COMPANY RESEARCH AND ANALYSIS REPORT

CREAL Inc.

2998

Tokyo Stock Exchange Growth Market

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Contents

Summary

In FY3/26, profits increased, with No. 3 and No. 4 funds under the Act on Specified Joint Real Estate Ventures performing steadily

CREAL Inc. <2998> (hereafter, also "the Company") is operating business in the online real estate investment market as a leading company of the real estate crowdfunding. The Company's business makeup consists of one segment, the asset management platform business. It offers three services: CREAL, a real estate fund online market service for individual investors utilizing crowdfunding (investment amount from ¥10,000); CREAL PRO, an asset management service for large-scale real estate targeted at institutional and affluent investors; and CREAL PB, a medium- to long-term asset management service for physical real estate targeting individual investors. The Company also operates the Other segment, which includes rent management and hotel operations.

1. Overview of FY3/26 results

In FY3/26, the Company's consolidated results were: net sales of ¥37,795mn (down 9.6% year on year (YoY)), gross profit of ¥7,799mn (up 37.6%), operating profit of ¥2,941mn (up 49.5%), ordinary profit of ¥2,784mn (up 52.1%), and profit attributable to owners of parent of ¥1,938mn (up 43.5%). Although net sales decreased, profits at all levels greatly exceeded the previous fiscal year's results. The achievement rates against the initial forecasts were 105.3% for gross profit, 110.5% for operating profit, 111.2% for ordinary profit, and 107.8% for profit attributable to owners of parent, indicating favorable results. Regarding the most important measure, gross profit, for the core service CREAL, the No. 3 and No. 4 projects under the Act on Specified Joint Real Estate Ventures, introduced from FY3/26, contributed to profit, while the strong performance in selling No. 1 and No. 2 projects also led to a 98.1% increase. For CREAL PB, sales of sub-divided residential properties for investment were strong, resulting in a 25.3% increase. On the other hand, CREAL PRO saw a decline of 25.2% due to delays in some of the project pipeline. In the Other segment, operating revenue from CREAL HOTELS increased significantly, resulting in a 170.3% increase in gross profit. Below operating profit, SG&A expenses rose 31.4% due to workforce expansion and higher advertising expenses, but the increase in profits offset this rise. Achievement rates for KPIs were 118.6% for the number of investors acquired and 78.5% for GMV acquired. The main reason for missing the GMV target was that the launch of bank financing for No. 3 and No. 4 projects under the Act on Specified Joint Real Estate Ventures took longer than expected. Currently, various fund formation procedures are gradually becoming more streamlined, and similar concerns are expected to be minimal going forward.

2. FY3/27 forecasts

For FY3/27 consolidated results, the Company forecasts growth in profits at every stage, with gross profit of ¥8,890mn (up 14.0% YoY), operating profit of ¥3,290mn (up 11.8%), ordinary profit of ¥3,050mn (up 9.6%), and profit attributable to owners of parent of ¥2,100mn (up 8.3%). For CREAL, the core service, profit from property sales in FY3/26 is expected to run off, with gross profit to temporarily decrease 23.3%. However, the Company has secured enough properties for sale, making the forecasts conservative. Meanwhile, by accelerating the formation of No. 3 and No. 4 scheme funds under the Act on Specified Joint Real Estate Ventures, the plan is to establish a strong revenue base centered on fee income (acquisition fees and interim fees) and achieve a growth trajectory. For CREAL PRO, the Company expects a substantial 89.4% increase in gross profit, driven by the formation of apartment hotel development funds, as well as accumulating real estate brokerage commission, asset management fees, and sales income. In terms of SG&A expenses, the Company is planning for a 15.3% increase, including system development expenses in CREAL for the launch of the real estate security token (ST)* business, and increased personnel expenses at CREAL HOTELS. For KPIs, although the Company expects GMV acquired to increase 103.9% to ¥64,000mn, reflecting expansion in No. 3 and No. 4 schemes under the Act on Specified Joint Real Estate Ventures, the figure is set at a conservative level based on past performance. The number of investors acquired is also conservatively estimated at 30,000 (down 27.7%).

* Digital financial products issued and managed with the use of blockchain and other advanced technologies with real estate as their backing

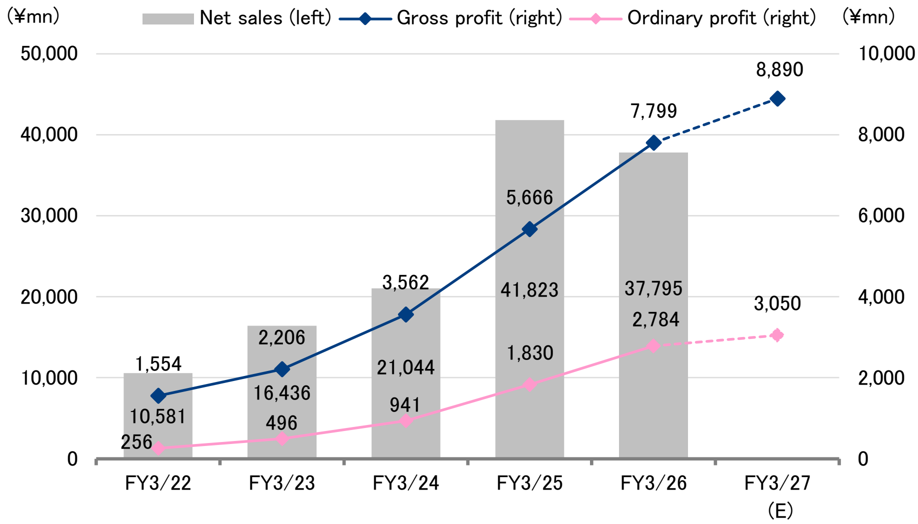
3. Progress in Medium-term Management Plan

In May 2025, the Company released its Medium-term Management Plan “Game Changer 2030.” It covers the five fiscal years from FY3/26 through FY3/30, during which time the Company aims to achieve targets by the plan’s final fiscal year consisting of ¥250.0bn in annual GMV, ¥27.0bn in gross profit, and ¥10.0bn in profit attributable to owners of parent. The Company has set compound annual growth rate (CAGR) targets consisting of 58% in annual GMV, 36% in gross profit, and 50% in profit attributable to owners of parent, and financial targets of ROE of 40.0% (up 9.8 percentage points (pp) vs. FY3/25), equity ratio of 40.0% (up 30.2pp), and a dividend payout ratio of approximately 15% as an initial guideline (up about 1.8pp). Through its Medium-term Management Plan, in addition to existing real estate investment-related services (products), the Company will build real estate ST and alternative investment platforms, aiming to become a game changer in the industry. Focusing on No. 3 and No. 4 schemes under the Act on Specified Joint Real Estate Ventures and real estate ST, the Company is planning for accelerated growth during the period. In the initial fiscal year, FY3/26, results were solid, with achievement rates of 105.2% for gross profit and 107.8% for profit attributable to owners of parent. Although the achievement rate for the KPI of GMV acquired was 78.5% and fell short of the plan, the Company aims to make up for this through No. 3 and No. 4 funds under the Act on Specified Joint Real Estate Ventures. For financial targets, ROE fell 6.7pp YoY to 23.5%, but the equity ratio jumped 15.7pp to 25.5%. The dividend payout ratio remained at 13.2%, the same level as in FY3/25. The initial fiscal year can be said to have gotten off to a generally steady start.

