



## Summary of Earnings Report for the First Two Quarters of Fiscal Year Ending Nov. 2021

July 13, 2021

TSE Mothers

Name of listed company Phil Company, Inc.

Code 3267

URL <http://philcompany.jp/>

Representative: CEO and Representative

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Scheduled date of quarterly filing July 14, 2021

Scheduled date of dividend payment -

Additional material of financial result: No

Result meeting Yes (For analyst and institutional investors)

(Millions yen, rounded down)

### 1. Consolidated Results for First 2Q of the Fiscal Year Ending Nov. 30, 2021 (Dec. 1, 2020–May. 31, 2021)

#### (1) Consolidated Business Results

(%: Quarter-on-quarter comparison)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
2Q Ended May. 2021	2,111	97.5	234	—	227	—	146	—
2Q Ended May. 2020	1,068	(51.0)	(204)	—	(209)	—	(148)	—

(note) Comprehensive income 2Q Ended May. 2021 146 Millions yen (—%) 2Q Ended May. 2020 (148) Millions yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q Ended May. 2021	25.71	25.44
2Q Ended May. 2020	(25.83)	—

#### (2) Consolidated Financial Conditions

	Total assets	Net Assets	Shareholders' Equity Ratio
	¥ millions	¥ millions	%
2Q Ended May. 2021	5,465	2,735	50.0
FY Ended Nov. 2020	5,149	2,854	55.4

### 2. Dividend information

	Dividend per Share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended Nov. 2020	—	0.00	—	0.00	0.00
Year Ended Nov. 2021	—	0.00			
Year Ending Nov. 2021 (plan)			—	0.00	0.00

### 3. Consolidated Business Plan for the year ending Nov. 2021 (Dec. 1, 2020 to Nov. 30, 2021)

(%: Comparison with the previous period)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	Yen
Full year	5,000	25.9	520	299.2	500	409.2	240	—	42.56

Total number of shares issued (ordinary shares)

① Number of shares issued at quarter end (inc. treasury stock)	2Q Ended May 2021	5,778,000 shares Year Ended Nov. 2020	5,778,000 shares
② Treasury stock at quarter end	2Q Ended May 2021	138,332 shares Year Ended Nov. 2020	49,332 shares
③ Average number of shares during current quarter	2Q Ended May 2021	5,711,899 shares 2Q Ended May 2021	5,766,440 shares

(Note) The number of shares of treasury stock at the end of the second quarter of the fiscal year ending November 30, 2021, and the number of shares of treasury stock subtracted when calculating the average number of shares, include 49,000 shares of Phil Company stock which are under custody of the Custody Bank of Japan (trust account) as trust assets of the board benefit trust for executives and the employee stock ownership trust.

## 1. Overview of business result

### (1) Overview of business results for this fiscal year

(Highlights of the first two consolidated quarters of the fiscal year ending November 30, 2021)

[1] Setting new records for first half-year income in all categories

[2] Setting a new record for orders received in the first half-year

[3] Inquiries from financial institutions (10 or more) growing at the fastest pace ever

#### Overview of the business operation

The Phil Company Group operates two business models in the Phil Park aerial shop business: the “contracted orders model” in which we provide land owners with proposals for Phil Park aerial shops, and the “development and sales model” for real estate investors in which our company performs all work from buying land to Phil Park aerial shop development and sales. The contracted orders model includes the Phil Park aerial shop business of small-size commercial facilities planned primarily in commercial areas where coin-operated parking lots are located, and also the Premium Garage House business of rental housing with garages that is planned primarily for properties located farther from stations and in residential areas.

Our basic strategy is to utilize the Phil Park aerial shop business for commercial projects and the Premium Garage House business for residential projects, and to construct a mutually reinforcing relationship between them that allows us to meet a wide range of customer needs and achieve growth. Through this strategy, we will continue working to improve the corporate value of the Phil Company Group.

