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2023

kanamoto co., ltd.

INTEGRATED REPORT

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

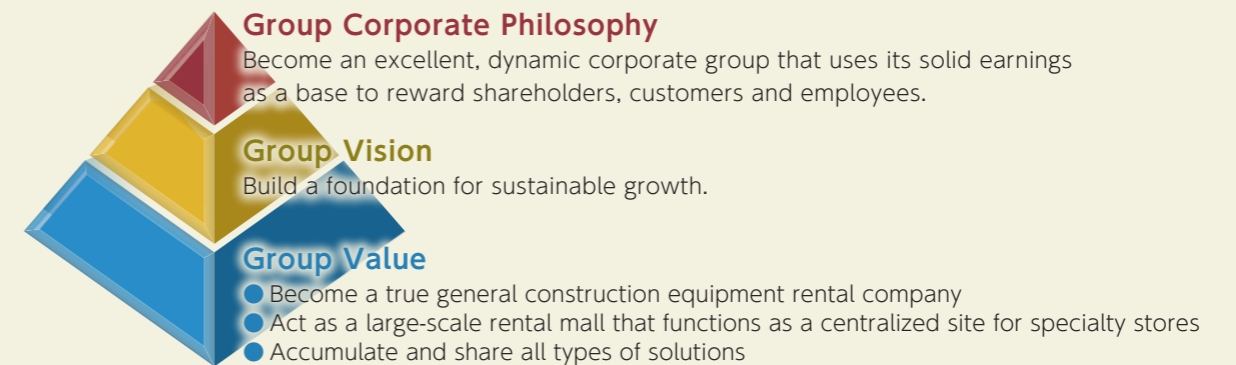
Our steadfast action guidelines—the Kanamoto Corporate Philosophy—chart our course for the next 50 to 100 years.

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



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Editorial Policy

The Kanamoto Integrated Report emphasizes operating performance, business summaries and other financial data as well as other non-financial data such as Environmental, Social, and Governance (ESG) which 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.



Becoming the World's Top 5 General Construction Equipment Rental Companies by Combining the Full Strengths of the Kanamoto Group

Tetsuo Kanamoto

President and CEO
Kanamoto Co., Ltd.

Introduction

■ Continuing to respond to the needs of society through our business

Our Company was established in Muroran City, Hokkaido, in 1964, the year of the Tokyo Olympics. Since then, with construction equipment rental as our core business, we have continued to grow together with the Japanese economy, developing sales offices throughout Japan, and also expanding business overseas since 2006. In our nearly 60 years of history, we have responded to the needs of society by contributing not only to infrastructure development but also to numerous disaster recoveries.

> P.10~11 History of Kanamoto's Evolution
P.24 Kanamoto Group Recovery and Reconstruction Activities

■ Construction equipment rental is an infrastructure business indispensable to society

From a broad scope, we can see that construction equipment rental has become an integral part of the construction industry, an infrastructure business that is indispensable to society. It cannot be said, however, that public recognition of the construction equipment rental business is high. As one of the earliest corporations to engage in this business and pioneer the market, we hope to contribute to solving issues facing the construction industry and society, such as addressing construction DX and decarbonization, and to create and provide new value, thereby increasing public awareness of the Group. We intend to continue to build the Kanamoto Brand, in which our customers and shareholders place their trust and expectations.

> P.18~19 Kanamoto Value Creation Process

Kanamoto Group Strengths

■ Building a stable management base with high technical capabilities

The Group's greatest strength lies in its high level of technical capabilities.

Rather than consolidating our maintenance staff into area-based centers, we assign them to the plants of each of our sales offices, where they perform meticulous maintenance on a daily basis. Uncompromising maintenance also helps increase the longevity of rental assets and enhance the asset value of equipment sold in the used equipment market. In the rental business, a key to success is to have a sufficient amount of available assets in a good condition. Through our complete maintenance system and the high level of skill and loyalty of our maintenance staff, we have successfully met this challenge and created a stable business foundation.

> P.16 Reliable Maintenance Systems Set Up at Every Branch

■ A unique corporate culture that nurtures human resources

At the Kanamoto Group, we take pride in maintenance and technological development, both of which are supported by people. The Group's corporate culture of placing priority on people is deeply rooted in our Company, and has created a culture of originality and ingenuity at each sales office and among the teams in each job category. We believe that Kanamoto Group's human resources, who have developed in this environment, are directly connected to our customers and fully appreciate the on-site needs of construction projects, and that this is how our technology is refined and innovation is born. The availability of human resources is one of our strengths, and we will continue to focus on human resource development in the future.

> P.42~43 Developing and Strengthening Excellent Human Resources

■ Development capabilities to create what is needed on-site

We have established a system that directly links development with on-site requests by assigning a sales employee in each area who also serves in the New Products Office, a department for technological development. We have developed many devices and systems for remote control and safety assurance. In recent years, we have been working on research and development of new systems and equipment for construction DX in collaboration with diverse companies across industry boundaries. One of the Group's strengths is its development capability to meet the needs of construction sites.

> P.28~29 Kanamoto's Construction DX Initiatives

■ Providing 620,000 items with One-stop Solution & full support

Along with our technical capabilities, One-Stop Solution is among our strengths.

We have always worked hard to fully support our customers, with approximately 1,100 models and 620,000 rental items in our possession, so that we can provide everything needed at construction sites. Furthermore, in order to respond to the increasing sophistication and specialization of on-site needs, the Group is strengthening its solutions capabilities through alliances and mergers and acquisitions with companies that possess highly specialized technologies.

> P.16 A Full Line-up of Roughly 620,000 Rental Items in Japan

Business Environment

Needs changing from new construction to maintenance and repair

In the market environment surrounding the construction equipment rental business, trends in construction investment are what we are watching most closely. In the short term, we expect both public and private investment to remain firm.

> P.22~23 The High Level of Construction Demand

However, the structure of construction demand and the content of needs are changing dramatically. One of these major changes is a shift in demand from new construction to maintenance and repair. In our efforts to cope with the increase in repair work, we are reviewing everything having to do with our rental equipment lineup, maintenance methods and sales channels, while also developing and introducing new products and technologies to extend the life of infrastructure.

> P.26~27 Improvement of Maintenance Productivity and Technological Development

Lineup for construction DX and environmental measures

Another major change is the growing need for equipment utilizing IoT/ICT, remotely controlled equipment, and environmentally friendly equipment. We can expand our business by responding to this changing need ahead of time and offering the latest equipment in our lineup. Our lineup of equipment that responds to the progress of construction DX and reduces environmental impact will not only contribute to solving issues in the construction



industry, but also respond to the needs of society, and therefore, we intend to act proactively.

> P.28~29 Kanamoto's Construction DX Initiatives

Business Report, Outlook for the Current Fiscal Year

Signs of becoming a truly extensive general rental company

Unfortunately, the results for the (58th) fiscal year ended October 31, 2022 were by no means satisfactory from a quantitative standpoint. Even though we were impacted by the unexpected circumstances of the COVID-19 pandemic, the failure to achieve the figures we committed to as a listed company is a major negative, and we take it very hard.

Qualitatively, on the other hand, we see this as an unwavering first step toward becoming a general rental company. In terms of expanding our domestic base of operations, we were able to enhance our solution capabilities in various fields by bringing SOOKI Co., Ltd. into the Group through M&A. In terms of overseas expansion, the Company was able to strengthen the foundation of its overseas business by acquiring Porter Plant Group in Australia through an M&A transaction. We will use these initiatives as a starting point as we continue to aim to become a truly extensive general rental company.

> P.52~57 Report of Business Operations for the 58th Business Period

Increasing revenue and profit is a key mission for the fiscal year ending October 31, 2023

With construction demand in Japan remaining firm, we believe that increasing revenues and profits in the fiscal year ending October 31, 2023 is an important mission. By area, Hokkaido and Kyushu are densely packed with large-scale construction projects. In Hokkaido, there are redevelopment construction projects, the extension of the Hokkaido Shinkansen line, as well as wind power generation



and renewable energy-related projects. Major projects under way in Kyushu include a semiconductor plant in Kumamoto, redevelopment in central Fukuoka City, and security-related projects. Both Hokkaido and Kyushu are regions where the Group has a large market share, and where we must ensure that we increase our orders.

> P.30~31 Construction Demands by Region

Medium-Term Management Plan

Aiming to expand market share in all five regions of Japan

The Medium-Term Management Plan "Creative 60" (FY2020-2024), which we are currently working on, has three key missions: (1) expansion of our domestic base of operations, (2) overseas expansion, and (3) optimization of internal operational processes. In fiscal 2023, the fourth year of the "Creative 60" initiative, we will continue to further explore these three missions and strengthen our efforts.

> P.20~21 Realization of the Medium-Term Management Plan "Creative 60"

With respect to expansion of our domestic base of operations, we are pursuing a regional strategy that prioritizes areas into which we have yet to advance, and we are steadily increasing our market share in all five domestic regions. The Market Development Office of our Business Coordination Headquarters is studying and considering where to locate sales offices, and will continue to develop new offices in a timely and appropriate manner. We also intend to execute mergers and acquisitions strategically and proactively when necessary.

Focus on establishing foundation in the Asia and Oceania region

In terms of overseas expansion, our top priority is to build an earnings base in the Asia and Oceania region. The effects of the COVID-19 pandemic are subsiding, and we are putting systems in place for further expansion. Next, in Australia, which we entered in 2020, we are focusing effort on establishing a business foundation while keenly watching for new M&A opportunities.

> P.32~33 Construction Demands in the Asia and Oceania Region

In China, where potential demand is high, we have been building sale foundation while balancing risk and profit since establishing a new company in 2017.

■ Centralized asset management of four construction equipment rental companies within the Group

One particular focus of our optimization of internal operational processes is systems renewal. This is intended to improve asset efficiency by centralizing management of the assets of the Group's four construction equipment rental companies. We expect to see the effects of this optimization not only improving rental equipment utilization rates, but also in other various areas, such as investment planning and decisions on when to sell the equipment.

> P.34 Optimization of Internal Operational Processes

■ Aiming to become a rental mall where specialty shops gather

Under "Creative 60", the theme for the three years from fiscal 2022 onward is "Toward a Strong Kanamoto Group." Our intention is to become a true general rental company, enabling our customers to assume that, "Kanamoto can handle any request." Kanamoto Group aims to make itself a rental mall of select specialty shops, rather than a general-purpose department store. Under this strategy, we have expanded the breadth and depth of our business domain by bringing highly specialized companies under the Group's umbrella through mergers and acquisitions.

> P.58~59 Branch Network and Alliance Group



Sustainable Management

■ The potential of the rental business as an environmentally conscious business

It is our responsibility as a public company to contribute to the formation of a sustainable society. What is important is not merely to follow social trends in our work, but to properly associate them with our business, into which we incorporate our philosophy and practices for a sustainable society.

> P.35~37 Important Themes in ESG

In terms of contributing to solving global environmental problems, the rental business itself epitomizes the sharing economy, and we believe that it is a business that reduces environmental impact. We are also playing a part in efforts to decarbonize the construction industry overall, promoting initiatives throughout our operations, such as replacing rental equipment with exhaust-controlled and hybrid equipment, and upgrading our own sales fleet to low-emission vehicles.

> P.38~41 Environmental Impact Reduction Activities

■ A Governance structure that contributes to sustainable enhancement of corporate value

The Kanamoto Group adopts various corporate governance systems to implement the best and advanced corporate governance system.

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.

We will continue to build a governance structure that contributes to the sustainable enhancement of corporate value by reviewing it as necessary in response to changes in the external environment.

> P.44~49 Corporate Governance

Conclusion

■ Continuing to take on challenges and grow into the future

Our growth to date has been the cumulative result of our efforts to follow the spirit of our Action Guidelines, which can be said to express our Corporate Philosophy. 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 profit and continue to operate in a way that contributes to society. We believe that adapting this spirit to the times and boldly taking on challenges is our path toward achieving continual growth by responding to the rapidly changing business environment.

In order to continue to grow into the future, we will continue to take on the challenge of becoming one of the five best construction equipment rental companies in the world by marshaling the Group's collective strengths, while building a solid

foundation for generating profits regardless of fluctuations in the business environment.

■ A company that all stakeholders can relate to

We would like to grow as a company that is sympathetic to all stakeholders and a company that they can relate to. In the future, we will continue to fulfill the Kanamoto Group philosophy to be an excellent and dynamic corporate group that uses its solid earnings as a base to reward shareholders, customers, and employees. We will strive to become a true general construction equipment rental company by executing the Medium-Term Management Plan "Creative 60" extending until the fiscal year ending October 31, 2024.

We would like to 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



Safe from Kanamoto's sole proprietor era



Indigo blue dyed apron from the Kanamoto Shoten era

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



Celebration commemorating elevation of stock to 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

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

- Successively 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

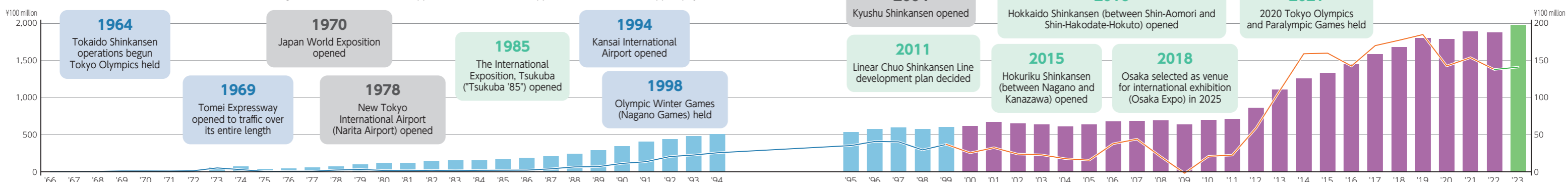
Kanamoto forms an alliance group and enters overseas markets for the first time.

