



Kito Corporation
FY2019 Business Report
April 1, 2019 ▶ March 31, 2020



Yoshio Kito,
President and CEO

First let me express my heartfelt gratitude for your strong support of Kito. The fiscal year ended March 31, 2020 was one in which anxiety over the future of international relationships and world economy grew from the beginning and we've been seeing more caution about capital investment, especially in the automotive industry. In this environment, Kito operations remained strong, supported by demand in industries related to infrastructure, food and entertainment. In addition to slowing in Japan and other Asian markets since autumn and the effect of the stronger yen, many markets worldwide were affected by the Covid-19 pandemic toward the end of the fiscal year. As a result, to my regret, Kito ended the year with year-on-year decreases in both sales and profit.

Spreading quickly around the globe, Covid-19 significantly depressed eco-

nomics activity worldwide. Its influence is reportedly deeper than any past recession. Kito is no exception, facing falling demand everywhere, but fortunately our plants in Japan, the US and China have been operating normally, as are our supply chains, from material purchases to final product supplies to customers. Even in countries and regions where national or regional governments are restricting corporate operations, our operations are considered essential, to people's lives and therefore allowed to continue under certain restrictions. Our customer-service systems also remain close to normal in most regions.

The influence of the Covid-19 pandemic on global markets, prospects for recovery and the approximate time that may happen vary significantly by industry and business sector. It is difficult to reasonably assess the impact on Kito's overall operations at this time, so we decided to postpone our announcement of projected results and dividend for FY2020. We plan to do so in August instead, when we announce first-quarter results.

The pandemic triggered major changes in economic activity and people's lives. It's possible that after this is over a new society, different from any that has existed before, may begin to form. Kito will continue to meet the universal need to be free of gravity, responding flexibly to social change and demand trends in various markets, and grow our operations. With our products of peerless safety and durability, the waste-free, clean production and supply processes that create them, and after-sale services based on relationships of mutual trust we will also continue to undertake a broad range of social contributions, not limited to building safe work environments and our reducing environmental footprint.

In concluding, let me express my sincere wish that the Covid-19 pandemic will end as soon as possible and those infected recover quickly.

Scan the code and watch the webcast archive of FY2019 financial results.



Business Highlights

FY2019 Financial Results

(Unit: JPY in hundred million)

	FY2019	FY2018	YoY change
Sales	587.2	612.3	(4.1%)
Operating Income	54.7	64.1	(14.6%)
Net Income Attributable to Owners of Parent	32.0	40.6	(21.2%)

Summary

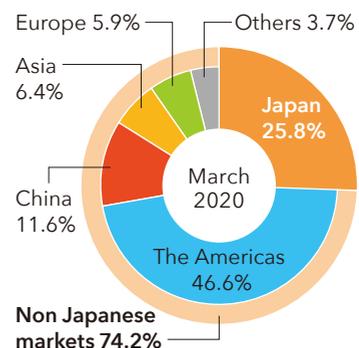
- Earnings were down due to the chilling of the Japanese market since autumn and the continuing appreciation of the yen.
- Tire-chain demand at the US subsidiary dipped toward the end of the fiscal year due to warm winter weather worldwide.
- Because the effects of the Covid-19 pandemic began to show only in mid-March, its affect on the FY2019 results are small.

Sales growth by market

(Unit: JPY in hundred million)

	March 2020	March 2019	YoY change
Japan	151.7	161.6	(6.1%)
The Americas	273.3	276.6	(1.2%)
China	68.2	65.3	4.3%
Asia	37.2	52.3	(28.8%)
Europe	34.6	32.0	8.2%
Others	21.9	24.3	(9.6%)

