

## Non-consolidated Financial Results for the Fiscal Year Ended November 20, 2022 (FY11/22)

[Japanese GAAP]

December 28, 2022

Company name: KITAKEI CO., LTD. Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 9872 URL: <https://www.kitakei.jp/>  
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Scheduled date of Annual General Meeting of Shareholders: February 17, 2023  
 Scheduled date of dividend payment: February 20, 2023  
 Scheduled date of filing of Annual Securities Report: February 20, 2023  
 Preparation of supplementary materials for financial results: None  
 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, 2022 (from November 21, 2021 to November 20, 2022)

(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, 2022	60,874	-	822	-	1,005	-	641	-
Fiscal year ended Nov. 20, 2021	57,225	7.9	811	35.6	920	27.5	644	(11.6)

	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, 2022	69.10	-	5.1	3.6	1.4
Fiscal year ended Nov. 20, 2021	69.42	-	5.3	3.5	1.4

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 20, 2022: - Fiscal year ended Nov. 20, 2021: -  
 Note: Beginning with the fiscal year ended 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 fiscal year ended November 20, 2022 incorporate this accounting standard and year-on-year changes are omitted.

### (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Nov. 20, 2022	28,697	12,816	44.7	1,381.40
As of Nov. 20, 2021	27,381	12,400	45.3	1,336.51

Reference: Shareholders' equity (millions of yen) As of Nov. 20, 2022: 12,816 As of Nov. 20, 2021: 12,400

### (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, 2022	353	(198)	(222)	10,253
Fiscal year ended Nov. 20, 2021	(92)	324	(231)	10,321

## 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, 2021	-	0.00	-	24.00	24.00	222	34.6	1.8
Fiscal year ended Nov. 20, 2022	-	0.00	-	24.00	24.00	222	34.7	1.8
Fiscal year ending Nov. 20, 2023 (Forecast)	-	0.00	-	30.50	30.50		44.1	

Breakdown of the year-end dividend for the fiscal year ending November 20, 2023: Ordinary dividend: 24.00 yen;  
 Commemorative dividend to celebrate 65th founding anniversary: 6.50 yen

For more information, please refer to the press release dated today titled "Notice of Year-end Dividend Forecast (Commemorative Dividend) for Fiscal Year ending November 2023" (Japanese version only).

### 3. Non-consolidated Forecast for FY11/23 (from November 21, 2022 to November 20, 2023)

(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	31,800	6.3	420	1.3	510	1.0	325	(0.0)	35.03
Full year	63,800	4.8	830	0.9	1,010	0.5	642	0.1	69.20

#### \* Notes

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

- 1) Changes in accounting policies due to revisions in accounting standards, others: Yes
- 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, 2022: 10,011,841 shares As of Nov. 20, 2021: 10,011,841 shares

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

As of Nov. 20, 2022: 733,894 shares As of Nov. 20, 2021: 733,741 shares

- 3) Average number of shares outstanding during the period

Fiscal year ended Nov. 20, 2022: 9,278,016 shares Fiscal year ended Nov. 20, 2021: 9,278,185 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 27, 2023 (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.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year that ended on November 20, 2022, restrictions on social and economic activity in Japan were reduced due to the effectiveness of pandemic safety measures and progress with vaccinations. As a result, the Japanese economy began to return to normal. However, the outlook for the economy is still uncertain because of repeated waves of COVID-19 cases, the rising cost of raw materials and energy caused by the Ukraine crisis and other turmoil in the world, the yen's rapid depreciation, and other events.

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. In addition, the increase in working at home has created a greater need for better housing, underpinning demand for home renovations and the construction of new homes.

On the other hand, there was a downturn in consumer sentiment about purchasing residences during the fiscal year. The main reason is the rising cost of houses as companies pass on the rising prices of building materials caused by the higher cost of crude oil and other raw materials and transporting these materials. The yen's rapid depreciation further raised expenses.

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 on November 20, 2022, despite the application of the Accounting Standard for Revenue Recognition, sales were a record-high 60,874 million yen compared with 57,225 million yen one year earlier. Operating profit was 822 million yen compared with 811 million yen one year earlier and ordinary profit was a record-high 1,005 million yen compared with 920 million yen one year earlier. Profit was 641 million yen compared with 644 million yen one year earlier. A tax deduction due to a loss carried forward in association with the merger with a subsidiary reduced income taxes and raised profit in the previous fiscal year. Profit in the past fiscal year reflects the normal level of income taxes.

