

Non-consolidated Financial Results for the Fiscal Year Ended November 20, 2021 (FY11/21)

[Japanese GAAP]

December 28, 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 date of Annual General Meeting of Shareholders: February 17, 2022
 Scheduled date of dividend payment: February 18, 2022
 Scheduled date of filing of Annual Securities Report: February 18, 2022
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Non-consolidated Financial Results for the Fiscal Year Ended November 20, 2021 (from November 21, 2020 to November 20, 2021)

(1) Results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Nov. 20, 2021	57,225	7.9	811	35.6	920	27.5	644	(11.6)
Fiscal year ended Nov. 20, 2020	53,027	(4.5)	598	(27.8)	721	(23.1)	728	25.7

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Nov. 20, 2021	69.42	-	5.3	3.5	1.4
Fiscal year ended Nov. 20, 2020	78.54	-	6.2	2.8	1.1

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 20, 2021: - Fiscal year ended Nov. 20, 2020: -

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Nov. 20, 2021	27,381	12,400	45.3	1,336.51
As of Nov. 20, 2020	25,396	11,982	47.2	1,291.41

Reference: Shareholders' equity (millions of yen) As of Nov. 20, 2021: 12,400 As of Nov. 20, 2020: 11,982

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from 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 Nov. 20, 2021	(92)	324	(231)	10,321
Fiscal year ended Nov. 20, 2020	-	-	-	-

Note: Financial information is consolidated for the fiscal year that ended in November 2020 and non-consolidated for the fiscal year that ended in November 2021. As a result, cash flows for the fiscal year that ended in November 2020 are not presented.

2. Dividends

	Dividend per share					Total dividends	Payout ratio	Dividend on equity
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Nov. 20, 2020	-	0.00	-	25.00	25.00	231	31.8	2.0
Fiscal year ended Nov. 20, 2021	-	0.00	-	24.00	24.00	222	34.6	1.8
Fiscal year ending Nov. 20, 2022 (Forecast)	-	0.00	-	21.00	21.00		34.8	

For more information, please refer to the press release dated today titled "Notice of Payment of Dividends from Surplus" (Japanese version only).

Note: Financial information is consolidated for the fiscal year that ended in November 2020 and non-consolidated for the fiscal year that ended in November 2021. The dividend payout ratio and dividend on equity ratio for the fiscal year that ended in November 2020 are on a non-consolidated basis to facilitate comparisons with these ratios for the fiscal year that ended in November 2021.

3. Non-consolidated Forecast for FY11/22 (from November 21, 2021 to November 20, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	28,000	-	420	-	469	-	286	-	30.82
Full year	58,000	-	815	-	923	-	560	-	60.36

Note: Beginning with the fiscal year ending November 20, 2022, Kitakei is applying Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). Figures for the non-consolidated forecast incorporate this accounting standard and year-on-year changes are omitted.

* Notes

(1) 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

(2) Number of shares outstanding (common stock)

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

As of Nov. 20, 2021: 10,011,841 shares As of Nov. 20, 2020: 10,011,841 shares

2) Number of treasury shares at the end of the period

As of Nov. 20, 2021: 733,741 shares As of Nov. 20, 2020: 733,615 shares

3) Average number of shares outstanding during the period

Fiscal year ended Nov. 20, 2021: 9,278,185 shares Fiscal year ended Nov. 20, 2020: 9,278,260 shares

*The current financial report is not subject to audit 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. Overview of Results of Operations, (4) Outlook" on page 3 for forecast assumptions and precautions concerning usage.
- Kitakei plans to hold an in-person results meeting for institutional investors and analysts on January 28, 2022 (Friday). However, this meeting may be canceled for the safety of participants and others depending on upcoming changes in the severity of the COVID-19 pandemic. If the meeting is canceled, a notice will be posted on the Kitakei's website. Presentation materials which are distributed at this event will be available on the Kitakei's website in late January.

