

Translation

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## Summary of Consolidated Financial Results for the Year Ended November 30, 2023 (Based on Japanese GAAP)

January 12, 2024

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 of ordinary general meeting of shareholders: February 28, 2024  
 Scheduled date to file Securities Report: February 28, 2024  
 Scheduled date to commence dividend payments: February 8, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended November 30, 2023 (from December 1, 2022 to November 30, 2023)

#### (1) Consolidated operating results

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	%
Year ended November 30, 2023	22,268	55.9	4,461	145.7	3,837	182.8	3,186	170.0
Year ended November 30, 2022	14,284	(46.5)	1,816	(63.2)	1,356	(69.0)	1,180	(57.8)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended November 30, 2023	227.26	–	13.9	4.3	20.0
Year ended November 30, 2022	84.17	–	5.6	1.6	12.7

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2023	89,940	24,427	27.0	1,734.48
As of November 30, 2022	87,643	21,646	24.6	1,536.28

#### (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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended November 30, 2023	3,211	(1,584)	(1,206)	7,506
Year ended November 30, 2022	(4,573)	(3,149)	4,290	7,282

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended November 30, 2022	–	0.00	–	30.00	30.00	420	35.6	2.0
Year ended November 30, 2023	–	0.00	–	32.00	32.00	448	14.1	2.0
Year ending November 30, 2024 (Forecast)	–	33.00	–	34.00	67.00		68.6	

3. Forecast of consolidated financial results for the year ending November 30, 2024 (from December 1, 2023 to November 30, 2024)

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	21,700	(2.6)	3,100	(30.5)	2,200	(42.7)	1,370	(57.0)	97.69
	~17,500	~(21.4)	~2,100	~(52.9)	~1,200	~(68.7)	~720	~(77.4)	~51.34

4. Notes

(1) Changes in significant subsidiaries during the year ended November 30, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of November 30, 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 November 30, 2023	421,710 shares	As of November 30, 2022	421,710 shares
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Average number of shares during the period

Year ended November 30, 2023	14,023,290 shares	Year ended November 30, 2022	14,023,290 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of November 30, 2022	As of November 30, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,306,355	7,531,273
Deposits in trust	921,573	1,204,985
Accounts receivable - trade	391,453	308,315
Real estate for sale	46,956,270	50,184,620
Real estate for sale in process	3,479,627	3,268,813
Merchandise	8,371	2,502
Raw materials and supplies	28,555	27,488
Operational investment securities	335,632	625,750
Other	2,238,451	467,909
<b>Total current assets</b>	<b>61,666,290</b>	<b>63,621,659</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	13,128,704	13,035,974
Accumulated depreciation	(1,622,567)	(1,826,621)
Buildings and structures, net	11,506,136	11,209,352
Machinery, equipment and vehicles	927,140	962,610
Accumulated depreciation	(141,149)	(256,843)
Machinery, equipment and vehicles, net	785,991	705,767
Tools, furniture and fixtures	284,457	284,832
Accumulated depreciation	(221,361)	(210,061)
Tools, furniture and fixtures, net	63,096	74,770
Land	10,584,024	10,230,423
Construction in progress	454,456	869,336
<b>Total property, plant and equipment</b>	<b>23,393,705</b>	<b>23,089,650</b>
<b>Intangible assets</b>		
Goodwill	1,116,664	1,000,822
Other	31,708	441,581
<b>Total intangible assets</b>	<b>1,148,372</b>	<b>1,442,403</b>
<b>Investments and other assets</b>		
Investment securities	83,404	85,284
Investments in other securities of subsidiaries and associates	34,416	40,201
Deferred tax assets	41,054	46,584
Leasehold and guarantee deposits	453,113	364,311
Other	823,171	1,250,576
<b>Total investments and other assets</b>	<b>1,435,160</b>	<b>1,786,957</b>
<b>Total non-current assets</b>	<b>25,977,239</b>	<b>26,319,011</b>
<b>Total assets</b>	<b>87,643,529</b>	<b>89,940,670</b>

(Thousands of yen)

