FIRST BROTHERS

FY11/25
Financial Earnings Summary

January 9, 2026

First Brothers Co., Ltd.

(Tokyo Stock Exchange Standard Market: 3454)

Profit attributable to owners of parent and shareholders' equity Consolidated

FIRST BROTHERS

We believe stable and sustainable growth of shareholders' equity will directly lead to maximization of shareholder value

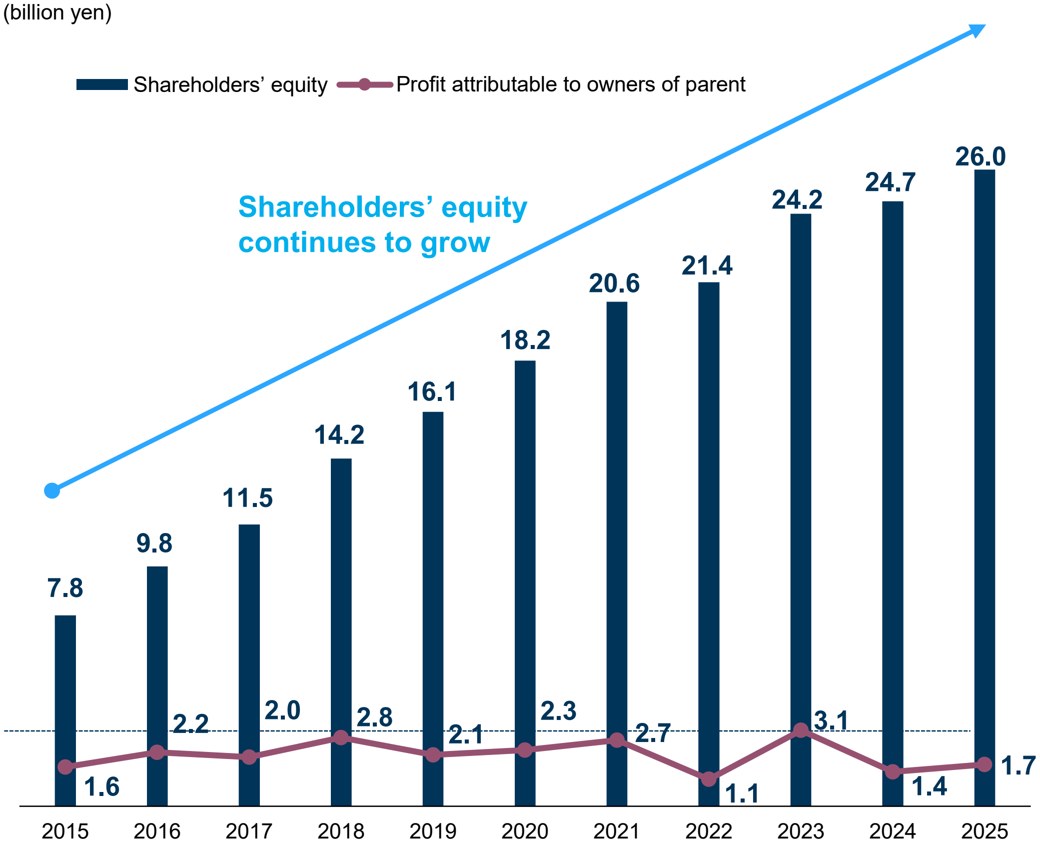
- We intend to increase shareholders' equity every year, and commensurate with this growth, pay year-end dividends based on a target dividend on equity ratio (DOE) of 2.0%

- Profit tends to fluctuate sharply from year to year due to our policy of maximizing profit by selling highly individualized properties at optimal timing. However, when performance is strong, we intend to pay interim dividends in addition to the usual year-end dividends, flexibly returning profits to shareholders

If profit attributable to owners of parent exceeds 2.0 billion yen in the immediately preceding fiscal year

Pay interim dividends equivalent to 40% of the profit in excess

(implemented in FY11/24)



Executive summary

FIRST BROTHERS

- In the Investment Banking business, we recorded gains on sale of properties, with lease income also contributing, resulting in ordinary profit coming in significantly higher YoY
- Meanwhile, we recorded an impairment loss at a subsidiary in the Facility Operation business, limiting profit attributable to owners of parent to 1,749 million yen

Consolidated results

Gross profit	Operating profit	Ordinary profit	Profit attributable to owners of parent
7,833 million yen	5,295 million yen	4,433 million yen	1,749 million yen
+53.5% YoY ⬆	+86.6% YoY ⬆	+102.1% YoY ⬆	+23.5% YoY ⬆

Investment Management

Received one-time asset management fees
Gross profit declined due to a drop in the balance of assets under management, but this downturn was commensurate with expectations

Gross profit

39 million yen

-23.3% YoY ⬇

Investment Banking

Lease income from properties held by the Group, a stable earnings source, increased
Variable rent from lodging facilities also continued expanding YoY
Unrealized gains decreased due to growth in our portfolio's book value resulting from property sales and additional investment

Unrealized gains in real estate	Gross profit from real estate leasing
17,761 million yen	3,585 million yen
-3,450 million yen versus end-FY11/24 ⬇	+16.4% YoY ⬆

Facility Operation

Despite a partial decline in overseas demand linked to public concern over earthquake forecasting, gross profit expanded thanks to robust demand observed elsewhere

Gross profit

319 million yen

+25.2% YoY ⬆

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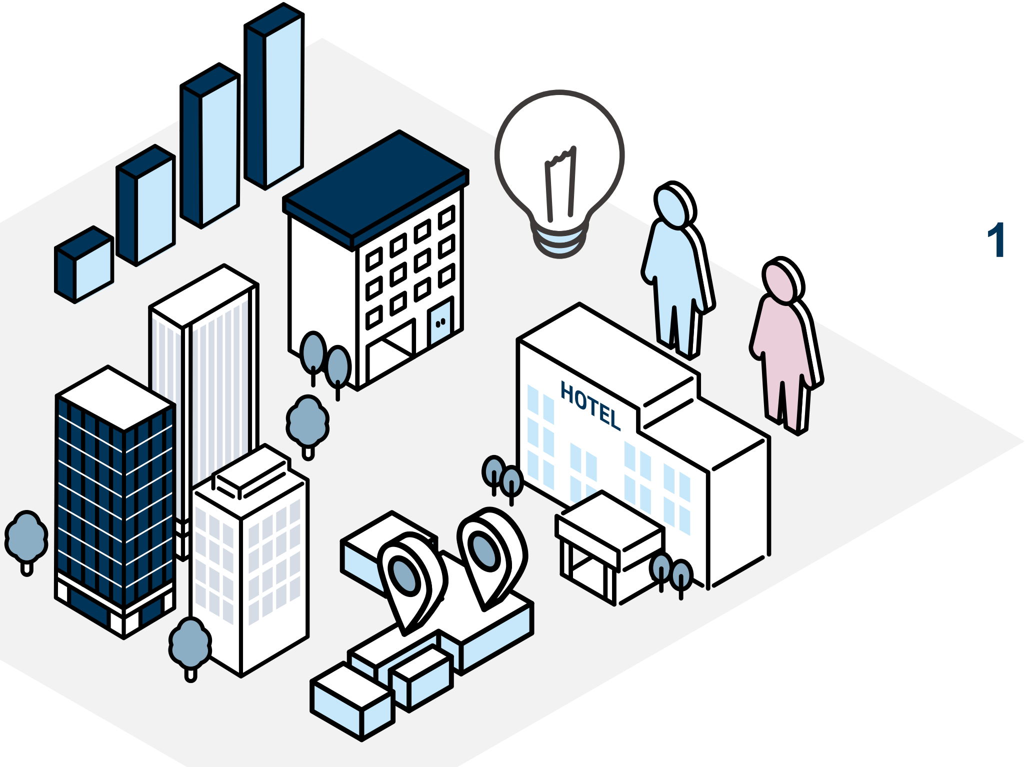
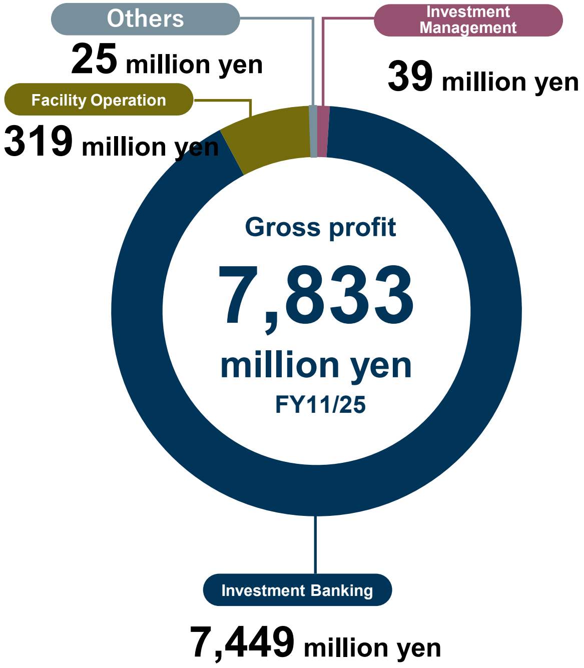


1 First Brothers' business

First Brothers' business

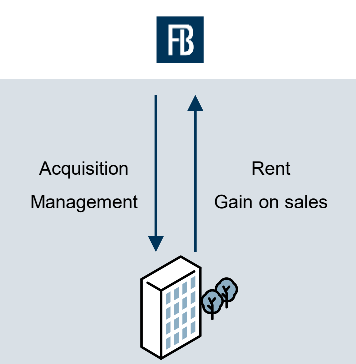
FIRST BROTHERS

Leveraging our proprietary investment as a central foundation, we operate three businesses that draw on the strengths characterizing First Brothers
The Investment Banking business, a principal investment business, is a core earnings pillar



Investment Banking

Using our own accounts, we directly invest in real estate or other companies

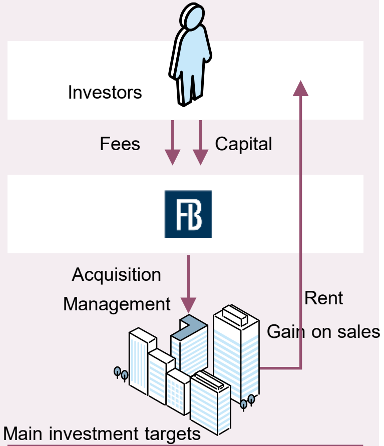


Main investment targets

Real estate for lease, startups, renewable energy

Investment Management

We manage the assets of institutional investors and invest in real estate

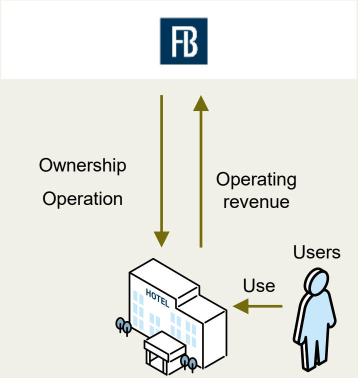


Main investment targets

Large real estate

Facility Operation

We operate hotels and other lodging facilities on our own



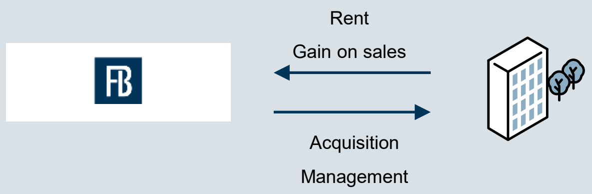
Main investment targets

Hotels and other lodging facilities

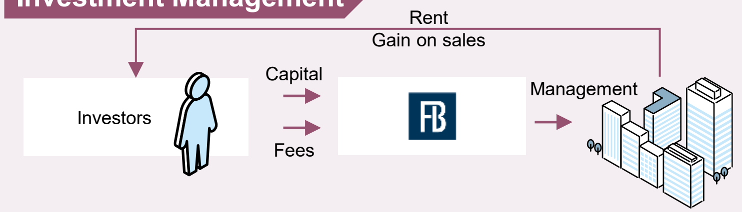
Real estate investment by business segment