(How to view supplementary materials for financial results)

Supplementary materials for the financial results will be disclosed today (December 28, 2021), using the Timely Disclosure network (TDnet).

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1. Overview of Results of Operations

(1) Results of Operations

As announced on May 11, 2021 in a release titled “Notice of Simple Merger for the Absorption of a Wholly Owned Subsidiary” (Japanese version only), Kitakei absorbed and merged with consolidated subsidiary Fukuzumi Corporation on August 21, 2021. Due to this merger, Kitakei changed from consolidated to non-consolidated financial statements beginning with the fourth quarter of the fiscal year that ended in November 2021.

During the fiscal year that ended in November 2021, there were restrictions on the activities of companies and individuals in Japan because of declarations and extensions of a state of emergency due to the continuity severity of the COVID-19 pandemic. The number of infections began to decline in the fall of 2021 due to progress with vaccinations and economic activity started to increase as states of emergency and other restrictions ended. However, there is still considerable uncertainty about the outlook for the pandemic due to the Omicron variant and other developments.

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 upturn in home renovations and the number of construction starts for new residences. Despite these positive trends, the business climate in Japan’s housing sector was extremely challenging during the fiscal year. The main reasons are shortages and high prices of lumber products in Japan (Wood Shock), the result of strong demand for lumber in other countries, and the difficulty of procuring housing fixtures because of delays in the supply of parts for these products caused by pandemic lockdowns in Southeast Asia and other regions.

Kitakei 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. Kitakei is 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.

In the fiscal year that ended in November 2021, sales were a record-high 57,225 million yen compared with 53,027 million yen one year earlier. Operating profit was 811 million yen compared with 598 million yen one year earlier and ordinary profit was 920 million yen compared with 721 million yen one year earlier. Profit was 644 million yen compared with 728 million yen one year earlier. Profit in the previous fiscal year includes extraordinary income of 116 million yen for compensation for the expropriation of land in the first quarter and 282 million yen for a gain on sale of investment securities in the fourth quarter.

(2) Financial Position

Total assets increased 1,985 million yen from the end of the previous fiscal year to 27,381 million yen as of the end of the fiscal year under review. The main factor was an increase of 2,084 million yen in accounts receivable-trade.

Total liabilities increased 1,566 million yen from the end of the previous fiscal year to 14,981 million yen as of the end of the fiscal year under review. The main factors were increases of 385 million yen in notes payable-trade, 638 million yen in electronically recorded obligations-operating and 564 million yen in accounts payable-trade.

Total net assets increased 418 million yen from the end of the previous fiscal year to 12,400 million yen as of the end of the fiscal year under review. The main factor was an increase of 412 million yen in retained earnings.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the fiscal year under review increased 9 million yen from the end of the previous fiscal year to 10,321 million yen.

The cash flow components during the fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash used in operating activities was 92 million yen. Main positive factors include a 1,519 million yen increase in trade payables and profit before income taxes of 945 million yen. Major negative factors include a 2,180 million yen increase in trade receivables as the end of the fiscal year under review was a bank holiday and payments were made on the following business day, and income taxes paid of 412 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 324 million yen. Major positive factors include proceeds of 400 million yen from redemption of investment securities. Main negative factors include 74 million yen for purchases of property, plant and equipment and intangible assets.

Cash flows from financing activities

Net cash used in financing activities was 231 million yen. This was mainly due to dividends paid.

(4) Outlook

Although there are expectations for an increase in economic activity in Japan because of progress with vaccinations and other reasons, the outlook remains unclear. Two major sources of uncertainty are the growing number of infections due to the Omicron variant and the increasing rate of inflation worldwide.

In Japan’s housing sector, the Japanese government is continuing to provide assistance for purchasing residences as interest rates remain extremely low. However, the outlook is expected to remain uncertain mainly because of concerns about the rising cost of building materials and delays in deliveries of these materials.

