

* Notes

(1) Changes in significant subsidiaries during the period: Yes

New company MUGEN ASSET MANEGEMENT CO., LTD.

(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)

FY2025	24,361,000 shares	FY2024	24,361,000 shares
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(ii) Number of treasury stock held at end of the period

FY2025	875,891 shares	FY2024	1,092,491 shares
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(iii) Average number of shares outstanding during the period

FY2025	23,355,361 shares	FY2024	23,453,257 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 MUGEN ESTATE Co., (the "Company") Ltd. 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 for FY2026 " under "1. Overview of 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

Presentation materials are disclosed through TDnet and on the Company's website on the same day.

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Period

During the fiscal year under review, the Japanese economy has been recovering moderately due to improvements in the employment and income environment and the effects of various policies, although the impact of U.S. trade policy was seen in some industries. On the other hand, the outlook for the economy remains uncertain, with risks of U.S. policy trends and continued price increases weighing on the Japanese economy, as well as the impact of fluctuations in financial and capital markets.

In the real estate industry to which the MUGEN ESTATE Group belongs, the Bank of Japan implemented a policy interest rate hike, and interest rate levels reached their highest in approximately 30 years, but the impact on the real estate market has remained limited. Under these circumstances, the real estate investment market has shown signs of recovery and revitalization, and demand for investment-type properties continues to remain high. Demand for residential-type properties also remains firm, and the market as a whole continues to perform steadily.

According to the Real Estate Information Network Systems (REINS) Eastern Japan, the number of transactions for used condominiums in the Tokyo area in 2025 was 49,114 (up 31.9% year on year), exceeding the previous year for the third consecutive year. The average contract price per square meter was 829.8 thousand yen (up 7.9% year on year), marking the 13th consecutive year of increases, with a total rise of 117.3% over these 13 years. In addition, the average contract price was 52.00 million yen (up 6.3% year on year), which, like the average contract price per square meter, rose for the 13th consecutive year. Looking at contracted properties by price range, both the number of transactions and the composition ratio for properties exceeding 100 million yen have expanded, accounting for more than 10% of the entire Tokyo area. Inventory in December was 43,381 units, a decrease of 3.6% compared to the same month of the previous year.

In this business environment, the Real Estate Purchase and Resale Business, the mainstay business of the MUGEN ESTATE Group, saw steady demand from domestic and overseas investors against the backdrop of the weak yen and low interest rate environment, and both net sales and gross profit for investment-type properties and residential-type properties exceeded those of the previous year. In particular, due to sales activities focused on profitability, the gross profit margin remained at a level exceeding the plan. On the purchasing side, MUGEN ESTATE Co., Ltd. promoted proactive purchasing activities centered on large properties for investment-type properties, including in regional areas, and the purchase amount for investment-type properties grew significantly to 29,282 million yen (up 57.9% year on year). In addition, MUGEN ESTATE Co., Ltd. has sought to expand its business domains by handling new assets such as hotels and villas.

In the Real Estate Development Business, MUGEN ESTATE Co., Ltd. advanced the completion of its original brand, the "SIDEPLACE" series, and one building was completed during the fiscal year under review. In terms of sales, as a result of strengthening leasing and sales activities, one building was sold.

In the Real Estate Specified Joint Business, following the announcement of the "FY2026 Tax Reform Outline," some caution was observed in the sales trends of small-lot real estate products, and the "Ogikubo Project" was not fully sold during the fiscal year under review. Therefore, the first phase of solicitation was concluded in December, and the formation was implemented. Regarding the second phase of solicitation, solicitation has commenced from January 2026.

As a result, for the consolidated fiscal year under review, net sales were 68,262 million yen (up 9.8% year on year), operating income was 11,049 million yen (up 14.8% year on year), ordinary income was 9,951 million yen (up 12.3% year on year), and profit attributable to owners of parent was 6,659 million yen (up 9.4% year on year).

The following is an overview of the results by segment.

