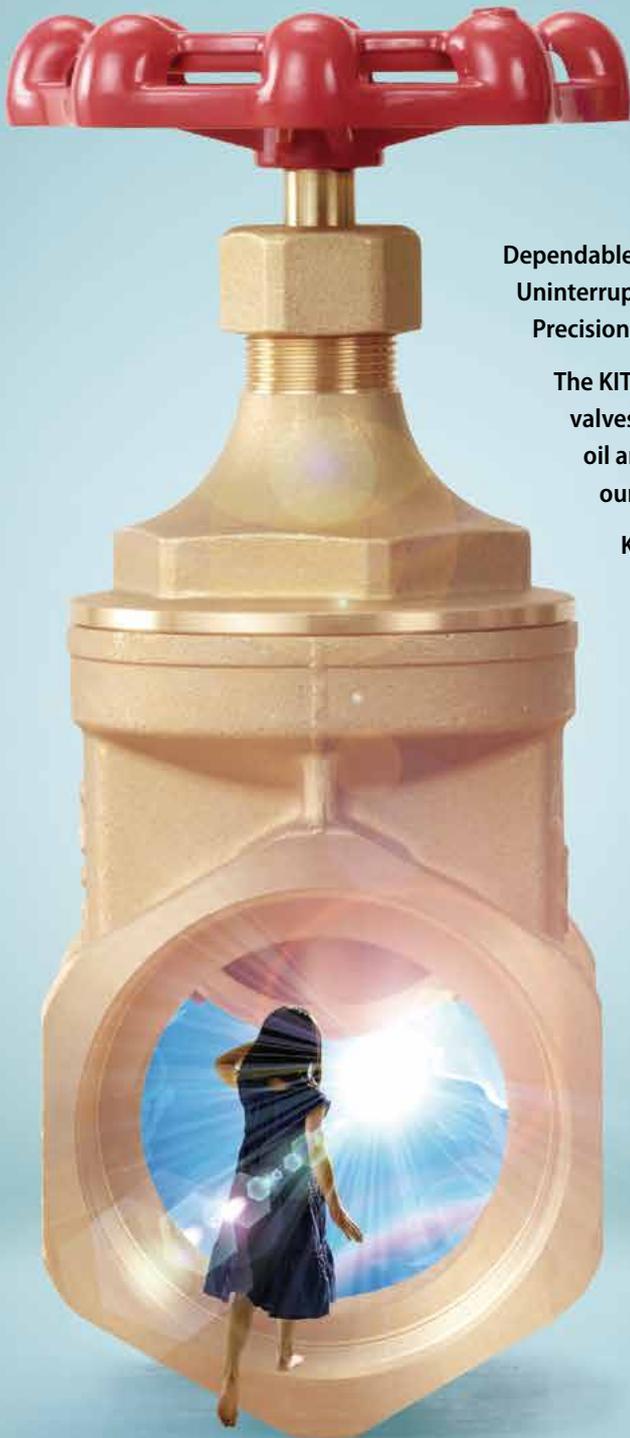


**KITZ**



*Corporate Report 2021*

**KITZ CORPORATION**



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

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

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

**KITZ Valves,  
link to  
the future.**



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### Editorial Policy

The KITZ Group published *Corporate Report 2021* to provide its shareholders, investors and other stakeholders with information about the Group's initiatives toward sustainable growth. The report focuses on value creation in the short, medium and long term based on the framework presented by the International Integrated Reporting Council (IIRC).

### Cautionary Note Regarding Forward-Looking Statements

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

# The KITZ Group's Value Creation

## Value Creation Process

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

### The KITZ Group's Strengths

### Value Creation Process



Management strategy for realizing sustainable growth

Pages 11-16

Valve manufacturing business that generates value as professionals in fluid flow control

Pages 17-30

**KITZ**

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

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

## Do it **KITZ** Way

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

## Value Delivery

Education system  
that develops a  
motivated  
corporate culture

Pages  
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Corporate governance  
that realizes sound  
and highly transparent  
management

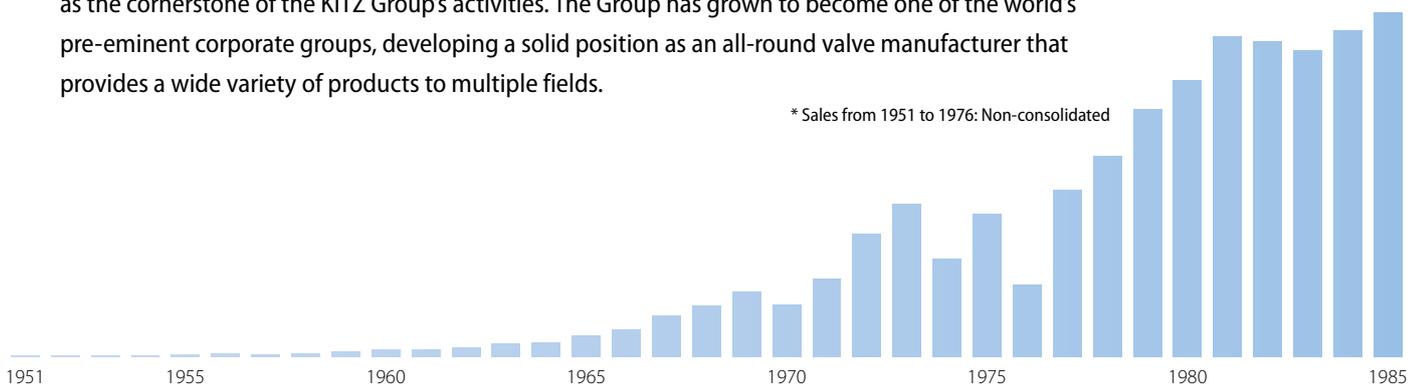
Pages  
36-46

- Creation of a comfortable living environment through support for the stable supply of water and energy
- Customer/supplier confidence and coexistence with local communities
- Development of global human resources and creation of a corporate culture in which employees are always motivated
- Business activities that minimize the impact on the environment and strengthening of the environmental management system
- Continuous enhancement of shareholder value



# KITZ Group's Growth Trajectory

The Kitazawa Factory (now KITZ Corporation) was founded in 1951 when Japan was in the transition period from the chaotic aftermath of the postwar era to the approaching era of high growth. Guided by the founding principle of Toshio Kitazawa (1917-1997), the Company positioned integrated production as the basis of its operations, in which all processes are carried out under one roof, from materials to finished products and from casting through machining, assembly, inspection and shipment. Furthermore, the Company has built a structure that provides customers with meticulous service and post-sale follow-up. This insistence on "better quality" has been upheld and passed down as the cornerstone of the KITZ Group's activities. The Group has grown to become one of the world's pre-eminent corporate groups, developing a solid position as an all-round valve manufacturer that provides a wide variety of products to multiple fields.



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



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

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

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

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

- 1962
  - Company name was changed to Kitazawa Valve Co., Ltd.
- 1967
  - Started manufacturing and selling ductile 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.

## History



1951  
The Nagasaka Plant begins operation in Japan with just 11 employees in a small workshop, not a full factory.



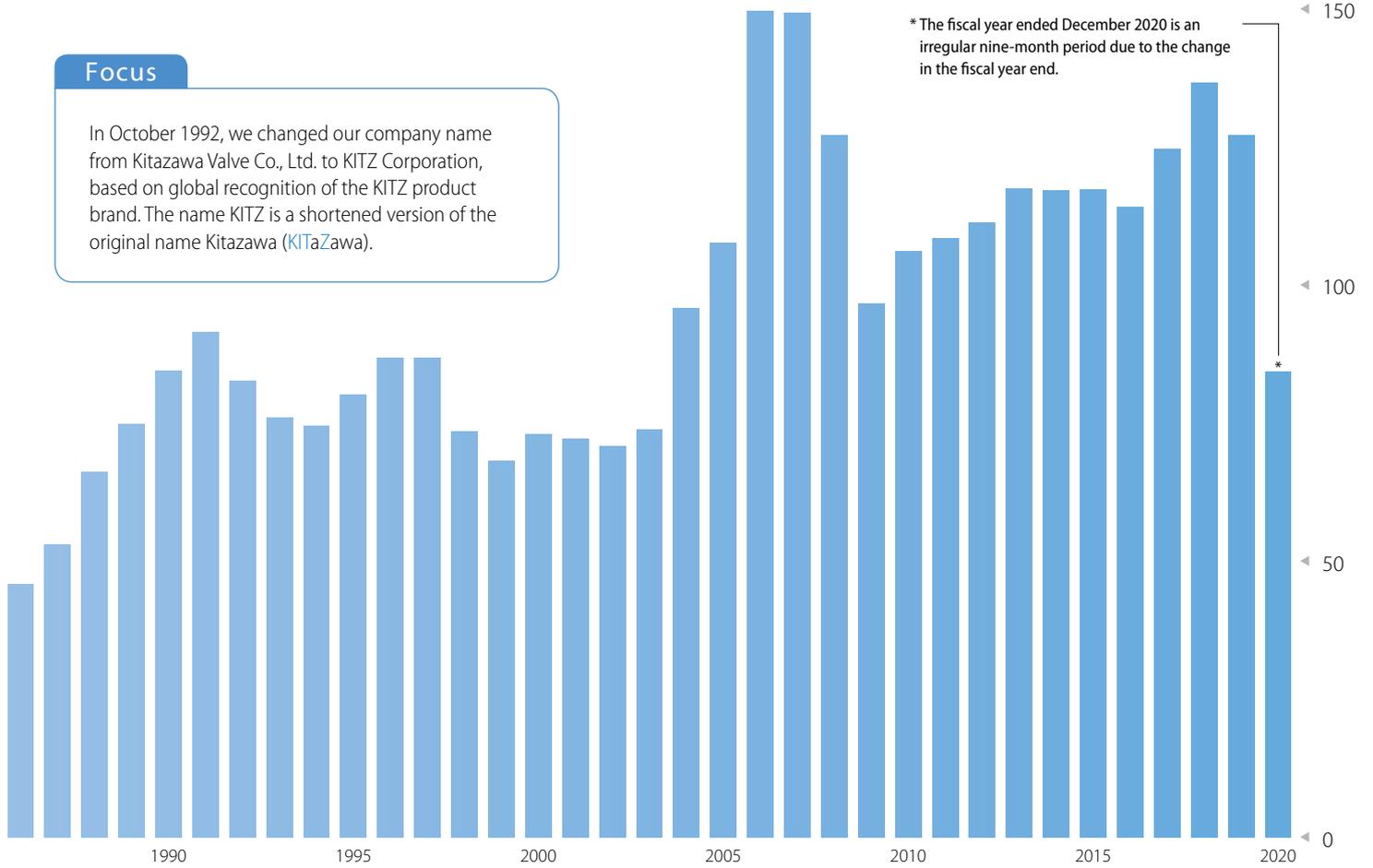
1962  
Japan's first forged brass valves called FH and FS introduced.



1980  
Introduced a cast bronze valves designed handwheel, "CHRYSANTHEMUM-HANDLE" (See page 29 Focus.).



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



**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).

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



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



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



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

**Accelerating selection and concentration, and promoting globalization**

- 1992
- Changed name to KITZ Corporation and moved the head office to the Makuhashi district of Chiba City.
- 1995
- Shimizu Alloy Mfg. Co., Ltd. joined the KITZ Group, enabling the group to begin supplying products for water supply systems.

- 2001
- Purchased the semiconductor related business from the former Benkan Group.
- 2002
- Carried out impairment of assets and reconstructed poorly performing business operations.
- 2004
- Separated and reestablished the brass bar manufacturing and microfilter (MF) business as separate entities.

- 2009
- Perrin GmbH, a ball valve manufacturer in Germany, joined the KITZ Group.
- 2015
- Indian industrial valve manufacturer Micro Pneumatics Pvt. Ltd. joined the KITZ Group.
  - 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.



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.

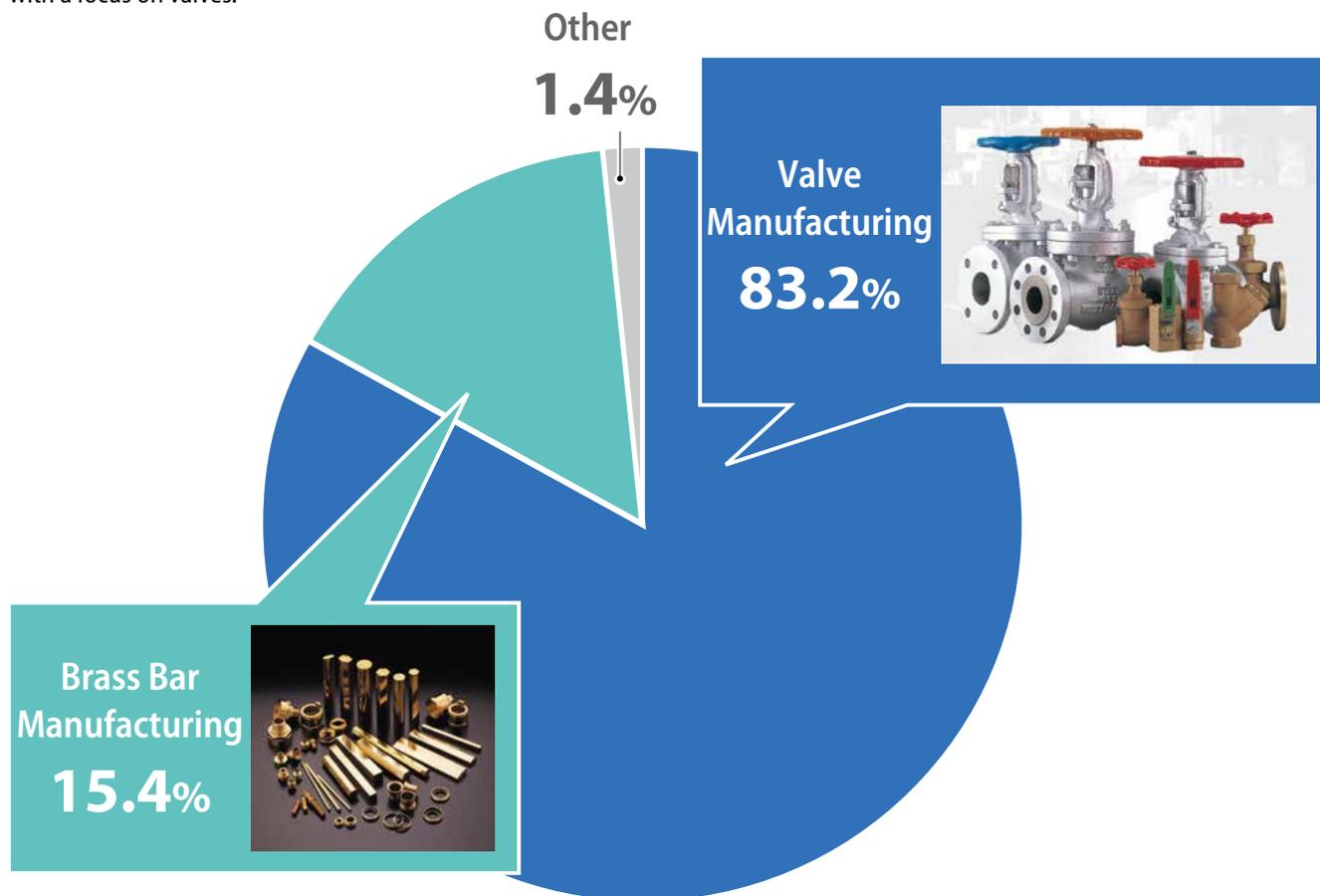


2019  
Consolidated operating income for the fiscal year ended March 2019 was a record-high ¥11,713 million.

# 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, 2020)

Consolidated Net Sales: 84,245 million yen

Overseas Sales Ratio: 29.4%

Number of Employees (consolidated): 5,090 (Gender Ratio: Male 72.7% Female 27.3%)

Number of Consolidated Subsidiaries: 36

Global Network: 18 countries

(as of December 31, 2020)

## Valve Manufacturing

Sales by segments **83.2%**

### Strengths

#### Providing a Wide Range of Products as an All-Round Valve Manufacturer

With a large number of valve manufacturers specializing in limited markets and fields and narrowing down the manufacturing and sale of valves to particular materials and shapes, the KITZ Group maintains a lineup of valves featuring an array of shapes in various materials including bronze, brass, stainless steel, cast iron and cast steel. As an all-round valve manufacturer, we offer products that span numerous fields covering every area from our daily lives to industry.

