

This is the English translation of the original Japanese-language Business Results of KITO CORPORATION (the Company) for the fiscal year ended March 31, 2021 and is provided for reference purposes only. Readers are advised that the Company does not guarantee the accuracy of the content contained in this report. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

Business Results for the Fiscal Year Ended March 31, 2021 [Japan GAAP] (Consolidated)

May 10, 2021

Company	KITO CORPORATION	Listed on the TSE 1 st Section
Stock Code	6409	URL: https://kito.com/
Representative	Yoshio Kito, President & CEO	
Contact	Shigeki Osozawa	
	Managing Director, GM, Financial Management Div.	TEL: +81-3-5908-0161
Expected date of Annual General Meeting of shareholders:	June 22, 2021	
Expected date of filing of annual securities report:	June 18, 2021	
Expected starting date of dividend payment:	June 23, 2021	
Preparation of supplementary financial document:	Yes	
Briefing session to explain the financial statements:	Yes (For institutional investors and securities analysts)	

(Rounded down to the nearest million yen)

1. Consolidated business results for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated results of operations (% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Mar. 2021	51,805	(11.8)	4,457	(18.6)	4,550	(8.8)	2,344	(26.8)
FY ended Mar. 2020	58,722	(4.1)	5,474	(14.6)	4,991	(13.2)	3,204	(21.2)

(Note) Comprehensive income Fiscal year ended Mar. 2021: 3,556 million yen (59.4) %
Fiscal year ended Mar. 2020: 2,231 million yen (42.5) %

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY ended Mar. 2021	114.29	114.16	8.3	7.1	8.6
FY ended Mar. 2020	156.64	156.26	12.2	8.0	9.3

(Reference) Equity in earnings of affiliates: Fiscal year ended Mar. 2021: — million yen
Fiscal year ended Mar. 2020: (28) million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2021	65,067	30,567	45.4	1,439.48
As of Mar. 2020	62,804	27,927	42.8	1,314.13

(Reference) Shareholders' equity As of Mar. 2021: 29,537 million yen
As of Mar. 2020: 26,902 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
FY ended Mar. 2021	6,662	(2,300)	(82)	13,725
FY ended Mar. 2020	5,374	(2,826)	(1,671)	9,297

2. Dividends

	Annual dividend					Total	Dividend payout ratio	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended Mar. 2020	—	24.00	—	24.00	48.00	982	30.6	3.7
FY ended Mar. 2021	—	12.00	—	18.00	30.00	615	26.2	2.2
FY ending Mar. 2022 (Forecast)	—	22.00	—	22.00	44.00	—	28.2	—

3. Forecast of consolidated business results for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Yen	%	Million yen	%	Yen
1H ending Sep. 2021	25,000	13.4	1,600	28.3	1,500	23.6	1,000	499.2	48.73
FY ending Mar. 2022	55,000	6.2	5,000	12.2	4,800	5.5	3,200	36.5	155.95

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates, and restatements

Changes in accounting policies due to revisions of accounting standards: None

Changes in accounting policies other than above: None

Changes of accounting estimates: None

Restatements: None

(3) Number of shares issued (common stock)

Number of shares issued at the end of period (treasury stock included)

As of Mar. 2021: 21,048,200 shares As of Mar. 2020: 27,048,200 shares

Number of treasury stock at the end of period

As of Mar. 2021: 528,427 shares As of Mar. 2020: 6,576,603 shares

Average number of shares over the period

Fiscal 2020 (ended Mar. 31, 2021): 20,509,115 shares Fiscal 2019 (ended Mar. 31, 2020): 20,455,444 shares

(Reference) Summary of non-consolidated business results

Non-consolidated business results for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated results of operations

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Mar. 2021	21,534	(19.4)	2,157	(28.8)	3,172	(10.8)	2,460	(5.2)
FY ended Mar. 2020	26,704	(10.4)	3,029	(21.2)	3,555	(19.7)	2,594	4.6

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Mar. 2021	119.97	119.83
FY ended Mar. 2020	126.85	126.54

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2021	47,680	20,361	42.6	989.18
As of Mar. 2020	45,512	18,561	40.6	903.46

(Reference) Shareholders' equity: As of Mar. 2021: 20,297 million yen

As of Mar. 2020: 18,495 million yen

* This financial summary is not subject to auditing by certified public accountants or audit firms.

