



## Summary of Accounts for Fiscal Year Ended December 2020 (Japanese GAAP) (Consolidated)

January 28, 2021

Name of listed company: ES-CON JAPAN Ltd.	Listing exchange: Tokyo Stock Exchange
Code: 8892	URL: <a href="https://www.es-conjapan.co.jp">https://www.es-conjapan.co.jp</a>
Representative: (Name) Takatoshi Ito (Position)	President & Representative Director
Contact for inquiries: (Name) Minoru Nakanishi (Position)	Senior Managing Director TEL: 06 (6223) 8055
Scheduled date for next regular general meeting of shareholders:	March 26, 2021
Scheduled date for submission of periodic securities report:	March 29, 2021
Scheduled date for start of dividend payment:	March 29, 2021
Supplementary explanatory materials created for accounts? Yes/No: No	
Accounts briefing meeting held? Yes/No: Yes (for institutional investors and analysts)	

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated results for fiscal year ended December 2020 (from January 1, 2020 to December 31, 2020)

(1) Consolidated operating results (% figures for the full fiscal year show the rate of increase (decrease) compared with the previous period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended Dec. 2020	77,308	7.2	12,202	(5.5)	11,164	(5.5)	7,663	(6.0)
Fiscal year ended Dec. 2019	72,106	32.7	12,912	11.7	11,810	12.5	8,155	12.9

Note: Comprehensive income

Fiscal year ended Dec. 2020: 7,533 million yen (-10.4%) Fiscal year ended Dec. 2019: 8,405 million yen (16.6%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	yen	yen	%	%	%
Fiscal year ended Dec. 2020	111.94	111.37	21.2	7.9	15.8
Fiscal year ended Dec. 2019	119.17	118.93	26.8	9.7	17.9

Reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended Dec. 2020: -109 million yen Fiscal year ended Dec. 2019: -33 million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	million yen	million yen	%	yen
Fiscal year ended Dec. 2020	149,423	38,627	25.8	563.07
Fiscal year ended Dec. 2019	132,696	33,546	25.3	490.08

Reference: Equity

Fiscal year ended Dec. 2020: 38,589 million yen Fiscal year ended Dec. 2019: 33,544 million yen

### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended Dec. 2020	119	(9,732)	11,007	23,798
Fiscal year ended Dec. 2019	122	(4,770)	10,501	22,413

### 2. Dividends

	Annual dividend					Total dividend amount (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
Fiscal year ended Dec. 2019	—	0.00	—	36.00	36.00	2,490	30.2	8.1
Fiscal year ended Dec. 2020	—	0.00	—	38.00	38.00	2,645	33.9	7.2
Fiscal year ending Dec. 2021 (Forecast)	—	0.00	—	38.00	38.00		—	

3. Consolidated earnings forecast for fiscal year ending December 2021 (from January 1, 2021 to December 31, 2021)  
Under the situation in which a state of emergency has been declared again due to the spread of COVID-19, ES-CON JAPAN will announce the earnings forecast for the fiscal year ending December 2021 together with the next new medium-term management plan based on the resolution passed at the board of directors' meeting to be held in February 2021 after fully understanding the impact of the spread of infection on ES-CON Japan Group's business activities.

\* Explanatory notes

(1) Changes in significant subsidiaries during fiscal year

(Changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: — companies (Company name) —

Excluded: — companies (Company name) —

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to amendment of accounting standards, etc.: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding (including treasury shares) at end of period	Fiscal year ended Dec. 2020	71,961,887 shares	Fiscal year ended Dec. 2019	71,841,887 shares
2) Number of treasury shares at end of period	Fiscal year ended Dec. 2020	3,428,400 shares	Fiscal year ended Dec. 2019	3,394,700 shares
3) Average number of shares during fiscal year	Fiscal year ended Dec. 2020	68,459,909 shares	Fiscal year ended Dec. 2019	68,433,365 shares

(Note) The number of treasury shares at end of fiscal year includes ES-CON JAPAN shares held in a share-based payment benefits trust for directors and a share-based payment benefits type ESOP trust (fiscal year ended December 2020: 851,000 shares in the share-based payment benefits trust for directors and 233,000 shares in the share-based payment benefits type ESOP trust). In the calculation of the average number of shares during fiscal year, the treasury shares to be subtracted in that calculation include ES-CON JAPAN shares held in the share-based payment benefits trust for directors and the share-based payment benefits type ESOP trust (fiscal year ended December 2020: 950,138 shares).

