



KITZ Corporation

Second Medium-term Plan 2027 (FY2025-2027)

February 2025

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In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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1. The First Medium-term Plan (FY2022-2024) in Review

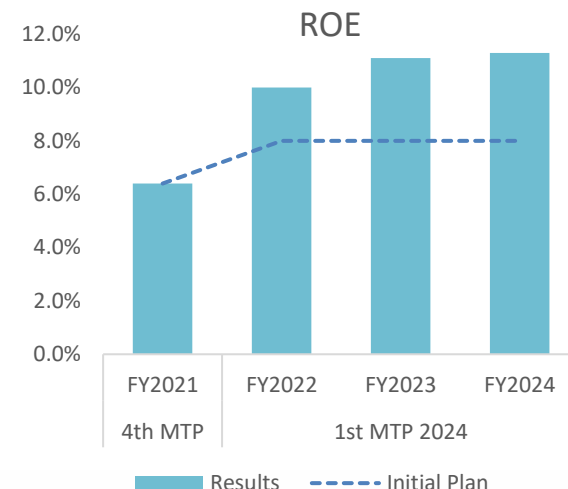
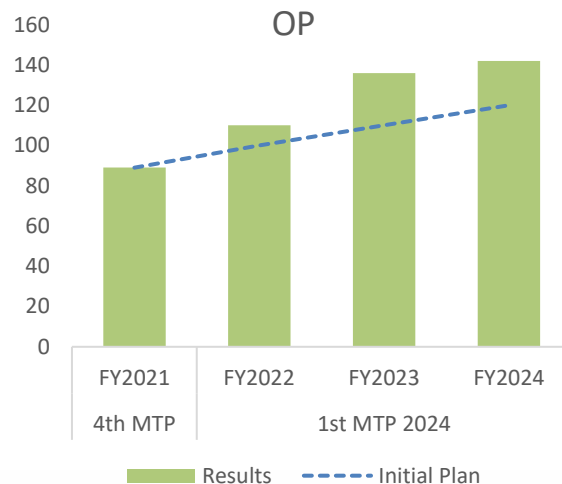
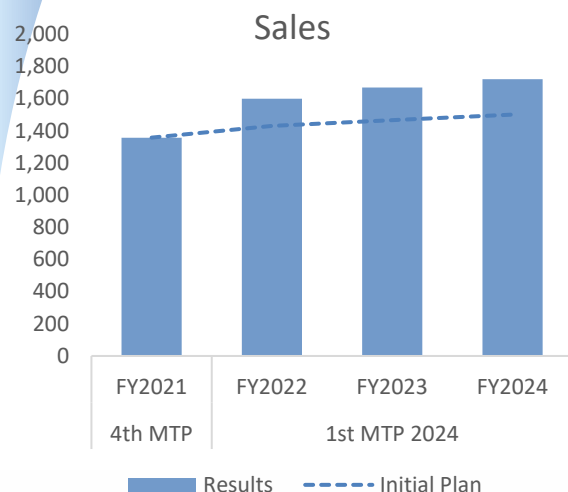
Summary

- Numerical targets have been achieved. Net sales plan ¥150.0b/results ¥172.0b, OP plan ¥12.0b/results ¥14.2b
- Annual sales growth rates: Core 8.7%, Growth 12.8% (FY2021–2024)
- ROE: Upgraded from 6.4% to 11.3% (FY2021–2024)

Aspect	Outcomes of 1st Medium-term Plan	Outstanding Task	Score
Quantitative goals	<ul style="list-style-type: none"> ■ All financial targets achieved. 	<ul style="list-style-type: none"> ■ Optimize inventories 	Excellent
Market-specific strategies	<ul style="list-style-type: none"> ■ Non-financial targets partially missed. ■ Achieved target for CO2 emissions reduction (80% down from 2013 level) a year early (2024 result: 88% down*) 	<ul style="list-style-type: none"> ■ Improve engagement score ■ Further empower women in workplace 	Middling
Area-specific strategies	<ul style="list-style-type: none"> ■ Both Core and Growth Market grew (CAGR FY2021-2024: Building & Facilities 12%, Petrochemical 10%, Hydrogen & Clean Energy 26%, Semiconductor Equipment 11%) ■ Insourced (among group companies) production of components for semiconductor equipment ■ Expanded OEMs for brass bars and forged goods, recycled brass/bronze slag ■ Established sales company to boost marketing in Indian market ■ Expanded sales of commercial valves (for data centers, etc.) in US market 	<ul style="list-style-type: none"> ■ Get results from investments in semiconductor market ■ Fully localize development, production, and sales 	Good
Investments in growth	<ul style="list-style-type: none"> ■ Founded plant in Vietnam (SUS valves and valves for high-purity gas for semiconductors) ■ Invested to production capacity for semiconductor market ■ Invested in NEDO projects (hydrogen, CO2-separation membranes) 	<ul style="list-style-type: none"> ■ Close M&A deals 	Good
ESG, digital transformation (DX)	<ul style="list-style-type: none"> ■ Achieved CDP score of B and Gold rating on PRIDE Index ■ Adopted company with a nominating committee, etc. ■ Gained DX certification, adopted CRM to gather and apply customer needs data, used DX strategy to cut man-hours 	<ul style="list-style-type: none"> ■ Enhance health & safety (for zero accidents) ■ Engage in circular transition 	Good
Shareholder returns	<ul style="list-style-type: none"> ■ Highest ever dividend (¥46 per share), bought back total of ¥3b of our shares 	<ul style="list-style-type: none"> ■ Fix the low P/B ratio 	Good

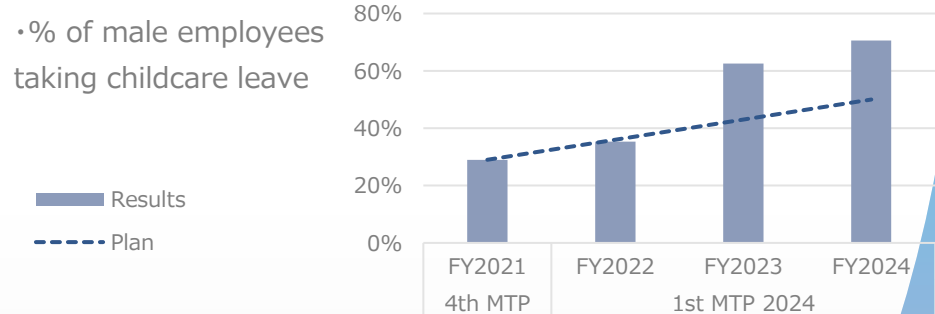
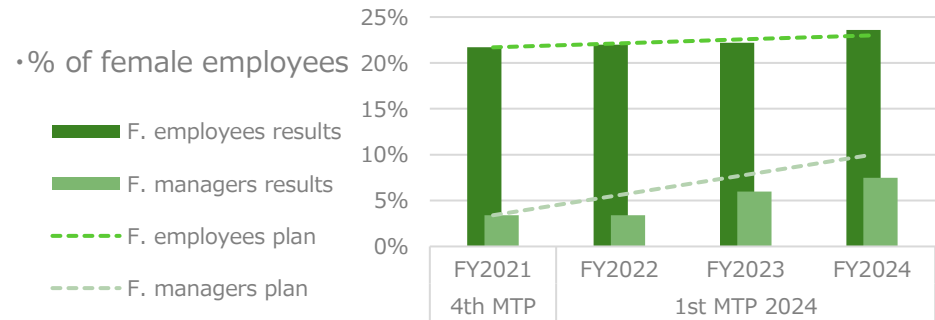
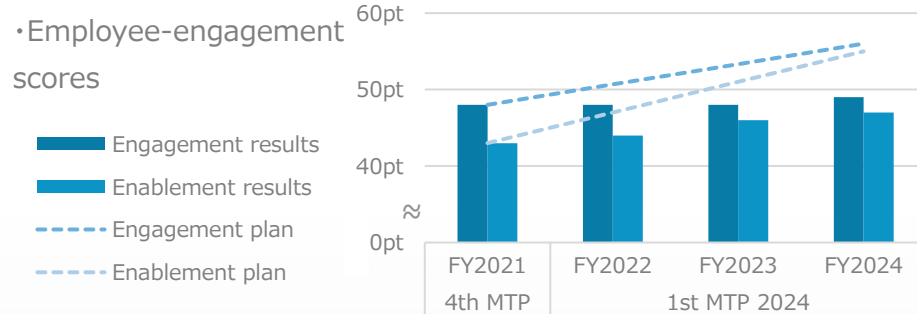
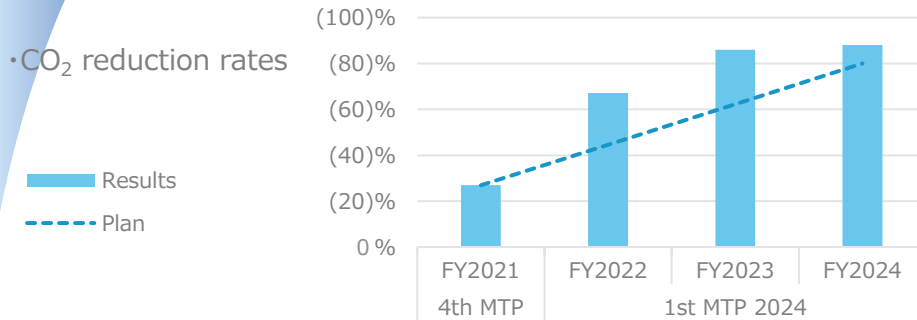
*Estimated value

