

Translation

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**Summary of Consolidated Financial Results
for the Year Ended November 30, 2020
(Based on Japanese GAAP)**

January 8, 2021

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 of ordinary general meeting of shareholders: February 25, 2021
 Scheduled date to file Securities Report: February 25, 2021
 Scheduled date to commence dividend payments: February 5, 2021
 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, 2020 (from December 1, 2019 to November 30, 2020)

(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, 2020	15,642	(21.2)	2,541	(26.6)	1,816	(35.4)	2,313	5.9
Year ended November 30, 2019	19,838	(9.3)	3,462	(32.5)	2,810	(40.2)	2,183	(24.3)

	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, 2020	164.95	—	13.4	2.6	16.2
Year ended November 30, 2019	155.83	155.57	14.3	5.0	17.5

(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, 2020	73,762	18,330	24.7	1,299.88
As of November 30, 2019	63,869	16,296	25.4	1,155.85

(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, 2020	(4,883)	(1,988)	5,417	6,202
Year ended November 30, 2019	(5,436)	(1,926)	7,320	7,658

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, 2019	—	0.00	—	21.00	21.00	294	13.5	1.9
Year ended November 30, 2020	—	0.00	—	24.00	24.00	336	14.5	2.0
Year ending November 30, 2021 (Forecast)	—	0.00	—	27.00	27.00		14.8	

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 year ended November 30, 2020
(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: No
- 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, 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 November 30, 2020	421,710 shares	As of November 30, 2019	433,262 shares
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Average number of shares during the period

Year ended November 30, 2020	14,022,846 shares	Year ended November 30, 2019	14,011,738 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2019	As of November 30, 2020
Assets		
Current assets		
Cash and deposits	7,705,101	6,207,421
Deposits in trust	501,243	563,711
Accounts receivable - trade	78,907	329,306
Real estate for sale	44,365,293	56,205,055
Real estate for sale in process	6,315,348	6,449,266
Merchandise	–	15,986
Supplies	859	558
Operational investment securities	613,753	348,034
Other	2,757,208	1,755,577
Allowance for doubtful accounts	(962)	(0)
Total current assets	62,336,754	71,874,918
Non-current assets		
Property, plant and equipment		
Buildings and structures	136,417	147,607
Accumulated depreciation	(58,845)	(71,418)
Buildings and structures, net	77,572	76,189
Vehicles	4,635	4,635
Accumulated depreciation	(2,623)	(3,622)
Vehicles, net	2,012	1,013
Tools, furniture and fixtures	83,369	111,764
Accumulated depreciation	(44,728)	(78,134)
Tools, furniture and fixtures, net	38,641	33,630
Construction in progress	454,456	454,456
Total property, plant and equipment	572,683	565,289
Intangible assets	5,238	12,948
Investments and other assets		
Investment securities	63,564	83,909
Investments in other securities of subsidiaries and associates	20,986	36,157
Deferred tax assets	38,892	179,896
Leasehold and guarantee deposits	397,921	388,397
Other	432,978	620,608
Total investments and other assets	954,343	1,308,970
Total non-current assets	1,532,264	1,887,208
Total assets	63,869,019	73,762,127

(Thousands of yen)

	As of November 30, 2019	As of November 30, 2020
Liabilities		
Current liabilities		
Short-term borrowings	1,763,000	2,000,000
Current portion of long-term borrowings	1,398,320	1,741,206
Current portion of long-term non-recourse loans payable	15,488	15,488
Income taxes payable	55,449	427,724
Provision for bonuses	–	25,100
Provision for shareholder benefit program	23,000	27,500
Other	1,961,630	1,772,828
Total current liabilities	5,216,888	6,009,848
Non-current liabilities		
Long-term borrowings	38,182,939	43,318,091
Long-term non-recourse loans payable	598,155	582,667
Deferred tax liabilities	1,224,528	1,827,766
Retirement benefit liability	22,714	10,613
Other	2,327,061	3,682,911
Total non-current liabilities	42,355,398	49,422,048
Total liabilities	47,572,286	55,431,897
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	14,982,928
Treasury shares	(285,698)	(278,086)
Total shareholders' equity	16,181,245	18,211,930
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,549	21,182
Deferred gains or losses on hedges	(1,303)	(4,501)
Total accumulated other comprehensive income	14,245	16,681
Non-controlling interests	101,240	101,618
Total net assets	16,296,732	18,330,230
Total liabilities and net assets	63,869,019	73,762,127

