

Consolidated Financial Results for the Fiscal Year Ended November 20, 2019 (FY11/19)

[Japanese GAAP]

December 27, 2019

Company name: KITAKEI CO.,LTD. Stock Exchange Listing: Tokyo Stock Exchange, First Section
 Stock code: 9872 URL: <http://www.kitakei.jp/>
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 Scheduled date of Annual General Meeting of Shareholders: February 19, 2020
 Scheduled date of dividend payment: February 20, 2020
 Scheduled date of filing of Annual Securities Report: February 20, 2020
 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. Consolidated Financial Results for the Fiscal Year Ended November 20, 2019 (from November 21, 2018 to November 20, 2019)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Nov. 20, 2019	56,557	(0.8)	818	7.2	933	9.0	569	4.6
Fiscal year ended Nov. 20, 2018	57,003	2.3	763	(2.2)	856	(3.6)	544	0.4

Note: Comprehensive income (millions of yen) Fiscal year ended Nov. 20, 2019: 595 (up 30.5%)
 Fiscal year ended Nov. 20, 2018: 455 (down 34.9%)

	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, 2019	61.41	-	4.9	3.6	1.4
Fiscal year ended Nov. 20, 2018	58.71	-	4.9	3.4	1.3

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 20, 2019: - Fiscal year ended Nov. 20, 2018: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Nov. 20, 2019	25,715	11,714	45.6	1,262.52
As of Nov. 20, 2018	25,854	11,332	43.8	1,221.38

Reference: Shareholders' equity (millions of yen) As of Nov. 20, 2019: 11,714 As of Nov. 20, 2018: 11,332

Note: Effective from the beginning of the current fiscal year, Kitakei has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Figures as of November 20, 2018 have been adjusted retrospectively in accordance with these amendments.

(3) Consolidated 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, 2019	997	(240)	(212)	9,847
Fiscal year ended Nov. 20, 2018	959	(377)	(184)	9,302

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended Nov. 20, 2018	-	0.00	-	23.00	23.00	213	39.2	1.9
Fiscal year ended Nov. 20, 2019	-	0.00	-	22.00	22.00	204	35.8	1.8
Fiscal year ending Nov. 20, 2020 (Forecast)	-	0.00	-	22.00	22.00		35.4	

Breakdown of the year-end dividend for the fiscal year ended November 20, 2018: Ordinary dividend: 21.00 yen;

Commemorative dividend to mark our listing on the first section of the Tokyo Stock Exchange: 2.00 yen

Please refer to the press release dated today titled "Notice of Payment of Dividends from Surplus" (Japanese version only) for further information.

3. Consolidated Forecast for FY11/20 (from November 21, 2019 to November 20, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	28,000	(1.3)	365	(19.8)	426	(17.5)	264	(20.0)	28.45
Full year	56,800	0.4	820	0.2	938	0.5	576	1.1	62.08

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

Newly added: -

Excluded: -

(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 Nov. 20, 2019:	10,011,841 shares	As of Nov. 20, 2018:	10,011,841 shares
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2) Number of treasury shares at the end of the period

As of Nov. 20, 2019:	733,518 shares	As of Nov. 20, 2018:	733,388 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Nov. 20, 2019:	9,278,437 shares	Fiscal year ended Nov. 20, 2018:	9,278,539 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 notes of caution for usage.

Kitakei plans to hold a results presentation for institutional investors and analysts on Friday, January 24, 2020. Materials to be distributed at this event will be available (Japanese version only) on the Company's website immediately thereafter.

(How to view supplementary materials for financial results)

Supplementary materials for the financial results will be disclosed today (December 27, 2019), using the Timely Disclosure network (TDnet).

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1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year ended November 20, 2019 (from November 21, 2018 to November 20, 2019), the Japanese economy recovered slowly as employment and personal income continued to improve and corporate earnings stayed firm. However, the outlook remains uncertain due to the potential impact of the prolonged US-China trade friction on the Chinese economy, and other factors.

In Japan's housing sector, as mortgage interest rates remained low and the government continued to enact measures to support the ability of people to purchase residences of all kinds, the number of single-family houses constructed by owners and single-family houses constructed for sale were steady. On the other hand, rental housing construction starts declined because investment sentiment weakened as financial institutions tightened their loan screening criteria and concerns over the worsening of the rental housing market. Consequently, the total number of new residential construction starts were weak.