	As of November 30, 2022	As of November 30, 2023
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	1,156,657	91,000
Current portion of long-term borrowings	2,339,880	5,128,495
Current portion of Long-term non-recourse loans payable	119,700	23,468
Income taxes payable	161,172	1,370,944
Provision for bonuses	22,809	–
Provision for shareholder benefit program	24,316	24,071
Other	1,760,861	1,799,380
Total current liabilities	5,585,397	8,437,359
Non-current liabilities		
Long-term borrowings	50,678,274	50,252,956
Long-term non-recourse loans payable	4,940,000	2,958,081
Deferred tax liabilities	1,980,066	1,721,299
Retirement benefit liability	19,939	17,897
Other	2,793,512	2,125,176
Total non-current liabilities	60,411,793	57,075,412
Total liabilities	65,997,191	65,512,771
<b>Net assets</b>		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	3,407,088	3,406,406
Retained earnings	18,240,953	21,006,999
Treasury shares	(278,086)	(278,086)
Total shareholders' equity	21,469,955	24,235,319
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,018	62,416
Deferred gains or losses on hedges	20,703	25,333
Total accumulated other comprehensive income	73,722	87,749
Non-controlling interests	102,660	104,829
Total net assets	21,646,338	24,427,898
Total liabilities and net assets	87,643,529	89,940,670

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Net sales	14,284,494	22,268,896
Cost of sales	10,194,693	15,287,948
Gross profit	4,089,800	6,980,947
Selling, general and administrative expenses	2,273,661	2,519,060
Operating profit	1,816,138	4,461,887
Non-operating income		
Interest income	134	86
Dividend income	1,007	1,978
Consumption taxes refund	2	30,991
Subsidy income	35,130	7,514
Insurance fee income	54	24,119
Gain on valuation of derivatives	196,334	26,864
settlement income	–	30,000
Other	40,440	16,424
Total non-operating income	273,105	137,979
Non-operating expenses		
Interest expenses	577,768	623,729
Commission expenses	149,071	105,318
Loss on valuation of derivatives	–	26,490
Other	5,515	6,387
Total non-operating expenses	732,356	761,925
Ordinary profit	1,356,888	3,837,941
Extraordinary income		
Gain on sale of non-current assets	–	234,441
Gain on sale of shares of subsidiaries and associates	–	616,525
Total extraordinary income	–	850,966
Extraordinary losses		
Loss on sale of non-current assets	1,003	444
Loss on retirement of non-current assets	3,134	2,138
Impairment losses	10,003	–
Total extraordinary losses	14,141	2,582
Profit before income taxes	1,342,746	4,686,326
Income taxes - current	262,571	1,774,939
Income taxes - deferred	(95,339)	(271,753)
Total income taxes	167,232	1,503,185
Profit	1,175,514	3,183,140
Loss attributable to non-controlling interests	(4,846)	(3,754)
Profit attributable to owners of parent	1,180,361	3,186,895

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Profit	1,175,514	3,183,140
Other comprehensive income		
Valuation difference on available-for-sale securities	13,681	9,397
Deferred gains or losses on hedges	21,614	4,661
Total other comprehensive income	35,295	14,059
Comprehensive income	1,210,810	3,197,200
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,215,561	3,200,923
Comprehensive income attributable to non-controlling interests	(4,751)	(3,723)

## Consolidated statements of changes in equity

Fiscal year ended November 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,589,830	1,917,257	17,440,845	(278,086)	20,669,847
Changes during period					
Capital reduction	(1,489,830)	1,489,830			–
Dividends of surplus			(378,628)		(378,628)
Profit attributable to owners of parent			1,180,361		1,180,361
Decrease in retained earnings due to exclusion of consolidated subsidiaries			(1,624)		(1,624)
Net changes in items other than shareholders' equity					
Total changes during period	(1,489,830)	1,489,830	800,107	–	800,107
Balance at end of period	100,000	3,407,088	18,240,953	(278,086)	21,469,955

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	39,337	(816)	38,521	101,620	20,809,990
Changes during period					
Capital reduction					–
Dividends of surplus					(378,628)
Profit attributable to owners of parent					1,180,361
Decrease in retained earnings due to exclusion of consolidated subsidiaries					(1,624)
Net changes in items other than shareholders' equity	13,680	21,519	35,200	1,040	36,240
Total changes during period	13,680	21,519	35,200	1,040	836,348
Balance at end of period	53,018	20,703	73,722	102,660	21,646,338

