



Fiscal Year Ended October 31, 2023 Financial Statements Bulletin (Japan GAAP)

December 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 Regular General Meeting of the Shareholders January 25, 2024
 Scheduled date for commencement of dividend payments January 26, 2024
 Scheduled date for submission of Annual Securities Report January 25, 2024
 Preparation of Supplementary Explanatory Materials: Yes
 Earnings Briefings (For institutional investors and analysts): Yes

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

1. Consolidated Operating Results for the Fiscal Year Ended October 31, 2023

(November 1, 2022 – October 31, 2023)

(1) Consolidated Operating Results

(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 ended October 31, 2023	197,481	5.0	11,958	-9.6	12,488	-9.4	6,721	-19.5
Fiscal year ended October 31, 2022	188,028	-	13,229	-9.5	13,780	-10.5	8,345	-6.3

(Note) Comprehensive income (millions of yen)

Fiscal year ended October 31, 2023 8,410 (-21.2%)
 Fiscal year ended October 31, 2022 10,676 (-4.5%)

	Earnings per Share	Earnings per Share on a Fully Diluted Basis	ROE	Ordinary Profit to Total Assets	Operating Margin
	Yen	Yen	%	%	%
Fiscal year ended October 31, 2023	185.40	-	5.0	4.0	6.1
Fiscal year ended October 31, 2022	224.64	-	6.4	4.5	7.0

(Reference) Investment profit or loss accounted for by the equity method (millions of yen)

Fiscal year ended October 31, 2023 -

Fiscal year ended October 31, 2022 -

(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 fiscal year ended October 31, 2022, the percentage of change for net sales from the results for the fiscal year ended October 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	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2023	316,440	143,677	42.5	3,729.73
As of October 31, 2022	305,320	140,611	43.2	3,571.98

(Reference) Equity (millions of yen)

As of October 31, 2023 134,495

As of October 31, 2022 131,958

(3) Consolidated Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended October 31, 2023	37,960	-6,699	-33,995	45,093
Fiscal year ended October 31, 2022	33,158	-11,331	-30,893	47,047

2. Dividends

	Annual Dividends per Share					Dividends in Total (Full Year)	Dividend Payout Ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full-year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended October 31, 2022	-	35.00	-	40.00	75.00	2,770	33.4	2.2
Fiscal year ended October 31, 2023	-	35.00	-	40.00	75.00	2,704	40.5	2.1
Fiscal year ending October 31, 2024 (projected)	-	35.00	-	40.00	75.00		32.0	

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	95.51
Full year	205,300	4.0	14,100	17.9	14,300	14.5	8,300	23.5	234.34

(Note) At a meeting of the Board of Directors held on December 8, 2023, the Company resolved to acquire its own shares, and the "Earnings per Share" in the projected consolidated operating results for the fiscal year ending October 31, 2024 takes into account the impact of this acquisition of own shares. Please refer to "Material Events after the Close of the Fiscal Year" on page 24 of the Attachments for more information on the acquisition.

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) 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
- (3) Number of shares issued (common shares)
 - (a) Number of shares outstanding at the end of the period (including treasury shares)
 - As of October 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 October 31, 2023: 2,681,810 shares
 - As of October 31, 2022: 1,799,490 shares
 - (c) Average number of shares outstanding during the period
 - Fiscal year ended October 31, 2023: 36,254,078 shares
 - Fiscal year ended October 31, 2022: 37,148,669 shares

(Reference) Summary of Non-Consolidated Operating Results**Non-Consolidated Operating Results for the Fiscal Year Ended October 31, 2023**

(November 1, 2022 – October 31, 2023)

(1) Non-Consolidated Operating Results

(Percentages show the change from the prior year)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended October 31, 2023	119,441	3.2	5,759	-10.9	6,772	-9.2	3,588	-27.6
Fiscal year ended October 31, 2022	115,714	-	6,462	-13.9	7,454	-12.0	4,959	-8.0

	Earnings per Share	Earnings per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal year ended October 31, 2023	98.99	-
Fiscal year ended October 31, 2022	133.50	-

(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 fiscal year ended October 31, 2022, the percentage of change for net sales from the results for the fiscal year ended October 31, 2021, which was prior to the application of the said accounting standard, etc. is not shown.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2023	230,535	107,003	46.4	2,967.35
As of October 31, 2022	226,854	107,392	47.3	2,906.99

(Reference) Equity (millions of yen)

As of October 31, 2023	107,003
As of October 31, 2022	107,392

Note: Financial results reports are not required to be audited by certified public accountants or an audit corporation.

