

Phil Company, Inc.

Friday, January 12, 2024

Financial results presentation materials for the fiscal year ended November 30, 2023

Phil Company, Inc. TSE Standard Securities code: 3267



4Q Results for FY2023/11

Sales :2,927 million yen
Gross profit :722 million yen
Operating income :366 million yen

Highlight

- Sales up 52% YoY, Gross profit up 54%
- YoY Amount of orders received was 1.86 billion yen, the highest level ever, surpassing the pre-Corona level.
- SG&A expenses up 35% YoY, Operating profit up 78% YoY
- Operating Profit improved significantly due to Sales growth, despite increases in Personnel Expenses and Rent

The Contracted Orders Scheme– PP

No. of orders received : 4
Amount of orders received : 1,250million yen

The Contracted Orders Scheme– PGH

No. of orders received : 9
Amount of orders received : 611million yen

The Development and Sales Scheme

Balance of development projects : 2,903 millions yen
No. of Units Sold and Delivered : 5

1. PP : PhilPark Aerial shop
2. PGH : Premium Garage House

(Thousand yen)	4Q Result		Cumulative for 4Q	
	Results	YoY	Results	YoY
Sales	2,927,053	+52%	5,963,519	+36%
Cost of sales	2,204,773	+52%	4,526,857	+35%
Gross profit	722,280	+54%	1,436,662	+39%
Gross profit margin	24.7%	—	24.1%	—
SG&A	355,604	+35%	1,221,847	+42%
—Personnel	197,151	+15%	664,004	+22%
—Outsourcing expenses	31,177	+80%	122,501	+47%
—Advertising expenses	8,876	+615%	32,313	+564%
—Others	118,398	+61%	403,028	+78%
Operating profit	366,676	+78%	214,815	+26%
Ordinary profit	360,318	+52%	135,816	−32%
Profit	222,802	+33%	37,940	−73%

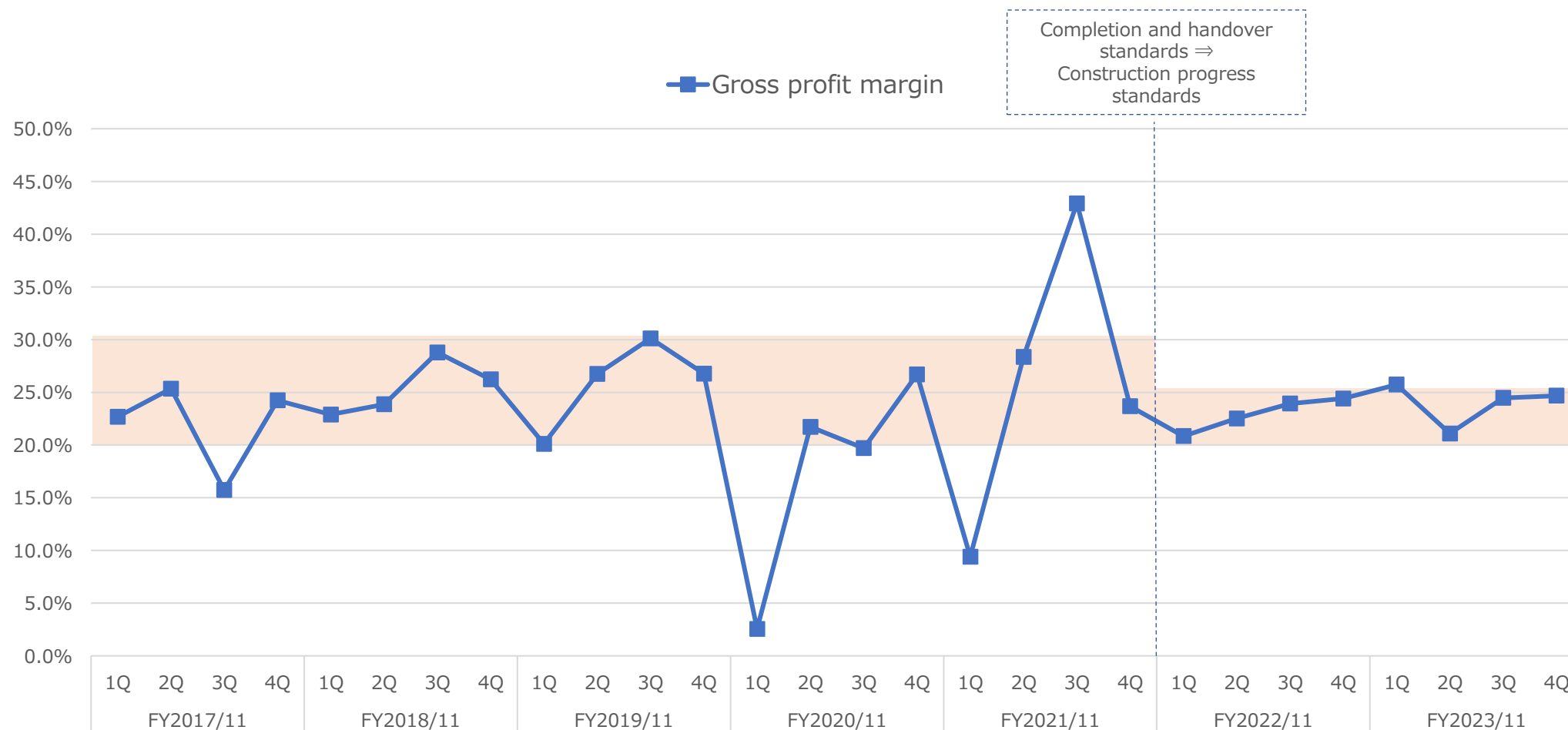
Prior investment

Increase in the number of employees and Personnel Expenses increased due to an increase in the number of employees and Personnel Expenses increased
 ※Personnel Expenses includes recruiting expenses

Phil Park Marketing Video content and PVV creation led to Advertising expenses increased

