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.

KITZ Valves, link to the future.
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Editorial Policy
The KITZ Group published Corporate Report 2021 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

Corporate governance that realizes sound and highly transparent management

Pages 36-46

- 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
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.

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

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.

* Sales from 1951 to 1976: Non-consolidated

History

1951
- The Nagasaka Plant begins operation in Japan with just 11 employees in a small workshop, not a full factory.
1962
- Japan’s first forged brass valves called FH and FS introduced.
1980
- Introduced a cast bronze valves designed handwheel, “CHRYSANTHEMUM-HANDLE” (See page 29 Focus.).
1984
- Listed on the First Section of the Tokyo Stock Exchange.
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

Kimio Kobayashi
(Term of office: 2001 to 2008)

Yasuyuki Hotta
(Term of office: 2008 to 2021)

Makoto Kohno
(Term of office: 2021-)

Accelerating selection and concentration, and promoting globalization

1992
- Changed name to KITZ Corporation and moved the head office to the Makuhari district of Chiba City.

1995
- Shimizu Alloy Mfg. Co., Ltd. joined the KITZ Group, enabling the group to begin supplying products for water supply systems.

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

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.
- Brazilian industrial ball valve manufacturer Metalúrgica Golden Art’s Ltda. joined the KITZ Group.

2018
- Korean industrial butterfly valve manufacturer Cephas Pipelines Corp. joined the KITZ Group.

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

2020
- Launched ultra-high pressure ball valves for hydrogen stations.
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.

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

(Sales by segments for the fiscal year ended December 31, 2020)

Consolidated Net Sales: 84,245 million yen
Overseas Sales Ratio: 29.4%
Number of Employees (consolidated): 5,090 (Gender Ratio: Male 72.7% Female 27.3%)
Number of Consolidated Subsidiaries: 36
Global Network: 18 countries
(as of December 31, 2020)
Valve Manufacturing

Sales by segments 83.2%

**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.

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.

Brass Bar Manufacturing

Sales by segments 15.4%

**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 1.4%

**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).
Aiming to make a further leap
Change of President in March 2021

At the 107th Ordinary General Meeting of Shareholders held on March 30, 2021 and the subsequent Board of Directors’ meeting, it was formally decided that Director and Managing Executive Officer Makoto Kohno would be appointed President and Chief Executive Officer. A new management structure with Makoto Kohno as President and Yasuyuki Hotta as Chairman and Representative Director started. In a business environment where the structure of global industry is rapidly changing, we aim to further enhance corporate value with the strong will and the ability to take action on change through the rejuvenation of top management.
Looking Forward to Further Growth Under Newly Appointed President Kohno

Yasuyuki Hotta  Chairman and Representative Director

The world has changed drastically since I was appointed president 13 years ago, and the wave of digitization is surging upon us, with advancements such as IoT and AI leading the charge. On top of those changes to the global industrial structure, the crisis facing the global environment has been brought into stark relief. With the ESGs, SDGs and other initiatives, companies are required to shoulder much more responsibility to create a sustainable society.

In 2020 the world was hit by the COVID-19 pandemic, bringing dramatic changes to our working style and business activity. I think we cannot survive without constant change and evolution.

The decision to appoint a new president, finally decided by the Nomination Committee and Board of Directors, was made out of a desire to entrust the future of the KITZ Group to the leader who, instead of continuing with conventional ways of thinking, can break away from the old-fashioned way as right until now, firmly plot a future vision and channel a strong resolve and action to achieve those goals.

The Lehman Shock occurred in September 2008 soon after I was appointed president, and over the next two or three years the company faced a tough situation. In the fiscal year ended March 2019, however, the company posted record high operating income, aided by the economic recovery. Throughout my term as president, the business environment has changed rapidly, most recently due to the global spread of COVID-19, and each time the officers and employees of KITZ have banded together and pooled our wisdom to respond appropriately.

In 2021 KITZ reached its milestone 70th anniversary. As we head toward our 80th and even 100th anniversary, I look forward to KITZ Group making huge leaps forward under the leadership of President Kohno, and I will also do my best to fulfill my role as chairman.

Making a Vibrant Company That Embraces Challenges

Makoto Kohno  President and CEO

The strength of KITZ lies in a stable supply structure of high quality products based on an integrated production system from the materials, a strong sales network that covers the whole of Japan, our technical capabilities to focus on customers and solve their problems as well as our extensive product line up.

These efforts are supported by more than 5,000 employees working around the world, each of whose desire to contribute to the company and positive power serves as a driving force. The product development capabilities, production technologies and production systems that have been established in Japan have also taken root in our overseas plants. We have confidence to produce products at the same quality and lead times as Japan.

I would like to create a workplace environment that is bright, transparent and allows each employee to demonstrate their full potential. At the same time, I want all employees to maintain a healthy sense of urgency and make KITZ a vibrant company that embraces challenges, where people can channel their motivation and embrace their dreams as they work.

Companies are expected to develop corporate management toward realizing a sustainable society in addition to responding to changes to the structure of industry. In those situations, I am keenly aware of this great responsibility and that I have been given an important role. I would like to continue with the vision pursued by Chairman Hotta to evolve KITZ into a truly global company and make further efforts to drive swift and flexible management approaches. We will embrace the spirit of “Do it True,” one of the elements of the Action Guide, bolster the corporate culture that serves as the foundation for compliance and governance, and aim to make a further leap with decarbonization and digitization as our keywords.

KITZ will continue to support social infrastructure powered by our creative fluid control technologies and material development capabilities, and contribute to the development of a safe global environment and enriched and sustainable society.

Online press conference to announce the change in president held on February 15, 2021
To Our Stakeholders

Message from the President

Taking on the challenge of innovation to create a sustainable society

Makoto Kohno
President and CEO

Corporate Report 2021
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.
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.

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 December 31, 2020 (FY2020)
Since the end of the fiscal year changed from March to December resulting in an irregular fiscal year of nine months, the financial results under review are being compared with the first three quarters of the previous fiscal year. Consolidated net sales fell ¥9,837 million year on year to ¥84,245 million. In the valve manufacturing business, sales from products for building facilities and industrial valves in the domestic market declined due to slumping demand from the spread of COVID-19, despite higher net sales from products for semiconductor manufacturing equipment in domestic and overseas markets. In overseas markets, although sales increased in China, in which economic activity resumed early on, due to the spread of COVID-19 and weak crude oil prices, sales decreased in the United States, Europe and Asia. Net sales in the valve manufacturing business fell ¥5,662 million year on year to ¥70,129 million.

In the brass bar manufacturing business, net sales declined ¥2,959 million year on year to ¥12,952 million due to a sharp decrease in demand as a result of the spread of COVID-19. In the other (service-related) business, sales declined ¥1,215 million year on year to ¥1,163 million due to factors including the unscheduled closure of hotels.

In terms of profit and loss, increase sales from products for semiconductor manufacturing equipment drove higher...
profits and operating expenses were reduced in response to the spread of COVID-19. However, the decline in sales volume had a significant impact, with operating income in the valve manufacturing business declining ¥958 million year on year to ¥6,708 million.

In the brass bar manufacturing business as well, a significant decline in sales volume resulted in an operating loss of ¥145 million, a ¥177 million year-on-year decline. In the other (service-related) business, as a result of a ¥254 million operating loss from a ¥332 million year-on-year decline, consolidated operating income fell ¥1,259 million to ¥3,751 million. Ordinary income also fell ¥1,672 million year on year to ¥3,169 million. Meanwhile, net income attributable to owners of the parent fell ¥1,380 million year on year to ¥2,113 million.

Changes Brought About by the COVID-19 Pandemic

The present pandemic has had an enormous impact on the global and Japanese economies, and KITZ is no exception. On the other hand, the pandemic has brought various changes to our daily lives and the way we work, not all of them negative. The Company’s top priority is ensuring the safety and security of our employees and their families, but under this new lifestyle we have been able to strongly reaffirm the importance to be a company where employees can work with a sense of fulfillment even more than before.

As it became necessary for us to work from home due to the pandemic, many issues with our existing ways of working and doing business gained prominent attention, such as paperwork, business travel and meetings. This gave us an opportunity to review our working style from the ground up including the need for these and other aspects of our operations. I think this is one of those insights that the COVID-19 pandemic has given us. To ensure that employees can do the same work as when they are in the office, it is necessary for us to do many things such as create new systems and rules. We were made keenly aware that the digitization of KITZ, including updating our IT environment, lags behind. By accelerating our initiatives toward digitization, we will work to develop an environment in which employees can focus on performing valuable work without waste, as well as facilitate work that provides greater fulfillment and motivation.

Until now, we have regarded only natural disasters such as earthquakes and typhoons as critical risks that could impede the continuation of operations, but the COVID-19 pandemic is an enormous crisis that has affected the entire world. When a major problem occurs in one country its impact can spread around the world in an instant. This underscores the fact that we no longer have national borders and are essentially one world. With this in mind, we will strive to formulate a more effective business continuity plan (BCP).

Toward a Sustainable Society

Initiatives to create a sustainable society have become an important theme alongside digitization.

In October 2020, KITZ was selected by the Ministry of Economy Trade and Industry as a “Zero-Emission Challenge Company” taking on the challenge of innovation to realize a decarbonized society, in recognition of its research and development activities related to hydrogen through its participation in NEDO*. KITZ also became a member of the Japan Hydrogen Association, which promotes global cooperation in the area of hydrogen and the formation of a hydrogen supply chain. We will continue to promote initiatives that contribute to reduced environmental impact through energy shifts and by adapting to a recycling-oriented society. We would like to consider the vision for 2050 in terms of what we can and should do to create a sustainable society, incorporate specific sustainability perspectives including ESG and the SDGs, and disclose numerical targets both internally and publicly.

*New Energy and Industrial Technology Development Organization
**Business Environment in the Current Fiscal Year (FY2021)**

COVID-19 infections have spread with a force beyond imagination, and we expect that its effects will continue in 2021. While some industries such as semiconductors have experienced a boom due to increasing demand for 5G, IOT and AI, in other industries we do not anticipate the overall business environment to improve greatly from last year. Although we have seen progress in the development and administration of vaccines in some countries, we do not think we will see major improvement until the administration of vaccines have been completed on a worldwide scale. Therefore, we expect the global economy will start moving again in the second half of this year at the earliest.

The KITZ Group will continue to fulfill its supply responsibilities as a manufacturer while giving top priority to mitigating the risks of infection and ensuring the safety of its employees and other stakeholders.

**Shareholder Return**

We issued a year-end dividend of ¥4 per share (increase of ¥1 from the dividend previously announced) for the end of the fiscal year under review. As an interim dividend of ¥5 has already been issued, this took the annual dividend to ¥9 per share. In that the fiscal year under review was an irregular nine-month period and profits also declined year on year, the dividend was reduced compared with the previous year, with the consolidated payout ratio standing at 38.5%.

In addition to the dividend, 2,610,300 shares of treasury stock were acquired as a way of returning profits to shareholders. As a result, the total return ratio was 121.5%. The company canceled 10 million shares of treasury stock in October 2020.

KITZ was founded in 1951 as the Kitazawa Factory and reached its milestone 70th anniversary in 2021. Looking toward the upcoming 80th anniversary and even 100 years in business, KITZ will continue to grow further and make new strides in its history.
Initiatives in the Fiscal Year Under Review (FY2020)
The fiscal year under review was an irregular length of nine months from April to December due to the KITZ Group standardizing its fiscal year end to December. With the global economic slowdown caused by the COVID-19 pandemic, there was a slump in domestic and overseas demand, resulting in significant year-on-year declines in sales and profits.

As a response operating in our contingency mode, we worked to reduce expenses and cut costs while reducing trade receivables, cutting inventory and curbing investments. As a result, both operating cash flow and free cash flow increased significantly. Additionally, to address capital risks, we worked to secure liquidity on hand by continuing to increase cash and deposits. To fund the repayment of short- and long-term loans, in September 2020, when the environment for issuing bonds was relatively favorable, we issued ¥10 billion in publicly offered corporate bonds in an effort to lengthen the period of our interest-bearing debt. As a result, interest-bearing debt increased by ¥10.2 billion compared with the end of the previous fiscal year, and the equity ratio decreased 3.2 points from the end of the previous fiscal year to 52.8%. However, net interest-bearing debt, which is interest-bearing debt minus cash and cash equivalents, decreased by ¥4.8 billion from the end of the previous fiscal year.