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

(Thousands of yen)

	Fiscal year ended November 30, 2019	Fiscal year ended November 30, 2020
Net sales	19,838,417	15,642,498
Cost of sales	14,512,389	11,348,687
Gross profit	5,326,027	4,293,811
Selling, general and administrative expenses	1,863,515	1,752,774
Operating profit	3,462,511	2,541,036
Non-operating income		
Interest income	302	111
Dividend income	1,095	1,005
Rental income	2,396	–
Interest on tax refund	398	3,370
Subsidy income	–	6,834
Gain on sales of investment securities	796	79
Other	240	1,511
Total non-operating income	5,230	12,913
Non-operating expenses		
Interest expenses	344,769	418,083
Commission expenses	222,966	255,309
Loss on valuation of derivatives	86,004	58,256
Other	3,785	5,905
Total non-operating expenses	657,527	737,554
Ordinary profit	2,810,215	1,816,394
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 retirement of non-current assets	6,729	–
Loss on valuation of shares of subsidiaries and associates	–	1,000
Loss on valuation of investments in capital of subsidiaries and associates	1,553	–
Loss on liquidation of subsidiaries and associates	–	2,952
Total extraordinary losses	8,283	3,952
Profit before income taxes	2,812,937	3,029,034
Income taxes - current	775,746	898,769
Refund of income taxes	–	(17,300)
Income taxes - deferred	(146,254)	(159,682)
Total income taxes	629,492	721,787
Profit	2,183,445	2,307,247
Profit (loss) attributable to non-controlling interests	59	(5,889)
Profit attributable to owners of parent	2,183,385	2,313,136

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended November 30, 2019	Fiscal year ended November 30, 2020
Profit	2,183,445	2,307,247
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,525)	5,632
Deferred gains or losses on hedges	(1,308)	(3,211)
Total other comprehensive income	(16,834)	2,421
Comprehensive income	2,166,610	2,309,668
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,166,556	2,315,572
Comprehensive income attributable to non-controlling interests	54	(5,903)

Consolidated statements of changes in equity

Fiscal year ended November 30, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,589,830	1,913,110	11,034,423	(285,698)	14,251,667
Changes during period					
Dividends of surplus			(252,211)		(252,211)
Profit attributable to owners of parent			2,183,385		2,183,385
Sales of shares of consolidated subsidiaries		(35)			(35)
Decrease by inclusion of subsidiaries from consolidation			(1,560)		(1,560)
Net changes in items other than shareholders' equity					
Total changes during period	–	(35)	1,929,614	–	1,929,578
Balance at end of period	1,589,830	1,913,075	12,964,037	(285,698)	16,181,245

	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	31,075	–	31,075	542	14,283,284
Changes during period					
Dividends of surplus					(252,211)
Profit attributable to owners of parent					2,183,385
Sales of shares of consolidated subsidiaries					(35)
Decrease by inclusion of subsidiaries from consolidation					(1,560)
Net changes in items other than shareholders' equity	(15,525)	(1,303)	(16,829)	100,698	83,869
Total changes during period	(15,525)	(1,303)	(16,829)	100,698	2,013,447
Balance at end of period	15,549	(1,303)	14,245	101,240	16,296,732

Fiscal year ended November 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,589,830	1,913,075	12,964,037	(285,698)	16,181,245
Changes during period					
Dividends of surplus			(294,246)		(294,246)
Profit attributable to owners of parent			2,313,136		2,313,136
Purchase of treasury shares				(37)	(37)
Disposal of treasury shares		4,182		7,649	11,832
Net changes in items other than shareholders' equity					
Total changes during period	–	4,182	2,018,890	7,611	2,030,684
Balance at end of period	1,589,830	1,917,257	14,982,928	(278,086)	18,211,930

