



# Nine-Month Consolidated Financial Report for the Fiscal Year Ending October 31, 2023 (Japan GAAP)

September 8, 2023

Listed Company Name **Kanamoto Co., Ltd.**  
 Company Code Number **9678**  
 Listing Exchanges **Tokyo Stock Exchange, Sapporo Stock Exchange**  
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Scheduled date for submission of Quarterly Report September 13, 2023  
 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, 2023

(November 1, 2022 – July 31, 2023)

### (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, 2023: Third quarter	145,155	4.6	7,755	-15.4	8,152	-15.8	4,220	-28.8
Fiscal year ended October 31, 2022: Third quarter	138,828	–	9,162	-15.2	9,679	-15.6	5,927	-13.2

(Note) Comprehensive income (millions of yen)

Fiscal year ending October 31, 2023, Third quarter 5,659 (-30.2%)  
 Fiscal year ended October 31, 2022, Third quarter 8,108 (-7.0%)

	Earnings per Share	Earnings per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal year ending October 31, 2023: Third quarter	116.21	–
Fiscal year ended October 31, 2022: Third quarter	159.27	–

(Note) As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ended October 31, 2022, the percentage of change for net sales from the results for the nine months ended July 31, 2021, which was prior to the application of the said accounting standard, etc. is not shown.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of July 31, 2023	309,171	140,933	42.7
As of October 31, 2022	305,320	140,611	43.2

(Reference) Equity (millions of yen)

As of July 31, 2023 131,976  
 As of October 31, 2022 131,958

## 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, 2022	-	35.00	-	40.00	75.00
Fiscal year ending October 31, 2023	-	35.00	-		
Fiscal year ending October 31, 2023 (projected)				40.00	75.00

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

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

(November 1, 2022 – October 31, 2023)

(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	198,000	5.3	14,000	5.8	14,100	2.3	8,400	0.7	231.28

(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
- (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 issued at the end of the period (including treasury shares)

As of July 31, 2023:	38,742,241 shares
As of October 31, 2022:	38,742,241 shares
  - (b) Number of treasury shares at the end of the period

As of July 31, 2023:	2,681,790 shares
As of October 31, 2022:	1,799,490 shares
  - (c) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Fiscal year ending October 31, 2023: Third quarter:	36,319,334 shares
Fiscal year ended October 31, 2022: Third quarter:	37,218,062 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 saw progress in the normalization of economic activities against the backdrop of the classification of COVID-19 being changed to Class V. However, the outlook remained uncertain due to factors such as unstable conditions overseas and financial market trends.

In the construction industry in which the Group is involved, changes in construction demand and needs continue to necessitate even closer attention due to the deep impact of soaring construction material prices, delivery delays, etc., despite the gradual recovery of private sector construction investment in addition to stable public sector investment.

In such circumstances, in order to achieve the goals of its Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group promoted regional strategies to enhance profit margins and maximize synergistic effects by efficiently using management resources while also promoting the establishment of a structure that will enhance organizational capabilities and planning and implementation capabilities by strengthening collaboration between departments.

For the nine-month period under review, the Group reported net sales of ¥145,155 million, an increase of 4.6% year on year. On the earnings front, partly due to investment in human resources in preparation for the future in addition to increases in depreciation and selling, general and administrative expenses caused by an absorption-type merger within the Group, operating profit was ¥7,755 million, a decrease of 15.4% year on year, ordinary profit was ¥8,152 million, a decrease of 15.8% year on year, and profit attributable to owners of parent was ¥4,220 million, a decrease of 28.8% year on year.

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, the strength of rental demand for construction equipment overall returned due to the progress of various types of large-scale projects, such as the construction of semiconductor plants in Hokkaido and Kyushu, and security-related construction in addition to the continuation of redevelopment work in urban areas, extension projects for bullet trains and renewable energy-related work.

Furthermore, the Group worked to enhance the utilization rate of assets and strengthen the service system, such as by proactively enhancing and appropriately deploying its rental equipment after ascertaining trends in demand, while also working to improve the earnings structure by optimizing the rental unit price.

