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**Consolidated Financial Results  
for the Fiscal Year Ended November 30, 2022  
(Under Japanese GAAP)**

January 13, 2023

Company name: Phil Company, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3267  
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 Scheduled date of annual general meeting of shareholders: February 21, 2023  
 Scheduled date to commence dividend payments: -  
 Scheduled date to file annual securities report: February 21, 2023  
 Preparation of supplementary material on financial results: None  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

**1. Consolidated financial results for the fiscal year ended November 30, 2022 (from December 1, 2021 to November 30, 2022)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
Fiscal year ended November 30, 2022	4,378	(19.4)	169	(76.6)	200	(71.9)	142	(65.1)
November 30, 2021	5,432	36.8	724	456.5	713	626.4	407	-

Note: Comprehensive income For the fiscal year ended November 30, 2022: ¥142 million (-65.1%)  
 For the fiscal year ended November 30, 2021: ¥407 million (-%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended November 30, 2022	Yen 27.22	Yen -	5.5%	3.9%	3.9%
November 30, 2021	72.25	71.26	14.5%	13.5%	13.3%

Note: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended November 30, 2022: ¥47 million  
 For the fiscal year ended November 30, 2021: (¥1 million)

Information on diluted earnings per share for the fiscal year ended November 30, 2022 is omitted because there were no dilutive potential shares.

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended November 30, 2022	4,750	2,443	51.3	474.30
November 30, 2021	5,450	2,774	50.8	498.05

Reference: Equity

As of November 30, 2022: ¥2,438 million

As of November 30, 2021: ¥2,770 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended November 30, 2022	(1,663)	23	(302)	2,250
November 30, 2021	3,291	(6)	(1,157)	4,193

## 2. Cash dividends

	Annual dividends per share					Dividends paid (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended November 30, 2021	Yen -	Yen 0.00	Yen -	Yen 10.00	Yen 10.00	56	13.8	2.0
November 30, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending November 30, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

Note: Breakdown of year-end dividends for the fiscal year ended November 30, 2021

Dividend to show appreciation for our shareholders' support during the COVID-19 pandemic: ¥10.00

## 3. Forecasts for the fiscal year ending November 30, 2023 (from December 1, 2022 to November 30, 2023) (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Six months ending May 31, 2023	2,200	57.2	(75)	-	(80)	-	(55)	-	(10.70)
Fiscal year ending November 30, 2023	7,000	59.9	250	47.2	240	19.9	160	12.6	31.12

**Notes:**

**(1) Changes in significant subsidiaries during the period** (changes in specified subsidiaries resulting in a change in consolidation scope): None

Newly included: None

Excluded: None

**(2) Changes in accounting policies, changes in accounting estimates, and restatement**

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

**(3) Number of issued shares (common shares)**

(i) Total number of issued shares at the end of the period (including treasury shares)	As of November 30, 2022	5,778,000	As of November 30, 2021	5,778,000
(ii) Number of treasury shares at the end of the period	As of November 30, 2022	635,980	As of November 30, 2021	214,280
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Fiscal year ended November 30, 2022	5,220,045	Fiscal year ended November 30, 2021	5,639,673

Note: The number of treasury shares at the end of the period includes the Company's shares (35,500 shares as of November 30, 2022 and 49,000 shares as of November 30, 2021) held by Custody Bank of Japan, Ltd. as trust assets for the Stock Benefit Trust for Directors and Stock Benefit Trust for Employees. The Company's shares held by Custody Bank of Japan, Ltd. as trust assets of the Stock Benefit Trust for Directors and Stock Benefit Trust for Employees are included in the number of treasury shares deducted in calculating the average number of shares during the period (39,562 shares in the year ended November 30, 2022 and 49,000 shares in the third quarter of the year ended November 30, 2021).

