

## To our shareholders

We would like to express our sincere gratitude to our shareholders for their continued support.

To realize our Long-term Management Vision “Beyond New Heights 2030—Change the Flow,” in the First Medium-term Management Plan 2024 (FY2022 to FY2024), the KITZ Group has been strengthening its business foundation in the Core Markets such as building & facilities, petrochemicals and general chemicals, while aggressively investing in the Growth Market such as semiconductors, hydrogen & clean energy. As a result, sales and profits for the three-year period of the Medium-term Management Plan have increased, and in the current fiscal year, we achieved record-high sales and profits at all levels.

In November 2023, we consolidated the offices of our domestic group companies, which had been dispersed throughout the Tokyo metropolitan area, into a single floor of the Tokyo Shiodome Building, creating an environment in which we can strive as One-Team while strengthening group synergies. In addition, through the promotion of DE&I (Diversity, Equity & Inclusion) and human capital development, we are working to create a work environment where each and every employee can work energetically.

To further accelerate these trends, under the Second Medium-term Management Plan, “SHIN Global 2027 (FY2025 to FY2027),” we will strive to maximize group synergies and further invest in the Growth Markets to achieve “both profitability and growth.” In addition, from FY2025, we have reorganized our internal organization into a Strategic Business Unit (SBUs) system by target market to accurately and swiftly identify market and customer needs and meet their expectations.

We will continue to aim to be an enterprise trusted by society through the realization of efficient, fair, and transparent management. To this end, we ask for the continued support of our shareholders.

March 2025,

Makoto Kohno  
Director,  
Representative Executive Officer and President  
CEO

Note: This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

Securities identification code: 6498

(The date of issue) March 11, 2025

(Date of commencing the provision of information in electronic format) March 4, 2025

To our shareholders:

Makoto Kohno  
Director,  
Representative Executive Officer and President  
**KITZ Corporation**  
Tokyo Shiodome Building,  
1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo

## NOTICE OF THE 111TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby announce the 111th Ordinary General Meeting of Shareholders of KITZ Corporation (the “Company”), which will be held as described below.

For the convocation of the General Meeting of Shareholders, the Company takes measures to provide information contained in the reference documents for the general meeting of shareholders, etc., in electronic format (matters related to the measures to provide information electronically), and the information is listed on the following websites. Please confirm accessing one of the websites.

[The Company’s website]

[https://www.kitz.co.jp/investor\\_ir/stock-information/meetings/](https://www.kitz.co.jp/investor_ir/stock-information/meetings/) (in Japanese)

[Websites in which the reference documents for the general meeting of shareholders are listed]

<https://d.sokai.jp/6498/teiji/> (in Japanese)

If you are unable to attend the Meeting, you may exercise your voting rights in writing (by mail) or via the internet. Please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders no later than 6:00 p.m., Wednesday, March 26, 2025 (Japan Standard Time).

**1. Date and Time:** Thursday, March 27, 2025 at 10:00 a.m. (Japan Standard Time)  
(Reception start time: 9:00 a.m.)

**2. Venue:** Dai-ichi Hotel Tokyo, 5F, LA ROSE  
1-2-6 Shimbashi, Minato-ku, Tokyo

### 3. Purposes:

#### Items to be reported:

1. Business Report and Consolidated Financial Statements for the 111th Term (from January 1, 2024 to December 31, 2024), as well as the results of audit of the Consolidated Financial Statements by the Financial Auditor and the Audit Committee
2. Non-Consolidated Financial Statements for the 111th Term (from January 1, 2024 to December 31, 2024)

#### Items to be resolved:

**Proposal:** Election of Ten (10) Directors

- ◎ Shareholders who require sign language interpretation or assistance may attend the meeting with a single interpreter or assistant. However, please note that interpreters and assistants may not exercise voting rights or ask questions.
- ◎ There will be a dedicated space for wheelchair users in the venue.

#### **Future Arrangements for the General Meeting of Shareholders Materials (Notice of Convocation)**

The Electronic Provision System requires all listed companies to provide materials for the General Meeting of Shareholders (such as reference documents for the General Meeting of Shareholders and business report) to shareholders by publishing them on the internet (company's website and other related sites) for the meetings held in March 2023 and thereafter.

**For the next and subsequent General Meeting of Shareholders, we will not send the same documents by postal mail as this General Meeting of Shareholders. Instead, we plan to provide shareholders with reduced page materials. We appreciate your understanding.**

For shareholders who wish to receive the documents for the General Meeting of Shareholders in writing due to having difficulty accessing the internet etc., please submit the "Request for Document Delivery" to the Company's shareholder register administrator or the securities company with which you have an account by the record date for the General Meeting of Shareholders (December 31, 2025, for our Ordinary General Meeting of Shareholders scheduled to be held in March 2026). The Company will send you the documents with the same content as those for the General Meeting of Shareholders.

#### **Contact for the Electronic Provision System for the materials for the General Meeting of Shareholders**

Dedicated Dial for the Electronic Provision System, Stock Transfer Agent Department,  
Mitsubishi UFJ Trust and Banking Corporation: 0120-696-505  
(Office hours: 9:00 to 17:00 weekdays except Saturdays, Sundays and public holidays)

Please refer to the site below for frequently asked questions regarding the Electronic Provision System.  
<https://www.tr.mufg.jp/daiko/denshi.html>

## Reference Documents for the General Meeting of Shareholders

### Proposal: Election of Ten (10) Directors

At the conclusion of this General Meeting of Shareholders, the terms of office of all ten (10) existing Directors will expire. Therefore, based on the decision of the Nominating Committee, the Company requests the election of ten (10) Directors including seven (7) Outside Directors. The candidates for Directors are as follows. Please refer to the main expertise and area of the candidates for Directors and the committee member planned to be appointed.

Candidate No.		Name		Current position and responsibilities	Attendance at Board of Directors' meetings
1	Reelection Male	Yasuyuki Hotta		Chairman of the Board Chair of the Board of Directors Nominating Committee member Compensation Committee member Risk Committee member	18/18 meetings 100%
2	Reelection Male	Makoto Kohno		Director Representative Executive Officer and President	18/18 meetings 100%
3	Reelection Male	Toshiyuki Murasawa		Director Standing Audit Committee member Risk Committee member	18/18 meetings 100%
4	Reelection Male	Minoru Amoh	Outside Independent	Outside Director Nominating Committee Chairperson	18/18 meetings 100%
5	Reelection Male	Yutaka Fujiwara	Outside Independent	Outside Director Compensation Committee Chairperson	18/18 meetings 100%
6	Reelection Female	Yukino Kikuma	Outside Independent	Outside Director Risk Committee Chairperson	17/18 meetings 94%
7	Reelection Male	Shuhei Sakuno	Outside Independent	Outside Director Audit Committee Chairperson	18/18 meetings 100%
8	Reelection Female	Ayako Kobayashi	Outside Independent	Outside Director Audit Committee member Risk Committee member	18/18 meetings 100%
9	Reelection Male	Toichi Maeda	Outside Independent	Outside Director Nominating Committee member Risk Committee member	14/14 meetings 100%
10	Reelection Male	Yasunobu Suzuki	Outside Independent	Outside Director Compensation Committee member	14/14 meetings 100%

Notes: 1 The Company transitioned from a company with an Audit & Supervisory Board to a company with a Nominating Committee, etc., effective March 28, 2024.

- Attendance of Shuhei Sakuno and Ayako Kobayashi at the Board of Directors' meetings includes the number of times they attended as Auditors prior to the change in the organizational design.
- Attendance of Toichi Maeda and Yasunobu Suzuki at Board of Directors' meetings are recorded from the time of their appointment as Directors on March 28, 2024.

Main expertise and area									Committee member planned to be appointed			
Corporate management	Global experience	Legal matters/risk management	Sustainability (ESG)	Capital efficiency management/accounting/finance	Manufacturing/quality	Innovation/DX/technological development	Sales/marketing	Personnel affairs/human resource development	Nominating Committee member	Audit Committee member	Compensation Committee member	Risk Committee member
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Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
1	<p>Yasuyuki Hotta (June 18, 1955)</p> <p>Reelection</p> <p>Tenure as Director: 17 years and 9 months</p> <p>Attendance at Board of Directors' meetings: 18/18 meetings (100%)</p> <p>Attendance at Nominating Committee meetings 6/6 meetings (100%)</p> <p>Attendance at Compensation Committee meetings 4/4 meetings (100%)</p> <p>Attendance at Risk Committee 3/3 meetings (100%)</p>	<p>Mar. 1978      Joined the Company</p> <p>Jan. 1997      Branch Manager, Chubu Branch, Sales Division of the Company</p> <p>Apr. 2001      Plant Manager, Nagasaka Plant of the Company</p> <p>Oct. 2001      Managing Executive Director, KITZ SCT Corporation</p> <p>June 2004      Representative Director and President, KITZ SCT Corporation</p> <p>Apr. 2006      Managing Executive Officer, General Manager, Flow Control Business Division of the Company</p> <p>Apr. 2007      Senior Executive Officer, General Manager, Flow Control Business Division of the Company</p> <p>June 2007      Director, Senior Executive Officer, General Manager, Flow Control Business Division of the Company</p> <p>June 2008      President and Chief Executive Officer, General Manager, Flow Control Business Division of the Company</p> <p>Apr. 2009      President and Chief Executive Officer of the Company</p> <p>Mar. 2021      Chairman and Representative Director, Chair of the Board of Directors of the Company</p> <p>June 2021      Chairman of KITAZAWA MUSEUM OF ART (present position)</p> <p>Mar. 2024      Chairman of the Board, Chair of the Board of Directors, Nominating Committee member, Compensation Committee member, Risk Committee member of the Company (present position)</p> <p>[Significant concurrent positions] Chairman of KITAZAWA MUSEUM OF ART</p>	215,589 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>As President and Chief Executive Officer from FY2008, Yasuyuki Hotta was at the forefront of overall management of the Group and made great efforts to achieve globalization of the Group and to realize sound and highly transparent management. In addition, as Chairman and Representative Director since FY2021, he has focused on the management of the Board of Directors and the strengthening of corporate governance, etc. Furthermore, following the transition to a company with a Nominating Committee in March 2024, he served as the Chair of the Board of Directors and a member of the Nominating Committee, Compensation Committee, and Risk Committee, and led the smooth transition to the new organizational design.</p> <p>The Nominating Committee has judged that the use of his extensive experience and insight will continue to contribute to strengthening management supervision and important decision-making functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group as the Chairman of the Board and therefore has nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
2	<p>Makoto Kohno (March 10, 1966)</p> <p>Reelection</p> <p>Tenure as Director: 5 years and 9 months</p> <p>Attendance at Board of Directors' meetings: 18/18 meetings (100%)</p>	<p>Apr. 1988      Joined the Company</p> <p>Aug. 2008      General Manager, Project Sales Dept., International Sales Division, Flow Control Business Division of the Company</p> <p>Dec. 2011      General Manager, Project Division of the Company</p> <p>Apr. 2013      General Manager, Production Control Dept., Production Division, Flow Control Business Unit of the Company</p> <p>Apr. 2015      General Manager, Business Planning Dept., Flow Control Business Unit of the Company</p> <p>Apr. 2016      Executive Officer, Division Manager, Corporate Planning Division, in charge of related businesses (Brass Bar Manufacturing Business, Service Business) of the Company</p> <p>Apr. 2017      CEO &amp; Managing Director, KITZ Corporation of Asia Pacific Pte. Ltd., Managing Director, KITZ Valve &amp; Actuation Singapore Pte. Ltd.</p> <p>Apr. 2019      Managing Executive Officer, Division Manager, Flow Control Business Unit of the Company</p> <p>June 2019      Director, Managing Executive Officer, Division Manager, Flow Control Business Unit of the Company</p> <p>Mar. 2021      President and Chief Executive Officer of the Company</p> <p>Mar. 2024      Director, Representative Executive Officer and President (present position)</p> <p>[Significant concurrent positions] None</p>	68,415 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Makoto Kohno was in charge of sales and production operations in the Valve Manufacturing Business, and later served as Executive Officer in charge of corporate planning and CEO &amp; Managing Director of an overseas Group company. From FY2019, he made great efforts for planning and execution of the Valve Manufacturing Business strategy as Executive Officer in charge of the Flow Control Business Unit, and since FY2021, he has been at the forefront of overall management of the Group as President and Chief Executive Officer of the Company. The Nominating Committee has judged that he will continue to provide leadership in the execution of operations to realize the Long-term Management Vision and achieve the Second Medium-term Management Plan "SHIN Global 2027" as a Director concurrently serving as the Representative Executive Officer and President, and that use of his extensive experience and insight will contribute to strengthening management supervision and important decision-making functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group, and therefore has nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
3	<p>Toshiyuki Murasawa (February 9, 1959)</p> <p>Reelection</p> <p>Tenure as Director: 8 years and 9 months</p> <p>Attendance at Board of Directors' meetings: 18/18 meetings (100%)</p> <p>Attendance at Audit Committee meetings 14/14 meetings (100%)</p> <p>Attendance at Risk Committee meetings 3/3 meetings (100%)</p>	<p>Mar. 1981      Joined the Company</p> <p>Apr. 2001      General Manager, Corporate Planning Dept. of the Company</p> <p>Apr. 2009      Executive Officer, General Manager, Corporate Planning Dept., in charge of Publicity and IR Promotion Office and related businesses of the Company</p> <p>Oct. 2011      Executive Officer, Division Manager, Corporate Planning Division of the Company</p> <p>Apr. 2014      Executive Officer, Division Manager, Corporate Planning Division, in charge of related businesses (Brass Bar Manufacturing Business, Service Business) of the Company</p> <p>Apr. 2016      Executive Officer, Division Manager, Corporate Administration Division, in charge of Internal Audit Office and Group's risk management of the Company</p> <p>June 2016      Director, Executive Officer, Division Manager, Corporate Administration Division, in charge of Internal Audit Office and Group's risk management of the Company</p> <p>June 2017      Director, Executive Officer, Division Manager, Corporate Administration Division, in charge of Internal Audit Office, internal controls, and Group's risk management of the Company</p> <p>Apr. 2019      Director, Managing Executive Officer, Division Manager, Corporate Administration Division, in charge of Internal Audit Office, internal controls, ESG and Group's risk management of the Company</p> <p>Jan. 2021      Director, Managing Executive Officer, Division Manager, Corporate Administration Division, in charge of Internal Audit Office and internal controls of the Company</p> <p>Jan. 2022      Director, Managing Executive Officer, Division Manager, Corporate Planning Division, in charge of related businesses (Brass Bar Manufacturing Business, Service Business), ESG, Internal Audit Office and internal controls of the Company</p> <p>Mar. 2024      Director, Standing Audit Committee member, Risk Committee member of the Company (present position)</p> <p>[Significant concurrent positions] None</p>	91,661 shares
<p>[Reasons for nomination as candidate for Director] Toshiyuki Murasawa was in charge of the Group companies' business administration division, and served as Executive Officer in charge of the corporate planning and administration divisions, as well as director of a domestic Group company. In addition to planning and executing the Group business and human resource strategies for globalization, he made great efforts to strengthen corporate governance and promote sustainability management. Additionally, following the transition to a company with a Nominating Committee in March 2024, he has been serving as a Standing Audit Committee member and Risk Committee.</p> <p>The Nominating Committee has judged that the use of his extensive experience and insight as Director, who is not concurrently serving as a Senior Executive Officer, will contribute to strengthening management supervision and important decision-making functions of the Board of Directors, and ultimately to enhancing the corporate value of the Group, and therefore has nominated him as a candidate for Director.</p>			



Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
4	<p data-bbox="373 633 571 689">Minoru Amoh (December 9, 1951)</p> <p data-bbox="411 719 533 797">Reelection Outside Independent</p> <p data-bbox="336 826 608 882">Tenure as Outside Director: 9 years and 9 months</p> <p data-bbox="357 911 587 1016">Attendance at Board of Directors' meetings: 18/18 meetings (100%)</p> <p data-bbox="341 1046 603 1151">Attendance at Nominating Committee meetings 6/6 meetings (100%)</p>	<p data-bbox="635 322 1198 405">Apr. 1979      Joined Du Pont Far East, Inc. Japan Representative Office (currently DuPont Kabushiki Kaisha)</p> <p data-bbox="635 416 1150 443">Mar. 2000      Director, DuPont Kabushiki Kaisha</p> <p data-bbox="635 454 1177 510">Mar. 2002      Managing Executive Director, DuPont Kabushiki Kaisha</p> <p data-bbox="635 521 1246 600">Mar. 2004      Senior Executive Director, Regional Director, Asia-Pacific Region, Engineering Polymer Business Division, DuPont Kabushiki Kaisha</p> <p data-bbox="635 611 1225 667">July 2005      Director, Vice President, DuPont Kabushiki Kaisha</p> <p data-bbox="635 678 1262 734">Sept. 2006      Representative Director and President, DuPont Kabushiki Kaisha</p> <p data-bbox="635 745 1230 824">Jan. 2013      Representative Director, Chairman, DuPont Kabushiki Kaisha, President, DuPont Asia Pacific Limited</p> <p data-bbox="635 835 1262 891">Sept. 2014      Honorary Chairman, DuPont Kabushiki Kaisha (retired in Mar. 2016)</p> <p data-bbox="635 902 1214 958">June 2015      Outside Director of the Company (present position)</p> <p data-bbox="635 969 1230 1025">Mar. 2016      Outside Statutory Auditor, Otsuka Chemical Co., Ltd.</p> <p data-bbox="635 1037 1241 1137">Mar. 2019      Retired as Outside Statutory Auditor, Otsuka Chemical Co., Ltd. Outside Director, Otsuka Chemical Co., Ltd. (present position)</p> <p data-bbox="635 1149 1257 1205">Dec. 2020      External Director, HEXEL Works Inc. (retired in June 2022)</p> <p data-bbox="635 1216 1209 1294">June 2021      Outside Director (Audit &amp; Supervisory Committee Member), Enplas Corporation (present position)</p> <p data-bbox="635 1305 1225 1361">Mar. 2024      Nominating Committee Chairperson of the Company (present position)</p> <p data-bbox="635 1373 1230 1464">[Significant concurrent positions] Outside Director, Otsuka Chemical Co., Ltd. Outside Director (Audit &amp; Supervisory Committee Member), Enplas Corporation</p>	8,866 shares
<p data-bbox="325 1471 1206 1505">[Reasons for nomination as candidate for Outside Director and overview of expected roles]</p> <p data-bbox="325 1505 1461 1610">Minoru Amoh was long active as a manager of DuPont Kabushiki Kaisha and has broad and high level of insight into corporate management, global business development and technology development, etc. Additionally, as the Nominating Committee Chairperson, he leads the Committee's activities, including the selection of candidates for Directors and planning for the development of the next generation of managers.</p> <p data-bbox="325 1610 1461 1691">The Nominating Committee has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his expertise, and therefore has nominated him as a candidate for Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
5	Yutaka Fujiwara (April 20, 1951)  Reelection Outside Independent  Tenure as Outside Director: 7 years and 9 months  Attendance at Board of Directors' meetings: 18/18 meetings (100%)  Attendance at Compensation Committee meetings 4/4 meetings (100%)	<p>Apr. 1974      Joined MODEC, Inc. (retired in Oct. 1987)</p> <p>Nov. 1987      Joined The Yasuda Trust &amp; Banking Co., Ltd. (currently Mizuho Trust &amp; Banking Co., Ltd.)</p> <p>Aug. 1994      Deputy General Manager, New York Branch, The Yasuda Trust &amp; Banking Co., Ltd.</p> <p>June 1996      General Manager, Chicago Branch, The Yasuda Trust &amp; Banking Co., Ltd. (retired in July 1998)</p> <p>Aug. 1998      Joined OMRON Corporation</p> <p>June 2005      Executive Officer, General Manager, Financial IR Department, OMRON Corporation</p> <p>Mar. 2007      Executive Officer, General Manager, Group Strategy Department, OMRON Corporation</p> <p>June 2008      Managing Executive Officer, General Manager, Group Strategy Department, OMRON Corporation</p> <p>Dec. 2008      Managing Executive Officer, General Manager, IR &amp; Corporate Information Department, OMRON Corporation (retired in June 2011)</p> <p>June 2013      Outside Director, Nabtesco Corporation (retired in March 2021)</p> <p>June 2017      Outside Director of the Company (present position)</p> <p>July 2020      External Audit &amp; Supervisory Board Member, Konoike Transport Co., Ltd. (retired in June 2024)</p> <p>Mar. 2024      Compensation Committee Chairperson of the Company (present position)</p> <p>[Significant concurrent positions] None</p>	12,166 shares
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Having held branch general manager's positions at overseas branches of a financial institution, Yutaka Fujiwara was active as Executive Officer in charge of finance, IR, and group strategy at OMRON Corporation and has broad and high level of insight into business administration from a global perspective, financial strategy, and governance, etc. Additionally, as the Compensation Committee Chairperson, he leads the Compensation Committee, conducting activities including deliberations related to the remuneration system and determination of remuneration levels for the Company's Directors and Senior Executive Officers. The Nominating Committee has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his expertise, and therefore has nominated him as a candidate for Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
6	<p data-bbox="392 512 552 568">Yukino Kikuma (March 5, 1972)</p> <p data-bbox="411 595 533 674">Reelection Outside Independent</p> <p data-bbox="336 707 608 763">Tenure as Outside Director: 4 years and 9 months</p> <p data-bbox="357 790 587 898">Attendance at Board of Directors' meetings: 17/18 meetings (94%)</p> <p data-bbox="368 925 576 1032">Attendance at Risk Committee meetings 3/3 meetings (100%)</p>	<p data-bbox="635 327 1262 376">Apr. 1995      Joined Fuji Television Network, Inc. (retired in Dec. 2007)</p> <p data-bbox="635 389 1110 416">Dec. 2011      Registered as an attorney at law</p> <p data-bbox="635 427 1094 454">Jan. 2012      Joined MATSUO &amp; KOSUGI</p> <p data-bbox="635 465 1230 521">Dec. 2014      Outside Director, Noevir Holdings Co., Ltd. (retired in Dec. 2017)</p> <p data-bbox="635 533 1254 589">June 2018      External Director, KOSÉ Corporation (present position)</p> <p data-bbox="635 600 1214 678">May 2020      Outside Director (member of the audit and supervisory committee), Takihyo Co., Ltd. (retired in May 2024)</p> <p data-bbox="635 689 1254 745">June 2020      Outside Director, ALCONIX CORPORATION (present position)</p> <p data-bbox="635 757 1214 813">June 2020      Outside Director of the Company (present position)</p> <p data-bbox="635 824 1214 880">Jan. 2022      Managing Partner, MATSUO &amp; KOSUGI (present position)</p> <p data-bbox="635 891 1190 947">Feb. 2024      External Director, Money Forward, Inc. (present position)</p> <p data-bbox="635 958 1246 1014">Mar. 2024      Risk Committee Chairperson of the Company (present position)</p> <p data-bbox="635 1025 1254 1081">June 2024      Outside Auditor of Tokio Marine Nichido Life Insurance Co., Ltd. (present position)</p> <p data-bbox="635 1093 1254 1223">[Significant concurrent positions] Managing Partner, MATSUO &amp; KOSUGI External Director, KOSÉ Corporation Outside Director, ALCONIX CORPORATION External Director, Money Forward, Inc. Outside Auditor, Tokio Marine Nichido Life Insurance Co., Ltd.</p>	5,266 shares
<p data-bbox="327 1238 1206 1265">[Reasons for nomination as candidate for Outside Director and overview of expected roles]</p> <p data-bbox="327 1267 1461 1373">Yukino Kikuma has been active as a Managing Partner of a legal professional corporation and has a broad and high level of insight into corporate legal affairs, including dispute resolution in various types of litigation, labor, compliance, risk management, and governance as well as other specialized fields. Additionally, as the Risk Committee Chairperson, she leads the oversight of the group's risk management.</p> <p data-bbox="327 1375 1461 1469">Although she has not been involved in corporate management other than as an Outside Director, the Nominating Committee has judged that she will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing her expertise, and therefore has nominated her as a candidate for Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
7	<p style="text-align: center;">Shuhei Sakuno (February 17, 1954)</p> <p style="text-align: center;">Reelection Outside Independent</p> <p>Tenure as Outside Director: 1 year</p> <p>Attendance at Board of Directors' meetings: 18/18 meetings (100%)</p> <p>Attendance at Audit Committee meetings 14/14 (100%)</p>	<p>Apr. 1977      Joined Yokogawa Electric Works Ltd. (currently Yokogawa Electric Corporation)</p> <p>Oct. 1999      General Manager, Affiliated Company Supervision Office, Yokogawa Electric Corporation</p> <p>Apr. 2005      Vice President, General Manager, Accounting &amp; Treasury Center, Corporate Administration Headquarters, Yokogawa Electric Corporation</p> <p>June 2008      Senior Vice President, General Manager, Audit and Compliance Headquarters, Yokogawa Electric Corporation</p> <p>June 2016      Audit &amp; Supervisory Board Member, Yokogawa Solution Service Corporation (retired in June 2019)</p> <p>June 2017      Outside Audit &amp; Supervisory Board Member of the Company</p> <p>Oct. 2019      Outside Audit &amp; Supervisory Board Member, JAPANIACE Co., Ltd. (present position)</p> <p>Mar. 2024      Outside Director, Audit Committee Chairperson of the Company (present position)</p> <p>[Significant concurrent positions] Outside Audit &amp; Supervisory Board Member, JAPANIACE Co., Ltd.</p>	6,866 shares
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Shuhei Sakuno has broad experience in corporate administration, which supervises the Yokogawa Electric Corporation group companies, and possesses a considerable amount of expertise in financial and accounting operations. He also has knowledge of corporate governance he acquired through his experience in developing internal controls, risk management, and internal audit systems. As an Outside Auditor, he has also properly supervised the Group's management from an objective and fair standpoint since June 2017. Additionally, following the Company's transition to a company with a Nominating Committee, he has been serving as an Outside Director and the Audit Committee Chairperson since March 2024, leading the audit and supervision of Directors and business execution. The Nominating Committee has judged that he will be able to fulfill the role appropriately by making active and useful statements, leveraging his expertise, and therefore has nominated him as a candidate for Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
8	<p>Ayako Kobayashi (October 14, 1975)</p> <p>Reelection Outside Independent</p> <p>Tenure as Outside Director: 1 year</p> <p>Attendance at Board of Directors' meetings: 18/18 meetings (100%)</p> <p>Attendance at Audit Committee meetings 14/14 meetings (100%)</p> <p>Attendance at Risk Committee meetings 3/3 meetings (100%)</p>	<p>Oct. 2000 Registered as an attorney at law</p> <p>Oct. 2000 Joined Kataoka &amp; Kobayashi (currently KATAOKA &amp; KOBAYASHI LPC)</p> <p>Jan. 2009 Partner, Kataoka &amp; Kobayashi (present position)</p> <p>Sept. 2013 Part-time Instructor, Keio University Law School (retired in Mar. 2020)</p> <p>June 2019 Outside Auditor of the Company</p> <p>June 2021 Outside Director, The Musashino Bank, Ltd. (present position)</p> <p>Apr. 2023 Professor, Keio University Law School (present position)</p> <p>Mar. 2024 Outside Director, Audit Committee member, Risk Committee member of the Company (present position)</p> <p>[Significant concurrent positions] Partner, KATAOKA &amp; KOBAYASHI LPC Outside Director, The Musashino Bank, Ltd. Professor, Keio University Law School</p>	8,066 shares
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Ayako Kobayashi has been active as an attorney-at-law for a long time and has a broad and high level of insight into corporate legal affairs, including dispute resolution in various types of litigation, compliance, risk management, and governance. As an Outside Auditor, she has also properly supervised the Group's management from an objective and fair standpoint since June 2019. Additionally, following the Company's transition to a company with a Nominating Committee, she has been serving as an Outside Director and Audit Committee member since March 2024, auditing and supervising Directors and business execution. She has also been serving as the Risk Committee member. Although she has not been involved in corporate management other than as an Outside Director, the Nominating Committee has judged that she will be able to fulfill the role appropriately by making active and useful statements, leveraging her expertise, and therefore has nominated her as a candidate for Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]		Number of the Company's shares owned
9	<p>Toichi Maeda (December 24, 1955)</p> <p>Reelection Outside Independent</p> <p>Tenure as Outside Director: 1 year</p> <p>Attendance at Board of Directors' meetings: 14/14 meetings (100%)</p> <p>Attendance at Nominating Committee meetings 6/6 meetings (100%)</p> <p>Attendance at Risk Committee meetings 3/3 meetings (100%)</p>	<p>Apr. 1981</p> <p>Apr. 2007</p> <p>Apr. 2010</p> <p>June 2011</p> <p>Apr. 2012</p> <p>Apr. 2013</p> <p>June 2015</p> <p>Mar. 2019</p> <p>Mar. 2024</p>	<p>Joined EBARA CORPORATION</p> <p>Executive Officer, EBARA CORPORATION</p> <p>Managing Executive Officer, EBARA CORPORATION</p> <p>Director, EBARA CORPORATION</p> <p>Director, President, Fluid Machinery &amp; Systems Company, EBARA CORPORATION</p> <p>President and Representative Director, EBARA CORPORATION</p> <p>President, Representative Executive Officer, EBARA CORPORATION</p> <p>Chairman &amp; Director, EBARA CORPORATION (present position)</p> <p>Outside Director, Nominating Committee member, Risk Committee member of the Company (present position)</p> <p>[Significant concurrent positions] Chairman &amp; Director, EBARA CORPORATION</p>	1,866 shares
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Toichi Maeda was long active as a manager of EBARA CORPORATION and, in addition to rich experience as a corporate manager, he has broad and high level of insight into manufacturing and technological development, etc. Additionally, as a Nominating Committee member, he contributes to the Committee's activities, including the selection of candidates for Directors and planning for the development of the next generation of managers. He also serves as a Risk Committee member. The Nominating Committee has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his expertise, and therefore has nominated him as a candidate for Outside Director.</p>				

