COMPANY RESEARCH AND ANALYSIS REPORT

MUGEN ESTATE Co., Ltd.

3299

Tokyo Stock Exchange Standard Market

20-Oct.-2025

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Contents

Summary

In 1H FY12/25, the Purchase & Resale Business performed strongly, achieving record-high net sales and profit in 1H

MUGEN ESTATE Co., Ltd. <3299> (hereafter, also "the Company") is engaged in the business of purchasing and reselling pre-owned properties, primarily investment-type and residential-type real estate. The Company is recognized as a pioneer in the real estate industry and operates as a highly profitable enterprise. It handles a wide range of pre-owned properties, from condominium units worth tens of millions of yen to entire condominium and office buildings worth billions of yen. The Company operates in the Tokyo metropolitan area and other major cities nationwide through a network of 15 offices from Hokkaido to Okinawa, mainly focusing on the Tokyo metropolitan area. It had 507 employees (consolidated) as of June 30, 2025. MUGEN ESTATE listed on the Tokyo Stock Exchange Mothers Market in 2014. The listing was moved to the Tokyo Stock Exchange First Section in 2016 and then transferred to the Tokyo Stock Exchange Prime Market in 2022, being in the Tokyo Stock Exchange Standard Market since 2023.

1. Business overview

The Company's operations are divided into two segments: the Real Estate Trading Business and the Real Estate Leasing and Other Business. In 1H FY12/25, the mainstay Real Estate Trading Business generated 95.9% of consolidated net sales and 94.4% of segment income. It consists of three business models: 1) the Purchase & Resale Business (investment and residential properties), 2) Real Estate Development Business, and 3) Real Estate Specified Joint Business. The Purchase & Resale Business buys pre-owned properties and enhances their value and profitability through interior, exterior, and other improvements, and then sells them as "revitalized real estate." This business accounted for 95.1% of the Company's net sales. The Real Estate Development Business purchases land for development and conducts planning, design, construction, leasing, and sales, while the Real Estate Specified Joint Business sells small-lot real estate products in accordance with the Real Estate Specified Joint Enterprise Act. The second segment, the Real Estate Leasing and Other Business, leases and manages real estate and conducts other business activities. In 1H FY12/25, it accounted for 4.1% of the Company's net sales and 5.6% of its segment income.

2. Overview of 1H FY12/25 results

In the consolidated results for 1H FY12/25, the Company posted net sales of ¥32,943mn, an increase of 4.6% year on year (YoY), operating income increasing 9.0% to ¥5,479mn, ordinary income up 6.2% to ¥4,932mn, and interim profit attributable to owners of parent rising 8.4% to ¥3,320mn. Both net sales and profits reached record highs. In the mainstay Purchase & Resale Business, sales of large residential-type real estate were the primary driver of the strong performance in net sales, with net sales reaching ¥19,005mn, up 56.0% YoY, driving substantial net sales growth. Although sales of investment properties declined YoY, the Company is sustaining profitability and steadily expanding sales volume. One contributing factor to the strong performance of the Purchase & Resale Business is due to strong demand from foreign purchasers. In the Real Estate Specified Joint Business, the second round of offerings for the Sapporo Hostel project has been successfully completed with all units sold. Real estate acquisitions declined 7.9% YoY to ¥23,302mn due to careful assessment of property profitability and inventory status.

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3. FY12/25 forecasts

In the consolidated results for FY12/25, the Company forecasts net sales and profits that are broadly in line with the initial plan. It expects net sales to rise 29.8% YoY to ¥80,694mn, operating income to grow 13.9% to ¥10,961mn, ordinary income to increase 12.4% to ¥9,955mn, and profit attributable to owners of parent to rise 6.9% to ¥6,504mn. In the core Purchase & Resale Business, the Company will expand its business field by broadening its sales channels, diversifying its asset portfolio, and bolstering sales in regional markets. Although demand for investment properties remained firm in 1H, there were cases where deals did not close. Accordingly, the Company is intensifying KPI-based management of the sales process in 2H to revitalize investment property sales. Real estate for sale at the end of 1H amounted to ¥63,775mn (an increase of ¥3,249mn compared to the previous fiscal year-end), indicating a sufficient inventory level. In 1H, the progress rate toward the full-year earnings forecast stands at 50.0% for operating income, in line with the plan. Given an expected boost from new sales offices, personnel recruitment, and sales process management in the previous fiscal year and FY12/25, we believe the Company is on track to achieve the above forecasts.

4. Growth strategy

The Company recognizes that its human resources strategy forms the foundation of its growth strategy, and is pursuing both recruitment and training efforts accordingly. What was reinforced in FY12/25 was the initiative to visualize and quantify the actions and workflows of sales staff in the Purchase & Resale Business, with rigorous KPI setting and management. For example, in sales activities, rather than focusing solely on the outcome of contracts, this approach leverages DX to visualize behaviors at each process, including call volume, client visits, and presentations, and executing PDCA quantitatively. In FY12/25, the investment-oriented Purchase & Resale Business experienced delays in progress. However, the real-time visualization of activities is expected to enable earlier identification of corrective measures and become a key advantage in meeting performance goals. The Company is advancing IT and DX initiatives as a key pillar of its Medium-Term Management Plan, and the resulting gains in individual productivity warrant close attention.

The Company is actively investing in the growth of its Real Estate Development Business and the Real Estate Specified Joint Business over the medium term. Planned initiatives for 2H include the sale of the seventh merchandise offering, the Shinkoiwa project, and the eighth merchandise offering, the Ogikubo project, within the framework of the Real Estate Specified Joint Business. The Shinkoiwa project had a fundraising target of ¥600mn, with sales commencing in March 2025 (fully sold), while the Ogikubo project had a fundraising target of ¥878mn, with sales starting in June 2025. In the Real Estate Development Business, SIDEPLACE ASAGAYA (a seven-floor building with seven units for dining and retail) was completed in July 2025, and is expected to contribute to future business performance. The combined net sales forecast for the two businesses in full FY12/25 is ¥5,971mn, with inventory of real estate for sale standing at ¥3,343mn as of the end of 1H FY12/25.

5. Shareholder return policy

The Company considers the return to shareholders to be one of its most important management initiatives. The Company's basic policy is to continue to pay stable dividends while strengthening its financial position and maintaining adequate internal reserves in order to expand its business in the long term. The Company determines the allocation of profits aiming for a consolidated dividend payout ratio of 40% or more in the medium to long term. For FY12/25, the Company forecasts an annual dividend of ¥112.0 (an increase of ¥8.0 YoY, consisting of an interim dividend of ¥45.0 and a year-end dividend of ¥67.0), resulting in a dividend payout ratio of 40.1%. It intends to introduce an interim dividend from FY12/25 to pay dividends twice yearly in order to increase opportunities to return profits to shareholders. Under the Third Medium-Term Management Plan, dividend payments of ¥130.0 are scheduled for FY12/26, and ¥161.0 for FY12/27.