Key Points

- The initial forecast was achieved in FY3/26 with an increase in profit, led by the strong performance of the core service CREAL
- Although profit growth is projected for FY3/27, the outlook remains conservative. Focus on trends in real estate ST
- The initial fiscal year of the Medium-term Management Plan got off to a solid start

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

Made possible small online investments to expand real estate investment opportunities to individuals

1. Company profile

At the current time, the CREAL Group is comprised of eight companies, the Company and its consolidated subsidiaries (CREAL Partners Inc., CREAL ASIA Pte Ltd, CREAL Hotels Inc., Usuki Securities Co., Ltd., CREAL Asset Management Co., Ltd., StayC Shin-Osaka LLC, and StayC Kamakura LLC). The Company's name of CREAL is derived from "clear real estate." It incorporates the idea of wanting to provide investors with peace of mind and safety for real estate investment by eliminating the "closed nature of the industry" and the "asymmetry and lack of transparency of information,"* and instead devoting itself to providing "information transparency" and "online investment convenience."

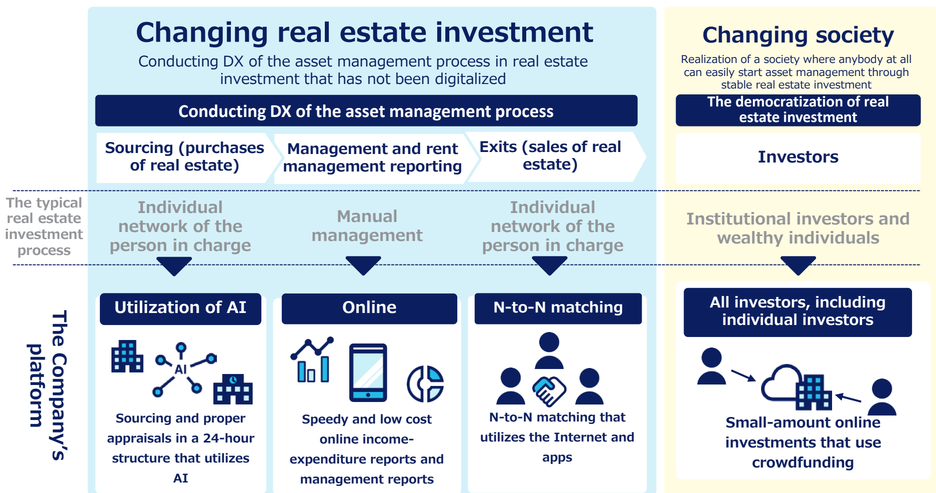
* Refers to a situation in which there is a gap between the information that is held and that can be acquired between so called pro investors, such as real estate companies and institutional investors, and general individual investors

Following the easing of regulations in the Act on Specified Joint Real Estate Ventures in 2017, in October 2018 the Company acquired the No. 1 and No. 2 specified real estate joint enterprise business operator licenses (electronic trading business) that has enabled it to provide a real estate crowdfunding service via the Internet. In November 2018, the Company launched a real estate fund online market service under the CREAL brand. This was actually the start of the Company's current business model and is serving as the driving force behind its high growth. In June 2025, the Company acquired licenses related to No. 3 and No. 4 businesses under the Act on Specified Joint Real Estate Ventures.

Against the backdrop of the closed nature of the industry, the lack of information transparency, and the lack of funds and specialist knowledge, real estate investment has high hurdles to entry for general individual investors. However, a major feature of the Company is that it has succeeded in opening the door to real estate investment through the digital transformation (DX) of the asset management process. From this, it has expanded its services by utilizing cutting-edge Fintech that uses AI and DX and the knowledge of its founding members and board members, business collaborations with well-known domestic and overseas companies, and by developing alliance services. It also provides many opportunities to invest in ESG properties that has been difficult to invest in so far and is realizing both asset management and social contribution, and it has earned the trust of a wide range of customers, from individual investors through to institutional investors, by measures to mitigate investor risk, including a priority-and-subordinate investment method.

Compared to other industries, the real estate investment industry is an industry in which DX is lagging. The Company is aiming to greatly change real estate investment by progressing DX for many real estate investment management processes, including sourcing (purchases of real estate), management, and exits (sales of real estate). Specifically, the Company has integrated the typical real estate investment processes up to the present time of sourcing, management and rent management reporting, and exits into its proprietary platform through DX. For sourcing, rather than relying solely on the personal networks of responsible staff as was traditionally done, the Company can also conduct sourcing and proper appraisals using a 24-hour structure that utilizes AI. For management and rent management reporting, it has transformed the conventional manual operations, for example sending paper materials, by making it possible to send and receive online income-expenditure reports and management reports speedily and at low cost. Exits are also not restricted to the individual network of the person in charge, and it achieves N-to-N matching that utilizes the Internet and apps. Moreover, by using crowdfunding to make possible small-amount online investments, it is succeeding in expanding real estate investment from traditional institutional investors and wealthy individuals to all investors, including individual investors.

The Company's platform



Source: The Company's results briefing materials

Real estate crowdfunding investment amount surged over six years, up 1.75 times YoY in FY2024

2. Online real estate market trends

In March 2019, the Ministry of Land, Infrastructure, Transport and Tourism formulated Guidelines for Electronic Trading Business under the Act on Specified Joint Real Estate Ventures to further promote the Act on Specified Joint Real Estate Ventures and real estate crowdfunding based on the same act. The ministry also revised relevant regulations and notifications, and made improvements to other relevant systems. In September 2023, the ministry announced a practical guide for real estate crowdfunding to enable businesses conducting real estate crowdfunding in accordance with the Act on Specified Joint Real Estate Ventures to realize appropriate operation management systems and implement protection for investors. The guide explains the necessary organization and management structures, etc., for each practical phase, and summarizes business risk and trouble factors, necessary counter measures, points, and other information, as well as introducing marketing innovations, strategies, and know-how for success in practical operations.

With the government’s backing, real estate crowdfunding based on the Act on Specified Joint Real Estate Ventures has grown from 26 deals and investment of ¥1.27bn in FY2018 to 875 deals (up 1.65 times YoY) and ¥176.34bn (up 1.75 times) in FY2024. As a result, the average annual growth rate is 79.7% for the number of deals and 127.6% for the investment amount, so a tremendous amount of growth can be seen. In Japan currently, there is a market centered on individuals, but going forward corporations are expected to become involved as has been the case overseas, so the scale is expected to expand further.

Business description and features

Mainstay CREAL for an online real estate fund market targeting individual investors

1. Business overview

As an asset management platform business, the CREAL Group provides four services that each have different types of investor, investment amounts, and investment targets: CREAL; CREAL PRO; CREAL PB; and Other. While pursuing a business concept in accordance with the targeted customer investment and management policy of each service, the Company has set the services as a single business segment, its only segment, with the intention of creating synergies between the services and conducting unified management of them. The breakdown of gross profit by service in FY3/26 was 56.4% from CREAL, 23.9% from CREAL PRO, 11.5% from CREAL PB, and 8.2% from the Other segment.

2. Features of each service

(1) CREAL

CREAL is a real estate fund online market service for individual investors utilizing crowdfunding, and it can manage assets starting from ¥10,000. It performs matching with the aim of managing surplus funds over the short term (within five years). As of the end of May 2026, the expected yield of the 23 funds formed and managed by the Company was around 5 to 6%, and as of the end of April 2026, there had been no loss of principal. There are few yen-based management products that can be expected to acquire yields of approximately 5-6% in the short-term, which can be said to be a tailwind for the market as well. In this situation, management by asset management professionals and being able to invest in diverse real estate, ranging from ESG properties such as nursery schools through to residences, hotels, and offices, are major factors differentiating the Company from its competition. CREAL's gross profit is calculated as GMV × Take Rate*, and it has an earnings structure in which the growth of GMV contributes greatly to the increase in profits of this service.

