

COMPANY RESEARCH AND ANALYSIS REPORT

MUGEN ESTATE Co., Ltd.

3299

Tokyo Stock Exchange Standard Market

6-Oct.-2026

FISCO Ltd. Analyst

Hideo Kakuta



FISCO Ltd.

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

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026
<https://www.mugen-estate.co.jp/en/ir/>

Contents

Summary	01
1. Business overview	01
2. Overview of 1H FY12/26 results	01
3. FY12/26 forecasts	02
4. Growth strategy	02
5. Shareholder return policy	02
Company profile	03
1. Company profile and history	03
2. Business description	04
Business overview	05
1. Trends in the urban real estate secondary market	05
2. Real Estate Trading Business	06
3. Real Estate Leasing and Other Business	11
Results trends	12
1. Overview of 1H FY12/26 results	12
2. Financial position	13
Outlook	14
Growth strategies and topics	15
1. Recovery measures under way to address the decline in overseas demand	15
2. Careful procurement while balancing property profitability and inventory	16
3. Progress of key measures: Acquired a hotel in Osaka City under the “expand asset types” policy	16
Shareholder return policy	17

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026
<https://www.mugen-estate.co.jp/en/ir/>

Summary

Net sales and profits declined in 1H FY12/26, but recovery measures are under way toward the full-year operating income forecast of ¥8.58bn

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, as well as hotels and nursing care facilities. The Company operates in the Tokyo metropolitan area and other major cities nationwide through a network of 15 offices, including its head office, from Hokkaido to Okinawa, mainly focusing on the Tokyo metropolitan area. It had 523 employees (consolidated) as of June 30, 2026. 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, and then moved to the Tokyo Stock Exchange Standard Market in 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) the Real Estate Development Business, and 3) the 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 1H FY12/26 results

In 1H FY12/26, the Company posted net sales of ¥26,743mn, a decrease of 18.8% year on year (YoY), operating income of ¥2,773mn, down 49.4%, ordinary income of ¥2,142mn, down 56.6%, and profit attributable to owners of parent of ¥1,320mn, down 60.2%, resulting in lower net sales and profits. The main factors behind the decline in net sales were that, in the mainstay Purchase & Resale Business, the effects of measures to strengthen sales activities targeting domestic investors in response to weaker demand from overseas investors were limited in the first half, and that sales of high-priced and large-scale properties were sluggish. Regarding sales areas, although sales remain centered on the Tokyo metropolitan area, the sales composition ratio for regional areas rose 15.0 percentage points (pp) YoY to 20.0%. In the Real Estate Leasing and Other Business, net sales increased 30.1% to ¥1,777mn due to increases in real estate for sale and non-current assets. Profits declined due to the impact of lower sales as well as a 3.9pp decrease in the gross profit margin caused by a decrease in the number of highly profitable large-scale properties sold. On a quarterly basis, net sales and all profit levels in 2Q alone exceeded those in 1Q alone.

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

Summary

3. FY12/26 forecasts

For FY12/26, the Company revised down its forecasts for both net sales and all profit levels based on the 1H results and the outlook for the real estate market, and now forecasts net sales of ¥61,599mn, down 9.8% YoY, operating income of ¥8,588mn, down 22.3%, ordinary income of ¥7,237mn, down 27.3%, and profit attributable to owners of parent of ¥4,770mn, down 28.4%. In terms of net sales, the Company revised its forecasts to ¥33,143mn (up 7.4% YoY) for investment properties and ¥22,818mn (down 29.7%) for residential properties, strengthening its shift toward investment properties. Given the limited demand from overseas investors, the Company will promote stronger partnerships with financial institutions, including regional banks, as a measure to expand its sales channels. The balance of real estate for sale (as of the end of 2Q) stood at a sufficient ¥80,982mn. At the end of the first half, progress toward the revised full-year forecasts stood at 43.4% for net sales and 32.3% for operating income, meaning results are expected to be weighted toward 2H. In a changing environment where demand from overseas investors is limited, the Company's ability to respond, such as through flexible pricing and a shift in focus toward domestic investors, will be key.

4. Growth strategy

In residential condominiums, the Company was affected by a decline in overseas customers, mainly from China, in the high-price range where it excels, but it is strengthening recovery measures targeting domestic high-net-worth individuals and investors from other overseas regions. It will also further strengthen sales of investment properties to compensate for the decline in residential property sales. Vacancy rates for rental properties in central Tokyo remain low and rising rents are also providing a tailwind. As a result, the value of income-generating properties remains firm, and there is little concern that this market will undergo a major correction. As specific countermeasures, the Company is promoting three initiatives: 1) promoting stronger partnerships with financial institutions, including regional banks, as a measure to expand domestic sales channels; 2) developing channels to overseas investors outside mainland China (such as Taiwan); and 3) building a framework in which its approximately 250 sales staff located nationwide can collaborate across multiple regions to close deals.

