

These documents have been translated from Japanese originals for reference purposes only.
In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

Securities Code 6409

June 4, 2018

To Shareholders with Voting Rights

Yoshio Kito
President & CEO

KITO CORPORATION

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

Notice of the 74th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 74th 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 Wednesday, June 20, 2018 (JST).

Schedule

1. Date and Time:	At 10:00 am on Thursday, June 21, 2018 (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 74th Term (from April 1, 2017 to March 31, 2018).2. The Non-consolidated Financial Statements for the 74th Term (from April 1, 2017 to March 31, 2018)
■ Matters to be Resolved:	
Proposal No. 1	Distribution of Surplus
Proposal No. 2	Election of Seven (7) Directors
Proposal No. 3	Granting of Retirement Benefits to Retiring Director
Proposal No. 4	Granting of Stock Acquisition Rights as Stock Options to Directors (excluding Outside Directors) and Executive Officers

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 (<http://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

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.

-
- ◎ 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 (<http://kito.com/jp/>).
 - ◎ The Company posts English translations and Chinese 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 translated versions are only for reference purposes. In the event that any error is found in a translation, 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 5-26) 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



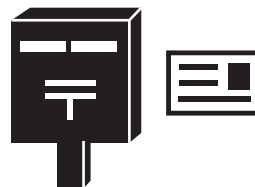
Please submit the enclosed Voting Rights Exercise Form at the reception. Also, please bring this Notice of the 74th Ordinary General Meeting of Shareholders.

Date of the General Meeting of Shareholders

10:00 am on Thursday, **June 21, 2018** (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 Wednesday, **June 20, 2018** (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 Wednesday, June 20, 2018 (JST)



Exercising voting rights using “Smart Exercise”

NEW!

- 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.

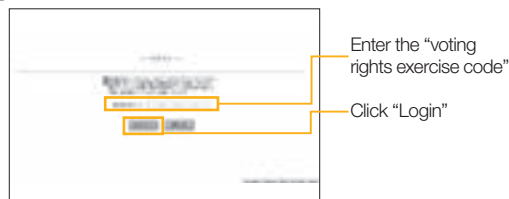
* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

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.



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



- 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, 2018 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

18 yen per share of the Company's common stock

Total dividend in this case is 367,003,206 yen.

Additionally, the annual dividend for the year ended March 31, 2018 shall be 33 yen per share including the previously implemented interim dividend of 15 yen per share.








3 Effective date of the distribution of surplus

June 22, 2018

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	Significant concurrent positions	Affiliation	Attendance at board meetings
1	 Yoshio Kito (Age: 55)	2	Inside	12 out of 12 meetings (100%)
2	 Edward W. Hunter (Age: 52)	2	Inside	12 out of 12 meetings (100%)
3	 Tsuneo Yuzurihara (Age: 60)	1	Inside	12 out of 12 meetings (100%)
4	 New Candidate Shigeki Osozawa (Age: 55)	2	Inside	—
5	 Keizo Tannawa (Age: 65)	7	Outside Independent director	11 out of 12 meetings (91%)
6	 Katsumi Nakamura (Age: 64)	2	Outside Independent director	12 out of 12 meetings (100%)
7	 Takashi Hirai (Age: 53)	3	Outside Independent director	10 out of 10 meetings (100%)

Candidate Number

1

Re-election

Inside



Name

Yoshio Kito

Date of birth

June 4, 1963 (Age: 55)

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 leadership as a top is deemed necessary in order to continue promoting the Company's Mid-term Management Plan and for the continued improvement of corporate value.

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

One of the challenges we face is the reinforcement of our business foundation as a global company, essential to realizing our long-term growth. During this year, the third year of our Mid-term Management Plan, we will steadily capture growth opportunities and continue to grow, while at the same time working to further improve our product quality and customer service levels with the aim of becoming a hoist manufacturer trusted most in markets around the world. I will use my leadership to help promote reforms through the active involvement of every employee based on our "KITO Spirit."

Candidate Number

2

Re-election

Inside



Name

Edward W. Hunter

Date of birth

July 3, 1965 (Age: 52)

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 driving business in the Americas, which is expected to continue to see growth, and actively conducting business in major global markets such as Europe.

Message to our shareholders

Our goal is to create value for our stockholders, customers, and over 2,700 KITO Group team members around the world. In fiscal 2017, demand for KITO products grew worldwide. I believe this is the fruit of our long years of commitment to high-quality products and services. In addition, we expanded our product repertoire and made

Personal history, positions, responsibilities and significant concurrent positions

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

Significant concurrent positions

KITO Americas, Inc./Chairman
ERIKKILA OY/Director

important investments aimed at increasing our presence in the European market in fiscal 2017.

The global economy has numerous uncertainties, but we will create high-quality teams that span national borders centered on our "KITO Spirit," continuing to contribute to our customers, stockholders, and team members.

Candidate Number

3

Re-election

Inside



Name

Tsuneo Yuzurihara

Date of birth

December 26, 1957 (Age: 60)

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 and to continue to be a company which is chosen and needed by customers.

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 General Manager of Quality Assurance Division (to present)

Significant concurrent positions

JIANGYIN KITO CRANE CO., LTD./Director

Message to our shareholders

This fiscal year, as well, we will continue to produce products that provide safe and secure work environments through our corporate mission of careful and conscientious manufacturing.

We will also organically combine the core systems launched in the last fiscal year and the production systems to create a highly productive, highly efficient supply chain, so that we can contribute to greater sales and profits. We will also steadily implement our Mid-term Management Plan on our own initiative to continue to meet the expectations of our stakeholders.

Candidate Number

4

New candidate

Inside



Name

Shigeki Osozawa

Date of birth

October 12, 1962 (Age: 55)

Number of shares of the Company held

35,000 shares

Reasons for the election

Since becoming Executive Officer of the Company in 2011, 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 healthy development of the Group with this support from a financial perspective for global development and sustainable corporate value improvement.

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 (to present)

Significant concurrent positions

KITO PHILIPPINES, INC./Chairman & President
KITO HOISTS & CRANES ASIA PTE. LTD./Director

Message to our shareholders

Recently, the world has been changing at an even greater speed than before, and the shifts produced by these changes are growing greater, as if the outlook changed totally overnight. 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.

As a Director, I will keep this pursuit of a positive cycle firmly in mind and resolve again to do my utmost to realize it.

Candidate Number

5

Re-election

Outside

Independent
director



Name

Keizo Tannawa

Date of birth

September 19, 1952 (Age: 65)

Number of shares of
the Company held

56,200 shares

Attendance at board
meetings

11 out of 12 meetings

Reasons for the election

Mr. Keizo Tannawa is providing appropriate opinions on the management of the Company from his wealth of knowledge obtained over many years primarily in organization and human resources at a consulting company, his experience of leading the same company as an executive for many years, and his experience as an outside director and an outside auditor at other companies. He is nominated as a candidate for Outside Director so he can continue to contribute to fair and objective decision-making and oversight at the Board of Directors.