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 **188,028** million yen
 Consolidated operating profit **13,229** million yen

Number of Locations and Group Companies

› P58



Domestic **550** locations Overseas **23** locations

Number of Alliance Group Companies **35** 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 are counted separately for each of his or her qualifications).

› P43



Construction Equipment Mechanic

892

(Total of Expert, 1st Class, and 2nd Class Mechanic)

Portable Generator Mechanic

578

Organic Solvent Work Manager

385

Hazardous Materials Handling Manager

418

Vehicle-type Construction Equipment Operators

4,433

Mobile Crane Operator

2,113

Number of Employees

Non-consolidated **2,028** Consolidated **3,832**

*Excluding directors and temporary or part-time workers

Average years of service **11.9**

Ten-Year Summary (Consolidated)

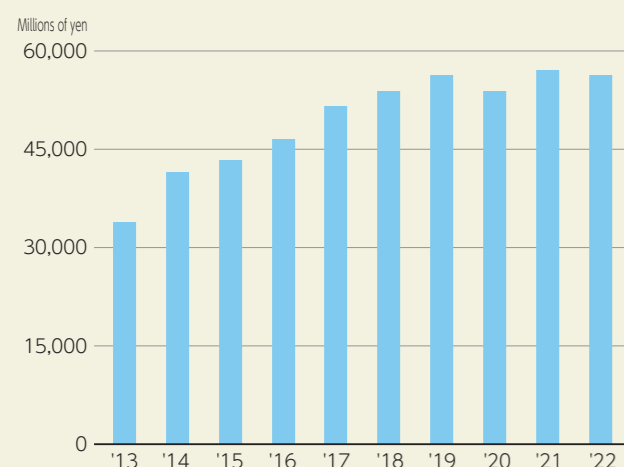
Millions of yen

Consolidated operating results	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net sales	110,831	125,555	133,292	144,870	158,428	168,188	180,694	179,053	189,416	188,028
Operating profit	11,392	16,454	16,270	15,134	16,665	17,599	17,842	14,250	14,624	13,229
Ordinary profit	11,073	16,078	16,164	14,405	17,193	17,925	18,277	14,268	15,391	13,780
Profit attributable to owners of parent	5,809	9,299	9,557	8,098	10,744	11,857	11,430	8,466	8,907	8,345
Plant and equipment investment	28,348	30,625	27,639	29,441	26,584	35,136	39,810	38,585	28,596	35,831
Consolidated financial position										
Total assets	169,250	188,491	202,578	220,540	227,155	241,374	268,182	301,533	303,754	305,320
Net assets	56,192	65,513	71,998	81,434	91,788	102,031	121,779	126,188	134,917	140,611
Consolidated cash flows										
Net cash provided by (used in) operating activities	20,759	24,782	33,509	26,618	37,788	35,421	39,146	40,701	39,351	33,158
Net cash provided by (used in) investing activities	(1,117)	(3,374)	(4,488)	(8,940)	(4,747)	(6,980)	(5,989)	(14,040)	(3,373)	(11,331)
Net cash provided by (used in) financing activities	(6,532)	(22,405)	(24,857)	(20,726)	(30,960)	(26,858)	(26,740)	(22,204)	(28,794)	(30,893)
Cash and cash equivalents at end of period	32,957	31,980	36,150	33,069	35,160	36,733	43,511	48,023	55,557	47,047
Information per share of common stock										
Net income per share	175.50	258.02	266.27	229.16	304.05	335.54	295.30	221.45	235.55	224.64
Net assets per share	1,513.49	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
Dividends per share	20.00	35.00	35.00	45.00	50.00	60.00	65.00	65.00	70.00	75.00
Dividend payout ratio	11.4%	13.6%	13.1%	19.6%	16.4%	17.9%	22.0%	29.4%	29.7%	33.4%
Management index										
EBITDA ⁺	33,854	41,503	43,328	46,530	51,545	53,863	56,322	53,785	57,031	56,241
Equity ratio	32.2%	33.6%	34.3%	34.7%	37.9%	39.6%	43.1%	39.5%	41.8%	43.2%
ROE	12.3%	15.8%	14.4%	11.1%	13.2%	13.0%	10.8%	7.2%	7.2%	6.4%
ROA	3.4%	4.9%	4.7%	3.6%	4.7%	4.9%	4.5%	3.0%	3.0%	2.7%

yen

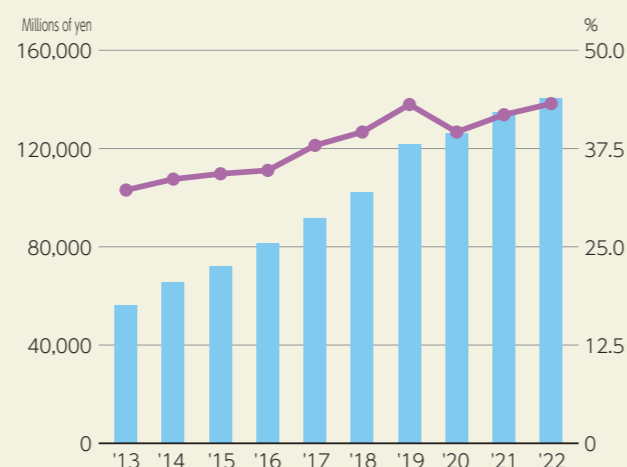
Millions of yen

» EBITDA⁺



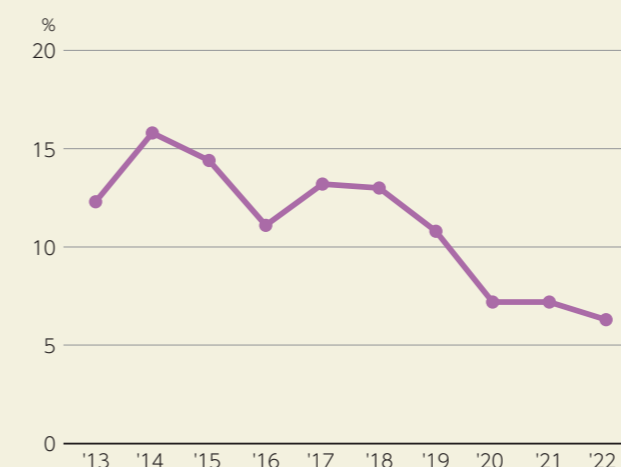
EBITDA⁺ = Operating profit + Depreciation expense + Other depreciation and amortization expense + Low-price rental assets, and others

» Net Assets » Equity Ratio



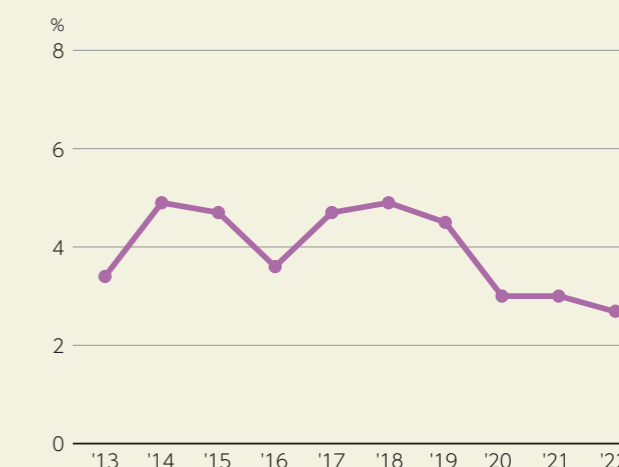
Net assets
Equity ratio = Shareholders' equity ÷ Total assets

» ROE



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

» ROA

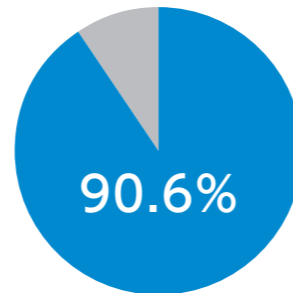


ROA = Net income ÷ Total assets

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.



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.



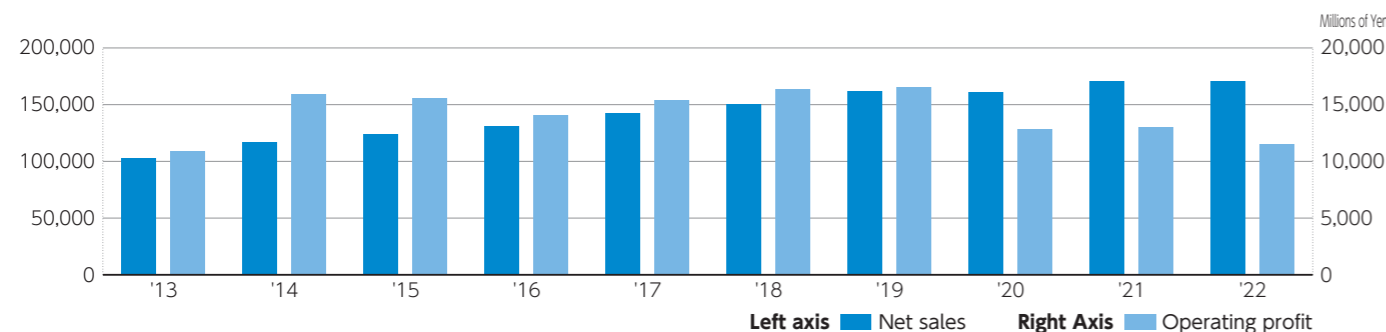
Reliable Maintenance Systems Set Up at Every Branch

Kanamoto alone has about 230 branches in Japan while the Group has more than 550 location 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.

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.

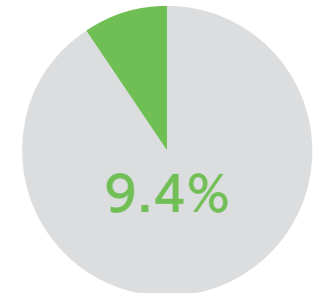
Performance



Other Businesses

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

Kanamoto develops 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 computing 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.



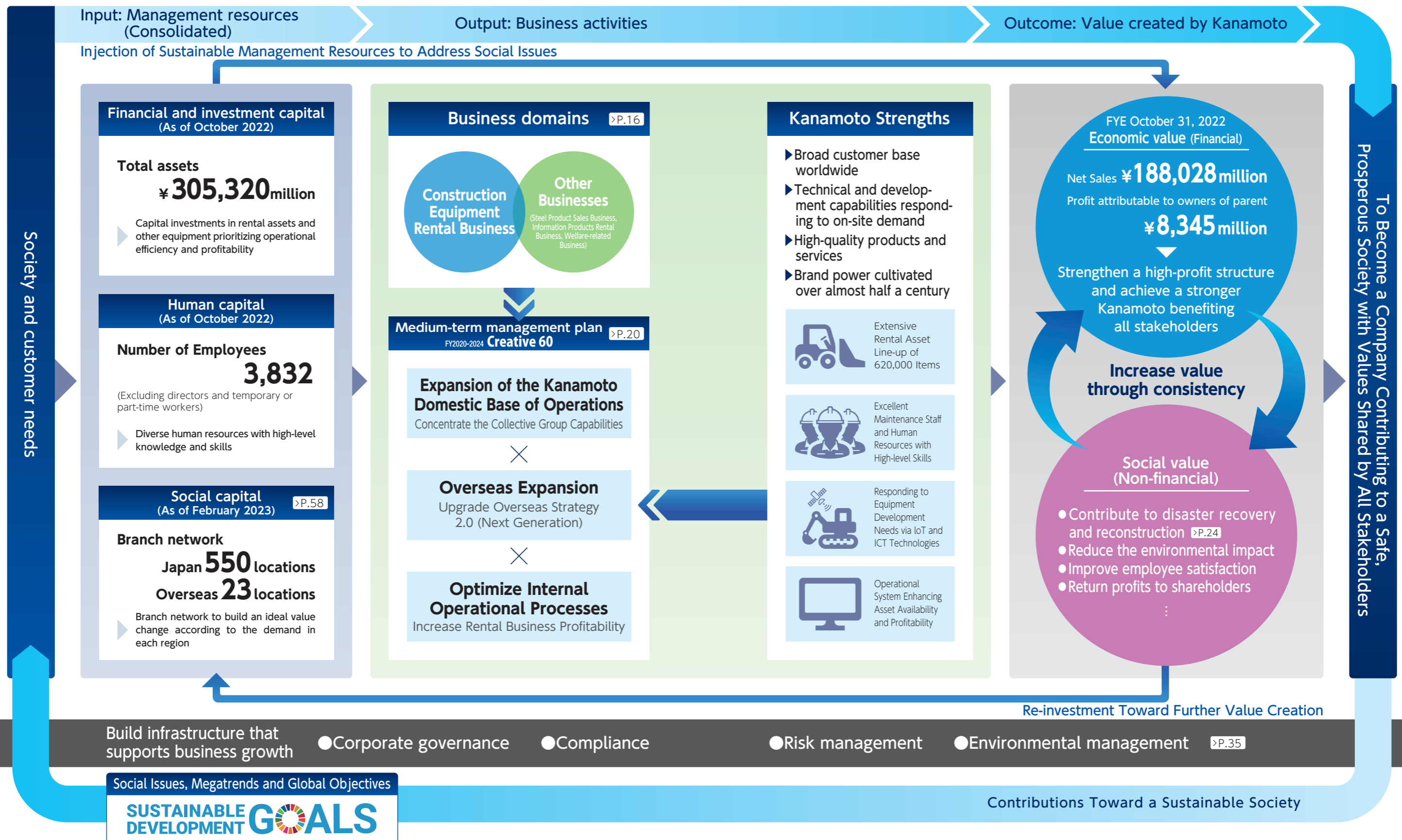
Performance



■ 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 Group has been working to achieve its Medium-Term Management Plan "Creative 60", but has decided to revise the plan in light of the business results for the fiscal year ended October 31, 2022, and the forecast for the fiscal year ending October 31, 2023, which were announced on December 9, 2022, as well as the recent business environment.

