

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended May 31, 2023 (Based on Japanese GAAP)

July 7, 2023

Company name: First Brothers Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 3454 URL <https://www.firstbrothers.com/>  
 Representative: President Tomoki Yoshihara  
 Inquiries: Chief Financial Officer Yoshinobu Hotta TEL 03(5219)5370  
 Scheduled date to file Quarterly Securities Report: July 10, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended May 31, 2023 (from December 1, 2022 to May 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended May 31, 2023	11,987	39.4	3,066	156.9	2,726	170.7	2,214	273.2
Six months ended May 31, 2022	8,600	(39.3)	1,193	(58.4)	1,007	(61.5)	593	(66.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended May 31, 2023	157.94		–	
Six months ended May 31, 2022	42.32		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2023	89,052	23,429	26.2	1,664.29
As of November 30, 2022	87,643	21,646	24.6	1,536.28

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended November 30, 2022	–	0.00	–	30.00	30.00
Year ending November 30, 2023	–	0.00			
Year ending November 30, 2023 (Forecast)			–	32.00	32.00

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	19,400	35.8	3,345	84.2	2,525	86.1	2,000	69.4	142.62

4. Notes

- (1) Changes in significant subsidiaries during the six months ended May 31, 2023  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of May 31, 2023	14,445,000 shares	As of November 30, 2022	14,445,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2023	421,710 shares	As of November 30, 2022	421,710 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended May 31, 2023	14,023,290 shares	Six months ended May 31, 2022	14,023,290 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of November 30, 2022	As of May 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,306,355	7,621,861
Deposits in trust	921,573	1,060,594
Accounts receivable - trade	391,453	229,022
Real estate for sale	46,956,270	46,866,430
Real estate for sale in process	3,479,627	3,494,972
Operational investment securities	335,632	644,477
Other	2,275,378	1,827,231
Total current assets	61,666,290	61,744,590
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,506,136	12,073,465
Land	10,584,024	11,422,611
Other, net	1,303,544	1,272,154
Total property, plant and equipment	23,393,705	24,768,231
Intangible assets		
Goodwill	1,116,664	1,058,743
Other	31,708	26,170
Total intangible assets	1,148,372	1,084,913
Investments and other assets	1,435,160	1,454,311
Total non-current assets	25,977,239	27,307,456
Total assets	87,643,529	89,052,046
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	1,156,657	91,000
Current portion of long-term borrowings	2,339,880	2,509,790
Current portion of Long-term non-recourse loans payable	119,700	18,437
Income taxes payable	161,172	1,615,995
Provision for bonuses	22,809	166,132
Provision for shareholder benefit program	24,316	3,581
Other	1,760,861	1,346,322
Total current liabilities	5,585,397	5,751,260
Non-current liabilities		
Long-term borrowings	50,678,274	51,329,457
Long-term non-recourse loans payable	4,940,000	4,921,562
Retirement benefit liability	19,939	17,943
Other	4,773,579	3,601,897
Total non-current liabilities	60,411,793	59,870,860

	(Thousands of yen)	
	As of November 30, 2022	As of May 31, 2023
Total liabilities	65,997,191	65,622,121
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	3,407,088	3,408,853
Retained earnings	18,240,953	20,035,033
Treasury shares	(278,086)	(278,086)
Total shareholders' equity	21,469,955	23,265,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,018	55,619
Deferred gains or losses on hedges	20,703	17,339
Total accumulated other comprehensive income	73,722	72,958
Non-controlling interests	102,660	91,166
Total net assets	21,646,338	23,429,925
Total liabilities and net assets	87,643,529	89,052,046

