



# Nine-Month Consolidated Financial Report for the Fiscal Year Ending October 31, 2021 (Japan GAAP)

September 3, 2021

Listed Company Name **Kanamoto Co., Ltd.**  
 Company Code Number **9678**  
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**  
 URL <https://www.kanamoto.co.jp>  
 Representative **Tetsuo Kanamoto** President and CEO  
 Inquiries **Shun Hirose** Director & Corporate Officer, Division Manager,  
 Accounting Division  
 TEL 81-11-209-1600

Scheduled date for submission of Quarterly Report September 13, 2021  
 Scheduled date for commencement of dividend payments –  
 Preparation of Quarterly Settlement Supplementary Explanatory Materials No  
 Quarterly Earnings Briefings No

(Numbers less than one million yen have been rounded down)

## 1. Consolidated Operating Results for the Nine-Month Period of the Fiscal Year Ending October 31, 2021

(November 1, 2020 – July 31, 2021)

### (1) Consolidated Operating Results (Cumulative) (Percentages show the change from the prior year)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending October 31, 2021: Third quarter	141,455	6.4	10,895	2.2	11,548	10.4	6,826	11.1
Fiscal year ended October 31, 2020: Third quarter	132,961	-0.6	10,658	-19.4	10,459	-23.0	6,143	-28.1

(Note) Comprehensive income (millions of yen)  
 Fiscal year ending October 31, 2021, Third quarter 8,713 (42.9%)  
 Fiscal year ended October 31, 2020, Third quarter 6,096 (-29.7%)

	Earnings per Share	Earnings per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal year ending October 31, 2021: Third quarter	180.53	–
Fiscal year ended October 31, 2020: Third quarter	160.09	–

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of July 31, 2021	300,982	132,455	41.4
As of October 31, 2020	300,748	126,188	39.6

(Reference) Equity (millions of yen)  
 As of July 31, 2021 124,718  
 As of October 31, 2020 119,091

(Note) In the first quarter of the fiscal year ending October 31, 2021, the Company finalized the provisional accounting treatment for business combinations, and the figures for the fiscal year ended October 31, 2020 reflect the finalized content of the provisional accounting treatment.

## 2. Dividends

	Annual Dividends per Share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full-year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2020	–	25.00	–	40.00	65.00
Fiscal year ending October 31, 2021	–	25.00	–		
Fiscal year ending October 31, 2021 (projected)				45.00	70.00

(Note) Has the Company revised its most recently released dividend projection?: No

## 3. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2021

(November 1, 2020 – October 31, 2021)

(Percentages show the change from the prior year)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	190,300	6.3	15,000	5.3	15,200	6.5	9,000	6.3	238.02

(Note) Has the Company revised its most recently released projected consolidated operating results during the quarter?: No

## Notes

- (1) Changes in material subsidiaries during the period under review (Changes in specific subsidiaries in conjunction with a change in the scope of consolidation): No
- |                                       |   |
|---------------------------------------|---|
| Company newly included (Company name) | — |
| Company newly excluded (Company name) | — |
- (2) Application of special accounting method in the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting principles, changes in accounting estimates and retrospective restatements
- (a) Changes in accounting policy in conjunction with revision of accounting standards: No
  - (b) Changes other than the above: No
  - (c) Changes in accounting estimates: No
  - (d) Retrospective restatements: No
- (4) Number of shares issued (common shares)
- (a) Number of shares outstanding at the end of the period (including treasury shares)

As of July 31, 2021:	38,742,241 shares
As of October 31, 2020:	38,742,241 shares
  - (b) Number of treasury shares at the end of the period

As of July 31, 2021:	924,846 shares
As of October 31, 2020:	939,142 shares
  - (c) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Fiscal year ending October 31, 2021: Third quarter:	37,812,715 shares
Fiscal year ended October 31, 2020: Third quarter:	38,377,113 shares

Note: Quarterly earnings reports are not subject to quarterly review by certified public accountants or independent account auditors.

