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INTEGRATED REPORT

INTEGRATED REPORT 2025 **kanamoto co., ltd.**



kanamoto co., ltd. 2025

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Mission Statement

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

We consider it our mission to capitalize on our experience in an effort to support reconstruction in the wake of natural disasters, such as the Great East Japan Earthquake.

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

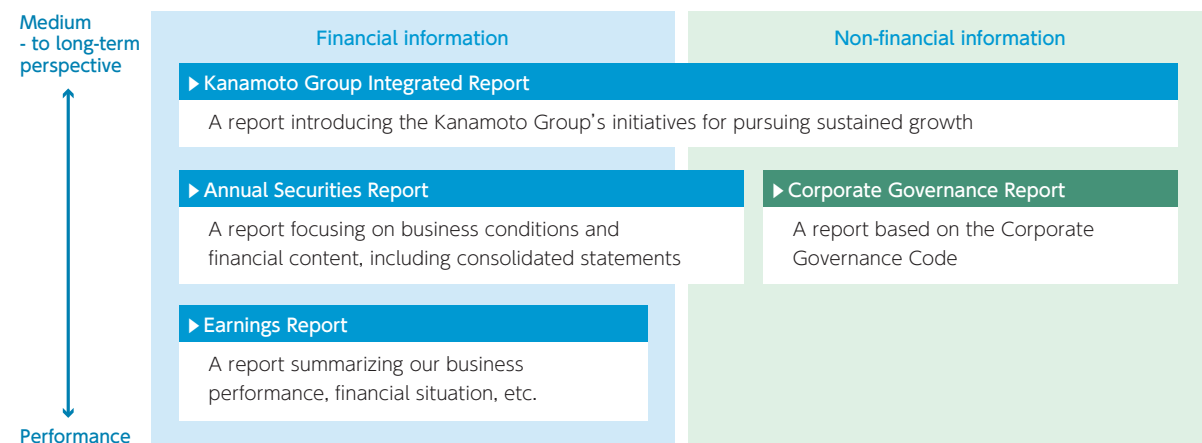
We are also committed to sustainable growth.

We will continue to expand our domestic business platform and promote overseas development in the pursuit of reaching our full potential.

About the Kanamoto Group Integrated Report

Purpose

The Kanamoto Group Integrated Report's purpose is to inform stakeholders of the progress we are making with our sustainability-focused management and growth strategies.



Editorial Policy

The Kanamoto Group Integrated Report emphasizes operating performance, business summaries and other financial data as well as non-financial data such as Environmental, Social, and Governance (ESG) initiatives that act as a foundation supporting growth. We hope to offer all shareholders, investors and other stakeholders a multifaceted view of sustainable growth at the Kanamoto Group. Our editorial team publishes this report with reference to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC; current IFRS Foundation).

Forward-Looking Statements

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

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

Evolution into a Stronger Kanamoto Group

We will focus on improving capital efficiency as we achieve steady growth while securing our revenue base.

We will also actively address issues related to the realization of a sustainable society, making steady progress toward becoming a true general construction equipment rental company.

Group Corporate Philosophy

Become an excellent, dynamic corporate group that uses its solid earnings as a base to reward customers, employees, and shareholders.

Group Vision

Build a foundation for sustainable growth.

Group Value

- Become a true general construction equipment rental company
- Act as a large-scale rental mall that functions as a centralized site for specialty stores
- Accumulate and share all types of solutions

Action Guidelines

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

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

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Message from the President



Enhancing corporate value
on a continual basis
by further cultivating
the construction equipment
rental business and expanding
our portfolio of
peripheral solutions

Tetsuo Kanamoto
President and CEO
Kanamoto Co., Ltd.

Introduction

Aiming to become a true general construction equipment rental company that ranks among the best in the world

Kanamoto celebrated its 60th anniversary in October 2024. I firmly believe that we were only able to reach this milestone of 60 years thanks to the understanding, cooperation, and support of our diverse and numerous stakeholders. Once again, I would like to express my gratitude to everyone who has been with us on our journey. Kanamoto's history is one of innovation and taking on challenges. We have worked to meet the needs of the times by shifting our core business from the steel business, our original business, to the construction equipment rental business, as well as by expanding our network of branches. In 1979, we moved into markets outside Hokkaido, and in 1996, became the first company in the industry to be listed on the Second Section of the Tokyo Stock Exchange, before moving up to the First Section in 1998. Since 2006, we have been actively expanding overseas. Today, we have grown into a general construction equipment rental company with approximately 560 branches in Japan and overseas, and 34 companies in our alliance group.

P.10-11 History of Creating and Evolving Corporate Value

Our next goal is to become a true general construction equipment rental company that ranks among the best in the world. We aim to act as a large-scale rental mall that centralizes specialty stores, providing customers with a one-stop shop that offers all the solutions and content they need for their construction sites. We hope to grow into one of the world's best construction equipment rental companies by providing high-quality customer-oriented services.

**“Kanamoto-ism”
—the spirit of pursuing innovation—
is the driving force behind our growth**

Our Action Guidelines serve as our corporate philosophy. These guidelines have helped us to nurture a corporate culture that “embraces innovation and changes”, and it is within this culture that each and every one of our employees strives to pursue innovation and exercise their ingenuity. This is the essence of “Kanamoto-ism”, the driving force behind our growth. I believe that there is almost unlimited room for growth in the construction equipment rental business, both in Japan and overseas. As an example, it is only now that the construction equipment rental business is starting to take root in China and countries in Southeast Asia, and these are markets with tremendous potential. With an eye on these global markets, I am convinced that we can realize further growth by cultivating the construction equipment rental



business even more deeply by pursuing innovation and taking on challenges without fearing change.

Overview of the Previous Medium-Term Management Plan

Increased profits in fiscal year 2024, maintaining the Group’s growth trajectory

Fiscal year 2024 was the final year of Medium-Term Management Plan “Creative 60” (FY2020-FY2024). The fact that we were unable to achieve the management targets set out in the initial plan, such as net sales and operating profit, is something I acknowledge with the utmost gravity. Looking back over the period of the previous Medium-Term Management Plan, we saw a decline in both revenue and profit in fiscal year 2020 due to the impact of the COVID-19 pandemic. Although we subsequently returned to an upward trend in revenue on the back of a recovery in demand for construction equipment rental and other factors, we were unable to fully

absorb the rise in purchasing costs, and profit continued to decline. In order to realize a form of management that is conscious of capital cost and share price, we stepped up our efforts to improve profitability, with a focus on the following measures: (1) Improving the utilization rate of rental assets; (2) Implementing consolidation, closing or merging of business offices; and (3) Adjustment of rental unit prices to appropriate prices. As a result, we managed to achieve increased revenue and profit in fiscal year 2024, and also largely achieved the revised numerical targets for the Medium-Term Management Plan which we announced in December 2022, including net sales of 203 billion yen and operating profit of 14.6 billion yen. If we examine these results by theme, in terms of overseas expansion, we expanded our business largely as planned, with overseas sales increasing more than threefold compared to fiscal year 2019 due to our expansion into Australia in 2020. Furthermore, we broadened our lineup of rental items by turning SOOKI HOLDINGS Co., Ltd., a rental company for measuring equipment, into a subsidiary in 2020. This, I believe, was a major step forward in our aim to become a true general rental company by amassing a pool of solutions related to construction machinery. In this way, despite the decline in revenue due to the COVID-19 pandemic, I believe that, as a Group, we were able to maintain our growth trajectory over the five years of the previous Medium-Term Management Plan.

P.20-21 Mid-Term Management Plan



New Medium-Term Management Plan

Promoting a balance between growth and optimization

Our new Medium-Term Management Plan, which will begin in fiscal year 2025, is called “Progress 65”—Toward Achieving Both Growth and Efficiency (FY2025-FY2029). The use of the word “progress” in the title expresses our determination to steadily move forward as we work toward becoming a true general rental company. We have also set three priority measures under this plan. The first priority measure is “Growth strategies and improvement of capital efficiency.” How to improve the efficiency of asset management is the most important management issue in the rental business. We identify the optimal model configuration and asset volume for each area based on customer needs, keeping investment at an appropriate level while also working to extend the service life of rental assets and reduce depreciation costs. By working to improve asset efficiency from the perspectives of both investment and depreciation, we will build a structure that enables us to achieve significant returns with a small outlay. At the same time, we will also seek to improve asset productivity by increasing the number of operating days and optimizing rental unit prices. We will also continue to consolidate and close sales offices, a process that we began in fiscal year 2024, with the aim of pursuing greater efficiency in our management

resources. In terms of our growth strategy, we will continue to promote M&As concerning the construction equipment rental business and associated businesses, both in Japan and overseas. As part of our investment strategy, we are looking to make cumulative investments of 25 billion yen over the next five years. In particular, we are focusing on acquiring peripheral businesses that will contribute to improving the Group’s value, and are considering actively pursuing M&A opportunities, including the use of debt, when large-scale projects arise. Another important task is to step up our efforts to expand overseas, to which end we are pursuing various measures with the goal of increasing our overseas sales ratio from 3.7% in fiscal year 2024 to 10%.

P.33 Promotion of M&As

Promoting DX¹ strategically and linking it to the transformation of our entire business

The second priority measure is “Enhancement of DX strategies.” Until now, we have focused on such things as improving productivity through the utilization of BIM²/CIM³ (an initiative aimed at improving and enhancing the production and management systems by linking 3D models in construction and civil engineering projects), expanding the use of ICT⁴ construction equipment, and improving operational efficiency through ICT. However, we need to approach these things with a stronger sense of purpose. In 2024, we established the DX Strategy Office, which is directly overseen by the president, and we are currently ramping up our

**1 DX: Digital Transformation ; 2 BIM: Building Information Modeling; 3 CIM: Construction Information Modeling; 4 ICT: Information and Communication Technology

efforts to raise the level of DX utilization, from improving operations to reforming businesses and transforming entire businesses. Specifically, I think we can use the power of DX to develop new products, new construction methods, and new systems that will help solve our customers' problems, whether they be a shortage of manpower or addressing environmental issues.

P.34-35 Enhancement of DX strategies

Accelerating efforts to address the important themes of human rights, investment in human capital, and environmental measures

The third priority measure is "Sustainability initiatives." We have made sustainability one of the priority measures in our new Medium-Term Management Plan, showing our resolve to strengthen and accelerate our initiatives in the areas of the environment, society, and governance. Of these, we have positioned human rights, investment in human capital and environmental measures as important themes. Most recently, in November 2024, we established the Kanamoto Group Human Rights Policy. In terms of environmental measures, we will continue to promote initiatives that are in line with the nature of our business, such as expanding the categories of the Task Force on Climate-related Financial Disclosures (TCFD), which we endorsed in 2021.

P.38-41 Environment

As for investment in human capital, we increased salary levels in February 2025. Our competitive advantage stems from the high quality of our day-to-day operations, which accurately identify frontline needs and provide optimal solutions. However, this is only possible thanks to the excellent technical skills, adaptability, and personal qualities of each and every one of our employees. In this sense, by investing more in human capital, we are investing in our future growth. We will not only raise salary levels, but also implement a variety of measures to improve engagement and provide career development, with the aim of supporting the self-driven growth and promoting the active participation of our diverse human resources.

P.42-43 Human Capital

Aiming to achieve the 2030 Vision ahead of schedule

In our new Medium-Term Management Plan, we have set ourselves the numerical targets of 235.4 billion yen in net sales, 21 billion yen in operating profit, and an ROE of over 8% by fiscal year 2029. These figures exceed the targets in the 2030 Vision, which we set out during the previous Medium-Term Management Plan, and we are now on track to achieve them more than a year ahead of schedule. I am confident that the measures we are taking to achieve management that is conscious of capital

cost and share price will lead to a steady improvement in profitability. Furthermore, I believe that by steadily implementing the new Medium-Term Management Plan, we will not only achieve our numerical targets, but exceed them.

P.22-23 Medium-Term Management Plan

Governance and Shareholder Returns

An effective governance system that contributes to increasing corporate value

The Kanamoto Group has adopted corporate governance systems used today for the purpose of establishing the best and most advanced corporate governance. We have adopted an outside director system to ensure more efficient and sound management as well as transparency about our decision making. The executive officer system also better clarifies supervision and accountability functions. I believe that our current governance system is functioning well, with outside directors checking the management decisions of the executive side and auditors checking the execution of business operations. However, we need to constantly review our governance in light of changes in the external environment and social demands. We will continue to work on developing an effective governance system that contributes to improving our corporate value.

P.46-51 Corporate Governance Structure

Providing the highest level of shareholder returns, placing top priority on improving corporate value over the medium to long term

Shareholder returns are a crucial management issue for listed companies. Even when we recorded a final deficit as a result of the 2008 financial crisis, we were able to guarantee dividends. In fact, over the last few decades, we have consistently paid a progressive dividend without reducing it. Most importantly, we must ensure that we generate a profit. On top of this, in order to gain the trust of the market and our shareholders, we also need to actively and carefully disclose information and engage in dialogue. We will continue to provide the highest level of shareholder returns possible, while maintaining consistency with growth investments and our financial base, with the aim of increasing our corporate value over the medium to long term.

Conclusion

Fulfilling our social mission to become a company that exchanges love and empathy with its stakeholders

When we embarked on our construction equipment rental business, the concept of "rental" was still unheard of in the construction industry. Since then, we have worked to improve the brand recognition and social presence of the construction equipment rental business. We are proud to have been involved in the construction of important infrastructure and buildings throughout Japan, and to have supported recovery and

reconstruction by quickly procuring and providing vital equipment in times of disaster. We have now concluded disaster agreements with many municipalities and the Self-Defense Forces, and the construction equipment rental business is playing an important role in social infrastructure.

P.26 Natural Disasters

We must fulfill our social mission and become "A Company Contributing to a Safe, Prosperous Society with Values Shared by All Stakeholders." To this end, I ask for the continued and unwavering support of our shareholders and other investors.

T. Kanamoto



History of Creating and Evolving Corporate Value

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

1964

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



Kanamoto Shoten in Kaigan-cho, Muroran



Safe from Kanamoto's sole proprietor era



Indigo blue dyed apron from the Kanamoto Shoten era

1971

- Began branch development in Hokkaido



Tomakomai Sub-branch (now the Tomakomai Branch)

1972

- Company name changed to Kanamoto Co., Ltd.

1973

- Former headquarters building (Muroran) completed

1979

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



Hachinohe Office (now the Hachinohe Equipment Repair Center)

1981

- Taichu Kanamoto appointed President and Chief Executive Officer

1983

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

1985

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



Computer Division equipment room in the 1980s

1991

- Listed stock on the Sapporo Securities Exchange



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

1994

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

1996

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



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

1998

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



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

1999

- Completed construction on the Kanamoto Hamamatsucho K Building



Kanamoto Hamamatsucho K Building (Business Coordination Headquarters)

2000

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

2004

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

2006

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

2007

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

2012

- Acquired stock of Unite Co., Ltd.

2014

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

2015

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

2016

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

2017

- Established new companies in Thailand and Shanghai, China

2018

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

2020

- Made SOOKI Co., Ltd. and SOOKI SALES Co., Ltd. subsidiaries following the stock acquisition of SOOKI HOLDINGS Co., Ltd.
- Expanded operations into Australia

2022

- Transition to Tokyo Stock Exchange Prime Market

1960s

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

1970s

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

1980s

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

1990s

Listed on the Sapporo Securities Exchange, and the First Section of the Tokyo Stock Exchange two years after listing in the Second Section.