Financial KPIs



KPIs (unit: billions of yen)			FY2021	1st Medium-term Plan 2024		
				FY2022	FY2023	FY2024
Financial Targets	Initial MTP 2024 (announced Feb. 2022)	Sales		143.0		150.0
		Operating profit		10.0		12.0
		ROE		At least 8%		At least 8%
	Revised MTP 2024 (announced Feb. 2023)	Sales			167.0	170.0
		Operating profit			11.9	13.0
		ROE			At least 9%	At least 9%
	Results	Sales	135.7	159.9	166.9	172.0
		Operating profit	8.9	11.0	13.6	14.2
		ROE	6.4%	10.0%	11.1%	11.3%

Non-financial KPIs



KPIs				FY2021	1st Medium-term Plan 2024		
					FY2022	FY2023	FY2024
Non-financial Targets	MTP 2024 (announced Feb. 2022)	CO ₂ reduction rates					(80)%
		Employee-engagement scores	Engagement Enablement				56 pt
							55 pt
		% of female employees					23%
		% of female managers					10%
		% of male employees taking childcare leave				50%	
	Results	CO ₂ reduction rates		(28.1)%	(67.2)%	(85.9)%	(88)*%
		Employee-engagement scores	Engagement Enablement	48 pt	48 pt	48 pt	49 pt
				43 pt	44 pt	46 pt	47 pt
		% of female employees		21.7%	22.0%	22.2%	23.6%
% of female managers		3.4%	3.4%	6.0%	7.5%		
	% of male employees taking childcare leave		29.0%	35.3%	61.0%	70.6%	

*Estimated value

2. Executive Summary

KITZGroup

SHIN Global 2027

Aiming to become a true (“shin”) global company through the three “SHIN”

- Unify all employees and Group companies through **trust (SHIN-rai)**
- Increase **new (SHIN-ki)** markets, products, and channels
- Continue to **evolve (SHIN-ka)**

S	Strong will
H	Harmony
I	Innovation
N	Network

KITZ Group's Business Environment and Key Strategies

Risks & Opportunities



Medium-term Plan (Execution Strategy)

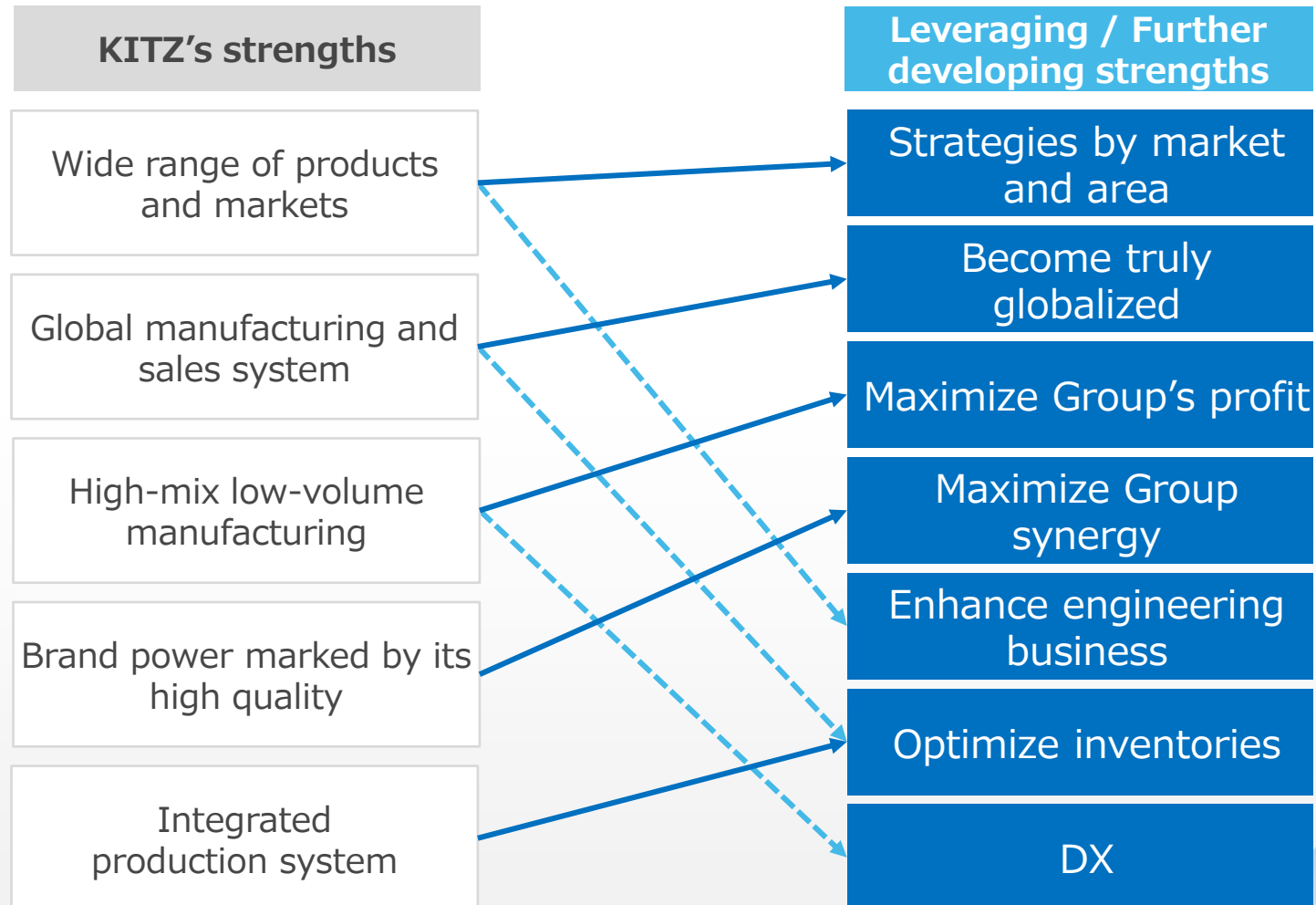
	Medium-term Business Environment (Risks & Opportunities)	Strategies and Measures
Economic /Demographic Trends	<ul style="list-style-type: none"> Population growth in Africa, India, and Middle East and decline in China, Japan, and Europe Hard to secure workforce in Japan, China, and Europe Building & Facilities market is shrinking in Japan and Europe 	<ul style="list-style-type: none"> Expand into growth markets (ASEAN, India, and Middle East) and secure positions in mature market (Japan) Enhance engineering function Harness initial sales data to enhance aftermarket business and boost solution provision
Digital Transformation (DX)	<ul style="list-style-type: none"> Thriving semiconductor industry driven by digitalization <ul style="list-style-type: none"> Acceleration of data-driven business Expansion and Evolution of AI Cost increases associated with managing information risks Shortage of IT professionals 	<ul style="list-style-type: none"> Supply goods for semiconductor demand Digital marketing, other marketing strategies Forecast demand, optimize production/ inventory/ lead times Consolidate products: reviewing underperforming and long tail products AI- and data-driven business to identify, visualize, and materialize challenges Enforce information risk management
Green Transformation (GX)	<ul style="list-style-type: none"> Environmental regulation, CO2 emission reduction, circular transition <ul style="list-style-type: none"> Growing demand for lead-free copper alloys Shrinking petrochemical market 	<ul style="list-style-type: none"> Adapt product lineup to tighter environmental regulation <ul style="list-style-type: none"> Transition to lead-free copper alloys and eco-compliant, alternative material products Boost circular transition Expand hydrogen and environmental solutions business through active invest
International Relations	<ul style="list-style-type: none"> Growing geopolitical risks <ul style="list-style-type: none"> Rise of nationalism High tariffs could hurt bottom lines 	<ul style="list-style-type: none"> Localize development/ production/ consumption Establish global sourcing network Optimize production locations of stainless steel valve
Climate Change	<ul style="list-style-type: none"> Climate change resulting in severe natural disasters <ul style="list-style-type: none"> Our business locations and trading partners are exposed to risk of damage/disruption 	<ul style="list-style-type: none"> Create competitive differentiation through BCP Make supply chains sustainable (global vendors, uphold CSR in procurement) Gain edge through the active promotion and disclosure of energy saving, CO2 reduction, and biodiversity efforts
Stakeholder Demands	<ul style="list-style-type: none"> Enhancing corporate value: profitability/efficiency, growth/transparency Corporate sustainability 	<ul style="list-style-type: none"> Employee growth and corporate growth <ul style="list-style-type: none"> Human capital, health management/ enhance employee engagement, health & safety in workplace Ensure workforce diversity Reinforce corporate governance, product safety, and quality assurance

