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To Shareholders with Voting Rights

Securities Code 6409
June 2, 2020

Yoshio Kito
President & CEO

KITO CORPORATION

2000, Tsuijiarai, Showa-cho,
Nakakoma-gun, Yamanashi, Japan

Notice of the 76th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 76th Ordinary General Meeting of Shareholders of KITO CORPORATION (the “Company” or “KITO”), which is to be held according to the following schedule.

If you are unable to attend the meeting, you may exercise your voting rights by mail or via the Internet, etc., as shown in “Guide to Exercise of Voting Rights” (pages 3-4). Please review the attached Reference Materials for the General Meeting of Shareholders and exercise your rights no later than 5:30 pm on Monday, June 22, 2020 (JST).

Schedule

1. Date and Time:	At 10:00 am on Tuesday, June 23, 2020 (JST) (Reception starts at 9:00 am)
2. Venue:	Tower Hall, 49th floor of Roppongi Hills Mori Tower 6-10-1 Roppongi, Minato-ku, Tokyo
3. Agenda of the Meeting	
■ Matters to be Reported:	<ol style="list-style-type: none">1. The Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditor and Board of Corporate Auditors for the 76th Term (from April 1, 2019 to March 31, 2020).2. The Non-consolidated Financial Statements for the 76th Term (from April 1, 2019 to March 31, 2020)
■ Matters to be Resolved:	
Proposal No. 1	Distribution of Surplus
Proposal No. 2	Election of Seven (7) Directors

4. Matters for Determination for this Convocation

- (1) Any amendment to the Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements shall be published on the Company's website.

The Company's website

<https://kito.com/>

以 上

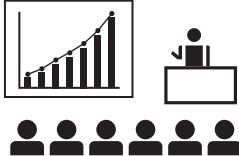
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- ◎ When attending the Meeting in person, please submit the Voting Rights Exercise Form at the reception.
 - ◎ Alcohol-based hand sanitizers will be provided for shareholders at the General Meeting of Shareholders venue. Those attending the Meeting are asked to bring and wear face masks. In addition, please note that we will be scanning temperatures near the venue entrance. Your understanding and cooperation are appreciated.
 - ◎ The staff operating the General Meeting of Shareholders will be wearing face masks, in addition to checking physical conditions including taking temperatures.
 - ◎ From the standpoints of preventing the infection and ensuring business continuity of the Company, it is possible that only some of the Company officers will be attending the General Meeting of Shareholders, or officers may participate online, regardless of their health conditions on the day of the Meeting.
 - ◎ For this General Meeting of Shareholders, we will omit detailed explanations of matters to be reported (including audit reports) and proposals in the interest of shortening the Meeting in order to prevent the spread of COVID-19. We request that shareholders peruse the notice of convocation in advance.
 - ◎ Depending on the status of the spread of COVID-19, it may be necessary to change the venue or starting time. In this event, we will post details to the Company's website on the Internet (see above). Shareholders planning to attend the Meeting are asked to check the Company's website in advance.

Guide to Exercise of Voting Rights

Please review the Reference Materials for the General Meeting of Shareholders (page 5-20) and exercise your voting rights.

You can exercise your voting rights by any of the following three methods.

A TYPE **Attending the General Meeting of Shareholders**

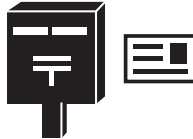


Please submit the enclosed Voting Rights Exercise Form at the reception. Also, please bring this Notice of the 76th Ordinary General Meeting of Shareholders.

Date of the General Meeting of Shareholders

**10:00 am on Tuesday,
June 23, 2020 (JST)**

B TYPE **Exercising voting rights in writing**



Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form and return the form before the deadline.

Deadline

**5:30 pm on Monday,
June 22, 2020 (JST)**

C TYPE **Exercising voting rights via the Internet, etc.**



Please indicate your approval or disapproval of each of the proposals, in accordance with the instructions on the following page.

Please see the following page for details. ▶▶▶

Deadline

**5:30 pm on Monday,
June 22, 2020 (JST)**

Attendance of proxies

- (1) Please note that those other than shareholders with voting rights, such as proxies who are not shareholders or companions, will not be able to enter the venue.
- (2) If a proxy is attending the meeting, a document proving the proxy rights shall be required in addition to the Voting Rights Exercise Form. Exercise of voting rights by proxy shall be limited to one another shareholder who holds voting rights at the Company.

Handling of Voting Rights Exercised in Writing

When you exercise your voting rights in writing, if you do not indicate approval or disapproval of a proposal, it shall be considered that you have indicated approval.

Multiple Exercise of Voting Rights

- (1) If you have exercised your voting rights more than once, such as both in writing and via the Internet, etc., the exercise of the voting rights via the Internet, etc., shall be treated as effective.
- (2) If you have exercised your voting rights more than once via the Internet, etc., the final exercise of the voting rights shall be treated as effective.

For inquiries on other stock related business (change in address, number of shares held, etc.) please contact below.

- (1) For shareholders with an account at a securities Company
Please contact your securities company.
- (2) For those who do not have an account at a securities company (shareholders with special account)

Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited

Toll free: **0120-782-031** (Open from 9 am to 5 pm)
(Excluding weekends and holidays)



Exercising voting rights via the Internet, etc.

Deadline

5:30 pm on Monday, June 22, 2020 (JST)



Exercising voting rights using “Smart Exercise”

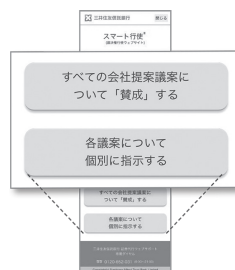
- 1 You can easily exercise your voting rights without the need to enter voting rights exercise code and password, by scanning the QR code at the bottom right corner of the Voting Rights Exercise Form.



Note

To change your vote after exercising your voting rights, you must scan the QR code again and enter the “voting rights exercise code” and “password” printed on the Voting Rights Exercise Form.

- 2 Follow the instructions shown on-screen and indicate your approval or disapproval for each item.



If you are unclear how to exercise your voting rights via the Internet using your computer, smartphone, or mobile phone, contact the number shown at right.

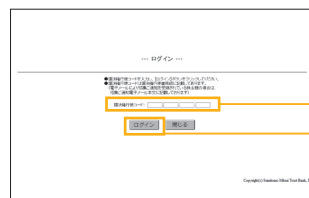
※ “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

Exercising voting rights by “entering your voting rights exercise code and password”

- 1 Voting rights can be exercised via the Internet using your computer, smartphone, or mobile phone only by using our designated website for the exercise of voting rights (<https://www.web54.net>).

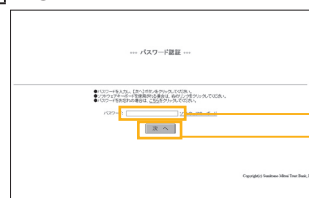


- 2 Enter the “voting rights exercise code” printed on the Voting Rights Exercise Form.



Enter the “voting rights exercise code”
Click “Login”

- 3 Enter the “password” printed on the Voting Rights Exercise Form.



Enter the “password”
Click “Next”

- 4 Follow the instructions shown on-screen and indicate your approval or disapproval for each item.

**Stock Transfer Agency Web Support Help Line,
Sumitomo Mitsui Trust Bank, Limited**

Toll free: **0120-652-031**
(Open from 9 am to 9 pm)

※If you have made prior application to use the platform for the electronic exercise of voting rights operated by ICJ, Inc., you can use the platform to exercise voting rights.

Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Distribution of Surplus

The Company believes it is important to secure sufficient retained earnings to reinforce the management basis and prepare for future business development, in addition to appropriately returning profits to shareholders commensurate with the Company's performance.

Under this policy, the Company is striving to increase the dividend payment, targeting a consolidated payout ratio of 20% or higher, subject to the overall consideration of its consolidated results and financial position. In comprehensive consideration of the Company's financial position for the year ended March 31, 2020, the Company hereby proposes to maintain its planned year-end dividend amount for the year ended March 31, 2020, as follows.

1 Form of dividend property

Cash

2 Matters concerning allotment of dividend property and total amount

24 yen per share of the Company's common stock

Total dividend: 491,318,328 yen

3 Effective date of the distribution of surplus

June 24, 2020

Proposal No. 2: Election of Seven (7) Directors

The terms of office of all seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of seven (7) Directors is proposed.
The candidates for Director are as follows:

Candidate Number		Name	Term of office Gender	Significant concurrent positions	Affiliation	Attendance at board meetings
1		Yoshio Kito (Age: 57)	28 years Male	2	Inside	100% (12 out of 12 meetings)
2		Edward W. Hunter (Age: 54)	4 years Male	2	Inside	91% (11 out of 12 meetings)
3		Tsuneo Yuzurihara (Age: 62)	10 years Male	2	Inside	100% (12 out of 12 meetings)
4		Shigeki Osozawa (Age: 57)	6 years Male	1	Inside	100% (12 out of 12 meetings)
5		Katsumi Nakamura (Age: 66)	4 years Male	2	Outside Independent director	100% (12 out of 12 meetings)
6		Takashi Hirai (Age: 55)	3 years Male	3	Outside Independent director	100% (12 out of 12 meetings)
7		Koji Osawa (Age: 58)	1 year Male	2	Outside Independent director	100% (10 out of 10 meetings)

Candidate
Number
1

Yoshio Kito June 4, 1963 (Age: 57) Term of office **28** years

Male

Re-election

Inside



Personal history, positions, responsibilities and significant concurrent positions

November 1988	Joined the Company
June 1992	Director
June 1998	Managing Director
April 1999	Senior Managing Director
July 2000	Senior Managing Director, Senior Managing Executive Officer
April 2005	Vice President & Representative Director, Vice President Executive Officer
January 2006	President & Representative Director, President Executive Officer
November 2011	President & CEO, President Executive Officer and General Manager of Domestic Sales Division
April 2013	President & CEO, President Executive Officer and General Manager of Business Division - East Asia
December 2013	President & CEO, President Executive Officer, General Manager of Business Division - East Asia and General Manager of Global Solution Division
April 2014	President & CEO, President Executive Officer and General Manager of Global Solution Division
April 2016	President & CEO, President Executive Officer and Chief Product Officer
January 2017	President & CEO, President Executive Officer
April 2018	President & CEO, President Executive Officer, Chief Product Officer (to present)

[Significant concurrent positions]

KITO Americas, Inc. / Director
JIANGYIN KITO CRANE CO., LTD. / Chairman

Number of shares of the Company held
168,500 shares

Attendance at board meetings
12 out of 12 meetings

Reasons for the election:

Mr. Yoshio Kito, since becoming President & CEO of the Company in January 2006, has displayed leadership centering on aiming to increase corporate value and realize the corporate mission. He has achieved results including overseas business expansion, new product development, and execution of M&As, and is fulfilling his duties as CEO. He is nominated as a candidate for Director as his experience and track record of leading the Group's management, as well as his extensive insight regarding its businesses, are deemed essential for strengthening the management of the Group and for its sustainable growth.

