

# Corporate Report 2022





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.

### Reflecting on the Publication of *Corporate Report 2022*

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

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

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

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



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

# Contents

## The KITZ Group's Value Creation

- 03 Value Creation Process
- 05 Growth Trajectory
- 07 Business Summary of the KITZ Group

## To Our Stakeholders

- 09 Message from the President



- 15 Message from the CFO

## Business Summary and Strategy

- 17 Valve Manufacturing Business
- 17 Message from Unit General Manager, Flow Control Business Unit
- 19 KITZ Group + Water
- 21 KITZ Group + Energy
- 23 Research and Development System Creating High Added Value
- 25 Production Systems That Assure High-Quality Products
- 27 Extensive and Strong Sales Network
- 28 KITZ—A Reliable Brand
- 29 Brass Bar Manufacturing Business

### Notation

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

### Cautionary Note Regarding Forward-Looking Statements

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



## Sustainability

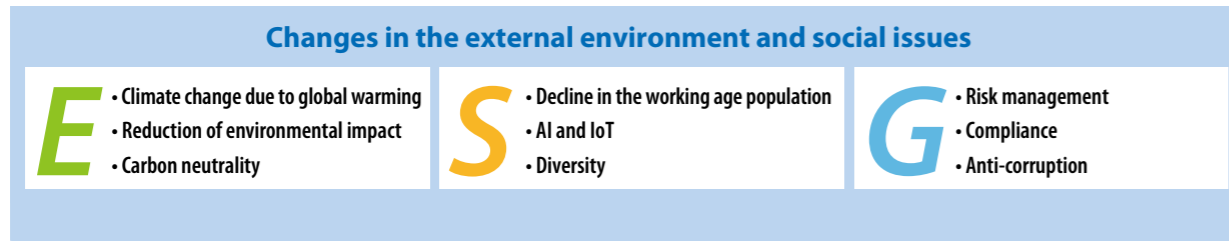
- 31 Message from Director in Charge of Sustainability
- 34 Corporate Governance
- 39 Board of Directors, Corporate Auditors and Executive Officers
- 45 Messages from Outside Directors
- 47 Environmental Activities
- 50 Human Resource Management
- 53 Diverse Human Resources in the KITZ Group
- 55 Stakeholder Engagement
- 56 As a Leading Company in the Valve Industry
- 57 Social Contribution Activities

## Data Section

- 59 Financial and Non-Financial Data
- 65 Group Network
- 69 Corporate Data / Stock Information
- 70 Information

# The KITZ Group's Value Creation

## Value Creation Process



## キッツ宣言

*KITZ' Statement of Corporate Mission*

わたしたちは、  
流体制御技術と材料開発で社会インフラを支え、  
ゆたかな地球環境と持続可能な未来を創造していきます

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

## 行動指針

*Action Guide*

### Do it **KITZ** Way

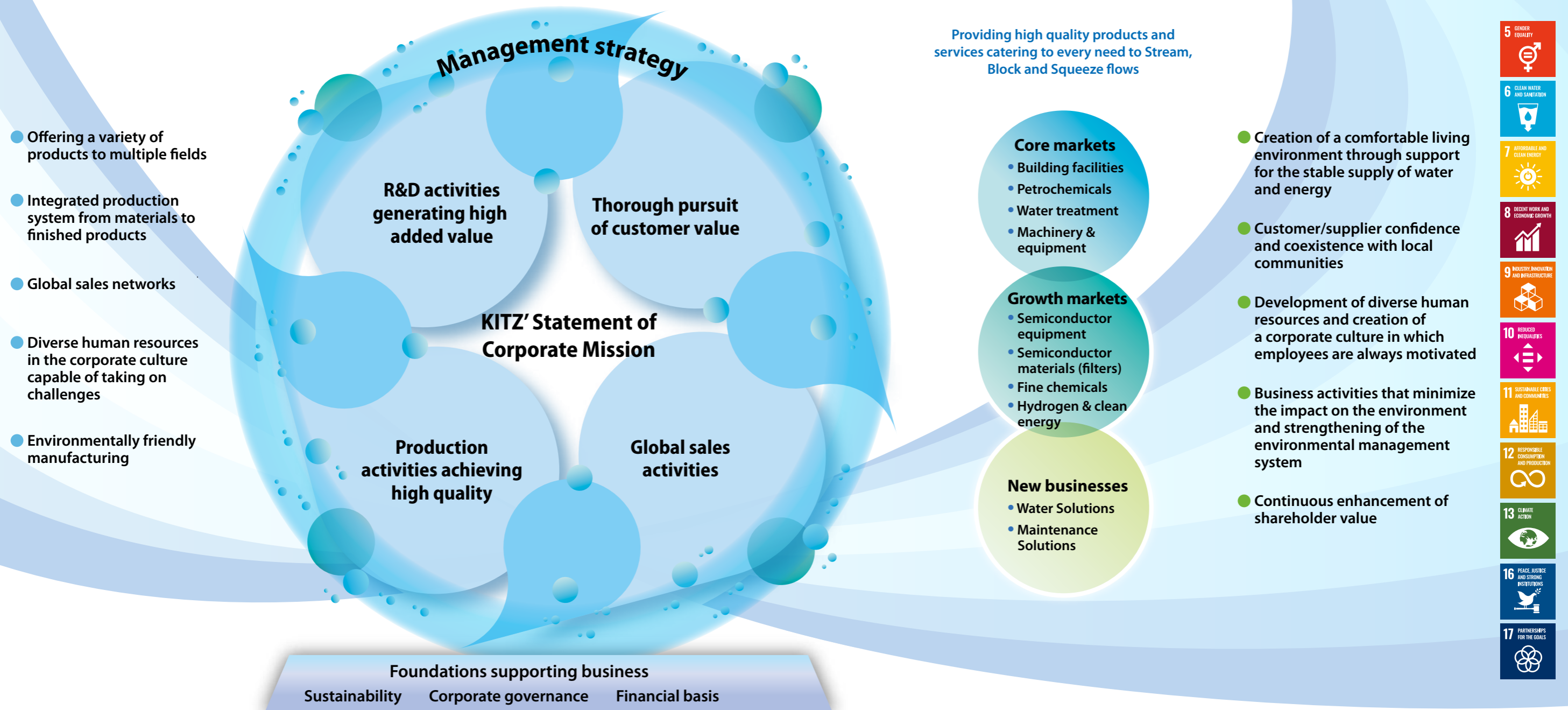
- Do it True (誠実・真実)
- Do it Now (スピード・タイムリー)
- Do it New (創造力・チャレンジ)

### Management resources supporting the value creation process

### Value Creation Process

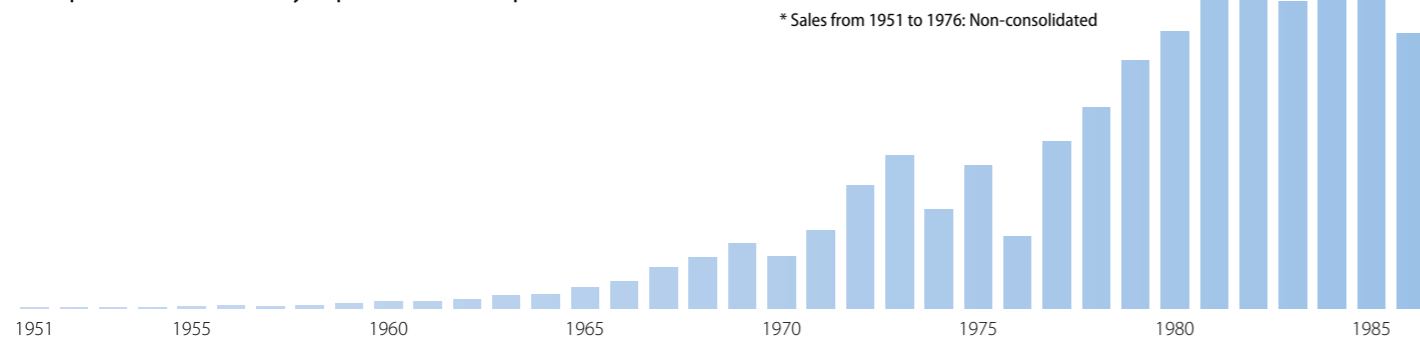
### Output

### Value Delivery



# 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.



**Toshio Kitazawa**  
(Term of office:  
1951 to 1985)



**Yusuke Shimizu**  
(Term of office:  
1985 to 2001)



**Kimio Kobayashi**  
(Term of office:  
2001 to 2008)



**Yasuyuki Hotta**  
(Term of office:  
2008 to 2021)



**Makoto Kohno**  
(Term of office:  
2021-)

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

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

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

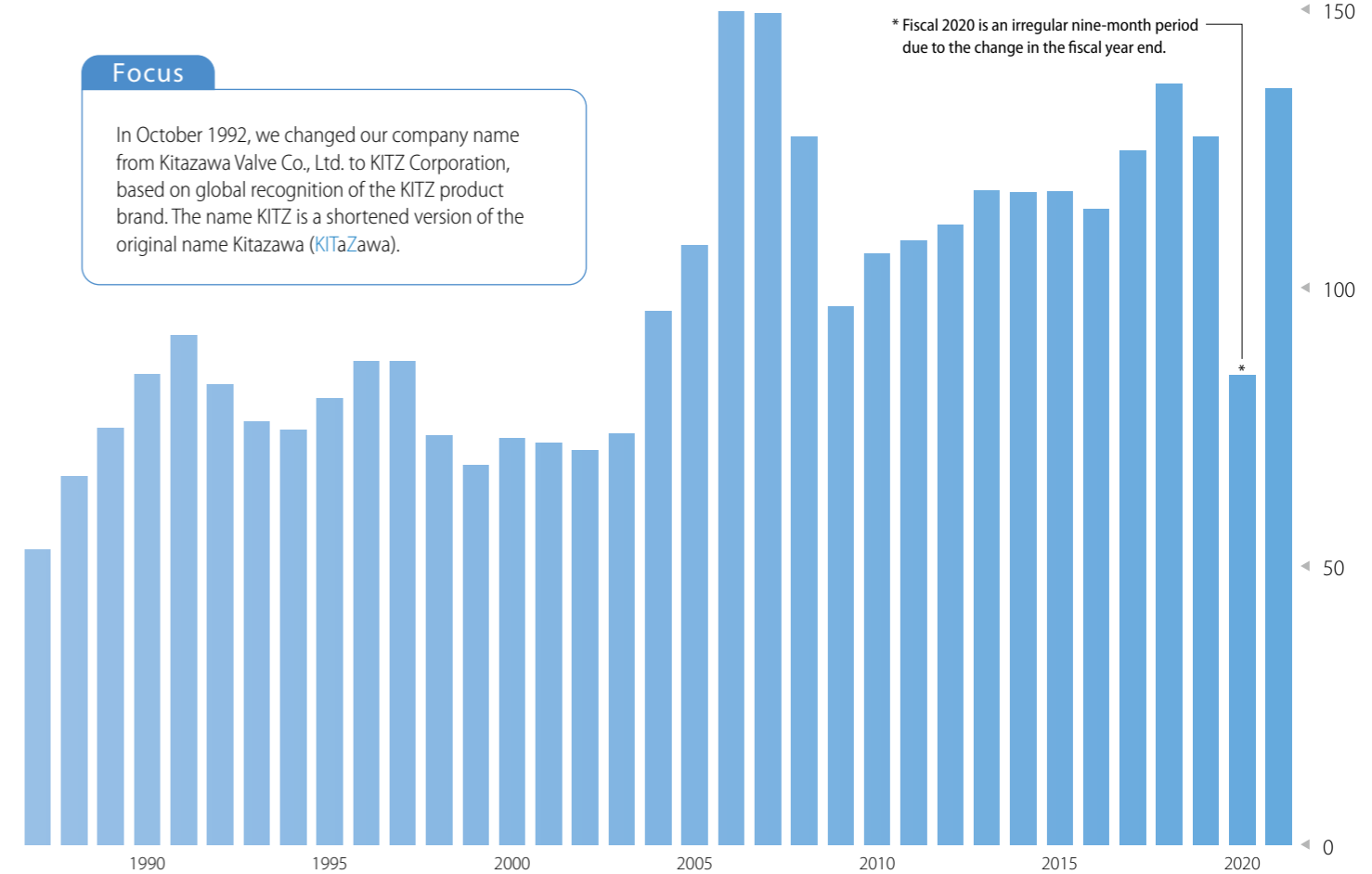
- 1962
  - Company name was changed to Kitazawa Valve Co., Ltd.
- 1967
  - Started manufacturing and selling ductile cast iron valves and stainless steel valves.
- 1968
  - Started manufacturing and selling butterfly valves.
- 1969
  - Started manufacturing and selling cast iron valves.
- 1974
  - Started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

## Establishment of the trusted KITZ brand

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

### Focus

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



## Accelerating selection and concentration, and promoting globalization

- 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.

## 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.



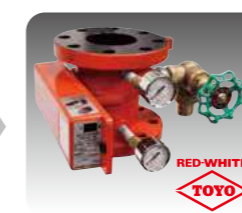
1980  
Introduced a cast bronze valves designed handwheel, "CHRYSANTHEMUM-HANDLE" (See page 28 Focus).



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



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



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



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

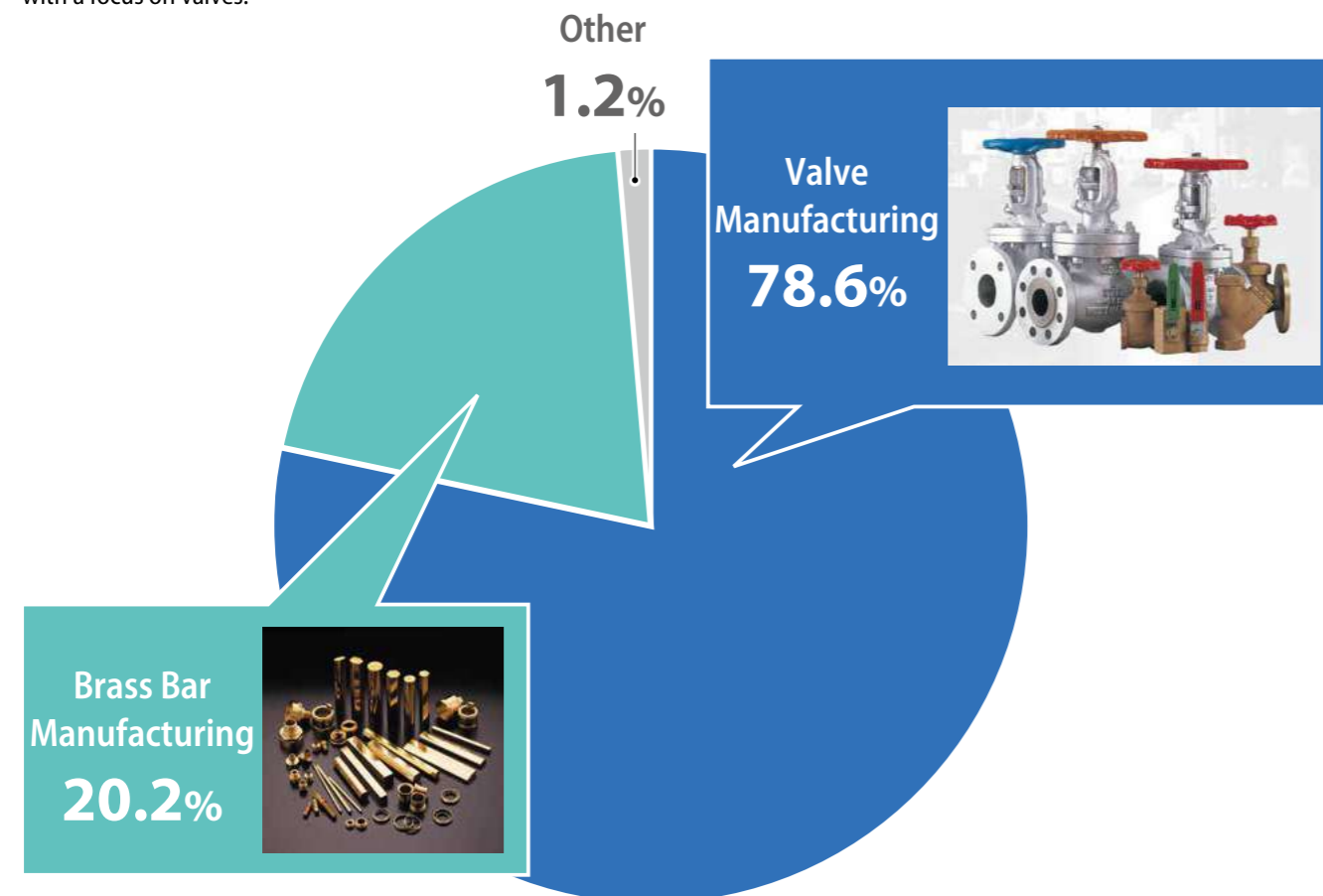


2019  
Consolidated operating income for the fiscal year ended March 2019 was a record-high ¥11,713 million.

# Business Segments

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

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, 2021)

Consolidated Net Sales: ¥135,790 million  
 Overseas Sales Ratio: 30.4%  
 Number of Employees (consolidated): 5,153 (Gender Ratio: Male 72.7% Female 27.3%)  
 Number of Consolidated Subsidiaries: 36  
 Global Network: 18 countries  
 (as of December 31, 2021)

## Valve Manufacturing

Sales by segments **78.6%**

### 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 **20.2%**

### 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 **1.2%**

### 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).

# To Our Stakeholders

## Message from the President



**We will aspire to new heights and change the flow.**

**Makoto Kohno**  
President and CEO

### Revising our Corporate Mission

On the occasion of our 70th anniversary in 2021, we discussed the purpose of our company and our contribution to society. We are in a time of drastic change and uncertainty, with frequently occurring major disasters, the fragmentation of the world due to countries prioritizing their own interests and the remarkable evolution of digital technologies such as AI and IoT. For KITZ to continue to be a sustainable company in such times, and to aspire to greater heights in the future, we decided to take another look at returning to our roots, and to coincide with the announcement of our Long-term Management Vision "Beyond New Heights 2030 - Change the Flow" in February 2022, decided to revise the KITZ' Statement of Corporate Mission. We recognize that our mission to society is to create a prosperous global environment and a sustainable future. To fulfill this mission, the new KITZ' Statement of Corporate Mission incorporates our strong desire to continue supporting social infrastructure by further refining the fluid control technologies and materials development that we have cultivated since our founding.

### Formulating the Long-term Management Vision

In February 2022, we unveiled our Long-term Management Vision. Amid a social environment changing with dizzying speed, this vision depicts where we want to be in 2030 as we strive to realize the KITZ' Statement of Corporate Mission. To date, the KITZ Group has been supporting people's living and industry while contributing to the development of an

enriched society with a focus on every industrial field, particularly the fields of construction equipment, petrochemicals and general chemicals. While strengthening the foundations of these core businesses, we have identified "digitalization" as an essential element in improving the efficiency of energy usage and "decarbonization" as the key to achieving carbon neutrality. Embracing these keywords, we aim to accelerate our entry into growth businesses such as semiconductors, fine chemicals and hydrogen without fear of the risks, and engage in ambidextrous management that shifts the business domains in which we operate. We have allocated total investments of ¥80 billion over nine years to achieve these aims, of which roughly 60% will be set aside for strategic investment in growth fields and new fields (including DX and M&A).

In order to "change the flow," we must effect significant reforms, both at the company level and the level of individual employees. We need to take on challenges that differ from the past. We will boldly move forward with a quick and decisive ability to take action, further evolve KITZ' strength in fluid control technologies and take on new and ambitious challenges in the lead up to 2030.

