Contents

SUN FRONTIER

I’m Hirahara, the General Manager of the Corporate Planning Department.

Today, I will provide an overview of our financial results up to page 11.

Overview of the Results for FY2025/3 2Q

SUN FRONTIER

Sales and profit decreased YoY due to fewer sales settlement of large-scale properties in the first half of the year. Both sales and profit in stock-type businesses such as Real Estate Services Business and Hotel Operation Business increased and hit record highs.

(Unit: million yen)

	Results	Profit margin	Year-on-year	Growth rate	Forecast (disclosed on Feb. 8, 2024)	Achievement rate
Net sales	36,786	—	▲12,212	▲24.9%	100,000	36.8%
Operating profit	6,703	18.2%	▲5,318	▲44.2%	20,870	32.1%
Ordinary profit	6,350	17.3%	▲5,593	▲46.8%	20,000	31.8%
Profit※	4,422	12.0%	▲4,040	▲47.7%	14,000	31.6%

*The profit attributing to owners of parent.

Performance Highlights

- As of the announcement date, the gross profit of property sale (including contracted sales and those to be settled) has progressed more than 50% of the full-year forecast.
- In Replanning Business, number of property sold was unchanged from the same period last year. Many property sales are scheduled in the second half of the year, and the progress is on track with the plan.
- In Real Estate Service Business, all businesses showed steady growth including Property Management Business, where number of entrusted buildings increased. The profit hit record highs.
- In Hotel Operation Business, there was significant growth in both sales and profit as the recovery of domestic travel demand and the expansion of inbound demand.
- In Hotel Development Business, the sale of properties is scheduled on the second half of the year. Steady progress in M&A, land acquisition and construction for hotel development.

This year marks the 25th anniversary of our group and is also the final year of our current mid-term plan.

We are striving to achieve one of our key management indicators, an ordinary profit of 20 billion yen, in line with the initial forecast released in May.

As of the end of the second quarter, our progress towards the full-year profit forecast stands at approximately 30%, as shown in the far right column of the table.

Our President, Saito, will provide further details shortly, but the main factors for this performance include the concentration of sales in the second half of the year for both our re-planning business and hotel development business.

On the other hand, both the real estate services and hotel operations businesses are performing exceptionally well, exceeding the initial plans and achieving record-high profits.

Our group will continue to focus on maximizing corporate value and addressing societal challenges through the practical application of our corporate philosophy.

Consolidated Income Statement

SUN FRONTIER

(Unit: million yen)

	FY2024/3 2Q	FY2025/3 2Q	YoY increase/decrease	YoY change rate
Net sales	48,998	36,786	▲12,212	▲24.9%
Real Estate Revitalization Business	31,984	22,344	▲9,639	▲30.1%
Replanning Business	30,728	20,987	▲9,740	▲31.7%
Rental Buildings Business	1,256	1,357	101	8.0%
Real Estate Service Business	5,172	5,954	782	15.1%
Hotel and Tourism Business	11,329	8,216	▲3,113	▲27.5%
Hotel Development Business	5,270	272	▲4,997	▲94.8%
Hotel Operation, etc	6,059	7,943	1,884	31.1%
Other Business	996	953	▲43	▲4.4%
Adjustments	▲484	▲682	▲197	−
Gross Profit (Loss)	16,357	11,520	▲4,836	▲29.6%
Real Estate Revitalization Business	10,161	6,684	▲3,477	▲34.2%
Replanning Business	9,873	6,501	▲3,372	▲34.2%
Rental Buildings Business	287	182	▲104	▲36.4%
Real Estate Service Business	2,914	2,949	35	1.2%
Hotel and Tourism Business	3,432	2,101	▲1,330	▲38.8%
Hotel Development Business	2,200	107	▲2,092	▲95.1%
Hotel Operation, etc	1,232	1,994	761	61.8%
Other Business	155	259	103	66.5%
Adjustments	▲306	▲474	▲168	−
Selling, General and Administrative Expenses	4,334	4,817	482	11.1%
Operating Profit (Loss)	12,022	6,703	▲5,318	▲44.2%
Ordinary Profit (Loss)	11,944	6,350	▲5,593	▲46.8%
Profit	8,463	4,422	▲4,040	▲47.7%
EPS	174.39 yen	91.07 yen	▲83.32 yen	▲47.8%

Keynotes of Income Statement

<Real Estate Revitalization Business>
The number of property sold was 14 cases, including one small-lot project, the same as the previous year. The progress rate of gross profit against the forecast is over 50% including the properties contracted and will be settled in this year.

