
Financial Results for the Fiscal Year ended March 31, 2021

KITO CORPORATION
TSE 1st Section: 6409
May 10, 2021

FY2020-Q4 / 3 Months Summary

(JPY in million)	FY2020-Q4	FY2019-Q4	YoY change
Sales	16,225	15,969	+ 1.6 %
Op Income	1,481	1,526	(2.9)%
Op Income / Sales	9.1 %	9.6 %	
Net Income *	1,029	1,072	(4.0)%
Net Income / Sales	6.3 %	6.7 %	

* Net Income attributable to owners of parent

- Demand recovered to the same level as the previous year despite re-expansion of COVID
- Effort focused on profit and cash generation with cost controlled across board
- Van Leusden of Netherland was consolidated in Q4-FY2020
- Goodwill impairment and restructuring cost from overseas subsidiaries are all recorded in Q4

FY2020 / Full-year Summary

(JPY in million)	FY2020	FY2019	YoY change
Sales	51,805	58,722	(11.8)%
Op Income	4,457	5,474	(18.6)%
Op Income / Sales	8.6 %	9.3 %	
Net Income *	2,344	3,204	(26.8)%
Net Income / Sales	4.5 %	5.5 %	

* Net Income attributable to owners of parent

- Demand was showing a gentle recovery trend after Q2-FY2020
- Employee health is a priority; active use of remote-work program increased efficiency
- Effort focused on profit and cash generation with cost controlled across board
- Avoid price competition and stick with added value; market shares tracking upward

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FY2020 Financial Results

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FY2021 Forecast

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Reference

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

FY2020 Financial Highlight

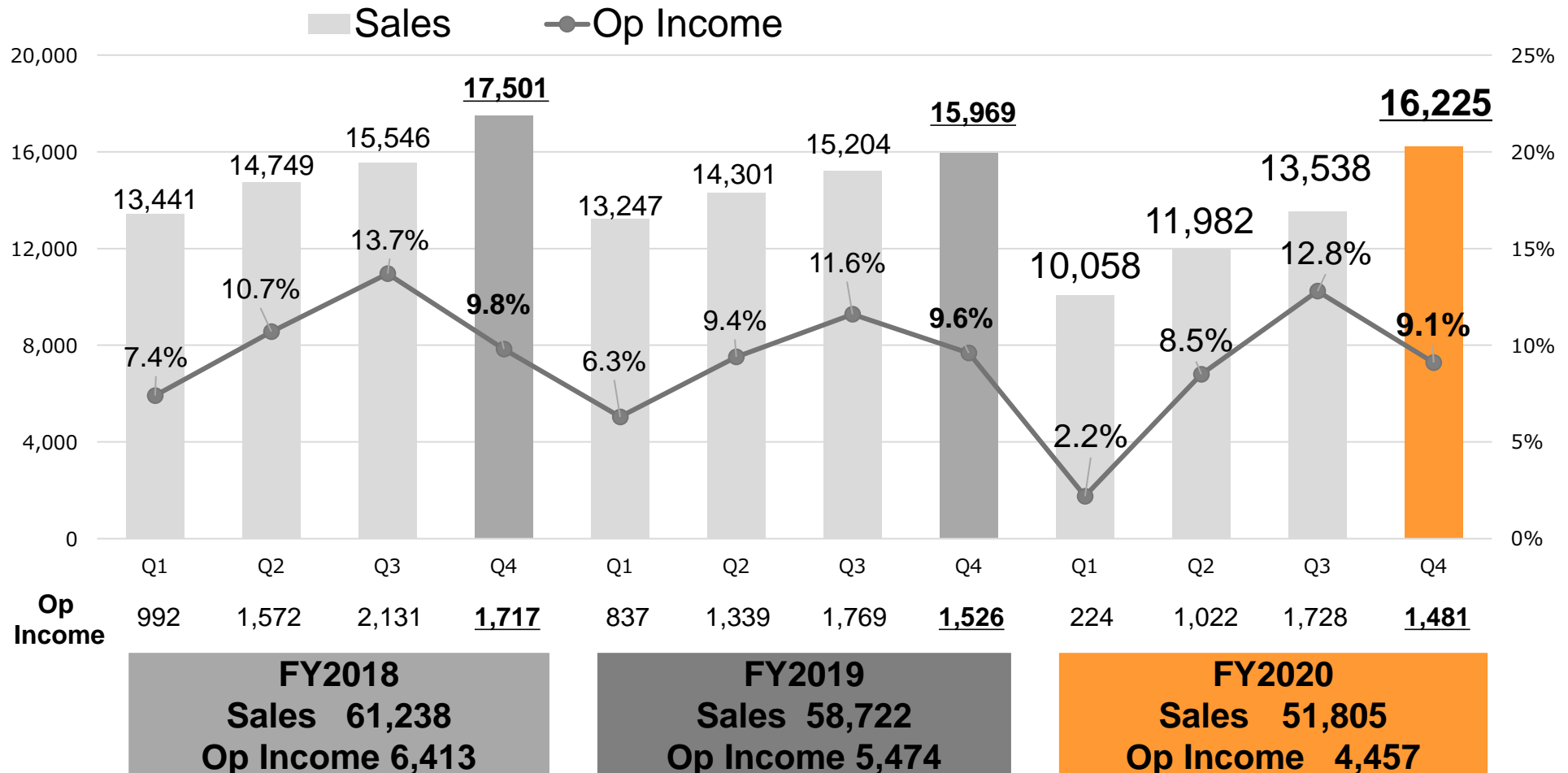
JPY in million	FY 2020	FY 2019	YoY change
Sales	51,805	58,722	(11.8)%
Gross Profit Gross Profit/ Sales	18,724 36.1%	21,979 37.4%	(14.8)%
Operating Income Operating Income / Sales	4,457 8.6%	5,474 9.3%	(18.6)%
Ordinary Income Ordinary Income / Sales	4,550 8.8%	4,991 8.5%	(8.8)%
Net Income Net Income / Sales	2,344 4.5%	3,204 5.5%	(26.8)%
EBITDA Op Income + Depreciation	7,503	8,508	(11.8)%

Note: Exchange Rate (FY2019 → FY2020)

USD/JPY 108.7->**106.1** CAD/JPY 81.8->**80.3** EUR/JPY 120.8->**123.7** RMB/JPY 15.8->**15.5**

Quarterly Net Sales and Operating Margin

- Economic activity has been significantly affected by the pandemic, but our business began showing gentle recovery in Q2, returning to near pre-pandemic levels in both sales and profit in Q4.
- We focused on higher efficiency and cost control for the entire fiscal year.