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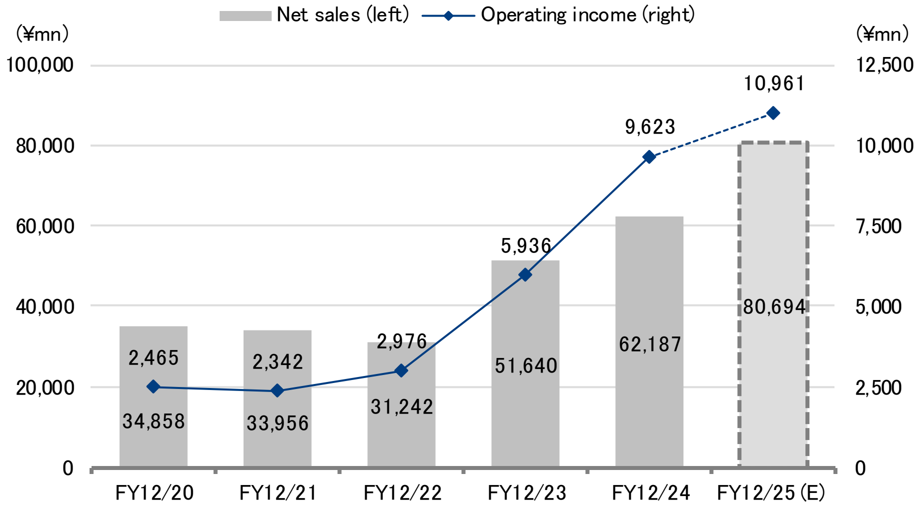
Key Points

- Strength lies in strong financial resources and ability to quickly assess and purchase pre-owned properties in metropolitan areas, regardless of size—from entire buildings to individual condominium units
- In 1H FY12/25, the Purchase & Resale Business on pre-owned properties performed strongly, achieving record-high net sales and profit in 1H
- In the Purchase & Resale Business, efforts to improve productivity through sales KPI management are now fully underway. Progress is being made in the pipeline for both the Real Estate Development Business and the Real Estate Specified Joint Business
- Implemented the first interim dividend. Driven by anticipated profit growth for FY12/25, the Company forecasts an annual dividend of ¥112.0 (an increase of ¥8.0 YoY, consisting of an interim dividend of ¥45.0 and a year-end dividend of ¥67.0), resulting in a dividend payout ratio of 40.1%

Results trends



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

Company profile

Industry pioneer in the purchase and resale of pre-owned properties, focusing on investment and residential properties

1. Company profile and history

MUGEN ESTATE is a highly profitable company and an industry pioneer in the purchase and resale of pre-owned properties, focusing on investment and residential properties. For FY12/25, which marks the company's 35th anniversary, the Company is aiming to exceed ¥10,000mn in operating income. The Company's motto is "Making Dreams Come True," expressing its desire to help customers make their dream of buying a home come true. The first of the Company's Values (action guidelines) is "Pursuing speed," and its corporate culture is defined by rapid action. It handles a wide range of pre-owned properties, from condominium units worth tens of millions of yen to entire condominium and office buildings worth billions of yen. The Company operates in the Tokyo metropolitan area and other major cities nationwide through a network of 15 offices (head office, branch offices, sales offices) from Hokkaido to Okinawa, mainly focusing on the Tokyo metropolitan area. It had 507 employees (consolidated) as of the end of FY6/25. Founded in 1990, MUGEN ESTATE is a pioneer in the real estate purchase and resale sector. The Company initially expanded rapidly but was forced to undergo a major restructuring in the late 2000s due to the financial crisis triggered by the collapse of Lehman Brothers. In the 2010s, the Company actively moved into investment real estate and expanded the scale of its properties. Since 2018, demand for investment properties has cooled due to issues with fraudulent loans for investment real estate, while the COVID-19 pandemic led to a contraction in the real estate market, including office buildings. MUGEN ESTATE adapted flexibly to this operating environment by balancing residential and investment real estate projects, which helped it return to growth in recent years, with the resurgence of the urban residence market in recent years serving as a tailwind.

The Company listed on the Tokyo Stock Exchange Mothers Market in 2014. The listing was moved to the Tokyo Stock Exchange First Section in 2016 and then transferred to the Tokyo Stock Exchange Prime Market in 2022 following the Tokyo Stock Exchange's market restructuring, being in the Tokyo Stock Exchange Standard Market since 2023.

History

Month Year	Main events
May 1990	MUGEN ESTATE Co., Ltd. established (capital of ¥10mn, Chuo-ku, Tokyo)
July 1990	Obtained a real estate brokerage license from the Governor of Tokyo
August 1997	Established FUJI HOME Co., Ltd. as real estate brokerage subsidiary
July 2005	Registered as a First-Class Architect Office with the Governor of Tokyo
May 2010	Obtained a real estate brokerage license from the Minister of Land, Infrastructure, Transport and Tourism
June 2010	Opened Yokohama branch
January 2013	Established Distribution Department in FUJI HOME to run real estate brokerage operations, strengthening sales capabilities
June 2014	Listed on Tokyo Stock Exchange Mothers Market
February 2016	Listing moved to Tokyo Stock Exchange First Section
June 2018	Obtained authorization for Real Estate Specified Joint Business from the Governor of Tokyo
August 2018	Established Mugen Funding Co., Ltd.
May 2020	Relocated head office to Otemachi, Chiyoda-ku, Tokyo
September–December 2021	Opened offices in Kitasenju, Funabashi, Ogikubo, Akabane, and Ikebukuro
April 2022	Listing moved from Tokyo Stock Exchange First Section to Tokyo Stock Exchange Prime Market following market restructuring
December 2022	Opened Kamata Office
May 2023	Opened Osaka Office
October 2023	Listing moved to Tokyo Stock Exchange Standard Market
January–August 2024	Opened offices in Sapporo, Nagoya, Fukuoka, Shibuya, and Sendai. Opened Osaka Branch
January 2025	Established Mugen Asset Management Co., Ltd. as a consolidated subsidiary
February 2025	Opened Kyoto Office
March 2025	Opened Naha Office

Source: Prepared by FISCO from the Company's annual securities reports and results briefing materials

2. Business description

The Company's operations are divided into two segments: the Real Estate Trading Business and the Real Estate Leasing and Other Business. In 1H FY12/25, the mainstay Real Estate Trading Business generated 95.9% of consolidated net sales and 94.4% of segment income. It consists of three business models: 1) the Purchase & Resale Business (investment and residential properties), 2) Real Estate Development Business, and 3) Real Estate Specified Joint Business. The Purchase & Resale Business buys pre-owned properties and enhances their value and profitability through interior, exterior, and other improvements, and then sells them as "revitalized real estate." This business accounted for 95.1% of the Company's net sales. The Real Estate Development Business purchases land for development and conducts planning, design, construction, leasing, and sales, while the Real Estate Specified Joint Business sells small-lot real estate products in accordance with the Real Estate Specified Joint Enterprise Act. The second segment, the Real Estate Leasing and Other Business, leases and manages real estate and conducts other business activities. In 1H FY12/25, it accounted for 4.1% of the Company's net sales and 5.6% of its segment income.