Note: Explanation concerning appropriate use of the projected operating results and other items to note (Note concerning forward-looking statements)

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company does not guarantee the achievement of the projections. Actual operating results may differ substantially due to a number of factors. Please refer to "1. Qualitative Information Concerning Quarterly Consolidated Operating Results (3) Explanation Concerning Future Forecasts Including Projected Consolidated Operating Results" on Page 6 of the Attachments for the conditions used as assumptions for the projected operating results and matters to note before using the projected operating results.

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## **1. Qualitative Information Concerning Quarterly Consolidated Operating Results**

### **(1) Qualitative Information Concerning Consolidated Operating Results**

During the nine-month period under review, Japan's economy continued to face difficult conditions due to the impact of the spread of COVID-19. Although the economy is expected to recover due to a range of policies and the promotion of vaccination against COVID-19, the future continues to remain uncertain given factors such as the repeated issuance of state of emergency declarations and semi-state of emergency COVID-19 measures.

In the construction industry in which the Group is involved, public sector investment including activity being carried out for the Japan's National Resilience Plan remained strong. Private sector construction investment saw signs of partial recovery begin to appear, however there is uncertainty about the future and we continue to remain cautious.

In such circumstances, based on the three key measures of the Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), in addition to strengthening the foundation of the Alliance Group, we are pursuing an asset strategy that carefully assesses changes in the business environment. Furthermore, we are actively involved in business collaboration and technology development for future industry reorganization and the promotion of ICT construction solutions in order to expand the scope of the business and enhance corporate value.

For the nine-month period under review, the Group reported net sales of ¥141,455 million, up 6.4% compared with the same period of the prior year. Operating profit increased 2.2% from the same period of the prior year to ¥10,895 million, ordinary profit increased 10.4% year on year to ¥11,548 million, and profit attributable to owners of parent increased 11.1% year on year to ¥6,826 million.

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

#### **< Business related to the Construction Equipment Rental Division >**

In the construction-related business, which is Kanamoto's core business, in addition to signs of recovery beginning to be seen in private sector construction investment, rental demand for construction equipment remained solid overall due to strong public sector investment centered on construction related to disaster recovery work and infrastructure-related construction as well as disaster prevention-related construction.

At the same time, the Group is pressing forward with the strengthening of collaboration across various areas and the efficient use of management resources to achieve sustainable growth while also making efforts to build a structure that will strengthen our ability to respond to frequent natural disasters and the renewable energy field.

Used construction equipment sales fell 7.0% year on year, as disposals were proceeded with as planned at the beginning of the period.

Reflecting these factors, the Group posted net sales in the construction-related businesses of ¥128,085 million, an increase of 6.8% year on year, and operating profit of ¥9,715 million, an increase of 1.1%.

#### **< Other businesses >**

In the Group's other businesses, net sales increased by 3.0% year on year to ¥13,370 million and operating profit increased by 14.9% to ¥828 million, 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 well.

### **(2) Qualitative Information Concerning Consolidated Financial Position**

With regard to the business combination with KANAMOTO AUSTRALIA HOLDINGS PTY LTD conducted on October 15, 2020, although provisional accounting treatment was carried out in the previous consolidated fiscal year, it was finalized in the first quarter under review. As a result of the finalization of the said provisional accounting treatment, a review of the allocation of acquisition costs is applied in the

comparative information included in the condensed consolidated financial statements for the third quarter under review. In the comparison and analysis with the end of the previous fiscal year, the figures after the revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment have been used.

#### Assets, liabilities, and net assets

Total assets at the end of the third quarter under review stood at ¥300,982 million, an increase of ¥234 million compared with the end of the prior fiscal year. This was primarily due to increases of ¥5,177 million in cash and deposits and ¥1,333 million in buildings and structures, while notes and accounts receivable - trade, construction machine parts and rental equipment decreased by ¥3,445 million, ¥1,529 million and ¥1,759 million, respectively.

Total liabilities were ¥168,526 million, a decrease of ¥6,033 million compared with the end of the prior fiscal year. This was primarily due to increases of ¥2,025 million in short-term borrowings and ¥1,376 million in long-term borrowings, while notes and accounts payable - trade, income taxes payable and long-term accounts payable - other decreased by ¥1,910 million, ¥1,240 million and ¥6,001 million, respectively.