* The percentage of the revenue taken by the management company relative to GMV

CREAL funds invest in specified properties. The funds are established once a certain level of invested funds is collected during the subscription period, and then fund management commences. The rental revenue obtained in fund management is distributed to investors in accordance with their invested amounts, and when the fund is wound up, the invested capital is returned through sale of the real estate. CREAL has a return target of expected dividend yield set by the Company in advance and enables investors to invest in various types of fund starting from one unit of ¥10,000, and all the investment steps, from investor registration through to conducting the investment, are completed online. In addition, all of the management processes after the investment, from property management through to management and sales, are carried out by the Company, which has sophisticated investment systems that utilize its advanced real estate investment expertise and IT technologies, enabling real estate fund management without having to spend additional time or effort or to have specialist knowledge.

In this service, the Company prioritizes information transparency and it publishes on its product introduction webpage detailed information and videos of interviews with the managers on the amount of funds raised and the expected yield (breakdown of income gains and capital gains), the expected management period, the expected date of the first dividend, and the real estate targeted for investment. It does not only disclose an overview and the locations of the real estate targeted, but it also discloses information on the project's investment risk and the thinking behind them, and third-party reports by experts, including real estate survey report summaries and engineering reports. It also disseminates overview information, such as summaries of the property managers, the areas where the investment targets are located, and the market's macro-market. Furthermore, the Company provides information on examples of rentals and sales of similar properties as reference information for returns, and it also provides return simulations of the funds raised through the fund and the funds' usage.

Since CREAL was launched, the Company has focused on the creation of investment projects for the ESG properties area, which include nursery schools, schools, and regional revitalization-related properties and for which it has been said to be difficult to supply funds in the past. The scale of investment in ESG properties has been small and it lacks a track record as a target for asset management, so an issue so far is that it has been difficult to attract the attention of institutional investors. The Company is utilizing CREAL crowdfunding to play a role as a pipeline and interface to supply investment funds from individual investors, and it has succeeded in both contributing to society and providing appealing investment products.

This track record of investment in ESG properties can be said to clearly demonstrate that the Company has a management policy of prioritizing the SDGs. It is one of very few asset management support companies developing its main services based on this type of concept as an ESG company and is both achieving excellent management results while also obtaining the support of a wide range of investors, including individual investors. This can be considered one of the key features of the Company and CREAL.

Also, CREAL separates the investment amount into the priority-and-subordinate parts of the investment from the view point of protecting investors, with the priority part and the subordinate part being the investment by the Company. It is a framework in which CREAL investors invest the priority part and they receive dividends and other returns as a priority ahead of the subordinate part (about 5%) invested by the Company. Through this structure, in the event that profits are not generated as expected, the Company bears the risk up to the upper limit of the subordinate amount that it invested. It conducts its subordinate investment together with the customers' investment, which increases the certainty that they will receive the priority part of dividends and the return of their principal. This generates peace of mind among investors and is a major factor behind increasing investors' trust in the Company.

One point that should be noted about CREAL's operation is that customer referrals from SBI SECURITIES Co., Ltd. were ramped up from FY3/24 under a capital and business alliance with SBI Holdings <8473>, and that this has been driving CREAL's rapid growth. Moreover, SBI MONEYPLAZA Co., Ltd. is active in introducing properties to its customers when the Company sells real estate.

CREAL PRO fee business, a service for large-scale real estate investment management

(2) CREAL PRO

This is an asset management service targeting large-scale real estate investment for professionals, such as institutional investors and the extremely wealthy, with asset management starting from ¥100mn. It is structured to facilitate investment in real estate including ESG properties, residences, and hotels, and as it is mainly a fee business, the majority of sales are recorded unchanged as gross profit.

CREAL PRO is centered on brokerage work and work to form and manage private-placement funds mainly based on investment properties on which the Company has acquired information. Basically, it is a service that is managed for external investors, but it also includes a business in which some of the properties are owned, developed and managed by the CREAL Group. (After increasing their value, they are published on CREAL and sold externally.)

Moreover, the Company is developing services with an awareness of collaboration synergies with CREAL. Specifically, in addition to selling externally each of the properties in the small- to medium-scale properties portfolio managed by CREAL, it bundles properties on a scale of ¥5.0bn to ¥10.0bn and sells them in bulk to CREAL PRO customers such as institutional investors. Moreover, it carries out outsourced asset management work as CREAL PRO for the management of the relevant properties. This scheme has already been embodied in its track record in July 2021 of a transaction with then Allianz Real Estate, a company belonging to the major German life insurance group Allianz, and with Gaw Capital Partners, a major Hong Kong real estate investment firm, which it announced at the same time as it was listed in April 2022. With Gaw Capital Partners, the Company concluded a sales contract with a fund formed by Gaw Capital Partners for 13 condominium buildings (including those scheduled to be completed) located in Tokyo's 23 wards that are currently managed or planned to be managed using CREAL.

CREAL PB utilizes proprietarily developed AI to make possible speedy purchases

(3) CREAL PB

This is an asset management service for individual investors. It targets physical real estate for long-term management (at least five years). Its major features include that it utilizes the AI developed by the Company to efficiently discover excellent properties from the real estate market (mainly pre-owned sub-divided residences in the metropolitan Tokyo area). Moreover, it provides a rich lineup of asset management products with investment classes that include not only sub-divided residential properties for investment, but also single building residences, and solar power. CREAL PB's gross profit is calculated as net sales × gross profit margin. Specifically, it is a scheme in which gains on sales are acquired through the Company purchasing the investment properties and selling them to individual investors. After sales as well, it provides various types of management-work services required by the investors, which creates a framework to receive not only gains on sales, but also to continuously receive rent management-related earnings, such as rent collection agency fees and contract-work fees, while also increasing convenience for individual investors.

CREAL PB improves investment returns through utilizing AI and promoting DX for each of the series of processes relating to real estate investment. It is also progressing measures intended to increase the investment appeal and convenience for customers, including enhancing interface functions, and focusing on operational improvements and cost reductions.

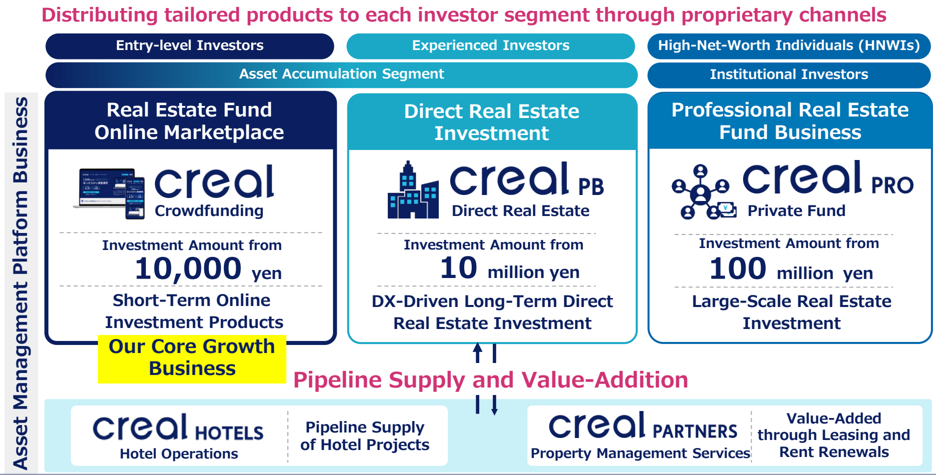
One system worthy of note is CREAL buyer, which is a property assessment and evaluation system for investment projects. In CREAL buyer, AI developed by the Company to efficiently assess and purchase properties is always learning from the enormous volume of data relating to purchases and sales of real estate, and it enables finding appropriate rent and price assessments according to factors such as location, area, floor space, building age and specs. It facilitates speedy purchasing negotiations by always selecting on the Internet high-performance properties with relatively inexpensive prices and rent and notifying the person in charge of purchase proposals when there is a promising property.