(Reference) Non-consolidated results

1. Non-consolidated results for fiscal year ended December 2020 (from January 1, 2020 to December 31, 2020)

(1) Non-consolidated operating results

(% figures show the rate of increase (decrease) compared with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended Dec. 2020	73,903	5.4	11,980	(5.3)	11,121	(4.1)	7,718	(4.2)
Fiscal year ended Dec. 2019	70,096	29.9	12,654	9.5	11,601	10.5	8,060	11.6

	Basic earnings per share		Diluted earnings per share	
	yen		yen	
Fiscal year ended Dec. 2020	112.75		112.18	
Fiscal year ended Dec. 2019	117.78		117.55	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	million yen	million yen	%	yen
Fiscal year ended Dec. 2020	139,940	38,527	27.5	562.15
Fiscal year ended Dec. 2019	130,631	33,408	25.6	488.07

Reference: Equity

Fiscal year ended Dec. 2020: 38,526 million yen

Fiscal year ended Dec. 2019: 33,406 million yen

- \* Presentation regarding implementation of audit procedures  
This quarterly summary of accounts is not subject to quarterly review of certified public accountant or Audit Corporation.
- \* Explanation regarding appropriate use of earnings forecasts, and other notes  
The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by ES-CON JAPAN. Accordingly, actual business performance and other results may differ materially due to various reasons. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please see "Attachment 1; 1. Overview of Operating Results, Etc.; (1) Analysis of Operating Results" on page 4.

## 1. Overview of Operating Results, Etc.

### (1) Analysis of Operating Results

In the current fiscal year ended December 2020, the Japanese economy continues to face a harsh situation due to the spread of COVID-19. The second state of emergency after April 2020 was declared in January 2021, and the situation remains unpredictable.

In the real estate industry in which the ES-CON JAPAN Group operates, the future impact of COVID-19 on the real estate market is extremely difficult to predict as it is still unforeseeable when the pandemic will end.

Given the difficult business environment described above, we decided to review the third medium-term management plan "IDEAL to REAL 2022" with a period of three years from the fiscal year ended December 2020 to the fiscal year ending December 2022, and withdrew the plan in July 2020. Despite being in a situation with an unforeseeable future, we have made strategic moves towards expansion of new business fields and sustainable growth by taking the current situation as an opportunity to develop our business.

#### 1) Status of Implementation of Growth Strategy of ESCON JAPAN REIT Investment Corporation

As one of the growth strategies of ESCON JAPAN REIT Investment Corporation (hereinafter "EJR"), of which asset management is entrusted to ES-CON Asset Management Ltd. (hereinafter "EAM"), a consolidated subsidiary of ES-CON JAPAN, a support agreement was concluded among three companies, namely Chuden Real Estate Co., Inc. (hereinafter "Chuden Real Estate"), EJR and EAM, in September 2019. ES-CON JAPAN transferred real estate for sale it owned (tonarie Yamatotakada (50% interest), tonarie Toga-Mikita (50% interest), commercial leasehold land in Omihachiman City, Shiga, commercial leasehold land in Muko City, Kyoto, and commercial leasehold land in Ikoma-gun, Nara) to Chuden Real Estate in February 2020, utilizing temporary warehousing functions and under a precondition to transfer the real estate to EJR based on the support agreement.

In February 2020, EJR conducted its first public offering after listing, and its asset size increased from 41.6 billion yen upon listing to 51.9 billion yen after the public offering, steadily expanding the asset size.

ES-CON JAPAN Group fully supports enhancement of earnings and stable growth of EJR as its sponsor and aims for further growth.