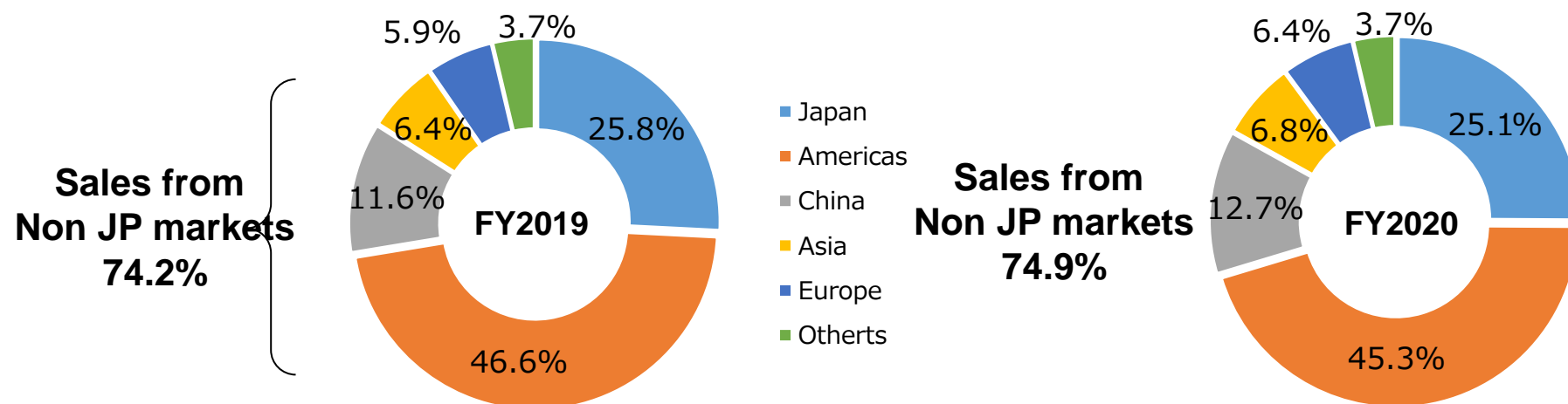


Net Sales by Region

JPY in million	FY2018		FY2019		FY2020		YoY Change	
		% share		% share		% share		
Total	61,238	100.0%	58,722	100.0%	51,805	100.0%	(6,917)	(11.8)%
Japan	16,162	26.4%	15,174	25.8%	13,012	25.1%	(2,162)	(14.3)%
The Americas	27,663	45.2%	27,332	46.6%	23,409	45.3%	(3,922)	(14.4)%
China	6,539	10.7%	6,822	11.6%	6,596	12.7%	(225)	(3.3)%
Asia	5,239	8.6%	3,729	6.4%	3,546	6.8%	(182)	(4.9)%
Europe	3,204	5.1%	3,467	5.9%	3,326	6.4%	(141)	(4.1)%
Others	2,430	4.0%	2,196	3.7%	1,913	3.7%	(282)	(12.9)%

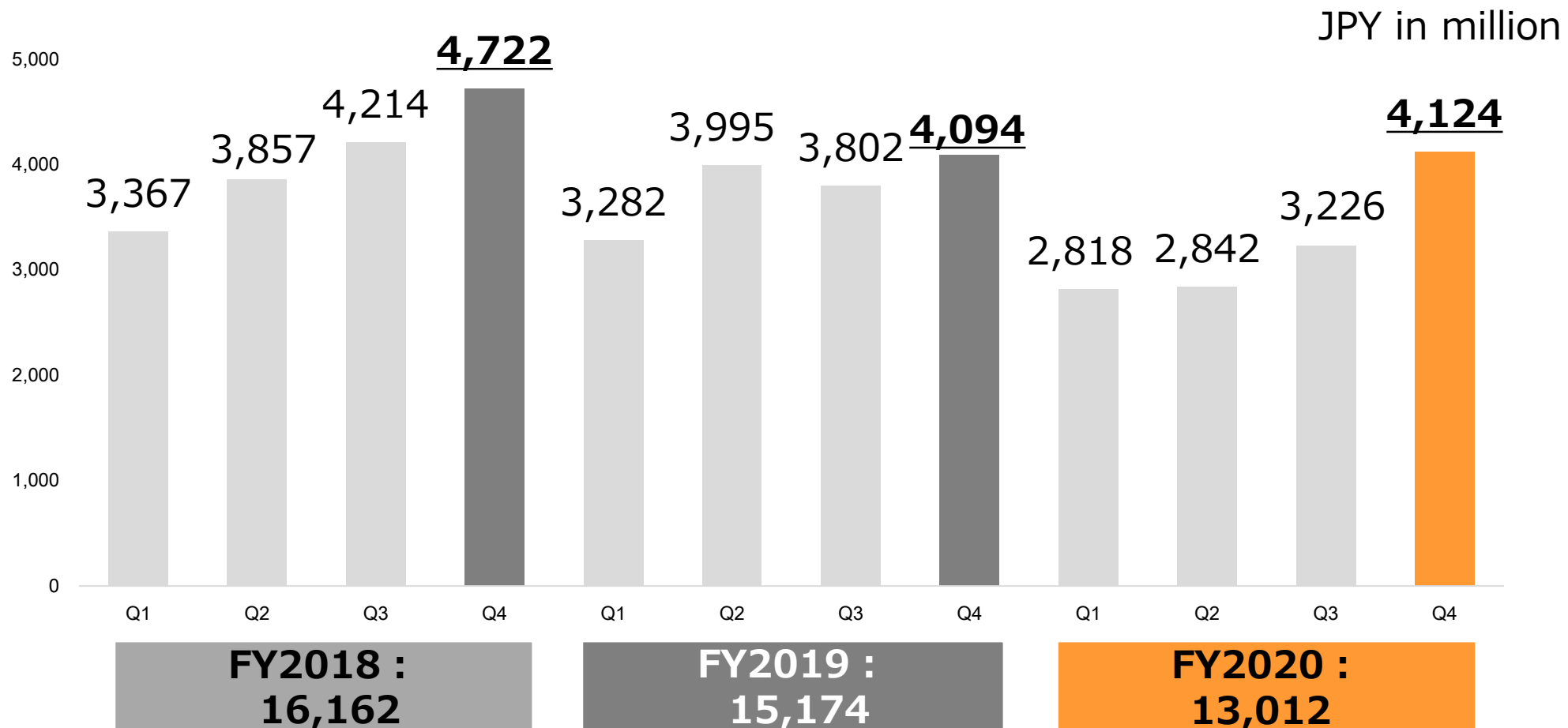
Note: Exchange Rate (FY2019 → FY2020)

USD/JPY 108.7->**106.1** CAD/JPY 81.8->**80.3** EUR/JPY 120.8->**123.7** RMB/JPY 15.8->**15.5**



Net Sales by Region (Japan)

- Gentle recovery trend starting mid-Q1
- Orders related to major equipment investment are strong
- Signs of recovery in merchandise traffic related to infrastructure

