

## MUGEN ESTATE (3299)

| Consolidated Fiscal Year<br>(Million Yen) | Sales  | Operating<br>Profit | Recurring<br>Profit | Profit Attributable to<br>Owners of Parent | EPS<br>(Yen) | DPS<br>(Yen) | BPS<br>(Yen) |
|---|--------|---------------------|---------------------|--|--------------|--------------|--------------|
| FY12/2020                                 | 34,858 | 2,465               | 1,785               | 599  | 24.98        | 10.00        | 939.11       |
| FY12/2021                                 | 33,956 | 2,342               | 1,770               | 1,276                                      | 53.25        | 15.00        | 986.47       |
| FY12/2022CoE                              | 38,847 | 2,624               | 2,066               | 1,314                                      | 56.33        | 17.00        | -            |
| FY12/2021                                 | YoY    | (2.6%)              | (5.0%)              | (0.8%)                                     | 113.0%       | -            | -            |
| FY12/2022CoE                              | YoY    | 14.4%               | 12.1%               | 16.7%                                      | 3.0%         | -            | -            |

Source: Company Data, WRJ Calculation

### 1.0 Results Update (18 February 2022)


#### Turnaround

On 14 February 2022, MUGEN ESTATE, running operations to purchase and resell secondhand real estate in Tokyo and three surrounding prefectures, released its FY12/2021 results. It has been revealed that the Company renews its corporate philosophy and newly sets mission of "Creating new value in real estate and taking on challenges to enrich the lives of all, making their dreams come true", while calling for a long-term growth as found in the second midterm management plan (FY12/2022 to FY12/2024) just formulated and announced, i.e., sales of ¥53,224m, operating profit of ¥4,991m and operating profit margin of 9.4% for FY12/2024, the final year of the plan. When setting the FY12/2021 results as the point of origin, this performance target suggests CAGR of 16.2% for prospective sales and 28.7% for operating profit, while operating profit margin to rise by 2.5% point during the period. While the Company had been taking a conservative stance towards purchasing properties by FY12/2021, it has recently begun to actively purchase mainly residential properties, currently going for purchase collectively equating ¥34,300m (up 53.8% YoY) for FY12/2022. It appears that such turnaround will be feeding through to performance for the Company as a whole. By the way, we are to interview with management so that we should be able to newly launch our Company Report in light of the content.

IR Representative: Norihito Hosokawa, Mgt Planning Dept (81-(0)3-6665-0583 / [ir@mugen-estate.co.jp](mailto:ir@mugen-estate.co.jp))

