

FY2022 December 2nd Quarter Results Presentation

KITZ CORPORATION August 2022

The forecast data presented herein reflects assumed results based on conditions that are subject to change. KITZ Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document. Numerical figures presented herein are rounded down.

FY2022 2nd Quarter Results

(Millions of Yen)

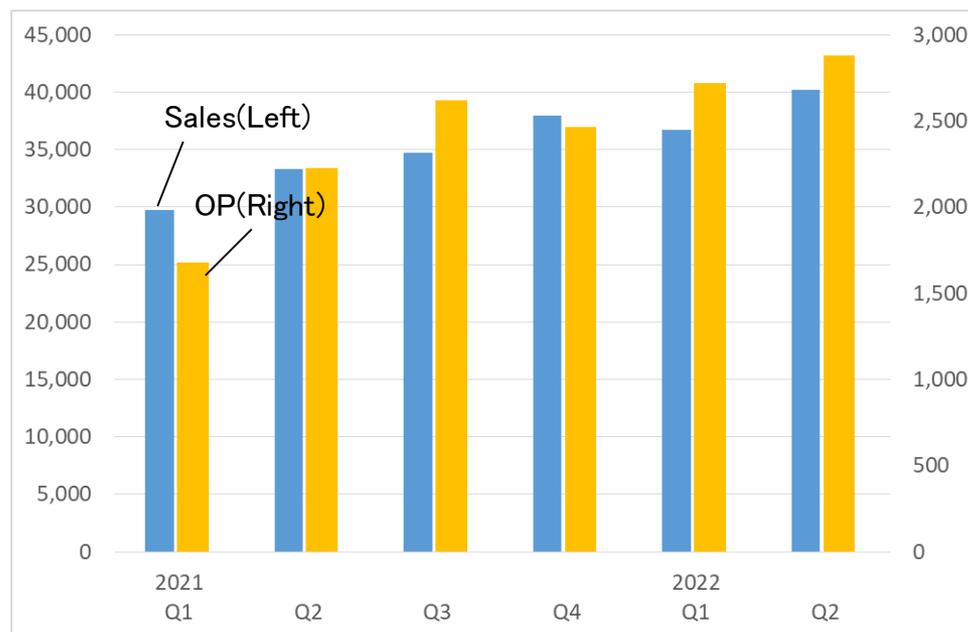
| | FY2021 | FY2022 | FY2022 | Y o Y | | Plan vs Results | |
|---|---------------|------------|---------------|--------|--------|-----------------|--------|
| | Q2 Results | Q2 Plan | Q2 Results | | | | |
| Sales | 63,117 | 69,400 | 76,932 | 13,814 | 21.9% | 7,532 | 10.9% |
| Valve Manufacturing | 49,757 | 54,200 | 59,709 | 9,951 | 20.0% | 5,509 | 10.2% |
| Brass Bar Manufacturing | 12,743 | 14,400 | 16,352 | 3,608 | 28.3% | 1,952 | 13.6% |
| Operating Income | 3,902 | 4,280 | 5,599 | 1,697 | 43.5% | 1,319 | 30.8% |
| | <6.2%> | <6.2%> | <7.3%> | | | | |
| Valve Manufacturing | 5,348 | 6,340 | 7,430 | 2,081 | 38.9% | 1,090 | 17.2% |
| Brass Bar Manufacturing | 460 | 60 | 144 | (315) | – | 84 | 141.5% |
| Ordinary Income | 3,958 | 4,145 | 6,133 | 2,174 | 54.9% | 1,988 | 48.0% |
| Net Income Attributable to Owners of the Parent | 2,063 | 2,700 | 4,147 | 2,083 | 101.0% | 1,447 | 53.6% |
| Yen / US Dollar | 108.47 | 128.00 | 124.54 | | | | |
| Yen / Euro | 130.47 | 138.90 | 135.14 | | | | |
| Electrolytic Copper, Yen / ton | 1,019,500 | 1,370,000 | 1,249,167 | | | | |

*Note : Total Sales and Operating Income include other segment and adjustment.

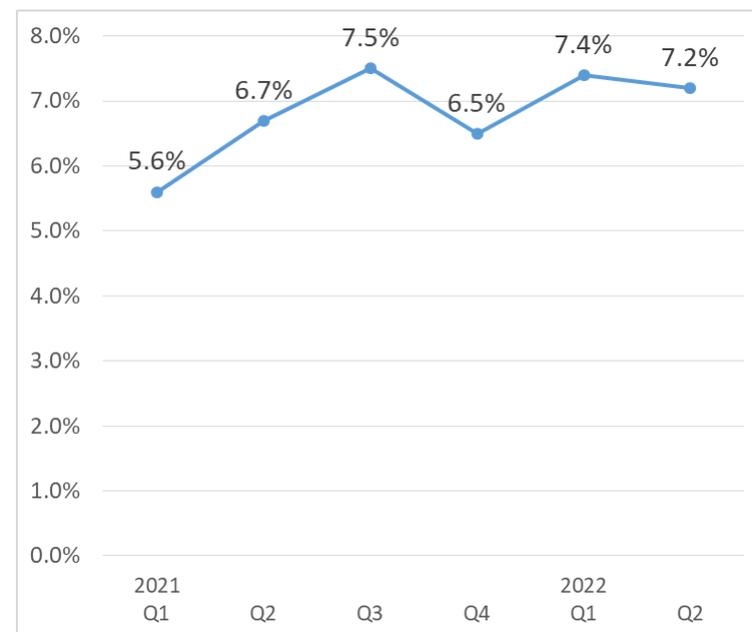
Quarterly Results (Consolidated)

(Millions of Yen)

Sales / OP



OP Margin



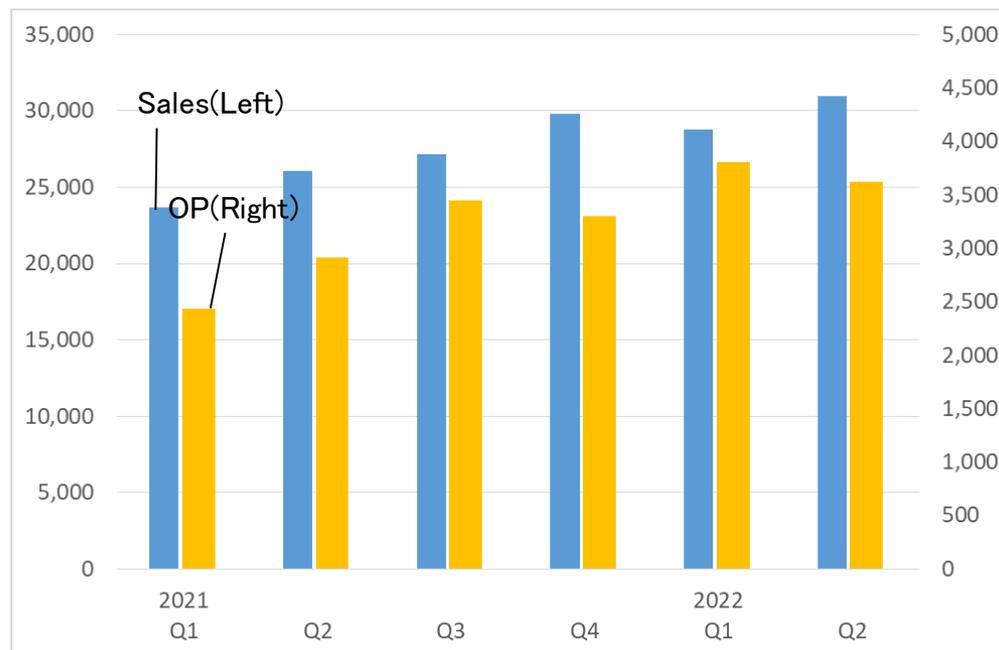
(Millions of Yen)

| | FY2021 | | | | FY2022 | |
|---|--------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Sales | 29,772 | 33,345 | 34,729 | 37,942 | 36,750 | 40,182 |
| Operating Income | 1,677 | 2,224 | 2,621 | 2,467 | 2,721 | 2,878 |
| Ordinary Income | 1,694 | 2,263 | 2,706 | 2,310 | 2,832 | 3,300 |
| Net Income attributable to owners of the parent | 918 | 1,144 | 1,764 | 1,126 | 1,866 | 2,280 |
| OP Margin | 5.6% | 6.7% | 7.5% | 6.5% | 7.4% | 7.2% |

