

MUGEN ESTATE Co.,Ltd.

# Fiscal Year ended Dec.31, 2022

## Financial Results

Prime Market:3299 | Feb 14, 2023

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

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## FY2022 Highlights

- **Net sales decreased and profit increased year on year.**

Net sales decreased 8.0% year on year, to 31.2 billion yen due to sales activities with a focus on profitability. Operating income increased 27.1% year on year to 2.9 billion yen, ordinary income increased 30.4% year on year to 2.3 billion yen, and profit attributable to owners of parent increased 22.6% year on year to 1.5 billion yen.

The results were generally in line with the revised FY2022 forecast announced on December 14, 2022.

- **Property acquisitions remained steady.**

Purchases remained steady and real estate for sales increased 15.7 billion yen from the end of the previous year.

We significantly increased the inventory level of residential-type properties that we are promoting through operations of the sales offices opened, and properties for development.

- **Staff expansion**

We continued to conduct the recruiting activity proactively and achieved 295 employees ahead of the planned 267 employees for this fiscal year.

We promoted the development of human resources through on-the-job and other training to raise the level of organizational capabilities.

- **Reinforcement of sales capabilities**

Opened Kamata Sales Office in Jonan area to further expand residential-type properties business.

**01**

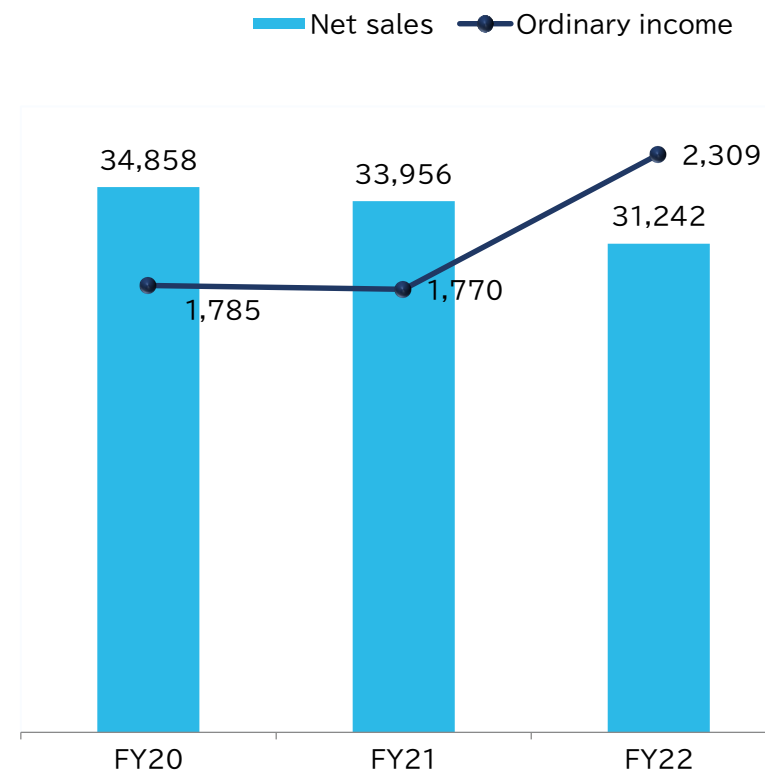
**Overview of FY2022  
Financial Results**

## Overview of Consolidated Financial Results for FY2022

- In FY2022, net sales decreased due to sales activities focused on profitability, but significant increase in gross profit margin led to increase in each income.

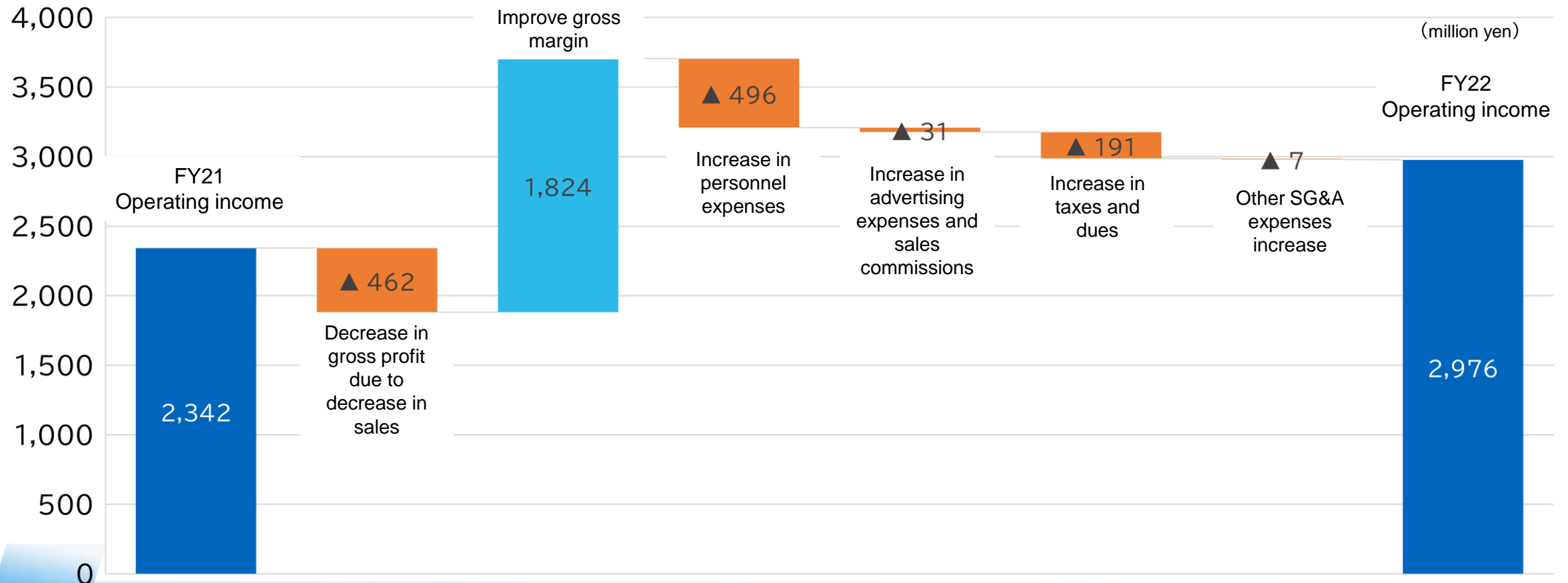
million yen	FY2021		FY2022		YOY	
	Results	Proportion (%)	Results	Proportion (%)	Results	Rate (%)
Net sales	33,956	100.0	31,242	100.0	△2,714	△8.0
Gross profit	5,788	17.0	7,150	22.9	1,362	23.5
SGA	3,445	10.1	4,173	13.4	727	21.1
Operating income	2,342	6.9	2,976	9.5	634	27.1
Ordinary income	1,770	5.2	2,309	7.4	538	30.4
Profit attributable to owners of parent	1,276	3.8	1,564	5.0	288	22.6

Net sales & Ordinary income (million yen)



## Operating Income Analysis for FY2022

- The factor increasing the operating income was a rise in the gross profit margin due to sales activities emphasizing profitability. This resulted in operating income rising about 1.8 billion yen.
- The main factors that reduced operating income were a decrease in net sales of 0.4 billion yen, an increase in personnel expenses of 0.5 billion yen, and an increase in taxes and dues of 0.2 billion yen.



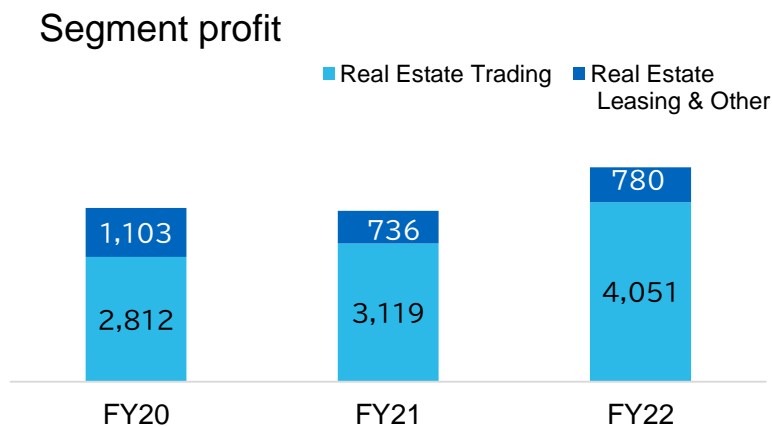
## Net sales and profits for reportable business segments

- Real Estate Trading Business: Increase in profit despite decrease in revenue due to sales activities focused on profitability.
- Real Estate Leasing and Other Business: Both sales and profit increased due to an increase in leasing revenue as a result of steady progress in the purchase of real estate for sale.

million yen	FY2021		FY2022		YOY	
	Net sales	Proportion (%)	Net sales	Proportion (%)	Change	Rate (%)
Real Estate Trading	31,842	93.8	29,016	92.9	△2,826	△8.9
Real Estate Leasing & Other	2,113	6.2	2,226	7.1	112	5.3
Total	33,956	100.0	31,242	100.0	△2,714	△8.0



million yen	FY2021		FY2022		YOY	
	Segment profit	Proportion (%)	Segment profit	Proportion (%)	Change	Rate (%)
Real Estate Trading	3,119	80.9	4,051	83.8	931	29.9
Real Estate Leasing & Other	736	19.1	780	16.2	44	6.1
Total	3,855	100.0	4,831	100.0	976	25.3

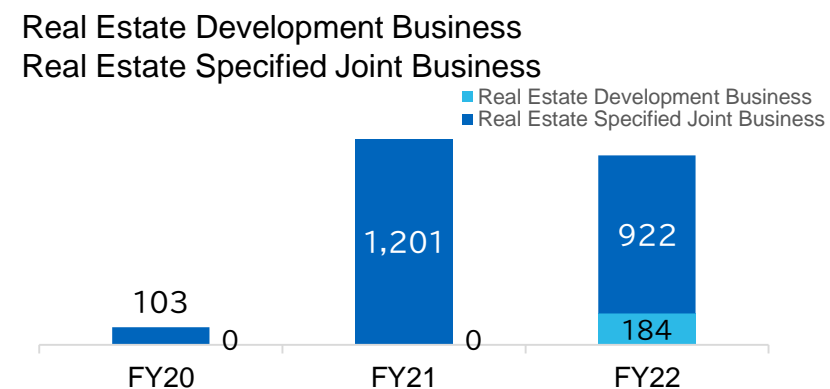
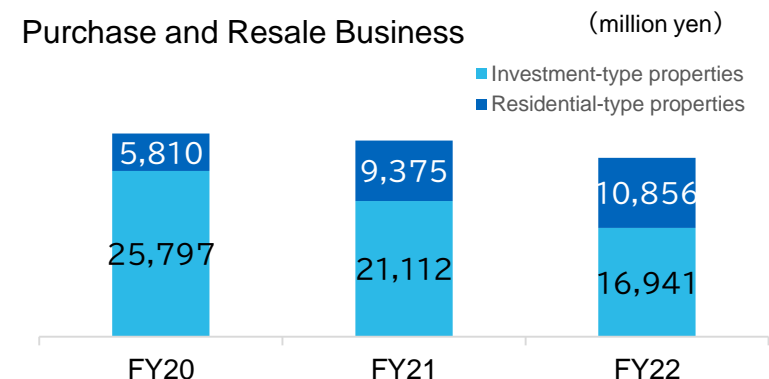


