



# kanamoto

## Fiscal Year Ending October 31, 2022 Operating Results Briefing Materials

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**December 12, 2022**

Stock Code: 9678

(Tokyo Stock Exchange Prime Market/Sapporo Securities Exchange)

President and CEO  
Executive Division  
Manager, Business  
Coordination  
Headquarters

**Tetsuo  
Kanamoto**

Executive Director  
Division Manager,  
Accounting Division  
General Manager,  
Public Relations Office  
General Manager

**Shun Hirose**

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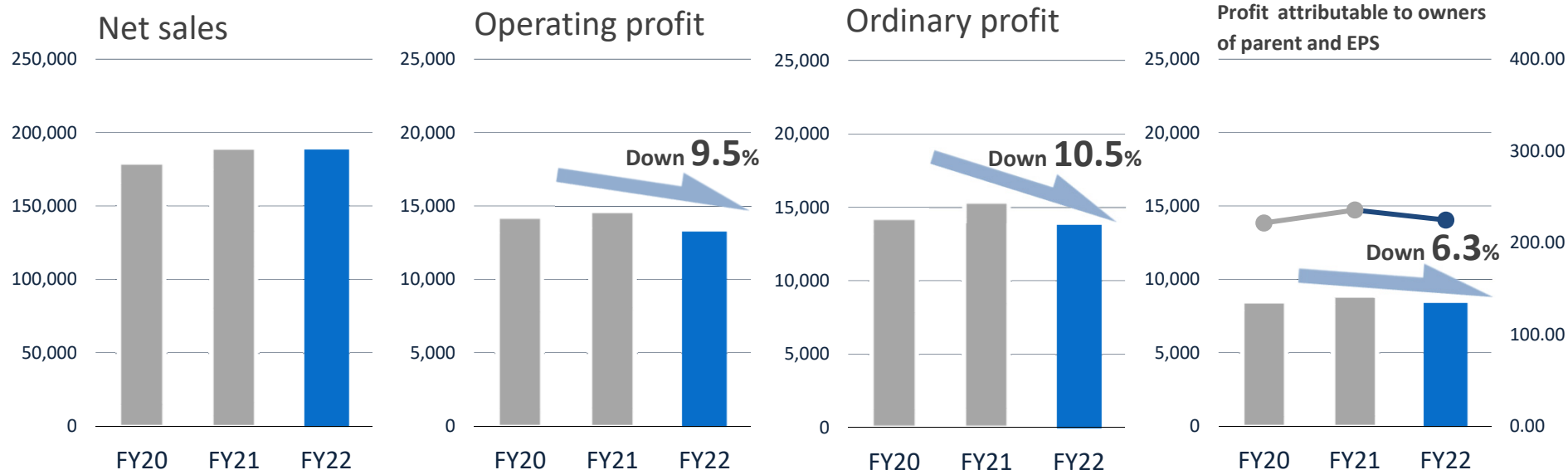
01

## Consolidated Operating Results for the Fiscal Year Ending October 31, 2022

# Consolidated Operating Results for the Fiscal Year Ending October 31, 2022

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	EPS
<b>Consolidated operating results for the fiscal year ending October 31, 2022</b>	<b>188,028</b>	<b>13,229</b>	<b>13,780</b>	<b>8,345</b>	<b>¥ 224.64</b>
% change from prior year	—	<b>- 9.5%</b>	<b>- 10.5%</b>	<b>- 6.3%</b>	—
Consolidated operating results for fiscal year ended October 31, 2021	189,416	14,624	15,391	8,907	¥ 235.55
% change from prior year	5.8%	2.6%	7.9%	5.2%	—
Consolidated operating results for fiscal year ended October 31, 2020	179,053	14,250	14,268	8,466	¥ 221.45



※The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended October 31, 2022, and the figures for the fiscal year ended October 31, 2022 are figures after the application of the said accounting standard.

# Consolidated Results by Segment

The Construction Equipment Rental Business makes up 90.6% of total sales while Other Businesses contributed 9.4%.

## Construction Equipment Rental Business



## Other Businesses

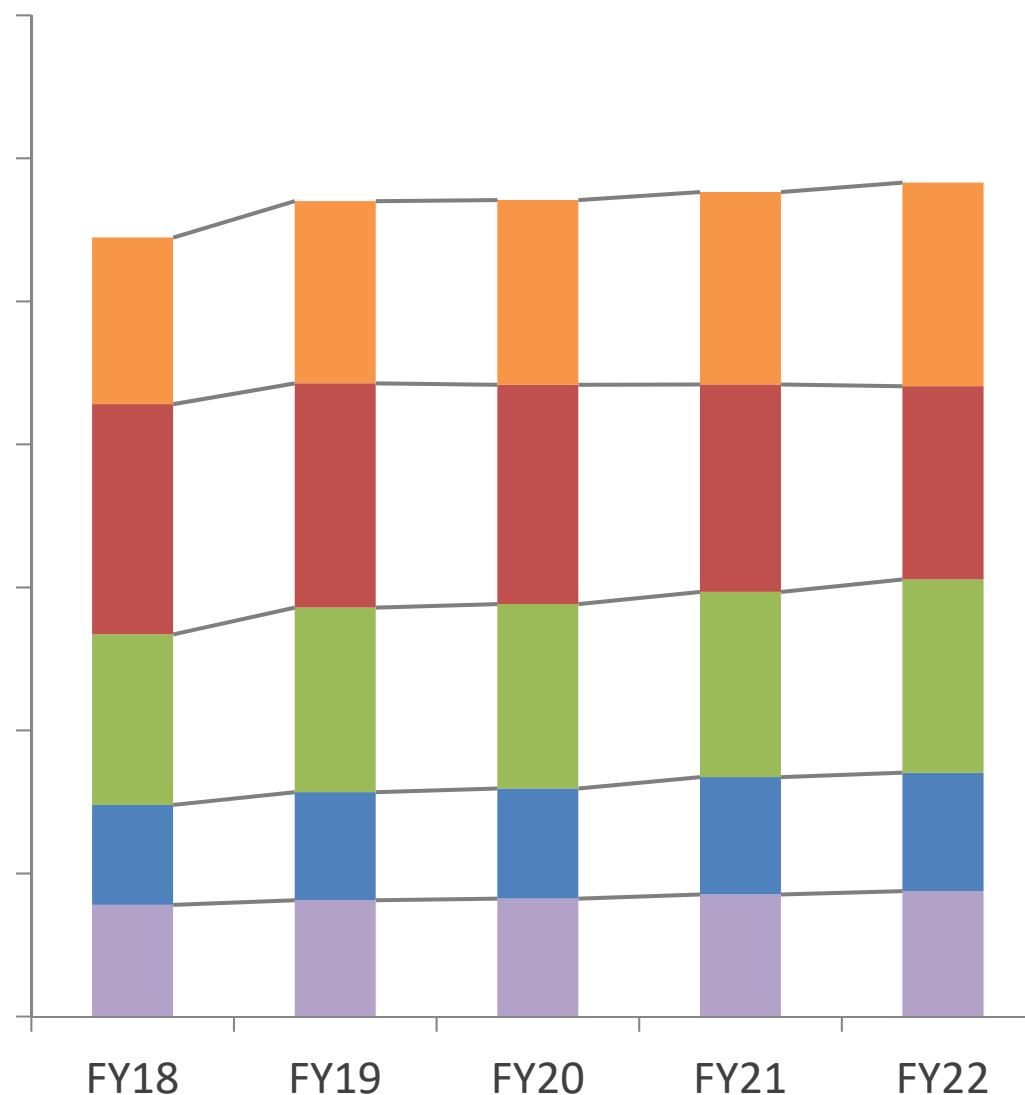
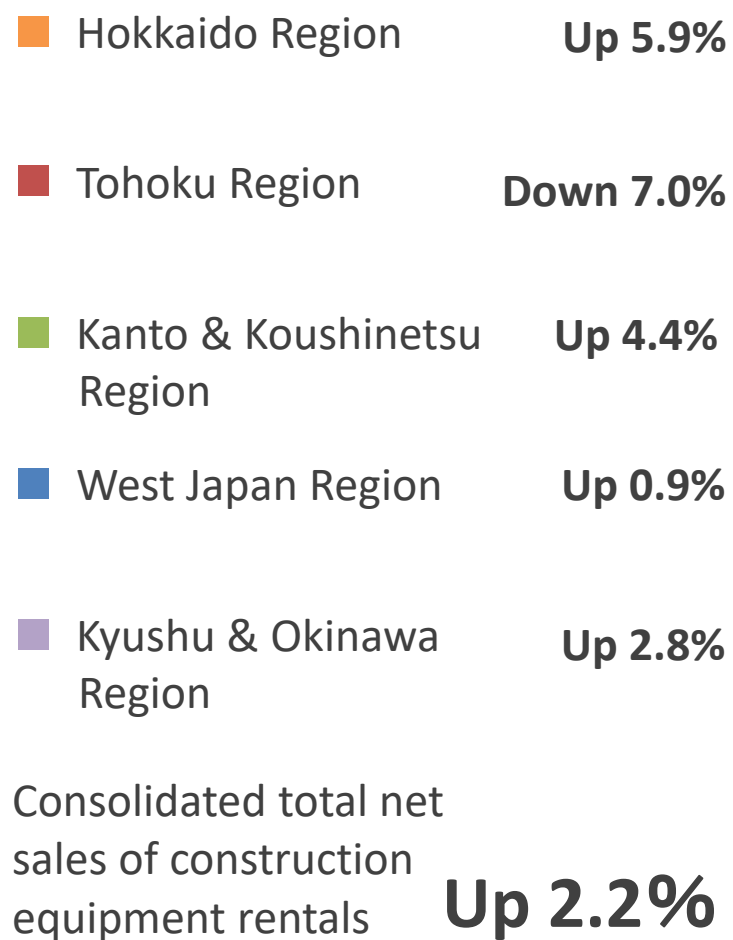
(Steel Product Sales Business, Information-related Business, Welfare-related Business, etc.)