Through the Investment Banking business, we invest in real estate directly using our own capital (with borrowings), and therefore own the properties in which we invest. In contrast, through our Investment Management (fund) business, we adopt a fee-based model under which we collect management fees from investors

Investment Banking



Investment Management



	Investment Banking	Investment Management
Funding	Proprietary capital (with borrowings)	Investment from institutional investors
Target	Small to medium-sized properties valued at 5.0 billion yen or less	Large properties valued at over 10.0 billion yen
Features	Attractive investment opportunities are numerous thanks to high liquidity and robust market activity (large transaction volume)	The market for large properties generates lower transaction volumes than markets for small or medium-sized properties, and competition for prime deals is especially heated
Environmental awareness	● **In core city markets, investment yields have continued to decline amid overheated competition** ● **The willingness to lend among financial institutions has not changed significantly** ● **With interest rates on the rise, low-yield deals are compelling caution**	● **The J-REIT market continues to expand, and further growth is expected due to recent policy clarifications permitting J-REITs to handle certain building-integrated data-center equipment as real estate** ● **Investors overseas continue to exhibit interest in relatively inexpensive Japanese real estate** ● **Out of caution regarding market overheating, we are refraining from forming First Brothers-led funds at this time**

Group initiatives in the Investment Banking business

Using proprietary capital for direct investment, we generate stable earnings and sustained portfolio growth

Real estate investment

- Acquisition and ownership of real estate for lease
- Improvement of assets (through renovations) and operations / new development
- Realization of unrealized gains through property sales→Reinvestment

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Other investment

- Renewable energy
  ・Social infrastructure investment
- Startup
  ・Venture capital investment

Securing stable earnings × Portfolio growth

Value-Realization and Reinvestment Cycle

Acquire → Renovate/ improve operations → Stabilize operations → Realize unrealized gains through sale → Reinvest → Portfolio growth → Acquire

Expand foundation for stable earnings

Maximize medium- to long-term profit

Higashinihon Fudosan's business strategy in the Tohoku region

FIRST BROTHERS

Higashinihon Fudosan (HNF) utilizes its locally rooted information network to source prime properties in less competitive markets. This approach enables HNF to build a concentrated portfolio of high-yield assets in regional cities

Community-based information network

Developing locally rooted real estate business

- HNF has established strong relationships with local governments and real estate agents, primarily in Aomori
- These ties supply HNF with early and priority access to information on high-quality properties

Acquisition of properties in less competitive markets

Ownership of numerous prime office and commercial facilities in regional cities

- Entry of major capital into regional cities is limited
- Thanks to HNF's credibility and track record, we receive many referral-sourced property opportunities and frequently collaborate with local authorities, enabling off-market acquisitions

High-yield property hotspots

Properties with high potential value

- Many properties in the Tohoku area offer high NOI yields, so profitability is strong
- New property supply is scarce, and tenant demand remains robust

ESG-based operations and Creating Shared Value (CSV)

FIRST BROTHERS

Through appropriate capital allocation and an operational strategy built primarily around real estate, we secure stable earnings and growth, converting our activities into CSV—simultaneous creation of economic and social value

Input (ESG resources)

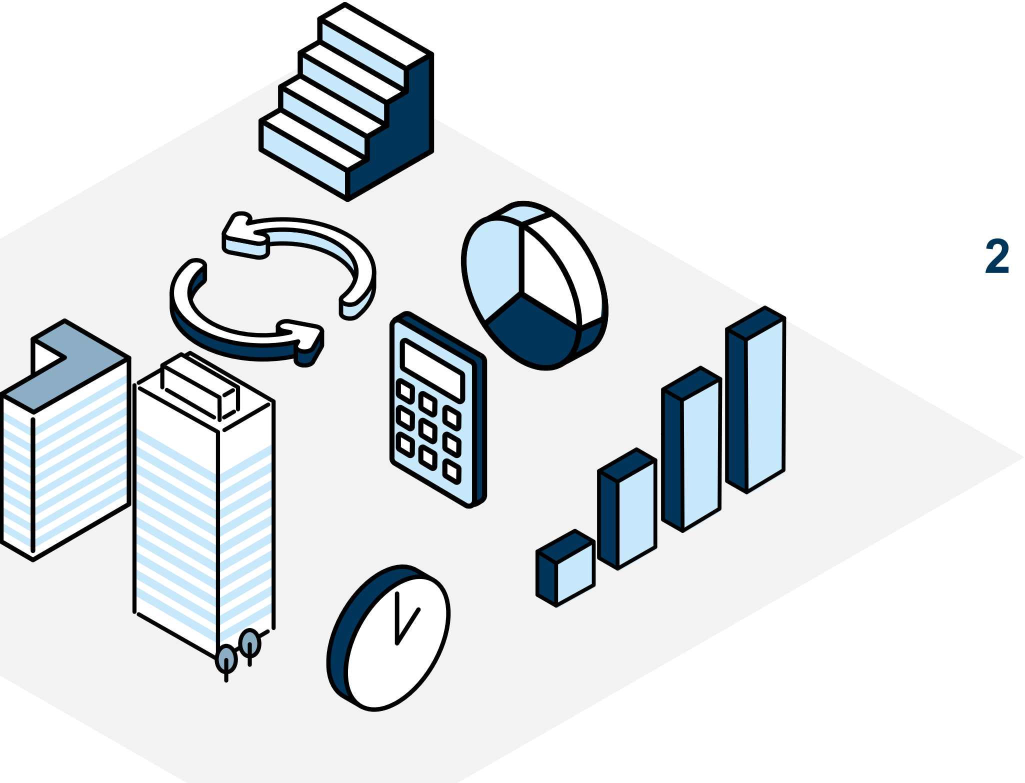
Financial capital (G)	• Stable financing for real estate investment through long-term loans and prudent leverage
Intellectual capital (S/G)	• Advanced expertise in real estate investment and management
Human capital (S)	• A small, elite team of highly specialized personnel
Social capital (E/S)	• Project execution utilizing local resources
Natural capital (E)	• Renewable energy resources (geothermal, wind, solar)

Operational management (Output)

- Real estate reinvestment cycle
- Facility management (commercial and lodging facilities)
- Regional investment
- Renewable energy development
- Shareholder return and governance

Outcome (CSV)

Economic value	• **Stable earnings base** Securing lease income and profit on sales through a focus on real estate investment and management • **Supporting corporate growth through investment activities** Enhancing corporate value through management improvement and business revitalization, as well as capital supply
Environmental value	• **Renewable energy operations** Pursuing geothermal power generation and other renewable energy projects • **Utilizing local resources** Contributing to sustainable regional development through tourism-related projects leveraging natural environments and cultural resources
Social value	• **Facilitating regional investment** Revitalization of priority regions directly strengthens the Group's business continuity • **Social impact investment** Generating change through involvement addressing challenges facing both companies and communities



2 Earnings highlights

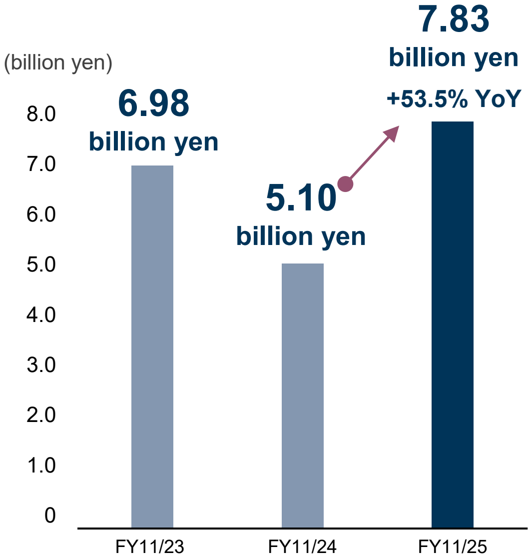
Earnings highlights Consolidated

FIRST BROTHERS

In Q4, we executed the sale of a large property, and lease income—a stable earnings source—also continued to rise steadily
Achieved YoY expansion across all profit lines despite higher non-operating expenses attributable to rising interest rates

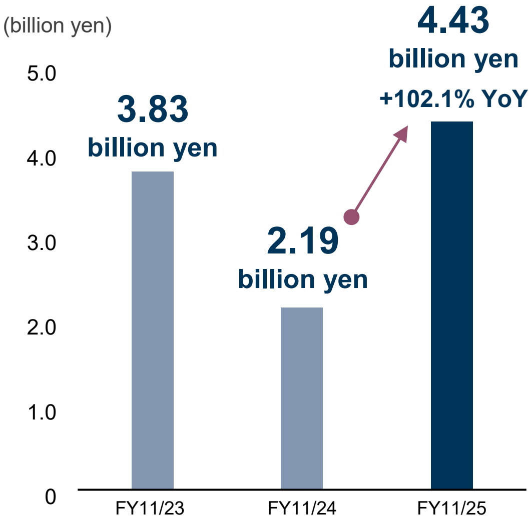
Gross profit

Up 53.5% YoY thanks to higher property sales and lease income in the Investment Banking business



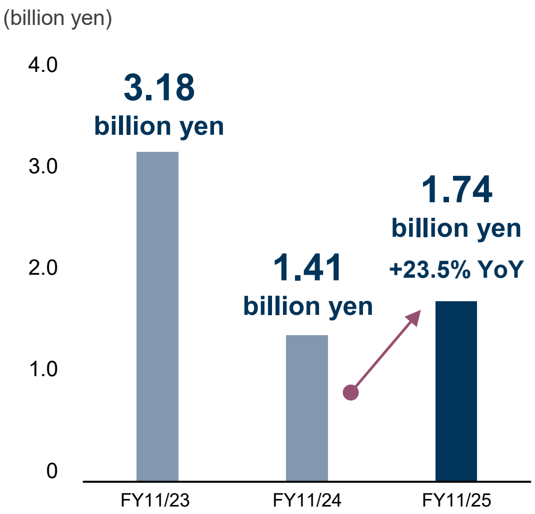
Ordinary profit

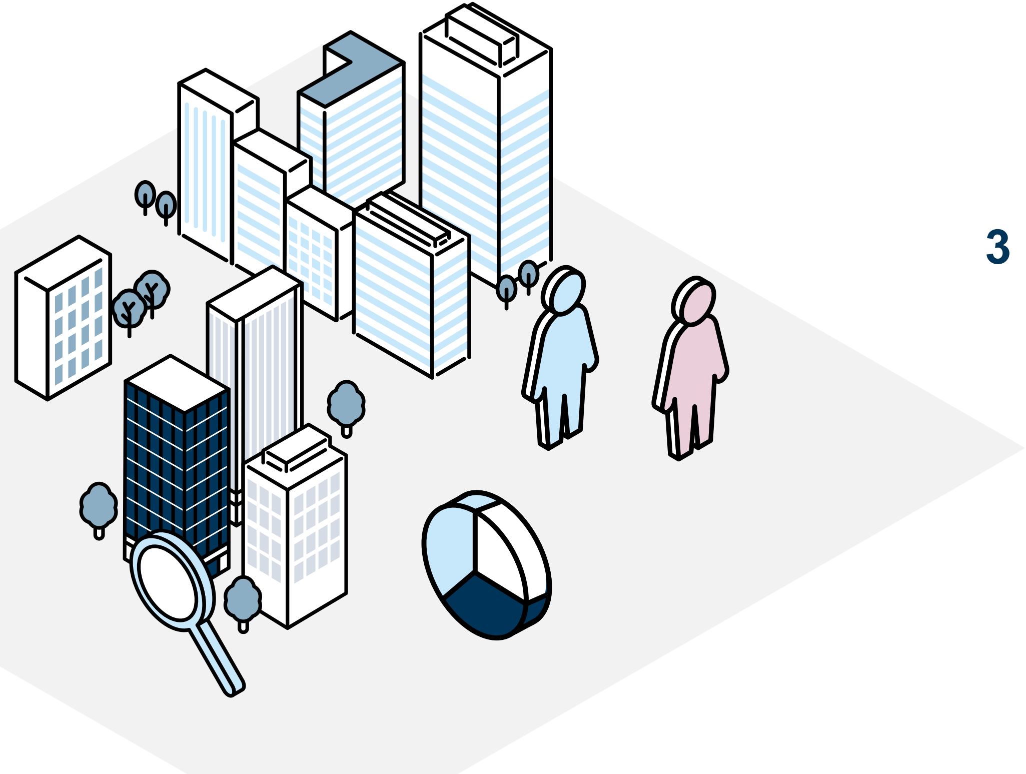
Up 102.1% YoY despite higher non-operating expenses attributable to refinancing costs and rising interest rates



