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For Immediate Release

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Notice Regarding Revision to Earnings Forecast

First Brothers Co., Ltd. has revised its previous earnings forecast for the fiscal year ending November 30, 2021 (FY11/21), announced on January 8, 2021, to reflect recent earnings trends, as shown below.

1. Revision to full-year earnings forecast (December 1, 2020–November 30, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecast (A)	Millions of yen 30,100	Millions of yen 4,730	Millions of yen 4,010	Millions of yen 2,550	Yen 181.84
Revised forecast (B)	26,668	4,890	4,300	2,633	187.76
Difference (B-A)	(3,432)	160	290	83	—
Difference (%)	(11.4)	3.4	7.2	3.3	—
Reference: Consolidated results for previous fiscal year (FY11/20)	15,642	2,541	1,816	2,313	164.95

2. Reason for revision

The First Brothers Group is sustainably expanding its overall portfolio by selling some real estate for lease to crystallize unrealized gains as it rebalances its holdings. It uses the proceeds to fund purchases of new real estate for lease. As a result of such transactions, sales value of significant size is booked as sales.

In FY11/21, the Company replaced properties we had originally planned to sell with properties with a higher gross profit margin on sale. This resulted in lower sales value (net sales) than we initially forecast. Nonetheless, we were able to achieve income from sales (gross profit from sale) largely in line with our original plans. When managing its portfolio, the First Brothers Group prioritizes income from leasing (gross profit from leasing) and income from sale (gross profit from sale) rather than sales value (net sales).

We are steadily building up our leasing real estate portfolio, the balance of which stood at 67.6 billion yen (as of the end of Q3; book value basis). Accompanying this portfolio growth, we have been able to achieve long-term, stable income from leasing (gross profit from leasing) above our initial expectations.

We have also reduced selling, general and administrative expenses and non-operating expenses further than we initially planned. As a result, we now forecast lower net sales but higher profit at all profit lines than in our previous forecast.

3. Dividend forecast

There is no change to the Company’s dividend forecast for FY11/21. We plan to pay a year-end dividend of 27.00 yen per share in early February 2022.

Note: The earnings forecast figures above are based on information currently available to the Group and certain assumptions the Group deems reasonable, but actual earnings may differ from forecast figures for a variety of reasons.