Total net assets totaled ¥132,455 million, ¥6,267 million higher than at the end of the prior fiscal year. This mainly reflects the posting of profit attributable to owners of parent of ¥6,826 million. Meanwhile, there was a decrease of ¥2,457 million due to dividends of surplus.

### **(3) Explanation Concerning Future Forecasts Including Projected Consolidated Operating Results**

There is no change to the projected consolidated operating results announced in the Financial Statements Bulletin for the Fiscal Year Ended October 31, 2020 (Japanese GAAP) on December 4, 2020.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of October 31, 2020	As of July 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	48,563	53,740
Notes and accounts receivable - trade	41,451	38,006
Electronically recorded monetary claims - operating	6,166	6,671
Merchandise and finished goods	1,205	1,685
Costs on construction contracts in progress	148	80
Raw materials and supplies	1,234	1,392
Construction machine parts	19,918	18,388
Other	2,495	2,999
Allowance for doubtful accounts	-230	-261
Total current assets	120,952	122,702
Non-current assets		
Property, plant and equipment		
Rental equipment	251,783	256,895
Accumulated depreciation	-153,225	-160,097
Rental equipment, net	98,557	96,798
Buildings and structures	39,804	42,157
Accumulated depreciation	-23,293	-24,312
Buildings and structures, net	16,510	17,844
Machinery, equipment and vehicles	9,619	9,805
Accumulated depreciation	-8,025	-8,148
Machinery, equipment and vehicles, net	1,593	1,656
Land	37,421	37,728
Other	4,143	3,356
Accumulated depreciation	-2,054	-2,123
Other, net	2,088	1,233
Total property, plant and equipment	156,171	155,261
Intangible assets		
Goodwill	6,600	6,145
Customer relationship	1,276	1,340
Other	1,455	1,508
Total intangible assets	9,332	8,994
Investments and other assets		
Investment securities	8,974	9,264
Deferred tax assets	2,377	2,021
Other	3,557	3,350
Allowance for doubtful accounts	-618	-612
Total investments and other assets	14,291	14,024
Total non-current assets	179,795	178,279
Total assets	300,748	300,982

(Millions of yen)

	As of October 31, 2020	As of July 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	37,975	36,065
Short-term borrowings	1,035	3,060
Current portion of bonds payable	44	24
Current portion of long-term borrowings	12,942	13,063
Lease obligations	1,342	1,294
Income taxes payable	2,401	1,160
Provision for bonuses	1,462	968
Accounts payable - other	25,489	24,865
Other	4,913	5,281
Total current liabilities	87,606	85,782
Non-current liabilities		
Bonds payable	24	-
Long-term borrowings	30,082	31,458
Lease obligations	2,857	3,117
Long-term accounts payable - other	52,246	46,245
Retirement benefit liability	498	522
Asset retirement obligations	545	576
Deferred tax liabilities	606	725
Other	91	98
Total non-current liabilities	86,953	82,744
Total liabilities	174,559	168,526
<b>Net assets</b>		
Shareholders' equity		
Share capital	17,829	17,829
Capital surplus	19,324	19,326
Retained earnings	82,599	86,967
Treasury shares	-2,009	-1,978
Total shareholders' equity	117,744	122,145
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,522	1,892
Foreign currency translation adjustment	-126	725
Remeasurements of defined benefit plans	-49	-45
Total accumulated other comprehensive income	1,346	2,573
Non-controlling interests	7,097	7,737
Total net assets	126,188	132,455
Total liabilities and net assets	300,748	300,982

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**

**(Quarterly Consolidated Statements of Income)  
(Consolidated Nine-Month Period Ended July 31)**

(Millions of yen)

