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May 8, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: KITZ CORPORATION
 Listing: Tokyo Stock Exchange
 Stock code: 6498
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2025	41,740	3.8	3,378	20.1	3,996	19.6	2,890	15.3
March 31, 2024	40,211	2.5	2,812	(19.6)	3,340	(11.6)	2,507	(25.7)

Note: Comprehensive income For the three months ended March 31, 2025: ¥197 million [(95.7)%]
 For the three months ended March 31, 2024: ¥4,558 million [17.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
March 31, 2025	33.25	—
March 31, 2024	27.96	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	169,053	107,571	62.8	1,221.92
December 31, 2024	172,406	109,809	62.9	1,246.16

Reference: Equity

As of March 31, 2025: ¥106,167 million

As of December 31, 2024: ¥108,386 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	–	19.00	–	27.00	46.00
Fiscal year ending December 31, 2025	–				
Fiscal year ending December 31, 2025 (Forecast)		19.00	–	27.00	46.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2025	86,100	2.7	6,600	1.4	7,100	(3.4)	5,000	(7.8)	57.48
Fiscal year ending December 31, 2025	180,000	4.6	15,000	5.5	15,600	2.1	11,200	(5.3)	128.77

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes

Newly included: – companies

Excluded: 1 company (Toyo Valve Co., Ltd.)

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, see page 9, “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto, (4) Notes to quarterly consolidated financial statements, Notes on accounting treatment specific to the preparation of quarterly consolidated financial statements.”

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, see page 9, “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto, (4) Notes to quarterly consolidated financial statements, Notes on changes in accounting policies.”

- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	87,565,611 shares
As of December 31, 2024	87,565,611 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2025	680,371 shares
As of December 31, 2024	589,620 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2025	86,930,625 shares
Three months ended March 31, 2024	89,680,000 shares

Note: The Company has introduced the “officer compensation BIP trust,” and the Company’s shares held by the said trust are included in the number of treasury shares at the end of the period (297,046 shares as of March 31, 2025, and 297,046 shares as of December 31, 2024).

The Company’s shares held by the said trust are also included in treasury shares that are deducted in the calculation of average number of shares outstanding during the period (cumulative from the beginning of the fiscal year) (297,046 shares for the three months ended March 31, 2025, and 396,076 for the three months ended March 31, 2024).

- * Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

- * Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements and others)

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. See page 3, “1. Overview of Operating Results and Others, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” for more information regarding the circumstances behind the assumptions used in earnings forecasts and matters to be noted when relying on earnings forecasts.

(Means of obtaining supplementary material on financial results)

Investor presentation materials relating to our financial results are expected to be published on our corporate website on or after May 13, 2025.

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1. Overview of Operating Results and Others

(1) Overview of operating results for the period

During the first three months of the fiscal year ending December 31, 2025, the global economy remained subject to future uncertainty amid factors that included the Russia-Ukraine war, situations in the Middle East, and other such geopolitical risks, a prolonged slump in China's real estate market, concerns of a worldwide economic downturn triggered by U.S. tariff measures, escalation of U.S.-China trade friction, and foreign exchange market volatility. The Japanese economy also remained susceptible to adverse conditions amid a persisting scenario of rising prices driven by surging energy resource and raw material prices as well as exchange rate fluctuations, despite continuance of robust inbound demand and other such factors.

Under these circumstances, total net sales increased 3.8% year on year to ¥41,740 million in the period under review. The increase was a result of higher revenue in the Valve Manufacturing Business reflecting higher sales volumes in both domestic and overseas markets along with effects of price revisions implemented during the third quarter of the previous fiscal year, more than offsetting a decline in sales for semiconductor manufacturing equipment. The increase is also attributable to higher revenue in the Brass Bar Manufacturing Business mainly due to higher sales volume.

In terms of profit and loss, operating profit increased 20.1% year on year to ¥3,378 million, mainly due to the increased revenue from higher sales volume in the Valve Manufacturing Business. Ordinary profit increased 19.6% year on year to ¥3,996 million, and profit attributable to owners of parent was up 15.3% year on year to ¥2,890 million.

