

News Release

August 4, 2021

KITZ Corporation announces an absorption-type merger (simplified/short-form merger) with a wholly owned subsidiary

In its meeting held August 4, 2021, the Company Board of Directors passed a resolution on an absorption-type merger (hereinafter "merger") of the Company's wholly owned subsidiary Miyoshi Valve Co., Ltd. (hereinafter "Miyoshi Valve") with an effective date of January 1, 2022, as reported below. Since this merger is a simplified/short-form merger involving a wholly owned subsidiary, some disclosure items and details are omitted from related disclosure.

Details

1. Purpose of this merger

Since joining the KITZ Group in November 1999, Miyoshi Valve has handled the manufacture and sale of valves for use in construction equipment, machinery, and freezers, under the Miyoshi brand. Since then, its businesses progressively have been integrated with those of the Company, for example through the transfer of production to Company plants in 2011 and the transfer of some sales of general-purpose valves for construction-equipment use to Company sales sections in 2014. The Company has decided that the best method of business operation would be to merge Miyoshi Valve with the Company and operate as a single organization to utilize the Group's management resources effectively and to realize efficiency improvements. The Miyoshi brand will remain in use.

2. Outline of this merger

(1) Schedule of merger

Board of directors meetings (of the Company and Miyoshi Valve) to approve the merger agreement	August 4, 2021
Conclusion of merger agreement	August 4, 2021
Planned date of merger (effective date)	January 1, 2022

(2) Method of merger

This merger will employ the method of an absorption-type merger in which the Company will be the surviving company and Miyoshi Valve the non-surviving company. Since for the Company this merger qualifies as a simplified merger under Article 796, Paragraph 2 of the Companies Act and for Miyoshi Valve it qualifies as a short-form merger under the provisions of Article 784, Paragraph 1, of the Companies Act, each company will conclude the merger agreement without seeking the approval of its general meeting of shareholders.

(3) Details of allocation related to the merger

Since Miyoshi Valve is a wholly owned subsidiary of the Company, no issue of new shares or allotment of monetary funds will take place in this merger.

(4) Handling of stock options and bonds with stock options of the non-surviving company

None

3. Overview of the companies involved in this merger (as of March 31, 2021)

	Surviving company	Non-surviving company
Name	KITZ Corporation	Miyoshi Valve Co., Ltd.
Address	1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Prefecture	1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Prefecture
Title and name of representative	Makoto Kohno, President	Katsuhiro Kohara, President
Lines of business	Manufacturing and sales of valves, other flow control devices, and related products	1. Design, manufacturer, and sale of valves for use in construction, plants, freezers, and various types of equipment 2. Sale of pipe construction materials 3. Valve diagnostics and maintenance services
Capital	¥21,207,084,670	¥50,000,000
Established	July 1944	December 1939
Total shares issued and outstanding	90,396,511 shares	100,000 shares
Fiscal year ends	December 31	December 31
Major shareholders and percentages of shares held	Custody Bank of Japan, Ltd. (7.99%) The Master Trust Bank of Japan, Ltd. (5.18%) Kitazawa Agent's Stock Ownership Plan (5.12%) Nippon Life Insurance Company (4.78%) Sumitomo Life Insurance Company (3.79%)	The Company 100%

Financial position and results of operations in fiscal year immediately preceding		
	Surviving company	Non-surviving company
Name	KITZ Corporation	Miyoshi Valve Co., Ltd.
Fiscal year ends	FY ended December 2020 (consolidated) *Nine-month fiscal period due to change in fiscal year	FY ended December 2020 (unconsolidated) *Nine-month fiscal period due to change in fiscal year

Total capital (net assets)	¥75,167 million	¥186 million
Total assets	¥140,681 million	¥228 million
Net assets per share	¥828.76	¥1,860
Net sales	¥84,245 million	¥274 million
Operating income	¥3,751 million	¥31 million
Ordinary income	¥3,169 million	¥31 million
Net income attributable to owners of the parent (Net income)	¥2,113 million	¥20 million
Net income per share	¥23.38	¥209

4. Standing after the merger

This merger will not result in any changes in the Company's name, address, title and name of representative, lines of business, capital, or fiscal period.

5. Future outlook

Since this merger is with a wholly owned subsidiary and the planned date of the merger is January 1, 2022, it will not affect consolidated or unconsolidated financial results in this period.

It will not affect consolidated financial results in the next period. It will have only minor effects on unconsolidated financial results.