Message to our shareholders:

In the recent years, changes in society have been further intensifying. More than ever before, companies are facing the need to transform their business structures, as their value to society is once again questioned. The Group has been striving to enhance its products and reinforce its regional strategies in order to achieve the currently ongoing Mid-term Management Plan, and we will further accelerate our growth strategies and strengthening of our business foundation moving forward. I will continue to use my leadership to increase our corporate value through "contribution to the creation of a better society."



Personal history, positions, responsibilities and significant concurrent positions

May 2004	Joined Harrington Hoists, Inc. / President & Director
April 2008	Joined the Company / Executive Officer, KITO Americas, Inc. / President & Director and Harrington Hoists, Inc. / President & Director
April 2011	Senior Executive Officer, Head of Americas Business Operation, General Manager of Business Division - Americas, KITO Americas, Inc. / President & Director and Harrington Hoists, Inc. / President & Director
April 2013	Senior Executive Officer, Head of Americas & EMEA Business Operation, General Manager of Business Division - Americas & EMEA, KITO Americas, Inc. / President & Director and Harrington Hoists, Inc. / President & Director
April 2016	Executive Vice President, Co-Chief Market Officer
June 2016	Executive Vice President, Executive Vice President Officer and Co-Chief Market Officer (to present)

[Significant concurrent positions]

KITO Americas, Inc. / Chairman
ERIKKILA OY / Director

Number of shares of the Company held

46,300 shares

Attendance at board meetings

11 out of 12 meetings

Reasons for the election:

Since joining the group company of the Company in May 2004, Mr. Edward W. Hunter has promoted business expansion of the Americas Business focused on the United States and contributed to improvements of corporate value of the Company.

He is nominated as a candidate for Director as his abilities continue to be deemed necessary to achieve further growth of the Company as a global entity by strengthening business in the Americas, which is expected to continue to see growth, and actively conducting business and promoting product strategies in major global markets such as Europe.

Message to our shareholders:

As KITO enters the final year of our current midterm plan we are certainly facing unprecedented global challenges. The effects of the SARS CoV2 virus and the resulting economic disruption are profound. However, for KITO, we enter the year with strength and resiliency.

Our product is considered critical infrastructure and we are therefore able to operate and serve customers in critical sectors, including food, pharmaceutical, medical products, and energy production. Our teams around the world have adapted our operating rules to protect our staff, customers, and suppliers while still serving our communities. Our mid term focus on development of people, efficiency, and improving the customer experience serves to provide us with stable operating model to meet the current volatility and position KITO to thrive during the recovery. Our model also allows us to reduce costs appropriately in this volatile environment and continue to generate a healthy return. We face these challenges confident that we can continue to serve our communities and also deliver value to our shareholders.



Number of shares of the Company held
39,500 shares

Attendance at board meetings
12 out of 12 meetings

Personal history, positions, responsibilities and significant concurrent positions

April 1980	Joined the Company
April 2007	Executive Officer, Deputy General Manager of Development & Technology Division
April 2009	Executive Officer, General Manager of Development & Technology Division
October 2009	Executive Officer, General Manager of Development & Technology Division and Deputy General Manager of Manufacturing Division
April 2010	Executive Officer, General Manager of Development & Technology Division and General Manager of Manufacturing Division
June 2010	Director, Executive Officer, General Manager of Development & Technology Division and General Manager of Manufacturing Division
April 2011	Managing Director, Senior Executive Officer, Head of Global Manufacturing, Quality Assurance, Development & Technology Division and General Manager of Development & Technology Division
April 2013	Managing Director, Senior Executive Officer, Head of Global Manufacturing, Quality Assurance, Development & Technology Division and General Manager of Procurement Division
December 2013	Managing Director, Senior Executive Officer, Head of Global Manufacturing, Quality Assurance, General Manager of Development & Technology Division and General Manager of Procurement Division
April 2015	Managing Director, Senior Executive Officer, Head of Global Manufacturing, Quality Assurance, General Manager of Development & Technology Division and General Manager of Procurement Division
April 2016	Managing Director, Senior Executive Officer, Chief Quality Officer and General Manager of Quality Assurance Division
April 2017	Managing Director, Senior Executive Officer, Chief Quality Officer, Chief Manufacturing Officer, General Manager of Quality Assurance Division and General Manager of Procurement Division
April 2018	Managing Director, Senior Executive Officer, Chief Quality Officer, Chief Manufacturing Officer and Head/General Manager of Quality Assurance Division (to present)

[Significant concurrent positions]

JIANGYIN KITO CRANE CO., LTD. / Director
KITO HOIST THAI CO., LTD. / Director

Reasons for the election:

Since becoming Director of the Company in June 2010, Mr. Tsuneo Yuzurihara has fulfilled his duties as Director, with achievements in creating new frameworks including overseas development in development, manufacturing, procurement, and quality assurance.

He is nominated as a candidate for Director as his ability and experience continue to be deemed necessary for the Company to maintain the high level of quality of its products while promoting global production strategies.

Message to our shareholders:

Amid uncertainties over the economic outlook due to the global spread of COVID-19, the Company is striving to handle various risks in order to ensure stable corporate operations. As part of these measures, the Company is advancing such projects as opening a new hoist plant in Thailand, endeavoring to establish a production structure that is efficient and minimally susceptible to various risks. The Company is also committed to developing into a company that contributes to solving social issues, by further advancing the “KITO’s Quality” in its corporate mission.

Candidate
Number
4

Shigeki Osozawa

October 12, 1962 (Age: 57) Term of office **6 years**

Male

Re-election

Inside



Number of shares of the Company held
36,900 shares

Attendance at board meetings
12 out of 12 meetings

Personal history, positions, responsibilities and significant concurrent positions

April 1985	Joined the Company
July 2008	Senior Manager of Corporate Planning Department
April 2011	Executive Officer, General Manager of Corporate Planning Office
January 2012	Executive Officer, General Manager of Corporate Planning Office and Deputy General Manager of Corporate Management Division
April 2012	Executive Officer, General Manager of Corporate Planning Office and General Manager of Corporate Management Division
June 2012	Director, Executive Officer, General Manager of Corporate Planning Office and General Manager of Corporate Management Division
April 2016	Director, Executive Officer, General Manager of Corporate Management Division and Senior Manager of Legal Affairs Office
June 2016	Retired from the position of Director Executive Officer, General Manager of Corporate Management Division and Senior Manager of Legal Affairs Office
April 2017	Senior Executive Officer, Chief Financial Officer, General Manager of Financial Management Division and Business Strategy Division
October 2017	Senior Executive Officer, Chief Financial Officer and General Manager of Financial Management Division
June 2018	Managing Director, Senior Executive Officer, Chief Financial Officer and General Manager of Financial Management Division
July 2018	Managing Director, Senior Executive Officer, Chief Financial Officer, General Manager of Corporate Management Division and General Manager of Financial Management Division (to present)

[Significant concurrent positions]

KITO HOISTS & CRANES ASIA PTE. LTD. / Director

Reasons for the election:

Since becoming Managing Director of the Company in June 2018, Mr. Shigeki Osozawa has achieved results in the areas of corporate planning, business strategy, and finance, etc., and has contributed to increasing the Company's business performance.

He is nominated as a candidate for Director as his abilities and experience are deemed necessary for the development of the Group based on a healthy governance system with this support from a financial and corporate management perspective for global development and sustainable corporate value improvement.

Message to our shareholders:

COVID-19 is spreading throughout the world, halting human movements and economic activities, and causing huge ripple effects in society. However, no matter how society changes in the future, we will strive to earn the trust of our customers by delivering "unmatched satisfaction." Furthermore, by pursuing long-term profit, we will continue to pursue this positive cycle and seek steady growth so that we can meet the expectations of our shareholders.

Candidate
Number
5

Katsumi Nakamura June 23, 1953 (Age: 66) Term of office **4** years

Male

Re-election

Outside

Independent director



Personal history, positions, responsibilities and significant concurrent positions

April 1978	Joined Nissan Motor Co., Ltd.
January 2000	Director of Program Management office
April 2001	Senior Executive Officer
July 2003	President of Dongfeng Motor Company Limited
May 2008	EVP of Renault S.A.S.
June 2009	EVP of Renault S.A.S. and Director of Nissan Motor Co., Ltd.
June 2013	Chairman & Director of Calsonic Kansei Corporation
June 2014	Retired from Director of Nissan Motor Co., Ltd.
June 2015	Outside Director of Inabata & Co., Ltd.
June 2016	Chairman of Calsonic Kansei Corporation, Outside Director of Kansai Airports (to present) and Director of the Company (to present)
June 2017	Retired from Chairman of Calsonic Kansei Corporation
January 2019	Senior Advisor of The Black Stone Group L.P. (to present)
June 2019	Retired from Outside Director of Inabata & Co., Ltd.

[Significant concurrent positions]

Kansai Airports / Outside Director (Member of the Audit and Supervisory Committee)
The Black Stone Group L.P. / Senior Advisor

Number of shares of the Company held
— shares

Attendance at board meetings
12 out of 12 meetings

Reasons for the election:

Mr. Katsumi Nakamura has many years of experience as an executive and technician in the automobile industry, which is one of Japan's core industries.

His abundant business management knowledge and manufacturing experience is very beneficial for the Company as we aim for further growth. For this reason, as well as to ensure fair and objective decision-making and oversight, he is continuously nominated as a candidate for Outside Director.

