



**Consolidated Financial Results for the First Quarter of the  
Fiscal Year Ending November 20, 2020 (FY11/20)  
(Three Months Ended February 20, 2020)**

[Japanese GAAP]

April 2, 2020

Company name: KITAKEI CO.,LTD. Stock Exchange Listing: Tokyo Stock Exchange, First Section  
 Stock code: 9872 URL: <http://www.kitakei.jp/>  
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 Scheduled submission of Quarterly Report: April 3, 2020  
 Scheduled date of dividend payment: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter of FY11/20  
(from November 21, 2019 to February 20, 2020)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

Three months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Feb. 20, 2020	13,821	(3.9)	184	(15.7)	210	(16.1)	212	31.7
Feb. 20, 2019	14,389	1.7	218	22.4	250	23.0	161	29.3

Note: Comprehensive income (millions of yen) Three months ended Feb. 20, 2020: 170 (down 9.5%)  
 Three months ended Feb. 20, 2019: 188 (up 2.1%)

Three months ended	Net income per share	Diluted net income per share
	Yen	Yen
Feb. 20, 2020	22.87	-
Feb. 20, 2019	17.36	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Feb. 20, 2020	25,425	11,680	45.9	1,258.92
As of Nov. 20, 2019	25,715	11,714	45.6	1,262.52

Reference: Shareholders' equity (millions of yen) As of Feb. 20, 2020: 11,680 As of Nov. 20, 2019: 11,714

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY11/19	-	0.00	-	22.00	22.00
FY11/20	-	-	-	-	-
FY11/20 (Forecast)	-	0.00	-	22.00	22.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Forecast for FY11/20 (from November 21, 2019 to November 20, 2020)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	28,000	(1.3)	365	(19.8)	426	(17.5)	264	(20.0)	28.45
Full year	56,800	0.4	820	0.2	938	0.5	576	1.1	62.08

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Feb. 20, 2020:	10,011,841 shares	As of Nov. 20, 2019:	10,011,841 shares
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2) Number of treasury shares at the end of the period

As of Feb. 20, 2020:	733,578 shares	As of Nov. 20, 2019:	733,518 shares
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3) Average number of shares outstanding during the period

Three months ended Feb. 20, 2020:	9,278,293 shares	Three months ended Feb. 20, 2019:	9,278,445 shares
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\*The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\*Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Kitakei's management at the time the materials were prepared, but are not promises by Kitakei regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 2 for forecast assumptions and notes of caution for usage.

(How to view supplementary materials for quarterly financial results)

Supplementary materials for the quarterly financial results will be disclosed today (April 2, 2020), using the Timely Disclosure network (TDnet).

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter (November 21, 2019 to February 20, 2020), consumer spending in Japan was somewhat sluggish in part because of the October 2019 consumption tax hike. Uncertainty about the Japanese economy and global economy is increasing because of U.S.-China trade friction and other events. Concerns about the impact of the outbreak of the novel coronavirus disease (COVID-19) is also contributing to the continuing uncertainty about the economic outlook.

In Japan's housing sector, mortgage interest rates are remaining low and the government continues to enact measures to help people purchase residences of all types. Nevertheless, the total number of new residential construction starts decreased with a decline in consumer sentiment following the October 2019 consumption tax hike a contributing factor.

The Kitakei Group established more relationships with prominent regional dealers and builders, housing manufacturers, home improvement retailers and other companies. Another priority is increasing sales of housing fixtures like kitchen equipment and modular bathrooms and of original products in order to target demand associated with new houses and home renovations. We also worked on entering new markets such as sectors outside the housing industry, using efficient systems for business processes and other actions for improving our performance.

Sales in the first quarter of the fiscal year were 13,821 million yen compared with 14,389 million yen one year earlier. Operating profit decreased from 218 million yen to 184 million yen and ordinary profit decreased from 250 million yen to 210 million yen. Profit attributable to owners of parent was up from 161 million yen to 212 million yen because of extraordinary income of 116 million yen for compensation for the expropriation of land at the Tosu Sales Office in order to widen a national highway.

### (2) Explanation of Financial Position

#### Assets

Total assets decreased 290 million yen from the end of the previous fiscal year to 25,425 million yen as of the end of the first quarter. The main factor was a decrease of 351 million yen in notes and accounts receivable-trade.

#### Liabilities

Total liabilities decreased 257 million yen from the end of the previous fiscal year to 13,744 million yen as of the end of the first quarter. The main factor was a decrease of 410 million yen in other under current liabilities. There was an increase of 153 million yen in the provision for bonuses.

#### Net assets

Total net assets decreased 33 million yen from the end of the previous fiscal year to 11,680 million yen as of the end of the first quarter. The main factor was a decrease of 43 million yen in valuation difference on available-for-sale securities.

