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INTEGRATED REPORT

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kanamoto co., ltd. 2024

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Mission Statement

Kanamoto has not only fostered growth together with the Japanese economy but also done everything in its power to build infrastructure and aid in countless disaster recovery efforts.

We consider it our mission to capitalize on our experience in an effort to support reconstruction in the wake of disasters from the Great East Japan Earthquake and the Kumamoto Earthquake to the typhoons and torrential rains afflicting various regions of Japan.

Much of the infrastructure in Japan is also in dire need of repair or replacement. Our Group will always unify in an effort to ensure the safety and security of Japan.

Another of our missions is to foster sustainable growth. We will continue to expand our domestic business platform and promote overseas development in the pursuit of reaching our full potential.

Action Guidelines

Our steadfast action guidelines—the Kanamoto Corporate Philosophy—chart our course for the next 50 to 100 years.

1. Pursue innovation and mobilize every resource to energize our company
2. Always remember Kanamoto competes for profits
3. Maintain a self-directed and independent mind

The first guideline demonstrates our vision as an organization. The second embodies our role as a corporate organization to generate earnings. The third stresses the importance of not only thinking for yourself but taking initiative. All of our employees embody the spirit of these action guidelines as principles inspiring the entire Kanamoto Group.

The drive to maintain growth while responding to the bewildering changes in the business environment lies in our action guidelines, which have supported our history as a type of corporate philosophy. The pursuit of innovation without fear of breaking convention requires our employees to continuously renew their way of thinking. We must also expand and deepen the fields we take on. We are confident that by never wavering from these action guidelines will lead Kanamoto to new horizons.

Evolution into a Stronger Kanamoto Group



Editorial Policy

The Kanamoto Integrated Report emphasizes operating performance, business summaries and other financial data as well as non-financial data such as Environmental, Social, and Governance (ESG) initiatives that act as a foundation supporting growth. We hope to offer all shareholders, investors and other stakeholders a multifaceted view of sustainable growth at the Kanamoto Group.

Our editorial team publishes this report with reference to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC).

Forward-Looking Statements

Certain information other than historical facts set forth in this report contains forward-looking information based on currently available information as part of the plans, strategies and other activities of Kanamoto Co., Ltd. The forward-looking statements included herein may differ substantially from actual management and operating performance due to various known and unknown risks and uncertainties.

- The consolidated financial statements in this report comply with the current accounting standards of Japan.
- Figures less than one-million yen are rounded down in this report.

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Aiming to become one of the world's top 5 general construction equipment rental companies, we continue to pursue innovation and take on challenges

Tetsuo Kanamoto

President and CEO
Kanamoto Co., Ltd.

portable toilets to the disaster areas from early morning on the day after the earthquake occurred, in response to requests from the Japan Self-Defense Forces with whom we have a disaster relief agreement. In addition to the Japan Self-Defense Forces, our Company has concluded disaster relief agreements with many local governments, companies, and organizations. Disaster response, recovery, and reconstruction assistance are part of our mission. We have renewed our determination to respond to the demands and expectations of society while reaffirming the importance of our responsibility as an infrastructure business indispensable to society.

P.24 Kanamoto Group's Post-Disaster Recovery and Reconstruction Activity Support

■ Kanamoto Group Strengths

The Group's greatest strength lies in its high-level of technical capabilities. Based on our high-level of technical capabilities, we organically combine both tangible and intangible business resources to create a business structure for providing a high-quality construction equipment rental service to our customers.

▶ Using a system that directly connect us with work sites and our technical capabilities to develop new devices and systems

Kanamoto has developed many devices and systems for remote operation and safety assurance. This is because we have established a proprietary system that directly links development with on-site requests by assigning a sales employee in each area who also works in the technology development section, and also due to the advanced technical capabilities possessed by our development section. We will continue to focus on the development of new devices and systems using a system that directly connect us with work sites and advanced technical capabilities in response to increasingly sophisticated requirements, such as the promotion of digital transformation in construction, labor savings, and environmental impact reduction.

P.28-29 Promotion of Digital Transformation in Construction

▶ Kanamoto is a "one-stop shop" that provides comprehensive support based on its technology and expertise

The Kanamoto Group has established itself as a "one-stop shop" with a comprehensive support system with approximately 1,100 models and 620,000 rental items in our possession to ensure that everything needed at construction sites is available. This system is supported by our technical capabilities. Maintenance staff are assigned to the workshops at each of our sales offices to ensure that all rental items are kept in perfect condition by conducting thorough maintenance on a daily basis. I believe that our Group has earned the trust and reputation of our customers because of our high skills/expertise and the strong loyalty of our maintenance staff.

In addition, it is essential that all rental items are always in optimal condition for responding to disasters, and must be immediately available and ready in a timely manner. With this in mind, we will strive to further improve our maintenance techniques and expertise, and strengthen our "one-stop" and full support system to provide solutions that our customers can trust.

P.16 A Full Line-up and Reliable Maintenance Systems

▶ Building a stable management base with high technical capabilities

From a management perspective, our uncompromising maintenance contributes to higher profitability in terms of both aspects of increasing the longevity of rental equipment and enhancing the asset value of equipment sold in the used equipment market. In the equipment rental business flow, which involves the recovery of investment outlays for the purchase of assets through rental income before ultimately selling of the equipment, a key to success is to have a sufficient amount of available assets that are already fully depreciated but are still good for use. We have met this challenge with our advanced technical capabilities, and established a stable business foundation.

P.16 Rent and Sale

■ Introduction

▶ Sixty years of expansion and growth driven by innovation and taking on challenges

2024 marks the 60th anniversary of Kanamoto's establishment. Looking back at our history, I think that pursuing innovation and taking on challenges cumulatively is what has brought the Company forward. Started in Muroran City, Hokkaido, we expanded our business by shifting our core business to construction equipment rental. This led to the spread of branches initially from the Tohoku Region to the Kanto Region and then later throughout Japan. In 2006, Kanamoto expanded overseas. Driven by innovation and taking on challenges, Kanamoto has grown into an industry-leading general construction equipment rental company ranked eighth worldwide in terms of size.

P.10-11 History of Kanamoto's Evolution

The construction equipment rental business has become an integral part of the civil engineering and construction industries, and is an infrastructure business indispensable to society. As a pioneer and market leader in the construction equipment rental business, we believe that our mission is to create new value by contributing to the resolution of social issues, such as the realization of a decarbonized society and the prolongation of infrastructure service life, in addition to the challenges faced by the construction industry, such as responding to increasing construction demand and labor shortages, and the promotion of digital transformation in construction.

P.18-19 Kanamoto Value Creation Process

In addition, Kanamoto has also devoted its efforts to helping with countless disaster recoveries. We have been making efforts to provide support based on our past experience in response to the Noto Peninsula Earthquake that occurred in January 2024, by instructing each of our business areas to send heavy equipment, generators, and

Business Environment

▶ The major trend of shifting from new construction to repair remains unchanged

Looking at trends in construction demand, there has been no change in the major trend of shifting from new construction to maintenance and repair. This trend is expected to continue in the future. We will continue to take measures in anticipation of an increase in repair work.

In addition, since measures for longer lasting infrastructure are also an important issue, we will focus on shifting to preventive maintenance and developing/introducing related technologies.

P.26-27 Measures for Longer Lasting Infrastructure

In the short term, there is a focus on expanding investment in semiconductor manufacturing, logistics facilities, and the security-related field. Overall, however, there is no significant change in the market with both public and private investments expected to remain firm.

P.22-23 Strengthening Our Ability to Respond to Construction Demand

P.30-31 Demand On Infrastructure Development and Factory Construction Is On the Rise

▶ Enhancing our lineup of remotely controlled equipment and environmentally friendly equipment

In recent years, there has been a great increase in demand for equipment leveraging IoT and AI technologies, remotely controlled equipment, and environmentally friendly equipment. In particular, the need for heavy equipment that can be controlled remotely is accelerating against the backdrop of the development of communication technology and the frequent occurrence of large-scale disasters, in addition to responding to labor shortages.

In response to such on-site demands, it is imperative to develop new products and technologies while enhancing our lineup of equipment that contributes to labor saving and reduces environmental impact. In addition, since expanding our share in this area is a theme directly leading to the sustainable growth of the Group, I believe that we must build a business structure that is viable as a profitable business.

P.28-29 Promotion of Digital Transformation in Construction

P.38-39 Kanamoto Group's Environmental Initiatives

Business Report, Outlook for the Current Fiscal Year

▶ Aiming to achieve double-digit profit growth in the fiscal year ending October 31, 2024

In the (59th) fiscal year ended October 31, 2023, we were unable to achieve satisfactory results due to a decrease in profit despite an increase in revenue. Although we were able to secure some growth momentum, we were unable to secure a level of profitability sufficient enough to absorb the rising costs associated with global inflation.

P.52-53 Report of Operating Results and Financial Position for the 59th Business Period

As for the future, it is important to figure out whether the forecasts on which investment decisions were based were appropriate, and whether the volume, timing, area, and model mix for investment were appropriate. As we further promote digital transformation and optimization of internal operations to improve the operational efficiency of rental assets, I believe that optimizing investment is also an important issue.

In the (60th) fiscal year ending October 31, 2024, we are expecting double-digit profit growth as a result of various management measures, including the promotion of rental unit price optimization.

P.53 Forecast for the 60th Fiscal Year



Medium-Term Corporate Management Plan and 2030 Vision

▶ On a good path toward becoming a general construction equipment rental company

The fourth year of our current Medium-Term Corporate Management Plan "Creative 60" (FY2020 to FY2024), has also come to an end. Considering that we were impacted by COVID-19 during three and a half years of the plan, we have not been able to obtain satisfactory quantitative results. However, I believe that we were able to head on a good path toward becoming a general construction equipment rental company.

At the end of the first half of the current fiscal year, we will analyze and examine the trends up to that point, identify the points that we need to focus on more, and reflect this in the next Medium-Term Corporate Management Plan. Since we are engaged in the rental business, we must make the greatest efforts on efficient asset management, and I feel that there is still room to push forward in that area.

P.20-21 Toward the Realization of the "Creative 60" Medium-Term Corporate Management Plan

For our overseas business, we have set a overseas sales ratio target of 10%. The aim is to increase sales in our overseas business, where a high profit margin can be expected and thereby improve the profit margin of the Group. Since the goal is to more than double the overseas sales ratio over the next six years, I believe that we will carry out overseas M&As. Currently, we are expanding business in Asia and Oceania, and are looking to expand into new areas as well as grow our existing bases. At this point, I think that North America is a promising region to expand in next.

P.32-33 Asia and Oceania Region Sustains Strong Demand for Construction

▶ We will achieve our 2030 target of ROE above 8% ahead of schedule

In December 2022, we announced our 2030 Vision aimed at realizing a form of management that maintains an awareness of cost of capital and share price. We have made a commitment to achieving the numerical targets of ROE above 8% and a total payout ratio of above 50% by 2030. Although ROE is currently below 7%, we recognize that we must achieve ROE above 8% ahead of 2030.

The main way to increase ROE is to increase profit. This means that figuring out how to increase the utilization rate of rental assets in order to make a profit is most important. In addition, we will work to optimize rental unit prices by passing on cost increases to prices. At the same time, I think that capital policies, including the provision of stable dividends and share buybacks, must be implemented in a timely and appropriate manner.

Measures for a form of management that maintains an awareness of cost of capital and share price

Analysis of Current Financial Conditions

Improving PBR is an Important Management Issue

- In order to improve over the current values (ROE below 8% and a PBR less than 1), we have set numerical targets for 2030 while establishing measures for a form of management that maintains an awareness of cost of capital and share price.
- Aiming to achieve capital efficiency exceeding the current cost of capital of approximately 7% (Capital Asset Pricing Model), we will focus on efficiency and raise both the rental rate and unit price of rental equipment. First, we will strive to achieve early recovery of ROE 8% or more, and 10% or more in the medium to long term, and meet the expectations of our shareholders with a total payout ratio of 50% or more based on stable dividends that we have continued to provide for a long time.
- We will strive to achieve sustainable growth by continuing to invest in rental equipment, human capital, and M&A both in Japan and overseas, aiming to become one of the top 5 in the world from our current status as the eighth-largest general construction equipment rental company.

Initiatives

Strengthen Initiatives Based on the Analysis of Current Financial Conditions

1. Increase profitability
2. Strengthen shareholder return policy
3. Continue to actively conduct IR activities

Measures

Specific Measures to Improve Profitability

1. Increase the utilization rate of rental assets
2. Consolidate business offices
3. Adjust rental unit prices to make it appropriate



■ Sustainable Management

▶ Importance of linking ESG to business and continue sustainability-related activities

The Kanamoto Group positions and practices ESG as a central aspect of Group management as a good corporate citizen coexisting with society. The important thing is to link ESG activities to our business and make them sustainable. From this perspective, we are clarifying the relationship between our Group's business activities and the SDGs, increasing loyalty for contributions to the realization of a sustainable society as well as strengthening and accelerating ESG activities.

P.36-37 ESG Management

In particular, in terms of contributing to the global environment, the rental business itself epitomizes the sharing economy, and it is a business that reduces environmental impact. In this sense, I feel that we must promote our business with a sense of mission to contribute to the global environment and meet the expectations of our customers and society by developing new equipment and technologies that are friendly to the environment and people.

P.38-41 Environmental and TCFD Initiatives

▶ Improving the value of human capital by developing environments in which people can grow

I think that the added value that can be provided to customers in the construction equipment rental business is not created by the construction equipment but by each and every employee. I believe that people are the most important management resource for the Group.

With regard to enhancing the value of human capital, our company will pursue a system that enables employees to engage in creative work by improving an environment that fosters human development based on our basic policies of engagement and diversity and inclusion. Based on our action plan, which has a deadline of March 2026, we are focusing our efforts on achieving a work-life balance regardless of gender, and enabling all employees to grow with motivation and pride. In our action plan, we have set a numerical target of increasing the number of female executives by 30%, and are also focusing on the active participation of women.

In addition, as stable employment of human resources is also an issue, we are working to improve our name recognition by sponsoring sporting events.

P.42-43 Developing and Strengthening Human Resources

▶ An effective governance structure that contributes to sustainable enhancement of corporate value

The Kanamoto Group has adopted the various corporate governance systems used today for the purpose of establishing the best and most advanced corporate governance.

We have adopted an outside director system to ensure more efficient and sound management as well as transparency about our decision making. The executive officer system also better clarifies supervision and accountability functions.

Corporate governance becomes the fundamental platform for companies in order to enhance their social value. I feel that we must continue to maintain an effective governance structure that contributes to the sustainable enhancement of corporate value by reviewing it as needed in response to changes in the external environment.

P.44-49 Kanamoto Group Corporate Governance

■ Conclusion

▶ To be a company that exchanges love and empathy with all its stakeholders

At the beginning of my message, I said that we have grown driven by innovation and taking on challenges. I believe that this is the result of having followed the Action Guidelines, which should be called our corporate philosophy, like a compass. The Action Guidelines teach us that breakthroughs are born out of a culture that accepts change and a spirit of independence and self-reliance, and also that we must continue to take on challenges as we generate profits and continue to operate in a way that contributes to society. I believe that adapting this spirit to the times to put it into practice is our path toward achieving continual growth.

P.2,P.44 Action Guidelines

Along the way, I envision us becoming "A Company Contributing to a Safe, Prosperous Society with Values Shared by All Stakeholders." We must be a strong, high-quality corporate group that rewards customers, employees, and shareholders as stated in the Group Corporate Philosophy.

We will continue to make efforts to build a solid earnings base that is not affected by changes in the business environment and contribute to the realization of a sustainable society, and aim to become one of the top five construction equipment rental companies in the world and a true general construction equipment rental company backed by the comprehensive strength of the Group. I ask for the continued and unwavering support of our shareholders and other investors.

T. Kanamoto



History of Creating and Evolving Corporate Value


The history of Kanamoto began in Muroran City, Hokkaido—the center of steel manufacturing—in October 1964. Over the years, Kanamoto has pioneered change throughout the world and continued to spearhead its own evolution in many ways from transforming and expanding core businesses, developing strategic bases, and forming alliances to publicly listing company stock and entering into overseas markets.

This section introduces the historic growth trajectory always in step with change at Kanamoto.


* Please also see "Corporate History (p.62)" for more detailed information about the history of Kanamoto.

1964

- Kanamoto Shoten Co., Ltd. Established (Reorganization in Muroran, Hokkaido)
- Zenchu Kanamoto appointed President and Chief Executive Officer, and Taichu Kanamoto appointed Executive Director




Kanamoto Shoten in Kaigan-cho, Muroran




1971

- Began branch development in Hokkaido



Tomakomai Sub-branch (now the Tomakomai Branch)

1972


- Company name changed to Kanamoto Co., Ltd.

1973

- Former headquarters building (Muroran) completed

1979

- Established branch in Aomori Prefecture, marking the first expansion outside of Hokkaido (began branch development in the Tohoku Region)



Hachinohe Office (now the Hachinohe Equipment Repair Center)

1981

- Taichu Kanamoto appointed President and Chief Executive Officer

1983

- Established branch in Chiba Prefecture (began branch development in the Kanto Region)
- Launched Computer and Peripheral Equipment Division as the Company's third operating division (Tomakomai, Hokkaido; relocated to Bunkyo-ku, Tokyo the following year)

1985

- Established the Construction Equipment Rental Division Tokyo Office (Bunkyo Ward, Tokyo)
- Completed online computer system network linking all branches



Computer Division equipment room in the 1980s

1991

- Listed stock on the Sapporo Securities Exchange



Sapporo Securities Exchange on the day Kanamoto's stock was listed

1994

- Established branch in Aichi Prefecture (began branch development in the Chubu Region)
- Established branch in Osaka Prefecture (began branch development in the Kinki Region)

1996

- Listed stock on the Second Section of the Tokyo Stock Exchange
- Relocated head office functions to Sapporo, Chuo Ward



Tokyo Stock Exchange on the day Kanamoto's stock was listed

1998

- Stock elevated to the First Section of the Tokyo Stock Exchange
- Kanchu Kanamoto appointed President and Chief Executive Officer, and Taichu Kanamoto appointed Chairman of the Board and Representative Director



Celebration commemorating elevation of stock to First Section of the Tokyo Stock Exchange

1999

- Completed construction on the Kanamoto Hamamatsucho K Building



Kanamoto Hamamatsucho K Building (Business Coordination Headquarters)

2000

- Began earnest execution of alliance strategy, including conclusion of alliance with Machida Kikou Co., Ltd. and acquisition of Kanatech Co., Ltd. stock

2004

- Established branch in Kagawa Prefecture (began branch development in Shikoku)

2006

- Established subsidiary in Shanghai, China and began expansion outside of Japan

2007

- Established branch in Hiroshima Prefecture (began branch development in the Chugoku Region)
- Introduced special benefits plan for shareholders

2014

- Changed stock trading unit size from 1,000 shares to 100 shares
- 50th anniversary of Kanamoto's establishment

2015

- Successfully expanded operations into Indonesia, Vietnam, Thailand, the Philippines, and ASEAN countries
- Stock selected as a constituent issue for the JPX-Nikkei Index 400

2016

- Tetsuo Kanamoto appointed President and Chief Executive Officer, and Kanchu Kanamoto appointed Chairman of the Board and Representative Director
- Stock selected as a constituent issue for the JPX-Nikkei Mid and Small Cap Index

2017

- Established new companies in Thailand and Shanghai, China

2018

- Established branch in Fukuoka Prefecture (began branch development in Kyushu)
- Expanded operations into Malaysia

2020

- Expanded operations into Australia



KANAMOTO AUSTRALIA HOLDINGS PTY LTD

2022

- Transition to Tokyo Stock Exchange Prime Market

1960s

Kanamoto comes into existence amid a period of rapid economic growth as an archetype of the construction machine rental business of today.

1970s

Branch expansion begins and core businesses transform, expand and penetrate new business domains.

1980s

The company grows into a public company and fosters new growth toward the information age.

1990s

Sapporo Securities Exchange and Tokyo Stock Exchange list Kanamoto stock on the second section before a first section stock listing.

2000s

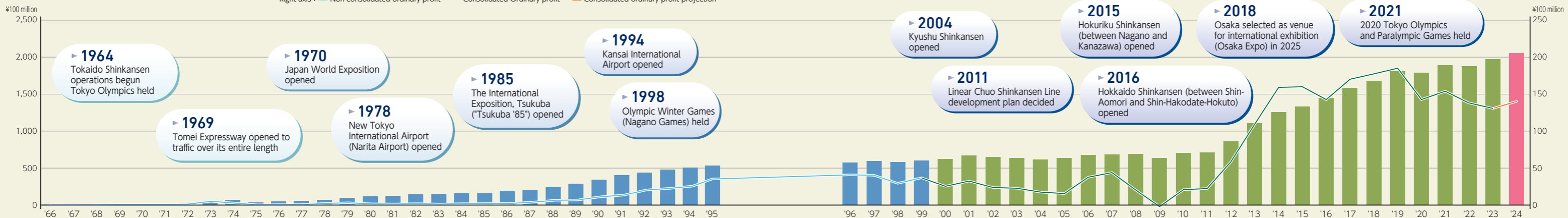
Kanamoto forms an alliance group and enters overseas markets for the first time.

2010~

Kanamoto celebrates its 50th anniversary and further hones its determination for innovation.

Change in Net Sales/Ordinary Profit

Left axis : ■ Non-consolidated net sales ■ Consolidated net sales ■ Consolidated net sales projection
 Right axis : ■ Non-consolidated ordinary profit ■ Consolidated Ordinary profit ■ Consolidated ordinary profit projection



Kanamoto in Numbers

Kanamoto's strength is in our ability to support clients responsively. These figures focus on the source of the company's responsiveness, including our nationwide location network, our technological capabilities, and other features.

Group Market Rankings and Sales
▷ P52 


Domestic **2nd**

Worldwide **8th**

Source: International Rental News (As of June 16, 2022)

Consolidated Net Sale
197,481 million yen


Consolidated operating profit
11,958 million yen

Number of Locations and Group Companies
▷ P58 


Domestic **543** locations

Overseas **23** locations

Number of Alliance Group Companies
34 companies

Number of Rental Items
▷ P16 

Approx. 1,100 models, 620,000 items

Personnel (Certified)
Note: Number of qualifications held is the cumulative total of all qualifications (one person holding multiple qualifications is counted separately for each of his or her qualifications). 

