
Financial Results for the Quarter ended September 30, 2022

KITO CORPORATION
TSE Prime Market: 6409
October 27, 2022

FY2022 Q2 Summary

| JPY in million | FY2021 Q2 | FY2022 Q2 | YoY Change |
|---------------------|-----------|---------------|---------------|
| Net sales | 28,293 | 35,859 | +26.7% |
| Op income | 2,459 | 2,652 | +7.9% |
| Ord. income | 2,412 | 3,196 | +32.5% |
| Net income * | 1,678 | 2,156 | +28.5% |

* Net Income attributable to owners of parent

- Sales, operating income, ordinary income and net income all reached record high.
- North American market covers other regions where demand is weakening.
- Focused on securing profit by improving production efficiency and reviewing sales prices.

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FY2022 2nd Quarter Financial Results

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FY2022 Forecast

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Reference

- **Five Year Financial Results (FY2017 – FY2021)**
- **Kito's Business**

FY2022 Q2 Financial Highlight

| JPY in million | FY2020 Q2 | FY2021 Q2 | FY2022 Q2 | YoY Change |
|---|----------------|-----------------|------------------------|---------------|
| Sales | 22,041 | 28,293 | 35,859 | +26.7% |
| Gross Profit Gross Profit/ Sales | 7,973 36.2% | 10,151 35.9% | 12,636 35.2% | +24.5% |
| Operating Income Operating Income / Sales | 1,247 5.7% | 2,459 8.7% | 2,652 7.4% | +7.9% |
| Ordinary Income Ordinary Income / Sales | 1,213 5.5% | 2,412 8.5% | 3,196 8.9% | +32.5% |
| Net Income Net Income / Sales | 166 0.8% | 1,678 5.9% | 2,156 6.0% | +28.5% |
| EBITDA Op Income + Depreciation | 2,709 | 3,977 | 4,188 | |

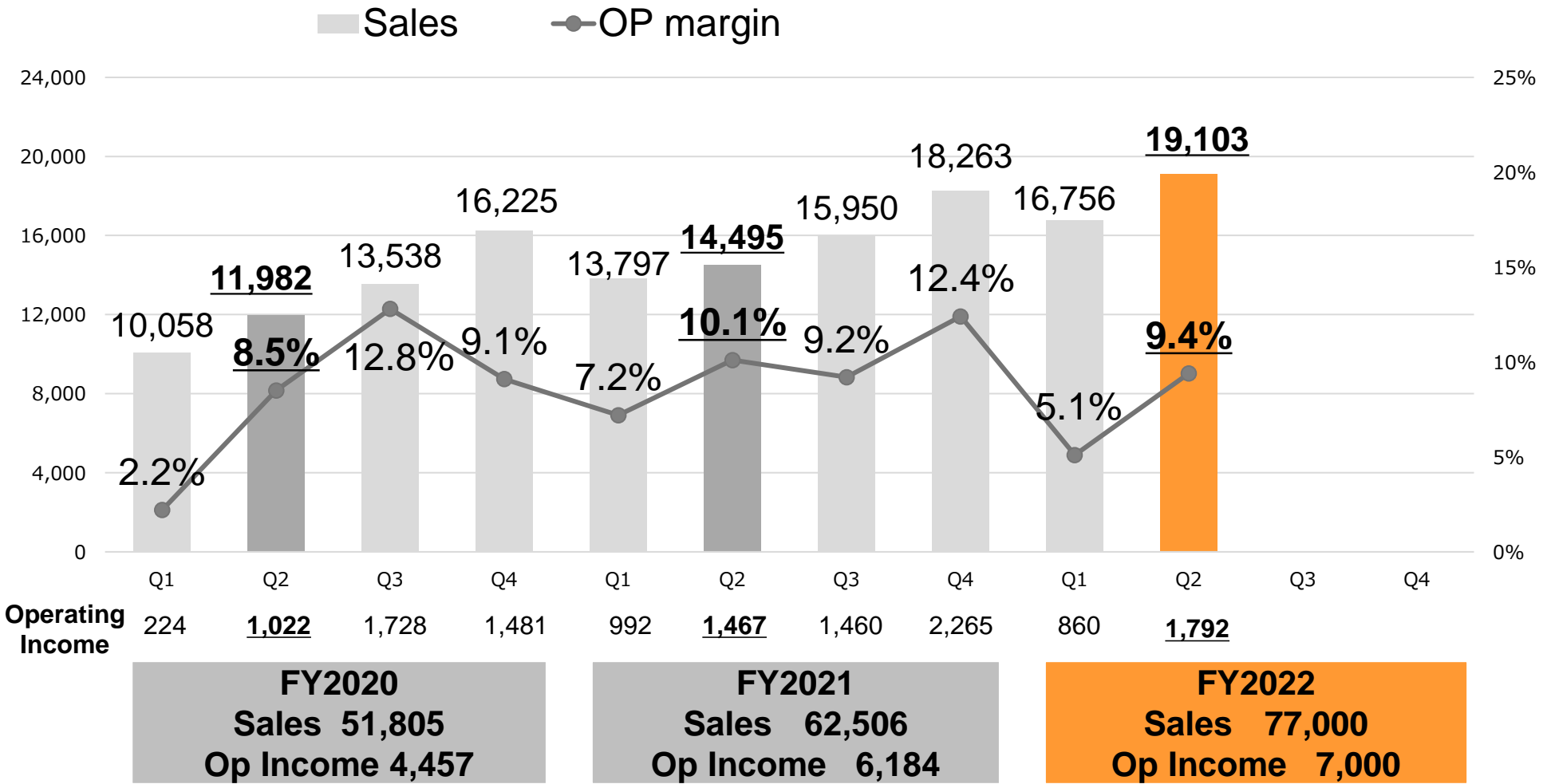
Note: Exchange Rate (FY2021 Q2 → FY2022 Q2)

USD/JPY 109.8→134.0 CAD/JPY 88.3→103.8 EUR/JPY 130.9→138.7 RMB/JPY 16.7→18.9

Quarterly Net Sales and Operating Margin

Record high performance due to a strong demand environment, especially in North America, and the impact of foreign exchange

