

MUGEN ESTATE Co., Ltd.

3299

Tokyo Stock Exchange Standard Market

3-Apr.-2026

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<https://www.fisco.co.jp>

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Summary

For FY12/26, the Company forecasts operating income of ¥12.3bn (up 12.2% YoY)

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 14 offices from Hokkaido to Okinawa, mainly focusing on the Tokyo metropolitan area. It had 501 employees (consolidated) as of December 31, 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. The mainstay Real Estate Trading Business consists of three business models: 1) the Purchase & Resale Business, 2) Real Estate Development Business, and 3) Real Estate Specified Joint Business. The Purchase & Resale Business handles investment properties and residential 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.” 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.

2. Overview of FY12/25 results

In the consolidated results for FY12/25, the Company posted net sales of ¥68,262mn, an increase of 9.8% year on year (YoY), operating income increasing 14.8% to ¥11,049mn, ordinary income up 12.3% to ¥9,951mn, and profit attributable to owners of parent rising 9.4% to ¥6,659mn. Both net sales and profits reached record highs. In the mainstay Purchase & Resale Business, demand from domestic and overseas investors remained firm against the backdrop of a strong market environment, driving net sales growth in both investment properties and residential properties. Net sales performed strongly for both, with investment property net sales rising 14.1% to ¥30,866mn and residential property net sales increasing 16.0% to ¥32,438mn. In terms of profit, gross profit increased 16.7% due to the effect of higher sales and sales emphasizing profitability. Although SG&A expenses increased due to factors such as higher personnel expenses, operating income achieved double-digit growth, rising 14.8%.

3. FY12/26 forecasts

For FY12/26, the Company forecasts double-digit growth in both net sales and all profit levels, with net sales increasing 16.1% YoY to ¥79,286mn, operating income growing 12.2% to ¥12,398mn, ordinary income up 11.1% to ¥11,058mn, and profit attributable to owners of parent rising 14.1% to ¥7,595mn.

Summary

In terms of net sales, for the mainstay Purchase & Resale Business, the Company forecasts net sales of ¥39,379mn (up 27.6% YoY) for investment properties and ¥31,086mn (down 4.2%) for residential properties, with investment properties serving as the growth driver. It expects strong growth in both the Real Estate Development Business, up 229.5%, and the Real Estate Specified Joint Business, up 84.9%.

In terms of profit, given that operating income in 2H FY12/25 increased 21.2% YoY, the FY12/26 earnings forecast (up 12.2%) is highly achievable. The Company is also undertaking personnel expansion and DX initiatives, and we at FISCO believe the conditions are in place to achieve the plan.

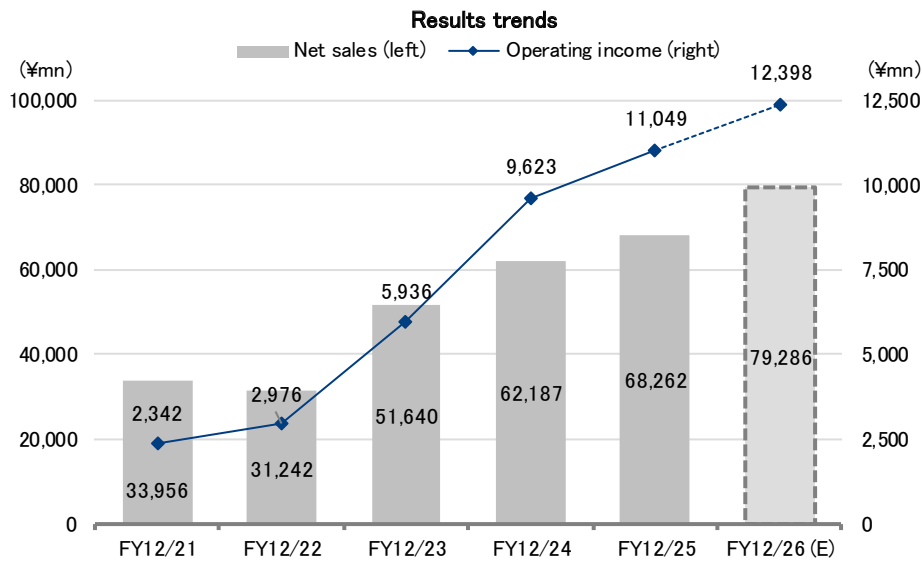
4. Growth strategy

The Company is advancing its three-year Medium-Term Management Plan, concluding in FY12/27. Its vision for MUGEN ESTATE in 2027 is to “Strengthen our organizational capabilities to expand the business scope and create new businesses,” and it is working on the two pillars of its business strategy: expanding its business domains and creating new value. While the positioning and strategy of the Medium-Term Management Plan remain unchanged, the Company has revised it to a more highly achievable plan based on the results for FY12/25. For FY12/26, with an emphasis on profitability, the Company planned for net sales to be lower than the initial plan, but for all profit levels to slightly exceed the initial plan. For the final year, FY12/27, the Company considered the uncertain outlook for the interest rate environment and other factors, and revised down both net sales and all profit levels, adjusting them to a more highly achievable plan. The Company is targeting FY12/27 net sales of ¥94,770mn (1.39 times the FY12/25 result) and operating income of ¥13,843mn (1.25 times). Even in a slightly more challenging environment, the plan is to sustain business growth potential.

