

**Consolidated Financial Results for the Third Quarter of the
Fiscal Year Ending November 20, 2021 (FY11/21)
(Nine Months Ended August 20, 2021)**

[Japanese GAAP]

October 1, 2021

Company name: KITAKEI CO., LTD. Stock exchange listing: Tokyo Stock Exchange, First Section
 Stock code: 9872 URL: <https://www.kitakei.jp/>
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 Scheduled submission of Quarterly Report: October 4, 2021
 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 Third Quarter of FY11/21
(from November 21, 2020 to August 20, 2021)**

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Aug. 20, 2021	42,149	5.2	597	54.7	676	41.0	432	18.3
Aug. 20, 2020	40,056	(4.7)	386	(36.5)	479	(30.8)	365	(16.3)

Note: Comprehensive income (millions of yen) Nine months ended Aug. 20, 2021: 431 (up 47.4%)
 Nine months ended Aug. 20, 2020: 292 (down 25.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Aug. 20, 2021	46.66	-
Aug. 20, 2020	39.44	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Aug. 20, 2021	25,436	12,153	47.8	1,309.94
As of Nov. 20, 2020	25,467	11,954	46.9	1,288.43

Reference: Shareholders' equity (millions of yen) As of Aug. 20, 2021: 12,153 As of Nov. 20, 2020: 11,954

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY11/20	-	0.00	-	25.00	25.00
FY11/21	-	0.00	-	-	-
FY11/21 (Forecast)	-	-	-	17.00	17.00

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

3. Consolidated Forecast for FY11/21 (from November 21, 2020 to November 20, 2021)

(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
Full year	-	-	-	-	-	-	-	-	-

Note: Revisions to the most recently announced consolidated forecast: Yes

Kitakei absorbed and merged with wholly owned subsidiary Fukuzumi Corporation on August 21, 2021 for the purpose of consolidating the Kitakei Group's resources and increasing the efficiency of business operations. This action was announced on May 11, 2021 in a release titled "Notice of Simple Merger for the Absorption of a Wholly Owned Subsidiary" (Japanese version only). Due to this merger, Kitakei no longer has a consolidated subsidiary and will begin reporting non-consolidated financial information in the fourth quarter of the fiscal year ending in November 2021. As a result, the consolidated forecast for the fiscal year announced on April 6, 2021 has been replaced with a forecast for non-consolidated sales and earnings. Information about this forecast is in the release dated today (October 1, 2021) titled "Notice of Non-consolidated Forecast for the Fiscal Year Ending November 2021 Due to the Change to Non-consolidated Financial Statements" (Japanese version only).

*** 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 Aug. 20, 2021:	10,011,841 shares	As of Nov. 20, 2020:	10,011,841 shares
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2) Number of treasury shares at the end of the period

As of Aug. 20, 2021:	733,696 shares	As of Nov. 20, 2020:	733,615 shares
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3) Average number of shares outstanding during the period

Nine months ended Aug. 20, 2021:	9,278,210 shares	Nine months ended Aug. 20, 2020:	9,278,271 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 3 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 (October 1, 2021), 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 nine months (from November 21, 2020 to August 20, 2021) of the fiscal year, the prolonged COVID-19 pandemic continued to restrict economic activity in Japan. However, amid the challenging business climate, there are expectations for the economy to start recovering because of progress with vaccinations and a variety of government measures to support the economy. Nevertheless, there are still no signs of the end of the pandemic, due in part to the emergence of highly infectious variants, and the economic outlook remains uncertain.

In Japan's housing sector, there are concerns about the impact of the COVID-19 pandemic on labor market and personal income. However, the government continues to enact measures to help people purchase residences of all types. In addition, the increase in working at home has created a greater need for better housing. As a result, there has been a small upturn in the number of construction starts for new residences following the decline in 2020. At the same time, new sources of concern in the homebuilding sector have emerged. Most significant are the shortage and high cost of lumber in Japan (Wood Shock), the result of strong demand for lumber in other countries, and the difficulty of purchasing some types of equipment used in houses because of the semiconductor shortage. Due to this situation, the business climate in Japan's housing sector is expected to remain challenging.