The Company developed CREAL concierge as a system to promote the increased efficiency of real estate investment management, and it is promoting DX for real estate investment management processes that so far have relied greatly on paper documents and face-to-face interactions. Through CREAL concierge, real estate owners, who are the Company's customers, can confirm online at any time their properties' rental status and financial performance, which leads to increased convenience for asset management. In December 2023, the Company digitalized special real estate documents (building drawings, report on investigation of important matters, etc.) that were not compatible with general electronic contract platforms, thereby increasing convenience for customers while also reducing operation costs such as revenue stamps, printing, and postage. It also has the function of showing real estate that is being sold, so it fulfills the role of promoting the purchase of additional properties to real estate owners.

(4) Other

The Company developed CREAL manager to improve the efficiency of property management work, and it has built a framework that can effectively manage real estate work, its primary service in Other, for pre-owned sub-divided residential real estate. Through CREAL manager, it promotes the integration of information that conventionally has been managed in a dispersed manner, such as on paper documents and in Excel files. Starting with contract management and the management of deposits and withdrawals, it automates the creation of detailed statements for owners and the mailing of documents to people requesting them. In such ways, it realizes an effective work environment that acts as a major advantage for both customers and the Company. Additionally, effective from FY3/25, the scope of the Other segment has been expanded to include the hotel management business through CREAL HOTELS. As of the end of FY3/26, the Company operates three hotels: two under the LACER brand in Okinawa and Holiday Inn & Suites Shin-Osaka. In April 2024, the Company newly undertook management of a hotel in Kamakura, Kanagawa Prefecture, and in May 2026, it reopened the property as LACER SUITES Kamakura following rebranding.

The Company's service lineup



Source: The Company's results briefing materials

Results trends

In FY3/26, gross profit increased significantly, with CREAL performing strongly

1. Results trends for FY3/26

In FY3/26, the Company's consolidated results were: net sales of ¥37,795mn (down 9.6% YoY), gross profit of ¥7,799mn (up 37.6%), operating profit of ¥2,941mn (up 49.5%), ordinary profit of ¥2,784mn (up 52.1%), and profit attributable to owners of parent of ¥1,938mn (up 43.5%). Although net sales decreased, profits at all levels greatly exceeded the previous fiscal year's results. The main factor in declining net sales was the reactionary drop from the large-scale property sales recorded in FY3/25, so concerns are limited. The achievement rates against the initial forecasts were 105.3% for gross profit (vs. ¥7,410mn planned), 110.5% for operating profit (vs. ¥2,660mn), 111.2% for ordinary profit (vs. ¥2,500mn), and 107.8% for profit attributable to owners of parent (vs. ¥1,800mn), each exceeding plan and indicating healthy results. For the Company's highest priority of gross profit, the mainstay CREAL was a strong driver, with an increase of 98.1%. The No. 3 and No. 4 projects under the Act on Specified Joint Real Estate Ventures, which CREAL began handling in FY3/26, made contributions through both acquisition fees and interim fees, while property sales of No. 1 and No. 2 projects under the Act on Specified Joint Real Estate Ventures also performed favorably. Additionally, at CREAL PB, sales of sub-divided residential properties for investment were robust, with an increase of 25.3%. On the other hand, CREAL PRO saw a decline of 25.2% due to delays in some of the project pipeline. In the Other segment, operating revenue from CREAL HOTELS increased significantly, resulting in a 170.3% increase in gross profit. Below operating profit, SG&A expenses rose 31.4% due to workforce expansion along with aggressive business expansion, increased personnel costs along with system development, and higher advertising expenses for investor acquisition and brand recognition, but increased profits offset this rise.

For the KPI of the number of investors acquired, the plan was 35,000, and the actual was 41,522 (up 25.1% YoY), resulting in an achievement rate of 118.6%. GMV acquired was ¥31.39bn (up 22.2%) against a plan of ¥40.0bn, for an achievement rate of 78.5%. The main reason for the shortfall was that launching No. 3 and No. 4 projects under the Act on Specified Joint Real Estate Ventures took longer than anticipated. The transition to No. 3 and No. 4 under the Act on Specified Joint Real Estate Ventures allowed larger projects to be formed, but in the initial phase, arranging non-recourse loans and handling other procedures took time. Currently, collaboration with financial institutions is expanding, and the project formation process is further being standardized, so the impact of such factors is expected to be limited in the future.

Overview of FY3/26 results

(¥mn)

	FY3/25		FY3/26			YoY	Achievement rate against initial forecast
	Result	% of net sales	Initial forecasts	Result	% of net sales		
Net sales	41,823	-	-	37,795	-	-9.6%	-
Gross profit	5,666	13.5%	7,410	7,799	20.6%	37.6%	105.3%
Operating profit	1,968	4.7%	2,660	2,941	7.8%	49.5%	110.5%
Ordinary profit	1,830	4.4%	2,500	2,784	7.4%	52.1%	111.2%
Profit attributable to owners of parent	1,351	3.2%	1,800	1,938	5.1%	43.5%	107.8%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

2. Results trends by service

For CREAL, gross profit increased substantially 98.1% YoY to ¥4,396mn, and the achievement rate against the initial plan of ¥3,000mn was 146.5%, driving strong results. After obtaining approval for No. 3 and No. 4 funds under the Act on Specified Joint Real Estate Ventures in June 2025, the Company launched a new real estate crowdfunding scheme in August, formed nine funds (GMV: ¥25.8bn) during the fiscal year, and contributed income through both acquisition fees and interim fees. As a result of enlarging the funds to meet investment demand under No. 3 and No. 4 projects under the Act on Specified Joint Real Estate Ventures, the average size increased to ¥2.62bn (from ¥1.17bn in the previous fiscal year). At the same time, operational costs were controlled and productivity was improved. Regarding No. 1 and No. 2 projects under the Act on Specified Joint Real Estate Ventures, a total of 15 projects were sold at a high take rate. A favorable market environment throughout the full fiscal year contributed to results.

For CREAL PRO, gross profit decreased 25.2% YoY to ¥1,864mn, with an achievement rate of just 62.1% of the initial forecast of ¥3,000mn. The decline was due to the reaction from large-scale property sales in FY3/25 as well as the postponement of some projects in the pipeline from FY3/26 to FY3/27. In FY3/26, the focus was on hotel development projects. Under investment from major institutional investors, the Company handled everything from land acquisition to property construction, and undertook hotel operation and asset management in-house. The Company developed a profit acquisition model for development projects that will eventually feed into the property sales pipeline for CREAL, achieving results in the development of large-scale hotel assets, including the Osaka Yodoyabashi Hotel Fund and Kyoto Higashi-Kujo Hotel Development Project. Regarding the FY3/26 project pipeline, most of the closings were concentrated in the 2H at the start of the fiscal year, and while the Company worked steadily to advance them, some were delayed due to customer factors. The Company is addressing these properties for revenue recording in FY3/27.