#### [1] Setting new records for first half-year income in all categories

The number of contracted orders during these two quarters of this consolidated fiscal year was 3 and that of development and sales model during same period was 1. As a result, the Phil Company Group in this first two quarters of this fiscal year recorded sales of 2,111,160 thousand yen (+97.5% compared to the previous quarters), operating income of 234,576 thousand yen (-204,159 thousand yen for previous quarters), ordinary income of 227,828 thousand yen (-209,503 thousand yen for previous quarters), and net income attributable to the owners of the parent of 146,864 thousand yen (-148,925 thousand yen for previous quarters). Operating income, ordinary income as well as net income reached record high during these first two quarters.

As was announced on our homepage on April 15, 2021, the reason behind this was the fact that gross profit on sales improved to 27.4% (compared to 18.0% in the same period of the previous fiscal year). This was due to factors including completing the sale and delivery of a property with the highest-ever sales price in the development and sales model, and a reduction of the guarantee fee for attracting initial tenants as a result of progress made in attracting tenants (an area of focus starting in the preceding fiscal year) in the contracted orders model.

#### [2] Setting a new record for orders received in the first half-year

During the first two consolidated quarters of this fiscal year, the number of contracted orders in the contracted orders model was 12, with a total order price of 2,068,834 thousand yen. This was a new record for orders during the first two consolidated quarters of a year. Of the 12 orders, 4 were contracted orders for Phil Park aerial shops with a total order price of 1,598,004 thousand yen, and 8 were contracted orders for Premium Garage Houses with a total order price of 470,830 thousand yen.

In the contracted orders model, the coronavirus pandemic is causing changes in the business environment among owners as well, and there are growing needs not only for the use of land belonging to individuals, but also for new business and the use of idle assets by corporations. Of the 12 contracted orders received during these first two consolidated quarters, 11 were from corporate customers.

As was released on the Phil Company homepage on April 23, 2021, Phil Park aerial shop contracted orders included an order for a large-size aerial shop in the Omotesando Area. We were able to get this order because the owner understood and approved of our business concept, and because we kept investment costs low by not consuming the entire available floor area ratio, increased the return on investment by maximizing coin parking and shop area while complying with usage restrictions, and produced a stylish glass-centric design which the owner rated highly.

In the Premium Garage House business, customers recognize that the space can be used not only as a garage but as a “space for creating new living styles” that can satisfy a broad range of needs including places for hobbies or work. As a result, the number of

registrations in our tenant waiting list registration system has continued to increase, and supply remains behind demand.

We recognize that the conditions described above are the reasons for the increase in orders for the contracted orders model.

### [3] Inquiries from financial institutions (10 or more) growing at the fastest pace ever

During the previous consolidated fiscal year, we strengthened our business matching contracts with financial institutions in preparation for business after the coronavirus pandemic ends. During the first two consolidated quarters of this fiscal year, we received 210 inquiries from financial institutions – an average of 105 per quarter. This exceeds the pace of quarterly inquiries in the fiscal year ended November 30, 2019, when we set a new record for orders. (The number of inquiries in the fiscal year ended November 30, 2019 was 345 – an average of 86 per quarter.

During this first two quarters of fiscal year, number of properties for contracted orders model, and number of properties for development and sales model are as follows.

#### “Contracted orders model”

# of delivered properties	1Q	2Q	3Q	4Q	Total
Year Ended Nov. 2021	0	3	—	—	3
Year Ended Nov. 2020	1	7	13	7	28

#### “Development and sales model”

# of delivered properties		1Q	2Q	3Q	4Q	Total
Year Ended Nov. 2021	Land	0	0	—	—	0
	Land+Bldgs	0	1	—	—	1
	Total	0	1	—	—	1
Year Ended Nov. 2020	Land	0	0	0	0	0
	Land+Bldgs	0	0	0	1	1
	Total	0	0	0	1	1

The contracted orders model shows our sales situation as well as our growth and specific amount of orders received, number of orders and the order balance are shown in the table below.

#### “Contracted orders model”

Order received *1		1Q		2Q		Total		
		#	(thousand yen)	#	(thousand yen)	#	(thousand yen)	YoY
Year Ended Nov. 2021	Phil Park aerial shop business	2	1,227,283	2	370,721	4	1,598,004	279.1%
	Premium Garage House	5	236,390	3	234,440	8	470,830	—
	Total	7	1,463,673	5	605,161	12	2,068,834	—
Year Ended Nov. 2020	Total	5	731,234	0	9,948	5	741,183	56.3%

\*1: The amount of orders received is the total amount of new orders received in the “contracted orders model” of the Phil Park aerial shop business during the above consolidated fiscal year (including orders for interior work and other additional work).