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 FY12/25, under a policy emphasizing profitability, both net sales and profits reached record highs
- For FY12/26, the Company forecasts operating income of ¥12.3bn, up 12.2% YoY
- The Medium-Term Management Plan was revised to position investment properties as a growth driver, focusing on expanding profits
- For FY12/25, the Company forecasts an annual dividend of ¥114.0 (an increase of ¥10.0 YoY), resulting in a dividend payout ratio of 40.0%

Summary



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. In FY12/25, which marked the company's 35th anniversary, operating income exceeded ¥11.0bn. 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 14 offices (head office, branch offices, sales offices) from Hokkaido to Okinawa, mainly focusing on the Tokyo metropolitan area. It had 501 employees (consolidated) as of the end of FY12/25. Founded in 1990, MUGEN ESTATE is a pioneer in the real estate purchase and resale sector. In the 2010s, the Company actively moved into investment real estate and expanded the scale of its properties. Although there was a period after 2018 when demand for investment properties cooled due to issues with fraudulent loans for investment real estate, and the COVID-19 pandemic subsequently 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.

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Company profile

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
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 a sales office in Kamata
May 2023	Opened a sales office in Osaka (Osaka Kita Sales 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 a sales office in Kyoto (closed the Osaka Kita Sales Office)
March 2025	Opened a sales office in Naha
July 2025	Integrated the Ogikubo Sales Office into the Shibuya Sales 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 FY12/25, the mainstay Real Estate Trading Business generated 95.7% of consolidated net sales and 94.9% 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 (investment and residential properties) 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 92.7% 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 FY12/25, it accounted for 4.3% of the Company's net sales and 5.1% of its segment income.

Company profile

Overview of segments and main businesses

Segment	Business	Business description	Composition (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."	45.2%		
		Residential properties It handles investment properties (properties that generate rental income) and residential properties.	47.5%		
	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.	95.7%	0.9%	94.9%
	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.	1.9%		
	Other	This business conducts real estate interior and exterior construction work and real estate distribution.	0.1%		
Real Estate Leasing and Other Business		This business conducts real estate leasing and property management and operates other businesses.	4.3%	4.3%	5.1%

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

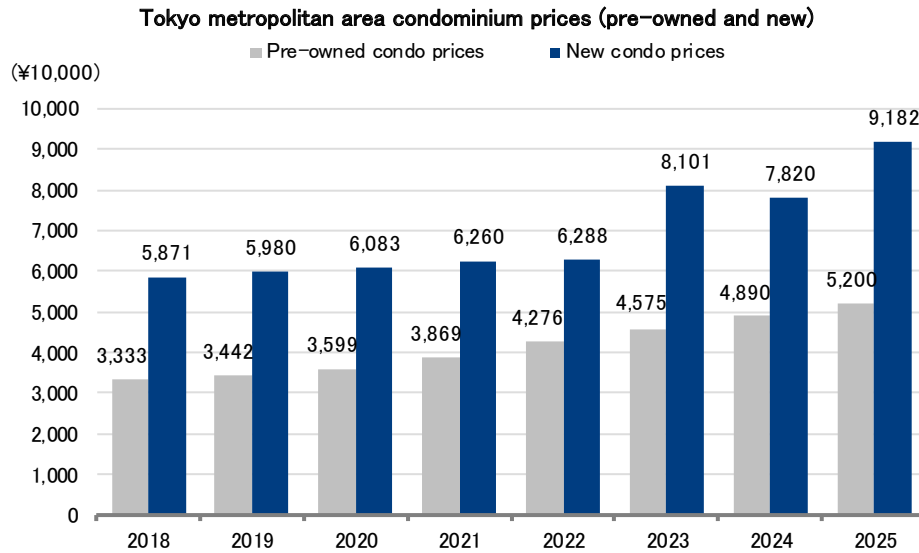
Business overview

Strength lies in strong financial resources and ability to quickly assess and purchase pre-owned properties in metropolitan areas

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 2025 was 49,114 (up 31.9% YoY), exceeding the previous year for the third consecutive year. The contracted price per square meter was ¥829,800 (up 7.9%), rising for the 13th consecutive year, and the average contract price was ¥52.00mn (up 6.3%), also continuing its upward trend for the 13th consecutive year. Inventory in December 2025 stood at 43,381 units, a decrease of 3.6% compared to the same month last year. In terms of the price gap between pre-owned and new-build condominiums, the average contract price in the Tokyo metropolitan area for 2025 (January to December) was ¥52.00mn for used units and ¥91.82mn 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.