Personal history, positions, responsibilities and significant concurrent positions

April 1978	Joined Nippon Kokan Corporation
July 1987	Joined McKinsey & Company, Inc. Japan
July 1993	Partner of McKinsey & Company, Inc. Japan
July 1997	Representative Director and President of Watson Wyatt K.K. (current Towers Watson K.K.)
February 2007	Director of the Company (to present)
July 2013	Chairman of Towers Watson K.K.
July 2014	Senior Advisor of Towers Watson K.K.
January 2016	Left Towers Watson K.K.
February 2016	Advisor of beBit, Inc. (to present)

Significant concurrent positions

beBit, Inc./Advisor
INVEST SECURITIES CO., LTD. (Securities Code: 8709)/Outside Director (audit and supervisory committee member)
Akebono Brake Industry Co., Ltd. (Securities Code: 7238)/Outside Corporate Auditor
ZMP Inc./Outside Auditor
WWF Japan/Representative Director and Vice Chairman
TSUBAKI NAKASHIMA Co., Ltd. (Securities Code: 6404)/Outside Director
Livesense Inc. (Securities Code: 6054)/Outside Director

Message to our shareholders

Currently, KITO is taking on the challenge of company-wide reform aiming for the evolution into a truly global company. As an Outside Director, I will use my approximately 30 years of experience in the building of organization and human resource management within a global corporation as well as my specialist knowledge to strongly assist making this progress a reality. In order to meet the expectations of shareholders, I will also work on solving management issues with the aim of continuing to create a strong and good company that have both profitability and growth potential, which we can pride ourselves on before the whole world.

Candidate Number

6

Re-election

Outside

Independent
director



Name

Katsumi Nakamura

Date of birth

June 23, 1953 (Age: 64)

Number of shares of
the Company held

— shares

Attendance at board
meetings

12 out of 12 meetings

Reasons for the election

Mr. Katsumi Nakamura has many years of experience as 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.

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

Significant concurrent positions

Inabata & Co., Ltd. (Securities Code: 8098)/Outside Director
Kansai Airports/Outside Director (Member of the Audit and Supervisory Committee)

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. The automobile industry is a constantly technology-driven industry, as can be seen in the recent advances in automated driving and EVs. Since my roots are in automobile technical design, I am looking forward to helping the further refinement of KITO's manufacturing technologies as well.

Candidate Number

7

Re-election

Outside

Independent
director



Name

Takashi Hirai

Date of birth

February 24, 1965 (Age: 53)

Number of shares of
the Company held

800 shares

Attendance at board
meetings

10 out of 10 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 international management professionals 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, implementation, and oversight of the Company's strategies.

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 (to present)
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)

Significant concurrent positions

Professor of Graduate School of Business Sciences, MBA Program in International Business, University of Tsukuba
Visiting Professor of Graduate School of Business Administration, Keio University
Visiting Professor of Graduate School of Business and Finance, Waseda University

Message to our shareholders

The global business environment can make sudden and unexpected changes in direction. I will actively contribute to KITO's further growth and development in the face of this highly uncertain business environment. I will use my experience as a strategic consultant, my experience as an executive in global companies such as Dell and Starbucks, and my knowledge as a member of academia, investigating advanced management theory, to their fullest to tackle critical challenges such as formulating growth strategies and enhancing our global operation strengths.

(Notes) 1. No conflict of interest exists between the Company and any of the candidates.

2. Messrs. Keizo Tannawa, Katsumi Nakamura and Takashi Hirai are the candidates for Outside Directors.

The Company has designated Messrs. Keizo Tannawa, Katsumi Nakamura and Takashi Hirai as independent directors and notified the Tokyo Stock Exchange.

3. Number of years of service since the candidates were first appointed as Outside Directors

1) Mr. Keizo Tannawa's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 11 years and 4 months.

2) Mr. Katsumi Nakamura's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 2 years.

3) Mr. Takashi Hirai's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 1 year.

4. Liability limitation agreement with the candidates

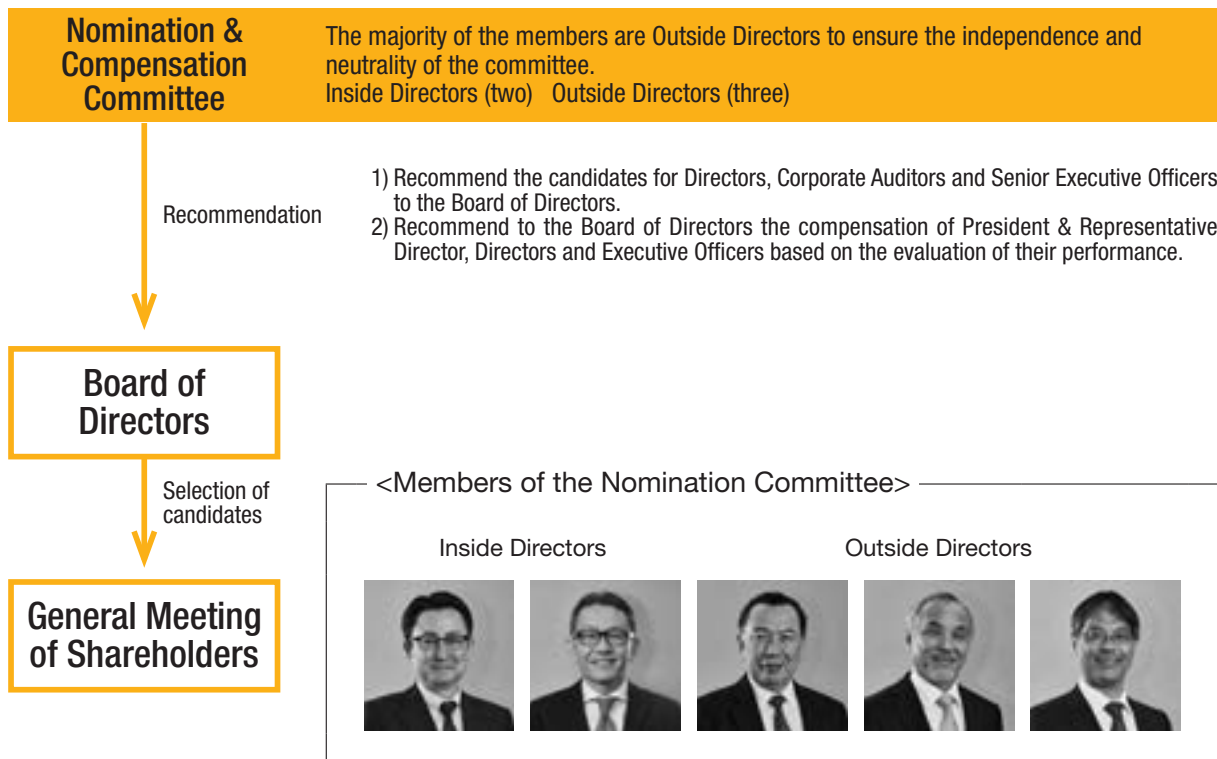
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded agreements with Messrs. Keizo Tannawa, Katsumi Nakamura and Takashi Hirai limiting their liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability under those Agreements is 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. Keizo Tannawa, Katsumi Nakamura and Takashi Hirai is approved, the Company plans to continue those agreements with them.