Going forward, we will continue to pursue our 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

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-eeen 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 50% or more 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.

01 Domestic

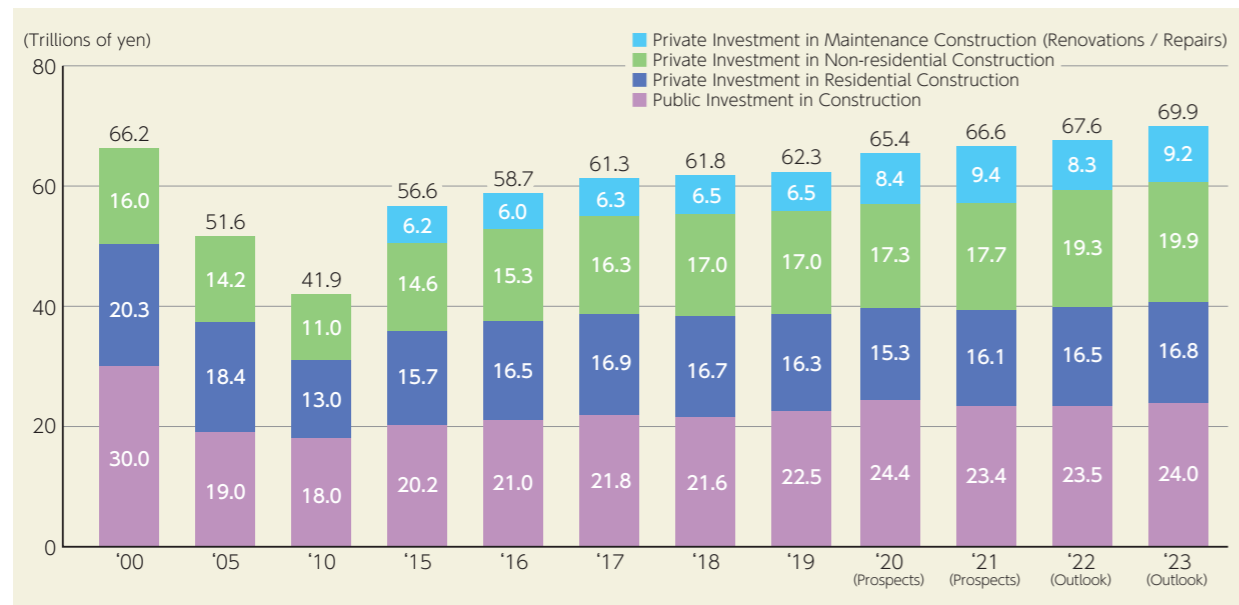
Strengthening Adaptability to Rental Demands While Aiming for Sustainable Growth

Construction Investments Expected to Grow Strong after Overcoming the COVID-19 Pandemic

The amount of construction investment has been rising steadily since around 2012, to an estimated total of ¥67.6 trillion for fiscal 2022, 1.5% higher than the amount estimated for fiscal 2021 (¥66.6 trillion). Forecasts anticipate ¥69.9 trillion of investments throughout fiscal 2023, 3.4% 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 2023) published by the Research Institute of Construction and Economy (RICE)

National Policy Launches with ¥15 Trillion Project Budget

The new five-year plan to accelerate emergency measures for national resilience contributing to the prevention and mitigation of disasters which began in fiscal 2021 is expected to have a project budget of ¥15 trillion. With a supplementary fund of approximately ¥1.5 trillion was secured in fiscal 2022 alone, a total of 123 disaster reduction projects will address a wide range of issues such as measures to tackle more severe storm and flood damage as well as imminent large-scale earthquakes, obsolescence measures for a transition to preventative maintenance of infrastructure, and 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.

Elimination of Missing Links 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.

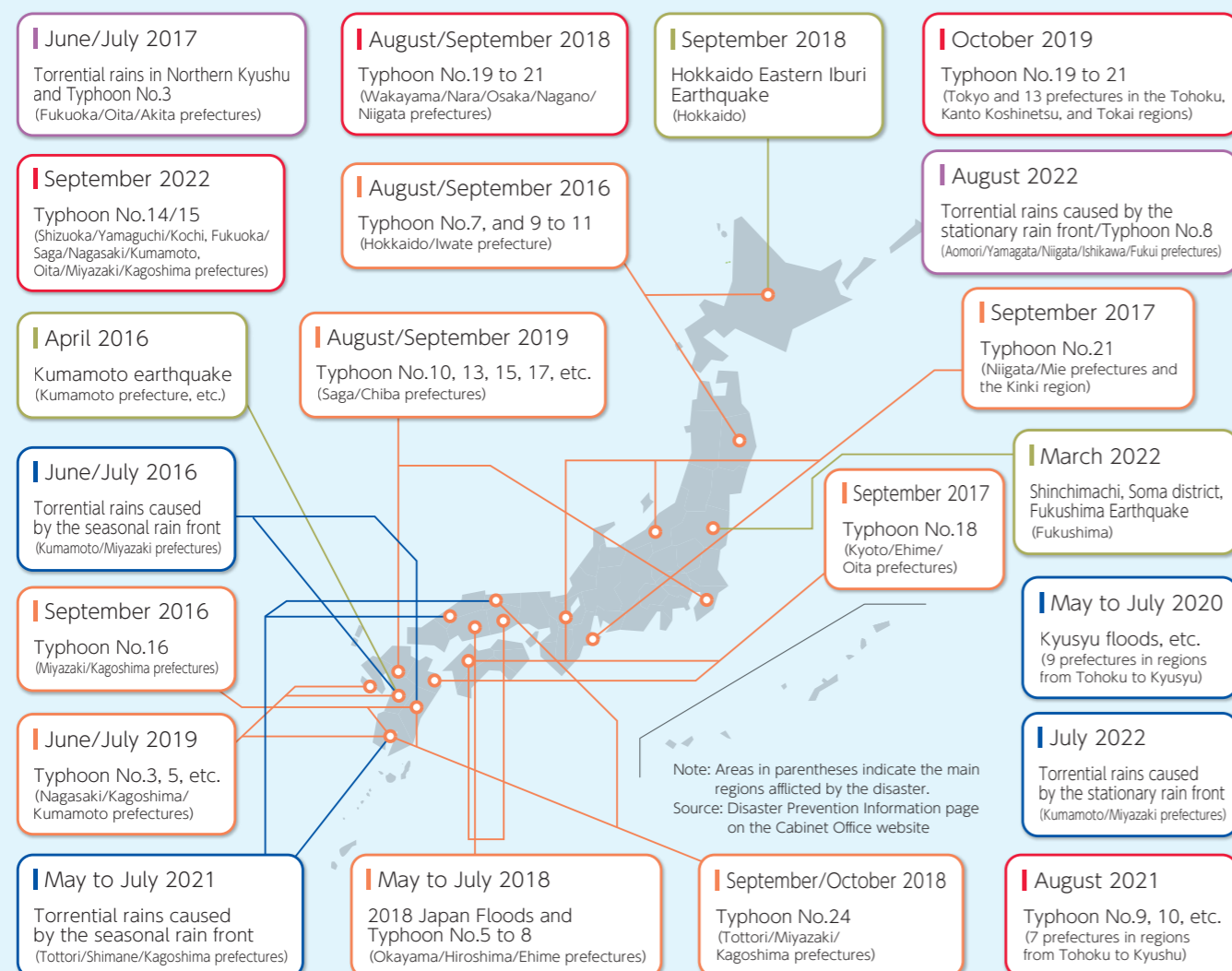
01 Domestic

■ Kanamoto Group Recovery and Reconstruction Activities: Our All-out Response to More Frequent and Severe Natural Disasters

Forming a Continuous Support System with All-out Effort

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 projects to provide health and nursing care systems, develop transportation and logistics networks that will serve as the foundation for development, and practical assistance for rebuilding housing and support for independent housing reconstruction. This new stage of reconstruction is expected to require ongoing support, and the Kanamoto Group will do everything in its power to respond. In recent years, natural disasters have tended to become more frequent and severe, 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 in recent years 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

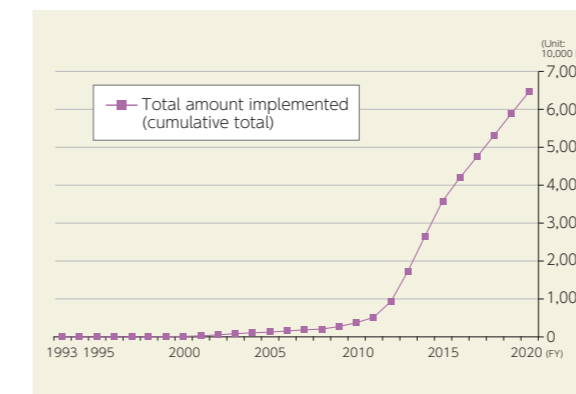


■ Contributing to the Realization of Decarbonized Society through Responding to the Raising Demand for Renewable Energy

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 64.76 million kW installed by 2020, 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



Source: "Energy White Paper 2022," Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry



» Maximizing Implementation at Suitable Sites: Promoting Offshore Wind Power



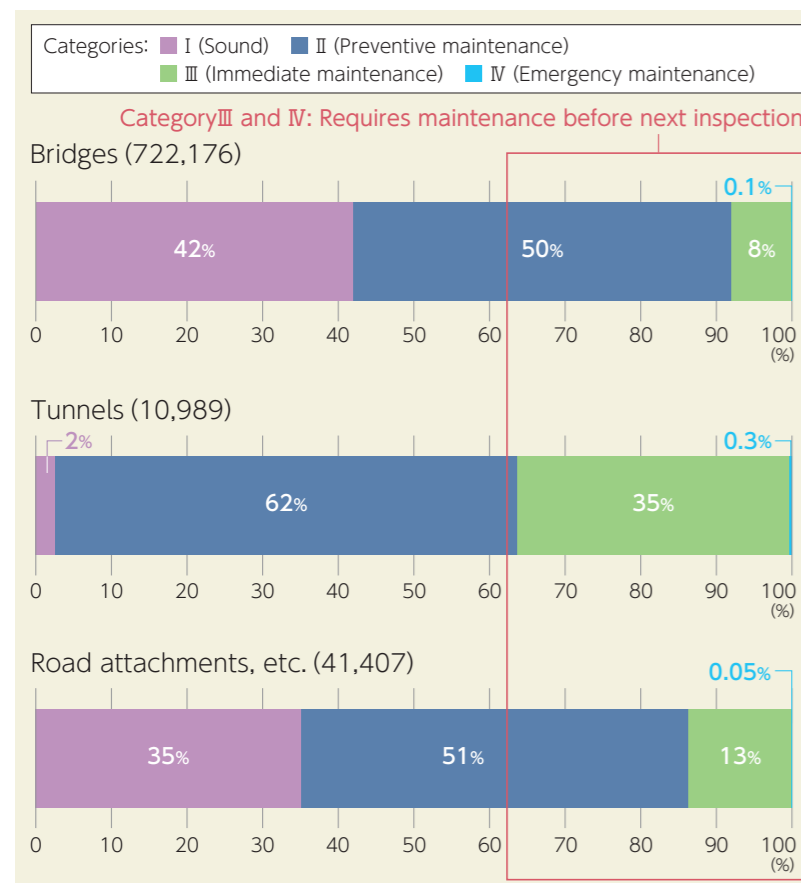
01 Domestic

Higher Maintenance Productivity and the Development and Implementation of Relevant Technology for Longer Lasting Infrastructure

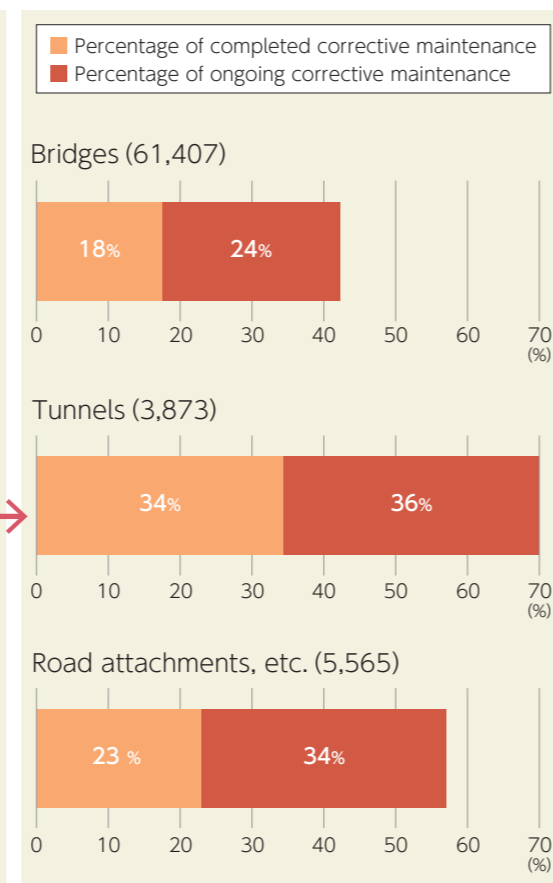
Neglected Road Infrastructure

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). 61,407 bridges were designated Category III or Category IV in the Annual Report on Road Maintenance (August 2022) prepared by the Ministry of Land, Infrastructure, Transport and Tourism during inspections over the last five years (fiscal 2017 to fiscal 2021). As of March 31, 2021, Japan had begun maintenance on 25,642 bridges, only 42% of the total number of bridges requiring maintenance. Similar repairs have also only begun on 70% of tunnels requiring maintenance in 3,873 sites as well as 57% of road attachments in 5,565 locations. In addition, 4% of the bridges, 20% of tunnels, 7% of road attachments, etc. assessed as Category I (sound) or II (preventive maintenance) in the fiscal 2014 to 2016 inspections had become Category III or IV after five years in the fiscal 2019 and 2021 inspections. 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)