Profit attributable to owners of parent

Up 23.5% YoY because we recorded a Q4 impairment loss related to a subsidiary in the Facility Operation business as an extraordinary loss





3 Investment Banking business

Portfolio of properties for lease

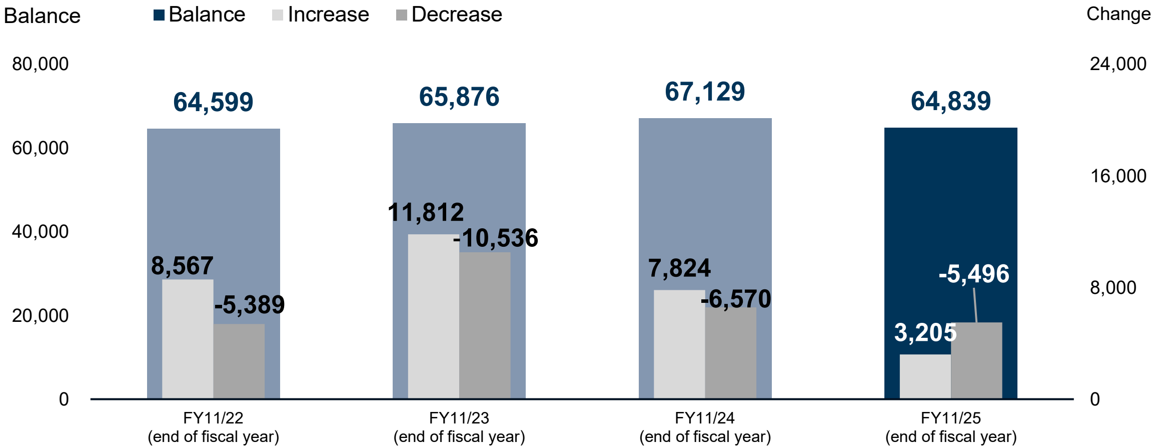
Investment Banking

FIRST BROTHERS

As a key driver of earnings, we are promoting acquisitions of properties for lease expected to generate stable earnings over the medium to long term, and multiple acquisitions are underway in Q1 FY11/26
In FY11/25, property sales outpaced acquisitions, resulting in decreases in both the balance of properties for lease and property count; in anticipation of rising interest rates, we are selectively targeting high-yield properties

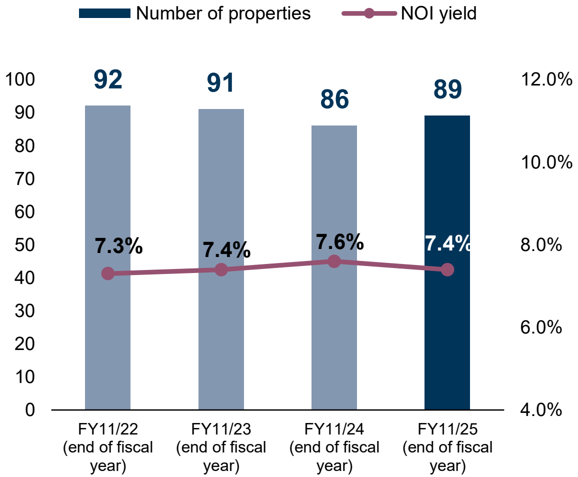
Balance of properties for lease

(million yen)



Note: Balance and increase/decrease values are based on acquisition price. Increase values include increases from M&A and from completion of development projects

No. of properties/NOI yield



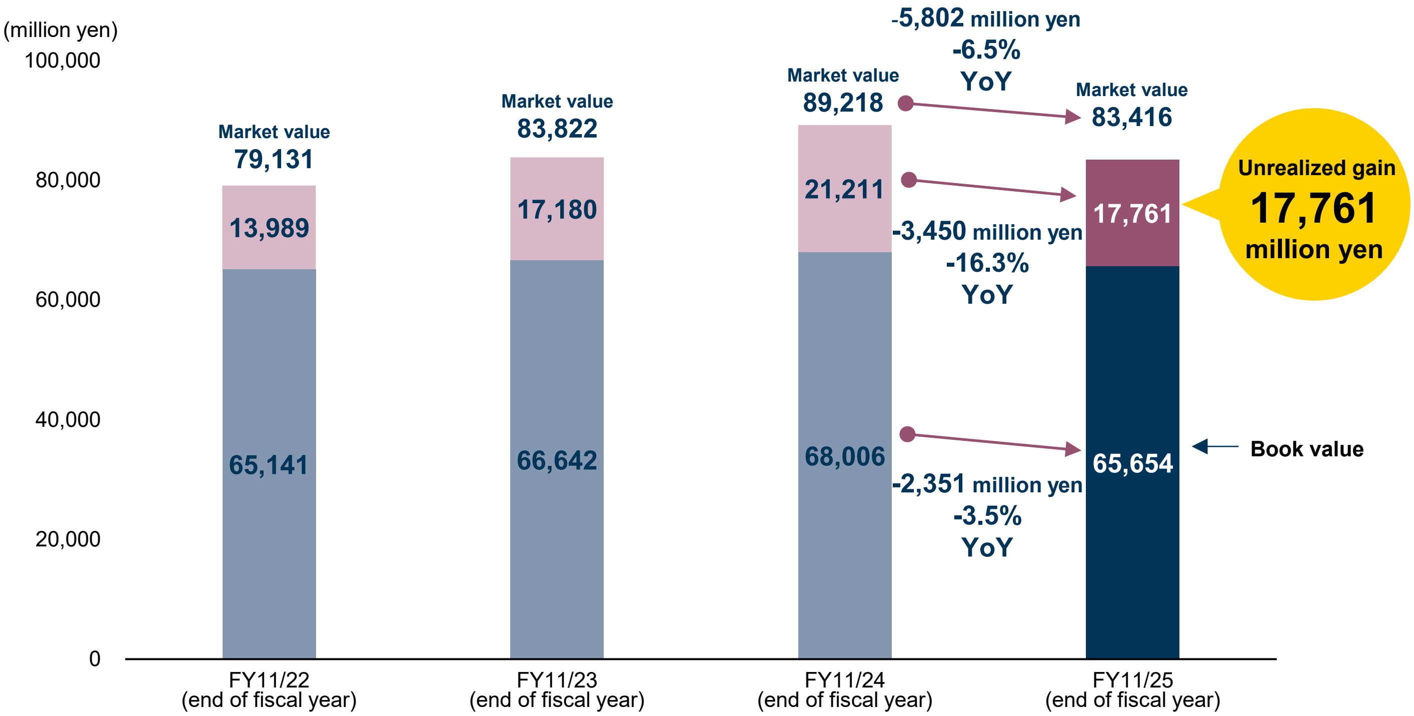
Note: NOI yield is the assumed APR for stable operation (cash flow-based net income / acquisition price)

Investment Banking In this business, we invest in real estate and startups, using our own accounts. Currently, most investments are in real estate

Book and market value of properties, and unrealized gains

We will increase unrealized gains through new acquisitions of properties for lease and ongoing efforts to enhance the value of properties held

Unrealized gains are realized at the time of sale, contributing to future profits while facilitating reinvestment



Book value

- \+ Acquisition price
- \+ Transaction cost at the time of acquisition
- \+ Capital expenditures during the period
- \- Depreciation

Market value and unrealized gain

Market value:
Most recent appraised value
(or an equivalent value)
Unrealized gain:
Market value – book value

Items recorded

<In principle>
Real estate for sale
⇒At time of sale: recorded as revenue

<High-yield properties>
Recognized as a non-current assets in anticipation of long-term holding
⇒ At time of sale: Recognized as extraordinary income or loss

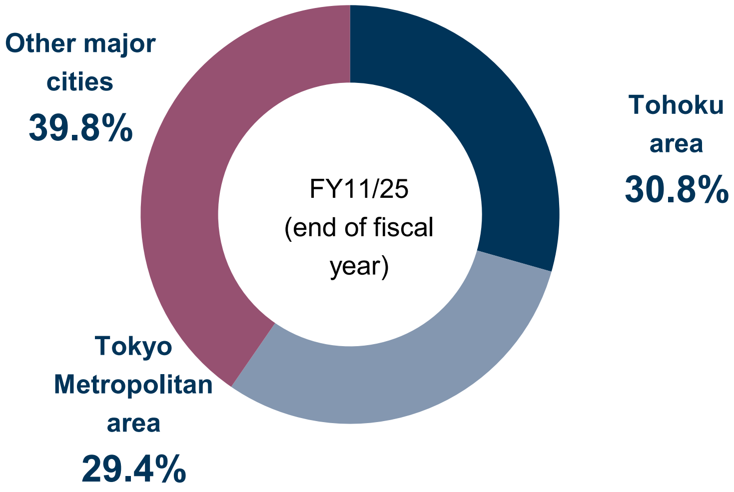
Breakdown of portfolio of properties for lease by location and use

With small and medium-sized properties in the Tokyo Metropolitan area and regional cities as investment targets, we ensure stable operations while securing high yields

We expand and flexibly rotate the portfolio in response to changes in the market environment

By location

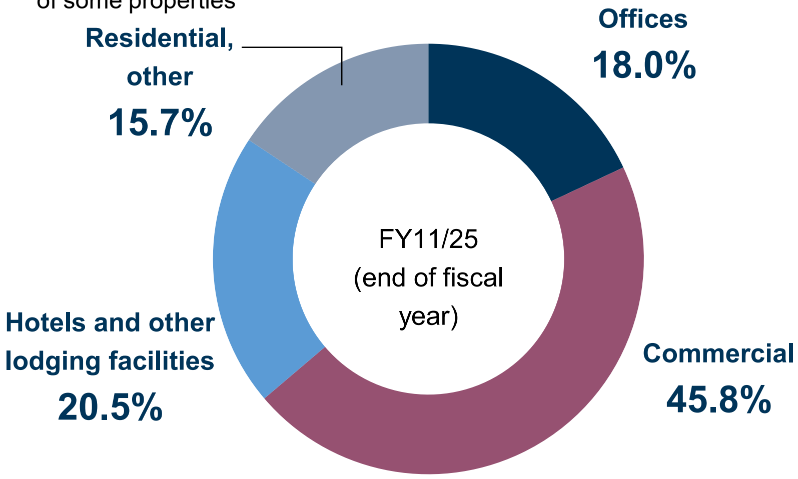
Carefully select prime investment properties in the Tohoku region, the base for Higashinihon Fudosan, and other regions throughout the nation, in addition to the Tokyo Metropolitan area



By use*

Primarily office buildings and commercial facilities in locations with solid tenant demand

Lodging facilities acquired during the COVID-19 pandemic declined due to sale of some properties



* Mixed-use properties are calculated based on primary usage.