※ Net sales and Proportion indicates sales to external customers. Segment profit and Proportion indicates segment profit in comparison with operating income before segment adjustments

## Net sales for reportable business segments

- **Purchase and Resale Business:** Net sales of residential-type properties increased 1.4 billion yen (up 15.8%), while sales of investment-type properties decreased 4.1 billion yen (down 19.8%).
- **Development Business:** There were delays caused by revisions to income and expenditure plans and construction period due to a surge in construction costs. Five new buildings were completed and one new building was sold in FY2022.
- **Real Estate Specified Joint Business:** The phase 3 offering was completed in the Setagaya Project. Total assets under management for three projects were 2.54 billion yen.

million yen	FY2021	FY2022	YOY	
	Results	Results	Change	Rate (%)
Real Estate Trading	31,842	29,016	△2,826	△8.9
Purchase and Resale Business (Investment-type properties)	21,112	16,941	△4,171	△19.8
Purchase and Resale Business (Residential-type properties)	9,375	10,856	1,480	15.8
Real Estate Development Business	0	184	184	-
Real Estate Specified Joint Business	1,201	922	△279	△23.2
Real Estate Leasing & Other	2,113	2,226	112	5.3



※The Accounting Standard for Revenue Recognition, etc. is applied from the beginning of FY2022. The YOY comparisons are based on figures to which the accounting standard is applied.

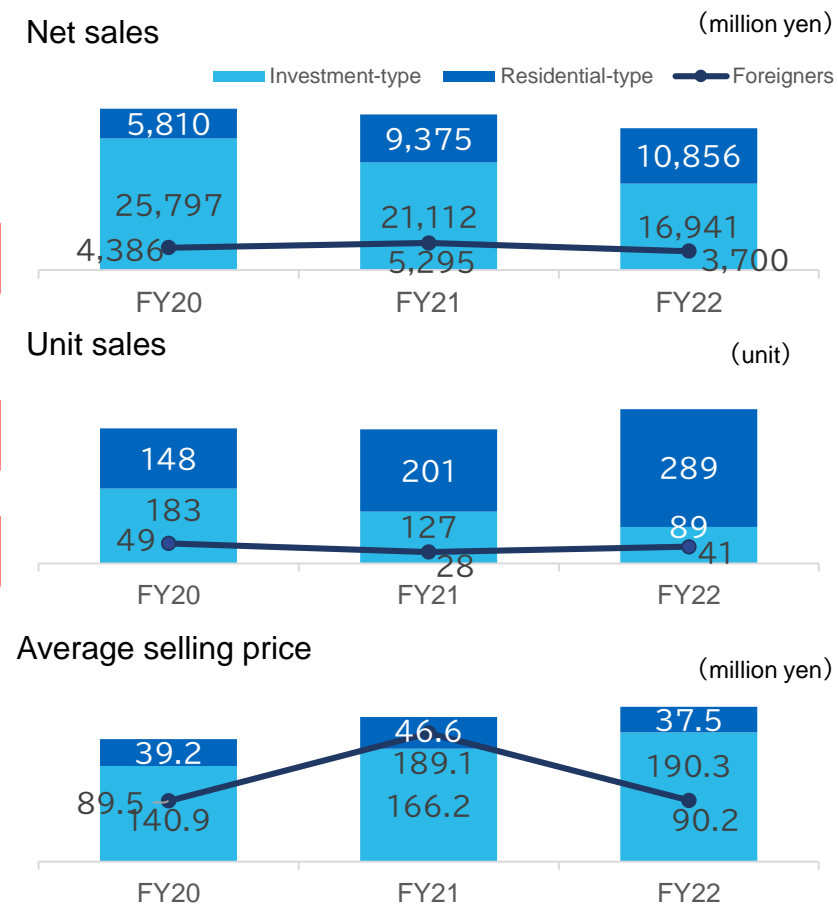
※Sales of land are included in Residential type properties



## Purchase & Resale Business: Sales by Type

- Investment-type properties : Sales with an emphasis on profitability led to a decrease in both sales amount and number of unit sales, but an increase in average sales price per unit.
- Residential-type properties : Both sales amount and number of unit sales increased from the previous year due to the effect of opening new sales offices.

million yen	FY2021	FY2022	YOY	
			Change	Rate(%)
Net sales	30,487	27,797	△2,690	△8.8
Investment-type	21,112	16,941	△4,171	△19.8
Residential-type	9,375	10,856	1,480	15.8
Unit sales	328	378	50	15.2
Investment-type	127	89	△38	△29.9
Residential-type	201	289	88	43.8
Average selling price	92.9	73.5	△19.4	△20.9
Investment-type	166.2	190.3	24.1	14.5
Residential-type	46.6	37.5	△9.0	△19.5
Foreigners				
Net sales	5,295	3,700	△1,594	△30.1
Unit sales	28	41	13	46.4
Average selling price	189.1	90.2	△98.8	△52.3



※The Accounting Standard for Revenue Recognition, etc. is applied from the beginning of FY2022. The YOY comparisons are based on figures to which the accounting standard is applied.

※Sales of land are included in Residential type properties

## Purchase & Resale Business: Sales by Area

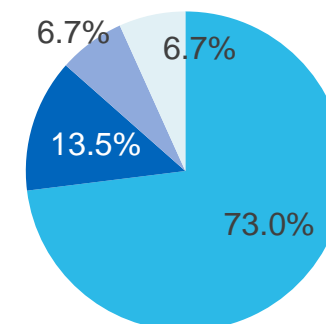
- Investment-type properties : Number of unit sales decreased in all areas, while average unit price increased in Kanagawa and Chiba.
- Residential-type properties: Number of unit sales and the sales amount increased significantly in Saitama and Chiba due to the effect of opening of sales offices in Kitasenju, Akabane, Ikebukuro, Ogikubo, and Funabashi, among other factors.

< Investment-type properties >

Area	FY2021				FY2022				YOY	
	Units sales	Proportion (%)	Sales amount	Average price	Units sales	Proportion (%)	Sales amount	Average price	Units sales	Average price
Tokyo	78	61.4	15,665	200.8	65	73.0	12,742	196.0	△13	△4.8
Kanagawa	14	11.0	1,662	118.7	12	13.5	2,806	233.8	△2	115.0
Saitama	17	13.4	2,607	153.3	6	6.7	854	142.4	△11	△10.8
Chiba	18	14.2	1,177	65.4	6	6.7	537	89.5	△12	24.1
Total	127	100.0	21,112	166.2	89	100.0	16,941	190.3	△38	24.1

(million yen)

FY2022 Breakdowns of sales by area

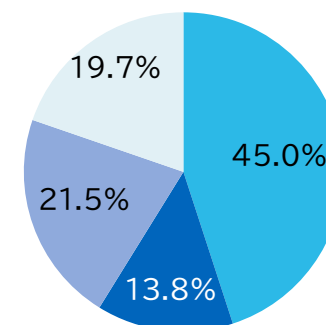


< Residential-type properties >

Area	FY2021				FY2022				YOY	
	Units sales	Proportion (%)	Sales amount	Average price	Units sales	Proportion (%)	Sales amount	Average price	Units sales	Average price
Tokyo	96	47.8	6,698	69.7	130	45.0	6,338	48.7	34	△21.0
Kanagawa	40	19.9	1,152	28.8	40	13.8	1,187	29.6	0	0.8
Saitama	<b>38</b>	<b>18.9</b>	<b>859</b>	<b>22.6</b>	<b>62</b>	<b>21.5</b>	<b>1,796</b>	<b>28.9</b>	<b>24</b>	<b>6.3</b>
Chiba	<b>27</b>	<b>13.4</b>	<b>664</b>	<b>24.5</b>	<b>57</b>	<b>19.7</b>	<b>1,533</b>	<b>26.9</b>	<b>30</b>	<b>2.3</b>
Total	201	100.0	9,375	46.6	289	100.0	10,856	37.5	88	△9.0

(million yen)

■ Tokyo ■ Kanagawa ■ Saitama ■ Chiba



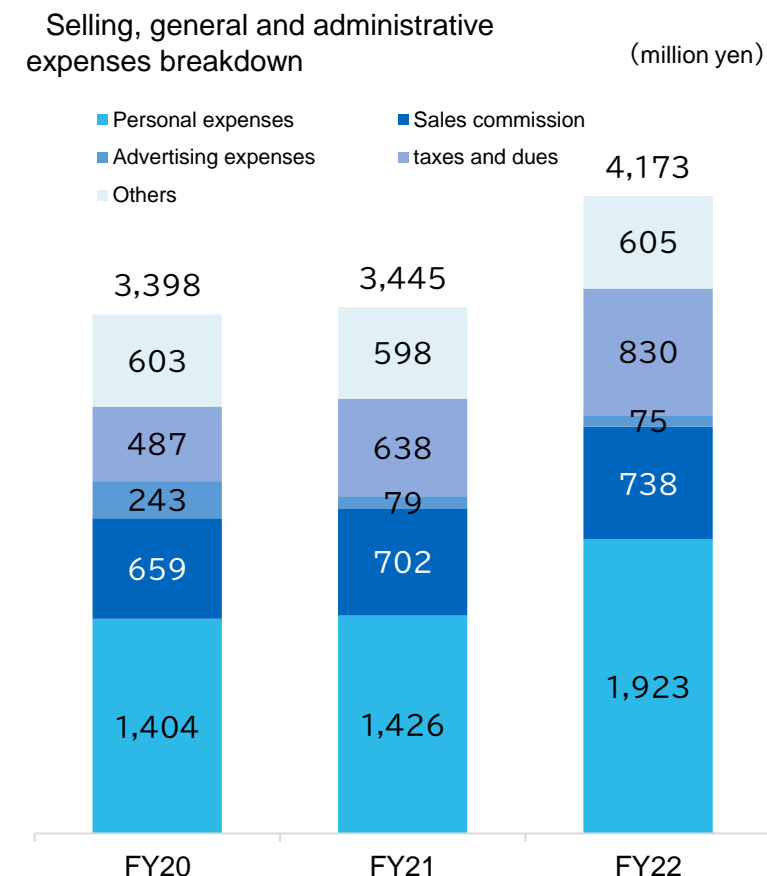
※The Accounting Standard for Revenue Recognition, etc. is applied from the beginning of FY2022. The YOY comparisons are based on figures to which the accounting standard is applied.

