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February 12, 2026

Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)

Company name: KITZ CORPORATION
 Listing: Tokyo Stock Exchange
 Stock code: 6498
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Scheduled date of ordinary general meeting of shareholders: March 26, 2026
 Scheduled date to commence dividend payments: March 11, 2026
 Scheduled date to file annual securities report: March 19, 2026
 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 fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	176,682	2.7	15,454	8.7	16,071	5.2	11,465	(3.0)
December 31, 2024	172,042	3.1	14,220	3.9	15,276	5.7	11,824	11.6

Note: Comprehensive income For the fiscal year ended December 31, 2025: ¥14,285 million [(1.6)%]
 For the fiscal year ended December 31, 2024: ¥14,517 million [(0.1)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2025	131.85	—	10.1	9.0	8.7
December 31, 2024	132.64	—	11.3	9.0	8.3

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2025: ¥— million

For the fiscal year ended December 31, 2024: ¥— million

(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
December 31, 2025	184,325	119,790	64.1	1,358.57
December 31, 2024	172,406	109,809	62.9	1,246.16

Reference: Equity

As of December 31, 2025: ¥118,157 million

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2025	13,634	(10,286)	(6,066)	28,054
December 31, 2024	18,559	(7,836)	(9,907)	30,440

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2024	Yen –	Yen 19.00	Yen –	Yen 27.00	Yen 46.00	Millions of yen 4,068	% 34.7	% 3.9
Fiscal year ended December 31, 2025	–	21.00	–	32.00	53.00	4,625	40.2	4.1
Fiscal year ending December 31, 2026 (Forecast)	–	29.00	–	30.00	59.00		40.4	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(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, 2026	94,200	9.1	8,000	0.8	8,250	(1.5)	6,400	7.2	73.58
Fiscal year ending December 31, 2026	195,000	10.4	17,000	10.0	17,400	8.3	12,700	10.8	146.02

*** Notes**

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

Newly included: – companies

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

(2) 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 15, “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to consolidated financial statements, Notes on changes in accounting policies.”

(3) Number of issued shares (common shares)

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

As of December 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 December 31, 2025	593,738 shares
As of December 31, 2024	589,620 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2025	86,958,144 shares
Fiscal year ended December 31, 2024	89,143,621 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 December 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 (297,046 shares for the fiscal year ended December 31, 2025, and 332,513 shares for the fiscal year ended December 31, 2024).

See page 17, “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to consolidated financial statements, Notes on per share information” for more information regarding the number of shares used as the basis for calculating basic earnings per share (consolidated).

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	79,929	10.1	5,454	68.3	8,853	11.2	8,982	17.8
December 31, 2024	72,591	0.6	3,241	19.6	7,958	9.7	7,628	9.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2025	103.30	–
December 31, 2024	85.57	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	115,878	64,986	56.1	747.21
December 31, 2024	113,777	59,996	52.7	689.80

Reference: Equity

As of December 31, 2025: ¥64,986 million

As of December 31, 2024: ¥59,996 million

<Reason for Difference in Non-consolidated Operating Results from the Previous Fiscal Year>

Net sales increased due to the increase in net sales for the overseas market mainly in North America.

* Financial results reports are exempt from audit 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 4, “1. Overview of Operating Results and Others, (4) Future outlook” 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 February 16, 2026.

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1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended 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 remained susceptible to adverse conditions such as a persisting scenario of rising prices driven by hikes in policy interest rates, surging energy resource and raw material prices as well as exchange rate fluctuations, despite continuance of robust inbound demand, record high Nikkei Stock Average and other such factors.

Under these circumstances, total net sales increased 2.7% year on year to ¥176,682 million in the fiscal year under review. The increase was a result of higher revenue in the Valve Manufacturing Business, mainly reflecting higher sales volume in the overseas market and effects of price revisions, more than offsetting a decline in sales for semiconductor manufacturing equipment. The increase was 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 8.7% year on year to ¥15,454 million, mainly due to the increased revenue from higher sales volume in the Valve Manufacturing Business. Ordinary profit increased 5.2% year on year to ¥16,071 million, and profit attributable to owners of parent was down 3.0% year on year to ¥11,465 million, mainly due to a decrease in gain on sale of investment securities from the sale of cross-shareholdings.

The operating results by segment are as follows:

- Valve Manufacturing Business

In the Valve Manufacturing Business, net sales to external customers increased 1.3% year on year to ¥141,415 million, mainly reflecting higher sales volume in the overseas market and effects of price revisions, more than offsetting a decline in sales for semiconductor manufacturing equipment. Operating profit increased 8.4% year on year to ¥18,886 million, mainly due to the increased revenue from higher sales volume.

