This is the English translation of the original Japanese-language Business Results of KITO CORPORATION (the Company) for the fiscal year ended March 31, 2020 and is provided for reference purposes only. Readers are advised that the Company does not guarantee the accuracy of the content contained in this report. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

# Business Results for the Fiscal Year Ended March 31, 2020
# [Japan GAAP] (Consolidated)

May 13, 2020

| | | | |
|---|---|---|---|
| Company | **KITO CORPORATION** | Listed on the TSE 1st Section | |
| Stock Code | 6409 | URL: https://kito.com/ | |
| Representative | Yoshio Kito, President & CEO | | |
| Contact | Shigeki Osozawa<br>Managing Director, GM, Corporate Financial Management Div. | TEL: +81-3-5908-0161 | |
| Expected date of Annual General Meeting of shareholders: | June 23, 2020 | Expected starting date of dividend payment: | June 24, 2020 |
| Expected date of filing of annual securities report: | June 19, 2020 | | |
| Preparation of supplementary financial document: | Yes | | |
| Briefing session to explain the financial statements: | None | | |

(Rounded down to the nearest million yen)

## 1. Consolidated business results for the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated results of operations (% change from the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY ended Mar. 2020 | 58,722 | (4.1) | 5,474 | (14.6) | 4,991 | (13.2) | 3,204 | (21.2) |
| FY ended Mar. 2019 | 61,238 | 11.0 | 6,413 | 36.5 | 5,748 | 51.6 | 4,064 | 43.3 |

(Note) Comprehensive income Fiscal year ended Mar. 2020: 2,231 million yen (42.5)%
Fiscal year ended Mar. 2019: 3,878 million yen 27.0%

| | Net income per share | Diluted net income per share | Return on equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| FY ended Mar. 2020 | 156.64 | 156.26 | 12.2 | 8.0 | 9.3 |
| FY ended Mar. 2019 | 199.14 | 198.28 | 16.8 | 9.3 | 10.5 |

(Reference) Equity in earnings of affiliates: Fiscal year ended Mar. 2020: (28) million yen
Fiscal year ended Mar. 2019: (147) million yen

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | Million yen | Million yen | % | Yen |
| As of Mar. 2020 | 62,804 | 27,927 | 42.8 | 1,314.13 |
| As of Mar. 2019 | 62,078 | 26,687 | 41.4 | 1,258.34 |

(Reference) Shareholders' equity As of Mar. 2020: 26,902 million yen
As of Mar. 2019: 25,690 million yen

(3) Consolidated results of cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|---|---|---|---|---|
| | Million yen | Million yen | Million yen | Million yen |
| FY ended Mar. 2020 | 5,374 | (2,826) | (1,671) | 9,297 |
| FY ended Mar. 2019 | 3,553 | (1,580) | (4,279) | 8,504 |

## 2. Dividends

| | Annual dividend | | | | | Total | Dividend payout ratio | Rate of total dividend to net assets (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| FY ended Mar. 2019 | — | 20.00 | — | 24.00 | 44.00 | 898 | 22.1 | 3.7 |
| FY ended Mar. 2020 | — | 24.00 | — | 24.00 | 48.00 | 982 | 30.6 | 3.7 |
| FY ending Mar. 2021 (Forecast) | — | — | — | — | — | — | — | — |

The Company currently has not determined the dividend for the fiscal year ending March 2021.

3. Forecast of consolidated business results for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Because a reasonable and rational calculation to forecast results is difficult due to the impact of COVID-19 on business activity and performance, the Company is not announcing consolidated results forecast at this time. Results forecasts will be announced promptly once a reasonable and rational calculation is possible.

※ **Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates, and restatements
Changes in accounting policies due to revisions of accounting standards: Yes
Changes in accounting policies other than above: None
Changes of accounting estimates: None
Restatements: None

(3) Number of shares issued (common stock)
Number of shares issued at the end of period (treasury stock included)
As of Mar. 2020: 27,048,200 shares As of Mar. 2019: 27,048,200 shares
Number of treasury stock at the end of period
As of Mar. 2020: 6,576,603 shares As of Mar. 2019: 6,631,768 shares
Average number of shares over the period
Fiscal 2019 (ended Mar. 31, 2020): 20,455,444 shares Fiscal 2018 (ended Mar. 31, 2019): 20,409,892 shares

