Doing Our Part Today
Creating the Future

Dependable supply of water
Uninterrupted supply of oil and gas.
Precision control systems for clean environments.

The KITZ Group helps enrich our world by producing precision valves to control the flow of water, air, oil and gas, all the fluids we need to sustain our industries, our communities and life itself.

KITZ professionals are in a constant state of challenge, designing and directing the science of fluid flow control to provide products and services that exceed customer expectations, to create innovations that will encompass new fields and new applications throughout the world and to help conduct the flow of civilization into the future.
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**Editorial Policy**

The KITZ Group published Corporate Report 2020 to provide its shareholders, investors and other stakeholders with information about the Group’s initiatives toward sustainable growth. The report focuses on value creation in the short, medium and long term based on the framework presented by the International Integrated Reporting Council (IIRC).

**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.
Based on sound and highly transparent management, the KITZ Group strives to continuously enhance its corporate value through the manufacture and sales of valves utilizing the Group’s strengths. Through these efforts, the Group shall contribute to its shareholders, investors, customers, business partners and employees and to society in various ways and help to create a prosperous society.
キッツ宣言
KITZ’ Statement of Corporate Mission

キッツは、創造的かつ質の高い商品・サービスで企業価値の持続的な向上を目指し、ゆたかな社会づくりに貢献します。

To contribute to the global prosperity, KITZ is dedicated to continually enriching its corporate value by offering originality and quality in all products and services.

行動指針
Action Guide

Do it KITZ Way

■ Do it True（誠実・真実）
■ Do it Now（スピード・タイムリー）
■ Do it New（創造力・チャレンジ）

Value Delivery

Education system that develops a motivated corporate culture

Pages 51-54

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 global 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

Corporate governance that realizes sound and highly transparent management

Pages 36-45
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 1983: Non-consolidated

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**Initial founding, and building a production and sales network**

- **1951**
  - Toshio Kitazawa founded the Kitazawa Factory.
  - 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 case 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**

- **1980**
  - Introduced a cast bronze valves designed handwheel, “CHRYSANTHEMUM-HANDLE®” (See page 29 Focus.).

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

- **1984**
  - Introduced a cast bronze valves designed handwheel, “CHRYSANTHEMUM-HANDLE®” (See page 29 Focus.).

- **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.
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).

Focus

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.

2019
- Korean industrial butterfly valve manufacturer Cephas Pipelines Corp. joined the KITZ Group.

Accelerating selection and concentration, and promoting globalization

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

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.
Business Segments

The KITZ Group operates a 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.

For the fiscal year ended March 31, 2020, the composition of sales by segment was 81.1% for the valve manufacturing business, 16.6% for the brass bar manufacturing business and 2.3% for other businesses. Moving forward, the KITZ Group will continue to pursue further growth as an all-round fluid control device manufacturer with a focus on valves.
**Valve Manufacturing**

Sales by segments **81.1%**

**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. Moreover, we maintain a particularly high market share in brass, bronze and stainless steel valves.

**Brass Bar Manufacturing**

Sales by segments **16.6%**

**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.

**Other**

Sales by segments **2.3%**

**Strengths**

Operating One of the Largest Hotels in the Kamisuwa 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).

**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.
Looking at the KITZ Group by Numbers  (as of March 31, 2020)

**Net Sales**

127.0 Billion Yen

For the fiscal year ended March 31, 2020, we posted net sales of ¥127,090 million, down 7.0% year on year. By segment, the valve manufacturing businesses generated net sales of ¥103.1 billion (down 6.2% year on year), followed by ¥21.0 billion in the brass bar manufacturing business (down 10.9%) and ¥2.9 billion in other (down 3.7%).

* For detailed information, please refer to the Message from the President on page 11.

**Operating Income**

6.9 Billion Yen

For the fiscal year ended March 31, 2020, operating income fell in both the valve manufacturing and brass bar manufacturing businesses. In addition to focusing on existing products, we will endeavor to expand sales by developing and launching the products customers need early on, as well as continue working to reduce manufacturing costs through global procurement, shifting to in-house production and boosting productivity.

*For detailed information, please refer to Message from the President on page 11.

**ROE**

6.5%

While aiming for a sustainable growth in profits, KITZ is also working to further increase ROE. These efforts included the acquisition of 2,399,800 treasury shares from April through June 2019 and an additional 439,500 treasury shares in March 2020. Also, for the fiscal year ended March 31, 2020, ROE was 6.5% due to a decrease in net income attributable to owners of the parent.

*For detailed information, please refer to Message from the CFO on page 15.
7.4% 8.7% 7.3% 6.6% 9.8% 6.5%

Net Sales

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* For detailed information, please refer to the Message from the President on page 11.

CO2 emissions

54,864 t-CO2

The KITZ Group has set target values for reducing CO2 generated in business activities in an effort to help prevent global warming.

*1. Figures for CO2 emissions and sales consumption units are taken from KITZ Corporation and domestic group companies.

*2. For detailed information, please refer to Environmental Activities / Health and Safety Activities on page 46.

Global Network

18 countries

In 1984, the KITZ Group established KITZ Corporation of America, a sales company in the United States, as its first overseas base. We currently have production and sales bases in 18 countries around the world as we build a global network.

*For detailed information, please refer to Extensive and Strong Sales Network on page 27.

Number of Employees (consolidated basis)

5,048

A diversity of human resources in the KITZ Group are playing active roles irrespective of gender, age and nationality. The number of employees is also increasing in tandem with an expansion in the size of the KITZ Group.

*For detailed information, please refer to Initiatives to Encourage and Support Human Resources on page 51.

Total Number of Employees Taking Childcare Leave (cumulative total for KITZ Corporation)

163

Numerous employees take childcare leave and then return to their workplaces. Additionally, we are progressing with initiatives to create friendly working environments for each and every employee. These efforts include helping employees to maintain a good balance between childcare and work through implementing shorter working hours and allowing employees to take paid holiday leave in hourly increments for childcare.

*1. Indicates the cumulative total number of employees taking childcare leave since 1995.

*2. For detailed information, please refer to Initiatives to Encourage and Support Human Resources on page 51.
To Our Stakeholders

Message from the President

Aiming to enhance our corporate value by mobilizing the full potential of the KITZ Group

Yasuyuki Hotta
President and CEO

Corporate Report 2020
Each year since 2016, KITZ Corporation has issued an integrated Corporate Report. The report systematically integrates financial and non-financial information, and is designed as a communication tool to increase understanding in particular of the KITZ Group’s management strategy and growth potential.

The report references the framework presented by the International Integrated Reporting Council (IIRC) and is comprised of content relating to the KITZ Group’s value creation over the short, medium and long terms by way of unique stories.

Additionally, as well as seeking to ensure transparency in management, we will also continue to disclose information in an appropriate and timely manner not only via this Corporate Report but also using other tools, such as our website, securities reports, shareholder newsletter and environmental report digests, in order to ensure understanding of our initiatives to resolve social issues.

One Year in the KITZ Group

April 2019
- Obtained accreditation from NK* for material manufacturing method for KSN-1, an anti-corrosion material, which was a KITZ product, and delivered to concentrated nitric acid carrier vessels.

May
- New plant completed at KITZ Metal Works Corporation.
- Operation of new ERP system started.

June
- Ayako Kobayashi appointed as an Outside Audit & Supervisory Board Member as the first KITZ female officer.

July
- Published the integrated report Corporate Report 2019.
- Lost-wax precision casting plant completed at KITZ Corporation of Taiwan.

August

September
- Acquired 25.1% of its outstanding shares of Unimech Group Berhad and entered into a business alliance agreement.
- Conducted plant tour for securities analysts and institutional investors.

* Nippon Kaiji Kyokai

Year: 2020
KITZ Group Vision

Based on our Corporate Mission to continually enrich our corporate value by offering originality and quality in all products and services, KITZ has formulated an Action Guide known as “Do it KITZ Way,” which comprises “Do it True” (sincerity and truth), “Do it Now” (speed and timeliness) and “Do it New” (creativity and challenges). In order to realize these ideals, we will first ensure that each employee understands and puts them into practice. We will also further enhance compliance by strengthening our internal control and legal compliance systems to become a company that garners even higher levels of trust. We will also look to nurture competitive human resources with a worldview and knowledge, skills and education at a global standard level. To outstrip the global competition, we will promote the delegation of authority and clarify responsibilities to enable swift decision-making. By shortening lead times and improving yields, we seek to bolster productivity to the extent possible, while increasing the quality not only of our products but also our sales, services and other activities as a means to quickly satisfy customers’ demands. KITZ will operate our business based on these concepts.

Financial Results for the Year Ended March 31, 2020 (FY2019)

Consolidated net sales for the fiscal year under review fell significantly to ¥127,090 million, a decline of ¥9,547 million year on year. Net sales in the valve manufacturing business declined to ¥103,114 million, a year on year decrease of ¥6,854 million. In the domestic market, sales of flagship bronze and brass valves fell due to the impact of market inventory adjustments, while in overseas markets, protracted trade friction between the United States and China resulted in stagnant capital investment. Sales of valves for semiconductor manufacturing equipment, which drove financial results in the previous period, also dropped sharply in Japan and overseas due to sluggish market conditions. In the brass bar manufacturing business, market prices for raw materials that impact sales prices fell compared with the previous year which, combined with lower sales volume, drove sales down by ¥2,581 million year on year. Sales also fell in the Group’s other businesses (service-related businesses), down ¥110 million year on year.

In terms of profit and loss, lower sales volume in the valve manufacturing business had a significant impact. This combined with increased depreciation costs, resulted in operating income of ¥10,627 million for the valve manufacturing business, a year-on-year decrease of ¥4,311 million. In the brass bar manufacturing business, in addition to the impact from fluctuating raw material market prices, depreciation costs and manufacturing expenses rose corresponding to the start of mass production at a new plant and a decrease in income of ¥294 million year on year. Meanwhile, in the other (service-related) business, a ¥101 million year-on-year decline in operating income was recorded. As a result of these factors,
consolidated operating income was ¥6,950 million, a year-on-year decline of ¥4,763 million. While an increase in depreciation costs associated with new ERP system entering service was a factor placing downward pressure on operating income, KITZ managed to maintain EBITDA (operating income + depreciation costs / amortization of goodwill) at ¥13,718 million. Ordinary income was ¥7,241 million, falling ¥4,642 million year on year, thus marking a severe negative turnaround from the previous year’s record-breaking results (operating income and ordinary income).

In addition, net income attributable to owners of the parent fell ¥688 million year on year to ¥4,937 million due to the elimination of impairment losses for goodwill, etc. (¥2,485 million), which was recorded in the previous fiscal year.

**Continued Investment for Growth**

While the economic environment was harsh, the KITZ Group actively invested in future growth during the fiscal year under review. Firstly, we acquired 25.1% of outstanding shares of and entered into a business alliance agreement with a major Malaysia valve manufacturer and sales distributor, Unimech Group Berhad, as part of full-scale efforts to enter the middle class zone (volume zone) in the Asia region. Additionally at KITZ Metal Works Corporation, which handles the brass bar manufacturing business, to improve productivity we decided to upgrade aging machinery and streamline production lines, implementing the largest capital investment since we entered the brass bar manufacturing business. In October 2019, the new facilities began full-scale operation. At KITZ Micro Filter Corporation, which handles various filters, we constructed a new plant on the grounds of the KITZ Chino Plant to expand production capacity for industrial filters. Meanwhile at KITZ Corporation of Taiwan, which manufactures stainless steel valves, we constructed a new precision casting plant.

**SDGs / ESG Initiatives**

The KITZ Group works to achieve sustainable medium-to-long-term growth by reflecting ESG perspectives in management and tackles a range of issues facing the global environment and society. In July 2019 we established the Sustainability Promotion Office, developing a framework to pursue SDGs and ESG initiatives in more powerful ways. In addition, in March 2020 we formulated a commitment and slogan that will prove crucial in promoting sustainability-oriented management and visualized SDGs that are closely related to the ESG initiatives we are pursuing.

In the area of enhancing corporate governance, from June 2020 we will add one outside director to the existing three, creating a structure in which outside directors comprise at least half of the eight members of the Board of Directors. By further separating the supervision and execution of duties, we will ensure greater management transparency and establish an appropriate corporate governance framework toward achieving long-term growth in corporate value.

**Shareholder Return Policy**

Until FY2018, around 25% of net income attributable to owners of the parent had been targeted as a preferred level for the consolidated payout ratio, but from the fiscal year under review this was increased by 10% to roughly 35%, marking an effort to further enhance shareholder return through dividends. In the fiscal year under review, we issued annual dividends of ¥20 per share (the highest ever, on par with the previous period).

Regarding the acquisition of treasury stock, we will consider actions based on factors such as the stock market, trends in stock prices and the status of cash on hand. During the fiscal year under review, 28,393 million shares of treasury stock were acquired pursuant to a resolution of the Board of Directors. The following graphs depict the change in dividends per share, the consolidated payout ratio and total consolidated return ratio.
Forecast Business Results for the Current Fiscal Year (FY2020)
Due to the spread of new coronavirus infections (COVID-19), the management environment surrounding the KITZ Group is changing dramatically. As an about-turn in market conditions is also quite conceivable, making it difficult to develop reasonable forecasts of business results for the full fiscal year, we postponed the disclosure of forecast business results for FY2020 when announcing financial results for the fiscal year ended March 2020. In these uncertain circumstances, we will work to reduce expenses, review our plans for capital investment, accumulate cash on hand and ensure cash flow by reducing inventory assets and taking other measures.

Also, based on approval of the “Partial changes to the Articles of Incorporation” at the 106th General Meeting of Shareholders held on June 29, 2020, KITZ’s fiscal year end was changed from the current March to December. Due to this change, the current fiscal period will be nine months.

Fulfilling Our Supply Responsibilities as a Manufacturer
The spread of COVID-19 has seriously impacted the global economy, and some estimates suggest it could be several years before the virus is fully under control. For its part, the KITZ Group will place a priority on minimizing the risks of infection and ensuring the safety of its employees and related persons, and continue to fulfill its responsibility to supply products as a manufacturer.

KITZ Corporation was founded in 1951 as Kitazawa Mfg. Works and will observe its milestone 70th anniversary in 2021.

At its founding, there were just 12 employees. KITZ made a start as a town workshop, and today it has grown into a group of 36 subsidiaries employing more than 5,000 people. It has also made great strides in globalization, having established sites in 18 countries and employing a Group-wide workforce with more than 50% of employees working outside Japan. As the company strives to become a 100-year company, we will value the history we have established to date while continuing to pursue further growth and forging a new history into the future. Thank you for your unwavering support.
Seeking to strive to achieve business continuity and financial stability based on the perspective of building an optimal capital structure

Message from the CFO

Seeking to strive to achieve business continuity and financial stability based on the perspective of building an optimal capital structure

Kenji Katsuragi
Executive Officer and Deputy Division Manager, Corporate Administration Division

Initiatives in the Fiscal Year Under Review (FY2019)

In the fiscal year under review, the KITZ Group posted significant declines in revenue and profit, marking a turnaround from the previous fiscal year that posted a record operating income of ¥11.7 billion. At the same time, KITZ steadily invested for future growth, including the acquisition of shares in the major Malaysian valve manufacturer and distributor Unimech Group Berhad and large-scale investment in facility upgrades in the brass bar manufacturing business. We also began operating a new ERP system that will enable us to ascertain timely information on a global basis and the streamlining of business operations.

In terms of cash flow, although operating profit decreased, we tackled shrinking capital including accounts receivable and operating cash flow improved by 1.3 times compared with the previous year to ¥13.3 billion, and managed to ensure free cash flow of ¥5.3 billion after investments in the new ERP system settled down.

Beginning from this year (FY2020), we will change the end of the fiscal period from March to December. Most of KITZ’s overseas Group companies have fiscal terms that end in December, and as the Group companies have been consolidated with this three-month variance up to now, it has been difficult to reflect business results and environmental changes in consolidated financial results on a real-time basis, which has impeded swift decision-making and the formulation of management plans. By unifying the fiscal periods of all Group companies, we will be able to ascertain consolidated business results in a timely and accurate manner and further enhance our management structure as a global corporation.

Medium-Term Financial Strategy and Capital Policy

KITZ places an emphasis on capital efficiency targets, such as medium-to-long-term return on equity (ROE) as well as shareholder return, in addition to an optimum capital structure that adds fundraising capacity to investment return as its financial and capital strategy to prepare for sudden changes in the management environment and strategic investment for future growth.

Specifically, KITZ will seek to improve capital efficiency targets such ROE while setting an equity ratio goal of around 55-60% as an indicator of the ability to respond to business risks taking into account risk level based on asset structure. In addition, we will maintain good relationships with banks to ensure flexible fundraising capabilities while endeavoring to
maintain A-rated corporate bonds so that the public offering of CB remains another option to raise funds. KITZ has received an A rating from Rating and Investment Information, Inc. (R&I), issued new corporate bonds of ¥20 billion in total and also received an A rating from the Japan Credit Rating Agency, Ltd. (JCR).

Looking to the Current Fiscal Year (FY2020)
Due to the spread of COVID-19 infections, during this period the global economy will enter a slowdown and the management environment surrounding KITZ is expected to become increasingly severe.

Under these circumstances, KITZ will place the highest priority on emergency-mode business continuity and financial stability, review the priority for capital and strategic investment, as well as work to continually ensure free cash flow and improve lead times by reducing inventory assets.

