



August 6, 2020

| | |
|---------------------|--|
| Company | KITO CORPORATION |
| President and CEO | Yoshio Kito |
| Identification Code | 6409 (TSE 1) |
| Contact | Shigeki Osozawa Managing Director Chief Financial Officer TEL: +81-(0)3-5908-0161 |

Announcement of Business Performance and Dividend Forecasts

Kito Corporation today announces its forecasts for consolidated business performance and dividend for the fiscal year ending March 31, 2021, updating from the previous “undecided” status disclosed on May 13, 2020.

1. Business performance forecast update

(1) Consolidated business forecast for the six months ending September 30, 2020

| JPY in million | Net sales | Operating income | Ordinary income | Net income attributable to owners of parent | Net income per share |
|--|-----------|------------------|-----------------|---|----------------------|
| Previously announced forecast (A) Announced on May 13, 2020 | — | — | — | — | JPY — |
| Revised forecast (B) | 21,000 | 650 | 500 | (500) | (24.41) |
| Increase/decrease (B-A) | — | — | — | — | — |
| Percent change (%) | — | — | — | — | — |
| (Ref) FY2019 1st half results | 27,548 | 2,177 | 1,795 | 1,083 | 52.98 |

(2) Consolidated business forecast for the fiscal year ending March 31, 2021

| JPY in million | Net sales | Operating income | Ordinary income | Net income attributable to owners of parent | Net income per share |
|--|-----------|------------------|-----------------|---|----------------------|
| Previously announced forecast (A) Announced on May 13, 2020 | — | — | — | — | JPY — |
| Revised forecast (B) | 49,000 | 3,000 | 2,750 | 1,100 | 53.70 |
| Increase/decrease (B-A) | — | — | — | — | — |
| Percent change (%) | — | — | — | — | — |
| (Ref) FY2019 full year results | 58,722 | 5,474 | 4,991 | 3,204 | 156.64 |

Note: the presumed foreign-currency exchange rate for the forecasts above is US\$1=105.4.

News Release (6409 TSE 1)

(3) Background

Recent market conditions form the basis of our forecasts for FY2020 (ending March 31, 2021). China is already recovering from the effects of the Covid-19 crisis, and is on track to achieve full-year results on a par with the previous fiscal year. Although the outlook for demand in other markets remains uncertain, as economic activity expands we expect gradual recovery in the second quarter and onward in Japan, North America and other markets as well.

Please note the Company's forecasts are calculated based on currently available information. Actual results may vary due to multiple factors, including the future spread of the pandemic and efforts to bring the virus under control.

2. Dividend Forecast Update

(1) Annual dividend forecast for the fiscal year ending March 31, 2021

| | Annual dividend(Yen) | | |
|---|------------------------|----------------|----------------|
| | Interim / End of Q2 | Year-end | Annual |
| Previous announced forecast (on May 13, 2020) | | (Undetermined) | (Undetermined) |
| Revised forecast | 12.00 | 12.00 | 24.00 |
| (Ref) Results for the FY ended March 2020 | 24.00 | 24.00 | 48.00 |

(2) Background

The Company believes it is important to secure sufficient retained earnings to reinforce the management foundation and prepare for future business development, in addition to appropriately returning profits to shareholders commensurate with the Company's performance. Under this policy, the Company is striving to increase the dividend payment, targeting a consolidated payout ratio of 20% or higher, subject to overall consideration of its consolidated results and financial position.

Because a reasonable and rational calculation to forecast results was difficult due to the impact of Covid-19 on business activity and performance, the Company has not announced its forecast for consolidated results and dividend for FY2020. Based on the projected performance for this fiscal year and recovery in FY2021 and onward, the company set an annual divided forecast at JPY 24.00, JPY 12.00 for interim and year end, with a payout ratio of 44.7%.

Note: This forecast is based on currently available information. Actual results may differ from this forecast due to variable factors.