
Financial Results for the Quarter ended June 30, 2022

KITO CORPORATION
TSE Prime Market: 6409
August 5, 2022

FY2022 Q1 Summary

JPY in million	FY2021 Q1	FY2022 Q1	YoY Change
Net sales	13,797	16,756	+21.4 %
Op income	992	860	(13.2)%
Ord. income	972	1,215	+25.0 %
Net income *	660	819	+24.1 %

* Net Income attributable to owners of parent

- Sales, Ordinary income and Net income reached record high.
- Continued to increase production in response to strong demand in North America and Europe.
- Focused on securing profit by improving production efficiency and reviewing sales prices
- Operating income decreased due to one-time advisory expenses related for business integration

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FY2022 1st Quarter Financial Results

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FY2022 Forecast

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Reference

- **Five Year Financial Results (FY2017 – FY2021)**
- **Kito's Business**

FY2022 Q1 Financial Highlight

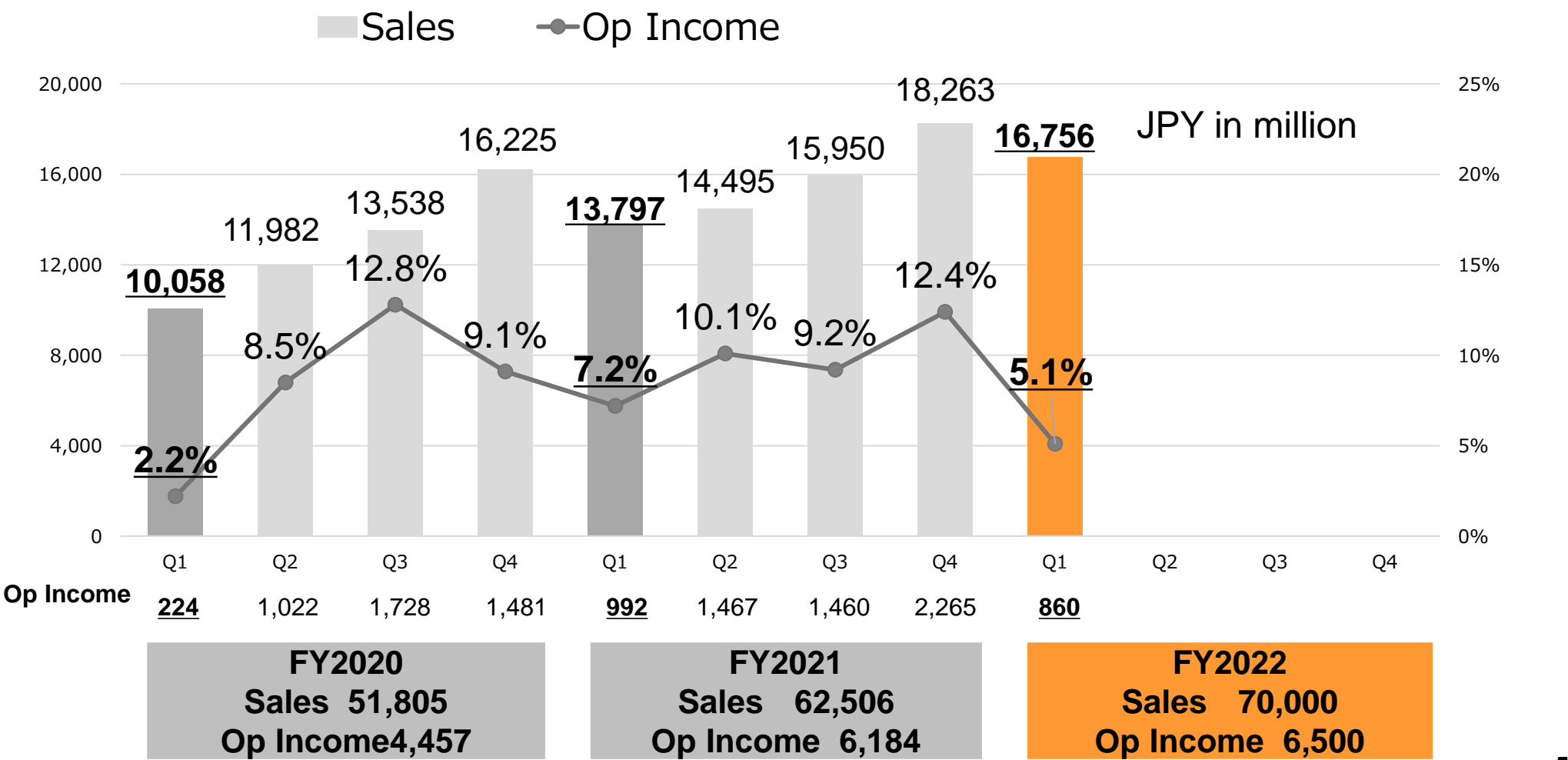
JPY in million	FY2020 Q1	FY2021 Q1	FY2022 Q1	YoY Change
Sales	10,058	13,797	16,756	+21.4 %
Gross Profit Gross Profit/ Sales	3,576 35.6%	4,735 34.3%	5,810 34.7%	+22.7 %
Operating Income Operating Income / Sales	224 2.2%	992 7.2%	860 5.1%	(13.2)%
Ordinary Income Ordinary Income / Sales	222 2.2%	972 7.0%	1,215 7.3%	+25.0 %
Net Income Net Income / Sales	(322) (3.2)%	660 4.8%	819 4.9%	+24.1 %
EBITDA Op Income + Depreciation	951	1,761	1,632	

Note: Exchange Rate (FY2021 Q1 → FY2022 Q1)

