May 19, 2022

To whom it may concern:

Company Name:	KITO CORPORATION
Representative:	Yoshio Kito, Representative Director and President
Code Number:	6409 (Tokyo Stock Exchange Prime Market)
Inquiries:	Masafumi Kokubo, Executive Officer GM, Corporate Planning Division TEL: +81 3 - 5908 - 0161

Company Name:	Lifting Holdings Limited
Representative:	Robert Desel, Director
Inquiries:	Melissa Ruths, Vice President, Marketing and Product Telephone Number: +1 214-974-9714

(Correction) Partial Correction of "Announcement Regarding the Business Combination of KITO CORPORATION and Crosby Group"

KITO CORPORATION and Lifting Holdings Limited hereby announce a partial correction to their "Announcement Regarding the Business Combination of KITO CORPORATION and Crosby Group" disclosed on May 16, 2022. The corrected parts are shown with underlines.

End

(Attachment) Disclosure after the correction

"Announcement Regarding the Business Combination of KITO CORPORATION and Crosby Group"

[Translation]

May 16, 2022

To whom it may concern:

Company Name:	KITO CORPORATION
Representative:	Yoshio Kito, Representative Director and President
Code Number:	6409 (Tokyo Stock Exchange Prime Market)
Inquiries:	Masafumi Kokubo, Executive Officer GM, Corporate Planning Division TEL: +81 3－5908－0161

Company Name:	Lifting Holdings Limited
Representative:	Robert Desel, Director
Inquiries:	Melissa Ruths, Vice President, Marketing and Product Telephone Number: +1 214-974-9714

Announcement Regarding the Business Combination of KITO CORPORATION and Crosby Group

KITO CORPORATION (Representative Director and President: Yoshio Kito; “KITO”) and Lifting Holdings Limited (Director: Robert Desel; “HoldCo”), have this day resolved, at respective meetings of their boards of directors, to execute a Business Combination Agreement (the “Business Combination Agreement”), pertaining to the business combination of KITO and Crosby Group (collectively, the “Parties”) based on the spirit of equality (the “Business Combination”), among KITO, HoldCo, Crosby US Acquisition Corp., which is a wholly owned subsidiary of HoldCo (“Crosby US”), and Crosby UK Acquisition Ltd., which is a wholly owned subsidiary of HoldCo (“Crosby UK”; HoldCo and its subsidiaries (including Crosby US, Crosby UK, and The Crosby Group LLC (“Crosby”) established under the laws of Delaware, USA, all of the issued and outstanding shares in which are indirectly held by HoldCo through multiple wholly-owned subsidiaries of Crosby US), collectively, “Crosby Group”), stipulating the methods of the transactions for achieving the Business Combination and the governance and operation, etc. of the group after the Business Combination, and having done so, make the following announcement.

It is expected that the Business Combination will take place via the following transactions (the “Transactions”). As a result of the Transaction, HoldCo will indirectly hold all shares and equity interests in KITO, Crosby US, and Crosby UK (hereinafter, HoldCo after completion of the Business Combination is referred to as the “Combined Company,” and the Combined Company and its subsidiaries (meaning the KITO Group (as of today, comprised of KITO, KITO's 25 consolidated subsidiaries, and one non-consolidated subsidiary that is not an affiliate to which the equity method is applicable, for a total of 27 companies; hereinafter the same) and Crosby Group) is referred to as the “Combined Group”). After the Squeeze-Out Procedures (as defined below) are completed, an absorption-type merger (the “Merger”) is scheduled to be implemented between KITO and Lifting Holdings BidCo Inc. (“ Tender Offeror”), which is a wholly-owned subsidiary of HoldCo and is the offeror in the Tender Offer (as defined below), with KITO as the surviving company, and after the Merger takes effect, the Combined Company will directly own all shares of KITO.

(i) Tender Offeror will implement a tender offer for the shares, etc. of KITO with the purpose of taking KITO private (the “Tender Offer”).
(ii) If the Tender Offer has been successfully completed, but not all of the target shares, etc. were acquired in the Tender Offer, then squeeze-out procedures using a demand for the sale of shares, etc., share consolidation, or other methods (the “Squeeze-Out Procedures”) will be employed after the conclusion of the Tender Offer in order for Tender Offeror to make KITO its wholly-owned subsidiary, and KITO’s shareholders will be delivered consideration in the same amount as the tender offer price in the Tender Offer, and KITO’s stock acquisition right holders will be delivered consideration in the same amount as the offer price for stock acquisition rights in the Tender Offer.
(iii) The trade name of HoldCo will be changed to Kito | Crosby.