<Real Estate Service Business>
The performance of both PM Business and Sales Brokerage improved due to the increase in the number of entrusted buildings and the response to client needs for property sales. The overall performance hit record highs for the first half of the year.

<Hotel and Tourism Business>
Boosted by strong inbound demand, Hotel Operation saw significant growth in both sales and profit. The overall performance of Hotel Development was affected by the rebound from the sale of one hotel in the same period of the previous year.

<Selling, General and Administrative Expenses>
Increased according to the plan compared to the same period last year due to personnel costs from human capital investment and increased depreciation due to investment in operations and systems. Amortization of goodwill due to M&A will be recorded from the second half of the year.

Next, I will explain three key points regarding the consolidated income statement.

First, as seen in the top right of the slide, the re-planning business, which accounts for 70% of our consolidated revenue, has not yet been fully reflected in the performance.

However, if we include projects that are expected to close by the end of the fiscal year, we are currently on track to achieve over 50% of our full-year revenue target.

Second, the real estate services business has leveraged synergies within the group, leading to stable growth in both scale and profits, particularly in the meeting room leasing and property management businesses.

Third, in our hotel and tourism business, operations have exceeded expectations, with both occupancy rates and room rates significantly surpassing our plans, supported by favorable external conditions and our group's warm hospitality.

Consolidated Balance Sheet
- Assets -

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<Cash and deposits> Decreased by 6.2 billion yen from the end of the previous fiscal year due to progress in property purchases, tax payments and dividends.

<Inventories> Increased by 13.1 billion yen from the end of the previous fiscal year due to purchase and construction of land or properties for RP, small-lot real estate and land for hotel development.

<Non-current assets> Increased by 3.7 billion yen from the end of the previous fiscal year due to land acquisition, construction for hotel development, and M&A.

(Unit: million yen)	As of End of March 2023	As of End of March 2024	As of End of September 2024	Increase/decrease (compared to the End of March 2024)
Current assets	125,886	159,518	166,285	+6,767
Cash and deposits	42,016	47,867	41,624	▲6,243
Inventories	80,182	106,869	120,059	+13,189
Breakdown) RP※	70,327	95,927	103,250	+7,323
Hotel	9,750	9,545	15,414	+5,869
Overseas, etc.	105	1,398	1,394	▲3
Other current assets	3,688	4,780	4,601	▲178
Non-current assets	26,633	29,143	32,938	+3,795
Property, plant and equipment	20,410	22,323	24,385	+2,062
Intangible assets	815	1,193	2,383	+1,190
Investments and other assets	5,406	5,626	6,168	+542
Total assets	152,519	188,661	199,224	+10,562

Note : Includes properties in small-lot real estate properties and New York properties.

Now, turning to the consolidated balance sheet.

Total assets have increased by 10.5 billion yen compared to the end of the previous fiscal year, reaching 199.2 billion yen.

This increase was primarily due to the smooth acquisition of properties.

Notably, inventory assets have grown by 13.1 billion yen, driven by property acquisitions in the re-planning and hotel development businesses.

Consolidated Balance Sheet
- Liabilities/Equity -

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<Interest-bearing debt> Increased by 4.1 billion yen due to borrowings for property purchases. 10 billion yen was raised through CB issuance in the third quarter of the previous fiscal year, resulting in a total of 83.7 billion yen in interest-bearing debt.

<Equity ratio> Maintained at a high level of 47.2 % while actively investing.

