



F I R S T B R O T H E R S

3Q FY11/26
Financial Earnings Summary

October 9, 2026

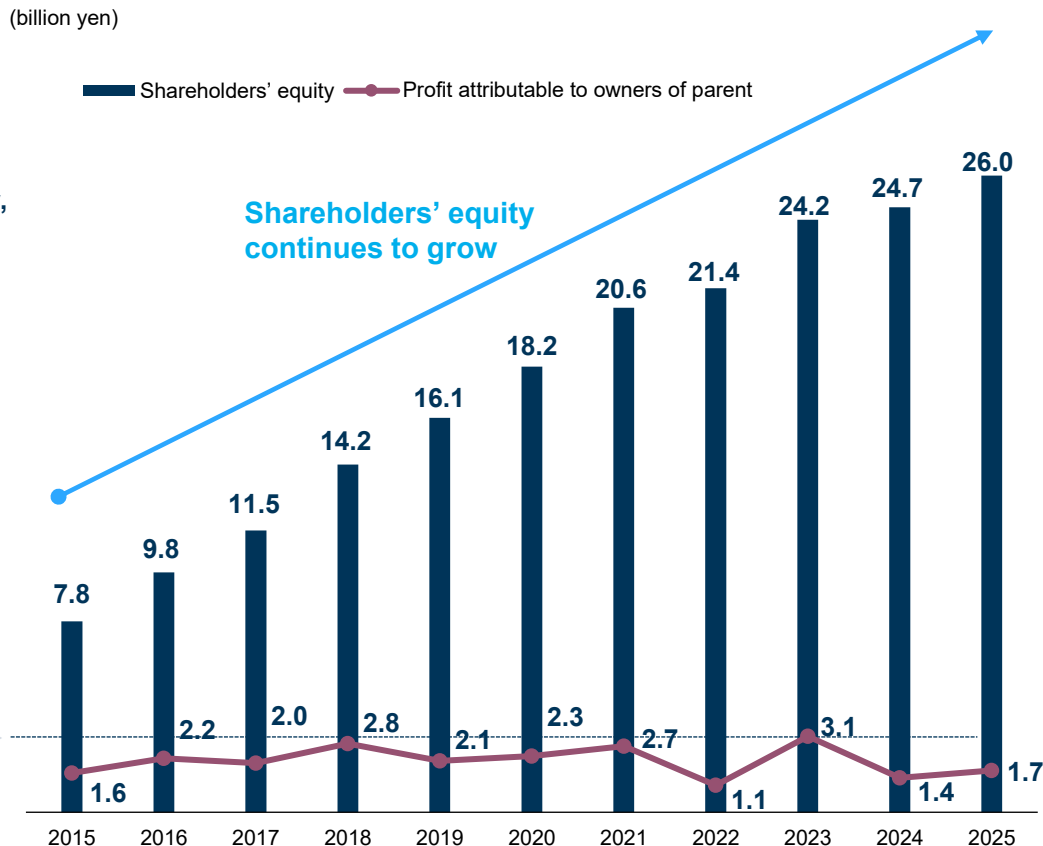
First Brothers Co., Ltd.

(Tokyo Stock Exchange Standard Market: 3454)

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)



The Shareholder Return Policy and Business Direction with Due Consideration for Share Price and Cost of Equity, disclosed together with Q2 FY11/26 results, remains under consideration by the Board of Directors. We plan to disclose the results of these deliberations during November 2026



FIRST BROTHERS

Shareholder Return Policy and Business Direction with Due Consideration for Share Price and Cost of Equity

Date disclosed: July 10, 2026
Published on the Company website

Disclosure timeline

- July 2026: Disclosed our business model, shareholder return framework, and business direction
- October 2026 (Q3 results announcement): Continuing deliberations at the Board of Directors
- During November 2026: Plan to make additional disclosure of the results of these deliberations

Our business model

Increasing value and realizing profits on the foundation of stable lease income

Through proprietary investments funded with our own capital, our shareholders' equity has increased from 7.8 billion yen to 26.0 billion yen over the past 10 years (CAGR: 12.8%). Unrealized gains on our real estate holdings stood at 16.3 billion yen as of end-Q3. We have remained profitable every year since our listing, with our business supported by a two-tier earnings structure comprising stable lease income (income base) and disciplined gains on property sales

New shareholder return policy

Raising the minimum dividend level to establish a framework for steady dividend growth

We are considering, as a first step, raising the minimum DOE from the current 2.0%. We are also considering a review of our non-standard interim dividend policy to make dividends more predictable, as well as revisions to the upper limit and long-term holding requirements for our shareholder benefit program, with the aim of improving share liquidity while maintaining an attractive total shareholder yield

Business direction

Assessing the cost of equity as a range to support disciplined investment decisions

We assess our cost of equity as a range based on CAPM (approx. 7–9%) together with other metrics, such as the earnings yield, and incorporate this range into the hurdle rates used for investment decisions. By disposing of assets that fail to meet our cost of equity and improving balance sheet efficiency, we aim to bring consolidated ROE in line with the earnings power of our stable income base

We provide information to a broad range of investors through transcripts of our earnings presentations and research and analysis reports prepared by a third party

logmi Finance (earnings presentations)

Full transcripts of our earnings presentations



A service that publishes full transcripts of earnings presentations
Transcripts are published twice a year, after the Q2 and full-year results announcements. They supplement information that can be hard to convey through the PDF presentation alone, helping us deliver our results to a broad range of investors, from individual investors to institutional investors in Japan and overseas

logmi Finance | First Brothers Earnings Presentation

<https://finance.logmi.jp/companies/>

Shared Research (reports)

Analyst reports based on third-party research and analysis



These reports are prepared by Shared Research Inc., which conducts research on and analyzes the Company from a third-party perspective. Investors may use them as a reference when making investment decisions

Shared Research | First Brothers (Stock code: 3454)

<https://sharedresearch.jp/en/companies/>

- We recorded gains on sale of properties in Investment Banking, and all profit categories increased significantly YoY
- While lease income declined, profit attributable to owners of parent made solid progress toward the full-year forecast, supported by progress in property sales

Consolidated results

Gross profit 4,764 million yen +38.5% YoY ↑	Operating profit 2,939 million yen +86.3% YoY ↑	Ordinary profit 2,308 million yen +149.5% YoY ↑	Profit attributable to owners of parent 2,554 million yen +287.2% YoY ↑
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Investment Management

While gross profit declined YoY due to the absence of income from sales fees recorded in FY11/25, progress was in line with expectations

Gross profit
11 million yen
-68.4% YoY ↓

Investment Banking

Gross profit from real estate leasing declined YoY due to the absence of lease income from properties sold in FY11/25. However, property sales converted unrealized gains into realized gains on sale, contributing to a substantial increase in overall profit

Unrealized gains in real estate
16,311 million yen
-1,449 million yen
versus end-FY11/25 ↓

Gross profit from real estate leasing
2,259 million yen
-14.6% YoY ↓

Facility Operation

Sales declined due to the sale of some facilities, but profit increased on robust accommodation demand

Gross profit
251 million yen
+0.8% YoY ↑

Highlights: Acquisition through business succession (Sawaracity to become a consolidated subsidiary)

Decided to acquire all shares of Sawaracity Co., Ltd., operator of the Sawaracity shopping mall in Katori, Chiba Prefecture

Leveraging the Group's know-how and capital strength to realize the potential value of a facility nearing 30 years of operation

Company and facility overview

Company name	Sawaracity Co., Ltd.
Location	1236 Sawara Ho, Katori, Chiba
Business	Real estate leasing (commercial facility operation)
Established	October 1978 (operations commenced in 1996)
Capital	50 million yen
Ownership acquired	100% (54,200 shares, all issued shares)
Main tenants	Taiyo (food supermarket), Matsumotokiyoshi, Daiso, Paseos, Fujiya, Aji-no-Mingei, etc.
Date of agreement	September 30, 2026 (executed)
Share transfer date	October 30, 2026 (scheduled)

Background

Since opening in 1996, the facility has served as a commercial hub supporting the daily lives of the local community. Several commercial facilities are clustered around it, forming a commercial area expected to attract customers from both inside and outside Katori. When Sawaracity's shareholder indicated an intention to transfer the shares, we decided to acquire 100% of Sawaracity's shares

Post-acquisition initiatives

Approximately 30 years have passed since the facility commenced operations, and investment in planned repairs and upgrades is becoming increasingly important. We will leverage the Group's expertise and know-how in commercial real estate operations, as well as its capital strength, to make capital investments and optimize operations

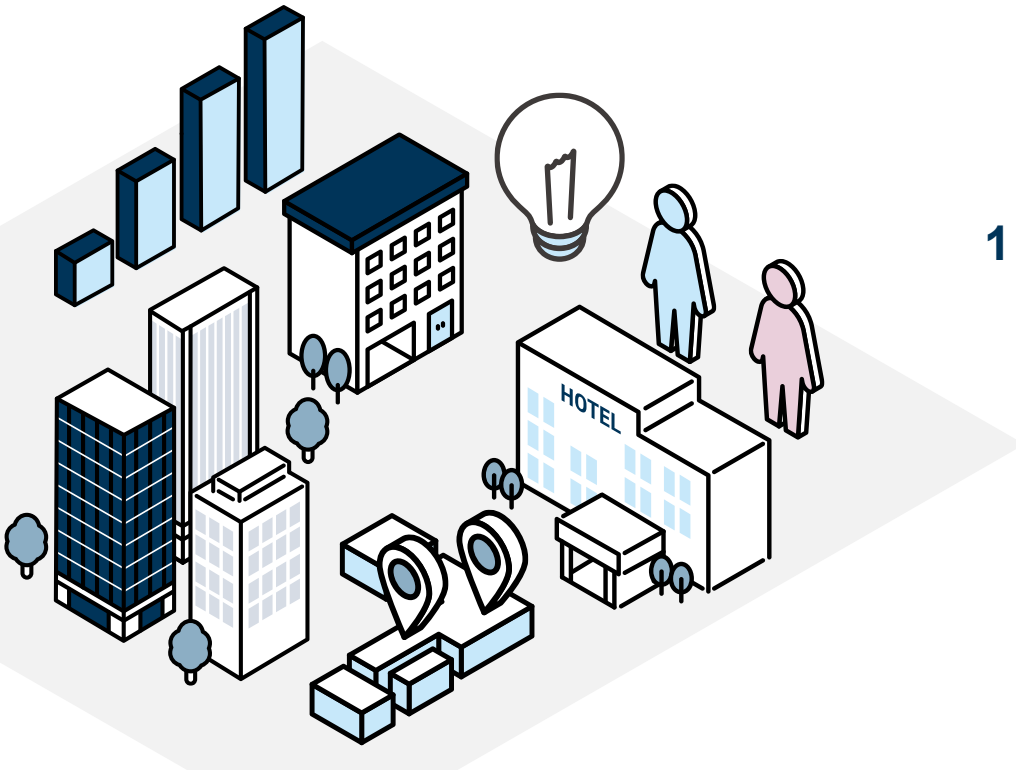
Significance of the acquisition

We will seek to both maintain living infrastructure essential to the local community and expand earnings opportunities by realizing the facility's potential value. This investment puts into practice our management based on Creating Shared Value (CSV)—solving social issues while simultaneously generating economic value