Please see the following press releases for details of the Transactions (including the details of KITO’s position statement on the Tender Offer).

- “Announcement of Position Statement on the Planned Commencement of the Tender Offer for Shares, etc. of KITO by Lifting Holdings BidCo, Inc. in Connection With the Business Combination of KITO and Crosby Group” announced today by KITO.
- “Announcement Regarding Planned Commencement of the Tender Offer for the Share Certificates, Etc. of KITO CORPORATION (Securities Code: 6409)” announced today by Tender Offeror.

1. Purpose and Intentions of the Business Combination

(1) Background and History

KITO and Crosby have historically faced similar trading conditions including a COVID-19 led market disruption, and longer-term demand volatility. More recently, in the current supply chain environment, in which COVID-19 has led to a slump in capital investment in infrastructure, industrial enterprises, and the like, while there are cost increases due to the impact of inflation on labor costs, raw material pricing, transportation costs, and the like, they have faced and understand the importance of navigating similar challenges, including shortages of raw material such as steel, and inflation leading to increased raw material costs, repair componentry costs, and freight and packaging costs. The Parties believe that the combination of the Parties would provide more stable operational resources and flexibility to help manage these dynamic headwinds in the form of capital to invest in the business after the Business Combination, sharing practices from each of the companies of Crosby Group and KITO Group to ensure even better safety practices, and product innovation and sharing of ideas by employees, positioning the combined company to be better equipped to serve customers, employees, and communities in the face of supply chain challenges and inflationary pressures. As a result, the Parties believe that the Combined Group would be able to maintain better quality created from sharing manufacturing practices, and achieve better customer service from sharing talent and greater combined experience with servicing customers than the Parties could achieve on their own. Additionally, the Parties believe that the Combined Group would likely be able to utilize their complementary capabilities in new product development to create innovations for new and existing customers of the Parties. Specifically, KITO Group has expertise in crane applications and Crosby Group has expertise in rigging hardware applications (meaning hardware attached to products for use in ensuring safety and in lifting and hoisting), which are complementary product areas within the lifting and securement hardware industry. Moreover, the Parties believe that the Combined Group can also use their complementary geographic presences such as Crosby Group being headquartered in the U.S. and KITO Group being headquartered in Japan, giving the Combined Group better presence globally to service customers across the globe to add further value to employees, customers, suppliers and communities, and to promote sales of the products across a broader geographic landscape to better serve customers.

With this background, Crosby and KITO's senior management teams initiated a dialog in early June 2021 for the purpose of seeking possibilities of M&A or other business alliances. These conversations involved provisional strategic discussion on the respective businesses and on the structure of the alliance, including strategic alliance, minority investments, joint venture and business combination, which allowed the Parties to further hone their appreciation for each other's business and how a business combination of the Parties would maximize corporate value of both companies and benefit customers and suppliers by expanding high quality product offerings, increasing service levels for distributors, and realizing procurement and manufacturing efficiencies. Based on these preliminary strategic discussions, KITO and Crosby decided to begin negotiation for a potential combination. Thereafter, through a series of touchpoints and check-ins between the management of KITO and Crosby over the subsequent months (early June 2021 to mid-February 2022), the Parties gained a strong conviction on the strategic merits of a business combination between the Parties upon understanding and appreciating each other's respective management philosophy, corporate culture, business operation focusing on the quality and safety of its products and deepening discussions regarding the viability of synergy creation opportunities, and came to believe that it would be possible to unlock significant value for all stakeholders in both companies, in a way that is materially different from alternative partners which Crosby considered and examined as potential partners or standalone options by expanding high quality product offerings, increasing service levels for distributors, and realizing procurement and manufacturing efficiencies through the combination of the management of Crosby Group and KITO. KITO and Crosby examined transaction schemes to achieve the Business Combination with input from advisors. During the examination, the conclusion was reached that a tender offer followed by the squeeze-out would be the most appropriate measure for the Transactions, considering that (i) the Tender Offeror can make KITO its wholly-owned company and conduct the Business Combination between the Parties, (ii) the structure and procedure of the transaction are simple compared to conducting a corporate reorganization under the Companies Act of Japan or other transactions, given that Crosby US, Crosby UK, and HoldCo are foreign entities and have no existing capital relationship with KITO, (iii) the transaction could offer the shareholders of KITO an opportunity to sell their shares with premium if the transaction terms are appropriate, and (iv) it is a common method of taking a Japanese listed company private. Ultimately, Crosby submitted a non-binding letter of intent to KITO on February 14, 2022 proposing a business combination of the Parties through a Tender Offer for KITO shares, etc. followed by a squeeze out (the "Letter of Intent"). The timing of the submission of the Letter of Intent to KITO was motivated by the current macroeconomic environment such as material shortages and inflationary pressures described above, which Crosby believed to be well-suited to bring together the Parties because the Combined Group will have access to more resources to solve these challenges. Specifically, the Parties believe the increased focus on infrastructure spending and safety – as demonstrated by the passing in the U.S. of the $550 billion Infrastructure Investment and Jobs Act signed on November 15, 2021 – highlights the need for the Combined Group to invest in innovation, quality, and customer service for the Parties' product categories. As described previously, the Parties believe the combined businesses will be better able to support customers in the global infrastructure, wind energy, and entertainment industries through enhanced investment in new products, a more responsive supply chain and product delivery mechanism, and broader access to end-user training. These initiatives would be lesser served by the Parties separately because the individual entities would have fewer resources, in the form of capital for investment, people engaged in research and development, and ideas for improving safety, and thus would not be able to expand the product portfolio and develop a stronger supply chain. This is particularly important given the difficult supply chain environment businesses are currently facing, making the benefits of a combination compelling at this time.