In terms of responding to financial risks, in addition to building up cash, we will make use of specified credit line (commitment line) agreements entered into with major banks (totaling ¥13.5 billion, up ¥3.5 billion over the previous fiscal year) to secure liquidity on hand equalling around three months of monthly average sales in total. At the same time, we will also utilize a global CMS* for efficient management and the procurement of capital inside the Group in case of emergencies.

* CMS: Cash management system

Strengthening Global Consolidated Management
In addition to multifunctional bases in the world, the KITZ Group pursues overseas M&A activities and promotes globalization.

The KITZ Group is also striving to further enhance global corporate management and risk management efforts. As part of these efforts, we have unified financial periods, implemented timely profit/loss management that integrates manufacturing and sales for each product line through the rollout of the new ERP system and further driven improvements in business management of Group companies. Along with these efforts, we will work on the further reinforcement of our global consolidated management and risk management by implementing Group governance through funding.

While maintaining a careful watch on structural changes in society and the economy once the coronavirus is under control, we will work to enhance capital efficiency and corporate value from a medium-to-long-term perspective.

Shareholder Return
Returning profits to shareholders is an important management issue, and the company has set around 35% of net income attributable to owners of the parent as a preferred payout ratio level. In the fiscal year under review, we paid annual dividends of ¥20 per share, representing a consolidated payout ratio of 37.7%. The total consolidated return ratio including the acquisition of treasury stock was 80.2%.

FY2020 Financial Strategy and Capital Policy

Business continuity and financial stability / Reviewing the priority for investments
Ensuring liquidity on hand / 3 months of consolidated monthly average sales

Operating Cash Flow

CAPEX
- New technologies (automation, IoT, AI)
- Rationalization of production and cost reductions
- Environmental measures

Shareholder Return
Dividend Ratio 35%
Acquisition of treasury stock will be appropriately considered in light of financial stability, liquidity of funds on hand and the status of investment funds

M&A, Loan Repayments
Strategic M&A activities and business alliances
- Area strategy
- Product and engineering strategy
Repayment of loans / CB

Securing the optimal capital structure and Flexible fund raising

ROE target: 12% in 2030
Risk Management: Equity ratio 55-60%
Short-term loan commitment line from banks: ¥13.5 billion (up ¥3.5 billion from the previous year)
Shelf registration for CB (R&I Rating: A-)
Business Results in the Fiscal Year Under Review (FY2019)

In the domestic market, we managed to ensure sales on par with the previous year for industrial valves, but inventory adjustments by distributors were more protracted than expected, particularly concerning valves for building facilities, and sales of bronze and brass valves declined as a result. Similarly, in overseas markets although we saw a rebound in inventory orders from European distributors, capital expenditure was sluggish due to prolonged trade frictions between the United States and China, while the absence of deliveries of valves for the large-scale natural gas processing plant in the Middle East that were made in the previous year also contributed to lower sales. Valves for semiconductor manufacturing equipment gradually rebounded after reaching a low point in the first quarter, but the resurgence in market conditions that was initially expected did not materialize, resulting in a significant decline in domestic and overseas sales.

Regarding profit performance, lower sales volume of valves for building facilities, combined with a significant drop in revenue for semiconductor manufacturing equipment and the drop-off in production volume at KITZ (Thailand) Ltd., which manufactures bronze and brass valves, contributed to worsening profitability. In addition, depreciation costs incurred in connection with the new ERP system that went into operation at KITZ placed downward pressure on operating income.

As a result, net sales in the valve manufacturing business segment maintained the ¥100 billion mark first reached in the previous period but ended at ¥103,114 million, ¥6,854 million lower than the previous year. Operating income also fell by ¥4,311 million year on year to ¥10,627 million, reflecting the harsh conditions in effect.

Toward Medium-to-Long-Term Growth
Despite the harsh business environment, measures aimed at medium-to-long-term growth were implemented. Firstly,
we entered into a share transfer agreement and business alliance agreement with major Malaysia valve manufacturer and sales distributor Unimech Group Berhad as part of full-scale efforts to enter the middle class zone (volume zone) in the Asia region. Unimech maintains extensive sales networks and procurement capabilities, primarily in the ASEAN and China regions, and also sells valves under its own brand, ARITA. Combining the technical capabilities of the KITZ Group with Unimech’s sales reach and the brand power of both companies will generate synergies. Similarly, at KITZ Corporation of Taiwan, which manufacturers stainless steel valves, we constructed a new precision casting plant with the aim of shortening production lead times by shifting casting in-house, reducing inventory and mitigating risks due to a heavy focus on China. Meanwhile KITZ Micro Filter Corporation has maintained healthy sales of Polyfix industrial filters in response to expanding semiconductor markets. As semiconductor markets such as those dealing with IoT, AI and robotics are expected to undergo future growth leading to a further expansion of demand, a new plant was constructed to boost production capacity.

Entry into the Packaging Unit Hydrogen Station Business

KITZ began to focus on hydrogen, which is regarded as a front-runner among next-generation energies, at an early stage. We entered the hydrogen station valve market in 2012, and the ultra-high pressure ball valves for hydrogen stations that we developed, which boast low pressure loss combined with excellent sealing performance and durability, have received particularly high praise for their performance. In 2018, we constructed a hydrogen station using a compact package unit as an in-house facility at the Nagasaka Plant and have been demonstrating its operation and accumulating technical know-how for around two years. In light of the results, KITZ decided to enter the package unit hydrogen station business and commenced sales in April 2020. According to a roadmap published by the Ministry of Economy, Trade and Industry, the market is expected to undergo further growth in the future, with plans to develop 160 hydrogen stations in 2020 and expanding to 320 in 2025 and 900 by the year 2030. Based on a product strategy that broadly conveys the high performance and superiority of our products, we will develop a hydrogen infrastructure and contribute to the widespread adoption of hydrogen energy while ushering in an even greater expansion of income.

Business Policy for the Current Fiscal Year (FY2020)

In FY2020, although new risk factors such as the spread of COVID-19 have emerged and there is a growing sense of uncertainty in the global economy, in the first half of the year we expect to see major renovations by domestic petrochemical users, followed by a rebound of IT-related investment in the second half. Under this environment, we will spur on the execution of our business strategies. Our first move will be to expand our middle class zone business in Asia. In preparation, we relocated the Sales Strategy Office for Commercial Valves in Asia from Japan to our ASEAN regional headquarters in Singapore. We will formulate measures based on the local needs and quickly generate synergies with Unimech. In addition, the newly established Business Promotion Department will play a key role in following up on important end users in the domestic industrial market from the initial phases (order receipt) to after-sales servicing (maintenance) and continue to develop good relationships. Through this approach we will gain insight into customer needs, encouraging customers to switch from competitors and facilitating the development of new products.

Meanwhile, to streamline sales activities and firmly drive the development of new products in response to market changes in the building facilities field, a key market for the KITZ Group, we established the Building Utility Products Department. These departments span function-specific organizations and Group companies while coordinating with the Product Management Center to pursue activities leading to business expansion.
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's history began with water products. For many years we have been supplying water service valves that control distribution of water to homes, buildings and industrial facilities. Our products are now installed in waterworks, water reservoirs, sewage plants and water pipelines as well as millions of homes.

Water: The Source of Life
—— Bringing Renewed Confidence to Water Usage ——

Water source

Water purification plants

Water purifiers
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

Resilient seated gate valves
Widely used for water supply and distribution pipelines

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.

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

Office buildings and Hotels, Hospitals

Pumps

Drainage systems

Water distribution lines

Apartment houses

Widely used for water supply and distribution pipelines.
Working toward Solving Water-Related Issues

Today, we work actively on the development of environmentally friendly technologies, such as surface treatment technology to prevent 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.

**Pools and hot springs**

**Houses**

**Sewage plants**
Ensuring the Stable Supply of Energy
The KITZ Group provides a wide scope of products that play a key role in maintaining the flow of oil and gas—essential energy resources—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
For handling oil and gas, 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. The KITZ Group’s steel valves are in great demand for their reliability in the Middle East as well as along the U.S.
Gulf Coast, where many of the world’s largest petrochemical processing plants are being operated. Many of our cryogenic service valves are installed at LNG loading/off-loading terminal processes in many locations, while fully-welded design ball valves efficiently serve natural gas transportation.

**Product Development for a Clean Energy Society**

Production of electricity generates large amounts of carbon dioxide as a by-product. CO2 emissions impact climate change in the form of global warming, and emission control is a challenge on a global scale.

The KITZ Group is also investing our resources in the development of environmentally friendly products. We were the first in Japan to develop ball valves for hydrogen stations that feed high-pressure hydrogen gas to fuel cell vehicles (FCVs), an important part of the next-generation transportation media. In April 2020, we also launched a package unit hydrogen station business.

We are focused on developing eco-friendly products to deliver clean, renewable energy to people all over the world.
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 Product Development Department is proactive in its approach to R&D activities in line with its action guideline to “continuously provide customers with impressive and creative products, strengthen its technology structure and constantly improve corporate value.”

- 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.

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 technology

Valve research and development process

1. Product planning
2. Product development
3. 3D-CAD
4. Assessment of prototype
5. Process design

- Material and process engineering

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

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

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

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

* Computer Aided Manufacturing
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.

KITZ is guided by a market-driven approach to constantly provide customers with innovative, high-quality products. The KITZ Group works in unison to cultivate product development and production technologies that achieve high functionality and ultra-precision and nurtures the seeds of these technologies in today’s diversified business fields.

Collaboration with engineers around the world

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.

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.

Reliability test
Testing and analysis is 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 as to 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 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, 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.

Production Method Based on KICS
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.

Toward a Manufacturing Workplace for Creating Added Value
KITZ is investing proactively in new production technologies and manufacturing processes, with the aim of achieving quality, prices, delivery periods and services that will guarantee the satisfaction of our customers. In addition to ongoing efforts in introducing robots to the manufacturing workplace, we are also applying and incorporating equipment management and image processing utilizing ICT and inspection methods leveraging sensor technologies. We are also seeking to improve and enhance our core technologies through the adoption of new casting methods and new materials research. Through these initiatives, we are driving the evolution of processes in the manufacturing workplace toward creating greater added value.

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 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 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 factories in Thailand, Taiwan, China, Korea, India, Spain, Germany and Brazil.

- **KITZ Corporation of Taiwan**

  **New Lost-Wax Precision Casting Plant**

  In July 2019, KITZ Corporation of Taiwan, which manufactures stainless steel valves, constructed a new stainless steel lost-wax* precision casting plant. Previously, precision casting was supplied by other Group companies or external suppliers. By moving to in-house production, the company expects to be able to shorten lead times and reduce inventory.

  *Lost-wax:
Lost-wax casting is a casting method in which a cast is created by covering an original sculpture made from wax with casting sand or ceramic, and then baking and solidifying it. Characteristics of lost-wax casting are the precise dimensions and clean surface finishing.

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- **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.

- **Machining**

  Castings are cut, drilled and processed with machines.

- **Assembly**

  Various parts and components are assembled to complete valves.

- **Pressure tests**

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

KITZ’s Sales Activities in Japan

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.
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 four domestic service centers and affiliate companies, we provide smooth and varied maintenance services across Japan.

Sales Structure Responsive to the Global Market Environment
The KITZ market covers the entire globe, with priority given to the regions that have the greatest demand for KITZ products. Beyond the home market in Japan, our priority market zones are centered in the three key market regions of Europe, the Americas and ASEAN nations, and the two important countries of China and India.

Globally, 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 respond to individual requests from customers, we are endeavoring to develop the KITZ Official Modification Shop network for the modification and repair of valves.

Three Regional Headquarters

Europe
KITZ Europe GmbH
We set up KITZ Europe GmbH in Niddereau on the outskirts of Frankfurt, Germany, to implement our production and sales strategies focused on the European region as well as the Middle East and the CIS.

Americas
KITZ Corporation of America
Located in the state of Texas in the United States, KITZ Corporation of America carries out marketing and sales activities in North America as well as in Central and South American countries.

ASEAN
KITZ Corporation of Asia Pacific Pte. Ltd.
We operate KITZ Corporation of Asia Pacific Pte. Ltd. in Singapore as our marketing and sales promotion center for the ASEAN member countries.

Acquisition of Shares in Malaysia-Based Unimech Group Berhad and Establishment of Business Alliance
In September 2019, KITZ entered into an agreement to acquire shares in and form a business alliance with Unimech Group Berhad (hereinafter, Unimech), a major valve manufacturer and distributor based in Malaysia. KITZ acquired 25.1% of outstanding shares in the company.

Unimech maintains extensive sales networks and procurement capabilities primarily in the ASEAN region and China. The alliance will combine the technical capabilities of the KITZ Group with Unimech’s sales reach and the brand power of both companies, as well as facilitate the powerful implementation of a priority goal set forth in the 4th Medium-Term Management Plan to “make a full-scale entry into the middle class (volume) zone of the Asia region.”
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.

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.
Valve Maintenance Services

In recent years, repairs and lifespan extension of aging equipment and facilities are being carried out at existing plants throughout Japan, and awareness with regard to maintenance is increasing. The KITZ Group is not only concerned with the manufacture and sale of valves but is also accelerating the development of businesses covering the entire product lifecycle, including repair, inspection and improvement.

Four Centers across Japan
KITZ Engineering Service Co., Ltd. (KESCO), which handles maintenance of valves, has established four domestic service centers comprising its head office (Narashino, Chiba Prefecture) and locations in Hanshin, Nagoya and Tokuyama. Engineers familiar with valves accommodate a wide variety of needs at these centers.

The Tokuyama site is located in a well-known petrochemical complex in Japan, where it meets the demand for plant maintenance. Meanwhile, the head office, Hanshin and Nagoya service centers engage in maintenance for a wide variety of facilities including food-related facilities, DHC and environmental facilities. In February 2020, the Nagoya site was relocated to a newly constructed service center in Tokai, Aichi Prefecture. With 2.5 times the area of the previous site, the service center boasts higher work efficiency, and in addition to the main work space, separate areas have also been established to handle various specific tasks (degreasing, cleaning, coating and components) to meet a range of requests from customers.

Various Certifications and Qualifications
In February 2019, KESCO obtained ISO 9001 certification covering a wide range of valve maintenance services. KESCO has also obtained certifications and qualifications regarding valve maintenance from valve manufacturers in Japan and overseas to ensure that it can perform proper maintenance of the valves of other companies.

Focusing on Human Resources Development
KESCO focuses on the development of human resources. Employees who have gained basic knowledge of valves progress on to on-the-job training in which they are paired with senior engineers. This system allows new employees to learn the skills of the job while performing actual maintenance work.

KESCO has also enhanced support systems to help employees obtain qualifications in various fields required for maintenance such as crane and forklift operation, gas welding and works management.

Six Services Provided by KESCO

- General maintenance
- Periodic maintenance
- Start-up service
- Instrumentation valve maintenance
- Valve modification
- Valve replacement work
- Consulting
- Supply of standard parts (supply of parts needed for valve maintenance)
- Production of special parts
- Automatic valve assembly support
- Specialized work operation support
- Supervisors for periodic maintenance of plants
- Dispatch of valve and piping design engineers
- Painting work for exterior walls and floors, interior and exterior remodeling work
- Air-conditioning duct maintenance
- Sales of water-based paints
The KITZ Group operates a 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 develops and supplies the materials for brass valves, which are one of the KITZ Group’s mainstay products. It 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. KITZ Metal Works Corporation is developing a mass-production system with the aim of commencing sales during FY2020.

New Plant Commences Operation
To further enhance its manufacturing capabilities, KITZ Metal Works Corporation constructed a new plant and installed cutting-edge equipment. In October 2019, mass production started at the new plant. In addition to efforts to boost productivity and raise quality, the company will continue to achieve the stable supply of environmentally friendly materials and strive to better meet the needs of customers.
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. Many of the plants and offices of the KITZ Group are located in the surrounding area, including KITZ Corporation’s main Nagasaka, Ina and Chino plants, KITZ Metal Works Corporation and KITZ Micro Filter.

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.
KITZ Group creates a society that lives together in harmony with the earth through our fluid control business.

Toshiyuki Murasawa
Director, Managing Executive Officer and Division Manager, Corporate Administration Division

Increasing Importance of Sustainability Management
Since it was founded in 1951, KITZ has supported industry and our daily lives through the manufacturing and sale of valves. In addition, in order to embody the “KITZ” Statement of Corporate Mission,” our corporate philosophy of creating a prosperous society, KITZ has tackled regional development and environmental conservation activities to fulfill our corporate social responsibility. In terms of environmental conservation activities, since the Nagasaki Plant was the first to obtain ISO 14001 in 1998 we have steadily promoted environmental management. We have also focused on social contribution activities. In addition to the support of professional sports teams, we actively take part in donation activities through international contribution and regional development initiatives.

Meanwhile, at the global level, various changes have taken place at a tremendous speed. The roles assumed by companies toward solving the complex and difficult challenges facing society have continued to grow in importance.

To ensure a sustainable society, KITZ newly established the Sustainability Promotion Office that promotes solutions to social issues through further sustainability-oriented management and business activities as a fluid control device manufacturer in addition to conventional CSR activities.

Corporate Value and Social Value
For a sustainable society, it is important for companies to both “continue with sustainable growth and raise corporate value” and “create social value.” We believe that creating shared value (CSV) earns the trust of society.