USD/JPY 109.5→129.6 CAD/JPY 89.2→101.5 EUR/JPY 132.0→138.1 RMB/JPY 16.4→18.3

Quarterly Net Sales and Operating Margin

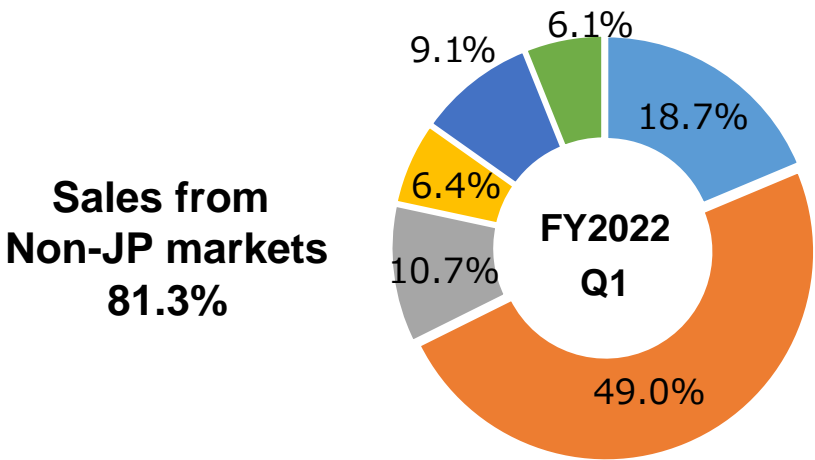
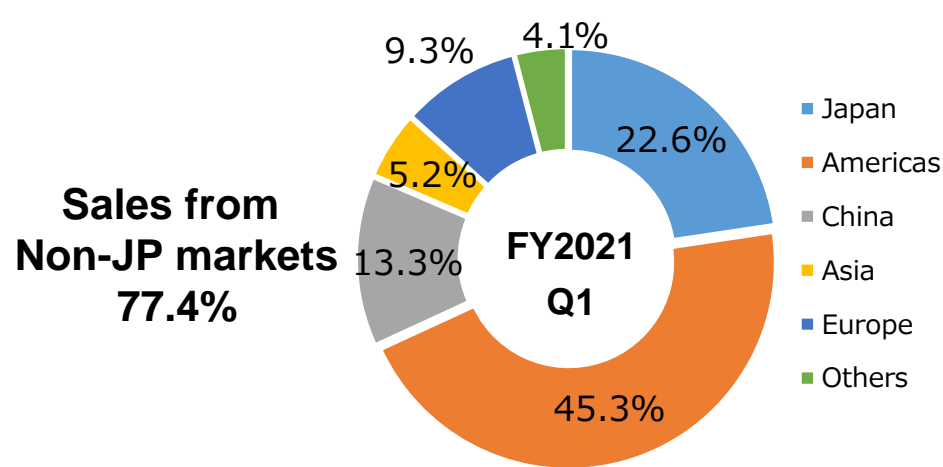
- Captured recovery demand and updated the record-high sales for Q1 of the previous fiscal year.
- Recorded one-time advisory expenses related to the business combination pushed down operation income



Net Sales by Region

JPY in million	FY2020 Q1		FY2021 Q1		FY2022 Q1		YoY change	
		% share		% share		% share	Amount	%
Total	10,058	100.0%	13,797	100.0%	16,756	100.0%	2,959	21.4%
Japan	2,818	28.0%	3,123	22.6%	3,133	18.7%	9	0.3%
The Americas	4,202	41.8%	6,277	45.5%	8,214	49.0%	1,937	30.9%
China	1,278	12.7%	1,835	13.3%	1,797	10.7%	(37)	(2.0)%
Asia	663	6.6%	723	5.2%	1,062	6.4%	338	46.8%
Europe	694	6.9%	1,277	9.3%	1,530	9.1%	252	19.8%
Others	401	4.0%	559	4.1%	1,018	6.1%	458	81.9%

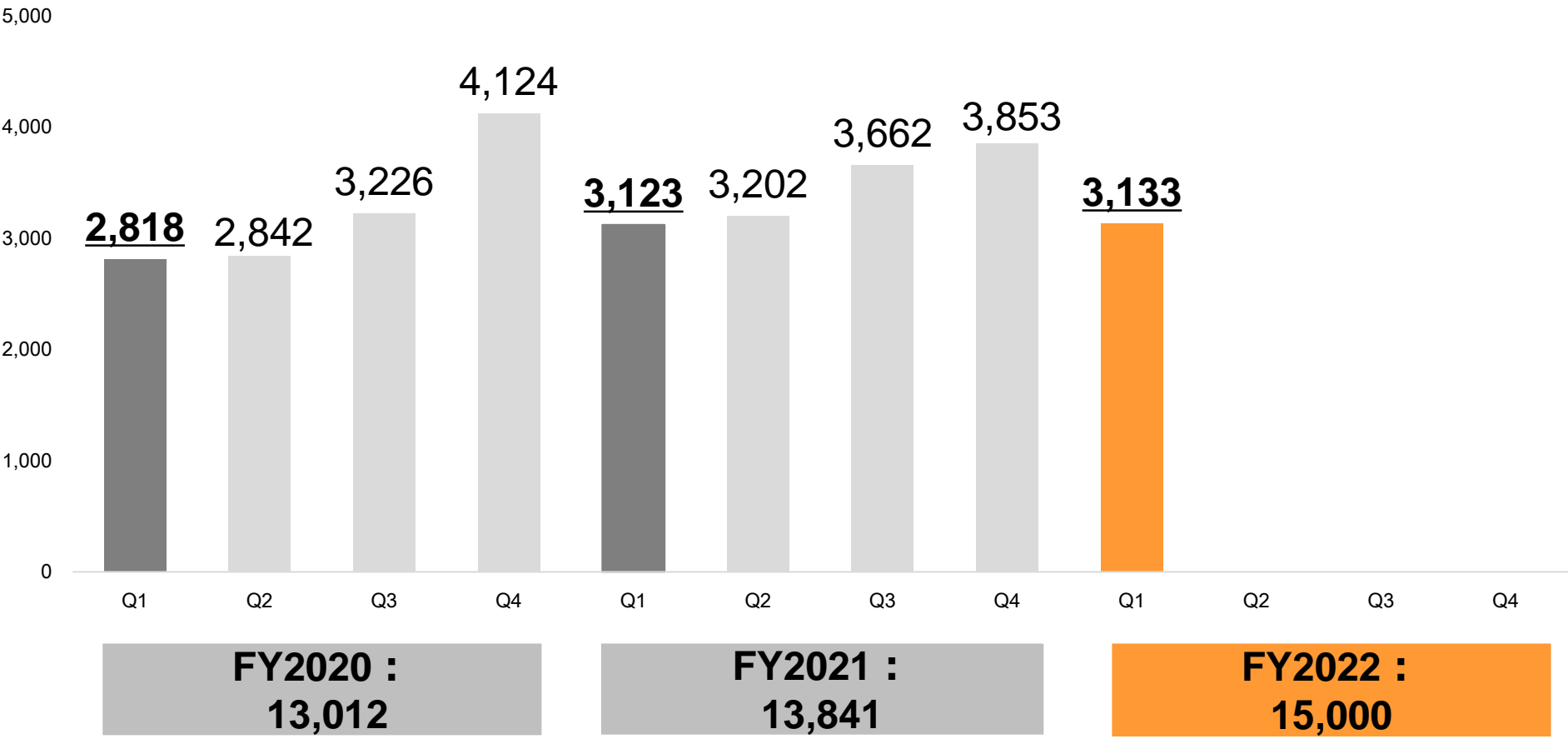
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Net Sales by Region (Japan)

- Wide range of industries, particularly automotive-related, cut production in response to the semiconductor shortage.
- Demand for construction in urban areas showed signs of recovery.

