

Report of Business Operations for the 60th Business Period (Business Period ended October 2024) (Attachment to the Notification and Invitation to the 60th Regular General Meeting of the Shareholders) From November 1, 2023 to October 31, 2024

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

a) Summary of consolidated fiscal year operating results (From November 1, 2023 to October 31, 2024)

During the fiscal year under review, while Japan's economy continued to pick up gradually due to an improvement in the employment and income environment with the progress of the normalization of economic activities, the surrounding environment was still severe and the outlook remained uncertain mainly due to raw material prices remaining high globally, and concerns about recession stemming from monetary tightening, etc.

In the construction industry in which the Group is involved, overall construction investment remained on an upward trend due to a pickup in private investment backed by companies' strong appetite for capital investment as well as steady public sector investment largely driven by the government's measures for disaster prevention and mitigation, and national land resilience. However, since persistently high prices for construction materials and tight labor supply-and-demand continued to put upward pressure on costs, the environment was harsh for the entire construction industry.

In such circumstances, in order to accomplish the Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group focused on improving its profit structure by optimizing rental unit prices, and appropriately allocating rental equipment after ascertaining trends in demand. In addition, the Group worked toward enhancing corporate value and achieving sustainable growth by further strengthening its business resilience through business operations conscious of sustainability and proactive responses to various social environmental changes.

Consequently, in the fiscal year ended October 31, 2024, the Group reported net sales of ¥207,218 million, an increase of 4.9% year on year. Operating profit was ¥14,569 million, an increase of 21.8% year on year, ordinary profit was ¥15,218 million, an increase of 21.9% year on year, and profit attributable to owners of parent was ¥9,013 million, an increase of 34.1% year on year.

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

b) Summary of consolidated operating results by business segment

[Construction Equipment Rental Business]

In the construction-related business, which is Kanamoto's core business, in addition to transportation infrastructure development and disaster countermeasure construction, rental demand for construction equipment remained relatively steady due to the progress of various types of large-scale projects, such as the construction of semiconductor plants and security-related construction in Hokkaido and Kyushu areas, where we have a large market share.

Furthermore, the Group ensured the selection and concentration of management resources in order to strengthen its ability to respond to various types of projects, and promoted efforts to create lasting corporate value, such as making more efficient use of its assets and enhancing utilization rates.

As a result, sales by region in this business were up 6.9% in the Hokkaido Region, down 1.4% in the Tohoku Region, up 2.7% in the Kanto & Koushinetsu Region, up 9.5% in the Nishi-nihon Region, and up 4.5% in the Kyushu & Okinawa Region.

Used construction equipment sales decreased 6.6% year on year, as Kanamoto proceeded with sales in accordance with the initial plan while carrying out the extension of the rental equipment operation period.

Reflecting these factors, the Group posted net sales in the construction-related businesses of ¥184,177 million, an increase of 3.4% year on year, and operating profit of ¥12,939 million, an increase of 25.5% year on year.

[Other Businesses]

In the Group's other businesses, net sales was ¥23,041 million, an increase of 18.8% year on year, and operating profit was ¥1,090 million, a decrease of 4.8% year on year, 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 favorably.

(Millions of yen)

Segment	59th Business Period Business Period ended October 2023	60th Business Period Business Period ended October 2024	Change from prior year (%)
Construction Equipment Rental Business	178,087	184,177	3.4
Other Businesses	19,393	23,041	18.8
Total	197,481	207,218	4.9

(2) Financing activities

1) Funds Procurement

Funds procurement through capital increase or the issuance of corporate bonds has not been performed during the current consolidated fiscal year.

2) Capital investment

Capital investment implemented by the Kanamoto Group during the current consolidated fiscal year totaled ¥38,921 million. This included purchases of rental equipment of ¥35,672 million, and investments in assets used by the group, including the establishment, relocation and expansion of branches, of ¥3,248 million.

< Main branches newly established in the Corporate Group >

Kanamoto Co., Ltd.

Closed branches: Biratori Machinery Center (Saru County, Hokkaido)

Fuji Branch (Fuji City, Shizuoka Prefecture)

Minamisanriku Branch (Motoyoshi County, Miyagi Prefecture)

Muroranhigashi Branch (Noboribetu City, Hokkaido)

Ishikari Branch (Ishikari City, Hokkaido)

Wakkanaikita Branch (Wakkanai City, Hokkaido)

Kitahiroshima Branch (Kitahiroshima City, Hokkaido)

Rumoikita Branch (Rumoi City, Hokkaido)

Haborominami Branch (Tomamae County, Hokkaido)

Iida Branch (Shimoina County, Nagano Prefecture)

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

The Company had no material items to report.

4) Receipt of businesses from other companies

The Company had no material items to report

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

The Company's consolidated subsidiaries Nishiken CO., LTD. and Daiichi Kikaisangyo Co., Ltd. conducted an absorption-type merger with the effective date of November 1, 2023, with Nishiken CO., LTD. as the surviving company.