2000s

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

2010~

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

Change in Net Sales/Ordinary Profit

Left axis : ■ Non-consolidated net sales

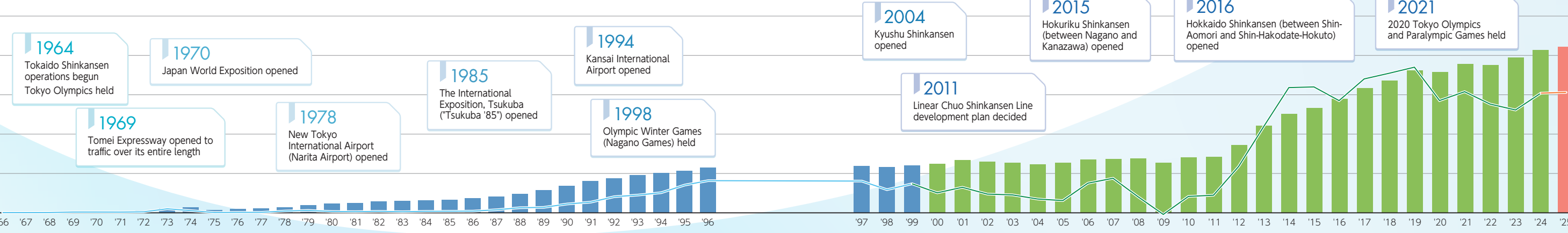
■ Consolidated net sales

■ Consolidated net sales projection

Right axis : ■ Non-consolidated ordinary profit

■ Consolidated Ordinary profit

■ Consolidated ordinary profit projection



Key milestones marked on the chart:

- 1964: Tokaido Shinkansen operations begun, Tokyo Olympics held
- 1969: Tomei Expressway opened to traffic over its entire length
- 1970: Japan World Exposition opened
- 1978: New Tokyo International Airport (Narita Airport) opened
- 1985: The International Exposition, Tsukuba ("Tsukuba '85") opened
- 1994: Kansai International Airport opened
- 1998: Olympic Winter Games (Nagano Games) held
- 2004: Kyushu Shinkansen opened
- 2011: Linear Chuo Shinkansen Line development plan decided
- 2015: Hokuriku Shinkansen (between Nagano and Kanazawa) opened
- 2016: Hokkaido Shinkansen (between Shin-Aomori and Shin-Hakodate-Hokuto) opened
- 2021: 2020 Tokyo Olympics and Paralympic Games held

10 Kanamoto 2025

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Kanamoto's Performance in Numbers

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

Group Market Rankings and Sales

P54

Domestic

2nd

Consolidated Net Sale

207,218 million yen

Consolidated operating profit

14,569 million yen

Number of Locations and Group Companies

P33

Domestic

534 locations

Overseas

24 locations

Number of Alliance Group Companies

34 companies

Number of Rental Items

P16

Approx. 1,100 models, 810,000 items

Personnel (Certified)

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

P42-43

Construction Equipment Mechanic	981	Portable Generator Mechanic	603
(Total of Expert, 1st Class, and 2nd Class Mechanic)			
Organic Solvent Work Manager	401	Hazardous Materials Handling Manager	415
Vehicle-type Construction Equipment Operators	4,478	Mobile Crane Operator	2,074
P58			
Number of Employees	Non-consolidated 1,995	Consolidated 3,892	
Average years of service	13.0		

*Excluding directors and temporary or part-time workers

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

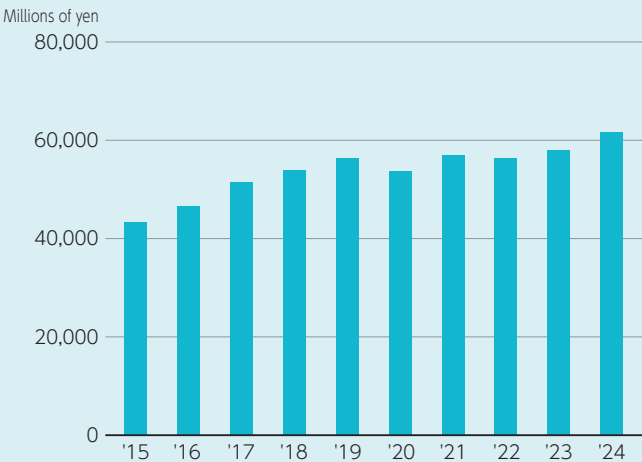
Hokkaido Region	23.7%	Tohoku Region	21.0%	Kanto & Koshinetsu Region	21.9%
West Japan Region	14.2%	Kyushu & Okinawa Region	15.5%	Overseas	3.7%

Ten-Year Summary (Consolidated)

Millions of yen

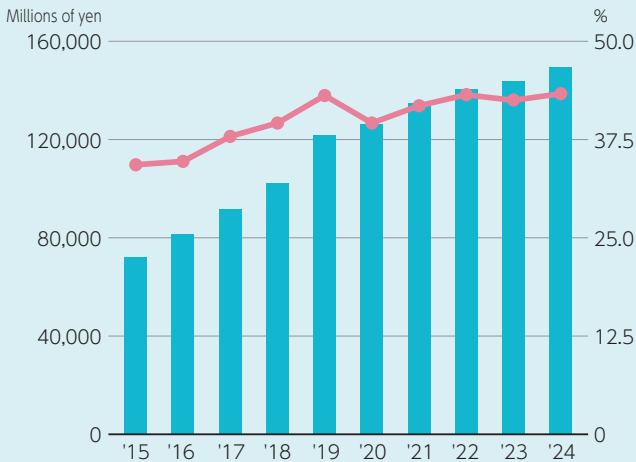
Consolidated operating results	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net sales	133,292	144,870	158,428	168,188	180,694	179,053	189,416	188,028	197,481	207,218
Operating profit	16,270	15,134	16,665	17,599	17,842	14,250	14,624	13,229	11,958	14,569
Ordinary profit	16,164	14,405	17,193	17,925	18,277	14,268	15,391	13,780	12,488	15,218
Profit attributable to owners of parent	9,557	8,098	10,744	11,857	11,430	8,466	8,907	8,345	6,721	9,013
Plant and equipment investment	27,639	29,441	26,584	35,136	39,810	38,585	28,596	35,831	43,926	38,921
Consolidated financial position										
Total assets	202,578	220,540	227,155	241,374	268,182	301,533	303,754	305,320	316,440	322,853
Net assets	71,998	81,434	91,788	102,031	121,779	126,188	134,917	140,611	143,677	149,713
Consolidated cash flows										
Net cash provided by (used in) operating activities	33,509	26,618	37,788	35,421	39,146	40,701	39,351	33,158	37,960	41,696
Net cash provided by (used in) investing activities	(4,488)	(8,940)	(4,747)	(6,980)	(5,989)	(14,040)	(3,373)	(11,331)	(6,699)	(2,729)
Net cash provided by (used in) financing activities	(24,857)	(20,726)	(30,960)	(26,858)	(26,740)	(22,204)	(28,794)	(30,893)	(33,995)	(33,529)
Cash and cash equivalents at end of period	36,150	33,069	35,160	36,733	43,511	48,023	55,557	47,047	45,093	50,586
Information per share of common stock										yen
Net income per share	266.27	229.16	304.05	335.54	295.30	221.45	235.55	224.64	185.40	253.72
Net assets per share	1,969.16	2,169.93	2,440.41	2,707.49	2,981.68	3,150.30	3,357.10	3,571.98	3,729.73	3,950.40
Dividends per share	35.00	45.00	50.00	60.00	65.00	65.00	70.00	75.00	75.00	80.00
Dividend payout ratio	13.1%	19.6%	16.4%	17.9%	22.0%	29.4%	29.7%	33.4%	40.5%	31.5%
Management index										Millions of yen
EBITDA ⁺	43,328	46,530	51,545	53,863	56,322	53,785	57,030	56,241	57,894	61,714
Equity ratio	34.4%	34.8%	38.0%	39.6%	43.1%	39.5%	41.8%	43.2%	42.5%	43.4%
Return on equity (ROE)	14.4%	11.1%	13.2%	13.0%	10.8%	7.2%	7.2%	6.4%	5.0%	6.6%
Return on assets (ROA)	4.9%	3.8%	4.8%	5.1%	4.5%	3.0%	2.9%	2.7%	2.2%	2.8%

EBITDA⁺



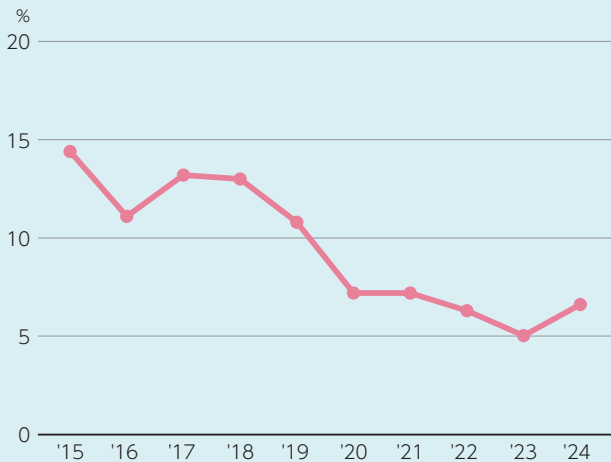
EBITDA⁺= Operating profit + Depreciation expense + Other depreciation and amortization expense + Low-price rental assets, and others

Net Assets
Equity Ratio



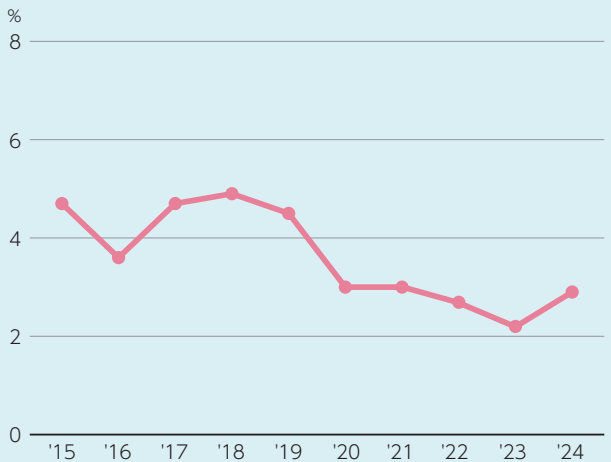
Net assets
Equity ratio
Equity ratio = Shareholders' equity ÷ Total assets

Return on Equity (ROE)



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

Return on Assets (ROA)



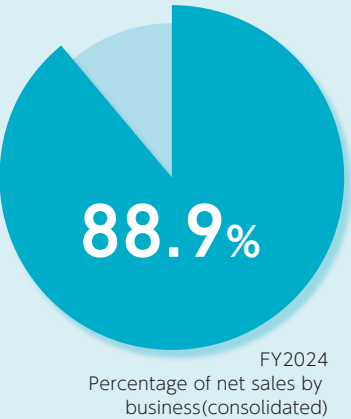
ROA
ROA = Net income ÷ Total assets

Business Overview

Construction Equipment Rental Business

We pursue rental equipment tailored to the needs of worksites as social infrastructure that supports construction.

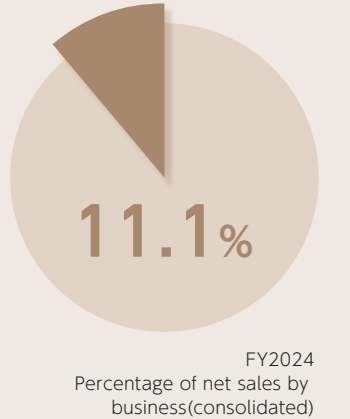
The construction business accounts for approximately 90% of the Kanamoto Group’s sales. We provide services that respond quickly and appropriately to all needs from construction sites, including civil engineering and construction.



Other Businesses

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

The Kanamoto Group develops its Steel Product Sales Business, Information Products Rental Business, Welfare-related Business and a variety of other businesses alongside its core Construction Equipment Rental Business.



A Full Line-up of Around 810,000 Rental Items in Japan

Kanamoto possesses around 810,000 rental equipment items made up of approximately 1,100 different models. Whether construction machinery from hydraulic excavators to dump trucks or temporary housing materials, generators, or various hand tools, we have put together a line-up of products that respond to every need, including Digital Transformation(DX), which is becoming increasingly important in recent years. This broad line-up not only includes diverse models but also a wide selection of sizes and accessory options. Kanamoto works to provide a full line-up of items and comprehensive support as a one stop shop to satisfy the equipment procurement needs of our customers.



Reliable Maintenance Systems Set Up at Around 220 Branches Nationwide

Kanamoto alone has about 220 branches in Japan while the Group has more than 530 locations. Every single one of these locations has highly-skilled maintenance staff who maintain the rental equipment on a daily basis to maximize its performance. Uncompromising maintenance also helps enhance the asset value of equipment to be sold in the used equipment market.

Rent and Sale in Tune with the Global Market

The basic business model for rental business is to recover investment outlays for the purchase of assets through rental income before ultimately selling of the equipment. Kanamoto has consistently sought to boost its profit margin by easing the burden of depreciation and extending the life of assets. We also flexibly judge the timing of sales for used construction equipment models in high demand according to global market conditions.

Substantial Compensation Systems that Rapidly Respond to Diverse Needs

Kanamoto has put in place compensation systems to fully insulate customers against accidents, theft and other inherent risks of construction equipment or vehicles during the rental period. In recent years, users’ needs to respond to these types of risks have diversified as the type of accidents and scope of compensation have become more complex. In order to reflect customer needs, Kanamoto has assigned compensation assessment managers to each region in an effort to improve our services and provide peace of mind, such as by proposing the most suitable compensation for each customer’s needs.



Steel Product Supply Essential for Civil Engineering and Construction

Steel Product Sales Business

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

the use of IT. By constantly researching trends in the IT industry, which is seeing remarkable technological progress, the Information Products Division actively proposes advanced customer-oriented services to offer the latest hardware and software.

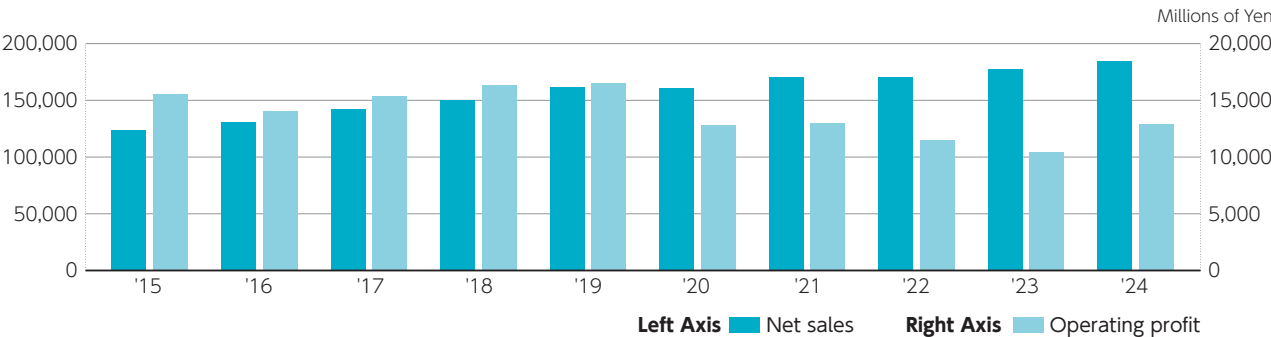
Unique Service System to Support In-home Care

Welfare-related Business

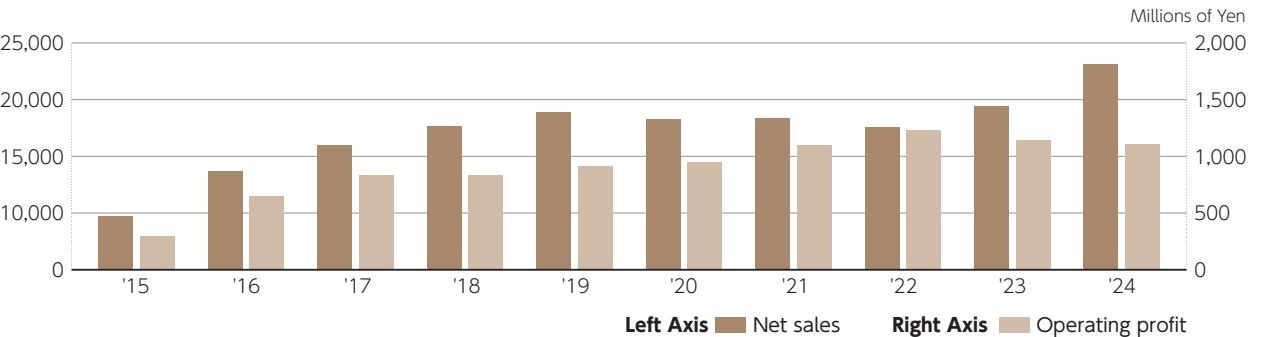
In the Welfare-related Business, NISHIKEN CO., LTD. and Carewell Anshin Co., Ltd. rent and sell assistive technology and nursing care products. Safety and security are keywords in the Welfare-related Business. Our broad line-up from personal-use products to training equipment for care and prevention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