Beginning with fiscal year that ended on November 20, 2022, Kitakei has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. Please refer to page 17 "4. Non-consolidated Financial Statements and Notes, (5) Notes to Non-consolidated Financial Statements, Changes in Accounting Policies" for details.

### (2) Financial Position

Total assets increased 1,316 million yen from the end of the previous fiscal year to 28,697 million yen as of the end of the fiscal year under review. The main factors were increases of 286 million yen in electronically recorded monetary claims-operating, 837 million yen in accounts receivable-trade and 180 million yen in merchandise.

Total liabilities increased 900 million yen from the end of the previous fiscal year to 15,881 million yen as of the end of the fiscal year under review. The main factors were increases of 227 million yen in notes payable-trade, 358 million yen in electronically recorded obligations-operating and 196 million yen in accounts payable-trade.

Total net assets increased 416 million yen from the end of the previous fiscal year to 12,816 million yen as of the end of the fiscal year under review. The main factor was an increase of 418 million yen in retained earnings.

### (3) Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the fiscal year under review decreased 67 million yen from the end of the previous fiscal year to 10,253 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 provided by operating activities was 353 million yen (compared with 92 million yen used in the previous fiscal year). Main positive factors include profit before income taxes of 1,007 million yen and a 782 million yen increase in trade payables. Major negative factors include a 1,077 million yen increase in trade receivables and income taxes paid of 293 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 198 million yen (compared with 324 million yen provided in the previous fiscal year). Main negative factors include 199 million yen for purchases of property, plant and equipment and intangible assets and 100 million yen for purchase of investment securities. Major positive factors include proceeds of 100 million yen from redemption of investment securities.

#### Cash flows from financing activities

Net cash used in financing activities was 222 million yen (compared with 231 million yen used in the previous fiscal year). This was mainly due to dividends paid.

### **(4) Outlook**

Consumer spending in Japan is expected to recover for the time being as economic activity continues the return to normal even though the negative effects of the pandemic will continue. The outlook will still be unclear, however, because of the Ukraine crisis, slowing economic growth outside Japan, especially in Europe and the United States, rising prices of resources and other reasons.

We are well aware of the difficulties of the current operating environment. We will continue to take numerous actions for strengthening relationships with current customers and business partners while adding new relationships. These activities target prominent regional dealers and builders, housing manufacturers, home improvement retailers, companies outside the housing sector and other companies. We will also further upgrade our construction capabilities in order to increase construction sales involving exterior walls, housing fixtures and other activities. Other priorities are increasing sales of housing fixtures and original products that are environmentally responsible and conserve energy and operating our businesses more efficiently. Overall, we plan to use many initiatives for the growth of sales and earnings.

Based on this outlook, we are forecasting sales of 63,800 million yen, operating profit of 830 million yen, ordinary profit of 1,010 million yen and profit of 642 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 on November 20, 2022.

For more information, please refer to the press release dated today (December 28, 2022) titled "Notice of Payment of Dividends from Surplus" (Japanese version only).

Kitakei has revised the basic policy for dividends in order to state the company's commitment more clearly to

shareholders regarding the consistency and growth of distributions of earnings. The new policy will be used for the first time for the year-end dividend for the fiscal year ending on November 20, 2023. More information is in the press release dated today (December 28, 2022) titled “Notice of Revision to Basic Policy for Dividends” (Japanese version only).

We plan to pay a year-end ordinary dividend of 24 yen per share for the fiscal year ending on November 20, 2023. In addition, we plan to pay a commemorative dividend of 6.5 yen per share to express our gratitude for the support of shareholders as we reach our 65th year of operations. As a result, a dividend of 30.5 yen per share is planned. More information is in the press release dated today (December 28, 2022) titled “Notice of Year-end Dividend Forecast (Commemorative Dividend) for Fiscal Year ending November 2023” (Japanese version only).