* Explanation regarding the appropriate use of business forecasts and other special instructions

(Notes to the forward-looking statements)

The performance forecasts and other forward-looking statements presented in this report are based on information currently available and certain assumptions deemed reasonable and are not to be read as guarantees of future performance by the Company. Actual performance, etc., may differ substantially due to various factors. For preconditions of the assumptions and special instructions regarding the appropriate use of business forecasts, please refer to “(4) Future outlook, 1. Overview of business results” on page 7 of the appendix.

(Method of obtaining the supplementary financial documents and the contents of the briefing session)

From the standpoint of preventing the spread of COVID-19, the Company plans to hold its results briefing for institutional investors and analysts on a livestream event on Tuesday, May 18, 2021. Briefing materials to be used on this day will be made available on the Company’s website shortly after the release of this financial report.

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1. Overview of business results

(1) Overview of business results for the subject period

During fiscal 2020 (ended March 31, 2021), corporate management became increasingly difficult from the start of the year caused by the temporary suspension of business activity due to the effects of the COVID-19 pandemic. Kito Group focused on upholding and securing its supply chain and was able to maintain stable production while bearing in mind the need to sustain customer service. The Company also made the health and safety of employees a top priority, through establishing a remote work environment, revising work operations and enhancing efficiency. In addition, the Company took steps to secure earnings by curbing expenditures companywide.

Demand fell sharply in the first quarter of fiscal 2020 in response to the impact from the COVID-19 pandemic, but began to recover gradually from the second quarter. Despite concerns of further spread of the virus, demand continued to recover, and in the fourth quarter reached a level on a par with the previous fiscal year. As a result, net sales amounted to ¥51,805 million (down 11.8% year on year), with operating income of ¥4,457 million (down 18.6%), and ordinary income of ¥4,550 million (down 8.8%). Net income attributable to owners of parent amounted to ¥2,344 million (down 26.8%), reflecting the record during the subject fiscal year of ¥522 million for both an impairment loss for the Company's Dutch subsidiary, and restructuring expenses at its Australian subsidiary.

Results by segment are as follows. The Kito Group's business activities are classified by geographical segment for the Company and its consolidated group companies.

Segment	Net Sales YoY change in %	Operating Income (Loss) YoY change in %
Japan	21,534 million yen, down 19.4%	4,313 million yen, down 21.5%
The Americas	24,013 million yen, down 14.8%	1,157 million yen, down 25.4%
China	7,104 million yen, down 5.3%	1,043 million yen, up 6.5%
Asia	2,934 million yen, down 8.7%	207 million yen, up 13.7%
Europe	4,462 million yen, down 2.5%	(368) million yen (303 million yen of operating loss for the previous FY)
Others	1,504 million yen, up 2.8%	(35) million yen (48 million yen of operating loss for the previous FY)

Japan:

In the domestic market, demand recovered gradually and steadily from the second quarter, and in the fourth quarter reached a level on par with the previous fiscal year. Exports were affected by weakened demand in overseas markets, with a decline in shipments to subsidiaries. As a result, net sales amounted to ¥21,534 million (down 19.4% from the previous fiscal year), with operating income of ¥4,313 million (down 21.5%).

The Americas:

Mild recovery continued in the U.S. from the second quarter. Despite the postponing investments due to expectations for the economic policies of the new administration, and confusion over harbor functions on the west coast in the closing days of the period, sales in the fourth quarter recovered to a level on a par with the previous fiscal year. As a result, net sales amounted to ¥24,013 million (down 14.8% from the previous fiscal year), with operating income of ¥1,157 million (down 25.4%).

China:

China managed to recover from the effects of the COVID-19 crisis quickly, and recently, earnings have rapidly improved. Net sales amounted to ¥7,104 million (down 5.3% from the previous fiscal year), with operating income of ¥1,043 million (up 6.5%). Of note, the fiscal year for this segment starts in January, so the results of the fiscal year are from January through December.

Asia (excluding Japan and China):

Capital investment remains sluggish in automotive-related and other industries in the Southeast Asia region due to the impact from the COVID-19 pandemic. However, LCD-related sales in South Korea recovered following a sharp decline in the previous fiscal year. As a result, net sales amounted to ¥2,934 million (down 8.7% from the previous fiscal year), with operating income of ¥207 million (up 13.7%).