KITO responded to the Letter of Intent on February 25, 2022, allowing Crosby to initiate due diligence. Also, in this response, it was stated that the board of directors of KITO discussed the Letter of Intent, including the strategic merit presented by Crosby, and approved establishing a special committee to evaluate the proposal. Thereupon, Crosby and KITO conducted due diligence mutually from around early March 2022, which further affirmed the potential for value creation of the combined entity. Through such diligence and various analysis and discussions, KITO and Crosby reconfirmed their belief that the Business Combination would unlock significant value for all stakeholders in a way that is materially different from alternative partners that Crosby considered and examined as potential partners or standalone options, by expanding high quality product offerings, increasing service levels for distributors, and realizing procurement and manufacturing efficiencies.

Thereafter, as a result of repeated discussions and negotiations regarding whether to implement the Transactions and their terms and conditions, including the details of the transaction structure, and the management and operational plans after the Business Combination that were conducted between Crosby, KITO, and the special committee established by KITO to examine and determine whether to proceed with the Transactions and the appropriateness of their transaction terms and conditions and the fairness of procedures, both companies executed the Business Combination Agreement on this date after reaching a final agreement to carry out the Business Combination by the method set forth below in section 3(1).

(2) Basic Policy for the Business Combination

After completion of the Transactions, the Combined Group will be operated with the purpose of achieving a smooth integration and maximizing the corporate value of the Combined Group in a spirit of cooperation, valuing the brands, employees, customers, suppliers, communities, and plant facilities of the Parties as "One Company, One Team and One Mission" on an equal footing, and balance certain levels of autonomy of the businesses of KITO and Crosby Group with the harmony and consistency of Kito | Crosby as a whole as well as utilizing the solid business foundation that KITO has built to date. The combined Group will also implement measures to enhance KITO's corporate value with a view to further grow and globalize KITO by deploying and utilizing management resources, global industry knowledge, and a global network that Crosby can provide, as well as utilizing the solid business foundation that KITO has built to date.

Under the Business Combination Agreement, HoldCo, Crosby US, Crosby UK, and KITO have also agreed on the governance and operation of the Combined Company. Please refer to the section below titled "(2) Governance and Operation, etc. of the Combined Group" under "4. Status of the Combined Company" for the details of the Business Combination Agreement.

2. Operational Policy and Combination Effects of the Combined Group

After completion of the Transactions, to achieve a smooth integration and maximize the corporate value of the Combined Group, while striving for a balance with the respective autonomy of Crosby Group and KITO, the operation policy of the Combined Group will be to operate the Combined Group in a spirit of collaboration, with their respective brands, employees, customers, suppliers, communities, and facilities, etc. being valued equally as "One Company, One Team and One Mission".

The Parties believe that the Business Combination would result in strong value delivered to both companies' end-users, employees, channel partners, suppliers, and shareholders. The Parties are convinced that the Parties, through the Business Combination, will be best positioned to deliver increased value across a wide range of areas and generate synergies, including the matters stated below.