## 2.0 Company Profile

### Creating New Value in Real Estate

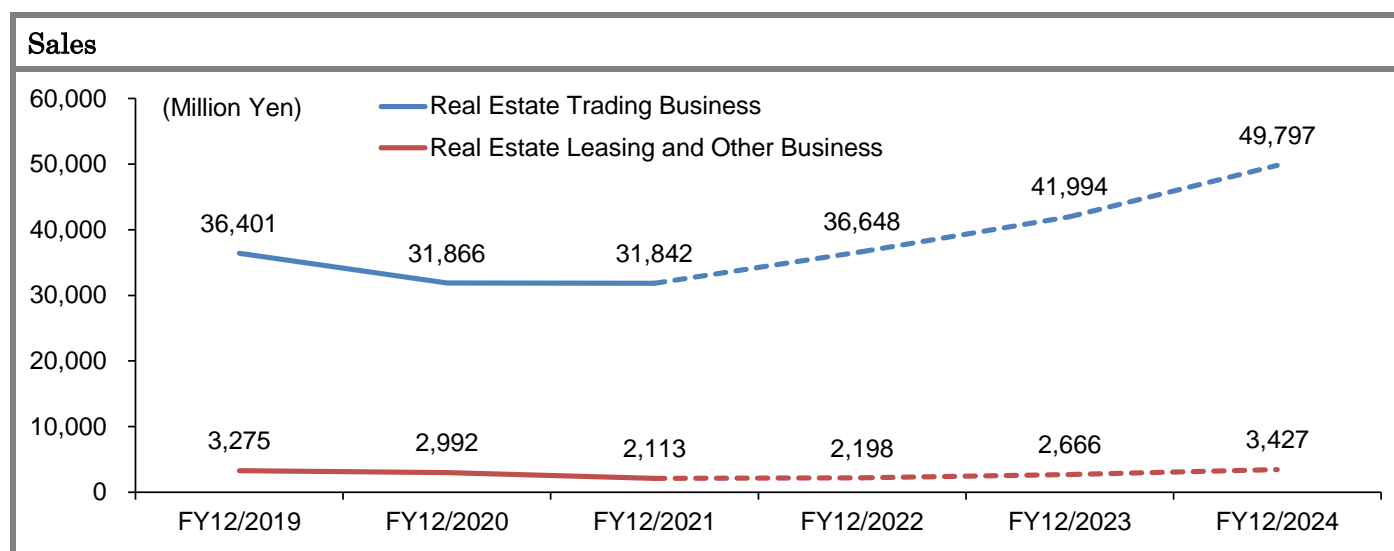
|                         |  |  |
|-------------------------|--|--|
| <b>Company Name</b>     | MUGEN ESTATE Co.,Ltd.<br><a href="#">Company Website</a><br><a href="#">IR Information</a><br><a href="#">Share Price (Japanese)</a>   | <br><b>MUGEN ESTATE</b> |
| <b>Established</b>      | 2 May 1990   |  |
| <b>Listing</b>          | (agenda) 4 April 2022: Tokyo Stock Exchange "prime market"<br>5 February 2016: Tokyo Stock Exchange 1st section (ticker: 3299)<br>18 June 2014: Tokyo Stock Exchange Mothers   |  |
| <b>Capital</b>          | ¥2,552m (as of the end of December 2021)   |  |
| <b>No. of Shares</b>    | 24,361,000 shares, including 585,709 treasury shares (as of the end of Dec. 2021)  |  |
| <b>Main Features</b>    | <ul style="list-style-type: none"> <li>● Operations in Tokyo, Kanagawa, Saitama and Chiba by prefecture</li> <li>● Solid capability to identify qualities of secondhand real estate and accumulation of knowhow</li> <li>● Purchasing and reselling via real estate brokerage firms</li> </ul> |  |
| <b>Segments</b>         | I . Real Estate Trading Business<br>II . Real Estate Leasing and Other Business  |  |
| <b>Representative</b>   | President: Shinichi Fujita / Chairperson: Susumu Fujita  |  |
| <b>Shareholders</b>     | Susumu Fujita 23.9%, Shinichi Fujita 10.4%, Dream Come True 7.2%, Mater Trust Bank of Japan, T. 6.3% (as of the end of December 2021, but for treasury shares)   |  |
| <b>Head Office</b>      | Chiyoda-ku, Tokyo, JAPAN   |  |
| <b>No. of Personnel</b> | Consolidated: 243, Parent: 176 (as of the end of December 2021)  |  |

Source: Company Data

## 3.0 Recent Trading and Prospects

### FY12/2021

In FY12/2021, sales came in at ¥33,956m (down 2.6% YoY), operating profit ¥2,342m (down 5.0%), recurring profit ¥1,770m (down 0.8%) and profit attributable to owners of parent ¥1,276m (up 113.0%), while operating profit margin 6.9% (down 0.2% points). Profit attributable to owners of parent surged as the impacts on income taxes-deferred as a result of the release of valuation allowances on deferred tax assets, occurred for FY12/2020, did not reappear.



Source: Company Data, WRJ Calculation

#### Real Estate Trading Business (purchase and resale of secondhand real estate)

Sales came in at ¥31,842m (down 0.1%), segment profit ¥3,119m (up 10.9%) and segment profit margin 9.8% (up 1.0% point), having accounted for 80.9% of segment profit for the Company as a whole. Sales have been sluggish, but segment profit margin has improved due to the success of implementing sales policy to emphasize profitability, according to the Company.