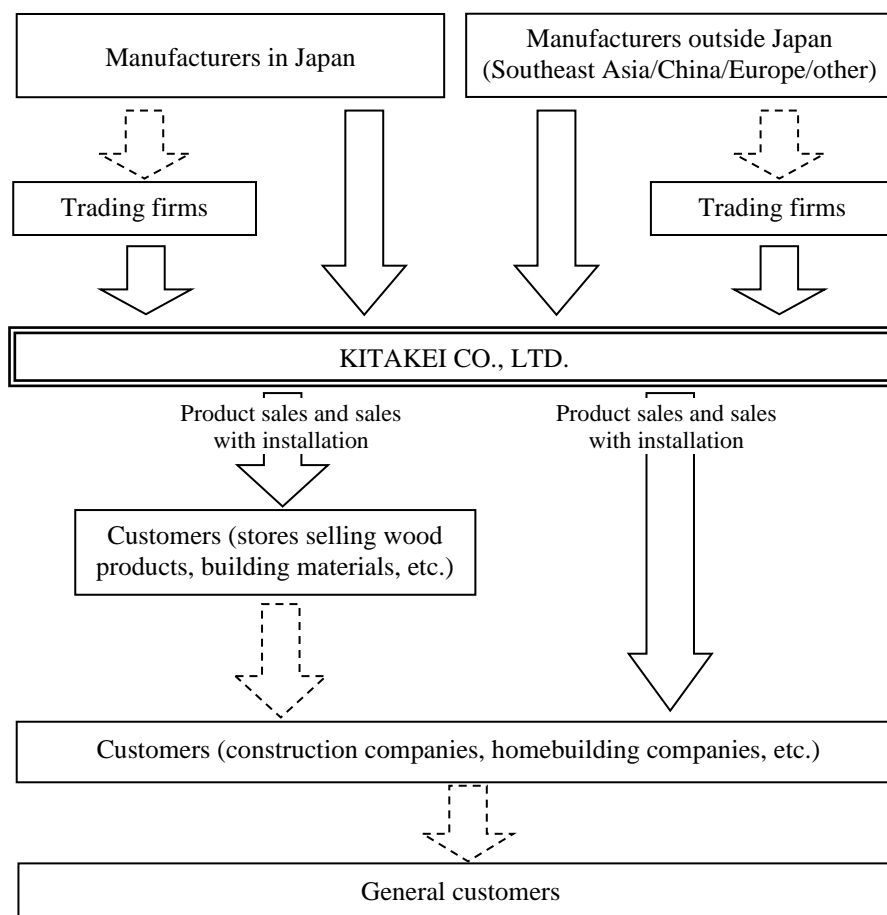
Note: The Kitakei Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act.

## 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	Interior doors, closets, floors, system storage, 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, finger joint laminated board
Housing fixtures	System kitchens, modular bathrooms, vanitories, 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)	
	FY11/21 (As of Nov. 20, 2021)	FY11/22 (As of Nov. 20, 2022)
Assets		
Current assets		
Cash and deposits	10,321,361	10,253,770
Notes receivable-trade	554,619	511,333
Electronically recorded monetary claims-operating	1,462,404	1,749,359
Accounts receivable-trade	9,945,027	10,782,156
Merchandise	669,300	849,868
Costs on construction contracts in progress	897,829	938,526
Supplies	1,259	1,238
Advance payments to suppliers	5,535	-
Prepaid expenses	645	1,719
Other	34,575	33,042
Allowance for doubtful accounts	(5,199)	(4,799)
Total current assets	23,887,358	25,116,215
Non-current assets		
Property, plant and equipment		
Buildings	776,442	781,462
Accumulated depreciation	(532,577)	(540,108)
Buildings, net	243,865	241,353
Structures	40,678	40,678
Accumulated depreciation	(32,325)	(33,283)
Structures, net	8,353	7,394
Machinery and equipment	63,057	63,057
Accumulated depreciation	(22,913)	(31,990)
Machinery and equipment, net	40,144	31,067
Vehicles	19,495	19,495
Accumulated depreciation	(14,785)	(17,485)
Vehicles, net	4,709	2,009
Tools, furniture and fixtures	369,302	340,662
Accumulated depreciation	(283,038)	(259,836)
Tools, furniture and fixtures, net	86,263	80,826
Land	1,320,529	1,320,529
Leased assets	7,754	7,754
Accumulated depreciation	(4,299)	(6,015)
Leased assets, net	3,455	1,739
Construction in progress	-	4,419
Total property, plant and equipment	1,707,321	1,689,339
Intangible assets		
Software	63,051	80,716
Other	3,594	83,972
Total intangible assets	66,646	164,689

