
Financial Results for the Quarter ended September 30, 2021

KITO CORPORATION
TSE 1st Section: 6409
November 4, 2021

FY2021 Q2 / 3 Months Summary

(JPY in Million)	FY2021 Q2 3 months	Change from FY2020 Q2	Change from FY2019 Q2
Sales	14,495	+21.0%	+1.4%
Op Income	1,467	+43.4%	+9.5%
Net Income *	1,017	+108.1%	+34.7%

* Net Income attributable to owners of parent

- Continued to increased production in response to strong demand in North America and Europe.
- Demand recovery has been only tepid in Japan and Asia. Growing demand related to infrastructure investment is expected.
- Focused on securing supply chains such as material suppliers and transportation routes.

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FY2021 Q2 Financial Results

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FY2021 Forecast

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Reference

- **Five Year Financial Results (FY2016 – FY2020)**
- **Kito's Business**

FY2021 Q2 / 6 months Summary

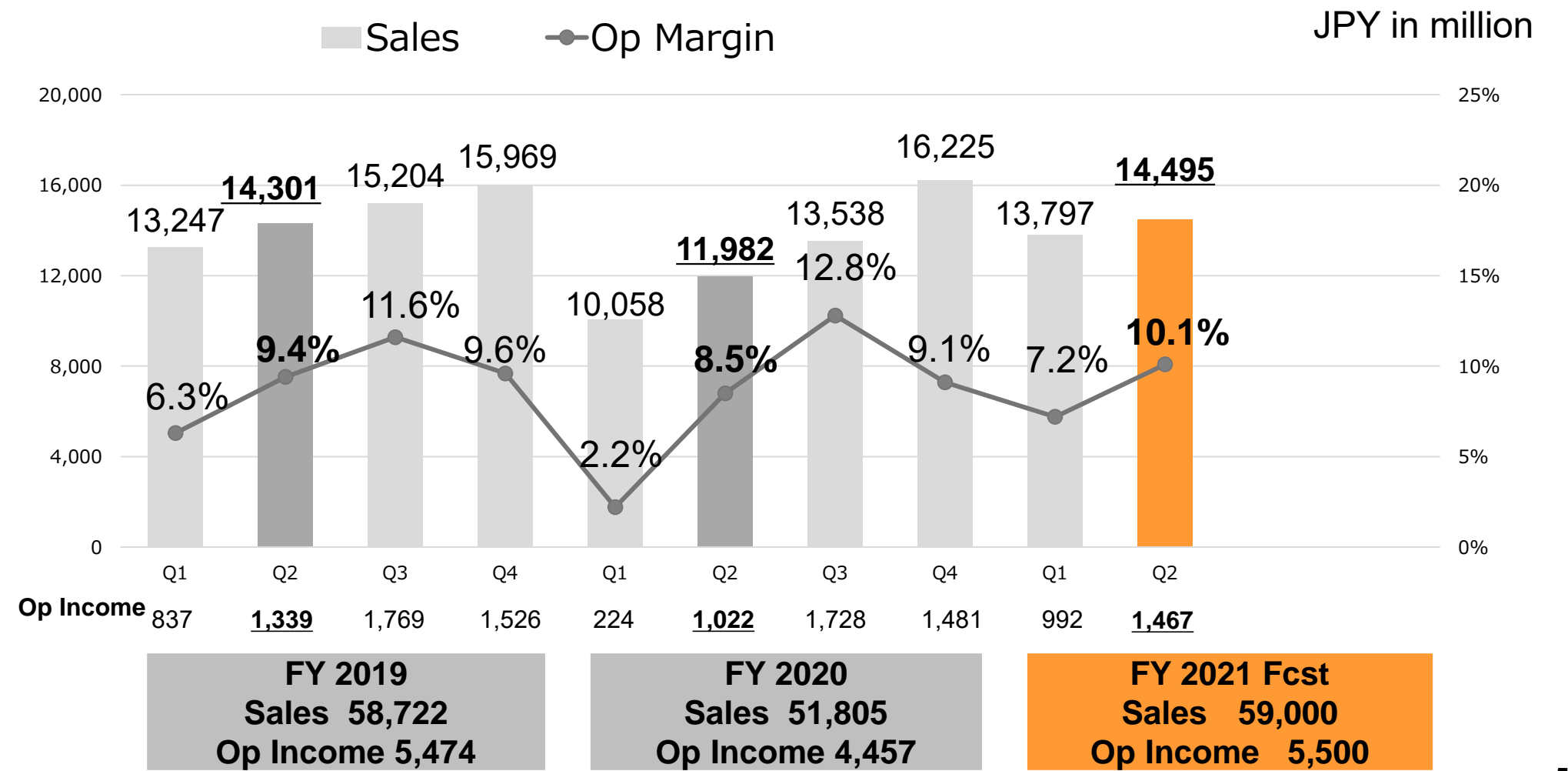
JPY in million	FY2019 Q2	FY2020 Q2	FY2021 Q2	YoY change
Sales	27,548	22,041	28,293	+28.4%
Gross Profit Gross Profit/ Sales	10,341 37.5%	7,973 36.2%	10,151 35.9%	+27.3%
Operating Income Operating Income / Sales	2,177 7.9%	1,247 5.7%	2,459 8.7%	+97.1%
Ordinary Income Ordinary Income / Sales	1,795 6.5%	1,213 5.5%	2,412 8.5%	+98.8%
Net Income Net Income / Sales	1,083 3.9%	166 0.8%	1,678 5.9%	+905.6%
EBITDA Op Income + Depreciation	3,675	2,709	3,977	

Note: Exchange Rate (FY2020 1H -> FY2021 1H)

USD/JPY 106.9->109.8 CAD/JPY 78.7->88.3 EUR/JPY 121.3->130.9 RMB/JPY 15.4->16.7

Quarterly Net Sales and Operating Margin

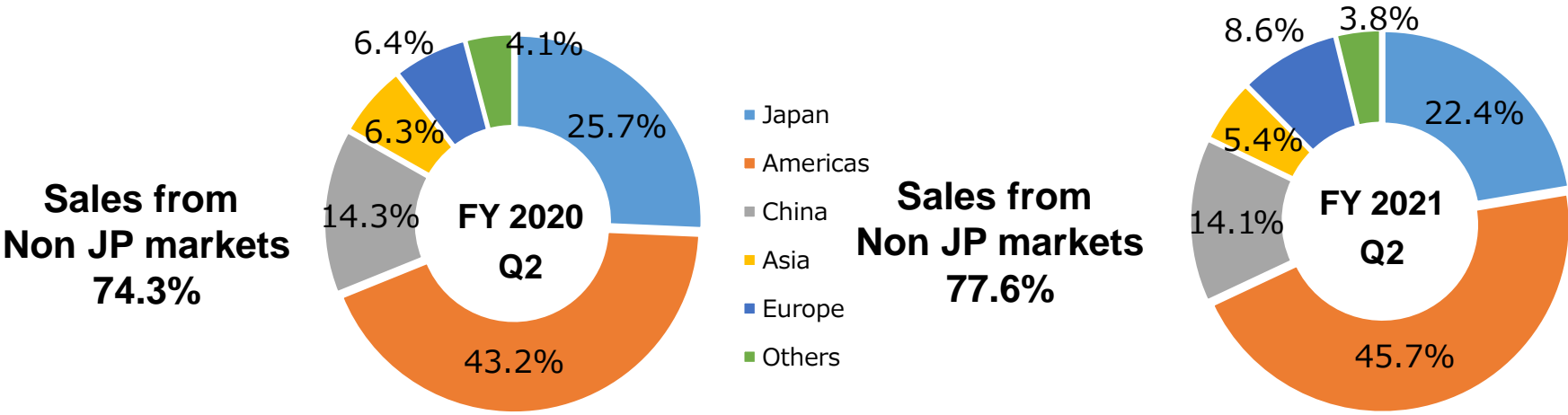
Sales up to Q2 were at all-time highs for the period.