Europe:

With economic activity stagnant across Europe, synergies have emerged among the subsidiaries Kito Group has acquired through M&A over several years, leading to greater recognition of the Kito brand in European markets and differentiation from competitors.

Of note, a Dutch firm offering hoists customized according to customer specifications for use in particular status environments was included as a subsidiary in the scope of consolidation and added to this segment at the end of the fiscal year. As a result, net sales amounted to ¥4,462 million (down 2.5% from the previous fiscal year). In terms of earnings, the segment had an operating loss of ¥368 million (compared to an operating loss of ¥303 million in the previous fiscal year).

Others:

This segment currently comprises business in Australia only. As a result of the early recovery of economic activity, net sales amounted to ¥1,504 million (up 2.8% from the previous fiscal year), with an operating loss of ¥35 million (compared to an operating loss of ¥48 million in the previous fiscal year).

(2) Overview of financial position for the subject period**Assets:**

Total assets at the end of the fiscal 2020 amounted to ¥65,067 million, an increase of ¥2,263 million compared to the end of the previous fiscal year. The main factors were a ¥4,266 million increase in cash and deposits; a ¥713 million decrease in investment securities; and a ¥695 million decrease in merchandise and finished goods.

Liabilities:

Total liabilities amounted to ¥34,500 million, a decrease of ¥377 million compared to the end of the previous fiscal year. The main factors were a ¥4,702 million increase in short-term loans payable; a ¥2,914 million decrease in long-term loans payable; and a ¥747 million decrease in accrued expenses.

Net assets:

Total net assets amounted to ¥30,567 million, an increase of ¥2,640 million compared to the end of the previous fiscal year. The main factors were a ¥5,222 million decrease in treasury stock; a ¥3,524 million decrease in retained earnings; and a ¥587 million increase in foreign currency translation adjustment.

(3) Overview of cash flows for the subject period

Cash and cash equivalents amounted to ¥13,725 million, an increase of ¥4,427 million compared to the end of the previous fiscal year.

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥6,662 million, an increase of ¥1,288 million compared to the previous fiscal year. The main factors were ¥3,682 million in income before income taxes; ¥2,697 million in depreciation and amortization; and a ¥1,225 million decrease in inventories.

Cash flows from investing activities:

Net cash used in investing activities amounted to ¥2,300 million, a decrease in outflow of ¥526 million compared to the previous fiscal year. The main factors were ¥2,210 million in payments for acquisition of property and equipment; and ¥294 million in payments for acquisition of intangible assets.

Cash flows from financing activities:

Net cash used in financing activities amounted to ¥82 million, a decrease in outflow of ¥1,588 million compared to the previous fiscal year. The main factors were ¥6,000 million in proceeds from short-term loans payable; ¥4,385 million in repayments of long-term loans payable; and ¥1,412 million in net decrease in short-term loans payable.

(4) Future outlook

Under the five-year business plan that concluded in fiscal 2020, Kito Group aimed to expand its earnings scale, pursue measures to regain a high-margin business structure, broaden the product portfolio, and transition to a global structure. Unfortunately, notwithstanding the impact from external factors, ultimately the Company was unable to expand its earnings scale. The Company did have a certain degree of success with the measures taken to achieve this goal, including shifting to a high-margin structure, enhancing the product portfolio, and evolving into a global corporation. Going forward, the Company will draw on the recovery in economic activity to pursue a growth track.

Since the market environment continues to be severely impacted by the COVID-19 pandemic, and the outlook remains unclear, the Company has decided to postpone announcing its new medium term business plan by one year.

The new medium term business plan will redefine the Company's significance and state of social contributions to meet the needs of society, and will continue to seek growth.

For fiscal 2021 (ending March 31, 2022), the Company will steadily capture growing demand stemming from recovery in economic activity with the subsiding of the COVID-19 crisis and infrastructure development based on policy programs in countries around the world, aiming to restore earnings to a pre-pandemic level. Under such conditions, for fiscal 2021 the Company is forecasting net sales of ¥55,000 million, with operating income of ¥5,000 million, ordinary income of ¥4,800 million, and net income attributable to owners of parent of ¥3,200 million. Of note, the foreign currency exchange rate assumption for these forecasts is US\$1=¥105.0.

