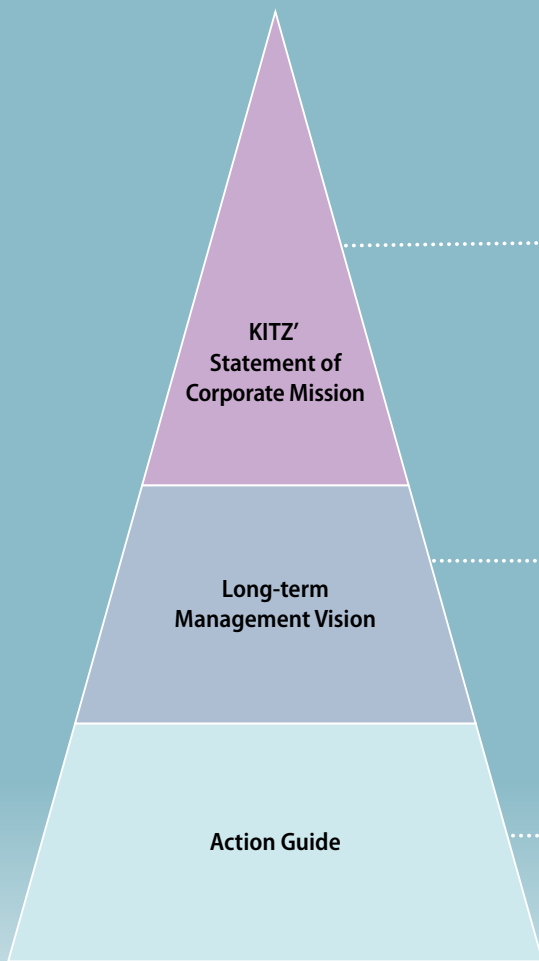


Corporate Report 2023



Corporate Philosophy Structure



KITZ' Statement of Corporate Mission

We strive to build a robust global environment and sustainable future by supporting societal infrastructure through our advancements in fluid control technologies and materials.

Beyond New Heights 2030
Change the 'Flow'

Action Guide

Do it **KITZ** Way

- Do it True
- Do it Now
- Do it New

Please visit the website for more information



Reflecting on the Publication of *Corporate Report 2023*

KITZ has been publishing an integrated report (Corporate Report) since 2016. In addition to management strategy and financial information, the report integrates ESG and other non-financial information in a comprehensive and systematic fashion, and is compiled as a communication tool to promote understanding of the KITZ Group, including its growth potential.

Corporate Report 2023 is made up of details on the KITZ Group's value creation in the short, medium and long term based on the unique story of KITZ centering on the Long-term Management Vision "Beyond New Heights 2030 - Change the Flow" and the first Medium-term Management Plan 2024 (FY2022-2024), which were announced in February 2022.

In compiling this report, we made reference to the Integrated Reporting Framework presented by the Value Reporting Foundation (VRF) and Guidance for Collaborative Value Creation announced by the Ministry of Economy, Trade and Industry of Japan. Related departments have engaged in cooperative efforts spanning the company to compile this report to confirm the validity of the compilation process and the

information described herein.

KITZ will make use of this report as a tool for engaging in dialogue with all manner of stakeholders, including shareholders and investors, and will endeavor to further enhance our corporate value. In addition, to ensure management transparency and give readers insight into improvements to corporate value through sustainable growth and initiatives aimed at solving social issues, we will also make timely and appropriate disclosures outside this report using tools including our website, securities reports, shareholder notices and environmental report digests.



Toshiyuki Murasawa
Director, Managing Executive Officer
Division Manager, Corporate Planning Division

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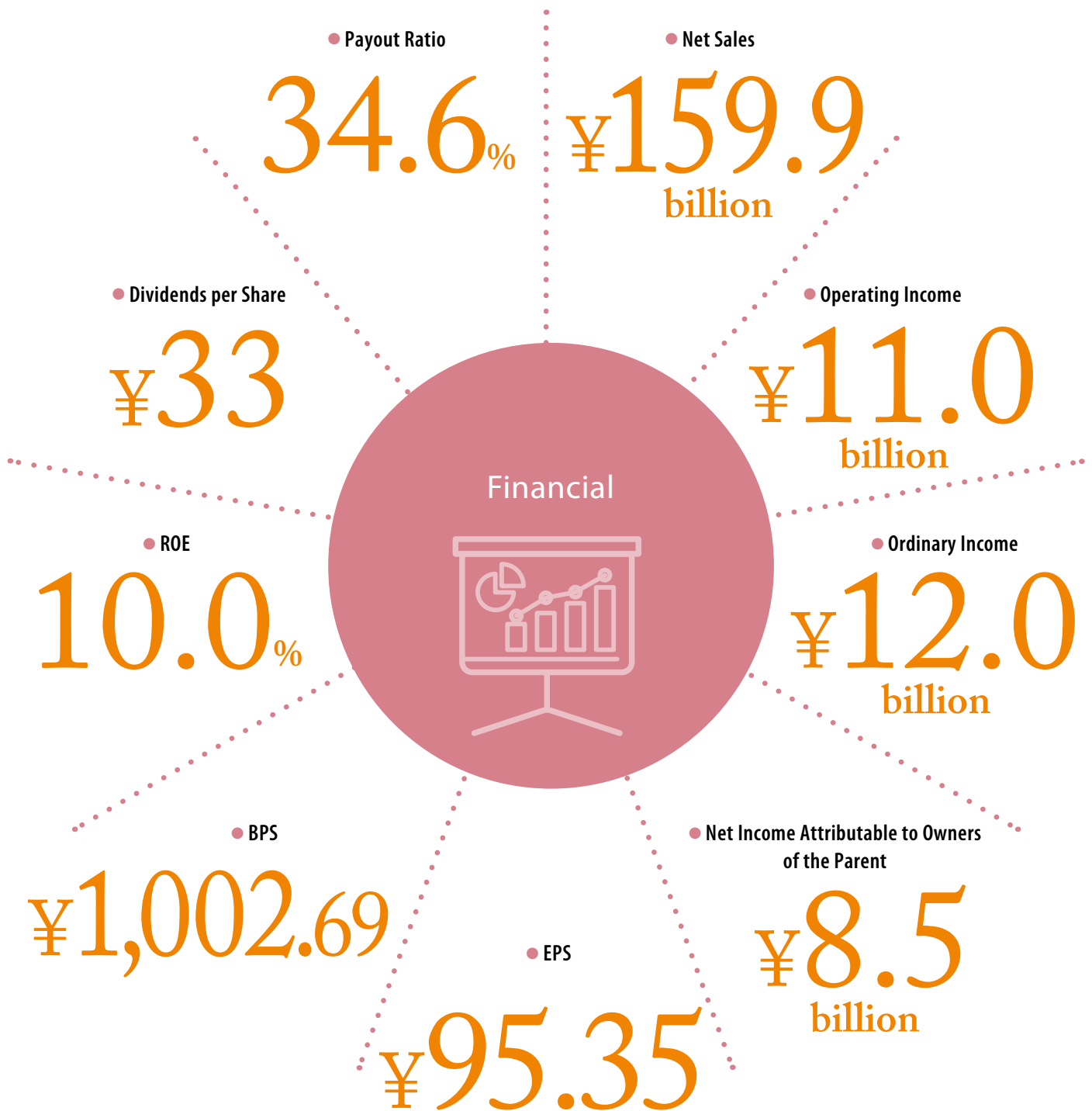
In this report, “Long-term Management Vision” will refer to the “Long-term Management Vision Beyond New Heights 2030 - Change the Flow,” which was announced on February 10, 2022, and “first Medium-term Management Plan” or “Medium-term Management Plan” will refer to the first Medium-term Management Plan 2024 (FY2022-2024)” that was announced on the same day.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements concerning future plans, measures and other matters that the Company believes are reasonable assumptions based on information that is currently available. These statements contain a number of risks and uncertainties. Therefore, actual results may differ materially from our expectations due to various reasons.

Value Creation Story

KITZ Group by Numbers (as of December 31, 2022)



Non-Financial



Number of Employees (Consolidated)



Male: 3,843
 Female: 1,509
 Total: 5,352

Number of New Graduate Hires



Male: 47
 Female: 13
 Total: 60

% of Female Managers



3.4%

Total Working Hours



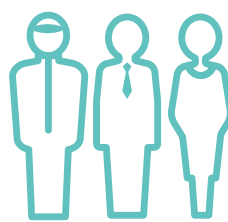
1,944 hours

% of Male Employees Taking Childcare Leave



35.3%

Number of Mid-career Hires



Male: 35
 Female: 4
 Total: 39

CO₂ Reduction Rate*¹

66.2%

• Non-consolidated basis, excluding number of employees and CO₂ reduction rate.

*¹ Compared to FY2013

Message from the President



We will aim to achieve our Long-term Management Vision with proactive management and the united efforts of all employees.

Makoto Kohno
President and CEO

Achieving Record Net Sales under the Difficult Environment of the Fiscal Year under Review (FY2022)

It has now been two years since I was appointed President and CEO of KITZ Corporation. Over this time, various events that have shaken the global economy have played out, including the global COVID-19 pandemic and intensifying conflict between the U.S. and China.

Under these circumstances, our business environment also underwent rapid change, requiring us to respond with urgency.

In FY2022, geopolitical risks became prominent with Russia's invasion of Ukraine. With disrupted supply chains, growing inflation due to soaring prices of energy resources and raw materials, and the depreciation of the yen, it was a year in which the future was even more uncertain.

Over this period, embracing "quick and decisive" as our slogan, we have aimed for management that overcomes these difficulties. In our mainstay Valve Manufacturing Business, we saw strong domestic and overseas performance for semiconductor manufacturing equipment against a backdrop of growing semiconductor demand, with higher sales volumes in the Americas and ASEAN regions also helped by the weakening yen. We also managed to cover the sharp rise in raw material prices with price revisions early on. I believe this was possible due to the brand power that KITZ holds, as

well as the relationship of trust it has built with customers.

Similarly, in Brass Bar Manufacturing Business, we managed to increase net sales by implementing price revisions in response to the rising raw materials market while focusing on expanding sales.

As a result of these efforts, net sales rose 17.8% year on year to ¥159,914 million, a record high. Operating income was ¥11,051 million, up 22.9% year on year, while ROE was 10.0%, surpassing our initial forecast for FY2022 in the first Medium-term Management Plan 2024 (FY2022-2024) that was announced in February 2022.

Management Plan for the Current Fiscal Year (FY2023) in Anticipation of the Medium and Long Term

We advocate ROIC × ESG Management, placing the improvement of return on invested capital over the medium to long term as the cornerstone of our sustainability management, which aims to achieve improved corporate value in tandem with higher social value. We aim to achieve our targets by setting ROE for our stakeholders and ROIC internally as our key performance indicators (KPIs).

Net sales in FY2022 even managed to exceed our numerical targets for FY2024, the final year of our first Medium-term Management Plan.

In response, we set our numerical targets for FY2023 to

First Medium-term Management Plan 2024 (FY2022-2024) Results and Numerical Targets (Revised in February 2023)

(Millions of yen)

	FY2021	FY2022		FY2024	
	Results	Initial Plan (Announced in Feb. 2022)	Results	Initial Plan (Announced in Feb. 2022)	Revised Plan (Announced in Feb. 2023)
Net sales	135,790	143,000	159,914	150,000	170,000
Operating income	8,990	10,000	11,051	12,000	13,000
ROE	6.4%	7.6%	10.0%	at least 8%	at least 9%
Net sales by segments					
Valve Manufacturing	106,754	112,200	125,189	118,500	136,600
Brass Bar Manufacturing	27,366	29,000	32,513	29,500	31,000
Others	1,668	1,800	2,212	2,000	2,400
Operating income (loss) by segments					
Valve Manufacturing	12,088	13,300	14,980	15,100	17,000
Brass Bar Manufacturing	665	800	222	1,000	800
Others	(243)	0	68	100	100
Adjustment	(3,519)	(4,100)	(4,219)	(4,200)	(4,900)



net sales of ¥167.0 billion, a 4.4% year-on-year increase; operating income of ¥11.9 billion, up 7.7%; and an ROE of at least 9%. In FY2024, we will aim for net sales of ¥170.0 billion with operating income of ¥13.0 billion and an ROE of at least 9%.

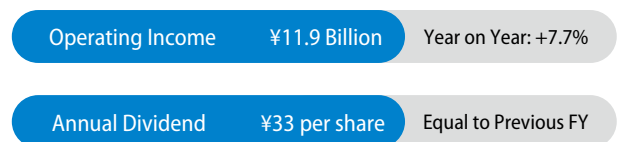
Underpinning these figures are growth sectors, primarily the semiconductor market. A brisk semiconductor business not only benefits semiconductor manufacturing equipment but also leads to broad demand in other areas such as data

centers and ultrapure water plants. Additionally, in the petrochemical market in which we have traditionally excelled, a shift to fine chemicals with high added value is expected, raising the prospects of significant growth.

In response to these developments, KITZ SCT, which manufactures and sells valves for semiconductor manufacturing equipment, has constructed a new plant building that began operating in April 2023. Meanwhile, KITZ Micro Filter, which produces and sells filters for semiconductor photoresists, is also working on the construction of a new plant building with the aim of beefing up production capacity to meet vigorous demand. These improvements to production capacity will start contributing to business results in the third year of our Medium-term Management Plan and beyond.

Currently we are also actively working on new businesses. From January 2023, Hydrogen Department was elevated to Hydrogen Division in order to pursue hydrogen-related business in earnest. Previously, projects related to water treatment had been implemented on an individual basis by each Group company, but to unify our elemental technologies and products for creating greater synergy, the Environmental Solutions Division has been launched as a new entity at KITZ.

● Summary of FY2023 Plan



“ROIC × ESG” Management

Aim to enhance both corporate value and social value

■ Set “improving return on invested capital over the medium to long term” as the core management objective, and manage ROE externally and ROIC internally as the main KPIs

ROIC

- Through ROIC tree, make all employees perceive their role and contribution to the company
- Aim to minimize inventory and receivables turnover and maximize profits considering asset efficiency
- Identify and improve unprofitable products (cost reduction, product integration & discontinuation, price raises)
- Invest actively in growth areas and harvest speedily



ESG (Sustainability Management)

- Protect the environment through “3 ZERO” and target environmental businesses sector
- Consider employees as capital, and create an environment to improve their capabilities and engagement
- Take reasonable risks and mitigate risks that exceed our tolerance
- Build a management system that is transparent and capable of quick decision-making

Focusing on Risk Management

Meanwhile, analyzing risk factors and minimizing those risks are key points to achieving our plans. I think of risk management as my most important role. I am aware that the uncertain management environment will continue due to global economic trends such as inflation, rising interest rates, exchange rate fluctuations, and supply chain issues. Further, we must now also face emerging geopolitical risks.

As KITZ currently has four production sites in China and another site in Taiwan, there is a need to pay attention to the relationship between China and Taiwan, as well as between the U.S. and China. As a contingency, we are developing systems enabling some products currently produced in China to be produced in Japan. We will also make progress in reviewing our production systems, including the decision to relocate some of the production underway in China and Taiwan to Vietnam.

We are also focusing on improved supply chain management in coordination with production. At times last year, our customers were inconvenienced due to supply chain disruptions. Previously, we had been managing production control and purchasing separately but now we have established a new department to oversee the supply chain and enabled a centralized management system. We are in the process of creating a system that will give us a bird's-eye view of the situation from the formulation of production plans based on sales targets to cooperation with suppliers and changes to production sites to avoid geopolitical risks.

Development of a Rewarding Workplace

Human capital is one of the factors to achieve our plans. It depends on how well we can cultivate employees engaged with a positive attitude toward their work. To achieve that, we need to properly take stock of our human capital, discover talented employees, and hone their abilities across various departments and regions, including overseas.

Another perspective is improving employee engagement scores. Looking at engagement scores, in FY2022, KITZ scored 48 points for a rewarding work culture and 44 points for a better work environment. This level is not something to be particularly proud of. Our challenge is to improve the scores of younger generations and employees at production sites. Boosting engagement by creating an open workplace is vital to achieving our Medium-term Management Plan.

How can we foster a sense of trust in senior employees and supervisors, how can we link employees' own jobs with achieving the company's plans, and how can employees themselves advance their own career plans? The division managers are now leading efforts to visualize those questions.

As a part of that initiative, we set up the KITZ Group Engagement Forum 2022, events for dialogue between top management and employees. Around 40 of these forum events were held at KITZ and the Group companies in Japan and overseas. I gave direct explanations of the Long-term Management Vision and Medium-term Management Plan we announced in February 2022, giving employees the opportunity to think about these as their own. The sessions also emphasized dialogue, and around half of their running time was taken up answering questions from employees. This has enabled employees to ask directly about the issues they are regularly facing and put forth proposals, and we have started to see positive results. Through these initiatives, in FY2024, we aim to score 56 points in rewarding work culture and 55 points in a better work environment. I see KITZ's greatest strength as its serious and sincere corporate culture epitomized by an element of its Action Guide: Do it True. We will engage in fair and equitable corporate activities which ensure that each employee understands the need to observe internal rules, social ethics, and morals and which meet the expectations of society and earn its trust. This is directly connected with the job satisfaction of employees.

Group-wide, KITZ employees number more than 5,300, half of whom work overseas. We must foster the same KITZ corporate culture at overseas sites as we do in Japan and develop a fulfilling work environment. I think we must also actively pursue personnel exchanges, having employees come from overseas to work in Japan, and vice versa.

Creating women's opportunities for active roles is another important effort. We have set the target of raising the percentage of female managers, which was 3.4% in FY2022, to 10% by FY2024. I want KITZ to be a company where a diverse range of talent can succeed irrespective of gender, age, nationality, or culture.

Implementing Proactive Management toward 2030

In 2021, my appointment as President & CEO coincided with our 70th anniversary. The first task I set about was to revise the KITZ' Statement of Corporate Mission to make it more purposeful and clearer. Revisions to our corporate mission led to the formulation of our Long-term Management Vision and Medium-term Management Plan.

Then in February 2022, we announced our Long-term Management Vision "Beyond New Heights 2030 – Change the Flow." As quantitative targets for 2030, we aim to achieve an average sales growth rate of at least 4%, with net sales in the ¥200 billion range, an ROE of at least 10% and net income of around ¥10 billion.

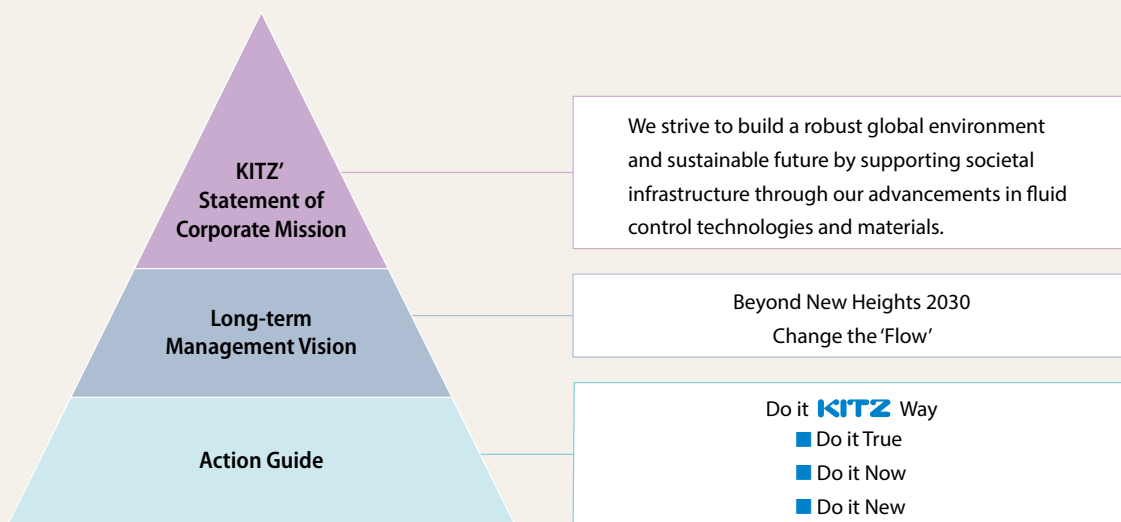
To achieve our vision, we will strengthen our foundations

in the Building & Facilities, Petrochemicals and Machinery & Equipment markets that represent our core businesses. To cater to the demands of the times in terms of digitalization and decarbonization, we will accelerate our entry into growth sectors including Semiconductors, Fine Chemicals, and Hydrogen & Clean Energy and aim for ambidextrous management that shifts our business domains. To implement these

measures, we have set aside a total budget for investments of ¥80 billion over nine years from 2022 to 2030, 60% of which will be allocated to strategic investments in growth sectors and new areas.

As a measure of digitalization, we will lead BX (business transformation) Task Force activities in which roughly 20% of all employees take part. To take on the challenge of rapidly

Corporate Philosophy Structure



Our Aspirations for 2030

Technology/Solutions
KITZ will continue to challenge in Stream, Block and Squeeze by leveraging its one-of-a-kind technology and exceeding the user's expectations through its powerful proposal capability.

Environmental Conservation through Business
KITZ will garner favor with society by contributing to a sustainable future, pursuing environmentally friendly product and material development and production processes.

Core Business/Growth Business
KITZ will strengthen the foundations of its core business for the information and sustainable society, while also accelerating its entry into growth businesses without fear of risk.

Diverse Human Resources
KITZ will ensure each and every employee, regardless of gender, age, nationality or culture, can work in high spirits at maximum performance as professionals.



Average sales growth rate at least 4%
(FY2030: consolidated sales of ¥200 billion)

ROE at least 10%
(FY2030: consolidated net income of ¥10 billion)

changing social issues, we will work to transform business by utilizing the power of digital technologies.

In our Long-term Management Vision, we specified key themes in each field of ESG. As an environmental initiative for achieving “3 ZERO (triple zero)”, namely Net Zero CO₂ Emissions, Zero Environmental Impact, and Zero Risk.

We have made considerable progress in reducing CO₂ emissions. By switching to green electricity, in 2022, we reduced CO₂ emissions by 65% compared with FY2013 levels group-wide in Japan, outpacing the original schedule. At this stage, we expect to achieve a reduction of 80% by FY2024 and 90% by FY2030.

In response, we issued Sustainability-Linked Bonds worth ¥10 billion in September 2022. As a way of dealing with the urgent issue of climate change, these corporate bonds use the CO₂ reduction rates for Scope 1 and Scope 2 of domestic Group companies as evaluation indicators.

In November 2023, our head office will be relocated from Makuhari Shin Toshin, Mihama-ku in Chiba-shi, Chiba Prefecture to the Shiodome area of Minato-ku, Tokyo. The move will enable us to consolidate over half of the offices and Group companies that are spread throughout Tokyo in order to pursue further synergy and speed up decision-making. It will facilitate communication between employees and help create a better work environment. By consolidating functions in a single office, we also hope the move will have a positive effect on creative ideas and innovations.



My motto is “Fueki Ryuko”, a Japanese phrase that means to incorporate new trends without changing one’s essence. As KITZ’s Slogan on Sustainability states “Create the Future / Preserve the Future,” I hope to be a manager who is able to be proactive in this time of rapid change. As we head to 2030 and beyond, KITZ will continue to evolve in sustainable ways.

Our 70th anniversary was an important milestone, but it was also just a waypoint. We will Change the Flow to adapt to an evolving external environment and aim “Beyond New Heights” toward our upcoming 80th and even 100th anniversaries. Your ongoing support is greatly appreciated.

Non-Financial Targets*1 of the First Medium-term Management Plan 2024 (FY2022-2024)

	FY2021 (Results)	FY2022 (Results)	FY2024 (Plan)
CO ₂ reduction rate (Compared to FY2013, domestic group)	-28.1%*5	-66.2%*6	-80%
Employee Engagement Score			
Rewarding work culture*3	48pt	48pt	56pt
Better work environment*4	43pt	44pt	55pt
% of female employees	21.7%	22.0%	23%
% of female managers*5	3.4%	3.4%	10%
% of male employee taking childcare leave	29.0%	35.3%	50%

*1 Non-consolidated basis excluding CO₂ reduction rate *2 Scores on questions measuring willingness to contribute toward goals, sense of belonging, voluntary effort, etc. *3 Scores on questions measuring opportunities to utilize skills and abilities, a better work environment, etc. *4 Managers: employees of the department manager *5 Replaced FY2020 results with FY2021 results (final figures, -26.9 to -28.1%) *6 Provisional figures as of March 29, 2023

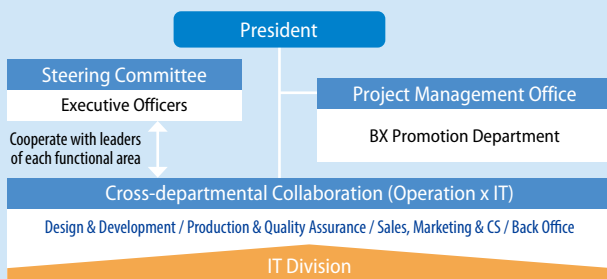
To respond to rapid changes in the social environment, we will pursue business transformation that fully leverages the power of digital technologies.

Driving Three Stages Toward Business Transformation

In the changing social environment, such as population decline and decarbonization, KITZ formulated the Long-term Management Vision to enhance competitiveness and continue to support infrastructure. To make effective use of digital transformation (DX) as the means to achieving the goals of this vision, we have been engaged in Business Transformation (BX) Task Force activities.

These activities are being personally led by the President as a large task force with the participation of roughly 20% of all employees across multiple sections, and involves the implementation of three stages: strengthening existing businesses, changing the management structure, and realizing new business models.

We will strengthen our existing businesses by thorough streamlining, starting with improvements to EX*1. The management resources by this process will be visualized,



mobilized, and used to enhance CX*2.

As indicators of the progress of Task Force activities, we have created BX KPIs that link the activities of each department to management based on an ROIC tree. Using these BX KPIs, we will aim to transform into a customer-oriented and agile organization and develop new business models.