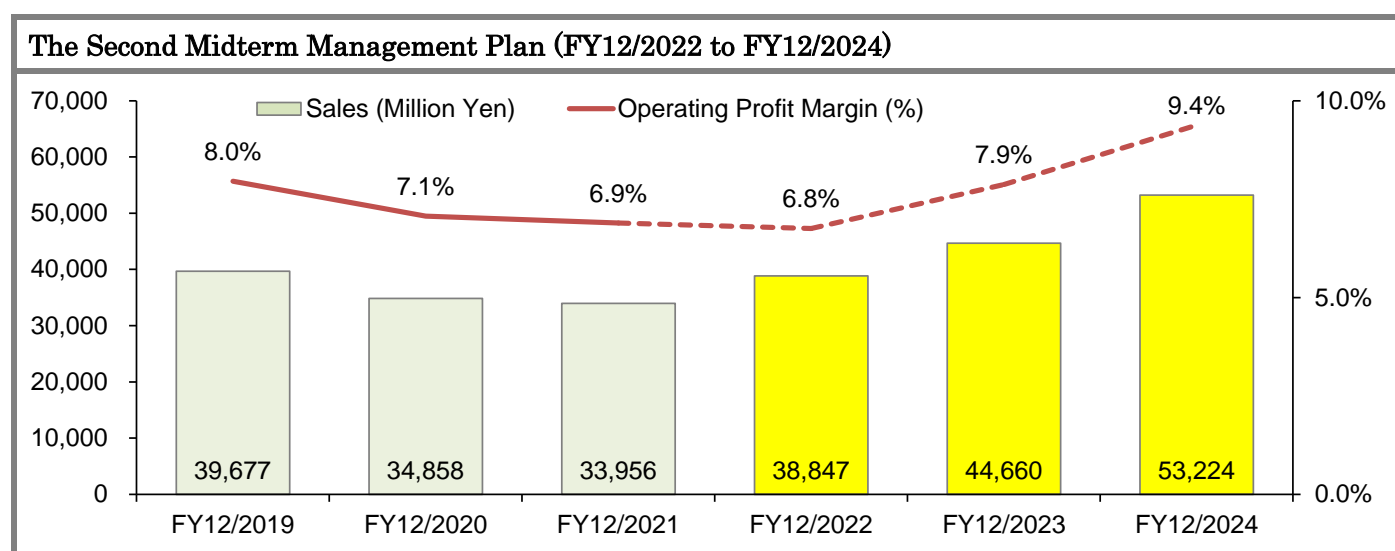
Sales comprised those of ¥24,638m (down 4.9%) for investment-oriented properties and ¥7,051m (up 21.4%) for residential properties. With respect to investment-oriented properties, the Company did see some large-sized deals, but sales as a whole were inevitably sluggish due mainly to the above-mentioned sales policy. More importantly, however, the Company has been seeing a major increase in sales of residential properties, where it steadily captures actual demand for secondhand condominiums and detached housings from move-up buyers, which is driven by the expansion of Corona crisis. At the same time, the Company also anticipates significant growth potential here from a long-term perspective, having newly set up 5 business offices dedicated to purchase and resale of residential properties for FY12/2021 and started operations in Ogikubo, Ikebukuro, Akabane, Kita-Senju and Funabashi. For FY12/2022, all of them are expected to contribute on a full-year basis.

## Real Estate Leasing and Other Business

Sales came in at ¥2,113m (down 29.4%), segment profit ¥736m (down 33.3%) and segment profit margin 34.8% (down 2.0% points), having accounted for 19.1% of segment profit for the Company as a whole. Income from rent, accounting for the bulk of sales, has declined and thus segment profit margin. The Company sees income from rent here basically stemming from properties held as inventory of investment-oriented properties on the Real Estate Trading Business side (real estate for sale), while the level has declined for FY12/2021. Nevertheless, the Company says that it is to actively purchase so-called prime assets, for FY12/2022 and thereafter, that are supposed to be held from a long-term perspective for the sake of gaining income from rent. This is expected to result in steady increase in sales for the future.

### FY12/2022 Company Forecasts

FY12/2022 Company forecasts are going for prospective sales of ¥38,847m (up 14.4% YoY), operating profit of ¥2,642m (up 12.1%), recurring profit of ¥2,066m (up 16.7%) and profit attributable to owners of parent of ¥1,314m (up 3.0%), while operating profit margin of 6.8% (down 0.1% point). At the same time, Company forecasts are going for prospective annual dividend of ¥17.00 per share, implying payout ratio of 30.2%.



Source: Company Data, WRJ Calculation

Meanwhile, the Company is also calling for ongoing strengths in sales from a long-term perspective, looking to the Real Estate Trading Business side in particular as the key contributor. This is because the Company expects new operations to develop properties and to make up small-lot real estate products (securitization of real estate) to consistently increase their add-on sales on top of those of the existing operations.