The Kitakei Group established relationships with more leading regional dealers and builders, housing manufacturers, home improvement retailers and other companies. Another priority was increasing sales of housing fixtures like kitchen equipment and modular bathrooms and of original products in order to target demand associated with new houses and home renovations. We also worked on entering new markets such as sectors outside the housing, using efficient systems for business processes and other actions for improving our performance.

In the fiscal year that ended on November 20, 2019, sales were 56,557 million yen compared with 57,003 million yen one year earlier. Operating profit increased from 763 million yen to 818 million yen, ordinary profit increased from 856 million yen to 933 million yen, and profit attributable to owners of parent increased from 544 million yen to 569 million yen.

(2) Financial Position

Total assets decreased 138 million yen from the end of the previous fiscal year to 25,715 million yen as of the end of the fiscal year under review. The main factor was a decrease of 871 million yen in notes and accounts receivable-trade, while there was an increase of 544 million yen in cash and deposits.

Total liabilities decreased 520 million yen from the end of the previous fiscal year to 14,001 million yen as of the end of the fiscal year under review. The main factor was a decrease of 662 million yen in notes and accounts payable-trade.

Total net assets increased 381 million yen from the end of the previous fiscal year to 11,714 million yen as of the end of the fiscal year under review. The main factor was an increase of 356 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 544 million yen from the end of the previous fiscal year to 9,847 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 997 million yen (compared with 959 million yen provided in the previous fiscal year). Main positive factors include profit before income taxes of 926 million yen, a 773 million yen decrease in notes and accounts receivable-trade, and a 154 million yen decrease in inventories. Major negative factors include a 765 million yen decrease in notes and accounts payable-trade and income taxes paid of 278 million yen.

Cash flows from investing activities

Net cash used in investing activities was 240 million yen (compared with 377 million yen used in the previous fiscal year). Main factors include payments of 122 million yen for purchase of investment securities and 118 million yen for purchases of property, plant and equipment and intangible assets.

Cash flows from financing activities

Net cash used in financing activities was 212 million yen (compared with 184 million yen used in the previous fiscal year). This was mainly due to cash dividends paid.

Reference: Cash flow indicators

	FY11/15	FY11/16	FY11/17	FY11/18	FY11/19
Equity ratio (%)	45.7	44.8	44.1	43.8	45.6
Market value-based equity ratio (%)	23.4	21.5	32.6	34.8	35.9

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

- Notes: 1. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares outstanding, excluding treasury shares, at the end of the period.
2. Ratio of interest-bearing debt to cash flow and interest coverage ratio are not presented because the amount of interest-bearing debt and interest payments is insignificant.

(4) Outlook

The gradual recovery of the Japanese economy will probably continue because of government measures to support the economy and the ongoing improvements in the labor market and personal income. Reasons such as the cooling of consumer sentiment because of the October consumption tax hike, rising tensions about trade issues due to US-China trade friction and other factors, and uncertainties about the Chinese and EU economies will potentially impact Japan's economic environment. As a result, we expect that the outlook will remain unclear.

In Japan's housing sector, despite low interest rates and government measures to support the ability of people to purchase residences, the number of new construction starts will be on a slightly decreasing trend due to uncertainties about the market outlook following the consumption tax hike and a sense of oversupply of housing.

The Kitakei Group is well aware of the opportunities and challenges associated with this operating environment. Group companies will continue to take actions aimed at establishing new relationships with leading regional dealers and builders, housing manufacturers, home improvement retailers, companies outside the housing sector and other companies. Other goals are strengthening ties with current business partners, increasing construction sales, mainly involving home exteriors and housing fixtures, by further upgrading construction capabilities, and increasing sales of housing fixtures and original products that are environmentally responsible and conserve energy. As we focus on these goals, we will also take numerous actions aimed at the growth of sales and earnings.

On November 21, 2019, our office in the city of Akashi that serves Kobe was upgraded to become the Akashi Sales Office.

Based on this outlook, we are forecasting sales of 56,800 million yen, operating profit of 820 million yen, ordinary profit of 938 million yen and profit attributable to owners of parent of 576 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 consolidated payout ratio of 35% as the basis for determining the amount of dividend. 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 22 yen per share for the fiscal year that ended on November 20, 2019.

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

For the fiscal year ending November 20, 2020, we plan to pay a dividend of 22 yen per share.

