

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 Fiscal Year ended December 31, 2024 [Based on Japanese GAAP]

February 14, 2025

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

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Scheduled date of general shareholders' meeting: March 26, 2025 Scheduled date of dividend payment: March 27, 2025

Scheduled date of securities report submission: March 26, 2025 Supplementary material for financial results: Yes

Financial results briefing: Yes (for analysts and institutional investors, in Japanese)

(fractions of one million yen are rounded off)

1. Consolidated financial results for the fiscal year ended December 31, 2024

(1) Consolidated financial results

(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	%
FY2024	62,187	20.4	9,623	62.1	8,858	68.9	6,086	66.6
FY2023	51,640	65.3	5,936	99.4	5,243	127.1	3,653	133.5

(Note) Comprehensive income FY2024 6,051 million yen(65.6 %) FY2023 3,653 million yen(133.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2024	259.51	257.96	20.4	10.6	15.5
FY2023	155.27	154.35	14.0	6.6	11.5

(Reference) Equity in earnings (losses) of affiliates FY2024 — million yen FY2023 — million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	87,503	32,076	36.6	1,374.55
As of December 31, 2023	80,362	27,844	34.5	1,177.77

(Reference) Shareholders' Equity As of December 31, 2024 31,983 million yen
As of December 31, 2023 27,751 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2024	2,600	(312)	(825)	20,500
FY2023	5,374	(498)	(2,153)	19,037

2. Dividends

	Dividends per share					Total amount of dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2023	—	0.00	—	63.00	63.00	1,484	40.6	5.7
FY2024	—	0.00	—	104.00	104.00	2,419	40.1	8.1
FY2025 (forecast)	—	45.00	—	67.00	112.00		40.1	

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2025(from January 1, 2025 to December 31, 2025)

(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
FY2025	80,694	29.8	10,961	13.9	9,955	12.4	6,504	6.9	279.53

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) 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 : None

(3) Number of shares issued (common stock)

(i) Number of shares outstanding at end of the period (including treasury stock)

FY2024	24,361,000 shares	FY2023	24,361,000 shares
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(ii) Number of treasury stock held at end of the period

FY2024	1,092,491 shares	FY2023	798,325 shares
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(iii) Average number of shares outstanding during the period

FY2024	23,453,257 shares	FY2023	23,530,940 shares
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* Consolidated financial statements (Japanese GAAP) are not subject to audit procedure.

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

(1) Financial forecasts

The statements about the future included in this report, including financial forecasts, 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 “(4) Outlook of FY2025” under “1. Operating Results and Financial Position” on page 3 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 material for financial results is disclosed through together with these financial statements. This information also is posted on the Company’s website on the same day.

Accompanying Material – Contents

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Period

While certain parts of the Japanese economy have been sluggish during the current fiscal year, overall, the economy has been gradually recovering thanks to improvements in the employment and income environment. However, uncertainties remain regarding the future economic outlook, such as the risk of a global economic slowdown, rising prices, U.S. policy shifts, Middle East tensions, and fluctuations in financial and capital markets.

Despite the Bank of Japan's decision to end negative interest rates and implement additional rate hikes, the real estate demand in our real estate industry has remained resilient, with limited impact from these policy changes.

According to the Real Estate Information Network Systems (REINS) Eastern Japan, the number of transactions for used condominiums in the Tokyo area increased by 3.4% year on year to 37,222 in 2024, marking the second consecutive year of growth. The average transaction price per square meter increased by 6.9% year on year to 768,800 yen, marking a 12-year consecutive increase and representing a 101.3% increase (more than double) over the past 12 years. Additionally, the average transaction price increased by 6.9% year on year to 48.9 million yen, marking a 12-year consecutive increase, mirroring the trend seen in the average price per square meter. When categorized by price range, transactions for properties priced over 50 million yen have seen a significant increase in both volume and proportion. Inventory decreased by 3.3% year on year to 44,981 units in December.

Under these business conditions, the Group's core Real Estate Purchase & Resale Business saw strong sales of investment properties, driven by the yen's depreciation due to the interest rate differential between Japan and the United States and a low-interest rate environment. As a result, net sales exceeded the previous year's level. The robust sales of large-scale properties, which ensured stable profit margins, drove substantial growth in operating income, ordinary income, and profit, leading to record-high earnings. Through active purchasing activities, we have achieved significant growth in both investment-type and residential-type property acquisitions. Our strategic focus on acquiring large-scale properties with attractive returns has enabled us to significantly strengthen our competitive position and profitability in the Purchase & Resale Business.

