



Fiscal Year ended October 31, 2022

Financial Statements Bulletin (Japan GAAP)

December 9, 2022

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 26, 2023
 Scheduled date for commencement of dividend payments January 27, 2023
 Scheduled date for submission of Annual Securities Report January 26, 2023
 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, 2022

(November 1, 2021 – October 31, 2022)

(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, 2022	188,028	-	13,229	-9.5	13,780	-10.5	8,345	-6.3
Fiscal year ended October 31, 2021	189,416	5.8	14,624	2.6	15,391	7.9	8,907	5.2

(Note) Comprehensive income (millions of yen)

Fiscal year ended October 31, 2022	10,676	(-4.5%)
Fiscal year ended October 31, 2021	11,174	(25.1%)

	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, 2022	224.64	-	6.4	4.5	7.0
Fiscal year ended October 31, 2021	235.55	-	7.2	5.1	7.7

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

Fiscal year ended October 31, 2022	-
Fiscal year ended October 31, 2021	-

(Note) The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended October 31, 2022, and the figures for the fiscal year ended October 31, 2022 are figures after the application of the said accounting standard. As a result, the percentage of change for net sales from the previous year is not shown.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2022	305,320	140,611	43.2	3,571.98
As of October 31, 2021	303,754	134,917	41.8	3,357.10

(Reference) Equity (millions of yen)

As of October 31, 2022	131,958
As of October 31, 2021	126,956

(Note) The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended October 31, 2022, and the figures as of October 31, 2022 are figures after the application of the said accounting standard.

(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, 2022	33,158	-11,331	-30,893	47,047
Fiscal year ended October 31, 2021	39,351	-3,373	-28,794	55,557

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, 2021	-	25.00	-	45.00	70.00	2,647	29.7	2.2
Fiscal year ended October 31, 2022	-	35.00	-	40.00	75.00	2,770	33.4	2.2
Fiscal year ending October 31, 2023 (projected)	-	35.00	-	40.00	75.00		32.3	

3. Projected Consolidated Operating Results for the Fiscal Year Ending October 31, 2023

(November 1, 2022 - October 31, 2023)

(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	96,700	3.2	6,200	-12.7	6,200	-16.9	3,600	-20.7	98.78
Full year	198,000	5.3	14,000	5.8	14,100	2.3	8,400	0.7	231.87

(Note) At a meeting of the Board of Directors held on December 9, 2022, 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, 2023 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 27 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: Yes
 - (b) Changes other than the above: No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatements: No
- (Note) For details, please refer to "3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)" on page 21 of the Attachments.
- (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, 2022: 38,742,241 shares
 - As of October 31, 2021: 38,742,241 shares
 - (b) Number of treasury shares at the end of the period
 - As of October 31, 2022: 1,799,490 shares
 - As of October 31, 2021: 924,846 shares
 - (c) Average number of shares outstanding during the period
 - Fiscal year ended October 31, 2022: 37,148,669 shares
 - Fiscal year ended October 31, 2021: 37,813,895 shares

(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for the Fiscal Year Ended October 31, 2022

(November 1, 2021 – October 31, 2022)

(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, 2022	115,714	-	6,462	-13.9	7,454	-12.0	4,959	-8.0
Fiscal year ended October 31, 2021	117,687	-0.8	7,503	-8.2	8,471	-2.7	5,392	-7.9

	Earnings per Share	Earnings per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal year ended October 31, 2022	133.50	-
Fiscal year ended October 31, 2021	142.61	-

(Note) The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended October 31, 2022, and the figures for the fiscal year ended October 31, 2022 are figures after the application of the said accounting standard. As a result, the percentage of change for net sales from the previous year is not shown.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2022	226,854	107,392	47.3	2,906.99
As of October 31, 2021	229,544	107,480	46.8	2,842.10

(Reference) Equity (millions of yen)
As of October 31, 2022 107,392
As of October 31, 2021 107,480

(Note) The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended October 31, 2022, and the figures as of October 31, 2022 are figures after the application of the said accounting standard.

2. Projected Non-Consolidated Operating Results for the Fiscal Year Ending October 31, 2023

(November 1, 2022 - October 31, 2023)

(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	56,600	-1.3	2,700	-28.6	1,800	-29.4	49.39
Full year	118,900	2.8	7,900	6.0	5,300	6.9	146.30

(Note) At a meeting of the Board of Directors held on December 9, 2022, 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, 2023 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 27 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 12, 2022. Following the meeting, the Company will upload the meeting highlights and discussion (voice recording) on the Company's website as quickly as possible, together with the Earnings Briefings materials used that day.