Meanwhile, in addition to the KITZ Group Innovation Center, we continued to invest from a medium-to-long-term strategic perspective, including IT investments in response to our DX* strategy and workstyle reforms.

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 as 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

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

Change in Cash Flow
(Millions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investing Cash Flow</th>
<th>Operating Cash Flow</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>(9,763)</td>
<td>9,592</td>
<td>(171)</td>
</tr>
<tr>
<td>2016</td>
<td>(2,141)</td>
<td>12,979</td>
<td>(2,141)</td>
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<td>2017</td>
<td>(7,066)</td>
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<td>(9,266)</td>
<td>10,069</td>
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</tr>
<tr>
<td>2019</td>
<td>(2,379)</td>
<td>10,024</td>
<td>(2,379)</td>
</tr>
<tr>
<td>2020</td>
<td>(15,000)</td>
<td>7,645</td>
<td>7,645</td>
</tr>
</tbody>
</table>

* Digital Transformation
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 (FY2021)
As COVID-19 infections have started to increase again since the end of 2020, we expect that the business environment will continue to be severe until the market rebounds through responses such as widespread vaccinations.

We will continue to operate in a contingency mode to enhance financial stability through focusing on cash flow creation and reducing interest-bearing debt. We will also ensure fundraising capacity for medium-to-long-term strategic investments in anticipation of the post-COVID world. Additionally, until the global economy and markets shrug off the adverse effects of the COVID-19 pandemic, we will continue with policies to ensure ample liquidity on hand. Through cash and cash equivalents combined with specific credit line (commitment line) agreements made with our major banks (totaling ¥13.5 billion as of February 2021), we will work to secure on-hand liquidity that is equivalent to around three months of average consolidated net sales in total.

We also look at the coronavirus pandemic as an opportunity, initiating comprehensive reviews of unprofitable products and businesses, cost structures and operational procedures based on profit/loss management that integrates manufacturing and sales for each product line. To respond to the changing structures of society and the economy in a post-COVID world, such as a decarbonized society, we will rebuild our business strategies, promote digital transformation, invest in increasing production capacity, rationalization and development for growth areas such as semiconductors and improve capital efficiency 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 consolidated payout ratio level. In the fiscal year under review, in addition to lower profits compared with the previous year, we had an irregular fiscal period of nine months. Dividends totaling ¥9 per share were issued resulting in a consolidated payout ratio of 38.5%. Including the acquisition of treasury stock executed in accordance with a resolution by the Board of Directors, the total return ratio was 121.5%. In addition, 10 million shares of treasury stock were canceled in October 2020.

FY2021 Financial Strategy and Capital Policy

Contingency mode for financial stability: Secure funding capacity for medium-to-long-term strategic investments after COVID-19 and make provisions for the redemption of bonds.

Ensuring liquidity on hand: 3 months’ worth of consolidated monthly sales (including credit lines from banks)

Investment: CAPEX will focus on rationalization, development, IT investment and the maintenance and upgrading of equipment (less than the amount of depreciation expenses)

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 (as of February 2021)
Shelf registration for CB (R&I Rating: A-)
Business Summary and Strategy—Valve Manufacturing Business

Message from Unit General Manager, Flow Control Business Unit

We will accelerate the shift to growth markets including zero emissions and renewable energies.

Yukinari Koide
Executive Officer, General Manager, Flow Control Business Unit

Business Results in the Fiscal Year Under Review (FY2020)
In FY2020, products for semiconductor manufacturing equipment rebounded significantly, both domestically and overseas. However, in the domestic market, although the large-scale periodic maintenance works on existing plants were carried out on schedule, some of planned construction projects were postponed or canceled due to lower investment interest of end users in connection with the COVID-19 pandemic. This caused a slumping demand for industrial valves and commercial valves, and sales of our flagship bronze and brass valves fell in particular. In overseas markets, despite increased sales to China whose economic activity resumed at an early stage, in the United States, Europe and ASEAN countries, lockdowns associated with the spread of COVID-19 resulted in restrictions on economic activity, and combined with weak crude oil prices, resulted in dampened sales.

In terms of profit and loss, although we reduced operating expenses in response to the spread of COVID-19, this was not enough to offset the significant decline in sales volume, resulting in reduced profit.

As a result of these developments, sales in the valve manufacturing business fell ¥5,662 million year on year to ¥70,129 million. Operating income also declined ¥958 million year on year to ¥6,708 million, continuing the difficult situation.

Business Environment in the Current Fiscal Year (FY2021)
Although vaccinations for COVID-19 have already begun, with complications such as the emergence of new variants, the situation remains unpredictable, and the impact may continue throughout 2021. Although a gradual recovery is expected in domestic markets, due to the uncertainty regarding the future, we believe companies will be cautious
for capital investment. On the other hand, in overseas markets, restrictions and easing on economic activities will be repeated, and we believe the economic recovery will vary by country and area.

Under these harsh conditions, we do anticipate that aggressive investment in data centers, 5G communications facilities and logistics facilities will continue. We also forecast an expansion of growth in the long term for semiconductor manufacturing equipment products, and are upbeat about related investments. Even during the COVID-19 pandemic, maintenance on existing plants is ongoing, and we will focus on expanding the MRO business.

Meanwhile, market prices for raw materials are on the rise, and this may be a negative factor on profits for the valve manufacturing business. However, in addition to the effects of the price revisions (increases) of standard items in the domestic market from April 2021, through further cost reductions from global procurement, shifting to in-house production and productivity improvements, we aim to achieve planned segment performance for this fiscal year (net sales of ¥95,000 million, operating income of ¥9,000 million).

Initiatives for IoT
At present, across all industrial sectors there is a trend toward connecting all manner of equipment through networks to create new value. Against this background, it is necessary for us to realize new functionality and performance in electric actuators related to IoT. The provision of software and services using IoT and the equipments have also become increasingly important. To swiftly respond to these changes, on April 1, 2021 we newly established an ES (Electric Device & Service) development department. By consolidating our maintenance service development, electric actuator development and control equipment development functions, we will accelerate these initiatives and deliver new value to customers.

Construction of the KITZ Group Innovation Center
The KITZ Group Innovation Center is under construction on the grounds of the Chino Plant toward a planned launch of operations in March 2022.

To expand our business, it is necessary to enhance the inventiveness of employees in development and design departments and to develop an environment in which they can demonstrate high productivity. The Innovation Center will be used as office space for the development and design departments currently operating at the Chino Plant. It will also be used to develop human resources to develop creative and innovative technologies, and to enhance information dissemination functions. In addition, a laboratory building will also be constructed at an adjacent site. This is designed to reorganize the R&D structure that is currently spread out across multiple sites, boost business efficiency by shortening development and design lead times, and make further improvements to the development and evaluation system. Note that the KITZ Training Center that was constructed in 1981 has for many years contributed to employee training and the cultivation of human resources related to the valve industry, but due to the aging of the facility and its capacity, it became difficult to sufficiently accommodate increasingly diverse training needs. The Innovation Center will also play a role as a successor facility to the Training Center, and one that meets the wide range of internal and external training needs.

Toward a Decarbonized Society
In 2020, KITZ was selected by METI as a “Zero-Emission Challenge Company”. KITZ has pursued initiatives to develop technologies to reduce the costs of hydrogen stations for the full-scale adoption of technologies for an ultrahigh pressure hydrogen infrastructure and to develop technologies related to large valves for liquefied hydrogen operated by NEDO*, in which KITZ participates.

KITZ has regarded the hydrocarbon market as a core market for our industrial valves, but in the future, we believe it will be necessary to shift to growth markets such as zero emissions and renewable energies. In the current fiscal year, we will further accelerate efforts aimed at decarbonization.

For creating a decarbonized society, we will also make active use of open innovation, as well as aim to further enhance corporate value by promoting ESG-oriented management and sustainability.

* New Energy and Industrial Technology Development Organization
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 devices
Use membrane filter water purification systems to produce safe, delicious-tasting water.

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

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

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

Office buildings and Hotels, Hospitals

Pumps

Water purification plants

Water supply and distribution facilities

Apartment houses

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

Water distribution lines

Drainage systems
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.

Houses
- Pools and hot springs
- Sewage plants
Oil and Gas: The Valuable Energy Resources for Industry-Running

—— Providing Oil and Gas to Users in an Endless Stream ——

Ensuring the Stable Supply of Energy
The KITZ Group provides a wide scope of products that play a key role in 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.

- Metal seated ball valves
  Offer high durability and are also capable of handling high temperature and corrosive fluids.

- Carbon steel valves
  Suited for use under high temperature, high pressure conditions in various types of plants.

- Automated valves
  Automated operation valves equipped with actuators.

- Three-piece trunnion mounted ball valves
  Introduced for a broad range of applications in petrochemical processing and chemical plants.

- Stainless steel valves
  Widely used in chemical plants and petrochemical industry due to their superior corrosion resistance.

- Actuated compact ball valves
  Cater to automation needs for small-diameter piping on industrial production process lines.

Crude oil and natural gas excavation locations

Oil refineries and petrochemical plants

Liquefied natural gas

Crude oil
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 with the aim of realizing a decarbonized society.
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. **Structural analysis**
   The optimal structure of the product is designed by using simulated fluid analysis, stress or other structural analysis.

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

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

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

* Computer Aided Manufacturing
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.

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

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

* DX: Digital Transformation
* PLM: Product Lifecycle Management

Collaboration with engineers around the world

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.

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

Pressure test of pneumatic actuators with sensors
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.

● New High-Frequency Induction Furnace in the Nagasaka Plant

In August 2020, a high-frequency induction furnace with a melting weight of 500kg was installed at the Nagasaka Plant. Previously, special material castings were produced by using the high-frequency furnace with a 1 ton melting capacity, but thanks to the installation of the new 500kg equipment, special material castings of smaller quantities can also be produced and we can shorten delivery times thanks to the reduced lead times. Additionally the more compact furnace is expected to reduce running costs and improve the percentage of defect-free, non-adjusted products.

Heat treatment
Acid pickling
Shipment
Pressure tests
Assembly
Machining
Cooling
Pouring
Ladling
Molding
Melting
- 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.
Extensive and Strong Sales Network

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

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

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

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

KITZ’s Sales Activities in Japan

Plants and Industrial Market
- Various types of manufacturing plants
- Environmental and energy facilities
- Industrial machinery and equipment …etc

Building Facilities Market
- Office Buildings
- Hotels
- Hospitals …etc

- Owners
- Design Office
- Construction Companies
- Building Equipment Companies

End Users
- Engineering Companies
- Trading Companies
- Construction Companies

Distributors
- Repeat orders
- Spare parts
- Engineering

Retailers
- Maintenance
- Periodic maintenance

KESCO
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 Nidderau 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.

Takayoshi Saito
Chairman & Managing Director

**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.

James Walther
President

**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.

Hiroshi Nozawa
Chairman & Managing Director

**Maintenance Solutions of Valves Utilizing IoT and AI**

KITZ is working to develop technologies that utilize IoT sensors and AI enabling it to detect anomalies and predict failures in the valves installed in plants.

We are currently developing a system to analyze data uploaded to the cloud from IoT sensors retrofitted to valves by having AI learn data from various liquids collected with the cooperation of users. In the future, it will be possible to use a tablet or other device to check the condition of valves in real time from a remote location, and provide customers with solutions that analyze the cause of trouble.
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.
To Our Stakeholders

Sustainability Data Section

Business Summary and Strategy

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, China 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.

**Out-of-the-Box Thinking**
KITZ Metal Works has developed Assist Hook II, a contactless sterilization product which uses the ECO BRASS® material. Manufacturing of the product, which is sold by GILD design Co., Ltd., began in October 2020. This product caters to the desire to avoid touching things like doorknobs, hanging straps and elevator buttons in the age of COVID-19.

In the future, we will continue to use our expertise in the processing of brass to pursue the development of products that make use of flexible and innovative ideas.
Hotel Beniya is also a KITZ Group company.