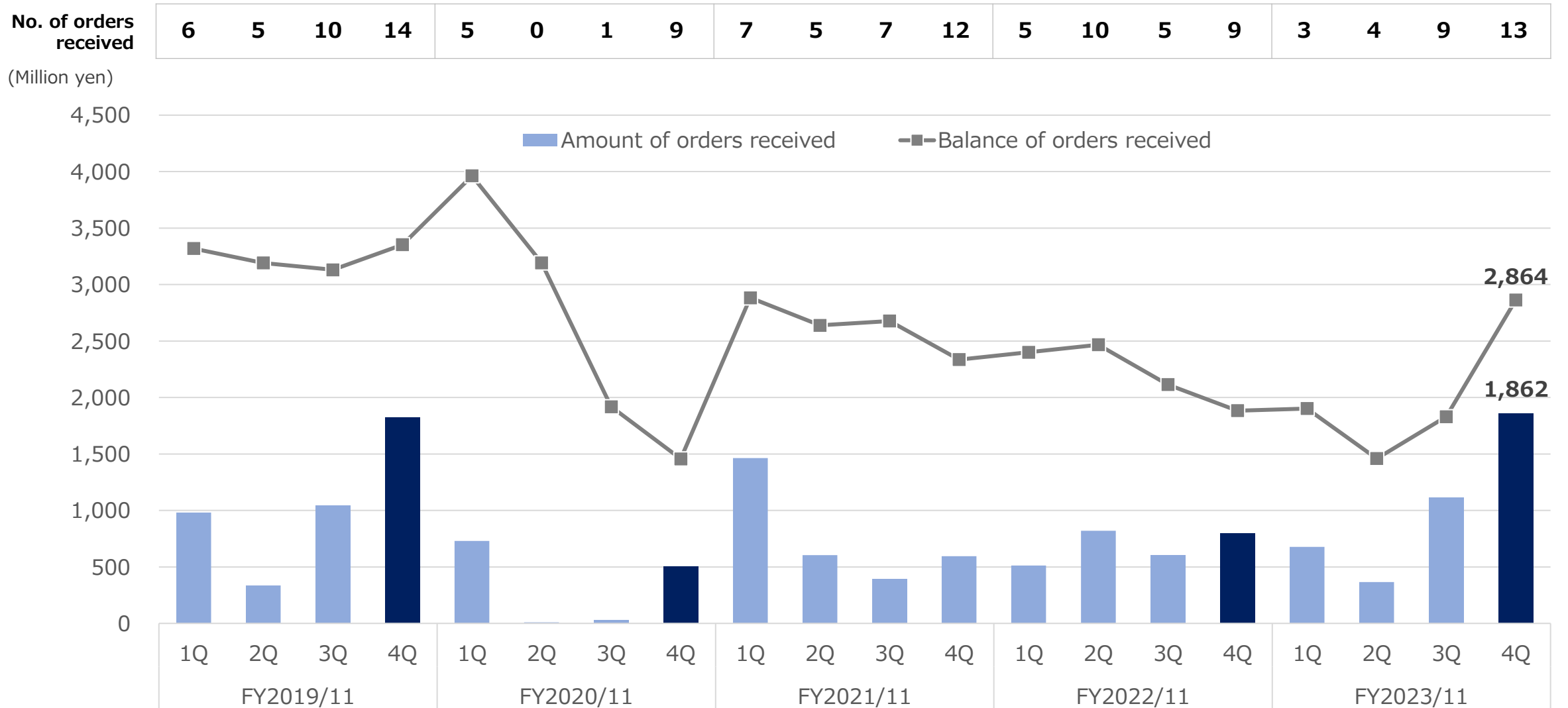
Due to relocation of head office Increase in rent

- The quarterly Gross profit margin has generally been in the range of 20% to 30%.
- Since the change in Sales recognition standards from November 2022, it has consistently remained in the range of 20% to 25%.



Contracted Orders received and Order backlog

■ Amount of orders received in 4Q was 1.86 billion yen, 2.3 times higher than the same period last year and the highest quarterly level ever (higher than 1.82 billion yen in 4Q of FY2019/11)



- Sales from Contracted Orders in 4Q declined YoY
- Sales totaled 2.93 billion yen, up both QoQ and YoY due to the contribution of Development and Sales
 - Second highest quarterly level ever after 4Q of FY2019/11 (3.18 billion yen)

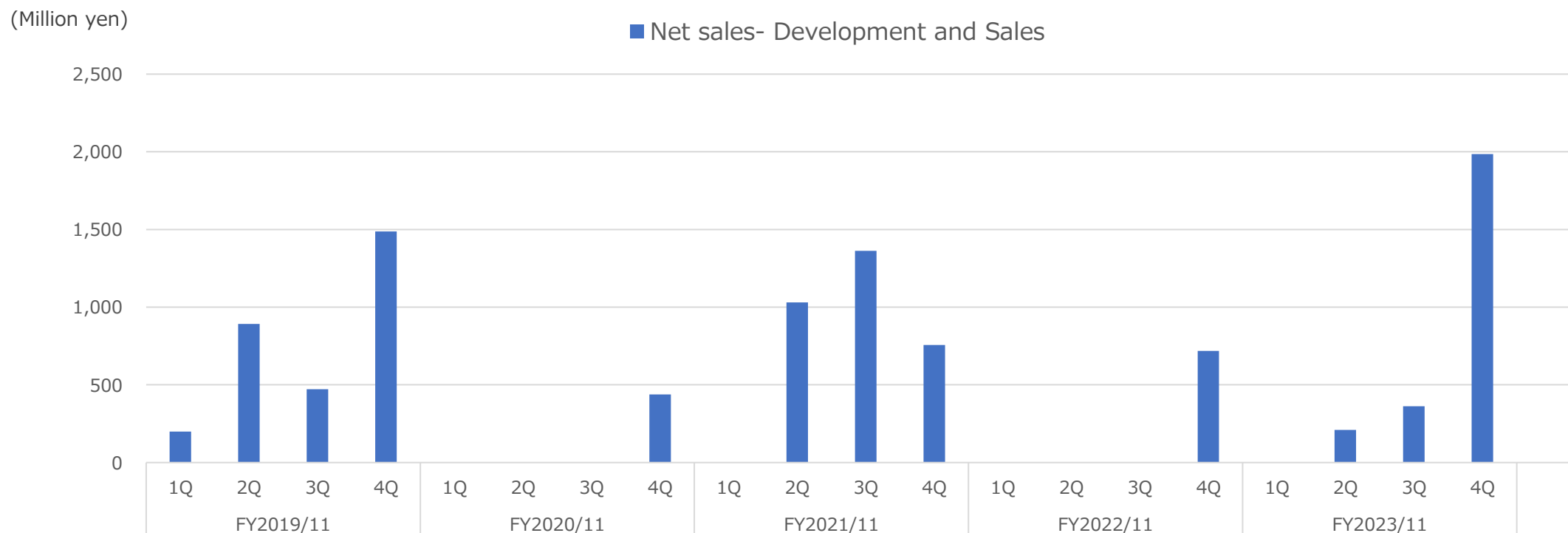
Changes in Sales Breakdown



The trend in Sales from The Development and Sales Scheme

- 5 number of sales completed in 4Q; record quarterly sales in Development and Sales
- Volatility in Development and Sales is an issue:
 - Aiming for a certain degree of leveling off mainly by increasing the number of numbers in the future

Balance of development projects(Billion yen)	1.7	1.8	1.5	1.7	2.0	2.4	2.5	2.2	2.2	1.4	0.9	0.4	2.1	1.9	2.2	1.7	2.0	3.1	4.5	2.9
Remaining no. of development projects	8	8	7	5	6	6	6	5	5	4	4	3	8	9	10	7	8	8	8	4
No. of units Sold and Delivered	1	3	1	6	0	0	0	1	0	1	1	1	0	0	0	4	0	1	1	5



