

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Year Ended November 30, 2021 (Based on Japanese GAAP)

January 12, 2022

Company name: First Brothers Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 3454 URL <https://www.firstbrothers.com/>  
 Representative: President Tomoki Yoshihara  
 Inquiries: Chief Financial Officer Yoshinobu Hotta TEL 03(5219)5370  
 Scheduled date of ordinary general meeting of shareholders: February 25, 2022  
 Scheduled date to file Securities Report: February 25, 2022  
 Scheduled date to commence dividend payments: February 7, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended November 30, 2021 (from December 1, 2020 to November 30, 2021)

#### (1) Consolidated operating results

Percentages indicate 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	%
Year ended November 30, 2021	26,685	70.6	4,940	94.4	4,379	141.1	2,795	20.8
Year ended November 30, 2020	15,642	(21.2)	2,541	(26.6)	1,816	(35.4)	2,313	5.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended November 30, 2021	199.34	–	14.4	5.6	18.5
Year ended November 30, 2020	164.95	–	13.4	2.6	16.2

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2021	82,551	20,809	25.1	1,476.71
As of November 30, 2020	73,762	18,330	24.7	1,299.88

#### (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
Year ended November 30, 2021	301	(399)	4,752	10,767
Year ended November 30, 2020	(4,883)	(1,988)	5,417	6,202

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended November 30, 2020	–	0.00	–	24.00	24.00	336	14.5	2.0
Year ended November 30, 2021	–	0.00	–	27.00	27.00	378	13.5	1.9
Year ending November 30, 2022 (Forecast)	–	0.00	–	30.00	30.00		32.4	

3. Forecast of consolidated financial results for the year ending November 30, 2022 (from December 1, 2021 to November 30, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,900	(6.7)	2,880	(41.7)	2,010	(54.1)	1,300	(53.5)	92.70

4. Notes

- (1) Changes in significant subsidiaries during the year ended November 30, 2021  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2021	14,445,000 shares	As of November 30, 2020	14,445,000 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of November 30, 2021	421,710 shares	As of November 30, 2020	421,710 shares
-------------------------	----------------	-------------------------	----------------

Average number of shares during the period

Year ended November 30, 2021	14,023,290 shares	Year ended November 30, 2020	14,022,846 shares
------------------------------	-------------------	------------------------------	-------------------

**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of November 30, 2020	As of November 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,207,421	10,766,170
Deposits in trust	563,711	740,507
Accounts receivable - trade	329,306	281,949
Real estate for sale	56,205,055	44,908,794
Real estate for sale in process	6,449,266	4,275,774
Merchandise	15,986	11,509
Supplies	558	741
Operational investment securities	348,034	342,414
Other	1,755,577	1,327,228
Allowance for doubtful accounts	(0)	(0)
<b>Total current assets</b>	<b>71,874,918</b>	<b>62,655,088</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	147,607	9,660,098
Accumulated depreciation	(71,418)	(969,515)
Buildings and structures, net	76,189	8,690,582
Machinery, equipment and vehicles	4,635	217,688
Accumulated depreciation	(3,622)	(40,306)
Machinery, equipment and vehicles, net	1,013	177,381
Tools, furniture and fixtures	111,764	133,383
Accumulated depreciation	(78,134)	(98,754)
Tools, furniture and fixtures, net	33,630	34,628
Land	–	8,753,917
Construction in progress	454,456	454,456
<b>Total property, plant and equipment</b>	<b>565,289</b>	<b>18,110,967</b>
<b>Intangible assets</b>		
Goodwill	–	367,290
Other	12,948	14,186
<b>Total intangible assets</b>	<b>12,948</b>	<b>381,476</b>
<b>Investments and other assets</b>		
Investment securities	83,909	68,505
Investments in other securities of subsidiaries and associates	36,157	41,413
Deferred tax assets	179,896	80,933
Leasehold and guarantee deposits	388,397	369,846
Other	620,608	843,507
<b>Total investments and other assets</b>	<b>1,308,970</b>	<b>1,404,206</b>
<b>Total non-current assets</b>	<b>1,887,208</b>	<b>19,896,650</b>
<b>Total assets</b>	<b>73,762,127</b>	<b>82,551,738</b>

(Thousands of yen)