Reference information related to the exercise of voting rights

● Election (Nomination & Compensation Committee)

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

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



● Standards for Independence of Outside Directors

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

1. A person for whom the Company's group is a principal trading partner or a business administrator thereof,
2. A principal trading partner of the Company's group or a business administrator thereof,
3. A major shareholder of the Company or a business administrator thereof,
4. A business administrator of a person for whom the Company's group is a major investor,
5. A person receiving a large donation from the Company's group or a business administrator 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 (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,
8. A person from a corporation for which a business administrator of 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 its affiliated companies.

(Note)

"Person for whom the Company's group is a principal trading partner" refers to a person who received from the Company 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's group" refers to a person who made to the Company 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" refers to a person directly or indirectly holding 10% or more of the voting rights of the Company'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.

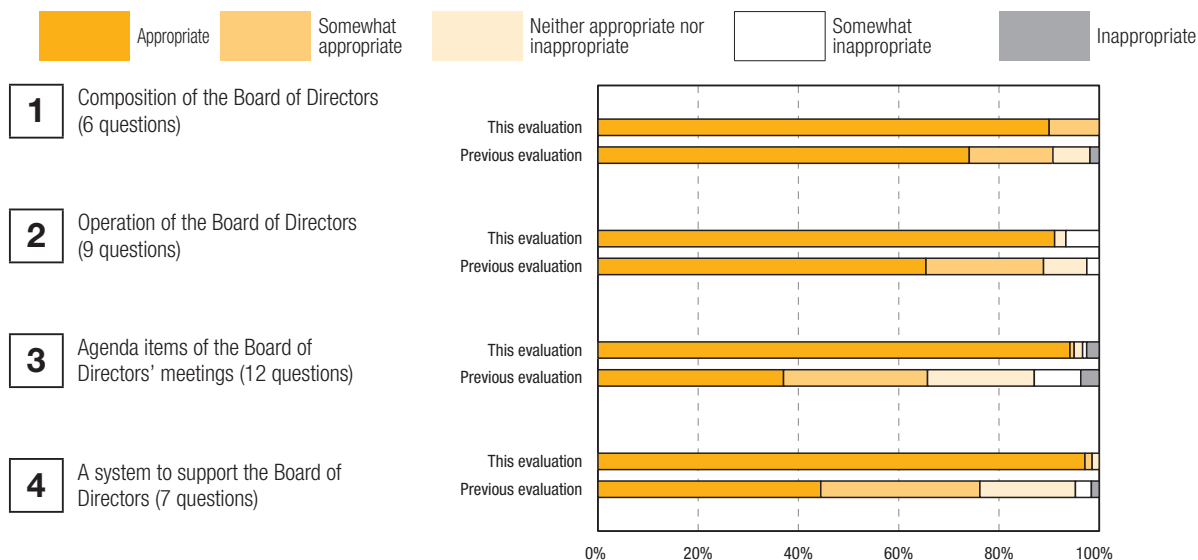
"Person receiving a large donation from the Company's group" refers to a person who received from the Company's group a donation in excess of 10 million yen or 2% of its annual sales turnover or gross income whichever is larger on average in the preceding 3 years.

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

Below are the results of the most recent (December 2017) 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). In the questionnaire, the subjects were evaluated into five grades and the survey provided a free comment space to collect opinions.



2. Results of the evaluation

Evaluations improved for all items.

- The number of members of the Board of Directors is appropriate. There is a good balance of experience and expertise among officers.
- In the future, the Board of Directors will need to give consideration to diversity, such as nationality and gender diversity.
- The Board of Directors engages in vigorous discussion.
- The Board of Directors strives to operate in a manner which promotes vigorous discussion, such as sending materials well in advance.
- The Board of Directors needs to focus more on discussion with a medium- and long-term perspective.

3. Responses that the Company will make

Based on the above evaluation results, the Company will address the issues identified through the evaluation for improvement, in order to further enrich deliberations at the Board of Directors' meetings.

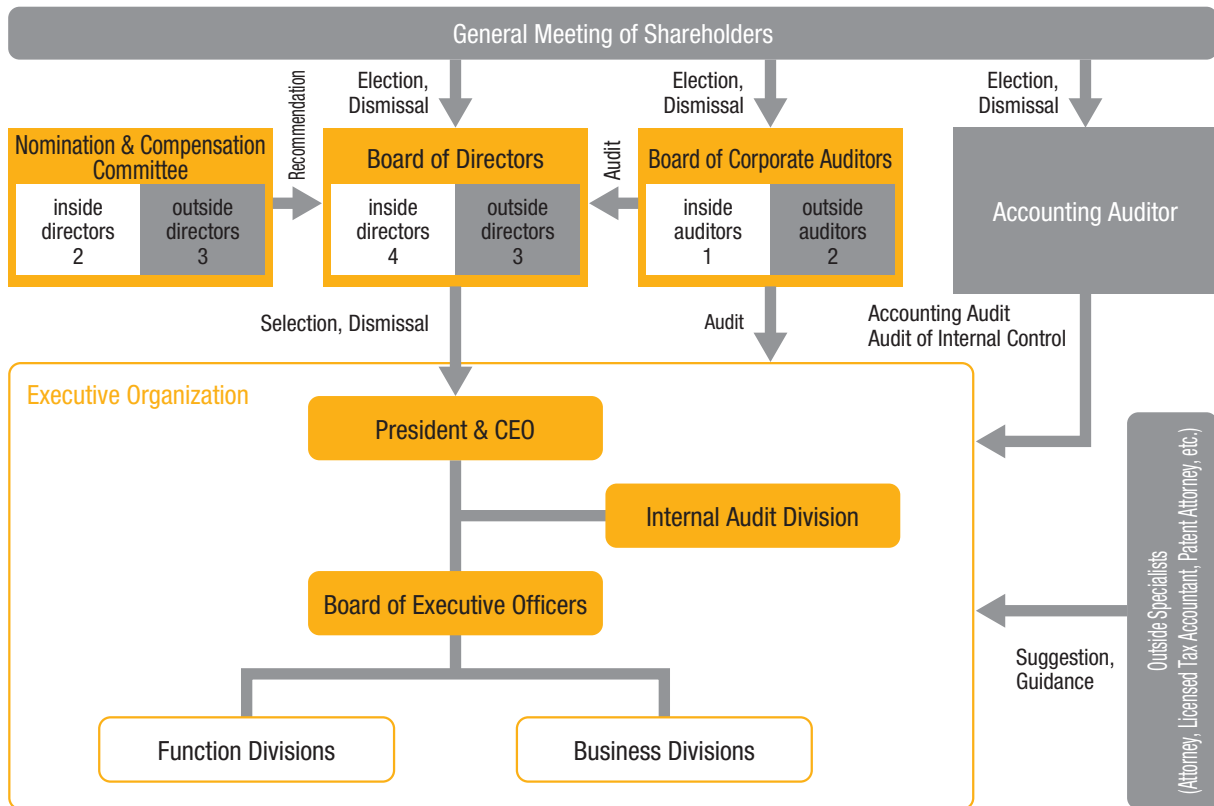
- More appropriate measures will be implemented to make outside officers understand the Company and the markets in which the Company operates.
- The Company will strive to deepen management strategies through measures such as the creation of opportunities for discussion regarding medium- and long-term themes.