※Sales of land are included in Residential type properties

## Selling, General & Administrative Expenses

- Selling, general and administrative expenses : Personnel expenses increase due to hiring of personnel for future growth. Taxes and dues increase due to increase in purchases.
- Non-operating expenses : Interest expenses increased due to increase in purchases

million yen	FY2021		FY2022		YOY	
	Results	Sales ratio (%)	Results	Sales ratio (%)	Change	Rate (%)
Selling, general and administrative expenses	3,445	10.1	4,173	13.4	727	21.1
Personal expenses	1,426	4.2	1,923	6.2	496	34.8
Sales commission	702	2.1	738	2.4	35	5.0
Advertising expenses	79	0.2	75	0.2	△3	△4.1
taxes and dues	638	1.9	830	2.7	191	30.0
Others	598	1.8	605	1.9	7	1.3
Non-operating income	35	0.1	63	0.2	28	82.0
Non-operating expenses	606	1.8	731	2.3	124	20.6
Interest expenses	519	1.5	655	2.1	136	26.3
Others	87	0.3	76	0.2	△11	△13.0



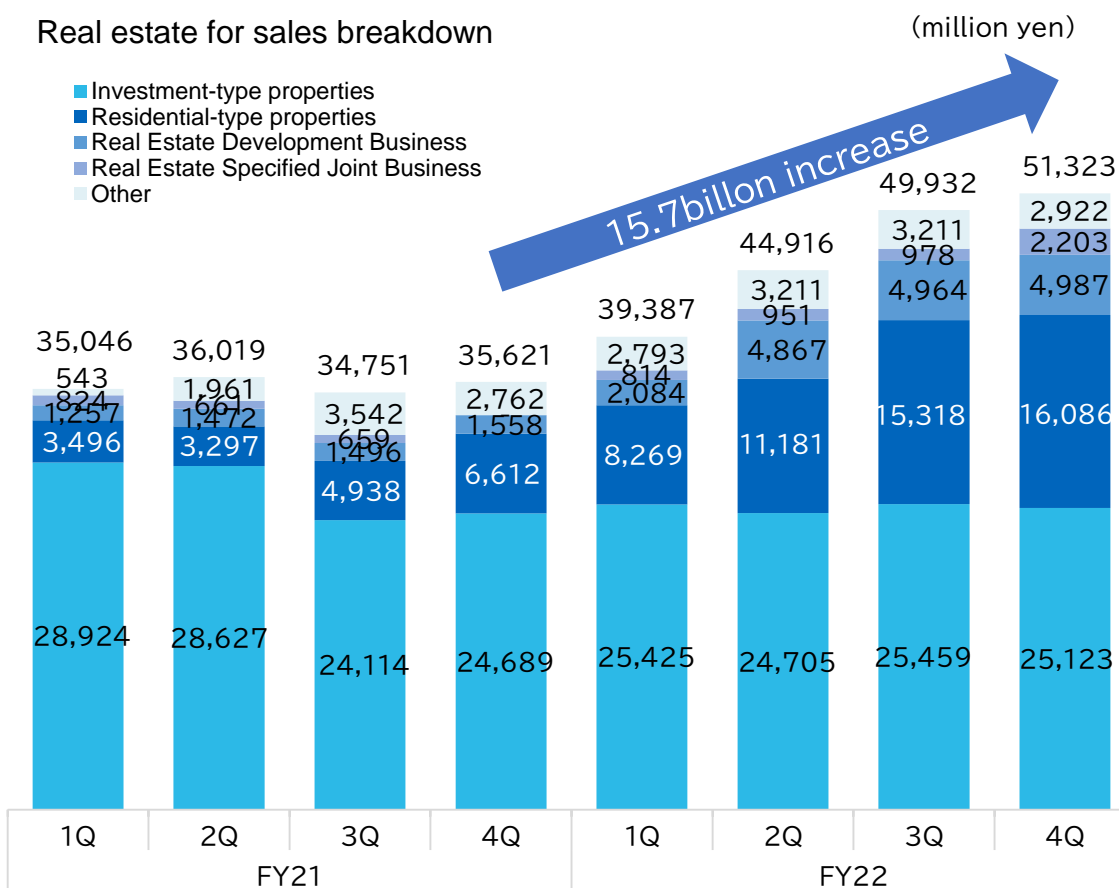
## Real Estate for Sales (Inventory)

- Real estate for sales (inventory) increased 15.7 billion yen from the end of the previous fiscal year due to steady purchases.
- Inventories increased in Residential-type properties, Real Estate Development Business, and Real Estate Specified Joint Business we strengthen.

million yen	As of Dec.31,2021	As of Dec.31,2022	Change
Real estate for sales	35,621	51,323	15,701
Investment-type properties	24,689	25,123	434
Residential-type properties	6,612	16,086	9,474
Real Estate Development Business	1,558	4,987	3,429
Real Estate Specified Joint Business	0	2,203	2,203
Other	2,762	2,922	160

※ Real estate for sale (inventory) figures are non-consolidated figures.

Real estate for sales breakdown



## Purchases by Business Segments

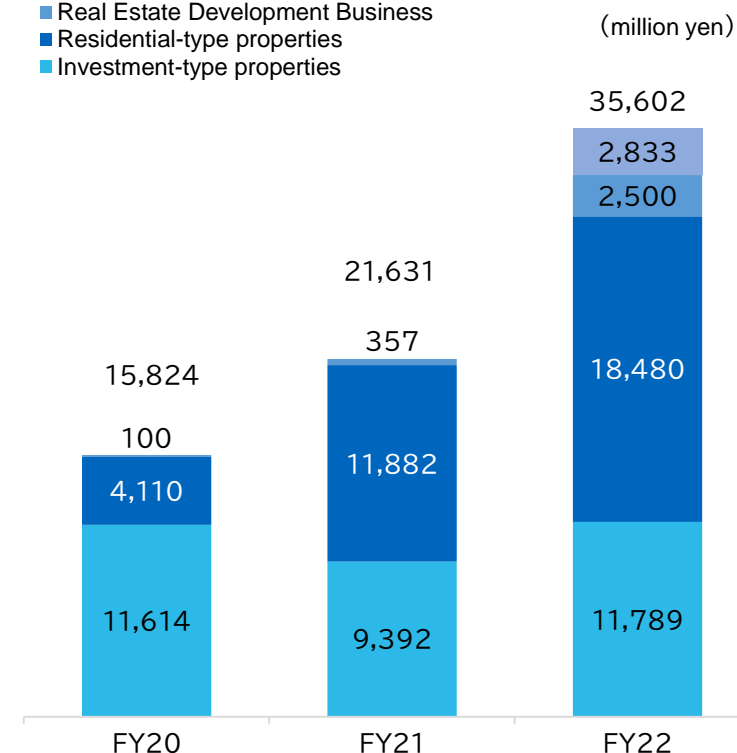
- Purchases increased in all businesses due to the strengthening of property acquisitions.
- Purchases of residential-type properties, in particular, increased with the opening of sales offices and an increase in sales personnel.

million yen	FY2021	FY2022	YOY	
	Results	Results	Change	Rate(%)
Investment-type properties	9,392	11,789	2,397	25.5
Residential-type properties	11,882	18,480	6,598	55.5
Real Estate Development Business	357	2,500	2,143	600.3
Real Estate Specified Joint Business	0	2,833	2,833	—
Other	21,631	35,602	13,971	64.6

※Sales of land are included in Residential type properties

### Purchases by business

- Real Estate Specified Joint Business
- Real Estate Development Business
- Residential-type properties
- Investment-type properties



## Overview of Consolidated Financial Position

- Real estate for sale and interest-bearing debt increased due to steady purchase activities.
- Non-current assets declined following the transfer of certain assets to real estate for sale.

million yen	FY2021	FY2022	YOY	
	Results	Results	Change	Rate (%)
Current assets	54,404	70,174	15,769	29.0
Cash & deposits	17,565	17,754	188	1.1
Real estate for sale	35,463	51,116	15,652	44.1
Non-current assets	8,331	7,213	△1,117	△13.4
Total assets	62,778	77,448	14,669	23.4
Current liabilities	12,168	18,501	6,332	52.0
Short-term interest-bearing debt	10,452	15,639	5,187	49.6
Non-current liabilities	27,063	34,342	7,278	26.9
Long-term interest-bearing debt	26,423	33,684	7,261	27.5
Total liabilities	39,232	52,843	13,611	34.7
Total net assets	23,546	24,604	1,058	4.5
Total liabilities & net assets	62,778	77,448	14,669	23.4

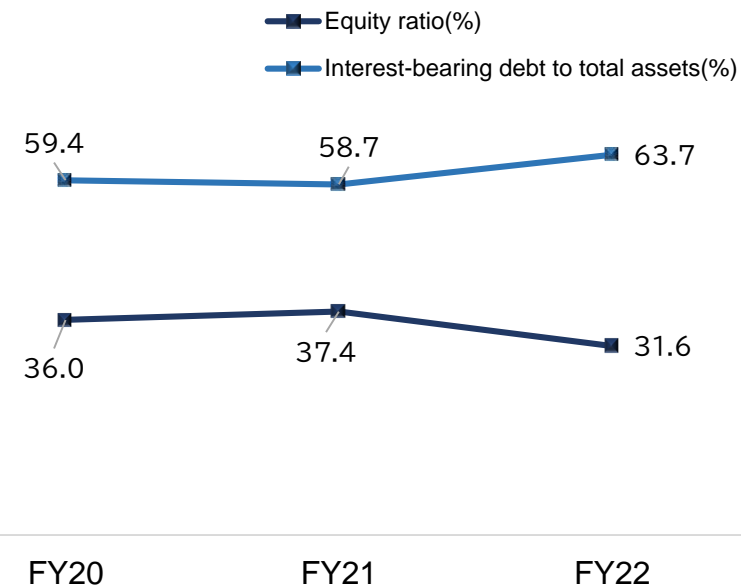
## Progress on Key Performance Indicators

- The equity ratio and the net debt-equity ratio landed within the range we targeted.  
Equity ratio 30.0% - 35.0%      Net debt-equity ratio 1.2 times - 1.5 times
- We aim to improve inventory turnover by increasing sales of residential-type properties.

