



Summary of Earnings Report for the Fiscal Year Ended November 2021

January 14, 2022

TSE

Name of listed company Phil Company, Inc.
 Code 3267 URL <http://philcompany.jp/>
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 Scheduled date of shareholders meeting Feb. 22, 2022 Scheduled date of dividend payment Feb. 24, 2022
 Scheduled date of filing: Feb. 22, 2022
 Additional material of financial result: No
 Result meeting Yes

(Millions yen, rounded down)

1. Consolidated Results for Fiscal Year Ended November 30, 2021 (Dec. 1, 2020 to Nov. 30, 2021)

(1) Consolidated Business Results

(%: Year-on-year comparison)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income Attributable to Owners of Parent | |
|----------------------|------------|--------|------------------|--------|-----------------|--------|---|--------|
| | ¥ millions | % | ¥ millions | % | ¥ millions | % | ¥ millions | % |
| Year Ended Nov. 2021 | 5,432 | 36.8 | 724 | 456.5 | 713 | 626.4 | 407 | - |
| Year Ended Nov. 2020 | 3,970 | (43.5) | 130 | (88.1) | 98 | (90.9) | 19 | (96.7) |

(note) Comprehensive Year Ended Nov. 2021 407 million yen --% Year Ended Nov. 2020 19 million yen (96.7%)
 income

| | Net income per share | Diluted net income per share | ROE | Ordinary Income over total asset | Operating Margin |
|----------------------|----------------------|------------------------------|------|----------------------------------|------------------|
| | Yen | Yen | % | % | % |
| Year Ended Nov. 2021 | 72.25 | 71.26 | 14.5 | 13.5 | 13.3 |
| Year Ended Nov. 2020 | 3.42 | 3.37 | 0.7 | 1.9 | 3.3 |

(note) Comprehensive Year Ended Nov. 2021 -1 million yen Year Ended Nov. 2020 -21 million yen
 income

(2) Consolidated Financial Conditions

| | Total assets | Net Assets | Shareholders' Equity Ratio | Net Asset per Share |
|----------------------|--------------|------------|----------------------------|---------------------|
| | ¥ millions | ¥ millions | % | Yen |
| Year Ended Nov. 2021 | 5,450 | 2,774 | 50.8 | 498.05 |
| Year Ended Nov. 2020 | 5,149 | 2,854 | 55.4 | 497.97 |

(3) Consolidated Cash Flow

| | CF from Operation | CF from Investment | CF from Financing | Balance of cash and cash equivalent |
|----------------------|-------------------|--------------------|-------------------|-------------------------------------|
| | ¥ millions | ¥ millions | ¥ millions | ¥ millions |
| Year Ended Nov. 2021 | 3,291 | (6) | (1,157) | 4,193 |
| Year Ended Nov. 2020 | (2,438) | (43) | 559 | 2,066 |

2. Dividend information

| | Dividend per Share | | | | | Total Dividend | Dividend Ratio | Dividend ratio over net asset |
|----------------------------------|--------------------|------|-----|-------|-------|----------------|----------------|-------------------------------|
| | 1Q | 2Q | 3Q | 4Q | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | ¥ millions | % | % |
| Year Ended Nov. 2020 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| Year Ended Nov. 2021 | — | 0.00 | — | 10.00 | 0.00 | 56 | 13.8 | 2.0 |
| Year Ending Nov. 2022 (estimate) | — | 0.00 | — | 0.00 | 0.00 | | — | |

(note) Breakdown of dividend paid for fiscal year ended in Nov. 2021 Appreciation for Corona measures dividend 10 yen

3. Consolidated Business Plan for the year ending Nov. 2022 (Dec. 1, 2021 to Nov. 30, 2022)

(%: 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 |
| 2Q | 1,200 | (43.2) | (195) | — | (198) | — | (120) | — | (21.57) |
| Full year | 5,500 | 1.2 | 140 | (80.7) | 130 | (81.8) | 90 | (77.9) | 16.18 |

