



# Fiscal Year ended October 31, 2019

## Financial Statements Bulletin (Japan GAAP)

December 6, 2019

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 **Hiroyuki Isono** Director and Corporate Officer, Division Manager,  
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Scheduled date for Regular General Meeting of the Shareholders January 28, 2020  
 Scheduled date for commencement of dividend payments January 29, 2020  
 Scheduled date for submission of Annual Securities Report January 28, 2020  
 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, 2019

(November 1, 2018 – October 31, 2019)

#### (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, 2019	180,694	7.4	17,842	1.4	18,277	2.0	11,430	-3.6
Fiscal year ended October 31, 2018	168,188	6.2	17,599	5.6	17,925	4.3	11,857	10.4

(Note) Comprehensive income (millions of yen)

Fiscal year ended October 31, 2019 11,770 (-3.6%)  
 Fiscal year ended October 31, 2018 12,208 (2.0%)

	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, 2019	295.30	–	10.8	7.2	9.9
Fiscal year ended October 31, 2018	335.54	–	13.0	7.6	10.5

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

Fiscal year ended October 31, 2019 –  
 Fiscal year ended October 31, 2018 –

#### (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, 2019	268,182	121,779	43.1	2,981.68
As of October 31, 2018	241,374	102,031	39.6	2,707.49

(Reference) Equity (millions of yen)

As of October 31, 2019 115,507  
 As of October 31, 2018 95,680

#### (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, 2019	39,146	-5,989	-26,740	43,511
Fiscal year ended October 31, 2018	35,421	-6,980	-26,858	36,733

## 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, 2018	–	20.00	–	40.00	60.00	2,120	17.9	2.3
Fiscal year ended October 31, 2019	–	25.00	–	40.00	65.00	2,518	22.0	2.3
Fiscal year ending October 31, 2020 (projected)	–	25.00	–	40.00	65.00		25.4	

## 3. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2020

(November 1, 2019 - October 31, 2020)

(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	92,300	0.5	9,400	-16.6	9,500	-17.5	5,700	-21.4	147.26
Full year	182,700	1.1	16,100	-9.8	16,400	-10.3	9,900	-13.4	255.77

Notes

(1) Changes in material subsidiaries during the period under review (changes in specific subsidiaries in conjunction with a change in the scope of consolidation): No

Company newly included	–
Company newly excluded	–

(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, 2019 38,742,241 shares

As of October 31, 2018 36,092,241 shares

(b) Number of treasury shares of at the end of the period

As of October 31, 2019 3,259 shares

As of October 31, 2018 753,183 shares

(c) Average number of shares outstanding during the period

Fiscal year ended October 31, 2019 38,706,149 shares

Fiscal year ended October 31, 2018 35,339,053 shares

## (Reference) Summary of Non-Consolidated Operating Results

### 1. Non-Consolidated Operating Results for the Fiscal Year Ended October 31, 2019

(November 1, 2018 – October 31, 2019)

#### (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, 2019	121,965	7.0	11,531	-5.7	12,451	-4.0	8,400	-11.8
Fiscal year ended October 31, 2018	113,990	6.3	12,233	2.3	12,971	3.6	9,529	11.4

	Earnings per Share		Earnings per Share on a Fully Diluted Basis	
	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2019	217.03	–	–	–
Fiscal year ended October 31, 2018	269.66	–	–	–

#### (2) Non-Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets per Share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%	Yen	Yen
As of October 31, 2019	214,065	102,823	102,823	48.0	48.0	2,654.26	2,654.26	
As of October 31, 2018	193,459	86,288	86,288	44.6	44.6	2,441.74	2,441.74	

(Reference) Equity (millions of yen)  
As of October 31, 2019 102,823  
As of October 31, 2018 86,288

### 2. Projected Non-Consolidated Operating Results for the Fiscal Year Ending October 31, 2020

(November 1, 2019 - October 31, 2020)

(Percentages show the change from prior year)

	Net Sales		Ordinary Profit		Profit		Earnings per Share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Interim period	61,400	-1.2	5,700	-22.9	3,900	-23.5	100.76	100.76
Full year	122,400	0.4	9,700	-22.1	6,600	-21.4	170.52	170.52

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.