Through active promotion of leasing and sales for the "SIDEPLACE" series, our original brand, the Real Estate Development Business experienced substantial growth in net sales, surpassing the previous year's performance. By maintaining a strong focus on construction process management and closely collaborating with the Purchase & Resale Business, we aim to further enhance our land acquisition efforts.

The Real Estate Specified Joint Business focused on offering a variety of asset types and sold three products: Nursing Home, Residence for Rent, and Hostel. As a result, net sales exceeded the previous year's level

As a result, consolidated net sales increased 20.4% year on year, to 62,187 million yen, consolidated operating income rose 62.1% year on year, to 9,623 million yen, consolidated ordinary income rose 68.9% year on year, to 8,858 million yen, and consolidated profit attributable to owners of parent rose 66.6% year on year, to 6,086 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 Purchase and Resale Business, the number of units sold in investment-type properties came to 177 (up 47 units year on year) and the average unit selling price was 152 million yen (down 3.6% year on year), registering net sales of 27,043 million yen (up 31.2% year on year). Meanwhile, the number of units sold in residential-type properties came to 481 (up 49 units year on year) and the average unit selling price was 58 million yen (down 1.7% year on year), registering net sales of 27,957 million yen (up 9.4% year on year).

In the Real Estate Development Business, five properties were sold (up two year on year) with an average sales price at 501 million yen (up 54.2% year on year), while sales amounted to 2,509 million yen (up 157.0% year on year).

In the Real Estate Specified Joint Business successfully concluded the formation of two projects, as well as the first phase of offering of the Sapporo Hostel Project, leading to a 11.5% year-on-year growth in net sales, reaching 2,141 million yen.

As a result, net sales for the segment increased 21.1% year on year, to 59,758 million yen, and the segment profit (operating income for the segment) increased 56.6% year on year, to 11,267 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing came to 2,220 million yen (up 4.8% year on year).

As a result, net sales for the segment increased 6.2% year on year, to 2,429 million yen, and segment profit (operating income for the segment) decreased 4.6% year on year, to 736 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 and Land and other assets are also included.

(2) Overview of Financial Positions for the Period

The financial position of the MUGEN ESTATE Group at the end of the consolidated fiscal year under review included assets of 87,503 million yen (up 8.9% from the end of the previous fiscal year), liabilities of 55,426 million yen (up 5.5% from the end of the previous fiscal year), and net assets of 32,076 million yen (up 15.2% from the end of the previous fiscal year).

Principal factors contributing to the increase in assets included increases of 1,595 million yen in cash and deposits and 7,771 million yen in real estate properties for sale, and a decrease of 2,383 million yen in property.

The increase in liabilities was attributable primarily to increases of 2,693 million yen in long-term loans payable (including the current portion of long-term loans payable), and an decrease 1,334 million yen in short-term loans payable, and 187 million yen in bonds payable (including current portion),

The growth in net assets resulted in large part from a rise of 6,086 million yen in retained earnings due to the recording of profit attributable to owners of parent, partly offset by a decrease of 1,484 million yen in retained earnings attributable to dividends paid.

(3) Overview of Cash Flows for the Period

Cash and cash equivalents ("cash") at the end of the consolidated fiscal year under review increased 1,462 million yen from the end of the previous consolidated fiscal year, to 20,500 million yen. The cash flow positions and contributing factors are as follows.

[Cash flows from operating activities]

Net cash provided in operating activities during the consolidated fiscal year under review totaled 2,600 million yen (net cash provided in operating activities during the previous consolidated fiscal year was 5,374 million yen). This was mainly attributable to profit before income taxes of 8,853 million yen, while there were the Income taxes paid of 2,189 million yen and the increase in inventories of 5,923 million yen.

[Cash flows from investing activities]

Net cash used in investing activities during the consolidated fiscal year under review amounted to 312 million yen (net cash used in investing activities during the previous consolidated fiscal year was 498 million yen). This was primarily the result of proceeds of 1,957 million yen from the withdrawal of time deposits, while payments into deposits amounted to 2,086 million yen and purchase of property, plant and equipment to 176 million yen.

