

KITZ CORPORATION

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News Release
May 13, 2019

Notice of Change of Dividend Policy

At the board of directors meeting held on May 13, 2019, KITZ Corporation (hereinafter “KITZ”) decided to change its dividend policy.

1. Background

KITZ believes that returning profits to shareholders by cash dividend is one of the highest priorities. Based on the 4th phase of medium-term management plan from FY2019 to FY2021, it has decided to place more emphasis on returning profits to shareholders through cash dividends.

2. Changes

<before change>

Returning profits to shareholders by cash dividend is one of the highest priorities of KITZ. The Company's stance is to place importance on the consistency and stability of the dividend while taking into account a number of factors. These factors include current results of operations and the need for funds for capital investment, development, M&A and other activities needed for growth. Another factor is the need to increase retained earnings to provide funds for repaying loans and redeeming bonds.

At present, based on the above-stated considerations, KITZ believes that a dividend payout ratio of about 25% of net income attributable to owners of the parent is appropriate. In line with the formulation of a new medium-term management plan, the Company will endeavor to further enhance shareholder value through a more aggressive acquisition of treasury stock compared to the traditional goal of about 1/3 of the total consolidated total return ratio.

<after change>

Returning profits to shareholders by cash dividend is one of the highest priorities of KITZ. The Company's stance is to place importance on the consistency and stability of the dividend while taking into account a number of factors. These factors include current results of operations and the need for funds for capital investment, development, M&A and other activities needed for growth. Another factor is the need to increase retained earnings to provide funds for repaying loans and redeeming bonds.

Based on the above-stated considerations, KITZ believes that a dividend payout ratio of about 35% of net income attributable to owners of the parent is appropriate. KITZ may consider the acquisition of treasury stock as appropriate, taking into consideration the stock market, the Company's share price trends, the status of cash on hand, and other factors, taking into account the amount of investments required for medium-to long-term growth. KITZ will continue to enhance the return of profits to its shareholders.

3. Implementation period

This change will go into effect with the interim dividend for the fiscal year ending March 31, 2020. The year-end dividend for the fiscal year ended March 31, 2019 will be paid based on the dividend policy prior to the change.