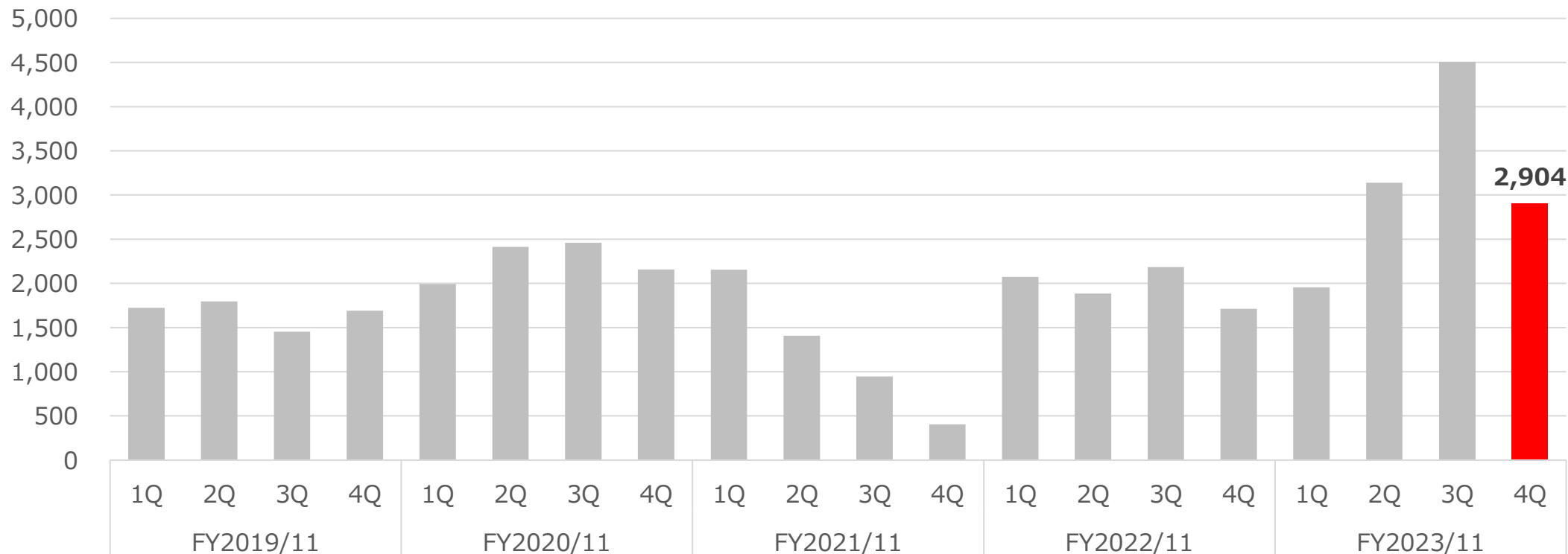
- 5 of No. of Units Sold and Delivered were completed in 4Q, reducing Balance of development projects to 2.9 billion yen
- Continuous acquisition of land to expand the sales pipeline for the next fiscal year and beyond

Balance of development projects

Remaining no. of development projects

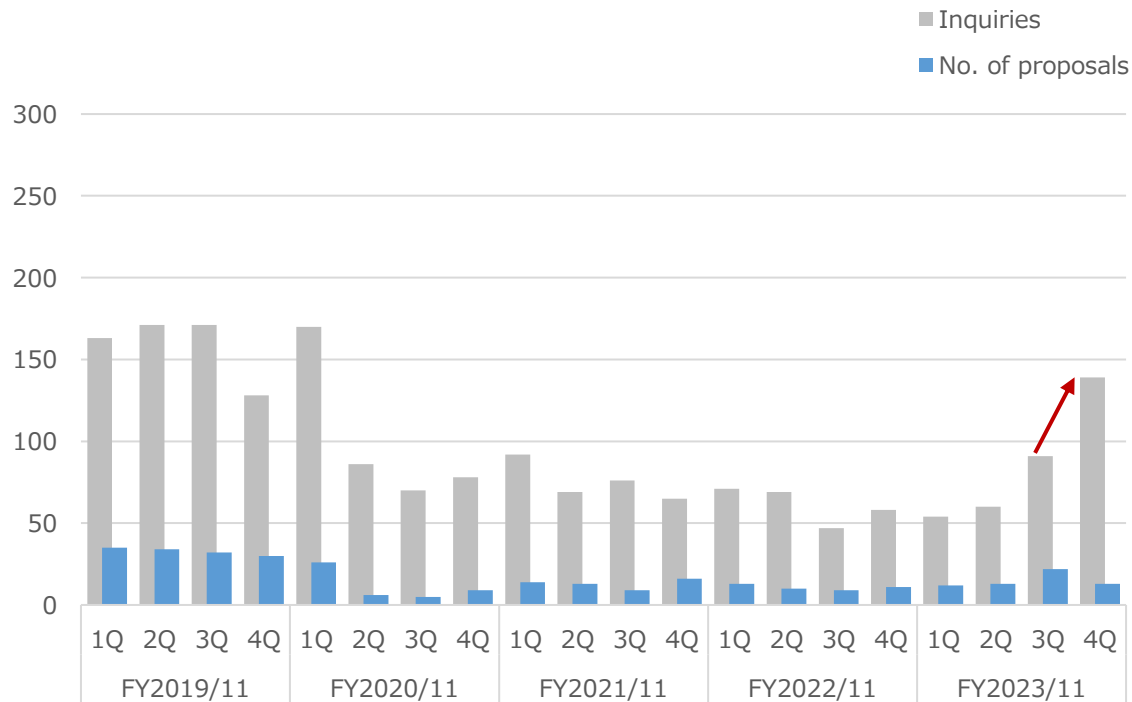
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(Million yen)



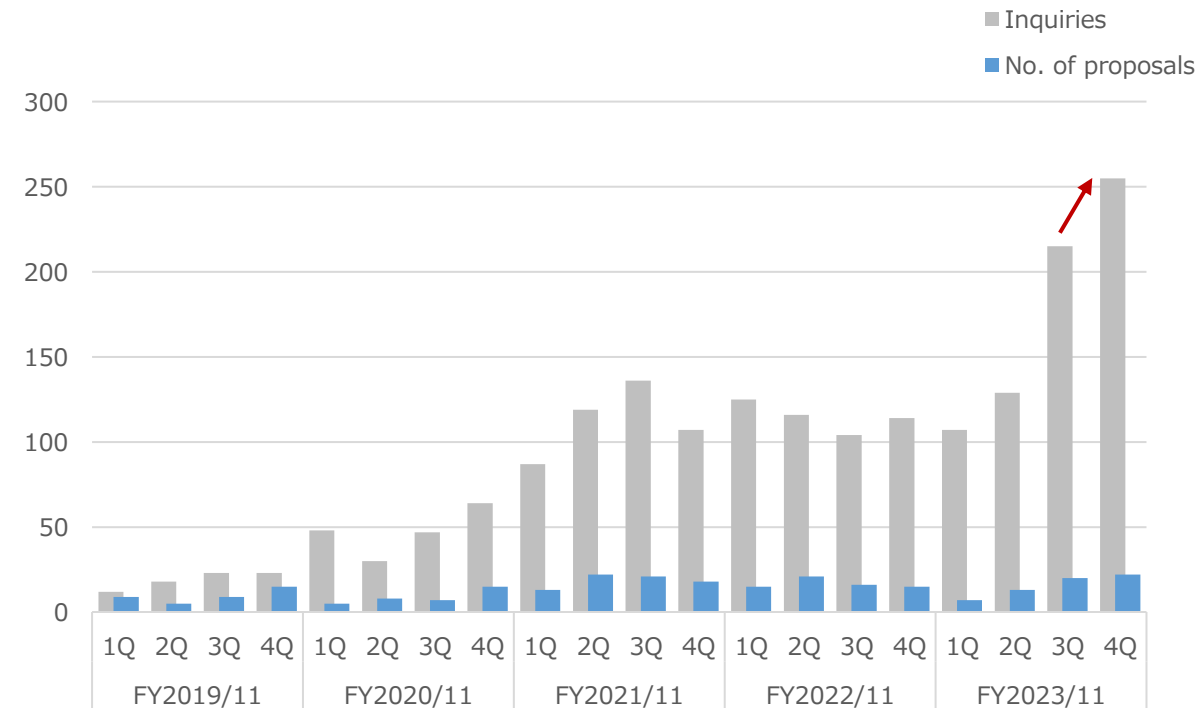
- Number of inquiries continues to increase
- While the number of proposals for PhilPark declined, the number of proposals for Premium Garage House increased

PhilPark



No. of orders received	26	8	5	13	11
Proposal⇒Contracted	20%	17%	10%	30%	19%

Premium Garage House



No. of orders received	9	7	22	16	18
Proposal⇒Contracted	24%	20%	30%	24%	29%

- Net income for the period under review fell short of the forecast due to an increase in income taxes-deferred in connection with the posting of asset retirement obligations (restoration costs) associated with the relocation of the head office.