Net Sales by Region / 6 months

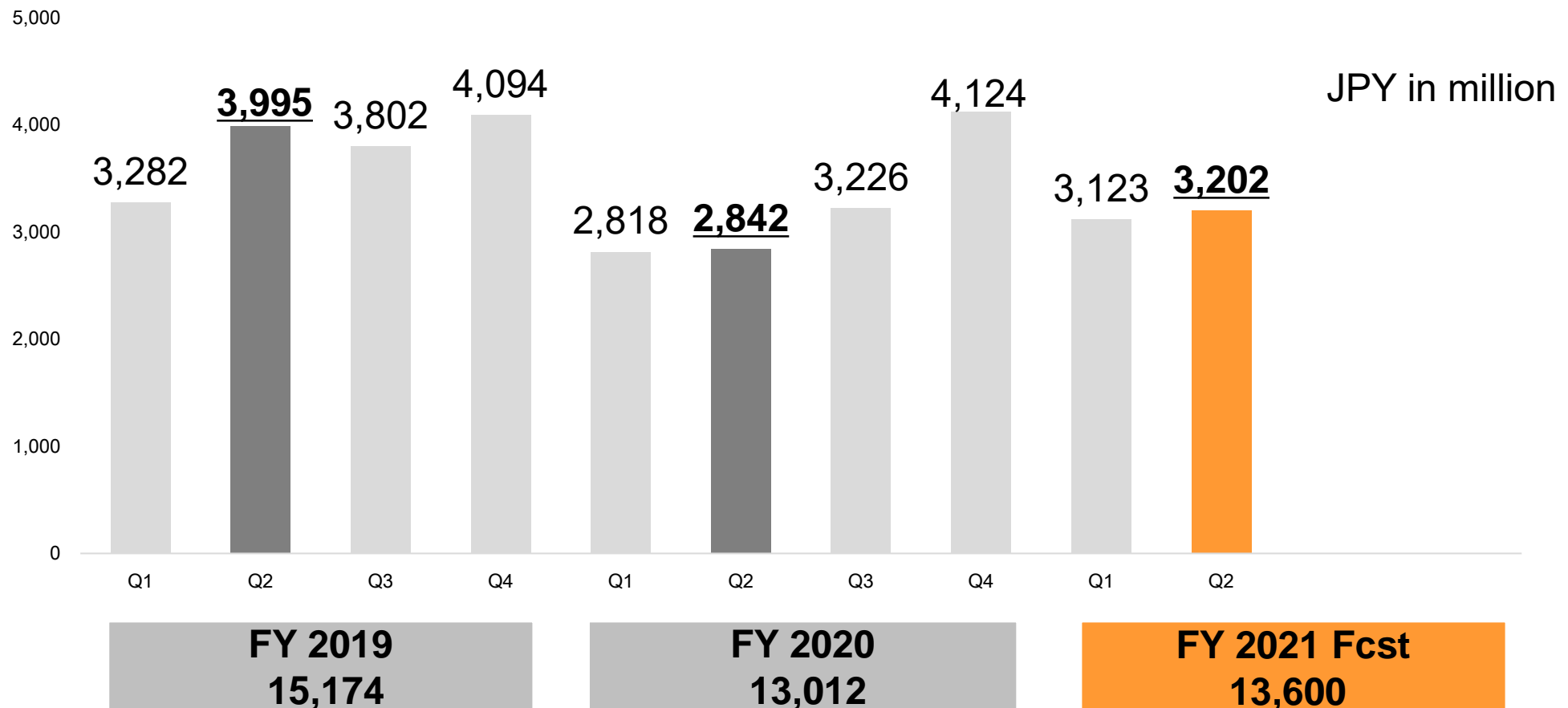
JPY in million	FY 2019 Q2		FY 2020 Q2		2022/3期 Q2		YoY change	
		% share		% share		% share	amount	%
Total	27,548	100.0%	22,041	100.0%	28,293	100.0%	6,251	28.4%
Japan	7,277	26.4%	5,660	25.7%	6,325	22.4%	665	11.7%
Americas	12,437	45.2%	9,522	43.2%	12,907	45.7%	3,385	35.6%
China	3,660	13.3%	3,155	14.3%	3,997	14.1%	841	26.7%
Asia	1,603	5.8%	1,385	6.3%	1,533	5.4%	147	10.7%
Europe	1,473	5.3%	1,412	6.4%	2,444	8.6%	1,032	73.1%
Others	1,094	4.0%	904	4.1%	1,084	3.8%	179	19.8%

Note: Exchange Rate (FY2020 1H -> FY2021 1H)
USD/JPY 106.9->109.8 CAD/JPY 78.7->88.3 EUR/JPY 121.3->130.9 RMB/JPY 15.4->16.7



Net Sales by Region (Japan)

- The gentle recovery trend continued, though losing some steam under the state of emergency.
- We hope for further growth in demand related to private-sector capital spending and government infrastructure investment.

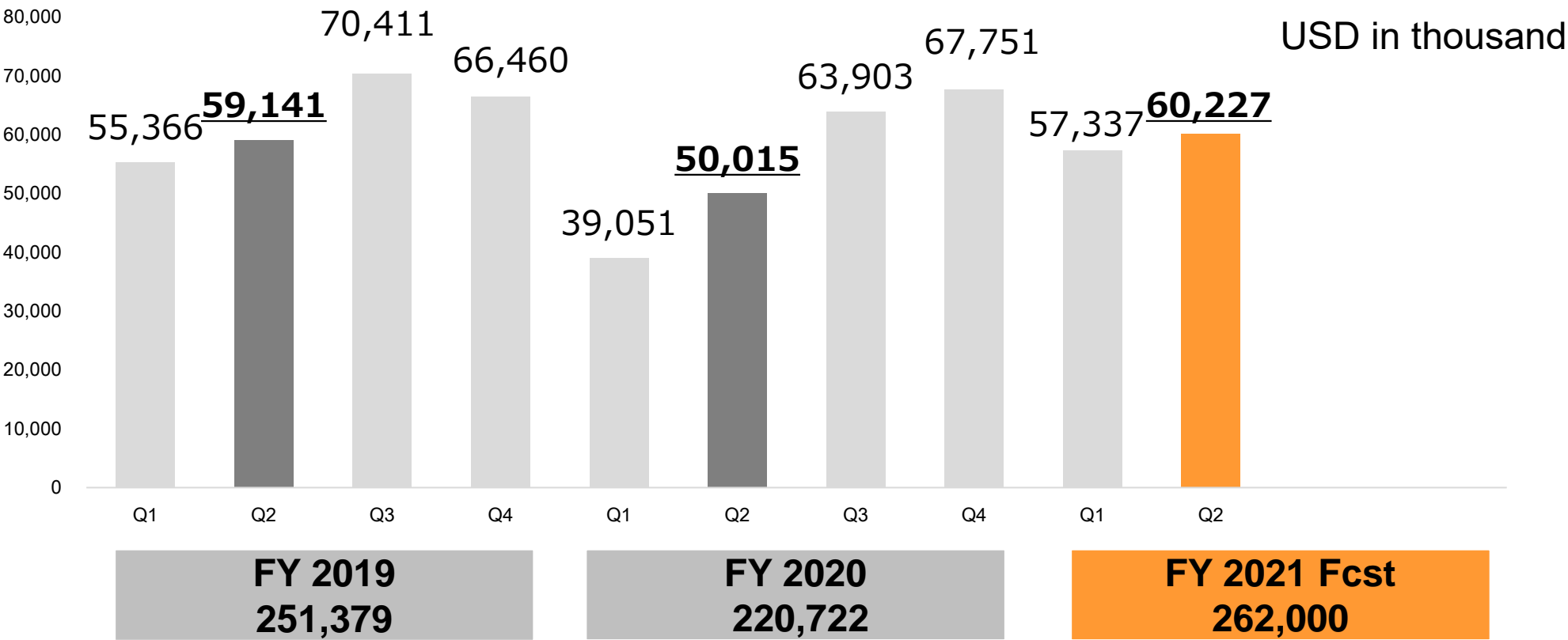


Net Sales by Region (Americas)

The graph shows the total of sales in the US, Canada and Latin America (converted to USD in thousand)

Our Business : The US business is composed of two pillars, hoist and crane business and sales and manufacturing of chain accessories, which was added after the acquisition of Peerless.

