



# Fiscal Year ended October 31, 2020 Financial Statements Bulletin (Japan GAAP)

December 4, 2020

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,  
 Accounting Division  
 TEL 81-11-209-1600

Scheduled date for Regular General Meeting of the Shareholders January 28, 2021  
 Scheduled date for commencement of dividend payments January 29, 2021  
 Scheduled date for submission of Annual Securities Report January 28, 2021  
 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, 2020

(November 1, 2019 – October 31, 2020)

### (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, 2020	179,053	-0.9	14,250	-20.1	14,268	-21.9	8,466	-25.9
Fiscal year ended October 31, 2019	180,694	7.4	17,842	1.4	18,277	2.0	11,430	-3.6

(Note) Comprehensive income (millions of yen)

Fiscal year ended October 31, 2020 8,936 (-24.1%)  
 Fiscal year ended October 31, 2019 11,770 (-3.6%)

	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, 2020	221.45	-	7.2	5.0	8.0
Fiscal year ended October 31, 2019	295.30	-	10.8	7.2	9.9

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

Fiscal year ended October 31, 2020 -  
 Fiscal year ended October 31, 2019 -

### (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, 2020	300,362	126,188	39.6	3,150.30
As of October 31, 2019	268,182	121,779	43.1	2,981.68

(Reference) Equity (millions of yen)

As of October 31, 2020 119,091  
 As of October 31, 2019 115,507

### (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, 2020	40,701	-14,040	-22,204	48,023
Fiscal year ended October 31, 2019	39,146	-5,989	-26,740	43,511

## 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, 2019	-	25.00	-	40.00	65.00	2,518	22.0	2.3
Fiscal year ended October 31, 2020	-	25.00	-	40.00	65.00	2,468	29.4	2.1
Fiscal year ending October 31, 2021 (projected)	-	25.00	-	45.00	70.00		29.7	

## 3. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2021

(November 1, 2020 - October 31, 2021)

(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	95,900	4.9	8,100	-12.3	8,200	-9.4	4,700	-12.1	122.93
Full year	190,300	6.3	15,000	5.3	15,200	6.5	9,000	6.3	235.40

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): Yes
- |                        |   |
|------------------------|---|
| Company newly included | 1 company   |
|                        | (Company name: KANAMOTO AUSTRALIA HOLDINGS PTY LTD) |
| 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: Yes
- (c) Changes in accounting estimates: Yes
- (d) Retrospective restatements: No
- (Note) The above matters fall under Article 14-7 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.
- (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, 2020 | 38,742,241 shares |
| As of October 31, 2019 | 38,742,241 shares |
- (b) Number of treasury shares of at the end of the period
- |                        |                |
|------------------------|----------------|
| As of October 31, 2020 | 939,142 shares |
| As of October 31, 2019 | 3,259 shares   |
- (c) Average number of shares outstanding during the period
- |                                    |                   |
|------------------------------------|-------------------|
| Fiscal year ended October 31, 2020 | 38,232,825 shares |
| Fiscal year ended October 31, 2019 | 38,706,149 shares |

**(Reference) Summary of Non-Consolidated Operating Results****1. Non-Consolidated Operating Results for the Fiscal Year Ended October 31, 2020**

(November 1, 2019 – October 31, 2020)

**(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, 2020	118,654	-2.7	8,170	-29.1	8,702	-30.1	5,856	-30.3
Fiscal year ended October 31, 2019	121,965	7.0	11,531	-5.7	12,451	-4.0	8,400	-11.8

	Earnings per Share	Earnings per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal year ended October 31, 2020	153.18	-
Fiscal year ended October 31, 2019	217.03	-

**(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, 2020	232,009	103,802	44.7	2,745.86
As of October 31, 2019	214,065	102,823	48.0	2,654.26

(Reference) Equity (millions of yen)

As of October 31, 2020

103,802

As of October 31, 2019

102,823

**2. Projected Non-Consolidated Operating Results for the Fiscal Year Ending October 31, 2021**

(November 1, 2020 - October 31, 2021)

(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
Interim period	59,200	-2.6	4,400	-21.1	3,000	-17.8	78.47
Full year	119,100	0.4	8,800	1.1	5,900	0.7	154.32