	As of Dec.31,2021	As of Dec.31,2022	Change
Equity ratio(%)	37.4	31.6	△5.7
Interest-bearing debt to total assets(%)	58.7	63.7	4.9
Inventory turnover (Times)*	0.88	0.66	△0.21
Net D/E ratio (x)	0.82	1.28	0.46
Average loan period (Investment-type)	4yr3mo	3yr10mo	△5mo
Average loan period (Residential-type)	1yr	1yr	—

\*12-month real estate sales / (real estate inventory for sale in the previous period + real estate Inventory for sale in the current period)/2

Equity ratio & Interest-bearing debt to total assets



02

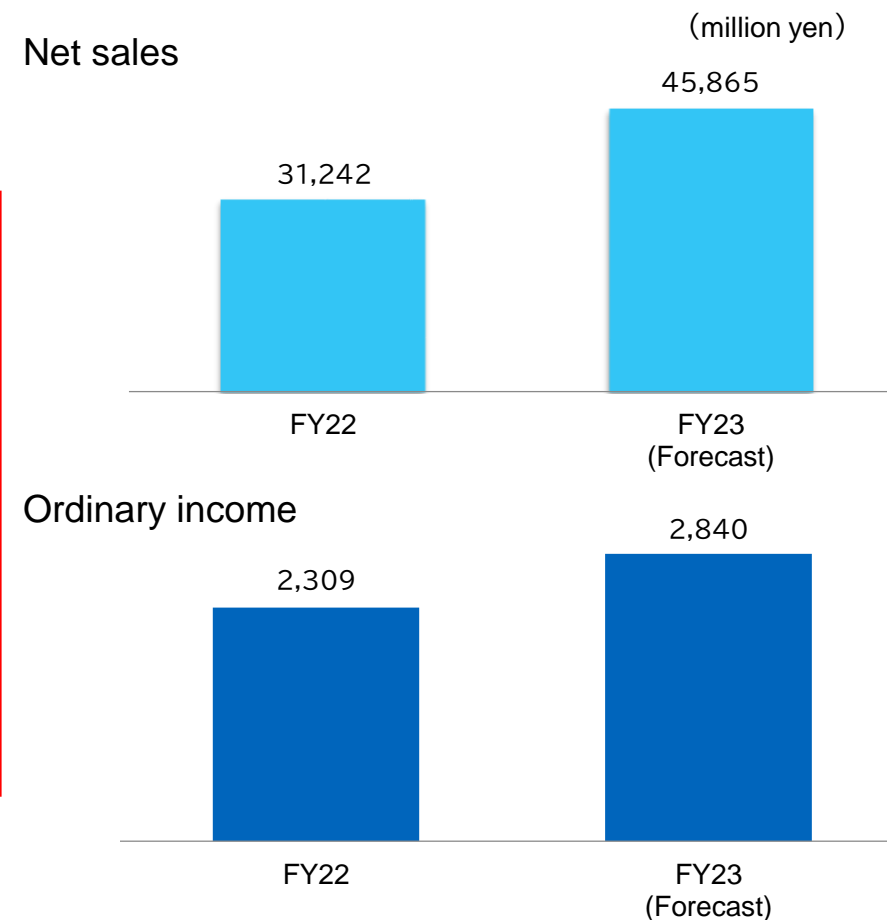
**FY2023 Earnings  
Forecast**



## FY2023 Earnings Forecast <Consolidated>

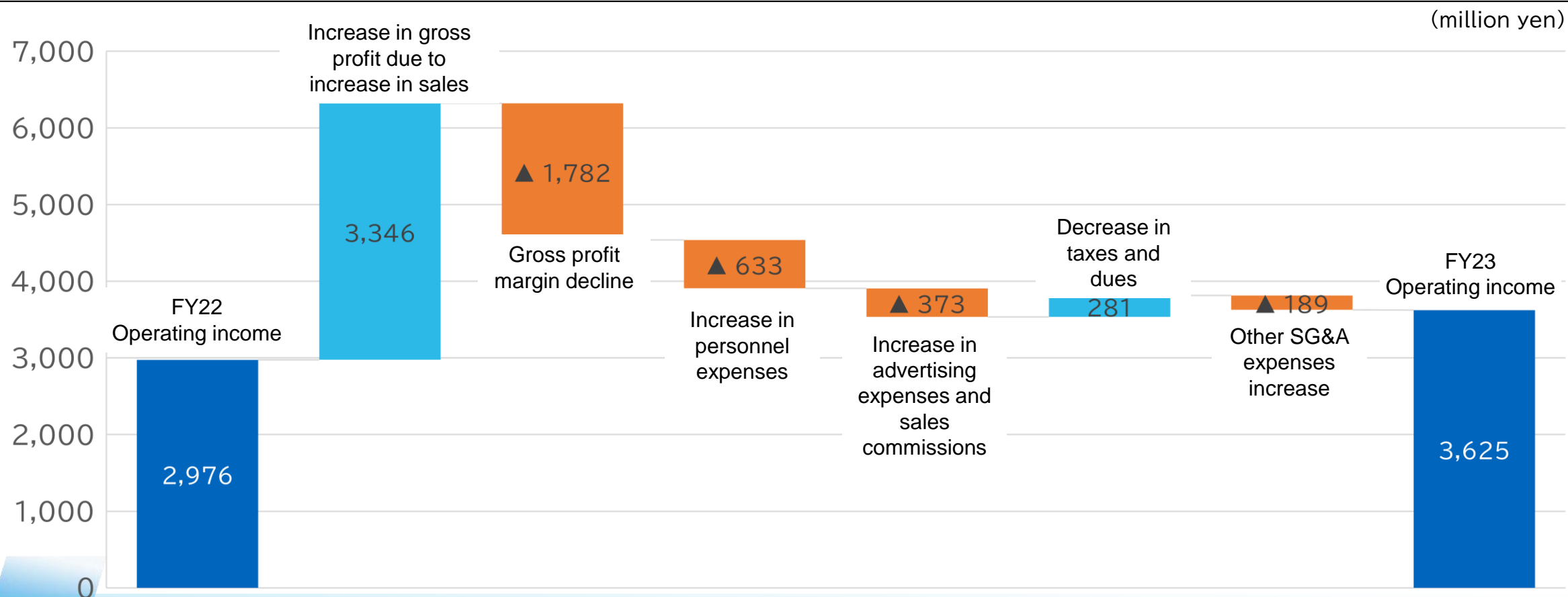
- The Group plans to achieve double-digit growth in net sales and profit, taking advantage of increases in personnel and inventories in the previous fiscal year.
- We will continue to expand our workforce and improve inventory turnover to achieve our targets.

million yen	FY2022		FY2023	
	Results	Rate(%)	Forecast	Rate(%)
<b>Net sales</b>	<b>31,242</b>	$\Delta$ 8.0	<b>45,865</b>	46.8
Real Estate Trading	<b>29,016</b>	$\Delta$ 8.9	<b>43,372</b>	49.5
Real Estate Leasing & Other	<b>2,226</b>	5.3	<b>2,492</b>	12.0
<b>Operating income</b>	<b>2,976</b>	27.1	<b>3,625</b>	21.8
Ratio to net sales	<b>9.5%</b>	-	<b>7.9%</b>	-
<b>Ordinary income</b>	<b>2,309</b>	30.4	<b>2,840</b>	23.0
Ratio to net sales	<b>7.4%</b>	-	<b>6.2%</b>	-
<b>Profit</b>	<b>1,564</b>	22.6	<b>1,863</b>	19.1
Ratio to net sales	<b>5.0%</b>	-	<b>4.1%</b>	-



## Operating Income Analysis for FY2023 Forecast

- The main factors of increase are a rise in net sales of 3.3 billion yen due to stronger sales activities resulting from an increase in personnel and a decrease in taxes and dues of 0.2 billion yen.
- The main factors of decrease are a decline in the gross profit margin of 1.7 billion yen associated with a significant increase in the previous fiscal year and a conservative estimate, an increase in personnel expenses of 0.6 billion yen due to an increase in personnel, and a rise in sales commissions of 0.3 billion yen due to an increase in sales.



## FY2022 Earnings Forecast

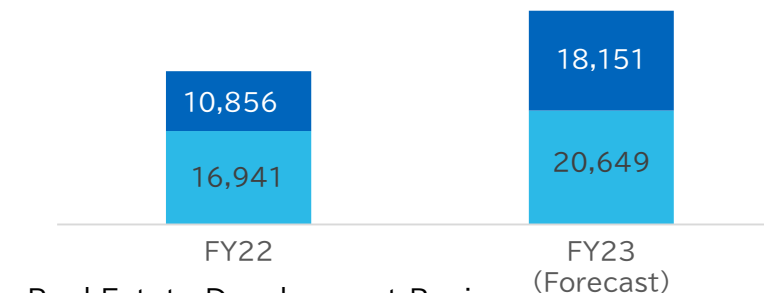
### <Net sales for reportable business segments>

- In the Purchase and Resale Business, we plan to increase sales significantly, taking full advantage of the expanded workforce, and particularly the six new sales offices opened in 2021 and 2022.
- In the Real Estate Development Business, we focus on sales for five completed properties and two properties to be completed.
- In the Real Estate Specified Joint Business, we strive to sell all units of the Setagaya Project and aim to sell the fourth project.

million yen	FY2022		FY2023	
	Results	Rate(%)	Forecast	Rate(%)
Real Estate Trading	29,016	△8.9	43,372	49.5
Purchase and Resale Business (Investment-type properties)	16,941	△19.8	20,649	21.9
Purchase and Resale Business (Residential-type properties)	10,856	15.8	18,151	67.2
Real Estate Development Business	184	-	2,771	1,400
Real Estate Specified Joint Business	922	△23.2	1,500	62.6
Real Estate Leasing & Other	2,226	5.3	2,492	12.0

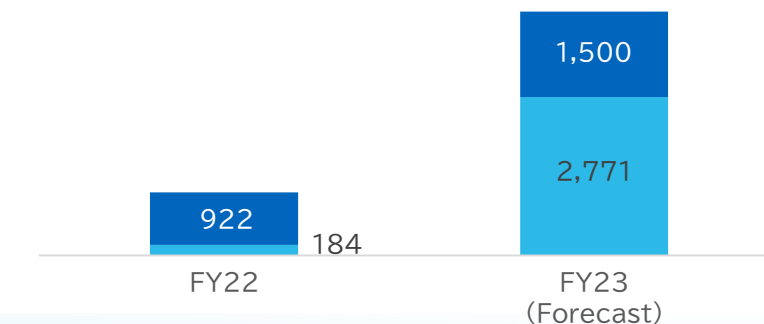
Purchase and Resale Business (million yen)

■ Invest-type properties  
■ Residential-type properties



Real Estate Development Business  
Real Estate Specified Joint Business

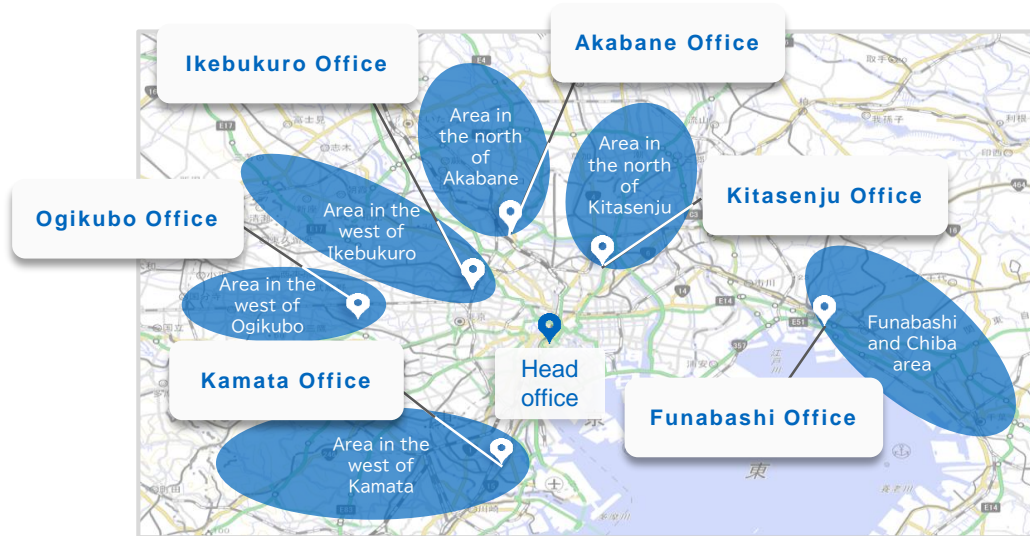
■ Real Estate Specified Joint Business  
■ Real Estate Development Business



# Real Estate Purchase and Resale Business Initiatives

## Open sales offices focusing on specific areas

We will strengthen our relationships with agents, particularly at the five sales offices opened in FY2021 and the Kamata sales office opened in FY2022. These sales offices will drive the expansion of sales.

