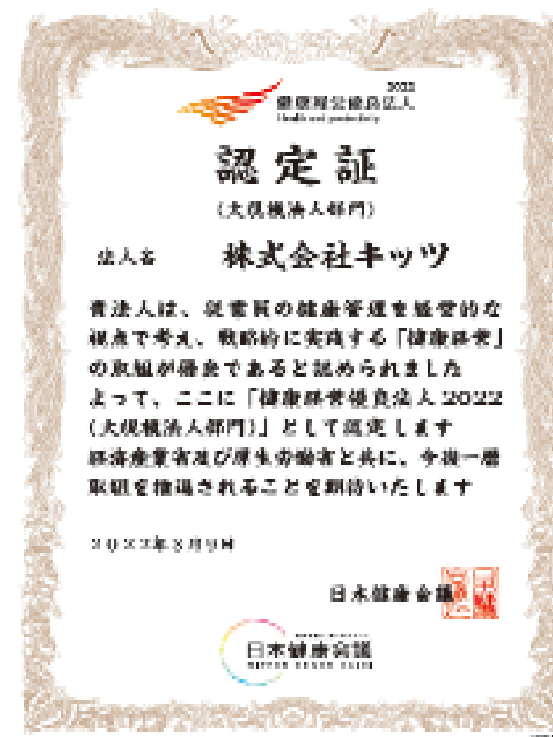
The KITZ Group believes that maintaining and promoting the health of its employees is crucial to its continued growth. Based on this belief, the company established “the KITZ Group Health Management Statement” in 2021 and is implementing health management initiatives in accordance with this declaration. On March 9th, the company was recognized under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program which is implemented by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.

■ The Health Management Statement

We aim to be a company where individual employees can demonstrate their abilities and individuality to the maximum and work with vitality and in good health by improving employees’ physical and mental health.

■ About the recognition program

To award corporations that practice particularly excellent health management based on initiatives that meet local health issues and health promotion efforts promoted by the Nippon Kenko Kaigi.



Employment of Yui Susaki, gold medalist of the Tokyo 2020 Olympics

Yui Susaki, the gold medalist in wrestling at the Tokyo 2020 Olympics joined KITZ on April 1st. Susaki is from Chiba Prefecture where KITZ head office is located. Overcoming major injuries and facing the competition throughout the situation in which the Tokyo Olympics was postponed for a year due to Covid, Susaki qualified for the Olympics and went on to win the golden medal without losing any points for all games. Her attitude to always aim high despite hardships inspired KITZ, and the company decided to support Susaki's athletic activities.

■ Profile of Yui Susaki

| | |
|---------------|--|
| Sports | Wrestling |
| Date of Birth | June 30, 1999 |
| Origin | Matsudo City, Chiba Prefecture |
| University | Waseda University (graduated in March 2022) |



Signed the Basic Agreement on Green Hydrogen with Yamanashi Prefecture

On April 14th, KITZ signed a basic agreement with Yamanashi Prefecture regarding the use of green hydrogen produced by the P2G system at the Komekurayama Power Storage Technology Research Site in Kofu City, at the KITZ Nagasaka Plant Hydrogen Station. 7200 Nm3 of green hydrogen per year (planned) produced by the P2G system will be transported to the hydrogen station and used as fuel for fuel cell forklifts and other vehicles used in the Nagasaka Plant.

