



# Nine-Month Consolidated Financial Report for the Fiscal Year Ending October 31, 2024 (Japan GAAP)

September 6, 2024

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 commencement of dividend payments –  
 Preparation of Settlement Supplementary Explanatory Materials No  
 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, 2024

(November 1, 2023 – July 31, 2024)

### (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, 2024: Third quarter	151,861	4.6	9,029	16.4	9,429	15.7	5,432	28.7
Fiscal year ended October 31, 2023: Third quarter	145,155	4.6	7,755	-15.4	8,152	-15.8	4,220	-28.8

(Note) Comprehensive income (millions of yen)  
 Fiscal year ending October 31, 2024, Third quarter 8,165 (44.3%)  
 Fiscal year ended October 31, 2023, Third quarter 5,659 (-30.2%)

	Earnings per Share	Earnings per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal year ending October 31, 2024: Third quarter	152.70	–
Fiscal year ended October 31, 2023: Third quarter	116.21	–

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of July 31, 2024	323,266	147,141	42.5
As of October 31, 2023	316,440	143,677	42.5

(Reference) Equity (millions of yen)  
 As of July 31, 2024 137,441  
 As of October 31, 2023 134,495

## 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, 2023	-	35.00	-	40.00	75.00
Fiscal year ending October 31, 2024	-	35.00	-		
Fiscal year ending October 31, 2024 (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, 2024

(November 1, 2023 – October 31, 2024)

(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	205,300	4.0	14,100	17.9	14,300	14.5	8,300	23.5	233.69

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

## Notes

- (1) Significant changes in the scope of consolidation during the period under review: 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, 2024: 38,742,241 shares
    - As of October 31, 2023: 38,742,241 shares
  - (b) Number of treasury shares at the end of the period
    - As of July 31, 2024: 3,402,310 shares
    - As of October 31, 2023: 2,681,810 shares
  - (c) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
    - Fiscal year ending October 31, 2024: Third quarter: 35,576,742 shares
    - Fiscal year ended October 31, 2023: Third quarter: 36,319,334 shares

Note: Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or independent account auditors: No

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. Overview of Operating Results and Others (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.

○Attachments Table of Contents

1. Overview of Operating Results and Others .....	5
(1) Overview of Operating Results and Others for the Nine-Month Period of the Fiscal Year Ending October 31, 2024.....	5
(2) Overview of Financial Position for the Nine-Month Period of the Fiscal Year Ending October 31, 2024.....	5
(3) Explanation Concerning Future Forecasts Including Projected Consolidated Operating Results .....	6
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto .....	7
(1) Quarterly Consolidated Balance Sheets .....	7
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income .....	9
(Quarterly Consolidated Statements of Income) .....	9
(Consolidated Nine-Month Period Ended July 31).....	9
(Quarterly Consolidated Statements of Comprehensive Income) .....	10
(Consolidated Nine-Month Period Ended July 31).....	10
(3) Notes Concerning Quarterly Consolidated Financial Statements .....	11
(Notes on Segment Information, Etc.).....	11
(Note on Significant Changes to Shareholders' Equity) .....	13
(Notes Relating to the Going Concern Assumption) .....	13
(Notes to Quarterly Consolidated Statements of Cash Flows).....	13

## **1. Overview of Operating Results and Others**

### **(1) Overview of Operating Results and Others for the Nine-Month Period of the Fiscal Year Ending October 31, 2024**

During the nine-month period under review, Japan's economy showed a gradual recovery due to an improvement in the employment and income environment resulting from a recovery in corporate earnings and the effects of various government policies, etc. However, the outlook remained uncertain due to fluctuations in financial and capital markets and downside risks in overseas economies.

In the construction industry in which the Group is involved, public sector investment remained firm, partly due to the effects of supplementary budgets, and private sector construction investment showed signs of picking up, but we need to keep a close eye on soaring prices of construction materials, rising labor costs, and tight labor supply and demand due to a shrinking workforce.

In such circumstances, as the Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024) enters its final year, the Group analyzed and reviewed trends to date, promoted strategies aimed at improving profitability, including the appropriate allocation of rental equipment after ascertaining trends in demand, as well as the selection and concentration of management resources. In addition, we focused on establishing a structure to form the foundation for the next Medium-Term Corporate Management Plan.