5. Shareholder return policy

The Company regards returning profits to shareholders as one of its key management priorities. 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. Profit allocation is based on performance levels and the balance sheet. The Company introduced an interim dividend in the previous fiscal year to enhance opportunities to return profits to shareholders. For 1H FY12/26, the Company paid an interim dividend of ¥52.0 (an increase of ¥7.0 from the previous fiscal year). For FY12/26, the Company plans an annual dividend of ¥104.0 (a decrease of ¥10.0 YoY, consisting of an interim dividend of ¥52.0 and a year-end dividend of ¥52.0), for a dividend payout ratio of 51.3%. In light of the revision to the full-year earnings forecast and future market conditions, the year-end dividend forecast was revised to ¥52.0 (a decrease of ¥26.0 from the previous forecast).

Key Points

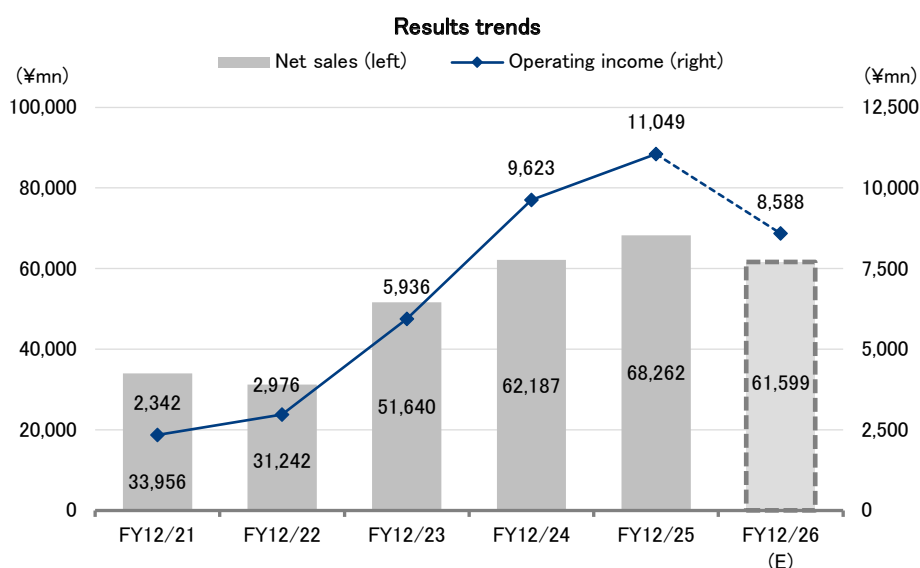
- Strength lies in strong financial resources and ability to quickly assess and purchase pre-owned properties in metropolitan areas, regardless of size—from entire buildings to individual condominium units
- In 1H FY12/26, net sales and profits declined due to factors such as a decrease in overseas demand
- FY12/26 forecasts for net sales and all profit levels revised downward based on the 1H results and the outlook for the real estate market
- Recovery measures under way to address the decline in overseas demand, including stronger partnerships with regional financial institutions and the cultivation of overseas investors outside China
- Interim dividend for 1H FY12/26 was ¥52.0 (an increase of ¥7.0 from the previous fiscal year). Year-end dividend forecast revised to ¥52.0 (a decrease of ¥26.0 from the previous forecast)

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

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 and other properties 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 523 employees (consolidated) as of June 30, 2026. 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, and in recent years it has returned to a growth trajectory, with the buoyant urban residential market serving as a tailwind.

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026
<https://www.mugen-estate.co.jp/en/ir/>

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, and then moved to the Tokyo Stock Exchange Standard Market in 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. (consolidated 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. (consolidated subsidiary)
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
December 2025	MUGEN ASSET MANAGEMENT Co., Ltd. registered for the Type II Financial Instruments Business and the Investment Advisory and Agency Business

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 FY12/26, the mainstay Real Estate Trading Business generated 93.4% of consolidated net sales and 88.5% of segment profit. It consists of three business models: 1) the Purchase & Resale Business (investment and residential properties), 2) the Real Estate Development Business, and 3) the 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 92.0% 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 FY12/26, it accounted for 6.6% of the Company's net sales and 11.5% of its segment profit.

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

Company profile

Overview of segments and main businesses

Segment	Business	Business description	Composition ratio (1H FY12/26)	
			Net sales	Segment profit
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." Residential properties It handles investment properties (properties that generate rental income) and residential properties.	46.9%	
			45.1%	
	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.	93.4%	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.		1.3%
	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.	6.6%	11.5%

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

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 urban real estate secondary market

The urban real estate market, the Company's main field, is at a stage where "upside factors" and "downside factors" coexist, and the outlook is uncertain. Upside factors include strong demand for investment properties, redevelopment and office demand, the weak yen (which makes Japanese real estate appear inexpensive), rising roadside land prices in urban areas, rising rents, and the advantage of pre-owned properties amid rising construction costs. Downside factors include rising construction costs due to soaring material prices and labor costs, policy interest rate hikes by the Bank of Japan, and weaker demand from some overseas investors (e.g., mainland China).

Environment surrounding the urban real estate market

Upside factors	Downside factors
• Strong demand for investment properties, mainly in urban areas • Urban redevelopment and office demand • Weak yen • Rising roadside land prices in urban areas • Rising rents • Advantage of pre-owned properties amid rising construction costs etc.	• Rising construction costs due to soaring material prices and labor costs • Policy interest rate hikes by the Bank of Japan • Weaker demand from some overseas investors (e.g., mainland China) etc.