### ● Toward Realizing a Sustainable Society

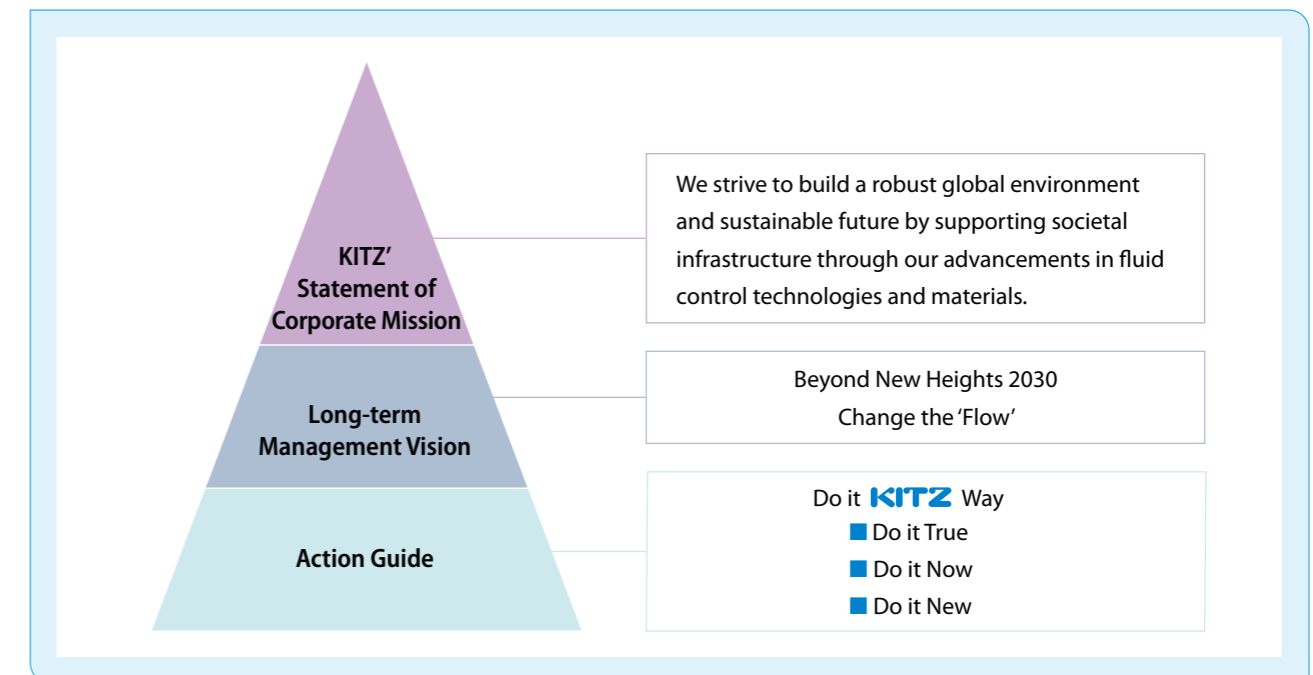
In order to achieve our Long-term Management Vision, we must be a sustainable company that is trusted by society. We have placed sustainability at the core of our management strategy. To realize a sustainable society, we will work to solve social issues through our business activities while

endeavoring to enhance both corporate value and social value. At the same time, by engaging in fair and highly transparent corporate management, we will aim to be a company that is trusted by society. In 2021, KITZ signed the United Nations Global Compact, which is made up of Ten Principles on human rights, labor, the environment and anti-corruption advocated by the UN. We support the

ideas expounded in the UN Global Compact and will put those ideas into practice to fulfill our responsibilities as global citizens.

In keeping with our basic policy on sustainability, we have designated key management themes and concrete initiatives under the environmental (E), social (S) and governance (G) criteria and will make every effort to take

### Corporate Philosophy Structure



### Our Aspirations for 2030

|  |  |
|--|--|
| <p><b>Technology/Solutions</b></p> <p>KITZ will continue to challenge in Stream, Block and Squeeze by leveraging its one-of-a-kind technology and exceeding the user's expectations through its powerful proposal capability.</p>        | <p><b>Environmental Conservation through Business</b></p> <p>KITZ will garner favor with society by contributing to a sustainable future, pursuing environmentally friendly product and material development and production processes.</p> |
| <p><b>Core Business/Growth Business</b></p> <p>KITZ will strengthen the foundations of its core business for the information and sustainable society, while also accelerating its entry into growth businesses without fear of risk.</p> | <p><b>Diverse Human Resources</b></p> <p>KITZ will ensure each and every employee, regardless of gender, age, nationality or culture, can work in high spirits at maximum performance as professionals.</p>                                |

### FY2030 Financial Targets

|   |  |
|---|--|
| <p><b>Average sales growth rate 4% or more</b><br/>(FY2030: consolidated sales of ¥200 billion)</p> | <p><b>ROE 10% or more</b><br/>(FY2030: consolidated net income of ¥10 billion)</p> |
|---|--|

responsible action and improve our activities in relation to them. Particularly with regard to environmental (E) aspects, we have declared a 3 ZERO (triple zero). long-term environmental vision under which we will pursue initiatives aimed at zero CO<sub>2</sub> emissions, zero environmental impact and zero risks. By enhancing both corporate value and social value, we will strive to become a company that is needed by stakeholders into the future.

**Compliance-oriented Management**

KITZ has established “Do it True” as one Action Guide and has continued to educate and raise awareness of employees regarding compliance. Recently, we revised the Compliance Guidebook that we created in August 2000, translated the new edition into various languages and distributed it to all employees, including Group company employees.

While compliance is generally used in the sense of “legal compliance,” at the KITZ Group we believe that compliance is “not just about laws but also about observing internal regulations and rules as well as the morals and

ethics of society, while meeting society’s expectations by engaging in fair and equitable corporate activities that earn its trust.” Companies that are unable to engage in fair business forfeit the trust of the market and are eventually eliminated due to the inability to compete. Going forward, KITZ will continue to undertake business activities that embrace “Do it True” as its strength. In the latest revision to the Compliance Guidebook, we particularly focused on incorporating details linked with contributions to a sustainable society, including those related to human rights, labor, the environment and anti-corruption.

**First Medium-term Management Plan 2024**

In the first Medium-term Management Plan 2024 (FY2022-2024) that was formulated to achieve the Long-term Management Vision, medium and long-term target markets are organized into eight market segments. Four markets, namely Building & Facilities, Petrochemicals, Water Treatment and Machinery & Equipment, were positioned as core markets. In the building & facilities market, housing in Japan is on a downward trend, but Asian markets continue to grow,

especially in the ASEAN region. Global demand for data centers is growing rapidly, and we want to capture these areas of demand. In the petrochemical market, oil demand is expected to increase, especially in emerging countries, as they recover from the COVID-19 pandemic. In developed countries, demand for petrochemicals will remain strong despite a shift to clean energy. In the water treatment market, global demand for water infrastructure will increase, and investment in pure water and ultrapure water plants is expected to expand due to heightened demand for semiconductors. In the machinery & equipment market, we will gain an accurate grasp of increasingly sophisticated environmental response needs including compliance with environmental regulations as a way to create new customer value. These four markets represent areas in which the KITZ Group has established a significant track record to date, and we will develop these

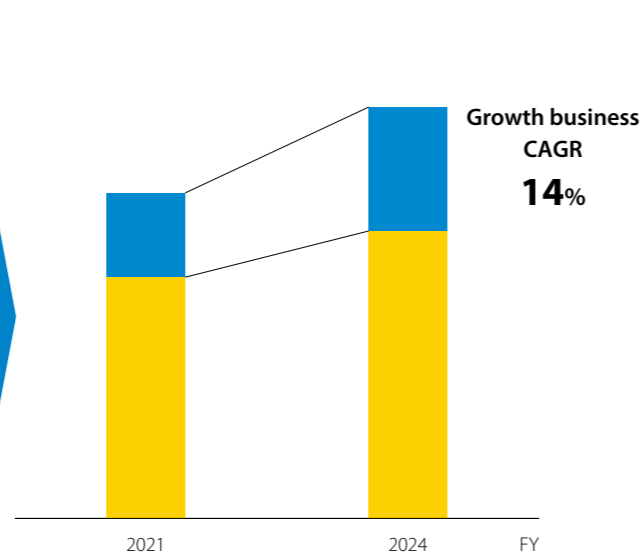
core businesses on more solid foundations.

In addition, we have designated semiconductor equipment, semiconductor materials (filters), fine chemicals and hydrogen & clean energy as growth markets. The semiconductor market has seen a solid expansion in demand for equipment associated with the widespread adoption of 5G communications as well as data centers. KITZ SCT already handles valves for semiconductor manufacturing equipment, and we have decided to invest in construction of a new plant building and production equipment at its main Nitta SC Plant (Ota City, Gunma Prefecture). In the semiconductor materials market, we expect to see growth in filters for semiconductor photoresists against the backdrop of vigorous demand for semiconductors. With regard to the fine chemicals market, chemical companies, which have been our major customers to date, have begun to focus on high value-added fine

**Valve Business / Target Segments**

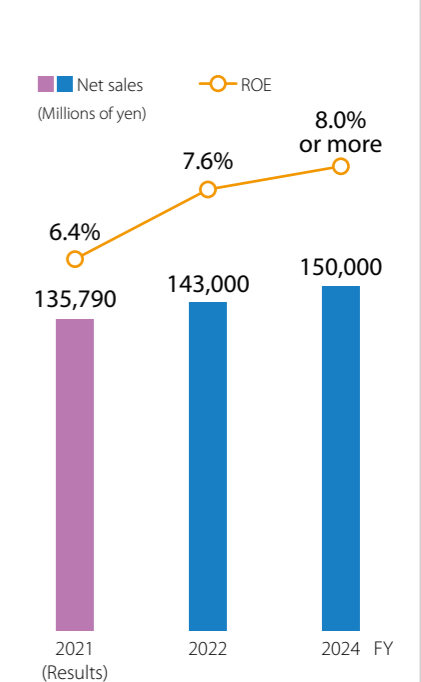
|   | Target segments                     | Growth potential |
|---|-------------------------------------|------------------|
| <div style="display: flex; align-items: center;"> <div style="width: 20px; height: 100%; background: linear-gradient(to top, yellow, white, blue); margin-right: 5px;"></div> <div style="text-align: center;"> <p>Core</p> <p style="font-size: 2em;">↑</p> <p style="font-size: 2em;">↓</p> <p>Growth</p> </div> </div> | 1 Building & facilities             | →                |
|   | 2 Petrochemicals                    | →                |
|   | 3 Water treatment                   | →                |
|   | 4 Machinery & equipment             | →                |
|   | 5 Semiconductor equipment           | ↗                |
|   | 6 Semiconductor materials (filters) | ↗                |
|   | 7 Fine chemicals                    | ↗                |
|   | 8 Hydrogen & clean energy           | ↗                |

**Valve Business / Sales Composition by Market**



**Financial Targets of the First Medium-term Management Plan**

|   | FY2021 (Results) | FY2022  | FY2024       |
|---|------------------|---------|--------------|
| Net sales   | 135,790          | 143,000 | 150,000      |
| Operating income  | 8,990            | 10,000  | 12,000       |
| ROE   | 6.4%             | 7.6%    | 8.0% or more |
| Net sales by segments   |                  |         |              |
| Valve manufacturing   | 106,754          | 112,200 | 118,500      |
| Brass bar manufacturing   | 27,366           | 29,000  | 29,500       |
| Other   | 1,668            | 1,800   | 2,000        |
| Operating income (loss) by segments                                 |                  |         |              |
| Valve manufacturing   | 12,088           | 13,300  | 15,100       |
| Brass bar manufacturing   | 665              | 800     | 1,000        |
| Other   | (243)            | 0       | 100          |
| Non-financial KPIs*1  |                  |         |              |
| CO <sub>2</sub> reduction rate (Compared to FY2013, domestic group) | (26.9%)*2        | —       | (80%)        |
| Employee Engagement Score   |                  |         |              |
| Job satisfaction*3  | 48pt             | —       | 56pt         |
| Positive work environment*4   | 43pt             | —       | 55pt         |
| Percentage of all female employees                                  | 21.7%            | —       | 23%          |
| Ratio of woman managers*5   | 3.4%             | —       | 10%          |
| Paternity leave rate  | 29.0%            | —       | 50%          |



\*1 KITZ (non-consolidated) excluding CO<sub>2</sub> reduction rate  
 \*2 FY2020 results  
 \*3 The score from questions that measure employees' willingness to contribute toward goals, as well as questions that measure employees' sense of belonging to the company.  
 \*4 The score from questions that measure opportunities for employees to carry out skills and abilities, as well as questions that measure work environment positivity.  
 \*5 Managers: Employees in management positions

chemicals, and we have determined that earnings can be increased by expanding our product lineup to meet increasingly sophisticated process requirements. In the hydrogen & clean energy market, the market potential for hydrogen and clean energy is expanding rapidly toward a decarbonized society. We will aim to expand the hydrogen business by providing KITZ Group products throughout the hydrogen supply chain of manufacturing, transportation, storage and use.

We will proactively allocate resources to these growth markets and transform the earnings structure. To achieve this transfer of resources, the Digital Transformation (DX) Promotion Task Force Team that was established in March 2021 was upgraded to the Business Transformation Promotion Department starting January 2022. In order to shift resources to added-value operations and growth areas, we are currently implementing activities aimed at streamlining through business standardization and improved labor productivity through automation. The Business Transformation Promotion Department will go beyond business streamlining, and in the next phase will tackle initiatives including data-driven management and improvements to sales capabilities through a fusion of the real and digital realms.



KITZ SCT Corporation Conceptual rendering of the completed plant building

### Review of the Fourth Medium-term Management Plan

None of the main numerical targets including net sales and operating income were met over the course of the fourth Medium-term Management Plan (FY2019-FY2021), an extremely disappointing result. While stagnant market conditions from the unexpected spread of COVID-19 infections had a significant impact, analysis reveals that overly optimistic domestic and overseas market forecasts and delays in reforms to our earnings structure were also key factors.

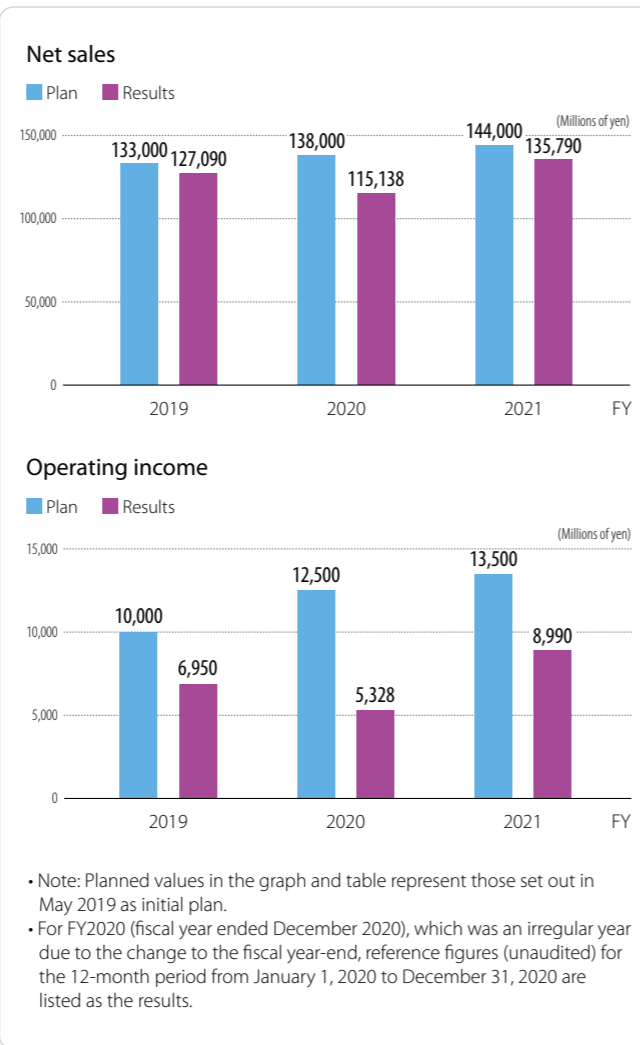
Although we entered into a capital and business alliance with Malaysia-based Unimech Group Berhad in anticipation of growth in Asia's middle zone, contributions to earnings went only half way and sales of key products in the Japanese domestic market also fell short of targets. We have also

reflected on the lack of flexibility in responding to the growing semiconductor market.

However, in terms of reinforcing our management infrastructure, in 2019 we appointed one female outside auditor, and in 2020 had one female outside director join the Board of Directors. Additionally, in May 2019 a new mission-critical business system entered operation, and in order to further strengthen our management structure as a global company, we changed the end of our financial reporting period from March 31 to December 31, unifying the KITZ Group's financial reporting periods to coincide with the calendar year.

Due to insufficient operating cash flow and uncertain market conditions due to the COVID-19 pandemic, we held

### Net Sales and Operating Income (FY2019-FY2021)



back on capital investment and postponed growth investment to FY2022 and beyond. Despite this, we managed to maintain a consolidated dividend payout ratio of 35%, consistent with our dividend policy. Moreover, over the course of the plan we acquired 5,449,600 treasury shares and cancelled 10 million shares.

The COVID-19 pandemic has brought major changes to many companies, not only KITZ. The introduction of telework and other changes have forced us to rethink the way we work, which has reminded us of the importance of employee motivation, work results and how those results are evaluated. Additionally, to continue to be a sustainable company that responds to major changes in the external environment, from energy shifts and the transition to a recycling-oriented society to the remarkable advance of digital technology, we have a keen sense of the need to not only improve cost structures and management practices but also toward rebuilding our business strategy in anticipation of a decarbonized society. Our newly formulated Long-term Management Vision is reflective of these new realities.

### In Closing

KITZ was founded in 1951 as the Kitazawa Mfg. Works Co., Ltd. and reached its milestone 70th anniversary in 2021. At its founding, there were just 11 employees. KITZ made a start as a town workshop. Based on the belief of our founder, former President Toshio Kitazawa, that "it is the mission of a manufacturer to mass produce goods under unified standards and quality control to supply them with lower costs," KITZ was among the first to establish full-scale mass production systems using the latest equipment. Starting with bronze, KITZ has expanded the materials it uses to brass, ductile iron, cast iron, stainless steel and cast steel, and also expanded the



Nagasaki Plant at the time of KITZ' founding



types of valves it offers to include ball valves, butterfly valves and more, achieving growth as a comprehensive valve manufacturer. Today, the KITZ Group comprises 36 consolidated subsidiaries and 5,153 employees. We maintain sites in 18 countries around the world, and have made significant strides in globalization, with employees working outside Japan accounting for 54.5% of all Group employees.

Throughout this long history, we have witnessed many changes over time. While there were times such as Japan's high economic growth period during which we steadily expanded our business results, we have also faced serious downturns, including the bursting of the bubble economy and the global financial crisis of 2007-2008. However, against the backdrop of these social climates our predecessors faced crises in earnest and overcame them, and I believe we owe today's KITZ to them.

While the COVID-19 pandemic is not yet over, just like our predecessors overcame crises, we will regard these changes to the external environment as opportunities, and accelerate our entry into growth areas without fear of the risks. To achieve our Long-term Management Vision, we will transform our earnings structure and secure stable areas for growth.

While 70 years marks an important milestone, it is but a waypoint. As trends change with the evolving external environment, we will aim high toward our upcoming 80th and even 100th anniversaries. Your ongoing support is greatly appreciated.





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

**Kenji Katsuragi**  
Executive Officer and Division Manager, Corporate Finance Division

**Initiatives in the Fiscal Year Under Review (FY2021)**

In the fiscal year under review, there were ongoing restrictions on economic activity in each country due to the COVID-19 pandemic, but in part due to strong performance for semiconductor manufacturing equipment, the effect of price revisions implemented in response to sharply rising raw material prices, the associated last-minute surge in demand and the effects of cost reductions, we produced higher sales and profits on a year-on-year basis.

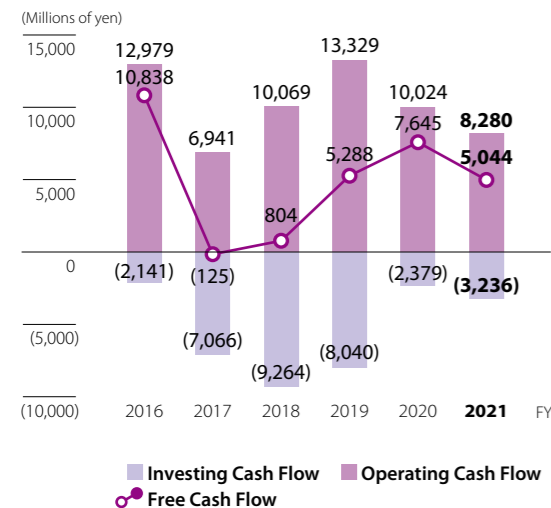
Under this operating environment, operating cash flow declined year on year in part due to increased accounts receivable, inventories and other items as sales recovered, but due to ongoing selective investment, free cash flow was maintained at ¥5 billion, roughly equivalent to net income attributable to owners of the parent. In addition, as a result

of progress in debt repayments including a repayment of ¥6 billion in short-term borrowings procured in response to funding risks due to COVID-19, interest-bearing debt declined ¥9.6 billion compared with the end of the previous fiscal year, the equity ratio recovered 3.2 points from the end of the previous year to 56%, and net interest-bearing debt minus cash and deposits also declined ¥3.8 billion from the end of the previous year.

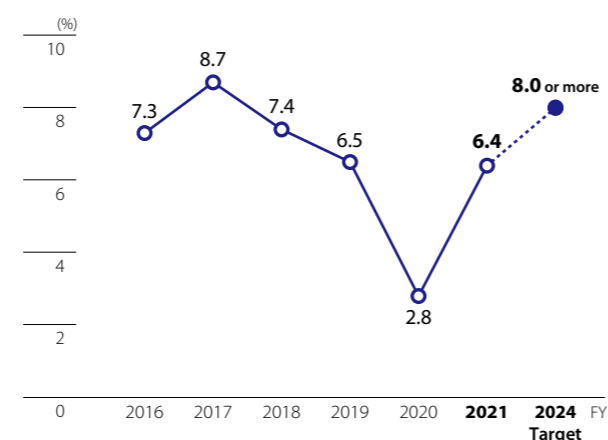
**Medium-term Financial Strategy and Capital Policy**

In the first Medium-term Management Plan formulated to achieve our Long-term Management Vision, we will place a focus on improving return on invested capital over the medium to long term, adopt ROIC management internally to improve the external target ROE and develop an ROIC Tree

**Change in Cash Flow**



**Change in ROE**



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

that links those elements with KPIs in the field. On the profit/loss front, we will strive to improve profitability by executing pricing strategies and reviewing unprofitable products, and on the asset front we will make efforts to improve the CCC\* of inventories and engage in asset compression including surplus funds. Meanwhile, to ensure future growth and earnings potential, we will set strategic investment allocations with a focus on growth fields and new fields such as semiconductors, fine chemicals and hydrogen. Through proactive investment and with the aim of achieving the target ROE of at least 10% as declared in the Long-term Management Vision, we will strive to improve return on capital invested over the long term and enhance corporate value sustainably.