Earnings forecasts were compiled based on information available at the time of publication. Actual results may vary from the forecast figures due to variety of factors, including the future spread of the COVID-19 virus, and the circumstances surrounding a return to normal conditions.

2. Basic approach toward the selection of accounting standards

The consolidated financial statements of the Company are prepared by the Kito Group based on the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapter VII & Chapter VIII, Ordinance of the Ministry of Finance No. 28 in 1976). This step is taken to facilitate the comparison between companies and periods.

The Company maintains the policy of adopting International Financial Reporting Standards (IFRS) after taking into consideration a variety of factors and conditions in Japan and overseas.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	9,468	13,734
Notes and accounts receivable—trade	11,088	11,369
Merchandise and finished goods	13,601	12,905
Work in process	1,193	1,254
Raw materials and supplies	3,302	3,181
Others	1,465	1,367
Allowance for doubtful receivables	(73)	(78)
Total current assets	40,046	43,735
Fixed assets		
Property and equipment		
Buildings and structures	11,132	11,678
Accumulated depreciation	(6,670)	(7,082)
Buildings and structures (net)	4,461	4,595
Machinery, equipment, and vehicles	19,393	20,341
Accumulated depreciation	(15,147)	(16,136)
Machinery, equipment, and vehicles (net)	4,246	4,205
Land	1,470	1,469
Construction in progress	1,205	983
Others	7,716	8,187
Accumulated depreciation	(6,347)	(6,812)
Others (net)	1,368	1,374
Total property and equipment	12,752	12,628
Intangible assets		
Goodwill	1,316	1,195
Software	836	784
Other	3,166	3,023
Total intangible assets	5,319	5,003
Investments and other assets		
Investment securities	2,000	1,287
Deferred tax assets	1,803	1,465
Retirement benefit asset	—	73
Other investments and other assets	881	874
Total investments and other assets	4,686	3,701
Total fixed assets	22,757	21,332
Total assets	62,804	65,067

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,668	5,028
Short-term loans payable	3,252	7,955
Current portion of long-term loans payable within one year	4,271	4,028
Accrued expenses	3,349	2,601
Income taxes payable	377	271
Provision for bonuses for employees	769	844
Provision for product warranties	107	91
Provision for sales returns	373	401
Provision for business restructuring	—	85
Other	2,093	1,702
Total current liabilities	20,263	23,011
Long-term liabilities		
Long-term loans payable	10,808	7,894
Net defined benefit liabilities	2,336	2,184
Deferred tax liabilities	722	638
Other	746	771
Total long-term liabilities	14,613	11,488
Total liabilities	34,877	34,500
Net assets		
Shareholders' equity		
Capital stock	3,976	3,976
Capital surplus	5,234	5,056
Retained earnings	24,086	20,561
Treasury stock	(5,678)	(455)
Total shareholders' equity	27,618	29,138
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	0	0
Deferred gains or losses on hedges	(91)	(69)
Foreign currency translation adjustment	(64)	523
Remeasurements of defined benefit plans	(559)	(54)
Total accumulated other comprehensive income	(716)	399
Subscription rights to shares	66	63
Non-controlling interests	958	966
Total net assets	27,927	30,567
Total liabilities and net assets	62,804	65,067

(2) Consolidated statements of income/Consolidated statements of comprehensive income

