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# **Financial Results for the Quarter ended December 31, 2021**

**KITO CORPORATION**  
**TSE 1st Section: 6409**  
**February 8, 2022**

# FY2021 Q3 / 3 Months Summary

(JPY in Million)	FY2021 Q3 3 months	Change from FY2020 Q3	Change from FY2019 Q3
<b>Sales</b>	<b>15,950</b>	<b>+17.8 %</b>	<b>+4.9 %</b>
<b>Op Income</b>	<b>1,460</b>	<b>(15.5)%</b>	<b>(17.5)%</b>
<b>Net Income *</b>	<b>1,193</b>	<b>+4.0 %</b>	<b>+13.8 %</b>

\* Net Income attributable to owners of parent

- Continued to increased production in response to strong recovery of demand in North America and Europe.
- Demand recovery has been recovering moderately in Japan and Asia. Growing demand related to infrastructure investment is expected.
- Focused on maintaining customer service by securing supply chains such as material suppliers and transportation routes.
- The impact on profits due to soaring costs of materials and transportation became apparent.

**1**

## **FY2021 Q3 Financial Results**

**2**

## **FY2021 Forecast**

**3**

## **Reference**

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

# FY2021 Q3 / 9 Months Summary

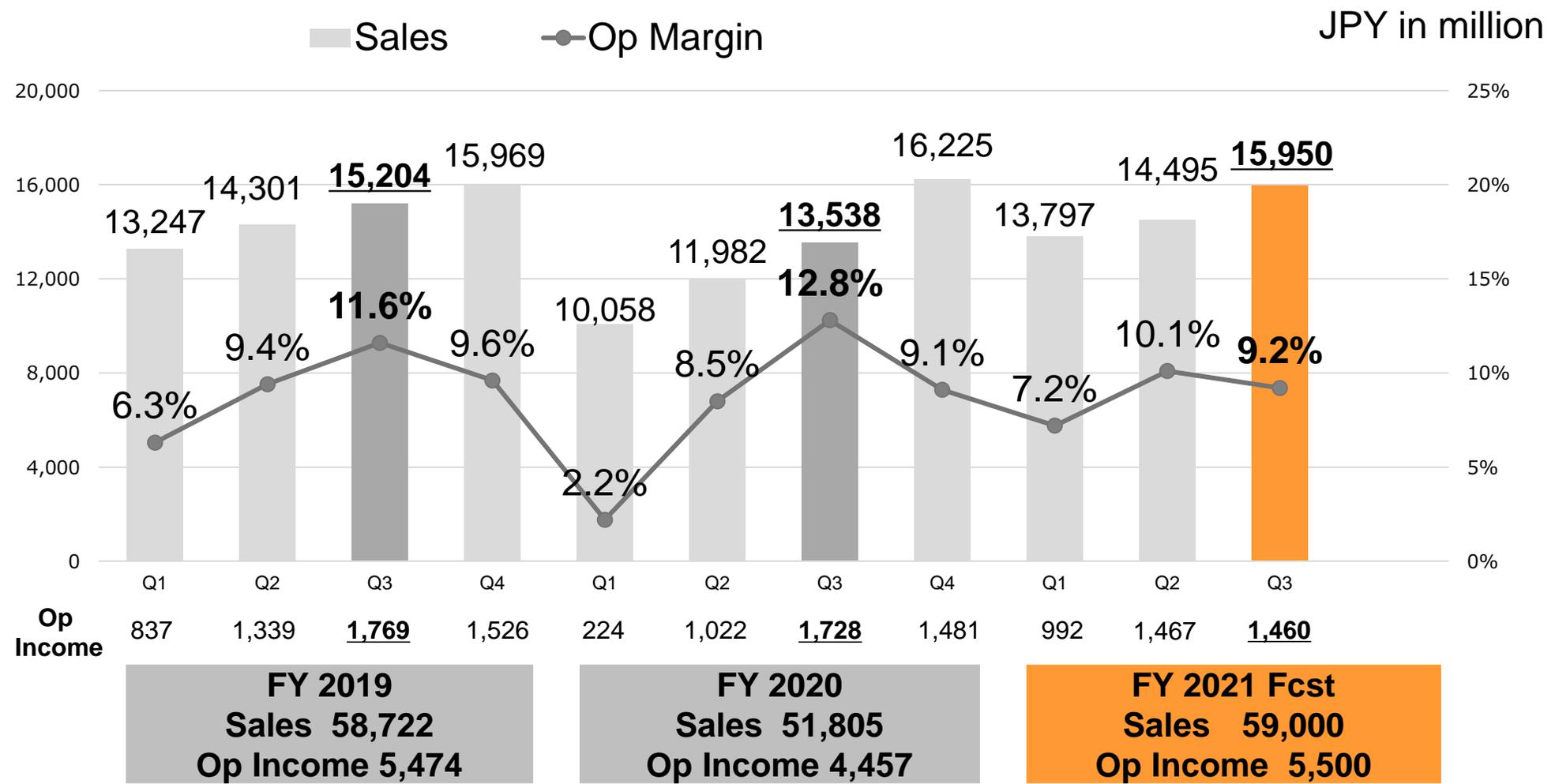
JPY in million	FY2019 Q3	FY2020 Q3	FY2021 Q3	YoY change
<b>Sales</b>	42,753	35,580	<b>44,243</b>	<b>+24.4%</b>
<b>Gross Profit</b> Gross Profit / Sales	16,080 37.6%	13,148 37.0%	<b>15,891</b> <b>35.9%</b>	<b>+20.9%</b>
<b>Operating Income</b> Operating Income / Sales	3,947 9.2%	2,976 8.4%	<b>3,919</b> <b>8.9%</b>	<b>+31.7%</b>
<b>Ordinary Income</b> Ordinary Income / Sales	3,482 8.1%	2,880 8.1%	<b>3,964</b> <b>9.0%</b>	<b>+37.7%</b>
<b>Net Income</b> Net Income / Sales	2,131 5.0%	1,314 3.7%	<b>2,871</b> <b>6.5%</b>	<b>+118.4%</b>
<b>EBITDA</b> Op Income + Depreciation	6,178	5,172	<b>6,152</b>	

Note: Exchange Rate (FY2020 Q3 -> FY2021 Q3)

USD/JPY 106.1->111.1 CAD/JPY 79.2->89.0 EUR/JPY 122.4->130.6 RMB/JPY 15.4->16.8

# Quarterly Net Sales and Operating Margin

- Sales up to Q3 were at all-time highs for the period due to demand recovery.
- The impact on profits due to soaring costs of materials and transportation became apparent.