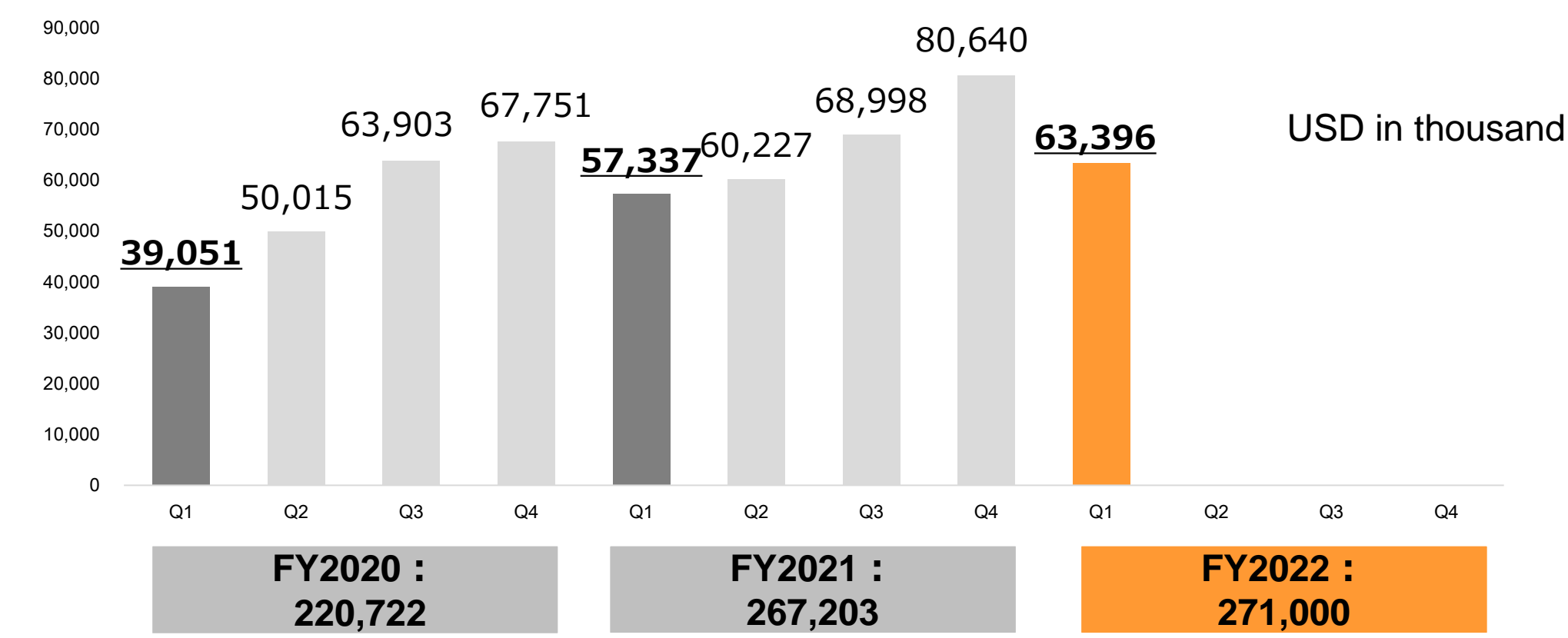
JPY in million



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.
- Capex from private sector and investment for infrastructure remained firm.
 - With the confusion in distribution, we focused on product supplies and maintaining service quality,