- Higher investment in areas such as product development, market research, and expertise in core areas such as metallurgy, additive manufacturing, and technology to drive continued leadership in innovation and safety. Superior product innovation will be driven by the ability to enhance investment in engineering and product design, yielding benefits across a larger portfolio of products to best serve the joint end-user base of the Parties. In addition, the Parties can bring complementary engineering and product capabilities to this combination; specifically, KITO Group's core capability being in mechanical and electro-mechanical disciplines while Crosby Group brings its capabilities in metallurgy and metal forming technologies and products, together these areas of competencies will enable new and innovative products that blend both disciplines. The Parties, by each contributing mutually to the profitability can enable efficient investments in product development and market research, which can be shared across the Parties.
- Continued advancements in the safety culture shared by the Parties by implementation of a global safety council, leveraging best practices and increased financial resources for greater investment in safety initiatives. The Parties both have a safety mindset, which is evidenced by the fact that both companies received the Associated Wire Rope Fabricators (AWRF) Safety Award in North America in 2020 and will share such mindset in the combined business. While each company group has some unique core manufacturing processes (e.g., forging for Crosby Group, machining and robotics for KITO Group), their somewhat different sets of safety practices can be shared across the combined business to create a single set of best practices, which will ultimately drive increased worker safety.
- Increase in opportunities for all employees through expanded and diverse career and development paths which would be achieved through more diverse international rotational assignments, as well as the overall increased size and scope of activities that allow for new opportunities within local regions. Broader and more diversified career paths in the Combined Group will enable attraction and retention of the best available talent in the market driving innovation and productivity. The Parties both equally bring a focus on the treatment of team members to the Business Combination. The increased size and scope of the combined business allows for team members from both businesses to have an opportunity for larger roles in the combined business. We believe that mutual contributions to profitability by the Parties will enable efficient investments in training, development of rotational programs or

temporary overseas assignments.

- Improved ability to invest in and deliver on ESG (Environment, Social, and Governance) metrics such as environmental stewardship, a diverse and engaged workforce, and a strong focus on governance and corporate social responsibility. Examples of Crosby Group's environmental stewardship include installation of LED lighting at manufacturing facilities, inclusion of EVs in the corporate leasing program, and EV charging stations at select locations. Crosby is in the process of creating an environmental CAPEX sub-committee to prioritize further investments in ESG, irrespective of short-term financial returns. Crosby Group has also focused its M&A strategy on the renewable energy market, such as the 2021 acquisition of Airpes Sistemas Integrales de Manutencion Y Pesaje S.L., established in Spain and a leader in lifting tools used during the erection of wind turbines, and that for every transaction completed, a comprehensive environmental audit is conducted by third parties. The Parties value ESG initiatives, as further evidenced by Crosby's provision of the UpLift Women's network, which is an internal organization to connect the female officers and employees of Crosby through regular meetings and speaker series that provide leadership and developmental training; investment in the community through partnerships with Children of Fallen Patriots, a foundation in the United States that provides college scholarships and educational counseling to military children who have lost a parent in the line of duty, investments in local society through Bridges to Prosperity, a nonprofit organization in the United States that works to eliminate rural isolation through the building of bridges, and investments in improving the work environment and worker welfare, and by KITO's "A" rating for ESG Management by Mitsubishi UFJ Research and Consulting, supported by the Japan Credit Agency, introduction of effective zero CO_2 energy at KITO's manufacturing facilities (announced March 31, 2022), provision of products for wind power generators, and disabled employee ratio of close to 7%, well above and beyond the statutory rate of 2.2%. The Parties bring complementary areas of focus for investing in the communities in which they operate. KITO Group's higher level of focus and experience in areas such as environmental issues and employment of disabled persons is complementary with Crosby Group's historical focus on higher education and hands on building and construction for underprivileged communities. Through cooperation by the Parties, there is the potential to enhance our communities in a broader array of areas than either company could on its own.
- Expansion of high quality products and solutions to efficiently allow end-users and channel partners to procure from a trusted provider. The Parties believe that end-users will experience higher levels of efficiency and safety in their organizations through better technical, application, and training support from the Combined Group, as well as through increased product innovation.
- Increase in commitment to the local communities in which KITO Group and Crosby Group operate by expanding opportunities for community service, engagement, and support of causes important to local populations. The Parties independently have volunteering and community outreach programs that can be expanded through the Business Combination due to increased availability of resources. Crosby Group's community involvement includes a partnership with Bridges to Prosperity, an organization that works to eliminate rural isolation through the building of pedestrian bridges. Crosby Group donates

products and provides training and expertise required for the construction of pedestrian bridges throughout Eastern Africa, and sends team members to Uganda to assist in the construction of pedestrian bridges.

3. Summary of the Business Combination

(1) Method of the Business Combination

In the Business Combination Agreement, KITO, HoldCo, Crosby US, and Crosby UK have agreed generally as follows with regard to the methods of the Business Combination.