#### KITZ Brand as a Mark of High Quality

The KITZ Group maintains casting equipment designed for the main materials of valves. We manufacture our products on the basis of an integrated production system that covers everything from material selection to casting, machining, assembly and inspection. By developing a quality assurance system that extends back to the materials we use, we have established the position of KITZ as a brand that stands for reliability.

#### High Market Share

In the domestic market, we have established a strong sales network that can quickly respond to customer feedback through a network of distributors that covers all of Japan. Moreover, we maintain a particularly high market share in brass, bronze and stainless steel valves.



## What Are Valves?

Valves are a general term for fluid control devices that have the function of flowing and stopping fluids (water, air, oil, gas, etc.) in pipes and controlling the flow.

The origin of valves dates back to woodcocks that were excavated from ancient Egyptian ruins dating from around 1000 BC. Around the mid-1800s, when boilers for spinning were imported, metal valves were used for the first time in Japan. At the start of the Meiji era, when water service and town gas service commenced, valve manufacture began in Japan.

Today, valves are connected with diverse pipes in a wide range of fields from those close to our daily life, such as water and sewage, hot-water supply, gas and air conditioning, to the production processes in industrial fields, such as oil, chemical and pharmaceutical products and food. Valves play an extremely important role. Although we are rarely aware of their existence in our daily life, valves strongly support our life behind the scenes.



## Brass Bar Manufacturing

Sales by segments **15.4%**

### Strengths

#### Development of New Materials based on Alloy Technologies Cultivated over Many Years

Our business began with the manufacturing of brass bars, which is a main material of valves. Today, we respond to market needs by actively developing and selling new materials that are friendly toward people and the environment, including dezincified corrosion-resistant brass bars and lead-free brass bars.

## Other

Sales by segments **1.4%**

### Strengths

#### Operating One of the Largest Hotels in the Kamisuwa Onsen Hot Springs District

Our business is service-related operations, focusing on Hotel Beniya, located in Suwa, Nagano Prefecture. In addition to the hotel business, we also operate two service areas: the Suwako service area located along the Chuo Expressway (outbound) and the Tobu Yu-no-maru service area located along the Joshin-etsu Expressway (inbound).

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# Aiming to make a further leap

## Change of President in March 2021

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



## Looking Forward to Further Growth Under Newly Appointed President Kohno

Yasuyuki Hotta Chairman and Representative Director

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

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

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

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

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

## Making a Vibrant Company That Embraces Challenges

Makoto Kohno President and CEO

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

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

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

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

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



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

# To Our Stakeholders

## Message from the President



**Taking on the challenge of innovation to create a sustainable society**

**Makoto Kohno**  
President and CEO

### Corporate Report 2021

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

The report references the framework presented by the

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

Additionally, as well as seeking to ensure transparency in management, we will also continue to disclose information in an appropriate and timely manner not only via this Corporate

### One Year in the KITZ Group (From April to December 2020)

## T O P I C S

April 2020

May

June

July

#### May

The financial results briefing was held online.



#### June

Half, or four of the eight company directors became outside directors, and Yukino Kikuma was appointed as the first female outside director of KITZ.

#### June

The proposal to amend the Articles of Incorporation to change the end of the fiscal year from March to December was approved at the Ordinary General Meeting of Shareholders.

#### June

President Hotta was appointed Chairman of the Japan Valve Manufacturers' Association.

#### July

Published the integrated report *Corporate Report 2020*.



#### July

Construction was started on the KITZ Group Innovation Center as a project to mark KITZ' 70th anniversary.



#### July

KITZ was associated for a NEDO\* subsidy program related to next-generation clean energy.  
\* New Energy and Industrial Technology Development Organization

#### July

Shimizu Alloy Manufacturing installed Aqua Rescue purifiers in areas damaged by torrential rains that occurred in July 2020.



#### March 2020

A work-from-home system was introduced for employees working at the head office due to the spread of COVID-19.

Report but also using other tools, such as our website, securities reports, shareholder newsletter and environmental report digests, in order to ensure understanding of our initiatives to resolve social issues.

### KITZ Group Vision

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

### Financial Results for the Year Ended December 31, 2020 (FY2020)

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

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

In terms of profit and loss, increase sales from products for semiconductor manufacturing equipment drove higher



profits and operating expenses were reduced in response to the spread of COVID-19. However, the decline in sales volume had a significant impact, with operating income in the valve manufacturing business declining ¥958 million year on year to ¥6,708 million.

In the brass bar manufacturing business as well, a significant decline in sales volume resulted in an operating loss of ¥146 million, a ¥177 million year-on-year decline. In the other (service-related) business, as a result of a ¥254 million operating loss from a ¥332 million year-on-year decline, consolidated operating income fell ¥1,259 million to ¥3,751 million. Ordinary income also fell ¥1,672 million year on year to ¥3,169 million. Meanwhile, net income attributable to owners of the parent fell ¥1,380 million year on year to ¥2,113 million.

### Changes Brought About by the COVID-19 Pandemic

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

to be a company where employees can work with a sense of fulfillment even more than before.

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

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

### Toward a Sustainable Society

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

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

\*New Energy and Industrial Technology Development Organization

#### FY2020 (Results)

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

	(Millions of yen)	
	FY March 2020	FY December 2020
Net sales	127,090	84,245
Operating income	6,950	3,751
EBITDA	13,718	8,772
ROE	6.5%	2.8%
EPS (yen)	53.06	23.38

#### ○ Net sales by segments

Valve manufacturing	103,114	70,129
Brass bar manufacturing	21,061	12,952
Other	2,914	1,163

#### ○ Operating income (loss) by segments

Valve manufacturing	10,627	6,708
Brass bar manufacturing	(6)	(146)
Other	(11)	(254)

## Business Environment in the Current Fiscal Year (FY2021)

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

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

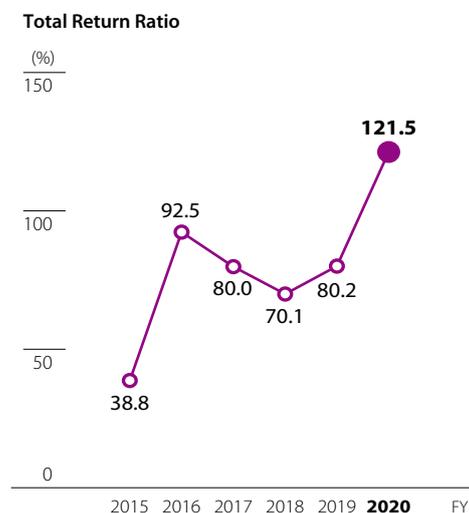
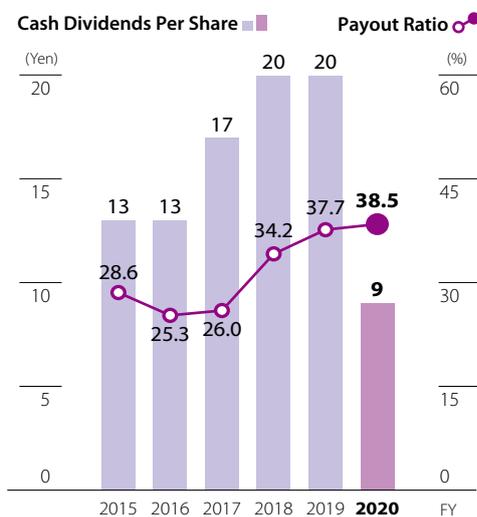
## Shareholder Return

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

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



KITZ was founded in 1951 as the Kitazawa Factory and reached its milestone 70th anniversary in 2021. Looking toward the upcoming 80th anniversary and even 100 years in business, KITZ will continue to grow further and make new strides in its history.



## Message from the CFO



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

**Kenji Katsuragi**

Executive Officer and Deputy Division Manager, Corporate Administration Division

#### Initiatives in the Fiscal Year Under Review (FY2020)

The fiscal year under review was an irregular length of nine months from April to December due to the KITZ Group standardizing its fiscal year end to December. With the global economic slowdown caused by the COVID-19 pandemic, there was a slump in domestic and overseas demand, resulting in significant year-on-year declines in sales and profits.

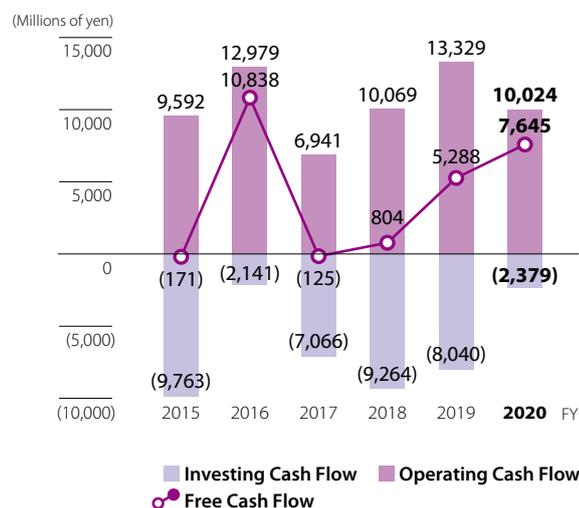
As a response operating in our contingency mode, we worked to reduce expenses and cut costs while reducing trade receivables, cutting inventory and curbing investments. As a result, both operating cash flow and free cash flow increased significantly. Additionally, to address capital risks, we worked to secure liquidity on hand by continuing to increase cash

and deposits. To fund the repayment of short- and long-term loans, in September 2020, when the environment for issuing bonds was relatively favorable, we issued ¥10 billion in publicly offered corporate bonds in an effort to lengthen the period of our interest-bearing debt. As a result, interest-bearing debt increased by ¥10.2 billion compared with the end of the previous fiscal year, and the equity ratio decreased 3.2 points from the end of the previous fiscal year to 52.8%. However, net interest-bearing debt, which is interest-bearing debt minus cash and cash equivalents, decreased by ¥4.8 billion from the end of the previous fiscal year.

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

\* Digital Transformation

#### Change in Cash Flow



#### Medium-Term Financial Strategy and Capital Policy

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

Specifically, KITZ will seek to improve capital efficiency targets such as ROE while setting an equity ratio goal of around 55-60% as an indicator of the ability to respond to business risks taking into account risk level based on asset structure. In addition, we will maintain good relationships

with banks to ensure flexible fundraising capabilities while endeavoring to maintain A-rated corporate bonds so that the public offering of CB remains another option to raise funds. KITZ has received an A- rating from Rating and Investment Information, Inc. (R&I), issued new corporate bonds of ¥20 billion in total and also received an A rating from the Japan Credit Rating Agency, Ltd. (JCR).

### Looking to the Current Fiscal Year (FY2021)

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

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

We also look at the coronavirus pandemic as an opportunity, initiating comprehensive reviews of unprofitable products and businesses, cost structures and operational procedures based on profit/loss management that integrates manufacturing and sales for each product line. To respond to the changing structures of society and the economy in a post-COVID world, such as a decarbonized society, we will rebuild our business strategies, promote digital transformation, invest in increasing production capacity, rationalization and development for growth areas such as semiconductors and improve capital efficiency from a medium-to-long-term perspective.

### Shareholder Return

Returning profits to shareholders is an important management issue, and the company has set around 35% of net income attributable to owners of the parent as a preferred consolidated payout ratio level. In the fiscal year under review, in addition to lower profits compared with the previous year, we had an irregular fiscal period of nine months. Dividends totaling ¥9 per share were issued resulting in a consolidated payout ratio of 38.5%. Including the acquisition of treasury stock executed in accordance with a resolution by the Board of Directors, the total return ratio was 121.5%. In addition, 10 million shares of treasury stock were canceled in October 2020.

## FY2021 Financial Strategy and Capital Policy

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

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

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

### Operating Cash Flow

#### CAPEX

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

#### Shareholder Return

##### Dividend Ratio 35%

Acquisition of treasury stock will be appropriately considered in light of financial stability, liquidity of funds on hand and the status of investment funds

#### M&A, Loan Repayments

##### Strategic M&A activities and business alliances

- Area strategy
- Product and engineering strategy

##### Repayment of loans / CB

### Securing the optimal capital structure and Flexible fund raising

ROE target: 12% in 2030

Risk Management: Equity ratio 55-60%

Short-term loan commitment line from banks: ¥13.5 billion (as of February 2021)

CB Rating: Maintained A (Current R&I Rating: A-, as of December 2020, JCR Rating: A, as of October 2020)

Shelf registration for CB (R&I Rating: A-)

# Business Summary and Strategy—Valve Manufacturing Business

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



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

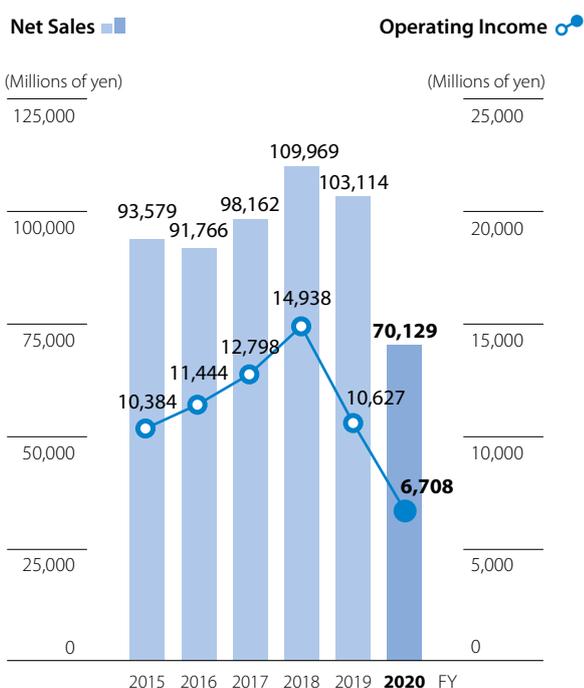
Yukinari Koide

Executive Officer, General Manager, Flow Control Business Unit

### Business Results in the Fiscal Year Under Review (FY2020)

In FY2020, products for semiconductor manufacturing equipment rebounded significantly, both domestically and

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



\* The fiscal year ended December 2020 is an irregular nine-month period due to the change in the fiscal year end.  
The operating income of the valve business shows the figures before the elimination of corporate expenses, etc.

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

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

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

### Business Environment in the Current Fiscal Year (FY2021)

Although vaccinations for COVID-19 have already begun, with complications such as the emergence of new variants, the situation remains unpredictable, and the impact may continue throughout 2021. Although a gradual recovery is expected in domestic markets, due to the uncertainty regarding the future, we believe companies will be cautious

for capital investment. On the other hand, in overseas markets, restrictions and easing on economic activities will be repeated, and we believe the economic recovery will vary by country and area.

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

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

### Initiatives for IoT

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

### Construction of the KITZ Group Innovation Center

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

To expand our business, it is necessary to enhance the inventiveness of employees in development and design departments and to develop an environment in which they can demonstrate high productivity. The Innovation Center will be used as office space for the development and design departments currently operating at the Chino Plant. It will also be used to develop human resources to develop creative and innovative technologies, and to enhance information dissemination functions. In addition, a laboratory building will also be

constructed at an adjacent site. This is designed to reorganize the R&D structure that is currently spread out across multiple sites, boost business efficiency by shortening development and design lead times, and make further improvements to the development and evaluation system. Note that the KITZ Training Center that was constructed in 1981 has for many years contributed to employee training and the cultivation of human resources related to the valve industry, but due to the aging of the facility and its capacity, it became difficult to sufficiently accommodate increasingly diverse training needs. The Innovation Center will also play a role as a successor facility to the Training Center, and one that meets the wide range of internal and external training needs.



Ongoing construction of the KITZ Group Innovation Center

### Toward a Decarbonized Society

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

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

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

\* New Energy and Industrial Technology Development Organization



## Water: The Source of Life

— Bringing Renewed Confidence to Water Usage —

### Supporting the Stable Supply of Water

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

### Evolution of Water Treatment Technology

The KITZ Group's history began with water products. For many years we have been supplying water service valves that control distribution of water to homes, buildings and industrial facilities. Our products are now installed in waterworks, water reservoirs, sewage plants and water pipelines as well as millions of homes.

#### Water purification devices

Use membrane filter water purification systems to produce safe, delicious-tasting water.