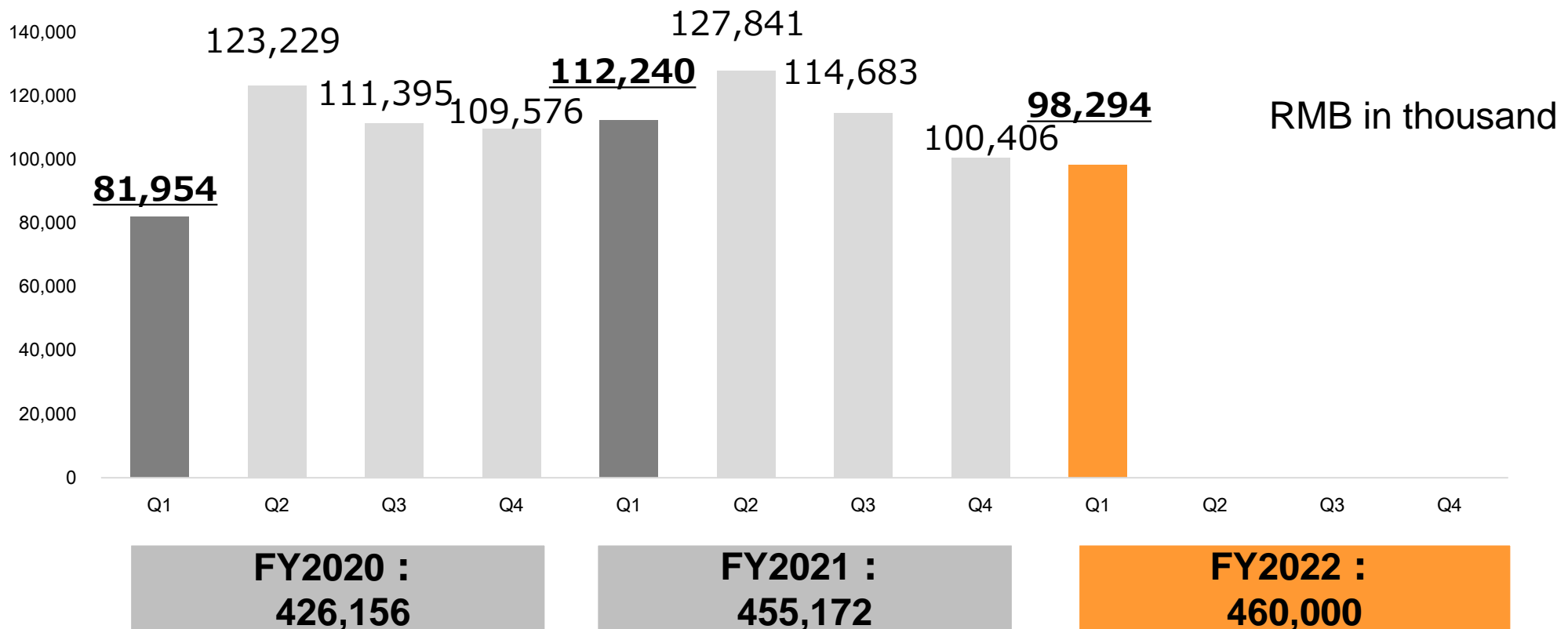


Net Sales by Region (China)

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.
- Far reaching measures by local authorities in response to COVID-19 impacted on economies.

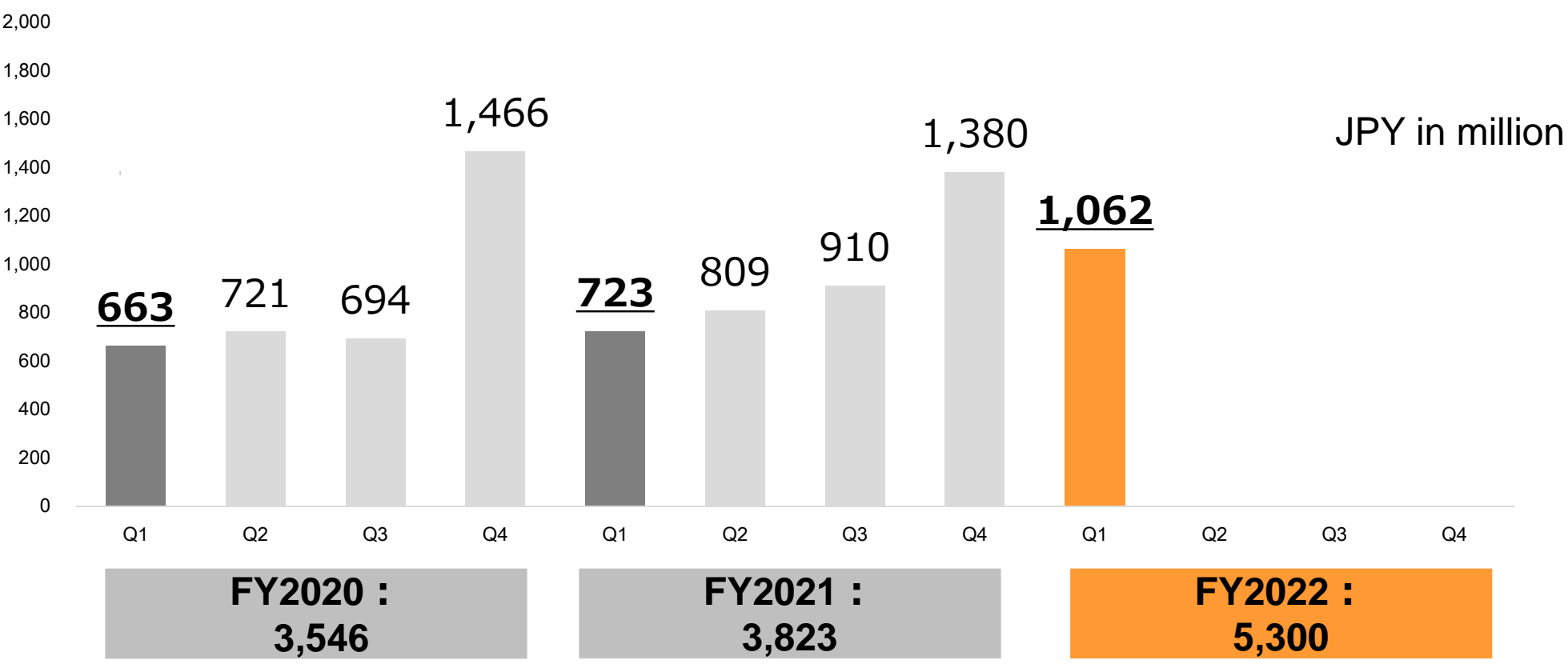


Net Sales by Region (Asia)