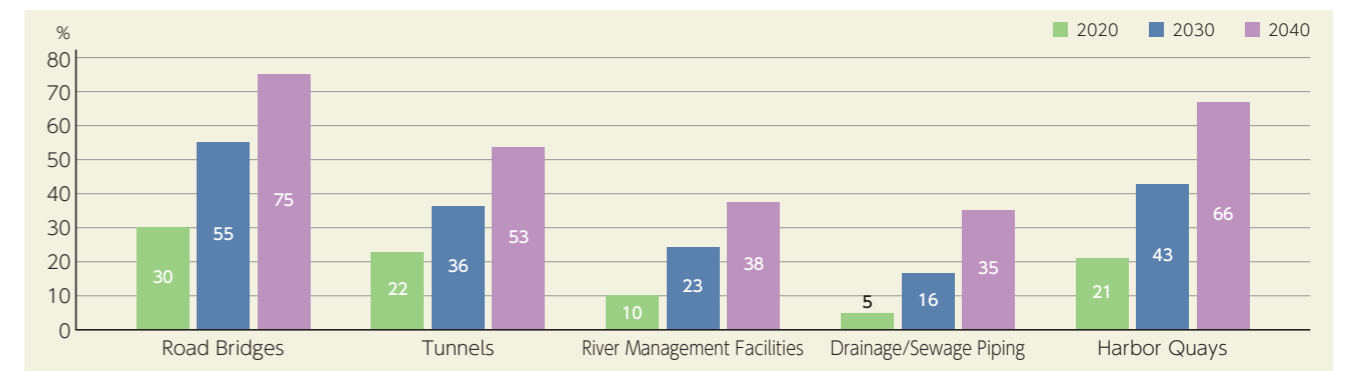
Note: Figures in parentheses indicate the number of sites. Source: Prepared based on the Annual Report on Road Maintenance (August 2022) released by the Ministry of Land, Infrastructure, Transport and Tourism.

Expectations for New Technologies Driven by Large-scale Renewal of Infrastructure

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: Figures for fiscal 2018 are estimations. 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.

01 Domestic

Focusing on Construction DX to Further Improve Productivity

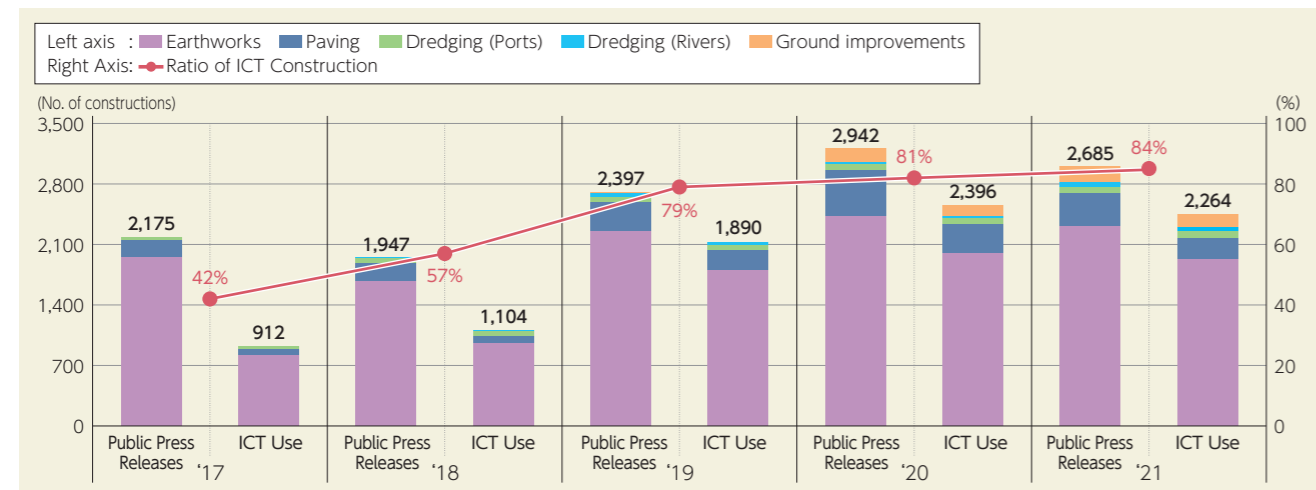
Increasingly Widespread ICT Implementation, and BIM/CIM

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 2020 and 2021. BIM/CIM^{*2} can be seen as two prominent digital technologies of the digital transformation in construction. The growing number of work and projects using these two digital technologies has grown to a cumulative total of over 2,000 projects as of March 31, 2022. 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}.

- *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.

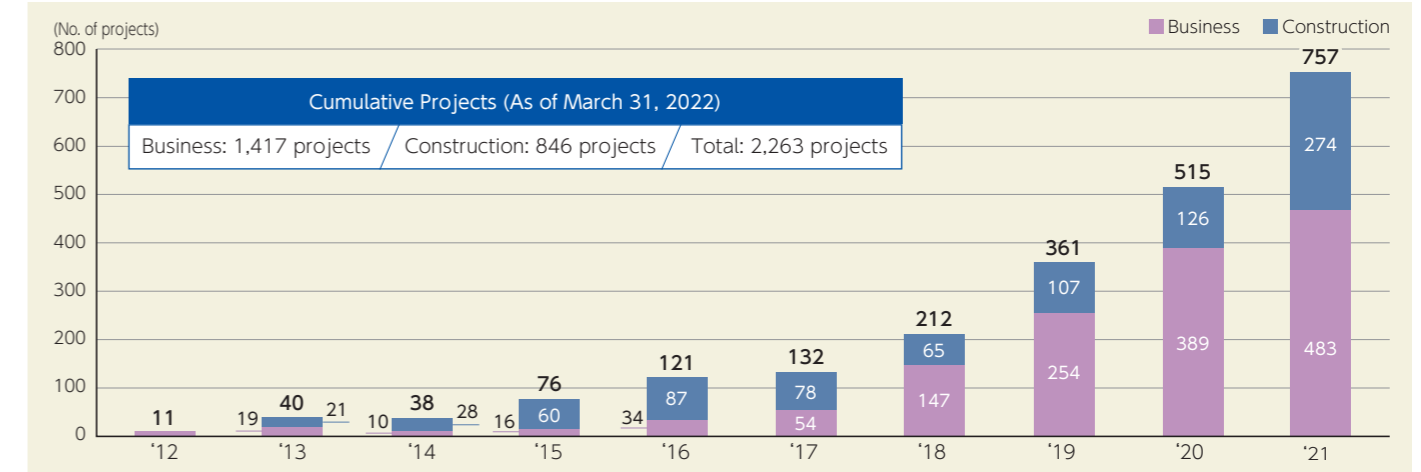
Source: Materials on initiatives to expand the use of ICT construction published by the Ministry of Land, Infrastructure, Transport and Tourism (July 2022)

Development of Rapidly Evolving IoT and ICT Equipment

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 a 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



Cumulative Projects (As of March 31, 2022)
 Business: 1,417 projects / Construction: 846 projects / Total: 2,263 projects

Source: Materials on initiatives to expand the use of ICT construction published by the Ministry of Land, Infrastructure, Transport and Tourism (July 2022)

01 Domestic

■ Building Infrastructure for Osaka Expo, Various Local Railway Networks, and Other Construction Demand Is on the Rise

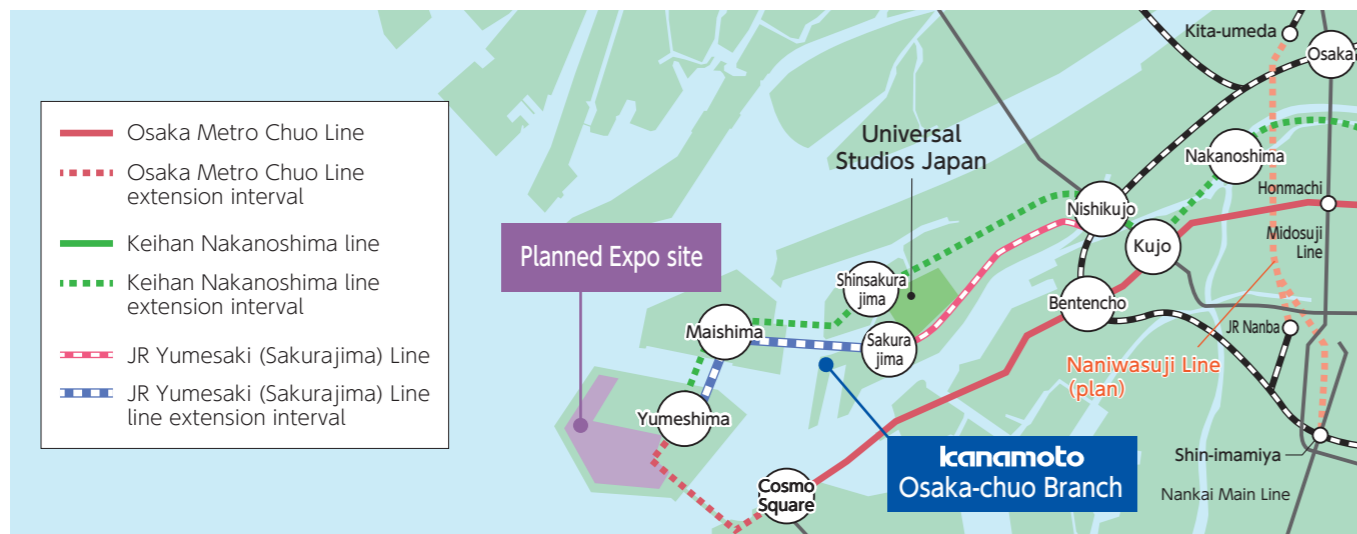
2025 Osaka Expo Redevelopment Project

Large-scale investments into projects to tackle aging public infrastructure is not the only work cultivating new demand in the construction market. Other construction projects are underway for international events and major transportation infrastructure. The 2025 world exposition to be held in Osaka (Expo 2025) is one of these international projects. Expo 2025 is positioned as one event that will stimulate the economy following the Tokyo Olympics, with an estimated economic effect of approximately ¥2.5 trillion. Spending on Expo site construction is expected to amount to ¥185 billion, which far exceeds the initial forecast by ¥60 billion. Yumeshima, an artificial island in Osaka Bay (total area of 390 hectares) will host this world exposition. However, access to Yumeshima is currently limited to a single tunnel road. Therefore, as a means to transport the roughly 28 million visitors anticipated to attend the fair, plans to expand various railway lines are under review for the Osaka Metro Chuo Line, Keihan Nakanoshima Line, and JR Yumesaki (Sakurajima) Line. Yumeshima also hopes to open an Integrated Resort (IR) with a casino in conjunction with the Expo. Moreover, redevelopment of the harbor area and other infrastructure is expected to accelerate in the future. Kanamoto is strengthening its ability to support the Expo mainly through the Central Osaka Sales Office, which is located within a direct distance of two kilometers from the event site in Yumeshima.



Yumeshima Artificial Island Venue for the Expo 2025

» Yumeshima Conceptual Access Route



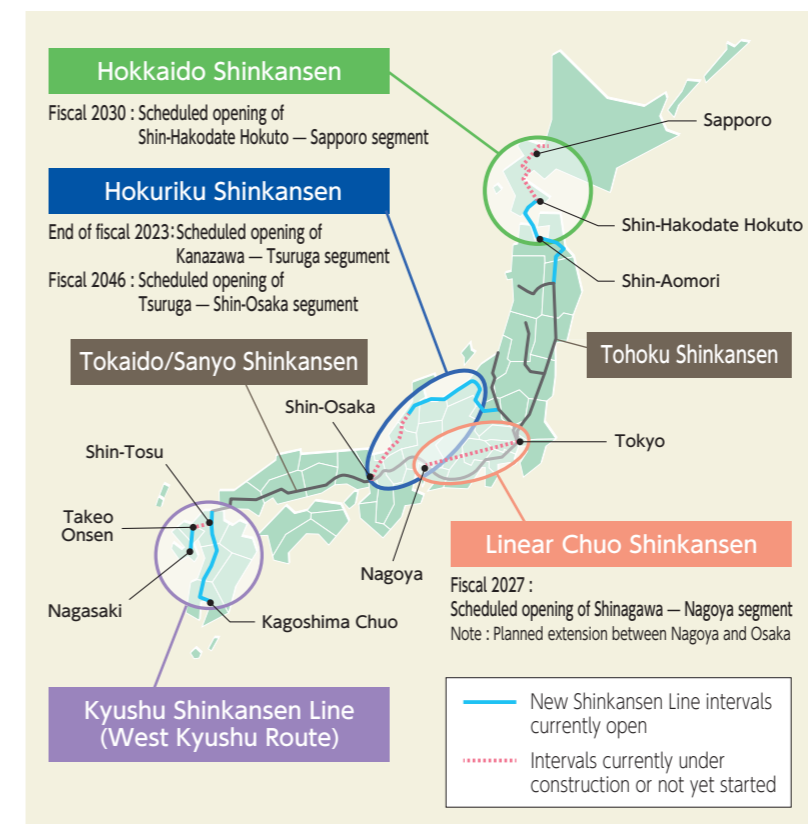
Work Begins on a Succession of Large-Scale Construction Projects in Japan

Currently, TSMC, a semiconductor manufacturer in Taiwan that is among the world's largest, is building a semiconductor plant in Kumamoto Prefecture covering an area of 21.3 ha. The total investment is estimated to be about ¥1 trillion, and a second plant is also being considered, which is expected to have a high economic impact amid the global shortage of semiconductors. Meanwhile, construction of a Self-Defense Forces base has begun on Mageshima Island, located west of Tanegashima Island in Kagoshima Prefecture. The construction period is expected to last about four years, in conjunction with the planned relocation of U.S. carrier-based aircraft training. We will continue to strive to meet a wide range of needs for large-scale construction projects in Japan.