For the nine-month period under review, the Group reported net sales of ¥151,861 million, an increase of 4.6% year on year. Operating profit was ¥9,029 million, an increase of 16.4% year on year, ordinary profit was ¥9,429 million, an increase of 15.7% year on year, and profit attributable to owners of parent was ¥5,432 million, an increase of 28.7% 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, in addition to transportation infrastructure development and disaster countermeasure construction, we continue to work on large-scale projects in Hokkaido and Kyushu areas, where we have a large market share, such as defense-related work related to national security.

In addition, the Group is working to achieve its goals by strengthening its ability to respond to regions where there is expected to be significant construction demand, improving its profit structure by optimizing rental unit prices, and increasing asset utilization rates.

Used construction equipment sales decreased 2.8% 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 ¥135,735 million, an increase of 3.5% year on year, and operating profit of ¥7,937 million, an increase of 20.3% year on year.

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

In the Group's other businesses, net sales was ¥16,126 million, an increase of 14.8% year on year, and operating profit was ¥689 million, a decrease of 11.4% 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.

### **(2) Overview of Financial Position for the Nine-Month Period of the Fiscal Year Ending October 31, 2024**

Assets, liabilities, and net assets

Total assets at the end of the third quarter under review stood at ¥323,266 million, an increase of ¥6,826 million compared with the end of the prior fiscal year. This was primarily due to increases of ¥8,229 million in cash and deposits, ¥2,672 million in rental equipment, ¥1,563 million in investment securities, while

notes and accounts receivable - trade, and contract assets decreased by ¥1,844 million and electronically recorded monetary claims - operating decreased by ¥1,896 million.

Total liabilities stood at ¥176,125 million, an increase of ¥3,361 million compared with the end of the prior fiscal year. This was primarily due to increases of ¥6,230 million in short-term borrowings and ¥2,867 million in long-term borrowings, while notes and accounts payable - trade decreased by ¥3,909 million and income taxes payable decreased by ¥1,587 million.

Total net assets stood at ¥147,141 million, an increase of ¥3,464 million compared with the end of the prior fiscal year. This mainly reflects the posting of profit attributable to owners of parent of ¥5,432 million and increases of ¥1,105 million in valuation difference on available-for-sale securities and ¥1,114 million in foreign currency translation adjustment. Meanwhile, there were decreases of ¥2,679 million due to dividends of surplus and ¥2,000 million due to purchase of treasury shares.

As a result, equity ratio was 42.5% compared with 42.5% 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, 2023 (Japan GAAP) on December 8, 2023.

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

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of October 31, 2023	As of July 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	45,611	53,840
Notes and accounts receivable - trade, and contract assets	41,048	39,204
Electronically recorded monetary claims - operating	11,474	9,578
Merchandise and finished goods	1,442	1,820
Raw materials and supplies	1,574	1,712
Construction machine parts	15,962	15,745
Other	3,453	3,244
Allowance for doubtful accounts	-269	-172
Total current assets	120,298	124,973
Non-current assets		
Property, plant and equipment		
Rental equipment	308,318	321,172
Accumulated depreciation	-197,632	-207,814
Rental equipment, net	110,685	113,358
Buildings and structures	47,935	48,997
Accumulated depreciation	-27,522	-28,591
Buildings and structures, net	20,413	20,405
Machinery, equipment and vehicles	10,550	10,834
Accumulated depreciation	-8,798	-9,083
Machinery, equipment and vehicles, net	1,752	1,750
Land	39,511	39,561
Other	4,091	3,878
Accumulated depreciation	-2,476	-2,633
Other, net	1,614	1,245
Total property, plant and equipment	173,977	176,320
Intangible assets		
Goodwill	3,163	2,834
Customer relationship	1,244	1,306
Other	1,369	1,184
Total intangible assets	5,778	5,326
Investments and other assets		
Investment securities	10,637	12,201
Deferred tax assets	2,013	1,246
Long-term loans receivable	1,702	1,109
Other	2,508	2,541
Allowance for doubtful accounts	-476	-453
Total investments and other assets	16,386	16,645
Total non-current assets	196,141	198,292
Total assets	316,440	323,266

(Millions of yen)

