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Securities Code 6409

June 4, 2019

To Shareholders with Voting Rights

Yoshio Kito
President & CEO

KITO CORPORATION

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

Notice of the 75th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 75th 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 in writing or by electromagnetic method (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 Thursday, June 20, 2019 (JST).

Schedule

1. Date and Time:	At 10:00 am on Friday, June 21, 2019 (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 75th Term (from April 1, 2018 to March 31, 2019).2. The Non-consolidated Financial Statements for the 75th Term (from April 1, 2018 to March 31, 2019)
■ Matters to be Resolved:	
Proposal No. 1	Distribution of Surplus
Proposal No. 2	Election of Seven (7) Directors
Proposal No. 3	Election of Three (3) Corporate Auditors
Proposal No. 4	Payment of Final Retirement Benefits in Conjunction with the Abolition of the Retirement Benefits System for Directors (Excluding Outside Directors)
Proposal No. 5	Determination of Compensation for Granting Restricted Shares to Directors (Excluding Outside Directors)

4. Matters for Determination for this Convocation

- (1) Absence of the indication of your approval or disapproval in the Voting Rights Exercise Form will be treated as indication of approval.
- (2) You may exercise your voting right by proxy, by delegating authority to one other shareholder eligible to vote at the Meeting. In such case, please submit a document evidencing the authority of the proxy.

5. Other Matters related to this Notice of Convocation

Under the provisions of relevant laws and regulations and Article 17 of the Company's Articles of Incorporation, the following information is published in the Company's website (<https://kito.com/jp/>), and not disclosed in this Notice.

- (1) Consolidated Statements of Changes in Net Assets (Japanese only)
- (2) Notes to Consolidated Financial Statements (Japanese only)
- (3) Non-consolidated Statements of Changes in Net Assets (Japanese only)
- (4) Notes to Non-consolidated Financial Statements (Japanese only)
- (5) Company Structure and Policies (Japanese only)

The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the corporate auditors and accounting auditors when they prepared their respective audit reports comprise the information included in the documents attached to this Notice as well as information published in the Company's website indicated above.

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- ◎ When attending the Meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception.
All attendants from the Company are to be lightly dressed in the “business casual” style (no necktie or jacket). We appreciate your understanding, and we ask that you come to the meeting wearing light clothing.
 - ◎ Please note that if there arises by the previous day of the General Meeting of Shareholders, any amendment to the Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, such amendment will be notified to you in writing by mail, or posted in the Company's website (<https://kito.com/jp/>).
 - ◎ The Company posts English translations of the Reference Materials for the General Meeting of Shareholders and parts of the Business Report on its website. Please refer to them together with this notice. Please note that the English translated version is only for reference purposes. In the event that any error is found in the English translations, the Company will promptly correct it. The Company, however, expressly disclaims any and all liability for such an error.

Guide to Exercise of Voting Rights

Please review the Reference Materials for the General Meeting of Shareholders (page 5-32) 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



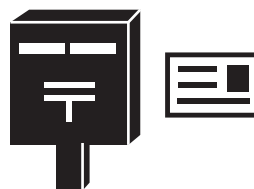
Please submit the enclosed Voting Rights Exercise Form at the reception. Also, please bring this Notice of the 75th Ordinary General Meeting of Shareholders.

Date of the General Meeting of Shareholders

10:00 am on Friday, June 21, 2019 (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 Thursday, June 20, 2019 (JST)

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 Operation Center, 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 Thursday, June 20, 2019 (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 that it is important to accumulate sufficient retained earnings to reinforce the management basis and provide for future business development, as well as the adequate profit distribution 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.

The Company hereby proposes its year-end dividend for the year ended March 31, 2019 as follows, in consideration of the performance for the year as well as the business development in the future.

1 Form of dividend property

Dividends shall be paid in cash.

2 Matters concerning allotment of dividend property and total amount

24 yen per share of the Company's common stock

Total dividend in this case is 489,994,368 yen.

Additionally, the annual dividend for the year ended March 31, 2019 shall be 44 yen per share including the previously implemented interim dividend of 20 yen per share.

3 Effective date of the distribution of surplus

June 24, 2019

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: 56)	27 years Male	2	Inside	100% (12 out of 12 meetings)
2	 Edward W. Hunter (Age: 53)	3 years Male	2	Inside	100% (12 out of 12 meetings)
3	 Tsuneo Yuzurihara (Age: 61)	9 years Male	1	Inside	100% (12 out of 12 meetings)
4	 Shigeki Osozawa (Age: 56)	5 years Male	1	Inside	100% (10 out of 10 meetings)
5	 Katsumi Nakamura (Age: 65)	3 years Male	3	Outside Independent director	100% (12 out of 12 meetings)
6	 Takashi Hirai (Age: 54)	2 years Male	2	Outside Independent director	100% (12 out of 12 meetings)
7	 Koji Osawa (Age: 57)	— Male	2	Outside Independent director	—

Candidate Number

1

Re-election

Inside



Name

Yoshio Kito

Date of birth

June 4, 1963 (Age: 56)

Term of office

27 years

Gender

Male

Number of shares of the Company held

162,500 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 more powerful leadership is deemed necessary in order to achieve the current Mid-term Management Plan, which has already entered the fourth of five years, and for the further growth of the Company.

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 (to present)

Significant concurrent positions

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

Message to our shareholders

In order to achieve the Mid-term Management Plan, the Company has been working to strengthen its business foundation by enhancing its product portfolio through new product development and M&A, establishing an information system centered on replacing core systems, and starting production reform, among other measures.

We will continue focusing on full-fledged growth, striving for efficient organizational operations that make maximum use of this foundation and working to further enhance customer experience through the united efforts of the Group. I will use my leadership to respond to the expectations of shareholders by ensuring that the Group continues to grow further.

Candidate Number

2

Re-election

Inside



Name

Edward W. Hunter

Date of birth

July 3, 1965 (Age: 53)

Term of office

3 years

Gender

Male

Number of shares of the Company held

40,000 shares

Attendance at board meetings

12 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

We have entered the fourth year of the Group's Mid-term Management Plan, with its three key themes of "further pursuing customer experience," "creating an efficient organization," and "investing in people." Each of these is not only linked to short-term improvement in shareholder value, but also contributes to enhancement of long-term, stable corporate value. In fiscal 2018 for example, in order to

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, KITO Americas, Inc./Director, Harrington Hoists, Inc./Director, PEERLESS INDUSTRIAL GROUP, INC./Chairman & Director and Peerless Chain Co., Inc./Chairman & Director
June 2016	Executive Vice President, Executive Vice President Officer and Co-Chief Market Officer, KITO Americas, Inc./Director, Harrington Hoists, Inc./Director, PEERLESS INDUSTRIAL GROUP, INC./Chairman & Director and Peerless Chain Co., Inc./Chairman & Director
January 2018	Executive Vice President, Executive Vice President Officer and Co-Chief Market Officer, KITO Americas, Inc./Director, Harrington Hoists, Inc./Director, PEERLESS INDUSTRIAL GROUP, INC./Chairman & Director, Peerless Chain Co., Inc./Chairman & Director and ERIKKILA OY/Director
April 2018	Executive Vice President, Executive Vice President Officer (to present) and Co-Chief Market Officer (to present), KITO Americas, Inc./Chairman (to present) and ERIKKILA OY/Director (to present)

Significant concurrent positions

KITO Americas, Inc./Chairman
ERIKKILA OY/Director

address these three key themes, we expanded our product lineup including light cranes and hoists for specialized industries, introduced IT systems in the U.S. chain business, and carried out investment in human resources for leadership positions to enhance our operation strengths in Europe.