Revenue and gross profit from real estate leasing

Investment Banking

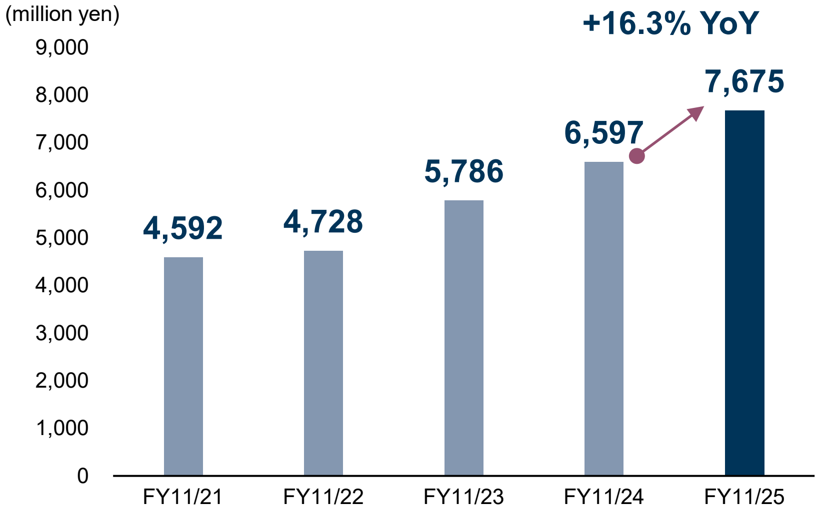
FIRST BROTHERS

Worked to secure stable earnings by selectively acquiring quality properties for lease expected to generate stable lease income and enhancing the value of properties held

In FY11/25, while continuing to pursue new acquisitions, we implemented earnings improvement measures for existing properties, resulting in continuous growth in lease income

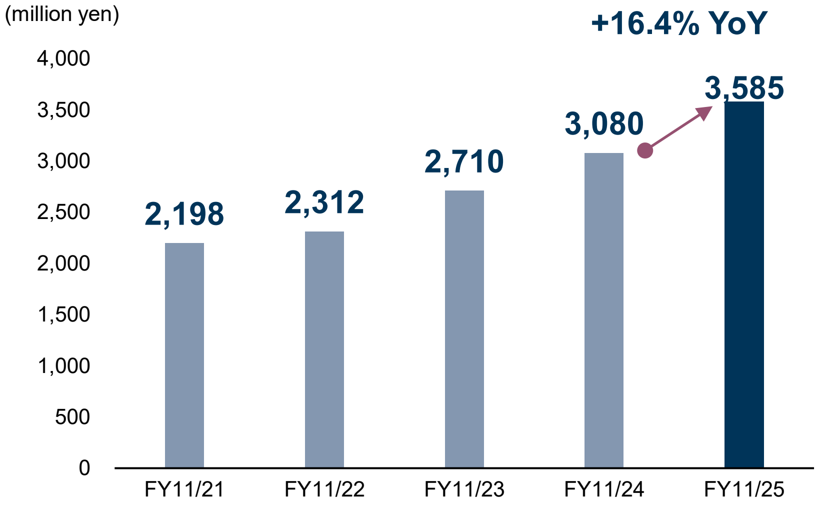
Revenue from real estate leasing (cumulative)

Hotels leased to external operators under performance-linked variable-rent contracts continued to perform well, driving further growth in revenue from real estate leasing



Gross profit from real estate leasing (cumulative)

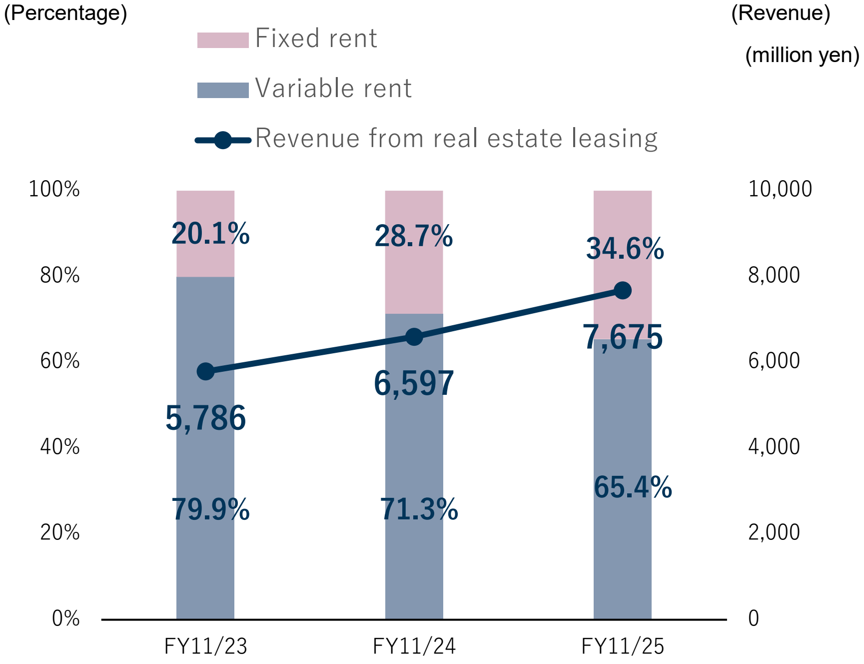
Gross profit from real estate leasing rose along with revenue from real estate leasing
Despite signs indicating rising prices may increase the cost burden of property operations, the impact has been limited in FY11/25



Breakdown of revenue from real estate leasing

Growth associated with our portfolio of properties for lease occurred primarily through variable-rent income from hotels and similar properties
Our investment decisions prioritize the maximization of medium- to long-term corporate value while maintaining overall portfolio balance

Breakdown of cumulative revenue from real estate leasing
(Shares generated through fixed and variable rent)



<Fixed rent>
Rent: In principle, amount is fixed throughout the contract period
Stability: Since rent is fixed, income fluctuations are minimal throughout the contract period
Purpose: Establishing a defensive foundation for earnings
To ensure stability, fixed rent is combined in appropriate proportion with variable rent, which offers upside potential

<Variable rent>
Rent: Determined based on tenant revenues or hotel occupancy metrics
Stability: Subject to fluctuations influenced by economic conditions, planned events, etc.
Objective: Proactively capturing growth opportunities
Variable rent is combined in appropriate proportion with fixed rent to secure upside potential for earnings

Key takeaways

Customer demand heavily influences lease income from commercial facilities and hotels with variable rents. Therefore, we balance this variable rent with steadier recurring revenue and prioritize the timing of sales, especially when markets appear overheated. Moving forward, the Group will continue basing its investment decisions on careful assessments of market trends

Revenue and gross profit from real estate sales

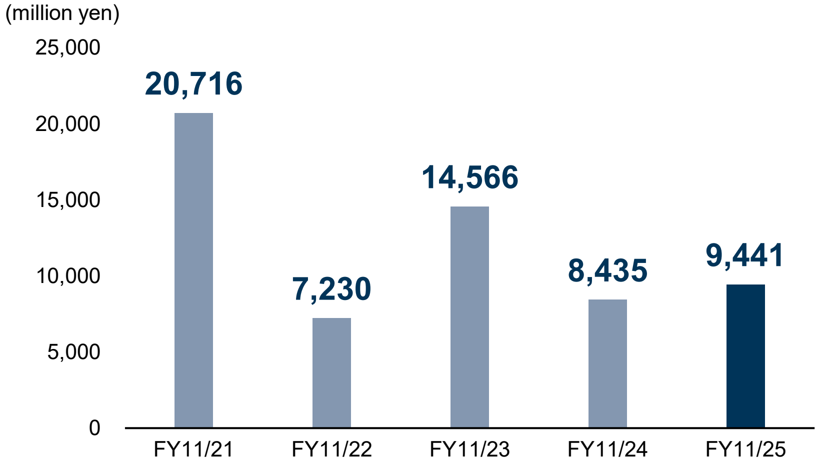
Investment Banking

Continued implementing measures to enhance the value and earnings potential of held properties, realize the resulting unrealized gains through sales, and reinvest the proceeds to create a virtuous cycle

In FY11/25, we carried out multiple property sales in 2H and secured gains on sale that exceeded our initial expectations

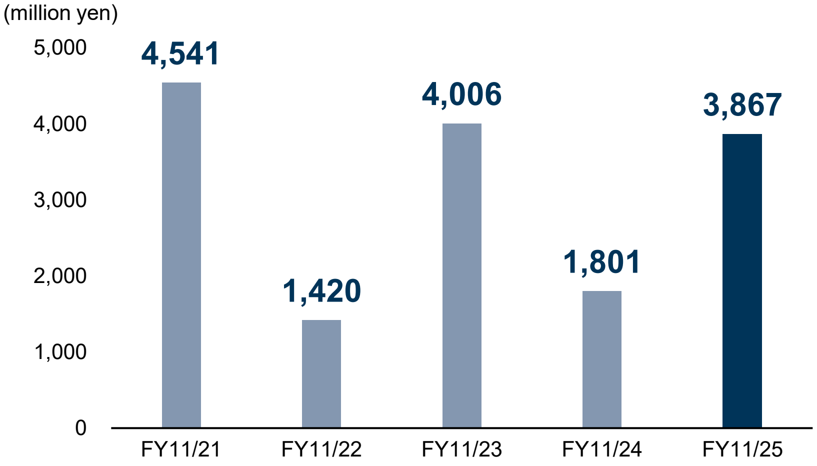
Revenue from real estate sales (cumulative) *1*2

In 1H FY11/25, we prioritized the disposal of relatively low-yield small properties, placing emphasis on speed. For Q3 and Q4, we executed multiple large, high-margin sales



Gross profit from real estate sales (cumulative) *1*2

Up through Q2, we sold multiple small properties from a risk management perspective. We were able to sell high-margin properties in Q4, so profit was large relative to revenue

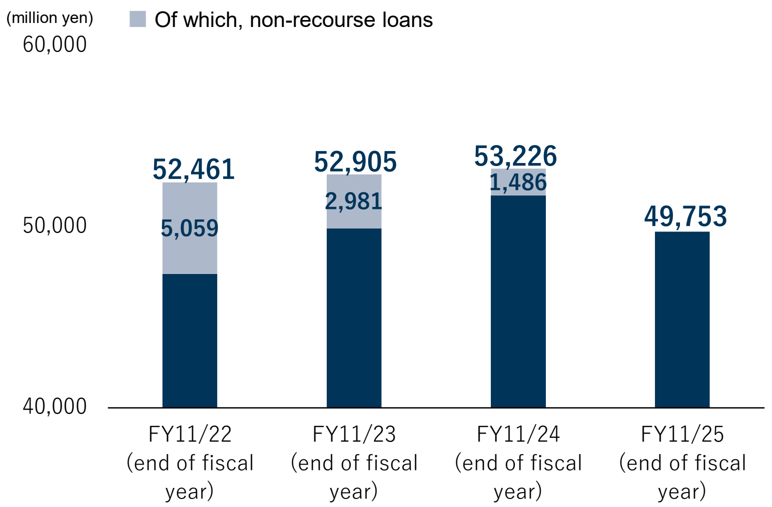


*1 Includes sales of real estate for sale in process (including land for development of properties for lease)
*2 Includes sales of real estate for lease recorded as non-current assets in the consolidated balance sheet (recorded as extraordinary income/losses)

FIRST BROTHERS

Our loan balance tends to increase as investment progresses, as we fund lease property acquisitions with loans
In principle, we obtain long-term loans—typically with a term of around 10 years—at low interest rates, and hedge against refinancing and interest rate hike risks

Loan balance *1

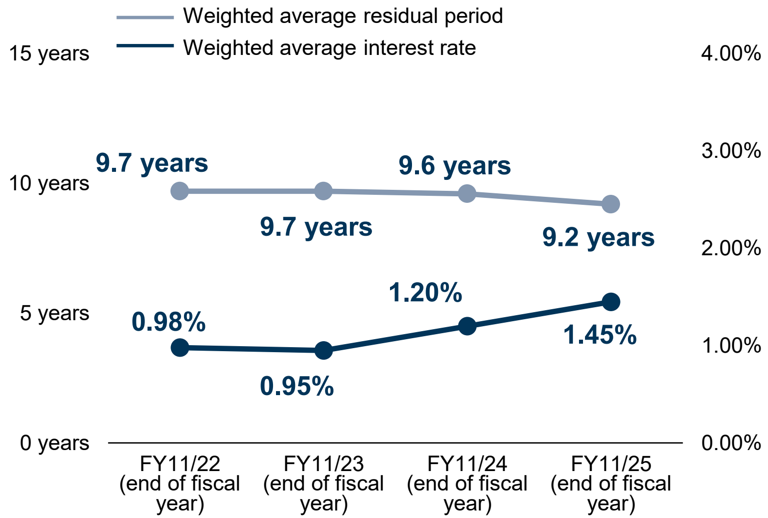


Loan type

In principle, we place priority on loan terms such as the amount, interest rate, duration, and repayment schedule. However, depending on the structure of the financing scheme, we may choose non-recourse loans.