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 (4) Future Outlook" on page 7 of the Attachments for the conditions used as assumptions for the projected operating results and matters to note before using the projected operating results.

(Methods of obtaining the supplementary materials and the content of the earnings briefings)

The Company plans to hold an online meeting for institutional investors and analysts on Monday, December 11, 2023. Following the meeting, the Company will upload the meeting highlights and discussion (voice recording) on the Company's website as quickly as possible, together with the Earnings Briefings materials used that day.

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1. Overview of Operating Results and Others

(1) Overview of Operating Results and Others for the Fiscal Year Ended October 31, 2023

During the fiscal year under review, Japan's economy showed signs of a gradual recovery due to the normalization of economic activities accompanying the easing of regulations that were implemented in response to COVID-19. However, the outlook remained uncertain due to rising raw material prices caused by unstable international conditions as well as due to global monetary tightening, fluctuations in financial and capital markets and other factors.

In the construction industry in which the Group is involved, construction investment was relatively steady due to a gradual recovery of private sector construction investment in addition to stable public sector investment. However, in addition to concerns about delays in equipment supply due to rising construction costs and semiconductor supply shortages, the situation still requires monitoring mainly regarding restrained capital investment due to an economic recession.

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, and also promoted reorganizing the organizational structure and strengthening collaboration between departments, strengthened the asset management system in order to improve utilization rates and optimize the rental unit price, advanced its execution and management capabilities, and worked to expand the stable earnings foundation.

Consequently, in the fiscal year ended October 31, 2023, the Group reported net sales of ¥197,481 million, an increase of 5.0% 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 ¥11,958 million, a decrease of 9.6% year on year, ordinary profit was ¥12,488 million, a decrease of 9.4% year on year, and profit attributable to owners of parent was ¥6,721 million, a decrease of 19.5% 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, although there were differences by region, the strength of rental demand for construction equipment has continued to return 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.

In addition to pursuing more efficient use of its assets in order to strengthen its ability to respond to various types of construction projects, etc., the Group also worked to solve issues related to the stable supply of rental equipment in relation to the increase of construction demand while it promoted technological development and business alliances aimed at realizing DX at construction sites and reducing environmental impact.

As a result, sales by region in this business were up 1.1% in the Hokkaido Region, up 8.4% in the Tohoku Region, up 5.0% in the Kanto & Koushinetsu Region, up 1.2% in the Nishi-nihon Region, and up 8.7% in the Kyushu & Okinawa Region.

Used construction equipment sales increased 5.0% 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 ¥178,087 million, an increase of 4.5% year on year, and operating profit of ¥10,309 million, a decrease of 10.4% year on year.

< Other businesses >

In the Group's other businesses, net sales was ¥19,393 million, an increase of 10.2% year on year, and operating profit was ¥1,144 million, a decrease of 7.1% 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) Overview of Financial Position for the Fiscal Year Ended October 31, 2023

(Assets)

Total assets at the end of the fiscal year under review stood at ¥316,440 million, an increase of ¥11,120 million compared with the end of the prior fiscal year. This was primarily due to an increase of ¥10,069 million in rental equipment.

(Liabilities)

Total liabilities stood at ¥172,763 million, an increase of ¥8,054 million compared with the end of the prior fiscal year. This was primarily due to increases of ¥2,362 million in notes and accounts payable - trade, ¥1,221 million in accounts payable - other, ¥1,137 million in long-term borrowings, and ¥1,203 million in long-term accounts payable - other.

(Net assets)

Total net assets stood at ¥143,677 million, an increase of ¥3,065 million compared with the end of the prior fiscal year. This mainly reflects the posting of profit attributable to owners of parent of ¥6,721 million. Meanwhile, there were decreases of ¥2,739 million due to dividends of surplus and ¥1,960 million due to purchase of treasury shares, etc.