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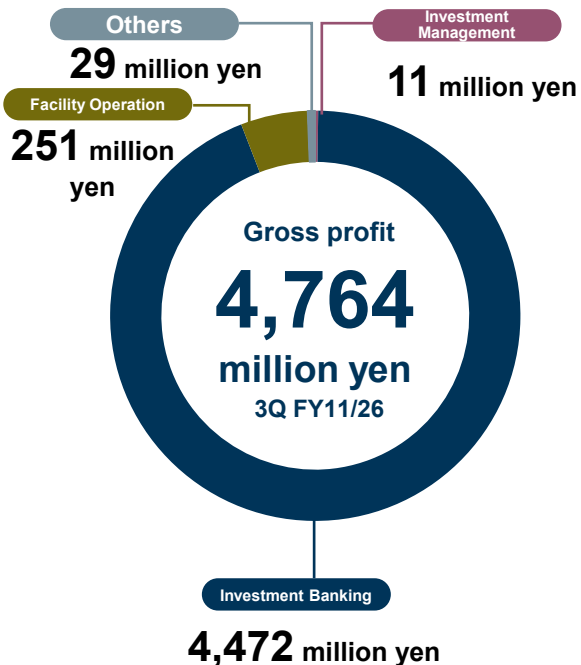




1 — First Brothers' business

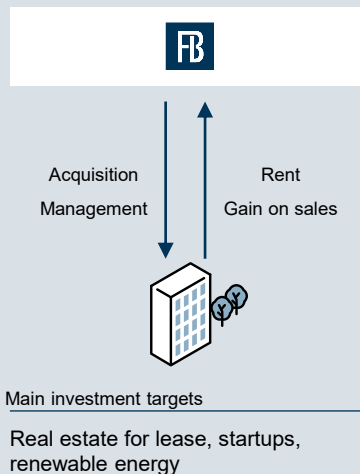
Leveraging our proprietary investment as a central foundation, we operate three businesses that draw on the strengths characterizing First Brothers

The Investment Banking business, a principal investment business, is a core earnings pillar



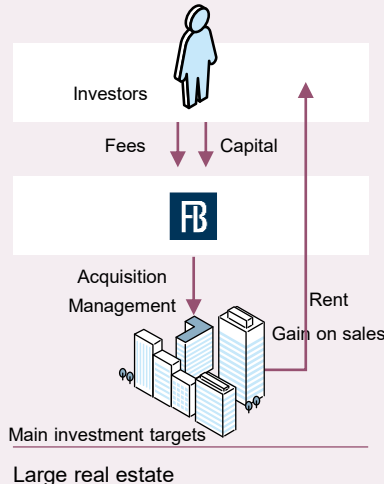
Investment Banking

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



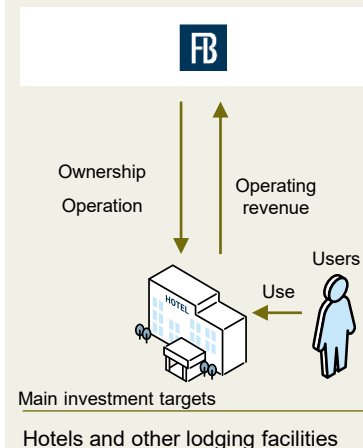
Investment Management

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

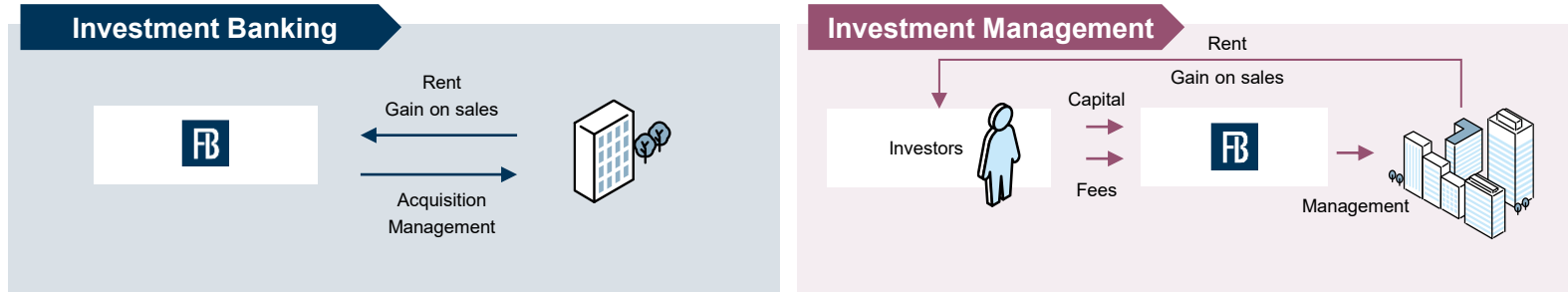


Facility Operation

We operate hotels and other lodging facilities on our own



In Investment Banking, we invest directly in real estate using our own capital (including borrowings) and act as the property owner. Meanwhile, in Investment Management (fund business), we generate fee income by managing assets on behalf of investors



Funds	Own funds (including borrowings)	Investment by institutional investors
Targets	Small and mid-sized properties priced at or under 5.0 billion yen	Large properties priced over 10.0 billion yen
Characteristics	High market liquidity and transaction volume provide a range of attractive investment opportunities	Lower transaction volume than for small and mid-sized properties, with particularly intense competition for high-quality assets
Market environment	● Signs of overheating in central Tokyo continue to weigh on yields ● Lending standards among financial institutions have remained broadly unchanged ● Exercising caution toward low-yield properties in a rising interest rate environment	● The J-REIT market continues to expand, with further growth expected following the approval of data centers as eligible investment assets ● Overseas investors continue to show strong interest in Japanese real estate, which remains relatively inexpensive ● Due to concerns about market overheating, we are not currently forming new funds

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

Real estate investment

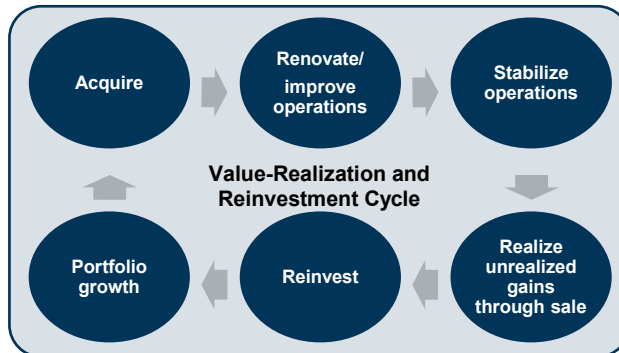
- Acquisition and ownership of real estate for lease
- Improvement of assets (through renovations) and operations / new development
- Realization of unrealized gains through property sales→Reinvestment