- Brass Bar Manufacturing Business

In the Brass Bar Manufacturing Business, net sales to external customers increased 9.0% year on year to ¥32,514 million, mainly due to higher sales volume. Operating profit decreased 2.4% year on year to ¥865 million, mainly due to higher repair expenses.

- Other

In Other Businesses, net sales to external customers increased by 4.0% year on year to ¥2,752 million, due in part to the strong performance of the hotel business. Operating profit increased 17.0% year on year to ¥171 million, mainly due to the increase in net sales.

Effective from January 1, 2026, the segment name was changed from “Brass Bar Manufacturing Business” to “Metal Solutions Business.” This change has no impact on segment information because it is a change in segment name.

(2) Overview of financial position for the fiscal year under review

Assets at the end of the fiscal year under review increased by ¥11,919 million from the end of the previous fiscal year to ¥184,325 million. This increase was mainly due to increases in property, plant and equipment and inventories.

Liabilities increased by ¥1,938 million from the end of the previous fiscal year to ¥64,535 million, primarily due to an increase in long-term borrowings, despite a reduction in current portion of bonds payable.

Net assets increased by ¥9,981 million from the end of the previous fiscal year to ¥119,790 million. This increase was mainly due to the recording of ¥11,465 million in profit attributable to owners of parent and an increase in foreign currency translation adjustment, despite the payment of dividends.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (“cash”) at the end of the fiscal year under review decreased by ¥2,385 million from the end of the previous fiscal year to ¥28,054 million.

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

- Cash flows from operating activities

Net cash provided by operating activities amounted to ¥13,634 million. This was mainly due to inflows including profit before income taxes of ¥16,418 million and depreciation of ¥7,015 million, despite outflows including income taxes paid of ¥4,766 million and an increase in inventories of ¥3,651 million.

- Cash flows from investing activities

Net cash used in investing activities amounted to ¥10,286 million. This was mainly due to outflows including purchase of property, plant and equipment of ¥10,390 million primarily in the Valve Manufacturing Business.

- Cash flows from financing activities

Net cash used in financing activities was ¥6,066 million. This was mainly due to outflows including redemption of bonds of ¥10,135 million, dividends paid of ¥4,189 million and repayments of long-term borrowings of ¥2,369 million, despite inflows including proceeds from long-term borrowings of ¥11,639 million.

(Reference) Changes in cash flow related indicators

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Equity-to-asset ratio (%)	60.5	62.9	64.1
Equity-to-asset ratio on a market value basis (%)	64.9	57.4	82.1
Interest-bearing debt to cash flow ratio (%)	237.0	194.5	271.5
Interest coverage ratio (times)	60.2	73.1	41.0

Equity-to-asset ratio = Equity/Total assets

Equity-to-asset ratio on a market value basis = Market capitalization/Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt/Cash flow

Interest coverage ratio = Cash flow/Interest payment

Notes: 1. All indicators are calculated using financial data on a consolidated basis.

2. Market capitalization is calculated based on the number of issued shares, excluding treasury shares.

3. Cash flow used in the calculation is operating cash flow.

4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet on which interest is paid.

(4) Future outlook

The business environment surrounding the Group remains uncertain due to soaring energy and raw material prices and heightened geopolitical risks. In addition to the need for self-transformation to adapt to rapid societal changes such as the diversification of work styles, increased awareness of the global environment, and advances in information technology, efforts are also needed to realize a sustainable society.

Under such circumstances, the Group has set a target of 13% ROE in 2030 and is working towards realizing its Long-term Management Vision “Beyond New Heights 2030 - Change the Flow.” Under the First Medium-term Plan 2024 (FY2022-2024), we have aggressively executed investments in growth fields such as the semiconductor market while strengthening our core business, which is our business foundation. “SHIN Global 2027” was announced in the Second Medium-term Plan (FY2025-2027), with the Group aiming to become a true global company by yielding results of investments made under the First Medium-term Plan while further advancing investments in growth fields and areas.

As the first year of the Second Medium-term Plan, the Group aimed to deepen its market and area strategy in 2025 by taking efforts such as investing in the expansion of its US sales offices and increasing capacity at its Thai production bases, amid the growing demand for data centers. In addition, we reorganized the internal organization into a market-focused Strategic Business Units (“SBUs”) structure to quickly and accurately grasp the market and customer needs, putting in place a system to meet those expectations. We have also consolidated the offices of domestic Group companies and strengthened the group synergies as “Global One KITZ.”