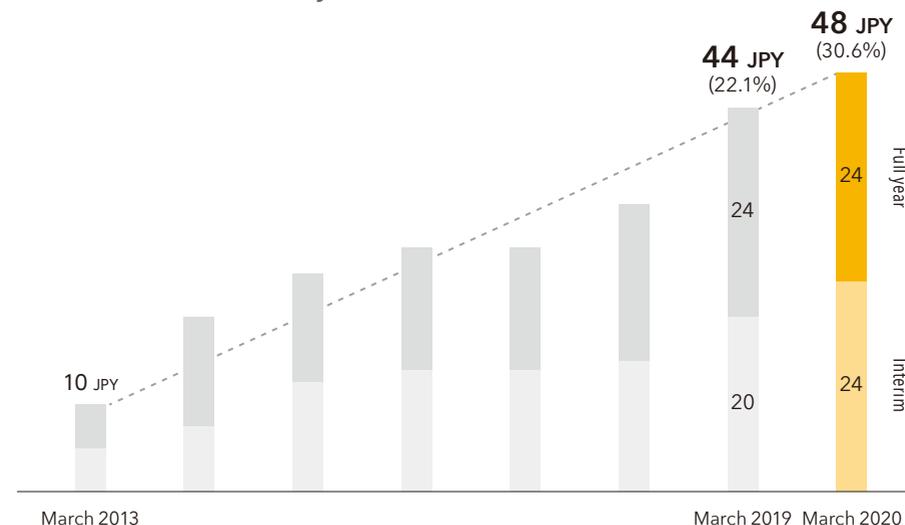
Net sales ratio by region



FY2019 Dividend

The dividend for the year ended March 2020 is 24 yen per share, as we initially planned, and for the entire year it will be 48 yen, up 4 yen year-on-year.

Annual Dividend (Payout Ratio)



We have not announced the dividend for FY2020 due to economic uncertainty at this time. We will set that amount with a comprehensive view based on our consolidated earnings and financial health, maintaining our commitment to achieve 20% or higher payout ratio.

Manufacturing Reform at Kito

The Yamanashi Plant is the origin of Kito manufacturing. Designating 2019 as Manufacturing Reform Year 1, the plant is enhancing our foundations of production, raising efficiency, advancing our production technologies and environmental awareness, and actively training our people. The plant aims for a level of flexibility such that it can easily respond to production increases and turn profits even when production volume goes down.



1 | Higher productivity

The Yamanashi Plant pursues higher productivity by identifying and completely eliminating waste under an initiative to streamline internal transportation, produce parts in-house and conserve labor in our production processes. It reliably produces products of uniformly high performance in five key criteria: quality, cost, delivery, safety, and environmental awareness.

2 | Pro-environment action

The Yamanashi Plant is working on three themes: reduction of energy consumption and CO₂ emissions, reduction of environmentally hazardous substances, and the establishment of safe workplaces. We have made substantial results by switching to energy-efficient equipment and reducing our use of organic solvents. While we work to reduce use of hazardous substances, we are also eliminating substances that carry risks of fire, explosion and other accidents. In this way we're building safe workplaces where anyone can work with peace of mind.

3 | Production technology

The Yamanashi Plant is expanding its processing capabilities by introducing state-of-the-art processes and equipment on the core lines for heat-processing, aluminum processing and gear processing. By brushing up our production methods, we work to better respond to customer needs and market requirements.

4 | Personnel training

We aim to be an organization where every employee can feel a sense of accomplishment, fulfillment and something to live for in his or her work, even when it's hard. We offer our employees specialized technical training, applying the unique methods and processes of Kito manufacturing. To make the plant a school for engineers, we are improving both the work environment and training programs. In this way the next generation of key manufacturing personnel are trained, creating a pool of professionals unparalleled in the industry.

Widely Used in a Variety of Industries

Assembly process of a Doctor-Heli

A helicopter hangar was recently built on the premises of Mt. Fuji Shizuoka Airport, and two Kito cranes, one rated for 2.8 tons and the other for 6 tons, were purchased to maintain, repair and remodel helicopters there. The Doctor-Heli in the picture was the first assembled in the new hangar.



Kito products are thought to be mostly used at manufacturing floor and construction sites. This time we would like to introduce you our products at three different locations where you may feel a little surprised.