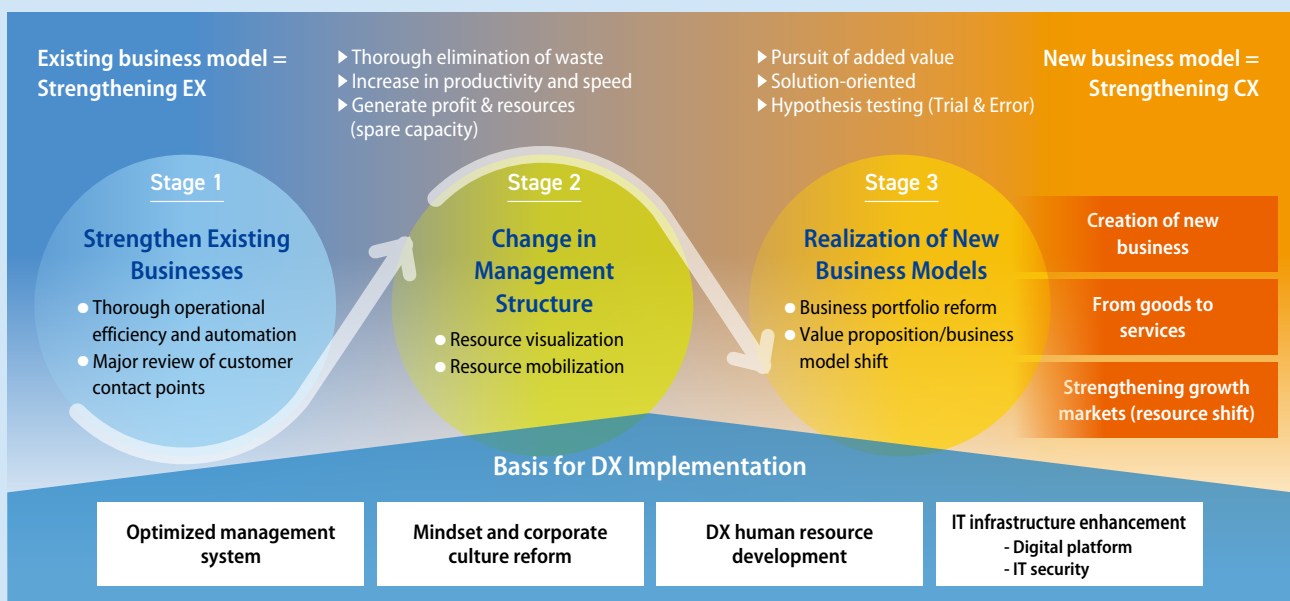
*1 Employee Experience

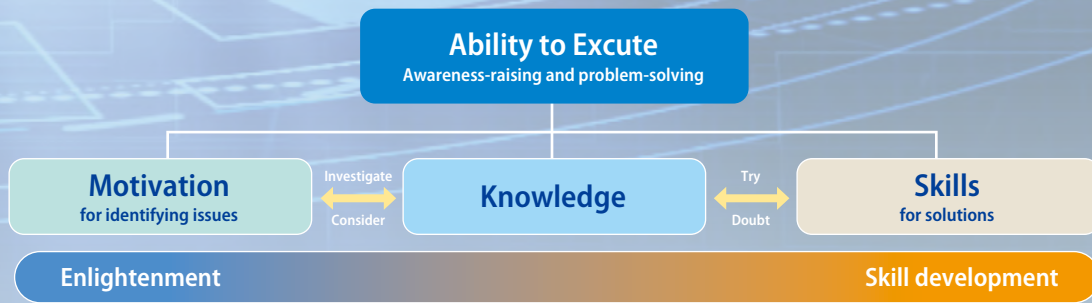
*2 Customer Experience

Encouraging a Proactive Approach Based on Data-driven Thinking

In the first Medium-term Management Plan, we aim to take ownership of changes and acquire the capability to implement various reforms through a transformation in the environment, ideas, action, and culture.

As the basis for the DX implementation in FY2022, we mainly worked on **establishing an optimized management system** to create cross-departmental collaboration as the core of transformation, **reforming mindset and corporate culture** to lay the groundwork for a culture to take root, **developing DX human resources** to cultivate employees to lead that culture, and **enhancing IT infrastructure** as a tool to put the above into practice. From FY2023, we will utilize this basis for implementation to drive BX at full scale based on plans for each measure.





Creating Resources for Transformation and Developing DX Human Resources to Lead a New Culture

BX Task Force carries out cross-organizational improvement activities to shift human resources to new businesses as part of business transformation. Through these activities, Task Force members are developing their spirit of innovation and ability to set challenges.

In parallel with the above, DX human resource development is conducted to cultivate key members who will lead future reforms through enlightenment activities and skill development. Enlightenment activities begin with recognizing the need for the reform and broadening one’s perspective. Skill development fosters the ability to identify an issue and its cause and solve them through data analysis training, as well as the ability to analyze the current situation and solve issues on one’s own through citizen development*³ training for RPA and business apps*⁴.

As of 2022, 200 and 170 employees have undergone data analysis and citizen development training respectively. These DX talents with ability to execute will become the leaders of a new corporate culture.

*³ Citizen development: The development of RPA and applications by users with intimate knowledge of the field in which they work rather than those from an IT department

*⁴ RPA and business apps: Tools that enable the development of PC task automation or applications through intuitive operations that do not require knowledge of a development language as with conventional system development

Developing the Environments and Tools for Each Employee to Succeed

KITZ has made progress in streamlining operations through the update of mission critical systems and enabled the accumulation of accurate data. In addition, through the upgrading of communication tools, we have changed the way of information sharing internally.

As for BX Task Force activities, we have used these developments as the foundation for actively sharing information to employees and improving awareness of the management situation and management indicators. We have also introduced tools for employees to utilize the accumulated data, such as data platforms and BI tools. Based on the KITZ Group Information Security and Personal Information Protection Policy, we have developed the environments and tools to identify and solve problems in business operations.

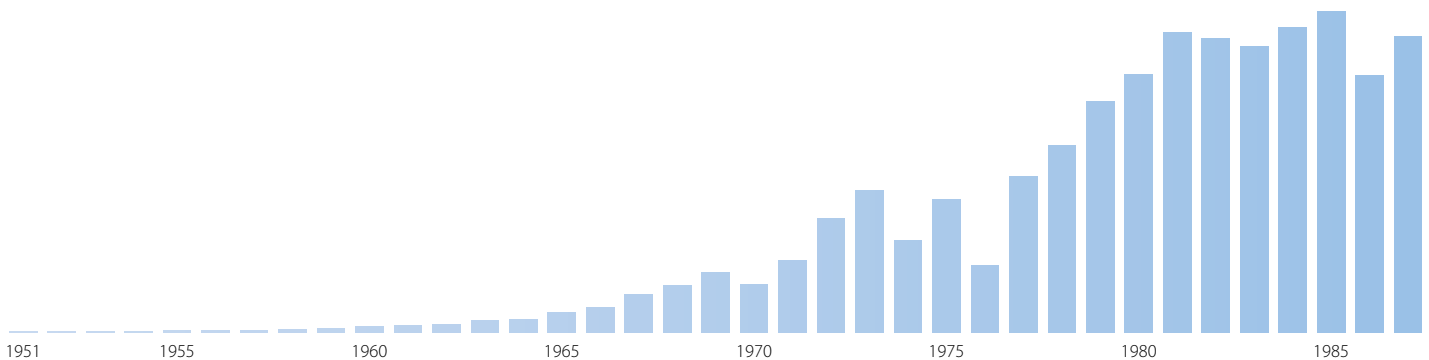
We are also pursuing paperless operations by digitizing existing analog data, and have seen each activity steadily bear fruit as the foundation for a new corporate culture to take root.

Optimized Management System	DX Human Resource Development			
Launch of the BX Task Force led by the President, in which 20% of employees participated	Acquiring the abilities to set challenges and solve problems			
Setting BX KPIs aligned with an ROIC tree	Strengthening digital literacy and in-house production skills through internal training			
Mindset and Corporate Culture Reform	IT Infrastructure Enhancement			
Shift to indicating targets and progress with numerical data	Upgrading of systems and communication tools			
Thoroughly sharing information using the intranet portal (management vision, departmental vision, KPIs)	Introducing and promoting data visualization and analysis tools			
Promoting digitalization through paperless operations	Developing cloud-based platforms to accumulate data			
	Strengthening in-factory information security			
	Setting KPIs for digital technology utilization			
	<table border="1"> <tr> <td>Number of DX human resources</td> <td>Security assessment scores</td> <td>IT environment user satisfaction</td> </tr> </table>	Number of DX human resources	Security assessment scores	IT environment user satisfaction
Number of DX human resources	Security assessment scores	IT environment user satisfaction		

KITZ Group's Growth Trajectory

The Kitazawa Factory (now KITZ Corporation) was founded in 1951 when Japan was in the transition period from the chaotic aftermath of the postwar era to the approaching era of high growth. Guided by the founding principle of Toshio Kitazawa (1917-1997), the Company positioned integrated production as the basis of its operations, in which all processes are carried out under one roof, from materials to finished products and from casting through machining, assembly, inspection, and shipment. Furthermore, the Company has built a structure that provides customers with meticulous service and post-sale follow-up. This insistence on "better quality" has been upheld and passed down as the cornerstone of the KITZ Group's activities. The Group has grown to become one of the world's pre-eminent corporate groups, developing a solid position as an all-round valve manufacturer that provides a wide variety of products to multiple fields.

* Sales from 1951 to 1976: Non-consolidated



Toshio Kitazawa
(Term of office:
1951 to 1985)



Yusuke Shimizu
(Term of office:
1985 to 2001)

Initial founding, and building a production and sales network

- 1951
 - Toshio Kitazawa founded the Kitazawa Mfg. Works Co., Ltd.
 - The Nagasaka Plant was completed and the manufacture and sales of cast bronze valves started.
- 1952
 - Nationwide distributors' association was organized, marking the establishment of a distribution system for the domestic market.
- 1959
 - Started manufacturing brass rods.

Expansion of product range and growth into an all-round valve manufacturer

- 1962
 - Company name was changed to Kitazawa Valve Co., Ltd.
- 1967
 - Started manufacturing and selling ductile cast iron valves and stainless steel valves.
- 1968
 - Started manufacturing and selling butterfly valves.
- 1969
 - Started manufacturing and selling cast iron valves.
- 1974
 - Started manufacturing and selling cast steel valves.
- 1977
 - Listed on the Second Section of the Tokyo Stock Exchange.
- 1978
 - KITZ** became a registered trademark.

Establishment of the trusted KITZ brand

- 1989
 - The Nagasaka and Ina plants obtained ISO 9001 quality management system certification, making KITZ the first Japanese company to receive this certification.
- 1991
 - Spanish ball valve manufacturer ISO S.A. (currently KITZ Corporation of Europe, S.A.) joined the KITZ Group.

History



1951
The Nagasaka Plant begins operation in Japan with just 11 employees in a small workshop, not a full factory.



1962
Japan's first forged brass valves called FH and FS introduced.



1980
Introduced a cast bronze valves designed handwheel, "CHRYSANTHEMUM-HANDLE"[®] (See page 30 Focus).



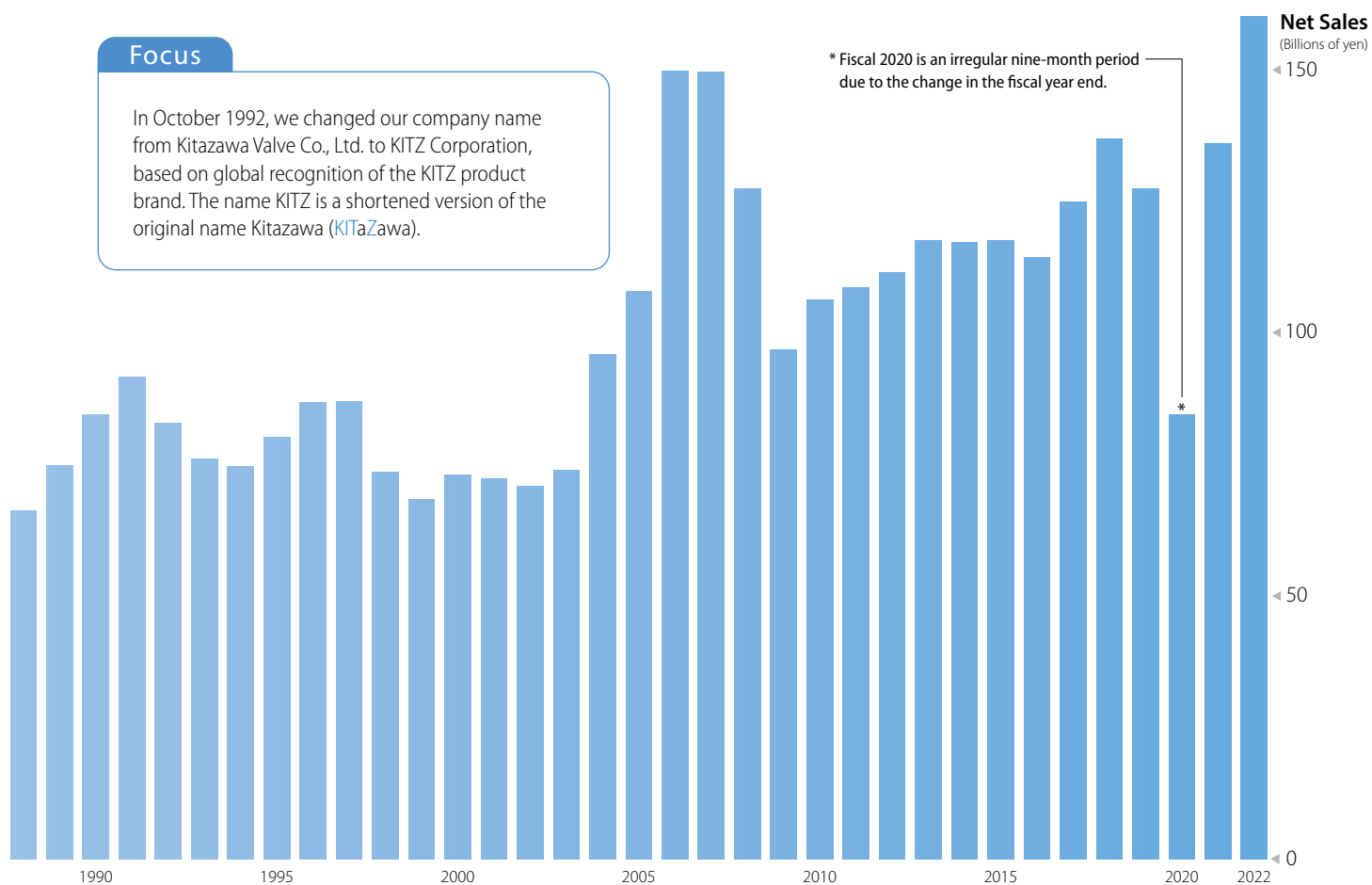
1984
Listed on the First Section of the Tokyo Stock Exchange.



1999
KEEPALOY environmentally friendly lead-free dezincification-resistant brass bars are developed and announced.

Focus

In October 1992, we changed our company name from Kitazawa Valve Co., Ltd. to KITZ Corporation, based on global recognition of the KITZ product brand. The name KITZ is a shortened version of the original name Kitazawa (KITaZawa).



Kimio Kobayashi
(Term of office: 2001 to 2008)



Yasuyuki Hotta
(Term of office: 2008 to 2021)



Makoto Kohno
(Term of office: 2021-)

Accelerating selection and concentration, and promoting globalization

1992

- Changed name to KITZ Corporation and moved the head office to the Makuhari district of Chiba City.

1995

- Shimizu Alloy Mfg. Co., Ltd. joined the KITZ Group, enabling the Group to begin supplying products for water supply systems.

2001

- Purchased the semiconductor related business from the former Benkan Group.

2002

- Carried out impairment of assets and reconstructed poorly performing business operations.

2004

- Separated and reestablished the brass bar manufacturing and microfilter (MF) business as separate entities.

2009

- Perrin GmbH, a ball valve manufacturer in Germany, joined the KITZ Group.

2015

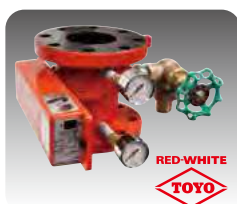
- Indian industrial valve manufacturer Micro Pneumatics Pvt. Ltd. joined the KITZ Group.

2018

- Brazilian industrial ball valve manufacturer Metalúrgica Golden Art's Ltda. joined the KITZ Group.
- Korean industrial butterfly valve manufacturer Cephos Pipelines Corp. joined the KITZ Group.

2022

- Unveiled our Long-term Management Vision.
- Selected Prime Market in Tokyo Stock Exchange new market segments



2004
Toyo Valve Co., Ltd., another well-known Japanese valve manufacturer, joined the KITZ Group.



2012
Launched ultra-high pressure ball valves for hydrogen stations.



2019
Consolidated operating income for the fiscal year ended March 2019 was a record-high ¥11,713 million.



2022
Decided to relocate headquarters to Shiodome area, Minato-ku, Tokyo

Value Creation Story

Growth Strategies

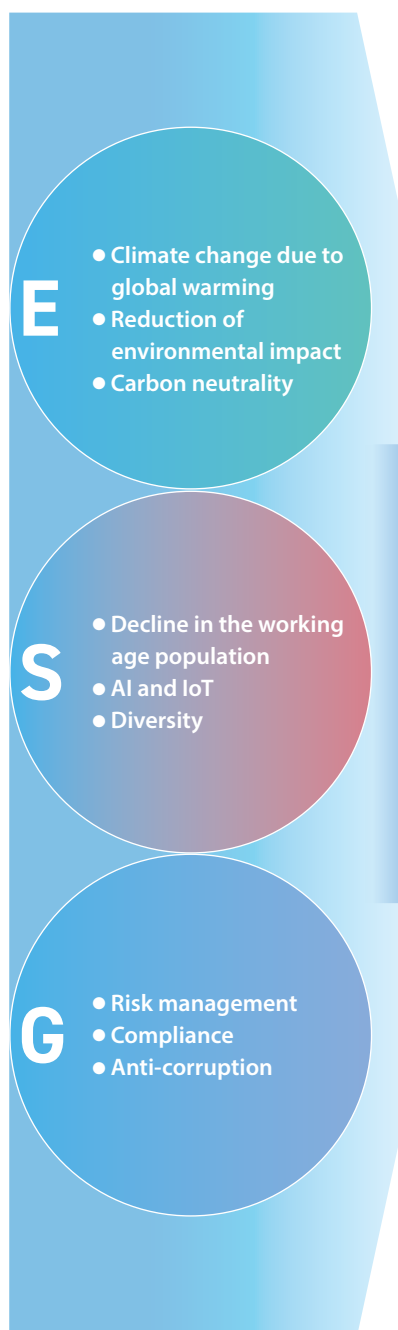
Sustainability

Data Section

Value Creation Process

Beyond New Heights 2030

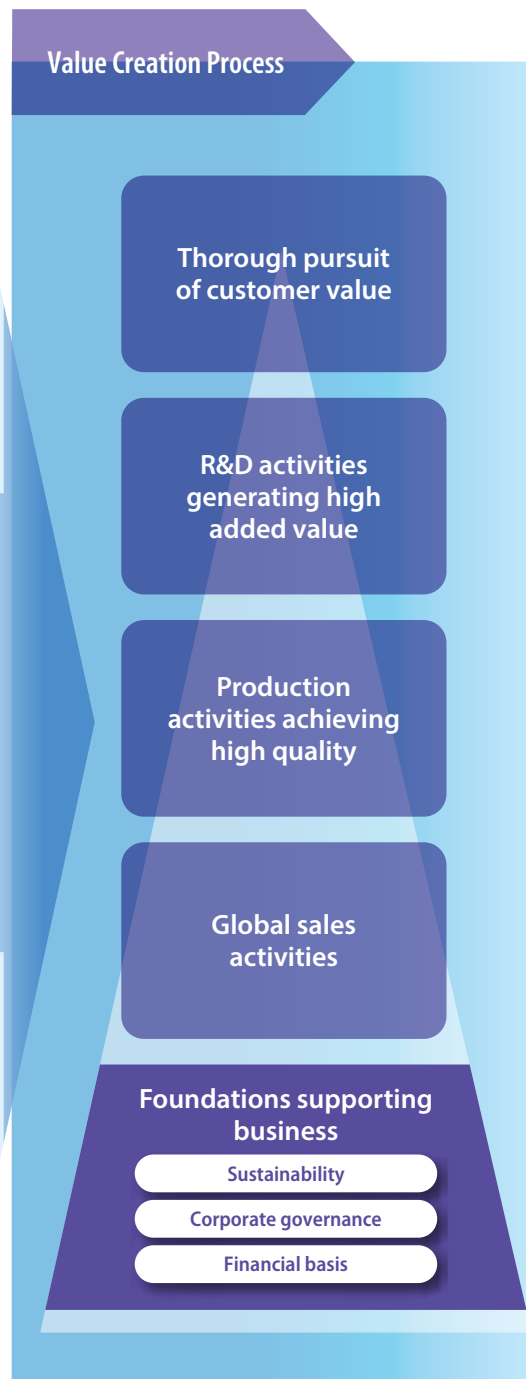
Changes in the external environment and social issues



Management resources supporting the value creation process



Value Creation Process



Change the Flow

Output

Providing high quality products and services catering to every need to Stream, Block and Squeeze flows

Core Markets

- Building & Facilities
- Petrochemicals
- Water Treatment
- Machinery & Equipment

Growth Markets

- Semiconductor Equipment
- Semiconductor Materials (Filters)
- Fine Chemicals
- Hydrogen & Clean Energy

New Businesses

- Water Solutions
- Maintenance Solutions

Value Delivery

- Creation of a comfortable living environment through support for the stable supply of water and energy
- Customer/supplier confidence and coexistence with local communities
- Development of diverse human resources and creation of a corporate culture in which employees are always motivated
- Business activities that minimize the impact on the environment and strengthening of the environmental management system
- Continuous enhancement of shareholder value

FY2030 Financial Targets

Average sales growth rate at least **4%**
(FY2030: consolidated sales of ¥200 billion)

ROE at least **10%**
(FY2030: consolidated net income of ¥10 billion)

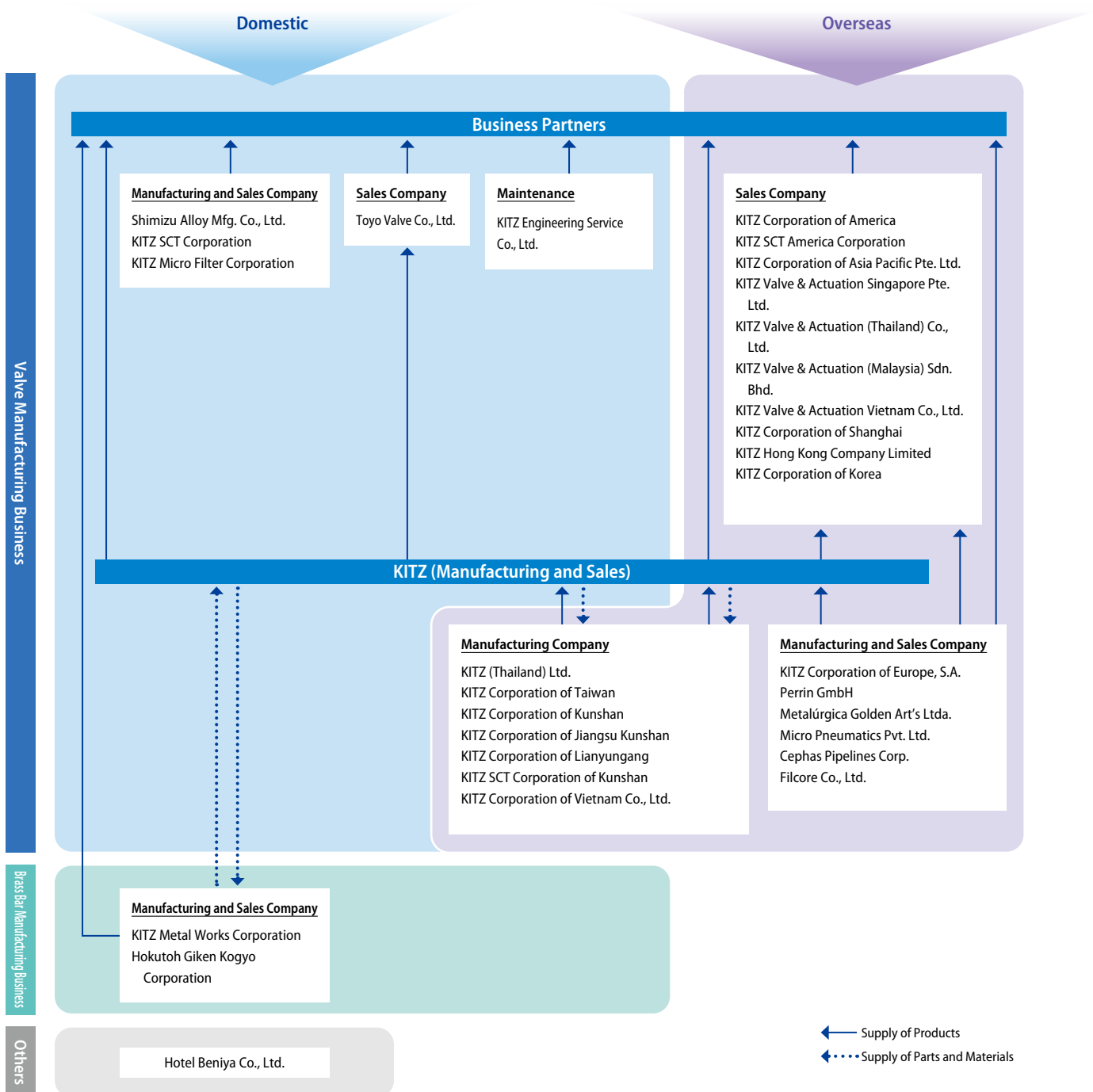


Business Segments

The KITZ Group operates Valve Manufacturing Business that involves the manufacturing and sale of joints, purifiers, and industrial filters with a focus on valves as a type of fluid control device; Brass Bar Manufacturing Business that involves the manufacturing and sale of brass bars used as faucet fittings, gas equipment, and materials for home appliance components; and other businesses including the operation of hotels.

Moving forward, the KITZ Group will continue to pursue further growth as an all-round fluid control device manufacturer with a focus on valves.

● Overview of KITZ Group's Business Promotion Structure



Valve Manufacturing Business

Sales by segments **78.3%**

Strengths

Providing a Wide Range of Products as an All-Round Valve Manufacturer

With a large number of valve manufacturers specializing in limited markets and fields and narrowing down the manufacturing and sale of valves to particular materials and shapes, the KITZ Group maintains a lineup of valves featuring an array of shapes in various materials including bronze, brass, stainless steel, cast iron, and cast steel. As an all-round valve manufacturer, we offer products that span numerous fields covering every area from our daily lives to industry.

KITZ Brand as a Mark of High Quality

The KITZ Group maintains casting equipment designed for the main materials of valves. We manufacture our products on the basis of an integrated production system that covers everything from material selection to casting, machining, assembly and inspection. By developing a quality assurance system that extends back to the materials we use, we have established the position of KITZ as a brand that stands for reliability.

High Market Share—

In the domestic market, we have established a strong sales network that can quickly respond to customer feedback through a network of distributors that covers all of Japan. We thus maintain a particularly high market share in bronze, brass, and stainless steel valves.



Brass Bar Manufacturing Business

Sales by segments **20.3%**

Strengths

Development of New Materials based on Alloy Technologies Cultivated over Many Years

Our business began with the manufacturing of brass bars, which is a main material of valves. Today, we respond to market needs by actively developing and selling new materials that are friendly toward people and the environment, including dezincified corrosion-resistant brass bars and lead-free brass bars.

What Are Valves?

Valves are a general term for fluid control devices that have the function of flowing and stopping fluids (water, air, oil, gas, etc.) in pipes and controlling the flow.

The origin of valves dates back to woodcocks that were excavated from ancient Egyptian ruins dating from around 1000 BC. Around the mid-1800s, when boilers for spinning were imported, metal valves were used for the first time in Japan. At the start of the Meiji era, when water service and town gas service commenced, valve manufacture began in Japan.

Today, valves are connected with diverse pipes in a wide range of fields from those close to our daily life, such as water and sewage, hot-water supply, gas, and air conditioning, to the production processes in industrial fields, such as oil, chemical and pharmaceutical products and food. Valves play an extremely important role. Although we are rarely aware of their existence in our daily life, valves strongly support our life behind the scenes.



Others

Sales by segments **1.4%**

Strengths

Operating One of the Largest Hotels in the Kamisawa Onsen Hot Springs District

Our business is service-related operations, focusing on Hotel Beniya, located in Suwa, Nagano Prefecture. In addition to the hotel business, we also operate two service areas: the Suwako service area located along the Chuo Expressway (outbound) and the Tobu Yu-no-maru service area located along the Joshin-etsu Expressway (inbound).

Message from Unit General Manager, Flow Control Business Unit



We will accelerate initiatives targeting growth markets and aim to transform our business portfolio.