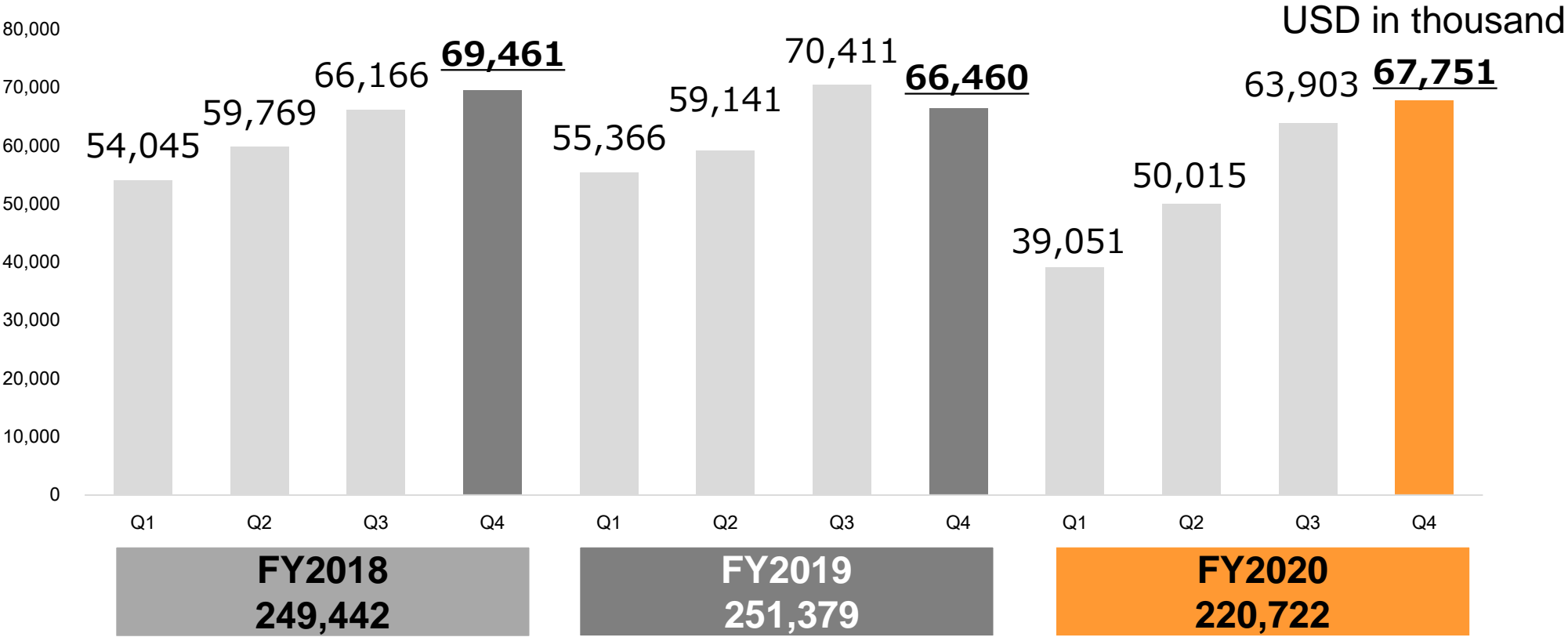


Net Sales by Region (Americas)

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.

- Despite spread of Covid, chain operation leads a recovery trend
- The recovery trend strengthened in Q4, but we must continue to monitor for possible impact due to marine transportation delay

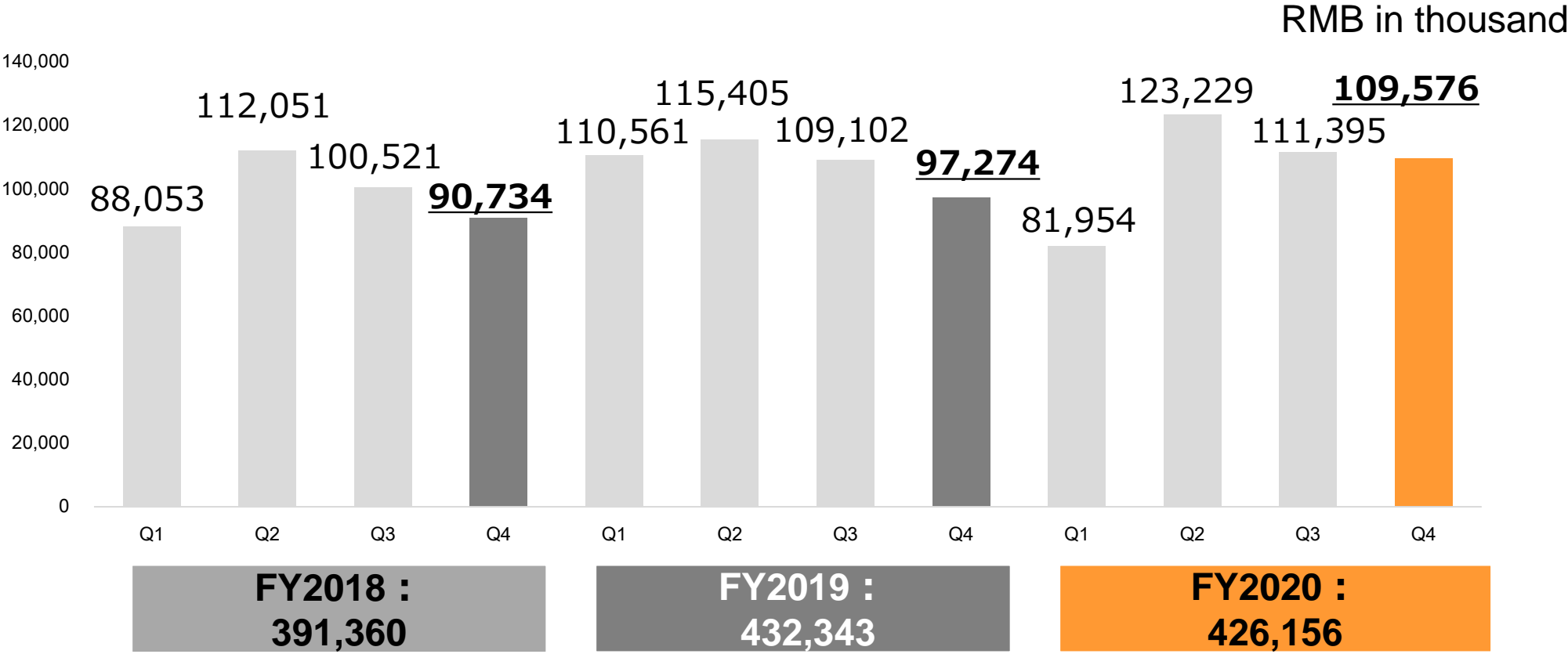


Net Sales by Region (China)

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

- The nation experienced substantial impact from the pandemic at the beginning of the fiscal year, but demand recovered quickly, ahead of the rest of the world.

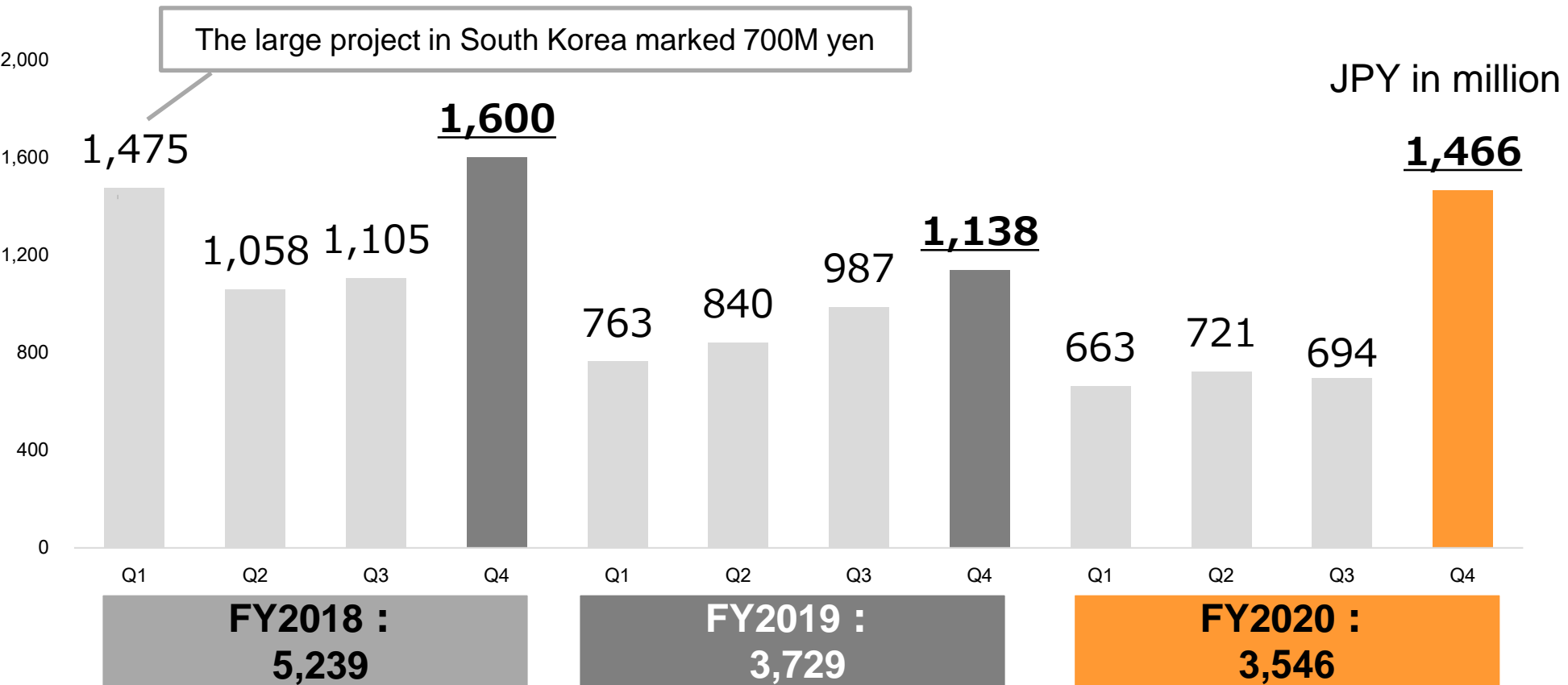


Net Sales by Region (Asia)