[Cash flows from financing activities]

Net cash used in financing activities during the consolidated fiscal year under review totaled 825 million yen (net cash used in financing activities during the previous consolidated fiscal year was 2,153 million yen). This primarily reflects proceeds from long-term loans payable of 26,820 million yen and proceeds from the issuance of corporate bonds of 936 million yen, while the repayment of long-term loans payable was 24,126 million yen and cash dividends paid of 1,484 million yen, and short-term loans net decrease of 1,334 million yen, and the redemption of Bonds payable was 1,137 million yen.

(Reference) Cash flow indicators

	FY2022	FY2023	FY2024
Equity ratio (%)	31.6	34.5	36.6
Market value equity ratio (%)	15.3	32.8	51.6
Interest-bearing debt to cash flow ratio (years)	-	8.9	19.0
Interest coverage ratio (times)	-	7.4	3.5

Equity ratio: shareholders' equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debts / cash flow

Interest coverage ratio: cash flow / interest payment

Note 1: Each indicator is calculated using consolidated financial figures.

2: The market capitalization has been calculated by multiplying the closing stock price at the fiscal year-end by the number of shares outstanding at the fiscal year-end.

3: Cash flow represented operating cash flow.

(4) Outlook for FY2025 (January 1, 2025 to December 31, 2025)

Given the improving employment and income conditions, combined with the effects of various policies, we expect a gradual economic recovery. However, there is a risk that the global economy, including the impact of the new U.S. administration's policies and geopolitical uncertainties, could weigh down the Japanese economy, increasing uncertainty about the future outlook.

While the real estate industry continues to experience strong demand driven by factors such as the yen's depreciation and low interest rates, uncertainties surrounding future economic conditions, including potential interest rate hikes by the Bank of Japan, warrant close attention.

In light of this business environment, we announced our Third Medium-Term Management Plan on February 14, 2025, outlining our strategic focus on business area expansion and the creation of new value.

Our core Purchase & Resale Business will strive for further growth and enhancement by improving sales productivity through human resource development and the introduction of new sales systems, as well as expanding our business area by diversifying our sales channels and assets.

The Real Estate Development Business continues to focus on developing energy-efficient and environmentally friendly products, while acquiring stable land for development, ensuring the profitability of development projects, and developing products with a clear exit strategy.

The Real Estate Specified Joint Business will collaborate with the Real Estate Development Business to expand our product offerings, diversify sales channels, and improve operation and property management, aiming to enhance customer satisfaction.

In our new Asset Management Business, we will obtain the required licenses for asset management, and will gradually establish private funds over the next few years to expand our asset under management.

Our business strategy is supported by two key pillars: the human resource strategy and DX strategy. Our human resource strategy will focus on attracting and developing a diverse workforce to support our sustainability initiatives, creating a more engaging work environment, and implementing systems to maximize employee potential. Our DX strategy will focus on improving operational efficiency, enhancing data utilization, and strengthening our IS and IT infrastructure to drive revenue growth and enhance competitiveness.

Based on these initiatives, we forecast consolidated net sales of 80,694 million yen (up 29.8% year on year), operating income of 10,961 million yen (up 13.9% year on year), ordinary income of 9,955 million yen (up 12.4% year on year), and profit attributable to owners of parent of 6,504 million yen (up 6.9% year on year) for the fiscal year ending December 2025.

Please note that the above earnings forecast is based on information available as of the date of this report, and actual results may differ due to various factors.

(5) Basic Policy for Dividend Distribution and Dividends for FY2024 and FY2025

The Group considers the return to shareholders to be one of its most important management initiatives. The Group'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 Group plans to determine the allocation of profit by comprehensively taking into account the levels of performance and the cost of capital and capital profitability based on the balance sheet. The Group aims for a consolidated dividend payout ratio of 40% or more in the medium to long term.

As stated above, the Group pays dividends after comprehensively assessing annual results, improving its business portfolio to achieve sustainable growth, investment in human capital, and other factors. Dividend payment is, in principle, once a year as year-end dividends, which are determined at the general shareholders' meeting. Year-end dividends are determined at the general shareholders' meeting. Interim dividends are determined by the Board of Directors.

For the fiscal year ended December 31, 2024, we expect to pay a year-end dividend of 104 yen per share, resulting in a consolidated dividend payout ratio of 40.1%.

As announced in "Notice of Dividends from Surplus and Change in Dividend Policy (Payment of Interim Dividend)" on February 14, 2025, we plan to pay a full-year dividend of 112 yen per share for the fiscal year ending December 31, 2025, consisting of an interim dividend of 45 yen and a year-end dividend of 67 yen, resulting in a consolidated dividend payout ratio of 40.1%.

