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Consolidated Financial Results
for the first three months of the fiscal year ending November 30, 2024
(Under Japanese GAAP)

April 11, 2024

Company name: Phil Company, Inc.
Listing: Tokyo Stock Exchange
Securities code: 3267
URL: <https://philcompany.jp>
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Scheduled date to file quarterly securities report: April 12, 2024
Scheduled date to commence dividend payments: —
Preparation of supplementary material on quarterly financial results: None
Holding of quarterly 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 three months of the fiscal year ending November 2024 (from December 1, 2023 to February 29, 2024).

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
Three months ended February 29, 2024	606	(17.3)	(88)	—	(96)	—	(71)	—
February 28, 2023	733	34.3	(88)	—	(90)	—	(67)	—

Note: Comprehensive income For the three months ended February 29, 2024: ¥(71) million (—%)
For the three months ended February 28, 2023: ¥(67) million (—%)

	Basic earnings per share	Diluted earnings per share
Three months ended February 29, 2024	Yen (13.30)	Yen —
February 28, 2023	(13.18)	—

Note: Diluted earnings per share for the quarter, adjusted for potential common stock dilution, is not provided as it results in a per-share quarterly net loss despite the existence of potential common stock dilution.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of February 29, 2024	6,365	2,630	41.3%
November 30, 2023	5,450	2,730	50.0

Reference: Equity
As of February 29, 2024: ¥2,628 million
As of November 30, 2023: ¥2,726 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Nov. 30, 2023	—	0.00	—	5.00	5.00
Fiscal year ending Nov. 30, 2024	—				
Fiscal year ending Nov. 30, 2024 (Forecast)		0.00	—	5.00	5.00

Note: Revisions from the last forecast released: None

3. Forecast for the fiscal year ending November 30, 2024 (from December 1, 2023 to November 30, 2024)

Preface to the consolidated earnings forecast

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (cumulative)	3,000	61.7	50	-	40	-	30	-	5.59
Fiscal year ending November 30, 2024	7,500	25.8	300	39.7	280	106.2	190	399.5	35.38

Note: Revisions from the last forecast released: None

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) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of February 29, 2024	5,778,000	As of November 30, 2023	5,778,000
As of February 29, 2024	408,180	As of November 30, 2023	408,180
Three months ended February 29, 2024	5,369,820	Three months ended February 28, 2023	5,142,020

Note: The number of treasury shares at the end of the period includes the Company's shares (35,500 shares as of February 29, 2024 and 35,500 shares as of November 30, 2023) 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 (35,500 shares in the first quarter of the year ending November 30, 2024 and 35,500 shares in the first quarter of the year ended November 30, 2023).

Quarterly financial results reports are exempt from quarterly review 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 5, "1. Qualitative Information on the Three-Month Consolidated Results, (3) Explanation of Forecast Data, including Consolidated Forecasts."

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1. Qualitative Information on the Three-Month Consolidated Results

(1) Overview of Operating Results

During the cumulative consolidated period of the first quarter (from December 1, 2023, to February 29, 2024), the domestic economy has been gradually recovering due to factors such as normalization from the COVID-19 pandemic and the recovery of inbound demand. However, there has been a situation of stagnation in personal consumption and capital investment due to the impact of a weaker yen and rising prices.

In such circumstances, our group has been pursuing the purpose of "filling the 'Sukima' in the town with 'creation'" and has been engaged in business initiatives such as the "Phil Park aerial shop " and the rental housing with garages, "Premium Garage House," which are mutually beneficial for landowners, tenants, and the community. We provide solution services through two schemes: the "Contracted Orders Scheme (for existing landowners)" where we propose land utilization products to landowners, and the "Development and Sales Scheme (for real estate investors)" where we purchase land and handle everything from development to sales of land utilization product.

During the cumulative period of the first quarter, net sales decreased 17.3% year on year to ¥606,083 thousand and gross profit increased 10.1% year on year to ¥207,688 thousand, with a gross profit margin of 34.3% (25.7% in the same quarter of the previous year).