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

In addition, to enable the implementation of flexible financing including strategic investments and bond redemption, we have endeavored to maintain an A rating for our corporate bonds with the aim of maintaining good relationships with banks while ensuring sufficient borrowing capacity for

the issuance of publicly offered bonds. We have obtained an A- rating from Rating and Investment Information, Inc. (R&I), registered a total of ¥20 billion in new corporate bond issuance capacity, and also obtained an A rating from Japan Credit Rating Agency, Ltd. (JCR).

While the majority of the operating cash flow generated over the three years of the first Medium-term Management Plan will be allocated to the total investment budget, a positive free cash flow will be maintained over the three years on a cumulative basis. Additionally, while we aim to improve funding efficiency by setting target liquidity on hand to about one month's worth of consolidated monthly sales, we will continue to maintain risk response capabilities with a short-term credit line of ¥13.5 billion from banks, thus securing total liquidity on hand of around two months' worth of consolidated monthly sales.

**Shareholder Returns**

Returning profits to shareholders is an important management issue, and KITZ has set around 35% of net income attributable to owners of the parent as a preferred consolidated payout ratio level. Given the year-on-year increases in sales and profit, in the fiscal year under review dividends totaling ¥20 per share were issued, resulting in a consolidated payout ratio of 36.2%. We will also consider share buybacks as appropriate, taking into account financial stability, liquidity on hand and the state of investment funding. Also note that for FY2022 we are planning a dividend of ¥25 per share, which would represent a record dividend.

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

- Under the medium-term management plan, we have set "improving return on invested capital over the medium to long term" as the core management objective, and are managing ROE externally and ROIC internally as the main KPIs.
- On the other hand, we will execute strategic investments and raise necessary funds for future growth and ROE improvement.
- Cash and deposits, which was set aside in large amounts last year as a contingency measure, will be returned to normal. Consolidated cash in FY2024 will be reduced to about one month's worth of consolidated monthly sales.

|  |   |
|--|---|
| <p><b>ROE target</b></p> <p>FY2024: 8% or more<br/>FY2030: 10% or more</p>   | <ul style="list-style-type: none"> <li>Introduction of ROIC management:                     <ul style="list-style-type: none"> <li>(1) Profitable improvement (Execution of pricing strategies/Review of unprofitable products)</li> <li>(2) ROIC Tree deployment and PDCA management</li> <li>(3) CCC improvement and asset compression</li> </ul> </li> <li>Proactive strategic investment: Ensuring growth and profitability for the future</li> <li>Preservation of optimal capital structure and Ensuring borrowing capacity: Flexible financing and risk response capability</li> </ul> |
| <p><b>Accumulated Operating Cash Flow ¥38.0 billion (FY2022-2024)</b></p>  |   |
| <p><b>Investment</b></p> <ul style="list-style-type: none"> <li>Total investment limit ¥37.0 billion (Strategic investment limit ¥24.0 billion)                     <ul style="list-style-type: none"> <li>Semiconductors, fine chemicals, hydrogen, DX and environmental measures</li> <li>M&amp;A</li> </ul> </li> </ul>   | <p><b>Shareholder Returns</b></p> <ul style="list-style-type: none"> <li>Dividend Payment Ratio: Keeping previous policy 35%                     <ul style="list-style-type: none"> <li>*Share repurchases will be conducted to ensure financial stability and improve the quality of our operations. Consideration will be given as appropriate, taking into account the liquidity of cash on hand and the status of investment funds.</li> </ul> </li> </ul>  |
| <p><b>Debt Repayment / Financing</b></p> <ul style="list-style-type: none"> <li>Redemption of interest-bearing bonds                     <ul style="list-style-type: none"> <li>Redemption of corporate bonds ¥10.0 billion (Sep. 2022)</li> </ul> </li> <li>For strategic investment                     <ul style="list-style-type: none"> <li>Flexible financing</li> </ul> </li> </ul> |   |
| <p><b>Target of optimal capital structure</b></p>  | <ul style="list-style-type: none"> <li>Risk response capability: Equity Ratio Target 55 to 60 % Commitment line of short-term loans from banks (Current state: ¥13.5 billion)</li> <li>Corporate Bond Rating: Maintain A (Current Rating: R&amp;I Rating A-, as of December 2020; JCR Rating A, as of November 2021) Preliminary Rating for Corporate Bond Issuance (R&amp;I Rating: A-) (¥20.0 billion; from October 2020 to October 2022)</li> </ul>  |

\*CCC: Cash Conversion Cycle

# Business Summary and Strategy—Valve Manufacturing Business

## Message from Unit General Manager, Flow Control Business Unit



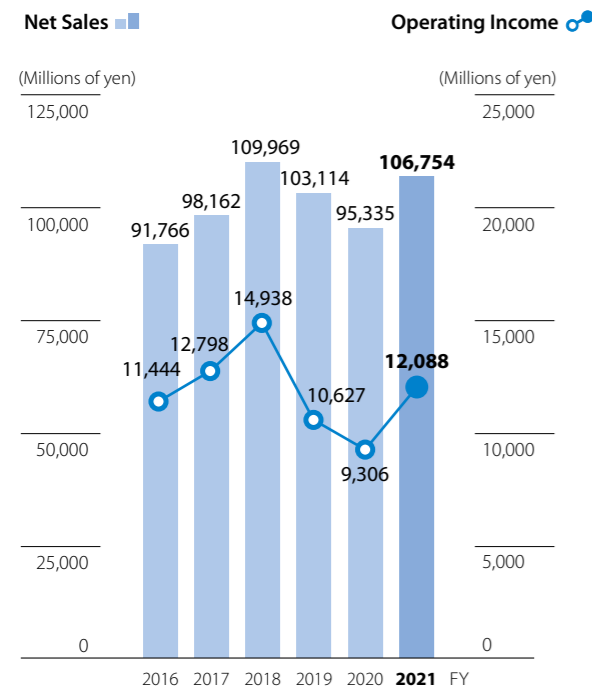
**We will accelerate initiatives targeting growth markets and aim to transform our business portfolio.**

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

### Business Results in the Fiscal Year Under Review (FY2021)

At the beginning of FY2021, the impact of COVID-19 on the market was uncertain, but due to expanding demand in the

#### Net Sales & Operating Income in Valve Manufacturing Business Segment



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

semiconductor market and the strong performance of products for semiconductor manufacturing equipment, combined with the efforts of price revisions implemented in April and August in response to sharply rising raw material, component and secondary material prices, as well as the temporary demand those revisions caused, sales of general purpose products began to recover, and we managed to exceed our forecast business performance as a result. Sales to domestic industry and Europe have not yet returned to pre-pandemic levels, but the economy has bottomed out globally and is on a recovery track.

Even on the profit/loss front, profit rose in connection with higher revenue for semiconductor manufacturing equipment, and the effects of price revisions and recovery of sales volume also led to increased profit.

As a result of this performance, net sales in the valve manufacturing business segment rose ¥11,419 million year on year to ¥106,754 million. Operating income also increased year on year, up ¥2,781 million to ¥12,088 million and marking a recovery from a disappointing performance a year earlier due to COVID-19.

### Toward Achieving the Long-term Management Vision

The Long-term Management Vision states a policy of aiming for expanded sales and profit by pursuing core businesses in greater depth and investing resources in growth markets. The first Medium-term Management Plan, which runs to FY2024, positions the businesses in which the KITZ Group excels, namely building facilities, petrochemicals, water treatment and machinery equipment as core businesses. We will further enhance the infrastructure of these businesses and lay solid

foundations while investing resources in growth markets toward achieving “digitalization” and “decarbonization,” two keywords to solving social issues. Specifically, we have designated semiconductor equipment, semiconductor materials (filters), fine chemicals and hydrogen & clean energy as target markets. In addition, to drive these efforts we have established the Business Promotion Center and rearranged the organizations under the center to reflect business strategy as the Building System Department, Industrial Department and Fine Chemical Department. We have also newly established a Machinery Equipment Sales Department under the National Sales Division. In addition, the New Business Development Department, which has been newly established under the direct control of a executive officer, will aim to provide a fluid solution business through the integrated utilization of fluid control-related technologies. It will also practice open innovation utilizing KITZ technologies and outside technologies, and play the role of promoting the discovery of themes for new businesses.

We will accelerate initiatives aimed at each growth market while specifying and managing resource allocations in an effort to transform our business portfolio.

### Initiatives in the Field of Hydrogen

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

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

\* NEDO: New Energy and Industrial Technology Development Organization  
\* METI: Ministry of Economy, Trade and Industry

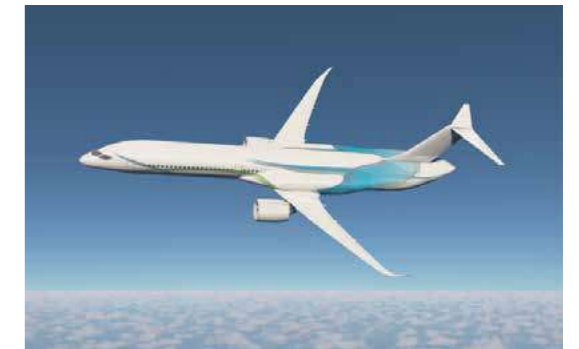


Image courtesy Kawasaki Heavy Industries, Ltd.

### Launch of a Monitoring Service

Domestically, there are many plants that were constructed during Japan’s high economic growth periods and which are still operating today. Due to their many years of operation, there is a heightened risk of trouble and accidents from deteriorating facilities, which increases the importance of regular inspections, upkeep and other maintenance tasks for securing safe operations. However, in the field of maintenance work, there are new needs to deal with the aging of experienced engineers and technicians, the decline in the working population and the spread of infectious disease, and as a solution, it is necessary to prevent equipment failures in a way that does not rely on human intervention. Using technologies based on unique sensing algorithms, AI and IoT, KITZ has now launched KISMOS (KITZ SMART MONITORING SYSTEM), a monitoring service that detects signs of abnormalities in valves for batch processing production processes in plants and factories. This will provide a system for providing total support to customers from the selection of valves to planned maintenance. Going forward, KITZ will fully take on the challenge of solutions-oriented businesses.



Valves equipped with sensors and other devices

# KITZ Group + Water

## To meet the world's water infrastructure demands

### Supporting the Stable Supply of Water

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

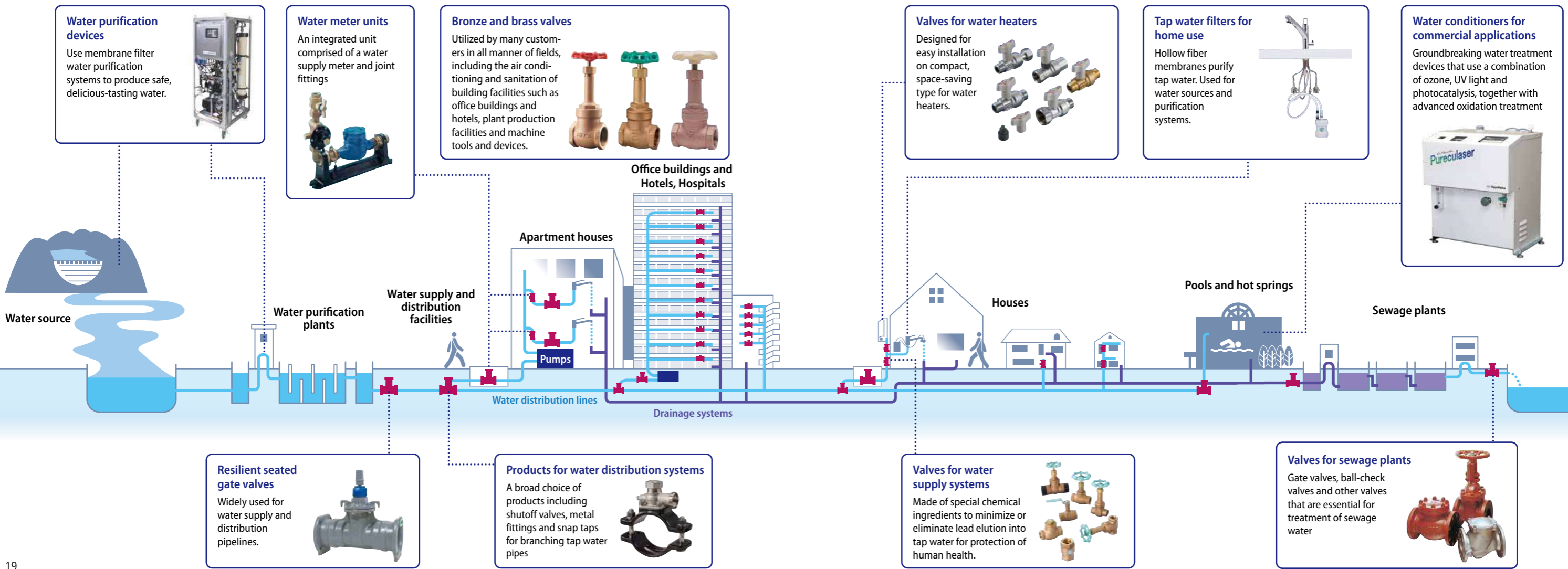
### Evolution of Water Treatment Technology

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

### Working toward Solving Water-Related Issues

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.



# KITZ Group + Energy

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

### Ensuring the Stable Supply of Energy

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

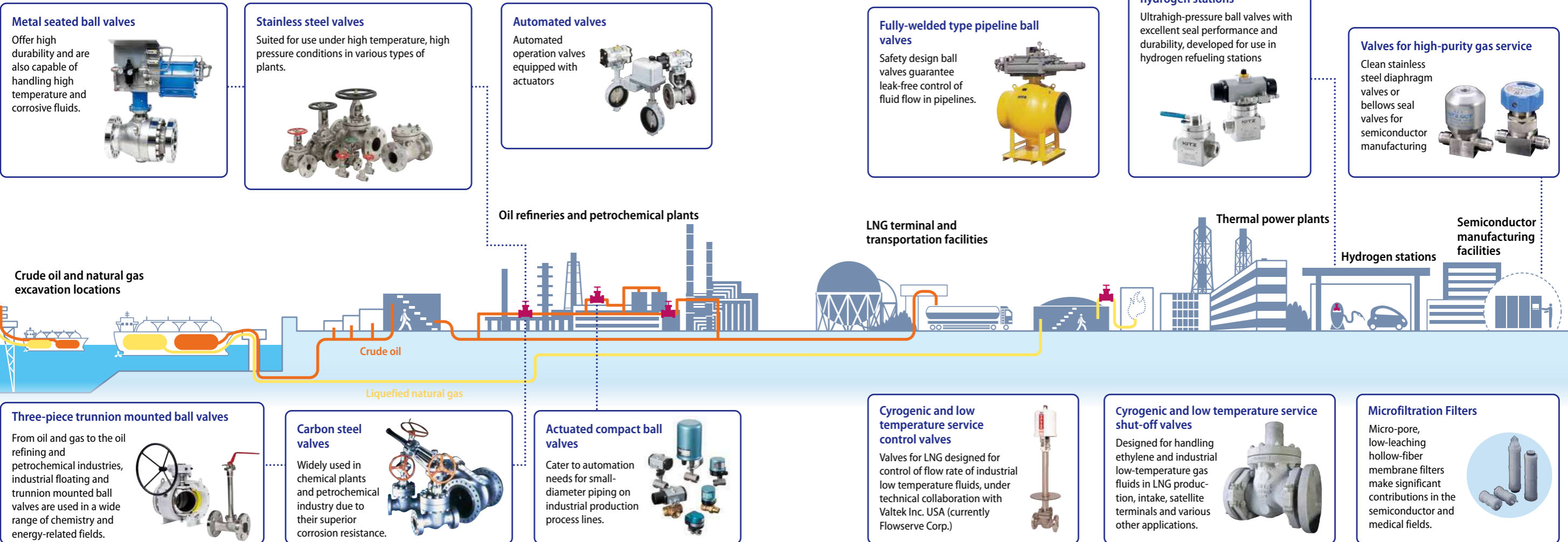
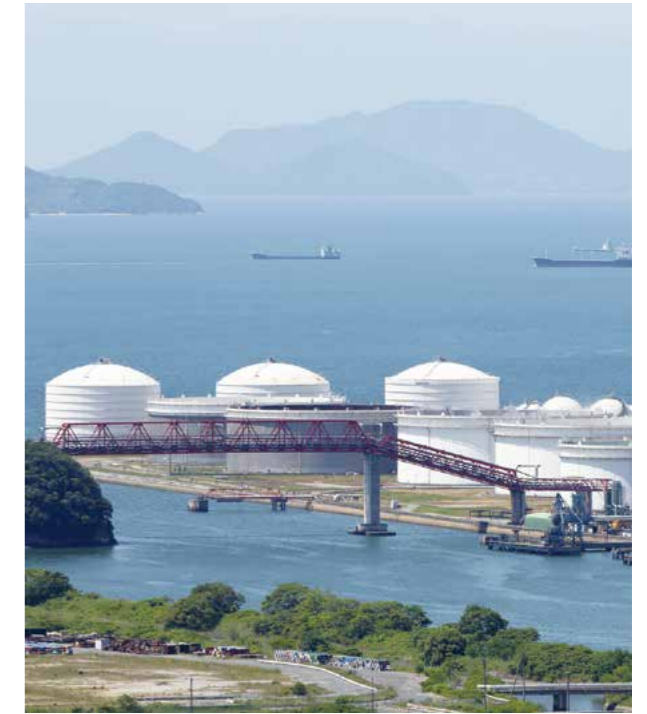
### Controlling the Flow of Fluids in Extreme Harsh Environments

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

### For a Clean Energy Society

With the decarbonization of energy picking up speed in the race to carbon neutrality, there is increased interest in liquefied natural gas (LNG), which produces fewer CO<sub>2</sub> emissions during combustion than coal or oil and it can help curb global warming, as well as on hydrogen, regarded as the mainstay of next-generation energy. Particularly with regard to hydrogen, we have begun to develop large-sized valves for the high volume transportation of liquid hydrogen, and aim to have the KITZ Group's valves supplied throughout the supply chain for hydrogen.

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



# Research and Development System Creating High Added Value

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

## R&D Concept

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

### ■ Core technologies

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

### ■ Providing solutions

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

### ■ Speed and global network

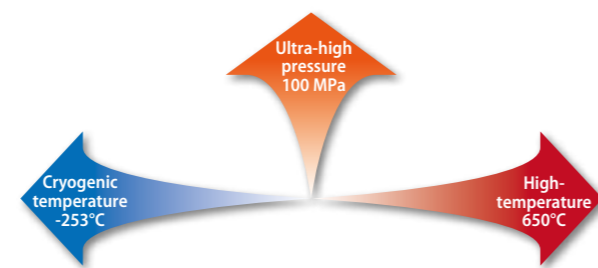
We develop new products rapidly by utilizing the worldwide group network to respond to the diverse needs of customers.

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

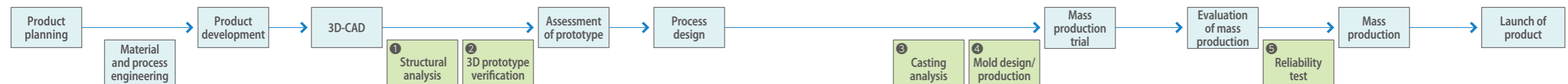
KITZ Corporation started operations from manufacturing general-purpose valves. Over the years, KITZ has continually gone a step ahead of the needs of emerging markets and developed high value-added products, advancing from manually operated shut-off valves to automated control valves, and from single 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.

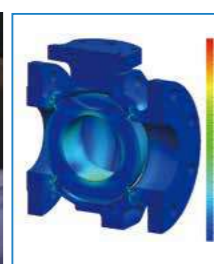
### Sealing Technology



## Valve Research and Development Process



Fluid analysis



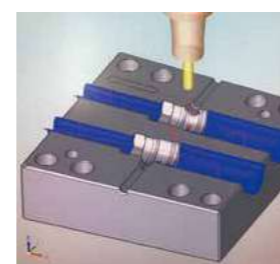
Structural analysis



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



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



CAM

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

\* Computer Aided Manufacturing



**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.

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

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

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

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

\* PLM: Product Lifecycle Management

## To Provide Next-generation Solutions

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

On the second floor, which has an office area for development and design sections, there is ample meeting space. Thanks to the adoption of hot desking and activity-based working (ABW)\*, the space encourages the free and flexible exchange of ideas and knowledge. This has created an environment for the speedy development of products and technologies that will satisfy customers.

In addition, on the third floor we have set up an "innovation studio" for putting design ideas that create new value with original ideas into practice. This will be the starting point for the providing of solutions aimed at the next generation.

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



# 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.

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.

In June 2021, a machining center for casting mold production was set up at the Nagasaka Plant. The production of molds, which determine the quality of casted items, requires

expertise in molding plan design and the precision machining technologies to give shape to those plans. By accumulating these mold production technologies in-house, we will be able to improve casting quality and shorten mold production lead times.

