

Translation

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**Summary of Consolidated Financial Results  
for the Six Months Ended May 31, 2022  
(Based on Japanese GAAP)**

July 8, 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 to file Quarterly Securities Report: July 11, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended May 31, 2022 (from December 1, 2021 to May 31, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended May 31, 2022	8,600	(39.3)	1,193	(58.4)	1,007	(61.5)	593	(66.0)
Six months ended May 31, 2021	14,176	609.6	2,867	–	2,615	–	1,748	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended May 31, 2022	42.32		–	
Six months ended May 31, 2021	124.65		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2022	82,042	21,042	25.5	1,493.27
As of November 30, 2021	82,551	20,809	25.1	1,476.71

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended November 30, 2021	–	0.00	–	27.00	27.00
Year ending November 30, 2022	–	0.00	–	–	–
Year ending November 30, 2022 (Forecast)	–	–	–	30.00	30.00

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 six months ended May 31, 2022  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of May 31, 2022	14,445,000 shares	As of November 30, 2021	14,445,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	421,710 shares	As of November 30, 2021	421,710 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended May 31, 2022	14,023,290 shares	Six months ended May 31, 2021	14,023,290 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of November 30, 2021	As of May 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,766,170	9,097,429
Deposits in trust	740,507	815,547
Accounts receivable - trade	281,949	219,347
Real estate for sale	44,908,794	42,476,576
Real estate for sale in process	4,275,774	3,478,819
Operational investment securities	342,414	320,946
Other	1,339,478	1,526,539
Allowance for doubtful accounts	(0)	–
Total current assets	62,655,088	57,935,206
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,690,582	10,289,436
Land	8,753,917	10,228,934
Other, net	666,467	1,111,436
Total property, plant and equipment	18,110,967	21,629,807
Intangible assets		
Goodwill	367,290	1,174,586
Other	14,186	13,850
Total intangible assets	381,476	1,188,436
Investments and other assets	1,404,206	1,288,719
Total non-current assets	19,896,650	24,106,964
Total assets	82,551,738	82,042,170
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	3,454,179	3,956,497
Current portion of long-term borrowings	1,890,848	1,979,740
Income taxes payable	856,693	283,316
Provision for bonuses	25,850	166,069
Provision for shareholder benefit program	21,500	6,421
Other	2,621,417	1,281,880
Total current liabilities	8,870,488	7,673,925
Non-current liabilities		
Long-term borrowings	44,384,923	44,641,452
Long-term non-recourse loans payable	3,420,000	3,420,000
Retirement benefit liability	12,977	18,549
Other	5,053,360	5,245,605
Total non-current liabilities	52,871,260	53,325,607
Total liabilities	61,741,748	60,999,533

(Thousands of yen)

	As of November 30, 2021	As of May 31, 2022
Net assets		
Shareholders' equity		
Share capital	1,589,830	100,000
Capital surplus	1,917,257	3,407,088
Retained earnings	17,440,845	17,654,103
Treasury shares	(278,086)	(278,086)
Total shareholders' equity	20,669,847	20,883,105
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,337	45,588
Deferred gains or losses on hedges	(816)	11,864
Total accumulated other comprehensive income	38,521	57,452
Non-controlling interests	101,620	102,079
Total net assets	20,809,990	21,042,637
Total liabilities and net assets	82,551,738	82,042,170