#### 2) Status of Demonstration of Synergy Effect with Chubu Electric Power Group

ES-CON JAPAN concluded a capital and business partnership agreement with Chubu Electric Power Co., Inc. in August 2018 to position the Chubu region as a core business area comparable to the Tokyo metropolitan area and the Kansai region, and established a Nagoya branch in March 2019. Following the establishment, ES-CON JAPAN acquired land for six new projects in the Chubu Region.

Furthermore, as a joint project with Chuden Real Estate, ES-CON JAPAN will launch condominium/commercial development projects in Shirakabe, Higashi-ku, Nagoya City, Ichinomiya City, Aichi, Kakegawa City, Shizuoka and Suita City, Osaka. Through such, ES-CON JAPAN intends to develop businesses that can satisfy local residents by demonstrating synergy while continuing to strengthen its partnership with each group company of Chubu Electric Power.

#### 3) Participation in Hokkaido Ballpark Project and Acquisition of Naming Rights for New Ballpark

With regard to the naming rights for the new ballpark of the Hokkaido Nippon-Ham Fighters planned to be established and opened in 2023 in Kitahiroshima City, Hokkaido, ES-CON JAPAN concluded a ballpark naming rights agreement with Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd. and Fighters Sports & Entertainment Co., Ltd., which manages the entire HOKKAIDO BALLPARK F VILLAGE and owns/operates the ballpark, in January 2020.

The name of the new ballpark will be "ES CON FIELD HOKKAIDO." The area surrounding the ballpark is an important base as a planned site for a sports park in Kitahiroshima City and is part of a large-scale development area for HOKKAIDO BALLPARK F VILLAGE (total development area: approx. 36.7 ha) with construction of a new station also planned. ES-CON JAPAN is scheduled to participate in the development of various real estate in the area such as a hotel on the land of approximately 9,400 m<sup>2</sup> adjoining the ballpark as well as urban development. After the establishment of the Hokkaido branch in September 2020, it obtained preferential negotiation rights of partner companies for the JR Kitahiroshima Station "West Exit Area Revitalization Project" in Kitahiroshima City, Hokkaido in December 2020. ES-CON JAPAN will seize this opportunity to also start supporting sports, cultural promotion, etc. for the happiness of the residents of Hokkaido and contribute to revitalization and development of the entire community.

#### 4) Initiatives for the Formation of Private REIT

ES-CON JAPAN intends to form and commence operation of a private real estate investment corporation (private REIT) with EAM as the party entrusted with asset management in fiscal 2021, and formed a private fund operating rental apartments in Higashiyamato City, Tokyo, and Fujisawa City, Kanagawa Prefecture, in September 2020 in cooperation with NISSHIN FUDOSAN Company, Limited and a private fund operating rental apartments in Inagi City, Tokyo in December 2020.

#### 5) Launch of Sale and Management of Permanent Use Rights of Columbarium

ES-CON JAPAN plans to newly launch operation and management of an urban columbarium in Minato Ward, Tokyo, and sale of permanent use rights of a columbarium in March 2021 to solve issues in modern society, such as a shortage of burial grounds due to a large number of deaths resulting from aging population, the situation in which there will be nobody to look after graves due to small families with fewer children, and particularly the situation in which having a grave in central Tokyo is extremely difficult.

#### 6) Status of Initiatives for Other New Businesses

Under the circumstances in which the Amended Immigration Control Act, which newly accepts the status of residence in some business types, was enforced in April 2019 and improvement in the working environment for foreign workers has progressed against the backdrop of a serious labor shortage, ES-CON JAPAN established, as part of its ESG management, “ES-CON Global Works Ltd.,” a consolidated subsidiary engaged in the employment placement business, to help solve such social issues and launched employment placement services for foreigners specializing in the restaurant industry, accommodation industry, and building-cleaning as well as an overseas expansion consulting business in March 2020.

In addition, in April 2020, ES-CON JAPAN invested in SQUEEZE Inc., which develops systems for hotel operation and conducts a hotel operation business. While ES-CON JAPAN cautiously engages in hotel development projects under the COVID-19 pandemic, ES-CON JAPAN aims to strengthen its real estate operation business and establish IT strategies by utilizing the company’s know-how on system development to prepare for future recovery of inbound tourists.