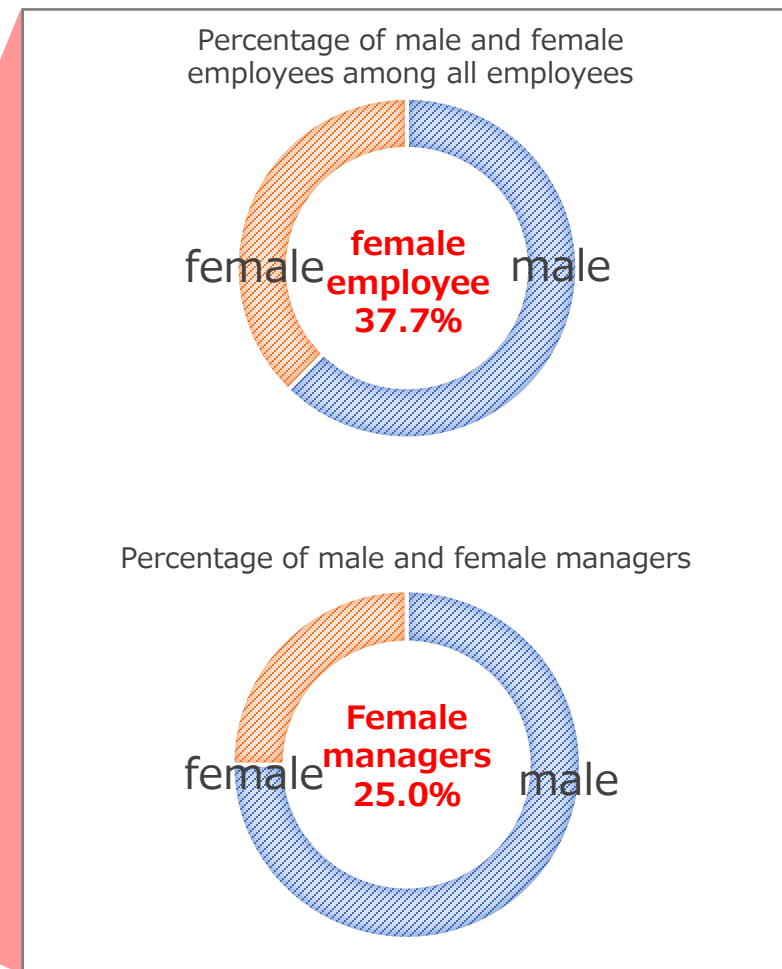
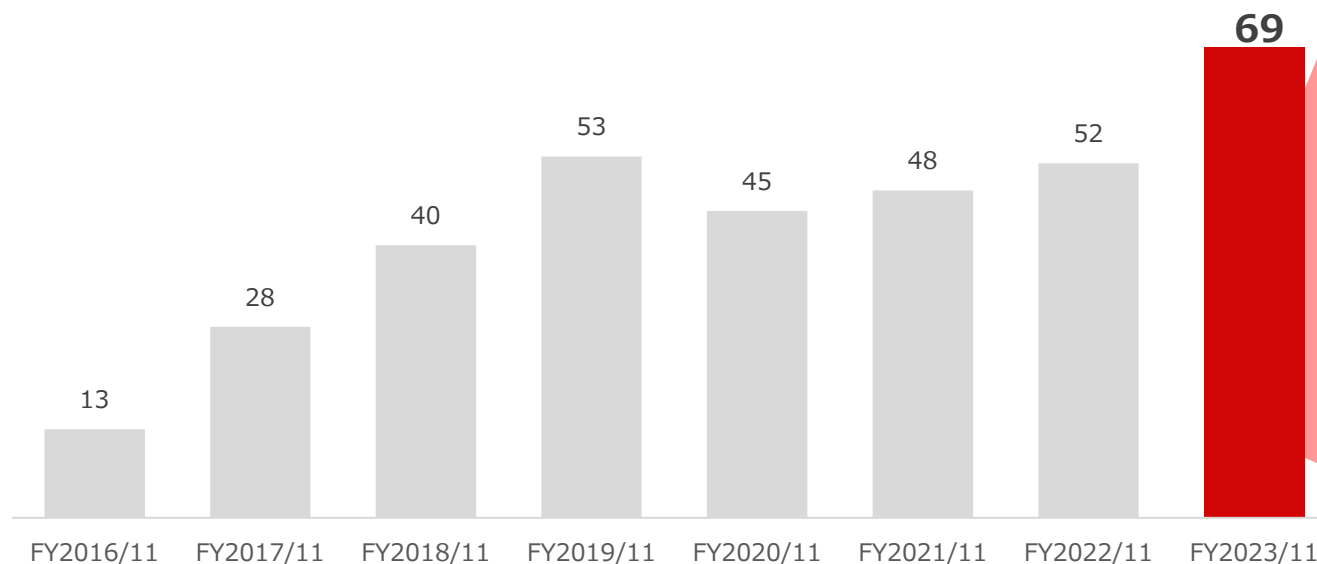
(Thousand yen)	4Q Results	Full year forecast	Percentage Change of Full year forecast
Sales	5,963,519	6,000,000	99%
Operating income	214,815	200,000	107%
Ordinary income	135,816	130,000	104%
Net income attributable to owners of the parent	37,940	60,000	63%

Status of Employees

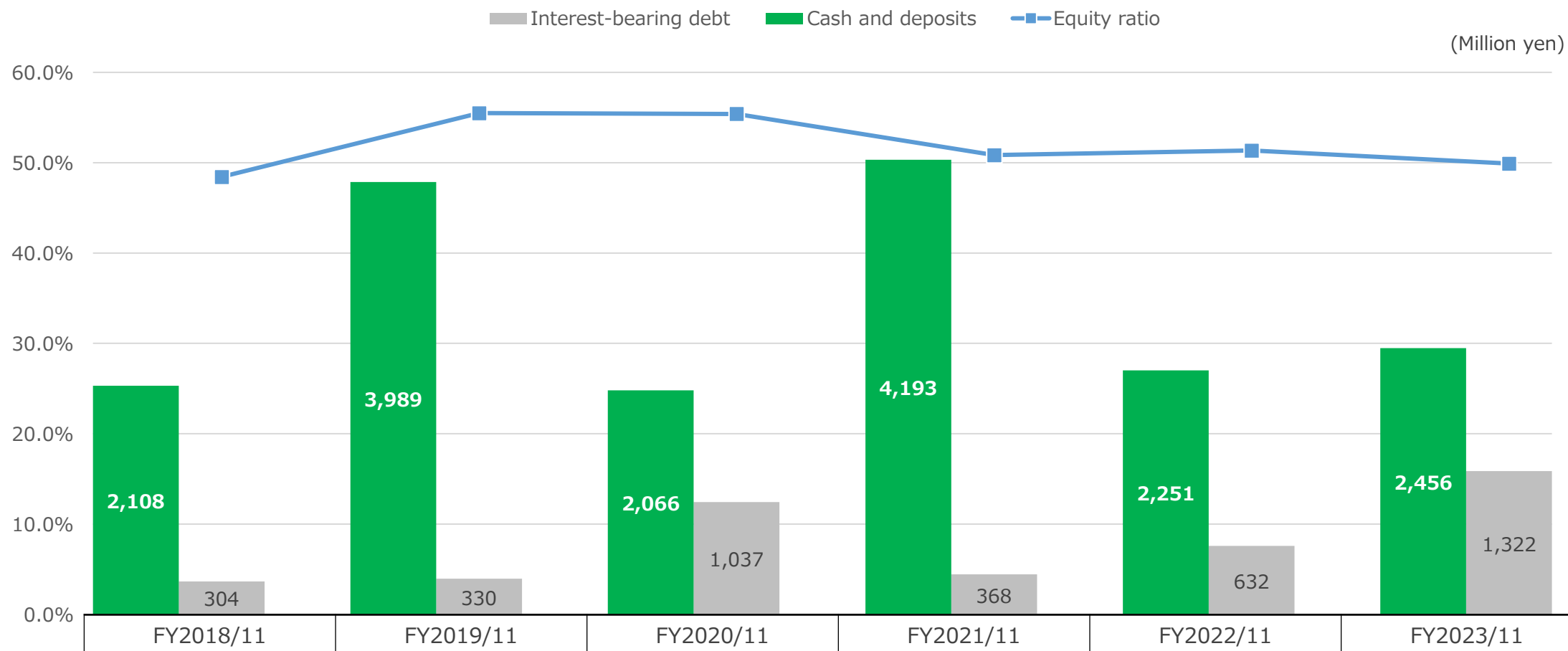
- Sales force increased 2.7 times from the previous fiscal year due to a review of the organizational structure and strengthening of mid-career hiring
- More than half of the employees are assigned to sales and construction, creating a stable Contracted Orders structure.

