

# Phil Company, Inc.

Friday, January 13, 2023

Financial results presentation materials for the fiscal year ended November 30, 2022

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TSE Prime stock code: 3267

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# Financial Information





# Year Ended Nov. 2022: Results Summary

## Sales, consolidated

**4,378** million yen  
YoY: -1,053 million yen

## Phil Park orders received

**13**  
YoY: +8

## Phil Park orders received

**1,632** million yen  
YoY: -61 million yen

## Ordinary profit, consolidated

**200** million yen  
YoY: -513 million yen

## PGH orders received

**16**  
YoY: -6

## PGH orders received

**1,101** million yen  
YoY: -258 million yen

## Profit, consolidated

**142** million yen  
YoY: -265 million yen

## No. of development properties contracted

**8**  
YoY: +7

## Expected total value of development projects

**1,711** million yen  
YoY: +1,308 million yen

## Although sales were below forecast, profit increased due to decreased SG&A.

(Units: thousands of yen)	FY2021 Results	FY2022 Forecast	FY2022 Results	Results - Forecast
<b>Sales</b>	5,432,354	5,500,000	<b>4,378,593</b>	<b>-1,121,407</b>
Cost of sales	3,726,568	—	<b>3,350,502</b>	—
Gross profit	1,705,785	—	<b>1,028,090</b>	
(Gross profit margin)	(31.4%)	—	<b>(23.4%)</b>	
<b>SG&amp;A</b>	980,873	—	<b>858,250</b>	
——Personnel	648,210	—	<b>544,104</b>	
——Outsourcing expenses	67,717	—	<b>83,146</b>	
——Taxes and dues	48,110	—	<b>26,493</b>	—
——Advertising expenses	23,053	—	<b>4,863</b>	—
——Payment fees	41,298	—	<b>41,365</b>	—
——Others	152,485	—	<b>158,278</b>	—
Operating profit	724,912	140,000	<b>169,840</b>	+ 29,840
Ordinary profit	713,276	130,000	<b>200,100</b>	+ 70,100
<b>Profit</b>	407,470	90,000	<b>142,019</b>	+ 52,019

**Contracted orders:  
below original forecast**

**Development and sales:  
some PJ expected to sell  
slipped to the next FY**

(A new revenue recognition standard is being used from FY2022)

# Sales Details (A new revenue recognition standard is being used from FY2022)

Contracted orders: +1,387,384 thousand yen, vs. FY2021 (74% increase).

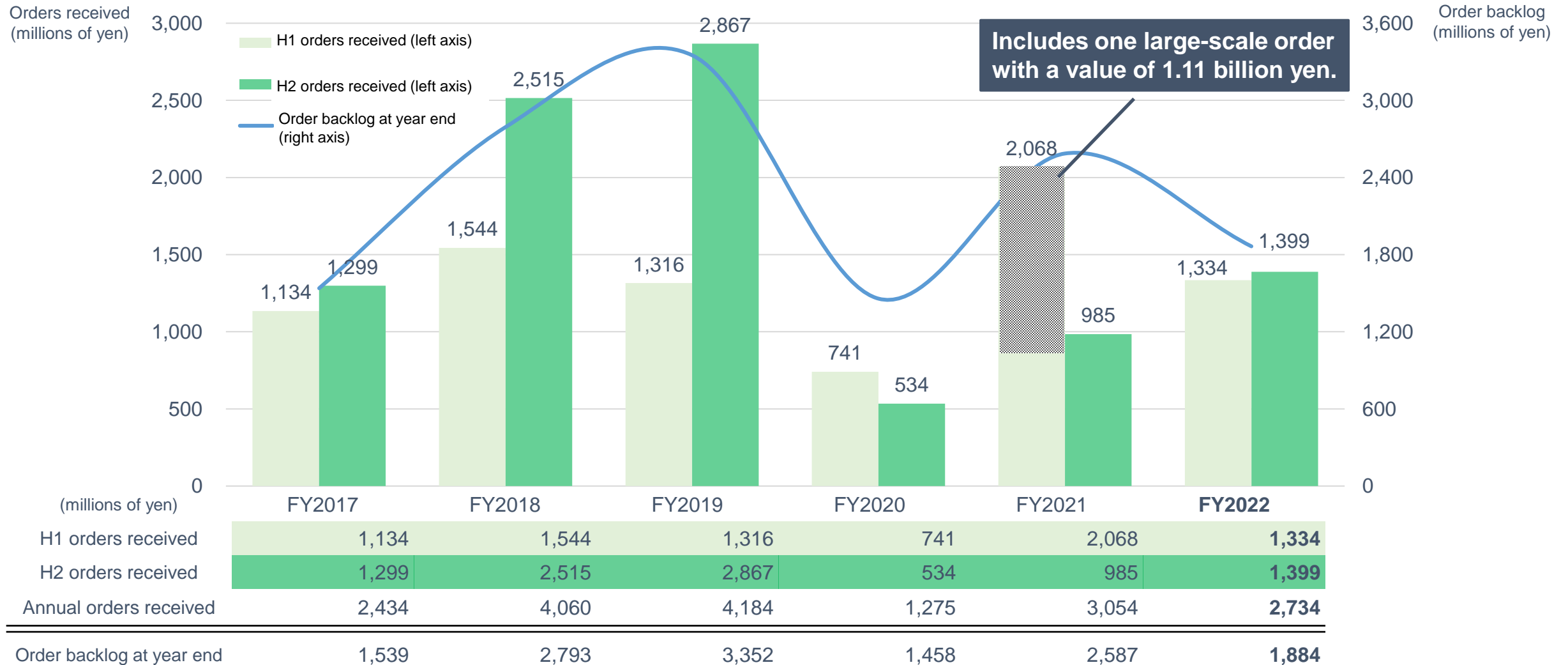
Development and sales: decreased vs. FY2021, but we focused on land purchases in FY2022 on the expectation of selling in FY2023.

(Units: thousands of yen)			FY2021	FY2022	Vs FY2021
<b>Sales</b>			<b>5,432,354</b>	<b>4,378,593</b>	<b>-1,053,761</b>
<b>Details</b>	<b>Contracted orders</b>	Plan and design (90–100%)*	<b>1,856,731</b>	217,003	<b>+1,387,384 (74% increase)</b>
		Design and management (50–60%)*		202,037	
		Construction (13–18%)*		2,825,074	
	<b>Development and sales</b>		<b>3,155,809</b>	<b>717,781</b>	<b>-2,438,028</b>
	<b>Others</b>		<b>419,814</b>	<b>416,696</b>	<b>-3,118</b>
<b>Cost of sales</b>			<b>3,726,568</b>	<b>3,350,502</b>	<b>-376,066</b>
<b>Gross profit</b>			<b>1,705,785</b>	<b>1,028,090</b>	<b>-677,695</b>
<b>Gross profit margin</b>			<b>31.4%</b>	<b>23.4%</b>	<b>—</b>

\* Percentages in parentheses are estimates of gross profit margins for each type of business after application of the new revenue recognition standard.

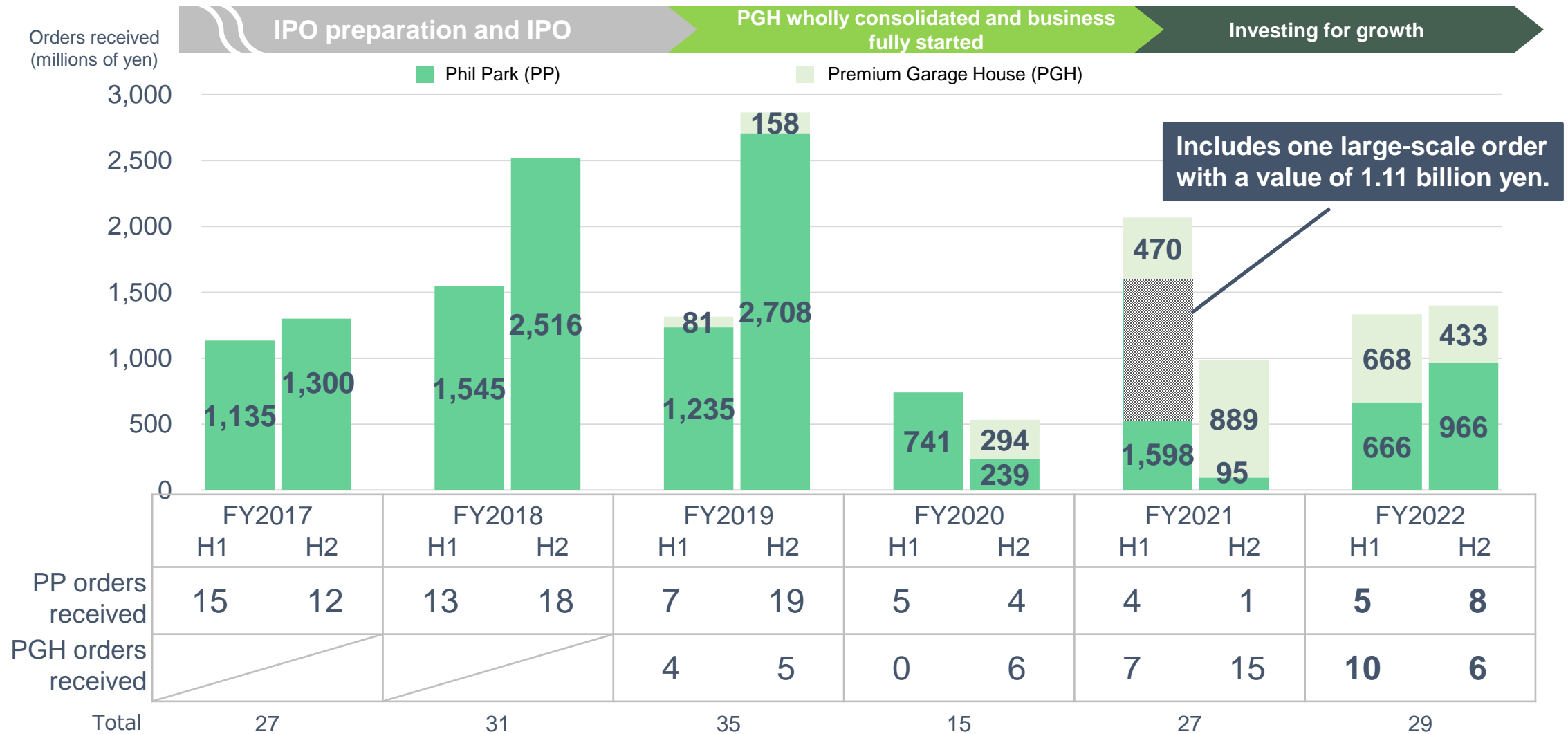
# Contracted Orders: Orders Received and Order Backlog

Orders are gradually recovering from the COVID-19 pandemic, and orders and the order backlog remain firm.



# Status of Orders for Phil Park and PGH Contracted Orders

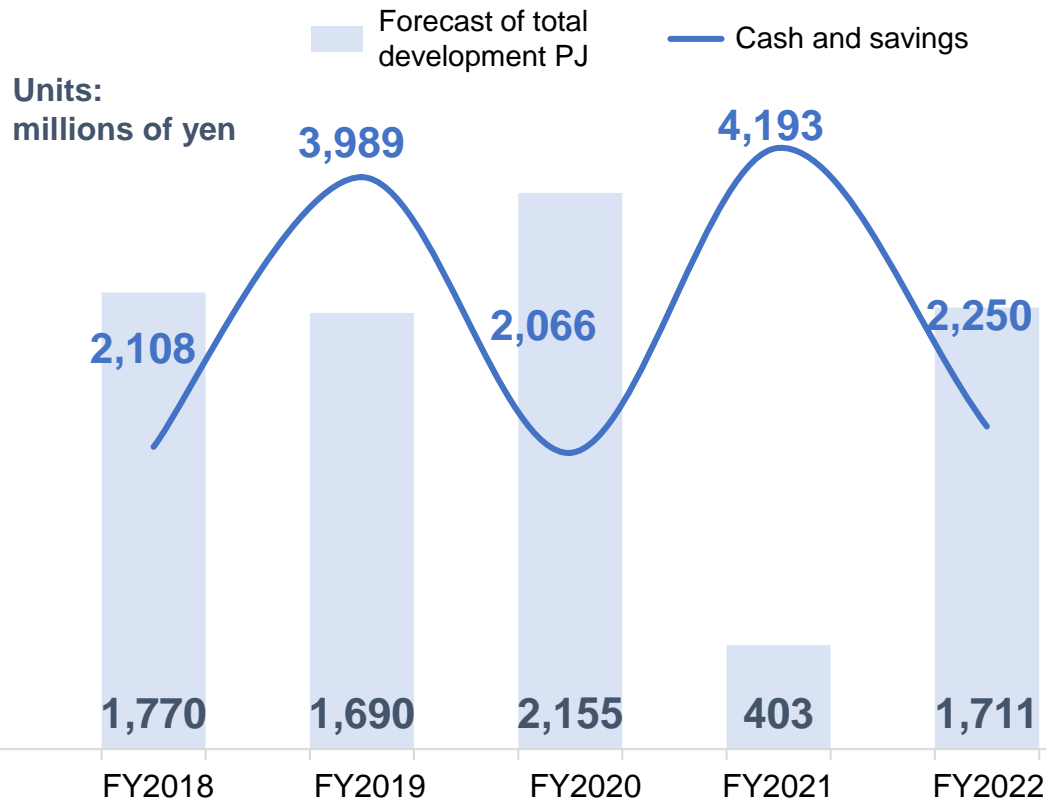
The number of Phil-Park's orders is recovering, and PGH's order volume remains steady.





Focused on land purchases in FY2022, with a total of 7 projects in progress as of the end of the FY2022.