**(Reference) Summary of non-consolidated business results**

**Non-consolidated business results for the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)**

(1) Non-consolidated results of operations (% change from the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY ended Mar. 2020 | 26,704 | (10.4) | 3,029 | (21.2) | 3,555 | (19.7) | 2,594 | 4.6 |
| FY ended Mar. 2019 | 29,794 | 19.7 | 3,845 | 62.2 | 4,425 | 52.3 | 2,480 | 72.7 |

| | Net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| FY ended Mar. 2020 | 126.85 | 126.54 |
| FY ended Mar. 2019 | 121.54 | 121.01 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | Million yen | Million yen | % | Yen |
| As of Mar. 2020 | 45,512 | 18,561 | 40.6 | 903.46 |
| As of Mar. 2019 | 44,298 | 17,009 | 38.3 | 830.65 |

(Reference) Shareholders' equity: As of Mar. 2020: 18,495 million yen
As of Mar. 2019: 16,958 million yen

*This financial summary is not subject to auditing by certified public accountants or audit firms.
* Explanation regarding the appropriate use of business forecasts and other special instructions

(Notes to the forward-looking statements)
Because a reasonable and rational calculation to forecast results is difficult due to the impact of COVID-19 on business activity and performance, the Company is not announcing consolidated results forecast at this time. Results forecasts will be announced promptly once a reasonable and rational calculation is possible.

(Method of obtaining the supplementary financial documents and the contents of the briefing session)
Supplementary financial documents will be posted on the Company's website promptly following the disclosure of this financial summary. In consideration of the impact of COVID-19, the results briefing session will replaced by a video presentation, scheduled to be posted on the Company's website on May 22.

## Contents of Attached Materials

## 1. Overview of business results

### (1) Overview of business results for the subject period

During fiscal 2019 (ended March 31, 2020), amid growing uncertainty about the global economy from the start of the period, although companies took a cautious approach to capital investment, demand remained firm in both infrastructure-related investment and private sector capital expenditures. At the same time, from the first of the year, the global spread of COVID-19 has led to widespread concern about a slowdown in the global economy, and toward the end of the fiscal year has affected business operations in certain regions.

Fiscal 2019 marked the fourth year of the Company's five-year mid-term business plan. During this fiscal year, the Company is implementing various measures to achieve the goals set, including expanding its product and service offerings, and steadily capturing all possible investment demand in global market.

During the subject fiscal year, while infrastructure demand and private sector investment remained steady, the spread of COVID-19 has dampened demand in certain regions. As a result, net sales amounted to ¥58,722 million (down 4.1% year on year), with operating income of ¥5,474 million (down 14.6%), ordinary income of ¥4,991 million (down 13.2%), and net income attributable to owners of the parent of ¥3,204 million (down 21.2%).

Results by segment are as follows. The Kito Group's business activities are classified by geographical segment for the Company and its consolidated group companies.

| Segment | Net Sales<br>YoY change in % | Operating Income (Loss)<br>YoY change in % |
|---|---|---|
| Japan | 26,704 million yen, down 10.4% | 5,495 million yen, down 12. 5% |
| The Americas | 28,171 million yen, down 1.8% | 1,551 million yen, down 6.4% |
| China | 7,503 million yen, up 4.4% | 979 million yen, up 7.6% |
| Asia | 3,214 million yen, down 31.2% | 182 million yen, down 61.3% |
| Europe | 4,578 million yen, up 21.9% | (303) million yen<br>(251 million yen of operating loss for the previous FY) |
| Others | 1,464 million yen, down 23.0% | (48) million yen<br>(49 million yen of operating income for the previous FY) |

**Japan:**
Demand remained firm through the end of 2019, but growing uncertainty regarding the economic outlook led to a gradual weakening. In exports, the cycle of inventory replenishment at overseas subsidiaries has been completed, and considering the recent demand situation, the Company cut back shipments. As a result, net sales amounted to ¥26,704 million (down 10.4% year on year), with operating income of ¥5,495 million (down 12.5%).

**The Americas:**
Capital investment has been stable in both the private and public sectors, despite uncertainties in the U.S. government administration and international relations with China. As a result, net sales in the Americas amounted to ¥28,171 million (down 1.8% year on year), with operating income of ¥1,551 million (down 6.4%).

**China:**
The economic slowdown has weakened enthusiasm for capital investment overall, but the Company continued to increase its market share by taking advantage of a growing safety consciousness, and steadily capturing demand in buoyant industries. As a result, net sales amounted to ¥7,503 million (up 4.4% year on year), with operating income of ¥979 million (up 7.6%). Of note, the fiscal year for the Chinese subsidiaries included in the China Segment ends in December (January to December 2019).