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1. Overview of Operating Results and Others

(1) Overview of Operating Results and Others for the Fiscal Year Ended October 31, 2022

During the consolidated fiscal year under review, while Japan's economy showed signs of recovery in economic activities that had been stagnant due to the spread of COVID-19, the situation remained unpredictable due to the prolonged situation in Ukraine, soaring raw material prices, and growing concerns of an economic recession caused by global financial tightening and other factors.

In the construction industry in which the Group is involved, although public sector investment remained steady and private sector construction investment has shown signs of gradual recovery, the situation still requires monitoring as semiconductor supply shortages, soaring material prices and chronic shortage of skilled construction workers are becoming increasingly more severe.

In such circumstances, based on the three key measures in the Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group is reinforcing the Alliance Group's foundations in Japan and overseas, pursuing synergistic effects to further improve management efficiency, while carrying out a flexible investment strategy that responds to actual demand. In addition, the Group focused on sustainable development and enhancement of corporate value by realizing efficient utilization of rental assets and building an organizational structure to address sustainability issues.

Consequently, in the fiscal year ended October 31, 2022, the Group reported net sales of ¥188,028 million. On the earnings front, partly due to an increase in selling, general and administrative expenses caused by investment in human resources in preparation for the future, in addition to a trend of rental demand, operating profit decreased 9.5% from the same period of the prior fiscal year to ¥13,229 million, ordinary profit declined 10.5% to ¥13,780 million, and profit attributable to owners of parent decreased 6.3% to ¥8,345 million.

Please note that the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended October 31, 2022. For details, please refer to "3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)."

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 investment remained steady, primarily in activities carried out for Japan's National Resilience Plan as well as infrastructure-related construction, and while private sector construction investment showed signs of picking up, regional differences, as well as delays and slow progress in construction due to soaring material prices at some sites, prevented a full-scale recovery in rental demand for construction equipment.

In addition to strengthening its ability to respond to the fields of maintenance and repair of social infrastructure and renewable energy, where further priority investment is expected, the Group also promoted technological development and business alliances aimed at realizing DX at construction sites by utilizing digital technology and reducing environmental impact.

As a result, sales by region in this business were up 5.5% in the Hokkaido Region, down 7.3% in the Tohoku Region, down 0.6% in the Kanto & Koushinetsu Region, down 0.7% in the Nishi-nihon Region, and up 1.1% in the Kyushu & Okinawa Region.

Used construction equipment sales decreased 15.1% 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 ¥170,433 million, and operating profit of ¥11,508 million, a decrease of 11.8% year on year.

< Other businesses >

In the Group's other businesses, net sales was ¥17,594 million and operating profit increased by 11.0% year on year to ¥1,232 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, 2022

(Assets)

Total assets at the end of the consolidated fiscal year under review stood at ¥305,320 million, an increase of ¥1,565 million compared with the end of the prior consolidated fiscal year. This was primarily due to increases of ¥5,592 million in property, plant and equipment, including rental equipment, and ¥4,236 million in long-term loans receivable, while cash and deposits decreased by ¥8,527 million.

(Liabilities)

Total liabilities were ¥164,708 million, a decrease of ¥4,129 million compared with the end of the prior consolidated fiscal year. This was primarily due to an increase of ¥3,199 million in long-term borrowings, while notes and accounts payable - trade and long-term accounts payable - other decreased by ¥3,368 million and ¥3,365 million, respectively.

(Net assets)

Total net assets totaled ¥140,611 million, ¥5,694 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 ¥8,345 million and an increase of ¥1,657 million in foreign currency translation adjustment. Meanwhile, there were decreases of ¥2,994 million due to dividends of surplus and ¥1,967 million due to purchase of treasury shares, etc.