	Nine months ended July 31, 2020	Nine months ended July 31, 2021
Net sales	132,961	141,455
Cost of sales	95,063	99,818
Gross profit	37,898	41,636
Selling, general and administrative expenses	27,239	30,741
Operating profit	10,658	10,895
Non-operating income		
Interest income	33	33
Dividend income	165	158
Insurance fee income	64	327
Rental income	65	64
Other	271	311
Total non-operating income	600	895
Non-operating expenses		
Interest expenses	60	77
Foreign exchange losses	112	-
Loss on cancellation of leases	50	18
Provision of allowance for doubtful accounts	331	-
Other	244	147
Total non-operating expenses	799	243
Ordinary profit	10,459	11,548
Extraordinary income		
Gain on sales of non-current assets	9	14
Gain on sales of shares of subsidiaries and associates	-	20
Subsidy income	12	17
Total extraordinary income	22	51
Extraordinary losses		
Loss on sales and retirement of non-current assets	171	140
Loss on valuation of investment securities	119	-
Loss on valuation of shares of subsidiaries and associates	66	-
Loss on extinguishment of tie-in shares	-	81
Total extraordinary losses	357	222
Profit before income taxes	10,124	11,377
Income taxes - current	3,177	3,636
Income taxes - deferred	168	257
Total income taxes	3,345	3,893
Profit	6,779	7,484
Profit attributable to non-controlling interests	635	657
Profit attributable to owners of parent	6,143	6,826

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(Consolidated Nine-Month Period Ended July 31)**

(Millions of yen)

	Nine months ended July 31, 2020	Nine months ended July 31, 2021
Profit	6,779	7,484
Other comprehensive income		
Valuation difference on available-for-sale securities	-666	370
Deferred gains or losses on hedges	-0	-
Foreign currency translation adjustment	12	852
Remeasurements of defined benefit plans, net of tax	-28	6
Total other comprehensive income	<u>-682</u>	<u>1,229</u>
Comprehensive income	<u>6,096</u>	<u>8,713</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,470	8,052
Comprehensive income attributable to non-controlling interests	625	660

### (3) Notes Concerning Quarterly Consolidated Financial Statements

#### (Notes Relating to the Going Concern Assumption)

The Company had no material items to report.

#### (Note on Significant Changes to Shareholders' Equity)

The Company had no material items to report.

#### (Supplemental Information)

(Accounting estimates due to the spread of COVID-19)

There have been no significant changes in the assumptions and accounting estimates, including those related to the impact of the spread of COVID-19 and the timing of its settlement as described in the Annual Securities Report for the previous fiscal year (Supplemental Information) (Accounting estimates due to the spread of COVID-19).

#### (Segment Information)

I Nine-month period ended July 31, 2020 (From November 1, 2019 to July 31, 2020)

1. Information concerning the amount of net sales and income or loss by reporting segment

(Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Net sales to outside customers	119,984	12,976	132,961
Net sales or transfers between related segments	-	-	-
Total	119,984	12,976	132,961
Segment income	9,613	721	10,334

(Note) The "Other businesses" classification encompasses business segments not included in the reporting segment, and includes business related to the Steel Sales Division and business related to the Information Products Division, welfare-related business and other businesses.

2. Difference between total reporting segment income or loss and the amount reported on the Quarterly Consolidated Statement of Income, and the main reasons for the difference (Matters Pertaining to Reconciliation of Difference)

(Millions of yen)

Income	Amount
Reporting segment total	9,613
Income for "Other businesses" classification	721
Other adjustments	323
Operating profit reported on the Quarterly Consolidated Statement of Income	10,658

3. Information concerning non-current impairment loss and goodwill by reporting segment

The Company had no material items to report.

II Nine-month period ended July 31, 2021 (From November 1, 2020 to July 31, 2021)

1. Information concerning the amount of net sales and income or loss by reporting segment  
(Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Net sales to outside customers	128,085	13,370	141,455
Net sales or transfers between related segments	-	-	-
Total	128,085	13,370	141,455
Segment income	9,715	828	10,543

(Note) The "Other businesses" classification encompasses business segments not included in the reporting segment, and includes business related to the Steel Sales Division and business related to the Information Products Division, welfare-related business and other businesses.

2. Difference between total reporting segment income or loss and the amount reported on the Quarterly Consolidated Statement of Income, and the main reasons for the difference (Matters Pertaining to Reconciliation of Difference)

(Millions of yen)

Income	Amount
Reporting segment total	9,715
Income for "Other businesses" classification	828
Other adjustments	352
Operating profit reported on the Quarterly Consolidated Statement of Income	10,895

3. Information concerning non-current asset impairment loss and goodwill by reporting segment

The Company had no material items to report.