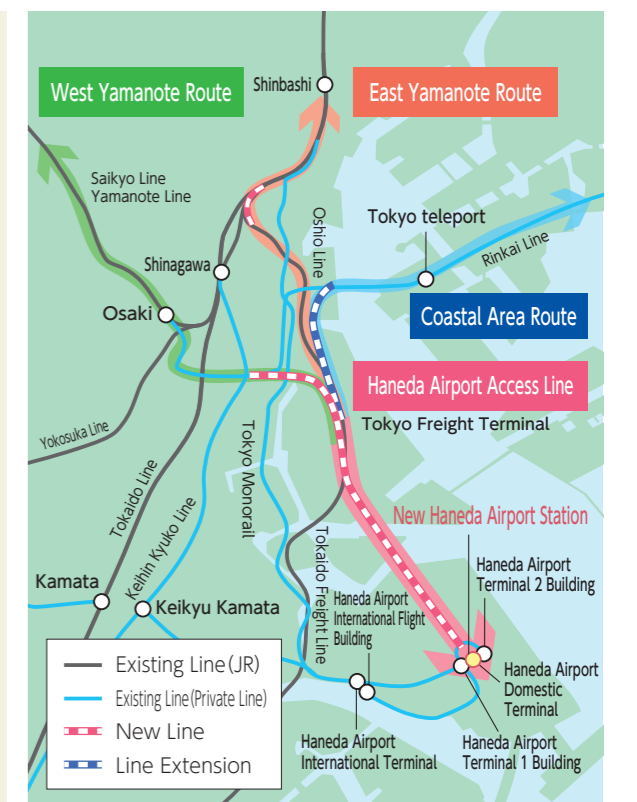
New Linear Chuo Shinkansen Lines and Metropolitan Railway

Large-scale transportation infrastructure construction and improvement projects are also in full swing in various regions, including the Nishi Kyushu Shinkansen route (Takeo Onsen to Nagasaki), which opened in 2022. This work not only includes extension construction for the Hokkaido Shinkansen (Shin-Hakodate-Hokuto to Sapporo), Hokuriku Shinkansen (Kanazawa to Tsuruga), and other planned Shinkansen lines, 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. The Japanese Transport Ministry has also begun construction on a project tentatively named the Haneda Airport Access Line, which has been planned since 2014. 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 2029. 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.

» 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

02 Overseas

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

Growing ASEAN Construction Demand

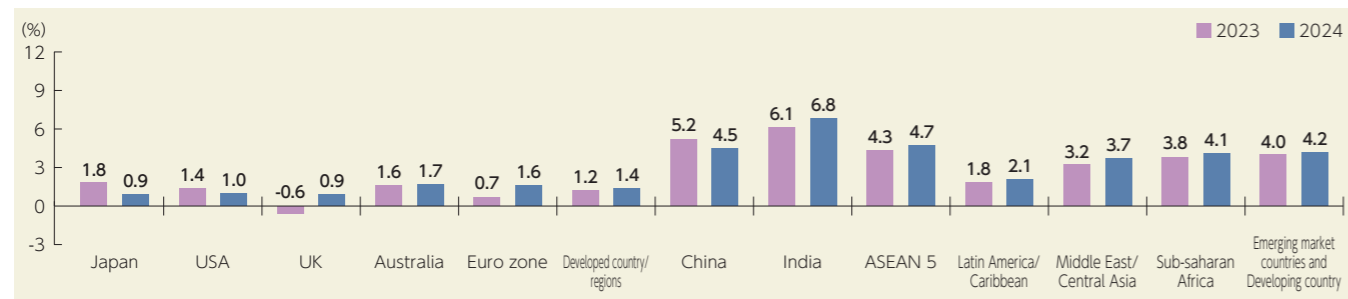
Construction projects among ASEAN countries have increased significantly over the past few years due to increased government spending on upgrading existing infrastructure combined with new projects, especially in countries such as Indonesia and Malaysia, as well as hydroelectric and thermal power projects. In Thailand, the demand for construction plant and equipment is further increased due to the expected increase in construction projects for buildings such as offices and residences. In addition, the Philippine construction economy has been booming for more than a decade. This is due to the government's policies to strengthen housing, transportation, and energy, in addition to a strong local economy and private investment. For heavy equipment supporting construction, renting the equipment tends to be preferred to purchasing, with advantages including reduced maintenance costs.

Infrastructure Demand as a Source of a Higher Overseas Sales Ratio

Thailand is progressing with mega projects centered upon building a transportation network through its Transport System Development Strategy (2017- 2036). The Philippines launched Build Build Build (BBB) as a plan made up of roughly 20,000 infrastructure projects from road systems and power plants to hospitals and schools. Vietnam is pushing forward preparations for sewage and drainage systems as well as metropolitan railways in the Ten-Year Socio-Economic Development Strategy, Hanoi Capital Region Plan 2030, and other national projects. Indonesia has plans to invest upwards of ¥45 trillion in 25 projects including airports, power generation plants, and other infrastructure construction projects over five years starting in 2020. Malaysia is also furthering its Penang Transport Master Plan to build large-scale infrastructure by 2030. Over the next ten years, Australia is undertaking large-scale plans to inject approximately ¥9.7 trillion into construction and maintenance of transportation infrastructure throughout the nation. The Kanamoto Group will continue to maintain and expand its business performance while deepening cooperation with overseas partners in each country, and will seek to develop business in connection with the growing demand for infrastructure in 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 2023)

» Basic Kanamoto Group Expansion Information and Main Projects by Country (as of 2021; Construction investment data as of 2020)

China		Vietnam	
Population (10,000 persons)	141,260	Population (10,000 persons)	9,946
Real GDP growth rate	8.4%	Real GDP growth rate	2.6%
Total nominal GDP (billions of US\$)	17,745	Total nominal GDP (billions of US\$)	366.14
Nominal per capita GDP (dollars)	10,525*	Nominal per capita GDP (dollars)	3,717 equivalent
Construction Investment (Production Volume) (100 Million Dollars)	10,577.9	Construction Investment (Production Volume) (100 Million Dollars)	167.8
Main projects <ul style="list-style-type: none"> ● 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 (2020–2025), etc. 		Main projects <ul style="list-style-type: none"> ● North-South Express Railway ● Long Thanh International Airport ● Dedicated Express Bus Roadways in Ho Chi Minh City ● Hanoi City Yen Xa Sewerage System Project, etc. 	
Thailand		Indonesia	
Population (10,000 persons)	6,617	Population (10,000 persons)	27,224
Real GDP growth rate	1.5%	Real GDP growth rate	3.7%
Total nominal GDP (billions of US\$)	506.44	Total nominal GDP (billions of US\$)	1,112
Nominal per capita GDP (dollars)	7,336	Nominal per capita GDP (dollars)	4,350
Construction Investment (Production Volume) (100 Million Dollars)	135.9	Construction Investment (Production Volume) (100 Million Dollars)	1,133.3
Main projects <ul style="list-style-type: none"> ● Bangkok-Chiang Mai High Speed Rail Development Project ● High-Speed Rail Linking Three Airports Project (Don Mueang–Suvarnabhumi–U-Tapao) ● Ta Phut Industrial Port and Laem Chabang Deep Seaport Development ● U-Tapao International Airport expansion, etc. 		Main projects <ul style="list-style-type: none"> ● Jakarta-Bandung High-Speed Railway ● Jakarta-Surabaya limited express train ● West Java Patimban Port ● West Sumatra Water Front Redevelopment in Bali ● Soekarno Hatta International Airport Terminal 4, etc. 	
Philippines		Malaysia	
Population (10,000 persons)	10,903	Population (10,000 persons)	3,267
Real GDP growth rate	5.7%	Real GDP growth rate	3.1%
Total nominal GDP (billions of US\$)	394	Total nominal GDP (billions of US\$)	373
Nominal per capita GDP (dollars)	3,572	Nominal per capita GDP (dollars)	11,453
Construction Investment (Production Volume) (100 Million Dollars)	237.2	Construction Investment (Production Volume) (100 Million Dollars)	136.5
Main projects <ul style="list-style-type: none"> ● Metro Manila subway and north-south commuter railway ● Clark International Airport expansion project ● Cebu island monorail system ● Mindanao island railway, etc. 		Main projects <ul style="list-style-type: none"> ● East Coast Rail Line (ECRL) ● Sewage Treatment Plant and Sewer Conveyance System (CSTP) ● Bayan Lepas Light Rail Transit (LRT) project based on the Penang Transport Master Plan, Pan Island Link (PIL), Penang South Reclamation (PSR), etc. 	
Australia			
Population (10,000 persons)	2,575		
Real GDP growth rate	4.69%		
Total nominal GDP (billions of US\$)	1,633.3		
Nominal per capita GDP (dollars)	63,529		
Construction Investment (Production Volume) (100 Million Dollars)	990.3		
Main projects <ul style="list-style-type: none"> ● Inland freight rail (Melbourne to Brisbane) ● Second Sydney airport ● High speed rail to link developed cities ● Expansion of the Snowy Mountains Hydroelectric Scheme ● Redevelopment of the Barangaroo district in Sydney, etc. 			

* Nominal per capita GDP (dollars) of China is a figure as of 2020.

Source : Prepared based on Research Institute of Construction and Economy (RICE) materials, Japan External Trade Organization (JETRO) materials, The Overseas Construction Association of Japan, Inc. (OCAJI) materials, and the Ministry of Land, Infrastructure, Transport and Tourism's report on the spread, response and business impact of the COVID-19 pandemic on major construction markets overseas (March 2021)

03 Internal

■ Optimization of Internal Operational Processes to Serve as a Basis for Earnings

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 2021, the government then set the specific goal for a 46% reduction of CO₂ emissions by 2030 compared to fiscal 2013. In October 2021, the Prime Minister's Office of Japan rolled out the 6th Strategic Energy Plan, which incorporates Japan's Green Growth Strategy to achieve this pledge and related goals. This strategy advocates a stable energy supply and cost reduction while driving forward measures to combat climate change. 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 purchase 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.

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 gener-

ation 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



* 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.

*1.The 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.
 *2.The 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.
 *3.2015 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.

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
	Physical	Risk	Rising temperatures	Increasing costs to respond to environment changes on construction sites, etc.	Large	Large
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



Social Activities

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

Approach to Ensuring the Diversity of Core Human Resources

We believe human resources are the driving force to sustainable growth. To develop global businesses and address new market needs, the employment of human resources who have diverse perspectives and values is vital. Therefore, we emphasize skills and performance to evaluate each person solely by their personal character when hiring core management regardless of gender, nationality, and age.

[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**
 - Foster a career path for women into sales and actively hire women as managers of sales blocks and branches.
 - Strengthen recruitment of women into sales and technical roles and encourage common internal gatherings and comprehensive training
 - 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**
 - Continue no overtime days to help facilitate work-life balance
 - 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**
 - Create opportunities for employees and business partners to interact with children in local communities through various local events
 - 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.

Emphasis on Human Resource Development for the Future of Kanamoto

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.

- Develop human resources who embody the Kanamoto corporate philosophy and action guidelines
- Support employees who want to independently acquire skills and certifications
- 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 2023)

	Qualification	Persons
Repair Qualified Technicians Certifications	Construction Equipment Repair Mechanic (Expert)	21
	Construction Equipment Repair Mechanic (First Class)	294
	Construction Equipment Repair Mechanic (Second Class)	577
	Portable Generator Repair Mechanic	578
	Automobile Repair Technician	553
	Gas Welding Technician	809
	Organic Solvent Work Manager	385
Operation Qualified Technicians Certifications	Hazardous Materials Handling Manager	418
	Vocational Training Instructor	15
	Vehicle-type Construction Equipment Operator	4,433
	Mobile Crane Operator	2,113
	Large-scale Equipment (Special) Operating License	542
	Sling Crane Technician	964
	Forklift Operator	794
Shovel Loader Operator	18	

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

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. However, as a measure to combat the spread of the novel coronavirus infection, the Kanamoto Group has put in place systems to consistently communicate with shareholders from financial results briefings to online rather than in person question-and-answer sessions.

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

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 29 branches in Kanamoto are accident-free over the last 20 years.



Qualified Repair and Maintenance Technicians for Construction Equipment



Governance

Kanamoto Group Corporate Governance

(As of February 1, 2023)

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

Seek change, and mobilize every resource to energize the 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 is a team competing to win profits

The product and service offerings of a company strive to accomplish many things from contributing to society and paying taxes to ensure 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.