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended November 30, 2022 (from December 1, 2021 to November 30, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
		%		%		%		%
Fiscal year ended November 30, 2022	1,228	(66.7)	(389)	-	12	(98.3)	44	(90.7)
November 30, 2021	3,688	265.7	416	-	742	209.8	477	116.3
	Basic earnings per share		Diluted earnings per share					
	Yen		Yen					
Fiscal year ended November 30, 2022	8.48		-					
November 30, 2021	84.73		83.56					

Note: In the non-consolidated financial statements, the Company reports administrative and operating expenses of subsidiaries as SG&A expenses, and the portion borne by the subsidiaries is included in non-operating income as consulting fee income.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended			%	Yen
November 30, 2022	3,382	2,311	68.2	448.85
November 30, 2021	3,990	2,788	69.8	500.77

Reference: Equity

As of November 30, 2022: ¥2,307 million

As of November 30, 2021: ¥2,786 million

- Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.
- Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual operating results may differ significantly due to various factors. For more information on the assumptions used in forecasting business results and precautions regarding their use, please refer to this document, page 10, “(4) Future Outlook.”

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal Year

Highlights for the fiscal year ended November 30, 2022

- (i) The number of orders received for Phil Park increased 2.6x from the previous fiscal year
- (ii) Waiting list registrations and land use inquiries for Premium Garage Houses increased

#### Overview

In the fiscal year ended November 30, 2022, economic activity in Japan gradually normalized amid the continuation of measures fighting COVID-19. However, the business environment remained unstable and challenging due to the protracted conflict between Russia and Ukraine, soaring energy and various raw material prices, and the rapid depreciation of the yen.

Under these conditions, the Phil Company Group provides solutions in two ways: Contracted Orders, in which we provide landowners with proposals for Phil Park and Premium garage House, and Development and Sales for real estate investors, in which our company performs all work from buying land to development and sales. In both, we have two brands\*: the Phil Park brand, which aims to benefit all three parties involved – the landowner, tenant, and the community – and the Premium Garage House brand for rental housing that includes a garage. These brands are based on the Phil Company Group’s corporate philosophy of prosperous coexistence.

\*Currently, when we report our financial data, the data is not broken down by brand, or disclosed, for development and sales.

#### Operating results

In the fiscal year ended November 30, 2022, the Phil Company Group recorded net sales of ¥4,378,593 thousand (down 19.4% year on year), a gross profit of ¥1,028,090 thousand (down 39.7% year on year), an operating profit of ¥169,840 thousand (down 76.6% year on year), an ordinary profit of ¥200,100 thousand (down 71.9% year on year), and profit attributable to owners of parent of ¥142,103 thousand (down 65.1% year on year.)

Sales, sales breakdown, cost of sales, gross profit, and gross profit margin during the fiscal year under review are as follows.

(Unit: Thousand yen)

			First quarter	Second quarter	Third quarter	Fourth quarter	Total
Sales			545,785	853,350	1,065,556	1,913,901	4,378,593
Sales break-down	Contracted Orders	Planning and design 90 - 100%*	37,022	42,634	60,881	76,464	217,003
		Design and management 50 - 60%*	23,599	50,034	53,133	75,269	202,037
		Construction 13 - 18%*	390,114	664,362	842,652	927,946	2,825,074
	Development and sales		-	-	-	717,781	717,781
	Others		95,049	96,318	108,889	116,439	416,696
Cost of sales			431,980	661,241	810,556	1,446,725	3,350,502
Gross profit on sales			113,804	192,110	255,000	467,176	1,028,090
Gross profit margin			20.9%	22.5%	23.9%	24.4%	23.4%

\* Approximate gross profit margins

(i) The number of orders received for Phil Park increased 2.6x from the previous fiscal year

During the fiscal year under review, we received 29 contracted orders totaling ¥2,734,241 thousand (¥3,054,069 thousand in the previous fiscal year). As for the breakdown, Phil Park received 13 orders totaling ¥1,632,649 thousand (¥1,693,900 thousand in the previous fiscal year), and Premium Garage House received 16 orders totaling ¥1,101,591 thousand (¥1,360,169 thousand in the previous fiscal year).