(3) Overview of Cash Flows for the Fiscal Year Ended October 31, 2022

(Millions of yen)

	FY Ended October 2021 (Prior consolidated fiscal year)	FY Ended October 2022 (Consolidated fiscal year under review)	Change from prior year
Net cash provided by (used in) operating activities	39,351	33,158	-6,193
Net cash provided by (used in) investing activities	-3,373	-11,331	-7,957
Net cash provided by (used in) financing activities	-28,794	-30,893	-2,099
Net increase (decrease) in cash and cash equivalents	7,274	-8,790	-16,064
Cash and cash equivalents at beginning of period	48,023	55,557	7,534
Cash and cash equivalents at end of period	55,557	47,047	-8,510

The balance of cash and cash equivalents ("cash") at the end of the consolidated fiscal year under review was ¥47,047 million, a decrease of ¥8,510 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 provided by operating activities stood at ¥33,158 million, a decrease of 15.7% from the prior consolidated fiscal year. This was primarily attributable to the following: profit before income taxes of ¥13,574 million, depreciation of ¥31,912 million, as well as purchase of rental equipment of ¥5,645 million, increase (decrease) in trade payables of a negative ¥3,736 million, and income taxes paid of ¥4,985 million.

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

Cash used in investing activities was ¥11,331 million, compared with ¥3,373 million used in the prior consolidated fiscal year. This mainly reflected the posting of ¥4,793 million for purchase of property, plant and equipment, and ¥5,761 million for loan advances.

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

Cash used in financing activities was ¥30,893 million, compared with ¥28,794 million used in the prior consolidated fiscal year. This mainly reflected proceeds from long-term borrowings of ¥15,894 million, repayments of long-term borrowings of ¥14,684 million, repayments of installment payables of ¥25,686 million, and dividends paid of ¥2,993 million.

(Reference) Trends in Cash Flow Indicators

	FY Ended October 2019	FY Ended October 2020	FY Ended October 2021	FY Ended October 2022
Equity ratio (%)	43.1	39.5	41.8	43.2
Equity ratio on a market capitalization basis (%)	42.1	26.9	30.3	26.0
Ratio of interest-bearing liabilities to operating cash flow (year)	2.5	3.0	2.9	3.5
Interest coverage ratio (times)	104.6	74.3	54.1	47.1

- (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, while public sector investment is expected to remain steady and private sector construction investment is also expected to continue its gradual recovery trend, the outlook is expected to remain uncertain due to concerns that heightened geopolitical risks, a weaker yen, and rising construction costs will dampen the recovery in demand. At the same time, we believe that demand for the realization of a sustainable society, including decarbonization and digitalization, is expected to continue to grow and will require even more focused responses.

In such circumstances, to achieve the goals of its Medium-Term Corporate Management Plan "Creative 60" (FY2020-2024), the Group will build a solid earnings foundation by further pursuing the efficient use of its assets, based on the promotion of three key measures: expansion of domestic bases for operations, overseas expansion, and optimization of internal operations. In addition, we will promote growth strategies toward the future in areas such as renewable energy and ICT, while working to address sustainability issues with the aim of realizing a sustainable society and sustainable corporate growth.

Through the above measures, for the fiscal year ending October 31, 2023, the Group aims for net sales of ¥198.0 billion, a growth of 5.3%, operating profit of ¥14.0 billion, a growth of 5.8%, ordinary profit of ¥14.1 billion, a growth of 2.3%, and profit attributable to owners of parent of ¥8.4 billion, a growth of 0.7%.

2. Basic Policy Regarding Selection of Accounting Standards

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

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

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of October 31, 2021	As of October 31, 2022
Assets		
Current assets		
Cash and deposits	56,093	47,565
Notes and accounts receivable - trade	39,305	-
Notes and accounts receivable - trade, and contract assets	-	38,452
Electronically recorded monetary claims - operating	7,319	8,025
Merchandise and finished goods	1,666	1,729
Costs on construction contracts in progress	82	-
Raw materials and supplies	1,375	1,432
Construction machine parts	18,055	17,047
Other	3,123	4,098
Allowance for doubtful accounts	-269	-284
Total current assets	126,751	118,066
Non-current assets		
Property, plant and equipment		
Rental equipment	262,239	282,605
Accumulated depreciation	-164,193	-181,989
Rental equipment, net	98,046	100,616
Buildings and structures	42,680	44,709
Accumulated depreciation	-24,656	-26,128
Buildings and structures, net	18,024	18,581
Machinery, equipment and vehicles	9,764	10,088
Accumulated depreciation	-8,141	-8,511
Machinery, equipment and vehicles, net	1,623	1,576
Land	37,684	38,688
Other	2,899	4,570
Accumulated depreciation	-2,143	-2,305
Other, net	756	2,265
Total property, plant and equipment	156,135	161,728
Intangible assets		
Goodwill	4,111	3,810
Customer relationship	1,276	1,395
Other	1,516	1,511
Total intangible assets	6,904	6,717
Investments and other assets		
Investment securities	9,249	9,699
Deferred tax assets	2,175	2,370
Long-term loans receivable	977	5,213
Other	2,069	2,081
Allowance for doubtful accounts	-507	-556
Total investments and other assets	13,963	18,808
Total non-current assets	177,003	187,253
Total assets	303,754	305,320