(3) Overview of Cash Flows for the Fiscal Year Ended October 31, 2023

(Millions of yen)

	FY Ended October 2022 (Prior fiscal year)	FY Ended October 2023 (Fiscal year under review)	Change from prior year
Net cash provided by (used in) operating activities	33,158	37,960	4,802
Net cash provided by (used in) investing activities	-11,331	-6,699	4,631
Net cash provided by (used in) financing activities	-30,893	-33,995	-3,101
Net increase (decrease) in cash and cash equivalents	-8,790	-2,685	6,104
Cash and cash equivalents at beginning of period	55,557	47,047	-8,510
Cash and cash equivalents at end of period	47,047	45,093	-1,953

The balance of cash and cash equivalents ("cash") at the end of the fiscal year under review was ¥45,093 million, a decrease of ¥1,953 million compared with the end of the prior fiscal year. Cash flows for the fiscal year under review are discussed below.

(Net cash provided by (used in) operating activities)

Cash provided by operating activities stood at ¥37,960 million, an increase of 14.5% from the prior fiscal year. This was primarily attributable to the following: profit before income taxes of ¥12,106 million, depreciation of ¥34,252 million, as well as purchase of rental equipment of ¥5,623 million, decrease (increase) in trade receivables and contract assets of a negative ¥5,456 million, and income taxes paid of ¥3,674 million.

(Net cash provided by (used in) investing activities)

Cash used in investing activities was ¥6,699 million, compared with ¥11,331 million used in the prior fiscal year. This mainly reflected the posting of ¥5,254 million for purchase of property, plant and equipment.

(Net cash provided by (used in) financing activities)

Cash used in financing activities was ¥33,995 million, compared with ¥30,893 million used in the prior fiscal year. This mainly reflected proceeds from long-term borrowings of ¥14,205 million, repayments of long-term borrowings of ¥15,511 million, repayments of installment payables of ¥26,185 million, and dividends paid of ¥2,739 million.

(Reference) Trends in Cash Flow Indicators

	FY Ended October 2020	FY Ended October 2021	FY Ended October 2022	FY Ended October 2023
Equity ratio (%)	39.5	41.8	43.2	42.5
Equity ratio on a market capitalization basis (%)	26.9	30.3	26.0	27.7
Ratio of interest-bearing liabilities to operating cash flow (year)	3.0	2.9	3.5	3.1
Interest coverage ratio (times)	74.3	54.1	47.1	48.0

- (Notes) 1. Equity ratio: $\text{Equity} / \text{Total assets}$
Equity ratio on a market capitalization basis: $\text{Shareholders' equity on a market capitalization basis} / \text{Total assets}$
Ratio of interest-bearing liabilities to operating cash flow: $\text{Interest-bearing liabilities} / \text{Cash flows from operating activities}$
Interest coverage ratio: $\text{Cash flows from operating activities} / \text{Interest payments}$
- *All indicators are calculated using financial values on a consolidated basis.
 - *Total market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding (after deducting treasury shares) at the end of the fiscal year.
 - *Cash flows from operating activities in the consolidated statements of cash flows are used for operating cash flow in the table above. Interest-bearing liabilities include all liabilities posted to the consolidated balance sheets that incur interest. Interest expenses in the consolidated statements of cash flows are used for interest payments in the table above.
2. In the fiscal year ended October 31, 2021, the Company finalized the provisional accounting treatment for business combinations, and the indicators for the fiscal year ended October 31, 2020 reflect the finalized content of the provisional accounting treatment.

(4) Future Outlook

Regarding the outlook for the next fiscal year, while public sector investment is expected to remain steady and private sector construction investment is also expected to continue its recovery trend, the situation needs to continue to be closely monitored due to the impact of global monetary tightening and geopolitical risks as well as due to concerns that rising construction costs and other factors will dampen the recovery in demand. In addition, equipment procurement costs and maintenance costs continue to increase due to rising material prices, crude oil prices, etc., and challenging conditions are expected to remain in the business environment.

In such circumstances, to achieve the goals of its Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group will focus on effective asset management and

strengthening the management system while optimizing the rental unit price using the system, and strive to continue measures for enhancing utilization rates, based on the promotion of three key measures: expansion of domestic bases for operations, overseas expansion, and optimization of internal operations. Moreover, in addition to developing and introducing technology that can be applied to labor-saving, efficiency and safety measures at sites, environmental measures, etc., the Group will work to provide high-quality services and increase added value by actively engaging in business alliances.