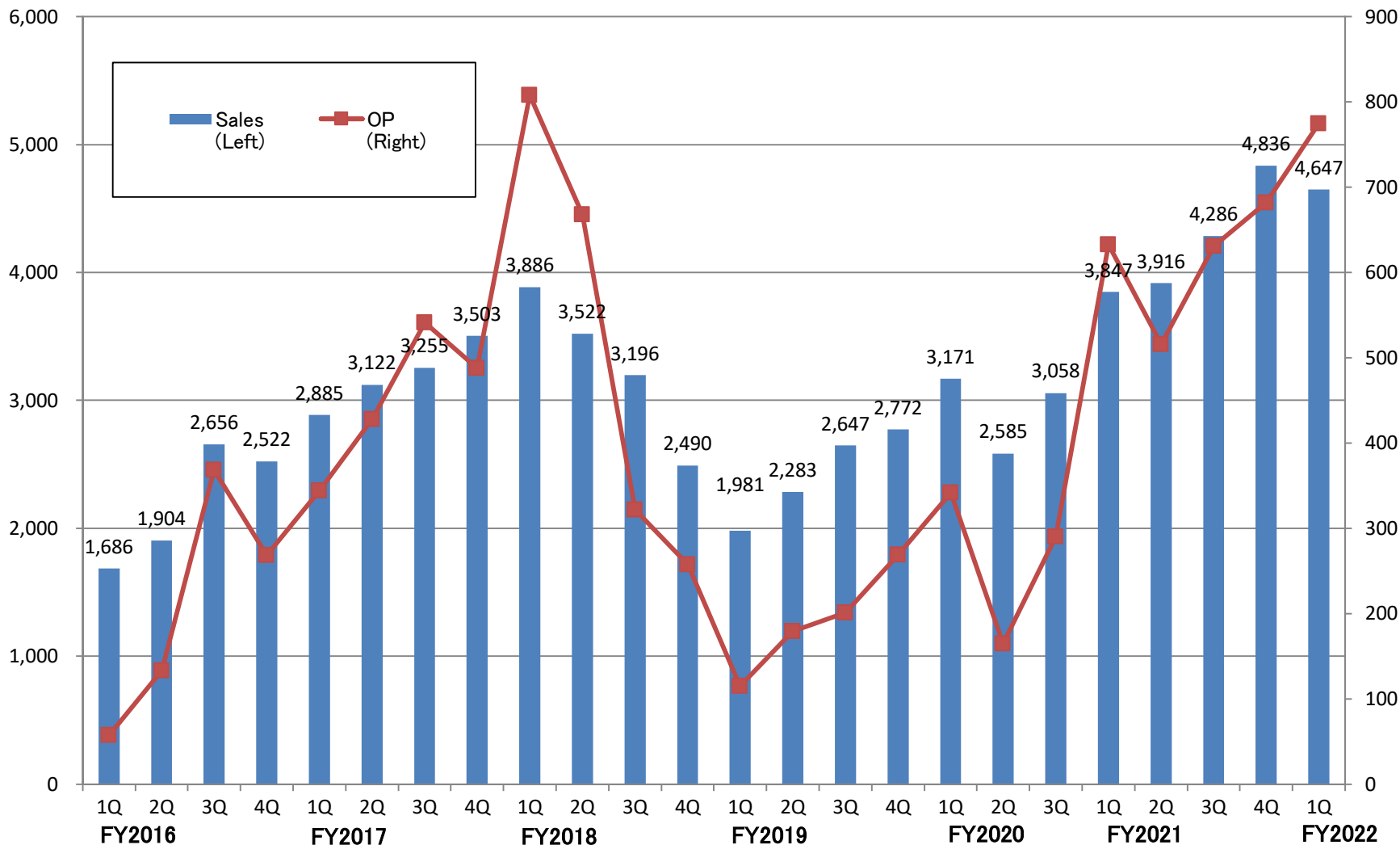


■About Green Hydrogen

Produced using electricity derived from renewable energy sources, etc., and without emitting CO2 during the production process. It is expected to expand the using of renewable energy and reduce greenhouse gas emission worldwide.