(Millions of yen)

	As of October 31, 2021	As of October 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,082	33,714
Short-term borrowings	960	980
Current portion of bonds payable	24	-
Current portion of long-term borrowings	13,055	13,913
Lease liabilities	1,269	1,444
Income taxes payable	2,681	1,957
Provision for bonuses	1,548	1,579
Accounts payable - other	24,545	24,853
Other	6,063	4,022
Total current liabilities	87,230	82,465
Non-current liabilities		
Long-term borrowings	31,460	34,659
Lease liabilities	2,888	3,179
Long-term accounts payable - other	44,486	41,121
Retirement benefit liability	566	374
Asset retirement obligations	588	657
Deferred tax liabilities	1,501	2,095
Other	115	154
Total non-current liabilities	81,607	82,242
Total liabilities	168,837	164,708
Net assets		
Shareholders' equity		
Share capital	17,829	17,829
Capital surplus	19,326	19,332
Retained earnings	89,048	94,399
Treasury shares	-1,978	-3,945
Total shareholders' equity	124,226	127,616
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,249	2,181
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	541	2,198
Remeasurements of defined benefit plans	-60	-37
Total accumulated other comprehensive income	2,729	4,342
Non-controlling interests	7,960	8,652
Total net assets	134,917	140,611
Total liabilities and net assets	303,754	305,320

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

(Millions of yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Net sales	189,416	188,028
Cost of sales	133,812	132,196
Gross profit	55,604	55,831
Selling, general and administrative expenses	40,979	42,602
Operating profit	14,624	13,229
Non-operating income		
Interest income	46	62
Dividend income	159	180
Rental income	83	77
Insurance claim income	357	35
Temporary transfer charges income	69	77
Foreign exchange gains	97	262
Reversal of allowance for doubtful accounts	25	40
Other	300	349
Total non-operating income	1,140	1,086
Non-operating expenses		
Interest expenses	102	102
Loss on cancellation of leases	27	38
Waste disposal costs	41	62
Compensation for damage	-	122
Provision of allowance for doubtful accounts	-	19
Other	201	190
Total non-operating expenses	372	536
Ordinary profit	15,391	13,780
Extraordinary income		
Gain on sale of non-current assets	21	19
Gain on sale of shares of subsidiaries and associates	20	6
Subsidy income	18	-
Gain on revision of retirement benefit plan	-	34
Gain on extinguishment of tie-in shares	-	135
Total extraordinary income	59	196
Extraordinary losses		
Loss on sale and retirement of non-current assets	275	222
Loss on valuation of investment securities	172	4
Loss on valuation of shares of subsidiaries and associates	174	174
Loss on extinguishment of tie-in shares	81	-
Total extraordinary losses	703	402
Profit before income taxes	14,747	13,574
Income taxes - current	5,145	4,174
Income taxes - deferred	-190	344
Total income taxes	4,954	4,518
Profit	9,793	9,056
Profit attributable to non-controlling interests	885	711
Profit attributable to owners of parent	8,907	8,345

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Profit	9,793	9,056
Other comprehensive income		
Valuation difference on available-for-sale securities	727	-67
Deferred gains or losses on hedges	0	-0
Foreign currency translation adjustment	667	1,657
Remeasurements of defined benefit plans, net of tax	-14	30
Total other comprehensive income	1,381	1,620
Comprehensive income	11,174	10,676
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,290	9,957
Comprehensive income attributable to non-controlling interests	884	718

(3) Consolidated Statements of Changes in Equity

Prior 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

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

(Millions of yen)