ES-CON JAPAN will continue to challenge new business fields, and aim for sustainable growth of the entire group.

#### 7) Overseas Investment Business

In March 2019, ES-CON JAPAN made a commitment to invest in a Hawaii-focused, closed-end real estate investment fund as its new overseas business. In July 2019, ES-CON JAPAN established its subsidiary ESCON JAPAN (Thailand) CO., LTD. in Thailand, and participated in a for-sale condominium joint development project in Bangkok. ESCON JAPAN is steadily developing its overseas business through efforts such as committing to new investment in a California-focused, closed-end real estate investment fund in March 2020.

#### 8) Status of ESG Initiatives

ES-CON JAPAN has set “Address social issues through promotion of ESG initiatives” as one of its corporate strategies. As part of such activities, ES-CON JAPAN is providing a monetary donation to Kyoto University’s “iPS Cell Research Fund” to support activities realizing provision of early and inexpensive treatment using iPS cells for many people suffering from diseases and accidents, in addition to initiatives in new businesses which will contribute to regional revitalization and help solve social issues.

In addition, in March and December 2020, ES-CON JAPAN realized fund procurement through an “ESG/SDGs assessment-based loan” provided by Sumitomo Mitsui Banking Corporation. Of the project funds of the syndicate loan with Sumitomo Mitsui Banking Corporation as the arranger to fund the Fujishirodai 5-Chome project (joint project with Chuden Real Estate) whose site was acquired in March 2020, 3 billion yen was procured through the “ESG/SDGs assessment-based loan” upon earning a rank of A\*, the third-best ranking among the seven rankings, indicating that “good ESG/SDG initiatives and information disclosure have been conducted” in March 2020. In addition, it raised 3.5 billion yen with its syndicated loan in the “Tsukuba Creo (commercial facility) project, which is under development in Tsukuba City, Ibaraki Prefecture, by earning the above rank, the third-best ranking among the seven rankings, in December 2020.

In May 2020, ES-CON JAPAN acquired EcoAction 21 Certification, a Japanese environmental management system (EMS) established by the Ministry of the Environment. EcoAction 21 is an EMS for proactive, effective environmental management including reduction of CO2 emissions, and EMS activities aim for continuous efforts based on the PDCA cycle. By continuing to conduct environmentally friendly management through EcoAction 21 initiatives, companies are expected to fulfill their social responsibility to reduce environmental burden while such activities also bring benefits to management, such as cost reduction and improved productivity, and contribute to the enhancement of corporate value.

In July 2020, tonarie Yamatotakada and tonarie Toga-Mikita, which were developed by ES-CON JAPAN and owned by EJRC and Chuden Real Estate, obtained DBJ Green Building Certification (a certification system created by the Development Bank of Japan (hereinafter "DBJ") in April 2011 to support real estate properties with environmental and social awareness ("Green Building")) from DBJ.

Furthermore, in July 2020, SOYOCA FUJIMINO, a retail property owned by ES-CON JAPAN, obtained "Rank S," the highest mark of CASBEE for real estate from a CASBEE (\*1) accreditation body authorized by Institute for Building Environment and Energy Conservation.

\*1 CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system to comprehensively assess the quality of a building, which evaluates and ranks the environmental performance of the building by taking into account not only environmental considerations such as energy savings and use of environmentally-friendly materials, but also comfort in the building, and its visual impact on the area.

In November 2020, ES-CON JAPAN registered ZEH Builder Certification (\*2) at ES-CON Home Co., Ltd. and ES-CON Craft Co., Ltd., which are its consolidated subsidiaries.

\*2 The system is designed to conduct public advertisement targeting building contractors, housing developers, and architectural design offices setting a business goal to increase the percentage of ZEH among houses for which they receive orders to 50% or more by fiscal 2020, and certify business operators that fulfill certain requirements including the establishment of goals and measures for spreading ZEH as "ZEH Builders."

Furthermore, in terms of governance, ES-CON JAPAN established the "Nomination and Remuneration Advisory Committee" in January 2020 with an aim to strengthen the independence and objectivity of functions as well as the accountability of the board of directors with regard to nomination and remuneration of directors. ES-CON JAPAN also launched initiatives for a succession plan called the candidate successor system.

