



# 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>  
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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. Please refer to "Material Events after the Close of the Consolidated 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, 2021:	38,742,241 shares
As of October 31, 2020:	38,742,241 shares
  - (b) Number of treasury shares 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. Please refer to "Material Events after the Close of the Consolidated Fiscal Year" on page 24 of the Attachments for more information on the acquisition.

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 9 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 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.

## ○Attachments Table of Contents

1. Overview of Operating Results and Others .....	7
(1) Overview of Operating Results and Others for the Fiscal Year Ended October 31, 2021 .....	7
(2) Overview of Financial Position for the Fiscal Year Ended October 31, 2021 .....	7
(3) Overview of Cash Flows for the Fiscal Year Ended October 31, 2021 .....	8
(4) Future Outlook .....	9
2. Basic Policy Regarding Selection of Accounting Standards .....	10
3. Consolidated Financial Statements and Significant Notes Thereto .....	11
(1) Consolidated Balance Sheets .....	11
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	13
(Consolidated Statements of Income) .....	13
(Consolidated Statements of Comprehensive Income) .....	14
(3) Consolidated Statements of Changes in Equity .....	15
(4) Consolidated Statements of Cash Flows .....	17
(5) Notes to the Consolidated Financial Statements .....	20
(Notes Relating to the Going Concern Assumption) .....	20
(Business Combinations) .....	20
(Segment Information) .....	21
(Per Share Information) .....	23
(Material Events after the Close of the Consolidated Fiscal Year) .....	24

## 1. Overview of Operating Results and Others

### (1) Overview of Operating Results and Others for the Fiscal Year Ended October 31, 2021

During the consolidated fiscal year under review, Japan's economy continued to face difficult conditions, partly due to the prolonged spread of COVID-19. Also, in the global economy, while some countries and regions began to show signs of recovery, there were still significant concerns about sluggish economic activity and stock market turmoil caused by COVID-19 and the situation remained unpredictable.

In the construction industry in which the Group is involved, public sector investment including activity being carried out for Japan's National Resilience Plan remained strong and private sector construction investment has shown signs of picking up although the situation still requires monitoring as rising material prices and the shortage of skilled construction workers are apparent.

In such circumstances, based on the three key measures of the Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group is promoting the strengthening of the Alliance Group's foundations and the expansion of its businesses in Japan and overseas. In addition, the Group is committed to the sustainable development of the Group and the enhancement of corporate value through an asset strategy that carefully assesses changes in the business environment as well as selection and concentration to reinforce profitability.

Consequently, in the fiscal year ended October 31, 2021, the Group reported net sales of ¥189,416 million, up 5.8% compared with the prior year. Operating profit increased 2.6% from the prior year to ¥14,624 million, ordinary profit increased 7.9% from the prior year to ¥15,391 million, and profit attributable to owners of parent increased 5.2% from the prior year to ¥8,907 million.

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, public sector investments were firm, mainly in construction related to disaster recovery work and infrastructure-related construction as well as disaster prevention-related construction, while private sector construction investments varied by region although overall rental demand for construction equipment remained steady.

In addition to promoting business alliances and M&As that can be expected to generate significant synergies, the Group aims to strengthen its profitability by further improving operational efficiency and productivity through focusing on measures such as ensuring the optimal ownership and model mix of assets according to market conditions. As a result, sales by region in this business were up 6.7% in the Hokkaido Region, down 1.9% in the Tohoku Region, up 2.5% in the Kanto & Koushinetsu Region, up 10.6% in the Nishi-nihon Region, and up 5.0% in the Kyushu & Okinawa Region.

Used construction equipment sales decreased 10.5% year on year, as Kanamoto has carried out the extension of the rental equipment operation period as planned at the beginning of the fiscal year.

Reflecting these factors, the Group posted net sales in the construction-related businesses of ¥171,020 million, an increase of 6.3% year on year, and operating profit of ¥13,043 million, an increase of 1.5%.

#### < Other businesses >

In the Group's other businesses, net sales increased by 0.9% year on year to ¥18,395 million and operating profit increased by 14.5% to ¥1,110 million, 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 well.

### (2) Overview of Financial Position for the Fiscal Year Ended October 31, 2021

With regard to the business combinations with SOOKI HOLDINGS Co., Ltd. conducted on September 30, 2020, and KANAMOTO AUSTRALIA HOLDINGS PTY LTD conducted on October 15, 2020, although provisional accounting treatment was carried out in the previous consolidated fiscal year, it was finalized

in the fiscal year under review. As a result of the finalization of the said provisional accounting treatment, a review of the allocation of acquisition costs is applied in the comparative information included in the consolidated financial statements for the fiscal year under review. In the comparison and analysis with the end of the previous fiscal year, the figures after the revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment have been used.

**(Assets)**

Total assets at the end of the consolidated fiscal year under review stood at ¥303,754 million, an increase of ¥2,221 million compared with the end of the prior consolidated fiscal year. This was primarily due to a ¥7,529 million increase in cash and deposits, while notes and accounts receivable - trade decreased by ¥2,145 million, and rental equipment decreased by ¥3,261 million.