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 an online meeting for institutional investors and analysts on Monday, December 7, 2020. 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, 2019)	Current consolidated fiscal year (As of October 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	43,751	48,563
Notes and accounts receivable - trade	39,574	41,451
Electronically recorded monetary claims - operating	6,347	6,166
Merchandise and finished goods	1,017	1,205
Costs on construction contracts in progress	33	148
Raw materials and supplies	800	1,234
Construction machine parts	17,567	19,918
Other	2,527	2,495
Allowance for doubtful accounts	-225	-230
Total current assets	111,393	120,952
Non-current assets		
Property, plant and equipment		
Rental equipment	220,812	251,783
Accumulated depreciation	-134,957	-153,225
Rental equipment, net	85,855	98,557
Buildings and structures	37,453	39,804
Accumulated depreciation	-22,060	-23,293
Buildings and structures, net	15,393	16,510
Machinery, equipment and vehicles	7,828	9,611
Accumulated depreciation	-6,377	-8,025
Machinery, equipment and vehicles, net	1,451	1,585
Land	37,211	37,421
Other	2,857	4,143
Accumulated depreciation	-1,684	-2,054
Other, net	1,173	2,088
Total property, plant and equipment	141,084	156,164
Intangible assets		
Goodwill	201	7,499
Other	1,478	1,455
Total intangible assets	1,680	8,954
Investments and other assets		
Investment securities	9,319	8,974
Deferred tax assets	1,714	2,377
Other	3,344	3,557
Allowance for doubtful accounts	-353	-618
Total investments and other assets	14,024	14,291
Total non-current assets	156,789	179,410
Total assets	268,182	300,362

(Unit: Millions of yen)

	Prior consolidated fiscal year (As of October 31, 2019)	Current consolidated fiscal year (As of October 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	33,657	37,975
Short-term borrowings	1,120	1,035
Current portion of bonds payable	-	44
Current portion of long-term borrowings	11,147	12,942
Lease obligations	885	1,342
Income taxes payable	4,245	2,401
Provision for bonuses	1,320	1,462
Accounts payable - other	23,370	25,489
Other	2,772	4,913
Total current liabilities	78,519	87,606
Non-current liabilities		
Bonds payable	-	24
Long-term borrowings	17,206	30,082
Lease obligations	1,800	2,857
Long-term accounts payable - other	48,043	52,246
Retirement benefit liability	285	498
Asset retirement obligations	492	545
Deferred tax liabilities	-	221
Other	55	91
Total non-current liabilities	67,883	86,567
Total liabilities	146,403	174,174
<b>Net assets</b>		
Shareholders' equity		
Share capital	17,829	17,829
Capital surplus	19,324	19,324
Retained earnings	76,638	82,599
Treasury shares	-9	-2,009
Total shareholders' equity	113,783	117,744
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,918	1,522
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	-192	-126
Remeasurements of defined benefit plans	-2	-49
Total accumulated other comprehensive income	1,723	1,346
Non-controlling interests	6,272	7,097
Total net assets	121,779	126,188
Total liabilities and net assets	268,182	300,362

**(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, 2018 to October 31, 2019)	Current consolidated fiscal year (From November 1, 2019 to October 31, 2020)
Net sales	180,694	179,053
Cost of sales	127,766	127,925
Gross profit	52,928	51,128
Selling, general and administrative expenses	35,085	36,877
Operating profit	17,842	14,250
Non-operating income		
Interest income	28	44
Dividend income	165	170
Rental income	80	86
Insurance claim income	69	77
Temporary transfer charges income	107	91
Reversal of allowance for doubtful accounts	14	28
Other	349	241
Total non-operating income	815	740
Non-operating expenses		
Interest expenses	88	82
Share issuance costs	46	-
Foreign exchange losses	22	75
Loss on cancellation of leases	42	60
Provision of allowance for doubtful accounts	4	340
Other	177	163
Total non-operating expenses	380	722
Ordinary profit	18,277	14,268
Extraordinary income		
Gain on sales of non-current assets	38	17
Gain on sales of investment securities	15	-
Subsidy income	19	12
Total extraordinary income	74	30
Extraordinary losses		
Loss on sales and retirement of non- current assets	189	206
Loss on valuation of investment securities	-	171
Loss on valuation of shares of subsidiaries and associates	438	188
Total extraordinary losses	627	567
Profit before income taxes	17,723	13,731
Income taxes - current	6,214	4,785
Income taxes - deferred	-698	-381
Total income taxes	5,515	4,403
Profit	12,207	9,327
Profit attributable to non-controlling interests	777	860
Profit attributable to owners of parent	11,430	8,466

**(Consolidated Statements of Comprehensive Income)**

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2018 to October 31, 2019)	Current consolidated fiscal year (From November 1, 2019 to October 31, 2020)
Profit	12,207	9,327
Other comprehensive income		
Valuation difference on available-for-sale securities	-234	-397
Deferred gains or losses on hedges	0	-0
Foreign currency translation adjustment	-192	66
Remeasurements of defined benefit plans, net of tax	-10	-60
Total other comprehensive income	<u>-437</u>	<u>-391</u>
Comprehensive income	<u>11,770</u>	<u>8,936</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,999	8,089
Comprehensive income attributable to non-controlling interests	770	846