The operating results by segment are as follows:

(i) Valve Manufacturing Business

In the Valve Manufacturing Business, net sales to external customers increased 0.4% year on year to ¥33,260 million, mainly due to higher sales volumes in both the domestic and overseas markets as well as effects of price revisions implemented during the third quarter of the previous fiscal year, more than offsetting a decline in sales for semiconductor manufacturing equipment. Operating profit increased 15.4% year on year to ¥4,386 million, mainly due to the increased revenue from higher sales volume.

(ii) Brass Bar Manufacturing Business

In the Brass Bar Manufacturing Business, net sales to external customers increased 21.3% year on year to ¥7,966 million, mainly due to elevated copper prices relative to those of the same period of the previous fiscal year, in addition to higher sales volume. Operating profit decreased 25.0% year on year to ¥122 million, mainly due to higher repair expenses and despite the higher sales volume.

(iii) Other

In Other Businesses, net sales to external customers increased by 1.5% year on year to ¥513 million. The segment posted an operating loss of ¥60 million (compared to an operating loss of ¥43 million in the same period of the previous fiscal year).

(2) Overview of financial position for the period under review

Assets at the end of the quarter under review decreased by ¥3,353 million from the end of the previous fiscal year to ¥169,053 million. This decrease was mainly due to a decrease in cash and deposits.

Liabilities decreased by ¥1,114 million from the end of previous year to ¥61,481 million, primarily due to a reduction in current portion of bonds payable, despite an increase in long-term borrowings.

Net assets decreased by ¥2,238 million from the end of previous year to ¥107,571 million. This decrease was mainly due to the payment of dividends and a decrease in foreign currency translation adjustment, despite the recording of ¥2,890 million in profit attributable to owners of parent.

(Cash flows)

Cash and cash equivalents (“cash”) at the end of the quarter under review decreased by ¥3,291 million from the end of the previous fiscal year to ¥27,149 million.

The status of the respective cash flows and their relevant factors during the period under review are as follows.

(i) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥1,658 million (compared to ¥2,879 million provided in the same period of the previous fiscal year). This was mainly due to inflows including profit before income taxes of ¥4,247 million and depreciation of ¥1,648 million, despite outflows including an increase in inventories of ¥2,362 million and income taxes paid of ¥1,975 million.

(ii) Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,494 million (compared to ¥1,111 million used in the same period of the previous fiscal year). This was mainly due to outflows including purchase of property, plant and equipment of ¥1,744 million primarily in the Valve Manufacturing Business, despite inflows such as proceeds from sale of investment securities of ¥348 million.

(iii) Cash flows from financing activities

Net cash used in financing activities was ¥2,530 million (compared to ¥839 million provided in the same period of the previous fiscal year). This was mainly due to outflows including redemption of bonds of ¥10,067 million and dividends paid of ¥2,356 million, despite inflows including proceeds from long-term borrowings of ¥10,000 million.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

There are no changes in consolidated earnings forecasts for the six months ending June 30, 2025 and for the fiscal year ending December 31, 2025, released on February 13, 2025.

Potential effects of U.S. tariff measures on the Group’s financial results are currently under review. If it becomes necessary to revise the earnings forecasts, we will disclose the revised forecasts promptly.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	30,729	27,287
Notes and accounts receivable - trade, and contract assets	22,416	22,695
Electronically recorded monetary claims - operating	12,869	11,624
Merchandise and finished goods	15,510	15,788
Work in process	8,755	9,191
Raw materials and supplies	13,036	13,819
Other	3,208	3,030
Allowance for doubtful accounts	(148)	(140)
Total current assets	106,377	103,297
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,526	18,053
Machinery, equipment and vehicles, net	15,433	14,632
Land	9,874	9,772
Other, net	11,593	11,986
Total property, plant and equipment	54,427	54,445
Intangible assets		
Goodwill	99	75
Other	1,599	1,632
Total intangible assets	1,698	1,708
Investments and other assets	9,902	9,602
Total non-current assets	66,029	65,756
Total assets	172,406	169,053

