

Fiscal year ended November 30, 2021

Financial Results Explanatory Materials

Phil Company, Inc.
January 20, 2022



Financial Highlights





GPM over 30%, record high since IPO

Listed on TSE Mothers

Listed on TSE 1st Section

(Units: Thousands yen)

Ave. GPM for 5 years 24.9%	Nov. 2016 Actual	Nov. 2017 Actual	Nov. 2018 Actual	Nov. 2019 Actual	Nov. 2020 Actual	Nov. 2021 Actual
Sales	1,668,312	2,950,117	4,739,078	7,024,711	3,970,760	5,432,354
Cost of sales	1,215,858	2,303,501	3,521,500	5,137,812	3,101,083	3,726,568
Gross profit on sales	452,453	646,616	1,217,578	1,886,898	869,676	1,705,785
Gross profit margin	(27.1%)	(21.9%)	(25.6%)	(26.8%)	(21.9%)	(31.4%)
SG&A	246,009	350,217	580,449	790,553	739,420	980,873
SG&A ratio	14.7%	11.8%	12.2%	11.2%	18.6%	18.0%
Personnel	142,704	212,754	369,160	476,638	419,585	648,210
Outsourcing expenses	10,064	22,150	40,324	67,265	89,362	67,717
Tax and duties	8,470	23,919	32,426	47,991	24,915	48,110
Advertising expense	26,086	26,342	36,005	41,769	15,575	23,053
Payment fee	23,988	22,061	34,603	32,106	37,352	41,298
Others	34,697	42,991	67,931	124,784	152,631	152,485
Operating income	206,443	296,398	637,128	1,096,344	130,256	724,912
Operating income margin	(12.3%)	(10.0%)	(13.4%)	(15.6%)	(3.2%)	(13.3%)
Ordinary income	228,432	304,744	615,782	1,076,605	98,192	713,276
Ordinary income margin	(13.6%)	(10.3%)	(12.9%)	(15.3%)	(2.4%)	(13.1%)
Net Income	171,417	187,659	415,076	600,812	19,660	407,470
Net Income margin	(10.2%)	(6.3%)	(8.7%)	(8.5%)	(0.4%)	(7.5%)



Fiscal year ended Nov. 2021 (digest) 2

3 projects in the developed and sales scheme contributed to profits.

(Units: Thousands yen)

	Fiscal year ended Nov. 2021				
	1Q	2Q	3Q	4Q	Annual total
Sales	105,093	2,006,067	1,771,297	1,549,897	5,432,354
<Breakdown>					
Contracted orders scheme	1,420	875,076	297,517	682,718	1,856,731
No. of delivered properties	0	3	4	9	16
Development and sales scheme	0	1,030,000	1,364,001	761,808	3,155,809
No. of delivered properties	0	1	1	1	3
Others	103,673	100,991	109,779	105,371	419,814
Gross profit	9,882	568,645	760,362	366,896	1,705,785
Gross profit margin	(9.4%)	(28.3%)	(42.9%)	(23.6%)	(31.4%)

Total GP of 3 projects above is 1,139,123 thousand yen

▼ Contracted orders scheme

Sales and cost of sales are recorded on a “delivery basis” and are not recorded when the order is received. They are recorded when a property is completed and delivered.

▼ Development and sales scheme

Sales and cost of sales are recorded at the time when ownership is transferred.



Sound financial position and extra investment capacity

(Units: Thousands yen)