(i) Tender Offeror will implement the Tender Offer for the shares, etc. of KITO with the purpose of privatizing KITO.

(ii) If the Tender Offer has been successfully completed, but not all of the target shares, etc. were acquired in the Tender Offer, then the Tender Offeror will carry out the Squeeze-Out Procedures after conclusion of the Tender Offer in order to make KITO a wholly-owned subsidiary, and KITO's shareholders will be delivered consideration in the same amount as the tender offer price in the Tender Offer, and KITO's stock acquisition right holders will be delivered consideration in the same amount as the offer price for stock acquisition rights in the Tender Offer.

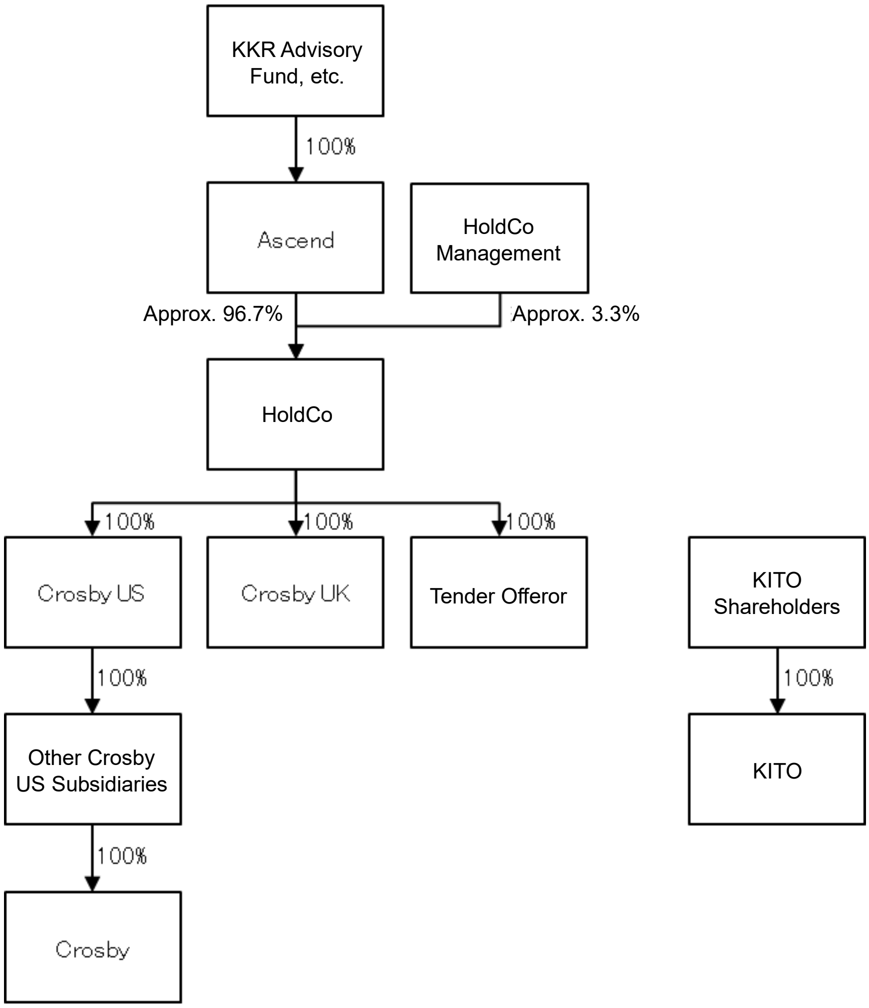
(iii) The trade name of HoldCo will be changed to Kito | Crosby.

The Business Combination will be carried out conditional upon completion of acquisition of the necessary clearances and permissions under the competition laws and other laws and regulations of each country, and satisfaction or waiver of the conditions precedent set forth in the Business Combination Agreement.