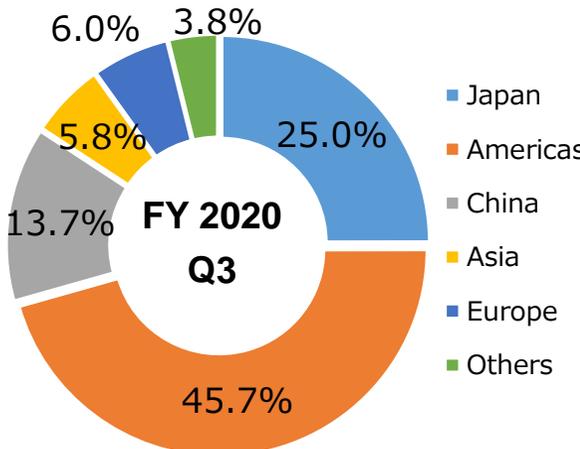
# Net Sales by Region / 9 months

JPY in million	FY 2019 Q3		FY 2020 Q3		FY 2021 Q3		YoY change	
		% share		% share		% share	Amount	%
<b>Total</b>	42,753	100.0%	35,580	100.0%	44,243	100.0%	8,633	24.4%
<b>Japan</b>	11,080	25.9%	8,887	25.0%	9,988	22.6%	1,100	12.4%
<b>Americas</b>	20,093	47.0%	16,231	45.7%	20,727	46.9%	4,495	27.7%
<b>China</b>	5,324	12.4%	4,865	13.7%	5,949	13.4%	1,083	22.3%
<b>Asia</b>	2,590	6.1%	2,080	5.8%	2,443	5.5%	363	17.5%
<b>Europe</b>	2,051	4.8%	2,146	6.0%	3,523	8.0%	1,377	64.2%
<b>Others</b>	1,613	3.8%	1,368	3.8%	1,611	3.6%	243	17.8%

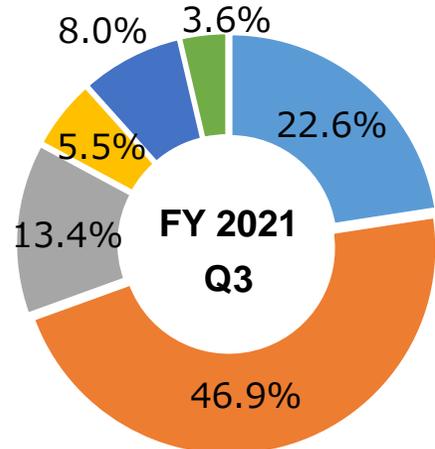
Note: Exchange Rate (FY2020 Q3 -> FY2021 Q3)

USD/JPY 106.1->111.1   CAD/JPY 79.2->89.0   EUR/JPY 122.4->130.6   RMB/JPY 15.4->16.8

**Sales from Non JP Markets 75.0%**

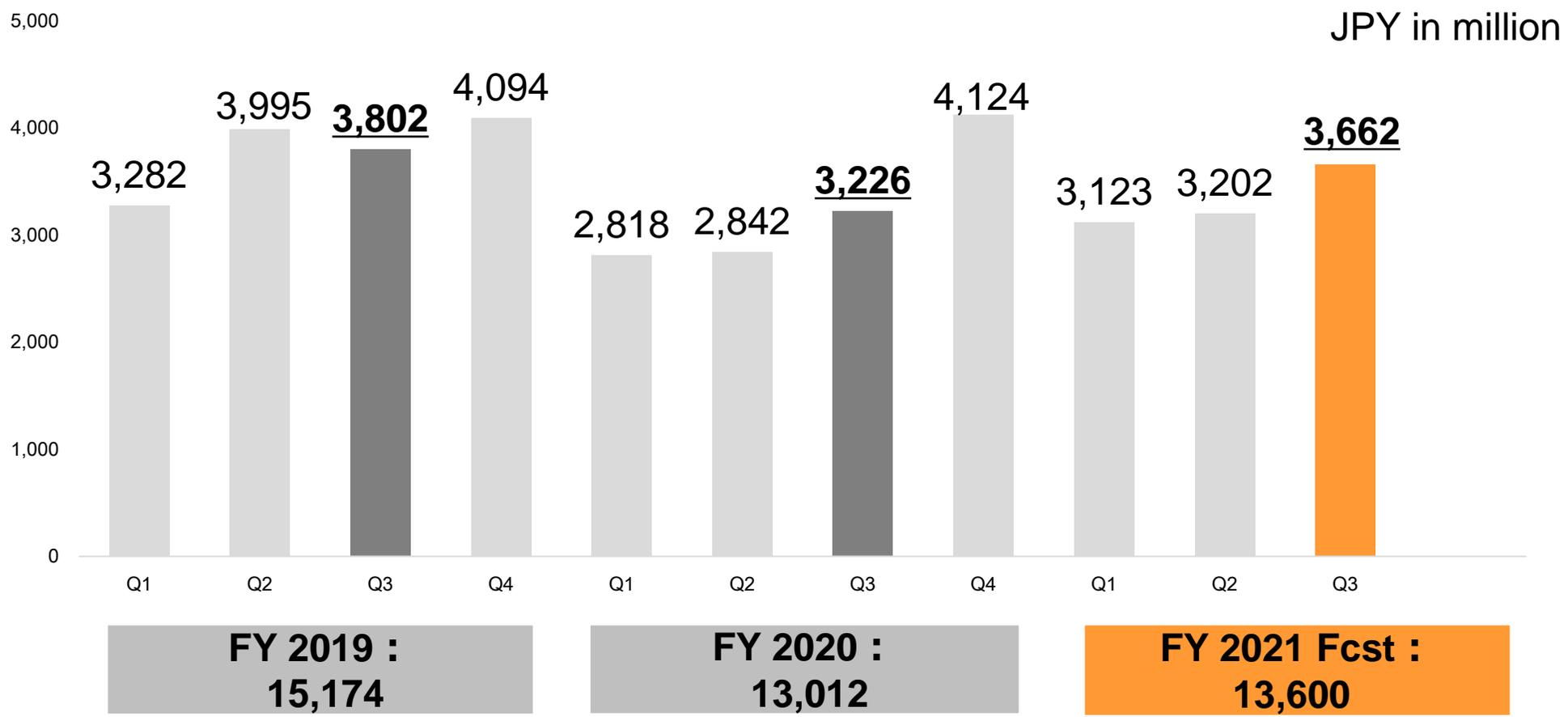


**Sales from Non JP Markets 77.4%**



# Net Sales by Region (Japan)

- The gentle recovery trend continued under the continuing state of emergency.
- We hope for further growth in demand related to private-sector capital spending and government infrastructure investment.

