

Non-consolidated Financial Results for the Fiscal Year Ended November 20, 2023 (FY11/23)

[Japanese GAAP]

December 28, 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 date of Annual General Meeting of Shareholders: February 16, 2024
 Scheduled date of dividend payment: February 19, 2024
 Scheduled date of filing of Annual Securities Report: February 19, 2024
 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, 2023 (from November 21, 2022 to November 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	%
Fiscal year ended Nov. 20, 2023	62,368	2.5	974	18.4	1,172	16.7	812	26.7
Fiscal year ended Nov. 20, 2022	60,874	-	822	-	1,005	-	641	-

	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, 2023	87.59	-	6.2	4.1	1.6
Fiscal year ended Nov. 20, 2022	69.10	-	5.1	3.6	1.4

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 20, 2023: - Fiscal year ended Nov. 20, 2022: -
 Beginning with the fiscal year ended November 20, 2022, Kitakei has applied 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, 2023	29,008	13,355	46.0	1,439.50
As of Nov. 20, 2022	28,697	12,816	44.7	1,381.40

Reference: Shareholders' equity (millions of yen) As of Nov. 20, 2023: 13,355 As of Nov. 20, 2022: 12,816

(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, 2023	1,825	(208)	(222)	11,648
Fiscal year ended Nov. 20, 2022	353	(198)	(222)	10,253

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			
Fiscal year ended Nov. 20, 2022	-	0.00	-	24.00	24.00	222	34.7	1.8
Fiscal year ended Nov. 20, 2023	-	0.00	-	36.50	36.50	338	41.7	2.6
Fiscal year ending Nov. 20, 2024 (Forecast)	-	0.00	-	28.00	28.00		34.1	

Breakdown of the year-end dividend for the fiscal year ended November 20, 2023: Ordinary dividend: 30.00 yen;
 Commemorative dividend to celebrate 65th founding anniversary: 6.50 yen

3. Non-consolidated Forecast for FY11/24 (from November 21, 2023 to November 20, 2024)

(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	2.9	490	3.5	575	0.2	368	(5.8)	39.66
Full year	64,600	3.6	990	1.6	1,190	1.4	761	(6.3)	82.09

*** 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, 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 Nov. 20, 2023:	733,999 shares	As of Nov. 20, 2022:	733,894 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Nov. 20, 2023:	9,277,920 shares	Fiscal year ended Nov. 20, 2022:	9,278,016 shares
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*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 26, 2024 (Friday). Presentation materials which are distributed at this event will be available on the Kitakei's website immediately thereafter.

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year that ended on November 20, 2023, social and economic activity in Japan returned to normal due to a significant easing of restrictions on activities following the government's downgrade of the classification of COVID-19. Consumer spending is recovering, foreign tourists have returned to Japan and there were other signs of a recovery. Despite these positive trends, the outlook for the economy remains uncertain. Prices of resources and energy are high due to prolonged Russia's aggression against Ukraine, the yen's weakness caused by monetary tightening worldwide is pushing up prices in Japan, and the Israel-Hamas war is further heightening geopolitical risk.

In Japan's housing sector, there are concerns about the negative effect of the rising cost of building homes caused by inflation and high prices of building materials on consumer sentiment about buying a home. Construction starts for houses by owners and houses for sale, the main markets of Kitakei, have been declining year-on-year on a monthly basis, resulting in a difficult business climate. Furthermore, although variable interest rates on home loans are still low, fixed interest rates are starting to rise and it will be necessary to keep a close eye on future trends.

In this challenging business climate, Kitakei is taking numerous actions for sales growth. Activities include measures to increase sales of housing fixtures that are environmentally responsible, conserve energy and can produce energy. In addition, Kitakei is using its construction expertise to expand operations to market sectors other than houses. These activities are aimed at strengthening relationships with current customers and adding new customers. Another priority is the development and sale of original products that help people enjoy their lives with confidence. For example, there are products designed for faster construction and the limitation of waste materials to only packaging materials, and wood flooring coated with an antiviral and antibacterial treatment certified by the Society of International sustaining growth for Antimicrobial Articles (SIAA). These measures help deal with the shortage of workers and environmental problems at construction sites, and meet the need for safety regarding the spread of diseases. To increase the interest of consumers in original products, we started rebranding activities, including the use of Instagram and a website redesign for the Sprout Universal Series of building materials. In addition to these sales initiatives, there are many activities for increasing the efficiency of business operations, such as the use of robotic process automation (RPA), for sales growth and higher earnings.