- Demand expanded along with the gradual recovery of economic activity. Shipments have been rising for a broad range of industries.
- With the confusion in distribution, our focus was on product supplies and maintaining service quality.

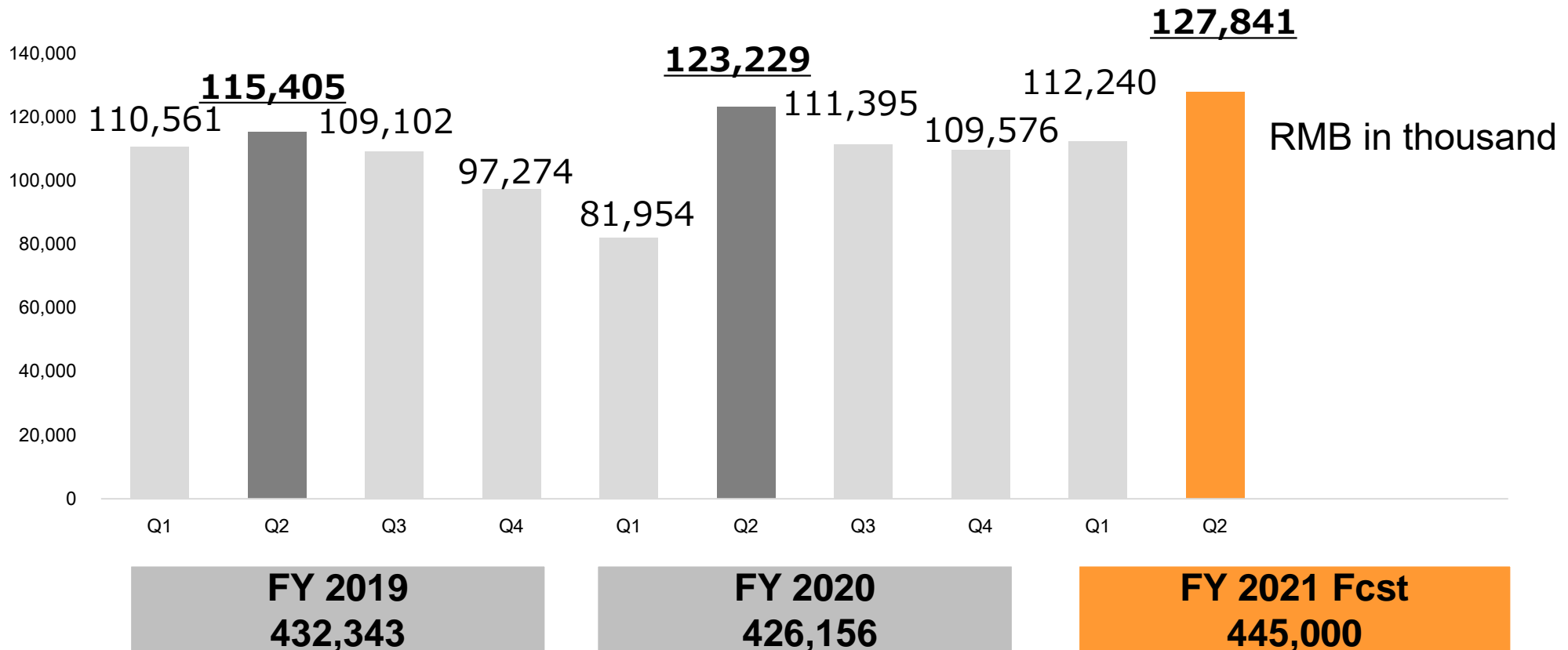


Net Sales by Region (China)

Fiscal year of China starts in January and ends in December

Our Business: The Chinese business is composed of two pillars, production and sales of wire-rope hoists for domestic market, and sales of Japanese high functioning products

- Strong demand continued especially in domestic market since FY2020.

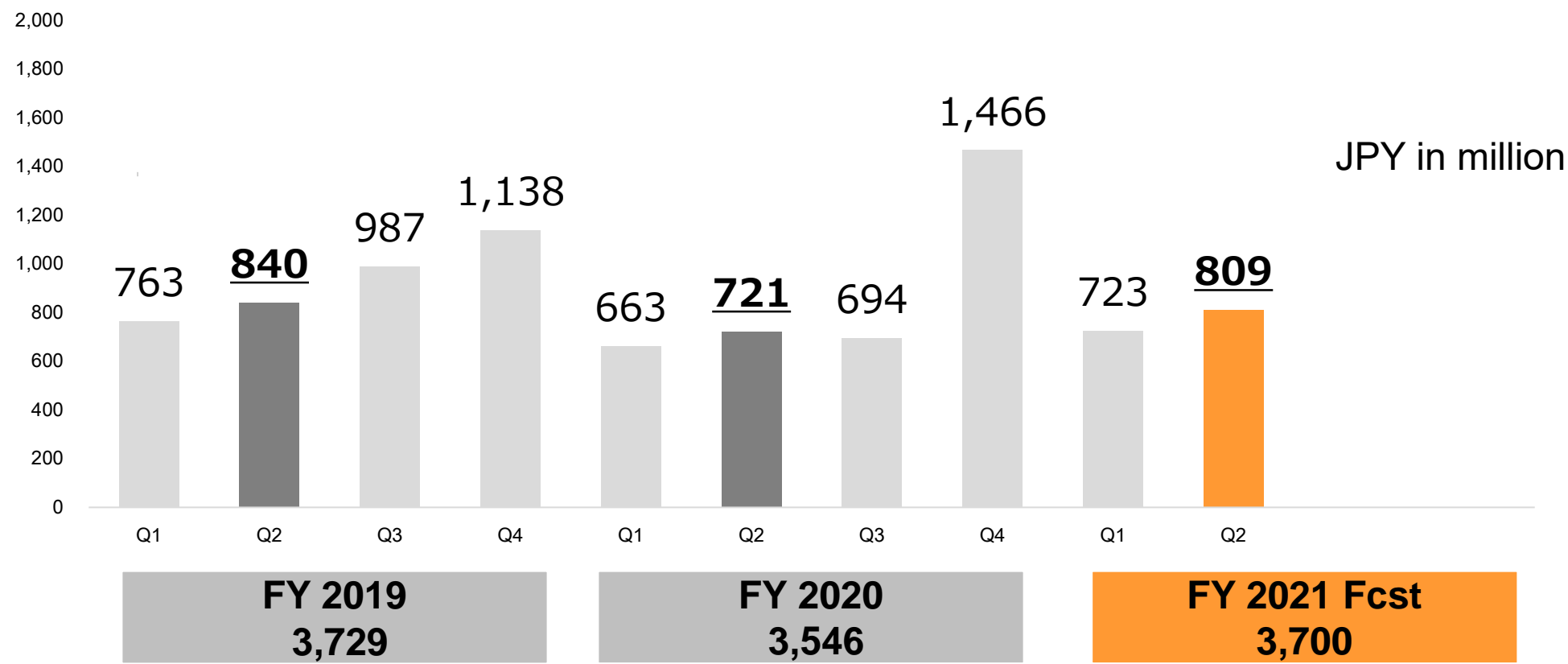


Net Sales by Region (Asia)

FY starts in Jan and ends in Dec: Thailand, Korea, Taiwan
FY starts in Apr and ends in Mar: Indonesia, India