KITZ Group's Business Model & Execution Strategy

Business Model



Medium-term Plan (Execution Strategy)



Leveraging strengths ———→
Further strengthening - - - - -→

Second Medium-term Plan Executive Summary **KITZ**

SHIN Global 2027

Aiming to become a true (“shin”) global company through the three “SHIN”

1. Unify all employees and Group companies through trust (SHIN-rai)
2. Increase new (SHIN-ki) markets, products, and channels
3. Continue to evolve (SHIN-ka)

FY2027 Consolidated Target

Net sales: ¥200.0 billion

Operating profit: ¥20.0 billion

ROE: at least 11%

Business Strategy

Market & area

Create lineups of products that meet customer needs and reinforce fully localized business through region-specific development, production, and sales

Maximize Group synergy

Leverage Group-wide resources, mutually improve component procurement and sales capabilities, and seek to maximize profits

Strengthen engineering business

Provide solutions that meet customer expectations and expand aftermarket services

Promote DX

Use data to identify issues, implement measures, and improve efficiency through automation and labor-saving

Maximize Group profits

Improve ROIC

Optimize inventories

Allocate results (cash flows)

Growth of both employees and the Company

Investing in growth

Giving back to society

Internal reserves

Shareholder returns

Employee returns

Quantitative Goals (Financial / Non-financial KPIs)

(Billions of Yen)

Financial KPIs	FY2024(results)	FY2025(targets)	FY2027(targets)
Sales	172.0	180.0	200.0
Operating profit	14.2	15.0	20.0
ROE	11.3%	10.2%	At least 11%
Dividend payout ratio	34.7%	Approx. 35%	Approx. 35%

Non-financial KPIs* ¹		FY2024(results)	FY2025(targets)	FY2027(targets)
CO ₂ reduction rates* ²		(88)%* ³	(90)%	(90)%
Employee-engagement scores	Engagement	49 pt	—	56 pt
	Enablement	47 Pt	—	55 pt
% of female employees		23.6%	24%	24%
% of female managers* ⁴		7.5%	10%	12%
% of male employees taking childcare leave		70.6%	80%	100%

*1 Non-consolidated basis excluding CO₂ reduction rate

*2 Scope 1 and 2 emissions

*3 Estimated value

*4 Employees in management professional positions by job grade

Quantitative Goals by Segment

(Billions of Yen)

Sales	FY2024(results)	FY2025(targets)	FY2027(targets)
Valve	139.6	147.3	167.2
Brass Bar	29.8	30.0	30.0
Other	2.6	2.7	2.8

Operating Profit	FY2024(results)	FY2025(targets)	FY2027(targets)
Valve	17.4	18.8	23.1
Brass Bar	0.9	0.9	1.5
Other	0.1	0.1	0.1
Adjustment	(4.2)	(4.8)	(4.7)

3. Medium-term Plan by Segment

- 3-1. Valve Manufacturing Business
- 3-2. Brass Bar Manufacturing Business

Transition to SBUs: From Function-focused to Market-focused Structure

- we restructured our organization into a Strategic Business Unit (SBU) system that focuses on eight target markets. We empower BU heads to promote marketing and product development for each BU and swiftly respond to market needs.

*BU=Business Unit
 ●Target Market ○Applicable Market

Valve Manufacturing		Building Facilities/ Machine Equipment BU	Industrial BU	Semiconductor BU	Environmental Solutions BU	Hydrogen BU	Brass Bar BU
Core	Building & Facilities	●	-	-	-	-	○
	Petrochemicals	-	●	-	-	-	-
	Water Treatment	○	-	-	●	-	○
	Machinery & Equipment	●	-	-	-	-	-
Growth	Semiconductor Equipment	-	-	●	-	-	-
	Semiconductor Materials (Filters)	-	-	●	-	-	-
	Fine Chemicals	-	●	-	-	-	-
	Hydrogen & Clean Energy	-	○	-	-	●	-
Brass Bar Manufacturing		-	-	-	-	-	●

Valve Manufacturing Business Strategies by Market and Area

Market Strategies

Customer- and market-driven business

Growth markets

- Expedite growth through M&A activities
- Develop products for semiconductor equipment/ materials/ facilities
- Engage in energy transition
- Expand in hydrogen supply chain market

Core markets

- Grow sales of products for data center market
- Expand share in Machinery & Equipment market
- Launch construction and engineering business
- Increase sales of severe-service applications
- Develop eco-compliant products

Area Strategies

Locally led approach to identifying growth opportunities

ASEAN, China

- Localize development/production/consumption
- Approach to green energy projects