In Phil Park, the number of orders received over the fiscal year under review increased 2.6x from the previous fiscal year. The value of orders received for the fiscal year under review remained almost unchanged from the previous fiscal year, but while orders for large-scale projects in the first half of the previous fiscal year contributed significantly to value of orders received for that fiscal year, in the fiscal year under review we have been able to consistently accumulate orders on a quarterly basis. In recent years, it has taken some time for a full-fledged recovery in orders due to the cautious moves of landowners and financial institutions in light of the impact of the COVID-19 pandemic. However, as a consciousness based on policies aimed at living “with coronavirus” has taken root in society as a whole and landowners and financial institutions have normalized their activities, the Company received five orders for Phil Park in the fourth quarter of the fiscal year under review, and we are gradually regaining the momentum we had before the COVID-19 pandemic.

In Premium Garage House, the high occupancy rate and sense of security due to our proprietary waiting list registration system has been highly evaluated, and we were able to continually accumulate orders.

In both Phil Park and Premium Garage House, we will strive to accumulate stable orders in the next fiscal year and beyond by maximizing our strength as a one-stop provider of services ranging from planning, design, and construction of buildings, to attracting and recruiting tenants after completion.

Moreover, four projects were sold and delivered in Development and Sales for the fiscal year under review, of which two were land only and the other two were land and buildings. As stated in the mid-term management plan formulated in January 2022, the Company focused on acquiring high-quality properties for development during the fiscal year and concluded a total of eight contracts for property acquisition. As a result, the total expected amount of development projects regarded as an expected cost of sales as of the end of the fiscal year totaled ¥1,711,451 thousand (up 324.2% year on year).

We intend to keep aggressively acquiring high-quality properties for development and continue sales activities for our ongoing projects with an eye to sales in the future.

(ii) Waiting list registrations and land use inquiries for Premium Garage House increased

In Premium Garage House, under the leadership of a department newly established in the fiscal year under review which is responsible for building internal digital infrastructure, we have been working to renew the website in conjunction with rebranding, expand content for landowners and prospective tenants, and build a company-wide database that integrates data on our proprietary tenant waiting list registration system. This has enabled us to more actively provide information through our website and social media, which not only increased the number of site visits, but also resulted in 119 land use inquiries via our website during the year (up 43.3% year on year). The number of registrations to the waiting list registration system totaled 5,099 by the end of the fiscal year, up 31.4% from the end of the previous fiscal year. With the diversification of lifestyles in recent years and the normalization of remote work due to the COVID-19 pandemic, there is a growing need for garage houses that can be used for a wide range of purposes, as spaces not just for storing cars, but also for work, hobbies, or homes away from home.

Status of Business

		Unit	FY Ended Nov. 30, 2022		Bracketed figures are for the previous FY		
			Q1	Q2	Q3	Q4	Total
Contracted Orders	1) No. of orders received Phil Park	orders	3 [2]	2 [2]	3 [1]	5 [0]	13 [5]
	2) No. of orders received <sup>1</sup> Premium Garage House	orders	2 [4]	8 [3]	2 [6]	4 [9]	16 [22]
	3) No. of orders received <sup>1</sup> Total	orders	5 [6]	10 [5]	5 [7]	9 [9]	29 [27]
	4) Amount of orders received <sup>2</sup> Phil Park	thousand yen	320,159 [1,227,283]	346,374 [370,721]	443,234 [78,328]	522,881 [17,567]	1,632,649 [1,693,900]
	5) Amount of orders received Premium Garage House	thousand yen	193,510 [236,390]	474,713 [234,440]	158,890 [311,869]	274,477 [577,470]	1,101,591 [1,360,169]
	6) Amount of orders received Total	thousand yen	513,669 [1,463,673]	821,087 [605,161]	602,125 [390,197]	797,359 [595,037]	2,734,241 [3,054,069]
	7) Balance of orders received as of the end of period <sup>3</sup>	thousand yen	2,400,320 [2,915,120]	2,467,324 [2,598,173]	2,113,663 [2,681,707]	1,884,005 [2,587,870]	-
	8) No. of properties completed and delivered	orders	3 [0]	4 [3]	8 [4]	7 [9]	22 [16]
Development and Sales	9) No. of contracts to acquire land for development <sup>4</sup>	orders	5 [0]	2-1 [0]	2-1 [1]	1 [0]	8 [1]
	10) No. of projects making up the total expected amount <sup>5</sup>	orders	8 [5]	9 [4]	10 [4]	7 [3]	-
	11) Total expected amount of development projects <sup>5</sup>	thousand yen	2,073,595 [2,155,974]	1,883,301 [1,405,904]	2,183,285 [945,551]	1,711,451 [403,381]	-
	12) No. of projects sold and delivered Land	orders	0 [0]	0 [0]	0 [0]	2 [0]	2 [0]
	13) No. of projects sold and delivered Land and buildings	orders	0 [0]	0 [1]	0 [1]	2 [1]	2 [3]
14) No. of employees	employees	59 [39]	59 [52]	58 [49]	52 [48]	-	