Employees	November 30, 2022	November 30, 2023
Sales*1	10 people	27 people ↑
Construction	10 people	14 people ↑

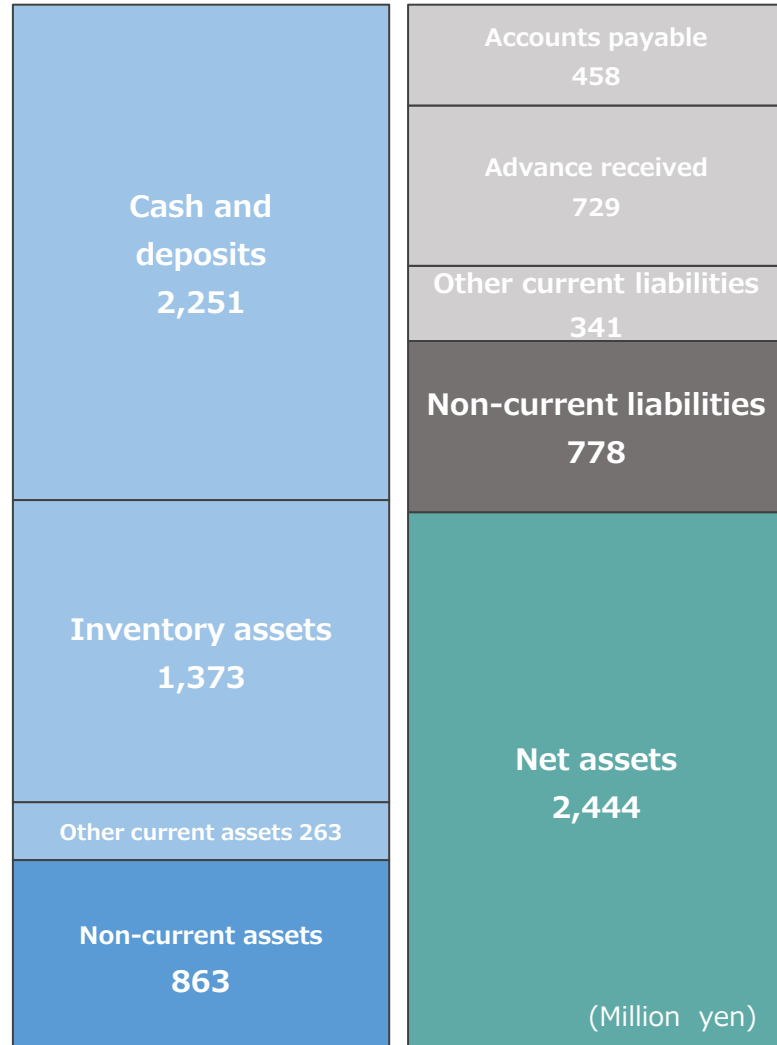
Consolidated Number of Employees



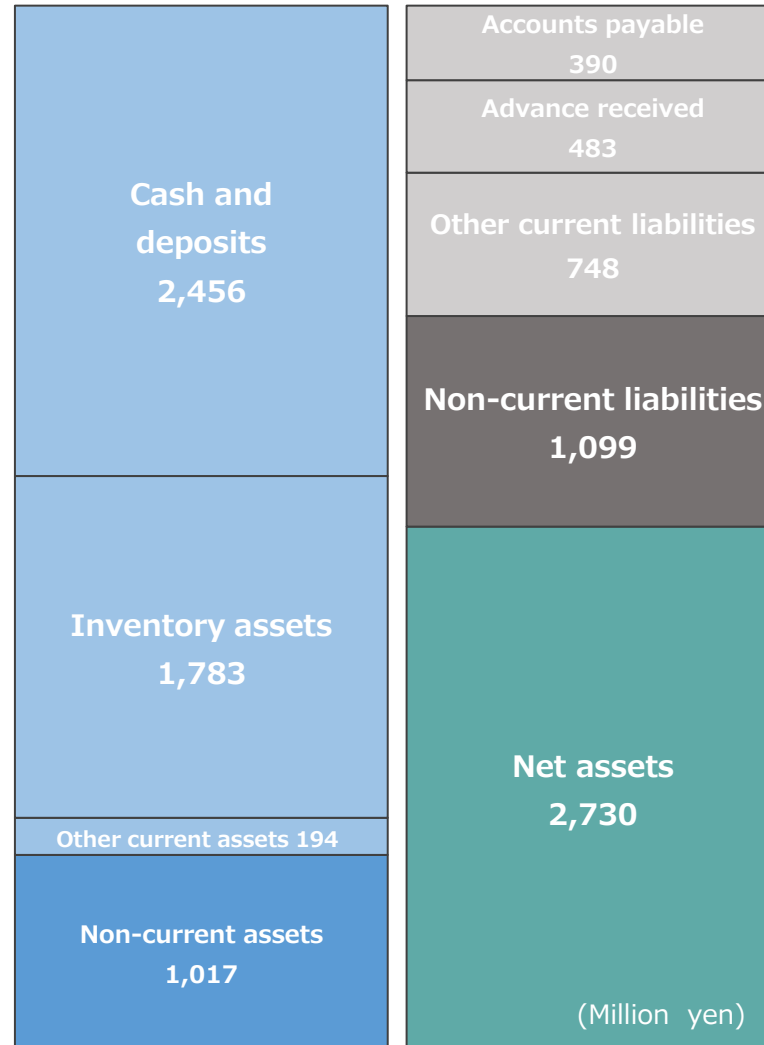
■ Maintains a sound financial position with Equity ratio of 50%