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

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.
Sustainability

Message from Director in Charge of Sustainability

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

Toshiaki Natori
Director, Vice-President and Senior Executive Officer, General Manager, Corporate Planning Division

<table>
<thead>
<tr>
<th>Major item</th>
<th>Sub-item</th>
<th>Specific implementation item</th>
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<tbody>
<tr>
<td>Environment</td>
<td>1. Maximize contribution to environment through products and services</td>
<td>① Develop, manufacture and sell brass bar materials (lead-free materials and cadmium-free materials) that are friendly to both people and the environment</td>
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<td></td>
<td>2. Minimize environmental burden in business activities</td>
<td>① Promote activities to reduce the volume of greenhouse gas emissions such as CO₂</td>
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<td>3. Prevent environment pollution on a group-wide and global basis</td>
<td>① Identify chemical products that contain toxic substances and promote alternatives</td>
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<td>Social</td>
<td>1. Promote diversity and inclusion of human resources</td>
<td>① Introduce and consolidate a personnel system that facilitates work</td>
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<td>2. Foster a corporate culture that values safety, health and human rights</td>
<td>① Create a work environment which is safe and healthy to work in</td>
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<td></td>
<td>3. Appropriate business activities</td>
<td>① Promote supply chain management through fair trading</td>
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<td>4. Social contribution activities</td>
<td>① Promote social contribution activities</td>
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<td>Governance</td>
<td>1. Establish a sound corporate governance system</td>
<td>① Effective operation of a Nomination Committee and an Executive Compensation Committee</td>
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<td>2. Improve management transparency and strengthen the management oversight system</td>
<td>① Share information by implementing the Four-Party Audit and Supervision Meeting, which adds outside directors to the Tripartite Audit Assembly (Audit &amp; Supervisory Board, Accounting Auditor, Internal Audit Office)</td>
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<td>3. Strengthen the effectiveness of the Board of Directors</td>
<td>① Enhance the Internal Audit Office</td>
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Our Role as a Company
In 2020, we faced an unprecedented crisis due to the spread of an unimaginable COVID-19, and it transformed our world. Even before this crisis hit, the world had become increasingly complex, fast-changing and uncertain due to the frequent occurrence of major disasters in Japan and overseas, the fragmentation of the world due to countries prioritizing their own interests and the remarkable evolution of digital technologies such as AI and IoT. In this world, we are again keenly reminded of the important role companies must play in solving the difficult issues faced by society.

Corporate Value and Social Value
To solve social issues and achieve a sustainable society, it is important for companies to continue with sustainable growth while enhancing corporate value, and at the same time, create social value. We believe that creating shared value (CSV) earns the trust of society.

This is sustainability management as we see it. In Japan, there is an old concept of Sanpo Yoshi (benefit for all three sides) that dates back to merchants from Omi Province. This is the concept that good business is not just satisfaction for the buyer and seller, but for society as well. This is truly the spirit of CSV, and it also correlates with the KITZ management principles.

### 2020 Activity Results

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<thead>
<tr>
<th>2020 Activity Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Achieved 87% of sales plan</td>
</tr>
<tr>
<td>- Eco Brass*</td>
</tr>
<tr>
<td>- Consolidated lineup of existing products</td>
</tr>
<tr>
<td>- Implemented initiatives to reduce failures due to the usage environment</td>
</tr>
<tr>
<td>- Released products compliant with the 10 substances in the revised RoHS directive</td>
</tr>
<tr>
<td>- Entered into packaging unit hydrogen station business</td>
</tr>
<tr>
<td>- Selected as Zero-Emission Challenge Company</td>
</tr>
<tr>
<td>- CO2 emissions of 44.44 t-CO2 / 100 million yen (target: 46.81 t-CO2)</td>
</tr>
<tr>
<td>- Energy consumption of 430.78 GJ / 100 million yen (target: 458.85 GJ)</td>
</tr>
<tr>
<td>- Water resource consumption of 320.85 m³ / 100 million yen (target: 375.40 m³)</td>
</tr>
<tr>
<td>- Waste generation of 6.28 t / 100 million yen (target: 6.54 t)</td>
</tr>
<tr>
<td>- Revisions to designation of harmful and deleterious substances</td>
</tr>
<tr>
<td>- Chinese VOC regulations, amended Food Sanitation Law, SCIP</td>
</tr>
<tr>
<td>- Assessed and mitigated risks related to the environment, health and safety and fire</td>
</tr>
<tr>
<td>- Began creating skill assessment tables</td>
</tr>
<tr>
<td>- Revised systems and regulations, completed compliance</td>
</tr>
<tr>
<td>- Began considering new policies of diversity &amp; inclusion</td>
</tr>
<tr>
<td>- Agreed with labor union regarding telework regulations</td>
</tr>
<tr>
<td>- Created a medical checkup results database for KITZ employees</td>
</tr>
<tr>
<td>- Formulated a KITZ global human resource policy</td>
</tr>
<tr>
<td>- Exchanged opinion with suppliers</td>
</tr>
<tr>
<td>- Implemented the full rollout of QA network activities</td>
</tr>
<tr>
<td>- Ascertained weak points in manufacturing processes</td>
</tr>
<tr>
<td>- TABLE FOR TWO program: support equivalent to 43,956 meals</td>
</tr>
<tr>
<td>- 687 employees participated in social contribution activities</td>
</tr>
<tr>
<td>- Continued operation of the voluntary Nomination Committee</td>
</tr>
<tr>
<td>- Appointed the first female director of KITZ</td>
</tr>
<tr>
<td>- Internal audit was postponed due to COVID-19</td>
</tr>
<tr>
<td>- Conducted audits of the purchasing departments of 17 Group companies</td>
</tr>
<tr>
<td>- Further ensure transparency and objectivity</td>
</tr>
<tr>
<td>- Development of female employees for promotion from inside the company</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medium-to-long term targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Currently formulating medium-to-long term targets that are scheduled to be announced in February 2022</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>37</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>13</td>
</tr>
<tr>
<td>12</td>
</tr>
</tbody>
</table>

### Data Section

- To Our Stakeholders
- Business Summary and Strategy
- Sustainability
- To Our Stakeholders

34
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 slogan, “Create the Future / Preserve the Future,” expresses two desires, namely to “take on challenges without fear of change and create a new future with our own hands,” and to “continue to protect existing resources and preserve them for the next generation.” The slogan recognizes the importance of both change and preservation in a fast-changing world and also provides a guide for putting those ideas into practice.

Commitment

Create a Society That Lives Together in Harmony with the Earth through Our Fluid Control Businesses

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.

ESG Initiatives
To be a trusted company, it is important to share an ESG perspective with all stakeholders and address the Sustainable Development Goals (SDGs) adopted by the United Nations. Institutional investors also place an importance on corporate ESG initiatives and KITZ needs to meet those expectations. KITZ has worked to solve issues from an ESG perspective and strived to become a more trusted company. In FY2020, we announced our ESG-based initiatives and the SDGs, and we have also summarized results and our future direction as shown on pages 33 and 34.

To disclose information on these initiatives, 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 and other activities to actively disclose information. We also ascertain and analyze our current performance through objective assessments carried out by external entities, and we are committed to further improving our performance in non-financial areas.

100-Year Company
In 2021, KITZ celebrated its 70th anniversary. The KITZ Group aims to become a 100-year company. To ensure that the company is still growing and developing 30 years from now and beyond, and becomes a company that is essential for the creation of a sustainable society, we started to discuss “What is the purpose of KITZ?” (the value that the KITZ Group delivers to society). Top management began deliberations in December 2020, and starting from January 2021 undertook lively discussions on a 2030 vision for the KITZ Group, the materiality issues (critical issues) to be pursued on a priority basis and indicators toward the achievement of targets and goals. The results of these discussions will be announced in the next Medium-Term Management Plan around February 2022.

KITZ Group will continue to actively take on new challenges without being constrained by the “norms” of the past, and strive to enhance both corporate and social value. Through our flow control business, we will create a society that coexists with the planet.
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 working on initiatives with respect to management taking our shareholders and all other stakeholders into consideration.

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

KITZ has adopted the structure of a company with an Audit & Supervisory Board, which concentrates the authority of responsibility deliberating on and deciding important management matters, and supervising business execution, with the Board of Directors. This also enables Audit & Supervisory Board members and the board itself to engage in highly effective supervision of the Board of Directors from an independent and objective standpoint. The company has also adopted an executive officer system to facilitate swift decision-making concerning business execution.

Overview of the Company's corporate governance structure

Board of Directors / Audit & Supervisory Board Members (as of December 2020)

In the fiscal year ended December 2020, the percentage of outside directors and female directors serving on the Board of Directors was increased.

Number of Outside Directors and Auditors

Number of Female Officers

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Nomination Committee and Executive Compensation Committee
As shown below, KITZ has established the Nomination Committee and Executive Compensation Committee as advisory bodies to the Board of Directors.

Nomination Committee and Executive Compensation Committee
Chairperson: Outside Director Kazuyuki Matsumoto
Members: Outside Director Minoru Amoh
Outside Director Yutaka Fujiwara
Outside Director Yukino Kikuma
Executive Chairman Yasuyuki Hotta

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.

In the questionnaire survey conducted in February 2021, 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.

Constructive feedback was also obtained regarding plans to cultivate candidates for next-generation management members and about institutional design, including points for improvement. The Board of Directors will take up these issues for discussion in the future in an effort to ensure greater effectiveness.

Matrix and History of Corporate Governance

<table>
<thead>
<tr>
<th>Year</th>
<th>Separation of Supervision and Execution</th>
<th>Number of Outside Directors</th>
<th>Number of Outside Audit &amp; Supervisory Board Members</th>
<th>Operation of the Board of Directors</th>
<th>Various Committees</th>
<th>Compensation System</th>
<th>Integrated Report</th>
<th>Corporate Philosophy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>20 members of the Board of Directors as prescribed by the Articles of Incorporation</td>
<td>2001 One</td>
<td>2000 Two</td>
<td>1999 Established the Investment and Loans Review Committee</td>
<td>1999 Established the Investment and Loans Review Committee</td>
<td>1994 Abolished the system for retirement bonuses for Executive Officers</td>
<td>1991 Formulated the KITZ Statement of Corporate Mission</td>
<td>2005 2nd revision</td>
</tr>
<tr>
<td>1999</td>
<td>Decreased to 12</td>
<td>2001 One</td>
<td>2000 Two</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>Decreased to 9</td>
<td>2002 Two</td>
<td>2000 Two</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>Decreased to 9</td>
<td>2006 Three</td>
<td>2004 Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>Decreased to 9</td>
<td>2007 Four (Of which, one female)</td>
<td>2005 Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>Decreased to 9</td>
<td>2010 Three (Of which, one female)</td>
<td>2006 Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Three (Of which, one female)</td>
<td>2017 Three</td>
<td>2007 Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>Three (Of which, one female)</td>
<td>2018 Three</td>
<td>2008 Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>Three (Of which, one female)</td>
<td>2019 Three</td>
<td>2009 Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>Three (Of which, one female)</td>
<td>2020 Three</td>
<td>2010 Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>Three (Of which, one female)</td>
<td>2021 Three</td>
<td>2011 Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Executive Compensation System

Process for determining compensation
The Board of Directors determines compensation of directors in response to deliberations and proposals through the Executive Compensation Committee, after obtaining approval on cap amounts at the general meeting of shareholders.

Structure of compensation

Base compensation is the fixed compensation determined based on the position of each director and is paid as monthly compensation.

Bonuses
The bonus system is linked to business results. An amount equivalent to 1% of net income attributable to owners of the parent is paid as a bonus. For the amounts paid to each director with the exception of outside directors, criteria are set and the amounts are calculated for each position.

Stock-based compensation
With the aim of improving business performance in the medium to long term and raising awareness of contributions to enhancing corporate value, a stock-based compensation system has been established to issue company shares or pay the cash equivalent value of company shares based on the positions of directors and the degree to which business performance targets have been met.

Amounts of executive compensation
The amounts of executive compensation for the fiscal year ended December 2020 are as follows.