Other investment

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

Securing stable earnings × Portfolio growth



Expand foundation for stable earnings

Maximize medium- to long-term profit

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

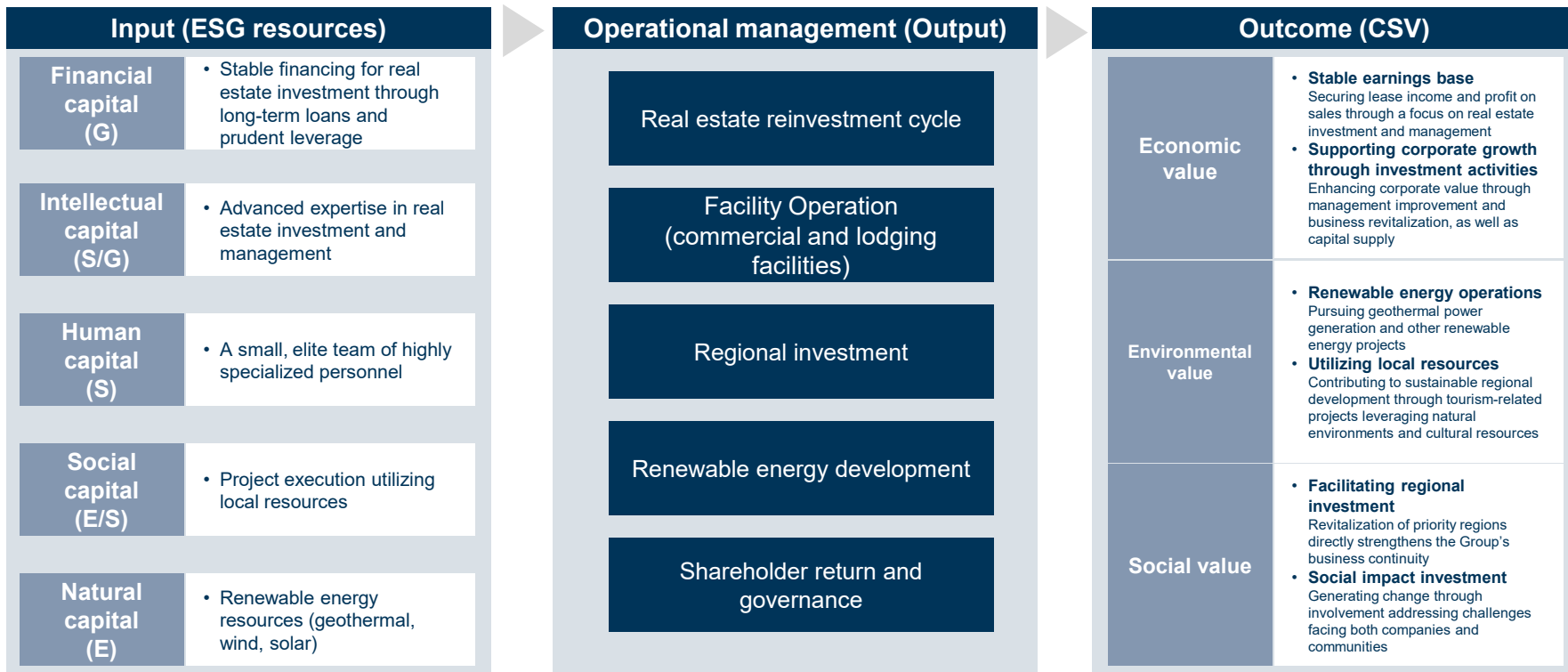


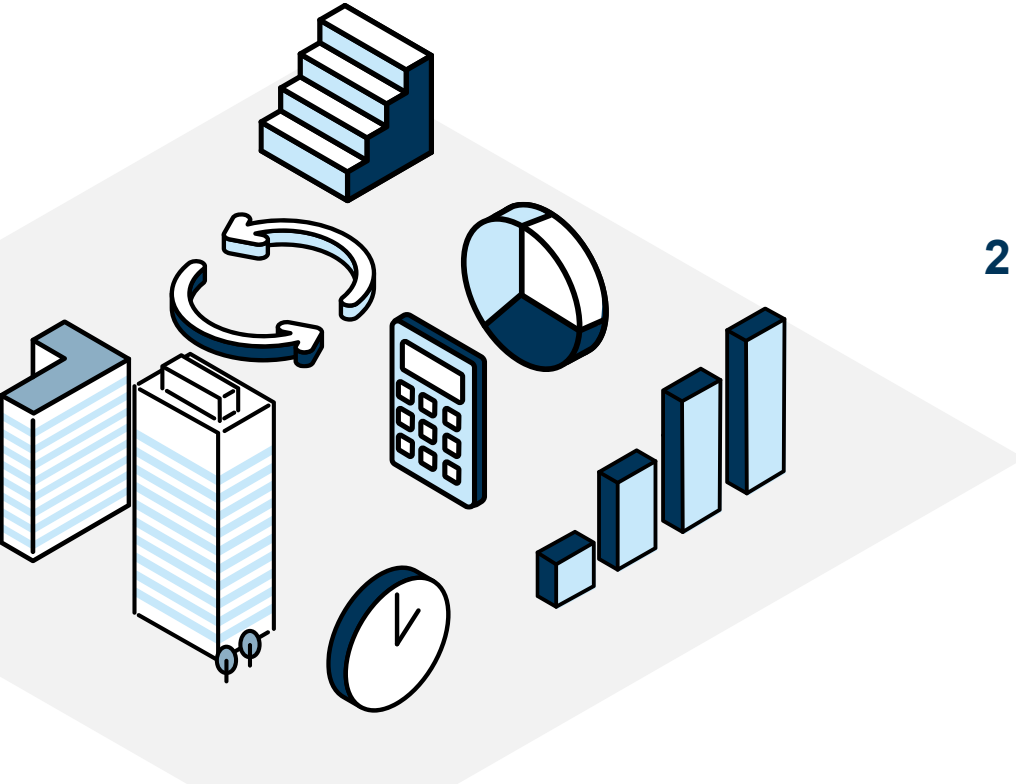
**High-yield
property
hotspots**

**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

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





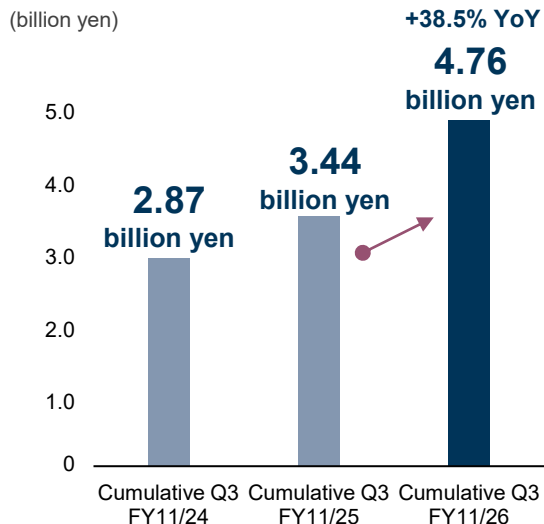
2 — Earnings highlights

In Q3, all profit categories increased significantly, driven by gains on the sale of properties in the Investment Banking business and gains on the sale of non-current assets

Gross profit increased 38.5% YoY, and ordinary profit surged 149.5% YoY

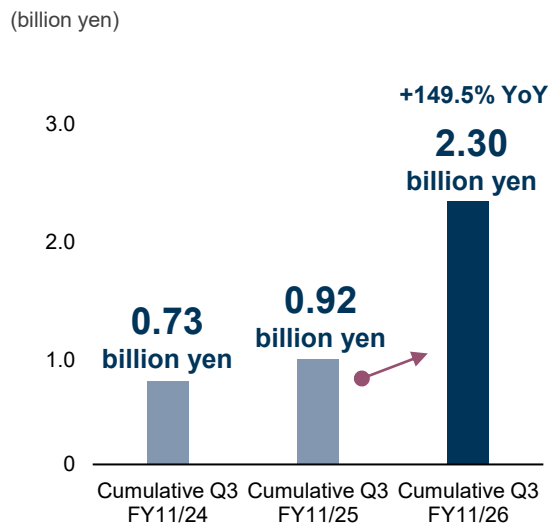
Gross profit

Increased 38.5% YoY, driven by higher gains on the sale of properties in the Investment Banking business



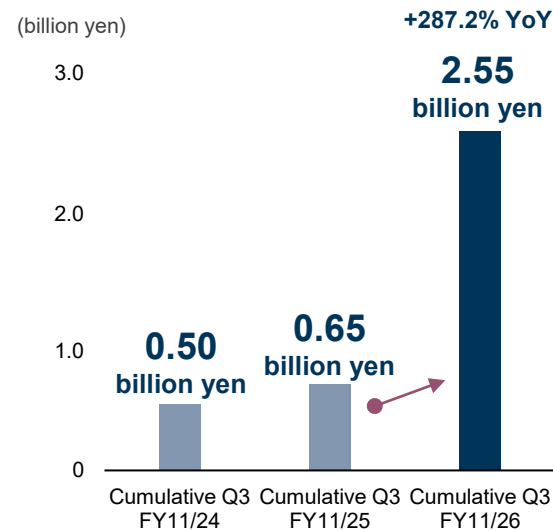
Ordinary profit

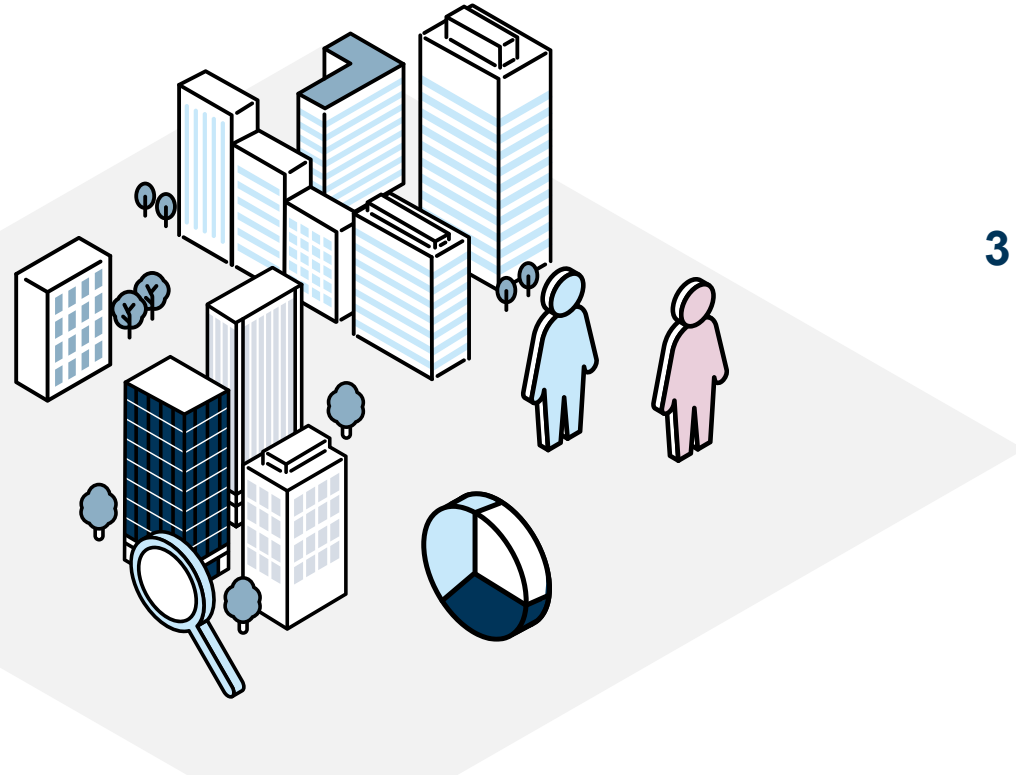
Increased 149.5% YoY, supported by higher operating profit, despite higher interest expenses due to rising interest rates



Profit attributable to owners of parent

Increased 287.2% YoY, reflecting the recognition of extraordinary gains on the sale of real estate (non-current assets) in Q2 and Q3





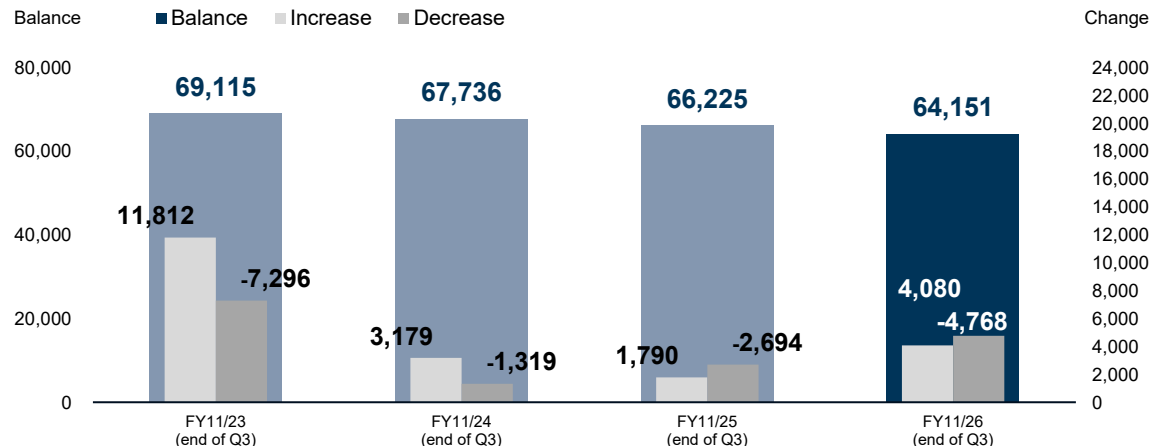
3 — Investment Banking business

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

Despite a decline in the balance due to aggressive property sales, the number of properties increased from 89 at end-FY11/25 to 91