*1 Loans to fund acquisitions of properties for lease

Weighted average residual period/ Weighted average interest rate *2



Interest rate trends

Long-term interest rates are increasing due to the end of the BOJ's negative interest rate policy.
Although benchmark rates for floating interest loans are gradually rising, the FY11/25 forecast assumes an interest rate increase of approx. 0.5% YoY.

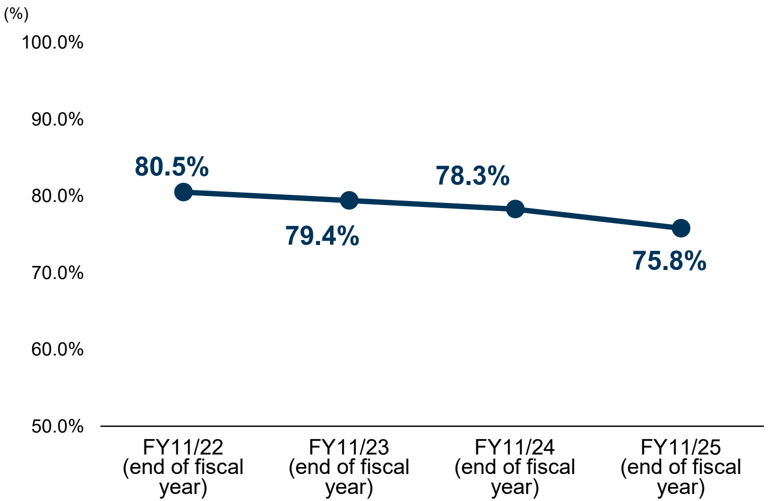
*2 Before fixing interest rates

FIRST BROTHERS

Leverage hovers around 80%, as we utilize loans with low procurement costs as much as possible to increase capital efficiency

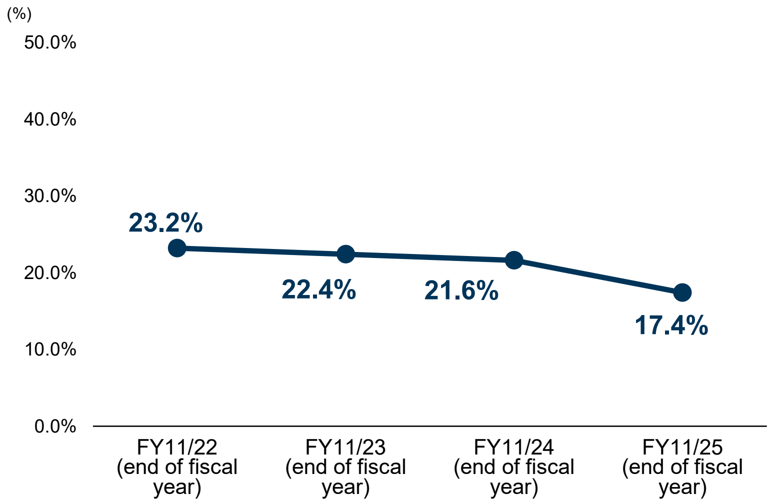
Most loans have floating interest rates, and so using interest rate swaps, we exchange some floating rates with fixed rates

Leverage*1



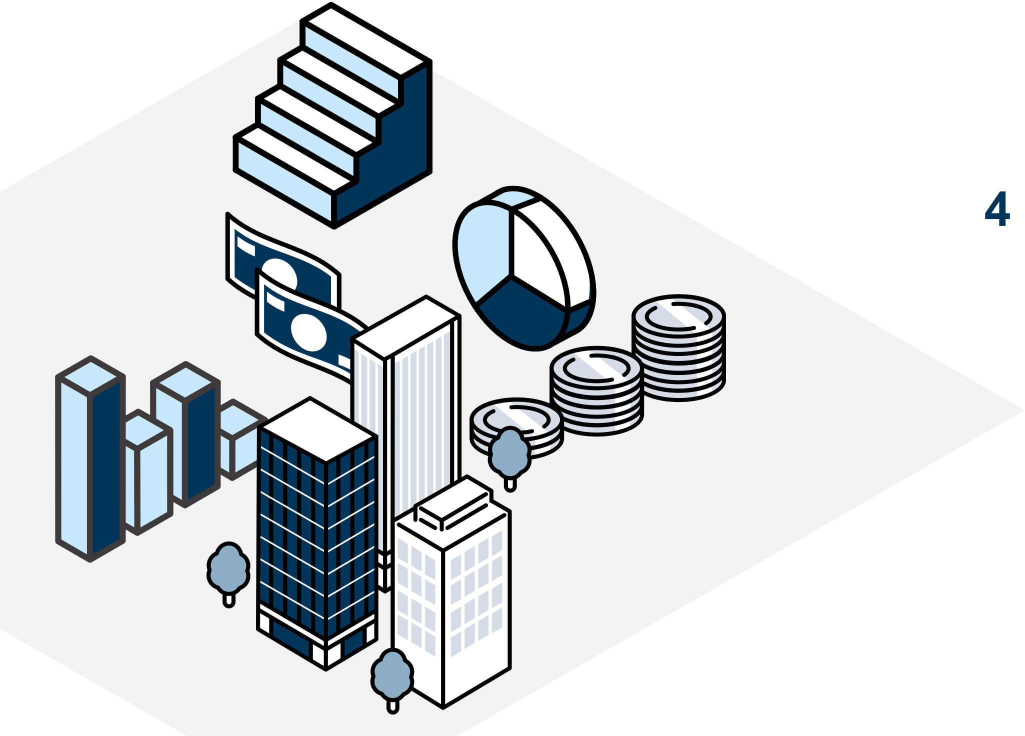
*1 Loan balance / Book value of properties for lease

% of loans with fixed interest rates



Interest rate swaps

We exchange floating interest rates with fixed rates to avert the risk of interest rate hikes.
While market value fluctuates in line with changes in the market interest rate and affects non-operating income/expenses, interest rate swaps contribute to stabilizing cash flows.



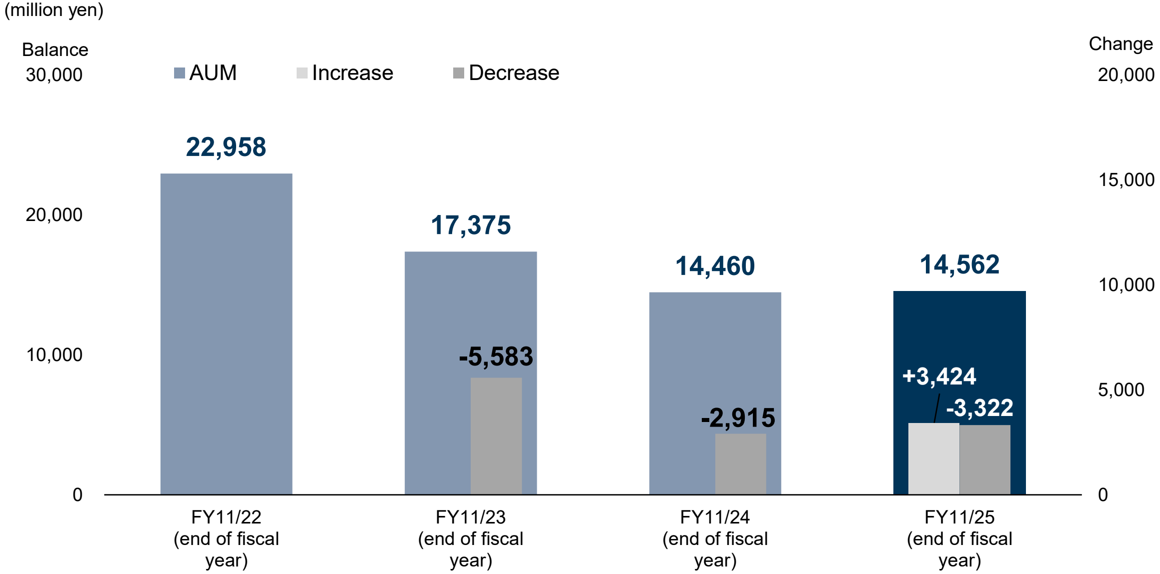
4 — Investment Management business

Real estate asset management

Investment Management

Competition surrounding large properties, the investment targets of funds arranged by the Group, remains fierce. Taking a cautious stance, we acquired no new properties
Meanwhile, we won management contracts for properties acquired by investors, primarily, as appropriate, and earned asset management fees

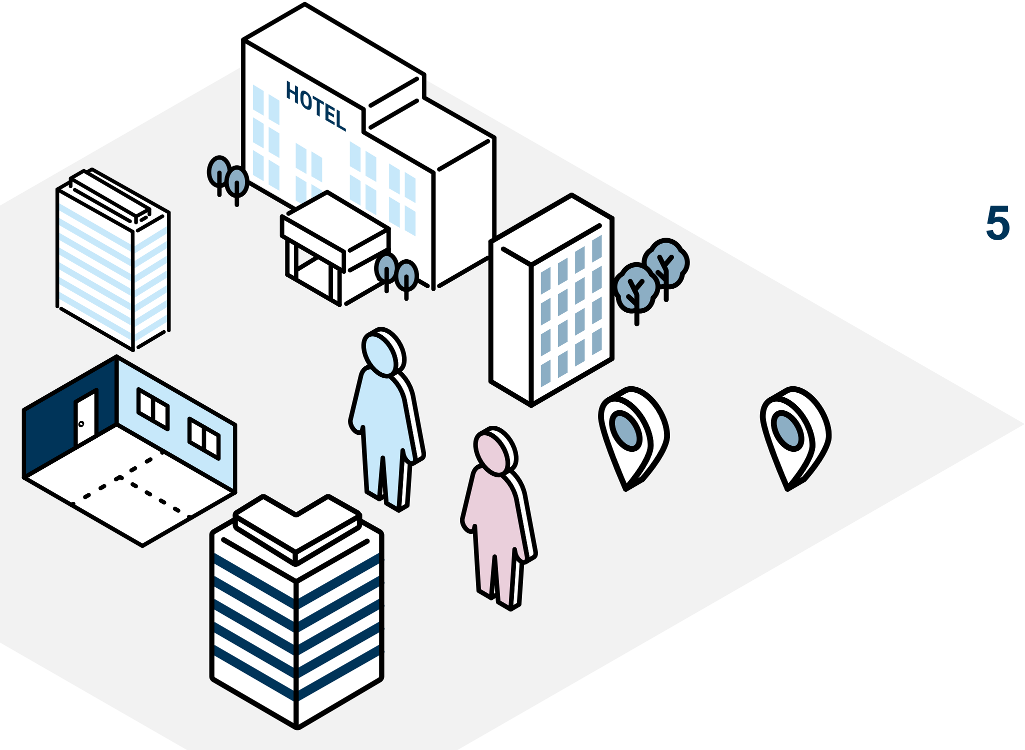
Balance of assets under management



Key takeaways

- The decline in balance was due to portfolio rotation by investors
- The balance of assets under management declined in Q3 as we recorded income from sales fees
- We will continue to consider new property acquisitions in response to requests from investors
- We are also considering to form a new fund with properties held by the Group as investment targets

Investment Management In this business, we manage the assets of institutional investors and invest in real estate, and receive commissions at the time of property acquisition and sales and during the period of property holdings