Americas, Europe

- Penetrate data center market
- Strengthen supply capacity (inventory expansion, production planning)
- Improve sales of stainless steel valves in petrochemical market in North America

India, Middle East

- Improve Indian distributor network
- Establish business location in Middle East

Strategies by Market and Area

Generating Group synergy to expedite strategies

Group Synergy

- Share production resources across group
- Facilitate cross-selling of group brands and products
- Build global procurement network
- Optimize production locations to optimize inventories
- Adopt SBU system to improve product development, design, and lead times

Group Synergy

DX

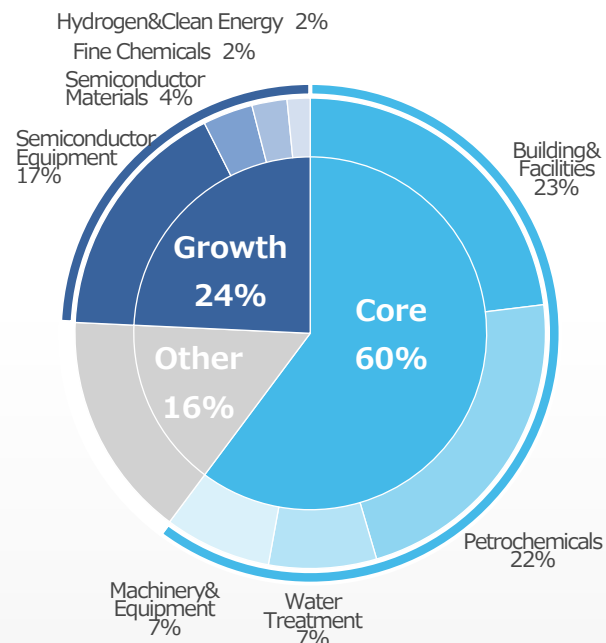
Use digital technology to develop and support strategies

DX

- Establish data-driven approach
- Forecast demand more accurately
- Develop customer relationship management, build databank on customers and competitors
- Engage in digital marketing
- Automate operations and save labor

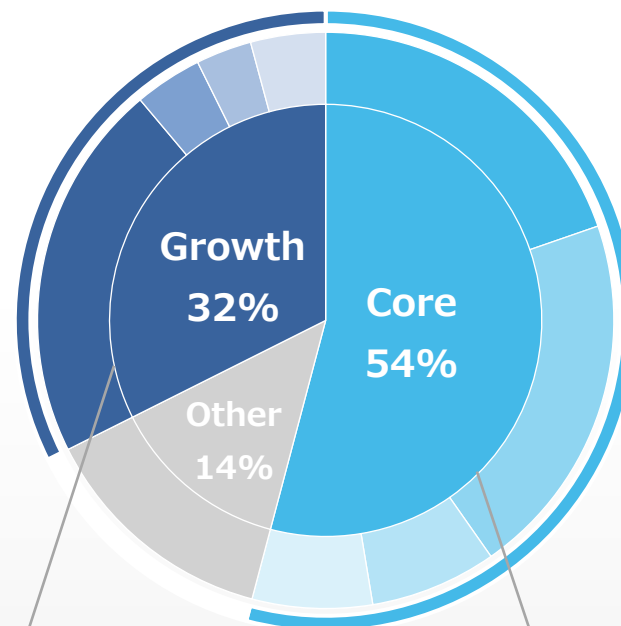
Valve Manufacturing Business Sales Plan by Market

FY2024 Sales Results ¥139.6b



Sales in Growth Markets
CAGR 16.9%

FY2027 Sales Plan ¥167.2b



Sales in Core Markets
CAGR 2.5%

Outcomes of 1st Medium-term Plan

		FY2027 Sales target	CAGR
■ Building & Facilities	<ul style="list-style-type: none"> • Supplied demand in datacenter market by utilizing strategic inventory. • Developed products featuring coupling method compatible with simplified construction 		
■ Petrochemicals	<ul style="list-style-type: none"> • Developed products aligned with users' clean-energy shift and other green initiatives • Improved approaches to Japanese users and other key-account users 	¥90.5 billion	2.5%
■ Water Treatment	<ul style="list-style-type: none"> • Grew sales of butterfly valves for water treatment (e.g. aluminum PFA-lined valves) and Shimizu Alloy sewerage products • 2024 sales (in water treatment systems market) in Japan largely met target; efforts continue to increase overseas sales 		
■ Machinery & Equipment	<ul style="list-style-type: none"> • Developed product adapted to trend toward smaller machinery and automation; product being tested ahead of potential order 		

2025–2027 Market Outlook

■ Building & Facilities	<ul style="list-style-type: none"> • Data centers: Demand will remain brisk in Japan and overseas areas. • General-building construction: In Japan, Greater Tokyo Area will continue to see redevelopment projects. Overseas, China will stagnate while Middle East and Indian markets will continue to grow (driven by population growth). • New plumbing methods and environmental regulations will create new demand.
■ Petrochemicals	<ul style="list-style-type: none"> • Energy-transition investments will be brisk. • Tighter environmental regulations • Change in chemicals production process • Change in user needs (towards value-added chemicals)
■ Water Treatment	<ul style="list-style-type: none"> • Demand for water infrastructure upgrades, infrastructural investments (national agenda to strengthen infrastructure) • Demand for water recycling • Brisk demand in Japan for water infrastructure maintenance
■ Machinery & Equipment	<ul style="list-style-type: none"> • Demand for chillers mounted on semiconductor will continue. • Demand for components used in water treatment systems, filters, and secondary batteries • The Chinese market will remain stagnant, while the Japanese market will grow more crowded.

2025–2027 Key Strategies

■ Building & Facilities	<ul style="list-style-type: none"> • Target data center market • Launch localized models • Build overseas sales networks, gain authorization in each area
■ Petrochemicals	<ul style="list-style-type: none"> • Win energy-transition projects • Grow sales of severe-service valves (e.g. corrosion-resistant valves, friction-resistant valves) • Grow sales of instrumentation valves (e.g. control valves, automated on-off valves)
■ Water Treatment	<ul style="list-style-type: none"> • Grow sales of water treatment systems in Japan and overseas • Improve construction and engineering solutions (special valves, water treatment systems, groundwater-utilization systems)
■ Machinery & Equipment	<ul style="list-style-type: none"> • Grow sales and expand market share of mini automated valves and eco-compliant products • Coordination within Group companies in key overseas areas

Valve Manufacturing Business

Outcomes and Future Strategies – Growth Markets

Outcomes of 1st Medium-term Plan

■ Semiconductor Equipment	<ul style="list-style-type: none"> • Was big contributor to consolidated sales growth • Boosted production capacity and productivity (with construction of new factory and investments in automation and efficiency), strengthened organizational framework for R&D 		
■ Semiconductor Materials (Filters)	<ul style="list-style-type: none"> • Obtained customer approvals, launched mass production in new plant (Chino) • Grew sales of microfiltration systems for medical applications, strengthened organizational infrastructure for underlying-tech development and product design 		
■ Fine Chemicals	<ul style="list-style-type: none"> • Launched diaphragm valve: Expanded lineup catering to demand for highly sustainable and simplified maintenance • Expanded sales organization for fine chemicals area 		
■ Hydrogen & Clean Energy	<ul style="list-style-type: none"> • Marketed package units to hydrogen station market • Developed and launched valves for liquid hydrogen and high-pressure hydrogen • Participated in R&D and major pilot projects (liquid hydrogen, NEDO, JAXA) 	FY2027 Sales target ¥54.2 billion	CAGR 16.9%

2025–2027 Market Outlook

■ Semiconductor Equipment	<ul style="list-style-type: none"> • The semiconductor market is projected to recover in H2 2025, leading to another surge in demand. • GPU advancements will make semiconductors more compact and layered.
■ Semiconductor Materials (Filters)	<ul style="list-style-type: none"> • Tighter regulations in exhaust and environmentally hazardous substances, growing market for CO2 recovery • Greater interest in disaster preparedness and health
■ Fine Chemicals	<ul style="list-style-type: none"> • Burgeoning demand for applications for semiconductors (silicon wafers), fine chemicals, medical devices, and pharmaceuticals • Indian market set to grow.
■ Hydrogen & Clean Energy	<ul style="list-style-type: none"> • Energy-transition investments will be brisk. • Projects for large-scale green-hydrogen production and supply will enter full swing.