Fiscal year ended November 30, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	3,407,088	18,240,953	(278,086)	21,469,955
Changes during period					
Dividends of surplus			(420,698)		(420,698)
Profit attributable to owners of parent			3,186,895		3,186,895
Purchase of shares of consolidated subsidiaries		1,693			1,693
Sale of shares of consolidated subsidiaries		(2,375)			(2,375)
Decrease in retained earnings due to increase in consolidated subsidiaries			(147)		(147)
Decrease in retained earnings due to exclusion of consolidated subsidiaries			(3)		(3)
Net changes in items other than shareholders' equity					
Total changes during period	-	(682)	2,766,046	-	2,765,363
Balance at end of period	100,000	3,406,406	21,006,999	(278,086)	24,235,319

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	53,018	20,703	73,722	102,660	21,646,338
Changes during period					
Dividends of surplus					(420,698)
Profit attributable to owners of parent					3,186,895
Purchase of shares of consolidated subsidiaries					1,693
Sale of shares of consolidated subsidiaries					(2,375)
Decrease in retained earnings due to increase in consolidated subsidiaries					(147)
Decrease in retained earnings due to exclusion of consolidated subsidiaries					(3)
Net changes in items other than shareholders' equity	9,398	4,629	14,027	2,169	16,196
Total changes during period	9,398	4,629	14,027	2,169	2,781,560
Balance at end of period	62,416	25,333	87,749	104,829	24,427,898



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,342,746	4,686,326
Depreciation	985,145	1,157,935
Impairment losses	10,003	–
Amortization of goodwill	108,692	115,841
Increase (decrease) in provision for bonuses	(3,040)	4,417
Increase (decrease) in provision for shareholder benefit program	2,816	(245)
Increase (decrease) in retirement benefit liability	6,962	527
Interest and dividend income	(1,142)	(2,064)
Interest expenses	577,768	623,729
Loss (gain) on sale of non-current assets	1,003	(233,997)
Loss (gain) on sale of shares of subsidiaries and associates	–	(616,525)
Loss on retirement of non-current assets	3,134	2,138
Decrease(increase) in deposits in trust	(181,065)	(283,412)
Decrease (increase) in trade receivables	(54,558)	267
Decrease (increase) in inventories	(3,561,596)	(1,909,247)
Decrease (increase) in operational investment securities	41,970	(277,603)
Decrease (increase) in other current assets	(564,837)	552,608
Decrease(increase)in investment in anonymous association of subsidiaries and associates	19,297	(5,784)
Increase (decrease) in other current liabilities	(1,141,135)	194,305
Increase (decrease) in other non-current liabilities	(448,800)	(78,210)
Other, net	31,016	89,733
Subtotal	(2,825,619)	4,020,739
Interest and dividends received	1,142	2,064
Interest paid	(562,140)	(632,956)
Income taxes refund	189,743	465,218
Income taxes paid	(1,376,832)	(643,740)
Net cash provided by (used in) operating activities	(4,573,706)	3,211,324
Cash flows from investing activities		
Payments into time deposits	(131,562)	(64,718)
Proceeds from withdrawal of time deposits	169,502	13,654
Purchase of property, plant and equipment	(2,552,118)	(1,974,708)
Proceeds from sale of property, plant and equipment	241	682,922
Purchase of intangible assets	(7,643)	(1,036)
Purchase of investment securities	(28,617)	(5,505)
Proceeds from sale of investment securities	3,447	5,096
Proceeds from collection of loans receivable	27,507	–
Payments of leasehold and guarantee deposits	(80,866)	(997)
Proceeds from refund of leasehold and guarantee deposits	576	12,246
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	38,109	(222,104)
Net cash provided by (used in) investing activities	(3,149,274)	(1,584,683)

(Thousands of yen)

	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,438,522)	(1,065,657)
Proceeds from long-term borrowings	11,257,800	11,282,000
Repayments of long-term borrowings	(5,782,368)	(8,918,703)
Proceeds from long-term non recourse loans payable	1,639,700	–
Repayment of long-term non recourse loans payable	–	(2,078,150)
Dividends paid	(378,223)	(420,224)
Dividends paid to non-controlling interests	(165)	(165)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(9,999)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	–	11,111
Other, net	(7,695)	(6,764)
Net cash provided by (used in) financing activities	4,290,525	(1,206,553)
Net increase (decrease) in cash and cash equivalents	(3,432,455)	420,087
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	(53,048)	(195,583)
Cash and cash equivalents at end of period	7,282,450	7,506,955