Through the above measures, for the fiscal year ending October 31, 2024, the Group aims for net sales of ¥205.3 billion, a growth of 4.0%, and on the earnings front, it aims for operating profit of ¥14.1 billion, a growth of 17.9%, ordinary profit of ¥14.3 billion, a growth of 14.5%, and profit attributable to owners of parent of ¥8.3 billion, a growth of 23.5%, partly due to investment in human resources in preparation for the future in addition to effective growth investment based on the business environment.

2. Basic Policy Regarding Selection of Accounting Standards

The Group plans to prepare its consolidated financial statements in accordance with generally accepted accounting practices in Japan, taking into account comparability of consolidated financial statements between different accounting periods and against different companies.

Note that it is the policy of the Group to adopt the international financial reporting standards depending on conditions and trends in Japan and abroad.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of October 31, 2022	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	47,565	45,611
Notes and accounts receivable - trade, and contract assets	38,452	41,048
Electronically recorded monetary claims - operating	8,025	11,474
Merchandise and finished goods	1,729	1,442
Raw materials and supplies	1,432	1,574
Construction machine parts	17,047	15,962
Other	4,098	3,453
Allowance for doubtful accounts	-284	-269
Total current assets	118,066	120,298
Non-current assets		
Property, plant and equipment		
Rental equipment	282,605	308,318
Accumulated depreciation	-181,989	-197,632
Rental equipment, net	100,616	110,685
Buildings and structures	44,709	47,935
Accumulated depreciation	-26,128	-27,522
Buildings and structures, net	18,581	20,413
Machinery, equipment and vehicles	10,088	10,550
Accumulated depreciation	-8,511	-8,798
Machinery, equipment and vehicles, net	1,576	1,752
Land	38,688	39,511
Other	4,570	4,091
Accumulated depreciation	-2,305	-2,476
Other, net	2,265	1,614
Total property, plant and equipment	161,728	173,977
Intangible assets		
Goodwill	3,810	3,163
Customer relationship	1,395	1,244
Other	1,511	1,369
Total intangible assets	6,717	5,778
Investments and other assets		
Investment securities	9,699	10,637
Deferred tax assets	2,370	2,013
Long-term loans receivable	5,213	1,702
Other	2,081	2,508
Allowance for doubtful accounts	-556	-476
Total investments and other assets	18,808	16,386
Total non-current assets	187,253	196,141
Total assets	305,320	316,440

(Millions of yen)

As of October 31, 2022 As of October 31, 2023

	As of October 31, 2022	As of October 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,714	36,077
Short-term borrowings	980	900
Current portion of long-term borrowings	13,913	14,600
Lease liabilities	1,444	1,645
Income taxes payable	1,957	2,657
Provision for bonuses	1,579	1,676
Accounts payable - other	24,853	26,075
Other	4,022	3,992
Total current liabilities	82,465	87,624
Non-current liabilities		
Long-term borrowings	34,659	35,796
Lease liabilities	3,179	3,626
Long-term accounts payable - other	41,121	42,324
Retirement benefit liability	374	354
Asset retirement obligations	657	686
Deferred tax liabilities	2,095	2,288
Other	154	60
Total non-current liabilities	82,242	85,139
Total liabilities	164,708	172,763
Net assets		
Shareholders' equity		
Share capital	17,829	17,829
Capital surplus	19,332	19,432
Retained earnings	94,399	97,842
Treasury shares	-3,945	-5,906
Total shareholders' equity	127,616	129,198
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,181	2,983
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	2,198	2,343
Remeasurements of defined benefit plans	-37	-30
Total accumulated other comprehensive income	4,342	5,296
Non-controlling interests	8,652	9,181
Total net assets	140,611	143,677
Total liabilities and net assets	305,320	316,440