The revenue decreased compared to the same period of the previous year due to a decrease in revenue from the contracted orders scheme. However, gross profit and gross profit margin increased compared to the same period of the previous year, as sales with high gross profit margins increased with an increase in the number of new orders.

The operating loss was influenced by an increase in selling, general, and administrative expenses due to increased personnel expenses and outsourcing fees as part of proactive investments for business expansion. The operating loss amounted to ¥88,654 thousand (compared to an operating loss of ¥88,174 thousand in the same period of the previous year), the ordinary loss was ¥96,589 thousand (compared to an ordinary loss of 90,461 million yen in the same period of the previous year), and the quarterly net loss attributable to parent company shareholders amounted to ¥71,409 thousand (compared to a quarterly net loss attributable to parent company shareholders of ¥67,750 thousand in the same period of the previous year).

Sales, sales breakdown, cost of sales, gross profit and gross profit margin during the cumulative period of the first quarter are as follows.

(Unit : Thousand yen)

Fiscal Year Ending November 30, 2024		
1Q		
Sales	606,083	
Sales Break-down	Contracted Orders	488,212
	Development and Sales	—
	Others	117,871
Cost of sales	398,395	
Gross profit on sales	207,688	
Gross profit margin	34.3%	

Fiscal Year Ended November 30, 2023		
		1Q
Sales		733,051
Sales Break-down	Contracted Orders	623,800
	Development and Sales	—
	Others	109,250
Cost of sales		544,422
Gross profit on sales		188,628
Gross profit margin		25.7%

Contracted Orders

During the first quarter of this fiscal year, the number of orders received under the Contracted Orders was 10, and the amount of orders received was ¥1,090,639 thousand (¥677,786 thousand in the same quarter of the previous year). This represents the highest number of orders and the third consecutive quarter with order values exceeding 1 billion yen compared to the previous period.

The breakdown is as follows: 5 orders (2 in the same quarter of the previous year) for the Phil Park aerial shop business, totaling ¥721,650 thousand (¥613,386 thousand in the same quarter of the previous year), and 5 orders (1 in the same quarter of the previous year) for the Premium Garage House, totaling ¥368,988 thousand (¥64,400 thousand in the same quarter of the previous year).

Development and Sales

During the first quarter of this fiscal year, we concluded 3 new contracts for land acquisition.

The remaining number of development projects as of the end of the first quarter of this fiscal year was 7, and the balance of development projects, which is the expected future cost of sales, was ¥3,916,753 thousand (¥1,953,496 thousand as of the end of the first quarter of the previous year).

Status of Business

Fiscal Year Ending November 30, 2024							
		Unit	1Q	2Q	3Q	4Q	Total
Contracted Orders	Amount of orders received ¹ (No. of orders received)	thousand yen (orders)	1,090,639 (10)	—	—	—	1,090,639 (10)
	Phil Park aerial shop	thousand yen (orders)	721,650 (5)	—	—	—	721,650 (5)
	Premium Garage House ²	thousand yen (orders)	368,988 (5)	—	—	—	368,988 (5)
	Balance of orders received as of the end of period ³ (No. of projects underway as of the end of period) ⁴	thousand yen (orders)	3,470,658 (28)	—	—	—	—
Development and Sales	No. of units sold and delivered	orders	0	—	—	—	0
	No. of contracts to acquire land for development ⁵	orders	3	—	—	—	3
	Balance of development projects ⁶ (Remaining no. of development projects)	thousand yen (orders)	3,916,753 (7)	—	—	—	—

