

Consolidated Financial Results for the Fiscal Year Ended November 20, 2020 (FY11/20)

[Japanese GAAP]

December 28, 2020

Company name: KITAKEI CO.,LTD. Stock exchange listing: Tokyo Stock Exchange, First Section
 Stock code: 9872 URL: <http://www.kitakei.jp/>
 Representative: Ryoichi Kitamura, President
 Contact: Toshiharu Takashima, General Manager of Corporate Planning Dept. TEL: +81-6-6251-1161
 Scheduled date of Annual General Meeting of Shareholders: February 18, 2021
 Scheduled date of dividend payment: February 19, 2021
 Scheduled date of filing of Annual Securities Report: February 19, 2021
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: None

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

1. Consolidated Financial Results for the Fiscal Year Ended November 20, 2020 (from November 21, 2019 to November 20, 2020)

(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, 2020	53,762	(4.9)	525	(35.8)	651	(30.2)	658	15.6
Fiscal year ended Nov. 20, 2019	56,557	(0.8)	818	7.2	933	9.0	569	4.6

Note: Comprehensive income (millions of yen) Fiscal year ended Nov. 20, 2020: 444 (down 25.3%)
 Fiscal year ended Nov. 20, 2019: 595 (up 30.5%)

	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, 2020	70.98	-	5.6	2.5	1.0
Fiscal year ended Nov. 20, 2019	61.41	-	4.9	3.6	1.4

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 20, 2020: - Fiscal year ended Nov. 20, 2019: -

(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, 2020	25,467	11,954	46.9	1,288.43
As of Nov. 20, 2019	25,715	11,714	45.6	1,262.52

Reference: Shareholders' equity (millions of yen) As of Nov. 20, 2020: 11,954 As of Nov. 20, 2019: 11,714

(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, 2020	643	68	(203)	10,355
Fiscal year ended Nov. 20, 2019	997	(240)	(212)	9,847

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, 2019	-	0.00	-	22.00	22.00	204	35.8	1.8
Fiscal year ended Nov. 20, 2020	-	0.00	-	25.00	25.00	231	35.2	2.0
Fiscal year ending Nov. 20, 2021 (Forecast)	-	-	-	-	-	-	-	-

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

There is currently no dividend forecast due to the inability to determine the first-half and full-year consolidated forecasts for the fiscal year ending November 20, 2021.

An announcement will be made promptly when it becomes possible to determine a reliable forecast for the consolidated results of operations.

3. Consolidated Forecast for FY11/21 (from November 21, 2020 to November 20, 2021)

The current uncertain outlook caused by the novel coronavirus disease (COVID-19) pandemic may have a negative effect on the business activities and performance of the Kitakei Group. As it is extremely difficult at this time to determine an appropriate and reliable estimate of the impact of this pandemic, there are no first-half and full-year consolidated forecasts for the fiscal year ending November 20, 2021. An announcement will be made promptly when it becomes possible to determine a reliable forecast.

*** 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, 2020:	10,011,841 shares	As of Nov. 20, 2019:	10,011,841 shares
----------------------	-------------------	----------------------	-------------------

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

As of Nov. 20, 2020:	733,615 shares	As of Nov. 20, 2019:	733,518 shares
----------------------	----------------	----------------------	----------------

3) Average number of shares outstanding during the period

Fiscal year ended Nov. 20, 2020:	9,278,260 shares	Fiscal year ended Nov. 20, 2019:	9,278,437 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 notes of caution for usage.
- Kitakei will not hold the customary results presentation for institutional investors and analysts in order to help ensure the health and safety of these individuals and others during the COVID-19 pandemic.

Presentation materials which are distributed at this event will be available on the Kitakei's website in late January.

(How to view supplementary materials for financial results)

Supplementary materials for the financial results will be disclosed today (December 28, 2020), using the Timely Disclosure network (TDnet).

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	2
(3) Cash Flows	2
(4) Outlook	3
(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years	4
2. Corporate Group	5
(1) Business Overview	5
(2) Major Products	5
3. Basic Approach for the Selection of Accounting Standards	6
4. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statements of Income and Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes to Consolidated Financial Statements	14
Going Concern Assumption	14
Reclassifications	14
Additional Information	14
Segment and Other Information	14
Per-share Information	15
Material Subsequent Events	15

1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year ended November 20, 2020 (from November 21, 2019 to November 20, 2020), there was a challenging environment for corporate earnings and consumer spending. One reason is the economic downturn that followed the October 2019 consumption tax hike. The Japanese economy was subsequently impacted by the worldwide COVID-19 pandemic, which led to the declaration of a state of emergency and the suspension of a large share of economic activity.