Overview of segments and main businesses

Segment	Business		Business description	Composition (1H FY12/25)		
				Net sales		Segment income
Real Estate Trading Business	Purchase & Resale Business	Investment properties	This business buys pre-owned properties and enhances their value and profitability through interior, exterior, and other improvements, and then sells them as “revitalized real estate.” It handles investment properties (properties that generate rental income) and residential properties.	95.9%	37.4%	94.4%
		Residential properties			57.7%	
	Real Estate Development Business		This business develops income-generating properties, primarily rental condominiums and office buildings. It is involved in land procurement, planning, design, construction, leasing, and sales.		0.0%	
	Real Estate Specified Joint Business		This business carefully selects prime rental apartment buildings and office buildings and sells them as small-lot real estate products in accordance with the Real Estate Specified Joint Enterprise Act.		0.6%	
	Other		This business conducts real estate interior and exterior construction work and real estate distribution.		0.2%	
Real Estate Leasing and Other Business			This business conducts real estate leasing and property management and operates other businesses.	4.1%	4.1%	5.6%
Total				100.0%	100.0%	100.0%

Source: Prepared by FISCO from the Company’s financial results and website

Business overview

Strength lies in strong financial resources and ability to quickly assess and purchase pre-owned properties in metropolitan areas, regardless of size—from entire buildings to individual condominium units

1. Trends in the market for pre-owned properties

According to the Real Estate Information Network for East Japan (REINS East Japan), the number of contracts concluded for pre-owned condominiums in the Tokyo metropolitan area in June 2025 was 4,299 (up 31.9% YoY), resulting in year-on-year increases for eight consecutive months. The contracted price per square meter was ¥833,400 (up 6.9% YoY), rising for the 62nd consecutive month, and the average contract price was ¥52.09mn (up 5.1%), continuing its upward trend for the eighth consecutive month. Inventory stood at 44,428 units, a slight decrease of 0.7% compared to the same month last year, marking the 14th straight month of year-on-year contraction. In terms of the price gap between pre-owned and new-build condominiums, the average contract price in the Tokyo metropolitan area for 1H FY12/25 was ¥51.02mn for used units and ¥89.58mn for new units, suggesting a trend toward widening price differences. This indicates a trend of surging prices and shrinking supply for new-build condominiums, increasing the relative attractiveness of pre-owned condominiums.

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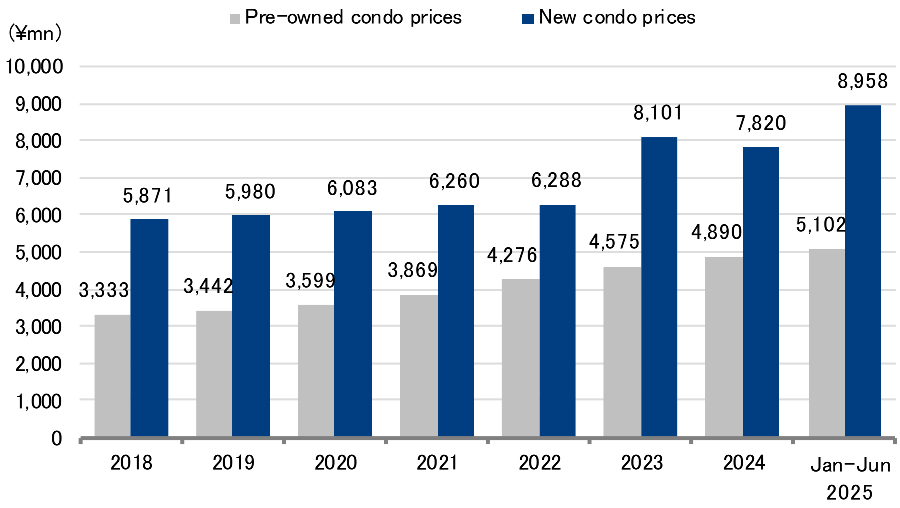
Tokyo metropolitan area condominium prices (pre-owned and new)



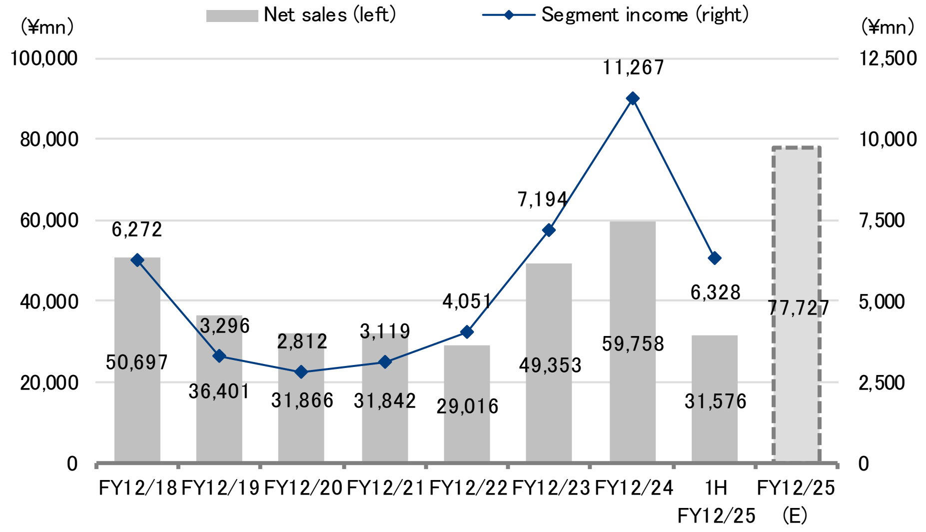
Source: Prepared by FISCO from documents published by Real Estate Information Network for East Japan and Real Estate Economic Institute Co., Ltd.

There are some concerns for the market outlook, including the Bank of Japan's decision to implement additional rate hikes in 2024. However, with only modest rate hikes through to September 2025, the depreciation of the yen seen in recent years continues as the interest rate differential between Japan and the US remains significant. As such, we at FISCO believe any impact on real estate demand in the Tokyo Metropolitan area will be limited for now.