Demand for our main products remained firm despite increasing uncertainty worldwide. We will continue making further efforts to improve production efficiency and quality in factories not only in Japan but in the U.S. and China as well in order to provide top quality and value to all our stakeholders around the world.

Candidate Number

3

Re-election

Inside



Name

Tsuneo Yuzurihara

Date of birth

December 26, 1957 (Age: 61)

Term of office

9 years

Gender

Male

Number of shares of the Company held

25,600 shares

Attendance at board meetings

12 out of 12 meetings

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.

Personal history, positions, responsibilities and significant concurrent positions

April 1980	Joined the Company
April 2007	Executive Officer, Deputy General Manager of Development & Technology Division and Senior Manager of Product Development Department
April 2009	Executive Officer, General Manager of Development & Technology Division and Senior Manager of Product Development Department
October 2009	Executive Officer, General Manager of Development & Technology Division, Deputy General Manager of Manufacturing Division and Senior Manager of Product Development Department
April 2010	Executive Officer, General Manager of Development & Technology Division, General Manager of Manufacturing Division and Senior Manager of Product Development Department
June 2010	Director, Executive Officer, General Manager of Development & Technology Division, General Manager of Manufacturing Division and Senior Manager of Product Development Department
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

Message to our shareholders

It is difficult to foresee events such as the occurrence of natural disasters and sudden shifts in market conditions. However, in order to deal with these events in case they occur, we aim to build a production system that is relatively immune to the impacts of risk by driving forward with stabilizing our production system in a global and multilateral manner through restructure of the production system, mainly at our Yamanashi Head Office & Factory. I believe that, through these efforts, the Group would achieve to develop a more solid business foundation, which leads us to build more trustworthy relationships with our shareholders.

Candidate Number

4

Re-election

Inside



Name

Shigeki Osozawa

Date of birth

October 12, 1962 (Age: 56)

Term of office

5 years (From June 2012 to June 2016,
from June 2018 to June 2019)

Gender

Male

Number of shares of
the Company held

35,000 shares

Attendance at board
meetings

10 out of 10 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

Recently, there appears to be a struggle for world dominance, and it is unclear what impact this will have on markets. Amidst these conditions, delivering "unmatched satisfaction" to our customers is part of our corporate mission. We are confident that every employee, by embodying our corporate mission, will earn the trust of our customers, and that this will lead to their own happiness. We are also confident that by pursuing long-term profit we will generate a positive cycle that meets the expectations of shareholders.

We will seek steady growth in order to pursue this positive cycle and achieve the Mid-term Management Plan.

Candidate Number

5

Re-election

Outside

Independent
director



Name

Katsumi Nakamura

Date of birth

June 23, 1953 (Age: 65)

Term of office

3 years

Gender

Male

Number of shares of
the Company held

– shares

Attendance at board
meetings

12 out of 12 meetings

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. (to present)
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)

Significant concurrent positions

Inabata & Co., Ltd. (Securities Code: 8098)/Outside Director
Kansai Airports/Outside Director (Member of the Audit and Supervisory Committee)
The Black Stone Group L.P./Senior Advisor

Reasons for the election

Mr. Katsumi Nakamura has many years of experience as a technician and executive in the global automobile industry, which has exhibited leadership in the field of cutting-edge technologies.

His 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 is already largely globalized.

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.

KITO is in the manufacturing industry and manufacturing competitiveness is therefore at its core. I think that KITO has 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

Re-election

Outside

Independent
director



Name

Takashi Hirai

Date of birth

February 24, 1965 (Age: 54)

Term of office

2 years

Gender

Male

Number of shares of
the Company held

2,400 shares

Attendance at board
meetings

12 out of 12 meetings

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.

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

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

Message to our shareholders

Currently, KITO is engaged in activities to steadily strengthen its foundation and aggressively penetrate and cultivate markets in order to achieve further growth as a genuine global company.

As an Outside Director, I will use my abundant experience as a strategic consultant, my practical business experience in global companies such as Dell and Starbucks, and my knowledge as a university teacher investigating advanced management theory, to their fullest to tackle critical challenges such as formulating growth strategies and enhancing our global operation strengths.

Candidate Number

7

New candidate

Outside

Independent
director



Name

Koji Osawa

Date of birth

October 9, 1961 (Age: 57)

Gender

Male

Number of shares of the Company held – shares Attendance at board meetings – out of – 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 nominated as a candidate for Outside Director as his experience is deemed necessary for the Company's development.

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 of (to present)
August 2014	Global Catalyst Partners Japan/Managing Director & Co-Founder (to present)

Significant concurrent positions

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

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 in various industries and with various business models through a venture capital fund that I founded myself.

In an environment where the speed of market change and technological innovation is increasing more than ever, I will do my utmost to use my accumulated experience and knowledge to support KITO that aims for further development such as enhancing its global operation strengths 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 and Takashi Hirai as independent directors and notified the Tokyo Stock Exchange. If the election of Mr. Koji Osawa is approved, the Company plans to designate him as an independent director and notify the Tokyo Stock Exchange.
3. **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 3 years.
 - 2) Mr. Takashi Hirai's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 2 years.
4. **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 and Takashi Hirai 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 and Takashi Hirai is approved, the Company plans to continue those agreements with them.
- If the election of Mr. Koji Osawa is approved, the Company plans to newly conclude an agreement with him, subject to the same conditions as the agreements with Messrs. Katsumi Nakamura and Takashi Hirai, pursuant to Article 427, Paragraph 1 of the Companies Act, limiting his liability for damages under Article 423, Paragraph 1 of the same Act.

Proposal No. 3: Election of Three (3) Corporate Auditors

The terms of office of all three (3) Corporate Auditors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of three (3) Corporate Auditors is proposed.

The consent of the Board of Corporate Auditors was obtained regarding this proposal.

The candidates for Corporate Auditor are as follows:

Candidate Number

1

Re-election

Inside



Name

Kentaro Yoneyama

Date of birth

April 14, 1958 (Age: 61)

Term of office

4 years

Gender

Male

Number of shares of the Company held

14,500 shares

Attendance at board meetings

12 out of 12 meetings

Attendance at Board of Corporate Auditors' meetings

11 out of 11 meetings

Personal history, positions and significant concurrent positions

April 1981	Joined the Company
August 2006	Manager, Internal Audit Office
April 2011	Senior Manager of HR & GA Department
April 2015	Senior Manager supporting Corporate Auditor
June 2015	Standing Corporate Auditor (to present)

Reasons for the election

Mr. Kentaro Yoneyama has experience in the management division as well as in manufacturing and sales divisions. He is again nominated as a candidate for Corporate Auditor as the experience and internal connections he has cultivated are deemed beneficial in detecting risks at the Company at an early stage and preparing systems to resolve and address them.

Message to our shareholders

I have experience in a wide range of operations, from human resources and general affairs to manufacturing, sales and the internal audit division, and have been involved in auditing operations at the Group, including its overseas subsidiaries.

I will use that experience to conduct effective audits of operations and accounting audit activities, as well as of the status of response to quality control, health and safety, and the environment at the Company, which continues to grow as a global company, by cooperating with the Outside Corporate Auditors who are specialists in accounting, tax matters and law. Through these efforts, I will strive to meet the expectations of our shareholders.