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. However, the number of construction starts for new residences decreased in part because the COVID-19 pandemic made the outlook for the labor market and personal income increasingly uncertain.

The Kitakei Group established more relationships with prominent 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 industry, using efficient systems for business processes and other actions for improving our performance.

In the fiscal year that ended on November 20, 2020, sales were 53,762 million yen compared with 56,557 million yen one year earlier. Operating profit decreased from 818 million yen to 525 million yen and ordinary profit decreased from 933 million yen to 651 million yen. Profit attributable to owners of parent was up from 569 million yen to 658 million yen, which includes extraordinary income for compensation received in the first quarter for the expropriation of land and gain on sales of investment securities in the fourth quarter.

(2) Financial Position

Total assets decreased 248 million yen from the end of the previous fiscal year to 25,467 million yen as of the end of the fiscal year under review. The main factors were decreases of 276 million yen in notes and accounts receivable-trade, 237 million yen in electronically recorded monetary claims-operating and 248 million yen in investment securities, while there was an increase of 508 million yen in cash and deposits.

Total liabilities decreased 488 million yen from the end of the previous fiscal year to 13,512 million yen as of the end of the fiscal year under review. The main factors were decreases of 154 million yen in notes and accounts payable-trade and 176 million yen in long-term guarantee deposited.

Total net assets increased 240 million yen from the end of the previous fiscal year to 11,954 million yen as of the end of the fiscal year under review. The main factor was an increase of 454 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 508 million yen from the end of the previous fiscal year to 10,355 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 643 million yen (compared with 997 million yen provided in the previous fiscal year). Main positive factors include profit before income taxes of 1,047 million yen and a 443 million yen decrease in trade receivables. Major negative factors include income taxes paid of 365 million yen and a 176 million yen decrease in guarantee deposits received.

Cash flows from investing activities

Net cash provided by investing activities was 68 million yen (compared with 240 million yen used in the previous fiscal year). Major positive factors include proceeds of 307 million yen from sales of investment securities and proceeds of 100 million yen from redemption of securities. Main negative factors include 216 million yen for purchase of property, plant and equipment and a 101 million yen for purchase of investment securities.

Cash flows from financing activities

Net cash used in financing activities was 203 million yen (compared with 212 million yen used in the previous fiscal year). This was mainly due to dividends paid.

Reference: Cash flow indicators

	FY11/16	FY11/17	FY11/18	FY11/19	FY11/20
Equity ratio (%)	44.8	44.1	43.8	45.6	46.9
Market value-based equity ratio (%)	21.5	32.6	34.8	35.9	34.0

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

There are concerns about the risk of a further economic downturn in Japan and worldwide due to a prolonged COVID-19 pandemic and other reasons. In addition, trade friction between the United States and China will probably continue. As a result, the outlook is likely to 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 is expected to decrease slightly mainly because of the uncertain outlook caused by the COVID-19 pandemic.

The Kitakei Group is well aware of the opportunities and challenges associated with this operating environment. We will continue to take numerous actions with the primary goal of strengthening relationships with current customers and business partners. There will also be 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 sales of home exterior, housing fixture and other projects is another goal. Group companies are 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 addition, we are placing emphasis on measures for the growth of our e-commerce activities, strengthening overseas operations, progress with the digital transformation, and conducting business activities from the perspective of the Sustainable Development Goals and other social themes in order to make a contribution to society.

The current uncertain outlook caused by the COVID-19 pandemic may have a negative effect on the business activities and performance of the Kitakei Group. As it is extremely difficult at this time to determine an appropriate and reliable estimate of the impact of this pandemic, there are no first-half and full-year consolidated forecasts for the fiscal year ending November 20, 2021.

An announcement will be made promptly when it becomes possible to determine a reliable forecast.

(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 25 yen per share for the fiscal year that ended on November 20, 2020.

For more information, please refer to the press release dated today (December 28, 2020) titled “Notice of Payment of Dividends from Surplus” (Japanese version only).