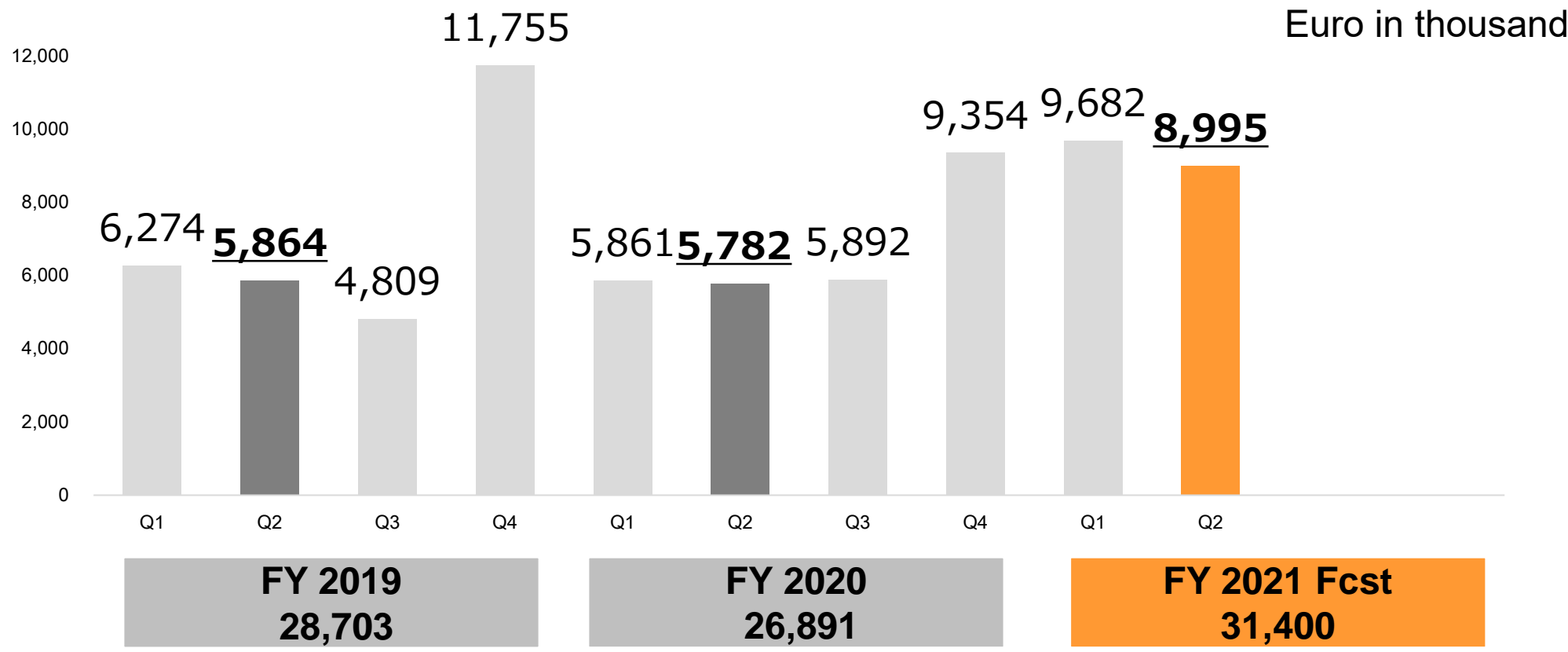
Our Business : The crane business in Thailand and South Korea is the mainstay of this segment.
Improving profitability by strengthening hoist sales and maintenance services for crane.

- There are regional and industry differences, but the business environment has been stuffy overall.

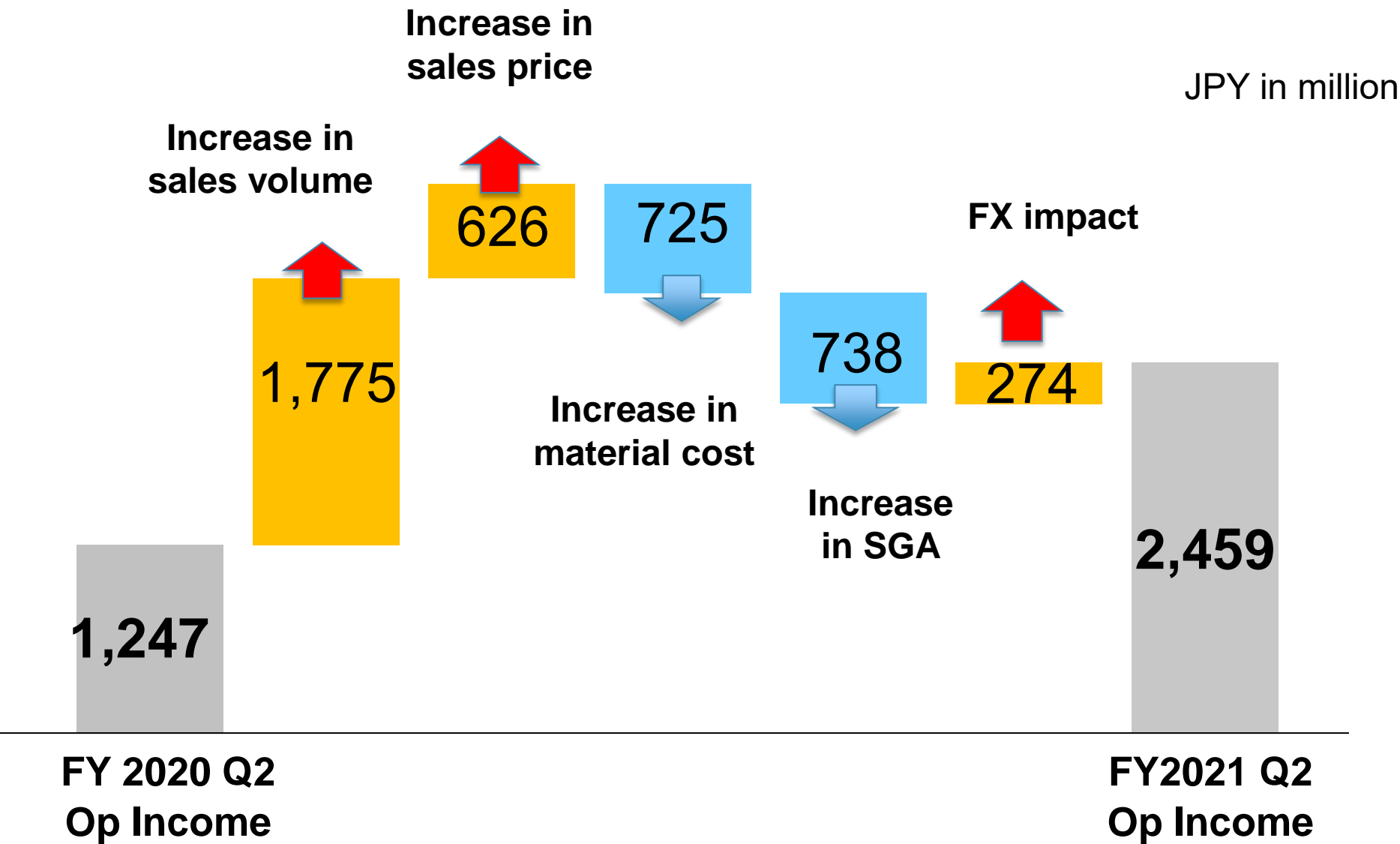


Net Sales by Region (Europe)

- Dutch subsidiary consolidated at the end of FY2020.
- Greater demand captured by differentiation from competitor, leading to steady market penetration.