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

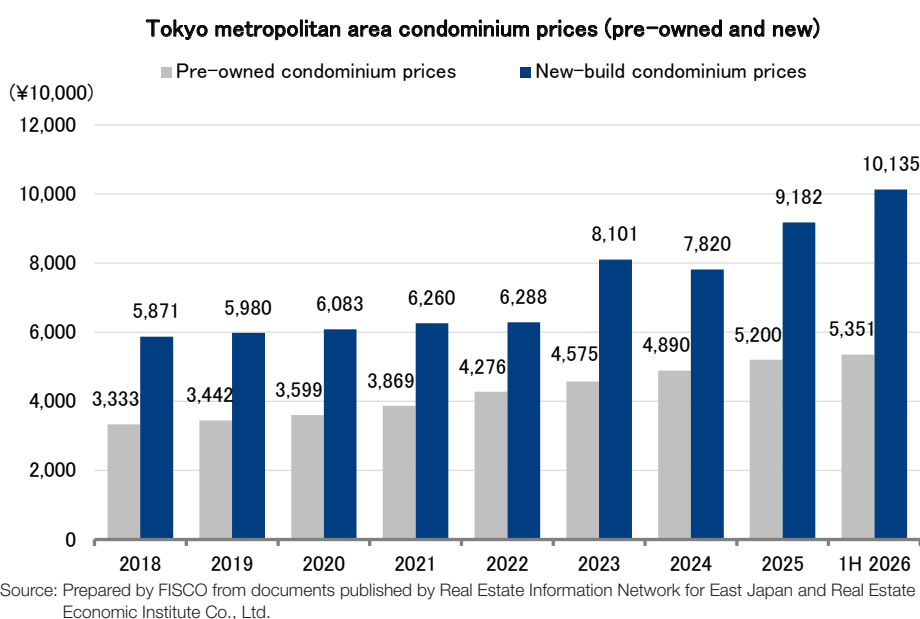
MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

Business overview

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 2026 was 4,241 (down 1.3% from the same month of the previous year), falling below the year-earlier level for the third consecutive month. The contracted price per square meter and the contract price were also roughly flat but fell below the year-earlier levels for the second consecutive month. Inventory in June 2026 stood at 45,995 units, an increase of 3.5% compared to the same month of the previous year. The average contract price in the Tokyo metropolitan area for the first half of 2026 (January to June) was ¥53.51mn for pre-owned condominiums compared with ¥101.35mn for new-build condominiums, indicating a trend toward a widening price gap. With the prices of new-build condominiums soaring and their supply trending downward, pre-owned condominiums are becoming relatively more attractive.



2. Real Estate Trading Business

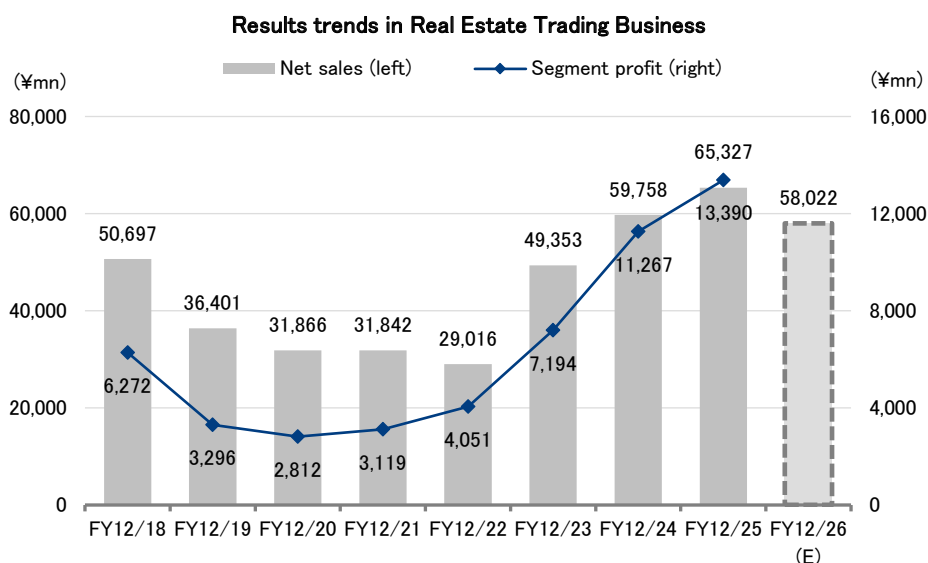
The Real Estate Trading Business segment consists of the core Purchase & Resale Business (investment and residential properties), the Real Estate Development Business, a relatively new business for the Company, and the Real Estate Specified Joint Business. After emerging from the impact of the COVID-19 pandemic, business performance was strong in recent years, with net sales increasing for three consecutive years and segment profit rising for five consecutive years. Net sales for FY12/26 are forecast to decrease, falling 11.2% YoY (revised forecast).

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

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 business, which it has operated since its founding, purchasing pre-owned properties, adding value to them, and then reselling them. 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 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. Buyers are real estate investors from both Japan and overseas. Value is added by increasing real estate investment yields through measures such as improving building management, carrying out repairs for age-related deterioration, leasing vacant units, and resolving rental arrears. Investment properties are relatively low risk, because rental income continues to be generated even if a property remains unsold for an extended period, thereby enabling the Company to enhance profitability. The average time from purchase to sale is about 18 months. Residential properties are properties used by purchasers as their residences and consist primarily of condominium units. Buyers range widely from first-time homebuyers to those looking to move to a new home. Value is added through interior renovation work and the replacement of equipment such as prefabricated bath units and built-in kitchens. The average time from purchase to sale is slightly less than one year.

