

**Non-consolidated Financial Results for the First Quarter of the
Fiscal Year Ending November 20, 2023 (FY11/23)
(Three Months Ended February 20, 2023)**

[Japanese GAAP]

April 3, 2023

Company name: KITAKEI CO., LTD. Stock exchange listing: Tokyo Stock Exchange
 Stock code: 9872 URL: <https://www.kitakei.jp/>
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 Scheduled submission of Quarterly Report: April 4, 2023
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

**1. Non-consolidated Financial Results for the First Quarter of FY11/23
(from November 21, 2022 to February 20, 2023)**

(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	%
Three months ended								
Feb. 20, 2023	15,418	5.9	215	21.1	262	15.9	164	13.6
Feb. 20, 2022	14,564	-	177	-	226	-	144	-

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended		
Feb. 20, 2023	17.73	-
Feb. 20, 2022	15.61	-

Note: Financial information is consolidated for the first quarter of the fiscal year that ended in November 2021 and non-consolidated beginning with the fourth quarter of the fiscal year that ended in November 2021. As a result, year-on-year changes for the three months ended February 20, 2022 are not presented.

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Feb. 20, 2023	28,418	12,753	44.9
As of Nov. 20, 2022	28,697	12,816	44.7

Reference: Shareholders' equity (millions of yen) As of Feb. 20, 2023: 12,753 As of Nov. 20, 2022: 12,816

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY11/22	-	0.00	-	24.00	24.00
FY11/23	-	-	-	-	-
FY11/23 (Forecast)	-	0.00	-	30.50	30.50

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

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

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

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

*** Notes**

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

(2) 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

(3) Number of shares outstanding (common stock)

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

As of Feb. 20, 2023:	10,011,841 shares	As of Nov. 20, 2022:	10,011,841 shares
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2) Number of treasury shares at the end of the period

As of Feb. 20, 2023:	733,894 shares	As of Nov. 20, 2022:	733,894 shares
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3) Average number of shares outstanding during the period

Three months ended Feb. 20, 2023:	9,277,947 shares	Three months ended Feb. 20, 2022:	9,278,091 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 Financial Performance, (3) Explanation of Non-consolidated Forecast and Other Forward-looking Statements" on page 2 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Results of Operations

In the first three months (from November 21, 2022 to February 20, 2023) of the current fiscal year, the Japanese economy showed signs of a moderate recovery due to an ideal combination of pandemic safety measures and the easing of restrictions on economic activity. However, the outlook for the economy is still uncertain because of the rising cost of raw materials and energy caused by the prolonged Ukraine crisis, inflation due to the yen's rapid depreciation, and other events.

In Japan's housing sector, the government continues to enact measures to help people purchase residences of all types. On the other hand, there was a downturn in consumer sentiment about purchasing residences. The main reasons were the rising construction costs caused by higher prices of building materials and the anticipation of mortgage interest rate hikes.

Kitakei is taking numerous actions with the primary goal of strengthening relationships with current customers and acquiring new customers. These include, establishing new relationships with leading regional companies, builders, housing manufacturers, home improvement retailers as well as companies in non-housing sectors. Further upgrading construction capabilities in order to increase construction sales involving home exteriors, housing fixtures and other projects is another goal. Other priorities are increasing sales of housing fixtures and original products that are environmentally responsible and conserve energy, and operating our business more efficiently. All of these initiatives are aimed at the growth of sales and earnings.

Sales in the first three months of the fiscal year were 15,418 million yen compared with 14,564 million yen one year earlier. Operating profit increased from 177 million yen to 215 million yen and ordinary profit increased from 226 million yen to 262 million yen. Profit was up from 144 million yen to 164 million yen.

(2) Explanation of Financial Position

Assets

Total assets decreased 279 million yen from the end of the previous fiscal year to 28,418 million yen as of the end of the first quarter. The main factor was a decrease of 2,145 million yen in notes and accounts receivable-trade, and contract assets, while there were increases of 1,362 million yen in cash and deposits and 284 million yen in other under current assets.