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities [Significant concurrent positions outside the Company]	Number of the Company's shares owned
10	<p data-bbox="363 472 580 533">Yasunobu Suzuki (September 23, 1958)</p> <p data-bbox="411 555 533 638">Reelection Outside Independent</p> <p data-bbox="336 667 608 728">Tenure as Outside Director: 1 year</p> <p data-bbox="363 750 580 862">Attendance at Board of Directors' meetings: 14/14 meetings (100%)</p> <p data-bbox="331 884 612 996">Attendance at Compensation Committee meetings 4/4 meetings (100%)</p>	<p data-bbox="635 322 1264 383">Apr. 1982      Joined Mitsubishi Metal Corporation (currently Mitsubishi Materials Corporation)</p> <p data-bbox="635 389 1264 501">June 2011      Executive Director, Vice President, Copper Business Company, and General Manager, Sales Division, Mitsubishi Materials Corporation</p> <p data-bbox="635 508 1264 591">Apr. 2015      Managing Executive Officer, General Manager, Corporate Strategy Division, Mitsubishi Materials Corporation</p> <p data-bbox="635 598 1264 680">June 2016      Director, Senior Managing Executive Officer, General Manager, Corporate Strategy Division, Mitsubishi Materials Corporation</p> <p data-bbox="635 687 1264 770">Oct. 2018      Director, Senior Managing Executive Officer, President, Advanced Product Company, Mitsubishi Materials Corporation</p> <p data-bbox="635 777 1264 860">June 2019      Senior Managing Executive Officer, President, Advanced Product Company, Mitsubishi Materials Corporation</p> <p data-bbox="635 866 1264 949">Apr. 2020      Executive Vice President, President, Advanced Product Company, Mitsubishi Materials Corporation</p> <p data-bbox="635 956 1264 1016">Apr. 2023      Advisor for Metal Business, Mitsubishi Materials Corporation (retired in Feb. 2024)</p> <p data-bbox="635 1023 1264 1084">Mar. 2024      Outside Director, Compensation Committee member of the Company (present position)</p> <p data-bbox="635 1090 1264 1149">[Significant concurrent positions] None</p>	1,866 shares
<p data-bbox="327 1155 1209 1184">[Reasons for nomination as candidate for Outside Director and overview of expected roles]</p> <p data-bbox="327 1184 1468 1319">Yasunobu Suzuki was long active as a Director and Executive Officer of Mitsubishi Materials Corporation and he has broad and high level of insight into management strategy, global business development, and sales/marketing, etc. Additionally, as a Compensation Committee member, he contributes to the activities of the Compensation Committee, including deliberations related to the remuneration system and determination of remuneration levels for the Company's Directors and Senior Executive Officers.</p> <p data-bbox="327 1319 1468 1397">The Nominating Committee has judged that he will be able to fulfill the role of supervising and providing appropriate advice from an objective and fair standpoint by utilizing his expertise, and therefore has nominated him as a candidate for Outside Director.</p>			

- Notes:
1. There is no special interest between the candidates and the Company.
  2. Attendance of Directors at each Committee meeting is recorded from March 28, 2024 onwards.
  3. Minoru Amoh, Yutaka Fujiwara, Yukino Kikuma, Shuhei Sakuno, Ayako Kobayashi, Toichi Maeda, and Yasunobu Suzuki satisfy the “Independence Criteria for Outside Officers” stipulated by the Tokyo Stock Exchange and the Company’s “Independence Standards for Outside Directors” (page 17), and all of these candidates will be independent officers if they are elected as Directors.
  4. Yukino Kikuma concurrently serves as a Managing Partner of MATSUO & KOSUGI (legal professional corporation), which has entered into a legal advisory agreement with the Company. The total amount of advisory fees, legal consultation fees, etc. paid by the Group to the law firm is less than 2% of the average annual net sales of the law firm for the past three fiscal years and less than 1% of the annual consolidated net sales of the Company for the fiscal year under review.
  5. The Company has, according to the stipulations of Article 427, paragraph (1) of the Companies Act, provisions in the Articles of Incorporation stating that an agreement can be concluded with Directors (excluding those who concurrently serve as Senior Executive Officers) limiting their liability under Article 423, paragraph (1) of the same Act if that Director has undertaken his/her duties in good faith and does not commit any gross errors. Based on the concerned agreements, the amount of liability is limited to ¥5 million or the amount prescribed by laws and regulations, whichever is higher. The Company has concluded this agreement with Yasuyuki Hotta, Toshiyuki Murasawa, Minoru Amoh, Yutaka Fujiwara, Yukino Kikuma, Shuhei Sakuno, Ayako Kobayashi, Toichi Maeda, and Yasunobu Suzuki, and if each candidate is elected as Directors, the Company intends to continue this agreement with them.
  6. The Company has concluded a Directors and Officers liability insurance contract with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act. A Director shall take responsibility for the exercise of his/her duties and the contract shall cover damages which may arise from a claim in relation to pursuing the responsibility. However, there are some exemptions applied to such deeds as when the Director acts while knowing that his/her conduct violates laws and regulations. The Company plans to renew the said contract in July 2025, under which each of the candidates is insured if they are elected.
  7. Yukino Kikuma concurrently holds the position of Outside Director of ALCONIX CORPORATION. ALCONIX CORPORATION has formulated and been working on measures centered on strengthening its internal control system in response to the improper accounting procedure at its consolidated subsidiary that was detected in November 2020. Although Yukino Kikuma had not recognized the fact before the improper accounting procedure was revealed, she had made comments about the importance of compliance at Board of Directors meetings of ALCONIX CORPORATION even before the incident. After the fact was disclosed, she made proposals about investigating the fact, looking into the cause, and preventing the recurrence.
  8. Ayako Kobayashi concurrently holds the position of Outside Director of The Musashino Bank, Ltd. The bank is implementing measures to improve operations to avoid recurrence of administrative disciplinary action (a business improvement order) imposed by the Kanto Finance Bureau in June 2023 for the issue related to investor protection in financial instruments intermediary services concerning the solicitation and sales of structured bonds. Although Ayako Kobayashi had not recognized the fact before it was revealed, she had made comments about reinforcement of the business administration structure and control before the incident. After the fact was disclosed, she made proposals about starting an investigation, looking into the cause, and preventing recurrence.
  9. Toichi Maeda concurrently holds the position of Chairman & Director of EBARA CORPORATION. EBARA CORPORATION received a recommendation based on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors from the Japan Fair Trade Commission in February 2025. Although Toichi Maeda had not recognized the fact before it was revealed, he had been making proposals, etc. from the perspective of legal compliance at the Board of Directors meetings before that time. After the fact was recognized, he made proposals, etc. about looking into the incident immediately, and strengthening the internal control systems and ensuring thorough compliance with a mind to preventing recurrence.
  10. Toichi Maeda is scheduled to retire from his position as Director of EBARA CORPORATION on March 26, 2025 due to expiration of his term of office.
  11. Yukino Kikuma’s name on her family register is Yukino Yoshida.
  12. Ayako Kobayashi’s name on her family register is Ayako Nakajima.



(Reference)

## **Independence Standards for Outside Directors**

We determine that a candidate for an Outside Director is independent if the candidate satisfies the requirements for the outsideness stipulated by the Companies Act and does not fall under any of the following items (i) through (xii).