Kitakei is well aware of the difficulties of the current operating environment. We will continue to take numerous actions for establishing more business relationships with prominent regional dealers and builders, housing manufacturers, home improvement retailers, companies outside the housing sector and other companies. We will also strengthen relationships with current customers and business partners and further upgrade our construction capabilities. One goal is the growth of sales for home exteriors, housing fixture and other construction activities. We are also focusing on increasing sales of housing fixtures and original products that are environmentally responsible and conserve energy. Overall, we plan to use many initiatives for the growth of sales and earnings.

Based on this outlook, we are forecasting sales of 58,000 million yen, operating profit of 815 million yen, ordinary profit of 923 million yen and profit of 560 million yen.

(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of our highest priorities. The basic policy is to pay a stable dividend consistently while conducting shareholder distributions that reflect results of operations and take into account the current business climate, financial condition and other factors. For the time being, our policy is to pay an annual dividend of at least 14 yen and use a payout ratio of 35% as the basis for determining the amount of dividend. However, the dividend will also reflect profit changes and other factors caused by one-time events. Retained earnings are used to fund upcoming business activities.

Although we have a provision for the payment of interim dividends, our current policy is to pay only a year-end dividend. The main reason is the increase in administrative procedures and expenses that would result from paying an interim dividend, too.

The board of directors determines the interim dividend and the year-end dividend is determined at the shareholders meeting.

In accordance with this basic policy, we plan to pay an ordinary dividend of 24 yen per share for the fiscal year that ended in November 2021.

For more information, please refer to the press release dated today (December 28, 2021) titled “Notice of Payment of Dividends from Surplus” (Japanese version only).

For the fiscal year ending November 20, 2022, we plan to pay a dividend of 21 yen per share.

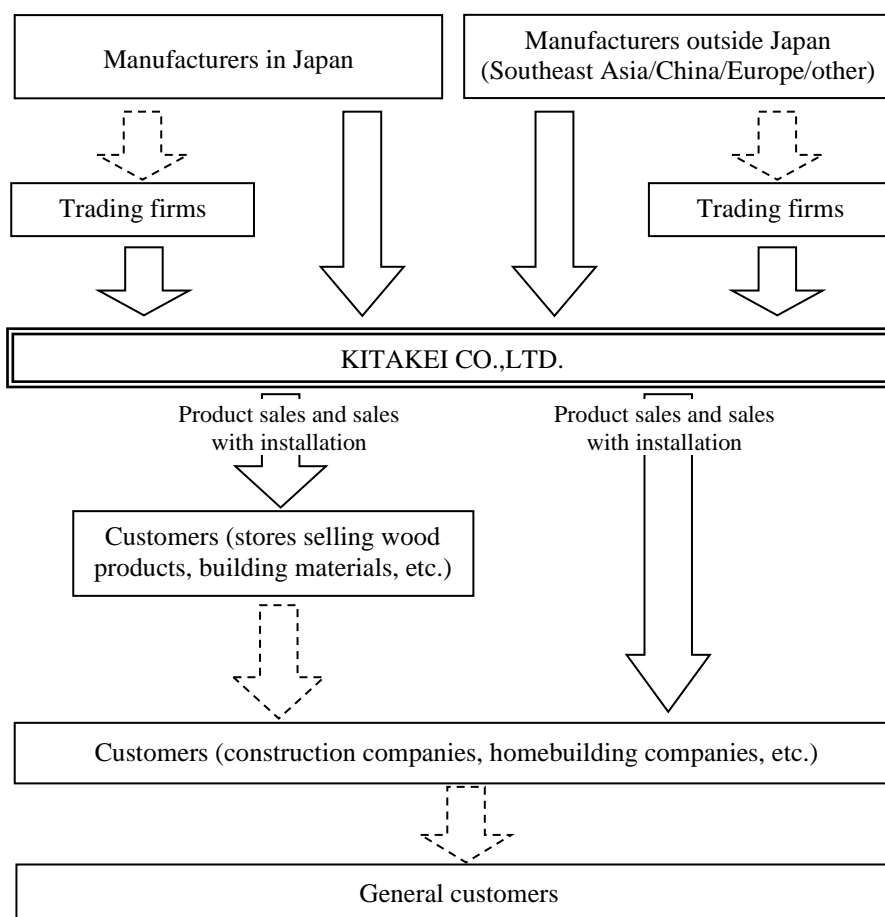
Note: The Kitakei Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act.