Used construction equipment sales decreased 9.1% year on year, as Kanamoto proceeded with sales in accordance with the initial plan in order to maintain an appropriate asset mix 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 ¥131,108 million, an increase of 4.2% year on year, and operating profit of ¥6,598 million, a decrease of 16.8% year on year.

### < Other businesses >

In the Group's other businesses, net sales was ¥14,047 million, an increase of 8.5% year on year, and operating profit was ¥777 million, a decrease of 10.1% 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 as planned.

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

Assets, liabilities, and net assets

Total assets at the end of the third quarter under review stood at ¥309,171 million, an increase of ¥3,851 million compared with the end of the prior fiscal year. This was primarily due to an increase of ¥7,805 million in rental equipment, while long-term loans receivable decreased by ¥3,413 million.

Total liabilities stood at ¥168,238 million, an increase of ¥3,529 million compared with the end of the prior fiscal year. This was primarily due to increases of ¥2,170 million in short-term borrowings and ¥1,287 million in long-term borrowings, while income taxes payable decreased by ¥1,290 million.

Total net assets stood at ¥140,933 million, an increase of ¥321 million compared with the end of the prior fiscal year. This mainly reflects the posting of profit attributable to owners of parent of ¥4,220 million. Meanwhile, there were decreases of ¥2,739 million due to dividends of surplus and ¥1,960 million due to purchase of treasury shares.

As a result, equity ratio was 42.7% compared with 43.2% at the end of the prior fiscal year.

## **(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, 2022 (Japan GAAP) on December 9, 2022.

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

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of October 31, 2022	As of July 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	47,565	47,414
Notes and accounts receivable - trade, and contract assets	38,452	37,022
Electronically recorded monetary claims - operating	8,025	10,210
Merchandise and finished goods	1,729	1,585
Raw materials and supplies	1,432	1,563
Construction machine parts	17,047	15,760
Other	4,098	3,295
Allowance for doubtful accounts	-284	-231
Total current assets	118,066	116,621
Non-current assets		
Property, plant and equipment		
Rental equipment	282,605	302,591
Accumulated depreciation	-181,989	-194,169
Rental equipment, net	100,616	108,422
Buildings and structures	44,709	47,598
Accumulated depreciation	-26,128	-27,219
Buildings and structures, net	18,581	20,378
Machinery, equipment and vehicles	10,088	10,524
Accumulated depreciation	-8,511	-8,724
Machinery, equipment and vehicles, net	1,576	1,799
Land	38,688	38,921
Other	4,570	3,727
Accumulated depreciation	-2,305	-2,460
Other, net	2,265	1,266
Total property, plant and equipment	161,728	170,789
Intangible assets		
Goodwill	3,810	3,318
Customer relationship	1,395	1,264
Other	1,511	1,402
Total intangible assets	6,717	5,985
Investments and other assets		
Investment securities	9,699	10,052
Deferred tax assets	2,370	1,821
Long-term loans receivable	5,213	1,799
Other	2,081	2,643
Allowance for doubtful accounts	-556	-542
Total investments and other assets	18,808	15,774
Total non-current assets	187,253	192,550
Total assets	305,320	309,171

(Millions of yen)

	As of October 31, 2022	As of July 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	33,714	33,767
Short-term borrowings	980	3,150
Current portion of long-term borrowings	13,913	14,254
Lease liabilities	1,444	1,566
Income taxes payable	1,957	667
Provision for bonuses	1,579	1,084
Accounts payable - other	24,853	25,088
Other	4,022	4,065
Total current liabilities	82,465	83,644
Non-current liabilities		
Long-term borrowings	34,659	35,947
Lease liabilities	3,179	3,413
Long-term accounts payable - other	41,121	41,654
Retirement benefit liability	374	368
Asset retirement obligations	657	661
Deferred tax liabilities	2,095	2,352
Other	154	196
Total non-current liabilities	82,242	84,594
Total liabilities	164,708	168,238
<b>Net assets</b>		
Shareholders' equity		
Share capital	17,829	17,829
Capital surplus	19,332	19,438
Retained earnings	94,399	95,341
Treasury shares	-3,945	-5,906
Total shareholders' equity	127,616	126,704
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,181	3,054
Foreign currency translation adjustment	2,198	2,251
Remeasurements of defined benefit plans	-37	-33
Total accumulated other comprehensive income	4,342	5,272
Non-controlling interests	8,652	8,956
Total net assets	140,611	140,933
Total liabilities and net assets	305,320	309,171