Fiscal Year Ending November 30, 2023						
	Unit	1Q	2Q	3Q	4Q	Total
Amount of orders received ¹ (No. of orders received)	thousand yen (orders)	677,786 (3)	366,085 (4)	1,117,648 (9)	1,861,712 (13)	4,023,232 (29)
Phil Park aerial shop	thousand yen (orders)	613,386 (2)	249,548 (2)	758,754 (3)	1,250,451 (4)	2,872,141 (11)
Premium Garage House ²	thousand yen (orders)	64,400 (1)	116,536 (2)	358,894 (6)	611,260 (9)	1,151,091 (18)
Balance of orders received as of the end of period ³ (No. of projects underway as of the end of period) ⁴	thousand yen (orders)	1,902,467 (19)	1,460,282 (15)	1,830,054 (19)	2,863,962 (26)	—
No. of units sold and delivered	orders	0	1	1	5	7
No. of contracts to acquire land for development ⁵	orders	1	1	2	1	5
Balance of development projects ⁶ (Remaining no. of development projects)	thousand yen (orders)	1,953,496 (8)	3,139,478 (8)	4,504,548 (8)	2,903,515 (4)	—

1. The amount of orders received is the total amount (based on sales) of new orders for construction or projects received during the period.
2. The amount of orders received for the Premium Garage House business includes the number of orders received by partner companies.
3. The balance of orders received as of the end of period 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 period, and is the expected amount of sales.
4. The number of projects underway as of the end of period is the number of projects in Contracted Orders underway as of the end of the period.
5. The number of contracts to acquire land for development is counted as one when the contract for the acquisition of the relevant land has been concluded and the deposit has been paid.
6. The balance 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.

Number of employees				
	1Q	2Q	3Q	4Q
Fiscal year ending Nov. 30, 2024	69	—	—	—
Fiscal year ended Nov. 30, 2023	54	67	67	69

*This is the number of employees on the consolidated basis at the end of the period.

(2) Overview of Financial Position

Assets

Total assets at the end of the first quarter of this fiscal year increased by ¥915,048 thousand from the end of the previous fiscal year, totaling ¥6,365,824 thousand. This was mainly due to increases of ¥192,112 thousand in cash and deposits and increases of ¥687,474 thousand in real estate held for sale resulting from the acquisition of development land.

Liabilities

Liabilities at the end of the first quarter of this fiscal year increased by ¥1,014,942 thousand from the end of the previous fiscal year, totaling ¥3,735,252 thousand. This was due to increases of ¥558,290 thousand in advance received, and an increase in short-term borrowings of ¥420,000 thousand and long-term borrowings of ¥289,227 thousand related to funding for the acquisition of development land.

Net assets

Net assets at the end of the first quarter of this fiscal year decreased by ¥99,893 thousand from the end of the previous fiscal year, totaling ¥2,630,571 thousand. This was mainly due to a decrease in retained earnings of ¥27,026 thousand resulting from dividend payments, and a decrease in retained earnings of ¥71,409 thousand attributable to quarterly net losses attributable to parent company shareholders.