**Asia (excluding Japan and China):**

In Southeast Asia, despite the continued slowdown in demand from the automotive industry, business restructuring and other measures resulted in improved profitability, and the Company secured earnings on the same level as the previous fiscal year. However, the economic slowdown in South Korea had a discernible impact. As a result, net sales in Asia amounted to ¥3,214 million (down 31.2% year on year), with operating income of ¥182 million (down 61.3%).

**Europe:**
The economic slowdown in the overall European market intensified, particularly in the automotive industry. However, the Company benefited from focusing its sales promotion measures on specific industries, and the inclusion of a Finnish manufacturer of crane-related products as a consolidated subsidiary during the subject fiscal year. As a result, net sales in Europe amounted to ¥4,578 million (up 21.9% year on year). In terms of earnings, the Company posted an operating loss of ¥303 million (compared to operating loss of ¥251 million in the previous fiscal year).

**Others:**
This segment currently comprises business in Australia only. Mainly as a result of the economic slowdown in China, net sales amounted to ¥1,464 million (down 23.0% year on year), with an operating loss of ¥48 million (compared to operating income of ¥49 million in the previous fiscal year).

**(2) Overview of financial position for the subject period**

**Assets:**
Total assets at the end of the fiscal 2019 amounted to ¥62,804 million, an increase of ¥725 million compared to the end of the previous fiscal year. The main factors were a ¥1,498 million decrease in notes and accounts receivable—trade; a ¥953 million increase in others (net) in property and equipment; and a ¥1,199 million increase in Investment securities. Of the increase in others (net) in property and equipment, ¥900 million is the effect of applying International Financial Standards (IFRS) 16 “Lease” (hereinafter IFRS 16).

**Liabilities:**
Total liabilities amounted to ¥34,877 million, a decrease of ¥514 million compared to the end of the previous fiscal year. The main factors were a ¥814 million decrease in notes and accounts payable—trade; a ¥1,019 million increase in other current liabilities; and a ¥1,154 million decrease in long-term loans payable. Of the increase in other current liabilities, ¥267 million is the effect of applying IFRS 16.

**Net assets:**
Total net assets amounted to ¥27,927 million, an increase of ¥1,240 million compared to the end of the previous fiscal year. The main factors were a ¥2,222 million increase in retained earnings; and a ¥616 million decrease in foreign currency translation adjustment.

**(3) Overview of cash flows for the subject period**

Cash and cash equivalents amounted to ¥9,297 million, an increase of ¥793 million compared to the end of the previous fiscal year.

**Cash flows from operating activities:**
Net cash provided by operating activities amounted to ¥5,374 million, an increase of ¥1,820 million compared to the previous fiscal year. The main factors were ¥4,885 million in income before income taxes; ¥2,711 million in depreciation and amortization; ¥2,360 million of income taxes paid.

**Cash flows from investing activities:**
Net cash used in investing activities amounted to ¥2,826 million, an increase in outflow of ¥1,246 million compared to the previous fiscal year. The main factors were ¥1,416 million in payments for acquisition of property and equipment; ¥272 million in payments for acquisition of intangible assets; ¥1,287 million in payments of stocks of subsidiaries and affiliates

**Cash flows from financing activities:**
Net cash used in financing activities amounted to ¥1,671 million, an increase in inflow of ¥2,607 million compared to the previous fiscal year. The main factors were ¥3,500 million in proceeds from long-term loans payable; ¥4,289 million in repayments of long-term loans payable; ¥979 million in cash dividends paid by parent company.

**(4) Future outlook**

For fiscal 2020 (ending March 31, 2021), because of the difficulty at this stage of making a rational calculation of the impact that COVID-19 will have on demand, the Company’s forecasts are undetermined. Results forecasts will be announced promptly once a calculation is possible.

**2. Basic approach toward the selection of accounting standards**

The consolidated financial statements of the Company are prepared by the Kito Group based on the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapter VII & Chapter VIII, Ordinance of the Ministry of Finance No. 28 in 1976). This step is taken to facilitate the comparison between companies and periods.

The Company maintains the policy of adopting International Financial Reporting Standards (IFRS) after taking into consideration a variety of factors and conditions in Japan and overseas.