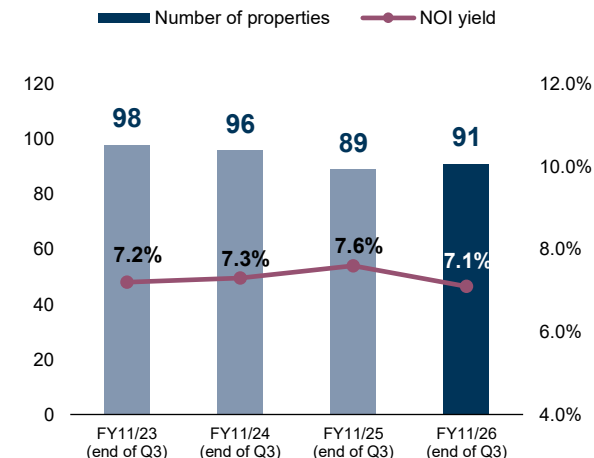
Balance of properties for lease

(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



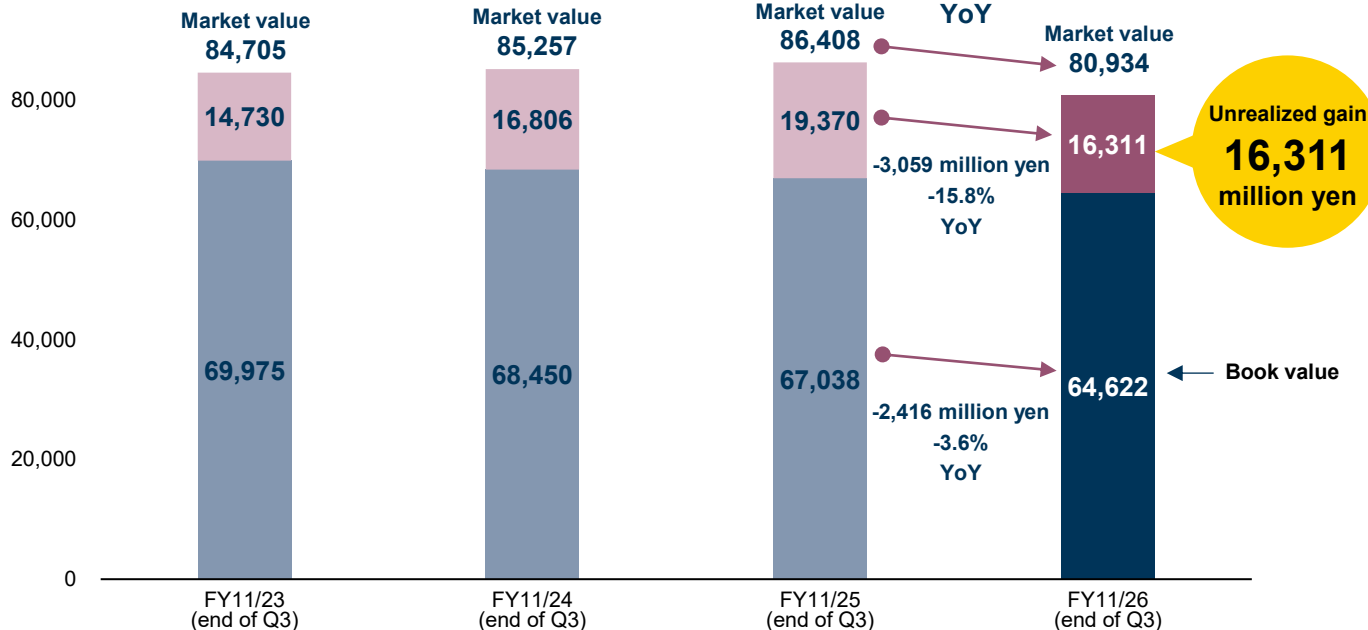
Note: NOI yield is the assumed APR for stable operation (cash flow-based net income / acquisition price)

In FY11/26, unrealized gains declined due to the sale of properties with substantial unrealized gains; however, unrealized gains remained high at 16.3 billion yen

Unrealized gains are realized upon sale, contributing to future earnings and serving as a source of reinvestment funds

(million yen)

100,000



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 (current assets)

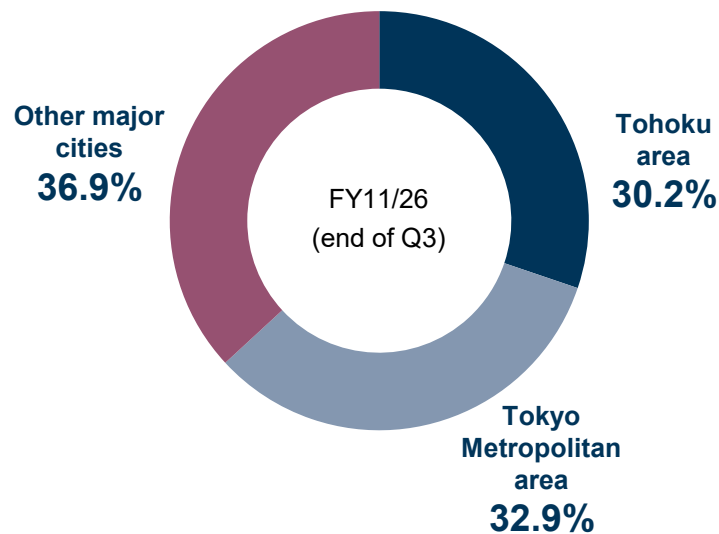
<High-yield properties>
Recorded as non-current assets as they are intended for long-term holding

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 flexibly rotate the portfolio in response to changes in the market environment

By location

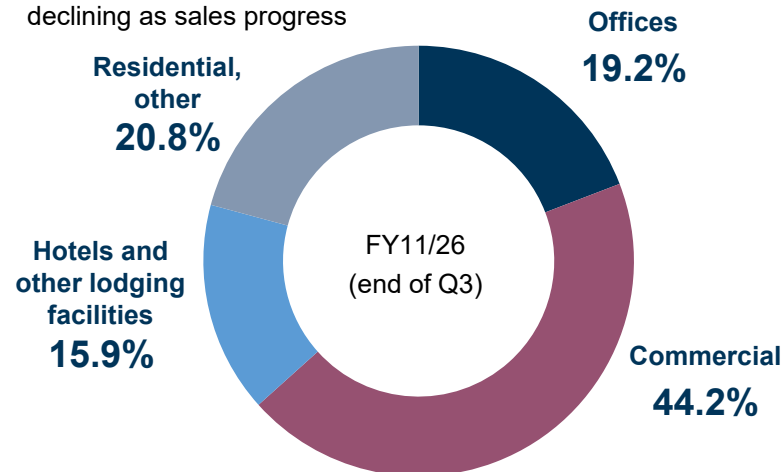
Carefully select prime investment properties in the Tohoku region, the base for Higashinihon Fudosan, and other regions throughout the nation, in addition to the Tokyo Metropolitan area



By use*

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

Lodging facilities acquired during the COVID-19 pandemic have been declining as sales progress



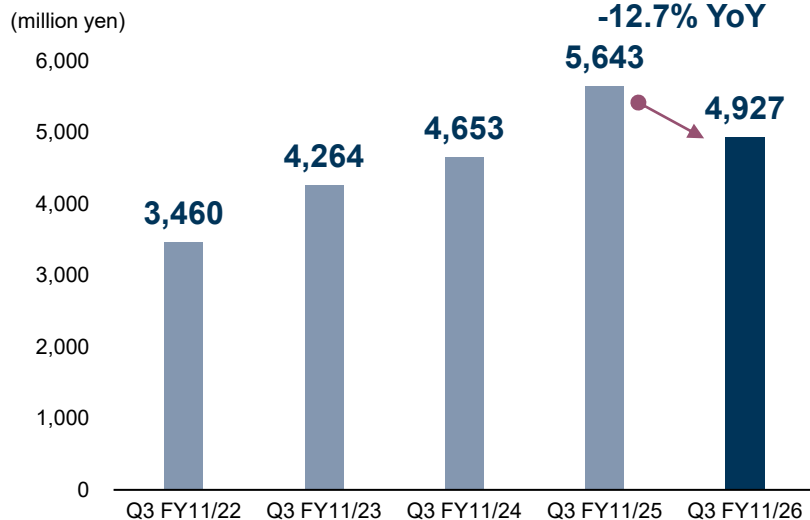
* Mixed-use properties are calculated based on primary usage

We selectively acquire quality properties for lease expected to generate stable lease income, enhance their value, and secure stable earnings

While rent from existing properties increased, lease income declined due to the absence of management contract (MC) revenue following hotel sales

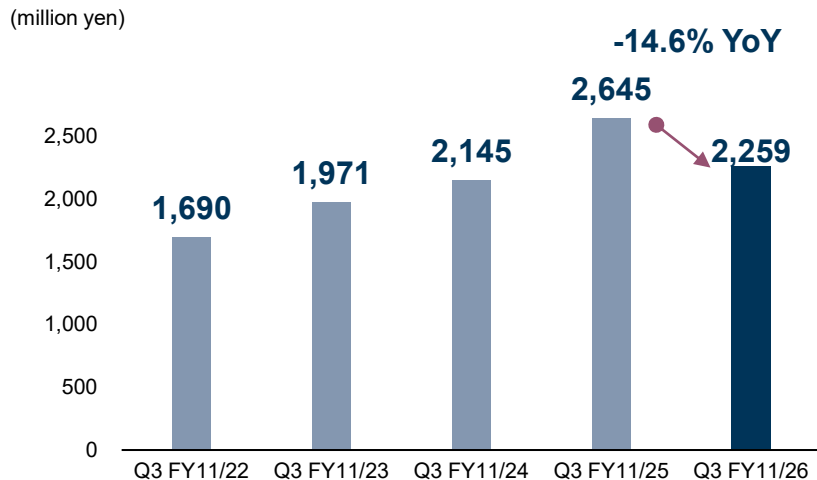
Revenue from real estate leasing (cumulative)

Although income from real estate for lease has continued to increase steadily, revenue from real estate leasing declined YoY due to lower MC revenue



Gross profit from real estate leasing (cumulative)

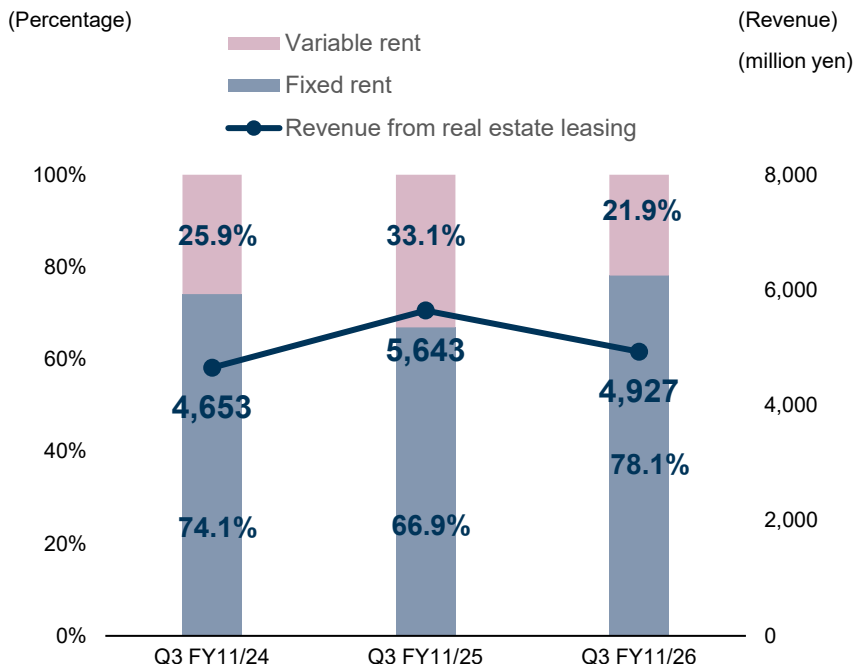
Revenue and gross profit from real estate leasing declined YoY due to lower MC revenue from hotels and other facilities leased to and operated by third-party operators



Variable rent declined due to the sale of properties in FY11/25, resulting in a higher proportion of fixed rent

We make investment decisions with a view to maximizing medium- to long-term corporate value while maintaining a balanced portfolio

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.