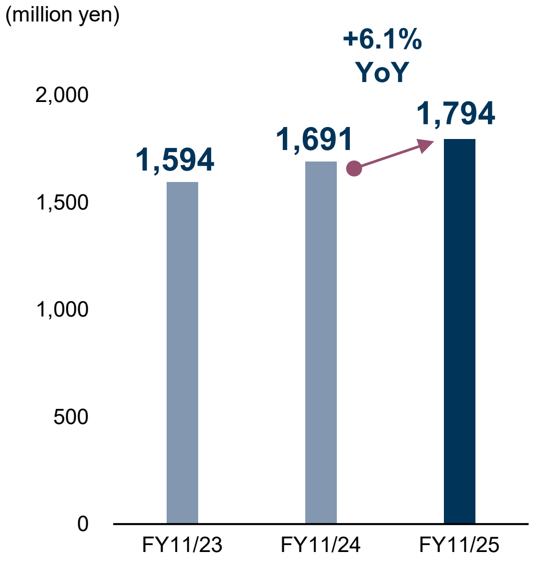


5 — Facility Operation business

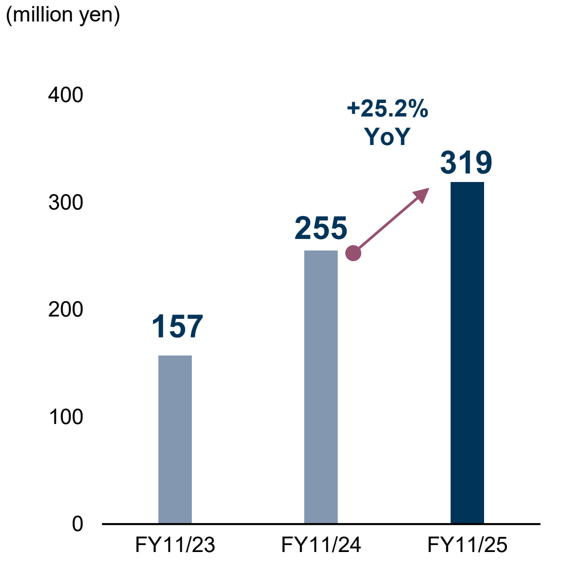
Earnings summary **Facility Operation**

Although inbound tourism-related demand declined due to reputational concerns regarding earthquake prediction in the summer, we successfully captured tourism-related demand and achieved a YoY increase in sales
However, we did not generate operating profit due to goodwill amortization and other burdens

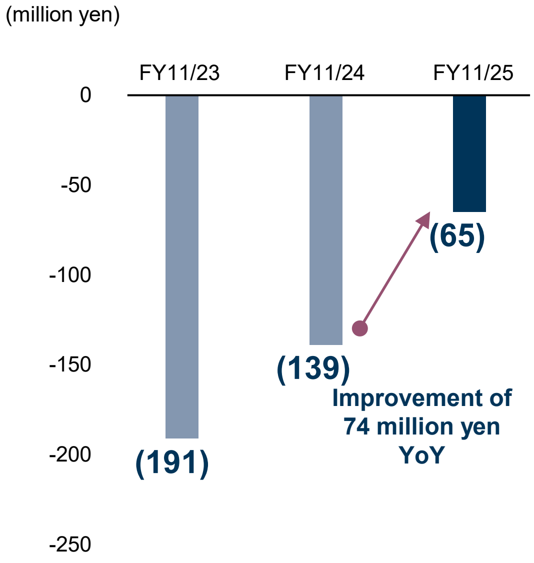
Sales



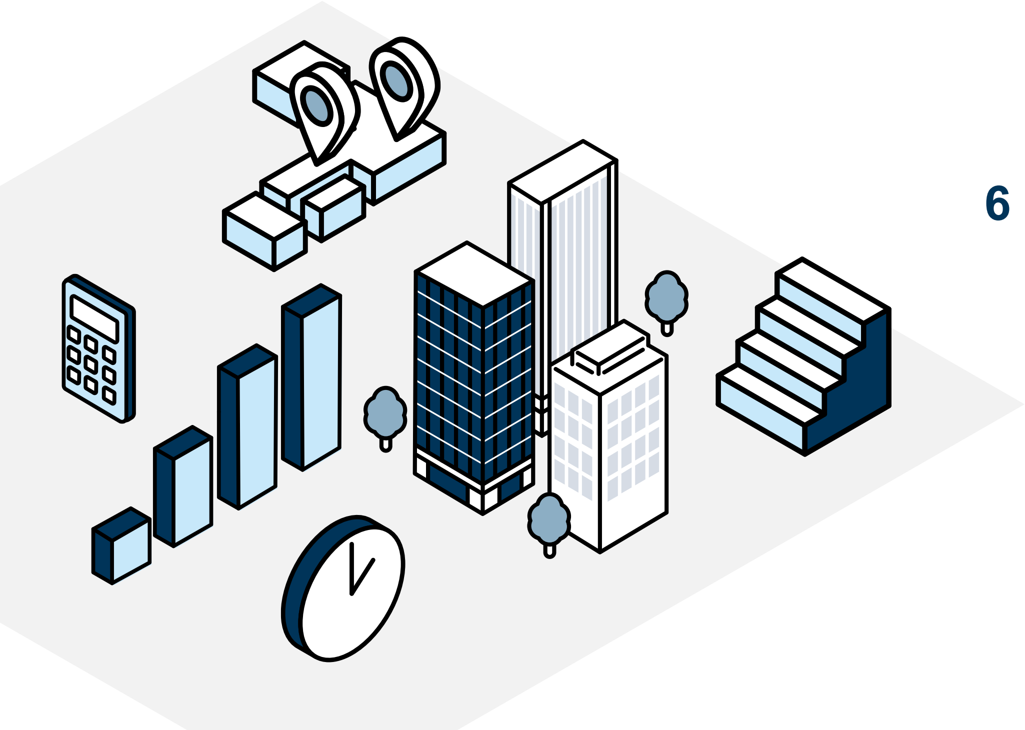
Gross profit



Operating profit



Facility Operation In this business, we operate hotels and other lodging facilities on our own. Currently, we own all facilities under operation



6 — Earnings forecast

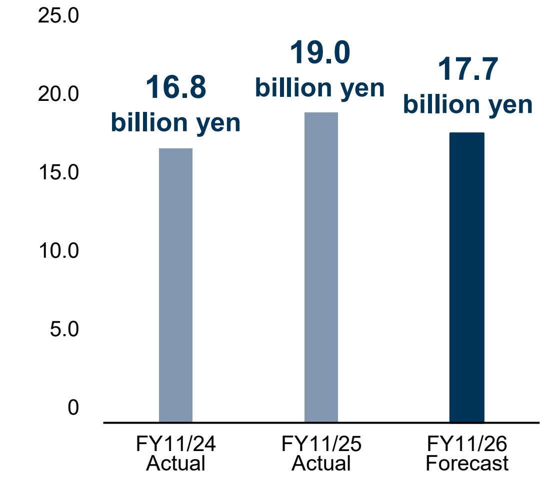
Earnings forecast **Consolidated**

FIRST BROTHERS

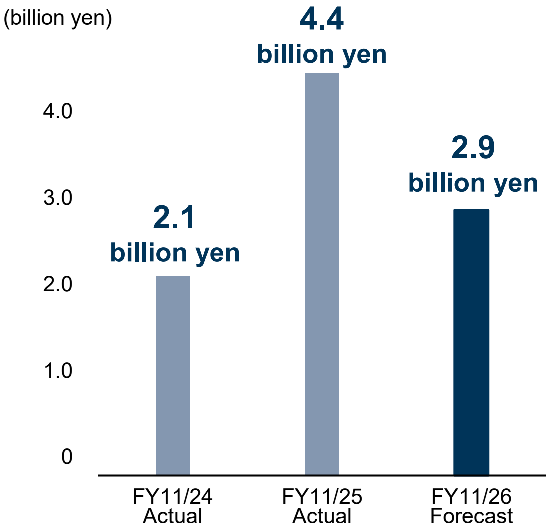
- At present, the Group's performance is characterized by a high dependence on real estate sales and significant fluctuations from period to period
- In FY11/25, we made cautious investment decisions while accounting for the rise in domestic interest rates and its impact on the funding environment. We anticipate the outlook will remain uncertain for FY11/26 as well
- We will maintain our cautious investment stance for FY11/26. Meanwhile, with regard to high-yield properties for lease, a stable earnings source, we will pursue strategically flexible investment activities—including acquisitions and sales—after fully considering the cost of capital

Net sales

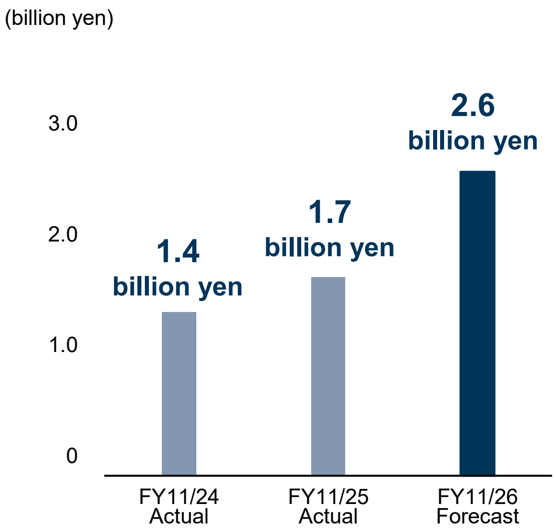
Note: In FY11/26, we expect to record gains on sale as extraordinary gains because we plan to sell a portion of real estate booked as fixed assets based on an assumption of long-term holding



Ordinary profit



Profit attributable to owners of parent



7 Awareness of share price and cost of capital

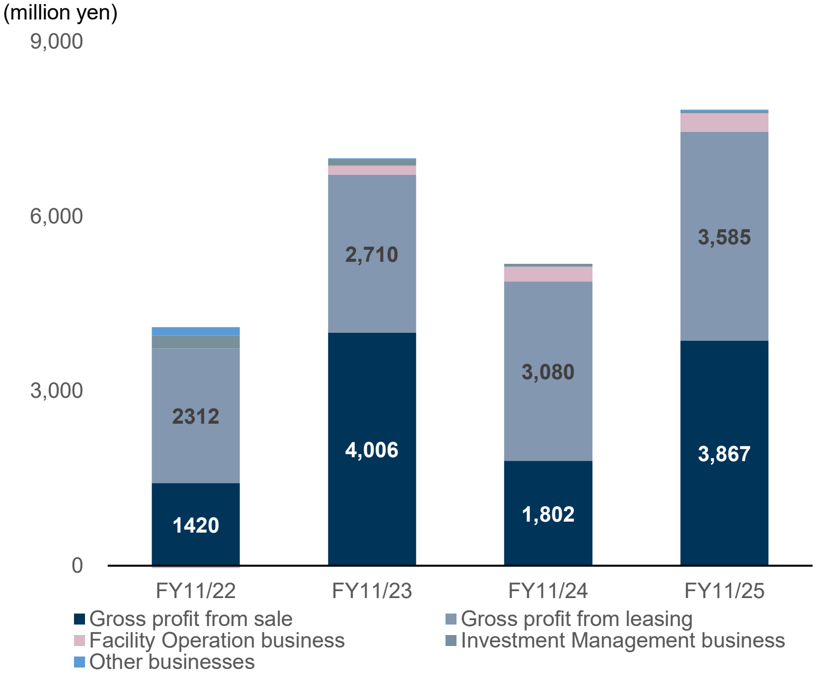
Earnings structure and valuation

FIRST BROTHERS

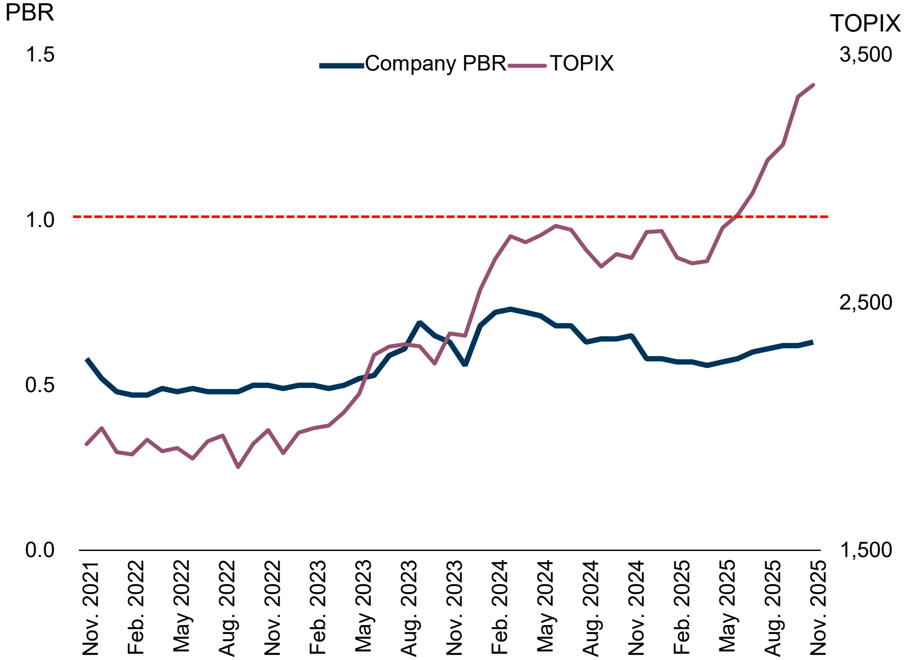
Gross profit is composed mainly of lease income and gains on sale generated by selling properties following value enhancement