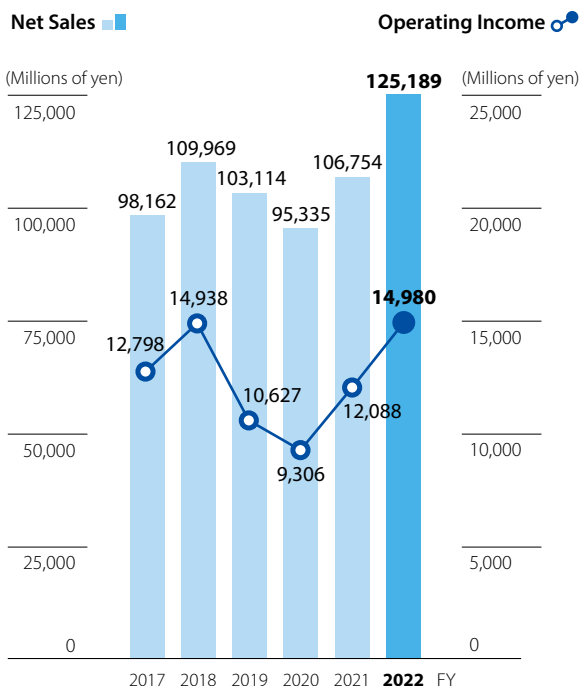
Yukinari Koide

Executive Officer, General Manager, Flow Control Business Unit

Business Results in the Fiscal Year Under Review (FY2022)

In FY2022, we saw a recovery in economic activity with global progress on the COVID-19 pandemic response. However, due to China's zero-COVID policy, the Russian invasion of Ukraine, and other factors, difficult conditions continued, including

• Net Sales & Operating Income in Valve Manufacturing Business Segment



- For the fiscal year ended December 2020, which is an irregular nine-month period due to the change in the fiscal year end, reference figures (unaudited) calculated as if the previous fiscal year ran from January to December 2020 are shown.
- The operating income of Valve Manufacturing Business shows the figures before the elimination of corporate expenses, etc.

supply chain disruptions, soaring energy resources and raw material prices, and the depreciation of the yen. Under these circumstances, we managed to achieve net sales that exceeded our plan in Valve Manufacturing Business, on the back of favorable conditions for semiconductor manufacturing equipment continued in Japan and overseas, price revisions in response to sharply rising raw material prices, increased sales in the Americas and ASEAN regions, and the impact of foreign exchange rates.

On the profit front, the effects of the price revisions offset soaring raw material prices. Favorable conditions for semiconductor manufacturing equipment and increased sales from domestic and overseas markets due to the economic recovery also led to increased profit.

As a result, net sales in Valve Manufacturing Business segment rose by ¥18,434 million year on year to ¥125,189 million. Operating income also increased by ¥2,892 million year on year to ¥14,980 million. This performance represents record highs for both net sales and operating income.

Toward Achieving the Long-term Management Vision

The Long-term Management Vision states a policy of aiming for expanded sales and profit by pursuing core businesses in greater depth and investing resources in growth markets. The first Medium-term Management Plan categorizes the businesses in which the KITZ Group excels as core businesses, namely Building & Facilities, Petrochemicals, Water Treatment, and Machinery & Equipment. We will further enhance the infrastructure of these businesses and lay solid foundations while investing resources in growth markets toward achieving “digitalization” and “decarbonization,” two keywords to solve social issues. Specifically, we have categorized Semiconductor Equipment, Semiconductor Materials (Filters), Fine Chemicals

and Hydrogen & Clean Energy as target markets, while the Building System Department, Industrial Department, and Fine Chemical Department have executed business strategies for each target market. Additionally, in January 2023, we established the Hydrogen Division and Environmental Solutions Division under the direct control of executive officers. We are preparing to expand our Hydrogen & Clean Energy business in line with the future expansion of the demand, while in Water Treatment, we will leverage the KITZ Group's water-related technologies, products, and services to provide customers with solutions under our slogan, "Design Future with Water." We will accelerate initiatives aimed at each growth market while specifying and managing resource allocations in an effort to transform our business portfolio.

Initiatives in the Field of Hydrogen

KITZ began selling valves for hydrogen stations that supply hydrogen gas as fuel for fuel cell vehicles and other uses in July 2012, and in April 2020, entered the packaged unit-type hydrogen station business. In recognition of the development of technologies to reduce the costs of hydrogen stations as part of the ultrahigh pressure hydrogen infrastructure widespread adoption and technological development project operated by NEDO*1, and for the technological development of large valves for liquefied hydrogen as part of a project to develop technologies to build a hydrogen society, KITZ was selected by METI*2 as a "Zero-Emission Challenge Company."

In addition, Kawasaki Heavy Industries, Ltd. proposed and was selected for its hydrogen-powered aircraft core technology development project as a "next-generation aircraft development project" as part of NEDO's Green Innovation Fund, and in November 2021, KITZ was selected by Kawasaki Heavy Industries as a project participant and subcontracted again for the development of valve technologies under hydrogen aircraft engine combustor and system technology development and liquefied hydrogen fuel storage tank development. We will pursue efforts in the field of hydrogen, one of our growth markets, including our aim of contributing to the realization of next-generation aircraft through the development of these technologies.

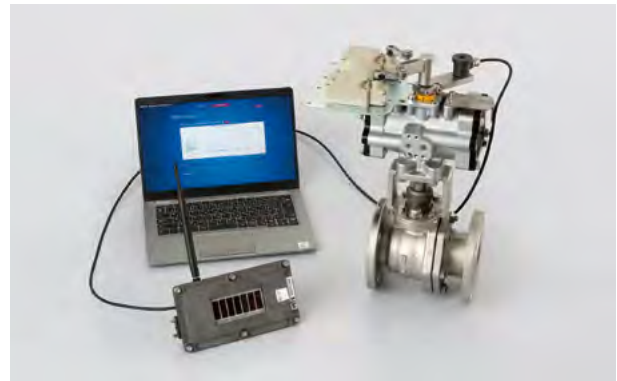
*1 NEDO: New Energy and Industrial Technology Development Organization

*2 METI: Ministry of Economy, Trade and Industry

Launch of a Monitoring Service

Domestically, there are many plants that were constructed during Japan's high economic growth periods and are still operating today. Due to their many years of operation, there is a heightened risk of trouble and accidents from deteriorating facilities, which increases the importance of regular inspections, upkeep, and other maintenance tasks for securing safe operations. However, in the field of maintenance work, there

are new needs to deal with the aging of experienced engineers and technicians, the decline in the working population, and the spread of infectious disease. As a solution, it is necessary to prevent equipment failures in a way that does not rely on human intervention. Using technologies based on unique sensing algorithms, AI and IoT, KITZ has launched KISMOS (KITZ SMART MONITORING SYSTEM), a monitoring service that detects signs of abnormalities in valves for batch production processes in plants and factories. This will provide a system for providing total support to customers from the selection of valves to planned maintenance. Going forward, KITZ will fully take on the challenge of solutions-oriented businesses.



Valves equipped with sensors and other devices

As a Leading Company in the Valve Industry

As a leading company in the valve industry, KITZ has cultivated advanced technology and a wealth of experience over the course of many years. KITZ utilizes these to meet the diverse needs of customers. KITZ introduced the Valve Meister System for certifying employees who have reached a certain level of skills and knowledge regarding automated valves and metal materials for valves as Valve Meisters. Our Valve Meisters respond to requests for customer consultations and propose specific solutions. KITZ has also offered training programs (group training and online training) for trading companies that handle valves as well as construction companies, customers and plant-related companies to learn the basics of valve technologies. Through practical training in areas such as valve assembly and disassembly, piping, and automatic valve flow tests, along with lectures from veteran engineers with a wealth of practical experience, we will help improve knowledge and skills across the industry.



To meet the world's water infrastructure demands

Supporting the Stable Supply of Water

Water is the source of life and essential for sustaining all lives on the earth, flora and fauna alike. The KITZ Group helps to make people's daily lives more comfortable by supporting the stable supply of clean and safe water through its safety-conscious products and services.

Evolution of Water Treatment Technology

The KITZ Group is steadily evolving technologies that meet the world's water infrastructure demands, including water purification technologies that use membranes to clean water, desalination technologies to purify and desalinate water that is not suitable for consumption, such as seawater, and technologies catering to the need for pure water and ultrapure water against the backdrop of an expanding semiconductor market.

Water purification devices

Use membrane filter water purification systems to produce safe, delicious-tasting water.



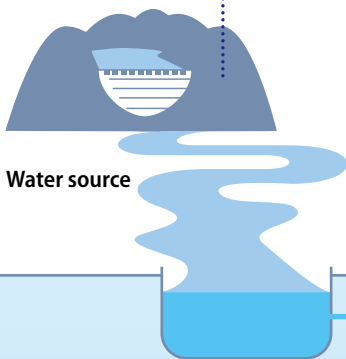
Water meter units

An integrated unit comprised of a water supply meter and joint fittings



Bronze and brass valves

Utilized by many customers in all manner of fields, including the air conditioning and sanitation of building facilities such as office buildings and hotels, plant production facilities, and machine tools and devices.



Water purification plants

Water supply and distribution facilities

Apartment houses

Office buildings and Hotels, Hospitals

Water distribution lines

Drainage systems

Resilient seated gate valves

Widely used for water supply and distribution pipelines.



Products for water distribution systems

A broad choice of products including shutoff valves, metal fittings, and snap taps for branching tap water pipes



Working Toward Solving Water-Related Issues

We work actively on the development of environmentally friendly technologies, such as surface treatment technology to prevent the elution of nickel and lead from valves, and lead-free copper alloy materials, and meet the international standards for water quality. Moreover, our lineup includes equipment that breaks down organic substances dissolved into water by way of ozone, UV light, or photocatalysis, purification devices designed to handle every kind of water source and household water purifiers.

The world faces serious issues related to water resources and shortages. The KITZ Group is marshalling its combined strengths to ensure that all people have access to clean and safe water and is seeking new solutions for various water-related problems by harnessing the Group's combined capabilities, utilizing every group member's experience, know-how, technologies, products and services.



Valves for water heaters

Designed for easy installation on compact, space-saving type for water heaters.



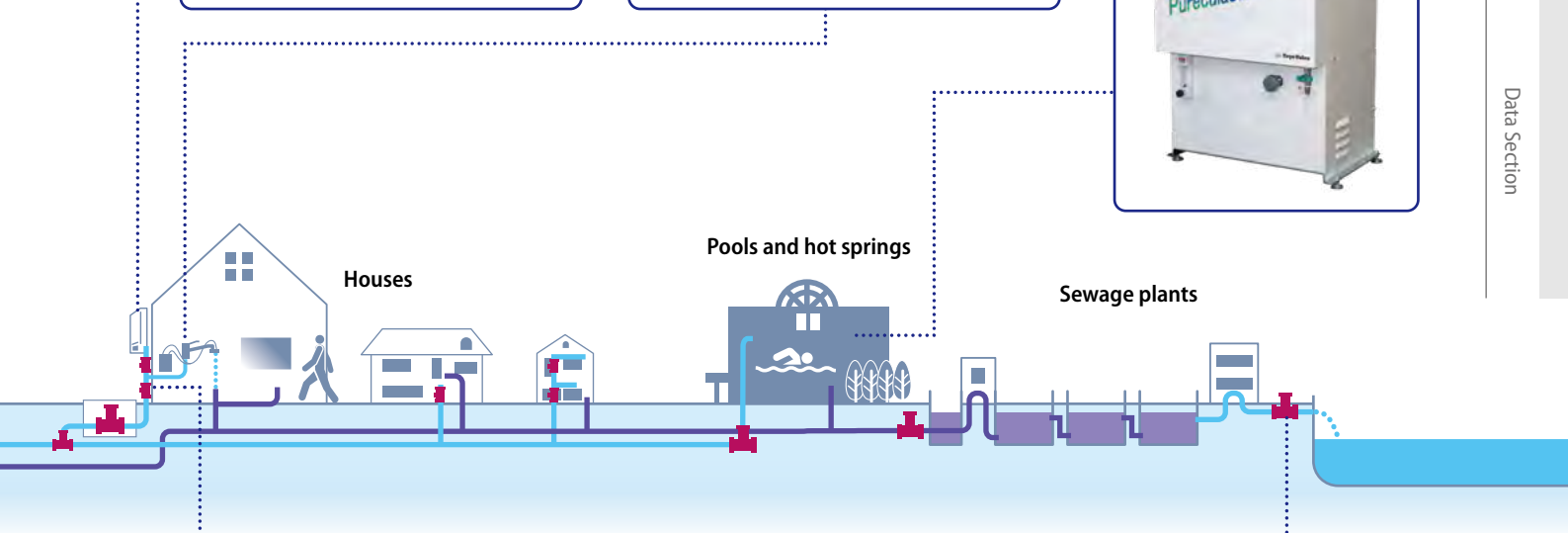
Tap water filters for home use

Hollow fiber membranes purify tap water. Used for water sources and purification systems.



Water conditioners for commercial applications

Groundbreaking water treatment devices that use a combination of ozone, UV light, and photocatalysis, together with advanced oxidation treatment



Valves for water supply systems

Made of special chemical ingredients to minimize or eliminate lead elution into tap water for protection of human health.



Valves for sewage plants

Gate valves, ball-check valves, and other valves that are essential for treatment of sewage water



KITZ Group + Energy

Providing Valuable Energy Resources That Keep Industry Running in an Endless Stream

Ensuring the Stable Supply of Energy

The KITZ Group provides a wide scope of products that play a key role in providing essential energy resources that keep industry running to oil refineries, petrochemical plants, chemical plants and innumerable other industrial processes through oil and gas pipelines, loading/off-loading terminals and other modes of transportation.

Controlling the Flow of Fluids in Extreme Harsh Environments

At energy plants, valves must be able to withstand severe conditions like extremely high temperatures and pressure with no possibility of failure. Before introducing any new product, the KITZ Group repeats stringent laboratory tests, analyses and evaluations based on actual on-site service environments. Only those products that have passed such verification procedures are added to our product lineup.

Metal seated ball valves

Offer high durability and are also capable of handling high temperature and corrosive fluids.



Stainless steel valves

Suited for use under high temperature, high pressure conditions in various types of plants.

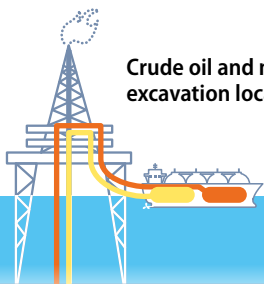


Automated valves

Automated operation valves equipped with actuators



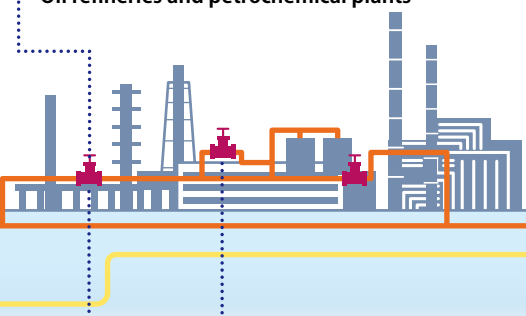
Crude oil and natural gas excavation locations



Crude oil

Liquefied natural gas

Oil refineries and petrochemical plants



Three-piece trunnion mounted ball valves

From the oil refining to petrochemical industries, industrial floating and trunnion mounted ball valves are used in a wide range of chemistry, fine chemicals, and energy-related fields.



Carbon steel valves

Widely used in chemical plants and petrochemical industry due to their superior corrosion resistance.



Actuated compact ball valves

Cater to automation needs for small-diameter piping on industrial production process lines.



For a Clean Energy Society

With the decarbonization of energy picking up speed in the race to carbon neutrality, there is increased interest in liquefied natural gas (LNG), which produces fewer CO₂ emissions during combustion than coal or oil and it can help curb global warming, as well as hydrogen, regarded as the mainstay of next-generation energy. Particularly with regard to hydrogen, we have begun to develop large-sized valves for the high volume transportation of liquid hydrogen and aim to have the KITZ Group's valves supplied throughout the supply chain for hydrogen.

We are focused on developing eco-friendly products to deliver clean, renewable energy to people all over the world with the aim of contributing to the realization of a decarbonized society.



Fully-welded type pipeline ball valves

Safety design ball valves guarantee leak-free control of fluid flow in pipelines.



High-pressure ball valves for hydrogen stations

Ultrahigh-pressure ball valves with excellent seal performance and durability, developed for use in hydrogen refueling stations

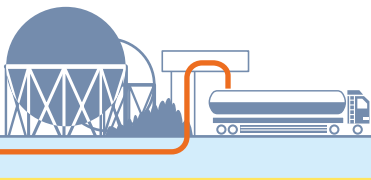


Valves for high-purity gas service

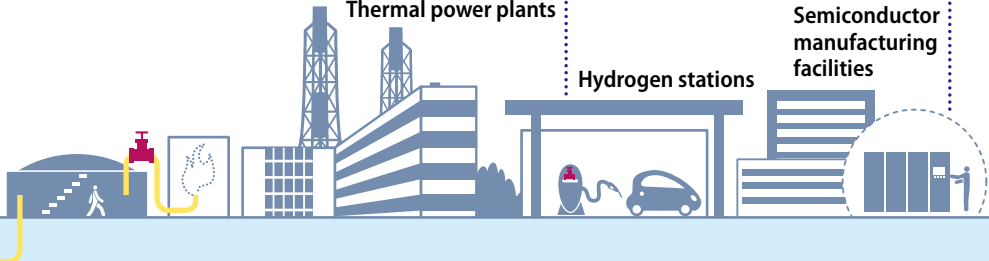
Clean stainless steel diaphragm valves or bellows seal valves for semiconductor manufacturing



LNG terminal and transportation facilities



Thermal power plants



Hydrogen stations



Semiconductor manufacturing facilities



Cryogenic and low temperature service control valves

Valves for LNG designed for control of flow rate of industrial low temperature fluids, under technical collaboration with Valtek Inc. USA (currently Flowserve Corp.)



Cryogenic and low temperature service shut-off valves

Designed for handling ethylene and industrial low-temperature gas fluids in LNG production, intake, satellite terminals, and various other applications.



Microfiltration Filters

Micro-pore, low-leaching hollow-fiber membrane filters make significant contributions in the semiconductor and medical fields.



Research and Development System Creating High Added Value

In order to meet the diverse needs of the times, we take immense pride in producing fluid control devices delivering safety, durability and reliability.

R&D Concept

The KITZ Group's engineering section is actively and boldly engaged in research and development to realize KITZ' Statement of Corporate Mission: "We strive to build a robust global environment and sustainable future by supporting societal infrastructure through our advancements in fluid control technologies and materials."

■ Core technologies

We integrate process technologies in the field of sealing, material, and process engineering that serves as the core of our R&D operations.

■ Providing solutions

We focus on resolving customer problems and provide products and services that please our customers.

■ Speed and global network

We develop new products rapidly by utilizing the worldwide group network to respond to the diverse needs of customers.

To Provide Next-generation Solutions

As part of KITZ's 70th anniversary project, the KITZ Group Innovation Center was constructed on the grounds of the Chino Plant.

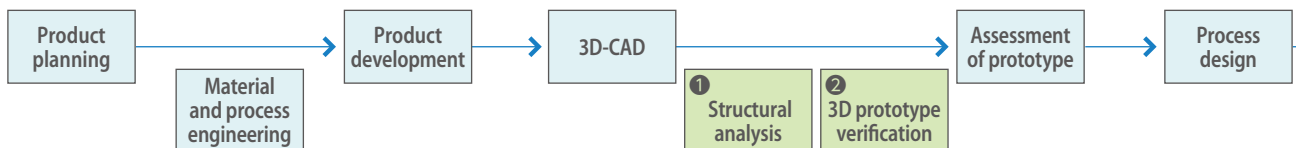
On the second floor, which has an office area for development and design sections, there is ample meeting space. Thanks to the adoption of activity-based working (ABW)*, the space encourages the free and flexible exchange of ideas and knowledge.

In addition, on the third floor, we have set up an "innovation studio" for putting original design ideas that create new value into practice. This will be the starting point for the speedy provision of innovative products and services that will satisfy customers.

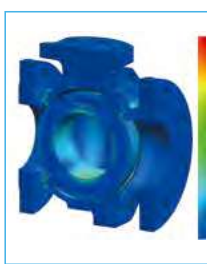
*ABW: A working style where people choose their work location based on the nature of the work at the time



● Valve Research and Development Process



Fluid analysis



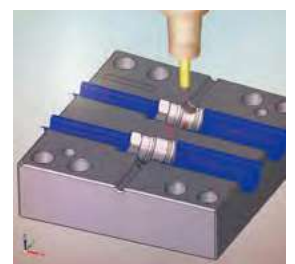
Structural analysis



② 3D prototype verification
Prototypes can be verified at an early stage using 3D printer modeling. Customers can check those prototypes by touch.



③ Casting analysis
Design for an optimal mold for casting is planned using solidification analysis.



CAM

④ Mold design/production
The CAM* data used to design the molds is transferred to processing equipment, and molds are produced internally.

* Computer Aided Manufacturing

① Structural analysis

The optimal structure of the product is designed by using simulated fluid analysis, stress, or other structural analysis.

Earning the Trust of Users Globally with World-Class Valve Technologies

The Product Development Department at KITZ is engaged in research and development to provide value to customers in a wide range of fields, including building utilities, petrochemicals, clean energy, water treatment, and semiconductors.

To maximize the synergy of the Group, engineers from Japan, Europe, the Americas, ASEAN, and China collaborate to promote product development and design, utilizing networks such as groupware, and have established a technology structure for design at the optimum sites worldwide. We also develop products with materials and specifications that are compatible with the markets and regulations in each country, and strive to improve efficiency through the active introduction of DX, such as promoting product development according to market needs through centrally managing product drawings, design drawings and component tables through the use of PLM*.

In response to the diverse needs of today's world, each and every engineer, by raising the level of his or her skills and continuing to take up the daily challenge of value creation, is creating fluid control devices that are outstandingly safe, durable and reliable.

* PLM: Product Lifecycle Management

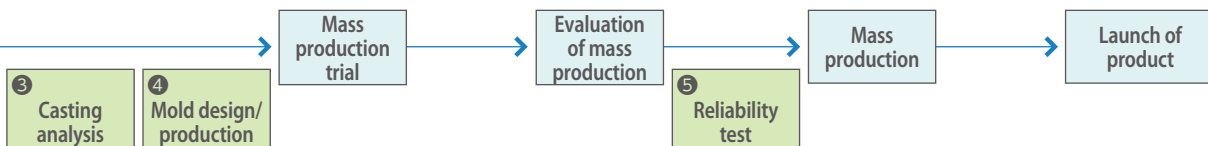
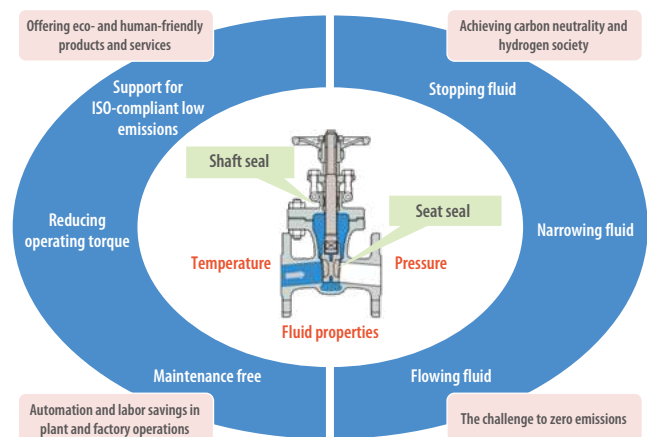
Sealing Technology and Materials Development Supporting Lifelines in a Wide Range of Fields

KITZ Corporation started operations from manufacturing general-purpose valves. Over the years, KITZ has continually

gone a step ahead of the needs of emerging markets and developed high value-added products, advancing from manually operated shut-off valves to automated control valves, and from single valves to complex modular products.

What makes it possible is sealing technology and materials development. Sealing technology has been developed in a wide range of fields from low pressure to ultra-high pressure, from extremely low temperature to high temperature, with up to more than 90,000 products created. The Company has also, based on its know-how cultivated over the long period of its history, developed optimum metal materials and introduced new products through high-level casting technology. These technologies are still evolving.

Sealing technologies, the core of valves



Reliability test

Testing and analysis are carried out under every condition of use.



Cryogenic test

Liquefied natural gas (LNG) is a low-temperature fluid. We conduct tests to reproduce the low temperature conditions.



Fire test

We verify whether valve functions can be maintained, even if a fire occurs and the valve seal materials are burned out completely.



Blow-off test

Significant force is applied for high temperature and high pressure fluid flow control when valves are opened and closed. We verify the durability to ensure that valves can operate properly even under the conditions of application limits.



Low emission test

The company exclusively retains the only methane gas testing facility based on the API standard in Japan and performs external leak tests with actual fluid.

Production Systems That Assure High-Quality Products

The KITZ Group's manufacturing is based on the concept of delivering products when necessary and in the quantities required with better quality.

Integrated Production System That Provides Quality Control Starting from Castings

Based on integrated production, the KITZ Group positions castings (forge and foundry materials) that are valve materials as the core technology and produces them internally from castings. We have established an integrated production system in which our Group has its own casting facilities for the main valve materials such as bronze, casting iron, ductile cast iron, stainless steel, and casting steel, thus putting in place a quality assurance system starting from materials. We also provide a wide variety of products in small quantities.

What supports manufacturing operations based on the market-oriented concept is the production method according to the KITZ Innovative and Challenging System (KICS). KICS provides a mechanism of sending only good products to the subsequent process by producing each product one by one in a sequence of processes at the exact timing with which it can be sold. It also achieves the elimination of stagnation and waste in a series of processes from order receipt to production and delivery. Moreover, we strive to further reduce delivery times and reinforce production lines continuously by thoroughly implementing standard work and improving processes.

3D scanners for casting mold production have been introduced at the Nagasaka Plant. The casting molds used in

production sites are the result of engineers' ingenuity and expertise over many years. By utilizing this know-how as data with the use of 3D scanners, we can standardize and improve our casting technology in-house, shorten lead times from casting mold production to product completion, and improve service for customers.

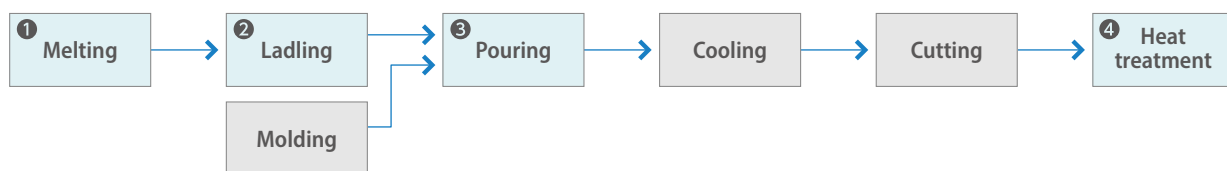


3D scanned mold

Toward an Eco-friendly Manufacturing Workplace for Creating Added Value

KITZ is investing proactively in R&D for new production technologies to achieve sustainable, eco-friendly production processes. We have expanded efforts to reuse the sand used in the casting process, recycle water resources used in valve inspections, and research eco-friendly paints. To provide customers and society with new added value as quickly as possible, in 2022 a research laboratory was newly established in the KITZ Group Innovation Center on the premises of the Chino Plant, accelerating initiatives for research into these technologies.

Stainless Steel Valve Manufacturing Process



1 Melting
Raw materials are melted in high-frequency electric furnaces.



2 Ladling
Melted metal is ladled for pouring.



3 Pouring
Melted metal is poured into a casting mold. The melted metal flows into the cavity between the upper mold, the lower mold and the core.