# 4.0 Financial Statements

## Income Statement (Cumulative/Quarterly)

| Income Statement                               | Cons.Act     | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act | YoY          |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|--------------|
| (Million Yen)                                  | Q1           | Q1 to Q2      | Q1 to Q3      | Q1 to Q4      | Q1            | Q1 to Q2      | Q1 to Q3      | Q1 to Q4      | Net Chg. |              |
|  | 12/2020      | 12/2020       | 12/2020       | 12/2020       | 12/2021       | 12/2021       | 12/2021       | 12/2021       |          |              |
| <b>Sales</b>                                   | <b>9,298</b> | <b>14,262</b> | <b>21,857</b> | <b>34,858</b> | <b>10,241</b> | <b>17,795</b> | <b>26,541</b> | <b>33,956</b> |          | <b>(902)</b> |
| Cost of Sales                                  | 7,886        | 11,754        | 17,965        | 28,994        | 8,774         | 14,913        | 22,221        | 28,168        |          | (826)        |
| Gross Profit                                   | 1,412        | 2,507         | 3,892         | 5,864         | 1,466         | 2,882         | 4,320         | 5,788         |          | (76)         |
| SG&A Expenses                                  | 859          | 1,695         | 2,472         | 3,398         | 809           | 1,563         | 2,466         | 3,445         |          | +47          |
| <b>Operating Profit</b>                        | <b>553</b>   | <b>812</b>    | <b>1,419</b>  | <b>2,465</b>  | <b>657</b>    | <b>1,318</b>  | <b>1,853</b>  | <b>2,342</b>  |          | <b>(123)</b> |
| Non Operating Balance                          | (176)        | (354)         | (510)         | (680)         | (141)         | (268)         | (411)         | (572)         |          | +108         |
| <b>Recurring Profit</b>                        | <b>377</b>   | <b>458</b>    | <b>909</b>    | <b>1,785</b>  | <b>516</b>    | <b>1,050</b>  | <b>1,442</b>  | <b>1,770</b>  |          | <b>(15)</b>  |
| Extraordinary Balance                          | -            | 28            | 30            | 23            | -             | 6             | 6             | 6             |          | (17)         |
| Profit before Income Taxes                     | 377          | 486           | 939           | 1,808         | 516           | 1,056         | 1,448         | 1,776         |          | (32)         |
| Total Income Taxes                             | 126          | 153           | 972           | 1,209         | 167           | 318           | 377           | 500           |          | (709)        |
| <b>Profit Attributable to Owners of Parent</b> | <b>251</b>   | <b>333</b>    | <b>(32)</b>   | <b>599</b>    | <b>348</b>    | <b>737</b>    | <b>1,071</b>  | <b>1,276</b>  |          | <b>+677</b>  |
| Sales YoY                                      | +5.4%        | (24.1%)       | (27.2%)       | (12.1%)       | +10.1%        | +24.8%        | +21.4%        | (2.6%)        |          | -            |
| Operating Profit YoY                           | (23.9%)      | (50.8%)       | (48.6%)       | (21.9%)       | +18.8%        | +62.3%        | +30.6%        | (5.0%)        |          | -            |
| Recurring Profit YoY                           | (32.9%)      | (65.3%)       | (60.1%)       | (28.4%)       | +36.8%        | +129.2%       | +58.6%        | (0.8%)        |          | -            |
| Profit Attributable to Owners of Parent YoY    | (34.8%)      | (63.2%)       | -             | (64.5%)       | +38.5%        | +121.0%       | -             | +113.0%       |          | -            |
| Gross Profit Margin                            | 15.2%        | 17.6%         | 17.8%         | 16.8%         | 14.3%         | 16.2%         | 16.3%         | 17.0%         |          | +0.2%        |
| Sales to SG&A Expenses Ratio                   | 9.2%         | 11.9%         | 11.3%         | 9.7%          | 7.9%          | 8.8%          | 9.3%          | 10.1%         |          | +0.4%        |
| Operating Profit Margin                        | 5.9%         | 5.7%          | 6.5%          | 7.1%          | 6.4%          | 7.4%          | 7.0%          | 6.9%          |          | (0.2%)       |
| Recurring Profit Margin                        | 4.1%         | 3.2%          | 4.2%          | 5.1%          | 5.0%          | 5.9%          | 5.4%          | 5.2%          |          | +0.1%        |
| Profit Attributable to Owners of Parent Margin | 2.7%         | 2.3%          | (0.1%)        | 1.7%          | 3.4%          | 4.1%          | 4.0%          | 3.8%          |          | +2.0%        |
| Total Income Taxes/Profit before Income Taxes  | 33.4%        | 31.5%         | 103.5%        | 66.9%         | 32.4%         | 30.1%         | 26.0%         | 28.2%         |          | (38.7%)      |

