

Report of Business Operations for the 55th Business Period (Business Period ended October 2019) (Attachment to the Notification and Invitation to the 54th Regular General Meeting of the Shareholders)

From November 1, 2018 to October 31, 2019

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

a) Summary of consolidated fiscal year operating results (From November 1, 2018 to October 31, 2019)

In the fiscal year under review, Japan's economy maintained a moderate recovery trend, with continuous improvements in employment and income environments despite apparent weaknesses in exports and production. However, the outlook for the business conditions remained unclear due to foreign economic trends including Brexit issue, uncertainty over governmental policies, effects of tensions regarding trade issues on the global economy, etc.

In the construction industry where the Kanamoto Group belongs, public sector investment was solid, mainly in construction related to preventing and reducing damage from disasters and maintenance, updates, etc. in response to the aging of social capital, and favorable private sector construction investments were seen mainly in redevelopment projects, etc. in major metropolitan areas, while a chronic shortage of skilled construction workers, persistently high material and equipment costs, and other conditions that demand close attention persist.

In such circumstances, the Group moved forward aggressively with its regional strategy and capital investment with the aim of ensuring earning opportunities for the entire Group and achieving the "BULL55" medium-term vision (fiscal 2015 to fiscal 2019). Also, securing and training the human resources who will lead the Group's future is a priority issue in order to commit to the long-term growth strategy and, anticipating the future of the overall industry, the Group carried out personnel system reforms and other measures.

Consequently, in the fiscal year ended October 31, 2019 net sales rose 7.4% from the prior consolidated fiscal year level to ¥180,694 million. Operating profit increased 1.4% year on year to ¥17,842 million, ordinary profit rose 2.0% to ¥18,277 million, and profit attributable to owners of parent decreased 3.6% to ¥11,430 million.

Results for each of the Company's business segments were as follows.

b) Summary of consolidated operating results by business segment

[Business related to the Construction Equipment Rental Division]

In the construction-related business, which is Kanamoto's core business, rental demand for construction equipment was solid as a whole, with transportation infrastructure refurbishment related to the Tokyo Olympics and Paralympics, large-scale redevelopment construction, construction projects related to national resilience, etc. Further, the Group has worked to strengthen our response capabilities by reconfiguring our existing rental equipment and augmenting our assets in order to strengthen our support system for restoration and recovery from the natural disasters that have been occurring one after another over recent years. As a result, sales by region in this business were up 8.8% in the Hokkaido Region, down 2.0% in the Tohoku Region, up 12.1% in the Kanto & Koushinetsu Region, up 8.8% in the Nishi-nihon Region, and up 11.5% in the Kyushu & Okinawa Region.

In addition, used construction equipment sales increased 22.9% year-on-year, as Kanamoto sold its equipment based on its initial plan in order to maintain a proper composition of assets.

Reflecting these factors, the Kanamoto Group posted net sales in the construction-related businesses of ¥161,831 million, an increase of 7.5% year-on-year, and operating profit of ¥16,505 million, an increase of 0.9%.

[Other Businesses]

In the Company's other businesses, net sales were up 6.9% from the same period of the previous consolidated fiscal year to ¥18,862 million because of steady demand in Kanamoto's steel products-related, information and telecommunications-related, and welfare-related businesses. Operating profit from these operations was up 7.9% to ¥913 million.

(Millions of yen)

Segment	54th Business Period Business Period ended October 2018	55th Business Period Business Period ended October 2019	Change from prior year (%)
Business related to the Construction Equipment Rental Division	150,542	161,831	7.5
Other Businesses	17,646	18,862	6.9
Total	168,188	180,694	7.4

(2) Financing activities

1) Funds Procurement

In the current consolidated fiscal year, capital increase through public offering, disposal of treasury shares by public offering, and capital increase through third-party allotment took place as follows, and a total of ¥10,718 million was procured.

Category	Number of shares issued ('000 shares)	Amount issued per share(Yen)	Amount procured (Millions of yen)	Payment date
Capital increase through public offering	2,250	3,152.40	7,092	November 28, 2018
Disposal of treasury shares	750	3,152.40	2,364	November 28, 2018
Capital increase through third-party allotment	400	3,152.40	1,260	December 19, 2018

2) Capital investment

Capital investment implemented by the Kanamoto Group during the current consolidated fiscal year totaled ¥39,810 million. This included purchases of rental equipment of ¥35,783million, and investments in assets used by the group, including the establishment, relocation and expansion of branches, of ¥4,026 million.

< Main branches newly established in the Corporate Group >

During the consolidated fiscal year under review, Kanamoto newly opened 8 branches and closed 1 branch.

Kanamoto Co., Ltd.

New branches: Hamamatsu Branch (Hamamatsu City, Shizuoka Prefecture)
Saku Branch (Saku City, Nagano Prefecture)
Naruse Dam Branch (Ogachi-gun, Akita Prefecture)
Kisarazu Branch (Kisarazu City, Chiba Prefecture)
Utsunomiya Chuo Branch (Utsunomiya City, Tochigi Prefecture)
Kyoto Branch (Kyoto City, Kyoto Prefecture)
Odawara Equipment Center (Odawara City, Kanagawa Prefecture)
Kitahiroshima Branch (Kitahiroshima City, Hokkaido)

Closed branches: Sanjo Branch (Sanjo City, Niigata Prefecture)

3) Transfer, absorption, division or new establishment of businesses

The Company had no material items to report.

4) Receipt of businesses from other companies

The Company had no material items to report.

5) Succession to rights and obligations concerning the businesses of other corporations etc. by absorption and merger or absorption and division

The Company had no material items to report.

6) Acquisition or disposal of shares, other equity or subscription rights to shares of other companies

The Company had no material items to report.