In FY2026, we will make further investment into growth markets needed to accelerate such initiatives. In addition, we will work on initiatives with a strong will described on the KITZ Group Strong Will Sheet that outlines our targets and key performance indicators (KPIs) designed to advance the realization of the Group’s materialities (key management themes), while further promoting sustainability management for sustained improvement in corporate value.

In the Valve Manufacturing Business, we have segmented our target markets into eight categories and have been developing our business with a market-driven approach. In core markets, we will further strengthen the business foundation that forms the core of the Group, amid growing demand for data centers and urban development, particularly in the US, as well as next generation energy businesses. In growth markets, we aim to ensure that investments based on growth strategies with the increase in the global semiconductor market and including our entry into the hydrogen supply chain looking ahead to a decarbonized society yield concrete results, while making further changes to the profit structure through developing and launching products for growth markets.

In the Metal Solutions Business, which changed its name from the Brass Bar Manufacturing Business from January 1, 2026, we are progressing with transformation of the business portfolio through initiatives including taking on the challenge of new materials and strengthening the processing business, as well as material recycling, so we also decided to reflect the details of these businesses in the name of the SBU and operating segment. The Group will work to further improve profitability through continuous cost reductions, in addition to expanding sales of high value-added products in growth fields.

In order to achieve further business growth, the Group reformed its organization from the conventional function-based organization to a market-focused SBU structure effective January 2025. Under the SBUs, manufacturing, sales, and technology are integrated, enabling us to accelerate the execution of our business strategies by responding swiftly to customer needs in each market.

The financial strategies and capital management aim to continuously enhance shareholder value (PBR) by focusing on increasing our ROE and improving our PER, while also placing emphasis on shareholder returns.

To increase our ROE, by engaging in ROIC-focused business management and maintaining an optimal capital structure, we will work to improve return on invested capital in the medium to long term. We will make improvements from the perspectives of both profitability and ROIC by conducting profit management through product portfolio management and the SBU method, as well as optimizing cash and deposit levels and reducing non-business assets, while also improving the cash conversion cycle

(CCC) through inventory optimization. Moreover, taking the ideal equity-to-asset ratio to be around 60%, we will strive to maintain an appropriate level through measures such as conducting additional borrowing for growth investment and considering share buybacks.

To improve our PER, we will aim to mitigate volatility in our financial results through the ongoing achievement of our profit and ROE targets. This is in addition to strengthening our initiatives relating to non-financial factors such as ESG management, IR strategy and investor engagement, and shareholder restructuring. By cultivating growth expectations through a business shift toward highly lucrative sectors, we aim to gain the trust of the capital markets.

With regard to shareholder returns, we consider the return of profits to be an important management priority. In addition, we will also aim to realize shareholder returns through the increase in share price over the medium to long term. From the fiscal year ending December 31, 2025, we lifted the ideal dividend payout ratio (consolidated) from approximately 35% to at least 40%, giving overall consideration to factors such as strengthening shareholder returns, changes in the business environment, and the impact on optimal capital structure and ROE targets. Accordingly, the dividend per share for the fiscal year ended December 31, 2025 was ¥53, a new record high. We will consider conducting share buybacks according to the environment such as investment status, with a view to achieving optimal capital structure and ROE targets, and taking into consideration financial stability and liquidity on hand.

As a result of these initiatives, the Company forecasts consolidated financial results for the full fiscal year ending December 31, 2026, to be net sales of ¥195,000 million, operating profit of ¥17,000 million, ordinary profit of ¥17,400 million, and profit attributable to owners of parent of ¥12,700 million.

(5) Basic policy on profit distribution and information on dividends for the fiscal year under review and next fiscal year

The Company regards the return of profits to shareholders in the form of dividends as a key management priority. The Company's basic policy is to pay dividends commensurate with current business trends as well as its various financial needs for repayment of debts, and redemption of bonds in addition to funding for capital investments for future business expansion, research and development expenditure, or M&A and other activities. In paying dividends, the Company also aims to secure adequate internal reserves while also taking into full consideration the need for continuous and stable payment of dividends.

The Company believes that the ideal dividend payout ratio (consolidated) is at least 40% of profit attributable to owners of parent.

The Company will consider share buybacks as appropriate, taking into consideration the amount of investment required for medium to long-term growth, and assessing trends in the stock market and the share price of the Company's stock, cash on hand, the optimal capital structure, ROE target, and investment status.

Regarding the timing of dividends, there are two dividend payments each year in principle, an interim dividend, and a year-end dividend. In order to expeditiously handle dividends to our shareholders and other appropriation of surplus, the Company's Articles of Incorporation stipulate that the Board of Directors acts as the decision-making body for dividends and other appropriation of surplus.