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

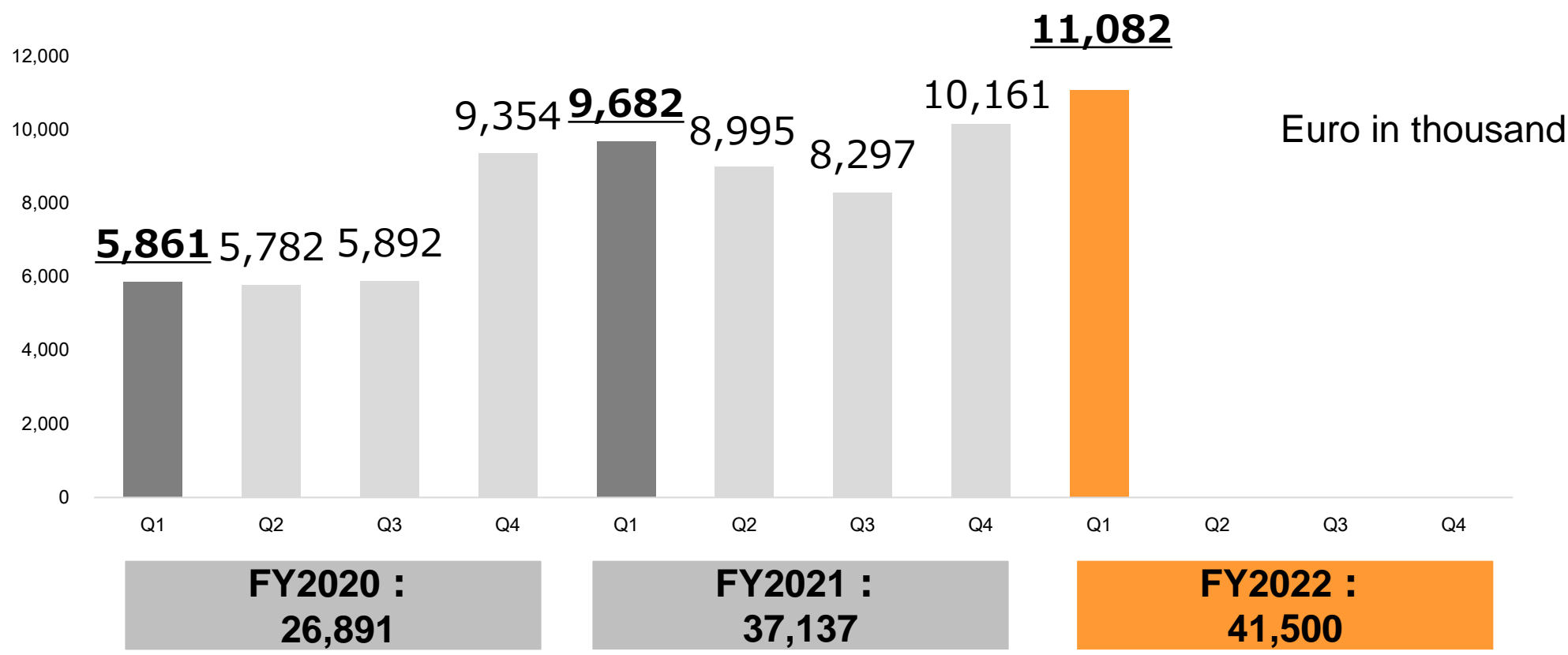
Our Business : The crane business in Thailand and South Korea is the mainstay of this segment.
Improving profitability by strengthening hoist sales and maintenance services for crane.

- The business environment has been gradually recovering, with the lifting of restrictions on economic activities.



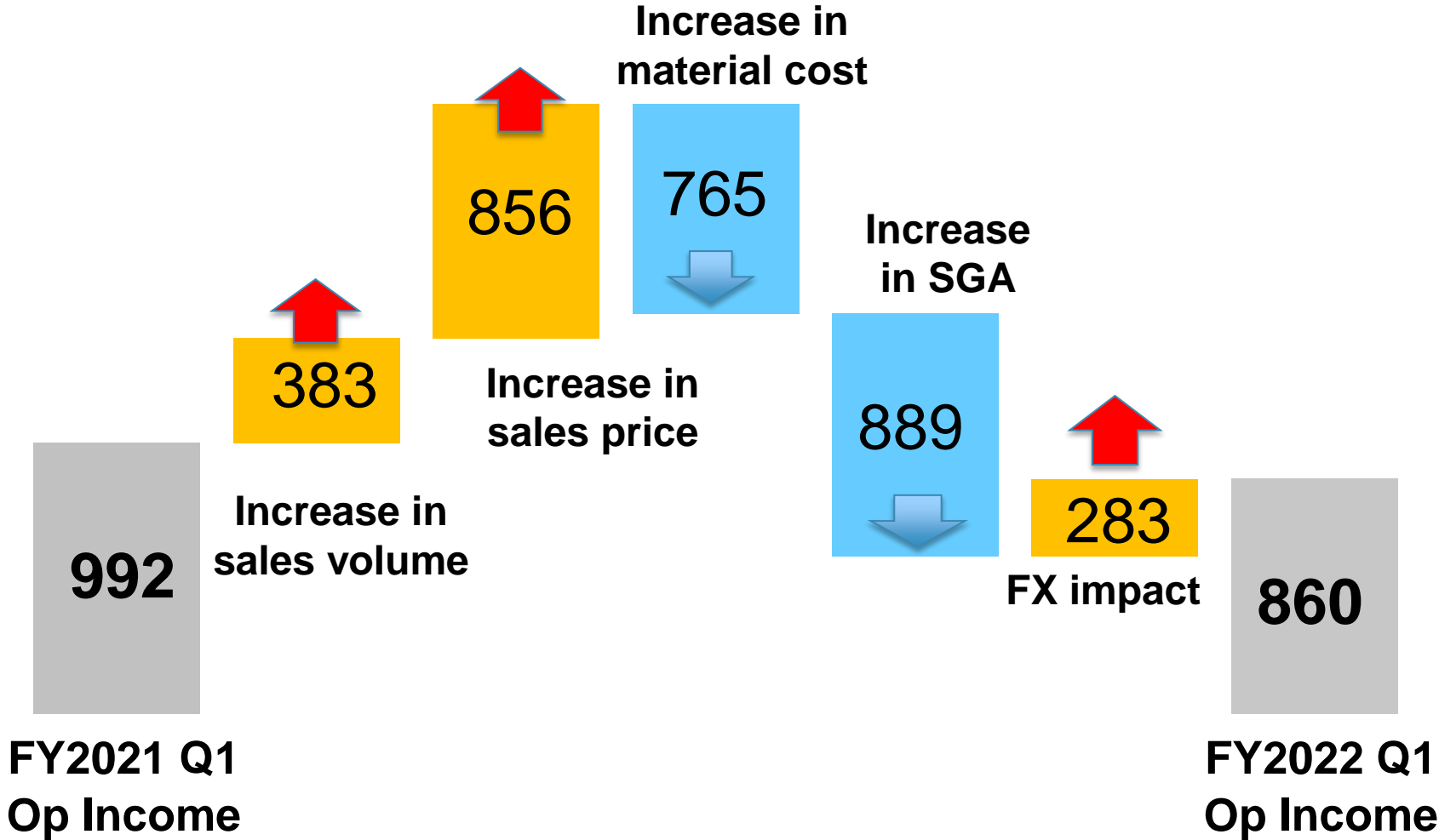
Net Sales by Region (Europe)

- Four European Group companies strengthened their cooperation to steadily capture solid demand in the region
- The impact of higher material and energy cost on profits became apparent.



