

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 Second Quarter ended June 30, 2025 [Based on Japanese GAAP]

August 8, 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

Contact: Hiroaki Sato, Senior Executive Officer,
General Manager of Administration Division

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Scheduled date of quarterly securities report filing: August 8, 2025 Scheduled date of dividend payment: September 16, 2025

Supplementary material for financial results: Yes

Quarterly 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 second quarter ended June 30, 2025 (January 1 to June 30, 2025)

(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 | % |
| 2Q ended June 30, 2025 | 32,943 | 4.6 | 5,479 | 9.0 | 4,932 | 6.2 | 3,320 | 8.4 |
| 2Q ended June 30, 2024 | 31,502 | 20.0 | 5,029 | 52.2 | 4,645 | 59.2 | 3,064 | 58.8 |

(Note) Comprehensive income: 2Q ended June 30, 2025 3,323 million yen (8.5%)
2Q ended June 30, 2024 3,064 million yen (58.8%)

| | Net Income per share | Diluted net income per share |
|------------------------|----------------------|------------------------------|
| | Yen | Yen |
| 2Q ended June 30, 2025 | 142.44 | 141.58 |
| 2Q ended June 30, 2024 | 129.86 | 129.09 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of June 30, 2025 | 91,961 | 33,244 | 36.1 |
| As of December 31, 2024 | 87,503 | 32,076 | 36.6 |

(Reference) Shareholders' equity: As of June 30, 2025 33,152 million yen
As of December 31, 2024 31,983 million yen

2. Dividends

| | Annual dividends per share | | | | |
|--|--------------------------------|--------------------------------|--------------------------------|----------|--------|
| | End of 1 st quarter | End of 2 nd quarter | End of 3 rd quarter | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended December 31, 2024 | — | 0.00 | — | 104.00 | 104.00 |
| Year ending December 31, 2025 | — | 45.00 | — | — | — |
| Year ending December 31, 2025 (forecast) | — | — | — | 67.00 | 112.00 |

(Note) Revision of the latest dividend forecast: None

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2025

(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 (Full year) | 80,694 | 29.8 | 10,961 | 13.9 | 9,955 | 12.4 | 6,504 | 6.9 |
| | | | | | | | | 279.53 |

(Note) Revision of the latest consolidated financial results forecast: None

* Notes

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

New company MUGEN ASSET MANEGEMENT CO., LTD.

(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 June 30, 2025 24,361,000 shares

As of December 31, 2024 24,361,000 shares

(ii) Number of treasury stock held at end of the period

As of June 30, 2025 980,531 shares

As of December 31, 2024 1,092,491 shares

(iii) Average number of shares outstanding during the period (cumulative)

As of June 30, 2025 23,309,949 shares

As of June 30, 2024 23,596,678 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) 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 “(3) Explanation of Consolidated Financial Results and Other Forward-Looking Statements” under “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

Presentation materials are disclosed through TDnet and on 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 six months of the fiscal year under review (January 1, 2025 through June 30, 2025), in the real estate industry where the MUGEN ESTATE Group operates, according to the prices of roadside land per square meter (as of January 1, 2025) announced by the National Tax Agency on July 1, 2025, the nationwide average rate of change in those prices climbed for the fourth consecutive year. This was due to real estate investment from overseas and strong demand from inbound tourists backed by the depreciation of yen. Price growth was particularly noticeable for vacation home areas and areas popular with inbound tourists. On the other hand, the environment surrounding real estate is becoming increasingly uncertain, including concerns about a downturn in global economic conditions and the impact on exchange rates resulting from U.S. tariff policy, as well as interest rate hikes by the Bank of Japan.

According to the Real Estate Information Network Systems (REINS) Eastern Japan, the number of transactions for used condominiums in the Tokyo area increased by 31.9% year on year to 4,299 in June 2025, marking the eighth consecutive month of year-on-year growth. The average contract price per square meter increased by 6.9% year on year to 833,400 yen, surpassing the same month in the previous year for 62 consecutive months. The average contract price increased by 5.1% to 52,090,000 yen, marking the eighth consecutive month of year-on-year increases. Inventory was almost unchanged at 44,428, but still fell by 0.7% year on year, marking 14 consecutive months of year-on-year decline.

In this business environment, the MUGEN ESTATE Group's mainstay Real Estate Purchase and Resale Business has focused on the strengthening of purchasing activities and on sales activities that can ensure stable profit margins, with the objective of expanding the business. Sales of residential-type properties in the high price range were firm, and net sales and gross profit significantly exceeded that of the same period of the previous fiscal year. Although the number of investment-type properties sold was on a par with the same period of the previous year, net sales and gross profit decreased due to impact of the sales of large properties in the same period of the previous year.