To increase the stability and continuity of dividends, we have revised the basic policy for dividends and will start using this policy with the year-end dividend for the fiscal year ending November 20, 2021. For more information, please refer to the press release dated today titled “Notice of Revision to the Basic Policy for Dividends” (Japanese version only).

There is currently no dividend forecast due to the inability to determine the first-half and full-year consolidated forecasts for the fiscal year ending November 20, 2021.

An announcement will be made promptly when it becomes possible to determine a reliable forecast.

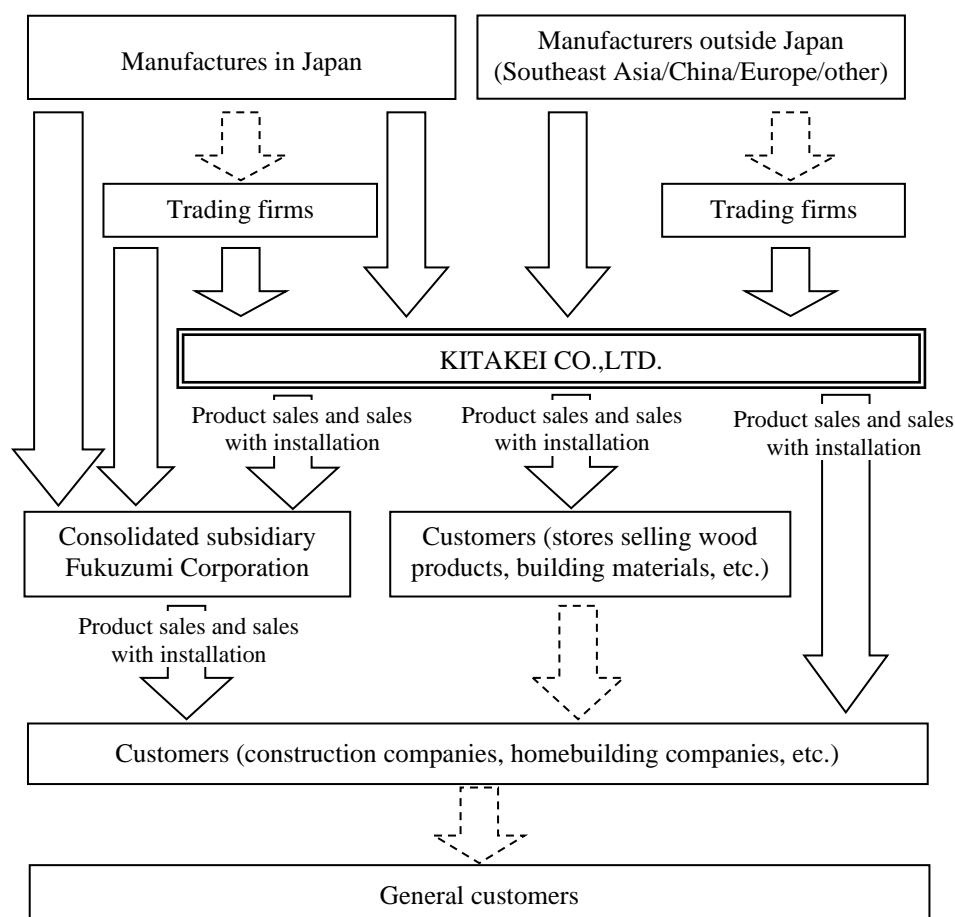
Note: The Kitakei Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act.

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)	
	FY11/19 (As of Nov. 20, 2019)	FY11/20 (As of Nov. 20, 2020)
Assets		
Current assets		
Cash and deposits	9,847,017	10,355,212
Notes and accounts receivable-trade	8,932,103	8,655,759
Electronically recorded monetary claims-operating	1,313,222	1,075,817
Securities	100,000	-
Merchandise	563,075	648,489
Costs on construction contracts in progress	887,635	805,530
Supplies	2,559	1,432
Other	35,904	26,278
Allowance for doubtful accounts	(18,592)	(17,395)
Total current assets	21,662,925	21,551,124
Non-current assets		
Property, plant and equipment		
Buildings and structures	736,137	803,721
Accumulated depreciation	(534,222)	(549,039)
Buildings and structures, net	201,914	254,681
Land	1,320,529	1,320,529
Leased assets	10,296	7,754
Accumulated depreciation	(3,409)	(2,583)
Leased assets, net	6,887	5,171
Construction in progress	71,179	-
Other	287,336	438,607
Accumulated depreciation	(224,152)	(262,042)
Other, net	63,184	176,564
Total property, plant and equipment	1,663,694	1,756,946
Intangible assets		
Other	61,935	62,039
Total intangible assets	61,935	62,039
Investments and other assets		
Investment securities	1,364,353	1,115,910
Investment property, net	521,598	518,731
Other	483,330	539,375
Allowance for doubtful accounts	(42,054)	(76,955)
Total investments and other assets	2,327,228	2,097,061
Total non-current assets	4,052,858	3,916,048
Total assets	25,715,783	25,467,172