The Group will actively use internal reserves to purchase properties to expand its core businesses, namely the Purchase and Resale Business and the Leasing Business, and its growth businesses, the Development Business and Real Estate Specified Joint Business, while investing in human resources and in IT systems.

2. Basic Perspective on Selection of Accounting Standards

The MUGEN ESTATE Group policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of the consolidated financial statements from period to period and the comparability among companies.

The Group plans to discuss and examine the timing for introducing the International Financial Reporting Standards (IFRS), taking into account its business development going forward and factors such as domestic trends and international trends.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	FY2023 (As of December 31, 2023)	FY2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	20,420	22,016
Accounts receivable - trade	35	63
Real estate for sale	52,644	60,525
Real estate for sale in process	477	367
Other	616	758
Allowance for doubtful accounts	(4)	(5)
Total current assets	74,189	83,725
Non-current assets		
Property, plant and equipment		
Buildings	2,684	1,782
Accumulated depreciation	(508)	(474)
Buildings, net	2,176	1,307
Land	2,902	1,412
Other	159	120
Accumulated depreciation	(81)	(68)
Other, net	77	52
Total property, plant and equipment	5,156	2,773
Intangible assets		
Leasehold right	63	63
Other	18	16
Total intangible assets	81	79
Investments and other assets		
Investment securities	7	0
Deferred tax assets	454	481
Other	419	401
Total investments and other assets	880	883
Total non-current assets	6,119	3,735
Deferred assets		
Bond issuance cost	53	41
Total deferred assets	53	41
Total assets	80,362	87,503

(Million yen)

	FY2023 (As of December 31, 2023)	FY2024 (As of December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	466	606
Short-term borrowings	9,153	7,818
Current portion of bonds payable	1,041	3,999
Current portion of long-term borrowings	5,407	5,170
Income taxes payable	1,413	2,009
Provision for bonuses	44	56
provision for director's bonuses	45	65
provision for Executive Officers bonuses	64	109
Construction warranty reserve	60	51
Other	1,785	2,406
Total current liabilities	19,484	22,296
Non-current liabilities		
Bonds payable	6,150	3,004
Long-term borrowings	25,894	28,825
Retirement benefit liability	308	388
Other	681	911
Total non-current liabilities	33,034	33,130
Total liabilities	52,518	55,426
Net assets		
Shareholders' equity		
Share capital	2,552	2,552
Capital surplus	2,475	2,575
Retained earnings	23,207	27,809
Treasury shares	(483)	(919)
Total shareholders' equity	27,751	32,018
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	—	(34)
Total accumulated other comprehensive income	—	(34)
Share acquisition rights	92	92
Total net assets	27,844	32,076
Total liabilities and net assets	80,362	87,503

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

Consolidated Statement of Income

(Million yen)

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Net sales	51,640	62,187
Cost of sales	40,233	45,622
Gross profit	11,406	16,564
Selling, general and administrative expenses	5,469	6,941
Operating profit	5,936	9,623
Non-operating income		
Interest and dividend income	1	3
Commission income	72	33
Penalty income	16	18
Refund of real estate acquisition tax	25	22
Other	14	8
Total non-operating income	131	86
Non-operating expenses		
Interest expenses	724	751
Commission expenses	46	59
Other	54	40
Total non-operating expenses	825	851
Ordinary profit	5,243	8,858
Extraordinary income		
Gain on sale of non-current assets	—	2
Total extraordinary income	—	2
Extraordinary losses		
Loss on sales of non-current assets	0	0
Office relocation expenses	6	—
Loss on valuation of investment securities	13	7
Total extraordinary losses	20	7
Profit before income taxes	5,222	8,853
Income taxes – current	1,716	2,778
Income taxes – deferred	(147)	(12)
Total income taxes	1,568	2,766
Profit	3,653	6,086
Profit attributable to owners of parent	3,653	6,086

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Income before minority interests	3,653	6,086
other comprehensive income		
Remeasurements of defined benefit plans, net of tax	—	(34)
Total other comprehensive income	—	(34)
Comprehensive income	3,653	6,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,653	6,051

(3) Consolidated Statements of Changes in Net Assets

FY2023 (From January 1, 2023 to December 31, 2023)