- (i) A person who has been an Executive (Note 1) of the Company or its subsidiaries (hereinafter referred to as the “KITZ Group”) or a person who has been an executive of the KITZ Group within the past 10 years (Note 2)

(Note 1) “Executive” shall mean an executive set forth in Article 2, paragraph 3, item 6, of the Regulations for Enforcement of the Companies Act, and includes an Executive Director, Senior Executive Officer, and other employees, as well as an Executive Officer, advisor, consultant, or any other person in a position equivalent to that of an officer.

(Note 2) “Past 10 years” shall mean the 10 years prior to the appointment as an Outside Director. However, if the person has served as a Non-Executive Director or an Auditor of the KITZ Group at any time within the past 10 years, this means the 10 years prior to the appointment as such position.

- (ii) A person whose main business partner is the KITZ Group (Note 3) or an executive thereof

(Note 3) “A person whose main business partner is the KITZ Group” shall mean a business partner who provides products or services to the KITZ Group and whose transaction amount (the amount paid by the KITZ Group to that person) in the most recent business year is 2% or more of that person’s annual consolidated gross sales.

- (iii) A main business partner of the KITZ Group (Note 4) or an executive thereof

(Note 4) “A main business partner of the KITZ Group” shall mean a business partner to whom the KITZ Group provides products or services and whose transaction amount (the amount paid by that person to the KITZ Group) in the most recent business year is 2% or more of the KITZ Group’s annual consolidated gross sales.

- (iv) A main financial institution (Note 5) from which the KITZ Group borrows money or an executive thereof

(Note 5) “A main financial institution” shall mean a financial institution or its parent company or subsidiary that lends to the KITZ Group an amount of 2% or more of the consolidated assets of the KITZ Group as of the end of the most recent business year.

- (v) A person who is a legal expert such as a lawyer, an accounting expert such as a certified public accountant or tax accountant, or a consultant who receives a large amount of money or other property in addition to executive remuneration (Note 6) from the KITZ Group (however, if the party receiving the property benefit is an organization, such as a corporation or association, the person means one who is a director or other executive of the organization)

(Note 6) “A large amount of money or other property” shall mean, if the party receiving the property is an individual, monetary or other property benefits exceeding 10 million yen in the most recent business year, or if the party receiving the property is an organization such as a corporation or association, monetary or other property benefits equal to or exceeding an amount of 2% of the organization’s consolidated gross sales or total revenue on average over the past three business years.

- (vi) A person affiliated with an auditing corporation that conducts statutory audits of the KITZ Group

- (vii) A person who receives large donations or subsidies (Note 7) from the KITZ Group (however, if the party receiving such donations or subsidies is an organization, such as a corporation or association, a director

or other executive of the party is the person described in this paragraph)

(Note 7) "Large donations or subsidies" shall mean donations or subsidies of money or other property exceeding 10 million yen in the most recent business year.

(viii) A main shareholder of the Company (Note 8) or, if the shareholder is a corporation, an executive of the corporation

(Note 8) "A main shareholder of the Company" shall mean a shareholder who owns 5% or more of voting rights at the end of the most recent business year, regardless of direct or indirect ownership.

(ix) A person in which the KITZ Group is a major investor (Note 9) or an executive thereof

(Note 9) "A major investor" shall mean a party to which the KITZ Group has invested 5% or more of the voting rights of that party at the end of the most recent business year.

(x) A company that accepts a Director (full-time or part-time) from the KITZ Group, or the executive of its parent company or subsidiary

(xi) A person who has fallen under any of the items (ii) through (x) above in the past three years

(xii) A close relative (Note 11) of a person who falls under any of the following (limited to a person in an important position (Note 10))

(1) A person who is currently the executive or Non-Executive Director of the KITZ Group

(2) A person who has been the executive of the KITZ Group in the past three years

(3) A person who falls under any of the items (ii) through (xi) above

(Note 10) "A person in an important position" shall refer to a Director, Senior Executive Officer, Executive Officer, advisor, consultant, or any other person in a position equivalent to an officer, or an employee in a senior management position equivalent to department manager or above. However, (3) excludes Outside Directors.

(Note 11) "A close relative" shall refer to a spouse or a relative within the second degree of kinship.

## **Business Report for the 111th Term** (from January 1, 2024 to December 31, 2024)

### **1. Status of the Corporate Group**

#### (1) Progress and results of operations

##### (i) Progress and outcomes of business activities

During the fiscal year under review, the global economy remained uncertain due to price hikes for energy resources and raw materials caused by the prolonged Russia-Ukraine crisis. China's sluggish real estate market and geopolitical instability in the Middle East also contributed to the uncertain outlook. The Japanese economy also remained fragile, despite robust inbound demand and a rebound in consumer spending, due to price hikes for energy resources and raw materials, as well as continued price escalation caused by exchange rate fluctuations.

Under these circumstances, during the fiscal year under review, total net sales increased by 3.1% year on year to ¥172,042 million. This growth was primarily due to the effects of price revisions and exchange rate fluctuations, as well as higher sales prices in the Brass Bar Manufacturing Business amid rising copper prices, despite a decrease in sales volumes in both domestic and overseas markets in the Valve Manufacturing Business, and a decline in sales of products for semiconductor manufacturing equipment due to a delayed recovery in demand.

In terms of profit and loss, operating profit grew 3.9% year on year to ¥14,220 million. Although the Valve Manufacturing Business suffered from lower sales volumes, higher personnel expenses due to wage hikes, and increased expenses driven by inflation, these negative factors were more than offset by improvements in the Brass Bar Manufacturing Business, such as improved yield rate and the securing of profit margins amid rising copper prices. Ordinary profit increased 5.7% year on year to ¥15,276 million due to recording of foreign exchange gains. Profit attributable to owners of parent was up 11.6% year on year to ¥11,824 million due to recording of gain on sale of investment securities from the sale of cross-shareholdings, etc.

The result of each business segment is as follows.

#### **Valve Manufacturing (Composition ratio 81.1%)**

In the Valve Manufacturing Business, net sales to external customers increased by 2.6% year on year to ¥139,556 million. Although sales volumes declined in both domestic and overseas markets and sales of products for semiconductor manufacturing equipment decreased due to a delayed recovery in demand, this growth was driven by the effects of price revisions and exchange rate fluctuations, among other factors. Operating profit decreased by 1.2% year on year to ¥17,419 million, primarily due to lower sales volume, higher personnel expenses from wage hikes, and increased costs driven by inflation.

#### **Brass Bar Manufacturing (Composition ratio 17.3%)**

In the Brass Bar Manufacturing Business, net sales to external customers increased by 5.0% year on year to ¥29,838 million. While sales volumes declined due to sluggish demand in the industry overall, this was more than offset by higher sales prices driven by rising copper prices. Operating profit rose 72.9% year on year to ¥886 million, due to improved yield rate and the securing of profit margins amid rising copper prices.

#### **Other (Composition ratio 1.6%)**

In Other Businesses, net sales to external customers increased by 5.9% year on year to ¥2,647 million, due in part to the strong performance of the hotel business. Operating profit increased 38.9% year on year to ¥146 million, mainly due to the increase in net sales.

Net sales by business segment of the corporate group

(Units: Millions of yen)

Business Segment	110th term (FYE December 2023)		111th term (FYE December 2024)		Year-on-year	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	Rate of change (%)
Valve Manufacturing	136,016	81.5	139,556	81.1	3,540	2.6
Brass Bar Manufacturing	28,425	17.0	29,838	17.3	1,413	5.0
Other	2,499	1.5	2,647	1.6	147	5.9
Total	166,941	100	172,042	100	5,101	3.1

Operating income or loss by business segment of the corporate group

(Units: Millions of yen)

Business Segment	110th term (FYE December 2023)		111th term (FYE December 2024)		Year-on-year	
	Amount		Amount		Amount	Rate of change (%)
Valve Manufacturing		17,626		17,419	(206)	(1.2)
Brass Bar Manufacturing		512		886	373	72.9
Other		105		146	40	38.9
Adjustments		(4,556)		(4,232)	324	–
Total		13,687		14,220	532	3.9

(ii) Capital expenditures

The total capital investment was ¥10,828 million (including intangible assets) for the current fiscal year as KITZ Corporation of Vietnam Co., Ltd., the Company's subsidiary, constructed a new plant for manufacturing stainless steel valves, and other companies in the Group invested in the renewal of production facilities in the Valve Manufacturing Business.

(iii) Financing activities

The balance of interest-bearing debt (including lease obligations) decreased by ¥1,853 million from the end of the previous fiscal year to ¥36,089 million.

(iv) Status of Significant Reorganization

Effective August 20, 2024, the Company entered into an absorption-type merger agreement effective January 1, 2025, in which the Company is the surviving company and Toyo Valve Co., Ltd., which is the Company's subsidiary, is the absorbed company.

(2) Assets and profit and loss in the last three fiscal years preceding the fiscal year under review

(i) Assets and profit and loss of the corporate group

(Units: Millions of yen)

Category	108th term (FYE December 2021)	109th term (FYE December 2022)	110th term (FYE December 2023)	111th term (FYE December 2024)
Net sales	135,790	159,914	166,941	172,042
Ordinary profit	8,975	12,045	14,452	15,276
Profit attributable to owners of parent	4,954	8,549	10,591	11,824
Basic earnings per share (yen)	55.26	95.35	118.07	132.64
Total assets	143,419	152,569	166,693	172,406
Net assets	81,253	91,042	102,207	109,809
Net assets per share (yen)	896.55	1,002.69	1,124.39	1,246.16

Notes:

1. Basic earnings per share is calculated based on the average number of shares outstanding during the term. Net assets per share is calculated based on total number of shares outstanding at the end of the term. The number of shares outstanding as aforementioned does not include treasury shares.
2. The Company adopted a Board Incentive Plan (BIP) trust, and the number of the Company's shares held in the trust is recorded as treasury shares in the consolidated financial statements. Therefore, for the calculation of basic earnings per share, the said number is included in the treasury shares deducted in the calculation of the average number of outstanding shares for the term, and for the calculation of the net assets per share, the said number is included in the treasury shares deducted in the calculation of the number of shares outstanding at the end of the term.

(ii) Assets and profit and loss of the Company

(Units: Millions of yen)

Category	108th term (FYE December 2021)	109th term (FYE December 2022)	110th term (FYE December 2023)	111th term (FYE December 2024)
Net sales	60,041	69,338	72,169	72,591
Ordinary profit	5,015	4,657	7,251	7,958
Profit	2,662	4,120	6,957	7,628
Basic earnings per share (yen)	29.70	45.95	77.56	85.57
Total assets	110,065	107,706	111,108	113,777
Net assets	53,584	55,645	59,616	59,996
Net assets per share (yen)	597.75	620.13	664.50	689.80

Note:

For notes of assets and profit and loss of the Company, please refer to notes of (i) Assets and profit and loss of the corporate group.

(3) Ongoing challenges for the corporate group

In formulating the Second Medium-term Management Plan, “SHIN Global 2027,” announced in February 2025, the KITZ Group reviewed the materialities (key management themes) defined in the Long-term Management Vision. As a result, we have redefined “Contribute to the advancement of digital society,” “Contribute to environmental conservation,” and “Contribute to a prosperous life through evolution” as the materialities for the KITZ Group to realize sustainable growth, and “Empower our workforce to lead the way to the future,” “Establish a sustainable supply chain,” and “Implement more active governance” as the materiality for establishing a management foundation to support these materialities.

Each and every employee of the KITZ Group will contribute to the creation of a sustainable future by engaging in business activities with an awareness of these materialities.

(i) Positioning of the Second Medium-term Management Plan

The KITZ Group is working as one and striving to achieve our Long-term Management Vision, “Beyond New Heights 2030 - Change the Flow.” Under the First Medium-term Management Plan 2024 (FY2022 to FY2024), we have promoted ambidextrous management, aiming to generate earnings both in the core business and growth areas. The KITZ Group emphasized “return on invested capital (ROIC)” and aggressively executed investments in growth areas such as the semiconductor market while strengthening our core business, which is our business foundation.

In the Second Medium-term Management Plan, “SHIN Global 2027,” the Group has set for the goal of “achieving both profitability and growth.” To realize “ROIC x ESG” management, the Group will ensure that investments made under the First Medium-term Management Plan 2024 yield concrete results while further advancing investments in growth sectors and growth regions.

\*Please refer to the following URL for our Medium-term Management Plan.