KITZ CORPORATION (6498)

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,505	10,463
Current portion of bonds payable	10,135	135
Short-term borrowings	645	569
Current portion of long-term borrowings	1,299	2,725
Income taxes payable	2,263	1,493
Provision for bonuses	3,248	1,487
Provision for bonuses for directors (and other officers)	265	68
Other	8,057	8,767
Total current liabilities	35,419	25,710
Non-current liabilities		
Bonds payable	20,135	20,067
Long-term borrowings	2,564	10,887
Provision for retirement benefits for directors (and other officers)	281	254
Provision for share awards for directors (and other officers)	125	133
Retirement benefit liability	845	821
Asset retirement obligations	838	827
Other	2,387	2,778
Total non-current liabilities	27,177	35,771
Total liabilities	62,596	61,481
Net assets		
Shareholders' equity		
Share capital	21,207	21,207
Capital surplus	5,726	5,747
Retained earnings	70,392	70,926
Treasury shares	(482)	(590)
Total shareholders' equity	96,843	97,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,668	1,425
Foreign currency translation adjustment	9,852	7,434
Remeasurements of defined benefit plans	21	17
Total accumulated other comprehensive income	11,542	8,876
Non-controlling interests	1,423	1,403
Total net assets	109,809	107,571
Total liabilities and net assets	172,406	169,053

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
Quarterly consolidated statement of income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	40,211	41,740
Cost of sales	29,884	30,987
Gross profit	10,326	10,753
Selling, general and administrative expenses	7,514	7,375
Operating profit	2,812	3,378
Non-operating income		
Interest income	66	60
Dividend income	22	32
Foreign exchange gains	232	23
Gain from insurance claims	140	399
Other	192	252
Total non-operating income	655	769
Non-operating expenses		
Interest expenses	64	63
Other	62	88
Total non-operating expenses	127	151
Ordinary profit	3,340	3,996
Extraordinary income		
Gain on sale of property, plant and equipment	3	3
Gain on sale of investment securities	298	268
Other	0	0
Total extraordinary income	302	272
Extraordinary losses		
Loss on sale and retirement of property, plant and equipment	20	19
Other	4	0
Total extraordinary losses	24	20
Profit before income taxes	3,618	4,247
Income taxes	1,026	1,311
Profit	2,591	2,936
Profit attributable to non-controlling interests	84	45
Profit attributable to owners of parent	2,507	2,890

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Profit	2,591	2,936
Other comprehensive income		
Valuation difference on available-for-sale securities	279	(242)
Foreign currency translation adjustment	1,688	(2,491)
Remeasurements of defined benefit plans, net of tax	(1)	(4)
Total other comprehensive income	1,966	(2,739)
Comprehensive income	4,558	197
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,462	225
Comprehensive income attributable to non-controlling interests	95	(27)

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	3,618	4,247
Depreciation	1,871	1,648
Increase (decrease) in provision for bonuses	(1,573)	(1,732)
Increase (decrease) in retirement benefit liability	42	15
Interest and dividend income	(89)	(93)
Interest expenses	64	63
Loss (gain) on sale of investment securities	(298)	(268)
Decrease (increase) in accounts receivable - trade, and contract assets	793	399
Decrease (increase) in inventories	(702)	(2,362)
Decrease (increase) in other current assets	479	(146)
Increase (decrease) in trade payables	165	1,391
Increase (decrease) in other current liabilities	553	853
Other, net	(113)	(390)
Subtotal	4,810	3,624
Interest and dividends received	79	99
Interest paid	(98)	(90)
Income taxes paid	(1,911)	(1,975)
Net cash provided by (used in) operating activities	2,879	1,658
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,050)	(1,744)
Proceeds from sale of property, plant and equipment	5	6
Purchase of intangible assets	(151)	(146)
Purchase of investment securities	(2)	(2)
Proceeds from sale of investment securities	541	348
Other, net	546	43
Net cash provided by (used in) investing activities	(1,111)	(1,494)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,709	(41)
Proceeds from long-term borrowings	100	10,000
Repayments of long-term borrowings	(601)	(250)
Redemption of bonds	(67)	(10,067)
Dividends paid	(2,072)	(2,356)
Purchase of treasury shares	(86)	(107)
Other, net	(142)	293
Net cash provided by (used in) financing activities	839	(2,530)
Effect of exchange rate change on cash and cash equivalents	582	(924)
Net increase (decrease) in cash and cash equivalents	3,189	(3,291)
Cash and cash equivalents at beginning of period	28,398	30,440
Cash and cash equivalents at end of period	31,588	27,149