● 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 this proposal is 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

Keizo Tannawa
Katsumi Nakamura
Takashi Hirai

- Of the seven Directors, **three are Outside Directors and Independent Directors**
- Outside Directors: Composed of specialists in organization, business models, and strategies, etc., with diverse experience and specializations.
- Inside Directors: Appointed from among members with diverse experience in sales, manufacturing, and management, etc.

Board of Corporate Auditors Corporate Auditors' term of office: four years

Inside Corporate Auditor

Kentaro Yoneyama

Outside Corporate Auditors

Masatoshi Yasunaga
Kiyohito Hamada

- Of the three Corporate Auditors, **two are Outside Corporate Auditors and Independent Auditors**
- One is a lawyer and the other is a certified public accountant and tax accountant

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, gender, etc.

Business Divisions

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

Function Divisions

Business Administration	Business Strategy	Manufacturing and Quality	Development & Technology	Procurement	Powered Chain Hoists	Hoist Manufacturing	Chain Manufacturing
Akihide Miyawaki Shigeki Osozawa	Shigeki Osozawa	Tsuneo Yuzurihara	Kazumitsu Ishikawa	Toshio Kono	Scott D. Miller	Kimiaki Hayakawa	Hiroshi Yamada

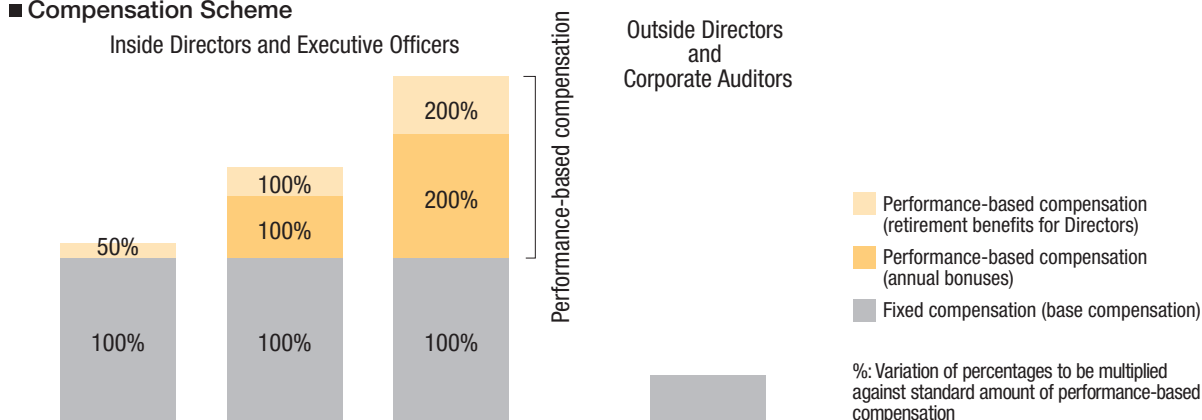
● Compensation System

■ Basic Policy of Officers' Compensation System and Method of Determining Compensation

- 1) The Company positions officers' compensation 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, excluding Outside Directors, and Executive Officers shall reflect the level of achievement of consolidated business performance targets and level of the individual officer's contribution to the business performance of the Company. The higher the position and responsibility of an officer, the greater the ratio of the officer's performance-based compensation to his/her total compensation.
- 3) The Company ensures the transparency and objectivity of the compensation of Directors and Executive Officers by deliberating on the compensation of Directors and Executive Officers at the Nomination & Compensation Committee, a voluntary committee which majority of the members are Outside Directors, and making recommendations to the Board of Directors.
- 4) Based on the above recommendations by the Nomination & Compensation Committee, the officers' compensation will be approved by the Board of Directors.

Fixed compensation (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 (annual bonuses)	The Company calculates the standard annual bonuses by position, with a range of 25 to 50% of base compensation for each position. Then we determine bonuses for individual Director/Executive Officers within a range of 0 to 200% of standard annual bonus by comprehensively evaluating individual Director/Executive Officer's level of achievement of his/her targets and the level of his/her contribution to the business performance of the Company, 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.
Performance-based compensation (retirement benefits for Directors)	The Company calculates the standard annual reserve for retirement benefits for each position, within a range of 10 to 25% of base compensation. Then, the Company determines annual reserves for retirement benefits for individual Directors/Executive Officers with a range of 50 to 200% of the standard annual reserves by comprehensively evaluating the level of achievement of their targets and the level of their contribution to the business performance of the Company, using consolidated net sales and EBITDA of the Company as the evaluation indicators.

■ Compensation Scheme



(Note) Annual amount of compensation for Directors: 300 million yen or less (including 30 million yen or less for Outside Directors)
 Annual amount of compensation for Corporate Auditors: 80 million yen or less
 (These amounts were determined by resolution at the Ordinary General Meeting of Shareholders held on June 26, 2007.)

Proposal No. 3: Granting of Retirement Benefits to Retiring Director

It is proposed that retirement benefits be granted to Director Mr. Akihide Miyawaki, who is retiring by registration at the conclusion of this Meeting to reward his service according to the method of evaluation, calculation, and determination procedures set forth in the “Compensation System” of the Company indicated on the previous page.