(3) Explanation of Forecast Data, including Consolidated Forecasts

There has been no change to the results forecast for the full fiscal year, which was released on January 12, 2024. We will continue to carefully monitor orders received and the progress of contracted orders projects and purchases and sales conditions for development and sales, and will promptly disclose information in the event that corrections to the results forecast become necessary.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	As of November 30, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	2,456,383	2,648,496
Accounts receivable - trade	65,461	51,787
Real estate for sale	836,026	837,088
Real estate for sale in progress	925,864	1,613,339
Costs on service contracts in progress	20,612	50,699
Short-term loans receivable	58,500	58,500
Income taxes refund receivable	49,269	45,828
Other	82,458	79,679
Allowance for doubtful accounts	(60,900)	(60,900)
Total current assets	4,433,676	5,324,518
Non-current assets		
Total property, plant and equipment	504,647	502,786
Intangible assets		
Goodwill	109,070	102,526
Other	32,811	30,596
Total intangible assets	141,881	133,122
Investments and other assets		
Investment securities	105,869	104,435
Deferred tax assets	103,577	130,456
Other	189,824	199,205
Allowance for doubtful accounts	(28,701)	(28,701)
Total investments and other assets	370,569	405,396
Total non-current assets	1,017,098	1,041,305
Total assets	5,450,775	6,365,824
Liabilities		
Current liabilities		
Accounts payable - trade	389,720	188,544
Short-term borrowings	437,500	857,500
Current portion of long-term borrowings	83,092	83,092
Income taxes payable	29,758	720
Advances received	483,003	1,041,293
Bonus reserve	—	10,343
Deposits received	21,104	22,193
Other	176,884	145,661
Total current liabilities	1,621,062	2,349,349
Non-current liabilities		
Long-term borrowings	683,986	973,213
Lease liabilities	111,209	109,660
Asset retirement obligations	112,330	112,558
Long-term guarantee deposits	163,722	163,567
Other	27,998	26,903
Total non-current liabilities	1,099,247	1,385,902
Total liabilities	2,720,309	3,735,252
Net assets		
Shareholders' equity		
Share capital	789,647	789,647
Capital surplus	789,647	789,647
Retained earnings	1,848,148	1,749,713
Treasury shares	(700,951)	(700,951)
Total shareholders' equity	2,726,491	2,628,055
Share acquisition rights	3,974	2,516
Total net assets	2,730,465	2,630,571
Total liabilities and net assets	5,450,775	6,365,824

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**Consolidated Statement of Income****For the Three Months**

(Unit: thousand yen)

	Three months ended February 28, 2023	Three months ended February 29, 2024
Net sales	733,051	606,083
Cost of sales	544,422	398,395
Gross profit	188,628	207,688
Selling, general and administrative expenses	276,803	296,342
Operating loss	(88,174)	(88,654)
Non-operating income		
Interest income	382	204
Insurance proceeds received	—	186
Share of profit of entities accounted for using equity method	470	—
Other	86	5
Total non-operating income	940	396
Non-operating expenses		
Interest paid	2,191	5,878
Commission expenses	1,012	864
Share of loss of entities accounted for using equity method	—	1,433
Other	22	156
Total non-operating expenses	3,226	8,332
Ordinary loss	(90,461)	(96,589)
Loss before income taxes	(90,461)	(96,589)
Income taxes - current	514	1,698
Income taxes - deferred	(23,147)	(26,879)
Total income taxes	(22,632)	(25,180)
Quarterly net loss	(67,828)	(71,409)
Loss attributable to non-controlling interests	(77)	—
Loss attributable to owners of parent	(67,750)	(71,409)

Consolidated Statement of Comprehensive Income
For the Three Months

(Unit: thousand yen)

	Three months ended February 28, 2023	Three months ended February 29, 2024
Quarterly net loss	(67,828)	(71,409)
Quarterly comprehensive income	(67,828)	(71,409)
(Breakdown)		
Quarterly comprehensive income attributable to parent company shareholders	(67,750)	(71,409)
Quarterly comprehensive income attributable to non-controlling interests	(77)	—

(3) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable

Substantial Changes in the Amount of Shareholders' Equity

Three months ended February 28, 2023

1 .Dividend payment amount

Not applicable

2 .The ex-dividend date falls after the last day of the first quarter consolidated accounting period,
which is the effective date for dividends that belong to the first quarter cumulative period.

Not applicable

Three months ended February 29, 2024

1 .Dividend payment amount

Resolution	Types of shares	Source of dividends	Total amount of dividends (Unit: thousand yen)	Dividend per share (Unit: yen)	Ex-dividend date	Effective date
Board of Directors on January 12, 2024	Common stock	Retained earnings	27,026	5.00	November 30, 2023	February 22, 2024

(Note) The total amount of dividends approved by the Board of Directors on January 12, 2024, includes 177,000 yen in dividends for the company's own shares held in trust.

2 .The ex-dividend date falls after the last day of the first quarter consolidated accounting period,
which is the effective date for dividends that belong to the first quarter cumulative period.

Not applicable