Operating Income Comparison

JPY in million



Consolidated Balance Sheet (YoY change)

JPY in million	FY2021 Q1	FY2022 Q1	Change
Current assets	41,097	49,761	8,663
Cash	11,433	10,149	(1,284)
Accounts receivable	10,354	13,253	2,898
Inventories	17,475	24,909	7,434
Others	1,834	1,449	(384)
Fixed assets	21,243	27,764	6,521
Tangible fixed assets	12,724	18,100	5,376
Intangible fixed assets	4,833	5,099	265
Investment & other assets	3,684	4,564	879
Total assets	62,341	77,526	15,185

JPY in million	FY2021 Q1	FY2022 Q1	Change
Current liabilities	16,246	23,119	6,872
Accounts payable	6,032	8,361	2,329
Short-term debt*	5,008	8,077	3,069
Others	5,205	6,679	1,474
Fixed liabilities	14,834	14,515	(319)
Long-term debt	11,214	9,922	(1,292)
Others	3,620	4,593	972
Total net assets	31,260	39,891	8,631
Total liabilities and net assets	62,341	77,526	15,185

* Includes Current portion of long-term loans payable

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FY2022 Forecast

- Steadily capture strong demand and aim for record-high performance
- Further expand customer services by strengthening e-commerce sites
- Contribute broadly to society using an environment-conscious supply chain and products and services that help secure safe work environments.

JPY in million	FY2021	FY2022 Fcst	YoY Change
Sales	62,506	70,000	12.0%
Operating Income Operating Income / Sales	6,184 9.9%	6,500 9.3%	5.1%
Ordinary Income Ordinary Income / Sales	6,415 10.3%	6,400 9.1%	(0.2)%
Net Income Net Income / Sales	4,563 7.3%	4,200 6.0%	(8.0)%
EBITDA Op Income +Depreciation	9,148	9,400	2.8%
CAPEX	4,523	5,800	

Note: Exchange Rate (FY2021 -> **FY2022**)

USD/JPY 112.4->**120.0** CAD/JPY 89.7->**100.0** EUR/JPY 130.6->**135.0** RMB/JPY 17.0->**20.0**

FY2022 Forecast

Japan Sales forecast JPY 15 billion (up 8.4% YoY)

- Market**
- Urban development and infra-related projects become apparent.
 - Economic recovery led by small and midsize companies is expected.
- Initiative**
- Enhance sales by dedicating personnel to large projects.
 - steadily capture replacement demand
 - Improvement of the EC website and better customer service.

Americas Sales forecast JPY 32.5 billion (up 8.2% YoY)

- Market**
- Firm demand for both private sector investment and infrastructure investment remained firm
 - Impact of material cost, disruptions in transportation, labor shortage needs careful watching.
- Initiative**
- Differentiate from competitors and seek synergies between increased share and market expansion.
 - Review pricing and focus on reliable product supply and maintenance of customer-service quality.

FY2022 Forecast

China Sales forecast JPY 9.2 billion (up 18.8% YoY)

- Market** - Share growth is trending higher with increasing public awareness about environment and quality.
- Initiative** - Strengthen differentiation strategy by promoting safety value

Asia Sales forecast JPY 5.3 billion (up 38.6% YoY)

- Market** - LCD-related demand in South Korea is recovering
- Emerging from prolonged period of stagnation
- Initiative** - Enhance services like crane maintenance and hoist sales.
- Work to expand customer bases in Thailand and South Korea.

Europe Sales forecast JPY 5.6 billion (up 15.5% YoY)

- Market** - Stable demand despite geopolitical concerns
- Soaring energy costs must be closely monitored.
- Initiative** - Further business growth through synergy of cooperation among group companies

FY2022 Forecast

JPY in million	FY2021		FY2022 Forecast		YoY Change	
		% share		% share		% change
Total	62,506	100.0%	70,000	100.0%	7,494	12.0%
Japan	13,841	22.1%	15,000	21.4%	1,159	8.4%
Americas	30,025	48.0%	32,500	46.5%	2,475	8.2%
China	7,747	12.4%	9,200	13.1%	1,453	18.8%
Asia	3,823	6.1%	5,300	7.6%	1,477	38.6%
Europe	4,848	7.8%	5,600	8.0%	752	15.5%
Others	2,220	3.6%	2,400	3.4%	180	8.1%

Note: Exchange Rate (FY2021 -> **FY2022**)

USD/JPY 112.4->**120.0** CAD/JPY 89.7->**100.0** EUR/JPY 130.6->**135.0** RMB/JPY 17.0->**20.0**

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FY2021 1st Quarter Financial Results

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FY2021 Forecast

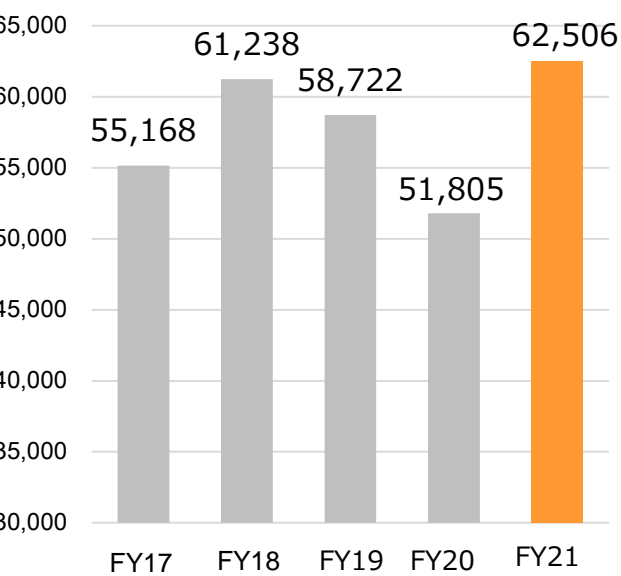
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Reference

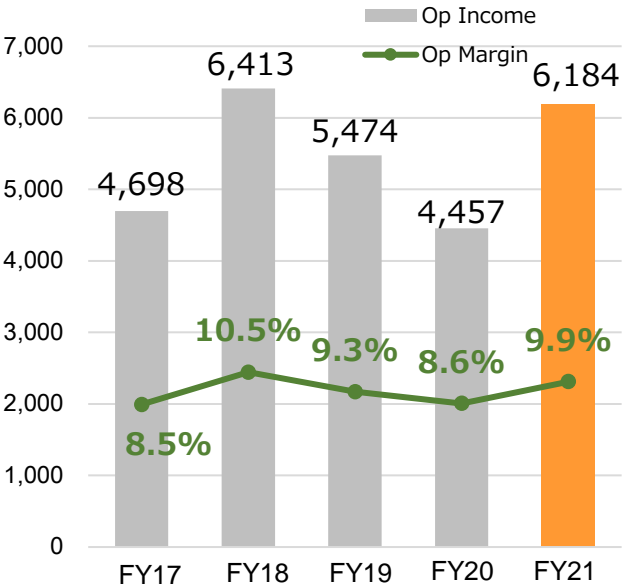
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Key Figures

