

Translation

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**Summary of Consolidated Financial Results
for the Nine Months Ended August 31, 2019
(Based on Japanese GAAP)**

October 7, 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: October 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 nine months ended August 31, 2019 (from December 1, 2018 to August 31, 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	%
Nine months ended August 31, 2019	9,329	(42.9)	1,260	(59.7)	612	(78.6)	385	(78.6)
Nine months ended August 31, 2018	16,333	53.3	3,124	69.2	2,859	79.5	1,798	66.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended August 31, 2019	27.50		27.47	
Nine months ended August 31, 2018	128.36		127.68	

(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, 2019	65,027	14,395	22.1	1,026.60
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	–	0.00	–		
Year ending November 30, 2019 (Forecast)				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 nine months ended August 31, 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 August 31, 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 August 31, 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)

Nine months ended August 31, 2019	14,011,738 shares	Nine months ended August 31, 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 August 31, 2019
Assets		
Current assets		
Cash and deposits	7,672,150	7,319,825
Deposits in trust	505,771	436,988
Accounts receivable - trade	97,436	101,493
Real estate for sale	34,014,708	48,625,347
Real estate for sale in process	3,265,523	4,685,667
Operational investment securities	490,666	632,953
Other	1,135,649	1,371,581
Allowance for doubtful accounts	(1,203)	(1,731)
Total current assets	47,180,705	63,172,127
Non-current assets		
Property, plant and equipment	141,850	533,108
Intangible assets	7,253	6,077
Investments and other assets	713,894	1,315,884
Total non-current assets	862,997	1,855,069
Total assets	48,043,703	65,027,197
Liabilities		
Current liabilities		
Short-term loans payable	600,000	1,763,000
Current portion of long-term loans payable	779,648	1,477,156
Current portion of long-term non-recourse loans payable	15,488	15,488
Income taxes payable	604,377	154,325
Provision for bonuses	–	121,024
Other	1,364,096	898,341
Total current liabilities	3,363,609	4,429,335
Non-current liabilities		
Long-term loans payable	28,521,926	41,484,322
Long-term non-recourse loans payable	613,643	602,027
Net defined benefit liability	–	61,965
Other	1,261,239	4,054,177
Total non-current liabilities	30,396,808	46,202,493
Total liabilities	33,760,418	50,631,829
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	11,167,557
Treasury shares	(285,698)	(285,698)
Total shareholders' equity	14,251,667	14,384,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,075	8,042
Deferred gains or losses on hedges	–	(8,363)
Total accumulated other comprehensive income	31,075	(321)
Non-controlling interests	542	10,889
Total net assets	14,283,284	14,395,368
Total liabilities and net assets	48,043,703	65,027,197

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, 2018	Nine months ended August 31, 2019
Net sales	16,333,743	9,329,754
Cost of sales	12,235,089	6,818,361
Gross profit	4,098,654	2,511,392
Selling, general and administrative expenses	973,659	1,250,596
Operating profit	3,124,994	1,260,795
Non-operating income		
Interest income	248	295
Dividend income	971	1,071
Rent income	3,006	1,800
Interest on refund	2,485	380
Gain on valuation of derivatives	29,159	–
Gain on sales of investment securities	113	140
Other	194	187
Total non-operating income	36,179	3,875
Non-operating expenses		
Interest expenses	166,105	245,153
Commission fee	130,647	207,709
Loss on valuation of derivatives	–	195,487
Other	5,035	3,459
Total non-operating expenses	301,789	651,810
Ordinary profit	2,859,384	612,860
Extraordinary income		
Gain on sales of non-current assets	–	11,005
Total extraordinary income	–	11,005
Profit before income taxes	2,859,384	623,866
Income taxes - current	1,052,625	212,014
Income taxes - deferred	8,278	26,125
Total income taxes	1,060,904	238,140
Profit	1,798,480	385,725
Profit attributable to non-controlling interests	–	380
Profit attributable to owners of parent	1,798,480	385,345

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2018	Nine months ended August 31, 2019
Profit	1,798,480	385,725
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,552)	(23,033)
Deferred gains or losses on hedges	–	(8,397)
Total other comprehensive income	(4,552)	(31,430)
Comprehensive income	1,793,927	354,295
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,793,927	353,948
Comprehensive income attributable to non-controlling interests	–	347