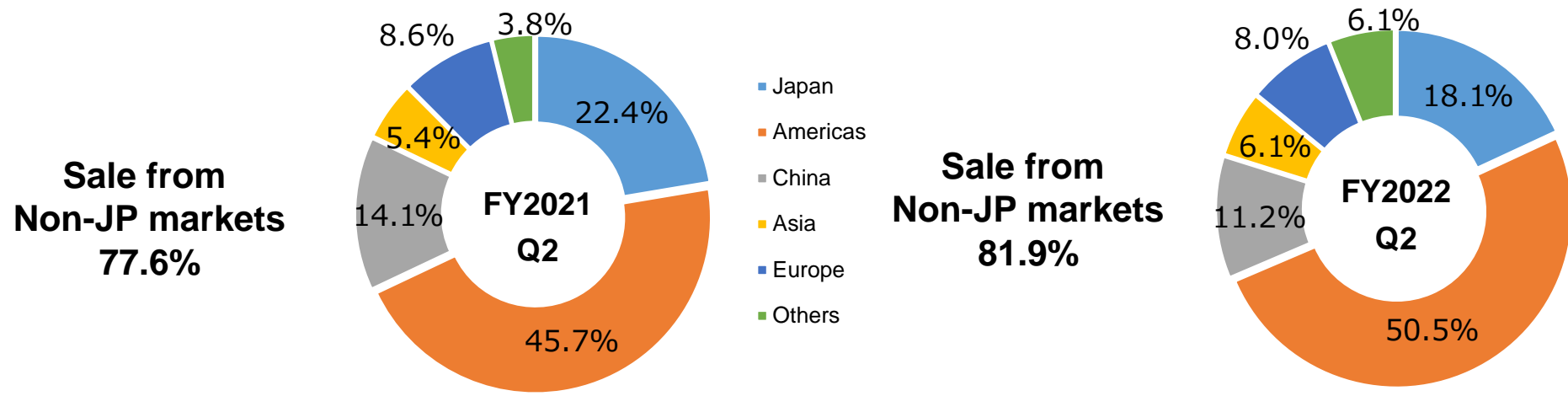
JPY in million



Net Sales by Region

| JPY in million | FY2020 Q2 | | FY2021 Q2 | | FY2022 Q2 | | YoY change | |
|----------------|-----------|---------|-----------|---------|-----------|---------|------------|--------|
| | | % share | | % share | | % share | Amount | % |
| Total | 22,041 | 100.0% | 28,293 | 100.0% | 35,859 | 100.0% | 7,566 | 26.7% |
| Japan | 5,660 | 25.7% | 6,325 | 22.4% | 6,487 | 18.1% | 162 | 2.6% |
| The Americas | 9,522 | 43.2% | 12,907 | 45.7% | 18,106 | 50.5% | 5,199 | 40.3% |
| China | 3,155 | 14.3% | 3,997 | 14.1% | 4,029 | 11.2% | 32 | 0.8% |
| Asia | 1,385 | 6.3% | 1,533 | 5.4% | 2,176 | 6.1% | 643 | 41.9% |
| Europe | 1,412 | 6.4% | 2,444 | 8.6% | 2,884 | 8.0% | 439 | 18.0% |
| Others | 904 | 4.1% | 1,084 | 3.8% | 2,174 | 6.1% | 1,090 | 100.6% |

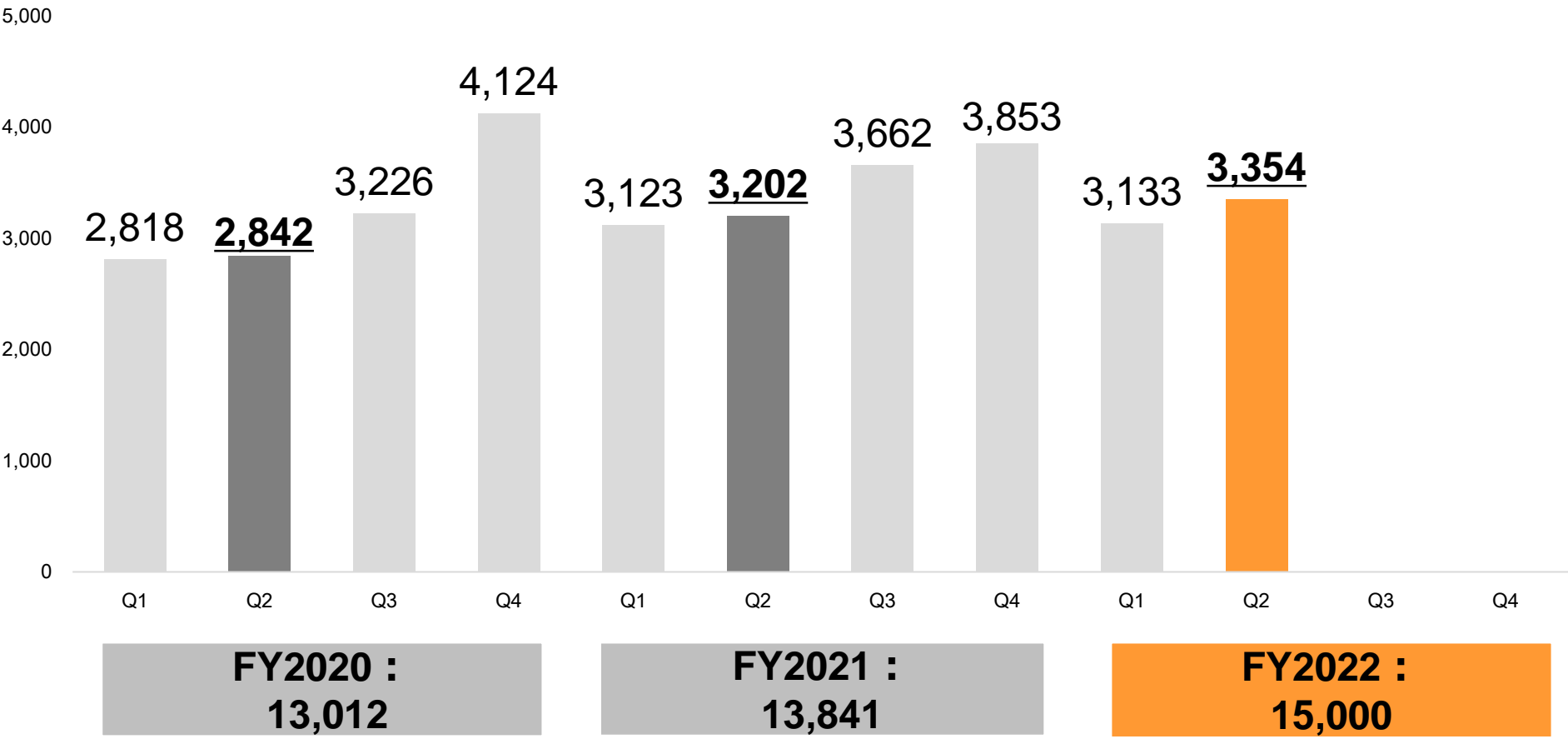
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Net Sales by Region (Japan)

- Wide range of industries, particularly small to mid-sized enterprises, cut production in response to the semiconductor shortage.
- Demand for construction in urban areas showed signs of recovery.

