

Note: The accompanying consolidated financial statements were not audited since they have been prepared only for reference purposes only. All statements are based on “Kessan Tanshin” report prepared in accordance with the provisions set forth in the accounting regulations and principals generally accepted in Japan.

## Consolidated Financial Results for the Third Quarter ended September 30, 2024 [Based on Japanese GAAP]

November 14, 2024

Listed company name: MUGEN ESTATE Co., Ltd      Listed Stock Exchange: Tokyo Stock Exchange  
 Securities code: 3299      URL <https://www.mugen-estate.co.jp/en/>  
 Representative: Shinichi Fujita, President  
 Contact: Akira Okubo, Managing Executive Officer,      ir@mugen-estate.co.jp  
 Executive General Manager of Administrative Division  
 Scheduled date of dividend payment: —  
 Supplementary material for financial results: Yes  
 Quarterly financial results briefing: No

(fractions of one million yen are rounded off)

### 1. Consolidated financial results for the third quarter ended September 30, 2024 (January 1 to September 30, 2024)

#### (1) Consolidated financial results (cumulative) (Percentages represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q ended September 30, 2024	48,352	20.9	7,577	46.7	6,998	52.6	4,613	51.4
3Q ended September 30, 2023	39,993	84.2	5,164	161.1	4,587	207.5	3,047	199.4

(Note) Comprehensive income: 3Q ended September 30, 2024 4,613 million yen ( 51.4%)

3Q ended September 30, 2023 3,047 million yen ( 199.4%)

	Net Income per share	Diluted net income per share
	Yen	Yen
3Q ended September 30, 2024	196.18	195.01
3Q ended September 30, 2023	129.56	128.78

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	85,229	30,637	35.8
As of December 31, 2023	80,362	27,844	34.5

(Reference) Shareholders' equity: As of September 30, 2024 30,545 million yen

As of December 31, 2023 27,751 million yen

### 2. Dividends

	Annual dividends per share				
	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2023	—	0.00	—	63.00	63.00
Year ending December 31, 2024	—	0.00	—	—	—
Year ending December 31, 2024 (forecast)	—	—	—	92.00	92.00

(Note) Revision of the latest dividend forecast: No

### 3. Forecast of consolidated financial results for the fiscal year ending December 31, 2024

(January 1, 2024 to December 31, 2024)

(Percentages represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024 (Full year)	61,224	18.6	8,945	50.7	8,154	55.5	5,372	47.0	229.07

(Note) Revision of the latest consolidated financial results forecast: No

\* Notes

- (1) Changes in significant subsidiaries during the period: None
- (2) Application of any accounting procedures specific to preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- |   |        |
|---|--------|
| (i) Changes in accounting policies due to revisions to accounting standards and other regulations | : None |
| (ii) Changes in accounting policies other than (i)  | : None |
| (iii) Changes in accounting estimates   | : None |
| (iv) Restatement of prior period financial statements after error corrections                     | : None |
- (4) Number of shares issued (common stock)
- |  |                   |
|--|-------------------|
| (i) Number of shares outstanding at end of the period (including treasury stock) |                   |
| As of September 30, 2024   | 24,361,000 shares |
| As of December 31, 2023  | 24,361,000 shares |
| (ii) Number of treasury stock held at end of the period                          |                   |
| As of September 30, 2024   | 1,092,491 shares  |
| As of December 31, 2023  | 798,325 shares    |
| (iii) Average number of shares outstanding during the period (cumulative)        |                   |
| As of September 30, 2024   | 23,515,289 shares |
| As of September 30, 2023   | 23,520,246 shares |

\*The current quarterly financial results are not subject to the quarterly review procedures.

\* Explanation of the proper use of financial forecasts and other important notes

1. The statements about the future included in this report, including financial projections, are based on information currently available to the Company and certain assumptions that are considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors. See “(3) Explanation of Consolidated Financial Results and Other Forward-Looking Statements “1. Overview of Operating Results and Financial Position “ on page 2 of the Accompanying Materials for the assumptions of the financial forecasts and points to note in the use of financial forecasts.
2. Access to presentation materials for financial results  
The presentation materials for financial result are scheduled to be disclosed on TDnet and the Company's website on the same day.