In the fiscal year that ended on November 20, 2023, sales were 62,368 million yen compared with 60,874 million yen one year earlier. Operating profit increased from 822 million yen to 974 million yen and ordinary profit increased from 1,005 million yen to 1,172 million yen. Profit was up from 641 million yen to 812 million yen.

(2) Financial Position

Total assets increased 310 million yen from the end of the previous fiscal year to 29,008 million yen as of the end of the fiscal year under review. The main factors were increases of 1,395 million yen in cash and deposits, 575 million yen in electronically recorded monetary claims-operating, and 107 million yen in software, while there were decreases of 178 million yen in notes receivable-trade, 1,542 million yen in accounts receivable-trade, and 175 million yen in merchandise.

Total liabilities decreased 228 million yen from the end of the previous fiscal year to 15,653 million yen as of the end of the fiscal year under review. The main factors were decreases of 2,378 million yen in notes payable-trade and 169 million yen in accounts payable-trade, while there was an increase of 2,127 million yen in electronically recorded obligations-operating.

Total net assets increased 538 million yen from the end of the previous fiscal year to 13,355 million yen as of the end of the fiscal year under review. The main factor was an increase of 589 million yen in retained earnings, while there was a decrease of 50 million yen in valuation difference on available-for-sale securities.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the fiscal year under review increased 1,395 million yen from the end of the previous fiscal year to 11,648 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 1,825 million yen (compared with 353 million yen provided in the previous fiscal year). Main positive factors include profit before income taxes of 1,249 million yen, a 1,119 million yen decrease in trade receivables and a 121 million yen decrease in inventories. Major negative factors include income taxes paid of 429 million yen a 420 million yen decrease in trade payables.

Cash flows from investing activities

Net cash used in investing activities was 208 million yen (compared with 198 million yen used in the previous fiscal year). Main negative factors include 177 million yen for purchases of property, plant and equipment and intangible assets and 100 million yen for purchase of investment securities and 20 million yen for purchase of shares of subsidiaries and associates. Major positive factors include proceeds of 90 million yen from sale of investment securities.

Cash flows from financing activities

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

(4) Outlook

Consumer spending in Japan is expected to continue to recover as economic activity returns to normal. However, the prolonged Ukraine conflict, Middle East tension, slowing overseas economic growth mainly in Europe and the United States, the high price of resources and other issues will continue to make the outlook unclear.

The management of Kitakei is well aware of the challenges and opportunities associated with this business climate. Activities will continue for growth in the market for newly constructed houses. There will also be numerous activities for growth in the renovation market, non-residential market and other market sectors by using skills involving sales of residences with construction included and logistics capabilities. The goals are to build stronger ties with current customers and add new customers. We also plan on further upgrading construction capabilities for the growth of construction sales and activities associated with construction. Another priority is increasing sales of environmental products, mainly solar power systems and storage batteries, and other original products. All these activities will be accompanied by measures to increase efficiency of business operations to support the growth of sales and earnings.

On November 21, 2023, Kitakei upgraded the Kagoshima branch office to the Kagoshima sales office to strengthen sales activities in southern Kyushu and opened the Matsumoto branch office for sales activities in the Shinshu area. In another step for growth, the CN Business Promotion Group was established within the Sales Promotion Department. The new unit will strengthen our ability to supply products that contribute to achieving carbon neutrality, such as by increasing sales of solar power systems and related products.

Based on this outlook, we are forecasting sales of 64,600 million yen, operating profit of 990 million yen, ordinary profit of 1,190 million yen and profit of 761 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 20 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.

For the fiscal year that ended on November 20, 2023, we plan to pay a dividend of 36.50 yen per share. This consists of an ordinary dividend of 30.00 yen and a commemorative dividend of 6.50 yen to celebrate the 65th anniversary of the founding of the company.

For more information, please refer to the press release dated today (December 28, 2023) titled “Notice of Payment of Dividends from Surplus” (Japanese version only).

We plan to pay a dividend of 28 yen per share for the fiscal year ending on November 20, 2024.