**Net sales: 188,028 million yen**

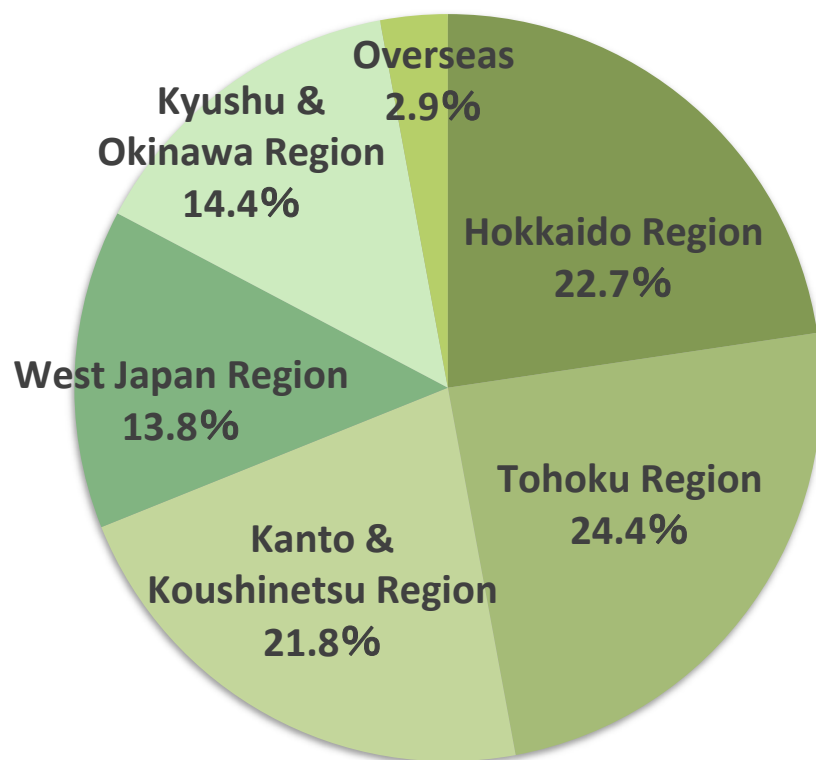
# Changes in Consolidated Net Sales from Construction Equipment Rental by Region

% change from prior year by region

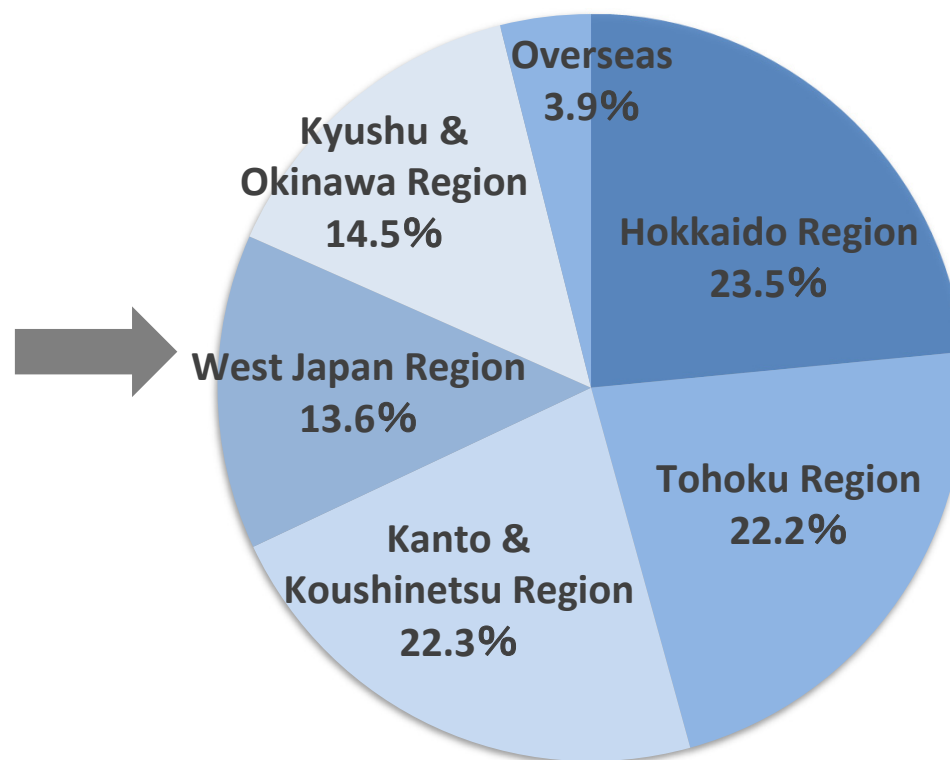


# Construction Equipment Rental Business: Sales Ratio of Equipment Rentals by Region

**FY2021**



**FY2022**



# Assets Balance Sheet

(Millions of yen)

	FY2021	FY2022	Change
<b>Assets</b>			
Current assets	126,751	118,066	- 8,684
Cash and deposits	56,093	47,565	- 8,527
Other current assets	70,658	70,501	- 156
Non-current assets	177,003	187,253	10,249
Property, plant and equipment	156,135	161,728	5,592
Rental equipment	262,239	282,605	20,366
Accumulated depreciation	- 164,193	- 181,989	- 17,795
Rental equipment, net	98,046	100,616	2,570
Other property, plant and equipment	58,089	61,111	3,022
Intangible assets	6,904	6,717	- 187
Investments and other assets	13,963	18,808	4,844
<b>Total assets</b>	<b>303,754</b>	<b>305,320</b>	<b>1,565</b>



# Liabilities and Net Assets

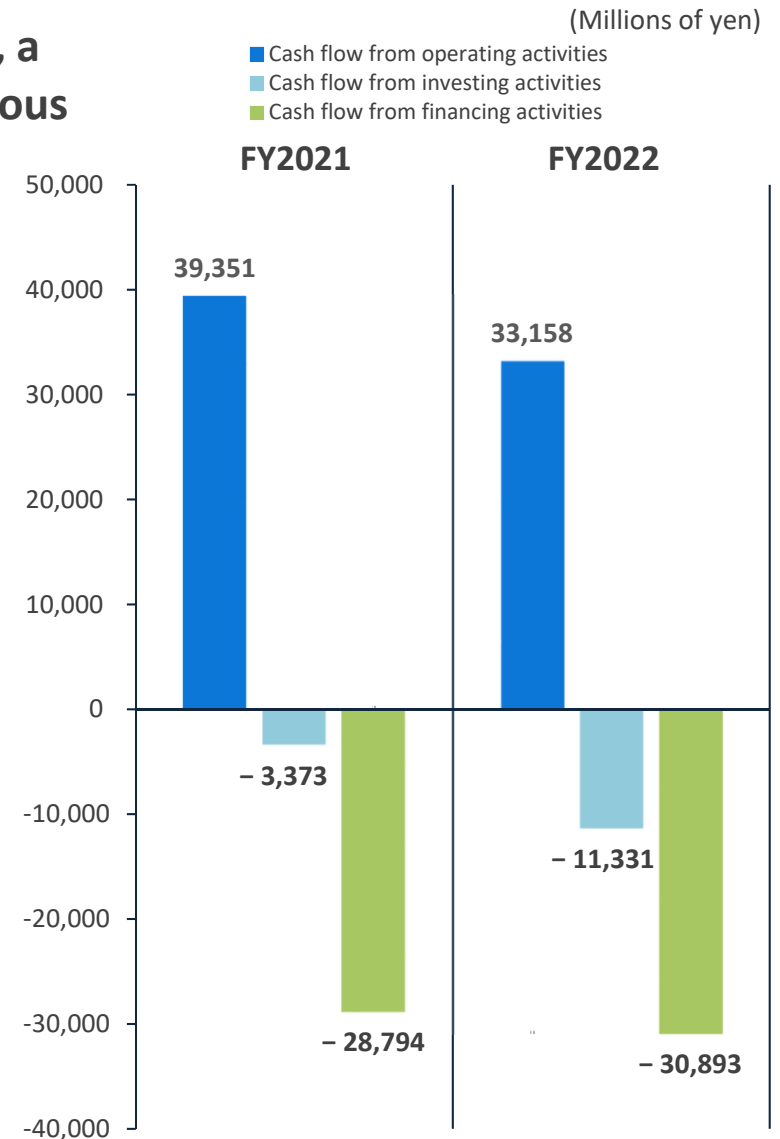
(Millions of yen)

	FY2021	FY2022	Change
<b>Liabilities</b>			
Current liabilities	87,230	82,465	- 4,764
Notes and accounts payable - trade	37,082	33,714	- 3,368
Other current liabilities	50,147	48,751	- 1,396
Non-current liabilities	81,607	82,242	635
Long-term borrowings	31,460	34,659	3,199
Long-term accounts payable - other	44,486	41,121	- 3,365
Other non-current liabilities	5,660	6,462	801
<b>Total liabilities</b>	<b>168,837</b>	<b>164,708</b>	<b>- 4,129</b>
<b>Net assets</b>			
Total shareholders' equity	124,226	127,616	3,389
Accumulated other comprehensive income	2,729	4,342	1,612
Non-controlling interests	7,960	8,652	692
<b>Total net assets</b>	<b>134,917</b>	<b>140,611</b>	<b>5,694</b>
<b>Total liabilities and net assets</b>	<b>303,754</b>	<b>305,320</b>	<b>1,565</b>