| Income Statement                               | Cons.Act     | Cons.Act     | Cons.Act     | Cons.Act      | Cons.Act      | Cons.Act     | Cons.Act     | Cons.Act     | Cons.Act | YoY            |
|--|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|----------|----------------|
| (Million Yen)                                  | Q1           | Q2           | Q3           | Q4            | Q1            | Q2           | Q3           | Q4           | Net Chg. |                |
|  | 12/2020      | 12/2020      | 12/2020      | 12/2020       | 12/2021       | 12/2021      | 12/2021      | 12/2021      |          |                |
| <b>Sales</b>                                   | <b>9,298</b> | <b>4,964</b> | <b>7,595</b> | <b>13,001</b> | <b>10,241</b> | <b>7,554</b> | <b>8,746</b> | <b>7,415</b> |          | <b>(5,586)</b> |
| Cost of Sales                                  | 7,886        | 3,868        | 6,211        | 11,029        | 8,774         | 6,139        | 7,308        | 5,947        |          | (5,082)        |
| Gross Profit                                   | 1,412        | 1,095        | 1,385        | 1,972         | 1,466         | 1,416        | 1,438        | 1,468        |          | (504)          |
| SG&A Expenses                                  | 859          | 836          | 777          | 926           | 809           | 754          | 903          | 979          |          | +53            |
| <b>Operating Profit</b>                        | <b>553</b>   | <b>259</b>   | <b>607</b>   | <b>1,046</b>  | <b>657</b>    | <b>661</b>   | <b>535</b>   | <b>489</b>   |          | <b>(557)</b>   |
| Non Operating Balance                          | (176)        | (178)        | (156)        | (170)         | (141)         | (127)        | (143)        | (161)        |          | +9             |
| <b>Recurring Profit</b>                        | <b>377</b>   | <b>81</b>    | <b>451</b>   | <b>876</b>    | <b>516</b>    | <b>534</b>   | <b>392</b>   | <b>328</b>   |          | <b>(548)</b>   |
| Extraordinary Balance                          | -            | 28           | 2            | (7)           | -             | 6            | -            | -            |          | +7             |
| Profit before Income Taxes                     | 377          | 109          | 453          | 869           | 516           | 540          | 392          | 328          |          | (541)          |
| Total Income Taxes                             | 126          | 27           | 819          | 237           | 167           | 151          | 59           | 123          |          | (114)          |
| <b>Profit Attributable to Owners of Parent</b> | <b>251</b>   | <b>82</b>    | <b>(365)</b> | <b>631</b>    | <b>348</b>    | <b>389</b>   | <b>334</b>   | <b>205</b>   |          | <b>(426)</b>   |
| Sales YoY                                      | +5.4%        | (50.2%)      | (32.4%)      | +34.9%        | +10.1%        | +52.2%       | +15.2%       | (43.0%)      |          | -              |
| Operating Profit YoY                           | (23.9%)      | (72.0%)      | (45.5%)      | +166.2%       | +18.8%        | +155.2%      | (11.9%)      | (53.3%)      |          | -              |
| Recurring Profit YoY                           | (32.9%)      | (89.3%)      | (52.8%)      | +305.6%       | +36.8%        | +559.3%      | (13.1%)      | (62.6%)      |          | -              |
| Profit Attributable to Owners of Parent YoY    | (34.8%)      | (84.3%)      | -            | +260.6%       | +38.5%        | +374.4%      | -            | (67.5%)      |          | -              |
| Gross Profit Margin                            | 15.2%        | 22.1%        | 18.2%        | 15.2%         | 14.3%         | 18.7%        | 16.4%        | 19.8%        |          | +4.6%          |
| Sales to SG&A Expenses Ratio                   | 9.2%         | 16.8%        | 10.2%        | 7.1%          | 7.9%          | 10.0%        | 10.3%        | 13.2%        |          | +6.1%          |
| Operating Profit Margin                        | 5.9%         | 5.2%         | 8.0%         | 8.0%          | 6.4%          | 8.8%         | 6.1%         | 6.6%         |          | (1.5%)         |
| Recurring Profit Margin                        | 4.1%         | 1.6%         | 5.9%         | 6.7%          | 5.0%          | 7.1%         | 4.5%         | 4.4%         |          | (2.3%)         |
| Profit Attributable to Owners of Parent Margin | 2.7%         | 1.7%         | (4.8%)       | 4.9%          | 3.4%          | 5.1%         | 3.8%         | 2.8%         |          | (2.1%)         |
| Total Income Taxes/Profit before Income Taxes  | 33.4%        | 24.8%        | 180.8%       | 27.3%         | 32.4%         | 28.0%        | 15.1%        | 37.5%        |          | +10.2%         |

