

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended May 31, 2021
(Based on Japanese GAAP)**

July 9, 2021

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 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended May 31, 2021 (from December 1, 2020 to May 31, 2021)

(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, 2021	14,176	609.6	2,867	–	2,615	–	1,748	–
Six months ended May 31, 2020	1,997	(51.1)	192	(53.8)	(159)	–	(92)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended May 31, 2021	124.65	–
Six months ended May 31, 2020	(6.63)	–

(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, 2021	76,623	19,758	25.7	1,401.70
As of November 30, 2020	73,762	18,330	24.7	1,299.88

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended November 30, 2020	–	0.00	–	24.00	24.00
Year ending November 30, 2021	–	0.00	–	–	–
Year ending November 30, 2021 (Forecast)	–	–	–	27.00	27.00

3. Forecast of consolidated financial results for the year ending November 30, 2021 (from December 1, 2020 to November 30, 2021)

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	30,100	92.4	4,730	86.1	4,010	120.8	2,550	10.2	181.84

4. Notes

- (1) Changes in significant subsidiaries during the six months ended May 31, 2021
 (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: No
- 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, 2021	14,445,000 shares	As of November 30, 2020	14,445,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	421,710 shares	As of November 30, 2020	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, 2021	14,023,290 shares	Six months ended May 31, 2020	14,022,387 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2020	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	6,207,421	9,632,253
Deposits in trust	563,711	818,275
Accounts receivable - trade	329,306	180,452
Real estate for sale	56,205,055	57,976,806
Real estate for sale in process	6,449,266	3,969,321
Operational investment securities	348,034	350,424
Other	1,772,122	1,755,072
Allowance for doubtful accounts	(0)	(0)
Total current assets	71,874,918	74,682,606
Non-current assets		
Property, plant and equipment	565,289	554,950
Intangible assets	12,948	9,555
Investments and other assets	1,308,970	1,376,877
Total non-current assets	1,887,208	1,941,383
Total assets	73,762,127	76,623,989
Liabilities		
Current liabilities		
Short-term borrowings	2,000,000	–
Current portion of long-term borrowings	1,741,206	1,799,393
Current portion of long-term non-recourse loans payable	15,488	234,000
Income taxes payable	427,724	1,140,541
Provision for bonuses	25,100	151,997
Other	1,800,328	1,474,313
Total current liabilities	6,009,848	4,800,246
Non-current liabilities		
Long-term borrowings	43,318,091	43,349,641
Long-term non-recourse loans payable	582,667	3,420,000
Retirement benefit liability	10,613	11,795
Other	5,510,677	5,283,733
Total non-current liabilities	49,422,048	52,065,170
Total liabilities	55,431,897	56,865,416
Net assets		
Shareholders' equity		
Share capital	1,589,830	1,589,830
Capital surplus	1,917,257	1,917,257
Retained earnings	14,982,928	16,394,261
Treasury shares	(278,086)	(278,086)
Total shareholders' equity	18,211,930	19,623,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,182	36,337
Deferred gains or losses on hedges	(4,501)	(3,094)
Total accumulated other comprehensive income	16,681	33,243
Non-controlling interests	101,618	102,066
Total net assets	18,330,230	19,758,573
Total liabilities and net assets	73,762,127	76,623,989