### (3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Actions by governments, customers, suppliers and others in response to the COVID-19 global pandemic as well as the length of this crisis will have an effect on the performance of the Kitakei Group. At this time, it is impossible to estimate the impact on sales and earnings. Consequently, there are no changes to the first half and fiscal year consolidated forecasts that were announced on December 27, 2019. An announcement will be made promptly if the forecasts need to be revised because of upcoming events involving this crisis and the performance of the Group's businesses.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY11/19 (As of Nov. 20, 2019)	First quarter of FY11/20 (As of Feb. 20, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	9,847,017	9,956,817
Notes and accounts receivable-trade	8,932,103	8,580,805
Securities	100,000	-
Merchandise	563,075	678,217
Costs on construction contracts in progress	887,635	815,009
Other	1,351,686	1,426,485
Allowance for doubtful accounts	(18,592)	(19,271)
Total current assets	21,662,925	21,438,063
Non-current assets		
Property, plant and equipment	1,663,694	1,684,247
Intangible assets	61,935	58,885
Investments and other assets		
Other	2,369,282	2,285,581
Allowance for doubtful accounts	(42,054)	(41,568)
Total investments and other assets	2,327,228	2,244,013
Total non-current assets	4,052,858	3,987,145
Total assets	25,715,783	25,425,209
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	8,501,835	8,614,558
Electronically recorded obligations-operating	2,924,393	2,959,254
Income taxes payable	231,914	107,976
Provision for bonuses	-	153,500
Provision for bonuses for directors (and other officers)	18,500	-
Other	1,012,714	602,028
Total current liabilities	12,689,358	12,437,317
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	239,110	243,110
Retirement benefit liability	172,150	157,386
Asset retirement obligations	16,632	16,657
Other	884,494	890,164
Total non-current liabilities	1,312,387	1,307,318
Total liabilities	14,001,745	13,744,636

	(Thousands of yen)	
	FY11/19 (As of Nov. 20, 2019)	First quarter of FY11/20 (As of Feb. 20, 2020)
Net assets		
Shareholders' equity		
Share capital	2,220,082	2,220,082
Capital surplus	2,851,427	2,851,427
Retained earnings	6,534,789	6,542,861
Treasury shares	(206,103)	(206,161)
Total shareholders' equity	11,400,195	11,408,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	374,914	331,483
Remeasurements of defined benefit plans	(61,072)	(59,121)
Total accumulated other comprehensive income	313,842	272,362
Total net assets	11,714,038	11,680,572
Total liabilities and net assets	25,715,783	25,425,209

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****For the Three-month Period**

(Thousands of yen)

	First three months of FY11/19 (Nov. 21, 2018 – Feb. 20, 2019)	First three months of FY11/20 (Nov. 21, 2019 – Feb. 20, 2020)
Net sales	14,389,202	13,821,036
Cost of sales	12,977,808	12,441,075
Gross profit	1,411,393	1,379,961
Selling, general and administrative expenses	1,192,456	1,195,369
Operating profit	218,937	184,591
Non-operating income		
Interest income	647	706
Dividend income	3,196	3,455
Purchase discounts	31,622	31,070
Rental income	7,147	7,146
Other	9,210	3,311
Total non-operating income	51,825	45,689
Non-operating expenses		
Sales discounts	18,019	17,892
Rental cost on real estate	1,659	1,591
Other	281	285
Total non-operating expenses	19,959	19,769
Ordinary profit	250,802	210,510
Extraordinary income		
Compensation for expropriation	-	116,494
Total extraordinary income	-	116,494
Extraordinary losses		
Loss on sales of investment securities	-	113
Total extraordinary losses	-	113
Profit before income taxes	250,802	326,892
Income taxes-current	61,993	92,816
Income taxes-deferred	27,735	21,880
Total income taxes	89,728	114,696
Profit	161,073	212,195
Profit attributable to owners of parent	161,073	212,195

**Quarterly Consolidated Statement of Comprehensive Income****For the Three-month Period**

(Thousands of yen)

	First three months of FY11/19 (Nov. 21, 2018 – Feb. 20, 2019)	First three months of FY11/20 (Nov. 21, 2019 – Feb. 20, 2020)
Profit	161,073	212,195
Other comprehensive income		
Valuation difference on available-for-sale securities	25,988	(43,431)
Remeasurements of defined benefit plans, net of tax	1,510	1,951
Total other comprehensive income	27,498	(41,479)
Comprehensive income	188,572	170,715
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	188,572	170,715
Comprehensive income attributable to non-controlling interests	-	-

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Segment and Other Information**