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

### Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Net sales	8,600,514	11,987,816
Cost of sales	6,277,144	7,649,567
Gross profit	2,323,369	4,338,248
Selling, general and administrative expenses	1,129,639	1,271,370
Operating profit	1,193,730	3,066,878
Non-operating income		
Interest income	83	39
Dividend income	35	53
Consumption taxes refund	0	28,461
Subsidy income	24,336	6,173
Insurance fee income	54	22,419
Gain on valuation of derivatives	89,842	–
Other	18,411	9,887
Total non-operating income	132,764	67,034
Non-operating expenses		
Interest expenses	280,057	314,206
Commission expenses	39,370	51,467
Loss on valuation of derivatives	–	42,093
Other	–	13
Total non-operating expenses	319,427	407,781
Ordinary profit	1,007,067	2,726,131
Extraordinary income		
Gain on sale of non-current assets	–	422
Gain on sale of shares of subsidiaries and associates	–	616,525
Total extraordinary income	–	616,947
Extraordinary losses		
Loss on retirement of non-current assets	3,134	686
Total extraordinary losses	3,134	686
Profit before income taxes	1,003,932	3,342,392
Income taxes - current	405,191	1,613,187
Income taxes - deferred	7,729	(484,127)
Total income taxes	412,920	1,129,059
Profit	591,011	2,213,332
Loss attributable to non-controlling interests	(2,500)	(1,446)
Profit attributable to owners of parent	593,511	2,214,779

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Profit	591,011	2,213,332
Other comprehensive income		
Valuation difference on available-for-sale securities	6,250	2,601
Deferred gains or losses on hedges	12,736	(3,378)
Total other comprehensive income	18,986	(777)
Comprehensive income	609,998	2,212,555
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	612,441	2,214,015
Comprehensive income attributable to non-controlling interests	(2,443)	(1,460)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,003,932	3,342,392
Depreciation	460,071	567,293
Amortization of goodwill	50,770	57,920
Increase (decrease) in provision for bonuses	140,219	170,549
Increase (decrease) in provision for shareholder benefit program	(15,078)	(20,734)
Increase (decrease) in retirement benefit liability	5,572	573
Interest and dividend income	(118)	(93)
Interest expenses	280,057	314,206
Loss (gain) on sale of non-current assets	–	(422)
Loss (gain) on sale of shares of subsidiaries and associates	–	(616,525)
Loss on retirement of non-current assets	3,134	686
Decrease(increase) in deposits in trust	(75,039)	(139,021)
Decrease (increase) in trade receivables	117,547	79,561
Decrease (increase) in inventories	1,173,989	(197,697)
Decrease (increase) in investment securities for sale	37,837	(307,731)
Decrease (increase) in investment in anonymous association of subsidiaries and associates	13,533	20,308
Decrease (increase) in other current assets	(257,615)	(45,232)
Increase (decrease) in other current liabilities	(1,556,069)	(276,507)
Increase (decrease) in other non-current liabilities	(156,981)	(154,834)
Other, net	52,184	52,863
Subtotal	1,277,946	2,847,556
Interest and dividends received	118	93
Interest paid	(275,162)	(314,264)
Income taxes refund	175,824	465,218
Income taxes paid	(929,045)	(169,995)
Net cash provided by (used in) operating activities	249,683	2,828,607
Cash flows from investing activities		
Payments into time deposits	(26,031)	(39,186)
Proceeds from withdrawal of time deposits	169,502	3,831
Purchase of property, plant and equipment	(534,334)	(1,639,787)
Proceeds from sale of property, plant and equipment	–	422
Purchase of intangible assets	(3,211)	(288)
Purchase of investment securities	(8,240)	–
Proceeds from collection of loans receivable	27,507	–
Payments of leasehold and guarantee deposits	(5,100)	(220)
Proceeds from refund of leasehold and guarantee deposits	576	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(587,850)	(2,675)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(26,856)
Other, net	42,843	(20,356)
Net cash provided by (used in) investing activities	(924,337)	(1,725,117)

	(Thousands of yen)	
	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	361,318	(1,065,657)
Proceeds from long-term borrowings	2,948,800	5,446,000
Repayments of long-term borrowings	(3,870,331)	(4,624,906)
Repayment of long-term non recourse loans payable	–	(119,700)
Dividends paid	(377,900)	(419,848)
Dividends paid to non-controlling interests	(165)	(165)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(9,999)
Other, net	–	(3,530)
Net cash provided by (used in) financing activities	(938,278)	(797,807)

	(Thousands of yen)	
	Six months ended May 31, 2022	Six months ended May 31, 2023
Net increase (decrease) in cash and cash equivalents	(1,612,933)	305,682
Cash and cash equivalents at beginning of period	10,767,954	7,282,450
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(64,048)	–
Cash and cash equivalents at end of period	9,090,972	7,588,133