The Kitakei Group is taking numerous actions with the primary goal of strengthening relationships with current customers and business partners. There are also activities for establishing new relationships with builders, housing manufacturers, home renovation companies, home improvement retailers and other companies. Further upgrading construction capabilities in order to increase construction sales involving home exteriors, housing fixtures and other projects is another goal. Group companies are also working on entering markets outside the housing sector. Another priority is developing and increasing sales of housing fixtures and original products that are environmentally responsible and conserve energy, such as solar power systems and storage batteries. All of these initiatives are aimed at the growth of sales and earnings.

Sales in the first nine months of the fiscal year were 42,149 million yen compared with 40,056 million yen one year earlier. Operating profit increased from 386 million yen to 597 million yen and ordinary profit increased from 479 million yen to 676 million yen. Profit attributable to owners of parent was up from 365 million yen to 432 million yen.

In the first quarter of the previous fiscal year, there was an extraordinary income of 116 million yen for compensation for the expropriation of land.

(2) Explanation of Financial Position

Assets

Total assets decreased 31 million yen from the end of the previous fiscal year to 25,436 million yen as of the end of the third quarter. The main factors were decreases of 424 million yen in other under investments and other assets and 420 million yen in notes and accounts receivable-trade, while there was an increase of 615 million yen in other under current assets.

Liabilities

Total liabilities decreased 230 million yen from the end of the previous fiscal year to 13,282 million yen as of the end of the third quarter. The main factors were decreases of 388 million yen in notes and accounts payable-trade and 312 million yen in other under current liabilities, while there was an increase of 529 million yen in electronically recorded obligations-operating.

Net assets

Total net assets increased 199 million yen from the end of the previous fiscal year to 12,153 million yen as of the end of the third quarter. The main factor was an increase of 200 million yen in retained earnings.

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

Kitakei absorbed and merged with wholly owned subsidiary Fukuzumi Corporation on August 21, 2021 for the purpose of consolidating the Kitakei Group's resources and increasing the efficiency of business operations . This action was announced on May 11, 2021 in a release titled "Notice of Simple Merger for the Absorption of a Wholly Owned Subsidiary" (Japanese version only). Due to this merger, Kitakei no longer has a consolidated subsidiary and will begin reporting non-consolidated financial information in the fourth quarter of the fiscal year ending in November 2021. As a result, the consolidated forecast for the fiscal year announced on April 6, 2021 has been replaced with a forecast for non-consolidated sales and earnings. Information about this forecast is in the release dated today (October 1, 2021) titled "Notice of Non-consolidated Forecast for the Fiscal Year Ending November 2021 Due to the Change to Non-consolidated Financial Statements" (Japanese version only).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY11/20 (As of Nov. 20, 2020)	Third quarter of FY11/21 (As of Aug. 20, 2021)
Assets		
Current assets		
Cash and deposits	10,355,212	10,628,622
Notes and accounts receivable-trade	8,655,759	8,234,793
Merchandise	648,489	636,267
Costs on construction contracts in progress	805,530	746,247
Other	1,103,527	1,719,077
Allowance for doubtful accounts	(17,395)	(13,194)
Total current assets	21,551,124	21,951,812
Non-current assets		
Property, plant and equipment	1,756,946	1,729,377
Intangible assets	62,039	60,171
Investments and other assets		
Other	2,174,017	1,749,246
Allowance for doubtful accounts	(76,955)	(54,568)
Total investments and other assets	2,097,061	1,694,678
Total non-current assets	3,916,048	3,484,227
Total assets	25,467,172	25,436,040
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,347,777	7,959,495
Electronically recorded obligations-operating	2,993,538	3,522,720
Income taxes payable	252,425	50,301
Provision for bonuses	-	162,890
Provision for bonuses for directors (and other officers)	17,000	-
Other	856,982	544,121
Total current liabilities	12,467,723	12,239,528
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	256,500	269,940
Retirement benefit liability	150,331	136,642
Asset retirement obligations	16,731	16,806
Other	621,554	619,320
Total non-current liabilities	1,045,117	1,042,709
Total liabilities	13,512,841	13,282,237