Candidate Number

2

Re-election

Outside

Independent
auditor



Name

Kiyohito Hamada

Date of birth

November 30, 1957 (Age: 61)

Term of office

12 years

Gender

Male

Number of shares of
the Company held

5,800 shares

Attendance at board
meetings

11 out of 12 meetings

Attendance at Board of
Corporate Auditors' meetings

11 out of 11 meetings

Personal history, positions and significant concurrent positions

October 1985 Joined Tohmatsu Awoki & Co. (current Deloitte Touche Tohmatsu LLC)
April 1989 Registered as certified public accountant
February 1997 Left Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC)
February 1998 Registered as tax accountant
April 1998 Established Yotsuba-sogo Accounting Office, Partner (to present)
June 2007 Corporate Auditor of the Company (to present)
March 2014 Outside Corporate Auditor of Medical Data Vision Co., Ltd. (to present)
September 2016 Outside Audit & Supervisory Board Member of SOU Inc. (to present)
September 2017 Outside Director of Convano Inc. (to present)

Significant concurrent positions

Yotsuba-sogo Accounting Office/Partner
Medical Data Vision Co., Ltd. (Securities Code: 3902)/Outside Corporate Auditor
SOU Inc. (Securities Code: 9270)/Outside Audit & Supervisory Board Member
Convano Inc. (Securities Code: 6574)/Outside Director

Reasons for the election

Mr. Kiyohito Hamada is again nominated as a candidate for Outside Corporate Auditor as his knowledge as a certified public accountant for many years, and experience related to tax matters and M&A are deemed beneficial to the appropriate governance and risk management of the Company.

Message to our shareholders

Recently, there has been a series of various scandals at companies, and a primary factor in these incidents is believed to be the lack of properly functioning governance systems.

With this fully in mind, I am committed to fulfilling my function and taking action as a Corporate Auditor.

Candidate Number

3

New candidate

Outside



Name

Eiko Hakoda

Date of birth

May 25, 1957 (Age: 62)

Gender

Female

Number of shares of
the Company held

– shares

Attendance at board
meetings

– out of – meetings

Attendance at Board of
Corporate Auditors' meetings

– out of – meetings

Personal history, positions and significant concurrent positions

April 1992 Registered as attorney
Hamada & Matsumoto (current Mori Hamada & Matsumoto)

May 2002 Graduated from UCLA School of Law (LL.M.)

January 2005 Partner of Mori Hamada & Matsumoto (to present)

January 2016 LPC Partner of Mori Hamada & Matsumoto LPC (to present)

Significant concurrent positions

Mori Hamada & Matsumoto/LPC Partner

Reasons for the election

Ms. Eiko Hakoda has more than 25 years of knowledge and experience of corporate legal matters, particularly with respect to the financial aspect of global transactions as well as corporate governance. She is newly nominated as a candidate for Outside Corporate Auditor as her knowledge and experience is deemed beneficial to drafting of the Company's capital strategy, risk management in M&A, and further strengthening our business foundation as a global company in the future.

Although Ms. Hakoda has not been involved in corporate management in the past, the Company judges that she is able to appropriately carry out the duties of Outside Corporate Auditor for the reasons stated above.

Message to our shareholders

I have worked as an attorney in corporate legal matters, particularly in the field of global transactions, for more than 25 years.

I believe that a properly established governance system is essential to KITO's aim of strengthening its business foundation as a global company.

As a member of the audit team, I will use my experience in corporate legal matters in my efforts to conduct quality audits aimed at KITO's development.

I also hope to further enhance compliance and contribute to diversity promotion.

- (Notes) 1. No conflict of interest exists between the Company and any of the candidates.
2. Mr. Kiyohito Hamada and Ms. Eiko Hakoda are both candidates for Outside Corporate Auditor. Moreover, the Company has notified the Tokyo Stock Exchange that Mr. Kiyohito Hamada has been designated independent auditor and if his re-election is approved he is scheduled to continue as an independent auditor.
3. **Number of years of service since the candidates were first appointed as Outside Corporate Auditors**
Mr. Kiyohito Hamada's term of office as an Outside Corporate Auditor, as of the conclusion of this General Meeting of Shareholders, is 12 years.
4. **Liability limitation agreement with the candidates**
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded agreements with Mr. Kiyohito Hamada limiting his 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 Mr. Kiyohito Hamada is approved, the Company plans to continue those agreements with him. If the election of Ms. Eiko Hakoda is approved, the Company plans to newly conclude an agreement with her, subject to the same conditions as the agreements with Mr. Kiyohito Hamada, pursuant to Article 427, Paragraph 1 of the Companies Act, limiting her liability for damages under Article 423, Paragraph 1 of the same Act.

Proposal No. 4: Payment of Final Retirement Benefits in Conjunction with the Abolition of the Retirement Benefits System for Directors (Excluding Outside Directors)

As part of the review of the officers' compensation system, the Company, at the Board of Directors meeting held on April 23, 2019, resolved to abolish the retirement benefits system for Directors as of the conclusion of this General Meeting of Shareholders.

Therefore, it is proposed that retirement benefits of not more than 300 million yen in total be granted to Directors, Mr. Yoshio Kito, Mr. Tsuneo Yuzurihara and Mr. Shigeki Osozawa to reward them for their services during their terms of office from their appointment to the conclusion of this General Meeting of Shareholders.

The retirement benefits will be granted at the time of their retirement, and the specific amount, granting method and other matters will be left to the discretion of the Board of Directors after careful deliberation by the Nomination & Compensation Committee.

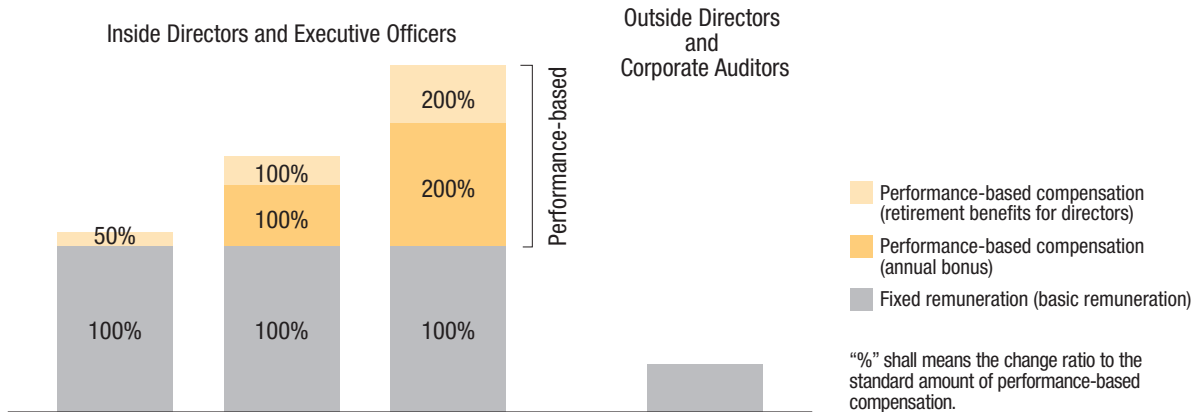
The personal histories of the Directors subject to this grant are as follows:

Name	Personal history	
Yoshio Kito	June 1992	Director
	June 1998	Managing Director
	April 1999	Senior Managing Director
	April 2005	Vice President & Representative Director
	January 2006	President & Representative Director (to present)
Tsuneo Yuzurihara	June 2010	Director
	April 2011	Managing Director (to present)
Shigeki Osozawa	June 2018	Managing Director (to present)

(Note) The retirement benefits to be granted to Mr. Shigeo Osozawa will correspond to his term of office from June 2018 to the conclusion of this General Meeting of Shareholders. The retirement benefits corresponding to his term of office from June 2012 to June 2016 have been approved at the 72nd Ordinary General Meeting of Shareholders held in June 2016.