Consolidated statements of income

(Million yen)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Net sales	58,722	51,805
Cost of sales	36,742	33,081
Gross profit	21,979	18,724
Selling, general, and administrative expenses		
Selling expense	12,437	10,761
General and administrative expense	4,068	3,505
Total selling, general, and administrative expenses	16,505	14,266
Operating income	5,474	4,457
Non-operating income		
Interest income	39	36
Foreign exchange gains	—	58
Rents received	31	72
Refund of premium for cancelled insurance	97	—
Subsidy income	12	163
Proceeds from sales of scrap	35	36
Other	74	109
Total non-operating income	291	475
Non-operating expenses		
Interest expense	340	233
Arrangement fee	65	55
Equity in losses of affiliates	28	—
Foreign exchange losses	222	—
Other	115	94
Total non-operating expenses	773	383
Ordinary income	4,991	4,550
Extraordinary income		
Gain on step acquisitions	138	—
Gain on sales of noncurrent assets	8	5
Total extraordinary income	146	5
Extraordinary loss		
Loss on sales of noncurrent assets	1	3
Impairment loss	164	334
Loss on retirement of noncurrent assets	85	41
Business restructuring expenses	—	188
Loss on termination of retirement benefit plan	—	305
Total extraordinary loss	251	873
Income before income taxes	4,885	3,682
Income taxes – current	1,485	1,159
Income taxes – deferred	89	72
Income taxes (current and deferred)	1,575	1,232
Net income	3,310	2,450
Net income attributable to non-controlling interests	105	106
Net income attributable to owners of parent	3,204	2,344

Consolidated statements of comprehensive income

(Million yen)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Net income	3,310	2,450
Other comprehensive income		
Valuation difference on other available-for-sale securities	(0)	0
Deferred gains or losses on hedges	(144)	22
Foreign currency translation adjustment	(615)	577
Remeasurements of defined benefit plans	(318)	506
Share of other comprehensive income of entities accounted for using equity method	(0)	—
Total other comprehensive income	(1,078)	1,106
Comprehensive income	2,231	3,556
(Comprehensive income attributable to)		
Owners of parent	2,125	3,459
Non-controlling interests	106	97

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the period	3,976	5,214	21,863	(5,725)	25,328
Changes during the period					
Dividends from surplus			(981)		(981)
Net income attributable to owners of parent			3,204		3,204
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		19		47	67
Cancellation of treasury stock					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Changes of items other than shareholders' equity during the period (net)					
Total changes during the period	—	19	2,222	47	2,290
Balance as of the end of the period	3,976	5,234	24,086	(5,678)	27,618

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on other available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of the beginning of the period	0	52	552	(242)	362	50	945	26,687
Changes during the period								
Dividends from surplus								(981)
Net income attributable to owners of parent								3,204
Purchase of treasury stock								(0)
Disposal of treasury stock								67
Cancellation of treasury stock								—
Change in ownership interest of parent due to transactions with non-controlling interests								—
Changes of items other than shareholders' equity during the period (net)	(0)	(144)	(616)	(317)	(1,078)	15	12	(1,050)
Total changes during the period	(0)	(144)	(616)	(317)	(1,078)	15	12	1,240
Balance as of the end of the period	0	(91)	(64)	(559)	(716)	66	958	27,927

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the period	3,976	5,234	24,086	(5,678)	27,618
Changes during the period					
Dividends from surplus			(737)		(737)
Net income attributable to owners of parent			2,344		2,344
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		12		44	57
Cancellation of treasury stock		(46)	(5,131)	5,178	—
Change in ownership interest of parent due to transactions with non-controlling interests		(143)			(143)
Changes of items other than shareholders' equity during the period (net)					
Total changes during the period	—	(177)	(3,524)	5,222	1,520
Balance as of the end of the period	3,976	5,056	20,561	(455)	29,138

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on other available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of the beginning of the period	0	(91)	(64)	(559)	(716)	66	958	27,927
Changes during the period								
Dividends from surplus								(737)
Net income attributable to owners of parent								2,344
Purchase of treasury stock								(0)
Disposal of treasury stock								57
Cancellation of treasury stock								—
Change in ownership interest of parent due to transactions with non-controlling interests								(143)
Changes of items other than shareholders' equity during the period (net)	0	22	587	505	1,115	(3)	8	1,120
Total changes during the period	0	22	587	505	1,115	(3)	8	2,640
Balance as of the end of the period	0	(69)	523	(54)	399	63	966	30,567