To be a trusted company, it is important to share an ESG perspective and address the Sustainable Development Goals (SDGs) adopted by the United Nations. Institutional investors also place an importance on corporate ESG initiatives. In our fourth Medium-Term Management Plan, we have declared the further strengthening of ESG as a priority theme as we work to solve issues from ESG perspectives.

On the disclosure of non-financial information, we recently opened a new page on sustainability on our company website. In addition to that, we engage in dialogue with stakeholders through our corporate report (integrated report), environmental report and shareholder correspondence to actively disclose information. We also analyze what we are carrying out properly and in which areas we are lacking through objective assessments carried out by external entities to further strengthen our initiatives. KITZ is committed to further improving our performance in non-financial areas.
Create the Future / Preserve the Future
In March 2020, the KITZ Group announced its Sustainability Commitment and Sustainability Slogan, which serve as important guidelines for promoting its sustainable management. The Sustainability Commitment is a promise to all stakeholders as the KITZ Group aims to continuously be sustainable and raise social value. The Sustainability Slogan is a guidepost for all KITZ Group employees to realize the Commitment.

Commitment
Create a Society That Lives Together in Harmony with the Earth through Our Fluid Control Businesses
Since its founding in 1951, KITZ has supported infrastructure indispensable for our lives and industries through its fluid control-related business activities encompassing long years of involvement materials development and has undertaken regional promotion and environmental conservation activities to fulfill its corporate social responsibility (CSR).

We wish to create a sustainable society where all people on earth can live their lives with peace of mind. To create the ideal society, we believe companies must achieve sustainable growth while working to solve social issues and protect the global environment through business activities.

Working toward realizing a sustainable society, the KITZ Group takes a sincere approach toward the earth and its inhabitants and will raise both its corporate and social value.

Slogan
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.

100-Year Company
In 2021, KITZ will celebrate its 70th anniversary. To be a 100-year company, the KITZ Group will need to develop a corporate culture that continually produces innovation to grow and develop in 10 years’ time, 30 years, 50 years and beyond. In spring 2020, KITZ launched a new initiative with the formation of a task force to consider its long-term vision and mission across the organization. Members of the task force, which is primarily made up of younger employees, began discussions by giving serious thought to a vision for the KITZ Group. Moving forward, the task force’s discussions will be compiled into recommendations for the medium-to-long-term plans being formulated by top management. In this way, KITZ is creating an environment in which every employee can share opinions in an open setting regardless of gender, age, nationality, occupation or job title, allowing each employee to demonstrate his or her capabilities to the fullest extent and excel accordingly. KITZ believes that combining diverse sets of knowledge and values spurs new ideas and is the driving force behind innovation.

Looking ahead, the KITZ Group will continue to take on challenges unconstrained by what has been considered “normal” to date, and strive to enhance both corporate and social value. Also, through our flow control business, we will create a society that coexists with the planet.
**Toward a Sustainable Future**

The KITZ Group will work to achieve sustainable growth in the medium-to-long term while solving the myriad issues facing the global environment and society by reflecting ESG perspectives in management.

**ESG-Based Initiatives and SDGs**

We highlighted the further enhancement of ESG initiatives as a key theme under the fourth Medium-Term Management Plan that started in FY2019. On March 2020, we visualized the Sustainable Development Goals (SDGs) that are closely aligned with KITZ’s important initiatives for March 2020. We will further strengthen initiatives implemented to the present while accelerating sustainable management and contributing to the achievement of the SDGs toward a sustainable future.

<table>
<thead>
<tr>
<th>Major item</th>
<th>Sub-item</th>
<th>Specific implementation item</th>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environment</strong></td>
<td>1. Development and provision of environmentally conscious products and services</td>
<td>1. Development of environment-friendly materials such as lead-free materials and cadmium-free materials</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Development of disinfecting and purification equipment</td>
<td>☑️</td>
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<td></td>
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<td>3. Provision of products that comply with RoHS Directive and REACH regulations</td>
<td>☑️</td>
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<td></td>
<td>4. Development of products for clean energy fields</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td>2. Promotion of reduction, reuse and recycling of industrial waste</td>
<td>1. Promotion of activities to reduce greenhouse gases and CO2 emissions</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Reduction of emissions of environmentally hazardous substances</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td>3. To prevent environmental pollution on a group-wide and global basis</td>
<td>1. Identification of chemical products containing harmful substances and promotion of their substitution</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Visualization of environmental laws and regulations at each overseas base and countermeasures</td>
<td>☑️</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td>1. Promoting diversity of human resources (diversity &amp; inclusion)</td>
<td>1. Introduction and establishment of work-friendly personnel systems</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Initiatives for equal pay for equal work</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Promotion of active roles for female employees</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Promotion of active roles for senior human resources</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Recruitment and development of global human resources</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Enhancement of systems that support work-life balance</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td>2. To foster a corporate culture that values safety, health and human rights</td>
<td>1. Enhancement of work environment enabling work to be performed safely and healthily</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Thorough implementation of a policy to prevent prejudice, discrimination, human rights violations and injustices against countries, religions, ethnicities, etc.</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td>3. Fair business activities</td>
<td>1. Promotion of social contribution activities</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Promotion of supply chain management through fair transactions</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Pursuit of customer satisfaction by ensuring quality and safety</td>
<td>☑️</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>1. Establishing a sound corporate governance system</td>
<td>1. Effective operation of the Nomination Committee and Executive Compensation Committee</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Appointment of female officers</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Strengthening of internal controls (internal audits) under the Companies Act in addition to J-SOX</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td>2. Improving management transparency and strengthening the management oversight system</td>
<td>1. Sharing of information by performing a four-party audit and supervisory meeting with outside directors added to the Three-Party Audit Meeting (Audit &amp; Supervisory Board of Auditors, accounting auditor, Internal Audit Office)</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Audit and supervision of Group companies by outside officers</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Strengthening of Internal Audit Office</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td>3. Strengthening the effectiveness of the Board of Directors</td>
<td>1. Strengthen corporate governance and revitalize the Board of Directors by appointing independent outside directors with a wide range of knowledge and experience in corporate management</td>
<td>☑️</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Implementation of the evaluation of effectiveness of Board of Directors and respond to issues</td>
<td>☑️</td>
</tr>
</tbody>
</table>
Corporate Governance

In order to achieve sustainable growth and increase corporate value, KITZ will strengthen corporate governance to meet the expectations and trust of stakeholders.

Basic Policy and Structure
KITZ’s corporate philosophy is “To contribute to global prosperity, KITZ is dedicated to continually enriching our corporate value by offering originality and quality in all products and services.” We are committed to being socially responsible and operating the company in consideration of shareholders and all other stakeholders.

We are also committed to realizing company management that is prompt, efficient, sound and transparent and strengthening compliance.

To enhance the function to appropriately supervise and monitor the Board of Directors and its execution of business, KITZ selected and appointed four outside directors and three outside auditors. To reinforce the audit system, it also established the Audit & Supervisory Board, more than half (three) of whose members are outside auditors.

Moreover, the Nomination Committee and the Executive Compensation Committee, non-mandatory committees where outside directors constitute the majority, were established as advisory bodies to the Board of Directors to improve objectivity and transparency in the nomination of the candidates for directors/auditors and executive officers and the compensation for directors and executive officers. We believe that governance based on the Audit & Supervisory Board works effectively enough.

Each organization carries out its work according to the relevant internal rules. The decisions by the Boards of Directors are made according to the Rules of the Board of Directors. In addition, a number of special committees regarding internal control, crisis and risk control, promotion of compliance, security export control, investment/financing screening and information security/personal information protection were established to discuss and evaluate important agendas.

Board of Directors
Assuming fiduciary responsibility for company management to shareholders and aiming to achieve the sustainable growth of the Group and a medium-to-long-term improvement in its corporate value, KITZ’s Board of Directors discusses and makes decisions on major management issues, including management policy, medium-to-long-term management plans and business plans for each fiscal year, and supervises the execution of business. It is also responsible for building the entire Group’s internal control system.

Flow Chart

![Flow Chart Diagram]
The Board of Directors consists of eight members: four executive directors and four outside directors. A regular meeting of the Board of Directors is held once a month, quarterly for the approval of the settlement of accounts and as required for extraordinary meetings. The meetings discuss issues prescribed by regulations, and make resolutions and supervise the execution of duties of directors with a regular report on the execution of business from each executive director. The term of office of the directors is one year.

The outside directors have extensive experience in corporate management and a broad range of knowledge. They participate in the judgment on business and decision-making, provide appropriate advice and take on the role of supervising the execution of operations.

**Outside Directors and Auditors**

KITZ enhances the supervisory and monitoring functions of the Board of Directors by appointing outside directors and outside auditors who possess extensive experience and insight concerning corporate management. In Board of Directors’ meetings, outside directors and auditors represent the views of shareholders and other stakeholders from an objective standpoint, and are expected to ensure those views are appropriately reflected in the Board of Directors. Outside directors and auditors also encourage the sustained growth of the Company, and provide valuable comments to improve corporate value from a medium-to-long-term perspective.

Additionally, the three outside directors and three outside auditors have satisfied the standards of independence.

---

**Matrix and History of Corporate Governance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>28 members of the Board of Directors as prescribed by the Articles of Incorporation</td>
</tr>
<tr>
<td>1999</td>
<td>Decreased to 12</td>
</tr>
<tr>
<td>2000</td>
<td>Decreased to 9</td>
</tr>
<tr>
<td>2005</td>
<td>Introduces the Executive Officer System</td>
</tr>
<tr>
<td>2006</td>
<td>Term of office for Directors: 1 year</td>
</tr>
<tr>
<td>2006</td>
<td>Established the Investment and Loans Review Committee</td>
</tr>
<tr>
<td>2006</td>
<td>Established the C&amp;C Control Committee</td>
</tr>
<tr>
<td>2006</td>
<td>Established the Internal Control Committee</td>
</tr>
<tr>
<td>2016</td>
<td>Three Outside Directors</td>
</tr>
<tr>
<td>2016</td>
<td>Established the Executive Compensation Committee</td>
</tr>
<tr>
<td>2016</td>
<td>Established the Nomination Committee</td>
</tr>
<tr>
<td>2016</td>
<td>Four Outside Directors</td>
</tr>
<tr>
<td>2019</td>
<td>Three Outside Directors</td>
</tr>
<tr>
<td>2020</td>
<td>Four (Of which, one female)</td>
</tr>
</tbody>
</table>

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**Number of Outside Directors**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Outside Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>One</td>
</tr>
<tr>
<td>2011</td>
<td>Two</td>
</tr>
<tr>
<td>2017</td>
<td>Three</td>
</tr>
<tr>
<td>2020</td>
<td>Four (Of which, one female)</td>
</tr>
</tbody>
</table>

**Number of Outside Audit & Supervisory Board Members**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Outside Audit &amp; Supervisory Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Two</td>
</tr>
<tr>
<td>2019</td>
<td>Three (Of which, one female)</td>
</tr>
</tbody>
</table>

---

**Compliance System**

- 2006: Established the Investment and Loans Review Committee
- 2006: Established the C&C Control Committee
- 2006: Established the Internal Control Committee
- 2017: Established the Executive Compensation Committee
- 2017: Established the Nomination Committee
- 2016: Term of office for Directors: 1 year

---

**Corporate Philosophy**

- 1992: Formulated the KITZ Statement of Corporate Mission
- 2001: 1st revision
- 2006: 2nd revision
of outside directors of the Tokyo Stock Exchange (TSE) and Standards of Independent Outside Directors of the Company.

KITZ is sensitive to the structure of society and the needs of its customers, and works to actively incorporate outside viewpoints and female perspectives to steadily pursue management with a sense of speed. Accordingly, KITZ has appointed one female outside director and one female outside auditor.

**Nomination Committee and Executive Compensation Committee**

To strengthen the independence, objectivity and accountability of the Board of Directors with respect to the nomination of directors and auditors and compensation for directors and executive officers, KITZ has established a Nomination Committee and an Executive Compensation Committee as non-mandatory advisory bodies, more than half of whose members are outside directors.

The Nomination Committee discusses the nomination of candidates for directors and auditors as well as the human resources development of candidate officers for the next period according to the relevant policies. These discussions, the results of which are reported to the Board of Directors, take place from multiple perspectives including personality, aptitude, insight, experience, specialization, past achievements, fairness, age, gender and internationality factors. The Executive Compensation Committee deliberates on compensation policies for members of senior management, and also reports the results to the Board of Directors.

**Evaluation of the Effectiveness of the Board of Directors**

To improve the effectiveness of corporate governance and 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.

Based on the answers and opinions about the improvement of effectiveness in the future, the Board of Directors verifies the evaluation of the current situation, shares issues and debates the measures for improvement.

In the questionnaire survey conducted in May 2020, management strategy, constitution of the Board of Directors, appointment and compensation for directors, roles expected for outside directors, vitalization of discussion at Board meetings and response to shareholders and other stakeholders were asked. The result of the self-evaluation says that the effectiveness of the Board of Directors is ensured in general.

**Executive Officer and the Management Conference**

KITZ has introduced an executive officer system to ensure that the decisions made by the Board of Directors are carried out in a prompt and effective manner. The Management Conference comprising all executive officers convenes monthly to deliberate over and decide on important matters, and to engage in open discussion about key management issues.

**Audit & Supervisory Board**

The Audit & Supervisory Board of KITZ consists of five members: two full-time auditors and three outside auditors.

At least one auditor who has extensive knowledge of and experience in finance, accounting and legal affairs is appointed.

Auditors carry out their assigned duties, including being aware that they are especially expected to take helpful actions for making fair decisions on corporate management in the phase of decision-making at the meeting of the Board of Directors, taking shareholders' benefit as well as the Company’s benefit into consideration, and expressing their opinions as required.

They also verify the legitimacy and appropriateness of decision-making processes and the decision itself and express their opinion as required, in addition to overseeing the fulfillment of executive directors' duties to report and the effectiveness of the mutual-monitoring functions on corporate management among directors.

The Audit & Supervisory Board demonstrates its investigation authority to oversee the execution of duties by directors, including attendance to important meetings and visiting audits to offices, verifies the fulfillment of legal obligations that include the duty of care of a good manager and has discussions at meetings of the Audit & Supervisory Board according to the relevant standards, plans and the division of roles.

**Internal Audits**

The Internal Audit Office comprises operating audits and internal control audits. These are designed to confirm the presence of internal control functions, monitor the status of internal controls and verify the appropriateness of business processes. The results of the audits are communicated to the president, Audit & Supervisory Board members and related departments. Follow-ups on corrective action are conducted, carefully examined by the Internal Control Committee and reported to the Board of Directors as necessary. Additionally, audits of the important risks facing subsidiaries are also conducted. To clarify, avoid and mitigate risks, KITZ supports Group companies for operational improvements and legal compliance systems.
Accounting Auditor
KITZ appointed Ernst & Young Shin Nihon LLC as the accounting auditor. The accounting auditor conducts audits of financial documents for each financial year.

Note that the audit engagement implementation plan of the accounting auditor is determined based on the discussion between the accounting auditor, accounting department, the Audit and Supervisory Board and Internal Audit Office.

To select candidates for accounting auditor, the independence, qualifications and expertise of accounting auditors, the quality, system, plan and compensation of audit are evaluated. Candidates are determined at the meeting of the Audit & Supervisory Board and the agenda is submitted to a general meeting of shareholders.

Coordinating Audit and Supervisory Functions
The Audit & Supervisory Board regularly convenes the Three-Party Audit Meeting made up of itself and two other parties, an accounting auditor and the Internal Audit Office, receives reports on the status of audits, exchanges information and opinions, and maintains close coordination. It also regularly holds the Four-Party Audit and Supervisory Meeting with the additional participation of an outside director several times a year, where it exchanges information and shares recognition from an independent and objective standpoint, and endeavors to improve the audit function and the supervisory function of independent outside directors.

Cross-Shareholdings
KITZ has established a Policy for Cross-Shareholdings. Our basic policy is not to hold shares for the purpose of forming a stable shareholder base, except for the purpose of maintaining good relationships with business partners. Each year we review cross-shareholdings, and we pursue the sale of any shares it is deemed we have no significant reasons for holding.

Internal Control System / Compliance

Internal Control System
To make the Group’s management base sound and robust, we have established an internal control system according to the Companies Act and also established an internal control system pursuant to the Financial Instruments and Exchange Act.

In the Companies Act, four broad aims are defined, namely risk management, observance of laws, regulations and other requirements, the appropriateness of business operations and appropriate financial reporting. We strive to promote risk management and compliance, develop systems to appropriately evaluate and take action with respect to all operations concerning business activities and also develop and operate systems to prevent false representations in financial reporting. Additionally, in the Financial Instruments and Exchange Act, processes are defined for executing four aims, namely the validity and efficiency of business operations, the trustworthiness of financial reporting, compliance with laws and regulations in relation to business activities and the safeguarding of assets. We comply with the basic framework for internal control described in the Standards published by the Business Accounting Council, undertake internal control related to financial reporting, engage in close coordination with the Audit and Supervisory Board, accounting auditors and the Internal Audit Office, and carry out evaluations on the effectiveness of internal control.

Promotion of Corporate Management based on Compliance
For a company to develop on a constant basis, KITZ believes that managing the company based on compliance is a
fundamental and essential condition. In the corporate philosophy “KITZ’ Statement of Corporate Mission,” “Do it True” is placed on the top of the Action Guide.