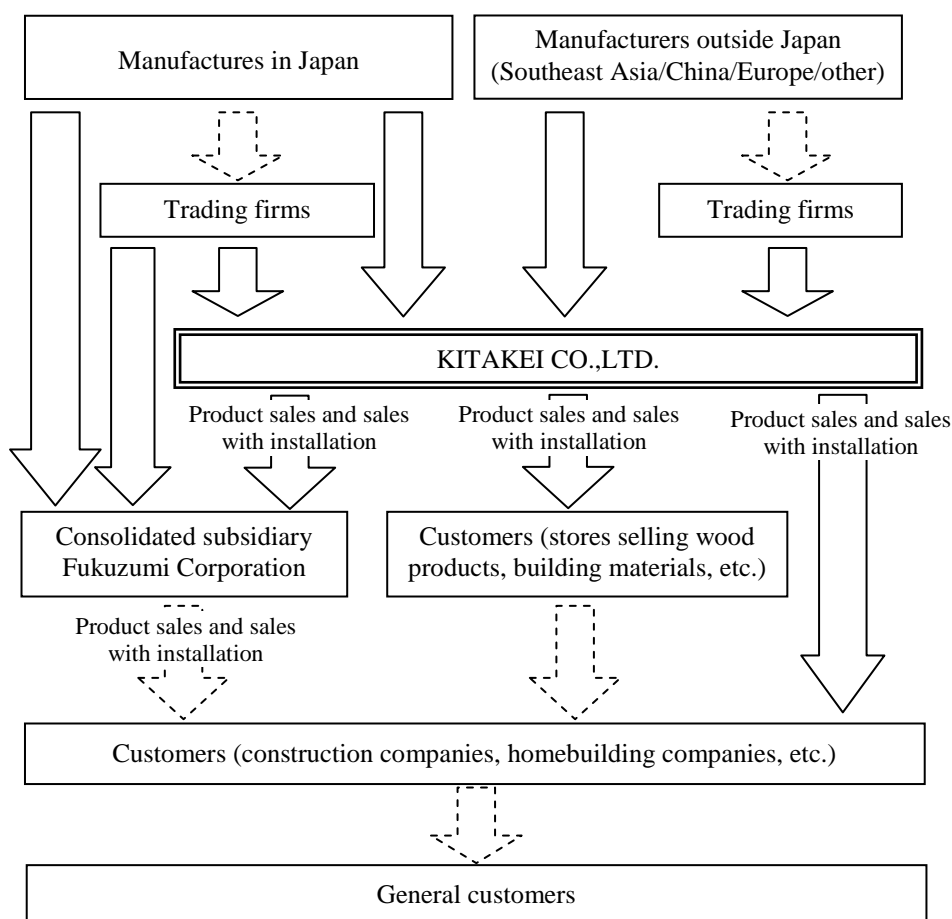
Note: The Kitakei Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act.

2. Corporate Group

(1) Business Overview

The Kitakei Group consists of KITAKEI CO.,LTD. and a consolidated subsidiary (Fukuzumi Corporation). Group companies are 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.

Major business activities and the roles of group companies are shown below.



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

(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

The Kitakei Group will continue to prepare consolidated 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. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY11/18	FY11/19
	(As of Nov. 20, 2018)	(As of Nov. 20, 2019)
Assets		
Current assets		
Cash and deposits	9,302,691	9,847,017
Notes and accounts receivable-trade	9,804,094	8,932,103
Electronically recorded monetary claims-operating	1,177,630	1,313,222
Securities	-	100,000
Merchandise	689,694	563,075
Costs on uncompleted construction contracts	914,885	887,635
Supplies	3,668	2,559
Other	27,637	35,904
Allowance for doubtful accounts	(13,962)	(18,592)
Total current assets	21,906,339	21,662,925
Non-current assets		
Property, plant and equipment		
Buildings and structures	827,755	736,137
Accumulated depreciation	(608,300)	(534,222)
Buildings and structures, net	219,455	201,914
Land	1,320,529	1,320,529
Leased assets	10,296	10,296
Accumulated depreciation	(1,693)	(3,409)
Leased assets, net	8,603	6,887
Construction in progress	-	71,179
Other	272,338	287,336
Accumulated depreciation	(212,810)	(224,152)
Other, net	59,528	63,184
Total property, plant and equipment	1,608,115	1,663,694
Intangible assets		
Other	87,344	61,935
Total intangible assets	87,344	61,935
Investments and other assets		
Investment securities	1,318,757	1,364,353
Real estate for investment, net	524,538	521,598
Other	443,003	483,330
Allowance for doubtful accounts	(33,703)	(42,054)
Total investments and other assets	2,252,596	2,327,228
Total non-current assets	3,948,057	4,052,858
Total assets	25,854,396	25,715,783