Message to our shareholders:

I have been involved in the automobile industry through my positions in Nissan Motor and France-based Renault. The automobile industry has already undergone globalization, and a massive once-in-a-century wave of transformation is approaching. I hope that I can use the knowledge accumulated by having been involved in business management in the globalization of the automobile industry, to support KITO's future global growth and transformation.

KITO is in the manufacturing industry and manufacturing competitiveness is therefore at its core. I think that KITO and its people have great potential in that respect. I am looking forward to helping KITO take on the wide-ranging challenges that it must tackle in order to grow globally.

Candidate
Number
6

Takashi Hirai February 24, 1965 (Age: 55) Term of office **3 years**

Male

Re-election

Outside

Independent director



Number of shares of the Company held
4,700 shares

Attendance at board meetings
12 out of 12 meetings

Personal history, positions, responsibilities and significant concurrent positions

April 1989	Joined Bain & Company Japan, Inc. / Senior Consultant
July 1997	Dell Japan Inc. / Director of Relationship Marketing
March 2000	Crayfish Co., Ltd. / Director & Chief Marketing Officer
April 2001	Starbucks Coffee Japan, Ltd. / Head of Corporate Planning Division / Officer
September 2003	Executive Officer, Senior Partner of Roland Berger Ltd.
September 2014	Visiting Professor of Graduate School of Business Administration, Keio University
April 2015	Visiting Professor of Graduate School of Business and Finance, Waseda University (to present)
February 2017	Retired from the position of Executive Officer, Senior Partner of Roland Berger Ltd.
March 2017	Professor of Graduate School of Business Sciences, MBA Program in International Business, University of Tsukuba (to present)
June 2017	Director of the Company (to present)
December 2018	Retired from the position of Visiting Professor of Graduate School of Business Administration, Keio University
June 2019	Outside Director of MITSUI-SOKO HOLDINGS Co., Ltd. (to present)

[Significant concurrent positions]

University of Tsukuba / Professor of Graduate School of Business Sciences, MBA Program in International Business
Waseda University / Visiting Professor of Graduate School of Business and Finance
Outside Director / MITSUI-SOKO HOLDINGS Co., Ltd.

Reasons for the election:

Mr. Takashi Hirai has many years of experience working as a consultant in a consulting firm operating internationally and experience as an executive in business companies in Japan and the United States, in addition to experience in development of global human resources at a graduate school of corporate management.

He is again nominated as a candidate for Outside Director as his experience is deemed necessary for the formulation and implementation of the Company's corporate strategies, in addition to fair and objective decision-making and oversight.

Message to our shareholders:

The current global business environment is extremely severe, and the outlook for global trends in the world after the containment of COVID-19 remains unclear. On the other hand, KITO's business is supporting social infrastructure, which is essential for propelling the global economy.

As an Outside Director, I will make the best use of my experience as a strategic consultant and practical business experience in other industries, to help achieve KITO's growth strategies and enhance our global operation strengths.

Candidate
Number
7

Koji Osawa October 9, 1961 (Age: 58) Term of office **1** year

Male

Re-election

Outside

Independent director



Personal history, positions, responsibilities and significant concurrent positions

April 1985 Joined Mitsubishi Corporation
October 1993 Palo Alto Office, Mitsubishi International Corporation
March 1999 Returned to Mitsubishi Corporation
May 1999 Retired from Mitsubishi Corporation
July 1999 Global Catalyst Partners L.P. / Managing Principal & Co-Founder (to present)
August 2014 Global Catalyst Partners Japan / Managing Director & Co-Founder (to present)
June 2019 Director of the Company (to present)

[Significant concurrent positions]

Global Catalyst Partners L.P. / Managing Principal & Co-Founder
Global Catalyst Partners Japan / Managing Director & Co-Founder

Number of shares of the Company held
2,000 shares

Attendance at board meetings
10 out of 10 meetings

Reasons for the election:

Mr. Koji Osawa, after working at a general trading company, was engaged in venture capital fund management for many years in Silicon Valley.

In addition to knowledge related to discovering and developing new businesses, he is deeply knowledgeable with regard to cutting-edge technologies such as IoT, and, as a fund manager, is able to objectively evaluate and oversee businesses. He is continuously nominated as a candidate for Outside Director as his experience is deemed necessary for the Company's development.

Message to our shareholders:

I lived in Silicon Valley, U.S., for 23 years starting in 1993, and for 17 of those years I was engaged in investing in and developing numerous global venture companies through a venture capital fund that I founded myself.

In a market environment that is becoming increasingly unclear from the impact of COVID-19, I will do my utmost to use my accumulated experience and knowledge to support KITO that aims for further development such as reinforcing its management foundation, advancing its global operation, and formulating growth strategies.

- (Notes)
1. The Company has business transactions including product sales with JIANGYIN KITO CRANE CO., LTD., at which Mr. Yoshio Kito serves as Chairman and Mr. Tsuneo Yuzurihara serves as Director. No conflict of interest exists between the Company and the other candidates.
 2. Messrs. Katsumi Nakamura, Takashi Hirai and Koji Osawa are the candidates for Outside Directors.
The Company has designated Messrs. Katsumi Nakamura, Takashi Hirai and Koji Osawa as independent directors and notified the Tokyo Stock Exchange.
 3. Messrs. Katsumi Nakamura, Takashi Hirai and Koji Osawa do not have the applicable attributes for reporting in the notification form for independent directors stipulated by the Tokyo Stock Exchange.
 4. Number of years of service since the candidates were first appointed as Outside Directors
 - 1) Mr. Katsumi Nakamura's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 4 years.
 - 2) Mr. Takashi Hirai's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 3 years.
 - 3) Mr. Koji Osawa's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 1 year.
 5. Liability limitation agreement with the candidates
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded agreements with Messrs. Katsumi Nakamura, Takashi Hirai and Koji Osawa limiting their liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability under those agreements is the total of the amounts specified in each item of Article 425, Paragraph 1 of the Companies Act, and if the re-election of Messrs. Katsumi Nakamura, Takashi Hirai and Koji Osawa is approved, the Company plans to continue those agreements with them.

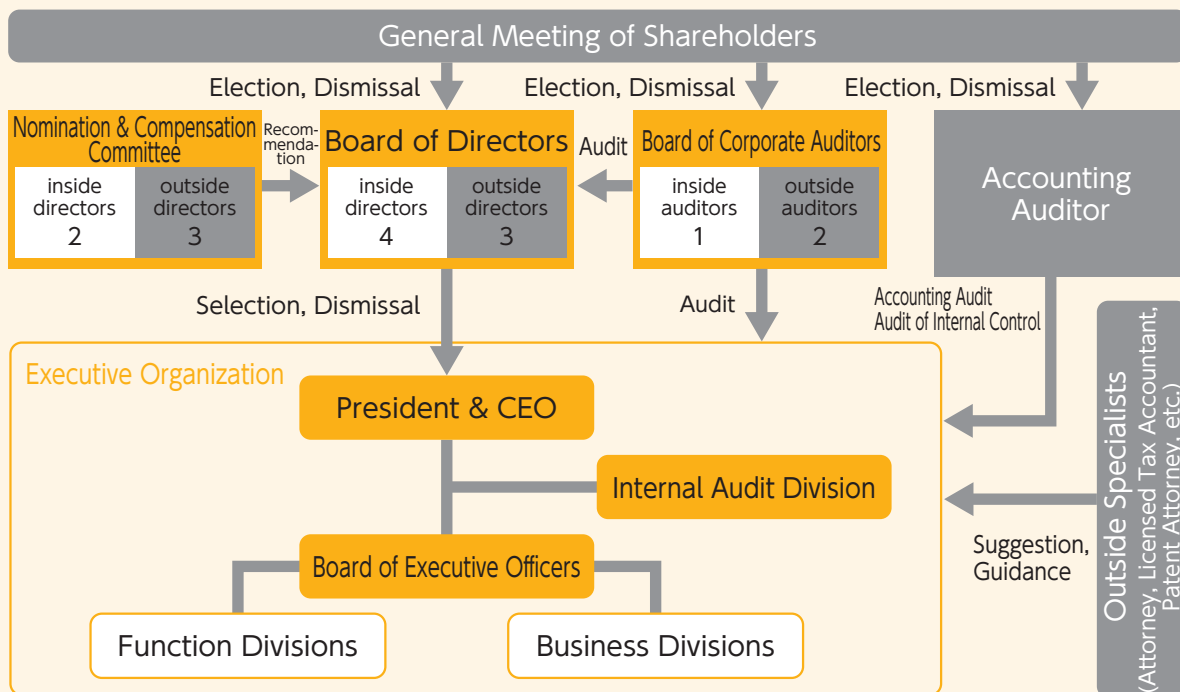
Reference information related to the exercise of voting rights

Basic Principles System of Corporate Governance

The Company will, with the aim of achieving sustainable growth and improvement of corporate value on a medium to long-term basis, make efforts to enhance corporate governance in accordance with the basic concepts described below based on the belief that the essence of corporate governance lies in increasing the dynamism of management by securing the transparency and fairness thereof and making management decisions in a prompt and decisive manner.

- (1) To respect the rights of the shareholders and secure equality among them,
- (2) To consider the interests of the stakeholders including the shareholders and cooperate with them in an appropriate manner,
- (3) To disclose corporate information in an appropriate manner to secure transparency of management.
- (4) To have the board of directors, taking into account the fiduciary responsibility and accountability to shareholders, enhance separation of the execution of management from the supervision thereof and the function of management supervision by outside directors to ensure the sustainable growth of the Company, enhancement of corporate value on a medium to long-term basis, and improvement of profitability and capital efficiency, and
- (5) To have constructive dialogue with the shareholders.

The Company's corporate governance system is as follows.



●Management System

If this proposal is approved, the Company will engage in business using the following system.