Purpose: 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

We aim to enhance the earnings value of our property portfolio while realizing unrealized gains through sales and reinvesting the proceeds in new investment opportunities

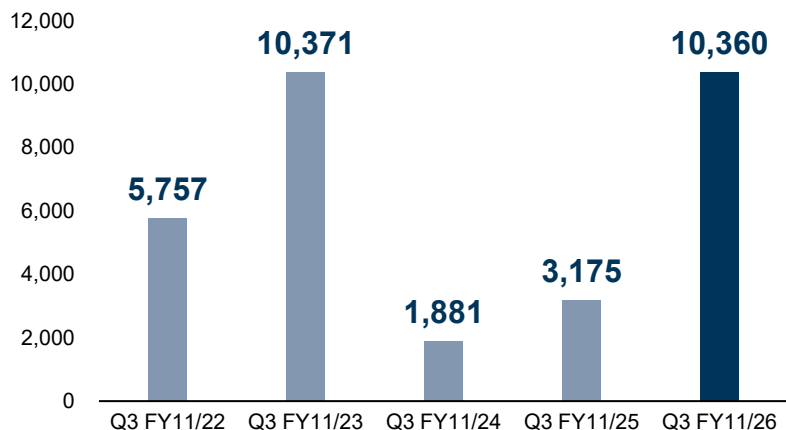
Through Q3 FY11/26, we completed the sale of multiple properties, converting unrealized gains into realized gains

Revenue from real estate sales (cumulative) ^{*1*2}

In Q3, we again sold multiple properties, including properties held for the long term (non-current assets)

In Q4 as well, we plan to consider additional property sales while closely monitoring market conditions

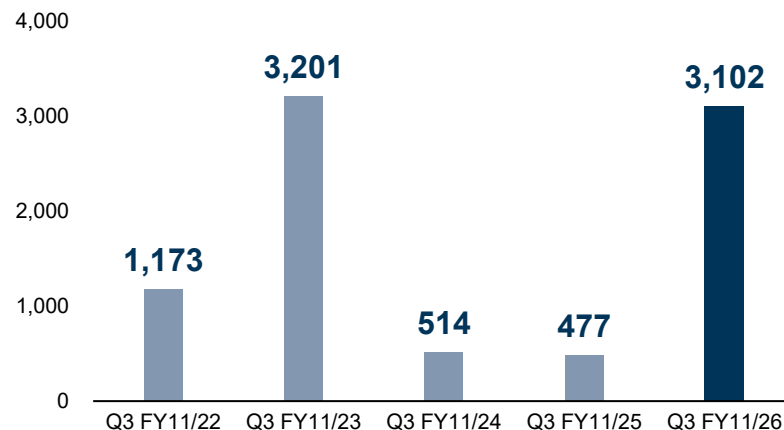
(million yen)



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

Margins were significantly higher YoY due to the sale of properties with substantial unrealized gains

(million yen)



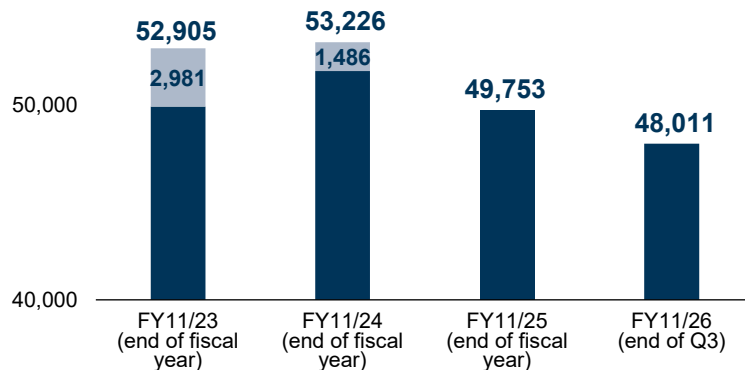
*1 Includes sales of real estate for sale in process (including land for development of properties for lease)

*2 Includes sales of real estate for lease recorded as non-current assets in the consolidated balance sheet (recorded as extraordinary income/losses)

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}

(million yen) ■ Of which, non-recourse loans

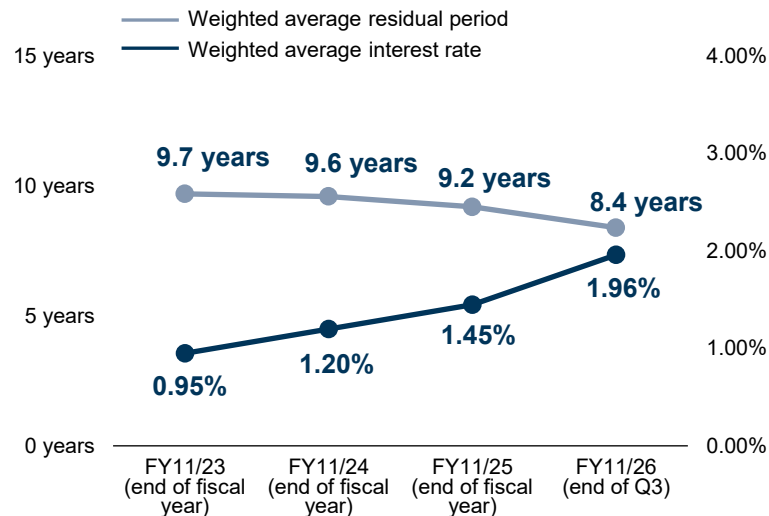


Loan type

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

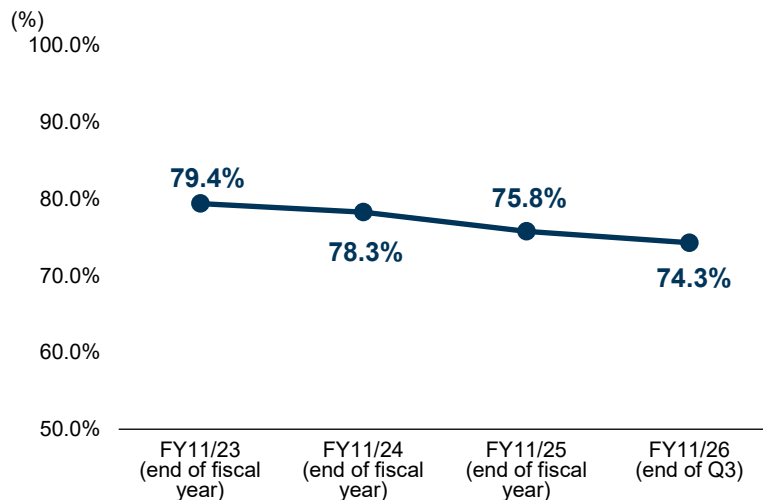
Long-term interest rates are on an upward trend, and benchmark rates for floating interest loans are also trending upward. For FY11/26, we assume an increase in interest burden of +0.75 percentage points during the period compared to the end of the previous fiscal year in our budget

^{*2} Before fixing interest rates

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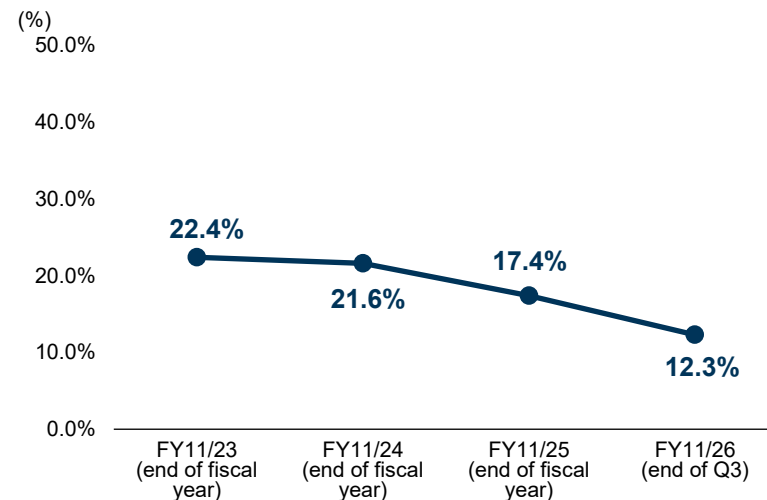
Leverage remains in the 70% range as we utilize borrowings with low funding costs as much as possible to enhance capital efficiency. Although we use interest rate swaps to fix a portion of interest rates, no new swaps are executed in consideration of costs, and the ratio declines naturally.

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.

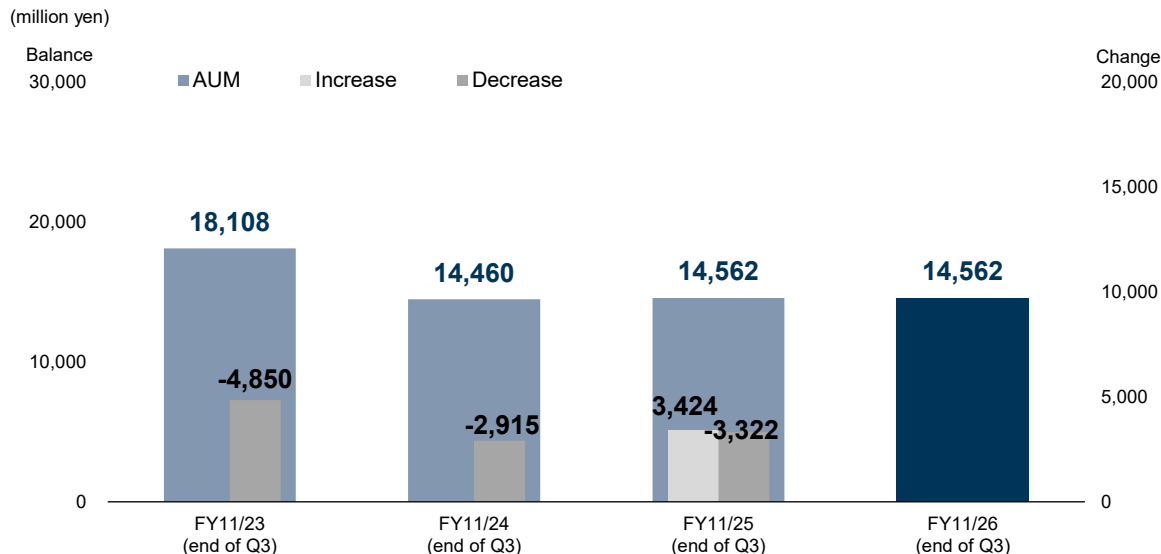


4 — Investment Management business

Competition to acquire large properties, the investment targets of funds arranged by the Group, remains intense, with prices continuing to rise. Maintaining a cautious stance, we accepted no new mandates

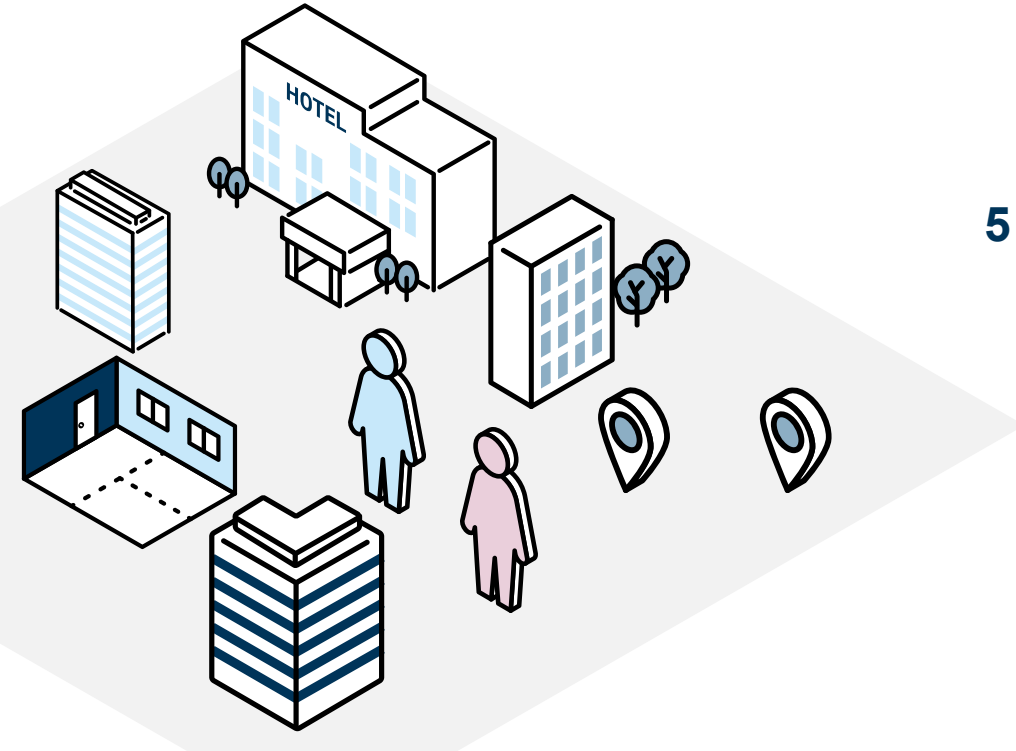
Meanwhile, we accepted, as appropriate, mandates to manage properties acquired at the initiative of investors during their holding period, and earned asset management fees