High Field Laboratory for Superconducting Materials

The Tohoku University High Field Laboratory for Superconducting Materials is one of the few open research facilities in the world, and the only one in Japan, equipped with more than 15 high-Tc based field magnets. A Kito hoist is used to lift the container holding the material to be measured and the liquid helium in it, and place it into a 52-millimeter hole where the magnetic field is generated.



Manufacturing process of Denshu premier sake

A Kito light crane moves the ingredients for making Denshu premier sake in the process of making moromi (pre-filtered fermented rice mash) from shubo, which is steamed rice mixed with koji (aspergillus), more rice and water. With a little pull of the crane, capable of three-dimensional motion, the ingredients easily move into the neatly arranged brewing tanks. A wireless option has increases the freedom of operation.



Kito Media

Kito actively uses its website and social media to disseminate information on its products and group activities, as well as those of wider investor interest.

Ask IR Officers!

Our answers to questions from investors and shareholders



Oct 17, 2019 10:53

Q | Tell us about Kito's European operations.

A | Kito established its first European sales base in 2006. As a latecomer to this major international market, with its many competitors, we had to build out our product lines while raising the profile of the Kito brand there. To be a provider of one-stop solutions in materials-handling, from core hoist products to cranes and accessories, we have been adding local companies with strengths in these areas to the Group since 2016. That effort has built a strong foundation in terms of products and customer service, lately demonstrating new synergy with our four European subsidiaries. Taking advantage of these strengths, we are enhancing our European operations.

Jan 30, 2020 09:12

Q | Tell us about the characteristics and advantages of Kito products.

A | Kito products respond to the universal, never-ending need to lift, move and hold heavy loads, cutting across international and industry lines. We put the customer's safety first, and provide durable products that can be as compact and light as they can be. We are also strong in custom-built and high-performance products to suit specific user environments and purposes, drawing very positive user evaluations for their quality and ease of operation. By delivering products that our customers can rely on over the long term with safety and confidence, Kito helps them control cost while reducing industrial waste and other kinds of environmental impact.

Social media

Kito-Group companies regularly share information on their activities and hardworking employees on Facebook, Twitter and Instagram.

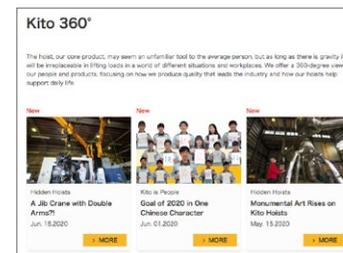
Here are some hot articles that appeared in second half of FY2019.



Chain as long as Tokyo Tower is high! The chain for this product is as long as 300 meters.



Technical exchange with engineers of the US group company. The language barrier is overcome with heart-to-heart communication!



Kito's global website shows Kito from various angles, through examples of the products used near us, on the manufacturing frontline and in employee minds.

[Kito 360 ▶ https://kito.com/news/stories](https://kito.com/news/stories)

We've added new content as well, including articles on Kito environmental policy, green procurement and Yamanashi Plant action to protect the environment.

[ESG/CSR ▶ https://kito.com/csr](https://kito.com/csr)

Kito's official account



| Column | Kito by the Numbers

The characteristics and evolution of Kito operations are illustrated in numbers.

6.77% = Proportion of handicapped people in total workforce
(as of June 2020)

Believing that the job opportunities a corporation offers are an important part of its social contribution, Kito puts special effort into hiring people with disabilities. Our basic labor policy is to build a culture and work environment in which all people, with different personalities, abilities and disabilities, find it easy to work. Based on this we continually make workplace improvements as a concerted effort groupwide. Handicapped employees make up 6.77% of our total workforce as of June 2020, far above the legal mandate of 2.2%.

| About the Cover Photo

Introducing Bridge Cranes

The gantry crane runs on rails laid in the floor. It has two legs, a heavier "rigid" leg (left in the photo) and a thinner "swing" leg with a different structure. The two bridge cranes are used to load and unload 25-meter rails.



Shareholder Memo

Record Dates

Annual meeting shareholders: March 31

Year-end dividend payment: March 31

Interim dividend payment: September 30

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Corporate Communication Department

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Q Search

<https://kito.com/ir>

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