Performance

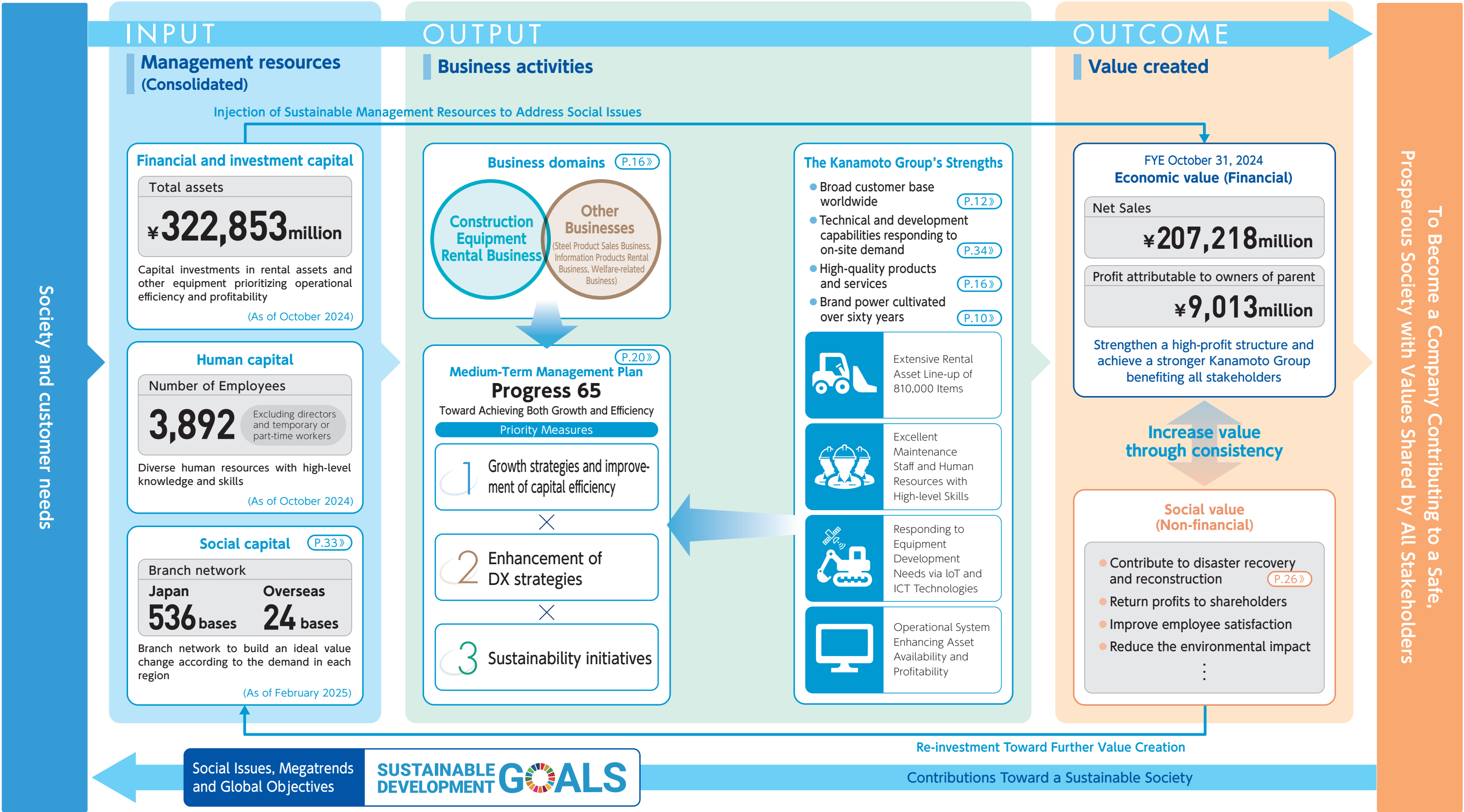


Performance



Value Creation Process

The Kanamoto Group creates value that helps address social issues through the development of global businesses centered upon construction, robust corporate governance and ideal organizations and structures, while integrating and using management resources founded in the needs of society and customers.



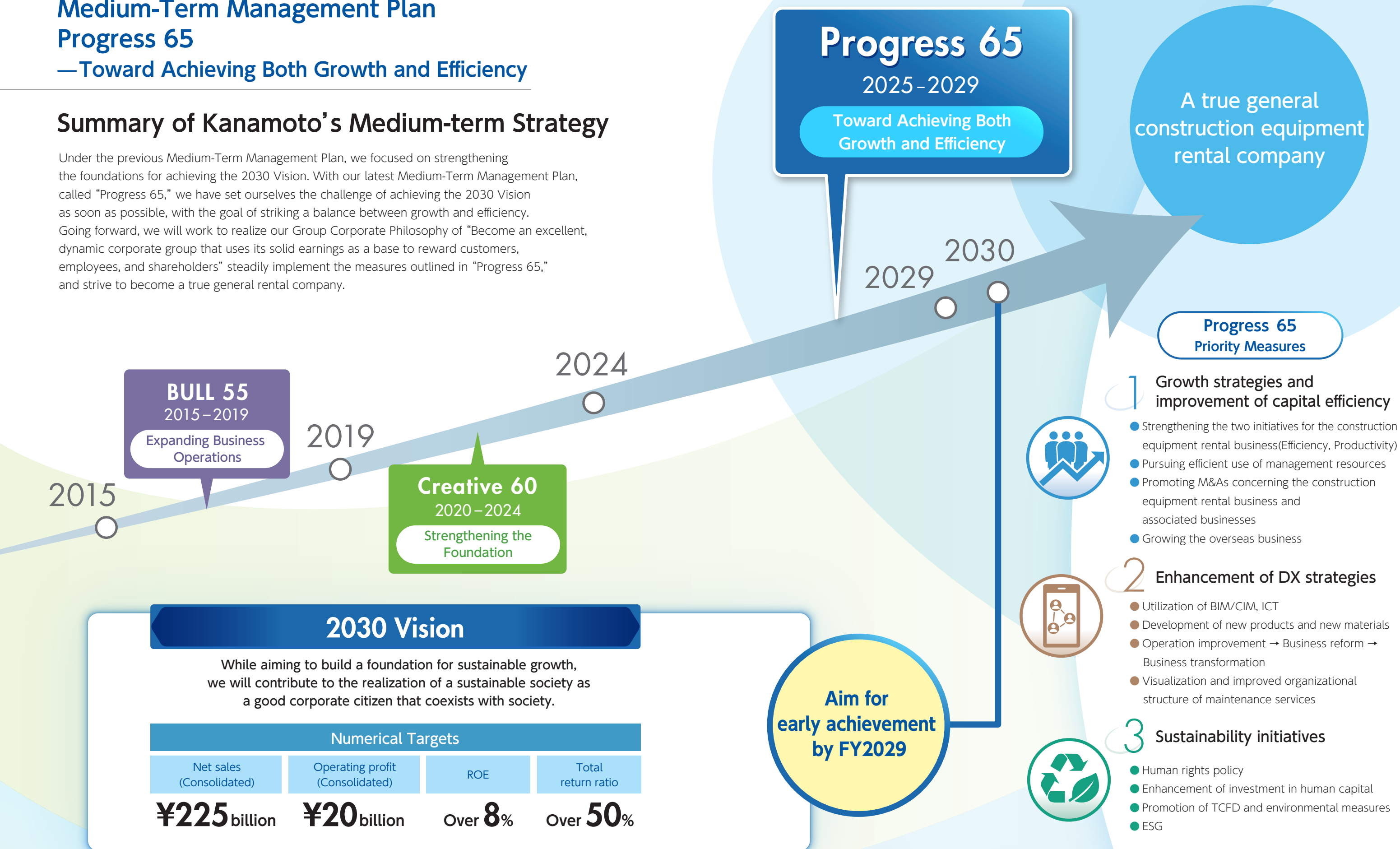
Medium-Term Management Plan

Progress 65

—Toward Achieving Both Growth and Efficiency

Summary of Kanamoto's Medium-term Strategy

Under the previous Medium-Term Management Plan, we focused on strengthening the foundations for achieving the 2030 Vision. With our latest Medium-Term Management Plan, called "Progress 65," we have set ourselves the challenge of achieving the 2030 Vision as soon as possible, with the goal of striking a balance between growth and efficiency. Going forward, we will work to realize our Group Corporate Philosophy of "Become an excellent, dynamic corporate group that uses its solid earnings as a base to reward customers, employees, and shareholders" steadily implement the measures outlined in "Progress 65," and strive to become a true general rental company.



Overview of Our Medium-Term Management Plan “Progress 65”

We have formulated our Medium-Term Management Plan “Progress 65”—Toward Achieving Both Growth and Efficiency, which covers the five-year period from fiscal year 2025 to fiscal year 2029. Guided by three priority measures—“Growth strategies and improvement of capital efficiency,” “Enhancement of DX strategies,” and “Sustainability initiatives”—we aim to build a solid earnings base that is not affected by changes in the business environment and to contribute to the realization of a sustainable society.

◆ Priority Measures

1 Growth strategies and improvement of capital efficiency

By forming growth strategies that understand the changing nature of society’s needs, and by providing services backed up by our technologies, we will improve value for customers and society.

Strengthening the two initiatives for the construction equipment rental business	→	• Improved efficiency • Improved productivity
Pursuing efficient use of management resources	→	• Implementing consolidation, closing or merging of business offices • Efficient allocation of management resources
Promoting M&As concerning the construction equipment rental business and associated businesses	→	• Large-scale rental mall that functions as a centralized site for specialty stores • Accumulate and share all types of solutions
Growing the overseas business	→	• More competitive to achieve growth • Pursuit of greater operational efficiency • Continued securing of overseas business personnel

2 Enhancement of DX strategies

Using data and digital technologies, we plan to reform our business model and put in place a data-driven management approach. By promoting DX, our aim to send our productivity skyrocketing.

Utilization of BIM/CIM, ICT	→	• Higher productivity using BIM/CIM • Expansion of ICT construction machinery, etc. to advance labor-savings and off-site operations
Development of new products and new materials	→	• More advanced video transmission systems • Retrofits with remote operation controls and safety measures • Standardization of instruction manuals with videos
Operation improvement → Business reform → Business transformation	→	• Use of SaaS and digital content • Construction of a data integration platform • Generative AI and telematics research
Visualization and improved organizational structure of maintenance services	→	• Reform processes and introduction of labor-saving equipment • Stronger cooperation with supply chains • Enhanced cross-group interaction and management aimed at passing on skills

3 Sustainability initiatives

We will aim to build a foundation for sustainable growth, which is part of our Group Vision.

Human rights policy	→	• Respect for international norms • Strict adherence to laws and regulations • Respect for human rights
Enhancement of investment in human capital	→	• Improved salary levels and engagement • Enhanced internal training • Internal expertise sharing to enhance productivity
Promotion of TCFD and environmental measures	→	• Introduce hybrid and all-electric company vehicles to reduce fossil fuel use • Switch equipment, etc., to make electricity-savings at our facilities to reduce our electricity consumption
ESG	→	• The Kanamoto Group products and services will create new value that helps achieve the SDGs and contribute to the development of a sustainable society.

◆ Numerical Targets

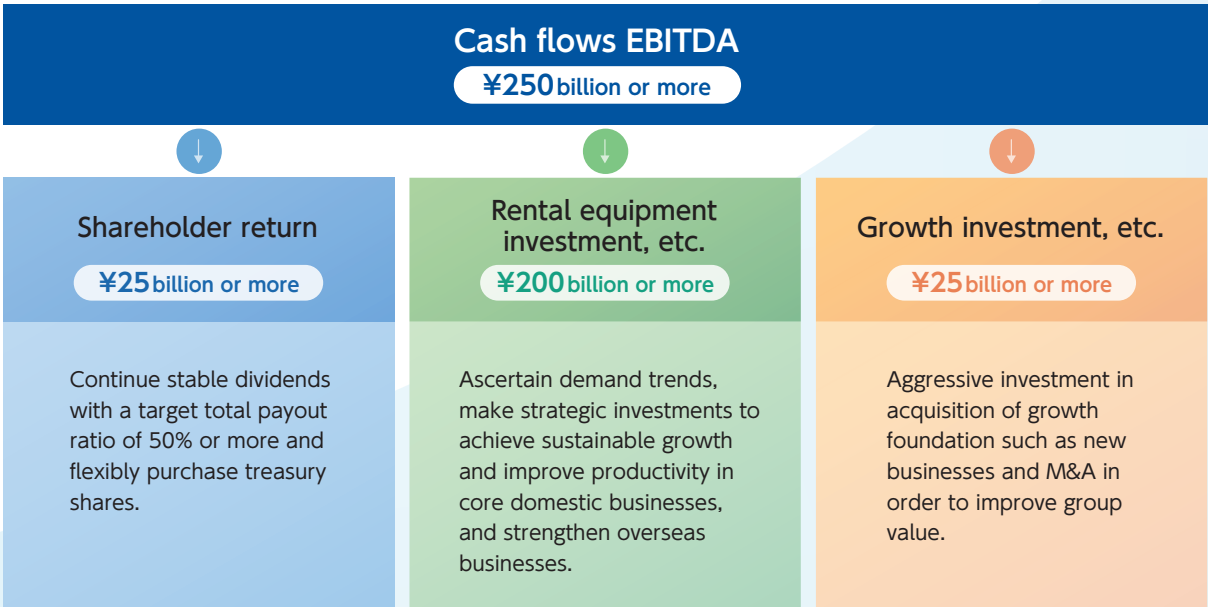
	FY2024	FY 2029/E	Change
Net sales	2,072	2,354	+ 282
Operating profit	145	210	+ 65
Equity ratio	43.4%	42.5%	− 0.9%
EPS (yen)	253.72	427.43	+ 173.71
BPS (yen)	3,950.40	5,434.58	+ 1,484.18
ROA	2.8%	3.5%	+ 0.7%
ROE	6.6%	8.2%	+ 1.6%
EBITDA+	617	708	+ 91

◆ Measures to Implement Management That Is Conscious of Cost of Capital and Share Price



◆ Cash Allocation (Five-year cumulative)

- 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



Growth Strategies and Improvement of Capital Efficiency

Growth strategy

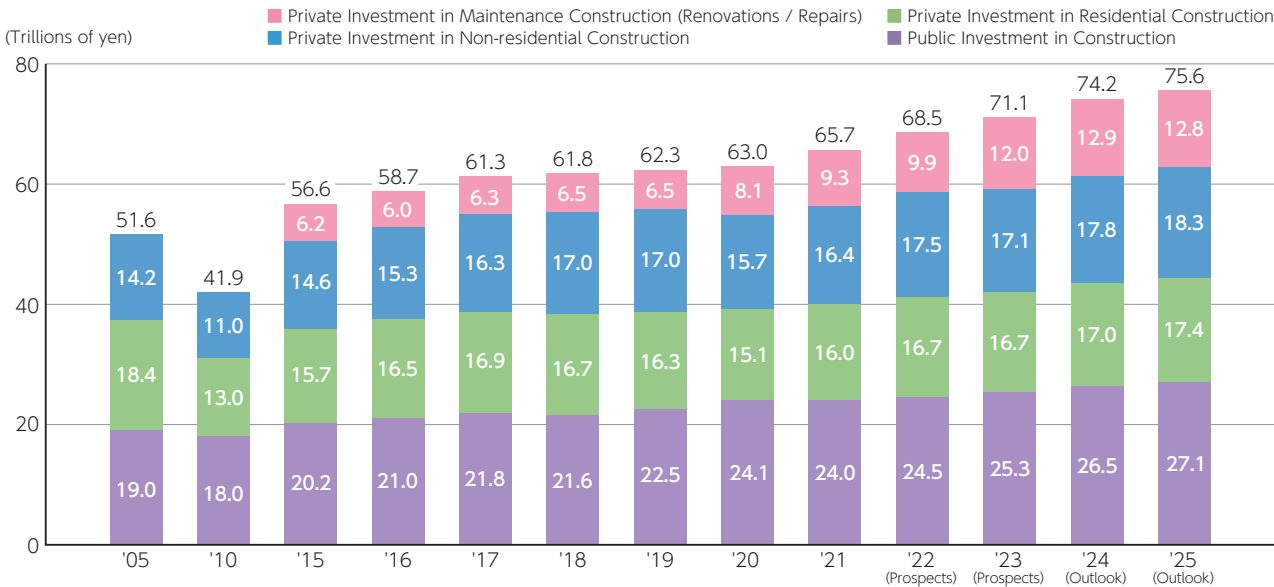
Further Strengthening Adaptability to Rental Demands While Aiming for Solid Sustainable Growth Centered on the Rental Business

Construction Investments Expected to Grow Steadily Across Japan

The amount of construction investment has been rising steadily since around 2012, to an estimated total of ¥74.2 trillion for fiscal 2024, 4.3% higher than the amount estimated for fiscal 2023 (¥71.1 trillion). Forecasts anticipate ¥75.6 trillion of investments throughout fiscal 2025, a 1.9% increase year-on-year. Our Group aims to achieve sustained growth by providing a steady supply of construction equipment rentals with even greater versatility and specialization by leveraging our advantages in the civil engineering field, which is our forte, while also striving to strengthen our ability to respond to disaster prevention and mitigation and national land resilience described below.