Balance of assets under management



Key takeaways

- Continuing to consider new mandates in response to investor requests
- Also considering forming a new fund that invests in properties owned by the Group, while monitoring market trends

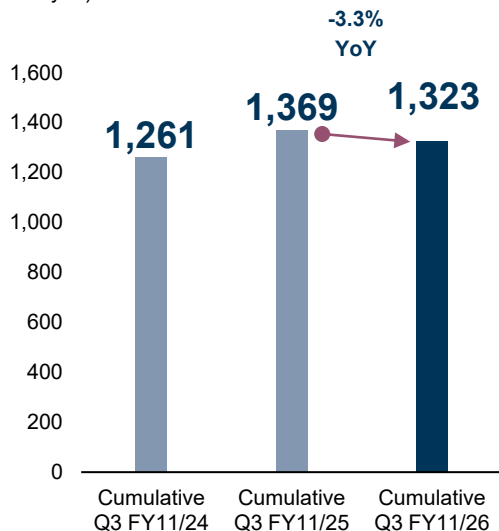


5 — Facility Operation business

Despite lower sales YoY due to the sale of some facilities, gross profit increased, supported by robust accommodation demand
As indicated in Q2 results, profit for Q3 alone declined due to facility sales, but cumulative operating profit through Q3 remained in the black

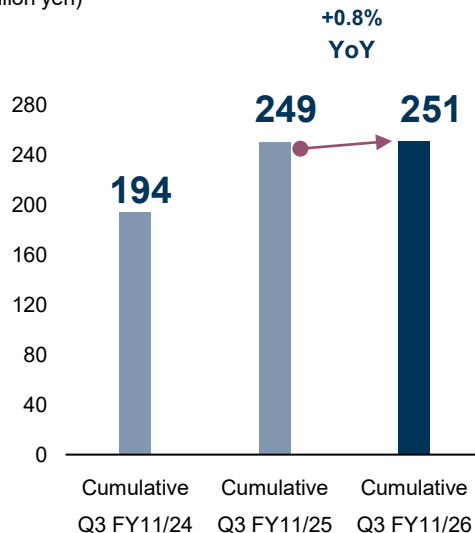
Sales

(million yen)



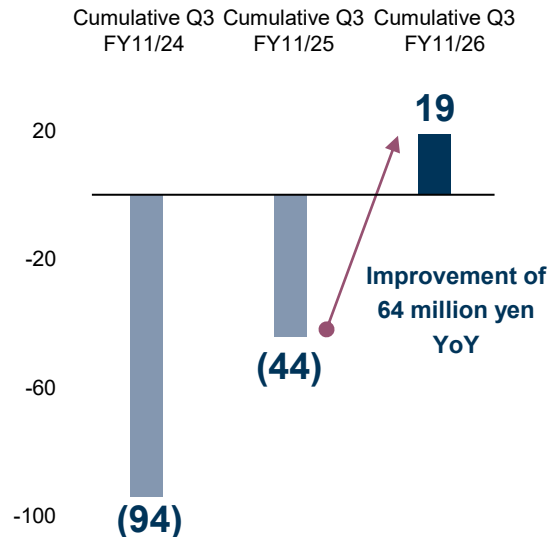
Gross profit

(million yen)



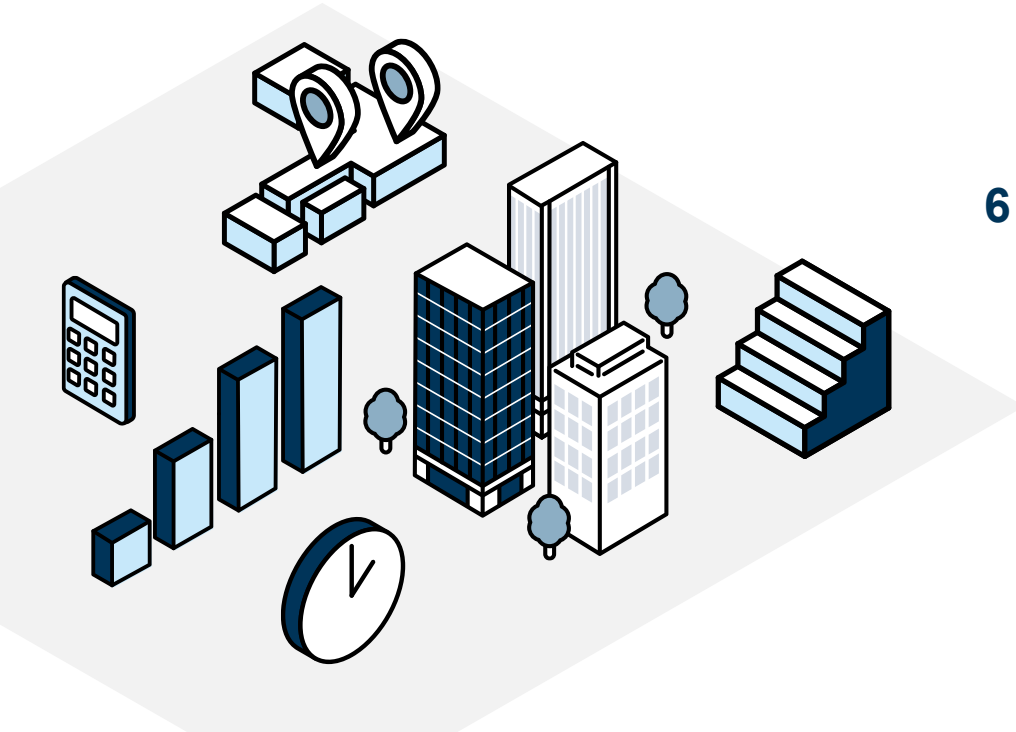
Operating profit

(million yen)



Facility Operation

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



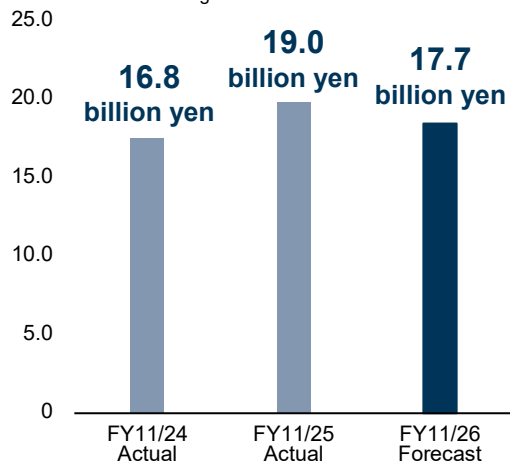
6 — Earnings forecast

- 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

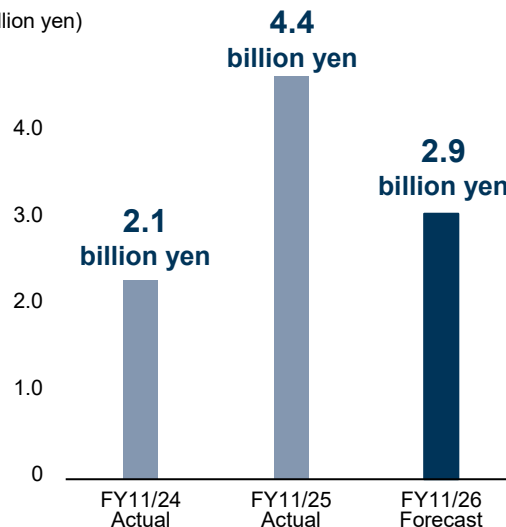
Note: In FY11/26, we expect to record gains on sale as extraordinary gains because we plan to sell a portion of real estate booked as non-current assets based on an assumption of long-term holding

(billion yen)



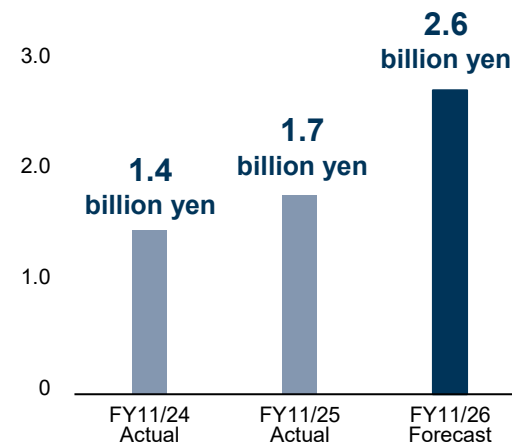
Ordinary profit

(billion yen)



Profit attributable to owners of parent

(billion yen)



Gross profit reached 73.3% of the forecast, driven by progress in property sales in the mainstay Investment Banking business
Extraordinary gains increased due to the sale of non-current assets that had been intended for long-term holding, based on flexible management decisions

In Q4, we will continue property sales while focusing primarily on acquisitions. The earnings forecast remains unchanged for now

(million yen)	FY11/25 Actual	Cumulative Q3 FY11/26 Actual	Progress rate	FY11/26 Forecast (YoY change)
Net sales	19,063	12,782	72.1%	17,730 (-7.0%)
Gross profit	7,833	4,764	73.3%	6,500 (-17.0%)
Investment Management business	39	11	40.7%	27 (-30.8%)
Investment Banking business	7,449	4,472	72.9%	6,138 (-17.5%)
Facility Operation business	319	251	85.1%	295 (-7.5%)
Other business	25	29	72.5%	40 (+60.0%)
Operating profit	5,295	2,939	70.8%	4,150 (-21.6%)
Ordinary profit	4,433	2,308	79.0%	2,920 (-34.1%)
Profit attributable to owners of parent	1,749	2,554	97.5%	2,620 (+49.7%)

Key takeaway 1

Prioritize gross profit growth because net sales fluctuate sharply depending on the size of properties sold

Key takeaway 2

Property sales (or the lack thereof) significantly affect each profit category

Key takeaway 3

Forecasts are prepared and managed on an annual basis, as quarterly results largely fluctuate depending on the timing of property sales