## 3. Consolidated financial statements and major notes

(1) Consolidated balance sheets

(Million yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,678 | 9,468 |
| Notes and accounts receivable—trade | 12,587 | 11,088 |
| Merchandise and finished goods | 13,337 | 13,601 |
| Work in process | 1,231 | 1,193 |
| Raw materials and supplies | 3,356 | 3,302 |
| Others | 1,396 | 1,465 |
| Allowance for doubtful receivables | (63) | (73) |
| Total current assets | 40,524 | 40,046 |
| Fixed assets | | |
| Property and equipment | | |
| Buildings and structures | 11,003 | 11,132 |
| Accumulated depreciation | (6,618) | (6,670) |
| Buildings and structures (net) | 4,385 | 4,461 |
| Machinery, equipment, and vehicles | 19,111 | 19,393 |
| Accumulated depreciation | (14,445) | (15,147) |
| Machinery, equipment, and vehicles (net) | 4,666 | 4,246 |
| Land | 1,444 | 1,470 |
| Construction in progress | 372 | 1,205 |
| Others | 6,383 | 7,716 |
| Accumulated depreciation | (5,968) | (6,347) |
| Others (net) | 415 | 1,368 |
| Total property and equipment | 11,283 | 12,752 |
| Intangible assets | | |
| Goodwill | 1,650 | 1,316 |
| Software | 1,261 | 836 |
| Other | 3,180 | 3,166 |
| Total intangible assets | 6,093 | 5,319 |
| Investments and other assets | | |
| Investment securities | 801 | 2,000 |
| Deferred tax assets | 1,805 | 1,803 |
| Net defined benefit assets | 173 | — |
| Other investments and other assets | 1,396 | 881 |
| Total investments and other assets | 4,176 | 4,686 |
| Total fixed assets | 21,554 | 22,757 |
| Total assets | 62,078 | 62,804 |

(Million yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 6,483 | 5,668 |
| Short-term loans payable | 2,844 | 3,252 |
| Current portion of long-term loans payable within one year | 3,988 | 4,271 |
| Accrued expenses | 3,488 | 3,349 |
| Income taxes payable | 1,065 | 377 |
| Provision for bonuses for employees | 843 | 769 |
| Provision for product warranties | 85 | 107 |
| Provision for sales returns | 308 | 373 |
| Other | 1,074 | 2,093 |
| Total current liabilities | 20,183 | 20,263 |
| Long-term liabilities | | |
| Long-term loans payable | 11,962 | 10,808 |
| Provision for directors' retirement benefits | 221 | — |
| Net defined benefit liabilities | 1,996 | 2,336 |
| Deferred tax liabilities | 924 | 722 |
| Other | 102 | 746 |
| Total long-term liabilities | 15,207 | 14,613 |
| Total liabilities | 35,391 | 34,877 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,976 | 3,976 |
| Capital surplus | 5,214 | 5,234 |
| Retained earnings | 21,863 | 24,086 |
| Treasury stock | (5,725) | (5,678) |
| Total shareholders' equity | 25,328 | 27,618 |
| Accumulated other comprehensive income | | |
| Valuation difference on other available-for-sale securities | 0 | 0 |
| Deferred gains or losses on hedges | 52 | (91) |
| Foreign currency translation adjustment | 552 | (64) |
| Remeasurements of defined benefit plans | (242) | (559) |
| Total accumulated other comprehensive income | 362 | (716) |
| Subscription rights to shares | 50 | 66 |
| Non-controlling interests | 945 | 958 |
| Total net assets | 26,687 | 27,927 |
| Total liabilities and net assets | 62,078 | 62,804 |

(2) Consolidated statements of income/Consolidated statements of comprehensive income