## 1. Overview of Operating Results and Financial Position

### (1) Overview of Operating Results for the Period

During the first nine months of the fiscal year under review (January 1, 2024, to September 30, 2024), the real estate industry in which the MUGEN ESTATE Group operates continued to show steady growth, with Tokyo recording the world's highest real estate investment in the first half of 2024. On the other hand, in response to the Bank of Japan's decision to raise its policy interest rates, leading banks have been observed raising their variable mortgage interest rates for the first time in 17 years. The Group acknowledges the importance of closely monitoring future demand trends.

According to the Real Estate Information Network for East Japan (East Japan REINS), the number of contracts concluded for used condominium units in the Tokyo metropolitan area fell 4.5% year on year in September 2024, marking the third consecutive month of year-on-year decline. However, the contract price increased by 4.7% year on year, and has surpassed the same month in the previous year for 53 consecutive months since May 2020. This is believed to be due to the rising prices of new condominiums, caused in part by soaring material and personnel costs, which is driving a shift in demand to used condominiums.

The overall average vacancy rate of offices in the 23 wards of Tokyo in September 2024 was 4.4%. Since January 2024, this rate has consistently remained below the 5.0% benchmark for a balance between supply and demand, indicating a stable supply and demand situation.

In this business environment, the MUGEN ESTATE Group's mainstay Real Estate Purchase and Resale Business has focused on selling income-producing real estate and large properties that can ensure stable profit margins. As a result, the Group's gross profit margin progressed at a level that exceeded the target announced at the beginning of the fiscal year. Additionally, both net sales and the number of units sold surpassed those of the same period in the preceding fiscal year. In terms of purchasing, the Group achieved its annual purchasing plan for residential-type properties thanks to aggressive

purchasing activities centered on the sales offices it opened this fiscal year. Although there is a slight delay in the purchase plan for investment-type properties, the Group believes that it is still achievable. In January 2024, the Group opened sales offices in Sapporo, Nagoya, and Fukuoka for the Real Estate Purchase and Resale Business. Later, in August, a new sales office was established in Sendai, Miyagi Prefecture, reflecting the steady expansion of its business and deepening of operations in the Tokyo metropolitan area and major regional cities.

In the Real Estate Development Business, the Group aggressively promoted leasing and sales activities for the "SIDEPLACE" series, its original brand, and achieved the sales targets set at the beginning of the fiscal year. A seven-story, mixed-use condominium in Jujo, Kita-ku, Tokyo, was completed in September, and sales activities are underway. The Group will continue to actively purchase development sites and develop new properties.

In the Real Estate Specified Joint Business, the "Sumida Ryogoku Project," the Group's fifth project, sold out in September, while sales for the sixth project, the "Sapporo Hostel Project," began in August. This project represents the Group's first property outside the Tokyo metropolitan area and its initial offering of small-lot real estate investment products for lodging facilities. Sales are progressing well.

As a result, consolidated net sales increased 20.9% year on year, to 48,352 million yen, consolidated operating income rose 46.7% year on year, to 7,577 million yen, consolidated ordinary income rose 52.6% year on year, to 6,998 million yen, and consolidated profit attributable to owners of parent rose 51.4% year on year, to 4,613 million yen in the first nine months under review.

The following is an overview of the results by segment.

[Real Estate Trading Business]

In the Real Estate Trading Business, the number of units sold in investment-type properties came to 139 (up 31 units year on year) and the average unit selling price was 151 million yen (down 9.0% year on year), registering net sales of 21,073 million yen (up 17.1% year on year). Meanwhile, the number of units sold in residential-type properties came to 372 (up 49 units year on year) and the average unit selling price was 57 million yen (down 3.0% year on year), registering net sales of 21,402 million yen (up 11.7% year on year).

In the Real Estate Development Business, five properties were sold (up three year on year) with an average sales price at 501 million yen (up 62.9% year on year), while sales amounted to 2,509 million yen (up 307.2% year on year).