Balance of order *2	(thousand yen)
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May. end 2020	2,598,173
Nov. end 2020	1,458,000

\*2: The order balance is the total remaining balance of orders which have not yet been completed and delivered in the “contracted orders model” of the Phil Park aerial shop business during the above consolidated fiscal year (including orders for interior work and other additional work).

The specific amount of “Development and sales model” and balance which handles everything from the acquisition of land to the development and sale of Phil Park aerial shops are shown in the table below. Regarding the acquisition of properties, we proceeded cautiously up through the second quarter, however because we have concluded that the business environment surrounding our company is improving, we will engage in active acquisitions beginning from the third quarter.

“Development and sales model”

Amount of development and sales model *3	#	(thousand yen)
May. end 2021	4	1,405,904
Nov. end 2020	5	2,155,974

\*3: The amount of development is the total amount expended on land and buildings for Phil Park aerial shops developed as part of the “development and sales model” during the above period\*5.

Number of development and sales model	1Q	2Q	3Q	4Q	Total
Year Ended Nov. 2021	0	0	—	—	0
Year Ended Nov. 2020	1	1	0	0	2

One important issue that we face is reinforcing our personnel, and the number of consolidated employees at the end of May was 52 (compared to 45 at the end of the fiscal year ended November 30, 2020). Our policy for sales personnel centers on hiring of recent graduates, and we are focusing on providing training and opportunities to the new recently graduated members who will be the future of our company.

In order to achieve continual growth in the Phil Company Group, we will continue to engage in mid-term hiring of top-grade personnel and expert personnel, and will also continue with training of existing employees.

## (2) Explanation of financial status

(Assets)

Total assets at the end of 2<sup>nd</sup> quarter of this fiscal year increased by 315,913 thousand yen to reach 5,465,216 thousand yen. Primary factors affecting this result included 788,865 thousand yen in cash and savings, 405,541 thousand yen in real estate for sale and an decrease of 758,142 thousand yen in real estate for sale in progress, and a decrease of 60,380 thousand yen in unfinished business expenditure.

(Liabilities)

Liabilities at the end of 2<sup>nd</sup> quarter of this fiscal year increased by 435,439 thousand yen to reach 2,729,901 thousand yen. Primary factors affecting this result included a decrease of 99,172 thousand yen in account payable, an increase in 522,572 thousand yen in deposits received.

(Net assets)

Net assets at the end of 2<sup>nd</sup> quarter of this fiscal year decreased by 119,525 thousand yen from the end of the previous fiscal year to reach 2,735,314 thousand yen. Primary factors affecting this result included the increase of 266,390 thousand yen in treasury stock by an acquisition of a stock from market and an increase of 146,864 thousand yen in retained earnings resulting from net income attributable to owners of the parent.

### (3) Prospects for the future

Regarding the results forecast for the full consolidated fiscal year, as explained in the “Notice Concerning Correction of Consolidated Results Forecast” that was released on May 27, 2021, we completed the conclusion of a sale contract for one property that was held for sale (hereafter, “the Sale Property”), and the sale price of the Sale Property set a new record in the development and sales model. The results forecast for the fiscal year ending November 30, 2021 calls for sales of 5 billion yen (up 25.9% from the previous consolidated fiscal year), operating income of 520 million yen (130 million yen during previous fiscal year), ordinary income of 500 million yen (98 million yen during previous fiscal year), and net income attributable to the owners of the parent of 240 million yen (19 million yen during previous fiscal year).

We will continue to carefully monitor the progress of projects in the contracted orders model and the sales conditions in the development and sales model, and will promptly disclose the information in the event that corrections to the results forecast become necessary.