To put this belief into practice, in 2002 the Company established the C&C (Crisis and Compliance) Control Committee headed by the president in all Group companies. The Committee works to prevent risks in corporate management from occurring and to thoroughly ensure crisis response and compliance-oriented management.

Additionally, to seek inside information that cannot be obtained through an ordinary internal control system or compliance system, KITZ has established and operates a whistle-blower hotline. Whistle-blower information received by KITZ or through the “compliance helpline” set up at its corporate lawyer’s office is investigated and dealt with promptly and appropriately, while strictly protecting the confidentiality of whistle-blowers.

Compliance Education and Questionnaire
To put compliance-oriented management into practice, KITZ has created a Compliance Program Guidebook and educational materials on various legal matters. These materials describe information on the importance of compliance-oriented management, its basic policy, the code of conduct on corporate ethics, the whistle-blower hotline, education and disciplinary action for violators. Guidebooks are distributed to directors and employees. In addition, the Company plans educational seminars each year and endeavors to foster a culture of compliance, improve knowledge and raise awareness.

Moreover, to monitor the extent to which compliance-oriented management has taken root and visualize potential compliance risks, compliance questionnaires are conducted for employees periodically. The identified risks are prioritized and subjected to measures such as business process improvements and educational activities.

Risk Management
We tackle risk management to control various risks with the potential to seriously affect corporate management. The Management Conference identifies, analyzes and evaluates risks and then considers countermeasures based on the policies and evaluation standards formulated by the C&C Control Committee, after which the process of consideration and results are reported to the Board of Directors. The Board of Directors deliberates and decides on policies to identify and implement measures regarding those risks that are of a serious nature.
Board of Directors, Corporate Auditors and Executive Officers (as of June 30, 2020)

Directors

President  Yasuyuki Hotta
Born: June 18, 1955
Mar. 1978 Joined KITZ
Jan. 1997 Branch Manager, Chuobu Branch, Sales Division
Apr. 2001 Plant Manager, Nagasaki Plant
Oct. 2001 Managing Executive Director, KITZ SCT Corporation
Jun. 2004 Representative Director and President, KITZ SCT Corporation
Apr. 2006 Managing Executive Officer, General Manager, Flow Control Business Division
Apr. 2007 Senior Executive Officer, General Manager, Flow Control Business Division
Jun. 2007 Director, Senior Executive Officer, General Manager, Flow Control Business Division
Jun. 2008 President and Chief Executive Officer, General Manager, Flow Control Business Division
Apr. 2009 President and Chief Executive Officer (present position)

Director  Toshiaki Natori
Born: January 20, 1957
Mar. 1980 Joined KITZ
Oct. 1999 Plant Manager, China Plant, Production Division
Apr. 2004 Managing Executive Director, KITZ Metal Works Corporation
Jul. 2009 Representative Director and President, KITZ Metal Works Corporation
Apr. 2010 Executive Officer, Division Manager, Production Division
Jun. 2011 Director, Executive Officer, Division Manager, Production Division
Apr. 2012 Director, Managing Executive Officer, Division Manager, Production Division
Apr. 2013 Director, Managing Executive Officer, Unit General Manager, Flow Control Business Unit
Apr. 2014 Director, Senior Executive Officer, Unit General Manager, Flow Control Business Unit
Apr. 2015 Director, Vice-President and Senior Executive Officer, General Manager, Sales Strategy Office for Commercial Valves in Asia
Apr. 2020 Director, Vice-President and Senior Executive Officer, General Manager, Corporate Planning Division (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 (present position)

Outside Director  Kazuyuki Matsumoto
Born: September 21, 1945
Apr. 1970 Joined Teijin Seki 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 Advisor, Nabtesco Corporation, 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)

Outside Director  Yuhtaka Fujiwara
Born: April 20, 1951
Apr. 1974 Joined NOIDEC, Inc.
Nov. 1987 Joined The Yozuwa 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 (present position)
Jun. 2017 Outside Director of KITZ (present position)

Outside Director  Yukino Kikuma
Born: March 5, 1972
Apr. 1993 Joined Fuji Television Network, Inc.
Dec. 2011 Registered as an attorney at law
Jan. 2012 Joined MASTUO & KOSUGI (present position)
Dec. 2014 Outside Director, Noever Holdings, Co., Ltd.
Jun. 2018 External Director, KOSUKE 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)
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
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)
Reasons for Appointment of Directors and Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Years in Office</th>
<th>Attendance Status for FY2019</th>
<th>Reason for Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yasuyuki Hotta</td>
<td>13 years</td>
<td>16/16 times</td>
<td>He has driven the enhancement of corporate governance in an effort to achieve sound and highly</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>transparent management, and has advanced the globalization of the KITZ Group. He can be expected</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>to contribute to the supervision and execution of management, and to the enhancement of the critical</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>decision-making and supervisory functions of the Board of Directors by leveraging his excellent business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>decision-making abilities based on his extensive knowledge and experience.</td>
</tr>
<tr>
<td>Toshiaki Natori</td>
<td>9 years</td>
<td>16/16 times</td>
<td>He has been the Director and Executive Officer in charge of production areas. He has contributed to the KITZ</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Group through good manufacturing. His extensive knowledge and experience will be useful in formulating</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>and debating management strategies and supervising their execution.</td>
</tr>
<tr>
<td>Toshiyuki Murasawa</td>
<td>4 years</td>
<td>15/16 times</td>
<td>He has been a Director and Executive Officer responsible for the Corporate Planning Division, and also as head of an</td>
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<td>overseas Group company, and he will display strong leadership in running the valve manufacturing</td>
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<td></td>
<td>business. His extensive knowledge and experience will be useful in formulating and debating</td>
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<td></td>
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<td>management strategies and supervising their execution.</td>
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<tr>
<td>Makoto Kohno</td>
<td>1 year</td>
<td>10/10 times*</td>
<td>He has been involved in the Sales and Production Divisions of the valve manufacturing business. He has</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>experience as an executive officer responsible for finance, investor relations and group strategy at Omron</td>
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<td></td>
<td>Corporation, which has a global business presence. He has high-level insights into corporate management from a global</td>
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<td></td>
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<td></td>
<td>perspective, and was asked to continue in his role as an outside director to receive his continued supervision and advice leveraging that</td>
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<td>knowledge.</td>
</tr>
<tr>
<td>Kazuyuki Matsumoto</td>
<td>7 years</td>
<td>16/16 times</td>
<td>He has been active for many years as an executive of Nabtesco Corporation. In addition to his extensive</td>
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<td></td>
<td></td>
<td></td>
<td>experience as a corporate executive, he also has broad insights on technical strategies. He was asked to</td>
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<td></td>
<td></td>
<td></td>
<td>continue in his role as an outside director to receive his continued supervision and advice leveraging that</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>knowledge.</td>
</tr>
<tr>
<td>Minoru Amoh</td>
<td>5 years</td>
<td>16/16 times</td>
<td>He has been active for many years as an executive of DuPont K.K., which has a global business presence. He</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>has high-level insights based on his abundant experience in corporate management. He was asked to</td>
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<td></td>
<td></td>
<td>continue in his role as an outside director to receive his continued supervision and advice leveraging that</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>knowledge.</td>
</tr>
<tr>
<td>Yutaka Fujiwara</td>
<td>3 years</td>
<td>16/16 times</td>
<td>Following positions as overseas branch manager for a financial institution, he has been active as an</td>
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<td></td>
<td>executive officer responsible for finance, investor relations and group strategy at Omron Corporation, which</td>
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<td></td>
<td>has a global business presence. He has high-level insights into corporate management from a global</td>
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<td></td>
<td></td>
<td></td>
<td>perspective, and was asked to continue in his role as an outside director to receive his continued supervision and advice leveraging that</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>knowledge.</td>
</tr>
<tr>
<td>Yukino Kikuma</td>
<td>Newly appointed</td>
<td>—</td>
<td>After gaining experience through work in mainstream media, she achieved success as a lawyer resolving</td>
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<td>conflicts through various lawsuits, as well as in corporate law and a wide range of other fields. Accordingly,</td>
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<td>she was asked to become a newly appointed outside director to provide oversight and advice based on this</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>knowledge.</td>
</tr>
<tr>
<td>Masahiko Kondo</td>
<td>4 years</td>
<td>16/16 times</td>
<td>He is involved in management of the Company as a Director in charge of the corporate administration areas</td>
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<td></td>
<td></td>
<td>15/15 times</td>
<td>which bring the Group companies together and has sought to strengthen management infrastructure and</td>
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<td></td>
<td></td>
<td>has built and pushed for the strengthening of the Group’s risk management system. His knowledge and</td>
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<td></td>
<td>experience in business management, labor, accounting and finance will be reflected in the audits of the</td>
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<td></td>
<td></td>
<td>Company.</td>
</tr>
<tr>
<td>Taro Kimura</td>
<td>3 years</td>
<td>16/16 times</td>
<td>He has many years of experience in managing the Company’s accounting and financial operations. As an</td>
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<td></td>
<td></td>
<td>15/15 times</td>
<td>executive officer in charge of corporate administrative divisions that oversee Group companies, he</td>
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<td>developed the Company’s internal control system, strengthened its internal audit function and promoted</td>
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<td></td>
<td></td>
<td>the building of its risk management system. His knowledge and experience in risk management as well as in</td>
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<td></td>
<td>accounting and finance will be reflected in the audits of the Company.</td>
</tr>
<tr>
<td>Tatsuhiro Takai</td>
<td>5 years</td>
<td>16/16 times</td>
<td>He took charge of accounting and corporate planning operations for Mitsubishi Mining &amp; Smelting Co., Ltd. for</td>
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<td></td>
<td></td>
<td>15/15 times</td>
<td>many years and successively assumed the position of Chief Financial Officer and senior executive officer,</td>
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<td>having accumulated knowledge in finance and accounting. His knowledge, coupled with his extensive experience as a Standing Audit &amp; Supervisory Board Member at said company, will be reflected in the audits of the Company.</td>
</tr>
<tr>
<td>Shuhei Sakuno</td>
<td>3 years</td>
<td>16/16 times</td>
<td>He has broad experience in corporate administration operations that supervise the Yokogawa Electric</td>
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<td></td>
<td></td>
<td>15/15 times</td>
<td>Corporation group companies and possesses a considerable amount of knowledge in finance and</td>
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<td></td>
<td></td>
<td></td>
<td>accounting operations. He also possesses knowledge related to corporate governance acquired through his</td>
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<td></td>
<td></td>
<td></td>
<td>experience in developing internal control, risk management and internal audit systems. His extensive</td>
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<td></td>
<td></td>
<td></td>
<td>experience will be reflected in the audits of the Company.</td>
</tr>
<tr>
<td>Ayako Kobayashi</td>
<td>1 year</td>
<td>10/10 times*</td>
<td>She is active as an attorney in a wide range of fields including finance, corporate law, compliance, M&amp;A,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9/10 times*</td>
<td>resolution of disputes and legal actions, and crisis management. It was decided that her extensive</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>experience, abilities and insights could be reflected in audits of the Company.</td>
</tr>
</tbody>
</table>

* Status from appointment on June 25, 2019 to March 2020 is listed.
Executive Officers

President and Chief Executive Officer
Yasuyuki Hotta

Vice-President and Senior Executive Officer
Toshiaki Natori

Managing Executive Officer
Toshiyuki Murasawa

Managing Executive Officer
Makoto Kohno

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 (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, Division Manager, Product Management Center (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 (present position)

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, Domestic Sales Division
Apr. 2006: General Manager, Sales Planning Department, Domestic Sales Division
Apr. 2011: General Manager, Business Planning Department, Flow Control Business Unit
Apr. 2015: Executive Officer, Division Manager, IT Control Division (present position)

Executive Officer
Kenji Katsuragi

Born: October 31, 1956
Jun. 1999: Finance Director, Panasonic Australia Pty. Ltd.
May 2006: Group Manager, Overseas Operation System Group, Panasonic Corporation
Jan. 2008: Vice President, Panasonic Consumer Electronic Company, a division of Panasonic North America Corp.
Oct. 2009: Auditor, Audit Department, Panasonic Corporation
Apr. 2011: General Manager, Overseas Finance Center, Panasonic Corporation
Jan. 2012: Director, CFO, Panasonic Europe Ltd.
Aug. 2016: Joined KITZ
Apr. 2017: Executive Officer, Deputy Division Manager, Corporate Administration Division (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 (present position)

Executive Officer
Kenji Kato

Born: January 21, 1962
Mar. 1991: Joined KITZ
Apr. 2006: Manager, Kyushu Branch, Domestic Sales Division
Apr. 2008: Manager, Tokyo Branch, Domestic Sales Division
Apr. 2013: President & Representative Director, Hotel Beniya Co., Ltd.
Apr. 2020: Executive Officer, Division Manager, Domestic Sales Division (present position)
I expect KITZ to realize its long-term vision through swift decision-making and action.

While FY2020 got underway under KITZ’ vision for 2030, the unexpected spread of COVID-19 has had a significant impact on management. Although KITZ has developed and operated business continuity plans (BCP) to address the risks of business suspension due to disasters and other eventualities, this situation demands the ability to put those plans into effect, an unprecedented level of persistence and the capacity to take on new challenges.

A company must reduce waste, develop a corporate character, discover, hire and train human resources for the future, develop core technologies and products leading to future growth, and commercialize the fruits of those effects. I think it is important to continually ask the questions “what is the business for,” “who is the business for,” and “does this lead to company growth and development,” and to maintain and enrich mutual trust through communication with customers. I also think that working to achieve goals while keeping a close watch to ensure that gaps do not develop between current circumstances and targets are critical aspects to ensuring the permanence of a company and fulfilling social responsibility in the long-term.

I also expect that engaging in swift decision-making and action, based on the KITZ Action Guide: “Do it True,” “Do it Now,” “Do it New,” will lead to the achievement of KITZ’ long-term vision.

I believe the key roles of an outside director are to present differing views and approaches, to provide an impetus to difficult decision-making and to contribute to the selection of successors to key positions. To ensure the effective functioning of these roles, I think it is most important for an outside director to be actively involved in medium-to-long-term strategy, and to have the opportunity to exchange views in determining the direction of sustainable growth and setting challenges.

KITZ is currently pursuing the development of global management foundations and striving to deliver world-class technologies and engineering to customers while adapting to energy shifts and a recycling-oriented society, thus contributing to lessening the impact on the environment and establishing a solid position in growth markets. KITZ is also trying to visualize supply chains globally, investing in labor-saving efforts and improving labor productivity with the aim of becoming a company at which employees can lead better lives while working in safer and healthier environments.

To enhance corporate governance, it is vital to respect basic rules in personnel selection (maintaining an overall balance between diversity and specialty), ensure information security and appoint multiple outside directors. I hope to actively exchange opinions while working to ensure management transparency.

I contribute to the long-term improvement of corporate value through frank opinions and advice.

The main purpose of the Corporate Governance Code that was enacted in 2015 was to promote the development of a corporate governance system that separated the supervision of business and its execution. In other words, it required a clear separation and division of roles, in which the supervision of company management is delegated to the Board of Directors by the shareholders, and the execution of business is delegated to executive officers under the president.

At many Japanese companies, the percentage of outside directors who are independent from the execution of business is low, making it difficult to divide supervision from execution. At KITZ, however, four of the eight directors are outside directors. I believe this makes KITZ one of the more progressive companies out of the roughly 3,700 listed companies in Japan. Additionally, to enhance the effectiveness of the Board of Directors, KITZ has an Audit & Supervisory Board, and has also established a Nomination Committee and an Executive Compensation Committee, each of which have a majority of outside directors, ensuring transparency with regard to executive personnel affairs and remuneration.

To enhance the effectiveness of this governance system, I believe our responsibilities as outside directors are to maintain the perspective of shareholders and other stakeholders at all times and to contribute to the long-term enhancement of corporate value by sharing frank opinions and advice.
Environmental Activities

The KITZ Group has established targets for environmental conservation on a global scale (developing and providing eco-friendly products and services, promoting industrial waste reduction, re-use and re-utilization, preventing environmental pollution). The Group is making a united effort to achieve a sustainable society.

In conducting soil contamination studies, we go beyond the legally mandated requirements and conduct our own voluntary studies focusing on plants. In addition to the Nagasaka, Ina and Chino plants, we have also completed soil contamination studies at plants of major domestic group companies. We take measures to address circumstances at these plants based on the results of the contamination studies.

**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.

- **Enhancement of corporate business infrastructure** (Group-wide environment-responsive management)
- **Risk prevention** Balanced **Cost reduction**

**Enhancing management system**
- Building the basic structure
- Cultivation of human resources
- Visualization

**Streamlining action processes**
- Group activities
- Application of management system

**Reducing environmentally hazardous substances**
- Combating global warming
- Common issues (handling of waste and water)
- Care for local communities
- Prevention of future risk
Development and Supply of Environmentally Friendly Products and Services

KITZ has formulated its own independent environmentally friendly development policies and environmental impact reduction guidelines and works to develop products that minimize environmental impacts based on medium- and long-term perspectives.