2. Real Estate Trading Business

The Real Estate Trading Business segment consists of the core Purchase & Resale Business (investment and residential properties), the Real Estate Development Business, a relatively new business for the Company, and the Real Estate Specified Joint Business. The earnings impact of the COVID-19 pandemic has faded in recent years, with net sales increasing for two consecutive years and segment income rising for four consecutive years. In 1H FY12/25, both net sales and segment profits were going well, and expected full-year net sales are ¥77,727mn, up 30.1% YoY.

Results trends in Real Estate Trading Business



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

(1) Purchase & Resale Business

This is the Company's core and founding business, which purchases pre-owned properties and resells them after adding value. Properties are classified and managed as either "investment properties" or "residential properties." The Group's construction and leasing management departments are mainly responsible for adding value to properties. In the resale process, the Company typically asks an outside real estate brokerage firms to act as an intermediaries (either as brokers or agents). Investment properties are properties that generate rental income, such as rental apartment buildings, office buildings, and condominium units. The buyers are real estate investors from both Japan and overseas. Value is added by increasing real estate investment yields by improving building management, repairing age-related deterioration, leasing vacant units, and eliminating rental arrears. Investment properties are relatively low-risk and profitable, because the Company continuously receives rental income even during the period when the properties cannot be sold. The average time from purchase to sale is about 18 months. Residential properties are properties used by the purchaser to live in, and are primarily condominium units. Buyers range from first-time homebuyers to senior citizens looking to move out of their existing homes. Value is added by carrying out interior work and updating fittings such as unit baths and system kitchens. The average time from purchase to sale is less than one year.

The Company also has the following strengths:

1) Offices and personnel in the Tokyo metropolitan area (Tokyo, Kanagawa, Chiba, Saitama), Hokkaido (Sapporo), Tohoku (Sendai), and western Japan (Nagoya, Kyoto, Osaka, Fukuoka, Naha), giving it access to property purchase and sales information from domestic and overseas brokerage networks.
2) Ability to purchase and resell both residential and investment properties, from small properties worth several million yen to large properties worth several billion yen.
3) Commitment to disciplined profit management (assessment capabilities), as everything from procurement to construction work and marketing is overseen by a single person for each property.
4) Business relationships with roughly 70 financial institutions.
5) A sound financial base and fund-raising capabilities.

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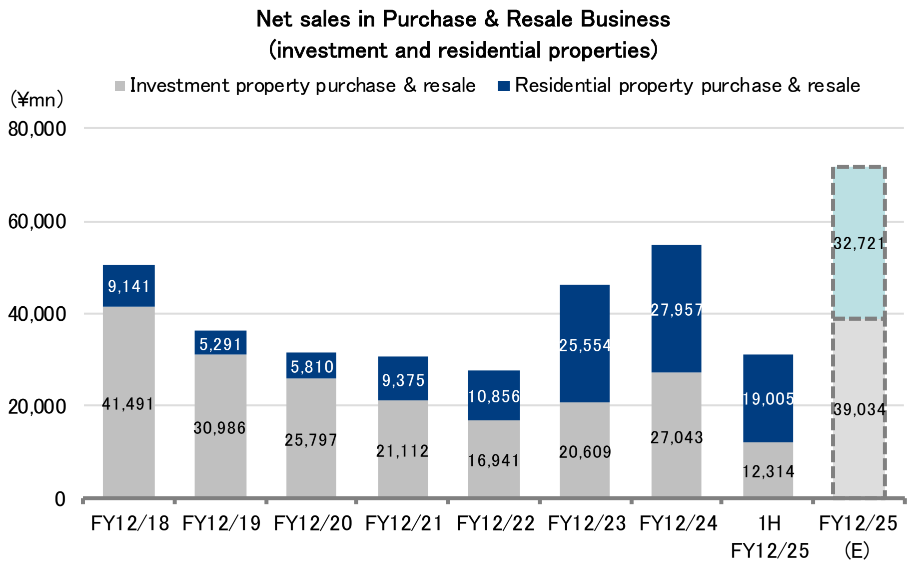
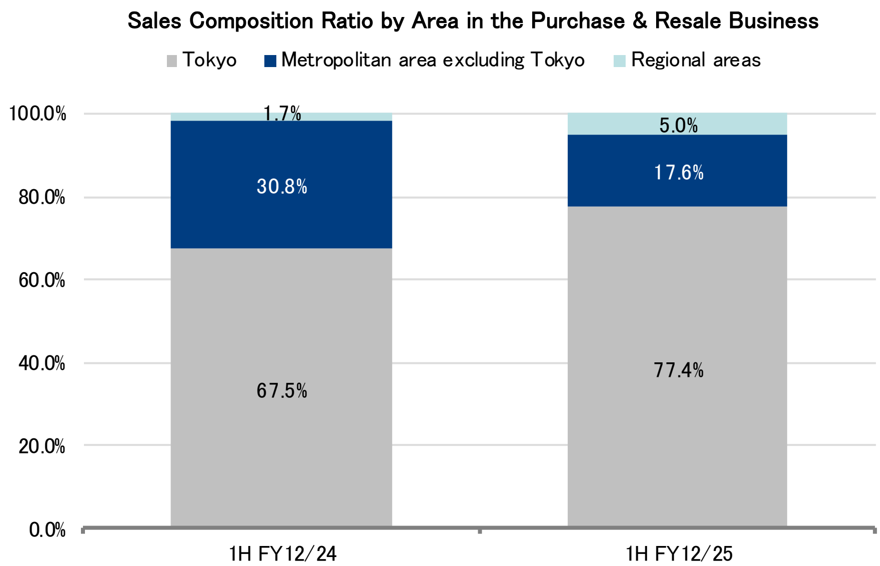
In recent years, earnings have returned to a growth trajectory after emerging from the impact of the COVID-19 pandemic. While the main focus has alternated between investment properties and residential properties from year to year, the Company has achieved steady growth by maintaining a well-balanced and complementary portfolio. In FY12/24, significant growth was achieved in investment properties was remarkable, while in 1H FY12/25, residential properties are performing well.



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

In terms of regional sales trends, while the Company's sales have traditionally been centered in the Tokyo Metropolitan area, 1H FY12/25 saw regional sales surge from 1.7% to 5.0% YoY, supported by ongoing efforts to expand its footprint in local urban markets.