Total amounts of compensation for directors and Audit & Supervisory Board members concerning the fiscal year under review

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of eligible officers (persons)</th>
<th>Base compensation</th>
<th>Bonuses*</th>
<th>Stock-based compensation*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount (millions of yen)</td>
<td>Amount (millions of yen)</td>
<td>Amount (millions of yen)</td>
<td>Amount (millions of yen)</td>
</tr>
<tr>
<td>Board of Directors (excluding outside directors)</td>
<td>4</td>
<td>72</td>
<td>19</td>
<td>17</td>
<td>108</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board members (excluding outside directors)</td>
<td>2</td>
<td>32</td>
<td>—</td>
<td>—</td>
<td>32</td>
</tr>
<tr>
<td>Outside officers</td>
<td>7</td>
<td>51</td>
<td>—</td>
<td>—</td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>155</td>
<td>19</td>
<td>17</td>
<td>192</td>
</tr>
</tbody>
</table>

* The amount recorded is the provision of accrued bonuses for directors and allowance for stock benefit for directors and operating officers in the fiscal year under review (nine months).

Sale and Reduction of Cross-Shareholdings
Based on its Policy for Cross-Shareholdings, KITZ has adopted a policy of not holding 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.

Shares sold or reduced (fiscal year ended December 2020)

<table>
<thead>
<tr>
<th>Number of stocks</th>
<th>Total sales price associated with the reduction in shares (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted stocks</td>
<td>—</td>
</tr>
<tr>
<td>Stocks other than unlisted stocks</td>
<td>7</td>
</tr>
</tbody>
</table>

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
As an independent organization entrusted by shareholders to ensure the sound and sustained growth of the company and to establish a corporate governance system that is worthy of society’s trust, Audit & Supervisory Board members are aware that they are expected to take useful action to ensure that decisions are taken by directors in a fair and impartial manner. Audit & Supervisory Board members also make judgments on the appropriateness of the methods employed and results of audits, including operational audits related to the duties performed by directors, audits of legality and audits of financial statements conducted by accounting auditors. Audit & Supervisory Board members also attend meetings of the Board of Directors to express their opinions as necessary.

Audit & Supervisory Board members conduct audits in accordance with the standards and auditing plans. The board also monitors the performance of duties by directors by attending important meetings and exercising its investigative powers, such as visiting offices and subsidiaries, and evaluates the fulfillment of legal obligations such as the duty of care of a good manager.
Internal Audits
The Internal Audit Office conducts 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.

Thorough Implementation of Compliance Management and Whistle-blowing System
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.

Fostering an Awareness of Compliance
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. The identified risks are prioritized and subjected to measures such as business process improvements and educational activities.

Risk Management
The risk evaluation system of the KITZ Group is based on the basic policies and evaluation standards for risk assessment formulated by the C&C Control Committee. In light of the results of risk assessments conducted by each organization, the Management Conference identifies important and major risks and formulates measures.

Based on reports by the Management Conference, the Board of Directors makes final decisions concerning major risks and their countermeasures at the KITZ Group.

Initiatives from FY2020
In FY2020, the KITZ Group rebuilt its risk management system, re-identifying risks associated with its business activities (all 128 items), quantitatively determining the importance of risks based on the two axes of risk frequency and impact on management, and specifying important risks and major risks. Based on those results, we plan to develop measures to avoid, transfer or mitigate risks focusing on important risks.

From FY2021, the Legal, Intellectual Property and Risk Management Center was newly established to develop a system to promote stronger risk management.
Risk Management Implementation Flow

1. Identifying and Assessing Risks
2. Identifying Important and Major Risks
3. Formulating Countermeasures
4. Deliberation by the Management Conference
5. Deliberation by the Board of Directors
6. Implementing Countermeasures
7. Repeated Consideration and Implementation
8. Monitoring and Verifying the Effects

Risk Management Structure

- Board of Directors
- President and Chief Executive Officer
- Officer responsible for risk management
- C&C Control Committee
- Management Conference
- Each Division
- Group Companies

Risk Analysis and Evaluation

The risk assessment standards score evaluation items to determine the frequency and impact of risks (extent of personal damage, physical damage, compensation for damages, profit-loss, loss of credit and environmental damage). On a four-quadrant risk map scale, it is determined as to which is zone each risk falls under, whether the high-damage/high-frequency, low-damage/high-frequency, high-damage/low-frequency or low-damage/low-frequency zone. Based on the results, important risks and major risks are classified. Next, based on the importance of each risk, the company will choose the policies for responding to each risk, namely which risks to avoid, transfer, mitigate or retain, and each responsible executive officer implements the required measures.

Risk map scale

- Degree of impact
- Reduction of frequency
- Frequency of occurrence

<Countermeasure Policy>
- Zone Risks: Proactively select risk avoidance, transfer or mitigation
- Zone Risks: Also possible to opt to retain a risk
Board of Directors, Corporate Auditors and Executive Officers (as of March 30, 2021)

Directors

**Chairman**  
Yasuyuki Hotta  
Born: June 18, 1955
Mar. 1978 Joined KITZ  
Jan. 1997 Branch Manager, Chubu Branch, Sales Division  
Apr. 2001 Plant Manager, Nagakusa 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

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

**Director**  
Toshiaki Natori  
Born: January 20, 1957
Mar. 1980 Joined KITZ  
Oct. 1999 Plant Manager, Chino 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

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

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

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

**Outside Director**  
Yukino Kikuma  
Born: March 5, 1972
Apr. 1995 Joined Fuji Television Network, Inc.
Dec. 2011 Registered as an attorney at law
Jan. 2012 Joined NOSSO & KOSUGI (present position)
Dec. 2014 Outside Director, Noex Holdings, Co., Ltd.
Jun. 2018 External Director, KOSO Corporation (present position)
May 2020 Outside Director, Takikawa Co., Ltd. (present position)
Jun. 2020 Outside Director, ALCINOX 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)

Outside Audit & Supervisory Board Member
Tatsuhiko Takai
Born: February 3, 1952
Jul. 1974 Joined Mitsubishi Mining & Smelting Co., Ltd.
Jun. 2004 Executive Officer, General Manager, Finance Department, Mitsubishi 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
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
Shuhei Sakuno
Standing Audit & Supervisory Board Member
Taro Kimura
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 FY2020</th>
<th>Reason for Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yasuyuki Hotta</td>
<td>13 years 9 months</td>
<td>11/11 times</td>
<td>He has driven the enhancement of corporate governance in an effort to achieve sound and highly transparent management, and has advanced the globalization of the KITZ Group. He can be expected to contribute to the supervision and execution of management, and to the enhancement of the critical decision-making and supervisory functions of the Board of Directors by leveraging his excellent business decision-making abilities based on his extensive knowledge and experience.</td>
</tr>
<tr>
<td>Makoto Kohno</td>
<td>1 year 9 months</td>
<td>11/11 times</td>
<td>He has been involved in the Sales and Production Divisions of the valve manufacturing business. He has experience as an executive officer responsible for the Corporate Planning Division and as head of an overseas Group company, and has demonstrated powerful leadership in developing and executing strategies in the manufacturing business. His extensive knowledge and experience will be useful in formulating and debating management strategies and supervising their execution.</td>
</tr>
<tr>
<td>Toshiaki Natone</td>
<td>9 years 9 months</td>
<td>11/11 times</td>
<td>He has been the Director and Executive Officer in charge of production areas. He has contributed to the KITZ Group through many years and successively assumed the position of Chief Financial Officer and senior executive officer, his extensive knowledge and experience will be useful in formulating and debating management strategies and supervising their execution.</td>
</tr>
<tr>
<td>Toshiyuki Murasawa</td>
<td>4 years 9 months</td>
<td>11/11 times</td>
<td>He has been a Director and Executive Officer in charge of the Corporate Planning and Corporate Administration Divisions, devising and implementing business strategy plans, promoting HR development and diversity. His extensive knowledge and experience will be useful in formulating and debating management strategies and supervising their execution.</td>
</tr>
<tr>
<td>Kazuyuki Matsumoto</td>
<td>7 years 9 months</td>
<td>11/11 times</td>
<td>He has been active for many years as an executive of Natexis Corporation. In addition to his extensive experience as a corporate executive, he also has broad insights on technical strategies. He was asked to continue in his role as an outside director to receive his continued supervision and advice leveraging that knowledge.</td>
</tr>
<tr>
<td>Minoru Amoh</td>
<td>5 years 9 months</td>
<td>11/11 times</td>
<td>He has been active for many years as an executive of DuPont K.K., which has a global business presence. He has high-level insights based on his abundant experience in corporate management. He was asked to continue in his role as an outside director to receive his continued supervision and advice, leveraging that knowledge.</td>
</tr>
<tr>
<td>Yutaka Fujiwara</td>
<td>3 years 9 months</td>
<td>11/11 times</td>
<td>Following positions as overseas branch manager for a financial institution, he has been active as an executive officer responsible for finance, investor relations and group strategy at OMRON Corporation, which has a global business presence. He has high-level insights into corporate management from a global perspective, and was asked to continue in his role as an outside director to receive his continued supervision and advice based on those insights.</td>
</tr>
<tr>
<td>Yukino Kikuma</td>
<td>9 months</td>
<td>7/7 times*</td>
<td>After gaining experience through work in mainstream media, she achieved success as a lawyer resolving conflicts through various lawsuits, as well as in corporate law and a wide range of other fields. Accordingly, she was asked to continue on as outside director to provide oversight and advice based on this knowledge.</td>
</tr>
<tr>
<td>Masahiko Kondo</td>
<td>4 years 9 months</td>
<td>11/11 times</td>
<td>He is involved in management of the Company as a Director in charge of the corporate administration areas which bring the Group companies together and has sought to strengthen management infrastructure and has built and pushed for the strengthening of the Group’s risk management system. His knowledge and experience in business management, labor, accounting and finance will be reflected in the audits of the Company.</td>
</tr>
<tr>
<td>Taro Kimura</td>
<td>3 years 9 months</td>
<td>11/11 times</td>
<td>He has many years of experience in managing the Company’s accounting and financial operations. As an executive officer in charge of corporate administrative divisions that oversee Group companies, he developed the Company’s internal control system, strengthened its internal audit function and promoted the building of its risk management system. His knowledge and experience in risk management as well as in accounting and finance will be reflected in the audits of the Company.</td>
</tr>
<tr>
<td>Tatsukiko Takai</td>
<td>5 years 9 months</td>
<td>11/11 times</td>
<td>He took charge of accounting and corporate planning operations for Mitsui Mining &amp; Smelting Co., Ltd. for many years and successively assumed the position of Chief Financial Officer and senior executive officer, 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 9 months</td>
<td>11/11 times</td>
<td>He has broad experience in corporate administration operations that supervise the Yokogawa Electric Corporation group companies and possesses a considerable amount of knowledge in finance and accounting operations. He also possesses knowledge related to corporate governance acquired through his experience in developing internal control, risk management and internal audit systems. His extensive experience will be reflected in the audits of the Company.</td>
</tr>
<tr>
<td>Ayako Kobayashi</td>
<td>1 year 9 months</td>
<td>11/11 times</td>
<td>She is active as an attorney in a wide range of fields including finance, corporate law, compliance, M&amp;A, resolution of disputes and legal actions, and crisis management. It was decided that her extensive experience, abilities and insights could be reflected in audits of the Company.</td>
</tr>
</tbody>
</table>

* Status from appointment on June 29, 2020 to December 2020 is listed.
Executive Officers

President and Chief Executive Officer
Makoto Kihono
Toshiaki Natori
Toshiyuki Murasawa

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

Executive Officer
Kenji Katsuragi
Born: October 31, 1956
Jun. 1999 Finance Director, Panasonic Australia Pty. Ltd.
May 2006 Group Manager, Overseas Department 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, CFD, 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, Sowa 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. 2015 President & Representative Director, Hotel Beniya Co., Ltd.
Apr. 2020 Executive Officer, Division Manager, Domestic Sales Division (present position)

Executive Officer
Kazuhiko Hirabayashi
Born: August 6, 1959
Mar. 1982 Joined KITZ
Apr. 2004 General Manager, Production Planning Department, Production Division
Apr. 2012 Deputy Division Manager, Production Division
Apr. 2013 Executive Officer, Division Manager, Production Division (present position)

Executive Officer
Yoriyuki Koyama
Born: March 9, 1959
Mar. 1994 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. 2011 Executive Officer, General Manager of Legal and Compliance Department
Apr. 2016 Executive Officer, General Manager, Legal Department
Jun. 2018 Joined KITZ
Apr. 2019 Executive Officer, General Manager, Legal Department, Jan. 2021 Executive Officer, Division Manager, Legal, Intellectual Property and Risk Management Division (present position)

Executive Officer
Takashi Ishijima
Born: October 1, 1967
Apr. 1990 Joined Nissan Motor Co., Ltd.
Apr. 2011 Chief IT Architect, Enterprise Architecture Department, Global IT Headquarters
Apr. 2017 Chief IT Architect, IT Architecture and Production Service Department, Global IT Headquarters
Sep. 2018 Joined KITZ
Apr. 2020 Deputy Division Manager, IT Control Division
Mar. 2021 Executive Officer, Division Manager, IT Control Division (present position)
At the beginning of this century significant changes occurred in the business world due to the rapid progress of information technology, but with the emergence of the COVID-19 pandemic that has shaken the world, those changes have accelerated even more.