Consolidated statements of income

(Million yen)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|---|---|---|
| Net sales | 61,238 | 58,722 |
| Cost of sales | 38,693 | 36,742 |
| Gross profit | 22,545 | 21,979 |
| Selling, general, and administrative expenses | | |
| Selling expense | 12,033 | 12,437 |
| General and administrative expense | 4,098 | 4,068 |
| Total selling, general, and administrative expenses | 16,132 | 16,505 |
| Operating income | 6,413 | 5,474 |
| Non-operating income | | |
| Interest income | 42 | 39 |
| Rents received | 27 | 31 |
| Refund of premium for cancelled insurance | — | 97 |
| Proceeds from sales of scrap | 50 | 35 |
| Other | 123 | 87 |
| Total non-operating income | 245 | 291 |
| Non-operating expenses | | |
| Interest expense | 406 | 340 |
| Equity in losses of affiliates | 147 | 28 |
| Foreign exchange losses | 132 | 222 |
| Other | 224 | 181 |
| Total non-operating expenses | 910 | 773 |
| Ordinary income | 5,748 | 4,991 |
| Extraordinary income | | |
| Gain on step acquisitions | — | 138 |
| Gain on sale of noncurrent assets | 170 | 8 |
| Gain on liquidation of subsidiary | 24 | — |
| Total extraordinary income | 195 | 146 |
| Extraordinary loss | | |
| Loss on sale of noncurrent assets | 45 | 1 |
| Loss on retirement of noncurrent assets | 35 | 85 |
| Impairment loss | 39 | 164 |
| Total extraordinary loss | 121 | 251 |
| Income before income taxes | 5,822 | 4,885 |
| Income taxes – current | 1,976 | 1,485 |
| Income taxes – deferred | (357) | 89 |
| Income taxes (current and deferred) | 1,619 | 1,575 |
| Net income | 4,203 | 3,310 |
| Net income attributable to non-controlling interests | 138 | 105 |
| Net income attributable to owners of parent | 4,064 | 3,204 |

Consolidated statements of comprehensive income

(Million yen)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|---|---|---|
| Net income | 4,203 | 3,310 |
| Other comprehensive income | | |
| Valuation difference on other available-for-sale securities | (0) | (0) |
| Deferred gains or losses on hedges | (53) | (144) |
| Foreign currency translation adjustment | (264) | (615) |
| Remeasurements of defined benefit plans | 22 | (318) |
| Share of other comprehensive income of entities accounted for using equity method | (28) | (0) |
| Total other comprehensive income | (324) | (1,078) |
| Comprehensive income | 3,878 | 2,231 |
| (Comprehensive income attributable to) | | |
| Owners of the parent | 3,786 | 2,125 |
| Non-controlling interests | 92 | 106 |

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Million yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of the beginning of the period | 3,976 | 5,210 | 18,674 | (5,749) | 22,111 |
| Changes during the period | | | | | |
| Dividends from surplus | | | (775) | | (775) |
| Net income attributable to owners of parent | | | 4,064 | | 4,064 |
| Purchase of treasury stock | | | | (0) | (0) |
| Disposal of treasury stock | | 3 | | 23 | 27 |
| Change in scope of consolidation | | | (148) | | (148) |
| Adjustment to retained earnings due to U.S. tax system revisions | | | 48 | | 48 |
| Changes of items other than shareholders' equity during the period (net) | | | | | |
| Total changes during the period | — | 3 | 3,189 | 23 | 3,216 |
| Balance as of the end of the period | 3,976 | 5,214 | 21,863 | (5,725) | 25,328 |

| | Accumulated other comprehensive income | | | | | Subscription rights to shares | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Valuation difference on other available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance as of the beginning of the period | 0 | 106 | 724 | (228) | 602 | 48 | 935 | 23,697 |
| Changes during the period | | | | | | | | |
| Dividends from surplus | | | | | | | | (775) |
| Net income attributable to owners of parent | | | | | | | | 4,064 |
| Purchase of treasury stock | | | | | | | | (0) |
| Disposal of treasury stock | | | | | | | | 27 |
| Change in scope of consolidation | | | | | | | | (148) |
| Adjustment to retained earnings due to U.S. tax system revisions | | | | | | | | 48 |
| Changes of items other than shareholders' equity during the period (net) | (0) | (53) | (172) | (13) | (239) | 2 | 10 | (226) |
| Total changes during the period | (0) | (53) | (172) | (13) | (239) | 2 | 10 | 2,989 |
| Balance as of the end of the period | 0 | 52 | 552 | (242) | 362 | 50 | 945 | 26,687 |

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Million yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of the beginning of the period | 3,976 | 5,214 | 21,863 | (5,725) | 25,328 |
| Changes during the period | | | | | |
| Dividends from surplus | | | (981) | | (981) |
| Net income attributable to owners of parent | | | 3,204 | | 3,204 |
| Purchase of treasury stock | | | | (0) | (0) |
| Disposal of treasury stock | | 19 | | 47 | 67 |
| Change in scope of consolidation | | | | | — |
| Adjustment to retained earnings due to U.S. tax system revisions | | | | | — |
| Changes of items other than shareholders' equity during the period (net) | | | | | |
| Total changes during the period | — | 19 | 2,222 | 47 | 2,290 |
| Balance as of the end of the period | 3,976 | 5,234 | 24,086 | (5,678) | 27,618 |