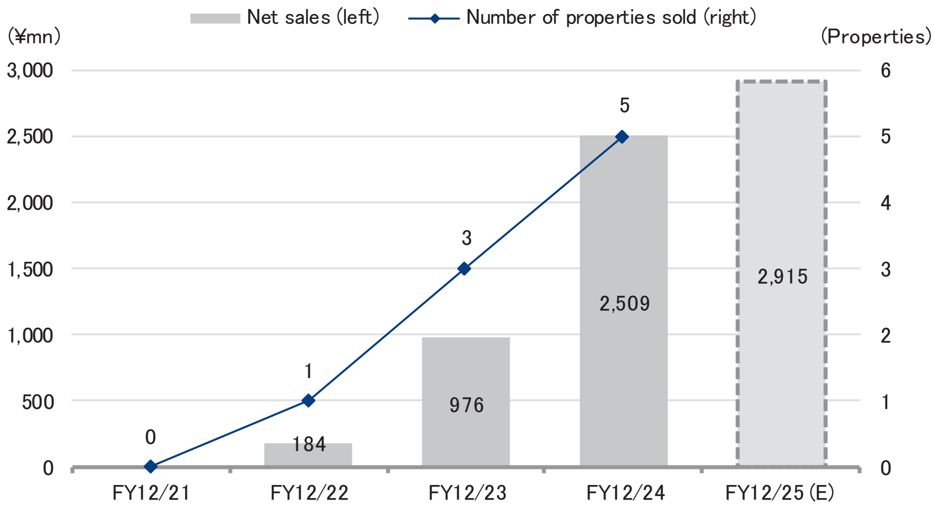
Source: Prepared by FISCO from the Company's results briefing materials

(2) Real Estate Development Business

The Real Estate Development Business was launched in 2020, with sales of development properties starting in FY12/22. The business develops income-generating properties, primarily rental apartment buildings and office buildings, mainly for real estate investors. The Group handles the entire process, from purchasing land for development to planning, design, construction, leasing, and sales. The key factor for success in this business is the acquisition of land. The Company effectively utilizes land information from the Purchase & Resale Business's network, giving it a competitive advantage. Its property brand name is SIDEPLACE, and it has a proven track record in apartment and office buildings with retail space. It plans to leverage its accumulated expertise in real estate revitalization to develop more environmentally friendly properties and provide optimal development concepts for each property.

Net sales growth has been strong recently, but the business remains small in scale. In FY12/24, the business sold 5 properties (up 2 YoY) at an average sales price of ¥501mn (up 54.2%), with net sales increasing 157.0% to ¥2,509mn. Although there were no sales recorded in 1H FY12/25, 2H benefited from a growing pipeline of assets available for sale, including the July 2025 completion of SIDEPLACE ASAGAYA, with full-year revenue projected to reach ¥2,915mn, surpassing net sales in FY12/24.

Results trends in Real Estate Development Business



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

(3) Real Estate Specified Joint Business

This business segment sells small-lot real estate products under the Real Estate Specified Joint Enterprise Act, with the aim of broadening the base of real estate investors. It is a relatively new business, having entered the market in June 2018 after obtaining a license to operate a Real Estate Specified Joint Business from the Governor of Tokyo. Further market growth is expected. Because prime rental apartment and office buildings with stable income are preferred for small-lot real estate investments, the Company needs strong expertise in evaluating pre-owned properties. To maintain high quality after acquisition, it has established a comprehensive support system encompassing planning, design, operation, and management, leveraging capabilities across the Group.

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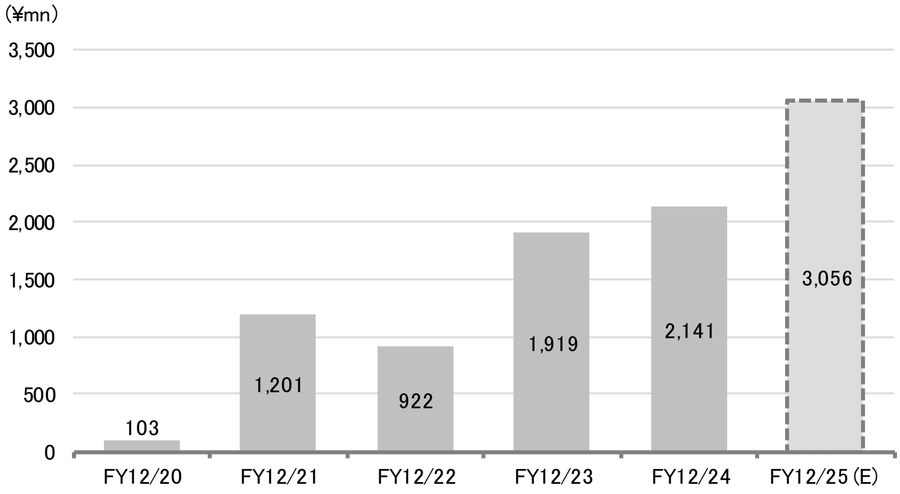
The business has shown strong growth since entering the market, but remains small in scale, partly due to the limited number of suitable properties. In FY12/24, the Company concluded the formation of two projects and the first-phase offering of its Sapporo Hostel project, lifting net sales 11.5% YoY to ¥2,141mn. In 1H FY12/25, the Company launched one project, with net sales totaling ¥205mn (down 47.5%). For the full FY12/25, net sales are expected to exceed the previous fiscal year, reaching ¥3,056mn.

Net sales in Real Estate Specified Joint Business



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

3. Real Estate Leasing and Other Business

In the Real Estate Leasing Business, the Company leases out purchased investment properties and fixed real estate assets owned by the Group to end users and other tenants. By outsourcing property management to FUJI HOME, the Company is enhancing profitability in the Real Estate Leasing Business and improving the efficiency of sales activities in the Purchase & Resale Business. The property management business is a rental property management service provided by FUJI HOME, which increases real estate investment yields by improving building management, repairing age-related deterioration, leasing vacant units, and eliminating rental arrears. In addition, Mugen Funding Co., Ltd. works with crowdfunding companies to provide small-lot real estate investment services to individual investors with little experience in real estate investing.

The Real Estate Leasing and Other Business has been flat in recent years. In FY12/24, net sales rose 6.2% YoY to ¥2,429mn and operating income declined 4.6% to ¥736mn. In 1H FY12/25, net sales rose 14.6% to ¥1,366mn and segment income declined 1.1% to ¥374mn, reflecting steady performance. For the full FY12/25, net sales are expected to exceed the previous fiscal year, reaching ¥2,967mn.

