



Notice Concerning Issuance of New Shares, Disposition of Treasury Shares and Secondary Offering of Shares

November 12, 2018

Company name Kanamoto Co., Ltd.
Listings The First Section of the Tokyo Stock Exchange; Sapporo Stock Exchange
Securities code 9678 URL <https://www.kanamoto.co.jp/en/>
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Kanamoto Co., Ltd. (the “Company”) hereby announces that its Board of Directors resolved on November 12, 2018 to issue new shares, dispose of treasury shares and conduct a secondary offering of its shares as set forth below.

1. Issuance of New Shares by way of Public Offering in Japan

- (1) Class and Number of Shares to be Offered 2,250,000 shares of common stock of the Company
- (2) Method of Determination of the Amount to be Paid The amount to be paid shall be determined on the date of determination of the issue price, etc. (which shall be a day falling in the period from Tuesday, November 20, 2018 to Tuesday, November 27, 2018) (the “Pricing Date”) pursuant to Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association (the “JSDA”).
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum amount of stated capital to be increased, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of the additional paid-in capital to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased from the maximum amount of stated capital to be increased.
- (4) Method of Offering The offering will be a public offering in Japan. All of the new shares shall be purchased for sale by the underwriting syndicate (the “Underwriters”).

The issue price (offer price) with regard to the offering shall be determined based on the provisional range calculated by multiplying the closing price in regular trading of shares of common stock of the Company on the Tokyo Stock Exchange

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This press release does not constitute an offer of investment in nor solicitation for purchase of its shares of common stock within the United States or elsewhere. The Company has not, and will not, registered any of its shares of common stock under the U.S. Securities Act of 1933 or any relevant securities law of any state. The securities may not be offered or sold in the United States absent registration or an exemption from registration requirements under the U.S. Securities Act of 1933. No offer of securities for sale in the United States will be made in connection with the above-mentioned transactions.



on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), in accordance with Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the JSDA, taking into account market demand and other conditions.

A part of the shares may be sold to overseas investors in overseas markets such as Europe and Asia (excluding the United States and Canada).

- (5) Consideration to be paid to the Underwriters The Company shall not pay any underwriting fees to the Underwriters. Instead, the aggregate amount of the difference between (a) the issue price (offer price) with respect to the offering and (b) the amount to be paid to the Company by the Underwriters shall be retained by the Underwriters.
- (6) Payment Date The payment date shall be a day falling in the period from Wednesday, November 28, 2018 to Tuesday, December 4, 2018; provided, however, that such day shall be the fifth business day following the Pricing Date.
- (7) Mr. Tetsuo Kanamoto, President and CEO of the Company has been authorized to determine the amount to be paid, the amounts of stated capital and additional paid-in capital to be increased and any other matters necessary for the issuance of new shares.
- (8) Each item above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan (the “FIEA”).

2. Disposition of Treasury Shares by way of Public Offering in Japan

- (1) Class and Number of Shares to be Offered 750,000 shares of common stock of the Company
- (2) Method of Determination of the Amount to be Paid The amount to be paid shall be determined on the Pricing Date pursuant to Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the JSDA.
The amount to be paid shall be the same as the amount to be paid upon the issuance of new shares by way of public offering in Japan.
- (3) Method of Offering The offering will be a Japanese public offering. All of the shares shall be purchased for sale by the Underwriters.

The disposition price (offer price) with regard to the offering shall be determined based on the provisional range calculated by multiplying the closing price in regular trading of shares of common stock of the Company on the Tokyo Stock

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Exchange on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), in accordance with Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the JSDA, taking into account market demand and other conditions.

The disposition price (offer price) shall be the same as the issue price (offer price) with regard to the issuance of new shares.

- (4) Consideration to be paid to the Underwriters The Company shall not pay any underwriting fees to the Underwriters. Instead, the aggregate amount of the difference between (a) the disposition price (offer price) in the disposition of treasury shares by way of offering and (b) the amount to be paid to the Company by the Underwriters shall be retained by the Underwriters.
- (5) Payment Date The payment date shall be a day falling in the period from Wednesday, November 28, 2018 to Tuesday, December 4, 2018. The payment date shall be the same as the payment date with regard to the issuance of new shares.
- (6) Mr. Tetsuo Kanamoto, President and CEO of the Company has been authorized to determine the amount to be paid and any other matters necessary for the disposition of treasury shares.
- (7) Each item above shall be subject to the effectiveness of the securities registration statement filed under the FIEA.