Nominal Investment Trends in Domestic Construction



Source: Prepared based on the Construction Economy Model Forecast of Construction Investment (January 2025) published by the Research Institute of Construction and Economy (RICE)

National Land Resilience Policy with ¥15 Trillion Project Budget Continues

The budget for the Five-Year Program of Acceleration Measures for Disaster Prevention, Mitigation, and National Land Resilience that began in fiscal 2021 is proceeding at approximately ¥15 trillion. With a supplementary fund of approximately ¥1.6 trillion secured in fiscal 2024 in response to the Noto Peninsula earthquake, a total of 123 disaster reduction projects will address a wide range of issues from measures to tackle more severe storm and flood damage as well as imminent large-scale earthquakes to obsolescence measures for a transition to preventative maintenance of infrastructure in addition to the promotion of a digital transformation aiming to enhance the efficiency of policies toward a more resilient Japan. Over five years, flood disaster prevention measures to manage river basins will build and reinforce structures such as embankments and proceed river channel excavation to increase the maintenance rate of class A rivers prepared for the largest potential floods after World War II from 65% to 73%. These projects also intend to increase anti-landslide and embankment measures along emergency transit routes with a high risk of landslide damage (approx. 33,000 locations) to 73% by fiscal 2025. This policy lays out many specific targets to promote a digital transformation in each field, such as an increase in the implementation rate of ICT from 79% in fiscal 2019 to 88% by fiscal 2025.

Continued Progress of Projects to Strengthen the Road System

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

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

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

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

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

Growth Strategies and Improvement of Capital Efficiency

Growth strategy

The Kanamoto Group is Building a Continuous Support System for Responding to Natural Disasters, including Free Excavator Training

The Entire Group Works Together to Provide Construction Machinery, Equipment, and Know-how

The national government has designated the five-year period from 2021 to 2025 as the second phase of reconstruction and vitalization following the Great East Japan Earthquake. This phase includes investment of approximately ¥1.6 trillion in support projects that are being carried out, and the Kanamoto Group will do everything in its power to respond. Natural disasters have tended to become more frequent and severe in recent years, with large-scale earthquakes and typhoons, as well as floods and landslides caused by linear rain zones occurring every year. As shown below, there have been many disasters since 2017 that have been designated by the government as “Major Disasters,” resulting in extensive destruction to human life, homes, infrastructure, and local industries. The Kanamoto Group responds to requests from various regions by providing construction machinery and equipment needed for recovery construction work following these disasters. We are also doing what we can to ensure that there is a sufficient pool of human resources capable of operating these machines. For example, in April 2024, we worked with KATO WORKS CO., LTD. to hold a free excavator training session in Kanazawa for local students as part of our support measures for disaster-affected areas. In the future, we will build a continuous support system to better use all of our strengths toward more comprehensive support.

Recent Major Disasters

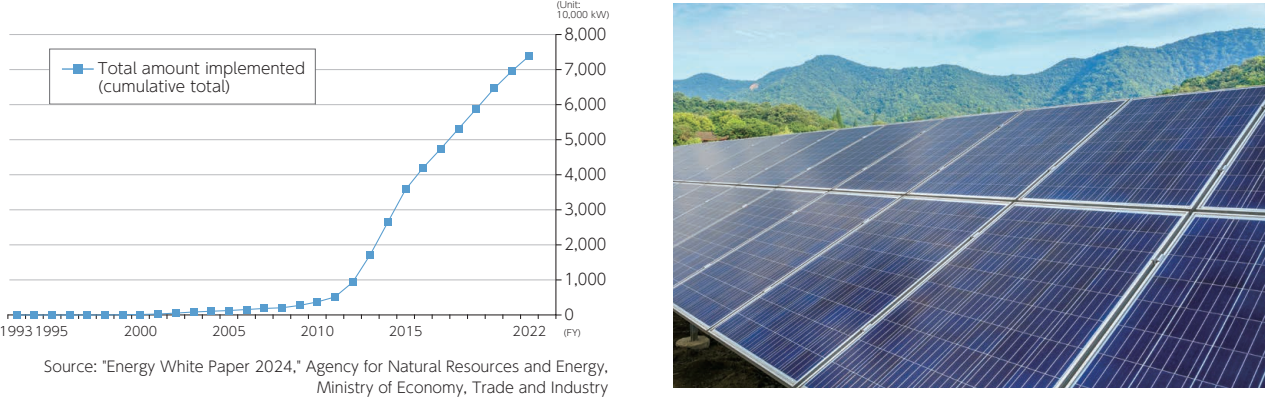
2017	June/July Torrential rains in Northern Kyushu and Typhoon No.3 Fukuoka/Oita/Akita prefectures	2019	October Typhoon No.19 to 21 Tokyo and 13 prefectures in the Tohoku, Kanto Koshinetsu, and Tokai regions	2023	May to July Stationary rain front/Typhoon No. 2 Aomori/Akita/Ibaraki/Saitama/Toyama/Ishikawa/Shizuoka/Wakayama/Shimane/Yamaguchi/Fukuoka/Saga/Oita prefectures
	September Typhoon No.18 Kyoto/Ehime/Oita prefectures		2020		August Typhoon No. 7 Kyoto/Hyogo/Tottori prefectures
	September Typhoon No.21 Niigata/Mie prefectures and the Kinki region		2021		September Typhoon No. 12, and 13 Ibaraki/Chiba prefectures
2018	May to July 2018 Japan Floods and Typhoon No.5 to 8 Okayama/Hiroshima/Ehime prefectures	2022	August Typhoon No.9, 10, etc. 7 prefectures in regions from Tohoku to Kyushu	2024	January 2024 Noto Peninsula Earthquake Ishikawa/Toyama/Niigata/Fukui prefectures
	August/September Typhoon No.19 to 21 Wakayama/Nara/Osaka/Nagano/Niigata prefectures		March Shinchimachi, Soma district, Fukushima Earthquake Fukushima		June/July Stationary rain front Akita/Yamagata/Shimane prefectures
	September Hokkaido Eastern Iburi Earthquake Hokkaido		July Torrential rains caused by the stationary rain front Kumamoto/Miyagi prefectures		August Typhoon No. 5 Iwate prefecture
	September/October Typhoon No.24 Tottori/Miyazaki/Kagoshima prefectures		August Torrential rains caused by the stationary rain front/Typhoon No.8 Aomori/Yamagata/Niigata/Ishikawa/Fukui prefectures		August/September Typhoon No. 10 Kanagawa/Gifu/Shizuoka/Aichi/Fukuoka/Oita/Miyazaki/Kagoshima prefectures
2019	June/July Typhoon No.3, 5, etc. Nagasaki/Kagoshima/Kumamoto prefectures	2023	September Typhoon No.14/15 Shizuoka/Yamaguchi/Kochi, Fukuoka/Saga/Nagasaki/Kumamoto/Oita/Miyazaki/Kagoshima prefectures		September Torrential rains caused by the stationary rain front Ishikawa prefecture
	August/September Typhoon No.10, 13, 15, 17, etc. Saga/Chiba prefectures		May 2023 Okunoto Earthquake Ishikawa Prefecture	Note: Areas highlighted in light blue indicate the main regions afflicted by each disaster. Source: Disaster Prevention Information page on the Cabinet Office website Earthquake Information, Ishikawa Prefecture website	

Contributing to a Sustainable, Decarbonized Society by Strengthening Our Ability to Respond to the Rising Demand for Renewable Energy

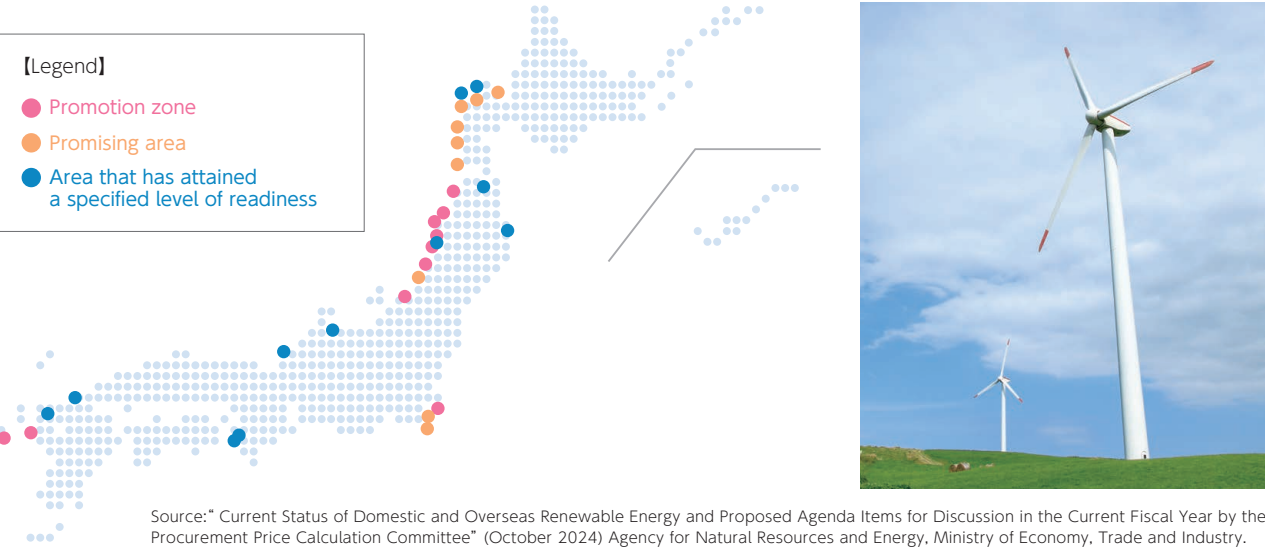
Strengthening Handling of Constructions for Renewable Energy

Renewable energy sources, including wind and solar power, have been expanding rapidly in recent years. The amount of solar power generation installed in Japan has been steadily increasing year by year, with a cumulative 73 million kW installed by March 31, 2024, ranking third in the world after China and the United States, a remarkable development. In addition, with the target for introduction in fiscal 2030 set at 129-146 billion kWh, and with plans to consolidate solar power generation businesses to create larger-scale operations, capital investment is expected to continue. Wind power is also a potentially economical energy source, as its electricity generation cost is comparable to that of thermal power if it can be generated on a large scale. Meanwhile, the Agency for Natural Resources and Energy, part of the Ministry of Economy, Trade and Industry, has estimated that the investment required to put in place the inter-regional power line networks needed to connect Hokkaido, Tohoku, Tokyo, and other areas would amount to several trillion yen nationwide. Our Group will contribute to a sustainable decarbonized society that takes the global environment into consideration, while strengthening our ability to respond to the renewable energy field by providing construction machinery and equipment required for construction work, including the foundations for these projects.

Trends in Solar Power Generation in Japan



Maximizing Implementation at Suitable Sites: Promoting Offshore Wind Power



Growth Strategies and Improvement of Capital Efficiency

Growth strategy

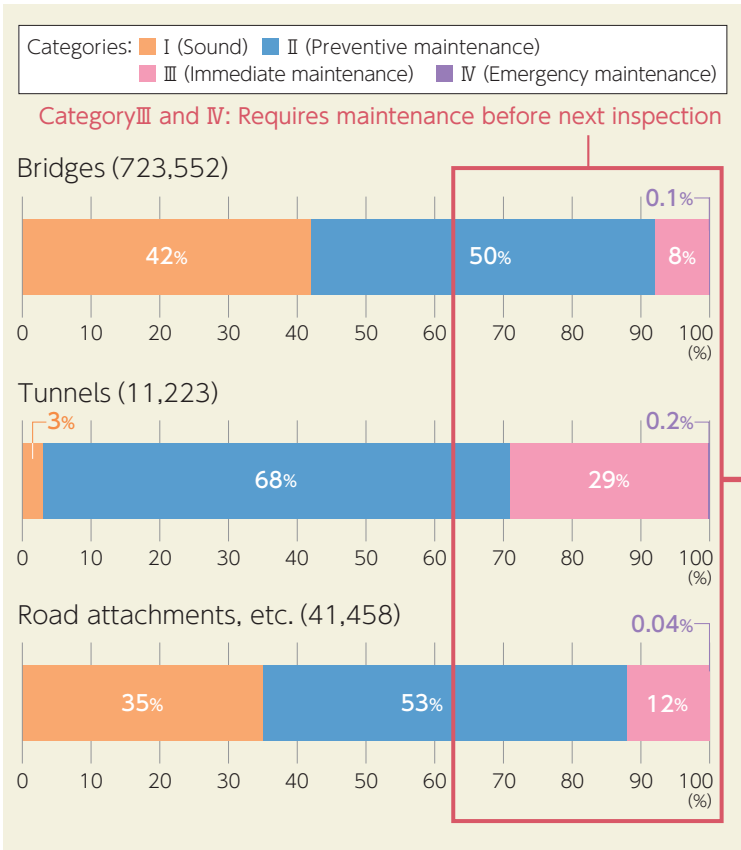
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Promoting Higher Maintenance Productivity to Support Longer Lasting Road Infrastructure

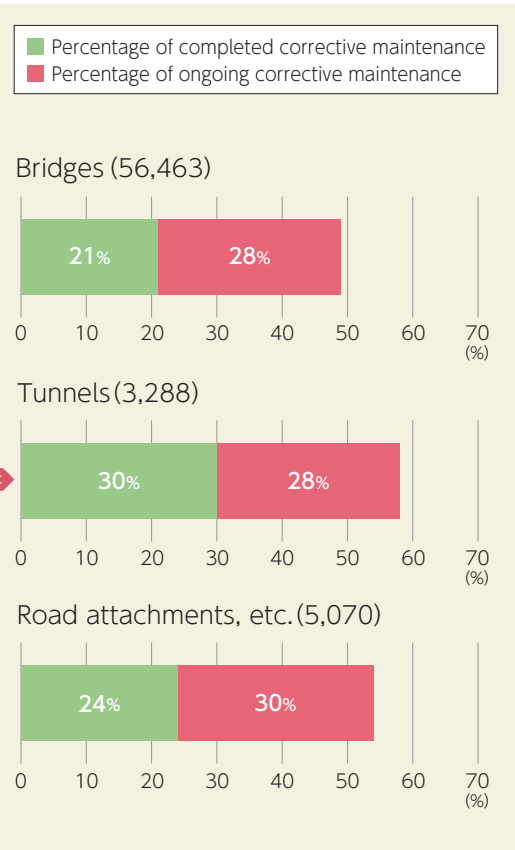
Need for Road Infrastructure Development to Continue Steadily in the Future

Statutory once-a-five-year close visual inspections of road infrastructure enacted in 2014 assess bridges and other infrastructure to put in place five-year maintenance measures by designating maintenance needs as Category III (immediate maintenance) or Category IV (emergency maintenance). 56,463 bridges were designated Category III or Category IV in the Annual Report on Road Maintenance (August 2024) prepared by the Ministry of Land, Infrastructure, Transport and Tourism during inspections as of March 31, 2024. Japan had begun maintenance on 27,412 of those bridges, only 49% of the total number of bridges requiring attention. Similar repairs have also only begun on 58% of tunnels requiring attention in 3,288 sites as well as 54% of road attachments in 5,070 locations. In addition, 4% of the bridges, 15% of tunnels, 8% of road attachments, etc. assessed as Category I (sound) or II (preventive maintenance stage) in inspections conducted between fiscal 2014 and fiscal 2017 had become Category III or IV after five years in inspections conducted between fiscal 2019 and fiscal 2023. To overcome these challenges, Kanamoto promotes a shift to preventative maintenance and higher maintenance productivity that undertakes the proper maintenance work before damage and degradation progresses, which is essential to optimizing infrastructure stock.