	(Thousands of yen)	
	FY11/19	FY11/20
	(As of Nov. 20, 2019)	(As of Nov. 20, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,501,835	8,347,777
Electronically recorded obligations-operating	2,924,393	2,993,538
Accounts payable-other	327,641	324,450
Accrued expenses	322,897	312,246
Lease obligations	1,853	1,853
Income taxes payable	231,914	252,425
Provision for bonuses for directors (and other officers)	18,500	17,000
Other	360,322	218,432
Total current liabilities	12,689,358	12,467,723
Non-current liabilities		
Long-term guarantee deposits	748,162	571,336
Lease obligations	5,627	3,774
Deferred tax liabilities	121,201	36,969
Provision for retirement benefits for directors (and other officers)	239,110	256,500
Retirement benefit liability	172,150	150,331
Asset retirement obligations	16,632	16,731
Other	9,503	9,473
Total non-current liabilities	1,312,387	1,045,117
Total liabilities	14,001,745	13,512,841
Net assets		
Shareholders' equity		
Share capital	2,220,082	2,220,082
Capital surplus	2,851,427	2,851,427
Retained earnings	6,534,789	6,989,222
Treasury shares	(206,103)	(206,196)
Total shareholders' equity	11,400,195	11,854,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	374,914	146,229
Remeasurements of defined benefit plans	(61,072)	(46,434)
Total accumulated other comprehensive income	313,842	99,794
Total net assets	11,714,038	11,954,331
Total liabilities and net assets	25,715,783	25,467,172

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

(Thousands of yen)

	FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)	FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)
Net sales	56,557,177	53,762,794
Cost of sales	50,954,059	48,346,302
Gross profit	5,603,118	5,416,491
Total selling, general and administrative expenses	4,784,956	4,891,112
Operating profit	818,161	525,378
Non-operating income		
Interest income	2,872	2,845
Dividend income	21,158	22,059
Purchase discounts	127,354	123,180
Rental income	28,572	28,301
Other	19,318	22,705
Total non-operating income	199,275	199,092
Non-operating expenses		
Interest expenses	65	29
Sales discounts	74,708	65,436
Rental costs on real estate	7,086	6,244
Other	1,816	1,069
Total non-operating expenses	83,676	72,779
Ordinary profit	933,759	651,691
Extraordinary income		
Gain on sales of investment securities	-	282,369
Compensation for expropriation	-	116,494
Total extraordinary income	-	398,864
Extraordinary losses		
Loss on sales of investment securities	-	2,683
Loss on valuation of investment securities	6,861	-
Total extraordinary losses	6,861	2,683
Profit before income taxes	926,897	1,047,872
Income taxes-current	353,072	387,077
Income taxes-deferred	3,993	2,238
Total income taxes	357,066	389,316
Profit	569,831	658,556
Profit attributable to owners of parent	569,831	658,556

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY11/19	FY11/20
	(Nov. 21, 2018 – Nov. 20, 2019)	(Nov. 21, 2019 – Nov. 20, 2020)
Profit	569,831	658,556
Other comprehensive income		
Valuation difference on available-for-sale securities	19,483	(228,685)
Remeasurements of defined benefit plans, net of tax	5,736	14,638
Total other comprehensive income	25,220	(214,047)
Comprehensive income	595,051	444,509
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	595,051	444,509
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

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

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,220,082	2,851,408	6,178,362	(205,941)	11,043,912
Changes 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 in items other than shareholders' equity					
Total changes during period	-	19	356,427	(162)	356,283
Balance at end of 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 period	355,431	(66,809)	288,621	11,332,534
Changes 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 in items other than shareholders' equity	19,483	5,736	25,220	25,220
Total changes during period	19,483	5,736	25,220	381,503
Balance at end of period	374,914	(61,072)	313,842	11,714,038