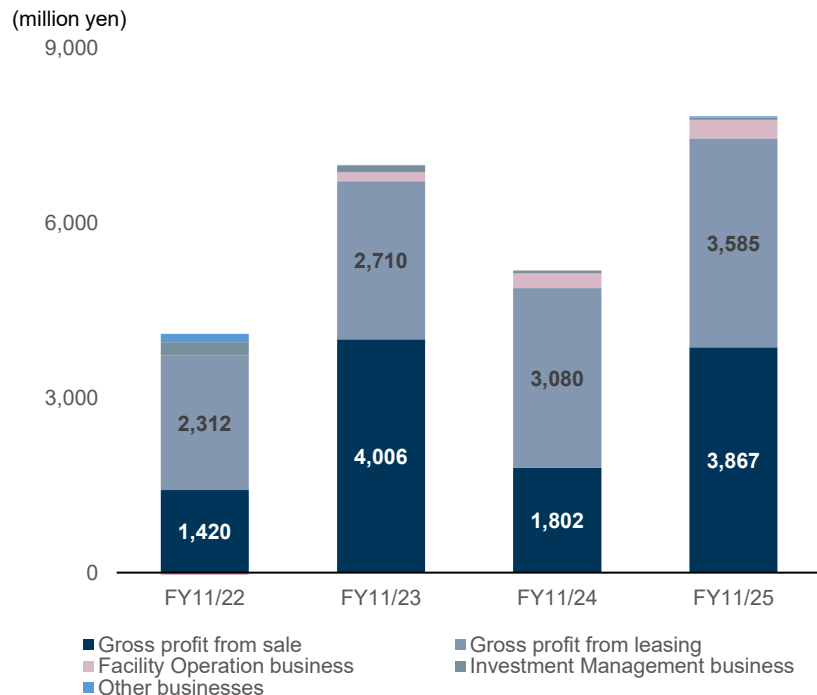


7 — Our view on share price and cost of equity

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

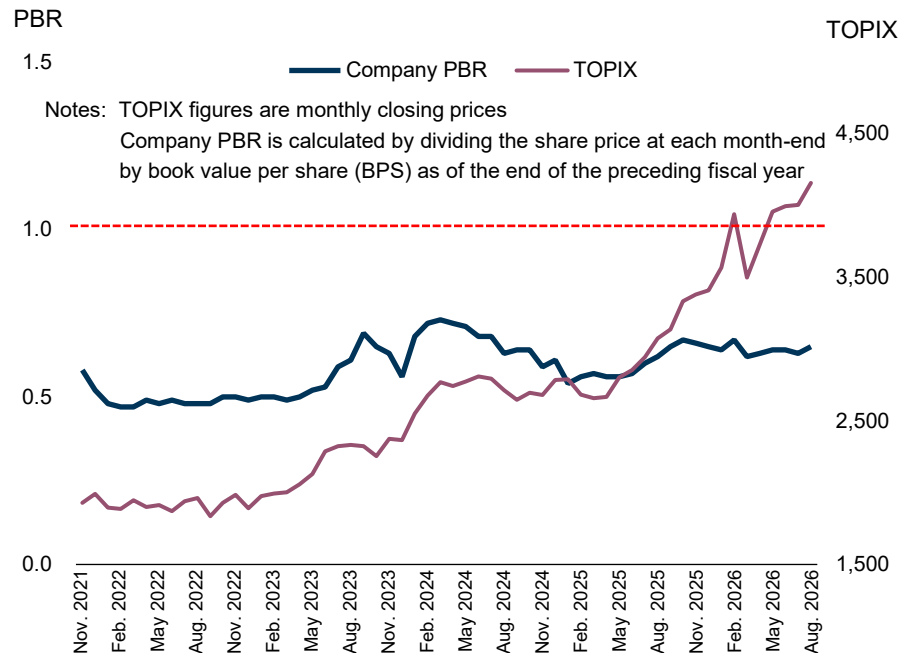
While gains on sale fluctuate significantly from period to period, lease income continues to grow steadily, and we intend to further expand our holdings going forward

Gross profit by business segment



Source: Japan Exchange Group website

Company PBR and TOPIX

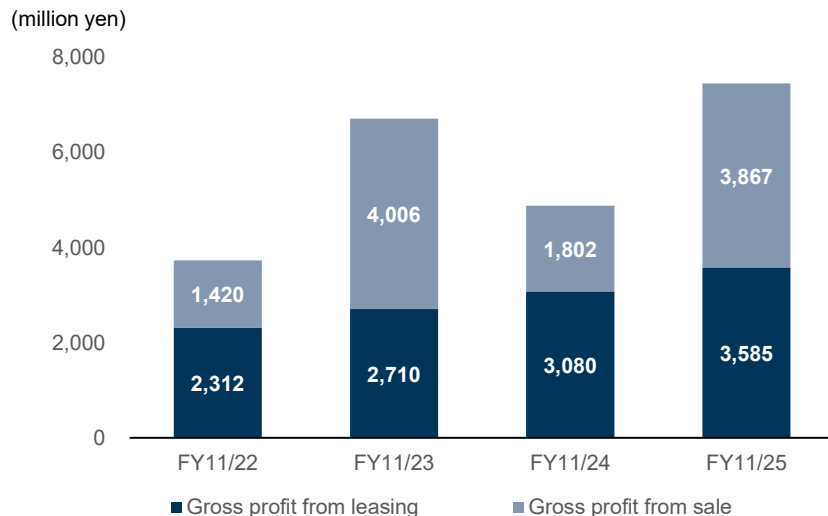


We are aware that a profit structure dependent on gains on sale generates sharp swings in ROE and situations in which the cost of capital exceeds ROE, and recognize this type of profit structure is a major factor behind our PBR of below 1.0

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

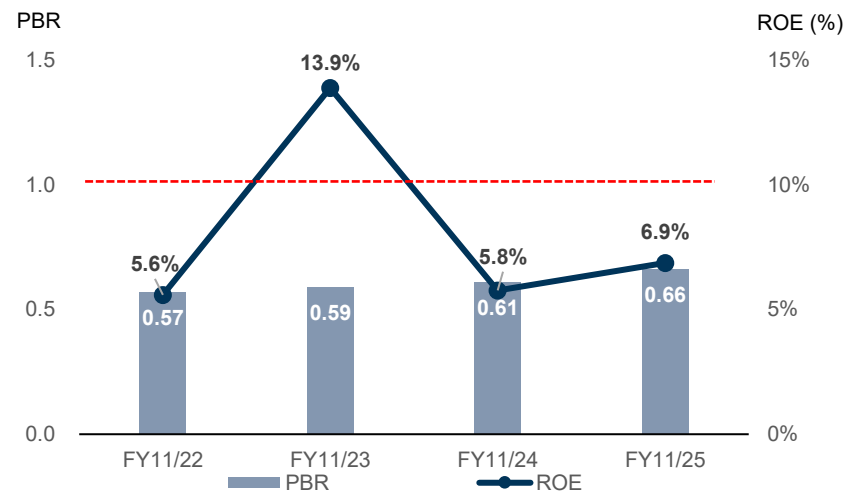
Current analysis of our earnings structure and challenges recognized

- 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



Analysis of cost of capital and market valuation

- We recognize our current share price (PBR of 0.66) 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

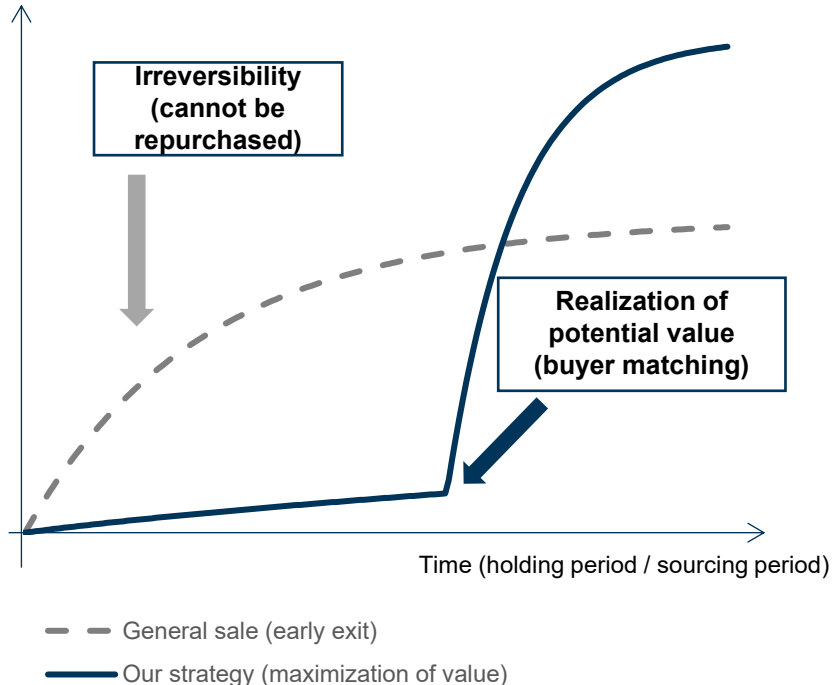


Note: PBR is calculated by dividing the share price at each fiscal year-end by book value per share (BPS) as of the end of the preceding fiscal year.

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

Realized value (sale price)



1

Because real estate assets are highly unique and quality properties are difficult to reacquire on comparable terms once sold, we do not pursue premature disposals. Instead, we carefully assess the timing of each sale