	(Thousands of yen)	
	FY11/18	FY11/19
	(As of Nov. 20, 2018)	(As of Nov. 20, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,164,244	8,501,835
Electronically recorded obligations-operating	3,025,230	2,924,393
Accounts payable-other	288,688	327,641
Accrued expenses	322,446	322,897
Lease obligations	1,853	1,853
Income taxes payable	151,125	231,914
Provision for bonuses for directors (and other officers)	16,000	18,500
Other	274,021	360,322
Total current liabilities	13,243,610	12,689,358
Non-current liabilities		
Long-term guarantee deposited	731,818	748,162
Lease obligations	7,481	5,627
Deferred tax liabilities	104,433	121,201
Provision for retirement benefits for directors (and other officers)	225,710	239,110
Retirement benefit liability	182,770	172,150
Asset retirement obligations	16,534	16,632
Other	9,503	9,503
Total non-current liabilities	1,278,251	1,312,387
Total liabilities	14,521,862	14,001,745
Net assets		
Shareholders' equity		
Capital stock	2,220,082	2,220,082
Capital surplus	2,851,408	2,851,427
Retained earnings	6,178,362	6,534,789
Treasury shares	(205,941)	(206,103)
Total shareholders' equity	11,043,912	11,400,195
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	355,431	374,914
Remeasurements of defined benefit plans	(66,809)	(61,072)
Total accumulated other comprehensive income	288,621	313,842
Total net assets	11,332,534	11,714,038
Total liabilities and net assets	25,854,396	25,715,783

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)	FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)
Net sales	57,003,746	56,557,177
Cost of sales	51,539,902	50,954,059
Gross profit	5,463,844	5,603,118
Selling, general and administrative expenses	4,700,739	4,784,956
Operating profit	763,104	818,161
Non-operating income		
Interest income	2,061	2,872
Dividend income	18,929	21,158
Purchase discounts	125,077	127,354
Rent income	28,643	28,572
Other	18,207	19,318
Total non-operating income	192,919	199,275
Non-operating expenses		
Interest expenses	60	65
Sales discounts	73,296	74,708
Rent cost of real estate	20,840	7,086
Other	5,539	1,816
Total non-operating expenses	99,736	83,676
Ordinary profit	856,287	933,759
Extraordinary income		
Gain on sales of investment securities	2,430	-
Total extraordinary income	2,430	-
Extraordinary losses		
Loss on valuation of investment securities	-	6,861
Total extraordinary losses	-	6,861
Profit before income taxes	858,718	926,897
Income taxes-current	304,658	353,072
Income taxes-deferred	9,341	3,993
Total income taxes	314,000	357,066
Profit	544,718	569,831
Profit attributable to owners of parent	544,718	569,831

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY11/18	FY11/19
	(Nov. 21, 2017 – Nov. 20, 2018)	(Nov. 21, 2018 – Nov. 20, 2019)
Profit	544,718	569,831
Other comprehensive income		
Valuation difference on available-for-sale securities	(77,410)	19,483
Remeasurements of defined benefit plans, net of tax	(11,322)	5,736
Total other comprehensive income	(88,733)	25,220
Comprehensive income	455,984	595,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	455,984	595,051
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,220,082	2,851,408	5,819,218	(205,736)	10,684,973
Changes of items during period					
Dividends of surplus			(185,573)		(185,573)
Profit attributable to owners of parent			544,718		544,718
Purchase of treasury shares				(205)	(205)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	359,144	(205)	358,939
Balance at end of current period	2,220,082	2,851,408	6,178,362	(205,941)	11,043,912

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	432,842	(55,486)	377,355	11,062,328
Changes of items during period				
Dividends of surplus				(185,573)
Profit attributable to owners of parent				544,718
Purchase of treasury shares				(205)
Disposal of treasury shares				-
Net changes of items other than shareholders' equity	(77,410)	(11,322)	(88,733)	(88,733)
Total changes of items during period	(77,410)	(11,322)	(88,733)	270,205
Balance at end of current period	355,431	(66,809)	288,621	11,332,534

FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,220,082	2,851,408	6,178,362	(205,941)	11,043,912
Changes of items during period					
Dividends of surplus			(213,404)		(213,404)
Profit attributable to owners of parent			569,831		569,831
Purchase of treasury shares				(170)	(170)
Disposal of treasury shares		19		8	27
Net changes of items other than shareholders' equity					
Total changes of items during period	-	19	356,427	(162)	356,283
Balance at end of current period	2,220,082	2,851,427	6,534,789	(206,103)	11,400,195

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	355,431	(66,809)	288,621	11,332,534
Changes of items during period				
Dividends of surplus				(213,404)
Profit attributable to owners of parent				569,831
Purchase of treasury shares				(170)
Disposal of treasury shares				27
Net changes of items other than shareholders' equity	19,483	5,736	25,220	25,220
Total changes of items during period	19,483	5,736	25,220	381,503
Balance at end of current period	374,914	(61,072)	313,842	11,714,038

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY11/18	FY11/19
	(Nov. 21, 2017 – Nov. 20, 2018)	(Nov. 21, 2018 – Nov. 20, 2019)
Cash flows from operating activities		
Profit before income taxes	858,718	926,897
Depreciation	104,310	108,589
Increase (decrease) in retirement benefit liability	3,121	(2,365)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	15,620	13,400
Increase (decrease) in allowance for doubtful accounts	(10,478)	12,981
Increase (decrease) in provision for bonuses for directors (and other officers)	(1,500)	2,500
Interest and dividend income	(20,990)	(24,030)
Loss (gain) on sales of investment securities	(2,430)	-
Decrease (increase) in notes and accounts receivable-trade	(162,270)	773,102
Decrease (increase) in inventories	(119,614)	154,978
Increase (decrease) in notes and accounts payable-trade	522,491	(765,655)
Loss (gain) on valuation of investment securities	-	6,861
Other, net	145,056	44,937
Subtotal	1,332,033	1,252,197
Interest and dividend income received	20,668	23,998
Income taxes paid	(393,382)	(278,284)
Net cash provided by (used in) operating activities	959,320	997,911
Cash flows from investing activities		
Purchase of property, plant and equipment	(45,702)	(94,608)
Purchase of intangible assets	(31,941)	(23,398)
Purchase of investment securities	(303,011)	(122,892)
Proceeds from sales of investment securities	2,790	-
Net cash provided by (used in) investing activities	(377,865)	(240,899)
Cash flows from financing activities		
Decrease (increase) in treasury shares	(205)	(143)
Cash dividends paid	(184,619)	(212,523)
Net cash provided by (used in) financing activities	(184,824)	(212,666)
Effect of exchange rate change on cash and cash equivalents	16	(18)
Net increase (decrease) in cash and cash equivalents	396,647	544,326
Cash and cash equivalents at beginning of period	8,906,043	9,302,691
Cash and cash equivalents at end of period	9,302,691	9,847,017

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

Changes Caused by the Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting Effective from the beginning of the current fiscal year, Kitakei has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). Accordingly, deferred tax assets have been presented in the investments and other assets section of the balance sheet.

As a result, in the consolidated balance sheet as of November 20, 2018, “Deferred tax assets” under “Current assets” decreased 88,283 thousand yen, and “Deferred tax liabilities” under “Non-current liabilities” decreased 88,283 thousand yen.

Deferred tax assets and deferred tax liabilities attributable to the same tax authority are offset and presented in the net amount. Accordingly, total assets decreased 88,283 thousand yen compared to the amount before the change was made.

Segment and Other Information

Segment information

FY11/18 (Nov. 21, 2017 – Nov. 20, 2018) and FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)

Business segment information is omitted because the Kitakei Group has only a single business segment and therefore there is no segment subject to disclosure requirements. Group companies are engaged in the sale (including sales with installation) of materials and equipment used for homebuilding, such as new building materials and a variety of housing fixtures, and in activities associated with these sales. These products are sold to stores that sell wood products and building materials, construction companies, homebuilding companies and other buyers.

Related information

FY11/18 (Nov. 21, 2017 – Nov. 20, 2018) and FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)

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 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 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 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 consolidated statement of income.

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

FY11/18 (Nov. 21, 2017 – Nov. 20, 2018) and FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)

Not applicable.

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

FY11/18 (Nov. 21, 2017 – Nov. 20, 2018) and FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY11/18 (Nov. 21, 2017 – Nov. 20, 2018) and FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)

Not applicable.