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

The Company had no material items to report

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

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

Category	57th Business Period (Business Period ended October 2021)	58th Business Period (Business Period ended October 2022)	59th Business Period (Business Period ended October 2023)	60th Business Period (current consolidated fiscal year) (Business Period ended October 2024)
Net sales	189,416	188,028	197,481	207,218
Ordinary income	15,391	13,780	12,488	15,218
Profit attributable to owners of parent	8,907	8,345	6,721	9,013
Net income per share	235.55	224.64	185.40	253.72
Total assets	303,754	305,320	316,440	322,853
Net assets	134,917	140,611	143,677	149,713
Net assets per share	3,357.10	3,571.98	3,729.73	3,950.40

Note : Given that the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 of March 31, 2020) and relevant ASBJ regulations from the beginning of the 58th Business Period, the above figures for the 58th Business Period (Business Period ended October 2022) and onward are amounts subsequent to the application of said accounting standard and relevant ASBJ regulations.

(4) Issues to be Addressed by the Company

In the construction equipment rental business, which is a core business of the Kanamoto Group, it is important to select rental assets that match the characteristics of sales areas and customers' needs. Based on the collected data, the Company must build an asset portfolio structure aimed at maximizing operational efficiency and establish a strong earnings structure with a detailed operation. In addition, the Company also needs to aspire to be a "true general construction equipment rental company" that provides one-stop and comprehensive customer service, not just rental of goods. Moreover, the

Company recognizes that improving the profit structure in order to respond to rising procurement costs, a steep increase in personnel expenses and other matters is an urgent issue.

1) Growth strategies and improvement of capital efficiency

We aim for “improved efficiency” and “improved productivity” of rental assets in the construction equipment rental business.

For “improved efficiency,” we will work to reduce amortization costs through appropriate purchasing of rental assets and adopting a long-life approach in managing assets as well as to strengthen area marketing and management of rental items. Next, for “improved productivity,” we will strive to improve the utilization rates of rental items and raise the rental unit prices to an appropriate level.

In addition, at each overseas business location, the Group will strive to create a stronger underpinning for revenue in overseas businesses through strengthening the sales structure, including partner strategies, and giving utmost attention to asset and revenue management. The Group aims to continue to further enhance overseas businesses as future growth engines.

2) Strengthening human resources training, and also Kanamoto Group alliances

In the construction equipment rental industry, intensifying competition between companies could lead to a trend of mergers and acquisitions due to a further increase in distinction and selection. The Company will make efforts to enhance investment in human capital and develop employees with the knowledge and skills appropriate for a leader in the construction equipment rental industry, and we will work to develop human resources that can adapt to business expansion in Japan and overseas. Also, in order to expand the business domains that are essential for the Company to become a general construction equipment rental company, we will strengthen cooperation with the Group companies and relationships with alliance companies to increase synergy effects within the Group. Furthermore, we will carry out selection and concentration through reviews of the placement of sales bases in alliance companies as appropriate.

3) Deepening asset strategies

In introducing rental assets, we give top priority to market needs, but in recent years the particulars of domestic construction demand, such as ICT techniques, are changing, and therefore we ultimately determine the composition of the assets to be introduced and appropriate amount thereof by thoroughly examining the market and earnings characteristics not only at present, but also looking forward.

To improve operational efficiency of assets, the Group will work to further strengthen systems for collaborative cohesion within the Group.

4) Optimizing maintenance costs

Maintaining and improving rental asset value is the very lifeline of the construction equipment rental business, and maintenance costs are essential to that end, but we aim to reduce the cost ratio by consolidating and optimizing the expertise of the Group in terms of expenditures.

5) Promotion of overseas business

At each overseas business location, the Group will strive to create a stronger underpinning for revenue through strengthening the sales structure, including partner strategies, and giving utmost attention to asset and revenue management.

The Group aims to continue to further enhance overseas businesses as future growth engines.

5) Enhancement of DX strategies

We also aim to streamline internal operations by reforming processes through visualization of the operations and by utilizing digital technologies, such as by introducing labor-saving equipment and unmanned construction. In addition, by actively participating in research mainly on utilization of BIM/CIM, ICT construction equipment, remote operation and automatic operation, and by promoting applications in the construction equipment rental business, we aim to provide new value and services as well as create a safe labor-saving business model.

6) Contribution to a sustainable society

We will continue to contribute to the environment and other initiatives through the rental business, which is a sharing economy, and by promoting human rights and investment in human capital both in Japan and overseas, we will develop our sustainable corporate activities and raise the level of our contribution to society.

(5) Main businesses (As of October 31, 2024)

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

(6) Main offices of the Kanamoto Group (As of October 31, 2024)

1) Main offices and facilities

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

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

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

	Region	Construction Equipment Rental Business		Other Businesses	
		Kanamoto	Consolidated subsidiaries	Kanamoto	Consolidated subsidiaries
Japan	Hokkaido	73	26	3	0
	Tohoku	56	33	0	0
	Kanto	44	30	1	5
	Chubu	22	9	0	0
	Kinki	8	16	0	9
	Chugoku	3	4	0	11
	Shikoku	4	1	0	1
	Kyushu	4	79	0	27
Overseas	China	0	3	0	0
	Australia	0	11	0	0
Total		426		57	

2) Number of Kanamoto Group employees

	Number of employees
Construction Equipment Rental Business	3,337
Other Businesses	359
All companies (shared)	196
Total	3,892

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

2. The number of employees decreased by 18 compared to the end of the previous fiscal year.

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

3) Number of Kanamoto employees

Number of employees	Change compared with end of prior fiscal year	Average age	Average length of service
1,995	-25	40.2	13.0 years

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

(7) Important parent company affiliates and subsidiary companies

1) Parent company affiliates

The Company had no items to report.