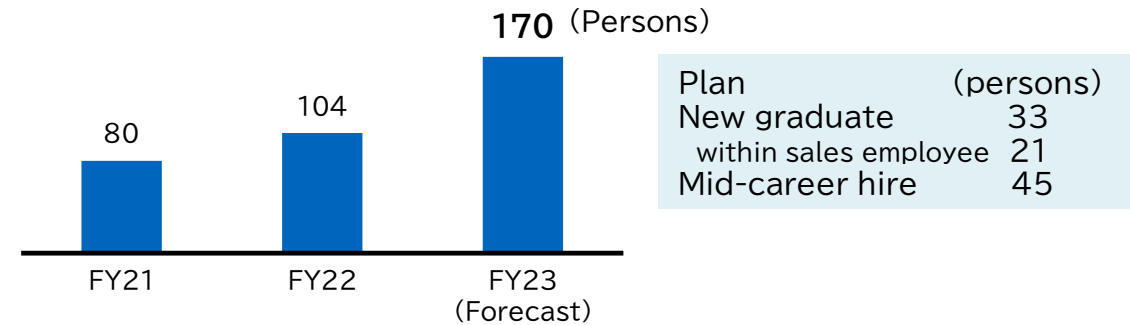


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We plan to expand sales offices in Osaka opening in summer to strengthen our business forces.

## Increasing sales personnel

With the opening of new sales offices, we will further increase the number of salespeople.



## Strengthening relationships with agents

We will renew the website for agents and strengthen our relationships with them.

- The Company's properties can be searched for on the map.
- Users can see the status of properties, including the status of construction and planned completion.
- VR visit, making appointments for a visit, and downloading materials will be made possible.





# Real Estate Development Business & Real Estate Specified Joint Business Initiatives

## Real Estate Development Business

- As prices of materials and labor cost are rising, we will be conservative in our plans and purchases, considering the economics.



FY2023  
Scheduled completion 4buildings  
Sales plan 7buildings

SIDEPLACE Omotesando(Temporary)



SIDEPLACE Ikebukuro  
(Temporary)



SIDEPLACE Jyujo  
(Temporary)

## Real Estate Specified Joint Business

- In the Setagaya Project, the third project, all units were sold as we had received applications for them, as of January 31, 2023.
- The fourth project, Minamishinozaki Nursing Home (tentative name), will be launched this spring.  
We will expand our sales team to increase purchases of properties for sale.

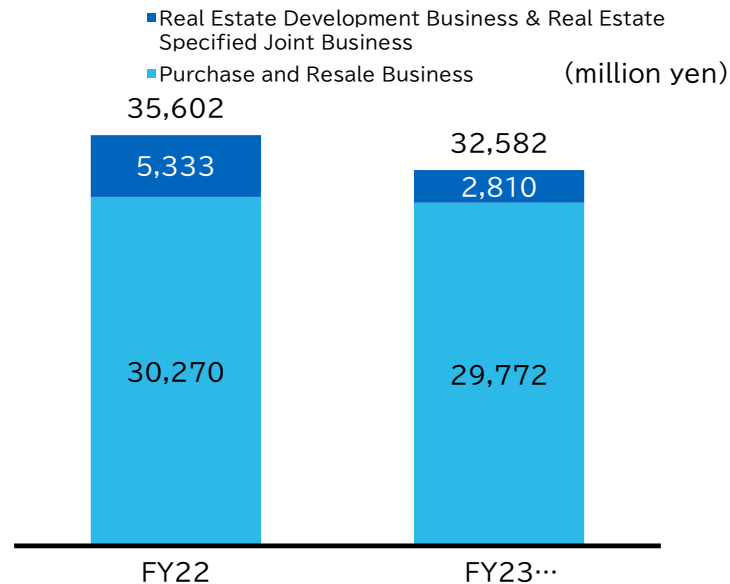


# Acquisition Plan

- Acquisitions are forecast to be on a par with the year-ago level in the Purchase and Resale Business and are forecast to decline in the Real Estate Development Business and the Real Estate Specified Joint Business. Purchases are expected to fall 3.0 billion yen for the Company overall.

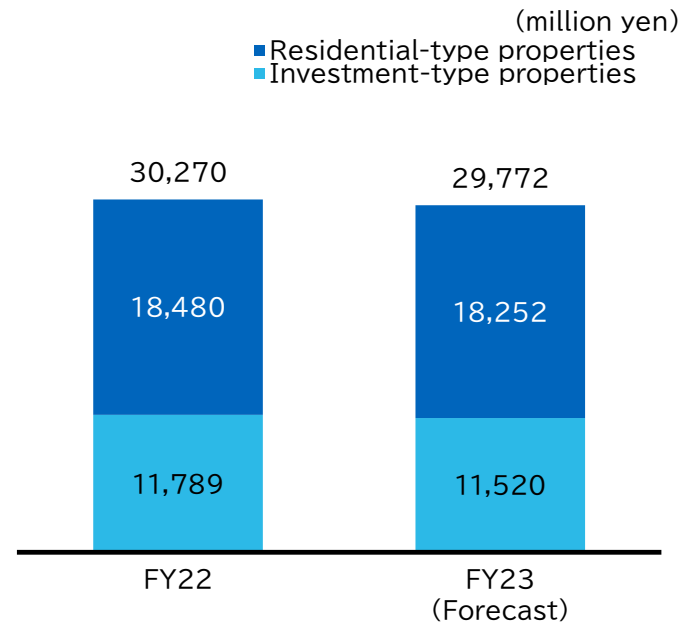
## All Business

- Acquisitions will remain flat in the Purchase and Resale Business and will decline in the Real Estate Development Business and the Real Estate Specified Joint Business.



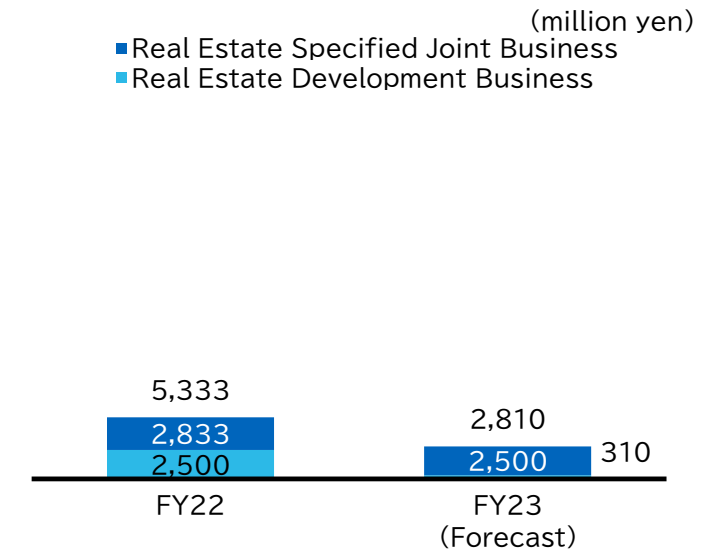
## Purchase and Resale Business

- Acquisitions will increase primarily at six new sales offices.



## Real Estate Development Business & Real Estate Specified Joint Business

- In the Real Estate Development Business, we will emphasize profitability in acquiring properties in consideration of a surge in construction cost and focus on development and sales.



# Strengthening Governance & DX Strategies

- Implementing initiatives to further strengthen corporate governance.
- Implement DX strategies through both customer contact DX and internal DX to increase productivity, improve operational efficiency, and reduce environmental impact.

## Strengthening Governance

### Further strengthen corporate governance

#### Implemented

- Revision of executive compensation system
- Introduction of restricted stock compensation plan
- Introduction of executive officer system
- Increase ratio of outside directors (from 28.6% to 50%)

#### In progress

- Strengthen risk management system
- Standardization of construction
- Strengthen construction management system
- Reinforcement of CS Office functions (quality improvement)

## Customer contact DX

### Strengthen competitiveness through DX utilization

- Appealing price assessment and differentiation from other companies by introducing real estate tech such as AI assessment and explanation of Important Notices using IT
- Efficiency through elimination of physical restrictions and "time saving" by VR previews and viewings
- Strengthening relationships with brokers through the planned renewal of the brokerage websites



## Internal DX

### Improving operational efficiency through DX utilization

#### Accelerating of digitization

- Reduction of paper by accelerating digitization of contract documents, transaction-related documents, internal documents, etc. (reduction of environmental impact)
- Analysis and utilization of digitized data (rental property management, etc.)

#### Accelerating business efficiency and human resource development

- Automation of operations and streamlining of organizational management through the use of AI-OCR, RPA, etc.
- Construction and lease management system to be revamped
- Centralized management of human resource data for human resource development

## Shareholder Returns <Dividends / Acquisition of Treasury Stock >

### The Group's basic policy of dividend

The Group continues to pay dividends consistently, while simultaneously strengthening its financial position and enhancing its internal reserves to expand its businesses on a long-term basis.