Guided by the aforementioned policy, the Company plans to pay a year-end dividend ¥32 per share for the fiscal year under review. Accordingly, the Company plans to pay annual dividends of ¥53 per share for the fiscal year under review, including the interim payment (¥21 per share), and the dividend payout ratio (consolidated) is expected to be 40.2%.

Based on profit attributable to owners of parent as per the current consolidated earnings forecasts, we forecast annual dividends for the next fiscal year to be ¥59 per share.

2. Basic Policy Regarding Selection of Accounting Standards

The Group has adopted the accounting principles generally accepted in Japan (Japanese GAAP) to ensure the comparability of its consolidated financial statements over time and with those of other companies. However, in response to the growing demand for international comparability and the progress in the adoption of International Financial Reporting Standards (IFRS) by Japanese companies, the Group will consider adopting IFRS.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	30,729	28,239
Notes and accounts receivable - trade, and contract assets	22,416	24,102
Electronically recorded monetary claims - operating	12,869	12,539
Merchandise and finished goods	15,510	17,601
Work in process	8,755	9,061
Raw materials and supplies	13,036	15,318
Other	3,208	3,499
Allowance for doubtful accounts	(148)	(81)
Total current assets	106,377	110,281
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,046	45,605
Accumulated depreciation	(23,520)	(25,149)
Buildings and structures, net	17,526	20,455
Machinery, equipment and vehicles	67,818	74,277
Accumulated depreciation	(52,384)	(55,796)
Machinery, equipment and vehicles, net	15,433	18,480
Tools, furniture and fixtures	21,067	22,269
Accumulated depreciation	(14,416)	(15,472)
Tools, furniture and fixtures, net	6,650	6,796
Land	9,874	10,003
Leased assets	5,020	7,424
Accumulated depreciation	(2,950)	(3,649)
Leased assets, net	2,070	3,774
Construction in progress	2,825	2,039
Other	77	53
Accumulated depreciation	(29)	(37)
Other, net	47	15
Total property, plant and equipment	54,427	61,566
Intangible assets		
Goodwill	99	-
Other	1,599	2,167
Total intangible assets	1,698	2,167
Investments and other assets		
Investment securities	5,512	5,677
Retirement benefit asset	252	672
Deferred tax assets	1,712	1,904
Other	2,426	2,067
Allowance for doubtful accounts	(0)	(11)
Total investments and other assets	9,902	10,310
Total non-current assets	66,029	74,044
Total assets	172,406	184,325

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(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,505	9,927
Current portion of bonds payable	10,135	135
Short-term borrowings	645	568
Current portion of long-term borrowings	1,299	2,616
Income taxes payable	2,263	2,475
Accrued consumption taxes	499	316
Provision for bonuses	3,248	3,358
Provision for bonuses for directors (and other officers)	265	268
Asset retirement obligations	14	–
Other	7,543	7,566
Total current liabilities	35,419	27,232
Non-current liabilities		
Bonds payable	20,135	20,000
Long-term borrowings	2,564	10,573
Lease liabilities	806	2,413
Deferred tax liabilities	712	1,008
Provision for retirement benefits for directors (and other officers)	281	254
Provision for share awards for directors (and other officers)	125	158
Retirement benefit liability	845	866
Asset retirement obligations	838	1,135
Other	868	892
Total non-current liabilities	27,177	37,302
Total liabilities	62,596	64,535
Net assets		
Shareholders' equity		
Share capital	21,207	21,207
Capital surplus	5,726	5,740
Retained earnings	70,392	77,668
Treasury shares	(482)	(497)
Total shareholders' equity	96,843	104,119
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,668	1,837
Foreign currency translation adjustment	9,852	11,877
Remeasurements of defined benefit plans	21	323
Total accumulated other comprehensive income	11,542	14,038
Non-controlling interests	1,423	1,633
Total net assets	109,809	119,790
Total liabilities and net assets	172,406	184,325

(2) Consolidated statement of income and consolidated statement of comprehensive income*Consolidated statement of income*