2) Subsidiaries

Company name	Capital (Millions of yen)	Kanamoto's ownership (%)	Main activities
Assist Co., Ltd.	136	100.0	Rental and sale of furniture, fixtures and safety products
Kanatech Co., Ltd.	100	100.0	Design and sale of modular housing units for temporary use
Kanki Co., Ltd.	99	100.0	Rental and sale of construction equipment
KG Flowtechno Co., Ltd.	20	100.0	Developing a business in the rental and design, manufacture and sale of specialized equipment used for projects such as ground improvement work and the construction of underground structures
CENTRAL Co., Ltd.	410	100.0	Rental and sales of construction machinery, equipment, temporary house
SOOKI HOLDINGS Co., Ltd.	1	100.0	Holding Company
Toyo Industry Co., Ltd.	31	100.0	Shield tunneling method-related peripheral equipment rentals and sales
NISHIKEN CO., LTD.	1,139	83.7	Rental and sales of construction machinery, temporary materials for construction use, social-welfare-service and nursing-care equipment

Unite Co., Ltd.	1,144	66.9	Rental and sale of road construction equipment, road construction works
Kanamoto (China) Investment Co., Ltd.	2,376	100.0	Rental and sale of construction equipment
Kanamoto Australia Holdings Pty Ltd	5,687	100.0	Holding Company

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

(8) Primary lenders and amount of borrowing (As of October 31, 2024)

Financial institution	Loan balance (Millions of yen)
MUFG Bank, Ltd.	6,940
North Pacific Bank, Ltd.	6,455
The 77 Bank, Ltd.	5,225
The Hokkaido Bank, Ltd.	4,730
JA - Hokkaido Shinren	4,535
The Norinchukin Bank	2,365
Mizuho Bank, Ltd.	2,270
THE NISHI-NIPPON CITY BANK, LTD.	1,425
Daishi Hokuetsu Bank, Ltd.	1,400
The Aomori Bank, Ltd.	1,220

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

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

The year-end dividend for the fiscal year ended October 31, 2024, will be ¥45.00 per share, (Ordinary dividend of ¥40.00 per share and a commemorative dividend of ¥5.00 per share for the 60th anniversary of the Company's founding), and an annual dividend of ¥80 per share (which includes an interim dividend of ¥35).

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

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

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

There are no material events that should be reported.

2. Matters Concerning the Company's Stock

Summary of Common Stock (As of October 31, 2024)

- 1) Total number of shares authorized **130,000,000 shares**

- 2) Shares issued and outstanding **38,742,241 shares**
(including 3,300,670 shares of treasury stock)

- 3) Number of shareholders **7,828**

4) Principal shareholders (ten largest)

Shareholder name	Number of shares held (Thousand shares)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	4,311	12.17
Custody Bank of Japan, Ltd. (Trust account)	2,948	8.32
ORIX Corporation	960	2.71
Kanamoto Capital Company	915	2.58
The Hokkaido Bank, Ltd.	888	2.51
Tokio Marine & Nichido Fire Insurance Co., Ltd.	802	2.26
North Pacific Bank, Ltd.	763	2.15
Ueda Yagi Tanshi Co., Ltd.	761	2.15
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	759	2.14
STATE STREET BANK AND TRUST COMPANY 505223	725	2.05

Notes : 1. Percentage of total is calculated excluding treasury shares (3,300 thousand shares).

2. The Company holds treasury share numbering 3,300 thousand shares. However, the Company is excluded from the above list of Principal shareholders.

5) Status of shares granted to officers of the Company as compensation for their execution of duties during the fiscal year under review

The Company had no material items to report.

6) Other important matters concerning stocks

Pursuant to a resolution made at the Board of Directors meeting held on December 8, 2023, the Company acquired 720,400 shares of treasury stock through buying on the market during the period from December 11, 2023 to August 30, 2024.

Also, Pursuant to a resolution made at the Board of Directors meeting held on December 6, 2024, the Company will acquire up to 900,000 shares of treasury stock at a total cost of no more than ¥2.0 billion between December 9, 2024 and August 29, 2025 through buying on the market in order to increase shareholders' value.

3. Matters Concerning Stock Acquisition Rights etc.

The Company had no material items to report.

4. Matters Concerning Company Directors (As of October 31, 2024)

(1) Summary of directors and auditors

Name	Gender	Position and duties	Main concurrent positions at other entities
Kanchu Kanamoto	Male	Chairman of the Board and Representative Director	Chairman of the Board, Kanamoto (China) Investment Co., Ltd.
Tetsuo Kanamoto	Male	President and CEO, Corporate Officer; General Manager, Business Coordination Headquarters	President and Representative Director, Toyo Industry Co., Ltd. Chairman of the Board and Representative Director, Unite Co., Ltd. Chairman of the Board and Representative Director, KG Flowtechno Co., Ltd. President and Representative Director, Soki Holdings Co., Ltd. Chairman of the Board and Representative Director, Kanki Co., Ltd.

