



Fiscal Year ended October 31, 2021 Financial Statements Bulletin (Japan GAAP)

December 10, 2021

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 Regular General Meeting of the Shareholders January 27, 2022
 Scheduled date for commencement of dividend payments January 28, 2022
 Scheduled date for submission of Annual Securities Report January 27, 2022
 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, 2021

(November 1, 2020 – October 31, 2021)

(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, 2021	189,416	5.8	14,624	2.6	15,391	7.9	8,907	5.2
Fiscal year ended October 31, 2020	179,053	-0.9	14,250	-20.1	14,268	-21.9	8,466	-25.9

(Note) Comprehensive income (millions of yen)

Fiscal year ended October 31, 2021 11,174 (25.1%)
 Fiscal year ended October 31, 2020 8,936 (-24.1%)

	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, 2021	235.55	-	7.2	5.1	7.7
Fiscal year ended October 31, 2020	221.45	-	7.2	5.0	8.0

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

Fiscal year ended October 31, 2021 -
 Fiscal year ended October 31, 2020 -

(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, 2021	303,754	134,917	41.8	3,357.10
As of October 31, 2020	301,533	126,188	39.5	3,150.30

(Reference) Equity (millions of yen)

As of October 31, 2021 126,956
 As of October 31, 2020 119,091

(Note) In the fiscal year ended October 31, 2021, the Company finalized the provisional accounting treatment for business combinations, and the figures for the fiscal year ended October 31, 2020 reflect the finalized content of the provisional accounting treatment.

(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, 2021	39,351	-3,373	-28,794	55,557
Fiscal year ended October 31, 2020	40,701	-14,040	-22,204	48,023

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, 2020	-	25.00	-	40.00	65.00	2,468	29.4	2.1
Fiscal year ended October 31, 2021	-	25.00	-	45.00	70.00	2,647	29.7	2.2
Fiscal year ending October 31, 2022 (projected)	-	35.00	-	40.00	75.00		28.6	

3. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2022

(November 1, 2021 - October 31, 2022)

(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	95,500	-	8,200	1.0	8,300	-4.4	5,100	3.2	137.85
Full year	191,100	-	15,600	6.7	15,800	2.7	9,700	8.9	262.19

(Notes) 1. As the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending October 31, 2022, the above projected consolidated operating results are after the application of the said accounting standard. As a result, the percentages for net sales for the previous fiscal year and the same period of the previous year are not shown.

2. At a meeting of the Board of Directors held on December 10, 2021, 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, 2022 takes into account the impact of this acquisition of own shares.

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, 2021:	38,742,241 shares
As of October 31, 2020:	38,742,241 shares
 - (b) Number of treasury shares of at the end of the period

As of October 31, 2021:	924,846 shares
As of October 31, 2020:	939,142 shares
 - (c) Average number of shares outstanding during the period

Fiscal year ended October 31, 2021:	37,813,895 shares
Fiscal year ended October 31, 2020:	38,232,825 shares

(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for the Fiscal Year Ended October 31, 2021

(November 1, 2020 – October 31, 2021)

(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, 2021	117,687	-0.8	7,503	-8.2	8,471	-2.7	5,392	-7.9
Fiscal year ended October 31, 2020	118,654	-2.7	8,170	-29.1	8,702	-30.1	5,856	-30.3

	Earnings per Share		Earnings per Share on a Fully Diluted Basis	
	Yen		Yen	
Fiscal year ended October 31, 2021	142.61		-	
Fiscal year ended October 31, 2020	153.18		-	

(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, 2021	229,544	107,480	46.8	2,842.10
As of October 31, 2020	232,009	103,802	44.7	2,745.86

(Reference) Equity (millions of yen)
As of October 31, 2021 107,480
As of October 31, 2020 103,802

2. Projected Non-Consolidated Operating Results for the Fiscal Year Ending October 31, 2022

(November 1, 2021 - October 31, 2022)

(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	58,300	-	4,800	6.5	3,200	8.6	86.50
Full year	117,200	-	9,600	13.3	6,500	20.5	175.70

(Notes) 1. As the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending October 31, 2022, the above projected consolidated operating results are after the application of the said accounting standard. As a result, the percentages for net sales for the previous fiscal year and the same period of the previous year are not shown.

2. At a meeting of the Board of Directors held on December 10, 2021, 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, 2022 takes into account the impact of this acquisition of own shares.