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, 2020	Six months ended May 31, 2021
Net sales	1,997,770	14,176,519
Cost of sales	991,898	10,404,511
Gross profit	1,005,871	3,772,008
Selling, general and administrative expenses	813,389	904,585
Operating profit	192,482	2,867,422
Non-operating income		
Interest income	70	32
Dividend income	49	51
Interest on tax refund	2,700	1,356
Gain on valuation of derivatives	–	30,004
Gain on sales of investment securities	1	–
Other	91	3,936
Total non-operating income	2,911	35,381
Non-operating expenses		
Interest expenses	197,674	204,563
Commission expenses	123,906	77,447
Loss on valuation of derivatives	29,372	–
Other	4,325	5,457
Total non-operating expenses	355,279	287,469
Ordinary profit (loss)	(159,884)	2,615,334
Extraordinary losses		
Loss on retirement of non-current assets	–	629
Loss on valuation of shares of subsidiaries and associates	1,000	–
Total extraordinary losses	1,000	629
Profit (loss) before income taxes	(160,884)	2,614,704
Income taxes - current	32,515	1,119,865
Income taxes - deferred	(99,316)	(251,470)
Total income taxes	(66,801)	868,394
Profit (loss)	(94,083)	1,746,310
Loss attributable to non-controlling interests	(1,097)	(1,731)
Profit (loss) attributable to owners of parent	(92,986)	1,748,041

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2020	Six months ended May 31, 2021
Profit (loss)	(94,083)	1,746,310
Other comprehensive income		
Valuation difference on available-for-sale securities	15,855	15,154
Deferred gains or losses on hedges	(2,230)	1,413
Total other comprehensive income	13,624	16,567
Comprehensive income	(80,458)	1,762,877
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(79,351)	1,764,603
Comprehensive income attributable to non-controlling interests	(1,107)	(1,725)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2020	Six months ended May 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(160,884)	2,614,704
Depreciation	336,891	396,509
Increase (decrease) in allowance for doubtful accounts	42,938	–
Increase (decrease) in provision for bonuses	122,760	126,897
Increase (decrease) in provision for shareholder benefit program	(23,000)	(27,500)
Increase (decrease) in retirement benefit liability	(3,571)	1,182
Interest and dividend income	(119)	(84)
Interest expenses	197,674	204,563
Loss on retirement of non-current assets	–	629
Decrease(increase) in deposits in trust	(225,330)	(254,563)
Decrease (increase) in trade receivables	23,041	148,853
Decrease (increase) in inventories	(13,778,271)	330,911
Decrease (increase) in investment securities for sale	58,742	27,728
Decrease (increase) in investment in anonymous association of subsidiaries and associates	(8,494)	4,261
Decrease (increase) in other current assets	(146,264)	8,368
Increase (decrease) in other current liabilities	(1,302,743)	(309,398)
Increase (decrease) in other non-current liabilities	789,518	(33,620)
Other, net	34,712	(19,508)
Subtotal	(14,042,400)	3,219,936
Interest and dividends received	119	84
Interest paid	(205,851)	(200,933)
Income taxes refund	1,049,372	7,820
Income taxes paid	(76,247)	(388,370)
Net cash provided by (used in) operating activities	(13,275,007)	2,638,537
Cash flows from investing activities		
Payments into time deposits	(27,600)	(32,484)
Proceeds from withdrawal of time deposits	42,009	–
Purchase of property, plant and equipment	(8,896)	(161)
Proceeds from sales of investment securities	1	–
Payments of leasehold and guarantee deposits	–	(200)
Proceeds from refund of leasehold and guarantee deposits	6,960	25,728
Other, net	(1,510)	–
Net cash provided by (used in) investing activities	10,963	(7,118)

(Thousands of yen)

	Six months ended May 31, 2020	Six months ended May 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,067,449	(2,000,000)
Proceeds from long-term borrowings	8,390,000	4,718,000
Proceeds from long-term non recourse loans payable	–	3,654,000
Repayments of long-term borrowings	(701,320)	(4,628,262)
Repayment of long-term non recourse loans payable	(7,744)	(598,155)
Proceeds from disposal of treasury shares	11,832	–
Dividends paid	(293,856)	(336,051)
Dividends paid to non-controlling interests	–	(165)
Net cash provided by (used in) financing activities	8,466,360	809,365
Effect of exchange rate change on cash and cash equivalents	(528)	1,968
Net increase (decrease) in cash and cash equivalents	(4,798,211)	3,442,753
Cash and cash equivalents at beginning of period	7,658,675	6,202,070
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	(10,785)
Cash and cash equivalents at end of period	2,860,464	9,634,037