## Forecast of total development PJ, and cash and savings



## Sales in Development and Sales

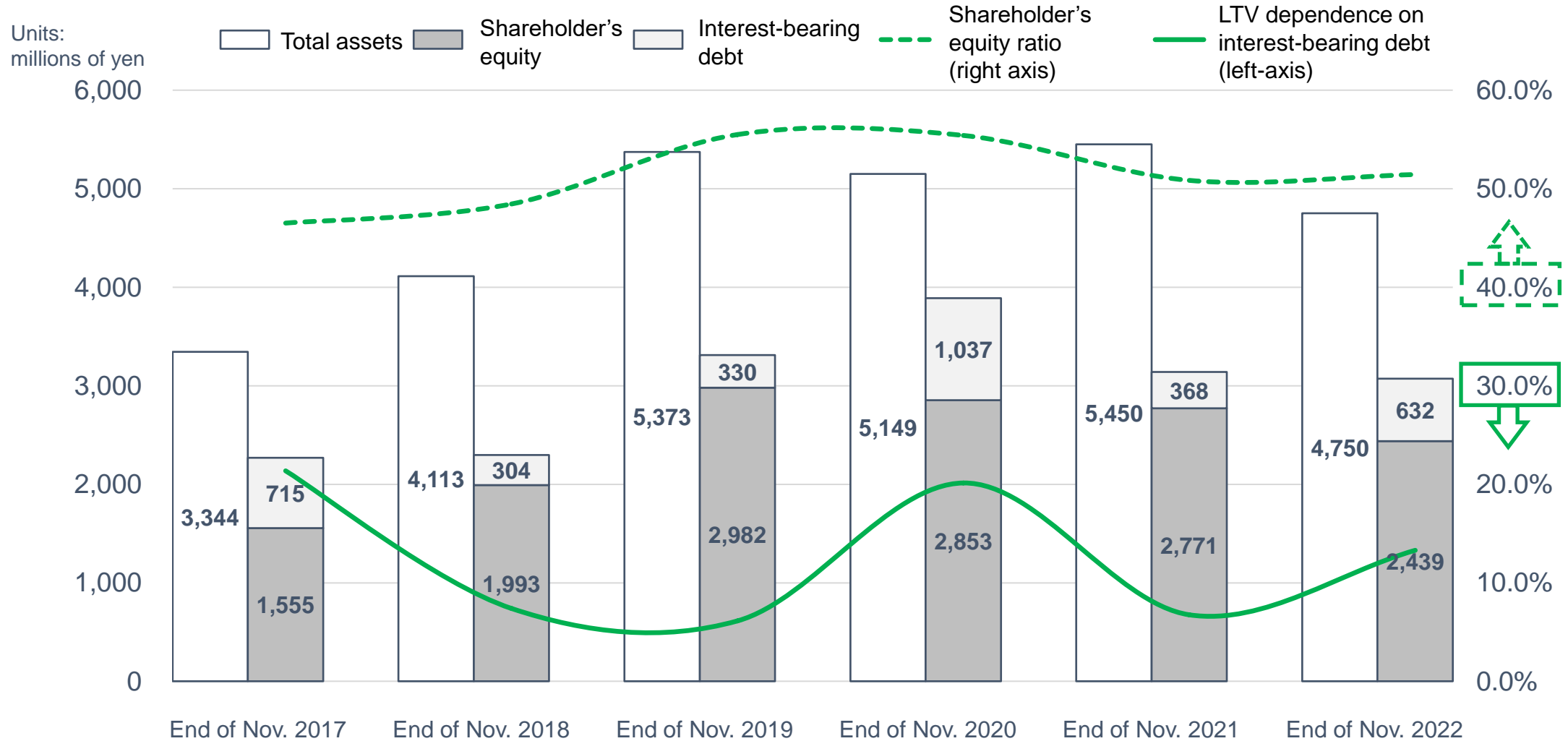
**Sales: land: 2**  
**land+bldg.:2**  
**Sales amount: 717 million yen**

Strengthened land procurement efforts in FY2022.

- We strengthened land procurement efforts in FY2022, signing 8 land acquisition contracts. In Q4 we sold a total of 4 properties: 2 land and building sales, and 2 land pre-sales.
- Even after the sale of the above-mentioned 4 properties, a total of 7 properties in development PJ in progress, with an estimated future cost of sales of 1,711 million yen.

Forecast total number of Development PJ

- Maintained surplus borrowing capacity while strengthening land procurement efforts.
- Maintaining an equity ratio of at least 40% and LTV (loan-to-value ratio) of less than 30% are in-house indicators for Development and Sales.



# Financial Status (Consolidated Balance Sheet)

End of Nov. 2022 Total assets: 4,750 million yen Numbers in parentheses are vs. prev. FY

Units: millions of yen

Current assets	
	3,886 (-689)
Cash and savings	2,250 (-1,942)
Inventories	1,357 (+1,092)
Fixed assets	
	863 (-11)

Current liabilities	
	1,528 (-599)
Fees received in advance	728 (-523)
Fixed liabilities	
	777 (+229)
Net assets	
	2,443 (-330)
Treasury stock	1,076 (+466)

- (1) The adoption of the new revenue recognition standard resulted in an adjustment to the order backlog at the beginning of the period and a decrease in advances received.
- (2) From FY2022, with the progress of Contracted Orders projects, sales are recorded so fees received in advance decreased more quickly than in the previous fiscal year.

Although cash and savings have decreased since the end of the previous fiscal year due to strengthened land procurement efforts, investment capacity remains high.

Increased due to the start and progress of Development PJ.

Equity ratio

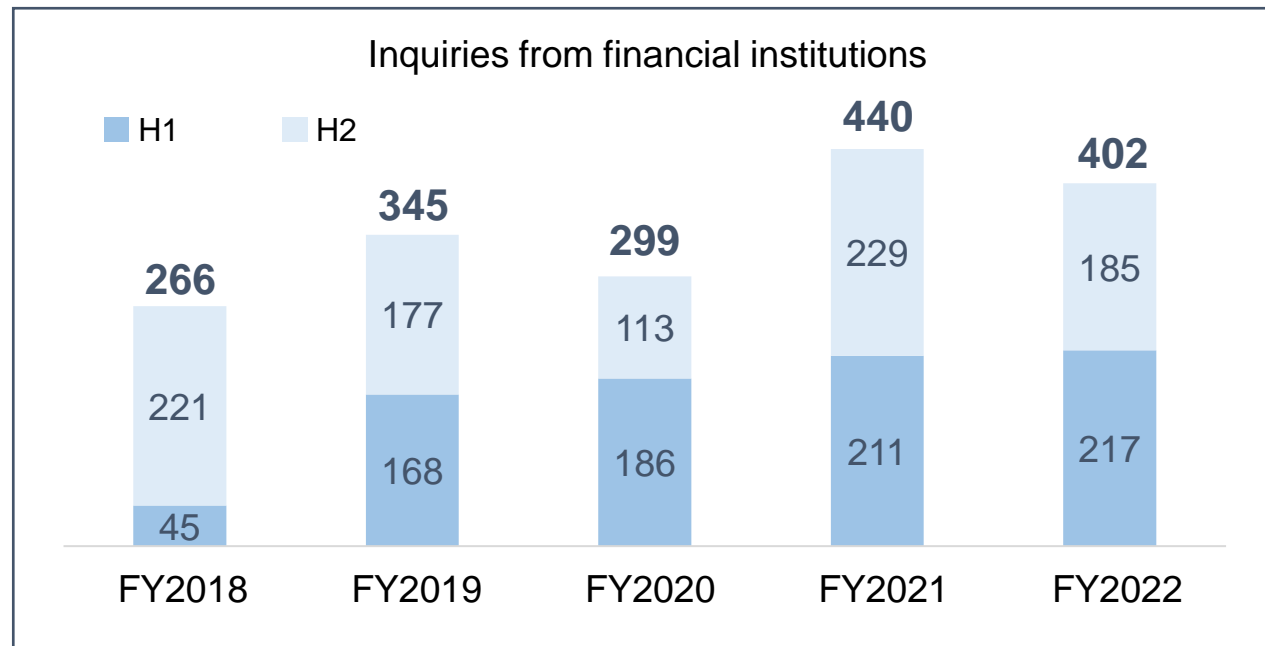
**51.3%**

Acquisition of treasury stock



## Continuing stable number of inquiries from financial institutions

- (1) We added to the institutions with which we have concluded business matching contracts, and are continuing activities to educate financial institutions about our business.
- (2) The Premium Garage House business also produced results, and we expanded the lineup of land-use products which is available for project proposals.
- (3) Financial institutions are changing to a focus on income generated through fees (matching fees).



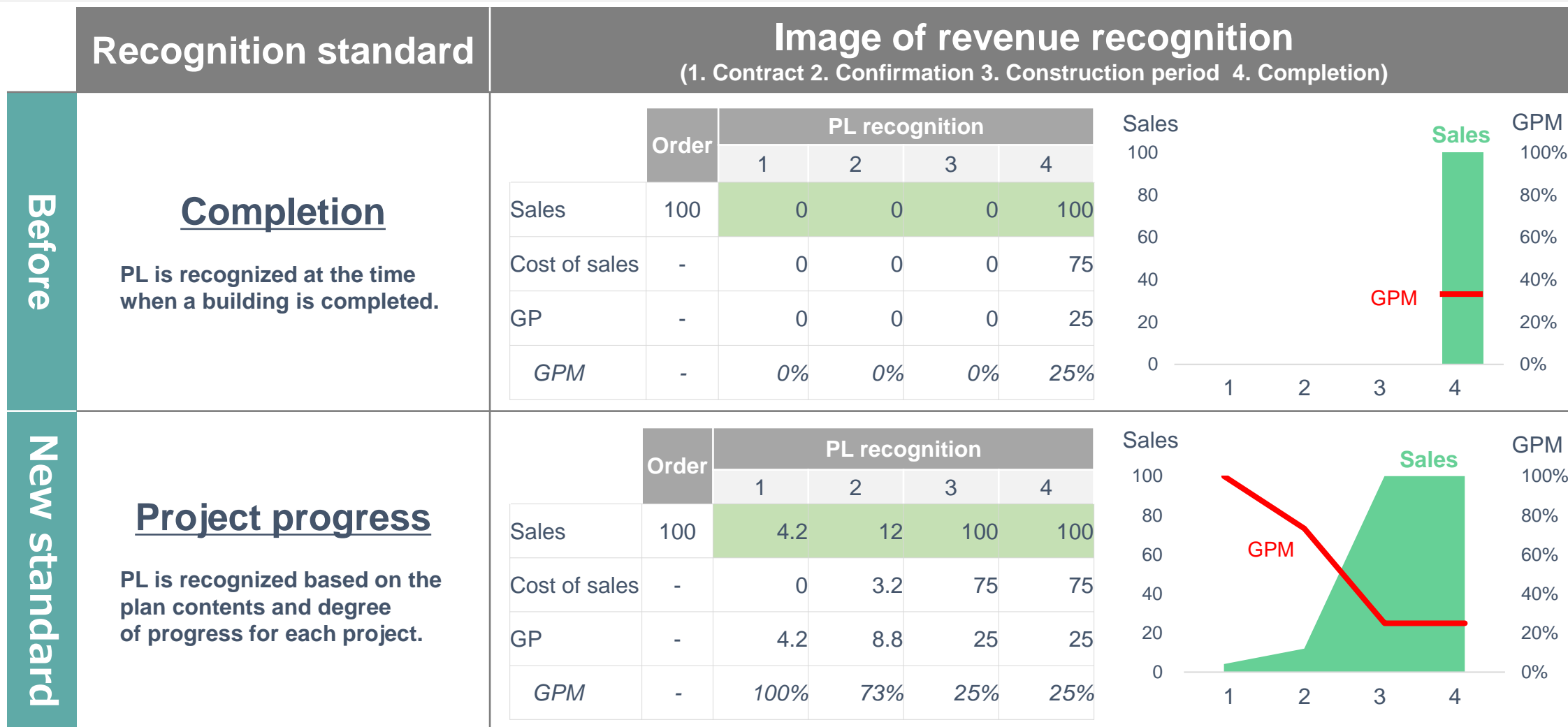
Contracted month	Name of bank
June 2016	Mizuho Bank
June 2016	Bank of Yokohama
August 2017	Johnan Shinkin Bank
October 2017	Higashi Nippon Bank
November 2017	Musashino Bank
January 2019	Resona Bank
October 2019	Sumitomo Mitsui Banking Corporation
March 2020	Tokyo Star Bank
March 2020	Juroku Bank
September 2020	MUFG Bank
November 2020	Tama Shinkin Bank
March 2021	SBI Securities
November 2021	Keiyo Bank
April 2022	Kitanippon Bank
August 2022	Bank of Nagoya

**We are forecasting sales of 7,000 million yen for FY2023.**

Units: thousands of yen	FY2022 Results	FY2023 Forecast	Vs. FY2022
<b>Sales</b>	4,378,593	<b>7,000,000</b>	59.9% increase
Cost of sales	3,350,502	—	—
Gross profit	1,028,090	—	—
(Gross profit margin)	(23.4%)	—	—
SG&A	858,250	—	—
Operating profit	169,840	<b>250,000</b>	47.2% increase
Ordinary profit	200,100	<b>240,000</b>	19.9% increase
<b>Profit</b>	142,019	<b>160,000</b>	12.6% increase

**In FY2023 we will continue investing in growth for scaling-up while promoting the growth of existing businesses based on our mid-term management plan.**