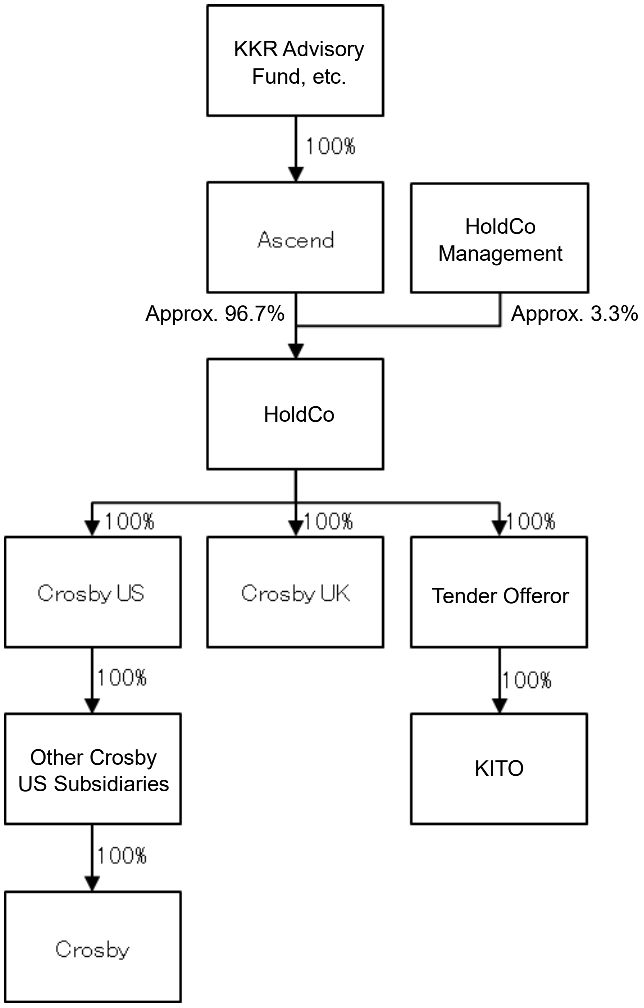
The Transaction is approximately as follows if expressed as a diagram.

<Structural Diagram of the Transaction> (See Note)

I. Prior to Execution of Tender Offer (Current State)



II. After Execution of Tender Offer and Squeeze-Out Procedures



(Note) Numbers in diagram show direct or indirect ownership percentages.

(2) Schedule of the Business Combination

Business Combination Agreement execution date	May 16, 2022
Commencement of the Tender Offer (planned)	Late October 2022
Implementation of the Squeeze-Out Procedures (planned)	January 2023 to March 2023

4. Status of the Combined Company

(1) Outline (planned)

(1) Name	Kito | Crosby
(2) Location	Japan: 2000, Tsuijiarai, Showa-cho, Nakakoma-gun, Yamanashi 409-3853, Japan US: 2600 N. Central Expressway, Suite 100 Richardson, Texas
(3) Title and name of representative	Robert Desel, Director
(4) Business details	Managing subsidiaries and any business incidental or related thereto
(5) Capital	Undecided

(6)	Accounting period	Jan 1- Dec 31
(7)	Net assets	Undecided
(8)	Total assets	Undecided

(2) Governance and Operation, etc. of the Combined Group

Under the Business Combination Agreement, KITO has agreed that, until the expiration of the tender offer period, it will maintain the opinion in support of the Tender Offer and a recommendation that its shareholders and holders of stock acquisition rights tender their shares and stock acquisition rights, respectively, in response to the Tender Offer (the "Opinion to Support and Recommend to Tender in the Tender Offer") and will not adopt any resolution of its board of directors to withdraw or modify the Opinion to Support and Recommend to Tender in the Tender Offer, on condition that the special committee has submitted to the board of directors of KITO an opinion that it is appropriate for the board of directors to issue the Opinion to Support and Recommend to Tender in the Tender Offer and that such opinion has not been withdrawn or modified.

In addition, under the Business Combination Agreement, KITO and its subsidiaries shall not, directly or indirectly, actively solicit a third party relating to any proposal for acquisition of shares, businesses, or assets of KITO or its subsidiaries through a purchase, merger, demerger, business combination, tender offer, or any other method or any other transaction that could reasonably be expected to compete or conflict with or otherwise impede or delay the implementation of the Transactions ("Competing Transaction"). If KITO receives any proposal regarding a Competing Transaction or any indication thereto, KITO shall immediately notify HoldCo, Crosby US, and Crosby UK of the details of such proposal or indication, provide other material information regarding such Competing Transaction, and discuss in good faith with HoldCo, Crosby US, and Crosby UK the response to the Competing Transaction to the extent allowed under applicable laws and regulations, etc.

