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Notice Regarding Revision of the Medium-Term Management Plan

We would like to inform you that we have revised the Medium-Term Management Plan “Creative 60” (FY2020-FY2024) announced on December 6, 2019 as follows:

1. Reasons for the revision

When the medium-term management plan was announced public investment remained firm, centering on disaster prevention/mitigation-related construction and maintenance/renewal of aging social infrastructure, and private construction investment also showed signs of improvement, centering on redevelopment projects in metropolitan areas in the construction industry which the Group is involved in.

However, from the initial year of FY2020, the socio-economic environment changed unexpectedly due to the spread of COVID-19, and the business environment continued to be more severe than originally anticipated, including rising construction costs due to shortages in the supply of semiconductors, soaring material and energy prices, and a worsening shortage of skilled construction workers.

Under these circumstances, although the Group has been working to achieve the Medium-Term Management Plan “Creative 60,” based on the financial results for the fiscal year ended October 2022 and the earnings forecast for the fiscal year ending October 2023 announced today, as well as the recent business environment, we have decided to revise the medium-term corporate management plan.

In the future, we will also continue to follow the conventional priority measures of expansion of the Kanamoto domestic base of operations, overseas expansion, optimize internal operational processes. Furthermore, we will further strengthen the resilience of our business by developing our business with an awareness of sustainability and actively responding to various changes in the social environment (transformation), and we will further increase our corporate value.

2. Revised contents

(1) Revision of management target figures (consolidated)

	Initial Plan	Revised Plan	Latest Performance
	Fiscal Year Ending October 31, 2024	Fiscal Year Ending October 31, 2024	Fiscal Year Ended October 31, 2022
Net sales	¥228 billion	¥203 billion	¥188 billion
Operating profit	¥23 billion	¥14.6 billion	¥13.2 billion
Equity ratio	48.7%	44.9%	43.2%
EPS	¥387.54	¥250.82	¥224.64
BPS	¥4,036.19	¥3,973.96	¥3,571.98
ROA	4.8%	2.9%	2.7%
ROE	10.0%	6.5%	6.4%
EBITDA+	¥72.7 billion	¥61.2 billion	¥56.2 billion

(2) Sustainability management promotion

For the Company to sustainably improve corporate value, based on the idea that is necessary to actively and proactively respond to issues related to environmental and social sustainability, we will formulate a basic sustainability policy, and we are working to develop a framework and system to put this into practice.

In this medium-term management plan, we have included promotion of sustainability management to incorporate sustainability into management more than ever. We are aiming to solve problems related to environmental and social issues and further integrate them with the business of the Group and we aim to improve corporate value to achieve sustainable growth.

* For details, please refer to the attached document.

End

Medium-Term Corporate Management Plan “Creative 60”

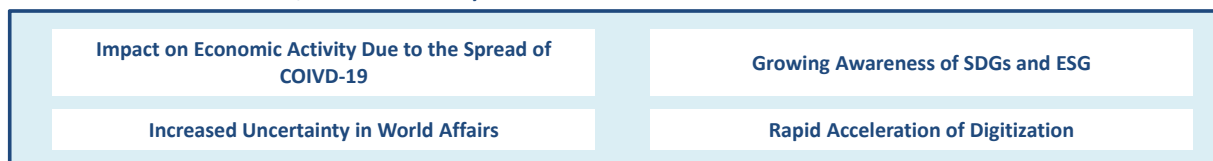
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Medium-Term Corporate Management Plan Progress Status

External Environment Surrounding the Kanamoto Group and Issues Recognized

External Environment -World/Domestic Economy-



External Environment -Domestic Construction Industry-



Issues

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

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

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

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

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Medium-Term Corporate Management Plan Progress Status

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

1 Expansion of the Kanamoto Domestic Base of Operations — Concentrate the Collective Group Capabilities

- Deeply mine existing areas
- Enter new areas and develop areas where Kanamoto has low market share
- Expand into non-construction sectors

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

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

3 Optimize Internal Operational Processes — Increase Rental Business Profitability

- Integrate marketing and sales strategies with IT
- Invest resources in product planning and research and development to develop the technology and systems needed at construction sites
i.e.: Kana Robo Naccident AX Q-eeen ICT construction equipment
- Improve operational efficiency
- Build an environment to promote Group logistics i.e.: Cost control, stable long-term operations
- Place emphasis on recruiting and developing human resources