The Company also has the following strengths:

- 1) Offices and personnel (523 employees on a consolidated basis) 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 sell 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 with the exit in mind (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 80 financial institutions
- 5) A sound financial base and fund-raising capabilities

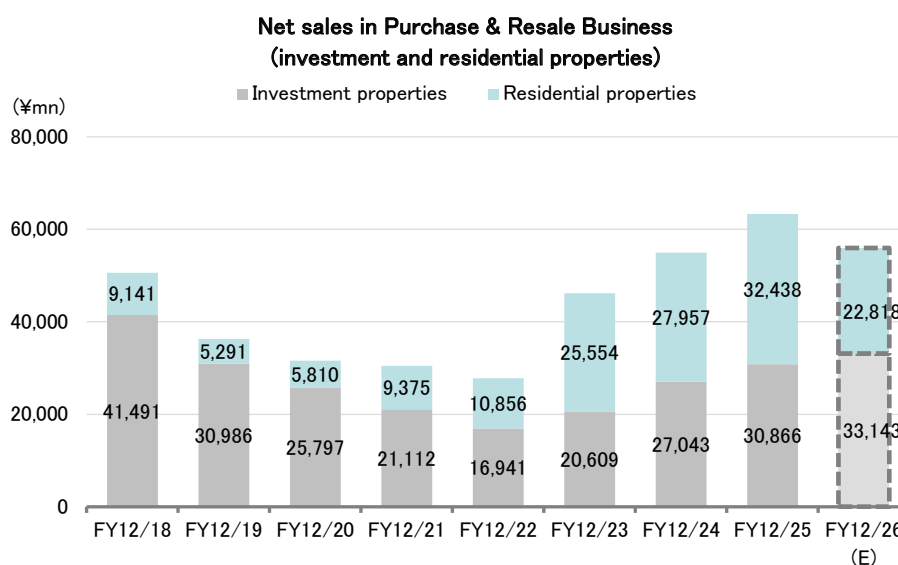
MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

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. In 1H FY12/26, net sales declined, particularly for residential properties, due to factors such as slowing demand from overseas investors. For full-year FY12/26, the Company forecasts net sales of ¥33,143mn for investment properties and ¥22,818mn for residential properties (revised forecast). It plans to accelerate its shift toward investment properties.



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

In terms of sales trends by area, the composition ratio of sales in the Tokyo metropolitan area is high because the Company has traditionally concentrated on that area, but in recent years it has been expanding its network of offices in regional cities, and the results are becoming evident. The composition ratio of sales in regional areas (Purchase & Resale Business only) surged from 1.7% in 1H FY12/24 to 5.0% in 1H FY12/25 and 20.0% in the most recent first half. Within regional areas, sales appear to be particularly high in major metropolitan areas such as the Osaka area served by the Osaka Branch.

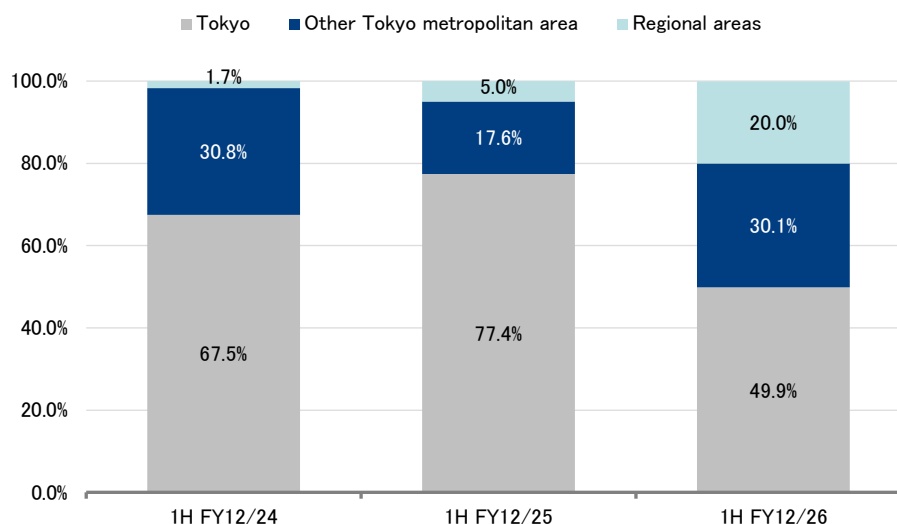
MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

Business overview

Sales composition ratio by area in the Purchase & Resale Business



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 obtained through 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 based on an optimal concept for each property.