1. Number of orders received for Premium Garage House included the number of orders received by partner companies until the end of the fiscal year ended November 30, 2021. However, the number of orders received by partner companies is not included since the beginning of the fiscal year ended November 30, 2022, because it is not possible to accurately calculate the unit price per order for each premium garage house. Therefore, in order to align the basis for the number of orders for premium garage houses in the fiscal year ended November 30, 2021 and the fiscal year ended November 30, 2022, the figures for the previous fiscal year exclude one order received in the first quarter and three orders received in the fourth quarter, for a total of four orders received by partner companies in the fiscal year ended November 30, 2021. Note that the figures for the amount of orders received and balance of orders continue to include orders received by partner companies in the fiscal year ended November 30, 2022.
2. The amount of orders received is the total amount (based on sales) of new orders for construction or projects received during the fiscal year.
3. The balance of orders is the total remaining amount of orders received for construction and projects that have not yet been recorded as sales by the end of the fiscal year, and is the expected amount of sales.
4. Of the contracts for property acquisition, because delivery for one order in both the second and third quarter was not completed, they are entered as “-1.”
5. The total expected amount of development projects is, with respect to projects to better use land which started after the conclusion of a contract to acquire the concerned land, the total estimated amount to be expended on land and buildings until their completion as of the end of the period, and is the expected cost of sales.



## **(2) Overview of Financial Position for the Fiscal Year**

### **Assets**

Total assets at the end of the fiscal year under review decreased by ¥700,263 thousand from the end of the previous fiscal year, totaling ¥4,750,048 thousand. This was mainly due to a decrease of ¥689,218 thousand in current assets caused by a decrease in cash and deposits as well as an increase in real estate for sale and real estate for sale in progress.

### **Liabilities**

Liabilities at the end of the fiscal year under review decreased by ¥369,884 thousand from the end of the previous fiscal year, totaling ¥2,306,313 thousand. This was mainly due to a decrease of ¥523,692 thousand in advances received, a decrease of ¥170,769 thousand in income taxes payable, an increase of ¥289,962 thousand in accounts payable, and an increase of ¥236,428 thousand in long-term borrowings.

### **Net assets**

Net assets at the end of the fiscal year under review decreased by ¥330,379 thousand from the end of the previous fiscal year, totaling ¥2,443,735 thousand. This was mainly due to an increase of ¥499,879 thousand in treasury stock by repurchasing shares and an increase in retained earnings of ¥142,103 thousand due to profit attributable to owners of parent. Moreover, retained earnings at the beginning of this fiscal year increased ¥48,657 thousand due to the application of revenue recognition accounting standards.

## **(3) Overview of Cash Flows for the Fiscal Year**

The balance of cash and cash equivalents (hereafter, “capital”) at the end of this fiscal year totaled ¥2,250,657 thousand, a decrease of ¥1,942,673 thousand from the end of the previous fiscal year.