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



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



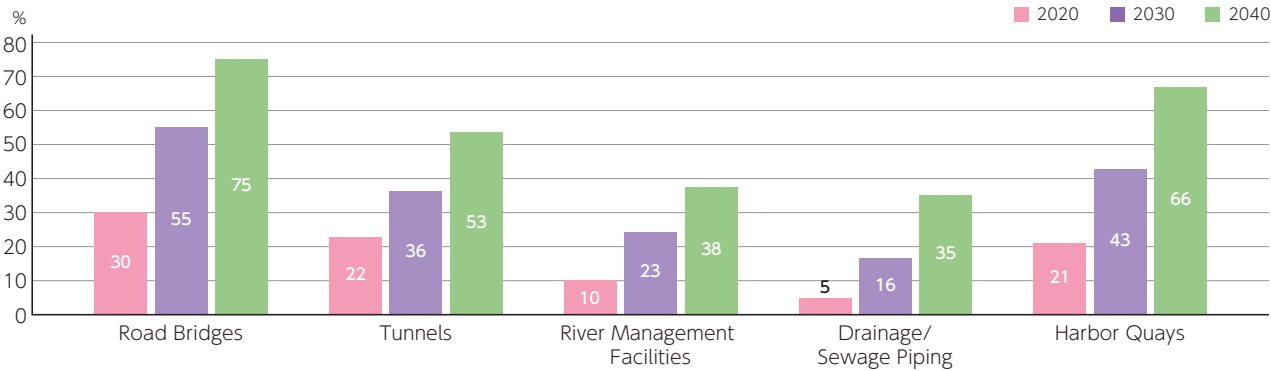
Note: Figures in parentheses indicate the number of sites.
Source: Prepared based on the Annual Report on Road Maintenance (August 2024) released by the Ministry of Land, Infrastructure, Transport and Tourism.

Responding to the Need for Large-scale Infrastructure Upgrades through Our New Technology and Extensive Lineup

Japanese infrastructure is clearly aging as shown by once-a-five-year inspections. The percentage of infrastructure more than 50 years old includes roughly 37% of road bridges, 25% of tunnels, and 27% of harbor quays. These are just some of the 12 types of infrastructure under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism earmarked for upwards of ¥194.6 trillion in maintenance and renewal over the next 30 years. Moreover, large-scale refurbishment plans for expressways outside the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism such as roughly ¥5 trillion for three NEXCO companies and roughly ¥1 trillion combined for Metropolitan Expressway and Hanshin Expressway are underway. In this maintenance environment, the hope of new technology for building and renovating infrastructure is higher than ever. The Kanamoto Group promotes products and technology for infrastructure maintenance and repairs to actively develop new products and adopt others certified by the New technology Information System (NETIS)*. We not only have an ample line-up of specialty construction equipment for ground improvements but also teams of ground improvement experts at Group companies. Our equipment and expertise helps organization such as petroleum industrial complexes where deep underground construction work, underwater work, and thorough prevention of ground sinking and subsidence are absolutely essential. The demand for such specialized civil engineering equipment is expected to grow even for overseas projects building infrastructure, such as the Asia and Oceania region.

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

Percentage of Infrastructure Over 50 Years Old



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

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

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

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

Growth Strategies and Improvement of Capital Efficiency

Growth strategy

Construction of Semiconductor Plants, etc. for World’s Major Semiconductor Manufacturers is Progressing in Various Locations, Stimulating Vigorous Demand Including Infrastructure Development

Large-scale Construction Work is Underway in Kyushu and Hokkaido, Areas Where We Have a High Market Share

In addition to measures toward a more resilient Japan, including measures to protect public infrastructure from disasters and deterioration, the construction of plants for manufacturing semiconductors, which are indispensable for electronic devices and other products, is steadily underway. TSMC, a Taiwanese semiconductor manufacturer, is building a semiconductor plant in Kumamoto Prefecture covering an area of more than 20 ha. TSMC invested around 8.6 billion dollars (approx. ¥1 trillion) in Fab 1 in Kumamoto Prefecture. This amount will include up to around ¥480 billion in subsidies from the Japanese government. Fab 1 opened in February 2024, and construction of Fab 2, which is scheduled to begin operations by the end of 2027, also began this year. In addition, Rapidus, a semiconductor manufacturing company, is building a state-of-the-art semiconductor plant in Chitose City, Hokkaido, with a total of ¥5 trillion invested. Meanwhile, in November 2024, Chitose City announced plans to develop a new 45-hectare industrial park near the area where the Rapidus factory is being built. This is to create an environment that will attract semiconductor-related companies and cater to the demand for the construction of logistics warehouses. New condominiums, commercial facilities, and office buildings are also being built in the area around Rapidus. Additionally, the Green Transformation (GX) initiative, which focuses on the switch to renewable energy, is underway, and work to develop floating offshore wind power generation is attracting a lot of interest. In addition to the work already underway in Nagasaki Prefecture, Hokkaido is also being cited as an area with strong potential. In addition, in light of these large-scale plant construction projects, including a series of development plans for high-class foreign-affiliated hotels in Hokkaido, we will expand our business activities to meet the active needs of each region, including infrastructure development.



Development of Transportation Infrastructure to Access the 2025 Osaka Expo Venue

In Osaka, construction projects related to the Expo, which opens this spring, are currently underway. Also, Yumeshima Station on the Osaka Metro Chuo Line opened on January 19 this year as a means of transport for Expo visitors to Yumeshima. After the Expo, the Yumeshima site is planned to be used for other purposes. For instance, Japan’s first integrated resort (IR) including a casino is set to open there in the fall of 2030. Furthermore, Osaka City is aiming to create a new focal point in western Osaka where people will disembark by attracting hotels and commercial facilities to Bentencho, a transfer station that will become a transportation hub for Yumeshima. With continuous infrastructure improvements expected in relation to the Expo, we will strive to meet the wide range of needs for large-scale construction work.



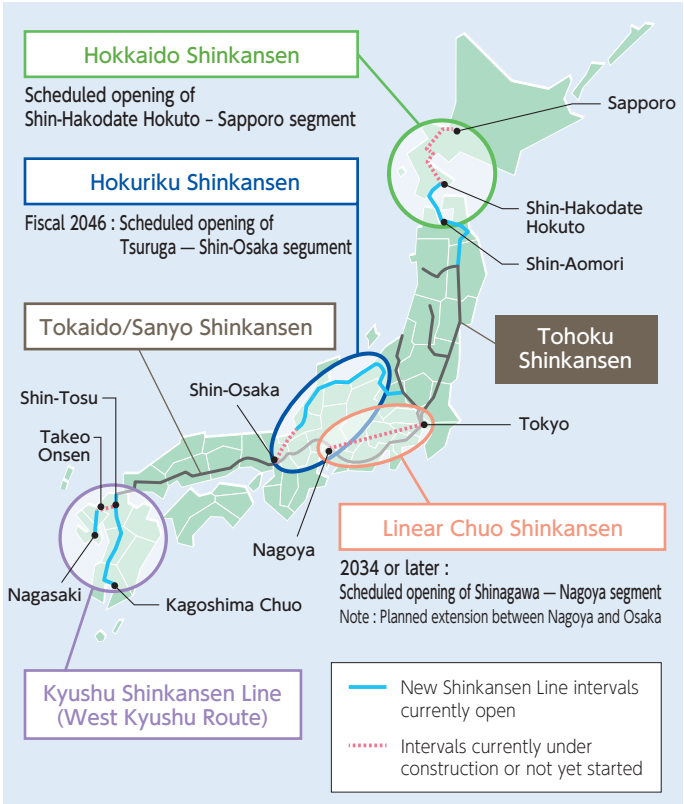
Strengthening Our System to Respond to the Construction of Planned Shinkansen Lines, Tunnel Construction on Trunk Roads, etc.

Large-scale transportation infrastructure construction and maintenance projects are also in full swing in various regions. Construction work to extend the Hokkaido Shinkansen from Shin-Hakodate-Hokuto to Sapporo is continuing apace, with the government’s budget proposal for fiscal 2025 allocating ¥236 billion for construction costs, the largest amount of money allocated since construction began. Construction of the Linear Chuo Shinkansen (Shinagawa to Nagoya), a massive project with an estimated budget of ¥7 trillion to ¥10 trillion, is continuing with an eye to beginning service in 2034 or later. In December 2024, construction of the Linear Kanto Rolling Stock Depot also began in Sagami City, Kanagawa Prefecture. A project tentatively named the Haneda Airport Access Line began, which has been planned since 2016. This project is building a new roughly 5km access line from the Haneda Airport New Station (tentative) located between Domestic Terminal 1 and Terminal 2 of Haneda Airport to the Tokyo Cargo Terminal. The plan for this project upgrades the existing lines and connects them to the new line to provide direct access to Haneda Airport and Tokyo Station as well as the Utsunomiya, Takasaki and Joban areas. The construction cost is expected to be about ¥280 billion including sections for upgrade. Construction began in June 2023, and there are plans for three routes: the East Yamanote Route will run to the Tamachi Station area; the Coastal Area Route, which will link directly to the Rinkai Line area (scheduled to open in 2031); and the West Yamanote Route, which will run to the Shinjuku and Ikebukuro areas (opening date yet to be decided). Kanamoto launched a Specialized Equipment Engineering Division in August 2016 to oversee the new Tunnel Machinery and Water Treatment Machinery Sections. These types of structural reforms strengthen our ability to flexibly handle all aspects of infrastructure construction and maintenance in the future unified as a Group with the increase in work on bullet train lines, the Linear Chuo Shinkansen, and various railway and roadway tunnels.

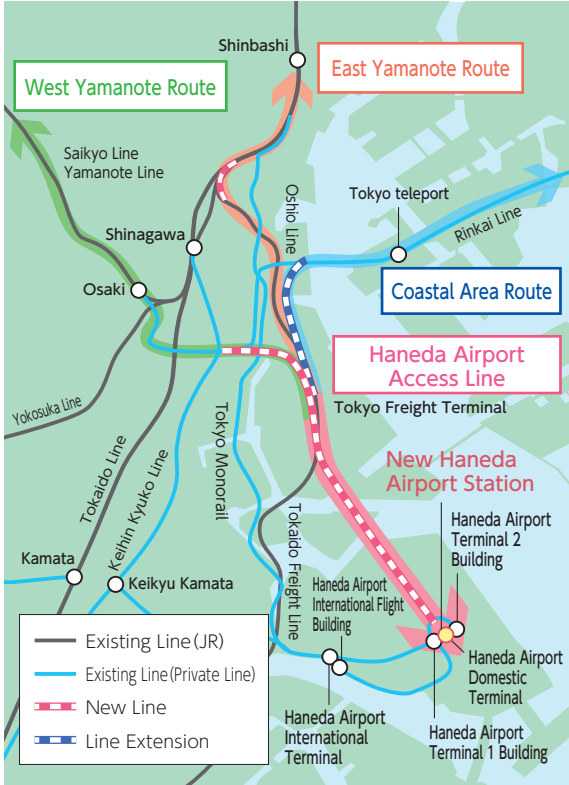


Construction site for the Gifu-ken Station on the Linear Chuo Shinkansen

Various Bullet Train Lines and Linear Chuo Shinkansen Routes



Conceptual Overview of the Haneda Airport Access Line (Tentative) Routes



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

Growth Strategies and Improvement of Capital Efficiency

Growth strategy

Continuing Infrastructure Development Projects in the Asia and Oceania Region

Continuing Expansion of ASEAN Construction Demand

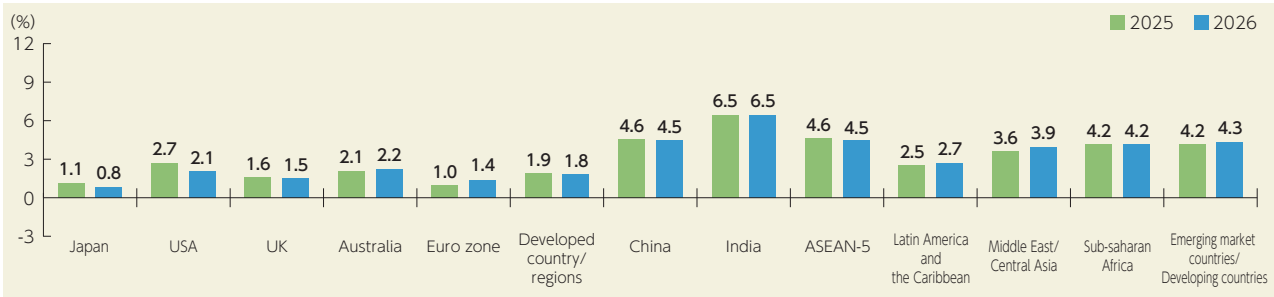
Construction business in ASEAN countries continues to grow steadily in Malaysia, Indonesia, Thailand, and other countries in the region. On January 7, 2025, the governments of Malaysia and Singapore finalized an agreement to establish the Johor-Singapore Special Economic Zone (JS-SEZ). The JS-SEZ is expected to attract investment from third-party countries and Singapore in 11 economic sectors (manufacturing, logistics, food security, tourism, energy, digital economy, green economy, finance, business services, education, and healthcare). In Indonesia, infrastructure development is underway in conjunction with the relocation of its capital city. In Thailand, major large-scale infrastructure development projects are underway within the Eastern Economic Corridor (EEC), including high-speed rail projects, the expansion of U-Tapao Airport, Laem Chabang Port, and Map Ta Phut Industrial Port. In the Philippines, the government is continuing and expanding infrastructure development projects, including the Manila Metro, North-South Commuter Railway, highways, airports, and ports, under its “Build Better More” program. In 2006, the Kanamoto Group established a subsidiary in Shanghai, China, and later expanded into Indonesia, Vietnam, Thailand, and the Philippines in 2015. The Group established a new company in Shanghai in 2017, and in Malaysia in 2018. In Indonesia, we launched a construction equipment rental business on a full scale in October 2023.

Opening a New Base in Australia to Tap into Construction Demand

Australia is pushing ahead with the development of transportation infrastructure, such as the Sydney Metro and high-speed rail, as well as the development of rental apartment complexes based on government tax incentives. Although we are currently expanding our operations in countries such as China, Thailand, Malaysia and the Philippines, among our overseas bases, Australia is the country where we experience the highest level of net sales. In 2020, we acquired two holding companies and three main operating companies of the Porter Plant Group (Australia), which is involved in the construction equipment rental business and other businesses. As a result, the Group’s overseas sales for fiscal 2022 increased more than three times compared to levels in fiscal 2019. In September 2024, consolidated subsidiary PORTER EXCAVATIONS PTY. LTD. (Australia) opened a new base in Shepparton. At each of our overseas bases, we are strengthening our sales system by focusing on training local staff in charge of sales and technical affairs, with the aim of increasing our overseas sales ratio by 10%. As we consider expanding into North America in the future, we will strengthen the sales structure of our overseas bases and develop our business in response to the growing demand for infrastructure in the Asia and Oceania region.



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



Source: Prepared based on the IMF World Economic Outlook Update (January 2025)

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

Branch Strategies in Japan

Our fundamental branch strategy in Japan fosters need-oriented development accounting for large scale projects in various regions while building a solid business base through expansion strategies in Tokyo and other metropolitan areas where public and private demand are concentrated in addition to from Kanto to the west and Kyushu where Kanamoto does not yet have a presence. Since fiscal 2024, we have also been consolidating, closing or merging business offices with the aim of improving operational efficiency by reviewing overlapping offices from past M&As as part of our measures for a form of management that is conscious of cost of capital and share price. Kanamoto will continue to build a more comprehensive branch network by effectively expanding branches while promoting favorable business alliances and M&A strategies with leading companies in each region.

Overseas Business Expansion

The Kanamoto Group has steadily laid a foundation for business overseas since it opened bases in China while responding to the large-scale projects underway centered upon infrastructures, such as expressways, subways and harbor. The expansion of our businesses overseas is one priority measure of the Kanamoto Group to penetrate the massive Chinese market, the remarkable growth in ASEAN nations and Australia that is roughly 20 times the size of Japan. In each of these countries, we anticipate demand for specialized civil engineering equipment, such as for ground improvement and tunneling, and aerial work platforms to grow in fields the Kanamoto Group has unique expertise. The Kanamoto Group will rapidly solidify its foundation for business overseas in the future by clearly addressing these large project needs.