November 30, 2022
Total assets : 4,750 million yen

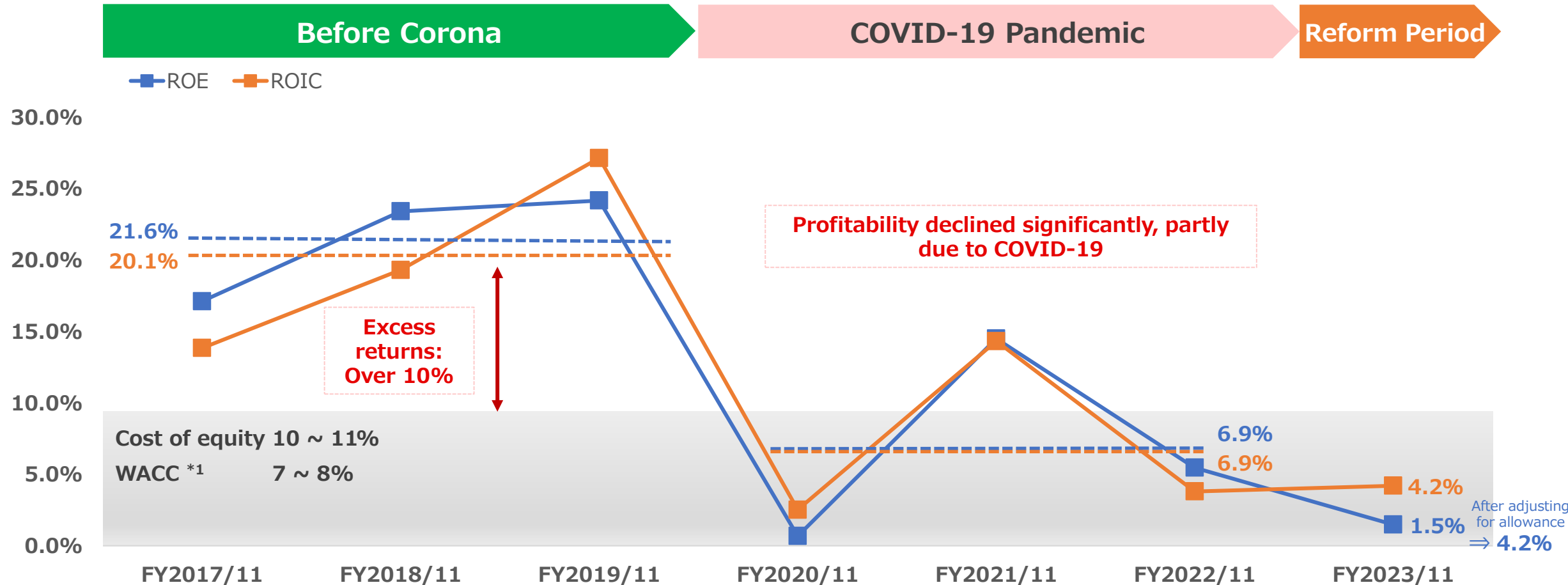


November 30, 2023
Total assets : 5,450 million yen

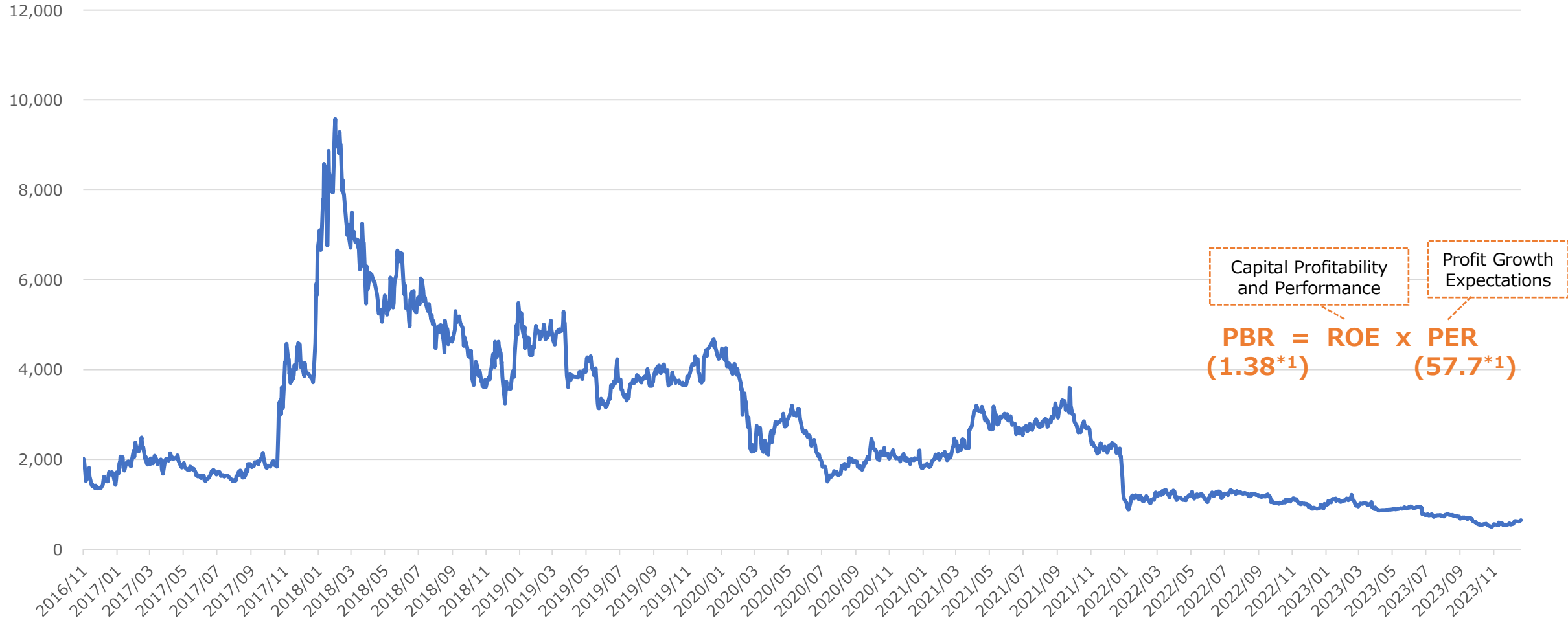


- ✓ Inventories increased due to an increase in the number of Development and Sales proposals.
- ✓ Increase in noncurrent liabilities due to increase in interest-bearing debt associated with the above
- ✓ Fixed assets increased mainly due to head office relocation and deferred tax assets
- ✓ Disposal of treasury stock through third-party allotment increased shareholders' equity.

Prior to COVID-19, the company generated returns well in excess of its cost of capital. Going forward, capital efficiency will be improved by improving profitability