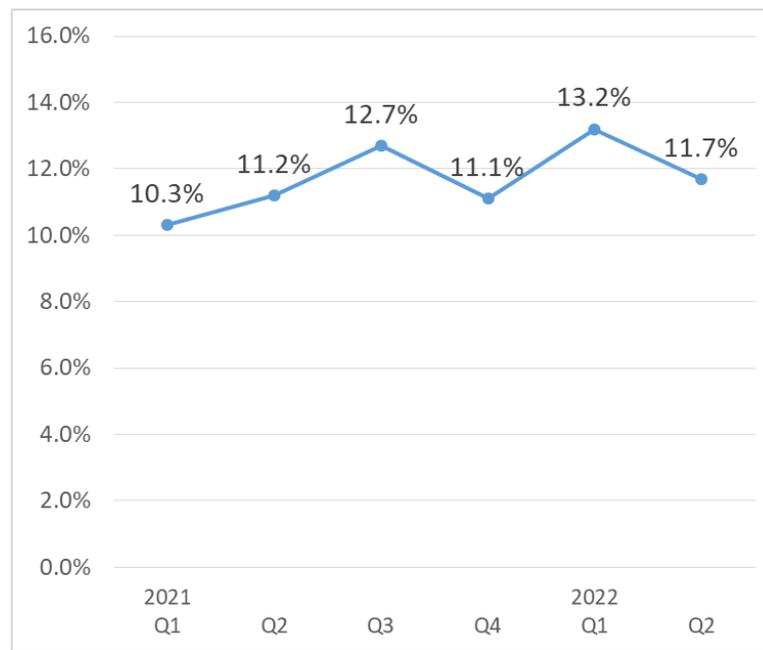
Quarterly Results (Valve Manufacturing)

(Millions of Yen)

Sales / OP



OP Margin



(Millions of Yen)

| | FY2021 | | | | FY2022 | |
|------------------|--------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Sales | 23,683 | 26,073 | 27,184 | 29,812 | 28,773 | 30,936 |
| Operating Income | 2,433 | 2,914 | 3,443 | 3,296 | 3,803 | 3,626 |
| OP Margin | 10.3% | 11.2% | 12.7% | 11.1% | 13.2% | 11.7% |

Valve Manufacturing Business Results

- by Market -

The Sales of Building & facilities, Petrochemicals, Machinery & equipment and Semiconductor equipment segment progressed steadily. Sales of Water treatment segment were slightly sluggish due to seasonal factors. Semiconductor materials (filters) are also doing well. In the Fine chemicals and Hydrogen & clean energy segment, we will focus on development of new products and orders for new projects to expand over the medium to long term.

(Millions of Yen)

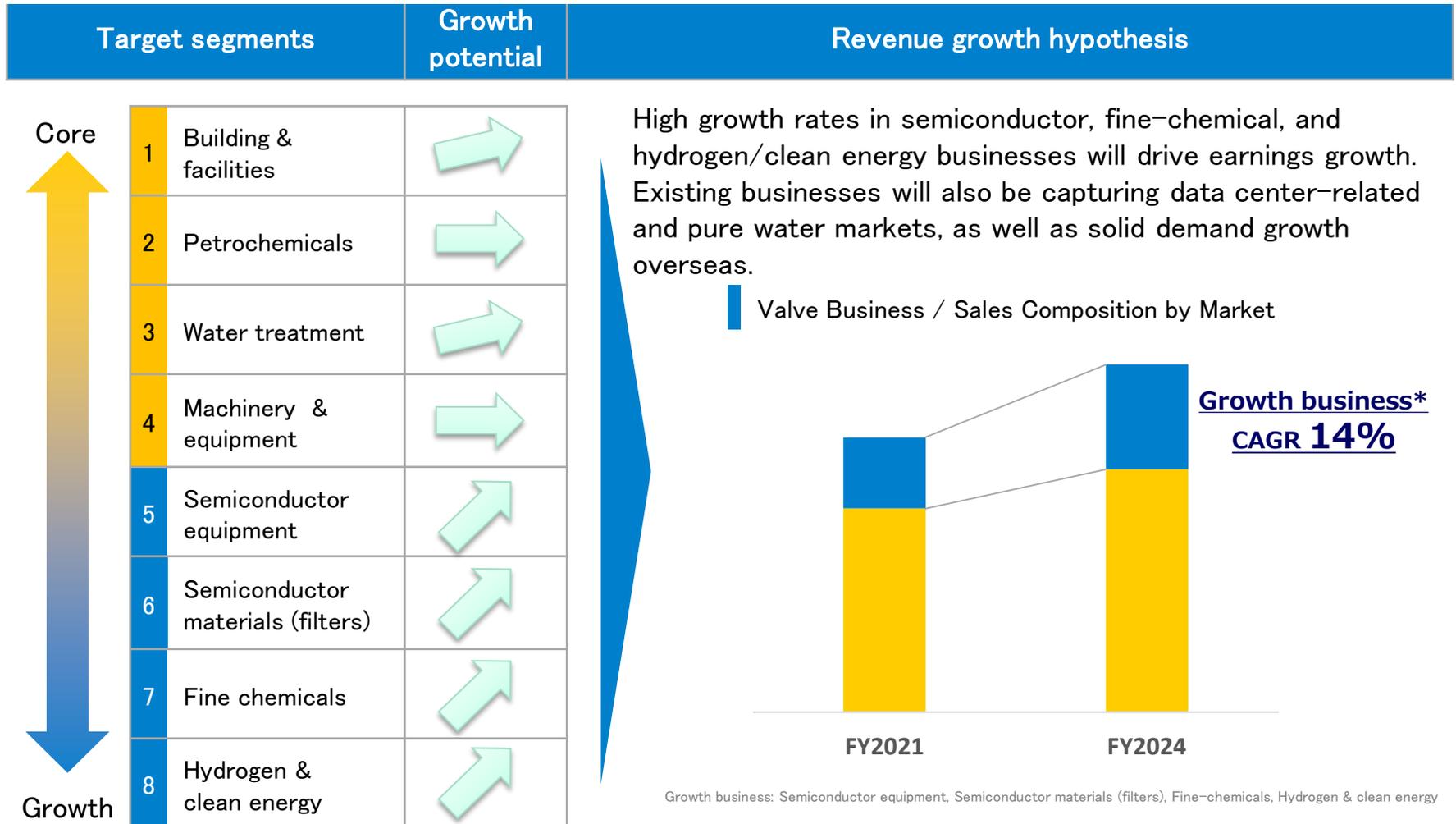
| | | FY2021 Results | FY2022 Plan | FY2022 Results | | | Progress |
|--------|--------------------------------------|-------------------|----------------|----------------|--------|--------|----------|
| | | | | Q1 | Q2 | Q1+Q2 | |
| Core | Building & Facilities | 22,900 | 22,700 | 7,000 | 7,300 | 14,400 | 63.4% |
| | Petrochemicals | 23,700 | 24,200 | 6,300 | 6,900 | 13,300 | 54.5% |
| | Water Treatment | 7,700 | 8,000 | 1,600 | 2,200 | 3,800 | 47.5% |
| | Machinery & Equipment | 11,100 | 10,900 | 2,800 | 2,800 | 5,600 | 51.4% |
| Growth | Semiconductor Equipment | 17,100 | 18,800 | 4,700 | 5,100 | 9,800 | 52.1% |
| | Semiconductor Materials (Filters) | 3,700 | 4,300 | 1,000 | 1,100 | 2,100 | 48.8% |
| | Fine Chemicals | 1,700 | 2,100 | 300 | 600 | 1,000 | 47.6% |
| | Hydrogen & Clean Energy | 1,100 | 2,200 | 300 | 200 | 500 | 22.7% |
| Others | | 17,700 | 19,000 | 4,600 | 4,700 | 9,300 | 48.9% |
| Total | | 106,800 | 112,200 | 28,800 | 30,900 | 59,700 | 53.2% |

Note1 : From the fiscal year ending December 31, 2022, we disclose the results separately in the target markets outlined in Medium-term Management Plan.