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Medium-term Corporate Management Plan Priority Measures Progress “Expansion of the Kanamoto Domestic Base of Operations”

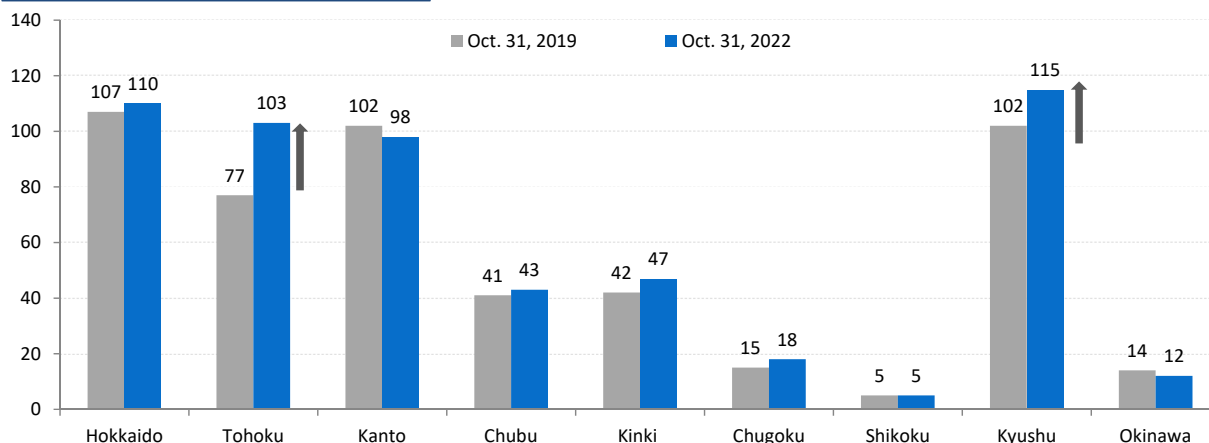
Steady expansion of the sales base by developing bases in response to changes in the economic environment.