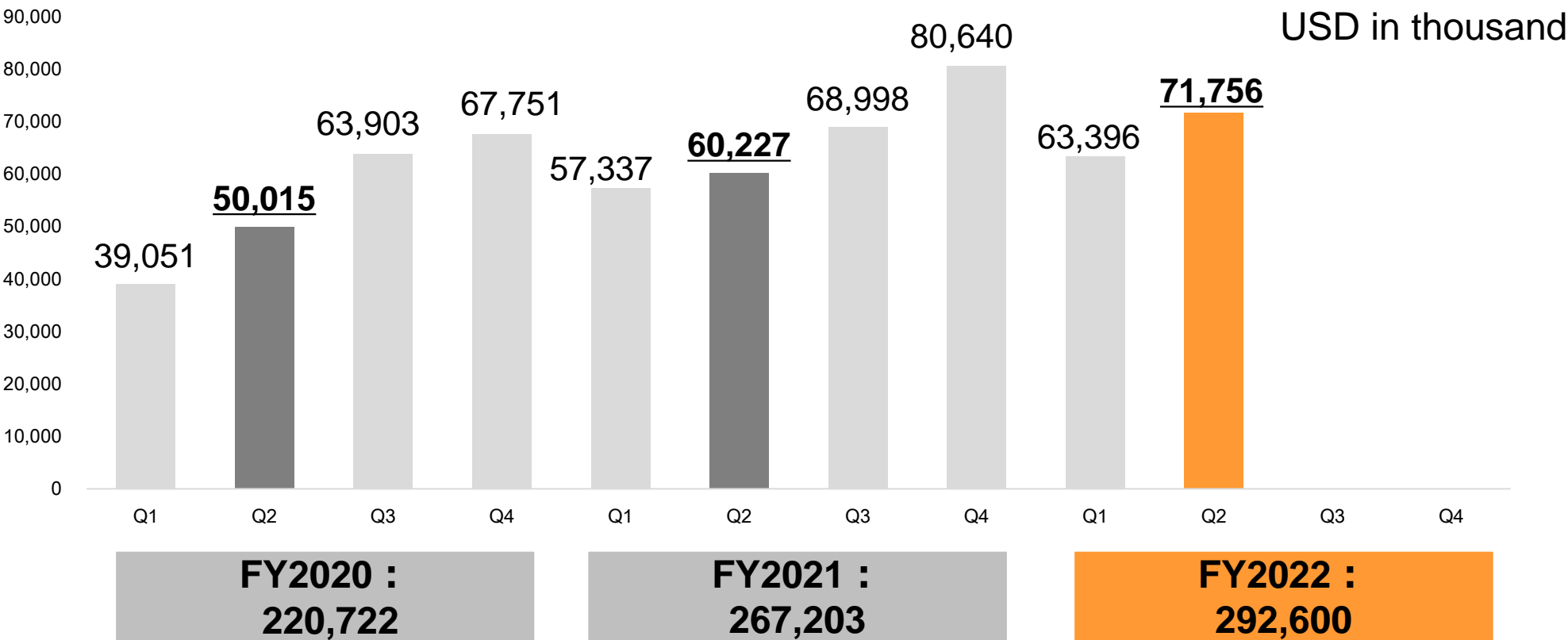
JPY in million



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.
- Capex from private sector and investment for infrastructure continued.
 - With the confusion in distribution, we focused on product supplies and maintaining service quality,

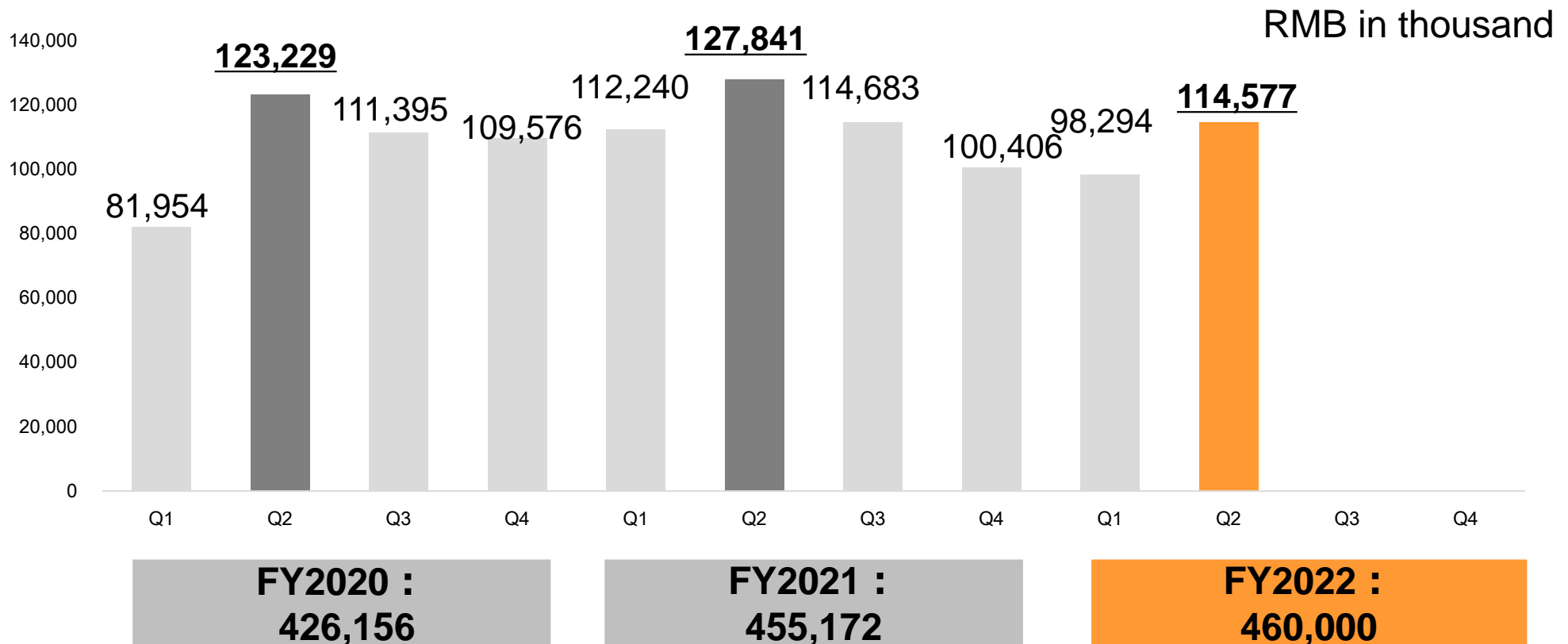


Net Sales by Region (China)

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.
- Far reaching measures by local authorities in response to COVID-19 impacted on economies.