Note2 : Since figures are shown in unites of ¥100 million, cumulative figures and totals may not match in some cases.

Target Segments and Targeted Revenue Structure

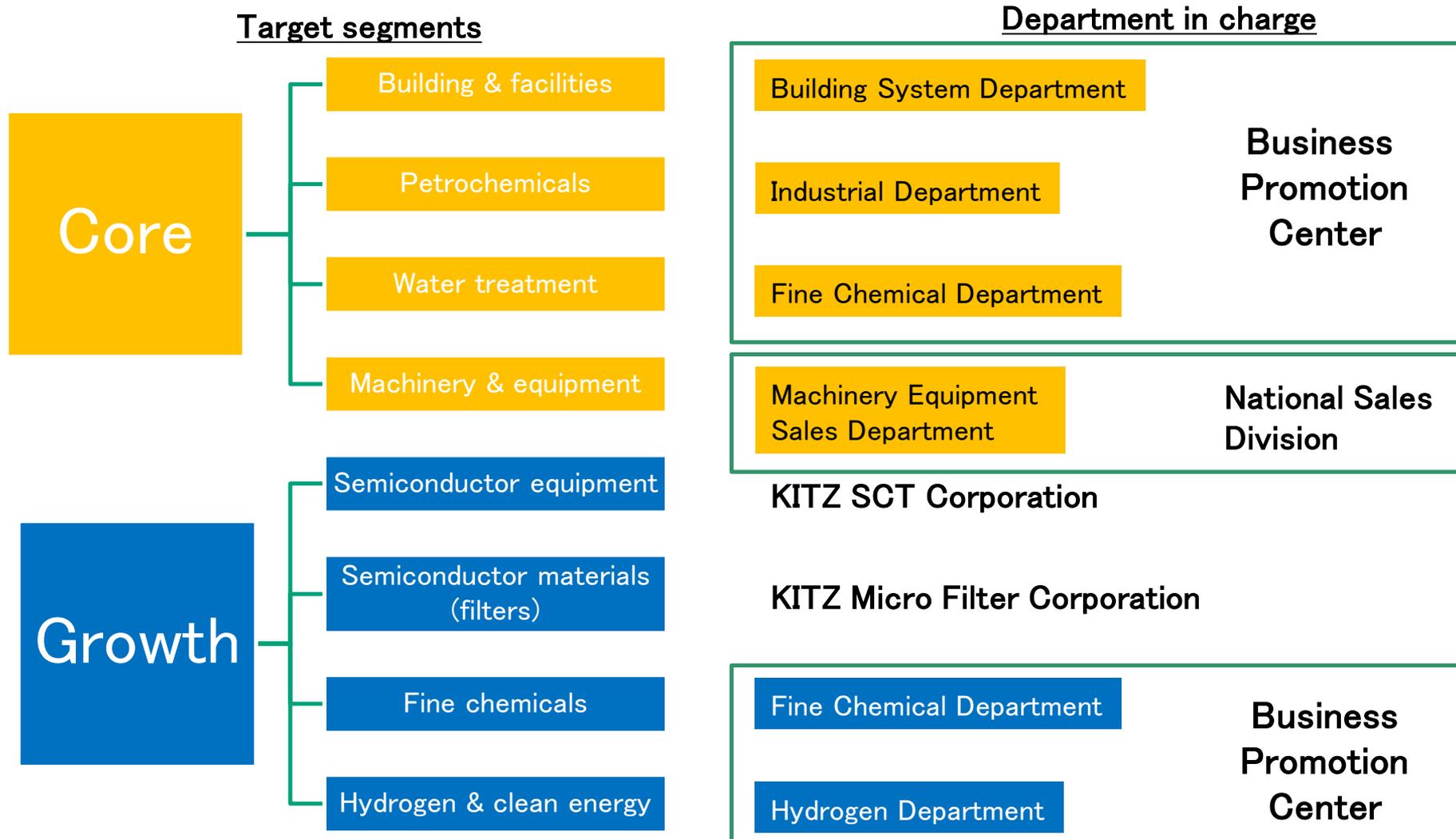
Medium and Long-term target markets are organized into eight market segments. Shift resources to growth/new business fields based on the current core businesses to change the revenue structure.



Growth business: Semiconductor equipment, Semiconductor materials (filters), Fine-chemicals, Hydrogen & clean energy

Reorganization by Target Segment

KITZ reorganized in January 2022 in order to concentrate on marketing activities, product development and commercial distribution development.



Initiatives in Fine Chemicals Segment

Fine Chemical Department



Functional organization for consistent activities

- Analyzed the market and targeted 3 areas
Electronics, Pharmaceutical/Pharmaceutical (Biotechnology),
Pure water/Ultrapure water
- Investigated process of Pharmaceutical/Pharmaceutical and identified necessary valve types
- Developing new valve types such as diaphragms to enhance lineup of PFA lined valves.
- Launched of an integrated production line for automatic butterfly valves for pure water to achieve quick delivery
- Building a scheme through group synergies to contribute to customers



PFA Lined Ball Valve

Initiatives in Hydrogen Segment

Hydrogen Department

Sales/Promotion

Expand sales of valves and packaged units for hydrogen stations in the energy industrial and municipal facilities

Especially concentrate on hydrogen filling facilities

New Products Development/Design

A large valve for liquefied hydrogen under development is now in actual temperature test stage as a NEDO result

Market/Customer Development

Capture demand for hydrogen from non-energy related industries as they move toward decarbonization, and link this to sales of packaged units.



Large ball valve for
-253°C cryogenic liquefied hydrogen



Investment in Semiconductor Segment

KITZ decided to build a new plant and invest in production facilities for KITZ SCT Corporation, which manufactures and sells valves and fittings for semiconductor and FPD manufacturing process, and for KITZ Micro filter Corporation which manufactures and sells filter products, respectively. Construction of KITZ SCT's new plant is progressing smoothly and is scheduled to begin operations in early 2023.

Outline of the new plant

| | KITZ SCT Corporation | KITZ Micro Filter Corporation |
|----------------------|--|---|
| Location | 150-2 Kanecho, Nitta, Ota-shi, Gunma Pref. (Same as Nitta SC factory) | 5125 Kanazawa, Chino-shi, Nagano Pref. (Inside KITZ Techno Park) |
| Item | Valves and fittings for semiconductor/FPD manufacturing process | Industrial filter for semiconductor and photoresist solution manufacturing processes. |
| Floor space | 10,500 m ² | 6,854 m ² |
| Building | Reinforced concrete, 3 floors above ground | Steel frame, 2 floors above ground |
| Start of operation | January 2023 (planned) | January 2024 (planned) |
| Capacity improvement | 35% | 70% |
| Total investment | Approx. ¥3.2 billion (including production equipment) | Approx. ¥3.4 billion (including production equipment) |



Valve Manufacturing Business Results

- by Area -

In Japan, sales increased due to strong sales for building equipment and semiconductor equipment. Price increase also contributed. In ASEAN, sales is recovering moderately from the slump caused by COVID-19. In South Korea, sales for semiconductor equipment remained strong. In China, there was a slowdown due to stagnation in the real estate industry and re-expansion of COVID-19 although the impact of the lockdown in Shanghai was limited. In the Americas, sales for petrochemical, etc. remained strong. In Europe, the economy is slowing down due to the impact of Russia-Ukraine war.
*Increase in overseas sales due to exchange rate fluctuations (YoY): 2,569 million yen.