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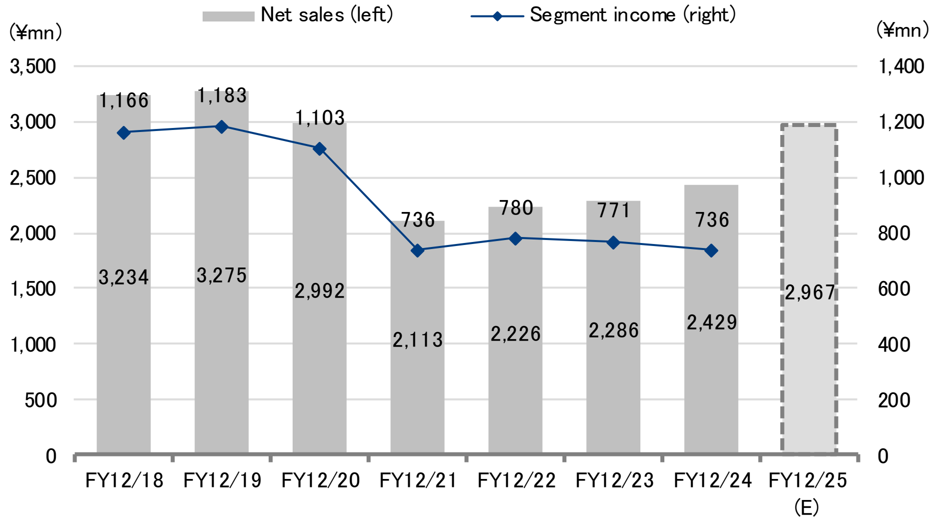
Results trends in Real Estate Leasing and Other Business



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

Results trends

In 1H FY12/25, the Purchase & Resale Business performed strongly, achieving record-high net sales and profit in 1H

1. Overview of 1H FY12/25 results

In the consolidated results for 1H FY12/25, the Company posted net sales of ¥32,943mn, an increase of 4.6% YoY, operating income increasing 9.0% to ¥5,479mn, ordinary income up 6.2% to ¥4,932mn, and interim profit attributable to owners of parent rising 8.4% to ¥3,320mn. Both net sales and profits reached record highs.

The business environment in the real estate industry remained firm, buoyed by foreign investment spurred by yen depreciation and robust inbound demand. The number of contracts concluded for pre-owned condominiums, and the average contract price for the Tokyo Metropolitan area in June 2025 marked year-on-year increases for eight consecutive months. In the mainstay Purchase & Resale Business, sales of large residential-type real estate were the primary driver of the strong performance in net sales, with net sales reaching ¥19,005mn, up 56.0% YoY, driving substantial net sales growth. Although sales of investment properties declined from FY12/24, the Company is sustaining profitability and steadily expanding sales volume. One contributing factor to the strong performance of the Purchase & Resale Business was the dramatic growth in net sales to foreign buyers, which increased 49.8% YoY to ¥14,188mn. In the Real Estate Specified Joint Business, the second round of offerings for the Sapporo Hostel project has been successfully completed with all units sold. Real estate acquisitions declined 7.9% to ¥23,302mn due to careful assessment of property profitability and inventory status.

1H FY12/25 consolidated results

(¥mn)

	1H FY12/24		1H FY12/25		
	Results	vs. net sales	Results	vs. net sales	YoY
Net sales	31,502	100.0%	32,943	100.0%	4.6%
Cost of sales	23,178	73.6%	23,868	72.5%	3.0%
Gross profit	8,323	26.4%	9,074	27.5%	9.0%
SG&A expenses	3,294	10.5%	3,594	10.9%	9.1%
Operating income	5,029	16.0%	5,479	16.6%	9.0%
Ordinary income	4,645	14.7%	4,932	15.0%	6.2%
Profit attributable to owners of parent	3,064	9.7%	3,320	10.1%	8.4%

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

The Company raised ¥3,600mn through its inaugural public bond offering. The Company's strength lies in its ability to raise funds backed by sound financial base

2. Financial position

Total assets as of the end of 1H FY12/25 were ¥91,961mn, up ¥4,457mn from the end of FY12/24. Current assets rose ¥4,282mn, mainly reflecting increases of ¥3,249mn in real estate for sale. Non-current assets increased slightly by ¥157mn.

Total liabilities increased ¥3,289mn from the end of FY12/24 to ¥58,716mn. Of this, current liabilities increased slightly by ¥363mn. Non-current liabilities increased ¥2,926mn, primarily reflecting an increase of ¥3,293mn in bonds payable, offsetting a drop of ¥541mn in long-term borrowings. Interest-bearing debt rose ¥3,552mn to ¥52,371mn. The Company raised ¥3,600mn through its inaugural public bond offering during 1H. The funds will be used to refinance redeemed bonds and to acquire real estate for sale. Total net assets increased ¥1,168mn to ¥33,244mn, mainly due to an increase in retained earnings resulting from profit attributable to owners of parent.

In terms of management indicators, the current ratio for 1H FY12/25 was 388.4% (375.5% at the end of FY12/24) and the equity ratio was 36.1% (36.6%), indicating that the Company's finances are sound and stable.

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Consolidated balance sheets and management indicators

(¥mn)

	End-FY12/24	End-1H FY12/25	Change
Current assets	83,725	88,008	4,282
Cash and deposits	22,016	22,083	67
Real estate for sale	60,525	63,775	3,249
Non-current assets	3,735	3,892	157
Property, plant and equipment	2,773	2,931	158
Total assets	87,503	91,961	4,457
Current liabilities	22,296	22,659	363
Short-term borrowings	7,818	9,695	1,877
Current portion of bonds payable	3,999	707	-3,292
Current portion of long-term borrowings	5,170	7,386	2,215
Non-current liabilities	33,130	36,056	2,926
Bonds payable	3,004	6,298	3,293
Long-term borrowings	28,825	28,283	-541
Total liabilities	55,426	58,716	3,289
Total net assets	32,076	33,244	1,168
Retained earnings	27,809	28,713	904
Total liabilities and net assets	87,503	91,961	4,457
<Stability>			
Current ratio	375.5%	388.4%	12.9pp
Equity ratio	36.6%	36.1%	-0.5pp

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

Outlook

For FY12/25, the Company forecasts growth in operating income of ¥10.9bn, up 13.9% YoY. In 2H, the Company is advancing initiatives to strengthen its investment property segment and regional operations

In the consolidated results for FY12/25, the Company forecasts net sales and profits that are broadly in line with the initial plan. It expects net sales to rise 29.8% YoY to ¥80,694mn, operating income to grow 13.9% to ¥10,961mn, ordinary income to increase 12.4% to ¥9,955mn, and profit attributable to owners of parent to rise 6.9% to ¥6,504mn.

Despite uncertainties such as hikes to the policy rate by the Bank of Japan and the tariff policy of the US, the real estate market in urban areas nationwide, where the Company operates, is projected to remain strong, supported by the weak yen and low interest rates.