3. Secondary Offering of Shares of the Company by way of Over Allotment (the “Secondary Offering”)
(See paragraph 1. of “References” below)

- (1) Class and Number of Shares to be Sold 450,000 shares of common stock of the Company.
- The number of shares set out above is the maximum number of shares which may be sold. The above number may decrease, or the Secondary Offering may be cancelled in its entirety, depending on market demand and other conditions in the issuance of new shares and the disposition of treasury shares. The number of shares to be sold shall be determined on the Pricing Date, taking into account market demand and other conditions in the issuance of new shares and the disposition of treasury shares.
- The issuance of new shares, together with the disposition of treasury shares, is hereinafter referred to as the “Primary Offering.”
- (2) Seller The lead manager
- (3) Selling Price Undetermined. (The selling price shall be determined on the Pricing Date;

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- provided, however, that such selling price shall be the same as the issue price (offer price) and the disposition price (offer price) in the Primary Offering.)
- (4) Method of Secondary Offering Taking into account market demand and other conditions for the Primary Offering, the lead manager will undertake a secondary offering of shares of common stock of the Company (up to 450,000 shares) borrowed from certain shareholder(s) of the Company.
 - (5) Delivery Date The delivery date shall be the next business day after the payment date in respect of the Primary Offering.
 - (6) Mr. Tetsuo Kanamoto, President and CEO of the Company has been authorized to determine the selling price and any other matters necessary for the Secondary Offering.
 - (7) Each item above shall be subject to the effectiveness of the securities registration statement filed under the FIEA.

4. Issuance of New Shares by way of Third-Party Allotment (See paragraph 1. of “References” below)

- (1) Class and Number of Shares to be Offered 450,000 shares of common stock of the Company.
- (2) Method of Determination for the Amount to be Paid The amount to be paid shall be determined on the Pricing Date; provided, however, that such amount to be paid shall be the same as the amount to be paid in respect of the Primary Offering.
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum amount of stated capital to be increased, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of the additional paid-in capital to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased from the maximum amount of stated capital to be increased.
- (4) Allottee The lead manager
- (5) Payment Date Wednesday, December 19, 2018
- (6) Shares not subscribed within the subscription period shall not be issued.
- (7) Mr. Tetsuo Kanamoto, President and CEO of the Company has been authorized to determine the amount to be paid, the amounts of stated capital and additional paid-in capital to be increased and any other matters necessary for the issuance of new shares by way of third-party allotment.
- (8) Each item above shall be subject to the effectiveness of the securities registration statement filed under the FIEA.

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1. Secondary Offering and other matters

The Secondary Offering described under “3. Secondary Offering of Shares of the Company by way of Over Allotment” above is a secondary offering of shares of common stock of the Company, to be made in conjunction with the Primary Offering described under “1. Issuance of New Shares by way of Public Offering in Japan” and “2. Disposition of Treasury Shares by way of Public Offering in Japan” above in an amount not exceeding 450,000 shares, which will be borrowed by the lead manager from certain shareholder(s) of the Company, taking into account market demand and other conditions. The maximum number of shares to be offered in the Secondary Offering will be 450,000 shares provide however, the number may decrease or the Secondary Offering may be cancelled entirely, depending on market demand and other conditions.

In connection with the Secondary Offering, the board of directors of the Company resolved, at the meeting held on Monday, November 12, 2018, that the Company will issue 450,000 shares of common stock to the lead manager, the allottee, by way of the third-party allotment described under “4. Issuance of New Shares by way of Third-party Allotment”, with a payment date of Wednesday, December 19, 2018, for the purpose of enabling the lead manager to procure the shares necessary to return the shares borrowed from the Company’s shareholder(s) (the “Borrowed Shares”).

In addition, the lead manager may also purchase shares of common stock of the Company on the Tokyo Stock Exchange, up to the number of shares to be offered in the Secondary Offering (the “Syndicate Cover Transactions”) during the period from the day immediately following the last day of the subscription period of offering to Wednesday, December 12, 2018 (the “Syndicate Cover Transaction Period”). All shares obtained by the lead manager through the Syndicate Cover Transactions will be apportioned for the return of the Borrowed Shares. However, during the Syndicate Cover Transaction Period, the lead manager, at its sole discretion, may not conduct any Syndicate Cover Transaction or may terminate the Syndicate Cover Transactions before the number of shares purchased reaches the number of shares offered in the Secondary Offering.

Furthermore, the lead manager may conduct stabilization transactions accompanying the Primary Offering and the Secondary Offering , and some or all of the shares of common stock of the Company obtained by those stabilization transactions may be used to return the Borrowed Shares.

The lead manager plans to accept the allotment under the third-party allotment of an equivalent number of shares of common stock of the Company (the “Number of Shares to be Acquired”) obtained by deducting (a) the number of shares acquired through stabilization transactions and Syndicate Cover Transactions that are to be applied to return the Borrowed Shares from (b) the number of shares to be offered in the Secondary Offering. Accordingly, all or part of the shares to be issued under the third-party allotment may not be subscribed for, which may result in a decrease in the number of shares to be ultimately issued under the third-party allotment, or in the cancellation of the entire issuance by way of the third-party allotment due to forfeiture.

In the event that the lead manager accepts the allotment under the third-party allotment, it shall apply the

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funds obtained from the Secondary Offering to the payment for the Number of Shares to be Acquired.



2. Use of Proceeds

The proceeds from the Primary Offering and the issuance of new shares by way of third-party allotment, which are estimated to be a maximum of 12,186,100,000 yen, are to be used, in the fiscal year ending October 2019, the fiscal year ending October 2020 and the fiscal year ending October 2021, for part of the repayment of debt including the Company's installment obligations related to the acquisition of rental equipment through installment payment transactions etc. during the fiscal year ending October 2019. Until used as set forth above, the Company intends to invest the unused portion of the net proceeds in investment-grade debt or other similar instruments.

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