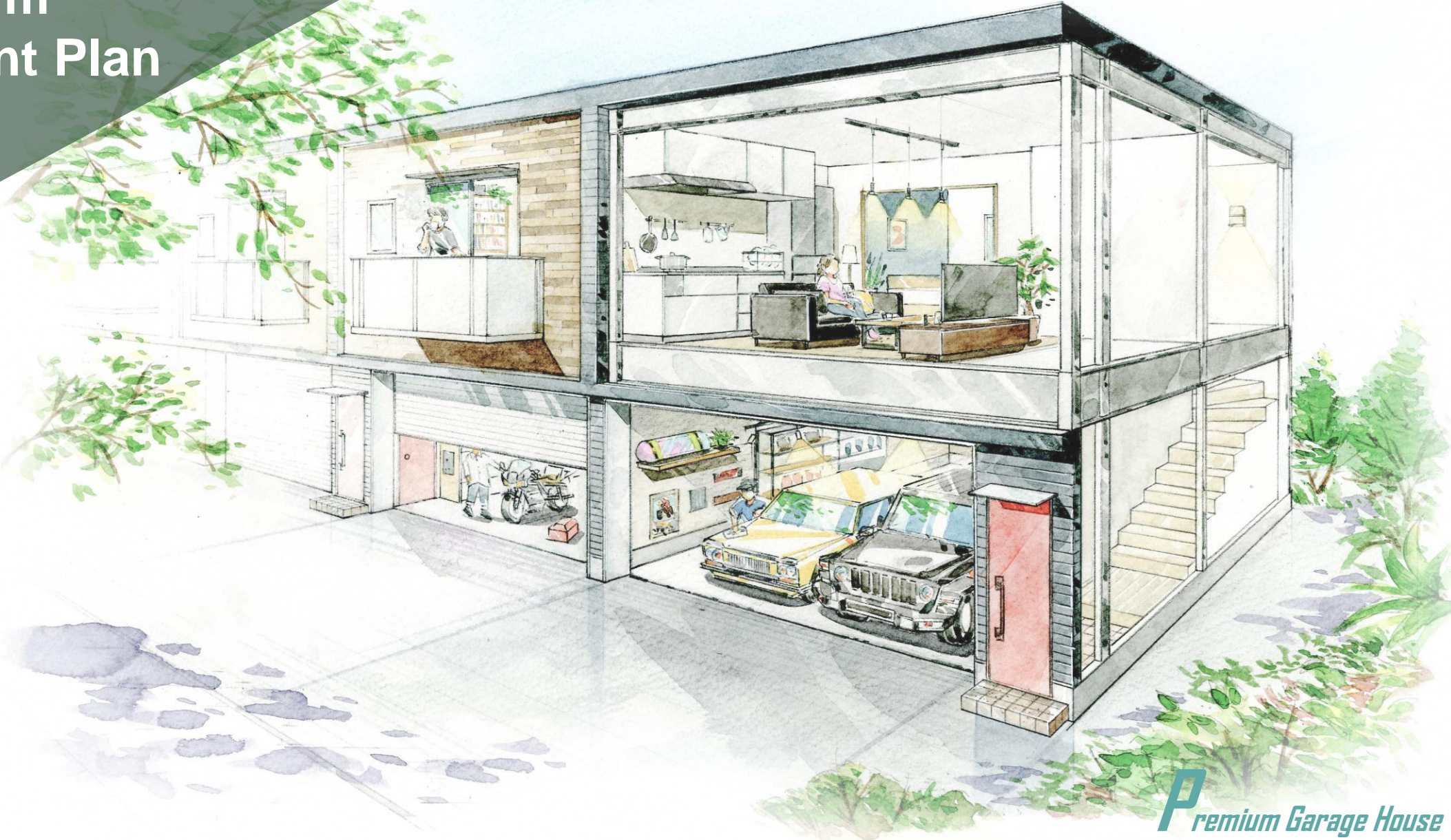
## Changes in sales and the gross profit margin resulting from adoption of the new revenue recognition standard.



Note: Only for contracted orders



# Progress of the Mid-Term Management Plan



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Transforming from a company that utilizes the space above parking areas to a business creation company that maximizes the value of under-utilized spaces.

Mid-term management plan = The following measures aimed at further dramatic growth

Growth investment phase	
Growth investment	Business strategy
<ul style="list-style-type: none"><li>★ Human resources</li><li>★ Digital infrastructure</li><li>■ Advertising investment</li><li>■ ESG development investment</li><li>■ M&amp;A investment</li></ul>	<ul style="list-style-type: none"><li>■ Investment in human resources for stable growth of existing business</li><li>+</li><li>■ Nationwide expansion of Premium Garage House<ul style="list-style-type: none"><li>⇒ Construction of a franchise model based on an online platform</li><li>⇒ Composition of funds under our own brand</li></ul></li></ul>

✓ Increase in corporate value through accumulation of intangible assets (non-financial capital).

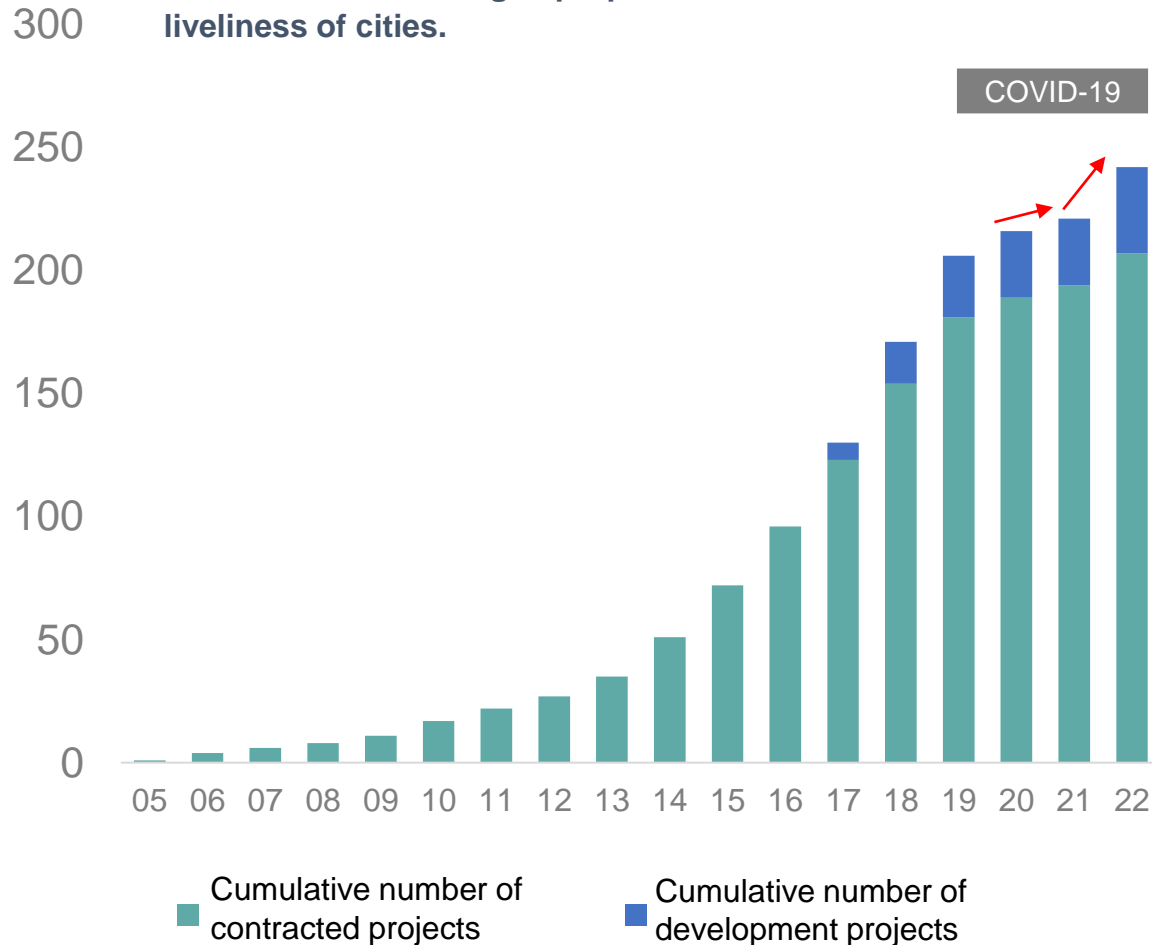
✓ Aim for sales of 15 billion yen and an operating margin of 10% or higher within 3 years (FY2024).



- In FY2022, recover from aversion to investment due to COVID-19, promote measures to maintain and strengthen the Phil Park brand.
- In FY2023, prepare for the scaling-up period by building a sales structure that utilizes human resources development and digital technology.

## Cumulative number of Phil Park PJs

✓ Phil Park is recovering in proportion to the cheerfulness and liveliness of cities.



## Major results

✓ Completed construction of largest Phil Park retail space ever, part of which will be used as the company's headquarters.

Phil Park TOKYO GINZA Shintomi Lab.



✓ Communication with tenants and photography



Phil Park Denenchofu

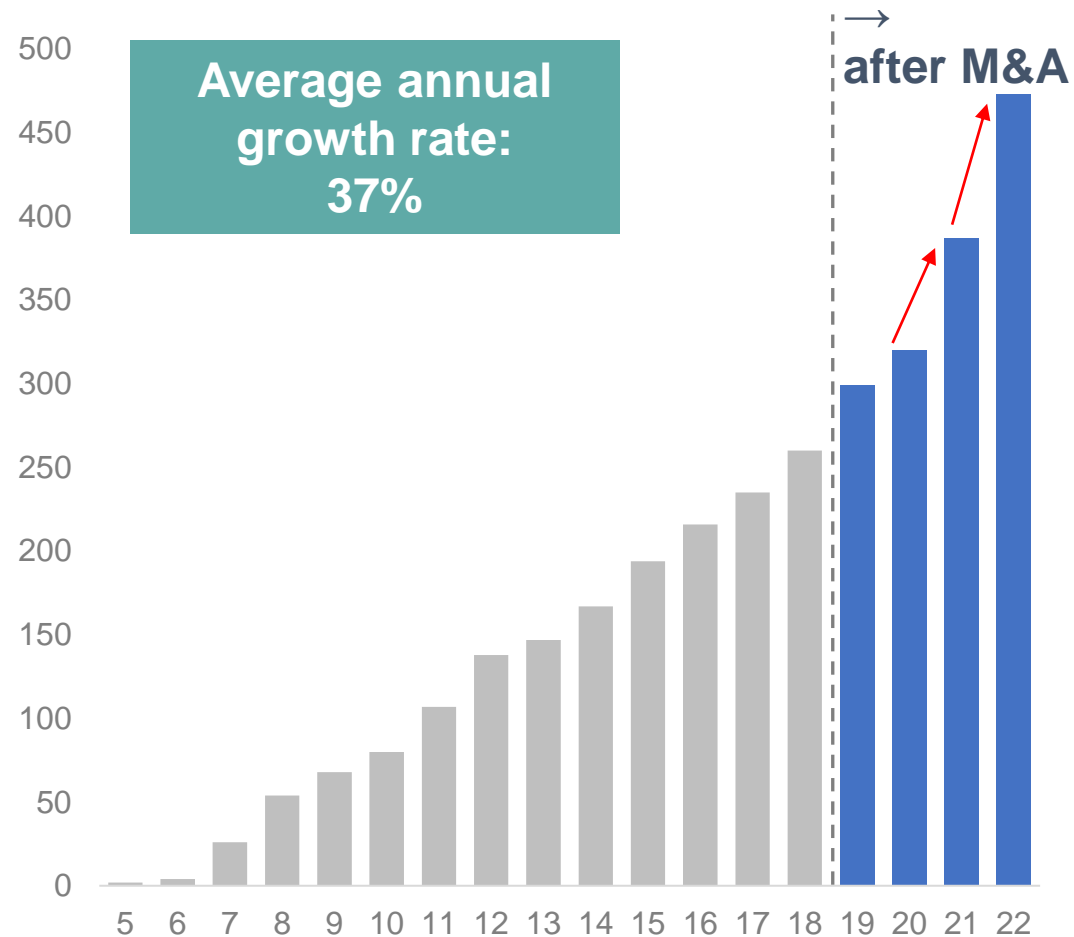
Phil Park Mitaka Eki-mae

Phil Park Kita Toda

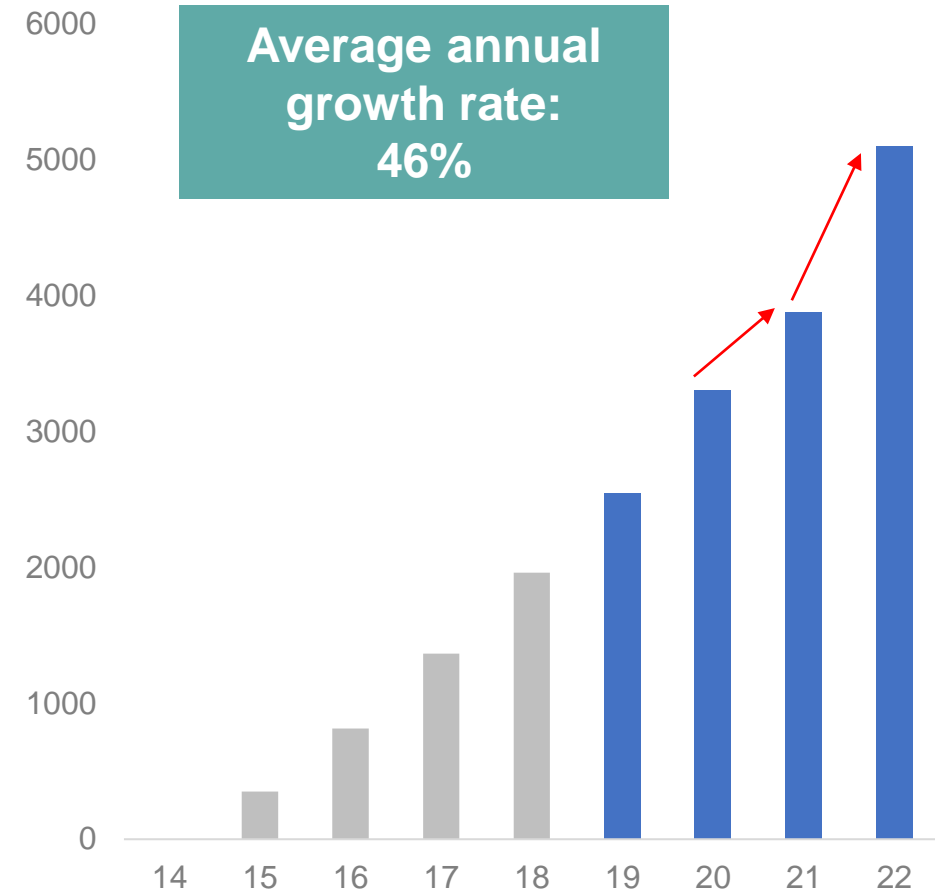
# Business Strategy: Existing Business (Premium Garage House)

- In FY2022, have stable growth with increased waiting list registrations due to rebranding and content marketing.
- In FY2023, in addition to Contracted Orders, start Development and Sales in earnest to strengthen supply.