	As of November 30, 2020	As of November 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	2,000,000	3,454,179
Current portion of long-term borrowings	1,741,206	1,890,848
Current portion of long-term non-recourse loans payable	15,488	–
Income taxes payable	427,724	856,693
Provision for bonuses	25,100	25,850
Provision for shareholder benefit program	27,500	21,500
Other	1,772,828	2,621,417
<b>Total current liabilities</b>	<b>6,009,848</b>	<b>8,870,488</b>
<b>Non-current liabilities</b>		
Long-term borrowings	43,318,091	44,384,923
Long-term non-recourse loans payable	582,667	3,420,000
Deferred tax liabilities	1,827,766	1,811,112
Retirement benefit liability	10,613	12,977
Other	3,682,911	3,242,247
<b>Total non-current liabilities</b>	<b>49,422,048</b>	<b>52,871,260</b>
<b>Total liabilities</b>	<b>55,431,897</b>	<b>61,741,748</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,589,830	1,589,830
Capital surplus	1,917,257	1,917,257
Retained earnings	14,982,928	17,440,845
Treasury shares	(278,086)	(278,086)
<b>Total shareholders' equity</b>	<b>18,211,930</b>	<b>20,669,847</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	21,182	39,337
Deferred gains or losses on hedges	(4,501)	(816)
<b>Total accumulated other comprehensive income</b>	<b>16,681</b>	<b>38,521</b>
<b>Non-controlling interests</b>	<b>101,618</b>	<b>101,620</b>
<b>Total net assets</b>	<b>18,330,230</b>	<b>20,809,990</b>
<b>Total liabilities and net assets</b>	<b>73,762,127</b>	<b>82,551,738</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Net sales	15,642,498	26,685,474
Cost of sales	11,348,687	19,844,568
Gross profit	4,293,811	6,840,905
Selling, general and administrative expenses	1,752,774	1,900,446
Operating profit	2,541,036	4,940,459
Non-operating income		
Interest income	111	243
Dividend income	1,005	1,046
Interest on tax refund	3,370	2,046
Subsidy income	6,834	3,888
Gain on valuation of derivatives	–	73,561
Gain on sale of investment securities	79	248
Other	1,511	4,067
Total non-operating income	12,913	85,103
Non-operating expenses		
Interest expenses	418,083	472,296
Commission expenses	255,309	168,306
Loss on valuation of derivatives	58,256	–
Other	5,905	5,023
Total non-operating expenses	737,554	645,627
Ordinary profit	1,816,394	4,379,936
Extraordinary income		
Gain on bargain purchase	1,216,592	–
Total extraordinary income	1,216,592	–
Extraordinary losses		
Loss on retirement of non-current assets	–	997
Loss on valuation of investment securities	–	259
Loss on valuation of shares of subsidiaries and associates	1,000	–
Loss on liquidation of subsidiaries and associates	2,952	57
Total extraordinary losses	3,952	1,314
Profit before income taxes	3,029,034	4,378,621
Income taxes - current	898,769	1,802,325
Income taxes - refund	(17,300)	–
Income taxes - deferred	(159,682)	(213,977)
Total income taxes	721,787	1,588,348
Profit	2,307,247	2,790,273
Loss attributable to non-controlling interests	(5,889)	(5,089)
Profit attributable to owners of parent	2,313,136	2,795,363

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Profit	2,307,247	2,790,273
Other comprehensive income		
Valuation difference on available-for-sale securities	5,632	18,155
Deferred gains or losses on hedges	(3,211)	3,701
Total other comprehensive income	2,421	21,856
Comprehensive income	2,309,668	2,812,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,315,572	2,817,203
Comprehensive income attributable to non-controlling interests	(5,903)	(5,073)

## Consolidated statements of changes in equity

Fiscal year ended November 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,589,830	1,913,075	12,964,037	(285,698)	16,181,245
Changes during period					
Dividends of surplus			(294,246)		(294,246)
Profit attributable to owners of parent			2,313,136		2,313,136
Purchase of treasury shares				(37)	(37)
Disposal of treasury shares		4,182		7,649	11,832
Net changes in items other than shareholders' equity					
Total changes during period	–	4,182	2,018,890	7,611	2,030,684
Balance at end of period	1,589,830	1,917,257	14,982,928	(278,086)	18,211,930

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	15,549	(1,303)	14,245	101,240	16,296,732
Changes during period					
Dividends of surplus					(294,246)
Profit attributable to owners of parent					2,313,136
Purchase of treasury shares					(37)
Disposal of treasury shares					11,832
Net changes in items other than shareholders' equity	5,633	(3,197)	2,435	377	2,812
Total changes during period	5,633	(3,197)	2,435	377	2,033,497
Balance at end of period	21,182	(4,501)	16,681	101,618	18,330,230