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

The Company plans to hold a meeting for institutional investors and analysts on Monday, December 9, 2019. 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.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: Millions of yen)

	Prior consolidated fiscal year (As of October 31, 2018)	Current consolidated fiscal year (As of October 31, 2019)
Assets		
Current assets		
Cash and deposits	36,793	43,751
Notes and accounts receivable - trade	36,736	39,574
Electronically recorded monetary claims - operating	5,091	6,347
Securities	200	-
Merchandise and finished goods	765	1,017
Costs on uncompleted construction contracts	55	33
Raw materials and supplies	651	800
Construction equipment and materials	14,652	17,567
Other	1,710	2,527
Allowance for doubtful accounts	-208	-225
Total current assets	96,448	111,393
Non-current assets		
Property, plant and equipment		
Rental equipment	203,519	220,812
Accumulated depreciation	-127,242	-134,957
Rental equipment, net	76,277	85,855
Buildings and structures	35,531	37,453
Accumulated depreciation	-20,859	-22,060
Buildings and structures, net	14,671	15,393
Machinery, equipment and vehicles	7,643	7,828
Accumulated depreciation	-6,333	-6,377
Machinery, equipment and vehicles, net	1,309	1,451
Land	36,566	37,211
Other	2,227	2,857
Accumulated depreciation	-1,544	-1,684
Other, net	682	1,173
Total property, plant and equipment	129,508	141,084
Intangible assets		
Goodwill	343	201
Other	1,236	1,478
Total intangible assets	1,580	1,680
Investments and other assets		
Investment securities	9,989	9,319
Deferred tax assets	856	1,714
Other	3,367	3,344
Allowance for doubtful accounts	-375	-353
Total investments and other assets	13,837	14,024
Total non-current assets	144,926	156,789
Total assets	241,374	268,182

(Unit: Millions of yen)

	Prior consolidated fiscal year (As of October 31, 2018)	Current consolidated fiscal year (As of October 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	30,695	33,657
Short-term loans payable	1,146	1,120
Current portion of long-term loans payable	12,825	11,147
Lease obligations	945	885
Income taxes payable	1,929	4,245
Provision for bonuses	1,136	1,320
Accounts payable - other	22,839	23,370
Other	2,749	2,772
Total current liabilities	74,267	78,519
Non-current liabilities		
Long-term loans payable	23,087	17,206
Lease obligations	1,684	1,800
Long-term accounts payable - other	39,591	48,043
Retirement benefit liability	261	285
Asset retirement obligations	449	492
Other	-	55
Total non-current liabilities	65,075	67,883
Total liabilities	139,342	146,403
<b>Net assets</b>		
Shareholders' equity		
Capital stock	13,652	17,829
Capital surplus	14,916	19,324
Retained earnings	67,086	76,638
Treasury shares	-2,129	-9
Total shareholders' equity	93,526	113,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,148	1,918
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	-	-192
Remeasurements of defined benefit plans	5	-2
Total accumulated other comprehensive income	2,153	1,723
Non-controlling interests	6,351	6,272
Total net assets	102,031	121,779
<b>Total liabilities and net assets</b>	<b>241,374</b>	<b>268,182</b>