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

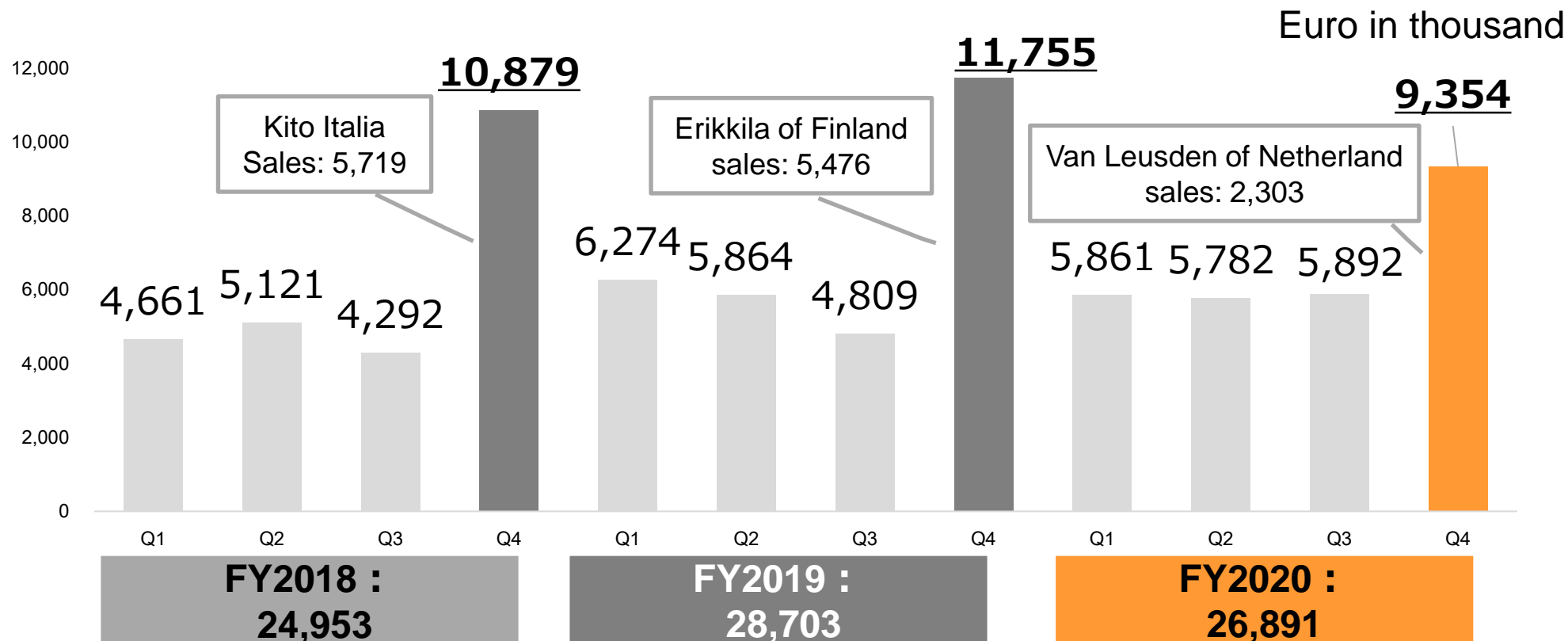
Our Business : The crane business in Thailand and South Korea is the mainstay of this segment.
Improving profitability by strengthening hoist sales and maintenance services for crane.

- Orders for LCD-related products in South Korea have recovered
- Slow equipment investment in automotive and other industries in Southeast Asia

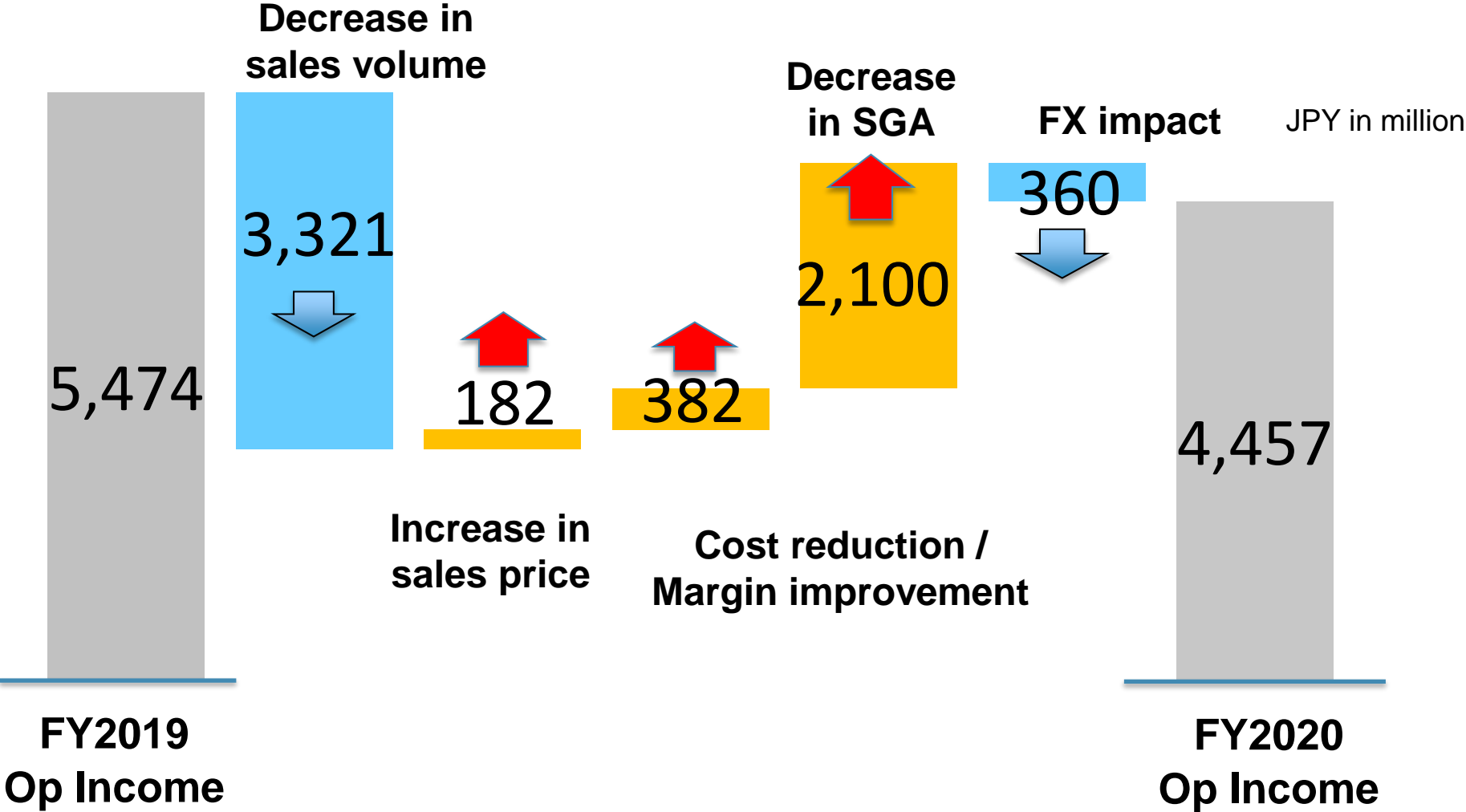


Net Sales by Region (Europe)