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 13, 2021. 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

(Millions of yen)

	As of October 31, 2020	As of October 31, 2021
Assets		
Current assets		
Cash and deposits	48,563	56,093
Notes and accounts receivable - trade	41,451	39,305
Electronically recorded monetary claims - operating	6,166	7,319
Merchandise and finished goods	1,205	1,666
Costs on construction contracts in progress	148	82
Raw materials and supplies	1,234	1,375
Construction machine parts	19,918	18,055
Other	2,495	3,123
Allowance for doubtful accounts	-230	-269
Total current assets	120,952	126,751
Non-current assets		
Property, plant and equipment		
Rental equipment	254,532	262,239
Accumulated depreciation	-153,225	-164,193
Rental equipment, net	101,307	98,046
Buildings and structures	39,804	42,680
Accumulated depreciation	-23,293	-24,656
Buildings and structures, net	16,510	18,024
Machinery, equipment and vehicles	9,619	9,764
Accumulated depreciation	-8,025	-8,141
Machinery, equipment and vehicles, net	1,593	1,623
Land	37,421	37,684
Other	4,143	2,899
Accumulated depreciation	-2,054	-2,143
Other, net	2,088	756
Total property, plant and equipment	158,921	156,135
Intangible assets		
Goodwill	4,636	4,111
Other	2,732	2,792
Total intangible assets	7,368	6,904
Investments and other assets		
Investment securities	8,974	9,249
Deferred tax assets	2,377	2,175
Other	3,557	3,046
Allowance for doubtful accounts	-618	-507
Total investments and other assets	14,291	13,963
Total non-current assets	180,581	177,003
Total assets	301,533	303,754

(Millions of yen)

	As of October 31, 2020	As of October 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,975	37,082
Short-term borrowings	1,035	960
Current portion of bonds payable	44	24
Current portion of long-term borrowings	12,942	13,055
Lease obligations	1,342	1,269
Income taxes payable	2,401	2,681
Provision for bonuses	1,462	1,548
Accounts payable - other	25,489	24,545
Other	4,913	6,063
Total current liabilities	87,606	87,230
Non-current liabilities		
Bonds payable	24	-
Long-term borrowings	30,082	31,460
Lease obligations	2,857	2,888
Long-term accounts payable - other	52,246	44,486
Retirement benefit liability	498	566
Asset retirement obligations	545	588
Deferred tax liabilities	1,392	1,501
Other	91	115
Total non-current liabilities	87,738	81,607
Total liabilities	175,345	168,837
Net assets		
Shareholders' equity		
Share capital	17,829	17,829
Capital surplus	19,324	19,326
Retained earnings	82,599	89,048
Treasury shares	-2,009	-1,978
Total shareholders' equity	117,744	124,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,522	2,249
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	-126	541
Remeasurements of defined benefit plans	-49	-60
Total accumulated other comprehensive income	1,346	2,729
Non-controlling interests	7,097	7,960
Total net assets	126,188	134,917
Total liabilities and net assets	301,533	303,754

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

(Millions of yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Net sales	179,053	189,416
Cost of sales	127,925	133,812
Gross profit	51,128	55,604
Selling, general and administrative expenses	36,877	40,979
Operating profit	14,250	14,624
Non-operating income		
Interest income	44	46
Dividend income	170	159
Rental income	86	83
Insurance claim income	77	357
Temporary transfer charges income	91	69
Foreign exchange gains	-	97
Reversal of allowance for doubtful accounts	28	25
Other	241	300
Total non-operating income	740	1,140
Non-operating expenses		
Interest expenses	82	102
Foreign exchange losses	75	-
Loss on cancellation of leases	60	27
Waste disposal costs	10	41
Provision of allowance for doubtful accounts	340	-
Other	153	201
Total non-operating expenses	722	372
Ordinary profit	14,268	15,391
Extraordinary income		
Gain on sale of non-current assets	17	21
Gain on sale of shares of subsidiaries and associates	-	20
Subsidy income	12	18
Total extraordinary income	30	59
Extraordinary losses		
Loss on sale and retirement of non-current assets	206	275
Loss on valuation of investment securities	171	172
Loss on valuation of shares of subsidiaries and associates	188	174
Loss on extinguishment of tie-in shares	-	81
Total extraordinary losses	567	703
Profit before income taxes	13,731	14,747
Income taxes - current	4,785	5,145
Income taxes - deferred	-381	-190
Total income taxes	4,403	4,954
Profit	9,327	9,793
Profit attributable to non-controlling interests	860	885
Profit attributable to owners of parent	8,466	8,907