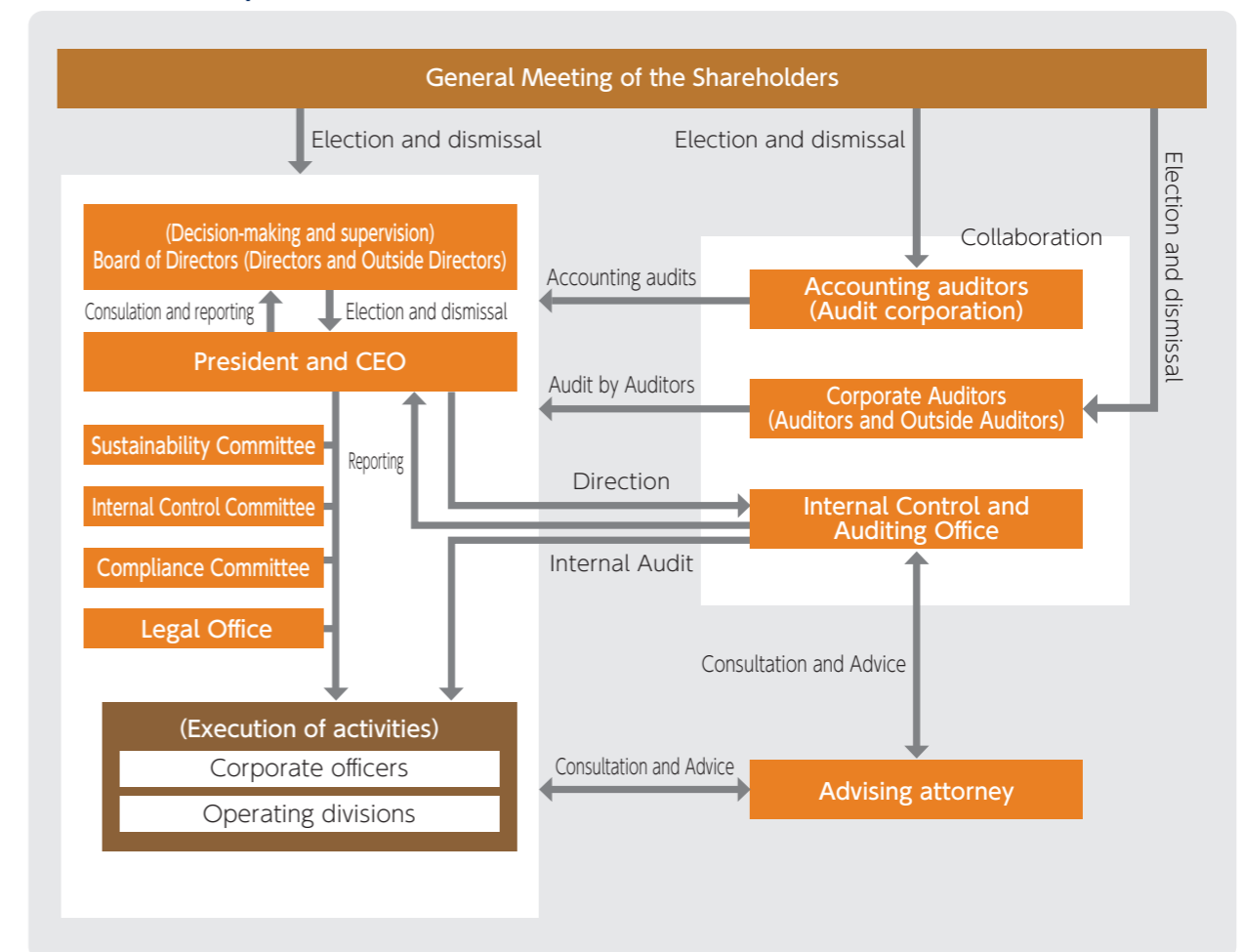
Corporate Governance Structure

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 comprised 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



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

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 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 58th General Meeting of shareholders held on January 26, 2023 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)	109	109	—	—	14	9
Corporate Auditors (excluding outside corporate auditors)	25	25	—	—	—	2
Outside Corporate Officers	10	10	—	—	—	6

(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
108	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

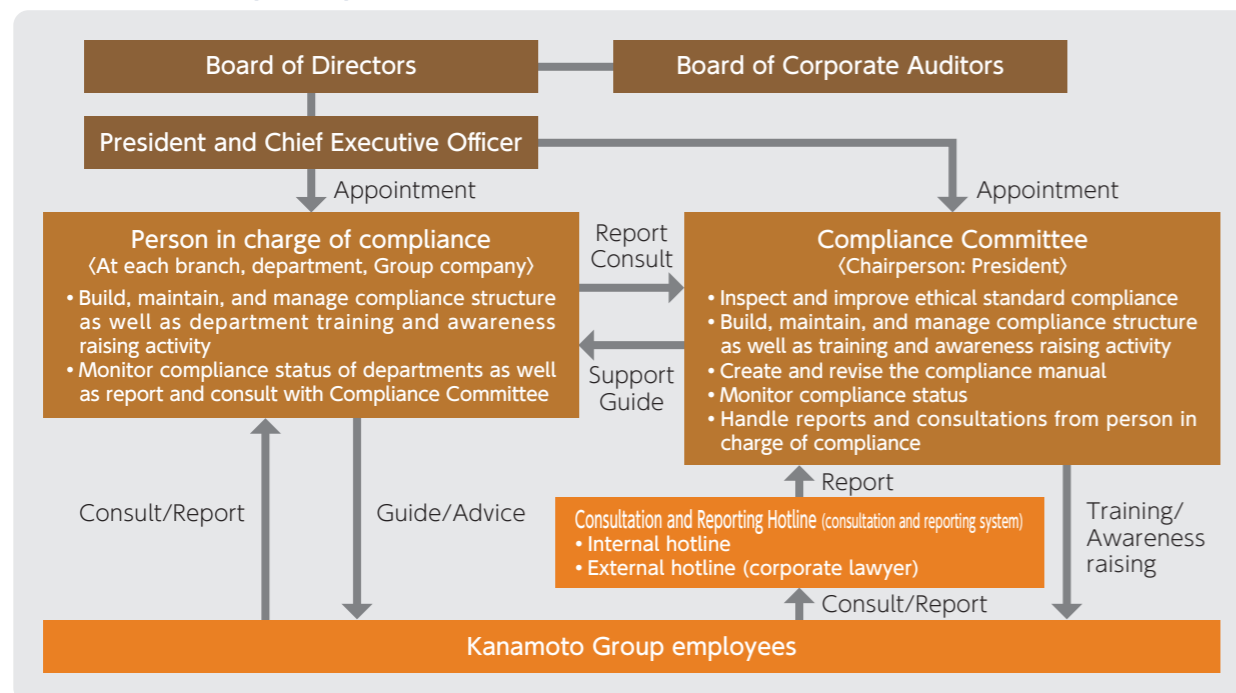
Kanamoto has created a manual as common compliance standards so that all executives and employees of the company and its group companies can operate with the same level of compliance. We are raising compliance awareness through holding regular training to raise awareness. We also create and distribute 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 February 1, 2023)

(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.

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

Corporate Officers

Hiroshi Kumagai
Division Manager,
Information System
Division

Satoru Toiya
Division Manager,
Construction Equipment
Rental Division
President and CEO
Assist Co., Ltd.

Nobuyuki Sato
Division Manager,
Business Planning
Division

Hideki Nakaya
General Manager, Internal
Control and Auditing
Office
General Manager,
Business Process
Reengineering Office

Seiichi Tanaka
President and CEO
NISHIKEN.CO., LTD.

Mitsuo Watanabe
President and CEO
Unite Co., Ltd.

Takashi Onoda
Division Manager,
Administration
Division
General Manager,
Secretary Office

Keiji Yamane
Regional Manager,
Construction Equipment
Rental Division Kanto &
Koshinetsu Region
Division Manager,
Specialized Equipment
Engineering Division

Toru Ito
Regional Manager,
Construction
Equipment
Rental Division
Tohoku Region
President and CEO
CENTRAL Co., Ltd.

Yasuhito Fujiwara
General Manager,
Affiliated Business
Office

Report of Operating Results and Financial Position for the 58th Business Period
(November 1, 2021 – October 31, 2022)

■ Matters Concerning the Corporate Group

Summary of consolidated fiscal year operating results

During the current consolidated fiscal year, the Japanese economy showed signs of recovery in economic activities that had been stagnant due to the COVID-19 pandemic, but conditions remained unpredictable due to the prolonged situation in Ukraine, soaring raw material prices, and growing concerns of an economic recession due to global monetary tightening and other factors.

In the construction industry in which our Group is involved, public-sector investment remained strong and private-sector investment showed signs of gradual recovery, although the situation still requires careful attention as the supply shortage of semiconductors, soaring material prices, and a chronic shortage of skilled construction workers have also become serious.

In such circumstances, based on the three key measures of the Medium-Term Management Plan "Creative 60" (FY2020-2024), the Group strove to further improve management efficiency by strengthening the foundation of our Alliance Group in Japan and overseas and pursuing synergies, while at the same time promoting a flexible investment strategy that meets actual demand. In addition, we focused on sustainable development and increasing corporate value by realizing efficient utilization of rental assets and building an organizational structure for sustainable solutions to issues.

In the fiscal year ended October 31, 2022, the Group reported net sales of ¥188,028 million. Profits were affected by the trend in rental demand, and by an increase in sales-related and administrative expenses due to future-oriented investment in human resources. Operating profit decreased 9.5% to ¥13,229 million, ordinary profit decreased 10.5% to ¥13,780 million, and profit attributable to owners of parent decreased 6.3% to ¥8,345 million.

» Consolidated Operating Results

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Net sales	189,416 (5.8)	188,028 (-)
Operating profit	14,624 (2.6)	13,229 (-9.5)
Ordinary profit	15,391 (7.9)	13,780 (-10.5)
Profit attributable to owners of parent	8,907 (5.2)	8,345 (-6.3)
Net income per share	¥ 235.55	¥ 224.64

(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, public-sector investment remained firm, centering on national land resilience measures and infrastructure-related construction. Private-sector investment showed signs of picking up, but regional differences, as well as delays and slow progress in construction due to soaring material prices at some sites, prevented a full-fledged recovery in construction equipment rental demand. The Group also strove to strengthen its ability to be responsive with maintenance in the fields of repair of social capital and renewable energy, where further investment is expected to grow in the future. At the same time, we promoted technological development and business alliances to realize DX at construction sites and to reduce environmental impact through the use of digital technology. As a result, sales by region in this business were up 5.5% in the Hokkaido Region, down 7.3% in the Tohoku Region, down 0.6% in the Kanto & Koushinetsu Region, down 0.7% in the Nishi-nihon Region, and up 1.1% in the Kyushu & Okinawa Region. Used construction equipment sales decreased 15.1% year on year, as Kanamoto has carried out the extension of the rental equipment operation period as planned at the beginning of the fiscal year. Reflecting these factors, the Group posted net sales in the construction-related businesses of ¥170,433 million, and operating profit of ¥11,508 million, a decrease of 11.8% year on year.

Other businesses

In the Group's other businesses, net sales was ¥17,594 million and operating profit increased by 11.0% to ¥1,232 million, as the business related to the Steel Sales Division as well as the business related to the Information Products Division and welfare-related business performed well.

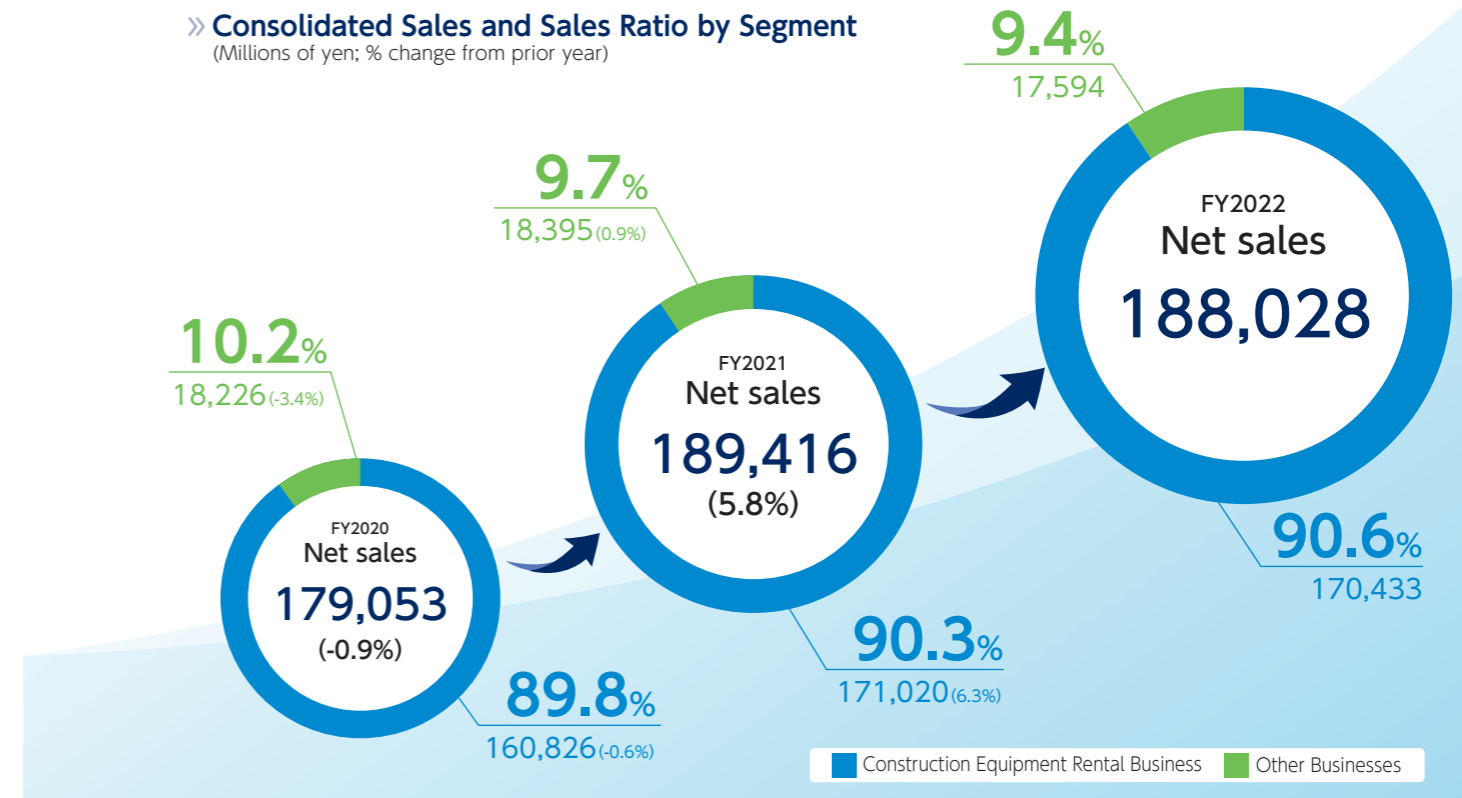
» Divisional Sales (Consolidated)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Construction equipment rental business	171,020 (6.3)	170,433 (-)
Other businesses	18,395 (0.9)	17,594 (-)
Total	189,416 (5.8)	188,028 (-)

