

News Release**KITZ CORPORATION**

Tokyo Shiodome Building,
1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo, Japan
Tokyo Stock Exchange Prime Market (6498)

**Notice Concerning Absorption-type Merger of a Wholly Owned Subsidiary
(Simplified Merger and Short-form Merger)**

KITZ Corporation (hereinafter “the Company” or “we”) hereby announces that, at the Board of Senior Executive Officers meeting held on August 20, 2024, it resolved to carry out an absorption-type merger (hereinafter, “the Merger”) of its wholly owned subsidiary, Toyo Valve Co., Ltd. (hereinafter “Toyo Valve”), through an absorption-type merger, effective January 1, 2025. Please note that the disclosed items and details are partially omitted because the Merger is a simplified-type and short-form merger of a wholly owned subsidiary.

1. Purpose of the Merger

In 2004, the Company incorporated Toyo Valve into the KITZ Group. Since then, we have not only fortified the esteemed "Toyo Valve" brand but also merged the production and technological sectors of both entities, thereby bolstering group synergy and managerial efficiency. In the face of the current domestic valve market, particularly in the building & facilities and machinery & equipment sectors where the Company and Toyo Valve have excelled, we foresee intensified competition in the long term. Nevertheless, should we adeptly capture and timely respond to market demands, such as the need for more efficient construction methods, we anticipate potential for further growth. In response to these evolving market conditions, the KITZ Group has resolved to undertake the Merger, aiming to enhance marketing through a restructured sales framework and to achieve greater efficiency in internal operations. Furthermore, the "Toyo Valve" brand will persist, and we will strive to expand our sales while concurrently elevating the level of service provided to our customers.

2. Summary of the Merger**2.1 Schedule of the Merger**

Resolution by the Board of Senior Officers of the Company and Board of Directors of Toyo Valve	August 20, 2024
Signing of the Merger agreement	August 20, 2024
Effective date of the Merger	January 1, 2025

2.2 Method of the Merger

This will be an absorption-type merger in which the Company will be the surviving company and Toyo Valve will be the absorbed company. For the Company, this is a simplified merger stipulated in Article 796, Paragraph 2 of the Companies Act. For Toyo Valve, this is a short-form merger stipulated in Article 784, Paragraph 1 of the Companies Act. Thus, both companies will proceed with the Merger without obtaining approval for the merger agreement from the shareholders meeting.

2.3 Details of allotment related to the Merger

As Toyo Valve is a wholly owned subsidiary, no shares will be issued or money paid in conjunction with the Merger.

2.4 Handling of stock acquisition rights and bonds with stock acquisition rights upon the Merger

No applicable items.

3. Overview of the companies involved in the Merger (as of June 30, 2024)

	Surviving company	Absorbed company
Name	KITZ Corporation	Toyo Valve Co., Ltd.
Location	Tokyo Shiodome Building, 1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo	Tokyo Shiodome Building, 1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo
Representative	Kohno Makoto, Representative Executive Officer and President	Takashi Taira, President
Description of business	Manufacturing and sales of valves, other flow control devices, and related products	Manufacturing and sales of valves, other flow control devices, and related products
Capital	21,207 million yen	100 million yen
Established	July 1, 1944	June 1, 1978
Number of shares issued	90,396,511 shares	20,960 shares
Fiscal year-end	December 31	December 31
Major shareholders and shareholding ratios *The ratios are calculated after exclusion of 292,413 treasury shares.	The Master Trust Bank of Japan, Ltd. 11.39% Kitazawa-kai Stock Ownership Plan 5.81% Nippon Life Insurance Company 4.78% Sumitomo Life Insurance Company 3.80% Kitazawa Ikueikai Foundation 3.79%	KITZ Corporation 100%

Financial position and results of operation for the previous fiscal year		
	Surviving company	Absorbed company
Name	KITZ Corporation	Toyo Valve Co., Ltd.
Fiscal year-end	December 31, 2023 (Consolidated)	December 31, 2023 (Standalone)
Net assets	102,207 million yen	1,526 million yen
Total assets	166,693 million yen	2,598 million yen
Net assets per share	1,124.39 yen	72,847.70 yen
Net sales	166,941 million yen	9,562 million yen
Operating profit	13,687 million yen	409 million yen
Ordinary profit	14,452 million yen	402 million yen
Profit attributable to owner of the parent	10,591 million yen	250 million yen
Earnings per share	118.07 yen	11,952.80 yen

4. Status after the Merger

There will be no changes in the Company's name, location, name and title of representative, description of business, capital, or fiscal year-end of the Company.

5. Forecast

Since this is a merger of a wholly owned subsidiary of the Company, the effect of the Merger on the Company's consolidated financial results is immaterial.