



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

March 8, 2024

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 March 15, 2024
 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 Three-Month Period of the Fiscal Year Ending October 31, 2024

(November 1, 2023 – January 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: First quarter	50,118	1.2	2,985	-3.6	3,200	-2.1	1,778	2.3
Fiscal year ended October 31, 2023: First quarter	49,508	5.9	3,096	-6.5	3,267	-6.9	1,738	-16.1

(Note) Comprehensive income (millions of yen)

Fiscal year ending October 31, 2024, First quarter 2,271 (56.5%)
 Fiscal year ended October 31, 2023, First quarter 1,451 (-45.0%)

	Earnings per Share	Earnings per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal year ending October 31, 2024: First quarter	49.47	–
Fiscal year ended October 31, 2023: First quarter	47.31	–

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of January 31, 2024	321,953	143,802	41.8
As of October 31, 2023	316,440	143,677	42.5

(Reference) Equity (millions of yen)

As of January 31, 2024 134,437
 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
Fiscal year ended October 31, 2023	Yen –	Yen 35.00	Yen –	Yen 40.00	Yen 75.00
Fiscal year ending October 31, 2024	–				
Fiscal year ending October 31, 2024 (projected)		35.00	–	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
Interim period	101,000	3.8	5,900	10.7	6,000	9.3	3,400	16.3	95.31
Full year	205,300	4.0	14,100	17.9	14,300	14.5	8,300	23.5	234.09

(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 January 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 January 31, 2024:	2,922,810 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: First quarter:	35,942,834 shares
Fiscal year ended October 31, 2023: First quarter:	36,749,709 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.

oAttachments Table of Contents

1. Qualitative Information Concerning Quarterly Consolidated Operating Results	5
(1) Qualitative Information Concerning Consolidated Operating Results	5
(2) Qualitative Information Concerning Consolidated Financial Position	6
(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 Three-Month Period Ended January 31).....	9
(Quarterly Consolidated Statements of Comprehensive Income)	10
(Consolidated Three-Month Period Ended January 31).....	10
(3) Notes Concerning Quarterly Consolidated Financial Statements	11
(Notes Relating to the Going Concern Assumption)	11
(Note on Significant Changes to Shareholders' Equity).....	11
(Segment Information).....	11

1. Qualitative Information Concerning Quarterly Consolidated Operating Results

(1) Qualitative Information Concerning Consolidated Operating Results

During the three-month period under review, Japan's economy showed a gradual recovery due to the impact of an improved employment and income environment and various government policies, etc. However, the outlook remained uncertain due to risks that could put downward pressure on the domestic economy, such as uncertainties in overseas economies and the effects of global monetary tightening.

In the construction industry in which the Group is involved, construction investment was relatively steady with public sector investment remaining firm and private sector construction investment showing signs of recovery. However, impacts such as persistently high prices for construction materials and energy, and rising labor costs, continue to necessitate even closer attention.

In such circumstances, as the Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024) enters its final year, the Group focused on establishing a structure to form the foundation for the next Medium-Term Corporate Management Plan by promoting three key measures: "Expansion of domestic bases for operations," "Overseas expansion," and "Optimization of internal operations." On the other hand, the Group aims to enhance corporate value and achieve sustainable growth by further strengthening its business resilience through business operations conscious of sustainability and proactive responses to various social environmental changes.

For the three-month period under review, the Group reported net sales of ¥50,118 million, an increase of 1.2% year on year due to steady growth in sales. On the earnings front, due to a slow start in overseas businesses, operating profit was ¥2,985 million, a decrease of 3.6% year on year, ordinary profit was ¥3,200 million, a decrease of 2.1% year on year, and profit attributable to owners of parent was ¥1,778 million, an increase of 2.3% 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, progress of various large-scale projects contributed to demand, and although there were differences by region, specifically in the areas of infrastructure development and disaster prevention work, overall, strength in rental demand for construction equipment returned.