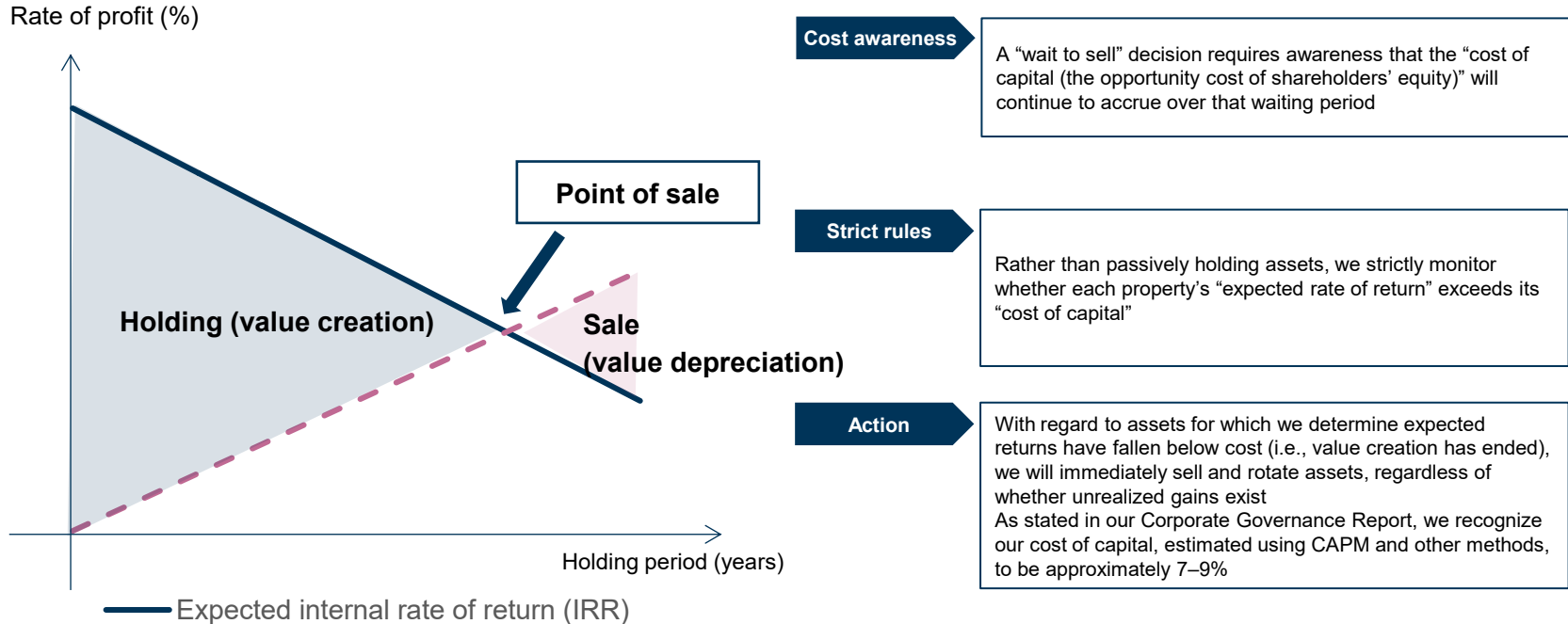
2

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

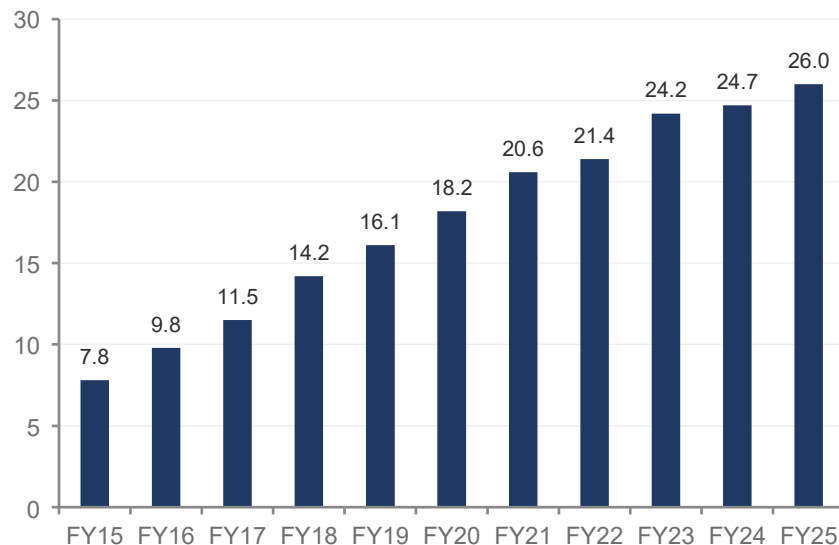
By assessing whether value in excess of the cost of capital is being created, we will shift toward a policy prioritizing the disposal of assets with expected returns that have fallen below that threshold. Meanwhile, we will further enhance capital efficiency by conducting even more strategically deliberate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



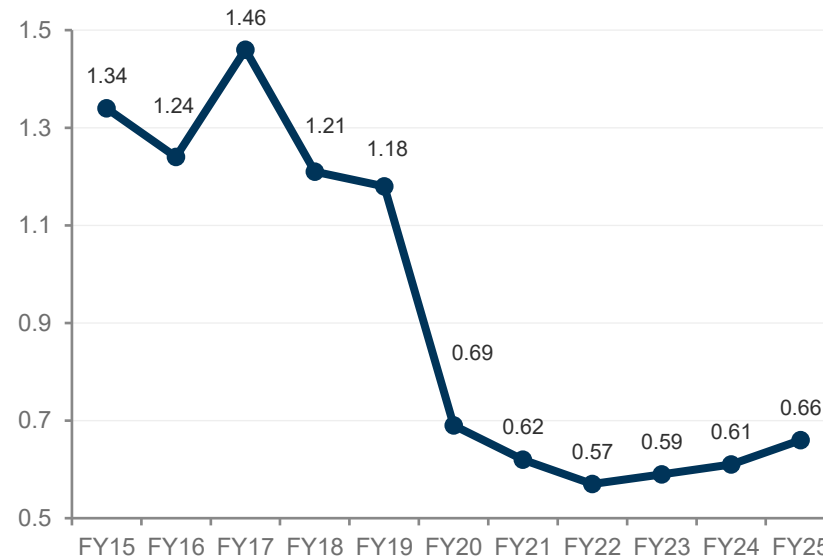
Gap between growth in shareholders' equity and market valuation

Shareholders' equity has grown 3.3x over the past 10 years, yet the PBR remained at 0.66x as of end-FY11/25

Shareholders' equity (billion yen)



PBR (x)



Note: PBR is calculated by dividing the share price at each fiscal year-end by book value per share (BPS) as of the end of the preceding fiscal year.

Assessment of current situation

Despite substantial growth in shareholders' equity, we recognize that this has not translated into a higher share price. In effect, the market is valuing each additional yen of retained earnings at less than one yen. We believe it is necessary to communicate more clearly to the market that we are managing the business with an emphasis on the cost of equity

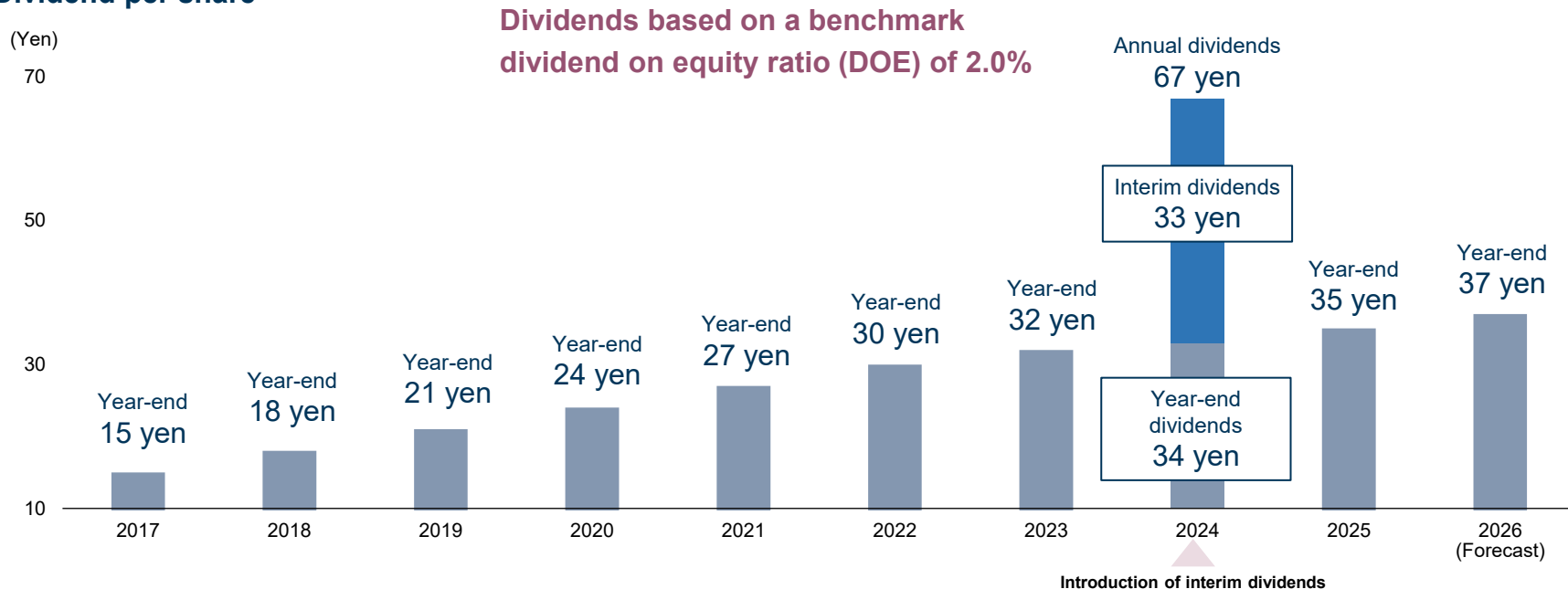


8 — Shareholder returns

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 aligned with our performance characteristics and plan to disclose them during FY11/26 once determined

Dividend per share



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

amazon gift card

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



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



9 — Appendix

Consolidated balance sheet

(million yen)	End FY11/24	End FY11/25	End Q3 FY11/26	Change
Total current assets	58,651	59,329	59,704	+375
Cash and deposits	4,817	6,830	7,599	+769
Deposits in trust	1,242	1,096	1,122	+26
Real estate for sale	47,366	46,304	46,229	-75
Real estate for sale in process	3,327	3,423	3,485	+61
Other	1,897	1,673	1,267	-406
Total non-current assets	30,490	30,503	28,989	-1,514
Total assets	89,141	89,832	88,693	-1,138
Total liabilities	64,234	63,580	60,367	-3,212
Total current liabilities	5,747	6,188	5,157	-1,031
Short-term borrowings	71	343	572	+229
Current portion of long-term borrowings	3,462	2,536	2,474	-62
Current portion of long-term non-recourse loans payable	0	0	0	0
Other	2,213	3,308	2,110	-1,198
Total non-current liabilities	58,487	57,391	55,209	-2,181
Long-term borrowings	53,154	53,604	51,421	-2,182
Long-term non-recourse loans payable	1,486	0	0	0
Other	3,846	3,787	3,788	0
Total net assets	24,907	26,252	28,326	+2,073
Total shareholders' equity	24,740	26,013	28,076	+2,063
Other	166	239	249	+10
Total liabilities and net assets	89,141	89,832	88,693	-1,138
Net D/E ratio ^{*1}	2.05	1.87	1.63	-0.24pt

Comments

- Cash and deposits increased due to property sales, while total liabilities declined as borrowings were repaid
- Net assets increased by 2,073 million yen from end-FY11/25 due to profit recorded during the period, and net D/E ratio declined to 1.63x

Key takeaways

- Investments are primarily funded by loans, and the loan ratio tends to increase as investments progress. However, we take out long-term loans in principle and strictly manage risk

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

Consolidated income statement

Consolidated income statement (summary)

(million yen)	Q3 FY11/24	Q3 FY11/25	Q3 FY11/26	YoY change
Net sales	7,909	10,314	12,782	+23.9%
Gross profit	2,875	3,441	4,764	+38.5%
Selling, general and administrative expenses	1,725	1,863	1,824	-2.1%
Operating profit	1,149	1,577	2,939	+86.3%
Ordinary profit	735	925	2,308	+149.5%
Profit attributable to owners of parent	502	659	2,554	+287.2%

Gross profit breakdown

Investment Management business	44	35	11	-68.4%
Investment Banking business	2,636	3,137	4,472	+42.6%
Gross profit from sale	515	477	1,927	+303.7%
Gross profit from leasing	2,145	2,645	2,259	-14.6%
Other	(24)	14	285	+1,904.6%
Facility Operation business	194	249	251	+0.8%
Other business	0	19	29	+50.4%
Total gross profit	2,875	3,441	4,764	+38.5%

Selling, general and administrative expenses breakdown

Personnel expenses	878	778	893	+14.8%
Rent	129	128	135	+5.3%
Commission expenses / remuneration	227	263	223	-15.1%
Taxes and dues	32	34	65	+92.6%
Amortization of goodwill	86	123	33	-73.0%
Other	372	535	472	-11.7%
Total selling, general and administrative expenses	1,725	1,863	1,824	-2.1%

Comments

- Gross profit increased 38.5% YoY, driven by gross profit from real estate sales, which offset the decline in gross profit from leasing
- Recorded extraordinary gains due to the sale of non-current assets (real estate for lease)
- We will continue to explore property acquisition and sale opportunities while evaluating market conditions

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 183 (as of August 31, 2026; 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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