Tatsuo Kanamoto	Male	Director, Corporate Officer; Manager in charge of Steel Sales Division	
Kazunori Hashiguchi	Male	Director, Corporate Officer; Division Manager, Human Resources Division; General Manager, Business Development Office	
Akira Sannomiya	Male	Director, Corporate Officer; Division Manager, Business Administration Division; and Division Manager, Used Products Sales Division	President and Representative Director, Kanatech Co., Ltd.
Jun Watanabe	Male	Director, Corporate Officer; Division Manager, Customer Specific Equipment Sales Division; and General Manager New Products Office	President and Representative Director, KG Flowtechno Co., Ltd.
Shun Hirose	Male	Director, Corporate Officer; Division Manager, Accounting Division; and General Manager, Public Relations Office; serving concurrently as Manager, Bill Collection Center	
Hideaki Yamashita	Male	Director, Corporate Officer; Division Manager, Overseas Business Division	
Susumu Naito	Male	Director (Outside Director)	
Eiji Arita	Male	Director (Outside Director)	
Motoki Yonekawa	Male	Director (Outside Director)	
Ayako Tabata	Female	Director (Outside Director)	Lawyer
Tetsuya Okawa	Male	Director (Outside Director)	Lawyer
Eichu	Male	Standing Corporate Auditor	

Kanamoto			
Naoyuki Yokota	Male	Standing Corporate Auditor	
Noriaki Ikushima	Male	Auditor (Outside Auditor)	
Yasushi Ishiwaka	Male	Auditor (Outside Auditor)	Certified public accountant
Iwao Takeuchi	Male	Auditor (Outside Auditor)	

Notes: 1. Directors Susumu Naito, Eiji Arita, Motoki Yonekawa, Ayako Tabata and Tetsuya Okawa are Outside Directors.

2. Corporate Auditors Noriaki Ikushima, Yasushi Ishiwaka and Iwao Takeuchi are Outside Corporate Auditors.

3. Corporate Auditor Naoyuki Yokota and Corporate Auditor Iwao Takeuchi has many years of experience in the banking business, and has considerable knowledge of finance and accounting.

4. Corporate Auditor Yasushi Ishiwaka is a certified public accountant with considerable knowledge of finance and accounting.

5. The Company has notified the Tokyo Stock Exchange and Sapporo Securities Exchange, the exchanges on which Kanamoto's shares are listed, of the positions of directors Susumu Naito, Eiji Arita, Motoki Yonekawa, Ayako Tabata and Tetsuya Okawa as "independent officers" as provided by the rules, etc., of both exchanges.

6. The Company has notified the Tokyo Stock Exchange and Sapporo Securities Exchange, the exchanges on which Kanamoto's shares are listed, of the positions of Corporate Auditors Noriaki Ikushima, Yasushi Ishiwaka and Iwao Takeuchi as "independent officers" as provided by the rules, etc., of both exchanges.

7. Based on the provision of Article 427 paragraph 1 of the Companies Act, the Company has entered agreements with its outside directors and auditors that limits their liability for compensation for damages under Article 423 paragraph 1 of the same law. The amount of the limit on the liability for compensation for damages based on said agreement is the amount provided by the law.

(2) Summary of the directors and officers liability insurance policy

The Company and certain subsidiaries has entered into a directors and officers liability insurance policy as provided for in Article 430-3 paragraph (1) of the Companies Act with an insurance company.

1) Scope of insureds

The Company's and certain subsidiaries directors, auditors and corporate officers

2) Summary of insurance policy terms

The insurance policy covers losses that may arise when the insured assumes liability incurred in the course of the performance of duties or receives claims related to the pursuit of such liability. However, certain reasons, such as claims for damages pertaining to intentional violations of laws, will not be covered so as not to impair the appropriateness of the performance of duties by the insured. The full amount of the insurance premiums is borne by the Company.

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

1) Total amount of remuneration for the fiscal year under review

Classification	Number of compensated individuals	Compensation amount (Millions of yen)	Remuneration by type (Millions of yen)	
			Basic reward	Non-monetary remuneration, etc.
Director	11(3)	117 (5)	113 (5)	3(-)
Auditor (Outside Auditor)	5(3)	30 (5)	30 (5)	-(-)
Total	16(6)	147(10)	144(10)	3(-)

Notes : 1. Two Directors (Outside Directors) who received no remuneration are not included in the compensated individuals indicated above.

2. Total compensation paid to Directors does not include ¥75 million equivalent to the employee salary portion (including bonuses) paid to Directors serving concurrently as employees.

2) Matters concerning non-monetary remuneration, etc.

The Company has introduced a restricted share-based remuneration plan for directors (excluding outside directors; hereinafter, the "Eligible Directors") with the aim of providing an incentive to sustainably increase the corporate value, and further promote shared value with shareholders. Eligible Directors shall, pursuant to a resolution of the Board of Directors of the Company, make contributions in-kind of all of the monetary remuneration claims received to have common shares of the Company issued or

disposed of. The total amount of these monetary remuneration claims shall be no more than ¥100 million per year, and the total number of common shares of the Company to be issued or disposed of through this plan shall be no more than 50,000 shares per year. In addition, the Restriction Period shall be the period specified by the Board of Directors of the Company within the range of three to 30 years from the day on which the Eligible Director receives the allotment of shares, and in case that an Eligible Director retires from the position specified by the Board of Directors of the Company before the expiration of the Restriction Period, upon such retirement, the Company shall acquire the allotted shares without contribution unless that retirement was due to the expiration of the Eligible Director's term of office, death, or other justifiable reason.

