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For Immediate Release

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**Notice Regarding Upward Revision to Earnings Forecast and
Recording of Extraordinary Loss**

First Brothers Co., Ltd. (the “Company”) expects operating profit and ordinary profit for the fiscal year ending November 30, 2025 to significantly exceed the previous forecast. However, due to the recording of an extraordinary loss (impairment loss), the upward revision to the projection for profit attributable to owners of parent is expected to be limited.

In light of the above, the Company has revised consolidated earnings forecast announced on January 10, 2025, as below.

1. Revision to the consolidated earnings forecast for the fiscal year ending November 30, 2025
(December 1, 2024–November 30, 2025)

	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)	17,950	3,520	2,180	1,370	97.69
Revised forecast (B)	18,870	5,250	4,370	1,490	106.24
Difference (B-A)	920	1,730	2,190	120	—
Difference (%)	5.1	49.1	100.5	8.8	—
Reference: Results for previous fiscal year (FY11/24)	16,865	2,838	2,193	1,416	101.04

2. Reason for revision

The Company seeks to maximize medium- to long-term profit and enhance shareholder value by making timely and appropriate decisions on the holding and sale of real estate in the Investment Banking business, while following its annual business plan as a basic framework.

In the fiscal year ending November 30, 2025, the Company maintained a cautious investment stance in the first half amid uncertainty in the market environment. In the second half, however,

as interest rate trends stabilized, the Company actively proceeded with the sale of properties deemed to be at an appropriate timing based on market conditions. Among these, the transaction disclosed today in the timely disclosure document titled, “Notice Regarding Sale of Real Estate for Sale by Consolidated Subsidiary” was not included in the initial plan. Nevertheless, the Company decided to proceed with the sale, as it is expected to generate profit substantially exceeding the assumption at the time of acquisition and to make a certain contribution to gross profit. In addition, lower-than-expected SG&A expenses and a smaller-than-expected increase in interest rates led to reduced non-operating expenses, resulting in operating profit and ordinary profit significantly exceeding the initial forecast. Meanwhile, taking into account the business conditions of a consolidated subsidiary (see below), the Company expects to record an impairment loss as an extraordinary loss.

As a result, while net sales, operating profit, and ordinary profit are expected to substantially exceed the initial forecast, the upward revision to the profit attributable to owners of parent projection will be limited due to the recording of the extraordinary loss.

3. Dividends

We maintained the year-end dividend forecast of ¥35 per share announced on January 10, 2025. This represents an increase of ¥1 per share from the year-end dividend of ¥34 per share paid for the previous fiscal year ended November 30, 2024.

4. Recording of extraordinary loss

On December 1, 2021, the Company acquired shares of Oumido Co., Ltd. (“Oumido”) and made it a consolidated subsidiary in the fiscal year ended November 30, 2022. Oumido holds shares in Nagano Hotel Saihokukan Co., Ltd. (“Saihokukan”), which is therefore a second-tier subsidiary of the Company.

Located in Nagano-shi, Saihokukan is a long-established full-service hotel that has long been cherished by the local community. It offers a wide range of services, including accommodation, banquets, and weddings. While its business performance was significantly affected by a sharp decline in demand for banquets and weddings during the COVID-19 pandemic, its earnings have been steadily improving through management improvements leveraging the operational expertise of the Group.

At the time of acquisition, the Company’s business plan for Saihokukan assumed a large-scale renovation aimed at enhancing the competitiveness and profitability of the entire facility. However, due to the recent surge in construction costs amid rising prices, it became necessary to review both the renovation plan and the investment schedule initially envisioned.

Although the Company still intends to proceed with the large-scale renovation, the revised schedule means completion is expected to be delayed from the original plan, making it difficult to recover the investment within the initially assumed timeframe. In light of this, the Company reassessed future cash flows and, from a conservative perspective, decided to record an impairment loss.

While respecting the long history and tradition of Saihokukan, the Group will continue to make proactive investments and pursue operational improvements to further enhance its value as a hotel rooted in the local community.

(1) Non-consolidated results

As a result of evaluating the fair value of shares of Oumido, a consolidated subsidiary, the Company has reduced the book value of these shares to their fair value in accordance with the Practical Guidelines for Accounting for Financial Instruments. Consequently, the Company will record an extraordinary loss of ¥877 million as a loss on valuation of shares of subsidiaries and associates. This loss on valuation of shares of subsidiaries and associates will be eliminated in the consolidated financial statements and therefore will have no impact on consolidated results.

(2) Consolidated results

As noted above, the Company reassessed the recoverability of investments in Saihokukan following the revision of its renovation plans, and decided to record an impairment loss. Based on the Accounting Standard for Impairment of Fixed Assets, the Company will write down the unamortized balance of goodwill and record an extraordinary loss of ¥521 million as impairment loss on goodwill. In addition, as a decline in the profitability of Saihokukan's fixed assets has been identified, the Company will also record an extraordinary loss of ¥802 million as impairment loss on fixed assets, in accordance with the same accounting standard.

Note: The earnings forecast and other forward-looking statements contained in this document are based on information available to the Company as of the date of this announcement. Actual results may differ from these forecasts due to various factors.