Changes of Equity Ratio		
As of End of March 2023	As of End of March 2024	As of End of September 2024
52.9%	48.0%	47.2%

(Unit: million yen)	As of End of March 2023	As of End of March 2024	As of End of September 2024	Increase/decrease (compared to the End of March 2024
Current liabilities	16,363	24,767	22,947	▲1,819
Short-term borrowings, etc.	5,492	12,269	8,143	▲4,125
Other current liabilities	10,871	12,497	14,803	+2,306
Non-current liabilities	52,190	69,477	78,404	+8,926
Long-term borrowings	50,170	57,272	65,564	+8,292
Bonds payable	0	9,999	9,999	0
Other non-current liabilitie	2,019	2,205	2,839	+634
Total liabilities	68,553	94,244	101,351	+7,107
Shareholders' equity	80,430	89,889	92,816	+2,926
Other	3,535	4,526	5,056	+529
Total net assets	83,965	94,416	97,872	+3,455
Total liabilities and net assets	152,519	188,661	199,224	+10,562

In terms of liabilities and equity, our interest-bearing debt has reached 83.7 billion yen.

As shown in the table on the top right, our equity ratio remains strong at 47.2%, reflecting the soundness of our financial structure.

We have received high praise from our financial partners for the robustness of our financial health and our strict acquisition criteria.

This positive assessment provides us with significant investment capacity, which we are leveraging to pursue active growth investments.

Performance for Each Business Segment

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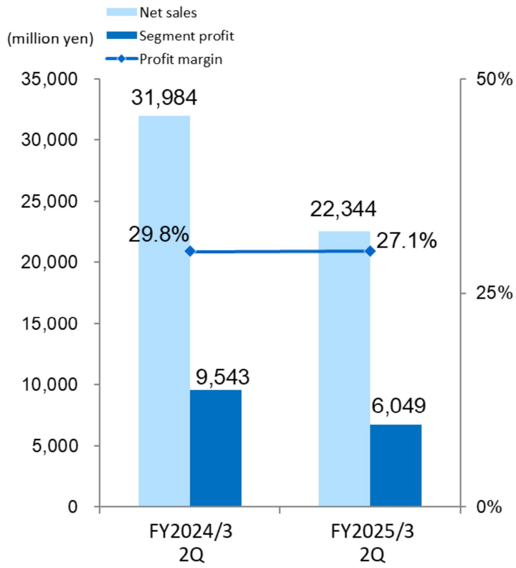
Real Estate Revitalization Business (Replanning and Rental Buildings)

<Replanning Business>

- The number of property sold was 14, the same as the previous year (including one small-lot property). Both sales and profit decreased YoY, but the progress rate of profit is over 50% including properties contracted.
- The average business period was 538 days (-162 days YoY). Many short-term properties were sold during this period, significantly shortening the business period, resulting in a significant shortening of the business period.

(Unit: million yen)	FY2024/3 2Q	FY2025/3 2Q	Increase/ decrease
Net sales	31,984	22,344	▲30.1%
Replanning Business	30,728	20,987	▲31.7%
Rental Building Business	1,256	1,357	+8.0%
Segment profit ※1	9,543	6,049	▲36.6%
Replanning Business	9,256	5,866	▲36.6%
Rental Building Business	287	182	▲36.4%
Profit margin	29.8%	27.1%	▲2.8%pt
Replanning Business	30.1%	28.0%	▲2.2%pt
Rental Building Business	22.9%	13.5%	▲9.4%pt
Number of properties sold	14 cases	14 cases	0 case
Number of stocks	60 cases※2	69 cases※2	+9 cases



※1 "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.
※2 Land purchase and development projects are included.

Next, I'll cover the performance by business segment.

Our core re-planning business continues to deliver high value, with a 28% value-added margin, while advancing both new acquisitions and the redevelopment of existing properties.

Segment profits are on track according to the initial plan, and we will remain committed to achieving our full-year targets by steadily executing the sales plan for the second half of the year.