**(Liabilities)**

Total liabilities were ¥168,837 million, a decrease of ¥6,507 million compared with the end of the prior consolidated fiscal year. This was primarily due to a ¥1,377 million increase in long-term borrowings, while long-term accounts payable - other decreased by ¥7,760 million.

**(Net assets)**

Total net assets totaled ¥134,917 million, ¥8,728 million higher than at the end of the prior consolidated fiscal year. This mainly reflects the posting of profit attributable to owners of parent of ¥8,907 million. Meanwhile, there was a decrease of ¥2,457 million due to dividends of surplus.

**(3) Overview of Cash Flows for the Fiscal Year Ended October 31, 2021**

(Millions of yen)

	FY Ended October 2020 (Prior consolidated fiscal year)	FY Ended October 2021 (Consolidated fiscal year under review)	Change from prior year
Net cash provided by (used in) operating activities	40,701	39,351	-1,349
Net cash provided by (used in) investing activities	-14,040	-3,373	10,666
Net cash provided by (used in) financing activities	-22,204	-28,794	-6,589
Net increase (decrease) in cash and cash equivalents	4,473	7,274	2,801
Cash and cash equivalents at beginning of period	43,511	48,023	4,511
Cash and cash equivalents at end of period	48,023	55,557	7,534

The balance of cash and cash equivalents ("cash") at the end of the consolidated fiscal year under review was ¥55,557 million, an increase of ¥7,534 million compared with the end of the prior consolidated fiscal year. Cash flows for the consolidated fiscal year under review are discussed below.

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

Cash generated from operating activities stood at ¥39,351 million, a decrease of 3.3% from the prior consolidated fiscal year. This was primarily attributable to the following: profit before income taxes of ¥14,747 million, depreciation of ¥31,064 million, as well as purchase of rental equipment of ¥5,424 million, and income taxes paid of ¥4,742 million.

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

Cash used in investing activities was ¥3,373 million, compared with ¥14,040 million used in the prior consolidated fiscal year. This mainly reflected the posting of ¥3,528 million for purchase of property, plant and equipment.

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

Cash used in financing activities was ¥28,794 million, compared with ¥22,204 million used in the prior consolidated fiscal year. This mainly reflected proceeds from long-term borrowings of ¥14,980

million, repayments of long-term borrowings of ¥14,415 million, repayments of installment payables of ¥25,331 million, and dividends paid of ¥2,454 million.

(Reference) Trends in Cash Flow Indicators

	FY Ended October 2018	FY Ended October 2019	FY Ended October 2020	FY Ended October 2021
Equity ratio (%)	39.6	43.1	39.5	41.8
Equity ratio on a market capitalization basis (%)	55.2	42.1	26.9	30.3
Ratio of interest-bearing liabilities to operating cash flow (year)	2.7	2.5	3.0	2.9
Interest coverage ratio (times)	83.9	104.6	74.3	54.1

- (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, public sector investment is expected to remain steady, and private sector construction investment is also expected to continue at a moderate pace of recovery, despite lingering uncertainty about the future. However, the situation is expected to continue to require monitoring due to the emergence of new COVID-19 variants and concerns about cost increases caused by soaring material prices.

In such circumstances, to achieve the goals of its Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group will strive to strengthen its ability to respond to the fields of maintenance and repair of social infrastructure and renewable energy, where further priority investment is expected, based on the promotion of three key measures: expansion of domestic bases for operations, overseas expansion, and optimization of internal operations. In addition, while reinforcing local regions and deepening area collaboration by utilizing the sales base the Group has built up, we will promote construction DX that contributes to labor savings and improved safety at construction sites through ICT construction and autopilot, etc., and strive for sustainable development and the enhancement of corporate value.

Through the above measures, for the fiscal year ending October 31, 2022, the Kanamoto Group aims for net sales of ¥191.1 billion, operating profit of ¥15.6 billion, a growth of 6.7%, ordinary profit of ¥15.8 billion, a growth of 2.7%, and profit attributable to owners of parent of ¥9.7 billion, a growth of 8.9%. Since the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and relevant ASBJ regulations from the beginning of the fiscal year ending October 31, 2022, the projected consolidated operating results are the amounts after the application of the said accounting standard and relevant ASBJ regulations. As a result, year-on-year comparisons of net sales are not shown.

## **2. Basic Policy Regarding Selection of Accounting Standards**

The Kanamoto 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 Kanamoto 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, 2020	As of October 31, 2021
<b>Assets</b>		
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
<b>Liabilities</b>		
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
<b>Net assets</b>		
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

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

The Company had no material items to report.

**(Business Combinations)**

Finalization of the provisional accounting treatment for business combinations  
(SOOKI HOLDINGS Co., Ltd.)