Business segment information is omitted because the Kitakei Group has only a single business segment and therefore there is no segment subject to disclosure requirements. Group companies are engaged in the sale (including sales with installation) of materials and equipment used for homebuilding, such as new building materials and a variety of housing fixtures, and in activities associated with these sales. These products are sold to stores that sell wood products and building materials, construction companies, homebuilding companies and other buyers.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*

Supplementary Materials for the Financial  
Results for the First Quarter of the Fiscal Year  
Ending November 20, 2020

**April 2, 2020**



Stock code: 9872

# 1. Summary of 1Q FY11/20 Consolidated Financial Results



(Millions of yen)

	1Q FY11/19		1Q FY11/20		
	Results	%	Results	%	YoY change
<b>Net sales</b>	14,389	100.0%	13,821	100.0%	96.1%
<b>Operating profit</b>	218	1.5%	184	1.3%	84.3%
<b>Ordinary profit</b>	250	1.7%	210	1.5%	83.9%
<b>Profit attributable to owners of parent</b>	161	1.1%	212	1.5%	131.7%
<b>Net income per share (yen)</b>	17.36		22.87		

\* In 1Q FY11/20, there was an extraordinary income for compensation for expropriation in order to widen a national highway.

## 2. Product Category Sales in 1Q FY11/20

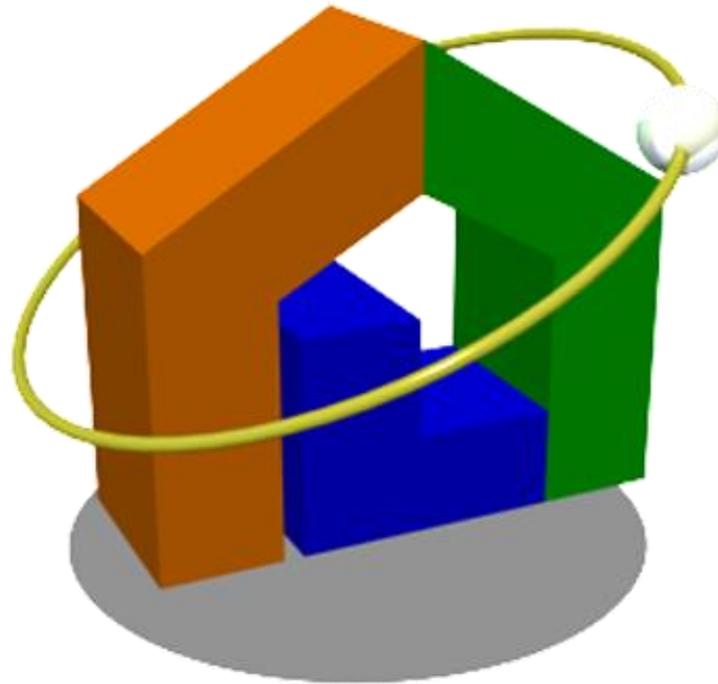
(Millions of yen)

		1Q FY11/19		1Q FY11/20		
		Results	%	Results	%	YoY change
<b>Products</b>	Wood building materials	1,762	12.3%	1,712	12.4%	97.2%
	Non-wood building materials	970	6.7%	1,103	8.0%	113.7%
	Plywood	628	4.4%	503	3.6%	80.1%
	Wood products	619	4.3%	658	4.8%	106.3%
	Housing fixtures	3,349	23.3%	3,193	23.1%	95.3%
	Sales with installation	516	3.6%	333	2.5%	64.5%
	Others	1,118	7.7%	1,127	8.1%	100.8%
	Subtotal	8,966	62.3%	8,632	62.5%	96.3%
<b>Construction</b>	Completed construction contracts	5,422	37.7%	5,188	37.5%	95.7%
	Subtotal	5,422	37.7%	5,188	37.5%	95.7%
<b>Total</b>		<b>14,389</b>	<b>100.0%</b>	<b>13,821</b>	<b>100.0%</b>	<b>96.1%</b>
<b>Original products</b>		<b>523</b>	<b>3.6%</b>	<b>528</b>	<b>3.8%</b>	<b>101.0%</b>

\* Sales with installation: A company affiliated with the manufacturer of the associated materials performs the installation and assumes all responsibility.

\* Completed construction contracts: A subcontractor selected and supervised by the Kitakei Group performs the installation or construction.

\* Original product sales are included mainly in wood building materials, wood products, housing fixtures, and others.



Forecasts of future performance in this material are based on assumption judged to be valid and information available to the Kitakei's management at the time the materials were prepared, but are not promises by Kitakei regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Investors are cautioned not to rely solely on earnings forecasts when making investment decisions.

This material is not prepared for the purpose of soliciting investments. Individuals who use the information in this presentation should reach investment decisions on their own.