3) Matters concerning the resolution of the General Meeting of the Shareholders on remuneration, etc. for directors and auditors

At the 26th Regular General Meeting of the Shareholders held on January 24, 1991, it was resolved that remuneration paid to directors shall be no more than ¥240 million per year (excluding salaries and bonuses received as an employee). The number of directors at the conclusion of the said Regular General Meeting of the Shareholders was nine. Furthermore, at the 56th Regular General Meeting of the Shareholders held on January 28, 2021, it was resolved that, separately from the above-mentioned annual remuneration, restricted share-based remuneration for directors (excluding outside directors) shall be no more than ¥100 million per year. The number of directors at the conclusion of the said Regular General Meeting of the Shareholders was nine.

At the 42nd Regular General Meeting of the Shareholders held on January 26, 2007, it was resolved that remuneration paid to auditors shall be no more than ¥50 million per year. The number of auditors at the conclusion of the said Regular General Meeting of the Shareholders was two.

4) Matters concerning the policy for determining details of remuneration, etc. for individual directors

Many directors of the Company concurrently serve as corporate officers. Directors' remuneration is a fixed amount paid in respect of management decision-making and the performance of supervisory functions, while corporate officers' remuneration is paid based on an assessment of business performance. Since a certain portion of the remuneration is linked to business performance and therefore functions as an incentive, directors' remuneration and corporate officers' remuneration are considered on a clearly separate basis.

Remuneration for outside directors shall be a fixed amount in light of their roles and independent position.

Remuneration for directors is entrusted solely to the President and CEO according to a

resolution of the Board of Directors and is determined based on an evaluation of each director within the remuneration limits decided at the General Meeting of the Shareholders.

5) Matters concerning delegation of the determination of the details of remuneration, etc. for individual directors

Based on a resolution of the Board of Directors, the individual remuneration amount is delegated to the President and CEO Tetsuo Kanamoto. The reason for this delegation is that the Company has judged the President and CEO as appropriate to conduct evaluations of the departments that each director is in charge of while considering the Company's overall performance.

The Board of Directors has judged that individual remuneration, etc. are in accordance with the determination policy.

(4) Matters concerning Outside Directors

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

The Company had no material items to report.

2) Concurrent service as an outside director at other companies

The Company had no material items to report.

3) Relationships with specified related parties including main customers

The Company had no material items to report.

4) Activities during the current fiscal year

Classification	Name	Activities
Director	Susumu Naito	Attended all of the five Board of Directors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals.
Director	Eiji Arita	Attended all of the five Board of Directors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals.
Director	Motoki Yonekawa	Attended four of the five Board of Directors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals.

Director	Ayako Tabata	Attended all of the five Board of Directors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals.
Director	Tetsuya Okawa	Attended all of the five Board of Directors meetings held during the fiscal year and appropriately contributed the necessary advice and proposals.
Auditor	Noriaki Ikushima	Attended all of the five Board of Directors meetings and all of the eight Board of Corporate Auditors meetings held during the fiscal year, and appropriately contributed the necessary advice and proposals based on his experience involvement in administration and management through his participation in municipal government.
Auditor	Yasushi Ishiwaka	Attended all of the five Board of Directors meetings and seven of the eight Board of Corporate Auditors meetings held during the fiscal year, and appropriately contributed the necessary advice and proposals based mainly on his expert perspective as a certified public accountant.
Auditor	Iwao Takeuchi	Attended all of the five Board of Directors meetings and all of the eight Board of Corporate Auditors meetings held during the fiscal year, and appropriately contributed the necessary advice and proposals based on his many years of employment and experience at financial institutions and his experience as a standing auditor at other companies.

Note : In addition to the above, to achieve more rapid decision-making the Company implemented resolutions in writing 4 times based on the provision of Article 370 of the Companies Act.

5. Matters Concerning Independent Auditors

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of compensation and other benefits

	Amount paid (Millions of yen)
Amount paid for compensation etc. as independent auditors pertaining to the current fiscal year	55
Total amount of cash and other financial interests Kanamoto and its subsidiary companies will pay to the Company's independent auditors	76

- Notes : 1. The amount of compensation and other benefits pertaining to the current fiscal year is reported in these total amounts because the amounts of the audit fees etc. for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not classified separately and cannot be substantively classified in the audit agreement between the Company and its independent auditors.
2. The Board of Corporate Auditors comprehensively examined the details of audit plans by the accounting auditor, the status of its execution of duties in accounting and others audit, as well as referring to past remuneration of the accounting auditor before agreeing on the remuneration amount, etc. for the accounting auditor.

(3) Details of Non-audit Duties

The Company had no material items to report.

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

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

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

6. System and Operating Status for Ensuring Appropriate Business Operations

(1) System for Ensuring Appropriate Business Operations

Pursuant to the Board of Directors meeting held on January 28, 2021, the Company has resolved to partially revise its "Basic Policy on Establishment of an Internal Control System." In conjunction with this, the Company has revised its matters concerning individuals requested by the auditors to assist with auditors' activities. A summary of the Company's decisions concerning the above revisions is provided below.