## PGH cumulative units completed



## PGH cumulative waitlist registrations



- In FY2022, started preparations for new business creation, made good progress.
- In FY2023, continue to work with partners on implementation.

## Initiatives up to FY2022

## Initiatives going forward

<p><b>Making PGH a franchise model</b></p>	<ul style="list-style-type: none"> <li>✓ Digitalization of the occupancy waitlist management system</li> <li>✓ <b>Obtaining a voluntary rating</b> for the design method of existing PGHs</li> <li>✓ Discussions with potential regional partners</li> </ul>	<ul style="list-style-type: none"> <li>✓ Make a franchise platform system</li> <li>✓ Build a business model</li> </ul>
<p><b>Crowd-funding and fund business</b></p>	<ul style="list-style-type: none"> <li>✓ Hired <b>two</b> experienced fund-related <b>people</b></li> <li>✓ Build a crowd-funding system</li> <li>✓ Obtained a license under the Act on Specified Joint Real Estate Ventures (No. 2 completed) Note: Have applied for electronic transactions</li> <li>✓ <b>Selected by MLIT as a support business for Specified Joint Real Estate Ventures</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ Procure land for Fund use</li> <li>✓ Select business partners</li> <li>✓ Also obtain a license for unspecified joint real estate ventures</li> </ul>

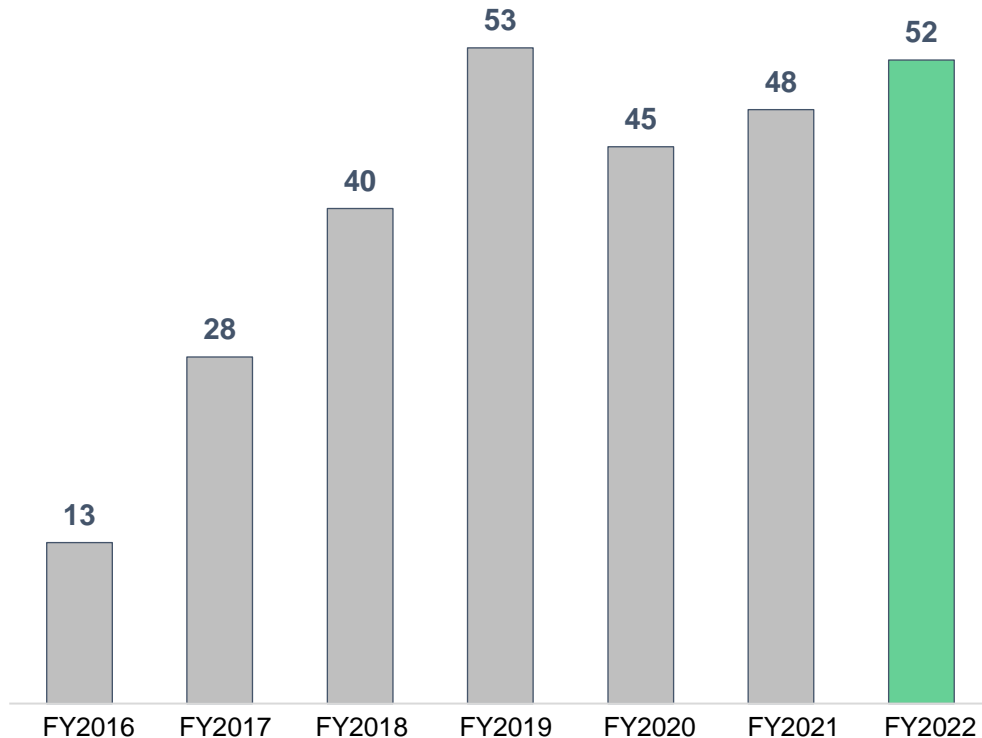
▼ Crowd-funding website concept



- In FY2022, despite struggling to hire new graduates, acquired excellent mid-career and specialized human resources who will be the axis of future growth, and existing human resources matured steadily.
- In FY2023, too, proceed with hiring new graduates and seasoned professionals while building an aggressive structure through HR development and onboarding measures.

## Number of employees, consolidated

Note: excludes executives and contractors



## Specialists' (contractors) work

- ✓ Have full-time employees lead teams with specialists (contractors) and proceed with operations.

Data science & Technology	9	<ul style="list-style-type: none"> <li>■ Website renewal</li> <li>■ DX of the sales process</li> <li>■ Marketing support, etc.</li> </ul>
Strategies	3	<ul style="list-style-type: none"> <li>■ M&amp;A</li> <li>■ New business</li> <li>■ Build real estate funds, etc.</li> </ul>
Land procurement and sales	1	<ul style="list-style-type: none"> <li>■ Procurement of land for real estate development</li> </ul>
Business management	4	<ul style="list-style-type: none"> <li>■ Business management, etc.</li> </ul>



- Selected a college graduate who has been working at the Company for 4 years to be a Group company representative, and will focus on developing management talent.
- Going forward, too, will focus on hiring and developing diverse excellent human resources without regard to gender.

## Selected a college graduate who has been working at the Company for 4 years to be a Group company representative

Phil Company, Inc.

Press Release

報道関係者各位

2022年12月14日  
株式会社フィル・カンパニー  
(コード番号：3267 東証プライム)

**ソフト領域に特化した子会社「株式会社ストラボ」設立のお知らせ**

株式会社フィル・カンパニー（代表取締役社長：能美裕一、以下当社）は、2022年12月1日に連結子会社として株式会社ストラボ（代表取締役：村川裕一郎、以下ストラボ社）を設立いたしました。

**設立の背景と事業の特徴**

当グループは、コインパーキングの上部空間を活用した「空中店舗フィル・パーク」事業を行っており、

土地オーナー様に対しては、建物の企画から設計・施工、テナント誘致、建物管理までワンストップで土地オーナー様にサービスを提供しております。また、地域住民の皆様に対しては、街に必要な機能であるコインパーキングを残しながら、上部空間を活用することを可能にすることで街に賑わいを創出しております。

これまでは、フィル・パークを建設し、テナントやコインパーキングの事業者を外部から誘致して参りましたが、昨今、フィル・パークにおいて直営でテナントを運営する試みを実施しております。この取り組みは、当社直営のテナントがフィル・パークに人の賑わいを生み出すことで、直接街づくりに貢献するだけでなく、他のフロアのテナント誘致にもプラスの効果をもたらすなどの成果を生み出しています。

これらの取り組みから

また、店舗の運営に限らず、駐車場（主にコインパーキング）の運営を行うことで、土地オーナー様へ包括的な価値提供を行いたいと考えています。

=== ストラボ社のブランド ===

「ストラボ」の社名は、「ストア+ラボラトリー」から成る造語です。店舗運営を行う場所ではどのような機能が必要とされているのか、その機能はどのようにデザインすれば街づくりに貢献することができるのか、機能を研究しながら（ラボラトリー）店舗（ストア）を生み出していく決意を込めています。

**新卒4年目で代表取締役に就任**

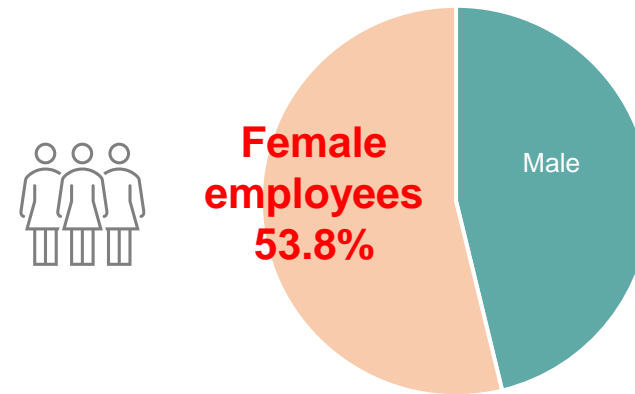
この度、ストラボ社の代表取締役として、当グループとしては新卒入社から最短期間で就任となる代表取締役が誕生いたしました。当グループは今後も新卒採用社員の高登を推進する取り組みを行って参ります。

=== 代表取締役 村川裕一の想い ===

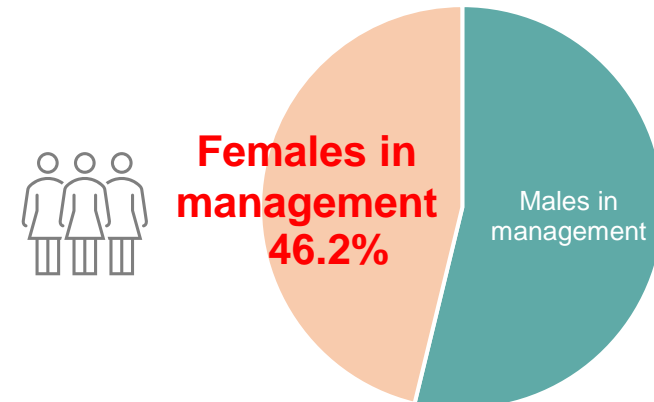
私は2019年に入社して以来、フィル・パークの企画、フィル・パークへのテナント誘致を通じて土地オーナー様の収益最大化のために力を尽くしてきました。フィル・パーク事業においては、単に「ハード（＝建物）」をつくることは価値提供ではなく、「ハード」を活用する「ソフト（＝店舗、駐車場）」が地域に貢献

【本件に関するお問い合わせ先】  
株式会社フィル・カンパニー 経営管理部 TEL：03-5275-1701

## Percentage of female employees



## Percentage of females in management



- Established a department to promote digitalization of sales- and PGH resident-related information, and integrate & link the data.
- In FY2023, will initiate and strengthen digital methods to enhance various key indicators in preparation of the scale-up period.

## Measures in FY2022

Renewed official website  
(January 2022)

Established a department to promote digitalization

Strengthened the digital infrastructure for sales

Integrated, linked, and used the customer database

Digitalized the management of PGH residents

## Measures for FY2023

Increase number of consultations

Roll out advertising, make a customer database, and roll out activation measures.

Increase number of people considering PGH

Digitalization of PGH resident management is completed, use marketing to aggressively increase the number of people considering PGH.

Increase hiring and onboarding of sales staff

Digitalization of sales is almost complete. Prepare an onboarding program and stimulate early activity by new college grads and mid-career hires.

Design the foundation to make PGH a franchise

Start designing and developing a platform to make PGH a franchise.

Enhance various key indicators for scaling up, by building an **aggressive**, yet **defensive** digital infrastructure.

- In FY2022, renewed the PGH website and implemented marketing that used the web.
- In FY2023, will focus on marketing that connects digital infrastructure in both Phil Park and PGH.

## FY2022

- ✓ Renewed the PGH website and rebranded (**Page views up more than 2x**)
- ✓ Expanded contents as in-house media
- ✓ Started content marketing



## FY2023 measures

Overall: implement marketing and advertising in line with our resources

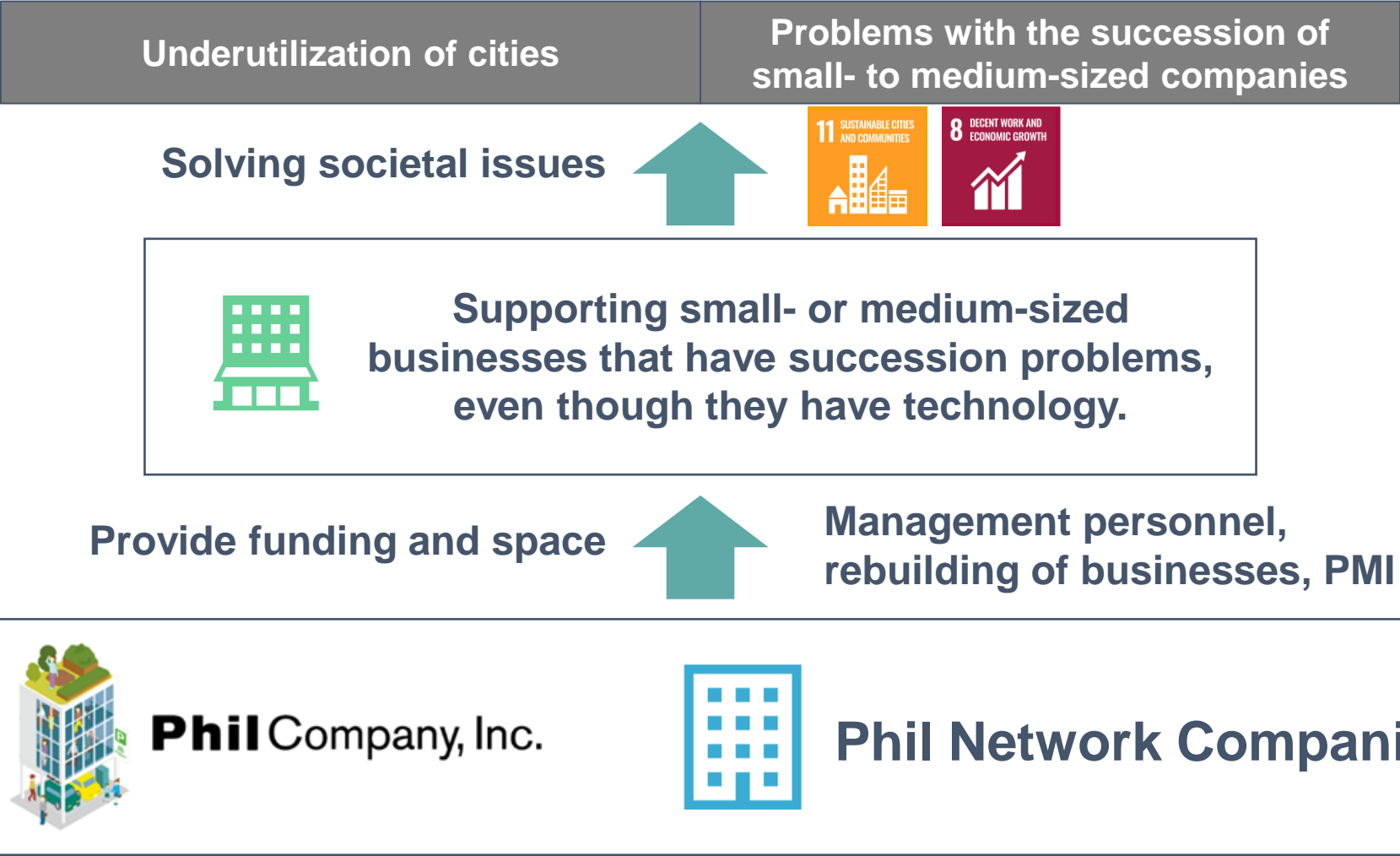
- ✓ **Renew the Phil Park website**
- ✓ Strengthen content marketing