[Real Estate Trading Business]

In the Real Estate Purchase and Resale Business, the number of units sold in investment-type properties came to 224 (up 47 units year on year) and the average unit selling price was 137 million yen (down 9.8% year on year), registering net sales of 30,866 million yen (up 14.1% year on year). Meanwhile, the number of units sold in residential-type properties came to 419 (down 62 units year on year) and the average unit selling price was 77 million yen (up 33.2% year on year), registering net sales of 32,438 million yen (up 16.0% year on year).

The Real Estate Development Business had one unit sold (down 4 units year on year), and net sales were 632 million yen (down 74.8% year on year).

In the Real Estate Specified Joint Business, two projects were formed and the first phase of solicitation for the Ogikubo Project was concluded, resulting in net sales of 1,301 million yen (down 39.2% year on year).

As a result, net sales were 65,327 million yen (up 9.3% year on year), and segment profit (operating income for the segment) was 13,390 million yen (up 18.8% year on year).

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing came to 2,735 million yen (up 23.2% year on year).

As a result, net sales for the segment increased 20.9% year on year, to 2,935 million yen, and segment profit (operating income for the segment) down 3.2% year on year, to 712 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 at the end of the consolidated fiscal year under review included total assets of 106,698 million yen (up 21.9% from the end of the previous fiscal year), total liabilities of 70,896 million yen (up 27.9% from the end of the previous fiscal year), and net assets of 35,802 million yen (up 11.6% from the end of the previous fiscal year).

The increase in total assets resulted mainly from a 15,256 million yen increase in real estate for sale (including real estate for sale in process), a 3,156 million yen increase in property, plant and equipment, and a 1,170 million yen increase in investment securities, while cash and deposits decreased by 1,297 million yen.

The major factors for the increase in total liabilities were a 10,917 million yen increase in long-term borrowings (including current portion) and a 2,907 million yen increase in short-term borrowings.

The major factors for the increase in net assets were an increase of 6,659 million yen in retained earnings due to the posting of a profit attributable to owners of parent, while retained earnings decreased by 3,472 million yen due to the payment of dividends.

(3) Overview of Cash Flows for the Period

Cash and cash equivalents (“cash”) at the end of the consolidated fiscal year under review decreased 1,327 million yen from the end of the previous consolidated fiscal year, to 19,173 million yen. The cash flow positions and contributing factors are as follows:

(Cash flows from operating activities)

Net cash used in operating activities during the consolidated fiscal year under review totaled 6,756 million yen (net cash provided by operating activities during the previous consolidated fiscal year was 2,600 million yen). This was mainly attributable to profit before income taxes of 9,947 million yen, while there was an increase in inventories of 15,605 million yen and income taxes paid of 3,406 million yen.

(Cash flows from investing activities)

Net cash used in investing activities during the consolidated fiscal year under review was 4,975 million yen (net cash used during the previous consolidated fiscal year was 312 million yen). This was caused primarily by proceeds from withdrawal of time deposits of 1,897 million yen, offset by purchase of property, plant and equipment of 3,827 million yen, payments into time deposits of 1,927 million yen, and purchase of investment securities of 1,170 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities during the consolidated fiscal year under review amounted to 10,403 million yen (net cash of 825 million yen was used during the previous consolidated fiscal year). This was primarily due to proceeds from long-term borrowings of 37,128 million yen, proceeds from issuance of bonds of 4,057 million yen, and a net increase in short-term borrowings of 2,907 million yen, while there were repayments of long-term borrowings of 26,210 million yen, redemption of bonds of 3,999 million yen, and cash dividends paid of 3,472 million yen.

(Reference) Cash flow indicators

	FY2023	FY2024	FY2025
Equity ratio (%)	34.5	36.6	33.5
Market value equity ratio (%)	32.8	51.6	42.6
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 flows.

(4) Outlook for FY2026 (January 1, 2026 to December 31, 2026)

In the real estate industry where our group operates, interest rates remain elevated due to the Bank of Japan's policy rate hikes. However, globally speaking, rates are still at low levels, and we anticipate that domestic and international investment demand for Japanese real estate will remain robust going forward. Furthermore, amid soaring prices for new properties and a decline in the number of units supplied, demand for pre-owned properties is expected to continue for the foreseeable future.