Operating Income / 6 Months Comparison



Consolidated Balance Sheet (YoY change)

JPY in million	Sep 2020	Sep 2021	Change
Current assets	41,816	42,329	513
Cash	12,919	10,961	(1,958)
Accounts receivable	8,277	10,646	2,369
Inventories	19,344	18,858	(486)
Others	1,274	1,864	589
Fixed assets	21,506	22,100	594
Tangible fixed assets	12,323	13,489	1,166
Intangible fixed assets	4,928	4,740	(187)
Investment & other assets	4,254	3,869	(385)
Total assets	63,322	64,430	1,107

JPY in million	Sep 2020	Sep 2021	Change
Current liabilities	23,065	17,203	(5,862)
Accounts payable	5,087	6,504	1,417
Short-term debt *	12,906	4,908	(7,997)
Others	5,072	5,790	718
Fixed liabilities	12,762	14,675	1,913
Long-term debt	9,132	11,007	1,875
Others	3,630	3,668	38
Total net assets	27,494	32,551	5,056
Total liabilities and net assets	63,322	64,430	1,107

* Includes Current portion of long-term loans payable

Consolidated Cash Flows

JPY in million	FY 2020 Q2	FY 2021 Q2	Change
CF from operating activities	1,841	3,736	1,894
CF from investing activities	(1,107)	(1,983)	(875)
CF from financing activities	2,892	(4,697)	(7,589)
Effect of exchange rate changes on cash and cash equivalents	(12)	171	183
Net increase (decrease) in cash and cash equivalent	3,613	(2,773)	(6,386)
Cash and cash equivalents at end of period	12,911	10,951	(1,959)

CF from operating activities

Income before income taxes	2,412
Depreciation and amortization	1,363
Decrease in trade receivables	945
Increase in inventories	(1,325)

CF from investing activities

Acquisition of tangible fixed assets	(1,777)
Acquisition of intangible fixed assets	(194)

CF from financing activities

Repayments of short-term debt	(6,000)
Net decrease in short-term debt	(875)
Proceeds from long-term debt	5,800
Repayment of long-term debt	(2,934)

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FY2021 Forecast

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FY2021 Forecast

- Demand, particularly in the US and Europe, will likely be higher than our initial projection.
- Increasing cost of material and transportation considered.

JPY in million	Previous Fcst (May 10, 2021)	Revised Fcst (Sep 29, 2021)	Change	FY2020 results
Sales	55,000	59,000	4,000	51,805
Operating Income Operating Income / Sales	5,000 9.1 %	5,500 9.3 %	500	4,457 8.6%
Ordinary Income Ordinary Income / Sales	4,800 8.7 %	5,300 9.0 %	500	4,550 8.8%
Net Income Net Income / Sales	3,200 5.8 %	3,600 6.1 %	400	2,344 4.5%
EBITDA Op Income +Depreciation	7,900	8,400	500	7,503
CAPEX	3,500	3,500	-	2,504

Note: Exchange Rate (Previous -> Revised Forecast)

USD/JPY 105.0->106.6 CAD/JPY 85.0->86.3 EUR/JPY 125.0->127.2 RMB/JPY 16.0->16.4

FY2021 Forecast

Japan Sales forecast JPY 13.6 billion (up 4.3% YoY)

- Market**
- Export industry starts moving ahead of domestic demand
 - Bright signs in demand trend as vaccination rate rises
- Initiative**
- Enhance sales by assigning personnel dedicated to large projects
 - Equipment investment in main plant will continue for higher production efficiency
 - Improvement of EC website and better customer service

Americas Sales forecast JPY 27.9 billion (up 19.2% YoY)

- Market**
- Rapid demand increase on resumption of economic activity.
 - Marine transport remains confused, need to be closely monitored.
- Initiative**
- Synergy between growing market share and market recovery.
 - Review sales price
 - Focus on reliable product supply and maintenance of customer-service quality

FY2021 Forecast

China Sales forecast JPY 7.3 billion (up 10.7% YoY)

Market - Trend toward share growth due to higher public awareness about environment and quality

Initiative - Build sales by meeting the needs of performing industries

Asia Sales forecast JPY 3.7 billion (up 4.5% YoY)

Market - LCD-related demand in South Korea is slow.
- Recovery of economic activity stalled due to coronavirus variant.

Initiative - Enhance services like crane maintenance and hoist sales.
- Work to expand customer bases in Thailand and South Korea.

Europe Sales forecast JPY 4.0 billion (up 20.3% YoY)

Market - Demand is expected to recover with resumption of economic activity.

Initiative - Further business growth through synergy with newly acquired firms.

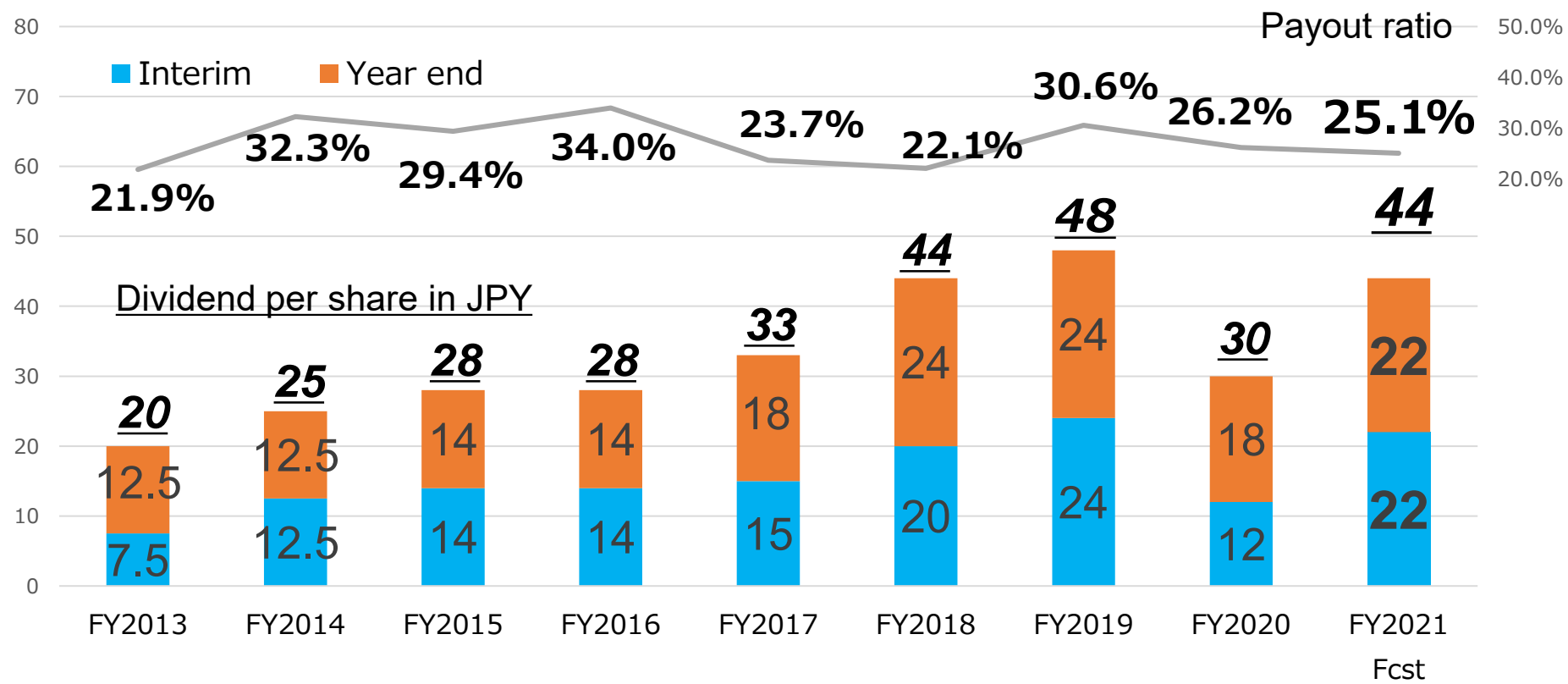
FY2021 Forecast

JPY in million	FY 2020		FY 2021 Forecast		YoY change	
		% share		% share	amount	% share
Total	51,805	100.0%	59,000	100.0%	7,195	+13.9%
Japan	13,012	25.1%	13,600	23.1%	588	+4.5%
Americas	23,409	45.3%	27,900	47.3%	4,491	+19.2%
China	6,596	12.7%	7,300	12.4%	704	+10.7%
Asia	3,546	6.8%	3,700	6.3%	154	+4.3%
Europe	3,326	6.4%	4,000	6.8%	674	+20.3%
Others	1,913	3.7%	2,500	4.2%	587	+30.7%

Note: Exchange Rate (FY2020 -> FY2021)