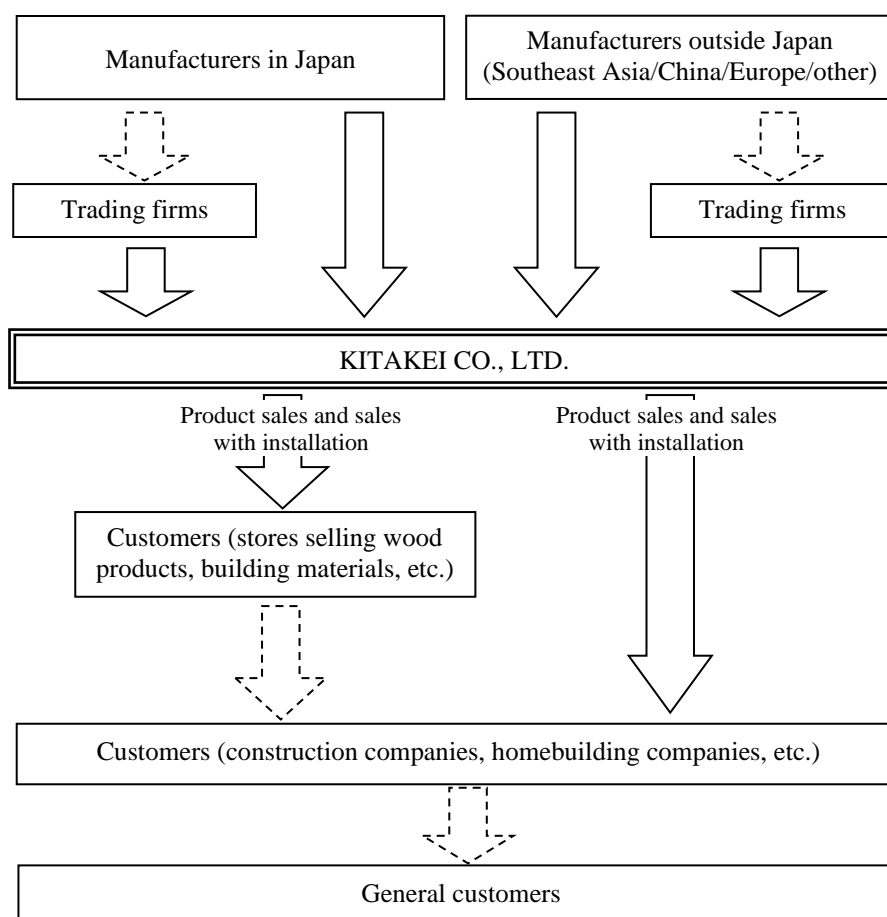
Note: The Kitakei Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act.

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 one non-consolidated subsidiary (Kogabunkakawara Kogyosho Co., Ltd.) as of the end of the fiscal year under review.

There is no equity-method affiliate.

(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)

	FY11/22 (As of Nov. 20, 2022)	FY11/23 (As of Nov. 20, 2023)
Assets		
Current assets		
Cash and deposits	10,253,770	11,648,811
Notes receivable-trade	511,333	332,445
Electronically recorded monetary claims-operating	1,749,359	2,324,950
Accounts receivable-trade	10,782,156	9,240,152
Contract assets	-	15,940
Merchandise	849,868	674,556
Costs on construction contracts in progress	938,526	992,136
Supplies	1,238	1,183
Prepaid expenses	1,719	11,798
Other	33,042	27,407
Allowance for doubtful accounts	(4,799)	(6,399)
Total current assets	25,116,215	25,262,984
Non-current assets		
Property, plant and equipment		
Buildings	781,462	818,731
Accumulated depreciation	(540,108)	(539,792)
Buildings, net	241,353	278,939
Structures	40,678	38,970
Accumulated depreciation	(33,283)	(32,577)
Structures, net	7,394	6,393
Machinery and equipment	63,057	63,057
Accumulated depreciation	(31,990)	(38,945)
Machinery and equipment, net	31,067	24,111
Vehicles	19,495	21,595
Accumulated depreciation	(17,485)	(20,053)
Vehicles, net	2,009	1,541
Tools, furniture and fixtures	340,662	307,762
Accumulated depreciation	(259,836)	(226,589)
Tools, furniture and fixtures, net	80,826	81,172
Land	1,320,529	1,320,529
Leased assets	7,754	7,754
Accumulated depreciation	(6,015)	(7,426)
Leased assets, net	1,739	328
Construction in progress	4,419	-
Total property, plant and equipment	1,689,339	1,713,015
Intangible assets		
Software	80,716	187,900
Other	83,972	9,342
Total intangible assets	164,689	197,243

	(Thousands of yen)	
	FY11/22	FY11/23
	(As of Nov. 20, 2022)	(As of Nov. 20, 2023)
Investments and other assets		
Investment securities	723,848	736,818
Shares of subsidiaries and associates	-	20,100
Investments in capital	20	20
Long-term loans receivable from employees	2,826	3,117
Distressed receivables	51,092	60,538
Long-term prepaid expenses	3,825	2,505
Deferred tax assets	-	41,540
Guarantee deposits	111,128	108,765
Leasehold deposits	147,959	178,844
Insurance funds	205,341	215,210
Investment property	514,871	512,797
Other	17,944	15,704
Allowance for doubtful accounts	(51,192)	(60,539)
Total investments and other assets	1,727,665	1,835,424
Total non-current assets	3,581,695	3,745,682
Total assets	28,697,910	29,008,667