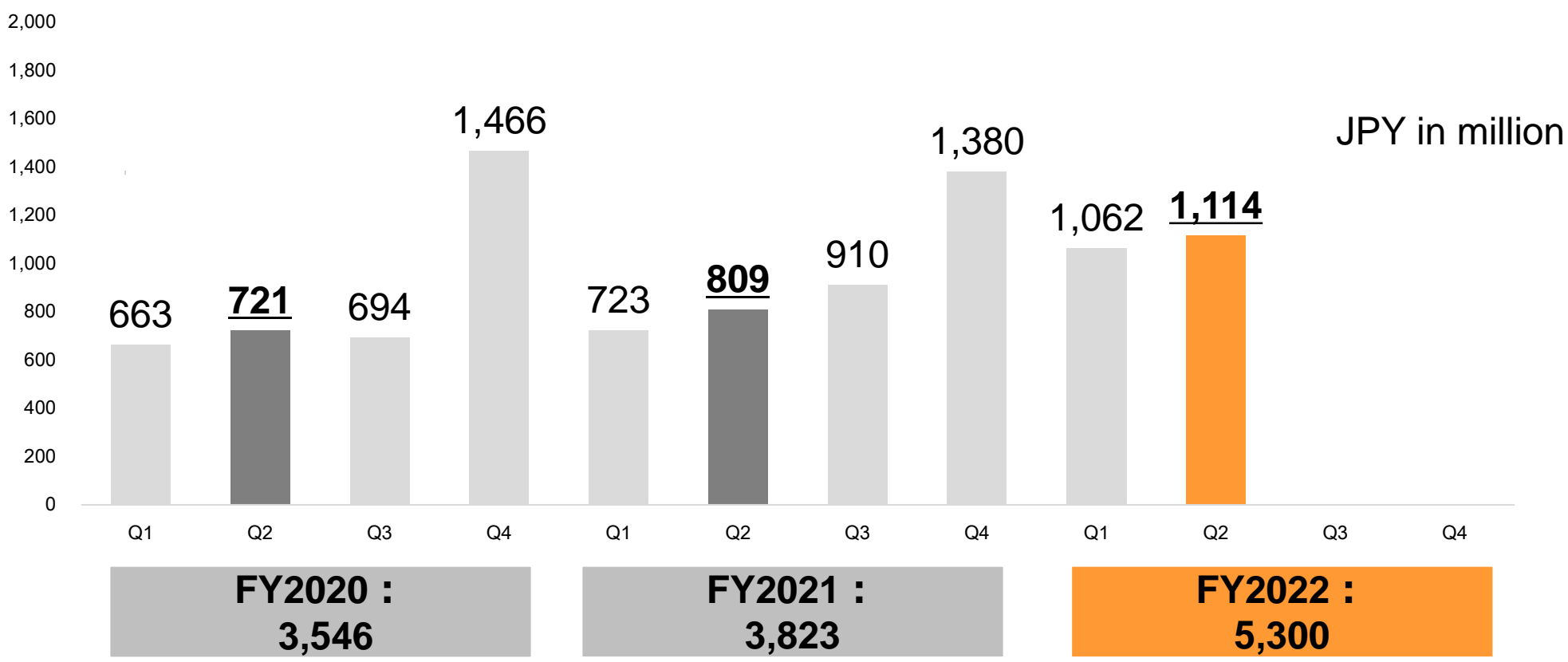


Net Sales by Region (Asia)

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

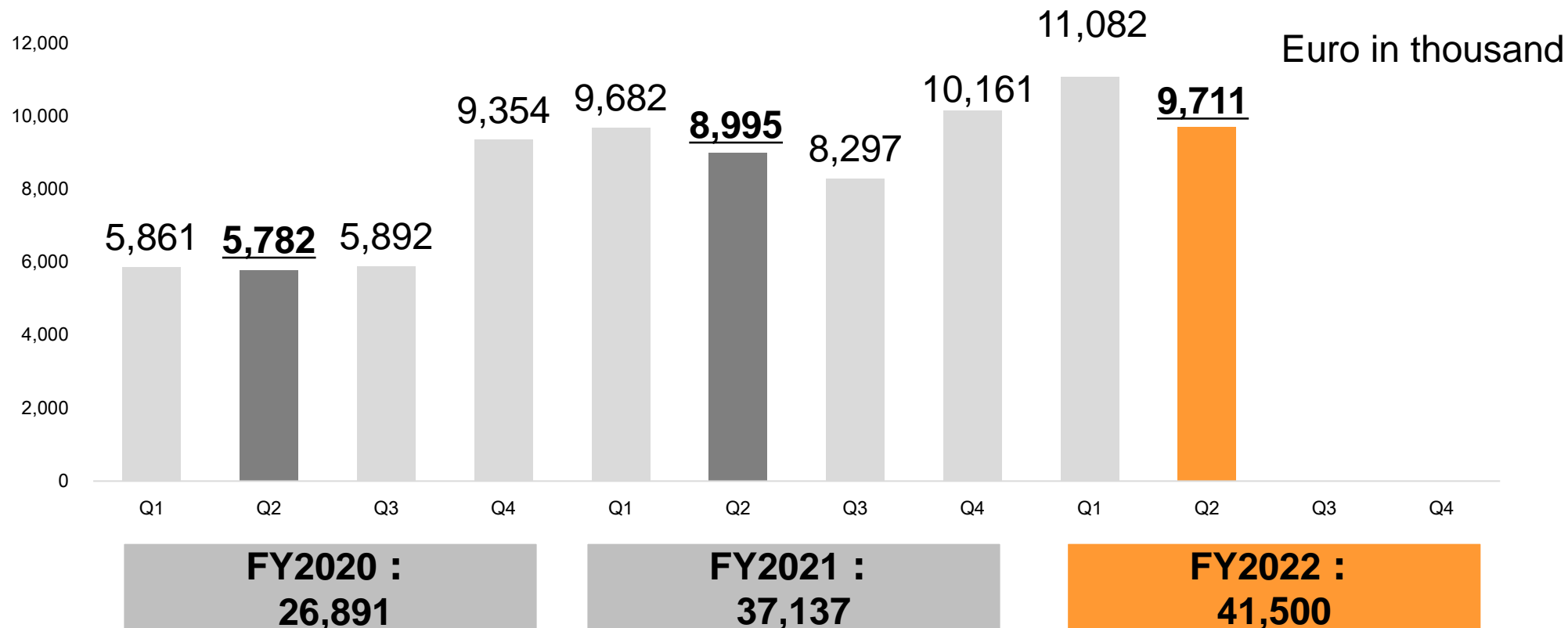
Our Business : The crane business in Thailand and South Korea is the mainstay of this segment.
Improving profitability by strengthening hoist sales and maintenance services for crane.

- The business environment has been gradually recovering, with the lifting of restrictions on economic activities.