While gains on sale fluctuate significantly from period to period, lease income continues to grow steadily, and we intend to further expand our holdings going forward

Gross profit by business segment



Company PBR and TOPIX



Source: Japan Exchange Group website

Current assessment and challenges

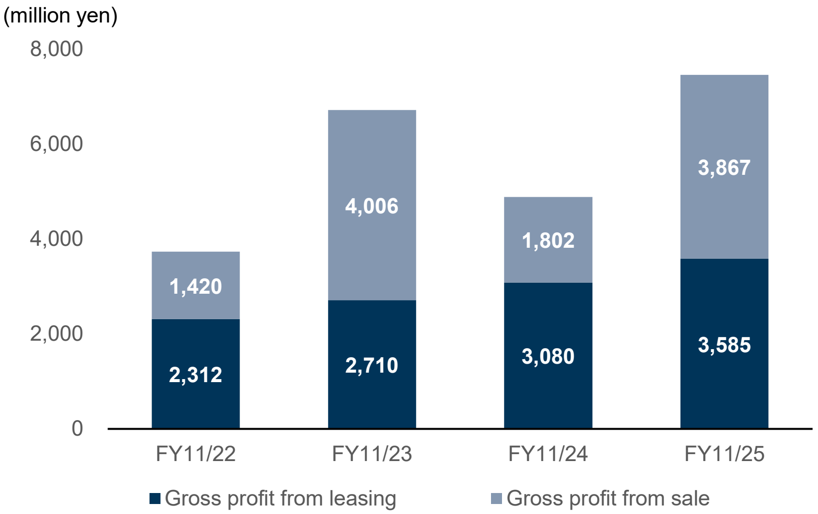
FIRST BROTHERS

We are aware a profit structure dependent on gains on sale generates sharp swings in ROE and situations in which ROE exceeds (or fails to cover) the cost of capital and recognize this type of profit structure is a major factor behind our PBR of below 1.0

Short-lived surges in earnings are not valued by the market due to concerns regarding reproducibility

Current analysis of our earnings structure and challenges recognized

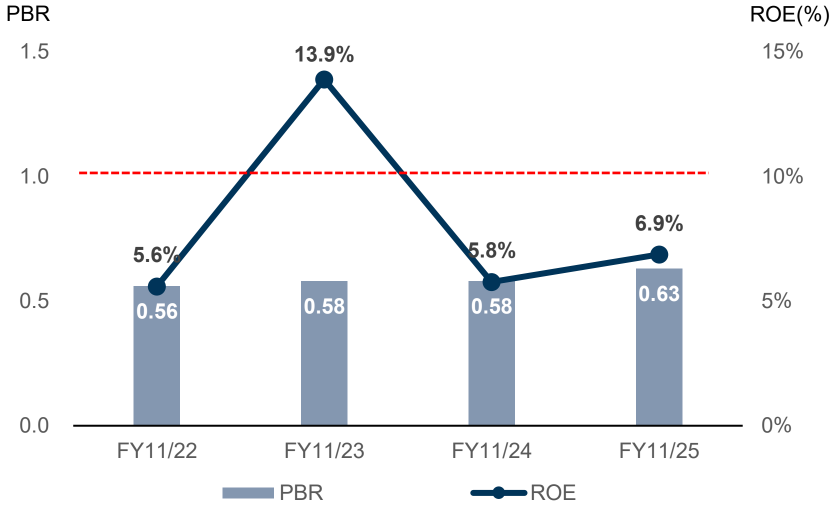
- Lease-related profit has been steadily accumulating and has become a foundation for stable growth. However, gains on the sale of real estate account for a high proportion of total profit, and this share fluctuates sharply from period to period. Accordingly, we view these circumstances as a factor behind our PBR of below 1.0



Source: Japan Exchange Group website

Analysis of cost of capital and market valuation

- We recognize our current share price (PBR of 0.63) is a discounted valuation applied in response to period-to-period volatility, as the market's expected rate of return (i.e., cost of capital) exceeds the ROE we generate

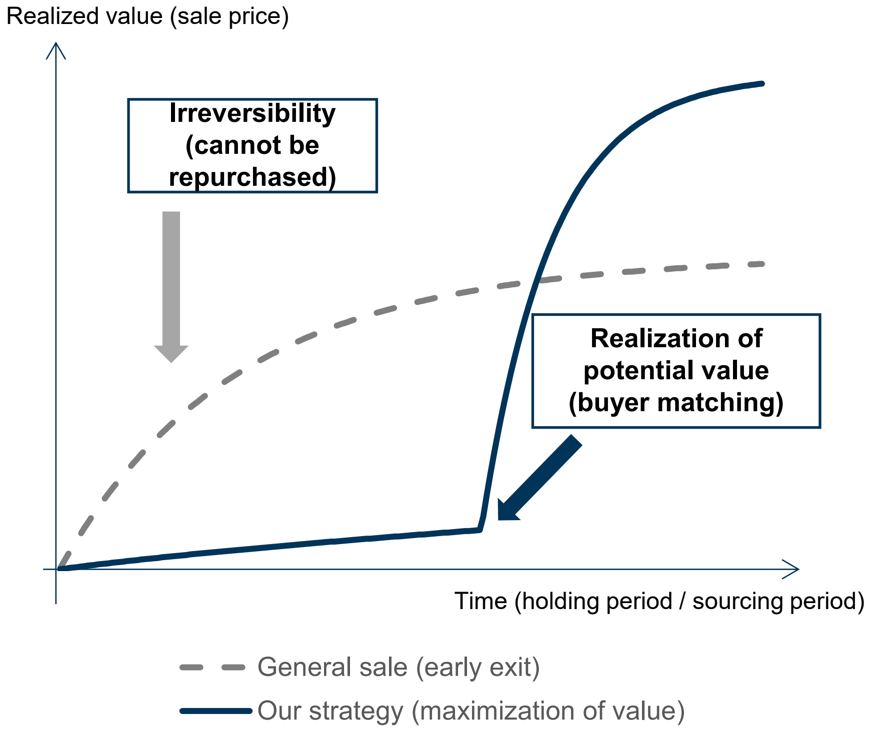


The Group's investment philosophy

FIRST BROTHERS

We aim to maximize potential value and make true value visible by finding strategically favorable matches for highly individualized real estate

→ While we believe this approach contributes to maximizing shareholder value from a medium- to long-term perspective, the concern noted on the previous page (reproducibility) cannot be fully dispelled



1. **Real estate is extremely individualized, and the better the property, the more difficult it is to reacquire under the same conditions once it has been sold; therefore, we do not hastily execute early sales**

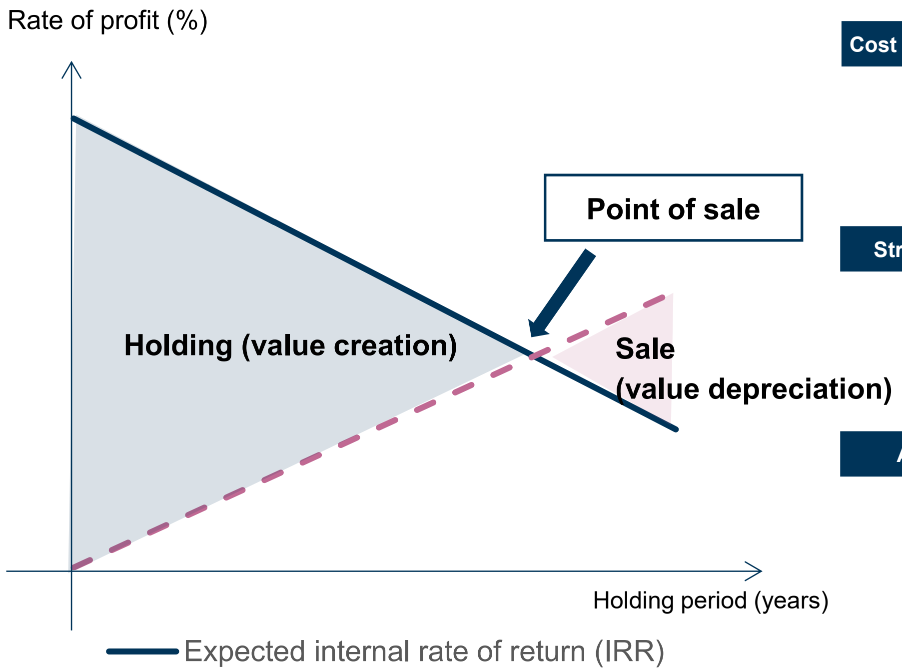
2. **For properties with high potential profit, the key to maximizing profit lies in the best match between "timing" and "buyer attributes"**

3. **Rather than simply holding an asset, by finding the buyer who can value it the most highly and selling at the optimal time, we reveal the "true value" that exceeds the book value recorded on the balance sheet**

Portfolio management with an awareness of cost of capital

FIRST BROTHERS

By assessing whether value in excess of the cost of capital is being created, we will shift toward a policy prioritizing the disposal of assets with expected returns that have fallen below that threshold. Meanwhile, we will further enhance capital efficiency by conducting even more strategically deliberate cost-conscious portfolio management



Cost awareness

A "wait to sell" decision requires awareness that the "cost of capital (the opportunity cost of shareholders' equity)" will continue to accrue over that waiting period

Strict rules

Rather than passively holding assets, we strictly monitor whether each property's "expected rate of return" exceeds its "cost of capital"

Action

With regard to assets for which we determine expected returns have fallen below cost (i.e., value creation has ended), we will immediately sell and rotate assets, regardless of whether unrealized gains exist