- Three subsidiaries consolidated in FY2018 to FY2020, helping differentiate Kito from competitors by expanding product lines
- Despite the difficult business environment, Kito products are steadily penetrating the market and orders remain robust



Operating Income Comparison



Consolidated Balance Sheet

JPY in million	FY2019	FY2020	Change	JPY in million	FY2019	FY2020	Change
Current Assets	40,046	43,735	3,688	Current Liabilities	20,263	23,011	2,747
Cash	9,468	13,734	4,266	Accounts payable	5,668	5,028	(639)
Accounts receivable	11,088	11,369	281	Short-term * debt *	7,523	11,983	4,460
Inventories	18,097	17,341	(755)	Others	7,070	5,998	(1,072)
Others	1,392	1,289	(102)	Fixed Liabilities	14,613	11,488	(3,124)
Fixed Assets	22,757	21,332	(1,425)	Long-term debt	10,808	7,894	(2,914)
Tangible fixed assets	12,752	12,628	(124)	Others	3,805	3,594	(210)
Intangible fixed assets	5,319	5,003	(316)	Total Net Assets	27,927	30,567	2,640
Investment & other assets	4,686	3,701	(984)	Total Liabilities and Net Assets	62,804	65,067	2,263
Total Assets	62,804	65,067	2,263				

* Includes Current portion of long-term loans payable

Consolidated Cash Flows

JPY in million	FY2020	FY2019	Change
Cash flows from operating activities	6,662	5,374	1,288
Cash flows from investing activities	(2,300)	(2,826)	526
Cash flows from financing activities	(82)	(1,671)	1,588
Effect of exchange rate changes on cash and cash equivalents	147	(86)	234
Net increase (decrease) in cash and cash equivalent	4,427	789	3,637
Cash and cash equivalents at end of period	13,725	9,297	4,427

CF from operating activities

Income before income taxes	3,682
Depreciation and amortization	2,697
Decrease in inventories	1,225

CF from investing activities

Acquisition of tangible fixed assets	(2,210)
Acquisition of intangible fixed assets	(294)

CF from financing activities

Increase in short term debt	4,587
Increase in long term debt	1,100
Repayments of long-term debt	(4,385)
Dividend payment	(737)

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FY2021 Forecast

- Postpone announcement of a new medium-term business plan by one year because of uncertain future prospects
- Seize opportunities to quickly recover to pre-pandemic levels and work to build financial health that is resistant to demand fluctuation.
- Return to pre-pandemic performance by fulfilling orders related to infrastructure along with market recovery.
- Contribute broadly to society using an environment-conscious supply chain and products and services that help secure safe work environments.

JPY in million	FY2021 Forecast	FY2020	YoY
Sales	55,000	51,805	+6.2%
Operating Income Operating Income / Sales	5,000 9.1%	4,457 8.6%	+12.2%
Ordinary Income Ordinary Income / Sales	4,800 8.7%	4,550 8.8%	+5.5%
Net Income Net Income / Sales	3,200 5.8%	2,344 4.5%	+36.5%
EBITDA Op Income + Depreciation	7,900	7,503	+5.3%
CAPEX	3,500	2,504	

Note: Exchange Rate (FY2020 -> FY2021)

USD/JPY 106.1->**105.0** CAD/JPY 80.3->**85.0** EUR/JPY 123.7->**125.0** RMB/JPY 15.5->**16.0**

FY2021 Forecast

Japan / Sales forecast JPY 14.0 billion, up 7.6% YoY

- Market**
- Clearer division between performing and struggling industries
 - Despite the remaining impact of the pandemic, business will start on the path to recovery
- Initiatives**
- Enhance sales by assigning personnel dedicated to large projects
 - Equipment investment will continue for higher production efficiency.

Americas / Sales forecast JPY 24.5 billion, up 4.7% YoY

- Market**
- Changes in policy on environment and other sectors with change in administration
 - Impact of disruptions in marine transportation needs careful watching
- Initiatives**
- Synergy between growing market share and market recovery
 - Optimize inventory with consideration for marine-transportation disruptions.

China / Sales forecast JPY 6.9 billion, up 4.6% YoY

- Market**
- Post-pandemic economic measures by the government need careful watching
 - Trend toward share growth due to higher public awareness about environment and quality
- Initiatives**
- Build sales by meeting the needs of performing industries
 - Profit-oriented sales effort, staying out of price wars

Asia / Sales forecast JPY 3.7 billion, up 4.3% YoY

- Market**
- LCD-related demand in South Korea is slow
 - Demand, especially in the automotive industry, is slow in Southeast Asia
- Initiatives**
- Enhance services like crane maintenance and hoist sales
 - Work to expand customer bases in Thailand and South Korea

Europe / Sales forecast JPY 3.5 billion, up 5.2% YoY

- Market**
- Hopeful for demand recovery with resumption of economic activity
- Initiatives**
- Further business growth through synergy with newly acquired firms