The status of each cash flow and relevant factors during this fiscal year are as follows.

### **Cash flows from operating activities**

Capital used in operating activities during the fiscal year under review totaled ¥1,663,383 thousand (¥3,291,115 thousand gained in the previous fiscal year). This was mainly due to an increase of ¥1,069,856 thousand in inventories, a decrease of ¥523,692 thousand in advances received, and a decrease of ¥406,683 thousand in income taxes paid.

### **Cash flows from investing activities**

Capital gained from investing activities during the fiscal year under review totaled ¥23,591 thousand (¥6,229 thousand spent in the previous fiscal year). This was mainly due to ¥53,795 thousand in proceeds from the sale of investment securities and ¥23,000 thousand in long-term loan advances.

### **Cash flows from financing activities**

Capital used in financing activities during the fiscal year under review totaled ¥302,881 thousand (¥1,157,820 thousand spent in the previous fiscal year). This was mainly due to ¥501,129 thousand for the purchase of treasury shares, and ¥340,000 thousand in proceeds from long-term borrowings.

#### **(4) Future Outlook**

The environment surrounding our Group is changing at a dizzying pace. In addition to the increasing number of underutilized spaces in cities due to the hollowing out of urban areas amid a declining birthrate and aging population, we are also facing the challenge to decarbonize society and measures to fight the COVID-19 pandemic.

In January 2022, we formulated and announced our mid-term management plan, which ends in November 2024, as the first step toward our goal of becoming a business creation company that maximizes the value of underutilized space in order to achieve our goal of harmony between sustainable corporate growth and a sustainable society.

In this mid-term management plan, we have positioned the period of the plan as a growth investment phase for further rapid progress, and we will make concentrated investments mainly in our human resource pool and digital infrastructure. As for the human resource pool, the number of employees (consolidated basis) as of the end of the fiscal year under review was 52, an increase of 4 from the end of the previous fiscal year. Although not included in this number of employees, we have also been securing specialized human resources through outsourcing, and in the fiscal year under review, we strived to build our human resource pool by establishing new departments for digital transformation (DX) and marketing staffed by these specialists. The digital infrastructure has also been built mainly by the newly established department of specialists mentioned above. We will continue to make intensive investments in both human resources and digital infrastructure to achieve stable growth in our existing businesses.

With regard to the establishment of a franchise model for the nationwide development of Premium Garage House, which is also envisioned in the mid-term management plan, in the fiscal year under review we finally obtained a voluntary evaluation of our design and construction method and will proceed to design a new online platform that will serve as the basis for this project.

As for the formation of funds under the Company's own brand in Development and Sales, this project, now underway, is also being led by the specialists hired in the fiscal year under review, and we will work to acquire additional licenses and collaborate with partners, as well as acquire land for the fund.

Other investments in advertising, ESG development, and M&A will be made aggressively while controlling costs as appropriate and aiming to strike a balance between the external environment and the Group's own resources.

The primary objective of this growth investment phase, the period of our mid-term management plan, is to increase corporate value through the accumulation of intangible assets, the source of future value. At the same time, we will focus on top-line expansion in the final year of our mid-term management plan, along with stable growth of existing businesses by increasing personnel, aiming for net sales of ¥15 billion, and an operating margin of 10% or more.

For the fiscal year ending November 30, 2023, the Company forecasts net sales of ¥7,000 million (up 59.9% year on year), operating profit of ¥250 million (up 47.2%), ordinary profit of ¥240 million (up 19.9%), and profit attributable to owners of parent of ¥160 million (up 12.6%).