Business overview



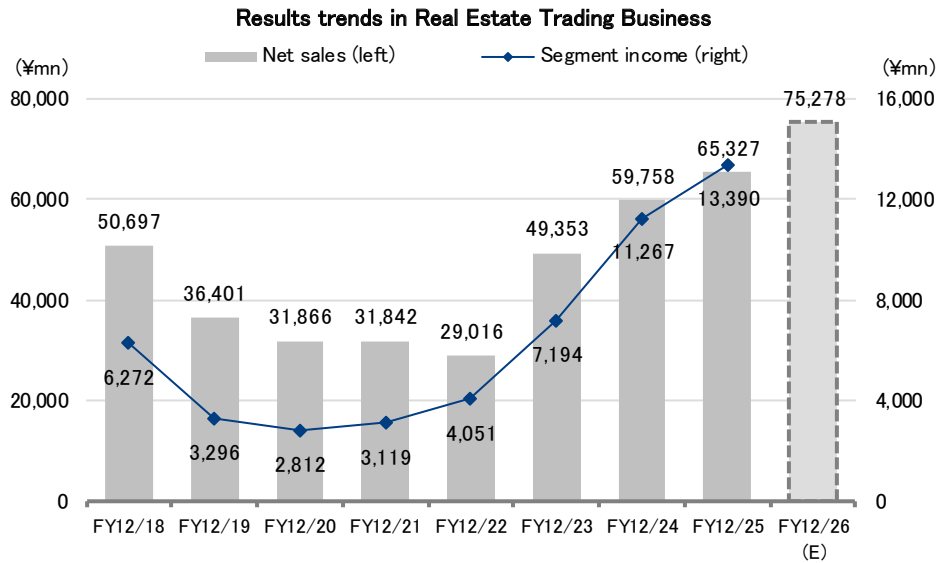
Source: Prepared by FISCO from documents published by Real Estate Information Network for East Japan and Real Estate Economic Institute Co., Ltd.

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. After emerging from the impact of the COVID-19 pandemic, business performance has been strong in recent years, with net sales increasing for three consecutive years and segment income rising for five consecutive years. In FY12/25, both net sales and segment income also expanded steadily.

Business overview



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

(1) Purchase & Resale Business

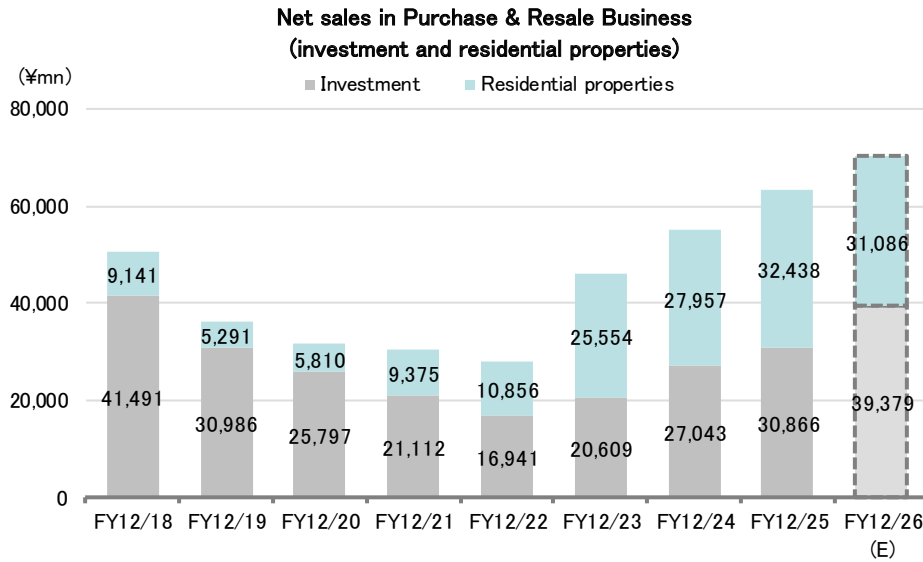
This is the Company's core and founding business, which purchases pre-owned properties and resells them after adding value. Properties are classified and managed as either investment or residential. The Group's construction and leasing management departments are mainly responsible for adding value to properties. In the resale process, the Company typically asks an outside real estate brokerage firms to act as 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 more than 70 financial institutions
- 5) A sound financial base and fund-raising capabilities