	(Thousands of yen)	
	FY11/22	FY11/23
	(As of Nov. 20, 2022)	(As of Nov. 20, 2023)
Liabilities		
Current liabilities		
Notes payable-trade	3,685,925	1,307,728
Electronically recorded obligations-operating	3,990,427	6,117,919
Accounts payable-trade	6,006,757	5,837,276
Lease liabilities	1,655	265
Accounts payable-other	370,240	403,862
Accrued expenses	356,733	417,450
Income taxes payable	267,939	308,064
Accrued consumption taxes	90,985	119,730
Contract liabilities	117,015	92,746
Deposits received	873	466
Provision for bonuses for directors (and other officers)	20,000	25,800
Other	157	3,029
Total current liabilities	14,908,711	14,634,339
Non-current liabilities		
Lease liabilities	265	-
Deferred tax liabilities	11,408	-
Provision for retirement benefits for directors (and other officers)	292,450	312,510
Provision for retirement benefits	108,144	119,830
Asset retirement obligations	6,659	24,069
Long-term guarantee deposits	544,203	556,011
Other	9,473	6,423
Total non-current liabilities	972,604	1,018,844
Total liabilities	15,881,315	15,653,184
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	454,332	454,011
General reserve	2,150,000	2,150,000
Retained earnings brought forward	5,026,442	5,616,714
Total retained earnings	7,801,075	8,391,026
Treasury shares	(206,458)	(206,542)
Total shareholders' equity	12,666,127	13,255,993
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	150,468	99,488
Total valuation and translation adjustments	150,468	99,488
Total net assets	12,816,595	13,355,482
Total liabilities and net assets	28,697,910	29,008,667

(2) Non-consolidated Statement of Income

(Thousands of yen)

	FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)	FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)
Net sales		
Net sales of goods	37,748,727	37,907,404
Net sales of completed construction contracts	23,125,831	24,461,589
Total net sales	60,874,559	62,368,994
Cost of sales		
Cost of goods sold		
Beginning merchandise inventory	669,300	849,868
Cost of purchased goods	34,058,942	33,589,815
Total	34,728,243	34,439,683
Ending merchandise inventory	849,868	674,556
Cost of goods sold	33,878,375	33,765,127
Cost of sales of completed construction contracts	21,089,933	22,180,024
Total cost of sales	54,968,309	55,945,151
Gross profit	5,906,250	6,423,842
Selling, general and administrative expenses	5,083,575	5,449,756
Operating profit	822,674	974,086
Non-operating income		
Interest income	245	236
Interest on securities	1,737	2,145
Dividend income	10,280	10,460
Purchase discounts	128,998	127,266
Rental income	27,158	27,158
Insurance claim income	17,831	26,013
Other	9,710	15,836
Total non-operating income	195,961	209,118
Non-operating expenses		
Interest expenses	5	5
Rental costs on real estate	9,054	7,520
Loss on cancellation of leases	2,647	-
Loss on abandonment of non-current assets	529	1,634
Other	1,249	1,048
Total non-operating expenses	13,486	10,209
Ordinary profit	1,005,149	1,172,995
Extraordinary income		
Gain on sale of investment securities	2,083	76,660
Total extraordinary income	2,083	76,660
Profit before income taxes	1,007,233	1,249,655
Income taxes-current	394,371	467,932
Income taxes-deferred	(28,271)	(30,898)
Total income taxes	366,099	437,033
Profit	641,133	812,621

Non-consolidated Statement of Cost of Completed Construction

(Thousands of yen)

Account	Note	FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)		FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)	
		Amount	%	Amount	%
I Material cost		12,282,639	58.1	13,437,285	60.4
II Outsourcing costs		8,847,991	41.9	8,796,348	39.6
Cost on total construction contracts for the year		21,130,631	100.0	22,233,634	100.0
Cost on construction contracts in progress at beginning of period		897,829		938,526	
Total		22,028,460		23,172,161	
Cost on construction contracts in progress at end of period		938,526		992,136	
Cost on completed contracts for the year		21,089,933		22,180,024	

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

(3) Non-consolidated Statement of Changes in Equity

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

FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)