▷ P42

Construction Equipment Mechanic	940	Portable Generator Mechanic	595
<small>(Total of Expert, 1st Class, and 2nd Class Mechanic)</small>			
Organic Solvent Work Manager	401	Hazardous Materials Handling Manager	410
Vehicle-type Construction Equipment Operators	4,486	Mobile Crane Operator	2,115

▷ P60

Number of Employees	Average years of service	
Non-consolidated	2,020	12.5
Consolidated	3,910	

*Excluding directors and temporary or part-time workers

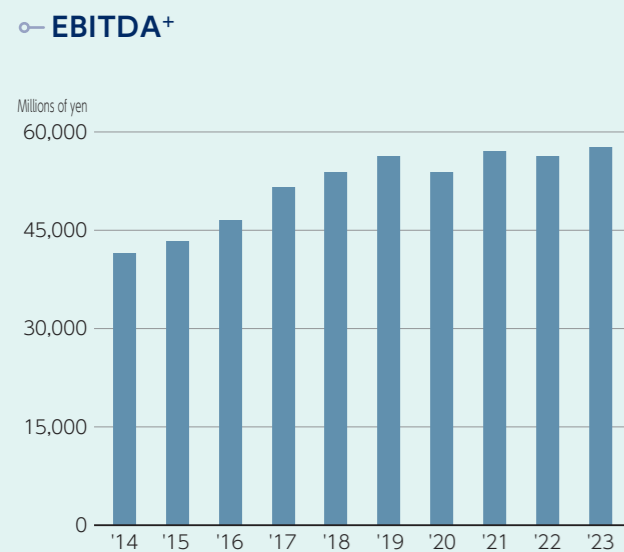
Ten-Year Summary (Consolidated)

Millions of yen

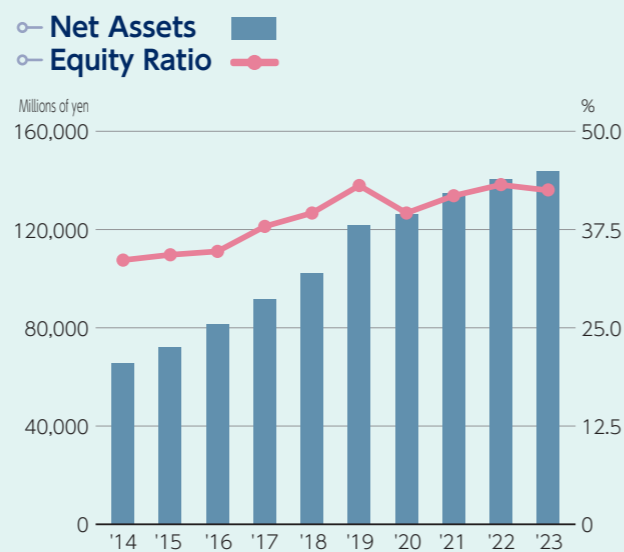
Consolidated operating results	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net sales	125,555	133,292	144,870	158,428	168,188	180,694	179,053	189,416	188,028	197,481
Operating profit	16,454	16,270	15,134	16,665	17,599	17,842	14,250	14,624	13,229	11,958
Ordinary profit	16,078	16,164	14,405	17,193	17,925	18,277	14,268	15,391	13,780	12,488
Profit attributable to owners of parent	9,299	9,557	8,098	10,744	11,857	11,430	8,466	8,907	8,345	6,721
Plant and equipment investment	30,625	27,639	29,441	26,584	35,136	39,810	38,585	28,596	35,831	43,926
Consolidated financial position										
Total assets	188,082	202,578	220,540	227,155	241,374	268,182	301,533	303,754	305,320	316,440
Net assets	65,513	71,998	81,434	91,788	102,031	121,779	126,188	134,917	140,611	143,677
Consolidated cash flows										
Net cash provided by (used in) operating activities	24,782	33,509	26,618	37,788	35,421	39,146	40,701	39,351	33,158	37,960
Net cash provided by (used in) investing activities	(3,374)	(4,488)	(8,940)	(4,747)	(6,980)	(5,989)	(14,040)	(3,373)	(11,331)	(6,699)
Net cash provided by (used in) financing activities	(22,405)	(24,857)	(20,726)	(30,960)	(26,858)	(26,740)	(22,204)	(28,794)	(30,893)	(33,995)
Cash and cash equivalents at end of period	31,980	36,150	33,069	35,160	36,733	43,511	48,023	55,557	47,047	45,093
Information per share of common stock										
Net income per share	258.02	266.27	229.16	304.05	335.54	295.30	221.45	235.55	224.64	185.40
Net assets per share	1,758.24	1,969.16	2,169.93	2,440.41	2,707.49	2,981.68	3,150.30	3,357.10	3,571.98	3,729.73
Dividends per share	35.00	35.00	45.00	50.00	60.00	65.00	65.00	70.00	75.00	75.00
Dividend payout ratio	13.6%	13.1%	19.6%	16.4%	17.9%	22.0%	29.4%	29.7%	33.4%	40.5%
Management index										
EBITDA ⁺	41,503	43,328	46,530	51,545	53,863	56,322	53,785	57,030	56,241	57,894
Equity ratio	33.7%	34.4%	34.8%	38.0%	39.6%	43.1%	39.5%	41.8%	43.2%	42.5%
ROE	15.8%	14.4%	11.1%	13.2%	13.0%	10.8%	7.2%	7.2%	6.4%	5.0%
ROA	5.2%	4.9%	3.8%	4.8%	5.1%	4.5%	3.0%	2.9%	2.7%	2.2%

yen

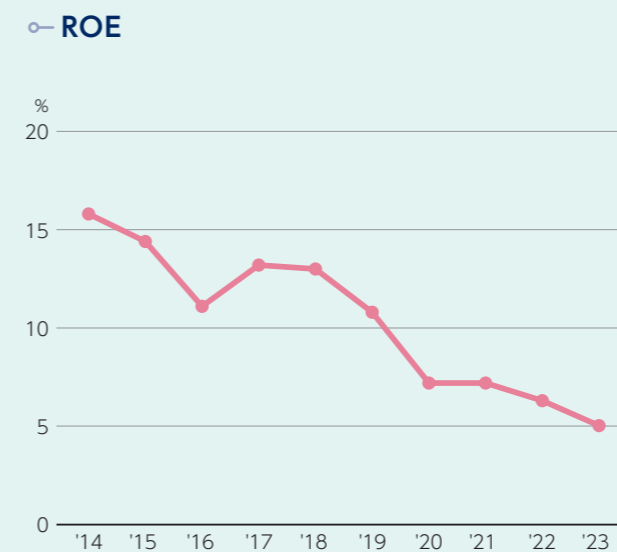
Millions of yen



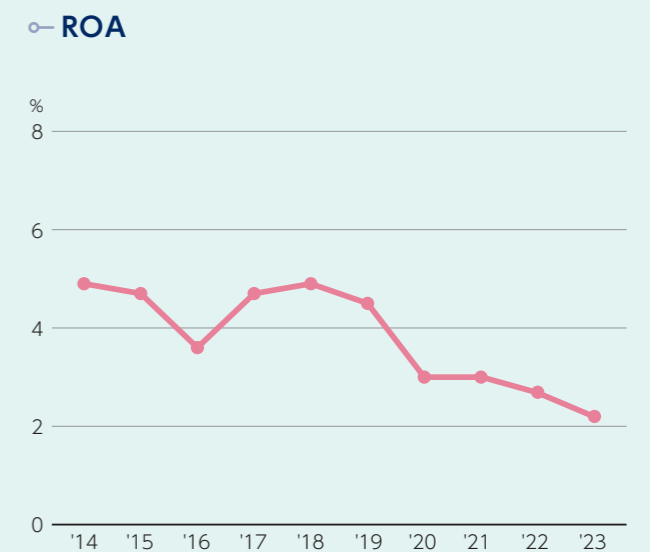
EBITDA⁺ = Operating profit + Depreciation expense + Other depreciation and amortization expense + Low-price rental assets, and others



Net assets
Equity ratio = Shareholders' equity ÷ Total assets



ROE
ROE = Net income ÷ Shareholders' equity = EPS ÷ BPS

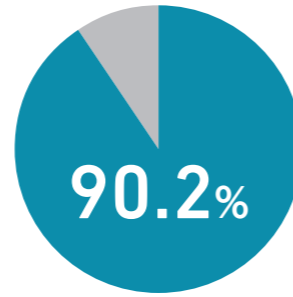


ROA
ROA = Net income ÷ Total assets

Construction Equipment Rental Business

Respond to Work Site Requests and Quickly Fulfill Our Mission to Provide Rental Equipment as Social Infrastructure

The construction business accounts for roughly 90% of Kanamoto Group earnings. This core business offers services that respond to every request received from construction sites, including civil engineering and construction.



A Full Line-up of Roughly 620,000 Rental Items in Japan

Kanamoto possesses roughly 620,000 rental equipment items made up of approximately 1,100 different models. Whether construction machinery from hydraulic excavators to dump trucks or temporary housing materials, generators, or various hand tools, we have put together a line-up of products that respond to every need. This broad line-up not only includes diverse models but also a wide selection of sizes and accessory options. Kanamoto works to provide a full line-up of items and comprehensive support as a one stop shop to satisfy the equipment procurement needs of our customers.



Reliable Maintenance Systems Set Up at Every Branch

Kanamoto alone has about 230 branches in Japan while the Group has more than 540 bases. Every single one of these bases has highly-skilled maintenance staff who maintain the rental equipment on a daily basis to maximize their performance. Uncompromising maintenance also helps enhance the asset value of equipment sold in the used equipment market.

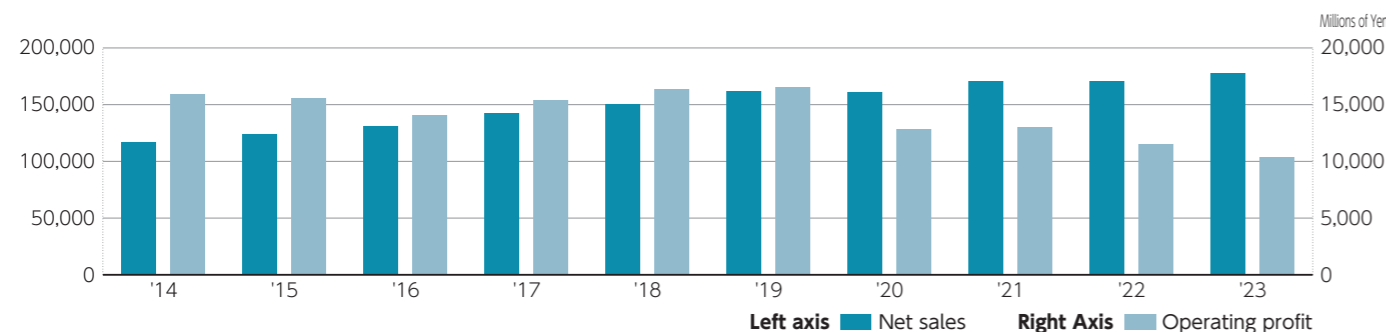
Flexible Operating Decisions to Capitalize on Rent and Sale

The basic business model for rental business is to recover investment outlays for the purchase of assets through rental income before ultimately selling of the equipment. Easing depreciation and extending the life of assets have been key themes for boosting Kanamoto profit margins. We also flexibly judge the timing of sales for used construction equipment models in high demand according to global market conditions.

Substantial Compensation Systems to Rapidly Respond to Diverse Needs

Kanamoto has put in place compensation systems to fully insulate customers from accidents, theft and other inherent risks of construction equipment or vehicles during rental. In recent years, user needs to respond to these types of risks have diversified as the type of accidents and scope of compensation has grown more complex. Kanamoto has assigned compensation assessment managers to each region in an effort to provide the highest level of compensation assessment and services in order to not only incorporate customer needs but also offer peace of mind.

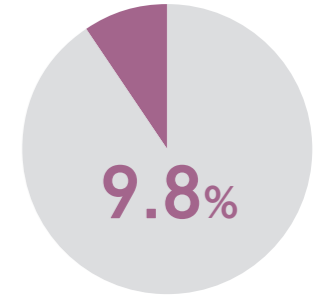
Performance



Other Businesses

We will broaden earnings opportunities in a diverse range of sectors.

Kanamoto develops its Steel Product Sales Business, Information Product Rental Business, welfare-related Business and a variety of other businesses alongside its core equipment rental business.



Steel Product Sales Business Steel Product Supply Essential for Civil Engineering and Construction

The steel product sales business was a Kanamoto core business and the roots of its founding. We primarily sell general steel, sheet pile, single tube piping, and other steel products in Hokkaido. Kanamoto also builds Autoclave Lightweight Concrete (ALC), extruded cement panel, and other exterior walls, installs insulation, and executes various other specialized construction projects as well as sells and installs insulated waterproof KT roof systems and other construction materials. Our Group acts as both a material supplier and construction contractor to help customers minimize tedious preparations and cut costs. The Steel Sales Division will always supply the high-quality steel products essential to the civil engineering and construction work that supports infrastructure and our livelihoods.

Information Products Rental Business Latest IT Rental Equipment Available at All Times

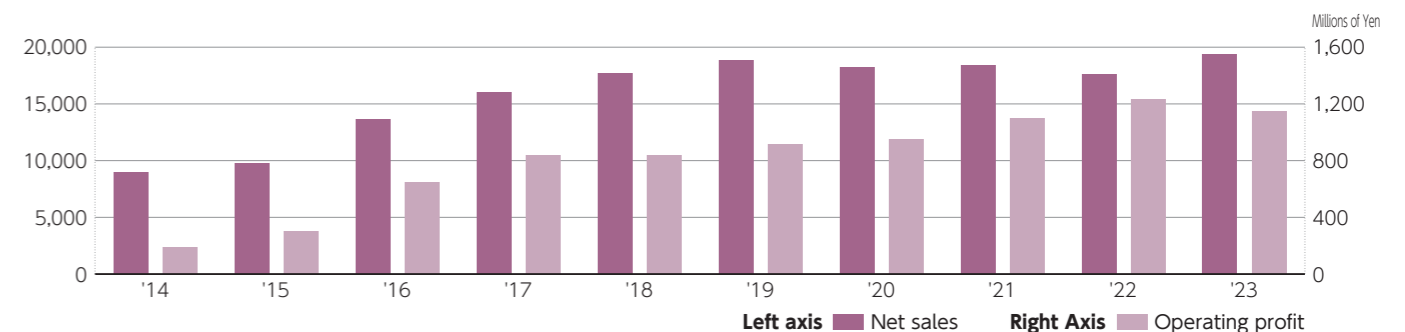
The Information Products Rental Business has continued to offer rentals of the latest IT equipment since its launch in 1983. In 2012, we opened the Kanamoto Cyberbrain Warehouse on Rakuten to expand business through the sale of IT equipment after rental to individual customers and other avenues as much as possible by acting as a bridge for everyone to IT technology. The evolution of technology in the IT industry is astounding. The Information Product Division actively proposes advanced customer-oriented services to offer the latest hardware and software.

Welfare-related Business Broad Line-up to Support In-home Care

In the welfare business, Nishiken Co., Ltd. and Carewell Anshin Co., Ltd. rent and sell assistive technology and nursing care products. "Safety" and "Security" are keywords in welfare businesses. Our broad line-up from personal-use products to training equipment for care and prevention support the care-giving activities needed in each community and assist individuals receiving care to become more independent and mobile. Our unique service system goes further via uncompromising quality control encompassing everything from maintaining devices on-site at factories to ensuring prompt shipments.



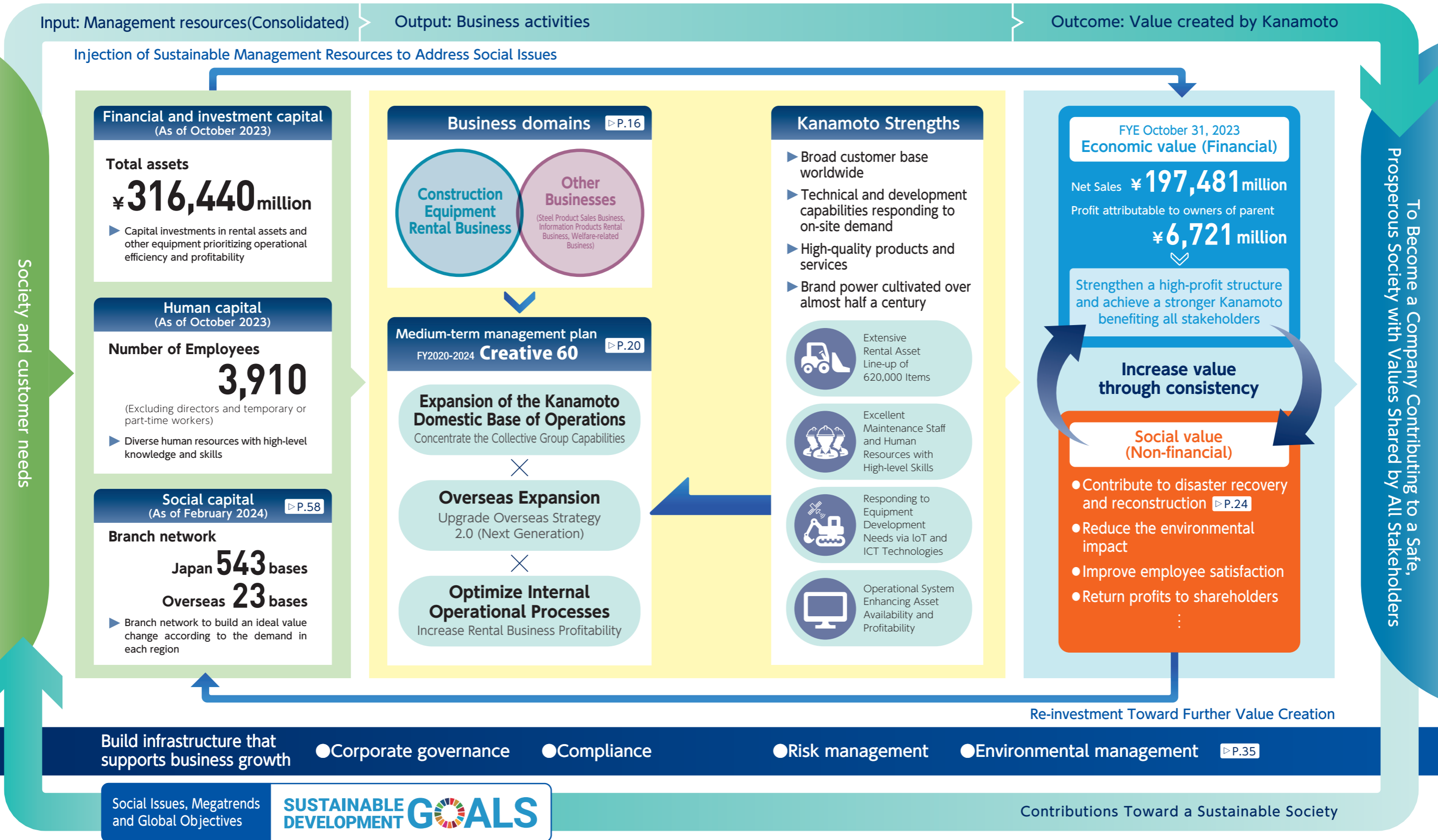
Performance



Kanamoto Value Creation Process

The Kanamoto Group creates value that helps address social issues through the development of global businesses centered upon construction, robust corpo-

rate governance and ideal organizations and structures, while integrating and using management resources founded in the needs of society and customers.



Realization of the Medium-Term Management Plan "Creative 60"

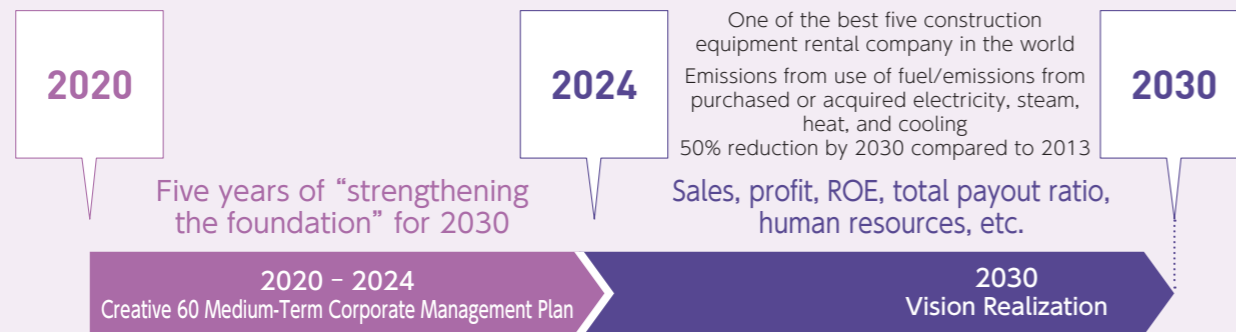
- Further Strengthening Business Resilience to Increase Corporate Value -

The Kanamoto Group will aim to achieve the targets in the Medium-Term Corporate Management Plan "Creative 60" and continue to pursue its existing key initiatives of expansion of our domestic base of operations, overseas expansion, and optimization of internal operational processes, while further strengthening our business resilience and further increasing our corporate value through sustainability-conscious business development and proactive responses to various changes in the social environment (transformation).

Based on our conviction that the sustained enhancement of corporate value requires a proactive, dynamic response to environmental and social sustainability issues, we have formulated a Basic Sustainability Policy, and are working to establish a framework and system to put this policy into practice.

In our Medium-Term Management Plan, we set forth a Sustainability Management Promotion effort, and will incorporate the concept of sustainability into our management more than ever before as we further integrate our Group's business with solutions to environmental and social issues, with the aim of enhancing corporate value and achieving sustainable growth.

Positioning of the Medium-term Corporate Management Plan



We will continue to pursue our three key initiatives while further strengthening our business resilience and increase our corporate value through sustainability-conscious business development and proactive responses to various changes in the social environment.

2030 Vision

While aiming to build a foundation for sustainable growth, we will contribute to the realization of a sustainable society as a good corporate citizen that coexists with society.

2030 Numerical Targets	Net sales (Consolidated)	¥ 225 billion	ROE	Above 8 %
	Operating profit (Consolidated)	¥ 20 billion	Total payout ratio	Above 50 %

Priority Measures of the "Creative 60" Medium-Term Corporate Management Plan

01 Domestic Expansion of the Kanamoto Domestic Base of Operations

Concentrate the Collective Group Capabilities

Deeply mine existing areas

Enter new areas and develop areas where Kanamoto has low market share

Expand into non-construction sectors

02 Overseas Expansion Upgrade Overseas Strategy 2.0 (Next Generation)

Optimize a global portfolio

Inorganic strategy: Overseas M&A initiatives

Establish a Kanamoto global platform

Lay the groundwork to raise overseas sales to 10% of total net sales

03 Internal Optimize Internal Operational Processes Increase Rental Business Profitability

Integrate marketing and sales strategies with IT

Improve operational efficiency

Invest resources in product planning and research and development to develop the technology and systems needed at construction sites i.e.: Kana Robo Naccident AX Q-reen ICT construction equipment

Build an environment to promote Group logistics i.e.: Cost control, stable long-term operations

Place emphasis on recruiting and developing human resources

Cash allocation

Cash flow EBITDA

Rental equipment investment, etc.