4 Heat treatment (solution heat treatment)
Raw materials are quenched after having been heated up to 1,100°C. This process forms a uniform metallic structure and makes mechanical properties such as tensile strength and elongation higher and ensures corrosion resistance.



KITZ Group Innovation Center Test Lab



Researching eco-friendly paint in the Test Lab

KITZ Brand is Backed by Quality Management Systems

KITZ Corporation recognized the importance of conformance to the international standard on quality management systems earlier than anyone in the industry. In November 1989, KITZ became the first Japanese company to earn ISO 9001 certification. At present, all domestic and international production bases in the KITZ Group have been certified to this standard. In February 2019, our Group company, KITZ Engineering Service Co., Ltd., became the first in the Group to obtain certification for the scope of “valve maintenance” under the standard. Additionally, in July 2001, KITZ Corporation was certified, for the first time in the valve industry in Japan, in accordance with the Pressure Equipment Directive (PED) for CE marking required for European markets. KITZ plants in Taiwan, Thailand, China, Spain, and Germany have subsequently obtained PED certification as well.

In addition to these international quality standards, in Japan, KITZ Corporation is approved by the Minister of

Economy, Trade and Industry as an authorized gas tester under the High Pressure Gas Safety Act. It supplies Japan Industrial Standards (JIS) certified products and complies with the standards of the Japan Water Works Association (JWWA). KITZ plants in Japan and China are also certified to display the API Monogram of the American Petroleum Institute.

Global Production Network: Manufacturing Facilities Located in Optimum Locations

The KITZ Group is building a structure for undertaking production in the most suitable locations for its operations around the world. Under this structure, we produce high value-added products in Japan, while Japan also plays a crucial role as the command center for our global manufacturing activities. The KITZ Group now has international production sites in Thailand, Taiwan, China, Korea, India, Spain, Germany and Brazil. We also revise our production systems flexibly, including a decision to shift a part of production underway in China and Taiwan to Vietnam.



5 Acid pickling

Pickling castings in acid solution removes impurities such as oxidized scales on the casting surface caused by heat treatment and shot blasting. At the same time, a protective film is formed on the casting surface, enhancing corrosion resistance.



6 Machining

Castings are cut, drilled and processed with machines.



7 Assembly

Various parts and components are assembled to complete valves.



8 Pressure tests

Valves are pressurized with air and/or water and operated to verify that they satisfy the quality requirement.

Extensive and Strong Sales Network

Since our foundation, the KITZ Group has established a strong sales network covering all of Japan. Today, we are working on the development of a global sales network in order to meet customers' requests with regard to quality, price, delivery, and service.

Full Distribution System

We have developed a sales structure to respond to customer requests immediately through a strong distributors' network covering all of Japan. These distributors and KITZ are connected via dedicated lines and the Internet. As a result, information on market demand is fed back directly to the production site, and this also achieves marked improvements in business efficiency and the acceleration of business. We have also adopted a pull production system, a system for setting a standard volume of distributor inventory for each product and replenishing the quantity shipped on a daily basis to maintain the inventory at a certain level. With this, distributors do not need to monitor the inventory volume of products for which standard inventory is set and can meet needs for rapid delivery.



KITZ's Strength in Domestic Sales

KITZ provides a variety of products, from goods familiar in our daily lives to the production processes encompassing industrial fields, through its powerful and wide-ranging sales network.

Customers in each market decide which valve manufacturer they will use. To respond to customer needs with a diverse range of solutions, KITZ listens carefully to usage conditions and the issues customers face to select the most suitable valves and quickly responds with prices and delivery times.

After delivery, we maintain close contact with customers through meticulous support services including technical assistance, parts supply, and on-site inspection and repair.

We build win-win relationships with customers by securing repeat orders from customers and by accepting maintenance requests for existing valve installations.

KITZ Engineering Service Co., Ltd. (KESCO) handles after-sales service. Through coordination between service centers and affiliate companies, we provide smooth and varied maintenance services across Japan.

In February 2019, KESCO acquired ISO 9001 Certification in the scope of the valve maintenance service. In addition, to perform proper maintenance on valves from other manufacturers, we have obtained certifications and qualifications in the valve maintenance from valve manufacturers, including those based overseas.

KESCO is committed to the development of human resources. We have built a system based on on-the-job training where veteran and junior employees form teams so junior employees can gain skills while performing actual maintenance work. KITZ also has extensive support systems in place for employees to obtain qualifications. Acquiring qualifications in the various areas needed for maintenance, such as crane slinging, forklift operation, gas welding, and construction management, is promoted as a part of employee training.

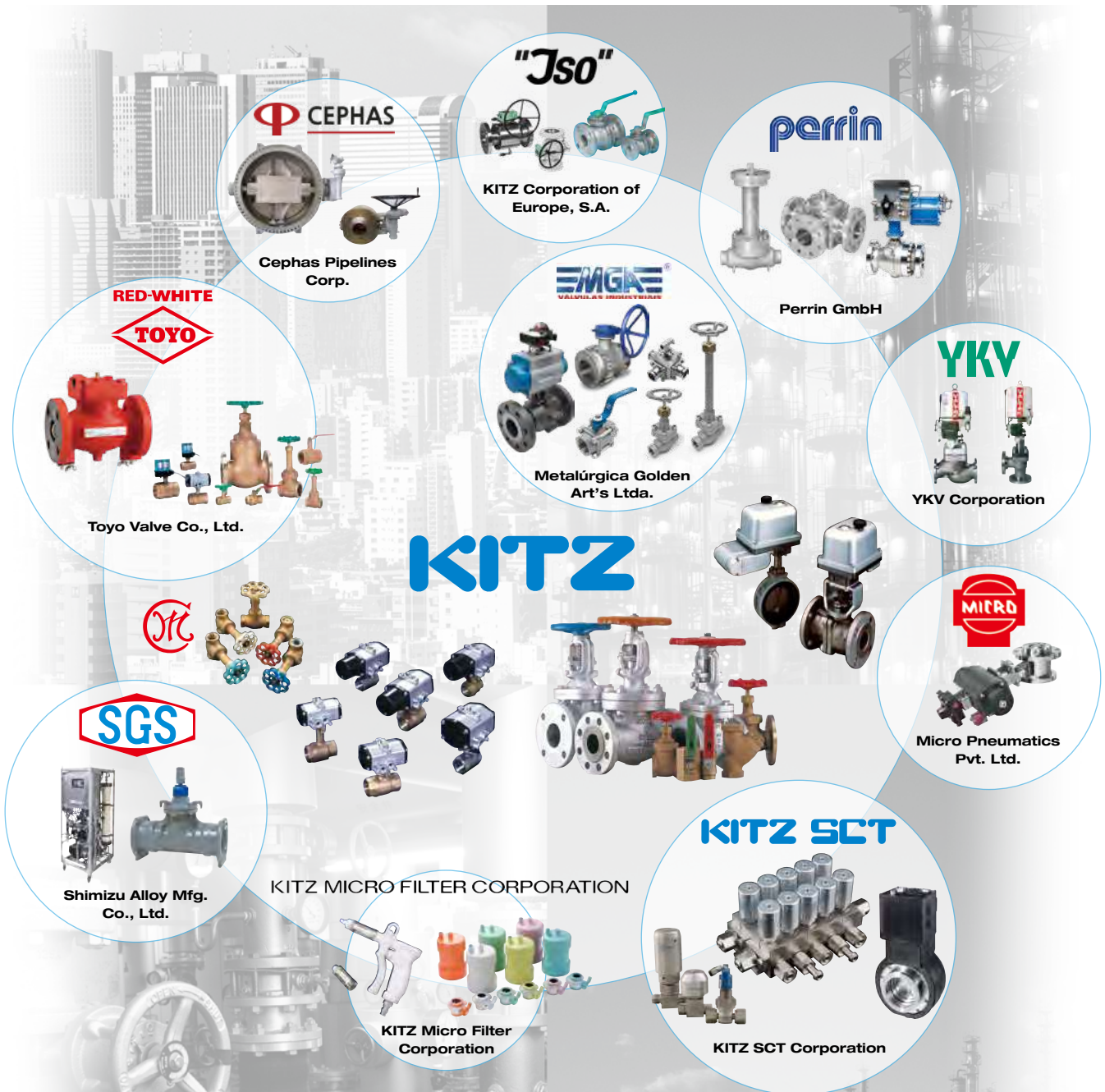
Sales Structure Responsive to the Market Environment

For global markets, we have been strengthening our sales and service systems based on the environment in each market. We have established regional headquarters that provide the functions of sales, marketing, engineering, stock, maintenance, and service for each area, and conduct business close to the region and provide products and services to satisfy local customers' needs.

In addition to the representative offices in India and UAE, we have established sales bases in China, Hong Kong, Korea, Singapore, Thailand, Malaysia, Vietnam, the United States, Germany, Spain, and Brazil and have developed global sales networks. In order to quickly respond to individual requests from customers, we have developed the KITZ Official Modification Shop network for the modification and repair of valves.

KITZ—A Reliable Brand

The KITZ Group provides a full lineup of products, and our quality is highly regarded by customers in Japan and overseas. Our 12 brands have a presence in virtually all markets and fields centered on the KITZ brand.



Focus

A “CHRYSANTHEMUM-HANDLE®” is a symbol of **KITZ**, the brand of valve reliability.

Created in cooperation with Mr. Sori Yanagi (1915-2011), a prominent Japanese industrial designer. Pursues the ease of holding from the perspective of ergonomics. Because the shape of the finger-holds embodies plumpness that is reminiscent of large chrysanthemum petals, it is nicknamed the “chrysanthemum handle.” It was employed for the design of the handle for bronze valves in September 1980 and has gradually been applied to other products.



Brass Bar Manufacturing Business

Manufacture and Sales of Brass Bars

The KITZ Group operates Brass Bar Manufacturing Business, manufacturing and selling brass bars and other fabricated brass products (cut and forged brass products). Brass bars are widely utilized for machines, construction materials, and other applications.

What is Brass?

Brass is an alloy of copper (Cu) and zinc (Zn). Modifying the percentages of copper and zinc contained in the alloy and adding various other metallic elements makes it possible to produce numerous superb characteristics, such as electrical and thermal conductivity, corrosion resistance, plastic workability, and machinability.



Brass Bar Manufacturing Business

KITZ Metal Works Corporation, which handles the KITZ Group's copper products business, develops and supplies the materials for brass valves, and also manufactures and sells high-quality brass bars and fabricated items, which are used widely as materials for faucet metal fittings, and components in gas supply equipment, home appliances and auto parts.

Hokuto Giken Kogyo Corporation manufactures and sells cut parts and brazed workpieces.

Development of Environmentally Friendly New Materials

In recent years, stricter regulations concerning substances that impact the environment have been introduced around the world. In Europe, in particular, lead regulations have become increasingly strict, and the demand for lead-free brass bars is expected to expand in the future.

In addition to the KEEPALOY series of bismuth-based lead-free brass bars it has already been selling, KITZ Metal Works Corporation has also released KEEPALOY II, a series

with high recyclability. In 2019, the company entered into a licensing agreement with Mitsubishi Shindoh Co., Ltd. (currently Mitsubishi Materials Corporation) for the ECO BRASS® series of silicon-based lead-free brass bars. ECO BRASS® is a global material registered under JIS, EN, and ASTM and demonstrates high corrosion resistance and strength properties.



ECO BRASS®

Initiatives as a Company Promoting the SDGs

KITZ Metal Works Corporation is registered as a company promoting the SDGs in Nagano Prefecture and pursues a number of initiatives to achieve the SDGs. As one of these efforts, since April 2022 we have adopted CO₂-free electric power utilizing environmental value derived from hydroelectric and solar power generation (non-feed-in-tariff/non-fossil-fuel certified), and expect to reduce CO₂ emissions by roughly 85% compared with before introduction.

In addition, a feature of the brass products manufactured by KITZ Metal Works Corporation is the ease of recycling. By promoting even greater recycling, the company will strive to reduce its environmental impact.



Brass Bar Manufacturing Process



1 Composition and melting of raw materials
The raw materials are melted in an induction furnace.



2 Continuous casting
The molten alloy is cast into large ingots (called "slabs" or "cakes") using either a water-cooled horizontal continuous casting machine or a vertical semi-continuous casting machine.



3 Cutting
The slabs are cut into billets (intermediate products) of predetermined length ready for extrusion, using a large-scale cutting machine.



4 Heating and extrusion
The billets are heated to the prescribed temperature, and extruded into rods or coils using an extruder.



5 Continuous pickling
Oxides that have become attached to the surface of the alloy during the extrusion processes are removed by pickling.



6 Cold drawing
The rods and/or coils are passed through the die of a drawing machine to finish them into brass bars with accurate shapes and dimensions.



7 Straightening and cutting
Bends or curvature in the bars are straightened out using a straightener. The bars are then cut to the prescribed length.



8 Low-temperature annealing
The bars are subjected to low-temperature annealing at the prescribed temperature in order to remove residual stress and to adjust their hardness.



9 Measurement, packing and shipping
Completed bars are bundled and packed to the prescribed weight and/or quantity before being delivered to customers.

Hotel Beniya is also a KITZ Group company.

Suwa, Nagano Prefecture, is the birthplace of KITZ founder Toshio Kitawaza. In addition to KITZ Corporation's Chino and Ina plants, many of the plants and offices of the KITZ Group are located in the surrounding area, including KITZ Metal Works Corporation and KITZ Micro Filter Corporation.

Hotel Beniya is one of the largest resort hotels in the Kamisuwa Onsen hot spring area and boasts a diverse range of spa facilities, including a hot spring bath with outstanding panoramic views and a fully-equipped *ganbanyoku* (hot stone spa). The hotel is used not only by tourists, but also by local residents as a place for relaxation.

Hotel Beniya also operates the Suwako Service Area on the Chuo Expressway (outbound) and the Tobu-yunomaru Service Area on the Joshin-etsu Expressway (inbound) serving food incorporating local specialty produce and selling local goods and souvenirs.



Message from the CFO



We will aim to improve the return on invested capital in the medium to long term by adopting ROIC management.

Kenichi Bessho

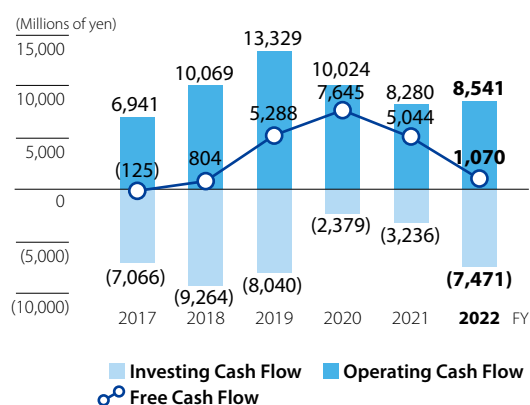
Executive Officer and Division Manager, Corporate Finance Division

Initiatives in the Fiscal Year Under Review (FY2022)

In the fiscal year under review, the outlook was uncertain due to inflation driven by sharply rising material prices caused by geopolitical risks in China and Russia, among other issues. However, we managed to increase net sales and profits year on year, in part due to price revisions and the impact of foreign exchange rates.

Under these circumstances, despite an increase in notes and accounts receivable and inventories due to soaring raw material prices along with higher investment expenditures, we managed to secure free cash flow of ¥1 billion on the back of increased profits. While we issued Sustainability-Linked Bonds, a first for KITZ, to fund bond redemption in anticipation of rising interest rate risks, interest-bearing debt declined by ¥1.3 billion year on year due to loan repayments and bond redemptions. However, partly due to investment expenditures, net interest-bearing debt increased ¥2.2 billion year on year. The equity ratio rose by 3 points year on year to 59%, in part reflecting increased profits and higher translation

Change in Cash Flow

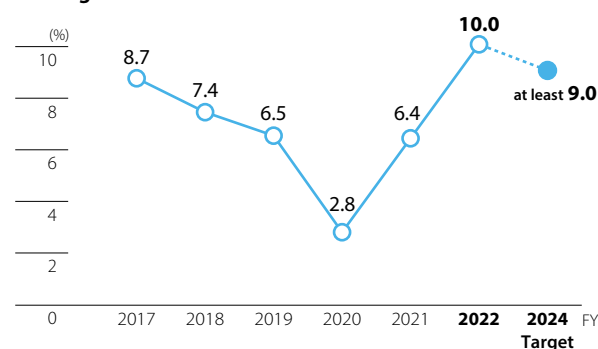


adjustments. ROE was 10%, achieving the FY2024 target of 8% ahead of schedule. We will continue to maintain ROE at a stable level of at least 9%.

Medium-term Financial Strategy and Capital Policy

In the fiscal year under review, the first year of the first Medium-term Management Plan, we placed a focus on improving return on invested capital over the medium to long term, adopted ROIC management internally to improve the external target ROE and developed an ROIC Tree that links those elements with KPIs in the field. From FY2023 we will implement KPI management and further advance ROIC management. On the profit/loss front, we will strive to improve profitability by visualizing the product portfolio, considering rearrangements, and reviewing unprofitable products. On the asset front, we will make efforts to improve the CCC*1 by reducing inventories and taking other measures while continuing with asset compression efforts, including surplus funds. In addition, to ensure future growth and earnings

Change in ROE



* For the fiscal year ended December 2020, which was an irregular period due to the change in the fiscal year-end, the financial results are for a nine-month period.

potential, we will set strategic investment allocations with a focus on growth fields and new fields such as semiconductors, fine chemicals and hydrogen. We will continue with proactive investment and work to achieve the target ROE of at least 10% as declared in the Long-term Management Vision. Further, to enable contributions to sustainability management, we will also aim to enhance social value by achieving the CO₂ reduction targets stated as an SPT^{*2} for the Sustainability-Linked Bonds issued in the fiscal year under review.

KITZ places an emphasis on improving capital efficiency and shareholder return. At the same time, to respond to changes in the management environment and risks while securing funds for strategic investments, we have set the financial and capital strategy of maintaining an appropriate capital structure that takes into account the ability to procure funds in addition to return on invested capital. More specifically, we will target an equity ratio in the neighborhood of 55-60%, enabling us to improve measures of capital efficiency such as ROE while responding to business risks.

In addition, to enable the implementation of flexible financing including strategic investments and bond redemption, we have endeavored to maintain an A rating for our corporate bonds with the aim of maintaining good relationships with banks while also ensuring sufficient borrowing capacity for the issuance of publicly offered bonds. We have obtained an A- rating from Rating and Investment Information, Inc.

(R&I), registered a total of ¥20 billion in new corporate bond issuance capacity and also obtained an A rating from Japan Credit Rating Agency, Ltd. (JCR).

While the majority of the operating cash flow generated over the three years of the first Medium-term Management Plan will be mostly allocated to the investment budget, a positive free cash flow will be maintained over the three years on a cumulative basis. Additionally, while we aim to improve funding efficiency by reducing cash on hand, we will continue to maintain risk response capabilities with a short-term special credit line of ¥13.5 billion from major banks, thus ensuring liquidity on hand.

*1 CCC: Cash Conversion Cycle

*2 SPT: Sustainability Performance Target

Shareholder Returns

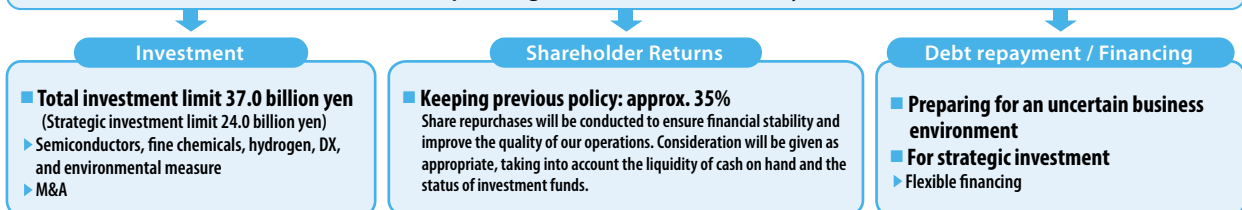
Returning profits to shareholders is an important management issue, and KITZ has set around 35% of net income attributable to owners of the parent as a preferred consolidated payout ratio level. Dividends in the year under review were a record high of ¥33 per share, resulting in a consolidated payout ratio of 34.6%. We will also consider share buybacks as appropriate, taking into account financial stability, liquidity on hand and the state of investment funding. Also note that a dividend of ¥33 per share is planned for FY2023, and we will pay dividends considering continuity and stability.

The First Medium-term Management Plan Financial Strategy and Capital Policy

- To enhance the corporate value, we have set "improving return on invested capital over the medium to long term" as the core management objective, and are managing ROE externally and ROIC internally as the main KPIs.
- On the other hand, we will execute strategic investments and raise the necessary funds for future growth and ROE improvement.
- We also aim to enhance our social value by promoting sustainability management through the issuance of Sustainability-Linked Bonds.

ROE target FY2024: at least 9% FY2030: at least 10%	Introduction of ROIC management: (1) Profitable improvement (2) ROIC Tree deployment and PDCA management (3) CCC improvement and asset compression
	Proactive strategic investment: Ensuring growth and profitability for the future
	Preservation of optimal capital structure and Ensuring borrowing capacity: Flexible financing and risk response capability

Accumulated Operating Cash Flow ¥38.0 billion yen (FY2022-2024)



Target of optimal capital structure	<ul style="list-style-type: none"> ■ Risk response capability: Equity Ratio Target 55 to 60 % Commitment line of short-term loans from banks (Current state: 13.5 billion yen) ■ Corporate Bond Rating: Maintain A (Current Rating: R&I → A [May. 2022]; JCR → A [Nov. 2021]) Preliminary Rating for Corporate Bond Issuance (R&I): A -(20 billion yen; Oct. 2022 -Oct. 2024)
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Message from Director in Charge of Sustainability



We will continue to proactively take on the challenge of new things with the aim to become a 100-year company.

Toshiyuki Murasawa

Director, Managing Executive Officer, Division Manager, Corporate Planning Division

Promoting Sustainability Management

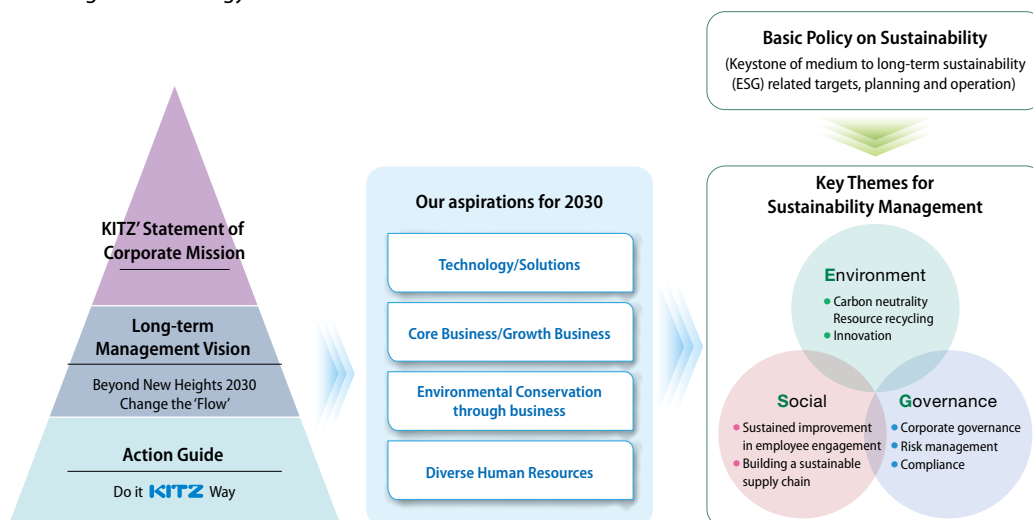
Since its founding in 1951, the KITZ Group has championed regional development in the places it does business and also pursued environmental conservation activities to fulfill its corporate social responsibility (CSR).

We are now in the midst of a great swell, with changes to the global environment never experienced in the past, and phenomenal advances in technology. To continue being a sustainable company under these conditions, we must sustainably grow and enhance corporate value, while at the same time solving social issues and creating social value. Managing these two essential dimensions in tandem are what is expected of us. We believe that this creation of shared value (CSV) is linked with the trust of society. This is what we see as sustainability management.

In the Long-term Management Vision unveiled in February 2022, we placed sustainability management at the core of our management strategy. To coincide with the

Long-term Management Vision, we have formulated key sustainability management themes, and in December 2021, a Group-wide Sustainability Promotion Committee was established following a resolution by the Board of Directors. The committee will share priority themes and key performance indicators (KPIs) on a group-wide basis and manage progress toward the achievement of targets.

In our bid to become a 100-year company that achieves growth and development a decade from now, we will continue to actively pursue challenges rather than remaining content with the status quo. We will further evolve the fluid control technologies we have cultivated with valves and aspire to “Beyond New Heights” with a sense of speed and a willingness to take on challenges and build a “New Flow.” As a member of the global community, we will continue to be a company that strides boldly toward 2030 to help shape a society that can be left in the hands of future generations.



Basic Policy and Slogan on Sustainability

The Basic Policy on Sustainability is the keystone of sustainability management, and the Slogan on Sustainability is a guide for employees to recognize and embody the

importance of what will change and what will be protected in a rapidly changing world.

● Basic Policy on Sustainability

To realize "KITZ' Statement of Corporate Mission", which expresses the KITZ Group's corporate philosophy, we will work toward the following:

1. Strive to increase both corporate value and social value by delivering solutions to social challenges through our businesses
2. Be an enterprise that deserves society's trust, through realizing efficient, fair, and transparent, highly ethical corporate management
3. Build unshakeable relations of trust through dialogue with all stakeholders

● Slogan on Sustainability

Create the Future / Preserve the Future

Create the Future

The KITZ Group will act and take on challenges without fear of change and create a new future aimed at realizing a recycling-based society which is friendly to the earth and people.

Preserve the Future

The KITZ Group will continuously protect the earth's finite resources and people's lives and will work to realize a society in which we can preserve things for the next generation.

Sustainability Promotion Structure

● Group-wide Sustainability Promotion Committee

In December 2021, the KITZ Group established the Group-wide Sustainability Promotion Committee to promote integrated sustainability management throughout the Group. The committee shares the key themes and KPIs for sustainability management and exchanges information on issues and their measures at each company and section, thus managing progress toward the targets. The Board of Directors receives reports on the progress and results and deliberates on improvement measures as deemed necessary.

Goals	(1) Promoting integrated sustainability management group-wide
	(2) Ensuring sustainability management takes root in individual companies and sections
	(3) Sharing priority themes and measures for sustainability management, formulating KPIs for individual companies and sections and revising plans
Chairperson	General Manager, Corporate Planning Division
Membership	Executive Officers, presidents of KITZ Group companies
Administrative office	Sustainability Promotion Office
Frequency of meetings	Twice a year

In Focus

Disseminating Sustainability Management and the SDGs Internally Running KITZ Group Sustainability Month 2022

Since FY2021, KITZ has run internal events to promote an understanding of sustainability management and the SDGs as well as provide an opportunity to think about them as their own. In FY2022, KITZ Group Sustainability Month 2022 took place in November. Based on the concept of "learning about sustainability in fun and exciting ways," the committee members, openly recruited internally, spent four months from organizing ideas to making preparations and operating the event. The highlight of the Month, "Sustainability Site Bus Tours," offered employees and their families chances to visit different facilities producing energy for in-house use, including a nearby hydroelectric power plant and hydrogen production facility. Another event to promote knowledge about the 17

SDGs was the "SDGs Quiz Stamp Rally." Participants scanned QR codes on the SDGs icons placed at various



locations around offices and plants and took quizzes about each goal, deepening their understanding in a fun way.