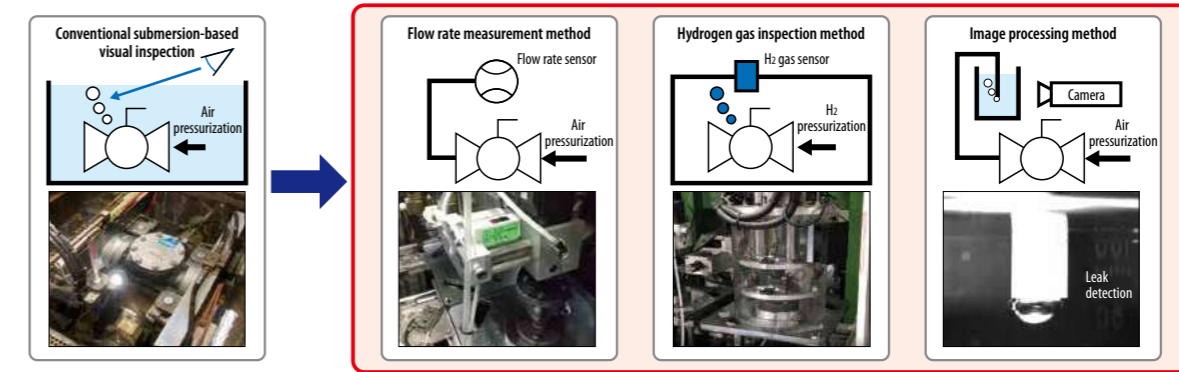


Production of cast molds using the machining center

## Toward an Eco-friendly Manufacturing Workplace for Creating Added Value

KITZ is investing proactively in R&D for new production technologies and environmental improvements with the aim of achieving quality, prices, delivery times, services and sustainable, eco-friendly production processes that will guarantee the satisfaction of our customers. In addition to introducing robots to the manufacturing workplace, we are also outfitting our production lines with ICT-based equipment management and inspections that apply image processing and sensor technologies. New initiatives include the reuse of sand used in the casting process, the recycling and use of water resources used in valve inspections and the substitution of raw materials in plastic components. Through these initiatives, we are driving the evolution of

## Improving the Leak Inspection Process through DX



eco-friendly production processes in the manufacturing workplace toward creating greater added value.

## 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.

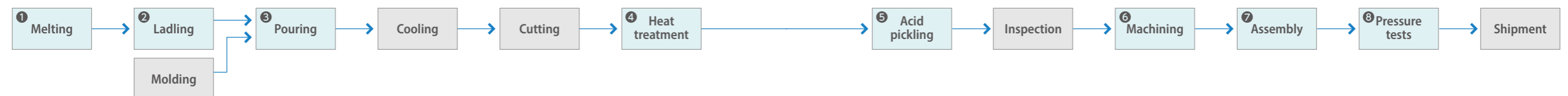
In addition to these international quality standards, in Japan, KITZ Corporation is approved by the Minister of Economy, Trade and Industry as an authorized gas tester under the High Pressure Gas Safety Act. It supplies Japan Industrial Standards (JIS) certified products and complies with standards of 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.

## 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.



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



**6 Machining**  
Castings are cut, drilled and processed with machines.



**7 Assembly**  
Various parts and components are assembled to complete valves.



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

# Extensive and Strong Sales Network

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

## Full Distribution System

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



## KITZ's Strength in Domestic Sales

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

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

After delivery, we maintain close contact with customers through meticulous support services including technical

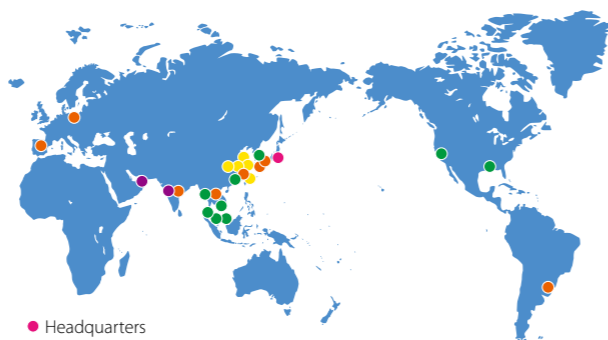
assistance, parts supply and on-site inspection and repair. We build win-win relationships with customers by securing repeat orders from customers and by accepting maintenance requests for existing valve installations.

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

## Sales Structure Responsive to the Market Environment

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

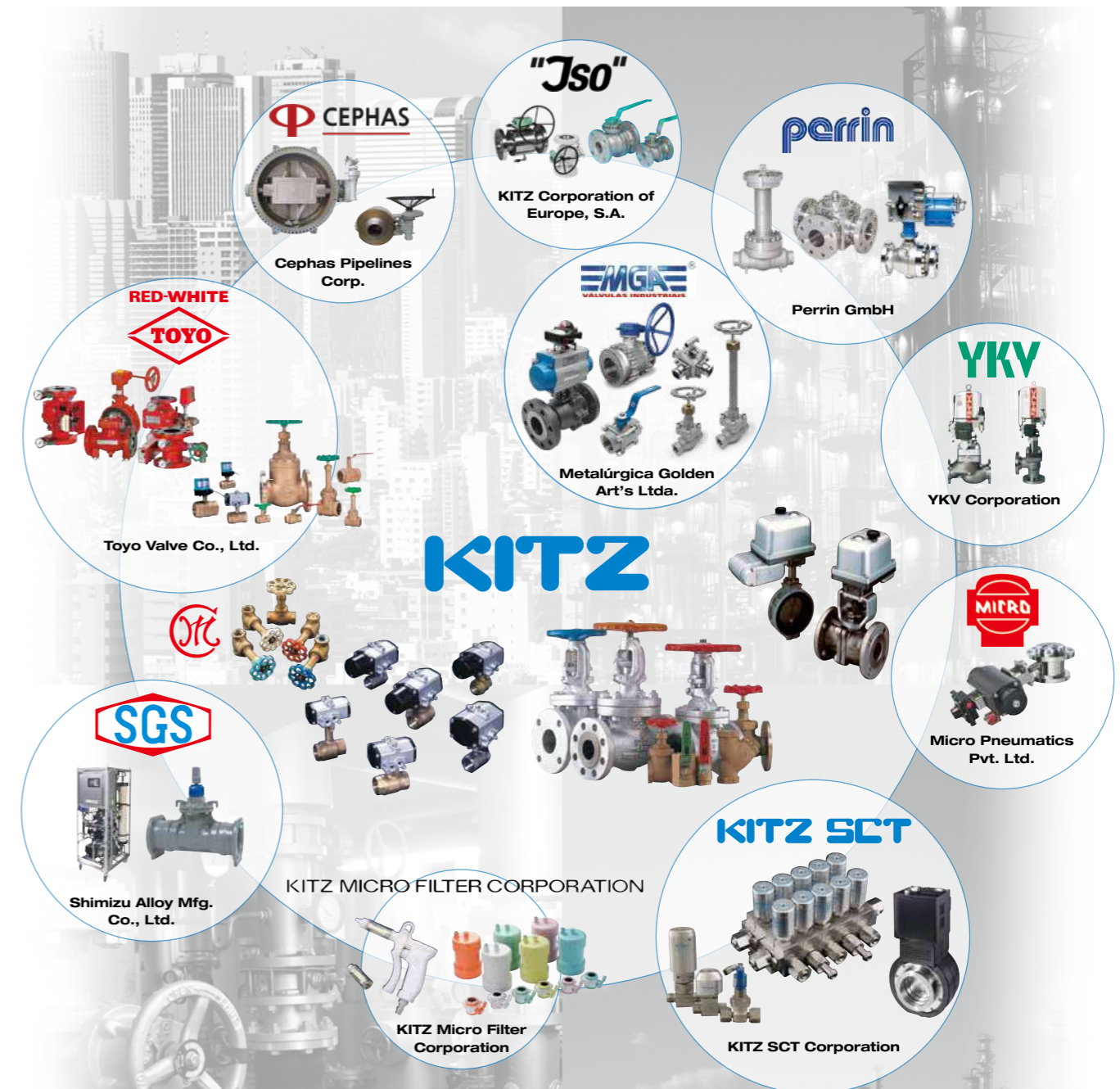
In addition to the representative offices in India and UAE, we have established sales bases in China, Hong Kong, Korea, Singapore, Thailand, Malaysia, Vietnam, the United States, Germany, Spain and Brazil and have developed global sales networks. In order to quickly respond to individual requests from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



- Headquarters
- Sales Bases
- Production Bases
- Sales & Production Bases
- Marketing Bases

# KITZ—A Reliable Brand

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



## Focus

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

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



# Brass Bar Manufacturing Business

## Manufacture and Sales of Brass Bars

The KITZ Group operates 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.



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



ECO BRASS®

### Initiatives as a Company Promoting the SDGs

KITZ Metal Works Corporation is registered as a company promoting the SDGs in Nagano Prefecture and pursues a number of initiatives to achieve the SDGs. As one of these efforts, since April 2022 we have adopted CO<sub>2</sub>-free electric power utilizing environmental value derived from hydro-electric and solar power generation (non-feed-in-tariff/non-fossil-fuel certified), and expect to reduce CO<sub>2</sub> emissions by roughly 85% compared with before introduction.

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



### Brass Bar Manufacturing Business

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

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

### Development of Environmentally Friendly New Materials

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

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

### Brass Bar Manufacturing Process



### Hotel Beniya is also a KITZ Group company.

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

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

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







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

**Toshiyuki Murasawa**

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

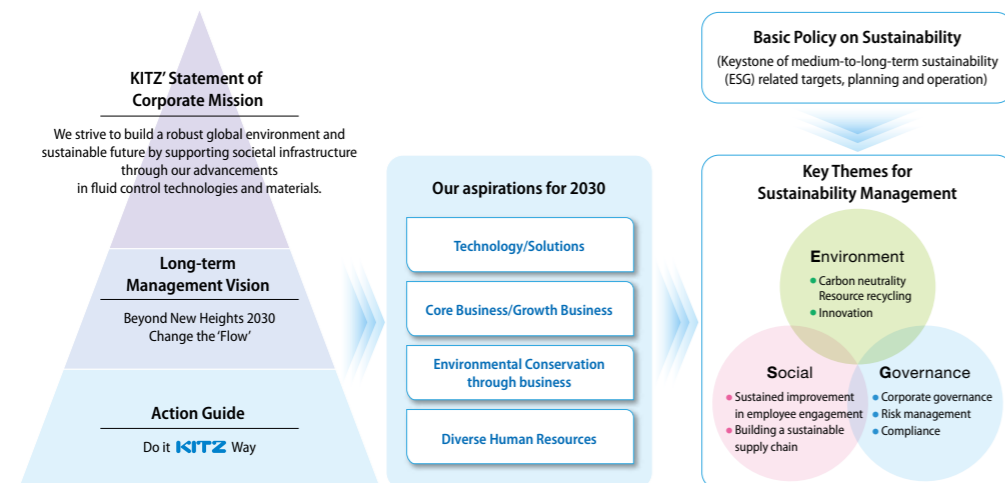
### Promoting Sustainability Management

In 2021, the KITZ Group celebrated its 70th anniversary. Since our founding in 1951, we have championed regional development and environmental conservation activities to fulfill our corporate social responsibility (CSR).

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

In the Long-term Management Vision unveiled in February 2022, we placed sustainability management at the core of our management strategy. To coincide with the Long-term Management Vision, we have formulated key sustainability management themes, and in December 2021, a Group Sustainability Promotion Committee was established following a resolution by the Board of Directors. The committee will share priority themes and key performance indicators (KPIs) on a groupwide basis and manage progress toward the achievement of targets.

In our bid to become a 100-year company that achieves growth and development a decade from now, three decades on and beyond we will continue to actively challenge new things rather than remaining tied to what is old and normal. We will further evolve the fluid control technologies we have cultivated with valves, surpass even the lofty heights to which we aspire with a sense of speed and a willingness to take on challenges and build a “new flow.” As a member of the global community, we will continue to be a company that strides boldly toward 2030 to help shape a society that can be left in the hands of future generations.



### Basic Policy and Slogan on Sustainability

The Basic Policy on Sustainability was formulated as the keystone of sustainability management and approved by resolution of the Board of Directors in December 2021.

#### ● Basic Policy on Sustainability

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

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

#### ● Slogan on Sustainability

### Create the Future / Preserve the Future

The slogan is a guide for employees to recognize and embody the importance of what will change and what will be protected in a rapidly changing world.

#### Create the Future

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

#### Preserve the Future

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

### Sustainability Promotion Structure

#### ● Group-wide Sustainability Promotion Committee

In December 2021, the KITZ Group established the Group-wide Sustainability Promotion Committee as an organization to assist the Board of Directors in promoting integrated sustainability management groupwide. It will promote sustainability management powerfully throughout the entire group by sharing priority themes and key performance indicators (KPIs) on sustainability management and deploying groupwide measures targeting issues, KPIs and other topics from individual companies and sections.

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

Plans call for the establishment of subcommittees to promote coordination with Group companies around the world as organizations under the umbrella of the Group-wide Sustainability Promotion Committee.

### Participation in External Initiatives

#### ● United Nations Global Compact (UNGC)



On August 23, 2021, the KITZ Group became a registered signatory of the United Nations Global Compact (UNGC). The UNGC is an initiative launched at the Davos World Economic Forum in 1999 to build healthy global societies through collaboration between the United Nations and private-sector businesses and organizations. UNGC signatories carry out activities along the axes of the Ten Principles in the four categories of human rights, labor, the environment and anti-corruption. We plan from now on to report annually on the state of our initiatives in this regard.

#### ● Task Force on Climate-Related Financial Disclosures (TCFD)

KITZ has announced its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and has also joined the TCFD Consortium, a collection of business enterprises, financial institutions and other entities that support the TCFD recommendations. Going forward, we will make steady progress on data-driven analysis to ascertain the risks and opportunities associated with climate change, and will enhance the quality and quantity of disclosures in line with the TCFD recommendations. Please check the KITZ website to learn more about our response to climate change (disclosures consistent with the TCFD recommendations).



### Key Themes for Sustainability Management

#### E (Environmental)

The Environment Safety Department and Sustainability Promotion Office will make a united effort to further strengthen the “triple zero” initiatives of the Long-term Environmental Vision. Particularly with regard to the important “Zero CO<sub>2</sub> emissions” issue, by making progress in shifting the electric power used by domestic Group companies to renewable energies by the end of FY2024, we aim to reduce emissions by more than 90% compared with FY2013 levels by 2030 as an interim environmental target, and reach carbon neutrality as a long-term environmental target by 2050.

#### S (Social)

In its Long-term Management Vision, the KITZ Group mentions human resource development and system reforms to support global management, and realizing workplace environments in which employees can work with vitality. With the aim of ascertaining the current state of this organizational climate, we introduced and began operating an Employee Engagement Survey in FY2021. Through the

survey, we objectively evaluate employee work fulfillment and self-directed growth, and pursue initiatives to continually improve the scores further. This endeavor creates an organization in which each employee can realize his or her maximum performance as a professional, and also aims to ensure the company is always chosen by stakeholders, including employees.

#### G (Governance)

In terms of corporate governance, we pursue the development of a management structure that enables fair, prompt and resolute management decision-making, and endeavor to disclose information that is highly useful to all stakeholders, including non-financial information. On the risk management front, we seek to avoid or mitigate threats by treating risks as future uncertainties and also implement initiatives focused on potential opportunities. In addition, with regard to compliance, we will also concentrate on social issues, such as human rights and anti-corruption, and will make unified groupwide efforts to develop systems to a global standard.

|                    | Key Themes for Sustainability Management              | Social Issues   | Specific Initiatives  | FY2030 Quantitative Targets  | Relationship with the SDGs   |
|--------------------|---|---|---|--|--|
| E<br>Environmental | Carbon neutrality<br>Resource recycling               | <ul style="list-style-type: none"> <li>Transition to a decarbonized society</li> <li>Depletion of resources</li> <li>Increase in waste</li> </ul>   | <ul style="list-style-type: none"> <li>Initiatives for realization of Long-term Environmental Vision “Triple Zero”</li> <li>(1) Zero CO<sub>2</sub> emissions</li> <li>(2) Zero environmental impact                             <ul style="list-style-type: none"> <li>Water neutrality (Promote water saving, circulation, and recharge)</li> <li>Zero emissions (Promotion of the 3Rs, recycling of casting sand, etc.)</li> </ul> </li> <li>(3) Zero risk                             <ul style="list-style-type: none"> <li>Zero environmental accidents (Environmental pollution)</li> <li>Zero occupational accidents (Serious accidents and LTIF rate)</li> <li>Zero fire accidents (accidents involving fire or explosions)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction rate (90%)</li> <li>Waste landfill disposal rate Less than 1.0%</li> <li>Water resource discharge (100%)*1 (Compared to FY2013)</li> </ul>   | <ul style="list-style-type: none"> <li>6 CLEAN WATER AND SANITATION</li> <li>7 AFFORDABLE AND CLEAN ENERGY</li> <li>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li>11 SUSTAINABLE CITIES AND COMMUNITIES</li> <li>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</li> <li>13 CLIMATE ACTION</li> <li>17 PARTNERSHIPS FOR THE GOALS</li> </ul> |
|                    | Innovation  | <ul style="list-style-type: none"> <li>Economic growth through innovation</li> <li>Transition to a decarbonized society</li> <li>Depletion of water resources</li> </ul>  | <ul style="list-style-type: none"> <li>Development of fluid control technology to support a decarbonized/hydrogen-powered society</li> <li>Development of materials that contribute to reducing environmental impact</li> <li>Initiatives to solve social issues related to limited water and fluids</li> </ul>   |  |  |
| S<br>Social        | Sustainable improvement of employee engagement        | <ul style="list-style-type: none"> <li>Decline in the working-age population</li> <li>Respect for human rights</li> <li>Active role played by diverse human resources</li> <li>System and environment for a better workplace</li> <li>A rewarding work culture</li> </ul> | <ul style="list-style-type: none"> <li>Permeation of corporate philosophy and long-term management vision</li> <li>Promotion of D&amp;I and fostering of a culture of collaboration</li> <li>Human resource development and system reforms to support global management</li> <li>Realization of a workplace environment in which employees can work with vitality</li> </ul>  | <ul style="list-style-type: none"> <li>Employee engagement score*2</li> <li>“Rewarding work culture” 56 pt</li> <li>“Better work environment” 55 pt</li> <li>Percentage of women managers: 20%*3</li> <li>Total working hours: 1,870 hours</li> <li>Percentage of paternity leave: 100%</li> </ul> | <ul style="list-style-type: none"> <li>5 GENDER EQUALITY</li> <li>8 DECENT WORK AND ECONOMIC GROWTH</li> <li>10 REDUCED INEQUALITIES</li> </ul>  |
|                    | Building a sustainable supply chain                   | <ul style="list-style-type: none"> <li>Responsibilities in the supply chain surrounding the Company</li> </ul>  | <ul style="list-style-type: none"> <li>Emphasis on CSR procurement</li> <li>Establishment of a structure for stable procurement of raw materials and parts</li> </ul>   |  |  |
| G<br>Governance    | Corporate governance<br>Risk management<br>Compliance | <ul style="list-style-type: none"> <li>Sustainable corporate management</li> <li>Corporate fraud and scandals</li> </ul>  | <ul style="list-style-type: none"> <li>Further enhancement of transparency in management decision-making</li> <li>Risk management that focuses on both risk reduction and opportunity creation</li> <li>Global compliance conducive to sustainable management</li> </ul>  |  | <ul style="list-style-type: none"> <li>16 FAIR WORK AND TRADE INCLUDING EMPLOYERS</li> </ul>   |

\*1 Scope: Process water used in the manufacture of valves, etc.

\*2 FY2024 target

\*3 Employees of the department manager

# Corporate Governance

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

### Organizational Design

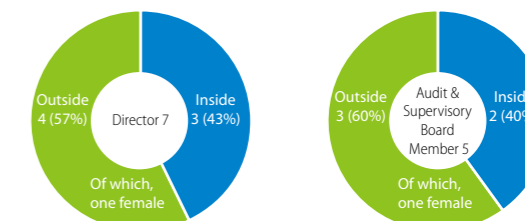
KITZ employs as its organizational design for corporate governance the structure of a company with an Audit & Supervisory Board, under which authority and responsibility for decision-making on important matters concerning business administration and for oversight of business execution are centered in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

### Audit & Supervisory Board and Audit & Supervisory Board Members

The Audit & Supervisory Board comprises five members, three of whom are outside (independent) Audit & Supervisory Board members in order to facilitate highly effective auditing and strengthen oversight functions.

In addition, to ensure diversity on the Audit & Supervisory Board, one female Audit & Supervisory Board member (outside Audit & Supervisory Board member) has been appointed.