2025–2027 Key Strategies

■ Semiconductor Equipment	<ul style="list-style-type: none"> • Increase value of high-purity gas valves and vacuum valves, improve unit products • Develop (and then grow sales of) value-added products for use in next generation of raw materials • Win fab-project contracts • Work closer with gas companies, increase share in integrator market
■ Semiconductor Materials (Filters)	<ul style="list-style-type: none"> • Increase sales in photolithographic materials/equipment market • Boost production capacity further • Work closer with KITZ SCT
■ Fine Chemicals	<ul style="list-style-type: none"> • Add to lineup of diaphragm valves and PFA products • Focus marketing efforts on key-account users • Target medical and pharmaceutical markets more effectively
■ Hydrogen & Clean Energy	<ul style="list-style-type: none"> • Capitalize on maintenance demand • Build construction and engineering functions • Integrate closer with overseas group companies, develop products matched with market needs

Brass Bar Manufacturing Business Outcomes and Future Strategies

Business Value

- Recycling: Reuse of scrap material reduces environmental impact and ensured resource sustainability
- Synergy with Valve Manufacturing Business: Developing and building track record in valve materials and tech (material development, forging and processing tech)
- Technology and production capacity to supply users who are going carbon and lead free amid regulatory tightening

Outcomes of 1st Medium-term Plan

- Improved income by cutting manufacturing costs and recycling
 - Cutting manufacturing costs: Improved production yield with material sorting (and alloy use) and standardization
 - Recycling of materials
- Gained contracts in growth markets (auto, semiconductor)

2025–2027 Market Outlook

- Further progress in carbon transition and tighter regulations on hazardous substances (e.g. EU RoHS 2 directive)
 - In January 2025, the European Commission submitted a notification to the WTO about the plan to expire the exemption for lead in the EU RoHS directive at the end of 2026

2025–2027 Key Strategies

Mitigate material market fluctuations and establish a stable, high-profit structure through value-added products

- Grow sales of value-added products (new raw/processed materials)
 - Expand forged/cut products and boost production of new materials for semiconductor industry
 - More Group synergy (KITZ/KITZ SCT ↔ KITZ Metal Works/Hokuto Giken)
- Comply with RoHS directive
- Cut manufacturing costs: Improve production yield, insource casting, purchase PP&E, and further boost recycling
- Manage sales-purchase balance by tightening sales order controls
- Develop trading-company functions: Sell products of Group companies using the KITZ Metal Works' sales network

Use technology partnerships

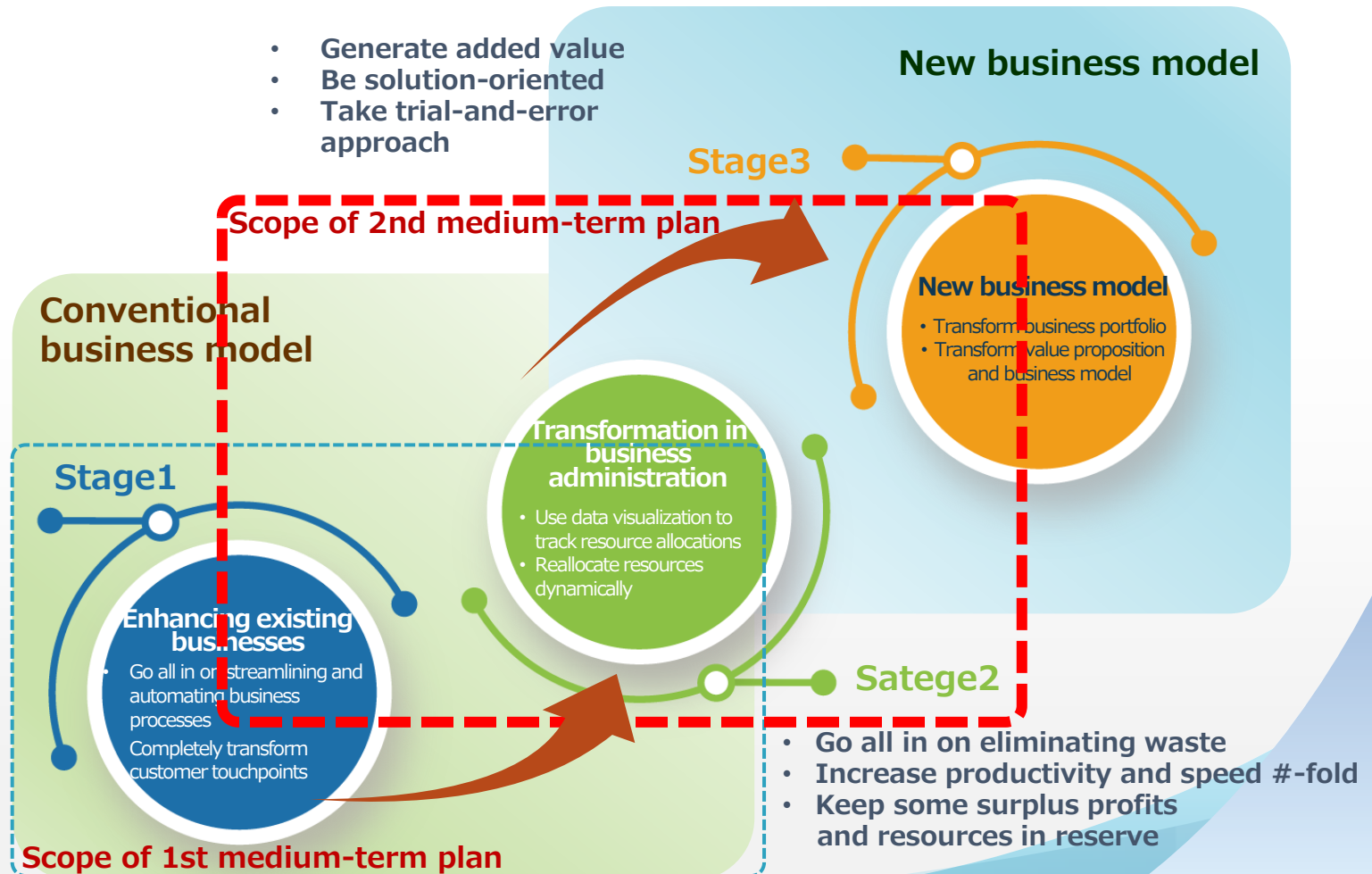
FY2027 Targets

Sales	OP
¥30.0 billion	¥1.5 billion (OP Margin 5%)