Name	Personal history	
Akihide Miyawaki	June 2015	Managing Director
	April 2016	Senior Managing Director (to present)

Proposal No. 4: Granting of Stock Acquisition Rights as Stock Options to Directors (Excluding Outside Directors) and Executive Officers

Pursuant to Articles 236, 238, and 239 of the Companies Act, it is proposed that stock acquisition rights be granted as stock options to Directors (excluding Outside Directors) and Executive Officers of the Company as follows, and that the determination of subscription requirements of stock acquisition rights be delegated to the Board of Directors of the Company.

If all of these new stock acquisition rights are exercised, the current total number of issued stocks, 27,048,200 stocks, will be diluted by approximately 0.7%.

1. Reason for need to solicit individuals to receive stock acquisition rights at especially favorable terms:

The purpose is to motivate and give the directors (excluding outside directors) and executive officers an incentive for improving the Company's performance and corporate value.

2. Individuals eligible to receive stock acquisition rights:

Directors (excluding outside directors) and executive officers of KITO CORPORATION. The number of Directors specified in the Articles of Incorporation of the Company is ten (10) (including Outside Directors) at maximum, and currently the Company has seven (7) Directors (including 3 Outside Directors). If Proposal No. 2 is approved as proposed, the number of Directors will be seven (7) (including 3 Outside Directors).

3. Details, cap on the number, etc. of stock acquisition rights delegated to determine the subscription requirements based on the resolution that will be passed at the Shareholders Meeting:

(1) Cap on the number of stock acquisition rights delegated to determine the subscription requirements:

It shall be set at 1,000 units, the details of which are as defined in (3) below.

The total number of stocks to be received by exercise of such stock acquisition rights shall be capped at 200,000 common stocks of KITO CORPORATION, and at the number calculated by multiplying the adjusted number of stocks to be granted by the number of the above stock acquisition rights in cases where the number of the stocks to be granted (as defined below) is adjusted in accordance with (3)-(a).

(2) Payment of money is not required for the stock acquisition rights delegated to determine the subscription requirements.

(3) Details of the stock acquisition rights delegated to determine the subscription requirements:

(a) Type and number of stocks underlying the stock acquisition rights:

The type of stocks underlying the stock acquisition rights shall be a common stock of KITO CORPORATION, and the number of such stocks underlying a single stock warrant (hereinafter referred to as the "Number of the Stocks to be Granted") shall be 200 shares.

However, in the event of a split (including allotment of the common stocks of KITO CORPORATION without contribution; the same applies hereinafter) or reverse split of the common stocks of KITO CORPORATION, the Number of the Stocks to be Granted shall be adjusted based on the following formula, and a fraction of less than one share resulting from the adjustment shall be disregarded:

Adjusted Number of the Stocks to be Granted = Number of the Stocks to be Granted before adjustment × Ratio of stock split or reverse split

In addition to the above, in the event of unavoidable reasons requiring the adjustment of the Number of the Stocks to be Granted, such Number of the Stocks to be Granted shall be adjusted within the reasonable extent.

(b) Amount of assets to be invested upon exercise of the stock acquisition rights:

It shall be the amount calculated by multiplying the amount paid per one common stock of KITO CORPORATION to be received by exercise of the stock acquisition rights (hereinafter referred to as the “Exercise Price”) by the Number of the Stocks to be Granted.

The Exercise Price shall be the amount calculated by multiplying whichever is the higher of (A) the average of daily closing price of the common stocks of KITO CORPORATION at the Tokyo Stock Exchange (hereinafter referred to as the “Closing Price”) for the month (except days when no trades are done) prior to the month that includes the day when the stock acquisition rights are allotted (hereinafter referred to as the “Day of Allotment”); or (B) the Closing Price for the Day of Allotment (the Closing Price for the day immediately prior to the Day of Allotment if no trades are done), by 1.05, and a fraction of less than 1 yen shall be rounded up.

In cases where a split or reverse split of the stocks of KITO CORPORATION takes place after the Day of Allotment, the Exercise Price shall be adjusted based on the following formula, and a fraction of less than 1 yen resulting from the adjustment shall be rounded up:

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Stock Split or Reverse Split}}$$

In cases where KITO CORPORATION issues new stocks or disposes of treasury stocks (except securities acquired by KITO CORPORATION in exchange for delivery of the common stocks of KITO CORPORATION or securities with put option, and stocks delivered by exercise of the stock acquisition rights of which the holder can demand delivery of the common stocks of KITO CORPORATION) at a price lower than the market value after the Day of Allotment, the Exercise Price shall be adjusted based on the following formula and a fraction of less than 1 yen resulting from the adjustment shall be rounded up:

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times \text{Number of Stocks Issued} + \frac{\text{Number of New Stocks} \times \text{Amount Paid per Share}}{\text{Market Value}}}{\text{Number of Stocks Issued} + \text{Number of New Stocks}}$$

In the above formula, the “Number of stocks issued” shall be the number calculated by deducting the number of treasury stocks out of the common stocks of KITO CORPORATION from the total number of common stocks of KITO CORPORATION that have already been issued, and the “Number of new stocks” shall be deemed to be replaced with the “number of treasury stocks to be disposed of” in the event of disposition of the treasury stocks.

In addition to the above, in the event of unavoidable reasons requiring adjustment of the Exercise Price (e.g., in cases where KITO CORPORATION reduces the amount of its stated capital after the Day of Allotment), the Exercise Price shall be adjusted, in consideration of the terms and conditions of such reduction in the amount of the stated capital, within the reasonable extent.

(c) Period during which the stock acquisition rights may be exercised:

It shall be a period from the day when two (2) years have elapsed since the day on which the resolution is adopted to the day when ten (10) years have elapsed and determined by the board of directors of KITO CORPORATION.

(d) Conditions for exercising the stock acquisition rights:

- i) Successors of a holder of the stock acquisition rights may inherit the stock acquisition rights.
- ii) Disposition of the stock acquisition rights such as pledges shall not be permitted.

(e) Grounds and requirements for acquiring the stock acquisition rights:

- i) In cases where a holder of the stock acquisition rights is discharged on disciplinary grounds or removed from his/ her post as director, executive officer or auditor (except removal due to mandatory retirement and termination of a term) or resigns for his/her own reasons, all of the stock acquisition rights issued for such a holder may be acquired with no compensation.
- ii) In cases where a holder of the stock acquisition rights finds a position at a company in substantial competition with KITO CORPORATION or conducts on his/her own business in substantial competition with KITO CORPORATION, all of the stock acquisition rights issued for such a holder may be acquired with no compensation.
- iii) In cases where a holder of the stock acquisition rights violates the terms of the “agreement on allotment of stock acquisition rights” that is signed between the holders of the stock acquisition rights and KITO CORPORATION, all of the stock acquisition rights issued for such a holder may be acquired with no compensation.