(4) Consolidated statements of cash flows

(Million yen)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Income before income taxes	4,885	3,682
Depreciation and amortization	2,711	2,697
Impairment loss	164	334
Amortization of goodwill	323	347
Changes in allowance for doubtful receivables	12	3
Changes in reserve for bonuses for employees	(63)	56
Changes in reserve for retirement benefits for officers	(221)	—
Changes in net defined benefit liabilities	20	437
Changes in provision for business restructuring	—	76
Interest and dividends income	(39)	(36)
Interest expense	340	233
Equity in earnings of affiliates	28	—
Loss on retirement of noncurrent assets	85	41
Gain on sales of noncurrent assets	(6)	(1)
Subsidy income	(12)	(163)
Business restructuring expenses	—	111
Changes in trade receivables	1,343	147
Changes in inventories	(499)	1,225
Changes in accounts receivable	(18)	(385)
Changes in prepaid expense	99	20
Changes in trade payables	(760)	(735)
Changes in accrued expenses	(146)	(760)
Changes in advances received	(44)	57
Others	(161)	626
Subtotal	8,039	8,017
Cash received from interest and dividends	39	32
Interest paid	(356)	(252)
Income taxes paid	(2,360)	(1,228)
Proceeds from subsidy income	12	159
Payment of business restructuring expenses	—	(66)
Net cash provided by operating activities	5,374	6,662
Cash flows from investing activities		
Payments for acquisition of property and equipment	(1,416)	(2,210)
Proceeds from sales of property and equipment	11	34
Payments for acquisition of intangible assets	(272)	(294)
Payments of stocks of subsidiaries and affiliates	(1,287)	—
Proceeds from cancellation of insurance reserve fund	233	—
Proceeds from the collection of guarantee money deposited	111	35
Changes in investments and other assets	(66)	—
Others	(139)	134
Net cash used in investing activities	(2,826)	(2,300)

(Million yen)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Proceeds from short-term loans payable	—	6,000
Net increase (decrease) in short-term loans payable	497	(1,412)
Proceeds from long-term loans payable	3,500	1,100
Repayments of long-term loans payable	(4,289)	(4,385)
Cash dividends paid by parent company	(979)	(737)
Cash dividends paid for non-controlling interests	(93)	(97)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(185)
Repayments of lease liabilities	(296)	(344)
Others	(10)	(19)
Net cash used in financing activities	(1,671)	(82)
Effect of exchange rate change on cash and cash equivalents	(86)	147
Net increase (decrease) in cash and cash equivalents	789	4,427
Cash and cash equivalents at the beginning of the year	8,504	9,297
Increase (decrease) in cash and cash equivalents resulting in change of scope of consolidation	3	—
Cash and cash equivalents at the end of the year	9,297	13,725

(5) Notes to consolidated financial statements

(Notes regarding ongoing concern assumption)

No relevant matters to be noted.

(Additional Information)

(Accounting estimates related to the effects of the spread of COVID-19)

Kito Group anticipates that COVID-19 will continue to impact business activity in the future. Under such conditions, the Company is assuming that the pandemic will subside to a certain degree in the next fiscal year, and has made accounting estimates for impairment of fixed assets and retrievability of deferred tax assets. Of note, because of the uncertain nature of the impact from COVID-19 on economic activity, if there is a change in the assumptions noted previously, this could affect financial conditions or business results in the next fiscal year.

(Segment Information)

[Segment information]

1. Reportable segments (overview)

The reportable segments of KITO CORPORATION are units of the corporation, for which financial information is separately available and which are subject to periodic reviews in order for the board of directors to determine the allocation of management resources and to assess business results.

KITO CORPORATION manufactures and sells hoisting equipment and cranes. The Company takes care of the domestic market, while for overseas markets, locally incorporated companies in the regions of the Americas, China, Asia, and Europe are respectively in charge of their own markets. Each of the locally incorporated companies is an independent management unit, plans comprehensive strategies for its products by region, and conducts business operations.

Therefore, KITO consists of these regional segments based on manufacturing and sales systems; consolidated subsidiaries are aggregated into six reportable segments, namely Japan, the Americas, China, Asia, Europe, and Other.

2. Calculation methods for net sales, income or loss, assets, liabilities, and other items of reportable segments

The accounting methods of respective reportable segments are basically the same as those used for the consolidated financial statements.

Income of reportable segments is based on operating income, and internal sales and transfers among segments are on a market-value basis.