Source: Company Data, WRJ Calculation

## Segmented Information (Cumulative/Quarterly)

| Segmented Information          | Cons.Act     | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act | YoY           |
|--------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|---------------|
|                                | Q1           | Q1 to Q2      | Q1 to Q3      | Q1 to Q4      | Q1            | Q1 to Q2      | Q1 to Q3      | Q1 to Q4      | YoY      |               |
| (Million Yen)                  | 12/2020      | 12/2020       | 12/2020       | 12/2020       | 12/2021       | 12/2021       | 12/2021       | 12/2021       | 12/2021  | Net Chg.      |
| Real Estate Trading            | 8,525        | 12,717        | 19,548        | 31,866        | 9,668         | 16,721        | 24,960        | 31,842        |          | (24)          |
| Real Estate Leasing and Other  | 773          | 1,544         | 2,309         | 2,992         | 573           | 1,074         | 1,581         | 2,113         |          | (879)         |
| <b>Sales</b>                   | <b>9,298</b> | <b>14,262</b> | <b>21,857</b> | <b>34,858</b> | <b>10,241</b> | <b>17,795</b> | <b>26,541</b> | <b>33,956</b> |          | <b>(902)</b>  |
| Real Estate Trading            | 681          | 1,006         | 1,642         | 2,812         | 771           | 1,584         | 2,404         | 3,119         |          | +307          |
| Real Estate Leasing and Other  | 244          | 558           | 867           | 1,103         | 207           | 380           | 552           | 736           |          | (367)         |
| <b>Segment Profit</b>          | <b>925</b>   | <b>1,564</b>  | <b>2,510</b>  | <b>3,916</b>  | <b>978</b>    | <b>1,964</b>  | <b>2,956</b>  | <b>3,855</b>  |          | <b>(61)</b>   |
| Adjustment                     | (372)        | (752)         | (1,090)       | (1,450)       | (321)         | (646)         | (1,102)       | (1,513)       |          | (63)          |
| <b>Operating Profit</b>        | <b>553</b>   | <b>812</b>    | <b>1,419</b>  | <b>2,465</b>  | <b>657</b>    | <b>1,318</b>  | <b>1,853</b>  | <b>2,342</b>  |          | <b>(123)</b>  |
| Real Estate Trading            | 8.0%         | 7.9%          | 8.4%          | 8.8%          | 8.0%          | 9.5%          | 9.6%          | 9.8%          |          | +1.0%         |
| Real Estate Leasing and Other  | 31.6%        | 36.1%         | 37.5%         | 36.9%         | 36.1%         | 35.4%         | 34.9%         | 34.8%         |          | (2.0%)        |
| Adjustment                     | (4.0%)       | (5.3%)        | (5.0%)        | (4.2%)        | (3.1%)        | (3.6%)        | (4.2%)        | (4.5%)        |          | (0.3%)        |
| <b>Operating Profit Margin</b> | <b>5.9%</b>  | <b>5.7%</b>   | <b>6.5%</b>   | <b>7.1%</b>   | <b>6.4%</b>   | <b>7.4%</b>   | <b>7.0%</b>   | <b>6.9%</b>   |          | <b>(0.2%)</b> |

| Segmented Information          | Cons.Act     | Cons.Act     | Cons.Act     | Cons.Act      | Cons.Act      | Cons.Act     | Cons.Act     | Cons.Act     | Cons.Act | YoY            |
|--------------------------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|----------|----------------|
|                                | Q1           | Q2           | Q3           | Q4            | Q1            | Q2           | Q3           | Q4           | YoY      |                |
| (Million Yen)                  | 12/2020      | 12/2020      | 12/2020      | 12/2020       | 12/2021       | 12/2021      | 12/2021      | 12/2021      | 12/2021  | Net Chg.       |
| Real Estate Trading            | 8,525        | 4,192        | 6,831        | 12,318        | 9,668         | 7,053        | 8,239        | 6,882        |          | (5,436)        |
| Real Estate Leasing and Other  | 773          | 771          | 765          | 683           | 573           | 501          | 507          | 532          |          | (151)          |
| <b>Sales</b>                   | <b>9,298</b> | <b>4,964</b> | <b>7,595</b> | <b>13,001</b> | <b>10,241</b> | <b>7,554</b> | <b>8,746</b> | <b>7,415</b> |          | <b>(5,586)</b> |
| Real Estate Trading            | 681          | 325          | 636          | 1,170         | 771           | 813          | 820          | 715          |          | (455)          |
| Real Estate Leasing and Other  | 244          | 314          | 309          | 236           | 207           | 173          | 172          | 184          |          | (52)           |
| <b>Segment Profit</b>          | <b>925</b>   | <b>639</b>   | <b>946</b>   | <b>1,406</b>  | <b>978</b>    | <b>986</b>   | <b>992</b>   | <b>899</b>   |          | <b>(507)</b>   |
| Adjustment                     | (372)        | (380)        | (338)        | (360)         | (321)         | (325)        | (456)        | (411)        |          | (51)           |
| <b>Operating Profit</b>        | <b>553</b>   | <b>259</b>   | <b>607</b>   | <b>1,046</b>  | <b>657</b>    | <b>661</b>   | <b>535</b>   | <b>489</b>   |          | <b>(557)</b>   |
| Real Estate Trading            | 8.0%         | 7.8%         | 9.3%         | 9.5%          | 8.0%          | 11.5%        | 10.0%        | 10.4%        |          | +0.9%          |
| Real Estate Leasing and Other  | 31.6%        | 40.7%        | 40.4%        | 34.6%         | 36.1%         | 34.5%        | 33.9%        | 34.6%        |          | +0.0%          |
| Adjustment                     | (4.0%)       | (7.7%)       | (4.5%)       | (2.8%)        | (3.1%)        | (4.3%)       | (5.2%)       | (5.5%)       |          | (2.8%)         |
| <b>Operating Profit Margin</b> | <b>5.9%</b>  | <b>5.2%</b>  | <b>8.0%</b>  | <b>8.0%</b>   | <b>6.4%</b>   | <b>8.8%</b>  | <b>6.1%</b>  | <b>6.6%</b>  |          | <b>(1.5%)</b>  |