(3) Total number of shares issued (ordinary shares)

| | | | | |
|---|----------------------|------------------|----------------------|------------------|
| ① Number of shares issued at year end (inc. treasury stock) | Year Ended Nov. 2021 | 5,778,000 shares | Year Ended Nov. 2020 | 5,778,000 shares |
| ② Treasury stock at year end | Year Ended Nov. 2021 | 214,280 shares | Year Ended Nov. 2020 | 49,332 Shares |
| ③ Average number of shares during current quarter | Year Ended Nov. 2021 | 5,639,673 shares | Year Ended Nov. 2020 | 5,747,554 Shares |

(Reference) Business figure of parent company

1. Results for Fiscal Year Ended November 30, 2021 (Dec. 1, 2020 to Nov. 30, 2021)

(1) Business Results (%: Quarter-on-quarter comparison)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|----------------------|------------|--------|------------------|---|-----------------|--------|------------|--------|
| | ¥ millions | % | ¥ millions | % | ¥ millions | % | ¥ millions | % |
| Year Ended Nov. 2021 | 3,688 | 265.7 | 416 | - | 742 | 209.8 | 477 | 116.3 |
| Year Ended Nov. 2020 | 1,008 | (72.2) | (353) | - | 239 | (71.1) | 220 | (56.6) |

| | Net income per share | Diluted net income per share |
|----------------------|----------------------|------------------------------|
| | Yen | Yen |
| Year Ended Nov. 2021 | 84.73 | 83.56 |
| Year Ended Nov. 2020 | 38.43 | 37.84 |

(2) Financial Conditions

| | Total assets | Net Assets | Shareholders' Equity Ratio | Net Asset per Share |
|----------------------|--------------|------------|----------------------------|---------------------|
| | ¥ millions | ¥ millions | % | Yen |
| Year Ended Nov. 2021 | 3,990 | 2,788 | 69.8 | 500.77 |
| Year Ended Nov. 2020 | 4,291 | 2,799 | 65.2 | 488.33 |

1. Overview of business results

(1) Overview of business results for this fiscal year

(Highlights of the fiscal year ended November 30, 2021)

[1] The gross profit margin for this fiscal year (31.4%) reached a new record high since the company became listed.

[2] The number of inquiries from financial institutions (440) was the highest in our history.

[3] The amount of Premium Garage House orders (1.36 billion yen) was 4.6 times that in the previous fiscal year.

(Overview of business results)

During this consolidated fiscal year (December 1, 2020 - November 30, 2021), the economy of Japan continued to face harsh conditions due to factors including the ongoing coronavirus pandemic, rapid spread of infections by mutated strains, and a renewed state of emergency which was declared due to pressure on the health care system. As vaccination progresses, we must continue carefully monitoring the effects on the Japanese and international economies resulting from expectations and signs of the pandemic subsiding.

Under these conditions, the Phil Company Group is operating the Phil Shop aerial park business that aims to benefit all three parties involved – the land owner, tenant, and the community – and the Premium Garage House business for rental housing that includes a garage. These businesses are guided by the Phil corporate philosophy of prosperous coexistence. We provide solutions through two businesses: the “contracted orders scheme” in which we provide land owners with proposals for Phil Park aerial shops, and the “development and sales scheme” for real estate investors in which our company performs all work from buying land to Phil Park aerial shop development and sales.

[1] The gross profit margin for this fiscal year (31.4%) reached a new record high since the company became listed.

The number of contracted orders during this fiscal year was 16, and the number for the development and sales scheme during same period was 3. In the development and sales scheme, we succeeded in completing delivery of three large-scale sales transactions of real estate for sale. As a result, the Phil Company Group in this fiscal year recorded sales of 5,432,354 thousand yen (+36.8% compared to the previous year), gross profit margin of 1,705,785 thousand yen (+96.1%), operating income of 724,912 thousand yen (+456.5%), ordinary income of 713,276 thousand yen (+626.4%), and net income attributable to the owners of the parent of 407,470 thousand yen (compared to 19,660 thousand yen in the previous year). The gross profit margin for this fiscal year (31.4%) reached a new record high since the company became listed.

