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August 8, 2025

Consolidated Financial Results for the Six Months Ended June 30, 2025 (Under Japanese GAAP)

Company name: KITZ CORPORATION
Listing: Tokyo Stock Exchange
Stock code: 6498
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Scheduled date to file semi-annual securities report: August 8, 2025
Scheduled date to commence dividend payments: September 18, 2025
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 six months ended June 30, 2025 (from January 1, 2025 to June 30, 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	%
Six months ended								
June 30, 2025	86,380	3.1	7,933	21.9	8,373	14.0	5,968	10.1
June 30, 2024	83,797	3.1	6,508	(1.0)	7,347	1.5	5,420	(1.2)

Note: Comprehensive income For the six months ended June 30, 2025: ¥3,507 million [(64.4)%]
For the six months ended June 30, 2024: ¥9,848 million [7.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	68.65	—
June 30, 2024	60.41	—

(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
June 30, 2025	172,436	110,900	63.5	1,259.47
December 31, 2024	172,406	109,809	62.9	1,246.16

Reference: Equity

As of June 30, 2025: ¥109,539 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	—	21.00			
Fiscal year ending December 31, 2025 (Forecast)			—	27.00	48.00

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
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 semi-annual consolidated financial statements: Yes

Note: For details, see page 9, “2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto, (4) Notes to semi-annual consolidated financial statements, Notes on accounting treatment specific to the preparation of semi-annual 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. Semi-annual Consolidated Financial Statements and Significant Notes Thereto, (4) Notes to semi-annual 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 June 30, 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 June 30, 2025	593,450 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)

Six months ended June 30, 2025	86,944,185 shares
Six months ended June 30, 2024	89,716,903 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 June 30, 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 six months ended June 30, 2025, and 367,980 for the six months ended June 30, 2024).

- * Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

- * 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 August 8, 2025.

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1. Overview of Operating Results and Others

(1) Overview of operating results for the period

During the first six 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 3.1% year on year to ¥86,380 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 21.9% year on year to ¥7,933 million, mainly due to the increased revenue from higher sales volume in the Valve Manufacturing Business, despite factors such as the higher repair expenses in the Brass Bar Manufacturing Business. Ordinary profit increased 14.0% year on year to ¥8,373 million, and profit attributable to owners of parent was up 10.1% year on year to ¥5,968 million.

The operating results by segment are as follows:

(i) Valve Manufacturing Business

In the Valve Manufacturing Business, net sales to external customers increased 0.8% year on year to ¥69,093 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 22.8% year on year to ¥9,815 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 13.9% year on year to ¥16,140 million, mainly due to higher sales volume. Operating profit decreased 49.9% year on year to ¥308 million, mainly due to higher repair expenses despite higher sales volume.

(iii) Other

In Other Businesses, net sales to external customers increased by 3.7% year on year to ¥1,147 million, and operating profit decreased by 75.1% year on year to ¥8 million.

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

Assets at the end of the period under review increased by ¥30 million from the end of the previous fiscal year to ¥172,436 million. This increase was mainly due to increases in property, plant and equipment and inventories, despite a decrease in cash and deposits.

Liabilities decreased by ¥1,059 million from the end of the previous fiscal year to ¥61,536 million, primarily due to a reduction in bonds payable, despite an increase in long-term borrowings.

Net assets increased by ¥1,090 million from the end of the previous fiscal year to ¥110,900 million. This increase was mainly due to the recording of ¥5,968 million in profit attributable to owners of parent, despite the payment of dividends and a decrease in foreign currency translation adjustment.

(Cash flows)

Cash and cash equivalents (“cash”) at the end of the period under review decreased by ¥3,957 million from the end of the previous fiscal year to ¥26,482 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 ¥5,334 million (compared to ¥8,613 million provided in the same period of the previous fiscal year). This was mainly due to inflows including profit before income taxes of ¥8,620 million and depreciation of ¥3,299 million, despite outflows including an increase in inventories of ¥2,729 million and income taxes paid of ¥2,473 million.

(ii) Cash flows from investing activities

Net cash used in investing activities amounted to ¥4,734 million (compared to ¥4,123 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 ¥4,699 million primarily in the Valve Manufacturing Business.

(iii) Cash flows from financing activities

Net cash used in financing activities was ¥3,566 million (compared to ¥4,081 million used in the same period of the previous fiscal year). This was mainly due to outflows including redemption of bonds of ¥10,067 million, dividends paid of ¥2,356 million and repayments of long-term borrowings of ¥906 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 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. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	30,729	26,643
Notes and accounts receivable - trade, and contract assets	22,416	22,695
Electronically recorded monetary claims - operating	12,869	12,624
Merchandise and finished goods	15,510	16,043
Work in process	8,755	8,887
Raw materials and supplies	13,036	14,409
Other	3,208	3,638
Allowance for doubtful accounts	(148)	(148)
Total current assets	106,377	104,795
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,526	17,910
Machinery, equipment and vehicles, net	15,433	14,440
Land	9,874	9,809
Other, net	11,593	13,797
Total property, plant and equipment	54,427	55,958
Intangible assets		
Goodwill	99	51
Other	1,599	1,793
Total intangible assets	1,698	1,844
Investments and other assets	9,902	9,838
Total non-current assets	66,029	67,641
Total assets	172,406	172,436

KITZ CORPORATION (6498)