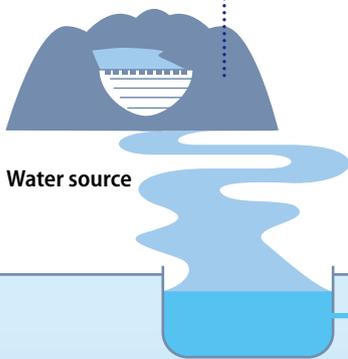
#### Water meter units

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



#### Bronze and brass valves

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



Water purification plants

Water supply and distribution facilities

Apartment houses

Office buildings and Hotels, Hospitals

Water distribution lines

Drainage systems

#### Resilient seated gate valves

Widely used for water supply and distribution pipelines.



#### Products for water distribution systems

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



**Working toward Solving Water-Related Issues**

Today, we work actively on the development of environmentally friendly technologies, such as surface treatment technology to prevent elution of nickel and lead from valves, and lead-free copper alloy materials, and meet the international standards for water quality. Moreover, our lineup includes equipment that breaks down organic substances dissolved into water by way of ozone, UV light or photocatalysis, purification devices designed to handle every kind of water source and household water purifiers.

The world faces serious issues related to water resources and shortages. The KITZ Group is marshalling its combined strengths to ensure that all people have access to clean and safe water and is seeking new solutions for various water-related problems by harnessing the Group's combined capabilities, utilizing every group member's experience, know-how, technologies, products and services.



**Valves for water heaters**

Designed for easy installation on compact, space-saving type for water heaters.



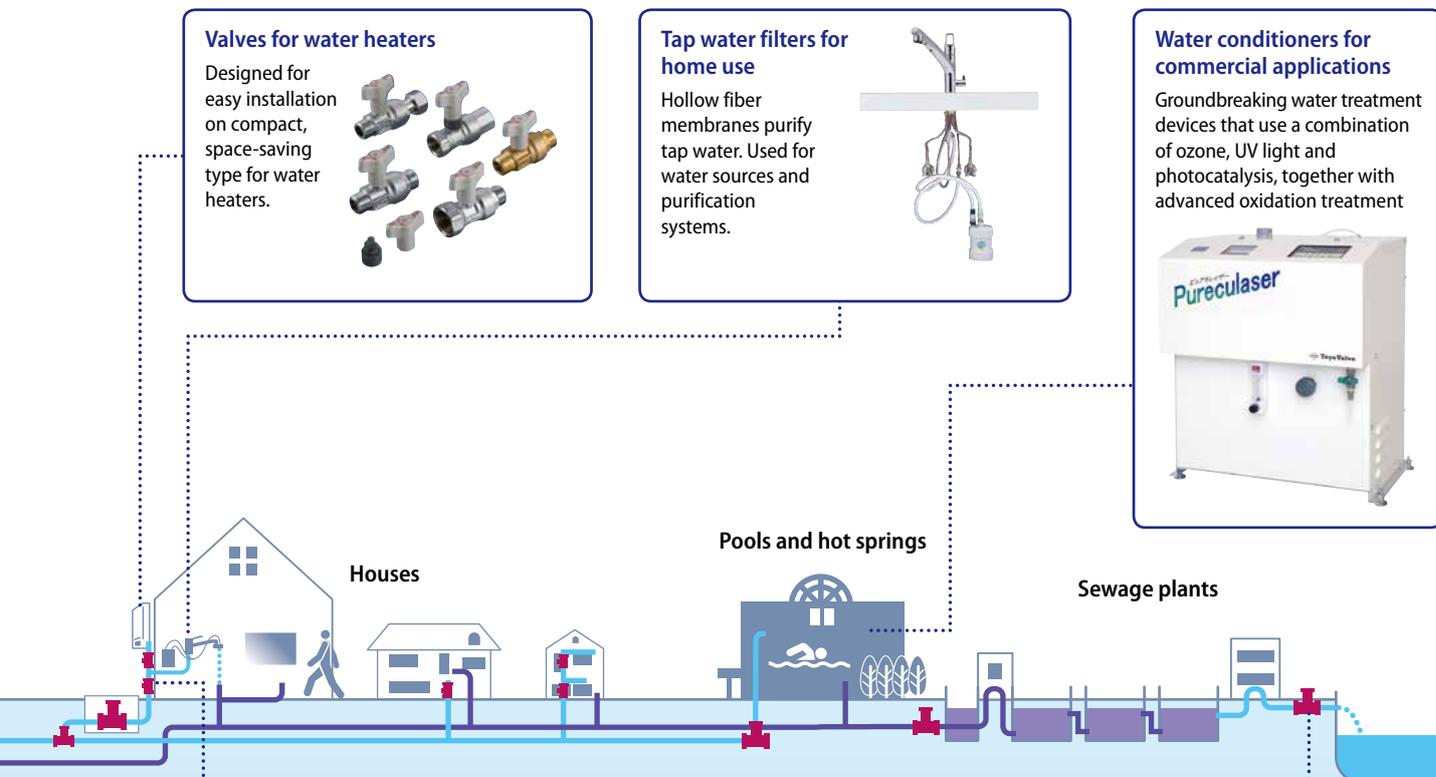
**Tap water filters for home use**

Hollow fiber membranes purify tap water. Used for water sources and purification systems.



**Water conditioners for commercial applications**

Groundbreaking water treatment devices that use a combination of ozone, UV light and photocatalysis, together with advanced oxidation treatment



**Valves for water supply systems**

Made of special chemical ingredients to minimize or eliminate lead elution into tap water for protection of human health.



**Valves for sewage plants**

Gate valves, ball-check valves and other valves that are essential for treatment of sewage water



## Oil and Gas: The Valuable Energy Resources for Industry-Running

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

### Ensuring the Stable Supply of Energy

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

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

For handling oil and gas, valves must be able to withstand severe conditions like extremely high temperatures and pressure with no possibility of failure. Before introducing any new product, the KITZ Group repeats stringent laboratory tests, analyses and evaluations based on actual on-site service environments. Only those products that have passed such verification procedures are added to our product lineup. The KITZ Group's steel valves are in great demand for their reliability in the Middle East as well as along the U.S.

#### Metal seated ball valves

Offer high durability and are also capable of handling high temperature and corrosive fluids.



#### Carbon steel valves

Suited for use under high temperature, high pressure conditions in various types of plants.

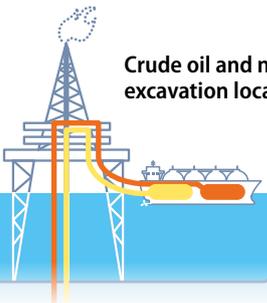


#### Automated valves

Automated operation valves equipped with actuators



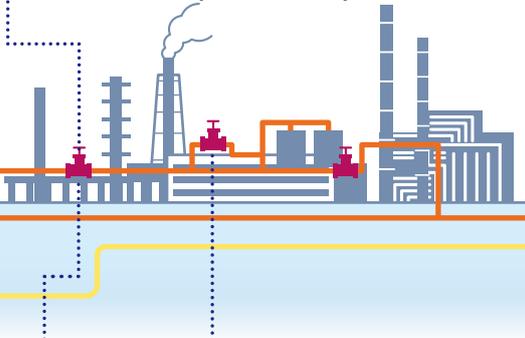
#### Crude oil and natural gas excavation locations



Crude oil

Liquefied natural gas

#### Oil refineries and petrochemical plants



#### Three-piece trunnion mounted ball valves

Introduced for a broad range of applications in petrochemical processing and chemical plants.



#### Stainless steel valves

Widely used in chemical plants and petrochemical industry due to their superior corrosion resistance.



#### Actuated compact ball valves

Cater to automation needs for small-diameter piping on industrial production process lines.



Gulf Coast, where many of the world's largest petrochemical processing plants are being operated. Many of our cryogenic service valves are installed at LNG loading/off-loading terminal processes in many locations, while fully-welded design ball valves efficiently serve natural gas transportation.

**Product Development for a Clean Energy Society**

Production of electricity generates large amounts of carbon dioxide as a by-product. CO<sub>2</sub> emissions impact climate change in the form of global warming, and emission control is a challenge on a global scale.

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

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



**Fully-welded type pipeline ball valves**

Safety design ball valves guarantee leak-free control of fluid flow in pipelines.



**High-pressure ball valves for hydrogen stations**

Ultrahigh-pressure ball valves with excellent seal performance and durability, developed for use in hydrogen refueling stations



**Valves for high-purity gas service**

Featuring extra high durability with a choice of the stainless steel diaphragm valve series or the bellows seal valve series



LNG terminal and transportation facilities

Thermal power plants

Hydrogen stations

Semiconductor manufacturing facilities



**Cryogenic and low temperature service control valves**

Valves for LNG designed for control of flow rate of industrial low temperature fluids, under technical collaboration with Valtek Inc. USA (currently Flowserve Corp.)



**Cryogenic and low temperature service shut-off valves**

Designed for handling ethylene and industrial low-temperature gas fluids in LNG production, intake, satellite terminals and various other applications.



**Microfiltration Filters**

Micro-pore, low-leaching hollow-fiber membrane filters make significant contributions in the semiconductor and medical fields.



# Research and Development System Creating High Added Value

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

## R&D Concept

The KITZ Group's Product Development Department is proactive in its approach to R&D activities in line with its action guideline to "continuously provide customers with impressive and creative products, strengthen its technology structure and constantly improve corporate value."

### ■ Core technologies

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

### ■ Providing solutions

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

### ■ Speed and global network

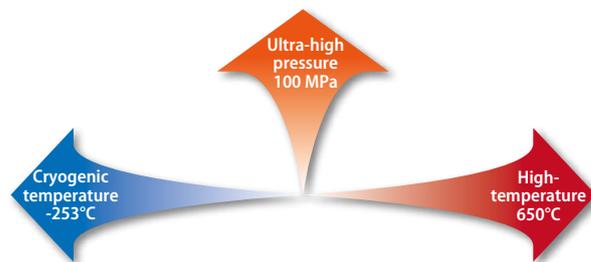
We develop new products rapidly by utilizing the worldwide group network to respond to the diverse needs of customers.

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

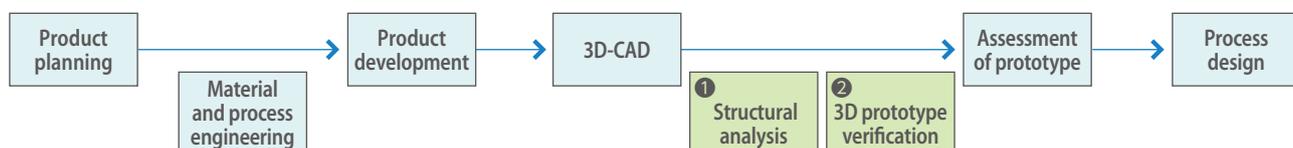
KITZ Corporation started operations from manufacturing general-purpose valves. Over the years, KITZ has continually gone a step ahead of the needs of emerging markets and developed high value-added products, advancing from manually operated shut-off valves to automated control valves, and from single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

What makes it possible is sealing technology and materials development. Sealing technology has been developed in a wide range of fields from low pressure to ultra-high pressure, from extremely low temperature to high temperature, with up to more than 90,000 products created. The Company has also, based on its know-how cultivated over the long period of its history, developed optimum metal materials and introduced new products through high-level casting technology. These technologies are still evolving.

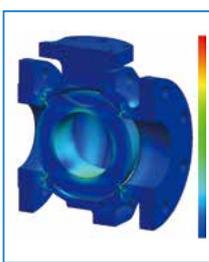
### Sealing technology



## Valve research and development process



Fluid analysis



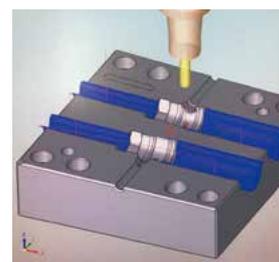
Structural analysis



**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.



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

\* Computer Aided Manufacturing

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

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

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

To maximize the synergy of the Group, engineers from Japan, Europe, the Americas, ASEAN and China collaborate to promote product development and design, utilizing

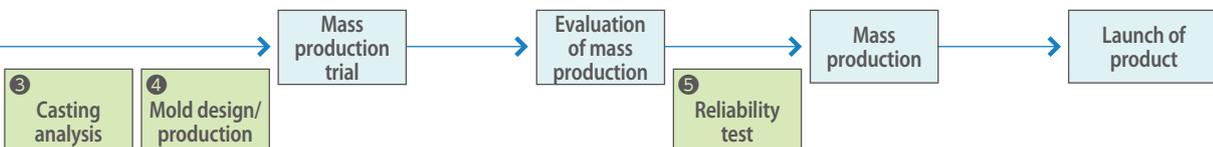
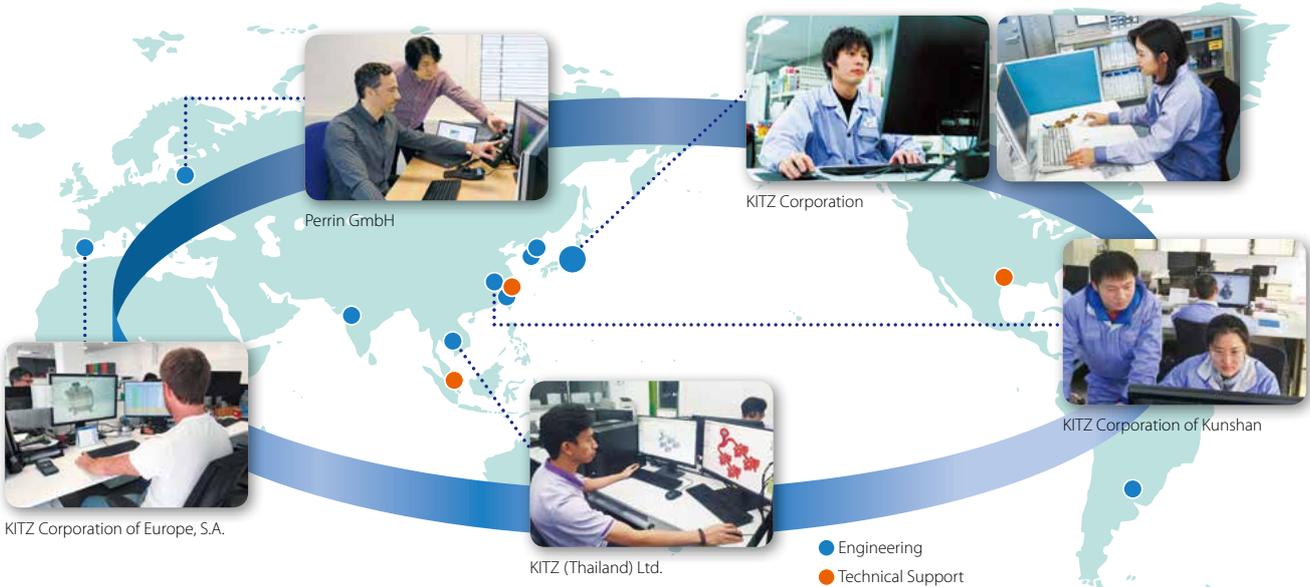
networks such as groupware, and have established a technology structure for design at the optimum sites worldwide. We also develop products with materials and specifications that are compatible with the markets and regulations in each country, and strive to improve efficiency through the active introduction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

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

\* DX: Digital Transformation

\* PLM: Product Lifecycle Management

## Collaboration with engineers around the world



### 5 Reliability test

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



#### Cryogenic test

Liquefied natural gas (LNG) is a low-temperature fluid. We conduct tests to reproduce the low temperature conditions.



#### Fire test

We verify as to whether valve functions can be maintained, even if a fire occurs and the valve seal materials are burned out completely.



#### Blow-off test

Significant force is applied for high temperature and high pressure fluid flow control when valves are opened and closed. We verify the durability to ensure that valves can operate properly even under the conditions of application limits.



#### Low emission test

The company exclusively retains the only methane gas testing facility based on the API standard in Japan and performs leak tests with actual fluid.

# Production Systems That Assure High-Quality Products

The KITZ Group's manufacturing is based on the concept of delivering products when necessary and in the quantities required with better quality.

## Integrated Production System That Provides Quality Control Starting from Castings

Based on integrated production, the KITZ Group positions castings (forge and foundry materials) that are valve materials as the core technology and produces them internally from castings. We have established an integrated production system in which our Group has its own casting facilities for the main valve materials such as bronze, casting iron, ductile, stainless steel and casting steel, thus putting in place a quality assurance system starting from materials. We also provide a wide variety of products in small quantities.

