

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended August 31, 2022 (Based on Japanese GAAP)

October 7, 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: October 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 nine months ended August 31, 2022 (from December 1, 2021 to August 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	%
Nine months ended August 31, 2022	10,833	(31.5)	1,413	(54.6)	1,024	(61.6)	793	(56.1)
Nine months ended August 31, 2021	15,810	57.8	3,113	57.3	2,668	88.2	1,808	(11.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended August 31, 2022	56.59		–	
Nine months ended August 31, 2021	128.96		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2022	86,390	21,253	24.5	1,508.30
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 nine months ended August 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: Yes
- 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 August 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 August 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)

Nine months ended August 31, 2022	14,023,290 shares	Nine months ended August 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 August 31, 2022
Assets		
Current assets		
Cash and deposits	10,766,170	7,744,233
Deposits in trust	740,507	846,973
Accounts receivable - trade	281,949	326,642
Real estate for sale	44,908,794	46,352,426
Real estate for sale in process	4,275,774	3,479,636
Operational investment securities	342,414	342,539
Other	1,339,478	1,924,528
Allowance for doubtful accounts	(0)	–
Total current assets	62,655,088	61,016,980
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,690,582	11,135,339
Land	8,753,917	10,451,838
Other, net	666,467	1,336,307
Total property, plant and equipment	18,110,967	22,923,484
Intangible assets		
Goodwill	367,290	1,145,625
Other	14,186	16,185
Total intangible assets	381,476	1,161,810
Investments and other assets	1,404,206	1,288,283
Total non-current assets	19,896,650	25,373,579
Total assets	82,551,738	86,390,559
Liabilities		
Current liabilities		
Short-term borrowings	3,454,179	1,304,720
Current portion of long-term borrowings	1,890,848	2,169,902
Income taxes payable	856,693	126,897
Provision for bonuses	25,850	176,215
Provision for shareholder benefit program	21,500	1,786
Other	2,621,417	1,383,119
Total current liabilities	8,870,488	5,162,643
Non-current liabilities		
Long-term borrowings	44,384,923	49,720,571
Long-term non-recourse loans payable	3,420,000	5,059,700
Retirement benefit liability	12,977	19,242
Other	5,053,360	5,174,482
Total non-current liabilities	52,871,260	59,973,996
Total liabilities	61,741,748	65,136,639

(Thousands of yen)

	As of November 30, 2021	As of August 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	17,854,116
Treasury shares	(278,086)	(278,086)
Total shareholders' equity	20,669,847	21,083,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,337	55,862
Deferred gains or losses on hedges	(816)	12,353
Total accumulated other comprehensive income	38,521	68,216
Non-controlling interests	101,620	102,585
Total net assets	20,809,990	21,253,919
Total liabilities and net assets	82,551,738	86,390,559

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2021	Nine months ended August 31, 2022
Net sales	15,810,726	10,833,051
Cost of sales	11,344,702	7,752,540
Gross profit	4,466,023	3,080,511
Selling, general and administrative expenses	1,352,572	1,667,274
Operating profit	3,113,450	1,413,237
Non-operating income		
Interest income	67	122
Dividend income	1,008	1,007
Interest on tax refund	1,985	676
Subsidy income	2,932	33,947
Gain on valuation of derivatives	33,713	110,464
Gain on sale of investment securities	35	233
Other	2,677	21,666
Total non-operating income	42,420	168,118
Non-operating expenses		
Interest expenses	333,007	426,838
Commission expenses	146,715	129,131
Loss on valuation of derivatives	1,733	-
Other	5,474	400
Total non-operating expenses	486,930	556,369
Ordinary profit	2,668,940	1,024,986
Extraordinary losses		
Loss on retirement of non-current assets	629	3,134
Total extraordinary losses	629	3,134
Profit before income taxes	2,668,311	1,021,851
Income taxes - current	1,066,876	188,146
Income taxes - deferred	(202,987)	45,067
Total income taxes	863,889	233,213
Profit	1,804,422	788,637
Loss attributable to non-controlling interests	(4,052)	(4,886)
Profit attributable to owners of parent	1,808,474	793,524

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2021	Nine months ended August 31, 2022
Profit	1,804,422	788,637
Other comprehensive income		
Valuation difference on available-for-sale securities	14,381	16,525
Deferred gains or losses on hedges	(602)	13,228
Total other comprehensive income	13,779	29,754
Comprehensive income	1,818,201	818,391
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,822,256	823,218
Comprehensive income attributable to non-controlling interests	(4,055)	(4,826)