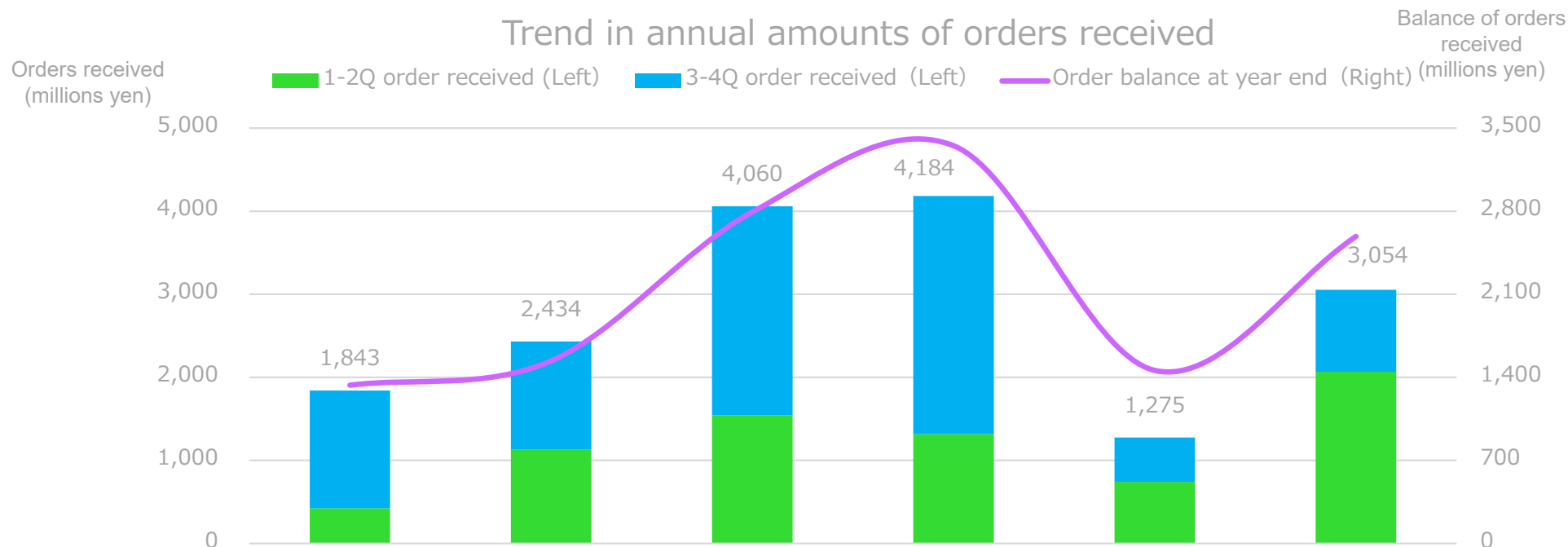
	2020/11	2021/11	Difference	
Current assets	4,217,515	4,575,914	358,399	
Cash and savings	2,066,266	4,193,330	2,127,064	Increased due to a recovery in the contracted orders scheme and to revenue from development and sales.
Inventories	1,736,264	264,663	-1,471,601	Decreased due to lower amount of development and sales.
Others	414,985	117,921	-297,064	
Fixed assets	931,787	874,397	-57,390	
Total assets	5,149,302	5,450,312	301,010	
Current liabilities	1,693,808	2,128,446	434,638	
Fee received in advance	710,110	1,252,557	542,447	Increased due to a recovery in the contracted orders scheme.
Short-term debt	663,506	37,280	-626,226	Paid down debt using revenue from development and sales.
Others	320,192	838,609	518,417	
Fixed liabilities	600,653	547,750	-52,903	
Total liabilities	2,294,461	2,676,197	381,736	
Shareholders' equity	2,852,692	2,770,989	-81,703	
Treasury stock	-120,572	-609,747	-489,175	Acquired by the company.
Others	2,973,264	3,380,736	407,472	
Equity ratio	(55.4%)	(50.8%)	(-4.6%)	
Net assets	2,854,840	2,774,114	-80,726	
Total net assets and liabilities	5,149,302	5,450,312	301,010	

Order amounts and order balance for the contracted orders scheme



Phil Company, Inc.

Orders recovered to 3 billion yen in the year ended Nov. 2021.