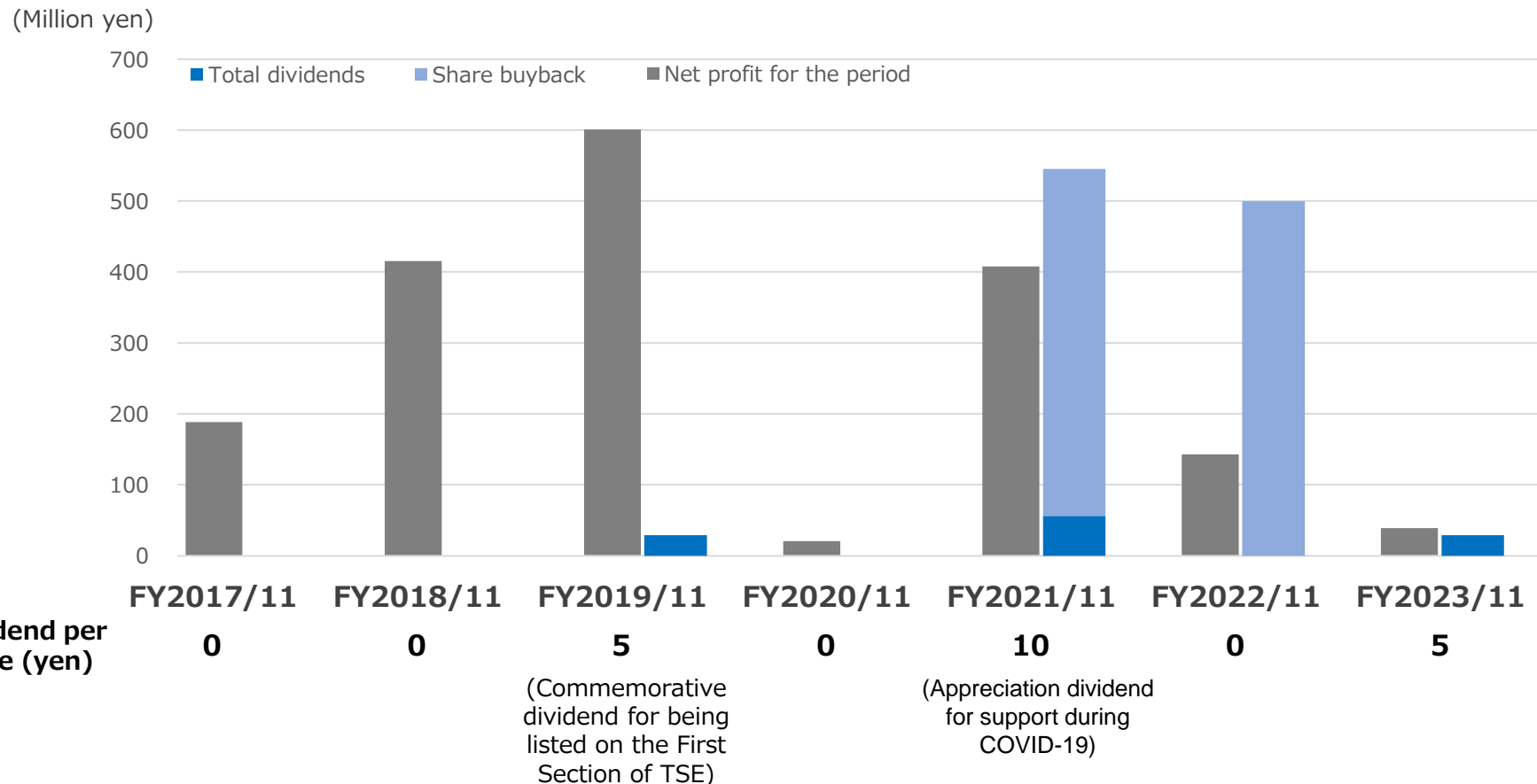


The aim is to increase the stock price (PBR) by improving performance (ROE) to enhance shareholder value (returns)

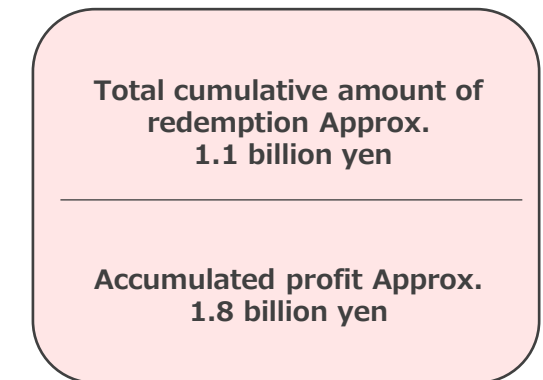


Shareholder Return Policy

- Regarding dividends, we will strive to pay stable dividends while securing the capital necessary for financial soundness and growth.
- Share buybacks are determined on a case-by-case basis based on comprehensive consideration of business performance, business environment, and growth investment opportunities.
- Provide returns that contribute to sustainable enhancement of corporate value and maximization of shareholder returns over the medium to long term.