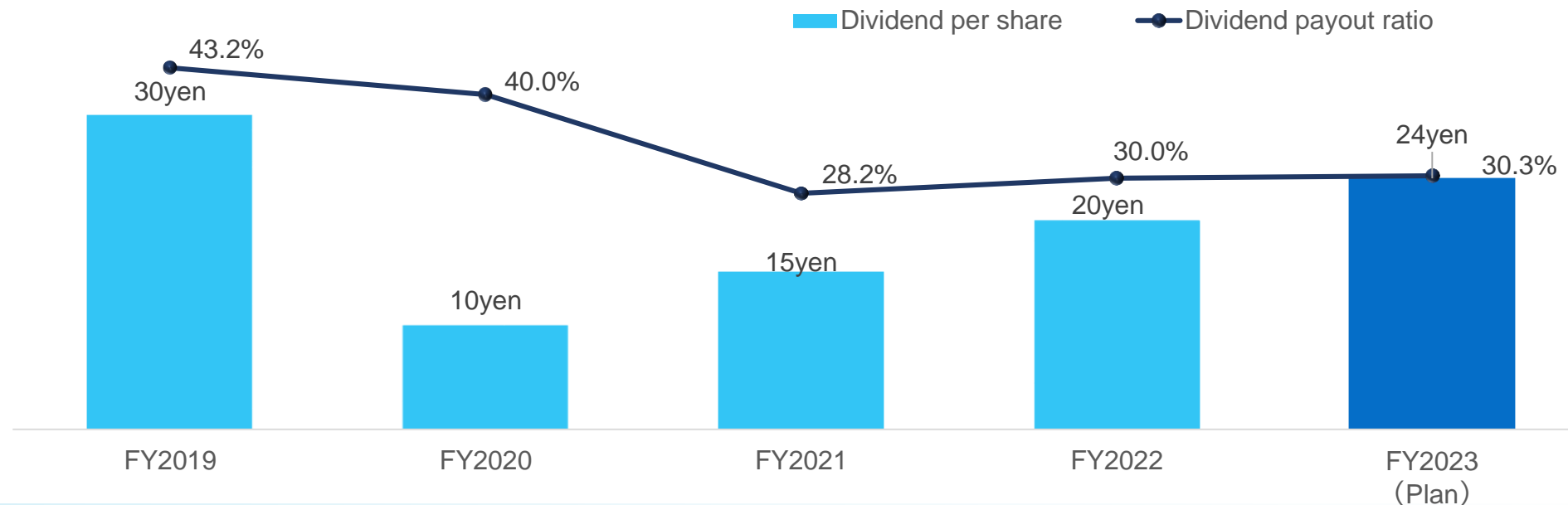
The target consolidated dividend ratio is 30% or more.

### Dividend payout for FY2022

We plan to pay dividends of 20 yen per share, 3 yen more than the initially forecast 17 yen. The consolidated payout ratio will be 30.0%.

### Dividend Forecast for FY2023

Based on the earnings forecast and the basic policy above, the Group forecasts a year-end dividend (common dividend) of 24.0 yen per share and a payout ratio of 30.3%.





**03**

**Progress of 2nd Medium-term Management Plan**

## Progress of 2nd Medium-term Management Plan Consolidated Results Targets

- Sales prices continued to rise due to strong demand for real estate, and we emphasized profitability in sales.
- As a result, sales declined and profit rose compared with the plan in the first year of the Medium-term Management Plan.

million yen	FY2021 Results	FY2022		Relative to plan	
		Initial plan	Results	Change	Ratio(%)
<b>Net sales</b>	33,956	38,847	<b>31,242</b>	<b>▲7,605</b>	<b>▲19.6</b>
Real Estate Trading Business	31,842	36,648	<b>29,016</b>	<b>▲7,632</b>	<b>▲20.8</b>
Real Estate Leasing and Other Business	2,113	2,198	<b>2,226</b>	27	1.2
<b>Operating income</b>	2,342	2,624	<b>2,976</b>	352	13.4
Ratio to net sales	6.9%	6.8%	<b>9.5%</b>	-	-
<b>Ordinary income</b>	1,770	2,066	<b>2,309</b>	243	11.8
Ratio to net sales	5.2%	5.3%	<b>7.4%</b>	-	-
<b>Profit</b>	1,276	1,314	<b>1,564</b>	250	19.1
Ratio to net sales	3.8%	3.4%	<b>5.0%</b>	-	-

## Progress of 2nd Medium-term Management Plan (by Business) Consolidated Results Targets

- Due to sales emphasizing profitability, sales of residential-type properties were significantly lower than the plan, and sales of investment-type properties were higher than the plan.
- Sales were significantly lower than the plan in the Real Estate Development Business and the Real Estate Specified Joint Business because of surges in prices of materials and labor cost and delays in increases in sales personnel.

million yen			FY2021 Results	FY2022		Relative to plan	
				Initial plan	Results	Change	Ratio(%)
Mains tay Busin ess	Purchase and Resale Business	Net sales	30,487	31,012	<b>27,797</b>	▲3,215	▲10.4
		Residential type properties	9,375	14,542	<b>10,856</b>	▲3,686	▲25.3
		Investment type properties	21,112	16,470	<b>16,941</b>	471	2.9
	Leasing Business	Net sales	2,008	2,029	<b>2,077</b>	47	2.3
Growth Busine sses	Development Business	Net sales	—	2,968	<b>184</b>	▲2,783	▲93.8
	Specified Joint Business	Net sales	1,201	2,409	<b>922</b>	▲1,486	▲61.7
Others		Net sales	258	427	<b>260</b>	▲167	▲39.1
Total		Net sales	33,956	38,847	<b>31,242</b>	▲7,605	▲19.6
		Gross profit	5,788	6,675	<b>7,150</b>	475	7.1
		Profit margin	17.0%	17.2%	<b>22.9%</b>	-	

※Sales of land are included in residential real estate

## Update of 2nd Medium-term Management Plan Consolidated Results Targets

- In FY2023, we plan to increase net sales, particularly in the sales business.
- In FY2022, profit rose, reflecting an emphasis on profitability due to the strong real estate market. In FY2023, we have factored market uncertainty into the plan.

million yen	FY2021 Results	FY2022 Results	FY2023		FY2024
			Initial plan	Revised plan	Plan(No change)
<b>Net sales</b>	33,956	31,242	44,660	<b>45,865</b>	53,224
Real Estate Trading Business	31,842	29,016	41,994	<b>43,372</b>	49,797
Real Estate Leasing and Other Business	2,113	2,226	2,666	<b>2,492</b>	3,427
<b>Operating income</b>	2,342	2,976	3,514	<b>3,625</b>	4,991
Ratio to net sales	6.9%	9.5%	7.9%	<b>7.9%</b>	9.4%
<b>Ordinary income</b>	1,770	2,309	2,919	<b>2,840</b>	4,411
Ratio to net sales	5.2%	7.4%	6.5%	<b>6.2%</b>	8.3%
<b>Profit</b>	1,276	1,564	1,856	<b>1,863</b>	2,805
Ratio to net sales	3.8%	5.0%	4.2%	<b>4.1%</b>	5.3%

## Update of 2nd Medium-term Management Plan (by Business) Consolidated Results Targets

- We revised downward our plans for the Real Estate Development Business and the Real Estate Specified Joint Business, which are growth businesses, due to rising materials prices and labor costs and delays in increases in personnel, but we revised upward the plan for the Purchase and Resale Business. Overall the revised plan is more than the initial plan.
- We have not revised the plan for FY2024.

million yen			FY2021 Results	FY2022 Results	FY2023		FY2024 Plan(No change)
					Initial plan	Revised plan	
Mainstay Business	Purchase and Resale Business	Net sales	30,487	27,797	33,048	<b>38,800</b>	37,830
		Residential type properties	9,375	10,856	18,144	<b>18,151</b>	20,604
		Investment type properties	21,112	16,941	14,904	<b>20,649</b>	17,226
	Leasing Business	Net sales	2,008	2,077	2,417	<b>2,363</b>	3,023
Growth Businesses	Development Business	Net sales	—	184	4,368	<b>2,771</b>	6,000
	Specified Joint Business	Net sales	1,201	922	4,095	<b>1,500</b>	5,300
Others		Net sales	258	260	730	<b>429</b>	1,071
Total	Net sales		33,956	31,242	44,660	<b>45,865</b>	53,224
	Gross profit		5,788	7,150	7,841	<b>8,714</b>	9,447
	Profit margin		17.0%	22.9%	17.6%	<b>19.0%</b>	17.8%

※Sales of land are included in residential real estate

## Progress of 2nd Medium-term Management Plan Key Performance Indicators

The Group strives to balance growth potential, efficiency, financial soundness and shareholder returns, while considering conformance to the Prime Market.



	FY2022 Results	FY2023 forecast
CAGR (Net sales)	-11.3%	14.7%
EPS growth rate	25.0%	19.0%
ROE	6.5%	7.4%
Inventory turnover	0.66	0.82
Equity ratio	31.6%	33.8%
Net DE ratio	1.28	1.22
Dividend payout ratio	30.0%	30.3%

## Progress of Business Portfolio Policy

Progress is delayed in the Real Estate Development Business and the Real Estate Specified Joint Business, as growth businesses, due to surging materials prices and labor cost and delays in increasing personnel. We will continue to assess the market environment.

### Net sales

FY2022 results

**31,242** million yen

Leasing Business,  
Development Business,  
Specified Joint  
Business and others

11%

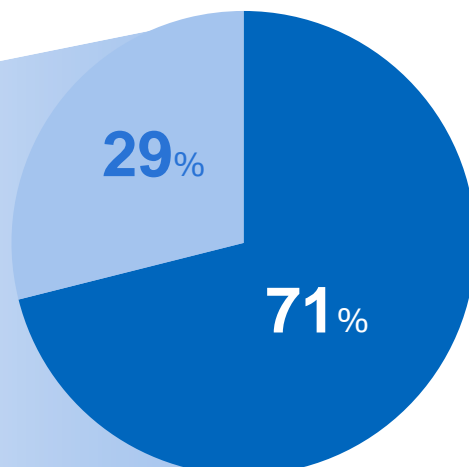


Purchase and  
Resale Business  
**89%**

FY2024 plan

**53,224** million yen

29%



**71%**

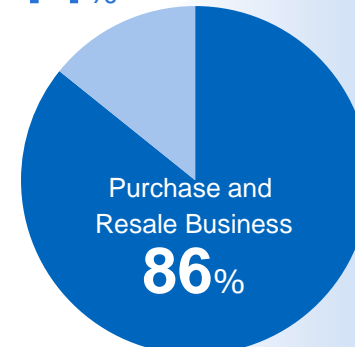
### Gross profit

FY2022 results

**7,150** million yen

Leasing Business,  
Development Business,  
Specified Joint  
Business and others

14%

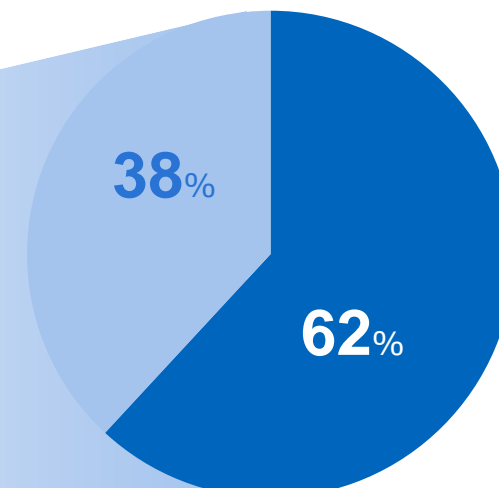


Purchase and  
Resale Business  
**86%**

FY2024 plan

**9,447** million yen

38%



**62%**

## Progress of Strengthening the Management Base

The Group implemented initiatives for strengthening the management base toward the goal of achieving the targets set in the 2nd Medium-Term Management Plan.