Effective Use of Resources

The main materials of valves are metals, which are natural resources. KITZ utilizes used scrap metal as part of raw materials for valves. KITZ also strives to recycle scrap and cutting chips generated in the production process by utilizing the know-how it has accumulated over many years. In addition, for casting sand to be used in the casting process, chunks are crushed, sorted and processed in the sand process for recycling. If casting sand is used repeatedly and becomes smaller than the standard particle diameter, it will become waste. However, casting sand that is disposed of will be used as auxiliary materials for cement. In this way, KITZ aims to achieve coexistence with the global environment and promotes the effective use of limited resources.

Reduction of Waste, Promotion of Recycling and Reuse

We are working to properly dispose of materials that we are unable to reduce (no generation or bringing in of waste), reuse (recyclable waste materials are returned to the production lines for reuse) or recycle (sort and recycle as resources). By thoroughly sorting waste material and recycling it as valuable resources, we are curbing the amount of waste materials generated.

In its production divisions, based on surveys and analyses of the volume of waste generated, KITZ is stepping up efforts to reduce and reuse industrial waste materials, which consist mostly of waste materials generated by the KITZ Group’s production activities. Moreover, the Waste Material Management System, which manages the KITZ Group’s environment and safety-related information, enables KITZ to ascertain on a timely basis the entire waste-handling process, from the

Volume of Industrial Waste Materials

<table>
<thead>
<tr>
<th>Volume (t)</th>
<th>Sales consumption units (t/Sales (100 millions of yen))</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,000</td>
<td>9</td>
</tr>
<tr>
<td>10,000</td>
<td>6</td>
</tr>
<tr>
<td>5,000</td>
<td>3</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Flow Chart of Recycling and Reuse in Production Process of Cast Iron Valves

![Flow Chart of Recycling and Reuse in Production Process of Cast Iron Valves]

Manufacturers (except for sales offices)
Service companies
Sales offices of manufacturers
Sales consumption units at KITZ Corporation and domestic Group companies (except for sales offices)
To Our Stakeholders

Business Summary and Strategy

Prevention of Environmental Contamination

Metal resources and casting sand, which are raw materials of valves, contain many Pollutant Release and Transfer Register (PRTR) target substances* such as lead, manganese, chrome, nickel and chromium oxide. The main types of substances discharged into the atmosphere are xylene and toluene from paints, thinners and stored gasoline while the main substance transferred externally is chromium oxide contained in casting sand.

To prevent environmental contamination caused by dangerous and toxic substances contained in chemical products, in addition to preventing contamination from PRTR target substances*, KITZ built the Chemical Substance Management System in 2000. KITZ is working to identify chemical products containing toxic substances and to use alternative substances as it strives to improve the safety of its valve products and reduce environmental impacts.

* PRTR target substances: These are substances recognized as being persistent in the environment over a wide area and that meet one of the following conditions that include “being harmful to human health and ecosystems,” “chemical substances that may easily form hazardous chemical substances through a naturally occurring chemical transformation” and “ozone layer destroying substances.”

Strengthening Environmental Management Systems

The KITZ Group regards the promotion of environmental management as a key aspect of strengthening our management foundations. In our Environmental Mid-term Plan, we have set the goal of obtaining ISO14001 certification at all plants in Japan and overseas, and are making efforts to establish global environmental management.

Business Offices That Have Acquired Integrated ISO 14001 Certification

- KITZ Corporation Nagasaka Plant
- KITZ Corporation Ina Plant
- KITZ Corporation Chino Plant
- KITZ Metal Works Corporation
- KITZ Micro Filter Corporation (Head office plant)
- KITZ SCT Corporation
- Shimizu Alloy Mfg. Co., Ltd.
- Toyo Valve Co., Ltd. Koshin Sales Office
- KITZ Corporation of Taiwan
- KITZ (Thailand) Ltd. Bangplee Plant
- KITZ (Thailand) Ltd. Amatankorn Plant
- KITZ Corporation of Kunshan
- KITZ Corporation of Jiangsu Kunshan
- KITZ Corporation of Europe, S.A.
- Cephas Pipelines Corp.
- Filcore Co., Ltd.
- Metalúrgica Golden Art’s Ltda.

Initiatives at Group Companies

- **Switching from LPG to Natural Gas (NG)** (KITZ Metal Works Corporation)
  KITZ Metal Works Corporation made the switch from satellite-based LP gas (LPG) to natural gas (NG) for the gas fuel used to operate equipment. The new plant began operating with NG from April 2019. KITZ Metal Works Corporation progressively switched fuel at its existing plants to NG, completing the process in October 2019. Thanks to the change, KITZ Metal Works Corporation is expected to achieve its CO2 emissions reduction goal. In addition, by supplying the gas via pipeline, the risks of supply shutdowns and shortages can be avoided.
  KITZ Metal Works Corporation will also endeavor to further reduce its environmental impact through initiatives such as switching from fuel oil to NG in FY2021.

- **Eco-Friendly Product Lineup** (KITZ Metal Works Corporation)
  To comply with environmental regulations, KITZ Metal Works Corporation focuses on developing products that comply with the RoHS Directive including cadmium-free and lead-free brass, as well as the drinking water regulations of each country. We have added bismuth and tin-based KEEPALOY and ECO BRASS® to our lead free brass products lineup, expanding the breadth of product selections available to customers.

- **Ecology Award at a Brazilian Environmental Event** (Metalúrgica Golden Art’s Ltda.)
  Metalúrgica Golden Art’s Ltda. received an ecology award at an environmental event. The awards are designed to accept public submissions and commend excellent ecology activities on the part of local governments and companies in Brazil’s three southern states, and Metalúrgica Golden Art’s Ltda. made a submission based on...
“Reuse of wastewater generated in the pickling process at mines.”

Conventionally, the acidic water produced after pickling treatment is consigned to a specialized waste contractor for disposal as wastewater, but in 2017 the company introduced equipment to reuse and treat this water. At the same time, the company successfully reduced costs thanks to lower disposal and treatment expenses (FY2018 billed amount: 180,466 real (approximately ¥5.4 million)). This initiative not only contributed to cost reductions but also contributed to regional environmental improvements because it stopped the release of wastewater.

**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.

Promotional functions for health and safety activities were newly established in FY2020 as the KITZ Environment, Health and Safety Committee. We will bolster efforts to prevent workplace injuries and illness, promote the development of comfortable workplace environments, engage in healthcare aimed at preventing lifestyle-related diseases and work to prevent traffic accidents.

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**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 accidents.

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**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 for 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.

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**Take Preventive Steps and Improve Safety Awareness through Group-Wide Safety and Health Programs**

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 aims 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)
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 provide a wide range of services regarding valves to meet the diverse needs of customers.

Valve Technical Training for Customers
The KITZ Training Center is Japan’s only permanent training center for valve technology. Since its establishment in 1981, it has been used for in-house training of Group personnel, as well as by many other people from outside the KITZ Group. In recent years, the industries using valves have seen significant advances in new technology responding to more stringent environmental and safety standards, as well as automation to provide more advanced functions and save labor, and changes are occurring at an unprecedented speed. As training programs to support these advanced technologies, we provide a basic course for valves and a basic course for automated valves.

A number of attendees take these courses, including persons from trading companies handling valves, contractors, users, device manufacturers, plant-related companies and students. We help course participants acquire valve-related skills through practical hands-on training in areas such as valve assembly, disassembly and piping, and through lectures given by engineers with extensive practical experience.

Valve Meister System
KITZ introduced the Valve Meister System for certifying sales representatives who have reached a certain level of skills and knowledge regarding automated valves and metal materials for valves as Valve Meisters in FY2014. In order to become Valve Meisters, sales representatives must undergo technical education and training based on actual practical methods for around 18 months. Our 39 certified Valve Meisters who have passed the certification test (as of April 2020) act as concierges who respond to requests for customer consultations, propose specific solutions and solve various issues together with customers.

By enhancing the valve-related technical skills of each sales representative, we provide greater value to customers and help improve knowledge and skills across the entire industry.

Customer Satisfaction Survey
To provide better products and services, KITZ has conducted a customer satisfaction survey targeting more than 1,000 companies annually since 1997. Based on the results of the responses collected from customers and analyzed, we work toward additional improvements to further enhance customer satisfaction.

We ask customers to submit questionnaires regarding their level of satisfaction with regard to KITZ.
Initiatives to Encourage and Support Human Resources

KITZ is promoting various initiatives as means of ensuring that each and every employee is able to demonstrate his or her full potential.

Desired Personnel
“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 respond to market demands that are changing with breathtaking speed through agile business expansion, we need 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 Resources Development
KITZ approaches training for its employees with “displaying human resources competence” and “displaying organizational capacity” as dual targets. KITZ is improving its programs for human resources development, such as programs for professional education based on duties and job classifications and programs for educating specially selected employees, with hierarchical education as a pillar. In addition, KITZ is developing a corporate culture that enables its employees to keep their motivation high by operating a target system for challenges and linking their development to their evaluation and treatment.

Basic Training of Young Employees
Newly hired graduates participate in an introductory training course on proper etiquette as adult members of society and on job fundamentals. After this, they acquire fundamental knowledge about valves and learn about the basic thinking and behavior as KITZ employees at new employee training, including practical training held at plants. Employees hired for technical positions then learn about the basics of design, machine work and casting over a one-year period. They are officially assigned to positions when they have sufficiently acquired the fundamentals of monozukuri (manufacturing).

Once assigned, a senior employee is appointed to each new recruit until they complete their third year of employment as part of an advisor system, which is designed to teach new recruits systematically acquire the skills needed for problem solving.

Language Education for Selected Employees
We are investing efforts into language education for selected young employees. Our initiatives are aimed at continuous improvement of language ability to facilitate smooth communication in various situations overseas, including technical instruction, meetings and presentations at academic conferences.

Promoting Globalization
Since the establishment of a sales subsidiary in the United States in 1984, KITZ has developed its business globally by successively setting up production bases and sales

<table>
<thead>
<tr>
<th>Personnel Structure by Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore 32 0.6%</td>
</tr>
<tr>
<td>U.S. 40   0.8%</td>
</tr>
<tr>
<td>Spain 65 1.3%</td>
</tr>
<tr>
<td>South Korea 156 3.1%</td>
</tr>
<tr>
<td>India 174 3.4%</td>
</tr>
<tr>
<td>Germany 176 3.5%</td>
</tr>
<tr>
<td>Taiwan 320 6.3%</td>
</tr>
<tr>
<td>Brazil 457 (9.1%)</td>
</tr>
<tr>
<td>Thailand 559 (11.1%)</td>
</tr>
<tr>
<td>China 839 (16.6%)</td>
</tr>
<tr>
<td>Other 23 0.5%</td>
</tr>
</tbody>
</table>

As of March 31, 2020
bases overseas while adding valve manufacturers in Spain, Germany, India, Brazil and Korea to the KITZ Group through M&A. At present, the KITZ Group operates bases in 18 countries worldwide. Employees working in countries other than Japan (including those on loan) account for 56.3% of the Group's total workforce (as of March 31, 2020).

As an organization made up of employees from a diverse range of nationalities and backgrounds, the KITZ Global HR* Policy was established to become an even stronger corporate group. We also formulated a common Group-wide personnel philosophy and pursue the development of these measures and cultivation of leaders in keeping with this philosophy.

*HR: Human Resources

Diversity & Inclusion*
KITZ regards its employees as assets (human resources) and is working to create environments that enable each and every individual employee to make maximum effective use of his or her abilities, irrespective of gender, age or nationality.

* Diversity & Inclusion:
Accepting, mutually acknowledging and utilizing individual diversity

Reforms to the Personnel System
As part of the realization of the ideals of a “strong culture, strong organization” and “truly global company,” we have shifted to a new personnel system, the aim of which is for the Company to become a professional organization with business expertise that will never be overcome by competitors.

In accordance with their career plan, employees choose “expert roles,” in which advanced professional skills and knowledge gained through the experience of working are demonstrated, and “global roles,” in which their aim is to create new added value and work in a professional role where they are globally active and a leading professional in the industry.

The system enables employees to change their career path according to changes in their individual life stages, allowing anyone the chance to tackle new challenges, and to grow while feeling job satisfaction.

Transforming the Corporate Culture and Awareness
KITZ is engaged in efforts to encourage a transformation of awareness based on the concept of shifting from methods that have been taken for granted until now to constantly seeking out new methods and ways of doing things in order to ensure recognition of diverse human resources while at the same time protecting the traditions from the time of its original founding.

As one aspect of this, we hold lecture sessions for employees given by outside experts. By offering lectures on a variety of themes, such as promoting diversity and career development, we are providing a helping hand to transform employees’ awareness and promote corporate cultural reform.

Work-Life Balance
KITZ is striving to enhance work-life balance to enable each employee to work with high motivation and a sense of fulfillment. Each individual can build careers as company employees who execute their job responsibilities while fully deploying their capabilities. They can choose a diverse and flexible working style in accordance with changes in various stages of their personal lives, such as having to provide child care or nursing care.

- Shortened Working Hours
Shortened working hours in which prescribed working hours are reduced, so as to allow employees to carry out childcare duties. In the past, they applied until a child was three-years-old, but the period was extended to until a child entered primary school.

- Childcare Leave
A period of childcare leave can be acquired, at a maximum, up to the last day of March after a child turns one-year-old, or up to the day preceding the day he or she turns one-year and six-months old. Where there is a reason, however, that a child is not able to enter nursery school, the period can be extended up to when the child turns two years of age.

- Re-Entry System
We have started a system that allows employees who have left the company for childbirth, childcare, nursing of family members or relocation due to their spouse’s business to resume work so long as they have registered in advance. The Company is committed to the creation of an environment that is easier to work in, for example, a system that allows the acquisition of time units of paid holiday time, or where accumulated paid leave can be used as child care or nursing care leave.

Workplace with a Sense of Openness
The president of KITZ Corporation has declared an open door policy and on many occasions communicated the importance of an open workplace environment to employees. Other company officers also place an emphasis on communication and exchange views with employees on a regular basis. KITZ also holds sports events where company officers, employees and their families interact, subsidizes social gatherings among employees in the company and generally pursues initiatives designed to enhance the sense of solidarity at the workplace.
Diverse Human Resources in the KITZ Group

We introduce how employees work creating value at their own posts.

KITZ provides us with opportunities to work on a global scale.

Roderick Andal Perez
Engineering Group, Customer Engineering Department
KITZ Corporation

All KITZ employees work hard and respect each other. I can work comfortably every day thanks to my friendly colleagues and good environment. Working for KITZ also means that we can have an opportunity to take an active role globally.

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 10 years, and I try to convey my experience also to other employees for their own development.

I want to play a part in the continued growth of the KITZ Group.

Yukiko Okabe
Manager of Sustainability Promotion Office
KITZ Corporation

I consider what contributions we can make toward solving SDGs and ESG issues to create a sustainable society. I derive much fulfillment from thinking about the future of the KITZ Group.

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.

I feel satisfaction from developing technologies for the advancement of the KITZ Group

Naoki Kira
Technology Research Group, Production Engineering Department
KITZ Corporation

I am responsible for development and deployment of automated valve production equipment. Since joining the company, I have learned a variety of skills and become able to give shape to my ideas. I feel satisfaction from being able to develop the technologies that are required for the further advancement of the KITZ Group.

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

Kaori Kikumoto
Osaka Branch, Sales Office 2
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 have a sense of satisfaction in serving as a bridge between two different cultures.

Shizuka Mita
Chief Accounting Officer
KITZ Corporation of America

I oversee all administrative, accounting and inventory-related functions. My position is very interesting as it involves so many different areas. I am often asked to assist with communication between KITZ Japan and KCA management. It is extremely important to understand one another correctly. I find this the most challenging and rewarding part of my job. Successfully coping with the economic and social challenges has also been very satisfying.

I would like to continue fulfilling the role of connecting people with people.

Makiko Shimoyama
General Affairs and Accounting Section, Management Department
KITZ SCT Corporation

I took childcare leave and then returned to my workplace. I have been blessed with an understanding boss and colleagues and am able to enjoy my job while achieving a balance between child-rearing and work. In the future as well, I would like to fulfill the role of connecting people with people while never forgetting my “feeling of gratitude,” “the desire to improve myself” and a “happy face.”

I will always have an unquenchable curiosity about valves.

Tomoharu Ishii
Manager of PCA Marketing Department
Product Management Center
KITZ Corporation

I am involved in formulating strategies for capturing focused market fields and introducing new products. I make my best day-to-day efforts so that numerous parties and people related to KITZ, from partner companies and suppliers to end users, can feel a sense of joy. Valves are used in variety of industries and many kinds of technology are required for production. I will always have an unquenchable curiosity about valves.

I still cannot forget my supervisor’s words: “Do whatever you can do.”

Yuuki Ishihara
Business Promotion Group, International Business Development Department
KITZ Corporation

Just one and a half years after joining the company, I was placed solely in charge of a Taiwanese client. “Do whatever you can do” are unforgettable words that my supervisor said at that time. Our competitors exist all over the world. I work toward becoming a world-class salesperson who is more creative than those in competitive manufacturers around the world.

The more motivated you become, the more you can expand your own potential.

Sachiko Shiroki
Project Engineering Group, Project Engineering & Automatic Valve Design Department
KITZ Corporation

At KITZ, we do not have a negative way of thinking such as “women should act like women.” As long as you have the motivation, you can play an important role regardless of age and gender. I want to further expand my potential and use my skills to make a contribution to society.
Communication with Our Stakeholders

KITZ engages in the timely, appropriate and fair disclosure of information and provides opportunities for direct communication through activities to build relationships of mutual trust with shareholders and investors, as well as with other stakeholders including customers, business partners, employees and society. 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.