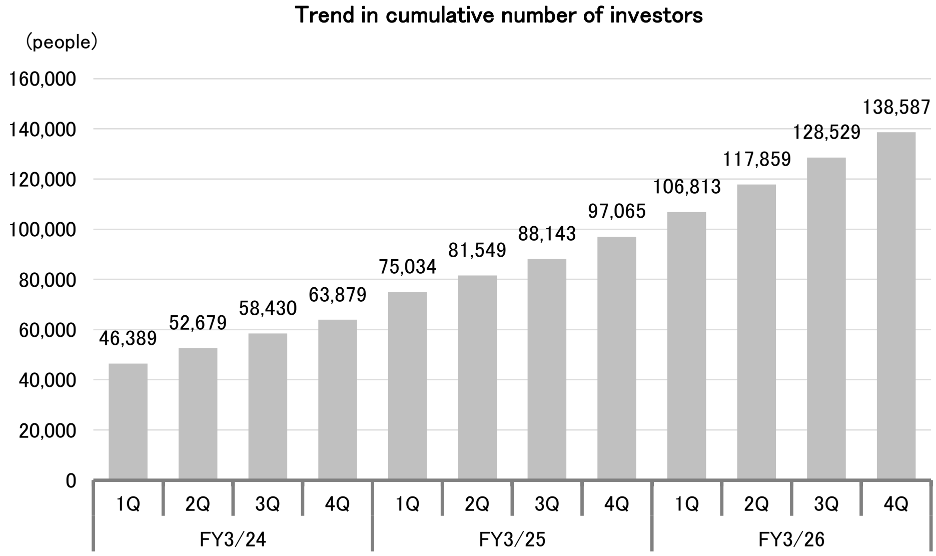
For CREAL PB, gross profit increased 25.3% YoY to ¥900mn, with an achievement rate of 104.7% against the initial plan of ¥860mn—a steady performance. For sales of sub-divided residential properties for investment such as used condominiums, strategies such as area focus and increasing commission income resulted in steadily growing units sold and improved gross profit margin. The gross profit margin for FY3/26 rose 1.1pp to 9.8%. Further, the use of CREAL concierge for sales and customer management and CREAL manager for rent management enhanced operational efficiency through digital transformation (DX).

The Other segment saw gross profit increase significantly to ¥638mn (up 170.3% YoY), with an achievement rate of 116.0% against the initial target of ¥550mn—a steady performance. For CREAL PARTNERS, which engages in real estate management and related operations, the number of managed units continued to grow, resulting in higher net sales and profit. In addition, increased operating revenue from CREAL HOTELS contributed to overall performance growth. The number of hotels operated increased by one property. As of the end of December 2025, net sales were strong for LACER OKINAWA NAHA MIEBASHI, LACER OKINAWA NAHA TOMARIPORT, and Holiday Inn & Suites Shin-Osaka, which all posted increases of 79.7%, 115.2%, and 19.6% respectively. To maximize hotel revenue, the Company developed and is piloting a proprietary revenue management system that uses AI to set prices, leveraging past stay data, competitor trends, seasonality, and other external factors. Sales results for March 2026 showed that RevPAR (revenue per available room) was 109% compared to human-set pricing, demonstrating successful price optimization through enhanced pricing accuracy. About 20% of reservations through the end of October 2026 were captured via the proprietary revenue management system, and the Company aims to increase this ratio to 50%. Other DX initiatives included the introduction of mobile keys, mobile check-in/check-out, and ticketless functions, resulting in reduced operating costs. In marketing, 100% of advertisement creative production has been automated with AI, with promotional activities conducted via SNS and blogs. The Company's SNS accounts have amassed approximately 150,000 followers.

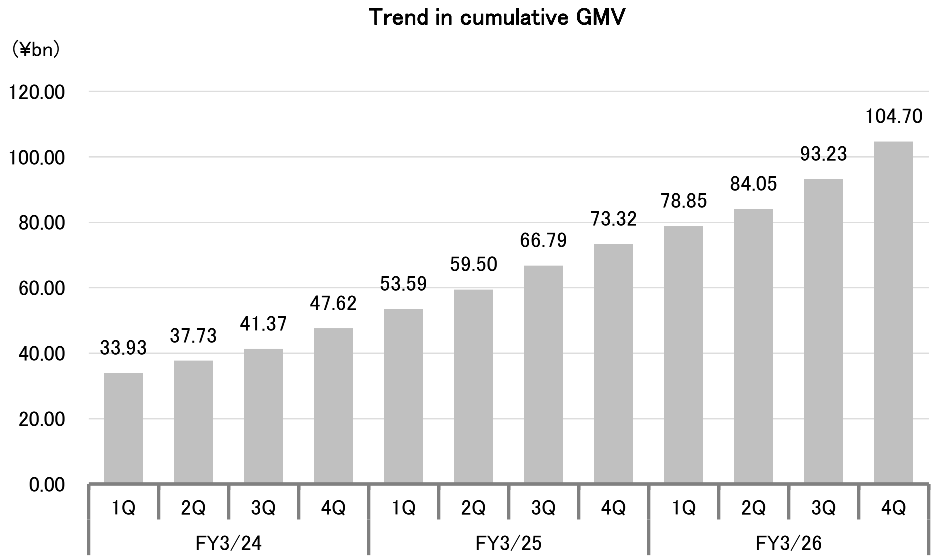
3. Trends in KPI

CREAL's gross profit comprises GMV × Take Rate, with the Take Rate made up of fixed fees comprising project origination, fund management handling, and redemption fees, and fluctuating fees made up from profit sharing of capital gains made through funds' external sales. The combined total to date has been 8-10%. GMV is compiled and announced at the time of procurement (when soliciting funds). However, the method of recognizing revenue and expenses differs between the "No. 1 and No. 2 schemes under the Act on Specified Joint Real Estate Ventures" and the "No. 3 and No. 4 schemes under the Act on Specified Joint Real Estate Ventures," the latter of which were commenced in FY3/26. Under No. 1 and No. 2 schemes under the Act on Specified Joint Real Estate Ventures, revenue and expenses are recognized on a gross basis, and net sales and gross profit for CREAL are recorded at the time of transaction settlement (property sale). For this reason, in many funds, a time lag of roughly one year arises between the conclusion of GMV contracts and the recording of gross profit. In contrast, under No. 3 and No. 4 schemes under the Act on Specified Joint Real Estate Ventures, the SPC owns the assets and the Company serves as the fund management trustee. As such, the Company recognizes revenue on a net basis (fee income), with revenue from acquisition fees recognized at the time of fund formation, that from interim fees during the management period, and that from disposition fees upon property sale in accordance with the implementation timing of each. What this means is that in comparison with No. 1 and No. 2 schemes under the Act on Specified Joint Real Estate Ventures, the overall timing for revenue recognition is accelerated, enabling the Company to secure a stable revenue base that is not affected by property sales. Also, since the SPC can obtain loans from financial institutions when forming a fund, the leverage effect tends to result in larger funds, which in turn expands GMV, the leading indicator of gross profit. Meanwhile, CREAL PB's gross profit is calculated as net sales × gross profit margin. Also, CREAL PRO generates fee-based income, so the majority of its sales are recorded as gross profit. Given that gross profit in the mainstay CREAL business represents 56.4% of gross profit overall (in FY3/26), contributing significantly to the Company's profit growth, the Company considers GMV and the number of investors to be particularly important, and also establishes KPIs for repeat investment rate, gross profits, and others.

GMV grew substantially, reaching a cumulative total of ¥104.7bn as of the end of FY3/26 (up 42.8% YoY). GMV acquired in FY3/26 was ¥31.39bn, with an achievement rate against the initial target of ¥40.0bn at 78.5%. The cumulative number of investors reached 138,587 as of the end of FY3/26 (up 42.8%). The number of investors acquired in FY3/26 was 41,522, representing a favorable achievement rate of 118.6% compared to the initial target of 35,000. Marketing initiatives, including SNS, contributed to these results. Although competition in real estate crowdfunding is intensifying, the market still offers considerable growth potential. The Company, as an industry leader, aims to win out by leveraging its product development and marketing capabilities to provide high-quality services.