Board of Directors	Directors' term of office: one year	Appointed from among members both inside and outside of the Company with abundant experience and a high level of knowledge and specialization. Of the seven Directors, three are Outside Directors with management transparency and a high level of soundness. The three Outside Directors are Independent Directors.
Inside Directors	Yoshio Kito Edward W. Hunter Tsuneo Yuzurihara Shigeki Osozawa	
Outside Directors	Katsumi Nakamura Takashi Hirai Koji Osawa	
Board of Corporate Auditors	Corporate Auditors' term of office: four years	Appointed from among members with expertise and accumulated experience. Outside Corporate Auditors comprise one certified public accountant and tax accountant and one lawyer, reinforcing the audit functions. One of the Outside Corporate Auditors is an Independent Auditor.
Inside Corporate Auditor	Kentaro Yoneyama	
Outside Corporate Auditors	Kiyohito Hamada Eiko Hakoda	

Board of Executive Officers Executive Officers' term of office: one year

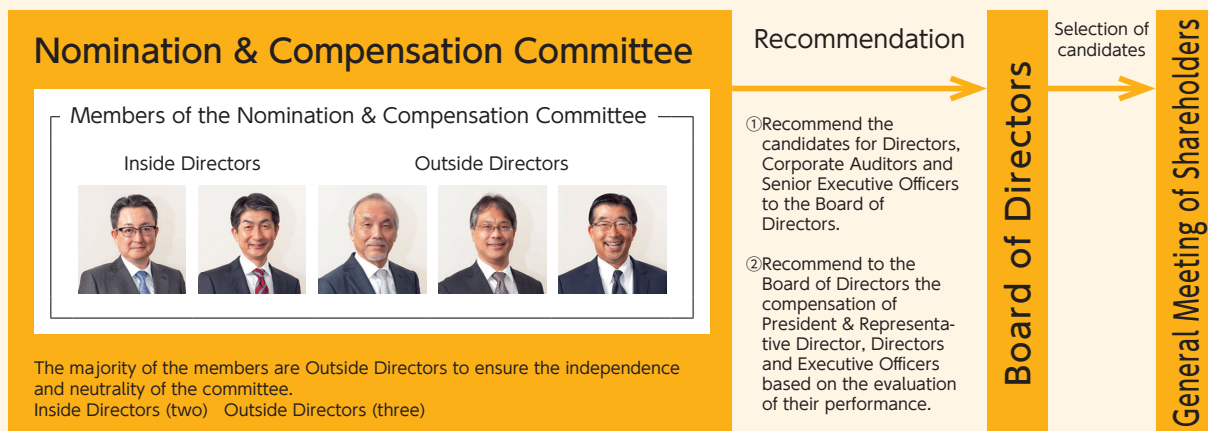
Persons with abilities and who are well-versed in operations are actively appointed, regardless of race, nationality, etc.

CEO Yoshio Kito Chief Executive Officer				
CFO Chief Financial Officer	CQO Chief Quality Officer	CPO Chief Product Officer	CMO Chief Market Officer	CMO Chief Manufacturing Officer
Shigeki Osozawa	Tsuneo Yuzurihara	Yoshio Kito	Edward W. Hunter Longlin Huang	Tsuneo Yuzurihara
Co-CMO Edward W. Hunter				Co-CMO Longlin Huang
The Americas Business	Asia Business	EMEA Business	Regional Business	China Business
Carlo Lonardi Marc Premont	Mamoru Horiuchi	Martin Rothe	Yoshio Morita	
CPO Yoshio Kito		CMO Tsuneo Yuzurihara		
Development & Technology	Powered Chain Hoists	Hoist Manufacturing	Chain Manufacturing	Procurement
Kazumitsu Ishikawa	Scott D. Miller	Kimiaki Hayakawa	Hiroshi Yamada	Toshio Kono

●Election of Officers (Nomination & Compensation Committee)

In the Company, the Nomination & Compensation Committee, a voluntary committee of which the majority is comprised of Outside Directors, deliberates and makes recommendations to the Board of Directors regarding candidates for Directors, Corporate Auditors, and Senior Executive Officers.

The Company established the standards for independence of Outside Directors described in the following page and will judge the independence of the candidates for Outside Directors in accordance with the standards.



●Standards for Independence of Outside Directors

The Company will judge the independence of its outside directors from the viewpoints of whether they can be expected to make positive suggestions and raise questions concerning the Company's business development, in addition to their satisfaction of the standards of independence prescribed by the Tokyo Stock Exchange, Inc. Specifically, independence of the outside directors will be evaluated based on the viewpoints mentioned above to the extent they do not fall under any of the following categories.

1. A person for whom the Company and the Company's group are principal trading partners or a business executive thereof,
2. A principal trading partner of the Company or a business executive thereof,
3. A major shareholder of the Company or a business executive thereof,
4. A business executive of a person for whom the Company and the Company's group are major investors,
5. A person receiving a large donation from the Company and the Company's group or a business executive thereof,
6. A consultant, certified public accountant, other professional accountant, lawyer, or other legal specialist that receives a large amount of money or other assets other than the compensation for a director from the Company and the Company's group (assets in excess of the amount equivalent to 2% of its total sales turnover or gross income or 10 million yen whichever is larger on average in the preceding 3 years, other than the compensation for a director) (In the case that the person receiving the assets is a corporation, association or other group, a person belonging to such group),
7. A person belonging to the auditing firm who performs a statutory audit of the Company and the Company's group,
8. A person from a corporation for which a business executive of the Company and the Company's group assumed the post of its outside director on a reciprocal basis within the preceding 3 years,
9. A person falling under the category of Items 1 through 8 hereof within the preceding 3 years,
10. A close relative (within the 2nd degree of relationship) of a person listed below:
 - a) A person who falls under the category of Items 1 through 9 hereof,
 - b) A director, corporate auditor, executive officer or principal employee of the Company or the Company's group.

(Note)

"Person for whom the Company and the Company's group are principal trading partners" refers to a person who received from the Company and the Company's group a payment of the amount in excess of 2% of its annual consolidated sales turnover or gross income or 100 million yen whichever is larger in the immediately preceding business year.

"Principal trading partner of the Company and the Company's group" refers to a person who made to the Company and the Company's group a payment of the amount in excess of 2% of the Company's annual consolidated sales turnover or gross revenue or 100 million yen whichever is larger in the immediately preceding business year.

"Major shareholder of the Company and the Company's group" refers to a person directly or indirectly holding 10% or more of the voting rights of the Company's and the Company's group's entire shareholders.

"Person for whom the Company's group is a major investor" refers to a person the Company's group invests in to hold directly or indirectly 10% or more of its total voting rights.

"Person receiving a large donation from the Company and the Company's group" refers to a person who received from the Company and the Company's group a donation in excess of 10 million yen or 2% of its annual sales turnover or gross income whichever is larger on average in the preceding 3 years.

●Evaluation of the Effectiveness of the Company's Board of Directors

Below are the results of the most recent (fiscal 2019, the fiscal year ended March 31, 2020) evaluation of the effectiveness of the Company's Board of Directors.

1. Evaluation method

With respect to the following items, a total of 10 directors and corporate auditors were each given a questionnaire. Opinions were collected by evaluation of each item on a five-point scale and opinion column. The evaluation items have been partially revised based on the Corporate Governance Code revised in June 2018, while basically maintaining the evaluation items up to FY2018.

[Questionnaire items]

- 1) Structure of the Board of Directors (composition, number and ratio of outside officers, diversity, term of office, etc.)
- 2) Operations of the Board of Directors (roles of the Board of Directors, contents of materials, delegation of authority, degree of active discussion, etc.)
- 3) Agenda items of the Board of Directors (discussions on remuneration, election, dismissal, compliance, etc., status of response to previous issues, etc.)
- 4) System to support the Board of Directors (opportunity and frequency of information exchange, cooperation with departments, information access, etc.)
- 5) The Nomination and Compensation Committee (composition, status of discussions on remuneration, dismissal, succession planning, etc.)

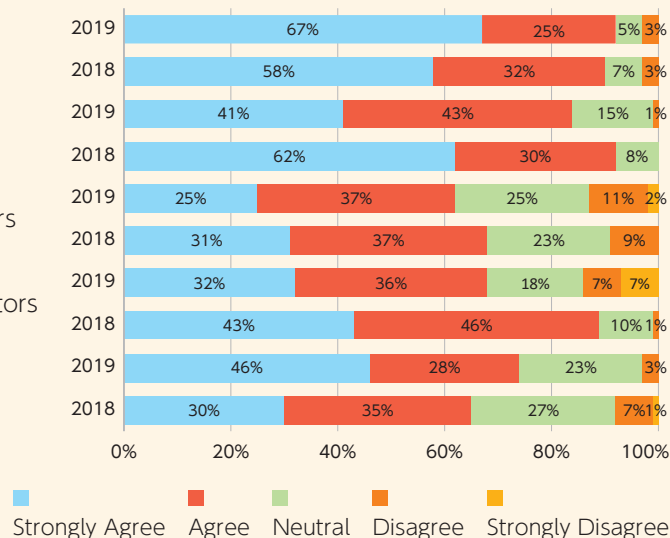
2. Evaluation results (summary)

As a result of the evaluation, the proportion of positive evaluations ("Strongly Agree" and "Agree") on the five-point scale (*) for some items fell slightly, but overall the effectiveness of the Board of Directors as a whole was evaluated as being appropriately secured. Among others, all respondents answered "Strongly Agree" to the question "Is the Board of Directors a place where directors and corporate auditors can fully express their opinions, discuss and exchange opinions openly and constructively?" under (2) Operations of the Board of Directors, which shows that the characteristic of our Board of Directors having substantial discussions has been highly evaluated. The main point for which positive evaluation was lower than the previous year was the status of response to the issues presented in FY2018.

(*) The answer choices on a five-point scale are "strongly agree, agree, neutral, disagree, and strongly disagree."

Set a total of 35 evaluation items

- 1 Structure of the Board of Directors
- 2 Operations of the Board of Directors
- 3 Agenda items of the Board of Directors
- 4 System to support the Board of Directors
- 5 The Nomination and Compensation Committee



3. Matters to be dealt with

The Board of Directors has concluded, based on the results of the evaluation, that the three issues identified in the FY2018 effectiveness evaluation need to be continuously dealt with. In addition, it was recognized that there was a need to further improve the content of the explanatory materials to support appropriate judgment of the management. To further enhance the effectiveness of the Board of Directors, we will continue to deal with the issues identified.