Medium-term Management Plan:

[https://www.kitz.com/en/investor\\_ir/management-policy/m\\_plan/](https://www.kitz.com/en/investor_ir/management-policy/m_plan/)

“ROIC x ESG”

■ ROIC

- Strengthen profitability by reaping the rewards of our investment in growth markets and areas
- Achieve balance sheet management by optimizing the number of days of inventory turnover through supply and demand control
- Accelerate “KITZ-style ROIC Management” and deepen “Market x Area” portfolio management

■ ESG (Sustainability Management)

- Aim to achieve sustainable manufacturing by promoting “triple zero” initiatives
- Value the diversity of human capital, and maximize the human capital of each and every employee
- Balance between “aggressive” governance for growth and “defensive” governance that appropriately evaluates threats

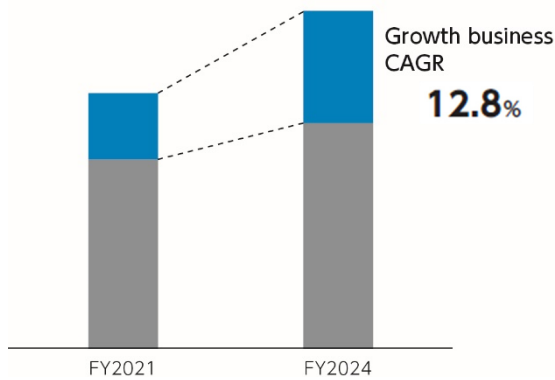
(ii) Business Strategies

a) Valve Manufacturing Business

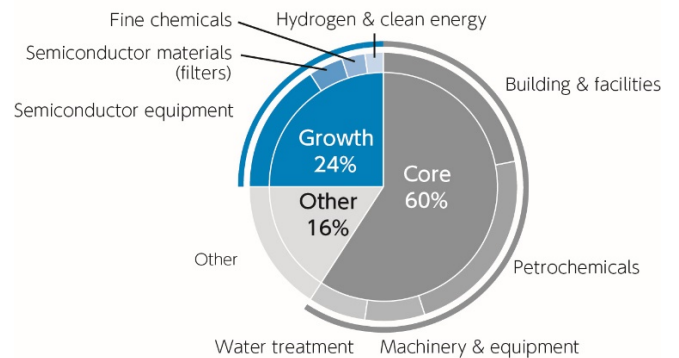
a. By market

In the Valve Manufacturing Business, we have divided our target markets into eight categories under the First Medium-term Management Plan 2024 and are developing business initiatives based on the market. In the core markets of the building & facilities, petrochemical, water treatment, and machinery & equipment markets, we will further strengthen their foundations that form the core of the KITZ Group, backed by growing demand for data centers and urban development both in Japan and overseas, and next-generation energy projects. In the Growth markets of semiconductor equipment, semiconductor materials (filters), fine chemicals, and the hydrogen & clean energy markets, we will steadily convert our investments based on the First Medium-term Management Plan 2024 into results. We will also work to further transform our revenue structure by developing and launching products for growth markets.

Valve Business / Growth Rate in Growth Markets



Valve Business / Sales Composition by Market (FY2024)



<Core Market>

Segments	Measure
Building & facilities	Strengthening of steady sales for data centers, and development of products that meet the needs of each area and obtaining certificates
Petrochemicals	Launching and expanding sales of instrumentation valves in Japan and overseas, and strengthening initiatives for next-generation energy business
Water treatment	Providing solutions that meet the demand for the recycling and reuse of water resources and demand for the renewal of aging water supply facilities
Machinery & equipment	Expansion of the products compliant with environmental regulations, new customer acquisition and the enhancement of the product line of small-sized automatic valves tailored to market demands



<Growth Market>

Segments	Measure
Semiconductor equipment	Capturing demand by strengthening production systems and expansion of our lineup of high-functionality products, and strengthening local support
Semiconductor materials (filters)	Promotion of user certification acquisition and expansion of sales to the semiconductor and medical markets
Fine chemicals	Expansion of product lineup for the medical drug and pharmaceutical market, and considering optimal location production and developing new customers
Hydrogen & clean energy	Expansion of business areas across the entire hydrogen supply chain and promotion of engineering business

b. By region

Region	Measure
North America and Europe	Development of products that comply with environmental regulations and various certifications, and expansion of sales of products for data centers
China	Promotion of local production for local consumption strategy in China, and development of products that comply with certifications and environmental regulations in China
ASEAN	Capturing the middle zone with secondary brand products and promoting brand strategy leveraging the group synergy
India	Promoting cost reduction through local procurement of parts, and expanding commercial distribution network in India through a new sales company

b) Brass Bar Manufacturing Business

The Group will work to further improve profitability through cost reductions by improving yield and other measures, in addition to expanding sales of high value-added products and new material products in growth areas.

c) Transition to Strategic Business Units (SBUs) Organization

In order to achieve further business growth, the KITZ Group reformed its organization from the conventional function-based organization to a market-based Strategic Business Unit (SBUs) organization effective January 2025. Under the SBUs organization; manufacturing, sales, and technology are integrated to become more customer oriented. We will accelerate the execution of our business strategies by responding swiftly to customer needs in each market. The business and markets under the jurisdiction of each SBU is as follows.

Valve Manufacturing		Building & Facilities/ Machinery & Equipment BU	Industrial BU	Semiconductor BU	Environmental Solutions BU	Hydrogen BU	Brass Bar BU
Core	Building & Facilities	●	–	–	–	–	○
	Petrochemicals	–	●	–	–	–	–
	Water Treatment	○	–	–	●	–	○
	Machinery & Equipment	●	–	–	–	–	–
Growth	Semiconductor Equipment	–	–	●	–	–	–
	Semiconductor Materials (Filters)	–	–	●	–	–	–
	Fine Chemicals	–	●	–	–	–	–
	Hydrogen & Clean Energy	–	○	–	–	●	–
Brass Bar Manufacturing		–	–	–	–	–	●

●: Target Market ○: Applicable Market

(iii) Financial Strategy and Capital Policy

The Company will focus on both “ROE improvement” and “PER improvement.” With respect to “ROE improvement,” the Company will implement appropriate cash allocation for strategic investment to achieve ROIC targets set for each segment. With respect to “PER improvement,” we will strive to achieve stable financial targets and strengthen shareholder returns while aiming to continuously increase shareholder value through further penetration of sustainability management and acceleration of non-financial factors, such as IR strategies and enhanced dialogue with investors.

(iv) ESG Strategy

The KITZ Group is committed to addressing ESG (Environment, Social, and Governance) related to materialities to build a robust global environment and a sustainable future.

a) Environment (E)

The KITZ Group considers the conservation of the global environment as an important mission, and we are making efforts to provide technologies that support the promotion of clean energy and the stable supply of safe water. Our products contribute to reducing the environmental impact through the development of environmentally-friendly products and business activities, and they are the foundations that support the realization of a sustainable society. We will continue to promote innovative technological development and provide environmentally-friendly products and solutions, aiming to create value that will lead us into the future.

\*For more information about the KITZ Group's initiatives, please refer to the following URL.

Environment: <https://www.kitz.com/en/sustainability/environment/>

b) Social (S)

In order to strengthen the human capital that will open up the future, the KITZ Group respects the diversity of our human capital and the way each individual works, while also working to improve job satisfaction and working conditions. We are aiming for sustainable growth for both individuals and the Company by creating an environment in which all employees can maximize their abilities and experience personal growth. We also aim to create new values and strengthen our competitiveness by turning diversity into a strength and building an organization in which everyone can play an active role.

\*For more information about the KITZ Group's initiatives, please refer to the following URL.

Social: <https://www.kitz.com/en/sustainability/social/>

c) Governance (G)

The KITZ Group is working to strengthen its management framework to ensure fairness and transparency, while also aiming to achieve a form of governance that is both aggressive and defensive to support bold challenges aimed at growth. As part of this, in March 2024, the Company made a transition to a company with a Nominating Committee, with the aim of strengthening corporate governance and improving management agility.

\*For more information about the KITZ Group's initiatives, please refer to the following URL.

Governance: <https://www.kitz.com/en/sustainability/governance/>

(4) Status of major subsidiaries (as of December 31, 2024)

Name	Capital stock	Investment ratio (%)	Major business
Toyo Valve Co., Ltd.	100 million JPY	100	Sales, marketing and distribution of valves
Shimizu Alloy Mfg. Co., Ltd.	90 million JPY	100	Manufacturing and sales of valves
KITZ SCT Corporation	300 million JPY	100	Manufacturing and sales of fittings for semiconductor manufacturing equipment
KITZ Micro Filter Corporation	90 million JPY	100	Manufacturing and sales of fluid separation products for filters and related products
KITZ (Thailand) Ltd.	503 million THB	92	Manufacturing and sales of valves
KITZ Corporation of Taiwan	200 million TWD	100	Manufacturing and sales of valves
KITZ Corporation of Jiangsu Kunshan	49 million CNY	100	Manufacturing and sales of valves
KITZ Corporation of Kunshan	62 million CNY	100 (100)	Manufacturing and sales of valves
KITZ SCT Corporation of Kunshan	22 million CNY	100 (100)	Manufacturing and sales of fittings for semiconductor manufacturing equipment
KITZ Corporation of Lianyungang	42 million CNY	100	Manufacturing and sales of valves
KITZ Corporation of Shanghai	10 million CNY	100	Sales, marketing and distribution of valves
KITZ Corp. of America	3,000 thousand USD	100	Sales, marketing and distribution of valves
Metalúrgica Golden Art's Ltda.	64,000 thousand BRL	100	Manufacturing and sales of valves
KITZ Corp. of Europe, S.A.	421 thousand EUR	100	Manufacturing and sales of valves
Perrin GmbH	500 thousand EUR	100	Manufacturing and sales of valves
KITZ Corp. of Asia Pacific Pte. Ltd.	11,142 thousand USD	100	Sales, marketing and distribution of valves
KITZ Corp. of Korea	2,910 million KRW	100	Manufacturing and sales of valves
KITZ Corp. of Vietnam Co., Ltd.	1,163 billion VND	100	Manufacturing and sales of valves
KITZ Valve & Actuation India Private Limited.	90 million INR	100 (1)	Sales, marketing and distribution of valves
KITZ Metal Works Corporation	2,240 million JPY	100	Manufacturing and sales of brass bar products
Hotel Beniya Co., Ltd.	50 million JPY	100	Operation of hotel and restaurants

Notes:

- The parenthesized figures indicate the investment ratio of the subsidiary concerned.
- As of the end of the fiscal year under review, there are no specified wholly owned subsidiaries.
- As of January 1, 2025, the Company merged with Toyo Valve Co., Ltd., with the Company as the surviving company and Toyo Valve Co., Ltd., which is the Company's subsidiary, as the absorbed company. Toyo Valve Co., Ltd. was dissolved on the same day.
- KITZ Corp. of Vietnam Co., Ltd. increased its capital on February 27, 2024.
- KITZ Valve & Actuation India Private Limited. was newly established on June 7, 2024, and has become a consolidated subsidiary.
- KITZ Metal Works Corporation increased its capital on January 5, 2024.

(5) Major businesses (as of December 31, 2024)

Major products and businesses of the Company Group

Business segment	Major products and businesses
Valve Manufacturing Business	Manufacturing and sales of bronze valves, steel valves, and other valve-related products, filtering-related products and accessories
Brass Bar Manufacturing Business	Manufacturing and sales of brass bar products and processed brass bar products
Other	Operation of hotel and restaurants

## 2. Status of the Company

### (1) Matters regarding shares (as of December 31, 2024)

Shares granted to Officers as consideration for their execution of duties during the fiscal year under review

	Number of shares granted	Number of grantees
Directors (excluding Outside Directors)	20,307 shares	2 persons
Outside Directors	11,662 shares	7 persons
Senior Executive Officers	22,464 shares	5 persons

Notes:

- The details of the Company's stock remuneration are referred to in "2. Status of the Company (2) Officers of the Company (iii) Remuneration, Etc. for Directors, Senior Executive Officers, and Auditors" on page 31.
- Directors (excluding Outside Directors) excludes one Director who concurrently serves as a Senior Executive Officer.