USD/JPY 106.1->106.6 CAD/JPY 80.3->86.3 EUR/JPY 123.7->127.2 RMB/JPY 15.5->16.4

FY2021 Dividend Forecast



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FY2021 Forecast

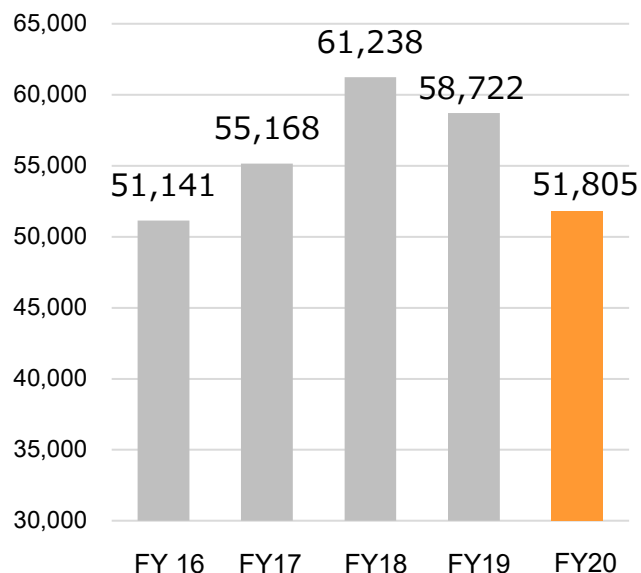
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Reference

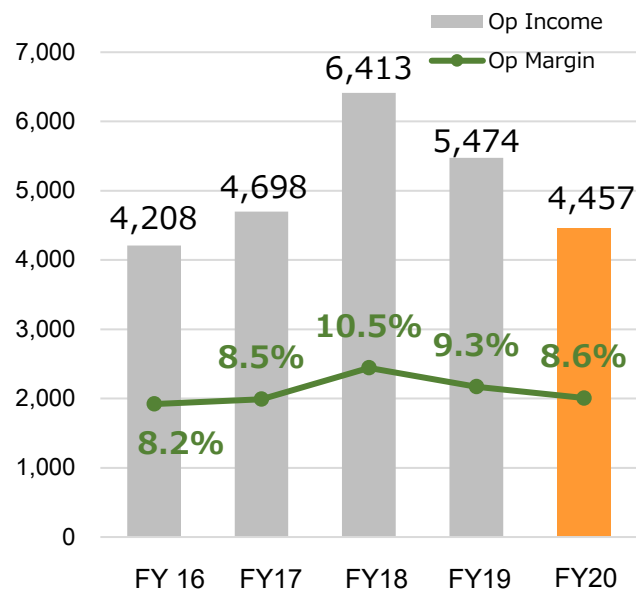
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- **Kito's Business**

Key Figures

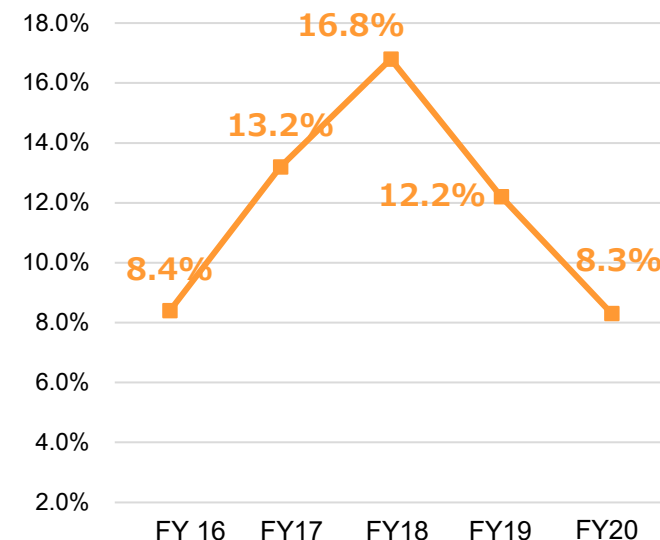
Sales



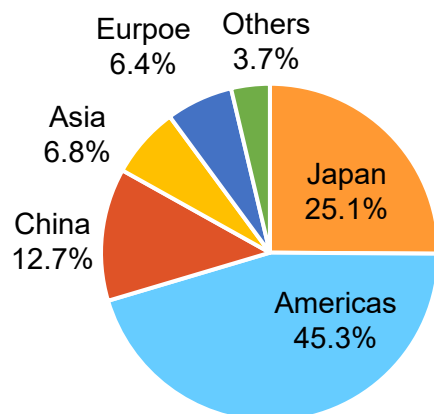
OP Income and Op margin



ROE

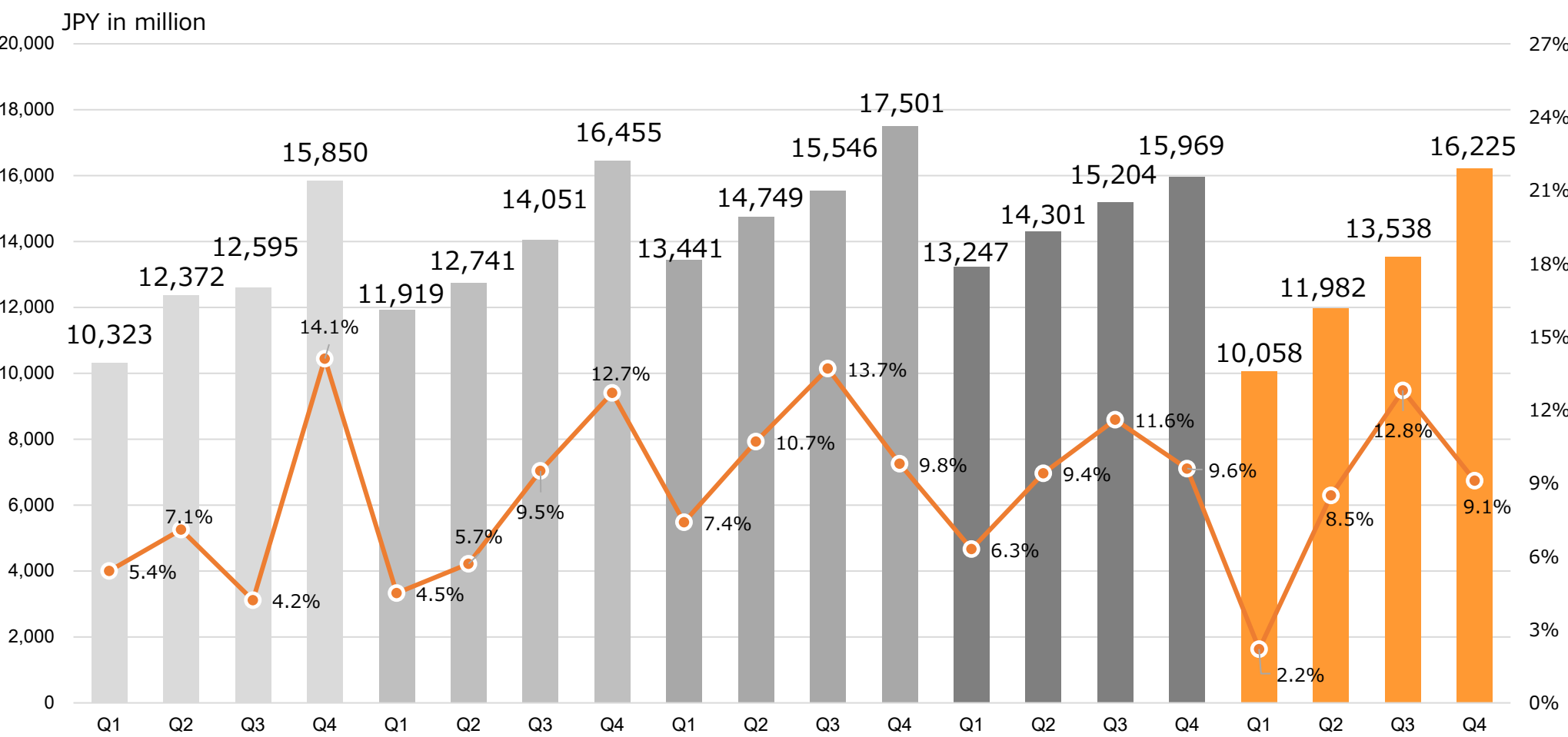


Sales by Region in FY2020



	FY2016	FY2017	FY2018	FY2019	FY2020
Sales from Non JP Mkts	74.3%	76.0%	73.6%	74.2%	74.9%
Average FX Rate					
USD/JPY	108.4	110.9	110.9	108.7	106.1
CAD/JPY	82.5	86.5	84.6	81.8	80.3
EUR/JPY	118.8	129.7	128.4	120.8	123.7
RMB/JPY	16.4	16.6	16.7	15.8	15.5
Capex (JPY in million)	2,393	1,411	1,416	1,689	2,504
Depreciation (JPY in million)	1,792	2,116	2,470	2,711	2,697