## Production Method Based on KICS

What supports manufacturing operations based on the market-oriented concept is the production method according to the KITZ Innovative and Challenging System (KICS). KICS provides a mechanism of sending only good products to the subsequent process by producing each product one by one in a sequence of processes at the exact timing with which it can be sold. It also achieves the elimination of stagnation and waste in a series of processes from order receipt to production and delivery. Moreover, we strive to further reduce delivery times and reinforce production lines continuously by thoroughly implementing standard work and improving processes.

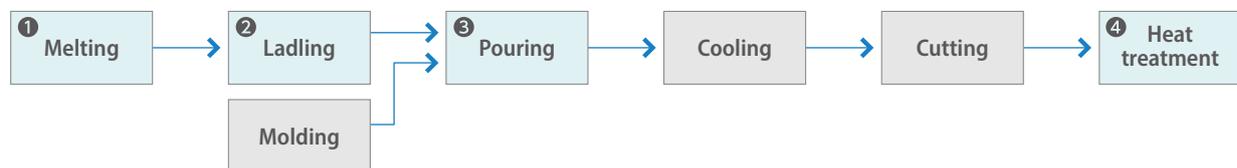
## Toward a Manufacturing Workplace for Creating Added Value

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



Pressure test of pneumatic actuators with sensors

## Stainless Steel Valve Manufacturing Process



**1 Melting**  
Raw materials are melted in high-frequency electric furnaces.



**2 Ladling**  
Melted metal is ladled for pouring.



**3 Pouring**  
Melted metal is poured into a casting mold. The melted metal flows into the cavity between the upper mold, the lower mold and the core.



**4 Heat treatment (solution heat treatment)**  
Raw materials are quenched after having been heated up to 1,100°C. This process forms a uniform metallic structure and makes mechanical properties such as tensile strength and elongation higher and ensures corrosion resistance.

## KITZ Brand is Backed by Quality Management Systems

KITZ Corporation recognized the importance of conformance to the international standard on quality management systems earlier than anyone in the industry. In November 1989, KITZ became the first Japanese company to earn ISO 9001 certification. At present, all domestic and international production bases in the KITZ Group have been certified to this standard. In February 2019, our Group company, KITZ Engineering Service Co., Ltd., became the first in the Group to obtain certification for the scope of “valve maintenance” under the standard. Additionally, in July 2001, KITZ Corporation was certified, for the first time in the valve industry in Japan, in accordance with the Pressure Equipment Directive (PED) for CE marking required for European markets. KITZ plants in Taiwan, Thailand, China, Spain and Germany have subsequently obtained PED certification as well.

In addition to these international quality standards, in Japan, KITZ Corporation is approved by the Minister of Economy, Trade and Industry as an authorized gas tester under the High Pressure Gas Safety Act. It supplies Japan Industrial Standards (JIS) certified products and complies with standards of the Japan Water Works Association (JWWA). KITZ plants in Japan and China are also certified to display the API Monogram of the American Petroleum Institute.

## Global Production Network: Manufacturing Facilities Located in Optimum Locations

The KITZ Group is building a structure for undertaking

production in the most suitable locations for its operations around the world.

Under this structure, we produce high value-added products in Japan, while Japan also plays a crucial role as the command center for our global manufacturing activities. The KITZ Group now has international factories in Thailand, Taiwan, China, Korea, India, Spain, Germany and Brazil.

### ● New High-Frequency Induction Furnace in the Nagasaka Plant

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



#### 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



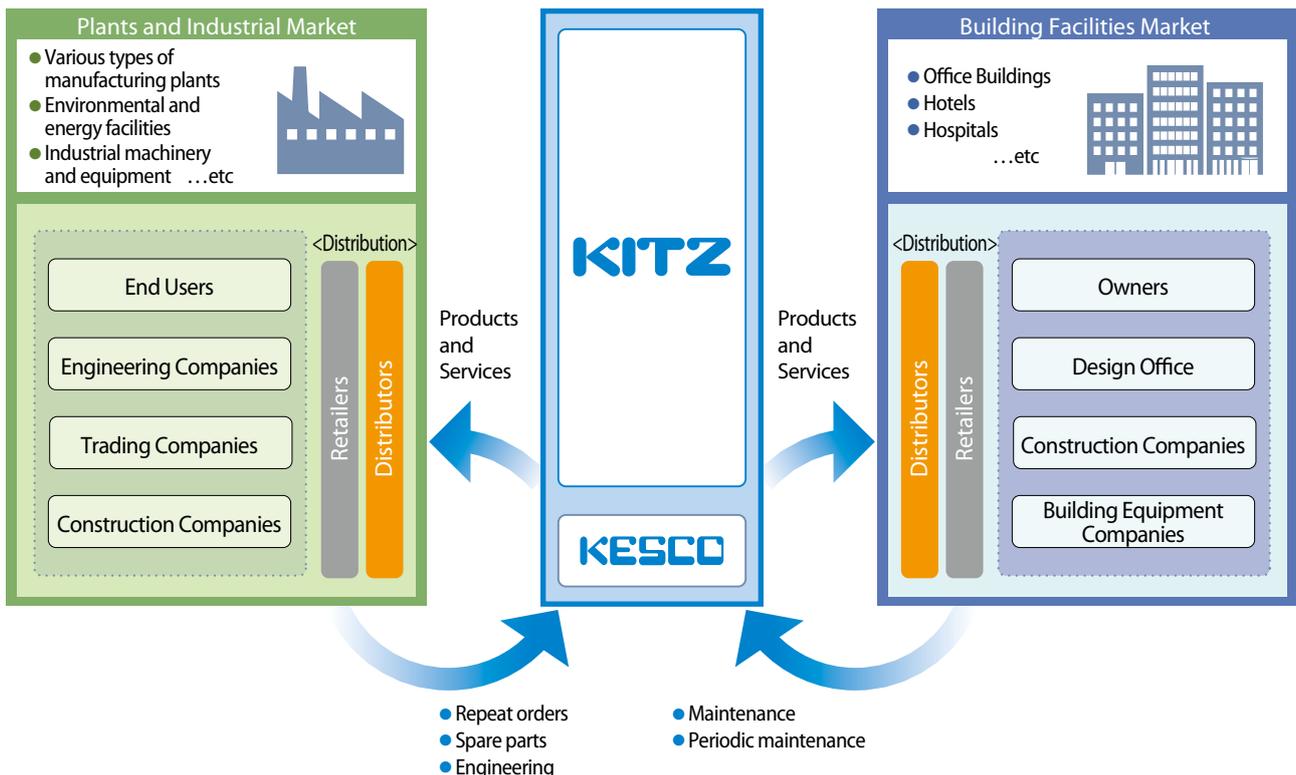
business. We have also adopted a pull production system, a system for setting a standard volume of distributor inventory for each product and replenishing the quantity shipped on a daily basis to maintain the inventory at a certain level. With this, distributors do not need to monitor the inventory volume 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.

## KITZ's Sales Activities in Japan



After delivery, we maintain close contact with customers through meticulous support services including technical assistance, parts supply and on-site inspection and repair. We build win-win relationships with customers by securing repeat orders from customers and by accepting maintenance requests for existing valve installations.

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

### Sales Structure Responsive to the Global Market Environment

The KITZ market covers the entire globe, with priority given to the regions that have the greatest demand for KITZ products. Beyond the home market in Japan, our priority

market zones are centered in the three key market regions of Europe, the Americas and ASEAN nations, and the two important countries of China and India.

Globally, we have established regional headquarters that provide the functions of sales, marketing, engineering, stock, maintenance and service for each area, and conduct business close to the region and provide products and services to satisfy local customers' needs.

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

### Three Regional Headquarters

#### Europe

##### KITZ Europe GmbH

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

##### Takayoshi Saito

Chairman &  
Managing Director



#### Americas

##### KITZ Corporation of America

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

##### James Walther

President



#### ASEAN

##### KITZ Corporation of Asia Pacific Pte. Ltd.

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

##### Hiroshi Nozawa

Chairman &  
Managing Director



## Maintenance Solutions of Valves Utilizing IoT and AI

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

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



Conceptual image of the condition of a valve checked with a tablet

# 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.

**CEPHAS**  
Cephas Pipelines Corp.

**"Jso"**  
KITZ Corporation of Europe, S.A.

**RED-WHITE TOYO**  
Toyo Valve Co., Ltd.

**EMGE**  
Metalúrgica Golden Art's Ltda.

**perrin**  
Perrin GmbH

**YKV**  
YKV Corporation

**Miyo**  
Miyoshi Valve Co., Ltd.

**KITZ**

**MICRO**  
Micro Pneumatics Pvt. Ltd.

**SGS**  
Shimizu Alloy Mfg. Co., Ltd.

**KITZ MICRO FILTER CORPORATION**  
KITZ Micro Filter Corporation

**KITZ SCT**  
KITZ SCT Corporation

## 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.



# Valve Maintenance Services

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

## Four Centers across Japan

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

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

## Various Certifications and Qualifications

In February 2019, KESCO obtained ISO 9001 certification covering a wide range of valve maintenance services. KESCO has also obtained certifications and qualifications regarding valve maintenance from valve manufacturers in Japan and



Nagoya Service Center

overseas to ensure that it can perform proper maintenance of the valves of other companies.

## Focusing on Human Resources Development

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

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

## Six Services Provided by KESCO



# 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.

### Brass Bar Manufacturing Business

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

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

### Development of Environmentally Friendly New Materials

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

In addition to the KEEPALOY series of bismuth-based lead-free brass bars it has already been selling, KITZ Metal Works Corporation has also released KEEPALOY II, a series with high recyclability. In 2019, the company entered into a licensing agreement with Mitsubishi Shindoh Co., Ltd. (currently Mitsubishi Materials Corporation) for the ECO BRASS® series of silicon-based lead-free brass bars. ECO BRASS® is a global material registered under JIS, EN and ASTM, and demonstrates high corrosion resistance and strength properties.

### Out-of-the-Box Thinking

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

In the future, we will continue to use our expertise in the processing of brass to pursue the development of products that make use of flexible and innovative ideas.



ECO BRASS®



Assist Hook II

## Brass Bar Manufacturing Process



**1 Composition and melting of raw materials**  
The raw materials are melted in an induction furnace.



**2 Continuous casting**  
The molten alloy is cast into large ingots (called "slabs" or "cakes") using either a water-cooled horizontal continuous casting machine or a vertical semi-continuous casting machine.



**3 Cutting**  
The slabs are cut into billets (intermediate products) of predetermined length ready for extrusion, using a large-scale cutting machine.



**4 Heating and extrusion**  
The billets are heated to the prescribed temperature, and extruded into rods or coils using an extruder.



**5 Continuous pickling**  
Oxides that have become attached to the surface of the alloy during the extrusion processes are removed by pickling.



**6 Cold drawing**  
The rods and/or coils are passed through the die of a drawing machine to finish them into brass bars with accurate shapes and dimensions.



**7 Straightening and cutting**  
Bends or curvature in the bars are straightened out using a straightener. The bars are then cut to the prescribed length.



**8 Low-temperature annealing**  
The bars are subjected to low-temperature annealing at the prescribed temperature in order to remove residual stress and to adjust their hardness.



**9 Measurement, packing and shipping**  
Completed bars are bundled and packed to the prescribed weight and/or quantity before being delivered to customers.

## Hotel Beniya is also a KITZ Group company.

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

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

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



# Sustainability

## Message from Director in Charge of Sustainability



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

**Toshiaki Natori**

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

Major item	Sub-item	Specific implementation item
<b>Environment</b> Contributing to the Conservation of the Global Environment through Business Activities	Measures against global warming 1. Maximize contribution to environment through products and services 2. Minimize environmental burden in business activities	① Develop, manufacture and sell brass bar materials (lead-free materials and cadmium-free materials) that are friendly to both people and the environment ② Expand disinfection and purification equipment that realizes safe water treatment ③ Supply products that are compliance with the RoHS directive and REACH regulation ④ Development of products that are compliant with the field of clean energy
		① Promotion of activities to reduce the volume of greenhouse gas emissions such as CO <sub>2</sub> ② Promote energy-saving activities through improvement of productivity ③ Promote reduction, reuse and recycling of water resources and waste
	3. Prevent environment pollution on a group-wide and global basis	① Identify chemical products that contain toxic substances and promote alternatives ② Promote risk reduction activities at production bases in Japan and overseas
<b>Social</b> Valuing Human Resources, Safety, and Local Communities	1. Promote diversity and inclusion of human resources	① Introduce and consolidate a personnel system that facilitates work ② Initiatives of equal pay for equal work ③ Promote active roles for female employees ④ Enhance systems that support work-life balance
	2. Foster a corporate culture that values safety, health and human rights	① Create a work environment which is safe and healthy to work in ② Do not act in a manner that is prejudicial, discriminatory, a violation of human rights or unjust in relation to nationality, religion, or race, etc.
	3. Appropriate business activities	① Promote supply chain management through fair trading ② Pursue customer satisfaction by securing quality and safety
	4. Social contribution activities	① Promote social contribution activities
<b>Governance</b> Fair Management	1. Establish a sound corporate governance system	① Effective operation of a Nomination Committee and an Executive Compensation Committee ② Appoint female executives ③ Enhance internal controls (internal audit) under the Companies Act in addition to J-SOX
	2. Improve management transparency and strengthen the management oversight system	① Share information by implementing the Four-Party Audit and Supervision Meeting, which adds outside directors to the Tripartite Audit Assembly (Audit & Supervisory Board, Accounting Auditor, Internal Audit Office) ② Audit and supervision of Group companies by outside directors ③ Enhance the Internal Audit Office
	3. Strengthen the effectiveness of the Board of Directors	① Strengthen governance through the appointment of outside directors with wide-ranging knowledge and experience and stimulate the Board of Directors ② Implement evaluation of the effectiveness of the Board of Directors and address issues

### Our Role as a Company

In 2020, we faced an unprecedented crisis due to the spread of an unimaginable COVID-19, and it transformed our world. Even before this crisis hit, the world had become increasingly complex, fast-changing and uncertain due to the frequent occurrence of major disasters in Japan and overseas, the fragmentation of the world due to countries prioritizing their own interests and the remarkable evolution of digital technologies such as AI and IoT. In this world, we are again keenly reminded of the important role companies must play in solving the difficult issues faced by society.

### Corporate Value and Social Value

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

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

2020 Activity Results	Medium-to-long term targets	SDGs		
<ul style="list-style-type: none"> <li>Achieved 87% of sales plan</li> <li>Eco Brass®</li> </ul>	<ul style="list-style-type: none"> <li>Currently formulating medium-to-long term targets that are scheduled to be announced in February 2022</li> </ul>	    		
<ul style="list-style-type: none"> <li>Consolidated lineup of existing products</li> <li>Implemented initiatives to reduce failures due to the usage environment</li> <li>Released products compliant with the 10 substances in the revised RoHS directive</li> <li>Entered into packaging unit hydrogen station business</li> <li>Selected as Zero-Emission Challenge Company</li> </ul>				
<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions of 44.44 t-CO<sub>2</sub> / 100 million yen (target: 46.81 t-CO<sub>2</sub>)</li> <li>Energy consumption of 430.78 GJ / 100 million yen (target: 458.85 GJ)</li> <li>Water resource consumption of 320.85 m<sup>3</sup> / 100 million yen (target: 375.40 m<sup>3</sup>)</li> <li>Waste generation of 6.28 t / 100 million yen (target: 6.54 t)</li> </ul>				
<ul style="list-style-type: none"> <li>Revisions to designation of harmful and deleterious substances</li> <li>Chinese VOC regulations, amended Food Sanitation Law, SCIP</li> <li>Assessed and mitigated risks related to the environment, health and safety and fire</li> </ul>				
<ul style="list-style-type: none"> <li>Began creating skill assessment tables</li> <li>Revised systems and regulations, completed compliance</li> <li>Began considering new policies of diversity &amp; inclusion</li> <li>Agreed with labor union regarding telework regulations</li> </ul>			<ul style="list-style-type: none"> <li>Currently formulating medium-to-long term targets that are scheduled to be announced in February 2022</li> </ul>	  
<ul style="list-style-type: none"> <li>Created a medical checkup results database for KITZ employees</li> <li>Formulated a KITZ global human resource policy</li> </ul>				
<ul style="list-style-type: none"> <li>Exchanged opinion with suppliers</li> <li>Implemented the full rollout of QA network activities</li> <li>Ascertained weak points in manufacturing processes</li> </ul>				
<ul style="list-style-type: none"> <li>TABLE FORTWO program: support equivalent to 43,956 meals</li> <li>687 employees participated in social contribution activities</li> </ul>				
<ul style="list-style-type: none"> <li>Continued operation of the voluntary Nomination Committee</li> <li>Appointed the first female director of KITZ</li> </ul>				
<ul style="list-style-type: none"> <li>Internal audit was postponed due to COVID-19</li> </ul>				
<ul style="list-style-type: none"> <li>Continue the annual operation</li> <li>Internal audit was postponed due to COVID-19</li> <li>Augmented personnel</li> </ul>	<ul style="list-style-type: none"> <li>Further ensure transparency and objectivity</li> <li>Development of female employees for promotion from inside the company</li> <li>Conduct audits of the purchasing departments of 17 Group companies</li> <li>Continue the annual operation</li> <li>Improve auditing and supervisory functions for Group companies by outside officers</li> <li>Strengthen and promote internal audits</li> </ul>			
<ul style="list-style-type: none"> <li>Increased number of outside directors and Audit &amp; Supervisory Board members</li> <li>Evaluated effectiveness of the Board of Directors</li> </ul>				

### Create the Future / Preserve the Future

In March 2020, the KITZ Group announced its Sustainability Commitment and Sustainability Slogan, which serve as important guidelines for promoting its sustainable management. The slogan, "Create the Future / Preserve the Future," expresses two desires, namely to "take on challenges without

fear of change and create a new future with our own hands," and to "continue to protect existing resources and preserve them for the next generation." The slogan recognizes the importance of both change and preservation in a fast-changing world and also provides a guide for putting those ideas into practice.