(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	454,332	2,150,000	5,026,442	7,801,075	(206,458)	12,666,127
Changes during period							
Dividends of surplus				(222,670)	(222,670)		(222,670)
Profit				812,621	812,621		812,621
Purchase of treasury shares						(84)	(84)
Reversal of reserve for tax purpose reduction entry of non-current assets		(320)		320			-
Net changes in items other than shareholders' equity							
Total changes during period	-	(320)	-	590,271	589,951	(84)	589,866
Balance at end of period	170,300	454,011	2,150,000	5,616,714	8,391,026	(206,542)	13,255,993

(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	150,468	150,468	12,816,595
Changes during period			
Dividends of surplus			(222,670)
Profit			812,621
Purchase of treasury shares			(84)
Reversal of reserve for tax purpose reduction entry of non-current assets			-
Net changes in items other than shareholders' equity	(50,979)	(50,979)	(50,979)
Total changes during period	(50,979)	(50,979)	538,887
Balance at end of period	99,488	99,488	13,355,482

(4) Non-consolidated Statement of Cash Flows

(Thousands of yen)

	FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)	FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)
Cash flows from operating activities		
Profit before income taxes	1,007,233	1,249,655
Depreciation	101,336	136,542
Increase (decrease) in provision for retirement benefits	14,042	11,686
Increase (decrease) in provision for retirement benefits for directors (and other officers)	18,020	20,060
Increase (decrease) in allowance for doubtful accounts	(3,487)	10,945
Increase (decrease) in provision for bonuses for directors (and other officers)	500	5,800
Interest and dividend income	(12,262)	(12,843)
Loss (gain) on sale of investment securities	(2,083)	(76,660)
Decrease (increase) in trade receivables	(1,077,611)	1,119,914
Decrease (increase) in inventories	(221,243)	121,757
Increase (decrease) in trade payables	782,897	(420,186)
Other, net	26,723	76,451
Subtotal	634,064	2,243,122
Interest and dividends received	12,245	12,635
Income taxes paid	(293,057)	(429,852)
Net cash provided by (used in) operating activities	353,251	1,825,905
Cash flows from investing activities		
Purchase of property, plant and equipment	(63,595)	(89,713)
Purchase of intangible assets	(136,304)	(87,815)
Purchase of investment securities	(100,000)	(100,000)
Proceeds from sale of investment securities	2,643	90,660
Proceeds from redemption of investment securities	100,000	-
Purchase of shares of subsidiaries and associates	-	(20,100)
Purchase of investment property	(1,461)	(1,629)
Net cash provided by (used in) investing activities	(198,717)	(208,597)
Cash flows from financing activities		
Decrease (increase) in treasury shares	(136)	(84)
Dividends paid	(221,935)	(222,074)
Net cash provided by (used in) financing activities	(222,072)	(222,158)
Effect of exchange rate change on cash and cash equivalents	(51)	(108)
Net increase (decrease) in cash and cash equivalents	(67,590)	1,395,040
Cash and cash equivalents at beginning of period	10,321,361	10,253,770
Cash and cash equivalents at end of period	10,253,770	11,648,811

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

Not applicable.

Segment and Other Information

Segment information

FY11/22 (Nov. 21, 2021 – Nov. 20, 2022) and FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)

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

FY11/22 (Nov. 21, 2021 – Nov. 20, 2022) and FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)

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

FY11/22 (Nov. 21, 2021 – Nov. 20, 2022) and FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)

Not applicable.

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

FY11/22 (Nov. 21, 2021 – Nov. 20, 2022) and FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY11/22 (Nov. 21, 2021 – Nov. 20, 2022) and FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)

Not applicable.

Equity in Earnings of Affiliates

This information is omitted because Kogabunkakawara Kogyosho Co., Ltd., a non-consolidated subsidiary of Kitakei, is immaterial in terms of earnings, retained earnings and other financial items.

Per-share Information

(Yen)

	FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)	FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)
Net assets per share	1,381.40	1,439.50
Net income per share	69.10	87.59

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:

	FY11/22 (Nov. 21, 2021 – Nov. 20, 2022)	FY11/23 (Nov. 21, 2022 – Nov. 20, 2023)
Profit (Thousands of yen)	641,133	812,621
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit applicable to common stock (Thousands of yen)	641,133	812,621
Average number of common stock outstanding during the period (Thousand shares)	9,278	9,277

Material Subsequent Events

Not applicable.

5. Others

(1) Changes in Directors

1) Changes in representatives
Not applicable.

2) Changes in other directors (to be decided formally at the Annual General Meeting of Shareholders on February 16, 2024)

Candidate for auditor

Auditor (outside) Akiko Tanaka (currently Representative of Shinwa Tax Corporation)

Retiring auditor (expiration of a term of office)

Auditor (outside) Takao Komai

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.