Source: Prepared by FISCO from the Company's results briefing materials



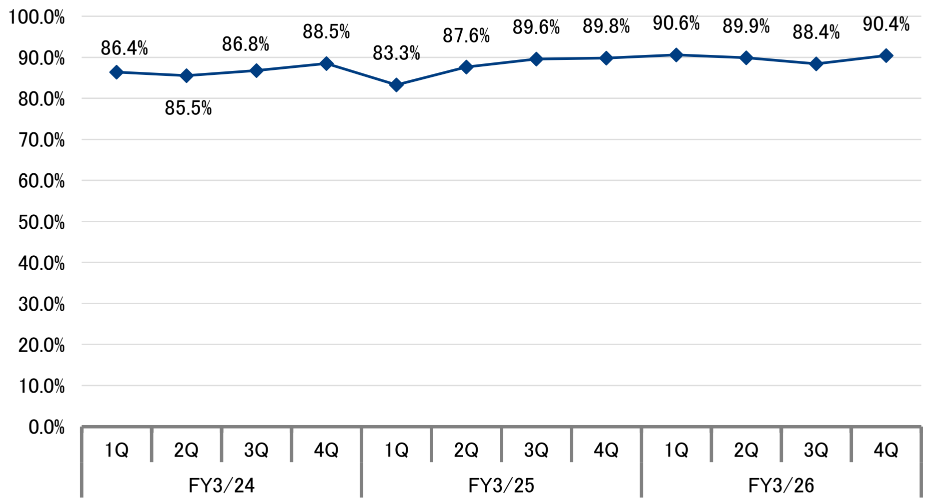
Source: Prepared by FISCO from the Company's results briefing materials

The repeat investment ratio* of CREAL investors, an important indicator related to GMV, was 90.4% at the end of FY3/26—an increase of 0.6pp YoY. The repeat investment rate rises and falls depending on the status of acquisition measures, etc. because the ratio depends in part on the percentage of investment made by new investors. The rate has remained around 90% even after the start of FY3/26, and continues to stay at a high level.

* The percentage of GMV for the quarter in question represented by the amount invested by investors who have invested in the past year

Through the above, CREAL has acquired highly loyal users who reinvest the same amounts as were returned to them or even higher amounts in new funds after the completion of fund management. It therefore has an earnings structure with a stable-earnings-accumulation model similar to SaaS. The Company is further strengthening its partnership with SBI Holdings, while also focusing on expanding its fund offerings. Cumulative GMV and cumulative number of investors are expected to continue to grow, and the re-investment plus new investor loop is projected to expand considerably as well. With its growth potential and stability, FISCO expects CREAL to serve as a growth driver for the Company's overall business, and to become a service with even higher growth potential.

Trend in the repeat investment rate



Source: Prepared by FISCO from the Company's results briefing materials

Promotion of No. 3 and No. 4 funds under the Act on Specified Joint Real Estate Ventures streamlined the balance sheet and improved financial soundness

4. Financial position and management indicators

Total assets as of the end of FY3/26 decreased ¥8,674mn YoY to ¥44,262mn. Main factors included a ¥2,004mn decrease in cash and deposits, and a ¥10,401mn decrease in real estate for sale, despite a ¥1,207mn increase in deposits. Total liabilities decreased ¥14,874mn to ¥32,788mn. This was mainly due to a ¥23,562mn decrease in silent partner investment deposits, despite increases of ¥3,558mn in crowdfunding deposits, ¥1,653mn in the current portion of long-term borrowings, and ¥2,338mn in long-term borrowings. Total net assets rose ¥6,200mn to ¥11,474mn. This was mainly due to capital and capital surplus increasing ¥2,171mn each as a result of third-party allotments and exercise of stock options, and retained earnings growing ¥1,758mn due to recording profit attributable to owners of parent of ¥1,938mn. Features of the Company's financial position include crowdfunding deposits of ¥6,212mn and silent partner investment deposits of ¥13,716mn recorded in liabilities, balanced out under assets by a total amount of ¥17,540mn consisting of cash and deposits of ¥13,694mn and deposits of ¥3,845mn, which includes ¥8,391mn related to crowdfunding, and real estate for sale of ¥20,309mn, which includes ¥12,549mn related to crowdfunding. Crowdfunding-related accounts make up 47.3% of the Company's total assets of ¥44,262mn. Silent partner investment deposits are investments by silent partners, so legally they do not have a repayment obligation, but they are recorded as liabilities on the balance sheet. For this reason, while these are reference figures, the effective equity ratio, calculated by excluding items related to accounting processes inherent in crowdfunding, stands at 46.4%*. This is a higher level compared to the equity ratio of 25.5% based on the balance sheet.

* As for the main accounts and balances related to crowdfunding, crowdfunding deposits and silent partner investment deposits are excluded from total assets when calculated.

The current ratio is 144.3% when calculated from the balance sheet, but the actual ratio is 232.6%*. As such, FISCO does not consider these levels to present an issue in terms of financial soundness. With the increase in No. 3 and No. 4 schemes transactions under the Act on Specified Joint Real Estate Ventures that can be off-balanced via SPCs, crowdfunding-related accounts have declined gradually; further improvement in asset efficiency and financial soundness is expected going forward.

* As for the main accounts and balances related to crowdfunding, real estate for sale (only properties recruited with crowdfunding; ¥12,549mn) and cash and deposits, and deposits (crowdfunding-related; ¥8,391mn) are excluded from current assets, and silent partner investment deposits and crowdfunding deposits are excluded from current liabilities when calculated.

Consolidated balance sheet and the main management indicators

(¥mn)

	End of FY3/25	End of FY3/26	Change
Current assets	50,755	41,564	-9,191
Cash and deposits	15,699	13,694	-2,004
Deposits	2,638	3,845	1,207
Real estate for sale	30,711	20,309	-10,401
Cash segregated as deposits in the securities business	867	1,080	213
Margin transaction assets in the securities business	5	5	0
Non-current assets	2,181	2,697	516
Property, plant and equipment	949	849	-99
Intangible non-current assets	87	199	112
Investments and other assets	1,143	1,648	504
Total assets	52,936	44,262	-8,674
Current liabilities	45,999	28,796	-17,203
Short-term borrowings	2,019	1,956	-62
Current portion of long-term borrowings	1,090	2,744	1,653
Crowdfunding deposits	2,654	6,212	3,558
Silent partner investment deposits	37,278	13,716	-23,562
Deposits received in the securities business	751	962	210
Margin transaction liabilities in the securities business	5	5	0
Non-current liabilities	1,662	3,991	2,328
Long-term borrowings	1,635	3,973	2,338
Total liabilities	47,663	32,788	-14,874
Interest-bearing debt	4,745	8,675	3,929
Total net assets	5,273	11,474	6,200
Total liabilities and net assets	52,936	44,262	-8,674
Profitability indices			
Return on assets (ROA)	4.1%	5.7%	1.6pp
Return on equity (ROE)	30.2%	23.5%	-6.7pp
Operating profit margin	4.7%	7.8%	3.1pp
Stability indices			
Equity ratio	9.8%	25.5%	15.7pp
D/E ratio (times)	0.92	0.77	-
Current ratio	110.3%	144.3%	34.0pp

Source: Prepared by FISCO from the Company's financial results

Outlook

While profit is increasing, the forecast is conservative. Advance investment in real estate ST and hotel businesses