Source: Company Data, WRJ Calculation

## Balance Sheet (Quarterly)

| Balance Sheet<br>(Million Yen)            | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act       | YoY<br>Net Chg. |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------|
|   | Q1<br>12/2020 | Q2<br>12/2020 | Q3<br>12/2020 | Q4<br>12/2020 | Q1<br>12/2021 | Q2<br>12/2021 | Q3<br>12/2021 | Q4<br>12/2021 |                |                 |
| Cash and Deposit                          | 13,783        | 12,180        | 12,771        | 16,065        | 17,371        | 17,348        | 18,392        | 17,565        | +1,500         |                 |
| Accounts Receivables                      | 24            | 22            | 30            | 16            | 12            | 19            | 21            | 19            | +3             |                 |
| Real Estate for Sale                      | 51,143        | 52,953        | 50,077        | 41,337        | 34,912        | 35,885        | 34,617        | 35,463        | (5,874)        |                 |
| Real Estate for Sale in Process           | 157           | 94            | 110           | 283           | 405           | 375           | 498           | 630           | +347           |                 |
| Other                                     | 497           | 474           | 268           | 236           | 547           | 471           | 479           | 727           | +491           |                 |
| <b>Current Assets</b>                     | <b>65,604</b> | <b>65,723</b> | <b>63,256</b> | <b>57,937</b> | <b>53,247</b> | <b>54,098</b> | <b>54,007</b> | <b>54,404</b> | <b>(3,533)</b> |                 |
| Tangible Assets                           | 2,875         | 3,292         | 3,425         | 3,838         | 3,856         | 3,817         | 6,992         | 7,614         | +3,776         |                 |
| Intangible Assets                         | 85            | 83            | 82            | 83            | 81            | 79            | 77            | 85            | +2             |                 |
| Investments and Other Assets              | 1,170         | 1,159         | 673           | 583           | 544           | 544           | 605           | 631           | +48            |                 |
| <b>Fixed Assets</b>                       | <b>4,131</b>  | <b>4,535</b>  | <b>4,181</b>  | <b>4,504</b>  | <b>4,482</b>  | <b>4,441</b>  | <b>7,676</b>  | <b>8,331</b>  | <b>+3,827</b>  |                 |
| <b>Deferred Assets</b>                    | <b>52</b>     | <b>47</b>     | <b>45</b>     | <b>45</b>     | <b>43</b>     | <b>44</b>     | <b>44</b>     | <b>41</b>     | <b>(4)</b>     |                 |
| <b>Total Assets</b>                       | <b>69,788</b> | <b>70,306</b> | <b>67,482</b> | <b>62,487</b> | <b>57,774</b> | <b>58,585</b> | <b>61,728</b> | <b>62,778</b> | <b>+291</b>    |                 |
| Accounts Payables                         | 443           | 373           | 337           | 216           | 223           | 284           | 342           | 361           | +145           |                 |
| Short Term Debt                           | 3,252         | 3,037         | 2,564         | 2,050         | 2,236         | 2,015         | 3,609         | 4,739         | +2,689         |                 |
| Current Portion of Bonds Payable          | 1,232         | 1,172         | 810           | 860           | 780           | 842           | 792           | 727           | (133)          |                 |
| Current Portion of Long-term Debt         | 8,336         | 7,918         | 7,508         | 6,192         | 5,484         | 4,030         | 3,836         | 4,982         | (1,210)        |                 |
| Other                                     | 944           | 974           | 1,292         | 1,819         | 1,412         | 1,369         | 1,156         | 1,359         | (460)          |                 |
| <b>Current Liabilities</b>                | <b>14,207</b> | <b>13,474</b> | <b>12,511</b> | <b>11,137</b> | <b>10,135</b> | <b>8,540</b>  | <b>9,735</b>  | <b>12,168</b> | <b>+1,031</b>  |                 |
| Bonds Payable                             | 3,425         | 3,345         | 3,197         | 3,307         | 3,172         | 3,300         | 3,265         | 3,219         | (88)           |                 |
| Long Term Debt                            | 28,989        | 30,263        | 28,938        | 24,713        | 21,092        | 22,968        | 24,591        | 23,192        | (1,521)        |                 |
| Other                                     | 874           | 883           | 862           | 724           | 660           | 667           | 694           | 652           | (72)           |                 |
| <b>Fixed Liabilities</b>                  | <b>33,288</b> | <b>34,491</b> | <b>32,997</b> | <b>28,744</b> | <b>24,924</b> | <b>26,935</b> | <b>28,550</b> | <b>27,063</b> | <b>(1,681)</b> |                 |
| <b>Total Liabilities</b>                  | <b>47,495</b> | <b>47,966</b> | <b>45,509</b> | <b>39,882</b> | <b>35,059</b> | <b>35,476</b> | <b>38,285</b> | <b>39,232</b> | <b>(650)</b>   |                 |
| <b>Shareholders' Equity</b>               | <b>22,171</b> | <b>22,253</b> | <b>21,886</b> | <b>22,518</b> | <b>22,627</b> | <b>23,016</b> | <b>23,350</b> | <b>23,453</b> | <b>+935</b>    |                 |
| Other                                     | 121           | 87            | 87            | 87            | 87            | 93            | 92            | 93            | +6             |                 |
| <b>Net Assets</b>                         | <b>22,292</b> | <b>22,340</b> | <b>21,973</b> | <b>22,605</b> | <b>22,714</b> | <b>23,109</b> | <b>23,442</b> | <b>23,546</b> | <b>+941</b>    |                 |
| <b>Total Liabilities &amp; Net Assets</b> | <b>69,788</b> | <b>70,306</b> | <b>67,482</b> | <b>62,487</b> | <b>57,774</b> | <b>58,585</b> | <b>61,728</b> | <b>62,778</b> | <b>+291</b>    |                 |
| Equity Capital                            | 22,171        | 22,253        | 21,886        | 22,518        | 22,627        | 23,016        | 23,350        | 23,453        | +935           |                 |
| Interest Bearing Debt                     | 45,234        | 45,735        | 43,017        | 37,122        | 32,764        | 33,155        | 36,093        | 36,859        | (263)          |                 |
| Net Debt                                  | 31,451        | 33,555        | 30,246        | 21,057        | 15,393        | 15,807        | 17,701        | 19,294        | (1,763)        |                 |
| Equity Ratio                              | 31.8%         | 31.7%         | 32.4%         | 36.0%         | 39.2%         | 39.3%         | 37.8%         | 37.4%         | -              |                 |
| Net Debt Equity Ratio                     | 141.9%        | 150.8%        | 138.2%        | 93.5%         | 68.0%         | 68.7%         | 75.8%         | 82.3%         | -              |                 |
| ROE (12 months)                           | 7.1%          | 5.0%          | 0.6%          | 2.6%          | 3.1%          | 4.4%          | 7.5%          | 5.6%          | -              |                 |
| ROA (12 months)                           | 3.4%          | 2.4%          | 1.7%          | 2.7%          | 3.0%          | 3.7%          | 3.6%          | 2.8%          | -              |                 |
| Days for Inventory Turnover               | 593           | 1,251         | 737           | 344           | 367           | 538           | 438           | 553           | -              |                 |
| Quick Ratio                               | 97%           | 91%           | 102%          | 144%          | 172%          | 203%          | 189%          | 145%          | -              |                 |
| Current Ratio                             | 462%          | 488%          | 506%          | 520%          | 525%          | 633%          | 555%          | 447%          | -              |                 |