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In the mainstay Purchase & Resale Business, the Company aims to extend its business domain by expanding sales channels, diversifying the type of assets it handles, and strengthening sales in regional areas. To expand and deepen our presence in western Japan, the Company opened the Kyoto Sales Office in February 2025 and the Naha Sales Office in March 2025. In addition, the Company established the Overseas Sales Department in January 2025, positioning itself for growth through expanded regional and international reach. The Company forecasts FY12/25 net sales in this segment will increase 30.5% YoY to ¥71,756mn, driven by strong sales growth of 44.3% to ¥39,034mn for investment properties in the Purchase & Resale Business in particular. Although demand for investment properties remained firm in 1H, there were cases where deals did not close. Accordingly, the Company is intensifying KPI-based management of the sales process in 2H to revitalize investment property sales. In the Real Estate Development Business, the Company plans to continue focusing on the development of energy-efficient and environmentally friendly products, while continuing to strengthen leasing and sales activities for properties where construction is complete. Net sales in this business are expected to increase 16.2% YoY to ¥2,915mn. In the Real Estate Specified Joint Business, progress is being made on projects, and net sales are expected to increase 42.7% to ¥3,056mn. In the new asset management business, it plans to obtain authorizations and licenses related to asset management operations, incrementally form private funds over several years, and increase assets under management, aiming to contribute to consolidated earnings from FY12/26. Real estate for sale at the end of 1H FY12/25 amounted to ¥63,775mn (an increase of ¥3,249mn from the end of FY12/24), indicating a sufficient inventory level. In 1H, the progress rate toward the full-year earnings forecast remains steady at 50.0% for operating income, in line with the plan. Given an expected boost from new sales offices, personnel recruitment, and sales process management in the previous fiscal year and FY12/25, we at FISCO believe the Company is on track to achieve the above forecasts.

Outlook for FY12/25

(¥mn)

	FY12/24		FY12/25		
	Results	vs. net sales	Forecast	vs. net sales	YoY
Net sales	62,187	100.0%	80,694	100.0%	29.8%
Operating income	9,623	15.5%	10,961	13.6%	13.9%
Ordinary income	8,858	14.2%	9,955	12.3%	12.4%
Profit attributable to owners of parent	6,086	9.8%	6,504	8.1%	6.9%

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

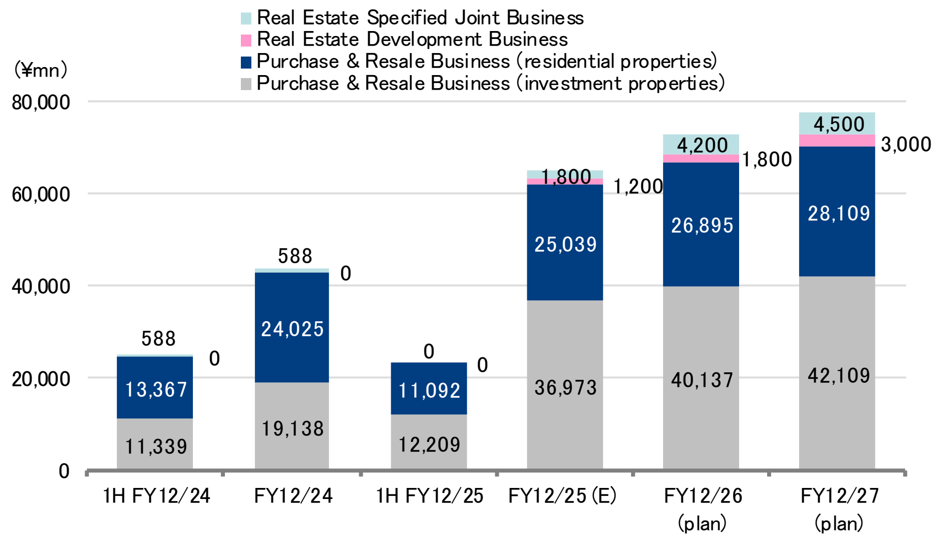
Growth strategies and topics

In the Purchase & Resale Business, efforts to improve productivity through sales KPI management are now fully underway. Progress is being made in the pipeline for both the Real Estate Development Business and the Real Estate Specified Joint Business

1. Real estate procurement plan

Real estate procurement underpins the Company's earnings forecasts. In the three years from FY12/25 to FY12/27, the Real Estate Trading Business plans to purchase properties worth a total of ¥215.7bn, including ¥77.7bn in FY12/27 alone. In the mainstay Purchase & Resale Business, the Company will focus on purchasing investment properties, including in regional areas. Leveraging its nationwide offices and recruited human resources, it has a system in place to ensure it does not lose out in the buying process. Also, due to strict procurement criteria in the Real Estate Development Business and the Real Estate Specified Joint Business, the Company will deepen cooperation within the Group and conduct procurement activities based on the profitability of each property. We at FISCO believe the Company's strengths—a strong financial base and good relationships with financial institutions—give it an advantage in achieving these procurement plans. The procurement amount for 1H FY12/25 was ¥23,302mn, a decrease of ¥1,992mn YoY. This was due to the Company's cautious approach to procurement in the residential real estate segment, rigorously assessing profitability and inventory conditions for each property. It demonstrates the Company's disciplined risk management, anchored by a well-defined exit strategy. Notably, some of the procured properties include new asset types, including hospitality facilities, as outlined in the Medium-Term Management Plan.

Real estate procurement plans



Source: Prepared by FISCO from the Company's Medium-Term Management Plan materials and results briefing materials

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2. In the Purchase & Resale Business, efforts to improve per-person productivity through sales KPI management are now fully underway

The Company recognizes that its human resources strategy forms the foundation of its growth strategy, and is pursuing both recruitment and training efforts accordingly. Hiring of new graduates and mid-career hires has progressed smoothly, with the Company increasing headcount by 41 from the end of FY12/24.What was reinforced in FY12/25 was the initiative to visualize and quantify the actions and workflows of sales staff in the Purchase & Resale Business, with rigorous KPI setting and management. For example, in sales activities, rather than focusing solely on the outcome of contracts, this approach leverages DX to visualize behaviors at each process, including call volume, client visits, and presentations, and executing PDCA quantitatively. In FY12/25, the investment-oriented Purchase & Resale Business experienced delays in progress. However, the real-time visualization of activities is expected to enable earlier identification of corrective measures and become a key advantage in meeting performance goals. The Company is advancing IT and DX initiatives as a key pillar of its Medium-Term Management Plan, and the resulting gains in individual productivity warrant close attention.