On the other hand, we recognize that factors such as the tightening of inheritance tax measures under the “Outline of Tax Reform for Fiscal Year 2026,” rising construction material prices, increased labor costs due to labor shortages, and the Bank of Japan's policy interest rate hikes could impact our Group's business operations and require continued vigilance.

In this business environment, the Third Mid-Term Management Plan positions “Expanding Business Domains and Creating New Businesses, Starting with Strengthening Organizational Capabilities” as the Group's desired state in the final year. It establishes “Management Conscious of Capital Costs and Stock Price” and “Sustainability Management” as management policies, and defines “Expanding Business Domains” and “Creating New Value” as business strategies. We will grow into a company that creates sustainable economic and social value.

Our core Purchase & Resale Business will enhance operational productivity by strengthening our sales foundation and increasing the average transaction value per property. Concurrently, we will pursue further sales growth by elevating organizational capabilities through talent development and reinforcing management systems.

In the real estate development business, we will pursue exit-oriented development to facilitate early sales. This includes strengthening procurement through asset expansion and enhanced synergies with the real estate acquisition and resale business, while also increasing the value of development properties through branding and obtaining environmental certifications.

The Real Estate Specific Joint business will expand procurement areas and assets while diversifying product offerings to meet customer needs. We will also diversify sales methods and ensure appropriate operational and property management to pursue business expansion.

The Asset Management business completed registration for Type II Financial Instruments Business and Investment Advisory/Agency Business in December 2025. Going forward, we will advance property selection for funds and marketing to investors, aiming to form private placement funds at an early stage.

As key pillars supporting our business strategy, we will implement “Human Resources Strategy” and “DX Strategy” to build a more resilient management foundation. Under the “Human Resources Strategy,” we will strengthen the acquisition and development of diverse talent to advance sustainability management, create a supportive work environment that enhances engagement, and establish systems that maximize employee capabilities. Under the “DX Strategy,” we will focus on improving operational efficiency, advancing data utilization, and strengthening our information systems (IS) and information technology (IT) infrastructure to drive sales growth and enhance competitiveness.

Based on the above measures, for the consolidated earnings forecast for the fiscal year ending December 31, 2026, MUGEN ESTATE Co., Ltd. expects net sales of 79,286 million yen (up 16.1% year on year), operating income of 12,398 million yen (up 12.2% year on year), ordinary income of 11,058 million yen (up 11.1% year on year), and profit attributable to owners of parent of 7,595 million yen (up 14.1% year on year).

The above earnings forecast was prepared based on information available as of the date of publication of this document, and actual results may differ from the forecast figures due to various factors in the future.

(5) Basic Policy for Dividend Distribution and Dividends for FY2025 and FY2026

The Company regards the return of profits to shareholders as one of its management priorities. The Company's basic policy is to provide continuous and stable dividend payouts for the shareholders while strengthening its financial position and maintaining sufficient internal reserves for long-term business expansion. In line with this, the Company intends to determine how to distribute profit while giving comprehensive consideration to the level of business performance, capital cost and capital profitability based on the balance sheet and other factors. The Company has set the target level for a medium- to long-term dividend payout ratio on a consolidated basis at 40% or more.

Our basic policy is to pay dividends twice a year, an interim dividend and a year-end dividend, in order to enhance opportunities to return profits to our shareholders. The Board of Directors is the decision-making body for the interim dividend and the General Meeting of Shareholders is the decision-making body for the year-end dividend.

For the year-end dividend for FY2025, we expect to pay 69 yen per share (annual dividend of 114 yen), with a consolidated dividend payout ratio of 40.0%.

Regarding the dividend for FY2026, taking into account the earnings forecast and the above dividend policy, we plan to pay 130 yen per share (interim dividend of 52 yen, year-end dividend of 78 yen), with a consolidated dividend payout ratio of 40.2%.

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 Group intends to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being, taking into account the comparability of consolidated financial statements over time and between companies.