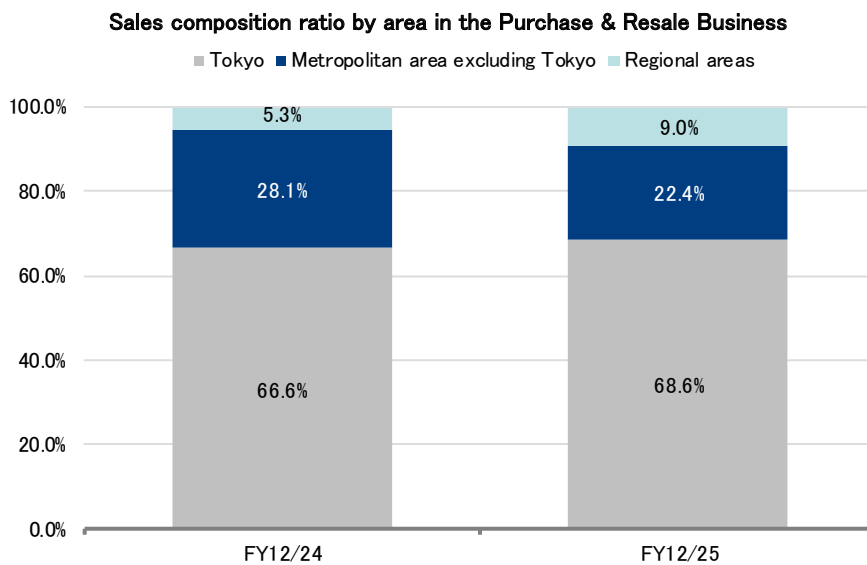
Business overview

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 FY12/25, both investment properties and residential properties performed strongly.



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

In terms of regional sales trends, while the Company's sales have traditionally been centered in the Tokyo metropolitan area, FY12/25 saw the composition ratio of regional sales (Purchase & Resale Business only) surge from 5.3% to 9.0% YoY, supported by ongoing efforts to expand its footprint in local urban markets. Within regional areas, sales are particularly high in major metropolitan areas such as the Osaka Branch.



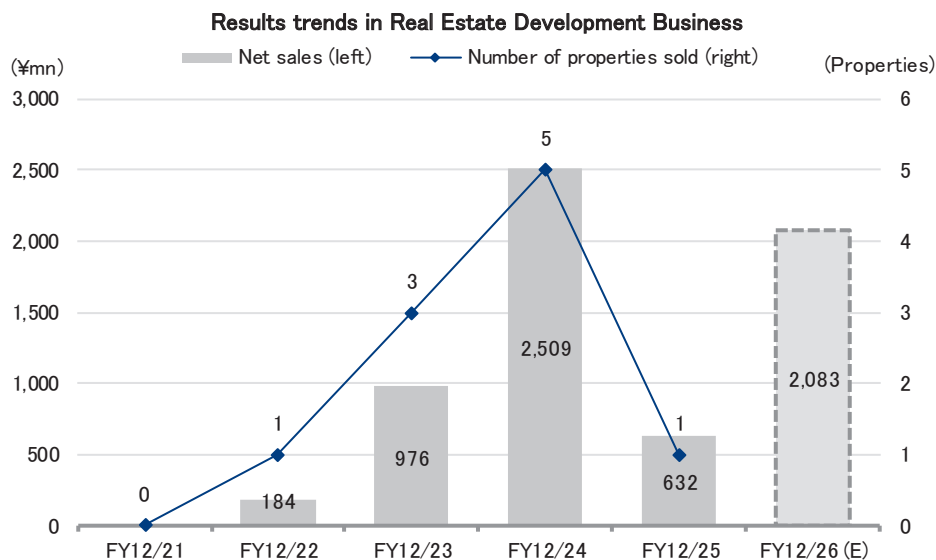
Source: Prepared by FISCO from the Company's results briefing materials

Business overview

(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.

In recent years, although net sales growth has been strong, the business remains small in scale, and performance fluctuates depending on factors such as the timing of sales. In FY12/25, because sales were limited to one property, SIDEPLACE ASAGAYA, completed in July 2025 (down 4 properties YoY), net sales decreased 74.8% to ¥632mn. For FY12/26, net sales are expected to exceed the previous fiscal year, reaching ¥2,083mn.



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

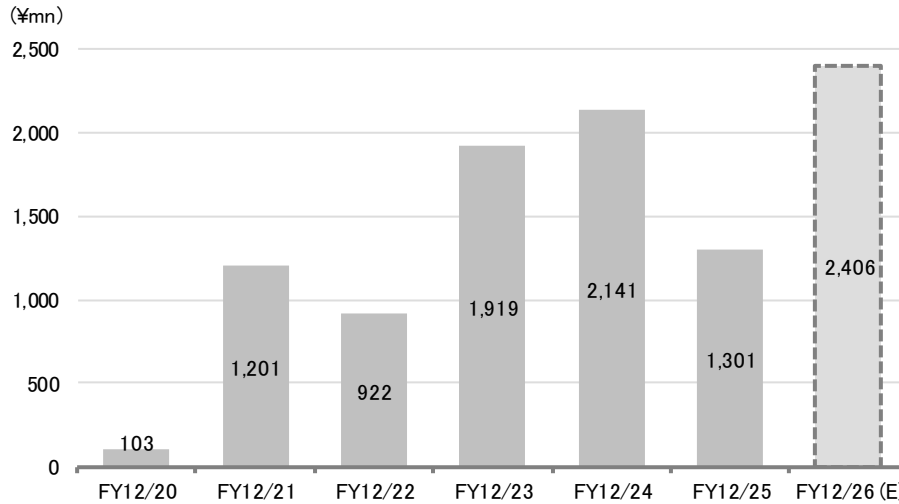
(3) Real Estate Specified Joint Business

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 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.