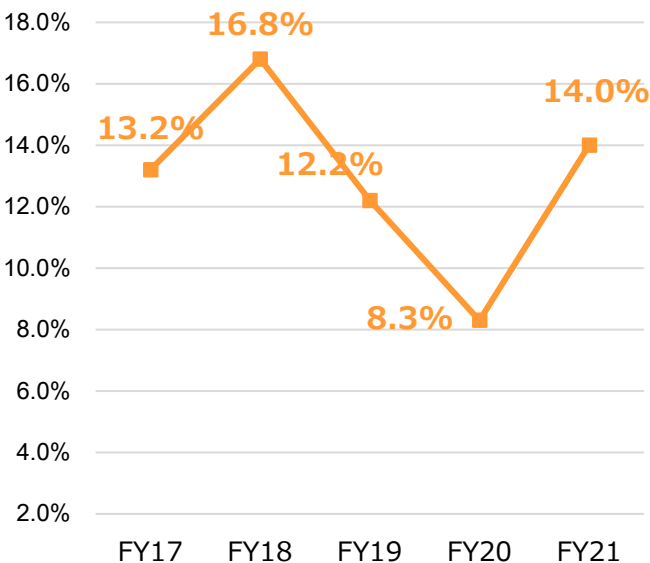
Sales



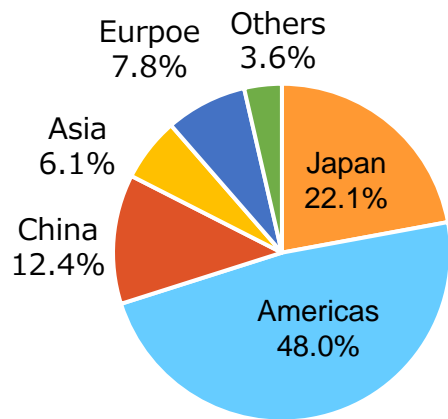
OP Income and Op margin



ROE

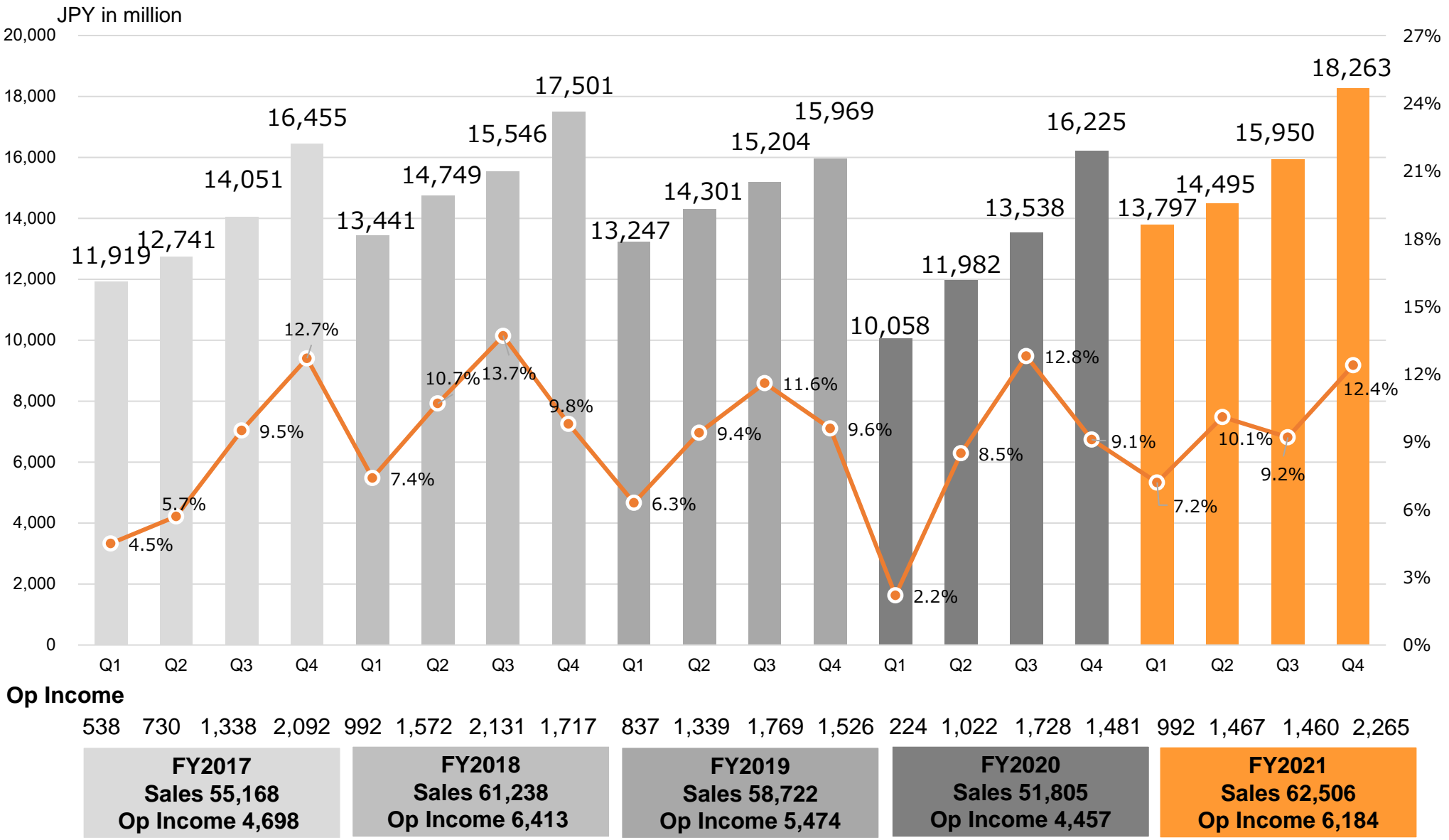


Sales by Region in FY2020



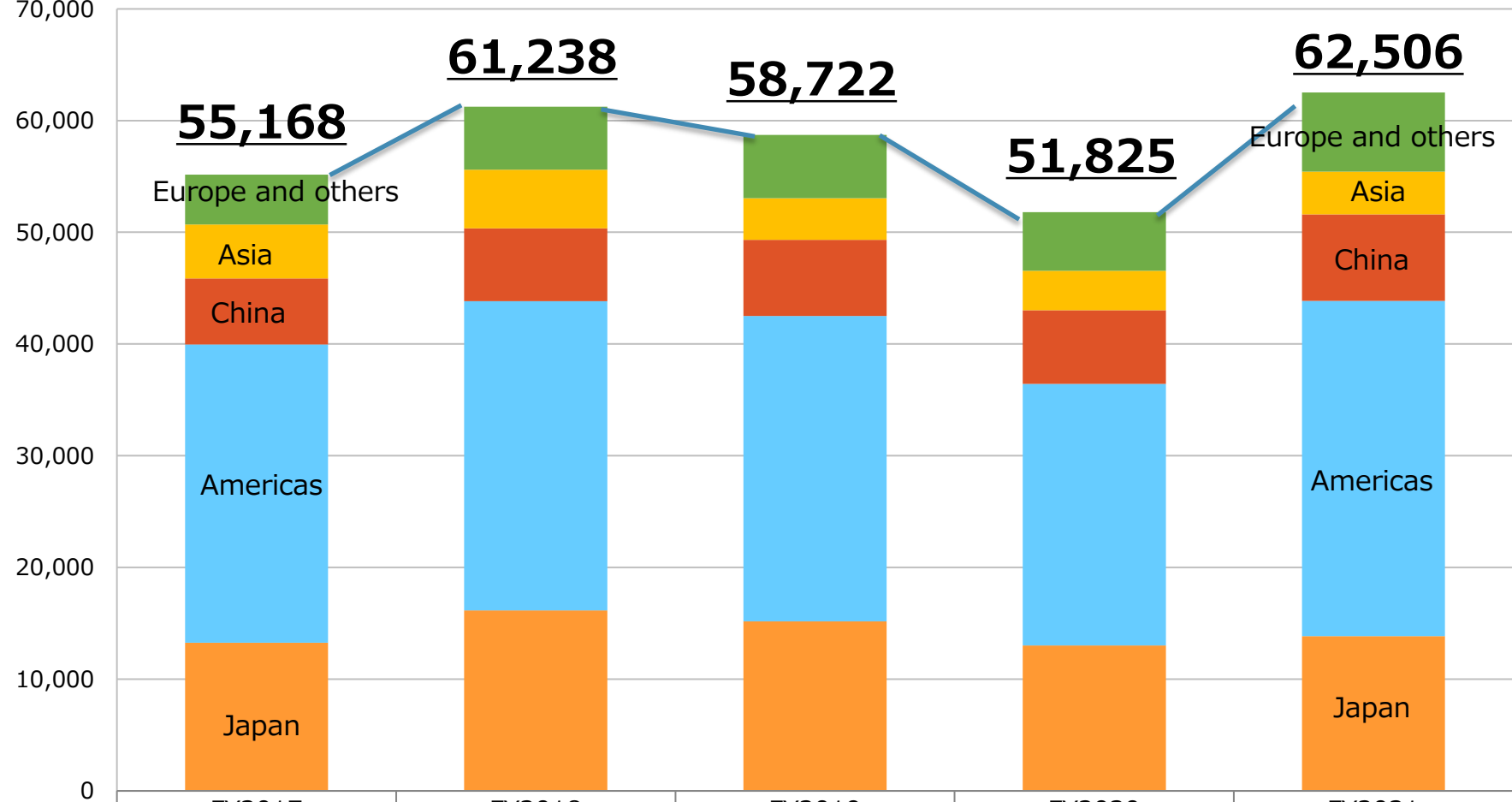
	FY2017	FY2018	FY2019	FY2020	FY2021
Sales from Non JP Mkts	76.0%	73.6%	74.2%	74.9%	77.9%
Average FX Rate					
USD/JPY	110.9	110.9	108.7	106.1	112.4
CAD/JPY	86.5	84.6	81.8	80.3	89.7
EUR/JPY	129.7	128.4	120.8	123.7	130.6
RMB/JPY	16.6	16.7	15.8	15.5	17.0
Capex (JPY in million)	1,411	1,416	1,689	2,504	4,510
Depreciation (JPY in million)	2,116	2,470	2,711	2,697	2,647

