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For Immediate Release

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**Notice Regarding Revisions to Earnings Forecast and Booking of Extraordinary Income (Gain on Bargain Purchase)**

First Brothers Co., Ltd. has revised the earnings forecast it released on January 10, 2020, for the fiscal year ending November 30, 2020, in part taking into account recent performance trends, and has also booked extraordinary income (gain on bargain purchase) in the third quarter of the fiscal year ending November 30, 2020.

1. Revisions to full-year consolidated earnings forecast (December 1, 2019 to November 30, 2020)

| (Millions of yen) | Net sales | Operating profit | Ordinary profit | Net income attributable owners of parent | Earnings per share |
|---|---|---|---|---|---|
| Previous forecast (A) | 22,820 | 4,580 | 3,930 | 2,500 | ¥178.28 |
| Revised forecast (B) | 14,100 | 2,150 | 1,430 | 2,040 | ¥145.48 |
| Change (B-A) | (8,720) | (2,430) | (2,500) | (460) | — |
| Change (%) | (38.2) | (53.1) | (63.6) | (18.4) | — |
| (Ref.) Results for fiscal year ended November 30, 2019 | 19,838 | 3,462 | 2,810 | 2,183 | ¥155.83 |

2. Reason for revisions and details on the booking of extraordinary income (gain on bargain purchase)

The First Brothers Group places priority on investment in properties for lease as a source of stable income, and our strategy is to expand such investment in a portfolio consisting of multiple properties.

We have continued to expand our portfolio of properties for lease in the fiscal year ending November 30, 2020, and at the end of Q3 our portfolio balance approached ¥60 billion on a book value basis. Income from leasing our portfolio properties has also grown steadily with recent monthly income exceeding total monthly SG&A and interest expenses.

In our Investment Management business as well, thanks to new asset management projects, we achieved growth in asset management fees.

In addition, as announced in our July 10, 2020 press release, “Notice Regarding Conclusion of Share Transfer Agreement for Acquisition of Shares in Fuji Facility Service (Conversion into Subsidiary),” we added THE FUJI FACILITY SERVICE, INC. to our consolidated Group so as to broaden our areas of business activity. The consolidation of this new subsidiary resulted in the accounting recognition of ¥1,216 million in negative goodwill, which we recorded as extraordinary income.

Even amid the economic stagnation caused by COVID-19, both the leasing market and the trading market for properties for lease in which we invest are strong. There has also been no sign of reduction in rent levels or buying and selling prices, which have held steady.

At the same time, though, the outlook for economic activity remains uncertain due to the effects of COVID-19, and since there are some cautious market players trying to assess the outlook for the real estate trading market, it is taking longer than previously to close deals on real estate sales. We plan to sell several properties for the purpose of portfolio rotation, but owing to the circumstances described above, we anticipate that a number of properties we had planned to sell during the fiscal year ending November 30, 2020 may not be sold until the following fiscal year or later.

As a result, while income from leasing our portfolio properties and fee revenue from our asset management services have increased, and negative goodwill has generated extraordinary income, sales value and earnings from the sale of properties are expected to decline. Net sales and profit line items are now expected to fall short of previously released estimates, and we therefore revised our earnings forecast figures.

The First Brothers Group’s periodic profit and loss fluctuates depending on the sales value and earnings accompanying real estate portfolio rotation (i.e. the sale of a portion of portfolio properties). However, we will continue to produce ongoing enterprise value improvement while growing unrealized gain (the difference between book value and appraisal value or value based on same) and income from leasing (stable income) through expansion of our real estate portfolio in line with our growth strategy.

3. Dividend forecast

We make no change to our dividend forecast for the fiscal year ending November 30, 2020. We plan to pay out an annual year-end dividend of ¥24 per share in February 2021.

Note: Forecast figures are based on information currently available to the First Brothers Group and certain assumptions deemed reasonable. Actual results may differ from our forecast due to a variety of factors.