(f) Restrictions on acquiring the stock acquisition rights through transfers:

In order to acquire the stock acquisition rights through transfers, approval by resolution at the board of directors of KITO CORPORATION is required.

(g) Matters concerning the stated capital or capital reserve to be increased in cases where stocks are issued by way of exercise of the stock acquisition rights:

- i) The amount of the stated capital to be increased in cases where the stocks are issued by way of exercise of the stock acquisition rights shall be half of the amount of the maximum increase in the stated capital as calculated pursuant to Article 17-(1) of the Ordinance on Company Accounting, and a fraction of less than 1 yen resulting from the calculation shall be rounded up.

- ii) The amount of the capital reserve to be increased in cases where the stocks are issued by way of exercise of the stock acquisition rights shall be the amount calculated by deducting the amount of the stated capital to be increased as stipulated in the above i) from the amount of the maximum increase in the stated capital as in i).

(h) Handling of the stock acquisition rights in the event of the act of reorganization:

In cases where KITO CORPORATION carries out a merger (only when KITO CORPORATION is extinguished due to the merger), absorption-type or incorporation-type company split, stock swap, or stock transfer (hereinafter collectively referred to as the “Act of Reorganization”), KITO CORPORATION shall deliver to the holders of outstanding stock acquisition rights, as of the effective time of the Act of Reorganization (hereinafter referred to as the “Remaining Stock Acquisition Rights”), stock acquisition rights of a stock company (hereinafter referred to as the “Reorganized Company”) as provided in (a) to (e) of (viii) of Article 236-(1) of the Companies Act (hereinafter referred to as the “Reorganized Company Stock Acquisition Rights”) based on the following terms and conditions.

In this case, the Remaining Stock Acquisition Rights shall be extinguished, and the Reorganized Company shall newly issue the Reorganized Company Stock Acquisition Rights; provided, however, that in accordance with the terms and conditions below this shall apply only to cases where the delivery of the Reorganized Company Stock Acquisition Rights is stipulated in the agreement on an absorption-type / consolidation-type merger, absorption-type company split or stock swap, or in the plan on an incorporation-type company split or stock transfer.

- i) Number of the Reorganized Company Stock Acquisition Rights to be delivered:
The Reorganized Company Stock Acquisition Rights shall be respectively delivered in the same number of stock acquisition rights that are owned by a holder of the Remaining stock acquisition rights.
- ii) Type and number of the stocks of the Reorganized Company underlying the Reorganized Company Stock Acquisition Rights:
The type shall be a common stock of the Reorganized Company, and its number shall be determined in consideration of the terms of conditions of the Act of Reorganization and in accordance with the above (a).
- iii) Amount of assets to be invested upon exercise of the Reorganized Company Stock Acquisition Rights:
It shall be, in consideration of the terms and conditions of the Act of Reorganization, the amount calculated by multiplying the amount paid after the reorganization resulting from the adjustment of the Exercise Price as prescribed in the above (b) by the number of stocks of the Reorganized Company underlying such Reorganized Company Stock Acquisition Rights as determined in the above ii).
- iv) Period during which the Reorganized Company Stock Acquisition Rights may be exercised:
It shall be from whichever is the later of (A) the first day of the period during which the Stock Acquisition Rights may be exercised as provided in the above (c); or (B) the effective day of the Act of Reorganization, through the last day of the period during which the stock acquisition rights may be exercised as provided in the above (c).

- v) Conditions for exercising the Reorganized Company Stock Acquisition Rights:
They shall be determined pursuant to the above (d).
 - vi) Grounds and requirements for acquiring the Reorganized Company Stock Acquisition Rights:
They shall be determined pursuant to the above (e).
 - vii) Restrictions on acquiring the Reorganized Company Stock Acquisition Rights through transfers:
In order to acquire the Reorganized Company Stock Acquisition Rights through transfers, the approval by resolution at the board of directors of the Reorganized Company (or “directors” when the Reorganized Company does not have the board of directors) is required.
 - viii) Matters concerning the stated capital or capital reserve to be increased in cases where stocks are issued by way of exercise of the Reorganized Company Stock Acquisition Rights:
They shall be determined pursuant to the above (g).
- (i) Rounding-down of fractions resulting from exercise of the stock acquisition rights:**
In cases where the stocks to be delivered to the holders of the stock acquisition rights have a fraction of less than 1 share, such a fraction shall be rounded down.
- (j) Amount of the stock acquisition rights:**
The amount of the stock acquisition rights shall be calculated using the Black Scholes model, which is a general option value calculation model, based on the conditions as of the day of allotment.
- (k) Other details of the stock acquisition rights:**
They shall be defined at the board of directors meeting that determines the subscription requirements for the stock acquisition rights.

1 Overview of the Company Group

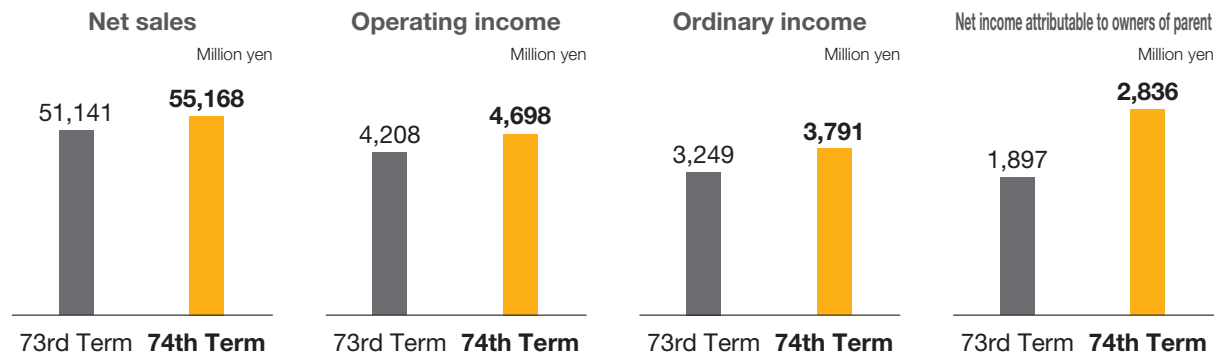
(1) Business Progress and Results

During fiscal 2017, the fiscal year ended March 31, 2018, there remained uncertainty regarding the U.S. political administration and the geopolitical situation in East Asia, but the economies of Japan, Europe, the U.S. and China maintained a tone of recovery overall. In terms of the business environment for the Company, in both Japan and the U.S. private-sector capital investment continued to grow steadily along with infrastructure-related demand.

Fiscal 2017 was the second year of KITO's five-year Mid-Term Management Plan. The Company continued to implement various measures, from the previous fiscal year, aimed at achieving its management goals of regaining a high earnings structure, growth through expansion of the product portfolio, and establishing an organizational structure of a genuine global company.