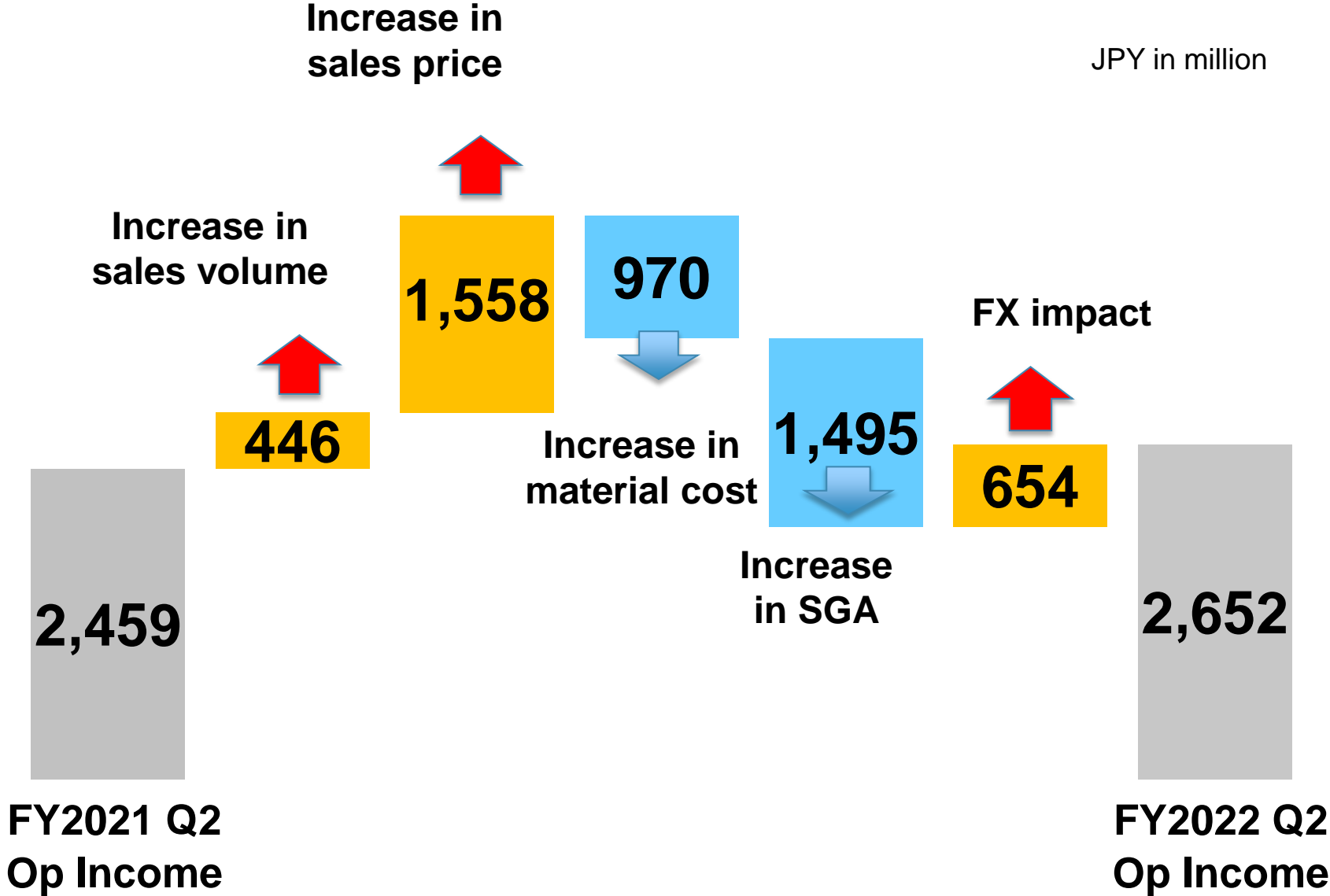
Net Sales by Region (Europe)

- Four European Group companies strengthened their cooperation to steadily capture solid demand in the region
- The impact of higher material and energy cost on profits became apparent.



Operating Income Comparison

JPY in million



Consolidated Balance Sheet (YoY change)

| JPY in million | FY2021 Q2 | FY2022 Q2 | Change |
|---------------------------|--------------|--------------|--------|
| Current assets | 42,329 | 54,070 | 11,740 |
| Cash | 10,961 | 10,243 | (718) |
| Accounts receivable | 10,646 | 14,451 | 3,805 |
| Inventories | 18,858 | 27,945 | 9,087 |
| Others | 1,864 | 1,430 | (433) |
| Fixed assets | 22,100 | 28,610 | 6,510 |
| Tangible fixed assets | 13,489 | 18,440 | 4,950 |
| Intangible fixed assets | 4,740 | 5,290 | 549 |
| Investment & other assets | 3,869 | 4,879 | 1,010 |
| Total assets | 64,430 | 82,681 | 18,251 |

| JPY in million | FY2021 Q2 | FY2022 Q2 | Change |
|---|--------------|--------------|---------|
| Current liabilities | 17,203 | 26,460 | 9,256 |
| Accounts payable | 6,504 | 8,734 | 2,230 |
| Short-term debt * | 4,908 | 9,266 | 4,358 |
| Others | 5,790 | 8,459 | 2,668 |
| Fixed liabilities | 14,675 | 13,526 | (1,148) |
| Long-term debt | 11,007 | 9,159 | (1,847) |
| Others | 3,668 | 4,366 | 698 |
| Total net assets | 32,551 | 42,694 | 10,143 |
| Total liabilities and net assets | 64,430 | 82,681 | 18,251 |

* Includes Current portion of long-term loans payable

Consolidated Cash Flows

| JPY in million | FY2021 Q2 | FY2022 Q2 | Change |
|--|--------------|--------------|---------|
| CF from operating activities | 3,736 | (292) | (4,028) |
| CF from investing activities | (1,983) | (2,127) | (144) |
| CF from financing activities | (4,697) | 894 | 5,592 |
| Effect of exchange rate changes on cash and cash equivalents | 171 | 498 | 327 |
| Net increase (decrease) in cash and cash equivalent | (2,773) | (1,026) | 1,746 |
| Cash and cash equivalents at end of period | 10,951 | 10,243 | (708) |

CF from operating activities

| | |
|-------------------------------|---------|
| Income before income taxes | 3,191 |
| Depreciation and amortization | 1,356 |
| Decrease in trade receivables | 183 |
| Increase in inventories | (3,520) |

CF from investing activities

| | |
|--|---------|
| Acquisition of tangible fixed assets | (1,839) |
| Acquisition of intangible fixed assets | (326) |

CF from financing activities

| | |
|-------------------------------|----------|
| Proceeds from short-term debt | 17,307 |
| Repayment of short-term debt | (13,643) |
| Repayment of long-term debt | (2,016) |

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FY2022 Forecast

- Revised initial forecast due to weaker yen and continued demand in North America
- Further expand customer services by strengthening e-commerce sites
- Contribute broadly to society using an environment-conscious supply chain and products and services that help secure safe work environments.

| JPY in million | FY2021 | FY2022 (May 16 forecast) | FY2022 (Revised on Sep 22) |
|---|----------------|-----------------------------|-------------------------------|
| Sales | 62,506 | 70,000 | 77,000 |
| Operating Income Operating Income / Sales | 6,184 9.9% | 6,500 9.3% | 7,000 9.1% |
| Ordinary Income Ordinary Income / Sales | 6,415 10.3% | 6,400 9.1% | 7,100 9.2% |
| Net Income Net Income / Sales | 4,563 7.3% | 4,200 6.0% | 5,000 6.5% |
| EBITDA Op Income +Depreciation | 9,148 | 9,400 | 9,900 |
| CAPEX | 4,523 | 5,800 | 5,800 |

Note: Exchange Rate (FY2021 -> **FY2022**)

USD/JPY 120.0 -> **133.8** CAD/JPY 100.0 -> **104.2** EUR/JPY 135.0 -> **136.2** RMB/JPY 20.0 -> **19.5**

FY2022 Forecast

Japan Sales forecast JPY 15 billion (up 8.4% YoY)

- Market**
- Urban development and infra-related projects become apparent.
 - Economic recovery led by small and midsize companies is expected.
- Initiative**
- Enhance sales by dedicating personnel to large projects.
 - steadily capture replacement demand
 - Improvement of the EC website and better customer service.

Americas Sales forecast JPY 39.5 billion (up 31.6% YoY)

- Market**
- Firm demand for both private sector investment and infrastructure investment remained firm
 - Impact of material cost, disruptions in transportation, labor shortage needs careful watching.
- Initiative**
- Differentiate from competitors and seek synergies between increased share and market expansion.
 - Review pricing and focus on reliable product supply and maintenance of customer-service quality.

