

Directions for the next Medium-Term Business Plan

May 18, 2021

Previous MTP review (qualitative)

Qualitative Review

- ✓ Product portfolio expansion
 - ✓ Expand product lines through M&A
 - ✓ Launching new products of Powered Chain Hoists, Light Cranes and others
- ✓ Risk-hedging through global production and development
 - ✓ Partial transfers of production to plants in Thailand, the US, elsewhere
 - √ Yamanashi 'mother' plant
- ✓ Strategy review
 - ✓ Raise production efficiency with new ERP system, and customer convenience with e-commerce.
 - ✓ Start programs to train next generation of leaders.
 - ✓ Strengthen global management system.
 - ✓ Standardize and audit product quality groupwide.

Achievements:

High margin business structure and globally integrated enterprise

Challenges:

PMI of European subsidiaries, shorter product-launch cycle, and capital efficiency

Previous MTP review (quantitative)

■ Quantitative review

EBITDA: Decline for two years since the FY2018 peak at 9.2 billion yen.

OCF: $$4.5B (FY2015) \Rightarrow $6.6B (FY2020)$

OCF margin: 8.1% (FY2015) \Rightarrow 12.9% (FY2020)

OP margin: 7.7% (FY'11-15*) \Rightarrow 9.1% (FY'16-20*)

ROE: 8.4% (FY'11-15*) \Rightarrow 11.8% (FY'16-20*)

*Average

The EBITDA goal of ¥13 billion was not achieved, but the company is back on track to high earnings.

Future direction (1. Background for determining KPIs)

□ Background for determining KPI

	Present	Future
Internal Factor	【Previous MTP review】Slow ROISlow product launchStronger inter-company relationship	Set direction for future business and redefine the Kito mission
External factor	 COVID-19 Accelerating digital shift Ongoing industrial reorganization 	 【Changes in business environment】 ·Higher awareness of sustainability ·Digital transformation ·ESG-focused management ·Post COVID-19 era

Future direction (2. KPIs)

1. Qualitative improvement in management to a new stage in global strategy

- ✓ Redefine corporate mission, toward sustainable management
- ✓ Enhance HR development and increase diversity.
- ✓ Raise both earnings power and capital efficiency.
- Enhance and build up production capacity abroad, optimize supply chain.
- ✓ Promote PMI with new subsidiaries and strengthen inter-subsidiary ties

2. Enhance brand value for customers

- ✓ Further product differentiation
- ✓ Safety training for users

3. Continuous innovation as anti-gravity equipment manufacturer.

- ✓ Develop and acquire new products and business.
- Expand tailor-made business by strengthening engineering capability.
- ✓ Reduce environmental impact through product life cycle

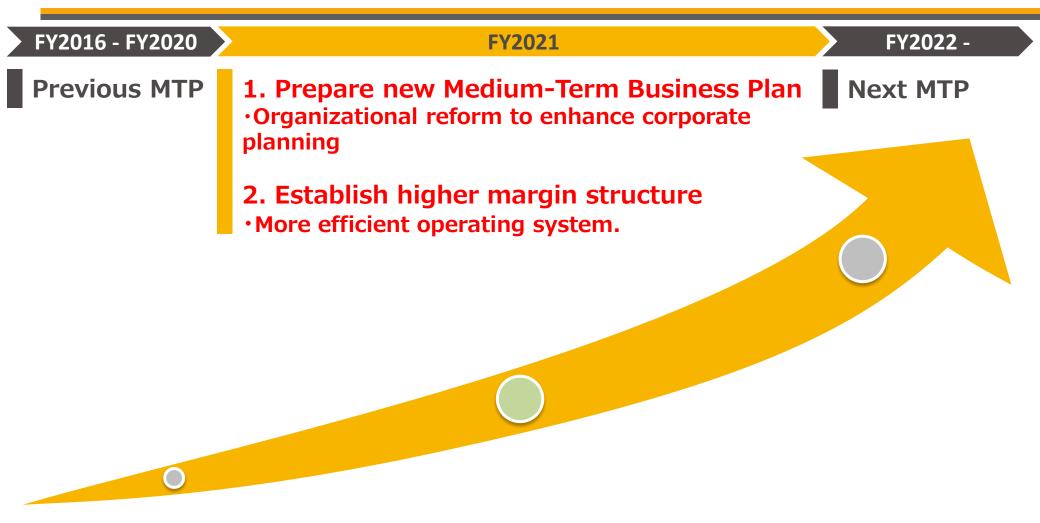
Kito is working to achieve total equity value of ¥100 billion in near future based on these three policies.

KPI candidates:

- · ROIC
- ·CCC
- New product sales ratio
- ·Female management ratio
- •Reduction of env. impact (CO₂, etc.)
- BoD Effectiveness
- ·Customer satisfaction rate
- Overseas production ratio

etc.

FY2021 Management Strategy



Kito will invest in both hard and soft infrastructure in FY2021, pursue post COVID-19 growth and accelerate global strategy in the next MTP.