	(Thousands of yen)	
	FY11/20 (As of Nov. 20, 2020)	Third quarter of FY11/21 (As of Aug. 20, 2021)
Net assets		
Shareholders' equity		
Share capital	2,220,082	2,220,082
Capital surplus	2,851,427	2,851,427
Retained earnings	6,989,222	7,190,218
Treasury shares	(206,196)	(206,276)
Total shareholders' equity	11,854,536	12,055,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	146,229	136,689
Remeasurements of defined benefit plans	(46,434)	(38,339)
Total accumulated other comprehensive income	99,794	98,349
Total net assets	11,954,331	12,153,802
Total liabilities and net assets	25,467,172	25,436,040

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

(Thousands of yen)

	First nine months of FY11/20 (Nov. 21, 2019 – Aug. 20, 2020)	First nine months of FY11/21 (Nov. 21, 2020 – Aug. 20, 2021)
Net sales	40,056,042	42,149,633
Cost of sales	36,046,968	37,845,277
Gross profit	4,009,073	4,304,355
Selling, general and administrative expenses	3,622,820	3,706,754
Operating profit	386,252	597,601
Non-operating income		
Interest income	2,014	2,037
Dividend income	15,137	8,585
Purchase discounts	93,714	94,198
Rental income	21,276	20,419
Other	17,045	12,276
Total non-operating income	149,188	137,517
Non-operating expenses		
Sales discounts	49,958	51,081
Rental costs on real estate	5,414	6,159
Other	578	1,671
Total non-operating expenses	55,951	58,912
Ordinary profit	479,490	676,206
Extraordinary income		
Compensation for expropriation	116,494	-
Total extraordinary income	116,494	-
Extraordinary losses		
Loss on sales of investment securities	2,683	-
Total extraordinary losses	2,683	-
Profit before income taxes	593,301	676,206
Income taxes-current	200,954	227,553
Income taxes-deferred	26,384	15,701
Total income taxes	227,339	243,255
Profit	365,962	432,951
Profit attributable to owners of parent	365,962	432,951

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

(Thousands of yen)

	First nine months of FY11/20 (Nov. 21, 2019 – Aug. 20, 2020)	First nine months of FY11/21 (Nov. 21, 2020 – Aug. 20, 2021)
Profit	365,962	432,951
Other comprehensive income		
Valuation difference on available-for-sale securities	(79,097)	(9,539)
Remeasurements of defined benefit plans, net of tax	5,854	8,094
Total other comprehensive income	(73,242)	(1,444)
Comprehensive income	292,719	431,506
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	292,719	431,506
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.

Additional Information**Impact of the spread of the COVID-19 pandemic**

Kitakei has determined accounting estimates for the impairment of non-current assets, the recoverability of deferred tax assets and other items by using the assumption that the COVID-19 pandemic will decline as the end of the fiscal year ending November 20, 2021 approaches and that economic activity in Japan will slowly return to normal. There are no significant changes in the assumptions for the effect of the COVID-19 pandemic that are explained in "Supplementary Information" in the Securities Report (Japanese version only) for the fiscal year that ended in November 2020.

There are many uncertainties regarding this assumption and Kitakei may report a loss in the future if the length of the COVID-19 pandemic and its negative effects is longer than expected.

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.

Material Subsequent Events**Absorption and merger of consolidated subsidiaries**

On May 11, 2021, the Kitakei's Board of Directors approved a resolution to absorb and merge with consolidated subsidiary Fukuzumi Corporation (hereinafter, "Fukuzumi"). The merger was completed on August 21, 2021.

1. Purpose of merger

The sale of housing fixtures and construction materials is the primary business of Fukuzumi. Kitakei and this company will merge for the purpose of consolidating the resources of the Kitakei Group and increasing the efficiency of business operations.

2. Summary of merger

(1) Date of merger: August 21, 2021

(2) Method:

An absorption-type merger between Kitakei, the surviving company, and Fukuzumi, which will be dissolved.

(3) Distribution of stock associated with the merger:

There will be no issuance of new shares or cash payment because Fukuzumi, which will be dissolved, is a wholly owned subsidiary.

(4) Treatment of share acquisition rights and bonds with share acquisition rights of the dissolved company:

Not applicable.