FY2022 Forecast

China Sales forecast JPY 9.2 billion (up 18.8% YoY)

- Market** - Share growth is trending higher with increasing public awareness about environment and quality.
- Initiative** - Strengthen differentiation strategy by promoting safety value

Asia Sales forecast JPY 5.3 billion (up 38.6% YoY)

- Market** - LCD-related demand in South Korea is recovering
- Emerging from prolonged period of stagnation
- Initiative** - Enhance services like crane maintenance and hoist sales.
- Work to expand customer bases in Thailand and South Korea.

Europe Sales forecast JPY 5.6 billion (up 15.5% YoY)

- Market** - Stable demand despite geopolitical concerns
- Soaring energy costs must be closely monitored.
- Initiative** - Further business growth through synergy of cooperation among group companies

FY2022 Forecast

| JPY in million | FY2021 | | FY2022 Forecast | | YoY Change | |
|-----------------|--------|---------|-----------------|---------|----------------------|----------|
| | | % share | | % share | | % change |
| Total | 62,506 | 100.0% | 70,000 | 100.0% | <u>77,000</u> | 100.0% |
| Japan | 13,841 | 22.1% | 15,000 | 21.4% | 15,000 | 19.5% |
| Americas | 30,025 | 48.0% | 32,500 | 46.5% | <u>39,500</u> | 51.3% |
| China | 7,747 | 12.4% | 9,200 | 13.1% | 9,200 | 11.9% |
| Asia | 3,823 | 6.1% | 5,300 | 7.6% | 5,300 | 6.9% |
| Europe | 4,848 | 7.8% | 5,600 | 8.0% | 5,600 | 7.3% |
| Others | 2,220 | 3.6% | 2,400 | 3.4% | 2,400 | 3.1% |

Note: Exchange Rate (FY2021 -> **FY2022**)

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FY2022 Forecast

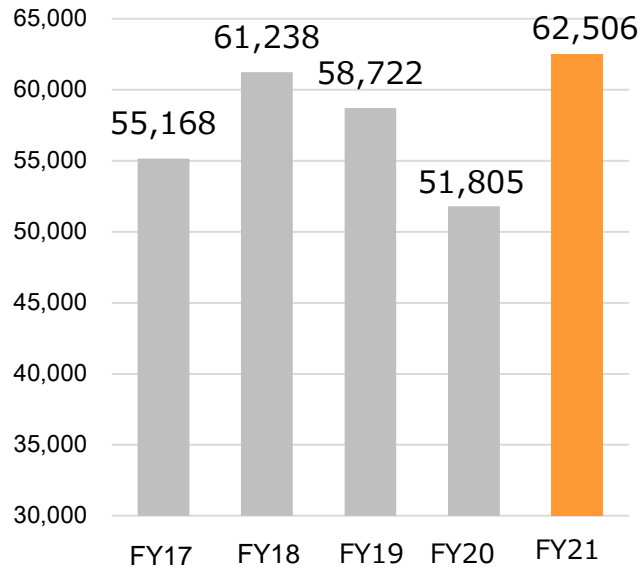
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Reference

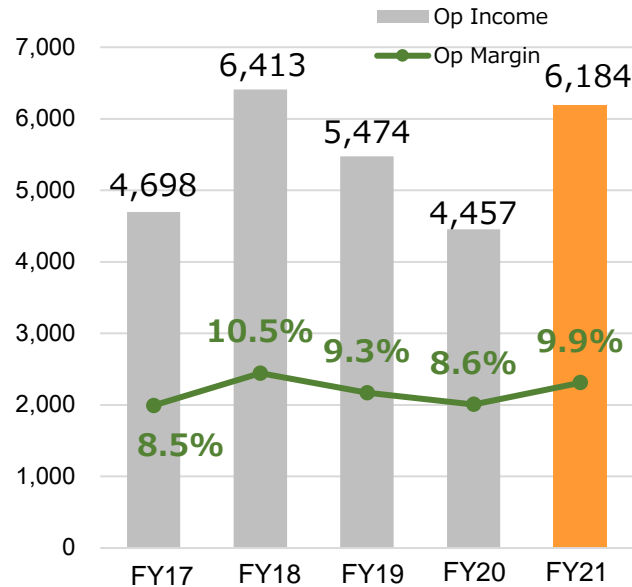
- **Five Year Financial Results (FY2017 – FY2021)**
- **Kito's Business**