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	172,042	176,682
Cost of sales	127,071	129,720
Gross profit	44,971	46,961
Selling, general and administrative expenses	30,751	31,506
Operating profit	14,220	15,454
Non-operating income		
Interest income	315	216
Dividend income	203	180
Foreign exchange gains	364	-
Gain from insurance claims	153	421
Subsidy income	172	169
Other	328	574
Total non-operating income	1,539	1,563
Non-operating expenses		
Interest expenses	249	339
Loss on sale of notes receivable - trade	82	97
Foreign exchange losses	-	248
Losses on derivatives	-	115
Other	150	146
Total non-operating expenses	482	947
Ordinary profit	15,276	16,071
Extraordinary income		
Gain on sale of property, plant and equipment	41	23
Gain on sale of investment securities	1,232	391
Other	13	1
Total extraordinary income	1,287	416
Extraordinary losses		
Loss on sale and retirement of property, plant and equipment	69	64
Other	24	4
Total extraordinary losses	94	69
Profit before income taxes	16,469	16,418
Income taxes - current	4,573	4,837
Income taxes - deferred	(78)	(126)
Total income taxes	4,495	4,710
Profit	11,974	11,707
Profit attributable to non-controlling interests	149	241
Profit attributable to owners of parent	11,824	11,465

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit	11,974	11,707
Other comprehensive income		
Valuation difference on available-for-sale securities	(534)	169
Foreign currency translation adjustment	3,046	2,107
Remeasurements of defined benefit plans, net of tax	31	301
Total other comprehensive income	2,542	2,578
Comprehensive income	14,517	14,285
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,238	13,961
Comprehensive income attributable to non-controlling interests	278	323

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,207	5,739	65,258	(459)	91,745
Changes during period					
Dividends of surplus			(3,784)		(3,784)
Profit attributable to owners of parent			11,824		11,824
Purchase of treasury shares				(3,086)	(3,086)
Disposal of treasury shares		6		59	65
Cancellation of treasury shares		(43)	(2,906)	2,949	–
Restricted share awards		24		54	79
Net changes in items other than shareholders' equity					
Total changes during period	–	(12)	5,134	(23)	5,098
Balance at end of period	21,207	5,726	70,392	(482)	96,843

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,203	6,935	(9)	9,128	1,333	102,207
Changes during period						
Dividends of surplus						(3,784)
Profit attributable to owners of parent						11,824
Purchase of treasury shares						(3,086)
Disposal of treasury shares						65
Cancellation of treasury shares						–
Restricted share awards						79
Net changes in items other than shareholders' equity	(534)	2,917	31	2,413	90	2,503
Total changes during period	(534)	2,917	31	2,413	90	7,602
Balance at end of period	1,668	9,852	21	11,542	1,423	109,809

Fiscal year ended December 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,207	5,726	70,392	(482)	96,843
Changes during period					
Dividends of surplus			(4,189)		(4,189)
Profit attributable to owners of parent			11,465		11,465
Purchase of treasury shares				(108)	(108)
Disposal of treasury shares		3		0	3
Restricted share awards		10		93	104
Net changes in items other than shareholders' equity					
Total changes during period	-	13	7,276	(14)	7,275
Balance at end of period	21,207	5,740	77,668	(497)	104,119

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,668	9,852	21	11,542	1,423	109,809
Changes during period						
Dividends of surplus						(4,189)
Profit attributable to owners of parent						11,465
Purchase of treasury shares						(108)
Disposal of treasury shares						3
Restricted share awards						104
Net changes in items other than shareholders' equity	169	2,025	301	2,496	209	2,705
Total changes during period	169	2,025	301	2,496	209	9,981
Balance at end of period	1,837	11,877	323	14,038	1,633	119,790

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	16,469	16,418
Depreciation	7,013	7,015
Amortization of goodwill	113	136
Foreign exchange losses (gains)	367	18
Increase (decrease) in allowance for doubtful accounts	9	(58)
Increase (decrease) in provision for bonuses	148	89
Increase (decrease) in retirement benefit liability	50	10
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(21)	(34)
Increase (decrease) in provision for share awards for directors (and other officers)	(53)	4
Increase (decrease) in provision for bonuses for directors (and other officers)	(18)	2
Interest and dividend income	(518)	(397)
Interest expenses	249	339
Loss (gain) on sale and retirement of property, plant and equipment	27	41
Loss (gain) on sale of investment securities	(1,232)	(391)
Decrease (increase) in accounts receivable - trade, and contract assets	(192)	(846)
Decrease (increase) in inventories	969	(3,651)
Decrease (increase) in other current assets	485	(227)
Increase (decrease) in trade payables	(118)	134
Increase (decrease) in other current liabilities	(891)	(266)
Other, net	52	(14)
Subtotal	22,910	18,325
Interest and dividends received	511	408
Interest paid	(253)	(332)
Income taxes paid	(4,608)	(4,766)
Net cash provided by (used in) operating activities	18,559	13,634
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,409)	(10,390)
Proceeds from sale of property, plant and equipment	144	35
Purchase of intangible assets	(647)	(898)
Purchase of investment securities	(27)	(28)
Proceeds from sale of investment securities	1,946	530
Net decrease (increase) in time deposits	334	108
Other, net	(176)	356
Net cash provided by (used in) investing activities	(7,836)	(10,286)