◆ Branch Network

Kanamoto and Group company operating branches in Japan (As of February 1, 2025)

		Kanamoto Co., Ltd.	Consolidated Subsidiaries	Non-consolidated Subsidiaries	Affiliated Companies	Alliance Companies	Total
Domestic	Hokkaido	76	26	0	0	0	102
	Tohoku	56	32	0	0	2	90
	Kanto	45	35	17	1	8	106
	Chubu	22	10	5	3	2	42
	Kinki	8	25	1	1	10	45
	Chugoku	3	15	0	0	0	18
	Shikoku	4	3	0	0	0	7
	Kyushu	5	106	0	0	4	115
	Okinawa	0	0	0	0	12	12
Overseas	China	0	3	1	0	0	4
	Indonesia	0	0	1	0	0	1
	Thailand	0	0	3	0	0	3
	Philippines	0	0	0	1	0	1
	Vietnam	0	0	3	0	0	3
	Malaysia	0	0	1	0	0	1
	Australia	0	11	0	0	0	11
	Total	219	266	32	6	38	561

Enhancement of Digital Transformation(DX) Strategies



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

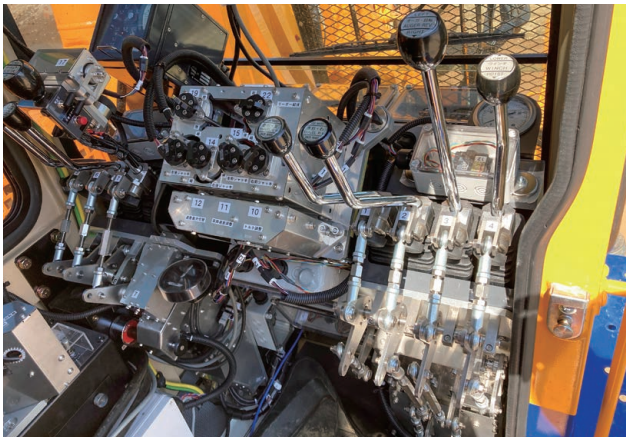
Urgent Need for the Popularization of ICT Implementation and BIM/CIM

Digital Transformation (DX) is coming into increasingly widespread use in the construction industry to compensate for labor shortages. Steps are under way to improve productivity through the introduction of construction robots, IoT, and other technologies. The Ministry of Land, Infrastructure, Transport and Tourism is also strengthening digital transformation initiatives in the infrastructure industry by adopting Information Communication Technologies (ICT) in every process on construction sites to save labor and shorten construction periods. In addition, the number of work and projects using BIM/CIM, a digital technology that has been applied to public works projects in principle since fiscal 2023, has grown to a cumulative total over 3,000 projects as of March 31, 2023. TAKENAKA CORPORATION and other Group companies have placed even more emphasis on this digital transformation through initiatives that include the joint development of BIM × Drone. This new system facilitates the safe flight of drones inside of buildings obstructing satellite signals by using BIM and Visual SLAM technologies*. In addition, we have jointly developed the "Sharaku" 3-lens camera bar arrangement inspection system with SHIMIZU CORPORATION and Sharp Corporation, and first made it available for rental in 2023 to promote work style reform at construction sites. In April 2024, KATO WORKS CO., LTD. launched a system for visualizing the transportation of earth and sand. This reduces the amount of manual work involved in tasks such as preparing reports on the amount of earth and sand transported, thereby contributing to greater efficiency and labor savings.

* Simultaneous Localization and Mapping is a technology to use images captured with a camera for simultaneous positional estimation and environmental mapping.

Active Promotion of IoT and ICT, Including the Development of Related Equipment and Systems and Pilot Tests for Fully-Automated Operations

Kanamoto has long been setting up departments dedicated to digital transformation, such as the Construction ICT Promotion Section, and is actively pursuing the development and adoption of equipment leveraging these IoT and ICT technologies. Kanamoto furthers the development and adoption of technologies from remote-control construction robots that realize wireless operation of general-purpose construction equipment and fully autonomous Tunnel RemOS-WL wheel-type loaders for the excavation of tunnels to contact prevention systems for construction equipment equipped with AI object recognition functions. In 2023, we worked with Iwasaki Co.,Ltd. and Hemisphere Japan to develop the VR500 model for offset boom machines, which can dig ditches efficiently even in narrow space, and we are working to strengthen this field, which is expected to become even more active. In April 2024, Fudo Tetra Corporation and Soil Technica Co., Ltd. conducted a pilot experiment which demonstrated that our remote control system KanaTouch can be used to perform fully-automated ground improvement work.



Improving Utilization Rates and Promoting Work Style Reforms through the Optimization of Internal Operational Processes

System Improvements to Better Utilization Rates, Profit Margins, and Convenience

The Kanamoto Group calculates rental revenues by multiplying the asset quantities, rental unit prices and utilization rate. The core earnings of our Group rely on greater management and operational efficiency of construction equipment. In particular, we see the enhancements through the optimization of internal operational processes as one priority issue. Improvements to existing systems are essential to enhancing the utilization rate. As a first step we have replaced the conventional plates and stickers used for the machine codes of rental products with IC tags and QR codes to improve warehouse management, such as equipment delivery and retrieval as well as inventory management, by using dedicated readers and communication circuits. The Kanamoto Group is also integrating systems across Group companies. These reforms will minimize differences in the utilization rate between slow and busy seasons, proportionality improve the utilization rate, raise rental revenues, and enhance profit margins through permanent cost reductions. In April 2024, we started operating the Full-Time Rental Service, a fully-automated car rental service that allows customers to pick up and drop off keys simply by holding their driver's license up to a key box. We plan to use the optimization of internal operational processes as the basis for making a further shift toward digital technologies, even for business model innovations and work-style reforms.

Active Commitment to the Development of Proprietary Systems and the Further Streamlining of Operations

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



Sustainability Initiatives

ESG Initiatives

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



ESG Management

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

ESG Overview

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

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

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



Basic Sustainability Policy

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

- 1 We will aim to help combat climate change and other global environmental issues by capitalizing on the unique sharing economy traits of a rental business.
- 2 We will aim to help improve labor conditions throughout society by respecting human rights and consideration toward employee health and work environment.
- 3 We will aim for sustainable and mutual prosperity by engaging in fair and proper business dealings with our partners.
- 4 We will aim to enhance disaster prevention and mitigation and the national resilience of Japan as well as improve crisis management of natural disasters and other calamities as core principles of Kanamoto's crisis management.

The Kanamoto Group's priority themes for ESG

	Priority Themes	Relevant SDGs	Kanamoto Group Activities
Value creation	Businesses contributing to SDGs	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS	Kanamoto products and services will create new value that helps achieve the SDGs and contribute to the development of a sustainable society.
Foundation supporting value creation	E	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND	Kanamoto will acknowledge the connection between all of its business activities and the environment, reduce its environmental burden, and preserve biodiversity to realize a sustainable society even with limited global resources by complying with environmental laws and regulations and promoting appropriate environmental management.
	S	10 REDUCED INEQUALITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 4 QUALITY EDUCATION, 17 PARTNERSHIPS FOR THE GOALS, 3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH	Kanamoto will practice highly transparent and prompt information disclosure, broaden its disclosure mediums, and enhance IR activities for shareholders and investors in Japan and overseas. Kanamoto will aim to strengthen partnerships with local communities, contribute to arts, culture, and education as well as facilitate better communication. Kanamoto will aim to maintain and improve workplace environments so that all executives and employees can work safely, energetically and with good mental and physical wellbeing.
	G	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Kanamoto will aim to build an environment inspiring innovation by ensuring diverse human resources with different perspectives and modes of thinking can each be themselves and fully utilize their skills.
	G	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Kanamoto will promote and strengthen compliance and corporate governance by acknowledging that corporate governance and compliance are critical management challenges to enhance corporate value.

 Sustainability Initiatives

Sustainability

3

◆ Environmental Activities

Kanamoto will continue efforts to help build a sustainable society in light of the expansion of renewable energy and the global situation.

The Rental Business, a Sharing Economy Contributing to Decarbonization

Japan pledged to reach carbon neutrality by 2050 in October 2020. In April of the following year, the government then set the specific goal for a 46% reduction of CO₂ emissions by 2030 compared to fiscal 2013. The 7th Strategic Energy Plan, which was approved in February 2025, includes measures to expand renewable energy and strengthen energy security in light of global conditions. Our core Group rental business is in and of itself a sharing economy, which contributes to decarbonization throughout all of society. Even in the manufacturing industry in which Kanamoto regularly purchases construction equipment on an annual basis, construction equipment manufacturers are advancing the development of machines with superior energy-savings, such as hybrid, ICT, and electric-drive equipment. According to the Japan Construction Equipment Manufacturers Association, the

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

Asset Shift to Machinery that Utilizes Eco-friendly Technology for Decarbonization

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

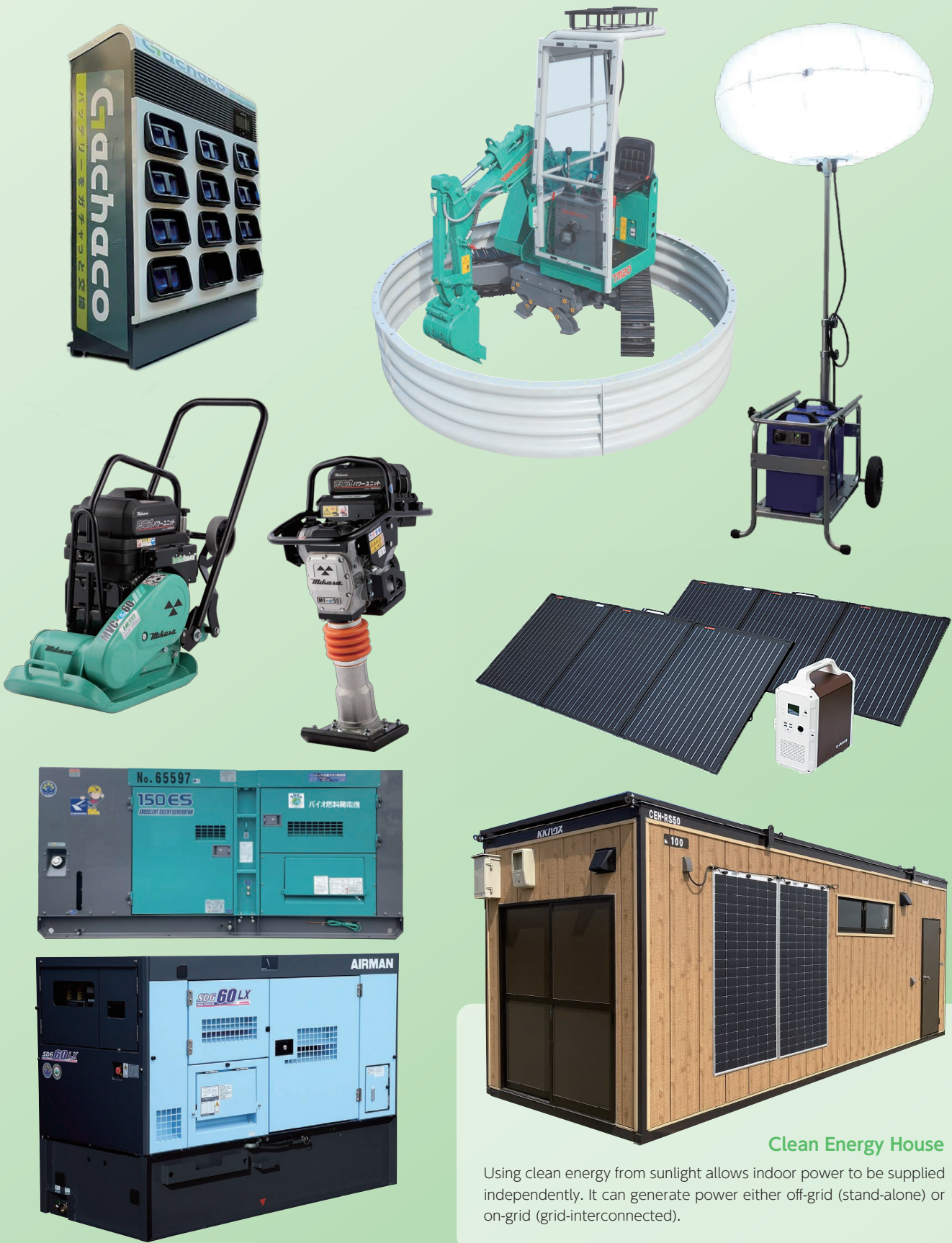


Solar Power Generation System Installed on the Roof of the Kyoto Branch Office

realize a sustainable society, the Kanamoto must both respond to user needs and consider environmental conservation. We will always strive to provide a reliable, eco-friendly rental business, actively upgrading equipment to models that take advantage of environmentally-friendly technologies.



Our environmentally friendly products



Clean Energy House

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

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

Sustainability Initiatives

Sustainability3

◆ TCFD Initiatives

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

Climate Change Disclosure
(TCFD Disclosure Guidelines)

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



Governance

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

Strategies

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



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

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

Risk Management

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

Index and Targets

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

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

Kanamoto (non-consolidated)	Base year (2013 results)	2023 results	2030 targets
Scope 1	6,076t-CO ₂	6,011t-CO ₂	3,038t-CO ₂
Scope 2	5,677t-CO ₂	4,596t-CO ₂	2,839t-CO ₂

*Regarding Scope 3 emissions, we will continue working to select categories and put systems in place.

- Measures to meet the targets
- Introduce hybrid and all-electric company vehicles to reduce fossil fuel use
 - Switch equipment, etc., to make electricity-savings at our facilities to reduce our electricity consumption

*1.The Task Force on Climate-Related Financial Disclosures (TCFD) was established based on the request of G20 in 2015 as a task force by the Financial Stability Board (FSB; agency for conducting auditory functions related to international finance composed of members from financial authorities and central banks of each country). To reduce the risk of unstable financial markets, the TCFD advocates companies disclose various information such as the financial impact of climate change risks and opportunities on business activities as well as specific countermeasure and strategies.

*2.The TCFD Consortium is a group launched by investors and companies that support TCFD disclosure for the purpose of collaborative development and sharing of scenario analyses and techniques to quantify data in each industry.

*3.2015 United Nations Climate Change Conference (COP21) held in Paris, France in December 2015 adopted the Paris Agreement as a new international framework to reduce greenhouse gas emissions from 2020 in addition to other environmental initiatives.



Sustainability Initiatives

◆ Social Activities

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

Basic Policy for Enhancing Human Capital

Kanamoto Group Human Rights Policy

In recent years, companies have been paying increasing attention to the importance of addressing human rights issues. In November 2024, we formulated the Kanamoto Group Human Rights Policy in recognition of the pivotal role that human rights issues play in our sustainability management. The Kanamoto Group maintains its responsibility to respect human rights, a fundamental birthright of all people, throughout its corporate activities.

1. Respect for international norms

The Kanamoto Group supports and respects international human rights norms.

2. Strict adherence to laws and regulation

We will adhere to all laws and regulations that may be in force in the countries and regions where we conduct corporate activities.

3. Respect for human rights

The Kanamoto Group aims to reduce human rights violations to zero in all of its corporate activities. The Group will fulfill its human right responsibilities through the following efforts.

- (1) Human rights due diligence

(2) Relief

(3) Complaint processing mechanism (whistle-blowing system)
- (4) Education and training

(5) Dialogue and consultation with stakeholders

(6) Disclosure

1. Basic Policy

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

(1) Engagement

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

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

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

(2) Diversity and Inclusion

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

- Among the full-time 2,015 employees, 23 are non-Japanese, or 1.1%
- As of June 2024, the employment rate of persons with disabilities is 3.75% (the statutory employment rate is 2.5%)
- The ratio of new graduate hires to career hires is 34.3%/65.7%.
The ratio of managers and employees was nearly equivalent to that ratio at 35.5%/64.5%.

2. Human Resource Development Policies

- (1) Develop human resources who embody the Kanamoto corporate philosophy and action guidelines

(2) Support employees who want to independently acquire skills and certifications

(3) Expand training programs and encourage exchange outside the company with the aim of nurturing diverse views and values



3. In-house Environment Improvement Policies

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

- (1) Strengthen health and safety systems

(2) Maintain and improve physical and mental health
 - In November 2022, we introduced a cafeteria plan for employees called Benefit Station
 - In March 2023, the conventional system in which there were seven holidays for every four weeks of work was changed to eight holidays for every four weeks of work
 - The president announces Kanamoto's Health and Productivity Management Declaration in October 2023; Company is recognized as a Certified Health & Productivity Management Outstanding Organization

(3) Anti-harassment measures
 - Conducted an e-learning course on anti-harassment for all managers in February 2022, totaling approximately 220 minutes and continue to provide anti-harassment training for employees to be promoted in future as well

Index and Targets

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

Term			
Five years from April 1, 2021 to March 31, 2026			
Details			
Target 1	Expand the active roles of women in the workplace and increase the number of female managers by 30%	Target 2	Build a workplace where every employee can work over the long term with a sense of satisfaction and improve the rate employees take annual paid leave by 30%
Measure	• Foster a career path for women into sales and actively hire women as managers of sales blocks and branches. • Strengthen recruitment of women into sales and technical roles and promote their retention through common internal gatherings and comprehensive training • Expand administrative leadership training and upper management training to create career paths for women	Measure	• Continue no overtime days to help facilitate work-life balance and strengthen monitoring to improve annual paid leave utilization rates • Raise awareness about support systems for childcare and nursing care program to build mutual understanding and cooperation in the workplace
		Target 3	Strive to cultivate an image of career and employment in local children and students
		Measure	• Create opportunities for interacting with children of employees, business partners and local communities at various local events • Provide student internships and other educational opportunities and work tours through partnerships with schools

We have set out the following measures to expand human capital investment.