[Three issues to be continually dealt with, and the measures to be taken]

Issues	Measures
Deepened discussions on medium- to long-term strategies, product strategies and regional strategies	Discussions will be deepened along with formulating the next medium-term management plan (scheduled to start in FY2021).
Increasing frequency of risk discussions and conducting periodic reviews	We discussed material risks in FY2019. We will also share and discuss other risks and issues which have impact on our management.
Discussing management succession plans	Discussions will be further promoted on the issues including a career plan for fostering management positions throughout the group.

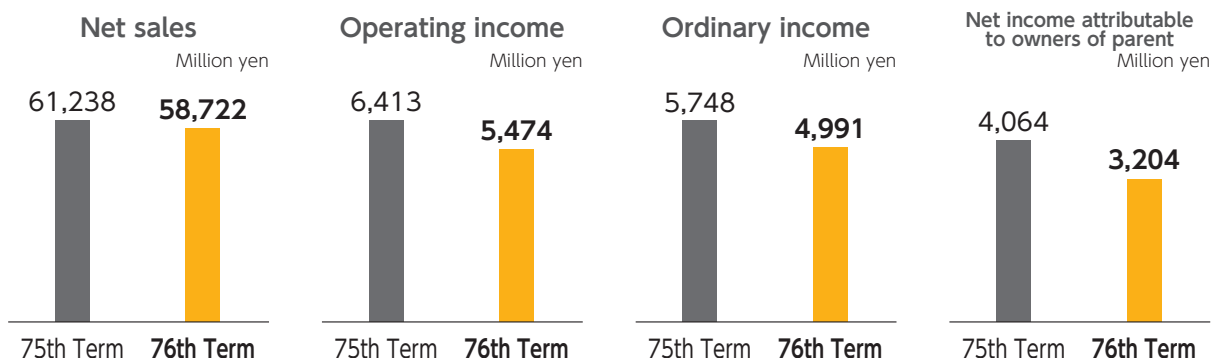
1 Overview of the Company Group

(1) Business Progress and Results

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 [YoY change in %]	Operating income (loss) [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 [251 million yen of operating loss for the previous FY]
Other	1,464 million yen [down 23.0%]	(48) million yen [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:

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).

Other:

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) Capital investment

The total amount of capital investment in the consolidated fiscal year ended in March 31, 2020 was 2,377 million yen, comprising primarily the investment aimed at increasing the production capacity of the Head Office & Factory and updating aging plants and equipment.

(3) Financing

In the consolidated fiscal year ended in March 31, 2020, the Company financed 3,500 million yen in the form of loans from financial institutions.

(4) Corporate challenges to be addressed

Kito Group will further strengthen its business operations and increase its presence in the global market as stated in the Mid-term Management Plan that carries through to the fiscal year ending March 31, 2021. The following points have been identified as top priorities in order to constantly deliver value that will exceed customers' expectations and achieve maximization of value of the KITO brand in the markets.

① Enhance Customer Experience

We will expand our product fields and product lineup as well as increase the value of and differentiate our products. We will improve our user training and other services, shorten lead times, and work to further enhance customer service. We will also strengthen our quality control and quality assurance systems globally.

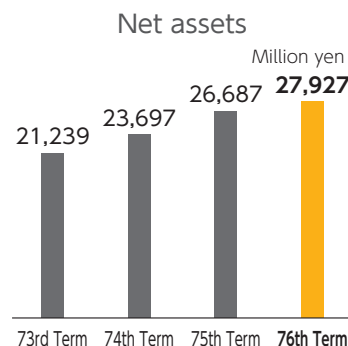
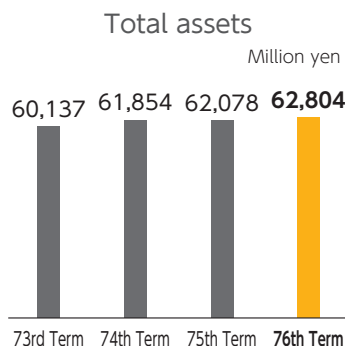
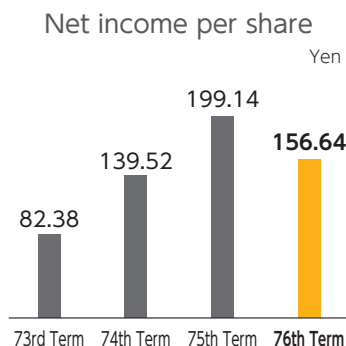
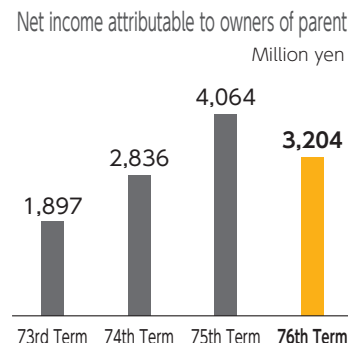
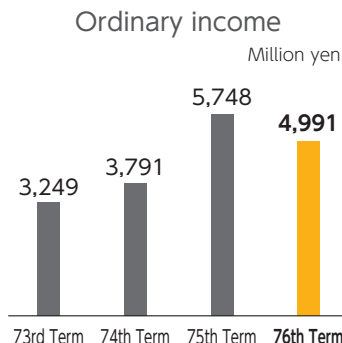
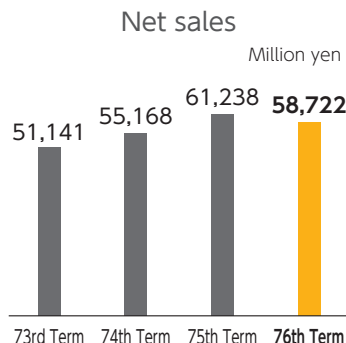
② Create an Efficient Organization

We will upgrade and strengthen our global IT and business platform infrastructure. We will also work to improve our supply chain management, increasing the operational efficiency of our four manufacturing bases in Japan, China, the United States, and in Asia, improving delivery services, and reducing inventories. We will work to optimize our chain production system, which boasts the largest production volume for link chains in the world, building around our presence in Japan, the United States and Europe.

③ Invest in people

We are working to build an attractive organization by reforming the awareness of our employees and our corporate culture. By further evolving diversity, the aim will be to develop business leaders who can realize teamwork by organizing team members of differing cultures and promote the development of business in global markets.

(5) Changes in assets and earnings



(In millions of yen, except per share amounts)

Item	73rd Term April 1, 2016 through March 31, 2017	74th Term April 1, 2017 through March 31, 2018	75th Term April 1, 2018 through March 31, 2019	76th Term (FY2019) April 1, 2019 through March 31, 2020
Net sales	51,141	55,168	61,238	58,722
Ordinary income	3,249	3,791	5,748	4,991
Net income attributable to owners of parent	1,897	2,836	4,064	3,204
Net income per share	82.38 yen	139.52 yen	199.14 yen	156.64 yen
Total assets	60,137	61,854	62,078	62,804
Net assets	21,239	23,697	26,687	27,927

(Notes) 1. Net income per share is calculated based on the average number of shares outstanding during the period.
2. Amounts less than one million yen, except per share amounts, are rounded down.

(6) Description of principal business (as of March 31, 2020)

The Group's principal business consists of the development, manufacture, and sales of equipment such as hoists, cranes, and chains. The Group handles mass-produced products, which are standardized based on sales estimates, and customized products that meet various needs depending on the type of cargo handling and the operating environment, as well as after-sales services through parts provision and maintenance.

① Principal products handled by the Group Cranes

This achieves three-dimensional movements in combination with hoists. There are various types depending on the application, such as overhead cranes, jib cranes, and bridge cranes.



Hoists

This product hoists and lowers heavy objects by manually operating the hand chain or running the electric motor. Chain and wire rope variants are available.

Below-the-hook devices

This is an attachment for lifting heavy objects. A range of variations is available depending on the type of heavy objects, including chain, magnetic, and fiber.

Various chain products

These include tire chains and marine chain products.



② The Group's sales structure

In Japan, we have adopted a distribution and sales system, and mainly conduct sales activities through authorized distributors under the umbrella of exclusive agents. Overseas, we supply products and services to more than 50 countries, including in North America, Asia, and Europe, through overseas subsidiaries and distributors.

(7) Main business locations and major subsidiaries of the Company

① Main business locations of the Company

Head Office Head Office & Factory (Yamanashi) Tokyo Head Office (Tokyo)

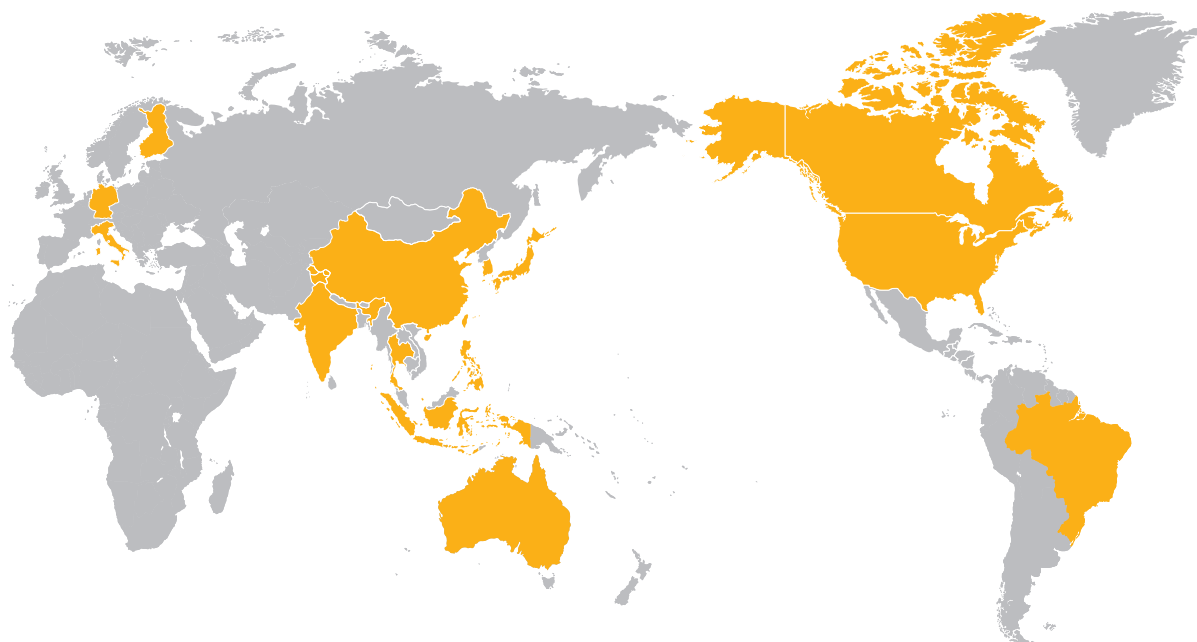
Business Office ① Sapporo Office (Hokkaido) ② Sendai Office (Miyagi)
 ③ Kita Kanto Office (Gunma) ④ Yokohama Office (Kanagawa)
 ⑤ Shin'etsu Office (Niigata) ⑥ Hokuriku Office (Toyama)
 ⑦ Shizuoka Office (Shizuoka) ⑧ Nagoya Sales Group (Aichi)
 ⑨ Osaka Sales Group (Osaka)
 ⑩ Chugoku & Shikoku Office (Okayama)
 ⑪ Fukuoka Office (Fukuoka)