[2] The number of inquiries from financial institutions (440) was the highest in our history.

During the previous fiscal year, we strengthened our business matching contracts with financial institutions in preparation for business after the coronavirus pandemic ends. During this fiscal year, we received 440 inquiries from financial institutions – the previous record was 345 inquiries during the fiscal year ended November 30, 2019. In particular, the number of inquiries related to Premium Garage Houses was 239, accounting for more than 50% of the total. Premium Garage Houses have become recognized as more than just places to park a car. They are “spaces that allow new ways of living” and satisfy a diverse range of needs as places for hobbies or work. The number of registrations in our original tenant waiting list registration system is continuing to grow, and supply is still unable to keep up with demand.

[3] The amount of Premium Garage House orders (1.36 billion yen) was 4.6 times that in the previous fiscal year.

During this fiscal year, the number of contracted orders for the contracted orders scheme was 31, with a total order price of 3,054,069 thousand yen. Of the 31 orders, 5 were contracted orders for Phil Park aerial shops with a total order price of 1,693,900 thousand yen (compared to 981,202 thousand yen for the previous year), and 26 were contracted orders for Premium Garage Houses with a total order price of 1,360,169 thousand yen (compared to 294,077 thousand yen for the previous year). Orders received for Premium Garage House were up 4.6 times compared to the previous fiscal year.

In the Phil Park aerial shop business, the effects from the state of emergency that was declared due to the coronavirus pandemic resulted in a stronger tendency towards a wait-and-see approach among the financial institutions that introduce land owners to our

business, and the number of inquiries remained approximately the same. It continues to appear that a full recovery in the number of orders will require some time. On the other hand, there are expectations for a continuing recovery as progress is made in vaccinations, and the amount of orders is on a recovery course compared with the previous fiscal year.

In the Premium Garage House business, we did not originally have construction functions when we acquired Phil Construction Co., Ltd. as a subsidiary in January 2019. Phil Construction is responsible for the design and construction operations of the Phil Company Group, and underwent a review of its design and construction processes during the pandemic in the preceding consolidated fiscal year. As a result, the systems in the Premium Garage House business have been improved so they can produce the same level of revenue as the Phil Park aerial shop business. This has made Premium Garage House a land utilization product on a level which can be proposed to land owners through financial institutions. Backed by growing demand for residences that include garages during the pandemic, the number of inquiries related to Premium Garage Houses coming through financial institutions increased during this consolidated fiscal year, and the amount of orders also increased.

With diversification of lifestyles and changes in senses of values, the ways of using garages attached to residences is also changing. Rather than simply being a place to keep a car, they are changing to become places where people can enjoy hobbies or work. In this environment, our consolidated subsidiary Premium Garage House Inc. is aiming to evolve as a company that offers lifestyle proposals for a new age suitable for the changes in the market. It changed its logo mark (City × Diversity × Garage) to one that expresses the excitement of life with a garage, and also renovated its homepage. It has created an online platform centered on the homepage that centralizes information for potential tenants in the tenant waiting list registration system, as well as for land owners who have contacted us and builders.

In the areas of design and construction, we are planning to obtain certification for our original construction methods in order to create a supply system that can support sales growth and mass production in all parts of the country.

During this fiscal year, the number of properties for contracted orders scheme, and number of properties for development and sales scheme were as follows.

Contracted orders scheme

| No. of delivered properties | 1Q | 2Q | 3Q | 4Q | Total |
|-----------------------------|----|----|----|----|-------|
| Year Ended Nov. 2021 | 0 | 3 | 4 | 9 | 16 |
| Year Ended Nov. 2020 | 1 | 7 | 13 | 7 | 28 |

“Development and sales scheme”

| No. of delivered properties | | 1Q | 2Q | 3Q | 4Q | Total |
|-----------------------------|--------------|----|----|----|----|-------|
| Year Ended Nov. 2021 | Land + Bldgs | 0 | 1 | 1 | 1 | 3 |
| Year Ended Nov. 2020 | Land + Bldgs | 0 | 0 | 0 | 1 | 1 |

For the contracted orders scheme, the table below shows the sales situation, as well as growth and the specific amounts of orders received, the number of orders, and the order balance.