	(Thousands of yen)	
	FY11/21 (As of Nov. 20, 2021)	FY11/22 (As of Nov. 20, 2022)
Investments and other assets		
Investment securities	725,214	723,848
Investments in capital	120	20
Long-term loans receivable from employees	2,763	2,826
Distressed receivables	54,280	51,092
Long-term prepaid expenses	5,590	3,825
Guarantee deposits	112,023	111,128
Leasehold deposits	146,607	147,959
Insurance funds	193,674	205,341
Investment property	516,035	514,871
Other	18,154	17,944
Allowance for doubtful accounts	(54,280)	(51,192)
Total investments and other assets	1,720,183	1,727,665
Total non-current assets	3,494,151	3,581,695
Total assets	27,381,510	28,697,910

	(Thousands of yen)	
	FY11/21 (As of Nov. 20, 2021)	FY11/22 (As of Nov. 20, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	3,458,203	3,685,925
Electronically recorded obligations-operating	3,632,311	3,990,427
Accounts payable-trade	5,810,627	6,006,757
Lease liabilities	1,853	1,655
Accounts payable-other	329,388	370,240
Accrued expenses	340,250	356,733
Income taxes payable	163,152	267,939
Accrued consumption taxes	125,473	90,985
Contract liabilities	-	117,015
Advances received on construction contracts in progress	102,083	-
Advances received	26,989	-
Deposits received	701	873
Provision for bonuses for directors (and other officers)	19,500	20,000
Other	368	157
<b>Total current liabilities</b>	<b>14,010,903</b>	<b>14,908,711</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,921	265
Deferred tax liabilities	37,929	11,408
Provision for retirement benefits for directors (and other officers)	274,430	292,450
Provision for retirement benefits	94,101	108,144
Asset retirement obligations	16,831	6,659
Long-term guarantee deposits	535,680	544,203
Other	9,443	9,473
<b>Total non-current liabilities</b>	<b>970,337</b>	<b>972,604</b>
<b>Total liabilities</b>	<b>14,981,240</b>	<b>15,881,315</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,220,082	2,220,082
<b>Capital surplus</b>		
Legal capital surplus	2,850,892	2,850,892
Other capital surplus	535	535
<b>Total capital surplus</b>	<b>2,851,427</b>	<b>2,851,427</b>
<b>Retained earnings</b>		
Legal retained earnings	170,300	170,300
<b>Other retained earnings</b>		
Reserve for tax purpose reduction entry of non-current assets	454,678	454,332
General reserve	2,150,000	2,150,000
Retained earnings brought forward	4,607,637	5,026,442
<b>Total retained earnings</b>	<b>7,382,616</b>	<b>7,801,075</b>
Treasury shares	(206,321)	(206,458)
<b>Total shareholders' equity</b>	<b>12,247,804</b>	<b>12,666,127</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	152,465	150,468
<b>Total valuation and translation adjustments</b>	<b>152,465</b>	<b>150,468</b>
<b>Total net assets</b>	<b>12,400,270</b>	<b>12,816,595</b>

	FY11/21 (As of Nov. 20, 2021)	FY11/22 (As of Nov. 20, 2022)
Total liabilities and net assets	27,381,510	28,697,910

**(2) Non-consolidated Statement of Income**

(Thousands of yen)

	FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)	FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)
Net sales		
Net sales of goods	36,738,535	37,748,727
Net sales of completed construction contracts	20,486,987	23,125,831
Total net sales	57,225,522	60,874,559
Cost of sales		
Cost of goods sold		
Beginning merchandise inventory	645,605	669,300
Cost of purchased goods	32,938,988	34,058,942
Transfer of goods by merger	6,000	-
Total	33,590,595	34,728,243
Ending merchandise inventory	669,300	849,868
Cost of goods sold	32,921,294	33,878,375
Cost of sales of completed construction contracts	18,576,494	21,089,933
Total cost of sales	51,497,789	54,968,309
Gross profit	5,727,732	5,906,250
Selling, general and administrative expenses	4,916,620	5,083,575
Operating profit	811,112	822,674
Non-operating income		
Interest income	223	245
Interest on securities	2,302	1,737
Dividend income	9,101	10,280
Purchase discounts	121,697	128,998
Rental income	27,188	27,158
Other	22,111	27,542
Total non-operating income	182,625	195,961
Non-operating expenses		
Interest expenses	5	5
Sales discounts	64,522	-
Rental costs on real estate	7,322	9,054
Loss on cancellation of leases	-	2,647
Other	1,822	1,779
Total non-operating expenses	73,672	13,486
Ordinary profit	920,064	1,005,149
Extraordinary income		
Gain on extinguishment of tie-in shares	25,254	-
Gain on sale of investment securities	-	2,083
Total extraordinary income	25,254	2,083
Profit before income taxes	945,319	1,007,233
Income taxes-current	323,561	394,371
Income taxes-deferred	(22,355)	(28,271)
Total income taxes	301,206	366,099
Profit	644,112	641,133