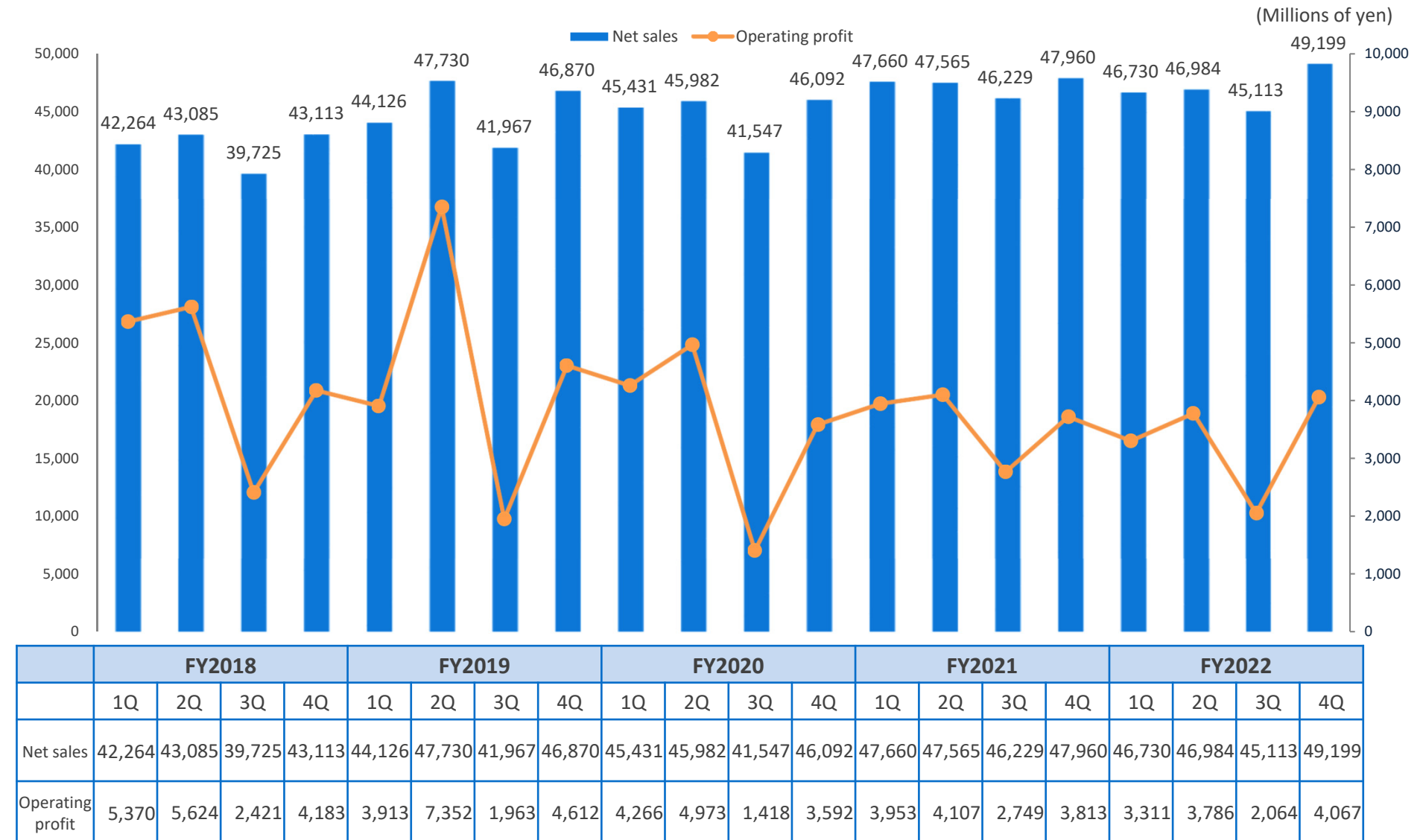
# Cash Flows

Cash and cash equivalents were 47,047 million yen, a decrease of 8,510 million yen compared to the previous consolidated fiscal year.

	FY2021	FY2022	Change
Cash flow from operating activities	39,351	33,158	- 6,193
Cash flow from investing activities	- 3,373	- 11,331	- 7,957
Cash flow from financing activities	- 28,794	- 30,893	- 2,099
Net increase (decrease) in cash and cash equivalents	7,274	- 8,790	- 16,064
Cash and cash equivalents at beginning of period	48,023	55,557	7,534
Cash and cash equivalents carried over at end of second quarter	55,557	47,047	- 8,510



# Changes in Quarterly Financial Results



※The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended October 31, 2022, and the figures as of October 31, 2022 are figures after the application of the said accounting standard.

## 02 Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2023

# Expansion of the Kanamoto Domestic Base of Operations

Gradual increase in investment after hitting bottom at 42 trillion yen in fiscal 2010 Approx

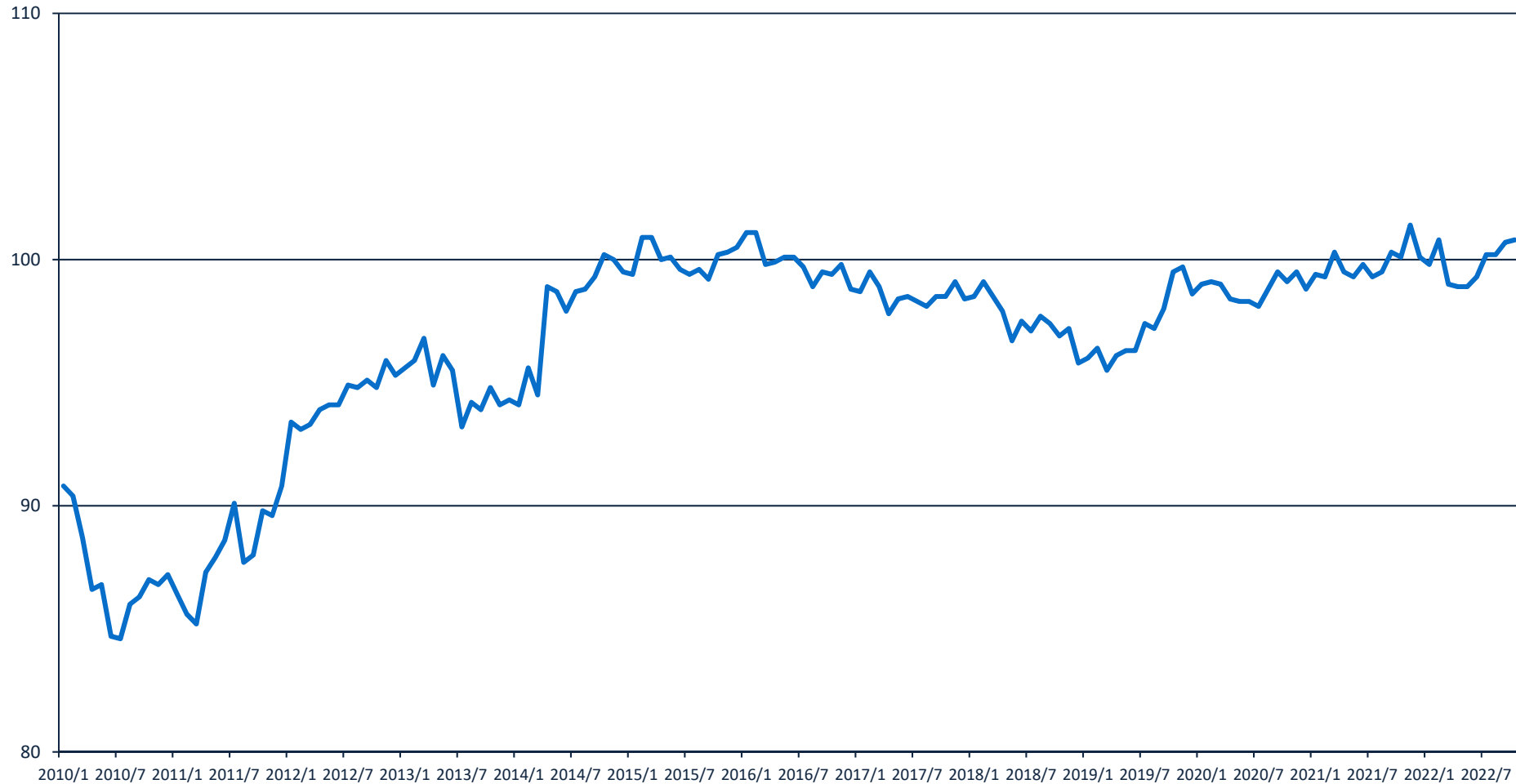
In FY2023, construction investment as a whole is expected to increase slightly from the previous year to approximately ¥64 trillion yen



Source: Prepared based on the *Construction Economy Model Forecast of Construction Investment* (Oct. 2022) published by the Research Institute of Construction and Economy (RICE)

# Corporate Service Price Index (Construction Rental Equipment)

The construction equipment rental index shows a stable trend.



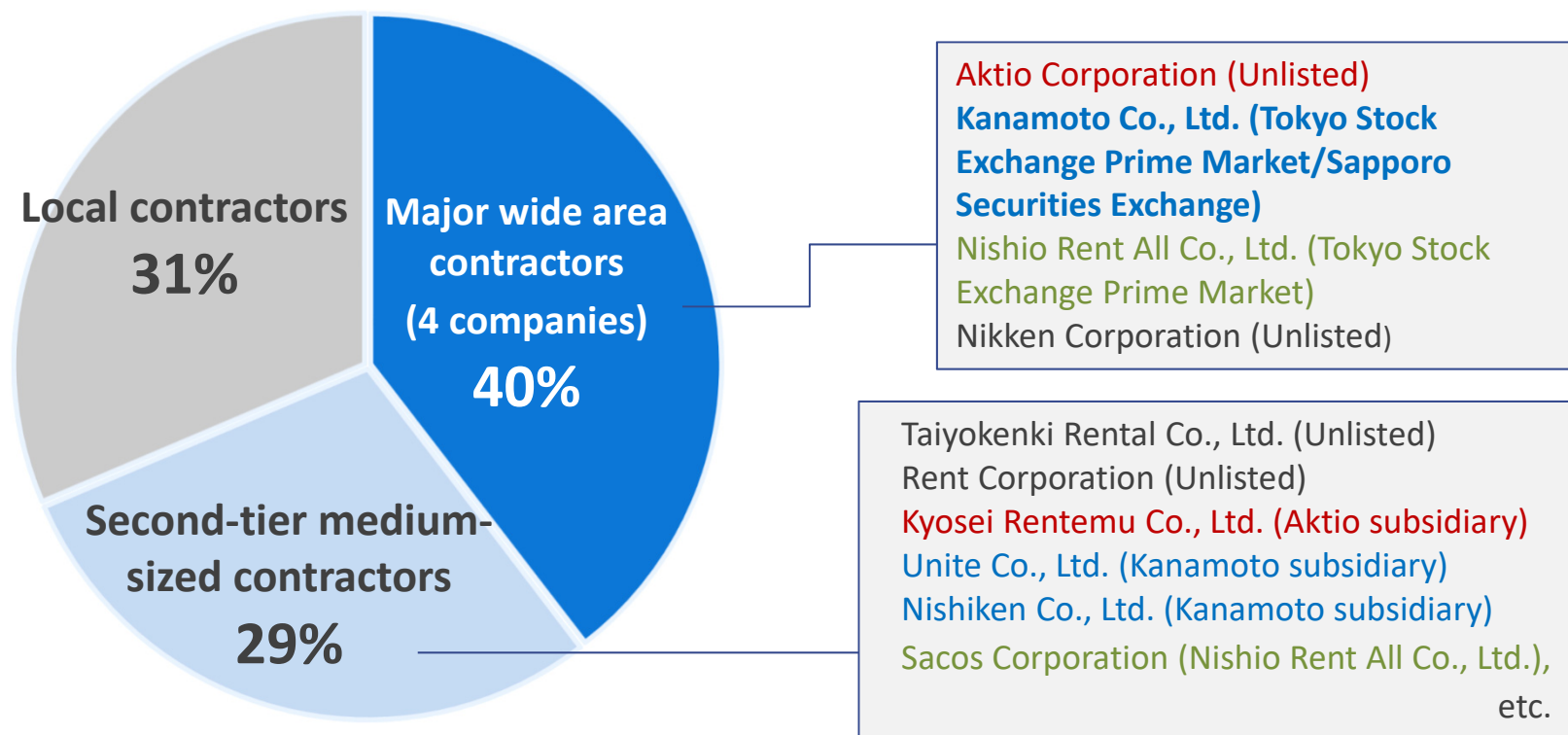
Source: Bank of Japan Corporate Service Price Index (CSP) on the 2015 Year Base (Construction Rental Equipment)

# Overview of Construction Equipment Rental Industry

Net sales in the industry are approximately 2% to 3% of the total domestic investment in construction.