| | Accumulated other comprehensive income | | | | | Subscription rights to shares | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Valuation difference on other available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance as of the beginning of the period | 0 | 52 | 552 | (242) | 362 | 50 | 945 | 26,687 |
| Changes during the period | | | | | | | | |
| Dividends from surplus | | | | | | | | (981) |
| Net income attributable to owners of parent | | | | | | | | 3,204 |
| Purchase of treasury stock | | | | | | | | (0) |
| Disposal of treasury stock | | | | | | | | 67 |
| Change in scope of consolidation | | | | | | | | — |
| Adjustment to retained earnings due to U.S. tax system revisions | | | | | | | | — |
| Changes of items other than shareholders' equity during the period (net) | (0) | (144) | (616) | (317) | (1,078) | 15 | 12 | (1,050) |
| Total changes during the period | (0) | (144) | (616) | (317) | (1,078) | 15 | 12 | 1,240 |
| Balance as of the end of the period | 0 | (91) | (64) | (559) | (716) | 66 | 958 | 27,927 |

(4) Consolidated statements of cash flows

(Million yen)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | 5,822 | 4,885 |
| Depreciation and amortization | 2,470 | 2,711 |
| Impairment loss | 39 | 164 |
| Amortization of goodwill | 317 | 323 |
| Changes in allowance for doubtful receivables | 21 | 12 |
| Changes in reserve for bonuses for employees | 45 | (63) |
| Changes in reserve for retirement benefits for officers | 9 | (221) |
| Changes in net defined benefit liabilities | (413) | 20 |
| Interest and dividends income | (42) | (39) |
| Interest expense | 406 | 340 |
| Equity in earnings of affiliates | 147 | 28 |
| Loss on retirement of noncurrent assets | 35 | 85 |
| Gain on sales of noncurrent assets | (124) | (6) |
| Changes in trade receivables | (921) | 1,343 |
| Changes in inventories | (1,949) | (499) |
| Changes in accounts receivable | (0) | (18) |
| Changes in prepaid expense | (95) | 99 |
| Changes in trade payables | 141 | (760) |
| Changes in accrued expenses | 491 | (146) |
| Changes in advances received | (554) | (44) |
| Others | (380) | (161) |
| Subtotal | 5,464 | 8,052 |
| Cash received from interest and dividends | 63 | 39 |
| Interest paid | (408) | (356) |
| Income taxes paid | (1,565) | (2,360) |
| Net cash provided by operating activities | 3,553 | 5,374 |
| Cash flows from investing activities | | |
| Payments for acquisition of property and equipment | (1,304) | (1,416) |
| Proceeds from sales of property and equipment | 328 | 11 |
| Payments for acquisition of intangible assets | (111) | (272) |
| Payments of stocks of subsidiaries and affiliates | (195) | (1,287) |
| Proceeds from cancellation of insurance reserve fund | — | 233 |
| Proceeds from the collection of guarantee money deposited | 37 | 111 |
| Changes in investments and other assets | (47) | (66) |
| Others | (287) | (139) |
| Net cash used in investing activities | (1,580) | (2,826) |

(Million yen)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 1,033 | 497 |
| Proceeds from long-term loans payable | 450 | 3,500 |
| Repayments of long-term loans payable | (4,806) | (4,289) |
| Cash dividends paid by parent company | (774) | (979) |
| Cash dividends paid for non-controlling interests | (81) | (93) |
| Repayments of lease liabilities | (60) | (296) |
| Others | (40) | (10) |
| Net cash used in financing activities | (4,279) | (1,671) |
| Effect of exchange rate change on cash and cash equivalents | (67) | (86) |
| Net increase (decrease) in cash and cash equivalents | (2,373) | 789 |
| Cash and cash equivalents at the beginning of the year | 10,769 | 8,504 |
| Increase (decrease) in cash and cash equivalents resulting in change of scope of consolidation | 108 | 3 |
| Cash and cash equivalents at the end of the year | 8,504 | 9,297 |

(5) Notes to consolidated financial statements

(Notes regarding ongoing concern assumption)
No relevant matters to be noted.

(Change in accounting policy)
A subsidiary of the Company that applies International Financial Reporting Standards (IFRS) has applied IFRS 16 “Leases” from the subject fiscal year. Accordingly, the lessee in principle records all leases as assets or liabilities on the balance sheet. For the application of IFRS 16, the Company follows transitional treatment, adopting a method of recognizing the cumulative amount of the financial effect from the change in accounting policy from the date of application.