Liabilities

Total liabilities decreased 216 million yen from the end of the previous fiscal year to 15,664 million yen as of the end of the first quarter. The main factors were decreases of 279 million yen in other under current liabilities and 183 million yen in income taxes payable, while there were increases of 162 million yen in provision for bonuses and 118 million yen in electronically recorded obligations-operating.

Net assets

Total net assets decreased 62 million yen from the end of the previous fiscal year to 12,753million yen as of the end of the first quarter. The main factor was a decrease of 58 million yen in retained earnings.

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

The first-half and full-year non-consolidated forecasts announced on December 28, 2022 remain unchanged.

2. Quarterly Non-consolidated Financial Statements and Notes**(1) Quarterly Non-consolidated Balance Sheet**

(Thousands of yen)

	FY11/22 (As of Nov. 20, 2022)	First quarter of FY11/23 (As of Feb. 20, 2023)
Assets		
Current assets		
Cash and deposits	10,253,770	11,615,779
Notes and accounts receivable-trade, and contract assets	11,293,490	9,147,872
Merchandise	849,868	942,575
Costs on construction contracts in progress	938,526	990,141
Other	1,785,359	2,069,878
Allowance for doubtful accounts	(4,799)	(4,449)
Total current assets	25,116,215	24,761,797
Non-current assets		
Property, plant and equipment	1,689,339	1,689,090
Intangible assets	164,689	189,082
Investments and other assets		
Other	1,778,858	1,829,570
Allowance for doubtful accounts	(51,192)	(50,836)
Total investments and other assets	1,727,665	1,778,734
Total non-current assets	3,581,695	3,656,907
Total assets	28,697,910	28,418,704
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,692,683	9,638,881
Electronically recorded obligations-operating	3,990,427	4,109,010
Income taxes payable	267,939	83,952
Provision for bonuses	-	162,000
Provision for bonuses for directors (and other officers)	20,000	-
Other	937,661	658,572
Total current liabilities	14,908,711	14,652,416
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	292,450	297,000
Provision for retirement benefits	108,144	102,833
Asset retirement obligations	6,659	6,670
Other	565,350	605,802
Total non-current liabilities	972,604	1,012,306
Total liabilities	15,881,315	15,664,723

	(Thousands of yen)	
	FY11/22 (As of Nov. 20, 2022)	First quarter of FY11/23 (As of Feb. 20, 2023)
Net assets		
Shareholders' equity		
Share capital	2,220,082	2,220,082
Capital surplus	2,851,427	2,851,427
Retained earnings	7,801,075	7,742,922
Treasury shares	(206,458)	(206,458)
Total shareholders' equity	12,666,127	12,607,974
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	150,468	146,000
Deferred gains or losses on hedges	-	6
Total valuation and translation adjustments	150,468	146,007
Total net assets	12,816,595	12,753,981
Total liabilities and net assets	28,697,910	28,418,704

(2) Quarterly Non-consolidated Statement of Income**For the Three-month Period**

(Thousands of yen)

	First three months of FY11/22 (Nov. 21, 2021 – Feb. 20, 2022)	First three months of FY11/23 (Nov. 21, 2022 – Feb. 20, 2023)
Net sales	14,564,988	15,418,093
Cost of sales	13,164,293	13,891,147
Gross profit	1,400,694	1,526,945
Selling, general and administrative expenses	1,222,702	1,311,443
Operating profit	177,992	215,502
Non-operating income		
Interest income	445	523
Dividend income	3,532	3,670
Purchase discounts	31,497	31,512
Rental income	6,769	6,796
Other	8,015	6,547
Total non-operating income	50,260	49,050
Non-operating expenses		
Rental costs on real estate	1,936	2,210
Other	22	95
Total non-operating expenses	1,959	2,305
Ordinary profit	226,293	262,247
Profit before income taxes	226,293	262,247
Income taxes-current	73,492	67,731
Income taxes-deferred	7,966	29,998
Total income taxes	81,459	97,729
Profit	144,833	164,517

(3) Notes to Quarterly Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Business segment information is omitted because 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.

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.