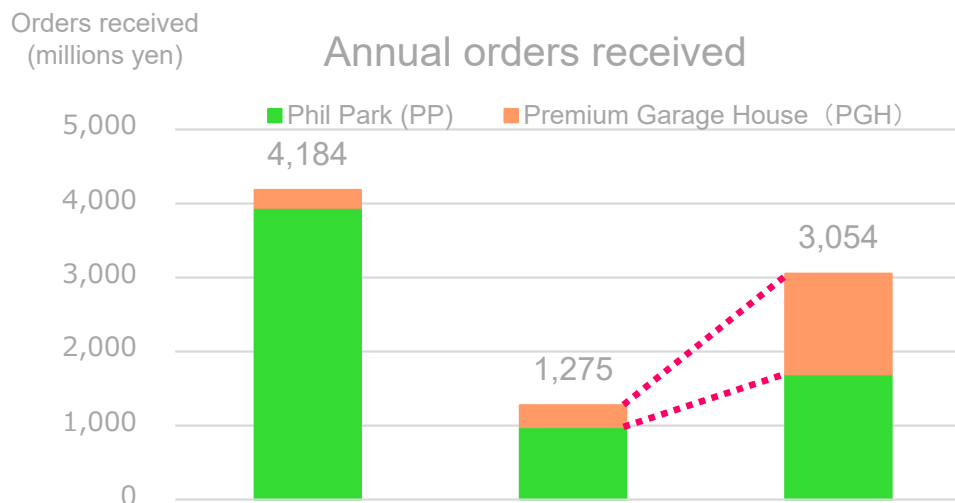


(Units: Millions yen)	2016/11	2017/11	2018/11	2019/11	2020/11	2021/11
Orders received 1-2Q	424	1,134	1,544	1,316	741	2,068
Orders received 3-4Q	1,418	1,299	2,515	2,867	534	985
Annual orders received	1,843	2,434	4,060	4,184	1,275	3,054
Orders balance at year end	1,334	1,539	2,793	3,352	1,458	2,587



Order balance for the contracted orders scheme

Large increase in orders for Premium Garage Houses



	2019/11	2020/11	2021/11
Phil Park (PP)	3,944	981	1,693
No. of orders received	27	8	5
Premium Garage House (PGH)	239	294	1,360
No. of orders received	8	7	26
Total orders received	4,184	1,275	3,054
Total No. of orders received	35	15	31

In the year ended November 2020, we utilized the experience gained from our Phil Park operations to review the business model, primarily the system for Premium Garage House construction, and rebuilt it as a business that can deliver solid profits.

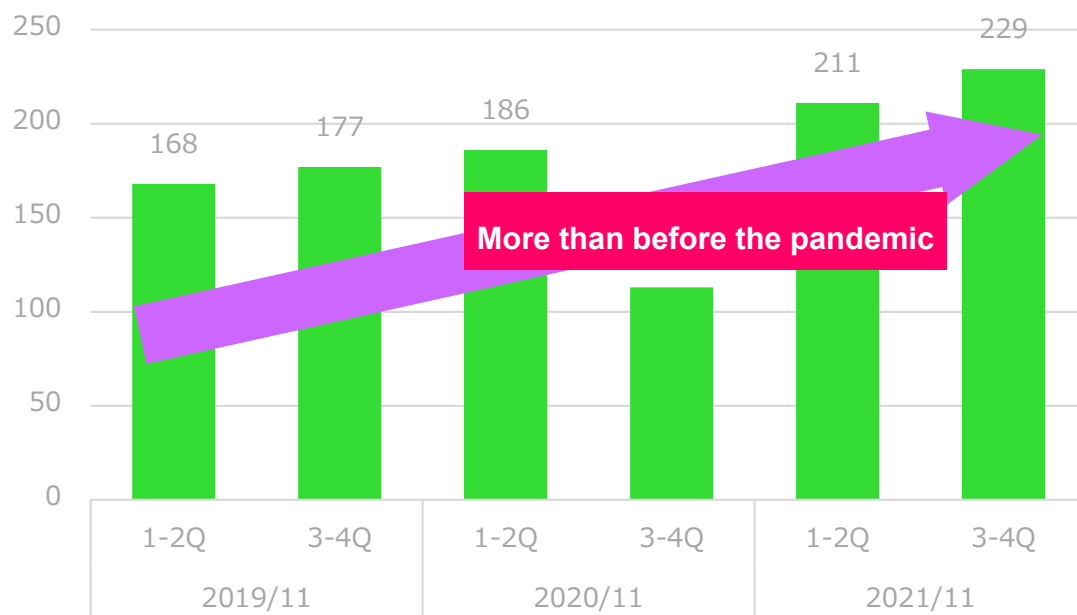
As a result, in the year ended November 2021, Premium Garage House not only became a part of the lineup that we can propose to customers together with Phil Park, but also achieved rapid growth backed by growing numbers of registered waiting list tenants as a result of diversifying lifestyles.