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

(Millions of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Net sales	188,028	197,481
Cost of sales	132,196	140,630
Gross profit	55,831	56,850
Selling, general and administrative expenses	42,602	44,892
Operating profit	13,229	11,958
Non-operating income		
Interest income	62	70
Dividend income	180	211
Insurance claim income	35	69
Rental income	77	77
Temporary transfer charges income	77	57
Foreign exchange gains	262	111
Reversal of allowance for doubtful accounts	40	83
Other	349	316
Total non-operating income	1,086	998
Non-operating expenses		
Interest expenses	102	127
Loss on cancellation of leases	38	39
Waste disposal costs	62	73
Compensation for damage	122	-
Provision of allowance for doubtful accounts	19	-
Other	190	228
Total non-operating expenses	536	468
Ordinary profit	13,780	12,488
Extraordinary income		
Gain on sale of non-current assets	19	57
Gain on sale of investment securities	-	221
Gain on sale of shares of subsidiaries and associates	6	0
Gain on revision of retirement benefit plan	34	-
Gain on receipt of donated non-current assets	-	7
Gain on extinguishment of tie-in shares	135	-
Total extraordinary income	196	287
Extraordinary losses		
Impairment losses	-	195
Loss on sale and retirement of non-current assets	222	467
Loss on valuation of investment securities	4	6
Loss on valuation of shares of subsidiaries and associates	174	-
Total extraordinary losses	402	668
Profit before income taxes	13,574	12,106
Income taxes - current	4,174	4,480
Income taxes - deferred	344	184
Total income taxes	4,518	4,664
Profit	9,056	7,441
Profit attributable to non-controlling interests	711	720
Profit attributable to owners of parent	8,345	6,721

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Profit	9,056	7,441
Other comprehensive income		
Valuation difference on available-for-sale securities	-67	814
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	1,657	144
Remeasurements of defined benefit plans, net of tax	30	9
Total other comprehensive income	1,620	968
Comprehensive income	10,676	8,410
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,957	7,675
Comprehensive income attributable to non-controlling interests	718	734

(3) Consolidated Statements of Changes in Equity

Prior fiscal year (From November 1, 2021 to October 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,829	19,326	89,048	-1,978	124,226
Cumulative effects of changes in accounting policies			-0		-0
Restated balance	17,829	19,326	89,048	-1,978	124,226
Changes during period					
Dividends of surplus			-2,994		-2,994
Profit attributable to owners of parent			8,345		8,345
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Purchase of treasury shares				-2,000	-2,000
Restricted stock compensation		0		33	33
Net changes in items other than shareholders' equity					
Total changes during period	-	6	5,350	-1,967	3,389
Balance at end of period	17,829	19,332	94,399	-3,945	127,616

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,249	0	541	-60	2,729	7,960	134,917
Cumulative effects of changes in accounting policies							-0
Restated balance	2,249	0	541	-60	2,729	7,960	134,917
Changes during period							
Dividends of surplus					-		-2,994
Profit attributable to owners of parent					-		8,345
Change in ownership interest of parent due to transactions with non-controlling interests					-		5
Purchase of treasury shares					-		-2,000
Restricted stock compensation					-		33
Net changes in items other than shareholders' equity	-67	-0	1,657	23	1,612	692	2,304
Total changes during period	-67	-0	1,657	23	1,612	692	5,694
Balance at end of period	2,181	-	2,198	-37	4,342	8,652	140,611

Current fiscal year (From November 1, 2022 to October 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,829	19,332	94,399	-3,945	127,616
Changes during period					
Dividends of surplus			-2,739		-2,739
Profit attributable to owners of parent			6,721		6,721
Change in scope of consolidation			-538		-538
Change in ownership interest of parent due to transactions with non-controlling interests		98			98
Purchase of treasury shares				-1,999	-1,999
Restricted stock compensation		0		39	40
Net changes in items other than shareholders' equity					
Total changes during period	-	99	3,443	-1,960	1,582
Balance at end of period	17,829	19,432	97,842	-5,906	129,198

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,181	-	2,198	-37	4,342	8,652	140,611
Changes during period							
Dividends of surplus					-		-2,739
Profit attributable to owners of parent					-		6,721
Change in scope of consolidation					-		-538
Change in ownership interest of parent due to transactions with non-controlling interests					-		98
Purchase of treasury shares					-		-1,999
Restricted stock compensation					-		40
Net changes in items other than shareholders' equity	802	0	144	7	953	528	1,482
Total changes during period	802	0	144	7	953	528	3,065
Balance at end of period	2,983	0	2,343	-30	5,296	9,181	143,677

