

Translation

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Summary of Consolidated Financial Results for the Three Months Ended February 29, 2020 (Based on Japanese GAAP)

April 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: April 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 three months ended February 29, 2020 (from December 1, 2019 to February 29, 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	%
Three months ended February 29, 2020	918	(72.2)	32	(93.4)	(264)	–	(190)	–
Three months ended February 28, 2019	3,308	131.1	493	10.6	305	(21.2)	210	(19.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended February 29, 2020	(13.56)	–
Three months ended February 28, 2019	15.01	14.98

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2020	66,058	15,847	23.8	1,122.84
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	Yen	Yen	Yen	Yen
Year ended November 30, 2019	–	0.00	–	21.00	21.00
Year ending November 30, 2020	–				
Year ending November 30, 2020 (Forecast)		0.00	–	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	22,820	15.0	4,580	32.3	3,930	39.8	2,500	14.5	172.28

4. Notes

- (1) Changes in significant subsidiaries during the three months ended February 29, 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 February 29, 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 February 29, 2020	421,662 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)

Three months ended February 29, 2020	14,021,425 shares	Three months ended February 28, 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 February 29, 2020
Assets		
Current assets		
Cash and deposits	7,705,101	2,337,159
Deposits in trust	501,243	506,900
Accounts receivable - trade	78,907	86,586
Real estate for sale	44,365,293	48,096,428
Real estate for sale in process	6,315,348	9,949,805
Operational investment securities	613,753	573,009
Other	2,758,068	2,871,468
Allowance for doubtful accounts	(962)	(39,900)
Total current assets	62,336,754	64,381,458
Non-current assets		
Property, plant and equipment	572,683	569,874
Intangible assets	5,238	5,825
Investments and other assets	954,343	1,101,297
Total non-current assets	1,532,264	1,676,997
Total assets	63,869,019	66,058,455
Liabilities		
Current liabilities		
Short-term borrowings	1,763,000	2,297,800
Current portion of long-term borrowings	1,398,320	1,486,293
Current portion of long-term non-recourse loans payable	15,488	15,488
Income taxes payable	55,449	29,932
Provision for bonuses	—	61,736
Other	1,984,630	609,856
Total current liabilities	5,216,888	4,501,105
Non-current liabilities		
Long-term borrowings	38,182,939	41,116,419
Long-term non-recourse loans payable	598,155	594,283
Retirement benefit liability	22,714	20,783
Other	3,551,589	3,978,233
Total non-current liabilities	42,355,398	45,709,718
Total liabilities	47,572,286	50,210,824
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	12,479,630
Treasury shares	(285,698)	(278,048)
Total shareholders' equity	16,181,245	15,708,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,549	48,706
Deferred gains or losses on hedges	(1,303)	(11,345)
Total accumulated other comprehensive income	14,245	37,361
Non-controlling interests	101,240	101,598
Total net assets	16,296,732	15,847,630
Total liabilities and net assets	63,869,019	66,058,455

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, 2019	Three months ended February 29, 2020
Net sales	3,308,410	918,947
Cost of sales	2,473,667	463,398
Gross profit	834,743	455,548
Selling, general and administrative expenses	340,957	423,040
Operating profit	493,785	32,507
Non-operating income		
Interest income	208	65
Dividend income	46	49
Rental income	600	—
Gain on sales of investment securities	18	1
Interest on tax refund	11	401
Other	156	129
Total non-operating income	1,041	646
Non-operating expenses		
Interest expenses	62,382	92,104
Commission expenses	35,911	44,532
Loss on valuation of derivatives	88,828	161,014
Other	2,520	—
Total non-operating expenses	189,642	297,651
Ordinary profit (loss)	305,184	(264,496)
Extraordinary income		
Gain on sales of non-current assets	1,935	—
Total extraordinary income	1,935	—
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	—	1,000
Total extraordinary losses	—	1,000
Profit (loss) before income taxes	307,119	(265,496)
Income taxes - current	86,816	24,648
Income taxes - deferred	9,967	(99,027)
Total income taxes	96,783	(74,379)
Profit (loss)	210,336	(191,117)
Profit (loss) attributable to non-controlling interests	7	(957)
Profit (loss) attributable to owners of parent	210,328	(190,160)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended February 28, 2019	Three months ended February 29, 2020
Profit	210,336	(191,117)
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,703)	33,156
Deferred gains or losses on hedges	—	(10,085)
Total other comprehensive income	(13,703)	23,070
Comprehensive income	196,633	(168,046)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	196,625	(167,044)
Comprehensive income attributable to non-controlling interests	7	(1,002)