Assessment of trending in demands, sustainable growth and increase productivity of domestic core business, strategic investment for strengthening overseas business

M&A, etc.

New businesses, M&As, and other active investments for acquiring growth foundation to increase group value

Dividend payout and acquisition of treasury shares, etc.

Continue stable dividend with a target total payout ratio of above 50% and flexibly purchase treasury shares

To help grasp the operating environment surrounding the Kanamoto Group, the report on the following pages looks at the domestic and overseas construction demand expected to receive short-term, concentrated investment in the future.

Expansion of the Kanamoto Domestic Base of Operations



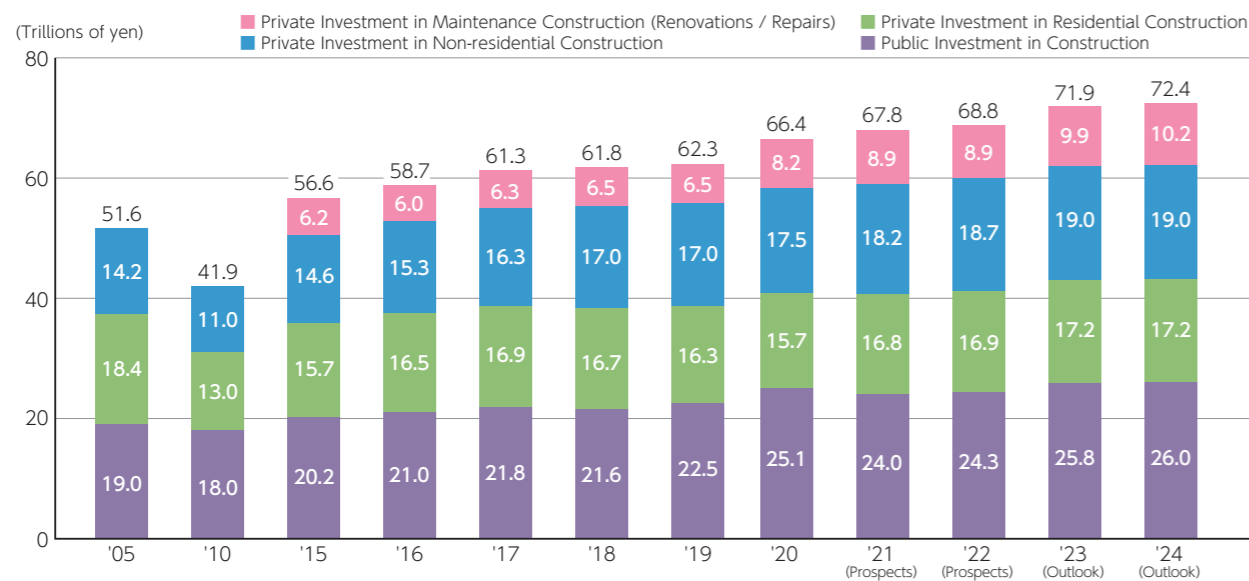
Strengthening Adaptability to Rental Demands While Aiming for Solid Sustainable Growth

Construction Investments Expected to Grow Strong

The amount of construction investment has been rising steadily since around 2012, to an estimated total of ¥71.9 trillion for fiscal 2023, 4.6% higher than the amount estimated for fiscal 2022 (¥68.8 trillion). Forecasts anticipate ¥72.4 trillion of investments throughout fiscal 2024, a 0.7% increase year-on-year. Our Group aims to achieve sustained growth by providing a steady supply of construction equipment rentals with even greater versatility and specialization by leveraging our advantages in the civil engineering field, which is our forte, while also striving to strengthen our ability to respond to disaster prevention and mitigation and national land resilience described below.



Nominal Investment Trends in Domestic Construction



Source: Prepared based on the Construction Economy Model Forecast of Construction Investment (January 2024) published by the Research Institute of Construction and Economy (RICE)

National Policy with ¥15 Trillion Project Budget Moves Forward

With a supplementary fund of approximately ¥1.5 trillion secured in fiscal 2023 alone, a total of 123 disaster reduction projects will address a wide range of issues from measures to tackle more severe storm and flood damage as well as imminent large-scale earthquakes to obsolescence measures for a transition to preventative maintenance of infrastructure in addition to the promotion of a digital transformation aiming to enhance the efficiency of policies toward a more resilient Japan. Over five years, flood disaster prevention measures to manage river basins will build and reinforce structures such as embankments and proceed river channel excavation to increase the maintenance rate of class A rivers prepared for the largest potential floods after World War II from 65% to 73%. These projects also intend to increase anti-landslide and embankment measures along emergency transit routes with a high risk of landslide damage (approx. 33,000 locations) to 73% by fiscal 2025. This policy lays out many specific targets to promote a digital transformation in each field, such as an increase in the implementation rate of ICT in port and harbor construction from 79% in fiscal 2019 to 88% by fiscal 2025.

Promotion of Projects to Strengthen the Road System

The new five-year plan to accelerate emergency measures for national resilience contributing to the prevention and mitigation of disasters outlines priority initiatives to eliminate missing links* and expand expressways to four lanes. These measures will build a national disaster-resistant expressway network. These emergency measures aim to heighten resilience to disasters in roughly 200 sections of roads without junction access, including a back-up network of national highways to use as an expressway alternative. These projects will also eliminate 30% of the missing links over five years from fiscal 2021 to fiscal 2025 for the purpose of finally connecting all 200 sections of road by fiscal 2041. In addition, construction will prioritize roughly 880 km of provisional two-lane roadways to expand the work for expansion to 4-lane roadways from 13% in fiscal 2019 to 47% by fiscal 2025.

*Missing links are sections of roadway without access to arterial expressways and other road systems. The connection of these roadways to the road system is designated as an essential measure for supporting regional independence because it secures alternative routes during large-scale disasters, strengthens international competitiveness, and bolsters local economies.

Measures and Project Scale of Priority Initiatives in the Five-year Plan to Accelerate Measures for National Resilience Contributing to the Prevention and Mitigation of Disasters

Measure	Projects	Budget
Projects to tackle severer storm and flood damage as well as imminent large-scale earthquakes		Approx. ¥12.3 trillion
Projects to prevent and minimize the harm to life and property	50	
Projects to maintain transportation networks and lifelines and support the national economy and lifestyles	28	Approx. ¥2.7 trillion
Obsolescence measures for a transition to preventative maintenance of infrastructure	21	
Promotion of a digital transformation to enhance the efficiency of policies toward a more resilient nation		Approx. ¥0.2 trillion
Digital transformation of policies toward a more resilient nation	12	
Advancements in prediction, collection, aggregation, and communication of disaster-related information	12	
Total	123	Approx. ¥15 trillion

Source: Prepared based on the Five-year Plan to Accelerate Measures for National Resilience Contributing to the Prevention and Mitigation of Disasters released by the Cabinet Secretariat.

Expansion of the Kanamoto Domestic Base of Operations



The Kanamoto Group is Building a Continuous Support System for Responding to Large-scale Damage Caused by Natural Disasters

The Entire Group Works Together to Provide Construction Machinery and Materials

The national government has designated the five-year period from 2021 to 2025 as the second phase of reconstruction and vitalization following the Great East Japan Earthquake. This phase includes investment of approximately ¥1.6 trillion in support projects that are being carried out. This new stage of reconstruction is expected to require ongoing support, and the Kanamoto Group will do everything in its power to respond. Also, as seen with the large earthquake with a magnitude of 7.6 that occurred on the Noto Peninsula in Ishikawa Prefecture on January 1, 2024, natural disasters have tended to become more frequent and severe in recent years, with large-scale earthquakes and typhoons, as well as floods and landslides caused by linear rain zones occurring every year. As shown below, there have been many disasters since 2016 that have been designated by the government as "Major Disasters," resulting in extensive destruction to human life, homes, infrastructure, and local industries. The Kanamoto Group responds to requests from various regions by providing construction machinery and equipment needed for recovery construction work following these disasters. In the future, we will strengthen cooperation between Group companies, centralize management resources and build a continuous support system to better use all of our strengths toward more comprehensive support.

Recent Major Disasters

2016	April Kumamoto earthquake Kumamoto prefecture, etc.	2018	September Hokkaido Eastern Iburu Earthquake Hokkaido	2022	July Torrential rains caused by the stationary rain front Kumamoto/Miyagi prefectures
	June/July Torrential rains caused by the seasonal rain front Kumamoto/Miyazaki prefectures		September/October Typhoon No.24 Tottori/Miyazaki/Kagoshima prefectures		August Torrential rains caused by the stationary rain front/Typhoon No.8 Aomori/Yamagata/Niigata/Ishikawa/Fukui prefectures
	August/September Typhoon No.7, and 9 to 11 Hokkaido/Iwate prefecture	2019	June/July Typhoon No.3, 5, etc. Nagasaki/Kagoshima/Kumamoto prefectures	September Typhoon No.14/15 Shizuoka/Yamaguchi/Kochi, Fukuoka/Saga/Nagasaki/Kumamoto/Oita/Miyazaki/Kagoshima prefectures	
September Typhoon No.16 Miyazaki/Kagoshima prefectures	August/September Typhoon No.10, 13, 15, 17, etc. Saga/Chiba prefectures		2023	May 2023 Okunoto Earthquake Ishikawa Prefecture	
2017	June/July Torrential rains in Northern Kyushu and Typhoon No.3 Fukuoka/Oita/Akita prefectures	October Typhoon No.19 to 21 Tokyo and 13 prefectures in the Tohoku, Kanto Koshinetsu, and Tokai regions		May to July Stationary rain front/Typhoon No. 2 Aomori/Akita/Ibaraki/Saitama/Toyama/Ishikawa/Shizuoka/Wakayama/Shimane/Yamaguchi/Fukuoka/Saga/Oita prefectures	
	September Typhoon No.18 Kyoto/Ehime/Oita prefectures	2020	May to July Kyushu floods, etc. 9 prefectures in regions from Tohoku to Kyushu	August Typhoon No. 7 Kyoto/Hyogo/Tottori prefectures	
September Typhoon No.21 Niigata/Mie prefectures and the Kinki region	May to July Torrential rains caused by the seasonal rain front Tottori/Shimane/Kagoshima prefectures		September Typhoon No. 12, and 13 Ibaraki/Chiba prefectures		
2018	May to July 2018 Japan Floods and Typhoon No.5 to 8 Okayama/Hiroshima/Ehime prefectures	2021	August Typhoon No.9, 10, etc. 7 prefectures in regions from Tohoku to Kyushu	2024	January 2024 Noto Peninsula Earthquake Ishikawa/Toyama/Niigata/Fukui prefectures
	August/September Typhoon No.19 to 21 Wakayama/Nara/Osaka/Nagano/Niigata prefectures		March Shinchimachi, Soma district, Fukushima Earthquake Fukushima		

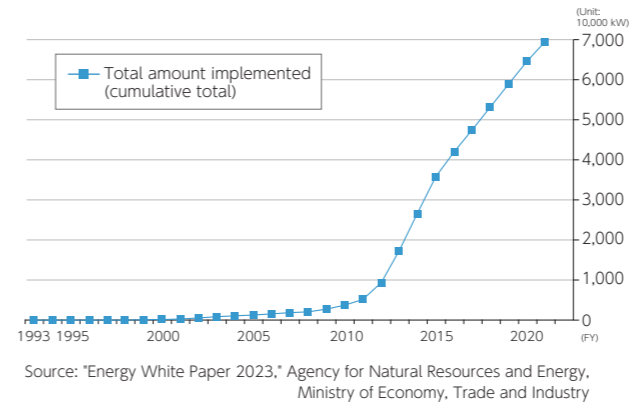
Note: Areas highlighted in light blue indicate the main regions afflicted by each disaster.
Source: Disaster Prevention Information page on the Cabinet Office website
Earthquake Information, Ishikawa Prefecture website

Promoting the Realization of Decarbonized Society through Responding to the Rising Demand for Renewable Energy

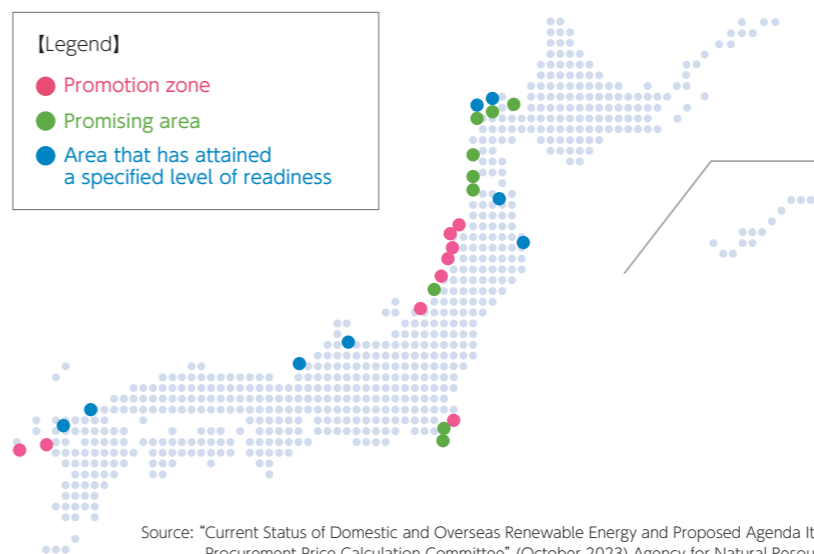
Strengthening Handling of Constructions for Renewable Energy

Renewable energy sources, including wind and solar power, have been expanding rapidly in recent years. The amount of solar power generation installed in Japan has been steadily increasing year by year, with a cumulative 70.70 million kW installed by March 2023, ranking third in the world after China and the United States, a remarkable development. Wind power is also a potentially economical energy source, as its electricity generation cost is comparable to that of thermal power if it can be generated on a large scale. In particular, offshore wind power generation is expected to bring about mass implementation, cost reductions, and economic ripple effects. With its large scale of business and broad base of related industries, it is expected to become a new mainstay industry in Japan. As the construction of the grid system continues to progress in areas suitable for renewable energy, our Group will contribute to a sustainable decarbonized society that takes the global environment into consideration, while strengthening our ability to respond to the renewable energy field by providing construction machinery and equipment required for construction work, including the foundations for these projects.

Trends in Solar Power Generation in Japan



Maximizing Implementation at Suitable Sites: Promoting Offshore Wind Power



Expansion of the Kanamoto Domestic Base of Operations

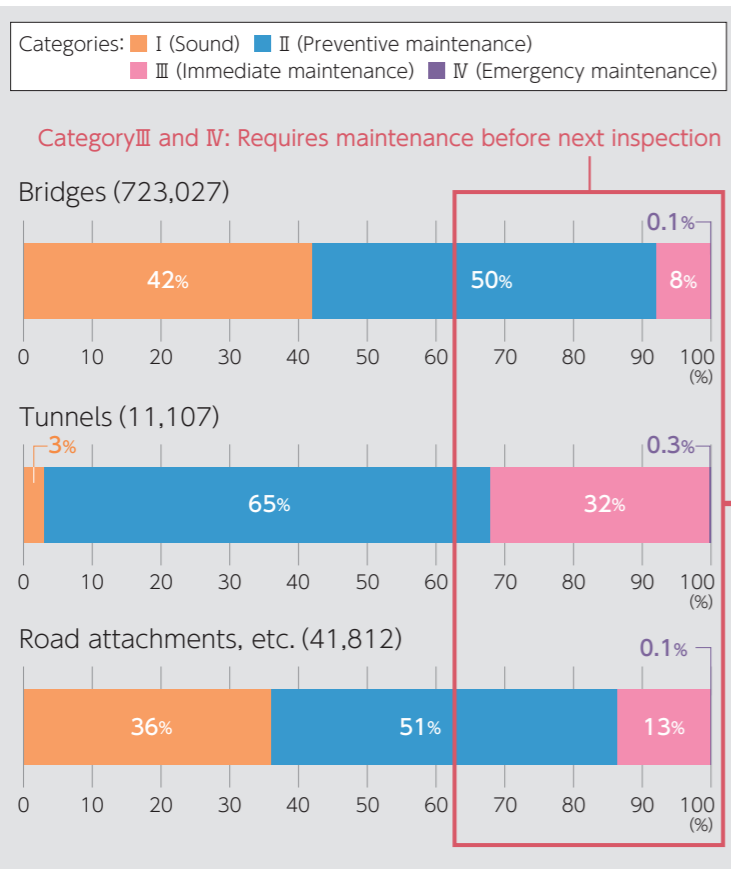


Responding to Higher Maintenance Productivity and Longer Lasting Road Infrastructure

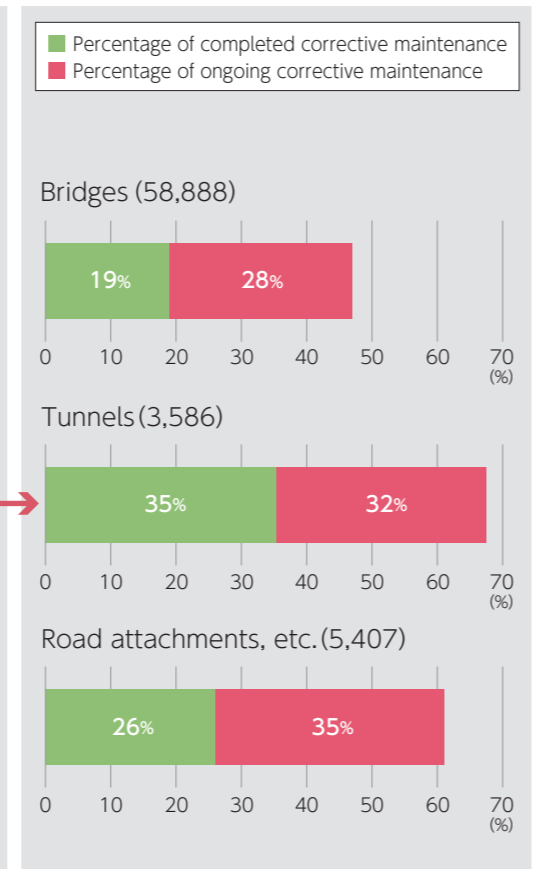
Expected Need for Road Infrastructure Development in the Future

Statutory once-a-five-year close visual inspections of road infrastructure enacted in 2014 assess bridges and other infrastructure to put in place five-year maintenance measures by designating maintenance needs as Category III (immediate maintenance) or Category IV (emergency maintenance). 58,888 bridges were designated Category III or Category IV in the Annual Report on Road Maintenance (August 2023) prepared by the Ministry of Land, Infrastructure, Transport and Tourism during inspections as of March 31, 2023. Japan had begun maintenance on 27,708 of those bridges, only 47% of the total number of bridges requiring attention. Similar repairs have also only begun on 67% of tunnels requiring attention in 3,586 sites as well as 61% of road attachments in 5,407 locations. In addition, 4% of the bridges, 18% of tunnels, 8% of road attachments, etc. assessed as Category I (sound) or II (preventive maintenance stage) in inspections conducted between fiscal 2014 and fiscal 2017 had become Category III or IV after five years in inspections conducted between fiscal 2019 and fiscal 2022. To overcome these challenges, Kanamoto promotes a shift to preventative maintenance and higher maintenance productivity that undertakes the proper maintenance work before damage and degradation progresses, which is essential to optimizing infrastructure stock.

Category Ratio for Bridges, Tunnels, Road Attachments and Other Infrastructure



Percentage of Ongoing or Completed Corrective Maintenance (Category III and IV)



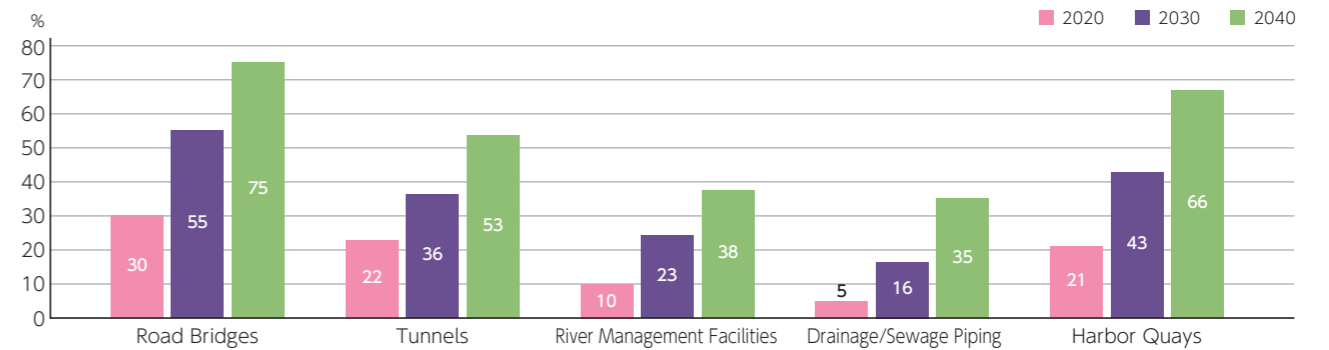
Note: Figures in parentheses indicate the number of sites. Source: Prepared based on the Annual Report on Road Maintenance (August 2023) released by the Ministry of Land, Infrastructure, Transport and Tourism.

Supporting Large-scale Infrastructure Upgrades through Our Extensive Lineup of Specialized Equipment

Japanese infrastructure is clearly aging as shown by once-a-five-year inspections. The percentage of infrastructure more than 50 years old includes roughly 30% of road bridges, 22% of tunnels, and 21% of harbor quays. These are just some of the 12 types of infrastructure under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism earmarked for upwards of ¥194.6 trillion in maintenance and renewal over the next 30 years. Moreover, large-scale refurbishment plans for expressways outside the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism such as roughly ¥5 trillion for three NEXCO companies and roughly ¥1 trillion combined for Metropolitan Expressway and Hanshin Expressway are underway. In this maintenance environment, the hope of new technology for building and renovating infrastructure is higher than ever. The Kanamoto Group promotes products and technology for infrastructure maintenance and repairs to actively develop new products and adopt others certified by the New Technology Information System (NETIS)*. We not only have an ample line-up of specialty construction equipment for ground improvements but also teams of ground improvement experts at Group companies. Our equipment and expertise helps organization such as petroleum industrial complexes where deep underground construction work, underwater work, and thorough prevention of ground sinking and subsidence are absolutely essential. The demand for such specialized civil engineering equipment is expected to grow even for overseas projects building infrastructure, such as the Asia and Oceania region described on pages 32 and 33.

*NETIS is a database of technical information aggregated by the Ministry of Land, Infrastructure, Transport and Tourism via the New Technology Utilization System for Public Works.

Percentage of Infrastructure Over 50 Years Old



Source: Prepared based on Status and Future of Social Capital materials released by the Ministry of Land, Infrastructure, Transport and Tourism.