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

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,220,082	2,851,427	6,534,789	(206,103)	11,400,195
Changes during period					
Dividends of surplus			(204,123)		(204,123)
Profit attributable to owners of parent			658,556		658,556
Purchase of treasury shares				(92)	(92)
Disposal of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	454,433	(92)	454,340
Balance at end of period	2,220,082	2,851,427	6,989,222	(206,196)	11,854,536

	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 period	374,914	(61,072)	313,842	11,714,038
Changes during period				
Dividends of surplus				(204,123)
Profit attributable to owners of parent				658,556
Purchase of treasury shares				(92)
Disposal of treasury shares				-
Net changes in items other than shareholders' equity	(228,685)	14,638	(214,047)	(214,047)
Total changes during period	(228,685)	14,638	(214,047)	240,293
Balance at end of period	146,229	(46,434)	99,794	11,954,331

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY11/19	FY11/20
	(Nov. 21, 2018 – Nov. 20, 2019)	(Nov. 21, 2019 – Nov. 20, 2020)
Cash flows from operating activities		
Profit before income taxes	926,897	1,047,872
Depreciation	108,589	103,934
Increase (decrease) in retirement benefit liability	(2,365)	(755)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	13,400	17,390
Increase (decrease) in allowance for doubtful accounts	12,981	33,704
Increase (decrease) in provision for bonuses for directors (and other officers)	2,500	(1,500)
Interest and dividend income	(24,030)	(24,904)
Loss (gain) on sales of investment securities	-	(279,686)
Loss (gain) on valuation of investment securities	6,861	-
Compensation for expropriation	-	(116,494)
Decrease (increase) in trade receivables	773,102	443,701
Decrease (increase) in inventories	154,978	(2,182)
Increase (decrease) in trade payables	(765,655)	(82,408)
Increase (decrease) in guarantee deposits received	16,277	(176,854)
Other, net	28,660	(29,457)
Subtotal	1,252,197	932,358
Interest and dividends received	23,998	24,895
Proceeds from compensation for expropriation	-	51,624
Income taxes paid	(278,284)	(365,367)
Net cash provided by (used in) operating activities	997,911	643,511
Cash flows from investing activities		
Proceeds from redemption of securities	-	100,000
Purchase of property, plant and equipment	(94,608)	(216,507)
Purchase of intangible assets	(23,398)	(21,210)
Purchase of investment securities	(122,892)	(101,480)
Proceeds from sales of investment securities	-	307,587
Net cash provided by (used in) investing activities	(240,899)	68,388
Cash flows from financing activities		
Decrease (increase) in treasury shares	(143)	(92)
Dividends paid	(212,523)	(203,547)
Net cash provided by (used in) financing activities	(212,666)	(203,640)
Effect of exchange rate change on cash and cash equivalents	(18)	(65)
Net increase (decrease) in cash and cash equivalents	544,326	508,194
Cash and cash equivalents at beginning of period	9,302,691	9,847,017
Cash and cash equivalents at end of period	9,847,017	10,355,212

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

Not applicable.

Reclassifications

Notes to Consolidated Statements of Cash Flows

“Increase (decrease) in guarantee deposits received,” which was included in “Other” under cash flows from operating activities in the previous fiscal year, has been separately stated in the current fiscal year due to the increased significance of the amount. In order to reflect changes in this presentation method, the consolidated financial statements for the previous fiscal year have been restated.

As a result, “Other” (44,937 thousand yen) under cash flows from operating activities presented in the previous fiscal year’s consolidated statement of cash flows has been reclassified and divided into “Increase (decrease) in guarantee deposits received” (16,277 thousand yen) and “Other” (28,660 thousand yen).

Additional Information

Kitakei has determined accounting estimates for the impairment of non-current assets, the recoverability of deferred tax assets and other items by using the assumption that the COVID-19 pandemic will decline as the end of the fiscal year ending November 20, 2021 approaches and that economic activity in Japan will slowly return to normal, resulting in a return to pre-crisis market conditions.

There are many uncertainties regarding this assumption and Kitakei may report a loss in the future if the length of the COVID-19 pandemic and its negative effects is longer than expected.