(Millions of Yen)

| | FY2021 Results | | | | | FY2022 Results | | | Y o Y | |
|---|----------------|--------|--------|--------|--------|----------------|--------|--------|-------|-----|
| | Q1 | Q2 | Q1+Q2 | Q3 | Q4 | Q1 | Q2 | Q1+Q2 | | |
| Japan | 15,300 | 16,800 | 32,000 | 16,900 | 18,400 | 17,300 | 18,100 | 35,400 | 3,400 | 11% |
| Overseas Total | 8,400 | 9,300 | 17,700 | 10,300 | 11,400 | 11,400 | 12,800 | 24,200 | 6,500 | 37% |
| ASEAN, Korea and other | 3,200 | 3,300 | 6,500 | 3,900 | 3,800 | 4,400 | 5,200 | 9,600 | 3,100 | 47% |
| China (incl. HK, Taiwan) | 2,000 | 2,400 | 4,400 | 2,900 | 3,400 | 2,300 | 2,400 | 4,800 | 400 | 9% |
| Middle East | 100 | 100 | 200 | 100 | 100 | 100 | 100 | 200 | - | - |
| Asia Total | 5,300 | 5,800 | 11,200 | 7,000 | 7,300 | 6,800 | 7,700 | 14,600 | 3,400 | 30% |
| Americas (North and South America) | 2,400 | 2,700 | 5,000 | 2,500 | 3,000 | 3,600 | 3,900 | 7,600 | 2,600 | 52% |
| Europe, etc. | 700 | 800 | 1,400 | 800 | 1,000 | 800 | 1,000 | 1,900 | 500 | 35% |

Note : Since figures are shown in unites of ¥100 million, cumulative figures and totals may not match in some cases.

Valve Manufacturing Business Area Business Strategy

North America

China

ASEAN and India

Priority target markets



Business opportunities

Key measures

| | |
|-----------------------|-----------------------------------|
| Building & facilities | Semiconductor equipment |
| Petrochemicals | Semiconductor materials (filters) |
| Water treatment | Fine chemicals |
| Machinery & equipment | Hydrogen & clean energy |

| | |
|-----------------------|----------------------------------|
| Building & facilities | Semiconductor equipment |
| Petrochemicals | Semiconductor materials (filter) |
| Water treatment | Fine chemicals |
| Machinery & equipment | Hydrogen & clean energy |

| | |
|-----------------------|----------------------------------|
| Building & facilities | Semiconductor equipment |
| Petrochemicals | Semiconductor materials (filter) |
| Water treatment | Fine chemicals |
| Machinery & equipment | Hydrogen & clean energy |

- Expansion of oil, petrochemical, gas markets in the world's largest oil producer
- Movement of de-carbonization, lead-free, etc.



Lead-free Valve

- Expansion of data centers by policy "New Infrastructure"
- Capacity expansion for ethylene and other products
- Market growth by policy-driven domestic production of semiconductors

- Expansion of middle zone by the growth in emerging countries, incl. urban infrastructure
- Marketing opportunities to the increasing Japanese users in the area

- KITZ U.S. base as the control tower for oil and gas market strategy
- To launch a low-cost ball valve and enter to chemical market

Industrial valves

- Expanding sales of trunnion ball valve and high performance butterfly valve

Commercial valves

- Building a distribution network and providing lead-free valve that meet the regional standard.

Commercial valves

- Utilizing the integrated design, production and sales to quickly respond to market requirement



Industrial valves

- Utilizing local KITZ plants to expand sales to the large sized industrial segment

Actuated valves

- Establishing an assembly and inspection system locally

Valves for semiconductor

- Increasing local production capacity and sales

ASEAN

- Building a network of key Japanese users/accounts.
- Community-based marketing and establishing an integrated supply system of hot-selling items
- Maximizing revenue through regional brand and collaboration with Unimech Group



Regional brand "KITAZAWA"

India

- Establishing a local complete strategy in response to policy of domestic production

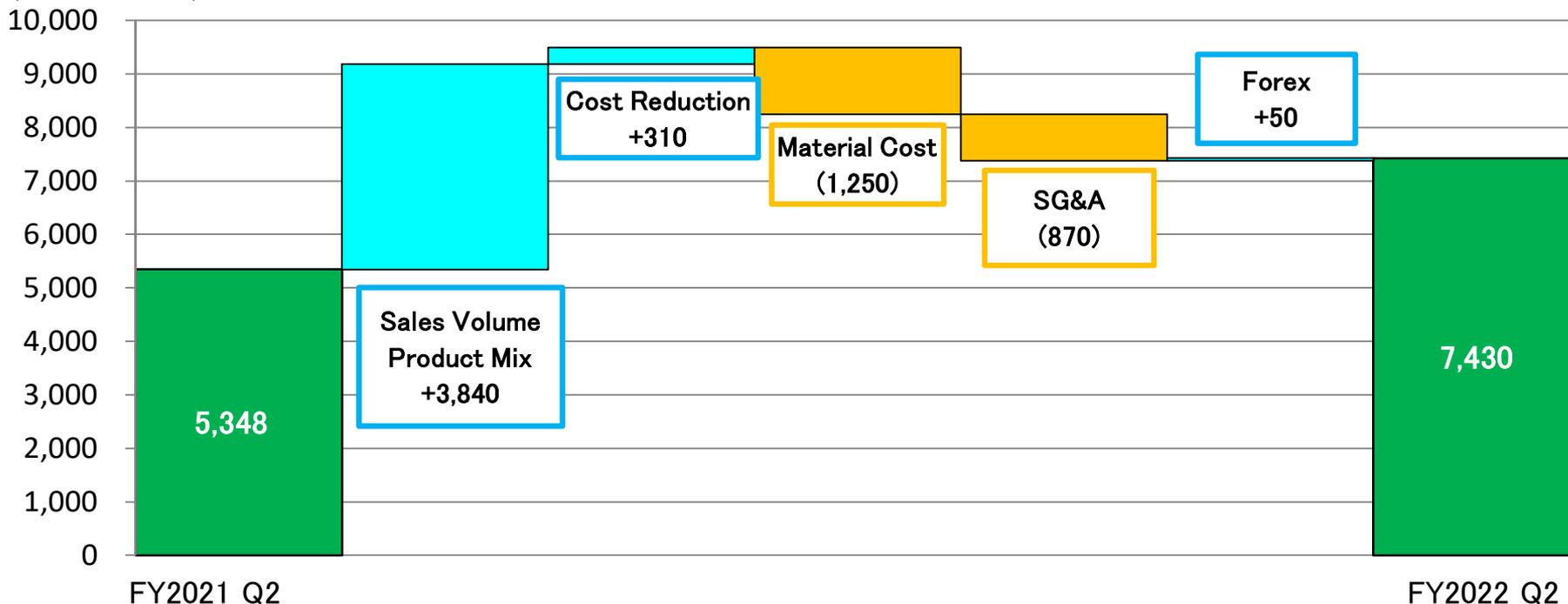
Valve Manufacturing Business

- Operating Income -

(Millions of Yen)

| | FY2021 | FY2022 | FY2022 | Y o Y | | Plan vs Results | |
|---------------------|---------------|------------|---------------|-------|-------|-----------------|-------|
| | Q2 Results | Q2 Plan | Q2 Results | | | | |
| Sales | 49,757 | 54,200 | 59,709 | 9,951 | 20.0% | 5,509 | 10.2% |
| Operating Income | 5,348 | 6,340 | 7,430 | 2,081 | 38.9% | 1,090 | 17.2% |

(Millions of Yen)



Brass Bar Manufacturing Business

■ Sales

Selling prices remain high due to raw material prices. Production and sales volumes have remained steady. Sales increased 28.3% to 16,352 million yen.