Key Figures

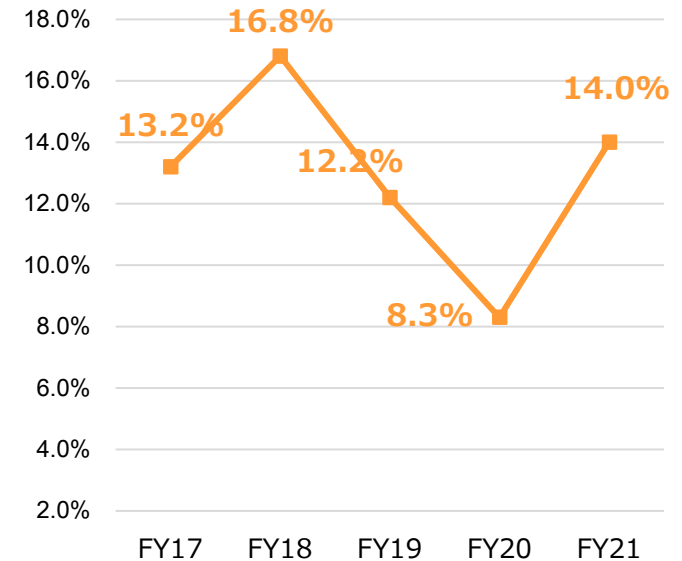
Sales



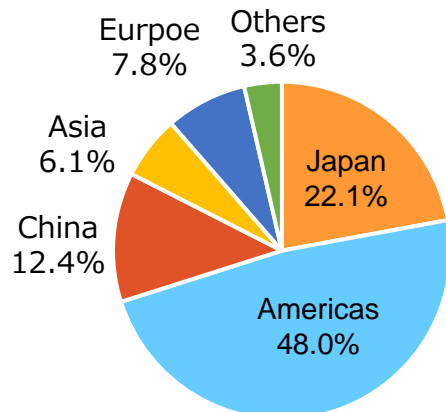
OP Income and Op margin



ROE

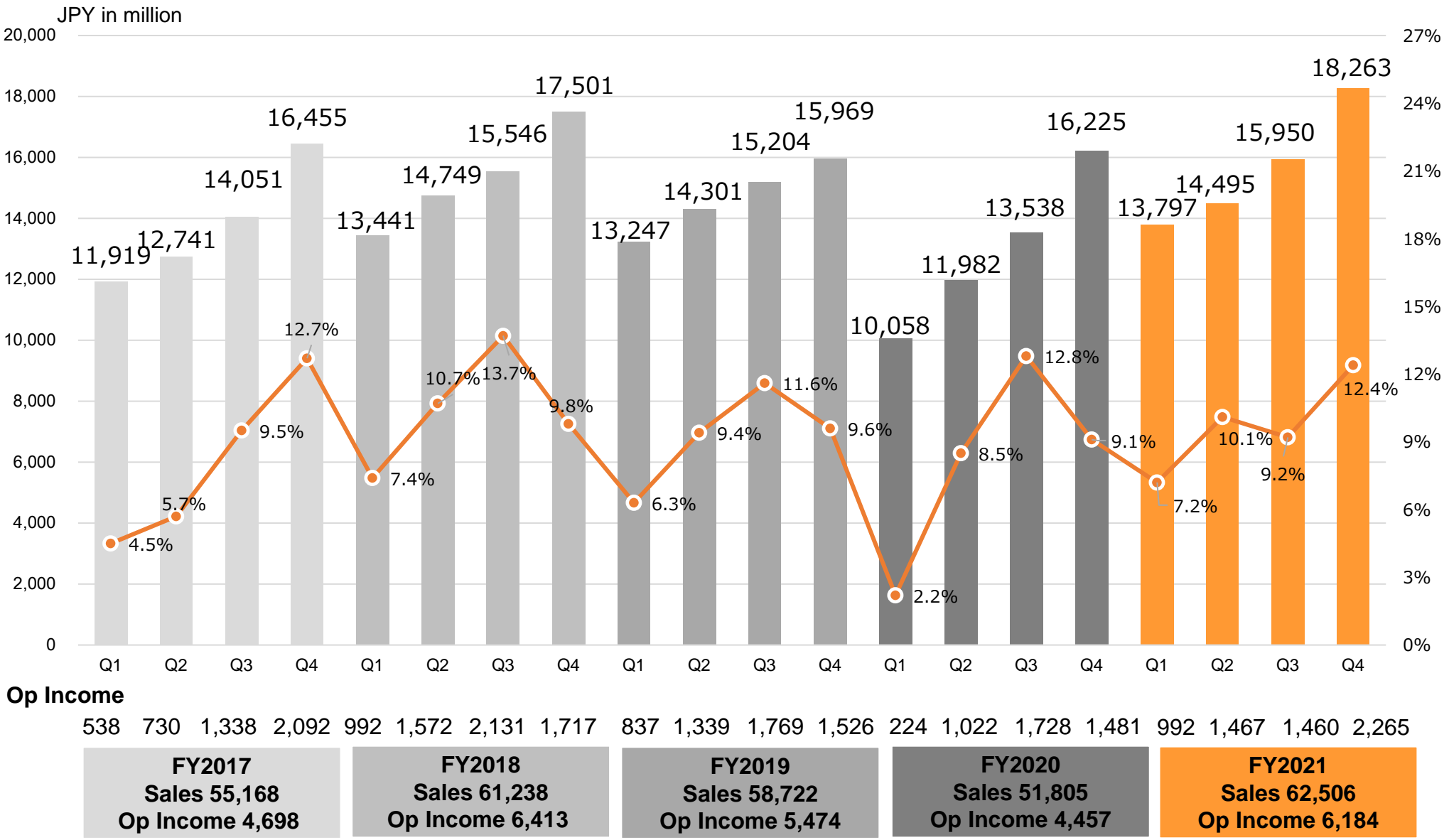


Sales by Region in FY2020



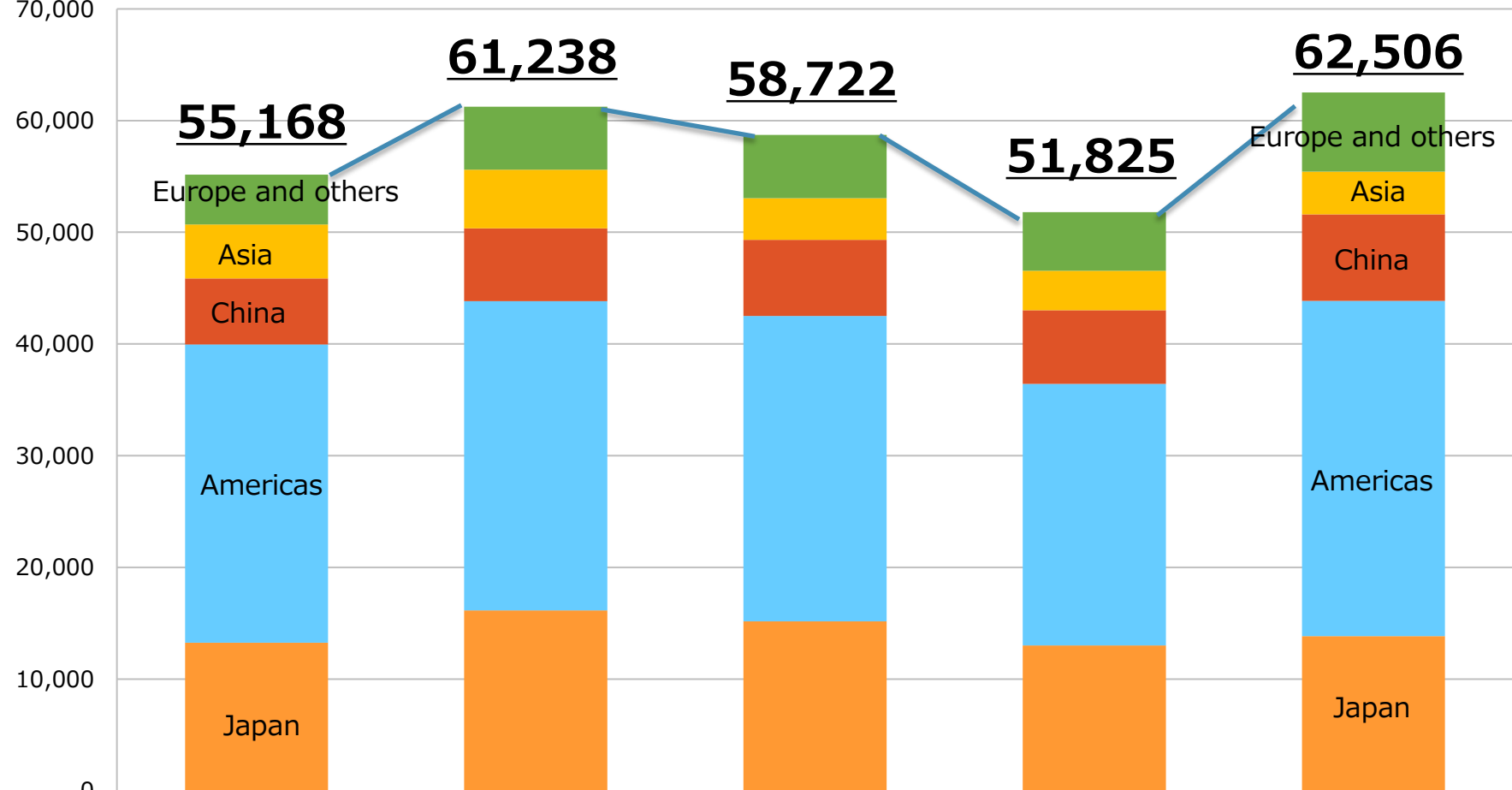
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|-------------------------------|--------|--------|--------|--------|--------|
| Sales from Non JP Mkts | 76.0% | 73.6% | 74.2% | 74.9% | 77.9% |
| Average FX Rate | | | | | |
| USD/JPY | 110.9 | 110.9 | 108.7 | 106.1 | 112.4 |
| CAD/JPY | 86.5 | 84.6 | 81.8 | 80.3 | 89.7 |
| EUR/JPY | 129.7 | 128.4 | 120.8 | 123.7 | 130.6 |
| RMB/JPY | 16.6 | 16.7 | 15.8 | 15.5 | 17.0 |
| Capex (JPY in million) | 1,411 | 1,416 | 1,689 | 2,504 | 4,510 |
| Depreciation (JPY in million) | 2,116 | 2,470 | 2,711 | 2,697 | 2,647 |