With Shareholders

We seek to disclose information at an early stage, wherein we send the notice of the annual 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.

With Individual Investors

For the purpose of getting more people interested in becoming a KITZ shareholder, we hold briefings for individual investors multiple times a year. In addition, we are striving to improve the shareholder special benefit plan as well as to provide information on a timely basis both on the website and in the shareholder report.

With Institutional Investors

We hold financial results briefings for institutional investors and analysts on a quarterly basis. The president or executive officer explains the achievements and the medium- and long-term strategy. The financial results briefing for the year ended March 2020 was held online to prevent the spread of COVID-19 infections.
With Customers

To introduce the KITZ Group’s products to a wider audience, we proactively exhibit at domestic and foreign trade shows and answer questions from customers who visit our booth.

With Business Partners

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

With Employees

The management team including the president regularly visits manufacturing sites and promotes better understanding through communication with employees. We also hold internal results briefings at our domestic branches and plants. We provide easy-to-understand explanations about our business results and medium- and long-term strategies.

The monthly KITZ newsletter issued every month contains news and topical information from various business locations, as well as messages from the president and comments from senior management personnel. The newsletter is distributed via the Intranet.

With Local Communities

Each year, we support the Spring High School Ina Long-Distance Relay Race, an event that attracts the best schools from around the country to compete in Ina, Nagano Prefecture, where the Ina Plant is located. As a special sponsor, the KITZ logo is displayed on the bibs of male runners from participating schools in Nagano Prefecture.
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.

Gold Supporter of TABLE FOR TWO
In May 2020, KITZ received a letter of appreciation as a “gold supporter” from the TABLE FOR TWO (TFT), an initiative KITZ takes part in to tackle starvation in developing nations while eliminating lifestyle-related diseases in developed nations. At employee cafeterias at the Head Office and the Nagasaki, Ina and Chino plants, healthy menus are offered, and ¥20 of each meal is collected as a donation to help support programs to provide food in developing nations.

Contact Lens Case Collection Activities
KITZ takes part in a used disposable contact lens case recycling activity organized by the “Eco Project” of Eyecity, a chain of specialty contact lens stores. The activity involves collecting empty disposable contact lens cases. The cases are processed into recycled products and the revenue generated is donated to the Japan Eye Bank Association. From February 2018 to August 2019, 14,191 cases were collected.

Donations for Damage due to Typhoon Faxai and Damage due to Typhoon Hagibis
From September to October 2019, Chiba Prefecture and other regions of Japan suffered severe damage due to Typhoon Faxai and Typhoon Hagibis. To support those affected, KITZ solicited contributions from employees and collected a total of ¥1,252,348 in well-meaning donations. KITZ matched the donations with a ¥1,542,652 contribution of its own, resulting in ¥2,795,000 of funds from the KITZ Group as a whole. The funds will help recovery and relief efforts in the affected areas through the Japan Red Cross Society.

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. 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 19th century and modern Japanese paintings. These works are highly acclaimed both in Japan and overseas.

Donating Sneakers to Children in Cambodia
Employees of KITZ Corporation of Korea took part in activities to gift sneakers festooned with “messages of hope” to children in Cambodia as part of an initiative organized by the United Nations Refugee Agency. Despite many roads remaining in a dangerous state in Cambodia due to civil war, a large number of Cambodian children travel on bare feet. The sneakers were decorated with messages and illustrations to convey the hope that children will be able to walk around safely.
To Our Stakeholders

Business Summary and Strategy

Sustainability

A number of the KITZ Group’s business sites are located in Yamanashi and Nagano prefectures, for example, the Nagasaka Plant in Yamanashi Prefecture and the Ina and Chino plants in Nagano Prefecture. KITZ supports local professional sports teams in these areas which are investing efforts into the development of local children.

The Company has supported the Soccer J2 League Ventforet Kofu (Kofu, Yamanashi Prefecture), as well as the Matsumoto Yamaga FC (Matsumoto, Nagano Prefecture) and the Volleyball V Challenge League I VC Nagano Tridents (Kamiina, Nagano Prefecture). Through its support for these teams, KITZ is contributing to the local community, the healthy development of local children and the advancement of sports culture.

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

Matsumoto Yamaga FC
In addition to supporting Matsumoto Yamaga FC as a Yama Girls Partner, sponsoring soccer events for girls, 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.

VC Nagano Tridents
KITZ’s logo is displayed on the back (leg) of the team’s uniform from the 2018-19 season onwards. Horizontal banners are also displayed at away match venues.

KITZ Cup Volleyball Tournament for Junior High School Students

Since 2018, KITZ has been the main sponsor of the volleyball tournament for junior high school students organized by VC Nagano Tridents, which is held as the “KITZ Cup.” At the tournament held in September 2019, 25 boys teams and 32 girls teams from the Minami-Shinshu district of Nagano Prefecture where VC Nagano Tridents are based and the adjacent Yamanashi Prefecture took part, with heated matches taking place over two days.
## Financial Data

### For the Year

<table>
<thead>
<tr>
<th></th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>96,592</td>
<td>106,059</td>
<td>108,446</td>
<td>111,275</td>
</tr>
<tr>
<td>Domestic sales</td>
<td>76,403</td>
<td>82,120</td>
<td>82,974</td>
<td>81,509</td>
</tr>
<tr>
<td>Overseas sales</td>
<td>20,188</td>
<td>23,938</td>
<td>25,472</td>
<td>29,765</td>
</tr>
<tr>
<td>Valve Manufacturing Business</td>
<td>70,611</td>
<td>76,098</td>
<td>78,976</td>
<td>84,472</td>
</tr>
<tr>
<td>Brass Bar Manufacturing Business</td>
<td>16,218</td>
<td>20,230</td>
<td>20,065</td>
<td>17,948</td>
</tr>
<tr>
<td>Other</td>
<td>9,762</td>
<td>9,729</td>
<td>9,404</td>
<td>8,855</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>6,976</td>
<td>6,341</td>
<td>4,638</td>
<td>6,558</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>6,248</td>
<td>5,929</td>
<td>4,388</td>
<td>6,521</td>
</tr>
<tr>
<td>Net income attrib. to owners of the parent</td>
<td>3,079</td>
<td>3,063</td>
<td>2,480</td>
<td>4,039</td>
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<tr>
<td>Cash flows from operating activities</td>
<td>13,285</td>
<td>5,818</td>
<td>2,217</td>
<td>7,885</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(4,525)</td>
<td>(2,907)</td>
<td>(2,508)</td>
<td>(4,519)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(9,291)</td>
<td>375</td>
<td>(6,638)</td>
<td>(3,213)</td>
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### At Year-End

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<th></th>
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<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>47,421</td>
<td>52,036</td>
<td>47,247</td>
<td>49,956</td>
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<tr>
<td>Fixed assets</td>
<td>50,112</td>
<td>48,101</td>
<td>47,734</td>
<td>50,016</td>
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<tr>
<td>Total assets</td>
<td>97,533</td>
<td>100,138</td>
<td>94,981</td>
<td>99,972</td>
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<tr>
<td><strong>Current liabilities</strong></td>
<td>18,070</td>
<td>26,521</td>
<td>20,182</td>
<td>21,149</td>
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<tr>
<td>Long-term liabilities</td>
<td>25,616</td>
<td>20,184</td>
<td>20,309</td>
<td>18,603</td>
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<tr>
<td>Total liabilities</td>
<td>43,686</td>
<td>46,705</td>
<td>40,491</td>
<td>39,752</td>
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<tr>
<td><strong>Net assets</strong></td>
<td>53,847</td>
<td>53,433</td>
<td>54,489</td>
<td>60,219</td>
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<tr>
<td>Interest-bearing liabilities</td>
<td>27,555</td>
<td>30,165</td>
<td>24,290</td>
<td>22,319</td>
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<tr>
<td><strong>Share price (Yen)</strong></td>
<td>545</td>
<td>400</td>
<td>360</td>
<td>472</td>
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</tbody>
</table>

### Per Share Data

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<thead>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>EPS</td>
<td>27.23</td>
<td>27.36</td>
<td>22.71</td>
<td>36.98</td>
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<tr>
<td>BPS</td>
<td>468.31</td>
<td>480.88</td>
<td>490.65</td>
<td>542.41</td>
</tr>
<tr>
<td>Cash dividends per share</td>
<td>7.00</td>
<td>7.00</td>
<td>7.50</td>
<td>9.50</td>
</tr>
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</table>

### Financial Indicators (%)

<table>
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<tr>
<th></th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
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</thead>
<tbody>
<tr>
<td>Operating income to net sales</td>
<td>7.2</td>
<td>6.0</td>
<td>4.3</td>
<td>5.9</td>
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<tr>
<td>ROE</td>
<td>6.0</td>
<td>5.8</td>
<td>4.7</td>
<td>7.2</td>
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<tr>
<td>ROA</td>
<td>6.3</td>
<td>6.0</td>
<td>4.5</td>
<td>6.7</td>
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<tr>
<td>Equity ratio</td>
<td>54.3</td>
<td>52.5</td>
<td>56.4</td>
<td>59.3</td>
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<tr>
<td>Payout Ratio</td>
<td>25.7</td>
<td>25.6</td>
<td>33.0</td>
<td>25.7</td>
</tr>
<tr>
<td>Total return ratio</td>
<td>25.7</td>
<td>74.1</td>
<td>33.0</td>
<td>25.7</td>
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</table>

*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.*
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>For the Year</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>(Millions of yen)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>81,509</td>
<td>84,970</td>
<td>81,983</td>
<td>80,127</td>
<td>80,207</td>
<td>89,756</td>
<td>95,209</td>
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<tr>
<td><strong>Overseas sales</strong></td>
<td>20,188</td>
<td>23,938</td>
<td>25,472</td>
<td>29,765</td>
<td>32,384</td>
<td>35,052</td>
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<td>34,809</td>
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<td>38,942</td>
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<tr>
<td><strong>Valve Manufacturing Business</strong></td>
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<td>78,976</td>
<td>84,472</td>
<td>87,888</td>
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<td>91,766</td>
<td>98,162</td>
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<tr>
<td><strong>Brass Bar Manufacturing Business</strong></td>
<td>16,218</td>
<td>20,230</td>
<td>20,065</td>
<td>17,948</td>
<td>20,953</td>
<td>21,021</td>
<td>20,557</td>
<td>19,333</td>
<td>23,535</td>
<td>23,643</td>
<td>21,061</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>9,762</td>
<td>9,729</td>
<td>9,404</td>
<td>8,855</td>
<td>8,514</td>
<td>5,863</td>
<td>3,141</td>
<td>3,002</td>
<td>2,867</td>
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<td>2,914</td>
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<tr>
<td><strong>Operating income</strong></td>
<td>6,976</td>
<td>6,341</td>
<td>4,638</td>
<td>6,558</td>
<td>6,470</td>
<td>6,886</td>
<td>7,245</td>
<td>8,929</td>
<td>10,117</td>
<td>11,713</td>
<td>6,950</td>
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<tr>
<td><strong>Ordinary income</strong></td>
<td>6,248</td>
<td>5,929</td>
<td>4,388</td>
<td>6,521</td>
<td>6,501</td>
<td>7,581</td>
<td>7,300</td>
<td>8,799</td>
<td>9,733</td>
<td>11,883</td>
<td>7,241</td>
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<tr>
<td><strong>Net income attributable to owners of the parent</strong></td>
<td>3,079</td>
<td>3,063</td>
<td>2,480</td>
<td>4,039</td>
<td>3,564</td>
<td>6,881</td>
<td>4,915</td>
<td>5,400</td>
<td>6,518</td>
<td>5,625</td>
<td>4,937</td>
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<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>13,285</td>
<td>5,818</td>
<td>2,217</td>
<td>7,885</td>
<td>4,667</td>
<td>8,923</td>
<td>9,592</td>
<td>12,979</td>
<td>6,941</td>
<td>10,069</td>
<td>13,329</td>
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<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td>(4,525)</td>
<td>(2,907)</td>
<td>(2,508)</td>
<td>(4,519)</td>
<td>(3,546)</td>
<td>(1,010)</td>
<td>(9,763)</td>
<td>(2,141)</td>
<td>(7,066)</td>
<td>(9,264)</td>
<td>(8,040)</td>
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<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td>(9,291)</td>
<td>375</td>
<td>(6,638)</td>
<td>(3,213)</td>
<td>66</td>
<td>(3,706)</td>
<td>796</td>
<td>(6,838)</td>
<td>5,267</td>
<td>(9,702)</td>
<td>(167)</td>
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<td><strong>At Year-End</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(Millions of yen)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>47,421</td>
<td>52,036</td>
<td>47,247</td>
<td>49,956</td>
<td>55,866</td>
<td>63,884</td>
<td>63,501</td>
<td>67,972</td>
<td>77,400</td>
<td>71,226</td>
<td>73,351</td>
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<tr>
<td><strong>Fixed assets</strong></td>
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<td>48,101</td>
<td>47,734</td>
<td>50,016</td>
<td>51,717</td>
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<td>55,920</td>
<td>51,175</td>
<td>56,145</td>
<td>60,430</td>
<td>61,712</td>
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<td><strong>Total assets</strong></td>
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<td>94,981</td>
<td>99,972</td>
<td>107,583</td>
<td>115,790</td>
<td>119,422</td>
<td>119,148</td>
<td>133,545</td>
<td>131,657</td>
<td>135,063</td>
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<td><strong>Current liabilities</strong></td>
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<td>26,521</td>
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<td>21,149</td>
<td>20,703</td>
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<td>19,040</td>
<td>19,608</td>
<td>24,078</td>
<td>22,227</td>
<td>25,036</td>
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<tr>
<td><strong>Long-term liabilities</strong></td>
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<td>20,309</td>
<td>18,603</td>
<td>20,101</td>
<td>14,556</td>
<td>24,284</td>
<td>24,647</td>
<td>32,075</td>
<td>32,600</td>
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<tr>
<td><strong>Total liabilities</strong></td>
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<td>46,705</td>
<td>40,491</td>
<td>39,752</td>
<td>40,805</td>
<td>40,296</td>
<td>43,325</td>
<td>44,255</td>
<td>56,154</td>
<td>54,827</td>
<td>58,184</td>
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<tr>
<td><strong>Net assets</strong></td>
<td>53,847</td>
<td>53,433</td>
<td>54,489</td>
<td>60,219</td>
<td>66,777</td>
<td>75,493</td>
<td>76,096</td>
<td>74,892</td>
<td>77,391</td>
<td>76,829</td>
<td>76,879</td>
</tr>
<tr>
<td><strong>Interest-bearing liabilities</strong></td>
<td>27,555</td>
<td>30,165</td>
<td>24,290</td>
<td>22,319</td>
<td>23,728</td>
<td>21,426</td>
<td>25,008</td>
<td>24,784</td>
<td>34,302</td>
<td>33,672</td>
<td>39,147</td>
</tr>
<tr>
<td><strong>Share price (Yen)</strong></td>
<td>545</td>
<td>400</td>
<td>360</td>
<td>472</td>
<td>505</td>
<td>594</td>
<td>487</td>
<td>742</td>
<td>666</td>
<td>923</td>
<td>653</td>
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<td><strong>Per Share Data</strong></td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>27.23</td>
<td>27.36</td>
<td>22.71</td>
<td>36.98</td>
<td>32.63</td>
<td>63.22</td>
<td>45.50</td>
<td>51.43</td>
<td>65.50</td>
<td>58.50</td>
<td>53.06</td>
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<tr>
<td><strong>BPS</strong></td>
<td>468.31</td>
<td>480.88</td>
<td>490.65</td>
<td>542.41</td>
<td>601.56</td>
<td>686.47</td>
<td>700.17</td>
<td>727.78</td>
<td>774.00</td>
<td>819.49</td>
<td>819.49</td>
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<tr>
<td><strong>Cash dividends per share</strong></td>
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<td>7.00</td>
<td>7.50</td>
<td>9.50</td>
<td>10.00</td>
<td>13.00</td>
<td>13.00</td>
<td>13.00</td>
<td>17.00</td>
<td>20.00</td>
<td>20.00</td>
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<tr>
<td><strong>Financial Indicators (%)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Operating income to net sales</strong></td>
<td>7.2</td>
<td>6.0</td>
<td>4.3</td>
<td>5.9</td>
<td>5.5</td>
<td>5.9</td>
<td>6.2</td>
<td>7.8</td>
<td>8.1</td>
<td>8.6</td>
<td>8.6</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>6.0</td>
<td>5.8</td>
<td>4.7</td>
<td>7.2</td>
<td>5.7</td>
<td>9.8</td>
<td>6.6</td>
<td>7.3</td>
<td>8.7</td>
<td>7.4</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>ROA</strong></td>
<td>6.3</td>
<td>6.0</td>
<td>4.5</td>
<td>6.7</td>
<td>6.3</td>
<td>6.8</td>
<td>6.2</td>
<td>7.4</td>
<td>7.7</td>
<td>9.0</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>54.3</td>
<td>52.5</td>
<td>56.4</td>
<td>59.3</td>
<td>61.1</td>
<td>64.2</td>
<td>62.9</td>
<td>61.9</td>
<td>57.1</td>
<td>57.4</td>
<td>56.0</td>
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<tr>
<td><strong>Payout Ratio</strong></td>
<td>25.7</td>
<td>25.6</td>
<td>33.0</td>
<td>25.7</td>
<td>30.6</td>
<td>20.6</td>
<td>28.6</td>
<td>25.3</td>
<td>26.0</td>
<td>34.2</td>
<td>37.7</td>
</tr>
<tr>
<td><strong>Total return ratio</strong></td>
<td>25.7</td>
<td>74.1</td>
<td>33.0</td>
<td>25.7</td>
<td>30.6</td>
<td>27.6</td>
<td>38.8</td>
<td>92.5</td>
<td>80.0</td>
<td>70.1</td>
<td>80.2</td>
</tr>
</tbody>
</table>