In the Real Estate Specified Joint Business, the "Sapporo Hostel Project" was fully sold, and formation of the voluntary partnership for this project was completed in April. Contracts for the Shinkoiwa Project and the Ogikubo Project, which are currently on sale, are progressing steadily.

As a result, consolidated net sales increased 4.6% year on year, to 32,943 million yen, consolidated operating income rose 9.0% year on year, to 5,479 million yen, consolidated ordinary income rose 6.2% year on year, to 4,932 million yen, and consolidated profit attributable to owners of parent rose 8.4% year on year, to 3,320 million yen in the first three 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 96 (up 4 units year on year) and the average unit selling price was 128 million yen (down 22.2% year on year), registering net sales of 12,314 million yen (down 18.8% year on year). Meanwhile, the number of units sold in residential-type properties came to 210 (down 28 units year on year) and the average unit selling price was 90 million yen (up 76.8% year on year), registering net sales of 19,005 million yen (up 56.0% year on year).

The Real Estate Development Business has no sales achievements as of the second quarter.

In the Real Estate Specified Joint Business, one project was formed, and sales totaled 205 million yen (down 47.5% year on year).

As a result, net sales for the segment increased 4.2% year on year, to 31,576 million yen, and the segment profit (operating income for the segment) increased 9.1% year on year, to 6,328 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing came to 1,270 million yen (up 16.2% year on year).

As a result, net sales for the segment increased 14.6% year on year, to 1,366 million yen, and segment profit (operating income for the segment) down 1.1% year on year, to 374 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" includes real estate used by purchasers for residential purposes, mainly condominiums, as well as land and other properties.

(2) Analysis of Financial Position

①[Status of assets, liabilities and net assets]

The financial position at the end of the second quarter of the consolidated fiscal year under review included total assets of 91,961 million yen (up 5.1% from the end of the previous fiscal year), liabilities of 58,716 million yen (up 5.9% from the end of the previous fiscal year), and net assets of 33,244 million yen (up 3.6% from the end of the previous fiscal year).

(Assets)

The increase in total assets resulted mainly from a 3,460 million yen increase in real estate for sale (including real estate for sale in process).

(Liabilities)

The major factors for the increase in liabilities were a 1,877 million yen increase in short-term loans payable, and 1,674 million yen increase in long-term borrowings (including current portion).

(Net assets)

The major factors for the increase of net assets were an increase 3,320 million yen in retained earnings due to the posting of a profit attributable to owners of parent and a decline of 2,419 million yen in retained earnings due to the payment of dividends.

②[Status of cash flows]

Cash and cash equivalents at the end of the second quarter of the consolidated fiscal year under review ("cash") decreased 33 million yen from the end of the previous consolidated fiscal year, to 20,466 million yen. The cash flow positions and contributing factors

during the first six months under review are as follows:

(Cash flows from operating activities)

Net cash used for operating activities during the first six months of the consolidated fiscal year under review totaled 880 million yen (net cash used in operating activities during the first six months of the previous fiscal year was 2,204 million yen). This was mainly attributable to profit before income taxes of 4,932 million yen, while there were the Income taxes paid of 1,946 million yen and the increase in inventories of 3,880 million yen.

(Cash flows from investing activities)

Net cash used in investing activities during the first six months of the consolidated fiscal year under review was 248 million yen (net cash used during the first six months of the previous fiscal year was 294 million yen). This was caused primarily by proceeds from the withdrawal of time deposits of 797 million yen, offset by payments into time deposits of 898 million yen. and purchase of Property, plant and equipment of 190 million yen.

(Cash flows from financing activities)

Net cash provided for financing activities during the first six months under review amounted to 1,094 million yen (net cash of 2,023 million yen was provided during the first six months of the previous fiscal year). This was primarily proceeds from long-term borrowings of 15,365 million yen, while there were reflects repayment of long-term borrowings of 13,691 million yen and cash dividends paid of 2,419 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, 2025 remain unchanged from the Consolidated Financial Results for the Fiscal Year ended December 31, 2024 on February 14, 2025.