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

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

Change in number of domestic branches

*Excludes overseas branches

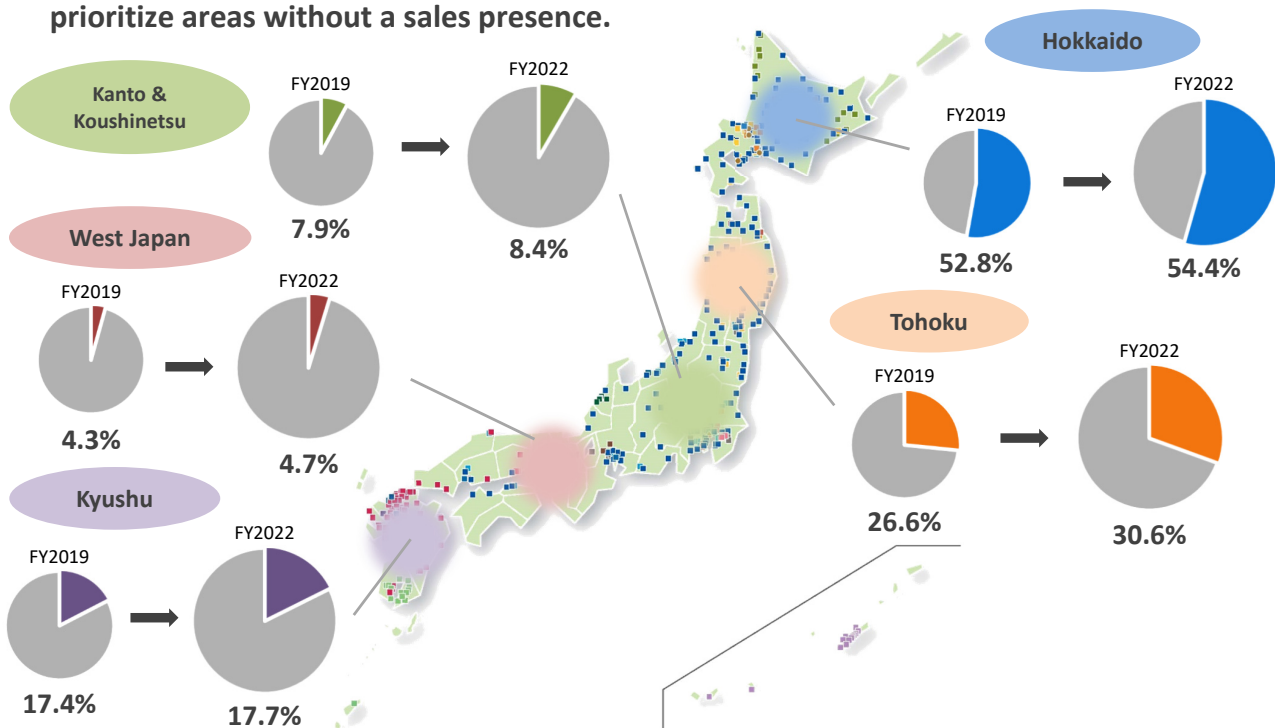


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Medium-term Corporate Management Plan Priority Measures Progress “Expansion of the Kanamoto Domestic Base of Operations”

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



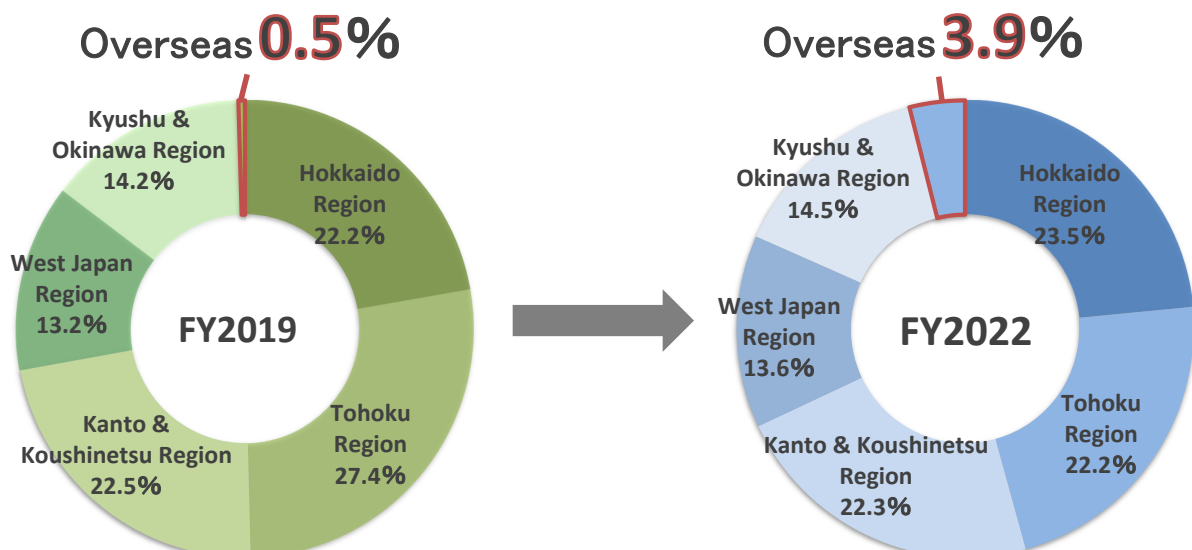
Source: Calculated uniformly at 2.5% according to the volume base in the Ministry of Land, Infrastructure, Transport and Tourism Construction Statistics Guidebook.
Note: These figures fluctuate with retroactive revisions of the Construction Statistics Guidebook.

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

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

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

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



Medium-Term Corporate Management Plan Priority Measures Progress “Optimize Internal Operational Processes”

Completed unification of core systems for major group companies.