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 FY12/25, the Sapporo Hostel project and the Shinkoiwa project were fully sold, and the first phase of the Ogikubo project was also fully sold, resulting in net sales of ¥1,301mn, down 39.2% YoY. For FY12/26, net sales are expected to exceed the previous fiscal year, reaching ¥2,406mn.

Business overview

Net sales in Real Estate Specified Joint Business



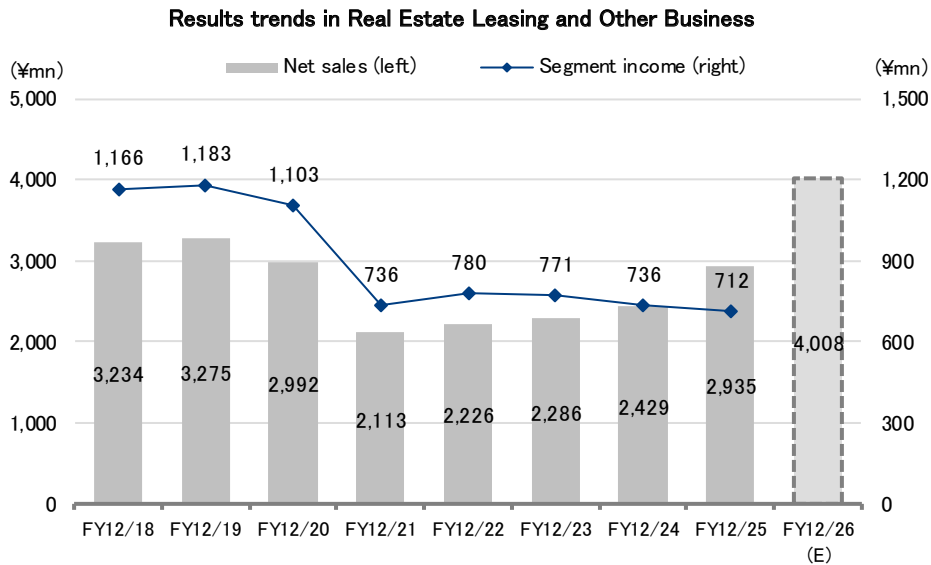
Source: Prepared by FISCO from the Company's results briefing materials

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 Co., Ltd., 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. Furthermore, Mugen Asset Management Co., Ltd., established in January 2025, will leverage the assessment capabilities for pre-owned properties cultivated to date to form private funds utilizing carefully selected prime assets and conduct the asset management business.

The Real Estate Leasing and Other Business has been flat in recent years. In FY12/25, net sales rose 20.9% YoY to ¥2,935mn due to an increase in the inventory of investment properties, while operating income declined 3.2% to ¥712mn. For FY12/26, net sales are expected to increase 36.5% to ¥4,008mn.

Business overview



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

Results trends

In FY12/25, under a policy emphasizing profitability, both net sales and profits reached record highs

1. Overview of FY12/25 results

In FY12/25, the Company posted net sales of ¥68,262mn, an increase of 9.8% YoY, operating income increasing 14.8% to ¥11,049mn, ordinary income up 12.3% to ¥9,951mn, and profit attributable to owners of parent rising 9.4% to ¥6,659mn. Both net sales and profits reached record highs.

Although the Bank of Japan has implemented policy interest rate hikes and interest rate levels are rising, Japan's levels remain low from a global perspective, and the impact on the real estate market has been limited. The number of contracts concluded for pre-owned condominiums in the Tokyo metropolitan area in 2025 (January to December) rose for the third consecutive year, and the contract price increased for the 13th consecutive year. Regarding real estate in the Tokyo metropolitan area, while the investment amount for properties is rising, it can be said that profitability is being secured due to rising rents.

Results trends

In the mainstay Purchase & Resale Business, demand from domestic and overseas investors remained firm against the backdrop of a strong market environment, driving net sales growth in both investment properties and residential properties. In 4Q in particular, the sale of multiple large properties progressed beyond expectations, which became a factor in exceeding the full-year plan. The breakdown of net sales shows strong performance for both, with investment properties rising 14.1% YoY to ¥30,866mn and residential properties increasing 16.0% to ¥32,438mn. Regarding sales areas, while the sales composition ratio for Tokyo remains high at 68.6%, the sales composition ratio for regional areas was 9.0%, an increase of 3.7 percentage points (pp). A high sales composition ratio to foreign buyers of 40.6% is a characteristic of the Company. The Real Estate Development Business and the Real Estate Specified Joint Business recorded decreases in net sales. In terms of profit, in addition to the effect of higher sales, sales emphasizing profitability led to a 1.6 pp increase in the gross profit margin, resulting in a 16.7% increase in gross profit. Although SG&A expenses also increased due to factors such as higher personnel expenses, the operating income margin improved (up 0.7 pp), and operating income rose 14.8%.

Real estate procurement increased significantly in FY12/25 to ¥54,813mn (compared to ¥43,163mn in the previous fiscal year). The Company focused particularly on the procurement of investment properties, which increased by ¥10,732mn YoY.

