

Revision of corporate mission statement and the formulation of long-term management vision "Beyond New Heights 2030 - Change the Flow" and the First Phase of Medium-Term Management Plan 2024 (FY2022 to FY2024)

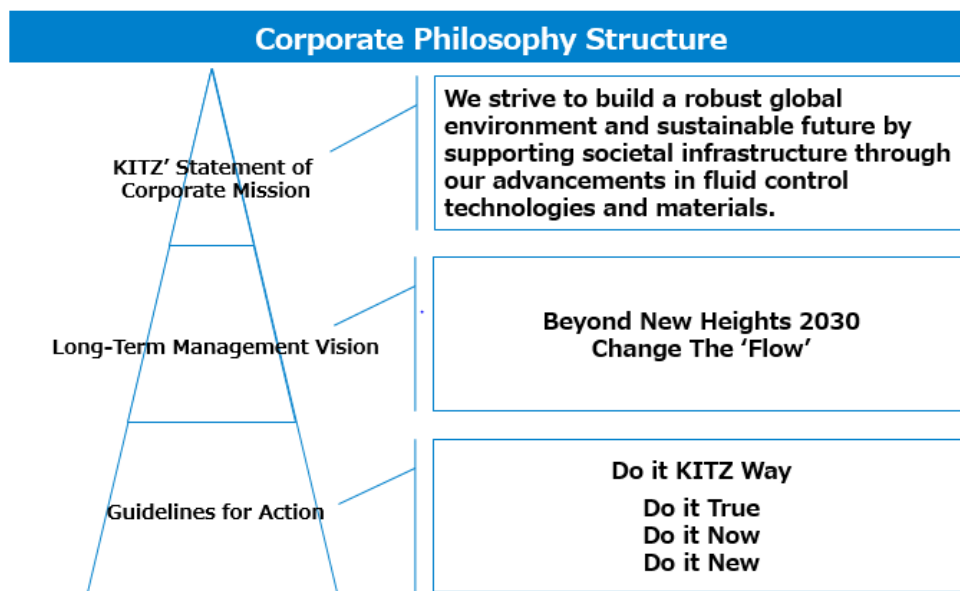
We are pleased to announce that we have revised our corporate mission, "KITZ' Statement of Corporate Mission," and formulated our long-term management vision, "Beyond New Heights 2030 - Change the Flow," as well as our first phase of medium-term management plan 2024 (FY2022 to FY2024).

1. Background of the formulation

On the occasion of the 70th anniversary of our founding last year, we discussed the significance of our existence as a company and our contribution to society, and decided to revise our corporate mission, "KITZ' Statement of Corporate Mission," as we announce our long-term management vision. We recognize that our mission to society is to create a prosperous global environment and a sustainable future, and we have a strong desire to continue to support social infrastructure by further refining the fluid control technology and materials development that we have cultivated since our founding.

In order to realize this new "KITZ' Statement of Corporate Mission," we have formulated the long-term management vision "Beyond New Heights 2030 - Change the Flow" and the First Phase of Medium-Term Management Plan 2024 to achieve further long-term growth and increase corporate value while contributing to the realization of a sustainable society.

Figure 1. Corporate Philosophy Structure



2. Long-Term Management Vision

Beyond New Heights 2030 - Change the 'Flow'

(1) Our Aspirations for 2030

Technology / Solutions

KITZ will continue to challenge in Stream, Block and Squeeze to exceed the user's expectations in proposing technology.

Core Business / Growth Business

Willing to move in the direction of both an information and sustainable society by accelerating a shift in our core business to promote growth without fear of risk.

Environmental conservation through business

By contributing to a sustainable future, pursuing environmentally friendly product development and production processes we will garner favor with society.

Diverse human resources

Regardless of Age, Disability, Gender, National Origin, Race, Religion or Culture, KITZ employees are dedicated to being professional and work vigorously to achieve their best performance and common goals.

(2) Financial targets and target management structure

① Consolidated Financial targets

Average sales growth rate: 4 % or more (Net sales of 200 billion yen for the FY2030)

ROE: 10% or more (Net income of 10 billion yen for the FY2030)

② Management structure

Based on the current core business, the company aims for ambidextrous management with a focus on profit.

- Proactively allocate resources to growth fields and regions against the backdrop of digitalization and de-carbonization
- Business development with emphasis on return on invested capital (ROIC)

(3) Long-term strategic target areas

Against the backdrop of explosive growth in demand for semiconductors and telecommunications infrastructure, and the revitalization of the market for hydrogen and other new energy conversions, the company aims to expand into growth areas in addition to its existing business areas (building facilities, petrochemicals and general chemicals).

<Growth areas>

Urban / information infrastructure, Semiconductor manufacturing equipment, Fine-chemicals, Pure water/ultrapure water plants/equipment, etc.