With regard to the business combination with SOOKI HOLDINGS Co., Ltd. conducted on September 30, 2020, although provisional accounting treatment was carried out in the previous consolidated fiscal year, it was finalized in the fiscal year under review. Due to the finalization of the provisional accounting treatment, the comparative information included in the consolidated financial statements for the fiscal year under review reflects a significant revision in the initial allocation of acquisition costs, and a portion of the amount recorded as goodwill has been reclassified.

As a result, the provisionally calculated amount of goodwill of ¥4,325 million decreased by ¥1,800 million to ¥2,524 million due to the allocation of ¥2,749 million to property, plant and equipment and ¥948 million to deferred tax liabilities.

(KANAMOTO AUSTRALIA HOLDINGS PTY LTD)

With regard to the business combination with KANAMOTO AUSTRALIA HOLDINGS PTY LTD conducted on October 15, 2020, although provisional accounting treatment was carried out in the previous consolidated fiscal year, it was finalized in the fiscal year under review. Due to the finalization of the provisional accounting treatment, the comparative information included in the consolidated financial statements for the fiscal year under review reflects a significant revision in the initial allocation of acquisition costs, and a portion of the amount recorded as goodwill has been reclassified.

As a result, the provisionally calculated amount of goodwill of ¥3,114 million decreased by ¥1,062 million to ¥2,052 million due to the allocation of ¥7 million to property, plant and equipment, ¥1,276 million to intangible assets and ¥222 million to deferred tax liabilities.

## (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

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

(Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Net sales to outside customers	160,826	18,226	179,053
Net sales or transfers between related segments	-	-	-
Total	160,826	18,226	179,053
Segment income	12,852	969	13,822
Segment assets	235,719	8,169	243,888
Other items			
Depreciation	27,222	1,255	28,478
Amortization of goodwill	110	66	176
Amount of increase of property, plant and equipment and intangible assets	48,275	1,594	49,869

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

(Millions of yen)

	Reporting segment	Other businesses (Note)	Total
	Business related to the Construction Equipment Rental Division		
Net sales			
Net sales to outside customers	171,020	18,395	189,416
Net sales or transfers between related segments	-	-	-
Total	171,020	18,395	189,416
Segment income	13,043	1,110	14,153
Segment assets	233,729	8,988	242,718
Other items			
Depreciation	29,396	1,211	30,607
Amortization of goodwill	620	27	648
Amount of increase of property, plant and equipment and intangible assets	25,141	1,360	26,501

(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 consolidated fiscal year	Current consolidated fiscal year
Reporting segment total	160,826	171,020
Net sales for "Other businesses" classification	18,226	18,395
Intersegment eliminations	-	-
Net sales reported in the consolidated financial statements	179,053	189,416

(Millions of yen)

Income	Prior consolidated fiscal year	Current consolidated fiscal year
Reporting segment total	12,852	13,043
Income for "Other businesses" classification	969	1,110
Other adjustments	428	471
Operating profit reported in the consolidated financial statements	14,250	14,624

(Millions of yen)

Assets	Prior consolidated fiscal year	Current consolidated fiscal year
Reporting segment total	235,719	233,729
Assets of "Other businesses" classification	8,169	8,988
Company assets (Note)	56,474	61,036
Total assets reported in the consolidated financial statements	300,362	303,754

(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 businesses		Amount of adjustment		Amount reported in the consolidated financial statements	
	Prior consolidated fiscal year	Current consolidated fiscal year	Prior consolidated fiscal year	Current consolidated fiscal year	Prior consolidated fiscal year	Current consolidated fiscal year	Prior consolidated fiscal year	Current consolidated fiscal year
Depreciation	27,222	29,396	1,255	1,211	418	456	28,896	31,064
Amount of increase of property, plant and equipment and intangible assets	48,275	25,141	1,594	1,360	404	158	50,274	26,659

(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 consolidated fiscal year (From November 1, 2019 to October 31, 2020)		Current consolidated fiscal year (From November 1, 2020 to October 31, 2021)	
Net assets per share	¥3,150.30	Net assets per share	¥3,357.10
Earnings per share	¥221.45	Earnings per share	¥235.55
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 consolidated fiscal year (From November 1, 2019 to October 31, 2020)	Current consolidated fiscal year (From November 1, 2020 to October 31, 2021)
Profit attributable to owners of parent	8,466	8,907
Amount not attributed to common share shareholders	-	-
Profit attributable to owners of parent related to common shares	8,466	8,907
Average number of shares outstanding during the fiscal year (Shares)	38,232,825	37,813,895

**(Material Events after the Close of the Consolidated Fiscal Year)**

At a Meeting of the Board of Directors held on December 10, 2021, 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.

(i) Reason of purchase of treasury shares

Return to shareholders

(ii) 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	1,200,000 shares (maximum)
3. Acquisition period	December 13, 2021 - April 21, 2022
4. Total acquisition price of shares to be purchased	¥2,000,000,000 (maximum)
5. Acquisition method	Purchase by stock exchange market