In the Real Estate Specified Joint Business, two project was formed, and sales totaled 1,483 million yen (up 501.6% year on year).

As a result, net sales for the segment increased 21.6% year on year, to 46,550 million yen, and the segment profit (operating income for the segment) increased 43.2% year on year, to 8,812 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing came to 1,648 million yen (up 4.2% year on year).

As a result, net sales for the segment increased 5.6% year on year, to 1,802 million yen, and segment profit (operating income for the segment) down 1.7% year on year, to 569 million yen.

Note: The "investment-type properties" are classified as real estate generating rental income, including rental condominiums, and office blocks, which are used by buyers for the purpose of investment. The "residential-type properties" are classified as real estate used by buyers as their housing units, most of which are owned condominiums.

### (2) Overview of Financial Positions for the Period

The financial position at the end of the third quarter of the consolidated fiscal year under review included total assets of 85,229 million yen (up 6.1% from the end of the previous fiscal year), liabilities of 54,591 million yen (up 3.9% from the end of the previous fiscal year), and net assets of 30,637 million yen (up 10.0% from the end of the previous fiscal year).

(Assets)

The increase in total assets resulted mainly from a 4,032 million yen increase in real estate for sale (including real estate for sale in process) and a 509 million yen increase in cash and deposits.

(Liabilities)

The major factors for the increase in liabilities were a 3,339 million yen increase in long-term borrowings (including current portion)

and a 1,881 million yen decrease in short-term borrowings.

(Net assets)

The major factors for the increase in net assets were an increase in retained earnings of 4,613 million yen due to the posting of a profit attributable to owners of parent and a decrease in retained earnings due to the acquisition of treasury stock of 499 million yen and the payment of dividends of 1,484 million yen.

### (3) Explanation of Consolidated Financial Results and Other Forward-Looking Statements

Forecasts for consolidated financial results and dividends for the fiscal year ending December 31, 2024 remain unchanged from the Notice of Revision to Earnings Forecast and Dividend Forecast (Dividend Increase) announced on November 5, 2024.

The descriptions of business forecasts presented in this document are based on the future assumptions, outlook, and plans as of the date of the publication of this document, which include risks and uncertain factors. Actual results may vary significantly from the forecasts presented in this document due to the economic environment, market trends, and other factors that affect the business of the Group.

2. Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	FY2023 (As of December 31, 2023)	FY2024 3Q (As of September 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	20,420	20,929
Accounts receivable - trade	35	55
Real estate for sale	52,644	56,964
Real estate for sale in process	477	190
Other	616	721
Allowance for doubtful accounts	(4)	(3)
<b>Total current assets</b>	<b>74,189</b>	<b>78,857</b>
Non-current assets		
Property, plant and equipment		
Buildings	2,684	2,869
Accumulated depreciation	(508)	(611)
Buildings, net	2,176	2,257
Land	2,902	2,988
Other	159	130
Accumulated depreciation	(81)	(74)
Other, net	77	56
<b>Total property, plant and equipment</b>	<b>5,156</b>	<b>5,302</b>
Intangible assets	81	77
Investments and other assets		
Investment securities	7	7
Deferred tax assets	454	526
Other	419	412
<b>Total investments and other assets</b>	<b>880</b>	<b>946</b>
<b>Total non-current assets</b>	<b>6,119</b>	<b>6,326</b>
Deferred assets	53	45
<b>Total assets</b>	<b>80,362</b>	<b>85,229</b>

(Million yen)