Through Disseminating awareness of the SDGs internally, we will promote human resources development that enables each employee to link the company's sustainability management to their own work, and then think and act accordingly.

Key Themes for Sustainability Management

In February 2022, the KITZ Group announced its Long-term Management Vision. At the same time, we established five key themes for sustainability management and quantitative targets up to FY2030. Each year, the Group-wide Sustainability Promotion Committee checks progress toward these targets.

E(Environmental)

KITZ has declared carbon neutrality and resource recycling as one of its key themes for sustainability management and promotes CO₂ emission reductions as well as efficient energy and resource usage in an effort to take on the challenge. We will further strengthen our Long-term Environmental Vision “3 ZERO” and disclose information in line with the TCFD recommendations. We are creating innovations with the key concepts of decarbonization and water resources, based on the fluid control technologies and material development that we have cultivated over many years.

*For information about KITZ's Long-term Environmental Vision and disclosures consistent with the TCFD recommendations, see pages 38 and 41, respectively.

S(Social)

In our Long-term Management Vision, we aim to ensure













that each and every employee, regardless of gender, age, nationality, or culture, can work in high spirits at maximum performance as professionals. To that end, one of our key themes for sustainability management is continuous improvement in employee engagement. In addition, we work to develop sustainable systems that take into account human rights, the environment, labor, and other concerns not only internally but also in the supply chain.

*For information about KITZ's employee engagement and supply chain management, see pages 43 and 42, respectively.

G(Governance)

KITZ has declared “Do it True” as one of the elements in its Action Guide and engages in fair and equitable corporate activities to meet the expectations and trust of society. Moreover, to “be an enterprise that deserves society’s trust, through realizing efficient, fair, and transparent, highly ethical corporate management” as declared in the second item of our Basic Policy on Sustainability, we conduct management that emphasizes corporate governance, risk management, and compliance.

*For information about KITZ's governance, see page 50.

	Key Themes for Sustainability Management	Social Issues	Specific Initiatives	FY2030 Quantitative Targets	Relationship with the SDGs
E Environmental	Carbon neutrality Resource recycling	<ul style="list-style-type: none"> Transition to a decarbonized society Depletion of resources Increase in waste 	Initiatives for realization of Long-term Environmental Vision “3 ZERO” <ul style="list-style-type: none"> (1) Net zero CO₂ emissions (2) Zero environmental impact <ul style="list-style-type: none"> Water neutrality (Promote water saving, circulation, and recharge) Zero emissions (Promotion of the 3Rs, recycling of casting sand, etc.) (3) Zero risk <ul style="list-style-type: none"> Zero environmental accidents (Environmental pollution) Zero occupational accidents (Serious accidents and LTIF rate) Zero fire accidents (accidents involving fire or explosions) 	CO ₂ reduction rate -90% Waste landfill disposal rate Less than 1.0% Water resource usage -100%*1 (Compared to FY2013)	      
	Innovation	<ul style="list-style-type: none"> Economic growth through innovation Transition to a decarbonized society Depletion of water resources 	Development of fluid control technology to support decarbonization/hydrogen society Development of materials that contribute to reducing environmental impact Initiatives to solve social issues related to limited water and fluids		
S Social	Sustainable improvement of employee engagement	<ul style="list-style-type: none"> Decline in the working-age population Respect for human rights Active role played by diverse human resources System and environment for a better workplace A rewarding work culture 	Permeation of corporate philosophy and long-term management vision Promotion of D&I and fostering of a culture of collaboration Human resource development and system reforms to support global management Realization of a workplace environment in which employees can work with vitality	Employee engagement score*2 “Rewarding work culture” 56 pt “Better work environment” 55 pt % of female managers: 20%*3 Total working hours: 1,870 hours % of male employee taking childcare leave: 100%	  
	Building a sustainable supply chain	<ul style="list-style-type: none"> Responsibilities in the supply chain surrounding the Company 	Emphasis on CSR procurement Establishment of a structure for stable procurement of raw materials and parts		
G Governance	Corporate governance Risk management Compliance	<ul style="list-style-type: none"> Sustainable corporate management Corporate fraud and scandals 	Further enhancement of transparency in management decision-making Risk management that focuses on both risk reduction and opportunity creation Global compliance conducive to sustainable management		

*1 Scope: Process water used in the manufacture of valves, etc. *2 FY2024 target *3 Employees of the department manager

Environmental

The KITZ Group has established targets for environmental conservation on a global scale based on its Principle of Environmental Activities and Environmental Action Policy. The Group is making a united effort to achieve a sustainable society.

KITZ Group Principle of Environmental Activities

KITZ Group companies aspire to become operations worthy of society's confidence through the supply of environmentally friendly products and services and promotion of environment-responsive corporate activities.

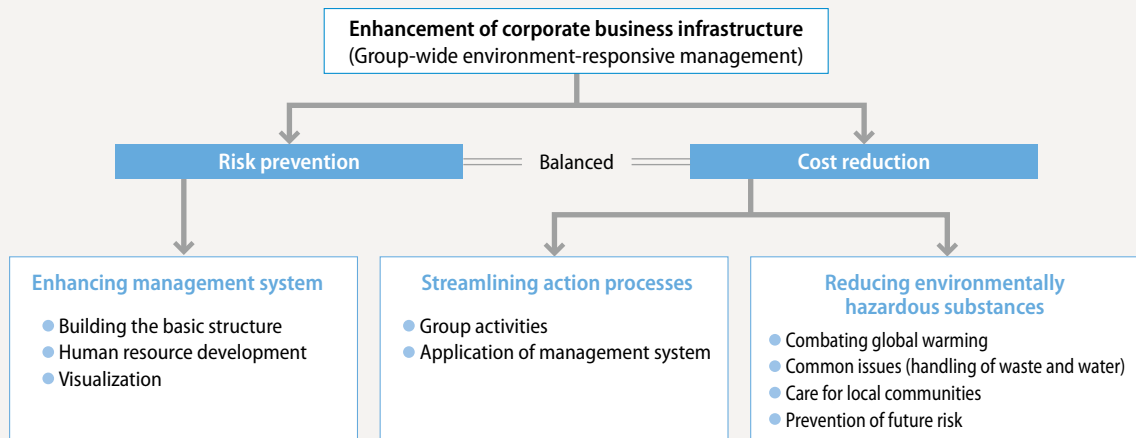
KITZ Group Environmental Action Policy

KITZ Group companies shall recognize environmental issues as an essential perspective of corporate management and every employee shall positively participate in the following activities.

1. Development and supply of environmentally friendly products and services
2. Effective use of resources
3. Promotion of reduction, reuse and recycle of waste
4. Prevention of environmental contamination

Philosophy and Initiatives for Environment-Responsive Management

KITZ will conduct activities in accordance with the aforementioned principle and action policy on the basis of achieving a balance between risk prevention and cost reduction. This balance is based on our philosophy that preventing environmental risks such as soil contamination through proactive environmental conservation activities minimizes potential future costs; and that we can reduce other costs and make a broad contribution to society by thoroughly reducing waste generated by our business activities.



Long-term Environmental Vision

It is because manufacturing that takes the environment and safety into account is essential that we formulated our Long-term Environmental Vision "3 ZERO" and tackle three key issues.

Under Net Zero CO₂ Emissions, the first key issue, by having all domestic Group companies switch to renewable energy for their electricity by the end of FY2024, KITZ will work toward achieving the mid-term environmental goal of at least 90% CO₂ reduction from 2013 levels by 2030, and the long-term environmental goal of becoming carbon neutral by 2050.

Under Zero Environmental Impact, the second key issue, we are working on three themes: effective use of water resources that are closely related to valves; reduction of waste

Long-term Environmental Vision 3 ZERO

NET Zero CO ₂ emissions Promotion of de-carbonization	Zero environmental impact Promotion of resource recycling	Zero risk Prevention of 3 (Environmental Pollution, Occupational Accidents, Fires)
<p>2030 -90%*</p> <p>2050 -100% Carbon neutrality</p> <p><small>*Compared to 2013, Domestic Group Companies/Offices</small></p>	<p>-Water Neutral Promote water conservation, circulation, and recharge</p> <p>-Zero Emissions Promotion of the 3Rs Promotion of recycling of casting sand Consideration for packaging materials Promotion of paperless system Promoting Green Procurement</p> <p>-Pollution Prevention Elimination of VOC (paints, chlorine solvent)</p>	<p>-Zero environmental accidents Environmental pollution: 0 incidents (wastewater, VOCs, etc.)</p> <p>-Zero occupational accidents Serious accidents: 0 incidents Disabling injury frequency rate: less than 0.10</p> <p>-Zero fire accidents Fire and explosion accidents: 0</p>

generated by plants and offices; and promotion of manufacturing without organic solvents to minimize not only air and soil pollution but also the impact on the health of employees.

Under the third key issue, Zero Risk, we are working to maintain safe and secure manufacturing and stable operations through activities to prevent occupational accidents, environmental pollution, and fires.

Initiatives toward a Decarbonized Society

● Switching to 100% CO₂-free Electricity at Main

Manufacturing Facilities in Japan

Starting in April 2022, KITZ has adopted CO₂-free Shinshu Green Denki electricity and makes maximum use of the abundant water resources in Nagano Prefecture in Japan, where many of the KITZ Group's manufacturing facilities are located. KITZ has also adopted CO₂-free electricity utilizing the environmental value of hydroelectric and solar power (non-feed-in-tariff/non-fossil-fuel certified) at eight business sites in Japan. As a result, 100% of the electricity used at these sites is CO₂-free. Going forward, we will continue to systematically introduce these changes to switch more of the electricity used by our main business sites in Japan to CO₂-free electricity.



● Conversion to LNG Fuels at Ina Plant

At the Ina Plant, Bunker A and LPG (liquefied petroleum gas) were previously used as energy for boilers and heaters. In October 2022, a storage tank for LNG (liquefied natural gas) was constructed in the plant, and fuel conversion started in January 2023.



By switching to CO₂-free electricity and converting to LNG fuel, CO₂ emissions by domestic Group companies in FY2022 amounted to 22,220t*, a CO₂ reduction rate of 66.2% compared with FY2013 levels. KITZ will continue to reduce CO₂ to achieve the targets of its Long-term Environmental Vision.

*Provisional figures as of March 29, 2023

Developing and Providing Environmentally Friendly Products and Services

Based on the KITZ Group Environmental Action Policy, we focus on the development of eco-friendly products aimed at environmental innovation while enhancing Group synergy. In addition to implementing evaluations from the technological development phases in accordance with the Guidelines for Environmental Impact Reduction Evaluation Standards, we carry out score-based evaluations of technological development activity items (material development, process development, design development) in terms of environmental impact reduction as well as the necessary quality, functionality, and economic rationalization. In the future, we will build mechanisms to consider CO₂ reductions during evaluations in the technological development phase.

Environmentally Friendly Products

Valves for hydrogen stations

Ultra-high pressure valves used in hydrogen stations



Lead-free products

Valves for water and heated water supply made from lead-free copper alloy materials that clear lead leaching standards for tap water



RoHS Directive-compliant products

Products that comply with harmful chemical substance regulations such as the RoHS Directive



Sterilization, purification and water treatment device (Pureculaser)

Water treatment device that sterilizes and purifies water through the synergistic effects of ozone, UV rays and photocatalysts



Portable membrane filtration device (Aqua Rescue)

Temporary equipment for the repair or renovation of existing filtration facilities and as emergency treatment equipment for the sudden deterioration of water sources



KISMOS (KITZ SMART MONITORING SYSTEM)

Preventive solution for valve problems using solar panels



Environmental News

● KITZ Concludes Basic Agreement on Green Hydrogen with Yamanashi Prefecture

KITZ signed a basic agreement with Yamanashi Prefecture to collaborate on the use and the wide adoption of green hydrogen as part of demonstration and research into a P2G system* in order to develop a hydrogen society.

Under the agreement, green hydrogen produced with a P2G system at the Komekurayama P2G Demo Site (Kofu City), which is a NEDO-commissioned project, is transported to the Nagasaka Plant and used as fuel for fuel cell-driven forklifts and other equipment at a hydrogen station located in the plant.

* A technology using electricity from renewable energy, etc., to produce hydrogen through water electrolysis.



● Development of Water Treatment Equipment for the Effective Use of Water Resources

KITZ operates KITZ Water Solutions as an activity to comprehensively utilize the water-related technologies, products, and services of the KITZ Group companies and propose solutions to customers. As a result of these activities, KITZ has developed water treatment equipment that purifies groundwater to drinkable levels. The equipment makes use of the technologies of the membrane filtration type water purification system of Shimizu Alloy Mfg. Co., Ltd. and the sterilization and purification treatment equipment of Toyo Valve Co., Ltd., which are KITZ Group companies. Even when the water supply is cut off in emergencies, it is possible to supply groundwater and industrial water as safe and secure water in combination with in-house power generation equipment.



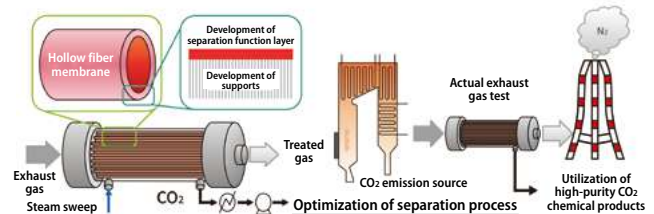
● Joint Participation in Research and Development of CO₂ Separation and Capture Technologies

KITZ Group company KITZ Micro Filter Corporation is jointly participating in "Research and development of an effective CO₂ capture process with novel CO₂ separation membrane modules"*² as a subcontractor to Tosoh Corporation in a NEDO project*¹.

The project is designed to develop technologies for a CO₂ separation membrane for process gases and exhaust gases with a CO₂ concentration of more than 10%, and KITZ Micro Filter is responsible for the development of hollow fiber membrane supports that are ideal for this use, as well as the manufacturing and development of hollow fiber membrane modules.

*1 Project Name: Development of Technologies of Carbon Recycling and Next-Generation Thermal Power Generation, etc. / Development of Technology for CO₂ Separation, Capture, etc.

*2 Research and development is being jointly conducted by three parties, Kyoto Institute of Technology, TOSOH Corporation and Tokyo Institute of Technology.



● Expansion of Solar Power Generating System at Thai Production Site

Group company KITZ (Thailand) Ltd. has expanded its solar power generating system as an effort to achieve Net Zero CO₂ Emissions, and began operation in September 2022. Solar panels have been installed at the main Bangplee Plant since 2016, but the latest expansion of 2,112 panels brought the total to 3,612 panels.

The power generated by the solar panels accounts for 10.3% of the average monthly power usage at the Bangplee Plant in 2021, with CO₂ emissions reductions equivalent to 753 tons* annually.

*Estimated by KITZ based on Japanese standards





TCFD Recommendations

In order to phase in the disclosure of information about the financial impact of climate change, KITZ indicated its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021. Future scenarios were formulated in line with the recommendations to analyze the impact of climate change on KITZ. The following summary has been disclosed in accordance with the four categories in the TCFD recommendations (governance, strategy, risk management, and metrics and targets).

●Governance

The Management Conference made up of executive officers confirms the progress and results of major items in our Long-term Environmental Vision, and makes decisions regarding direction, issues, and necessary matters. Matters of particular importance are referred to the Board of Directors for deliberation and decision. In addition, at the Group-wide Sustainability Promotion Committee meetings held twice a year, key themes and KPIs related to sustainability management including climate change are shared, and issues and measures to deal with them are implemented.

●Strategy

Regarding our strategy on climate change, based on the socioeconomic scenarios indicated in a report issued by the IPCC*, we have identified major risks, opportunities, and other factors and conducted a financial impact analysis. The following are the pillars of our strategy accordingly. We pursue initiatives based on this strategy.

*IPCC: The Intergovernmental Panel on Climate Change

●Risk Management

We are taking action to continually reduce climate change risks based on the KITZ Group's basic policy and evaluation standards for risk evaluation.

We follow a process where potential risks, including climate change risks in the business activities of the Group companies, are identified, with the Board of Directors deliberating over and making decisions regarding response policies.

Please refer to the website for details about our response to climate change (disclosures consistent with the TCFD recommendations) ▶



●Metrics and Targets

Under Strategic Pillar (1), we promote our Long-term Environmental Vision "3 ZERO" with the aim of reducing our CO₂ emissions by at least 90% compared with FY2013 levels by FY2030, and achieving carbon neutrality by FY2050.

Base Year	CO ₂ Emissions	Target Year	Reduction Rate	Target Business Sites	Scope of Calculation
FY2013	65,933 tons	FY2030	At least -90%	All business sites in Japan	Scope 1 and 2 Electricity, Kerosene, Light Oil, LPG, LNG, etc.

We will set metrics and targets for strategic pillars (2) and (3) based on the status of future initiatives.

Categories	Details of Risks and Opportunities		Financial Impact*
Transition Risks	Technology	Increased costs of conversion and transition to fluid control technologies and materials that achieve low-carbon performance	Small
	Market	Decline in demand for valves due to a shrinking market in fossil fuel-related fields such as petrochemicals	Small
Physical Risks	Acute	Stagnation in the supply chain due to an increase in natural disasters	Small to Moderate
	Chronic	Increased costs from the operation of air conditioning and cooling equipment due to average temperature increases	Small
Opportunities	Products and Services	Development of valves for the supply chains of hydrogen, NH ₃ , etc.	Large
		Development of valve business for LNG plants	Large

*Expected financial impact is categorized as "small," "moderate" or "large"

Strategic Pillars

- (1) Contribute to climate change mitigation through the reduction of KITZ's CO₂ emissions and the efficient use of resources and energy
- (2) Contribute to climate change mitigation by promoting CO₂ emission reductions through KITZ products
- (3) Contribute to the creation of a sustainable future by working with local communities on climate change mitigation measures

Social

The KITZ Group aims to be an organization in which each employee can work with vitality and demonstrate the highest levels of performance as a professional, regardless of attributes, such as gender, age, nationality, and culture. We are also making progress on the development of environments to support our human resources as they continue proactively taking on challenges with a sense of urgency and ambition, demonstrating the creativity that is inherent in each and every employee.

Respect for Human Rights

●Basic Concept of Respect For Human Rights and Code of Conduct

The KITZ Group supports the Universal Declaration of Human Rights, an international standard concerning human rights, and has also expressed its support for the United National Global Compact (UNGC). The spirit of the UNGC conforms to the spirit of the KITZ Group's corporate philosophy, and we strive to put the Ten Principles of the UNGC into practice going forward.

Under the KITZ Group Compliance Code of Conduct, which calls for respecting the individuality and human rights of all individuals, we do our utmost to enable each and every KITZ Group employee to act based on thinking in line with the relevant guidelines, conscious of their roles as members of a global society.



Supply Chain Management

●Implementing Supplier Due Diligence

Initiatives on respecting human rights are something we cannot realize alone. To have our business partners understand KITZ's vision and values and to implement initiatives throughout the entire supply chain, we have formulated Supplier Guidelines and Green Procurement Standards that incorporate items on respect for human rights.

In FY2022, KITZ conducted a survey (self-assessment) of its major suppliers based on these guidelines.

From FY2023 onwards, we will phase in these initiatives at Group companies and develop procurement activities to build a robust global environment and sustainable future as declared in our Corporate Mission.

[Survey Outline and Results]

- Applicable suppliers: 214 key domestic and overseas suppliers selected based on KITZ criteria from among major suppliers related to manufacturing
- Survey details: A total of 21 questions were set based on the Guidelines and the Procurement Standards
- Assessment method: Verification of compliance or non-compliance for each question, and responses to questions pertaining to key issues for FY2022
- Number of respondents (response rate): 203 of 214 companies (response rate of 95%)

Please visit the website for details about KITZ's supply chain management ▶



Initiatives Supporting Human Resources

●Desired Personnel

Through its investments in human resources, the KITZ Group aims to be a company that continues to be the choice of prospective employees.



"Do it True" (referring to sincerity and the truth) is the first Action Guide at KITZ. Being sincere, being serious, and complying with the rules and morals of society are the values that the KITZ Group considers to be the most important. We also consider these values to be the essence of KITZ's outstanding corporate culture. The Action Guides that follow these are "Do it Now" (referring to speed and timeliness) and "Do it New" (referring to creative ability and challenges). To swiftly respond to a world that is rapidly changing, we need agile business expansion and the ability to come up with and act on ideas that fall outside conventional thinking. We aim to be a professional group that boldly takes on new challenges and where employees can deploy their own latent creative powers.

●Human Resource Development

In human resource development, KITZ promotes two themes, displaying human resources competency and displaying organizational capacity. To achieve these themes, we support the development of motivation, skills, and opportunities to demonstrate potential through a wide range of in-house educational programs.

Basic Concept for Human Resource Development

1. We will provide support to those who seek to improve themselves based on self-development.
2. Supervisors will conduct systematic on-the-job training (OJT) with the aim of having employees gain the practical skills and knowledge necessary to properly carry out their duties in the workplace.
3. Education (group training) outside the workplace will be provided to supplement and accelerate OJT.
4. Ongoing human resource development will be pursued by incorporating human resource development into challenge goals (personal goals).

Initiatives toward Enhancing Employee Engagement

KITZ regards constant improvements to employee engagement as one of the key themes of sustainability management and conducts engagement surveys for ascertaining the current state of our organizational culture. In FY2022, these surveys were rolled out to the domestic Group companies in addition to KITZ. Along with being reported to management, the results are provided as feedback to individual workplaces and also utilized to verify and analyze the current state of the organizational culture. Accordingly, we set specific action plans and target figures to improve employee engagement.

		FY2021 Results	FY2022 Results	FY2024 Targets
Employee engagement score	Rewarding work culture	48pt	48pt	56pt
	Better work environment	43pt	44pt	55pt

• Non-consolidated basis

Initiatives at Main Divisions

Production Division

Theme: Enable employees to feel that “I can do my best for the company” and “Do our best for employees”

- Holding forums for employees to engage in dialogue with the Division Manager of Production Division
- Establishment of a project for working style and workplace environment improvement
- Drafting plans, allocating budgetary funds, and disclosing information on the intranet portal

National Sales Division

Theme: Instill employees with the company vision and improve the human resource development environment

- Having managers share development issues and solutions specific to employee tiers
- Conducting training on coaching, time management, etc.

Engineering Division

Theme: Join forces as “collective wisdom” and instill the idea of “working as a team” to solve issues toward a common goal

- Conducting training on the concept of “working as a team”

Diversity and Inclusion Initiatives

KITZ promotes diversity and inclusion as an important management strategy.

We have declared targets for the percentage of female employees and percentage of female managers to be achieved by FY2030. We are pursuing specific initiatives aimed at achieving these targets.

Qualitative Targets	Main KPIs	FY2021 Results	FY2022 Results	FY 2024 Targets	FY 2027 Targets	FY 2030 Targets
Women in the workplace	% of female employees	21.7%	22.0%	23%	24%	25%
	% of female managers	3.4%	3.4%	10%	16%	20%
LGBTQ understanding	Earning Pride Index	Preparing training programs	Conducting e-learning for managers	Earning Gold rating in Pride Index	—	—
Employment of people with disabilities	% of employees with disabilities	2.4%	2.4%	2.5%	2.7%	3.0%

- Non-consolidated basis
- Managers refers to employees who are in the position of department head or higher.
- Pride Index is an external index based on assessment of LGBTQ initiatives.

LGBTQ Inclusion

KITZ respects diversity in gender identities, sexual orientations, and values. To develop a comfortable environment that allows each employee to fully demonstrate their abilities in their own way, we are striving to foster a corporate culture that is understanding and accepting of sexual diversity among all Group employees. We have started activities to make improvements to our systems and environments for LGBTQ employees and to raise awareness of LGBTQ issues. In FY2022, we conducted an e-learning program to instill an understanding of LGBTQ issues among managers, and in FY2023, we will expand these efforts to regular employees.

Promoting a Healthy Work-Life Balance

To ensure that employees can continue working with peace of mind, the KITZ Group has set targets to enhance work-life balance, support employees with childcare and family care responsibilities, and promote health and productivity management. Through these efforts, we will develop an environment in which employees can achieve harmony between work and private life.

Qualitative Targets	Main KPIs	FY2021 Results	FY2022 Results	FY2024 Targets	FY2027 Targets	FY2030 Targets
Enhancing work-life balance	Shortening total working hours	2,012 hours	1,944 hours	1,990 hours	1,930 hours	1,870 hours
Support for employees with child and family care	% of male employees taking childcare leave	29.0%	35.3%	50%	100%	100%
Health Management	Certified Health & Productivity Management Outstanding Organization	Certified in 2022	Certified in 2023	—	Certified as “White 500”	—

• Non-consolidated basis

Conducting Briefing Sessions on Childcare Leave

KITZ has worked to develop a range of systems to allow employees to continue working with peace of mind and fully demonstrate their abilities while raising children. We have set a goal of having 100% of eligible male employees taking childcare leave by FY2027. In FY2022, we conducted briefing sessions to give managers a general understanding of our childcare leave systems so that they can become leaders supporting employees who are raising children. Articles about the childcare leave system have also been posted to the intranet portal.



Health and Safety Activities

We promote efforts to ensure zero accidents based on the KITZ Group Safety and Health Fundamental Philosophy and the Safety and Health Fundamental Policies. We have established safety and health committees and we bolster efforts to prevent injuries and illness, promote the development of comfortable workplace environments, engage in healthcare and work to prevent traffic accidents.

KITZ Group Safety and Health Fundamental Philosophy

KITZ places the highest priority on safety and health in all of its activities based on the principle of showing respect for people. Group companies conduct extensive safety and health programs with the goal of zero accident.

KITZ Group Safety and Health Fundamental Policies

1. KITZ maintains stimulating and pleasant workplaces that contribute to the mental and physical well-being of all employees.
2. KITZ is dedicated to ensuring safety and health of all employees by complying with Japan's Industrial Safety and Health Act and other associated laws and regulations as well as by adhering to internal rules and standards.
3. KITZ improves safety and health management by educating and training all employees with regard to the knowledge and skills needed for safety and health programs.
4. KITZ is dedicated to ensuring the safety of its machinery and equipment so that employees can do their jobs without concern.
5. KITZ reduces exposure to risk factors with the goal of eliminating potential sources of danger and harm to employees in workplaces.

KITZ Group Safety and Health Activities Approach and Initiatives

The company will address safety from two directions: "Enhancement of safety activities and systematic incorporation of prevention measures into production lines" and "Promotion of volunteer activities at workplaces (bottom-up approach via small group activities)." Through this two-pronged approach, the company will encourage a change in every employee's mindset and increase employees' awareness with regard to safety, thereby reforming the corporate culture.

KITZ has formulated the following key actions as measures for employee safety and health with the aim of taking preventive steps for safety and improving safety awareness.

- Develop a management system (comply with safety and health related laws and regulations)
- Implement safety measures for machines, equipment and people (prevent similar accidents)
- Create a workplace culture (promote zero accidents)



●Enhancement of Health and Safety Management Systems

To promote occupational health and safety management compliance with international standards, in January 2022, KITZ obtained certification under the ISO 45001 standard for Occupational Health and Safety Management Systems for plants in Nagasaka, Ina, and Chino, followed by certification for all production sites in Japan in November 2022.

●Education on Health and Safety

With the aim of eliminating occupational accidents, we conducted tiered health and safety training delivered by occupational health and safety consultants. The training is divided into content for employees with limited experience, newly appointed managers and supervisors, and veteran employees who are familiar with the workplace. The training is designed to underscore the importance of safety management and foster a strong awareness of safety.