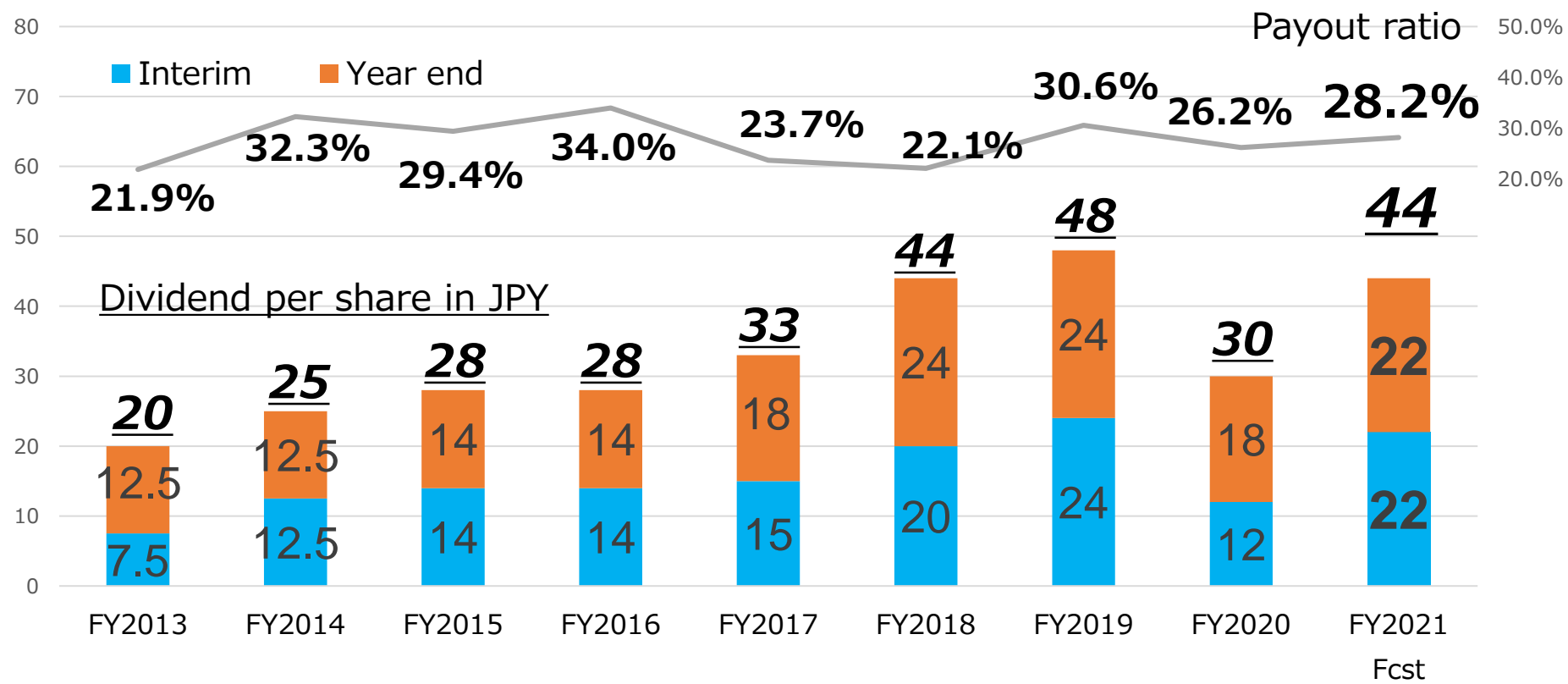
FY2021 Forecast

JPY in million	FY2021 Forecast		FY2020		YoY Change	
		% share		% share		
Total	55,000	100.0%	51,805	100.0%	3,195	+6.2%
Japan	14,000	25.5%	13,012	25.1%	988	+7.6%
The Americas	24,500	44.5%	23,409	45.3%	1,091	+4.7%
China	6,900	12.5%	6,596	12.7%	304	+4.6%
Asia	3,700	6.7%	3,546	6.8%	154	+4.3%
Europe	3,500	6.4%	3,326	6.4%	174	+5.2%
Others	2,400	4.4%	1,913	3.7%	487	+25.5%

Note: Exchange Rate (FY2020 -> FY2021)

USD/JPY 106.1->**105.0** CAD/JPY 80.3->**85.0** EUR/JPY 123.7->**125.0** RMB/JPY 15.5->**16.0**

FY2021 Dividend Forecast



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FY2021 Forecast

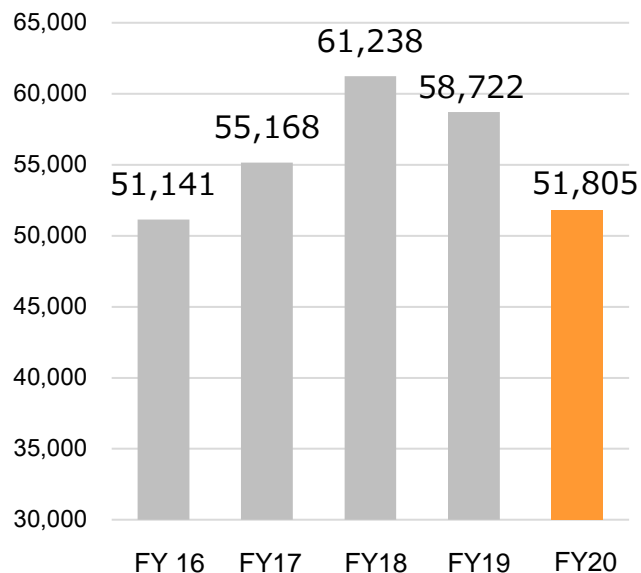
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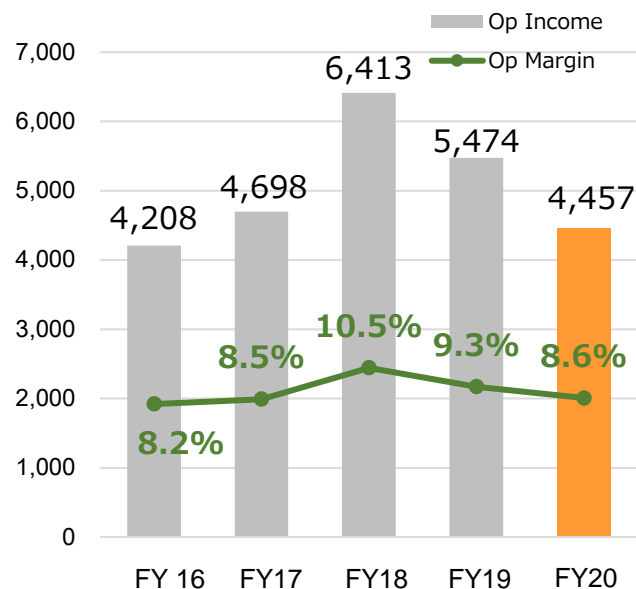
- **Five Year Financial Results (FY2016 – FY2020)**
- **Kito's Business**