(3) Financial position and profit and loss in the current business period and three immediately prior business periods

(Millions of yen except per share data, which are in yen)

Category	52th Business Period (Business Period ended October 2016)	53th Business Period (Business Period ended October 2017)	54th Business Period (Business Period ended October 2018)	55th Business Period (current consolidated fiscal year) (Business Period ended October 2019)
Net sales	144,870	158,428	168,188	180,694
Ordinary income	14,405	17,193	17,925	18,277
Profit attributable to owners of parent	8,098	10,744	11,857	11,430
Net income per share	229.16	304.05	335.54	295.30
Total assets	220,540	227,155	241,374	268,182
Net assets	81,434	91,788	102,031	121,779
Net assets per share	2,169.93	2,440.41	2,707.49	2,981.68

Note : The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the current consolidated fiscal year and total assets for the 52nd to 54th Business Periods are stated reflecting the change in presentation, with the amount after retroactive restatement.

(4) Issues to be Addressed by the Company

Currently, the core business of the Kanamoto Group is construction equipment rental. Accordingly, on the back of its asset portfolio structure and scale, the Company must establish a strong earnings structure supported by detailed operation. In addition, the

Company needs to expand areas and explore and target business domains in which earnings are not substantially impacted by the domestic construction investment trend.

1) Strengthen human resources training, and also Kanamoto Group alliances

Human resources are an important driver of corporate growth. During the next several years, intensified competition among companies, especially in the construction equipment rental industry, is likely to reveal a clear distinction among companies and result in poor performers falling to the wayside. Kanamoto plans to train its employees so that they will possess the knowledge and skills fitting for people working at a leading company in the construction equipment rental industry. The Company will also train human resources that can immediately respond to business expansion in Japan and abroad.

Moreover, to expand business domains and areas, it is essential that Kanamoto fortify Group company alliances and the relationships with alliance companies, based on which Kanamoto will fully exert its comprehensive corporate vitality, leading to enhanced synergy effects for the Group.

2) Deepen asset strategies

Customers' needs and operational track records are certainly factors when selecting which assets to introduce. However, after considering how the particulars of domestic construction demand are changing, such as with respect to recent ICT techniques, for example, we ultimately determine the appropriate amount and the composition of the assets to be introduced by thoroughly examining the market and earnings characteristics of both the present and the future.

3) Continuous cost reductions

When introducing assets the Company utilizes a thorough benchmark system, and further aims to maintain and improve asset value by optimizing asset maintenance costs based on its rental assets operating policies.

4) Promotion of overseas business

We continue to promote sales activities, which are carried out in coordination with asset management and earnings management, in the countries whose markets we have currently entered, and at the same time, investigate the possibility of advancing into new areas and work to strengthen overseas bases.

(5) Main businesses (As of October 31, 2019)

Activities	Main products and services
Business related to the	Rental and sale of equipment and instruments for use in construction,

Construction Equipment Rental Division	temporary materials for construction use, safety products for the construction industry and modular housing units for temporary use
Other Businesses	Sale of steel products such as steel bar, steel plate and round bar, contract construction, rental and sale of computers and computer peripheral equipment, Rental and sales of social-welfare-service and nursing-care equipment

(6) Main offices of the Kanamoto Group (As of October 31, 2019)

1) Main offices and facilities

Kanamoto's Head Office and Operations Control Headquarters are located in Chuo-ku in Sapporo, Hokkaido, and the Company's Business Coordination Headquarters is located in Minato-ku in Tokyo.

The number of branches in each of the Company's operating regions is shown below.

■Number of offices by region (excluding non-operating divisions)

	Region	Business related to the Construction Equipment Rental Division		Other Businesses	
		Kanamoto	Consolidated subsidiaries	Kanamoto	Consolidated subsidiaries
Japan	Hokkaido	65	22	3	0
	Tohoku	56	13	0	0
	Kanto	38	25	1	3
	Chubu	23	8	0	0
	Kinki	8	15	0	9
	Chugoku	2	2	0	11
	Shikoku	4	1	0	0
	Kyushu	2	74	0	22
Overseas	China	0	1	0	0
Total		359		49	

2) Number of Kanamoto Group employees

	Number of employees
Business related to the Construction Equipment Rental Division	2,805
Other Businesses	286
All companies (shared)	190
Total	3,281

Notes: 1. Figures are the number of full-time employees and do not include directors, temporary

or part-time employees.

2. The number of employees increased by 146 compared to the end of the previous fiscal year.

3. Employees designated as "All companies (shared)" are individuals affiliated with management departments who cannot be classified in a specific segment.

3) Number of Kanamoto employees

Number of employees	Change compared with end of prior fiscal year	Average age	Average length of service
1,939	74	38.0	10.8 years

Note : Figures are the number of full-time employees and do not include temporary or part-time employees.

(7) Important parent company affiliates and subsidiary companies

1) Parent company affiliates

The Company had no items to report.

2) Subsidiaries

(Unit: Millions of yen; Thousands of yuan)

Company name	Capital	Kanamoto's ownership (%)	Main activities
Assist Co., Ltd.	136	100.0	Rental and sale of furniture, fixtures and safety products
Kanatech Co., Ltd.	100	100.0	Design and sale of modular housing units for temporary use
Kanki Corporation	99	93.5	Rental and sale of construction equipment
Kyushu Kensan Co., Ltd.	70	90.1	Rental and sale of construction equipment centered on foundation equipment
Daiichi Kikaisangyo Co., Ltd.	20	100.0	Rental and sale of construction equipment
Toyo Industry Co., Ltd.	31	100.0	Shield tunneling method-related peripheral equipment rentals and sales
NISHIKEN CO., LTD.	1,049	77.6	Rental and sales of construction machinery, temporary materials for construction use, social-welfare-service and nursing-care equipment
Unite Co., Ltd.	1,144	66.9	Rental and sale of road construction equipment, road construction works
KG Flowtechno Co., Ltd.	20	100.0	Developing a business in the rental and design,

			manufacture and sale of specialized equipment used for projects such as ground improvement work and the construction of underground structures
Kanamoto (China) Investment Co., Ltd.	CNY145,321	100.0	Rental and sale of construction equipment

Note : 1. There are no specified wholly-owned subsidiaries as of the end of this fiscal year.