In addition, the Group is striving to continue measures for enhancing utilization rates, such as focusing on the selection and concentration of sales offices and strengthening the management system for its assets while promoting its systems to optimize the rental unit price.

Used construction equipment sales decreased 11.8% year on year, as Kanamoto proceeded with sales to maintain an appropriate asset mix while carrying out the extension of the rental equipment operation period as planned at the beginning of the fiscal year.

Reflecting these factors, the Group posted net sales in the construction-related businesses of ¥45,315 million, an increase of 0.5% year on year, and operating profit of ¥2,633 million, a decrease of 1.1% year on year.

< Other businesses >

In the Group's other businesses, net sales was ¥4,803 million, an increase of 9.2% year on year, and operating profit was ¥218 million, a decrease of 28.1% 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 remained firm.

(2) Qualitative Information Concerning Consolidated Financial Position

(Assets)

Total assets at the end of the first quarter under review stood at ¥321,953 million, an increase of ¥5,513 million compared with the end of the prior fiscal year. This was primarily due to increases of ¥7,957 million in cash and deposits and ¥1,552 million in rental equipment, while notes and accounts receivable - trade, and contract assets decreased by ¥2,284 million.

(Liabilities)

Total liabilities stood at ¥178,151 million, an increase of ¥5,387 million compared with the end of the prior fiscal year. This was primarily due to increases of ¥6,500 million in short-term borrowings and ¥1,502 million in long-term borrowings, while income taxes payable decreased by ¥1,812 million.

(Net assets)

Total net assets stood at ¥143,802 million, an increase of ¥125 million compared with the end of the prior fiscal year. This mainly reflects the posting of profit attributable to owners of parent of ¥1,778 million. Meanwhile, there was a decrease of ¥1,442 million due to dividends of surplus.

As a result, equity ratio was 41.8% 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 January 31, 2024
Assets		
Current assets		
Cash and deposits	45,611	53,568
Notes and accounts receivable - trade, and contract assets	41,048	38,764
Electronically recorded monetary claims - operating	11,474	11,036
Merchandise and finished goods	1,442	2,066
Raw materials and supplies	1,574	1,669
Construction machine parts	15,962	15,320
Other	3,453	2,589
Allowance for doubtful accounts	-269	-164
Total current assets	120,298	124,850
Non-current assets		
Property, plant and equipment		
Rental equipment	308,318	315,306
Accumulated depreciation	-197,632	-203,068
Rental equipment, net	110,685	112,238
Buildings and structures	47,935	48,201
Accumulated depreciation	-27,522	-27,926
Buildings and structures, net	20,413	20,275
Machinery, equipment and vehicles	10,550	10,733
Accumulated depreciation	-8,798	-8,888
Machinery, equipment and vehicles, net	1,752	1,844
Land	39,511	39,516
Other	4,091	4,128
Accumulated depreciation	-2,476	-2,541
Other, net	1,614	1,586
Total property, plant and equipment	173,977	175,461
Intangible assets		
Goodwill	3,163	3,017
Customer relationship	1,244	1,232
Other	1,369	1,286
Total intangible assets	5,778	5,535
Investments and other assets		
Investment securities	10,637	11,063
Deferred tax assets	2,013	1,341
Long-term loans receivable	1,702	1,701
Other	2,508	2,457
Allowance for doubtful accounts	-476	-456
Total investments and other assets	16,386	16,106
Total non-current assets	196,141	197,103
Total assets	316,440	321,953

(Millions of yen)