KITO may withdraw or modify the Opinion to Support and Recommend to Tender in the Tender Offer if a third party other than Tender Offeror publicly announces or commences a counter tender offer for all shares of KITO or makes any bona fide purchase proposal pertaining to a Competing Transaction, and in each case the board of directors of KITO reasonably determines in good faith after taking into account all relevant factors (including any financing conditions, regulatory approvals, timing, consent or other conditions, as well as deal certainty, potential synergies, and other elements that may be realized through the Business Combination to enhance the corporate value of KITO) and advice from its outside legal advisor, that the failure to take such actions would reasonably be expected to constitute a breach of KITO directors' duty of care. However, it is a condition that KITO shall, at least three Business Days before a withdrawal or modification of the Opinion to Support and Recommend to Tender in the Tender Offer or entering into a definitive agreement regarding the Competing Transaction, send to HoldCo, Crosby US, and Crosby UK a written notice of intent to take such action(s) together with a summary of the material terms and conditions of the Competing Transaction and the counterparty making the proposal of the Competing Transaction, to provide HoldCo, Crosby US, and Crosby UK with an opportunity to update the Tender Offer, and engage in good faith discussion with HoldCo, Crosby US, and Crosby UK until the earlier of (i) three Business Days after such notice or (ii) five business days prior to the final date of the tender offer period. If KITO withdraws or modifies the Opinion to Support and Recommend to Tender in the Tender Offer due to a withdrawal or modification of the special committee's opinion that it is appropriate for the board of directors of KITO to issue the Opinion to Support and Recommend to Tender in the

Tender Offer, or in accordance with the agreement to withdraw or modify the Opinion to Support and Recommend to Tender in the Tender Offer as provided above, and HoldCo, Crosby US, Crosby UK, or KITO terminates the Business Combination Agreement, HoldCo will be able to receive JPY 1,000,000,000 from KITO.

Furthermore, the Business Combination Agreement provides, among other matters, (i) the matters relating to the terms and conditions of the Tender Offer, (ii) the conditions precedent to the commencement of the Tender Offer, (iii) HoldCo's, Crosby US's, and Crosby UK's obligation to make efforts to obtain the necessary approvals and KITO's obligation to cooperate therewith, (iv) the matters relating to the implementation of the squeeze out and the Merger, (v) KITO Group's obligation to operate their business in the ordinary course of business consistent with past practice until the completion of the Business Combination, (vi) the obligation to provide information of Holdco, Crosby US, Crosby UK, and KITO, (vii) the obligation of KITO to cooperate with financing, (viii) KITO's obligation to make efforts to obtain consents from the other party to any material contracts that require such consent, (ix) Holdco's, Crosby US's, Crosby UK's, and their affiliates' standstill obligations to KITO Shares, (x) the obligation relating to the prohibition of dividends other than dividends with a record date of March 31, 2022 by KITO, (xi) KITO's obligation to make efforts to take any necessary procedures relating to the labor unions of the KITO Group, (xii) KITO's obligation to cooperate in encouraging the stock acquisition rights held by the stock acquisition right holders and shares held by the employee ownership shareholding association and the business partner shareholding association of KITO to be tendered in the Tender Offer, (xiii) representations and warranties by HoldCo, Crosby US, Crosby UK, and KITO (Note), (xiv) confidentiality obligation, and (xv) the provision pertaining to termination by the Holdco, Crosby US, Crosby UK, or KITO in the event that KITO withdraws or modifies the Opinion to Support and Recommend to Tender in the Tender Offer, in the event of a breach of representations and warranties or obligations, in the event that a petition for commencement of insolvency proceedings is filed against the other party, or in the event that the Tender Offer is not commenced by March 31, 2023 (the "Tender Offer Commencement Deadline"). The Business Combination Agreement also provides that if the necessary approvals under competition laws to complete the Business Combination have not been obtained by the Tender Offer Commencement Deadline, and the Business Combination Agreement is terminated despite other conditions precedent to commence the Tender Offer being satisfied or waived, KITO can receive JPY 1,000,000,000 from HoldCo unless KITO has breached its obligation to cooperate in obtaining necessary clearances or the termination is attributable to KITO.

In addition to the change of the company name of HoldCo into Kito | Crosby after the completion of the Squeeze-Out Procedures, in summary the following matters relating to the governance and operation of the Combined Company have also been agreed.

(i) Management Principles

To ensure a smooth integration and to maximize the corporate value of the Combined Group, the management of the Combined Group shall be carried out in a spirit of collaboration, with the brands, employees, customers, suppliers, communities, and facilities of Crosby Group and the KITO Group being valued equally as "One Company, One Team and One Mission", which balances a degree of autonomy of the businesses of the KITO and Crosby Group with the coordinated and cohesive management of Kito | Crosby as a whole.

During the first 18 months after completion of the Business Combination (the

"Initial Combination Period"), an ELT (as defined below) and the Combined Company's board will discuss and consider the most appropriate operating structure to ensure a smooth integration and to maximize the corporate value of the Combined Group.