## Commitment

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

## Slogan

**Create the Future /  
Preserve the Future**

### Create the Future

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

### Preserve the Future

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

## ESG Initiatives

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

To disclose information on these initiatives, we recently opened a new page on sustainability on our company website. In addition to that, we engage in dialogue with stakeholders through our corporate report (integrated report), environmental report and shareholder correspondence and other activities to actively disclose information. We also ascertain and analyze our current performance through objective assessments carried out by external entities, and we are committed to further improving our performance in non-financial areas.

## 100-Year Company

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

KITZ Group will continue to actively take on new challenges without being constrained by the "norms" of the past, and strive to enhance both corporate and social value. Through our flow control business, we will create a society that coexists with the planet.

# Corporate Governance

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

## Basic Policy and Structure

KITZ's corporate philosophy is "To contribute to global prosperity, KITZ is dedicated to continually enriching our corporate value by offering originality and quality in all products and services." We are working on initiatives with respect to management taking our shareholders and all other stakeholders into consideration.

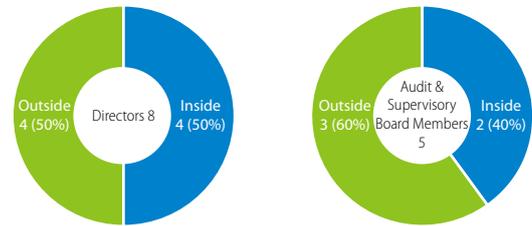
We are also committed to realizing company management that is prompt, efficient, sound and transparent and strengthening compliance.

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

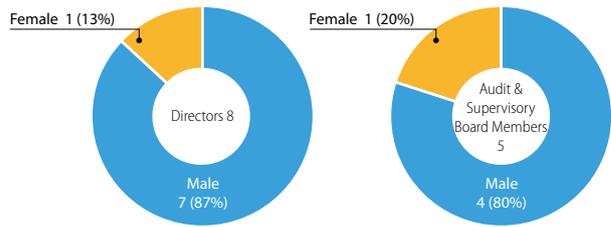
## Board of Directors / Audit & Supervisory Board Members (as of December 2020)

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

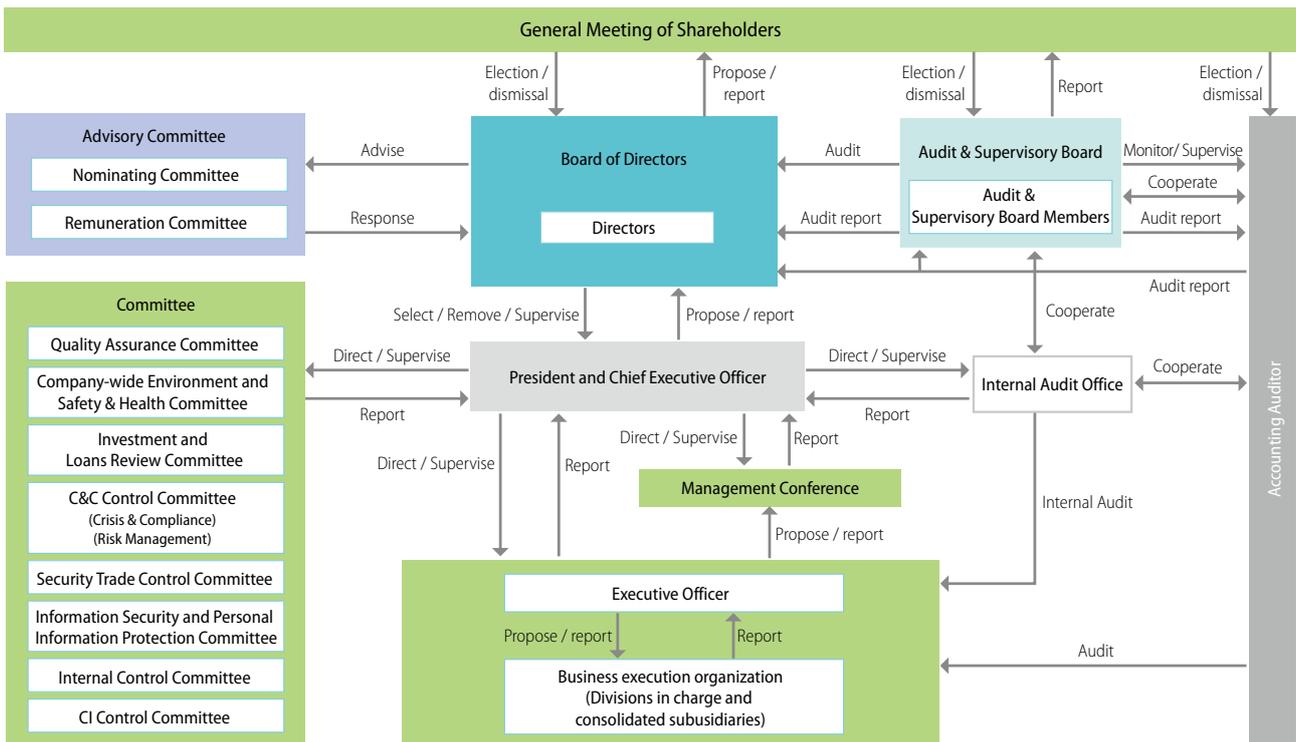
### Number of Outside Directors and Auditors



### Number of Female Officers



## Overview of the Company's corporate governance structure



## Nomination Committee and Executive Compensation Committee

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

### Nomination Committee and Executive Compensation Committee

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



Chairperson (outside)



Director (outside)



Director (inside)

## Evaluation of the Effectiveness of the Board of Directors

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

In the questionnaire survey conducted in February 2021, management strategy, constitution of the Board of Directors, appointment and compensation for directors, roles expected for outside directors, vitalization of discussion at Board meetings and response to shareholders and other stakeholders were asked. The result of the self-evaluation says that the effectiveness of the Board of Directors is ensured in general.

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

## Matrix and History of Corporate Governance

	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	
		1999 Introduced the Executive Officer System		
Number of Outside Directors		2001 One	2011 Two	2017 Three 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 self-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	
				2017 Established the Executive Remuneration Committee 2017 Established the Nomination Committee
Compensation System			2004 Abolished the system for retirement bonuses for Executive Officers	2016 Introduced a performance-based stock compensation plan
Integrated Report				2016 Published the integrated report <i>Corporate Report</i>
Corporate Philosophy	1991 Formulated the KITZ Statement of Corporate Mission	2001 1st revise	2006 2nd revise	

## Executive Compensation System

### ● Process for determining compensation

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

### ● Structure of compensation

#### [Base compensation]

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

#### [Bonuses]

The bonus system is linked to business results. An amount equivalent to 1% of net income attributable to owners of the parent is paid as a bonus.

For the amounts paid to each director with the exception of outside directors, criteria are set and the amounts are calculated for each position.

#### [Stock-based compensation]

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

### ● Amounts of executive compensation

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

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

Classification	Base compensation		Bonuses*	Stock-based compensation*	Total
	Number of eligible officers (persons)	Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)
Board of Directors (excluding outside directors)	4	72	19	17	108
Audit & Supervisory Board members (excluding outside directors)	2	32	—	—	32
Outside officers	7	51	—	—	51
Total	13	155	19	17	192

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

## Sale and Reduction of Cross-Shareholdings

Based on its Policy for Cross-Shareholdings, KITZ has adopted a policy of not holding shares for the purpose of forming a stable shareholder base, except for the purpose of maintaining good relationships with business partners.

Each year we review cross-shareholdings, and we pursue the sale of any shares it is deemed we have no significant reasons for holding.

### Shares sold or reduced (fiscal year ended December 2020)

	Number of stocks	Total sales price associated with the reduction in shares (million yen)
Unlisted stocks	—	—
Stocks other than unlisted stocks	7	208

## Executive Officer and the Management Conference

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

## Audit & Supervisory Board

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

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

### Internal Audits

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

### Thorough Implementation of Compliance Management and Whistle-blowing System

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

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

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

### Fostering an Awareness of Compliance

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

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

### Risk Management

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

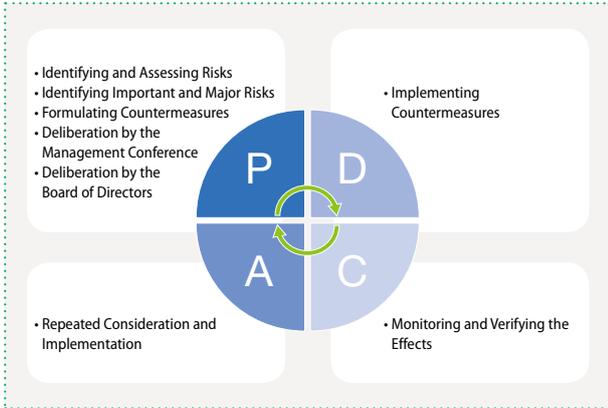
Based on reports by the Management Conference, the Board of Directors makes final decisions concerning major risks and their countermeasures at the KITZ Group.

#### ● Initiatives from FY2020

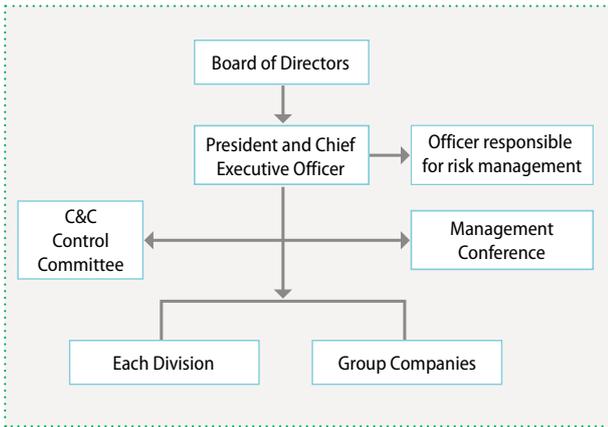
In FY2020, the KITZ Group rebuilt its risk management system, re-identifying risks associated with its business activities (all 128 items), quantitatively determining the importance of risks based on the two axes of risk frequency and impact on management, and specifying important risks and major risks.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

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

### Risk Management Implementation Flow



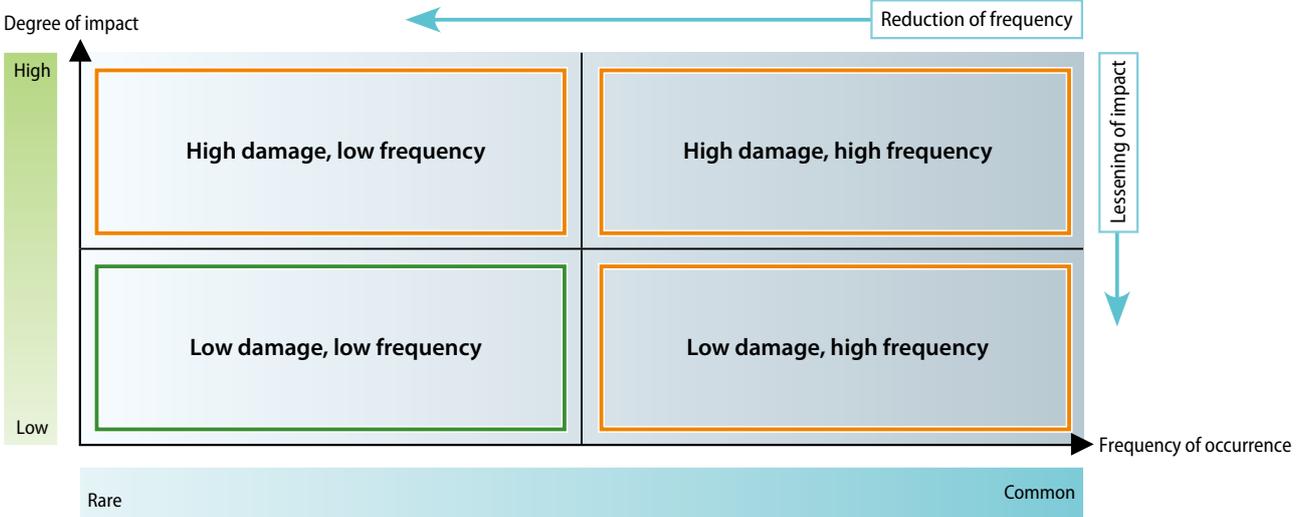
### Risk Management Structure



### Risk Analysis and Evaluation

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

### Risk map scale



<Countermeasure Policy>   Zone Risks: Proactively select risk avoidance, transfer or mitigation  
  Zone Risks: Also possible to opt to retain a risk

# Board of Directors, Corporate Auditors and Executive Officers

(as of March 30, 2021)

## Directors



Chairman **Yasuyuki Hotta**

Born: June 18, 1955  
 Mar. 1978 Joined KITZ  
 Jan. 1997 Branch Manager, Chubu Branch, Sales Division  
 Apr. 2001 Plant Manager, Nagasaka Plant  
 Oct. 2001 Managing Executive Director, KITZ SCT Corporation  
 Jun. 2004 Representative Director and President, KITZ SCT Corporation  
 Apr. 2006 Managing Executive Officer, General Manager, Flow Control Business Division  
 Apr. 2007 Senior Executive Officer, General Manager, Flow Control Business Division  
 Jun. 2007 Director, Senior Executive Officer, General Manager, Flow Control Business Division  
 Jun. 2008 President and Chief Executive Officer, General Manager, Flow Control Business Division  
 Apr. 2009 President and Chief Executive Officer  
 Mar. 2021 Chairman and Representative Director (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 **Toshiaki Natori**

Born: January 20, 1957  
 Mar. 1980 Joined KITZ  
 Oct. 1999 Plant Manager, Chino Plant, Production Division  
 Apr. 2004 Managing Executive Director, KITZ Metal Works Corporation  
 Jul. 2009 Representative Director and President, KITZ Metal Works Corporation  
 Apr. 2010 Executive Officer, Division Manager, Production Division  
 Jun. 2011 Director, Executive Officer, Division Manager, Production Division  
 Apr. 2012 Director, Managing Executive Officer, Division Manager, Production Division  
 Apr. 2013 Director, Managing Executive Officer, Unit General Manager, Flow Control Business Unit  
 Apr. 2014 Director, Senior Executive Officer, Unit General Manager, Flow Control Business Unit  
 Apr. 2019 Director, Vice-President and Senior Executive Officer, General Manager, Sales Strategy Office for Commercial Valves in Asia  
 Apr. 2020 Director, Vice-President and Senior Executive Officer, General Manager, Corporate Planning Division (present position)



Director **Toshiyuki Murasawa**

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



Outside Director **Kazuyuki Matsumoto**

Born: September 21, 1945  
 Apr. 1970 Joined Teijin 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)



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 (present position)  
 Jun. 2017 Outside Director of KITZ (present position)  
 Jul. 2020 Outside Audit & Supervisory Board Member of Konoike Transport Co., Ltd. (present position)



Outside Director **Yukino Kikuma**

Born: March 5, 1972  
 Apr. 1995 Joined Fuji Television Network, Inc.  
 Dec. 2011 Registered as an attorney at law  
 Jan. 2012 Joined 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)

## Audit & Supervisory Board Members



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

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



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

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



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

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



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

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



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

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

## Reasons for Appointment of Directors and Audit & Supervisory Board Members

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

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

# Executive Officers

President and Chief Executive Officer **Makoto Kohno**  
 Vice-President and Senior Executive Officer **Toshiaki Natori**  
 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, Domestic Sales Division  
 Apr. 2008 General Manager, Sales Planning Department, Domestic Sales Division  
 Apr. 2013 General Manager, Business Planning Department, Flow Control Business Unit  
 Apr. 2015 Executive Officer, Division Manager, IT Control Division  
 Mar. 2021 Executive Officer, General Manager, Flow Control Business Unit (present position)



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



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



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



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



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



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



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



Executive Officer **Takashi Ishijima**  
 Born: October 1, 1967  
 Apr. 1990 Joined Nissan Motor Co., Ltd.  
 Apr. 2011 Chief IT Architect, Enterprise Architecture Department, Global IT Headquarters  
 Apr. 2017 Chief IT Architect, IT Architecture and Production Service Department, Global IT Headquarters  
 Sep. 2018 Joined KITZ  
 Apr. 2020 Deputy Division Manager, IT Control Division  
 Mar. 2021 Executive Officer, Division Manager, IT Control Division (present position)

# 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 eight company directors, four of them, or half, have been outside directors since June 2020.**



**Kazuyuki Matsumoto**  
Outside Director

**Yutaka Fujiwara**  
Outside Director

**Yukino Kikuma**  
Outside Director

**Minoru Amoh**  
Outside Director

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

### **Kazuyuki Matsumoto** Outside Director

At the beginning of this century significant changes occurred in the business world due to the rapid progress of information technology, but with the emergence of the COVID-19 pandemic that has shaken the world, those changes have accelerated even more.