*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.*
Financial Data

- **EPS**
  - (Yen)
  - 80
  - 60
  - 40
  - 20
  - 0

- **BPS**
  - (Yen)
  - 900
  - 600
  - 300
  - 0

- **Total Assets / ROA**
  - (Millions of yen)
  - (%) (Yen)
  - 150,000
  - 120,000
  - 90,000
  - 60,000
  - 30,000
  - 0

- **Cash Dividends Per Share / Payout Ratio**
  - (Yen) (%)
  - 25
  - 20
  - 15
  - 10
  - 5
  - 0

- **Free Cash Flows**
  - (Millions of yen)
  - 12,000
  - 8,759
  - 7,912
  - 10,838
  - 8,000
  - 4,000
  - 0
  - (291) (171) (125)

- **Equity Ratio**
  - (%) (Yen)
  - 80
  - 60
  - 40
  - 20
  - 0
### Consolidated Balance Sheets

**Assets**

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand and in banks</td>
<td>23,429</td>
<td>13,660</td>
<td>18,696</td>
</tr>
<tr>
<td>Notes, accounts receivable – trade</td>
<td>20,040</td>
<td>19,484</td>
<td>19,217</td>
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<tr>
<td>Electronically recorded monetary claims</td>
<td>9,384</td>
<td>10,715</td>
<td>8,344</td>
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<tr>
<td>Merchandise and finished goods</td>
<td>10,162</td>
<td>10,263</td>
<td>9,947</td>
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<tr>
<td>Work in process</td>
<td>5,651</td>
<td>5,683</td>
<td>5,990</td>
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<tr>
<td>Raw materials and supplies</td>
<td>7,657</td>
<td>8,500</td>
<td>8,044</td>
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<tr>
<td>Other</td>
<td>2,397</td>
<td>3,054</td>
<td>3,261</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(308)</td>
<td>(153)</td>
<td>(145)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>77,400</td>
<td>71,226</td>
<td>73,351</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>9,035</td>
<td>10,199</td>
<td>10,818</td>
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<tr>
<td>Machinery, equipment and vehicles</td>
<td>10,166</td>
<td>11,642</td>
<td>14,220</td>
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<tr>
<td>Tools, furniture and fixtures</td>
<td>5,329</td>
<td>5,307</td>
<td>5,228</td>
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<td>Land</td>
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<td>10,549</td>
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<tr>
<td>Construction in progress</td>
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<td>3,607</td>
<td>2,056</td>
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<tr>
<td>Other</td>
<td>273</td>
<td>220</td>
<td>1,367</td>
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<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>36,799</td>
<td>41,677</td>
<td>44,241</td>
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<tr>
<td><strong>Intangible assets</strong></td>
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</tr>
<tr>
<td>Goodwill</td>
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<td>646</td>
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<td>Other</td>
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<td>6,993</td>
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<td><strong>Total intangible assets</strong></td>
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<td>9,222</td>
<td>7,639</td>
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<tr>
<td>Investments and other assets</td>
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<td></td>
</tr>
<tr>
<td>Investments in securities</td>
<td>6,747</td>
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<tr>
<td>Deferred income tax assets</td>
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<td>326</td>
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<td>Other</td>
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<td>Allowance for doubtful accounts</td>
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<td>(2)</td>
<td>(2)</td>
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<td><strong>Total fixed assets</strong></td>
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<td>60,430</td>
<td>61,712</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>133,545</td>
<td>131,657</td>
<td>135,063</td>
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</table>

**Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable – trade</td>
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<td>6,625</td>
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<td>Current portion of corporate bonds</td>
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<td>474</td>
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<td>Short-term borrowings</td>
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<td>Consumption tax payable</td>
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<td>Accrued bonuses to employees</td>
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<td>2,329</td>
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<tr>
<td>Accrued bonuses to directors and corporate auditors</td>
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<td>206</td>
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<td><strong>Total current liabilities</strong></td>
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<tr>
<td><strong>Long-term liabilities</strong></td>
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<td></td>
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<td>Corporate bonds</td>
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<td>Accrued retirement benefits to directors, corporate</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>56,154</td>
<td>54,827</td>
<td>58,184</td>
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</table>

**Net assets**

<table>
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<tr>
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<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ equity</strong></td>
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<tr>
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<td>21,207</td>
<td>21,207</td>
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<td>5,674</td>
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<td>Retained earnings</td>
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<td>54,504</td>
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<td>Treasury stock</td>
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<td>(6,254)</td>
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<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>72,566</td>
<td>74,411</td>
<td>75,032</td>
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<tr>
<td><strong>Accumulated other comprehensive income</strong></td>
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</tr>
<tr>
<td>Net unrealized gains on other securities</td>
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<td>Translation adjustments</td>
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<tr>
<td>Cumulative adjustments related to retirement benefits</td>
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<td>107</td>
<td>(3)</td>
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<tr>
<td><strong>Total accumulated other comprehensive income</strong></td>
<td>3,660</td>
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</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>77,345</td>
<td>76,825</td>
<td>76,879</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>133,545</td>
<td>131,657</td>
<td>135,063</td>
</tr>
</tbody>
</table>
### Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>124,566</td>
<td>136,637</td>
<td>127,090</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>90,459</td>
<td>98,188</td>
<td>93,560</td>
</tr>
<tr>
<td>Gross profit</td>
<td>34,106</td>
<td>38,449</td>
<td>33,530</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>23,989</td>
<td>26,735</td>
<td>26,580</td>
</tr>
<tr>
<td>Operating income</td>
<td>10,117</td>
<td>11,713</td>
<td>6,950</td>
</tr>
<tr>
<td>Non-operating income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>92</td>
<td>67</td>
<td>47</td>
</tr>
<tr>
<td>Dividend income</td>
<td>139</td>
<td>138</td>
<td>245</td>
</tr>
<tr>
<td>Insurance income</td>
<td>136</td>
<td>173</td>
<td>155</td>
</tr>
<tr>
<td>Exchange gains</td>
<td>—</td>
<td>122</td>
<td>—</td>
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<tr>
<td>Subsidy income</td>
<td>—</td>
<td>72</td>
<td>321</td>
</tr>
<tr>
<td>Other</td>
<td>424</td>
<td>441</td>
<td>467</td>
</tr>
<tr>
<td>Total non-operating income</td>
<td>793</td>
<td>1,017</td>
<td>1,236</td>
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<tr>
<td>Non-operating expenses</td>
<td></td>
<td></td>
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<tr>
<td>Interest expenses</td>
<td>226</td>
<td>252</td>
<td>283</td>
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<tr>
<td>Sales discount</td>
<td>382</td>
<td>415</td>
<td>373</td>
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<tr>
<td>Losses on sales of notes receivable</td>
<td>15</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>Exchange losses</td>
<td>208</td>
<td>—</td>
<td>64</td>
</tr>
<tr>
<td>Other</td>
<td>344</td>
<td>154</td>
<td>201</td>
</tr>
<tr>
<td>Total non-operating expenses</td>
<td>1,177</td>
<td>847</td>
<td>945</td>
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<tr>
<td>Ordinary income</td>
<td>9,733</td>
<td>11,883</td>
<td>7,241</td>
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<tr>
<td>Extraordinary income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains on sales of property, plant and equipment</td>
<td>12</td>
<td>11</td>
<td>14</td>
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<tr>
<td>Gains on sales of investment securities</td>
<td>869</td>
<td>0</td>
<td>355</td>
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<tr>
<td>Other</td>
<td>1</td>
<td>1</td>
<td>5</td>
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<tr>
<td>Total extraordinary income</td>
<td>883</td>
<td>12</td>
<td>375</td>
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<tr>
<td>Extraordinary loss</td>
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<td></td>
<td></td>
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<tr>
<td>Losses on sales or disposal of property, plant and equipment</td>
<td>87</td>
<td>104</td>
<td>74</td>
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<tr>
<td>Loss on retirement of intangible assets</td>
<td>—</td>
<td>—</td>
<td>22</td>
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<tr>
<td>Impairment loss</td>
<td>386</td>
<td>2,675</td>
<td>24</td>
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<tr>
<td>Write-down of investment securities</td>
<td>—</td>
<td>0</td>
<td>99</td>
</tr>
<tr>
<td>Other</td>
<td>28</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Total extraordinary loss</td>
<td>502</td>
<td>2,787</td>
<td>228</td>
</tr>
<tr>
<td>Net income before income taxes and minority interests</td>
<td>10,114</td>
<td>9,108</td>
<td>7,387</td>
</tr>
<tr>
<td>Income taxes (income, residential and enterprise taxes)</td>
<td>3,586</td>
<td>3,312</td>
<td>2,024</td>
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<tr>
<td>Income tax adjustment</td>
<td>(72)</td>
<td>33</td>
<td>339</td>
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<tr>
<td>Total income taxes</td>
<td>3,513</td>
<td>3,345</td>
<td>2,364</td>
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<tr>
<td>Net income</td>
<td>6,601</td>
<td>5,762</td>
<td>5,023</td>
</tr>
<tr>
<td>Net income attributable to non-controlling interests</td>
<td>82</td>
<td>136</td>
<td>86</td>
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<tr>
<td>Net income attributable to owners of the parent</td>
<td>6,518</td>
<td>5,625</td>
<td>4,937</td>
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</table>

### Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>6,601</td>
<td>5,762</td>
<td>5,023</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net unrealized gains on other securities</td>
<td>307</td>
<td>(946)</td>
<td>(493)</td>
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<tr>
<td>Deferred gains or losses on hedges</td>
<td>—</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>767</td>
<td>(1,558)</td>
<td>15</td>
</tr>
<tr>
<td>Remeasurements of retirement benefits</td>
<td>(114)</td>
<td>17</td>
<td>(110)</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>959</td>
<td>(2,487)</td>
<td>(614)</td>
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<tr>
<td>Comprehensive income</td>
<td>7,560</td>
<td>3,275</td>
<td>4,409</td>
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<tr>
<td>(Breakdown)</td>
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<tr>
<td>Comprehensive income attributable to owners of the parent</td>
<td>7,434</td>
<td>3,150</td>
<td>4,277</td>
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<tr>
<td>Comprehensive income attributable to non-controlling interests</td>
<td>125</td>
<td>124</td>
<td>131</td>
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</table>
### Consolidated Statements of Cash Flows

(Millions of yen)

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income before income taxes and minority interests</td>
<td>10,114</td>
<td>9,108</td>
<td>7,387</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,297</td>
<td>4,636</td>
<td>6,558</td>
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<tr>
<td>Amortization of goodwill</td>
<td>464</td>
<td>414</td>
<td>219</td>
</tr>
<tr>
<td>Exchange (gains) losses</td>
<td>15</td>
<td>61</td>
<td>(23)</td>
</tr>
<tr>
<td>(Gains) losses on sales of investment securities</td>
<td>(869)</td>
<td>(0)</td>
<td>(355)</td>
</tr>
<tr>
<td>Increase (decrease) in provision for allowance for doubtful accounts</td>
<td>57</td>
<td>(31)</td>
<td>(3)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued bonuses to employees</td>
<td>242</td>
<td>224</td>
<td>(290)</td>
</tr>
<tr>
<td>Increase (decrease) in retirement benefit liabilities</td>
<td>(138)</td>
<td>45</td>
<td>(142)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued retirement benefits to directors</td>
<td>17</td>
<td>(82)</td>
<td>(4)</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for stock benefit for directors</td>
<td>51</td>
<td>44</td>
<td>52</td>
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<tr>
<td>Increase (decrease) in provision of accrued bonuses to directors</td>
<td>16</td>
<td>26</td>
<td>(47)</td>
</tr>
<tr>
<td>Interest income and dividend income</td>
<td>(232)</td>
<td>(206)</td>
<td>(292)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>226</td>
<td>252</td>
<td>283</td>
</tr>
<tr>
<td>Loss (gain) on sales and retirement of property, plant, and equipment</td>
<td>74</td>
<td>93</td>
<td>59</td>
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<tr>
<td>Impairment losses of fixed assets</td>
<td>386</td>
<td>2,675</td>
<td>24</td>
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<tr>
<td>(Increase) decrease in notes and accounts receivable</td>
<td>(3,110)</td>
<td>(767)</td>
<td>2,628</td>
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<tr>
<td>(Increase) decrease in inventories</td>
<td>(1,961)</td>
<td>(2,404)</td>
<td>357</td>
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<tr>
<td>(Increase) decrease in other current assets</td>
<td>(960)</td>
<td>408</td>
<td>(99)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>781</td>
<td>(340)</td>
<td>682</td>
</tr>
<tr>
<td>Increase (decrease) in other current liabilities</td>
<td>(5)</td>
<td>739</td>
<td>(639)</td>
</tr>
<tr>
<td>Other</td>
<td>(472)</td>
<td>(411)</td>
<td>160</td>
</tr>
<tr>
<td>Subtotal</td>
<td>8,973</td>
<td>14,577</td>
<td>16,515</td>
</tr>
<tr>
<td>Interest and dividend income received</td>
<td>232</td>
<td>206</td>
<td>206</td>
</tr>
<tr>
<td>Interest expenses paid</td>
<td>(224)</td>
<td>(249)</td>
<td>(298)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(2,297)</td>
<td>(4,464)</td>
<td>(3,094)</td>
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<tr>
<td>Income taxes refund</td>
<td>256</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Cash flows from operating activities</td>
<td>6,941</td>
<td>10,069</td>
<td>13,329</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for purchase of property, plant and equipment</td>
<td>(5,149)</td>
<td>(7,597)</td>
<td>(6,552)</td>
</tr>
<tr>
<td>Proceeds from sales of property, plant and equipment</td>
<td>5</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td>Payments for purchase of intangible assets</td>
<td>(3,128)</td>
<td>(2,252)</td>
<td>(409)</td>
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<tr>
<td>Payments for purchase of investments in securities</td>
<td>(20)</td>
<td>(22)</td>
<td>(1,780)</td>
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<tr>
<td>Proceeds from sales of investments in securities</td>
<td>1,191</td>
<td>88</td>
<td>718</td>
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<tr>
<td>(Increase) decrease in time deposits, net</td>
<td>35</td>
<td>2,624</td>
<td>6</td>
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<tr>
<td>Payments for acquisition of subsidiaries' shares resulting from changes in scope of consolidation</td>
<td>—</td>
<td>(2,985)</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>(0)</td>
<td>853</td>
<td>(51)</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(7,066)</td>
<td>(9,264)</td>
<td>(8,040)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in short-term borrowings, net</td>
<td>(189)</td>
<td>(2,915)</td>
<td>5,452</td>
</tr>
<tr>
<td>Proceeds from sales of long-term debt</td>
<td>3,242</td>
<td>3,319</td>
<td>2,423</td>
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<tr>
<td>Repayment of long-term debt</td>
<td>(2,688)</td>
<td>(4,233)</td>
<td>(2,685)</td>
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<tr>
<td>Proceeds from issuance of bonds</td>
<td>9,940</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Payments for redemption of bonds</td>
<td>(904)</td>
<td>(844)</td>
<td>(774)</td>
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<tr>
<td>Proceeds from sales of treasury stock</td>
<td>—</td>
<td>0</td>
<td>7</td>
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<tr>
<td>Payments for acquisition of treasury stock</td>
<td>(3,532)</td>
<td>(2,028)</td>
<td>(2,229)</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(1,414)</td>
<td>(1,742)</td>
<td>(2,078)</td>
</tr>
<tr>
<td>Cash dividends paid to non-controlling interests</td>
<td>(19)</td>
<td>(38)</td>
<td>(38)</td>
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<tr>
<td>Payments for acquisition of treasury stock</td>
<td>1,037</td>
<td>(1,023)</td>
<td>268</td>
</tr>
<tr>
<td>Other</td>
<td>(204)</td>
<td>(197)</td>
<td>(513)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>5,267</td>
<td>(9,702)</td>
<td>(167)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>78</td>
<td>(245)</td>
<td>(76)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>5,220</td>
<td>(9,143)</td>
<td>5,043</td>
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<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>16,799</td>
<td>22,019</td>
<td>12,876</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>22,019</td>
<td>12,876</td>
<td>17,920</td>
</tr>
</tbody>
</table>
# Group Network

## Domestic Network

### KITZ Corporation

**Head Office**
1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Pref. 261-8577, Japan  
TEL: +81-43-299-0111

### Sales Bases

#### Hokkaido Regional Office
- **Hokkaido Sales Office**  
  KDX Sapporo Building, 4-1-2 Kita 7 Jo Nishi, Kita-ku, Sapporo-shi, Hokkaido Pref. 060-0807, Japan  
  TEL: +81-11-708-6666