I think these large and rapid changes are becoming the norm rather than an anomaly, and so I think we need to maintain a healthy sense of urgency, look at this situation as an opportunity for new growth, continually consider our basic values “why we do business?” and “who our business benefits?” and strive to achieve a long-term vision while also remaining fixed firmly on current conditions. I believe it is important than ever before to maintain and further cultivate mutual trust through close communication with customers, and to identify our customers’ true issues and solve them.

Fortunately, as the businesses of KITZ are directly and indirectly essential for the daily lives of people such as energy, water and information, we can work on this confidently. As an outside director, I will cheer on these efforts by providing good feedback and opinions.

Let’s cherish the values of KITZ and achieve our long-term vision.

Kazuyuki Matsumoto   Outside Director
Through the active exchange of views, I will help ensure management transparency.

Minoru Amoh  Outside Director

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 promoting SDG-oriented management and 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.

Meanwhile, to enhance corporate governance, it is vital to respect basic rules in personnel selection (maintaining an overall balance between diversity and specialty) and ensure information security. I hope, if there is a need for improvement in any area, we actively exchange opinions, while working to ensure management transparency.

The experience of outside officers are valuable in chaotic times.

Yutaka Fujiwara  Outside Director

The year 2020 was one of great chaos. Amid a pandemic on the scale no one has ever experienced before, employees and management alike never seemed to panic, and instead they calmly carried out their assigned tasks without delay or hesitation.

The world is such that things do not always go as planned or as hoped, and that applies to the economy and to company management as well. Even from 2021 onwards unexpected events and environmental changes may occur. Everyone feels uneasy about things they have never experienced. What should we do? Should we act or wait patiently? You may become unsure of how to act, particularly young employees with less life experience.

I think it is during these times that the opinion of outside directors like myself who have a few more years experience are valuable. In 2021 KITZ marks its 70th anniversary, and oddly enough, I will also celebrate my 70th birthday in 2021. Over the last 70 years I have seen a variety of ups and downs. I have experienced times when the Japanese yen was 360 against the U.S. dollar and also when it was in the 80s. I have also seen several oil shocks and the bubble economy and its collapse. I hope I can make use of these valuable experiences in contributing to great leaps forward for KITZ starting with its 70th anniversary.

I look forward to new innovation through collaboration with different industries.

Yukino Kikuma  Outside Director

At Board of Directors meetings, on almost every agenda item the four outside directors share a variety of opinions from different perspectives and lively discuss them. The Board of Directors is not a mere formality; it is prepared to utilize outside knowledge, and I have been able to serve as a director with a sense of fulfillment.

I think KITZ is losing out in terms of how it presents things although the company engages in business activities from the perspectives of ESG and the SDGs. KITZ needs to present a narrative which illustrates how, through its businesses and products, it will solve social issues and create a future beyond that. I also think it is necessary to further accelerate efforts regarding diversity and inclusion.

In 2021, KITZ is celebrating its 70th anniversary. Over the 70 years of developing through the stance of producing high quality products, KITZ has undoubtedly grown into a leading company in the valve industry, but I hope in the lead up to its 100-year anniversary, KITZ becomes a company that drives new innovation by collaboration with partners including other industries.
Environmental Activities / Health and Safety Activities

Importance of Environmental, Health and Safety Activities
In FY2020, health and safety activities were added to the KITZ Environmental Committee, an organization that spans the KITZ Group, and it gained a new start as the KITZ Environment, Health and Safety Committee. As a result, we have developed a system to focus more on health and safety activities in addition to environmental activities, and strengthening our efforts in these areas.

Environmental Activities
The KITZ Group has established targets for environmental conservation on a global scale (maximizing environmental contributions through our products and services and minimizing the environmental impact of our business activities). 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,

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**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

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**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.

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**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
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.

**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.

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

**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 generation of waste to final disposal, and allows this information to be shared within the Group. For its waste handling system, KITZ has established a framework under which the waste disposal route is determined in advance and waste cannot be processed using any route other than the route specified in the consignment agreements.

- 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. 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 ISO 14001 certification at all plants in Japan and overseas, and are making efforts to establish global environmental management.

In addition, in January 2021 we began activities at the Nagasaka, Ina and Chino plants toward obtaining ISO 45001 certification, the international standard for occupational health and safety management systems. We are aiming to obtain certification in October of this year, after which we will also extend certification to Group companies.

- Business Offices That Have Acquired Integrated ISO 14001 Certification

<table>
<thead>
<tr>
<th>Business Office</th>
<th>Business Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>KITZ Corporation Nagasaka Plant</td>
<td>KITZ Corporation of Taiwan</td>
</tr>
<tr>
<td>KITZ Corporation Ina Plant</td>
<td>KITZ (Thailand) Ltd. Bangplee Plant</td>
</tr>
<tr>
<td>KITZ Corporation Chino Plant</td>
<td>KITZ (Thailand) Ltd. Amatanakorn Plant</td>
</tr>
<tr>
<td>KITZ Metal Works Corporation</td>
<td>KITZ Corporation of Kunshan</td>
</tr>
<tr>
<td>KITZ Micro Filter Corporation</td>
<td>KITZ Corporation of Jiangsu Kunshan</td>
</tr>
<tr>
<td>KITZ SCT Corporation</td>
<td>KITZ Corporation of Europe, S.A.</td>
</tr>
<tr>
<td>Shimizu Alloy Mfg. Co., Ltd.</td>
<td>Capehs Pipelines Corp</td>
</tr>
<tr>
<td>Toyo Valve Co., Ltd.</td>
<td>Filcore Co., Ltd.</td>
</tr>
<tr>
<td>Hokutoh Giken Kagyo Corporation</td>
<td>Metalúrgica Golden Art’s Ltda</td>
</tr>
<tr>
<td>(Yamashita Plant, Minowa Business Offices)</td>
<td></td>
</tr>
</tbody>
</table>

- Efforts toward a Decarbonized Society
KITZ was selected as a “Zero-Emission Challenge Company” by the Ministry of Economy Trade and Industry. KITZ has pursued initiatives to “develop technologies to reduce the costs of hydrogen stations as part of the research and development project for the full-scale adoption of technologies for an ultrahigh pressure hydrogen infrastructure and to develop technologies related to large valves for liquefied hydrogen as part of the liquid hydrogen oriented society technological development project, operated by NEDO*, in which KITZ participates. In recognition of these efforts, KITZ was one of the companies chosen by the Ministry of Economy, Trade and Industry under the Zero-Emission Challenge.

*New Energy and Industrial Technology Development Organization

- KITZ Receives Commendation as an Excellent Energy Management Company in the Kanto Area for FY2020
KITZ received a commendation as an excellent energy management company for FY2020. The award is presented by the Kanto Bureau of Economy, Trade and Industry to
businesses that have excelled in making outstanding contributions to energy conservation during “Energy Conservation Month” held in February each year.

**Health and Safety Activities**

We promote efforts to ensure zero accidents based on the KITZ Group Safety and Health Fundamental Philosophy and the Safety and Health Fundamental Policies. We have established health and safety committees at our head office and plants, and we 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.

- **Reciprocal Audits by Group companies**
  Since FY2018, mutual audits regarding the environment, health and safety of its eight Group domestic companies has started. To identify and assess risks, once a year internal auditing personnel conduct on-site inspections regarding 20 evaluation items, and a briefing session is held for the officer and the managers of each site. These efforts lead to activities that reduce the spread of and eliminate risks. In the future, KITZ is also considering the introduction of periodic on-site inspections by an outside organization.

  In addition, to cultivate personnel who will be responsible for the environment and safety in the future, we conduct training on laws, regulations related to the environment, health and safety and the maintenance of equipment while also actively creating opportunities to experience actual on-site inspections.

### 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.

### KITZ Group Safety and Health Fundamental Policies

1. KITZ maintains stimulating and pleasant work places 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)
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, we need agile business expansion and the ability to come up with and act on ideas that fall outside conventional thinking. We aim to be a professional group that boldly takes on new challenges and where employees can deploy their own latent creative powers.

Human 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, programs for educating specially selected employees with hierarchical education as a pillar and support for personal development. 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).

After being assigned to a position, each employee is assigned an advisor and a mentor. In addition to regular meetings to ensure that on-the-job training is proceeding as planned, we have also incorporated systems such as result presentations so that employees can report to one another on the acquisition of skills.

Language Education for Selected Employees
To cultivate human resources who can be successful on the global stage, 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 bases overseas while adding valve manufacturers in Spain, Japan, China, Thailand, Brazil, Singapore, India, South Korea, Germany, Taiwan, and others.
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 55.2% of the Group’s total workforce (as of December 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* Efforts
Since the autumn of 2015, KITZ has been promoting diversity as one of its key management strategies. We see employees as company assets (human resources), and we believe that it is our mission to respect the individuality of employees with a diverse range of attributes (such as gender, age, nationality, occupation, position, working style) and values, to accept one another and to develop an environment in which each of these employees can demonstrate their full potential. We also require employees themselves to hone their sensibilities and reasoning capabilities, to improve themselves, to accept the diversity in others and to help one another.

These efforts to respect individuals and include them leads to employees gaining fulfillment from their jobs, and we believe this leads to the organization reaching its maximum potential.

* 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 a new initiative, we formed our cross departmental task force to discuss the company’s long-term vision and mission. Mainly young employees assembled through an open recruitment process discussed a vision for the KITZ Group. The 30 members were unable to gather in one place for discussions due to the spread of COVID-19, but after repeated discussions in online meetings, five plans were reported directly to top management. These efforts later developed into new initiatives. For example, a meeting body was formed to reflect these plans in management strategies, and a separate task force was set up in the manufacturing division to discuss themes related to human resources.

KITZ SDGs Week 2021
KITZ SDGs Week 2021 was held in February 2021. This internal event was planned to encourage employees to learn about the SDGs in a fun way and to recognize and internalize the links between the 17 goals in the business activities of the KITZ Group. An organizing committee assembled through internal recruitment handled the entire event from planning to operation on its own, including panel displays, the sale of original eco-friendly reusable bags and the running of an SDGs quiz. Menu items using sustainable foods were provided at the employee cafeteria, and it became an opportunity for many employees to gain a deeper understanding of the SDGs.
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, Sales 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 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 connect KITZ with customers from the standpoint of sales administration.

Naoki Kira  
KITZ Corporation NEW KICS Center

Up until last year, I was working on the development and introduction of automated valve production equipment. Presently at a new workplace, I am involved with making comprehensive improvements that span multiple business sites and departments. By combining the technological capabilities I have cultivated since joining the company with KITZ's principle of improvement, I hope to devote myself to becoming a human resource asset that is a driving force for the KITZ Group.

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

Kaori Kikumoto  
Osaka Branch, Osaka 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.

Roderick Andal Perez  
Engineering Group, Sales Engineering Department  
KITZ Corporation

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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 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 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.

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 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.

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

Sachiko Shiroki
Automatic Valve Design 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 all shareholders and investors, as well as with other stakeholders including customers, business partners, employees and society. During the fiscal year under review (FY2020), we were impacted by the COVID-19 pandemic, and accordingly, responded by proactively creating opportunities for dialogue utilizing online solutions. We feed back opinions and requests obtained by constructive communication to the management team, and reflect the outcomes in efforts to improve the efficiency and transparency of management.