(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 59th fiscal year (ending October 31, 2023)

As for the outlook for the fiscal year ending October 31, 2023, public-sector investment is expected to remain firm and private-sector construction investment is also expected to continue its gradual recovery trend. However, the outlook is expected to remain uncertain due to concerns that heightened geopolitical risks, yen depreciation, and rising construction costs may dampen the recovery in demand. On the other hand, we believe that the demand stemming from efforts to achieve a sustainable society, including decarbonization and digitalization, is expected to continue to grow and will require more focused responses. Under these circumstances, the Group will build a solid profit base by further pursuing the efficient use of the assets we own, based on the three key measures of expansion of our domestic base of

operations, overseas expansion, and optimization of internal operational processes, in order to achieve the goals of our Medium-Term Management Plan, Creative 60 (FY2020-FY2024). In addition, we will continue to promote growth strategies for the future in areas such as renewable energy and ICT, while working to develop sustainable solutions to issues toward realizing a sustainable society and sustained growth for the Company. As a result of the above measures, for the fiscal year ending October 31, 2023, we forecast consolidated business results of ¥198,000 million in sales (up 5.3% year on year), ¥14,000 million in operating profit (up 5.8% year on year), ¥14,100 million in ordinary profit (up 2.3% year on year), and ¥8,400 million in profit attributable to owners of parent (up 0.7% year on year).

» Projected Operating Results for the Fiscal Year Ending October 31, 2023

	Consolidated full-year projection	Non-consolidated full-year projection
Net sales	198,000 (5.3)	118,900 (2.8)
Operating profit	14,000 (5.8)	-
Ordinary profit	14,100 (2.3)	7,900 (6.0)
Consolidated Profit attributable to owners of parent / Non-consolidated Net income	8,400 (0.7)	5,300 (6.9)
Net income per share	¥ 231.87	¥ 146.30

*Purchase of treasury shares was resolved during the Board of Directors meeting on December 9, 2022. Net income per share in the forecast of consolidated business results for the 59th term (fiscal year ending October 31, 2023) 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, 2021)	Current consolidated fiscal year (As of October 31, 2022)	Prior consolidated fiscal year (As of October 31, 2021)	Current consolidated fiscal year (As of October 31, 2022)
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets			Liabilities	
Current assets			Current liabilities	
Cash and deposits	¥ 56,093	¥ 47,565	Notes and accounts payable - trade	¥ 37,082
Notes and accounts receivable - trade	39,305	—	Short-term borrowings	960
Notes and accounts receivable - trade, and contract assets	—	38,452	Current portion of bonds payable	24
Electronically recorded monetary claims - operating	7,319	8,025	Current portion of long-term borrowings	13,055
Merchandise and finished goods	1,666	1,729	Lease obligations	1,269
Costs on construction contracts in progress	82	—	Income taxes payable	2,681
Raw materials and supplies	1,375	1,432	Provision for bonuses	1,548
Construction machine parts	18,055	17,047	Accounts payable - other	24,545
Other	3,123	4,098	Other	6,063
Allowance for doubtful accounts	(269)	(284)	Total current liabilities	87,230
Total current assets	126,751	118,066	Non-current liabilities	
Non-current assets			Long-term borrowings	31,460
Property, plant and equipment			Lease obligations	2,888
Rental equipment	262,239	282,605	Long-term accounts payable - other	44,486
Accumulated depreciation	(164,193)	(181,989)	Retirement benefit liability	566
Rental equipment, net	98,046	100,616	Asset retirement obligations	588
Buildings and structures	42,680	44,709	Deferred tax liabilities	1,501
Accumulated depreciation	(24,656)	(26,128)	Other	115
Buildings and structures, net	18,024	18,581	Total non-current liabilities	81,607
Machinery, equipment and vehicles	9,764	10,088	Total liabilities	168,837
Accumulated depreciation	(8,141)	(8,511)		
Machinery, equipment and vehicles, net	1,623	1,576	Net assets	
Land	37,684	38,688	Shareholders' equity	
Other	2,899	4,570	Share capital	17,829
Accumulated depreciation	(2,143)	(2,305)	Capital surplus	19,326
Other, net	756	2,265	Retained earnings	89,048
Total property, plant and equipment	156,135	161,728	Treasury shares	(1,978)
Intangible assets			Total shareholders' equity	124,226
Goodwill	4,111	3,810	Accumulated other comprehensive income	
Customer-related assets	1,276	1,395	Valuation difference on available-for-sale securities	2,249
Other	1,516	1,511	Deferred gains or losses on hedges	0
Total intangible assets	6,904	6,717	Foreign currency translation adjustment	541
Investments and other assets			Remeasurements of defined benefit plans	(60)
Investment securities	9,249	9,699	Total accumulated other comprehensive income	2,729
Deferred tax assets	2,175	2,370	Non-controlling interests	7,960
Long-term loans receivable	977	5,213	Total net assets	134,917
Other	2,069	2,081	Total liabilities and net assets	¥ 303,754
Allowance for doubtful accounts	(507)	(556)		¥ 305,320
Total investments and other assets	13,963	18,808		
Total non-current assets	177,003	187,253		
Total assets	¥ 303,754	¥ 305,320		

Consolidated Statements of Income		
	Prior consolidated fiscal year (From November 1, 2020 to October 31, 2021)	Current consolidated fiscal year (From November 1, 2021 to October 31, 2022)
	Millions of yen	Millions of yen
Net sales	¥ 189,416	¥ 188,028
Cost of sales	133,812	132,196
Gross profit	55,604	55,831
Selling, general and administrative expenses	40,979	42,602
Operating profit	14,624	13,229
Non-operating income		
Interest income	46	62
Dividend income	159	180
Rental income	83	77
Insurance claim income	357	35
Temporary transfer charges income	69	77
Foreign exchange gains	97	262
Reversal of allowance for doubtful accounts	25	40
Other	300	349
Total non-operating income	1,140	1,086
Non-operating expenses		
Interest expenses	102	102
Loss on cancellation of leases	27	38
Waste disposal costs	41	62
Foreign exchange losses	—	122
Provision of allowance for doubtful accounts	—	19
Other	201	190
Total non-operating expenses	372	536
Ordinary profit	15,391	13,780
Extraordinary income		
Gain on sale of non-current assets	21	19
Gain on sale of shares of subsidiaries and associates	20	6
Subsidy income	18	—
Gain on revision of retirement benefit plan	—	34
Gain on extinguishment of tie-in shares	—	135
Total extraordinary income	59	196
Extraordinary losses		
Loss on sale and retirement of non-current assets	275	222
Loss on valuation of investment securities	172	4
Loss on valuation of shares of subsidiaries and associates	174	174
Loss on extinguishment of tie-in shares	81	—
Total extraordinary losses	703	402
Profit before income taxes	14,747	13,574
Income taxes - current	5,145	4,174
Income taxes - deferred	(190)	344
Total income taxes	4,954	4,518
Profit	9,793	9,056
Profit attributable to non-controlling interests	885	711
Profit attributable to owners of parent	¥ 8,907	¥ 8,345

Consolidated Statements of Comprehensive Income		
	Prior consolidated fiscal year (From November 1, 2020 to October 31, 2021)	Current consolidated fiscal year (From November 1, 2021 to October 31, 2022)
	Millions of yen	Millions of yen
Profit	¥ 9,793	¥ 9,056
Other comprehensive income		
Valuation difference on available-for-sale securities	727	(67)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	667	1,657
Remeasurements of defined benefit plans, net of tax	(14)	30
Total other comprehensive income	1,381	1,620
Comprehensive income	11,174	10,676
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,290	9,957
Comprehensive income attributable to non-controlling interests	¥ 884	¥ 718

Consolidated Financial Statements

Consolidated Statements of Changes in Equity (From November 1, 2020 to October 31, 2022)

(Millions of yen)	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥ 17,829	¥ 19,324	¥ 82,599	¥ (2,009)	¥ 117,744
Changes during period					
Dividends of surplus			(2,457)		(2,457)
Profit attributable to owners of parent			8,907		8,907
Purchase of treasury shares				(0)	(0)
Restricted stock compensation		2		31	33
Net changes in items other than shareholders' equity					
Total changes during period	–	2	6,449	30	6,482
Balance at end of period	17,829	19,326	89,048	(1,978)	124,226
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

	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	¥ 1,522	–	¥(126)	¥(49)	¥ 1,346	¥ 7,097	¥ 126,188
Changes during period							
Dividends of surplus					–		(2,457)
Profit attributable to owners of parent					–		8,907
Purchase of treasury shares					–		(0)
Restricted stock compensation					–		33
Net changes in items other than shareholders' equity	726	0	667	(10)	1,383	863	2,246
Total changes during period	726	0	667	(10)	1,383	863	8,728
Balance at end of period	2,249	0	541	(60)	2,729	7,960	134,917
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

Consolidated Statements of Cash Flows

(Millions of yen)	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022	(Millions of yen)	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Cash flows from operating activities			Cash flows from investing activities		
Profit before income taxes	14,747	13,574	Payments into time deposits	(757)	(722)
Depreciation	31,064	31,912	Proceeds from withdrawal of time deposits	763	741
Amortization of goodwill	648	615	Purchase of investment securities	(9)	(301)
Loss (gain) on sale and retirement of non-current assets	254	202	Proceeds from sale of investment securities	32	25
Cost transfer resulting from sale of rental equipment	793	775	Purchase of property, plant and equipment	(3,528)	(4,793)
Purchase of construction equipment and materials	(968)	(769)	Proceeds from sale of property, plant and equipment	95	35
Purchase of rental equipment	(5,424)	(5,645)	Purchase of intangible assets	(562)	(471)
Loss (gain) on valuation of investment securities	172	4	Proceeds from sale of intangible assets	12	–
Loss on valuation of shares of subsidiaries and associates	174	174	Purchase of shares of subsidiaries	(8)	(815)
Loss (gain) on extinguishment of tie-in shares	81	(135)	Proceeds from sale of shares of subsidiaries and associates	22	22
Loss (gain) on sale of shares of subsidiaries and associates	(20)	(6)	Loan advances	(14)	(5,761)
Increase (decrease) in allowance for doubtful accounts	(76)	45	Proceeds from collection of loans receivable	177	583
Increase (decrease) in provision for bonuses	70	14	Collection of long-term accounts receivable - other	186	126
Increase (decrease) in retirement benefit liability	47	24	Other, net	216	0
Interest and dividend income	(206)	(243)	Net cash provided by (used in) investing activities	(3,373)	(11,331)
Assets buy on the installment plan purchase payment interest for rentals	622	598	Cash flows from financing activities		
Interest expenses	102	102	Redemption of bonds	(44)	(24)
Foreign exchange losses (gains)	(95)	(238)	Net increase (decrease) in short-term borrowings	(75)	20
Decrease (increase) in trade receivables	1,242	–	Proceeds from long-term borrowings	14,980	15,894
Decrease (increase) in trade receivables and contract assets	–	520	Repayments of long-term borrowings	(14,415)	(14,684)
Decrease (increase) in inventories	(513)	(15)	Repayments of installment payables	(25,331)	(25,686)
Increase (decrease) in trade payables	(1,237)	(3,736)	Repayments of lease obligations	(1,432)	(1,397)
Increase (decrease) in accounts payable - other	1,886	2,105	Purchase of treasury shares	(0)	(2,000)
Other, net	1,252	(1,280)	Dividends paid	(2,454)	(2,993)
Subtotal	44,619	38,601	Dividends paid to non-controlling interests	(20)	(20)
Interest and dividends received	202	245	Net cash provided by (used in) financing activities	(28,794)	(30,893)
Interest paid	(727)	(704)	Effect of exchange rate change on cash and cash equivalents	90	276
Income taxes paid	(4,742)	(4,985)	Net increase (decrease) in cash and cash equivalents	7,274	(8,790)
Net cash provided by (used in) operating activities	39,351	33,158	Cash and cash equivalents at beginning of period	48,023	55,557
			Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	260	279
			Cash and cash equivalents at end of period	55,557	47,047

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, 2023)

	Kanamoto Co., Ltd.	Consolidated Subsidiaries	Non-consolidated Subsidiaries	Affiliated Companies	Alliance Companies	Total
Domestic	Hokkaido	83	27	0	0	110
	Tohoku	59	36	0	6	102
	Kanto	42	34	16	1	98
	Chubu	24	9	5	3	43
	Kinki	9	25	1	11	47
	Chugoku	4	15	0	0	19
	Shikoku	4	1	0	0	5
	Kyushu	4	107	0	3	114
	Okinawa	0	0	0	12	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	229	267	31	12	34	573

Alliance Group

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

The Kanamoto Group branch alliance boasts 550 locations in Japan and 573 locations with overseas combined.