3. Progress is being made in the pipeline for both the Real Estate Development Business and the Real Estate Specified Joint Business

The Company is actively investing in the growth of its Real Estate Development Business and the Real Estate Specified Joint Business over the medium term. Planned initiatives for 2H include the sale of the seventh merchandise offering, the Shinkoiwa project, and the eighth merchandise offering, the Ogikubo project, within the framework of the Real Estate Specified Joint Business. The Shinkoiwa project had a fundraising target of ¥600mn, with sales commencing in March 2025 (fully sold), while the Ogikubo project had a target of ¥878mn, with sales starting in June 2025. In the Real Estate Development Business, SIDEPLACE ASAGAYA (a seven-floor building with seven units for dining and retail) was completed in July 2025, and is expected to contribute to future business performance. The combined net sales forecast for the two businesses in full FY12/25 is ¥5,971mn, with inventory of real estate for sale standing at ¥3,343mn as of the end of 1H FY12/25.

Pipeline for both the Real Estate Development Business and the Real Estate Specified Joint Business

■ Pipelines of development projects

Property name / Location	Scheduled completion	※Structure/total number of units and uses
SIDEPLACE ASAGAYA	Completion in July 2025	Steel construction, 7 floors Shops(F&B/merchandise seles):7units
SIDEPLACE KANDASUDACHO	Scheduled for 2026	Steel construction, 6 floors Shops(F&B/merchandise seles):6units
SIDEPLACE IKEBUKURO WEST	Scheduled for 2026	Steel construction, 12 floors Shops(F&B/merchandise seles): 12units

※ Structure and use, and total number of units are subject to change.

■ Real Estate Specified Joint Business

【Shinkoiwa Project】
Sales began in March 2025
Offer price: 600 million (600 units offered at 1 million yen per unit)

【Ogikubo Project】
Sales began in June 2025
Offer price: 878 million (878 units offered at 1 million yen per unit)

【Shinkoiwa Project】

【Ogikubo Project】

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

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4. The Third Medium-Term Management Plan (FY12/25–FY12/27)

The Company's long-term vision for 2030 is "Creating sustainable economic and social value through the real estate business." FY12/27, the final year of the Third Medium-Term Management Plan, is the halfway point on the path to the 2030 vision. Its vision for MUGEN ESTATE in FY12/27 is to "Strengthen our organizational capabilities to expand the business scope and create new businesses." Under its management policies of achieving management focused on cost of capital and the share price and implementing sustainability management, the Company aims to expand its business domains and create new value in the Purchase & Resale Business (core business), and in the Real Estate Development Business and the Real Estate Specified Joint Business (growth businesses). Specifically, in the Purchase & Resale Business, it aims to improve sales productivity, extend sales areas, expand sales channels, and increase asset types. New asset types are expected to include logistics facilities, hotels, healthcare facilities, and data centers. In addition to these business strategies, the Company is focusing on its human resources strategy, which is to attract and develop diverse human resources and build personnel systems. It also plans to accelerate its DX strategy to enhance customer satisfaction and maximize operational efficiency. In addition to profits from its business, it plans to maintain financial soundness and diversify funding sources to procure funds for purchasing real estate for sale (¥200.0bn–240.0bn), investing in human resources/DX/M&A (¥10.0bn–13.0bn), and paying returns to shareholders (¥8.0bn–10.0bn). The Company is targeting FY12/27 net sales of ¥105,712mn, operating income of ¥14,428mn, ordinary income of ¥13,248mn, and profit attributable to owners of parent of ¥9,361mn. In terms of growth potential (CAGR), it is targeting net sales growth of 20% or more and EPS growth of 15% or more. Its target for capital efficiency is ROE of 20% or more, and for financial soundness, it is aiming for an equity ratio of 30.0%–35.0% and a net DE ratio of 1.2–1.5 times. For shareholder returns, its targets are a payout ratio of 40% or more and the payment of interim dividends.

5. Management conscious of cost of capital and share price

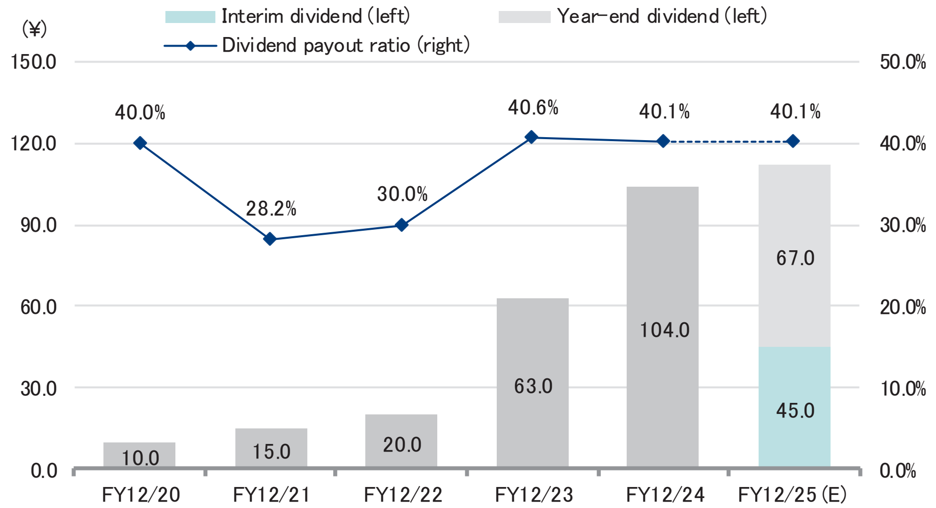
The Company aims to achieve management that is conscious of cost of capital and the share price. It has selected P/B ratio (= ROE × forward P/B ratio) as a key indicator. It has improved all three metrics, which are currently above industry averages (based on 13 real estate purchase and resale companies). Efforts to improve profit growth and capital efficiency in particular have lifted ROE to 20.4% (FY12/24), which is above the industry average of 13.9%. There is still room for improvement, so the Company will continue to grow earnings and actively implement initiatives from the perspectives of profitability, capital efficiency, and financial soundness, as well as IR activities for shareholders and investors.

Shareholder return policy

Driven by anticipated profit growth for FY12/25, the Company forecasts an annual dividend of ¥112.0 (an increase of ¥8.0 YoY), resulting in a dividend payout ratio of 40.1%

The Company considers the return to shareholders to be one of its most important management initiatives. The Company's basic policy is to continue to pay stable dividends while strengthening its financial position and maintaining adequate internal reserves in order to expand its business in the long term. The Company determines the allocation of profits aiming for a consolidated dividend payout ratio of 40% or more in the medium to long term. For FY12/25, it forecasts an annual dividend of ¥112.0 (an increase of ¥8.0 YoY, consisting of an interim dividend of ¥45.0 and a year-end dividend of ¥67.0), resulting in a dividend payout ratio of 40.1%. It intends to introduce an interim dividend from FY12/25 to pay dividends twice yearly in order to increase opportunities to return profits to shareholders. Under the Third Medium-Term Management Plan, dividend payments of ¥130.0 are scheduled for FY12/26, and ¥161.0 for FY12/27.

Dividend per share and dividend payout ratio



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

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