

Translation

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Summary of Consolidated Financial Results for the Three Months Ended February 28, 2019 (Based on Japanese GAAP)

April 5, 2019

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: April 8, 2019
 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 three months ended February 28, 2019 (from December 1, 2018 to February 28, 2019)

(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	%
Three months ended February 28, 2019	3,308	131.1	493	10.6	305	(21.2)	210	(19.3)
Three months ended February 28, 2018	1,431	(32.9)	446	201.5	387	290.5	260	282.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended February 28, 2019	15.01		14.98	
Three months ended February 28, 2018	18.59		18.51	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2019	48,290	14,227	29.5	1,015.37
As of November 30, 2018	48,043	14,283	29.7	1,019.34

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, 2018	–	0.00	–	18.00	18.00
Year ending November 30, 2019	–				
Year ending November 30, 2019 (Forecast)		0.00	–	21.00	21.00

3. Forecast of consolidated financial results for the year ending November 30, 2019 (from December 1, 2018 to November 30, 2019)

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	20,020	(8.4)	3,850	(25.0)	3,170	(32.6)	2,000	(30.7)	142.74

4. Notes

- (1) Changes in significant subsidiaries during the three months ended February 28, 2019
(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 February 28, 2019	14,445,000 shares	As of November 30, 2018	14,445,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2019	433,262 shares	As of November 30, 2018	433,262 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended February 28, 2019	14,011,738 shares	Three months ended February 28, 2018	14,011,738 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2018	As of February 28, 2019
Assets		
Current assets		
Cash and deposits	7,672,150	6,010,139
Deposits in trust	505,771	578,567
Accounts receivable - trade	97,436	96,336
Real estate for sale	34,014,708	35,558,698
Real estate for sale in process	3,265,523	3,274,545
Operational investment securities	490,666	598,393
Other	1,135,649	1,177,192
Allowance for doubtful accounts	(1,203)	(1,203)
Total current assets	47,180,705	47,292,670
Non-current assets		
Property, plant and equipment	141,850	142,482
Intangible assets	7,253	6,431
Investments and other assets	713,894	849,134
Total non-current assets	862,997	998,048
Total assets	48,043,703	48,290,719
Liabilities		
Current liabilities		
Short-term loans payable	600,000	600,000
Current portion of long-term loans payable	779,648	826,476
Current portion of long-term non-recourse loans payable	15,488	15,488
Income taxes payable	604,377	99,757
Provision for bonuses	–	48,448
Other	1,364,096	349,735
Total current liabilities	3,363,609	1,939,905
Non-current liabilities		
Long-term loans payable	28,521,926	30,126,110
Long-term non-recourse loans payable	613,643	609,771
Other	1,261,239	1,387,226
Total non-current liabilities	30,396,808	32,123,107
Total liabilities	33,760,418	34,063,013
Net assets		
Shareholders' equity		
Capital stock	1,589,830	1,589,830
Capital surplus	1,913,110	1,913,110
Retained earnings	11,034,423	10,992,540
Treasury shares	(285,698)	(285,698)
Total shareholders' equity	14,251,667	14,209,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,075	17,372
Total accumulated other comprehensive income	31,075	17,372
Non-controlling interests	542	549
Total net assets	14,283,284	14,227,706
Total liabilities and net assets	48,043,703	48,290,719

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended February 28, 2018	Three months ended February 28, 2019
Net sales	1,431,393	3,308,410
Cost of sales	682,747	2,473,667
Gross profit	748,646	834,743
Selling, general and administrative expenses	301,985	340,957
Operating profit	446,660	493,785
Non-operating income		
Interest income	84	208
Dividend income	25	46
Rent income	1,002	600
Gain on sales of investment securities	47	18
Interest on refund	13	11
Gain on valuation of derivatives	2,167	–
Other	163	156
Total non-operating income	3,505	1,041
Non-operating expenses		
Interest expenses	57,129	62,382
Commission fee	56	35,911
Loss on valuation of derivatives	4,358	88,828
Other	1,509	2,520
Total non-operating expenses	63,053	189,642
Ordinary profit	387,112	305,184
Extraordinary income		
Gain on sales of non-current assets	–	1,935
Total extraordinary income	–	1,935
Profit before income taxes	387,112	307,119
Income taxes - current	96,390	86,816
Income taxes - deferred	30,184	9,967
Total income taxes	126,575	96,783
Profit	260,536	210,336
Profit attributable to non-controlling interests	–	7
Profit attributable to owners of parent	260,536	210,328

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended February 28, 2018	Three months ended February 28, 2019
Profit	260,536	210,336
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,786)	(13,703)
Total other comprehensive income	(4,786)	(13,703)
Comprehensive income	255,749	196,633
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	255,749	196,625
Comprehensive income attributable to non-controlling interests	—	7