Segment and Other Information

Segment information

FY11/19 (Nov. 21, 2018 – Nov. 20, 2019) and FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)

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

FY11/19 (Nov. 21, 2018 – Nov. 20, 2019) and FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)

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 statements 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 statements 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 sheets.

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 statements of income.

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

FY11/19 (Nov. 21, 2018 – Nov. 20, 2019) and FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)

Not applicable.

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

FY11/19 (Nov. 21, 2018 – Nov. 20, 2019) and FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY11/19 (Nov. 21, 2018 – Nov. 20, 2019) and FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)

Not applicable.

Per-share Information

(Yen)

	FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)	FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)
Net assets per share	1,262.52	1,288.43
Net income per share	61.41	70.98

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:

	FY11/19 (Nov. 21, 2018 – Nov. 20, 2019)	FY11/20 (Nov. 21, 2019 – Nov. 20, 2020)
Profit attributable to owners of parent (Thousands of yen)	569,831	658,556
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	569,831	658,556
Average number of common stock outstanding during the period (Thousands shares)	9,278	9,278

Material Subsequent Events

Not applicable.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

Supplementary Materials for the Financial Results for the Fiscal Year Ended November 20, 2020

December 28, 2020



Stock code: 9872

1. Summary of FY11/20 Consolidated Financial Results



(Millions of yen)

	FY11/19		FY11/20		
	Results	%	Results	%	YoY
Net sales	56,557	100.0%	53,762	100.0%	95.1%
Operating profit	818	1.4%	525	1.0%	64.2%
Ordinary profit	933	1.7%	651	1.2%	69.8%
Profit attributable to owners of parent	569	1.0%	658	1.2%	115.6%
Net income per share (yen)	61.41		70.98		

2. Product Category Sales in FY11/20



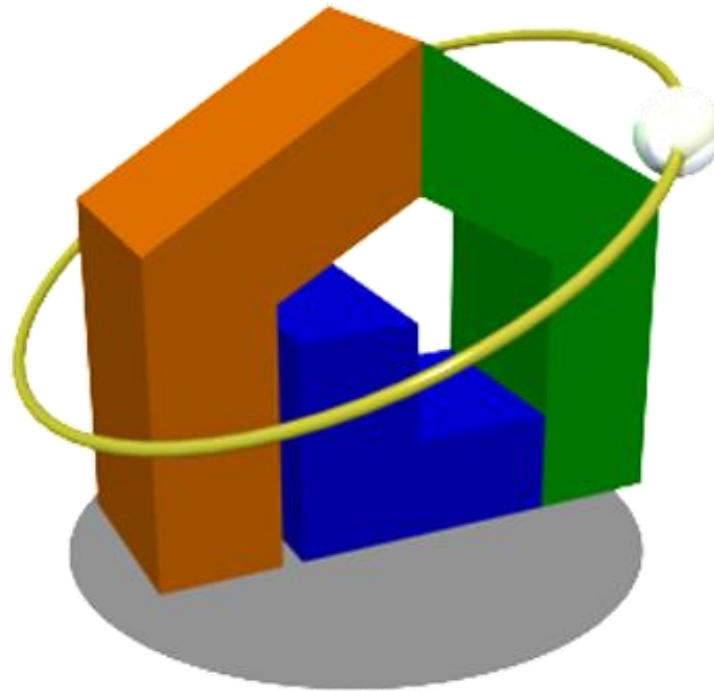
(Millions of yen)

		FY11/19		FY11/20		
		Results	%	Results	%	YoY
Products	Wood building materials	7,237	12.8%	6,952	12.9%	96.1%
	Non-wood building materials	3,846	6.8%	4,730	8.8%	123.0%
	Plywood	2,350	4.2%	2,024	3.8%	86.2%
	Wood products	2,515	4.4%	2,532	4.7%	100.7%
	Housing fixtures	13,369	23.6%	12,749	23.7%	95.4%
	Sales with installation	1,819	3.2%	943	1.8%	51.9%
	Others	4,504	8.0%	4,525	8.4%	100.5%
	Subtotal	35,643	63.0%	34,459	64.1%	96.7%
Construction	Completed construction contracts	20,914	37.0%	19,303	35.9%	92.3%
	Subtotal	20,914	37.0%	19,303	35.9%	92.3%
Total		56,557	100.0%	53,762	100.0%	95.1%
Original products		2,122	3.8%	2,068	3.8%	97.4%

* 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.