<Concept of the Company's retirement benefits to be terminated>

The annual reserves for the Company's retirement benefits are determined by calculating the amount of claims to retirement benefits of Directors in office for each year. The amount of claims to retirement benefits for each year is determined by the base amount of retirement benefits for each position multiplied by the business performance indicators for the applicable year. The business performance indicators for the applicable year are determined by the Board of Directors after deliberation by the Nomination & Compensation Committee, according to the level of achievement of business performance targets that have been determined in advance by the Board of Directors, within a range of 50 to 200% of the base amount.



Proposal No. 5: Determination of Compensation for Granting Restricted Shares to Directors (Excluding Outside Directors)

The amount of compensation, etc. paid to the Company's Directors was approved at the Ordinary General Meeting of Shareholders held on June 26, 2007, at 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). However, in order to provide Directors with incentives for the continued improvement of corporate value, as well as for the further sharing of value with shareholders, it is proposed that compensation for granting shares with restriction on transfer ("Restricted Shares"), separate from the above amount of compensation, be newly paid to the Company's Directors.

Based on this proposal, the total amount of monetary compensation to be paid to the Company's Directors (excluding Outside Directors; hereinafter "Eligible Director(s)") for the purpose of granting Restricted Shares shall be not more than 100 million yen per year, an amount deemed appropriate in light of the above purpose. The specific ratio of allocation to each Eligible Director will be determined by the Board of Directors.

The current number of Directors is seven (7) (including three (3) Outside Directors) and if Proposal No. 2 is approved as proposed, the number of Directors will remain the same with seven (7) Directors (including three (3) Outside Directors).

Eligible Directors, in accordance with the resolution of the Company's Board of Directors, shall make in-kind contributions of all monetary compensation receivables occurring as a result of this proposal in exchange for shares of the Company's common stock that will be issued or disposed of by the Company. The total number of shares of the Company's common stock that will be issued or disposed of as a result shall be not more than 100,000 shares per year (provided, however, that if a share split (including the gratis allotment of shares of the Company's common stock) or a share consolidation, or any other situation, occurs, or if any other cases arise in which it becomes necessary to adjust the total number of shares that will be issued or disposed of as Restricted Shares, on or after the date on which this proposal is approved, the total number of shares shall be adjusted within a reasonable range). The amount to be paid per share shall be decided by the Board of Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (if there is no transaction on that day, the closing price on the most recent trading day preceding that day), within a range that is not especially advantageous to the Eligible Directors.

Additionally, when issuing or disposing of shares of the Company's common stock for this purpose, the Company shall enter into a Restricted Share Allotment Agreement ("Allotment Agreement") with each Eligible Director. The content of the Allotment Agreement is as follows.

- (1) With regard to the shares of the Company's common stock granted in accordance with the Allotment Agreement ("Allotted Shares"), an Eligible Director shall not transfer, pledge as security, or otherwise dispose of ("Transfer Restriction") the Allotted Shares during the period from the date of grant of the Allotted Shares to the date on which the Eligible Director resigns or retires from the position of Director or any other position stipulated by the Board of Directors ("Transfer Restriction Period").
- (2) In the event that an Eligible Director resigns or retires from the position as set forth in (1) above prior to the expiry of the period designated by the Board of Directors ("Service Period"), the Company shall rightfully acquire the Allotted Shares without consideration; except where there is a reason deemed as reasonable by the Company's Board of Directors.
- (3) Notwithstanding the provision in (1) above, the Company shall remove the Transfer Restriction on all of the Allotted Shares at the time of expiry of the Transfer Restriction Period, on the condition that the Eligible Director has continuously remained in the position as set forth in (1) above during the duration of the Service Period. However, if the Eligible Director resigns or retires from the position as set forth in (1) above prior to the expiry of the Service Period due to a reason deemed as reasonable by the Company's Board of Directors as set forth in (2) above, the number of Allotted Shares from which the Transfer Restriction is removed shall be adjusted as necessary and as reasonable.
- (4) The Company shall rightfully acquire without consideration the Allotted Shares from which the Transfer Restriction has not been removed at the time of expiry of the Transfer Restriction Period in accordance with the provision in (3) above.

- (5) Notwithstanding the provision in (1) above, in the event that a matter relating to a merger agreement under which the Company will become the dissolving company, a share exchange agreement or a share transfer plan under which the Company will become a wholly-owned subsidiary, or any other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or, if an approval at a General Meeting of Shareholders of the Company is not required regarding the above-mentioned organizational restructuring, approved by the Company's Board of Directors) during the Transfer Restriction Period, the Transfer Restriction shall be removed in respect of a certain number of Allotted Shares, which is reasonably determined based on the period from the commencement date of the Service Period to the date of approval of such organizational restructuring, prior to the effective date of such organizational restructuring in accordance with the resolution of the Company's Board of Directors.
- (6) In the situation stipulated in (5) above, the Company shall rightfully acquire without consideration the Allotted Shares from which the Transfer Restriction has not been removed immediately following the removal of the Transfer Restriction effectuated in accordance with the provision in (5) above.

(Reference)

The Company intends to grant stock-based compensation similar to the above Restricted Shares to the executives of the Group.

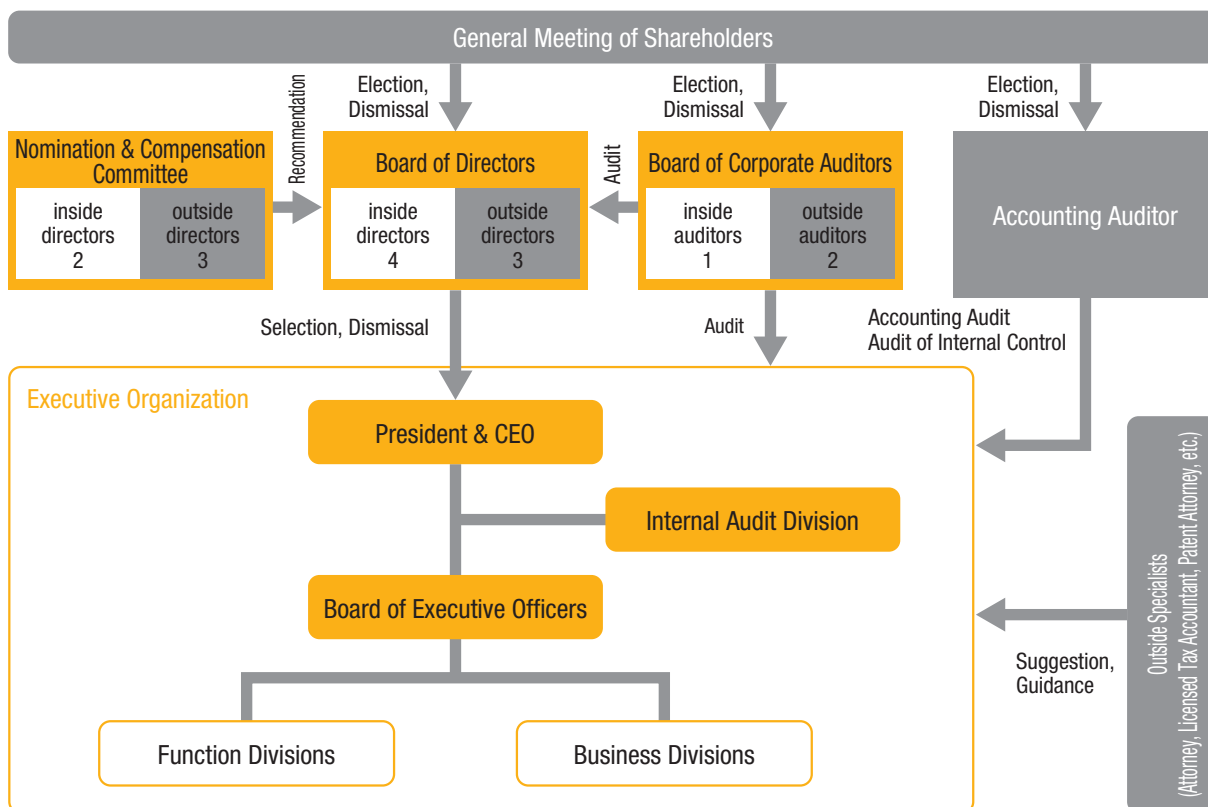
Reference information related to the exercise of voting rights