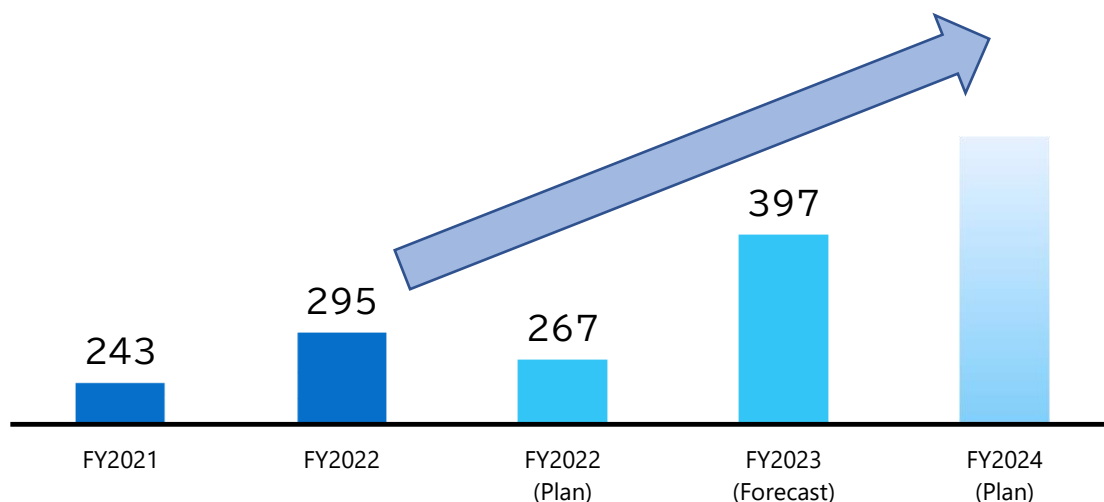
Recruitment, expansion and development of human resources / Strengthening corporate governance / Upgrading non-financial information

### Recruitment, Expansion and Development of Human Resources

#### ■ Staff expansion

The number of consolidated employees increased to 295 from 243 at the end of the previous fiscal year.

In FY2023, we will continue to actively recruit to further expand the number of employees and promote early training through our education program.



### Strengthening Corporate Governance

#### ■ A new executive officer system comes into play

From the end of the General Meeting of Shareholders in 2022, the new board of directors was approved and a new executive structure based on the executive officer system was started.

In addition, based on a report from the Nomination and Compensation Committee, the introduction of performance-linked compensation has begun, and we are promoting performance improvement from the perspective of our shareholders.

### Enhancement of non-financial information

#### ■ Sustainability Committee established

In July 2022, the Sustainability Committee was established as a voluntary body of the Board of Directors, expressing support for the TCFD recommendations in December 2022

The committee will develop an overall plan for the Company's sustainability activities, monitor progress, evaluate the status of achievement, and report and make recommendations to the Board of Directors on a regular basis



- We expressed our support for the TCFD recommendations in December 2022 and disclosed information based on the TCFD recommendations in February 2023.
- Our urgent issue for environmental related activities is to calculate Scope 3 emissions and setting goals.

### Our activities on TCFD recommendations

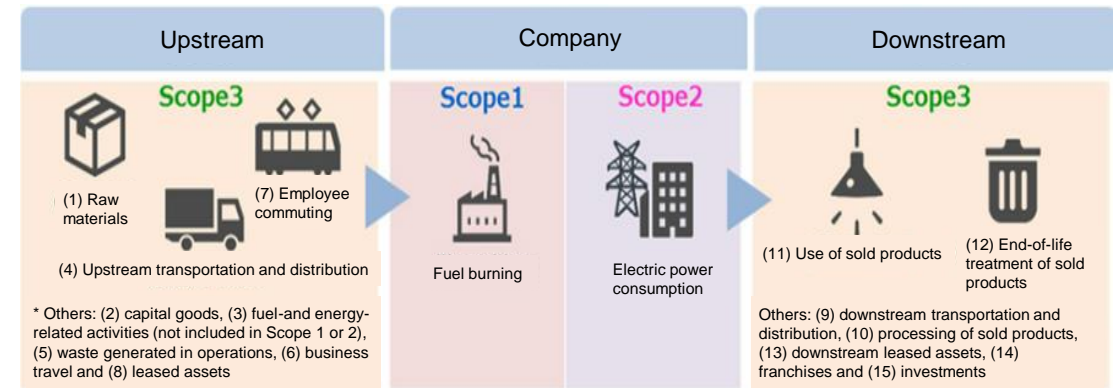
We expressed our support for the TCFD recommendations, and based on them, disclosed information on our response to climate change in the four aspects below. (For further information, please refer to the news release dated February 14, 2023.)

Disclosures	Item Details
Governance	Disclose the organization's governance around climate-related risks and opportunities
Strategy	Disclose the impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning
Risk Management	Disclose how the organization identifies, assesses and manages climate-related risks
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related opportunities



### Our activities on TCFD recommendations

We have calculated actual Scope 1 and Scope 2 emissions and set reduction targets. We will conduct a study on Scope 3 emissions as soon as possible and will reduce GHG emissions throughout the entire supply chain.



Source: Green Value Chain Platform on the MOE Website

- Establishing Human Resources Vision, “Model Employee”, and Human Resources Policy linked between the management strategy and the human resource strategy

**Human Resources Vision**

The driving force of MUGEN ESTATE Group is the self-motivated person having an ability to think independently, take challenges, and adapt to changes in business environment. We create the new value to the society by nurturing human resources who accept diverse values and have the integrity, great persistence, and strong will.

**Model Employee for the Company**



**Human Resources Policy**



- On July 14, 2022, the Sustainability Committee was established as a voluntary organization for the Board of Directors.

## Sustainability Committee

The committee examines and deliberates on the Group's sustainability issues, including climate change issues. It develops overall plans on sustainability activities, monitors progress, and evaluates results.

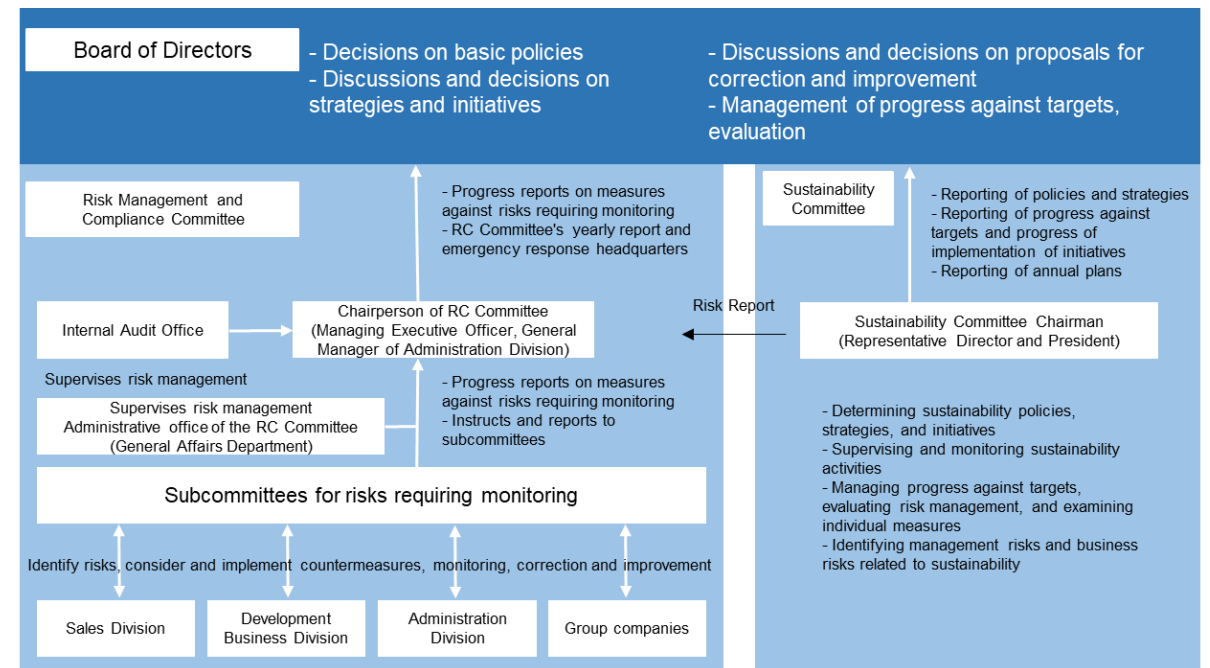
## Sustainability system diagram



## Risk Management and Compliance Committee

Risks identified by each department are assessed qualitatively and quantitatively and are reported to the Risk Management and Compliance Committee. In this way, they are subject to the overall Group's risk management.

