

KITZ CORPORATION

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News Release
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**Announcement of Financial Forecast and
Dividend Forecast for Fiscal Year December 2020**

KITZ Corporation (hereinafter “KITZ”) hereby announces the Financial Forecast and Dividend Forecast for Fiscal Year December 2020 as follows.

1. 6 Months Forecast

6 months forecast for Fiscal Year December 2020 (April 1, 2020 to September 30, 2020)
(million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income per share (Yen)
Previously announced forecast (A)	-	-	-	-	-
Revised forecast (B)	55,300	2,400	2,100	1,300	14.31
Change (B-A)	-	-	-	-	-
Rate of change	-	-	-	-	-
(Reference) Result of 6 months for Fiscal Year March 2020	62,199	2,816	2,733	2,033	21.75

2. Full-year (9 Months) Forecast

Full-year (9 months) forecast for Fiscal Year December 2020 (April 1, 2020 to December 31, 2020)
(million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income per share (Yen)
Previously announced forecast (A)	-	-	-	-	-
Revised forecast (B)	81,500	3,200	2,800	1,700	18.71
Change (B-A)	-	-	-	-	-
Rate of change	-	-	-	-	-
(Reference) Result of 9 months for Fiscal Year March 2020	94,083	5,010	4,842	3,494	37.49

(Note) At the 106th Annual General Meeting of Shareholders on June 29, 2020, the company decided to change the fiscal year ending March 31 to December 31 from FY2020, based on the approval of the Partial Change in the Articles of Incorporation. Similar changes have been made for consolidated subsidiaries whose fiscal year ended in March. Therefore, the Company announces the forecast of consolidated financial results for the fiscal year ending December 2020, which is the transitional period for the change in fiscal year-end, for the nine months from April 1, 2020 to December 31, 2020. Profit during January 1, 2020 and March 31, 2020 of consolidated subsidiaries whose fiscal year end in December is adjusted at consolidated retained earnings. For reference of forecast of consolidated financial results, actual results in third quarter (9 months) in FY2019 from April 1, 2019 to December 31, 2019 is described above.

3. Background

In May 2020, the forecast of business results for the fiscal year December 2020 had yet to be determined on a reasonable basis due to spread of the novel coronavirus (COVID-19). The Company has decided to calculate and disclose its consolidated earnings forecasts based on information and forecasts available at the present time, as it is now able to grasp the status of action restrictive measures and economic activities in each country. Although it is extremely difficult to assess the impact of the novel coronavirus (COVID-19) on business activities and financial results in the consolidated financial results forecasts, it is assumed that economic activities will gradually recover from the second half of fiscal 2020.

4. Dividend forecast

(Yen)

	Annual Dividend		
	Interim	Year-end	Total
Previously announced dividend forecast	-	-	-
Revised dividend forecast	4.00	3.00	7.00
Actual dividend	-	-	-
(Reference) Results of Fiscal Year March 2020	10.00	10.00	20.00

5. Background

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 35% of net income attributable to owners of the parent is appropriate.

In May 2000, the dividend forecast for the fiscal year ending December 31, 2020 had not been determined because it was difficult to forecast the consolidated financial results. However, based on the consolidated financial results forecast and the dividend forecast described above, the Company has decided to announce an annual dividend forecast of 7.00 yen (Interim dividend : 4.00 yen, Year-end dividend : 3.00 yen) per share.

(Note) The above figures are forecasts based on the information available to management as of the date here of. Actual results may differ from these forecasts due to various factors.