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(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(389)	(84)
Proceeds from long-term borrowings	395	11,639
Repayments of long-term borrowings	(1,642)	(2,369)
Redemption of bonds	(135)	(10,135)
Dividends paid	(3,784)	(4,189)
Proceeds from sale of treasury shares	65	3
Purchase of treasury shares	(3,086)	(108)
Dividends paid to non-controlling interests	(93)	(20)
Other, net	(1,236)	(802)
Net cash provided by (used in) financing activities	(9,907)	(6,066)
Effect of exchange rate change on cash and cash equivalents	1,226	332
Net increase (decrease) in cash and cash equivalents	2,041	(2,385)
Cash and cash equivalents at beginning of period	28,398	30,440
Cash and cash equivalents at end of period	30,440	28,054

(5) Notes to consolidated financial statements***Notes on premise of going concern***

Not applicable.

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 fiscal year 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 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 fiscal year under review. This change in accounting policies has been applied retrospectively, and is reflected in the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

Segment information, etc.**1. Overview of reportable segments**

The Group’s reportable segments are components of the Group for which separate financial information is available and is evaluated regularly by the Company’s Board of Directors in deciding how to allocate resource and in assessing performance.

The Group formulates comprehensive strategies for both domestic and international markets by product and service, and operates businesses in areas such as the valve manufacturing business, the brass bar manufacturing business, and the hotel and restaurant business.

Accordingly, the Group consists of operating segments by product and service, and has the following two reportable segments: “Valve Manufacturing Business” and “Brass Bar Manufacturing Business.”

In the Valve Manufacturing Business, we manufacture and sell bronze valves, steel valves, other valve-related products, filtering-related products and their accessories. In the Brass Bar Manufacturing Business, we manufacture and sell brass bars and their processed items.

Effective from January 1, 2026, the segment name was changed from “Brass Bar Manufacturing Business” to “Metal Solutions Business.” This change has no impact on segment information because it is a change in segment name.

2. Method of calculation of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting methods used for the operating segments that are reported are the same as those used for the preparation of consolidated financial statements.

Profit of the reportable segments is based on operating profit. Intersegment sales and transfers are based on prevailing market prices.

3. Information of net sales, profit (loss), assets, liabilities, and other items for each reportable segment
Fiscal year ended December 31, 2024

(Millions of yen)

	Valve Manufacturing Business	Brass Bar Manufacturing Business	Other (Note 1)	Adjustments (Notes 2 and 4)	Amount recorded in consolidated financial statements (Note 3)
Net sales					
Sales to external customers	139,556	29,838	2,647	–	172,042
Intersegment sales and transfers	246	2,447	85	(2,779)	–
Total	139,802	32,286	2,732	(2,779)	172,042
Segment profit	17,419	886	146	(4,232)	14,220
Segment assets (Note 4)	–	–	–	172,406	172,406
Other items					
Depreciation	5,754	995	73	189	7,013
Amortization of goodwill	113	–	–	–	113

Fiscal year ended December 31, 2025

(Millions of yen)

	Valve Manufacturing Business	Brass Bar Manufacturing Business	Other (Note 1)	Adjustments (Notes 2 and 4)	Amount recorded in consolidated financial statements (Note 3)
Net sales					
Sales to external customers	141,415	32,514	2,752	–	176,682
Intersegment sales and transfers	252	2,533	86	(2,871)	–
Total	141,667	35,047	2,838	(2,871)	176,682
Segment profit	18,886	865	171	(4,467)	15,454
Segment assets (Note 4)	–	–	–	184,325	184,325
Other items					
Depreciation	5,735	1,024	79	175	7,015
Amortization of goodwill	136	–	–	–	136

- Notes: 1. The category of “Other” is an operating segment that is not included in the reportable segments and includes the hotel and restaurant businesses, etc.
2. Details of adjustments are as follows:
Segment profit

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Elimination of intersegment transactions	(51)	(62)
Corporate expenses*	(4,180)	(4,405)
Total	(4,232)	(4,467)

Depreciation

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Corporate expenses*	189	175
Total	189	175

* 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 is adjusted to operating profit in the consolidated statement of income.
- Segment assets are presented in aggregate only, as they are managed on a company-by-company basis (parent company and consolidated subsidiaries).
- The amounts of segment liabilities are not regularly reported to or used by the Company's Board of Directors.