Estimated Maintenance and Renewal Expenditures in Sectors Under Ministry of Land, Infrastructure, Transport and Tourism Jurisdiction (Trillions of Yen)

	2018	2023	2028	2038	2048	30-year Total (2019 to 2048)
Roads	1.9	2.1-2.2	2.5-2.6	2.6-2.7	2.1-2.2	71.6-76.1
Rivers and other torrents	0.6	0.6-0.7	0.6-0.8	0.7-0.9	0.7-0.9	18.7-25.4
Sewage systems	0.8	1.0-1.0	1.2-1.3	1.3-1.3	1.3-1.3	37.9-38.4
Harbors	0.3	0.3-0.3	0.2-0.3	0.2-0.3	0.2-0.3	6.0-8.3
Six other sectors	1.6	1.6-1.8	1.3-1.4	1.2-1.4	1.6-1.7	42.3-46.4
Total of 12 sectors (Estimated with corrective maintenance)	5.2 (5.2)	5.5-6.0 (7.6-8.5)	5.8-6.4 (7.7-8.4)	6.0-6.6 (8.6-9.8)	5.9-6.5 (10.9-12.3)	176.5-194.6 (254.4-284.6)

Note: Values for 2018 and 2023 are also estimates. Note: The estimation for rivers and other torrents is the total for rivers, dams, erosion control, and coastlines. Note: The six other sectors refer to airports, sea lane beacons, parks, public housing, government offices and monitoring facilities. Source: Prepared based on the Estimate of Future Maintenance and Renewal Expenditures for Infrastructure Sectors under the Jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism (November 30, 2018) released by the Ministry of Land, Infrastructure, Transport and Tourism.

Expansion of the Kanamoto Domestic Base of Operations



Strengthening the Promotion of Digital Transformation in Construction to Further Improve Productivity

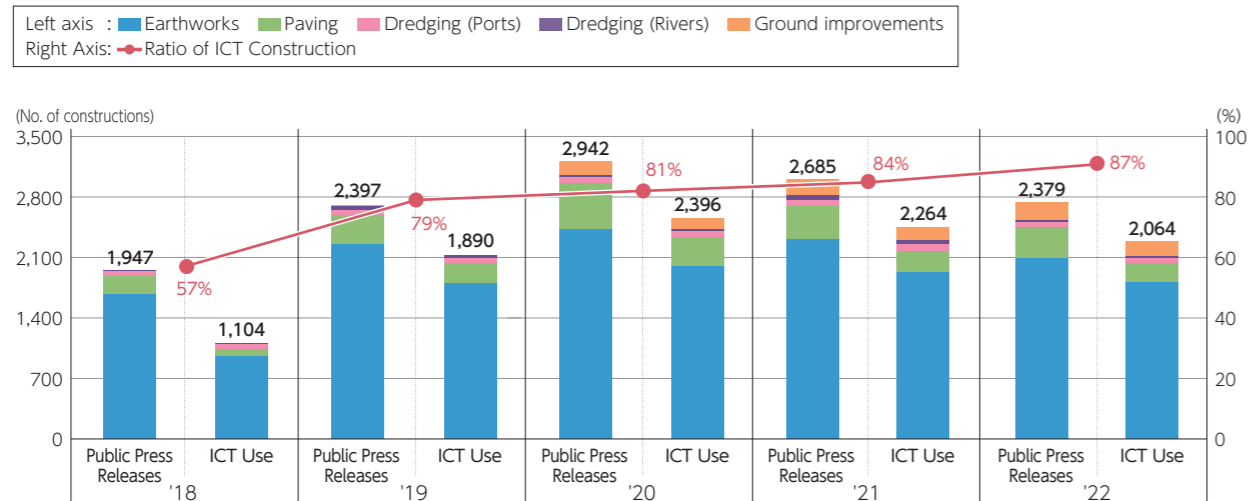
Rapid Popularization of ICT Implementation, and BIM/CIM

Digital Transformation (DX)^{*1} is coming into increasingly widespread use in the construction industry to compensate for labor shortages. With the establishment of the Construction RX (Robotics Transformation) Consortium, technological collaboration throughout the industry is under way to improve productivity through the introduction of construction robots, IoT, and other technologies. The Ministry of Land, Infrastructure, Transport and Tourism is also strengthening digital transformation initiatives in the infrastructure industry. It launched i-Construction in 2016 to promote ICT construction, which adopts Information Communication Technologies (ICT) in every process on construction sites from the survey and design to construction and maintenance to save labor and shorten construction periods. The number of ICT construction projects under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism increases every year, making up 80% or more of the construction projects in fiscal 2021 and 2022. BIM/CIM^{*2} can be seen as two prominent digital technologies of the digital transformation in construction. The number of work and projects using these two digital technologies has grown to a cumulative total over 3,000 projects as of March 31, 2023. Takenaka Corporation and other Group companies have placed even more emphasis on this digital transformation through initiatives that include the joint development of BIM × Drone. This new system facilitates the safe flight of drones inside of buildings obstructing satellite signals by using BIM and Visual SLAM technologies^{*3}. In addition, we have jointly developed the “Sharaku” 3-lens camera bar arrangement inspection system with SHIMIZU CORPORATION and Sharp Corporation, and first made it available for rental in 2023 to promote work style reform at construction sites.



*1 A digital transformation leverages data and digital technologies to reform organizational and business models to establish a competitive advantage.
 *2 Building/Construction Information Modeling management takes advantage of 3D models from surveying and planning through design to enhance information sharing as well as the efficiency and functionality of construction production and management systems.
 *3 Simultaneous Localization and Mapping is a technology to use images captured with a camera for simultaneous positional estimation and environmental mapping.

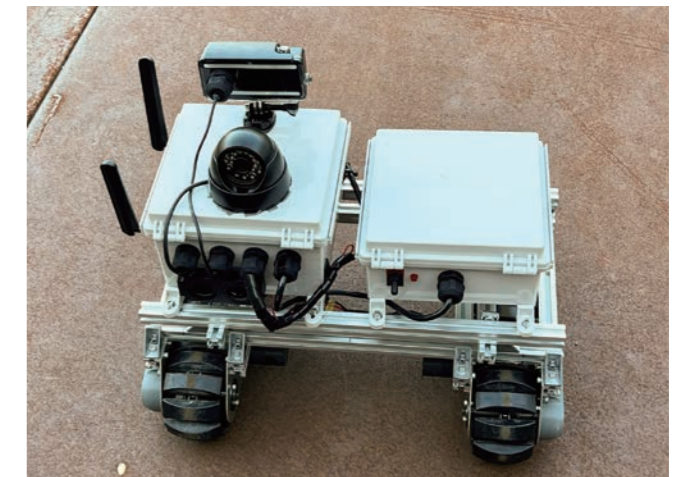
Prevalence of ICT Construction



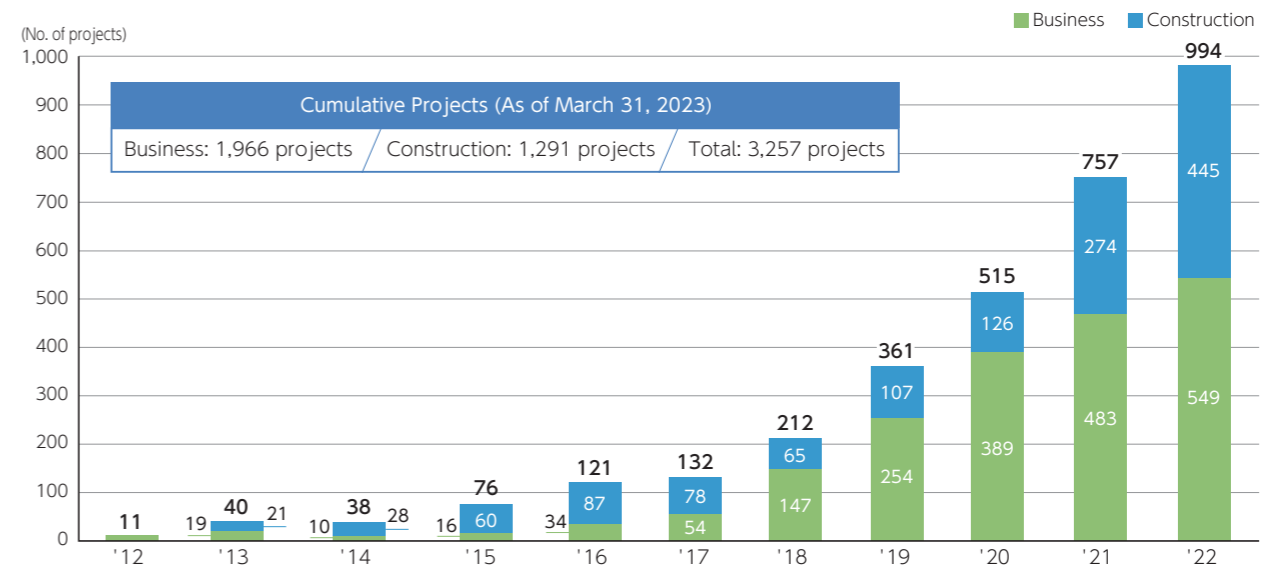
*Constructions that include multiple construction types are count as one construction in the total number of constructions. Source: Materials on initiatives to expand the use of ICT construction (September 2023) published by the Ministry of Land, Infrastructure, Transport and Tourism

Active Promotion of IoT and ICT Equipment Development

The digital transformation in construction promoted by the construction industry and the Ministry of Land, Infrastructure, Transport and Tourism advocates the development of technology for full- and semi-automated construction technologies through robots and Artificial Intelligence (AI). The Kanamoto Group has long been setting up departments dedicated to digital transformation, such as the Construction ICT Promotion Section, and is actively pursuing the development and adoption of equipment leveraging these IoT and ICT technologies that includes i-Construction. The New Products Office leads the Internet of Things Promotion Section as Kanamoto furthers the development and adoption of technologies from remote-control construction robots that realize wireless operation of general-purpose construction equipment and fully autonomous Tunnel RemOS-WL wheel-type loaders for the excavation of tunnels to contact prevention systems for construction equipment equipped with AI object recognition functions. We also took on a proof-of-concept project to realize the remote control of construction equipment with the Softbank Corporation in 2019 in an effort to build a business scheme in anticipation of commercial services using 5G. In September 2020, we welcomed Sooki Holdings to the Kanamoto Group to offer surveying and measurement equipment rental services, which are key to ICT construction, as well as the development and rental of automated measurement systems. We also concluded an alliance agreement with Iwasaki Co., Ltd., an established system solutions company, in May 2021 to promote broader use of ICT construction solutions for ground reinforcement management systems. In 2023, we are working with Iwasaki and Hemisphere Japan to develop the VR500 model for offset boom machines, which can dig ditches efficiently even in narrow space, and we are working to strengthen this field, which is expected to become even more active.



Changes in the Number Business and Construction Projects Using BIM/CIM



Source: Materials on initiatives to expand the use of ICT construction (September 2023) published by the Ministry of Land, Infrastructure, Transport and Tourism

Expansion of the Kanamoto Domestic Base of Operations



Construction of Semiconductor Plants for World's Major Semiconductor Manufacturers, Building Infrastructure for Osaka Expo, Various Local Railway Networks, and Other Construction Demand Is on the Rise

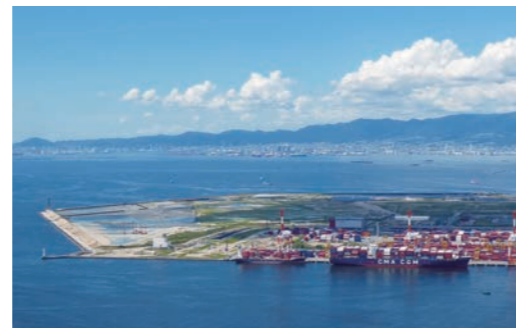
Work Begins on a Succession of Large-Scale Construction Projects in Japan

In addition to measures toward a more resilient Japan, including measures to protect public infrastructure from disasters and deterioration, the construction of plants for manufacturing semiconductors, which are indispensable for electronic devices and other products, is steadily underway. TSMC, a Taiwanese semiconductor manufacturer, is building a semiconductor plant in Kumamoto Prefecture covering an area of more than 20 ha. TSMC invested around 8.6 billion dollars (approx. ¥1 trillion) in Fab 1 in Kumamoto Prefecture. This amount will include up to around ¥480 billion in subsidies from the Japanese government. Fab 1 opened in February 2024 and planning is underway for the construction of Fab 2, which is scheduled to begin operations by the end of 2027. In addition, Rapidus, a semiconductor manufacturing company, is building a state-of-the-art semiconductor plant in Chitose City, Hokkaido. The plant is expected to start trial production in April 2025 with a total of ¥5 trillion invested. SBI Holdings and Taiwan's PSMC plan to jointly build a semiconductor plant in Ohira Village, Miyagi Prefecture. In the fall of 2023, the two companies concluded an agreement with Ohira Village, Miyagi Prefecture regarding the location of the new plant. Total investment is expected to exceed ¥800 billion. In light of these large-scale plant construction projects, we will expand our business activities to meet the active needs of each region, including infrastructure development.



2025 Osaka Expo Redevelopment Project

Osaka Prefecture is currently undertaking a construction project related to the World Expo, which is scheduled to be held in 2025. The planned site for the Expo, which is estimated to have an economic impact of approximately 2.7 trillion yen, is Yumeshima, an artificial island in Osaka Bay (total land area: 390 hectares). The construction cost of the venue is expected to be ¥235 billion. As a means to transport visitors to Yumeshima, plans to expand various railway lines are under review from the Osaka Metro Chuo Line and Keihan Nakanoshima Line to the JR Yumesaki (Sakurajima) Line. Since infrastructure development, including redevelopment of the bay area, is expected to be active, we will continue to strive to meet a wide range of needs for large-scale construction projects in Japan.



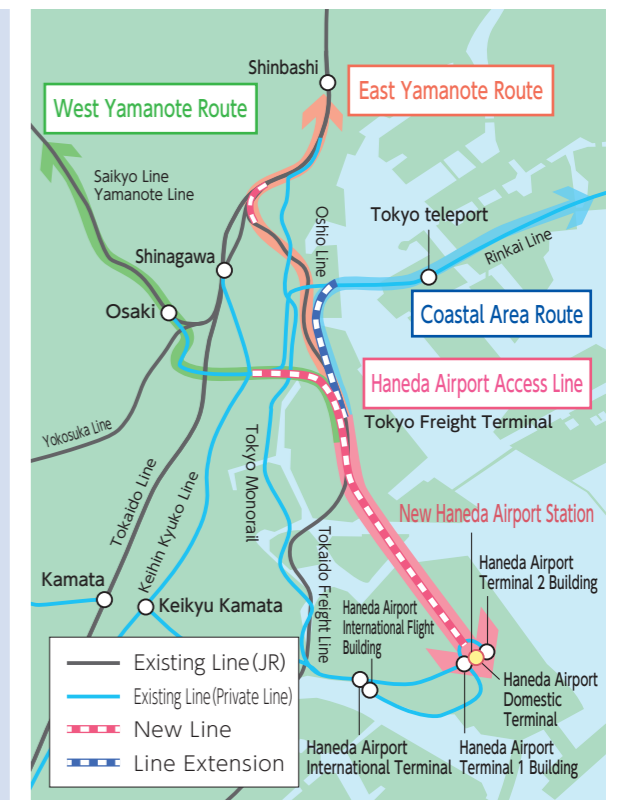
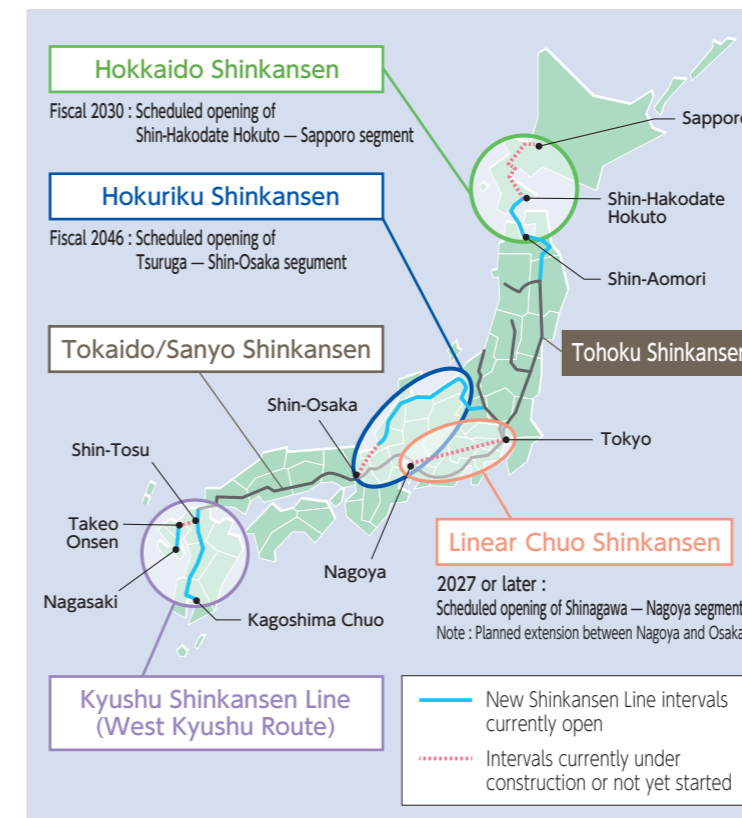
Responding to the Construction of Planned Shinkansen Lines and Strengthening Our System

Large-scale transportation infrastructure construction and maintenance projects are also in full swing in various regions, including the Hokuriku Shinkansen (Kanazawa to Tsuruga), which opened in 2024. This work not only includes extension construction for extending the Hokkaido Shinkansen from Shin-Hakodate-Hokuto to Sapporo, but also the ongoing construction of the Linear Chuo Shinkansen (Shinagawa to Nagoya)—a massive project with an estimated budget of ¥7 trillion to ¥10 trillion— set to begin service in 2027 or later. A project tentatively named the Haneda Airport Access Line began, which has been planned since 2016. This project is building a new roughly 5km access line from the Haneda Airport New Station (tentative) located between Domestic Terminal 1 and Terminal 2 of Haneda Airport to the Tokyo Cargo Terminal. The plan for this project upgrades the existing lines and connects them to the new line to provide direct access to Haneda Airport and Tokyo Station as well as the Utsunomiya, Takasaki and Joban areas. The construction cost is expected to be about ¥300 billion including sections for upgrade. The project broke ground in fiscal 2022 with the new access line expected to bring service to three new routes in fiscal 2031. The East Yamanote Route will run to Tamachi Station area. The West Yamanote Route will run to Shinjuku and Ikebukuro areas and the Coastal Area Route will link directly to the Rinkai Line area. Kanamoto launched a Specialized Equipment Engineering Division in August 2016 to oversee the new Tunnel Machinery and Water Treatment Machinery Sections. These types of structural reforms strengthen our ability to flexibly handle all aspects of infrastructure construction and maintenance in the future unified as a Group with the increase in work on bullet train lines, the linear Chuo Shinkansen, and various railway and roadway tunnels.



Kanagawa Prefecture Station (tentative name) of the Linear Chuo Shinkansen under construction

Various Bullet Train Lines and Linear Chuo Shinkansen Routes Conceptual Overview of the Haneda Airport Access Line (Tentative) Routes



Source: JR East Group Management Vision "Move UP" 2027

Overseas Expansion



Asia and Oceania Region Sustain Strong Demand for Construction Including Infrastructure Development

Growing ASEAN Construction Demand

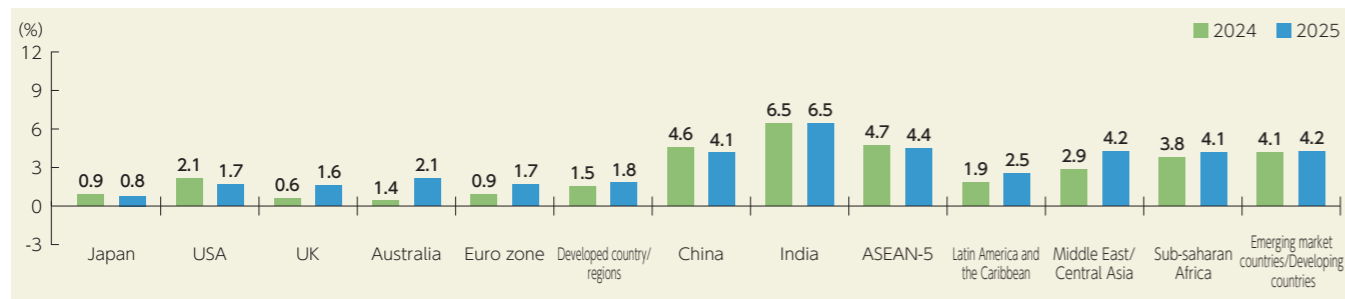
Construction business in ASEAN countries continues to grow steadily in Indonesia, Malaysia, Thailand, and other countries in the region. Infrastructure development associated with the relocation of the new capital in Indonesia and inward direct investment in Malaysia reached record highs for the second consecutive year. In Thailand, the development of large-scale industrial parks and the development of roads extending to the border with Laos are accelerating. In the Philippines, the construction economy is booming due to the government's policy to strengthen infrastructure and private investment. In 2006, the Kanamoto Group established a subsidiary in Shanghai, China, and later expanded into Indonesia, Vietnam, Thailand, and the Philippines in 2015. The Group established new companies in Thailand and Shanghai in 2017, and in Malaysia in 2018. In Indonesia, we launched a construction equipment rental business in October 2023.

Infrastructure Demand as a Source of a Higher Overseas Sales Ratio

Infrastructure projects are underway in various countries in the Asia and Oceania region. The Transport System Development Strategy (2017-2036) in Thailand and the Build Better More (BBM) Program in the Philippines continue to promote infrastructure development. In Vietnam, the 10-Year Social Economic Development Strategy and in Malaysia, the Penang Transport Master Plan, a large-scale infrastructure development plan, have been formulated to promote large-scale infrastructure development. Australia is undertaking large-scale plans to invest approximately ¥9.7 trillion in construction and maintenance of transportation infrastructure throughout the nation over the next ten years. Although we are currently expanding our operations in countries such as China, Thailand, Malaysia and the Philippines, among our overseas bases, Australia is the country where we experience the highest level of sales. In 2020, we acquired two holding companies and three main operating companies of the Porter Plant Group (PPG), a corporation domiciled in Australia, which is involved in the construction equipment rental business and other businesses. As a result, the Group's overseas sales for the fiscal year ended October 31, 2022 increased more than three times compared to levels in the fiscal year ended October 31, 2019. At each of our overseas bases, we are strengthening our sales system by focusing on training local staff in charge of sales and technical affairs. As we consider expanding into North America in the future, we will strengthen the sales structure of our overseas bases and develop our business in response to the growing demand for infrastructure in the Asia and Oceania region.