**Non-consolidated Statement of Cost of Completed Construction**

(Thousands of yen)

Account	Note	FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)		FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)	
		Amount	%	Amount	%
I Material cost		10,790,683	57.8	12,282,639	58.1
II Outsourcing costs		7,878,109	42.2	8,847,991	41.9
Cost on total construction contracts for the year		18,668,793	100.0	21,130,631	100.0
Cost on construction contracts in progress at beginning of period		805,530		897,829	
Total		19,474,324		22,028,460	
Cost on construction contracts in progress at end of period		897,829		938,526	
Cost on completed contracts for the year		18,576,494		21,089,933	

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

**(3) Non-consolidated Statement of Changes in Equity**

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



FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)

(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	454,678	2,150,000	4,607,637	7,382,616	(206,321)	12,247,804
Changes during period							
Dividends of surplus				(222,674)	(222,674)		(222,674)
Profit				641,133	641,133		641,133
Purchase of treasury shares						(136)	(136)
Reversal of reserve for tax purpose reduction entry of non-current assets		(345)		345			-
Net changes in items other than shareholders' equity							
Total changes during period	-	(345)	-	418,805	418,459	(136)	418,322
Balance at end of period	170,300	454,332	2,150,000	5,026,442	7,801,075	(206,458)	12,666,127

(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	152,465	152,465	12,400,270
Changes during period			
Dividends of surplus			(222,674)
Profit			641,133
Purchase of treasury shares			(136)
Reversal of reserve for tax purpose reduction entry of non-current assets			-
Net changes in items other than shareholders' equity	(1,997)	(1,997)	(1,997)
Total changes during period	(1,997)	(1,997)	416,324
Balance at end of period	150,468	150,468	12,816,595

**(4) Non-consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY11/21	FY11/22
	(Nov. 21, 2020 - Nov. 20, 2021)	(Nov. 21, 2021 - Nov. 20, 2022)
Cash flows from operating activities		
Profit before income taxes	945,319	1,007,233
Depreciation	119,785	101,336
Loss (gain) on extinguishment of tie-in shares	(25,254)	-
Increase (decrease) in provision for retirement benefits	10,581	14,042
Increase (decrease) in provision for retirement benefits for directors (and other officers)	17,930	18,020
Increase (decrease) in allowance for doubtful accounts	(11,317)	(3,487)
Increase (decrease) in provision for bonuses for directors (and other officers)	2,500	500
Interest and dividend income	(11,626)	(12,262)
Loss (gain) on sale of investment securities	-	(2,083)
Decrease (increase) in trade receivables	(2,180,573)	(1,077,611)
Decrease (increase) in inventories	(109,820)	(221,243)
Increase (decrease) in trade payables	1,519,606	782,897
Other, net	30,684	26,723
Subtotal	307,813	634,064
Interest and dividends received	12,197	12,245
Income taxes paid	(412,796)	(293,057)
Net cash provided by (used in) operating activities	(92,784)	353,251
Cash flows from investing activities		
Purchase of investment property	-	(1,461)
Purchase of property, plant and equipment	(54,575)	(63,595)
Purchase of intangible assets	(20,320)	(136,304)
Purchase of investment securities	(297)	(100,000)
Proceeds from sale of investment securities	-	2,643
Proceeds from redemption of investment securities	400,000	100,000
Net cash provided by (used in) investing activities	324,806	(198,717)
Cash flows from financing activities		
Decrease (increase) in treasury shares	(124)	(136)
Dividends paid	(231,006)	(221,935)
Net cash provided by (used in) financing activities	(231,131)	(222,072)
Effect of exchange rate change on cash and cash equivalents	(6)	(51)
Net increase (decrease) in cash and cash equivalents	883	(67,590)
Cash and cash equivalents at beginning of period	10,311,770	10,321,361
Increase in cash and cash equivalents resulting from merger	8,707	-
Cash and cash equivalents at end of period	10,321,361	10,253,770

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

Not applicable.