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

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Cash flows from operating activities		
Profit before income taxes	14,747	13,574
Depreciation	31,064	31,912
Amortization of goodwill	648	615
Loss (gain) on sale and retirement of non-current assets	254	202
Cost transfer resulting from sale of rental equipment	793	775
Purchase of construction equipment and materials	-968	-769
Purchase of rental equipment	-5,424	-5,645
Loss (gain) on valuation of investment securities	172	4
Loss on valuation of shares of subsidiaries and associates	174	174
Loss (gain) on extinguishment of tie-in shares	81	-135
Loss (gain) on sale of shares of subsidiaries and associates	-20	-6
Increase (decrease) in allowance for doubtful accounts	-76	45
Increase (decrease) in provision for bonuses	70	14
Increase (decrease) in retirement benefit liability	47	24
Interest and dividend income	-206	-243
Assets buy on the installment plan purchase payment interest for rentals	622	598
Interest expenses	102	102
Foreign exchange losses (gains)	-95	-238
Decrease (increase) in trade receivables	1,242	-
Decrease (increase) in trade receivables and contract assets	-	520
Decrease (increase) in inventories	-513	-15
Increase (decrease) in trade payables	-1,237	-3,736
Increase (decrease) in accounts payable - other	1,886	2,105
Other, net	1,252	-1,280
Subtotal	44,619	38,601
Interest and dividends received	202	245
Interest paid	-727	-704
Income taxes paid	-4,742	-4,985
Net cash provided by (used in) operating activities	39,351	33,158

(Millions of yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Cash flows from investing activities		
Payments into time deposits	-757	-722
Proceeds from withdrawal of time deposits	763	741
Purchase of investment securities	-9	-301
Proceeds from sale of investment securities	32	25
Purchase of property, plant and equipment	-3,528	-4,793
Proceeds from sale of property, plant and equipment	95	35
Purchase of intangible assets	-562	-471
Proceeds from sale of intangible assets	12	-
Purchase of shares of subsidiaries	-8	-815
Proceeds from sale of shares of subsidiaries and associates	22	22
Loan advances	-14	-5,761
Proceeds from collection of loans receivable	177	583
Collection of long-term accounts receivable-other	186	126
Other, net	216	0
Net cash provided by (used in) investing activities	-3,373	-11,331

(Millions of yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Cash flows from financing activities		
Redemption of bonds	-44	-24
Net increase (decrease) in short-term borrowings	-75	20
Proceeds from long-term borrowings	14,980	15,894
Repayments of long-term borrowings	-14,415	-14,684
Repayments of installment payables	-25,331	-25,686
Repayments of lease liabilities	-1,432	-1,397
Purchase of treasury shares	-0	-2,000
Dividends paid	-2,454	-2,993
Dividends paid to non-controlling interests	-20	-20
Net cash provided by (used in) financing activities	-28,794	-30,893
Effect of exchange rate change on cash and cash equivalents	90	276
Net increase (decrease) in cash and cash equivalents	7,274	-8,790
Cash and cash equivalents at beginning of period	48,023	55,557
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	260	279
Cash and cash equivalents at end of period	55,557	47,047

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

The Company had no material items to report.

(Changes in Accounting Policies)

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the consolidated fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. The main changes resulting from the application are as follows:

(1) Change in the timing of revenue recognition

With respect to revenues from construction-related business and other businesses, the Group changed the method of revenue recognition from the sales of goods and products to customers from the time of shipment to the time of delivery, when control over the goods and products is transferred to the customer.

(2) Revenue recognition for agent transactions

For certain transactions, the Group previously recognized as revenue the gross amount of consideration received from customers. However, for transactions in which the Group's role in the provision of goods or services to customers is that of an agent, the Group now recognizes revenue as the net amount received from customers less the amount paid to suppliers.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year was added to or deducted from the opening balance of retained earnings at the beginning of the fiscal year, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the fiscal year, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

Also, "Notes and accounts receivable - trade" presented under current assets of the consolidated balance sheet as of the end of the prior fiscal year has been included in "Notes and accounts receivable - trade, and contract assets" under current assets from the consolidated balance sheet as of the end of the current fiscal year under review. "Decrease (increase) in trade receivables" presented under cash flows from operating activities in the consolidated statements of cash flows is included in "Decrease (increase) in trade receivables and contract assets" from current fiscal year under review. However, in accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the prior fiscal year have not been restated in accordance with the new approach to presentation.