2. The holding ratio in Kanki Corporation and NISHIKEN CO., LTD. is calculated excluding treasury shares.

(8) Primary lenders and amount of borrowing (As of October 31, 2019)

Financial institution	Loan balance (Millions of yen)
MUFG Bank, Ltd.	4,771
Mizuho Bank, Ltd.	3,035
North Pacific Bank, Ltd.	2,515
The Hokkaido Bank, Ltd.	2,135
The 77 Bank, Ltd.	1,910
JA - Hokkaido Shinren	1,590
The Norinchukin Bank	1,575
The Aomori Bank, Ltd.	1,220
The Akita Bank, Ltd.	985
The Bank of Fukuoka, Ltd.	985

(9) Basic Policy Concerning Distribution of Earnings and Dividends for the Consolidated Fiscal Year under Review and Next Consolidated Fiscal Year

Distribution of earnings to shareholders is a key management issue. The dividend policy of Kanamoto is to provide shareholders with a consistent and stable dividend regardless of the business environment. Furthermore, the Company aims to implement profit distribution in line with earnings performance. Moreover, it is the basic policy of Kanamoto to sufficiently build up its retained earnings, which is essential for strengthening financial position and to implement aggressive business expansion.

For the fiscal year ended October 2019, the Board of Directors has decided to pay a year-end dividend of ¥40 and an annual dividend of ¥65 per share (which includes an interim dividend of ¥25).

Furthermore, the Company aims to allocate retained earnings to capital investments, including facilities investment for rental equipment and other assets. Note that the

company is putting a share buyback program into place to facilitate the flexible implementation of capital policies.

(10) Summary of other important matters concerning the corporate group

There are no material events that should be reported.

2. Matters Concerning the Company's Stock

Summary of Common Stock (As of October 31, 2019)

- 1) Total number of shares authorized 130,000,000 shares**
- 2) Shares issued and outstanding 38,742,241 shares**
(including 3,259 shares of treasury stock)
- 3) Number of shareholders 8,796**

4) Principal shareholders (ten largest)

Shareholder name	Number of shares held ('000 shares)	Percentage of total (%)
Japan Trustee Services Bank, Ltd. (Trust account)	3,584	9.25
The Master Trust Bank of Japan, Ltd. (Trust account)	1,624	4.19
ORIX Corporation	960	2.48
Kanamoto Capital Company	915	2.36
The Hokkaido Bank, Ltd.	888	2.29
Tokio Marine & Nichido Fire Insurance Co., Ltd.	802	2.07
North Pacific Bank, Ltd.	763	1.97
Japan Trustee Services Bank, Ltd. (Trust account 9)	745	1.92
Japan Trustee Services Bank, Ltd. (Trust account 5)	626	1.62
Denyo Co.,Ltd.	625	1.61

Note : Percentage of total is calculated excluding treasury shares (3,259 shares).

5) Other important matters concerning stocks

Based on a resolution at the Board of Directors meeting held on November 12, 2018, the total number of issued shares increased by 2,650,000 shares as a result of the issuance of new shares for capital increases through a public offering with a payment date of November 28, 2018 and through third-party allotment related to the sale by over-allotment with a payment date of December 19, 2018.

3. Matters Concerning Stock Acquisition Rights etc.

The Company had no material items to report.

4. Matters Concerning Company Directors (As of October 31, 2019)

(1) Summary of directors and auditors

Name	Position and duties	Main concurrent positions at other entities
Kanchu Kanamoto	Chairman of the Board and Representative Director	Chairman of the Board, Kanamoto (China) Investment Co., Ltd.
Tetsuo Kanamoto	President and CEO, Corporate Officer; and General Manager, Business Coordination Headquarters	President and Representative Director, Toyo Industry Co., Ltd. Chairman of the Board and Representative Director, Unite Co., Ltd. Chairman of the Board and Representative Director, KG Flowtechno Co., Ltd. Chairman of the Board, KANAMOTO (HK) CO., LTD. Representative Director, Kanamoto & JP Nelson Equipment (S) PTE. Ltd.
Hitoshi Narita	Director, Corporate Officer; and Division Manager, Management Planning Division	President and Representative Director, Kanatech Co., Ltd.
Tatsuo Kanamoto	Director, Corporate Officer; Division Manager, Construction Equipment Rental Division; Regional Manager, Construction Equipment Rental Division Hokkaido Region; and Manager in charge of Steel Sales Division	
Masakazu Hirata	Director, Corporate Officer; Deputy Division Manager, Construction Equipment Rental Division; and Division Manager, Used Equipment Sales Division	
Hiroyuki Isono	Director, Corporate Officer; Division Manager, Accounting Division; Manager, Bill Collection Center	
Manabu Nagasaki	Director, Corporate Officer	Representative Director and President, NISHIKEN CO., LTD.