Consolidated net sales for the fiscal year rose by

7.9% over the previous fiscal year to 55,168 million yen, supported by firm demand. The Company introduced a new IT infrastructure which has initiated its operation from the second quarter of the subject fiscal year. Production activity declined temporarily immediately following the switchover to the new infrastructure, but from the third quarter the Company made a concerted effort to stabilize production, and focused on restoring regular shipments. In addition, overseas subsidiaries in China and the rest of the Asia region implemented successful measures to improve profitability. Earnings increased in all categories as a result, with operating income of 4,698 million yen (an increase of 11.6% over the previous fiscal year), ordinary income of 3,791 million yen (an increase of 16.7% over the previous fiscal year), and net income attributable to owners of parent of 2,836 million yen (an increase of 49.4% over the previous fiscal year).



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

Japan

Demand remained robust for both infrastructure-related investments and private-sector capital investment in both the domestic and export markets. Production activities declined temporarily in the second quarter due to the switchover to a new IT infrastructure, but production was stabilized from the third quarter to meet robust demand. As a result, net sales in Japan amounted to 24,886 million yen (an increase of 3.5% over the previous fiscal year). Operating income amounted to 4,639 million yen (a decrease of 3.9% over the previous fiscal year), due mainly to the impact of amortization and other expenses incurred related to the introduction of the core system and an increase in one-time expenses to catch up production and shipping delays.

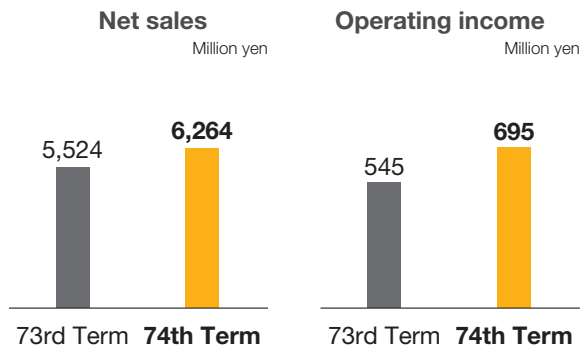
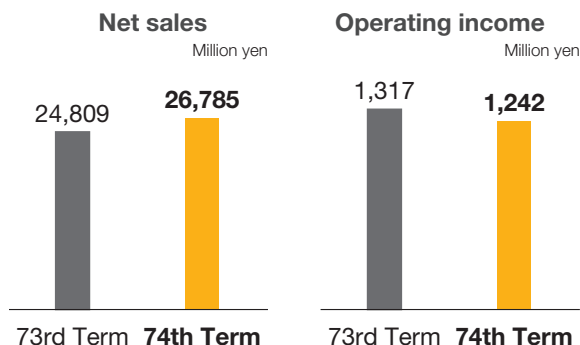
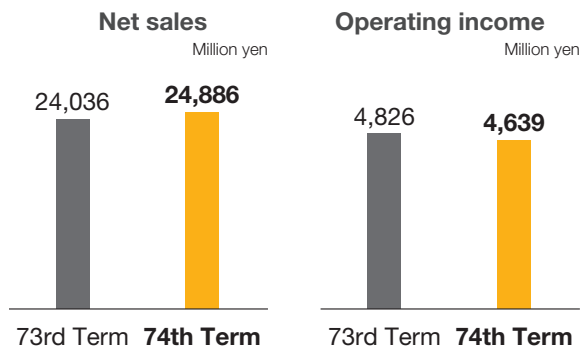
The Americas

In the United States, despite the lack of clarity in government policy, private facility investment was firm and market conditions recovered, resulting in favorable turn of natural resource-related investment demand. As a result, net sales amounted to 26,785 million yen (an increase of 8.0% over the previous fiscal year), but the implementation of sales expansion measures caused sales expenses to rise, resulting in operating income of 1,242 million yen (a decrease of 5.7% over the previous fiscal year).

China

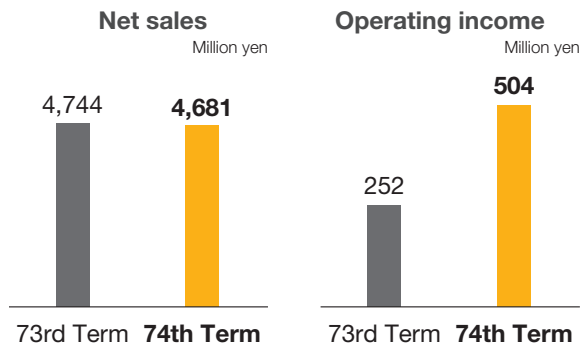
Deceleration of the Chinese economy came to a halt and demand bottomed out. As a result, net sales amounted to 6,264 million yen (an increase of 13.4% over the previous fiscal year). Operating income amounted to 695 million yen (an increase of 27.4% over the previous fiscal year).

for the Company and its consolidated group companies.



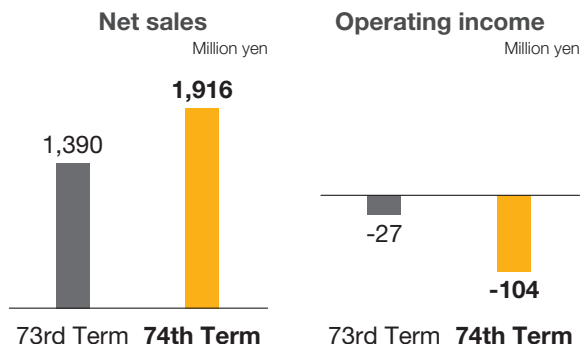
Asia

Demand continued in South Korea for clean room cranes and other products, and the Company focused on meeting firm demand in Thailand and other areas, as well as improving earnings. As a result, while net sales in Asia (excluding Japan and China) remained roughly unchanged at 4,681 million yen (a decrease of 1.3% over the previous fiscal year), but operating income improved, amounting to 504 million yen (an increase of 100.0% over the previous fiscal year).



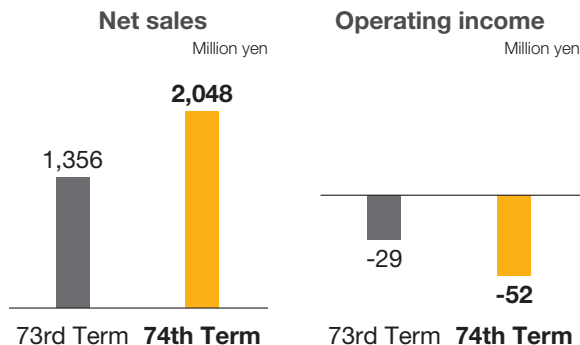
Europe

Net sales amounted to 1,916 million yen (an increase of 37.9% over the previous fiscal year) as a result of the proactive sales promotion measures to capture rising demand for capital investment throughout the region. However, due to increased sales expenses, the segment posted an operating loss of 104 million yen (compared with an operating loss of 27 million yen in the previous fiscal year).