② Status of Major Subsidiaries

Company name	Country and region	Capital	Percentage of voting rights	Description of principal business
(Consolidated subsidiaries)				
Harrington Hoists, Inc.	U.S.	(Thousand USD) 9,500	*100.0%	Manufacture and sales of the Company's products
PEERLESS CHAIN COMPANY	U.S.	(Thousand USD) 20,000	*100.0%	Manufacture and sales of chains and chain-related products, and holding company for the purpose of investing in SCC Japan GODO KAISHA
KITO CANADA INC.	Canada	(Thousand CAD) 800	100.0%	Sales of the Company's products
KITO DO BRASIL COMÉRCIO DE TALHAS E GUINDASTES LTDA	Brazil	(Thousand BRL) 12,971	100.0%	Sales of the Company's products
SCC JAPAN	Japan	(Thousand JPY) 10,000	*100.0%	Sales of PEERLESS CHAIN COMPANY products
KITO Americas, Inc.	U.S.	(Thousand USD) 20,000	100.0%	Holding company for the purpose of investing in Harrington Hoists, Inc. and PEERLESS INDUSTRIAL GROUP, INC., and managing trademark rights and intellectual property rights concerning the products of Harrington Hoists, Inc.
PEERLESS INDUSTRIAL GROUP, INC.	U.S.	(Thousand USD) 20,000	*100.0%	Holding company for the purpose of investing in PEERLESS CHAIN COMPANY
JIANGYIN KITO CRANE CO., LTD	China	(Thousand USD) 26,000	90.0%	Manufacture and sales of wire-rope hoist products, etc. and manufacture of components of the Company's products
KITO HOISTS & CRANES (SHANGHAI) CO., LTD.	China	(Thousand USD) 7,000	*94.0%	Sales of the Company's products
KITO TAIWAN CO., LTD.	Taiwan	(Thousand NTD) 96,500	55.0%	Sales of the Company's products and cranes
KITO KOREA CO., LTD.	Korea	(Thousand KRW) 4,453,080	93.26%	Manufacture and sales of the Company's products and cranes
SIAM KITO CO., LTD.	Thailand	(Thousand THB) 100,000	*80.0%	Manufacture and sales of the Company's products and cranes
ARMSSEL MHE PRIVATE LIMITED	India	(Thousand INR) 37,555	100.0%	Sales of the Company's products

Company name	Country and region	Capital	Percentage of voting rights	Description of principal business
PT. KITO INDONESIA	Indonesia	(Thousand IDR) 40,473,560	100.0%	Sales of the Company's products and cranes
Kito Europe GmbH	Germany	(Thousand EUR) 3,000	100.0%	Sales of the Company's products
KITO CHAIN ITALIA S.R.L.	Italy	(Thousand EUR) 10	100.0%	Manufacture and sales of chains and chain-related products
PWB ANCHOR LIMITED	Australia	(Thousand AUD) 18.8	*100.0%	Sales of the Company's products, and manufacture and sales of chains and chain-related products
ERIKKILA OY	Finland	(Thousand EUR) 40	*100.0%	Manufacture and sales of light crane products, etc.
(Non-consolidated subsidiary) KITO HOIST THAI CO., LTD.	Thailand	(Thousand THB) 362,000	100.0%	Manufacture and sales of hoist products

(Notes) 1. ERIKKILA OY became a consolidated subsidiary in fiscal 2019.
2. Investment ratio with (*) include indirect holding of shares.



③ Status of specified wholly-owned subsidiaries of the Company as of March 31, 2020
There are no companies classified as specified wholly-owned subsidiaries.

(8) Status of employees (as of March 31, 2020)

① Status of employees of the Group

Number of employees	Increase/decrease from the end of the previous fiscal year
2,328 persons (361 persons)	Increase of 20 persons

(Notes) 1. The number of employees is the number of workers.

2. The number in parentheses in the number of employees column is the annual average number of temporary employees.

Temporary employees include part-time staff, temporary staff, and dispatched staff.

② Status of employees of the Company

Number of employees	Increase/decrease from the end of the previous fiscal year	Average age	Average years of service
678 persons	Increase of 1 person	42.9 years old	16.6 years

(Note) The number of employees is the number of workers excluding employees seconded from the Company to another company and including employees seconded from another company to the Company.

(9) Principal lenders (as of March 31, 2020)

Lenders	Loan balance (millions of yen)
Sumitomo Mitsui Banking Corporation	8,052
MUFG Bank, Ltd.	3,895
The Yamanashi Chuo Bank, Ltd.	2,461
Sumitomo Mitsui Trust Bank, Limited	1,967

(Note) Amounts less than one million yen are rounded down.

(10) Other important information concerning the current status of the corporate Group

Not applicable.

2 Matters Concerning the Company's Shares

(1) Total number of shares authorized: 94,000,000 shares

(2) Total number of shares issued: 20,471,597 shares
(excluding 6,576,603 shares of treasury stock)

(3) Number of shareholders: 5,178 persons

(4) Major shareholders (top ten shareholders)

Name of shareholder	Number of shares	Percentage of shareholding
MISAKI ENGAGEMENT MASTER FUND	1,880,300 shares	9.18%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,478,000 shares	7.21%
GOVERNMENT OF NORWAY	957,327 shares	4.67%
Japan Trustee Services Bank, Ltd. (Trust account)	878,600 shares	4.29%
Japan Trustee Services Bank, Ltd. (Trust account 9)	744,500 shares	3.63%
YK Capital Co., Ltd.	740,000 shares	3.61%
Sumitomo Mitsui Banking Corporation	670,400 shares	3.27%
RAIFFEISEN BANK INTERNATIONAL AG CLIENT A/C	605,100 shares	2.95%
RE FUND 107 – CLIENT AC	452,300 shares	2.20%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	430,800 shares	2.10%

(Notes) 1. The Company holds 6,576,603 shares of treasury stock and those shares are excluded from the major shareholders above.
2. The percentage of shareholding is calculated after deducting the treasury stock, and rounded down to two decimal places.

3 Matters Concerning Officers

(1) Names, etc. of Directors and Corporate Auditors (as of March 31, 2020)

Position	Name	Responsibilities and significant concurrent positions	Status of principal activities
President & CEO	Yoshio Kito	President Executive Officer Chief Executive Officer Chief Product Officer KITO Americas, Inc. / Director JIANGYIN KITO CRANE CO., LTD. / Chairman	—
Executive Vice President	Edward W. Hunter	Executive Vice President Officer Co-Chief Market Officer KITO Americas, Inc. / Chairman ERIKKILA OY / Director	—
Managing Director	Tsuneo Yuzurihara	Senior Executive Officer Chief Quality Officer Chief Manufacturing Officer Head / General Manager of Quality Assurance Division JIANGYIN KITO CRANE CO., LTD. / Director KITO HOIST THAI CO., LTD. / Director	—
Managing Director	Shigeki Osozawa	Senior Executive Officer Chief Financial Officer General Manager of Corporate Management Division General Manager of Financial Management Division KITO HOISTS & CRANES ASIA PTE. LTD. / Director	—
Director	Katsumi Nakamura	Kansai Airports / Outside Director (Member of the Audit and Supervisory Committee) The Black Stone Group L.P. / Senior Advisor	Mr. Katsumi Nakamura attended 12 out of 12 board meetings held during the fiscal year under review, and has offered appropriate advice and recommendations as needed, based on his experience in playing an active role as an executive and technician in the automobile industry.

Position	Name	Responsibilities and significant concurrent positions	Status of principal activities
Director	Takashi Hirai	University of Tsukuba / Professor of Graduate School of Business Sciences, MBA Program in International Business Waseda University / Visiting Professor of Graduate School of Business and Finance MITSUI-SOKO HOLDINGS Co., Ltd. / Outside Director	Mr. Takashi Hirai attended 12 out of 12 board meetings held during the fiscal year under review, and has offered appropriate advice and recommendations as needed for addressing important management issues such as formulating growth strategies and enhancing global operation strengths, based on many years of experience working as a consultant in a consulting firm operating internationally.
Director	Koji Osawa	Global Catalyst Partners L.P. / Managing Principal & Co-Founder Global Catalyst Partners Japan / Managing Director & Co-Founder	Mr. Koji Osawa attended 10 out of 10 board meetings held since his appointment, and has offered appropriate advice and recommendations as needed, based on his experience working at a general trading company and managing a venture capital fund.
Standing Corporate Auditor	Kentaro Yoneyama	—	—
Corporate Auditor	Kiyohito Hamada	Yotsuba-sogo Accounting Office / Partner Medical Data Vision Co., Ltd. / Outside Corporate Auditor Valuence Holdings Inc. / Director (Audit & Supervisory Committee member) Convano Inc. / Outside Director Nice Corporation / Outside Director	Mr. Kiyohito Hamada attended 12 out of 12 board meetings held during the fiscal year under review, and 14 out of 14 Board of Corporate Auditors' meetings held during the fiscal year under review. He has made remarks as needed from his professional viewpoint as a certified public accountant and tax accountant.
Corporate Auditor	Eiko Hakoda	Mori Hamada & Matsumoto / LPC Partner	Ms. Eiko Hakoda attended 10 out of 10 board meetings held since her appointment, and 9 out of 9 Board of Corporate Auditors' meetings held since her appointment. She has made remarks as needed from her professional viewpoint as an attorney.