Performance for Each Business Segment

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Real Estate Revitalization Business

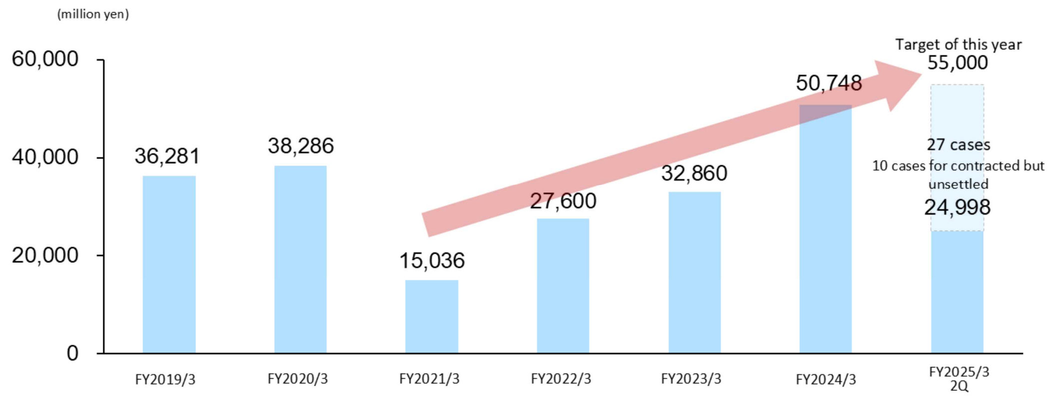
<Property purchases of Replanning Business > ※

The purchase amount, including contracted but unsettled properties, is 25 billion yen.

Steady progress toward the full-year purchase target of 55 billion yen.

Note : Includes properties in non-current assets, small-lot real estate properties and New York properties.

(Unit: million yen)	FY2024/3 2Q	FY2025/3 2Q	Increase/ decrease
Number of property purchases	31 cases	27 cases	-4 cases
(of which, contracted and unsettled)	4 cases	10 cases	6 cases
Purchase amount	30,920	24,998	-5,922
(of which, contracted and unsettled)	6,000	10,130	4,130



Regarding property acquisitions for the re-planning business, we are maintaining acquisition levels similar to last year.

While we will not relax our acquisition criteria in the second half of the year, we will concentrate on bolstering our inventory in preparation for the next mid-term plan, which will start in the next fiscal year.

Trends in Inventories and Gross Profit of Property Sales

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Ahead of the Medium-Term Management Plan Targets, aggressively invest for sustainable growth and plan to build up inventories

	FY2021/3 (Results)	FY2022/3 (Results)	FY2023/3 (Results)	FY2024/3 (Results)	FY2025/3 (Forecast)
Sales of properties	45.1 billion yen	57.0 billion yen	61.7 billion yen	53.7 billion yen	70.0 billion yen
Cost of property sales	33.1 billion yen	40.3 billion yen	44.9 billion yen	36.1billion yen	49.0 billion yen
Gross profit ※	12 billion yen RP 9.2 billion yen Hotel 2.8 billion yen	16.7 billion yen RP 16.0 billion yen Hotel 0.7 billion yen	16.8 billion yen RP 15.3 billion yen Hotel 1.5 billion yen	17.6 billion yen RP 15.5 billion yen Hotel 2.1 billion yen	21.0 billion yen RP 20.0 billion yen Hotel 1.0 billion yen
Gross profit margin	26.6%	29.2%	27.2%	32.8%	30.0%
Purchases during the fiscal year, construction work, etc.	27.4 billion yen	31.6 billion yen	47.7 billion yen	62.8 billion yen	62.2~67.2 billion yen
Ending balance of the inventory	86 billion yen	77.3 billion yen	80.1 billion yen	106.8 billion yen	120.0~125.0 billion yen
	Affected by COVID-19, both net sales and purchase decreased, and causing the decrease of the balance of inventories .	Although COVID-19 prolonged, sales were good. Started refocusing on purchases, but the balance of inventories declined.	Sales remained strong. The results of strengthening purchase emerged, leading to the increase of the balance of inventories .	Increase in the balance by selling as planned and investing aggressively.	Aggressively invest for the next fiscal year and beyond while selling at high margins and achieving the Medium-Term Management Plan

Sale in the following fiscal year

Sale during the year

Carry-over

Keep holding

Ending balance for FY2025/3 (Forecast)		Gross profit margin (Assumed)		Net sales (Assumed)		Unrealized gains on inventories (Assumed)
120.0~125.0 billion yen	➡	25~30%	➡	160.0~178.5billion yen	➡	40.0~53.5 billion yen

※ Gross profit = ordinary profit − sales commission

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Here are the actual and projected gross profits from inventory assets and property sales.