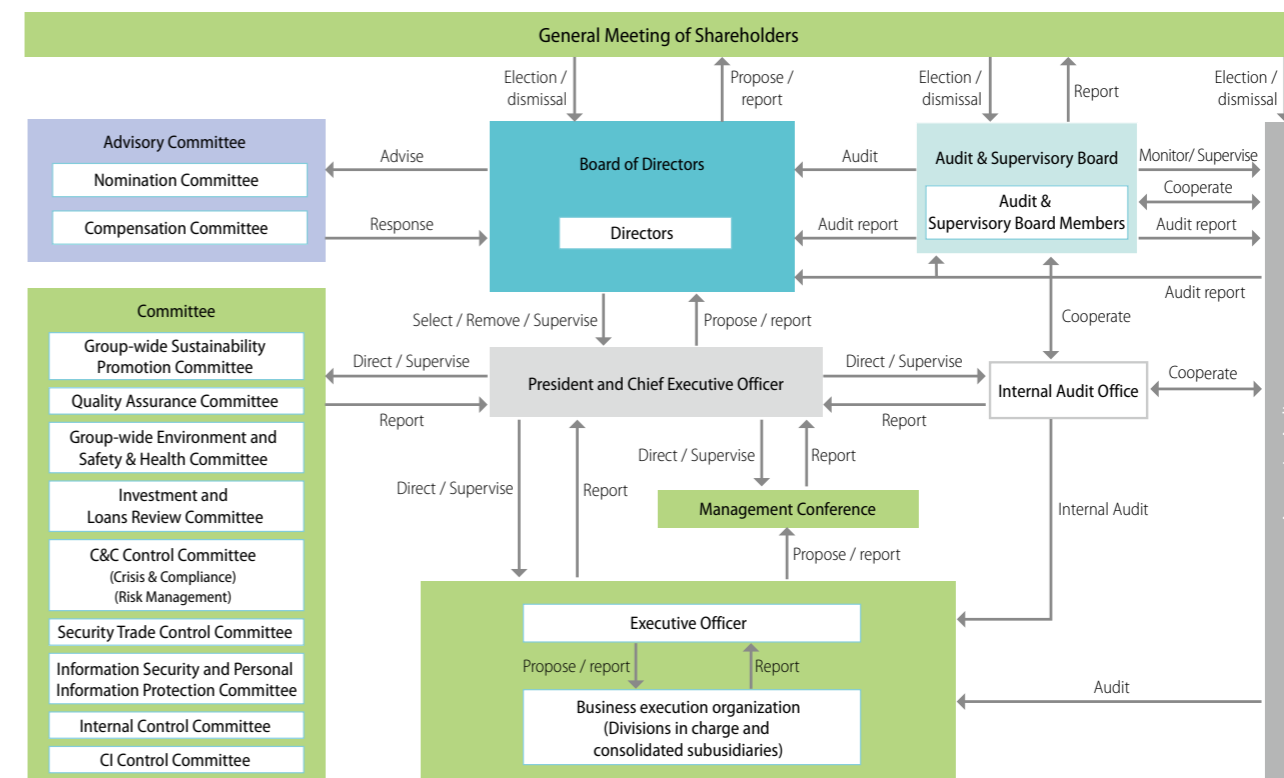
### Composition of Directors and Audit & Supervisory Board Members (as of end of March 2022)



### Board of Directors and Directors

The Board of Directors comprises seven members, four of whom are independent outside directors (at least one third of the Board of Directors) in order to strengthen the management oversight functions of the board.

In addition, to ensure diversity on the Board of Directors, one female director (outside director) has been appointed.



## Nomination Committee and Executive Compensation Committee

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

### Nomination Committee and Executive Compensation Committee

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

## Ensuring of the Effectiveness of the Board of Directors

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

In the questionnaire survey conducted in February 2022, formulation and implementation of management strategy, sustainability initiatives, 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, investors and other stakeholders were asked. The result of the evaluation says that the effectiveness of the Board of Directors is ensured in general.

Constructive feedback was also obtained regarding sustainability initiatives, the promotion of non-financial information disclosures and about organizational 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.

## Executive Officer System and the Management Conference

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

### Establishment of Various Committees

To enhance the effectiveness of internal control system operation, KITZ operates various dedicated committees. Through these committees, KITZ evaluates, checks and balances, improves and implements other necessary controls regarding important matters related to appropriate and lawful decision making in Group management.

### Executive Compensation

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

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

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

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

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

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

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

### Total amounts of compensation for directors and Audit & Supervisory Board members concerning the fiscal year ended December 2021

| Classification  | Number of members | Total amounts of compensation | Total amounts of compensation by type |                                 |                          |
|---|-------------------|-------------------------------|---------------------------------------|---------------------------------|--------------------------|
|   |                   |                               | Base compensation                     | Performance-linked compensation |                          |
|   |                   |                               |                                       | Bonuses                         | Stock-based compensation |
| Directors (outside directors)   | 8<br>(4)          | 233<br>(43)                   | 159<br>(43)                           | 45<br>(-)                       | 28<br>(-)                |
| Audit & Supervisory Board members (outside Audit & Supervisory Board members) | 5<br>(3)          | 71<br>(28)                    | 71<br>(28)                            | -<br>(-)                        | -<br>(-)                 |
| Total (total for outside officers)  | 13<br>(7)         | 305<br>(72)                   | 231<br>(72)                           | 45<br>(-)                       | 28<br>(-)                |

\* Amounts recorded as the accrued bonuses to directors and accrued stock-based benefits to directors and officers stock benefits in the fiscal year ended December 2021 are listed.

### Sale and Reduction of Cross-Shareholdings

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

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

### Internal Control System

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

In addition, the Internal Audit Office conducts business audits and internal control audits of KITZ and KITZ Group companies, as well as monitoring the groupwide state of internal control and appropriateness of business processes. The results of the audits are communicated to the president, Audit & Supervisory Board members and related sections, and

## Matrix and History of Corporate Governance

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

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

follow-up is conducted regarding corrective measures. These are reviewed closely by the Internal Control Committee and reported to the Board of Directors periodically. In addition, auditing is conducted regarding the important risks faced by each Group company to elucidate the risks inherent in each section of the Group company and to avoid and mitigate risks and thus to provide support for business improvements and building structures for legal and regulatory compliance.

### Promotion of Compliance Management

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

#### ● Compliance Management Promotion Structure

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

#### ● Initiatives Related to Promotion of Compliance Management

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

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

#### ● Whistleblowing System (Compliance Helpline)

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

or compliance identified by directors, Audit & Supervisory Board members, executive officers and employees.

Directors, Audit & Supervisory Board members, executive officers and employees of KITZ and each Group company may use their own companies' compliance helplines, compliance helplines set up by outside law firms and the compliance helpline of the parent company, KITZ. In this and other ways, we secure a structure that directors, Audit & Supervisory Board members, executive officers and employees can use with peace of mind, by setting up multiple routes for consultation and reporting.

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

#### ● Compliance Education

KITZ distributes a groupwide Compliance Guidebook to the officers and employees of KITZ and Group companies. The guidebook describes the thinking of Group top management regarding compliance management, the importance of compliance management, the compliance promotion structure, the compliance code of conduct, the whistleblowing system and other matters related to compliance, and is designed to educate and raise awareness concerning compliance and to publicize how to use the contact point for whistleblowing reports (compliance helpline).

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



#### ● Compliance Survey

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

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

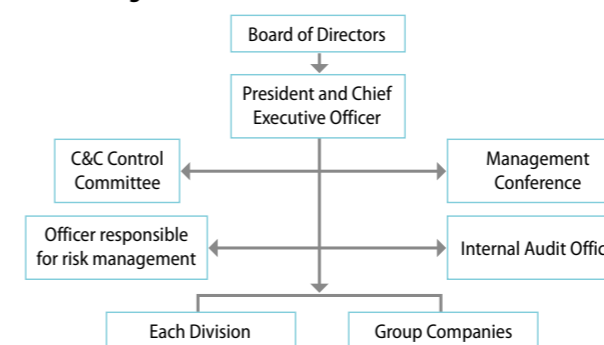
### Risk Management

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

#### ● Risk Management Structure

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

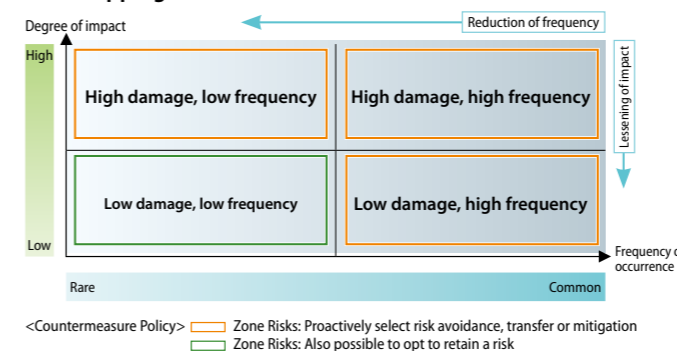
#### Risk Management Structure



#### ● Risk Analysis and Evaluation

In the KITZ Group, the importance of anticipated risks related to business activities (totaling 128 risk items) is judged quantitatively along the two axes of their frequency of occurrence and their impact on management based on

#### Risk-mapping scale



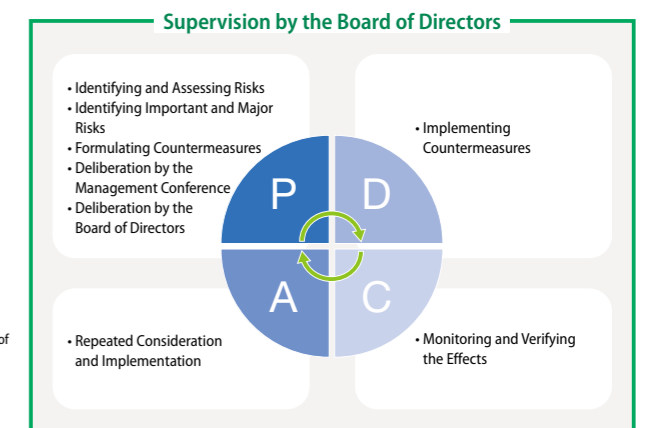
the basic policy and evaluation standards for risk evaluation formulated by the C&C Control Committee. Specifically, risks are graded by each evaluation item under the standards for determining their frequency of occurrence and their impact (consisting of the items of human injury, physical damage, liability, loss of profit, loss of trust and environmental damage), and each is grouped into one of the four zones of high-damage/high-frequency, low-damage/high-frequency, high-damage/low-frequency or low-damage/low-frequency based on a four-quadrant risk-mapping scale.

#### ● Risk Management Implementation Flow

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

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

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



# Board of Directors, Corporate Auditors and Executive Officers

(as of March 31, 2022)

## Directors



Chairman **Yasuyuki Hotta**

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



President **Makoto Kohno**

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



Director **Toshiyuki Murasawa**

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



Outside Director **Kazuyuki Matsumoto**

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



Outside Director **Minoru Amoh**

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



Outside Director **Yutaka Fujiwara**

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



Outside Director **Yukino Kikuma**

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

## Audit & Supervisory Board Members



Standing Audit & Supervisory Board Member  
**Masahiko Kondo**

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



Standing Audit & Supervisory Board Member  
**Taro Kimura**

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



Outside Audit & Supervisory Board Member  
**Tatsuhiko Takai**

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



Outside Audit & Supervisory Board Member  
**Shuhei Sakuno**

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



Outside Audit & Supervisory Board Member  
**Ayako Kobayashi**

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

## Reasons for Appointment of Directors and Skills Matrix

| Name  | Reason for Appointment   | Years in Office      | Attendance Status for FY2021 |  | Main specialized knowledge/area |                   |                               |                      |  |                       |   |                 |  |
|---|--|----------------------|------------------------------|--|---------------------------------|-------------------|-------------------------------|----------------------|--|-----------------------|---|-----------------|--|
|   |  |                      | Board of Directors Meetings  |  | Corporate management            | Global experience | Legal matters/risk management | Sustainability (ESG) | Capital efficiency management/financial strategy | Manufacturing/quality | Innovation/DX/technological development | Sales/marketing | Personnel affairs/human resource development |
| Chairman<br>Yasuyuki Hotta                                    | Yasuyuki Hotta has boldly promoted globalization and sound, highly transparent management, while focusing on tasks including the management of the Board of Directors and strengthening of corporate governance. The Company has judged that the use of his extensive experience and insight will contribute to strengthening the important decision-making and management supervision functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group.  | 14 years<br>9 months | 16/16 times                  |  | ○                               | ○                 |                               |                      |  |                       |   | ○               |  |
| President<br>Makoto Kohno                                     | Makoto Kohno was involved with sales and production in the Valve Manufacturing Business, and later served as Executive Officer in charge of corporate planning and CEO & Managing Director of an overseas Group company. In addition, as Executive Officer in charge of the Valve Manufacturing Business, he boldly promoted the formulation and execution of Valve Manufacturing Business strategy, and as President and Chief Executive Officer has been at the forefront of overall management of the Group. The Company has judged that the use of his extensive experience and insight will contribute to strengthening the important decision-making and management supervision functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group. | 2 years<br>9 months  | 16/16 times                  |  | ○                               | ○                 |                               |                      |  |                       |   | ○               |  |
| Director,<br>Managing Executive Officer<br>Toshiyuki Murasawa | Toshiyuki Murasawa was involved with duties including the Group companies' business administration division, and served as Executive Officer in charge of the corporate planning and administration divisions, as well as director of a domestic Group company. In addition to planning and executing the Group business and human resource strategies for globalization, he has boldly promoted the strengthening of corporate governance and sustainability management. The Company has judged that the use of his extensive experience and insight will contribute to strengthening the important decision-making and management supervision functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group.                                       | 5 years<br>9 months  | 16/16 times                  |  |                                 |                   |                               | ○                    | ○  |                       |   |                 | ○  |
| Outside Director<br>Kazuyuki Matsumoto                        | Kazuyuki Matsumoto was long active as a manager of Nabtesco Corporation, and in addition to extensive experience as a corporate manager, he has broad and high-level insight into technological development, manufacturing and other areas. The Company has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his experience.   | 8 years<br>9 months  | 16/16 times                  |  | ○                               |                   |                               |                      |  | ○                     | ○                                       |                 |  |
| Outside Director<br>Minoru Amoh                               | Minoru Amoh was long active as a manager of DuPont Kabushiki Kaisha and has broad and high-level insight into corporate management, global business development, technological development and other areas. The Company has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his experience.   | 6 years<br>9 months  | 16/16 times                  |  | ○                               | ○                 |                               |                      |  |                       | ○                                       |                 |  |
| Outside Director<br>Yutaka Fujiwara                           | Having held branch general manager's positions at overseas branches of a financial institution, Yutaka Fujiwara was active as Executive Officer in charge of finance, IR and group strategy at OMRON Corporation, and has broad and high-level insight into business administration from a global perspective, financial strategy, governance and so on. The Company has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his experience.  | 4 years<br>9 months  | 16/16 times                  |  |                                 | ○                 |                               | ○                    | ○  |                       |   |                 |  |
| Outside Director<br>Yukino Kikuma                             | Yukino Kikuma has been active as a representative attorney (managing partner) of a law firm and has broad, high-level insight into corporate legal affairs, including dispute resolution in various types of litigation, labor, compliance, risk management and governance, as well as other specialized fields. The Company has judged that she will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing her experience.   | 1 year<br>9 months   | 16/16 times                  |  |                                 |                   |                               | ○                    | ○  |                       |   |                 | ○  |

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

## Reason for Appointment of Audit & Supervisory Board Members

| Name  | Reason for Appointment   | Years in Office     | Attendance Status for FY2021 |                                    |
|---|--|---------------------|------------------------------|------------------------------------|
|   |  |                     | Board of Directors Meetings  | Audit & Supervisory Board Meetings |
| Standing Audit & Supervisory Board Member<br>Masahiko Kondo | He is involved in management of the Company as a director in charge of the corporate administration areas which bring the Group companies together and has sought to strengthen management infrastructure and has built and pushed for the strengthening of the Group's risk management system. The Company has judged that he will be able to fulfill the role of reflecting his knowledge and experience in business management, labor, accounting and finance in the audits of the Company.   | 5 years<br>9 months | 16/16 times                  | 15/15 times                        |
| Standing Audit & Supervisory Board Member<br>Taro Kimura    | He has many years of experience in managing the Company's accounting and financial operations. As an executive officer in charge of corporate administrative divisions that oversee Group companies, he has developed the Company's internal control system, strengthened its internal audit function and promoted the building of its risk management system. The Company has judged that he will be able to reflect his knowledge and experience in risk management as well as in accounting and finance in the audits of the Company. | 4 years<br>9 months | 16/16 times                  | 15/15 times                        |
| Outside Audit & Supervisory Board Member<br>Tatsuhiko Takai | He served as Chief Financial Officer and executive officer in charge of finance as well as a corporate auditor for Mitsui Mining & Smelting Co., Ltd. for many years, and has accumulated advanced and wide-ranging insight into finance and accounting. The Company has judged that he will be able to fulfill an appropriate role, including using his knowledge to provide proactive and useful comments at meetings of the Board of Directors and Audit & Supervisory Board.   | 6 years<br>9 months | 16/16 times                  | 15/15 times                        |
| Outside Audit & Supervisory Board Member<br>Shuhei Sakuno   | He served for many years as the executive officer in charge of corporate administration at Yokogawa Electric Corporation, and possesses advanced and wide-ranging insight into finance and accounting, internal control, risk management and the development of internal audit systems. The Company has judged that he will be able to fulfill an appropriate role, including using his knowledge to provide proactive and useful comments at meetings of the Board of Directors and Audit & Supervisory Board.                          | 4 years<br>9 months | 16/16 times                  | 15/15 times                        |
| Outside Audit & Supervisory Board Member<br>Ayako Kobayashi | She has been active as an attorney for many years and possesses advanced and wide-ranging insight into corporate legal affairs including resolution of disputes including various litigation, compliance, risk management and governance. The Company has judged that she will be able to fulfill an appropriate role, including using her knowledge to provide proactive and useful comments at meetings of the Board of Directors and Audit & Supervisory Board.   | 2 years<br>9 months | 16/16 times                  | 14/15 times                        |

## Executive Officers

President and Chief Executive Officer

**Makoto Kohno**

Managing Executive Officer

**Toshiyuki Murasawa**



Executive Officer **Yukinari Koide**

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



Executive Officer **Kazuhiko Hirabayashi**

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



Executive Officer **Kazunori Okimura**

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



Executive Officer **Kenji Kato**

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



Executive Officer **Yoriyuki Koyama**

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



Executive Officer **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, CFO, Panasonic Europe Ltd.  
 Aug. 2016 Joined KITZ  
 Apr. 2017 Executive Officer, Deputy Division Manager, Corporate Administration Division  
 Jan. 2022 Executive Officer, Division Manager, Corporate Finance 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)



Executive Officer **Shuji Takei**

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



Executive Officer **Masaru Takusagawa**

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



Executive Officer **Takahito Hirashima**

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



Executive Officer **Yasunori Sugita**

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

# Messages from Outside Directors

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



## I will contribute to sustainable growth to enhance corporate value.

**Kazuyuki Matsumoto** Outside Director

The innovative technological advances in IT and AI have been a catalyst, spurring innovation and causing major changes in various fields, and those changes have picked up speed due to the COVID-19 pandemic. In February 2022, KITZ announced an excellent Long-term Management Vision and Medium-term Management Plan. As the systems and investments needed to implement these have been fully considered, let's be constantly mindful of KITZ' Statement of Corporate Mission and the Action Guide, hone our human resources, maintain an interest in change and a healthy sense of urgency, and work to realize the Long-term Management Vision for 2030.

Additionally, with KITZ' inclusion in the Prime Market of the Tokyo Stock Exchange, there are expectations from many stakeholders, including global investors, to produce sustainable and profitable growth, and since stakeholders evaluate us

with a keen eye, achieving the Long-term Management Vision and Medium-term Management Plan is more important than ever. To accomplish these goals, we must work through close communication with customers and markets to realize what truly troubles them and solve those issues, thereby ensuring trust and a competitive advantage, striking a balance between existing and new businesses, and translating that into lasting and profitable growth.

Fortunately, KITZ' business of energy and water is essential to people's lives, both directly and indirectly. As an outside director, I will contribute to the realization of the company's plans by posing quality questions and following up on them, and have great hopes that the KITZ Group will be a company that appeals to all stakeholders for many years.

## I will be involved in the challenge to make KITZ a truly global company.

**Minoru Amoh** Outside Director

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

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

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

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

## I will contribute to sustainable growth to enhance corporate value.

**Yutaka Fujiwara** Outside Director

Starting April 2022, the Tokyo Stock Exchange was reborn. KITZ moved from the previous First Section of the exchange to the newly created Prime Market. To borrow from the words of the Tokyo Stock Exchange, the Prime Market is "a market for companies with a market capitalization (liquidity) large enough to be targeted by many institutional investors, which are committed to sustainable growth and enhancing corporate value in the medium to long term."

Against the backdrop of this market reorganization, I understand that stock exchanges and market participants harbor a great sense of crisis. The corporate governance systems

of Japanese companies still compare unfavorably to those of European and American companies, and more than anything, if the overwhelming difference in capital efficiency remains this way, Japan Inc. could sink.

Perhaps a further sifting out of companies will occur in the near future. It is not an easy road. But KITZ has boldly opted to take on challenges. To shine as a truly global company in the near future, KITZ is prepared to assume a united posture in taking on the Prime Market, where even greater challenges await. As a member of the Board of Directors, I will actively take part in this challenge.