## **2. Basic Policy regarding Selection of an Accounting Standard**

In order to ensure comparability with other domestic companies in the same industry, the Phil Company Group has adopted Japanese GAAP for its accounting standard.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

(Unit: thousand yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	4,193,330	2,250,657
Accounts receivable - trade	5,127	43,826
Real estate for sale	168,903	616,347
Real estate for sale in progress	95,760	740,674
Costs on service contracts in progress	40,022	14,562
Income taxes refund receivable	-	132,382
Others	72,770	88,245
Total current assets	4,575,914	3,886,695
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	216,911	195,899
Tools, furniture and fixtures, net	3,491	3,203
Leased assets, net	109,353	102,373
Total property, plant and equipment	329,756	301,477
Intangible assets		
Goodwill	161,423	135,247
Software	7,347	9,137
Total intangible assets	168,771	144,384
Investments and other assets		
Investment securities	90,581	103,141
Long-term loans receivable	5,042	28,042
Guarantee deposits	143,078	138,895
Distressed receivables	23,658	23,658
Deferred tax assets	128,719	140,363
Other	13,490	12,090
Allowance for doubtful accounts	(28,701)	(28,701)
Total investments and other assets	375,869	417,490
Total non-current assets	874,397	863,352
Total assets	5,450,312	4,750,048

(Unit: thousand yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	168,205	458,167
Current portion of long-term borrowings	37,280	70,236
Lease liabilities	5,369	5,670
Income taxes payable	265,419	94,650
Advances received	1,252,557	728,864
Deposits received	15,707	18,967
Provision for share awards	33,497	-
Other	350,410	152,164
<b>Total current liabilities</b>	<b>2,128,446</b>	<b>1,528,719</b>
Non-current liabilities		
Long-term borrowings	202,792	439,220
Lease liabilities	122,866	117,196
Asset retirement obligations	52,374	50,050
Long-term unearned revenue	31,379	29,037
Long-term guarantee deposits	136,243	140,753
Other	2,095	1,335
<b>Total non-current liabilities</b>	<b>547,750</b>	<b>777,593</b>
<b>Total liabilities</b>	<b>2,676,197</b>	<b>2,306,313</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	789,647	789,647
Capital surplus	789,647	789,647
Retained earnings	1,801,442	1,936,076
Treasury shares	(609,747)	(1,076,502)
<b>Total shareholders' equity</b>	<b>2,770,989</b>	<b>2,438,868</b>
Share acquisition rights	2,148	3,974
Non-controlling interests	977	892
<b>Total net assets</b>	<b>2,774,114</b>	<b>2,443,735</b>
<b>Total liabilities and net assets</b>	<b>5,450,312</b>	<b>4,750,048</b>

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income****Consolidated Statement of Income**

(Unit: thousand yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Net sales	5,432,354	4,378,593
Cost of sales	3,726,568	3,350,502
Gross profit	1,705,785	1,028,090
Selling, general and administrative expenses	980,873	858,250
Operating income	724,912	169,840
Non-operating income		
Interest income	362	542
Dividend income	110	90
Compensation income	1,681	-
Interest on tax refund	1,224	-
Share of profit of entities accounted for using equity method	-	47,764
Subsidy income	-	2,500
Other	31	1,194
Total non-operating income	3,409	52,092
Non-operating expenses		
Interest paid	10,009	9,273
Share of loss of entities accounted for using equity method	1,229	-
Share acquisition rights issuance costs	-	11,307
Commission expenses	3,805	1,249
Total non-operating expenses	15,045	21,831
Ordinary profit	713,276	200,100
Extraordinary income		
Gain on sale of investment securities	-	18,953
Gain on reversal of asset retirement obligations	-	2,571
Total extraordinary income	-	21,525
Extraordinary losses		
Loss on valuation of investment securities	55,794	-
Impairment losses	18,138	-
Total Extraordinary losses	73,933	-
Profit before income taxes	639,342	221,626
Income taxes - current	300,379	116,940
Income taxes - deferred	(68,378)	(37,333)
Total income taxes	232,001	79,607
Profit	407,341	142,019
Loss attributable to non-controlling interests	(129)	(84)
Profit attributable to owners of parent	407,470	142,103

## Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Profit	407,341	142,019
Comprehensive income	407,341	142,019
(Breakdown)		
Comprehensive income attributable to non-controlling interests	(129)	(84)
Comprehensive income attributable to owners of parent	407,470	142,103