FY12/25 consolidated results

	FY12/25 consolidated results					
	FY12/24		FY12/25		YoY	(\$mn)
	Results	vs. net sales	Results	vs. net sales		
Net sales	62,187	100.0%	68,262	100.0%	9.8%	
Cost of sales	45,622	73.4%	48,934	71.7%	7.3%	
Gross profit	16,564	26.6%	19,328	28.3%	16.7%	
SG&A expenses	6,941	11.2%	8,278	12.1%	19.3%	
Operating income	9,623	15.5%	11,049	16.2%	14.8%	
Ordinary income	8,858	14.2%	9,951	14.6%	12.3%	
Profit attributable to owners of parent	6,086	9.8%	6,659	9.8%	9.4%	

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

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 FY12/25 were ¥106,698mn, up ¥19,195mn from the end of FY12/24. Current assets rose ¥14,628mn, mainly reflecting increases of ¥14,973mn in real estate for sale. Non-current assets increased ¥4,555mn, primarily reflecting an increase of ¥3,156mn in property, plant and equipment and an increase of ¥1,170mn in investment securities. The Company positions a portion of its purchased assets as non-current assets that generate stable earnings, and is increasing their composition ratio.

Results trends

Total liabilities increased ¥15,469mn from the end of FY12/24 to ¥70,896mn. Of this, current liabilities increased ¥7,660mn, mainly due to an increase of ¥4,616mn in the current portion of long-term borrowings and an increase of ¥2,907mn in short-term borrowings. Non-current liabilities increased ¥7,809mn, primarily reflecting an increase of ¥6,301mn in long-term borrowings and an increase of ¥1,360mn in bonds payable. Interest-bearing debt rose ¥13,926mn to ¥62,724mn. In FY12/25, the Company raised ¥3,600mn through its inaugural public bond offering. Total net assets increased ¥3,726mn to ¥35,802mn, mainly due to an increase in retained earnings resulting from profit attributable to owners of parent.

In terms of management indicators, the equity ratio was 33.5%, maintaining the range of the KPI target for financial soundness (30.0%–35.0%).

Consolidated balance sheets and management indicators

	End-FY12/24	End-FY12/25	Change
(¥mn)			
Current assets	83,725	98,354	14,628
Cash and deposits	22,016	20,718	-1,297
Real estate for sale	60,525	75,499	14,973
Non-current assets	3,735	8,291	4,555
Property, plant and equipment	2,773	5,929	3,156
Investment securities	0	1,170	1,170
Total assets	87,503	106,698	19,195
Current liabilities	22,296	29,956	7,660
Short-term borrowings	7,818	10,726	2,907
Current portion of bonds payable	3,999	2,740	-1,259
Current portion of long-term borrowings	5,170	9,786	4,616
Non-current liabilities	33,130	40,939	7,809
Bonds payable	3,004	4,364	1,360
Long-term borrowings	28,825	35,126	6,301
Total liabilities	55,426	70,896	15,469
Total net assets	32,076	35,802	3,726
Retained earnings	27,809	30,997	3,188
Total liabilities and net assets	87,503	106,698	19,195
<Stability>			
Current ratio	375.5%	328.3%	-47.2pp
Equity ratio	36.6%	33.5%	-3.1pp
<Profitability>			
Return on equity (ROE)	20.4%	19.7%	0.7pp
Return on assets (ROA)	10.6%	10.2%	-0.4pp
Return on sales (ROS)	15.5%	16.2%	0.7pp

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

■ Outlook

For FY12/26, the Company forecasts growth in operating income of ¥12.3bn, up 12.2% YoY

For FY12/26, the Company forecasts double-digit growth in both net sales and all profit levels, with net sales increasing 16.1% YoY to ¥79,286mn, operating income growing 12.2% to ¥12,398mn, ordinary income up 11.1% to ¥11,058mn, and profit attributable to owners of parent rising 14.1% to ¥7,595mn.

In the mainstay Purchase & Resale Business, the Company aims to improve sales productivity by strengthening its sales base and focusing on higher-priced properties. Continuing from the previous fiscal year, it will also promote the diversification of asset types handled, including logistics facilities, hotels, and healthcare facilities. In terms of net sales by business, the Company will prioritize its efforts, forecasting ¥39,379mn (up 27.6% YoY) for investment properties and ¥31,086mn (down 4.2%) for residential properties, with investment properties serving as the growth driver. In the Real Estate Development Business, the Company will aim to increase the value of development properties through branding and the acquisition of environmental certifications, linking these efforts to early sales (net sales are expected to increase 229.5%). In the Real Estate Specified Joint Business, the Company aims to carefully expand the business, taking into account the impact of the announcement of the outline of the tax reform (net sales are expected to increase 84.9%). In the new asset management business, the Company completed its registration for the Type II Financial Instruments Business and the Investment Advisory and Agency Business in December 2025, and aims to form private funds at an early stage. Real estate for sale at the end of the fiscal year amounted to ¥75,600mn (an increase of ¥14,874mn, of which investment properties increased ¥11,872mn), indicating a sufficient inventory level. In terms of recent earnings performance, operating income in 2H FY12/25 increased 21.2%, and the FY12/26 earnings forecast (up 12.2%) is highly achievable. The Company is also undertaking personnel expansion and DX initiatives, and we at FISCO believe the conditions are in place to achieve the plan.