- We will expand human capital investment with the aim of improving productivity and establishing a competitive advantage.
1. Improved salary levels and engagement to enhance our employee retention rate
 - Constant raises to salary levels and review of various allowances
 - Clarification of career paths and vitalization of career progression based on screening and self-assessment

2. Enhanced internal training to provide career development opportunities
 - Improved internal training via stronger collaboration with business divisions and the DX Strategy Office → Moving from upskilling to reskilling
 - Establish permanent training facilities

3. Internal expertise sharing to enhance productivity
 - Promotion of internal expertise sharing by utilizing e-learning platforms

Sustainability Initiatives

Sustainability3

Society

Communication with Stakeholders

Appropriate Disclosure and Enhancement of IR Activities

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

Policy for Promoting Constructive Dialogue with Shareholders and Investors

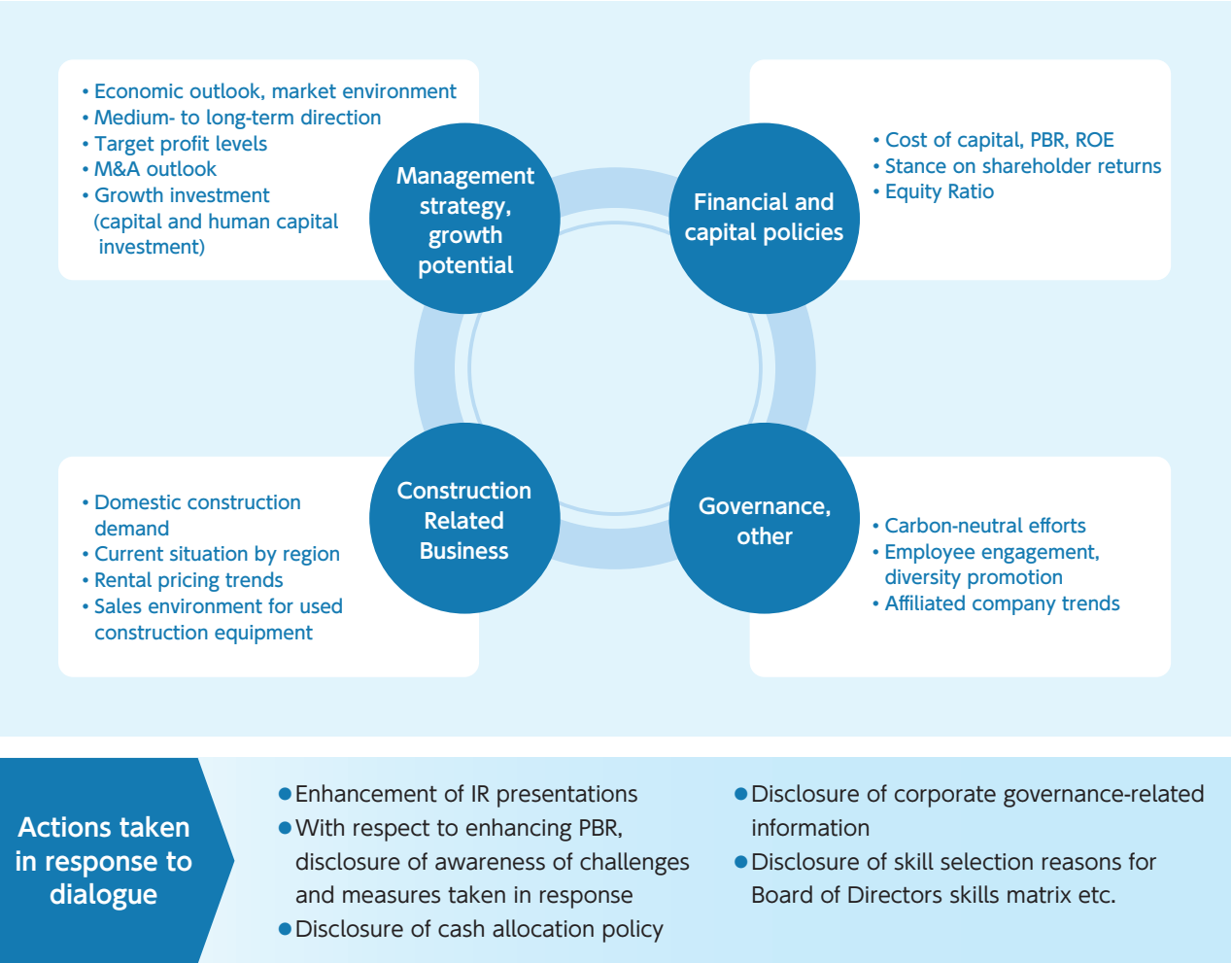
Through two-way communication with shareholders and investors, the company strives to ensure that information concerning our management condition and operating policies is conveyed accurately and in a timely manner, and that corporate value is maximized. We strive to promote constructive dialogue by responding sincerely to shareholder queries made at the General Meeting of Shareholders or directed to our website. Such responses are made under the supervision of the Board of Directors members responsible for the Administration Division and the Public Relations Office respectively. We also ensure that both departments collaborate closely with relevant departments (such as the Corporate Planning Division, the Accounting Division, and the Legal Office) as required. We also value opportunities for direct dialogue with institutional investors, holding a wide range of meetings, including financial results briefings and international IR meetings with senior management presence (the President, Board of Directors, etc.). We report the results of such meetings to the Board of Directors regularly, provide feedback to management, and strive to enhance management efficiency and transparency.

Number of dialogue sessions with shareholders and investors

FY2022	FY2023	FY2024
165	166	305



Principal dialogue themes and shareholder concerns



Activities to Support Local Arts, Culture, and Sports

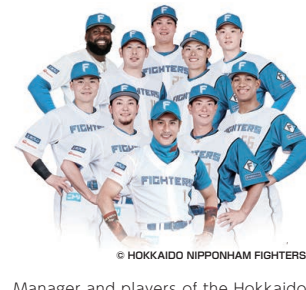
Kanamoto believes its activities to support arts, culture, and sports help to enhance its corporate value. We provide Providence, a former beer hall owned by Kanamoto, free of charge to Muroran City in Hokkaido as a venue for its Port Literature Museum. Kanamoto has also acquired the naming rights for the Sapporo Civic Hall, where 400,000 people a year attend concerts and take part in life-long learning opportunities. This venue has come to be adored as the Kanamoto Hall. Since 2018, the Kanamoto Group has been an official sponsor of the Hokkaido Nippon-Ham Fighters, and in 2024 it concluded a sponsorship agreement with Loco Solare, a general incorporated association that operates a curling team. In this way, we are working to help vitalize education, culture, and sports in the region.



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



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



Manager and players of the Hokkaido Nippon-Ham Fighters, whose home stadium is ES CON FIELD HOKKAIDO



Loco Solare wearing their 2024 season uniform with our company logo on the left knee



◆ Governance

Kanamoto Group Corporate Governance (As of January 23, 2025)

► Basic Approach to Corporate Governance

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

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

1

Pursue innovation and mobilize every resource to energize our company

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

2

Always remember Kanamoto competes for profits

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

3

Maintain a self-directed and independent mind

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

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

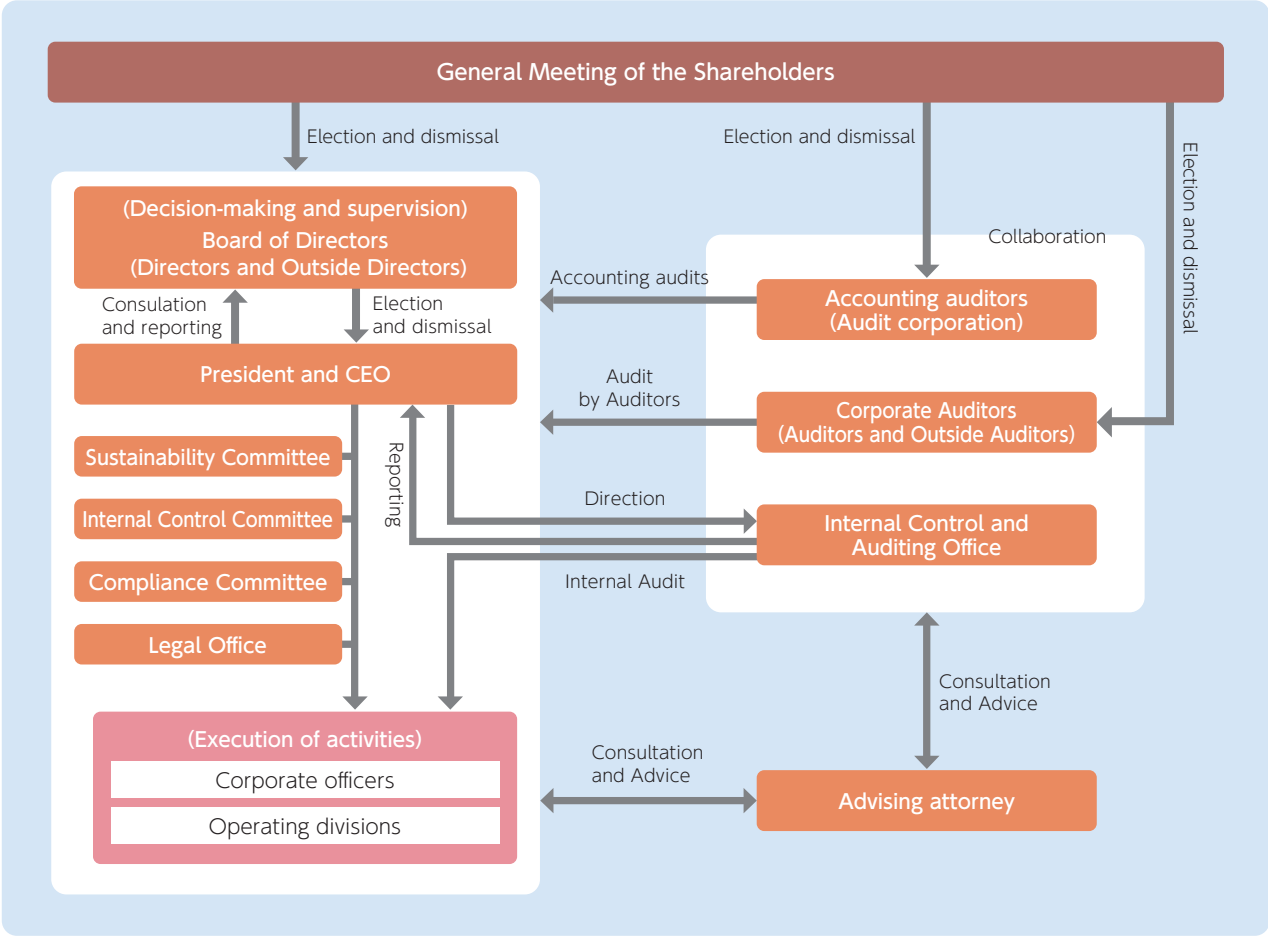
► Corporate Governance Structure

Overview and Logic Behind Kanamoto Corporate Governance

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

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

Kanamoto Corporate Governance Structure



Sustainability Initiatives



a. Board of Directors

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

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

Chairman of the Board
Representative Director Kanchu Kanamoto

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

b. Board of Corporate Auditors

Kanamoto is a company with a Board of Corporate Auditors. Currently, the Board of Corporate Auditors consists of five corporate auditors, three of whom are outside corporate auditors. All members of the Board of Corporate Auditors regularly attend Board of Directors meetings to oversee the business execution of directors and fulfill supervisory functions while creating an environment where management appropriately exchanges information and shares opinions on a daily basis.

Chairman
Standing Corporate Auditor Eichu Kanamoto

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

c. Corporate Officer System

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

d. Establishment of Various Committees

Kanamoto has created a system to deal with various management issues by establishing various committees, including the Sustainability Committee, Internal Control Committee, and Compliance Committee.

The Sustainability Committee, chaired by the president, was established for the purpose of building a foundation for sustainable growth, which is part of our Group Vision, and contributing to the development of a sustainable society as a member and good corporate citizen of society. We oversee the activities of the committee by having it report the details of its resolutions to the Board of Directors.

The Internal Control Committee, chaired by the General Manager of the Administration Division, monitors, verifies, evaluates, improves, and rectifies the status of development and operation of internal controls related to financial reporting at Kanamoto and its affiliates, based on the Basic Policy for Constructing an Internal Control System .

The Compliance Committee, chaired by the president, monitors, instructs, and advises the entire company to ensure that the compliance system is properly implemented by collecting important information on legal violations and misconduct as needed, and communicating this to the management team.

Skill Matrix

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

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

About Officer Remuneration

Amounts and Calculation Methods for Officer Remuneration

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

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

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

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

A resolution at the 26th General Meeting of Shareholders convened on January 24, 1991 set the upper limit of remuneration for directors at an annual amount of ¥240 million (not including the employee salaries). The number of directors at the conclusion of this General Meeting of Shareholders was eight directors. The 56th General Meeting of Shareholders convened on January 28, 2021 set the upper limit of remuneration provided for under the transfer-restricted

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

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

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

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

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

Officer Classification	Total Remuneration and Other Compensation (Millions of Yen)	Total Amount by Type of Remuneration and Other Compensation (Millions of Yen)				Number of Eligible Officers (Persons)
		Fixed Remuneration	Performancebased Compensation	Retirement Benefits	Non-monetary remuneration, etc. from compensation included on the left	
Directors (excluding outside directors)	111	111	—	—	3	8
Corporate Auditors (excluding outside corporate auditors)	25	25	—	—	—	2
Outside Corporate Officers	10	10	—	—	—	6

Note: Breakdown of the total non-monetary remuneration, etc. for directors (excluding outside directors) is fixed remuneration of ¥3 million.

Material Salaries Paid to Corporate Officers Serving Concurrently as Employees

Total (Millions of Yen)	Number of Eligible Officers (Persons)	Details
75	5	Amount paid as employee salaries

Sustainability Initiatives

Sustainability3

► Compliance

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

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

Initiatives to Establish Compliance

■ Promotion System

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

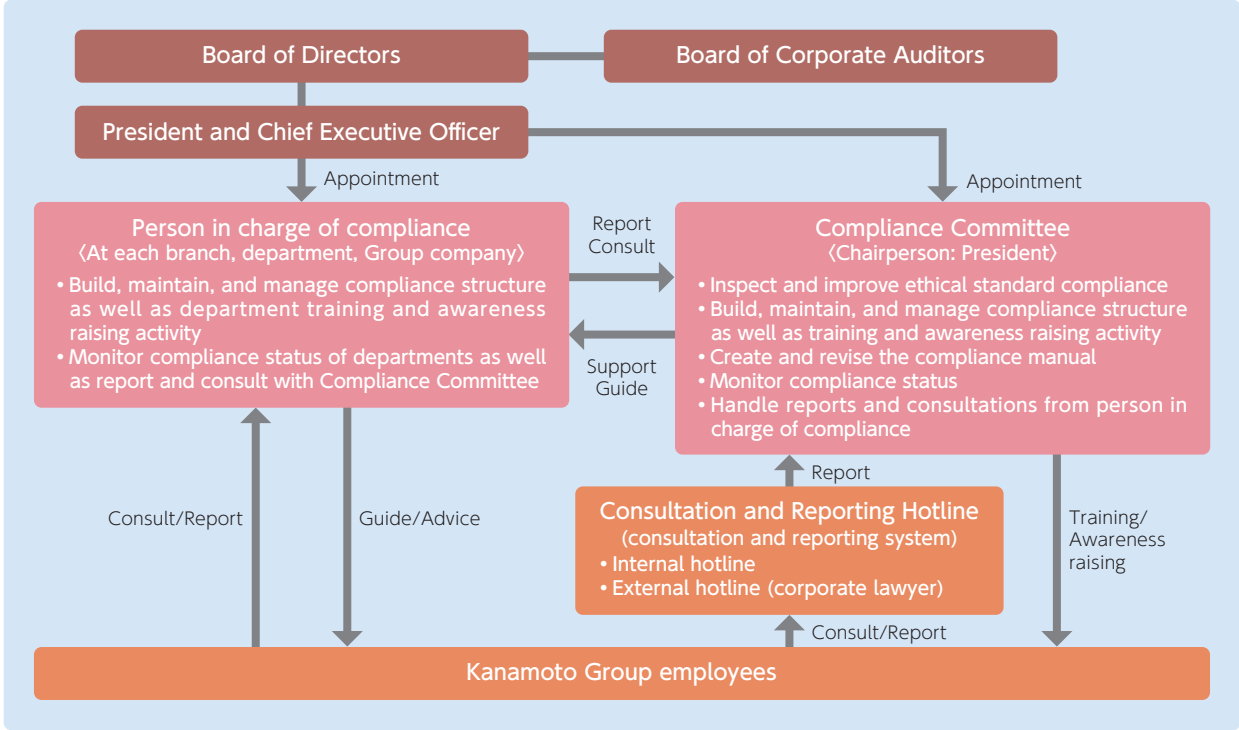
■ Raising Compliance Awareness

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

■ Utilization of Consultation and Reporting Hotline

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

Kanamoto Group Compliance Structure



► Internal Control Systems

Other Corporate Governance Matters

Kanamoto Internal Control System

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

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

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

◆ Basic Approach and Current Measures for the Exclusion of Antisocial Forces

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

Board of Directors (As of February 1, 2025)

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

Directors



Kanchu Kanamoto
Chairman of the Board and Representative Director



Tetsuo Kanamoto*
President and CEO
Executive Division Manager,
Business Coordination
Headquarters



Tatsuo Kanamoto*
General Manager,
Steel Sales Division



Kazunori Hashiguchi*
Division Manager, Human
Resources Division
General Manager, Business
Development Office



Akira Sannomiya*
Division Manager,
Business Administration Division
Division Manager,
Used Products Sales Division
President and CEO
Kanatech Co., Ltd.