### (3) Consolidated Statement of Changes in Equity

For the fiscal year ended November 30, 2021

(Unit: thousand yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of period	789,647	789,647	1,393,971	(120,572)	2,852,692	2,148	-	2,854,840
Cumulative effects of changes in accounting policies					-			-
Restated balance	789,647	789,647	1,393,971	(120,572)	2,852,692	2,148	-	2,854,840
Changes during period								
Dividends of surplus					-			-
Profit attributable to owners of parent			407,470		407,470			407,470
Purchase of treasury shares				(489,174)	(489,174)			(489,174)
Disposal of treasury shares					-			-
Net changes in items other than shareholders' equity							977	977
Total changes during period	-	-	407,470	(489,174)	(81,703)	-	977	(80,726)
Balance at end of period	789,647	789,647	1,801,442	(609,747)	2,770,989	2,148	977	2,774,114

For the fiscal year ended November 30, 2022

(Unit: thousand yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of period	789,647	789,647	1,801,442	(609,747)	2,770,989	2,148	977	2,774,114
Cumulative effects of changes in accounting policies			48,657		48,657			48,657
Restated balance	789,647	789,647	1,850,100	(609,747)	2,819,646	2,148	977	2,822,772
Changes during period								
Dividends of surplus			(56,127)		(56,127)			(56,127)
Profit attributable to owners of parent			142,103		142,103			142,103
Purchase of treasury shares				(499,879)	(499,879)			(499,879)
Disposal of treasury shares				33,124	33,124			33,124
Net changes in items other than shareholders' equity						1,826	(84)	1,741
Total changes during period	-	-	85,976	(466,755)	(380,778)	1,826	(84)	(379,036)
Balance at end of period	789,647	789,647	1,936,076	(1,076,502)	2,438,868	3,974	892	2,443,735

**(4) Consolidated Statement of Cash Flows**

(Unit: thousand yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	639,342	221,626
Depreciation	37,827	34,642
Amortization of goodwill	26,176	26,176
Interest and dividend income	(472)	(632)
Interest paid	10,009	9,273
Subsidy income	-	(2,500)
Share of loss (profit) of entities accounted for using equity method	1,229	(47,764)
Loss (gain) on valuation of investment securities	55,794	-
Loss (gain) on sale of short-term and long-term investment securities	-	(18,953)
Gain on reversal of asset retirement obligations	-	(2,571)
Share acquisition rights issuance costs	-	11,307
Impairment losses	18,138	-
Decrease (increase) in trade receivables	(3,120)	(38,698)
Decrease (increase) in inventories	1,542,654	(1,069,856)
Increase (decrease) in trade payables	(37,586)	341,334
Increase (decrease) in advances received	542,446	(523,692)
Increase (decrease) in deposits received	(1,538)	3,259
Decrease (increase) in guarantee deposits	(8,588)	4,182
Increase (decrease) in long-term guarantee deposits received	(9,191)	4,510
Other	367,719	(201,583)
Subtotal	3,180,843	(1,249,939)
Interest and dividends received	135	128
Interest paid	(9,847)	(9,389)
Subsidies received	-	2,500
Income taxes refund (paid)	119,983	(406,683)
Net cash provided by (used in) operating activities	3,291,115	(1,663,383)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,076)	(1,596)
Purchase of investment securities	-	(0)
Purchase of intangible assets	(260)	(5,607)
Long-term loan advances	-	(23,000)
Proceeds from sale of investment securities	-	53,795
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,106	-
Other	1,000	-
Net cash provided by (used in) investing activities	(6,229)	23,591
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(228,000)	-
Proceeds from long-term borrowings	-	340,000
Repayments of long-term borrowings	(435,506)	(70,616)
Share acquisition rights issuance costs	-	(9,481)
Purchase of treasury shares	(489,174)	(501,129)
Dividends paid	(55)	(56,284)
Repayments of lease liabilities	(5,084)	(5,369)



(Unit: thousand yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Cash flows from financing activities	(1,157,820)	(302,881)
Net increase (decrease) in cash and cash equivalents	2,127,064	(1,942,673)
Cash and cash equivalents at beginning of period	2,066,266	4,193,330
Cash and cash equivalents at end of period	4,193,330	2,250,657

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable

### **Changes in Accounting Policies**

#### Application of Accounting Standard for Revenue Recognition, etc.

Effective December 1, 2021, the Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. and recognizes revenue at an amount that it expects to receive in exchange for the promised goods or services when the control of the goods or services is transferred to a customer.