As a result, at the end of fiscal 2019 the “Others (net)” item of property and equipment increased by ¥900 million, the “Other” item of current liabilities increased by ¥267 million, the “Other” item of long-term liabilities increased by ¥339 million, the “Other” item of current assets decreased by ¥4 million, and the “Other” item of investments and other assets decreased by ¥287 million. The impact on profit and loss for the subject fiscal year was negligible.

(Segment Information)
[Segment information]
1. Reportable segments (overview)
The reportable segments of KITO CORPORATION are units of the corporation, for which financial information is separately available and which are subject to periodic reviews in order for the board of directors to determine the allocation of management resources and to assess business results.

KITO CORPORATION manufactures and sells hoisting equipment and cranes. The Company takes care of the domestic market, while for overseas markets, locally incorporated companies in the regions of the Americas, China, Asia, and Europe are respectively in charge of their own markets. Each of the locally incorporated companies is an independent management unit, plans comprehensive strategies for its products by region, and conducts business operations.

Therefore, KITO consists of these regional segments based on manufacturing and sales systems; consolidated subsidiaries are aggregated into six reportable segments, namely Japan, the Americas, China, Asia, Europe, and Other.

2. Calculation methods for net sales, income or loss, assets, liabilities, and other items of reportable segments
The accounting methods used for financial statements of respective reportable segments are basically the same as those stated in “Important matters fundamental to the preparation of consolidated financial statements.”

Income of reportable segments is based on operating income, and internal sales and transfers among segments are on a market-value basis.

3. Information on the amounts of net sales, income or loss, assets, liabilities, and other items of reportable segments

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Million yen)

| | Reportable segments | | | | | | Total | Adjustment Note 1 | Consolidated financial statement amount Note 2 |
|---|---|---|---|---|---|---|---|---|---|
| | Japan | Americas | China | Asia | Europe | Others | | | |
| Net sales | | | | | | | | | |
| Net sales to unaffiliated customers | 16,166 | 28,588 | 6,539 | 4,668 | 3,374 | 1,901 | 61,238 | — | 61,238 |
| Net internal sales or transfers among segments | 13,628 | 102 | 645 | 0 | 380 | — | 14,757 | (14,757) | — |
| Total | 29,794 | 28,691 | 7,185 | 4,668 | 3,754 | 1,901 | 75,996 | (14,757) | 61,238 |
| Segment income (loss) | 6,282 | 1,657 | 910 | 472 | (251) | 49 | 9,121 | (2,707) | 6,413 |
| Segment assets | 24,814 | 24,988 | 7,013 | 4,157 | 3,746 | 1,339 | 66,059 | (3,980) | 62,078 |
| Others | | | | | | | | | |
| Depreciation and amortization | 955 | 1,006 | 210 | 130 | 129 | 26 | 2,458 | 12 | 2,470 |
| Amortization of goodwill | 11 | 296 | — | 8 | — | — | 317 | — | 317 |
| Increases in tangible noncurrent assets and intangible noncurrent assets | 617 | 416 | 87 | 52 | 97 | 32 | 1,303 | 17 | 1,321 |

Notes:

1. The details of adjustments are as stated below:
   (1) The segment income or segment loss adjustment of ¥(2,707) million includes transaction offsets among segments of ¥(263) million and Company-wide expenses that are not allocated to respective reportable segments of ¥(2,444) million. Company-wide expenses are expenses mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.
   (2) The segment assets adjustment of ¥(3,980) million includes transaction offsets among segments of ¥(4,839) million and Company-wide assets that are not allocated to respective reportable segments of ¥858 million. Company-wide assets are assets mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.
   (3) The adjustment in the increase in tangible noncurrent assets and intangible noncurrent assets of ¥17 million is the amount of capital investment in Company-wide assets that are not allocated to the respective reportable segments.
2. Segment income or loss is adjusted to operating income listed in the consolidated financial statements.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Million yen)