Yuichi Asano	Director, Corporate Officer; and Division Manager, Credit Management Division	
Kazunori Hashiguchi	Director, Corporate Officer; Division Manager Human Resources Division; General Manager, Business Development Office	
Susumu Naito	Director (Outside Director)	
Masayuki Oikawa	Director (Outside Director)	
Motoki Yonekawa	Director (Outside Director)	Chairperson, Social Medical Corporation Hokuyukai
Eichu Kanamoto	Standing Corporate Auditor	
Naoyuki Yokota	Standing Corporate Auditor	
Akio Hashimoto	Auditor (Outside Auditor)	Lawyer
Noriaki Ikushima	Auditor (Outside Auditor)	
Katsunori Matsushita	Auditor (Outside Auditor)	

- Notes: 1. Directors Susumu Naito, Masayuki Oikawa and Motoki Yonekawa are Outside Directors.
2. Corporate Auditors Akio Hashimoto, Noriaki Ikushima and Katsunori Matsushita are Outside Corporate Auditors.
3. Corporate Auditor Katsunori Matsushita has many years of experience in the banking business, and has considerable knowledge of finance and accounting.
4. The Company has notified the Tokyo Stock Exchange and Sapporo Securities Exchange, the exchanges on which Kanamoto's shares are listed, of the positions of directors Susumu Naito, Masayuki Oikawa and Motoki Yonekawa as "independent officers" as provided by the rules, etc., of both exchanges.
5. The Company has notified the Tokyo Stock Exchange and Sapporo Securities Exchange, the exchanges on which Kanamoto's shares are listed, of the positions of Corporate Auditors Akio Hashimoto, Noriaki Ikushima and Katsunori Matsushita as "independent officers" as provided by the rules, etc., of both exchanges.

6. Outside Corporate Auditor Akira Naoi passed away on April 29, 2019, and thus retired from his office as Auditor on the same day.
7. Based on the provision of Article 427 paragraph 1 of the Companies Act, the Company has entered agreements with its outside directors and outside auditors that limits their liability for compensation for damages under Article 423 paragraph 1 of the same law. The amount of the limit on the liability for compensation for damages based on said agreement is the amount provided by the law.

(2) Total remuneration and other amounts paid to Directors and Auditors

Classification	Number of compensated individuals	Compensation amount (Millions of yen)
Director	12(1)	112(1)
Auditor (Outside Auditor)	8 (6)	28 (4)
Total	20(7)	141 (5)

- Notes :
1. Two Directors (Outside Directors) who received no remuneration are not included in the compensated individuals indicated above.
 2. Total compensation paid to Directors does not include ¥94 million equivalent to the employee salary portion (including bonuses) paid to Directors serving concurrently as employees.
 3. The maximum compensation for Directors was established at a maximum annual amount of ¥240 million (however, not including the employee salary portions) by a resolution of the 26th Regular General Meeting of the Shareholders convened on January 24, 1991.
 4. The maximum compensation for Auditors was established at a maximum annual amount of ¥50 million by a resolution of the 42nd Regular General Meeting of the Shareholders convened on January 26, 2007.

(3) Matters concerning Outside Directors

1) Concurrent posts held by Company executives including positions at other companies

Director Motoki Yonekawa is the Chairperson of Social Medical Corporation Hokuyukai. There is no special relationship between Social Medical Corporation Hokuyukai and the Company.

2) Concurrent service as an outside director at other companies

The Company had no material items to report.

3) Relationships with specified related parties including main customers

The Company had no material items to report.

4) Activities during the current fiscal year

Classification	Name	Activities
Director	Susumu Naito	Attended five of the six Board of Directors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals concerning resolutions and discussions.
Director	Masayuki Oikawa	Attended all of the six Board of Directors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals concerning resolutions and discussions.
Director	Motoki Yonekawa	Attended five of the six Board of Directors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals concerning resolutions and discussions.
Auditor	Akio Hashimoto	Attended all of the six Board of Directors meetings and all of the eight Board of Corporate Auditors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals based mainly on his expert perspective as an attorney-at-law.
Auditor	Akira Naoi	Attended all of the four Board of Directors meetings and all of the six Board of Corporate Auditors meetings held during the fiscal year until resignation on April 29, 2019 and appropriately contributed the necessary advice and proposals based mainly on his expert perspective as a certified public accountant.
Auditor	Noriaki Ikushima	After inauguration attended all of the four Board of Directors meetings and all of the four Board of Corporate Auditors meetings held during the fiscal year, and appropriately contributed the necessary advice and proposals based on his experience involvement in administration and management through his participation in municipal government.
Auditor	Katsunori Matsushita	After inauguration attended three of the four Board of Directors meetings and three of the four Board of Corporate Auditors meetings held during the fiscal year, and appropriately contributed the necessary advice and proposals based on his many years of employment and experience at financial institutions and his experience as a standing auditor at other companies.

Note : In addition to the above, to achieve more rapid decision-making the Company implemented resolutions in writing 12 times based on the provision of Article 370 of the Companies Act.

5. Matters Concerning Independent Auditors

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of compensation and other benefits

	Amount paid (Millions of yen)
Amount paid for compensation etc. as independent auditors pertaining to the current fiscal year	41

Total amount of cash and other financial interests Kanamoto and its subsidiary companies will pay to the Company's independent auditors 59

Note : 1. The amount of compensation and other benefits pertaining to the current fiscal year is reported in these total amounts because the amounts of the audit fees etc. for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not classified separately and cannot be substantively classified in the audit agreement between the Company and its independent auditors.

2. The Board of Corporate Auditors comprehensively examined the details of audit plans by the accounting auditor, the status of its execution of duties in accounting and others audit, as well as referring to past remuneration of the accounting auditor before agreeing on the remuneration amount, etc. for the accounting auditor.

(3) Details of Non-audit Duties

The Company, as business outside of the business set forth in Article 2 paragraph 1 of the Certified Public Accountants Act, has commissioned the agreed procedural business to the accounting auditor, and is paying a fee for this.

(4) Policy for deciding on dismissal or refusal of reappointment

If the Board of Corporate Auditors judges that the accounting auditor falls under any of the items in Article 340, paragraph (1) of the Companies Act, and that there is no prospect of improvement, the Audit Committee shall dismiss the accounting auditor by unanimous decision.

