

Consolidated Financial Results for the Fiscal Year March 2019 (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 13, 2019

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 25, 2019
 Date of Dividend Payment (Planned): June 7, 2019
 Date of Financial Statement Filing (Planned): June 25, 2019
 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, 2018 – Mar. 31, 2019)

(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 2019 | 136,637 | 9.7 | 11,713 | 15.8 | 11,883 | 22.1 | 5,625 | (13.7) |
| FY March 2018 | 124,566 | 9.2 | 10,117 | 13.3 | 9,733 | 10.6 | 6,518 | 20.7 |

(Note) Comprehensive Income: ¥3,275 million in FY Mar. 2019 (down 56.7%) ¥7,560 million in FY Mar. 2018 (up 86.7%)

| | 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 2019 | 58.50 | — | 7.4 | 9.0 | 8.6 |
| FY March 2018 | 65.50 | — | 8.7 | 7.7 | 8.1 |

(Reference) Gain from investments in subsidiaries and affiliates accounted for by the equity method: FY Mar. 2019: — FY Mar. 2018: —

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|---------------|--------------|-------------|--------------|----------------------|
| | Million Yen | Million Yen | % | Yen |
| FY March 2019 | 131,657 | 76,829 | 57.4 | 793.74 |
| FY March 2018 | 133,545 | 77,391 | 57.1 | 782.98 |

(Reference) Equity: ¥75,597 million in FY Mar. 2019 ¥76,217 million in FY Mar. 2018

(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 2019 | 10,069 | (9,264) | (9,702) | 12,876 |
| FY March 2018 | 6,941 | (7,066) | 5,267 | 22,019 |

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 2018 | — | 7.00 | — | 10.00 | 17.00 | 1,679 | 26.0 | 2.3 |
| FY March 2019 | — | 8.00 | — | 12.00 | 20.00 | 1,912 | 34.2 | 2.5 |
| FY March 2020 (Planned) | — | 10.00 | — | 14.00 | 24.00 | | 35.0 | |

Partial Release

3. Consolidated Financial Forecasts for the Fiscal Year March 2020 (Apr. 1, 2019–Mar. 31, 2020)

(% figures represent year-over-year change)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income attributable to owners of the parent | | Net Income per Share |
|------------------|-------------|-------|------------------|--------|-----------------|--------|---|--------|----------------------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % | Yen |
| 2H FY March 2020 | 65,000 | (4.1) | 3,600 | (38.1) | 3,400 | (41.3) | 2,200 | (44.0) | 23.39 |
| FY March 2020 | 133,000 | (2.7) | 10,000 | (14.6) | 9,700 | (18.4) | 6,400 | 13.8 | 68.49 |

※KITZ Corporation has resolved to acquire up to 2.5 million shares of its common stock from 19th March, 2019 to 18th September, 2019. The above net income per share is calculated based on the average number of shares outstanding during the period, taking into account the expected number of treasury shares scheduled to be acquired.

※ 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: None

2. Other changes: Yes

3. Changes in accounting estimates: Yes

4. Redisplay of revisions: None

(3) Number of shares outstanding (Common stock)

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

| | | | |
|---------------|--------------------|---------------|--------------------|
| FY March 2019 | 100,396,511 shares | FY March 2018 | 100,396,511 shares |
| FY March 2019 | 5,155,194 shares | FY March 2018 | 3,053,936 shares |
| FY March 2019 | 96,148,840 shares | FY March 2018 | 99,511,498 shares |

2. Treasury stock as of term end:

3. Average during the term:

* The shares held within the BIP trust accounts are included in term-end treasury stocks. (FY March 2019: 329,985 shares, FY March 2018: 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 2019: 329,985 shares, FY March 2018: 339,932 shares)

Reference: Fiscal Year March 2019 Non-Consolidated Financial Results (Apr. 1, 2018 – Mar. 31, 2019)

(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 2019 | 72,262 | 12.7 | 5,985 | 28.3 | 7,609 | 16.9 | 2,985 | (45.2) |
| FY March 2018 | 64,118 | 3.5 | 4,665 | 9.9 | 6,506 | 27.6 | 5,445 | 44.5 |

| | Net Income per Share | Net Income per Share (Diluted) |
|---------------|----------------------|--------------------------------|
| | Yen | Yen |
| FY March 2019 | 31.05 | — |
| FY March 2018 | 54.72 | — |

(2) Non-Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|---------------|--------------|-------------|--------------|----------------------|
| | Million Yen | Million Yen | % | Yen |
| FY March 2019 | 99,045 | 54,079 | 54.6 | 567.81 |
| FY March 2018 | 105,903 | 55,769 | 52.7 | 572.91 |

(Reference) Equity: ¥54,079 million in FY Mar. 2019 ¥55,769 million in FY Mar. 2018

* 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.

*KITZ Corporation has implemented the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018) and relevant Guidance effective from the beginning of the first quarter under review. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Non-current liabilities”.

As a result, the amount of total asset and liabilities as of March 31, 2018 decreased 642 million yen and equity ratio increased 0.3% on consolidated basis. On non-consolidated basis, total asset and liabilities as of March 31, 2018 decreased 494 million yen and equity ratio increased 0.3%