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended May 31, 2021	Six months ended May 31, 2022
Net sales	14,176,519	8,600,514
Cost of sales	10,404,511	6,277,144
Gross profit	3,772,008	2,323,369
Selling, general and administrative expenses	904,585	1,129,639
Operating profit	2,867,422	1,193,730
Non-operating income		
Interest income	32	83
Dividend income	51	35
Interest on tax refund	1,356	308
Subsidy income	2,003	24,336
Gain on valuation of derivatives	30,004	89,842
Other	1,932	18,158
Total non-operating income	35,381	132,764
Non-operating expenses		
Interest expenses	204,563	280,057
Commission expenses	77,447	39,370
Other	5,457	–
Total non-operating expenses	287,469	319,427
Ordinary profit	2,615,334	1,007,067
Extraordinary losses		
Loss on retirement of non-current assets	629	3,134
Total extraordinary losses	629	3,134
Profit before income taxes	2,614,704	1,003,932
Income taxes - current	1,119,865	405,191
Income taxes - deferred	(251,470)	7,729
Total income taxes	868,394	412,920
Profit	1,746,310	591,011
Loss attributable to non-controlling interests	(1,731)	(2,500)
Profit attributable to owners of parent	1,748,041	593,511

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended May 31, 2021	Six months ended May 31, 2022
Profit	1,746,310	591,011
Other comprehensive income		
Valuation difference on available-for-sale securities	15,154	6,250
Deferred gains or losses on hedges	1,413	12,736
Total other comprehensive income	16,567	18,986
Comprehensive income	1,762,877	609,998
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,764,603	612,441
Comprehensive income attributable to non-controlling interests	(1,725)	(2,443)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2021	Six months ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,614,704	1,003,932
Depreciation	396,509	460,071
Amortization of goodwill	–	50,770
Increase (decrease) in provision for bonuses	126,897	140,219
Increase (decrease) in provision for shareholder benefit program	(27,500)	(15,078)
Increase (decrease) in retirement benefit liability	1,182	5,572
Interest and dividend income	(84)	(118)
Interest expenses	204,563	280,057
Loss on retirement of non-current assets	629	3,134
Decrease(increase) in deposits in trust	(254,563)	(75,039)
Decrease (increase) in trade receivables	148,853	117,547
Decrease (increase) in inventories	330,911	1,173,989
Decrease (increase) in investment securities for sale	27,728	37,837
Decrease (increase) in investment in anonymous association of subsidiaries and associates	4,261	13,533
Decrease (increase) in other current assets	8,368	(257,615)
Increase (decrease) in other current liabilities	(309,398)	(1,556,069)
Increase (decrease) in other non-current liabilities	(33,620)	(156,981)
Other, net	(19,508)	52,184
Subtotal	3,219,936	1,277,946
Interest and dividends received	84	118
Interest paid	(200,933)	(275,162)
Income taxes refund	7,820	175,824
Income taxes paid	(388,370)	(929,045)
Net cash provided by (used in) operating activities	2,638,537	249,683
Cash flows from investing activities		
Payments into time deposits	(32,484)	(26,031)
Proceeds from withdrawal of time deposits	–	169,502
Purchase of property, plant and equipment	(161)	(534,334)
Purchase of intangible assets	–	(3,211)
Purchase of investment securities	–	(8,240)
Proceeds from collection of loans receivable	–	27,507
Payments of leasehold and guarantee deposits	(200)	(5,100)
Proceeds from refund of leasehold and guarantee deposits	25,728	576
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(587,850)
Other, net	–	42,843
Net cash provided by (used in) investing activities	(7,118)	(924,337)

(Thousands of yen)

	Six months ended May 31, 2021	Six months ended May 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,000,000)	361,318
Proceeds from long-term borrowings	4,718,000	2,948,800
Proceeds from long-term non recourse loans payable	3,654,000	–
Repayments of long-term borrowings	(4,628,262)	(3,870,331)
Repayment of long-term non recourse loans payable	(598,155)	–
Dividends paid	(336,051)	(377,900)
Dividends paid to non-controlling interests	(165)	(165)
Net cash provided by (used in) financing activities	809,365	(938,278)
Effect of exchange rate change on cash and cash equivalents	1,968	–
Net increase (decrease) in cash and cash equivalents	3,442,753	(1,612,933)
Cash and cash equivalents at beginning of period	6,202,070	10,767,954
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(10,785)	(64,048)
Cash and cash equivalents at end of period	9,634,037	9,090,972