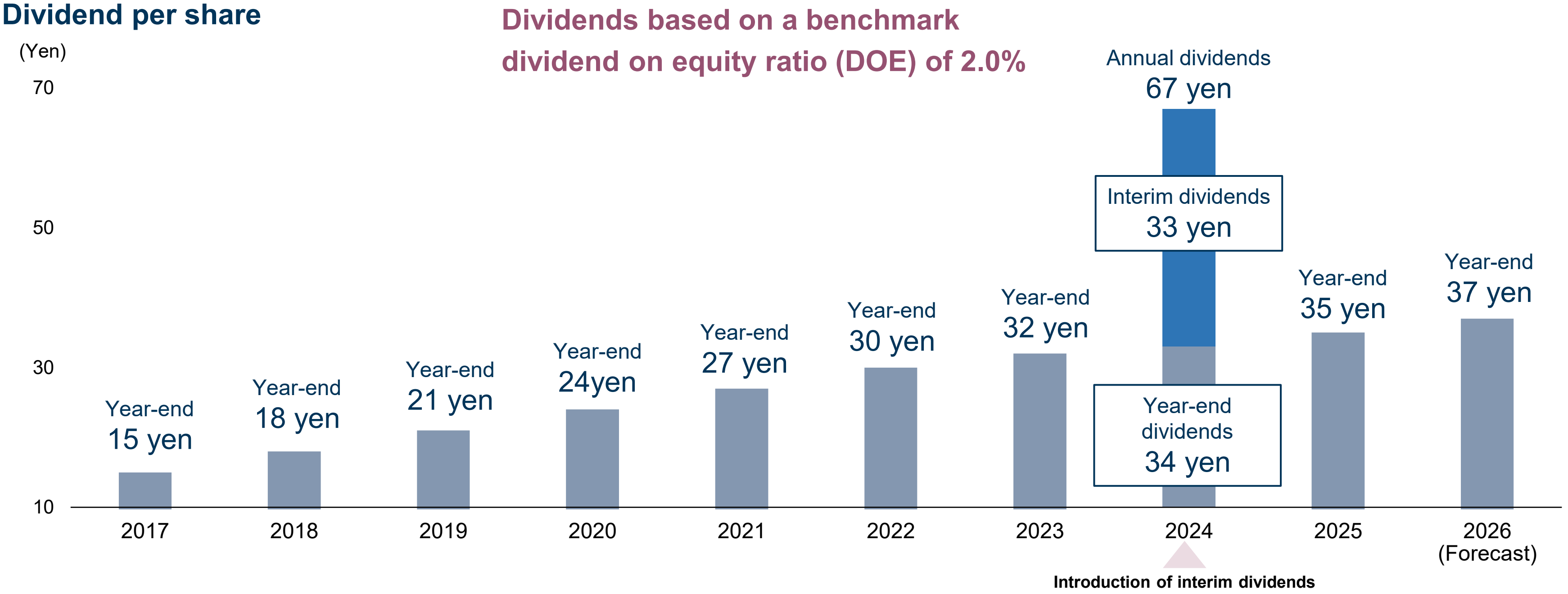
8 — Shareholder returns

Basic dividend policy

We consider returning profits to shareholders a management priority

- We pay stable dividends, primarily in the form of year-end dividends, once a year, based on a target dividend on equity ratio (DOE) of 2.0%, instead of a profit-linked payout ratio
- If profit attributable to owners of parent in the immediately preceding fiscal year exceeds 2.0 billion yen, we pay interim dividends equivalent to 40% of the profit in excess (implemented in FY11/24)
- We will continue to consider shareholder return measures that align with our performance characteristics and disclose them once determined

Dividend per share



Shareholder benefit plan

FIRST BROTHERS

We have introduced a shareholder benefit plan to thank our shareholders for their support, increase the appeal of investing in our stock, and encourage investors to hold our stock for the medium to long term

Eligible shareholders	Shareholders who are recorded in the shareholder register as of November 30 of each year and meet certain conditions
Shareholder benefits	**First Brothers Premium Benefits Club** The plan extends shareholder benefit points to shareholders commensurate with the quantity and duration of their holdings. Shareholders can exchange their points for Amazon gift certificates, food products, electrical appliances, and various opportunities for travel and personal experiences through a dedicated site

Shareholders with shares held continuously for at least one year*

No. of shares held	Benefits
At least 500 shares	5,000 points
At least 600 shares	6,000 points
At least 700 shares	7,000 points
to	Additional 1,000 points for each additional 100 shares
At least 5,000 shares	50,000 points

Shareholders with shares held for less than one year

No. of shares held	Benefits
At least 3,000 shares	5,000 points
At least 3,100 shares	6,000 points
At least 3,200 shares	7,000 points
to	Additional 1,000 points for each additional 100 shares
At least 5,000 shares	25,000 points

* Recorded in the shareholder register at least three consecutive times under the same shareholder number each year on May 31 and November 30.

amazon gift card

Notes: For inquiries regarding products for which benefit points can be redeemed, please contact First Brothers Premium Benefits Club (TEL: 0120-980-965).
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9 — Appendix

Consolidated balance sheet

FIRST BROTHERS

(million yen)	End FY11/23	End FY11/24	End FY11/25	Change
Total current assets	63,621	58,651	59,329	+677
Cash and deposits	7,531	4,817	6,830	+2,013
Deposits in trust	1,204	1,242	1,096	-146
Real estate for sale	50,184	47,366	46,304	-1,061
Real estate for sale in process	3,268	3,327	3,423	+95
Other	1,431	1,897	1,673	-223
Total non-current assets	26,319	30,490	30,503	+13
Total assets	89,940	89,141	89,832	+691
Total liabilities	65,512	64,234	63,580	-654
Total current liabilities	8,437	5,747	6,188	+441
Short-term borrowings	91	71	343	+272
Current portion of long-term borrowings	5,128	3,462	2,536	-926
Current portion of long-term non-recourse loans payable	23	0	0	±0
Other	3,194	2,213	3,308	+1,095
Total non-current liabilities	57,075	58,487	57,391	-1,095
Long-term borrowings	50,252	53,154	53,604	+449
Long-term non-recourse loans payable	2,958	1,486	0	-1,486
Other	3,864	3,846	3,787	-58
Total net assets	24,427	24,907	26,252	+1,345
Total shareholders' equity	24,235	24,740	26,013	+1,272
Other	192	166	239	+72
Total liabilities and net assets	89,940	89,141	89,832	+691
Net D/E ratio*1	1.93	2.05	1.87	-0.18pt

*1 Net D/E ratio = (Interest-bearing debt excluding non-recourse loans – [cash and deposits + deposits in trust]) / Shareholders' equity

Comments

- In FY11/25, borrowings decreased thanks to property sales
- Because property sales outpaced acquisitions, real estate for sale also decreased compared to end-FY11/24

Key takeaways

- We generally employ leverage to the fullest when undertaking investment, so our loan ratio tends to rise as investment proceeds
- To keep risk in check, we principally utilize long-term borrowings while closely monitoring cash flows by individual property

Consolidated income statement

FIRST BROTHERS

Consolidated income statement (summary)

(million yen)	End FY11/23	End FY11/24	End FY11/25	Change
Net sales	22,268	16,865	19,063	+13.0%
Gross profit	6,980	5,104	7,833	+53.5%
Selling, general and administrative expenses	2,519	2,266	2,538	+12.0%
Operating profit	4,461	2,838	5,295	+86.6%
Ordinary profit	3,837	2,193	4,433	+102.1%
Profit attributable to owners of parent	3,186	1,416	1,749	+23.5%

Gross profit breakdown

(million yen)	End FY11/23	End FY11/24	End FY11/25	Change
Investment Management business	115	51	39	-23.3%
Investment Banking business	6,698	4,798	7,449	+55.3%
Gross profit from sale	4,006	1,802	3,867	+114.6%
Gross profit from leasing	2,710	3,080	3,585	+16.4%
Other	-18	-84	-3	N/A
Facility Operation business	157	255	319	+25.2%
Other business	9	0	25	N/A
Total gross profit	6,980	5,104	7,833	+53.5%

Selling, general and administrative expenses breakdown

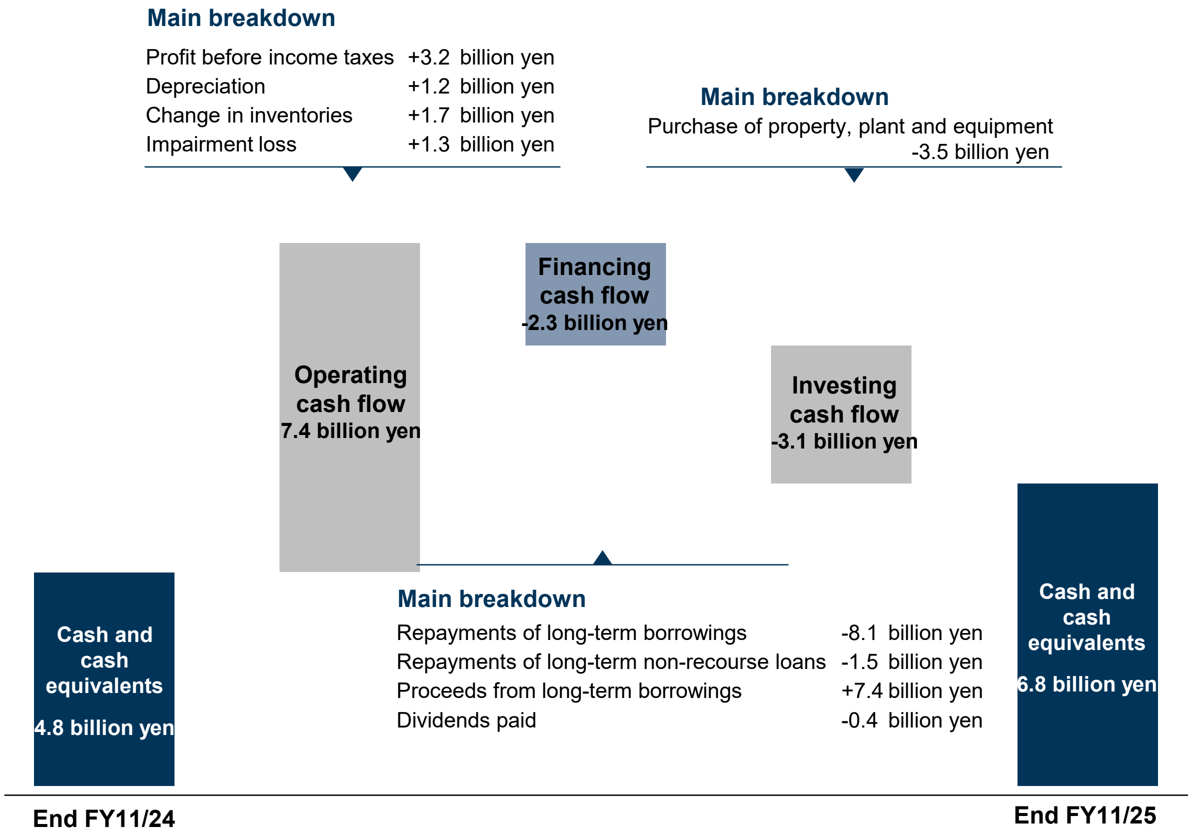
(million yen)	End FY11/23	End FY11/24	End FY11/25	Change
Personnel expenses	1,264	1,064	1,054	-0.9%
Rent	173	172	172	-0.1%
Commission expenses / remuneration	359	310	342	+10.3%
Taxes and dues	153	49	55	+12.9%
Amortization of goodwill	115	115	152	+31.3%
Other	452	554	761	+37.2%
Total selling, general and administrative expenses	2,519	2,266	2,538	+12.0%

Comments

- Gross profit increased 53.5% YoY thanks in part to proceeds from property sales, lease income, and growth in Facility Operation business sales
- Due to an impairment loss related to a subsidiary in the Facility Operation business, we recorded an extraordinary loss, and profit attributable to owners of parent increased only 23.5% YoY
- Due to a reassessment of tax effect accounting associated with the impairment loss, results came in above our revised earnings forecast

Cash flow statement

FIRST BROTHERS



Comments

- **Acquired prime real estate utilizing borrowings**
- **In FY11/25, property sales outpaced acquisitions, and operating cash flow was significantly positive**
- **Cash and cash equivalents up 2.0 billion yen from end-FY11/24**

Key takeaways

For the Company, real estate for lease is an operating asset that generates income, but most of it is recorded as “real estate for sale (inventories)” for accounting purposes. Hence, when acquisitions precede sales, operating cash flow tends to be negative

About us

FIRST BROTHERS

Company overview

Company name	First Brothers Co., Ltd.
Stock code	3454 (TSE Standard Market)
Established	February 4, 2004
Address	Marunouchi Bldg., 25th Fl., 2-4-1 Marunouchi, Chiyoda-ku, Tokyo
Capital	100,000,000 yen
Number of staff	185 (as of November 30, 2025; consolidated group basis)
Major subsidiaries	First Brothers Capital Co., Ltd. First Brothers Asset Management Co., Ltd. First Brothers Development Co., Ltd. Higashinihon Fudosan Co., Ltd. From First Hotels Co., Ltd.

Group's major businesses

Ownership and management of real estate for lease

Own and manage properties for lease expected to generate stable earnings over the medium to long term

Real estate asset management

Manage assets of institutional investors and invest in relatively large properties valued at several tens of billions of yen

Renewable energy

Develop and operate renewable energy, centered on geothermal power generation

Facility Operation (hospitality services)

Operate lodging facilities on our own

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