Economic Growth Rate Outlook for Major Developed and Emerging Nations (Real GDP/Annual Percent Change)



Source : Prepared based on the IMF World Economic Outlook (January 2024)

Basic Kanamoto Group Expansion Information and Main Projects by Country (As of 2022(Construction investment data as of 2021))

China		Main projects	Vietnam		Main projects
Population (10,000 persons)	141,175	<ul style="list-style-type: none"> ● Construction of Dalian Wind Power Generation Industry Park ● Construction of sponge cities as a disaster prevention measure ● Jiangsu Plan for Promotion of Transportation Infrastructure Development centered upon a high-speed railway system and airport expansion (through 2035) ● Water conservation projects ● Plans for a total of \$1.4 trillion in new infrastructure construction, etc. 	Population (10,000 persons)	9,946	<ul style="list-style-type: none"> ● North-South Express Railway ● Long Thanh International Airport ● Hanoi City Yen Xa Sewerage System Project ● Hanoi City Metro Rail System Project, etc.
Real GDP growth rate	3.0%		Real GDP growth rate	8.0%	
Total nominal GDP (billions of US\$)	17,963.2		Total nominal GDP (billions of US\$)	408.8	
Nominal per capita GDP (dollars)	12,814		Nominal per capita GDP (dollars)	4,087	
Construction Investment (Production Volume) (100 Million Dollars)	12,426.5		Construction Investment (Production Volume) (100 Million Dollars)	215.8	
Thailand		Main projects	Indonesia		Main projects
Population (10,000 persons)	6,609	<ul style="list-style-type: none"> ● Development of Smart Park, located in Map Ta Phut Industrial Estate in Rayong Province ● Bangkok-Chiang Mai High Speed Rail Development Project ● High-speed railway line which will connect three major airports ● Ta Phut Industrial Port and Laem Chabang Deep Seaport Development ● U-Tapao International Airport expansion, etc. 	Population (10,000 persons)	27,870*	<ul style="list-style-type: none"> ● Relocation of Indonesia's capital to East Kalimantan Province ● West Java Patimban Port development project ● Jakarta Mass Rapid Transit: Extension of the North-South Line and construction of the new East-West Line ● Jakarta Sewerage System project ● East Java non-ferrous metal refining plant construction ● Construction of the Trans-Sumatra Toll Road, etc.
Real GDP growth rate	2.6%		Real GDP growth rate	5.3%	
Total nominal GDP (billions of US\$)	495.3		Total nominal GDP (billions of US\$)	1,319.1	
Nominal per capita GDP (dollars)	7,651		Nominal per capita GDP (dollars)	4,784	
Construction Investment (Production Volume) (100 Million Dollars)	137.3		Construction Investment (Production Volume) (100 Million Dollars)	1,238.3	
Philippines		Main projects	Malaysia		Main projects
Population (10,000 persons)	10,903*	<ul style="list-style-type: none"> ● Metro Manila subway and north-south commuter railway ● Davao City Bypass Construction Project ● Flood risk protection project in Cavite ● Metro Manila seismic improvement, etc. 	Population (10,000 persons)	3,301	<ul style="list-style-type: none"> ● Construction of roads in Sabah and Sarawak ● Kuala Lumpur City MRT and LRT ● East Coast Rail Line (ECRL) ● Komtar-Bayan Lepas Light Rail Transit (LRT) project based on the Penang Transport Master Plan, Pan Island Link (PIL), Penang South Reclamation (PSR), etc.
Real GDP growth rate	7.6%		Real GDP growth rate	8.7%	
Total nominal GDP (billions of US\$)	404.3		Total nominal GDP (billions of US\$)	406.3	
Nominal per capita GDP (dollars)	3,623		Nominal per capita GDP (dollars)	12,364	
Construction Investment (Production Volume) (100 Million Dollars)	273.6		Construction Investment (Production Volume) (100 Million Dollars)	134.0	
Australia		Main projects			
Population (10,000 persons)	2,627	<ul style="list-style-type: none"> ● Sydney Metro City ● Inland freight rail (Melbourne to Brisbane) ● Western Sydney Airport and surrounding city development ● Expansion of Snowy Hydroelectric Power Plant, etc. 			
Real GDP growth rate	3.7%				
Total nominal GDP (billions of US\$)	1,675.4				
Nominal per capita GDP (dollars)	52,265				
Construction Investment (Production Volume) (100 Million Dollars)	1,188.1				

*The population figure for Indonesia is a 2023 estimate.
*The population figure for the Philippines is the population as of 2020.

Sources: Prepared based on Japan External Trade Organization (JETRO) materials, Research Institute of Construction and Economy (RICE) materials, and ASEAN at a Glance—ASEAN Basic Economic Statistics Data, Asia and Oceania Bureau, Regional Policy Division, Ministry of Foreign Affairs (December 2023)

Optimize Internal Operational Processes



Improving and Promoting Profitability through the Optimization of Internal Operational Processes

System Improvements to Better Utilization Rates and Profit Margins

Kanamoto calculates rental revenues by multiplying the asset quantities, rental unit prices and utilization rate. The core earnings of our Group rely on greater management and operational efficiency of construction equipment. In particular, we see the enhancements through the optimization of internal operational processes as one priority issue. Improvements to existing systems are essential to enhancing the utilization rate. As a first step we have replaced the plates and stickers used for the machine codes of existing rental products with IC tags and QR codes to improve warehouse management, such as equipment delivery and retrieval as well as inventory management, by using dedicated readers and communication circuits. The Kanamoto Group is also integrating systems across Group companies. These reforms will minimize differences in the utilization rate between slow and busy seasons, proportionally improve the utilization rate, raise rental revenues, and enhance profit margins through permanent cost reductions. The optimization of internal operational processes includes measures to help promote the digital transformation described on page 28. The plan strives to shift more toward digital technologies even for business model innovations and work-style reforms.

Information System Enhancements to Boost Operational Efficiency

Kanamoto pioneered the first online network in the industry in 1985. Innovation continued with the migration of core systems from mainframes to open systems in 2004 and the introduction of a new Kanamoto web-based system in 2018. These reforms realized greater efficiency in every business operation from inventory management of rental assets to execution statuses of regular maintenance and inspections as well as the selection of models for offerings in the next quarter. The online Kanamoto system is what facilitates the basic rental foundation to provide the right equipment in the right quantity at the right time. The system not only offers smooth equipment delivery and pickup but also significantly helps put together a product line-up that meets user needs.

We will continue our work to develop IT governance and strive to enhance efficiency of internal business processes while aggressively pursuing proprietary systems.



Sustainability Section (ESG Initiatives)

The Kanamoto Group strives to create and enhance value founded in a mission to fulfill all of our social responsibilities to find harmony with the environment and society and communicate with our stakeholders.



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ESG Management

Kanamoto sees ESG activities as a core management foundation and strives to become an enterprise entrusted with the future as a good corporate citizen coexisting with society.

ESG Overview

The Kanamoto Group conducts business for the purpose of becoming an enterprise entrusted with the future as a good corporate citizen coexisting with society. The shareholders, investors, business partners, employees, local communities and many other stakeholders make Kanamoto business activities possible as it expands overseas. To achieve our mission and foster sustainable growth, the Kanamoto Group must build close and trusting relationships with our stakeholders through proper corporate conduct. We position and practice ESG as a central aspect of Group management.

Contributions to the Success of the Sustainable Development Goals (SDGs)

The seventeen Sustainable Development Goals (SDGs) adopted at the United Nations Summit in September 2015 are globally shared objectives which at the same time require innovation from the private sector. The Kanamoto Group also recognizes the importance of helping achieve the SDGs through its business activities. We have identified the SDGs most relevant to our Group businesses from these seventeen and promote initiatives founded in the priority themes shown in the table below toward the success of these objectives.

Basic Sustainability Policy

Everyone working in the Kanamoto Group will aim to build a foundation for sustainable growth, which is part of our Group Vision, and to contribute to the development of a sustainable society as a member and good corporate citizen of society.

1

We will aim to help combat climate change and other global environmental issues by capitalizing on the unique sharing economy traits of a rental business.

2

We will aim to help improve labor conditions throughout society by respecting human rights and consideration toward employee health and work environment.

3

We will aim for sustainable and mutual prosperity by engaging in fair and proper business dealings with our partners.

4

We will aim to enhance disaster prevention and mitigation and the national resilience of Japan as well as improve crisis management of natural disasters and other calamities as core principles of Kanamoto's crisis management.

The Kanamoto Group's priority themes for ESG

	Priority Themes	Relevant SDGs	Kanamoto Group Activities
Value creation	Businesses contributing to SDGs		Kanamoto products and services will create new value that helps achieve the SDGs and contribute to the development of a sustainable society.
Foundation supporting value creation	E <ul style="list-style-type: none"> A business called "rental" that leads to decarbonization Asset shift to environmental measures for decarbonization Initiatives for TCFD 		Kanamoto will acknowledge the connection between all of its business activities and the environment, reduce its environmental burden, and preserve biodiversity to realize a sustainable society even with limited global resources by complying with environmental laws and regulations and promoting appropriate environmental management.
	S <ul style="list-style-type: none"> Comprehensive disclosure and IR activities Contributions to local communities as well as art and culture Stronger health and safety systems Environment inspiring human resource development 		<p>Kanamoto will practice highly transparent and prompt information disclosure, broaden its disclosure mediums, and enhance IR activities for shareholders and investors in Japan and overseas.</p> <p>Kanamoto will aim to strengthen partnerships with local communities, contribute to arts, culture, and education as well as facilitate better communication.</p> <p>Kanamoto will aim to maintain and improve workplace environments so that all executives and employees can work safely, energetically and with good mental and physical wellbeing.</p> <p>Kanamoto will aim to build an environment inspiring innovation by ensuring diverse human resources with different perspectives and modes of thinking can each be themselves and fully utilize their skills.</p>
	G <ul style="list-style-type: none"> Corporate governance Compliance Internal control systems Risk management 		Kanamoto will promote and strengthen compliance and corporate governance by acknowledging that corporate governance and compliance are critical management challenges to enhance corporate value.



Environmental Activities

Kanamoto recognizes the growing importance of addressing the issue of carbon dioxide emissions and will continue efforts to help build a sustainable society

A Rental Business Contributing to Decarbonization

Japan pledged to reach carbon neutrality by 2050 in October 2020. In April of the following year, the government then set the specific goal for a 46% reduction of CO₂ emissions by 2030 compared to fiscal 2013. In February 2023, the Cabinet approved the Basic Policy for the Realization of GX, and policy decisions were made on initiatives in various fields to achieve a stable supply of energy and economic growth. Kanamoto is also highly aware of the increasing importance of environmental measures that incorporate decarbonization. Our core Group rental business is in and of itself a sharing economy, which contributes to decarbonization throughout all of society. Even in the manufacturing industry in which Kanamoto regularly purchases construction equipment on an annual basis, construction equipment manufacturers are advancing the development of machines with superior energy-savings, such as hybrid, ICT, and electric-drive equipment. According

to the Japan Construction Equipment Manufacturers Association, the improvement of fuel efficiency in the three major types of equipment (hydraulic excavators, wheel-type loaders, and bulldozers), and development and adoption of energy-saving equipment including hybrid models have been estimated to have the potential to reduce CO₂ emissions to approximately 1.6 million t-CO₂ (levels of CO₂ in 1990) by 2030. The industry is set to reduce the manufacturing energy consumption rate by 17% from the actual achievement of 2013 as a target for CO₂ reductions by 2030, which has accelerated decarbonization efforts throughout the manufacturing industry. We have newly introduced a biofuel generator and made it available for rental. The introduction of this product, which uses biofuel instead of diesel fuel, will contribute to the reduction of CO₂ emissions at construction sites and the realization of carbon neutrality by 2050.

Asset Shift to Eco-friendly Equipment Toward Decarbonization

We have long been strategically shifting resources toward equipment with exhaust control. Every year, we regularly purchase roughly 3,000 units of equipment complying with exhaust control regulations to replace existing construction equipment. This investment not only optimizes operational processes via efficient vehicle allocation and Digital Transformation (DX) initiatives but also steadily advances decarbonization. Our efforts are not limited to Kanamoto rental construction equipment. We also actively adopt commercial vehicles certified for high fuel efficiency and low emissions. Kanamoto has been an early adopter of hybrid technology for commercial vehicles since mass production began in 1988 and consistently upgrading to vehicles with higher fuel efficiency and lower exhaust emissions. Moreover, our branches carry out initiatives to actively use renewable energy via solar power generation systems installed on the building roofs. A transition to renewable energy for in-house power consumption helps reduce CO₂ emissions and secures a supply of

power even during power outages resulting from large-scale disasters or other incidents. This helps establish a system for business continuity necessary for disaster response. To achieve decarbonization and realize a sustainable society, the Kanamoto must both respond to user needs and consider environmental conservation. We will always strive to provide a reliable, eco-friendly rental business, actively upgrading equipment to models that take advantage of environmentally-friendly technologies.



Solar Power Generation System Installed on the Roof of the Kyoto Branch Office

Our environmentally friendly products



Clean Energy House

Using clean energy from sunlight allows indoor power to be supplied independently. It can generate power either off-grid (stand-alone) or on-grid (grid-interconnected).

* For more details about our products, please visit our website, etc.



TCFD Initiatives

Kanamoto will enhance information disclosure on climate change based on the TCFD framework

Climate Change Disclosure (TCFD Disclosure Guidelines)

Kanamoto recognizes its response to environmental issues, including climate change, as one priority management challenge. In July 2021, Kanamoto signed and expressed its support of the Task Force on Climate-Related Financial Disclosure (TCFD)¹ and joined the TCFD Consortium². Even as companies pursue low and no carbon efforts and markets flourish, the impact of climate change becomes even more severe from unusual weather to flooding. The social mission of the construction machine rental business aims to prevent and mitigate disasters as well as help recovery after disaster strikes. The rental industry also leverages the unique characteristics of a sharing economy, which aims to maximize the efficient use of construction machinery. Kanamoto will develop this business in a form that will contribute to social initiatives to combat climate change.



Governance

Our Sustainability Committee led by the President as chair with members made up of management and employees deliberates and makes decisions about matters on organizational governance related to climate risks and opportunities. The Committee also reports to the Board of Directors. On particularly important policies, the Committee also involves the Board of Directors in the discussion and approval process. Each division also incorporates the policies and measures approved by the Committee into its business plans. The Committee then reviews these business plans and regularly reports to the Board of Directors. Each branch also reports to the Sustainability Committee, which identifies and monitors the energy consumption connected to carbon dioxide emissions, through an established reporting system.

Strategies

Climate risks and opportunities have a real and potential impact on businesses, strategies, and financial plans of the organization. To identify the medium- to long-term impact climate change issues have on our businesses, Kanamoto has analyzed scenarios anticipating Construction Equipment Rental Business in Japan after 2030. This analysis adopted a scenario assuming a 4°C average temperature rise as well as a 1.5°C to 2°C temperature rise worldwide by 2100 compared to that before the industrial revolution. Each of these scenarios analyzed shifts in government policy and market trends (transition risks and opportunities) and the physical changes (physical risks and opportunities). The main scenarios used for the transition risk and opportunity analysis adopted the International Energy Agency (IEA) State Policy Scenario (STEPS; scenario assuming the current environmental policies announced by each country are reached but do not meet the long-term goals of the COP21 Paris Agreement³ resulting in a roughly 4°C temperature rise by 2100 due to climate change compared to the temperature before the industrial revolution), the IEA Sustainable Development Scenario (SDS; scenario assuming international cooperation to achieve the long-term goals of the COP21 Paris Agreement sustain a low temperature rise of less than 2°C by 2100 due to climate change compared to the temperature before the industrial revolution), and the IEA Net Zero by 2050 (NZE2050) analysis. The main scenarios used for the physical risk and opportunity analysis adopted the Intergovernmental Panel on Climate Change (IPCC) RCP 8.5 (scenario assuming measures to regulate greenhouse gas emissions are not taken resulting in a 2.6°C to 4.8°C temperature rise compared to the temperature before the industrial revolution), the IPCC RCP 2.6 (scenario assuming mitigation of greenhouse gas emissions suppresses the temperature rise to 0.3°C to 1.7°C compared to the temperature before the industrial revolution), and SR1.5 (Global Warming of 1.5°C).

The primary risks, opportunities, and countermeasures are outlined in the table below.

Item		Impact on businesses			Countermeasures	
		Overview	4°C Scenario	2°C/1.5°C Scenario		
Transition	Risk	Adoption of carbon tax	Increasing business costs of carbon taxes	Small	Medium	Transition to eco-friendly equipment promoting energy savings
	Risk	Strengthening of various regulations toward a decarbonized society	Increasing costs and lower demand due to regulations	Small	Large	Transition to eco-friendly equipment promoting energy savings
Transition	Opportunity	Expansion of needs for energy savings and renewable energies	Expansion of environment-related markets (energy savings, ZEB, etc.)	Medium	Large	Proactive support of projects for energy savings and renewable energy
	Risk	Rising temperatures	Increasing costs to respond to environment changes on construction sites, etc.	Large	Large	Stronger solutions utilizing ICT and other technologies
Physical	Risk	Greater severity of natural disasters	Potential of damage as well as rising insurance premiums, freight costs, and other expenditures due to disasters	Medium	Medium	Stronger Business Continuity Plans (BCP) coordinating with suppliers, insurance companies, and other stakeholders
	Opportunity	National resilience initiatives	Growth in demand for national resilience	Large	Large	Stronger sales and marketing of projects building infrastructure
Physical	Opportunity	Shifts in markets due to climate change	New demand generated by climate change measures	Medium	Medium	Stronger sales and market conforming to market trends

Risk Management

Our Sustainability Committee led by the President as chair with members made up of management and employees deliberates and makes decisions about methods for the organization to identify, assess, and manage climate risks. The Committee also reports to the Board of Directors. On particularly important policies, the Committee also involves the Board of Directors in the discussion and approval process. Each division also incorporates the policies and measures approved by the Committee into business plans. The Committee then reviews these business plans and regularly reports to the Board of Directors. As one aspect of risk management, the Committee has not only set targets to reduce carbon dioxide emissions, which are one cause of climate change, but has also established a reporting system to identify and review energy consumption connected to carbon dioxide emissions. Kanamoto not only has a Sustainability Committee but also an Internal Control Committee, Compliance Committee, and Legal Office, which creates the foundation that supports its internal control systems to address climate change and all other business risks.

Index and Targets

Kanamoto has set short- to long-term CO₂ reduction targets (total/per unit emissions) up to 2050 and promotes initiatives to reduce CO₂ emissions from its business activities.

Scope 1	Emissions from the use of purchased electricity, heat, etc. 50% reduction by 2030 compared to 2013
Scope 2	Emissions from purchased or acquired electricity, steam, heat, and cooling 50% reduction by 2030 compared to 2013

¹The Task Force on Climate-Related Financial Disclosures (TCFD) was established based on the request of G20 in 2015 as a task force by the Financial Stability Board (FSB; agency for conducting auditory functions related to international finance composed of members from financial authorities and central banks of each country). To reduce the risk of unstable financial markets, the TCFD advocates companies disclose various information such as the financial impact of climate change risks and opportunities on business activities as well as specific countermeasure and strategies.
²The TCFD Consortium is a group launched by investors and companies that support TCFD disclosure for the purpose of collaborative development and sharing of scenario analyses and techniques to quantify data in each industry.
³2015 United Nations Climate Change Conference (COP21) held in Paris, France in December 2015 adopted the Paris Agreement as a new international framework to reduce greenhouse gas emissions from 2020 in addition to other environmental initiatives.



Social Activities

Efforts in Developing and Strengthening Excellent Human Resources Who Are the Driving Force to Achieve Sustainable Growth

Basic Policy for Enhancing Human Capital

1. Basic Policy

In our construction equipment rental business model, we believe that the added value we can provide to our customers is not from the construction equipment itself, but from each and every employee. Therefore, it is important to increase the value of human capital by thoroughly training human resources and improving their skills. The following two initiatives will serve as fundamental principles that the additional policies listed below will realize.

(1) Engagement

The following three action guidelines are at the core of the Group's operations.

- a. Pursue innovation and mobilize every resource to energize our company
- b. Always remember Kanamoto competes for profits
- c. Maintain a self-directed and independent mind

Based on these guidelines, we have been working to improve employee loyalty for many years, and aim to further increase this to an engagement where the company and employees trust each other.

(2) Diversity and Inclusion

We will foster a sense of unity that allows us to recognize and accept differences among employees, such as race, nationality, gender, and age.

- a. Among the full-time 2,041 employees, 24 are non-Japanese, or 1.2%
- b. As of June 2023, the employment rate of persons with disabilities is 3.45% (the statutory employment rate is 2.3%)
- c. The ratio of new graduate hires to career hires is 35.2%/64.8%.
The ratio of managers and employees was nearly equivalent to that ratio at 34.7%/65.3%.

2. Human Resource Development Policies

We know excellent human resources with a high level of expertise and skills are the driving force of sustainable growth. Therefore, we have established the Human Resource Development Policies below.

- 1. Develop human resources who embody the Kanamoto corporate philosophy and action guidelines
- 2. Support employees who want to independently acquire skills and certifications
- 3. Expand training programs and encourage exchange outside the company with the aim of nurturing diverse views and values

That is why we have built systems to extract and nurture the full potential of each and every employee through stratified human resource training and development programs for sales persons, engineers, and administrators. These specific internal training programs include training and follow-up training for new employees, sales leadership training, fifth-year technical training, administrative leadership training, and administrative step-up training by occupation, as well as new branch manager training, block plant manager training, and office manager training for management. In addition, Kanamoto has also adopted external e-learning programs teaching a variety of things, such as compliance and management skills. Kanamoto has also enhanced support programs that encourage employees in technical fields to acquire necessary certifications. We also actively promote participation in internal education programs focusing on on-the-job training as well as external training programs held by various manufacturers.

Qualified Repair Technicians and Licensed Operators of Construction Equipment

(As of February 2024)

	Qualification	Persons
Repair Qualified Technicians Certifications	Construction Equipment Repair Mechanic (Expert)	26
	Construction Equipment Repair Mechanic (First Class)	304
	Construction Equipment Repair Mechanic (Second Class)	610
	Portable Generator Repair Mechanic	595
	Automobile Repair Technician	545
	Gas Welding Technician	804
	Organic Solvent Work Manager	401
	Hazardous Materials Handling Manager	410
	Vocational Training Instructor	14
	Vehicle-type Construction Equipment Operator	4,486
Operation Qualified Technicians Certifications	Mobile Crane Operator	2,115
	Large-scale Equipment (Special) Operating License	551
	Sling Crane Technician	960
	Forklift Operator	827
	Shovel Loader Operator	19

NOTE: Number of qualifications held is the cumulative total of all qualifications

3. In-house Environment Improvement Policies

(1) We will create an environment where employees can work safely with good mental and physical wellbeing

- a. Strengthen health and safety systems
- b. Maintain and improve physical and mental health
 - In November 2022, we introduced a cafeteria plan for employees called Benefit Station
 - In March 2023, the conventional system in which there were seven holidays for every four weeks of work was changed to eight holidays for every four weeks of work
 - Kanamoto's Health and Productivity Management Declaration is announced in October 2023; Company is recognized as a Certified Health & Productivity Management Outstanding Organization in March 2024
- c. Anti-harassment measures
 - Conducted an e-learning course on anti-harassment for all managers in February 2022, totaling approximately 220 minutes and continue to provide anti-harassment training for employees to be promoted in future as well

[Active Participation of Women in the Workplace]

Kanamoto rolled out the action plan below in an effort to build a work-friendly environment where every executive and employee can reach their full potential and find work-life balance regardless of gender.