Concept of new website

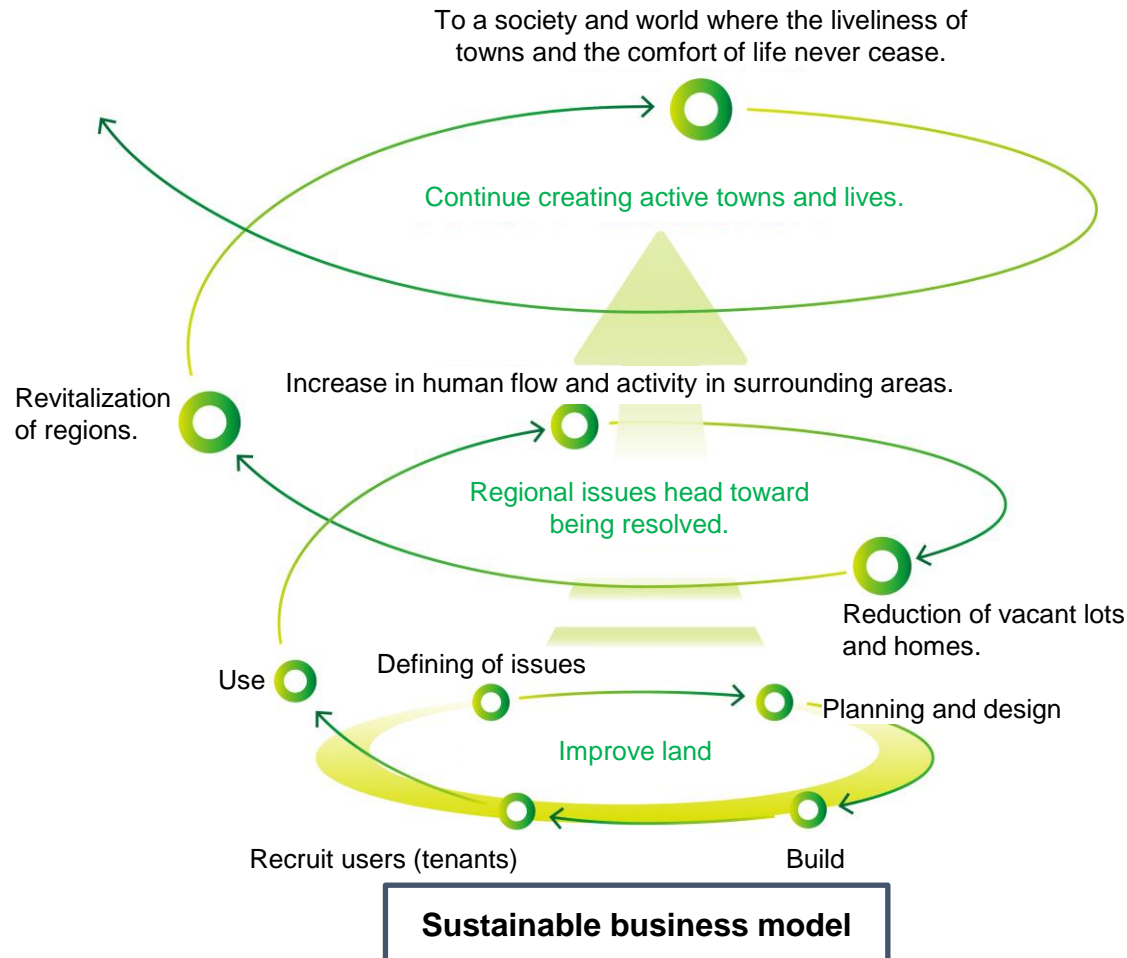
# Other Investments: Status of ESG and M&A

- In FY2022, established a new business succession investment subsidiary: Phil Business Succession Community Revitalization Project, Inc.
- In FY2023, plan to aggressively proceed with ESG investment and M&A that bring business synergies.



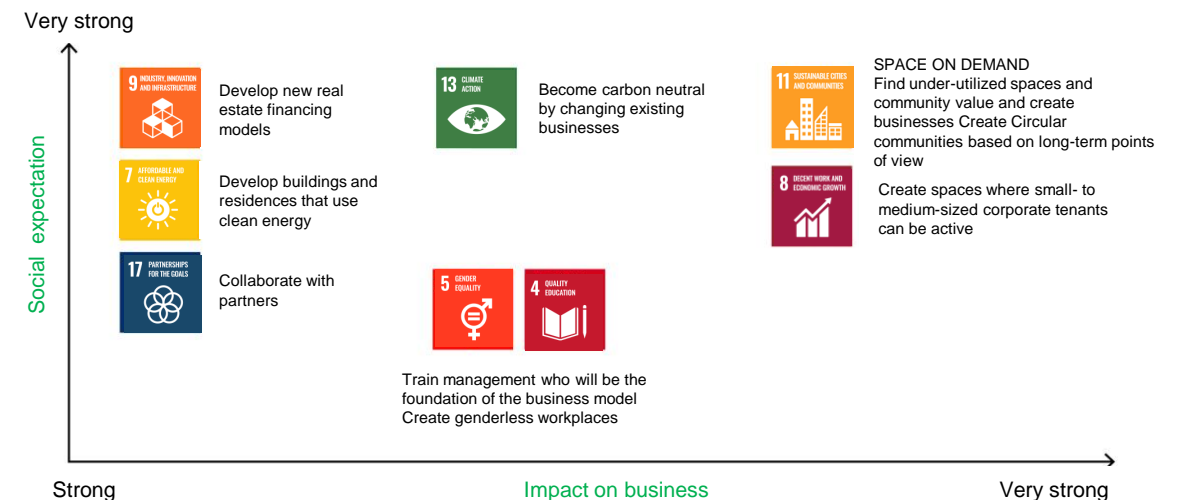


We will solve the increase in under-utilized space and bring about sustainable revitalization of cities and lifestyles by planning and creating spaces suited to the times, society, and region.



## Process for determining material issues

Step1 Identify and consider societal issues	Identify environmental, social, economic, and other issues based on broad social issues and trends related to ESG
Step2 Evaluate materiality	Evaluate the importance of societal issues from the perspective of stakeholders and their impact on the Company's management, and prioritize them.
Step3 Identify materiality	Examine and identify important issues based on two axes: importance to the Company and importance to stakeholders (social expectations).
Step4 Examine and approve in the Sustainability Committee and at the management level	After being examined by the Sustainability Committee, examine and approve at the management level



## Environment

- ✓ Calculation and publication of **Scope 1, 2, 3** (expect to announce in Feb. 2023)
- ✓ Aim for zero Scope 1, 2 GHG emissions by **2030**
- ✓ **TCFD** Endorsement and disclosure (endorsed in 2022, plan to disclose in Feb. 2023)



## Governance

- ✓ Transition to a company with an **Audit** and Supervisory Committee
- ✓ Established a **Sustainability** Committee

## Social

- ✓ **1 billion yen** sustainable financing (issuance of step-up stock acquisition rights by way of third-party allotment)
- ✓ **53.8%** of employees are female
- ✓ **46.2%** of management is female



- ✓ FY2022 reported to CDP (not public)
- ✓ FY2023 plan to report to CDP (public)





# Appendix Mid-Term Management Plan





Providing businesses and solutions that make effective use of under-utilized spaces.

## Phil Park (PP)



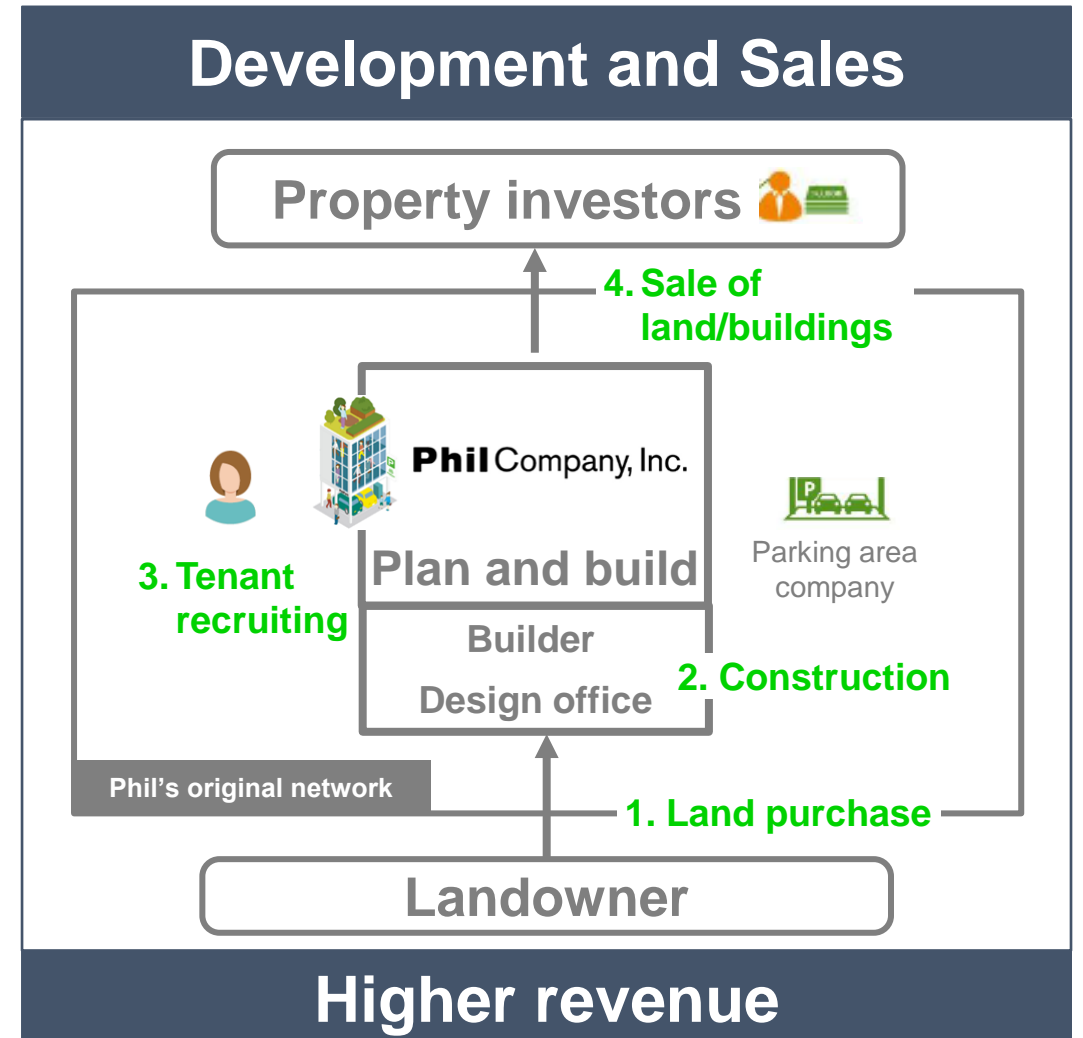
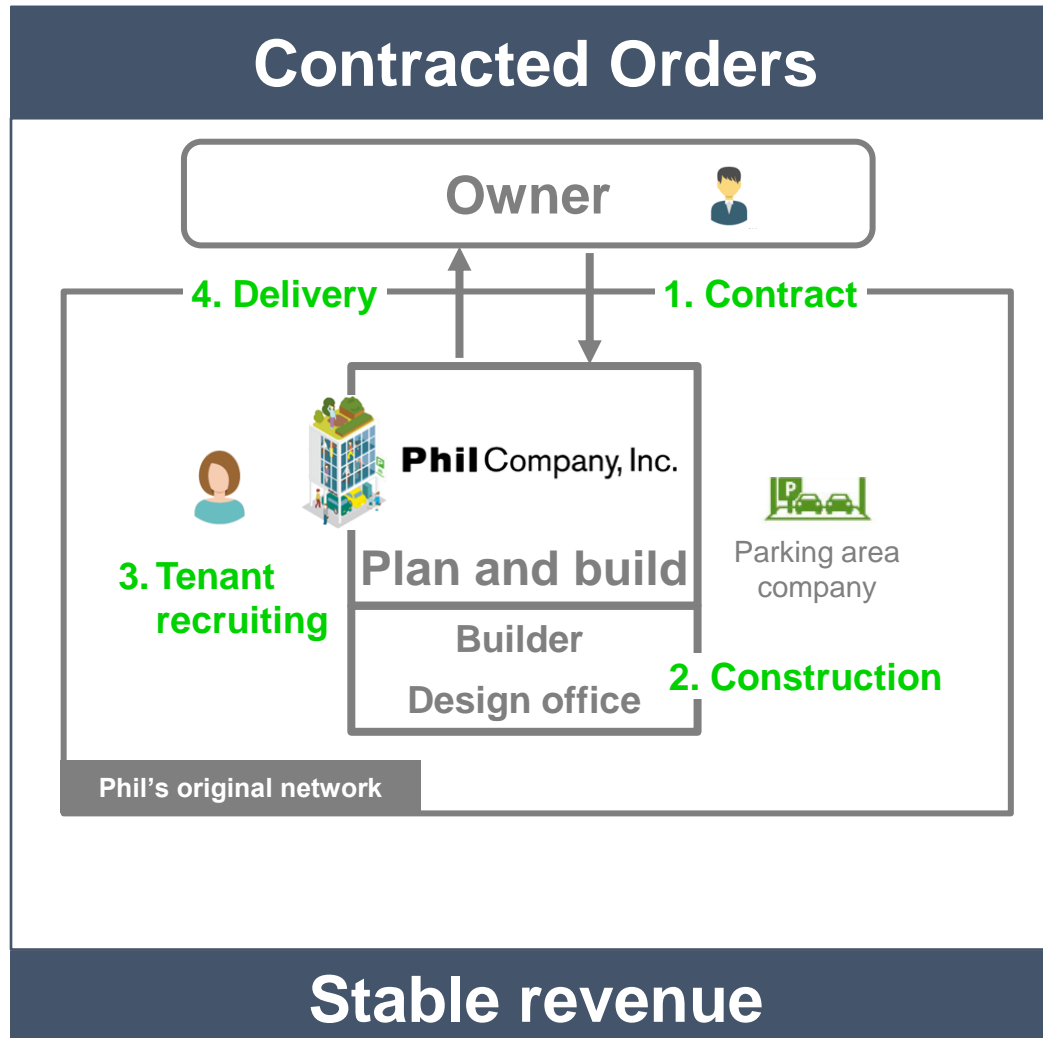
## Premium Garage House (PGH)



<b>Specialty</b>	Commercial facilities utilizing the space above parking areas	Residences with garages large enough for 2 cars
<b>Location</b>	Urban niche spaces with commercial potential	Suburban (far from train stations) and regional areas
<b>Tenants and purpose</b>	Restaurants, offices, beauty salons and clinics, etc.	Garage for cars and hobby room, etc.
<b>Investment/building</b>	80 – 150 million yen	20 – 100 million yen



There are two business styles: Phil Park (PP) and Premium Garage House (PGH).