Notes on per share information

(Yen)

Items	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net assets per share	1,246.16	1,358.57
Basic earnings per share	132.64	131.85

- Notes: 1. Information on diluted earnings per share is omitted due to an absence of potential shares.
2. The basis for the calculation of basic earnings per share is as follows:

Items	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
(Basic earnings per share)		
Profit attributable to owners of parent (Millions of yen)	11,824	11,465
Amounts not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	11,824	11,465
Average number of common shares outstanding during the period (Shares)	89,143,621	86,958,144

- The Company's shares held in the BIP Trust are included in the treasury shares that are deducted from the total number of issued shares at the end of the period in the calculation of net assets per share. (fiscal year ended December 31, 2024: 297,046 shares, fiscal year ended December 31, 2025: 297,046 shares)
They are also included in the treasury shares that are deducted in the calculation of average number of shares outstanding during the period as part of the calculation of basic earnings per share. (fiscal year ended December 31, 2024: 332,513 shares, fiscal year ended December 31, 2025: 297,046 shares)

Notes on significant subsequent events*Transfer of non-current assets*

KITZ Corporation of America, a consolidated subsidiary of the Company, resolved at its Board of Directors meeting held on October 27, 2025, to transfer non-current assets as outlined below, entered into a transfer agreement on the same date, and conducted the transfer on January 28, 2026.

1. Reason for transfer

As the evolution of generative AI and other technologies accelerates, the data center market is expected to expand increasingly on a global scale, and further growth in the data center market is anticipated in the United States as well. Amid such circumstances, our U.S. consolidated subsidiary,

KITZ Corporation of America, relocated its headquarters to expand its warehouse and enhance its inventory of products for data centers, as well as to establish a system for immediate delivery. Accordingly, the land and building of the former headquarters will be transferred.

2. Details of assets to be transferred

Details of assets	Land and buildings
Location	10750 Corporate Drive, Stafford Texas 77477, U.S.A.
Current status	Office and warehouse of the former headquarters

3. Description of transferee

Name	Atec, Inc.
Location	12600 Executive Drive, Stafford, Texas 77477, U.S.A.
Job title and name of representative	Howard Lederer, CEO & Senior Chairman
Relationship with the Company	There are no applicable matters concerning capital relationships, personnel relationships, business transactions, or related party relationships between the Company, KITZ Corporation of America, and the transferee.

4. Transfer date

Property handover date: January 28, 2026

5. Impact on profit or loss

With the transfer of the non-current assets, we plan to record a gain on sale of non-current assets of approximately ¥1,100 million as an extraordinary income in the consolidated financial results for the first quarter of the fiscal year ending December 31, 2026.

4. Non-consolidated Financial Statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	13,990	12,013
Notes receivable - trade	292	-
Electronically recorded monetary claims - operating	7,816	7,914
Accounts receivable - trade	10,214	12,225
Contract assets	316	279
Merchandise and finished goods	3,794	3,753
Work in process	2,881	2,898
Raw materials and supplies	2,057	2,153
Short-term loans receivable	3,910	6,162
Other	1,037	1,333
Allowance for doubtful accounts	(2)	(3)
Total current assets	46,309	48,731
Non-current assets		
Property, plant and equipment		
Buildings	4,176	4,258
Structures	438	418
Machinery and equipment	3,845	4,541
Tools, furniture and fixtures	4,856	4,893
Land	3,315	3,315
Construction in progress	737	698
Other	288	325
Total property, plant and equipment	17,658	18,452
Intangible assets	923	1,299
Investments and other assets		
Investment securities	3,635	3,894
Shares of subsidiaries and associates	40,303	40,204
Long-term loans receivable	2,562	1,251
Deferred tax assets	617	564
Other	1,767	1,481
Total investments and other assets	48,885	47,395
Total non-current assets	67,467	67,147
Total assets	113,777	115,878

KITZ CORPORATION (6498)

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	7,206	7,462
Current portion of bonds payable	10,135	135
Short-term borrowings	7,860	6,429
Current portion of long-term borrowings	555	1,932
Income taxes payable	1,019	1,090
Provision for bonuses	1,505	1,531
Provision for bonuses for directors (and other officers)	70	72
Other	2,636	2,527
Total current liabilities	30,989	21,181
Non-current liabilities		
Bonds payable	20,135	20,000
Long-term borrowings	1,113	8,109
Provision for share awards for directors (and other officers)	125	158
Other	1,418	1,441
Total non-current liabilities	22,791	29,710
Total liabilities	53,780	50,891
Net assets		
Shareholders' equity		
Share capital	21,207	21,207
Capital surplus		
Legal capital surplus	5,715	5,715
Other capital surplus	-	13
Total capital surplus	5,715	5,729
Retained earnings		
Other retained earnings		
Retained earnings brought forward	31,927	36,721
Total retained earnings	31,927	36,721
Treasury shares	(482)	(497)
Total shareholders' equity	58,367	63,160
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,628	1,826
Total valuation and translation adjustments	1,628	1,826
Total net assets	59,996	64,986
Total liabilities and net assets	113,777	115,878

