

Translation

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Summary of Consolidated Financial Results for the Six Months Ended May 31, 2024 (Based on Japanese GAAP)

July 9, 2024

Company name: First Brothers Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 3454 URL <https://www.firstbrothers.com/>
 Representative: President Tomoki Yoshihara
 General Manager of Corporate Planning
 Inquiries: Department Toshiyuki Kawamura TEL 03(5219)5370
 Scheduled date to file Quarterly Securities Report: July 10, 2024
 Scheduled date to commence dividend payments: August 5, 2024
 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, 2024 (from December 1, 2023 to May 31, 2024)

(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, 2024	4,368	(63.6)	603	(80.3)	377	(86.1)	179	(91.9)
Six months ended May 31, 2023	11,987	39.4	3,066	156.9	2,726	170.7	2,214	273.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended May 31, 2024	12.79		12.77	
Six months ended May 31, 2023	157.94		-	

(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, 2024	88,927	24,182	27.1	1,716.94
As of November 30, 2023	89,940	24,427	27.0	1,734.48

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, 2023	-	0.00	-	32.00	32.00
Year ending November 30, 2024	-	33.00			
Year ending November 30, 2024 (Forecast)			-	34.00	67.00

3. Forecast of consolidated financial results for the year ending November 30, 2024 (from December 1, 2023 to November 30, 2024)

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	21,700	(2.6)	3,100	(30.5)	2,200	(42.7)	1,370	(57.0)	97.69
	~17,500	~(21.4)	~2,100	~(52.9)	~1,200	~(68.7)	~720	~(77.4)	~51.34

4. Notes

- (1) Changes in significant subsidiaries during the six months ended May 31, 2024
 (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, 2024	14,445,000 shares	As of November 30, 2023	14,445,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2024	421,710 shares	As of November 30, 2023	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, 2024	14,023,290 shares	Six months ended May 31, 2023	14,023,290 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	7,531,273	3,929,973
Deposits in trust	1,204,985	1,186,273
Accounts receivable - trade	308,315	238,180
Real estate for sale	50,184,620	52,389,595
Real estate for sale in process	3,268,813	3,547,790
Operational investment securities	625,750	643,011
Other	497,899	731,033
Total current assets	63,621,659	62,665,857
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,209,352	11,064,098
Land	10,230,423	10,302,508
Other, net	1,649,874	1,596,610
Total property, plant and equipment	23,089,650	22,963,216
Intangible assets		
Goodwill	1,000,822	942,900
Other	441,581	445,454
Total intangible assets	1,442,403	1,388,354
Investments and other assets	1,786,957	1,909,698
Total non-current assets	26,319,011	26,261,270
Total assets	89,940,670	88,927,128
Liabilities		
Current liabilities		
Short-term borrowings	91,000	270,498
Current portion of long-term borrowings	5,128,495	5,170,128
Current portion of Long-term non-recourse loans payable	23,468	37,000
Income taxes payable	1,370,944	171,067
Provision for bonuses	–	148,876
Provision for shareholder benefit program	24,071	2,117
Other	1,799,380	973,893
Total current liabilities	8,437,359	6,773,582
Non-current liabilities		
Long-term borrowings	50,252,956	51,131,416
Long-term non-recourse loans payable	2,958,081	2,935,300
Retirement benefit liability	17,897	23,979
Other	3,846,476	3,880,490
Total non-current liabilities	57,075,412	57,971,186
Total liabilities	65,512,771	64,744,768

(Thousands of yen)

	As of November 30, 2023	As of May 31, 2024
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	3,406,406	3,406,406
Retained earnings	21,006,999	20,737,650
Treasury shares	(278,086)	(278,086)
Total shareholders' equity	24,235,319	23,965,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	62,416	81,581
Deferred gains or losses on hedges	25,333	29,529
Total accumulated other comprehensive income	87,749	111,110
Non-controlling interests	104,829	105,278
Total net assets	24,427,898	24,182,359
Total liabilities and net assets	89,940,670	88,927,128