Outlook for FY12/26

	FY12/25		FY12/26		
	Results	vs. net sales	Forecast	vs. net sales	YoY
Net sales	68,262	100.0%	79,286	100.0%	16.1%
Operating income	11,049	16.2%	12,398	15.6%	12.2%
Ordinary income	9,951	14.6%	11,058	13.9%	11.1%
Profit attributable to owners of parent	6,659	9.8%	7,595	9.6%	14.1%

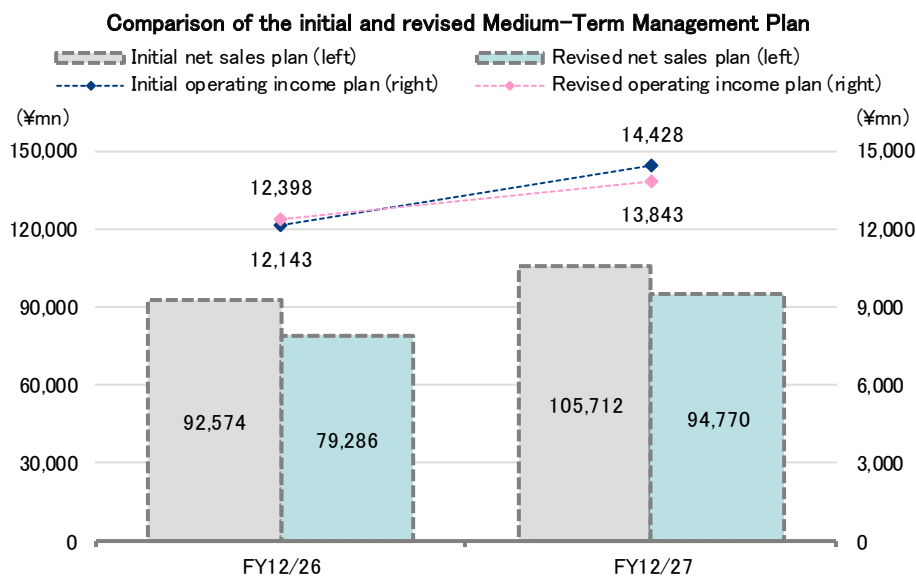
Source: Prepared by FISCO from the Company's financial results

Growth strategies and topics

Revising trajectory to position investment properties as a growth driver, focusing on expanding profits

1. Numerical plans of the Third Medium-Term Management Plan revised to emphasize profitability

The Company is advancing its three-year Medium-Term Management Plan, concluding in FY12/27. Its vision for MUGEN ESTATE in 2027 is to “Strengthen our organizational capabilities to expand the business scope and create new businesses,” and it is working on the two pillars of its business strategy: expanding its business domains and creating new value. While the positioning and strategy of the Medium-Term Management Plan remain unchanged, the Company has revised it to a more highly achievable plan based on the results for FY12/25. For FY12/26, with an emphasis on profitability, the Company planned for net sales to be lower than the initial plan, but for all profit levels to slightly exceed the initial plan. For the final year, FY12/27, the Company considered the uncertain outlook for the interest rate environment and other factors, and revised down both net sales and all profit levels, adjusting them to a more highly achievable plan. However, the Company is targeting FY12/27 net sales of ¥94,770mn (1.39 times the FY12/25 result) and operating income of ¥13,843mn (1.25 times), planning to sustain business growth potential even in a slightly more challenging environment.



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

In the mainstay Real Estate Trading Business, the Company revised its plan to emphasize profitability, positioning the Purchase & Resale Business (investment properties) as a growth driver. The revised net sales plan for the Purchase & Resale Business (investment properties) for FY12/27 was largely unchanged from the initial plan, but the extent of the downward revision was significant for the other businesses. In the revised gross profit plan, only the Purchase & Resale Business (investment properties) saw an upward revision, resulting in a plan that highlights its strong profitability. The Purchase & Resale Business (investment properties) is also advantageous from a risk management perspective because it can generate earnings even during the holding period prior to sale.