	As of October 31, 2023	As of January 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,077	35,929
Short-term borrowings	900	7,400
Current portion of long-term borrowings	14,600	15,457
Lease liabilities	1,645	1,673
Income taxes payable	2,657	844
Provision for bonuses	1,676	734
Accounts payable - other	26,075	25,179
Other	3,992	4,435
Total current liabilities	87,624	91,654
Non-current liabilities		
Long-term borrowings	35,796	37,299
Lease liabilities	3,626	3,792
Long-term accounts payable - other	42,324	41,984
Retirement benefit liability	354	347
Asset retirement obligations	686	687
Deferred tax liabilities	2,288	2,242
Other	60	142
Total non-current liabilities	85,139	86,496
Total liabilities	172,763	178,151
Net assets		
Shareholders' equity		
Share capital	17,829	17,829
Capital surplus	19,432	19,400
Retained earnings	97,842	98,178
Treasury shares	-5,906	-6,588
Total shareholders' equity	129,198	128,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,983	3,300
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	2,343	2,345
Remeasurements of defined benefit plans	-30	-29
Total accumulated other comprehensive income	5,296	5,616
Non-controlling interests	9,181	9,365
Total net assets	143,677	143,802
Total liabilities and net assets	316,440	321,953

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**(Quarterly Consolidated Statements of Income)
(Consolidated Three-Month Period Ended January 31)**

(Millions of yen)

	Three months ended January 31, 2023	Three months ended January 31, 2024
Net sales	49,508	50,118
Cost of sales	35,414	35,899
Gross profit	14,094	14,219
Selling, general and administrative expenses	10,997	11,233
Operating profit	3,096	2,985
Non-operating income		
Interest income	15	21
Dividend income	86	94
Rental income	20	18
Foreign exchange gains	4	10
Other	140	182
Total non-operating income	268	327
Non-operating expenses		
Interest expenses	28	36
Loss on cancellation of leases	9	18
Other	58	57
Total non-operating expenses	96	112
Ordinary profit	3,267	3,200
Extraordinary income		
Gain on sale of non-current assets	3	10
Gain on sale of shares of subsidiaries and associates	0	1
Total extraordinary income	4	12
Extraordinary losses		
Loss on sale and retirement of non-current assets	77	56
Total extraordinary losses	77	56
Profit before income taxes	3,194	3,156
Income taxes - current	709	735
Income taxes - deferred	537	474
Total income taxes	1,247	1,209
Profit	1,946	1,947
Profit attributable to non-controlling interests	208	169
Profit attributable to owners of parent	1,738	1,778

(Quarterly Consolidated Statements of Comprehensive Income)
(Consolidated Three-Month Period Ended January 31)

(Millions of yen)

	Three months ended January 31, 2023	Three months ended January 31, 2024
Profit	1,946	1,947
Other comprehensive income		
Valuation difference on available-for-sale securities	128	319
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	-625	2
Remeasurements of defined benefit plans, net of tax	1	1
Total other comprehensive income	-495	324
Comprehensive income	1,451	2,271
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,237	2,097
Comprehensive income attributable to non-controlling interests	213	173

(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 241,000 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 ¥682 million during the three-month period ended January 31, 2024, resulting in ¥6,588 million as of the end of the three-month period ended January 31, 2024.

(Segment Information)

I Three-month period ended January 31, 2023 (From November 1, 2022 to January 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	33,777	1,917	35,694
Sales of merchandise and finished goods	7,573	2,156	9,729
Other	3,729	323	4,053
Revenue from contracts with customers	45,080	4,397	49,478
Other revenues	30	-	30
Net sales to outside customers	45,110	4,397	49,508
Net sales or transfers between related segments	-	-	-
Total	45,110	4,397	49,508
Segment income	2,661	304	2,965

(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	2,661
Income for "Other businesses" classification	304
Other adjustments	130
Operating profit reported on the Quarterly Consolidated Statement of Income	3,096

II Three-month period ended January 31, 2024 (From November 1, 2023 to January 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	34,068	1,989	36,058
Sales of merchandise and finished goods	7,622	2,638	10,260
Other	3,602	175	3,778
Revenue from contracts with customers	45,293	4,803	50,096
Other revenues	21	-	21
Net sales to outside customers	45,315	4,803	50,118
Net sales or transfers between related segments	-	-	-
Total	45,315	4,803	50,118
Segment income	2,633	218	2,852

(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	2,633
Income for "Other businesses" classification	218
Other adjustments	133
Operating profit reported on the Quarterly Consolidated Statement of Income	2,985