 <p>kanamoto co.,ltd 229 branches</p>	 <p>KANAMOTO AUSTRALIA HOLDINGS PTY LTD Engaged in the asset management of five Porter Plant enterprises in Australia. 1 branch</p>	 <p>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</p>
 <p>Assist Co., Ltd. Engaged in the rental and sale of furniture, fixtures and safety products. 23 branches</p>	 <p>MADICA PTY LTD Engaged in the civil engineering and public construction in Australia. 1 branch</p>	 <p>KANAMOTO & JP NELSON EQUIPMENT (M) SDN. BHD. Engaged in the rental and sale of construction equipment in Malaysia. 1 branch</p>
 <p>Kanatech Co., Ltd. Engaged in the design and sale of modular housing units for temporary use. 13 branches</p>	 <p>PORTER EXCAVATIONS PTY.LTD. Engaged in the rental and sale of construction equipment in Australia. 5 branches</p>	 <p>PT KANAMOTO INDONESIA Engaged in the import and sale of construction equipment in Jakarta, Republic of Indonesia. 1 branch</p>
 <p>Kanki Co., Ltd. Engaged in the rental and sale of construction equipment. 8 branches</p>	 <p>PORTER GROUP NOMINEES PTY LTD Wholly-owned subsidiary of Porter Excavations Pty Ltd. 1 branch</p>	 <p>SIAM KANAMOTO CO., LTD. Engaged in the rental and sale of construction equipment in the Kingdom of Thailand. 2 branches</p>
 <p>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</p>	 <p>PORTER UTILITIES HOLDINGS PTY LTD Wholly-owned subsidiary of Porter Utilities Pty Ltd. 1 branch</p>	 <p>SK ADMINISTRATION SERVICE (THAILAND) CO., LTD. Company entrusted with business of SIAM KANAMOTO CO., LTD. 1 branch</p>
 <p>CENTRAL Co., Ltd. Engaged in the rental and sale of construction equipment. 21 branches</p>	 <p>PORTER UTILITIES PTY LTD Engaged in the construction of gas facilities in Australia. 1 branch</p>	 <p>Asahi Rentax Co., Ltd. Engaged in the rental and sale of furniture, fixtures and safety products. 6 branches</p>
 <p>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</p>	 <p>KANAMOTO (CHINA) INVESTMENT CO., LTD. Engaged in the rental and sale of construction equipment in Shanghai, People's Republic of China. 3 branches</p>	 <p>TOYU ENGINEERING CO., LTD. Engaged in the rental and sale of specialized equipment for tunneling works. 3 branches</p>
 <p>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</p>	 <p>Carewell Anshin Co., Ltd. Engaged in the rental and sale of nursing care products and nursing care services. 16 branches</p>	 <p>MEIGI ENGINEERING CO., LTD. Engaged in the design, manufacture, rental and sale of shotcrete plants. 2 branches</p>
 <p>Daiichi Kikaisangyo Co., Ltd. Engaged in the rental and sale of construction equipment. 15 branches</p>	 <p>Komatsu Doboku Tsusho Co., Ltd. Engaged in the rental and sale of construction equipment. 4 branches</p>	 <p>KNK MACHINERY & EQUIPMENT CORPORATION Engaged in the rental and sale of construction equipment in the Republic of the Philippines. 1 branch</p>
 <p>Toyo Industry Co., Ltd. Engaged in the rental and sale of shield tunneling method-related peripheral equipment. 3 branches</p>	 <p>Safety ishikawa Co., Ltd. Engaged in the rental and sale of furniture, fixtures and safety products. 1 branch</p>	 <p>SUGAKIKAI KOGYO CO., LTD. Engaged in the rental and sale of construction equipment. 22 branches</p>
 <p>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. 106 branches</p>	 <p>SOOKI SALES CO., LTD. Engaged in the 3D measurement operations, 3D data analysis services, and the sale and rental of 3D scanners. 1 branch</p>	 <p>Machida Kikou Co., Ltd. Engaged in the rental and sale of construction equipment. 12 branches</p>
 <p>Unite Co., Ltd. Engaged in the rental and sale of road construction equipment and road works construction. 53 branches</p>	 <p>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</p>	

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, 2022)

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

¥188,028 million (Fiscal year ended October 31, 2022)

Number of Employees

Non-consolidated: 2,028 (Excluding directors and temporary or part-time workers)
Consolidated: 3,832 (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 Aomori Bank, Ltd.
The Bank of Fukuoka, Ltd.
THE NISHI-NIPPON CITY BANK, LTD.
Others

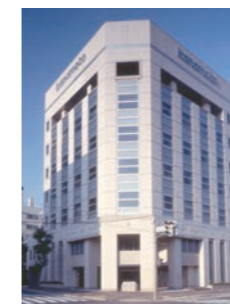
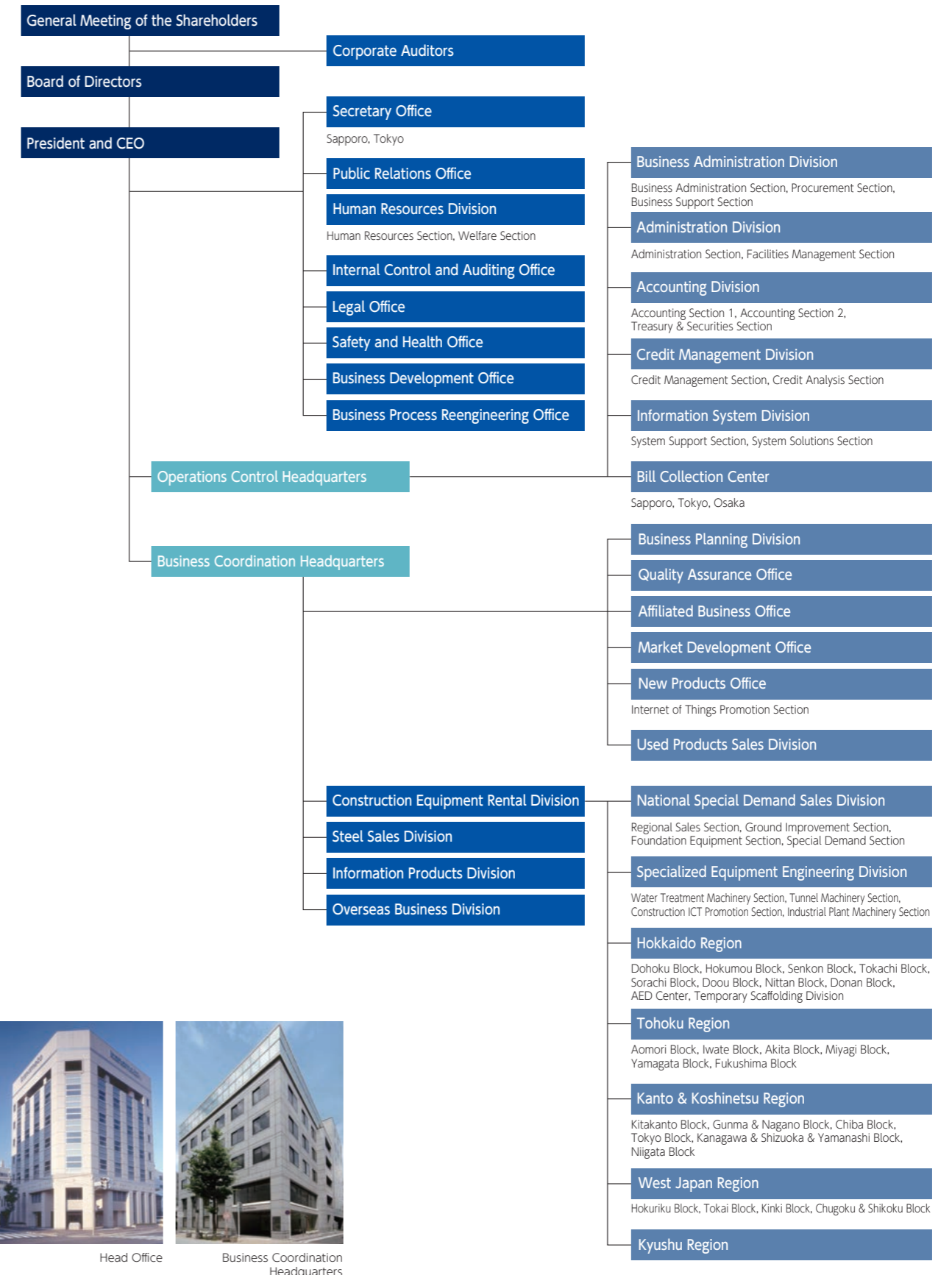
Principal Shareholders

The Master Trust Bank of Japan, Ltd. (Trust account)
Custody Bank of Japan, Ltd. (Trust account)
SMBC Nikko Securities Inc.
ORIX Corporation
Kanamoto Capital Company
The Hokkaido Bank, Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Tokio Marine & Nichido Fire Insurance Co., Ltd.
North Pacific Bank, Ltd.
CEP LUX-ORBIS SICAV
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 October 31, 2022)



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.
2000	October Acquired stock of Kanatech Co., Ltd.
2001	November Acquired stock of Daiichi Kikaisangyo Co., Ltd.
2004	September Acquired stock of Kanki Co., Ltd.
2007	February Acquired stock of Kyushu Kensan Co., Ltd.
2008	July Acquired stock of Toyo Industry Co., Ltd.
	November Acquired stock of KG Machinery Co., Ltd. (now KG Flowtechno Co., Ltd.)
2012	June Acquired stock of Unite Co., Ltd.
2014	March KG Flowtechno Co., Ltd. established Shanghai KG Machinery Co., Ltd. in Shanghai, China
	July Acquired stock of Asahi Rentax Co., Ltd.
2015	January PT KANAMOTO INDONESIA established in Indonesia and began operations
	June Established KANAMOTO FECON HASSYU CONSTRUCTION EQUIPMENT RENTAL JSC in Vietnam through a joint investment with FECON HASSYU and began operations
	July SIAM KANAMOTO CO., LTD. established in Thailand and began operations
	October KNK MACHINERY & EQUIPMENT CORPORATION established in the Philippines through a joint investment with KILTON INVESTMENTS HOLDINGS CO., INC. began operations
2016	March Acquired stock of NISHIKEN CO., LTD.
2017	July Established SK ADMINISTRATION SERVICE (THAILAND) CO., LTD. in Thailand
	August Acquired stock of TOYU ENGINEERING CO., LTD. and MEIGI ENGINEERING CO., LTD.
	December KANAMOTO (CHINA) INVESTMENT CO., LTD. Established in Shanghai City, China started operations
2018	February NISHIKEN CO., LTD. acquired stock of Carewell Anshin Co., Ltd.
	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
	August Acquired stock of Sanwa Kikai Lease Co., Ltd.
	November KANAMOTO & JP NELSON EQUIPMENT (M) SDN. BHD., established in Malaysia and began operations
2019	September Komatsu Doboku Tsusyo Co., Ltd. acquired the stock of Safety Ishikawa Co., Ltd. and converted the company into a subsidiary
2020	September Acquired Sooki Co., Ltd. and Sooki Sales Co., Ltd. following the acquisition of Sooki Holdings Co., Ltd.
	October Acquired Porter Excavations Pty Ltd. and Porter Utilities Pty Ltd. following the acquisitions of Madica Pty Ltd., Porter Group Nominees Pty Ltd., and Porter Utilities Holdings Pty Ltd. through Kanamoto Australia Holdings Pty Ltd. established in Australia
2022	January Merged NISHIKEN CO., LTD. with Kyushu Kensan Co., Ltd.
	March Established NEK Corporation (now CENTRAL Co., Ltd.) in Oshu City, Iwate Prefecture
	April Transitioned to Tokyo Stock Exchange Prime Market
	June Absorbed Sanwa Kikai Lease Co., Ltd.

Stock Information (As of October 31, 2022)

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

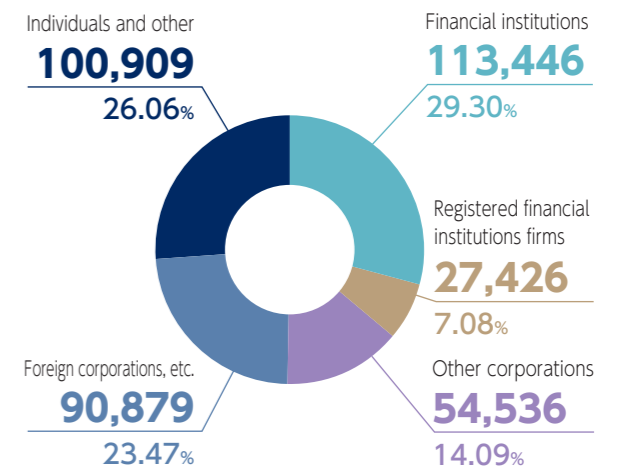
Administrative Office
Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Division 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212 Japan

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	8,929

Distribution of shares by shareholder type (Trading units)



(Note 1) Of 1,799,490 treasury stock shares, 17,994 units are included in "Individuals and other."
(Note 2) "Other corporations" includes 42 units of shares held in the name of the Japan Securities Depository Center, Inc.
(Note 3) The number of shares of one trading unit is 100 shares.

Share price chart