●Reciprocal Audits by Group Companies

Mutual audits regarding the environment, health, and safety of KITZ's eight Group domestic companies are conducted. Audits are carried out to identify and assess risks, and briefing sessions are held for the officer and the managers of each site. These efforts lead to activities that reduce the spread of and eliminate risks.

In addition, to cultivate personnel who will be responsible for the environment and safety in the future, we conduct training related to the environment, health, and safety.

●Health Management

KITZ has been certified as a Health & Productivity Management Outstanding Organization, which is conferred by the Ministry of Economy, Trade and Industry to companies engaging in outstanding health and productivity management activities.



Diverse Human Resources in the KITZ Group

We introduce how employees work to create value at their own posts.

We aim to supply KITZ products to realize a carbon neutral society.

Longtian Piao

Hydrogen Supply & Unit Group, Hydrogen Division, KITZ Corporation



I am responsible for work that covers everything from the development of hydrogen-related products and technology proposals to product delivery. In the course of following one project through to completion, I have accumulated a wide range of experience, and each time I realize that I have achieved personal growth. In the future, I will aim to supply KITZ products across the entire hydrogen supply chain to help realize a carbon neutral society.

I try to convey my experience to other employees for their own development.

Maria Luisa Ribas Steegmann

Managing Director & President
KITZ Corporation of Europe, S.A.



I feel especially pleased when our team manages to overcome a major challenge to help other people so we can satisfy the needs of a customer. The trust placed in me to put me in charge of the management of one of its companies has helped me to grow professionally and improve in other areas during the past 15 years, and I try to convey my experience also to other employees for their own development.

I will adapt to the increasingly diverse roles expected of an accounting department.

Yoshie Suzuki

Manager of Business Transformation and New Business, Corporate Finance Division, KITZ Corporation

Times have changed from the role of accounting as a safe keeper. I hope to respond to the diversification of the roles now expected of an accounting department, including data analysis and support for management decisions, along with taking on the challenge of reforming workstyles in the back office.



I feel happy to be facing new challenges together with fellow KITZ Group colleagues.

Takashi Takagi

Managing Director
KITZ Valve & Actuation (Thailand) Co., Ltd.

I feel happy to be facing new challenges together with fellow colleagues who share the same common philosophy: the KITZ' Statement of Corporate Mission. Looking ahead, we will continue to engage in new challenges in order to enable us to evolve into a stronger company in the global marketplace, and to contribute to society through our activities.



Having been entrusted with a role of responsibility, I feel a sense of growth and motivation.

Naoki Kira

Manager, Digital Transformation Promotion Group, Production Planning Department, Production Division, Flow Control Business Unit, KITZ Corporation



Employees are now working together on activities aimed at the company's digital transformation, and I am responsible for promoting this at our plants. Although I am still short on experience, being entrusted with this role of responsibility gives me a sense of growth and motivation on a regular basis. I will continue to work hard to make KITZ better for customers, employees and society.

I want to connect KITZ with customers from the standpoint of sales administration.

Kaori Kikumoto

Osaka Sales Office 2, Osaka Branch, National Sales Division, Flow Control Business Unit, KITZ Corporation



Using my perspective of sales administration, I have been involved in various business activities from the launch of a new IT system to the introduction of order placement systems for our customers. Moving forward, I hope to continue doing work that connects KITZ with its customers in a wide range of ways.

I hadn't even imagined being posted overseas, and with every new experience I feel personal growth.

Tomoya Nakagomi

Production Control Department Section Chief
KITZ Corporation of Taiwan



When I joined KITZ, working overseas was the last thing I expected. But when I actually began working in Taiwan, I had opportunities to experience many new things, and each time I gained a sense of personal growth. Moving forward, I will keep working to maintain a broad view of the world.

I feel proud to be improving people's lives.

Marina Tedesco

Chemical Engineer, Environmental Department
Metalúrgica Golden Arts Ltda.



I work to improve each process and consider the environment in the areas of chemical engineering, environmental management, and occupational safety. Through involvement with sustainability management, I can contribute to the mission of improving the quality of life of future generations, and I feel proud to work in the KITZ Group.

I hope to fulfill my role with an employee-first spirit.

Yuka Yoshihara

Plant General Affairs and Accounting Section, Administrative Department, KITZ SCT Corporation

In addition to general affairs, accounting, and human resource management duties, I am the contact point for consultations with employees, and I feel the need to acquire a wide range of knowledge in this role. I hope to embrace a mindset of compassion and gratitude with an employee-first attitude while fulfilling a role as a bridge between employees and the company.



I want to help a "culture of learning about technology" take root through technical training for salespeople.

Masanao Takatsuka

Manager, Sales Engineering Department, Flow Control Business Unit, KITZ Corporation

Through involvement in employee training related to technology, I feel that I have improved my own knowledge and understanding, and when I receive words of thanks for providing technical support, it fills me with happiness. I hope to instill a "culture of learning about technology" through the technical training curriculum for salespeople.



I listen to requests from customers and sales companies and support our global sales structure.

Rika Miyasawa

Sales Company Support Group, International Business Development Department, Flow Control Business Unit, KITZ Corporation



From Japan, I support KITZ's overseas sales companies in managing their sales activities locally and independently. I make a point of sharing the requests from sales companies and their customers and aligning them with the direction we need to take in the future. I hope to keep contributing to the global sales of KITZ products.

I aim to establish quality assurance practices that are trusted by customers.

Kumi Shimizu

Manager, QA Operational Improvement Group, Quality Assurance Department, Customer Satisfaction Division, KITZ Corporation



I carry out business improvement activities that observe compliance requirements and combine practical experience with business transformation. With the goal of establishing quality assurance operations that are trusted by customers, I want to develop an organization that can go about its tasks with enthusiasm.

Social Contribution Activities

KITZ focuses its various social contribution activities on areas including regional development (regional contribution), environment preservation, social and international contribution, and culture development.

Participation in the Multi-Organizational Disaster Relief Drill

Environmental Solutions Division participated in the 2022 Multi-Organizational Disaster Relief Drill (organized by Peace Winds Japan) conducted in Aki District, Kochi Prefecture, in December 2022, as part of KITZ Water Solutions' activities.

At the water supply area of a field hospital set up on the banks of a river, Aqua Rescue portable membrane filtration device by Shimizu Alloy Mfg. were installed to supply water for general use such as showers, saunas and hand washing. In addition, using KITZ Micro Filter's Super Delios portable water purifiers that can be easily carried around, we purified water taken from the river and promoted that the water could be used to clean wounds or as drinking water.

Participants offered feedback, including "Having Aqua Rescue would offer peace of mind because we would be able to secure sufficient amounts of water for daily use in shelters at evacuation points."



Comprehensive Partnership Agreement with Chino City and the Graduate School of Project Design to Achieve a "City Chosen by Young People"

In July 2022, KITZ Corporation, together with Chino City, Nagano Prefecture, and Advanced Academic Agency, The Graduate School of Project Design signed an agreement on comprehensive cooperation to realize a "city chosen by young people" based on 2nd Chino City Comprehensive Strategy for Regional Development. To coincide with the agreement, "Project Research into a City Chosen by Young People" through collaboration between industry, academia, and government was launched. Ten researchers, including three from KITZ, worked on a business concept to realize Chino as a livable future city through collaboration transcending corporations and partners for seven months starting in September.



Support for Kitazawa Museum of Art

KITZ supports the activities of the Kitazawa Museum of Art located on the shores of Lake Suwa. KITZ founder Toshio Kitazawa established the museum in 1983 as an incorporated foundation with the aim of contributing to the promotion and development of the regional culture. The museum became a public interest incorporated foundation in 2013 and observed its 40th anniversary in May 2023. The Kitazawa Museum of Art permanently displays excellent pieces of artwork, including some of the world's best French glassworks made during the art nouveau era at the end of the 19th century and modern Japanese paintings. These works are highly acclaimed both in Japan and overseas.





Yui Susaki

Gold medalist in the women's freestyle 50 kilograms wrestling competition at the Tokyo 2020 Olympics



Yui Susaki took up wrestling at the age of seven under the influence of her father, who had experience with the sport. In her second year of junior high school, she entered JOC Elite Academy. She achieved victory at the Tokyo 2020 Olympic Games competing while a student of Waseda University. In April 2022, she joined KITZ Corporation. The following is a summary of her achievements since joining.

2022

June: Competed at the Meiji Cup All Japan Invitational Championships
 September: Won the World Championships in September
 October: Won the U23 World Championships
 December: Won the Emperor's Cup All Japan Championships
 With her victory at the U23 World Championships, she achieved a world-first "grand slam," a clean sweep of five tournaments, including the Olympics.

2023

February: Won the UWW Ranking Series Zagreb Open
 She is currently ranked No.1 in the world. (as of March 31, 2023)

(Upcoming Schedule)

She is expected to compete at the Meiji Cup All Japan Invitational Championships in June to earn the right to represent Japan at the Paris 2024 Olympic Games.

● Profile

Sport/Class	Wrestling/50kg
Date of Birth	June 30, 1999
Origin	Matsudo, Chiba Prefecture
University	Waseda University

Relationships with Local Communities:

Promoting Sports in Communities with KITZ Business Locations



Ventforet Kofu

KITZ supports the training academy for (U-18) developing future players as a uniform sponsor.



Matsumoto Yamaga F.C.

In addition to supporting the Academy development organization (Ladies U-15) as a uniform sponsor, KITZ also displays a stadium banner with its company name in the wheelchair seats on the back-stand side of Sunpro Alwin stadium, which is the team's home ground.



©Matsumoto Yamaga F.C.



VC Nagano Tridents

KITZ's logo has been displayed on the back (leg) of the team's uniform and on training attire. Horizontal banners are also displayed at away match venues.



Stakeholder Engagement

KITZ engages in the timely, appropriate, and fair disclosure of information with all shareholders and investors, as well as with other stakeholders including customers, business partners, employees, and society. During the fiscal year under review (FY2022), we were impacted by the COVID-19 pandemic and accordingly, responded by proactively creating opportunities for dialogue utilizing online solutions. We feed back opinions and requests obtained by constructive communication to the management team, and reflect the outcomes in efforts to improve the efficiency and transparency of management.

Dialogue with Shareholders

We seek to disclose information at an early stage, wherein we send the notice of the ordinary general meeting of shareholders earlier than the legal requirement, and the contents are posted on the website prior to sending. The English version can also be read on the website. We are preparing a system that enables our shareholders to exercise voting rights online for their convenience.



Dialogue with Investors

We hold financial results presentations for institutional investors and analysts on a quarterly basis. The president or executive officer explains the achievements and the medium and long-term strategy.

Additionally, for the purpose of getting more people interested in becoming a KITZ shareholder, we have taken part in online IR events for individual investors.



Dialogue with Employees

The management team including the president regularly visits manufacturing sites and promotes better understanding through communication with employees. We stream video of internal results presentations and messages from management via our intranet portal so that employees at offices in Japan and overseas as well as those employees working from home can participate.

KITZ continues to conduct events promoting dialogue between top management and employees to help instill the Long-term Management Vision.



Dialogue with Business Partners

A meeting of presidents of domestic general distributors is held annually, in which we promote mutual understanding and further deepen our partnership with distributors.

While these meetings were postponed due to the COVID-19 pandemic, in July 2022, an "Appreciation Gathering" was held to mark our 70th anniversary.



Governance

The KITZ Group understands the effective functioning of corporate governance to help fulfill our corporate social responsibility and contribute to increasing management efficiency and transparency, as well as sustained increases in corporate value. For this reason, we aim to realize effective corporate governance through maintenance and continuous operation of top management and business execution systems capable of responding to changing business conditions in swift and appropriate ways while also rewarding the trust of all stakeholders and fulfilling our social missions and responsibility.

Organizational Design

KITZ employs as its organizational design for corporate governance the structure of a company with an Audit & Supervisory Board, under which authority and responsibility for decision-making on important matters concerning business administration and for oversight of business execution are centered in the Board of Directors and the Audit & Supervisory Board, and its members provide highly effective oversight of the Board of Directors from independent and objective perspectives, thus ensuring the effectiveness of corporate governance. Additionally, an executive officer system has been adopted to facilitate swift decision-making regarding business execution.

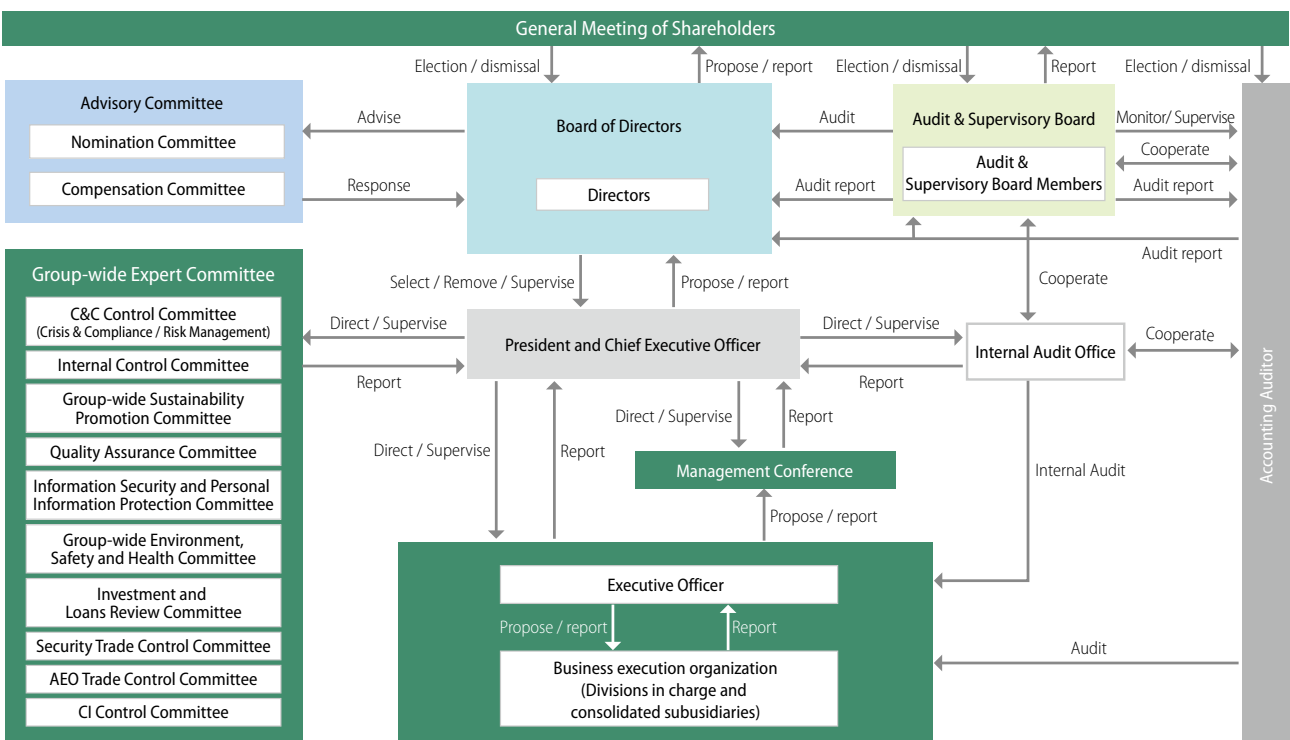
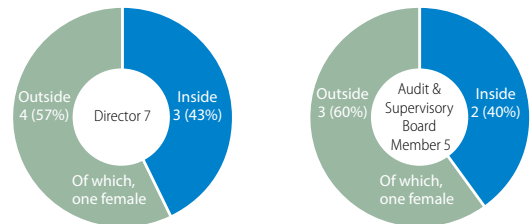
Board of Directors and Directors

The Board of Directors comprises seven members. Four of these members, which make up the majority of the board, are independent outside directors to enhance the management oversight functions. In addition, to ensure diversity on the Board of Directors, one female director (outside director) has been appointed.

Audit & Supervisory Board and its Members

The Audit & Supervisory Board comprises five members, three of whom are outside (independent) Audit & Supervisory Board members in order to facilitate highly effective auditing and strengthen oversight functions. In addition, to ensure diversity on the Audit & Supervisory Board, one female Audit & Supervisory Board member (outside Audit & Supervisory Board member) has been appointed.

Composition of Directors and Audit & Supervisory Board Members (as of end of March 2023)



Nomination Committee and Compensation Committee

To strengthen the oversight functions of the Board of Directors and enhance corporate governance, the Board of Directors has established an optional Nomination Committee and Compensation Committee regarding candidates for director, candidates for Audit & Supervisory Board member, personnel matters concerning executive officers, and the compensation of directors and executive officers, as advisory bodies whose members comprise a majority of independent outside directors.

Nomination Committee and Compensation Committee

Chairperson: Independent Outside Director Kazuyuki Matsumoto
 Members: Independent Outside Director Minoru Amoh
 Independent Outside Director Yutaka Fujiwara
 Independent Outside Director Yukino Kikuma
 Chairman Yasuyuki Hotta

Ensuring the Effectiveness of the Board of Directors

To improve the effectiveness of the functions of the Board of Directors, a questionnaire survey on the effectiveness of the Board of Directors is conducted among directors and auditors each year.

In the questionnaire survey conducted in February 2023, formulation and implementation of management strategy, sustainability initiatives, constitution of the Board of Directors, appointment and compensation of directors and officers, audits, outside directors, vitalization of discussion at Board meetings, and response to shareholders, investors, and other stakeholders were asked. Feedback regarding discussions at Board meetings was also collected.

The result of the evaluation says that the effectiveness of the Board of Directors is ensured in general. Constructive feedback was also obtained regarding enhanced employee engagement, business portfolio management, improvements to the price-book value ratio, and other matters. In light of these evaluation results, the Board of Directors will share these issues and consider improvement measures in an effort to ensure greater effectiveness.

Matrix and History of Corporate Governance

	1990	2000	2010	2020
Separation of Supervision and Execution	20 members of the Board of Directors as prescribed by the Articles of Incorporation	1999 Decreased to 12	2005 Decreased to 9	
		1999 Introduced the Executive Officer System		
Number of Outside Directors		2001 One	2011 Two	2017 Three 2020 Four (Of which, one female)
Number of Outside Audit & Supervisory Board Members	One	2000 Two	2019 Three (Of which, one female)	
Operation of the Board of Directors		2006 Term of office for Directors: 1 year		2016 Implemented evaluations on the effectiveness of the Board of Directors
Various Committees	1999 Established the Investment and Loans Review Committee		2002 Established the C&C Control Committee	
			2007 Established the Internal Control Committee	
			2017 Established the Nomination Committee and the Compensation Committee	
			2021 Established the Group-wide Sustainability Promotion Committee	
Compensation System			2004 Abolished the system for retirement bonuses for Executive Officers	
			2016 Introduced a performance-linked stock-based compensation plan 2022 Introduced a new stock-based compensation system*	
Integrated Report			2016 Published the integrated report <i>Corporate Report</i>	
Corporate Philosophy	1991 Formulated the KITZ' Statement of Corporate Mission	2001 Revised KITZ' Statement of Corporate Mission	2006 Reviewed KITZ' Statement of Corporate Mission 2022 Revised KITZ' Statement of Corporate Mission	

* Program for Restricted Stock Compensation and Post-paid Performance-Linked Stock Compensation for Directors (Not including Outside Directors)

Executive Officer System and the Management Conference

The Group employs an executive officer system for cross-functional business execution regarding Group companies in Japan and around the world to focus the Group's comprehensive strengths on corporate strategy. Thirteen executive officers, including those serving concurrently as executive directors, are appointed. In addition, the Management Conference consisting of executive officers, meets monthly for broad-ranging discussions of important management topics and decides on important matters related to business execution.

Establishment of Various Committees

To enhance the effectiveness of the internal control system operation, KITZ operates various dedicated committees. Through these committees, KITZ implements necessary controls such as evaluation, check and balance, and improvements on important matters related to appropriate and lawful decision-making in Group management.

Executive Compensation

KITZ's policy regarding the details of compensation given to individual directors is to determine compensation amounts consistent with business performance while also taking into account factors such as compensation levels at other companies, the main objective of which is to increase motivation toward achieving the Long-term Management Vision and Medium-term Management Plan, and enhancing the corporate value of the KITZ Group.

As for the structure of compensation, it comprises monetary compensation in the form of "base compensation" and "performance-linked compensation (bonuses)," and non-monetary compensation in the form of "performance linked stock-based compensation."

Base compensation is paid as a fixed amount and is set based on the position and responsibilities of each director. Performance-linked compensation (bonuses) is paid out of an amount equivalent to 1% of net income attributable to owners of the parent (the total amount of bonuses) when certain requirements are met, and is paid based on the position and individual performance target achievement level for each director.

Performance-linked stock-based compensation involves a portion of compensation being granted as stock in the Company based on an amount calculated according to the position of each director and performance indicators, with the aim of increasing the awareness of contribution to KITZ's medium to long-term business performance and improved corporate value, and promoting greater sharing of value between directors and shareholders.

Outside directors are only paid base compensation, in light of the fact that they are in positions independent from the execution of business.

Each fiscal year, the Board of Directors determines details including the compensation of individual directors based on deliberations and reports from the Compensation Committee in order to ensure the objectivity and transparency of executive compensation.

Also note that the compensation of Audit & Supervisory Board members comprises only base compensation as fixed amounts, and the payment amounts are determined through discussions by the Audit & Supervisory Board.

• Total amounts of compensation for directors and Audit & Supervisory Board members concerning the fiscal year ended December 2022

Classification	Number of members	Total amounts of compensation	Total amounts of compensation by type		
			Base compensation	Performance-linked compensation	
				Bonuses	Stock-based compensation
Directors (outside directors)	8 (4)	249 (43)	143 (43)	76 (-)	28 (-)
Audit & Supervisory Board members (outside Audit & Supervisory Board members)	5 (3)	71 (28)	71 (28)	- (-)	- (-)
Total (total for outside officers)	13 (7)	320 (72)	215 (72)	76 (-)	28 (-)

* Amounts recorded as the accrued bonuses to directors and accrued stock-based benefits to directors and officers stock benefits in the fiscal year ended December 2022 are listed.

Sale and Reduction of Cross-Shareholdings

KITZ basic policy is to not maintain cross-shareholdings for the purposes of securing stable shareholders.

In addition, the Board of Directors annually verifies and reviews cross-shareholdings from the perspectives of both economic rationality (quantitative perspectives) and the qualitative significance of such holdings, and share issues judged not to satisfy the Policy on Cross-Shareholdings are sold.

Internal Control System

To establish sound and strong Group management foundations, KITZ has established a Basic Policy on Internal Control. KITZ has built and currently operates an internal control system in accordance with laws and regulations.

In addition, the Internal Audit Office conducts business audits and internal control audits of KITZ and the KITZ Group companies, as well as monitoring the group-wide state of internal control and appropriateness of business processes. The results of the audits are communicated to the president, Audit & Supervisory Board members, and related sections, and follow-up is conducted regarding corrective measures.

These are reviewed closely by the Internal Control Committee and reported to the Board of Directors periodically. In addition, we identify the inherent risks by conducting audits regarding the serious risks that each Group company is facing. We also provide support for improving operations and building structures for legal and regulatory compliance to avoid and mitigate risks.

Promotion of Compliance Management

KITZ recognizes compliance management as a fundamental and essential condition of continued corporate growth. This is expressed in the topmost element of the Action Guide for the realization of KITZ' Statement of Corporate Mission, which expresses the Group's corporate philosophy: "Do it True."

● Compliance Management Promotion Structure

In the KITZ Group, both KITZ and each Group company have established a Crisis and Compliance (C&C) Control Committee chaired by the president. It also is building structures to prevent various management risks, such as those associated with legal, regulatory, and compliance violations, and to respond swiftly and appropriately to any crises that may arise.

● Initiatives Related to Promotion of Compliance Management

The C&C Control Committee at KITZ and each Group company deliberates on the following matters related to promotion of compliance, formulates necessary policies, and implements specific measures.

1	Formulation of basic policies on development and operation of the compliance promotion program
2	Formulation of basic policies on preparation and maintenance of the Compliance Guidebook
3	Formulation of basic policies on implementing compliance education
4	Responding to any compliance violations that have occurred (including investigation of related facts, investigation of their causes, formulation and implementation of measures to prevent their reoccurrence, and checking on the countermeasures implemented)
5	Establishment, amendment, and abolition of rules and regulations necessary for compliance promotion
6	Other necessary matters related to compliance promotion

● Whistleblowing System (Compliance Helpline)

To promote compliance management, KITZ and each Group company have established compliance helplines as a contact point for reporting and consultation concerning information about any acts in violation of laws, regulations, or compliance identified by management or employees.

The management and employees of KITZ and each

Group company may use their own companies' compliance helplines, compliance helplines set up by outside law firms, and the compliance helpline of the parent company, KITZ. We secure a structure that the management and employees can use with peace of mind, by setting up multiple routes for consultation and reporting.

Each compliance helpline is managed and operated by the C&C Control Committee of the Company or the Group company. Reports and consultations received are investigated swiftly while strictly protecting the confidentiality of the reporting party, and timely and appropriate corrective measures are implemented in response.

● Compliance Education

KITZ distributes a group-wide Compliance Guidebook to the management and employees of KITZ and Group companies. The guidebook describes the thinking of Group top management regarding compliance management, the importance of compliance management, the compliance promotion structure, the compliance code of conduct, the whistleblowing system, and other matters related to compliance. In FY2022, the guidebook was revised to enhance descriptions of social issues such as human rights, labor, the environment, and anti-corruption. The revised edition was translated into the languages of each country in which the KITZ Group operates and thoroughly informed throughout the Group. Japanese and English editions were also published on the KITZ website.

We also hold seminars on compliance education systematically each year and individual seminars focusing on the details of the operations of each section when so requested by a section of KITZ or a Group company. Furthermore, we also strive proactively to foster a culture of compliance, raise awareness, and convey related knowledge through various other means, such as preparing and distributing educational and awareness-raising tools and, recently, deployment of digital content using online tools.





● **Compliance Survey**

To check the degree to which compliance management has taken root in KITZ and each Group company and visualize potential compliance risks, KITZ surveys employees on compliance.

The risks identified through this survey are utilized in such efforts as business process improvements and employee education in accordance with their degrees of importance.

Risk Management

To control various risks that could have severe impacts on corporate management, KITZ carries out risk management in KITZ and each Group company.

● **Risk Management Structure**

In the KITZ Group, the executive officer in charge of risk management, who also serves concurrently as a member of the C&C Control Committee, promotes risk management at KITZ and each Group company based on basic policies decided on by the committee under the supervision of the Board of Directors.

● **Risk Analysis and Evaluation**

In the KITZ Group, the importance of anticipated risks related to business activities (totaling 128 risk items) is judged quantitatively along the two axes of their frequency of occurrence and their impact on management based on the basic policy and evaluation standards for risk evaluation formulated by the C&C Control Committee. Specifically, risks are graded by each evaluation item under the standards for determining their frequency of occurrence and their impact (consisting of the items of human injury, physical damage, liability, loss of profit, loss of trust, and environmental damage), and each is grouped into one of the four zones of high-damage/high-frequency, low-damage/high-frequency, high-damage/low-frequency, or low-damage/low-frequency based on a four-quadrant risk-mapping scale.