3. Information on the amounts of net sales, income or loss, assets, liabilities, and other items of reportable segments

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable segments						Total	Adjustment Note 1	Consolidated financial statement amount Note 2
	Japan	Americas	China	Asia	Europe	Others			
Net sales									
Net sales to unaffiliated customers	15,331	28,099	6,837	3,214	3,775	1,464	58,722	—	58,722
Net internal sales or transfers among segments	11,373	72	666	—	802	—	12,914	(12,914)	—
Total	26,704	28,171	7,503	3,214	4,578	1,464	71,637	(12,914)	58,722
Segment income (loss)	5,495	1,551	979	182	(303)	(48)	7,857	(2,383)	5,474
Segment assets	25,591	22,559	6,873	4,248	4,484	1,087	64,845	(2,041)	62,804
Others									
Depreciation and amortization	949	1,003	215	194	260	77	2,700	11	2,711
Amortization of goodwill	11	290	—	—	20	—	323	—	323
Increases in tangible noncurrent assets and intangible noncurrent assets	1,371	425	185	59	286	49	2,377	—	2,377

Notes:

1. The details of adjustments are as stated below:

- (1) The segment income or segment loss adjustment of ¥(2,383) million includes transaction offsets among segments of ¥94 million and Company-wide expenses that are not allocated to respective reportable segments of ¥(2,478) million. Company-wide expenses are expenses mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.
- (2) The segment assets adjustment of ¥(2,041) million includes transaction offsets among segments of ¥(4,086) million and Company-wide assets that are not allocated to respective reportable segments of ¥2,045 million. Company-wide assets are assets mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.

2. Segment income or loss is adjusted to operating income listed in the consolidated financial statements.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segments						Total	Adjustment Note 1	Consolidated financial statement amount Note 2
	Japan	Americas	China	Asia	Europe	Others			
Net sales									
Net sales to unaffiliated customers	13,090	23,955	6,681	2,934	3,638	1,504	51,805	—	51,805
Net internal sales or transfers among segments	8,444	57	422	0	823	—	9,748	(9,748)	—
Total	21,534	24,013	7,104	2,934	4,462	1,504	61,554	(9,748)	51,805
Segment income (loss)	4,313	1,157	1,043	207	(368)	(35)	6,319	(1,861)	4,457
Segment assets	28,438	21,931	6,909	3,836	5,124	1,330	67,570	(2,502)	65,067
Others									
Depreciation and amortization	973	888	219	201	312	92	2,686	11	2,697
Amortization of goodwill	6	283	—	—	57	—	347	—	347
Increases in tangible noncurrent assets and intangible noncurrent assets	1,081	334	150	42	222	2	1,833	—	1,833

Notes:

1. The details of adjustments are as stated below:

- (1) The segment income or segment loss adjustment of ¥(1,861) million includes transaction offsets among segments of ¥294 million and Company-wide expenses that are not allocated to respective reportable segments of ¥(2,156) million. Company-wide expenses are expenses mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.
- (2) The segment assets adjustment of ¥(2,502) million includes transaction offsets among segments of ¥(3,824) million and Company-wide assets that are not allocated to respective reportable segments of ¥1,321 million. Company-wide assets are assets mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.

2. Segment income or loss is adjusted to operating income listed in the consolidated financial statements.

(Per share information)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Net assets per share	1,314.13 yen	1,439.48 yen
Net income per share	156.64 yen	114.29 yen
Diluted net income per share	156.26 yen	114.16 yen

Notes:

1. The basis for calculating net assets per share is presented as follows:

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Total net assets (million yen)	27,927	30,567
Amount deducted from net assets (million yen)	1,024	1,029
(Subscription rights to shares)	(66)	(63)
(Non-controlling interests)	(958)	(966)
Common stocks within net assets as of the end of the year (million yen)	26,902	29,537
Number of common stocks as of the end of the year used for the calculation of net assets per share (shares)	20,471,597	20,519,773

2. The basis for calculating net income per share and diluted net income per share is presented as follows:

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Net income per share		
Net income attributable to owners of parent (million yen)	3,204	2,344
Not attributable to ordinary shareholders of common stock (million yen)	—	—
Net income attributable to owners of parent's common stock (million yen)	3,204	2,344
Average number of common stocks during the year (shares)	20,455,444	20,509,115
Diluted net income per share		
Increase in common stocks (shares)	49,640	23,797
(Subscription rights to shares) (shares)	(49,640)	(23,797)
Summary of dilutive shares that do not have dilutive effect and thus are not included in the calculation of diluted net income per share	—	—

(Important subsequent events)

No relevant matters to be noted.