**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. At the 107th General Meeting of Shareholders held in March 2021, we placed top priority on the safety of shareholders. As with the previous meeting, attendees were called on to engage in sanitization and temperature checks, and social distancing between seats.

**With 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. All financial results briefings were held online or in a teleconferencing format in FY2020.

Additionally, for the purpose of getting more people interested in becoming a KITZ shareholder, we hold briefings for individual investors. In FY2020, we held an online briefing in August 2020 and uploaded the video on our website.

**With Employees**
The management team including the president regularly visits manufacturing sites and promotes better understanding through communication with employees. For internal financial results briefings at the head office and our domestic plants by the president and company officers, we took thorough measures to prevent infections of COVID-19 for the events held at venues, and also streamed video via our internal portal site so that employees at offices in Japan and overseas as well as those employees working from home could participate.

**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. (In the fiscal year under review this meeting was postponed due to the COVID-19 pandemic.)
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.

Construction of the KITZ Group Innovation Center

As a part of the project to celebrate the 70th anniversary of KITZ, the KITZ Group Innovation Center is being constructed on the grounds of the Chino Plant and is scheduled to begin operations from March 2022. The KITZ Training Center that was constructed in 1981 has for many years contributed to employee training and the cultivation of human resources related to the valve industry. The Innovation Center will meet a wide range of internal and external training needs, will be used for human resource development and for development of creative and innovative technologies, and for information transmission both inside and outside the company. It will also function as an evacuation facility for local residents in the event of a disaster.

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 38 certified Valve Meisters who have passed the certification test (as of February 2021) 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.
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.

Emergency Dispatch of “Aqua Rescue” Purifiers to Regions Stricken by Heavy Rains
Shimizu Alloy Manufacturing installed its Aqua Rescue purifiers in affected regions during the 2016 Kumamoto Earthquakes and torrential rains that occurred in July 2018. In July 2020, the company helped to supply safe drinking water to a water purification plant in Matsumoto, Nagano Prefecture, which was affected by localized torrential rains.

Collaboration with Local Communities Where Our Business Sites Are Located
The KITZ Group maintains many business sites including the Ina and Chino plants in Nagano Prefecture. As part of collaboration with local communities, KITZ has entered into agreements with governmental bodies to provide the employee cafeterias of the Ina and Chino plants as emergency evacuation points during a disaster. In September 2020, Hotel Beniya donated 262 refaced tatami mats from its banquet hall to the city of Suwa. In November 2020, KITZ Micro Filter Corporation entered into an agreement with the city of Chino to provide SUPER DELIOS portable water purifiers in the event of a disaster.

TABLE FOR TWO
Since 2010, KITZ has participated in the TABLE FOR TWO ("TFT", hereafter) program, which concurrently tackles starvation in developing nations and the elimination of lifestyle-related diseases in developed nations. At employee cafeterias at the head office at the Nagasaka, Ina and Chino plants, TFT-affiliated healthy menu items are offered, and a donation of ¥20 incorporated into the price of each meal is used to support school lunch programs in developing nations. KITZ was certified by the organization running the program as a “gold supporter.”

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.

Marine Conservation Activities in Thailand
In August 2020, Group company KITZ Valve & Actuation (Thailand) Co., Ltd. conducted a CSR event based on SDG Goal 14, “Life below water,” in the Sattahip District of Chonburi Province with the aim of raising employee awareness of coral reef preservation and marine biodiversity. The event involved planting coral and efforts to return nurse sharks to the sea.
To Our Stakeholders

Data Section

Business Summary and Strategy
Sustainability

To Our Stakeholders

Data Section

Business Summary and Strategy
Sustainability

Relationships with Local Communities:
Promoting Sports in Communities with KITZ Business Locations

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

**VC Nagano Tridents**
KITZ’s logo has been displayed on the back (leg) of the team’s uniform and on training attire 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 2015, 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.” Previously, teams from the Nanshin District of Nagano Prefecture as well as Yamanashi Prefecture took part in the KITZ Cup; however, to prevent the spread of COVID-19 the participating teams were limited to the Nanshin District in 2020. Additionally, the number of venues was increased and the format was changed to a round-robin tournament with only four teams using one court. The players enjoyed competing over the two days of the tournament.
# Financial and Non-Financial Data

## Financial Data

### For the Year

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>106,059</td>
<td>108,446</td>
<td>111,275</td>
<td>117,355</td>
</tr>
<tr>
<td>Domestic sales</td>
<td>82,120</td>
<td>82,974</td>
<td>81,509</td>
<td>84,970</td>
</tr>
<tr>
<td>Overseas sales</td>
<td>23,938</td>
<td>25,472</td>
<td>29,765</td>
<td>32,384</td>
</tr>
<tr>
<td>Valve Manufacturing Business</td>
<td>76,098</td>
<td>78,976</td>
<td>84,472</td>
<td>87,888</td>
</tr>
<tr>
<td>Brass Bar Manufacturing Business</td>
<td>20,230</td>
<td>20,065</td>
<td>17,948</td>
<td>20,953</td>
</tr>
<tr>
<td>Other</td>
<td>9,729</td>
<td>9,404</td>
<td>8,855</td>
<td>8,514</td>
</tr>
<tr>
<td>Operating income</td>
<td>6,341</td>
<td>4,638</td>
<td>6,558</td>
<td>6,470</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>5,929</td>
<td>4,388</td>
<td>6,521</td>
<td>6,501</td>
</tr>
<tr>
<td>Net income attributable to owners of the parent</td>
<td>3,063</td>
<td>2,480</td>
<td>4,039</td>
<td>3,564</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>5,818</td>
<td>2,217</td>
<td>7,885</td>
<td>4,667</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(2,907)</td>
<td>(2,508)</td>
<td>(4,519)</td>
<td>(3,546)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>375</td>
<td>(6,638)</td>
<td>(3,213)</td>
<td>66</td>
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### At Year-End

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>52,036</td>
<td>47,247</td>
<td>49,956</td>
<td>55,866</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>48,101</td>
<td>47,734</td>
<td>50,016</td>
<td>51,717</td>
</tr>
<tr>
<td>Total assets</td>
<td>100,138</td>
<td>94,981</td>
<td>99,972</td>
<td>107,583</td>
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<tr>
<td>Current liabilities</td>
<td>26,521</td>
<td>20,182</td>
<td>21,149</td>
<td>20,703</td>
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<tr>
<td>Long-term liabilities</td>
<td>20,184</td>
<td>20,182</td>
<td>18,603</td>
<td>20,101</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>46,705</td>
<td>40,491</td>
<td>39,752</td>
<td>40,805</td>
</tr>
<tr>
<td>Net assets</td>
<td>53,433</td>
<td>54,489</td>
<td>60,219</td>
<td>66,777</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>30,165</td>
<td>24,290</td>
<td>22,319</td>
<td>23,728</td>
</tr>
<tr>
<td>Share price (Yen)</td>
<td>400</td>
<td>360</td>
<td>472</td>
<td>505</td>
</tr>
</tbody>
</table>

### Financial Indicators (%)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income to net sales</td>
<td>6.0</td>
<td>4.3</td>
<td>5.9</td>
<td>5.5</td>
</tr>
<tr>
<td>ROE</td>
<td>5.8</td>
<td>4.7</td>
<td>7.2</td>
<td>5.7</td>
</tr>
<tr>
<td>ROA</td>
<td>6.0</td>
<td>4.5</td>
<td>6.7</td>
<td>6.3</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>52.5</td>
<td>56.4</td>
<td>59.3</td>
<td>61.1</td>
</tr>
<tr>
<td>Payout Ratio</td>
<td>25.6</td>
<td>33.0</td>
<td>25.7</td>
<td>30.6</td>
</tr>
<tr>
<td>Total return ratio</td>
<td>74.1</td>
<td>33.0</td>
<td>25.7</td>
<td>30.6</td>
</tr>
</tbody>
</table>

## Non-Financial Data

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees</td>
<td>3,594</td>
<td>3,757</td>
<td>3,933</td>
<td>3,982</td>
</tr>
<tr>
<td>Male</td>
<td>2,770</td>
<td>2,898</td>
<td>2,992</td>
<td>3,004</td>
</tr>
<tr>
<td>Female</td>
<td>824</td>
<td>859</td>
<td>941</td>
<td>978</td>
</tr>
<tr>
<td>CO2 emissions (t-CO2)</td>
<td>68,943</td>
<td>67,324</td>
<td>74,991</td>
<td>65,938</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.

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

* CO2 emissions over the nine-month fiscal year ended December 2020 were calculated based on the CO2 emissions coefficient as of March 2021.
### Financial Data

For the Year (Millions of yen)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>117,036</td>
<td>117,278</td>
<td>114,101</td>
<td>124,566</td>
<td>136,637</td>
<td>127,090</td>
<td>84,245</td>
</tr>
<tr>
<td><strong>Domestic sales</strong></td>
<td>82,120</td>
<td>82,974</td>
<td>81,509</td>
<td>84,970</td>
<td>81,983</td>
<td>80,127</td>
<td>80,207</td>
</tr>
<tr>
<td><strong>Overseas sales</strong></td>
<td>23,938</td>
<td>25,472</td>
<td>29,765</td>
<td>32,384</td>
<td>35,052</td>
<td>37,151</td>
<td>33,893</td>
</tr>
<tr>
<td><strong>Valve Manufacturing Business</strong></td>
<td>76,098</td>
<td>78,976</td>
<td>84,472</td>
<td>87,888</td>
<td>90,152</td>
<td>93,579</td>
<td>91,766</td>
</tr>
<tr>
<td><strong>Brass Bar Manufacturing Business</strong></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>
</tr>
<tr>
<td><strong>Other</strong></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>
</tr>
<tr>
<td><strong>Operating income</strong></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>3,751</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></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>3,169</td>
</tr>
<tr>
<td><strong>Net income attributable to owners of the parent</strong></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>2,113</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></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>10,024</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></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>(2,379)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td>375</td>
<td>(6,638)</td>
<td>(3,213)</td>
<td>66</td>
<td>(3,706)</td>
<td>796</td>
<td>7,497</td>
</tr>
<tr>
<td><strong>At Year-End</strong> (Millions of yen)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></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>73,351</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td>48,101</td>
<td>47,734</td>
<td>50,016</td>
<td>51,717</td>
<td>51,905</td>
<td>55,920</td>
<td>58,916</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>100,138</td>
<td>94,981</td>
<td>99,972</td>
<td>107,583</td>
<td>115,790</td>
<td>119,422</td>
<td>140,681</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>26,521</td>
<td>20,182</td>
<td>21,149</td>
<td>20,703</td>
<td>25,740</td>
<td>19,040</td>
<td>23,332</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td>20,184</td>
<td>20,309</td>
<td>18,603</td>
<td>20,101</td>
<td>14,556</td>
<td>24,284</td>
<td>42,182</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<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>65,514</td>
</tr>
<tr>
<td><strong>Net assets</strong></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>75,167</td>
</tr>
<tr>
<td><strong>Interest-bearing liabilities</strong></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>49,352</td>
</tr>
<tr>
<td><strong>Share price (Yen)</strong></td>
<td>400</td>
<td>360</td>
<td>472</td>
<td>505</td>
<td>594</td>
<td>487</td>
<td>627</td>
</tr>
<tr>
<td><strong>Financial Indicators (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income to net sales</strong></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>4.5</td>
</tr>
<tr>
<td><strong>ROE</strong></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>2.8</td>
</tr>
<tr>
<td><strong>ROA</strong></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>2.3</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></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>52.8</td>
</tr>
<tr>
<td><strong>Payout Ratio</strong></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>38.5</td>
</tr>
<tr>
<td><strong>Total return ratio</strong></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>121.5</td>
</tr>
<tr>
<td><strong>Non-Financial Data</strong> (Persons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of Employees</strong></td>
<td>3,594</td>
<td>3,757</td>
<td>3,933</td>
<td>3,982</td>
<td>4,032</td>
<td>4,456</td>
<td>4,032</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>2,770</td>
<td>2,898</td>
<td>2,992</td>
<td>3,004</td>
<td>3,017</td>
<td>3,302</td>
<td>3,017</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>824</td>
<td>859</td>
<td>941</td>
<td>978</td>
<td>1,015</td>
<td>1,154</td>
<td>1,015</td>
</tr>
<tr>
<td><strong>CO2 emissions (t-CO2)</strong></td>
<td>68,943</td>
<td>67,324</td>
<td>74,991</td>
<td>65,938</td>
<td>64,104</td>
<td>60,195</td>
<td>34,860</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.*