Situation of contracted orders scheme

Inquiries from financial institutions are increasing at the fastest pace in our history.

Inquiries from financial institutions



Banks with business matching contracts

Contracted timing	Name of bank
June-16	Mizuho Bank
June-16	Yokohama Bank
August-17	Johnan Shinkin Bank
October-17	Higashi Nihon Bank
November-17	Musashino Bank
January-19	Risona Bank
October-19	Mitsui Sumitomo Bank
March-20	Tokyo Star Bank
March-20	Juroku Bank
September-20	Mitsubishi UFJ Bank
November-20	Tama Shinkin Bank
March-21	SBI Securities
November-21	Keiyo Bank

- ① Business matching contracts are increasing, and activities to increase recognition of our business are making progress.
- ② With the addition of the Premium Garage House business, we have expanded the lineup of available plan proposals.
- ③ Financial institutions are increasingly changing to an approach focused on fee revenue (matching fees).

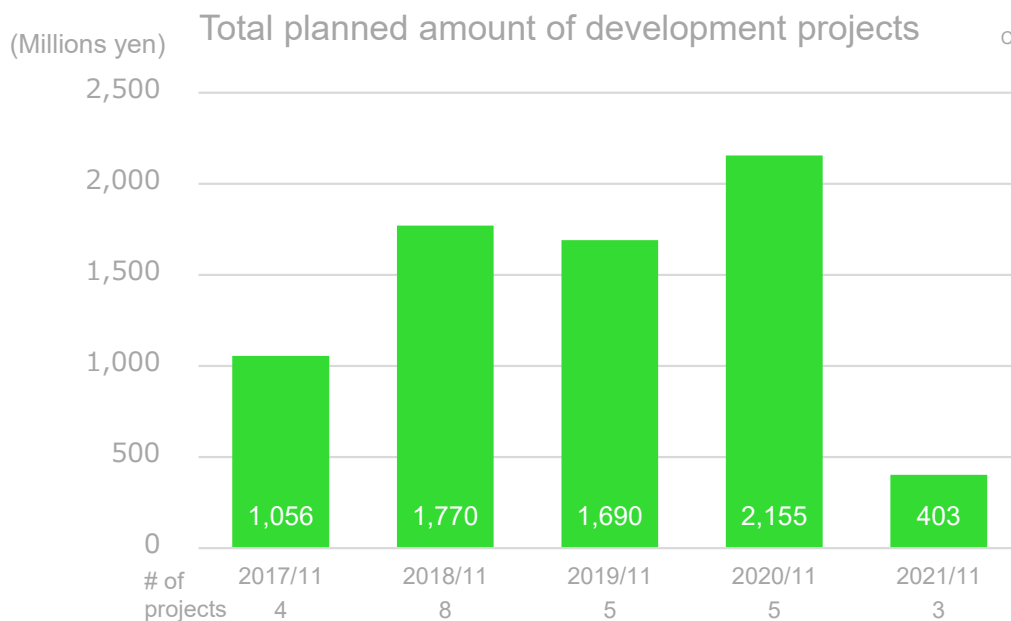
In addition, we are also receiving inquiries regarding business matching contracts from securities companies that want to strengthen relationships with local banks and affluent customers.