(2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	72,591	79,929
Cost of sales	54,639	59,323
Gross profit	17,952	20,606
Selling, general and administrative expenses	14,710	15,152
Operating profit	3,241	5,454
Non-operating income		
Interest and dividend income	4,727	3,635
Gain from insurance claims	132	128
Foreign exchange gains	82	11
Other	181	174
Total non-operating income	5,123	3,949
Non-operating expenses		
Interest expenses	326	385
Loss on sale of notes receivable - trade	45	78
Other	33	86
Total non-operating expenses	406	551
Ordinary profit	7,958	8,853
Extraordinary income		
Gain on sale of property, plant and equipment	1	1
Gain on sale of investment securities	1,164	379
Gain on extinguishment of tie-in shares	-	1,453
Other	1	0
Total extraordinary income	1,168	1,834
Extraordinary losses		
Loss on sale and retirement of property, plant and equipment	23	11
Other	17	1
Total extraordinary losses	40	13
Profit before income taxes	9,085	10,674
Income taxes - current	1,407	1,722
Income taxes - deferred	50	(30)
Total income taxes	1,457	1,691
Profit	7,628	8,982

(3) Non-consolidated statement of changes in equity

Fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus		Retained earnings	Treasury shares	
		Legal capital surplus	Other capital surplus	Other retained earnings Retained earnings brought forward		
Balance at beginning of period	21,207	5,715	12	30,990	(459)	57,466
Changes during period						
Dividends of surplus				(3,784)		(3,784)
Profit				7,628		7,628
Purchase of treasury shares					(3,086)	(3,086)
Disposal of treasury shares			6		59	65
Cancellation of treasury shares			(43)	(2,906)	2,949	–
Restricted share awards			24		54	79
Net changes in items other than shareholders' equity						
Total changes during period	–	–	(12)	937	(23)	901
Balance at end of period	21,207	5,715	–	31,927	(482)	58,367

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	2,150	2,150	59,616
Changes during period			
Dividends of surplus			(3,784)
Profit			7,628
Purchase of treasury shares			(3,086)
Disposal of treasury shares			65
Cancellation of treasury shares			–
Restricted share awards			79
Net changes in items other than shareholders' equity	(521)	(521)	(521)
Total changes during period	(521)	(521)	379
Balance at end of period	1,628	1,628	59,996

Fiscal year ended December 31, 2025

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Other retained earnings		
				Retained earnings brought forward		
Balance at beginning of period	21,207	5,715	–	31,927	(482)	58,367
Changes during period						
Dividends of surplus				(4,189)		(4,189)
Profit				8,982		8,982
Purchase of treasury shares					(108)	(108)
Disposal of treasury shares			3		0	3
Restricted share awards			10		93	104
Net changes in items other than shareholders' equity						
Total changes during period	–	–	13	4,793	(14)	4,792
Balance at end of period	21,207	5,715	13	36,721	(497)	63,160

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	1,628	1,628	59,996
Changes during period			
Dividends of surplus			(4,189)
Profit			8,982
Purchase of treasury shares			(108)
Disposal of treasury shares			3
Restricted share awards			104
Net changes in items other than shareholders' equity	197	197	197
Total changes during period	197	197	4,990
Balance at end of period	1,826	1,826	64,986

5. Other

(1) Change in officers (scheduled for March 26, 2026)

(i) Candidates for new directors

Director: Tomoharu Suseki

Director: Yoshihide Hata

Director: Yumiko Hosoi

- Notes:
1. Tomoharu Suseki, Yoshihide Hata and Yumiko Hosoi are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
 2. Yumiko Hosoi's name on her family register is Yumiko Ando.

(ii) Retiring directors

Outside Director: Minoru Amoh (currently, Outside Director and Nominating Committee Chairperson)

Outside Director: Yutaka Fujiwara (currently, Outside Director and Compensation Committee Chairperson)

Outside Director: Shuhei Sakuno (currently, Outside Director and Audit Committee Chairperson)

(2) Others

Not applicable.