	FY2023 (As of December 31, 2023)	FY2024 3Q (As of September 30, 2024)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	466	570
Short-term borrowings	9,153	7,271
Current portion of bonds payable	1,041	3,971
Current portion of long-term borrowings	5,407	5,643
Income taxes payable	1,413	1,675
Provision for bonuses	44	245
Provision for bonuses for directors (and other officers)	45	50
provision for Executive Officers bonuses	64	83
Construction warranty reserve	60	58
Other	1,785	1,686
<b>Total current liabilities</b>	<b>19,484</b>	<b>21,256</b>
Non-current liabilities		
Bonds payable	6,150	3,120
Long-term borrowings	25,894	28,997
Retirement benefit liability	308	321
Other	681	895
<b>Total non-current liabilities</b>	<b>33,034</b>	<b>33,334</b>
<b>Total liabilities</b>	<b>53,028</b>	<b>54,591</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,552	2,552
Capital surplus	2,475	2,575
Retained earnings	23,207	26,336
Treasury shares	(483)	(919)
<b>Total shareholders' equity</b>	<b>27,751</b>	<b>30,545</b>
Share acquisition rights	92	92
<b>Total net assets</b>	<b>27,844</b>	<b>30,637</b>
<b>Total liabilities and net assets</b>	<b>80,362</b>	<b>85,229</b>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

[Quarterly Consolidated Statements of Income]

(For nine months from January 1 to September 30, 2024)

(Million yen)

	FY2023 3Q (From January 1 to September 30, 2023)	FY2024 3Q (From January 1 to September 30, 2024)
Net sales	39,993	48,352
Cost of sales	30,904	35,629
Gross profit	9,088	12,722
Selling, general and administrative expenses	3,924	5,144
Operating income	5,164	7,577
Non-operating income		
Interest and dividend income	1	3
Commission income	14	27
Penalty income	14	14
Refund of real estate acquisition tax	5	5
Other	13	6
Total non-operating income	50	57
Non-operating expenses		
Interest expenses	548	559
Commission expenses	36	46
Other	43	29
Total non-operating expenses	628	636
Ordinary profit	4,587	6,998
Extraordinary income		
Gain on sale of non-current assets	—	2
Total extraordinary income	—	2
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Office relocation expenses	6	—
Loss on valuation of investment securities	13	—
Total extraordinary losses	20	0
Profit before income taxes	4,566	7,001
Income taxes - current	1,598	2,459
Income taxes - deferred	(79)	(71)
Total income taxes	1,519	2,387
Profit	3,047	4,613
Profit attributable to owners of parent	3,047	4,613

[Quarterly Consolidated Statements of Comprehensive Income]

(For nine months from January 1 to September 30, 2024)

(Million yen)

	FY2023 3Q (From January 1 to September 30, 2023)	FY2024 3Q (From January 1 to September 30, 2024)
Income before minority interests	3,047	4,613
Comprehensive income	3,047	4,613
(Breakdown)		
Comprehensive income attributable to owners of parent	3,047	4,613



### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Segment Information)

For nine months ended September 30, 2023 (From January 1 to September 30, 2023)

Information relating to the amount of net sales, and income or loss by reportable segment

(Million yen)

	Reportable Segments			Adjustment (Note 1)	Total (Note 2)
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	38,287	1,706	39,993	—	39,993
Inter-segment sales or transfer	3	17	20	(20)	—
Total	38,290	1,723	40,013	(20)	39,993
Segment profit	6,153	579	6,732	(1,568)	5,164

(Note) 1. The segment profit adjustment of (1,568) million yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

2. Segment profit has been adjusted to operating income stated in quarterly consolidated statements of income.

For nine months ended September 30, 2024 (From January 1 to September 30, 2024)

Information relating to the amount of net sales, and income or loss by reportable segment

(Million yen)

	Reportable Segments			Adjustment (Note 1)	Total (Note 2)
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	46,550	1,802	48,352	—	48,352
Inter-segment sales or transfer	3	16	19	(19)	—
Total	46,553	1,818	48,372	(19)	48,352
Segment profit	8,812	569	9,381	(1,803)	7,577

(Note) 1. The segment profit adjustment of (1,803) million yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

2. Segment profit has been adjusted to operating income stated in quarterly consolidated statements of income.

(Notes to Statements of Cash Flows)

The quarterly consolidated statements of cash flows have not been prepared for the nine months ended September 30, 2024. Depreciation and amortization (including amortization of Intangible assets) for the nine months ended September 30, 2024 are as below.

(Million yen)

	FY2023 3Q (From January 1 to September 30, 2023)	FY2024 3Q (From January 1 to September 30, 2024)
Depreciation and amortization	524	598