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)

| | FY2024 (As of December 31, 2024) | FY2025 2Q (As of June 30, 2025) |
|-------------------------------------|-------------------------------------|------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 22,016 | 22,083 |
| Accounts receivable - trade | 63 | 60 |
| Real estate for sale | 60,525 | 63,775 |
| Real estate for sale in process | 367 | 578 |
| Other | 758 | 1,514 |
| Allowance for doubtful accounts | (5) | (4) |
| Total current assets | 83,725 | 88,008 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 1,782 | 1,910 |
| Accumulated depreciation | (474) | (521) |
| Buildings, net | 1,307 | 1,389 |
| Land | 1,412 | 1,412 |
| Other | 120 | 205 |
| Accumulated depreciation | (68) | (76) |
| Other, net | 52 | 128 |
| Total property, plant and equipment | 2,773 | 2,931 |
| Intangible assets | 79 | 81 |
| Investments and other assets | | |
| Deferred tax assets | 481 | 492 |
| Other | 401 | 387 |
| Total investments and other assets | 883 | 879 |
| Total non-current assets | 3,735 | 3,892 |
| Deferred assets | 41 | 59 |
| Total assets | 87,503 | 91,961 |

(Million yen)

| | FY2024 (As of December 31, 2024) | FY2025 2Q (As of June 30, 2025) |
|--|-------------------------------------|------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 606 | 869 |
| Short-term borrowings | 7,818 | 9,695 |
| Current portion of bonds payable | 3,999 | 707 |
| Current portion of long-term borrowings | 5,170 | 7,386 |
| Income taxes payable | 2,009 | 1,714 |
| Provision for bonuses | 56 | 35 |
| Provision for bonuses for directors (and other officers) | 65 | — |
| Provision for Executive Officers bonuses | 109 | — |
| Construction warranty reserve | 51 | 48 |
| Other | 2,406 | 2,202 |
| Total current liabilities | 22,296 | 22,659 |
| Non-current liabilities | | |
| Bonds payable | 3,004 | 6,298 |
| Long-term borrowings | 28,825 | 28,283 |
| Other | 1,300 | 1,474 |
| Total non-current liabilities | 33,130 | 36,056 |
| Total liabilities | 55,426 | 58,716 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,552 | 2,552 |
| Capital surplus | 2,575 | 2,748 |
| Retained earnings | 27,809 | 28,713 |
| Treasury shares | (919) | (830) |
| Total shareholders' equity | 32,018 | 33,183 |
| Accumulated other comprehensive income | | |
| Remeasurements of defined benefit plans | (34) | (31) |
| Total accumulated other comprehensive income | (34) | (31) |
| Share acquisition rights | 92 | 92 |
| Total net assets | 32,076 | 33,244 |
| Total liabilities and net assets | 87,503 | 91,961 |

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
[Quarterly Consolidated Statements of Income]
(For six months from January 1 to June 30, 2025)

| | (Million yen) | |
|--|---|---|
| | FY2024 2Q (From January 1 to June 30, 2024) | FY2025 2Q (From January 1 to June 30, 2025) |
| Net sales | 31,502 | 32,943 |
| Cost of sales | 23,178 | 23,868 |
| Gross profit | 8,323 | 9,074 |
| Selling, general and administrative expenses | 3,294 | 3,594 |
| Operating profit | 5,029 | 5,479 |
| Non-operating income | | |
| Interest and dividend income | 1 | 9 |
| Commission income | 23 | 15 |
| Penalty income | 7 | 6 |
| Refund of real estate acquisition taxes | 5 | 26 |
| Other | 4 | 7 |
| Total non-operating income | 42 | 66 |
| Non-operating expenses | | |
| Interest expenses | 376 | 406 |
| Commission expenses | 28 | 183 |
| Other | 21 | 22 |
| Total non-operating expenses | 425 | 612 |
| Ordinary profit | 4,645 | 4,932 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 2 | — |
| Total extraordinary income | 2 | — |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 0 |
| Total extraordinary losses | 0 | 0 |
| Profit before income taxes | 4,647 | 4,932 |
| Income taxes - current | 1,583 | 1,624 |
| Income taxes - deferred | 0 | (12) |
| Total income taxes | 1,583 | 1,612 |
| Profit | 3,064 | 3,320 |
| Profit attributable to owners of parent | 3,064 | 3,320 |

[Quarterly Consolidated Statements of Comprehensive Income]
(For six months from January 1 to June 30, 2025)

| | (Million yen) | |
|---|---|---|
| | FY2024 2Q (From January 1 to June 30, 2024) | FY2025 2Q (From January 1 to June 30, 2025) |
| Profit | 3,064 | 3,320 |
| Other comprehensive income | | |
| Remeasurements of defined benefit plans, net of tax | — | 3 |
| Total other comprehensive income | — | 3 |
| Comprehensive income | 3,064 | 3,323 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 3,064 | 3,323 |