● **Risk Management Implementation Flow**

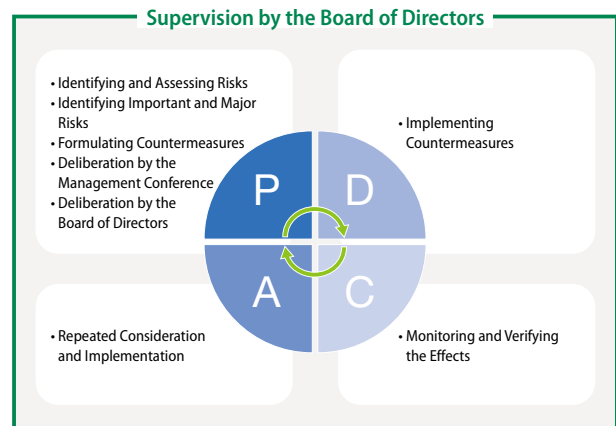
Based on the results of risk evaluation by each organization and through the Management Conference, the KITZ Group identifies important risks and key risks that have a particularly high possibility of significantly impacting management among the important risks, chooses whether to address each risk through avoidance, transfer, mitigation, or retention in light of its importance, and drafts and implements necessary countermeasures under the responsibility of the individual executive officers and Group company presidents.

Particularly in recent years, the Group has been identifying and taking action flexibly on key risks in accordance

with social conditions, such as control measures for supply chains in light of geopolitical risks as well as information security risks.

Important risks and key risks thus identified, and countermeasures drafted for them, are shared with the Internal Audit Office. The Internal Audit Office evaluates the state of development and operation of risk management from an independent perspective through means that include checking on the progress and results of related countermeasures through business auditing and other activities.

In addition, based on reports on such matters as priority risks identified in the Management Conference and countermeasures drafted for them, as well as the results of evaluation by the Internal Audit Office, the Board of Directors carries out necessary deliberation and checks on the ultimate results of implementing countermeasures, among other activities involved in final decision-making on and oversight of risk management in the Group.



● **Information Security and Personal Information Protection**

To minimize the impact of cyber-attacks or information leakage from insiders on business continuity, the KITZ Group has considered information security governance as a key management issue. Accordingly, we have formulated KITZ Group Information Security and Personal Information Protection Policy, established an Information Security and Personal Information Protection Committee, and undertaken various measures for information security and personal information protection.

Please visit the website for details about KITZ's risk management activities ▶



Board of Directors, Corporate Auditors and Executive Officers

(as of March 31, 2023)

Directors



Chairman **Yasuyuki Hotta**

Born: June 18, 1955
 Mar. 1978 Joined KITZ
 Jan. 1997 Branch Manager, Chubu Branch, Sales Division
 Apr. 2001 Plant Manager, Nagasaka Plant
 Oct. 2001 Managing Executive Director, KITZ SCT Corporation
 Jun. 2004 Representative Director and President, KITZ SCT Corporation
 Apr. 2006 Managing Executive Officer, Division Manager, Flow Control Business Division
 Apr. 2007 Senior Executive Officer, Division Manager, Flow Control Business Division
 Jun. 2007 Director, Senior Executive Officer, Division Manager, Flow Control Business Division
 Jun. 2008 President and Chief Executive Officer, Division Manager, Flow Control Business Division
 Apr. 2009 President and Chief Executive Officer
 Mar. 2021 Chairman and Representative Director, Chair of the Board of Directors (present position)
 Jun. 2021 Chairman of the Kitazawa Museum of Art (present position)



President **Makoto Kohno**

Born: March 10, 1966
 Apr. 1988 Joined KITZ
 Aug. 2008 General Manager, Project Sales Department, International Sales Division, Flow Control Business Unit
 Dec. 2011 General Manager, Project Management Department
 Apr. 2013 General Manager, Production Control Department, Production Division, Flow Control Business Unit
 Apr. 2015 General Manager, Business Planning Department, Flow Control Business Unit
 Apr. 2016 Executive Officer, Division Manager, Corporate Planning Division
 Apr. 2017 CEO & Managing Director, KITZ Corporation of Asia Pacific Pte. Ltd., Managing Director, KITZ Valve & Actuation Singapore Pte. Ltd.
 Apr. 2019 Managing Executive Officer, General Manager, Flow Control Business Unit
 Jun. 2019 Director, Managing Executive Officer, General Manager, Flow Control Business Unit
 Mar. 2021 President and Chief Executive Officer (present position)



Director **Toshiyuki Murasawa**

Born: February 9, 1959
 Mar. 1981 Joined KITZ
 Apr. 2001 General Manager, Corporate Planning Department
 Apr. 2009 Executive Officer, General Manager, Corporate Planning Department
 Oct. 2011 Executive Officer, Division Manager, Corporate Planning Division
 Apr. 2016 Executive Officer, Division Manager, Corporate Administration Division
 Jun. 2016 Director, Executive Officer, Division Manager, Corporate Administration Division
 Apr. 2019 Director, Managing Executive Officer, Division Manager, Corporate Administration Division
 Jan. 2022 Director, Managing Executive Officer, Division Manager, Corporate Planning Division (present position)



Outside Director **Kazuyuki Matsumoto**

Born: September 21, 1945
 Apr. 1970 Joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation)
 Jun. 2001 Director
 Sep. 2003 Executive Officer, Nabtesco Corporation
 Jun. 2004 Director
 Jun. 2005 Representative Director, President & CEO
 Jun. 2011 Chairman
 Jun. 2013 Outside Director, TOPCON CORPORATION (present position), Outside Director of KITZ (present position)



Outside Director **Minoru Amoh**

Born: December 9, 1951
 Apr. 1979 Joined Du Pont Far East, Inc. Japan Representative Office (currently DuPont Kabushiki Kaisha)
 Mar. 2000 Director
 Mar. 2002 Managing Executive Director
 Mar. 2004 Senior Executive Director, Regional Director, Asia-Pacific Region, Engineering Polymer Business Division
 Jul. 2005 Director, Vice President
 Sep. 2006 Representative Director, President
 Jan. 2013 Representative Director, Chairman, DuPont Kabushiki Kaisha, President, DuPont Asia Pacific Limited
 Sep. 2014 Honorary Chairman, DuPont Kabushiki Kaisha
 Jun. 2015 Outside Director of KITZ (present position)
 Mar. 2016 Statutory Auditor, Otsuka Chemical Co., Ltd.
 Mar. 2019 Outside Director (present position)
 Dec. 2020 Outside Director of HEXEL Works, Inc.
 Jun. 2021 Outside Director of Enplas Corporation (present position)



Outside Director **Yutaka Fujiwara**

Born: April 20, 1951
 Apr. 1974 Joined MODEC, Inc.
 Nov. 1987 Joined The Yasuda Trust & Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
 Aug. 1994 Deputy General Manager, New York Branch
 Jun. 1996 General Manager, Chicago Branch
 Aug. 1998 Joined OMRON Corporation
 Jun. 2005 Executive Officer, General Manager, Financial IR Department
 Mar. 2007 Executive Officer, General Manager, Group Strategy Department
 Jun. 2008 Managing Officer and General Manager, Group Strategy Department
 Dec. 2008 Managing Officer, General Manager, IR & Corporate Information Department
 Jun. 2013 Outside Director, Nabtesco Corporation
 Jun. 2017 Outside Director of KITZ (present position)
 Jul. 2020 Outside Audit & Supervisory Board Member of Konoike Transport Co., Ltd. (present position)



Outside Director **Yukino Kikuma**

Born: March 5, 1972
 Apr. 1995 Joined Fuji Television Network, Inc.
 Dec. 2011 Registered as an attorney at law
 Jan. 2012 Joined MATSUO & KOSUGI
 Dec. 2014 Outside Director, Noevir Holdings Co., Ltd.
 Jun. 2018 External Director, KOSÉ Corporation (present position)
 May 2020 Outside Director, Takihyo Co., Ltd. (present position)
 Jun. 2020 Outside Director, ALCONIX Corporation (present position), Outside Director of KITZ (present position)
 Jan. 2022 Representative attorney (managing partner), MATSUO & KOSUGI (present position)

Audit & Supervisory Board Members



Standing Audit & Supervisory Board Member

Masahiko Kondo

Born: September 8, 1952
 Aug. 1977 Joined KITZ
 Jul. 2000 General Manager, General Administration and Human Resource Department
 Apr. 2004 Executive Officer, General Manager, General Administration and Human Resource Department
 Apr. 2010 Executive Officer, Deputy Division Manager, Corporate Administration Division
 Apr. 2011 Executive Officer, Division Manager, Corporate Administration Division
 Jun. 2012 Director, Executive Officer, Division Manager, Corporate Administration Division
 Apr. 2014 Director, Managing Executive Officer, Division Manager, Corporate Administration Division
 Jun. 2016 Standing Audit & Supervisory Board Member (present position)



Standing Audit & Supervisory Board Member

Taro Kimura

Born: August 4, 1959
 Dec. 1991 Joined KITZ
 Jun. 2001 General Manager, Accounting and Finance Department
 Apr. 2010 General Manager, Accounting Supervisory Department, Corporate Administration Division
 Apr. 2011 Executive Officer, Deputy Division Manager, Corporate Administration Division
 Jun. 2017 Standing Audit & Supervisory Board Member (present position)



Outside Audit & Supervisory Board Member

Tatsuhiko Takai

Born: February 3, 1952
 Jul. 1974 Joined Mitsui Mining & Smelting Co., Ltd.
 Jun. 2004 Executive Officer, General Manager, Finance Department, Mitsui Mining & Smelting Co., Ltd., Outside Audit & Supervisory Board Member, MESCO, Inc.
 Jun. 2007 Chief Financial Officer, Senior Executive Officer, General Manager, Finance Department
 Jun. 2008 Standing Audit & Supervisory Board Member
 Jun. 2011 Outside Audit & Supervisory Board Member, Nakabohtec Corrosion Protecting Co., Ltd.
 Jun. 2015 Outside Audit & Supervisory Board Member of KITZ (present position)



Outside Audit & Supervisory Board Member

Shuhei Sakuno

Born: February 17, 1954
 Apr. 1977 Joined Yokogawa Electric Works Ltd. (currently Yokogawa Electric Corporation)
 Oct. 1999 General Manager, Affiliated Company Supervision Office
 Apr. 2005 Vice President, General Manager, Accounting & Treasury Center, Corporate Administration Headquarters
 Jun. 2008 Senior Vice President, General Manager, Audit and Compliance Headquarters
 Jun. 2016 Audit & Supervisory Board Member, Yokogawa Solution Service Corporation
 Jun. 2017 Outside Audit & Supervisory Board Member of KITZ (present position)
 Oct. 2019 Outside Audit & Supervisory Board Member, Japaniace Co., Ltd. (present position)



Outside Audit & Supervisory Board Member

Ayako Kobayashi

Born: October 14, 1975
 Oct. 2000 Registered as an attorney at law
 Jan. 2009 Partner, Kataoka & Kobayashi
 Sep. 2013 Part-time lecturer, Keio University Law School
 Apr. 2018 Partner, KATAOKA & KOBAYASHI LPC (present position)
 Jun. 2019 Outside Audit & Supervisory Board Member of KITZ (present position)
 Jun. 2021 Outside Director of Musashino Bank, Ltd. (present position)

Reasons for Appointment of Directors and Skills Matrix

Name	Reason for Appointment
Chairman Yasuyuki Hotta	Yasuyuki Hotta has boldly promoted globalization and sound, highly transparent management, while focusing on tasks including the management of the Board of Directors and strengthening of corporate governance. The Company has judged that the use of his extensive experience and insight will contribute to strengthening the important decision-making and management supervision functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group.
President Makoto Kohno	Makoto Kohno was involved with sales and production in the Valve Manufacturing Business, and later served as Executive Officer in charge of corporate planning and CEO & Managing Director of an overseas Group company. In addition, as Executive Officer in charge of the Valve Manufacturing Business, he boldly promoted the formulation and execution of Valve Manufacturing Business strategy, and as President and Chief Executive Officer has been at the forefront of the overall management of the Group. The Company has judged that the use of his extensive experience and insight will contribute to strengthening the important decision-making and management supervision functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group.
Director, Managing Executive Officer Toshiyuki Murasawa	Toshiyuki Murasawa was involved with duties including the Group companies' business administration division, and served as Executive Officer in charge of the corporate planning and administration divisions, as well as director of a domestic Group company. In addition to planning and executing the Group business and human resource strategies for globalization, he has boldly promoted the strengthening of corporate governance and sustainability management. The Company has judged that the use of his extensive experience and insight will contribute to strengthening the important decision-making and management supervision functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group.
Outside Director Kazuyuki Matsumoto	Kazuyuki Matsumoto was long active as a manager of Nabtesco Corporation, and in addition to extensive experience as a corporate manager, he has broad and high-level insight into technological development, manufacturing and other areas. The Company has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his experience.
Outside Director Minoru Amoh	Minoru Amoh was long active as a manager of DuPont Kabushiki Kaisha and has broad and high-level insight into corporate management, global business development, technological development and other areas. The Company has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his experience.
Outside Director Yutaka Fujiwara	Having held branch general manager's positions at overseas branches of a financial institution, Yutaka Fujiwara was active as Executive Officer in charge of finance, IR and group strategy at OMRON Corporation, and has broad and high-level insight into business administration from a global perspective, financial strategy, governance and so on. The Company has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his experience.
Outside Director Yukino Kikuma	Yukino Kikuma has been active as a representative attorney (managing partner) of a law firm and has broad, high-level insight into corporate legal affairs, including dispute resolution in various types of litigation, labor, compliance, risk management and governance, as well as other specialized fields. The Company has judged that she will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing her experience.

Reason for Appointment of Audit & Supervisory Board Members

Name	Reason for Appointment
Standing Audit & Supervisory Board Member Masahiko Kondo	He is involved in management of the Company as a director in charge of the corporate administration areas which bring the Group companies together and has sought to strengthen management infrastructure and has built and pushed for the strengthening of the Group's risk management system. The Company has judged that he will be able to fulfill the role of reflecting his knowledge and experience in business management, labor, accounting and finance in the audits of the Company.
Standing Audit & Supervisory Board Member Taro Kimura	He has many years of experience in managing the Company's accounting and financial operations. As an executive officer in charge of corporate administrative divisions that oversee Group companies, he has developed the Company's internal control system, strengthened its internal audit function and promoted the building of its risk management system. The Company has judged that he will be able to reflect his knowledge and experience in risk management as well as in accounting and finance in the audits of the Company.
Outside Audit & Supervisory Board Member Tatsuhiko Takai	He served as Chief Financial Officer and executive officer in charge of finance as well as a corporate auditor for Mitsui Mining & Smelting Co., Ltd. for many years, and has accumulated advanced and wide-ranging insight into finance and accounting. The Company has judged that he will be able to fulfill an appropriate role, including using his knowledge to provide proactive and useful comments at meetings of the Board of Directors and Audit & Supervisory Board.
Outside Audit & Supervisory Board Member Shuhei Sakuno	He served for many years as the executive officer in charge of corporate administration at Yokogawa Electric Corporation, and possesses advanced and wide-ranging insight into finance and accounting, internal control, risk management and the development of internal audit systems. The Company has judged that he will be able to fulfill an appropriate role, including using his knowledge to provide proactive and useful comments at meetings of the Board of Directors and Audit & Supervisory Board.
Outside Audit & Supervisory Board Member Ayako Kobayashi	She has been active as an attorney for many years and possesses advanced and wide-ranging insight into corporate legal affairs including resolution of disputes including various litigation, compliance, risk management and governance. The Company has judged that she will be able to fulfill an appropriate role, including using her knowledge to provide proactive and useful comments at meetings of the Board of Directors and Audit & Supervisory Board.

	Years in Office	Attendance Status for FY2022		Main specialized knowledge/area								
		Board of Directors Meetings	Audit & Supervisory Board Meetings	Corporate management	Global experience	Legal matters/risk management	Sustainability (ESG)	Capital efficiency management/financial strategy	Manufacturing/quality	Innovation/DX/technological development	Sales/marketing	Personnel affairs/human resource development
	15 years 9 months	15/15 times		○	○						○	
	3 years 9 months	15/15 times		○	○						○	
	6 years 9 months	15/15 times					○	○				○
	9 years 9 months	15/15 times		○					○	○		
	7 years 9 months	15/15 times		○	○					○		
	5 years 9 months	15/15 times			○		○	○				
	2 years 9 months	15/15 times				○	○					○

* The main areas in which each director is expected to demonstrate specialized knowledge based on past experience are indicated with up to three marks. This does not indicate all knowledge and experience that each director possesses.

	Years in Office	Attendance Status for FY2022	
		Board of Directors Meetings	Audit & Supervisory Board Meetings
	6 years 9 months	15/15 times	15/15 times
	5 years 9 months	15/15 times	15/15 times
	7 years 9 months	15/15 times	15/15 times
	5 years 9 months	15/15 times	15/15 times
	3 years 9 months	15/15 times	15/15 times

Executive Officers

President and Chief Executive Officer

Makoto Kohno

Managing Executive Officer

Toshiyuki Murasawa



Executive Officer **Yukinari Koide**

Born: January 15, 1959
 Mar. 1982 Joined KITZ
 Aug. 1999 Managing Director, Miyoshi Valve Co., Ltd.
 Dec. 2004 Branch Manager, Chubu Branch, National Sales Division
 Apr. 2008 General Manager, Sales Planning Department, National Sales Division
 Apr. 2013 General Manager, Business Planning Department, Flow Control Business Unit
 Apr. 2015 Executive Officer, Division Manager, IT Control Division
 Mar. 2021 Executive Officer, General Manager, Flow Control Business Unit (present position)



Executive Officer **Kazuhiko Hirabayashi**

Born: August 6, 1959
 Mar. 1982 Joined KITZ
 Apr. 2004 General Manager, Production Planning Department, Production Division
 Apr. 2012 Deputy Division Manager, Production Division
 Apr. 2013 Executive Officer, Division Manager, Production Division
 Apr. 2017 Executive Officer, Division Manager, Production Division ; In charge of NEW KICS Center (present position)



Executive Officer **Yoriyuki Koyama**

Born: March 9, 1959
 Mar. 1984 Joined KITZ
 Apr. 2007 General Manager, Production Engineering Department, Production Division
 Oct. 2008 General Manager, SC Manufacturing Department, Production Division
 Apr. 2013 General Manager, Production Engineering Center, Production Division
 Apr. 2015 Executive Officer, Division Manager, Customer Support Division (present position)



Executive Officer **Masaru Takusagawa**

Born: October 4, 1962
 Mar. 1991 Joined KITZ
 Apr. 2004 General Manager, Development Department 3, Engineering Division
 Apr. 2007 General Manager, Research Department, Engineering Division
 Apr. 2008 General Manager, Engineering Department 2, Engineering Division
 Apr. 2010 General Manager, Product Development Department, Engineering Division
 Apr. 2015 General Manager, Production Engineering Center, Production Division
 Apr. 2017 Executive Officer, General Manager, Product Management Center
 Jan. 2022 Executive Officer, General Manager, Product Management Center, Flow Control Business Unit (present position)



Executive Officer **Takahito Hirashima**

Born: September 10, 1959
 Mar. 1985 Joined KITZ
 Jul. 2002 Plant Manager, Suwa Plant, Production Division
 Apr. 2004 Director, KITZ Micro Filter Corporation
 Apr. 2006 President and Chief Executive Officer, KITZ Micro Filter Corporation
 Apr. 2011 Executive Officer, Division Manager, Engineering Division
 Jun. 2012 Director, Executive Officer, Division Manager, Engineering Division
 Apr. 2017 Executive Officer, Division Manager, Engineering Division
 Feb. 2018 Division Manager, Engineering Division
 Apr. 2019 Executive Officer, Division Manager, Engineering Division
 Jan. 2022 Executive Officer, General Manager, New Business Development Office
 Jan. 2023 Executive Officer, General Manager, New Business Development Office; In charge of Environmental Solutions Division (present position)



Executive Officer **Kazunori Okimura**

Born: September 5, 1959
 Apr. 1983 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
 Apr. 2009 General Manager, Legal Department
 Apr. 2012 General Manager of Legal and Compliance Department
 Jun. 2013 Executive Officer, General Manager of Legal and Compliance Department
 Apr. 2016 Executive Officer, General Manager, Legal Department
 Jun. 2018 Joined KITZ
 Apr. 2019 Executive Officer, General Manager, Legal Department,
 Jan. 2021 Executive Officer, Division Manager, Legal, Intellectual Property and Risk Management Division (present position)



Executive Officer **Kenji Kato**

Born: January 21, 1962
 Mar. 1991 Joined KITZ
 Apr. 2006 Manager, Kyushu Branch, National Sales Division
 Apr. 2008 Manager, Tokyo Branch, National Sales Division
 Apr. 2015 President & Representative Director, Hotel Beniya Co., Ltd.
 Apr. 2020 Executive Officer, Division Manager, National Sales Division (present position)



Executive Officer **Takashi Ishijima**

Born: October 1, 1967
 Apr. 1990 Joined Nissan Motor Co., Ltd.
 Apr. 2011 Chief IT Architect, Enterprise Architecture Department, Global IT Headquarters
 Apr. 2017 Chief IT Architect, IT Architecture and Production Service Department, Global IT Headquarters
 Sep. 2018 Joined KITZ
 Apr. 2020 Deputy Division Manager, IT Control Division
 Mar. 2021 Executive Officer, Division Manager, IT Division (present position)



Executive Officer **Shuji Takei**

Born: September 16, 1968
 Apr. 1991 Joined KITZ
 Apr. 2015 Manager, Human Resources Department, Corporate Administration Division
 Jan. 2022 Executive Officer, Division Manager, General Affairs and Human Resources Division (present position)



Executive Officer **Yasunori Sugita**

Born: May 6, 1974
 Apr. 1997 Joined KITZ
 Apr. 2008 KITZ Corporation of Europe, S. A. Director
 Apr. 2014 Manager, Quarter-Turn Valve Business Promotion Office, Flow Control Business Unit
 Jan. 2016 Metalúrgica Golden Art's Ltda. Chairman
 Jan. 2022 Executive Officer, General Manager, Business Promotion Center, Flow Control Business Unit
 Jan. 2023 Executive Officer, General Manager, Business Promotion Center; In charge of Hydrogen Division (present position)



Executive Officer **Kenichi Bessho**

Born: October 27, 1964
 Apr. 1988 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
 Apr. 2003 Director, Matsushita Industrial Corp. Sdn. Bhd.
 Apr. 2017 President and Representative Director, Panasonic Finance Solutions Co., Ltd.
 Oct. 2020 Joined KITZ
 Apr. 2021 Manager, Accounting Supervisory Department, Corporate Administration Division
 Jan. 2022 Deputy Division Manager, Corporate Finance Division
 Jan. 2023 Executive Officer, Division Manager, Corporate Finance Division (present position)

Messages from Outside Directors

KITZ appoints outside directors who have extensive experience and insight regarding corporate management to further enhance its corporate governance. Of the seven company directors, four of them, more than half, have been outside directors since June 2020.



Enhance corporate value by achieving the Long-term Management Vision!

Kazuyuki Matsumoto Outside Director

Already a year has passed since the excellent Long-term Management Vision and Medium-term Management Plan were announced. As the systems to implement them and the necessary investments have also been given full consideration, let's achieve the Long-term Management Vision for 2030 and enhance the corporate value of the KITZ Group. I also encourage the Group to fully consider the technology roadmap, place a greater emphasis on the customer perspective while regularly revising it, and steadily implement technological development that actively reflects points of contact with the outside.

The business of KITZ is deeply connected with the growth markets of water, energy, and information and is essential to

people's daily lives, both directly and indirectly. That is why we should look forward to exceptional growth in the future.

I hope to work together to make the KITZ Group an organization that all stakeholders see as attractive in the long term, with the aim of putting into practice the KITZ Action Guide of "Do it True," "Do it Now," and "Do it New" and achieving remarkable growth.

As an outside director, I intend to pose high-quality questions regarding various management issues and follow up on those issues to contribute to the realization of the Long-term Management Vision and Medium-term Management Plan.

I will contribute to sustainable growth to enhance corporate value.

Minoru Amoh Outside Director

I believe that an outside director has important roles to play in offering differing opinions and approaches, driving tough decision-making, and contributing to the selection of successors for important positions. To ensure these roles function effectively, it is important to closely communicate with inside and outside officers, understand the logic behind actions on the execution side, and have a good knowledge of the corporate culture. To enhance corporate value, which is the greatest responsibility of a company, I will be involved in medium to long-term strategy and contribute to sustainable growth.

KITZ is currently in the process of establishing global management foundations and is striving to harness world-class technologies and production innovations to deliver solutions

to customers while pursuing sustainable management, adapting to energy shifts and a recycling-oriented society, and establishing a solid position in growth markets. KITZ is also working to visualize global supply chains, invest in labor savings, and boost labor productivity while pursuing workstyle reforms and striving to become a company where employees can work in better health and safety.

KITZ is also promoting a structure of company officers that takes into account diversity, specialization, and overall balance, important elements for further enhancing corporate governance, and at the same time is thoroughly implementing risk management and global compliance and making every effort to ensure management transparency.

I will continue to take on challenges.

Yutaka Fujiwara Outside Director

In FY2022, business performance rebounded, and ROE, an indicator of capital efficiency, also returned to a level above 8% expected by the market.

In April 2022, KITZ moved to the Prime Market of the Tokyo Stock Exchange. About a year and a half since then, while still having some way to go, KITZ has made steady strides to becoming a company befitting the Prime Market, namely a “company committed to achieving sustainable growth and improving corporate value over the medium to long term as well as maintaining appropriate levels of market capitalization (liquidity) to be investment instruments for

many institutional investors.”

To continue improving ROE going forward, KITZ has been working not only to expand its business but also to revise unprofitable products, slim down its assets, and improve capital efficiency from the front lines up with the adoption of ROIC.

At the same time, KITZ has been making company-wide efforts to create a company that fulfills the dreams of employees and all stakeholders, one that is friendly to the environment and respects diversity. As a member of the Board of Directors, I also hope to be actively involved in taking on these challenges.

An organization in which each person can shine

Yukino Kikuma Outside Director

As work isn't something you can do alone but a team effort, it naturally demands cooperation. But if that is taken to mean that “people should be malleable,” an organization will not grow. Always looking to hire people with the potential to surpass you and steadily giving opportunities to that junior talent is essential for sustainable growth.

KITZ regularly reports on the progress of its talent management system. This shows what management wants each employee to experience at any given time and where it wants them to end up. While KITZ has not yet produced a female officer internally, the progress of female employees succeeding in each department can be monitored through

these reporting sessions.

However, the results of KITZ's employment engagement survey showed some room for improvement in terms of positive attitudes toward work and expectations of the organization. There may be a disconnect between what senior management wants and how that is received by employees. I believe it will be necessary to pursue further reforms in order to properly accept honest feedback from employees, develop an environment in which each employee can fully realize their potential, and offer a fulfilling work experience for the employees who have chosen to work at the KITZ Group.