Furthermore, the Board of Corporate Auditors shall decide whether to dismiss or refuse to reappoint the accounting auditor in cases that the Board of Corporate Auditors judges that the above action is needed, such as when it is recognized that audits cannot be conducted appropriately due to the occurrence of events that harm the competence and independence of the accounting auditor.

6. System and Operating Status for Ensuring Appropriate Business Operations

(1) System for Ensuring Appropriate Business Operations

Pursuant to the Board of Directors meeting held on April 23, 2015, the Company has resolved to partially revise its "Basic Policy on Establishment of an Internal Control System." In conjunction with this, the Company has also revised its system to ensure that Company directors comply with laws and the Company's Articles of Incorporation in the execution of their duties and its systems to ensure that other Company operations are appropriate. A summary of the Company's decisions concerning the above revisions is provided below.

1) System to ensure directors and employees comply with laws and the Articles of Incorporation in the execution of their duties

Kanamoto Company, Ltd. and its subsidiaries have prepared Ethics Guidelines as part of the corporate philosophy, and use these as the Company standard for compliance. Under the Compliance Committee chaired by Kanamoto's president, the Company has disseminated these Guidelines throughout the Company and established a system for compliance with laws and the Ethics Guidelines, and has prepared a handbook summarizing Kanamoto's corporate philosophy and employee conduct standards, which it distributes to all executives and regular employees to increase compliance awareness. As a consultation and reporting system, Kanamoto also has set up in-house and external compliance hotlines, and created a system to resolve problems quickly when consultations or reports are received directly from employees and other individuals, while strictly observing confidentiality and ensuring that individuals who report problems do not suffer any disadvantages. Furthermore, the Company has established a Legal Section reporting directly to the president, to act as an advisory panel for important legal issues, and a system to enable the Company to give proper legal consideration to all decision making.

2) System for preserving and managing information concerning the execution of directors' duties

Kanamoto retains documents and various information in accordance with laws and ordinances and its internally established document administration regulations and document retention rules. Information is controlled in accordance with internal information management regulations and general data management rules, and personal data are administered in accordance with the Kanamoto Rules on Personal Data Protection and the Company's personal data protection manual.

3) Rules and other systems concerning management of loss risk

Kanamoto and its subsidiaries have established mechanisms to recognize and evaluate risks related to the business activities of each division, and prepared systems to avoid such risks. This has created a system capable of clarifying the authority and responsibilities of each division, supervising risk management conditions throughout the organization under the Board of Directors and discovering new risks. If unforeseen circumstances have occurred that will have a serious effect on the Company operations, or if there is concern such circumstances might occur, the Company and its subsidiaries will respond appropriately, and take measures to prevent a recurrence, based on its Emergency Response Manual (Contingency Plan).

4) System for ensuring efficient execution of directors' duties

In addition to its regular Board of Directors meetings, Kanamoto and its subsidiaries hold extraordinary Board of Directors meetings from time to time as necessary to decide important matters and to make flexible decisions concerning the execution and supervision of management strategies and the Company's business plans. The Company's Board of Directors receives reports on important matters including the financial condition and other matters of the Company's subsidiaries. For its management plan, the Company establishes budgets for the next business fiscal year and medium-term future, which gives the managers of each division the Company's overall objectives based on specific numerical targets. Each division sets division-wide objectives, and executes progress management and specific measures aimed at achieving its goals. Kanamoto has also introduced the corporate officer system to accelerate management decision-making and clarify supervisory authority and responsibility for plan execution, and each corporate officer is responsible for achieving the management plan approved by the Board of Directors. To respond quickly to the severe pace of change in its management environment, the Company has also shortened the directors' term of office to one year.

5) System to ensure appropriate activities at Kanamoto and within the corporate group comprised of the parent company and subsidiaries

To apply Kanamoto's Ethics Guidelines correspondingly to each company in the Kanamoto Group, the Company has decided to enlarge the scope of the Compliance Committee and the consultation and reporting system to every group firm, to ensure the effectiveness of business activities is as extensive as possible.

In addition, in accordance with the provisions of the Financial Instruments and Exchange Act, the Company and its affiliates maintain an excellent management environment, and work to strengthen company-wide internal controls, internal controls pertaining to settlement of accounts financial reports and operating process control

activities, create internal control systems that enable the Company to make proper and effective assessments and conduct appropriate operations. Furthermore, under Kanamoto's internal management system concerning financial reporting, each organization (individual) has affirmed the following roles.

- [1] Managers have the final responsibility for all of the organization's activities, and prepare and implement internal controls based on this basic policy.
- [2] The Board of Directors has supervisory responsibility for the preparation and operation of the managers' internal controls, and monitors and supervises managers to ensure the financial reporting and internal controls are executed properly.
- [3] The auditors monitor and verify the financial reporting and preparation and operation of the internal controls from an independent standpoint.
- [4] The Internal Control and Auditing Office objectively evaluates from an independent standpoint, the effectiveness of the internal controls related to financial reporting at Kanamoto and its affiliated companies on behalf of the Company's managers in accordance with the audit rules, and when necessary makes proposals concerning improvements and corrections and reports to the managers and Board of Directors.

6) Matters concerning individuals requested by the auditors to assist with auditors' activities

Kanamoto currently does not employ any individuals to assist the auditors in their activities, but should it become necessary, the Company will hire audit staff. During a period the auditors specify, the management authority for the nominated employees will be transferred to the auditors, and the employees will not receive instructions or orders from the Company's directors, thereby ensuring the effectiveness of instructions from auditors.

7) Matters related to the independence of employees in the preceding paragraph from directors

Personnel matters for employees assigned to audit activities (appointments, transfers and evaluations) will have the consent of the auditors.