Regarding the timing of the application of International Financial Reporting Standards (IFRS), MUGEN ESTATE Co., Ltd. intends to consider this after taking into account future trends in the shareholding ratio of foreign corporations and other entities, business development, and domestic and international trends.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Assets		
Current assets		
Cash and deposits	22,016	20,718
Accounts receivable - trade	63	88
Real estate for sale	60,525	75,499
Real estate for sale in process	367	649
Other	758	1,407
Allowance for doubtful accounts	(5)	(8)
Total current assets	83,725	98,354
Non-current assets		
Property, plant and equipment		
Buildings	1,782	3,019
Accumulated depreciation	(474)	(510)
Buildings, net	1,307	2,509
Land	1,412	3,355
Other	120	147
Accumulated depreciation	(68)	(83)
Other, net	52	64
Total property, plant and equipment	2,773	5,929
Intangible assets		
Leasehold right	63	63
Other	16	50
Total intangible assets	79	113
Investments and other assets		
Investment securities	0	1,170
Deferred tax assets	481	483
Other	401	594
Total investments and other assets	883	2,248
Total non-current assets	3,735	8,291
Deferred assets		
Bond issuance cost	41	52
Total deferred assets	41	52
Total assets	87,503	106,698

(Million yen)

	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	606	1,048
Short-term borrowings	7,818	10,726
Current portion of bonds payable	3,999	2,740
Current portion of long-term borrowings	5,170	9,786
Income taxes payable	2,009	2,041
Provision for bonuses	56	134
provision for director's bonuses	65	74
provision for Executive Officers bonuses	109	124
Construction warranty reserve	51	42
Deposits received for silent partnership investment	996	1,922
Other	1,410	1,312
Total current liabilities	22,296	29,956
Non-current liabilities		
Bonds payable	3,004	4,364
Long-term borrowings	28,825	35,126
Retirement benefit liability	388	376
Other	911	1,072
Total non-current liabilities	33,130	40,939
Total liabilities	55,426	70,896
Net assets		
Shareholders' equity		
Share capital	2,552	2,552
Capital surplus	2,575	2,880
Retained earnings	27,809	30,997
Treasury shares	(919)	(747)
Total shareholders' equity	32,018	35,682
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(34)	27
Total accumulated other comprehensive income	(34)	27
Share acquisition rights	92	92
Total net assets	32,076	35,802
Total liabilities and net assets	87,503	106,698

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

Consolidated Statement of Income

(Million yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Net sales	62,187	68,262
Cost of sales	45,622	48,934
Gross profit	16,564	19,328
Selling, general and administrative expenses	6,941	8,278
Operating profit	9,623	11,049
Non-operating income		
Interest and dividend income	3	28
Commission income	33	27
Penalty income	18	19
Refund of real estate acquisition tax	22	31
Other	8	24
Total non-operating income	86	132
Non-operating expenses		
Interest expenses	751	945
Commission expenses	59	233
Other	40	50
Total non-operating expenses	851	1,229
Ordinary profit	8,858	9,951
Extraordinary income		
Gain on sale of non-current assets	2	—
Total extraordinary income	2	—
Extraordinary losses		
Loss on sales of non-current assets	0	4
Loss on valuation of investment securities	7	-
Total extraordinary losses	7	4
Profit before income taxes	8,853	9,947
Income taxes – current	2,778	3,316
Income taxes – deferred	(12)	(29)
Total income taxes	2,766	3,287
Profit	6,086	6,659
Profit attributable to owners of parent	6,086	6,659

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Income before minority interests	6,086	6,659
other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(34)	60
Total other comprehensive income	(34)	60
Comprehensive income	6,051	6,720
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,051	6,720

(3) Consolidated Statements of Changes in Net Assets

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 from 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

FY2025 (From January 1, 2025 to December 31, 2025)

(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	2,575	27,809	(919)	32,018	(34)	(34)	92	32,076
Changes of items during period									
Dividends from surplus			(3,472)		(3,472)				(3,472)
Profit attributable to owners of parent			6,659		6,659				6,659
Purchase of treasury shares				(0)	(0)				(0)
Disposal of treasury shares		304		171	476				476
Net changes in items other than shareholders' equity						62	62	—	62
Total changes of items during period	—	304	3,187	171	3,663	62	62	—	3,726
Balance at the end of the fiscal year	2,552	2,880	30,997	(747)	35,682	27	27	92	35,802