Quarterly Sales and Operating Margin



Sales by Regions

JPY in million



| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|-------------------|--------|--------|--------|--------|--------|
| Europe and others | 4,465 | 5,634 | 5,663 | 5,239 | 7,068 |
| Asia | 4,837 | 5,239 | 3,729 | 3,546 | 3,823 |
| China | 5,903 | 6,539 | 6,822 | 6,596 | 7,747 |
| Americas | 26,700 | 27,663 | 27,332 | 23,409 | 30,025 |
| Japan | 13,261 | 16,162 | 15,174 | 13,012 | 13,841 |

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

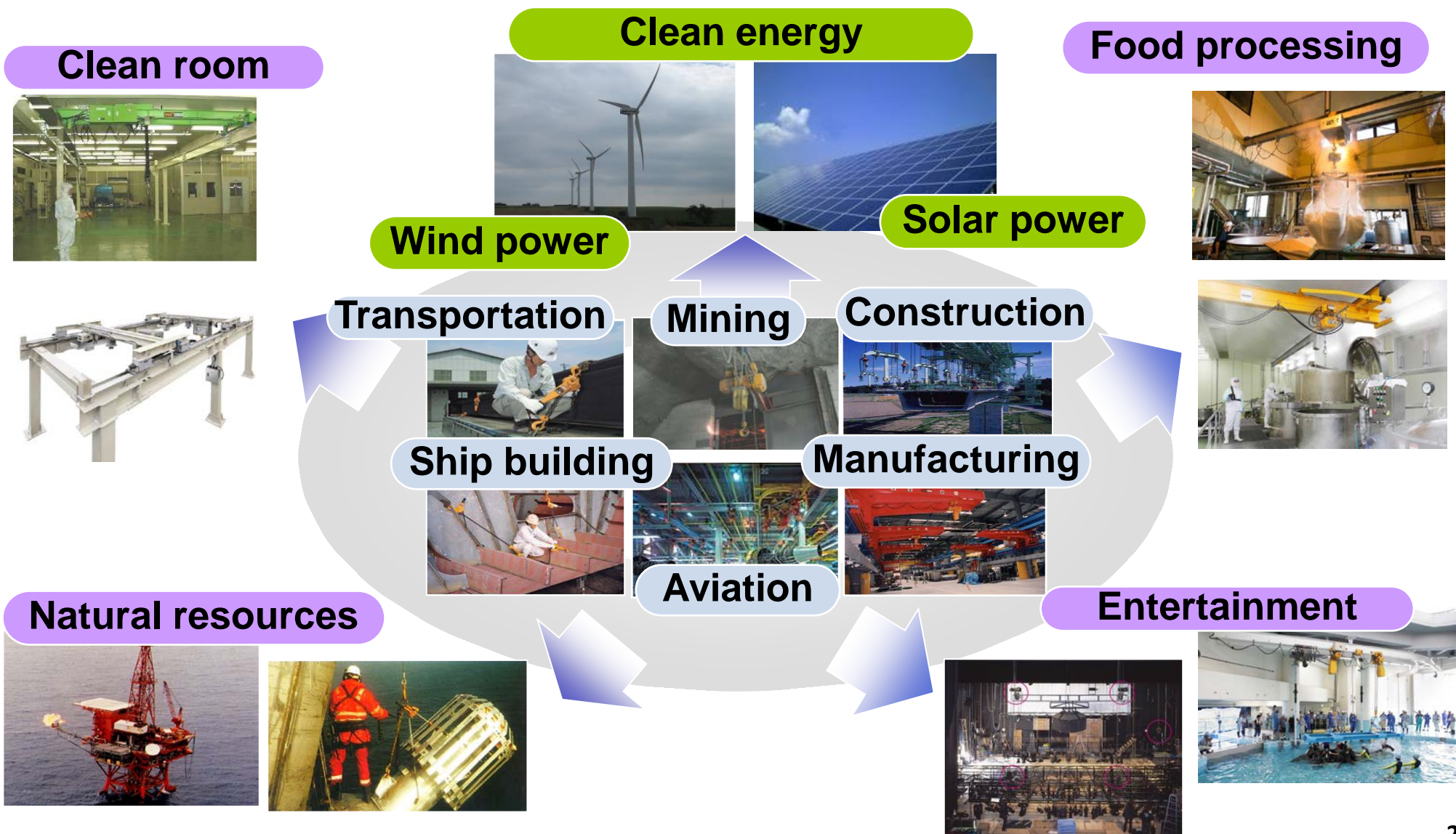


■ Various Chain

- 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)

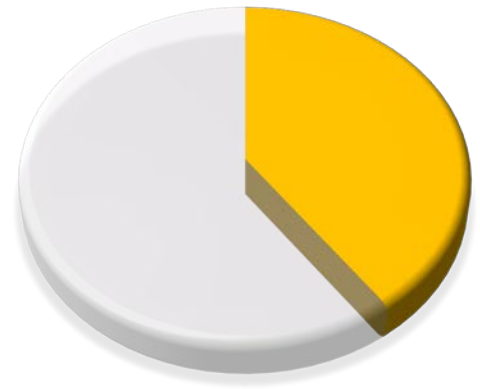
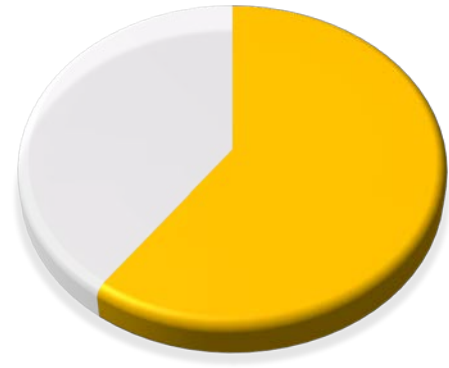
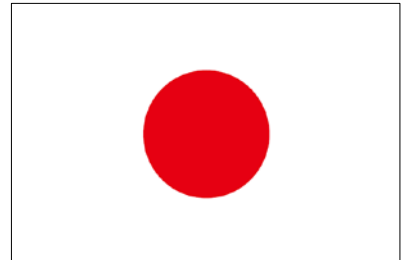
Service Network

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