Other

Net sales amounted to 2,048 million yen (an increase of 51.1% over the previous fiscal year), with an operating loss of 52 million yen (compared with an operating loss of 29 million yen in the previous fiscal year). In Australia, Kito Australia Pty. Ltd and its subsidiaries were acquired and included within the scope of consolidation beginning from the end of June 2016 (business results have been included starting from July 1, 2016).



(2) Capital investment

The total amount of capital investment in the consolidated fiscal year ended in March 31, 2018 was 1,607 million yen, comprising primarily the renewal of internal core systems and the renewal of electrical power distribution equipment, etc.

(3) Financing

In the consolidated fiscal year ended in March 31, 2018, the Company financed 1,323 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 new 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	71st Term April 1, 2014 through March 31, 2015	72nd Term April 1, 2015 through March 31, 2016	73rd Term April 1, 2016 through March 31, 2017	74th Term (FY2017) April 1, 2017 through March 31, 2018
Net sales	49,968	55,821	51,141	55,168
Ordinary income	3,423	4,576	3,249	3,791
Net income attributable to owners of parent	2,026	2,497	1,897	2,836
Net income per share	77.52 yen	95.13 yen	82.38 yen	139.52 yen
Total assets	63,183	60,639	60,137	61,854
Net assets	25,626	26,040	21,239	23,697

- (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) Important 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., Har Ki, Inc., and PEERLESS INDUSTRIAL GROUP, INC.
Harrington Hoists, Inc.	(Thousand USD) 9,500	*100.0%	Manufacture and sales of the Company's products
Har Ki, Inc.	(Thousand USD) 1	*100.0%	Managing trademark rights and intellectual property rights concerning the products of Harrington Hoists, Inc.
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 SECURITY CHAIN COMPANY Inc.
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 and cranes
Kito Europe GmbH	(Thousand EUR) 3,000	100.0%	Sales of the Company's 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
SIAM KITO CO., LTD.	(Thousand THB) 100,000	*80.0%	Manufacture and sales of the Company's products
SUKIT BUSINESS CO., LTD.	(Thousand THB) 100	82.8%	Holding company for the purpose of investing in SIAM KITO CO., LTD.
KITO PHILIPPINES, INC.	(Thousand USD) 13,989	100.0%	Manufacture of components of the Company's products
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) 36,727.5	100.0%	Manufacture and sales of cranes and wire rope hoist products, etc.
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)			
Kito Chain Italia S.r.l.	(Thousand EUR) 10	100.0%	Manufacture and sales of chains and chain-related products
ERIKKILA OY	(Thousand EUR) 40	*100.0%	Manufacture and sales of light crane products, etc.

- (Notes)
- Harrington Hoists, Inc. is a wholly owned subsidiary of KITO Americas, Inc.
 - Har Ki, Inc. is a wholly owned subsidiary of KITO Americas, Inc.
 - Peerless Chain Co., Inc. is a wholly owned subsidiary of PEERLESS INDUSTRIAL GROUP, INC.
 - SCC JAPAN GODO KAISHA is a subsidiary of Peerless Chain Co., Inc.
 - KITO PHILIPPINES, INC. terminated its operations at the end of March 2014, and is currently under liquidation.
 - ERIKKILA OY is a wholly owned subsidiary of Kito Europe GmbH. The acquisition of shares by Kito Europe GmbH was completed on January 31, 2018.
 - Investment ratio with (*) indicate investment by subsidiaries of the Company.

3) **Status of specified wholly-owned subsidiaries of the Company as of March 31, 2018**

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

4) **Progress and results of the merger**

There are 24 consolidated subsidiaries and one subsidiary accounted for by the equity method included in the scope of consolidation of the Company.

Results of the consolidated fiscal year ended in March 2018 are stated in “1. Overview of the Company Group (1) Business Progress and Results.”

Consolidated financial statements

Consolidated balance sheets Consolidated fiscal year 2017 (As of March 31, 2018)

Million yen

Accounts	Amounts	Accounts	Amounts
Assets		Liabilities	
Current assets	40,130	Current liabilities	18,619
Cash and deposits	10,780	Notes and accounts payable	6,143
Notes and accounts receivable	11,447	Short-term loans payable	1,506
Merchandise and finished goods	12,209	Current portion of long-term loans payable	4,212
Work in process	1,815	Accrued expenses	2,949
Raw materials and supplies	1,478	Income taxes payable	795
Deferred tax assets	1,155	Provision for bonuses	803
Other	1,287	Provision for product warranties	33
Allowance for doubtful receivables	(43)	Provision for sales returns	290
		Other	1,884
Noncurrent assets	21,724	Non-current liabilities	19,537
Property, plant and equipment	11,549	Long-term loans payable	15,731
Buildings and structures	4,473	Provision for directors' retirement benefits	211
Machinery, equipment and vehicles	4,823	Net defined benefit liability	2,407
Land	1,497	Deferred tax liabilities	1,083
Construction in progress	284	Other	103
Other	469	Total liabilities	38,157
Intangible assets	6,841	Net assets	
Goodwill	1,926	Shareholders' equity	22,111
Software	1,705	Capital stock	3,976
Other	3,209	Capital surplus	5,210
Investments and other assets	3,332	Retained earnings	18,674
Investment securities	1,312	Treasury shares	(5,749)
Deferred tax assets	572	Accumulated other comprehensive income	602
Other	1,447	Valuation difference on available-for-sale securities	0
		Deferred gains or losses on hedges	106
Total assets	61,854	Foreign currency translation adjustment	724
		Remeasurement of defined benefit plans	(228)
		Subscription rights to shares	48
		Minority interests	935
		Total net assets	23,697
		Total liabilities and net assets	61,854

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

Consolidated statement of income

Consolidated fiscal year 2017 (From April 1, 2017 to March 31, 2018)

Million yen

Accounts	Amounts
Net sales	55,168
Cost of sales	35,286
Gross profit	19,881
Selling, general and administrative expenses	15,182
Operating income	4,698
Non-operating income	204
Interest income	29
Rents received	31
Proceeds from the sales of scrap	52
Other	90
Non-operating expenses	1,111
Interest expenses	395
Foreign exchange losses	212
Equity in losses of affiliates	245
Other	257
Ordinary income	3,791
Income before income taxes	3,791
Income taxes-current	1,124
Income taxes-deferred	(278)
Net income	2,945
Net income attributable to non-controlling interests	109
Net income attributable to owners of parent	2,836

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