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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, 2022 (FY11/22), announced on January 12, 2022, to reflect recent earnings trends, as shown below.

1. Revision to full-year earnings forecast (December 1, 2021–November 30, 2022)

	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
Previous forecast (A)	24,900	2,880	2,010	1,300	92.70
Revised forecast (B)	14,220	1,710	1,170	1,050	74.88
Difference (B-A)	(10,680)	(1,170)	(840)	(250)	—
Difference (%)	(42.9)	(40.6)	(41.8)	(19.2)	—
Reference: Results for previous fiscal year (FY11/21)	26,685	4,940	4,379	2,795	199.34

2. Reason for revision

The First Brothers Group is building up its portfolio of prime real estate for lease that has prospects of generating stable income over the medium to long term. The balance stood at 64.35 billion yen (as of the end of Q3; book value basis), and gross profit from leasing grew accordingly (up by 6.5% year-on-year in the cumulative Q3 period).

We are selling properties as part of our leasing portfolio rebalancing, but the sales of some properties for lease we had planned to conclude this fiscal year have been delayed to next fiscal year and beyond. As a result, we now expect revenue and gross profit from sale to be below our initial forecast and net sales and profit at all profit lines to be below our previous forecast.

Revenue and gross profit from the sale of leasing properties are large in comparison to revenue and gross profit from leasing, so the Group's periodic earnings fluctuate depending on how many properties it sells. However, the balance of our portfolio of properties for lease and unrealized gains* are growing, thereby boosting our underlying earnings growth potential. Going forward, the Group intends to continue selling leasing properties to crystallize unrealized gains and generate gross profit, and using the sale proceeds to acquire new properties for lease to expand our overall portfolio. We also plan to focus on operations in new business areas such as lodging facilities, aiming at sustainable growth.

*The difference between book value and real estate appraisal value or equivalent assessed value. Unrealized gains came to 12.99 billion yen as of the end of Q3.

3. Dividend forecast

There is no change to the Company's dividend forecast for FY11/22. We plan to pay a year-end dividend of 30.00 yen per share in early February 2023.

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.