2. Corporate Group

(1) Business Overview

Kitakei is engaged in the product sales (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.

Our business structure is shown below.



Note: There is no non-consolidated subsidiary or equity-method affiliate as of the end of the fiscal year under review.

(2) Major Products

Category	Major products
Wood building materials	Unit doors, closets, floors, storage units, stairway sets
Non-wood building materials	Gypsum boards, insulation, roof materials, nonflammable panels, siding
Plywood	Lauan plywood, conifer plywood
Wood products	Structural wood products, manufactured wood products, flooring
Housing fixtures	System kitchens, modular bathrooms, wash stands, toilets, heating/AC equipment, burners, solar panels
Sales with installation	Works associated with exterior walls, home fixtures, roofing, structural components, interior finishing and window sashes, solar power systems
Others	Window sashes, exterior products, chemicals, architectural metal parts, architectural tools

3. Basic Approach for the Selection of Accounting Standards

Kitakei will continue to prepare financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

4. Non-consolidated Financial Statements and Notes

(1) Non-consolidated Balance Sheet

(Thousands of yen)

	FY11/20 (As of Nov. 20, 2020)	FY11/21 (As of Nov. 20, 2021)
Assets		
Current assets		
Cash and deposits	10,311,770	10,321,361
Notes receivable-trade	685,220	554,619
Electronically recorded monetary claims-operating	1,154,093	1,462,404
Accounts receivable-trade	7,860,722	9,945,027
Merchandise	645,605	669,300
Costs on construction contracts in progress	805,530	897,829
Supplies	1,432	1,259
Advance payments to suppliers	33	5,535
Prepaid expenses	749	645
Other	24,149	34,575
Allowance for doubtful accounts	(2,898)	(5,199)
Total current assets	21,486,408	23,887,358
Non-current assets		
Property, plant and equipment		
Buildings	758,119	776,442
Accumulated depreciation	(514,239)	(532,577)
Buildings, net	243,879	243,865
Structures	38,970	40,678
Accumulated depreciation	(29,807)	(32,325)
Structures, net	9,163	8,353
Machinery and equipment	63,057	63,057
Accumulated depreciation	(10,999)	(22,913)
Machinery and equipment, net	52,058	40,144
Vehicles	20,843	19,495
Accumulated depreciation	(15,352)	(14,785)
Vehicles, net	5,490	4,709
Tools, furniture and fixtures	352,319	369,302
Accumulated depreciation	(234,065)	(283,038)
Tools, furniture and fixtures, net	118,253	86,263
Land	1,320,529	1,320,529
Leased assets	7,754	7,754
Accumulated depreciation	(2,583)	(4,299)
Leased assets, net	5,171	3,455
Total property, plant and equipment	1,754,546	1,707,321
Intangible assets		
Software	60,947	63,051
Other	946	3,594
Total intangible assets	61,894	66,646

	(Thousands of yen)	
	FY11/20	FY11/21
	(As of Nov. 20, 2020)	(As of Nov. 20, 2021)
Investments and other assets		
Investment securities	1,115,910	725,214
Shares of subsidiaries and associates	0	-
Investments in capital	10	120
Long-term loans receivable from employees	2,015	2,763
Distressed receivables	7,663	54,280
Long-term prepaid expenses	6,829	5,590
Guarantee deposits	113,906	112,023
Leasehold deposits	135,530	146,607
Insurance funds	182,278	193,674
Investment property	518,731	516,035
Other	18,491	18,154
Allowance for doubtful accounts	(7,764)	(54,280)
Total investments and other assets	2,093,601	1,720,183
Total non-current assets	3,910,042	3,494,151
Total assets	25,396,451	27,381,510