The industry has roughly 2,000 competitors in construction equipment rentals.

Kanamoto and other major wide-area contractors make up 40% the market based on recent non-consolidated comparison data of each company.



Source: Calculated from the volume base in the Ministry of Land, Infrastructure, Transport and Tourism Construction Statistics Guidebook, securities reports, Kensetsukikai rental nenkan, corporate website information of each company, and other such materials.

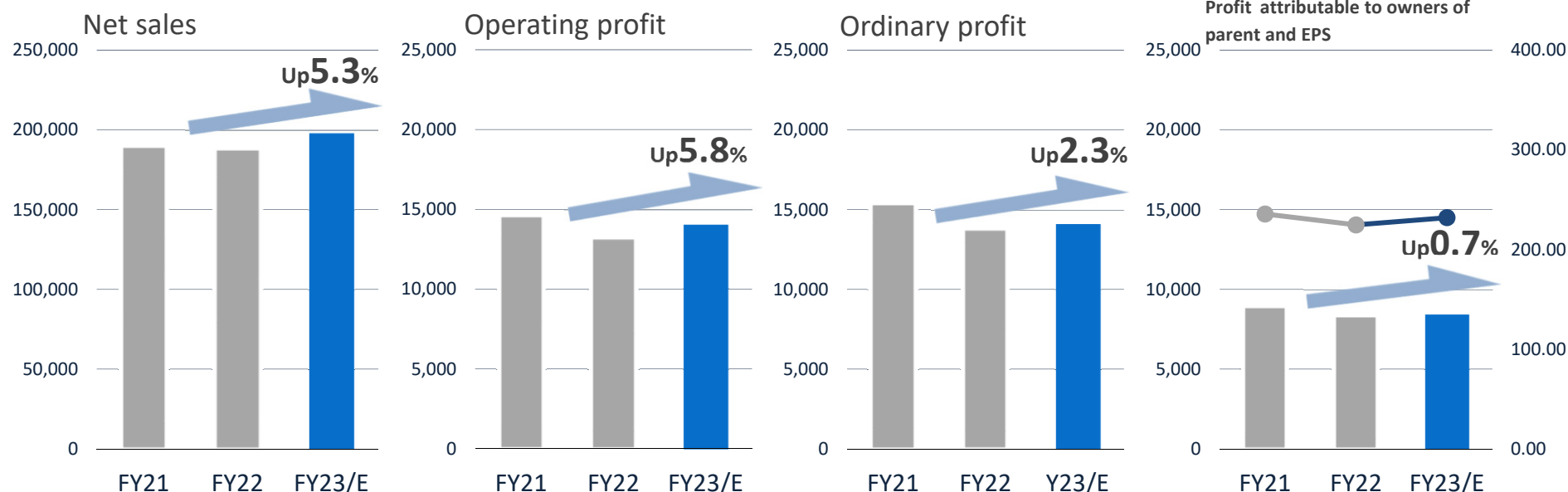
Second-tier medium-sized contractors are calculated as organizations expanding to bases in multiple prefectures.

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

While the economic outlook remains uncertain, public investment continues to be firm, and private capital investment is also expected to continue its trend of gradual recovery

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	EPS
Projected consolidated results for the fiscal year ending October 31, 2023	198,000	14,000	14,100	8,400	¥231.87
% change from prior year	5.3%	5.8%	2.3%	0.7%	—
Consolidated results for fiscal year ended October 31, 2022	188,028	13,229	13,780	8,345	¥ 224.64
% change from prior year	—	- 9.5%	- 10.5%	- 6.3%	—



※As the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending October 31, 2022, the above projected consolidated operating results are after the application of the said accounting standard. As a result, the percentages for net sales for the previous fiscal year and the same period of the previous year are not shown.

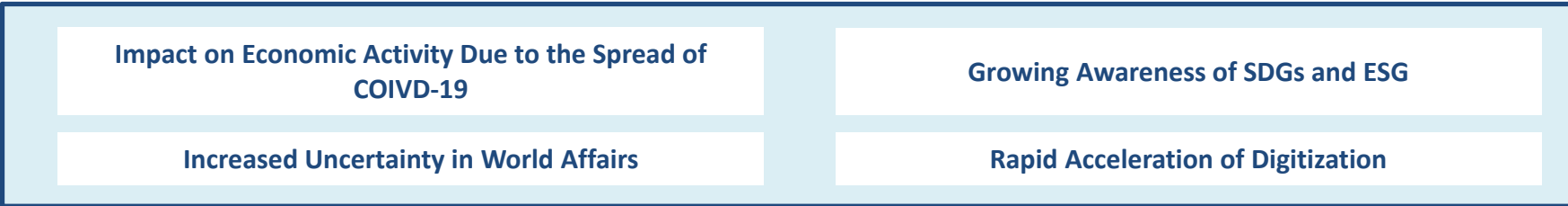


## 03 Future Expansion: Creative 60

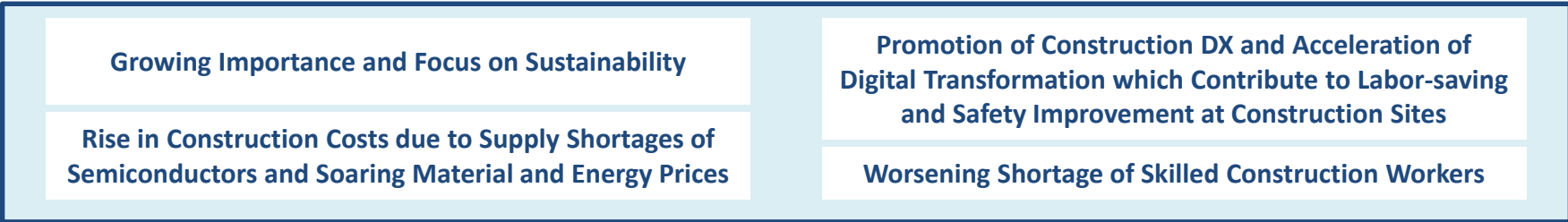
# Medium-Term Corporate Management Plan Progress Status

## External Environment Surrounding the Kanamoto Group and Issues Recognized

### External Environment -World/Domestic Economy-



### External Environment -Domestic Construction Industry-



### Issues

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.

We will strive to help improve crisis management not only in Kanamoto crisis management measures but also those of Japan from disaster prevention and mitigation to national resilience.

We will always respect human rights and consider employee health and the labor environment with the aim of contributing to better labor conditions in society.

We will engage in fair and proper business dealings with our business partners with the aim of fostering mutually sustainable prosperity.

# Medium-Term Corporate Management Plan Progress Status

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

### 1 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

### 2 Overseas Expansion — Upgrade to Overseas Strategy 2.0 (Next Generation)

- Optimize a global portfolio
- Establish a Kanamoto global platform
- Inorganic strategy: Overseas M&A initiatives
- Lay the groundwork to raise overseas sales to 10% of total net sales

### 3 Optimize Internal Operational Processes — Increase Rental Business Profitability

- Integrate marketing and sales strategies with IT
- 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
- Improve operational efficiency
- Build an environment to promote Group logistics i.e.: Cost control, stable long-term operations
- Place emphasis on recruiting and developing human resources