### (2) Officers of the Company (as of December 31, 2024)

#### (i) Status of Directors

Name	Position and area of responsibility in the Company	
Yasuyuki Hotta	Chairman of the Board	Chair of the Board of Directors Nominating Committee member, Compensation Committee member, Risk Committee member
Makoto Kohno	Director	Representative Executive Officer and President
Toshiyuki Murasawa	Director	Standing Audit Committee member, Risk Committee member
Minoru Amoh	Outside Director	Nominating Committee Chairperson
Yutaka Fujiwara	Outside Director	Compensation Committee Chairperson
Yukino Kikuma	Outside Director	Risk Committee Chairperson
Shuhei Sakuno	Outside Director	Audit Committee Chairperson
Ayako Kobayashi	Outside Director	Audit Committee member, Risk Committee member
Toichi Maeda	Outside Director	Nominating Committee member, Risk Committee member
Yasunobu Suzuki	Outside Director	Compensation Committee member

Notes:

- The Company has registered Outside Directors Minoru Amoh, Yutaka Fujiwara, Yukino Kikuma, Shuhei Sakuno, Ayako Kobayashi, Toichi Maeda, and Yasunobu Suzuki as independent officers with the Tokyo Stock Exchange as prescribed by the Securities Listing Regulations of the same Exchange.
- Director Makoto Kohno concurrently serves as Senior Executive Officer.
- Director Toshiyuki Murasawa has been appointed as a Standing Audit Committee member in order to ensure the effectiveness of audits.
- Director Toshiyuki Murasawa, a Standing Audit Committee member, has experience in the corporate planning and administration departments and a considerable amount of expertise in finance and accounting.
- Outside Director, Shuhei Sakuno, the Audit Committee Chairperson, has broad experience in corporate administration, supervising the Yokogawa Electric Corporation group companies, and possesses a considerable amount of expertise in financial and accounting operations.
- Minoru Amoh serves as the Lead Independent Outside Director.
- Outside Director Kazuyuki Matsumoto retired due to expiration of his term of office at the conclusion of the 110th Ordinary General Meeting of Shareholders held on March 28, 2024.
- Standing Auditors, Masahiko Kondo and Taro Kimura, and Outside Auditor, Tatsuhiko Takai retired due to expiration of their terms of office at the conclusion of the 110th Ordinary General Meeting of Shareholders held on March 28, 2024.
- Outside Directors Shuhei Sakuno and Ayako Kobayashi retired from their positions as Outside Auditors due to the expiration of their terms of office following the Company's transition to a company with a Nominating Committee system at the conclusion of the 110th Ordinary General Meeting of Shareholders held on March 28, 2024, and were appointed as Outside Directors on the same date.
- Yukino Kikuma's name on her family register is Yukino Yoshida.
- Ayako Kobayashi's name on her family register is Ayako Nakajima.

## (ii) Status of Senior Executive Officers

Name	Position and area of responsibility in the Company	
Makoto Kohno	Representative Executive Officer and President	Overall Management
Takaaki Kobayashi	Senior Executive Officer	Division Manager, Flow Control Business Unit
Yasunori Sugita	Senior Executive Officer	Division Manager, Business Promotion Center, Flow Control Business Unit, Supervisor of Hydrogen Division and Environmental Solutions Division
Shuji Takei	Senior Executive Officer	Division Manager, Human Resources and General Administration Division; Supervisor of Legal, Intellectual Property and Risk Management Division, Internal Control and Internal Audit Office
Kenichi Bessho	Senior Executive Officer	Division Manager, Corporate Finance Division

Notes:

## 1. Changes in Executive Officer Personnel effective after the end of the fiscal year

## Newly appointed Senior Executive Officers

Name	Position and area of responsibility in the Company	Effective Date
Tomoya Maekawa	Senior Executive Officer Head of Semiconductor Business Unit, President of KITZ SCT Corporation	January 1, 2025

## 2. Major changes in responsibilities of Senior Executive Officers effective after the end of the fiscal year

Name	After change	Before change	Effective Date
Takaaki Kobayashi	Head of Building & Facilities and Machinery & Equipment Business Unit, Supervisor of Production and Sales Center and Environmental Solutions Business Unit	Division Manager, Flow Control Business Unit	January 1, 2025
Yasunori Sugita	Head of Industrial Business Unit, Supervisor of Hydrogen Business Unit	Division Manager, Business Promotion Center, Flow Control Business Unit, Supervisor of Hydrogen Division and Environmental Solutions Division	January 1, 2025

(iii) Remuneration, Etc. for Directors, Senior Executive Officers, and Auditors

a. Total Remuneration paid to Officers in the fiscal year under review

Before the transition to a company with a Nominating Committee (January 2024 to March 2024)

Position	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)			Number of eligible officers (persons)
		Base compensation	Performance-linked compensation		
			Bonuses	Stock-based compensation (non-monetary remuneration, etc.)	
Director (of which Outside Director)	71 (10)	35 (10)	24 (-)	10 (-)	7 (4)
Auditor (of which Outside Auditor)	17 (7)	17 (7)	- (-)	- (-)	5 (3)
Total (of which outside officers)	89 (18)	53 (18)	24 (-)	10 (-)	12 (7)

Notes:

- The table above includes one (1) Outside Director and five (5) Auditors (including three (3) Outside Auditors) who retired due to expiration of their terms of office at the conclusion of the 110th Ordinary General Meeting of Shareholders held on March 28, 2024.
- As remuneration, etc. to Directors (excluding Outside Directors), monetary remuneration, etc. and non-monetary remuneration, etc. are paid.
- Monetary remuneration, etc. consists of base compensation and performance-linked compensation (bonuses). Amounts shown in the above table do not include employee salaries and bonuses for Directors who concurrently serve as employees. The amount of salary as employee is ¥4 million, and the amount of bonuses is ¥6 million.
- Non-monetary remuneration, etc. are shares of the Company based on a performance-based stock compensation plan (which comprises restricted share awards and post-hoc performance-based stock compensation). This stock compensation is mid- to long-term incentive remuneration which allots or grants shares of the Company's stock in accordance with an amount determined based on positions and performance indicators, and is stock compensation for Directors (excluding Outside Directors) set separately from the maximum amount of monetary compensation for Directors. Amounts shown in the above table do not include the portion of stock compensation as employee for Directors who concurrently serve as employees (¥0 million).
- Outside Directors are paid only base compensation.
- The amount of monetary compensation for Directors has been resolved at the 105th Ordinary General Meeting of Shareholders held on June 25, 2019 as an annual amount not exceeding ¥400 million (of which, Outside Directors' compensation is limited to ¥70 million; excluding salaries and bonuses as employees for Directors who concurrently serve as employees). The number of Directors as of the close of said Ordinary General Meeting of Shareholders was seven (7), including three (3) Outside Directors. Apart from monetary compensation, at the 108th Ordinary General Meeting of Shareholders held on March 29, 2022, a resolution was made to introduce restricted share awards and post-hoc performance-based stock compensation to Directors. There were three (3) Directors eligible for stock compensation as of the close of said Ordinary General Meeting of Shareholders.
- The amount of monetary compensation for Auditors was resolved at the 105th Ordinary General Meeting of Shareholders held on June 25, 2019 as an annual amount not exceeding ¥100 million. The number of Auditors as of the close of said Ordinary General Meeting of Shareholders was five (5).
- Remuneration for Auditors consists only of base compensation, and neither performance-linked compensation (bonuses) nor performance-linked stock-based compensation is paid.
- The amount of remuneration, etc. includes ¥24 million in officer bonuses recorded as provision for bonuses for directors (and other officers), and ¥10 million in stock compensation recorded as expenses in the fiscal year.

After the transition to a company with a Nominating Committee (April 2024 to December 2024)

Position	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)				Number of eligible officers (persons)
		Fixed remuneration	Short-term incentive compensation	Mid- to long-term incentive compensation		
		Base compensation	Bonuses	Non-performance-based stock compensation	Performance-based stock compensation	
Directors (excluding Outside Directors)	89	73	–	15	–	2
Outside Directors	85	69	–	15	–	7
Senior Executive Officers	177	93	45	19	18	5
Total	351	236	45	50	18	14

Notes:

- Directors listed above do not include one (1) Director who serves concurrently as a Senior Executive Officer.
- The amount of remuneration, etc. includes ¥45 million in officer bonuses recorded as provision for bonuses for directors (and other officers), and ¥69 million in stock compensation recorded as expenses in the current fiscal year.

b. Policy on determining directors' individual remuneration, etc. (before the transition to a company with a Nominating Committee)

The Company's Board of Directors has established the "Policy on Decisions on the Details of Remuneration for Individual Directors" (the "Policy" hereinafter).

Under the Policy, the remuneration, etc. of Directors is intended to serve as an incentive to achieve the Long-term Management Vision and Medium-term Management Plan and to increase the corporate value of the Group, and consists of base compensation, performance-linked compensation (bonuses), and performance-based stock compensation (restricted share awards and post-hoc performance-based stock compensation).

Details of remuneration, etc. is examined every year utilizing objective remuneration survey data from external organizations and referring to the level of remuneration for officers of companies in the same industry and of a comparable size, as well as in other industries, and determined by the Board of Directors based on report from the Compensation Committee.

An outline of the Policy shall be as follows:

(a) Remuneration System

Director's compensation consists of "base compensation" as fixed remuneration, "performance-linked compensation (bonuses)" as short-term incentive, and "performance-based stock compensation (restricted share awards and post-hoc performance-based stock compensation)" as mid- to long-term incentive. Outside Directors receive only the "base compensation" and are not entitled to "performance-linked compensation (bonuses)" or "performance-based stock compensation (restricted share awards and post-hoc performance-based stock compensation)." The composition of remuneration, etc. for each Director position is as follows:

Position	Composition of remuneration, etc. paid to Directors			Total
	Fixed remuneration	Short-term incentive	Mid- to long-term incentive	
	Base compensation	Performance-linked compensation	Performance-based stock compensation	
Chairman and Representative Director	47%	40%	13%	100%
President and Chief Executive Officer	46%	41%	13%	100%
Director, Managing Executive Officer	49%	40%	11%	100%



i) Fixed remuneration [Base compensation]

“Base compensation” is set for each position based on the Company’s business conditions, the role of the eligible officer, and trends at other companies.

ii) Short-term incentive [Performance-linked compensation (bonuses)]

Based on the idea that, as an incentive to improve performance, it is desirable to link compensation to the single-year performance evaluation of the business an individual is responsible for, profit attributable to owners of parent is used as the basis for determining “performance-linked compensation (bonuses),” and an amount equivalent to 1% of profit attributable to owners of parent is paid (total amount of bonuses) when the following conditions are met:

- Annual dividends to shareholders (12 months) of at least ¥10 can be paid out.
- Profit attributable to owners of parent has not been secured by a large amount of extraordinary income.
- Consolidated and non-consolidated operating profit, ordinary profit, and profit (profit attributable to owners of the parent) are properly generated, and an appropriate dividend payout ratio is maintained.

The amount to be paid to each Director is calculated based on the total amount of bonuses, using the following coefficients for each position in addition to coefficients based on evaluation results of individual performance target achievements.

Position	Chairman and Representative Director	President and Chief Executive Officer	Director, Managing Executive Officer
Coefficient	2.3	2.0	1.0

The target and actual results of indicators used to calculate the performance-linked compensation (bonuses) are as follows:

Key indicators for performance-linked compensation	Target for FYE December 2024 (Announced February 2024)	Actual results for FYE December 2024
Profit attributable to owners of parent	¥10,600 million	¥11,824 million

iii) Mid- to long-term incentive [Performance-based stock compensation (restricted share awards and post-hoc performance-based stock compensation)]

Performance-based stock compensation (restricted share awards and post-hoc performance-based stock compensation) is a mid- to long-term incentive that aims to raise awareness of a Director’s contribution to improving the Group’s sustainable performance and corporate value, as well as to promote further value-sharing with shareholders, by allotting or granting shares on the Company’s stock according to an amount, etc., calculated in accordance with a Director’s position and achievement of performance targets. “Performance-based stock compensation” is stock compensation for Directors (excluding Outside Directors) set separately from the maximum amount of monetary compensation for Directors.

[a] Restricted share awards

Under a restricted share award, in accordance with the resolution at the Board of Directors of the Company, the Company shall allot restricted shares by providing Eligible Directors with a monetary remuneration claim up to ¥30 million per year in an amount set separately from the maximum amount of the said monetary remuneration claims, and Eligible Directors shall transfer the entire amount of monetary remuneration claims as contribution in kind and are allotted the restricted shares of the Company.

