



# Summary of Earnings Report for the First Two Quarters of Fiscal Year Ending Nov. 2022

July 14, 2022

TSEs

Name of listed company Phil Company, Inc.  
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 Scheduled date of quarterly filing July 14, 2022 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 the First half of the Fiscal Year Ending Nov. 30, 2022 (Dec. 1, 2021–May. 31, 2022)

### (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	%
Q2 Ended May. 2022	1,399	(33.7)	(77)	—	(77)	—	(50)	—
Q2 Ended May. 2021	2,111	97.5	234	—	227	—	146	—

(note) Comprehensive income Q2 Ended May. 2022 -50 Millions yen ( —%) Q2 Ended May. 2021 146 Millions yen ( —%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q2 Ended May. 2022	(9.47)	—
Q2 Ended May. 2021	25.71	25.44

### (2) Consolidated Financial Conditions

	Total assets	Net Assets	Shareholders' Equity Ratio
	¥ millions	¥ millions	%
Q2 Ended May. 2022	4,473	2,249	50.2
FY Ended Nov. 2021	5,450	2,774	50.8

## 2. Dividend information

	Dividend per Share				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended Nov. 2021	—	0.00	—	10.00	0.00
Year Ending Nov. 2022	—	0.00	—	—	—
Year Ending Nov. 2022 (plan)	—	—	—	0.00	0.00

## 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
Full year	5,500	1.2	140	(80.7)	130	(81.8)	90	(77.9)	16.18

## 1. Overview of business result

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

During the consolidated first two quarters of this fiscal year (December 1, 2021 – May 31, 2022), the economy of Japan saw signs of a recovery after coronavirus infections peaked and began to slowly subside. However at the same time, factors such as soaring global material prices and energy prices, and the worsening situation in Ukraine, mean that the future economic outlook remain uncertain.

Under these conditions, the Phil Company Group is operating the Phil Park aerial shop 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.

The number of contracted orders during second quarter of this consolidated fiscal year was 10 and orders received reached 821,087 thousand yen. As for the breakdown, the Phil Park aerial shop business was 2 and orders received reached 346,374 thousand yen and the Premium Garage House business was 8 and orders received reached 474,713 thousand yen. As a result, the number of contracted orders during these two quarters of this consolidated fiscal year was 15 and orders received reached 1,334,756 thousand yen. As for the breakdown, the Phil Park aerial shop business was 5 and orders received reached 666,533 thousand yen and the Premium Garage House business was 10 and orders received reached 668,223 thousand yen.

In the Phil Park aerial shop business, we have seen a gradual recovery in orders as society continues a slow recovery from the coronavirus pandemic. Following the start of this fiscal year, we received three orders during the consolidated first quarter, and two during the consolidated second quarter. Among the orders which we received were some which had been planned and proposed prior to the pandemic, but the projects had been postponed due to pandemic concerns. However the contracts were revived in recognition of our company’s excellent planning capabilities making maximum use of site characteristics, and our success in attracting tenants even during the pandemic.

In the Premium Garage House business, resident needs have expanded into an increasingly wide range, backed by the increase in remote working and other elements of diversifying lifestyle changes resulting from the pandemic. Because the garage space can be used in a large variety of ways, not only as a garage but also as a place for hobbies or work, or as a second house, these houses have experienced growing demand from residents. Land owners have also recognized the high occupancy rate resulting from use of our original tenant waiting list registration system, and we received a steady supply of orders during the first two quarters of this consolidated fiscal year.

We handed over 7 properties of contracted orders scheme and sales figures of development and sales scheme was none during these two quarters of this consolidated fiscal year.

In the development and sales scheme, as prescribed in the mid-term management plan that was formulated in January 2022, our policy for this fiscal year is to actively acquire high-quality properties for development, and we concluded contracts for acquiring two properties during the first two quarters of this consolidated fiscal year.

The Phil Company Group in these first two quarters of this fiscal year recorded sales of 1,399,135 thousand yen (-33.7% compared to the previous quarters), operating loss of 77,245 thousand yen (234,576 thousand yen for previous quarters), ordinary loss of 77,769 thousand yen (227,828 thousand yen for previous quarters), and net loss attributable to the owners of the parent of 50,161 thousand yen (146,864 thousand yen for previous quarters).

During these first two quarters of fiscal year, sales, cost of sales, gross profit and gross profit margin are as follows.