Jun Watanabe*
Division Manager, Construction Equipment
Rental Division
Division Manager, Customer Specific
Equipment Sales Division
General Manager, New Products Office
President and CEO KG Flowtechno Co., Ltd.



Shun Hirose*
Division Manager,
Accounting Division
General Manager,
Public Relations Office
General Manager,
Bill Collection Center



Hideaki Yamashita*
Division Manager,
Overseas Business Division



Eiji Arita
Outside Director



Motoki Yonekawa
Outside Director



Ayako Tabata
Outside Director



Tetsuya Okawa
Outside Director



Naomi Shibuya
Outside Director

Auditors



Eichu Kanamoto
Standing Corporate Auditor



Naoyuki Yokota
Standing Corporate Auditor



Noriaki Ikushima
Outside Corporate Auditor



Yasushi Ishiwaka
Outside Corporate Auditor



Iwao Takeuchi
Outside Corporate Auditor

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

Financial Section

Report of Operating Results and Financial Position for the 60th Business Period
(November 1, 2023 – October 31, 2024)

Matters Concerning the Corporate Group

Progress and Results

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.

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.

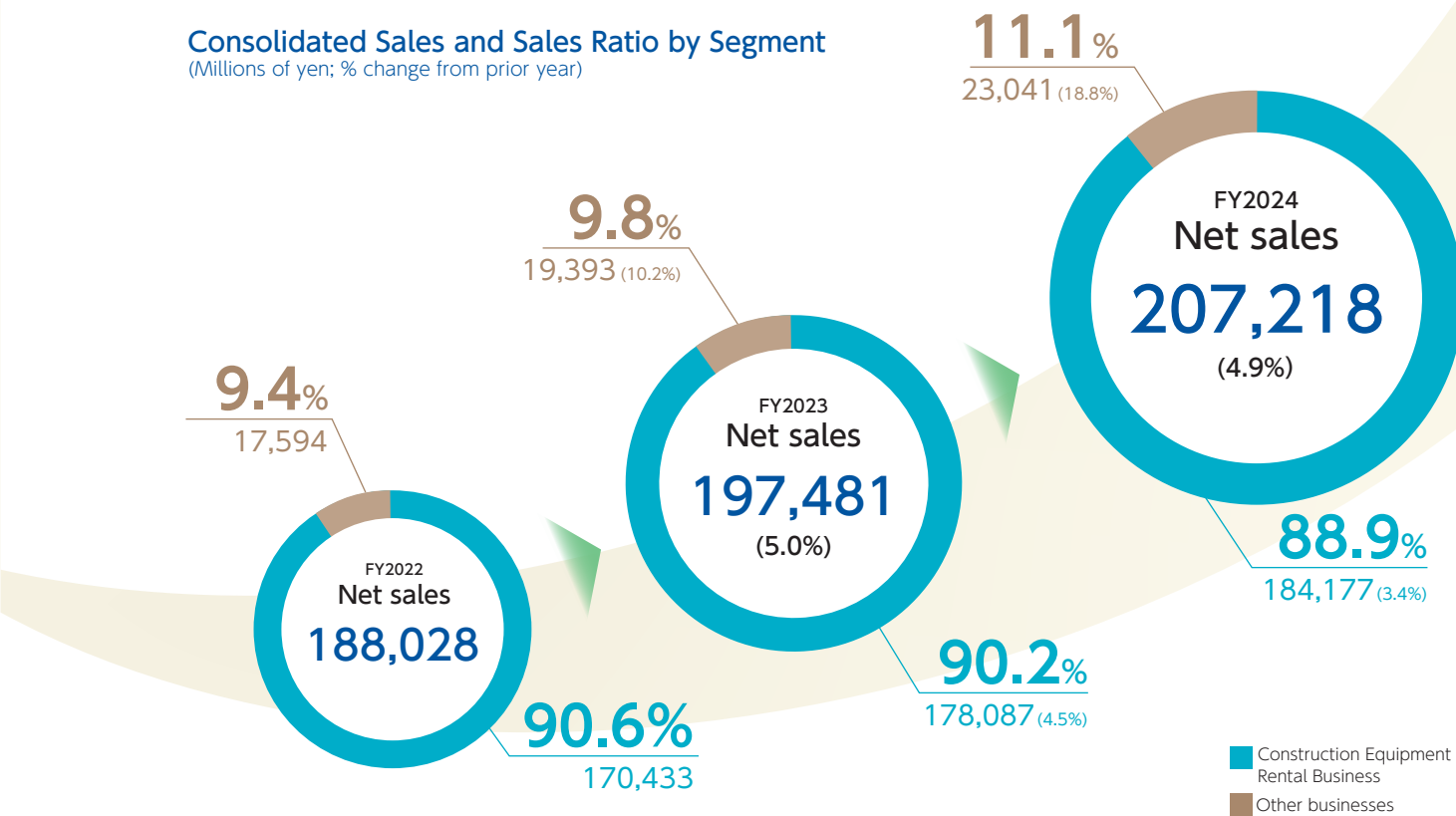
Used construction equipment sales decreased 6.6% year on year, as Kanamoto proceeded with sales in accordance with the initial plan while carrying out the extension of the rental equipment operation period.

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.

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



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

Forecast for the 61st fiscal year (ending October 31, 2025)

Regarding the outlook for the next fiscal year, construction investment is expected to remain steady in both public and private sectors. As for public sector investment, in addition to national land resilience measures, infrastructure development and DX focusing on stock effects, and public works for sustainable economic growth through the promotion of GX, construction works to strengthen the defense capabilities will also go into full swing. As for private sector investment, capital investment related to economic security and carbon neutrality as well as urban redevelopment is expected.

However, the situation needs to continue to be closely monitored due to the impact of geopolitical risks, and concerns that rising construction costs and other factors will dampen the recovery in demand. In addition, equipment procurement costs and maintenance costs continue to increase due to rising material prices, crude oil prices, etc., and challenging conditions are expected to remain in the business environment.

The Group has formulated the new Medium-Term Management Plan “Progress 65—Toward Achieving Both Growth and Efficiency” (FY2025-2029). With the three key measures of “Growth strategies and improvement of capital efficiency,” “Enhancement of DX strategies,” and “Sustainability initiatives” as pillars, the Group aims to establish a solid earnings base unaffected by the business environment, and contribute to the realization of a sustainable society.

Through the above measures, for the fiscal year ending October 31, 2025, the Group aims for net sales of ¥211.1 billion, a growth of 1.9%, and on the earnings front, it aims for operating profit of ¥15.1 billion, a growth of 3.6%, ordinary profit of ¥15.3 billion, a growth of 0.5%, and profit attributable to owners of parent of ¥9.3 billion, a growth of 3.2%, partly due to investment in human resources in preparation for the future in addition to effective growth investment based on the business environment.

Consolidated Operating Results

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024
Net sales	197,481 (5.0)	207,218 (4.9)
Operating profit	11,958 (- 9.6)	14,569 (21.8)
Ordinary profit	12,488 (- 9.4)	15,218 (21.9)
Profit attributable to owners of parent	6,721 (- 19.5)	9,013 (34.1)
Net income per share	¥185.40	¥253.72

(Millions of yen; % change from prior year)

Divisional Sales (Consolidated)

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024
Construction Equipment Rental Business	178,087 (4.5)	184,177 (3.4)
Other businesses	19,393 (10.2)	23,041 (18.8)
Total	197,481 (5.0)	207,218 (4.9)

(Millions of yen; % change from prior year)

Projected Operating Results for the 61st fiscal year (ending October 31, 2025)

	Consolidated full-year projection
Net sales	211,100 (1.9)
Operating profit	15,100 (3.6)
Ordinary profit	15,300 (0.5)
Consolidated:Profit attributable to owners of parent	9,300 (3.2)
Net income per share	¥265.94

(Millions of yen; % change from prior year)

Consolidated Financial Statements

► Consolidated Statements of Income

	Current consolidated fiscal year (As of October 31, 2024)
Millions of yen	
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)
Income before minority interests	9,738
Minority interests in income	725
Profit attributable to owners of parent	9,013

► Consolidated Balance Sheets

	Current consolidated fiscal year (As of October 31, 2024)
Millions of yen	
Assets	
Current assets	126,675
Cash and deposits	51,104
Notes and accounts receivable - trade and contract asset	43,478
Electronically recorded monetary claims - operating	10,562
Merchandise and finished goods	1,634
Raw materials and supplies	1,631
Construction machine parts	15,095
Other	3,373
Allowance for doubtful accounts	(204)
Total non-current assets	196,177
Property, plant and equipment	175,070
Rental equipment, net	111,516
Buildings and structures, net	20,579
Machinery, equipment and vehicles, net	1,733
Tools, furniture, and fixtures	603
Land	39,608
Lease assets	197
Construction in progress	831
Intangible assets	4,833
Goodwill	2,558
Customer relationship	1,181
Other	1,093
Investments and other assets	16,272
Investment securities	11,450
Deferred tax assets	1,449
Long-term loans receivable	1,049
Other	2,699
Allowance for doubtful accounts	(376)
Total Assets	322,853
Liabilities	
Current liabilities	92,817
Notes and accounts payable - trade	33,728
Short-term loans payable	22,051
Lease liabilities	1,706
Income taxes payable	3,517
Provision for bonuses	1,703
Accounts payable - other	25,235
Other	4,875
Non-current liabilities	80,322
Long-term borrowings	32,402
Lease liabilities	3,708
Long-term accounts payable - other	41,088
Retirement benefit liability	352
Asset retirement obligations	722
Deferred tax liabilities	1,894
Other	153
Total Liabilities	173,140
Net Assets	
Shareholders' equity	133,883
Share capital	17,829
Capital surplus	19,546
Retained earnings	104,177
Treasury shares	(7,670)
Accumulated other comprehensive income	6,125
Valuation difference on available-for-sale securities	3,586
Deferred gains or losses on hedges	0
Foreign currency translation adjustment	2,576
Remeasurements of defined benefit plans	(37)
Non-controlling interests	9,705
Total Net Assets	149,713
Total liabilities and net assets	322,853

Corporate Profile

(As of October 31, 2024)

Company Name

Kanamoto Co.,Ltd.

Head Office

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

Business Coordination Headquarters

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

Established

October 28, 1964

Capitalization

¥17,829 million (Paid-in capital)

Listing Exchanges

Tokyo Stock Exchange, Prime Market
Sapporo Securities Exchange

Stock Code

9678

Common Shares Issued and Outstanding

38,742 thousand

Consolidated Net Sales

¥207,218 million (Fiscal year ended October 31, 2024)

Number of Employees

Non-consolidated: 1,995 (Excluding directors and temporary or part-time workers)
Consolidated: 3,892 (Excluding directors and temporary or part-time workers)

Principal Businesses

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

Principal Shareholders

The Master Trust Bank of Japan, Ltd. (Trust account)
Custody Bank of Japan, Ltd. (Trust account)
ORIX Corporation
Kanamoto Capital Company
The Hokkaido Bank, Ltd.
Tokio Marine & Nichido Fire Insurance Co., Ltd.
North Pacific Bank, Ltd.
Ueda Yagi Tanshi Co., Ltd.
THE NOMURA TRUST AND BANKING CO., LTD.
AS THE TRUSTEE OF REPURCHASE AGREEMENT
MOTHER FUND
STATE STREET BANK AND TRUST COMPANY 505223
Others

Alliance Group

Assist Co., Ltd.
Kanatech Co., Ltd.
Kanki Co., Ltd.
KG Flowtechno Co., Ltd.
CENTRAL Co., Ltd.
SOOKI HOLDINGS Co., Ltd.
SOOKI Co., Ltd.
Toyo Industry Co., Ltd.
NISHIKEN CO., LTD.
Unite Co., Ltd.
KANAMOTO AUSTRALIA HOLDINGS PTY LTD
MADICA PTY LTD
PORTER EXCAVATIONS PTY. LTD.
PORTER GROUP NOMINEES PTY LTD
PORTER UTILITIES HOLDINGS PTY LTD
PORTER UTILITIES PTY LTD
KANAMOTO (CHINA) INVESTMENT CO., LTD.

Carewell Anshin Co., Ltd.
Komatsu Doboku Tsusho Co., Ltd.
Safety Ishikawa Co., Ltd.
SOOKI SALES Co., Ltd.
SHANGHAI KG MACHINERY CO., LTD.
KANAMOTO FECON HASSYU CONSTRUCTION EQUIPMENT RENTAL JSC
KANAMOTO & JP NELSON EQUIPMENT (M) SDN. BHD.
PT KANAMOTO INDONESIA
SIAM KANAMOTO CO., LTD.
SK ADMINISTRATION SERVICE (THAILAND) CO., LTD.

TOYU ENGINEERING CO., LTD.
MEIGI ENGINEERING CO., LTD.
KNK MACHINERY & EQUIPMENT CORPORATION

SIC Agora eX Corporation
SUGAKIKAI KOGYO CO., LTD.
Machida Kikou Co., Ltd.

Stock Information

(As of October 31, 2024)

Stock Information

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

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

Transfer agent

Mitsubishi UFJ Trust and Banking Corporation

Administrative Office

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

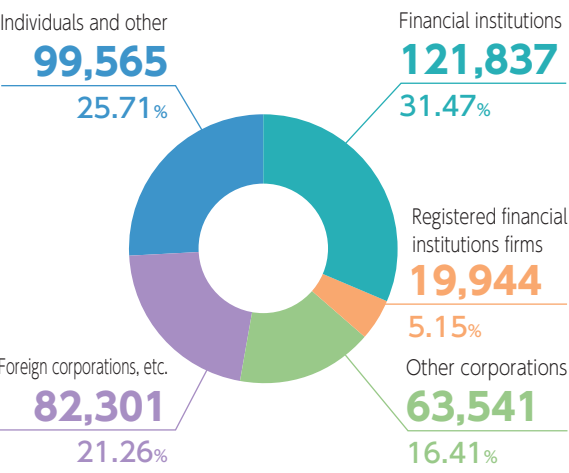
Mailing address and telephone number

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

Summary of Common Stock

Number of shares issued	38,742,241
Total number of shareholders	5,867

Distribution of shares by shareholder type (Trading units)



Note: Of 3,300,670 treasury stock shares, 33,006 units of shares are included in "Individuals and other".
Note: The above "Other corporations" field includes 42 units and 10 shares of shares in the name of the Japan Securities Depository Center, Inc.
Note: The number of shares of one trading unit is 100 shares.

Share price chart