(Million yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained Earnings	Treasury shares	Total shareholders' equity		
Balance at the beginning of the fiscal year	2,552	2,475	20,027	(543)	24,511	92	24,604
Changes of items during period							
Dividends of surplus			(469)		(469)		(469)
Profit attributable to owners of parent			3,653		3,653		3,653
Purchase of treasury shares					—		—
Disposal of treasury shares			(4)	59	55		55
Net changes in items other than shareholders' equity						—	—
Total changes of items during period	—	—	3,179	59	3,239	—	3,239
Balance at the end of the fiscal year	2,552	2,475	23,207	(483)	27,751	92	27,844

FY2024 (From January 1, 2024 to December 31, 2024)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained Earnings	Treasury shares	Total shareholders' equity	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	2,552	2,475	23,207	(483)	27,751	—	—	92	27,844
Changes of items during period									
Dividends of surplus			(1,484)		(1,484)				(1,484)
Profit attributable to owners of parent			6,086		6,086				6,086
Purchase of treasury shares				(500)	(500)				(500)
Disposal of treasury shares		100		64	164				164
Net changes in items other than shareholders' equity						(34)	(34)	—	(34)
Total changes of items during period	—	100	4,601	(435)	4,266	(34)	(34)	—	4,231
Balance at the end of the fiscal year	2,552	2,575	27,809	(919)	32,018	(34)	(34)	92	32,076

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	5,222	8,853
Depreciation	717	807
Increase (decrease) in allowance for doubtful accounts	1	3
Increase (decrease) in provision for bonuses	20	12
Increase (decrease) in provision for director's bonuses	24	20
Increase (decrease) in provision for Executive Officers bonuses	38	45
Increase (decrease) in construction warranty reserve	24	(8)
Increase (decrease) in net defined benefit liability	193	30
Interest and dividend income	(1)	(3)
Interest expenses	724	751
Share-based compensation expenses	53	137
Amortization of bond issuance costs	25	25
Loss (gain) on sales of non-current assets	—	(2)
Loss on retirement of non-current assets	0	0
Loss (gain) on sales of non-current assets	13	7
Decrease (increase) in trade receivables	(12)	(28)
Decrease (increase) in inventories	(410)	(5,923)
Increase (decrease) in trade payables	(29)	139
Increase (decrease) in accrued consumption taxes	240	(237)
Decrease (increase) in consumption taxes refund receivable	248	—
Increase (decrease) in lease and guarantee deposits received	16	137
Decrease (increase) in other current assets	(99)	(86)
Increase (decrease) in other current liabilities	(17)	858
Other, net	104	(1)
Subtotal	7,098	5,537
Interest and dividend income received	1	3
Interest paid	(723)	(750)
Income taxes refund	0	0
Income taxes paid	(1,002)	(2,189)
Net cash provided by (used in) operating activities	5,374	2,600
Cash flows from investing activities		
Payments into time deposits	(2,012)	(2,086)
Proceeds from withdrawal of time deposits	2,064	1,957
Purchase of property, plant and equipment	(510)	(176)
Proceeds from sale of property, plant and equipment	—	3
Purchase of intangible assets	(5)	(0)
Payments for investments in capital	(4)	—
Payments of leasehold and guarantee deposits	(42)	(16)
Proceeds from refund of leasehold and guarantee deposits	12	6
Net cash provided by (used in) investing activities	(498)	(312)

(Million yen)

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,129	(1,334)
Proceeds from long-term borrowings	18,122	26,820
Repayments of long-term borrowings	(22,390)	(24,126)
Proceeds from issuance of bonds	2,581	936
Redemption of bonds	(3,122)	(1,137)
Purchase of treasury shares	—	(500)
Cash dividends paid	(469)	(1,484)
Other, net	(4)	1
Net cash provided by (used in) financing activities	(2,153)	(825)
Net increase (decrease) in cash and cash equivalents	2,722	1,462
Cash and cash equivalents at beginning of period	16,315	19,037
Cash and cash equivalents at end of period	19,037	20,500

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Segment information and others)

[Segment information]

1. Outline of reportable segments

(1) Method for determining which segments to report

The reportable segments of the Group comprise those business units for which separate financial information is available, and which are subject to a regular review conducted by the Company's Board of Directors in order to determine the allocation of management resources and assess the business performance.