# Medium-term Corporate Management Plan Priority Measures Progress

## “Expansion of the Kanamoto Domestic Base of Operations”

Major Projects Primarily Driving Business Expansion throughout Japan

Wind Power Generation



Geothermal Power Generation



Solar Power Generation



Linear Chuo Shinkansen



Hokuriku Shinkansen



Hokkaido Shinkansen



Large-scale Refurbishments of Three NEXCO Companies



2025 Osaka Expo



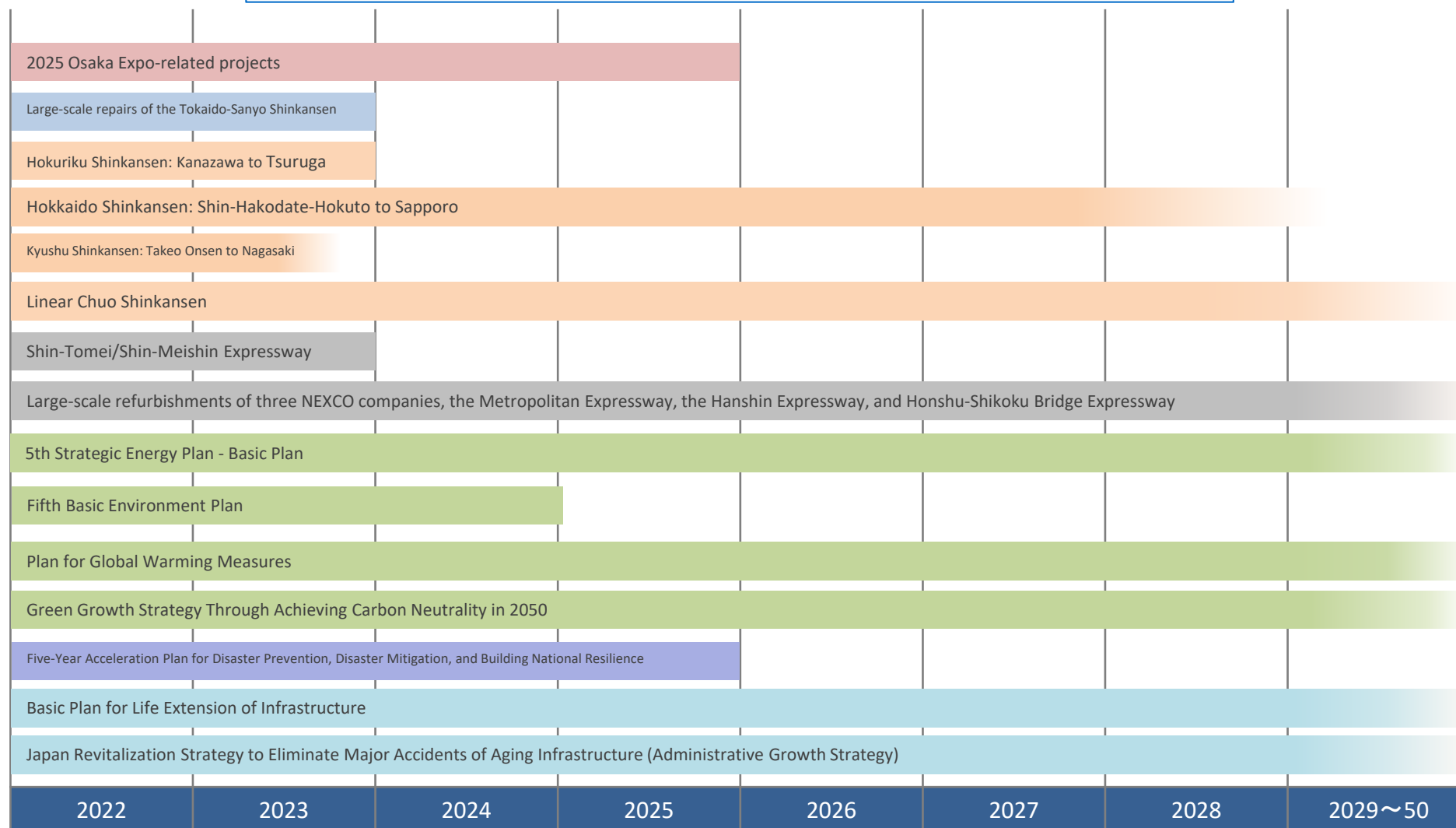
Kyushu Shinkansen:  
Takeo to Nagasaki



# Medium-term Corporate Management Plan Priority Measures Progress

## “Expansion of the Kanamoto Domestic Base of Operations”

Major Projects Primarily Driving Business Expansion throughout Japan



# Medium-term Corporate Management Plan Priority Measures Progress

## “Expansion of the Kanamoto Domestic Base of Operations”

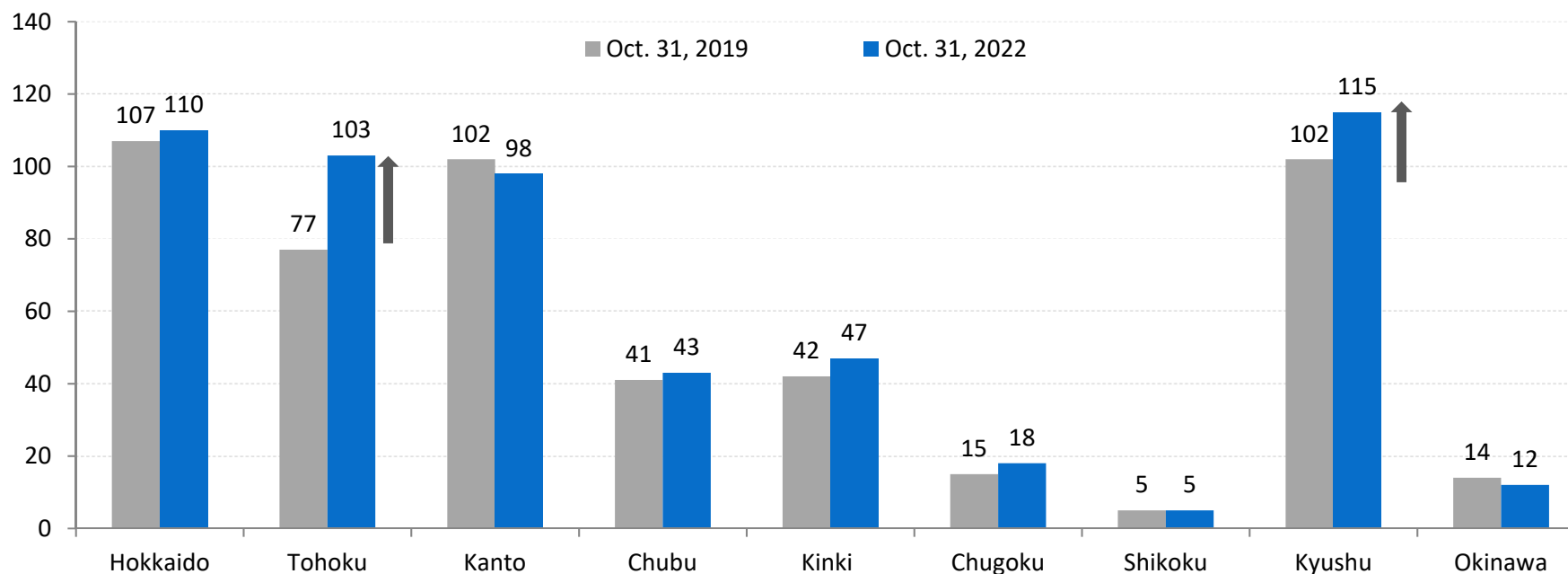
Steady expansion of the sales base by developing bases in response to changes in the economic environment.

[TOPICS] 2020 September	Made Sooki Holdings Co., Ltd. (Osaka) a subsidiary company
2022 May	Acquisition of business from Central Co., Ltd. by our subsidiary NEKCo., Ltd.
July	Central Co., Ltd. (Formerly: NEKCo., Ltd.) started business

	October 31, 2019	October 31, 2022	Increase/Decrease
Non-consolidated	202	229	27 base increase
Alliance Group	505	551	46 base increase

Change in number of domestic branches

\*Excludes overseas branches

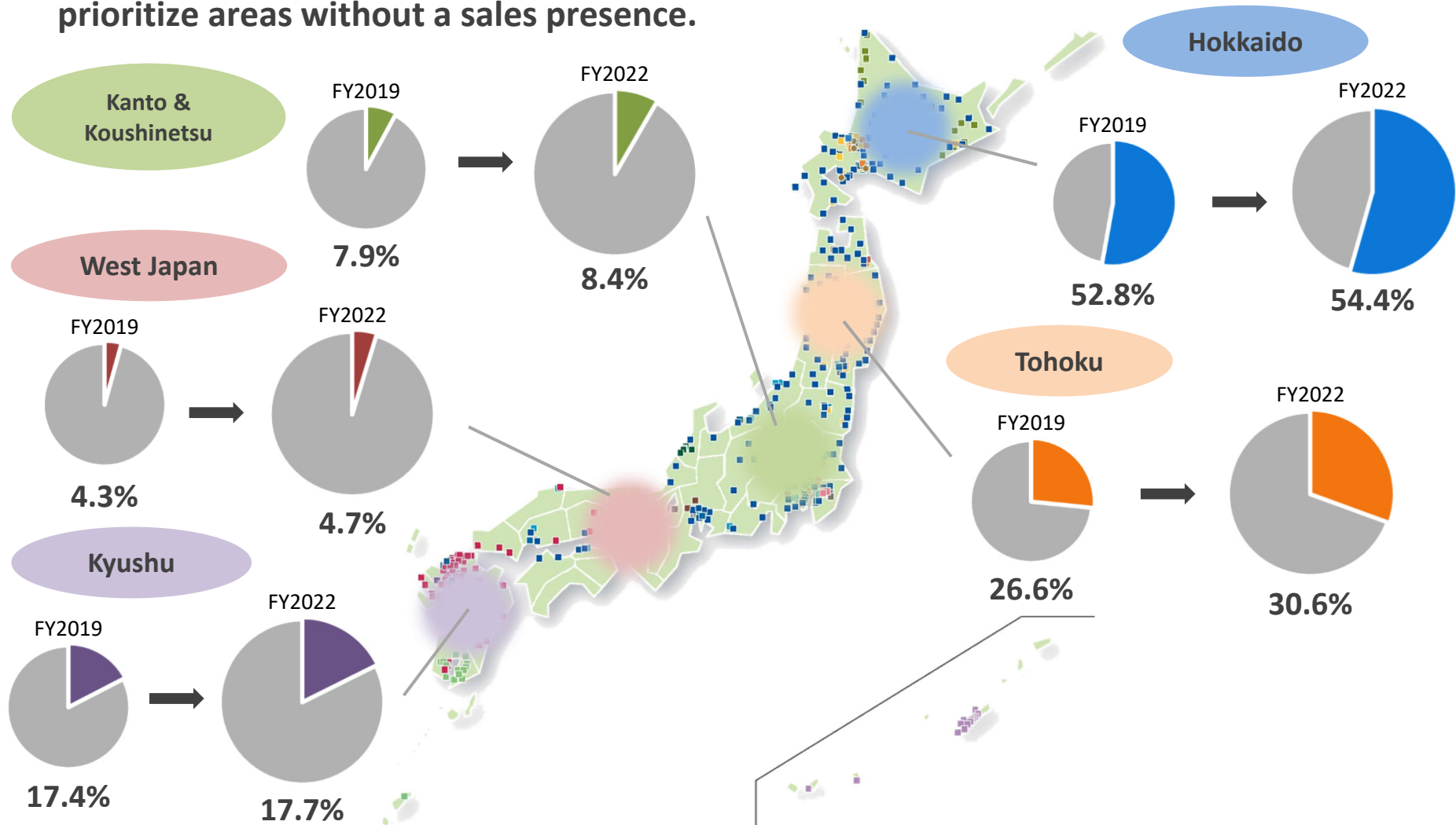




# Medium-term Corporate Management Plan Priority Measures Progress

## “Expansion of the Kanamoto Domestic Base of Operations”

Stronger strategic regional promotion and sales as well as share expansion that prioritize areas without a sales presence.