Contracted orders scheme

| Order received *1 | | 1Q | | 2Q | | 3Q | | 4Q | |
|----------------------|--------------------------------|-----|-----------------|-----|-----------------|-----|-----------------|-----|-----------------|
| | | No. | (Thousands yen) | No. | (Thousands yen) | No. | (Thousands yen) | No. | (Thousands yen) |
| Year Ended Nov. 2021 | Phil Park aerial shop business | 2 | 1,227,283 | 2 | 370,721 | 1 | 78,328 | 0 | 17,567 |
| | Premium Garage House | 5 | 236,390 | 3 | 234,440 | 6 | 311,869 | 12 | 577,470 |
| | Total | 7 | 1,463,673 | 5 | 605,161 | 7 | 390,197 | 12 | 595,037 |
| Year Ended Nov. 2020 | Total | 5 | 731,234 | 0 | 9,948 | 1 | 28,755 | 9 | 505,341 |

| Order received *1 | | Total | | |
|----------------------|--------------------------------|-------|-----------------|--------|
| | | No. | (Thousands yen) | YoY |
| Year Ended Nov. 2021 | Phil Park aerial shop business | 5 | 1,693,900 | 172.6% |
| | Premium Garage House | 26 | 1,360,169 | 462.5% |
| | Total | 31 | 3,054,069 | 239.5% |
| Year Ended Nov. 2020 | Phil Park aerial shop business | 8 | 981,202 | — |
| | Premium Garage House | 7 | 294,077 | — |
| | Total | 15 | 1,275,279 | 30.4% |

*1: The amount of orders received is the total amount of new orders received in the contracted orders scheme 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 | (Thousands yen) | YoY |
|---------------------|-----------------|--------|
| As of Nov. end 2021 | 2,587,870 | 177.5% |
| As of Nov. end 2020 | 1,458,000 | 43.4% |

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

The table below shows the specific amounts for the development and sales scheme, which handles everything from the acquisition of land to the development and sale of Phil Park aerial shops are shown in the table below.

Development and sales scheme

| Amount of development and sales scheme *3 | No. | (Thousands yen) | YoY |
|---|-----|-----------------|--------|
| As of Nov. end 2021 | 3 | 403,381 | 18.7% |
| As of Nov. end 2020 | 5 | 2,155,974 | 127.5% |

*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 scheme” during the above period*5.

| Number of development and sales scheme | 1Q | 2Q | 3Q | 4Q | Total |
|--|----|----|----|----|-------|
| Year Ended Nov. 2021 | 0 | 0 | 1 | 0 | 1 |
| 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 Nov. 2021 was 48 (compared to 45 at the end of the fiscal year ended November 30, 2020). During the coming three years, we will expand our planning and development staff by concentrating our efforts on participating in nationwide recruiting events and working with universities to hire recent graduates. We will also focus on mid-career hires of professional staff who can expand our follow-up system in new business areas and specialized areas.

Our team composed of recent graduates and experienced professionals will help us maintain a high operation level while also training personnel as we aim to recruit more than 100 new employees over the next three years.

(2) Explanation of financial status

(Assets)

Total assets at the end of this consolidated fiscal year increased by 301,009 thousand yen to reach 5,450,312 thousand yen. The primary factor affecting this result was an increase in current assets of 358,398 thousand yen due to an increase of cash and cash equivalent and a decrease in real estate for sale in progress.