## The originality of shops above parking lots

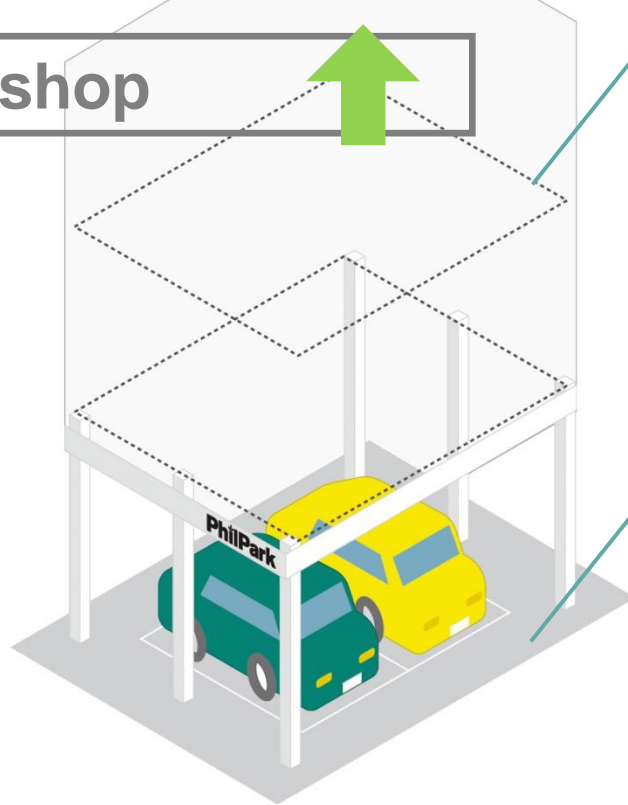
Income of coin parking remains unchanged



Additional income from the shop



A plan to draw out the maximum return from that land.



Rental income from the shop.



Stable income from the coin parking on the first floor, which is hardly influenced by the economy.

Optimal investment cost



## Main Points

Even if the building is built

Space is created so the coin parking income can be maintained.

Even on the upper levels (2<sup>nd</sup> and 3<sup>rd</sup>)

Creating spaces with high tenant rental demand.

Creation of space so the tenant can be profitable.

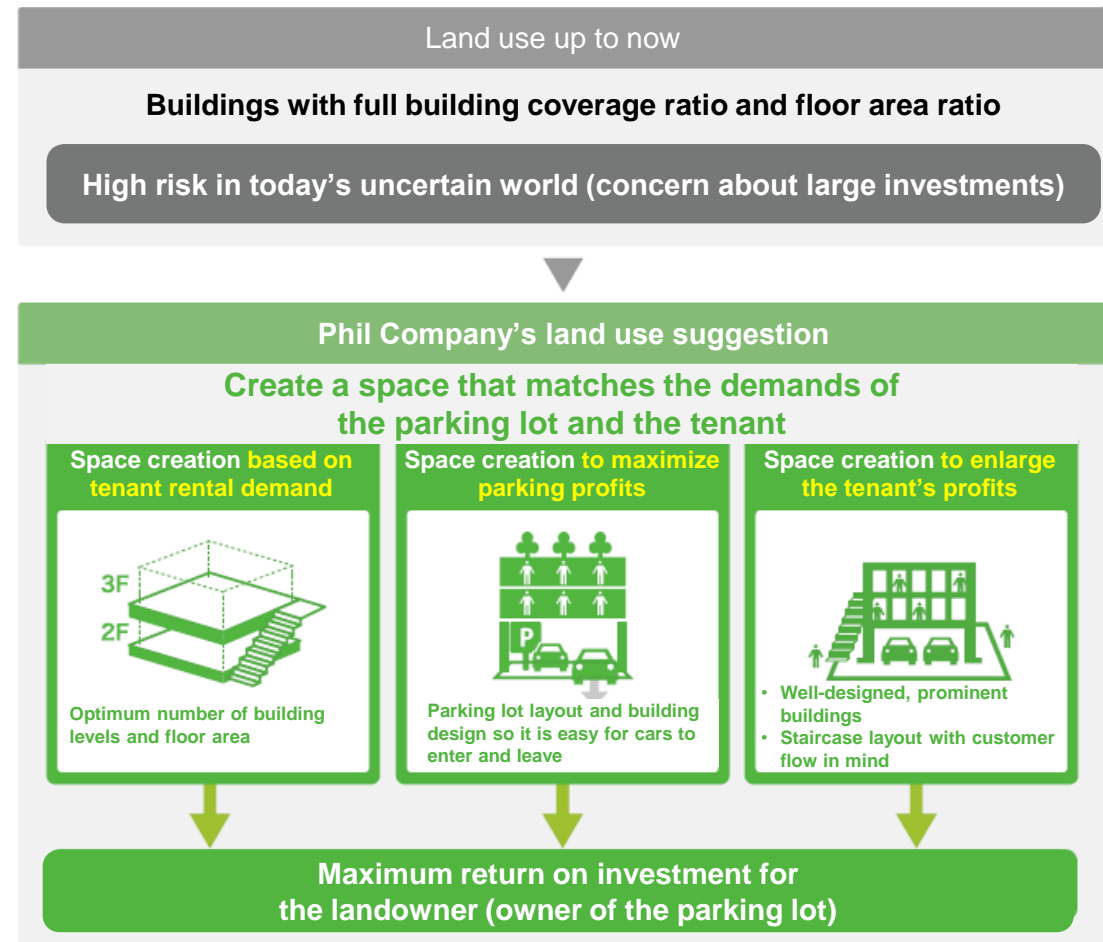
Even if it is a peculiar building with parking on the ground level and stores on higher levels.

Architectural plans are made to satisfy laws and ensure profitability.

# All okay

## Space on Demand<sup>thinking</sup>

SPACE ON DEMAND = Based on the concept of "creating spaces that meet the demands of today's world," we create optimal plans for the properties of landowners (parking lot owners). We do not create buildings that are good but do not attract tenants.







Bringing back the flow of people to Japanese towns during the COVID-19 pandemic and reclaiming everyday life





PGH is a business formed by acquiring a company that planned and operated rental garage houses.

## History

January 2019

Acquired Value Planning KK, which planned rental garage houses and introduced tenants to them.



**Leveraged PP's design and marketing expertise and enacted various measures to increase value.**

- (1) Integrated services from planning, design, construction, and tenant recruitment
- (2) Increased gross profit margin by integrating construction expertise gained from PP construction
- (3) Increased waiting list registration with a unique marketing system
- (4) Renewed building design

## PGH's strengths



### Tenant waiting list registration system

Even for properties that are fully occupied, there are people waiting to become tenants, allowing a new tenant to be recruited right away when there is a vacancy.



### Proximity to a station not required

Premium Garage House tenants expect to use a car or motorcycle and are not particular about the location of the land.



### Buildings with good design

Based on more than 300 buildings, we design properties that satisfy tenants, and are easy to move into and difficult to leave.

## Under-utilized spaces are an important issue for Japanese society.

### What are under-utilized spaces?

✓ The space above “under-utilized land” as prescribed in the Basic Act for Land.

#### Basic Act for Land Article 13-4<sup>1</sup>

...land which is not in service for residential, commercial, or other use, or for which **the degree of use is recognized as being significantly less** than land in service for the same or similar uses in the surrounding area...

1: Excerpted from the Basic Act for Land

For example, the space of ...

Unused houses

Unused land

Parking lots

Storage spaces



### Why are under-utilized spaces a problem?

- Reduced city convenience and activity.
- Adverse effects on public safety.
- Accelerates the outflow of people, particularly younger age groups



Residents

- Unable to decide how to use the land, facing growing tax burdens.
- Abandoned in a state of provisional use



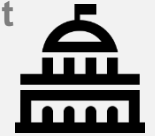
Landowners



Local industries



Government



- Deteriorating financial condition due to population outflow
- Contraction or withdrawal of local industries
- Lack of new companies entering the local market

- Reduced tax revenue as the population of residents and businesses shrink
- Reduction of government services, decline in service quality

It is particularly difficult to generate profits from the niche spaces that exist scattered throughout urban areas, and it is difficult for major real estate and construction companies to utilize these spaces.





# What is Phil Company's Reason for Existing?

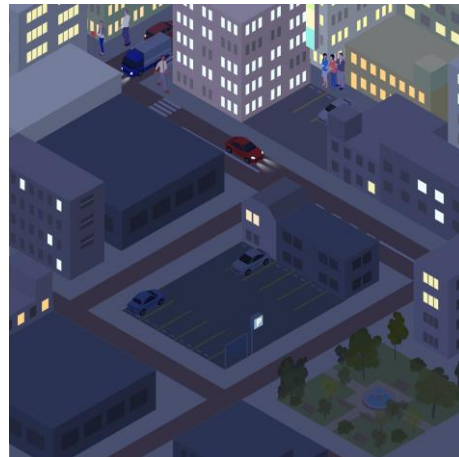
Phil Company maximizes the value of under-utilized spaces, and generates activity in urban areas.

## Before Phil



Turning unpopulated and somewhat lonesome spaces...

Turning spaces that are dark and frightening at night...

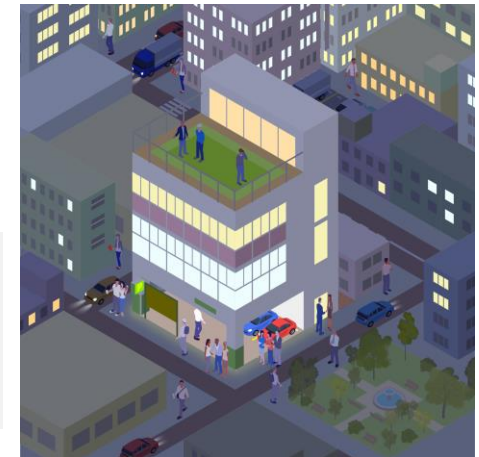


## After Phil



...into warm, active spaces where there are many people coming and going.

...into spaces brightly lit by shop lights, where people can feel safe.



Phil Company will evolve to become a business creation company that maximizes the value of all kinds of under-utilized spaces in Japan.

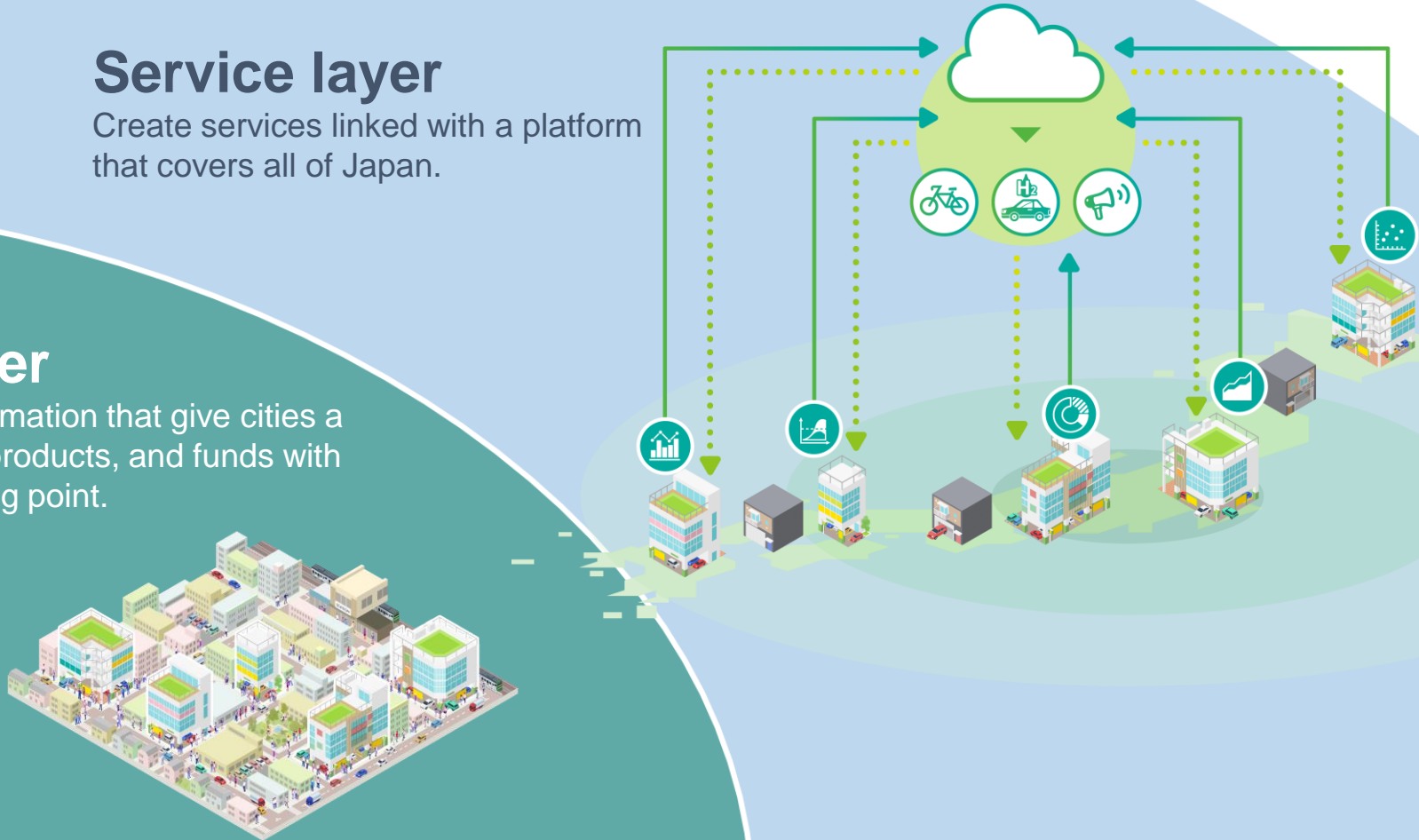
## Service layer

Create services linked with a platform that covers all of Japan.