**(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, 2022	Nine months ended July 31, 2023
Net sales	138,828	145,155
Cost of sales	98,004	103,978
Gross profit	40,823	41,177
Selling, general and administrative expenses	31,661	33,421
Operating profit	9,162	7,755
Non-operating income		
Interest income	53	51
Dividend income	179	201
Insurance fee income	20	60
Rental income	58	59
Foreign exchange gains	177	74
Other	317	270
Total non-operating income	806	719
Non-operating expenses		
Interest expenses	75	89
Loss on cancellation of leases	19	25
Other	195	207
Total non-operating expenses	290	322
Ordinary profit	9,679	8,152
Extraordinary income		
Gain on sale of non-current assets	14	36
Gain on sale of shares of subsidiaries and associates	6	0
Gain on sale of investment securities	-	56
Gain on revision of retirement benefit plan	34	-
Gain on extinguishment of tie-in shares	135	-
Total extraordinary income	191	93
Extraordinary losses		
Impairment losses	-	193
Loss on sale and retirement of non-current assets	182	264
Loss on valuation of investment securities	4	-
Total extraordinary losses	187	457
Profit before income taxes	9,683	7,787
Income taxes - current	2,554	2,660
Income taxes - deferred	715	408
Total income taxes	3,269	3,068
Profit	6,413	4,719
Profit attributable to non-controlling interests	485	499
Profit attributable to owners of parent	5,927	4,220

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

(Millions of yen)

	Nine months ended July 31, 2022	Nine months ended July 31, 2023
Profit	6,413	4,719
Other comprehensive income		
Valuation difference on available-for-sale securities	8	882
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	1,644	52
Remeasurements of defined benefit plans, net of tax	41	5
Total other comprehensive income	1,694	940
Comprehensive income	8,108	5,659
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,613	5,150
Comprehensive income attributable to non-controlling interests	495	509

### (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 repurchased 900,300 shares of treasury shares in accordance with the resolution of the meeting of the Board of Directors held on December 9, 2022. As a result, treasury shares increased by ¥1,960 million during the nine-month period ended July 31, 2023, resulting in ¥5,906 million as of the end of the nine-month period ended July 31, 2023.

#### (Segment Information)

I Nine-month period ended July 31, 2022 (From November 1, 2021 to July 31, 2022)

1. Information concerning the amount of net sales and income or loss by reporting segment, and information on disaggregation of revenue

(Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Rental contracts	88,276	5,520	93,797
Sales of merchandise and finished goods	27,500	6,589	34,089
Other	9,969	839	10,809
Revenue from contracts with customers	125,746	12,949	138,695
Other revenues	132	-	132
Net sales to outside customers	125,879	12,949	138,828
Net sales or transfers between related segments	-	-	-
Total	125,879	12,949	138,828
Segment income	7,929	865	8,794

(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	7,929
Income for "Other businesses" classification	865
Other adjustments	368
Operating profit reported on the Quarterly Consolidated Statement of Income	9,162

II Nine-month period ended July 31, 2023 (From November 1, 2022 to July 31, 2023)

1. Information concerning the amount of net sales and income or loss by reporting segment, and information on disaggregation of revenue

(Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Rental contracts	92,397	5,784	98,181
Sales of merchandise and finished goods	28,223	7,465	35,689
Other	10,395	798	11,193
Revenue from contracts with customers	131,017	14,047	145,064
Other revenues	91	-	91
Net sales to outside customers	131,108	14,047	145,155
Net sales or transfers between related segments	-	-	-
Total	131,108	14,047	145,155
Segment income	6,598	777	7,376

(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	6,598
Income for "Other businesses" classification	777
Other adjustments	379
Operating profit reported on the Quarterly Consolidated Statement of Income	7,755

3. Information concerning impairment losses of non-current assets and goodwill by reporting segment (Material impairment losses on non-current assets)

In the business related to the Construction Equipment Rental Division, the Company posted impairment losses of goodwill of ¥117 million and impairment losses of customer relationship of ¥76 million.