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, 2023	Six months ended May 31, 2024
Net sales	11,987,816	4,368,608
Cost of sales	7,649,567	2,603,435
Gross profit	4,338,248	1,765,172
Selling, general and administrative expenses	1,271,370	1,161,831
Operating profit	3,066,878	603,341
Non-operating income		
Interest income	39	48
Dividend income	53	29
Consumption taxes refund	28,461	1,372
Subsidy income	6,173	1,402
Insurance fee income	22,419	79,567
Gain on valuation of derivatives	–	69,271
Other	9,887	5,095
Total non-operating income	67,034	156,787
Non-operating expenses		
Interest expenses	314,206	302,288
Commission expenses	51,467	26,910
Loss on valuation of derivatives	42,093	–
Other	13	53,022
Total non-operating expenses	407,781	382,221
Ordinary profit	2,726,131	377,908
Extraordinary income		
Gain on sale of non-current assets	422	–
Gain on sale of shares of subsidiaries and associates	616,525	–
Total extraordinary income	616,947	–
Extraordinary losses		
Loss on sale of non-current assets	–	6,426
Loss on retirement of non-current assets	686	–
Loss on valuation of shares of subsidiaries and associates	–	4,999
Total extraordinary losses	686	11,426
Profit before income taxes	3,342,392	366,481
Income taxes - current	1,613,187	167,432
Income taxes - deferred	(484,127)	(5,867)
Total income taxes	1,129,059	161,565
Profit	2,213,332	204,916
Profit (loss) attributable to non-controlling interests	(1,446)	25,519
Profit attributable to owners of parent	2,214,779	179,396

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Profit	2,213,332	204,916
Other comprehensive income		
Valuation difference on available-for-sale securities	2,601	19,164
Deferred gains or losses on hedges	(3,378)	4,216
Total other comprehensive income	(777)	23,381
Comprehensive income	2,212,555	228,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,214,015	202,757
Comprehensive income attributable to non-controlling interests	(1,460)	25,540

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,342,392	366,481
Depreciation	567,293	583,352
Amortization of goodwill	57,920	57,921
Increase (decrease) in provision for bonuses	170,549	148,876
Increase (decrease) in provision for shareholder benefit program	(20,734)	(21,953)
Increase (decrease) in retirement benefit liability	573	6,082
Interest and dividend income	(93)	(77)
Interest expenses	314,206	302,288
Loss (gain) on sale of non-current assets	(422)	6,426
Loss (gain) on sale of shares of subsidiaries and associates	(616,525)	–
Loss on retirement of non-current assets	686	–
Decrease(increase) in deposits in trust	(139,021)	18,712
Decrease (increase) in trade receivables	79,561	70,135
Decrease (increase) in inventories	(197,697)	(2,790,689)
Decrease (increase) in operational investment securities	(307,731)	(1,457)
Decrease (increase) in investment in anonymous association of subsidiaries and associates	20,308	(7,584)
Decrease (increase) in other current assets	(45,232)	(281,381)
Increase (decrease) in other current liabilities	(276,507)	(824,090)
Increase (decrease) in other non-current liabilities	(154,834)	25,006
Other, net	52,863	(64,262)
Subtotal	2,847,556	(2,406,213)
Interest and dividends received	93	77
Interest paid	(314,264)	(300,487)
Income taxes refund	465,218	26,840
Income taxes paid	(169,995)	(1,323,704)
Net cash provided by (used in) operating activities	2,828,607	(4,003,487)
Cash flows from investing activities		
Payments into time deposits	(39,186)	(37,215)
Proceeds from withdrawal of time deposits	3,831	–
Purchase of property, plant and equipment	(1,639,787)	(212,649)
Proceeds from sale of property, plant and equipment	422	4,819
Purchase of intangible assets	(288)	(5,887)
Payments of leasehold and guarantee deposits	(220)	(108)
Proceeds from refund of leasehold and guarantee deposits	–	2,026
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,675)	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(26,856)	–
Other, net	(20,356)	(2,576)
Net cash provided by (used in) investing activities	(1,725,117)	(251,590)

(Thousands of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,065,657)	179,498
Proceeds from long-term borrowings	5,446,000	2,465,280
Repayments of long-term borrowings	(4,624,906)	(1,545,186)
Repayment of long-term non recourse loans payable	(119,700)	(9,250)
Dividends paid	(419,848)	(445,521)
Dividends paid to non-controlling interests	(165)	(182)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(9,999)	–
Other, net	(3,530)	(2,542)
Net cash provided by (used in) financing activities	(797,807)	642,095
Net increase (decrease) in cash and cash equivalents	305,682	(3,612,982)
Cash and cash equivalents at beginning of period	7,282,450	7,506,955
Cash and cash equivalents at end of period	7,588,133	3,893,972