Fiscal year ended November 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,589,830	1,917,257	14,982,928	(278,086)	18,211,930
Changes during period					
Dividends of surplus			(336,558)		(336,558)
Profit attributable to owners of parent			2,795,363		2,795,363
Decrease in retained earnings due to increase in consolidated subsidiaries			(670)		(670)
Decrease in retained earnings due to exclusion of consolidated subsidiaries			(216)		(216)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,457,917	–	2,457,917
Balance at end of period	1,589,830	1,917,257	17,440,845	(278,086)	20,669,847

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	21,182	(4,501)	16,681	101,618	18,330,230
Changes during period					
Dividends of surplus					(336,558)
Profit attributable to owners of parent					2,795,363
Decrease in retained earnings due to increase in consolidated subsidiaries					(670)
Decrease in retained earnings due to exclusion of consolidated subsidiaries					(216)
Net changes in items other than shareholders' equity	18,154	3,685	21,840	2	21,842
Total changes during period	18,154	3,685	21,840	2	2,479,760
Balance at end of period	39,337	(816)	38,521	101,620	20,809,990



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Cash flows from operating activities		
Profit before income taxes	3,029,034	4,378,621
Depreciation	734,678	828,297
Amortization of goodwill	–	3,819
Gain on bargain purchase	(1,216,592)	–
Increase (decrease) in allowance for doubtful accounts	(962)	–
Increase (decrease) in provision for bonuses	16,802	750
Increase (decrease) in provision for shareholder benefit program	4,500	(6,000)
Increase (decrease) in retirement benefit liability	(26,873)	2,364
Interest and dividend income	(1,117)	(1,290)
Interest expenses	418,083	472,296
Loss on retirement of non-current assets	–	997
Decrease(increase) in deposits in trust	(62,467)	(176,795)
Decrease (increase) in trade receivables	(159,005)	60,360
Decrease (increase) in inventories	(8,068,617)	(4,387,093)
Decrease (increase) in investment securities for sale	253,540	42,155
Decrease (increase) in other current assets	26,946	645,652
Decrease(increase)in investment in anonymous association of subsidiaries and associates	(15,170)	(5,256)
Increase (decrease) in other current liabilities	(431,492)	608,376
Increase (decrease) in other non-current liabilities	495,914	(151,894)
Other, net	56,202	6,693
Subtotal	(4,946,595)	2,322,055
Interest and dividends received	1,117	1,290
Interest paid	(430,134)	(474,765)
Income taxes refund	1,080,479	7,820
Income taxes paid	(588,253)	(1,555,221)
Net cash provided by (used in) operating activities	(4,883,386)	301,179
Cash flows from investing activities		
Payments into time deposits	(237,106)	(224,313)
Proceeds from withdrawal of time deposits	42,009	12,521
Purchase of property, plant and equipment	(4,675)	(437)
Purchase of intangible assets	–	(8,544)
Purchase of investment securities	(5,075)	(11,695)
Proceeds from sale of investment securities	4,904	11,714
Purchase of shares of subsidiaries and associates	–	(0)
Loan advances	(391,500)	–
Payments of leasehold and guarantee deposits	–	(10,946)
Proceeds from refund of leasehold and guarantee deposits	22,250	26,804
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,417,843)	(188,217)
Other, net	(1,530)	(6,647)
Net cash provided by (used in) investing activities	(1,988,565)	(399,761)

(Thousands of yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	237,000	1,454,179
Proceeds from long-term borrowings	16,426,261	14,064,591
Repayments of long-term borrowings	(10,948,223)	(13,251,658)
Proceeds from long-term non recourse loans payable	–	3,654,000
Repayment of long-term non recourse loans payable	(15,488)	(832,155)
Purchase of treasury shares	(37)	–
Proceeds from disposal of treasury shares	11,832	–
Dividends paid	(294,139)	(336,130)
Dividends paid to non-controlling interests	–	(165)
Net cash provided by (used in) financing activities	5,417,204	4,752,660
Effect of exchange rate change on cash and cash equivalents	(1,858)	3,112
Net increase (decrease) in cash and cash equivalents	(1,456,605)	4,657,190
Cash and cash equivalents at beginning of period	7,658,675	6,202,070
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	(91,306)
Cash and cash equivalents at end of period	6,202,070	10,767,954