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

$$\text{Amount of assets} \times \text{Rental unit price} \times \text{Utilization rate} = \text{Rental sales}$$

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



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

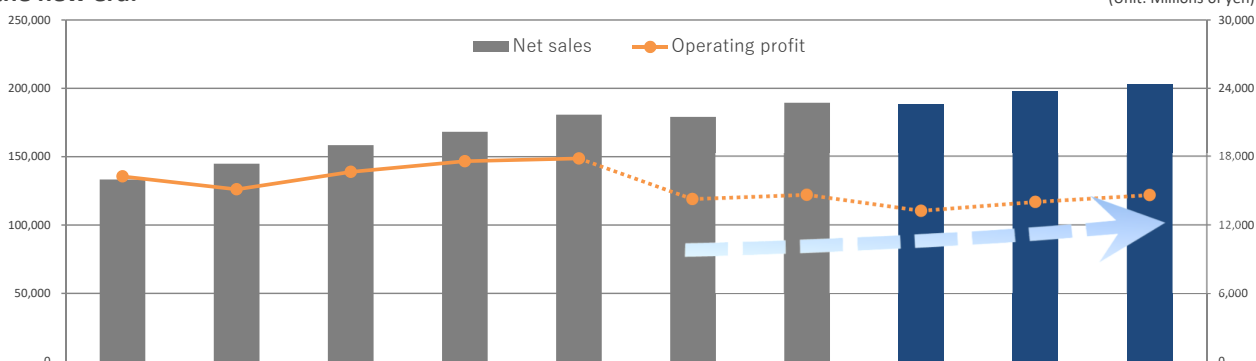


In terms of strengthening human capital, we are making progress on various training and support systems as well as support for women's empowerment.

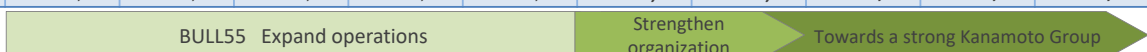
Revision of the Medium-Term Corporate Management Plan Consolidated Business Results

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

(Unit: Millions of yen)



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023/E	FY2024/E
Net sales	133,292	144,870	158,428	168,188	180,694	179,053	189,416	188,028	198,000	203,000
Operating profit	16,270	15,134	16,665	17,599	17,842	14,250	14,624	13,229	14,000	14,600
Operating profit margin	12.2%	10.4%	10.5%	10.5%	9.9%	8.0%	7.7%	7.0%	7.1%	7.2%
Ordinary profit	16,164	14,405	17,193	17,925	18,277	14,268	15,391	13,780	14,100	14,800
Profit attributable to owners of parent	9,557	8,098	10,744	11,857	11,430	8,466	8,907	8,345	8,400	8,900
Net assets	71,998	81,434	91,788	102,031	121,779	126,188	134,917	140,611	144,468	149,430
Total assets	202,578	220,540	227,155	241,374	268,182	300,362	303,754	305,320	308,592	310,354



Revision of the Medium-Term Corporate Management Plan Numerical Targets

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

Numeric targets

(Unit: Millions of yen)

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

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

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

Positioning of the Medium-term Corporate Management Plan

TOP5 in the global construction equipment rental industry

Emissions from use of fuel/emissions from purchased or acquired
electricity, steam, heat, and cooling
50% reduction by 2030 compared to 2013



We will improve corporate value by further strengthen the resilience of our business by developing our business with an awareness of sustainability and by actively responding to various changes in the social environment under the three priority measures.

Sustainability Management Promotion

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

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



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

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Revision of Medium-Term Corporate Management Plan Basic Sustainability Policy

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.

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Revision of the Medium-Term Corporate Management Plan 2030 Vision