8) System for directors and employees to report to the auditors, other systems concerning reports to auditors, and other systems to ensure audits are performed effectively

To perform audits of the directors, the Company's auditors attend the meetings of the Board of Directors, and also attend important meetings and committees, in order to understand other important decisions and the circumstances of execution of the Company's business activities. If the directors and employees of Kanamoto and its subsidiaries discover facts that might cause the Company considerable harm, they are to

report immediately to the auditors. The standing auditors will circulate a report and request for managerial decision, and if necessary can request explanations from the directors and employees. Those who reported to the auditors shall not be treated unfavorably on the grounds of giving such report.

The auditors also meet regularly with the president and representative director, to exchange opinions concerning issues the Company should address and important audit matters. After audits are completed, the Internal Control and Auditing Office promptly submits an Auditors' Report concerning the audit results to the president and representative director and the auditors.

The auditors and the Internal Control and Auditing Office also exchange information and cooperate in other ways with outside specialists, including the accounting auditors and the Company's attorneys.

9) Matters regarding policies related to processing of expenses or liabilities arising from the execution of auditors' duties

In regards to procedures for prepayment or reimbursement of expenses arising from execution of auditors' duties and processing of expenses or liabilities arising from execution of auditors' duties, such expenses or liabilities are accounted for upon requests made by the auditors, except where the requests cannot be considered necessary for the execution of auditors' duties.

10) System for eliminating antisocial forces

In its Ethics Guidelines, Kanamoto has adopted a resolute stance and set forth provisions to block all transactions and relationships with antisocial forces, individuals and groups that threaten the order and safety of society and the stable operation of firms. In addition to gathering information from specialized external agencies and other sources at an internal division, the Company works to educate employees through programs such as internal training. Moreover, in an emergency the Company will cooperate with the police authorities having jurisdiction, its advising attorney and other institutions and individuals, to organizationally block and eliminate unwarranted demands from antisocial elements.

(2) Operating Effectiveness of Internal Controls

In accordance with the provisions of the Financial Instruments and Exchange Act, Kanamoto and its subsidiaries evaluate the design and operating effectiveness of internal controls for each period and have the accounting auditor conduct audits on the appropriateness.

In addition, for the purpose of maintaining and enhancing the level of control, the Internal Control and Auditing Office conducts audits of Kanamoto and its affiliated

companies for each period, and when necessary, reports to the managers, Board of Directors, Board of Auditors and Internal Control Committee.

7. Kanamoto's Basic Policy Concerning Dividends

The Company had no applicable items to report.

Consolidated Financial Statements

55th Business Period

From November 1, 2018

to October 31, 2019

Kanamoto Co., Ltd.

Consolidated Balance Sheet

(As of October 31, 2019)

(Millions of Yen)

Classification	Amount	Classification	Amount
(Assets)		(Liabilities)	
Current assets	111,393	Current liabilities	78,519
Cash and deposits	43,751	Notes and accounts payable-trade	33,657
Notes and accounts receivable - trade	39,574	Short-term loans payable	12,267
Electronically recorded monetary claims - operating	6,347	Lease obligations	885
Merchandise and finished goods	1,017	Income taxes payable	4,245
Uncompleted construction expenditure	33	Provision for bonuses	1,320
Raw materials and supplies	800	Accounts payable-other	23,370
construction machine parts	17,567	Other	2,772
Other	2,527	Noncurrent liabilities	67,883
Allowance for doubtful accounts	-225	Long-term loans payable	17,206
Total non-current assets	156,789	Lease obligations	1,800
Property, plant and equipment	141,084	Long-term accounts payable-other	48,043
Rental equipment	85,855	Net defined benefit liability	285
Buildings and structures	15,393	Asset retirement obligations	492
Machinery, equipment and vehicles	1,451	Other	55
Tools, furniture and fixtures	471	Total Liabilities	146,403
Land	37,211	(Net Assets)	
Construction in progress	701	Shareholders' equity	113,783
Intangible assets	1,680	Capital stock	17,829
Goodwill	201	Capital surplus	19,324
Other	1,478	Retained earnings	76,638
Investments and other assets	14,024	Treasury stock	-9
Investment securities	9,319	Accumulated other comprehensive income	1,723
Deferred tax assets	1,714	Valuation difference on available-for-sale securities	1,918
Other	3,344	Deferred gains or losses on hedges	0
Allowance for doubtful accounts	-353	Foreign currency translation adjustment	-192
		Remeasurements of defined benefit plans	-2
		Minority interests	6,272
		Total Net Assets	121,779
Total Assets	268,182	Total liabilities and net assets	268,182

Consolidated Statement of Income

(From November 1, 2018 to October 31, 2019)

(Millions of Yen)

Classification	Amount	
Net sales		180,694
Cost of sales		127,766
Gross profit		52,928
Selling, general and administrative expenses		35,085
Operating income		17,842
Non-operating income		815
Interest income and dividends	194	
Insurance income	69	
Rent income	80	
Temporary transfer charges income	107	
Reversal of allowance for doubtful accounts	14	
Other	349	
Non-operating expenses		380
Interest expenses	88	
Foreign exchange losses	22	
Stock issuance costs	46	
Loss on lease cancellation	42	
Other	181	
Ordinary income		18,277
Extraordinary income		74
Gain on sales of non-current assets	38	
Subsidy income	19	
Gain on sales of investment securities	15	
Extraordinary loss		627
Loss on sales and retirement of noncurrent assets	189	
Loss on valuation of shares of subsidiaries and associates	438	
Income before income taxes and minority interests		17,723
Income taxes-current	6,214	
Income taxes-deferred	-698	
Income before minority interests		12,207
Minority interests in income		777
Profit attributable to owners of parent		11,430