## 2. Consolidated financial statements and primary notes

### (1) Consolidated balance sheet

(Unit : Thousand yen)

	FY ended Nov. 2020	First two quarters of FY ending Nov. 2021
<b>Assets</b>		
Current assets		
Cash and savings	2,066,266	2,855,132
Accounts receivable	2,007	192
Real estate in sale	978,122	1,383,663
For sale in progress real estate	758,142	—
Uncompleted business disbursements	113,982	53,602
Others	298,993	299,125
<b>Total current assets</b>	<b>4,217,515</b>	<b>4,591,715</b>
Fixed assets		
Tangible fixed assets	369,623	354,004
Intangible fixed assets		
Goodwill	187,600	174,512
Software	11,531	9,837
<b>Total Intangible fixed assets</b>	<b>199,132</b>	<b>184,349</b>
Investments and other assets		
Invested Securities	147,606	147,181
Deferred tax assets	60,341	39,197
Others	183,785	177,470
Allowance for doubtful accounts	(28,701)	(28,701)
<b>Total investments and other assets</b>	<b>363,031</b>	<b>335,146</b>
<b>Total fixed assets</b>	<b>931,787</b>	<b>873,500</b>
<b>Total assets</b>	<b>5,149,302</b>	<b>5,465,216</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	205,792	106,620
Short-term payable	228,000	228,000
Long-term payable within one year	435,506	424,750
Income taxes payable	491	40,961
Fee received in advance	710,110	1,232,682
Deposit	17,246	15,328
Others	96,662	109,966
<b>Total current liabilities</b>	<b>1,693,808</b>	<b>2,158,308</b>
Fixed liabilities		
Long-term loans payable	240,072	212,908
Lease liabilities	128,236	125,588
Asset retirement obligations	49,724	49,848
Long-term deposit	145,434	147,978
Others	37,184	35,268
<b>Total fixed liabilities</b>	<b>600,653</b>	<b>571,592</b>
<b>Total liabilities</b>	<b>2,294,461</b>	<b>2,729,901</b>
<b>Net assets</b>		
Shareholders' equity		
Capital	789,647	789,647
Capital surplus	789,647	789,647
Retained earnings	1,393,971	1,540,836
Treasury stock	(120,572)	(386,963)
<b>Total shareholders' equity</b>	<b>2,852,692</b>	<b>2,733,166</b>
Stock option	2,148	2,148
<b>Total net assets</b>	<b>2,854,840</b>	<b>2,735,314</b>
<b>Total net assets and liabilities</b>	<b>5,149,302</b>	<b>5,465,216</b>

## (2) Consolidated profit and loss statement

(unit: thousand yen)

	Previous first two quarters of FY (Dec. 1 2019-May 31 2020)	Current first two quarters of FY (Dec. 1 2020-May 31 2021)
Sales	1,068,778	2,111,160
Cost of sales	875,968	1,532,633
Gross profit on sales	192,809	578,527
Sales, general and administrative expenses	396,969	343,951
Operating income	(204,159)	234,576
Non-operating expenses		
Interest income	200	181
Income from insurance	127	—
Penalty income	—	900
Refund surcharge	—	1,224
Others	120	30
Total non-operating income	448	2,336
Non-operating expenses		
Interest paid	4,375	5,659
Commission paid	328	2,999
Loss from equity method investment	1,087	425
Total non-operating expenses	5,792	9,083
Ordinary income	(209,503)	227,828
Extraordinary income		
Gain on reversal of stock acquisition rights	150	—
Total of extraordinary income	150	—
Net income before income taxes	(209,353)	227,828
Corporate and income tax	723	59,820
Income tax adjustment	(61,151)	21,144
Total income taxes	(60,427)	80,964
Net income attributable to owners of the parent	(148,925)	146,864
(Breakdown)		
Net income attributable to owners of the parent	(148,925)	146,864

## (3) Notes to Quarterly Consolidated Financial Statements

(Note in case of significant changes in the amount of shareholder's equity)

Based on a resolution of the board of directors that was adopted on April 13, 2021, Phil Company acquired 89,000 shares of treasury stock. As a result, the amount of treasury stock increased by 266,390 thousand yen during the first two consolidated quarters of this fiscal year and the balance of treasury stock at the end of these first two quarters was 386,963 thousand yen.