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

Kanamoto Company, Ltd. and its subsidiaries have prepared Ethics Guidelines as part of the corporate philosophy, and use these as the Company standard for compliance.

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

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

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

3) Rules and other systems concerning management of loss risk

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

4) System for ensuring efficient execution of directors' duties

In addition to its regular Board of Directors meetings, Kanamoto and its subsidiaries hold extraordinary Board of Directors meetings from time to time as necessary to decide important matters and to make flexible decisions concerning the execution and supervision of management strategies and the Company's business plans. The

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

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

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

In addition, in accordance with the provisions of the Financial Instruments and Exchange Act, the Company and its affiliates maintain an excellent management environment, and work to strengthen company-wide internal controls, internal controls pertaining to settlement of accounts financial reports and operating process control activities, create internal control systems that enable the Company to make proper and effective assessments and conduct appropriate operations. Furthermore, under Kanamoto's internal management system concerning financial reporting, each organization (individual) has affirmed the following roles.

[1] Managers have the final responsibility for all of the organization's activities, and prepare and implement internal controls based on this basic policy.

[2] The Board of Directors has supervisory responsibility for the preparation and operation of the managers' internal controls, and monitors and supervises managers to ensure the financial reporting and internal controls are executed properly.

[3] The auditors monitor and verify the financial reporting and preparation and operation of the internal controls from an independent standpoint.

[4] The Internal Control and Auditing Office objectively evaluates from an independent standpoint, the effectiveness of the internal controls related to financial reporting at Kanamoto and its affiliated companies on behalf of the Company's managers in accordance with the audit rules, and when necessary makes proposals concerning improvements and corrections and reports to the managers and Board of Directors.

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

With regard to employees to assist auditors in their activities, the Company will appoint audit staff to provide operational assistance upon request of auditors. With regard to the matters designated by auditors to be provided assistance for, the management authority for the nominated employees will be transferred to the auditors, and the employees will not receive instructions or orders from the Company's directors, thereby ensuring the effectiveness of instructions from auditors.

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

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

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

To perform audits of the directors, the Company's auditors attend the meetings of the Board of Directors, and also attend important meetings and committees, in order to understand other important decisions and the circumstances of execution of the Company's business activities. If the directors and employees of Kanamoto and its subsidiaries discover facts that might cause the Company considerable harm, they are to report immediately to the auditors. The standing auditors will circulate a report and request for managerial decision, and if necessary can request explanations from the directors and employees. Those who reported to the auditors shall not be treated unfavorably on the grounds of giving such report.

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

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

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

In regards to procedures for prepayment or reimbursement of expenses arising from

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

10) System for eliminating antisocial forces

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

(2) Operating Effectiveness of Internal Controls

In accordance with the provisions prescribed by laws and regulations, Kanamoto and its subsidiaries evaluate the design and operating effectiveness of internal controls for each period and have the accounting auditor conduct audits on the appropriateness.

In addition, for the purpose of maintaining and enhancing the level of control, the Internal Control and Auditing Office conducts audits of Kanamoto and its affiliated companies for each period, and when necessary, reports to the managers, Board of Directors, Board of Auditors and Internal Control Committee.

7. Kanamoto's Basic Policy Concerning Dividends

The Company had no applicable items to report.

Consolidated Financial Statements

60th Business Period

From November 1, 2023

to October 31, 2024

Kanamoto Co., Ltd.

Consolidated Balance Sheet

(As of October 31, 2024)

(Millions of Yen)

Classification	Amount	Classification	Amount
(Assets)		(Liabilities)	
Current assets	126,675	Current liabilities	92,817
Cash and deposits	51,104	Notes and accounts payable - trade	33,728
Notes and accounts receivable - trade and contract asset	43,478	Short-term loans payable	22,051
Electronically recorded monetary claims - operating	10,562	Lease liabilities	1,706
Merchandise and finished goods	1,634	Income taxes payable	3,517
Raw materials and supplies	1,631	Provision for bonuses	1,703
Construction machine parts	15,095	Accounts payable - other	25,235
Other	3,373	Other	4,875
Allowance for doubtful accounts	-204	Non-current liabilities	80,322
Total non-current assets	196,177	Long-term borrowings	32,402
Property, plant and equipment	175,070	Lease liabilities	3,708
Rental equipment, net	111,516	Long-term accounts payable-other	41,088
Buildings and structures, net	20,579	Retirement benefit liability	352
Machinery, equipment and vehicles, net	1,733	Asset retirement obligations	722
Tools, furniture and fixtures	603	Deferred tax liabilities	1,894
Land	39,608	Other	153
Lease assets	197	Total Liabilities	173,140
Construction in progress	831	(Net Assets)	
Intangible assets	4,833	Shareholders' equity	133,883
Goodwill	2,558	Share capital	17,829
Customer relationship	1,181	Capital surplus	19,546
Other	1,093	Retained earnings	104,177
Investments and other assets	16,272	Treasury shares	-7,670
Investment securities	11,450	Accumulated other comprehensive income	6,125
Deferred tax assets	1,449	Valuation difference on available-for-sale securities	3,586
Long-term loans receivable	1,049	Deferred gains or losses on hedges	0
Other	2,699	Foreign currency translation adjustment	2,576
Allowance for doubtful accounts	-376	Remeasurements of defined benefit plans	-37
		Non-controlling interests	9,705
		Total Net Assets	149,713
Total Assets	322,853	Total liabilities and net assets	322,853