● Basic Principles System of Corporate Governance

In recognition of the fact that satisfying and impressing our customers is the reason for the Company's existence, with the KITO Compliance Manual (our corporate code of ethics) as the foundation for our corporate ethics, we have made it one of our highest priority management issues to raise shareholder value by making decisions quickly in response to a changing society and economic environment.

Based on this, to enhance our corporate governance, we are working to enhance the General Meeting of Shareholders, strengthen the supervisory function of the Board of Directors, strengthen the auditing function of corporate auditors, and advance information disclosure.

The Company's corporate governance system is as follows.



● Management System

If Proposal No. 2 and Proposal No. 3 are approved, the Company will engage in business using the following system.

Board of Directors	Directors' term of office: one year
Inside Directors	Yoshio Kito Edward W. Hunter Tsuneo Yuzurihara Shigeki Osozawa
Outside Directors	Katsumi Nakamura Takashi Hirai Koji Osawa

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.

Board of Corporate Auditors	Corporate Auditors' term of office: four years
Inside Corporate Auditor	Kentaro Yoneyama
Outside Corporate Auditors	Kiyohito Hamada Eiko Hakoda

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.

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.

Business Divisions

Asia Business, The Americas Business, EMEA Business			China Business
Edward W. Hunter			
The Americas	Asia	EMEA	Longlin Huang
Carlo Lonardi Marc Premont	Mamoru Horiuchi	Martin Rothe	

Function Divisions

Corporate Management Financial Management	Regional Business Management	Quality	Development & Technology	Procurement	Powered Chain Hoists	Hoist Manufacturing	Chain Manufacturing
Shigeki Osozawa	Yoshio Morita	Tsuneo Yuzurihara	Kazumitsu Ishikawa	Toshio Kono	Scott D. Miller	Kimiaki Hayakawa	Hiroshi Yamada

● 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.

Nomination & Compensation Committee

<Members of the Nomination Committee>

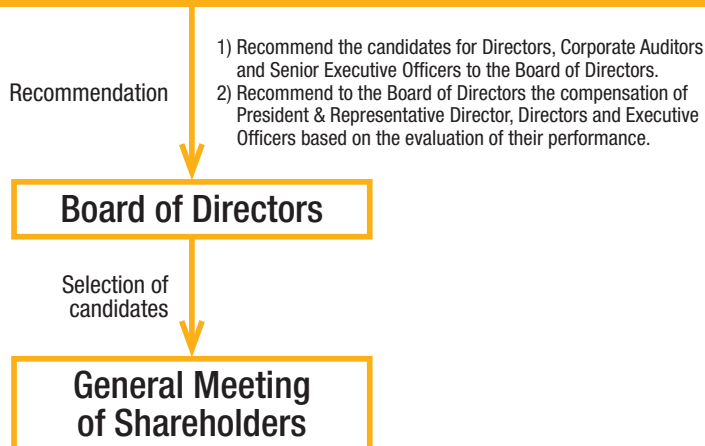
Inside Directors

Outside Directors



The majority of the members are Outside Directors to ensure the independence and neutrality of the committee.

Inside Directors (two) Outside Directors (three)



● 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.

● Compensation System

Conditional upon the approval of Proposal No.5, the Company shall establish and operate an officers' compensation system based on the following policy.

- 1) 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.
- 2) The compensation for Directors and Executive Officers shall comprise fixed compensation, annual performance-based compensation and medium- and long-term performance-based compensation.
- 3) Annual performance-based compensation for Directors (excluding Outside Directors) and Executive Officers shall reflect the level of achievement of consolidated business performance targets and the level of each individual officer's contribution to the business performance of the Company. The compensation system shall be such that the higher the position and the responsibility of an officer, the greater the ratio of the officer's performance-based compensation will be to his or her total compensation.
- 4) Medium- and long-term compensation for Directors (excluding Outside Directors) and Executive Officers is stock-based compensation, mainly transfer-restricted stock-based compensation. Generally, the higher the position and the responsibility of an officer, the greater the ratio of the officer's stock-based compensation will be to his or her total compensation.
- 5) The Nomination & Compensation Committee, a voluntary committee of which the majority is comprised of Outside Directors, shall deliberate the compensation for Directors and Executive Officers and make recommendations to the Board of Directors. The Board of Directors, upon receiving these recommendations, shall deliberate and decide on the compensation.

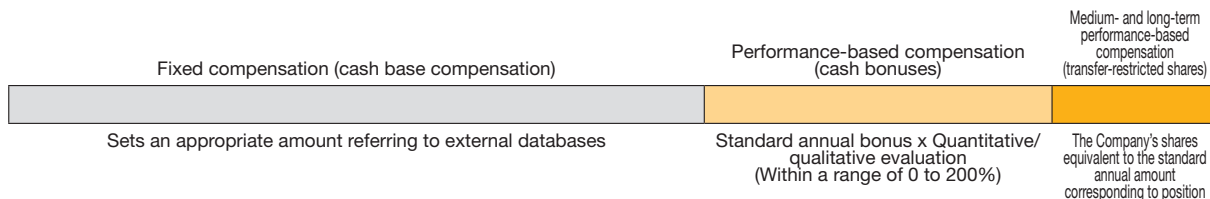
	Fixed compensation	Annual performance-based compensation (cash bonuses)	Medium- and long-term performance-based compensation (transfer-restricted shares)
Directors (excluding Outside Directors)	Paid	Paid	Paid
Outside Directors and Corporate Auditors	Paid	Not paid	Not paid
Executive officers	Paid	Paid	Paid

Fixed compensation (cash base compensation)	The Company determines an appropriate level of base compensation, comprehensively taking into account the size of the Company and the duties of officers, referring to external databases, etc.
Performance-based compensation (cash bonuses)	The Company calculates the standard annual bonuses by position, with a range of 25 to 50% of base compensation for each position. Then, using consolidated net sales and EBITDA (income before income taxes, to which extraordinary income, interest expenses and depreciation and amortization are added) of the Company as the evaluation indicators, we determine bonuses for individual officers within a range of 0 to 200% of standard annual bonus by comprehensively evaluating the achievement levels of targets of these indicators and the individual officers' levels of contribution to the business performance of the Company.
Medium- and long-term performance-based compensation (transfer-restricted shares)	The Company shall calculate the standard annual amount for each position and grant shares (transfer-restricted) of the Company's common stock equivalent to that amount each year. Such shares shall also be granted to officers at the time of appointment as Executive Officer or Director, etc. to motivate them and boost their morale toward improving business performance and increasing corporate value. In both cases, the restriction on transfer shall be removed at the time of officers' resignation or retirement. Thus the compensation system ensures that officers assume responsibility for business performance and corporate value for a longer time span. In the event that an officer resigns or retires from his or her position within a given period from his or her appointment or promotion, the Company shall acquire all such shares without consideration.