3. Overview of Fukuzumi (as of August 20, 2021)

Company name	Fukuzumi Corporation
Business	Sales of housing fixtures and construction materials
Location	2-42-6 Kamiya-cho, Himeji, Hyogo
Representative	Mitsuo Shimamoto, President
Amount of capital	10 million yen

4. Post-merger profile

Following the merger, there are no changes to the company name, location, business, capital and fiscal year end of Kitakei.

5. Summary of accounting methods applied

As a transaction of units under the same control, the transaction will be processed in accordance with the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

6. Other

Due to this merger, Kitakei will change from reporting consolidated to non-consolidated financial statements beginning with the fourth quarter of the fiscal year ending in November 2021.

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 Third Quarter of the
Fiscal Year Ending November 20, 2021

October 1, 2021



Stock code: 9872

1. Summary of 1Q-3Q FY11/21 Consolidated Financial Results



(Millions of yen)

	1Q-3Q FY11/20		1Q-3Q FY11/21		
	Results	%	Results	%	YoY
Net sales	40,056	100.0%	42,149	100.0%	105.2%
Operating profit	386	1.0%	597	1.4%	154.7%
Ordinary profit	479	1.2%	676	1.6%	141.0%
Profit attributable to owners of parent	365	0.9%	432	1.0%	118.3%
Net income per share (yen)	39.44		46.66		

2. Product Category Sales in 1Q-3Q FY11/21



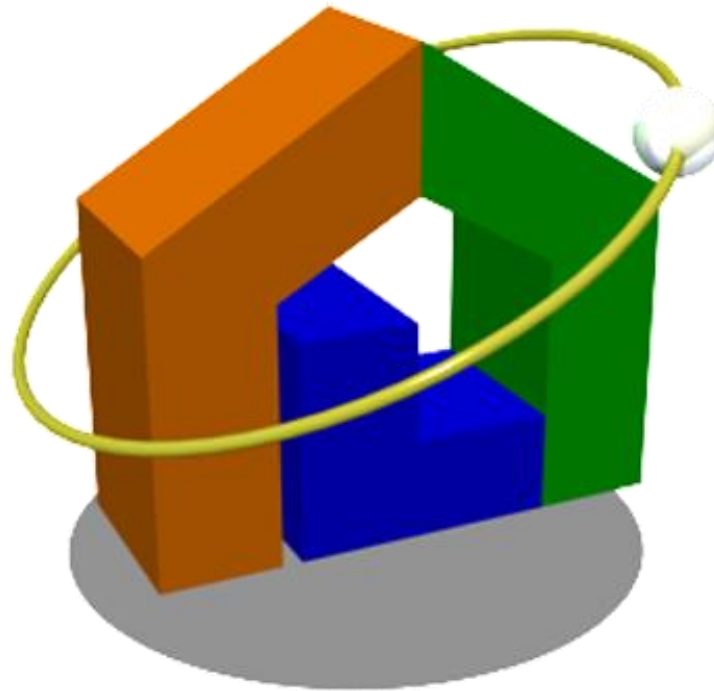
(Millions of yen)

		1Q-3Q FY11/20		1Q-3Q FY11/21		
		Results	%	Results	%	YoY
Products	Wood building materials	5,123	12.8%	5,426	12.9%	105.9%
	Non-wood building materials	3,432	8.6%	3,400	8.1%	99.1%
	Plywood	1,464	3.7%	1,604	3.8%	109.5%
	Wood products	2,069	5.2%	2,301	5.5%	111.2%
	Housing fixtures	9,384	23.4%	10,218	24.2%	108.9%
	Sales with installation	768	1.9%	799	1.9%	104.1%
	Others	3,372	8.3%	3,361	7.9%	99.7%
	Subtotal	25,615	63.9%	27,112	64.3%	105.8%
Construction	Completed construction contracts	14,440	36.1%	15,036	35.7%	104.1%
	Subtotal	14,440	36.1%	15,036	35.7%	104.1%
Total		40,056	100.0%	42,149	100.0%	105.2%
Original products		1,559	3.9%	1,528	3.6%	98.0%

* 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.