

KYOKUTO SANKI (6233 TSE Standard) - - - - - June 23,2022**Factory automation equipment manufacturer with know-how on automation and labor-saving of craftsmanship as its source of competitiveness**

This report is an English translation of part of the report issued on June 17, 2022.
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[6233 KYOKUTO SANKI Sector : Machinery]

Fiscal Year		Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Sep. 2020		8,006	-12.6	120	-51.6	81	-61.7	67	-53.2	12.6	496.0	10.0
Sep. 2021		9,169	14.5	280	132.6	273	235.3	189	180.0	35.2	515.9	10.0
Sep. 2022	CE	9,765	6.5	260	-7.2	215	-21.4	140	-28.1	26.0	-	10.0
Sep. 2022	E	9,645	5.2	233	-16.6	182	-33.2	118	-37.2	21.9	528.5	10.0
Sep. 2023	E	9,999	3.7	282	21.0	212	16.6	138	16.6	25.6	544.3	10.0
Sep. 2024	E	10,387	3.9	357	26.3	287	34.9	187	34.9	34.7	569.0	10.0

Note: CE(company expectations),E(Stock Research Center expectations)
Source: Stock Research Center

1. Corporate Overview

KYOKUTO SANKI is a factory automation equipment manufacturer building equipment that realizes automation and labor-saving of craftsmanship, which is said to be difficult to mechanize. Its main products are tatami manufacturing equipment and automatic wallpaper pasting equipment, and with the use of core technologies gained through the development of these products, it also manufactures high-tech equipment, such as secondary battery manufacturing equipment, and food equipment.

2. Financial Analysis

Net sales which had remained at the 8 billion yen level since the fiscal year ended September 2013 surpassed 9 billion yen in the fiscal year ended September 2018. On the other hand, profit had been decreasing from previous fiscal years, except for the fiscal years ended September 2017 and September 2021. In particular, revenue and profit decreased significantly in the fiscal year ended September 2020 when the external environment worsened due to the COVID-19 pandemic, the deterioration of the U.S.-China relationship and other factors.

Compared with the listed machinery manufacturers related to automation and labor-saving, the operating profit margin and capital adequacy ratio are low. This is believed to be attributable to the negative impact of the construction of new factory buildings, and thus the level of financial indicators going forward depends on the recovery after the launch of their operations.

3. Non-Financial Analysis

The source of the company's intellectual capital is the accumulation of know-how on automation and labor-saving of craftsmanship. The accumulation across generations was made possible by the leadership of the successive presidents from the founding family, and has led to the expansion of market shares of the main products and business domains.

4. Corporate Strategy Analysis

As for issues that should be addressed, smooth launch of the new factory buildings, securement/development of human resources, and strengthening of its subsidiary, ROSECC, are on the list.

The company has drawn up a growth strategy in accordance with its traditional policy of realizing both stability and growth of the entire business by devoting management resources gained in the main business fields to other segments.

5. Analyst Evaluation

We highly evaluate the fact that the company has been successful in progressing the succession of the source of competitiveness, which is the accumulation of know-how on automation and labor-saving of craftsmanship, and succession of management. For future growth, we will be watching the condition of the company investing in fields other than its main business fields.

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