- (Notes) 1. Directors Katsumi Nakamura, Takashi Hirai, and Koji Osawa are Outside Directors. There are no important business transactions or other relationships between the entities of which the Directors hold concurrent positions and the Company.
2. Corporate Auditors Kiyohito Hamada and Eiko Hakoda are Outside Corporate Auditors. There are no important business transactions or other relationships between the entities of which the Corporate Auditors hold concurrent positions and the Company.
3. The Company has designated Directors Katsumi Nakamura, Takashi Hirai, and Koji Osawa and Corporate Auditor Kiyohito Hamada as independent director/auditor with no potential conflict of interest with general shareholders, the designation of which is required by the Tokyo Stock Exchange, and notified the Tokyo Stock Exchange as such.
4. Changes in Directors and Corporate Auditors during the fiscal year under review were as follows.
- (1) Appointment
 - Mr. Koji Osawa was elected and assumed office as Director at the 75th Ordinary General Meeting of Shareholders held on June 21, 2019.
 - Ms. Eiko Hakoda was elected and assumed office as Corporate Auditor at the 75th Ordinary General Meeting of Shareholders held on June 21, 2019.
 - (2) Retirement
 - Director Keizo Tannawa retired from his position upon expiration of his term of office at the conclusion of the 75th Ordinary General Meeting of Shareholders held on June 21, 2019.
 - Corporate Auditor Masatoshi Yasunaga retired from his position upon expiration of his term of office at the conclusion of the 75th Ordinary General Meeting of Shareholders held on June 21, 2019.
5. The Company has adopted an executive officer system in order to expedite decision-making and clarify management responsibilities.

(2) Overview of the contents of the liability limitation agreement

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 40, Paragraph 2 of the Company's Articles of Incorporation, the Company has concluded an agreement with each Outside Director and Outside Corporate Auditor, limiting their liability for damages under Article 423, Paragraph 1 of the same Act.

The maximum amount of liability under the agreement for each Outside Director and Outside Corporate Auditor is the total of the amounts specified in each item of Article 425, Paragraph 1 of the Companies Act.

(3) Corporate Auditor's considerable knowledge of finance and accounting

Corporate Auditor Kiyohito Hamada is a certified public accountant and a certified tax accountant, and has considerable knowledge of finance and accounting.

(4) Matters concerning Outside Directors and Outside Corporate Auditors

① Relationships between the Company and the companies of which significant concurrent positions are held

The status of significant concurrent positions is as described on pages 35 to 37.

② Status of principal activities during the fiscal year under review

The status of principal activities during the fiscal year under review is as described on pages 35 to 37. A total of five resolutions were made in writing by the Board of Directors during the fiscal year under review, and all Outside Directors and Outside Corporate Auditors participated in all the resolutions made after they assumed office.

(5) Amount of compensation, etc. for Directors and Corporate Auditors

Classification	Payment recipients	Fixed compensation	Performance-based compensation	Stock-based compensation (transfer-restricted stock)	Stock option compensation	Provision for Directors' retirement benefits (performance-based)	Total amount of compensation, etc.
Directors (Of which, Outside Directors)	7 persons (4 persons)	108 million yen (21 million yen)	65 million yen (—)	12 million yen (—)	3 million yen (—)	6 million yen (—)	197 million yen (21 million yen)
Corporate Auditors (Of which, Outside Corporate Auditors)	4 persons (3 persons)	28 million yen (14 million yen)	— (—)	— (—)	— (—)	— (—)	28 million yen (14 million yen)
Total (Of which, Outside Directors/Corporate Auditors)	11 persons (7 persons)	137 million yen (36 million yen)	65 million yen (—)	12 million yen (—)	3 million yen (—)	6 million yen (—)	225 million yen (36 million yen)

(Notes) 1. The amounts of compensation paid to the Company's Directors and Corporate Auditors were approved at the Ordinary General Meeting of Shareholders held on June 26, 2007 as follows.

- Compensation for Directors: not more than 300 million yen per year (including not more than 30 million yen per year for Outside Directors; however, not including the employee salary portion of Directors who serve concurrently as employees)

- Compensation for Corporate Auditors: not more than 80 million yen per year

Moreover, in addition to the abovementioned compensation, compensation of transfer-restricted stock valued at not more than 100 million yen per year for Directors was approved at the Ordinary General Meeting of Shareholders held on June 21, 2019.

2. The number of Directors and Corporate Auditors as of March 31, 2020 is seven Directors and three Corporate Auditors. The abovementioned payment recipients among Directors and Corporate Auditors include one Outside Director and one Outside Corporate Auditor who retired from their positions as of the conclusion of the 75th Ordinary General Meeting of Shareholders held on June 21, 2019, and exclude one Director without compensation.
3. Stock option compensation and Directors' retirement benefits system have been abolished as of the conclusion of the 75th Ordinary General Meeting of Shareholders held on June 21, 2019.
4. Amounts less than one million yen are rounded down.

(Reference) Compensation System

The Company shall establish and operate an officers' compensation system based on the following policy.

The Company positions the officers' compensation system as one of the important means to achieve sustainable growth and an increase in medium and long-term corporate value of the Group. In order to ensure market competitiveness, the Nomination & Compensation Committee supervises the validity of the appropriateness of the standard compensation levels, using as a benchmark the median compensation from a survey of compensation levels participated by major corporations, and provides this as a recommendation to the Board of Directors.

The officers' compensation system as of the beginning of the fiscal year under review comprised fixed compensation, performance-based compensation, stock option compensation, and Directors' retirement benefits. However, starting in July 2019, a new stock-based compensation (transfer-restricted stock) was introduced. In conjunction with this change, the stock option compensation and Directors' retirement benefits were abolished as of the conclusion of the 75th Ordinary General Meeting of Shareholders held on June 21, 2019.

The officers' compensation system as of the final day of the fiscal year under review comprises fixed compensation, performance-based compensation, and stock-based compensation (transfer-restricted stock). The compensation for Outside Directors and Corporate Auditors, who are independent from business execution, comprises fixed compensation only.

Fixed compensation	Fixed compensation is determined by the position of the officer and the job rank which serves as sub-classification of his or her duties commensurate with the position
Performance-based compensation (cash bonuses)	A standard amount is determined for each position. Then we determine bonuses for individual Director/Executive Officers within a range of 0 to 200% of standard annual bonus by comprehensively evaluating individual Director/Executive Officer's level of achievement of his/her targets (100%) and the level of his/her contribution to the business performance of the Company, using consolidated net sales and EBITDA (operating income plus depreciation and amortization of goodwill) of the Company as the evaluation indicators.
Stock-based compensation (transfer-restricted stock)	A standard annual amount is determined for each position, and the Company's common stock (transfer-restricted) equivalent to that amount is granted periodically each year. Transfer restrictions are lifted upon retirement.

The proportion of total compensation in the new officers' compensation system is as follows. The proportion is for a model where 100% of the standard compensation amount is paid, and the proportion will vary depending on such factors as changes in business performance.

Fixed compensation : performance-based compensation : stock-based compensation = 6 : 3 : 1

(6) Other important matters concerning officers

Not applicable.

4 Matters Concerning Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata LLC

(2) Amount of compensation, etc. paid to Accounting Auditor for the fiscal year under review

	Amount paid
① Amount of compensation, etc. related to duties stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	58 million yen
② Amount of compensation, etc. related to duties other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	11 million yen
Total of cash and other financial benefits payable by the Company and its subsidiaries	70 million yen

- (Notes) 1. Under the audit agreement between the Company and the Accounting Auditor, the amount of compensation, etc. for the audit in accordance with the Companies Act and the amount for the audit in accordance with the Financial Instruments and Exchange Act are not clearly distinguished, and it is impractical to categorize the amounts. As such, the total of these amounts is stated in the amount of compensation, etc. for the fiscal year under review.
2. The Company outsources to the Accounting Auditor advisory duties regarding internal control, which are duties other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit duties), and pays consideration thereof.
3. The Company's Board of Corporate Auditors has reviewed and considered items including the audit plan of the Accounting Auditor, the implementation status of audits, and the basis for calculating estimates, in light of the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, and has given consent prescribed in Article 399, Paragraph 1 of the Companies Act for compensation paid to the Accounting Auditor.
4. Amounts less than one million yen are rounded down.

(3) The Company's consolidated subsidiaries audited by audit corporations other than the Company's Accounting Auditor

Consolidated subsidiaries are audited by a certified public accountant or audit corporation other than PricewaterhouseCoopers Aarata LLC.

(4) Policy concerning decision on dismissal or non-reappointment of Accounting Auditor

In the event that the execution of duties by the Accounting Auditor is disrupted, or when otherwise deemed necessary, the Company's Board of Corporate Auditors shall determine the content of a proposal in relation to the dismissal or non-reappointment of the Accounting Auditor.

In addition, if the Accounting Auditor is deemed to fall under any of the items set forth in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors shall dismiss the Accounting Auditor with the unanimous consent of all Corporate Auditors. In such case, a Corporate Auditor designated by the Board of Corporate Auditors shall report the dismissal of the Accounting Auditor and the reasons for dismissal at the first General Meeting of Shareholders convened after such dismissal.