(Liabilities)

Liabilities at the end of this consolidated fiscal year increased by 381,735 thousand yen to reach 2,676,197 thousand yen. The primary factors affecting this result included an increase of 542,446 thousand yen in advance payment, an increase of 264,927 thousand yen in accrued corporate tax, and a decrease of 398,226 thousand yen in long-term loans payable within one year

(Net assets)

Net assets at the end of this consolidated fiscal year decreased by 80,726 thousand yen from the end of the previous fiscal year to reach 2,774,114 thousand yen. Primary factors affecting this result included an increase of 489,174 thousand yen in treasury stock acquired by the trust, as well as an increase in retained earnings of 407,470 thousand yen.

(3) Explanation of cash flow

As a result, cash and cash equivalent of fiscal year ended at November end 2021 was 4,193,330 thousand yen (2,127,064 yen higher compared to the previous fiscal year).

An explanation of the cash flows during this consolidated fiscal year is as follows.

(Cash flow from operating activities)

Funds expended in sales activities during this consolidated fiscal year were 3,291,115 thousand yen (compared to expenditure of 2,438,611 thousand yen during the previous fiscal year). Primary factors affecting this result included a decrease of 1,542,654 thousand yen in inventory assets, recording of 639,342 thousand yen in income before tax, and an increase of 542,446 thousand yen in advance payment.

(Cash flow from investment activities)

Funds expended in investment activities during this consolidated fiscal year were 6,229 thousand yen (compared to an expenditure of 43,502 thousand yen during the previous fiscal year). Primary factors affecting this result included an expenditure of 8,076 thousand yen for acquisition of tangible fixed assets.

(Cash flow from financing activities)

Funds obtained through financing activities during this consolidated fiscal year were 1,157,820 thousand yen (compared to income of 559,021 thousand yen during the previous fiscal year). Primary factors affecting this result included an expenditure of 489,174 thousand yen for treasury stock, an expenditure of 435,506 thousand yen for repayment of long-term debt, and a decrease of 228,000 thousand yen in short-term debt.

(4) Prospects for the future

In the environment surrounding the Phil Company Group, in addition to growth in unused space resulting from increasing spongification in cities during a time of an aging and decreasing population, changes to the social structure are occurring at a dizzying pace as a result of the need to create a zero-carbon society and of measures to combat the coronavirus pandemic.

We recognize that these changes in the environment are the greatest opportunity for our company to grow, and we have redefined the mission of the Group to be “a business creation company that maximizes the value of unused spaces” in order to achieve both continued company growth and the formation of a sustainable society. As the first step towards these goals, it was decided to formulate and release a mid-term business plan with the final year being the fiscal year ending November 30, 2024.

This mid-term business plan positions the planning period as a phase of growth investment aimed at further great advances, and we will be concentrating investment in both our human infrastructure and digital infrastructure. In addition to investing in personnel for achieving stable growth in existing business areas, we will also construct a FC model based on a new online platform in order to expand the Premium Garage House business nationwide. In the development and sales scheme, we will also focus on forming funds under the original Phil Company brand.

We will also actively engage in advertising investment, investment for ESG development, and M&A investment while planning to match the conditions of the external environment and achieve a balance with Group resources.

The most important goal of the growth investment phase during this mid-term plan period is increasing the corporate value by accumulating the intangible assets which are the source of future value. At the same time, we will focus on increasing our personnel to achieve stable growth in existing business areas, and on expanding our top line in the final year of this mid-term business plan. We are aiming for sales of 15 billion yen and an operating margin of 10% or higher.

For details, please refer to the “Notice Regarding Formulation of a Mid-Term Plan” that was released on this date.

The results forecast for the fiscal year ending November 30, 2022 calls for sales of 5.5 billion yen (up 1.2% from the previous consolidated fiscal year), operating income of 140 million yen (down 80.7%), ordinary income of 130 million yen (down 81.8%), and net income attributable to the owners of the parent of 90 million yen (down 77.9%).