2030 Vision



2030 Vision

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

2030 Numerical Targets

Net sales
(Consolidated) ¥ **225** billion

ROE Over **8%**

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

Total return
ratio Over **50%**

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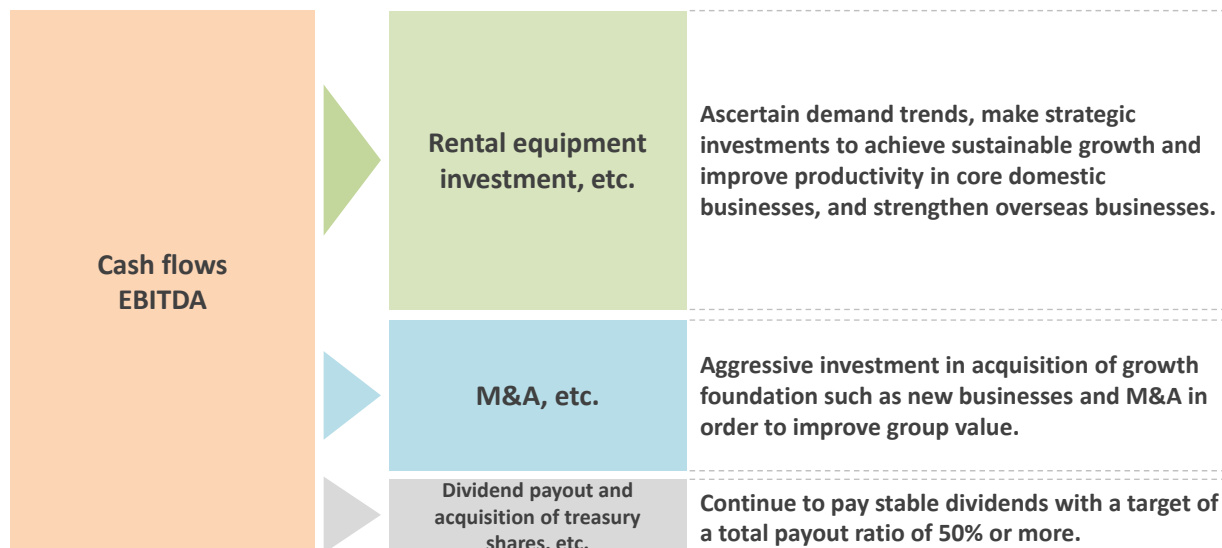
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Revision of the Medium-Term Corporate Management Plan Investment Strategy Cash Allocation

Promote flexible investment strategy that meet actual demand

Cash Allocation

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

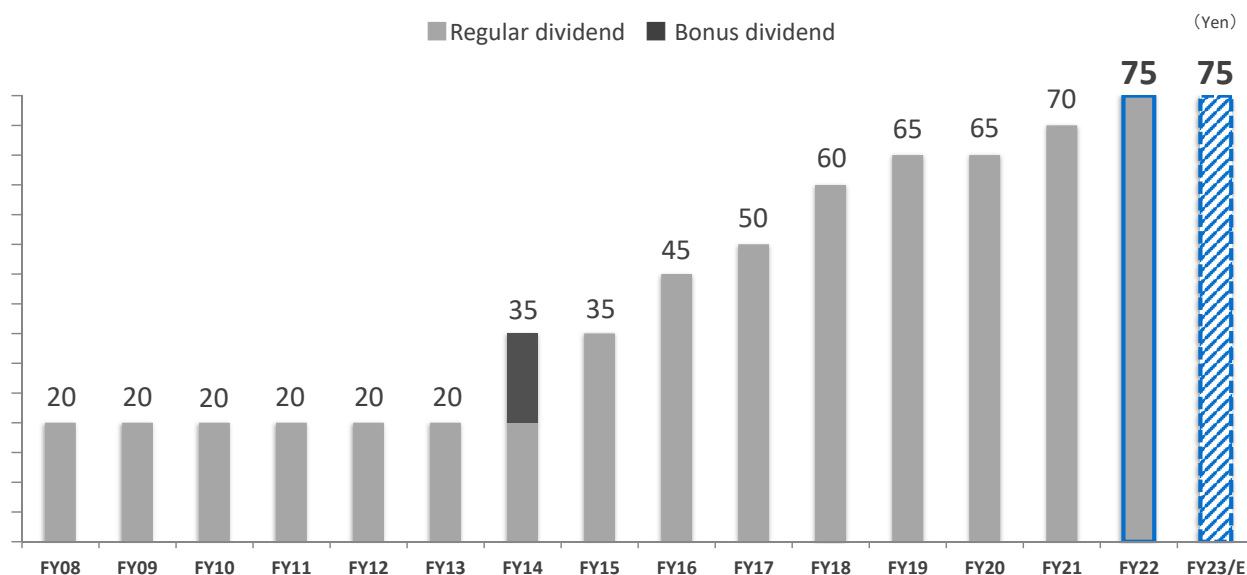


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Revision of the Medium-Term Corporate Management Plan Dividend Policy

- Year-end dividend of 75 yen for the fiscal year ended October 31, 2022 (35 yen interim dividend)
- Year-end dividend of 75 yen for the fiscal year ending October 31, 2023 (35 yen interim dividend)
- Continue to pay stable dividends, acquire treasury stock in a flexible manner



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