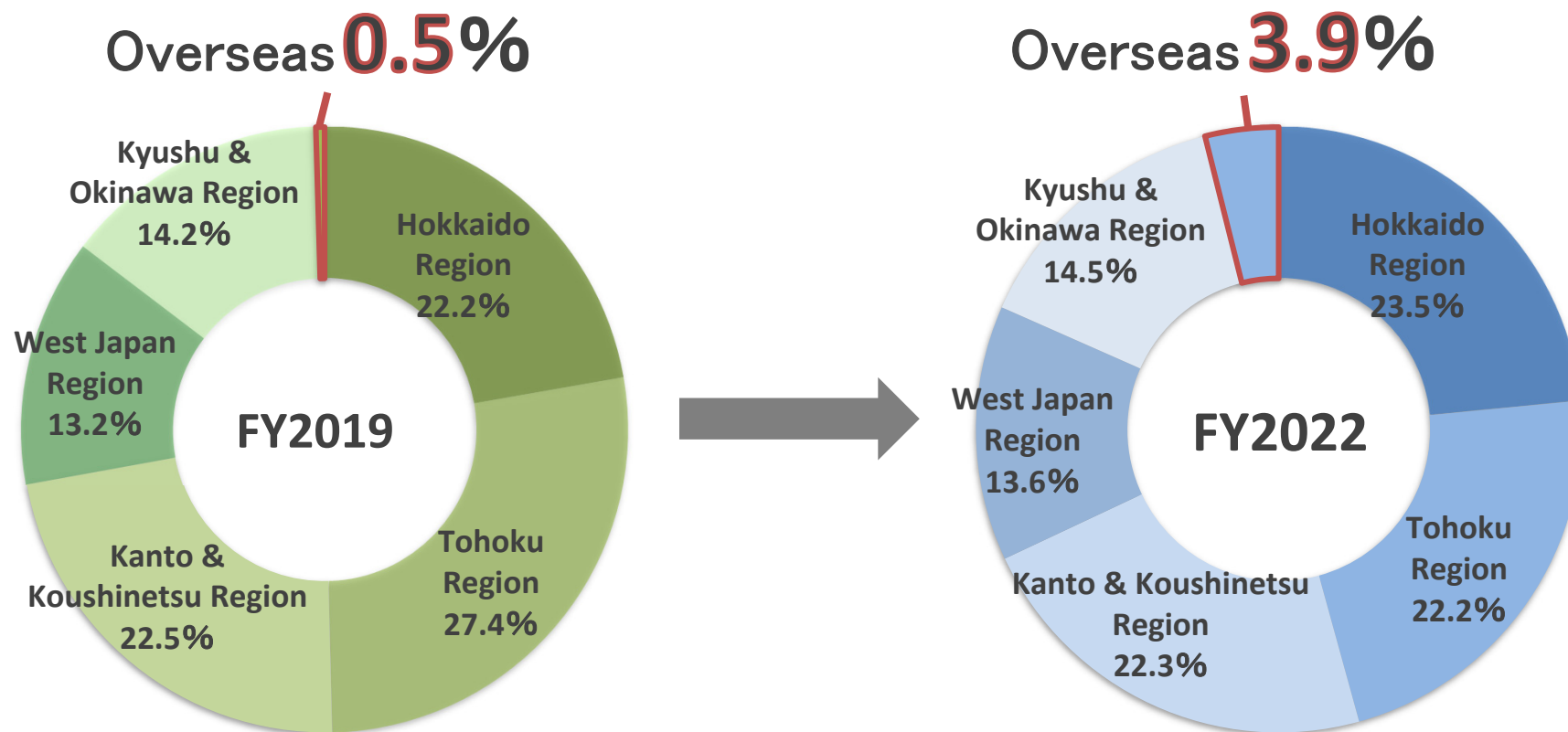
Source: Calculated uniformly at 2.5% according to the volume base in the Ministry of Land, Infrastructure, Transport and Tourism Construction Statistics Guidebook.  
 Note: These figures fluctuate with retroactive revisions of the Construction Statistics Guidebook.

# Medium-Term Corporate Management Plan Priority Measures Progress “Overseas Expansion”

The ratio of overseas rental sales by region in the Construction Equipment Rental Business expanded from 0.5% in fiscal year ended October 31, 2019 to 3.9% in fiscal year ended October 31, 2022.

We aim for further development in the medium- to long-term.

[TOPICS] 2020 October Established KANAMOTO AUSTRALIA HOLDINGS PTY LTD in Australia  
Made Porter Plant Group (Australia) a subsidiary company





# Medium-Term Corporate Management Plan Priority Measures

## Progress “Optimize Internal Operational Processes”

Completed unification of core systems for major group companies.



Aiming to integrate marketing and sales strategies with IT, and maximize asset efficiency, we have set up a dedicated team for building a system for strengthening cooperation between purchase, rental, and sales as well as improving operational efficiency of rental assets.

$$\begin{matrix} \text{Amount} \\ \text{of} \\ \text{assets} \end{matrix} \times \begin{matrix} \text{Rental} \\ \text{unit} \\ \text{price} \end{matrix} \times \begin{matrix} \text{Utilizati} \\ \text{on rate} \end{matrix} = \begin{matrix} \text{Rental} \\ \text{sales} \end{matrix}$$

In response to construction DX, we will engage in ICT, IoT, etc. from the research and development stage in cooperation with construction companies and manufacturers.



With regard to environmental measures, we will have to wait for technological progress in construction machinery, etc., but we will make steady progress as we will be able to adding solar generation facilities to our unit housing, which serve as onsite offices, and compatibility to biofuels.

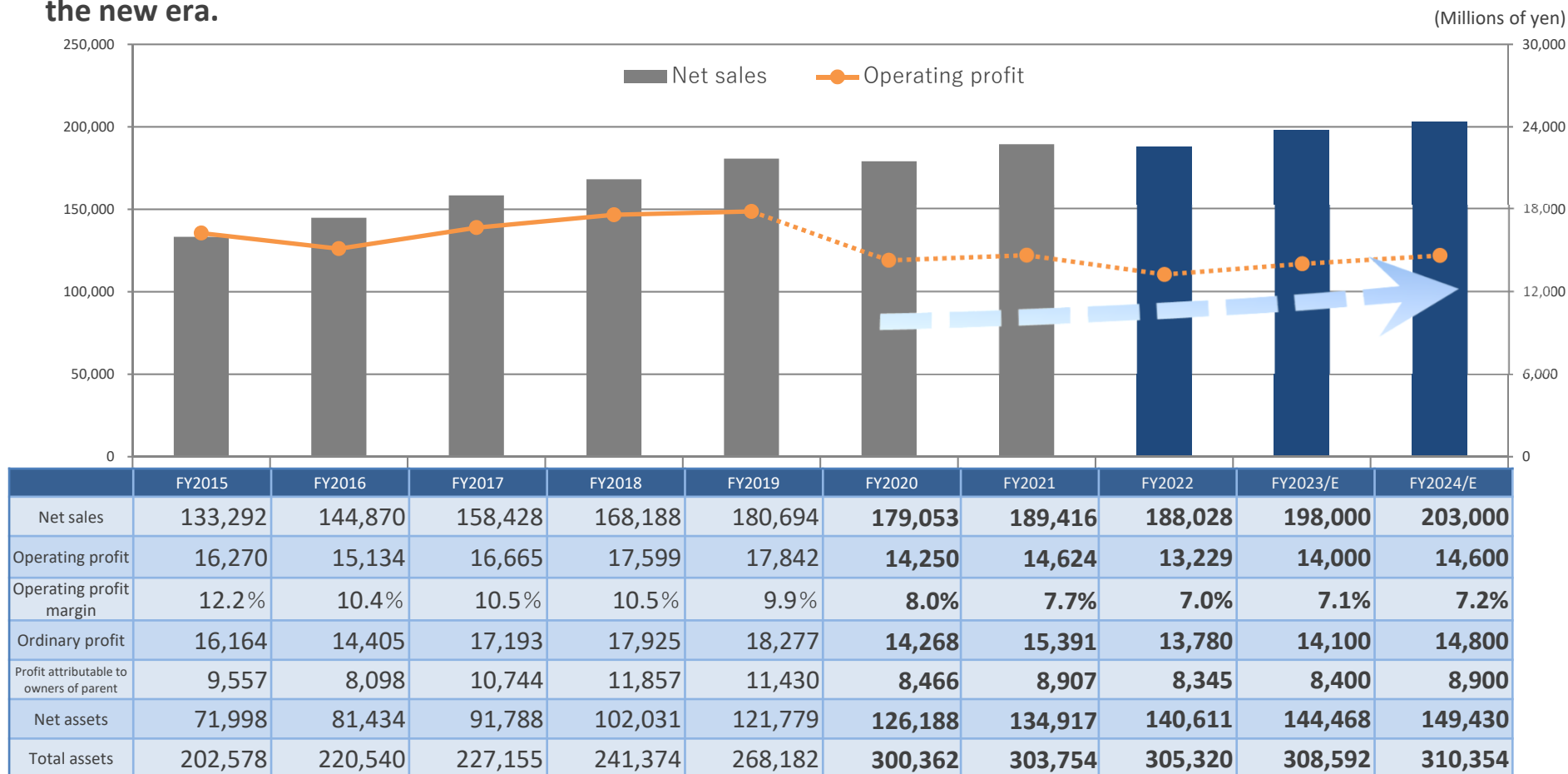


In terms of strengthening human capital, we are making progress on various training and support systems as well as support for women's empowerment.

# Revision of the Medium-Term Corporate Management Plan

## Consolidated Business Results

Overcome growth constraints resulting from changes in the external environment (steep increases in materials and labor costs, intensified competition, etc.) and changes in Kanamoto's own environment (increases in cost of rental equipment, personnel expenses, etc.), and create a strong Kanamoto Group for the new era.