Financial and Non-Financial Data

Financial Data	FY2012	FY2013	FY2014	FY2015
For the Year				
Net sales	111,275	117,355	117,036	117,278
Domestic sales	81,509	84,970	81,983	80,127
Overseas sales	29,765	32,384	35,052	37,151
Valve Manufacturing Business	84,472	87,888	90,152	93,579
Brass Bar Manufacturing Business	17,948	20,953	21,021	20,557
Others	8,855	8,514	5,863	3,141
Operating income	6,558	6,470	6,886	7,245
Ordinary income	6,521	6,501	7,581	7,300
Net income attributable to owners of the parent	4,039	3,564	6,881	4,915
Cash flows from operating activities	7,885	4,667	8,923	9,592
Cash flows from investing activities	(4,519)	(3,546)	(1,010)	(9,763)
Cash flows from financing activities	(3,213)	66	(3,706)	796
At Year-End				
Current assets	49,956	55,866	63,884	63,501
Fixed assets	50,016	51,717	51,905	55,920
Total assets	99,972	107,583	115,790	119,422
Current liabilities	21,149	20,703	25,740	19,040
Long-term liabilities	18,603	20,101	14,556	24,284
Total liabilities	39,752	40,805	40,296	43,325
Net assets	60,219	66,777	75,493	76,096
Interest-bearing liabilities	22,319	23,728	21,426	25,008
Share price (Yen)	472	505	594	487
Per Share Data				
EPS	36.98	32.63	63.22	45.5
BPS	542.41	601.56	686.47	700.17
Cash dividends per share	9.50	10.00	13.00	13.00
Financial Indicators (%)				
Operating income to net sales	5.9	5.5	5.9	6.2
ROE	7.2	5.7	9.8	6.6
ROA	6.7	6.3	6.8	6.2
Equity ratio	59.3	61.1	64.2	62.9
Payout Ratio	25.7	30.6	20.6	28.6
Total return ratio	25.7	30.6	27.6	38.8

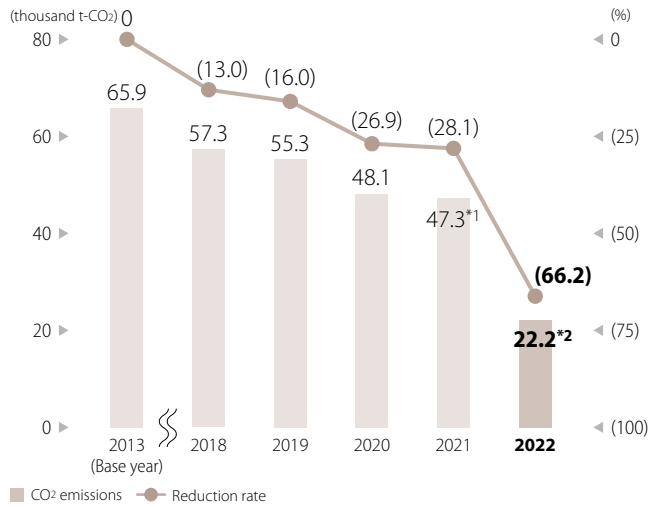
* KITZ Corporation has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) as of the start of the fiscal year ended March 31, 2019. Accordingly, figures for the year ended March 31, 2018 in this report are those after retrospective application of the standard.

* The fiscal year ended December 2020 is an irregular nine-month period due to the change in the fiscal year end.

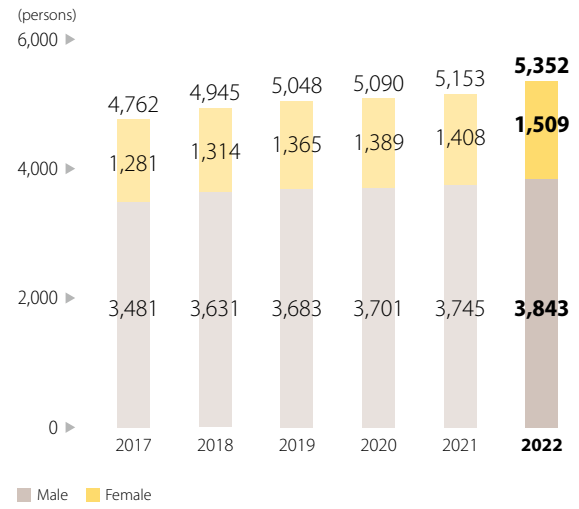
FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
(Millions of yen)						
114,101	124,566	136,637	127,090	84,245	135,790	159,914
80,207	89,756	95,209	88,147	59,510	94,510	104,364
33,893	34,809	41,428	38,942	24,734	41,279	55,550
91,766	98,162	109,969	103,114	70,129	106,754	125,189
19,333	23,535	23,643	21,061	12,952	27,366	32,513
3,002	2,867	3,025	2,914	1,163	1,668	2,212
8,929	10,117	11,713	6,950	3,751	8,990	11,051
8,799	9,733	11,883	7,241	3,169	8,975	12,045
5,400	6,518	5,625	4,937	2,113	4,954	8,549
12,979	6,941	10,069	13,329	10,024	8,280	8,541
(2,141)	(7,066)	(9,264)	(8,040)	(2,379)	(3,236)	(7,471)
(6,838)	5,267	(9,702)	(167)	7,497	(11,527)	(5,567)
(Millions of yen)						
67,972	77,400	71,226	73,351	81,765	86,621	93,177
51,175	56,145	60,430	61,712	58,916	56,798	59,392
119,148	133,545	131,657	135,063	140,681	143,419	152,569
19,608	24,078	22,227	25,036	23,332	32,939	23,335
24,647	32,075	32,600	33,147	42,182	29,226	38,190
44,255	56,154	54,827	58,184	65,514	62,166	61,526
74,892	77,391	76,829	76,879	75,167	81,253	91,042
24,787	34,302	33,672	39,147	49,352	39,710	38,386
742	914	811	653	627	712	789
(Yen)						
51.43	65.5	58.5	53.06	23.38	55.26	95.35
727.78	782.98	793.74	819.49	828.76	896.55	1,002.69
13.00	17.00	20.00	20.00	9.00	20.00	33.00
7.8	8.1	8.6	5.5	4.5	6.6	6.9
7.3	8.7	7.4	6.5	2.8	6.4	10.0
7.4	7.7	9.0	5.4	2.3	6.3	8.1
61.9	57.1	57.4	56.0	52.8	56.0	59.0
25.3	26.0	34.2	37.7	38.5	36.2	34.6
92.5	80.0	70.1	80.2	121.5	36.4	34.6

Non-financial Data

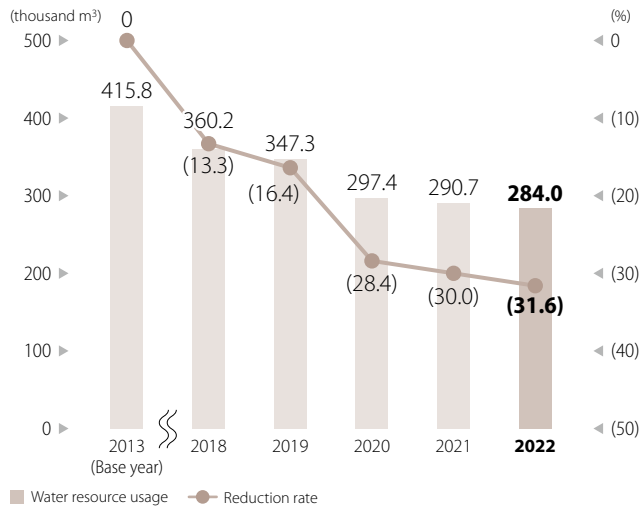
CO₂ Emissions / Reduction Rate



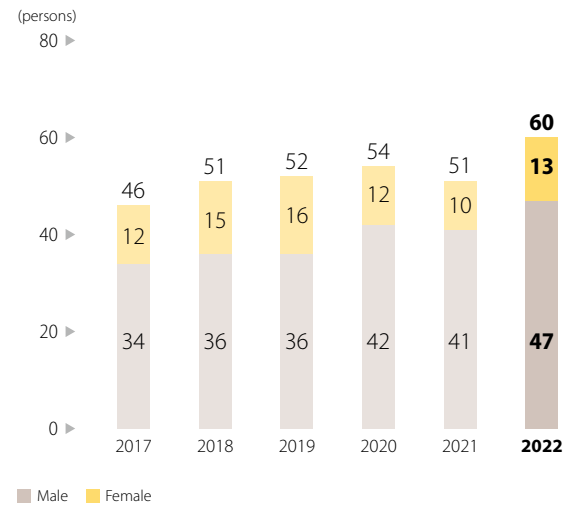
Number of Employees



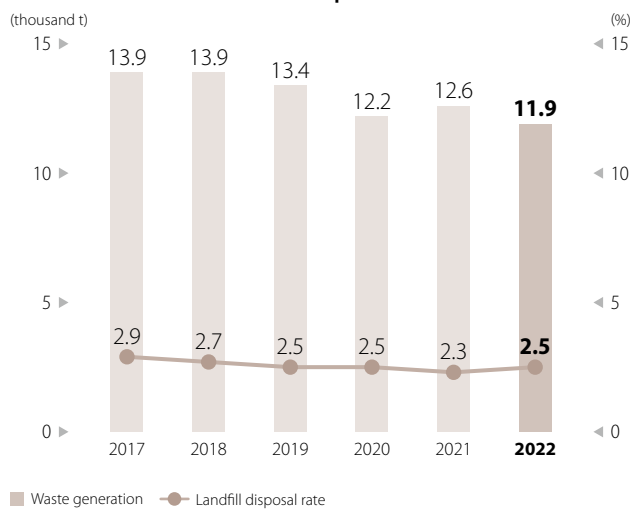
Water Resource Usage*³ / Reduction Rate



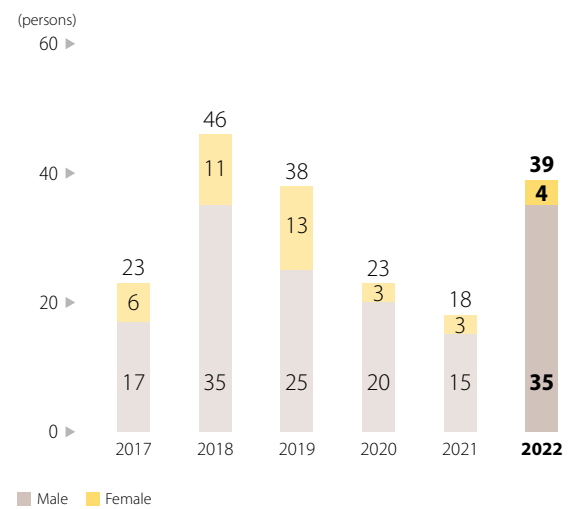
Number of New Graduate Hires



Waste Generation*⁴ / Landfill Disposal Rate



Number of Mid-Career Hires



*1 Changed to final figures

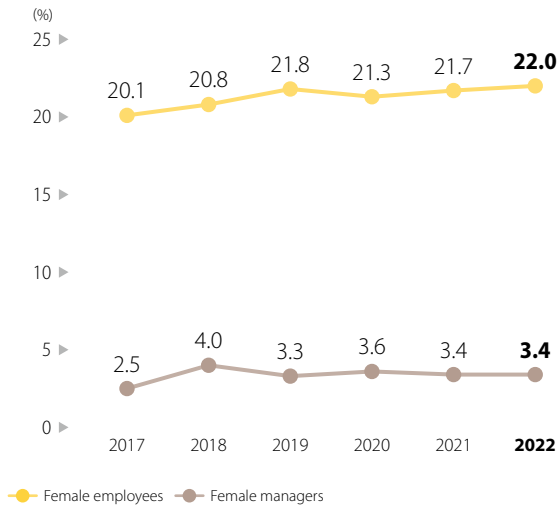
*2 Provisional figures as of March 29, 2023

*3 Applies to process water related to the manufacturing of valves, etc.

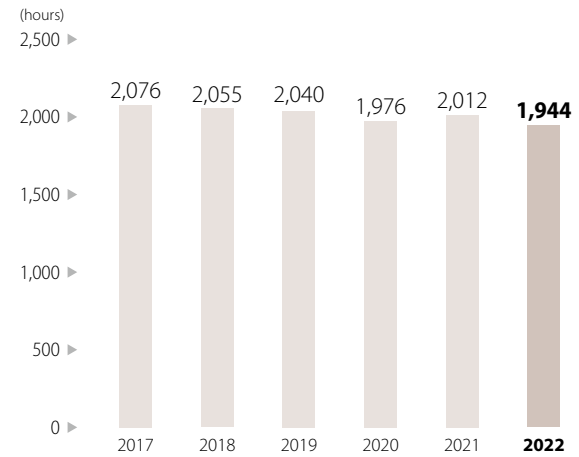
*4 Industrial waste + general waste + valuable materials

*5 All employees + temporary employees

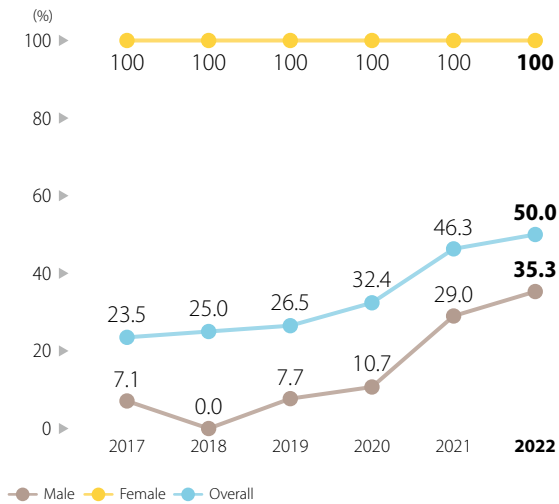
Percentage of Female Employees, Female Managers



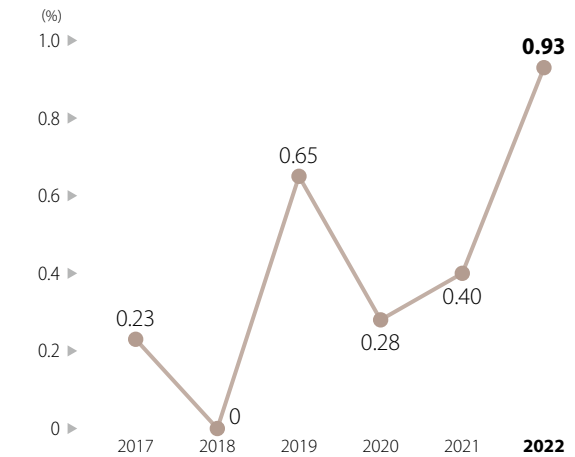
Total Working Hours



Percentage of Employees Taking Childcare Leave

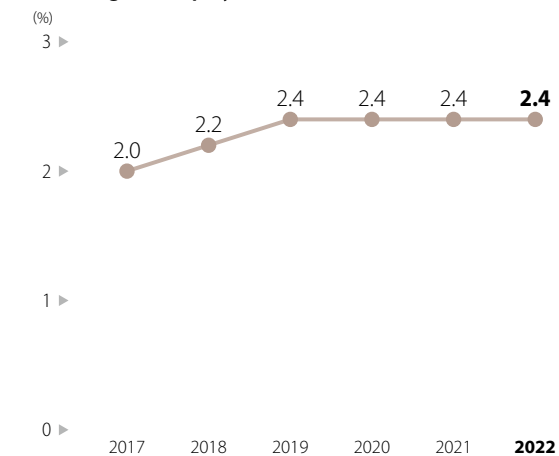


LTIF Rate* (4 days of absence)

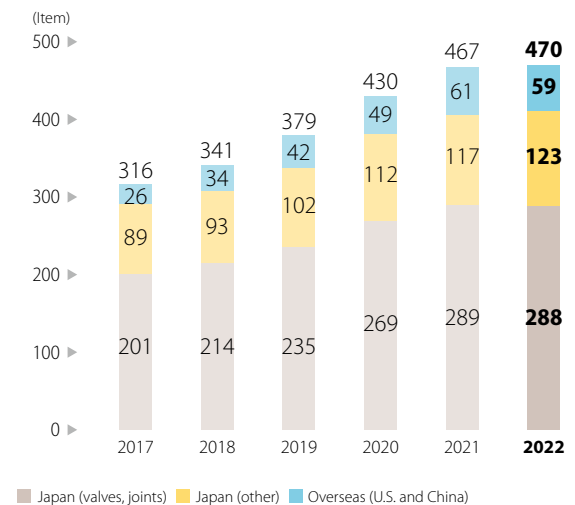


* LTIF Rate = number of occupational accidents / total working hours x 1 million hours

Percentage of Employees with Disabilities



Number of Patents Held



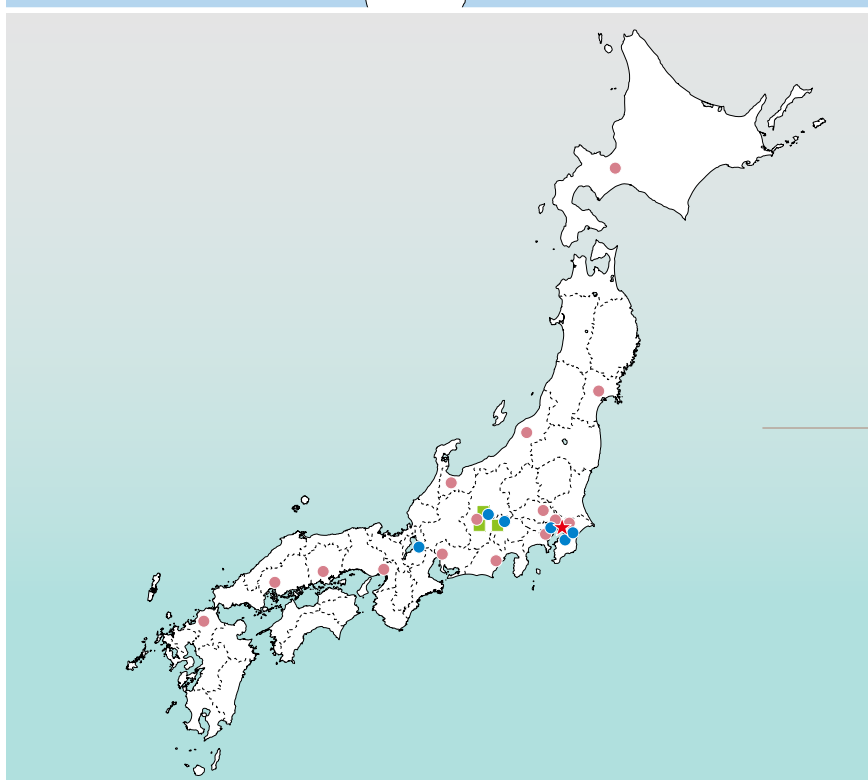
• The fiscal year ended December 2020 is an irregular nine-month period due to the change in the fiscal year end.

• Aggregation periods - Fiscal year ended March 2014 to fiscal year ended March 2020: April to March, Fiscal year ended December 2020: April to December, Fiscal year ended December 2021: January to December. However, CO₂ emissions, water resource usage, waste generation, total working hours and frequency rate for the fiscal year ending December 2020 display the results for the 12-months from January to December 2020.

• Aggregation scope: CO₂ emissions, water resource usage, waste generation for the fiscal year ended March 2014 to the fiscal year ended March 2019 are for domestic Group companies except for KITZ domestic business sites and Hokuto Giken Kogyo, and for the fiscal year ended March 2020 and thereafter are for KITZ domestic business sites and domestic Group companies. Number of employees is for KITZ and all Group companies. Number of new hires, percentage of employees taking childcare leave, percentage of employees with disabilities, and total working hours are for KITZ on a non-consolidated basis. The frequency rate is for the production sites of KITZ and its domestic Group companies. Number of patents held is as shown in the legend.

Group Network (as of March 31, 2023)

Overseas Network



Domestic Network

Head Office

★ KITZ Corporation

Sales Bases

- Hokkaido Regional Office
- Tohoku Regional Office
- Kita-Kanto Regional Office
- Niigata Sales Office
- Tokyo Branch
- Chiba Sales Office

Please visit the website for more information about KITZ head office, sales bases, production sites, and marketing bases ▶



Please visit the website for more information about the KITZ Group ▶



Marketing Bases, KITZ Corporation

- KITZ Corporation (India Liaison Office)
- KITZ Corporation (Dubai Liaison Office)

KITZ Group

Korea

- KITZ Corporation of Korea
- Cephass Pipelines Corp.
- Filcore Co., Ltd.

Singapore

- KITZ Corporation of Asia Pacific Pte. Ltd.
- KITZ Valve & Actuation Singapore Pte. Ltd.

Thailand

- KITZ Valve & Actuation (Thailand) Co., Ltd.
- KITZ (Thailand) Ltd.

Malaysia

- KITZ Valve & Actuation (Malaysia) Sdn. Bhd.

Vietnam

- KITZ Valve & Actuation Vietnam Co., Ltd.
- KITZ Corporation of Vietnam Co., Ltd.

Taiwan

- KITZ Corporation of Taiwan

China

- KITZ Corporation of Kunshan
- KITZ Corporation of Jiangsu Kunshan
- KITZ Corporation of Shanghai
- KITZ Corporation of Lianyungang
- KITZ SCT Corporation of Kunshan

Hong Kong

- KITZ Hong Kong Company Limited

India

- Micro Pneumatics Pvt. Ltd.

U.S.A.

- KITZ Corporation of America
- KITZ SCT America Corporation

Brazil

- Metalúrgica Golden Art's Ltda.

Spain

- KITZ Corporation of Europe, S.A.

Germany

- Perrin GmbH

- Yokohama Sales Office
- Chubu Branch
- Tokai Sales Office
- Hokuriku Sales Office
- Koshin Sales Office
- Osaka Branch
- Chugoku Regional Office
- Okayama Sales Office
- Kyushu Regional Office

Production Sites /

Research and Training Facilities

- KITZ Corporation Nagasaka Plant
- KITZ Corporation Ina Plant
- KITZ Corporation Chino Plant
- KITZ Group Innovation Center

KITZ Group

- Toyo Valve Co., Ltd.
- Shimizu Alloy Mfg. Co., Ltd.
- KITZ SCT Corporation
- YKV Corporation
- KITZ Engineering Service Co., Ltd.
- KITZ Micro Filter Corporation
- KITZ Metal Works Corporation
- Hokutoh Giken Kogyo Corporation
- Hotel Beniya Co., Ltd.

Corporate Data / Stock Information

Corporate Data (as of December 31, 2022)

Corporate Name	KITZ CORPORATION
Head Office	1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Prefecture 261-8577, Japan TEL: +81-43-299-0111 Relocation to Tokyo Shiodome Building, 1-9-1, Higashi-Shimbashi Minato-ku, Tokyo is scheduled for November 2023
URL	https://www.kitz.com/en/
Established	January 26, 1951
Capital	¥21,207,084,670
Fiscal Year-end	December
Stock Exchange Listing	Prime Market of Tokyo Stock Exchange Code: 6498
Number of Employees	1,422 (Non-consolidated basis)
Business Activities	Manufacturing and sales of valves, other flow control devices and related products
Independent Auditor	Ernst & Young ShinNihon LLC

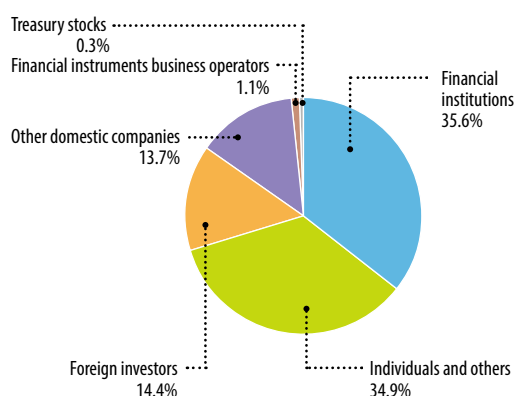
Stock Information (as of December 31, 2022)

Total Number of Authorized Shares	400,000,000 shares
Shares Issued and Outstanding	90,117,974 shares Note: The number of shares shown above does not include 278,537 shares of treasury stock that were held as of December 31, 2022.
Number of Shareholders	14,651
General Meeting of Shareholders	March
Record Dates	Voting rights at general meetings of shareholders: December 31 Year-end dividend: December 31 Interim dividend: June 30 In addition, a public announcement will be made in advance as necessary.
Public Announcement Method	Electronic announcement However, announcements will be placed in the <i>Nihon Keizai Shimbun</i> in cases where it is not possible to make an electronic announcement. URL for announcements: https://www.kitz.co.jp/
Share Unit	100 shares

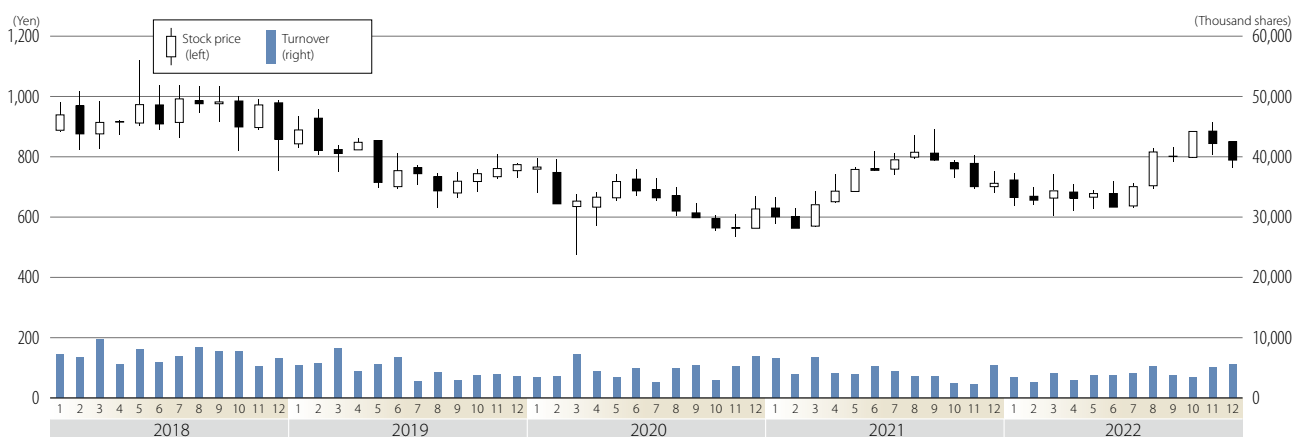
Major Shareholders (top 10)

Name	Shareholdings (thousands)	Percent of total shares issued (%)
The Master Trust Bank of Japan, Ltd.	9,534	10.58
Kitazawa-kai Stock Ownership Plan	4,926	5.47
Nippon Life Insurance Company	4,303	4.78
Custody Bank of Japan, Ltd.	4,267	4.73
SUMITOMO LIFE INSURANCE COMPANY	3,422	3.80
Kitazawa Ikuikai Foundation	3,411	3.79
KITZ Corporation Trading Partner Stock Ownership Plan	3,312	3.68
Sumitomo Mitsui Banking Corporation	2,553	2.83
KITZ Corporation Employee Stock Ownership Plan	2,162	2.40
SECOM General Insurance Co., Ltd.	1,702	1.89

Composition of Shareholders



Stock Price Information



Outdoor Signboards of KITZ

To increase name recognition, KITZ installed company advertising signboards at Tokyo Dome.



Tokyo Dome

KITZ Website



<https://www.kitz.com/en>



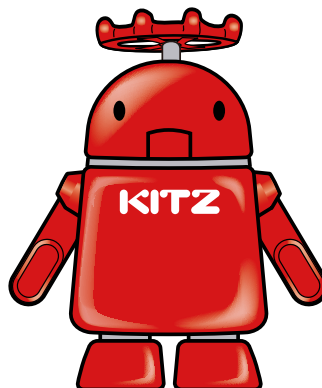
<https://www.kitz.com/en>

Please access our website for smartphones that has been designed using large buttons for the main menu and is easy to browse.



Corporate PR Character

Kikumaru is a PR character, designed around the motif of the Chrysanthemum-Handle® (see Page 30 Focus), created to improve the KITZ corporate brand. The character is used at trade expo booths and in sales promotion tools, and is also actively utilized in all manner of promotional situations as a corporate PR character.



Name: Kikumaru
 Date of birth: October 3, 2007
 Gender: N/A
 Personality: Sincere and honest.
 Active, and full of the spirit of challenge, but sometimes clumsy.
 Kikumaru spends its days busy travelling throughout Japan and around the countries of the world as an outstanding KITZ sales representative.

KITZ