I think these large and rapid changes are becoming the norm rather than an anomaly, and so I think we need to maintain a healthy sense of urgency, look at this situation as an opportunity for new growth, continually consider our basic values “why we do business?” and “who our business

benefits?” and strive to achieve a long-term vision while also remaining fixed firmly on current conditions. I believe it is important than ever before to maintain and further cultivate mutual trust through close communication with customers, and to identify our customers’ true issues and solve them.

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

## Through the active exchange of views, I will help ensure management transparency.

**Minoru Amoh** Outside Director

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

KITZ is currently pursuing the development of global management foundations and striving to deliver world-class technologies and engineering to customers while promoting SDG-oriented management and adapting to energy shifts and a recycling-oriented society, thus contributing to lessening

the impact on the environment and establishing a solid position in growth markets. KITZ is also trying to visualize supply chains globally, investing in labor-saving efforts and improving labor productivity with the aim of becoming a company at which employees can lead better lives while working in safer and healthier environments.

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

## The experience of outside officers are valuable in chaotic times.

**Yutaka Fujiwara** Outside Director

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

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

with less life experience.

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

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

**Yukino Kikuma** Outside Director

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

I think KITZ is losing out in terms of how it presents things although the company engages in business activities from the perspectives of ESG and the SDGs. KITZ needs to present a narrative which illustrates how, through its businesses and

products, it will solve social issues and create a future beyond that. I also think it is necessary to further accelerate efforts regarding diversity and inclusion.

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

# Environmental Activities / Health and Safety Activities

## Importance of Environmental, Health and Safety Activities

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

## Environmental Activities

The KITZ Group has established targets for environmental conservation on a global scale (maximizing environmental contributions through our products and services and minimizing the environmental impact of our business activities). The Group is making a united effort to achieve a sustainable society.

In conducting soil contamination studies, we go beyond the legally mandated requirements and conduct our own voluntary studies focusing on plants. In addition to the Nagasaka,

### KITZ Group Principle of Environmental Activities

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

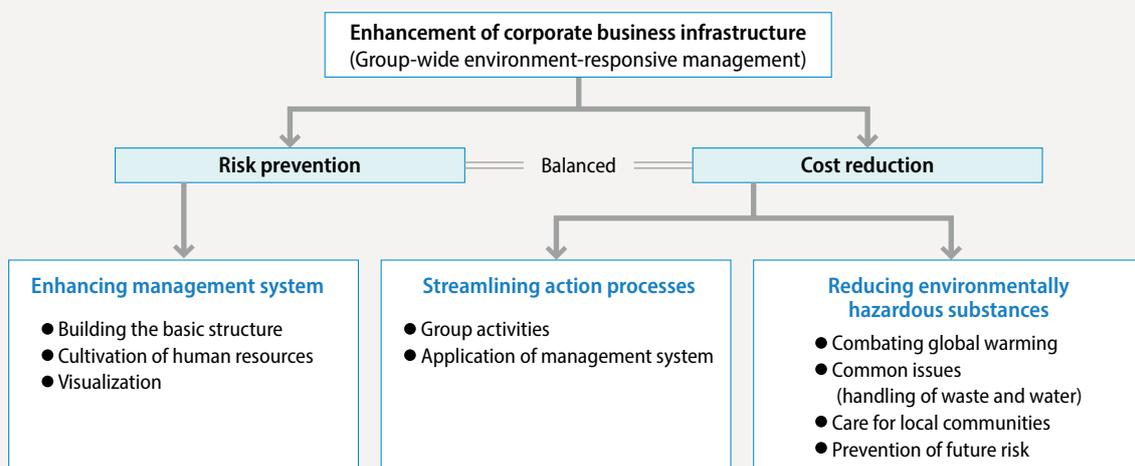
### KITZ Group: Environmental Action Policy

KITZ Group companies shall recognize environmental issues as an essential perspective of corporate management and every employee shall positively participate in the following activities.

1. Development and supply of environmentally friendly products and services
2. Effective use of resources
3. Promotion of reduction, reuse and recycle of waste
4. Prevention of environmental contamination

### Philosophy and Initiatives for Environment-Responsive Management

KITZ will conduct activities in accordance with the aforementioned principle and action policy on the basis of achieving a balance between risk prevention and cost reduction. This balance is based on our philosophy that preventing environmental risks such as soil contamination through proactive environmental conservation activities minimizes potential future costs; and that we can reduce other costs and make a broad contribution to society by thoroughly reducing waste generated by our business activities.



Ina and Chino plants, we have also completed soil contamination studies at plants of major domestic group companies. We take measures to address circumstances at these plants based on the results of the contamination studies.

● **Development and Supply of Environmentally Friendly Products and Services**

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

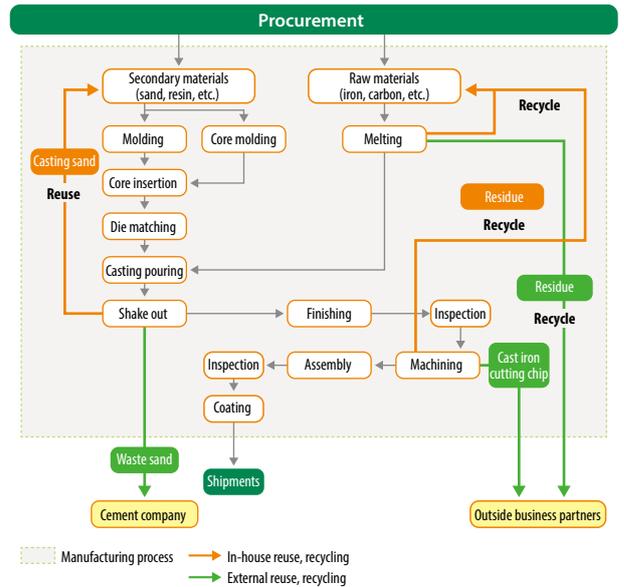


● **Effective Use of Resources**

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

KITZ aims to achieve coexistence with the global environment and promotes the effective use of limited resources.

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

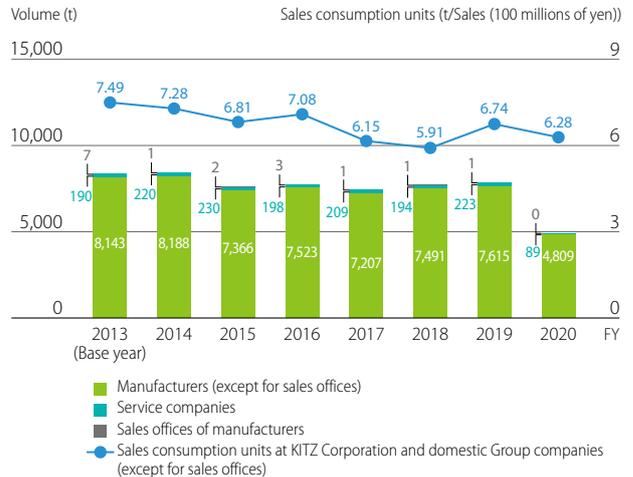


● **Reduction of Waste, Promotion of Recycling and Reuse**

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

In its production divisions, based on surveys and analyses of the volume of waste generated, KITZ is stepping up

**Volume of Industrial Waste Materials**



\* For the fiscal year ended December 2020, which is an irregular period due to the change of the fiscal year end, nine months of results are shown.

efforts to reduce and reuse industrial waste materials, which consist mostly of waste materials generated by the KITZ Group's production activities. Moreover, the Waste Material Management System, which manages the KITZ Group's environment and safety-related information, enables KITZ to ascertain on a timely basis the entire waste-handling process, from the generation of waste to final disposal, and allows this information to be shared within the Group. For its waste handling system, KITZ has established a framework under which the waste disposal route is determined in advance and waste cannot be processed using any route other than the route specified in the consignment agreements.

● **Prevention of Environmental Contamination**

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

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

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

● **Strengthening Environmental Management Systems**

The KITZ Group regards the promotion of environmental management as a key aspect of strengthening our management foundations. In our Environmental Mid-term Plan, we have set the goal of obtaining ISO 14001 certification at all plants in Japan and overseas, and are making efforts to establish global environmental management.

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

**Business Offices That Have Acquired Integrated ISO 14001 Certification**

KITZ Corporation Nagasaka 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.
Toyo Valve Co., Ltd.	Filcore Co., Ltd.
Hokutoh Giken Kogyo Corporation (Yamanashi Plant, Minowa Business Offices)	Metalúrgica Golden Art's Ltda.

● **Efforts toward a Decarbonized Society**

**KITZ was selected as a "Zero-Emission Challenge Company" by the Ministry of Economy Trade and Industry.**

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



\*New Energy and Industrial Technology Development Organization

● **KITZ Receives Commendation as an Excellent Energy Management Company in the Kanto Area for FY2020**

KITZ received a commendation as an excellent energy management company for FY2020. The award is presented by the Kanto Bureau of Economy, Trade and Industry to



businesses that have excelled in making outstanding contributions to energy conservation during “Energy Conservation Month” held in February each year.

### Health and Safety Activities

We promote efforts to ensure zero accidents based on the KITZ Group Safety and Health Fundamental Philosophy and the Safety and Health Fundamental Policies. We have established health and safety committees at our head office and plants, and we bolster efforts to prevent workplace injuries and illness, promote the development of comfortable workplace environments, engage in healthcare aimed at preventing lifestyle-related diseases and work to prevent traffic accidents.

### ● Reciprocal Audits by Group companies

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

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

## KITZ Group Safety and Health Fundamental Philosophy

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

## KITZ Group Safety and Health Fundamental Policies

1. KITZ maintains stimulating and pleasant 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.

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

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

KITZ has formulated the following key actions as measures for employee safety and health with the aims of taking preventive steps for safety and improving safety awareness.

- Develop a management system (comply with safety and health related laws and regulations)
- Implement safety measures for machines, equipment and people (prevent similar accidents)
- Create a workplace culture (promote zero accidents)



Safety experience room at the Nagasaki Plant

# Initiatives to Encourage and Support Human Resources

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

## Desired Personnel

“Do it True” (referring to sincerity and the truth) is the first Action Guide at KITZ. Being sincere, being serious and complying with the rules and morals of society are the values that the KITZ Group considers to be the most important. We also consider these values to be the essence of KITZ’s outstanding corporate culture.

The Action Guides that follow these are “Do it Now” (referring to speed and timeliness) and “Do it New” (referring to creative ability and challenges). To respond to market demands that are changing with breathtaking speed, we need agile business expansion and the ability to come up with and act on ideas that fall outside conventional thinking. We aim to be a professional group that boldly takes on new challenges and where employees can deploy their own latent creative powers.



## Human Resources Development

KITZ approaches training for its employees with “displaying human resources competence” and “displaying organizational capacity” as dual targets. KITZ is improving its programs for human resources development, such as programs for professional education based on duties and job classifications, programs for educating specially selected employees with hierarchical education as a pillar and support for personal development. In addition, KITZ is developing a corporate culture that enables its employees to keep their motivation high by operating a target system for challenges and linking their development to their evaluation and treatment.

### ● Basic Training of Young Employees

Newly hired graduates participate in an introductory training course on proper etiquette as adult members of society and on job fundamentals. After this, they acquire fundamental knowledge about valves and learn about the basic thinking and behavior as KITZ employees at new

employee training, including practical training held at plants. Employees hired for technical positions then learn about the basics of design, machine work and casting over a one-year period. They are officially assigned to positions when they have sufficiently acquired the fundamentals of *monozukuri* (manufacturing).

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

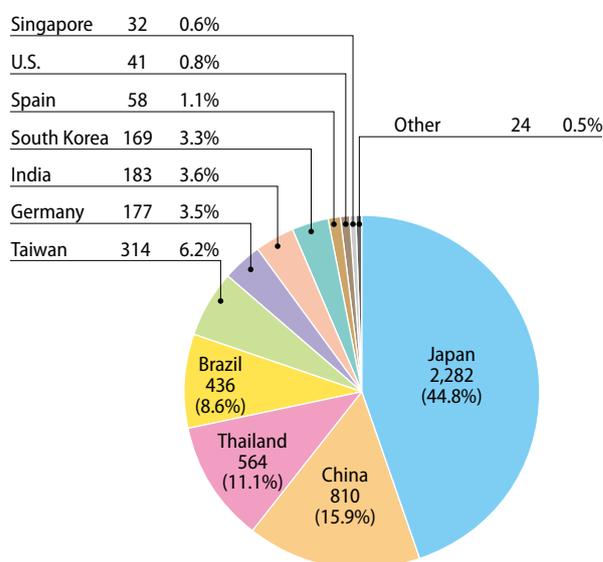
### ● Language Education for Selected Employees

To cultivate human resources who can be successful on the global stage, we are investing efforts into language education for selected young employees. Our initiatives are aimed at continuous improvement of language ability to facilitate smooth communication in various situations overseas, including technical instruction, meetings and presentations at academic conferences.

### ● Promoting Globalization

Since the establishment of a sales subsidiary in the United States in 1984, KITZ has developed its business globally by successively setting up production bases and sales bases overseas while adding valve manufacturers in Spain,

## Personnel Structure by Country



As of December 31, 2020

Germany, India, Brazil and Korea to the KITZ Group through M&A. At present, the KITZ Group operates bases in 18 countries worldwide. Employees working in countries other than Japan (including those on loan) account for 55.2% of the Group's total workforce (as of December 31, 2020).

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

\*HR: Human Resources

### Diversity & Inclusion\* Efforts

Since the autumn of 2015, KITZ has been promoting diversity as one of its key management strategies. We see employees as company assets (human resources), and we believe that it is our mission to respect the individuality of employees with a diverse range of attributes (such as gender, age, nationality, occupation, position, working style) and values, to accept one another and to develop an environment in which each of these employees can demonstrate their full potential. We also require employees themselves to hone their sensibilities and reasoning capabilities, to improve themselves, to accept the diversity in others and to help one another.

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

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

### ● Reforms to the Personnel System

As part of the realization of the ideals of a "strong culture, strong organization" and "truly global company," we have shifted to a new personnel system, the aim of which is

for the Company to become a professional organization with business expertise that will never be overcome by competitors.