3. Consolidated financial statements and primary notes

(1) Consolidated balance sheet

(Units: Thousands yen)

| | FY ended Nov. 2020 | FY ended Nov. 2021 |
|--|--------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and savings | 2,066,266 | 4,193,330 |
| Accounts receivable | 2,007 | 5,127 |
| Real estate for sale | 978,122 | 168,903 |
| Real estate for sale in progress | 758,142 | 95,760 |
| Uncompleted business disbursements | 113,982 | 40,022 |
| Others | 298,993 | 72,770 |
| Total current assets | 4,217,515 | 4,575,914 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures (net) | 248,384 | 216,911 |
| Tools, furniture and fixtures | 4,905 | 3,491 |
| Lease asset (net) | 116,333 | 109,353 |
| Total tangible fixed assets | 369,623 | 329,756 |
| Intangible fixed assets | | |
| Goodwill | 187,600 | 161,423 |
| Software | 11,531 | 7,347 |
| Total intangible fixed assets | 199,132 | 168,771 |
| Investments and other assets | | |
| Investment securities | 147,606 | 90,581 |
| Long-term loans | 5,042 | 5,042 |
| Guarantee deposits | 134,489 | 143,078 |
| Bankrupt and delinquent loans receivable | 23,658 | 23,658 |
| Deferred tax assets | 60,341 | 128,719 |
| Others | 20,593 | 13,490 |
| Allowance for doubtful accounts | (28,701) | (28,701) |
| Total investments and other assets | 363,031 | 375,869 |
| Total fixed assets | 931,787 | 874,397 |
| Total assets | 5,149,302 | 5,450,312 |

(Units: Thousands yen)

| | FY ended Nov. 2020 | FY ended Nov. 2021 |
|--|--------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 205,792 | 168,205 |
| Short-term payable | 228,000 | — |
| Long-term payable within one year | 435,506 | 37,280 |
| Lease liabilities | 5,084 | 5,369 |
| Income taxes payable | 491 | 265,419 |
| Fee received in advance | 710,110 | 1,252,557 |
| Deposit | 17,246 | 15,707 |
| Provision for share based remuneration | — | 33,497 |
| Others | 91,577 | 350,410 |
| Total current liabilities | 1,693,808 | 2,128,446 |
| Fixed liabilities | | |
| Long-term loans payable | 240,072 | 202,792 |
| Lease liabilities | 128,236 | 122,866 |
| Asset retirement obligations | 49,724 | 52,374 |
| Long-term advances received | 33,724 | 31,379 |
| Long-term deposit | 145,434 | 136,243 |
| Others | 3,460 | 2,095 |
| Total fixed liabilities | 600,653 | 547,750 |
| Total liabilities | 2,294,461 | 2,676,197 |
| Net assets | | |
| Shareholders' equity | | |
| Capital | 789,647 | 789,647 |
| Capital surplus | 789,647 | 789,647 |
| Retained earnings | 1,393,971 | 1,801,442 |
| Treasury stock | (120,572) | (609,747) |
| Total shareholders' equity | 2,852,692 | 2,770,989 |
| Stock option | 2,148 | 2,148 |
| Non controlling interests | — | 977 |
| Total net assets | 2,854,840 | 2,774,114 |
| Total net assets and liabilities | 5,149,302 | 5,450,312 |

(2) Consolidated profit and loss statement

(Units: Thousands yen)