■ Operating Income

The defects in furnace renewal work were resolved, and operating income recovered from 62 million yen loss in Q1 to 144 million yen in Q2 accumulation.

(Millions of Yen)

| | FY2021 | FY2022 | FY2022 | Y o Y | | Plan vs Results | |
|-----------------------------------|---------------|------------|---------------|-------|-------|-----------------|--------|
| | Q2 Results | Q2 Plan | Q2 Results | | | | |
| Sales | 12,743 | 14,400 | 16,352 | 3,608 | 28.3% | 1,952 | 13.6% |
| Operating Income | 460 | 60 | 144 | (315) | - | 84 | 141.5% |
| Electrolytic Copper, Yen / ton | 1,019,500 | 1,370,000 | 1,249,167 | | | | |



Brass products



Manufacturing facilities

Other Income / Expense Extra Ordinary Income / Loss

(Millions of Yen)

| | FY2021 Q2 Results | FY2022 Q2 Results | Y o Y | Note |
|--|----------------------|----------------------|-------|---|
| Operating income | 3,902 | 5,599 | 1,697 | |
| ■ Non-operating income | 563 | 792 | 229 | Exchange gains (FY2021 Q2:66 → FY2022 Q2:239) |
| ■ Non-operating expenses | 506 | 258 | (248) | Brass bar manufacturing business hedge profit and loss: (166) (FY2021 Q2: (171) → FY2022 Q2: (5)) |
| Ordinary income | 3,958 | 6,133 | 2,174 | |
| ■ Extraordinary income | 9 | 1 | (7) | |
| ■ Extraordinary loss | 353 | 34 | (318) | Impairment loss on property, plant and equipment(FY2021 Q2: 334→FY2022: -) |
| Net income before income taxes and minority interests | 3,614 | 6,100 | 2,486 | |
| Income taxes | 1,487 | 1,896 | 408 | |
| Net income | 2,126 | 4,203 | 2,077 | |
| Net income attributable to the non-controlling interests | 62 | 56 | (6) | |
| Net income attributable to owners of the parent | 2,063 | 4,147 | 2,083 | |

Balance Sheet

Total assets increased by 8,257 million yen due to an increase in trade receivables and inventories.

■ Current assets: Cash and deposits decreased 2,228 million yen. Trade receivables increased 2,903 million yen. Inventories increased 5,586 million yen.

■ Fixed assets: Property, plant and equipment increased 2,185 million yen. Intangible assets decreased 676 million yen.

■ Liabilities: Notes and accounts payable increased 1,609 million yen. Short and long term loans payable decreased 784 million yen.

■ Interest bearing debts decreased 675 million yen to 39,035 million yen.

■ Net assets increased 8,054 million yen due to recorded net income attributable to owners of the parent and an increase in currency translation adjustment, etc.

(Millions of Yen)

| Assets | December 2021 | June 2022 | Variance | Liabilities | December 2021 | June 2022 | Variance |
|-----------------------|---------------|-----------|----------|----------------------------------|---------------|-----------|----------|
| Current Assets | 86,621 | 93,488 | 6,867 | Current Liabilities | 32,939 | 33,881 | 941 |
| Fixed Assets | 56,798 | 58,188 | 1,390 | Fixed Liabilities | 29,226 | 28,487 | (738) |
| PPE | 41,436 | 43,621 | 2,185 | Total Liabilities | 62,166 | 62,369 | 203 |
| Intangible | 4,590 | 3,913 | (676) | Net Assets | 81,253 | 89,307 | 8,054 |
| Investment and Others | 10,772 | 10,653 | (118) | Total Liabilities and Net Assets | 143,419 | 151,677 | 8,257 |
| Total Assets | 143,419 | 151,677 | 8,257 | | | | |

Cash Flows

- Operating Cash Flow** Net income before taxes and non-controlling interest was 6,100 million yen, depreciation was 3,327 million yen, accounts payable increased 655 million yen. Cash increased 2,693 million yen despite a 3,350 million yen increase in inventories, a 1,689 million yen increase in accounts payable and 2,765 million yen in income taxes paid.
- Investing Cash Flow** Decreased 3,190 million yen due to purchase of property, plant and equipment, etc.
- Financing Cash Flow** Decreased 2,921 million yen due to repayment of long-term debt of 1,134 million yen, dividends paid of 991 million yen and redemption of corporate bonds of 237 million yen.

(Millions of Yen)

| | FY2021 Q2 Results | FY2022 Q2 Results | Y o Y | |
|---|----------------------|----------------------|---------|---------|
| Operating Cash Flow | 3,897 | 2,693 | (1,203) | (30.9%) |
| Investing Cash Flow | (1,860) | (3,190) | (1,330) | — |
| Free Cash Flow | 2,036 | (496) | (2,533) | — |
| Financing Cash Flow | (8,330) | (2,921) | 5,409 | — |
| Cash and Cash Equivalents at the End of the Period | 27,611 | 25,598 | (2,012) | (7.3%) |

FY2022 Q2 Financial Highlight

(Millions of Yen)

| | Consolidated | |
|--|-------------------|-------------------|
| | FY2021 Q2 Results | FY2022 Q2 Results |
| Sales | 63,117 | 76,932 |
| Operating Income | 3,902 | 5,599 |
| Ordinary Income | 3,958 | 6,133 |
| Net Income Attributable to Owners of the Parent | 2,063 | 4,147 |
| Overseas Sales Ratio | 29.0% | 33.4% |
| Overseas Sales Ratio in Valve Manufacturing Business | 35.6% | 40.6% |
| Interest Bearing Debt | 41,853 | 39,035 |
| Equity Ratio | 55.6% | 58.2% |
| BPS(Yen) | 866.16 | 984.37 |
| EPS(Yen) | 23.01 | 46.27 |

FY2022 Forecast

(Millions of Yen)

| | FY2021 Results | FY2022 | | | | | | Initial Plan by 10 th February |
|---|-----------------|--------------------|--------------------|-----------------|-----------------|------------------|-------|---|
| | | Q1 Jan-Mar Results | Q2 Apr-Jun Results | Q1 + Q2 Results | Q3 + Q4 | Full Year | Y o Y | |
| Sales | 135,790 | 36,750 | 40,182 | 76,932 | 81,067 | 158,000 | 16.4% | 143,000 |
| Operating Income | 8,990 <6.6%> | 2,721 | 2,878 | 5,599 <7.3%> | 5,700 <7.0%> | 11,300 <7.2%> | 25.7% | 10,000 |
| Ordinary Income | 8,975 <6.6%> | 2,832 | 3,300 | 6,133 <8.0%> | 5,616 <6.9%> | 11,750 <7.4%> | 30.9% | 9,700 |
| Net Income Attributable to Owners of the Parent | 4,954 <3.6%> | 1,866 | 2,280 | 4,147 <5.4%> | 3,552 <4.4%> | 7,700 <4.9%> | 55.4% | 6,300 |
| Yen / US Dollar | 110.39 | | | 124.54 | 136.69 | | | 115.00 |
| Yen / Euro | 130.36 | | | 135.14 | 142.65 | | | 130.00 |
| Electrolytic Copper, Yen / ton | 1,067,000 | | | 1,249,167 | 1,100,000 | | | 1,200,000 |

FY2022 Forecast (by Segment)

(Millions of Yen)

| Sales | FY2021 Results | FY2022 | | | | | |
|-----------|----------------|--------------------------|--------------------------|------------------|--------|-----------|-------|
| | | Q1 Jan-Mar Results | Q2 Apr-Jun Results | Q1+Q2 Results | Q3+Q4 | Full Year | Y o Y |
| Valve | 106,754 | 28,773 | 30,936 | 59,709 | 63,791 | 123,500 | 15.7% |
| Brass Bar | 27,366 | 7,643 | 8,709 | 16,352 | 16,147 | 32,500 | 18.8% |
| Other | 1,668 | 333 | 537 | 870 | 1,129 | 2,000 | 19.8% |
| Total | 135,790 | 36,750 | 40,182 | 76,932 | 81,067 | 158,000 | 16.4% |