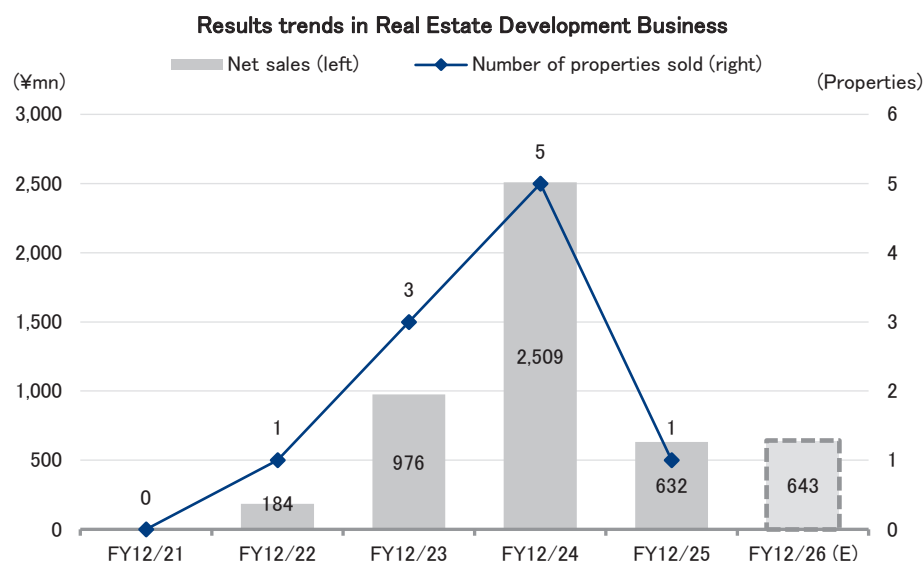
In recent years, although net sales growth has been strong, the business remains small in scale, and performance fluctuates depending on factors such as the timing of sales. There were no sales in 1H FY12/26. For full-year FY12/26, net sales are forecast at ¥643mn, roughly in line with the previous fiscal year (revised forecast).

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

Business overview



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

(3) Real Estate Specified Joint Business

This business 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 Real Estate Specified Joint Business license from the Governor of Tokyo. Further market growth is expected. Because prime rental apartment buildings 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 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 1H FY12/26, sales of the Soka Project began, and net sales increased 63.4% YoY to ¥335mn. For FY12/26, net sales are forecast at ¥1,388mn, roughly in line with the previous fiscal year (revised forecast).

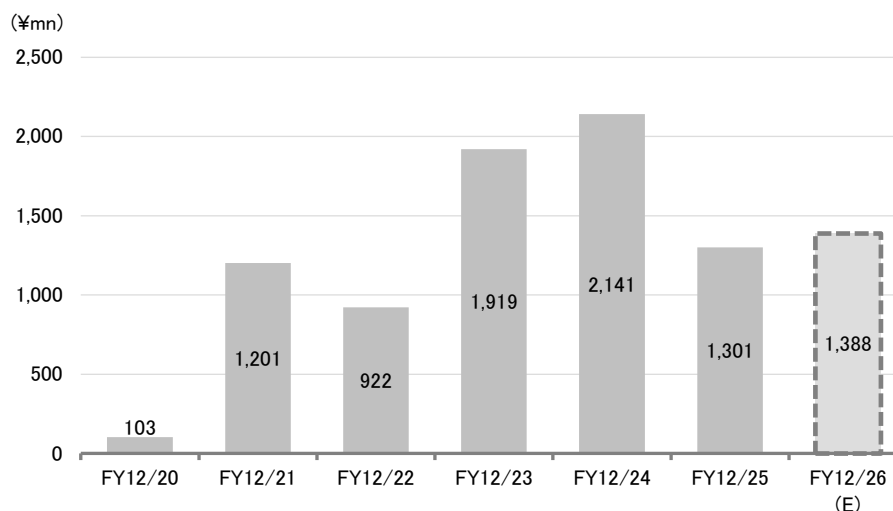
MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

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 purchased investment properties and properties held by the Group as non-current assets to end users and other tenants. By outsourcing the property management business 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 through measures such as improving building management, carrying out repairs for age-related deterioration, leasing vacant units, and resolving rental arrears. In addition, Mugen Funding 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, established in January 2025, leverages its accumulated expertise in assessing pre-owned properties to form private funds using carefully selected prime assets and conduct asset management operations.

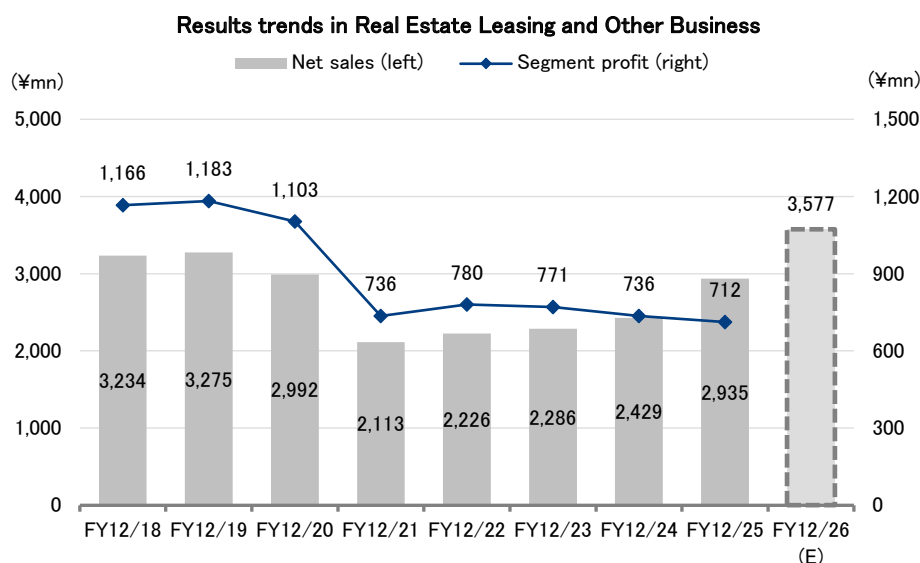
Net sales in the Real Estate Leasing and Other Business have shifted from flat to an upward trend in recent years. In 1H FY12/26, net sales rose 30.1% YoY to ¥1,777mn due to an increase in the inventory of investment properties, and operating income increased 21.9% to ¥456mn. For FY12/26, net sales are forecast to increase 21.8% YoY to ¥3,577mn (revised forecast).

