

Consolidated Financial Results for the Fiscal Year March 2020 (Japanese Accounting Standards)

This document has been prepared as a guide for non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of excerpts taken from the Japanese language original. All numbers are rounded down to the nearest until in accordance with standard Japanese practice. Please be advised that the Company cannot accept responsibility for investment decisions made based on the information contained in this report.

May 12, 2020

Company Name: KITZ CORPORATION
 Stock Listing: Tokyo Stock Exchange Stock Code: 6498
 URL <https://www.kitz.co.jp/english/index.html>
 President and Chief Executive Officer: Yasuyuki Hotta
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 Date of General Meeting of Shareholders (Planned): June 29, 2020
 Date of Dividend Payment (Planned): June 11, 2020
 Date of Financial Statement Filing (Planned): June 29, 2020
 Availability of Financial Results Supplementary Presentation Materials: Yes
 Financial Results Presentation Meeting: Yes (For institutional investors and analysts)

(Figures of less than one million yen are rounded down to the nearest decimal)

1. Consolidated Financial Results (Apr. 1, 2019 – Mar. 31, 2020)

(1) Consolidated Operating Results

(% figures represent year-over-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY March 2020	127,090	(7.0)	6,950	(40.7)	7,241	(39.1)	4,937	(12.2)
FY March 2019	136,637	9.7	11,713	15.8	11,883	22.1	5,625	(13.7)

(Note) Comprehensive Income: ¥4,409 million in FY Mar. 2020 (up 34.6%) ¥3,275 million in FY Mar. 2019 (down 56.7%)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
FY March 2020	53.06	—	6.5	5.4	5.5
FY March 2019	58.50	—	7.4	9.0	8.6

(Reference) Gain from investments in subsidiaries and affiliates accounted for by the equity method: FY Mar. 2020: — FY Mar. 2019: —

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
FY March 2020	135,063	76,879	56.0	819.49
FY March 2019	131,657	76,829	57.4	793.74

(Reference) Equity: ¥75,574 million in FY Mar. 2020 ¥75,597 million in FY Mar. 2019

(3) Consolidated Cash Flows

	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Million Yen	Million Yen	Million Yen	Million Yen
FY March 2020	13,329	(8,040)	(167)	17,920
FY March 2019	10,069	(9,264)	(9,702)	12,876

2. Dividends

	Annual Dividend					Total Dividends from Surplus (Annual)	Payout Ratio (Consolidated)	Dividends to Net Assets Ratio (Consolidated)
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY March 2019	—	8.00	—	12.00	20.00	1,912	34.2	2.5
FY March 2020	—	10.00	—	10.00	20.00	1,859	37.7	2.5
FY December 2020 (Planned)	—	—	—	—	—	—	—	—

(Note) Estimate for dividends to be paid for FY December 2020 is yet to be determined.

Partial Release

3. Consolidated Financial Forecasts for the Fiscal Year December 2020 (Apr. 1, 2020–Dec. 31, 2020)

The forecast of business results for the fiscal year December 2020 has yet to be determined on a reasonable basis at this point, due to the spread of the novel coronavirus (COVID-19). Announcements will be made when reasonable forecast can be made in the future. At the 106th Annual General Meeting of Shareholders scheduled to be held on June 29, 2020, the company plans to change the fiscal year ending March 31 to December 31 from FY2020, subject to the approval of the Partial Change in the Articles of Incorporation. Similar changes are planned for consolidated subsidiaries whose fiscal year ends in March. Therefore, the Company plans to announce the forecast of consolidated financial results for the fiscal year ending December 2020, which will be the transitional period for the change in fiscal year-end, for the nine months from April 1, 2020 to December 31, 2020.

※ Annotation

(1) Changes in significant subsidiaries (Changes in subsidiaries affecting the scope of consolidation): None

Newly consolidated: None

Removed from consolidation: None

(2) Changes in accounting methods, procedures and presentations concerning preparation of consolidated financial statements

1. Changes accompanying revisions in accounting standards: Yes

2. Other changes: None

3. Changes in accounting estimates: None

4. Redisplay of revisions: None

(3) Number of shares outstanding (Common stock)

1. Shares issued as of term end (including treasury stock):

FY March 2020	100,396,511 shares	FY March 2019	100,396,511 shares
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2. Treasury stock as of term end:

FY March 2020	8,174,608 shares	FY March 2019	5,155,194 shares
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3. Average during the term:

FY March 2020	93,049,511 shares	FY March 2019	96,148,840 shares
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* The shares held within the BIP trust accounts are included in term-end treasury stocks. (FY March 2020: 509,654 shares, FY March 2019: 329,985 shares)

Furthermore, the shares held within the BIP trust accounts are included in treasury stocks that are deducted in the calculation of the average number of shares for the period. (FY March 2020: 442,051 shares, FY March 2019: 329,985 shares)

Reference: Fiscal Year March 2020 Non-Consolidated Financial Results (Apr. 1, 2019 – Mar. 31, 2020)

(1) Non-Consolidated Operating Results

(% figures represent year-over-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY March 2020	64,137	(11.2)	2,220	(62.9)	4,681	(38.5)	3,645	22.1
FY March 2019	72,262	12.7	5,985	28.3	7,609	16.9	5,985	(45.2)

	Net Income per Share	Net Income per Share (Diluted)
	Yen	Yen
FY March 2020	39.17	—
FY March 2019	31.05	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
FY March 2020	102,569	52,962	51.6	574.29
FY March 2019	99,045	54,079	54.6	567.81

(Reference) Equity: ¥52,962 million in FY Mar. 2020 ¥54,079 million in FY Mar. 2019

<Reason of difference between results in FY March 2020 and FY March 2019>

In domestic market, net sales decreased due to the effect of distributors' inventory adjustment of valves for building facilities. In overseas market, net sales also decreased.

Operating income decreased due to decrease of net sales and increase of depreciation expense for the new IT system that started operation in FY March 2020.

* This document is not subject to audit procedures.

* Explanations regarding the appropriate uses of our earnings projections and other information:

The future prospects of the business results, etc., described in this document are based on currently available information and certain premises that are judged to be rational at the time of writing, and are not intended as a guarantee that the Company will achieve these targets. Actual performance and other results may differ significantly due to various factors.

※Investor presentation materials relating to our financial results are expected to be published on our corporate website on or after May 19, 2020.