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,505	10,213
Current portion of bonds payable	10,135	135
Short-term borrowings	645	575
Current portion of long-term borrowings	1,299	2,725
Income taxes payable	2,263	2,573
Provision for bonuses	3,248	3,093
Provision for bonuses for directors (and other officers)	265	138
Other	8,057	7,041
Total current liabilities	35,419	26,496
Non-current liabilities		
Bonds payable	20,135	20,067
Long-term borrowings	2,564	10,231
Provision for retirement benefits for directors (and other officers)	281	233
Provision for share awards for directors (and other officers)	125	142
Retirement benefit liability	845	826
Asset retirement obligations	838	821
Other	2,387	2,717
Total non-current liabilities	27,177	35,040
Total liabilities	62,596	61,536
Net assets		
Shareholders' equity		
Share capital	21,207	21,207
Capital surplus	5,726	5,726
Retained earnings	70,392	73,977
Treasury shares	(482)	(496)
Total shareholders' equity	96,843	100,414
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,668	1,517
Foreign currency translation adjustment	9,852	7,594
Remeasurements of defined benefit plans	21	12
Total accumulated other comprehensive income	11,542	9,125
Non-controlling interests	1,423	1,360
Total net assets	109,809	110,900
Total liabilities and net assets	172,406	172,436

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income***Semi-annual consolidated statement of income***

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Net sales	83,797	86,380
Cost of sales	62,002	63,229
Gross profit	21,795	23,151
Selling, general and administrative expenses	15,287	15,217
Operating profit	6,508	7,933
Non-operating income		
Interest income	148	107
Dividend income	85	84
Foreign exchange gains	405	–
Gain from insurance claims	144	400
Other	299	487
Total non-operating income	1,084	1,079
Non-operating expenses		
Interest expenses	129	137
Foreign exchange losses	–	321
Other	115	180
Total non-operating expenses	245	639
Ordinary profit	7,347	8,373
Extraordinary income		
Gain on sale of property, plant and equipment	5	4
Gain on sale of investment securities	335	268
Other	2	1
Total extraordinary income	342	274
Extraordinary losses		
Loss on sale and retirement of property, plant and equipment	23	24
Other	5	3
Total extraordinary losses	28	27
Profit before income taxes	7,661	8,620
Income taxes	2,252	2,633
Profit	5,408	5,986
Profit (loss) attributable to non-controlling interests	(11)	18
Profit attributable to owners of parent	5,420	5,968

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit	5,408	5,986
Other comprehensive income		
Valuation difference on available-for-sale securities	445	(150)
Foreign currency translation adjustment	3,997	(2,319)
Remeasurements of defined benefit plans, net of tax	(2)	(9)
Total other comprehensive income	4,440	(2,479)
Comprehensive income	9,848	3,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,790	3,551
Comprehensive income attributable to non-controlling interests	58	(44)

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	7,661	8,620
Depreciation	3,582	3,299
Increase (decrease) in provision for bonuses	(213)	(132)
Increase (decrease) in retirement benefit liability	30	10
Interest and dividend income	(234)	(192)
Interest expenses	129	137
Loss (gain) on sale of investment securities	(335)	(268)
Decrease (increase) in accounts receivable - trade, and contract assets	297	(447)
Decrease (increase) in inventories	644	(2,729)
Decrease (increase) in other current assets	147	(447)
Increase (decrease) in trade payables	(771)	1,143
Increase (decrease) in other current liabilities	42	(846)
Other, net	59	(401)
Subtotal	11,038	7,747
Interest and dividends received	221	201
Interest paid	(128)	(140)
Income taxes paid	(2,518)	(2,473)
Net cash provided by (used in) operating activities	8,613	5,334
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,763)	(4,699)
Proceeds from sale of property, plant and equipment	5	8
Purchase of intangible assets	(312)	(392)
Purchase of investment securities	(5)	(3)
Proceeds from sale of investment securities	590	348
Net decrease (increase) in time deposits	353	123
Other, net	8	(119)
Net cash provided by (used in) investing activities	(4,123)	(4,734)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(362)	(62)
Proceeds from long-term borrowings	200	10,000
Repayments of long-term borrowings	(988)	(906)
Redemption of bonds	(67)	(10,067)
Dividends paid	(2,072)	(2,356)
Purchase of treasury shares	(86)	(108)
Other, net	(703)	(64)
Net cash provided by (used in) financing activities	(4,081)	(3,566)
Effect of exchange rate change on cash and cash equivalents	1,514	(992)
Net increase (decrease) in cash and cash equivalents	1,922	(3,957)
Cash and cash equivalents at beginning of period	28,398	30,440
Cash and cash equivalents at end of period	30,321	26,482

(4) Notes to semi-annual 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 period 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 semi-annual 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 period under review. This change in accounting policies has been applied retrospectively, and is reflected in the semi-annual 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 semi-annual 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 semi-annual 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 period 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. Six months ended June 30, 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 semi-annual consolidated statement of income (Note 3)
Net sales					
Sales to external customers	68,514	14,176	1,106	—	83,797
Intersegment sales and transfers	118	1,322	53	(1,494)	—
Total	68,633	15,499	1,159	(1,494)	83,797
Segment profit	7,994	616	34	(2,137)	6,508

- 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 adjustment of ¥(2,137) million includes intersegment eliminations of ¥(41) million and corporate expenses that are not allocated to any reportable segments of ¥(2,096) 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 is adjusted to operating profit in the semi-annual consolidated statement of income.

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

Not applicable.

II. Six months ended June 30, 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 semi-annual consolidated statement of income (Note 3)
Net sales					
Sales to external customers	69,093	16,140	1,147	—	86,380
Intersegment sales and transfers	123	1,470	47	(1,641)	—
Total	69,216	17,611	1,194	(1,641)	86,380
Segment profit	9,815	308	8	(2,198)	7,933

- 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 adjustment of ¥(2,198) million includes intersegment eliminations of ¥(40) million and corporate expenses that are not allocated to any reportable segments of ¥(2,158) 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.
 3. Segment profit is adjusted to operating profit in the semi-annual 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.