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

*CO2 emissions over the nine-month fiscal year ended December 2020 were calculated based on the CO2 emissions coefficient as of March 2021.*
Financial Data

**EPS**

![EPS Graph]

**BPS**

![BPS Graph]

**Total Assets / ROA**

![Total Assets / ROA Graph]

**Cash Dividends Per Share / Payout Ratio**

![Cash Dividends Per Share / Payout Ratio Graph]

**Free Cash Flows**

![Free Cash Flows Graph]

**Equity Ratio**

![Equity Ratio Graph]

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

**(Millions of yen)**

<table>
<thead>
<tr>
<th>Assets</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</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>13,660</td>
<td>18,696</td>
<td>33,720</td>
</tr>
<tr>
<td>Notes, accounts receivable–trade</td>
<td>19,464</td>
<td>19,217</td>
<td>16,209</td>
</tr>
<tr>
<td>Electrally recorded monetary claims</td>
<td>10,715</td>
<td>8,344</td>
<td>6,017</td>
</tr>
<tr>
<td>Merchandise and finished goods</td>
<td>10,362</td>
<td>9,194</td>
<td>9,239</td>
</tr>
<tr>
<td>Work in process</td>
<td>5,683</td>
<td>5,990</td>
<td>5,593</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>8,500</td>
<td>8,044</td>
<td>7,405</td>
</tr>
<tr>
<td>Other</td>
<td>3,054</td>
<td>3,261</td>
<td>1,706</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(133)</td>
<td>(145)</td>
<td>(127)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>71,226</td>
<td>73,351</td>
<td>81,765</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>10,199</td>
<td>10,818</td>
<td>10,786</td>
</tr>
<tr>
<td>Machinery, equipment and vehicles</td>
<td>11,642</td>
<td>14,220</td>
<td>13,166</td>
</tr>
<tr>
<td>Tools, furniture and fixtures</td>
<td>5,307</td>
<td>5,228</td>
<td>5,303</td>
</tr>
<tr>
<td>Land</td>
<td>10,500</td>
<td>10,549</td>
<td>10,249</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>3,807</td>
<td>2,056</td>
<td>1,677</td>
</tr>
<tr>
<td>Other</td>
<td>220</td>
<td>1,367</td>
<td>1,119</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>41,677</td>
<td>44,241</td>
<td>42,303</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>887</td>
<td>646</td>
<td>395</td>
</tr>
<tr>
<td>Other</td>
<td>8,533</td>
<td>6,993</td>
<td>5,816</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td>9,420</td>
<td>7,639</td>
<td>6,211</td>
</tr>
<tr>
<td>Investments and other assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in securities</td>
<td>4,943</td>
<td>5,607</td>
<td>6,465</td>
</tr>
<tr>
<td>Retirement benefit assets</td>
<td>326</td>
<td>293</td>
<td>497</td>
</tr>
<tr>
<td>Other</td>
<td>2,748</td>
<td>2,683</td>
<td>2,665</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td>9,332</td>
<td>9,831</td>
<td>10,401</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>131,657</td>
<td>135,063</td>
<td>140,681</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</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>
<td>6,625</td>
<td>7,289</td>
<td>5,693</td>
</tr>
<tr>
<td>Current portion of corporate bonds</td>
<td>774</td>
<td>474</td>
<td>474</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>1,220</td>
<td>6,674</td>
<td>6,579</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>2,521</td>
<td>1,927</td>
<td>2,733</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>1,434</td>
<td>750</td>
<td>316</td>
</tr>
<tr>
<td>Consumption tax payable</td>
<td>535</td>
<td>307</td>
<td>704</td>
</tr>
<tr>
<td>Accrued bonuses to employees</td>
<td>2,529</td>
<td>2,233</td>
<td>1,321</td>
</tr>
<tr>
<td>Accrued bonuses to directors and corporate auditors</td>
<td>206</td>
<td>158</td>
<td>104</td>
</tr>
<tr>
<td>Other</td>
<td>6,379</td>
<td>5,218</td>
<td>5,004</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>22,227</td>
<td>25,036</td>
<td>23,332</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>21,904</td>
<td>21,429</td>
<td>31,192</td>
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<tr>
<td>Long-term debt</td>
<td>7,037</td>
<td>7,310</td>
<td>6,888</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>807</td>
<td>859</td>
<td>867</td>
</tr>
<tr>
<td>Accrued retirement benefits to directors, corporate</td>
<td>362</td>
<td>356</td>
<td>263</td>
</tr>
<tr>
<td>Allowance for stock benefit for directors, corporate</td>
<td>124</td>
<td>176</td>
<td>182</td>
</tr>
<tr>
<td>Retirement benefit liabilities</td>
<td>749</td>
<td>732</td>
<td>699</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>408</td>
<td>414</td>
<td>417</td>
</tr>
<tr>
<td>Other</td>
<td>1,207</td>
<td>1,869</td>
<td>1,671</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>32,600</td>
<td>33,147</td>
<td>42,182</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>54,827</td>
<td>58,184</td>
<td>65,514</td>
</tr>
</tbody>
</table>

| Net assets | | | |
| Shareholders’ equity | | | |
| Common stock | 21,207 | 21,207 | 21,207 |
| Capital surplus | 5,674 | 5,674 | 5,726 |
| Retained earnings | 51,562 | 54,404 | 47,925 |
| Treasury stock | (4,032) | (6,254) | (491) |
| **Total shareholders’ equity** | 74,411 | 75,032 | 74,367 |
| Accumulated other comprehensive income | | | |
| Net unrealized gains on other securities | 1,333 | 856 | 1,478 |
| Deferred gains or losses on hedges | 913 | 914 | 913 |
| Translation adjustments | (254) | (316) | (1,683) |
| Cumulative adjustments related to retirement benefits | 107 | (3) | 132 |
| Total accumulated other comprehensive income | 1,185 | 542 | (74) |
| Non-controlling interests | 1,232 | 1,304 | 374 |
| **Total net assets** | 76,827 | 76,879 | 75,167 |
| **Total liabilities and net assets** | 131,657 | 135,063 | 140,681 |
## Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>FY2018 (Millions of yen)</th>
<th>FY2019 (Millions of yen)</th>
<th>FY2020 (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>136,637</td>
<td>127,090</td>
<td>84,245</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>98,188</td>
<td>93,560</td>
<td>62,284</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>38,449</td>
<td>33,530</td>
<td>21,961</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>26,735</td>
<td>26,580</td>
<td>18,209</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>11,713</td>
<td>6,950</td>
<td>3,751</td>
</tr>
<tr>
<td><strong>Non-operating income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>67</td>
<td>47</td>
<td>22</td>
</tr>
<tr>
<td><strong>Dividend income</strong></td>
<td>138</td>
<td>245</td>
<td>155</td>
</tr>
<tr>
<td><strong>Insurance income</strong></td>
<td>173</td>
<td>155</td>
<td>—</td>
</tr>
<tr>
<td><strong>Subsidy income</strong></td>
<td>72</td>
<td>321</td>
<td>196</td>
</tr>
<tr>
<td><strong>Exchange gains</strong></td>
<td>122</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>441</td>
<td>467</td>
<td>262</td>
</tr>
<tr>
<td><strong>Total non-operating income</strong></td>
<td>1,017</td>
<td>1,236</td>
<td>636</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest expenses</strong></td>
<td>252</td>
<td>283</td>
<td>212</td>
</tr>
<tr>
<td><strong>Sales discount</strong></td>
<td>415</td>
<td>373</td>
<td>220</td>
</tr>
<tr>
<td><strong>Losses on sales of notes receivable</strong></td>
<td>24</td>
<td>22</td>
<td>36</td>
</tr>
<tr>
<td><strong>Exchange losses</strong></td>
<td>—</td>
<td>64</td>
<td>387</td>
</tr>
<tr>
<td><strong>Losses on valuation of derivatives</strong></td>
<td>—</td>
<td>—</td>
<td>212</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>154</td>
<td>201</td>
<td>148</td>
</tr>
<tr>
<td><strong>Total non-operating expenses</strong></td>
<td>847</td>
<td>945</td>
<td>1,217</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>11,883</td>
<td>7,241</td>
<td>3,169</td>
</tr>
<tr>
<td><strong>Extraordinary income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gains on sales of property, plant and equipment</strong></td>
<td>11</td>
<td>14</td>
<td>44</td>
</tr>
<tr>
<td><strong>Gains on sales of investment securities</strong></td>
<td>0</td>
<td>355</td>
<td>164</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1</td>
<td>5</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total extraordinary income</strong></td>
<td>12</td>
<td>375</td>
<td>237</td>
</tr>
<tr>
<td><strong>Extraordinary loss</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Losses on sales or disposal of property, plant and equipment</strong></td>
<td>104</td>
<td>74</td>
<td>87</td>
</tr>
<tr>
<td><strong>Loss on retirement of intangible assets</strong></td>
<td>—</td>
<td>22</td>
<td>—</td>
</tr>
<tr>
<td><strong>Impairment loss</strong></td>
<td>2,675</td>
<td>24</td>
<td>21</td>
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<tr>
<td><strong>Loss from the temporary closing</strong></td>
<td>—</td>
<td>—</td>
<td>35</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>7</td>
<td>130</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total extraordinary loss</strong></td>
<td>2,787</td>
<td>228</td>
<td>167</td>
</tr>
<tr>
<td><strong>Net income before income taxes and minority interests</strong></td>
<td>9,108</td>
<td>7,387</td>
<td>3,239</td>
</tr>
<tr>
<td><strong>Income taxes (income, residential and enterprise taxes)</strong></td>
<td>3,312</td>
<td>2,024</td>
<td>888</td>
</tr>
<tr>
<td><strong>Income tax adjustment</strong></td>
<td>33</td>
<td>339</td>
<td>224</td>
</tr>
<tr>
<td><strong>Total income taxes</strong></td>
<td>3,345</td>
<td>2,364</td>
<td>1,112</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>5,762</td>
<td>5,023</td>
<td>2,126</td>
</tr>
<tr>
<td><strong>Net income attributable to non-controlling interests</strong></td>
<td>136</td>
<td>86</td>
<td>12</td>
</tr>
<tr>
<td><strong>Net income attributable to owners of the parent</strong></td>
<td>5,625</td>
<td>4,937</td>
<td>2,113</td>
</tr>
</tbody>
</table>

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

## Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>FY2018 (Millions of yen)</th>
<th>FY2019 (Millions of yen)</th>
<th>FY2020 (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>5,762</td>
<td>5,023</td>
<td>2,126</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net unrealized gains on other securities</strong></td>
<td>(946)</td>
<td>(493)</td>
<td>621</td>
</tr>
<tr>
<td><strong>Deferred gains or losses on hedges</strong></td>
<td>—</td>
<td>5</td>
<td>(6)</td>
</tr>
<tr>
<td><strong>Translation adjustment</strong></td>
<td>(1,558)</td>
<td>(15)</td>
<td>(1,408)</td>
</tr>
<tr>
<td><strong>Remeasurements of retirement benefits</strong></td>
<td>17</td>
<td>(110)</td>
<td>135</td>
</tr>
<tr>
<td><strong>Total other comprehensive income</strong></td>
<td>(2,487)</td>
<td>(614)</td>
<td>(657)</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>3,275</td>
<td>4,409</td>
<td>1,468</td>
</tr>
</tbody>
</table>