1. FY3/27 forecasts

For FY3/27 consolidated results, the Company forecasts growth in profits at every stage, with gross profit of ¥8,890mn (up 14.0% YoY), operating profit of ¥3,290mn (up 11.8%), ordinary profit of ¥3,050mn (up 9.6%), and profit attributable to owners of parent of ¥2,100mn (up 8.3%). For the mainstay CREAL service, the Company expects a temporary decrease in gross profit (down 23.3%) due to the absence of profit on property sales under No. 1 and No. 2 funds under the Act on Specified Joint Real Estate Ventures that performed well in FY3/26. Although a sufficient pipeline of properties is in place for FY3/27, the forecast for property sales has been set conservatively. For No. 3 and No. 4 scheme funds under the Act on Specified Joint Real Estate Ventures, the Company plans to accelerate formation and establish a revenue base centered on fee income (acquisition fees, interim fees), putting growth on track. For CREAL PRO, driven mainly by apartment hotel development fund formation, the Company expects a sharp increase in gross profit (up 89.4%) by accumulating real estate brokerage commissions, asset management fees during operation, and sales proceeds. The pipeline of projects is being steadily secured, making target attainment highly likely. For CREAL PB, following FY3/26, the Company will pursue area strategies for sub-divided residential properties for investment and other sales initiatives, expecting a 15.6% increase in gross profit. In the Other segment, hotel operating revenue from multiple CREAL HOTELS properties is expected to stack up, and gross profit is forecast to rise sharply 48.9%. SG&A expenses are expected to rise 15.3% due to increased labor costs for system development toward launching the real estate ST business on CREAL and for strengthening staff organization at CREAL HOTELS. For KPIs, although the expansion of No. 3 and No. 4 schemes under the Act on Specified Joint Real Estate Ventures is anticipated, the acquired GMV is set at a conservative level in consideration of actual results—¥64,000mn, up 103.9%. The number of investors acquired is also conservatively estimated at 30,000 (down 27.7%).

FY3/27 forecasts

(¥mn)

	FY3/26 Result	FY3/27	
		Forecast	YoY
Gross profit	7,799	8,890	14.0%
CREAL	4,396	3,370	-23.3%
CREAL PRO	1,864	3,530	89.4%
CREAL PB	900	1,040	15.6%
Other	638	950	48.9%
SG&A expenses	4,857	5,600	15.3%
Operating profit	2,941	3,290	11.8%
Ordinary profit	2,784	3,050	9.6%
Profit attributable to owners of parent	1,938	2,100	8.3%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

2. Forecasts by service

(1) CREAL

The Company forecasts gross profit of ¥3,370mn (down 23.3% YoY) in FY3/27. This reflects a rebound decline from FY3/26 and an income structure for FY3/27 expected to be mainly fee revenue from fund formation under No. 3 and No. 4 schemes under the Act on Specified Joint Real Estate Ventures. Proceeds from property sales in operation are estimated conservatively, and any gains beyond forecast would constitute an upward factor for results. The proportion of GMV accounted for by No. 3 and No. 4 funds under the Act on Specified Joint Real Estate Ventures is projected at 82.3% in FY3/26 (when operations commenced) and 89.1% in FY3/27. With a continued focus on No. 3 and No. 4 funds under the Act on Specified Joint Real Estate Ventures, the Company aims to shift to a stock-type revenue structure that will enable stable acquisition of fee income based on the membership base, thereby supporting stable business operations. Stable revenue will also enable aggressive investment in new growth fields.

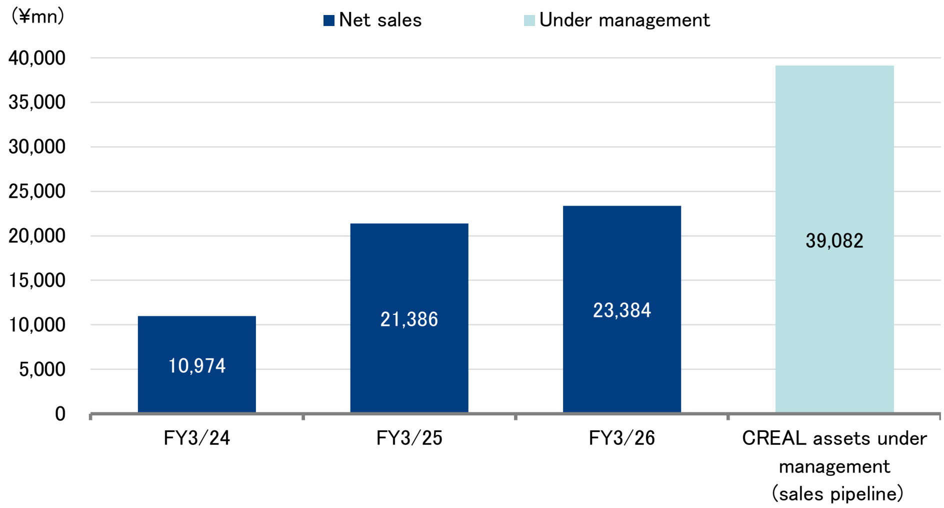
Furthermore, the Company plans to begin a real estate ST business via its subsidiary Usuki Securities in 1H FY3/27. GMV acquired for this business is anticipated at a scale of ¥7.0bn, but the Company expects an operating loss of about ¥170mn due to upfront investment ahead of the business launch. The Company is working to enhance its business foundation with the aim of returning to profitability from FY3/28 onward.

CREAL fund management and redemption conditions

FY3/26 Completed external sale		Before the conclusion of a sales contract (property in operation)	
Targeted properties	No. of properties	Targeted properties	No. of properties
Residences	9	Residences	8
Hotels	4	Hotels	3
Commercial facilities	1	Healthcare facilities	5
Logistics facilities	1	Offices	4
		Commercial facilities	1
		Logistics facilities	1
		Nursery schools	1

Source: Prepared by FISCO from the Company's results briefing materials

CREAL fund management and redemption conditions



Source: Prepared by FISCO from the Company's results briefing materials

(2) CREAL PRO

The Company forecasts gross profit of ¥3,530mn (up 89.4% YoY) in FY3/27. Focusing on apartment hotel development fund formation, the Company plans to achieve the forecast by capturing all revenue sources, including real estate brokerage commissions, sales proceeds from properties, and asset management fees. Most of the project pipelines consist of residences and hotel developments for which management contracts were secured in FY3/26, making the outlook for revenue acquisition solid. In addition, for another pattern of hotel development fund formation, the Company is pushing to acquire development land for apartment hotels on its own account, which is expected to broaden the scope of hotel development fund formation in the future.

(3) CREAL PB

The Company forecasts gross profit of ¥1,040mn (up 15.6% YoY) in FY3/27. The Company will promote sales primarily of sub-divided residential properties for investment by leveraging the expanded workforce and enhanced DX-driven sales structure built in FY3/26. With continued high prices in the pre-owned condominium market, especially in the Tokyo metropolitan area, timely acquisition and sale of properties will be key to securing high profitability for real estate investment.