As you can see, we've been able to maintain a high profit margin while expanding our business.

We are confident in the high feasibility of these results moving forward.

In other words, we are on track to achieve the targets set in our current mid-term plan, and as shown in the lower right corner, we are aiming to secure at least 40 billion yen in latent profits from our inventory assets.

Performance for Each Business Segment

Real Estate Services Business

(Property Management, Building Maintenance, Sales Brokerage, Leasing Brokerage, Rental Conference Room, Rent Guarantee, etc.)

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<Property Management and Building Maintenance>

- In PM Business, both sales and profit increased due to an increase in the number of buildings under management.
- In BM Business, we increased the number of buildings under management and worked to curb cost increases due to rising prices, resulting in increased sales and profit.

<Brokerage>

- Leasing brokerage was flat compared with the same period of the previous year.
- In Sales brokerage, in addition to winning referral contracts, our business performance has been growing by meeting relatively large-scale trading needs from repeat clients and new ones.

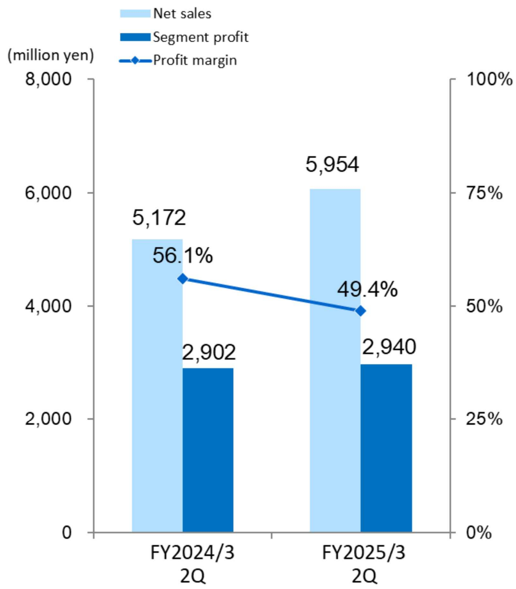
<Rental Conference Room>

- While sales are growing, the opening of new sites is proceeding ahead of schedule, and the cost of preparing for the opening reduced the profit. However, we expect the newly opened sites will contribute to the performance in the near future.

<Rent Guarantee>

- Both sales and profit increased YoY due to an increase in the number of new contracts.

(Unit: million yen)	FY2024/3 2Q	FY2025/3 2Q	Increase/ decrease
Net sales	5,172	5,954	+15.1%
Segment profit ※1	2,902	2,940	+1.3%
Profit margin	56.1%	49.4%	▲6.7%pt



※1 "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.

The real estate services business, closely integrated with the re-planning business, serves as a platform that offers high value-added, one-stop services across the group's value chain.

Within this, our meeting room leasing business has been particularly strong, contributing to a stable increase in both scale and profits.

While the increase in building maintenance costs and upfront investments in the meeting room business led to a slight decrease in profit margins (down 7% compared to the previous year), segment profits have slightly increased, reaching a new record.

Performance for Each Business Segment

Hotel and Tourism Business (Hotel Development, Hotel Operation, etc.)