[b] Post-hoc performance-based stock compensation

Under a post-hoc performance-based stock compensation, the Company shall allot shares of the Company’s stock by providing Eligible Directors with a monetary remuneration claim up to ¥20 million per year (excluding salaries and bonuses as employees for Directors who concurrently serve as employees) in an amount set separately from the maximum amount of the said monetary remuneration claims, calculated based on performance indicators

separately specified by the Board of Directors of the Company for the evaluation period determined by the Board of Directors (from January 1 to December 31), and Eligible Directors shall transfer the entire amount of monetary remuneration claims as contribution in kind and are allotted the restricted shares of the Company.

(b) Determination of Compensation

For each fiscal year, the Compensation Committee confirms whether the remuneration, etc. for each Director is in line with the Policy, and reports the results of deliberations on the appropriateness to the Board of Directors. Based on the report from the Compensation Committee, the Board of Directors confirms that the remuneration, etc. for each Director is in line with the Policy and determines the remuneration, etc.

Confirming that the remuneration, etc. for each Director is in line with the Policy based on the report from the Compensation Committee, the Board of Directors has determined the remuneration, etc. of each Director for the fiscal year under review.

c. Policy for determining the individual remuneration for Directors and Senior Executive Officers (After the transition to a company with a Nominating Committee)

Based on the resolutions of Compensation Committee, the Company establishes a “Policy for Determining the Individual Remuneration for Directors and Senior Executive Officers” (hereinafter “the Policy”) and also determines the content of individual remuneration for Directors and Senior Executive Officers in accordance with the Policy.

The remuneration for Directors and Senior Executive Officers is set at a level commensurate with the Company’s performance, with the main aim of serving as an incentive to achieve the Long-term Management Vision and Medium-term Management Plan and to increase the corporate value of the KITZ Group, taking into account the remuneration levels of other companies.

The amount and content of individual remuneration for Directors and Senior Executive Officers based on the Policy will be examined every year using objective remuneration survey data from external institutions and with reference to the executive remuneration levels of other companies in the same industry, of the same size, and in other industries, as well as the remuneration levels of the Company’s employees, and will be set at an appropriate level from the perspective of responsibilities and securing human resources and determined by the Compensation Committee.

(a) Remuneration System

(i) Directors

Considering that the position is independent from business execution, remuneration for Directors will consist of basic remuneration (fixed remuneration) and stock remuneration (non-performance-linked).

(ii) Senior Executive Officers

So that Senior Executive Officers can fulfill their responsibilities with the aim of improving performance in each business year and increasing corporate value over the medium to long term; remuneration for Senior Executive Officers will consist of basic remuneration (fixed remuneration) and incentive remuneration (variable remuneration), and the incentive remuneration (variable remuneration) will consist of three kinds of remuneration of bonuses (performance-linked, short-term incentive remuneration), stock remuneration (non-performance-linked remuneration), and stock remuneration (performance-linked, medium- to long-term incentive remuneration).

The composition of remuneration, etc. for each Director position is as follows:

Position	Composition of remuneration, etc. paid to Directors and Senior Executive Officers			Total
	Fixed remuneration	Short-term incentive	Mid- to long-term incentive	
	Base compensation	Performance-linked compensation	Performance-based stock compensation	
Directors (including Outside Director)	80%	–	20%	100%
Representative Executive Officers and Presidents	50%	25%	25%	100%
Senior Executive Officers	60%	20%	20%	100%

Notes:

1. Directors listed above do not include one (1) Director who serves concurrently as a Senior Executive Officer.
2. Separate from the position-specific standard amounts, additions may include a “chair of the Board of Directors allowance,” “lead independent outside director allowance” and “committee chairperson allowance.”

i) Fixed remuneration [Base compensation]

“Base compensation” is fixed remuneration to encourage steady performance of duties and is a cash remuneration paid at a fixed amount according to the position and responsibilities of Directors and Senior Executive Officers.

ii) Short-term incentive [Performance-linked compensation (bonuses)]

“Performance-linked compensation (bonuses)” will be paid if the following requirements are met because we believe that it is desirable to link them to the same indicator as the dividend payout ratio to shareholders.

- Annual dividends to shareholders (12 months) of at least ¥10 can be paid out.
- Profit attributable to owners of parent has not been secured by a large amount of extraordinary income.
- Profit attributable to owners of parent of ¥2,800 million or more is secured.

The amount of individual bonuses for Senior Executive Officers will be determined by the Compensation Committee based on the degree of target achievement of profit attributable to owners of parent in each business year, evaluation of individual performance targets, and evaluation of performance (the amount is variable within a range of 0% to 200% of the bonus standard amount for each position).

The target and actual results of indicators used to calculate the performance-linked compensation (bonuses) are as follows:

Key indicators for performance-linked compensation	Target for FYE December 2024 (Announced February 2024)	Actual results for FYE December 2024
Profit attributable to owners of parent	¥10,600 million	¥11,824 million

iii) Mid- to long-term incentive [Performance-based stock compensation (restricted share awards and post-hoc performance-based stock compensation)]

The purpose of our stock remuneration system is to further share value with our shareholders by owning our shares, and to provide incentives for sustainable improvement of the corporate value of the KITZ Group. Shares will be granted as restricted share awards based on positions and as post-hoc performance-based stock compensation based on the degree of achievement of performance targets by Senior Executive Officers.

The post-hoc performance-based stock compensation will be evaluated based on pre-determined indicators and will be paid for three years at the end of the three-year Medium-term Management Plan.

Evaluation Category	Evaluation Indicators		Actual Results	Evaluation Method	Weight
Financial targets	Consolidated net sales		¥172,042 million	Evaluated based on the degree of achievement of performance targets	80%
	Consolidated operating profit		¥14,220 million		
	Consolidate ROE		11.3%		
Non-financial targets	CO <sub>2</sub> reduction rates		(88)%		20%
	Employee-engagement scores	Engagement	49 pt		
		Enablement	47 pt		
	% of female employees		23.6%		
	% of female managers		7.5%		
% of male employees taking childcare leave		70.6%			

Note:

The Company newly established the “Policy for determining the individual remuneration for Directors and Senior Executive Officers” in accordance with the Company’s transition to a company with a Nominating Committee during the fiscal year under review. Since the current fiscal year was the final year of the First Medium-term Management Plan 2024, performance-linked stock-based compensation was paid for nine months based on the business performance and results.

(b) Determination of Compensation

After confirming that the content of individual remuneration for Directors and Senior Executive Officers for each business year is in accordance with the Policy, the Compensation Committee will discuss and determine the validity of such remuneration.

The Compensation Committee has determined the remuneration for individual Directors and Senior Executive Officers for the fiscal year under review, confirming that it is in line with the Policy.

d. Matters regarding non-monetary remuneration

The non-monetary remuneration consist of the Company’s shares and conditions for allotment are in accordance with “b. Policy on determining directors’ individual remuneration, etc. (before the transition to a company with a Nominating Committee)” and “c. Policy for determining the individual remuneration for Directors and Senior Executive Officers (after the transition to a company with a Nominating Committee).” The status of allotment for the fiscal year under review is described in “2. (1) Shares granted to Officers as consideration for their execution of duties during the fiscal year under review.”

### **3. Matters concerning the Basic Policy on the Control of the Company**

The Company has not introduced a basic policy regarding the governance of those who control decision-making on the Company's financial and business policies. The Company aims for continuous growth and further enhancement of corporate value by striving for further improvement in performance. Additionally, by actively engaging in IR activities, we are working to disclose information regarding our management policies, strategies, and performance in a timely manner.

On the other hand, we believe that we need to take the most appropriate action in response to any attempts to acquire large amounts of the Company's shares that do not contribute to the Company's corporate value and the common interests of shareholders. We will carefully consider these actions while also monitoring future social trends.

### **4. Policy on Decisions on Dividends and Other Appropriation of Surplus**

The Company regards the return of profits to shareholders in the form of dividends as a key management priority. Its basic policy is to pay dividends commensurate with current business trends as well as its various financial needs, which may include capital expenditure for future business expansion, research and development expenditure, funding for M&A activities, repayment of debts, or redemption of bonds. In paying dividends, the Company also aims to secure adequate internal reserves while also taking into full consideration the need for continuous and stable payment of dividends.

The Company believes that the ideal consolidated dividend payout ratio is approximately 35% of profit attributable to owners of parent.

Regarding the timing of dividends, there are two dividend payments each year in principle, an interim dividend, and a year-end dividend. In order to expeditiously handle dividends and other appropriation of surplus, the Board of Directors acts as the decision-making body for dividends and other appropriation of surplus.

For the purpose of improving capital efficiency and expeditiously implement capital measures, the Company will acquire the Company's treasury shares when necessary, taking into account the amount of investment necessary for medium- to long-term growth, as well as the development of stock markets and the share price of the Company's stock, and the status of cash on hand, etc.

Guided by the aforementioned policy, the Company resolved to pay a year-end dividend ¥27 per share for the fiscal year ended December 2024. Accordingly, the Company paid ¥46 per share as cash dividends for the fiscal year ended December 2024, including the interim payment (¥19 per share), and the consolidated dividend payout ratio came to 34.7%.

Including the ¥2,999 million in treasury shares acquired based on the resolution of the Board of Directors meeting held on August 26, 2024, the total amount of shareholder return was ¥7,068 million yen and the consolidated dividend payout ratio came to 59.8%.

Based on profit attributable to owners of parent as per the current consolidated financial forecasts, we forecast annual dividend for the next fiscal year to be ¥46 per share.

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Note: The monetary figures in this business report are rounded down to the nearest whole unit.

## Consolidated Financial Statements

Consolidated Balance Sheet (as of December 31, 2024)

(Units: Millions of yen)

Item	Amount	Item	Amount
<i>Assets</i>		<i>Liabilities</i>	
<b>Current assets</b>	<b>106,377</b>	<b>Current liabilities</b>	<b>35,419</b>
Cash and deposits	30,729	Notes and accounts payable - trade	9,505
Notes and accounts receivable - trade, and contract assets	22,416	Current portion of bonds payable	10,135
Electronically recorded monetary claims - operating	12,869	Short-term borrowings	645
Merchandise and finished goods	15,510	Current portion of long-term borrowings	1,299
Work in process	8,755	Income taxes payable	2,263
Raw materials and supplies	13,036	Accrued consumption taxes	499
Other	3,208	Provision for bonuses	3,248
Allowance for doubtful accounts	(148)	Provision for bonuses for directors (and other officers)	265
		Asset retirement obligations	14
		Other	7,543
<b>Non-current assets</b>	<b>66,029</b>	<b>Non-current liabilities</b>	<b>27,177</b>
<b>Property, plant and equipment</b>	<b>54,427</b>	Bonds payable	20,135
Buildings and structures	17,526	Long-term borrowings	2,564
Machinery, equipment and vehicles	15,433	Deferred tax liabilities	712
Tools, furniture and fixtures	6,650	Provision for retirement benefits for directors (and other officers)	281
Land	9,874	Provision for share awards for directors (and other officers)	125
Leased assets	2,070	Retirement benefit liability	845
Construction in progress	2,825	Asset retirement obligations	838
Other	47	Other	1,675
		<b>Total liabilities</b>	<b>62,596</b>
<b>Intangible assets</b>	<b>1,698</b>	<i>Net assets</i>	
Goodwill	99	<b>Shareholders' equity</b>	<b>96,843</b>
Other	1,599	Share capital	21,207
		Capital surplus	5,726
<b>Investments and other assets</b>	<b>9,902</b>	Retained earnings	70,392
Investment securities	5,512	Treasury shares	(482)
Retirement benefit asset	252	<b>Accumulated other comprehensive income</b>	<b>11,542</b>
Deferred tax assets	1,712	Valuation difference on available-for-sale securities	1,668
Other	2,426	Foreign currency translation adjustment	9,852
Allowance for doubtful accounts	(0)	Remeasurements of defined benefit plans	21
		<b>Non-controlling interests</b>	<b>1,423</b>
<b>Total assets</b>	<b>172,406</b>	<b>Total net assets</b>	<b>109,809</b>
		<b>Total liabilities and net assets</b>	<b>172,406</b>