	(Thousands of yen)	
	FY11/20 (As of Nov. 20, 2020)	FY11/21 (As of Nov. 20, 2021)
Liabilities		
Current liabilities		
Notes payable-trade	3,072,414	3,458,203
Electronically recorded obligations-operating	2,993,769	3,632,311
Accounts payable-trade	5,245,665	5,810,627
Lease obligations	1,853	1,853
Accounts payable-other	307,932	329,388
Accrued expenses	308,635	340,250
Income taxes payable	252,308	163,152
Accrued consumption taxes	74,610	125,473
Advances received on construction contracts in progress	82,513	102,083
Advances received	58,637	26,989
Deposits received	422	701
Provision for bonuses for directors (and other officers)	17,000	19,500
Other	-	368
Total current liabilities	12,415,765	14,010,903
Non-current liabilities		
Lease obligations	3,774	1,921
Deferred tax liabilities	57,348	37,929
Provision for retirement benefits for directors (and other officers)	256,500	274,430
Provision for retirement benefits	83,520	94,101
Asset retirement obligations	16,731	16,831
Long-term guarantee deposits	571,336	535,680
Other	9,473	9,443
Total non-current liabilities	998,684	970,337
Total liabilities	13,414,449	14,981,240
Net assets		
Shareholders' equity		
Share capital	2,220,082	2,220,082
Capital surplus		
Legal capital surplus	2,850,892	2,850,892
Other capital surplus	535	535
Total capital surplus	2,851,427	2,851,427
Retained earnings		
Legal retained earnings	170,300	170,300
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	455,051	454,678
General reserve	2,150,000	2,150,000
Retained earnings brought forward	4,195,107	4,607,637
Total retained earnings	6,970,458	7,382,616
Treasury shares	(206,196)	(206,321)
Total shareholders' equity	11,835,772	12,247,804
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	146,229	152,465
Total valuation and translation adjustments	146,229	152,465
Total net assets	11,982,001	12,400,270
Total liabilities and net assets	25,396,451	27,381,510

(2) Non-consolidated Statement of Income

(Thousands of yen)

	FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)	FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)
Net sales		
Net sales of goods	33,723,946	36,738,535
Net sales of completed construction contracts	19,303,483	20,486,987
Total net sales	53,027,429	57,225,522
Cost of sales		
Cost of goods sold		
Beginning merchandise inventory	549,824	645,605
Cost of purchased goods	30,363,415	32,938,988
Transfer of goods by merger	-	6,000
Total	30,913,240	33,590,595
Ending merchandise inventory	645,605	669,300
Cost of goods sold	30,267,634	32,921,294
Cost of sales of completed construction contracts	17,494,929	18,576,494
Total cost of sales	47,762,563	51,497,789
Gross profit	5,264,866	5,727,732
Selling, general and administrative expenses	4,666,679	4,916,620
Operating profit	598,186	811,112
Non-operating income		
Interest income	353	223
Interest on securities	2,491	2,302
Dividend income	22,053	9,101
Purchase discounts	116,832	121,697
Rental income	28,301	27,188
Other	25,677	22,111
Total non-operating income	195,709	182,625
Non-operating expenses		
Interest expenses	29	5
Sales discounts	65,226	64,522
Rental costs on real estate	6,244	7,322
Other	815	1,822
Total non-operating expenses	72,316	73,672
Ordinary profit	721,579	920,064
Extraordinary income		
Gain on extinguishment of tie-in shares	-	25,254
Gain on sale of investment securities	282,369	-
Compensation for expropriation	116,494	-
Total extraordinary income	398,864	25,254
Extraordinary losses		
Loss on sale of investment securities	2,683	-
Total extraordinary losses	2,683	-
Profit before income taxes	1,117,760	945,319
Income taxes-current	386,822	323,561
Income taxes-deferred	2,210	(22,355)
Total income taxes	389,032	301,206
Profit	728,728	644,112