Quarterly Sales and Operating Margin



Sales by Regions

JPY in million



	FY2017	FY2018	FY2019	FY2020	FY2021
Europe and others	4,465	5,634	5,663	5,239	7,068
Asia	4,837	5,239	3,729	3,546	3,823
China	5,903	6,539	6,822	6,596	7,747
Americas	26,700	27,663	27,332	23,409	30,025
Japan	13,261	16,162	15,174	13,012	13,841

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)

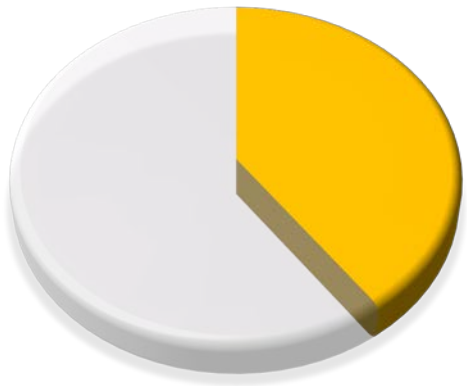
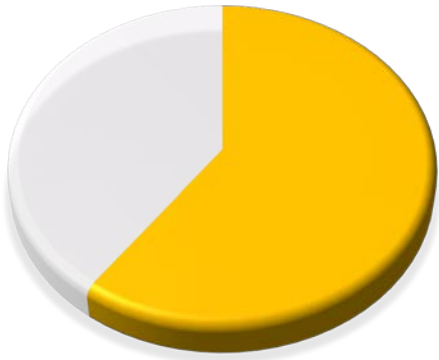
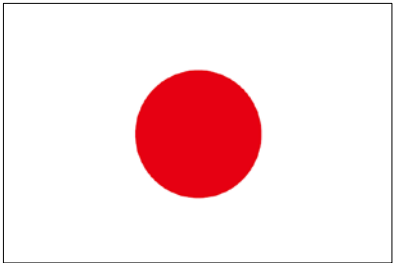
Service Network

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