Term

Five years from April 1, 2021 to March 31, 2026

Details

- Target 1** Expand the active roles of women in the workplace and increase the number of female managers 30%
 - Measure**
 1. Foster a career path for women into sales and actively hire women as managers of sales blocks and branches.
 2. Strengthen recruitment of women into sales and technical roles and encourage common internal gatherings and comprehensive training
 3. Expand administrative leadership training and upper management training to create career paths for women
- Target 2** Build a workplace where every employee can work over the long term with a sense of satisfaction and improve the rate employees take annual paid leave 30%
 - Measure**
 1. Continue no overtime days to help facilitate work-life balance
 2. Raise awareness about childcare and nursing care programs to help build a system of mutual understanding and cooperation in the workplace
- Target 3** Strive to cultivate an image of career and employment in local children and students
 - Measure**
 1. Create opportunities for employees and business partners to interact with children in local communities through various local events
 2. Provide student internships and other educational opportunities and work tours through partnerships with schools

[Foreign Nationals]

Kanamoto has already built a proven track record of actively hiring new graduates and mid-career candidates from overseas. We also employ several hundred people with a wide range of backgrounds at local subsidiaries overseas. Our organization emphasizes skills and performance to evaluate potential management candidates solely on their character.

[Mid-career Candidates]

Kanamoto has always actively hired mid-career candidates, emphasizing skills and performance to evaluate potential candidates solely on their character. In the future, we will continue to cultivate core human resources with a good balance between new graduates and mid-career hires.

Initiatives to Strengthen Health and Safety Systems

One Initiative Kanamoto is strengthening is safety training. We have put in place systems that work to prevent accidents around the Safety and Health Office led by the president. This office regularly conducts in-house seminars and audits and works to raise health and safety awareness at all branches. Our efforts to strengthen health and safety systems and eradicate occupational accidents have proven successful. As many as 31 branches in Kanamoto are accident-free over the last 20 years.

Kanamoto discloses impartial and proper information, builds relationships with local communities, and engages in many other activities that enhance corporate value

Appropriate Disclosure and Comprehensive IR Activities

Kanamoto knows the importance of an appropriate market evaluation of corporate value through fair, precise, and prompt information disclosure. We strive to not only provide information about management and business conditions as well as corporate activities but also timely and active disclosure of valid information for everyone to understand and assess the Kanamoto Group. Our IR efforts had actively focused on presentations at IR events for individual investors, small meetings with institutional investors in Japan, and IR events overseas. We have also put in place systems to consistently communicate with stakeholders by switching financial results briefings and question-and-answer sessions to online.

Patronage to Support Development of Local Arts and Culture

Kanamoto believes its patronage to support arts and culture helps to enhance its corporate value. As part of this support, we provide Providence, a former beer hall owned by Kanamoto, free of charge to Muroran City in Hokkaido as a venue for its Port Literature Museum. Kanamoto has also acquired the naming rights for the Sapporo Civic Hall where 400,000 people a year attend concerts and take part in life-long learning opportunities. This venue has come to be adored as the Kanamoto hall. The Kanamoto Group works to not only improve its brand recognition but also to help vitalize local education and culture.



Former Providence Beer Hall Provided to Muroran City in Hokkaido Free of Charge



Kanamoto Hall (Sapporo Civic Hall) Housing a Large 1,500-person Event Hall as well as Small, Medium and Large Conference Rooms

Governance

Kanamoto Group Corporate Governance

(As of February 1, 2024)

Basic Approach to Corporate Governance

The basic Kanamoto approach to corporate governance is to engage in business activities according to a management philosophy that builds and strengthens trust with shareholders, customers, partner companies and local communities as well as employees and their families, which not only enhances corporate value but also helps realize the sustainable development of our Group. Therefore, we strive to build internal management systems as well as

maintain and improve the transparency and fairness of management. Our basic approach to corporate governance establishes an information cycle for timely information disclosure and feedback to management as well as engages in prompt and precise governance measures. We have also defined the action guidelines below to raise specific awareness throughout the Kanamoto Group about our management philosophy.

1

Pursue innovation and mobilize every resource to energize our company

The external environment around Kanamoto is always changing and will never stop. Our Group must evolve to adapt to these changes and avoid weakness and bankruptcy in the future. Ceaseless self reformation is essential to achieve an ever vibrant organization. Previous success clearly leads to over-confidence. We must quickly put our successes in the past and learn from our mistakes in the pursuit of mental readiness.

2

Always remember Kanamoto competes for profits

The product and service offerings of a company strive to accomplish many things from contributing to society and paying taxes to ensuring stable employment. However, any effort is pointless if the company ceases to exist. Only profit guarantees the survival of a company, and revenue is earned by beating the competition. However, profit should not be earned by any means necessary. Every company and its employees must adhere to compliance as business professionals while never engaging in inappropriate acts as a public entity (company).

3

Maintain a self-directed and independent mind

None of us can rely on others to protect our company and our lifestyles. We must trust in our own abilities to take us leaps and bounds ahead and understand that no one will help us overcome our failures. All of us must be responsible for our actions. The best time to evolve and differentiate oneself from competitors is when the business environment around us is unfavorable.

* Please refer to the Corporate Governance Report for more details on corporate governance.

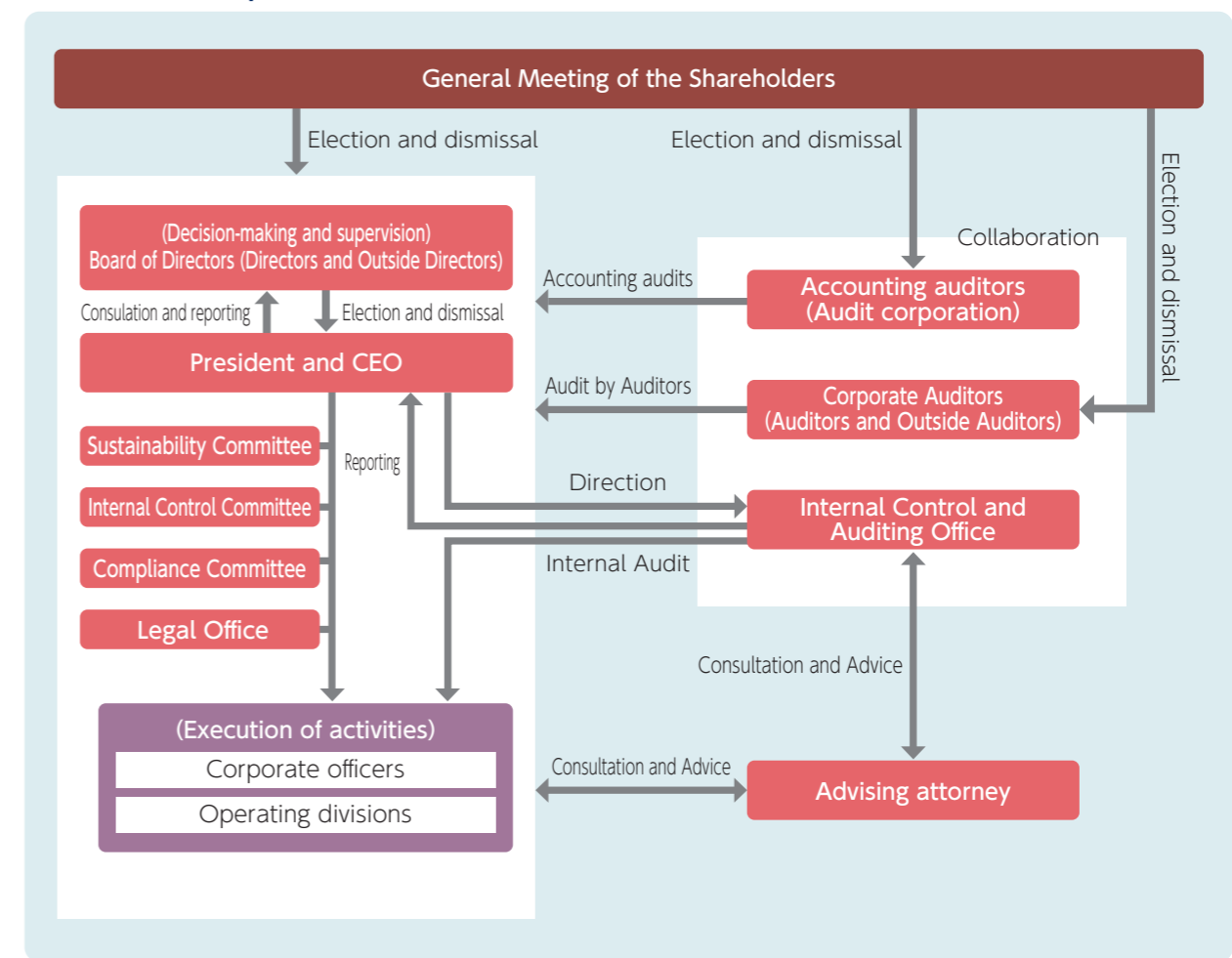
Corporate Governance Structure

Overview and Logic Behind Kanamoto Corporate Governance

Corporate governance is the fundamental platform for companies to enhance their social value. Kanamoto and the Kanamoto Group have adopted the various corporate governance systems used today for the purpose of establishing the best and most advanced corporate governance considering the conditions and scale of the organization. We have adopted an outside director system to ensure more efficient and sound management as well as transparency about our decision making. The executive officer system put in place at Kanamoto also better clarifies supervision and accountability functions. A one-year term for director appointments establishes a flexible management system while a board of

corporate auditors has been put in place to execute managerial audits. Currently, three of the five corporate auditors at Kanamoto are outside auditors and independent officers. The selection of highly independent outside auditors strengthens management supervisory functions and allows us to effectively use functions of auditors, ensuring uncompromising corporate governance. The Board of Directors is also composed of eight members who are well versed in Kanamoto Group businesses, and of five highly independent outside directors who bring unique management experience and expertise from other industries, to facilitate rapid and accurate management decision-making.

Kanamoto Corporate Governance Structure



a. Board of Directors

Currently, the Board of Directors is composed of 13 directors, five of whom are outside directors, for broader perspectives in decision-making and oversight of business execution. As the highest decision-making authority on the execution and supervision of management strategies and business plans, the Board of Directors strives to respond quickly to continually evolving business conditions according to rules governing the Board of Directors by not only holding regular Board of Directors meetings but also extraordinary Board of Directors meetings when necessary.

Members of the Board of Corporate Auditors as well as executive officers (ten members excluding individuals serving concurrently as director) attend these Board of Directors meetings.

**Chairman of the Board
Representative Director Kanchu Kanamoto**

Board members

President and CEO Tetsuo Kanamoto, Director Tatsuo Kanamoto, Director Kazunori Hashiguchi, Director Akira Sannomiya, Director Jun Watanabe, Director Shun Hirose, Director Hideaki Yamashita, Outside Director Susumu Naito, Outside Director Eiji Arita, Outside Director Motoki Yonekawa, Outside Director Ayako Tabata, and Outside Director Tetsuya Okawa

b. Board of Corporate Auditors

Kanamoto is a company with a Board of Corporate Auditors. Currently, the Board of Corporate Auditors consists of five corporate auditors, three of whom are outside corporate auditors. All members of the Board of Corporate Auditors regularly attend Board of Directors meetings.

tors meetings to oversee the business execution of directors and fulfill supervisory functions while creating an environment where management appropriately exchanges information and shares opinions on a daily basis.

**Chairman
Standing Corporate Auditor Eichu Kanamoto**

Board members

Standing Corporate Auditor Naoyuki Yokota, Outside Corporate Auditor Noriaki Ikushima, Outside Corporate Auditor Yasushi Ishiwaka, Outside Corporate Auditor Iwao Takeuchi

c. Corporate Officer System

Kanamoto introduced the corporate officer system in 2001 to build a framework that clarifies responsibilities for business execution, enhances dissemination of management policies and other top-down directives, and raises employee awareness about corporate policy. These corporate officers formulate meticulous management strategies to quickly adapt to changes in the market environment as well as ensure comprehensive management of each business division and affiliate company. Currently, Kanamoto has 17 corporate officers, seven of whom serve concurrently as director.

d. Sustainability Committee

The Sustainability Committee chaired by the president was established for the purpose of building a foundation for sustainable growth, which is part of our Group Vision, and contributing to the development of a sustainable society as a member and good corporate citizen of society.

Skill Matrix

Name	Corporate management	Dialogue with capital markets	Rental business and industry knowledge	Global business	Finance and accounting	Legal and compliance	Sales and marketing
Kanchu Kanamoto	●	●	●	●	●	●	
Tetsuo Kanamoto	●	●	●	●		●	●
Tatsuo Kanamoto	●		●				●
Kazunori Hashiguchi	●				●	●	●
Akira Sannomiya			●				●
Jun Watanabe			●				●
Shun Hirose		●		●	●	●	●
Hideaki Yamashita				●	●	●	●
Susumu Naito	●		●		●		●
Eiji Arita	●		●		●		●
Motoki Yonekawa	●						
Ayako Tabata					●	●	
Tetsuya Okawa					●	●	

Note: Not intended as an exhaustive representation of each individual's knowledge and experience.

About Officer Remuneration

Amounts and Calculation Methods for Officer Remuneration

Several Kanamoto directors serve concurrently as corporate officers. Kanamoto believes in an approach that clearly separates remuneration for these duties. Director remuneration is fixed remuneration for management decision-making and auditing functions, while corporate officer remuneration reflects a performance-based evaluation, which links the fixed portion of the remuneration with business performance to function as incentives.

The President and Chief Executive Officer with the consent of the Board of Directors has discretion to determine an amount of compensation for each director within the upper limit of remuneration approved at the General Meeting of Shareholders according to an evaluation of each director.

Kanamoto determines fixed remuneration for outside directors according to their role and independence. Kanamoto determines remuneration for corporate auditors through deliberation with the Board of Corporate Auditors within the upper limit of remuneration approved at the General Meeting of Shareholders.

The Board of Directors has determined the remuneration for each individual is in line with the relevant decision-making policies.

A resolution at the 26th General Meeting of Shareholders convened on January 24, 1991 set the upper limit of remuneration for directors at an annual amount of ¥240 million (not including the employee salaries). The number of directors at the conclusion of the 59th General Meeting of shareholders held on January 25, 2024 was nine directors. The 56th General Meeting of Shareholders convened on January 28, 2021 set the upper limit of remuneration

provided for under the transfer-restricted stock-based compensation system for directors (excluding outside directors) to no more than ¥100 million annually.

A resolution at the 42nd General Meeting of Shareholders convened on January 26, 2007 set the upper limit of remuneration for corporate auditors at an annual amount of ¥50 million. The number of corporate auditors at the conclusion of the General Meeting of shareholders this year is two corporate auditors.

The President and Chief Executive Officer Tetsuo Kanamoto with the consent of the Board of Directors has discretion to determine an amount of remuneration for individual directors. Kanamoto has given the Representative Director and President this discretion because it has determined him to be the best person to evaluate the divisions of which each director is in charge.

Kanamoto provides incentives to directors (excluding outside directors; hereinafter eligible directors) for sustainable enhancements of corporate value and a transfer-restricted stock-based compensation system in order to better share value with the shareholders. The eligible directors will receive payment of all monetary compensation claims to be paid as property contributed in-kind to issue or dispose of common Company stock based on the approval of the Board of Directors. The monetary compensation claim shall not exceed ¥100 million annually, which equates to the issue or disposal of no more than a total of 50,000 shares in common Company stock. Moreover, the Board of Directors shall determine the specific payment period and allocation of payment to each eligible director.

○ Total Remuneration and Other Compensation by Officer Classification, Total Amount by Type of Remuneration and Other Compensation, and Eligible Number of Officers

Officer Classification	Total Remuneration and Other Compensation (Millions of Yen)	Total Amount by Type of Remuneration and Other Compensation (Millions of Yen)				Number of Eligible Officers (Persons)
		Fixed Remuneration	Performancebased Compensation	Retirement Benefits	Non-monetary remuneration, etc. from compensation included on the left	
Directors (excluding outside directors)	110	110	—	—	14	9
Corporate Auditors (excluding outside corporate auditors)	25	25	—	—	—	2
Outside Corporate Officers	10	10	—	—	—	7

(Note) Breakdown of the total non-monetary remuneration, etc. for directors (excluding outside directors) is fixed remuneration of ¥14 million.

○ Material Salaries Paid to Corporate Officers Serving Concurrently as Employees

Total (Millions of Yen)	Number of Eligible Officers (Persons)	Details
94	7	Amount paid as employee salaries

Compliance

... Kanamoto Actively Raises Awareness About Legal and Regulatory Compliance for the Purpose of Increasing Compliance Throughout the Organization

We believe that the foundation that supports a company is fortified by strengthening its compliance structure. Therefore, Kanamoto conducts a variety of activities to raise awareness about compliance.

Initiatives to Establish Compliance

■ Promotion System

Kanamoto formulated Ethics Guidelines and created a compliance manual based on the guidelines to establish a legal and ethical framework of compliance for the entire company centered upon the Compliance Committee, which is chaired by the president.

■ Raising Compliance Awareness

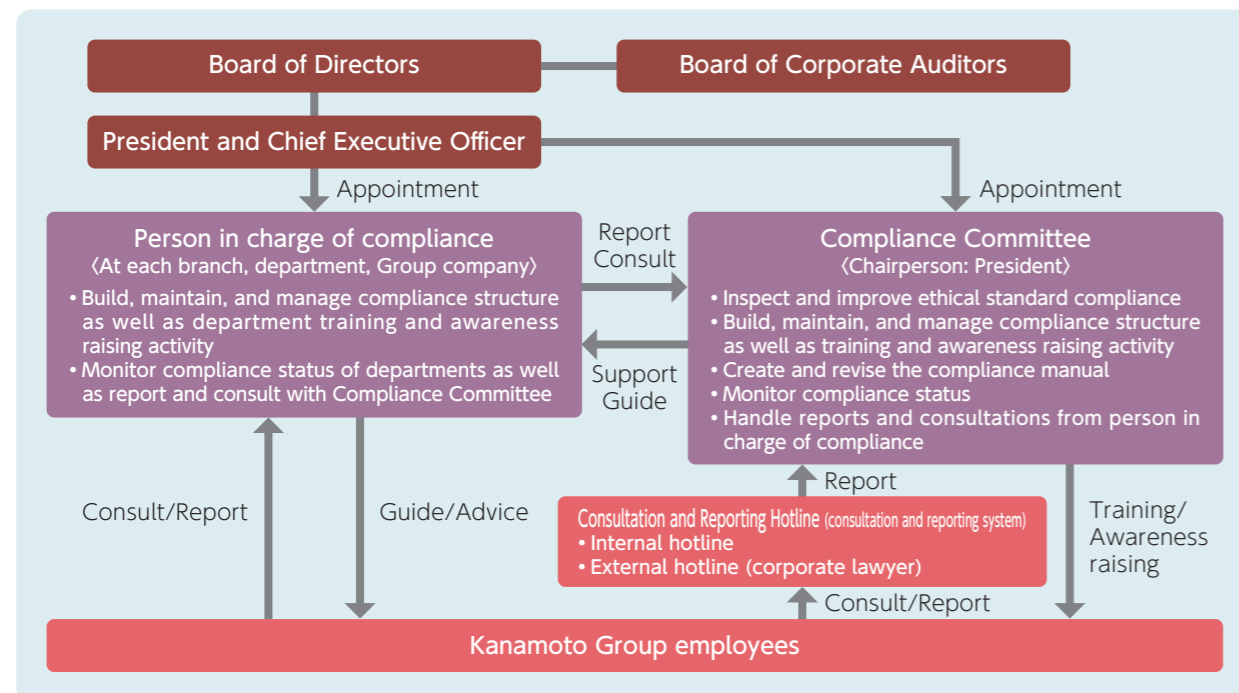
Kanamoto has created a manual as common compliance standards so that all executives and employees of the company and its group companies can operate with the same level of compliance. We are raising compliance awareness through holding regular training to raise awareness. We also create and distribute a handbook summarizing the standards of employee conduct.

■ Utilization of Consultation and Reporting Hotline

Kanamoto has launched a consultation and reporting hotline as a contact point to consult and report on unlawful or inappropriate actions from both inside and outside of the company to actively strengthen the compliance system. This system is used by the company and our group companies when the person is not sure what is the right thing to do to perform their duties in accordance with our code of conduct, or if you suspect that another employee's behavior may be in violation.

Of course, we carefully handle all of the information so that every whistleblower remains anonymous.

— Kanamoto Group Compliance Structure



Internal Control Systems

... Other Corporate Governance Matters

Kanamoto Internal Control System

Kanamoto has established a variety of bodies as its internal control system. The Internal Control and Auditing Office carries out, evaluates, improves and when necessary rectifies the level of compliance with internal procedures and rules as well as laws and regulations applying to all business activities in addition to internal control pertaining to branch operation, consolidated subsidiaries, and other financial reporting. The Legal Office handles all legal affairs. Kanamoto has also established a Compliance Committee chaired by Kanamoto President and CEO and an Internal Control Committee chaired by the General Manager of the Administration Division.

Status of Systems to Ensure Proper Business Practices at Subsidiaries Subject to Mandatory Reporting

















Kanamoto oversees Group company management in accordance with the Guidance Rules for Affiliated Company Operations. The regulations make regular reports from Group companies on business performance, operating results and financial conditions mandatory while also ensuring proper business practices through audits by the Internal Control and Auditing Office when necessary.

Basic Approach and Current Measures for the Exclusion of Antisocial Forces

Kanamoto adamantly prohibits any and all business dealings and relationships with antisocial forces, individuals or groups who threaten public order and safety or obstruct sound corporate operations in its Ethics Guidelines. We are not only uncompromising in our stance of exclusion but also strive to gather information from specialized external agencies and conduct internal employee training and other enlightenment programs through the proper departments. In emergency situations, Kanamoto seeks assistance from competent police departments, legal counsel and other relevant authorities to systematically intercept and stop unreasonable demands from antisocial elements.