Initial Plan
by 10th
February

112,200

29,000

1,800

143,000

| Operating Income | FY2021 Results | FY2022 | | | | | |
|------------------|----------------|--------------------------|--------------------------|------------------|---------|-----------|---------|
| | | Q1 Jan-Mar Results | Q2 Apr-Jun Results | Q1+Q2 Results | Q3+Q4 | Full Year | Y o Y |
| Valve | 12,088 | 3,803 | 3,626 | 7,430 | 7,469 | 14,900 | 23.3% |
| Brass Bar | 665 | (62) | 207 | 144 | 355 | 500 | (24.8%) |
| Other | (243) | (88) | 28 | (60) | 59 | 0 | - |
| Adjustment | (3,519) | (931) | (984) | (1,915) | (2,184) | (4,100) | - |
| Total | 8,990 | 2,721 | 2,878 | 5,599 | 5,700 | 11,300 | 25.7% |

Initial Plan
by 10th
February

Revised Plan
by 9th May

13,300

13,570

800

530

0

0

(4,100)

(4,100)

10,000

10,000

Valve Manufacturing Business Environment

【Domestic Market】

- Sales for data centers were strong but distribution inventories were stagnant price revisions. Projects delayed due to soaring material prices and product shortages, and it may impact Q3.
- KITZ will pay more attention to moving small to medium-sized. Supply of stainless steel valves which was affected by the Shanghai lockdown, is expected to be restored by the end 2022.
- Sales to the semiconductor segment are expected to remain strong. So as the related equipment, data centers, and other movements.
- Sales of valves for water treatment are expected for mainly water and sewage for public sector demand. Sales will increase in the second half due to seasonality.
- In the hydrogen energy sector, KITZ will focus on sales for non-commercial projects.

【Overseas Market】

- The Americas is expected to remain strong as the continued capital investment in petrochemicals.
- In Europe, the cost of raw materials and energy increased due to Russia-Ukraine war. It may decline capital investment.
- In China, sales is expected to increase from Q3, as Q1 & Q2 were marked by lockdown and the Chinese New Year, but economic slowdown is concerned due to deteriorating real estate industry.
- ASEAN is recovery slowly although the government proceeded coexist with COVID-19. Orders are expected to recover from Q3
- The semiconductor market for China and South Korea is expected to remain strong.

Valve Manufacturing Business Plan - by Market -

(Millions of Yen)

| | | FY2021 Results | FY2022 Plan (Revised on 4 th August) | Y o Y | | Initial Plan by 10 th February |
|--------|--------------------------------------|----------------|---|--------|---------|---|
| Core | Building & Facilities | 22,900 | 29,900 | 7,000 | 30.6% | 22,700 |
| | Petrochemicals | 23,700 | 26,700 | 3,000 | 12.7% | 24,200 |
| | Water Treatment | 7,700 | 8,000 | 300 | 3.9% | 8,000 |
| | Machinery & Equipment | 11,100 | 11,500 | 400 | 3.6% | 10,900 |
| Growth | Semiconductor Equipment | 17,100 | 20,900 | 3,800 | 22.2% | 18,800 |
| | Semiconductor Materials (Filters) | 3,700 | 4,300 | 600 | 16.2% | 4,300 |
| | Fine Chemicals | 1,700 | 1,900 | 200 | 11.8% | 2,100 |
| | Hydrogen & Clean Energy | 1,100 | 900 | (200) | (18.2%) | 2,200 |
| Others | | 17,700 | 19,400 | 1,700 | 9.6% | 19,000 |
| Total | | 106,800 | 123,500 | 16,700 | 15.6% | 112,200 |

Note1 : From the fiscal year ending December 31, 2022, we disclose the results separately in the target markets outlined in Medium-term Management Plan.

Note2 : Since figures are shown in unites of ¥100 million, cumulative figures and totals may not match in some cases.

Valve Manufacturing Business Plan - by Area -

(Millions of Yen)

| | FY2021 Results | FY2022 Plan (Revised on 4 th August) | Y o Y | | Initial Plan by 10 th February |
|---------------------------------------|----------------|---|--------|------|---|
| | | | Change | % | |
| Japan | 67,300 | 74,100 | 6,800 | 10% | 71,800 |
| Overseas Total | 39,400 | 49,400 | 10,000 | 25% | 40,400 |
| ASEAN, Korea and other | 14,200 | 18,800 | 4,600 | 32% | 15,100 |
| China (incl. HK, Taiwan) | 10,900 | 10,800 | (100) | (1%) | 10,600 |
| Middle East | 400 | 400 | - | - | 400 |
| Asia Total | 25,500 | 30,000 | 4,500 | 18% | 26,100 |
| Americas (North and South America) | 10,500 | 15,400 | 4,900 | 47% | 11,000 |
| Europe, etc. | 3,300 | 4,000 | 700 | 21% | 3,300 |

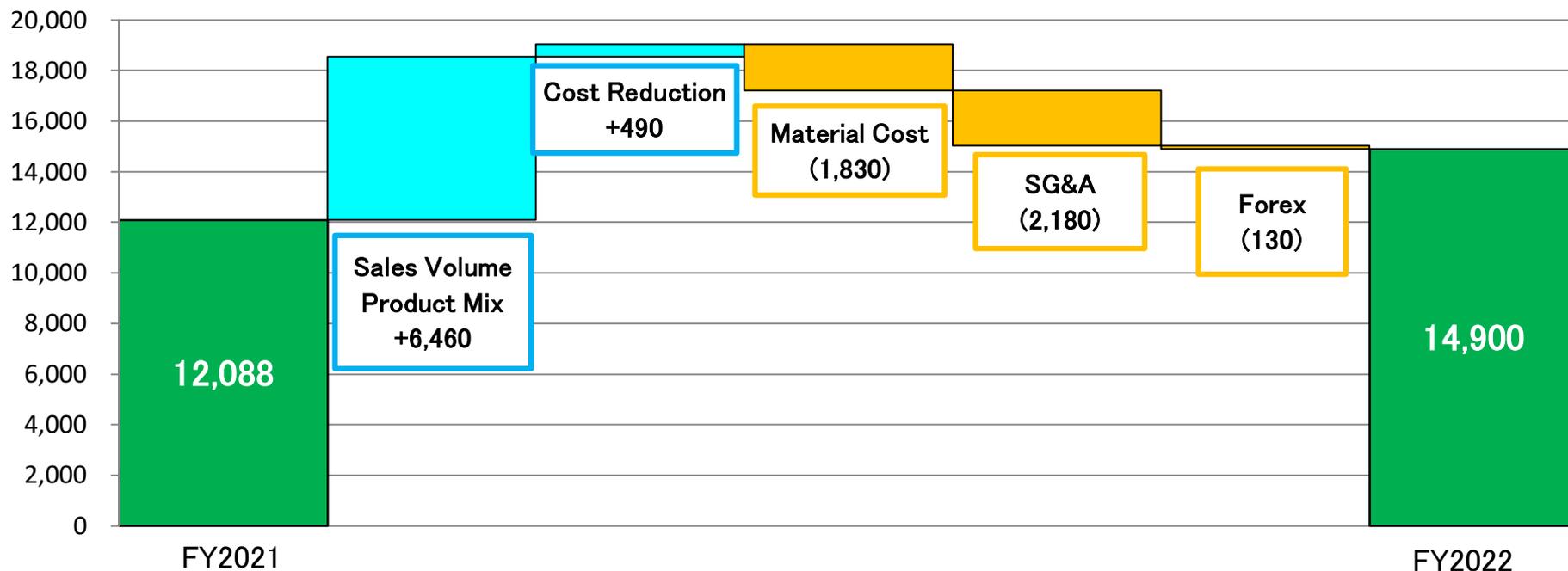
Note : Since figures are shown in unites of ¥100 million, cumulative figures and totals may not match in some cases.