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

Business overview



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

Results trends

In 1H FY12/26, net sales and profits declined due to factors such as a decrease in overseas demand

1. Overview of 1H FY12/26 results

In 1H FY12/26, the Company posted net sales of ¥26,743mn, a decrease of 18.8% YoY, operating income of ¥2,773mn, down 49.4%, ordinary income of ¥2,142mn, down 56.6%, and profit attributable to owners of parent of ¥1,320mn, down 60.2%, resulting in lower net sales and profits.

While strong demand for investment properties, mainly in urban areas, served as an upside factor for the market, downside factors such as rising construction costs due to soaring material prices and labor costs and policy interest rate hikes by the Bank of Japan were also at play, and the outlook remained uncertain. In June 2026, the number of contracts concluded for pre-owned condominiums in the Tokyo metropolitan area decreased YoY for the third consecutive month, and the contracted price per square meter and the contract price, while roughly flat, also turned downward, with the market remaining range-bound at a high level.

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026
<https://www.mugen-estate.co.jp/en/ir/>

Results trends

The main factors behind the decline in net sales were that, in the mainstay Purchase & Resale Business, the effects of measures to strengthen sales activities targeting domestic investors in response to weaker demand from overseas investors were limited in the first half, and that sales of high-priced and large-scale properties were sluggish. By category, net sales of investment properties rose 1.8% YoY to ¥12,531mn, as the effects of sales measures targeting domestic investors partially materialized and sales of whole-building income-generating properties increased. On the other hand, net sales of residential properties decreased 36.5% to ¥12,068mn; although the number of units sold was flat, sales of high-priced properties did not progress, resulting in lower sales. Regarding sales areas, although sales remain centered on the Tokyo metropolitan area, the sales composition ratio for regional areas rose 15.0pp YoY to 20.0%. The sales composition ratio to overseas investors fell 20.6pp to 24.7%. The Real Estate Specified Joint Business recorded higher net sales due to the completion of sales for the Ogikubo Project. In the Real Estate Leasing and Other Business, net sales increased 30.1% to ¥1,777mn due to increases in real estate for sale and non-current assets. Profits declined due to the impact of lower sales as well as a 3.9pp decrease in the gross profit margin caused by a decrease in the number of highly profitable large-scale properties sold. Quarterly results are progressing, with net sales and all profit levels in 2Q alone exceeding those in 1Q alone.

Regarding real estate inventory, the balance at the end of 1H FY12/26 expanded to ¥80,982mn (compared to ¥75,600mn at the end of FY12/25). As the Company focused on the procurement of investment properties, investment properties increased ¥6,851mn from the end of FY12/25, while residential properties decreased ¥1,325mn.

1H FY12/26 consolidated results

	1H FY12/25		1H FY12/26		YoY
	Results	vs. net sales	Results	vs. net sales	
Net sales	32,943	-	26,743	-	-18.8%
Cost of sales	23,868	72.5%	20,408	76.3%	-14.5%
Gross profit	9,074	27.5%	6,334	23.7%	-30.2%
SG&A expenses	3,594	10.9%	3,561	13.3%	-0.9%
Operating income	5,479	16.6%	2,773	10.4%	-49.4%
Ordinary income	4,932	15.0%	2,142	8.0%	-56.6%
Profit attributable to owners of parent	3,320	10.1%	1,320	4.9%	-60.2%

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

The Company's strength lies in its ability to raise funds backed by a sound financial base

2. Financial position

Total assets as of the end of 1H FY12/26 were ¥110,277mn, up ¥3,579mn from the end of FY12/25. Current assets rose ¥3,263mn, mainly reflecting an increase of ¥5,401mn in real estate for sale. Non-current assets increased ¥328mn. The Company positions a portion of its purchased assets as non-current assets that generate stable earnings and is increasing their composition ratio.

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026
<https://www.mugen-estate.co.jp/en/ir/>

Results trends

Total liabilities increased ¥3,691mn from the end of FY12/25 to ¥74,587mn. Of this, current liabilities decreased ¥1,570mn, mainly due to a decrease of ¥1,232mn in short-term borrowings. Non-current liabilities increased ¥5,262mn, primarily reflecting an increase of ¥5,288mn in long-term borrowings. Interest-bearing debt rose ¥4,022mn to ¥66,786mn. Total net assets decreased ¥112mn to ¥35,690mn, mainly because, although retained earnings increased due to the recording of profit attributable to owners of parent, dividends were paid.

In terms of management indicators, the equity ratio was 32.3%, remaining within the KPI target range for financial soundness (30.0%–35.0%).