Board of Directors (As of April 1, 2024)

(Note1) Asterisk indicates directors who hold the additional post of Corporate Officer.
 (Note2) Only the position titles at Kanamoto are shown, and official positions being performed concurrently have been omitted.

Directors	
 Kanchu Kanamoto Chairman of the Board and Representative Director	 Tetsuo Kanamoto* President and CEO Executive Division Manager, Business Coordination Headquarters
 Tatsuo Kanamoto* General Manager, Steel Sales Division	 Kazunori Hashiguchi* Division Manager, Human Resources Division General Manager, Business Development Office
 Akira Sannomiya* Division Manager, Business Administration Division Division Manager, Used Products Sales Division President and CEO Kanatech Co., Ltd.	 Jun Watanabe* Division Manager, Construction Equipment Rental Division Division Manager, Customer Specific Equipment Sales Division General Manager, New Products Office President and CEO KG Flowtechno Co., Ltd.
 Shun Hirose* Division Manager, Accounting Division General Manager, Public Relations Office General Manager, Bill Collection Center	 Hideaki Yamashita* Division Manager, Overseas Business Division
 Susumu Naito Outside Director	 Eiji Arita Outside Director
 Motoki Yonekawa Outside Director	 Ayako Tabata Outside Director
Auditors	
 Tetsuya Okawa Outside Director	 Eichu Kanamoto Standing Corporate Auditor
 Naoyuki Yokota Standing Corporate Auditor	 Noriaki Ikushima Outside Corporate Auditor
 Yasushi Ishiwaka Outside Corporate Auditor	 Iwao Takeuchi Outside Corporate Auditor

Corporate Officers									
Hiroshi Kumagai	Satoru Toiya	Nobuyuki Sato	Hideki Nakaya	Seiichi Tanaka	Mitsuo Watanabe	Takashi Onoda	Keiji Yamane	Toru Ito	Yasuhiro Fujiwara
Division Manager, Information System Division	Division Manager, Construction Equipment Rental Division President and CEO Assist Co., Ltd.	Division Manager, Corporate Planning Division	General Manager, Internal Control and Auditing Office	President and CEO NISHIKEN.CO., LTD.	President and CEO Unite Co., Ltd.	Division Manager, Administration Division General Manager, Secretary Office	Regional Manager, Construction Equipment Rental Division Kyushu Region Division Manager, Specialized Equipment Engineering Division	Regional Manager, Construction Equipment Rental Division Tohoku Region President and CEO CENTRAL Co., Ltd.	General Manager, Affiliated Business Office

Report of Operating Results and Financial Position for the 59th Business Period
(November 1, 2022 – October 31, 2023)

Matters Concerning the Corporate Group

Summary of consolidated fiscal year operating results

During the fiscal year under review, Japan's economy showed signs of a gradual recovery due to the normalization of economic activities accompanying the easing of regulations that were implemented in response to COVID-19. However, the outlook remained uncertain due to rising raw material prices caused by unstable international conditions as well as due to global monetary tightening, fluctuations in financial and capital markets and other factors.

In the construction industry in which the Group is involved, construction investment was relatively steady due to a gradual recovery of private sector construction investment in addition to stable public sector investment. However, in addition to concerns about delays in equipment supply due to rising construction costs and semiconductor supply shortages, the situation still requires monitoring mainly regarding restrained capital investment due to an economic recession. In such circumstances, in order to achieve the goals of its Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group promoted regional strategies to enhance profit margins and maximize synergistic effects by efficiently using management resources, and also promoted reorganizing the organizational structure and strengthening collaboration between departments, strengthened the asset management system in order to improve utilization rates and optimize the rental unit price, advanced its execution and management capabilities, and worked to expand the stable earnings foundation.

Consequently, in the fiscal year ended October 31, 2023, the Group reported net sales of ¥197,481 million, an increase of 5.0% year on year. On the earnings front, partly due to investment in human resources in preparation for the future in addition to increases in depreciation and selling, general and administrative expenses caused by an absorption-type merger within the Group, operating profit was ¥11,958 million, a decrease of 9.6% year on year, ordinary profit was ¥12,488 million, a decrease of 9.4% year on year, and profit attributable to owners of parent was ¥6,721 million, a decrease of 19.5% year on year.

Consolidated Operating Results

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Net sales	188,028 (-)	197,481 (5.0)
Operating profit	13,229 (- 9.5)	11,958 (- 9.6)
Ordinary profit	13,780 (- 10.5)	12,488 (- 9.4)
Profit attributable to owners of parent	8,345 (- 6.3)	6,721 (- 19.5)
Net income per share	¥ 224.64	¥ 185.40

(Millions of yen; % change from prior year)

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, although there were differences by region, the strength of rental demand for construction equipment has continued to return due to the progress of various types of large-scale projects, such as the construction of semiconductor plants in Hokkaido and Kyushu, and security-related construction in addition to the continuation of redevelopment work in urban areas, extension projects for bullet trains and renewable energy-related work. In addition, in order to strengthen its response to various construction projects, the Group sought to make more efficient use of its assets and worked to resolve the issue of stable supply of rental equipment in response to rising construction demand. It also promoted technological development and business alliances to realize digital transformation at construction sites and reduction of environmental impact.

As a result, sales by region in this business were up 1.1% year on year in the Hokkaido Region, up 8.4% in the Tohoku Region, up 5.0% in the Kanto & Koushinetsu Region, up 1.2% in the Nishi-nihon Region, and up 8.7% in the Kyushu & Okinawa Region.

Used construction equipment sales increased 5.0% year on year, as Kanamoto proceeded with sales in accordance with the plan at the beginning of the term in order to maintain an appropriate asset mix while carrying out the extension of the rental equipment operation period.

Reflecting these factors, the Group posted net sales in the construction-related businesses of ¥178,087 million, an increase of 4.5% year on year, and operating profit of ¥10,309 million, a decrease of 10.4% year on year.

Other businesses

In the Group's other businesses, net sales were ¥19,393 million, an increase of 10.2% year on year, and operating profit was ¥1,144 million, a decrease of 7.1% year on year, as the steel, information, and welfare-related businesses performed as planned.

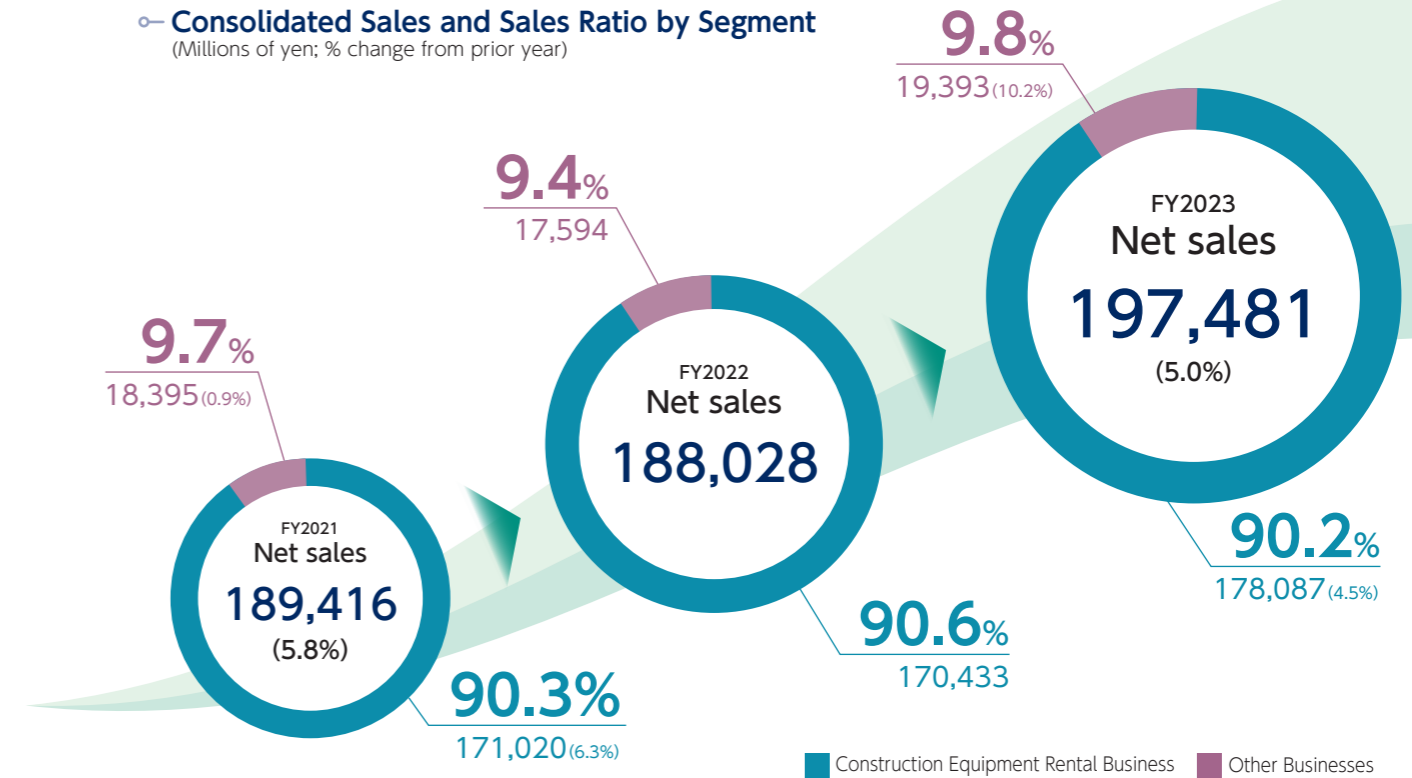
Divisional Sales (Consolidated)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Construction equipment rental business	170,433	178,087 (4.5)
Other businesses	17,594	19,393 (10.2)
Total	188,028	197,481 (5.0)

(Millions of yen; % change from prior year)

(Note) Since the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 58th term, the above figures for the 58th term (fiscal year ended October 31, 2022) are figures after the application of the said accounting standard and relevant ASBJ regulations. As a result, year on year changes are not shown.

Consolidated Sales and Sales Ratio by Segment
(Millions of yen; % change from prior year)



Forecast for the 60th fiscal year (ending October 31, 2024)

Regarding the outlook for the 60th term (fiscal year ending October 2024), while public sector investment is expected to remain steady and private sector construction investment is also expected to continue its recovery trend, the situation needs to be continuously monitored due to the impact of global monetary tightening and geopolitical risks as well as due to concerns that rising construction costs and other factors will dampen the recovery in demand. In addition, equipment procurement costs and maintenance costs continue to increase due to soaring material prices, crude oil prices, etc., and challenging conditions are expected to remain in the business environment.

In such circumstances, to achieve the goals of its Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group will focus on effective asset investment and strengthening of the management system while optimizing the rental unit price using the system, and strive to continue measures for enhancing utilization rates,

based on the promotion of three key measures: expansion of domestic bases for operations, overseas expansion, and optimization of internal operations. Moreover, in addition to developing and introducing technology that can be applied to labor-saving, efficiency and safety measures at sites, environmental measures, etc., the Group will work to provide high-quality services and increase added value by actively engaging in business alliances.

Through the above measures, for the fiscal year ending October 31, 2024, the Group expects net sales of ¥205.3 billion, a growth of 4.0% year on year, and on the earnings front, it expects operating profit of ¥14.1 billion, a growth of 17.9%, ordinary profit of ¥14.3 billion, a growth of 14.5%, and profit attributable to owners of parent of ¥8.3 billion, a growth of 23.5%, partly due to investment in human resources in preparation for the future in addition to effective growth investment based on the business environment.

Projected Operating Results for the 60th fiscal year (ending October 31, 2024)

	Consolidated full-year projection
Net sales	205,300 (4.0)
Operating profit	14,100 (17.9)
Ordinary profit	14,300 (14.5)
Consolidated:Profit attributable to owners of parent	8,300 (23.5)
Net income per share	¥ 234.34

*Purchase of treasury shares was resolved during the Board of Directors meeting on December 8, 2023. Net income per share in the forecast of consolidated business results for the 60th term (fiscal year ended October 31, 2024) takes in account effects of the purchase of treasury shares.

(Millions of yen; % change from prior year)

Consolidated Financial Statements

Consolidated Balance Sheets				
	Prior consolidated fiscal year (As of October 31, 2022)	Current consolidated fiscal year (As of October 31, 2023)	Prior consolidated fiscal year (As of October 31, 2022)	Current consolidated fiscal year (As of October 31, 2023)
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets			Liabilities	
Current assets			Current liabilities	
Cash and deposits	¥ 47,565	¥ 45,611	Notes and accounts payable - trade	¥ 33,714
Notes and accounts receivable - trade, and contract assets	38,452	41,048	Short-term borrowings	980
Electronically recorded monetary claims - operating	8,025	11,474	Current portion of long-term borrowings	13,913
Merchandise and finished goods	1,729	1,442	Lease liabilities	1,444
Raw materials and supplies	1,432	1,574	Income taxes payable	1,957
Construction machine parts	17,047	15,962	Provision for bonuses	1,579
Other	4,098	3,453	Accounts payable - other	24,853
Allowance for doubtful accounts	(284)	(269)	Other	4,022
Total current assets	118,066	120,298	Total current liabilities	82,465
Non-current assets			Non-current liabilities	
Property, plant and equipment			Long-term borrowings	34,659
Rental equipment	282,605	308,318	Lease liabilities	3,179
Accumulated depreciation	(181,989)	(197,632)	Long-term accounts payable - other	41,121
Rental equipment, net	100,616	110,685	Retirement benefit liability	374
Buildings and structures	44,709	47,935	Asset retirement obligations	657
Accumulated depreciation	(26,128)	(27,522)	Deferred tax liabilities	2,095
Buildings and structures, net	18,581	20,413	Other	154
Machinery, equipment and vehicles	10,088	10,550	Total non-current liabilities	82,242
Accumulated depreciation	(8,511)	(8,798)	Total liabilities	164,708
Machinery, equipment and vehicles, net	1,576	1,752		
Land	38,688	39,511	Net assets	
Other	4,570	4,091	Shareholders' equity	
Accumulated depreciation	(2,305)	(2,476)	Share capital	17,829
Other, net	2,265	1,614	Capital surplus	19,332
Total property, plant and equipment	161,728	173,977	Retained earnings	94,399
Intangible assets			Treasury shares	(3,945)
Goodwill	3,810	3,163	Total shareholders' equity	127,616
Customer relationship	1,395	1,244	Accumulated other comprehensive income	
Other	1,511	1,369	Valuation difference on available-for-sale securities	2,181
Total intangible assets	6,717	5,778	Deferred gains or losses on hedges	—
Investments and other assets			Foreign currency translation adjustment	2,198
Investment securities	9,699	10,637	Remeasurements of defined benefit plans	(37)
Deferred tax assets	2,370	2,013	Total accumulated other comprehensive income	4,342
Long-term loans receivable	5,213	1,702	Non-controlling interests	8,652
Other	2,081	2,508	Total net assets	140,611
Allowance for doubtful accounts	(556)	(476)	Total liabilities and net assets	¥ 305,320
Total investments and other assets	18,808	16,386		¥ 316,440
Total non-current assets	187,253	196,141		
Total assets	¥ 305,320	¥ 316,440		

Consolidated Statements of Income		
	Prior consolidated fiscal year (From November 1, 2021 to October 31, 2022)	Current consolidated fiscal year (From November 1, 2022 to October 31, 2023)
	Millions of yen	Millions of yen
Net sales	¥ 188,028	¥ 197,481
Cost of sales	132,196	140,630
Gross profit	55,831	56,850
Selling, general and administrative expenses	42,602	44,892
Operating profit	13,229	11,958
Non-operating income		
Interest income	62	70
Dividend income	180	211
Insurance claim income	35	69
Rental income	77	77
Temporary transfer charges income	77	57
Foreign exchange gains	262	111
Reversal of allowance for doubtful accounts	40	83
Other	349	316
Total non-operating income	1,086	998
Non-operating expenses		
Interest expenses	102	127
Loss on cancellation of leases	38	39
Waste disposal costs	62	73
Compensation for damage	122	—
Provision of allowance for doubtful accounts	19	—
Other	190	228
Total non-operating expenses	536	468
Ordinary profit	13,780	12,488
Extraordinary income		
Gain on sale of non-current assets	19	57
Gain on sale of investment securities	—	221
Gain on sale of shares of subsidiaries and associates	6	0
Gain on revision of retirement benefit plan	34	—
Gain on receipt of donated non-current assets	—	7
Gain on extinguishment of tie-in shares	135	—
Total extraordinary income	196	287
Extraordinary losses		
Impairment losses	—	195
Loss on sale and retirement of noncurrent assets	222	467
Loss on valuation of investment securities	4	6
Loss on valuation of shares of subsidiaries and associates	174	—
Total extraordinary losses	402	668
Profit before income taxes	13,574	12,106
Income taxes - current	4,174	4,480
Income taxes - deferred	344	184
Total income taxes	4,518	4,664
Profit	9,056	7,441
Profit attributable to non-controlling interests	711	720
Profit attributable to owners of parent	¥ 8,345	¥ 6,721

Consolidated Statements of Comprehensive Income		
	Prior consolidated fiscal year (From November 1, 2021 to October 31, 2022)	Current consolidated fiscal year (From November 1, 2022 to October 31, 2023)
	Millions of yen	Millions of yen
Profit	¥ 9,056	¥ 7,441
Other comprehensive income		
Valuation difference on available-for-sale securities	(67)	814
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	1,657	144
Remeasurements of defined benefit plans, net of tax	30	9
Total other comprehensive income	1,620	968
Comprehensive income	10,676	8,410
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,957	7,675
Comprehensive income attributable to non-controlling interests	¥ 718	¥ 734

Consolidated Financial Statements

Consolidated Statements of Changes in Equity (From November 1, 2021 to October 31, 2023)

(Millions of yen)	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥ 17,829	¥ 19,326	¥ 89,048	¥ (1,978)	¥ 124,226
Cumulative effects of changes in accounting policies			(0)		(0)
Restated balance	17,829	19,326	89,048	(1,978)	124,226
Changes during period					
Dividends of surplus			(2,994)		(2,994)
Profit attributable to owners of parent			8,345		8,345
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Purchase of treasury shares				(2,000)	(2,000)
Restricted stock compensation		0		33	33
Net changes in items other than shareholders' equity					
Total changes during period	–	6	5,350	(1,967)	3,389
Balance at end of period	17,829	19,332	94,399	(3,945)	127,616
Balance at beginning of period	¥ 17,829	¥ 19,332	¥ 94,399	¥ (3,945)	¥ 127,616
Changes during period					
Dividends of surplus			(2,739)		(2,739)
Profit attributable to owners of parent			6,721		6,721
Change in scope of consolidation			(538)		(538)
Change in ownership interest of parent due to transactions with non-controlling interests		98			98
Purchase of treasury shares				(1,999)	(1,999)
Restricted stock compensation		0		39	40
Net changes in items other than shareholders' equity					
Total changes during period	–	99	3,443	(1,960)	1,582
Balance at end of period	¥ 17,829	¥ 19,432	¥ 97,842	¥ (5,906)	¥ 129,198

	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 period	¥ 2,249	0	¥ 541	¥ (60)	¥ 2,729	¥ 7,960	¥ 134,917
Cumulative effects of changes in accounting policies							(0)
Restated balance	2,249	0	541	(60)	2,729	7,960	134,917
Changes during period							
Dividends of surplus					–		(2,994)
Profit attributable to owners of parent					–		8,345
Change in ownership interest of parent due to transactions with non-controlling interests					–		5
Purchase of treasury shares					–		(2,000)
Restricted stock compensation					–		33
Net changes in items other than shareholders' equity	(67)	(0)	1,657	23	1,612	692	2,304
Total changes during period	(67)	(0)	1,657	23	1,612	692	5,694
Balance at end of period	2,181	–	2,198	(37)	4,342	8,652	140,611
Balance at beginning of period	¥ 2,181	–	¥ 2,198	¥ (37)	¥ 4,342	¥ 8,652	¥ 140,611
Changes during period							
Dividends of surplus					–		(2,739)
Profit attributable to owners of parent					–		6,721
Change in scope of consolidation					–		(538)
Change in ownership interest of parent due to transactions with non-controlling interests					–		98
Purchase of treasury shares					–		(1,999)
Restricted stock compensation					–		40
Net changes in items other than shareholders' equity	802	0	144	7	953	528	1,482
Total changes during period	802	0	144	7	953	528	3,065
Balance at end of period	¥ 2,983	0	¥ 2,343	¥ (30)	¥ 5,296	¥ 9,181	¥ 143,677

Consolidated Statements of Cash Flows

(Millions of yen)	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023	(Millions of yen)	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Cash flows from operating activities			Cash flows from investing activities		
Profit before income taxes	13,574	12,106	Payments into time deposits	(722)	(747)
Depreciation	31,912	34,252	Proceeds from withdrawal of time deposits	741	747
Impairment losses	–	195	Purchase of investment securities	(301)	(24)
Amortization of goodwill	615	638	Proceeds from sale of investment securities	25	358
Loss (gain) on sale and retirement of non-current assets	202	409	Purchase of property, plant and equipment	(4,793)	(5,254)
Cost transfer resulting from sale of rental equipment	775	1,217	Proceeds from sale of property, plant and equipment	35	80
Purchase of construction equipment and materials	(769)	(1,059)	Purchase of intangible assets	(471)	(331)
Purchase of rental equipment	(5,645)	(5,623)	Purchase of shares of subsidiaries	(815)	(742)
Loss (gain) on sale of investment securities	–	(221)	Proceeds from sale of shares of subsidiaries and associates	22	16
Loss (gain) on valuation of investment securities	4	6	Loan advances	(5,761)	(793)
Loss on valuation of shares of subsidiaries and associates	174	–	Proceeds from collection of loans receivable	583	176
Loss (gain) on extinguishment of tie-in shares	(135)	–	Collection of long-term accounts receivable - other	126	–
Loss (gain) on sale of shares of subsidiaries and associates	(6)	(0)	Other, net	0	(183)
Increase (decrease) in allowance for doubtful accounts	45	(100)	Net cash provided by (used in) investing activities	(11,331)	(6,699)
Increase (decrease) in provision for bonuses	14	65	Cash flows from financing activities		
Increase (decrease) in retirement benefit liability	24	(6)	Redemption of bonds	(24)	–
Interest and dividend income	(243)	(281)	Net increase (decrease) in short-term borrowings	20	(80)
Assets buy on the installment plan purchase payment interest for rentals	598	662	Proceeds from long-term borrowings	15,894	14,205
Interest expenses	102	127	Repayments of long-term borrowings	(14,684)	(15,511)
Foreign exchange losses (gains)	(238)	(104)	Repayments of installment payables	(25,686)	(26,185)
Decrease (increase) in trade receivables and contract assets	520	(5,456)	Repayments of lease liabilities	(1,397)	(1,576)
Decrease (increase) in inventories	(15)	223	Purchase of treasury shares	(2,000)	(1,999)
Increase (decrease) in trade payables	(3,736)	2,017	Dividends paid	(2,993)	(2,739)
Increase (decrease) in accounts payable - other	2,105	2,454	Dividends paid to non-controlling interests	(20)	(22)
Other, net	(1,280)	625	Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(84)
Subtotal	38,601	42,147	Net cash provided by (used in) financing activities	(30,893)	(33,995)
Interest and dividends received	245	278	Effect of exchange rate change on cash and cash equivalents	276	48
Interest paid	(704)	(790)	Net increase (decrease) in cash and cash equivalents	(8,790)	(2,685)
Income taxes paid	(4,985)	(3,674)	Cash and cash equivalents at beginning of period	55,557	47,047
Net cash provided by (used in) operating activities	33,158	37,960	Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	279	–
			Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	731
			Cash and cash equivalents at end of period	47,047	45,093

Branch Network

Promoting Favorable Business Alliances with Leading Companies Worldwide and M&A Strategy to Drive Synergy and Enable the Highest Quality Services

Branch Strategies in Japan

Our fundamental branch strategy in Japan fosters need-oriented development accounting for large scale projects in various regions while building a solid business base through expansion strategies in Tokyo and other metropolitan areas where public and private demand are concentrated in addition to from

Kanto to the west and Kyushu where Kanamoto does not yet have a presence. Kanamoto will continue to build a more comprehensive branch network by effectively expanding branches while promoting favorable business alliances and M&A strategies with leading companies in each region.