(ii) Company name and Headquarters of the Combined Company
The Combined Company's trade name shall be Kito | Crosby and its headquarters shall be co-located in the United States and Japan.

(iii) Directors
The Combined Company's board would be initially a total of nine (9) directors, and three (3) directors shall be nominated by KITO, one (1) director shall be the Group CEO of the Combined Company, and five (5) directors shall be nominated by the shareholders of the Combined Company. The CEO of the Combined Company will be elected by the board of directors of the Combined Company. The chairperson of the board of directors of the Combined Company shall be appointed from among the directors nominated by KITO.
During the Initial Combination Period, the Chief Operating Officer will be elected from among the directors of the Combined Company nominated by KITO.

(iv) Executive Leadership Team
The Combined Group will form an Executive Leadership Team (the "ELT"). The ELT will take primary responsibility on matters regarding the business and operation of the Combined Group and the Combined Group CEO will execute his or her duties in accordance with guidance/instructions from the ELT and the board of directors of the Combined Company. During the Initial Combination Period, the ELT shall consist of the incumbent CEO and COO of KITO, one other person nominated by KITO, the incumbent CEO and CFO of Crosby Group, and one other person nominated by Crosby Group, and the current CEOs of KITO and Crosby Group will serve as co-heads.
The duties of the ELT will include the following matters regarding the business and operation of the Combined Group:
(1) organizational design, talent development and material compensation changes;
(2) value creation plan, strategy and execution;
(3) integration, prioritization and resourcing;
(4) commercial and operational escalation;
(5) capital budgeting and approval, subject to approval by the board of directors of the Combined Company;
(6) consolidated Annual Operating Plan development and achievement including relevant incentive compensation plans;
(7) bolt-on M&A sourcing & execution; and
(8) other material matters relating to the common strategy and leadership regarding the Combined Group.

(v) Divisional Leadership Team
For no less than the first six months after completion of the Business Combination and no longer than the earlier of (a) the end of the Initial

Combination Period or (b) the approval of a new organization structure (the "DLT Period"), the Combined Group will form a divisional leadership team ("DLT") for a KITO division and a Crosby division. Each DLT will consist of the divisional president and other members of management. The divisional president of the KITO division will be nominated by KITO during the DLT Period.

Each DLT will be managed based upon an annual budget approved by the board of directors of the Combined Company and in accordance with the concepts and strategies of the Combined Group CEO, will be responsible for operations and strategy for its respective division, and will report to the Combined Group CEO.

(vi) Matters Requiring Approval of More Than 75% of the board of directors

The following matters will require the approval of more than 75% of the directors of the board of directors of the Combined Company:

(1) Discontinuation of the Crosby or KITO principal brand or any material product category
(2) Renaming of the Combined Group (Kito | Crosby)
(3) Large-scale personnel reorganization
(4) Large-scale facility closure

(vii) Business Strategy after the Business Combination

After completion of the Business Combination, the Combined Group envisions implementing the (a) analysis of product development and production technology, and consolidation of quality standards, (b) improvement of the production system efficiency, (c) expansion of product portfolios and strengthening of customer base, (d) consolidation of personnel and organizational structure to obtain new sales opportunities, organization of new customer interfaces and infrastructure investments, (e) improvement of logistics efficiency, (f) employee development and exchange of personnel, (g) ensuring the financing necessary for investments, and (h) promotion of sustainability.

Note: In the Business Combination Agreement, HoldCo, Crosby US, and Crosby UK represent and warrant (1) the validity of their incorporation and existence, (2) the validity and enforceability of the Business Combination Agreement, (3) the capacity to hold rights necessary for the execution and performance of the Business Combination Agreement, the performance of procedures required by internal rules for the execution and performance of the Business Combination Agreement, and the absence of any conflict with laws and regulations, (4) the absence of transactions or involvement with antisocial forces, and (5) matters relating to financing. In addition, in the Business Combination Agreement, KITO represents and warrants (1) the validity of its incorporation and existence, (2) the validity and enforceability of the Business Combination Agreement, (3) the capacity to hold rights necessary for the execution and performance of the Business Combination Agreement, the performance of procedures required by internal rules for the execution and performance of the Business Combination Agreement, and the absence of any conflict with laws and regulations, (4) the absence of any transaction or involvement with antisocial forces, and (5) the accuracy of KITO's annual securities reports and quarterly reports for the fiscal year ending March 31, 2021 and thereafter.

5. Future Prospects

Projected earnings, etc. after the Business Combination are currently being carefully examined, and KITO will promptly announce any need to revise earnings forecasts and any fact that should be announced.

End