The compensation system, by combining bonuses which are linked to annual performance and stock-based compensation, mainly transfer-restricted stock-based compensation which reflects the improvement of corporate value in the medium- and long-term, clarifies the responsibilities of Directors and Executive Officers for business performance while at the same time further encouraging the sharing of value with the shareholders.

Additionally, by applying stock-based compensation based mainly on this transfer-restricted stock-based compensation system to the executives residing overseas, the system will contribute to the sustained improvement of corporate value for the Group as a whole.

With regard to the number of shares to be granted, an appropriate monetary level will be established by comprehensively taking into account the size of the Company and the duties of officers, etc. and referring to external databases relating to local compensation levels, etc., and shares (transfer-restricted) of the Company's common stock equivalent to that amount shall be granted each year.



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

Below are the results of the most recent (December 2018) evaluation of the effectiveness of the Company's Board of Directors.

1. Method of evaluation

The Company conducted a questionnaire survey among Directors and Corporate Auditors (total 10 persons) with their name disclosed, regarding the following subjects. In the questionnaire, the subjects were evaluated into five grades and the survey provided a free comment space to collect opinions.

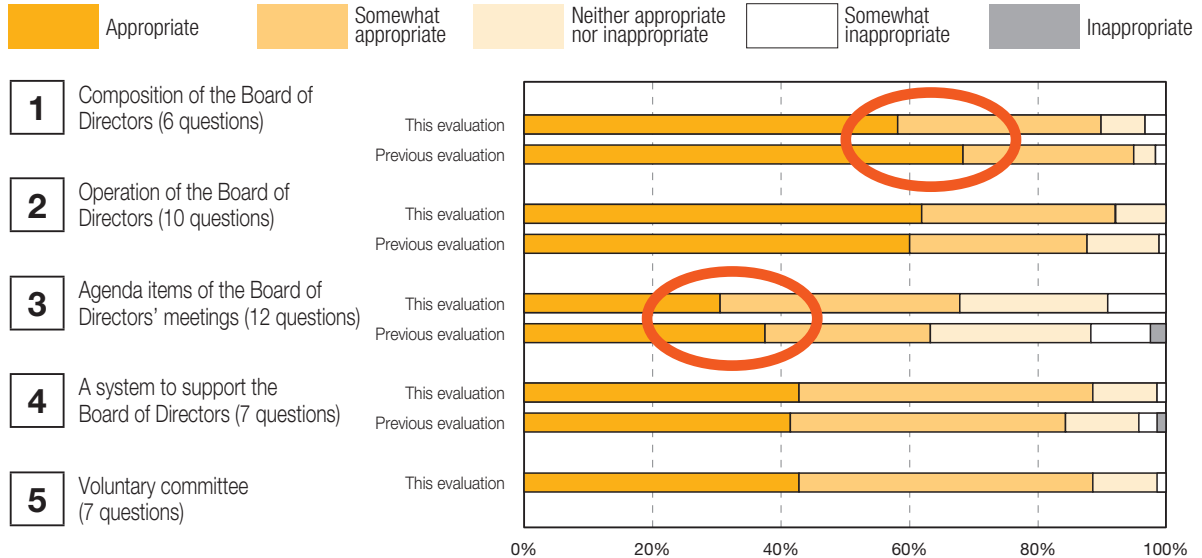
[Questionnaire subjects]

- 1) Composition of the Board of Directors (number of board members, diversity, number/ratio of Outside Directors, etc.)
- 2) Operation of the Board of Directors (meeting frequency, information delivery, liveliness of discussion, atmosphere at meetings, etc.)
- 3) Agendas items of the Board of Directors' meetings (selection of agenda items, timing of agenda proposal, time spent on deliberation, nomination of officers, officers' compensation, discussion on governance/risk, etc.)
- 4) A system to support the Board of Directors (ensuring the opportunities for Directors to receive information, training sessions for Directors and Corporate Auditors, collaboration with the Internal Audit Division, etc.)
- 5) Questions regarding the Voluntary committee (Nomination & Compensation Committee) (number of committee members, diversity, atmosphere at meetings, etc.)

2. Overview of the evaluation results

The evaluation grades for some items fell. However, the results allow us to share the view of the issues to be addressed.

[Overall evaluation: A total of 42 questions under the five categories were asked]



1) Composition of the Board of Directors

- The composition needs to give consideration to nationality, gender, and IT and other expertise, in order to develop the global business.
- The issue going forward will be to promote nationality and gender diversity.

2) Operation of the Board of Directors

- The Board of Directors seem to be consistently conducting open and vigorous discussions.
- While materials, including those explaining the financial conditions, have improved and are much easier to read, there is still room for improvements.
- There were cases in which the materials explaining the agenda were submitted immediately prior to the meeting.

3) Agenda items of the Board of Directors' meetings

- More deep dive discussions on medium- and long-term strategies, product strategies and regional strategies should be conducted.
- Discussions on major overall risks should be conducted more frequently.
- Succession plans for the representatives and executives should be discussed.

4) A system to support the Board of Directors

- Communications and coordination with the division in charge of the Board of Directors are functioning appropriately.

3. Responses that the Company will make

Based on the above evaluation results, the Company will address the issues identified through the evaluation, in order to further improve the effectiveness of the Board of Directors.

- More deep dive discussions on medium- and long-term strategies, product strategies and regional strategies will be conducted in the process of formulating the next medium-term management plan.
- Discussions on overall major risks will be conducted more frequently and periodic reviews will be carried out.
- Concrete succession plans for the representative and executives will be discussed and put into practice.

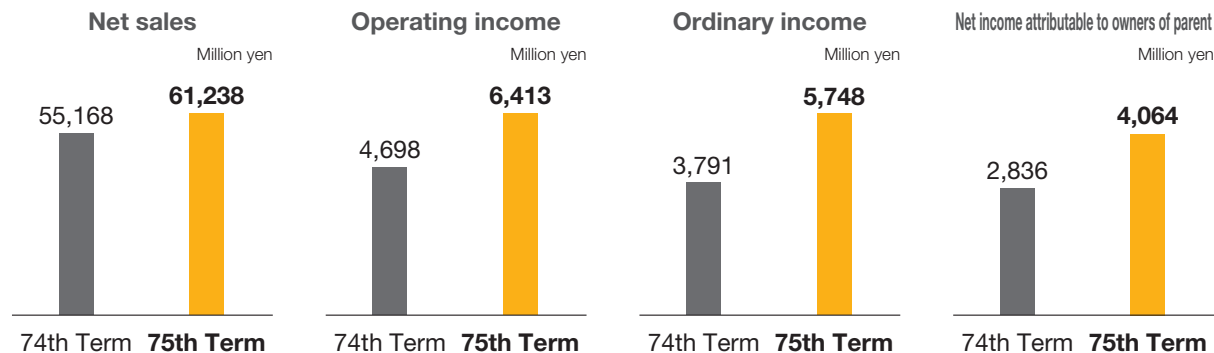
1 Overview of the Company Group

(1) Business Progress and Results

During fiscal 2018, the fiscal year ended March 31, 2019, the economic outlook remained uncertain due to such factors as the direction of U.S.-China trade policy, and concerns over a slowdown in the Chinese economy. Despite this, the business environment for the Company remained steady, due to earnings driven by demand for expanding infrastructure-related repair and firm private sector capital investment mainly in Japan and the United States.