(3) Quarterly Consolidated Cash Flow

| | (Million yen) | |
|---|---|---|
| | FY2024 2Q (From January 1 to June 30, 2024) | FY2025 2Q (From January 1 to June 30, 2025) |
| Cash flows from operating activities | | |
| Profit before income taxes | 4,647 | 4,932 |
| Depreciation | 384 | 478 |
| Increase (decrease) in allowance for doubtful accounts | 1 | (1) |
| Increase (decrease) in provision for bonuses | 12 | (21) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (45) | (65) |
| Increase (decrease) in provision for executive officer's bonuses | (64) | (109) |
| Increase (decrease) in construction warranty reserve | (5) | (3) |
| Increase (decrease) in net defined benefit liability | 6 | 43 |
| Interest and dividend income | (1) | (9) |
| Interest expenses | 376 | 406 |
| Share-based payment expenses | 54 | 106 |
| Amortization of bond issuance costs | 12 | 17 |
| Loss (gain) on sale of non-current assets | (2) | — |
| Loss on retirement of non-current assets | 0 | 0 |
| Decrease (increase) in trade receivables | (14) | 2 |
| Decrease (increase) in inventories | (5,901) | (3,880) |
| Increase (decrease) in trade payables | 228 | 262 |
| Increase (decrease) in accrued consumption taxes | (242) | (50) |
| Decrease (increase) in consumption taxes refund receivable | (0) | (230) |
| Increase (decrease) in lease and guarantee deposits received | 44 | 128 |
| Decrease (increase) in other current assets | (309) | (391) |
| Increase (decrease) in other current liabilities | 317 | (143) |
| Other, net | 5 | 0 |
| Subtotal | (495) | 1,472 |
| Interest and dividends received | 1 | 9 |
| Interest paid | (378) | (415) |
| Income taxes refund | 0 | — |
| Income taxes paid | (1,331) | (1,946) |
| Net cash provided by (used in) operating activities | (2,204) | (880) |
| Cash flows from investing activities | | |
| Payments into time deposits | (947) | (898) |
| Proceeds from withdrawal of time deposits | 795 | 797 |
| Purchase of property, plant and equipment | (147) | (190) |
| Proceeds from sale of property, plant and equipment | 2 | — |
| Expenditures for acquisition of intangible fixed assets | — | (5) |
| Collection of investments in capital | — | 53 |
| Payments of leasehold and guarantee deposits | (5) | (16) |
| Proceeds from refund of leasehold and guarantee deposits | 7 | 11 |
| Net cash provided by (used in) investing activities | (294) | (248) |

| | (Million yen) | |
|--|---|---|
| | FY2024 2Q (From January 1 to June 30, 2024) | FY2025 2Q (From January 1 to June 30, 2025) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 53 | 1,877 |
| Proceeds from long-term borrowings | 15,585 | 15,365 |
| Repayments of long-term borrowings | (12,088) | (13,691) |
| Proceeds from issuance of bonds | 641 | 3,574 |
| Redemption of bonds | (582) | (3,608) |
| Repayments of lease liabilities | (2) | (2) |
| Purchase of treasury shares | (98) | (0) |
| Dividends paid | (1,484) | (2,419) |
| Net cash provided by (used in) financing activities | 2,023 | 1,094 |
| Net increase (decrease) in cash and cash equivalents | (475) | (33) |
| Cash and cash equivalents at beginning of period | 19,037 | 20,500 |
| Cash and cash equivalents at end of period | 18,562 | 20,466 |

(4) 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 six months ended June 30, 2024 (From January 1 to June 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 | 30,309 | 1,193 | 31,502 | — | 31,502 |
| Inter-segment sales or transfer | 3 | 10 | 14 | (14) | — |
| Total | 30,313 | 1,203 | 31,517 | (14) | 31,502 |
| Segment profit | 5,799 | 378 | 6,177 | (1,148) | 5,029 |

(Note) 1. The segment profit adjustment of (1,148) 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 six months ended June 30, 2025 (From January 1 to June 30, 2025)

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 | 31,576 | 1,366 | 32,943 | — | 32,943 |
| Inter-segment sales or transfer | — | 3 | 3 | (3) | — |
| Total | 31,576 | 1,370 | 32,946 | (3) | 32,943 |
| Segment profit | 6,328 | 374 | 6,702 | (1,223) | 5,479 |

(Note) 1. The segment profit adjustment of (1,223) 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.