| | Reportable segments | | | | | | Total | Adjustment Note 1 | Consolidated financial statement amount Note 2 |
|---|---|---|---|---|---|---|---|---|---|
| | Japan | Americas | China | Asia | Europe | Others | | | |
| Net sales | | | | | | | | | |
| Net sales to unaffiliated customers | 15,331 | 28,099 | 6,837 | 3,214 | 3,775 | 1,464 | 58,722 | — | 58,722 |
| Net internal sales or transfers among segments | 11,373 | 72 | 666 | — | 802 | — | 12,914 | (12,914) | — |
| Total | 26,704 | 28,171 | 7,503 | 3,214 | 4,578 | 1,464 | 71,637 | (12,914) | 58,722 |
| Segment income (loss) | 5,495 | 1,551 | 979 | 182 | (303) | (48) | 7,857 | (2,383) | 5,474 |
| Segment assets | 25,591 | 22,559 | 6,873 | 4,248 | 4,484 | 1,087 | 64,845 | (2,041) | 62,804 |
| Others | | | | | | | | | |
| Depreciation and amortization | 949 | 1,003 | 215 | 194 | 260 | 77 | 2,700 | 11 | 2,711 |
| Amortization of goodwill | 11 | 290 | — | — | 20 | — | 323 | — | 323 |
| Increases in tangible noncurrent assets and intangible noncurrent assets | 1,371 | 425 | 185 | 59 | 286 | 49 | 2,377 | — | 2,377 |

Notes:

1. The details of adjustments are as stated below:
   (1) The segment income or segment loss adjustment of ¥(2,383) million includes transaction offsets among segments of ¥94 million and Company-wide expenses that are not allocated to respective reportable segments of ¥(2,478) million. Company-wide expenses are expenses mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.
   (2) The segment assets adjustment of ¥(2,041) million includes transaction offsets among segments of ¥(4,086) million and Company-wide assets that are not allocated to respective reportable segments of ¥2,045 million. Company-wide assets are assets mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.
2. Segment income or loss is adjusted to operating income listed in the consolidated financial statements.

(Per share information)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|---|---|---|
| Net assets per share | 1,258.34 yen | 1,314.13 yen |
| Net income per share | 199.14 yen | 156.64 yen |
| Diluted net income per share | 198.28 yen | 156.26 yen |

Notes:

1. The basis for calculating net assets per share is presented as follows:

| | FY2018 (As of March 31, 2019) | FY2019 (As of March 31, 2020) |
|---|---|---|
| Total net assets (million yen) | 26,687 | 27,927 |
| Amount deducted from net assets (million yen) | 996 | 1,024 |
| (Subscription rights to shares) | (50) | (66) |
| (Non-controlling interests) | (945) | (958) |
| Common stocks within net assets as of the end of the year (million yen) | 25,690 | 26,902 |
| Number of common stocks as of the end of the year used for the calculation of net assets per share (shares) | 20,416,432 | 20,471,597 |

2. The basis for calculating net income per share and diluted net income per share is presented as follows:

| | FY2018<br>(April 1, 2018 to March 31, 2019) | FY2019<br>(April 1, 2019 to March 31, 2020) |
|---|---|---|
| Net income per share | | |
| Net income attributable to owners of parent (million yen) | 4,064 | 3,204 |
| Not attributable to ordinary shareholders of common stock (million yen) | — | — |
| Net income attributable to owners of parent's common stock (million yen) | 4,064 | 3,204 |
| Average number of common stocks during the year (shares) | 20,409,892 | 20,455,444 |
| Diluted net income per share | | |
| Increase in common stocks (shares) | 88,382 | 49,640 |
| (Subscription rights to shares) (shares) | (88,382) | (49,640) |
| Dilutive shares that do not have dilutive effect and thus are not included in the calculation of diluted net income per share (Summary) | The 15th subscription rights to shares:<br>Special resolution passed at the Ordinary General Meeting of Shareholders on June 21, 2017, passed at the board of directors meeting on May 29, 2018<br>(Number of subscription rights to shares: 300, common stocks: 60,000 shares) | — |

(Important subsequent events)
(Borrowing of large capital amount)
The Company, at a meeting of its Board of Directors on April 22, 2020, as a provision against the spread and long-term impact of COVID-19, decided to make a short-term borrowing of capital in order to bolster its on-hand liquidity, and further stabilize its management foundation. Details are as follows.

| | |
|---|---|
| 1. Name of lender | Sumitomo Mitsui Banking Corporation |
| 2. Amount borrowed | ¥3,000 million |
| 3. Interest rate | Base rate + spread |
| 4. Effective date | April 30, 2020 |
| 5. Repayment terms | Lump sum repayment |
| 6. Repayment date | April 30, 2021 |
| 7. Collateral provision and guarantees | None |