Fiscal 2018 is the third year of the Company's five-year mid-term business plan. During the subject fiscal year, designated as a period of transition from a platform enhancement to a full-fledged growth phase, the Company steadily captured robust investment demand, while implementing various measures.

During the subject fiscal year, the Company continued to increase production capacity from the beginning of the period and captured the strong demand. As a result, consolidated net sales rose 11.0% from the previous fiscal year, to ¥61,238 million. Earnings rose sharply in all categories, supported by favorable sales and expanded production. Operating income amounted to ¥6,413 million (up 36.5% from the previous fiscal year), with ordinary income of ¥5,748 million (up 51.6%) and net income attributable to owners of the parent of ¥4,064 million (up of 43.3%). As a result, sales and all categories of earnings reached record high levels.



Results by segment are as follows. The Kito Group's business activities are classified by geographical segment

Japan

Demand remained robust, centered on the public sector for infrastructure repair and disaster-related recovery efforts, as well as for private-sector capital expenditures. The export market also rose steadily, mainly for products to the United States. As a result, net sales in Japan amounted to ¥29,794 million (up 19.7% from the previous fiscal year), with operating income of ¥6,282 million (up 35.4%) and overall results remained strong through the fiscal year.

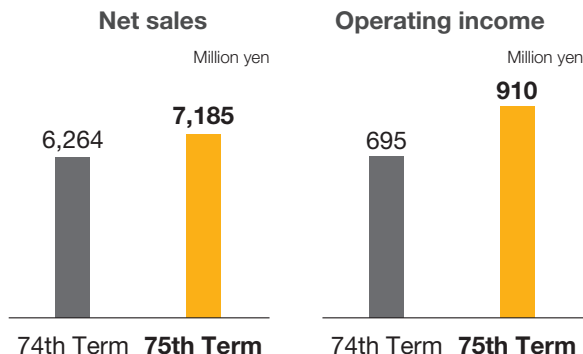
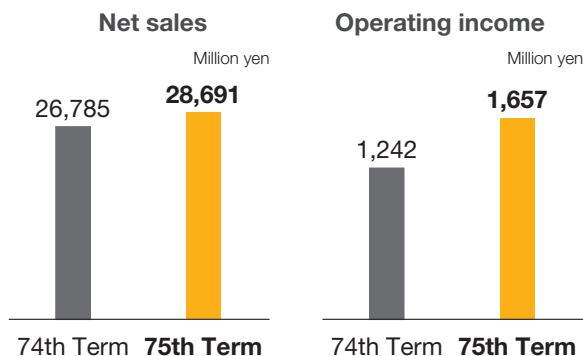
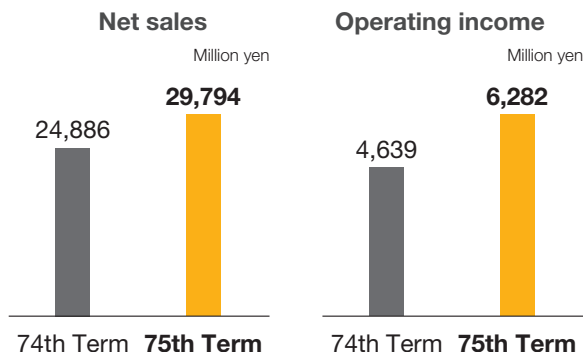
The Americas

U.S. demand expanded in the private sector, as well as on public facilities investment, particularly for natural resource-related businesses. Net sales in the Americas amounted to ¥28,691 million (up 7.1% from the previous fiscal year), with operating income of ¥1,657 million (up 33.4%).

China

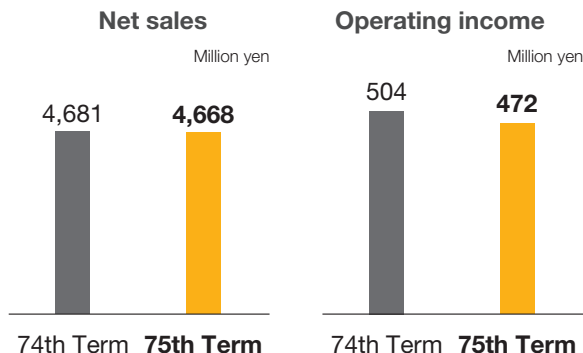
Demand continued to be firm in the Chinese market despite concerns of a slowdown as a whole centered on export industries due to trade friction with the United States. The Company captured demand in the domestic Chinese market in the semiconductor and electric vehicle (EV) sectors, as well as infrastructure-related sectors such as electric power and railways. As a result, net sales in China amounted to ¥7,185 million (up 14.7% from the previous fiscal year), with operating income of ¥910 million (up 30.9%).

for the Company and its consolidated group companies.



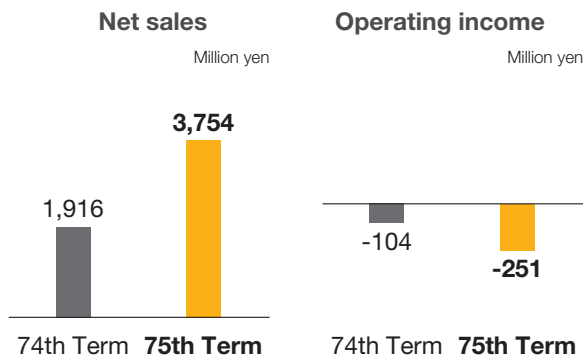
Asia

The Company captured rising demand, particularly in the automotive-related sector, but demand declined in South Korea for clean room cranes. As a result, net sales in Asia amounted to ¥4,668 million (down 0.3% from the previous fiscal year), with operating income of ¥472 million (down 6.2%).



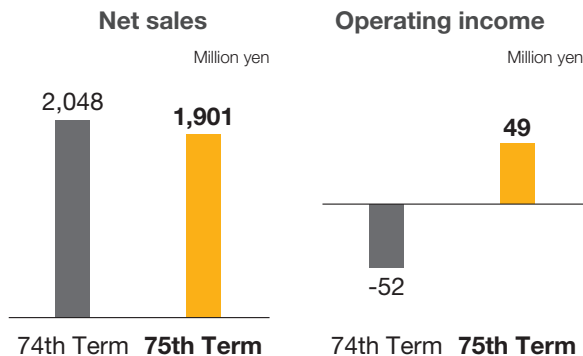
Europe

The Company captured the rising capital investment demand across the region, while Kito Chain Italia, a manufacturer of chain-related products, became a consolidated subsidiary. As a result, net sales amounted to ¥3,754 million (up 95.9% from the previous fiscal year). In terms of earnings, the Company posted an operating loss for Europe of ¥251 million (compared to an operating loss of ¥104 million in the previous fiscal year).