**Changes in Accounting Policies****Application of the Accounting Standards for Revenue Recognition**

Kitakei has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. beginning with the current fiscal year. When control of a promised good or service is transferred to a customer, we recognize revenue at the amount expected to be received in exchange for the good or service.

Due to the application of this standard, the following changes have been made to some accounting methods.

- Revenue recognition for agent transactions

When Kitakei's role is as an agent for the provision of a good or service to a customer, Kitakei previously recognized revenue based on the total amount of consideration received from the customer. Kitakei now instead recognizes net revenue, which is the amount received from the customer less the amount paid to the supplier.

- Revenue recognition for construction subcontracting

For construction contracts, revenue was previously recognized by using the percentage-of-completion method when there was certainty about the results of the portion of a project that was finished. This revenue recognition method has been changed for projects where control of goods or services is transferred to a customer over a certain period. In this case, revenue is recognized over a certain period as the performance obligation to transfer the goods or services to the customer is fulfilled. The percentage of the expected total cost of construction for a project that has been incurred at the end of each reporting period is used to measure progress with fulfilling this obligation. When a reasonable estimate of progress with fulfilling the performance obligation cannot be determined at an early stage after a contract is signed but expenses associated with the contract are expected to be recovered, revenue is recognized using the cost recovery method. For construction contracts where the period between the start of work under the contract and complete fulfillment of the associated obligation is very short, an alternate method is used in which revenue is recognized when the entire obligation has been fulfilled rather than over a certain period.

- Revenue recognition for transactions including variable consideration and consideration payable to customers

Some expenses that were included in selling, general and administrative expenses and sales rebates classified as non-operating expenses in prior years are now instead deducted from sales.

For the application of the Revenue Recognition Accounting Standard, etc., in accordance with the transitional treatment in the proviso to paragraph 84 of this standard, the cumulative effect of the retrospective application of the new standard, if it is applied prior to the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings. There is no effect on retained earnings at the beginning of the current fiscal year.

As a result, net sales decreased 2,063 million yen, cost of sales decreased 1,755 million yen and operating profit decreased 69 million yen. There is no effect on ordinary profit and profit before income taxes in the current fiscal year.

Due to the application of the Revenue Recognition Accounting Standard, etc., advances received, and advances received on construction contracts in progress that were presented in the current liabilities section of the balance sheet in the previous fiscal year is, from the current fiscal year, included in contract liabilities. In accordance with the transitional treatment prescribed in paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made to the prior year's figures to conform to the new presentation.

**Application of the Accounting Standards Fair Value Measurement**

Kitakei has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. beginning with the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard of Fair Value Measurement, etc. prospectively in accordance with the transitional treatment 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 effect of the application of these standards on the non-consolidated financial statements.

### **Segment and Other Information**

#### Segment information

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021) and FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)

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) and FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)

##### 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) and FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)

Not applicable.

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

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021) and FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)

Not applicable.

#### Information related to gain on bargain purchase for each reportable segment

FY11/21 (Nov. 21, 2020 – Nov. 20, 2021) and FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)

Not applicable.

### **Equity in Earnings of Affiliates**

Not applicable.

**Per-share Information**

(Yen)

	FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)	FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)
Net assets per share	1,336.51	1,381.40
Net income per share	69.42	69.10

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:

	FY11/21 (Nov. 21, 2020 – Nov. 20, 2021)	FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)
Profit (Thousands of yen)	644,112	641,133
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit applicable to common stock (Thousands of yen)	644,112	641,133
Average number of common stock outstanding during the period (Thousand shares)	9,278	9,278

**Material Subsequent Events**

Not applicable.

**5. Others**

(1) Changes in Directors

1) Changes in representatives

New position	Name	Current position
Chairman and Representative Director	Ryoichi Kitamura	President and Representative Director
President and Representative Director	Makoto Kitamura	Senior Managing Director

2) Change in other directors

Yuzo Kitamura, Managing Director and General Manager of Administration Div. (currently Director and General Manager of Administration Div.)

3) Effective date

February 17, 2023

*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.*