Overseas Business Expansion

Kanamoto has steadily laid a foundation for business overseas since it opened bases in China while responding to the large-scale projects underway centered upon infrastructures, such as expressways, subways and harbor. We also established local overseas affiliates in Indonesia, Vietnam, Thailand, the Philippines, China, and Malaysia between 2015 and 2018 as well as Australia in 2020 to accelerate business overseas and aims to capture the rental construction equipment demand in each country. The expansion of our businesses overseas is one priority measure of the Kanamoto to penetrate the massive Chinese

market, the remarkable growth in ASEAN nations and Australia that is roughly 20 times the size of Japan. In each of these countries, we anticipate demand for specialized civil engineering equipment, such as for ground improvement and tunneling, and aerial work platforms to grow in fields the Kanamoto Group has unique expertise. The Kanamoto Group will rapidly solidify its foundation for business overseas in the future by clearly addressing these large project needs.

Kanamoto and Group company operating branches in Japan (As of February 1, 2024)

	Kanamoto Co., Ltd.	Consolidated Subsidiaries	Non-consolidated Subsidiaries	Affiliated Companies	Alliance Companies	Total
Domestic	Hokkaido	83	26	0	0	109
	Tohoku	58	33	0	0	93
	Kanto	43	35	16	1	103
	Chubu	23	9	5	3	42
	Kinki	9	25	1	1	47
	Chugoku	4	15	0	0	19
	Shikoku	4	2	0	0	6
	Kyushu	4	104	0	0	112
	Okinawa	0	0	0	0	12
Overseas	China	0	3	1	0	4
	Indonesia	0	0	1	0	1
	Thailand	0	0	3	0	3
	Philippines	0	0	0	1	1
	Vietnam	0	0	3	0	3
	Malaysia	0	0	1	0	1
	Australia	0	10	0	0	10
Total	228	262	31	6	39	566

Alliance Group

Development and Expansion of a Worldwide Sales Business Platform via an Ever Broadening Kanamoto Branch Network

The Kanamoto Group branch alliance boasts 543 locations in Japan and 566 locations with overseas combined.

 Kanamoto Co., Ltd. 228 branches	 MADICA PTY LTD Engaged in the civil engineering and public construction in Australia. 1 branch	 KANAMOTO & JP NELSON EQUIPMENT (M) SDN. BHD. Engaged in the rental and sale of construction equipment in Malaysia. 1 branch
 Assist Co., Ltd. Engaged in the rental and sale of furniture, fixtures and safety products. 21 branches	 PORTER EXCAVATIONS PTY.LTD. Engaged in the rental and sale of construction equipment in Australia. 5 branches	 PT KANAMOTO INDONESIA Engaged in the import and sale of construction equipment in Jakarta, Republic of Indonesia. 1 branch
 Kanatech Co., Ltd. Engaged in the design and sale of modular housing units for temporary use. 13 branches	 PORTER GROUP NOMINEES PTY LTD Wholly-owned subsidiary of Porter Excavations Pty Ltd. 1 branch	 SIAM KANAMOTO CO., LTD. Engaged in the rental and sale of construction equipment in the Kingdom of Thailand. 2 branches
 Kanki Co., Ltd. Engaged in the rental and sale of construction equipment. 8 branches	 PORTER UTILITIES HOLDINGS PTY LTD Wholly-owned subsidiary of Porter Utilities Pty Ltd. 1 branch	 SK ADMINISTRATION SERVICE (THAILAND) CO., LTD. Company entrusted with business of SIAM KANAMOTO CO., LTD. 1 branch
 KG Flowtechno Co., Ltd. Engaged in the development of 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. 2 branches	 PORTER UTILITIES PTY LTD Engaged in the construction of gas facilities in Australia. 1 branch	 TOYU ENGINEERING CO., LTD. Engaged in the rental and sale of specialized equipment for tunneling works. 3 branches
 CENTRAL Co., Ltd. Engaged in the rental and sale of construction equipment. 20 branches	 KANAMOTO (CHINA) INVESTMENT CO., LTD. Engaged in the rental and sale of construction equipment in Shanghai, People's Republic of China. 3 branches	 MEIGI ENGINEERING CO., LTD. Engaged in the design, manufacture, rental and sale of shotcrete plants. 2 branches
 SOOKI HOLDINGS Co., Ltd. Engaged in the oversight, management, instruction and further development of business activities of Sooki Co., Ltd. as its stock owner. 1 branch	 Carewell Anshin Co., Ltd. Engaged in the rental and sale of nursing care products and nursing care services. 16 branches	 KNK MACHINERY & EQUIPMENT CORPORATION Engaged in the rental and sale of construction equipment in the Republic of the Philippines. 1 branch
 SOOKI Co., Ltd. Engaged in the rental and sales of measurement instruments, the development and rental of automated measurement systems, and on-site adoption and support. 9 branches	 Komatsu Doboku Tsusho Co., Ltd. Engaged in the rental and sale of construction equipment. 4 branches	 SIC Agora eX Corporation Engaged in the rental and sale of construction equipment and environmental plant equipment. 4 branches
 Toyo Industry Co., Ltd. Engaged in the rental and sale of shield tunneling method-related peripheral equipment. 3 branches	 Safety Ishikawa Co., Ltd. Engaged in the rental and sale of furniture, fixtures and safety products. 1 branch	 SUGAKIKAI KOGYO CO., LTD. Engaged in the rental and sale of construction equipment. 23 branches
 NISHIKEN CO., LTD. Engaged in the rental and sale of construction equipment, rental and sale of welfare nursing care devices, and production and execution of image graphics. 119 branches	 SOOKI SALES Co., Ltd. Engaged in the 3D measurement operations, 3D data analysis services, and the sale and rental of 3D scanners. 1 branch	 Machida Kikou Co., Ltd. Engaged in the rental and sale of construction equipment. 12 branches
 Unite Co., Ltd. Engaged in the rental and sale of road construction equipment and road works construction. 53 branches	 SHANGHAI KG MACHINERY CO., LTD. Engaged in development of a construction equipment rental business and construction equipment and construction materials import and export business in Shanghai, People's Republic of China. 1 branch	
 KANAMOTO AUSTRALIA HOLDINGS PTY LTD Engaged in the asset management of five Porter Plant enterprises in Australia. 1 branch	 KANAMOTO FECON HASSYU CONSTRUCTION EQUIPMENT RENTAL JSC Engaged in the rental and sale of construction equipment in the Socialist Republic of Viet Nam. 3 branches	

Consolidated subsidiaries indicated in blue, non-consolidated subsidiaries indicated in red, affiliated companies indicated in green and alliance companies indicated in purple.

Corporate Profile (As of October 31, 2023)

Company Name

Kanamoto Co.,Ltd.

Head Office

1-19, Odori Higashi 3-chome Chuo-ku, Sapporo,
060-0041 Japan

Business Coordination Headquarters

1-7-7, Shiba Daimon, Minato-ku, Tokyo 105-0012
Japan

Established

October 28, 1964

Capitalization

¥17,829 million (Paid-in capital)

Listing Exchanges

Tokyo Stock Exchange, Prime Market
Sapporo Securities Exchange

Stock Code

9678

Common Shares Issued and Outstanding

38,742 thousand

Consolidated Net Sales

¥197,481 million (Fiscal year ended October 31, 2023)

Number of Employees

Non-consolidated: 2,020 (Excluding directors and temporary or part-time workers)
Consolidated: 3,910 (Excluding directors and temporary or part-time workers)

Principal Businesses

Rental of construction equipment
Sale of steel products
Rental of engineering workstations and computer peripherals

Primary Lenders

MUFG Bank, Ltd.
North Pacific Bank, Ltd.
The 77 Bank, Ltd.
The Hokkaido Bank, Ltd.
JA - Hokkaido Shinren
Mizuho Bank, Ltd.
The Norinchukin Bank
THE NISHI-NIPPON CITY BANK, LTD.
The Aomori Bank, Ltd.
The Bank of Fukuoka, Ltd.
Others

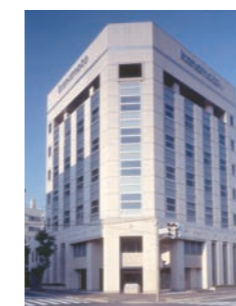
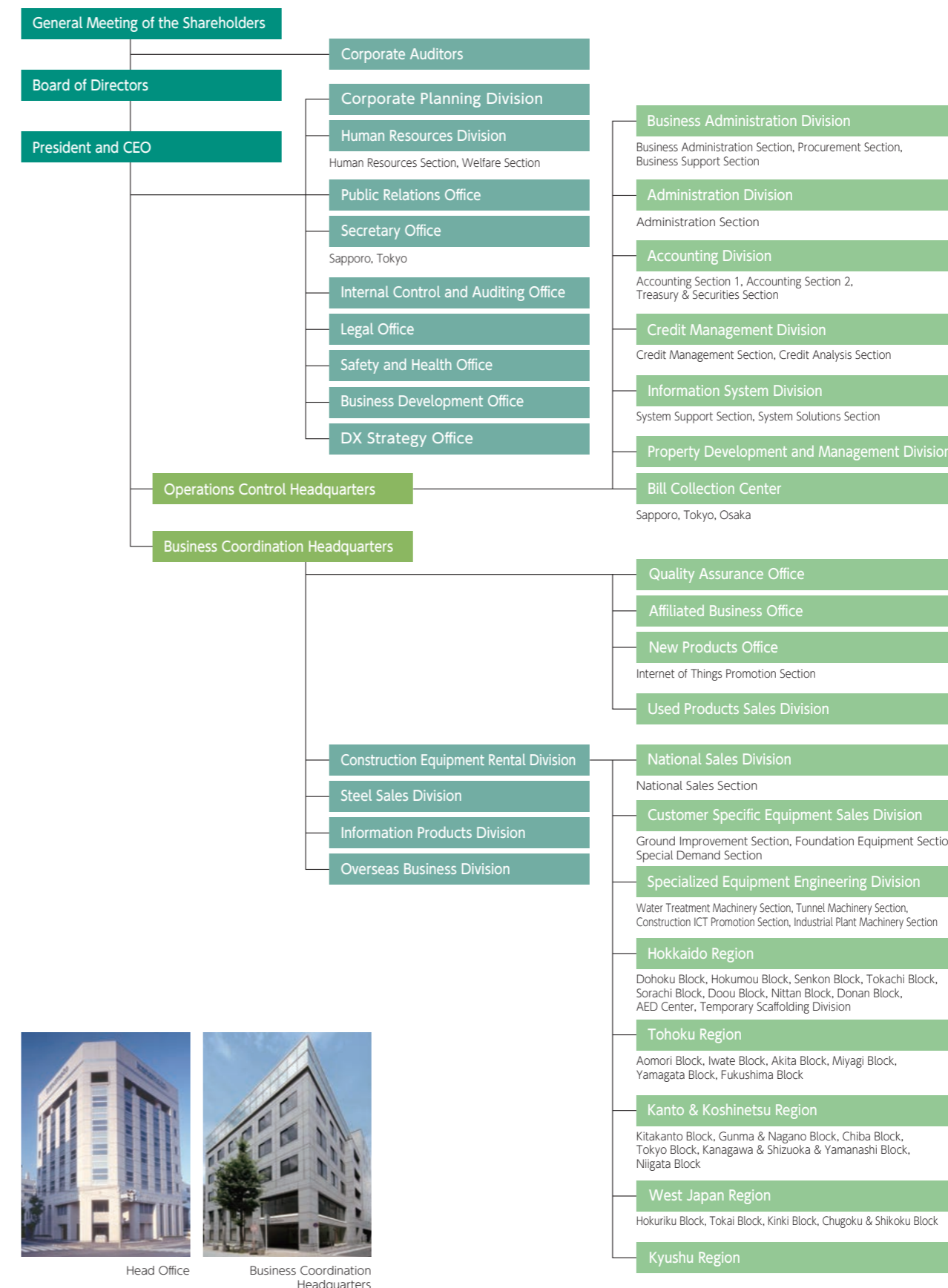
Principal Shareholders

The Master Trust Bank of Japan, Ltd. (Trust account)
Custody Bank of Japan, Ltd. (Trust account)
ORIX Corporation
Kanamoto Capital Company
SMBC Nikko Securities Inc.
The Hokkaido Bank, Ltd.
Tokio Marine & Nichido Fire Insurance Co., Ltd.
North Pacific Bank, Ltd.
Denyo Co., Ltd.
HOKUETSU INDUSTRIES CO., LTD.
Others

Primary Customers (Alphabetic order)

AICHI CORPORATION
Denyo Co., Ltd.
Fudo Tetra Corporation
HANWA CO., LTD.
HAZAMA ANDO CORPORATION
Hino Motors, Ltd.
Hitachi Construction Machinery Japan Co., Ltd.
HOKUETSU INDUSTRIES CO., LTD.
Isuzu Motors Limited
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.
KAJIMA CORPORATION
Komatsu Customer Support Japan Ltd.
Kumagai Gumi Co., Ltd.
MAEDA CORPORATION
Mitsubishi Fuso Truck and Bus Corporation
MITSUI & CO., LTD
Nippon Caterpillar LLC
NISHIMATSU CORPORATION CO., LTD.
OBAYASHI CORPORATION
Okumura Corporation
PENTA-OCEAN CONSTRUCTION CO., LTD.
SAKAI HEAVY INDUSTRIES, LTD.
SHIMIZU CORPORATION
TADANO LTD.
TAISEI CORPORATION
Takenaka Corporation
TODA CORPORATION
Toyota Mobility Service Co., Ltd.
TSURUMI MANUFACTURING CO., LTD.
YANMAR CONSTRUCTION EQUIPMENT CO., LTD.
Others

Organization Chart (As of April 1, 2024)



Head Office



Business Coordination
Headquarters

Corporate History

Date	Event
1964	October Kanamoto Shoten Co., Ltd. established in Muroran, Hokkaido and started sales of general steel, steelmaking raw materials, and machinery as well as rental of construction equipment
1971	October Established Tomakomai Sub-branch (now the Tomakomai Branch, Construction Equipment Rental Division Hokkaido Region and Tomakomai Branch, Steel Sales Division) in Tomakomai, Hokkaido and began store development in the Hokkaido Region
1972	December Company name changed to Kanamoto Co., Ltd.
1979	September Established Hachinohe Branch (now the Hachinohe Equipment Repair Center) in Kamikita-gun, Aomori Prefecture and began store development in the Tohoku Region
1980	November Merged with Muroran Steel Co., Ltd. (Head Office: Muroran, Hokkaido) to change the par value of share from ¥500 to ¥50.
1983	July Established Chiba Branch (now the Sodegaura Branch) in Sodegaura City, Chiba Prefecture and began store development in the Kanto & Koshinetsu Region
	September Launched Information Products Division in Tomakomai, Hokkaido and stated handling computers, micro devices, etc.
1985	November Completed online computer system network linking all branches which is core of the management strategy
1991	June Listed stock on the Sapporo Securities Exchange
1994	July Established Osaka Branch (now the Osaka East Branch) in Higashi-Osaka City, Osaka Prefecture and began store development in the West Japan Region
1996	March Listed stock on the Second Section of the Tokyo Stock Exchange
	June Relocated head office functions from Muroran to Chuo Ward in Sapporo, Hokkaido
1998	April Designated to the First Section of the Tokyo Stock Exchange
1999	July Acquired stock of Assist Co., Ltd. (now a consolidated subsidiary)
2000	October Acquired stock of Kanatech Co., Ltd. (now a consolidated subsidiary)
2001	November Acquired stock of Daiichi Kikaisangyo Co., Ltd.
2004	September Acquired stock of Kanki Co., Ltd. (now a consolidated subsidiary)
2008	July Acquired stock of Toyo Industry Co., Ltd. (now a consolidated subsidiary)
	November Acquired stock of KG Machinery Co., Ltd. (now KG Flowtechno Co., Ltd., a consolidated subsidiary)
2012	June Acquired stock of Unite Co., Ltd. (now a consolidated subsidiary)
2014	March KG Flowtechno Co., Ltd. established Shanghai KG Machinery Co., Ltd. (now a non-consolidated subsidiary) in Shanghai, China
2015	January PT KANAMOTO INDONESIA (now a non-consolidated subsidiary), established in Indonesia, began operations
	June Established KANAMOTO FECON HASSYU CONSTRUCTION EQUIPMENT RENTAL JSC (now a non-consolidated subsidiary) in Vietnam through a joint investment with FECON HASSYU and began operations
	July SIAM KANAMOTO CO., LTD. (now a non-consolidated subsidiary), established in Thailand, began operations
	October KNK MACHINERY & EQUIPMENT CORPORATION (now an associated company) established in the Philippines through a joint investment with KILTON INVESTMENTS HOLDINGS CO., INC. began operations
2016	March Acquired stock of NISHIKEN CO., LTD. (now a consolidated subsidiary)
2017	July Established SK ADMINISTRATION SERVICE (THAILAND) CO., LTD. (now a non-consolidated subsidiary) in Thailand
	August Acquired stock of TOYU ENGINEERING CO., LTD. (now an associated company) and MEIGI ENGINEERING CO., LTD. (now an associated company)
	December KANAMOTO (CHINA) INVESTMENT CO., LTD. (now a consolidated subsidiary) established in Shanghai City, China started operations
2018	February NISHIKEN CO., LTD. acquired stock of Carewell Anshin Co., Ltd. (now a non-consolidated subsidiary)
	July Established Kyushu General Equipment Center in Chikugo City, Fukuoka Prefecture and Fukuoka Branch in Higashi-ku, Fukuoka City and began store development in the Kyushu Region
	November KANAMOTO & JP NELSON EQUIPMENT (M) SDN. BHD., (now a non-consolidated subsidiary) established in Malaysia began operations
2019	September Made Safety Ishikawa Co., Ltd. (now a non-consolidated subsidiary) a subsidiary following the stock acquisition of Komatsu Doboku Tsusyo Co., Ltd. (now a non-consolidated subsidiary)
2020	September Made Sooki Co., Ltd. (now a consolidated subsidiary) and Sooki Sales Co., Ltd. (now a non-consolidated subsidiary) subsidiaries following the stock acquisition of Sooki Holdings Co., Ltd. (now a consolidated subsidiary)
	October Kanamoto Australia Holdings Pty Ltd. (now a consolidated subsidiary) established in Australia made Porter Excavations Pty Ltd. (now a consolidated subsidiary) and Porter Utilities Pty Ltd. (now a consolidated subsidiary) its subsidiaries following the stock acquisition of Madica Pty Ltd. (now a consolidated subsidiary), Porter Group Nominees Pty Ltd. (now a consolidated subsidiary), and Porter Utilities Holdings Pty Ltd. (now a consolidated subsidiary)
2022	March Established NEK Corporation (now CENTRAL Co., Ltd.) in Oshu City, Iwate Prefecture
	April Transitioned to Tokyo Stock Exchange Prime Market
2023	November NISHIKEN CO., LTD. absorbed Daiichi Kikaisangyo Co., Ltd.

Stock Information (As of October 31, 2023)

Stock Information

Listing Exchanges	Tokyo Stock Exchange, Prime Market Sapporo Securities Exchange
Stock Code	9678
Common Shares Issued and Outstanding	38,742 thousand
Fiscal year	From November 1 to October 31
Regular General Meeting of the Shareholders	During January
Date of record with respect to voting rights at a Regular General Meeting	October 31
Date of record for distribution of interim dividends	April 30
Date of record for distribution of year-end dividends	October 31
Method of public notice	Kanamoto's website, Nihon Keizai Shinbun*

*Public notices of Kanamoto Co., Ltd. will be released on Kanamoto's website (<https://www.kanamoto.co.jp> and <https://www.kanamoto.ne.jp>).
When the Company cannot make electronic notification because of unavoidable reasons, the public notices of the Company will be published in the Nihon Keizai Shinbun.

Transfer agent
Mitsubishi UFJ Trust and Banking Corporation

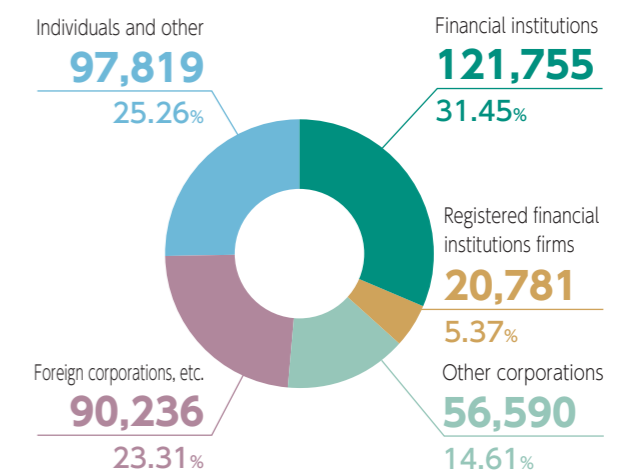
Administrative Office
Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Division 4-5,
Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212 Japan

Mailing address and telephone number
Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Division
New Tokyo Post Office P.O. Box No. 29 137-8081 Japan
TEL : 0120-232-711

Summary of Common Stock

Number of shares issued	38,742,241
Total number of shareholders	6,750

Distribution of shares by shareholder type (Trading units)



(Note 1) Of 2,681,810 treasury stock shares, 26,818 units of shares are included in "Individuals and other".
(Note 2) The number of shares of one trading unit is 100 shares.

Share price chart