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income
Fiscal year ended October 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,652	14,916	67,086	-2,129	93,526
Changes of items during period					
Issuance of new shares	4,176	4,176			8,353
Dividends of surplus			-2,382		-2,382
Change in scope of consolidation			504		504
Profit attributable to owners of parent			11,430		11,430
Change in ownership interest of parent due to transactions with non-controlling interests		-13			-13
Acquisition of treasury stock				-0	-0
Disposal of treasury shares		243		2,120	2,364
Net changes of items other than shareholders' equity					-
Total changes of items during period	4,176	4,407	9,552	2,120	20,257
Balance at end of current period	17,829	19,324	76,638	-9	113,783

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,148	0	-	5	2,153	6,351	102,031
Changes of items during period							
Issuance of new shares							8,353
Dividends of surplus					-		-2,382
Change in scope of consolidation							504
Profit attributable to owners of parent					-		11,430
Change in ownership interest of parent due to transactions with non-controlling interests					-		-13
Acquisition of treasury stock							-0
Disposal of treasury shares					-		2,364
Net changes of items other than shareholders' equity	-229	0	-192	-8	-430	-78	-509
Total changes of items during period	-229	0	-192	-8	-430	-78	19,748
Balance at end of current period	1,918	0	-192	-2	1,723	6,272	121,779

The Accounting Auditor's Report of Consolidated Financial Statements

Independent Auditor's Report

December 18, 2019

Kanamoto Co., Ltd.
To the Board of Directors,

Ernst & Young ShinNihon LLC

Kiyohiro Saito
Designated limited liability partner
Managing Partner
Certified public accountant

Mitsuhiro Fujimori
Designated limited liability partner
Managing Partner
Certified public accountant

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, of Kanamoto Co., Ltd. ("the Company") applicable to the fiscal year from November 1, 2018 to October 31, 2019.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit from an independent perspective. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence on the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the

method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Kanamoto Group, which consisted of the Company and its consolidated subsidiaries, in the fiscal year under review in accordance with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company that should be disclosed in compliance with the Certified Public Accountants Act.

Financial Statements

*55th Business Period
From November 1, 2018
to October 31, 2019*

Kanamoto Co., Ltd.

Balance Sheet

(As of October 31, 2019)

(Million of Yen)

Classification	Amount	Classification	Amount
(Assets)		(Liabilities)	
Current assets	78,675	Current liabilities	57,776
Cash and deposits	30,534	Notes payable-trade	18,245
Notes receivable-trade	6,661	Accounts payable-trade	5,754
Electronically recorded monetary claims – operating	5,523	Short-term loans payable	9,576
Accounts receivable, trade	19,184	Income taxes payable	3,014
Merchandise and finished goods	294	Provision for bonuses	779
Costs on uncompleted construction contracts	31	Accounts payable-other	18,719
Raw materials and supplies	542	Accrued expenses	497
Construction machine parts	14,223	Notes payable-facilities	732
Prepaid expenses	335	Other	456
Short-term loans receivable	869		
Other	547	Noncurrent liabilities	53,465
Allowance for doubtful accounts	-73	Long-term loans payable	13,925
		Long-term accounts payable-other	39,222
Noncurrent assets	135,389	Asset retirement obligations	317
Property, plant and equipment	108,923		
Rental equipment	61,583		
Buildings	9,349	Total Liabilities	111,241
Structures	2,538		
Machinery and equipment	1,030	(Net Assets)	
Vehicles and delivery equipment	33	Shareholders' equity	100,938
Tools, furniture and fixtures	293	Capital stock	17,829
Land	33,590	Capital surplus	19,337
Construction in progress	502	Legal capital surplus	18,950
Intangible assets	995	Other capital surplus	387
Software	741	Retained earnings	63,780
Telephone subscription right	21	Legal retained earnings	1,375
Other	232	Other retained earnings	62,404
Investments and other assets	25,470	Reserve for advanced depreciation of noncurrent assets	22
Investment securities	5,462	General reserve	51,731
Stocks of subsidiaries and affiliates	16,965	Retained earnings brought forward	10,650
Investments in capital	10	Treasury stock	-9
Long-term loans receivable	1,620	Valuation and translation adjustments	1,884
Other	2,228	Valuation difference on available-for-sale securities	1,884
Allowance for doubtful accounts	-816		
		Total Net Assets	102,823
Total Assets	214,065	Liabilities and Total Net Assets	214,065

Statement of Income

(From November 1, 2018 to October 31, 2019)

(Million of Yen)

Classification	Amount	
Net sales		121,965
Cost of sales		88,995
Gross profit		32,970
Selling, general and administrative expenses		21,439
Operating income		11,531
Non-operating income		1,185
Interest income and dividends	261	
Rent income	318	
Temporary transfer charges income	227	
Reversal of allowance for doubtful accounts	78	
Other	298	
Non-operating expenses		265
Interest expenses	44	
Foreign exchange losses	14	
Stock issuance costs	46	
Other	160	
Ordinary income		12,451
Extraordinary income		22
Gain on sales of noncurrent assets	6	
Subsidy income	16	
Extraordinary loss		440
Loss on sales and retirement of noncurrent assets	109	
Loss on valuation of shares of subsidiaries and associates	331	
Income before income taxes		12,033
Income taxes-current	4,165	
Income taxes-deferred	-532	3,632
Net income		8,400

Statement of Changes in Net Assets

(From November 1, 2018 to October 31, 2019)

(Million of Yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	13,652	14,773	143	14,917	1,375	22	45,731	10,631	57,761
Changes of items during period									
Issuance of new shares	4,176	4,176		4,176					–
Provision of general reserve				–			6,000	–6,000	–
Dividends of surplus				–				–2,382	–2,382
Profit				–				8,400	8,400
Disposal of treasury shares			243	243					–
Net changes of items other than shareholders' equity				–					–
Total changes of items during period	4,176	4,176	243	4,420	–	–	6,000	18	6,018
Balance at end of current period	17,829	18,950	387	19,337	1,375	22	51,731	10,650	63,780

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	–2,129	84,202	2,086	2,086	86,288
Changes of items during period					
Issuance of new shares		8,353		–	8,353
Provision of general reserve		–		–	–
Dividends of surplus		–2,382		–	–2,382
Profit		8,400		–	8,400
Acquisition of treasury stock	–0	–0			–0
Disposal of treasury shares	2,120	2,364		–	2,364
Net changes of items other than shareholders' equity			–201	–201	–201
Total changes of items during period	2,120	16,736	–201	–201	16,534
Balance at end of current period	–9	100,938	1,884	1,884	102,823

The Accounting Auditor's Report of Financial Statements

Independent Auditor's Report

December 18, 2019

Kanamoto Co., Ltd.