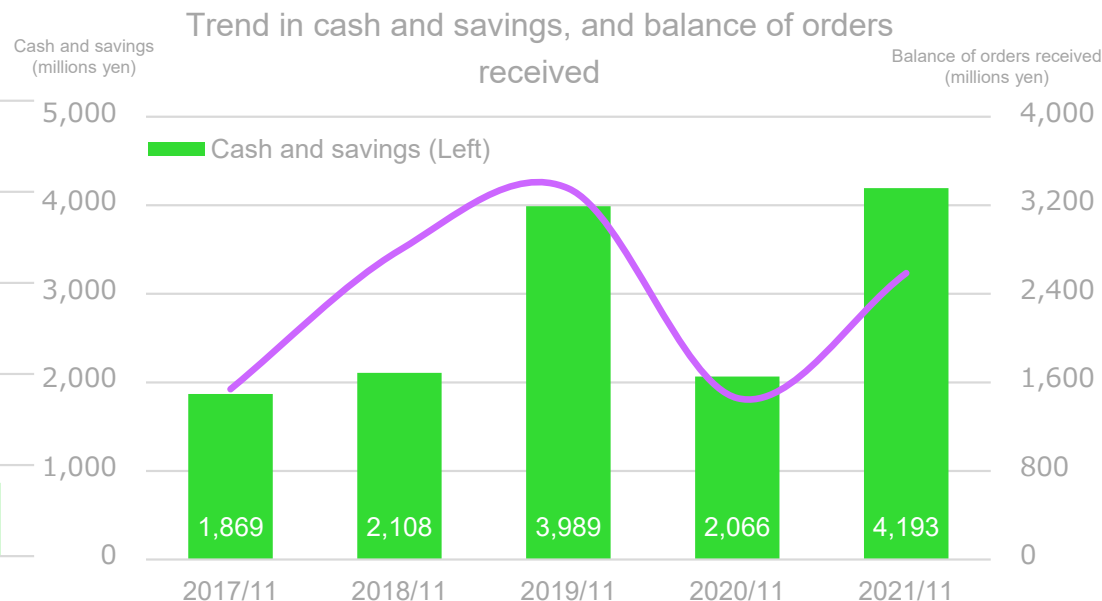
Status of the development and sales scheme

Total balance of development and sales scheme (3 projects) at fiscal year end is 400 million yen.

Total planned amount of development projects



Trend of cash and savings, and balance of orders received



• Expected total cost of land + building at time of land acquisition
The development and sales scheme is being carried out with an expected gross profit margin of 20 – 30%.