	As of October 31, 2023	As of July 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	36,077	32,167
Short-term borrowings	900	7,130
Current portion of long-term borrowings	14,600	16,094
Lease liabilities	1,645	1,674
Income taxes payable	2,657	1,069
Provision for bonuses	1,676	1,101
Accounts payable - other	26,075	24,883
Other	3,992	4,535
Total current liabilities	87,624	88,657
Non-current liabilities		
Long-term borrowings	35,796	38,663
Lease liabilities	3,626	3,562
Long-term accounts payable - other	42,324	41,633
Retirement benefit liability	354	334
Asset retirement obligations	686	721
Deferred tax liabilities	2,288	2,389
Other	60	161
Total non-current liabilities	85,139	87,467
Total liabilities	172,763	176,125
<b>Net assets</b>		
Shareholders' equity		
Share capital	17,829	17,829
Capital surplus	19,432	19,400
Retained earnings	97,842	100,596
Treasury shares	-5,906	-7,906
Total shareholders' equity	129,198	129,920
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,983	4,089
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	2,343	3,457
Remeasurements of defined benefit plans	-30	-26
Total accumulated other comprehensive income	5,296	7,520
Non-controlling interests	9,181	9,700
Total net assets	143,677	147,141
Total liabilities and net assets	316,440	323,266



**(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, 2023	Nine months ended July 31, 2024
Net sales	145,155	151,861
Cost of sales	103,978	108,713
Gross profit	41,177	43,148
Selling, general and administrative expenses	33,421	34,119
Operating profit	7,755	9,029
Non-operating income		
Interest income	51	68
Dividend income	201	225
Insurance fee income	60	43
Rental income	59	55
Foreign exchange gains	74	55
Other	270	304
Total non-operating income	719	753
Non-operating expenses		
Interest expenses	89	116
Loss on cancellation of leases	25	36
Other	207	201
Total non-operating expenses	322	353
Ordinary profit	8,152	9,429
Extraordinary income		
Gain on sale of non-current assets	36	22
Gain on sale of shares of subsidiaries and associates	0	1
Gain on sale of investment securities	56	-
Total extraordinary income	93	24
Extraordinary losses		
Impairment losses	193	-
Loss on sale and retirement of non-current assets	264	147
Total extraordinary losses	457	147
Profit before income taxes	7,787	9,305
Income taxes - current	2,660	3,135
Income taxes - deferred	408	235
Total income taxes	3,068	3,370
Profit	4,719	5,935
Profit attributable to non-controlling interests	499	502
Profit attributable to owners of parent	4,220	5,432

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

(Millions of yen)

	Nine months ended July 31, 2023	Nine months ended July 31, 2024
Profit	4,719	5,935
Other comprehensive income		
Valuation difference on available-for-sale securities	882	1,109
Deferred gains or losses on hedges	-	-0
Foreign currency translation adjustment	52	1,114
Remeasurements of defined benefit plans, net of tax	5	5
Total other comprehensive income	940	2,229
Comprehensive income	5,659	8,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,150	7,656
Comprehensive income attributable to non-controlling interests	509	508

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

#### (Notes on Segment Information, Etc.)

(Segment information)

I 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.

II Nine-month period ended July 31, 2024 (From November 1, 2023 to July 31, 2024)

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	95,927	6,033	101,961
Sales of merchandise and finished goods	29,377	9,677	39,055
Other	10,367	414	10,782
Revenue from contracts with customers	135,673	16,126	151,799
Other revenues	62	-	62
Net sales to outside customers	135,735	16,126	151,861
Net sales or transfers between related segments	-	-	-
Total	135,735	16,126	151,861
Segment income	7,937	689	8,627

(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	7,937
Income for "Other businesses" classification	689
Other adjustments	402
Operating profit reported on the Quarterly Consolidated Statement of Income	9,029

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

The Company repurchased 720,400 shares of treasury shares in accordance with the resolution of the meeting of the Board of Directors held on December 8, 2023.

As a result, treasury shares increased by ¥2,000 million during the nine-month period ended July 31, 2024, resulting in ¥7,906 million as of July 31, 2024.

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

The Company had no material items to report.

**(Notes to Quarterly Consolidated Statements of Cash Flows)**

Quarterly Consolidated Statements of Cash Flows have not been prepared for the nine-month period under review. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine-month periods ended July 31, 2023 and 2024 are as follows.

	(Millions of yen)	
	Nine months ended July 31, 2023	Nine months ended July 31, 2024
Depreciation	25,458	26,748
Amortization of goodwill	479	486