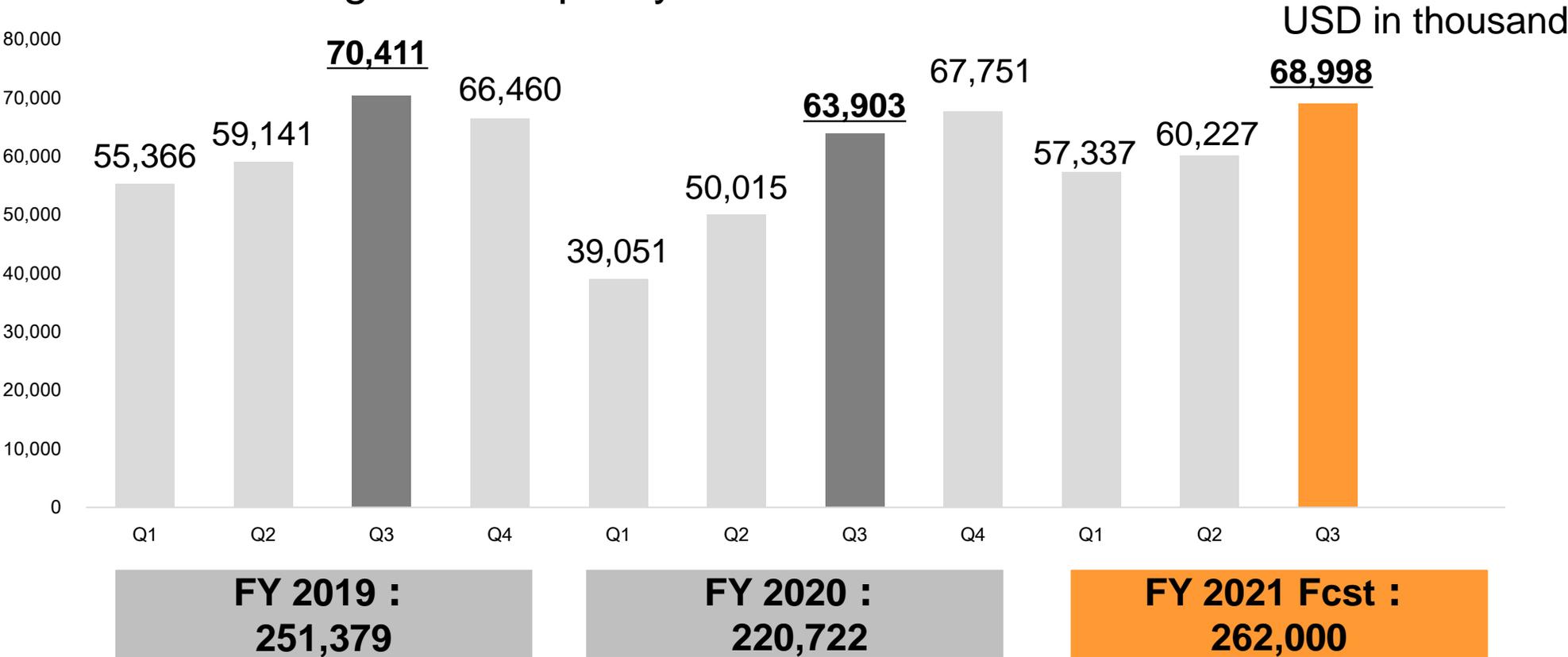


# Net Sales by Region (Americas)

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.

- Demand expanded rapidly along with the recovery of economic activity. Shipments have been rising in a broad range of industries.
- With the confusion in distribution, our focus was on product supplies and maintaining service quality.

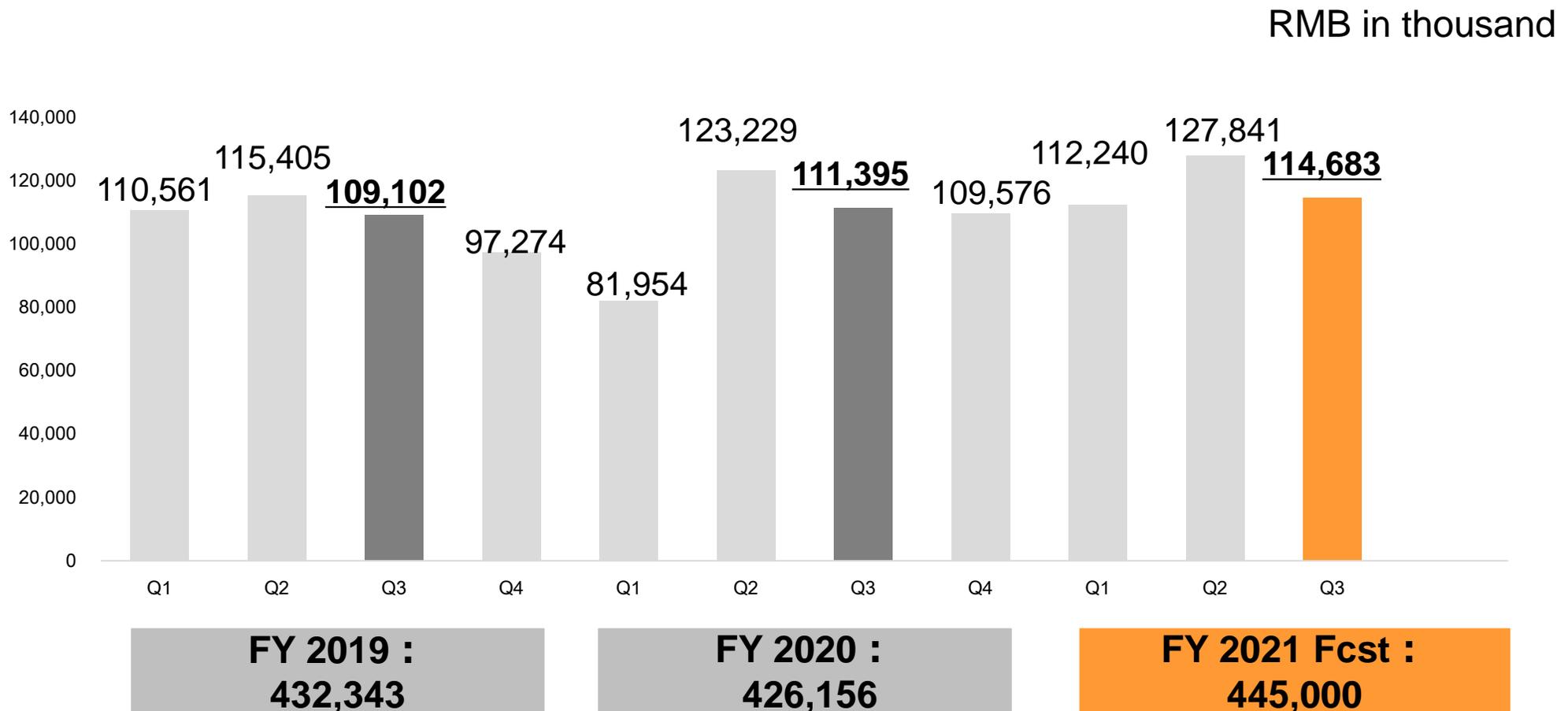


# Net Sales by Region (China)

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 since.