Consolidated balance sheets and management indicators

	End-FY12/25	End-1H FY12/26	Change
(¥mn)			
Current assets	98,354	101,618	3,263
Cash and deposits	20,718	18,318	-2,400
Real estate for sale	75,499	80,901	5,401
Non-current assets	8,291	8,619	328
Property, plant and equipment	5,929	6,564	635
Investment securities	1,170	955	-215
Total assets	106,698	110,277	3,579
Current liabilities	29,956	28,385	-1,570
Short-term borrowings	10,726	9,493	-1,232
Current portion of bonds payable	2,740	2,635	-105
Current portion of long-term borrowings	9,786	10,133	346
Non-current liabilities	40,939	46,201	5,262
Bonds payable	4,364	4,093	-270
Long-term borrowings	35,126	40,414	5,288
Total liabilities	70,896	74,587	3,691
Total net assets	35,802	35,690	-112
Retained earnings	30,997	30,697	-300
Total liabilities and net assets	106,698	110,277	3,579
<Stability>			
Current ratio	328.3%	358.0%	29.7pp
Equity ratio	33.5%	32.3%	-1.2pp

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

■ Outlook

FY12/26 forecasts for net sales and all profit levels revised downward based on the 1H results and the outlook for the real estate market

For FY12/26, the Company revised down its forecasts for both net sales and all profit levels based on the 1H results and the outlook for the real estate market, and now forecasts net sales of ¥61,599mn, down 9.8% YoY, operating income of ¥8,588mn, down 22.3%, ordinary income of ¥7,237mn, down 27.3%, and profit attributable to owners of parent of ¥4,770mn, down 28.4%.

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026
<https://www.mugen-estate.co.jp/en/ir/>

Outlook

In the mainstay Purchase & Resale Business, the Company intends to build up sales and profits by strengthening sales to domestic investors and end-users, while expanding sales channels, strengthening sales in regional areas, and implementing flexible pricing strategies. By business, the Company revised its forecasts to ¥33,143mn (up 7.4% YoY) for investment properties and ¥22,818mn (down 29.7%) for residential properties, strengthening its shift toward investment properties. Given the limited demand from overseas investors, the Company will promote stronger partnerships with financial institutions, including regional banks, as a measure to expand its sales channels. In the Real Estate Development Business, the Company will pursue early sales of completed properties, and in the Real Estate Specified Joint Business, it will strengthen sales activities and expand sales channels in preparation for the sale of the Soka Project within the year. Cumulative procurement through 2Q amounted to ¥22,256mn, down ¥1,046mn YoY, reflecting the Company's thorough focus on profitability in procurement. The balance of real estate for sale (as of the end of 2Q) stood at a sufficient ¥80,982mn. At the end of the first half, progress toward the revised full-year forecasts stood at 43.4% for net sales and 32.3% for operating income, meaning results are expected to be weighted toward 2H. In a changing environment where demand from overseas investors is limited, the Company's ability to respond, such as through flexible pricing and a shift in focus toward domestic investors, will be key.

FY12/26 consolidated forecasts

	FY12/25		FY12/26		
	Results	vs. net sales	Forecast	vs. net sales	YoY
Net sales	68,262	-	61,599	-	-9.8%
Operating income	11,049	16.2%	8,588	13.9%	-22.3%
Ordinary income	9,951	14.6%	7,237	11.7%	-27.3%
Profit attributable to owners of parent	6,659	9.8%	4,770	7.7%	-28.4%

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

Growth strategies and topics

Recovery measures under way to address the decline in overseas demand, including stronger partnerships with regional financial institutions and the cultivation of overseas investors outside China

1. Recovery measures under way to address the decline in overseas demand

In residential condominiums, the Company was affected by a decline in overseas customers, mainly from China, in the high-price range where it excels, but it is strengthening recovery measures targeting domestic high-net-worth individuals and investors from other overseas regions. It will also further strengthen sales of investment properties to compensate for the decline in residential property sales. Vacancy rates for rental properties in central Tokyo remain low, and rising rents are also providing a tailwind. As a result, the value of income-generating properties remains firm, and there is little concern that this market will undergo a major correction.

As specific countermeasures, the Company is undertaking the following initiatives.

- 1) Promote stronger partnerships with financial institutions, including regional banks, as a measure to expand domestic sales channels
- 2) Develop channels to overseas investors outside mainland China (such as Taiwan)
- 3) Build a framework in which its approximately 250 sales staff located nationwide can collaborate across multiple regions to close deals

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

Growth strategies and topics

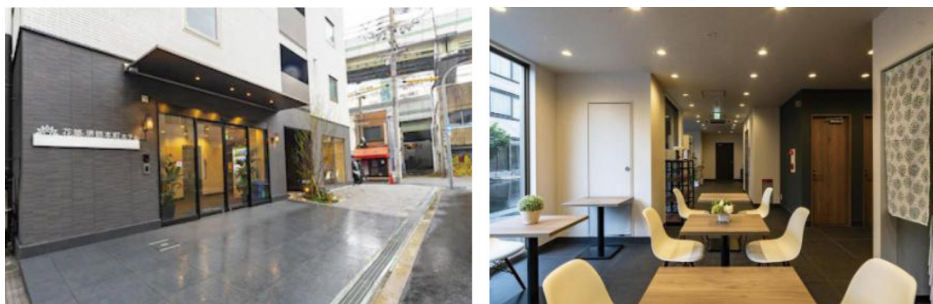
2. Careful procurement while balancing property profitability and inventory