## Platform layer

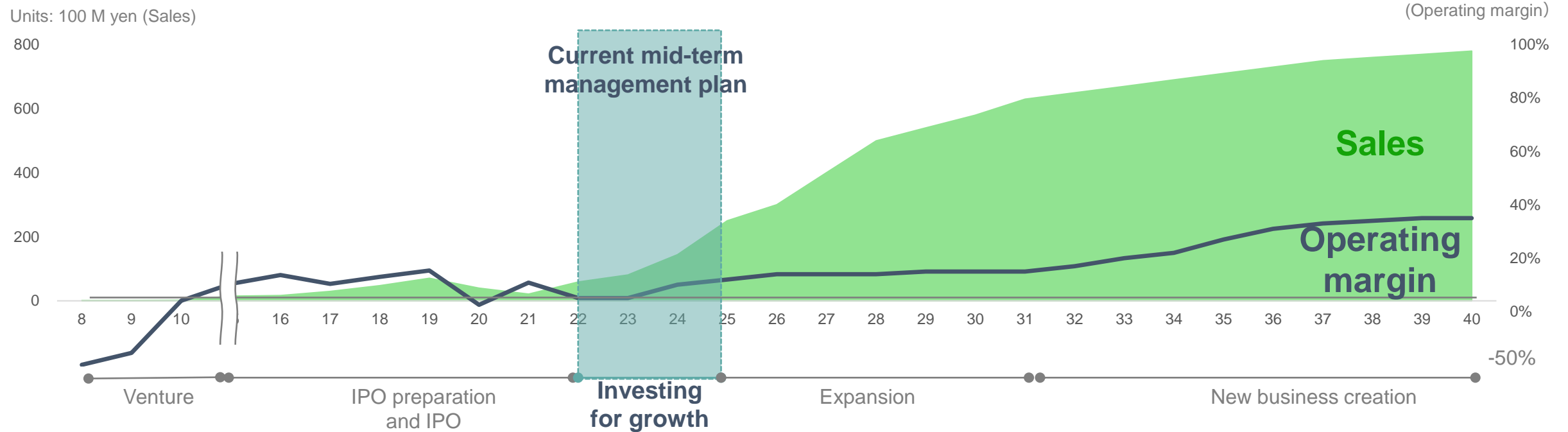
Create centers of information that give cities a circulation of people, products, and funds with buildings as the starting point.

Under-utilized spaces





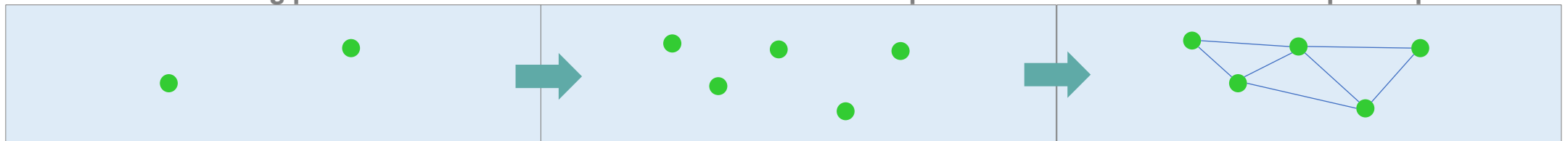
With the period up to 2025 as a growth investment period, we will invest actively in preparation for the dramatic growth of our business.



### Branding phase

### Platform construction phase

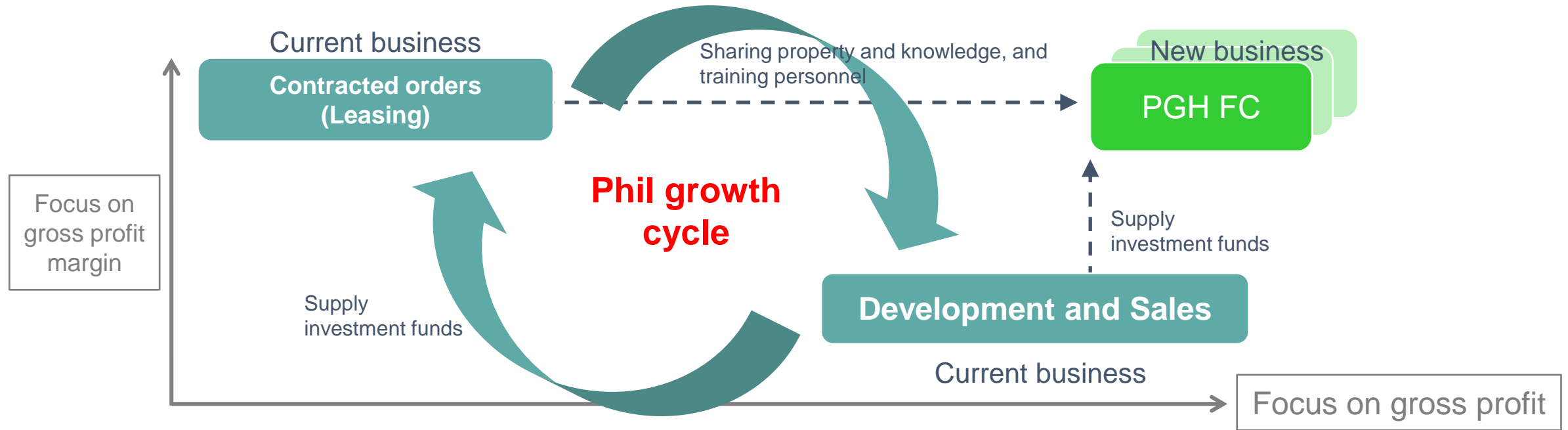
### Service development phase



**Business** Utilizing spaces above parking lots      Developing platforms for under-utilized spaces      Creating new business connecting platforms

**KPIs** Gross return rate, number of completed projects      Sales and gross profit growth rate      Gross profit margin and ROIC

With both Contracted Orders and Development and Sales, we will go through the Phil growth cycle and achieve growth for the entire company.



		Portfolios	Business model	Investment priority
Contracted Orders Leasing management	Focus on gross profit margin	■ Maximum focus on increasing the number of properties delivered	Flow	Middle
		■ Train staff who can handle projects, and collect performance data	Stock	Low
Development and Sales	Focus on gross profit	■ Maximum focus gross profit for each property ■ Generate cash through stable orders	Flow	High
Franchising PGH	Focus on both gross profit and gross profit margin	■ Establish a franchise model for PGH, and achieve high growth and a high gross profit margin	Stock	High

We will focus investments on the digital infrastructure and human resources, establishing a franchise model for PGH, and in-house funds.

  Focus areas

	PP	PGH	Common to both
<b>Business strategies</b>	Sowing seeds for new business	Rebranding and construction of a franchise model <b>1</b>	Composition of Phil Company Group funds, and development of small investments <b>2</b> Prepare the digital and human resource infrastructure, while watching for a recovery in the business environment and steadily growing the business.

**Focus on business resources that can be controlled by our company and do not rely on pandemic end scenarios which involve high levels of uncertainty.**  
 → **Steadily generate profits.**

<b>Investment for growth</b>	Construct digital infrastructure <b>3</b>
	Nurture human resources (both quantity and quality) <b>4</b>

**Simultaneously expand the size of our business by increasing staff and apply digital infrastructure to increase productivity. Increase the medium- and long-term ability to generate cash throughout the company.**

We will engage in PGH rebranding and construct a franchising model in light of changing consumer values and recent PGH inquiries.

Previous business policy

Hobby space for car and motorcycle enthusiasts



Current business issues

Insufficient supply to meet customer expectations

The number of users on the tenant waiting list is growing as a result of diversifying lifestyles, and we are unable to keep up with the more than **5,000** on the list.

Point to focus on to expand business

Ease of standardizing PGH construction methods

Unlike PP, which are tailor made for each property, PGH design and construction methods can be fully standardized.

## Business policy

Accelerate nationwide expansion by rebranding the “garage lifestyle” and constructing a franchising model.

## Actions

### ■ Rebranding

Update web media  
TV CM production and other programs to strengthen advertising

### ■ Construction of a franchising model and accelerating nationwide expansion

Obtain certification for design and construction methods  
Measures for collaboration with builders across Japan

### ■ Preparing digital infrastructure

Tenant waiting list system  
MA tools



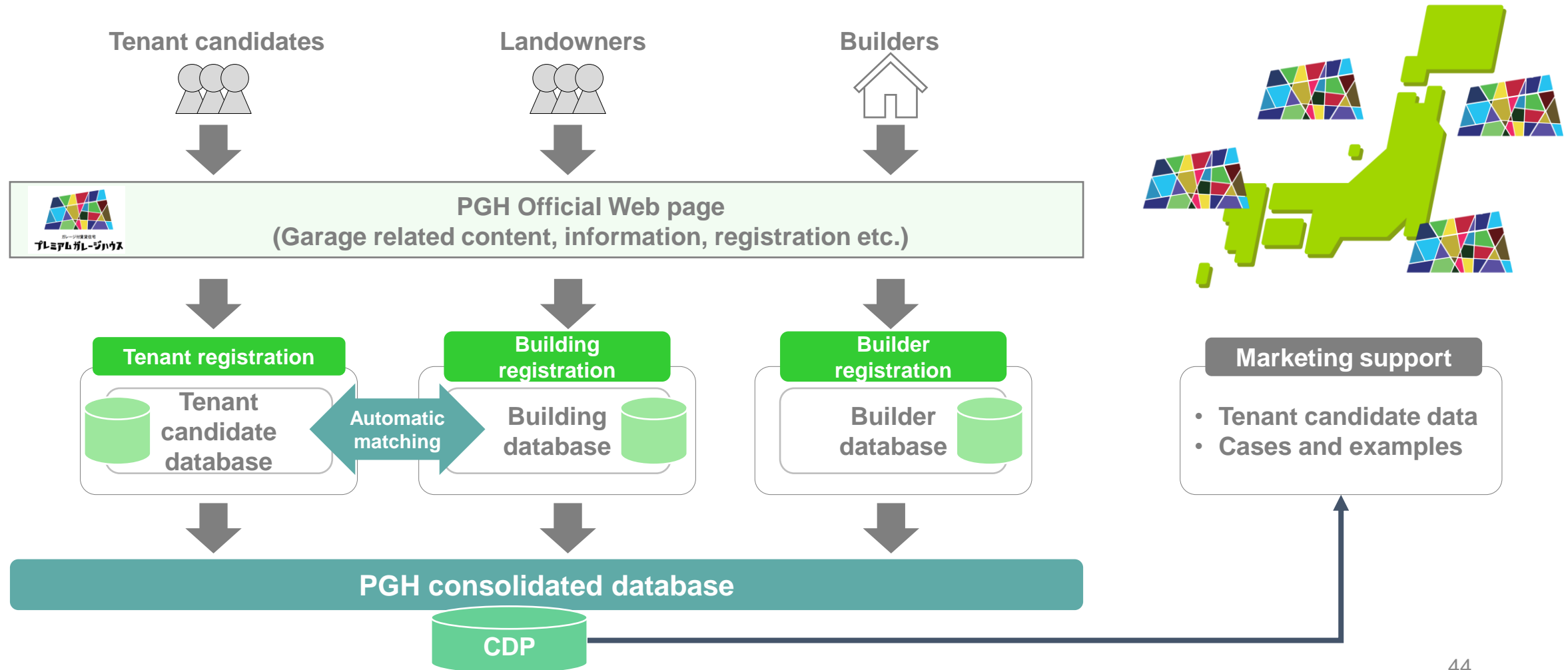
# 1. PGH Rebranding and Franchising





# 1. PGH Rebranding and Franchising

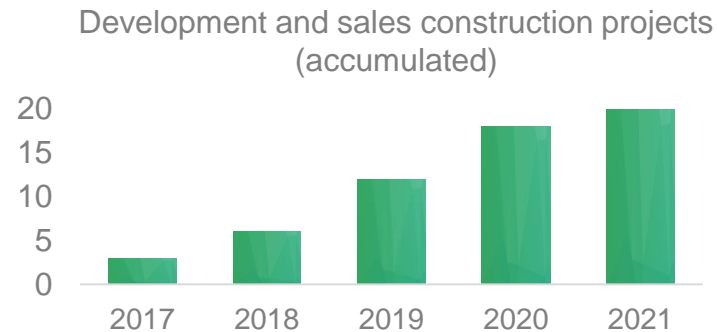
Starting from the PGH official website, create databases and make use of marketing support services.



We are focusing on acquiring properties in FY 2022, and are proceeding with the composition and development of funds under the Phil Company brand.

## Actions so far

### 1. Launched Development and Sales as a new business model in Jan. 2017



### 2. Established sales channels

- The scarcity of newly constructed small commercial facilities was appreciated and we constructed channels with affluent customers.

### 3. Conducted a variety of verification tests based on collaborations

- February 2018: Tested small investment
- March 2019: Tested crowd funding marketability

## Main plans

**(1) Strengthen acquisition of high-quality properties in FY 2022.**  
(To be sold starting from FY2023)

### Actions

- Strengthen collaboration with business matching partners.
- Deploy specialized acquisition staff.