To the Board of Directors,

Ernst & Young ShinNihon LLC

Kiyohiro Saito

Designated limited liability partner

Managing Partner

Certified public accountant

Mitsuhiro Fujimori

Designated limited liability partner

Managing Partner

Certified public accountant

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity, the notes to financial statements, and the supplementary schedules, of Kanamoto Co., Ltd. ("the Company") applicable to the 55rd Business Period from November 1, 2018 to October 31, 2019.

Management's Responsibility for the Financial Statements and the Supplementary Schedules

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit from an independent perspective. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence on the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements and the supplementary schedules is not to express an opinion on the effectiveness of the

entity's internal control, but in making these risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness, the method of their application, and the reasonableness accounting policies used by management and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Kanamoto Co., Ltd. in the fiscal year under review in accordance with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company that should be disclosed in compliance with the Certified Public Accountants Act.

Audit Report

The Board of Corporate Auditors has received the audit reports prepared by each of the Corporate Auditors concerning the business performance of the Directors during the 55rd Business Period from November 1, 2018 through October 31, 2019. After discussing the audit results based on the reports, we have prepared this Audit Report and report as follows as the consensus of opinion of the Board of Corporate Auditors.

1. Procedures and details of the audits by the Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors establishes the audit policies, audit plans and other matters, and receives reports concerning the implementation of audits and the audit result from each of the Corporate Auditors as well as reports from the Directors and the Accounting Auditor concerning the execution of their duties, and requests explanations as necessary.

(2) In addition to communicating with the Directors, the internal audit division, employees and other individuals in accordance with the standards for Corporate Auditors and audits provided by the Board of Corporate Auditors and in compliance with the audit policy and audit plan, and gathering information and striving to improve the audit environment, each Corporate Auditor performed audits according to the following procedures:

(i) Each Corporate Auditor attended the Board of Directors meetings and other important meetings, received reports from Directors, employees and other individuals on their execution of duties and requested explanations from the Directors, other employees and other individuals when necessary as well as reviewed documents concerning matters such as important decisions and conducted inspections of the business and financial condition at the Company's Head Office and main branches. With respect to subsidiaries, each Corporate Auditor communicated and exchanged information with the Directors and Corporate Auditors of such subsidiaries and received business reports therefrom as necessary.

(ii) Each Corporate Auditor regularly received reports from the Company's Directors and employees, and requested explanations and clarified opinions when necessary, regarding the contents of Board of Director resolutions concerning the establishment of the organization provided in Article 100 paragraph (1) and paragraph (3) of the Ordinance for Enforcement of the Companies Act, and the status of operation of the organization (internal controls system) that has been established based on said resolutions, as the organization necessary to ensure that the Directors comply with laws and the Company's Articles of Incorporation in the execution of their duties as described in the Report of Business Operations and to ensure the appropriateness of other operations of the corporate group, which consists of a stock company and the subsidiaries thereof.

(iii) Each Corporate Auditor monitored and verified whether or not the Accounting Auditor performed audits properly while maintaining an independent position as well as received reports from the Accounting Auditor on the execution of duties thereby and requested explanations when necessary. Each Corporate Auditor was also notified by the Accounting Auditor that the System for Securing the Proper Performance of Duties (matters listed in the items of Article 131 of the Ordinance on Company Accounting) was developed in accordance with the Standards for Quality Control of Audits (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above procedures, the Board of Corporate Auditors reviewed the Report of Business

Operations and the supporting schedules, the Financial Statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets and Notes to the Financial Statements) and the supporting schedules and the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets and Notes to the Consolidated Financial Statements) for the business period.

2. Result of audit

(1) Audit result of the Report of Business Operations, etc.

(i) The Report of Business Operations and its supporting schedules fairly represent the condition of the Company in accordance with the laws of Japan and the Articles of Incorporation of the Company.

(ii) We have determined that there was no serious occurrence of improper activity or violation of laws or the Company's Articles of Incorporation by any of the Directors in carrying out the duties and responsibilities of their office.

(iii) In our opinion, the details of the Board of Directors resolutions concerning the internal controls system are appropriate. We also have determined that there are no matters that should be highlighted as a concern with regard to the information contained in the Report of Business Operations and the Directors in carrying out their duties concerning the internal controls system.

(2) Financial statement and audit result of the supporting schedules

In our opinion, the audit procedures and audit results received from the Accounting Auditor Ernst & Young ShinNihon LLC are appropriate.

(3) Audit result of consolidated financial statements

In our opinion, the audit procedures and audit results received from the Accounting Auditor Ernst & Young ShinNihon LLC are appropriate.

December 25, 2019

Kanamoto Co., Ltd.

The Board of Corporate Auditors

Standing Corporate Auditor	Eichu Kanamoto	Seal
Standing Corporate Auditor	Naoyuki Yokota	Seal
Outside Corporate Auditor	Akio Hashimoto	Seal
Outside Corporate Auditor	Noriaki Ikushima	Seal
Outside Corporate Auditor	Katsunori Matsushita	Seal