Consolidated Statement of Income

(From November 1, 2023 to October 31, 2024)

(Millions of Yen)

Classification	Amount	
Net sales		207,218
Cost of sales		146,989
Gross profit		60,228
Selling, general and administrative expenses		45,659
Operating profit		14,569
Non-operating income		1,137
Interest income and dividends	347	
Insurance claim income	63	
Rent income	73	
Temporary transfer charges income	58	
Foreign exchange gains	222	
Reversal of allowance for doubtful accounts	58	
Other	314	
Non-operating expenses		489
Interest expenses	171	
Loss on cancellation of lease	46	
Waste disposal costs	75	
Other	195	
Ordinary profit		15,218
Extraordinary income		92
Gain on sale of fixed assets	49	
Gain on sale of shares of subsidiaries and associates	1	
Subsidy income	41	
Extraordinary loss		310
Impairment losses	88	
Loss on sale and retirement of noncurrent assets	221	
Profit before income taxes		15,000
Income taxes-current	5,384	
Income taxes-deferred	-122	5,262
Income before minority interests		9,738
Minority interests in income		725
Profit attributable to owners of parent		9,013

Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

Fiscal year ended October 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,829	19,432	97,842	-5,906	129,198
Changes during period					
Dividends of surplus			-2,679		-2,679
Profit attributable to owners of parent			9,013		9,013
Change in ownership interest of parent due to transactions with non-controlling interests		88			88
Purchase of treasury shares				-2,000	-2,000
Restricted stock compensation		25		236	261
Net changes in items other than shareholders' equity					
Total changes during period	-	113	6,334	-1,763	4,684
Balance at end of period	17,829	19,546	104,177	-7,670	133,883

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,983	0	2,343	-30	5,296	9,181	143,677
Changes during period							
Dividends of surplus					-		-2,679
Profit attributable to owners of parent					-		9,013
Change in ownership interest of parent due to transactions with non-controlling interests					-		88
Purchase of treasury shares					-		-2,000
Restricted stock compensation					-		261
Net changes in items other than shareholders' equity	602	0	233	-7	828	523	1,352
Total changes during period	602	0	233	-7	828	523	6,036
Balance at end of period	3,586	0	2,576	-37	6,125	9,705	149,713

The Accounting Auditor's Report of Consolidated Financial Statements

Independent Auditor's Report

December 17, 2024

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

Ernst & Young ShinNihon LLC
Sapporo Office, Japan
Hiroto Inoue
Designated limited liability partner
Managing Partner
Certified public accountant
Mitsuhiro Fujimori
Designated limited liability partner
Managing Partner
Certified public accountant

Audit Opinion

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, of Kanamoto Co., Ltd. ("the Company") applicable to the fiscal year from November 1, 2023 to October 31, 2024.

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

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the Company's Report of Business Operations and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' execution of duties relating to the design, implementation and maintenance of the Company's reporting other information process.

The other information does not fall under the scope of our opinion on the consolidated financial statements, etc., and we express no opinion on the other information.

Our responsibility in auditing the consolidated financial statements, etc. is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the consolidated financial statements, etc. or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact. We have nothing to report with respect to the other information.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by

management and related notes thereto.

- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion. We communicate with Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related measures taken in order to eliminate obstruction factors or safeguards applied in order to reduce obstruction factors to acceptable levels.

Conflicts of Interest

Our firm and the designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

*Non-Consolidated
Financial Statements*

*60th Business Period
From November 1, 2023
to October 31, 2024*

Kanamoto Co., Ltd.

Balance Sheet

(As of October 31, 2024)

(Million of Yen)

Classification	Amount	Classification	Amount
(Assets)		(Liabilities)	
Current assets	76,896	Current liabilities	66,935
Cash and deposits	23,481	Notes payable-trade	17,046
Notes and accounts receivable - trade and contract asset	28,117	Accounts payable-trade	7,406
Electronically recorded monetary claims – operating	8,201	Short-term loans payable	17,841
Merchandise and finished goods	413	Income taxes payable	2,164
Raw materials and supplies	986	Provision for bonuses	808
Construction machine parts	11,922	Accounts payable-other	18,865
Prepaid expenses	467	Accrued expenses	495
Short-term loans receivable	2,910	Notes payable-facilities	437
Other	442	Other	1,867
Allowance for doubtful accounts	-46		
Noncurrent assets	154,852	Noncurrent liabilities	55,257
Property, plant and equipment	113,710	Long-term borrowings	22,328
Rental equipment, net	64,338	Long-term accounts payable-other	32,560
Buildings, net	10,774	Asset retirement obligations	368
Structures, net	2,195		
Machinery and equipment, net	976	Total Liabilities	122,192
Vehicles and delivery equipment	118		
Tools, furniture and fixtures	279	(Net Assets)	
Land	34,762	Shareholders' equity	106,088
Construction in progress	265	Share capital	17,829
Intangible assets	277	Capital surplus	19,366
Software	234	Legal capital surplus	18,950
Telephone subscription right	18	Other capital surplus	415
Other	24	Retained earnings	76,561
Investments and other assets	40,864	Legal retained earnings	1,375
Investment securities	7,482	Other retained earnings	75,186
Stocks of subsidiaries and affiliates	28,790	Reserve for advanced depreciation of noncurrent assets	22
Deferred tax assets	288	General reserve	62,731
Investments in capital	10	Retained earnings brought forward	12,431
Long-term loans receivable	3,850	Treasury stock	-7,670
Other	1,382	Valuation and translation adjustments	3,467
Allowance for doubtful accounts	-942	Valuation difference on available-for-sale securities	3,467
		Total Net Assets	109,555
Total Assets	231,748	Liabilities and Total Net Assets	231,748