BULL55 Expand operations

Strengthen organization

Towards a strong Kanamoto Group

# Revision of the Medium-Term Corporate Management Plan Numerical Targets

## Medium-term Corporate Management Plan - “Creative 60” - (FY2020 - FY2024)

### Numeric targets

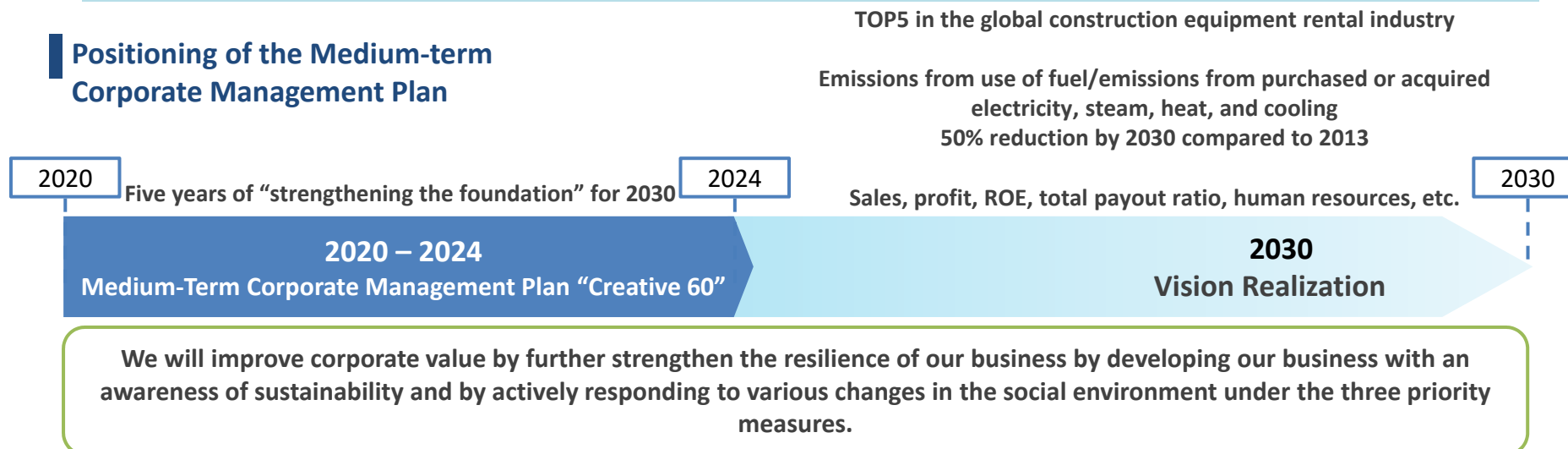
(Millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023/E	FY2024/E	FY2024/E (Initial plan)
Net sales	1,806	1,790	1,894	1,880	1,980	2,030	2,280
Operating profit	178	142	146	132	140	146	230
Equity ratio	43.1%	39.6%	41.8%	43.2%	43.8%	44.9%	48.7%
EPS (yen)	295.30	221.45	235.55	224.64	231.87	250.82	387.54
BPS (yen)	2,981.68	3,150.30	3,357.10	3,571.98	3,752.40	3,973.96	4,036.19
ROA	4.5%	3.0%	3.0%	2.7%	2.7%	2.9%	4.8%
ROE	10.8%	7.2%	7.2%	6.4%	6.3%	6.5%	10.0%
EBITDA+	563	537	570	562	597	612	727

# Revision of Medium-Term Corporate Management Plan Positioning and Sustainability Management

## Medium-Term Corporate Management Plan "Creative 60" (FY2020 - FY2024)

### Positioning of the Medium-term Corporate Management Plan



### Sustainability Management Promotion

Our basic principle of sustainability is striving to continuously improve our own corporate value while also contributing to the sustainable development of society. As such, we are strive to contribute to solving social issues through our main business of renting construction machinery.

In July 2021, we also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as we continue to operate with the SDGs in mind.



In addition, in order to continuously improve corporate value, we believe that it is necessary to actively and proactively respond to issues related to environmental and social sustainability, we will formulate a basic sustainability policy, and we have put in place a framework and system to put this into practice.

# Revision of Medium-Term Corporate Management Plan

## Basic Sustainability Policy

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### 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.

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2

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

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3

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

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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.

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# Revision of the Medium-Term Corporate Management Plan 2030 Vision

## 2030 Vision



### 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      Over **8%**

Operating profit  
(Consolidated)      ¥ **20** billion

Total return  
ratio      Over **50%**

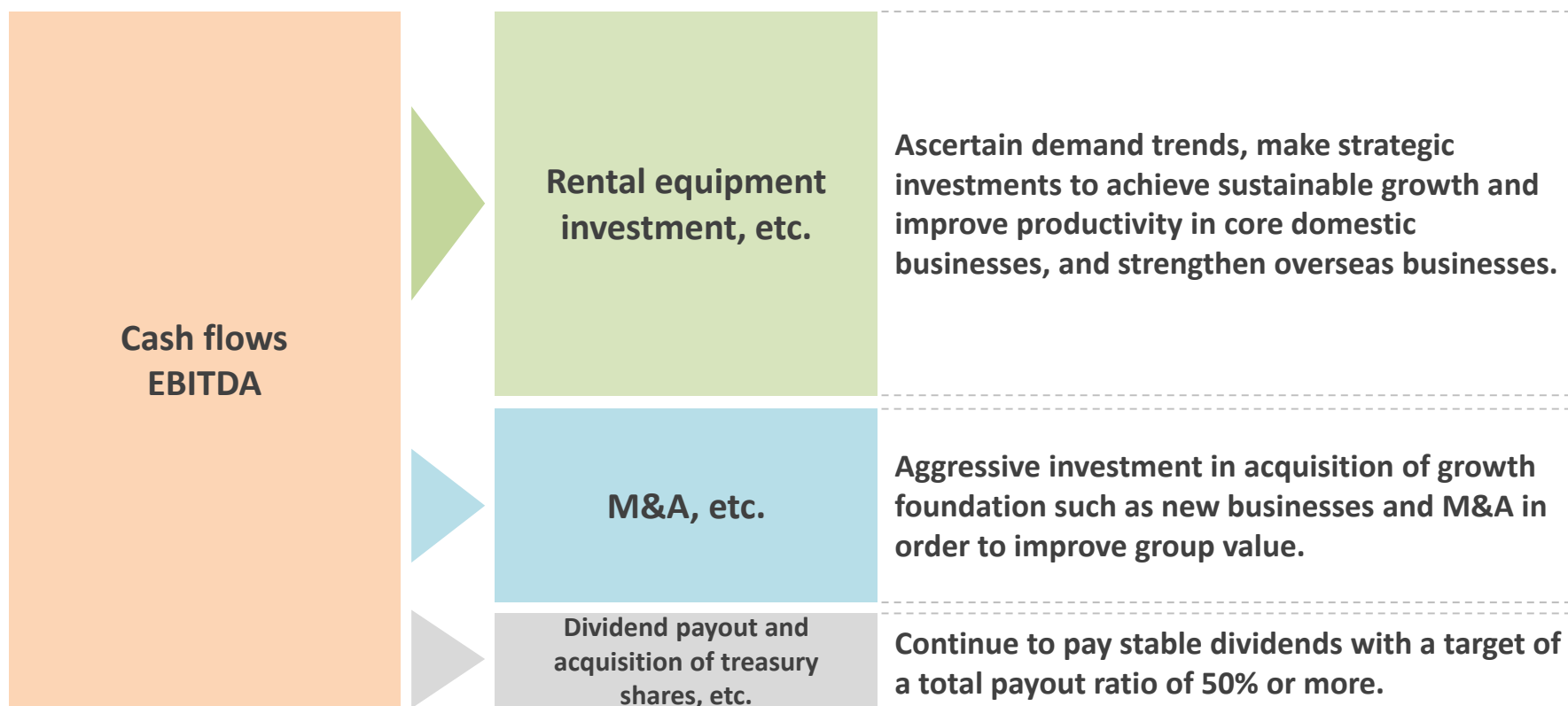
# Revision of the Medium-Term Corporate Management Plan

## Investment Strategy Cash Allocation

Promote flexible investment strategy that meet actual demand

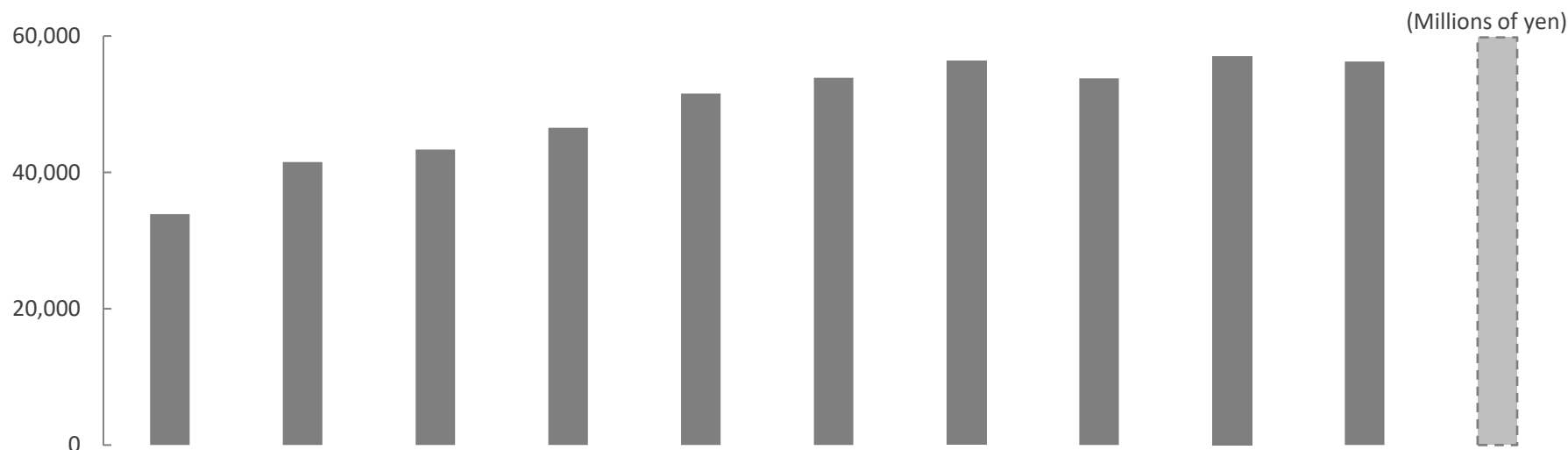
### Cash Allocation

- In addition to capital investment in rental assets based on demand trends, we will invest resources in growth investments from a medium to long-term perspective
- In order to improve capital efficiency, we will implement proactive and continuous shareholder returns
- We strive to balance operating cash flow and investment cash flow to maintain financial soundness
- For growth investment opportunities such as M&A, we will use financial leverage while monitoring financial soundness



# Main Comparative Index: EBITDA+ (Consolidated)

EBITDA+ is one major indicator for the amount of new capital investments in rental equipment and other assets.