Valve Manufacturing Business OP YoY Change

(Millions of Yen)

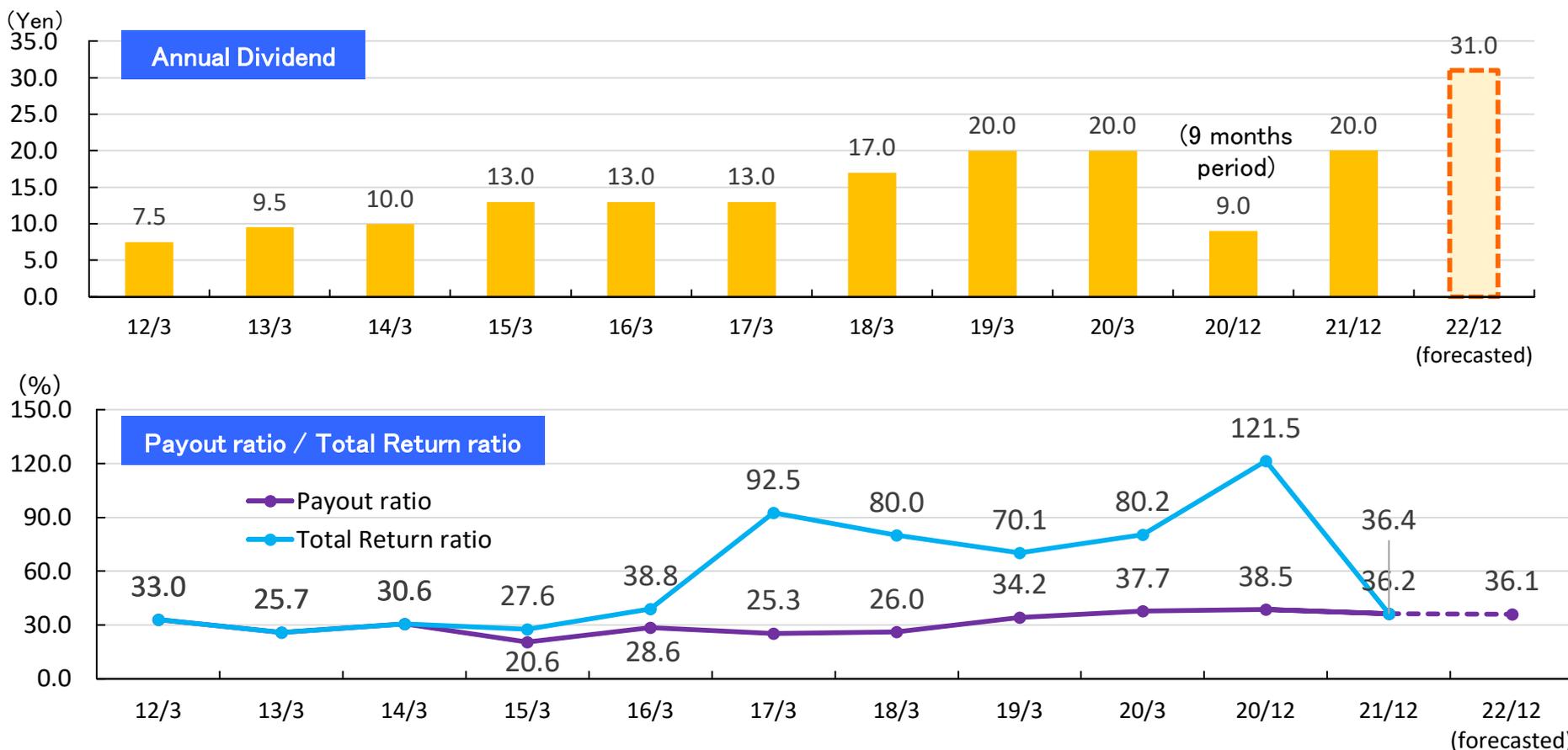
| | FY2021 Results | FY2022 Plan | Y o Y | |
|------------------|----------------|-------------|--------|-------|
| Sales | 106,754 | 123,500 | 16,745 | 15.7% |
| Operating Income | 12,088 | 14,900 | 2,811 | 23.3% |

Millions of Yen



Shareholder Return

KITZ believes that a dividend payout ratio of about 35% of net income attributable to owners of the parent is appropriate. The company paid ¥20 per share as cash dividends for the year ended December 2021. Payout ratio was 36.2%. KITZ expect a dividend of ¥31 per share for the year ending December 2022 (record high), which is ¥6 increased from the initial plan by 10th February.



Holding the KITZ Group Engagement Forum

In February 2022, KITZ launched the “KITZ Group Engagement Forum 2022”, a dialogue event with employees in which the president himself visits each business sites to instill the Long-term Management Vision. The event has already been held at 17 sites in Japan and 7 sites overseas.



Held the 70th Anniversary Gathering Event

In July, KITZ held events in Tokyo and Nagano to commemorate the 70th anniversary of its founding, which has been postponed for a year due to COVID-19, with a total of 430 business partners and customers in attendance. President Kohno expressed his gratitude for the attendees' support over the years, introduced the new KITZ' Statement of Corporate Mission, Long-term Management Vision and Medium-term Management Plan, and expressed his determination to quickly and boldly take on new and ambitious challenges in the lead up to the company's 100th anniversary.



Japan Domestic Sales Price Increase

Although KITZ has revised the price of Bronze and Brass valves in April 2022, the raw material prices remained high and supply concerns due to Russia-Ukraine war escalated raw material price increases. KITZ has been trying to reduce the cost and expense as well as improving the effectiveness of work, however it is difficult to keep the same price only by corporate efforts.

| Items | Ratio | Effective Date |
|-------------------------------|--------|-------------------------------------|
| Ductile Iron Valves | 10% | Products shipped from 21 June, 2022 |
| Cast Iron Valves | 10% | |
| Carbon Steel Valves | 10% | |
| Stainless Steel Valves | 10~15% | |
| Butterfly Valves | 10% | |
| Actuated Valves | 10% | |
| Magic Joint | 10% | |
| Valve Parts and other charges | 10% | |

Developed Water Treatment Equipment for Effective Use of Water Resources

As a result of “KITZ Water Solutions”, an activity to propose solutions by comprehensively utilizing water-related technologies, products and services of group companies, a water treatment equipment that purifies groundwater to a portable level was developed. Its performance was verified through a demonstration at the KITZ Group Innovation Center.

Combine with an in-house power generation system, the equipment can provide a safe and reliable supply from groundwater and industrial water even when the water supply is interrupted by a disaster. The equipment can be constantly monitored and maintained through KITZ’s cloud-based remote monitoring system.



Decided to Issue The Sustainability-Linked Bond

On 4th August, KITZ decided to issue the Sustainability-Linked Bond to promote sustainability management from the aspect of finance in order to put KITZ' Statement of Corporate Mission into practice. The bond will use KPIs as indicators to measure progress toward achieving “Net zero CO₂ emissions”, a particularly important issue within the company' s long-term environmental vision of “3 ZERO (triple zero)” and will address the urgent social issue of climate change through business, thereby enhancing corporate and social value.