	Services	GPM of each service	First quarter	Second quarter	First two quarters
Sales	Planning and design	90%~100%	37,022 thousand yen	42,634 thousand yen	79,657 thousand yen
	Design and management	50%~60%	23,599 thousand yen	50,034 thousand yen	73,634 thousand yen
	Construction	13%~18%	390,114 thousand yen	664,362 thousand yen	1,054,476 thousand yen
	Development and sales	—	—	—	—
	Others	—	95,049 thousand yen	96,318 thousand yen	191,367 thousand yen
Total Sales			545,785 thousand yen	853,350 thousand yen	1,399,135 thousand yen
Cost of Sales			431,980 thousand yen	661,241 thousand yen	1,093,221 thousand yen
Gross Profit on sales			113,804 thousand yen	192,110 thousand yen	305,914 thousand yen
Gross Profit Margin			20.9%	22.5%	21.9%

※Gross profit margin of contracted orders scheme per order is approximately 25%.

During these first two quarters of fiscal year, number of properties for contracted orders scheme, and number of properties for development and sales scheme, those shows the growth potentials are as follows.

“Contracted orders scheme”

No. of ordered properties	Q1	Q2	Q3	Q4	Total
Year Ending Nov. 2022	3	4	—	—	7
Year Ended Nov. 2021	0	3	4	9	16

“Development and sales scheme”

Orders received *1		Q1		Q2	
		No.	(thousand yen)	No.	(thousand yen)
Year Ending Nov. 2022	Phil Park aerial shop business	3	320,159	2	346,374
	Premium Garage House	2	193,510	8	474,713
	Total	5	513,669	10	821,087
Year Ended Nov. 2021	Phil Park aerial shop business	2	1,227,283	2	370,721
	Premium Garage House	5	236,390	3	234,440
	Total	7	1,463,673	5	605,161

Orders received *1		Q3		Q4		Total	
		No.	(thousand yen)	No.	(thousand yen)	No.	(thousand yen)
Year Ending Nov. 2022	Phil Park aerial shop business	—	—	—	—	5	666,533
	Premium Garage House	—	—	—	—	10	668,223
	Total	—	—	—	—	15	1,334,756
Year Ended Nov. 2021	Phil Park aerial shop business	1	78,328	0	17,567	5	1,693,900
	Premium Garage House	6	311,869	12	577,470	26	1,360,169
	Total	7	390,197	12	595,037	31	3,054,069

\*1: The amount of orders received is the total amount (sales base) of new orders received in the “contracted orders scheme” of the Phil Park aerial shop business during the above consolidated fiscal year (including ground stabilization, piling work and additional work).

Through the fiscal year ended November 30, 2021, orders received by cooperating companies in the Premium Garage Houses business were included in the total number of orders. (In such orders, the construction work is contracted by the cooperating company, and Phil Company provides the Premium Garage House trademark, proposal, design, and other expertise, acquiring sales income as a price for use of this expertise and as consulting fees.) However because this system made it impossible to appropriately calculate a unit price per order in the contracted orders scheme, orders received by cooperating companies are no longer included in the total number of orders beginning from the fiscal year ending November 30, 2022. (In the fiscal year ended November 30, 2021, there were a total of four orders received by cooperating companies: one in the first quarter and three in the fourth quarter.) Both sales and balance of order (\*2) include orders received by cooperating companies.

Balance of order *2	(thousand yen)
May. end 2022	2,467,324
Nov. end 2021	2,587,870

\*2: The balance of order is the total remaining balance (future sales base) 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 ground stabilization, piling work and additional work)..

The specific amount of “Development and sales scheme” and balance which handles everything from the acquisition of land to the development and sale of Phil Park aerial shops including the number of delivered properties, amount of developing projects and the number of acquired lands are shown in the table below.

“Development and sales scheme”

Number of development and sales scheme		Q1	Q2	Q3	Q4	Total
Year Ending Nov. 2022	Land	0	0	—	—	0
	Land+Bldgs	0	0	—	—	0
	Total	0	0	—	—	0
Year Ended Nov. 2021	Land	0	0	0	0	0
	Land+Bldgs	0	1	1	1	3
	Total	0	1	1	1	3

“Development and sales scheme”

Amount of development and sales scheme *3	No.	(thousand yen)
May. end 2022	9	1,883,301
Nov. end 2021	3	403,381

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

Number of acquired land for development *4	Q1	Q2	Q3	Q4	Total
Year Ending Nov. 2022	5	2 -1	—	—	6
Year Ended Nov. 2021	0	0	1	0	1

\*4: Contracts for acquisition of two properties were concluded in the second quarter of this fiscal year. Of the contracts for property acquisition that were concluded during the first quarter, because delivery for one order was not completed during the second quarter, this property acquisition contract is entered as “-1”.

One important issue that we face is reinforcing our personnel, and the number of consolidated employees at the end of May was 59 (compared to 48 at the end of the fiscal year ended November 30, 2021).

In order to achieve continual growth in the Phil Company Group, we will continue to hire the top-grade personnel and expert personnel, and will also continue training of existing employees as mentioned on a mid-term management plan .