Quarterly Results (Sales and OP for Semiconductor)

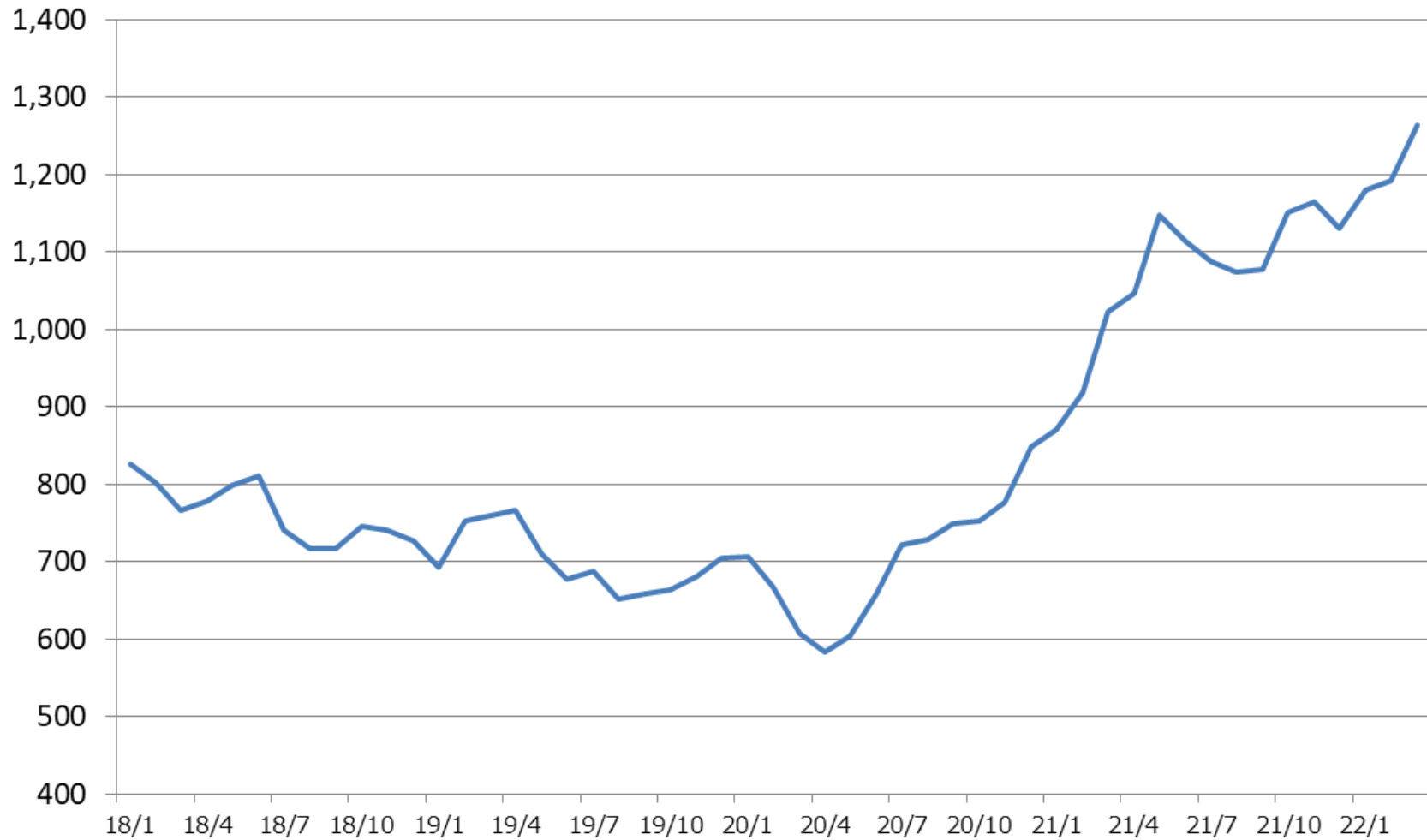
(Millions of Yen)



- Sales and OP of KITZ SCT Corporation, which manufactures and sells products for semiconductors, are shown for each quarter.
- Differences from consolidated financial figures due to elimination of consolidation.

Electric Copper Market

(1000yen / ton)



Crude Oil Price

(USD / Barrel)