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

**(Consolidated Statements of Income)**

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2017 to October 31, 2018)	Current consolidated fiscal year (From November 1, 2018 to October 31, 2019)
Net sales	168,188	180,694
Cost of sales	117,220	127,766
Gross profit	50,968	52,928
Selling, general and administrative expenses	33,368	35,085
Operating profit	17,599	17,842
Non-operating income		
Interest income	19	28
Dividend income	159	165
Insurance income	74	69
Rent income	81	80
Temporary transfer charges income	105	107
Reversal of allowance for doubtful accounts	20	14
Other	284	349
Total non-operating income	746	815
Non-operating expenses		
Interest expenses	108	88
Foreign exchange losses	78	22
Share issuance cost	–	46
Loss on cancellation of leases	38	42
Other	194	181
Total non-operating expenses	420	380
Ordinary profit	17,925	18,277
Extraordinary income		
Gain on sales of non-current assets	8	38
Subsidy income	12	19
Gain on sales of investment securities	1	15
Compensation income for damage	29	–
Total extraordinary income	51	74
Extraordinary losses		
Impairment loss	30	–
Loss on sales and retirement of non- current assets	205	189
Loss on sales of shares of subsidiaries and associates	322	–
Loss on valuation of shares of subsidiaries and associates	–	438
Loss on sales of investment securities	157	–
Loss on valuation of investment securities	44	–
Total extraordinary losses	760	627
Profit before income taxes	17,216	17,723
Income taxes - current	4,509	6,214
Income taxes - deferred	16	-698
Total income taxes	4,525	5,515
Profit	12,691	12,207
Profit attributable to non-controlling interests	834	777
Profit attributable to owners of parent	11,857	11,430

**(Consolidated Statements of Comprehensive Income)**

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2017 to October 31, 2018)	Current consolidated fiscal year (From November 1, 2018 to October 31, 2019)
Profit	12,691	12,207
Other comprehensive income		
Valuation difference on available-for-sale securities	-397	-234
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	-85	-192
Remeasurements of defined benefit plans, net of tax	0	-10
Total other comprehensive income	<u>-483</u>	<u>-437</u>
Comprehensive income	<u>12,208</u>	<u>11,770</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,382	10,999
Comprehensive income attributable to non-controlling interests	826	770



### (3) Consolidated Statements of Changes in Equity

Prior consolidated fiscal year (From November 1, 2017 to October 31, 2018)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,652	14,916	57,172	-2,129	83,612
Changes of items during period					
Issuance of new shares					-
Dividends of surplus			-1,943		-1,943
Change of scope of consolidation					-
Profit attributable to owners of parent			11,857		11,857
Change in ownership interest of parent due to transactions with non-controlling interests		-0			-0
Purchase of treasury shares					-
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-0	9,913	0	9,913
Balance at end of current period	13,652	14,916	67,086	-2,129	93,526

	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 current period	2,538	0	85	5	2,629	5,547	91,788
Changes of items during period							
Issuance of new shares					-		-
Dividends of surplus					-		-1,943
Change of scope of consolidation					-		-
Profit attributable to owners of parent					-		11,857
Change in ownership interest of parent due to transactions with non-controlling interests					-		-0
Purchase of treasury shares					-		-
Disposal of treasury shares					-		0
Net changes of items other than shareholders' equity	-389	-0	-85	0	-475	803	328
Total changes of items during period	-389	-0	-85	0	-475	803	10,242
Balance at end of current period	2,148	0	-	5	2,153	6,351	102,031

Current consolidated fiscal year (From November 1, 2018 to October 31, 2019)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,652	14,916	67,086	-2,129	93,526
Changes of items during period					
Issuance of new shares	4,176	4,176			8,353
Dividends of surplus			-2,382		-2,382
Change of scope of consolidation			504		504
Profit attributable to owners of parent			11,430		11,430
Change in ownership interest of parent due to transactions with non-controlling interests		-13			-13
Purchase of treasury shares				-0	-0
Disposal of treasury shares		243		2,120	2,364
Net changes of items other than shareholders' equity					
Total changes of items during period	4,176	4,407	9,552	2,120	20,257
Balance at end of current period	17,829	19,324	76,638	-9	113,783