Cash and savings increased as contracted sales revenue recovers. Land acquisition began at full scale.

3 sales of land + buildings were concluded during the fiscal year ended Nov. 30 2021.
1 land acquisition contract was concluded in August. We have started purchasing at full scale.

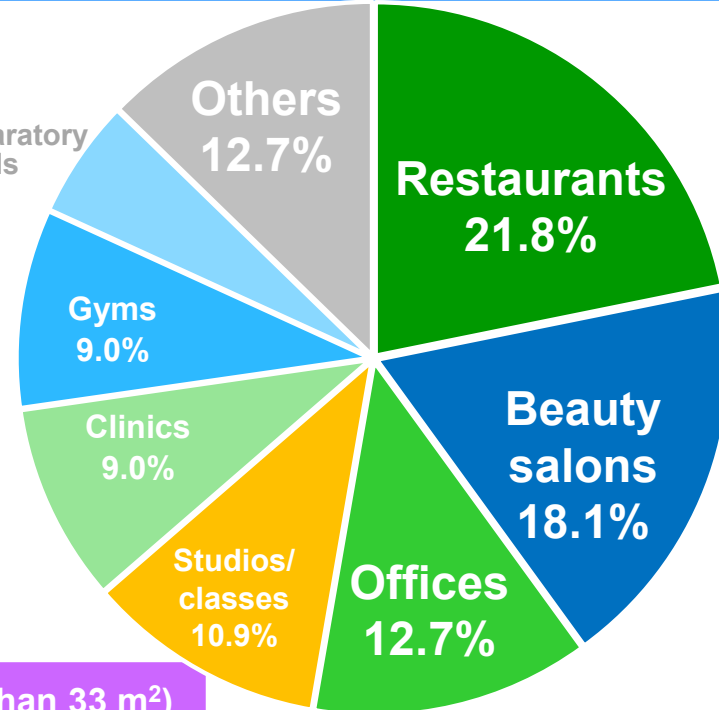
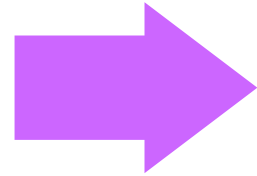
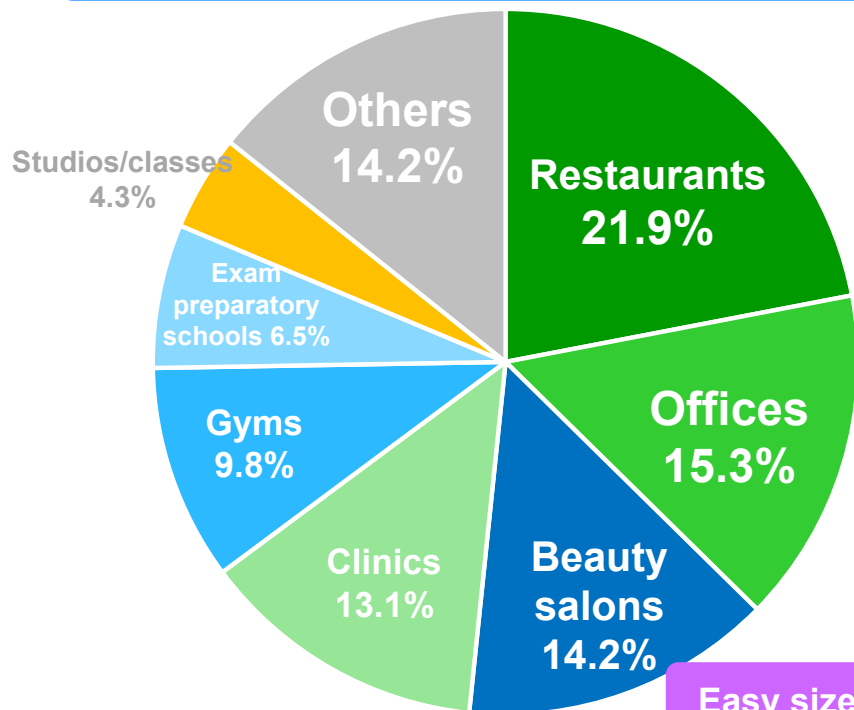