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023/E
Operating profit	11,392	16,454	16,270	15,134	16,665	17,599	17,842	14,250	14,624	13,229	14,000
Depreciation	14,767	17,486	19,752	22,458	24,570	25,722	27,705	29,073	31,712	32,528	34,300
<b>E B I T D A</b>	<b>26,159</b>	<b>33,940</b>	<b>36,022</b>	<b>37,592</b>	<b>41,235</b>	<b>43,321</b>	<b>45,547</b>	<b>43,324</b>	<b>46,336</b>	<b>45,758</b>	<b>48,300</b>
Property, plant and equipment equivalents	7,695	7,563	7,306	8,938	10,310	10,542	10,775	10,461	10,694	10,483	11,500
<b>E B I T D A +</b>	<b>33,854</b>	<b>41,503</b>	<b>43,328</b>	<b>46,530</b>	<b>51,545</b>	<b>53,863</b>	<b>56,322</b>	<b>53,785</b>	<b>57,030</b>	<b>56,241</b>	<b>59,800</b>
Property, plant and equipment investment	37,611	42,400	37,367	38,294	37,674	46,992	52,093	51,567	37,266	42,786	53,300
Free cash flow	△3,757	△894	5,960	8,235	13,871	6,871	4,229	2,218	19,764	13,454	6,500

EBITDA+ refers to EBITDA (operating profit and depreciation) plus property, plant and equipment equivalents.



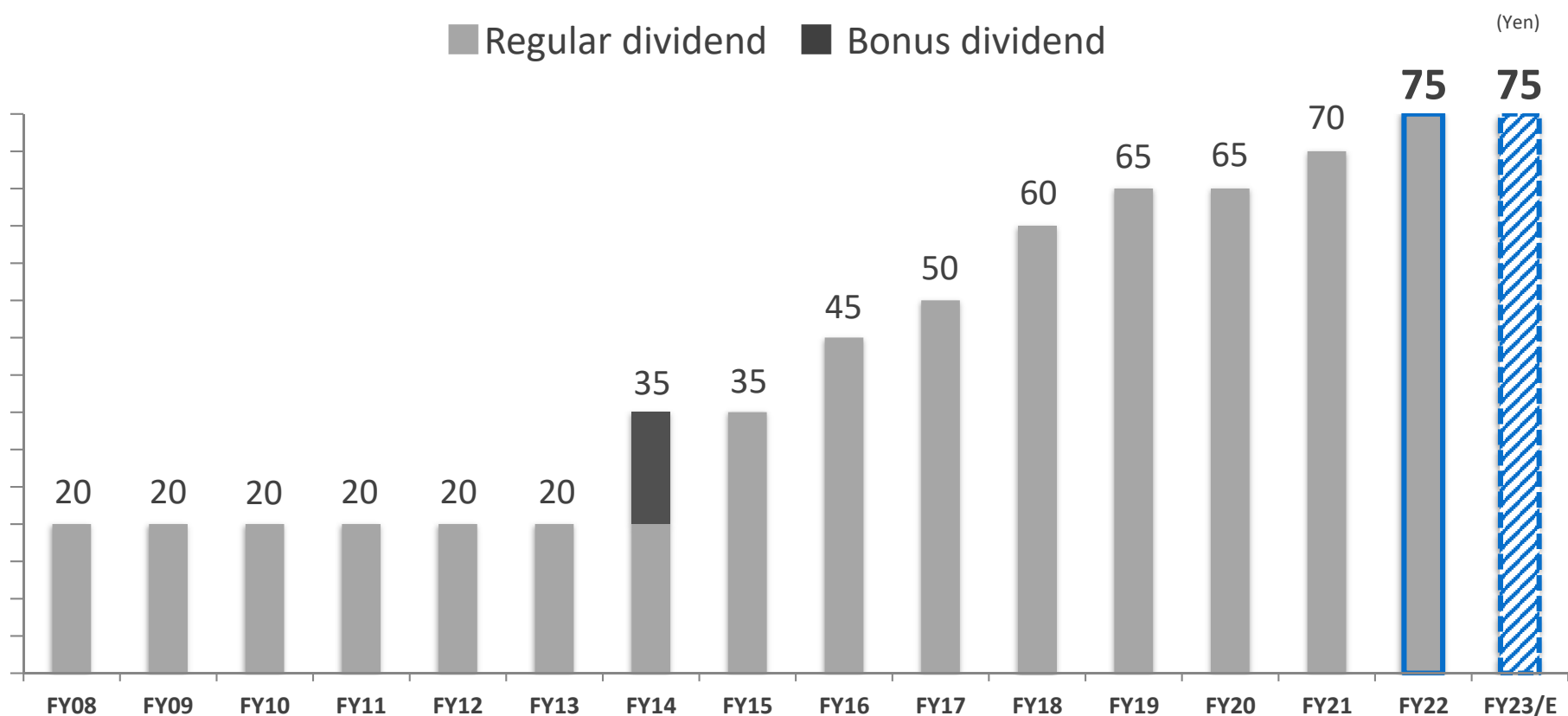
# Revision of the Medium-Term Corporate Management Plan

## Dividend Policy

Year-end dividend of 75 yen for the fiscal year ended October 31, 2022 (35 yen interim dividend)

Year-end dividend of 75 yen for the fiscal year ending October 31, 2023 (35 yen interim dividend)

Continue to pay stable dividends, acquire treasury stock in a flexible manner



# kanamoto

## [Disclaimer]

Certain information other than historical facts set forth in this briefing and the briefing materials contain forward-looking information.

These forward-looking statements are determined based on currently available information and include elements which may differ substantially from original forecasts.

Therefore, we ask that you refrain from fully rely on these forecasts.

Please be aware actual performance may differ from these forecasts due to changes in a variety of circumstances.

## Contact

### **Kanamoto Public Relations Office**

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Tel: +81-11-209-1631 (8:30 a.m. to 5:00 p.m. except on weekends and holidays)

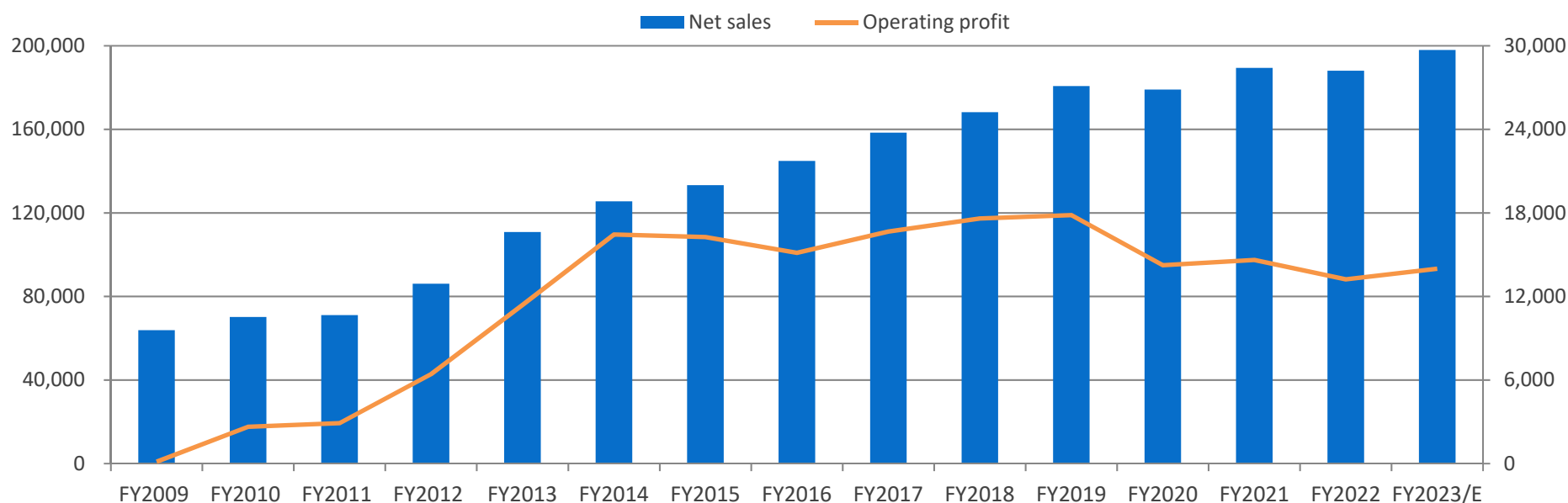
Company website: <https://www.kanamoto.co.jp/en/>

IR Information: <https://www.kanamoto.ne.jp/en/>

# Reference: 15-year Management Index (Consolidated)

(Millions of yen)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023/E
Net sales	63,863	70,173	71,086	86,106	110,831	125,555	133,292	144,870	158,428	168,188	180,694	179,053	189,416	188,028	198,000
Operating profit	137	2,648	2,905	6,430	11,392	16,454	16,270	15,134	16,665	17,599	17,842	14,250	14,624	13,229	14,000
Ordinary profit	-222	2,083	2,239	5,932	11,073	16,078	16,164	14,405	17,193	17,925	18,277	14,268	15,391	13,780	14,100
Profit attributable to owners of parent	-1,158	1,041	1,165	3,575	5,809	9,299	9,557	8,098	10,744	11,857	11,430	8,466	8,907	8,345	8,400
Net assets	36,541	37,025	37,592	41,399	56,192	65,513	71,998	81,434	91,788	102,031	121,779	126,188	134,917	140,611	-
Total assets	96,435	108,509	115,120	137,343	169,250	188,082	202,578	220,540	227,155	241,374	268,182	301,533	303,754	305,320	-



# Reference: Share price between December 2012 to December 2022

— 移6カ月 — 移12カ月 — 移24カ月



出来高

— 出来高 (株)