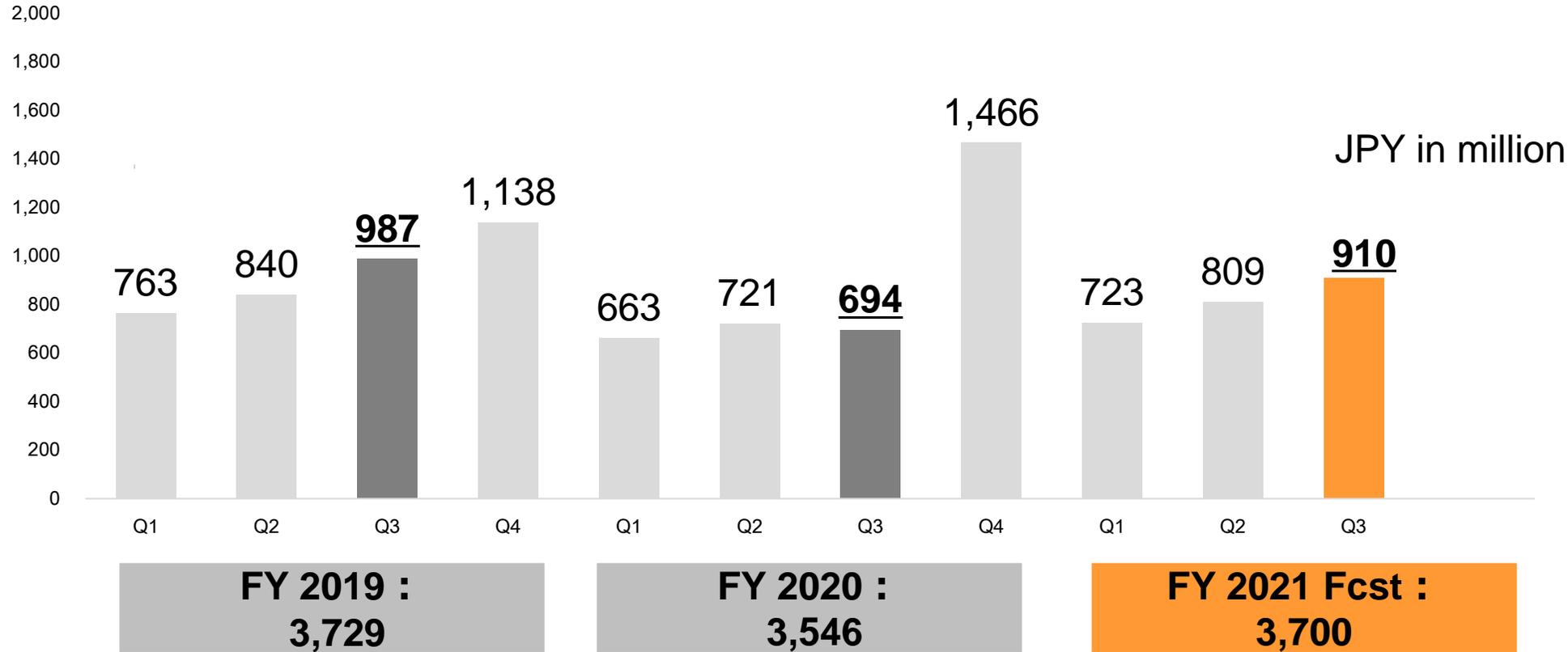


# Net Sales by Region (Asia)

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

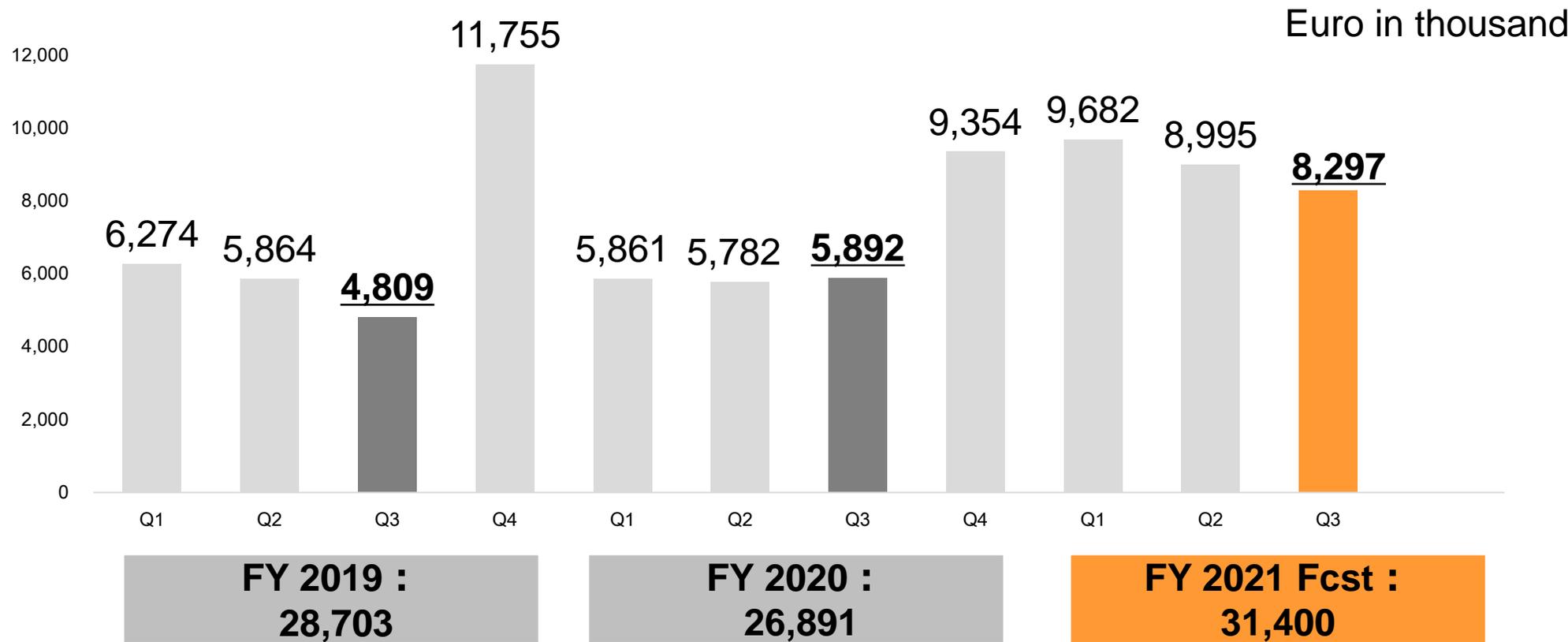
Our Business : The crane business in Thailand and South Korea is the mainstay of this segment. Improving profitability by strengthening hoist sales and maintenance services for crane.

- There are regional and industry differences, but the business environment has been gradually recovering.