Source: Company Data, WRJ Calculation

## Cash Flow Statement (Cumulative)

| Cash Flow Statement<br>(Million Yen)               | Cons.Act      | Cons.Act            | Cons.Act            | Cons.Act            | Cons.Act      | Cons.Act            | Cons.Act            | Cons.Act            | Cons.Act       | YoY<br>Net Chg. |
|--|---------------|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|----------------|-----------------|
|  | Q1<br>12/2020 | Q1 to Q2<br>12/2020 | Q1 to Q3<br>12/2020 | Q1 to Q4<br>12/2020 | Q1<br>12/2021 | Q1 to Q2<br>12/2021 | Q1 to Q3<br>12/2021 | Q1 to Q4<br>12/2021 |                |                 |
| Operating Cash Flow                                | -             | (2,217)             | -                   | 10,981              | -             | 5,519               | -                   | 3,307               | (7,674)        |                 |
| Investing Cash Flow                                | -             | (1,392)             | -                   | (1,944)             | -             | (168)               | -                   | (1,218)             | +726           |                 |
| <b>Operating Cash Flow and Investing Cash Flow</b> | <b>-</b>      | <b>(3,609)</b>      | <b>-</b>            | <b>9,037</b>        | <b>-</b>      | <b>5,351</b>        | <b>-</b>            | <b>2,089</b>        | <b>(6,948)</b> |                 |
| Financing Cash Flow                                | -             | 1,967               | -                   | (6,656)             | -             | (4,215)             | -                   | (621)               | +6,035         |                 |

Source: Company Data, WRJ Calculation

**Disclaimer**

---

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: <https://walden.co.jp/>

E-mail: [info@walden.co.jp](mailto:info@walden.co.jp)

Tel: 81-(0)3-3553-3769

---