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Profit	9,327	9,793
Other comprehensive income		
Valuation difference on available-for-sale securities	-397	727
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	66	667
Remeasurements of defined benefit plans, net of tax	-60	-14
Total other comprehensive income	-391	1,381
Comprehensive income	8,936	11,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,089	10,290
Comprehensive income attributable to non-controlling interests	846	884

(3) Consolidated Statements of Changes in Equity

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

(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					
Dividends of surplus			-2,505		-2,505
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
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							
Dividends of surplus					-		-2,505
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
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

Current consolidated fiscal year (From November 1, 2020 to October 31, 2021)

(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	82,599	-2,009	117,744
Changes during period					
Dividends of surplus			-2,457		-2,457
Profit attributable to owners of parent			8,907		8,907
Purchase of treasury shares				-0	-0
Restricted stock compensation		2		31	33
Net changes in items other than shareholders' equity					
Total changes during period	-	2	6,449	30	6,482
Balance at end of period	17,829	19,326	89,048	-1,978	124,226

	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	1,522	-	-126	-49	1,346	7,097	126,188
Changes during period							
Dividends of surplus					-		-2,457
Profit attributable to owners of parent					-		8,907
Purchase of treasury shares					-		-0
Restricted stock compensation					-		33
Net changes in items other than shareholders' equity	726	0	667	-10	1,383	863	2,246
Total changes during period	726	0	667	-10	1,383	863	8,728
Balance at end of period	2,249	0	541	-60	2,729	7,960	134,917

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Cash flows from operating activities		
Profit before income taxes	13,731	14,747
Depreciation	28,896	31,064
Amortization of goodwill	176	648
Loss (gain) on sale and retirement of non-current assets	188	254
Cost transfer resulting from sale of rental equipment	744	793
Purchase of construction equipment and materials	-1,743	-968
Purchase of rental equipment	-4,124	-5,424
Loss (gain) on valuation of investment securities	171	172
Loss on valuation of shares of subsidiaries and associates	188	174
Loss (gain) on extinguishment of tie-in shares	-	81
Loss (gain) on sale of shares of subsidiaries and associates	-	-20
Increase (decrease) in allowance for doubtful accounts	227	-76
Increase (decrease) in provision for bonuses	88	70
Increase (decrease) in retirement benefit liability	8	47
Interest and dividend income	-215	-206
Assets buy on the installment plan purchase payment interest for rentals	472	622
Interest expenses	82	102
Foreign exchange losses (gains)	80	-95
Decrease (increase) in trade receivables	51	1,242
Decrease (increase) in inventories	-558	-513
Increase (decrease) in trade payables	3,891	-1,237
Increase (decrease) in accounts payable - other	3,679	1,886
Other, net	1,773	1,252
Subtotal	47,810	44,619
Interest and dividends received	207	202
Interest paid	-548	-727
Income taxes paid	-6,768	-4,742
Net cash provided by (used in) operating activities	40,701	39,351

(Millions of yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Cash flows from investing activities		
Payments into time deposits	-430	-757
Proceeds from withdrawal of time deposits	430	763
Purchase of investment securities	-9	-9
Proceeds from sale of investment securities	25	32
Purchase of property, plant and equipment	-3,211	-3,528
Proceeds from sale of property, plant and equipment	20	95
Purchase of intangible assets	-341	-562
Proceeds from sale of intangible assets	-	12
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-9,821	-
Purchase of shares of subsidiaries	-532	-8
Purchase of shares of subsidiaries and associates	-133	-
Proceeds from sale of shares of subsidiaries and associates	-	22
Loan advances	-398	-14
Proceeds from collection of loans receivable	376	177
Collection of long-term accounts receivable-other	140	186
Other, net	-155	216
Net cash provided by (used in) investing activities	-14,040	-3,373

(Millions of yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Cash flows from financing activities		
Redemption of bonds	-	-44
Net increase (decrease) in short-term borrowings	-85	-75
Proceeds from long-term borrowings	23,270	14,980
Repayments of long-term borrowings	-12,425	-14,415
Repayments of installment payables	-27,294	-25,331
Repayments of lease obligations	-1,143	-1,432
Purchase of treasury shares	-2,000	-0
Dividends paid	-2,504	-2,454
Dividends paid to non-controlling interests	-20	-20
Other, net	-0	-
Net cash provided by (used in) financing activities	-22,204	-28,794
Effect of exchange rate change on cash and cash equivalents	16	90
Net increase (decrease) in cash and cash equivalents	4,473	7,274
Cash and cash equivalents at beginning of period	43,511	48,023
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	38	260
Cash and cash equivalents at end of period	48,023	55,557