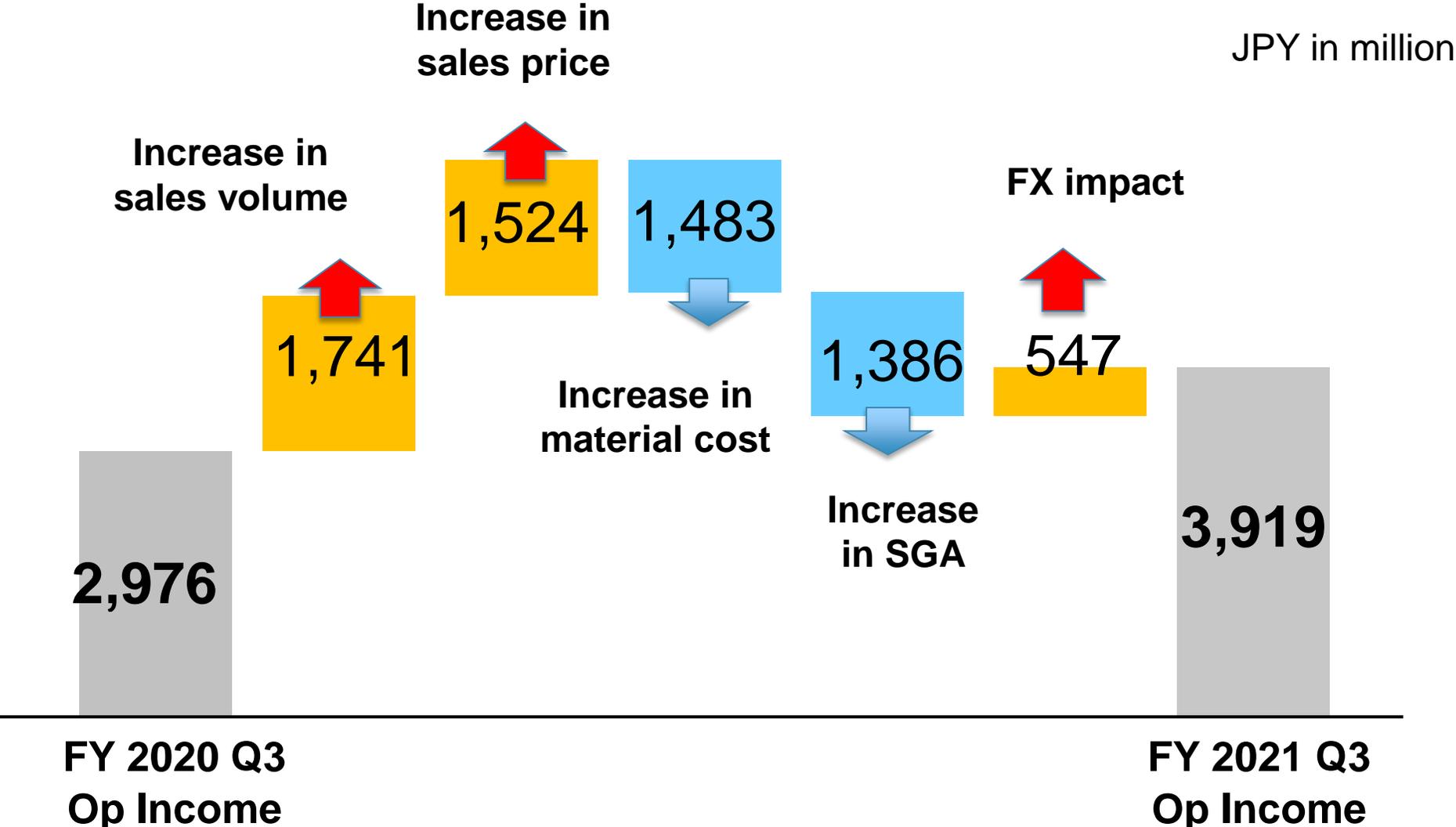


# Net Sales by Region (Europe)

- The Netherlands subsidiary consolidated at the end of FY2020.
- Differentiation from competitors helped capture greater demand, leading to steady market penetration.



# Operating Income / 9 Months Comparison



# Consolidated Balance Sheet (YoY change)

JPY in million	Dec 2020	Dec 2021	Change
<b>Current assets</b>	42,335	43,598	1,262
Cash	12,853	10,493	(2,360)
Accounts receivable	9,251	11,148	1,896
Inventories	18,801	20,547	1,745
Others	1,427	1,408	(19)
<b>Fixed assets</b>	21,015	23,753	2,738
Tangible fixed assets	12,132	14,714	2,581
Intangible fixed assets	4,706	4,740	34
Investment & other assets	4,176	4,298	122
<b>Total assets</b>	63,350	67,351	4,000

JPY in million	Dec 2020	Dec 2021	Change
<b>Current liabilities</b>	22,816	18,806	(4,009)
Accounts payable	4,683	7,518	2,835
Short-term debt	12,625	5,013	(7,611)
Others	5,507	6,274	767
<b>Fixed liabilities</b>	12,151	14,816	2,665
Long-term debt	8,550	11,140	2,590
Others	3,601	3,675	74
<b>Total net assets</b>	28,383	33,728	5,344
<b>Total liabilities and net assets</b>	63,350	67,351	4,000

\* Includes Current portion of long-term loans payable

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## FY2021 Forecast

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## Reference

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- Kito's Business

# FY2021 Forecast

## Japan Sales forecast JPY 13.6 billion (up 4.5% YoY)

- Market**
- Export industry begins moving ahead of domestic demand.
  - After the state of emergency lifted, there were signs of positive demand as the number of infected people decreased.
- Initiative**
- Enhance sales by dedicating personnel to large projects.
  - Equipment investment in the Yamanashi Main Plant will continue for greater production efficiency.
  - Improvement of the EC website and better customer service.

## Americas Sales forecast JPY 27.9 billion (up 19.2% YoY)

- Market**
- Rapid demand increase on resumption of economic activity.
  - The marine-transport confusion and labor shortages must be closely monitored.
- Initiative**
- Synergy between growing market share and market recovery.
  - Review pricing and focus on reliable product supply and maintenance of customer-service quality.

# FY2021 Forecast

## **China Sales forecast JPY 7.3 billion (up 10.7% YoY)**

- Market** - Share growth is trending higher with increasing public awareness about environment and quality.
- Initiative** - Build sales by meeting needs related to equipment investment in performing industries.

## **Asia Sales forecast JPY 3.7 billion (up 4.3% YoY)**

- Market** - LCD-related demand in South Korea is slow.  
- Recovery of economic activity stalled due to a resurgence of Covid infections.
- Initiative** - Enhance services like crane maintenance and hoist sales.  
- Work to expand customer bases in Thailand and South Korea.

## **Europe Sales forecast JPY 4.0 billion (up 20.3% YoY)**

- Market** - Demand is expected to recover with resumption of economic activity.  
- Soaring energy costs must be closely monitored.
- Initiative** - Further business growth through synergy with newly acquired firms

# FY2021 Forecast by Region

JPY in million	FY 2020		FY 2021 Fcst		YoY change	
		% share		% share	Amount	% share
<b>Total</b>	51,805	100.0%	59,000	100.0%	7,195	+13.9%
Japan	13,012	25.1%	13,600	23.1%	588	+4.5%
Americas	23,409	45.3%	27,900	47.3%	4,491	+19.2%
China	6,596	12.7%	7,300	12.4%	704	+10.7%
Asia	3,546	6.8%	3,700	6.3%	154	+4.3%
Europe	3,326	6.4%	4,000	6.8%	674	+20.3%
Others	1,913	3.7%	2,500	4.2%	587	+30.7%

Note: Exchange Rate (FY2020 -> FY2021)