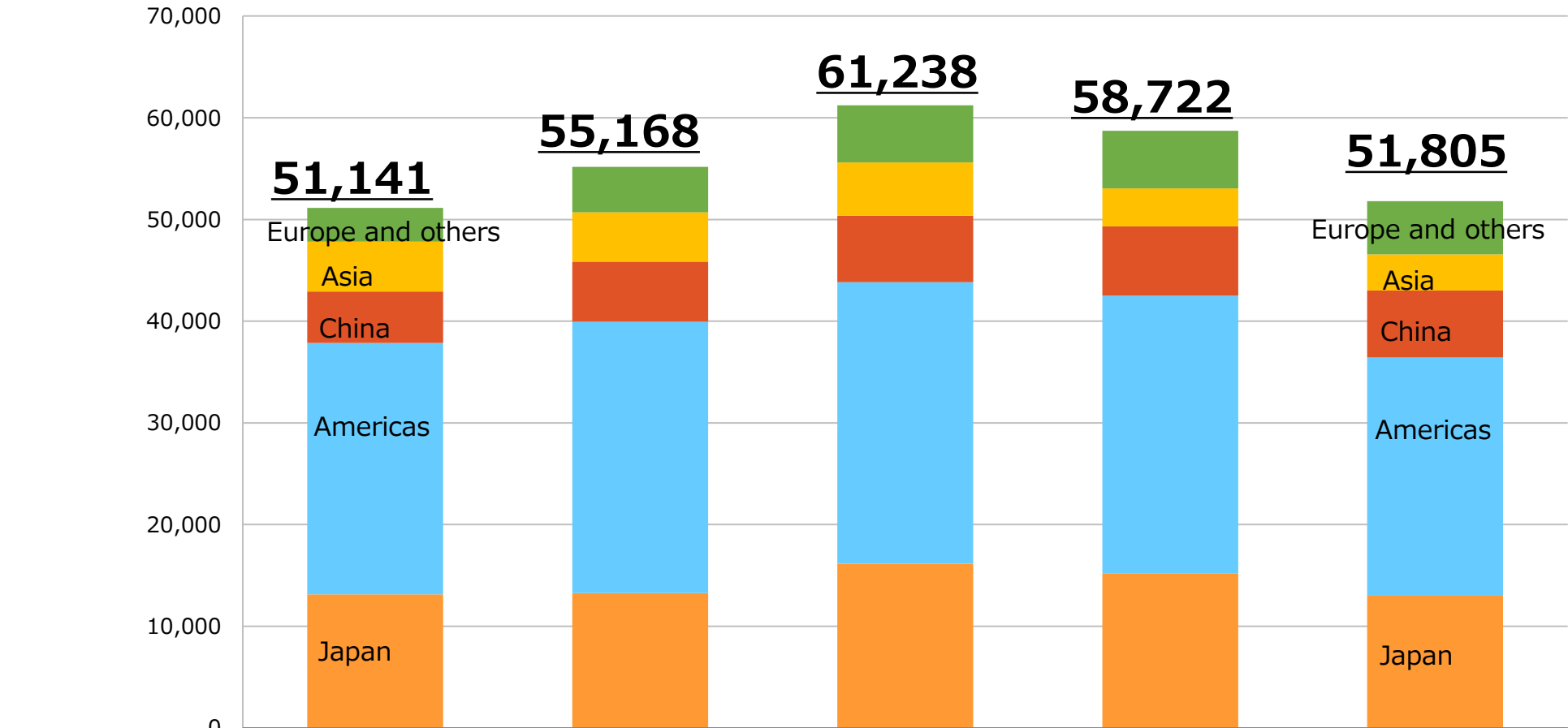
Quarterly Sales and Operating Margin



Op Income				
561	876	532	2,239	538
730	1,338	2,092	992	1,572
2,131	1,717	837	1,339	1,769
1,526	224	1,022	1,728	1,481
FY2016				
Sales 51,141				
Op Income 4,208				
FY2017				
Sales 55,168				
Op Income 4,698				
FY2018				
Sales 61,238				
Op Income 6,413				
FY2019				
Sales 58,722				
Op Income 5,474				
FY2020				
Sales 51,805				
Op Income 4,457				

Sales by Regions

JPY in million



	FY2016	FY2017	FY2018	FY2019	FY2020
Europe and others	3,308	4,465	5,634	5,663	5,239
Asia	4,925	4,837	5,239	3,729	3,546
China	5,034	5,903	6,539	6,822	6,596
Americas	24,742	26,700	27,663	27,332	23,409
Japan	13,129	13,261	16,162	15,174	13,012

Business Structure

Kito Advantages

A leading company in material handling equipment, hoists and crane, which are indispensable in lifting, transporting, and securing objects



Growth Opportunities

At any stage of economic development

In all industries, in any country

Mature product with expanding demand

Product Domain

■ Cranes

- Three-dimensional movement made possible in combination with hoists



■ Hoists

- Manual and electric chain hoists are core products
- Wire-rope hoists are the mainstay in China