(4) Other

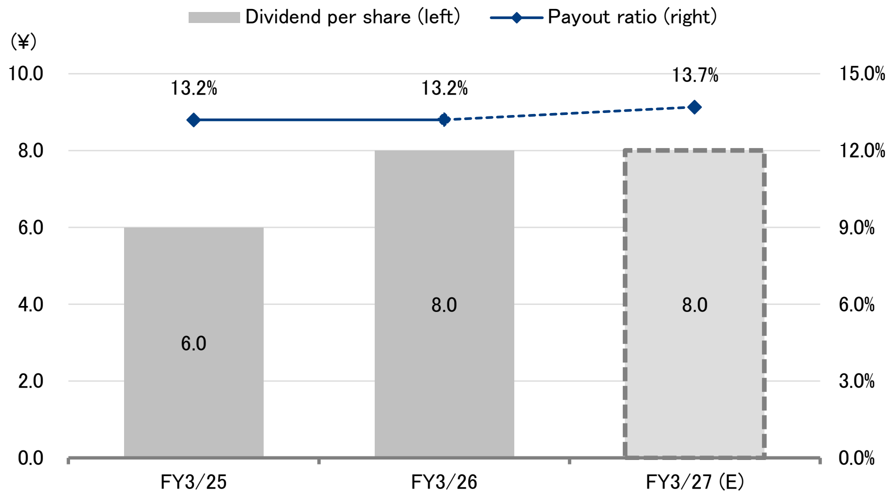
The Company forecasts gross profit of ¥950mn (up 48.9% YoY) in FY3/27. In addition to stable, stock-type income from CREAL PARTNERS' residence rent management; the Company expects significant profit growth in hotel operations owing to new openings by CREAL HOTELS. However, with new development of hotel assets accelerating from FY3/26, upfront personnel investment, including in labor costs to strengthen the operating structure, is planned. For CREAL HOTELS, an operating loss of approximately ¥60mn is forecast, but profitability is expected to be restored from FY3/28 onward.

3. Shareholder returns

Having concluded that it has entered a stage where it can implement shareholder return measures in a stable and continuous manner, the Company paid a year-end dividend of ¥30.0* per share for the first time in FY3/25. The dividend per share in FY3/26 was raised ¥1.0 in March 2026 from the initial forecast, to ¥8.0. The dividend per share is also expected to be ¥8.0 in FY3/27. The payout ratio is projected at 13.7%. As part of its efforts to enhance corporate value, the Company has implemented semi-annual shareholder benefits (QUO CARDs) aiming to improve share liquidity and broaden its investor base, in addition to shareholder returns through dividends. On October 1, 2025, it executed a 5-for-1 stock split with that date as the effective date. To maintain a suitable capital structure, the Company is also considering share buybacks using surplus funds where appropriate. In May 2026, it acquired ¥148mn in treasury shares in preparation for a stock-option grant.

* Amounts are before the 5-for-1 stock split effective October 1, 2025.

Dividend per share and payout ratio



Note: The Company conducted a 5-for-1 stock split effective October 1, 2025. Dividend results for FY3/25 are shown as retroactively adjusted values, reflecting the impact of the split.
Source: Prepared by FISCO from the Company's financial results

Growth strategy

The first year of the Medium-term Management Plan showed steady progress

1. Progress in Medium-term Management Plan

The Medium-term Management Plan "Game Changer 2030," announced in May 2025, covers the five fiscal years from FY3/26 through FY3/30. By the final fiscal year, the Company aims to achieve annual GMV of ¥250.0bn, gross profit of ¥27.0bn, and profit attributable to owners of parent of ¥10.0bn. The Company has set compound annual growth rate (CAGR) targets consisting of 58% in annual GMV, 36% in gross profit, and 50% in profit attributable to owners of parent, and financial targets of ROE of 40.0% (up 9.8pp vs. FY3/25), equity ratio of 40.0% (up 30.2pp), and a dividend payout ratio of approximately 15% as an initial guideline (up about 1.8pp). In addition to its existing real estate investment-related services (products), the Company aims to become a game changer in the industry by building real estate ST and alternative investment platforms. In real estate ST, the digitalization of securities makes it possible to invest in a diverse range of assets starting from relatively small amounts. In addition, by handling real estate, which is less susceptible to inflation and economic trends in the current market environment, the Company can likely anticipate demand. Regarding alternative investment platforms, the Company intends to add infrastructure and private credit to the real estate alternative products it currently handles, as well as incorporate stocks and bonds, in order to capture demand and maximize earnings through a diverse product lineup tailored to investors' risk preferences.

In the initial fiscal year—FY3/26—progress rates were 105.2% for planned gross profit of ¥7.4bn, and 107.8% for profit attributable to owners of parent of ¥1.8bn, reflecting a steady performance. On the other hand, for the GMV KPI, progress was only 78.5% against the plan for ¥40.0bn, but the Company plans to recover with No. 3 and No. 4 funds under the Act on Specified Joint Real Estate Ventures. For financial targets, ROE fell 6.7pp YoY to 23.5%, but the equity ratio jumped 15.7pp to 25.5%. The payout ratio was 13.2%, the same level as in FY3/25. The first fiscal year can be called a generally solid start.

2. Initiatives aimed at future growth

(1) Entry into the real estate ST market

With the aim of entering the real estate ST market in 1H FY3/27, subsidiary Usuki Securities is preparing by changing its registration for Type-I financial instruments business, applying for permits and licenses for investment management business, and building the necessary systems and structures. Unlike Act on Specified Joint Real Estate Ventures funds, real estate ST is a transaction based on the Financial Instruments and Exchange Act, so it is subject to separate taxation, making it a highly profitable investment product especially for high-net-worth asset-building and affluent individuals. This enables the Company to further expand its client base in the real estate investment market. In terms of sales methods, collaboration with SBI Holdings is also being considered. For FY3/27, while aiming to achieve GMV of ¥7.0bn, the Company expects an operating loss at Usuki Securities due to upfront investments, with profitability targeted from FY3/28 onward. Additionally, with CREAL ST, the Company is exploring forming funds that invest in assets other than real estate, such as private credit through direct investment in companies or funds via digital bonds, and alternative assets, aiming to further expand its customer base.

(2) Hotel Operation Business

In November 2025, the Company announced the launch of a new brand, VAYS, to capture new customer segments in response to emerging needs. By offering limited services and mid- to high-price settings in high-grade apartment hotels and private villas, the Company seeks to differentiate its target customers from those of LACER. The Company aims to operate 50 properties under the VAYS brand over the next four years. As of FY3/26, the hotel operation pipeline for this business consists of 10 properties (362 rooms), with openings planned from 2026 to 2028. Personnel and operating costs are expected to increase as the number of properties under management grows, so the Company plans to use DX and AI to absorb costs and improve profit margins.

Further, collaboration with CREAL and CREAL PRO is also underway. For CREAL, leveraging accumulated hotel operation expertise in property sourcing has led to an increase in both the number and scale of projects. In fact, four hotel properties were sold in FY3/26. After the sale of each property, ongoing revenue acquisition opportunities are secured as CREAL HOTELS assumes management. Similarly, in CREAL PRO, leveraging hotel operation know-how from the land acquisition stage enables the structuring of deals tailored to the expected returns of major investors. During these processes, the Company can expect to benefit from sources such as fee income from land procurement, hotel operation revenue during fund management, and gains on property sales. While the Company plans to increase upfront investments to build the operating framework, a temporary operating loss is expected for FY3/27, with a return to positive operating profit from FY3/28 onward.

(3) DX × AI Strategy

The Company is developing products to improve productivity through the utilization of DX and AI. In addition to the proprietary revenue management system for hotel operation mentioned above, CREAL and CREAL PRO utilize AI for underwriting target properties at the time of real estate acquisition. The AI reads the relevant documents, extracts data, and after determining whether review is necessary, selects highly profitable properties, enabling fundamental operational efficiency improvements and accurate, rapid deal structuring. Currently in test operation, the data extraction accuracy rate is 90%, and efforts to further improve accuracy continue. Going forward, the Company also plans to link with external data such as property rents and market information to automate the creation of internal Investment Committee materials. The Company aims to build an AI-powered real estate investment platform capable of mass analysis and large-scale deal structuring. In system development for real estate ST, the Company is advancing in-house development of the front system and securities back system. By generating 98% of development code with AI, development time has been shortened from the usual two to three years to just one year, achieving substantial reductions in development costs.

Disclaimer

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