Key Figures

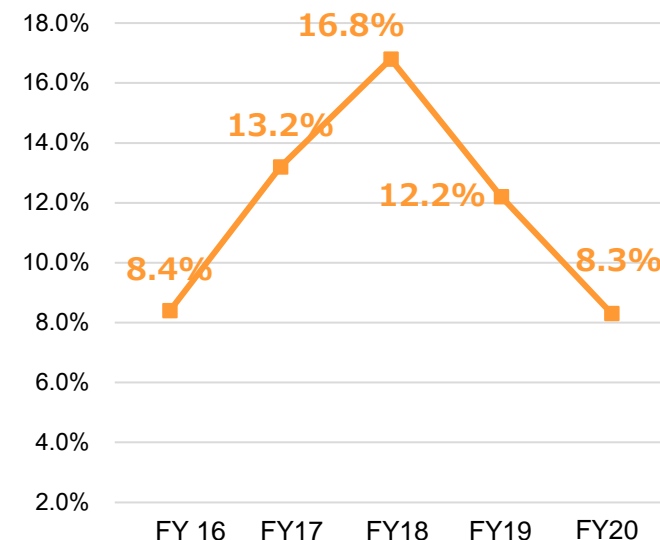
Sales



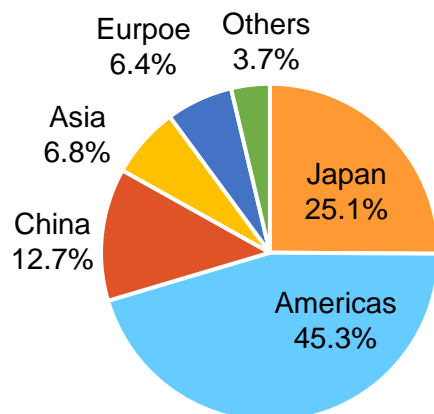
OP Income and Op margin



ROE

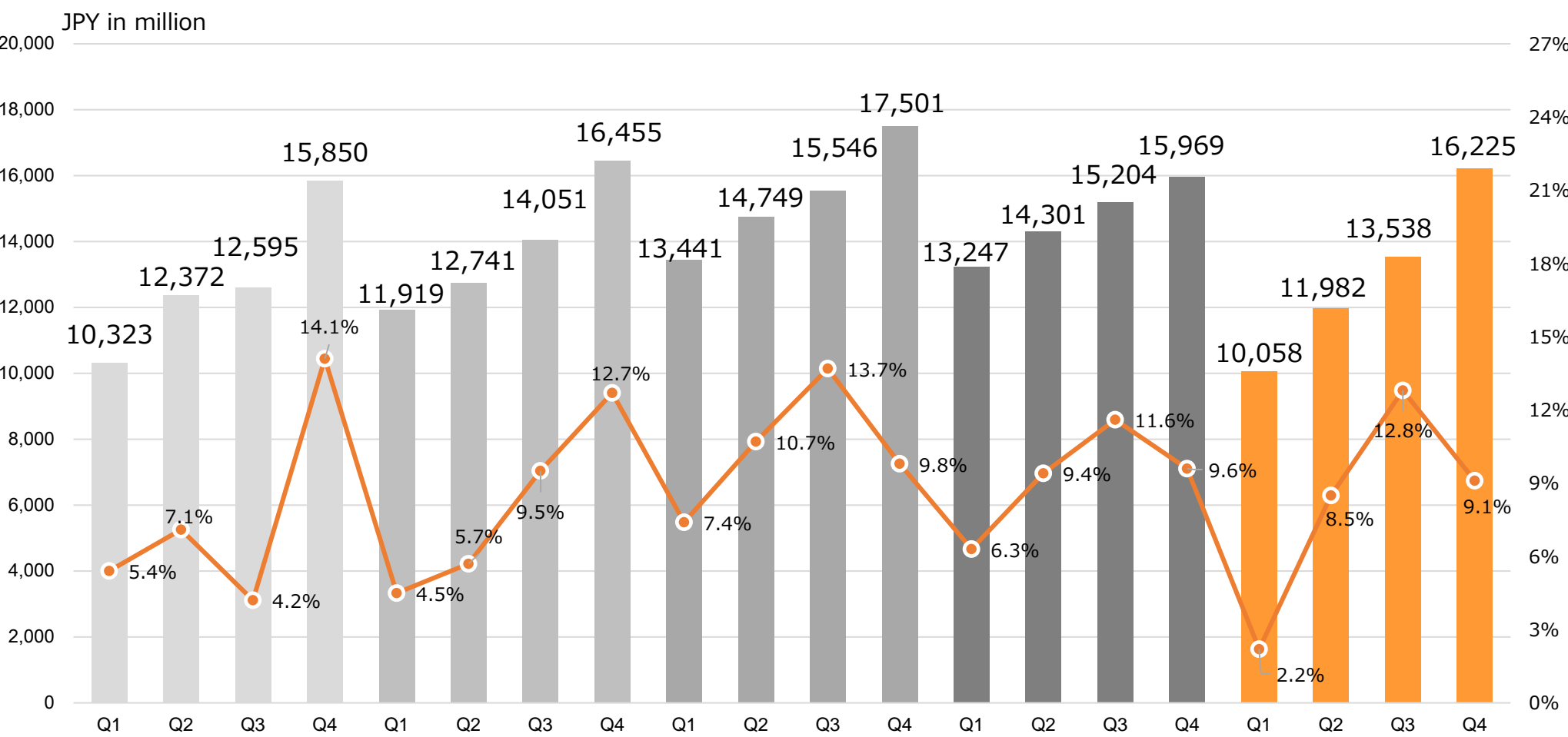


Sales by Region in FY2020



	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

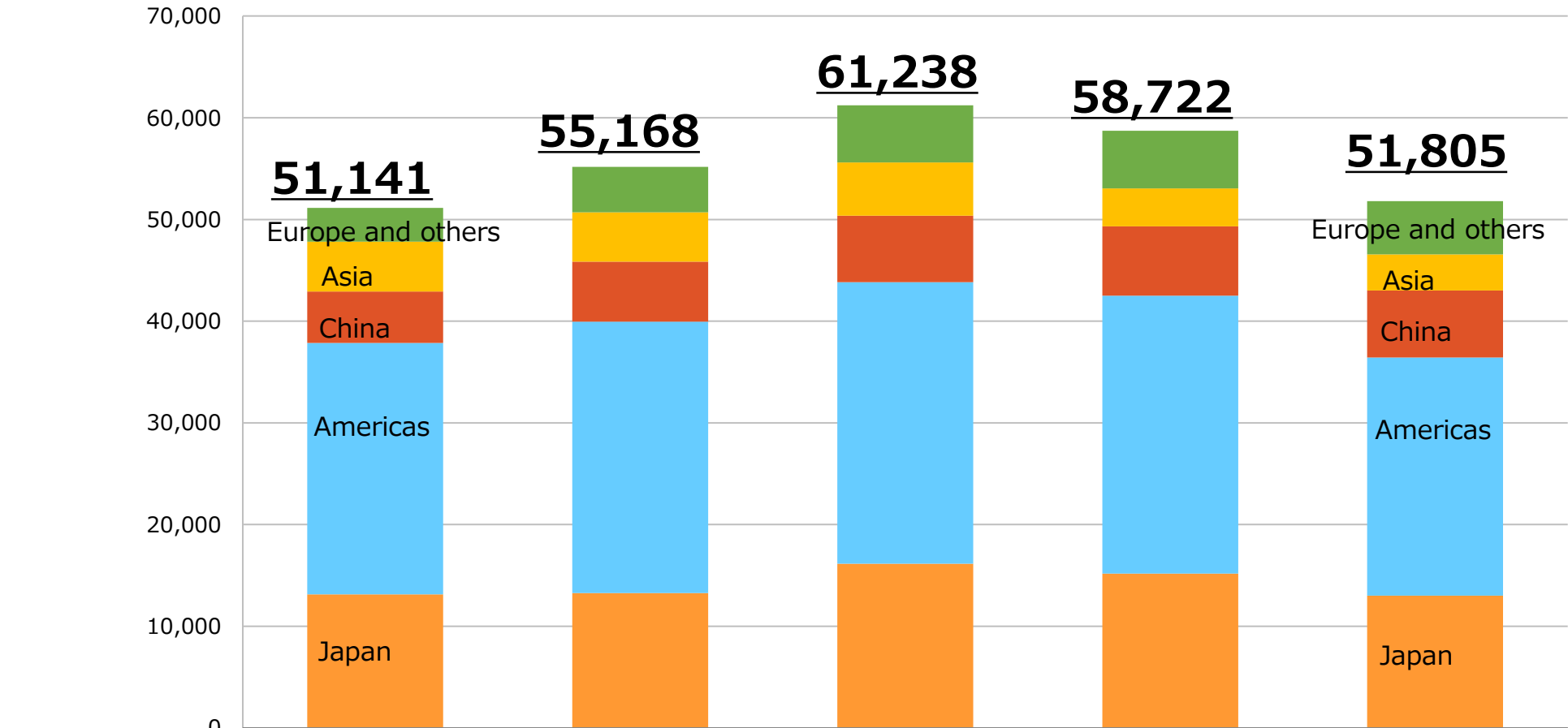
Quarterly Sales and Operating Margin



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

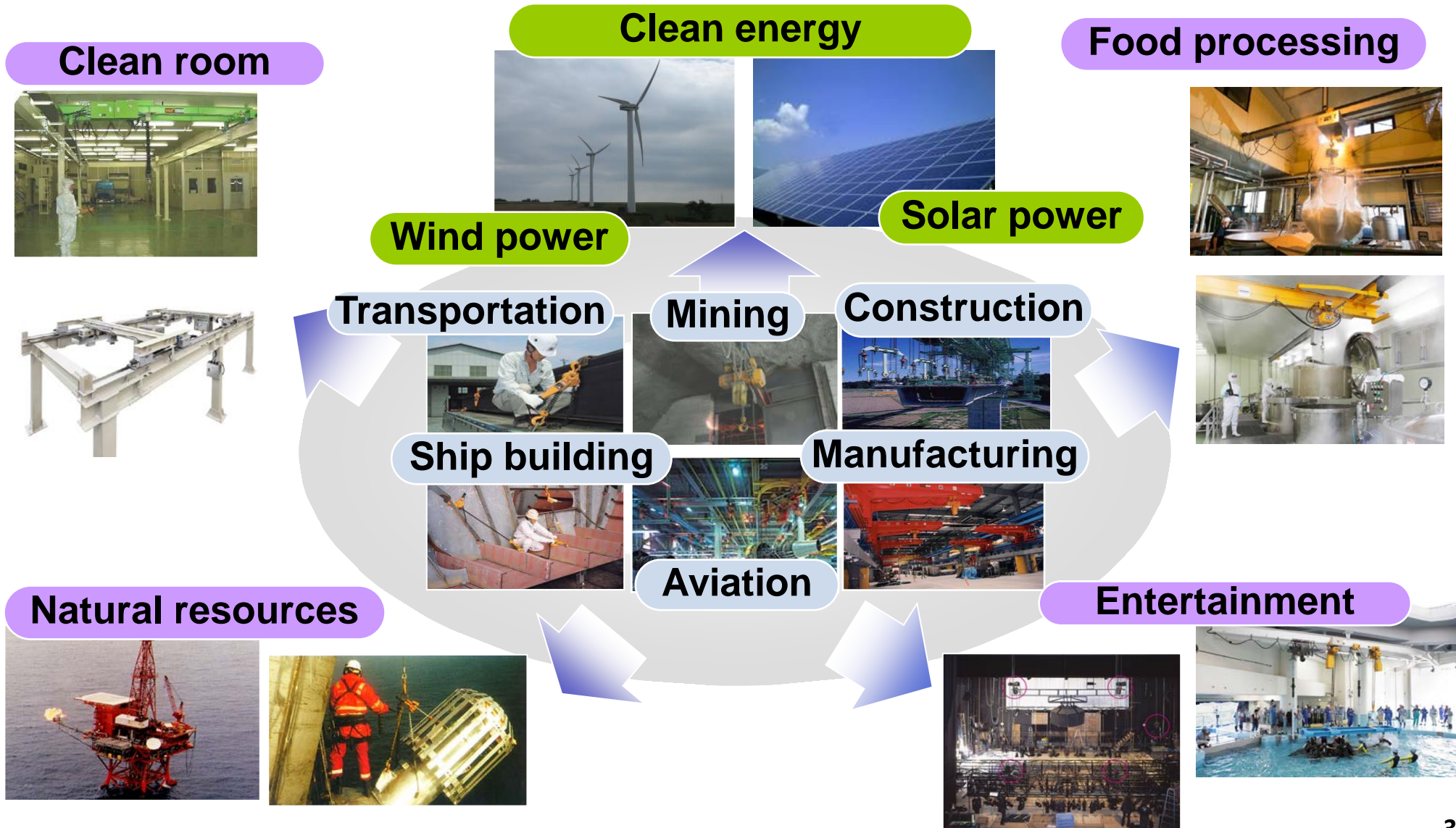


■ Various Chain

- 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)