## I look forward to KITZ taking a positive attitude toward solving social issues.

**Yukino Kikuma** Outside Director

The Long-term Management Vision and Medium-term Management Plan that were recently announced were formulated after roughly six months of discussions by the Board of Directors. They clarified President Kohno's desire for KITZ's future direction, to accelerate initiatives related to existing businesses and boldly take on the challenge of new businesses. I think President Kohno has demonstrated outstanding leadership in embracing the sincere attitude of objectively analyzing the company's own strengths and weaknesses without turning away from reality and drawing up concrete measures to ensure success in this uncertain world.

In the Medium-term Management Plan, KITZ has laid out strategies specific to each market and area, but the basis for all of these strategies is, as stated in the Basic Policy on Sustainability, striving to solve social issues through business activities and enhancing both corporate and social value. To accomplish these goals, we need to adopt an attitude of seeking out social issues actively, not passively. I hope that having each and every employee feel personally invested in every business of KITZ and working together on them as one will lead to greater motivation and well-being.



# Environmental Activities

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

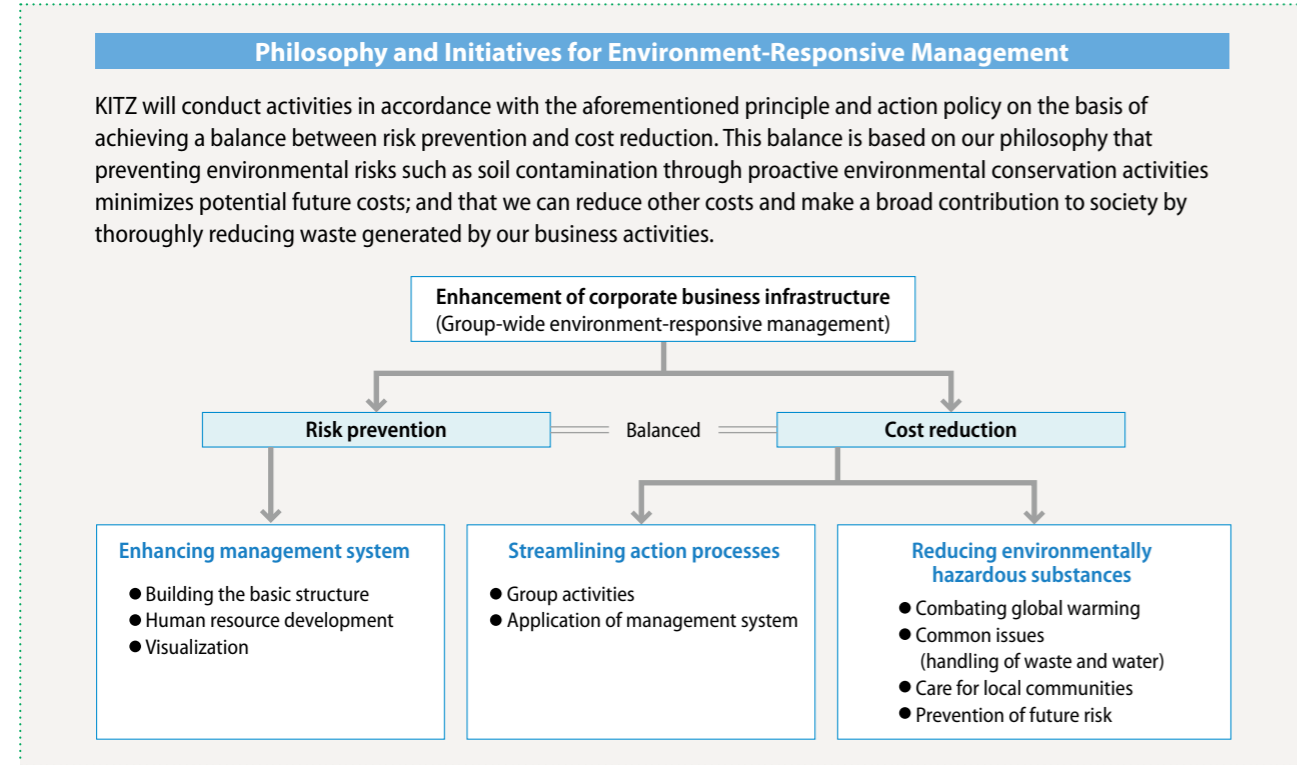
**KITZ Group Principle of Environmental Activities**

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

**KITZ Group Companies: 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



**Long-term Environmental Vision**

It is because manufacturing that takes the environment and safety into account is essential that we formulated our long-term environmental vision of "3 ZERO (triple zero)."

An especially important issue is the CO<sub>2</sub> Zero initiative. By having all domestic group companies use renewable energy for their electricity by the end of FY2024, KITZ will work toward achieving the mid-term environmental goal of a 90%

or more reduction from 2013 levels by 2030, and the long-term environmental goal of becoming carbon neutrality by 2050.

The second important issue is Zero Environmental Impact. To this end, we are tackling three themes: effective use of water resources, a resource closely related to valves; reduction of waste generated by plants and offices; and promotion of manufacturing without organic solvents to minimize not only air and soil pollution but also the impact on the health of employees.

The third important issue is Zero Risk. We are working to maintain safe and secure manufacturing and stable operations through activities to prevent occupational accidents, environmental pollution and fires.

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

\*Compared to 2013, Domestic Group Companies/Offices

**Initiatives toward a Decarbonized Society**

● **Switching to 100% CO<sub>2</sub>-free Electricity at Main Manufacturing Facilities in Japan.**

Starting in April 2022, KITZ has adopted CO<sub>2</sub>-free Shinshu Green Denki electricity and makes maximum use of the abundant water resources in Nagano Prefecture in Japan, where many of the KITZ Group's manufacturing facilities are located. KITZ has also adopted CO<sub>2</sub>-free electricity utilizing the environmental value of hydroelectric and solar power (non-feed-in-tariff/non-fossil-fuel certified) at eight business sites in Japan. As a result, 100% of the electricity used at these sites will be CO<sub>2</sub>-free. This is projected to reduce CO<sub>2</sub> emissions by the equivalent of 35,693 tons a year, representing a reduction of more than 80% compared with 2013 levels. Going forward, we will continue to systematically introduce these changes to switch more of our main business sites in Japan to CO<sub>2</sub>-free electricity.

**Developing and Providing Environmentally Friendly Products and Services**

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

mechanisms to consider CO<sub>2</sub> reductions during evaluations in the technological development phase.

**Valves for hydrogen stations**  
Valves used for station equipment in the field of hydrogen energy

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

**RoHS Directive-compliant products**  
Products that comply with harmful chemical substance regulations such as the RoHS Directive

**Sterilization, purification and water treatment device (Pureculaser)**  
Water treatment device that sterilizes and purifies water through the synergistic effects of ozone, UV rays and photocatalysts

**Portable membrane filtration device (Aqua Rescue)**  
Temporary equipment for the repair or renovation of existing filtration facilities and as emergency treatment equipment for the sudden deterioration of water sources

**Hydrogen Station Package Unit Wins Award of Excellence at Yamanashi Industrial Grand Prize**

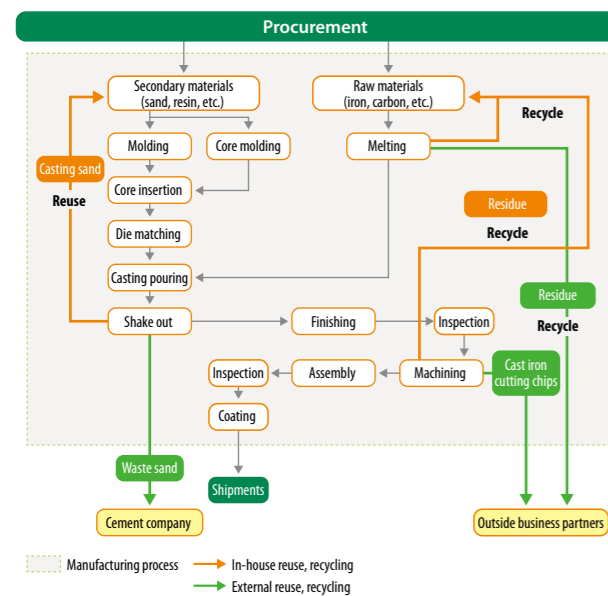
The hydrogen station package unit has won an award of excellence as part of the Yamanashi Industrial Grand Prize. The award is given by Yamanashi Prefecture to companies that have contributed to the development of industry and revitalization of local economies, and this product was recognized for its high level of uptake due to the packaging of innovative technologies. The product not only reduces initial costs due to the innovative design and equipment selection that take into account usage environment, but also reduces the length of time and costs of maintenance, which requires facility shut-down. As a result, it helps to significantly reduce the operations costs of customers that use the product for extended periods. The product also features minimal operating noise, making it a hydrogen station package unit that is suitable for use in all kinds of environments, and was recognized for being a product that puts customers first.

# Human Resource Management

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

## Business Offices That Have Acquired Integrated ISO 14001 Certification

|  |  |
|--|--|
| KITZ Corporation Nagasaki Plant  | KITZ Corporation of Taiwan             |
| KITZ Corporation Ina Plant   | KITZ (Thailand) Ltd. Bangplee Plant    |
| KITZ Corporation Chino Plant   | KITZ (Thailand) Ltd. Amatanakorn Plant |
| KITZ Metal Works Corporation   | KITZ Corporation of Kunshan            |
| KITZ Micro Filter Corporation  | KITZ Corporation of Jiangsu Kunshan    |
| KITZ SCT Corporation   | KITZ Corporation of Europe, S.A.       |
| Shimizu Alloy Mfg. Co., Ltd.   | Cephas Pipelines Corp.                 |
| Hokutoh Giken Kogyo Corporation<br>(Yamanashi Plant, Minowa Business Office) | Filcore Co., Ltd.                      |
|  | Metalúrgica Golden Art's Ltda.         |
|  | KITZ SCT Corporation of Kunshan        |

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

## Respect for Human Rights

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

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

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

### Human Rights Initiatives

Swift relief and corrective measures are taken in the event that the KITZ Group's business activities are found to have negatively impacted human rights or to be involved in such negative impacts. We have installed a Compliance Helpline to build a structure where employees can consult over these matters at any time with peace of mind.

Additionally, as initiatives to raise employee awareness, we run compliance surveys and conduct harassment training, as part of efforts to promote the development of an open workplace by responding to visualized risks and conducting educational activities.

### Formulation of Supplier Guidelines

We recognize that initiatives on respecting human rights are something we cannot realize alone. To have our business partners understand KITZ' vision and values and to implement initiatives throughout the entire supply chain, in FY2021 we formulated Supplier Guidelines that incorporate items on respect for human rights. Through our procurement activities, we will focus on the requirements listed in these guidelines to encourage their permeation and comprehensive compliance, strengthen coordination with suppliers, fulfill our social responsibilities across the supply chain and strive to provide new value and contribute to society.

## 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 swiftly respond to a world that is rapidly changing, we need agile business expansion and the ability to come up with and act on ideas that fall outside conventional thinking. We aim to be a professional group that boldly takes on new challenges and where employees can deploy their own latent creative powers.

### Human Resource Development

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

### Basic Concept to Human Resource Development

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

### Initiatives Toward Enhancing Employee Engagement

KITZ regards constant improvements to employee engagement as one of the key themes of sustainability management. In FY2021 we have started conducting an engagement survey with the aim of ascertaining the current state of our organizational culture.

In addition to reporting to management on the results of the engagement survey, we also provide feedback to individual workplaces to verify and analyze the current state of the organizational culture, as well as setting specific action plans and target figures, and deploying these activities in each workplace. We will endeavor to improve employee engagement by conducting the survey on a regular basis in the future.

|                           |                           | FY2021 Results | FY2024 Targets |
|---------------------------|---------------------------|----------------|----------------|
| Employee engagement score | Job satisfaction          | 48pt           | 56pt           |
|                           | Positive work environment | 43pt           | 55pt           |

### ● Holding the KITZ Group Engagement Forum 2022

To have the Long-term Management Vision that was announced in February 2022 take root internally and have all employees achieve its goals together, the KITZ Group Engagement Forum 2022 was held as an event for top management and employees to engage in dialogue. At the forum, the president and other members of top management engage in discussions with a small number of employees in a conversational format. The forum is designed to have employees receive messages from top management directly and feel that they have a personal stake, have top management listen directly to employee feedback and reflect that in management, and to foster shared values through cross-dialogue. Staff from managers at KITZ and Group companies to regular employees are eligible.



### ● Diversity and Inclusion\* Initiatives

Since FY2015, KITZ has promoted diversity and inclusion as an important management strategy.

In our Long-term Management Vision and the first Medium-term Management Plan, we have declared targets for the percentage of women employees and percentage of women managers to be achieved by FY2030. We are pursuing initiatives aimed at achieving each of these targets.

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

| Qualitative goal                       | Main KPIs                                 | FY2021 Results              | FY 2024 Targets                | FY 2027 Targets | FY 2030 Targets |
|--|---|-----------------------------|--------------------------------|-----------------|-----------------|
| Women in the workplace                 | Percentage of women employees             | 21.7%                       | 23%                            | 24%             | 25%             |
|  | Percentage of women managers              | 3.4%                        | 10%                            | 16%             | 20%             |
| LGBTQ understanding                    | Earning Pride designation                 | Preparing training programs | Earning Gold Pride designation | —               | —               |
| Employment of people with disabilities | Percentage of employees with disabilities | 2.4%                        | 2.5%                           | 2.7%            | 3.0%            |

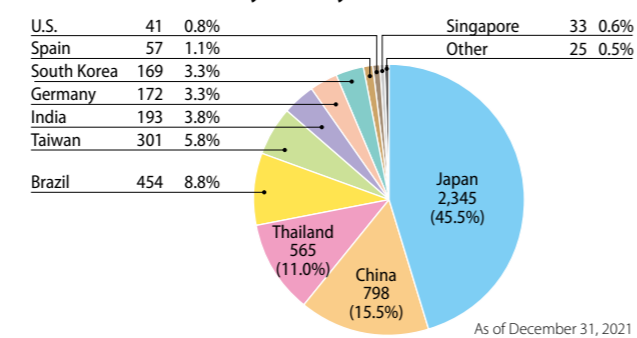
• Managers refers to employees who are in the position of department head or higher.  
• Percentage of women employees and percentage of women managers are figures for KITZ on a nonconsolidated basis.  
• Pride designation is an external designation based on assessment of LGBTQ initiatives.

### ● Promoting Further Globalization

The KITZ Group maintains sites in 18 countries around the world, and employees working in countries outside Japan (including seconded employees) account for 54.5% of the total (as of December 31, 2021). The KITZ Group is made up of employees from a diverse range of nationalities and backgrounds, and to make it stronger as a corporate group, we have established the KITZ Global HR\* Policy and pursued various personnel measures and leader development initiatives based on a shared Groupwide personnel philosophy.

\*HR: Human resources

### Personnel Structure by Country



### ● Health Management Initiatives

In FY2021, the KITZ Group established a Health Management Statement under which we aim by 2030 to be a company in which employee can work more safely, in better health and with greater vitality, in accordance with fair and transparent rules. To strategically promote the physical and mental health of employees and create a vibrant organization, we have worked on a variety of measure, including measures to deal with lifestyle-related diseases and mental health, based on our Policy on Health Management Initiatives. In March 2022, we were accredited by the Ministry of Economy, Trade and Industry under the Certified Health & Productivity Management Outstanding Organizations Recognition Program.



### Health and Safety Activities

We promote efforts to ensure zero accidents based on the KITZ Group Safety and Health Fundamental Philosophy and the Safety and Health Fundamental Policies. We have established

safety and health committees and we bolster efforts to prevent injuries and illness, promote the development of

comfortable workplace environments, engage in healthcare and work to prevent traffic accidents.

### KITZ Group Safety and Health Fundamental Philosophy

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

### KITZ Group Safety and Health Fundamental Policies

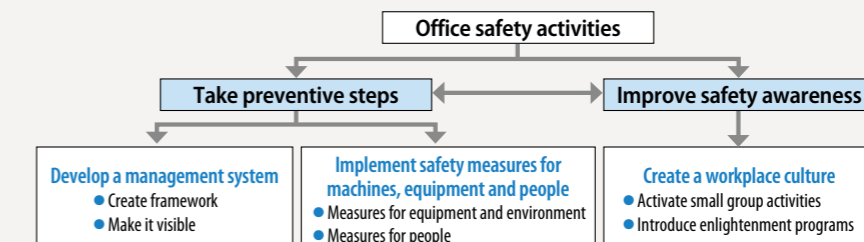
1. KITZ maintains stimulating and pleasant workplaces that contribute to the mental and physical well-being of all employees.
2. KITZ is dedicated to ensuring safety and health for all employees by complying with Japan's Industrial Safety and Health Act and other associated laws and regulations as well 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.

### KITZ Group Safety and Health Activities Approach and Initiatives

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

KITZ has formulated the following key actions as measures for employee safety and health with the 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)



### ● Enhancement of Health and Safety Management Systems

To promote occupational health and safety management compliance with international standards, in January 2022 KITZ obtained certification under the ISO 45001 standard for Occupational Health and Safety Management Systems for plants in Nagasaka, Ina and Chino. Going forward, we will seek the certification for Group companies in Japan as well.

### ● Education on Health and Safety

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

### ● Reciprocal Audits by Group Companies

Mutual audits regarding the environment, health and safety of KITZ' eight Group domestic companies are conducted. 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 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 related to the environment, health and safety and while also actively creating opportunities to experience actual on-site inspections.

# Diverse Human Resources in the KITZ Group

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

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

**Longtian Piao**

Hydrogen Station Group, Hydrogen Department, Business Promotion Center, Flow Control Business Unit, KITZ Corporation



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

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

**Maria Luisa Ribas Steegmann**

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



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

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

**Yoshie Suzuki**

Deputy Center Manager, Accounting and Finance Center, Corporate Finance Division, KITZ Corporation

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



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

**Takashi Takagi**

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



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

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

**Naoki Kira**

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



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

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

**Kaori Kikumoto**

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



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

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

**Tomoya Nakagomi**

Production Control Department Section Chief  
KITZ Corporation of Taiwan



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

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

**Yuka Yoshihara**

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

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



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

**Masanao Takatsuka**

Manager, Sales Engineer Training Group, Sales Engineering Department, Flow Control Business Unit, KITZ Corporation

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



**There is a positive corporate culture of entrusting people with important work regardless of their history at the company.**

**Yuichi Sasaki**

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



I joined the company as a mid-career hire and immediately after I was tasked with the North America region, we won a major project order. I think the practice of entrusting people with important jobs regardless of their length at the company is one of the great things about KITZ. I want to use the experience I have gained to date to contribute to the global sales of KITZ products going forward.

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

**Kumi Shimizu**

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



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

# Stakeholder Engagement

KITZ engages in the timely, appropriate and fair disclosure of information with all shareholders and investors, as well as with other stakeholders including customers, business partners, employees and society. During the fiscal year under review (FY2021), we were impacted by the COVID-19 pandemic, and accordingly, responded by proactively creating opportunities for dialogue utilizing online solutions. We feed back opinions and requests obtained by constructive communication to the management team, and reflect the outcomes in efforts to improve the efficiency and transparency of management.

## Dialogue with Shareholders

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



## Dialogue 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.



In September 2021, we created opportunities for dialogue between outside directors and institutional investors.

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

## Dialogue with Employees

The management team including the president regularly visits manufacturing sites and promotes better understanding through communication with employees. From FY2020, we have streamed video of internal results briefings and messages from company officers via our internal portal site so that employees at offices in Japan and overseas as well as those employees working from home could participate.



In addition, from February 2022 we launched the KITZ Group Engagement Forum 2022 as an event promoting dialogue between top management and employees to help instill the Long-term Management Vision.

## Dialogue with Business Partners

A meeting of presidents of domestic general distributors is held annually. We promote mutual understanding and further deepen our partnership with distributors. (In FY2020 and FY2021 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.

## Completion of Construction of the KITZ Group Innovation Center

As a part of the project to celebrate the 70th anniversary of KITZ, construction of the KITZ Group Innovation Center that was being built on the grounds of the Chino Plant is now complete. The facility will be utilized to develop the human resources that will form the backbone of development at the KITZ Group, for creative and innovative technological development, and as a place to enhance information dissemination capabilities inside and outside the Group. The facility will supersede the KITZ Training Center that was constructed in 1981 and 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 and will also function as an evacuation facility for local residents in the event of a disaster.



KITZ Group Innovation Center

## Valve Meister System

KITZ introduced the Valve Meister System for certifying employees who have reached a certain level of skills and knowledge regarding automated valves and metal materials for valves as Valve Meisters. Our 58 certified Valve Meisters who have passed the certification test (as of March 2022) act as concierges who respond to requests for customer consultations, propose specific solutions and solve various issues together with customers.

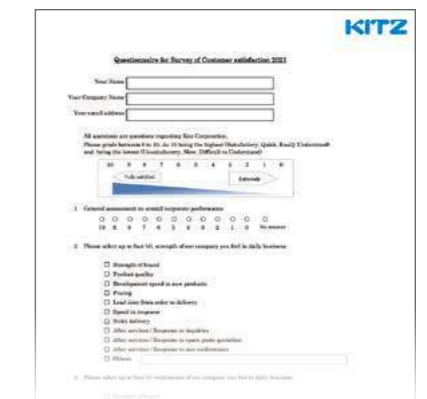
From FY2022, the system was revised into a new technical training curriculum in an effort to further enhance knowledge levels. By enhancing the valve-related technical skills of each employee, we provide greater value to customers and help improve knowledge and skills across the entire industry.