USD/JPY 106.1->106.6 CAD/JPY 80.3->86.3 EUR/JPY 123.7->127.2 RMB/JPY 15.5->16.4

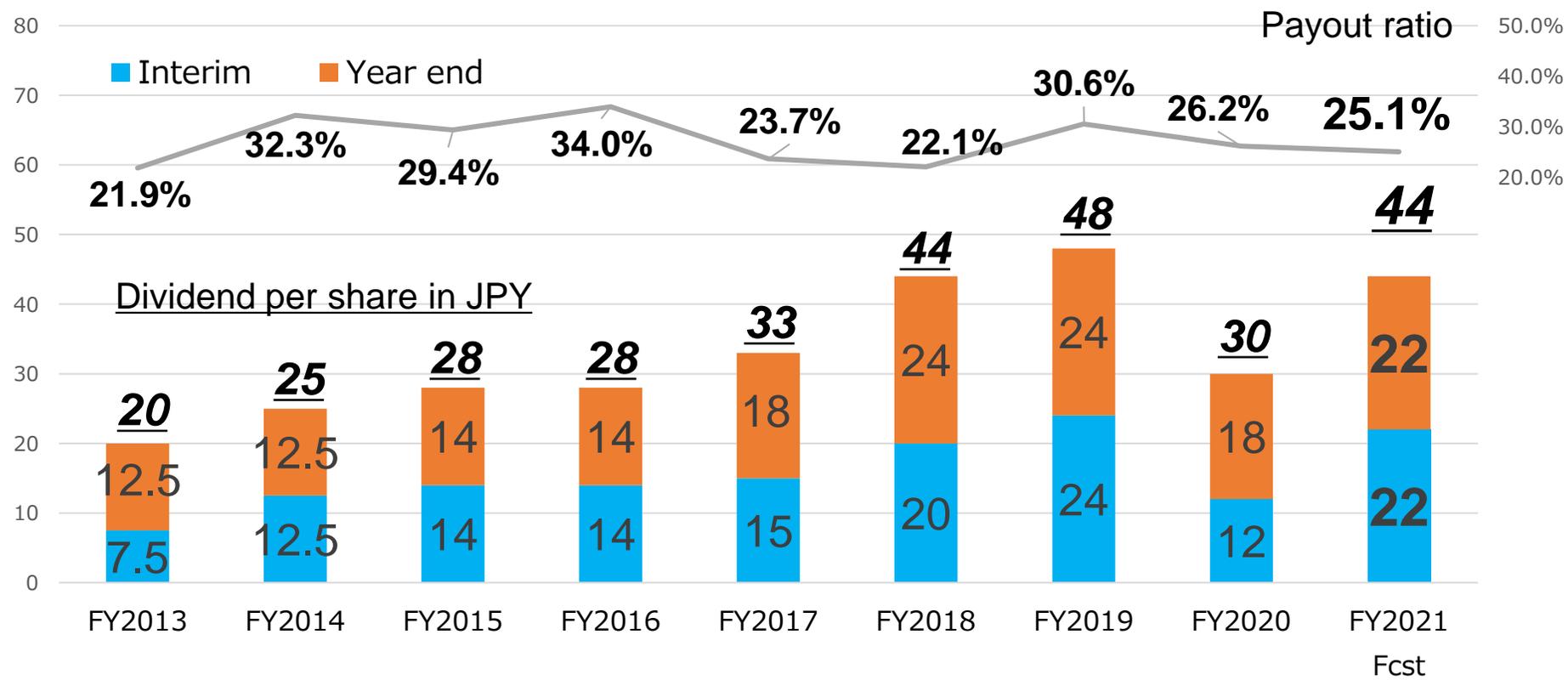
# FY2021 Forecast

JPY in million	FY 2020	FY 2021 Fcst	YoY Change
<b>Sales</b>	51,805	59,000	+13.9%
<b>Operating Income</b> Operating Income / Sales	4,457 (8.6%)	5,500 (9.3%)	+23.4%
<b>Ordinary Income</b> Ordinary Income / Sales	4,550 (8.8%)	5,300 (9.0%)	+16.5%
<b>Net Income</b> Net Income / Sales	2,344 (4.5%)	3,600 (6.1%)	+53.6%
<b>EBITDA</b> Op Income + Depreciation	7,503	8,400	+12.0%
<b>CAPEX</b>	2,504	3,500	

Note: Exchange Rate (FY2020 -> FY2021)

USD/JPY 106.1->106.6 CAD/JPY 80.3->86.3 EUR/JPY 123.7->127.2 RMB/JPY 15.5->16.4

# FY2021 Dividend Forecast



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## **FY2021 Q3 Financial Results**

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## **FY2021 Forecast**

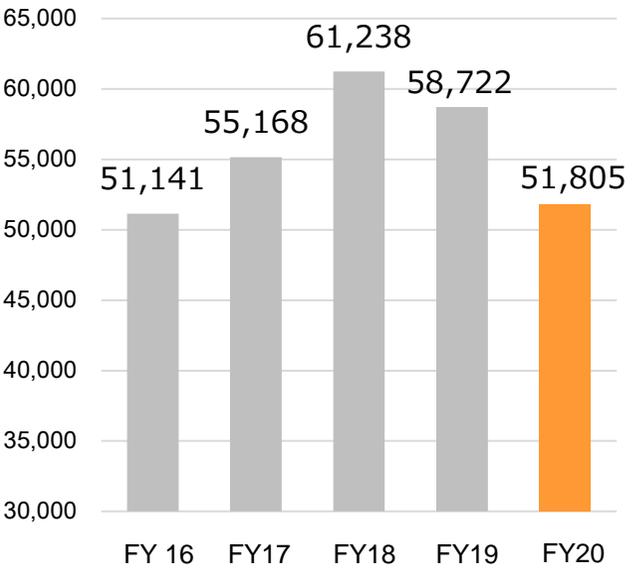
**3**

## **Reference**

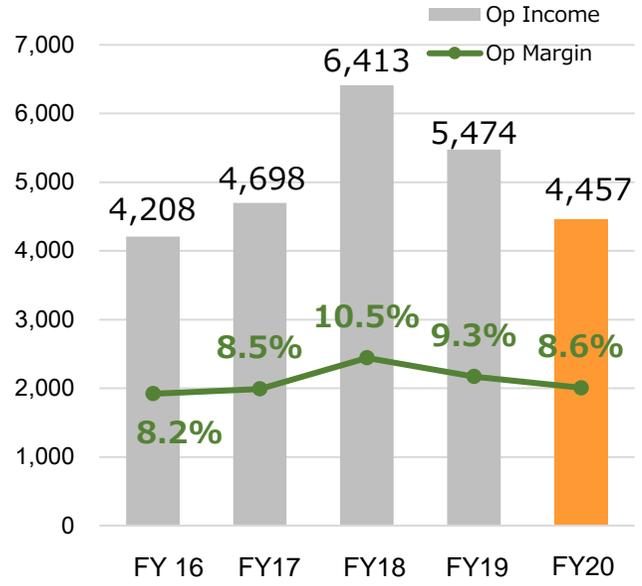
- **Five Year Financial Results (FY2016 – FY2020)**
- **Kito's Business**

