

November 27, 2018  
Kito Corporation

Here is a summary of the Q&A session during the Financial Results Presentation for FY2018 Q2, held November 26, 2018.

**Q1:**

Please give us your forecast for FY 2019 in Japan and the US, the primary markets for Kito's business operations.

**A1:**

We do not anticipate significant decline in demand in Japan or the US at this time. While slight slowing of private-sector investment is possible, it will be balanced by strong demand related to infrastructure investment, such as construction and civil-engineering projects. So we believe the overall trend will remain bullish.

**Q2:**

How about your forecast for the Japanese market through the current year?

**A2:**

As for Japanese market, anticipation of slow-down seems to be coming up more often lately. Given that sort of risk, our business forecast for FY2018 may seem conservative. On the other hand, for the time being we expect demand will remain brisk through the year, considering that shipments for leasing purposes remains strong, surpassing our projection.

**Q3:**

Could you elaborate on the correlation between the replacement of IT infrastructure over the past year and the increase in OP margin to 10.7% for the Q2 of FY2018?

**A3 :**

Operations of the new IT infrastructure, installed in July 2017, have been stable, though most of its positive effects are yet to be seen. Higher revenues and an increase in sales volume are the main factors boosting the OP margin.

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