| | FY ended Nov. 2020 (Dec. 1, 2019-Nov. 30, 2020) | FY ended Nov. 2021 (Dec. 1, 2020-Nov. 30, 2021) |
|---|--|--|
| Sales | 3,970,760 | 5,432,354 |
| Cost of sales | 3,101,083 | 3,726,568 |
| Gross profit on sales | 869,676 | 1,705,785 |
| Sales, general and administrative expenses | 739,420 | 980,873 |
| Operating income | 130,256 | 724,912 |
| Non-operating expenses | | |
| Interest income | 391 | 362 |
| Dividend income | 110 | 110 |
| Compensation received | — | 1,681 |
| Refund surcharge | — | 1,224 |
| Income from insurance | 127 | — |
| Penalty income | 1,624 | — |
| Others | 121 | 31 |
| Total non-operating income | 2,374 | 3,409 |
| Non-operating expenses | | |
| Interest paid | 10,258 | 10,009 |
| Loss from equity method investment | 21,347 | 1,229 |
| Others | 2,832 | 3,805 |
| Total non-operating expenses | 34,438 | 15,045 |
| Ordinary income | 98,192 | 713,276 |
| Extraordinary income | | |
| Gain on reversal of stock acquisition rights | 150 | — |
| Total of extraordinary income | 150 | — |
| Extraordinary loss | | |
| Valuation loss from invested securities | — | 55,794 |
| Impairment loss | 33,328 | 18,138 |
| Total extraordinary loss | 33,328 | 73,933 |
| Net income before income taxes | 65,014 | 639,342 |
| Corporate and income tax | 51,734 | 300,379 |
| Income tax adjustment | (6,381) | (68,378) |
| Total income taxes | 45,353 | 232,001 |
| Net income | 19,660 | 407,341 |
| Profit and losses attributable to non-controlling interests | — | (129) |
| Net income attributable to owners of the parent | 19,660 | 407,470 |

(4) Consolidated cash flow statement

(Units: Thousands yen)

| | FY ended Nov. 2020 (Dec. 1, 2019-Nov. 30, 2020) | FY ended Nov. 2021 (Dec. 1, 2020-Nov. 30, 2021) |
|---|--|--|
| Cash flows from operating activities | | |
| Net income before income taxes | 65,014 | 639,342 |
| Depreciation | 36,736 | 37,827 |
| Depreciation of goodwill | 26,176 | 26,176 |
| Interest and dividends received | (501) | (472) |
| Interest paid | 10,258 | 10,009 |
| Loss from equity method investment | 21,347 | 1,229 |
| Valuation loss from invested securities | — | 55,794 |
| Impairment loss | 33,328 | 18,138 |
| Decrease (increase) in accounts receivable | 4,803 | (3,120) |
| Decrease (increase) in inventory assets | (1,518,497) | 1,542,654 |
| Increase (decrease) in accounts payable – trade | 1,557 | (37,586) |
| Increase (decrease) in advances received | (416,139) | 542,446 |
| Increase (decrease) in deposits | (2,127) | (1,538) |
| Decrease (increase) in guarantee deposits | 2,111 | (8,588) |
| Increase (decrease) in long-term guarantee deposits | 19,605 | (9,191) |
| Others | (214,647) | 367,719 |
| Subtotal | (1,930,972) | 3,180,843 |
| Interest and dividends received | 143 | 135 |
| Interest paid | (10,493) | (9,847) |
| Income taxes paid | (497,288) | 119,983 |
| Cash flow from operating activities | (2,438,611) | 3,291,115 |
| Cash flow from investing activities | | |
| Expenditures for acquisition of tangible fixed assets | (43,572) | (8,076) |
| Expenditures for acquisition of intangible fixed assets | — | (260) |
| Expenditures for purchase of stocks due to change in the consolidated group | — | 1,106 |
| Others | 70 | 1,000 |
| Cash flow from investing activities | (43,502) | (6,229) |
| Cash flow from financing activities | | |
| Change in balance of short-term loans payable | 208,000 | (228,000) |
| Income from long term loan | 610,000 | — |
| Expenditures for repayment of long-term loans payable | (106,231) | (435,506) |
| Expenditures for buy-back of shares | (119,661) | (489,174) |
| Dividend paid | (28,271) | (55) |
| Expenditures for payment of lease obligations | (4,815) | (5,084) |
| Cash flow from financing activities | (43,572) | (1,157,820) |
| Increase (decrease) in cash and cash equivalents | (1,923,092) | 2,127,064 |
| Balance of cash and cash equivalents at start of year | 3,989,358 | 2,066,266 |
| Balance of cash and cash equivalents at end of year | 2,066,266 | 4,193,330 |