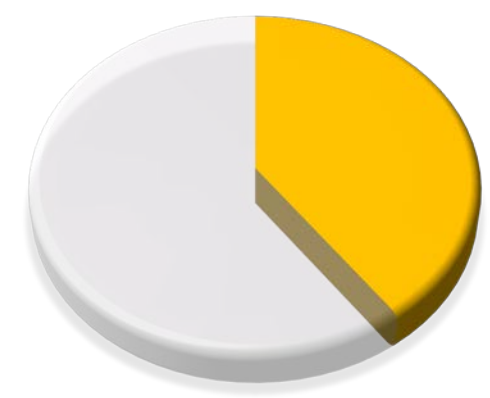
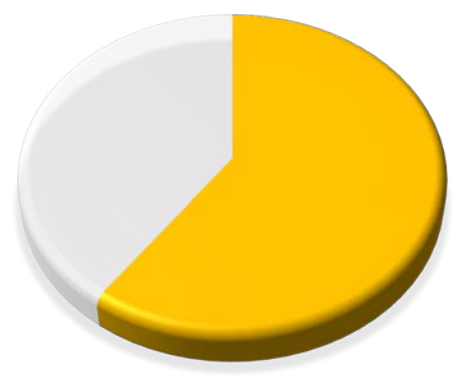
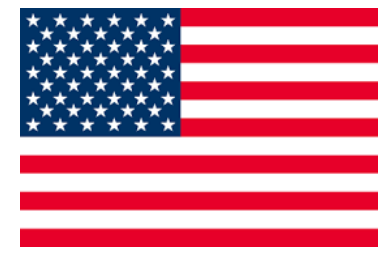
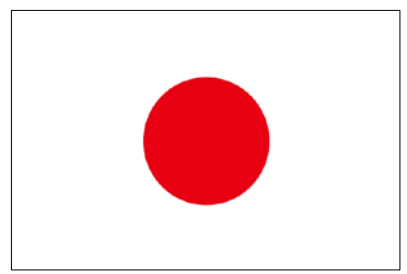
Service Network

Extensive network to provide service for high customer satisfaction



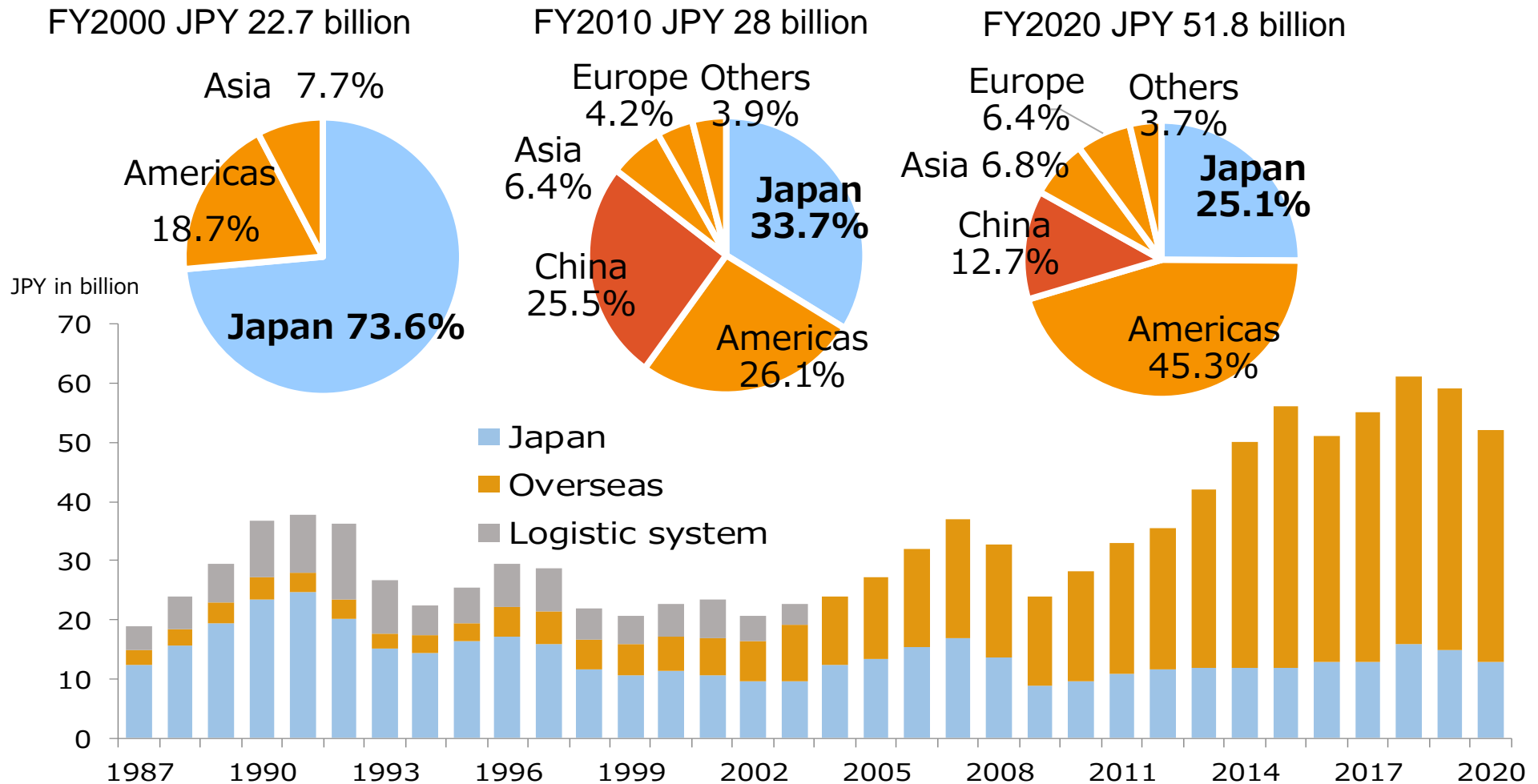
- Differentiation with high value-added products and services
Strong reputation in markets demanding high quality

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