The certification mark is displayed on the business cards of employees who are certified Valve Meisters.

## 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.



Customer feedback leads to improvements.

# 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.

## 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.



## 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.



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



### Ventforest Kofu

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



### Matsumoto Yamaga F.C.

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



### VC Nagano Tridents

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



## News

### Tokyo 2020 Olympic Games Gold Medalist Yui Susaki joined KITZ

Yui Susaki is an athlete from Chiba Prefecture, where the head office of KITZ Corporation is located. After overcoming injury and competing in the difficult environment of the Tokyo Olympic Games that had been postponed a year due to the COVID-19 pandemic, she boldly took on the competition, earned her place to compete in Tokyo and won the gold medal without giving up a point in any of her bouts, providing great inspiration around Japan. KITZ decided to support her competitive activities out of a respect for her attitude to always aim high, even in the face of adversity.



In FY2024, which will be the final year of the first Medium-term Management Plan created to achieve our Long-term Management Vision, the Paris Olympic Games will be held. The sight of Susaki making an all-out effort to achieve her main goal of clinching gold at the Paris Olympic Games resonates with KITZ' vision to aspire to greater heights. KITZ will continue to take on challenges while supporting Susaki in her activities.

#### Comments from Yui Susaki

I joined KITZ Corporation from this April, giving me the opportunity to continue with wrestling as a full-time employee. KITZ is from my birthplace of Chiba Prefecture and is active around the world. There are many things to learn from its philosophies, beliefs and passion, and I have a strong desire for both KITZ and myself to compete and be successful on the world stage. KITZ has put a lot of effort into supporting sport, and I felt that it was the best environment for me to pursue my next goal of securing a second straight gold medal at the Paris Olympic Games. In addition, KITZ' head office is located in Makuhari, close to Makuhari Messe where I fulfilled my dreams at the Tokyo Olympic Games, which also gives me a sense that this partnership was meant to be.

I would like to express my heartfelt gratitude for the opportunity to continue with wrestling in this fantastic environment, and vow to work even harder to achieve success in Japan, the world and at the Olympic Games while remaining aware of my role as a full-fledged member of society. I will spread my wings around the world together with KITZ. Thank you for your support!

#### Profile of Yui Susaki

|               |                                |
|---------------|--------------------------------|
| Sports        | Wrestling                      |
| Date of Birth | June 30, 1999                  |
| Origin        | Matsudo City, Chiba Prefecture |
| University    | Waseda University              |

#### Main Results

|      |  |
|------|--|
| 2017 | World Championship 48 kilogram-class victory                                     |
| 2018 | World Championship 50 kilogram-class victory                                     |
| 2019 | 50 kilogram-class championship at the Meiji Cup All Japan Selected Championships |
| 2019 | Emperor's Cup All Japan Championships 50 kilogram-class victory                  |
| 2021 | Winner of Tokyo Olympic Asian Qualifiers, 50 kilogram-class                      |
| 2021 | Winner of Tokyo 2020 Olympic Games in the 50 kilogram class                      |



At KITZ Group Innovation Center where the induction ceremony was held

# Financial and Non-Financial Data

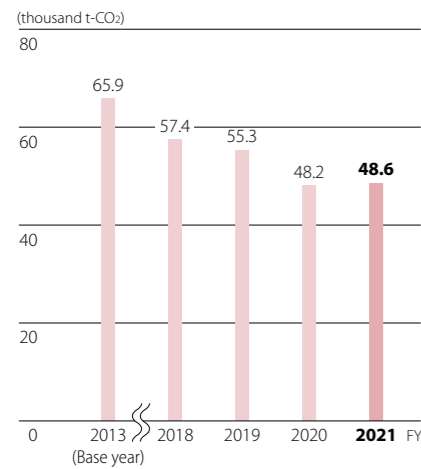
|   | FY2011  | FY2012  | FY2013  | FY2014  | FY2015  | FY2016  | FY2017  | FY2018  | FY2019  | FY2020  | FY2021            |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|
| <b>Financial Data</b>                           |         |         |         |         |         |         |         |         |         |         |                   |
| <b>For the Year</b>                             |         |         |         |         |         |         |         |         |         |         | (Millions of yen) |
| Net sales                                       | 108,446 | 111,275 | 117,355 | 117,036 | 117,278 | 114,101 | 124,566 | 136,637 | 127,090 | 84,245  | <b>135,790</b>    |
| Domestic sales                                  | 82,974  | 81,509  | 84,970  | 81,983  | 80,127  | 80,207  | 89,756  | 95,209  | 88,147  | 59,510  | <b>94,510</b>     |
| Overseas sales                                  | 25,472  | 29,765  | 32,384  | 35,052  | 37,151  | 33,893  | 34,809  | 41,428  | 38,942  | 24,734  | <b>41,279</b>     |
| Valve Manufacturing Business                    | 78,976  | 84,472  | 87,888  | 90,152  | 93,579  | 91,766  | 98,162  | 109,969 | 103,114 | 70,129  | <b>106,754</b>    |
| Brass Bar Manufacturing Business                | 20,065  | 17,948  | 20,953  | 21,021  | 20,557  | 19,333  | 23,535  | 23,643  | 21,061  | 12,952  | <b>27,366</b>     |
| Other   | 9,404   | 8,855   | 8,514   | 5,863   | 3,141   | 3,002   | 2,867   | 3,025   | 2,914   | 1,163   | <b>1,668</b>      |
| Operating income                                | 4,638   | 6,558   | 6,470   | 6,886   | 7,245   | 8,929   | 10,117  | 11,713  | 6,950   | 3,751   | <b>8,990</b>      |
| Ordinary income                                 | 4,388   | 6,521   | 6,501   | 7,581   | 7,300   | 8,799   | 9,733   | 11,883  | 7,241   | 3,169   | <b>8,975</b>      |
| Net income attributable to owners of the parent | 2,480   | 4,039   | 3,564   | 6,881   | 4,915   | 5,400   | 6,518   | 5,625   | 4,937   | 2,113   | <b>4,954</b>      |
| Cash flows from operating activities            | 2,217   | 7,885   | 4,667   | 8,923   | 9,592   | 12,979  | 6,941   | 10,069  | 13,329  | 10,024  | <b>8,280</b>      |
| Cash flows from investing activities            | (2,508) | (4,519) | (3,546) | (1,010) | (9,763) | (2,141) | (7,066) | (9,264) | (8,040) | (2,379) | <b>(3,236)</b>    |
| Cash flows from financing activities            | (6,638) | (3,213) | 66      | (3,706) | 796     | (6,838) | 5,267   | (9,702) | (167)   | 7,497   | <b>(11,527)</b>   |
| <b>At Year-End</b>                              |         |         |         |         |         |         |         |         |         |         | (Millions of yen) |
| Current assets                                  | 47,247  | 49,956  | 55,866  | 63,884  | 63,501  | 67,972  | 77,400  | 71,226  | 73,351  | 81,765  | <b>86,621</b>     |
| Fixed assets                                    | 47,734  | 50,016  | 51,717  | 51,905  | 55,920  | 51,175  | 56,145  | 60,430  | 61,712  | 58,916  | <b>56,798</b>     |
| Total assets                                    | 94,981  | 99,972  | 107,583 | 115,790 | 119,422 | 119,148 | 133,545 | 131,657 | 135,063 | 140,681 | <b>143,419</b>    |
| Current liabilities                             | 20,182  | 21,149  | 20,703  | 25,740  | 19,040  | 19,608  | 24,078  | 22,227  | 25,036  | 23,332  | <b>32,939</b>     |
| Long-term liabilities                           | 20,309  | 18,603  | 20,101  | 14,556  | 24,284  | 24,647  | 32,075  | 32,600  | 33,147  | 42,182  | <b>29,226</b>     |
| Total liabilities                               | 40,491  | 39,752  | 40,805  | 40,296  | 43,325  | 44,255  | 56,154  | 54,827  | 58,184  | 65,514  | <b>62,166</b>     |
| Net assets                                      | 54,489  | 60,219  | 66,777  | 75,493  | 76,096  | 74,892  | 77,391  | 76,829  | 76,879  | 75,167  | <b>81,253</b>     |
| Interest-bearing liabilities                    | 24,290  | 22,319  | 23,728  | 21,426  | 25,008  | 24,787  | 34,302  | 33,672  | 39,147  | 49,352  | <b>39,710</b>     |
| Share price (Yen)                               | 360     | 472     | 505     | 594     | 487     | 742     | 914     | 811     | 653     | 627     | <b>712</b>        |
| <b>Per Share Data</b>                           |         |         |         |         |         |         |         |         |         |         | (Yen)             |
| EPS   | 22.71   | 36.98   | 32.63   | 63.22   | 45.5    | 51.43   | 65.5    | 58.5    | 53.06   | 23.38   | <b>55.26</b>      |
| BPS   | 490.65  | 542.41  | 601.56  | 686.47  | 700.17  | 727.78  | 782.98  | 793.74  | 819.49  | 828.76  | <b>896.55</b>     |
| Cash dividends per share                        | 7.50    | 9.50    | 10.00   | 13.00   | 13.00   | 13.00   | 17.00   | 20.00   | 20.00   | 9.00    | <b>20.00</b>      |
| <b>Financial Indicators (%)</b>                 |         |         |         |         |         |         |         |         |         |         |                   |
| Operating income to net sales                   | 4.3     | 5.9     | 5.5     | 5.9     | 6.2     | 7.8     | 8.1     | 8.6     | 5.5     | 4.5     | <b>6.6</b>        |
| ROE   | 4.7     | 7.2     | 5.7     | 9.8     | 6.6     | 7.3     | 8.7     | 7.4     | 6.5     | 2.8     | <b>6.4</b>        |
| ROA   | 4.5     | 6.7     | 6.3     | 6.8     | 6.2     | 7.4     | 7.7     | 9.0     | 5.4     | 2.3     | <b>6.3</b>        |
| Equity ratio                                    | 56.4    | 59.3    | 61.1    | 64.2    | 62.9    | 61.9    | 57.1    | 57.4    | 56.0    | 52.8    | <b>56.0</b>       |
| Payout Ratio                                    | 33.0    | 25.7    | 30.6    | 20.6    | 28.6    | 25.3    | 26.0    | 34.2    | 37.7    | 38.5    | <b>36.2</b>       |
| Total return ratio                              | 33.0    | 25.7    | 30.6    | 27.6    | 38.8    | 92.5    | 80.0    | 70.1    | 80.2    | 121.5   | <b>36.4</b>       |

\* 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.

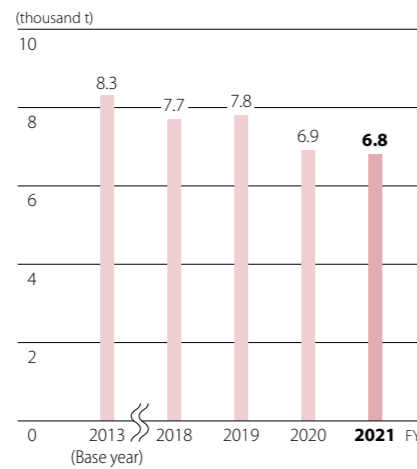
\* The fiscal year ended December 2020 is an irregular nine-month period due to the change in the fiscal year end.

## Non-Financial Data

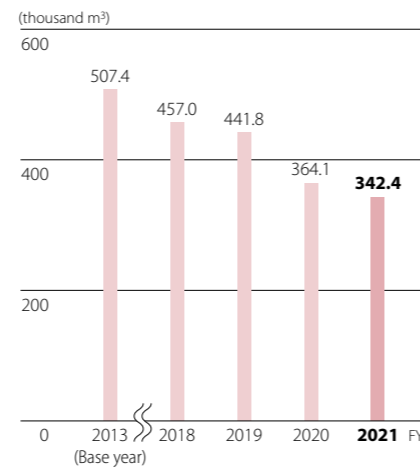
### CO<sub>2</sub> Emissions



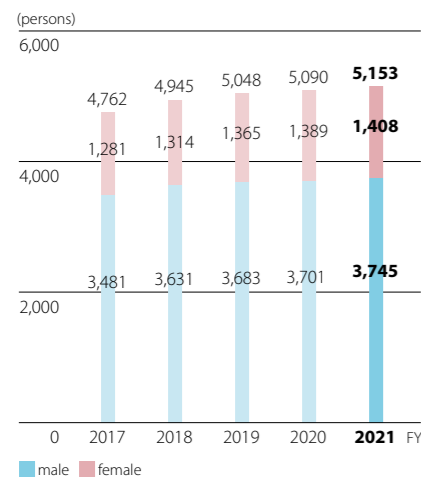
### Waste Generation



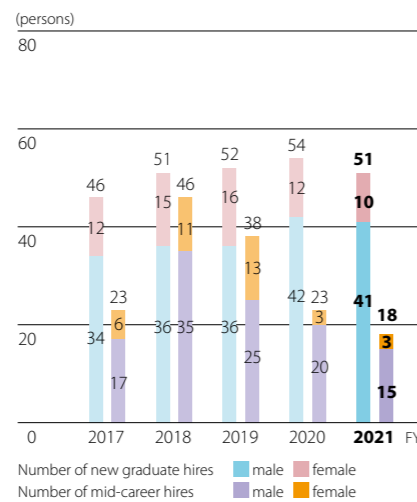
### Water Resource Usage



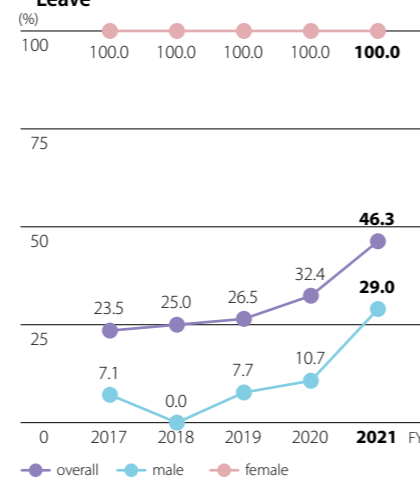
### Number of Employees



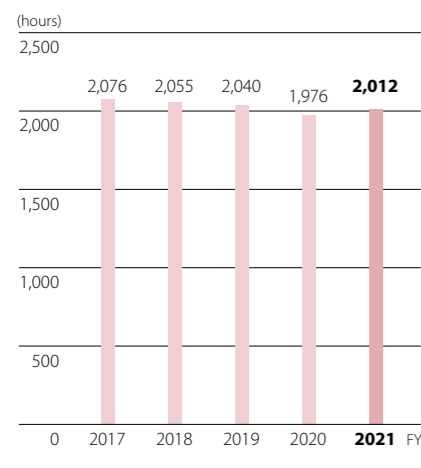
### Number of Newly Hired Employees



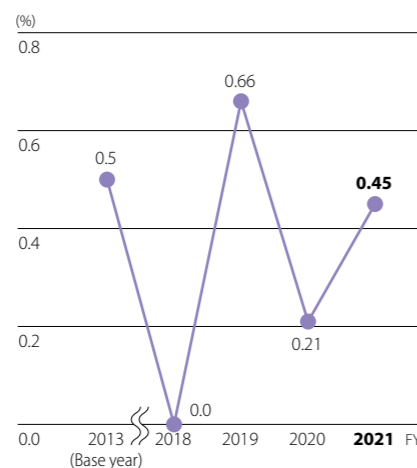
### Percentage of Employees Taking Childcare Leave



### Total Working Hours

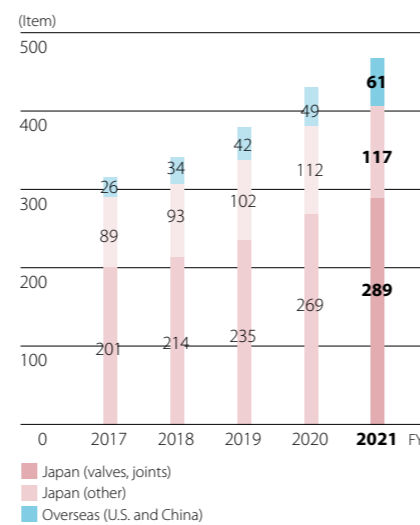


### LTI Rate\* (4 days of absence)



\* LTI Rate = number of work occupational related accidents / total working hours × 1 million hours

### Number of Patents Held



• The fiscal year ended December 2020 is an irregular nine-month period due to the change in the fiscal year end.  
 • Aggregation periods - Fiscal year ended March 2014 to fiscal year ended March 2020: April to March, Fiscal year ended December 2020: April to December, Fiscal year ended December 2021: January to December. However, CO<sub>2</sub> emissions, waste generation, water resource usage, total working hours and frequency rate for the fiscal year ending December 2020 display the results for the 12-months from January to December 2020.  
 • Aggregation scope: CO<sub>2</sub> emissions, waste generation, water resource usage for the fiscal year ended March 2014 to the fiscal year ended March 2019 are for domestic Group companies except for KITZ domestic business sites and Hokuto Giken Kogyo, and for the fiscal year ended March 2020 and thereafter are for KITZ domestic business sites and domestic Group companies. Number of new hires, percentage of employees taking childcare leave and total actual working hours are for KITZ on a nonconsolidated basis. The frequency rate is for the production sites of KITZ and its domestic Group companies. Number of patents held is as shown in the legend.

## Consolidated Balance Sheets

|  | FY2019  | FY2020  | FY2021  |
|--|---------|---------|---------|
| (Millions of yen)                          |         |         |         |
| <b>Assets</b>                              |         |         |         |
| <b>Current assets</b>                      |         |         |         |
| Cash in hand and in banks                  | 18,696  | 33,720  | 27,943  |
| Notes, accounts receivable—trade           | 19,217  | 16,209  | 19,826  |
| Electronically recorded monetary claims    | 8,344   | 8,017   | 10,205  |
| Merchandise and finished goods             | 9,941   | 9,238   | 11,545  |
| Work in process                            | 5,990   | 5,593   | 6,505   |
| Raw materials and supplies                 | 8,044   | 7,405   | 8,757   |
| Other                                      | 3,261   | 1,706   | 2,010   |
| Allowance for doubtful accounts            | (145)   | (127)   | (173)   |
| <b>Total current assets</b>                | 73,351  | 81,765  | 86,621  |
| <b>Fixed assets</b>                        |         |         |         |
| Property, plant and equipment              |         |         |         |
| Buildings and structures                   | 10,818  | 10,786  | 10,253  |
| Machinery, equipment and vehicles          | 14,220  | 13,166  | 12,606  |
| Tools, furniture and fixtures              | 5,228   | 5,303   | 5,273   |
| Land                                       | 10,549  | 10,249  | 9,686   |
| Construction in progress                   | 2,056   | 1,677   | 2,734   |
| Other                                      | 1,367   | 1,119   | 881     |
| <b>Total property, plant and equipment</b> | 44,241  | 42,303  | 41,436  |
| <b>Intangible assets</b>                   |         |         |         |
| Goodwill                                   | 646     | 395     | 319     |
| Other                                      | 6,993   | 5,816   | 4,270   |
| <b>Total intangible assets</b>             | 7,639   | 6,211   | 4,590   |
| <b>Investments and other assets</b>        |         |         |         |
| Investments in securities                  | 5,607   | 6,465   | 6,757   |
| Retirement benefit assets                  | 293     | 497     | 526     |
| Deferred income tax assets                 | 1,246   | 774     | 1,322   |
| Other                                      | 2,685   | 2,665   | 2,167   |
| Allowance for doubtful accounts            | (2)     | (2)     | (2)     |
| <b>Total investments and other assets</b>  | 9,831   | 10,401  | 10,772  |
| <b>Total fixed assets</b>                  | 61,712  | 58,916  | 56,798  |
| <b>Total assets</b>                        | 135,063 | 140,681 | 143,419 |

|   | FY2019  | FY2020  | FY2021  |
|---|---------|---------|---------|
| (Millions of yen)                                     |         |         |         |
| <b>Liabilities</b>                                    |         |         |         |
| <b>Current liabilities</b>                            |         |         |         |
| Notes and accounts payable—trade                      | 7,289   | 5,693   | 8,037   |
| Current portion of corporate bonds                    | 474     | 474     | 10,474  |
| Short-term borrowings                                 | 6,674   | 6,979   | 816     |
| Current portion of long-term debt                     | 1,927   | 2,733   | 2,284   |
| Income taxes payable                                  | 750     | 316     | 2,474   |
| Consumption tax payable                               | 307     | 704     | 135     |
| Accrued bonuses to employees                          | 2,235   | 1,321   | 2,575   |
| Accrued bonuses to directors, officers                | 158     | 104     | 192     |
| Other   | 5,218   | 5,004   | 5,948   |
| <b>Total current liabilities</b>                      | 25,036  | 23,332  | 32,939  |
| <b>Long-term liabilities</b>                          |         |         |         |
| Corporate bonds                                       | 21,429  | 31,192  | 20,717  |
| Long-term debt  | 7,310   | 6,888   | 4,575   |
| Deferred income tax liabilities                       | 859     | 867     | 828     |
| Accrued retirement benefits to directors              | 356     | 263     | 230     |
| Allowance for stock benefit for directors             | 176     | 182     | 233     |
| Retirement benefit liabilities                        | 732     | 699     | 737     |
| Asset retirement obligations                          | 414     | 417     | 421     |
| Other   | 1,869   | 1,671   | 1,480   |
| <b>Total long-term liabilities</b>                    | 33,147  | 42,182  | 29,226  |
| <b>Total liabilities</b>                              | 58,184  | 65,514  | 62,166  |
| <b>Net assets</b>                                     |         |         |         |
| <b>Shareholders' equity</b>                           |         |         |         |
| Common stock  | 21,207  | 21,207  | 21,207  |
| Capital surplus                                       | 5,674   | 5,726   | 5,726   |
| Retained earnings                                     | 54,404  | 47,925  | 51,708  |
| Treasury stock  | (6,254) | (491)   | (492)   |
| <b>Total shareholders' equity</b>                     | 75,032  | 74,367  | 78,149  |
| <b>Accumulated other comprehensive income</b>         |         |         |         |
| Net unrealized gains on other securities              | 856     | 1,478   | 1,678   |
| Deferred gains or losses on hedges                    | 5       | (1)     | —       |
| Translation adjustments                               | (316)   | (1,683) | 368     |
| Cumulative adjustments related to retirement benefits | (3)     | 132     | 172     |
| <b>Total accumulated other comprehensive income</b>   | 542     | (74)    | 2,219   |
| Non-controlling interests                             | 1,304   | 874     | 884     |
| <b>Total net assets</b>                               | 76,879  | 75,167  | 81,253  |
| <b>Total liabilities and net assets</b>               | 135,063 | 140,681 | 143,419 |