As a result, effective from the beginning of the current fiscal year, the Company changed the method of revenue recognition applied to planning and design, design supervision, and construction contracts under Contracted Orders from the previous method of recognition upon completion of the contract to recognition over a period of time as performance obligations are satisfied.

Moreover, percentage of progress toward satisfying performance obligations is estimated primarily by the input method based on the cost incurred.

We applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year under review pursuant to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, with the cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review, adjusted to the beginning balance of retained earnings as of the beginning of period.

As a result, net sales decreased ¥53,902 thousand, cost of sales decreased ¥8,061 thousand, gross profit decreased ¥45,841 thousand, and operating profit, ordinary profit, and profit before income taxes each decreased ¥45,841 thousand in the fiscal year under review. The balance of retained earnings at the beginning of the period increased by ¥48,657 thousand.

The beginning balance of retained earnings in the consolidated statement of changes in equity increased by ¥48,657 thousand due to the cumulative effect reflected in net assets at the beginning of the fiscal year under review.

The impacts on per share information are listed in their relevant sections.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to revenue recognition for the previous period are not presented.

#### Application of Accounting Standard for Fair Value Measurement, etc.

Effective from the beginning of the fiscal year under review, the Company applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc., and the new accounting policy provided for in the Accounting Standard for Fair Value Measurement, etc. is applied prospectively pursuant to the transitional treatment provided for in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There was no impact on the consolidated financial statements.

### **Segment Information**

(Segment Information)

This information is omitted because the Phil Company Group operates a single segment, the Space Solutions business, which includes Phil Park and other businesses.

## Per Share Information

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Net assets per share	498.05 yen	474.30 yen
Basic earnings per share	72.25 yen	27.22 yen
Diluted earnings per share	71.26 yen	- yen

Notes: 1. Diluted earnings per share for the fiscal year ended November 30, 2022 is not shown in the above table, as there are no dilutive residual shares.

2. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	407,470	142,103
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent related to common stock (thousand yen)	407,470	142,103
Average number of shares of common stock during the period (shares)	5,639,673	5,220,045
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (thousand yen)	-	-
Increase in number of common stock (shares)	78,782	-
(Of which Stock Acquisition Rights)	(78,782)	(-)
Summary of potential shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	Type of stock acquisition rights: 1 (Number of stock acquisition rights: 2,430)	Type of stock acquisition rights: 4 (Number of stock acquisition rights: 6,430)

3. The Company's shares remaining in the Stock Benefit Trust for Directors and Stock Benefit Trust for Employees, which are recorded as treasury stock under shareholders' equity, are included in treasury shares, which is deducted from the number of shares outstanding at the end of the period for the calculation of net assets per share. The number of treasury shares deducted from the calculation of net assets per share at the end of the period was 49,000 shares for the previous fiscal year and 35,500 shares for the fiscal year under review. In the calculation of basic earnings per share and diluted earnings per share, they are included in treasury shares, which is deducted in the calculation of the average number of shares outstanding during the period. The average number of treasury shares deducted from the calculation of basic earnings per share and diluted earnings per share was 49,000 shares for the previous fiscal year and 39,562 shares for the fiscal year under review.

4. As stated in "Changes in Accounting Policies," the Company has applied the Accounting Standard for Revenue Recognition, etc. As a result, net assets per share and basic earnings per share for the fiscal year under review increased by 9.46 yen and 9.32 yen, respectively.

## Significant Subsequent Events

Not applicable