Non-consolidated Statement of Cost of Completed Construction

(Thousands of yen)

Account	Note	FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)		FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)	
		Amount	%	Amount	%
I Material cost		9,764,612	56.1	10,790,683	57.8
II Outsourcing costs		7,648,212	43.9	7,878,109	42.2
Cost on total construction contracts for the year		17,412,824	100.0	18,668,793	100.0
Cost on construction contracts in progress at beginning of period		887,635		805,530	
Total		18,300,459		19,474,324	
Cost on construction contracts in progress at end of period		805,530		897,829	
Cost on completed contracts for the year		17,494,929		18,576,494	

Note: Cost accounting is based on the job-order cost system.

(3) Non-consolidated Statement of Changes in Equity

FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	2,220,082	2,850,892	535	2,851,427
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Reversal of reserve for tax purpose reduction entry of non-current assets				
Net changes in items other than shareholders' equity				
Total changes during period	-	-	-	-
Balance at end of period	2,220,082	2,850,892	535	2,851,427

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	170,300	455,452	2,150,000	3,670,100	6,445,853	(206,103)	11,311,259
Changes during period							
Dividends of surplus				(204,123)	(204,123)		(204,123)
Profit				728,728	728,728		728,728
Purchase of treasury shares						(92)	(92)
Reversal of reserve for tax purpose reduction entry of non-current assets		(401)		401	-		-
Net changes in items other than shareholders' equity							
Total changes during period	-	(401)	-	525,006	524,605	(92)	524,512
Balance at end of period	170,300	455,051	2,150,000	4,195,107	6,970,458	(206,196)	11,835,772

(Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	374,914	374,914	11,686,174
Changes during period			
Dividends of surplus			(204,123)
Profit			728,728
Purchase of treasury shares			(92)
Reversal of reserve for tax purpose reduction entry of non-current assets			-
Net changes in items other than shareholders' equity	(228,685)	(228,685)	(228,685)
Total changes during period	(228,685)	(228,685)	295,826
Balance at end of period	146,229	146,229	11,982,001

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	2,220,082	2,850,892	535	2,851,427
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Reversal of reserve for tax purpose reduction entry of non-current assets				
Net changes in items other than shareholders' equity				
Total changes during period	-	-	-	-
Balance at end of period	2,220,082	2,850,892	535	2,851,427

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	170,300	455,051	2,150,000	4,195,107	6,970,458	(206,196)	11,835,772
Changes during period							
Dividends of surplus				(231,955)	(231,955)		(231,955)
Profit				644,112	644,112		644,112
Purchase of treasury shares						(124)	(124)
Reversal of reserve for tax purpose reduction entry of non-current assets		(372)		372	-		-
Net changes in items other than shareholders' equity							
Total changes during period	-	(372)	-	412,529	412,157	(124)	412,032
Balance at end of period	170,300	454,678	2,150,000	4,607,637	7,382,616	(206,321)	12,247,804

(Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	146,229	146,229	11,982,001
Changes during period			
Dividends of surplus			(231,955)
Profit			644,112
Purchase of treasury shares			(124)
Reversal of reserve for tax purpose reduction entry of non-current assets			-
Net changes in items other than shareholders' equity	6,236	6,236	6,236
Total changes during period	6,236	6,236	418,268
Balance at end of period	152,465	152,465	12,400,270