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Cash flows from operating activities		
Profit before income taxes	8,853	9,947
Depreciation	807	1,045
Increase (decrease) in allowance for doubtful accounts	3	3
Increase (decrease) in provision for bonuses	12	77
Increase (decrease) in provision for director's bonuses	20	9
Increase (decrease) in provision for Executive Officers bonuses	45	15
Increase (decrease) in construction warranty reserve	(8)	(9)
Increase (decrease) in retirement benefit liabilities	30	50
Interest and dividend income	(3)	(28)
Interest expenses	751	945
Share-based compensation expenses	137	244
Amortization of bond issuance costs	25	32
Loss (gain) on sales of non-current assets	(2)	—
Loss on retirement of non-current assets	0	4
Loss (Gain) on Valuation of Investment Securities	7	—
Decrease (increase) in trade receivables	(28)	(24)
Decrease (increase) in inventories	(5,923)	(15,605)
Increase (decrease) in trade payables	139	442
Increase (decrease) in accrued consumption taxes	(237)	(49)
Decrease (increase) in Uncollected consumption taxes	—	(395)
Increase (decrease) in lease and guarantee deposits received	137	140
Decrease (increase) in other current assets	(86)	(215)
Increase (decrease) in other current liabilities	858	944
Other, net	(1)	19
Subtotal	5,537	(2,406)
Interest and dividend income received	3	28
Interest paid	(750)	(972)
Income taxes refund	0	—
Income taxes paid	(2,189)	(3,406)
Net cash provided by (used in) operating activities	2,600	(6,756)
Cash flows from investing activities		
Payments into time deposits	(2,086)	(1,927)
Proceeds from withdrawal of time deposits	1,957	1,897
Purchase of property, plant and equipment	(176)	(3,827)
Proceeds from sale of property, plant and equipment	3	4
Purchase of intangible assets	(0)	(7)
Purchase of investment securities	—	(1,170)
Payments for investments in capital	—	(0)
Collection of investments in capital	—	53
Payments of leasehold and guarantee deposits	(16)	(16)
Proceeds from refund of leasehold and guarantee deposits	6	18
Net cash provided by (used in) investing activities	(312)	(4,975)

(Million yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,334)	2,907
Proceeds from long-term borrowings	26,820	37,128
Repayments of long-term borrowings	(24,126)	(26,210)
Proceeds from issuance of bonds	936	4,057
Redemption of bonds	(1,137)	(3,999)
Purchase of treasury shares	(500)	(0)
Cash dividends paid	(1,484)	(3,472)
Other, net	1	(6)
Net cash provided by (used in) financing activities	(825)	10,403
Net increase (decrease) in cash and cash equivalents	1,462	(1,327)
Cash and cash equivalents at beginning of period	19,037	20,500
Cash and cash equivalents at end of period	20,500	19,173

(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

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.

FY2025 (From January 1, 2025 to December 31, 2025)

(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	65,327	2,935	68,262	—	68,262
Inter-segment sales or transfer	—	3	3	(3)	—
Total	65,327	2,939	68,266	(3)	68,262
Segment profit	13,390	712	14,102	(3,053)	11,049
Segment assets	31,423	51,432	82,855	23,842	106,698
Other items					
Depreciation	20	986	1,006	38	1,045
Increase in PPE and intangible non-current assets	47	3,787	3,834	6	3,840

(Notes)

1. The adjustments include the following.

(1) The segment profit adjustment of (3,053) 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 23,842 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)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Net assets per share	1,374.55 yen	1,520.53 yen
Net income per share	259.51 yen	285.15 yen
Diluted net income per share	257.96 yen	283.44 yen

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

Item	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Net income per share		
Profit attributable to owners of parent (Million yen)	6,086	6,659
Amount that does not belong to ordinary shareholders (Million yen)	—	—
Profit attributable to owners of parent, available to common stock (Million yen)	6,086	6,659
Average number of common stock outstanding for the period (shares)	23,453,257	23,355,361
Diluted net income per share		
Adjustment for profit attributable to owners of parent (Million yen)	—	—
Increase in the number of common stock (shares)	141,107	141,136
(Subscription rights to shares(shares))	(141,107)	(141,136)
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.