4. DX/Technology/Innovation

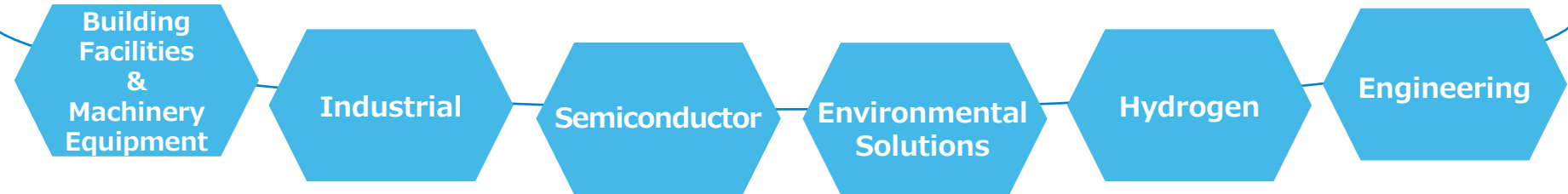
Using DX to Drive a Business Transformation (BX) **KITZ**

Use a DX strategy to maximize momentum for penetrating markets and areas
(Use data visualization to track resource allocations and performance,
enhance customer touchpoints, automate / increase productivity)



Using DX to Drive a Business Transformation (BX) **KITZ**

When **people make full use of digital technology**, they will generate more group synergy, maximizing momentum for the entirety of our businesses



Integrating digital tech with real-world customer touchpoints

Integrated IT services for customers

Digital marketing

Automation, production streamlining

Practice smart-factory approach, roll it out among group companies

Digitize engineering chain

Streamline workflows, reallocate resources

Practice data-driven approach

Use data visualization to highlight strategic priorities and tasks

Profits, costs

Use data analytics to boost profitability

Product development → production → sales → after-sales services

Use data visualization to optimize talent management

Employees

Enhance digital infrastructure

Roll out SAP globally

Enhance global information security

Develop digitally driven strategy for talent development

Technology Roadmap

		Target Markets							
		Core				Growth			
Technology Vision 2030		Building & Facilities	Petrochemicals	Water Treatment	Machinery & Equipment	Semiconductor Equipment	Semiconductor Materials	Fine Chemicals	Hydrogen & Clean Energy
Drive carbon transition by refining sealing tech	Sealing tech	•	•	•	•	•		•	•
			•		•	•		•	•
Drive sustainability transition with accident-prediction tech (powered by IoT and AI)	<ul style="list-style-type: none"> Valve failure prediction and monitoring tech Tech related to water treatment and purification 		•		•			•	
				•					
Drive transition to circular economy by using resources more effectively	<ul style="list-style-type: none"> Wastewater reuse tech Improving recycling efficiency and reducing waste 			•					
		•		•					
Address societal challenges by upgrading fluid control and fluid treatment tech	<ul style="list-style-type: none"> CO2-separation membrane tech nano-scale membrane tech for miniaturization 						•		•
							•		
Create value with solution-oriented business development	<ul style="list-style-type: none"> pipe system design and engineering tech functional copper alloy tech valve lining molding tech for various materials 		•						•
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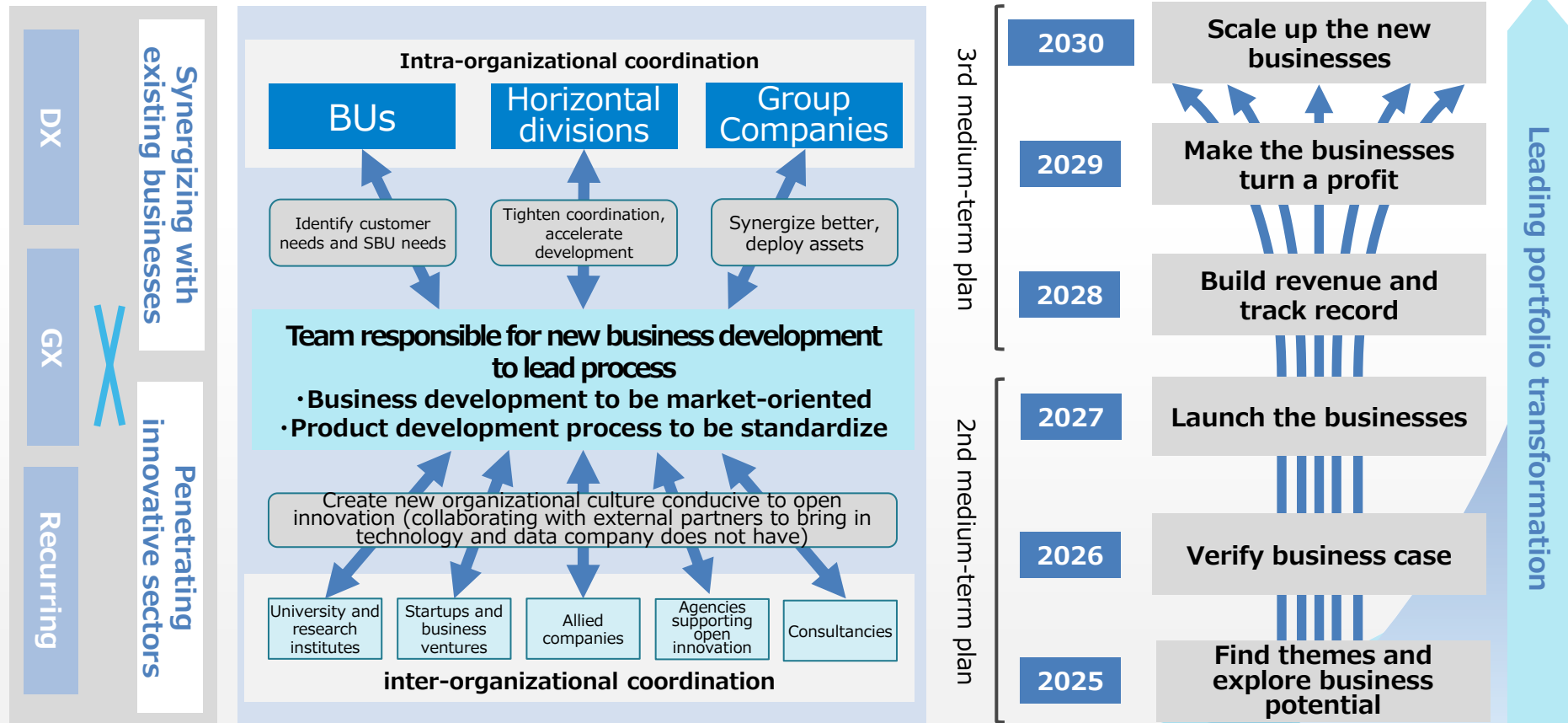
New Business Development to Transform the Business Portfolio

Standardizing the sowing process, leading the way with speed

Target sectors
Growth Markets

Entrepreneurial mechanism
Open innovation

Actions to be taken by new business development team
Commitments



5. ESG Strategies

Long-term environmental vision 3 ZERO

Net Zero CO2 Emissions

Promote Decarbonization

2030
-90%*

2050
-100%
Carbon neutrality

*Compared to 2013

*Domestic Group Companies/Offices

Zero environmental impact

Promote circularity

-Water Neutral
-Zero Emissions
-Pollution Prevention

*KITZ Group

Zero Risk

**Prevention of pollution,
occupational accidents, and fires**

-Zero environmental accidents
-Zero occupational accidents
-Zero fire accidents

*KITZ Group

Outcomes of 1st Medium-term Plan

1. Climate action

- Renewable energy shift in key business locations
 - Switched to carbon-free energy (Shinshu Green Electricity)
 - Installed solar power systems
- Switched to LNG or carbon-free fuel
- Installed energy-efficient production equipment and air-conditioning
- Launched green-factory certification system (a step toward Long-term Environmental Vision 3 Zero target)
- Started calculating CO2 emissions at scopes 1 and 2 (includes overseas group companies)