Consolidated financial statements

Consolidated balance sheets Consolidated fiscal year 2019 (As of March 31, 2020)

Million yen

Accounts	Amounts	Accounts	Amounts
Assets		Liabilities	
Current assets	40,046	Current liabilities	20,263
Cash and deposits	9,468	Notes and accounts payable	5,668
Notes and accounts receivable	11,088	Short-term loans payable	3,252
Merchandise and finished goods	13,601	Current portion of long-term loans payable	4,271
Work in process	1,193	Accrued expenses	3,349
Raw materials and supplies	3,302	Income taxes payable	377
Other	1,465	Provision for bonuses	769
Allowance for doubtful receivables	(73)	Provision for product warranties	107
		Provision for sales returns	373
		Other	2,093
Noncurrent assets	22,757	Non-current liabilities	14,613
Property, plant and equipment	12,752	Long-term loans payable	10,808
Buildings and structures	4,461	Net defined benefit liability	2,336
Machinery, equipment and vehicles	4,246	Deferred tax liabilities	722
Land	1,470	Other	746
Construction in progress	1,205		
Other	1,368	Total liabilities	34,877
Intangible assets	5,319	Net assets	
Goodwill	1,316	Shareholders' equity	27,618
Software	836	Capital stock	3,976
Other	3,166	Capital surplus	5,234
Investments and other assets	4,686	Retained earnings	24,086
Investment securities	2,000	Treasury shares	(5,678)
Deferred tax assets	1,803	Accumulated other comprehensive income	(716)
Other	881	Valuation difference on available-for-sale securities	0
		Deferred gains or losses on hedges	(91)
Total assets	62,804	Foreign currency translation adjustment	(64)
		Remeasurement of defined benefit plans	(559)
		Subscription rights to shares	66
		Minority interests	958
		Total net assets	27,927
		Total liabilities and net assets	62,804

Note: Amount less than one million yen are rounded down.

Consolidated statement of income Consolidated fiscal year 2019 (From April 1, 2019 to March 31, 2020) Million yen

Accounts		Amounts
Net sales		58,722
Cost of sales		36,742
Gross profit		21,979
Selling, general and administrative expenses		16,505
Operating income		5,474
Non-operating income		291
Interest income	39	
Rents received	31	
Surrender value of insurance policies	97	
Proceeds from the sales of scrap	35	
Other	87	
Non-operating expenses		773
Interest expenses	340	
Equity in losses of affiliates	28	
Foreign exchange losses	222	
Other	181	
Ordinary income		4,991
Extraordinary income		146
Gain on step acquisitions	138	
Gain on sale of noncurrent assets	8	
Extraordinary loss		251
Loss on sale of noncurrent assets	1	
Loss on retirement of noncurrent assets	85	
Impairment loss	164	
Income before income taxes		4,885
Income taxes-current		1,485
Income taxes-deferred		89
Net income		3,310
Net income attributable to non-controlling interests		105
Net income attributable to owners of parent		3,204

Note: Amount less than one million yen are rounded down.

Non-consolidated financial statements

Non-consolidated balance sheets Fiscal year 2019 (As of March 31, 2020)

Million yen

Accounts	Amounts	Accounts	Amounts
Assets		Liabilities	
Current assets	18,865	Current liabilities	13,739
Cash and deposits	5,692	Notes payable – trade	611
Notes receivable – trade	22	Accounts payable – trade	3,010
Electronically recorded monetary claims – operating	72	Short-term loans payable	1,444
Accounts receivable – trade	5,123	Current portion of long-term loans payable	4,238
Merchandise and finished goods	2,728	Lease obligations	0
Work in process	733	Accounts payable – other	25
Raw materials and supplies	2,206	Accrued expenses	2,571
Prepaid expenses	246	Income taxes payable	234
Accounts receivable – other	72	Advances received	1
Consumption taxes receivable	194	Deposits received	32
Short-term loans receivable from subsidiaries and associates	1,273	Provision for bonuses	399
Other	499	Provision for product warranties	68
Noncurrent assets	26,646	Provision for sales returns	0
Property, plant and equipment	5,896	Notes payable - facilities	136
Buildings	2,038	Accounts payable - facilities	917
Structures	211	Other	46
Machinery and equipment	1,472	Non-current liabilities	13,210
Vehicles	16	Long-term loans payable	10,779
Tools, furniture and fixtures	289	Long-term borrowings from subsidiaries and associates	328
Land	1,000	Lease obligations	0
Leased assets	1	Provision for retirement benefits	1,720
Construction in progress	866	Other	380
Intangible assets	786	Total liabilities	26,950
Goodwill	6	Net assets	
Software	612	Shareholders' equity	18,587
Telephone subscription right	3	Capital stock	3,976
Other	163	Capital surplus	5,234
Investments and other assets	19,962	Legal capital surplus	5,199
Shares of subsidiaries and associates	5,611	Other capital surplus	34
Investments in capital of subsidiaries and associates	6,299	Retained earnings	15,054
Long-term loans receivable from subsidiaries and associates	6,694	Other retained earnings	15,054
Long-term prepaid expenses	80	Reserve for tax purpose reduction entry of non-current assets	12
Deferred tax assets	1,096	General reserve	150
Other	180	Retained earnings brought forward	14,892
Total assets	45,512	Treasury shares	(5,678)
		Valuation and translation adjustments	(91)
		Deferred gains or losses on hedges	(91)
		Subscription rights to shares	66
		Total net assets	18,561
		Total liabilities and net assets	45,512

Note: Amount less than one million yen are rounded down.

Non-consolidated statement of income Fiscal year 2019 (From April 1, 2019 to March 31, 2020) Million yen

Accounts		Amounts
Net sales		26,704
Cost of sales		16,224
Gross profit		10,480
Selling, general and administrative expenses		7,451
Operating income		3,029
Non-operating income		1,120
Interest income	301	
Dividend income	622	
Surrender value of insurance policies	97	
Other	98	
Non-operating expenses		594
Interest expenses	286	
Arrangement fees	65	
Foreign exchange losses	219	
Other	22	
Ordinary income		3,555
Extraordinary loss		52
Loss on retirement of noncurrent assets	52	
Income before income taxes		3,502
Income taxes-current		815
Income taxes-deferred		92
Net income		2,594

Note: Amount less than one million yen are rounded down.

AUDITOR'S REPORT

Certified Copy of the Accounting Auditor's Report Relating to Statutory Reports (Consolidated)

INDEPENDENT AUDITOR'S REPORT

May 19, 2020

The Board of Directors
KITO CORPORATION

PricewaterhouseCoopers Aarata LLC
Tokyo Office

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Junji Ichihara (seal)

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Mamoru Honda (seal)

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of KITO CORPORATION (the "Company") for the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of KITO CORPORATION, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Accounting Auditor's Report Relating to Statutory Reports

INDEPENDENT AUDITOR'S REPORT

May 19, 2020

The Board of Directors
KITO CORPORATION

PricewaterhouseCoopers Aarata LLC
Tokyo Office

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Junji Ichihara (seal)

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Mamoru Honda (seal)

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheets, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the notes to the non-consolidated financial statements, and the accompanying supplementary schedules of KITO CORPORATION (the "Company") for the 76th fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, the Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of Audit Report of the Board of Corporate Auditors

AUDIT REPORT

The Board of Corporate Auditors, following review and deliberations on the audit reports made by each Corporate Auditor concerning the execution of duties by Directors for the 76th fiscal term from April 1, 2019 to March 31, 2020, have prepared this Audit Report, and hereby submit it as follows:

1. Auditing Methods and Contents of Audit by Corporate Auditors and Board of Corporate Auditors

- (1) Board of Corporate Auditors established the auditing policies and division of duties, received reports and explanations regarding the implementation status and results thereof from the respective Corporate Auditors, as well as reports and explanations regarding the status of the execution of duties from Directors and the Accounting Auditor, and requested explanations as necessary.
- (2) In accordance with the auditing standards for Corporate Auditors determined by the Board of Corporate Auditors and auditing policies and the division of duties, each Corporate Auditor made efforts to collect information and established auditing circumstances through communication with internal audit staff and other employees, and audits were implemented in the following methods.
 - 1) Each Corporate Auditor attended the Board of Directors meeting and other important meetings to receive reports regarding execution of duties from Directors and employees, and requested explanations as necessary. Each Corporate Auditor also inspected the approved documents and examined the status of operations and conditions of assets at its Head Office and principal offices. Corporate Auditors received from subsidiaries their reports as necessary through communication and information sharing with their Directors and Corporate Auditors.
 - 2) With regard to the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the Directors' duties described in the business report are performed in conformity of laws, regulations and the Articles of Incorporation of the Company as well as the establishment of the system necessary to ensure proper business operations of the Corporate Group that comprises the Company and its subsidiaries as set forth in Paragraphs 1 and 3 of Article 100 of Regulation for Enforcement of the Companies Act and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors, each Corporate Auditor also received reports on a regular basis from Directors and employees regarding its status of design and operation, requested explanations as necessary and expressed their opinions.
 - 3) Corporate Auditors monitored and examined whether or not the Accounting Auditor is maintaining an independent position and conducting the audits appropriately, and also obtained reports and requested explanations as necessary on the status of execution of duties from the Accounting Auditor. In addition, Corporate Auditors were informed by the Accounting Auditor the "the system to ensure the duties are performed properly" (the matters stipulated in the respective items of Article 131 of Regulation on Corporate Accounting) has been implemented in accordance with the "quality management standards concerning audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

In accordance with the aforementioned procedures, the Corporate Auditors reviewed the business report, supplementary schedules thereto, the statutory reports (non-consolidated balance sheets, non-consolidated statement of income, non-consolidated statement of changes in net assets, notes to the non-consolidated financial statements), supplementary schedules thereto, and consolidated statutory reports (consolidated balance sheets, consolidated statement of income, consolidated statement of changes in net assets, and notes to the consolidated financial statements) for the year ended on March 31, 2020.

2. Results of Audit

(1) Results of Audit on Business Report, etc.

- 1) The business report and supplementary schedules thereto fairly present the financial condition of the Company in accordance with the laws, regulations and the Articles of Incorporation of the Company.
- 2) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company.
- 3) The contents of resolutions by the Board of Directors with regard to the internal control system are reasonable. Additionally, regarding the description of the relevant internal control system in the business report and the execution of duties by Directors under the relevant internal control system, there are no matters to be pointed out.

(2) Results of audit of the nonconsolidated statutory reports and supplementary schedules thereto

The auditing methods and results of the Accounting Auditor, PricewaterhouseCoopers Aarata LLC are fair and reasonable.

(3) Results of audit of the consolidated statutory reports

The auditing methods and results of the Accounting Auditor, PricewaterhouseCoopers Aarata LLC are fair and reasonable.

May 20, 2020

Board of Corporate Auditors of KITO CORPORATION

Standing Corporate Auditor	Kentaro Yoneyama (seal)
Outside Corporate Auditor	Kiyohito Hamada (seal)
Outside Corporate Auditor	Eiko Hakoda (seal)