Growth strategies and topics

**Revision to the plan for the final year of the Medium-Term Management Plan (FY12/27)
 for the Real Estate Trading Business**

(¥mn)

	Net sales			Gross profit		
	Initial plan	Revised plan	Change	Initial plan	Revised plan	Change
Real Estate Trading Business	100,925	89,795	-11.0%	24,425	23,271	-4.7%
Purchase & Resale Business (investment properties)	48,166	48,085	-0.2%	12,523	13,463	7.5%
Purchase & Resale Business (residential properties)	38,965	34,033	-12.7%	7,793	7,487	-3.9%
Real Estate Development Business	6,643	4,341	-34.7%	1,963	1,436	-26.8%
Real Estate Specified Joint Business	7,150	2,945	-58.8%	2,145	883	-58.8%

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

2. Revision of real estate procurement plan

Real estate procurement underpins the Medium-Term Management Plan. Under the initial plan, the total procurement amount for the Real Estate Trading Business was set at ¥215.7bn for the three years from FY12/25 to FY12/27, with ¥73.0bn in FY12/26 alone and ¥77.7bn in FY12/27 alone. In conjunction with the current revision of the earnings plan, the real estate procurement plan was also revised based on the procurement results for FY12/25 (actual result of ¥54.8bn against the planned ¥65.0bn) and from the perspective of profitability. The total amount was revised down to ¥63.8bn for FY12/26 and ¥70.7bn for FY12/27. In terms of the breakdown by business, the procurement plan for investment properties was limited to a slight decrease, whereas the extent of the downward revision for other businesses was significant. In particular, the plans were changed to a cautious approach for residential properties, where property prices are soaring and high profitability is difficult to anticipate, and for the Real Estate Specified Joint Business, where the impact of tax reform is uncertain.

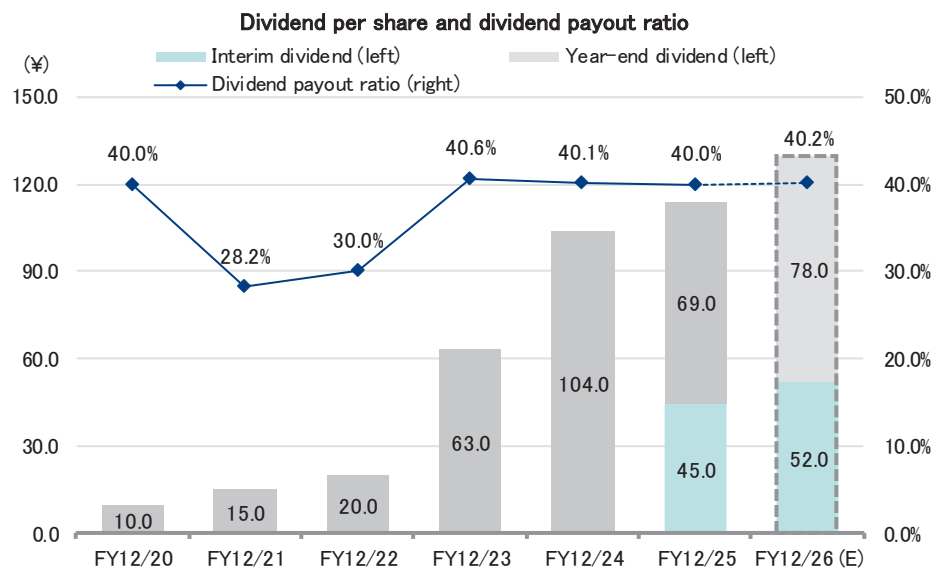
3. Progress of key measures: Key measures in the Purchase & Resale Business are progressing smoothly

Under the Medium-Term Management Plan, the Company is working on key measures in its core Purchase & Resale Business, namely "expanding sales areas," "improving sales productivity," "expanding sales channels," and "increasing asset types." Regarding "expanding sales areas," the placement of sales offices nationwide has been completed, and the growth in procurement and sales results in regional areas has been remarkable. The sales composition ratio for regional areas in FY12/25 has been rising steadily, at 13.1% on a volume basis (compared to 6.8% in the previous fiscal year) and 9.0% on a value basis (compared to 5.3% in the previous fiscal year). Regarding "improving sales productivity," the Company is advancing the introduction of new sales systems, sales activities emphasizing profitability, and human resources training. Regarding "expanding sales channels," the Company has regularly held real estate seminars domestically as well as overseas, such as in Taiwan, contributing to the cultivation of sales routes and broker networks. Regarding "increasing asset types," the Company is making smooth progress in expanding and scaling up its properties, including logistics facilities (with a track record in the Tokyo metropolitan area), hotels (with track records in Naha City and Sapporo City), commercial facilities (with a track record in Kyoto City), and healthcare facilities (with a track record in the Tokyo metropolitan area).

Shareholder return policy

The annual dividend for FY12/25 was ¥114.0 (an increase of ¥10.0 YoY)

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 by comprehensively considering capital cost, capital efficiency, and other factors based on performance levels and the balance sheet, aiming for a consolidated dividend payout ratio of 40.0% or more in the medium to long term. For FY12/25, the Company paid an annual dividend of ¥114.0 (an increase of ¥10.0 YoY, consisting of an interim dividend of ¥45.0 and a year-end dividend of ¥69.0, an increase of ¥2.0 from the plan), resulting in a dividend payout ratio of 40.0%. An interim dividend was introduced from FY12/25. For FY12/26, the Company forecasts an annual dividend of ¥130.0 (an increase of ¥16.0, consisting of an interim dividend of ¥52.0 and a year-end dividend of ¥78.0), resulting in a dividend payout ratio of 40.2%.



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



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