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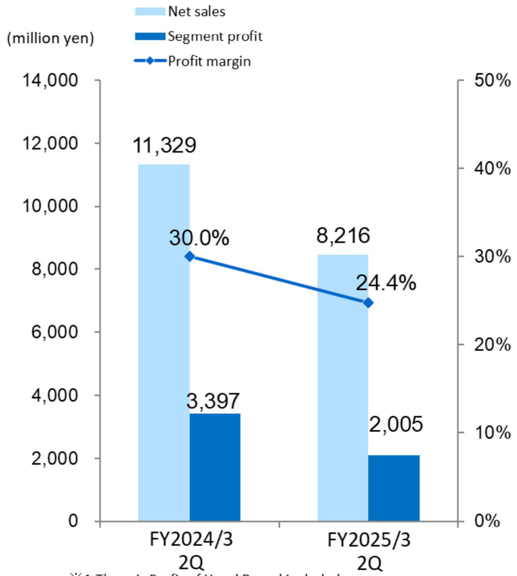
<Hotel Development Business>

- Both sales and profit decreased due to the impact of the sale of one hotel in the same period of the previous year.
- Land was acquired in Kumamoto and Sakata. Many development projects are ongoing, including the commencement of construction in Ishikari and Kakogawa.

<Hotel Operation Business※1>

- Both sales and profit increased significantly due to an increase in occupancy rate and average daily rate as travel demand continued to recover and inbound demand expanded.

(Unit: million yen)	FY2024/3 2Q	FY2025/3 2Q	Increase/ decrease
Net sales	11,329	8,216	▲27.5%
Hotel Development Business	5,270	272	▲94.8%
Hotel Operation Business, etc.	6,059	7,943	+31.1%
Segment profit ※2	3,397	2,005	▲41.0%
Hotel Development Business	2,165	52	▲97.6%
Hotel Operation Business, etc.	1,232	1,952	+58.4%
Profit margin	30.0%	24.4%	▲5.6%pt
Hotel Development Business	41.1%	19.3%	▲21.8%pt
Hotel Operation Business, etc.	20.3%	24.6%	+4.2%pt



※1 There is Profit of Hotel Rental included.
※2 "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.

In the hotel and tourism business, our development projects are progressing towards the goal of 10,000 rooms by 2033.

We continue to identify and select promising locations that align with our business model and invest in them accordingly.

On the operational side, while the business environment remains challenging, with issues like labor shortages, we are leveraging M&A opportunities and focusing on providing guests with a comfortable stay.

We also aim to generate local revitalization by collaborating with local residents and leveraging regional resources.

Performance for Each Business Segment

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Other Business (Construction Business, Overseas Development Business, etc.)

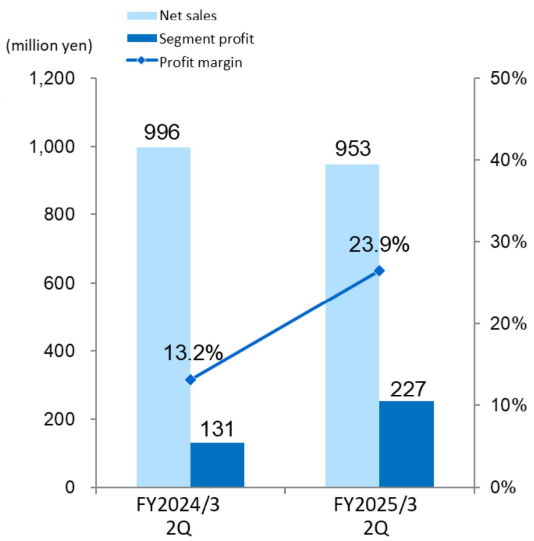
<Construction Business>

- Although sales remained almost flat, profits increased due to improvements in profit margins on large projects and other factors.

<Overseas Development Business>

- The second condominium project in Vietnam (HIYORI Aqua Tower), for which land was acquired, began in August 2024 and is scheduled to be completed in Autumn 2026.

(Unit: million yen)	FY2024/3 2Q	FY2025/3 2Q	Increase/ decrease
Net sales	996	953	▲4.4%
Segment profit ※1	131	227	+72.8%
Profit margin	13.2%	23.9%	+10.7%pt



※1 "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.

Finally, in the construction business, we are facing a challenging environment due to inflationary pressures, material shortages, and the 2024 issue.

However, we are tightening project profitability and schedule management to ensure stability.

In our overseas development business, in Vietnam, we broke ground on our second condominium project in August, and we plan to complete it by the fall of 2026.