(4) Non-consolidated Statement of Cash Flows

	(Thousands of yen)
	FY11/21
	(Nov. 21, 2020 – Nov. 20, 2021)
Cash flows from operating activities	
Profit before income taxes	945,319
Depreciation	119,785
Loss (gain) on extinguishment of tie-in shares	(25,254)
Increase (decrease) in provision for retirement benefits	10,581
Increase (decrease) in provision for retirement benefits for directors (and other officers)	17,930
Increase (decrease) in allowance for doubtful accounts	(11,317)
Increase (decrease) in provision for bonuses for directors (and other officers)	2,500
Interest and dividend income	(11,626)
Decrease (increase) in trade receivables	(2,180,573)
Decrease (increase) in inventories	(109,820)
Increase (decrease) in trade payables	1,519,606
Other, net	30,684
Subtotal	307,813
Interest and dividends received	12,197
Income taxes paid	(412,796)
Net cash provided by (used in) operating activities	(92,784)
Cash flows from investing activities	
Purchase of property, plant and equipment	(54,575)
Purchase of intangible assets	(20,320)
Purchase of investment securities	(297)
Proceeds from redemption of investment securities	400,000
Net cash provided by (used in) investing activities	324,806
Cash flows from financing activities	
Decrease (increase) in treasury shares	(124)
Dividends paid	(231,006)
Net cash provided by (used in) financing activities	(231,131)
Effect of exchange rate change on cash and cash equivalents	(6)
Net increase (decrease) in cash and cash equivalents	883
Cash and cash equivalents at beginning of period	10,311,770
Increase in cash and cash equivalents resulting from merger	8,707
Cash and cash equivalents at end of period	10,321,361

(5) Notes to Non-consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Business Combinations

Transaction under common control

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) Summary of business combination**1) Name of company acquired and its business activity**

Name of company acquired: Fukuzumi Corporation

Business activity: Sales of housing fixtures and construction materials

2) Date of business combination

August 21, 2021

3) Method of business combination

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

4) Name of the company after business combination

KITAKEI CO.,LTD.

5) Other item concerning summary of business combination

Kitakei and Fukuzumi merged for the purpose of consolidating the resources of Kitakei and increasing the efficiency of business operations.

(2) 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" (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).

Segment and Other Information

Segment information

Financial information is consolidated for the fiscal year that ended in November 2020 and non-consolidated for the fiscal year that ended in November 2021. As a result, segment information for the fiscal year ended in November 2020 is not presented.

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)

Business segment information is omitted because Kitakei has only a single business segment and therefore there is no segment subject to disclosure requirements. Kitakei is 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.

Related information

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)

1. Information by product or service

This information is omitted since sales to external customers of materials and equipment used for homebuilding such as new building materials and a variety of housing fixtures (including sales with installation), and activities associated with these sales accounted for more than 90% of net sales in the non-consolidated statement of income.

2. Information by region

(1) Net sales

This information is omitted since sales to external customers in Japan accounted for more than 90% of net sales in the non-consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan accounted for more than 90% of property, plant and equipment in the non-consolidated balance sheet.

3. Information by major client

This information is omitted because no single external customer accounted for 10% or more of net sales in the non-consolidated statement of income.

Information related to impairment losses of non-current assets for each reportable segment

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)

Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)

Not applicable.

Equity in Earnings of Affiliates

Not applicable.

Per-share Information

(Yen)

	FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)	FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)
Net assets per share	1,291.41	1,336.51
Net income per share	78.54	69.42

Notes: 1. Diluted net income per share is not presented since Kitakei had no dilutive potential shares.

2. The basis of calculating the net income per share is as follows:

	FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)	FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)
Profit (Thousands of yen)	728,728	644,112
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit applicable to common stock (Thousands of yen)	728,728	644,112
Average number of common stock outstanding during the period (Thousand shares)	9,278	9,278

Material Subsequent Events

Not applicable.