**(2) Form Phil Company Group funds and develop small investment**

### Actions

- Acquire certification under the Real Estate Specified Joint Enterprise Act.
- Form a specialized real estate finance team.
- Construct a crowd funding financing model and others.
- Construct Development and Sales for PGH.



Aim to form 2 types of funds over 3 years.

## Town Planning Fund by Phil



## Small Town Sustainable Fund

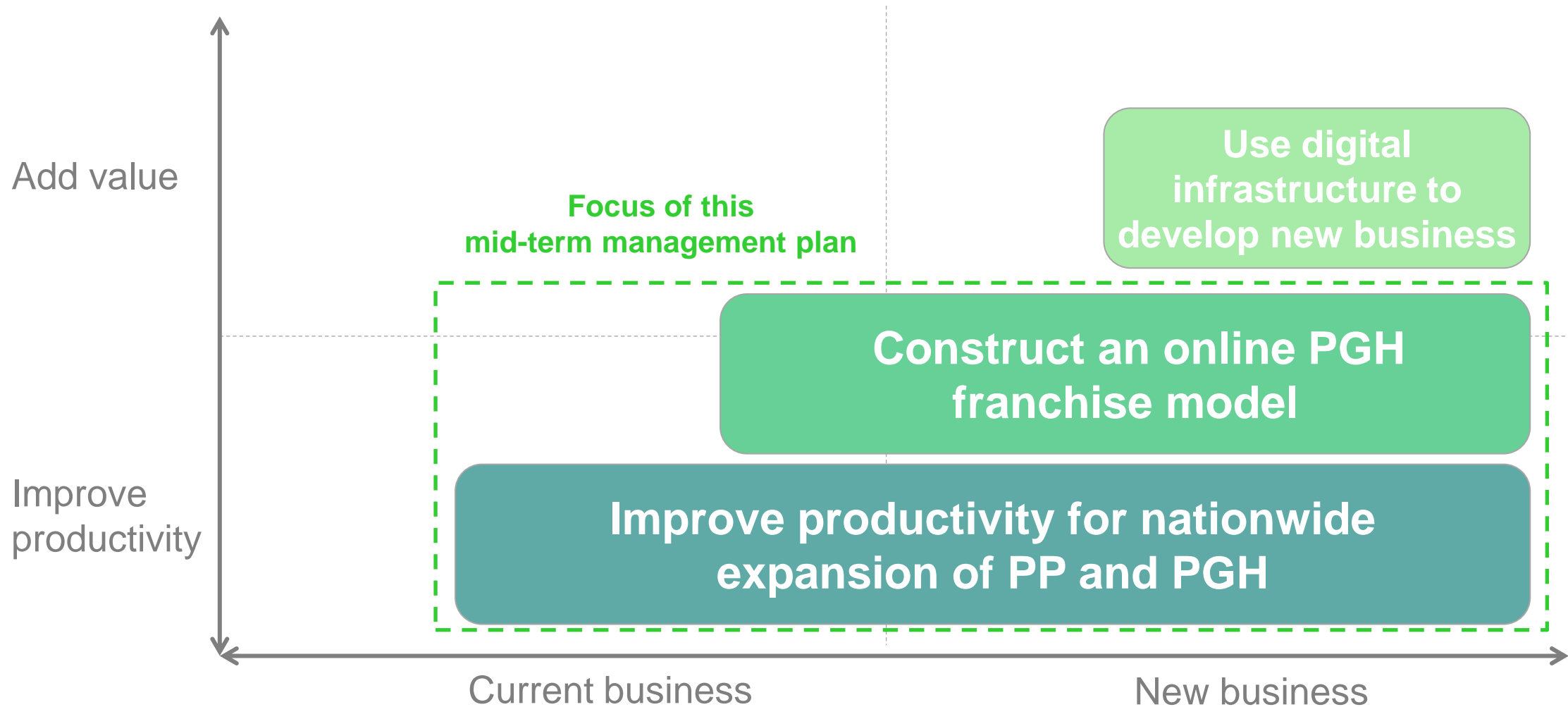


**Create a fund circulation model for utilization of under-utilized spaces.**

- Center on PP and PGH, however also use other brands and plans.
- Actively form alliances and aim for regional revitalization.

# 3. Construction of Digital Infrastructure

The coming 3 years are defined as a growth investment phase, and we will focus on constructing a franchising model and improving the productivity of company operations.

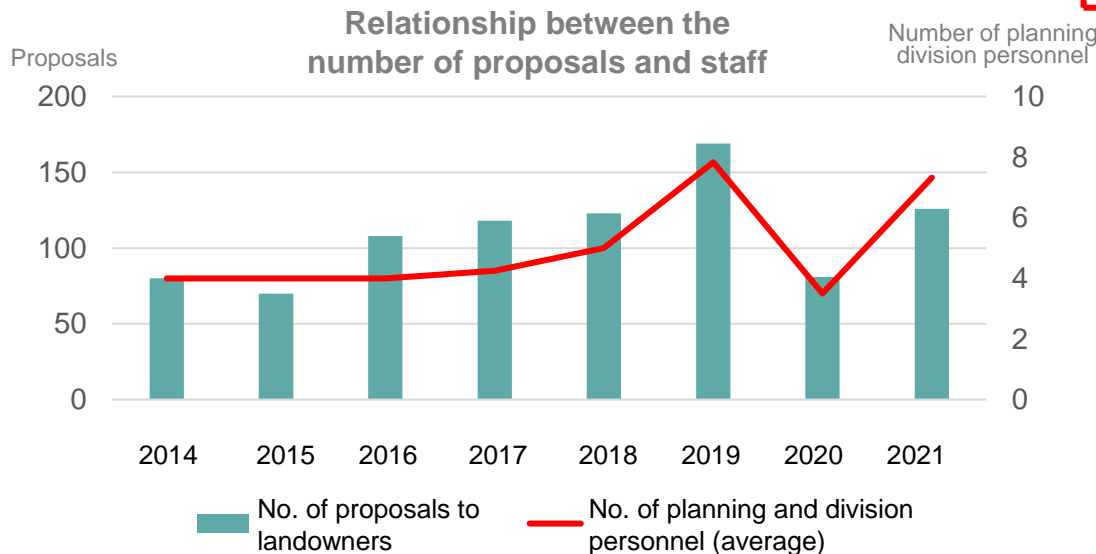
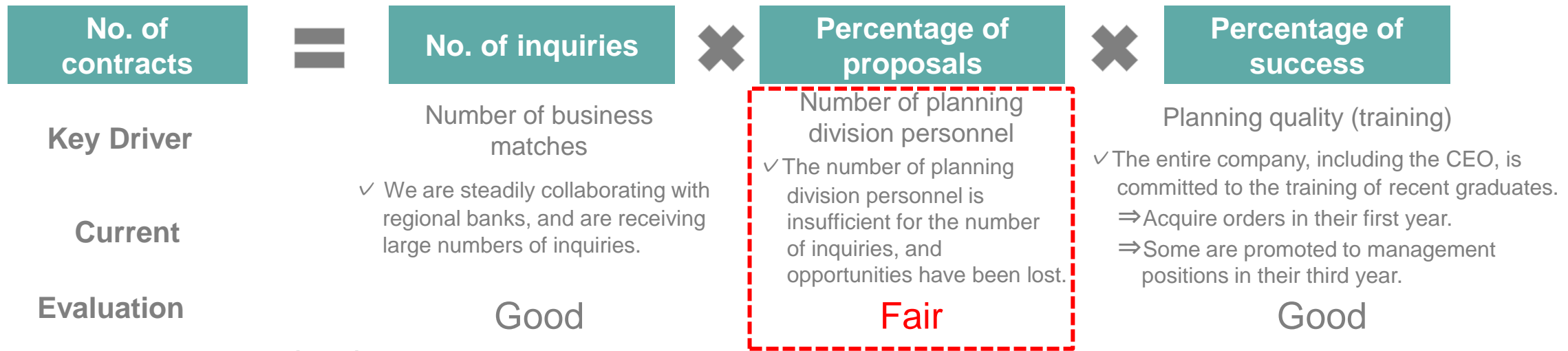




# 4. Building a Pool of Human Resources

The most important indicator for increasing the number of contracts is the percentage of proposals per the number of inquiries.

→ This is related to the number of planning division personnel.



The number of proposals increases in proportion to the number of planning division personnel.

⇒ Because the number of inquiries is expected to increase in the future, a key point for business growth is **determining how to increase the number of planning division personnel without adversely affecting quality.**

Note: The numbers decreased in FY2020 because we temporarily stopped sales activities due to the pandemic.

# 4. Building a Pool of Human Resources

During the next 3 years, we will focus on recruitment of recent graduates and specialized mid-career people, and hire a total of more than 100 new employees.

## 3-year recruiting strategy

### 1. Strengthen hiring of recent graduates.

- Primary targets
  - Science majors
  - Graduates from regional colleges
- Participate in recruitment events across Japan and work together with universities to educate students about our business growth potential and social significance.
  - ⇒ Expand planning consulting/management operations.

### 2. Strengthen hiring of specialized mid-career people.

- Primary targets
  - Real estate and financial
  - Digital and IT
  - Architects
  - IR/PR, marketing, accounting/M&A
  - Franchising business etc.
- ⇒ Expand the support system for new business areas and specialized areas

## Recruiting targets

		Recent graduates	Experienced
Actual	2019	3	0
	2020	10	0
	2021	15	1
Plan	2022	10	10 – 15
	2023	30 – 50	10
	2024	30 – 50	10
	Total	70 – 110	30 – 35

# 4. Building a Pool of Human Resources

We will produce personnel who have unique abilities with our basic principles of generous training and strict evaluations.

## Training and education

- Management team is committed to training of recent graduates.
- Start training of management personnel from an early stage. (e.g. Participation in Board of Director meetings, stock reward system, etc.)
- Thoroughly share a philosophy and set of values.

## Evaluations and rewards

- Evaluations are based on results, unrelated to the number of years at the company or career.
- A high pay gradient that rewards results.



## Assignments

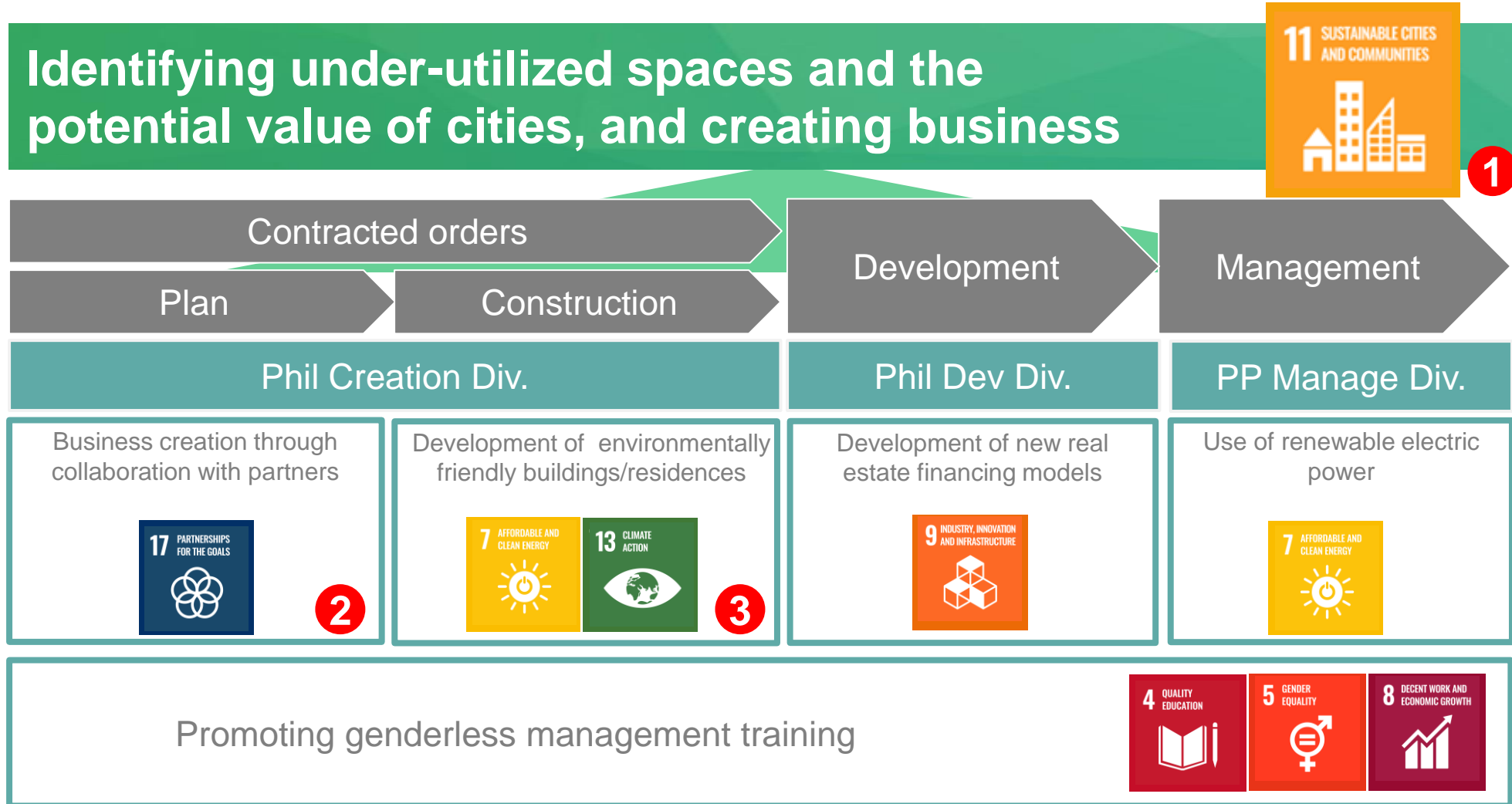
- Dynamic promotions including skipping ranks. (e.g. Recent graduates promoted to manager and other management positions in their third year.)

## Recruiting

- Focus specifically on recent graduates who will create the future of the company and on committed, specialized mid-career people.

**Area of maximum focus during the next 3 years**

Aiming for sustainable development tailored to the value chain, beginning with resolving the societal issue of under-utilized spaces.





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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.

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