**Consolidated Statement of Income** (From January 1, 2024 to December 31, 2024) (Units: Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>172,042</b>
<b>Cost of sales</b>		<b>127,071</b>
<b>Gross profit</b>		<b>44,971</b>
<b>Selling, general and administrative expenses</b>		<b>30,751</b>
<b>Operating profit</b>		<b>14,220</b>
<b>Non-operating income</b>		
Interest and dividend income	518	
Foreign exchange gains	364	
Gain from insurance claims	153	
Subsidy income	172	
Other	328	1,539
<b>Non-operating expenses</b>		
Interest expenses	249	
Loss on sale of notes receivable - trade	82	
Other	150	482
<b>Ordinary profit</b>		<b>15,276</b>
<b>Extraordinary income</b>		
Gain on sale of property, plant and equipment	41	
Gain on sale of investment securities	1,232	
Other	13	1,287
<b>Extraordinary losses</b>		
Loss on sale and retirement of property, plant and equipment	69	
Loss on retirement of intangible assets	23	
Other	1	94
<b>Profit before income taxes</b>		<b>16,469</b>
Income taxes - current	4,573	
Income taxes - deferred	(78)	4,495
<b>Profit</b>		<b>11,974</b>
Profit attributable to non-controlling interests		149
<b>Profit attributable to owners of parent</b>		<b>11,824</b>

## Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet (as of December 31, 2024)

(Units: Millions of yen)

Item	Amount	Item	Amount
<i>Assets</i>		<i>Liabilities</i>	
<b>Current assets</b>	<b>46,309</b>	<b>Current liabilities</b>	<b>30,989</b>
Cash and deposits	13,990	Accounts payable - trade	7,206
Notes receivable - trade	292	Current portion of bonds payable	10,135
Electronically recorded monetary claims - operating	7,816	Short-term borrowings	7,860
Accounts receivable - trade	10,214	Current portion of long-term borrowings	555
Contract assets	316	Income taxes payable	1,019
Merchandise and finished goods	3,794	Provision for bonuses	1,505
Work in process	2,881	Provision for bonuses for directors (and other officers)	70
Raw materials and supplies	2,057	Other	2,636
Short-term loans receivable	3,910	<b>Non-current liabilities</b>	<b>22,791</b>
Other	1,037	Bonds payable	20,135
Allowance for doubtful accounts	(2)	Long-term borrowings	1,113
<b>Non-current assets</b>	<b>67,467</b>	Provision for share awards for directors (and other officers)	125
<b>Property, plant and equipment</b>	<b>17,658</b>	Other	1,418
Buildings	4,176	<b>Total liabilities</b>	<b>53,780</b>
Structures	438		
Machinery and equipment	3,845	<i>Net assets</i>	
Tools, furniture and fixtures	4,856	<b>Shareholders' equity</b>	<b>58,367</b>
Land	3,315	<b>Share capital</b>	<b>21,207</b>
Construction in progress	737	<b>Capital surplus</b>	<b>5,715</b>
Other	288	Legal capital surplus	5,715
<b>Intangible assets</b>	<b>923</b>	<b>Retained earnings</b>	<b>31,927</b>
<b>Investments and other assets</b>	<b>48,885</b>	Other retained earnings	31,927
Investment securities	3,635	Retained earnings brought forward	31,927
Shares of subsidiaries and associates	40,303	<b>Treasury shares</b>	<b>(482)</b>
Long-term loans receivable	2,562	<b>Valuation and translation adjustments</b>	<b>1,628</b>
Deferred tax assets	617	<b>Valuation difference on available-for-sale securities</b>	<b>1,628</b>
Other	1,767		
<b>Total assets</b>	<b>113,777</b>	<b>Total net assets</b>	<b>59,996</b>
		<b>Total liabilities and net assets</b>	<b>113,777</b>



**Non-Consolidated Statement of Income** (From January 1, 2024 to December 31, 2024)

(Units: Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>72,591</b>
<b>Cost of sales</b>		<b>54,639</b>
<b>Gross profit</b>		<b>17,952</b>
<b>Selling, general and administrative expenses</b>		<b>14,710</b>
<b>Operating profit</b>		<b>3,241</b>
<b>Non-operating income</b>		
Interest and dividend income	4,727	
Gain from insurance claims	132	
Foreign exchange gains	82	
Other	181	5,123
<b>Non-operating expenses</b>		
Interest expenses	326	
Loss on sale of notes receivable - trade	45	
Other	33	406
<b>Ordinary profit</b>		<b>7,958</b>
<b>Extraordinary income</b>		
Gain on sale of property, plant and equipment	1	
Gain on sale of investment securities	1,164	
Other	1	1,168
<b>Extraordinary losses</b>		
Loss on sale and retirement of property, plant and equipment	23	
Loss on retirement of intangible assets	16	
Other	0	40
<b>Profit before income taxes</b>		<b>9,085</b>
Income taxes - current	1,407	
Income taxes - deferred	50	1,457
<b>Profit</b>		<b>7,628</b>

## Auditor's Reports

### Accounting Audit Report on the Consolidated Financial Statements

#### Independent Auditor's Report

February 19, 2025

To the Board of Directors  
KITZ Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Hideyuki Inoue      Certified Public Accountant  
Designated and Engagement Partner  
Takashi Yoshikawa      Certified Public Accountant  
Designated and Engagement Partner

#### *Audit Opinion*

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements of KITZ Corporation (the "Company") applicable to the fiscal year from January 1, 2024, through December 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended December 31, 2024, in accordance with accounting principles generally accepted in Japan.

#### *Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Other Descriptions*

Other descriptions are the business report and its annexed detailed statement. The management is responsible for preparing and disclosing other descriptions. Also, the Audit Committee is responsible for auditing the execution of the duties of the senior executive officers and directors in preparation and maintenance and operation of the reporting process of other descriptions.

Other descriptions are not included in the scope of our audit opinions on Consolidated Financial Statements. We do not express any opinions on other descriptions.

Our responsibility in auditing the Consolidated Financial Statements is to read through the other descriptions, examine whether or not there are any material differences between the other descriptions and the Consolidated Financial Statements or the knowledge we obtained in the course of the audit in the process of reading them through and pay attention to whether or not there are any signs of important errors in other descriptions other than such material differences.

If it is judged that there is any important error in other descriptions based on the work carried out, we are required to report that fact.

There are no matters to be reported on other descriptions by us.

#### *Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan,

matters related to going concern.

The Audit Committee is responsible for overseeing the Senior Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- We plan and conduct an audit of the consolidated financial statement to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its subsidiaries, which serves as the basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them on matters that may reasonably be thought to bear on our independence, and where applicable, details of whether measures are taken to eliminate obstruction factors or whether safeguards are applied in order to mitigate obstruction factors to an acceptable level.

#### *Conflicts of Interest*

We have no interest in the Company or its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

## Accounting Audit Report on the Non-Consolidated Financial Statements

### Independent Auditor's Report

February 19, 2025

To the Board of Directors  
KITZ Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Hideyuki Inoue      Certified Public Accountant  
Designated and Engagement Partner  
Takashi Yoshikawa      Certified Public Accountant  
Designated and Engagement Partner

#### *Audit Opinion*

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the accompanying financial statements, which comprise the Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Equity, Notes to the Non-Consolidated Financial Statements and the related supplementary schedules (the "Non-Consolidated Financial Statements") of KITZ Corporation (the "Company") applicable to the 111th fiscal year from January 1, 2024, through December 31, 2024.

In our opinion, the Non-Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended December 31, 2024, in accordance with accounting principles generally accepted in Japan.

#### *Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Non-Consolidated Financial Statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Other Descriptions*

Other descriptions are the business report and its annexed detailed statement. The management is responsible for preparing and disclosing other descriptions. Also, the Audit Committee is responsible for auditing the execution of the duties of the senior executive officers and directors in preparation and maintenance and operation of the reporting process of other descriptions.

Other descriptions are not included in the scope of our audit opinions on Non-Consolidated Financial Statements. We do not express any opinions on other descriptions.

Our responsibility in auditing the Non-Consolidated Financial Statements is to read through the other descriptions, examine whether or not there are any material differences between the other descriptions and the Non-Consolidated Financial Statements or the knowledge we obtained in the course of the audit in the process of reading them through and pay attention to whether or not there are any signs of important errors in other descriptions other than such material differences.

If it is judged that there is any important error in other descriptions based on the work carried out, we are required to report that fact.

There are no matters to be reported on other descriptions by us.

#### *Responsibilities of Management and the Audit Committee for the Non-Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the Non-Consolidated Financial Statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Non-Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Non-Consolidated Financial Statements, management is responsible for assessing whether it is appropriate to prepare the Non-Consolidated Financial Statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Senior Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

*Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the Non-Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the Non-Consolidated Financial Statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the Non-Consolidated Financial Statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Non-Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the Non-Consolidated Financial Statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the Non-Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the Non-Consolidated Financial Statements or, if the notes to the Non-Consolidated Financial Statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Non-Consolidated Financial Statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the Non-Consolidated Financial Statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the Non-Consolidated Financial Statements, including the related notes thereto, and whether the Non-Consolidated Financial Statements fairly represent the underlying transactions and accounting events.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them on matters that may reasonably be thought to bear on our independence, and where applicable, details of whether measures are taken to eliminate obstruction factors or whether safeguards are applied in order to mitigate obstruction factors to an acceptable level.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## Audit Report of the Audit Committee

### Audit Report

The Audit Committee has audited the performance of duties by the Directors and Senior Executive Officers during the 111th business year from January 1, 2024 to December 31, 2024. The method and results of the audit are as follows.

#### 1. Method and Contents of Audit

The Audit Committee received regular reports from Directors, Senior Executive Officers, and employees on the status of the construction and operation of systems (internal control systems) established based on the resolutions of Board of Directors regarding the matters listed in Article 416, Paragraph (1), Item 1 of the Companies Act. Additionally, the Audit Committee requested explanations and expressed opinions as necessary and conducted audits using the following methods.

- (i) In accordance with the audit policy and the division of duties established by the Audit Committee, we attended important meetings, received reports on the executions of duties from Directors and Senior Executive Officers, requested explanations as necessary, reviewed important approval documents, and investigated the status of operations and assets at the Head Office and major business locations.
- (ii) We regularly held opportunities for exchanging opinions with the Representative Executive Officer and President, reported audit results, and exchanged opinions. Additionally, we received reports from Directors, Senior Executive Officers, and employees as necessary.
- (iii) The Standing Audit Committee member and the Audit Committee Office staff jointly served as auditors for domestic subsidiaries and audited the execution of duties by Directors of subsidiaries. Additionally, they attended the Board of Directors meetings of subsidiaries, including overseas subsidiaries, and received reports on the status of operations, assets, and the construction and operation of internal control systems.
- (iv) We received reports from the Internal Audit Office on the results of business audits and the results of audits regarding the construction and operation of internal control systems at the Head Office and subsidiaries.
- (v) We invited the Financial Auditor and the General Manager of the Internal Audit Office to our regular meetings and made efforts to facilitate tripartite collaboration in audits and enhance the effectiveness and efficiency of each audit.
- (vi) Through communicating with the Financial Auditor, we monitored and verified whether the Financial Auditor maintained its independence and properly conducted its audit, received a report regularly from the Financial Auditor on its audit plan and the status of its performance of duties, and the results thereof, and requested explanations as necessary. We reviewed the appropriateness of the audit procedures and audit results by the Financial Auditor. In addition, we received notice from the Financial Auditor that “System for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting) is organized in accordance with the “Quality Management Standards Regarding Audits” (Business Accounting Council) and other relevant standards, and sought explanations as necessary.

Based on the above methods, Audit Committee examined the business report and the accompanying detailed statements, the non-consolidated financial statements (balance sheet, statement of income, statement of changes in equity, and notes to non-consolidated financial statements) and the related supplementary schedules as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year under review.

#### 2. Results of Audit

##### (1) Results of Audit of Business Report and Other Relevant Documents

- (i) We confirm that the business report and the accompanying detailed statements fairly represent the Company’s conditions in accordance with the related laws and regulations and the Articles of Incorporation.

- (ii) We have found no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation with regard to the execution of duties by the Directors and Senior Executive Officers.
- (iii) We confirm that the content of the resolution of the Board of Directors regarding the Internal Control System is proper. In addition, we have found no matters on which to remark in regard to the description of the business report and the execution of duties by the Directors and Senior Executive Officers.

(2) Result of the Audit of the Non-Consolidated Financial Statements and the Related Supplementary Schedules

We confirm that the methods and results of the audit conducted by the Financial Auditor, Ernst & Young ShinNihon LLC are proper.

(3) Result of the Audit of the Consolidated Financial Statements

We confirm that the methods and results of the audit conducted by the Financial Auditor, Ernst & Young ShinNihon LLC are proper.

February 20, 2025

Audit Committee of KITZ Corporation  
Audit Committee Member  
Shuhei Sakuno  
Audit Committee Member  
Ayako Kobayashi  
Audit Committee Member  
Toshiyuki Murasawa

Note: Audit Committee members Shuhei Sakuno and Ayako Kobayashi are Outside Directors as stipulated in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.