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 Fiscal Year Ended November 20, 2021

December 28, 2021



Stock code: 9872

1. Summary of FY11/21 Financial Results



(Millions of yen)

	FY11/20		FY11/21			(Reference) FY11/20 consolidated results	
	Results	%	Results	%	YoY		
Net sales	53,027	100.0%	57,225	100.0%	107.9%	Net sales	53,762
Operating profit	598	1.1%	811	1.4%	135.6%	Operating profit	525
Ordinary profit	721	1.4%	920	1.6%	127.5%	Ordinary profit	651
Profit	728	1.4%	644	1.1%	88.4%	Profit attributable to owners of parent	658
Net income per share (yen)	78.54		69.42			Net income per share (yen)	70.98

* Kitakei absorbed and merged with consolidated subsidiary Fukuzumi Corporation on August 21, 2021 and changed from consolidated to non-consolidated financial statements beginning with the fourth quarter of the fiscal year that ended in November 2021. As a result, comparisons are based on non-consolidated results.

2. Product Category Sales in FY11/21



(Millions of yen)

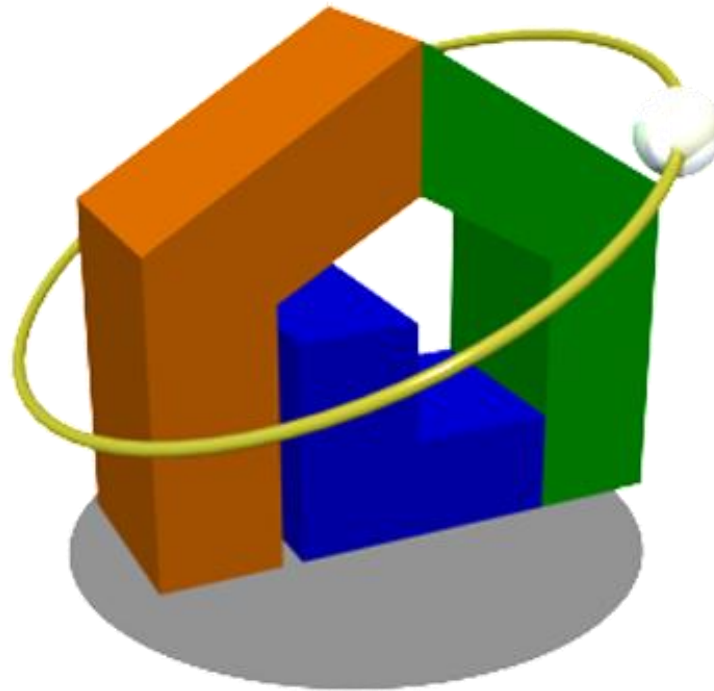
		FY11/20		FY11/21		
		Results	%	Results	%	YoY
Products	Wood building materials	6,725	12.7%	7,299	12.8%	108.5%
	Non-wood building materials	4,487	8.5%	4,684	8.2%	104.4%
	Plywood	1,871	3.5%	2,152	3.8%	115.0%
	Wood products	2,661	5.0%	3,394	5.9%	127.6%
	Housing fixtures	12,572	23.7%	13,567	23.7%	107.9%
	Sales with installation	941	1.8%	1,062	1.9%	112.9%
	Others	4,464	8.4%	4,576	7.9%	102.5%
	Subtotal	33,723	63.6%	36,738	64.2%	108.9%
Construction	Completed construction contracts	19,303	36.4%	20,486	35.8%	106.1%
	Subtotal	19,303	36.4%	20,486	35.8%	106.1%
Total		53,027	100.0%	57,225	100.0%	107.9%
Original products		2,068	3.9%	2,079	3.6%	100.5%

* Kitakei absorbed and merged with consolidated subsidiary Fukuzumi Corporation on August 21, 2021 and changed from consolidated to non-consolidated financial statements beginning with the fourth quarter of the fiscal year that ended in November 2021. As a result, comparisons are based on non-consolidated results.

* 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 Kitakei 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 material should reach investment decisions on their own.