Statement of Income

(From November 1, 2023 to October 31, 2024)

(Million of Yen)

Classification	Amount	
Net sales		129,290
Cost of sales		96,702
Gross profit		32,588
Selling, general and administrative expenses		24,319
Operating income		8,268
Non-operating income		1,570
Interest income and dividends	407	
Rent income	320	
Temporary transfer charges income	265	
Foreign exchange gain	222	
Reversal of allowance for doubtful accounts	103	
Other	250	
Non-operating expenses		488
Interest expenses	113	
Provision of allowance for doubtful accounts	138	
Other	236	
Ordinary income		9,350
Extraordinary income		70
Gain on sales of noncurrent assets	27	
Gain on sale of investment securities	1	
Subsidy income	41	
Extraordinary loss		112
Loss on sales and retirement of noncurrent assets	112	
Income before income taxes		9,308
Income taxes-current	3,031	
Income taxes-deferred	-84	2,946
Net income		6,361

Statement of Changes in Net Assets

(From November 1, 2023 to October 31, 2024)

(Million of Yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward		
Balance at beginning of current period	17,829	18,950	390	19,341	1,375	22	62,731	8,749	72,879
Changes of items during period									
Dividends of surplus				-				-2,679	-2,679
Profit				-				6,361	6,361
Acquisition of treasury stock				-					-
Transfer-restricted stock-based compensation			25	25					-
Net changes of items other than shareholders' equity				-					-
Total changes of items during period	-	-	25	25	-	-	-	3,682	3,682
Balance at end of current period	17,829	18,950	415	19,366	1,375	22	62,731	12,431	76,561

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	-5,906	104,144	2,859	2,859	107,003
Changes of items during period					
Dividends of surplus		-2,679		-	-2,679
Profit		6,361		-	6,361
Acquisition of treasury stock	-2,000	-2,000		-	-2,000
Transfer-restricted stock-based compensation	236	261		-	261
Net changes of items other than shareholders' equity		-	608	608	608
Total changes of items during period	-1,763	1,943	608	608	2,551
Balance at end of current period	-7,670	106,088	3,467	3,467	109,555

The Accounting Auditor's Report of Financial Statements

Independent Auditor's Report

December 17, 2024

Kanamoto Co., Ltd.

To the Board of Directors,

Ernst & Young ShinNihon LLC

Sapporo Office, Japan

Hiroto Inoue

Designated limited liability partner

Managing Partner

Certified public accountant

Mitsuhiro Fujimori

Designated limited liability partner

Managing Partner

Certified public accountant

Audit Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity, the notes to non-consolidated financial statements, and the supplementary schedules (collectively, "financial statements, etc.") of Kanamoto Co., Ltd. (the "Company"), applicable to the 60th Business Period from November 1, 2023 to October 31, 2024.

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

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company and its non-consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the Company's Report of Business Operations and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' execution of

duties relating to the design, implementation and maintenance of the Company's reporting other information process.

The other information does not fall under the scope of our opinion on the non-consolidated financial statements, etc., and we express no opinion on the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the non-consolidated financial statements, etc. or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact. We have nothing to report with respect to the other information.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Non-Consolidated Financial Statements

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

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Non-Consolidated Financial Statements

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

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate

they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the financial statements or, if the notes to the financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly represent the underlying transactions and accounting events.

We communicate with Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related measures taken in order to eliminate obstruction factors or safeguards applied in order to reduce obstruction factors to acceptable levels.

Conflicts of Interest

Our firm and the designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

Audit Report

The Board of Corporate Auditors has received the audit reports prepared by each of the Corporate Auditors concerning the business performance of the Directors during the 60th Business Period from November 1, 2023 through October 31, 2024. After discussing the audit results based on the reports, we have prepared this Audit Report and report as follows as the consensus of opinion of the Board of Corporate Auditors.

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

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

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

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

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

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

Based on the above procedures, the Board of Corporate Auditors reviewed the Report of Business Operations and the supporting schedules, the Non-Consolidated Financial Statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets and Notes to the Financial Statements) and the supporting schedules and the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets and Notes to the Consolidated Financial Statements) for the business period.

2. Result of audit

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

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

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

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

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

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

(3) Audit result of consolidated financial statements

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

December 24, 2024

Kanamoto Co., Ltd.

The Board of Corporate Auditors

Standing Corporate Auditor	Eichu Kanamoto	Seal
Standing Corporate Auditor	Naoyuki Yokota	Seal
Outside Corporate Auditor	Noriaki Ikushima	Seal
Outside Corporate Auditor	Yasushi Ishiwaka	Seal
Outside Corporate Auditor	Iwao Takeuchi	Seal