## Consolidated Statements of Income

|  | (Millions of yen) |        |         |
|--|-------------------|--------|---------|
|  | FY2019            | FY2020 | FY2021  |
| Net sales  | 127,090           | 84,245 | 135,790 |
| Cost of sales  | 93,560            | 62,284 | 101,328 |
| Gross profit   | 33,530            | 21,961 | 34,461  |
| Selling, general and administrative expenses                 | 26,580            | 18,209 | 25,470  |
| Operating income   | 6,950             | 3,751  | 8,990   |
| Non-operating income   |                   |        |         |
| Interest income  | 47                | 22     | 33      |
| Dividend income  | 245               | 155    | 164     |
| Exchange gains   | —                 | —      | 84      |
| Insurance income   | 155               | 28     | 167     |
| Subsidy income   | 321               | 196    | 161     |
| Other  | 467               | 233    | 320     |
| Total non-operating income                                   | 1,236             | 636    | 931     |
| Non-operating expenses                                       |                   |        |         |
| Interest expenses  | 283               | 212    | 269     |
| Sales discount   | 373               | 220    | 313     |
| Losses on sales of notes receivable                          | 22                | 36     | 55      |
| Exchange losses  | 64                | 387    | —       |
| Losses on valuation of derivatives                           | —                 | 212    | 209     |
| Other  | 201               | 148    | 98      |
| Total non-operating expenses                                 | 945               | 1,217  | 946     |
| Ordinary income  | 7,241             | 3,169  | 8,975   |
| Extraordinary income   |                   |        |         |
| Gains on sales of property, plant and equipment              | 14                | 44     | 70      |
| Gains on sales of investment securities                      | 355               | 164    | —       |
| Gains on sales of investment real estate                     | —                 | 1      | 32      |
| Other  | 5                 | 27     | 0       |
| Total extraordinary income                                   | 375               | 237    | 102     |
| Extraordinary loss   |                   |        |         |
| Losses on sales or disposal of property, plant and equipment | 74                | 87     | 117     |
| Impairment loss  | 24                | 21     | 1,223   |
| Loss from the temporary closing                              | —                 | 35     | —       |
| Other  | 130               | 22     | 31      |
| Total extraordinary loss                                     | 228               | 167    | 1,372   |
| Net income before income taxes and non-controlling interests | 7,387             | 3,239  | 7,705   |
| Income taxes (income, residential and enterprise taxes)      | 2,024             | 888    | 3,279   |
| Income tax adjustment  | 339               | 224    | (665)   |
| Total income taxes   | 2,364             | 1,112  | 2,614   |
| Net income   | 5,023             | 2,126  | 5,091   |
| Net income attributable to non-controlling interests         | 86                | 12     | 136     |
| Net income attributable to owners of the parent              | 4,937             | 2,113  | 4,954   |

## Consolidated Statements of Comprehensive Income

|  | (Millions of yen) |         |        |
|--|-------------------|---------|--------|
|  | FY2019            | FY2020  | FY2021 |
| Net income   | 5,023             | 2,126   | 5,091  |
| Other comprehensive income                                     |                   |         |        |
| Net unrealized gains on other securities                       | (493)             | 621     | 200    |
| Deferred gains or losses on hedges                             | 5                 | (6)     | 1      |
| Translation adjustment   | (15)              | (1,408) | 2,051  |
| Remeasurements of retirement benefits                          | (110)             | 135     | 40     |
| Total other comprehensive income                               | (614)             | (657)   | 2,293  |
| Comprehensive income   | 4,409             | 1,468   | 7,384  |
| (Breakdown)  |                   |         |        |
| Comprehensive income attributable to owners of the parent      | 4,277             | 1,496   | 7,248  |
| Comprehensive income attributable to non-controlling interests | 131               | (28)    | 136    |

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

## Consolidated Statements of Cash Flows

|  | (Millions of yen) |         |          |
|--|-------------------|---------|----------|
|  | FY2019            | FY2020  | FY2021   |
| <b>Cash flows from operating activities</b>  |                   |         |          |
| Net income before income taxes and non-controlling interests                                       | 7,387             | 3,239   | 7,705    |
| Depreciation   | 6,558             | 4,954   | 6,685    |
| Amortization of goodwill   | 219               | 66      | 82       |
| Exchange (gains) losses  | (23)              | (75)    | 230      |
| (Gains) losses on sales of investment securities   | (355)             | (163)   | —        |
| Increase (decrease) in allowance for doubtful accounts   | (3)               | (16)    | 45       |
| Increase (decrease) in accrued bonuses to employees  | (290)             | (771)   | 1,219    |
| Increase (decrease) in retirement benefit liabilities  | (142)             | (61)    | 142      |
| Increase (decrease) in accrued retirement benefits to directors                                    | (4)               | (95)    | (34)     |
| Increase (decrease) in allowance for stock benefit for directors                                   | 52                | 6       | 50       |
| Increase (decrease) in provision of accrued bonuses to directors                                   | (47)              | (42)    | 87       |
| Interest income and dividend income  | (292)             | (177)   | (198)    |
| Interest expenses  | 283               | 212     | 269      |
| Loss (gain) on sales and retirement of property, plant, and equipment                              | 59                | 42      | 47       |
| Impairment losses of fixed assets  | 24                | 21      | 1,223    |
| (Increase) decrease in notes and accounts receivable   | 2,628             | 2,384   | (5,357)  |
| (Increase) decrease in inventories   | 357               | 1,709   | (3,740)  |
| (Increase) decrease in other current assets  | (99)              | 211     | (243)    |
| Increase (decrease) in accounts payable  | 682               | (1,071) | 1,976    |
| Increase (decrease) in other current liabilities   | (639)             | 638     | (575)    |
| Other  | 160               | 69      | (151)    |
| Subtotal   | 16,515            | 11,082  | 9,464    |
| Interest and dividend income received  | 206               | 180     | 196      |
| Interest expenses paid   | (298)             | (176)   | (263)    |
| Income taxes paid  | (3,094)           | (1,062) | (1,116)  |
| Cash flows from operating activities   | 13,329            | 10,024  | 8,280    |
| <b>Cash flows from investing activities</b>  |                   |         |          |
| Payments for purchase of property, plant and equipment   | (6,552)           | (2,876) | (3,478)  |
| Proceeds from sales of property, plant and equipment   | 29                | 119     | 237      |
| Payments for purchase of intangible assets   | (409)             | (226)   | (220)    |
| Payments for purchase of investments in securities   | (1,780)           | (55)    | (23)     |
| Proceeds from sales of investments in securities   | 718               | 208     | —        |
| (Increase) decrease in time deposits, net  | 6                 | 424     | 112      |
| Other  | (51)              | 27      | 136      |
| Cash flows from investing activities   | (8,040)           | (2,379) | (3,236)  |
| <b>Cash flows from financing activities</b>  |                   |         |          |
| Increase (decrease) in short-term borrowings, net  | 5,452             | 389     | (6,165)  |
| Proceeds from long-term borrowings   | 2,423             | 2,002   | 11       |
| Repayment of long-term borrowings  | (2,685)           | (1,569) | (2,780)  |
| Proceeds from issuance of bonds  | —                 | 9,932   | —        |
| Payments for redemption of bonds   | (774)             | (237)   | (474)    |
| Cash dividends paid  | (2,078)           | (1,377) | (1,171)  |
| Proceeds from sales of treasury stock  | 7                 | 19      | 0        |
| Payments for acquisition of treasury stock   | (2,229)           | (1,756) | (0)      |
| Cash dividends paid to non-controlling interests   | (38)              | (5)     | (112)    |
| Payments for acquisition of treasury stock   | 268               | 755     | —        |
| Other  | (513)             | (655)   | (834)    |
| Cash flows from financing activities   | (167)             | 7,497   | (11,527) |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                | (76)              | 164     | 777      |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | 5,043             | 15,308  | (5,706)  |
| <b>Cash and cash equivalents at the beginning of the period</b>                                    | 12,876            | 17,920  | 33,364   |
| <b>Net increase (decrease) in cash and cash equivalents due to the change in the fiscal period</b> | —                 | 136     | —        |
| <b>Cash and cash equivalents at the end of the period</b>  | 17,920            | 33,364  | 27,658   |

# Group Network

## Domestic Network

### KITZ Corporation

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



### Sales Bases

#### Hokkaido Regional Office

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

#### Tohoku Regional Office

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

#### Kita-Kanto Regional Office

**Kita-Kanto Sales Office**  
Sakamoto-2 Building, 3-306-1, Miyaharacho,  
Kita-ku, Saitama-shi, Saitama Pref. 331-0812,  
Japan  
TEL: +81-48-651-5260

#### Niigata Sales Office

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

### Tokyo Branch

Onward Park Building, 3-10-5 Nihombashi,  
Chuo-ku, Tokyo 103-0027, Japan

**Tokyo Sales Office 1**  
TEL: +81-3-6836-1501

**Tokyo Sales Office 2**  
TEL: +81-3-6836-1501

#### Chiba Sales Office

1-10-1 Nakase, Mihama-ku, Chiba-shi,  
Chiba Pref. 261-8577, Japan  
TEL: +81-43-299-1706

#### Yokohama Sales Office

Sankyo Yokohama Building, 5-85 Chojamachi,  
Naka-ku, Yokohama-shi,  
Kanagawa Pref. 231-0033, Japan  
TEL: +81-45-253-1095

### Chubu Branch

Gojinsha Meieki 3 Building, 3-9-37 Meieki,  
Nishi-ku, Nagoya-shi, Aichi Pref. 451-0045,  
Japan

\*The Chubu Branch will relocate to the following  
address on August 29, 2022.

Marunouchi One Building, 1-9-16  
Marunouchi, Naka-ku, Nagoya-shi,  
Aichi Pref. 460-0002, Japan

**Nagoya Sales Office 1**  
TEL: +81-52-562-1541  
\* From August 29, 2022  
TEL: +81-52-204-1061

**Nagoya Sales Office 2**  
TEL: +81-52-562-1541  
\* From August 29, 2022  
TEL: +81-52-204-1062

#### 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

**Osaka Sales Office 1**  
TEL: +81-6-6541-1178

**Osaka Sales Office 2**  
TEL: +81-6-6533-1715

### Chugoku Regional Office

#### Hiroshima Sales Office

MetLife 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

ZS Fukuoka Building, 3-4-2 Higashihie,  
Hakata-ku, Fukuoka-shi, Fukuoka Pref.  
812-0007, Japan  
TEL: +81-92-431-7877

### Water Supply Product Sales Dept.

#### Water Supply Product Sales Office

Onward Park Building, 3-10-5 Nihombashi,  
Chuo-ku, Tokyo 103-0027, Japan  
TEL: +81-3-6836-1505

#### 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

### Machinery Equipment Sales Dept.

#### Machinery Equipment Sales Office 1

1-10-1 Nakase, Mihama-ku, Chiba-shi,  
Chiba Pref. 261-8577, Japan  
TEL: +81-43-299-1734

#### 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

### International Business Development Dept.

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

### Business Promotion Center

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

#### Building System Dept.

TEL: +81-43-299-0139

#### Industrial Dept.

TEL: +81-43-299-1771

#### Fine Chemical Dept.

TEL: +81-43-299-1774

#### Hydrogen Dept.

TEL: +81-43-299-1765

### Production Sites / Research and Training Facilities

#### Plants

#### KITZ Corporation Nagasaki Plant

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



#### KITZ Corporation Ina Plant

7130 Higashiaruchika, Ina-shi,  
Nagano Pref. 399-4496, Japan  
TEL: +81-265-78-1111



#### KITZ Corporation Chino Plant

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



### Research and Training Facilities

#### KITZ Group Innovation Center

5125 Kanazawa, Chino-shi,  
Nagano Pref. 391-0012, Japan  
TEL: +81-266-82-0051

### KITZ Group

#### Toyo Valve Co., Ltd.

10-5, Nihonbashi 3-chome,  
Chuo-ku, Tokyo, 103-0027, Japan  
TEL: +81-3-6262-1652  
(Sales of valves and system equipment)

### 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

JRE 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)



### 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

5125 Kanazawa, Chino-shi,  
Nagano Pref. 391-8566, Japan  
TEL: +81-0266-75-1140  
(Manufacturing and sales of water purifier  
and industrial filter)



**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.**  
2-7-21 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, Sangidaehak-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 and marketing 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)

#### 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 and marketing of valves)

#### KITZ (Thailand) Ltd.

426 Moo 17 Bangplee Industrial  
Estate soi.6/2 Debaratana Road Km.23,  
T.Bangsothong, A.Bangsothong  
Samutprakarn 10570, Thailand  
TEL: +66-2-315-3129~32  
(Manufacturing and sales of copper alloy  
valves and butterfly valves)



#### Malaysia

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

#### Vietnam

**KITZ Valve & Actuation Vietnam Co., Ltd.**  
U.1801, 18F, Park IX Building,  
No. 08 Phan Dinh Giot Str.,  
Ward 2, Tan Binh District,  
Ho Chi Minh City, Vietnam  
TEL: +84-28-7306-8306  
(Sales and marketing of valves)

#### Taiwan

**KITZ Corporation of Taiwan**  
No.26, E. 5th St., N.T.I.P., Nanzi Dist.,  
Kaohsiung, Taiwan, R.O.C.  
TEL: +886-7-361-1236  
(Manufacturing and sales of stainless steel  
and carbon steel valves and joints)



#### China

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



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



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



Changshu Branch

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



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



#### Hong Kong

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

#### India

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



#### U.S.A.

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

**KITZ SCT America Corporation**  
5201 Great America Parkway, Suite 238,  
Santa Clara, California 95054, U.S.A.  
TEL: +1-408-747-5546  
(Sales and marketing of valves and fittings for  
semiconductor manufacturing equipment)

#### Brazil

**Metalúrgica Golden Art's Ltda.**  
Rua Getúlio Vargas 496, Bairro Renovação,  
Veranópolis, Rio Grande do Sul,  
Brazil, 95330-000  
TEL: +55-54-3441-8900  
(Manufacturing and sales of industrial ball  
valves)



#### Spain

**KITZ Corporation of Europe, S.A.**  
Ramón Viñas, 8 08930 Sant Adrià de Besòs,  
Barcelona, Spain  
TEL: +34-93-462-14-08  
(Manufacturing and sales of ball valves made  
from cast steel, stainless steel and other  
materials)



#### Germany

**Perrin GmbH**  
Siemensstraße 1, 61130, Nidderau, Germany  
TEL: +49-6187-928-0  
(Manufacturing and sales of metal seated ball  
valves)



# Corporate Data / Stock Information

## Corporate Data (as of December 31, 2021)

|                        |  |
|------------------------|--|
| Corporate Name         | <b>KITZ CORPORATION</b>  |
| Head Office            | 1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Prefecture 261-8577, Japan TEL: +81-43-299-0111 |
| URL                    | <a href="https://www.kitz.com/english/">https://www.kitz.com/english/</a>                  |
| Established            | January 26, 1951   |
| Capital                | ¥21,207,084,670  |
| Fiscal Year-end        | December   |
| Stock Exchange Listing | First Section of Tokyo Stock Exchange (Prime Market from April 4, 2022) Code: 6498         |
| Number of Employees    | 1,396 (Non-consolidated basis)   |
| Business Activities    | Manufacturing and sales of valves, other flow control devices and related products         |
| Independent Auditor    | Ernst & Young ShinNihon LLC  |

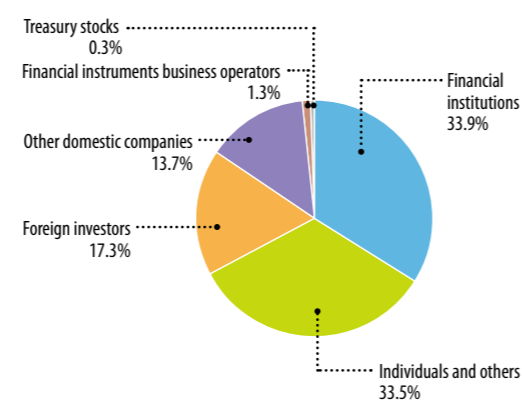
## Stock Information (as of December 31, 2021)

|                                   |  |
|-----------------------------------|--|
| Total Number of Authorized Shares | 400,000,000 shares   |
| Shares Issued and Outstanding     | 90,120,070 shares<br>Note: The number of shares shown above does not include 276,441 shares of treasury stock that were held as of December 31, 2021.  |
| Number of Shareholders            | 12,599   |
| General Meeting of Shareholders   | March  |
| Reference Dates                   | Date of resolution of meeting of shareholders: December 31<br>Year-end dividend: December 31<br>Interim dividend: June 30 In addition, a public announcement will be made in advance as necessary.   |
| Public Announcement Method        | Electronic announcement<br>However, announcements will be placed in the <i>Nihon Keizai Shimbun</i> in cases where it is not possible to make an electronic announcement. URL for announcements: <a href="https://www.kitz.co.jp/">https://www.kitz.co.jp/</a> |
| Share Unit Number                 | 100 shares   |

## Major Shareholders (top 10)

| Name  | Shareholdings (thousands) | Percent of total shares issued (%) |
|---|---------------------------|------------------------------------|
| The Master Trust Bank of Japan, Ltd.                  | 8,726                     | 9.68                               |
| Kitazawa-kai Stock Ownership Plan                     | 4,710                     | 5.23                               |
| Nippon Life Insurance Company                         | 4,303                     | 4.78                               |
| Custody Bank of Japan, Ltd.                           | 3,530                     | 3.92                               |
| SUMITOMO LIFE INSURANCE COMPANY                       | 3,416                     | 3.79                               |
| Kitazawa Ikuikai Foundation                           | 3,411                     | 3.79                               |
| KITZ Corporation Trading Partner Stock Ownership Plan | 3,204                     | 3.56                               |
| Sumitomo Mitsui Banking Corporation                   | 2,553                     | 2.83                               |
| KITZ Corporation Employee Stock Ownership Plan        | 2,069                     | 2.30                               |
| SECOM General Insurance Co., Ltd.                     | 1,702                     | 1.89                               |

## Composition of Shareholders



## Stock Price Information



## Outdoor Signboards of KITZ

To increase name recognition, KITZ installed company advertising signboards at Tokyo Dome, JR Tokyo Station, JR Kaihin Makuhari Station and JR Makuhari Hongo Station, etc. We are carrying out company PR activities mainly in the Tokyo metropolitan area.



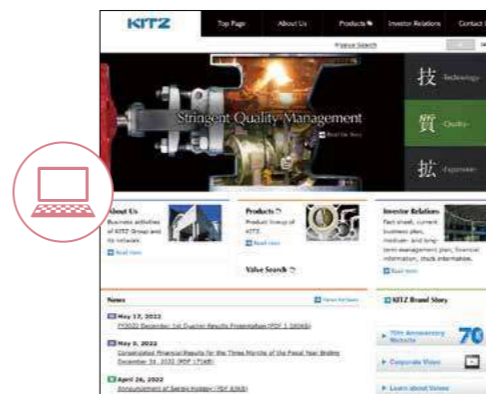
Tokyo Dome



Advertisement inside JR Tokyo station

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



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



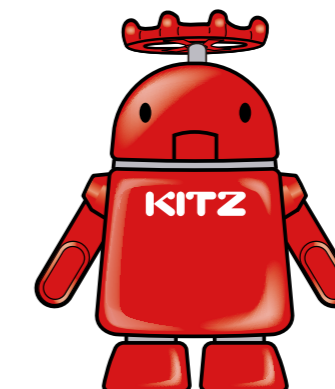
<https://www.kitz.com/sp/en/>

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



## Corporate PR Character

Kikumaru is a PR character, designed around the motif of the Chrysanthemum-Handle® (see Page 28 Focus), created to improve the KITZ corporate brand. The character is used at trade expo booths and in sales promotion tools, and is also actively utilized in all manner of promotional situations as a corporate PR character.



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

**KITZ**