	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	15,549	(1,303)	14,245	101,240	16,296,732
Changes during period					
Dividends of surplus					(294,246)
Profit attributable to owners of parent					2,313,136
Purchase of treasury shares					(37)
Disposal of treasury shares					11,832
Net changes in items other than shareholders' equity	5,633	(3,197)	2,435	377	2,812
Total changes during period	5,633	(3,197)	2,435	377	2,033,497
Balance at end of period	21,182	(4,501)	16,681	101,618	18,330,230

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended November 30, 2019	Fiscal year ended November 30, 2020
Cash flows from operating activities		
Profit before income taxes	2,812,937	3,029,034
Depreciation	539,725	734,678
Gain on bargain purchase	–	(1,216,592)
Increase (decrease) in allowance for doubtful accounts	(768)	(962)
Increase (decrease) in provision for bonuses	(9,014)	16,802
Increase (decrease) in provision for shareholder benefit program	3,000	4,500
Increase (decrease) in retirement benefit liability	(37,687)	(26,873)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(20,712)	–
Interest and dividend income	(1,397)	(1,117)
Interest expenses	344,769	418,083
Loss (gain) on sales of non-current assets	(11,005)	–
Loss on retirement of non-current assets	6,729	–
Decrease(increase) in deposits in trust	4,527	(62,467)
Decrease (increase) in trade receivables	13,117	(159,005)
Decrease (increase) in inventories	(1,154,983)	(8,068,617)
Decrease (increase) in investment securities for sale	(134,181)	253,540
Decrease (increase) in other current assets	(5,037,893)	26,946
Decrease(increase)in investment in anonymous association of subsidiaries and associates	31,311	(15,170)
Increase (decrease) in other current liabilities	(177,971)	(431,492)
Increase (decrease) in other non-current liabilities	103,461	495,914
Other, net	3,580	56,202
Subtotal	(2,722,455)	(4,946,595)
Interest and dividends received	1,397	1,117
Interest paid	(334,107)	(430,134)
Income taxes refund	2,558	1,080,479
Income taxes paid	(2,383,876)	(588,253)
Net cash provided by (used in) operating activities	(5,436,483)	(4,883,386)
Cash flows from investing activities		
Payments into time deposits	(1,752)	(237,106)
Proceeds from withdrawal of time deposits	–	42,009
Purchase of property, plant and equipment	(55,423)	(4,675)
Proceeds from sales of property, plant and equipment	82,317	–
Purchase of intangible assets	(567)	–
Proceeds from sales of intangible assets	2,000	–
Purchase of investment securities	(14,095)	(5,075)
Proceeds from sales of investment securities	15,596	4,904
Loan advances	–	(391,500)
Payments of leasehold and guarantee deposits	(110,881)	–
Proceeds from refund of leasehold and guarantee deposits	42,526	22,250
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,719,584)	(1,417,843)
Other, net	(166,500)	(1,530)
Net cash provided by (used in) investing activities	(1,926,365)	(1,988,565)

(Thousands of yen)

	Fiscal year ended November 30, 2019	Fiscal year ended November 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,113,000	237,000
Proceeds from long-term borrowings	17,966,000	16,426,261
Repayments of long-term borrowings	(11,490,961)	(10,948,223)
Repayment of long-term non recourse loans payable	(15,488)	(15,488)
Purchase of treasury shares	–	(37)
Proceeds from disposal of treasury shares	–	11,832
Dividends paid	(252,205)	(294,139)
Dividends paid to non-controlling interests	(879)	–
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	999	–
Net cash provided by (used in) financing activities	7,320,465	5,417,204
Effect of exchange rate change on cash and cash equivalents	(3,273)	(1,858)
Net increase (decrease) in cash and cash equivalents	(45,657)	(1,456,605)
Cash and cash equivalents at beginning of period	7,697,649	7,658,675
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	6,682	–
Cash and cash equivalents at end of period	7,658,675	6,202,070