* (Breakdown)

| **Comprehensive income attributable to owners of the parent** | 3,150                     | 4,277                     | 1,496                     |
| **Comprehensive income attributable to non-controlling interests** | 124                      | 131                       | (28)                      |
### Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income before income taxes and minority interests</td>
<td>9,108</td>
<td>7,387</td>
<td>3,239</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,636</td>
<td>6,958</td>
<td>6,954</td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>414</td>
<td>219</td>
<td>66</td>
</tr>
<tr>
<td>Exchange (gains) losses</td>
<td>61</td>
<td>(23)</td>
<td>(75)</td>
</tr>
<tr>
<td>(Gains) losses on sales of investment securities</td>
<td>(0)</td>
<td>(355)</td>
<td>(163)</td>
</tr>
<tr>
<td>Increase (decrease) in provision for doubtful accounts</td>
<td>(31)</td>
<td>(3)</td>
<td>(16)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued bonuses to employees</td>
<td>224</td>
<td>(290)</td>
<td>(771)</td>
</tr>
<tr>
<td>Increase (decrease) in retirement benefit liabilities</td>
<td>45</td>
<td>(142)</td>
<td>(61)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued retirement benefits to directors</td>
<td>(82)</td>
<td>(4)</td>
<td>(95)</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for stock benefit for directors</td>
<td>44</td>
<td>52</td>
<td>6</td>
</tr>
<tr>
<td>Increase (decrease) in provision of accrued bonuses to directors</td>
<td>26</td>
<td>(47)</td>
<td>(42)</td>
</tr>
<tr>
<td>Interest income and dividend income</td>
<td>(206)</td>
<td>(292)</td>
<td>(177)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>252</td>
<td>283</td>
<td>212</td>
</tr>
<tr>
<td>Loss (gain) on sales and retirement of property, plant, and equipment</td>
<td>93</td>
<td>59</td>
<td>42</td>
</tr>
<tr>
<td>Impairment losses of fixed assets</td>
<td>2,675</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>(Increase) decrease in notes and accounts receivable</td>
<td>(767)</td>
<td>2,628</td>
<td>2,384</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>(2,404)</td>
<td>357</td>
<td>1,709</td>
</tr>
<tr>
<td>(Increase) decrease in other current assets</td>
<td>498</td>
<td>(99)</td>
<td>211</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>(340)</td>
<td>622</td>
<td>(1,071)</td>
</tr>
<tr>
<td>Increase (decrease) in other current liabilities</td>
<td>719</td>
<td>(639)</td>
<td>638</td>
</tr>
<tr>
<td>Other</td>
<td>(411)</td>
<td>160</td>
<td>69</td>
</tr>
<tr>
<td>Subtotal</td>
<td>14,577</td>
<td>16,515</td>
<td>11,082</td>
</tr>
<tr>
<td>Interest and dividend income received</td>
<td>206</td>
<td>206</td>
<td>180</td>
</tr>
<tr>
<td>Interest expenses paid</td>
<td>(249)</td>
<td>(298)</td>
<td>(176)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(4,464)</td>
<td>(3,994)</td>
<td>(1,062)</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>10,069</td>
<td>13,329</td>
<td>10,024</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities** |         |         |         |
| Payments for purchase of property, plant and equipment | (7,597) | (6,552) | (2,876) |
| Proceeds from sales of property, plant and equipment | 26      | 29      | 119     |
| Payments for purchase of intangible assets | (2,252) | (409)   | (226)   |
| Payments for purchase of investments in securities | (22)    | (1,780) | (55)    |
| Proceeds from sales of investments in securities | 88      | 718     | 208     |
| (Increase) decrease in debt on settlement | 2,624   | 6       | 424     |
| Payments for acquisition of subsidiaries’ shares resulting from changes in scope of consolidation | (2,985) | —       | —       |
| Other                      | 853     | (51)    | 27      |
| Cash flows from investing activities | (9,264) | (8,046) | (2,379) |

| **Cash flows from financing activities** |         |         |         |
| Increase (decrease) in short-term borrowings, net | (2,915) | 5,452   | 389     |
| Proceeds from long-term debt | 3,319   | 2,423   | 2,002   |
| Repayment of long-term debt | (4,233) | (2,685) | (1,569) |
| Proceeds from issuance of bonds | —       | —       | 9,932   |
| Payments for redemption of bonds | (844)   | (774)   | (237)   |
| Proceeds from sales of treasury stock | 0       | 7       | 19      |
| Payments for acquisition of treasury stock | (2,028) | (2,229) | (1,756) |
| Cash dividends paid | (1,742) | (2,078) | (1,377) |
| Cash dividends paid to non-controlling interests | (38)    | (38)    | (5)     |
| Payments for acquisition of treasury stock | (1,023) | 268     | 755     |
| Other                      | (197)   | (513)   | (655)   |
| Cash flows from financing activities | (9,702) | (167)   | 7,497   |

| Effect of exchange rate changes on cash and cash equivalents | (245)   | (76)    | 164     |
| Net increase (decrease) in cash and cash equivalents | (9,143) | 5,043   | 15,308  |
| Cash and cash equivalents at the beginning of the year | 22,019  | 12,876  | 17,920  |
| Net increase (decrease) in cash and cash equivalents related to the rescheduling of the end of the fiscal year | —       | —       | 136     |
| Cash and cash equivalents at the end of the year | 12,876  | 17,920  | 33,364  |
Group Network

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 Minamisasaguchi Building, 1-1-54
Minamisasaguchi, Chuo-ku, Niigata-shi,
Niigata Pref. 950-0912, Japan
TEL: +81-25-243-3122

Chubu Branch

Gojinsha Meieki 3 Building, 3-9-37 Meieki,
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

Yotsubashi Crystal Building, 1-27-5
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-6541-1178

Kansai Water Supply Product Sales Office
Yotsubashi Crystal Building, 1-27-5
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-7636-1061

Special Sales Group
1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1760

Osaka Branch

Chugoku Regional Office

Hiroshima Sales Office
NBF Hiroshima Tatemachi Building, 2-27
Tatemachi, Naka-ku, Hiroshima-shi,
Hiroshima Pref. 730-0032, Japan
TEL: +81-82-248-5903

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
25 Fukuoka Building, 3-4-2 Higashihorie,
Hakata-ku, Fukuoka-shi, Fukuoka Pref.
810-0007, Japan
TEL: +81-9-247-31-7877

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

Kansai Water Supply Product Sales Office
Yotsubashi Crystal Building, 1-27-5
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-7636-1061

Special Sales Group
1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1760

Urban Network
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
Yotsubashi Crystal Building, 1-27-5 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
Yotsubashi Crystal Building, 1-27-5 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

Plants

KITZ Corporation Nagasaki Plant
2040 Nagasaka Kamijo, Nagasakicho, 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
5123 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 Higashiguchi 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)
Kitz Metal Works Corporation
7377 Kobayakawa, Miyagawa,
Chino-shi, Nagano Pref. 391-8555, Japan
TEL: +81-266-79-3030
(Manufacturing and sales of copper and processed products)

Hokutoh Giken Kogyo Corporation
4601 Wakamiko, Sutamacho, Hokuto-shi,
Yamanashi Pref. 408-0112, Japan
TEL: +81-551-42-5151
(Manufacturing and sales of metal processed products)

Hotel Beniya Co., Ltd.
7-2-71 Kogan-dori, Suwa-shi,
Nagano Pref. 392-8577, Japan
TEL: +81-266-57-1111
(Operation of hotel and restaurants)

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)

Filcore Co., Ltd.
60, Sangidéeak-ro, Siheung-si,
Gyeonggi-do, #1Na-402, Shihwa Industrial Complex 15085, Korea
TEL: +82-31-433-3988
(Manufacturing and sales of hollow fiber membranes for water purifiers, water ionizers and bidets)

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)

Vietnam
KITZ Valve & Actuation Vietnam Co., Ltd.
P1-237, 2F, The Prince Residence,
No.17-19-21, Nguyen Van Troi Street,
Ward12, Phu Nhuan District,
Ho Chi Minh City, Vietnam
TEL: +84-28-3995-6933
(Sales, marketing and distribution of valves)

Malaysia
KITZ Valve & Actuation (Malaysia) Sdn. Bhd.
No. 6, Jalan Teknologi Perintis, 1/2,
Taman Teknologi Nusajaya, 79200
Iskandar Puteri, Johor Darul Takzim, Malaysia
TEL: +60-7-553-9731
(Sales and maintenance of valves)

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)
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)

Kitz Corporation of Lianyungang
No.16 Yun Yang Road, Lianyungang Economic and Technical Development Zone, Jiangsu Province, PR. 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, PR. China, 215300
TEL: +86-512-5735-0700
(Manufacturing and sales of valves and fittings for semiconductor manufacturing equipment)

China

Kitz Corporation of Kunshan
No.15 Taihu South Road Economic and Technology Development Zone, Kunshan, Jiangsu Province, PR. 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, PR. China, 215300
TEL: +86-512-5771-6078
(Manufacturing and sales of carbon steel valves)

Kitz Corporation of Shanghai
Room 1701-1704, International Corporate City, No.3000 North ZhongShan Rd., PuTuo District, Shanghai, PR. China, 200063
TEL: +86-21-6439-1249
(Manufacturing, sales, marketing and distribution of valves)

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)

Hong Kong

Micro Pneumatics Pvt. Ltd.
Plot No.133-134, Vasai Municipal Industrial Area, Umela Phata, Papdy, 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)

India

Kitz Europe GmbH
Siemensstrasse 1, 61130, Nidderau, Germany
TEL: +49-6187-928-100
(Sales and marketing for Europe)

Perrin GmbH
Siemensstrasse 1, 61130, Nidderau, Germany
TEL: +49-6187-928-0
(Manufacturing and sales of steel ball valves)

Germany

To Our Stakeholders
Business Summary and Strategy
Sustainability
Data Section
Corporate Data / Stock Information

Corporate Data  (as of December 31, 2020)

Corporate Name  KITZ CORPORATION

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


Established  January 26, 1951

Capital  21,207,084,670 yen

Fiscal Year-end  March

Stock Exchange Listing  First Section of Tokyo Stock Exchange (Code: 6498)

Number of Employees  1,383 (Non-consolidated basis)

Business Activities  Manufacturing and sales of valves, other flow control devices, and related products

Independent Auditor  Ernst & Young ShinNihon LLC

Stock Information  (as of December 31, 2020)

Total Number of Authorized Shares  400,000,000 shares

Shares Issued and Outstanding  90,120,989 shares

Number of Shareholders  11,226

General Meeting of Shareholders  March

Reference Dates

Date of resolution of meeting of shareholders: December 31
Year-end dividend: December 31
Interim dividend: June 30
In addition, a public announcement will be made in advance as necessary.

Public Announcement Method  Electronic announcement

However, announcements will be placed in the 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>Custody Bank of Japan, Ltd.</td>
<td>8,208</td>
<td>9.11</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd.</td>
<td>5,398</td>
<td>5.99</td>
</tr>
<tr>
<td>Kitazawa-kai Stock Ownership Plan</td>
<td>4,757</td>
<td>5.28</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>4,303</td>
<td>4.78</td>
</tr>
<tr>
<td>SUMITOMO LIFE INSURANCE COMPANY</td>
<td>3,426</td>
<td>3.80</td>
</tr>
<tr>
<td>Kitazawa Ikueikai Foundation</td>
<td>3,151</td>
<td>3.50</td>
</tr>
<tr>
<td>KITZ Corporation Trading Partner Stock Ownership Plan</td>
<td>3,151</td>
<td>3.50</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>2,553</td>
<td>2.83</td>
</tr>
<tr>
<td>KITZ Corporation Employee Stock Ownership Plan</td>
<td>2,030</td>
<td>2.25</td>
</tr>
<tr>
<td>SECOM General Insurance Co., Ltd.</td>
<td>1,702</td>
<td>1.89</td>
</tr>
</tbody>
</table>

Composition of Shareholders

- **Treasury stocks** 0.3%
- **Financial instruments business operators** 0.5%
- **Other domestic companies** 13.2%
- **Foreign investors** 18.0%
- **Individuals and others** 32.6%
- **Financial institutions** 35.4%

Share Price Information

![Stock Price Information Graph]
Outdoor Signboards of KITZ

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 passing through a valve, heading toward a bright future full of hope. The advertising copy “KITZ Valves, link to the future.” expresses the message that valves are essential in the journey toward a bridge 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.

https://www.kitz.co.jp/english/
https://www.kitz.co.jp/sp/en/

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.