#### Tohoku Regional Office
- **Tohoku Sales Office**  
  Asahi Life Sendai Ichibancho Building, 2-7-17 Ichibancho, Aoba-ku, Sendai-shi, Miyagi Pref. 980-0811, Japan  
  TEL: +81-22-224-5335

#### Kita-Kanto Regional Office
- **Kita-Kanto Sales Office**  
  Sakamoto-2 Building, 3-306-1, Miyaharacho, Kita-ku, Saitama-shi, Saitama Pref. 331-0812, Japan  
  TEL: +81-48-651-5260
- **Niigata Sales Office**  
  Nissay Minamisaguchi Building, 1-1-54 Minamisaguchi, Chuo-ku, Niigata-shi, Niigata Pref. 950-0912, Japan  
  TEL: +81-25-243-3122

#### Chubu Branch
- **Gojinsha Meiki 3 Building**, 3-9-37 Meiki, Nishi-ku, Nagoya-shi, Aichi Pref. 451-0045, Japan
  - **Nagoya Sales Office 1**  
    TEL: +81-52-562-1541
  - **Nagoya Sales Office 2**  
    TEL: +81-52-562-1541
- **Tokai Sales Office**  
  Sumitomo Life Shizuoka Tokiwacho Building, 2-13-1 Tokiwacho, Aoi-ku, Shizuoka-shi, Shizuoka Pref. 420-0034, Japan  
  TEL: +81-50-3649-3002
- **Hokuriku Sales Office**  
  S.F Building, 4-7-14 Futakuchimachi, Toyama-shi, Toyama Pref. 939-8211, Japan  
  TEL: +81-76-492-4685
- **Koshin Sales Office**  
  5125 Kanazawa, Chino-shi, Nagano Pref. 391-0012, Japan (located in Chino Plant)  
  TEL: +81-266-71-1441

#### Osaka Branch
- **Osaka Glen Check Building**, 1-34-15 Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref. 550-0013, Japan  
  - **Osaka Sales Office 1**  
    TEL: +81-6-6533-1715
  - **Osaka Sales Office 2**  
    TEL: +81-6-6533-1715

### Chugoku Regional Office

#### Hiroshima Sales Office
- **NBF Hiroshima Tatemachi Building**, 2-27 Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima Pref. 730-0032, Japan  
  TEL: +81-82-428-5903

#### Okayama Sales Office
- **Taiju Life Okayama Building**, 8-29 Saiwaicho, Kita-ku, Okayama-shi, Okayama Pref. 700-0903, Japan  
  TEL: +81-86-226-1607

### Kyushu Regional Office

#### Kyushu Sales Office
- **ZS Fukuoka Building**, 3-4-2 Higashihiie, Hakata-ku, Fukuoka-shi, Fukuoka Pref. 812-0007, Japan  
  TEL: +81-92-431-7877

### Water Supply Product Sales Dept.

#### Water Supply Product Sales Office
- **Onward Park Building**, 3-10-5 Nihombashi, Chuo-ku, Tokyo 103-0027, Japan  
  TEL: +81-3-6836-1505
- **Kita-Kanto Water Supply Product Sales Office**  
  Sakamoto-2 Building, 3-306-1, Miyaharacho, Kita-ku, Saitama-shi, Saitama Pref. 331-0812, Japan  
  TEL: +81-48-651-5260
- **Yokohama Water Supply Product Sales Office**  
  Sankyo Yokohama Building, 5-85 Chojamachi, Naka-ku, Yokohama-shi, Kanagawa Pref. 231-0033, Japan  
  TEL: +81-45-253-1095
- **Kansai Water Supply Product Sales Office**  
  Osaka Glen Check Building, 1-34-15 Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref. 550-0013, Japan  
  TEL: +81-6-7636-1061

#### Sales Supporting Group
- **Onward Park Building**, 3-10-5 Nihombashi, Chuo-ku, Tokyo 103-0027, Japan  
  TEL: +81-3-6836-1505
- **Kita-Kanto Water Supply Product Sales Office**  
  Sakamoto-2 Building, 3-306-1, Miyaharacho, Kita-ku, Saitama-shi, Saitama Pref. 331-0812, Japan  
  TEL: +81-48-651-5260
- **Yokohama Water Supply Product Sales Office**  
  Sankyo Yokohama Building, 5-85 Chojamachi, Naka-ku, Yokohama-shi, Kanagawa Pref. 231-0033, Japan  
  TEL: +81-45-253-1095
- **Kansai Water Supply Product Sales Office**  
  Osaka Glen Check Building, 1-34-15 Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref. 550-0013, Japan  
  TEL: +81-6-7636-1061
To Our Stakeholders

Business Summary and Strategy

Sustainability

Data Section

Project Sales Dept.
1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Pref. 261-8577, Japan

Project Sales Office 1
TEL: +81-43-299-1719

Control Valve Sales Office
TEL: +81-43-299-1773

Project Business Supporting Group
TEL: +81-43-299-1719

Project Sales Office 2
Osaka Glen Check Building, 1-34-15 Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref. 550-0013, Japan
TEL: +81-6-7636-1060

Building Utility Products Dept.
Onward Park Building, 3-10-5 Nihombashi, Chuo-ku, Tokyo 103-0027, Japan

Instrumentation Group
TEL: +81-3-6836-1502

Building Utility Products Group East Japan
TEL: +81-3-6836-1503

Building Utility Products Group West Japan
Osaka Glen Check Building, 1-34-15 Shinmachi, Nishi-ku, Osaka-shi, Osaka Pref. 550-0013, Japan
TEL: +81-6-6533-0350

Business Promotion Dept.
1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1771

International Business Development Dept.
1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1730

Product Management Center
Hydrogen Refuelling Station Promotion Dept.
1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1765

Production Bases and Training Center

Plants

KITZ Corporation Nagasaka Plant
2040 Nagasaka Kamijo, Nagasakacho, Hokuto-shi, Yamanashi Pref. 408-8515, Japan
TEL: +81-551-20-4100

KITZ Corporation Ina Plant
7130 Higashiharuchika, Ina-shi, Nagano Pref. 399-4496, Japan
TEL: +81-266-78-1111

KITZ Corporation Chino Plant
5125 Kanazawa, Chino-shi, Nagano Pref. 391-0012, Japan
TEL: +81-266-82-0170

Shimizu Alloy Mfg. Co., Ltd.
928 Higashinonamicho, Hikone-shi, Shiga Pref. 522-0027, Japan
TEL: +81-749-23-3131
(Manufacturing and sales of water works valves)

KITZ SCT Corporation
Omorieki Higashiguchin Building, 1-5-1 Omori kita, Ota-ku, Tokyo 143-0016, Japan
TEL: +81-3-6404-2171
(Manufacturing and sales of valves and fittings for semiconductor manufacturing equipment)

Miyoshi Valve Co., Ltd.
1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1734
(Sales of valves for building utilities and freezing and refrigeration equipment)

YKV Corporation
1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1773
(Manufacturing, sales and services of control valves for various applications)

KITZ Engineering Service Co., Ltd.
1-7-59 Akanehama, Narashino-shi, Chiba Pref. 275-0024, Japan
TEL: +81-47-452-0585
(Maintenance services for valves)

KITZ Micro Filter Corporation
2983 Shiga, Suwa-shi, Nagano Pref. 392-0012, Japan
TEL: +81-266-52-0002
(Manufacturing and sales of fluid separation products for filters and related products)

Training Center

KITZ Training Center
3332-1239 Kamisasao Shinohara, Kobuchisawa-cho, Hokuto-shi, Yamanashi Pref. 408-0041, Japan
TEL: +81-551-36-3971

KITZ Group

Toyo Valve Co., Ltd.
10-5, Nihonbashi 3-chome, Chuo-ku, Tokyo, 103-0027, Japan
TEL: +81-3-6262-1652
(Sales of valves and system equipment)
Overseas Network

Marketing Bases, KITZ Corporation

India

KITZ Corporation (India Liaison Office)
805 Meadows, Sahar Plaza, Off Andheri Kurla Road, Andheri East, Mumbai 400 059, India
TEL: +91-22-40154202

U.A.E.

KITZ Corporation (Dubai Liaison Office)
6EA501 Dubai Airport Free Zone, P.O. Box 293545, Dubai-U.A.E.
TEL: +971-4-701-7524

KITZ Group

Korea

KITZ Corporation of Korea
10th Floor, Seoul Finance Center, 136, Sejong-daero, Jung-gu, Seoul, 04520, Korea
TEL: +82-2-6959-2450
(Sales of valves)

Cephas Pipelines Corp.
20 Hwajeonsandan 6-ro 54 beon-gil, Gangseo-gu, Busan, Korea
TEL: +82-51-290-3001
(Manufacturing and sales of industrial butterfly valves)

FK Kintetsu Co., Ltd.
38, Mayu-ro 42beon-gil, Siheung-si, Gyeonggi-do, #3Ba-211, Shihwa Industrial Complex, 15116, Korea
TEL: +82-31-433-3988
(Manufacturing and sales of hollow fiber membranes for water purifiers, water ionizers and bidets)

Hotel Beniya Co., Ltd.
2-7-21 Kogan-dori, Suwa-shi, Nagano Pref. 392-8577, Japan
TEL: +81-266-57-1111
(Operation of hotel and restaurants)

Singapore

KITZ Corporation of Asia Pacific Pte. Ltd.
No.22 Pioneer Crescent, #03-06 West Park BizCentral, Singapore 628556
TEL: +65-6339-0350
(Sales, marketing and distribution of valves)

KITZ Valve & Actuation Singapore Pte. Ltd.
No.22 Pioneer Crescent, #03-06 West Park BizCentral, Singapore 628556
TEL: +65-6861-1833
(Sales and maintenance of valves)

Filcore Co., Ltd.
38, Mayu-ro 42beon-gil, Siheung-si, Gyeonggi-do, #3Ba-211, Shihwa Industrial Complex, 15116, Korea
TEL: +82-31-433-3988
(Manufacturing and sales of hollow fiber membranes for water purifiers, water ionizers and bidets)

Thailand

KITZ Valve & Actuation (Thailand) Co., Ltd.
388 Exchange Tower, 17th Floor, Unit 1701-1, Sukhumvit Road, Klongtoey Sub-district, Klongtoey District, Bangkok 10110, Thailand
TEL: +66-2-663-4700
(Sales, marketing and distribution of valves)

KITZ (Thailand) Ltd.
426 Moo17 Bangna-Trad Rd., T. Bangsaathong, A. Bangsaathong, Samutprakam 10570, Thailand
TEL: +66-2-315-3129~32
(Manufacturing and sales of copper alloy valves and butterfly valves)

Malaysia

KITZ Valve & Actuation (Malaysia) Sdn.Bhd.
No. 6, Jalan Teknologi Perintis, ½, Taman Teknologi Nusajaya, 79200 Iskandar Puteri, Johor Darul Takzim, Malaysia
TEL: +60-7-553-9731
(Sales and maintenance of valves)

Vietnam

KITZ Valve & Actuation Vietnam Co., Ltd.
P1-2.37, The Prince Residence, No.19-21, Nguyen Van Trol Street, Ward12, Phu Nhuan District, Ho Chi Minh City, Vietnam
TEL: +84-28-3995-6933
(Sales, marketing and distribution of valves)
Taiwan

KITZ Corporation of Taiwan
5-26 East Street, N.E.P.Z., Kaohsiung, Taiwan, R.O.C.
TEL: +886-7-361-1236
(Manufacturing and sales of stainless steel and carbon steel valves and joints)

China

KITZ Corporation of Kunshan
No.15 Taihu South Road Economic and Technology Development Zone, Kunshan, Jiangsu Province, P.R. China, 215300
TEL: +86-512-5763-8600
(Manufacturing and sales of stainless steel valves)

KITZ Corporation of Jiangsu Kunshan
No.188, Zhongyang Road, B Zone, Kunshan Comprehensive Free Trade Zone, Jiangsu Province, P.R. China, 215300
TEL: +86-512-5771-6078
(Manufacturing and sales of carbon steel valves)

KITZ Corporation of Lianyungang
No.16 Yun Yang Road, Lianyungang Economic and Technical Development Zone, Jiangsu Province, P.R. China, 222047
TEL: +86-518-8236-6061
(Manufacturing and sales of carbon steel valves)

KITZ SCT Corporation of Kunshan
8-3, No.3 Road, Export Processing A Zone, Kunshan, Jiangsu, P.R. China, 215300
TEL: +86-512-5735-0700
(Manufacturing and sales of valves and fittings for semiconductor manufacturing equipment)

Hong Kong

KITZ Hong Kong Company Limited
Unit E, 33 Floor, Monterey Plaza, 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong
TEL: +852-2728-2199
(Sales, marketing and distribution of valves)

India

Micro Pneumatics Pvt. Ltd.
Plot No.133-134, Vasai Municipal Industrial Area, Umela Phata, Pandy, Vasai Road (West) - 401 207, Dist. Palghar, Maharashtra, India
TEL: +91-250-2320458
(Manufacturing and sales of industrial-use (pharmaceutical, foods, chemical) automated ball valves and butterfly valves)

U.S.A.

KITZ Corporation of America
10750 Corporate Drive, Stafford, Texas 77477, U.S.A.
TEL: +1-281-491-7333
(Sales, marketing and distribution of valves)
Corporate Data / Stock Information

Corporate Data (as of March 31, 2020)

<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>KITZ CORPORATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office</td>
<td>1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Prefecture 261-8577, Japan TEL: +81-43-299-0111</td>
</tr>
<tr>
<td>Established</td>
<td>January 26, 1951</td>
</tr>
<tr>
<td>Capital</td>
<td>21,207,084,670 yen</td>
</tr>
<tr>
<td>Fiscal Year-end</td>
<td>March</td>
</tr>
<tr>
<td>Stock Exchange Listing</td>
<td>First Section of Tokyo Stock Exchange (Code: 6498)</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>1,327 (Non-consolidated basis)</td>
</tr>
<tr>
<td>Business Activities</td>
<td>Manufacturing and sales of valves, other flow control devices, and related products</td>
</tr>
<tr>
<td>Independent Auditor</td>
<td>Ernst &amp; Young ShinNihon LLC</td>
</tr>
</tbody>
</table>

Stock Information (as of March 31, 2020)

| Total Number of Authorized Shares | 400,000,000 shares |
| Shares Issued and Outstanding    | 92,731,557 shares Note: The number of shares shown above does not include 7,664,954 shares of treasury stock that were held as of March 31, 2020. |
| Number of Shareholders           | 10,211 |
| General Meeting of Shareholders  | June |
| Reference Dates                  | Date of resolution of meeting of shareholders: March 31 Year-end dividend: March 31 Interim dividend: September 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 Nihon Keizai Shimbun in cases where it is not possible to make an electronic announcement. URL for announcements: https://www.kitz.co.jp/ |
| Share Unit Number                | 100 shares |

Major Shareholders (top 10)

<table>
<thead>
<tr>
<th>Name</th>
<th>Shareholdings (thousands)</th>
<th>Percent of total shares issued (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>8,881</td>
<td>9.58</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd.</td>
<td>5,374</td>
<td>5.80</td>
</tr>
<tr>
<td>Kitazawa-kei Stock Ownership Plan</td>
<td>4,603</td>
<td>4.96</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>4,303</td>
<td>4.64</td>
</tr>
<tr>
<td>SUMITOMO LIFE INSURANCE COMPANY</td>
<td>3,420</td>
<td>3.69</td>
</tr>
<tr>
<td>Kitazawa Ikueikai Foundation</td>
<td>3,411</td>
<td>3.68</td>
</tr>
<tr>
<td>KITZ Corporation Trading Partner Stock Ownership Plan</td>
<td>3,065</td>
<td>3.31</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>2,553</td>
<td>2.75</td>
</tr>
<tr>
<td>KITZ Corporation Employee Stock Ownership Plan</td>
<td>1,868</td>
<td>2.01</td>
</tr>
<tr>
<td>SECOM General Insurance Co., Ltd.</td>
<td>1,702</td>
<td>1.84</td>
</tr>
</tbody>
</table>

Composition of Shareholders

- Financial institutions: 33.3%
- Business operators: 0.4%
- Treasury stocks: 7.6%
- Other domestic companies: 12.0%
- Foreign investors: 18.5%
- Individuals and others: 28.4%

Stock Price Information

(Thousand shares) 0 10,000 20,000 30,000 40,000 50,000


(Year) 1 2 3 4 5 6 7 8 9 10 11 12

Note: The number of shares shown above does not include 7,664,954 shares of treasury stock that were held as of March 31, 2020.
To increase name recognition, KITZ installed company advertising signboards at Tokyo Dome, JR Tokyo Station, JR Kaihin Makuhari Station and JR Makuhari Hongo Station. We are carrying out company PR activities mainly in the Tokyo metropolitan area.

The advertisement depicts the image of a child peering into a valve, looking toward a bright future. The catch copy “KITZ Valves, link to the future.” extends from the valve toward the blue sky. It expresses the message that valves are indispensable for a bright future, and the desire that KITZ will become indispensable toward achieving a sustainable society.

KITZ Website

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 29 Focus), created to improve the KITZ corporate brand. In the past, the character has been used at trade expo booths and in sales promotion tools. Moving forward, Kikumaru will be utilized proactively in all manner of promotional situations.

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.