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

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

### ● Transforming the Corporate Culture and Awareness

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

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

### KITZ SDGs Week 2021

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



# Diverse Human Resources in the KITZ Group

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

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

**Roderick Andal Perez**  
Engineering Group, Sales Engineering Department  
KITZ Corporation



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

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

**Maria Luisa Ribas Steegmann**  
Managing Director & President  
KITZ Corporation of Europe, S.A.



I feel especially pleased when our team manages to overcome a major challenge to help other people so we can satisfy the needs of a customer. The trust placed in me to put me in charge of the management of one of its companies has helped me to grow professionally and improve in other areas during the past 10 years, and I try to convey my experience also to other employees for their own development.

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

**Yukiko Okabe**  
Manager of Sustainability Promotion Office  
KITZ Corporation

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



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

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

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



**I aim to be a driving force of the KITZ Group by integrating my technological capabilities principle of improvement.**

**Naoki Kira**  
KITZ Corporation NEW KICS Center

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



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

**Kaori Kikumoto**  
Osaka Branch, Osaka Sales Office 2  
KITZ Corporation

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



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

#### Tomoya Nakagomi

Production Control Department Section Chief  
KITZ Corporation of Taiwan



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

**I have a sense of satisfaction in serving as a bridge between two different cultures.**

#### Shizuka Mita

Chief Accounting Officer  
KITZ Corporation of America



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

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

#### Makiko Shimoyama

General Affairs and Accounting Section, Management Department  
KITZ SCT Corporation

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



**I will always have an unquenchable curiosity about valves.**

#### Tomoharu Ishii

Manager of PCA Marketing Department  
Product Management Center  
KITZ Corporation

I am involved in formulating strategies for capturing focused market fields and introducing new products. I make my best day-to-day efforts so that numerous parties and people related to KITZ, from partner companies and suppliers to end users, can feel a sense of joy.

Valves are used in variety of industries and many kinds of technology are required for production. I will always have an unquenchable curiosity about valves.



**I still cannot forget my supervisor's words: "Do whatever you can do."**

#### Yuuki Ishihara

Business Promotion Group, International Business Development Department  
KITZ Corporation



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

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

#### Sachiko Shiroki

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



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

# Communication with Our Stakeholders

**KITZ engages in the timely, appropriate and fair disclosure of information and provides opportunities for direct communication through activities to build relationships of mutual trust with all shareholders and investors, as well as with other stakeholders including customers, business partners, employees and society. During the fiscal year under review (FY2020), we were impacted by the COVID-19 pandemic, and accordingly, responded by proactively creating opportunities for dialogue utilizing online solutions. We feed back opinions and requests obtained by constructive communication to the management team, and reflect the outcomes in efforts to improve the efficiency and transparency of management.**

## With Shareholders

We seek to disclose information at an early stage, wherein we send the notice of the annual general meeting of shareholders earlier than the legal requirement, and the contents are posted on the website prior to sending. The English version can also be read on the website. We are preparing a system that enables our shareholders to exercise voting rights online for their convenience. At the 107th General Meeting of Shareholders held in March 2021, we placed top priority on the safety of shareholders. As with the previous meeting, attendees were called on to engage in sanitization and temperature checks, and social distancing between seats.



## With Investors

We hold financial results briefings for institutional investors and analysts on a quarterly basis. The president or executive officer explains the achievements and the medium- and long-term strategy. All financial results briefings were held online or in a teleconferencing format in FY2020.

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



## With Employees

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



## With Business Partners

A meeting of presidents of domestic general distributors is held annually. We promote mutual understanding and further deepen our partnership with distributors. (In the fiscal year under review this meeting was postponed due to the COVID-19 pandemic.)

# As a Leading Company in the Valve Industry

As a leading company in the valve industry, KITZ has cultivated advanced technology and a wealth of experience over the course of many years. KITZ utilizes these to provide a wide range of services regarding valves to meet the diverse needs of customers.

## Construction of the KITZ Group Innovation Center

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



KITZ Group Innovation Center (image)

## Valve Meister System

KITZ introduced the Valve Meister System for certifying sales representatives who have reached a certain level of skills and knowledge regarding automated valves and metal materials for valves as Valve Meisters in FY2014. In order to become Valve Meisters, sales representatives must undergo technical education and training based on actual practical methods for around 18 months. Our 38 certified Valve Meisters who have passed the certification test (as of February 2021) act as concierges who respond to requests for customer consultations, propose specific solutions and solve various issues together with customers.

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

## Customer Satisfaction Survey

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



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

We ask customers to submit questionnaires regarding their level of satisfaction with regard to KITZ.

# Social Contribution Activities

**KITZ focuses its various social contribution activities on areas including regional development (regional contribution), environment preservation, social and international contribution, and culture development.**

## Emergency Dispatch of "Aqua Rescue" Purifiers to Regions Stricken by Heavy Rains

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



## Collaboration with Local Communities Where Our Business Sites Are Located

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



## TABLE FOR TWO

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



## Support for Kitazawa Museum of Art

KITZ supports the activities of the Kitazawa Museum of Art located on the shores of Lake Suwa. KITZ founder Toshio Kitazawa established the museum in 1983 as an incorporated foundation with the aim of contributing to the promotion and development of the regional culture. The museum became a public interest incorporated foundation in 2013.

The Kitazawa Museum of Art permanently displays excellent pieces of artwork, including some of the world's best French glassworks made during the art nouveau era at the end of 19th century and modern Japanese paintings. These works are highly acclaimed both in Japan and overseas.



## Marine Conservation Activities in Thailand

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



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

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

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



### Ventforet Kofu

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



### Matsumoto Yamaga FC

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



### VC Nagano Tridents

KITZ's logo has been displayed on the back (leg) of the team's uniform and on training attire from the 2018-19 season onwards. Horizontal banners are also displayed at away match venues.



## KITZ Cup Volleyball Tournament for Junior High School Students

Since 2015, KITZ has been the main sponsor of the volleyball tournament for junior high school students organized by VC Nagano Tridents, which is held as the "KITZ Cup." Previously, teams from the Nanshin District of Nagano Prefecture as well as Yamanashi Prefecture took part in the KITZ Cup; however, to prevent the spread of COVID-19 the participating teams were limited to the Nanshin District in 2020. Additionally, the number of venues was increased and the format was changed to a round-robin tournament with only four teams using one court. The players enjoyed competing over the two days of the tournament.



21 boys teams and 32 girls teams participated

# Financial and Non-Financial Data

	FY2010	FY2011	FY2012	FY2013
<b>Financial Data</b>				
<b>For the Year</b>				
Net sales	106,059	108,446	111,275	117,355
Domestic sales	82,120	82,974	81,509	84,970
Overseas sales	23,938	25,472	29,765	32,384
Valve Manufacturing Business	76,098	78,976	84,472	87,888
Brass Bar Manufacturing Business	20,230	20,065	17,948	20,953
Other	9,729	9,404	8,855	8,514
Operating income	6,341	4,638	6,558	6,470
Ordinary income	5,929	4,388	6,521	6,501
Net income attributable to owners of the parent	3,063	2,480	4,039	3,564
Cash flows from operating activities	5,818	2,217	7,885	4,667
Cash flows from investing activities	(2,907)	(2,508)	(4,519)	(3,546)
Cash flows from financing activities	375	(6,638)	(3,213)	66
<b>At Year-End</b>				
Current assets	52,036	47,247	49,956	55,866
Fixed assets	48,101	47,734	50,016	51,717
Total assets	100,138	94,981	99,972	107,583
Current liabilities	26,521	20,182	21,149	20,703
Long-term liabilities	20,184	20,309	18,603	20,101
Total liabilities	46,705	40,491	39,752	40,805
Net assets	53,433	54,489	60,219	66,777
Interest-bearing liabilities	30,165	24,290	22,319	23,728
Share price (Yen)	400	360	472	505
<b>Financial Indicators (%)</b>				
Operating income to net sales	6.0	4.3	5.9	5.5
ROE	5.8	4.7	7.2	5.7
ROA	6.0	4.5	6.7	6.3
Equity ratio	52.5	56.4	59.3	61.1
Payout Ratio	25.6	33.0	25.7	30.6
Total return ratio	74.1	33.0	25.7	30.6
<b>Non-Financial Data</b>				
Number of Employees	3,594	3,757	3,933	3,982
Male	2,770	2,898	2,992	3,004
Female	824	859	941	978
CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	68,943	67,324	74,991	65,938

\* 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.

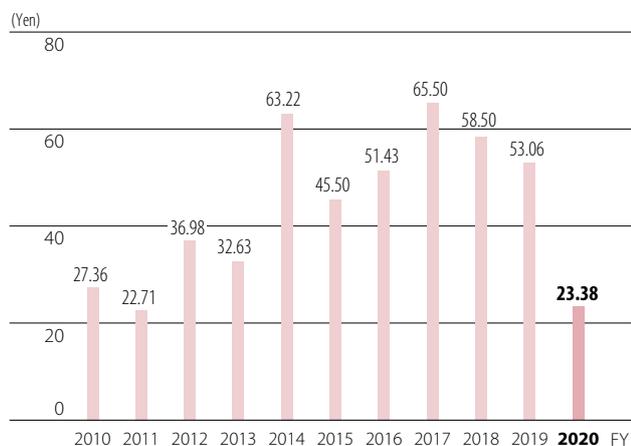
\* The fiscal year ended December 2020 is an irregular nine-month period due to the change in the fiscal year end.

\* CO<sub>2</sub> emissions over the nine-month fiscal year ended December 2020 were calculated based on the CO<sub>2</sub> emissions coefficient as of March 2021.

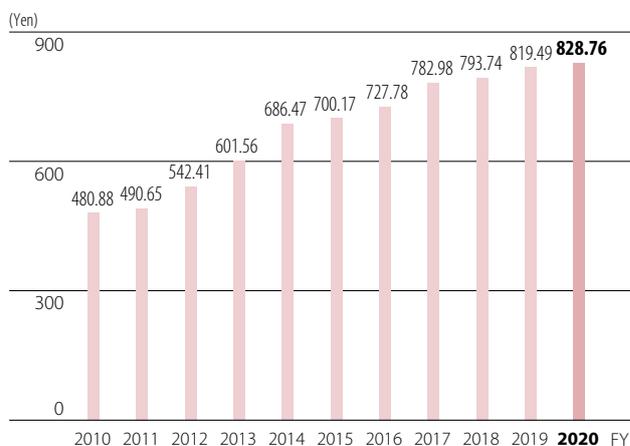
FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
(Millions of yen)						
117,036	117,278	114,101	124,566	136,637	127,090	<b>84,245</b>
81,983	80,127	80,207	89,756	95,209	88,147	<b>59,510</b>
35,052	37,151	33,893	34,809	41,428	38,942	<b>24,734</b>
90,152	93,579	91,766	98,162	109,969	103,114	<b>70,129</b>
21,021	20,557	19,333	23,535	23,643	21,061	<b>12,952</b>
5,863	3,141	3,002	2,867	3,025	2,914	<b>1,163</b>
6,886	7,245	8,929	10,117	11,713	6,950	<b>3,751</b>
7,581	7,300	8,799	9,733	11,883	7,241	<b>3,169</b>
6,881	4,915	5,400	6,518	5,625	4,937	<b>2,113</b>
8,923	9,592	12,979	6,941	10,069	13,329	<b>10,024</b>
(1,010)	(9,763)	(2,141)	(7,066)	(9,264)	(8,040)	<b>(2,379)</b>
(3,706)	796	(6,838)	5,267	(9,702)	(167)	<b>7,497</b>
(Millions of yen)						
63,884	63,501	67,972	77,400	71,226	73,351	<b>81,765</b>
51,905	55,920	51,175	56,145	60,430	61,712	<b>58,916</b>
115,790	119,422	119,148	133,545	131,657	135,063	<b>140,681</b>
25,740	19,040	19,608	24,078	22,227	25,036	<b>23,332</b>
14,556	24,284	24,647	32,075	32,600	33,147	<b>42,182</b>
40,296	43,325	44,255	56,154	54,827	58,184	<b>65,514</b>
75,493	76,096	74,892	77,391	76,829	76,879	<b>75,167</b>
21,426	25,008	24,787	34,302	33,672	39,147	<b>49,352</b>
594	487	742	914	811	653	<b>627</b>
(Persons)						
5.9	6.2	7.8	8.1	8.6	5.5	<b>4.5</b>
9.8	6.6	7.3	8.7	7.4	6.5	<b>2.8</b>
6.8	6.2	7.4	7.7	9.0	5.4	<b>2.3</b>
64.2	62.9	61.9	57.1	57.4	56.0	<b>52.8</b>
20.6	28.6	25.3	26.0	34.2	37.7	<b>38.5</b>
27.6	38.8	92.5	80.0	70.1	80.2	<b>121.5</b>
(Persons)						
4,032	4,456	4,597	4,762	4,945	5,048	<b>5,090</b>
3,017	3,302	3,381	3,481	3,631	3,683	<b>3,701</b>
1,015	1,154	1,216	1,281	1,314	1,365	<b>1,389</b>
64,104	60,195	58,248	58,474	57,349	55,243	<b>34,860</b>

# Financial Data

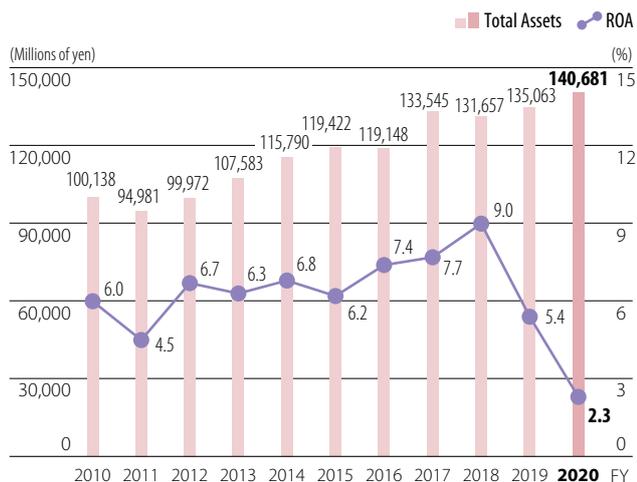
## ● EPS



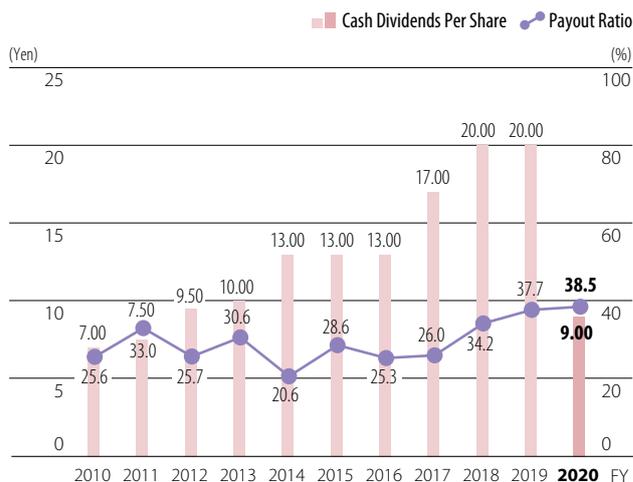
## ● BPS



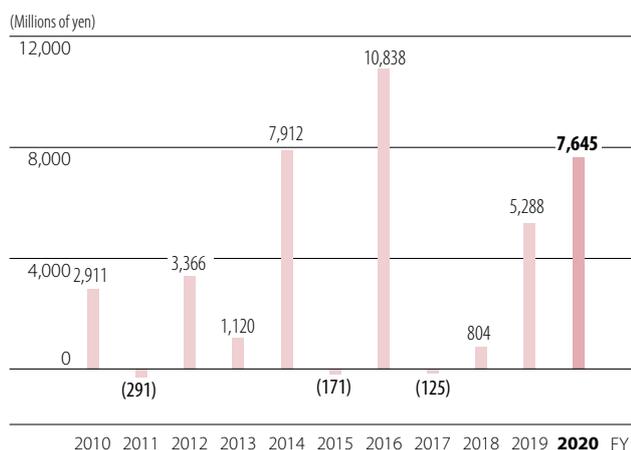
## ● Total Assets / ROA



## ● Cash Dividends Per Share / Payout Ratio



## ● Free Cash Flows



## ● Equity Ratio



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

## Consolidated Balance Sheets

(Millions of yen)