As a result, the effect on consolidated balance sheets for the current fiscal year under review is negligible compared to that before application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations. As a result of this change, for the six-month period under review, on the consolidated statements of income for the fiscal year ended October 31, 2022, net sales decreased by ¥3,790 million and cost of sales decreased by ¥3,790 million, while operating profit, ordinary profit and profit before income taxes each increased by ¥0 million. The impact on the consolidated statements of cash flows for the current fiscal year under review is negligible. Because the cumulative effect was reflected in net assets as of the beginning of the fiscal year, retained earnings as of the beginning of the fiscal year decreased by ¥0 million on the consolidated statements of changes in equity. The impact on per share information is stated in the relevant section.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements.

(Supplemental Information)

(Changes to a retirement benefit plan)

NISHIKEN CO., LTD., a consolidated subsidiary of the Company, shifted from a lump-sum retirement benefit plan to a defined contribution pension plan on January 31, 2022, except for certain eligible employees. The accounting treatment in this transition applied "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, December 16, 2016) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Practical Issues Task Force No. 2, February 7, 2007). As a result, extraordinary income of ¥34 million was recorded for the fiscal year under review.

(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.

(Application of accounting standard for revenue recognition, etc.)

As described in "Changes in Accounting Policies," the Company has applied the "Accounting Standard for Revenue Recognition" and relevant ASBJ regulations from the beginning of the fiscal year, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of operating segments.

As a result of this change, net sales of the construction-related business for the fiscal year ended October 31, 2022, decreased by ¥785 million compared with the previous method, but there was no impact on segment income. Net sales decreased by ¥3,004 million and segment income increased by ¥0 million for other businesses.

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

Prior 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.

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

(Millions of yen)

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

(Note) The "Other businesses" classification encompasses business segments not included in the reporting segment, and includes business related to the Steel Sales Division and business related to the Information Products Division, welfare-related business and other businesses.

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	171,020	170,433
Net sales for "Other businesses" classification	18,395	17,594
Intersegment eliminations	-	-
Net sales reported in the consolidated financial statements	189,416	188,028

(Millions of yen)

Income	Prior consolidated fiscal year	Current consolidated fiscal year
Reporting segment total	13,043	11,508
Income for "Other businesses" classification	1,110	1,232
Other adjustments	471	489
Operating profit reported in the consolidated financial statements	14,624	13,229

(Millions of yen)

Assets	Prior consolidated fiscal year	Current consolidated fiscal year
Reporting segment total	233,729	234,029
Assets of "Other businesses" classification	8,988	11,773
Company assets (Note)	61,036	59,517
Total assets reported in the consolidated financial statements	303,754	305,320

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

(Millions of yen)

Other items	Reporting segment total		Other		Amount of adjustment		Amount reported in the consolidated financial statements	
	Prior 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	29,396	30,224	1,211	1,206	456	481	31,064	31,912
Amount of increase of property, plant and equipment and intangible assets	25,141	31,144	1,360	2,295	158	36	26,659	33,475

(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, 2020 to October 31, 2021)	Current consolidated fiscal year (From November 1, 2021 to October 31, 2022)
Net assets per share ¥3,357.10	Net assets per share ¥3,571.98
Earnings per share ¥235.55	Earnings per share ¥224.64
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

(Notes) 1. The basis for calculating earnings per share is as follows.

(Millions of yen, unless otherwise noted)

	Prior consolidated fiscal year (From November 1, 2020 to October 31, 2021)	Current consolidated fiscal year (From November 1, 2021 to October 31, 2022)
Profit attributable to owners of parent	8,907	8,345
Amount not attributed to common share shareholders	–	–
Profit attributable to owners of parent related to common shares	8,907	8,345
Average number of shares outstanding during the fiscal year (Shares)	37,813,895	37,148,669

2. As stated in (Changes in accounting policies), the Accounting Standard for Revenue Recognition and relevant ASBJ regulations have been applied, and follow the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. As a result,

the effect of this change on per share information for the current fiscal year under review is negligible.

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

(Purchase of treasury shares)

At a Meeting of the Board of Directors held on December 9, 2022, 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	1,100,000 shares (maximum)
3. Acquisition period	December 12, 2022 - April 21, 2023
4. Total acquisition price of shares to be purchased	¥2,000,000,000 (maximum)
5. Acquisition method	Purchase by stock exchange market