

Kanamoto Co., Ltd.  
Stock Code 9678  
Tokyo Stock Exchange Prime Market, Sapporo Stock Exchange  
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## Notification Concerning Action to Implement Management That is Conscious of Cost of Capital and Share Price

Kanamoto Co., Ltd. hereby announces that at a meeting of the Board of Directors held on December 8, 2023, it has made a deliberation and resolution as follows, based on the request of the Tokyo Stock Exchange regarding action to implement management that is conscious of cost of capital and share price.

### ■ Analysis of current circumstances

The current status of the Company is that ROE (return on equity) is less than 8% and PBR (price-to-book ratio) has fallen below 1x. Accordingly, as stated in “Notice Regarding Revision of the Medium-Term Management Plan” announced on December 9, 2022, we have set the following numerical targets for 2030: consolidated net sales of ¥225.0 billion, consolidated operating profit of ¥20.0 billion, ROE of over 8% and total return ratio of over 50%.

Various calculations are applied to calculate the equity cost of a company. The Company uses the CAPM (Capital Asset Pricing Model) and based on that, aims to achieve a capital efficiency that exceeds our current capital cost of approximately 7%. Wishing to make capital efficiency a priority, the Company plans to increase both the utilization and unit price of our rental assets. Our immediate goal is to quickly recover to an ROE of 8% or over, and then in the medium to long term, we wish to raise that to 10% or over. At the same time, we will meet our shareholders’ expectations by continuing our stable dividend policy and targeting a total return ratio of 50% or higher.

In addition, with the aim of elevating its position in the global industry from its current ranking of eighth to become one of the global top five through initiatives such as the continued investment in rental assets and human capital, and domestic and global M&A, the Company will strive to achieve sustained growth.

### ■ In light of the above analysis, the Company will concentrate on strengthening the following initiatives:

- (1) Increasing profitability
  - Reaching our objective for the current fiscal year, which is the final year of the Medium-Term Management Plan “Creative 60” (fiscal year ended October 31, 2020 to fiscal year ending October 31, 2024)
  - Achieving our target of “ROE of over 8%” stated in the 2030 Vision ahead of schedule
- (2) Strengthening the policy for shareholder returns
  - The basic policy of the Company is to enhance the return of profit to its shareholders while securing internal reserves necessary for future business development and management structure reinforcement. The Company will continue stable dividends in conjunction with the 2030 Vision target of “a total return ratio of 50% or higher” while ensuring financial soundness and also take a flexible approach to buying back its own shares.
- (3) Continuing to carry out proactive IR activities
  - The Company will provide detailed explanations to its shareholders through holding a variety of briefing sessions, along with other approaches, and work to increase the opportunities to deepen shareholders’ understanding of

strategies for future growth.

■ Specific measures for increasing profitability

(1) Improving the utilization rate of rental assets

● The Company will work to improve the utilization rate of rental assets based on future forecasts of DX-related utilization, concentrating on constantly managing the optimal placement of the rental assets in each region (Hokkaido, Tohoku, Kanto & Koushinetsu, West Japan, and Kyushu) and those held by affiliates.

(2) Implementing consolidation, closing or merging of business offices

● We will either consolidate, close or merge business offices that have experienced profitability drops as a result of intra-group operational redundancy in a region stemming from M&A, and changes in the external environment.

(3) Adjustment of rental unit prices to appropriate prices

● The purchase prices are rising for many of our rental assets, most notably our main rental assets of heavy machinery. While providing detailed explanation to our customers, we will adjust the rental unit prices to more appropriate prices.

\* For details, please refer to the attached document.

End

# 2030 Vision

## 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.

## 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%

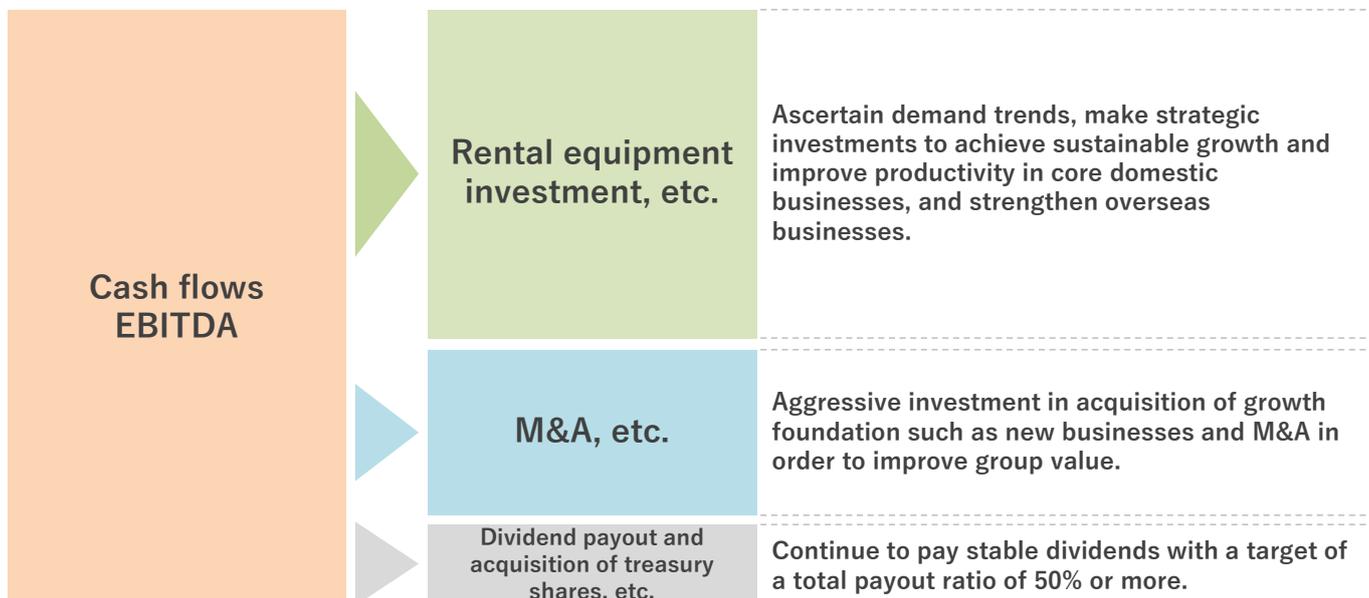
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# Investment Strategy Cash Allocation

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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