(4) Notes to quarterly consolidated financial statements***Notes on changes in accounting policies***

Application of the “Accounting Standard for Current Income Taxes,” Etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the quarter under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the quarter under review. This change in accounting policies has been applied retrospectively, and is reflected in the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Notes on accounting treatment specific to the preparation of quarterly consolidated financial statements

Tax expense is calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the quarter under review, and multiplying profit before income taxes by this estimated effective tax rate.

However, in cases where the calculation of tax expenses using the estimated effective tax rate yields a result that is considered not to be reasonable to a significant extent, the statutory effective tax rate is used.

Segment information, etc.**I. Three months ended March 31, 2024****1. Information of net sales and profit (loss) for each reportable segment**

(Millions of yen)

	Valve Manufacturing Business	Brass Bar Manufacturing Business	Other (Note 1)	Adjustments (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
Net sales					
Sales to external customers	33,138	6,566	506	–	40,211
Intersegment sales and transfers	44	508	15	(567)	–
Total	33,182	7,074	521	(567)	40,211
Segment profit (loss)	3,800	163	(43)	(1,107)	2,812

Notes: 1. The category of “Other” is a business segment that is not included in the reportable segments and includes the hotel and restaurant businesses, etc.

2. The segment profit (loss) adjustment of ¥(1,107) million includes intersegment eliminations of ¥(12) million and corporate expenses that are not allocated to any reportable segments of ¥(1,094) million. Corporate expenses

mainly consist of costs incurred by the Human Resources Department, the General Administration Department, the Accounting and Finance Center, and the Corporate Planning Department at the Company's head office, including administrative expenses for the head office building.

3. Segment profit (loss) is adjusted to operating profit in the quarterly consolidated statement of income.

2. Information concerning impairment losses of non-current assets or goodwill, etc. for each reportable segment

Not applicable.

II. Three months ended March 31, 2025

1. Information of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Valve Manufacturing Business	Brass Bar Manufacturing Business	Other (Note 1)	Adjustments (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
Net sales					
Sales to external customers	33,260	7,966	513	–	41,740
Intersegment sales and transfers	54	635	17	(706)	–
Total	33,314	8,601	530	(706)	41,740
Segment profit (loss)	4,386	122	(60)	(1,070)	3,378

- Notes:
- The category of "Other" is a business segment that is not included in the reportable segments and includes the hotel and restaurant businesses, etc.
 - The segment profit (loss) adjustment of ¥(1,070) million includes intersegment eliminations of ¥(11) million and corporate expenses that are not allocated to any reportable segments of ¥(1,058) million. Corporate expenses mainly consist of costs incurred by the Human Resources Department, the General Administration Department, the Accounting and Finance Management Department, and the Corporate Planning Department at the Company's head office, including administrative expenses for the head office building.
 - Segment profit (loss) is adjusted to operating profit in the quarterly consolidated statement of income.

2. Information concerning impairment losses of non-current assets or goodwill, etc. for each reportable segment

Not applicable.

Notes when there are significant changes in amounts of equity

Not applicable.

Notes on premise of going concern

Not applicable.