# Key Figures

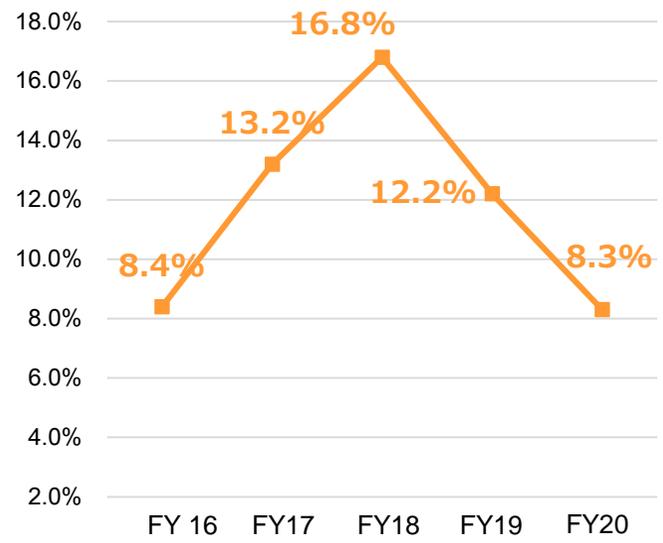
## Sales



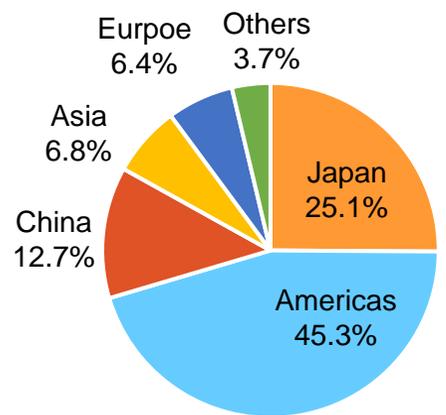
## OP Income and Op margin



## ROE

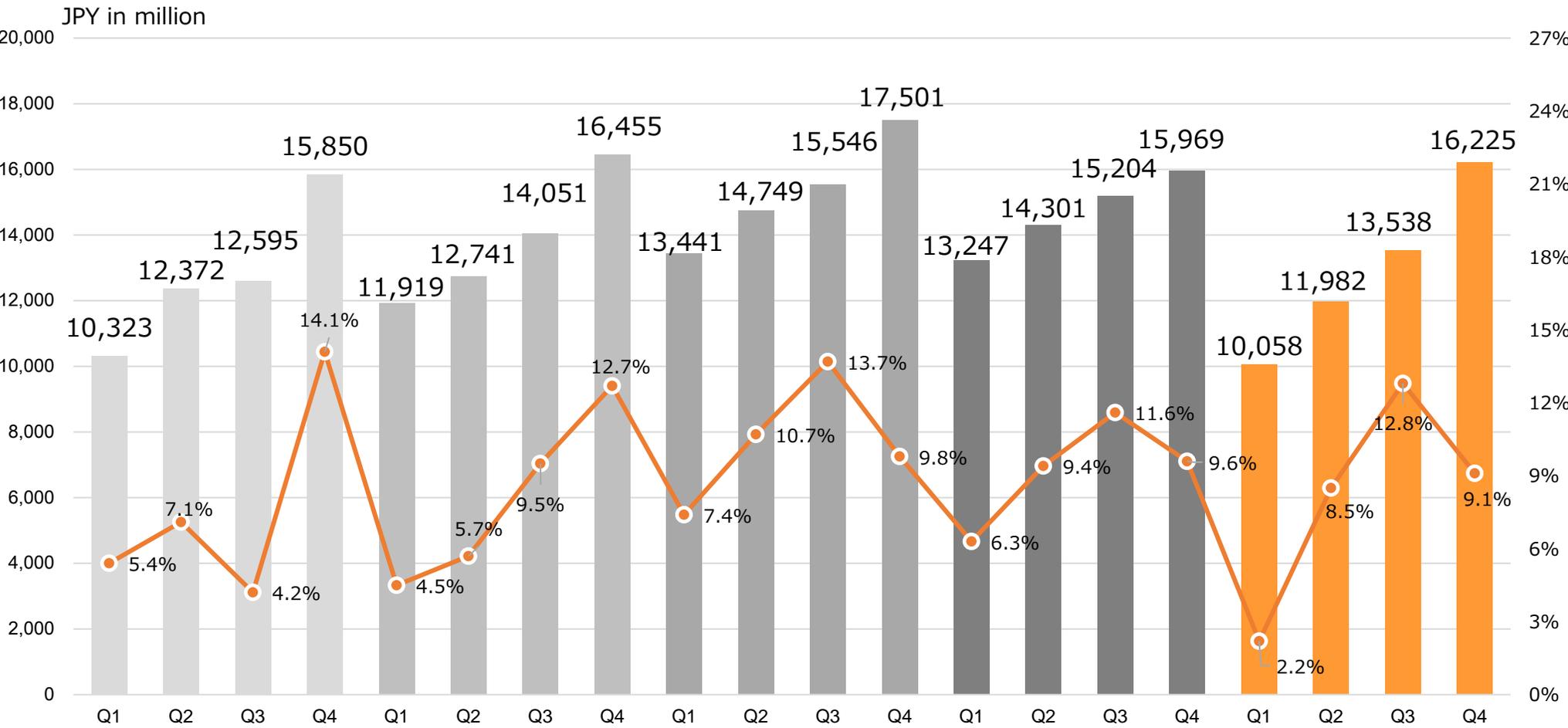


## Sales by Region in FY2020



	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



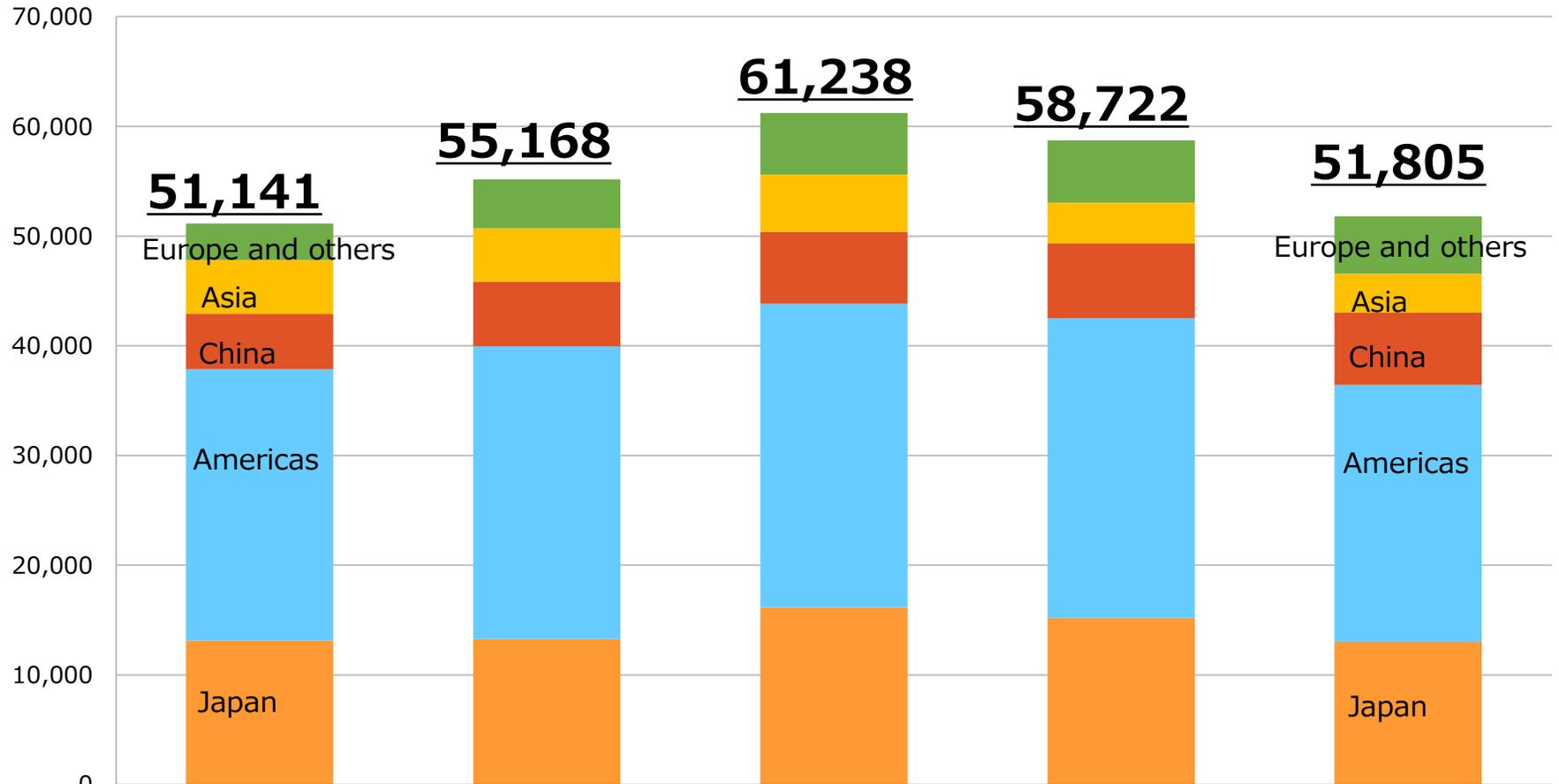
## Op Income

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	FY2017	FY2018	FY2019	FY2020
Sales 51,141	Sales 55,168	Sales 61,238	Sales 58,722	Sales 51,805
Op Income 4,208	Op Income 4,698	Op Income 6,413	Op Income 5,474	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