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

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

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,652	14,916	67,086	-2,129	93,526
Changes during period					
Issuance of new shares	4,176	4,176			8,353
Dividends of surplus			-2,382		-2,382
Change in 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 in items other than shareholders' equity					
Total changes during period	4,176	4,407	9,552	2,120	20,257
Balance at end of 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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,148	0	-	5	2,153	6,351	102,031
Changes during period							
Issuance of new shares					-		8,353
Dividends of surplus					-		-2,382
Change in 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 in items other than shareholders' equity	-229	0	-192	-8	-430	-78	-509
Total changes during period	-229	0	-192	-8	-430	-78	19,748
Balance at end of period	1,918	0	-192	-2	1,723	6,272	121,779

Current consolidated fiscal year (From November 1, 2019 to October 31, 2020)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,829	19,324	76,638	-9	113,783
Changes during period					
Issuance of new shares					-
Dividends of surplus			-2,505		-2,505
Change in scope of consolidation					-
Profit attributable to owners of parent			8,466		8,466
Change in ownership interest of parent due to transactions with non-controlling interests		-0			-0
Purchase of treasury shares				-2,000	-2,000
Disposal of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-0	5,960	-2,000	3,960
Balance at end of period	17,829	19,324	82,599	-2,009	117,744

	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	1,918	0	-192	-2	1,723	6,272	121,779
Changes during period							
Issuance of new shares					-		-
Dividends of surplus					-		-2,505
Change in scope of consolidation					-		-
Profit attributable to owners of parent					-		8,466
Change in ownership interest of parent due to transactions with non-controlling interests					-		-0
Purchase of treasury shares					-		-2,000
Disposal of treasury shares					-		-
Net changes in items other than shareholders' equity	-395	-0	66	-46	-376	825	448
Total changes during period	-395	-0	66	-46	-376	825	4,409
Balance at end of period	1,522	-	-126	-49	1,346	7,097	126,188

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

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2018 to October 31, 2019)	Current consolidated fiscal year (From November 1, 2019 to October 31, 2020)
Cash flows from operating activities		
Profit before income taxes	17,723	13,731
Depreciation	27,562	28,896
Amortization of goodwill	142	176
Loss (gain) on sales and retirement of non-current assets	151	188
Cost transfer resulting from sale of rental equipment	828	744
Purchase of construction equipment and materials	-1,200	-1,743
Purchase of rental equipment	-3,847	-4,124
Loss (gain) on valuation of investment securities	-	171
Loss (gain) on sales of investment securities	-15	-
Loss on valuation of shares of subsidiaries and associates	438	188
Increase (decrease) in allowance for doubtful accounts	-10	227
Increase (decrease) in provision for bonuses	172	88
Increase (decrease) in retirement benefit liability	9	8
Interest and dividend income	-194	-215
Assets buy on the installment plan purchase payment interest for rentals	293	472
Interest expenses	88	82
Foreign exchange losses (gains)	-11	80
Decrease (increase) in trade receivables	-3,505	51
Decrease (increase) in inventories	-13	-558
Increase (decrease) in trade payables	2,025	3,891
Increase (decrease) in accounts payable - other	2,516	3,679
Other, net	92	1,773
Subtotal	43,245	47,810
Interest and dividends received	193	207
Interest paid	-374	-548
Income taxes paid	-3,918	-6,768
Net cash provided by (used in) operating activities	39,146	40,701

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2018 to October 31, 2019)	Current consolidated fiscal year (From November 1, 2019 to October 31, 2020)
Cash flows from investing activities		
Payments into time deposits	-450	-430
Proceeds from withdrawal of time deposits	470	430
Purchase of investment securities	-9	-9
Proceeds from sales of investment securities	51	25
Purchase of property, plant and equipment	-3,853	-3,211
Proceeds from sales of property, plant and equipment	42	20
Purchase of intangible assets	-490	-341
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-9,821
Purchase of shares of subsidiaries	-1,393	-532
Purchase of shares of subsidiaries and associates	-	-133
Loan advances	-588	-398
Collection of loans receivable	112	376
Collection of long-term accounts receivable - other	125	140
Other, net	-5	-155
Net cash provided by (used in) investing activities	-5,989	-14,040

(Unit: Millions of yen)

	Prior consolidated fiscal year (From November 1, 2018 to October 31, 2019)	Current consolidated fiscal year (From November 1, 2019 to October 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-256	-85
Proceeds from long-term borrowings	5,560	23,270
Repayments of long-term borrowings	-13,133	-12,425
Repayments of installment payables	-25,358	-27,294
Repayments of lease obligations	-1,027	-1,143
Proceeds from issuance of shares	8,353	-
Proceeds from sales of treasury shares	2,364	-
Purchase of treasury shares	-0	-2,000
Dividends paid	-2,379	-2,504
Dividends paid to non-controlling interests	-22	-20
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	-26,740	-22,204
Effect of exchange rate change on cash and cash equivalents	-28	16
Net increase (decrease) in cash and cash equivalents	6,388	4,473
Cash and cash equivalents at beginning of period	36,733	43,511
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	390	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	38
Cash and cash equivalents at end of period	43,511	48,023