	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 current period	2,148	0	-	5	2,153	6,351	102,031
Changes of items during period							
Issuance of new shares					-		8,353
Dividends of surplus					-		-2,382
Change of scope of consolidation					-		504
Profit attributable to owners of parent					-		11,430
Change in ownership interest of parent due to transactions with non-controlling interests					-		-13
Purchase of treasury shares					-		-0
Disposal of treasury shares					-		2,364
Net changes of items other than shareholders' equity	-229	0	-192	-8	-430	-78	-509
Total changes of items during period	-229	0	-192	-8	-430	-78	19,748
Balance at end of current period	1,918	0	-192	-2	1,723	6,272	121,779

**(4) Consolidated Statements of Cash Flows**

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2017 to October 31, 2018)	Current consolidated fiscal year (From November 1, 2018 to October 31, 2019)
Cash flows from operating activities		
Profit before income taxes	17,216	17,723
Depreciation	25,580	27,562
Impairment loss	30	–
Amortization of goodwill	142	142
Loss (gain) on sales and retirement of non-current assets	196	151
Cost transfer resulting from sale of rental equipment	1,449	828
Purchase of construction equipment and materials	-1,211	-1,200
Purchase of rental equipment	-4,051	-3,847
Loss (gain) on valuation of investment securities	44	–
Loss (gain) on sales of investment securities	156	-15
Loss on valuation of shares of subsidiaries and associates	–	438
Loss (gain) on sales of shares of subsidiaries and associates	322	–
Increase (decrease) in allowance for doubtful accounts	121	-10
Increase (decrease) in provision for bonuses	36	172
Increase (decrease) in retirement benefit liability	2	9
Interest and dividend income	-178	-194
Assets buy on the installment plan purchase payment interest for rentals	315	293
Interest expenses	108	88
Foreign exchange losses (gains)	65	-11
Compensation income for damage	-29	–
Decrease (increase) in notes and accounts receivable - trade	-1,792	-3,505
Decrease (increase) in inventories	-594	-13
Increase (decrease) in notes and accounts payable - trade	2,211	2,025
Increase (decrease) in accounts payable - other	2,155	2,516
Other, net	-841	92
Subtotal	41,458	43,245
Interest and dividend income received	177	193
Compensation for damage income received	29	–
Interest expenses paid	-422	-374
Income taxes paid	-5,822	-3,918
Net cash provided by (used in) operating activities	35,421	39,146

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2017 to October 31, 2018)	Current consolidated fiscal year (From November 1, 2018 to October 31, 2019)
Cash flows from investing activities		
Payments into time deposits	-450	-450
Proceeds from withdrawal of time deposits	450	470
Purchase of investment securities	-9	-9
Proceeds from sales of investment securities	50	51
Purchase of property, plant and equipment	-4,413	-3,853
Proceeds from sales of property, plant and equipment	92	42
Purchase of intangible assets	-365	-490
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-9	-
Purchase of shares of subsidiaries	-1,692	-1,393
Purchase of shares of subsidiaries and associates	-99	-
Payments of loans receivable	-621	-588
Collection of loans receivable	135	112
Collection of long-term accounts receivable - other	-	125
Other, net	-46	-5
Net cash provided by (used in) investing activities	-6,980	-5,989
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	152	-256
Proceeds from long-term loans payable	13,300	5,560
Repayments of long-term loans payable	-13,262	-13,133
Repayments of installment payables	-23,948	-25,358
Repayments of lease obligations	-1,133	-1,027
Proceeds from issuance of common shares	-	8,353
Proceeds from sales of treasury shares	-	2,364
Purchase of treasury shares	-	-0
Cash dividends paid	-1,942	-2,379
Dividends paid to non-controlling interests	-22	-22
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-840
Other, net	0	-0
Net cash provided by (used in) financing activities	-26,858	-26,740
Effect of exchange rate change on cash and cash equivalents	-9	-28
Net increase (decrease) in cash and cash equivalents	1,572	6,388
Cash and cash equivalents at beginning of period	35,160	36,733
Increase in cash and cash equivalents from newly consolidated subsidiary	-	390
Cash and cash equivalents at end of period	36,733	43,511