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# 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)

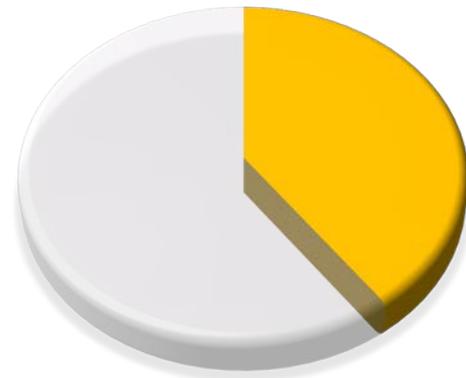
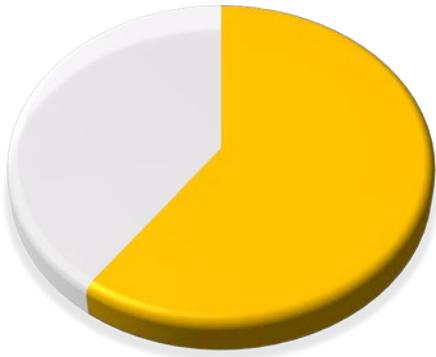
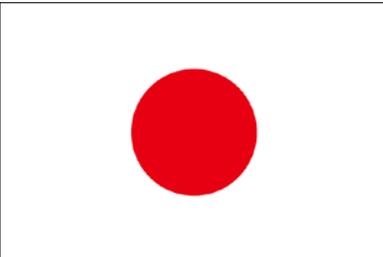
### Service Network

Extensive network to provide service for high customer satisfaction



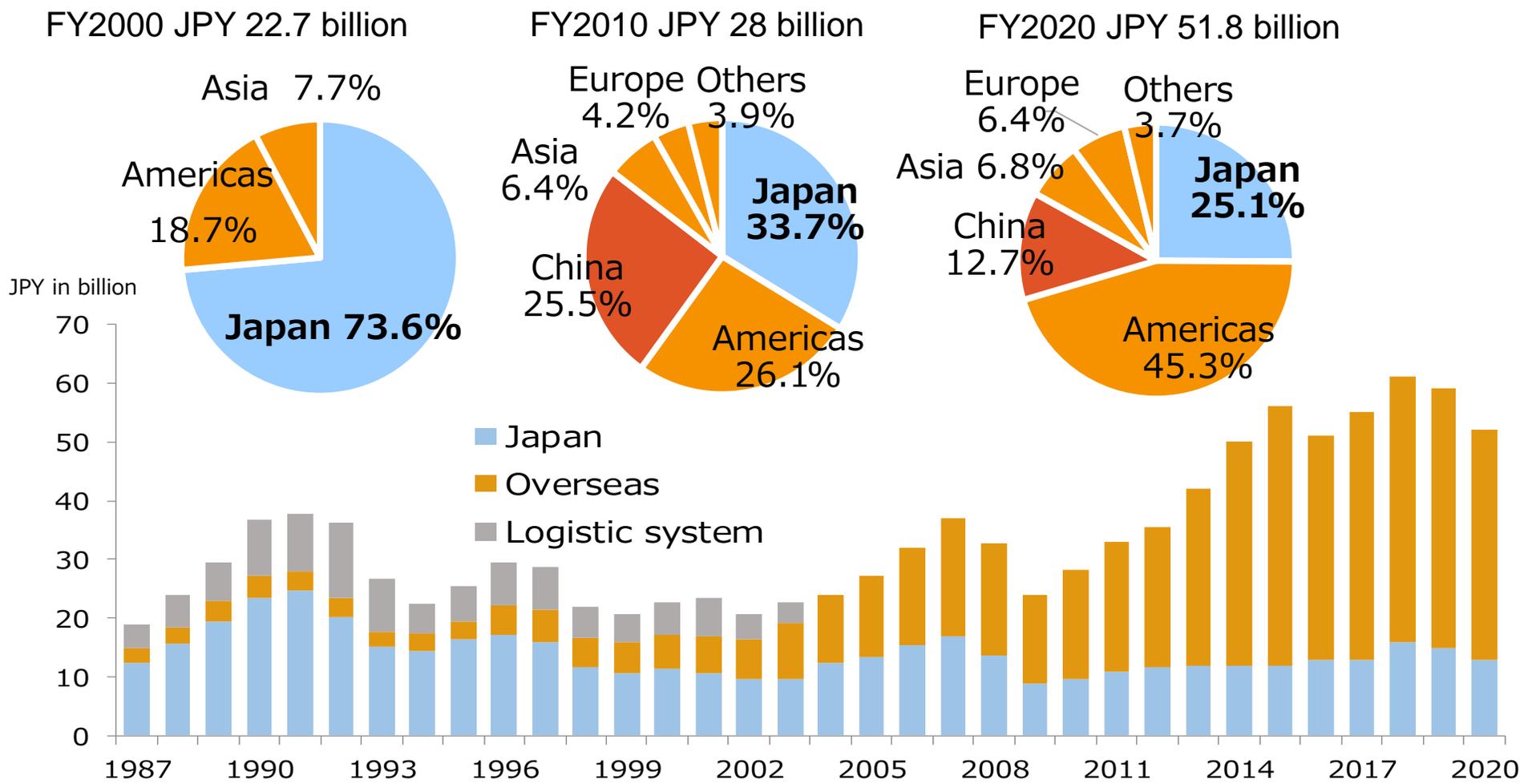
- Differentiation with high value-added products and services
- Strong reputation in markets demanding high quality

# 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**