	FY2018	FY2019	FY2020
<b>Assets</b>			
<b>Current assets</b>			
Cash in hand and in banks	13,660	18,696	33,720
Notes, accounts receivable–trade	19,484	19,217	16,209
Electronically recorded monetary claims	10,715	8,344	8,017
Merchandise and finished goods	10,282	9,941	9,238
Work in process	5,683	5,990	5,593
Raw materials and supplies	8,500	8,044	7,405
Other	3,054	3,261	1,706
Allowance for doubtful accounts	(153)	(145)	(127)
<b>Total current assets</b>	71,226	73,351	81,765
<b>Fixed assets</b>			
Property, plant and equipment			
Buildings and structures	10,199	10,818	10,786
Machinery, equipment and vehicles	11,642	14,220	13,166
Tools, furniture and fixtures	5,307	5,228	5,303
Land	10,500	10,549	10,249
Construction in progress	3,807	2,056	1,677
Other	220	1,367	1,119
<b>Total property, plant and equipment</b>	41,677	44,241	42,303
Intangible assets			
Goodwill	887	646	395
Other	8,533	6,993	5,816
<b>Total intangible assets</b>	9,420	7,639	6,211
Investments and other assets			
Investments in securities	4,943	5,607	6,465
Retirement benefit assets	326	293	497
Deferred income tax assets	1,316	1,246	774
Other	2,748	2,685	2,665
Allowance for doubtful accounts	(2)	(2)	(2)
<b>Total investments and other assets</b>	9,332	9,831	10,401
<b>Total fixed assets</b>	60,430	61,712	58,916
<b>Total assets</b>	131,657	135,063	140,681

	FY2018	FY2019	FY2020
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable–trade	6,625	7,289	5,693
Current portion of corporate bonds	774	474	474
Short-term borrowings	1,220	6,674	6,979
Current portion of long-term debt	2,521	1,927	2,733
Income taxes payable	1,434	750	316
Consumption tax payable	535	307	704
Accrued bonuses to employees	2,529	2,235	1,321
Accrued bonuses to directors and corporate auditors	206	158	104
Other	6,379	5,218	5,004
<b>Total current liabilities</b>	22,227	25,036	23,332
<b>Long-term liabilities</b>			
Corporate bonds	21,904	21,429	31,192
Long-term debt	7,037	7,310	6,888
Deferred income tax liabilities	807	859	867
Accrued retirement benefits to directors, corporate	362	356	263
Allowance for stock benefit for directors, corporate	124	176	182
Retirement benefit liabilities	749	732	699
Asset retirement obligations	408	414	417
Other	1,207	1,869	1,671
<b>Total long-term liabilities</b>	32,600	33,147	42,182
<b>Total liabilities</b>	54,827	58,184	65,514
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Common stock	21,207	21,207	21,207
Capital surplus	5,674	5,674	5,726
Retained earnings	51,562	54,404	47,925
Treasury stock	(4,032)	(6,254)	(491)
<b>Total shareholders' equity</b>	74,411	75,032	74,367
Accumulated other comprehensive income			
Net unrealized gains on other securities	1,333	856	1,478
Deferred gains or losses on hedges	—	5	(1)
Translation adjustments	(254)	(316)	(1,683)
Cumulative adjustments related to retirement benefits	107	(3)	132
<b>Total accumulated other comprehensive income</b>	1,185	542	(74)
Non-controlling interests	1,232	1,304	874
<b>Total net assets</b>	76,829	76,879	75,167
<b>Total liabilities and net assets</b>	131,657	135,063	140,681

## Consolidated Statements of Income

(Millions of yen)

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

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2018	FY2019	FY2020
Net income	5,762	5,023	2,126
Other comprehensive income			
Net unrealized gains on other securities	(946)	(493)	621
Deferred gains or losses on hedges	—	5	(6)
Translation adjustment	(1,558)	(15)	(1,408)
Remeasurements of retirement benefits	17	(110)	135
Total other comprehensive income	(2,487)	(614)	(657)
Comprehensive income	3,275	4,409	1,468
(Breakdown)			
Comprehensive income attributable to owners of the parent	3,150	4,277	1,496
Comprehensive income attributable to non-controlling interests	124	131	(28)

\* 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)

	FY2018	FY2019	FY2020
<b>Cash flows from operating activities</b>			
Net income before income taxes and minority interests	9,108	7,387	3,239
Depreciation	4,636	6,558	4,954
Amortization of goodwill	414	219	66
Exchange (gains) losses	61	(23)	(75)
(Gains) losses on sales of investment securities	(0)	(355)	(163)
Increase (decrease) in provision for allowance for doubtful accounts	(31)	(3)	(16)
Increase (decrease) in accrued bonuses to employees	224	(290)	(771)
Increase (decrease) in retirement benefit liabilities	45	(142)	(61)
Increase (decrease) in accrued retirement benefits to directors	(82)	(4)	(95)
Increase (decrease) in allowance for stock benefit for directors	44	52	6
Increase (decrease) in provision of accrued bonuses to directors	26	(47)	(42)
Interest income and dividend income	(206)	(292)	(177)
Interest expenses	252	283	212
Loss (gain) on sales and retirement of property, plant, and equipment	93	59	42
Impairment losses of fixed assets	2,675	24	21
(Increase) decrease in notes and accounts receivable	(767)	2,628	2,384
(Increase) decrease in inventories	(2,404)	357	1,709
(Increase) decrease in other current assets	498	(99)	211
Increase (decrease) in accounts payable	(340)	682	(1,071)
Increase (decrease) in other current liabilities	739	(639)	638
Other	(411)	160	69
Subtotal	14,577	16,515	11,082
Interest and dividend income received	206	206	180
Interest expenses paid	(249)	(298)	(176)
Income taxes paid	(4,464)	(3,094)	(1,062)
Cash flows from operating activities	10,069	13,329	10,024
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment	(7,597)	(6,552)	(2,876)
Proceeds from sales of property, plant and equipment	26	29	119
Payments for purchase of intangible assets	(2,252)	(409)	(226)
Payments for purchase of investments in securities	(22)	(1,780)	(55)
Proceeds from sales of investments in securities	88	718	208
(Increase) decrease in time deposits, net	2,624	6	424
Payments for acquisition of subsidiaries' shares resulting from changes in scope of consolidation	(2,985)	—	—
Other	853	(51)	27
Cash flows from investing activities	(9,264)	(8,040)	(2,379)
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings, net	(2,915)	5,452	389
Proceeds from long-term debt	3,319	2,423	2,002
Repayment of long-term debt	(4,233)	(2,685)	(1,569)
Proceeds from issuance of bonds	—	—	9,932
Payments for redemption of bonds	(844)	(774)	(237)
Proceeds from sales of treasury stock	0	7	19
Payments for acquisition of treasury stock	(2,028)	(2,229)	(1,756)
Cash dividends paid	(1,742)	(2,078)	(1,377)
Cash dividends paid to non-controlling interests	(38)	(38)	(5)
Payments for acquisition of treasury stock	(1,023)	268	755
Other	(197)	(513)	(655)
Cash flows from financing activities	(9,702)	(167)	7,497
Effect of exchange rate changes on cash and cash equivalents	(245)	(76)	164
Net increase (decrease) in cash and cash equivalents	(9,143)	5,043	15,308
Cash and cash equivalents at the beginning of the year	22,019	12,876	17,920
Net increase (decrease) in cash and cash equivalents related to the rescheduling of the end of the fiscal year	—	—	136
Cash and cash equivalents at the end of the year	12,876	17,920	33,364

# Group Network (as of March 31, 2021)

## 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 Minamisasaguchi Building, 1-1-54  
Minamisasaguchi, 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

#### Nagoya Sales Office 1

TEL: +81-52-562-1541

#### Nagoya Sales Office 2

TEL: +81-52-562-1541

### Tokai Sales Office

Sumitomo Life Shizuoka Tokiwacho Building,  
2-13-1 Tokiwacho, Aoi-ku, Shizuoka-shi,  
Shizuoka Pref. 420-0034, Japan  
TEL: +81-50-3649-3002

### Hokuriku Sales Office

S.F Building, 4-7-14 Futakuchimachi,  
Toyama-shi, Toyama Pref. 939-8211, Japan  
TEL: +81-76-492-4685

### Koshin Sales Office

5125 Kanazawa, Chino-shi, Nagano Pref.  
391-0012, Japan (located in Chino Plant)  
TEL: +81-266-71-1441

### Osaka Branch

Osaka Glen Check Building, 1-34-15  
Shinmachi, Nishi-ku, Osaka-shi,  
Osaka Pref. 550-0013, Japan

#### Osaka Sales Office 1

TEL: +81-6-6541-1178

#### Osaka Sales Office 2

TEL: +81-6-6533-1715

### Chugoku Regional Office

#### Hiroshima Sales Office

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

#### 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

Osaka Glen Check Building, 1-34-15  
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

### Project Sales Dept.

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

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

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

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

### Project Sales Office 2

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

### Building Utility Products Dept.

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

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

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

### Building Utility Products Group West Japan

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

### Business Promotion Dept.

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

### International Business Development Dept.

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

### Product Management Center

#### Hydrogen Refuelling Station Promotion Dept.

1-10-1 Nakase, Mihama-ku, Chiba-shi,  
Chiba Pref. 261-8577, Japan  
TEL: +81-43-299-1765

### Production Bases and Training Center

#### Plants

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



**KITZ Corporation Ina Plant**  
7130 Higashiharuchika, Ina-shi,  
Nagano Pref. 399-4496, Japan  
TEL: +81-265-78-1111



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



#### Training Center

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

### KITZ Group

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

### Shimizu Alloy Mfg. Co., Ltd.

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



### KITZ SCT Corporation

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



### Miyoshi Valve Co., Ltd.

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

### YKV Corporation

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

### KITZ Engineering Service Co., Ltd.

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

### KITZ Micro Filter Corporation

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



**KITZ Metal Works Corporation**

7377 Kobayakawa, Miyagawa,  
Chino-shi, Nagano Pref. 391-8555, Japan  
TEL: +81-266-79-3030  
(Manufacturing and sales of copper and  
processed products)

**Hokutoh Giken Kogyo Corporation**

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

**Hotel Beniya Co., Ltd.**

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, marketing and distribution of valves)

**KITZ Valve & Actuation Singapore Pte. Ltd.**

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

#### Thailand

**KITZ Valve & Actuation (Thailand) Co., Ltd.**

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

**KITZ (Thailand) Ltd.**

426 Moo 17 Bangplee Industrial  
Estate soi.6/2 Debaratana Road Km.23,  
T.Bangsaothong, A.Bangsaothong  
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.**

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

## Taiwan

### KITZ Corporation of Taiwan

5-26 East Street, N.E.P.Z., Kaohsiung, Taiwan, R.O.C.

TEL: +886-7-361-1236

(Manufacturing and sales of stainless steel and carbon steel valves and joints)



## China

### KITZ Corporation of Kunshan

No.15 Taihu South Road Economic and Technology Development Zone, Kunshan, Jiangsu Province, P.R. China, 215300

TEL: +86-512-5763-8600

(Manufacturing and sales of stainless steel valves)



### KITZ Corporation of Jiangsu Kunshan

No.188, Zhongyang Road, B Zone, Kunshan Comprehensive Free Trade Zone, Jiangsu Province, P.R. China, 215300

TEL: +86-512-5771-6078

(Manufacturing and sales of carbon steel valves)



### KITZ Corporation of 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, marketing and distribution 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, marketing and distribution of valves)

## India

### Micro Pneumatics Pvt. Ltd.

Plot No.133-134, Vasai Municipal Industrial Area, Umela Phata, Papdy, Vasai Road (West) - 401 207, Dist. Palghar, Maharashtra, India

TEL: +91-250-2320458

(Manufacturing and sales of industrial-use (pharmaceutical, foods, chemical) automated ball valves and butterfly valves)



## U.S.A.

### KITZ Corporation of America

10750 Corporate Drive, Stafford, Texas 77477, U.S.A.

TEL: +1-281-491-7333

(Sales, marketing and distribution of valves)

### KITZ SCT America Corporation

5201 Great America Parkway, Suite 238, Santa Clara, California 95054, U.S.A.

TEL: +1-408-747-5546

(Sales, marketing and distribution 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 stainless steel and carbon steel ball valves)



## Germany

### KITZ Europe GmbH

Siemensstraße 1, 61130, Nidderau, Germany

TEL: +49-6187-928-100

(Sales and marketing for Europe)

### Perrin GmbH

Siemensstraße 1, 61130, Nidderau, Germany

TEL: +49-6187-928-0

(Manufacturing and sales of steel ball valves)



# Corporate Data / Stock Information

## Corporate Data (as of December 31, 2020)

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.co.jp/english/">https://www.kitz.co.jp/english/</a> <a href="https://www.kitz.com/">https://www.kitz.com/</a>
Established	January 26, 1951
Capital	21,207,084,670 yen
Fiscal Year-end	March
Stock Exchange Listing	First Section of Tokyo Stock Exchange (Code: 6498)
Number of Employees	1,383 (Non-consolidated basis)
Business Activities	Manufacturing and sales of valves, other flow control devices, and related products
Independent Auditor	Ernst & Young ShinNihon LLC

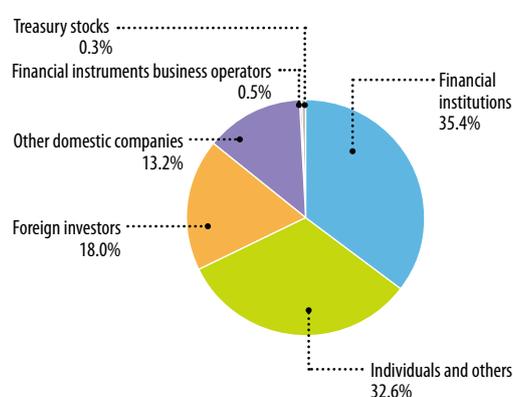
## Stock Information (as of December 31, 2020)

Total Number of Authorized Shares	400,000,000 shares
Shares Issued and Outstanding	90,120,989 shares Note: 1. The Company cancelled treasury stock on October 23, 2020, reducing the number of issued shares by 10 million. 2. The number of shares shown above does not include 275,522 shares of treasury stock that were held as of December 31, 2021.
Number of Shareholders	11,226
General Meeting of Shareholders	March
Reference Dates	Date of resolution of meeting of shareholders: December 31 Year-end dividend: December 31 Interim dividend: June 30 In addition, a public announcement will be made in advance as necessary.
Public Announcement Method	Electronic announcement However, announcements will be placed in the <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 (%)
Custody Bank of Japan, Ltd.	8,208	9.11
The Master Trust Bank of Japan, Ltd.	5,398	5.99
Kitazawa-kai Stock Ownership Plan	4,757	5.28
Nippon Life Insurance Company	4,303	4.78
SUMITOMO LIFE INSURANCE COMPANY	3,426	3.80
Kitazawa Ikueikai Foundation	3,411	3.79
KITZ Corporation Trading Partner Stock Ownership Plan	3,151	3.50
Sumitomo Mitsui Banking Corporation	2,553	2.83
KITZ Corporation Employee Stock Ownership Plan	2,030	2.25
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. We are carrying out company PR activities mainly in the Tokyo metropolitan area.



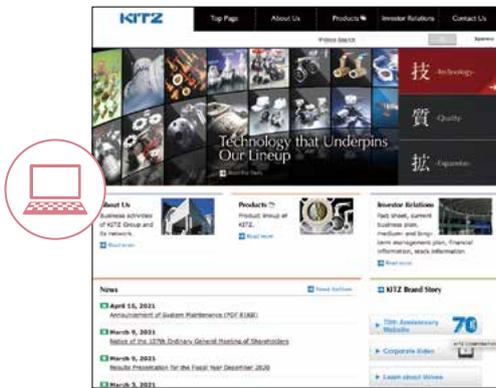
Tokyo Dome



Advertisement inside JR Makuharihongo 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.co.jp/english/>



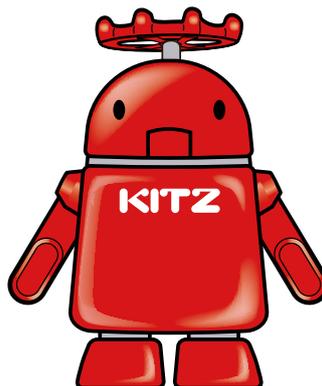
<https://www.kitz.co.jp/sp/en/>

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



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

**KITZ**