

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended August 31, 2020 (Based on Japanese GAAP)

October 7, 2020

Company name: First Brothers Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 3454 URL <http://www.firstbrothers.com/>
 Representative: President Tomoki Yoshihara
 Inquiries: Chief Financial Officer Yoshinobu Hotta TEL 03(5219)5370
 Scheduled date to file Quarterly Securities Report: October 8, 2020
 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 nine months ended August 31, 2020 (from December 1, 2019 to August 31, 2020)

(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	%
Nine months ended August 31, 2020	10,020	7.4	1,979	57.0	1,418	131.4	2,038	428.9
Nine months ended August 31, 2019	9,329	(42.9)	1,260	(59.7)	612	(78.6)	385	(78.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended August 31, 2020	145.35		–	
Nine months ended August 31, 2019	27.50		27.47	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2020	76,856	18,058	23.4	1,280.50
As of November 30, 2019	63,869	16,296	25.4	1,155.85

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, 2019	–	0.00	–	21.00	21.00
Year ending November 30, 2020	–	0.00	–		
Year ending November 30, 2020 (Forecast)				24.00	24.00

3. Forecast of consolidated financial results for the year ending November 30, 2020 (from December 1, 2019 to November 30, 2020)

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	14,100	(28.9)	2,150	(37.9)	1,430	(49.1)	2,040	(6.6)	145.48

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended August 31, 2020
(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 August 31, 2020	14,445,000 shares	As of November 30, 2019	14,445,000 shares
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Number of treasury shares at the end of the period

As of August 31, 2020	421,710 shares	As of November 30, 2019	433,262 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended August 31, 2020	14,022,699 shares	Nine months ended August 31, 2019	14,011,738 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2019	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	7,705,101	5,665,718
Deposits in trust	501,243	536,965
Accounts receivable - trade	78,907	197,301
Real estate for sale	44,365,293	59,934,010
Real estate for sale in process	6,315,348	6,375,020
Operational investment securities	613,753	397,672
Other	2,758,068	1,911,163
Allowance for doubtful accounts	(962)	(43,900)
Total current assets	62,336,754	74,973,951
Non-current assets		
Property, plant and equipment	572,683	569,056
Intangible assets	5,238	16,534
Investments and other assets	954,343	1,296,657
Total non-current assets	1,532,264	1,882,248
Total assets	63,869,019	76,856,199
Liabilities		
Current liabilities		
Short-term borrowings	1,763,000	2,000,000
Current portion of long-term borrowings	1,398,320	1,816,868
Current portion of long-term non-recourse loans payable	15,488	15,488
Income taxes payable	55,449	818,313
Provision for bonuses	–	149,595
Other	1,984,630	1,320,008
Total current liabilities	5,216,888	6,120,274
Non-current liabilities		
Long-term borrowings	38,182,939	46,491,338
Long-term non-recourse loans payable	598,155	586,539
Retirement benefit liability	22,714	35,485
Other	3,551,589	5,563,757
Total non-current liabilities	42,355,398	52,677,120
Total liabilities	47,572,286	58,797,394
Net assets		
Shareholders' equity		
Share capital	1,589,830	1,589,830
Capital surplus	1,913,075	1,917,257
Retained earnings	12,964,037	14,707,951
Treasury shares	(285,698)	(278,087)
Total shareholders' equity	16,181,245	17,936,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,549	21,606
Deferred gains or losses on hedges	(1,303)	(1,760)
Total accumulated other comprehensive income	14,245	19,845
Non-controlling interests	101,240	102,006
Total net assets	16,296,732	18,058,804
Total liabilities and net assets	63,869,019	76,856,199

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2019	Nine months ended August 31, 2020
Net sales	9,329,754	10,020,570
Cost of sales	6,818,361	6,729,024
Gross profit	2,511,392	3,291,545
Selling, general and administrative expenses	1,250,596	1,312,149
Operating profit	1,260,795	1,979,396
Non-operating income		
Interest income	295	378
Dividend income	1,071	1,005
Rental income	1,800	–
Interest on tax refund	380	3,165
Subsidy income	–	5,000
Gain on sales of investment securities	140	1
Other	187	145
Total non-operating income	3,875	9,696
Non-operating expenses		
Interest expenses	245,153	313,054
Commission expenses	207,709	217,170
Loss on valuation of derivatives	195,487	35,341
Other	3,459	5,151
Total non-operating expenses	651,810	570,718
Ordinary profit	612,860	1,418,374
Extraordinary income		
Gain on sales of non-current assets	11,005	–
Gain on bargain purchase	–	1,216,592
Total extraordinary income	11,005	1,216,592
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	–	1,000
Total extraordinary losses	–	1,000
Profit before income taxes	623,866	2,633,967
Income taxes - current	212,014	791,707
Refund of income taxes	–	(17,270)
Income taxes - deferred	26,125	(175,725)
Total income taxes	238,140	598,711
Profit	385,725	2,035,255
Profit (loss) attributable to non-controlling interests	380	(2,904)
Profit attributable to owners of parent	385,345	2,038,159

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2019	Nine months ended August 31, 2020
Profit	385,725	2,035,255
Other comprehensive income		
Valuation difference on available-for-sale securities	(23,033)	6,056
Deferred gains or losses on hedges	(8,397)	(459)
Total other comprehensive income	(31,430)	5,597
Comprehensive income	354,295	2,040,852
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	353,948	2,043,759
Comprehensive income attributable to non-controlling interests	347	(2,907)