Breakdown of tenants

Tenant breakdown unchanged for two years

Year ended 2020/11
(2019/12 – 2020/11)

Year ended 2021/11
(2020/12 – 2021/11)



- Others include
- Beauty treatments / Nail salons
 - Hostels
 - Nursery schools / After-school care
 - Shops / Convenience stores
 - Apparel shops
 - Rental spaces

- Others include
- Massage clinics / Nail salons
 - Nursery schools / After-school care
 - Shops / Convenience stores
 - Apparel shops
 - Rental spaces

- Easy size to rent (70% are less than 33 m²)
- Planning and design making best use of site characteristics
- The many windows allow business conditions to be easily seen from outside.
- Excellent ventilation, facilitating infection countermeasures

* 91 contracted tenants between Dec. 2019 and Nov. 2020

* 55 contracted tenants between Dec. 2020 and Nov. 2021



Projection for fiscal year ending Nov. 2022

This year marks the start of growth investment in human resources and advertising.

(Units: Thousands yen)

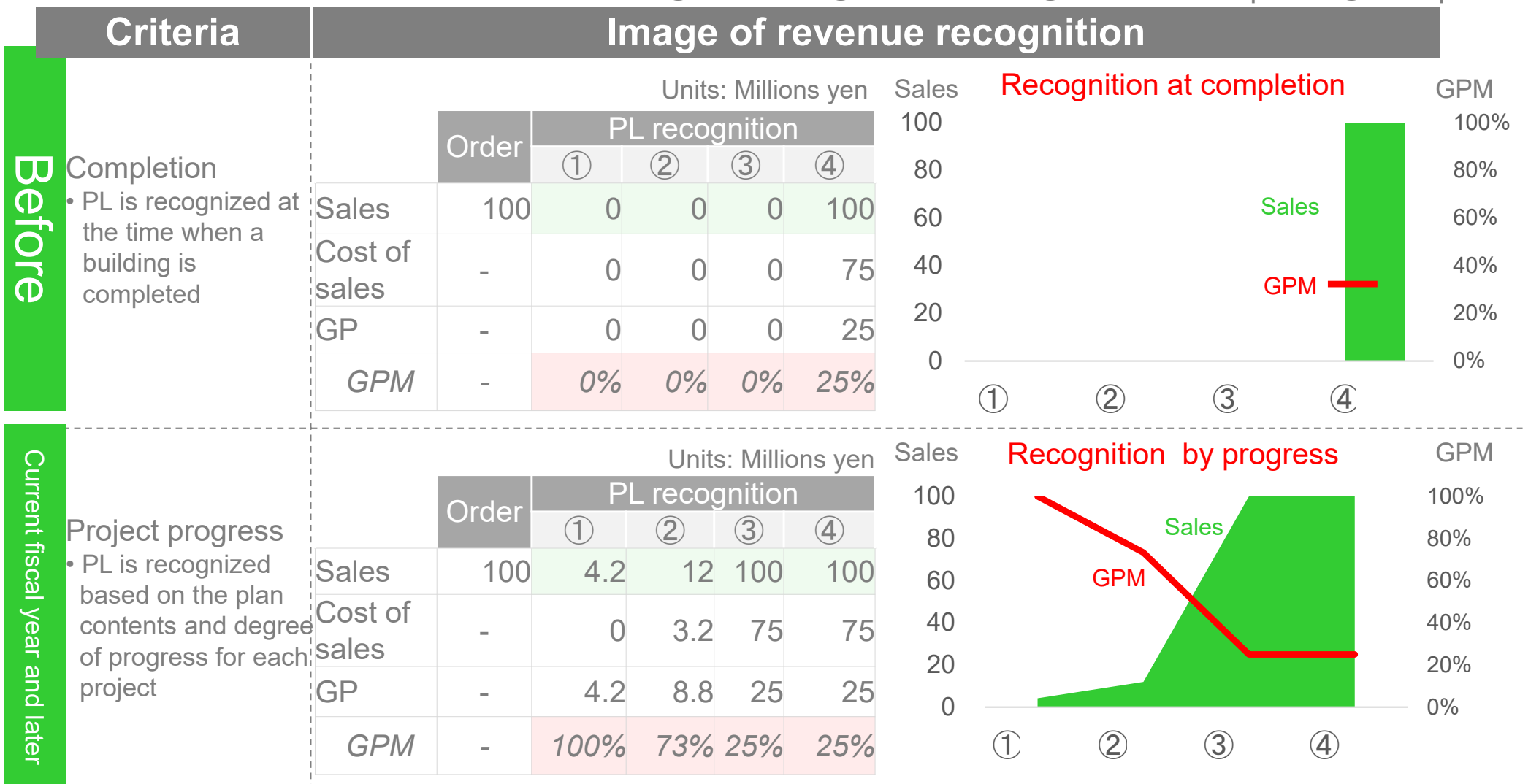
	2021/11 Actual	2022/11 Plan	
Sales	5,432,354	5,500,000	
Cost of sales	3,726,568	4,300,000	
Gross profit on sales	1,705,785	1,200,000	In the amount for contracted orders, there is room to improve the gross margin ratio based on the status of project progress.
Gross profit margin	31.4%	21.8%	In the amount for development and sales, there is room to improve the gross margin ratio by acquiring high-revenue properties.
SG&A	980,873	1,060,000	
Personnel	453,210	600,000	Expected recruitment expenses for recent graduates and experienced professionals
(bonus)	195,000	—	
Outsourcing expenses	67,717	110,000	Strengthening the support system for new business areas and specialized areas
Tax and duties	48,110	30,000	
Advertising expense	23,053	112,000	Start of Premium Garage House branding reinforcement and advertising test marketing
Payments and fees	41,298	40,000	
Others	152,485	168,000	
Operating income	724,912	140,000	
Ordinary income	713,276	130,000	
Net income	407,470	90,000	

Application of new revenue recognition standards (for the contracted orders scheme)



New revenue recognition standards apply beginning from the fiscal year ending Nov. 2022. There will be changes in sales and gross profit margin.