The principal business of the Group is real estate trading in which used condominium units and detached houses are purchased, refurbished, and sold. In addition, the Group operates a leasing business, in which it purchases and leases real estate for lease, leases condominiums and other buildings before selling, and provides lease management of condominiums, etc.

Therefore, the Group has decided that the "Real Estate Trading Business" and "Real Estate Leasing and Other Business" will be the segments it reports.

(2) Types of products and services in each reportable segment

The Real Estate Trading Business includes revenues from trading owned condominiums, investment-type properties (rental condominiums, and office blocks), and detached houses, related interior and exterior work, and sales brokerage.

The Real Estate Leasing and Other Business includes rent income from leasing condominiums, buildings, owned condominium units, etc., and fees for providing lease management service for rental condominiums and buildings.

2. Method for calculating net sales, profit or loss, assets, liabilities, and amounts of other items for each reportable segment

The accounting method for the reportable segments is generally the same as that provided in the "Key factors fundamental to the preparation of the consolidated financial statements."

Profit from the reportable segments is based on operating income.

Inter-segment revenues and transfers are based on the prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities, and amounts of other items for each reportable segment

FY2023 (From January 1, 2023 to December 31, 2023)

(Million yen)

	Reportable Segments			Adjustment (Note)	Total
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	49,353	2,286	51,640	—	51,640
Inter-segment sales or transfer	0	27	27	(27)	—
Total	49,353	2,313	51,667	(27)	51,640
Segment profit	7,194	771	7,966	(2,030)	5,936
Segment assets	25,494	33,337	58,831	21,531	80,362
Other items					
Depreciation	7	668	675	41	717
Increase in PPE and intangible non-current assets	70	331	402	116	518

(Notes)

1. The adjustments include the following.

(1) The segment profit adjustment of (2,030) million yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

(2) The segment asset adjustment of 21,531 million yen includes cash and cash deposits, deferred tax assets, assets related to the management division, and other items which are company-wide assets that are not allocated to each reported segment.

2. The segment profit has been adjusted to the operating income stated in the consolidated statements of income.

3. Because the rent income from the investment-type properties before the sale is included in the net sales in the Real Estate Leasing and Other Business, these properties are segment assets of the Real Estate Leasing and Other Business during the period of possession, and are transferred to the segment assets of the Real Estate Trading Business at the book value every time they are sold.

FY2024 (From January 1, 2024 to December 31, 2024)

(Million yen)

	Reportable Segments			Adjustment (Note)	Total
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	59,758	2,429	62,187	—	62,187
Inter-segment sales or transfer	0	17	17	(17)	—
Total	59,758	2,446	62,205	(17)	62,187
Segment profit	11,267	736	12,003	(2,380)	9,623
Segment assets	28,751	35,479	64,231	23,272	87,503
Other items					
Depreciation	14	753	767	39	807
Increase in PPE and intangible non-current assets	186	21	208	113	321

(Notes)

1. The adjustments include the following.

(1) The segment profit adjustment of (2,380) million yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

(2) The segment asset adjustment of 23,272 million yen includes cash and cash deposits, deferred tax assets, assets related to the management division, and other items which are company-wide assets that are not allocated to each reported segment.

2. The segment profit has been adjusted to the operating income stated in the consolidated statements of income.

3. Because the rent income from the investment-type properties before the sale is included in the net sales in the Real Estate Leasing and Other Business, these properties are segment assets of the Real Estate Leasing and Other Business during the period of possession, and are transferred to the segment assets of the Real Estate Trading Business at the book value every time they are sold.

(Per share information)

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Net assets per share	1,177.77 yen	1,374.55 yen
Net income per share	155.27 yen	259.51 yen
Diluted net income per share	154.35 yen	257.96 yen

The basis for the calculation of net income per share and diluted net income per share is as follows.

Item	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Net income per share		
Profit attributable to owners of parent (Million yen)	3,653	6,086
Amount that does not belong to ordinary shareholders (Million yen)	—	—
Profit attributable to owners of parent, available to common stock (Million yen)	3,653	6,086
Average number of common stock outstanding for the period (shares)	23,530,940	23,453,257
Diluted net income per share		
Adjustment for profit attributable to owners of parent (Million yen)	—	—
Increase in the number of common stock (shares)	141,030	141,107
(Subscription rights to shares(shares))	(141,030)	(141,107)
Overview of dilutive shares not included in the calculation of diluted net income per share due to the absence of the dilution effect	—	—

(Significant subsequent events)

There is no applicable information.