About The Sustainability-Linked Bond

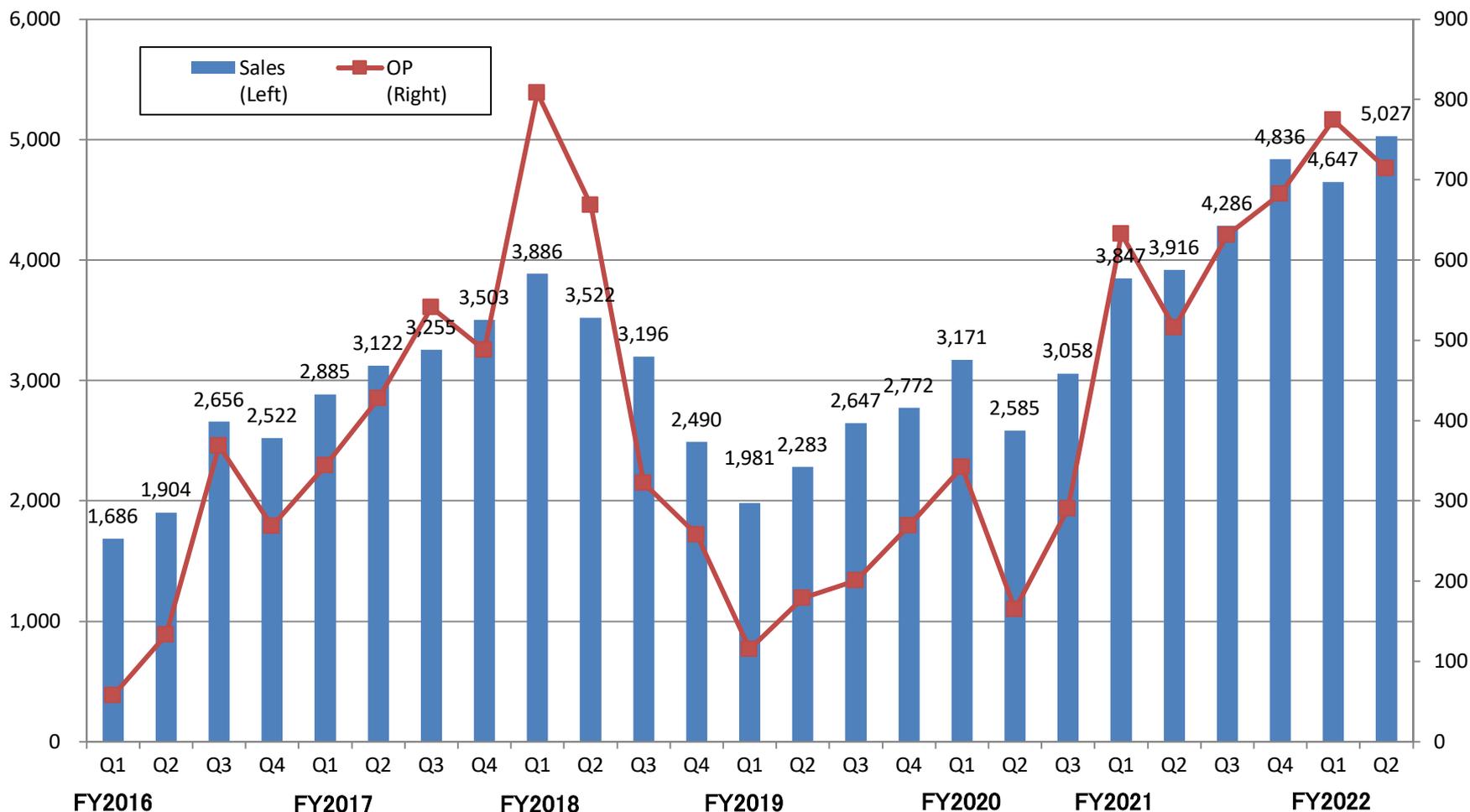
| | |
|--------|--------------------------------|
| Term | 5 years (planned) |
| Amount | ¥10 Billion (planned) |
| Time | After September 2022 (planned) |

* The Sustainability-Linked Bond is a type of ESG bond issued by local governments and corporations to tackle social issues such as global warming and poverty. Depending on the status of achievement of ESG(SDGs) targets set in advance by the issuer, interest rate terms may be changed., CO₂ emission rights may be purchased, or donations may be made to environmental organizations.



Quarterly Results (Sales and OP for Semiconductor)

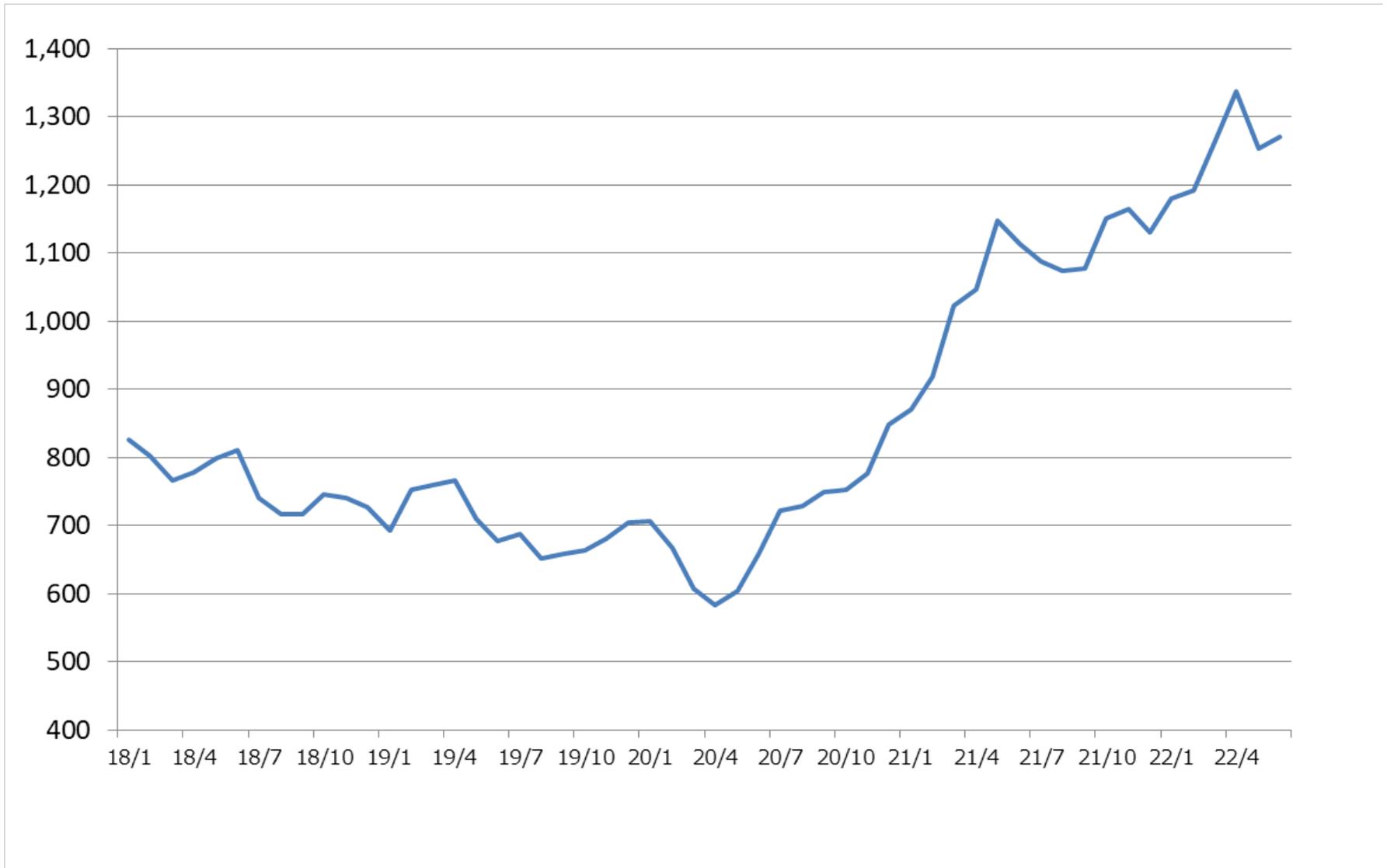
(Millions of Yen)



- Sales and OP of KITZ SCT Corporation, which manufactures and sells products for semiconductors, are shown for each quarter.
- Differences from consolidated financial figures due to elimination of consolidation.

Electrolytic Copper Market

(1000yen / ton)



Crude Oil Price

(USD / Barrel)