■ Below Hook Devices

- Intermediary attachments for hoisting and loads

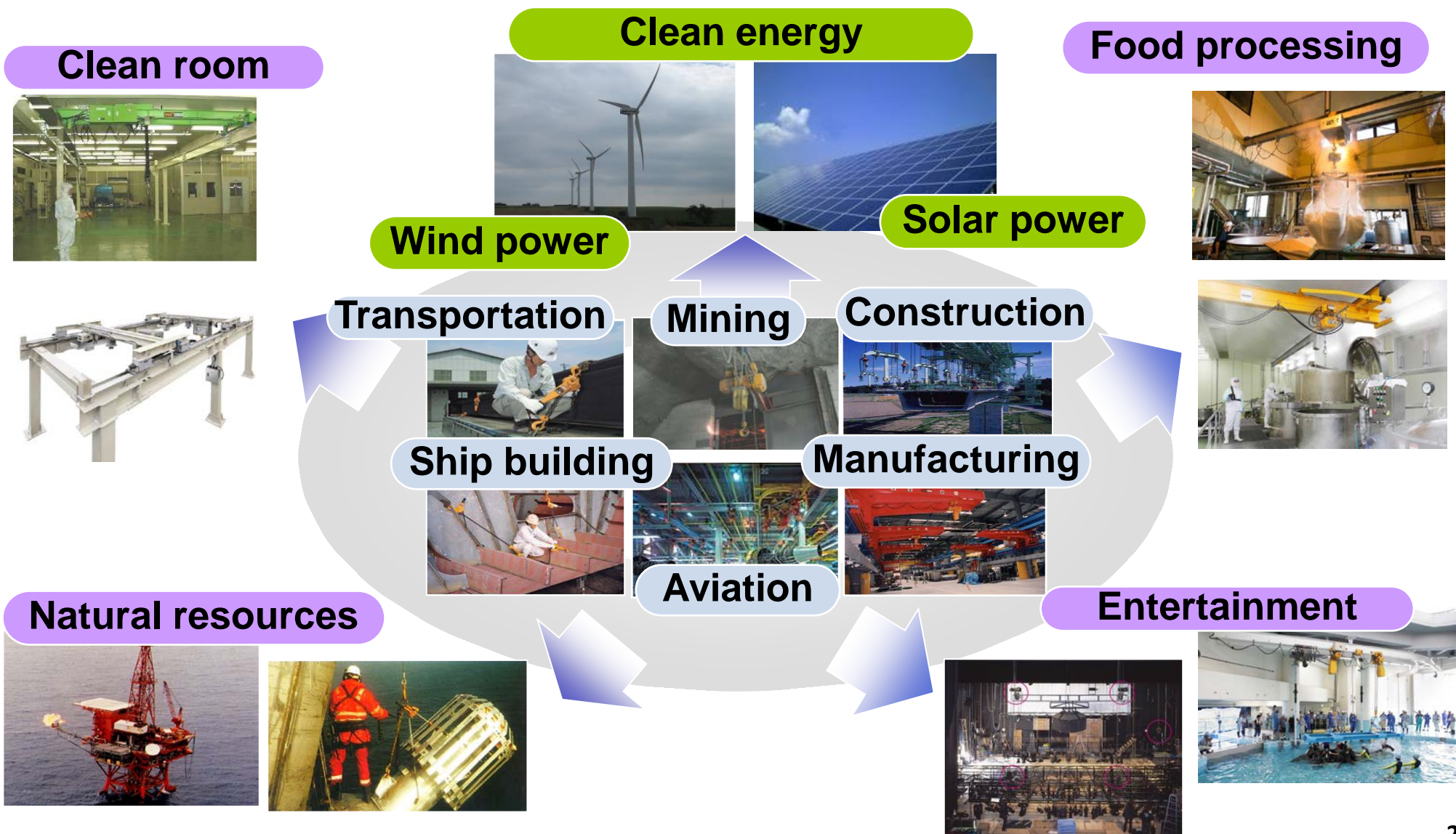


■ Various Chain

- Chain for transportation, moving, holding, hauling, etc.
- Shipping, agriculture, forestry, tires, and other industries



Expanding Customer Base



Strength of Kito Operations

Kito = Trusted brand

Product Power

Durability

High performance

Safety

High operability

Technological Advantages

Response to complex customer needs with state-of-art technology (engineering)

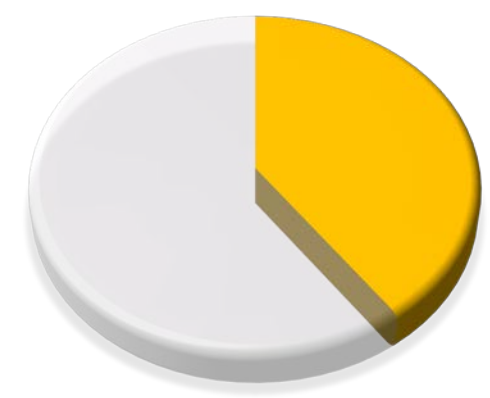
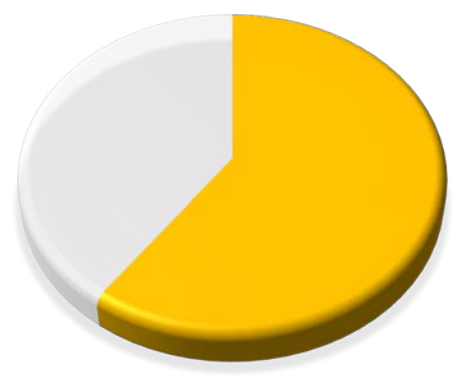
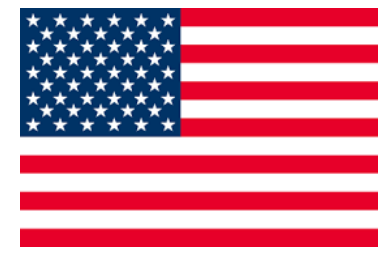
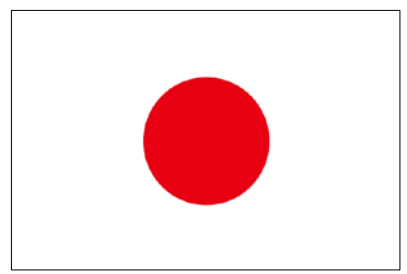
Service Network

Extensive network to provide service for high customer satisfaction



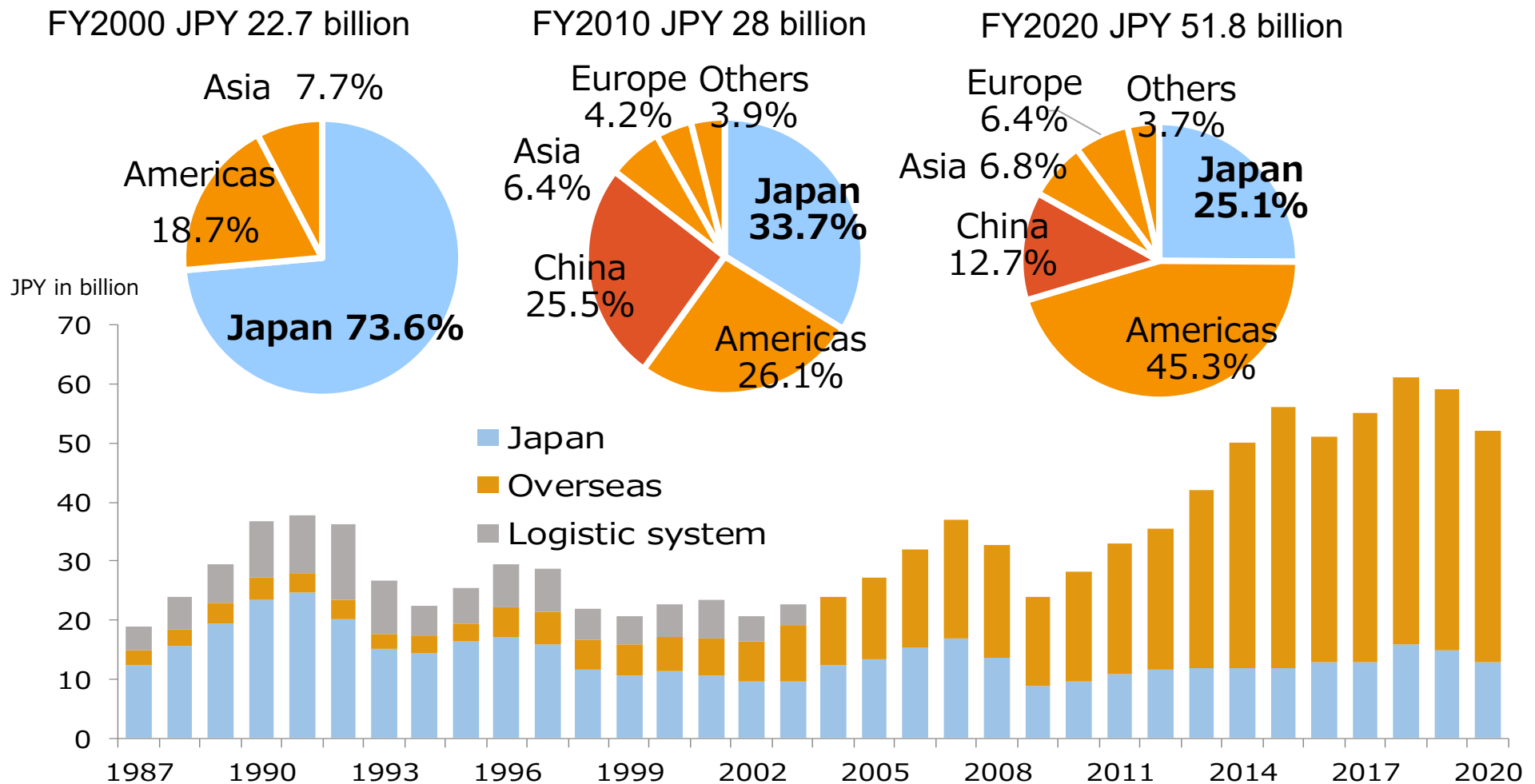
- Differentiation with high value-added products and services
- Strong reputation in markets demanding high quality**

Global Share



Sales Growth in Overseas Markets

- Growth in overseas markets helped building a business portfolio with good regional balance.
- Stable growth not depending on demand in any particular region



Diversified Portfolio

- Broad customer base ranging from private to public sectors
- Business structure not influenced by particular industries nor market cycle