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Cash flows from operating activities		
Profit before income taxes	13,574	12,106
Depreciation	31,912	34,252
Impairment losses	-	195
Amortization of goodwill	615	638
Loss (gain) on sale and retirement of non-current assets	202	409
Cost transfer resulting from sale of rental equipment	775	1,217
Purchase of construction equipment and materials	-769	-1,059
Purchase of rental equipment	-5,645	-5,623
Loss (gain) on sale of investment securities	-	-221
Loss (gain) on valuation of investment securities	4	6
Loss on valuation of shares of subsidiaries and associates	174	-
Loss (gain) on extinguishment of tie-in shares	-135	-
Loss (gain) on sale of shares of subsidiaries and associates	-6	-0
Increase (decrease) in allowance for doubtful accounts	45	-100
Increase (decrease) in provision for bonuses	14	65
Increase (decrease) in retirement benefit liability	24	-6
Interest and dividend income	-243	-281
Assets buy on the installment plan purchase payment interest for rentals	598	662
Interest expenses	102	127
Foreign exchange losses (gains)	-238	-104
Decrease (increase) in trade receivables and contract assets	520	-5,456
Decrease (increase) in inventories	-15	223
Increase (decrease) in trade payables	-3,736	2,017
Increase (decrease) in accounts payable - other	2,105	2,454
Other, net	-1,280	625
Subtotal	38,601	42,147
Interest and dividends received	245	278
Interest paid	-704	-790
Income taxes paid	-4,985	-3,674
Net cash provided by (used in) operating activities	33,158	37,960

(Millions of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Cash flows from investing activities		
Payments into time deposits	-722	-747
Proceeds from withdrawal of time deposits	741	747
Purchase of investment securities	-301	-24
Proceeds from sale of investment securities	25	358
Purchase of property, plant and equipment	-4,793	-5,254
Proceeds from sale of property, plant and equipment	35	80
Purchase of intangible assets	-471	-331
Purchase of shares of subsidiaries	-815	-742
Proceeds from sale of shares of subsidiaries and associates	22	16
Loan advances	-5,761	-793
Proceeds from collection of loans receivable	583	176
Collection of long-term accounts receivable - other	126	-
Other, net	0	-183
Net cash provided by (used in) investing activities	-11,331	-6,699

(Millions of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Cash flows from financing activities		
Redemption of bonds	-24	-
Net increase (decrease) in short-term borrowings	20	-80
Proceeds from long-term borrowings	15,894	14,205
Repayments of long-term borrowings	-14,684	-15,511
Repayments of installment payables	-25,686	-26,185
Repayments of lease liabilities	-1,397	-1,576
Purchase of treasury shares	-2,000	-1,999
Dividends paid	-2,993	-2,739
Dividends paid to non-controlling interests	-20	-22
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	-84
Net cash provided by (used in) financing activities	-30,893	-33,995
Effect of exchange rate change on cash and cash equivalents	276	48
Net increase (decrease) in cash and cash equivalents	-8,790	-2,685
Cash and cash equivalents at beginning of period	55,557	47,047
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	279	-
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	731
Cash and cash equivalents at end of period	47,047	45,093

(5) Notes to the Consolidated Financial Statements
(Notes Relating to the Going Concern Assumption)

The Company had no material items to report.

(Segment Information)

1. Summary of reporting segments

The Company's reporting segments are those units of the Company's for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about resources to be allocated to the segments and assess the segments' performance.

The Company conducts business operations by product and service. The "business related to the Construction Equipment Rental Division" is the reporting segment.

The Company's "business related to the Construction Equipment Rental Division" rents and sells construction equipment and temporary materials for construction use.

2. Method of calculating the amount of net sales, income or loss, assets, liabilities and other items of each reporting segment

Except for the Standard for Measurement of Inventories, the accounting standards and methods for the reported business segment comply with accounting standards that have been adopted in preparing the consolidated financial statements.

The Company values inventory assets using prices before write-downs of book value based on decline in profitability.

Reporting segment earnings are the values on an operating profit basis.

3. Information concerning the amount of net sales, income or loss, assets, liabilities and other items of each reporting segment, and information on disaggregation of revenue

Prior fiscal year (From November 1, 2021 to October 31, 2022)

(Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Rental contracts	121,205	7,403	128,608
Sales of merchandise and finished goods	35,191	8,994	44,186
Other	13,873	1,196	15,069
Revenue from contracts with customers	170,270	17,594	187,864
Other revenues	163	-	163
Net sales to outside customers	170,433	17,594	188,028
Net sales or transfers between related segments	-	-	-
Total	170,433	17,594	188,028
Segment income	11,508	1,232	12,740
Segment assets	234,029	11,773	245,802
Other items			
Depreciation	30,224	1,206	31,430
Amortization of goodwill	615	-	615
Amount of increase of property, plant and equipment and intangible assets	31,144	2,295	33,439

(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.