## Risk management system diagram



**04**

**Appendix: Company Profile**

# Company Profile & History

## <Company Profile>

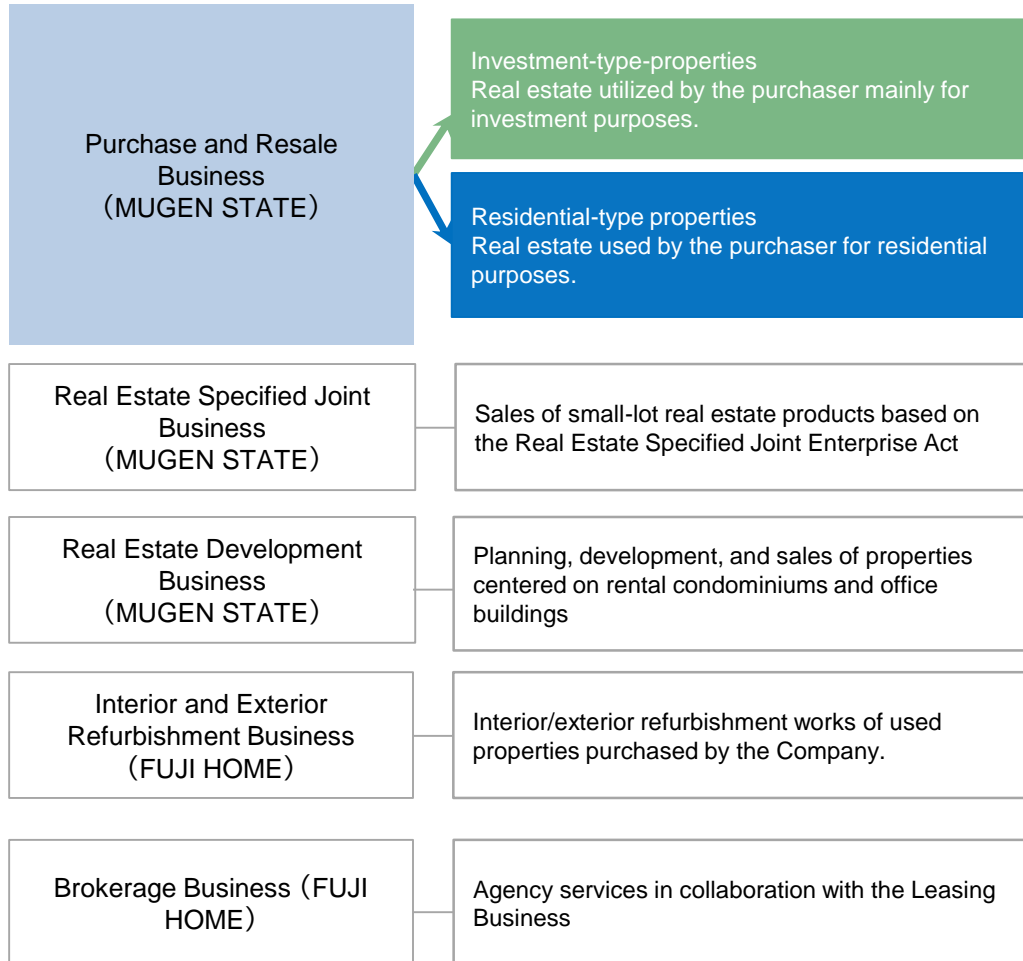
Corporate name	MUGEN ESTATE Co., Ltd.
Founded	May 1990
Representative	Susumu Fujita, Chairman Shinichi Fujita, President
Capital	2,552 million yen * as of Dec. 31, 2022
Financial period	The end of December
Stock market	Prime Market (3299:JP)
Number of employees	295 on a consolidated basis (average age 38.4) 221 on a non-consolidated basis (average age 37.9) * as of Dec. 31, 2022
Head office	1-9-7 Otemachi, Chiyoda-ku, Tokyo
Branches	Yokohama: 2nd Fl. Yokohama ST Building, 1-11-15 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa
Sales Office	Kitasenju Office Funabashi Office Ogikubo Office Akabane Office Ikebukuro Office Kamata Office
Consolidated subsidiary	FUJI HOME Co., Ltd. Mugen Funding Co., Ltd.

## <History>

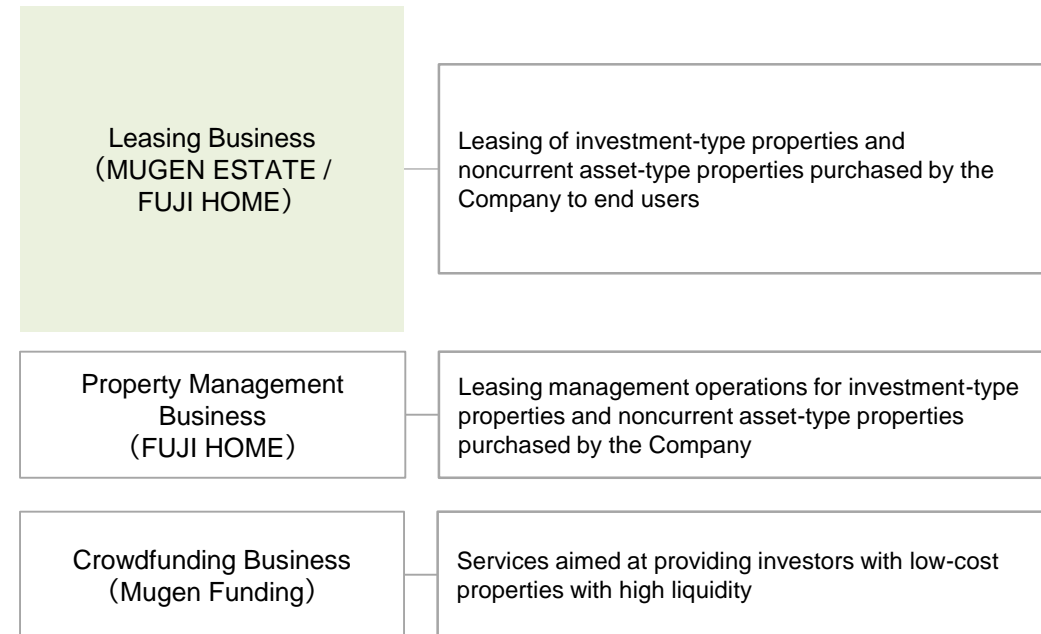
May 1990	MUGEN ESTATE founded
August 1997	Established FUJI HOME Co., Ltd. (Consolidated subsidiary)
July 2005	Registered as a first-class architect's office
May 2010	Change from the Building Lots and Buildings Transaction license to the Minister of Land, Infrastructure, Transport and Tourism
June 2010	Established Yokohama branch
June 2014	Listed on TSE Mothers
January 2015	Established Shinjuku branch
February 2016	Listed on TSE 1st Section
June 2018	Obtained the Real Estate Specified Joint Enterprise license from Tokyo Metropolitan Government
August 2018	Established Mugen Funding Co., Ltd. (Consolidated subsidiary)
May 2020	Moved head office to Otemachi, Chiyoda-ku, Tokyo Integrated Shinjuku branch into the head office Established Nihonbashi branch in Nihonbashihamacho, Chuo-ku, Tokyo
July 2020	Integrated Nihonbashi branch into the head office
September 2021	Kitasenju Sales Office in Senju, Adachi-ku, Tokyo
October 2021	Funabashi Sales Office in Honmachi, Funabashi City, Chiba Prefecture
November 2021	Ogikubo Sales Office in Ogikubo, Suginami-ku, Tokyo Akabane Sales Office in Akabane, Kita-ku, Tokyo
December 2021	Ikebukuro Sales Office in Nishi-Ikebukuro, Toshima-ku, Tokyo
April 2022	The listed market changed from TSE 1st Section to TSE Prime Market
December 2022	Kamata Sales Office opened in Kamata, Oota-ku, Tokyo

# Our Business

## Real Estate Trading Business



## Real Estate Leasing and Other Business



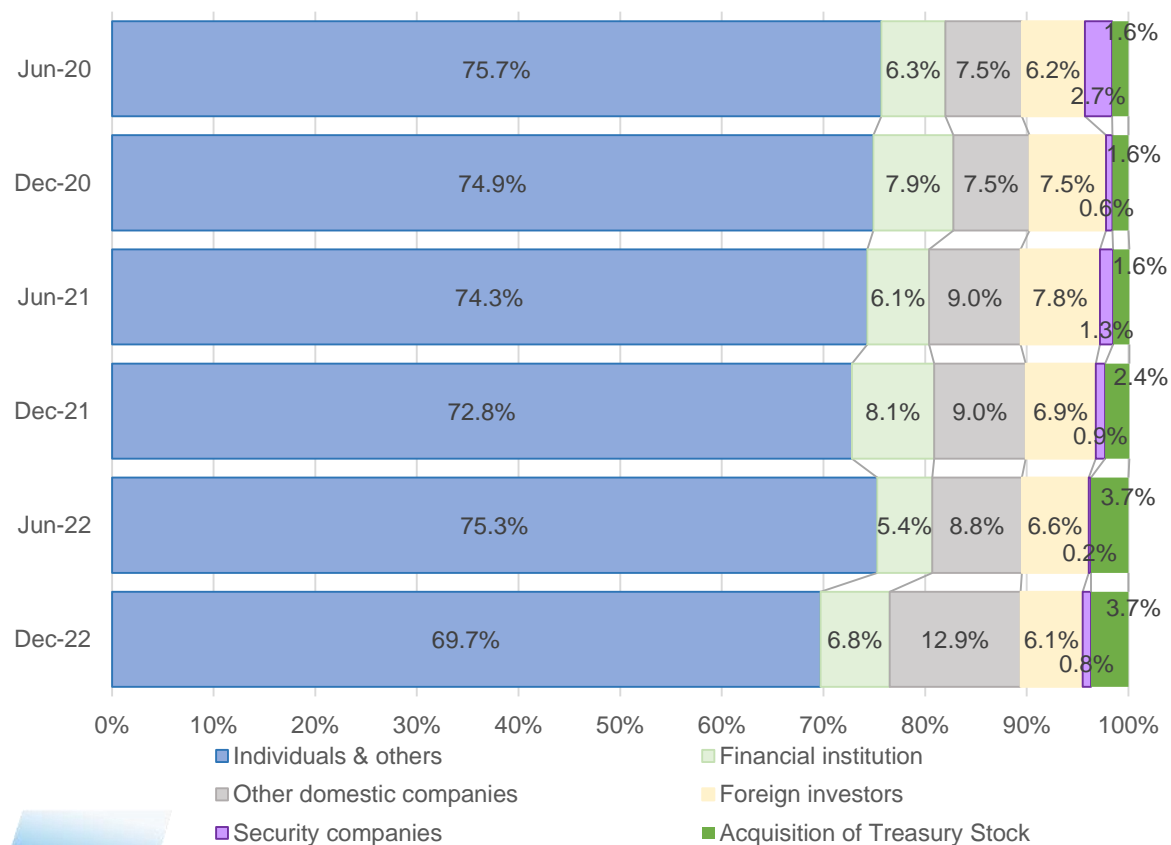
## Stock Information (As of Dec. 31, 2022)

Authorized number of shares : 64,000,000 shares

Number of shares issued : 24,361,000 shares

Number of shareholders : 30,817 people

### 【 Composition by number of shareholdings 】



### 【 Major shareholders 】

	Name	Number of shares held (shares)	(%)
1	Susumu Fujita	4,668,700	19.9
2	Shinichi Fujita	2,501,000	10.7
3	Dream Come True Co., Ltd.	1,700,000	7.2
4	Master Trust Bank of Japan, T.	1,293,600	5.5
5	Celanese Co., Ltd.	1,000,000	4.3
6	Yuriko Fujita	700,000	3.0
6	Yuka Fujita	700,000	3.0
8	Keiji Shoda	667,000	2.8
9	Yuko Shoda	655,000	2.8
10	MUGEN KIKAKU Co., Ltd.	360,000	1.5

\* The number of shares of treasury stock is not included in the chart above.  
The Company holds 897,325 treasury shares as of Dec. 31, 2022.  
Percentage of number of shares held is calculated based on the number of shares excluding treasury stock.



## 【Disclaimer】

- This presentation material is provided for information purposes only. It does not constitute a solicitation to invest.
- The forward-looking statements such as the forecasts of financial results included in this material are based on information that we have obtained and certain assumptions that we consider reasonable. We do not guarantee that we will achieve the forecasts. Actual results may differ from forecasts for a range of reasons. We do not assume any obligation to revise the forecasts in this material or publish them based on new information or future phenomena.
- As of the timing of publication of this material, the process of auditing consolidated financial statements pursuant to the Financial Instruments and Exchange Act is not finished.
- In this material, figures presented in units of a million yen are in principle rounded down to the nearest million yen, and ratios are also rounded down. Figures in units of less than one yen and percentage figures are rounded off.
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