Other

This segment currently comprises the Australia business. Net sales amounted to ¥1,901 million (down 7.2% from the previous fiscal year). In terms of earnings, a focus on improving profitability resulted in operating income of ¥49 million (compared to an operating loss of ¥52 million in the previous fiscal year).



(2) Capital investment

The total amount of capital investment in the consolidated fiscal year ended in March 31, 2019 was 1,321 million yen, comprising primarily the renewal of electrical power distribution equipment.

(3) Financing

In the consolidated fiscal year ended in March 31, 2019, the Company financed 450 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.

i 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.

ii 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.

iii 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.

We beseech the continued understanding and support of our shareholders in these endeavors.

(5) Changes in assets and earnings



(In millions of yen, except per share amounts)

Item	72nd Term April 1, 2015 through March 31, 2016	73rd Term April 1, 2016 through March 31, 2017	74th Term April 1, 2017 through March 31, 2018	75th Term (FY2018) April 1, 2018 through March 31, 2019
Net sales	55,821	51,141	55,168	61,238
Ordinary income	4,576	3,249	3,791	5,748
Net income attributable to owners of parent	2,497	1,897	2,836	4,064
Net income per share	95.13 yen	82.38 yen	139.52 yen	199.14 yen
Total assets	60,639	60,137	61,854	62,078
Net assets	26,040	21,239	23,697	26,687

- (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) Important information on parent company and subsidiaries

1) Parent company

Not applicable

2) Subsidiaries

Company name	Capital	Percentage of voting rights	Description of principal business
(Consolidated subsidiaries)			
KITO Americas, Inc.	(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.
Harrington Hoists, Inc.	(Thousand USD) 9,500	*100.0%	Manufacture and sales of the Company's products
PEERLESS INDUSTRIAL GROUP, INC.	(Thousand USD) 20,000	*100.0%	Holding company for the purpose of investing in Peerless Chain Co., Inc.
Peerless Chain Co., Inc.	(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.	(Thousand CND) 800	100.0%	Sales of the Company's products
KITO DO BRASIL COMERCIO DE TALHAS E GUINDASTES LTDA	(Thousand BRL) 12,971	100.0%	Sales of the Company's products
Kito Europe GmbH	(Thousand EUR) 3,000	100.0%	Sales of the Company's products
Kito Chain Italia S.r.l.	(Thousand EUR) 10	100.0%	Manufacture and sales of chains and chain-related products
SCC Japan GODO KAISHA	(Thousand JPY) 10,000	*100.0%	Sales of tire chains and other products
JIANGYIN KITO CRANE CO., LTD	(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.	(Thousand USD) 7,000	*94.0%	Sales of the Company's products
KITO TAIWAN CO., LTD.	(Thousand NTD) 96,500	55.0%	Sales of the Company's products and cranes

Company name	Capital	Percentage of voting rights	Description of principal business
KITO KOREA CO., LTD.	(Thousand KRW) 4,453,080	93.26%	Manufacture and sales of the Company's products and cranes
SIAM KITO CO., LTD.	(Thousand THB) 100,000	*80.0%	Manufacture and sales of the Company's products and cranes
SUKIT BUSINESS CO., LTD.	(Thousand THB) 100	82.8%	Holding company for the purpose of investing in SIAM KITO CO., LTD.
PT. KITO INDONESIA	(Thousand IDR) 40,473,560	100.0%	Sales of the Company's products and cranes
KITO HOISTS & CRANES ASIA PTE. LTD.	(Thousand SGD) 4,460	100.0%	Holding company for the purpose of investing in SIAM KITO CO., LTD.
ARMSEL MHE PVT. LTD.	(Thousand INR) 37,555	100.0%	Sales of the Company's products
Kito Australia Pty. Ltd.	(Thousand AUD) 5,095	100.0%	Holding company for the purpose of investing in Anchor Nominees Pty. Ltd.
Anchor Nominees Pty. Ltd.	(Thousand AUD) 273	*100.0%	Holding company for the purpose of investing in PWB Anchor Ltd.
PWB Anchor Ltd.	(Thousand AUD) 18.8	*100.0%	Sales of the Company's products, manufacture and sales of chains
(Non-consolidated subsidiaries)			
ERIKKILA OY	(Thousand EUR) 40	*100.0%	Manufacture and sales of light crane products, etc.

- (Notes) 1. Kito Chain Italia S.r.l. became a consolidated subsidiary in fiscal 2018.
2. Investment ratio with (*) include indirect holding of shares.

3) Status of specified wholly-owned subsidiaries of the Company as of March 31, 2019

There are no companies classified as specified wholly-owned subsidiaries.

Consolidated financial statements

Consolidated balance sheets Consolidated fiscal year 2018 (As of March 31, 2019)

Million yen

Accounts	Amounts	Accounts	Amounts
Assets		Liabilities	
Current assets	40,524	Current liabilities	20,183
Cash and deposits	8,678	Notes and accounts payable	6,483
Notes and accounts receivable	12,587	Short-term loans payable	2,844
Merchandise and finished goods	13,337	Current portion of long-term loans payable	3,988
Work in process	1,231	Accrued expenses	3,488
Raw materials and supplies	3,356	Income taxes payable	1,065
Other	1,396	Provision for bonuses	843
Allowance for doubtful receivables	(63)	Provision for product warranties	85
		Provision for sales returns	308
		Other	1,074
Noncurrent assets	21,554	Non-current liabilities	15,207
Property, plant and equipment	11,283	Long-term loans payable	11,962
Buildings and structures	4,385	Provision for directors' retirement benefits	221
Machinery, equipment and vehicles	4,666	Net defined benefit liability	1,996
Land	1,444	Deferred tax liabilities	924
Construction in progress	372	Other	102
Other	415	Total liabilities	35,391
Intangible assets	6,093	Net assets	
Goodwill	1,650	Shareholders' equity	25,328
Software	1,261	Capital stock	3,976
Other	3,180	Capital surplus	5,214
Investments and other assets	4,176	Retained earnings	21,863
Investment securities	801	Treasury shares	(5,725)
Deferred tax assets	1,805	Accumulated other comprehensive income	362
Net defined benefit assets	173	Valuation difference on available-for-sale securities	0
Other	1,396	Deferred gains or losses on hedges	52
		Foreign currency translation adjustment	552
Total assets	62,078	Remeasurement of defined benefit plans	(242)
		Subscription rights to shares	50
		Minority interests	945
		Total net assets	26,687
		Total liabilities and net assets	62,078

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

Consolidated statement of income

Consolidated fiscal year 2018 (From April 1, 2018 to March 31, 2019)

Million yen

Accounts	Amounts
Net sales	61,238
Cost of sales	38,693
Gross profit	22,545
Selling, general and administrative expenses	16,132
Operating income	6,413
Non-operating income	245
Interest income	42
Rents received	27
Proceeds from the sales of scrap	50
Other	123
Non-operating expenses	910
Interest expenses	406
Equity in losses of affiliates	147
Foreign exchange losses	132
Other	224
Ordinary income	5,748
Extraordinary income	195
Gain on sale of noncurrent assets	170
Gain on liquidation of subsidiary	24
Extraordinary loss	121
Loss on sale of noncurrent assets	45
Loss on retirement of noncurrent assets	35
Impairment loss	39
Income before income taxes	5,822
Income taxes-current	1,976
Income taxes-deferred	(357)
Net income	4,203
Net income attributable to non-controlling interests	138
Net income attributable to owners of parent	4,064

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