## (2) Explanation of financial status

### (Assets)

Total assets at the end of 2<sup>nd</sup> quarter of this fiscal year decreased by 976,346 thousand yen to reach 4,473,965 thousand yen. Primary factors affecting this result included the decrease of 1,568,996 thousand yen in cash and savings, an increase of 81,270 thousand yen in real estate for sale and an increase of 543,866 thousand yen in real estate for sale in progress.

### (Liabilities)

Liabilities at the end of 2<sup>nd</sup> quarter of this fiscal year decreased by 451,892 thousand yen to reach 2,224,305 thousand yen. Primary factors affecting this result included the decrease of 237,034 thousand yen in unpaid corporate tax and a decrease in 220,763 thousand yen in advance payment.

### (Net assets)

Net assets at the end of 2<sup>nd</sup> quarter of this fiscal year decreased by 524,454 thousand yen from the end of the previous fiscal year to reach 2,249,659 thousand yen. Primary factors affecting this result included the increase of 499,879 thousand yen in treasury stock by an acquisition of a stock from market, a decrease of 56,127 thousand yen in paying out the dividend to shareholders and a decrease of 50,161 thousand yen in net income attributable to owners of the parent. As for retained earnings at the beginning of this fiscal year, it increased 48,657 thousand yen due to the change of revenue recognition accounting standards..

## (3) Prospects for the future

Regarding the results forecast for the full consolidated fiscal year, plan was unchanged as released on January 14, 2022. We will continue to carefully monitor the progress of projects in the contracted orders scheme and the sales conditions in the development and sales scheme, 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. 2021	First two quarters of FY ending Nov. 2022
<b>Assets</b>		
Current assets		
Cash and savings	4,193,330	2,624,334
Accounts receivable	5,127	27,475
Real estate for sale	168,903	250,173
For sale in progress real estate	95,760	639,626
Uncompleted business disbursements	40,022	24,730
Others	72,770	79,869
Total current assets	4,575,914	3,646,210
Fixed assets		
Tangible fixed assets	329,756	316,098
Intangible fixed assets		
Goodwill	161,423	148,335
Others	7,347	9,525
Total Intangible fixed assets	168,771	157,861
Investments and other assets		
Invested Securities	90,581	59,023
Deferred tax assets	128,719	140,953
Others	185,270	182,520
Allowance for doubtful accounts	-28,701	-28,701
Total investments and other assets	375,869	353,795
Total fixed assets	874,397	827,755
Total assets	5,450,312	4,473,965
<b>Liabilities</b>		
Current liabilities		
Accounts payable	168,205	367,612
Long-term payable within one year	37,280	70,236
Income taxes payable	265,419	28,384
Fee received in advance	1,252,557	1,031,793
Deposit	15,707	16,265
Reserve for stock benefit	33,497	—
Others	355,780	84,526
Total current liabilities	2,128,446	1,598,818
Fixed liabilities		
Long-term loans payable	202,792	284,338
Lease liabilities	122,866	120,070
Asset retirement obligations	52,374	52,499
Long-term deposit	136,243	136,656
Others	33,474	31,921
Total fixed liabilities	547,750	625,486
Total liabilities	2,676,197	2,224,305
<b>Net assets</b>		
Shareholders' equity		
Capital	789,647	789,647
Capital surplus	789,647	789,647
Retained earnings	1,801,442	1,743,811
Treasury stock	-609,747	-1,076,502
Total shareholders' equity	2,770,989	2,246,602
Stock option	2,148	2,148
Non-controlling interest	977	909
Total net assets	2,774,114	2,249,659
Total net assets and liabilities	5,450,312	4,473,965

## (2) Consolidated profit and loss statement

(unit: thousand yen)

	Previous first two quarters of FY (Dec. 1 2020-May 31 2021)	Current first two quarters of FY (Dec. 1 2021-May 31 2022)
Sales	2,111,160	1,399,135
Cost of sales	1,532,633	1,093,221
Gross profit on sales	578,527	305,914
Sales, general and administrative expenses	343,951	383,159
Operating income or loss	234,576	-77,245
Non-operating expenses		
Interest income	181	178
Compensation income	900	—
Additional charge for refund	1,224	—
Investment gain on equity method	—	3,646
Others	30	890
Total non-operating income	2,336	4,715
Non-operating expenses		
Interest paid	5,659	3,990
Commission paid	2,999	1,249
Loss from equity method investment	425	—
Total non-operating expenses	9,083	5,239
Ordinary income or loss	227,828	-77,769
Extraordinary income		
Income from sale of invested stock	—	18,953
Total of extraordinary income	—	18,953
Net income or loss before income taxes	227,828	-58,815
Corporate and income tax	59,820	29,337
Income tax adjustment	21,144	-37,923
Total income taxes	80,964	-8,585
Net income or loss attributable to owners of the parent	146,864	-50,229
Net loss attributable to non-controlling owners	—	-68
Net income or loss attributable to owners of the parent	146,864	-50,161