① Contract ② Confirmation ③ Construction period ④ Completion



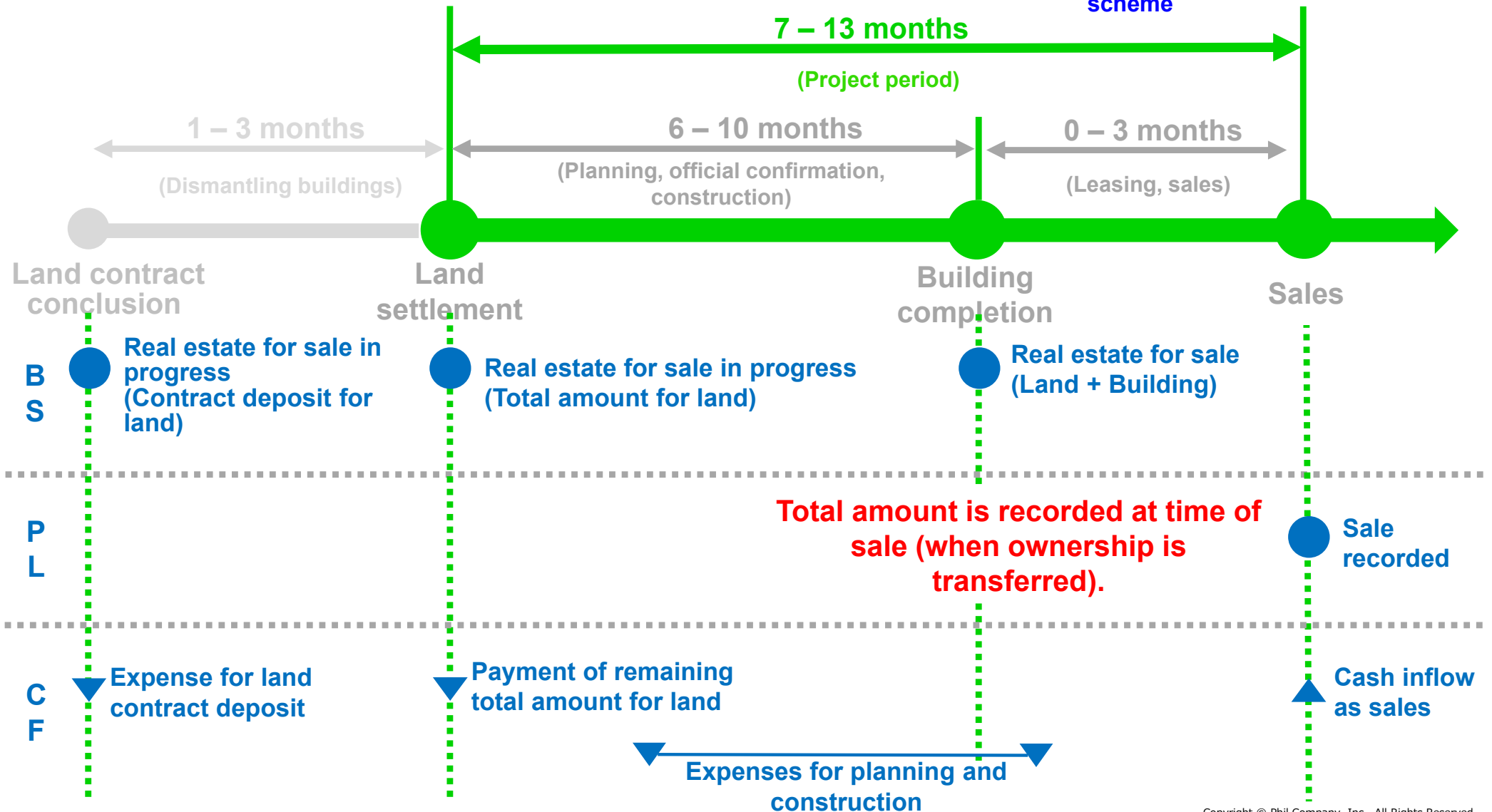
* Only for the contracted orders scheme



Application of new revenue recognition standards (for the development and sales scheme)

The period between land acquisition and sale is 7 to 13 months. All revenue is recorded at the time of sale even under the new revenue recognition standards.

* Standard example for the **regular development and sales scheme**





Important points concerning future forecasts

These materials contain statements regarding the future prospects of industry trends and our company's business that are based on predictions, estimates, expectations, and forecasts which were created by our company at the current time.

Statements related to future prospects include a variety of risks and uncertainties. Actual outcomes may differ from future prospects listed in this documents as a result of known and unknown risks due to a variety of uncertainty and reasons in the future.

Our business and result may be different from what is written here.

All statements concerning future prospects in these materials were created by our company based on the available information. The contents of any statements herein regarding future prospects will not be updated or revised based on future events and circumstances.

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