In line with the downward revision to its earnings forecasts, the Company has also revised its procurement plan, setting it at ¥43.5bn for FY12/26. Procurement in 1H FY12/26 amounted to ¥22.2bn, representing relatively restrained investment. This is because the Company is proceeding carefully with procurement while considering the balance between property profitability and inventory. By business, procurement of investment properties was ¥14.1bn, up ¥1.8bn YoY, while procurement of residential properties was ¥7.4bn, down ¥3.6bn, clearly indicating its shift toward investment properties. Investment properties are also advantageous from a risk management perspective, as they generate rental income even if the holding period becomes longer. The inventory balance at the end of 1H FY12/26 was ¥80.9bn (up ¥5.3bn from the end of FY12/25), with sufficient inventory secured to support stronger sales in 2H.

3. Progress of key measures: Acquired a hotel in Osaka City under the “expand asset types” policy

Under the Medium-Term Management Plan, the Company has set “expand asset types” as a key measure in its core Purchase & Resale Business. Although the Company focuses mainly on residential properties, it has leveraged its extensive property acquisition channels to invest in the past in logistics facilities (Tokyo metropolitan area), hotels (Naha City and Sapporo City), commercial facilities (Kyoto City), and healthcare facilities (Tokyo metropolitan area). In FY12/26, the Company acquired a hotel property in Sakaisuji-Hommachi, Osaka City, as an investment property, which is expected to generate recurring (stock) income for the time being as well as sales (flow) income after value is added.

Sakaisuji-Hommachi Hotel in Osaka City, acquired as an initiative for asset diversification



Source: The Company's results briefing materials

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market

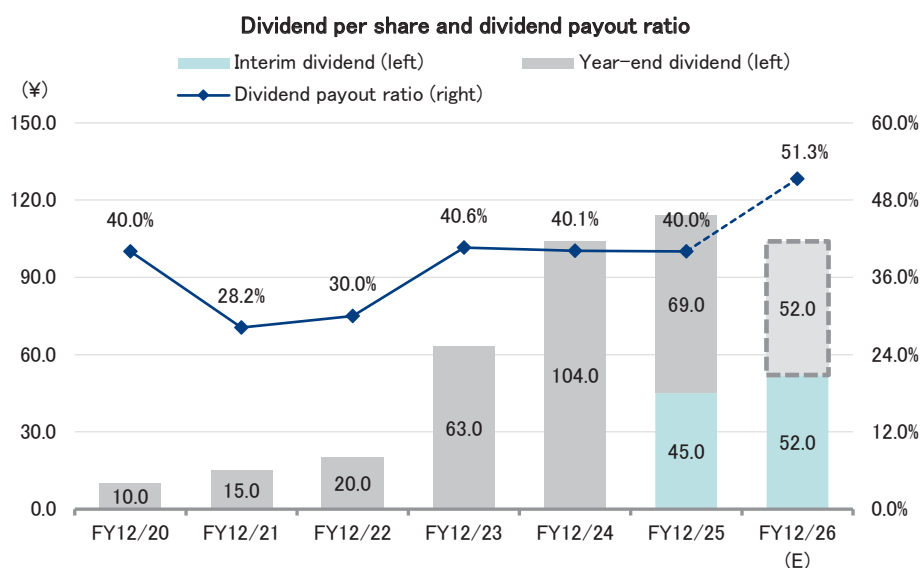
6-Oct.-2026

<https://www.mugen-estate.co.jp/en/ir/>

Shareholder return policy

Interim dividend for 1H FY12/26 was ¥52.0. Year-end dividend of ¥52.0 planned

The Company regards returning profits to shareholders as one of its key management priorities. 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. Profit allocation is based on performance levels and the balance sheet. The Company introduced an interim dividend in the previous fiscal year to enhance opportunities to return profits to shareholders. For 1H FY12/26, the Company paid an interim dividend of ¥52.0 (an increase of ¥7.0 from the previous fiscal year). For full-year FY12/26, the Company plans an annual dividend of ¥104.0 (a decrease of ¥10.0 YoY, consisting of an interim dividend of ¥52.0 and a year-end dividend of ¥52.0), for a dividend payout ratio of 51.3%. In light of the revision to the full-year earnings forecast and future market conditions, the year-end dividend forecast was revised to ¥52.0 (a decrease of ¥26.0 from the previous forecast).



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

Disclaimer

FISCO Ltd. ("FISCO") offers stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Exchange, and Nikkei Inc.

This report is provided solely for the purpose of offering information and is not a solicitation of investment nor any other act or action.

FISCO has prepared and published this report based on information it deems reliable. However, FISCO does not warrant the accuracy, completeness, certainty, nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs, and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report was prepared at the request of the subject company, with information provided by the company through telephone interviews and other means, and with compensation from the company. Hypotheses, conclusions and all other content contained in this report are based on FISCO's analysis. The contents of this report are current as of the date of preparation and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text, data, and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers, and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report with an understanding and acceptance of the above points.

■ For inquiries, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: support@fisco.co.jp