Next generation energy / low carbon, hydrogen supply chain

(4) Long-term strategic investment policy

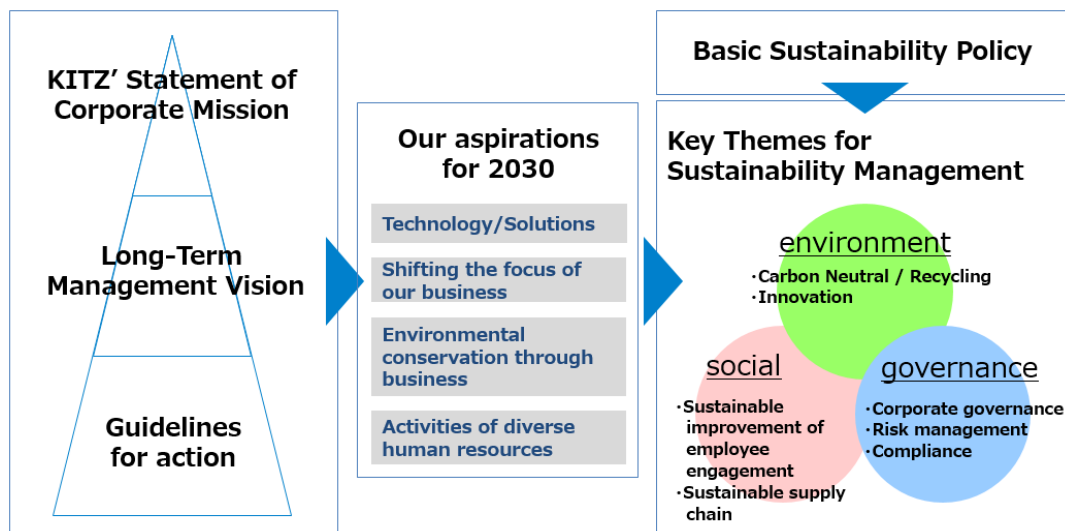
The total investment budget (for the next 9 years) will be 80 billion yen, of which approximately 60% will be set aside for strategic investment in growth and new fields (including DX and M&A), and management resources will be focused on shifting business from core businesses.

(5) Basic Sustainability Policy

In order to realize our corporate mission, we will:

- ① work to solve social issues through our business and strive to enhance our corporate value and social value
- ② aim to be a company that is trusted by society by realizing efficient, fair and highly transparent corporate management
- ③ build strong relationships of trust through dialogue with all stakeholders

Figure 2. Corporate Philosophy System and Sustainability Management



(6) Initiatives for DX

In order to create a prosperous future by supporting the world's social infrastructure through fluid control and digital technology, we aim to thoroughly streamline existing businesses, visualize and mobilize management resources, and transform ourselves into an agile, customer-oriented organization.

3. The First Phase of Medium-term management plan 2024

(1) Business Strategy

① Valve manufacturing business

Divide medium- to long-term target markets into 8 categories, and shift resources to growth and new fields based on core businesses.

< Core business >

- Building facilities
- Petrochemicals and natural gas
- Water treatment
- Machinery and equipment

<Growth areas>

- Semiconductor equipment
- Semiconductor materials (filters)
- Fine-chemicals
- Hydrogen and clean energy

②Brass bar manufacturing business

Reaping the benefits of large-scale renewal investment and capturing the secondary and tertiary processing needs

(2) Enhancement of management capital

①Organizational and human capital

- Business Innovation through Business Transformation Project
- Building an organizational structure in line with business strategy
- Sustained improvement in employee engagement

②ROIC / Sustainability Management

- Investment, financing, and capital policies that prioritize investment in growth
- Business management based on return on investment and growth potential
- Strengthen initiatives from an ESG perspective

(3) Strategic Investment Policy

- Focused investment in growth areas such as semiconductors and hydrogen

(4) Consolidated numerical targets

Main Target figures (Billions of yen)

	FY 2022	FY 2024
Net sales	143.0	150.0
Operating income	10.0	12.0
ROE	7.6%	8.0% or more

Net sales by segment (Billions of yen)

	FY 2022	FY 2024
Valve manufacturing business	112.2	118.5
Brass bar manufacturing business	29.0	29.5
Others	1.8	2.0
Total	143.0	150.0

Operating income by Segment (Billions of yen)

	FY 2022	FY 2024
Valve manufacturing business	13.3	15.1
Brass bar manufacturing business	0.8	1.0
Others	0.0	0.1
Corporate expenses	(4.1)	(4.2)
Total	10.0	12.0

Non-financial targets*1

	FY 2021 Result	FY 2024
CO2 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 female managers*5	3.4%	10%
Percentage of male employees taking childcare leave	29.0%	50%

*1 KITZ(non-consolidated) excluding CO2 reduction rate

*2 FY2020 results

*3 The score from questions that measure employees' willingness to contribute towards 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.