Per-share Information

(Yen)

	FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)	FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)
Net assets per share	1,221.38	1,262.52
Net income per share	58.71	61.41

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

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

	FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)	FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)
Profit attributable to owners of parent (Thousands of yen)	544,718	569,831
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	544,718	569,831
Average number of common stock outstanding during the period (Thousands shares)	9,278	9,278

Material Subsequent Events

Not applicable.

5. Others

(1) Changes in Directors

1) Changes in representative

Not applicable.

2) Changes in other directors (Formally decided at the annual general meeting of shareholders on February 19, 2020.)

Candidate for director

Director, General Manager of Accounting Dept.: Masato Saita (currently General Manager of Accounting Dept.)

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, 2019

December 27, 2019



Stock code: 9872

1. Summary of FY11/19 Consolidated Financial Results



(Millions of yen)

	FY11/18		FY11/19		
	Results	%	Results	%	YoY change
Net sales	57,003	100.0%	56,557	100.0%	99.2%
Operating profit	763	1.3%	818	1.4%	107.2%
Ordinary profit	856	1.5%	933	1.7%	109.0%
Profit attributable to owners of parent	544	1.0%	569	1.0%	104.6%
Net income per share (yen)	58.71		61.41		

2. Product Category Sales in FY11/19

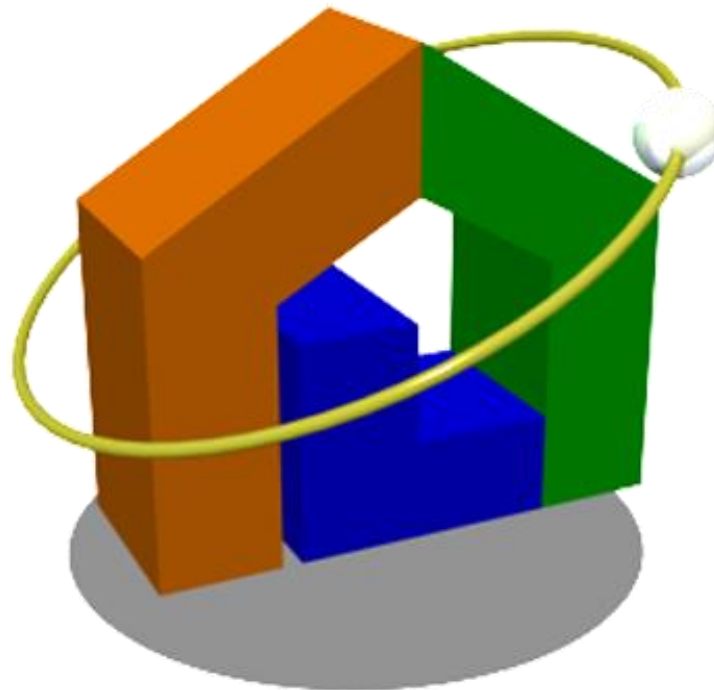
(Millions of yen)

		FY11/18		FY11/19		
		Results	%	Results	%	YoY change
Products	Wood building materials	6,770	11.9%	7,237	12.8%	106.9%
	Non-wood building materials	3,736	6.6%	3,846	6.8%	102.9%
	Plywood	2,428	4.3%	2,350	4.2%	96.8%
	Wood products	2,440	4.3%	2,515	4.4%	103.1%
	Housing fixtures	13,779	24.2%	13,369	23.6%	97.0%
	Sales with installation	1,721	3.0%	1,819	3.2%	105.7%
	Others	4,422	7.6%	4,504	8.0%	101.9%
	Subtotal	35,298	61.9%	35,643	63.0%	101.0%
Construction	Completed construction contracts	21,705	38.1%	20,914	37.0%	96.4%
	Subtotal	21,705	38.1%	20,914	37.0%	96.4%
Total		57,003	100.0%	56,557	100.0%	99.2%
Original products		1,972	3.5%	2,122	3.8%	107.6%

* Sales with installation: A company affiliated with the manufacturer of the associated materials performs the installation and assumes all responsibility.

* Completed construction contracts: A subcontractor selected and supervised by the Kitakei Group performs the installation or construction.

* Original product sales are included mainly in wood building materials, wood products, housing fixtures, and others.



Forecasts of future performance in this material are based on assumption judged to be valid and information available to the Kitakei's management at the time the materials were prepared, but are not promises by Kitakei regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Investors are cautioned not to rely solely on earnings forecasts when making investment decisions.

This material is not prepared for the purpose of soliciting investments. Individuals who use the information in this presentation should reach investment decisions on their own.