Current fiscal year (From November 1, 2022 to October 31, 2023)

(Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Rental contracts	126,751	7,744	134,496
Sales of merchandise and finished goods	37,171	10,521	47,693
Other	14,042	1,127	15,170
Revenue from contracts with customers	177,965	19,393	197,359
Other revenues	121	-	121
Net sales to outside customers	178,087	19,393	197,481
Net sales or transfers between related segments	-	-	-
Total	178,087	19,393	197,481
Segment income	10,309	1,144	11,454
Segment assets	250,759	13,637	264,397
Other items			
Depreciation	32,507	1,338	33,845
Amortization of goodwill	638	-	638
Amount of increase of property, plant and equipment and intangible assets	39,184	1,995	41,180

(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.

4. Difference between total reporting segment amount and the amount reported on the consolidated financial statements, and the main reasons for the difference (Matters Pertaining to Reconciliation of Difference)

(Millions of yen)

Net sales	Prior fiscal year	Current fiscal year
Reporting segment total	170,433	178,087
Net sales for "Other businesses" classification	17,594	19,393
Intersegment eliminations	-	-
Net sales reported in the consolidated financial statements	188,028	197,481

(Millions of yen)

Income	Prior fiscal year	Current fiscal year
Reporting segment total	11,508	10,309
Income for "Other businesses" classification	1,232	1,144
Other adjustments	489	504
Operating profit reported in the consolidated financial statements	13,229	11,958

(Millions of yen)

Assets	Prior fiscal year	Current fiscal year
Reporting segment total	234,029	250,759
Assets of "Other businesses" classification	11,773	13,637
Company assets (Note)	59,517	52,043
Total assets reported in the consolidated financial statements	305,320	316,440

(Note) Company assets are mainly assets used in administrative divisions at the parent company that are not attributable to the reporting segment.

(Millions of yen)

Other items	Reporting segment total		Other		Amount of adjustment		Amount reported in the consolidated financial statements	
	Prior fiscal year	Current fiscal year	Prior fiscal year	Current fiscal year	Prior fiscal year	Current fiscal year	Prior fiscal year	Current fiscal year
Depreciation	30,224	32,507	1,206	1,338	481	406	31,912	34,252
Amount of increase of property, plant and equipment and intangible assets	31,144	39,184	2,295	1,995	36	393	33,475	41,573

(Note) The adjustments to the increases in property, plant and equipment and intangible assets are capital investments related to administrative divisions.

(Per Share Information)

Prior fiscal year (From November 1, 2021 to October 31, 2022)	Current fiscal year (From November 1, 2022 to October 31, 2023)
Net assets per share ¥3,571.98	Net assets per share ¥3,729.73
Earnings per share ¥224.64	Earnings per share ¥185.40
Earnings per share on a fully diluted basis -	Earnings per share on a fully diluted basis -
The Company has not reported earnings per share on a fully diluted basis because it does not have any potential shares that would have a dilution effect.	Same as at left

(Note) The basis for calculating earnings per share is as follows.

(Millions of yen, unless otherwise noted)

	Prior fiscal year (From November 1, 2021 to October 31, 2022)	Current fiscal year (From November 1, 2022 to October 31, 2023)
Profit attributable to owners of parent	8,345	6,721
Amount not attributed to common share shareholders	-	-
Profit attributable to owners of parent related to common shares	8,345	6,721
Average number of shares outstanding during the fiscal year (Shares)	37,148,669	36,254,078

(Material Events after the Close of the Fiscal Year)

(Purchase of treasury shares)

At a meeting of the Board of Directors held on December 8, 2023, based on the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act, the Company resolved matters relating to the purchase of treasury shares as follows.

1. Reason of purchase of treasury shares

To enhance shareholder returns and improve capital efficiency, while also enabling flexible capital policy to be executed in the future.

2. Details of matters relating to purchase

(1) Type of shares to be purchased

Common shares of the Company

(2) Total number of shares to be purchased

900,000 shares (maximum)
(2.50% of the total number of shares
outstanding, excluding treasury shares)

(3) Total acquisition price of shares to be purchased

¥2.0 billion (maximum)

(4) Acquisition period

December 11, 2023 - August 30, 2024

(5) Acquisition method

Purchase by stock exchange market