Key Measures of 2nd Medium-term Plan

- Improve CO2 emissions disclosures
 - Disclose scope 3 emissions covering Japanese Group companies
 - Prepare to calculate scope 3 emissions covering overseas Group companies
- Support standardization across valve industry in carbon footprint calculations

2. Recycling and protecting biodiversity

- Completed preparations for mass production of water-soluble paint alternatives
- Recycled molding sand; Chino plant started recycling testing water
- Resolved technical hurdles for making packaging more sustainable
- Completed survey of water-neutrality cultivation project in company-owned green space
- Launch mass production of water-soluble paint alternatives to reduce VOCs
- Roll out recycling of testing water to other plants
- Prepare practical plans for sustainable packaging
- Set biodiversity goals
 - Launch taskforce
 - Launch action plan, inform employees
 - Roll out to Yamanashi, Nagano, and other Group companies

Outcomes of 1st Medium-term Plan

Empowering Diverse Talent through the Acceleration of Human Capital Management

- Enhanced employee engagement by building supportive systems
 - Introduction of Valve Meister Sales Engineer and TAKUMI (specialized profession) system
 - Displaying posters introducing customers and senior staff members at factory sites
- Improved employee enablement
 - Relocated Head Office to Shiodome Area, Tokyo
 - Won the Gold awards in 'Pride Index 2024', an index that evaluates corporations' efforts for sexual minorities

Improved corporate culture through enhanced internal information disclosure

- Conducted KITZ Group Engagement Forum
 - Visualized the company's action in response to employees' suggestions and issues
- Regular dissemination of the company's vision, strategy, and situation through the internal portal

Forged sustainable supply chains

- Implanted supplier guidelines and green procurement standards
- Carried out due diligence reviews of suppliers persistently
- Mapped the global supply chain across all group companies

Materialities (Key Priorities)

Empower our workforce to lead the way to the future

● 5 Strategies

Formulate and use HR portfolios



Improve employee engagement

Promote DE&I and gender equality

Enhancing commitment to human rights

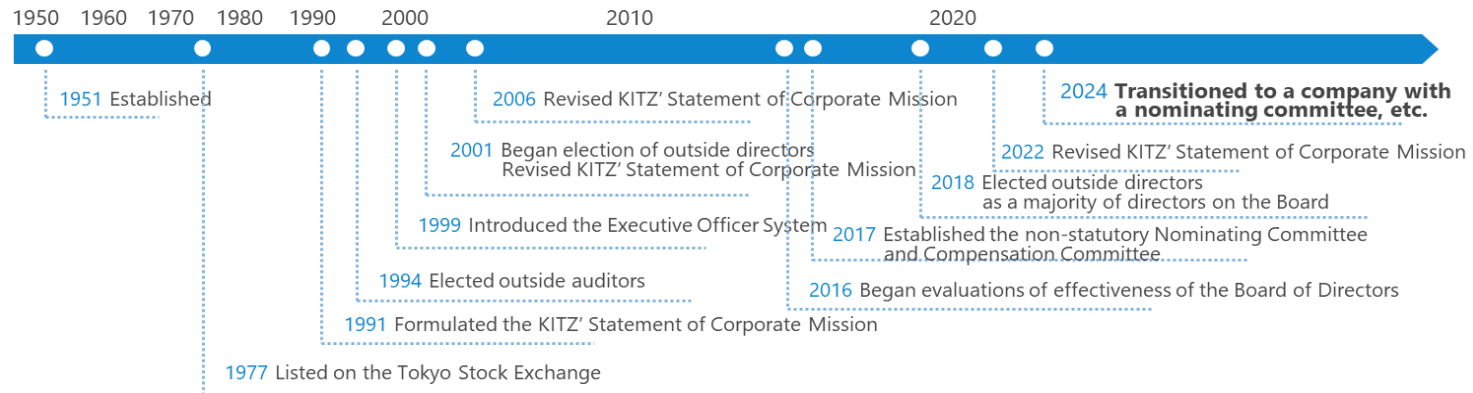
Enhance workplace safety and health

Key Measures of 2nd Medium-term Plan

- Formulate and use HR portfolios that aligns with SBU system
- Improve employee engagement
 - Design and run KITZ style "Job-type" HR management
 - Renew factory uniforms
- Address 4 individual issues in DE&I (Diversity, Equity & Inclusion)
 - Launch KITZ Group Gender Equality Network
- Enhance workplace safety and health
 - Enhance management system
 - Improve workplace environment actively

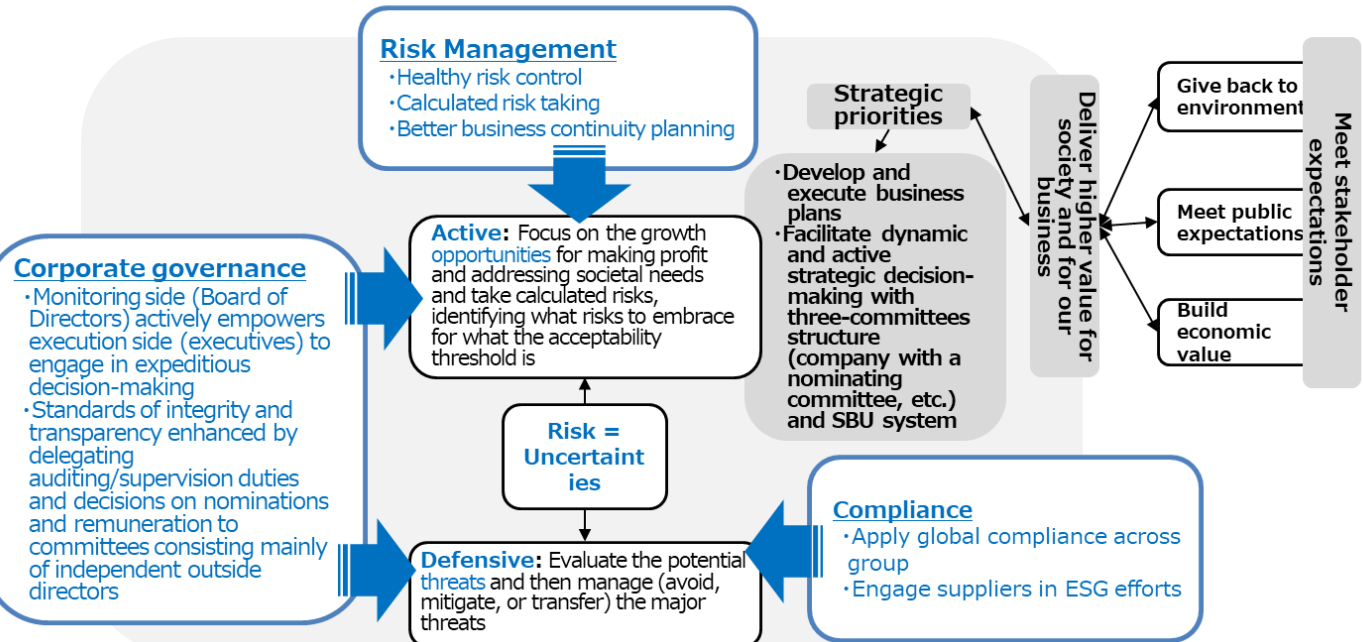
ESG (Sustainability Management) Governance

• Matrix and History of Corporate Governance



A more active governance structure as part of sustainability management

Implement more active governance



Maintain defensive governance ("Do it True" by upholding high standards of integrity and truth) but also develop more active governance practices, taking calculated risks to drive growth