Seven-Year Period

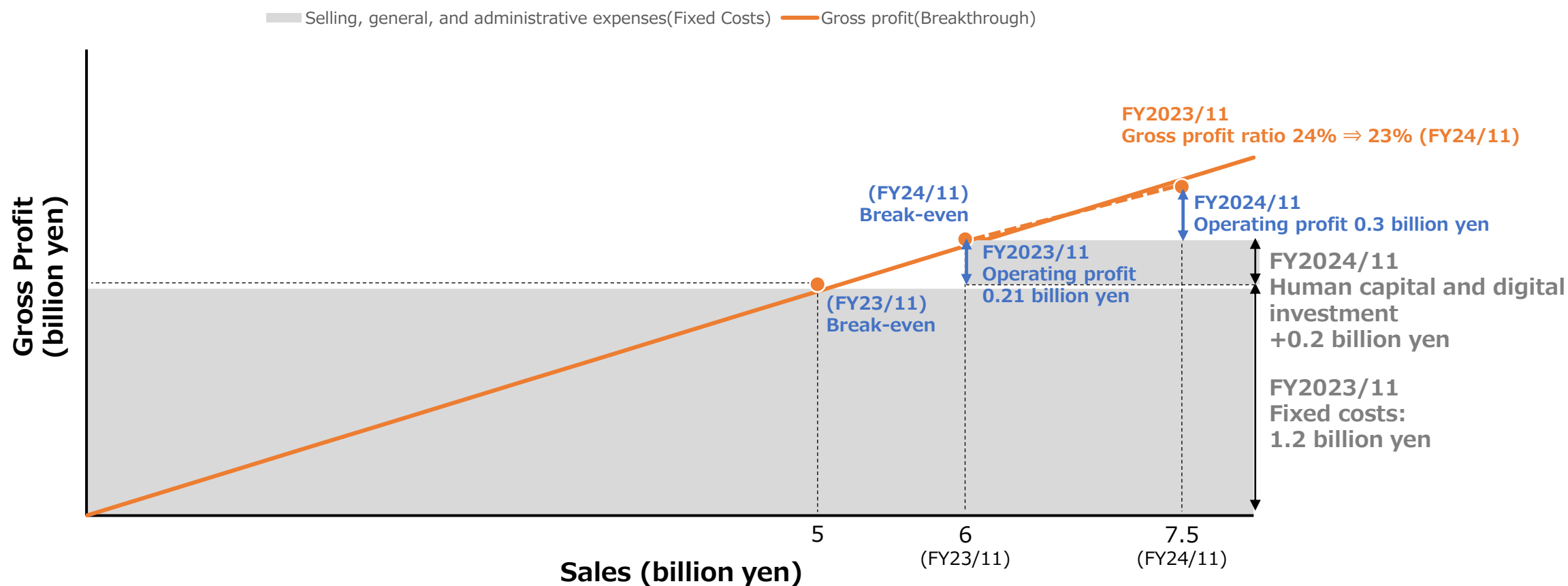


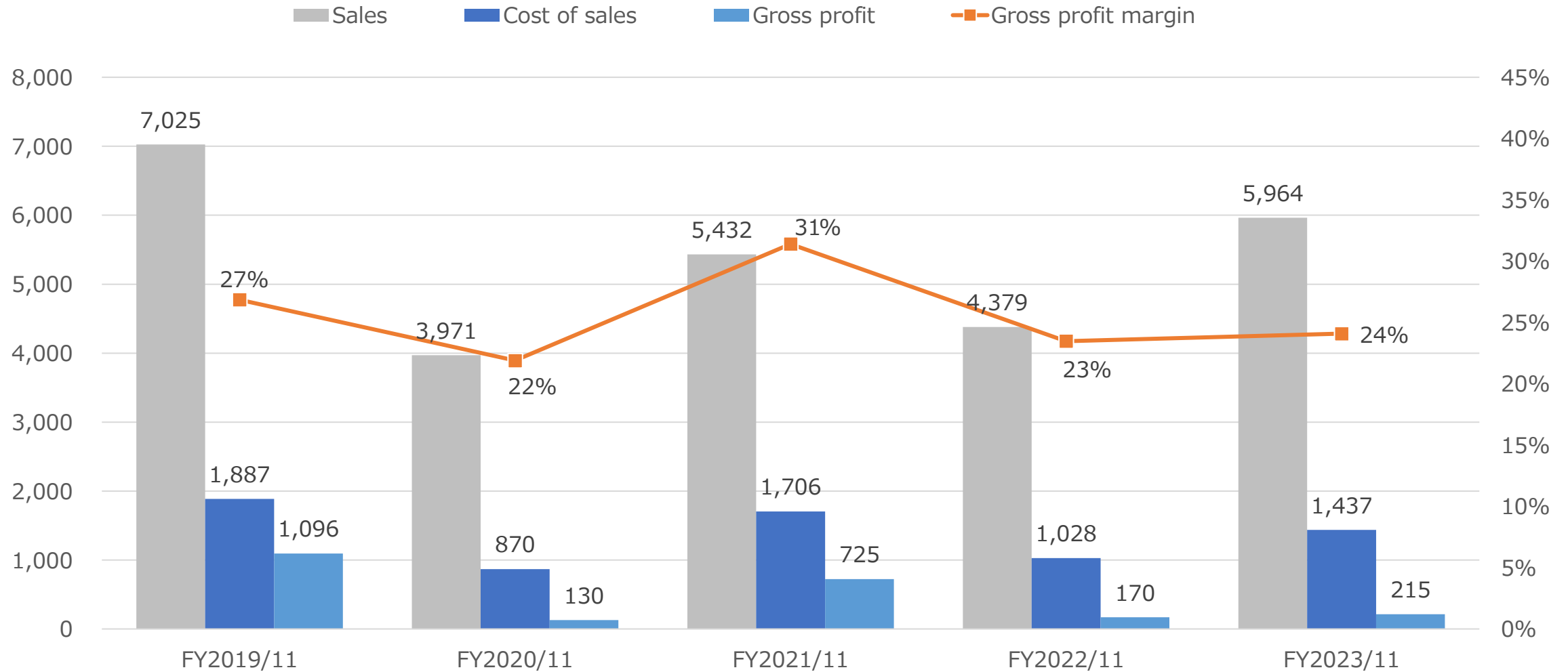
Total return: 60%

(Thousand yen)	Fiscal year ended November 30, 2023 track record	Fiscal year ending November 30, 2024 Full Year Earnings Forecast	Percentage change
Sales	5,963,519	7,500,000	+26%
Operating profit	214,815	300,000	+40%
Ordinary profit	135,816	280,000	+106%
Profit attributable to owners of parent	37,940	190,000	+396%
Operating profit ratio	3.6%	4.0%	-

Break-even point analysis

- FY23/11 : Operating profit 0.2 billion yen \div Sales 6.0 billion yen x Gross profit ratio 24% – Selling, general and administrative expense 1.2 billion yen
- FY24/11 : Operating profit 0.3 billion yen \div Sales 7.5 billion yen x Gross profit ratio 23% – Selling, general and administrative expense 1.4 billion yen





			FY2019/11				FY2020/11				FY2021/11				FY2022/11				FY2023/11			
		unit	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Financial performance	Contracted orders	Million yen	461	466	1,110	1,599	120	778	1,310	965	6	874	311	693	450	757	956	1,079	623	770	693	822
	Development and Sales	Million yen	198	891	471	1,488	0.0	0.0	0.0	437	0.0	1,030	1,362	756	0.0	0.0	0.0	717	0.0	209	361	1,985
	Others	Million yen	77	87	82	89	84	84	91	97	98	102	96	99	95	96	108	116	109	141	125	118
	Sales	Million yen	736	1,445	1,665	3,176	205	863	1,401	1,500	105	2,006	1,771	1,549	545	853	1,065	1,913	733	1,122	1,181	2,927
	Cost of sales	Million yen	588	1,059	1,163	2,326	200	675	1,125	1,099	95	1,437	1,010	1,183	431	661	810	1,446	544	885	892	2,204
	Gross profit	Million yen	148	386	501	850	5	187	276	400	9	568	760	366	113	192	255	467	188	236	289	722
	Gross profit margin	Percent	20.1%	26.7%	30.1%	26.8%	2.6%	21.7%	19.7%	26.7%	9.4%	28.3%	42.9%	23.7%	20.9%	22.5%	23.9%	24.4%	25.7%	21.1%	24.5%	24.7%
	Personnel	Million yen	79	107	108	178	105	107	106	99	94	103	104	311	111	133	128	170	135	155	175	197
	Outsourcing expenses	Million yen	19	14	15	17	49	15	12	11	19	12	11	23	20	16	28	17	35	27	27	31
	Advertising expenses	Million yen	8	16	7	10	6	2	2	3	0.9	0.5	0.7	20	1	1	1	1	9	10	3	8
	Others	Million yen	36	53	53	62	64	45	50	55	49	62	63	99	52	46	54	73	96	95	93	118
	SG&A	Million yen	143	192	185	269	226	170	171	170	164	179	180	456	185	197	213	262	276	289	300	355
	Operating Profit	Million yen	4	193	316	581	-221	17	104	229	-154	389	579	-89	-72	-5	41	205	-88	-52	-11	366
Ordinary Profit	Million yen	1	180	313	580	-223	13	100	207	-157	385	576	-91	-75	-2	41	235	-90	-57	-76	360	
Ordinary	Million yen	-0.4	119	200	281	-154	5	48	119	-109	256	388	-128	-46	-3	24	167	-67	-41	-75	222	
KPI of Contracted Orders	Amount of orders received	Million yen	980	335	1,045	1,821	731	9	28	505	1,463	605	390	595	513	821	602	797	677	366	1,117	1,862
	PhilPark	No. of	5	2	7	12	5	0	0	3	2	2	1	0	3	2	3	5	2	2	3	4
	Premium Garage House	No. of	1	3	3	2	0	0	1	6	5	3	6	12	2	8	2	4	1	2	6	9
	No. of orders received	No. of	6	5	10	14	5	0	1	9	7	5	7	12	5	10	5	9	3	4	9	13
	Balance of orders received	Million yen	3,319	3,191	3,130	3,352	3,963	3,192	1,918	1,458	2,915	2,598	2,681	2,587	2,400	2,467	2,113	1,884	1,902	1,460	1,830	2,864
KPI of Development and Sales	No. of units sold and delivered	No. of	1	3	1	6	0	0	0	1	0	1	1	1	0	0	0	4	0	1	1	5
	No. of contracts to acquire land for development	No. of	1	3	0	4	1	1	0	0	0	0	1	0	5	1	1	1	1	1	2	1
	Balance of development projects	Million yen	1,722	1,794	1,454	1,690	1,991	2,412	2,413	2,155	2,155	1,405	945	403	2,073	1,883	2,183	1,711	1,953	3,139	4,504	2,903
	Remaining no. of development projects	No. of	8	8	7	5	6	6	6	5	5	4	4	3	8	9	10	7	8	8	8	4

These materials contain statements regarding the future prospects of industry trends and our company's business that are based on predictions, estimates, expectations, and forecasts which were created by our company at the current time.

Statements related to future prospects include a variety of risks and uncertainties. Actual outcomes may differ from future prospects listed in this document as a result of known and unknown risks due to a variety of uncertainty and reasons in the future.

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