6. Financial Strategies and Capital Management

Financial Strategies and Capital Management ① **KITZ**

► Strive for enhancing shareholder value (PBR) by focusing on increasing our ROE and improving our PER

■ 「Improve ROE in the medium to long term」



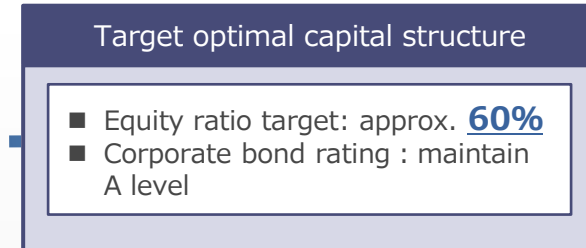
ROE

DU PONT Analysis

Net profit margin × Total asset turnover × Financial leverage

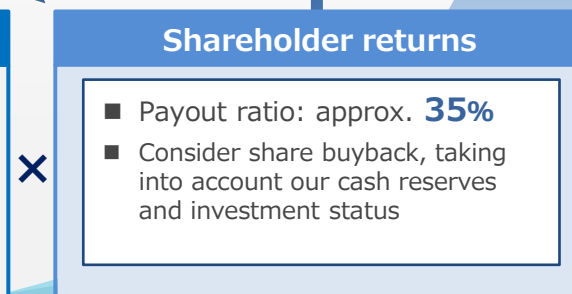
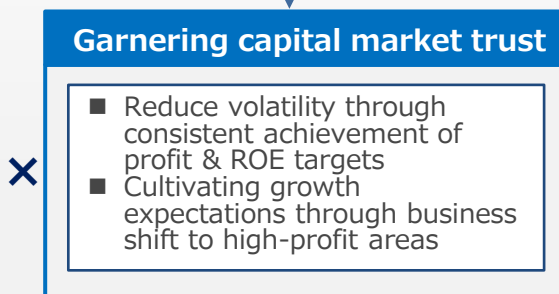
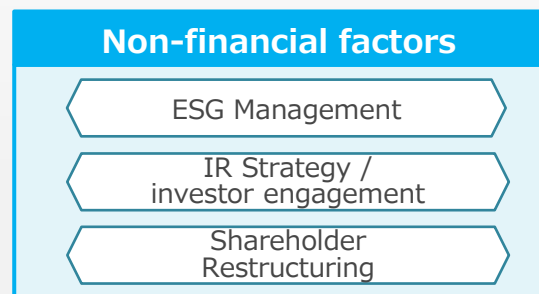
KITZ style ROIC management

FY2024	FY2027	FY2030
ROIC results: 6.9%	ROIC target: at least 7.5%	ROIC target: at least 9.0%



■ 「Improve PER and reduce cost of capital」

PER



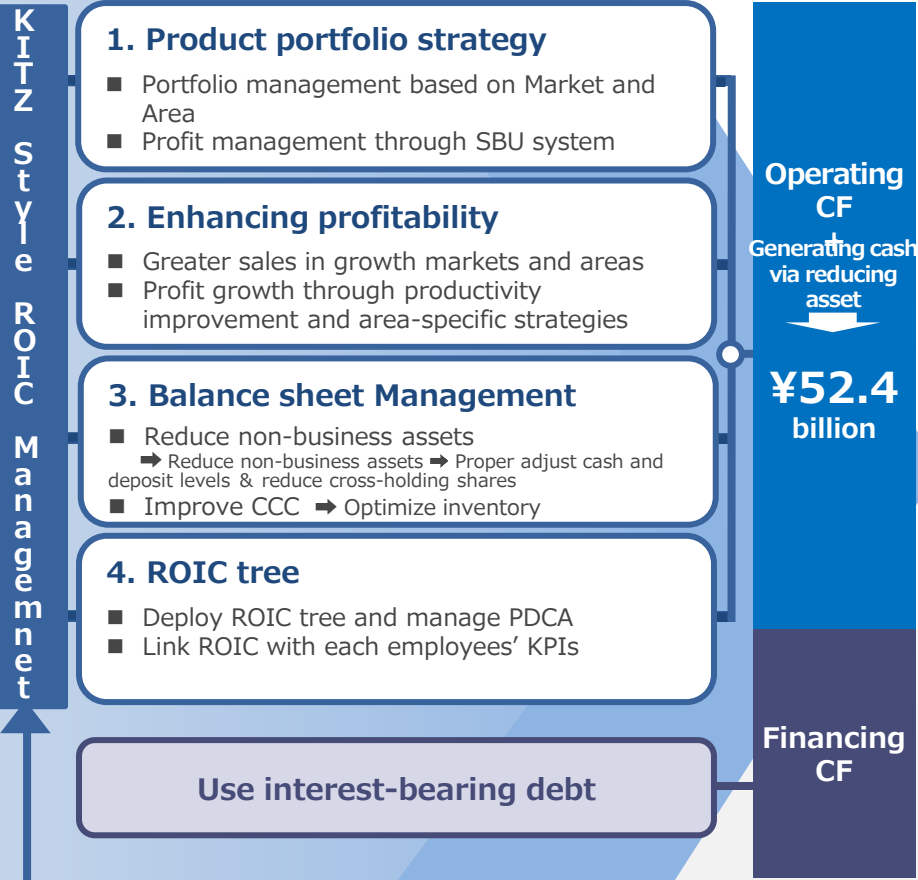
Financial Strategies and Capital Management ②

: Cash Allocation

Target investments of ¥58.0 billion for further growth under the 3 years of the 2nd medium-term plan

- Finance our investments using the operating cash flow generated by KITZ-style ROIC management, with the additional utilization of interest-bearing debt if required

Cash Generation (FY2025-FY2027)



Optimal Allocation (FY2025-FY2027)



Cycle for further business growth

7. Roadmap for Long-term Vision

Roadmap for Long-term Vision

1st MTP (2022–24)

2nd MTP (2025-27)

3rd MTP (2028–30)

	1st MTP (2022–24)			2nd MTP (2025-27)		3rd MTP (2028–30)
Strategic theme	Ambidextrous approach: Core markets and growth markets			SHIN Global 2027		Beyond New Heights 2030
Outcome	<ul style="list-style-type: none"> ■ A mechanism for growth ■ Profits earned in core markets to be actively reinvested in growth markets 			<ul style="list-style-type: none"> ■ Getting results from investments in growth ■ Becoming globally competitive for each market and area 		<ul style="list-style-type: none"> ■ Change the Flow and rise to New Heights ■ Transform the portfolio and penetrate more markets
Action, investment	<ul style="list-style-type: none"> ■ Greater sales in growth markets ■ Margins secured with price revisions ■ Improvement in copper material costs (Improve production yield) 			<ul style="list-style-type: none"> ■ Market and Area specific strategies ■ Higher profits from businesses for semiconductor market ■ Generate more group synergy 		<ul style="list-style-type: none"> ■ New Business portfolio <ul style="list-style-type: none"> • More upstream and downstream businesses • Greater penetration of growth markets ■ Establish glocalized development/production/consumption <ul style="list-style-type: none"> • Optimize products with optimized costs • Smaller but more talented teams; more efficient business administration
(Billions of yen)	2022	2023	2024	2025	2027	2030
Sales	159.9	166.9	172.0	180.0	200.0	
OP	11.1	13.7	14.2	15.0	20.0	
ROE	10.0%	11.1%	11.3%	10.2%	At least 11%	Initial target: at least 10% ⇒ At least 13%