ES-CON JAPAN will continue with steady implementation of ESG management as an important management strategy, and make proactive efforts with an aim to achieve sustainable growth of ES-CON JAPAN Group.

## 9) Business Development by Segment

In the real estate sales business, our core business, we conducted revenue-generating real estate sales, etc., in addition to achieving progress in condominium sales.

In the real estate sales business, sales of new projects "Le JADE City Hyotanyama (Higashiosaka City, Osaka Prefecture; 233 units in total)," "Le JADE Tennoji Katsuyama (Tennoji Ward, Osaka City; 39 units in total)," "Le JADE Neyagawa Koen (Neyagawa City, Osaka Prefecture; 61 units in total), etc. started while "Le JADE Kuzuha (Hirakata City, Osaka Prefecture; 78 units in total)," "Le JADE Kotoen (Nishinomiya City, Hyogo Prefecture; 49 units in total)," "Le JADE Higashiumiyoshi Imagawa Ryokudo (Higashiumiyoshi Ward, Osaka City; 41 units in total)," "Le JADE Toyoda Master Hills (Hino City, Tokyo; 63 units in total)," "Le JADE Okurayama (Kohoku Ward, Yokohama City; 25 units in total)," "Le JADE Ikeda Masumicho (Ikeda City, Osaka Prefecture; 35 units in total)," "Le JADE Morinomiya (Higashinari Ward, Osaka City; 45 units in total)" and "Le JADE Takatsuki Miyanocho (Takatsuki City, Osaka Prefecture; 99 units in total)" were sold out upon completion and "Le JADE Nishi-Akashi (Akashi City, Hyogo Prefecture; 77 units in total)," which is scheduled for completion in the next fiscal year, is contracted to sell out.

In order to develop multifaceted businesses not only in Fukuoka Prefecture but also across Kyushu going forward, ES-CON JAPAN changed the name of its Fukuoka branch to "Kyushu branch" in September 2020 and acquired the first new land for the condominium sales business (Minami Ward, Fukuoka Prefecture) and retail facility "Suroy Mall Nagamine (Kumamoto City, Kumamoto Prefecture)" in the Kyushu area as well.

In businesses other than the real estate sales business, sales of "LOGITRES Tojo (Kato City, Hyogo Prefecture)" (a logistics development project), "Honjo-Nishi, Kita-ku," "Matsubara, Setagaya-ku", "Minami-Otsuka, Toshima-ku" and "Daikyocho, Shinjuku-ku" (all revenue-generating real estate); and transfer of commercial facilities and commercial leasehold lands to EJRC and Chuden Real Estate have been completed.

In the real estate leasing business, efforts are being made to secure stable rental income from retail properties held by ES-CON JAPAN and to enhance their asset value.

In the real estate planning agency and consulting business, focus is placed on being a business achieving high profit margins through subcontracting, planning agency and consulting and other non-assets by leveraging the planning and other strengths of ES-CON JAPAN.

As a result, business performance for the fiscal year ended December 2020 was net sales of 77,308 million yen (up 7.2% compared with the previous fiscal year), operating income of 12,202 million yen (down 5.5% compared with the previous fiscal year), ordinary income of 11,164 million yen (down 5.5% compared with the previous fiscal year) and profit attributable to owners of parent of 7,663 million yen (down 6.0% compared with the previous fiscal year).

The following describes the operating results by each segment.

a. Real estate sales business

In the real estate sales business, activities including sales of condominiums and revenue-generating real estate resulted in net sales of 71,485 million yen (up 7.2% compared with the previous fiscal year) and segment income of 14,257 million yen (up 3.3% compared with the previous fiscal year).

b. Real estate leasing business

In the real estate leasing business, focus was placed on leasing activities and the property management business in view of enhancement of asset value, including increase in rental income of owned revenue-generating real estate, such efforts resulted in net sales of 5,527 million yen (up 10.0%) and segment income of 2,381 million yen (down 20.7%).

c. Real estate planning agency and consulting business

In the real estate planning agency and consulting business, proactive efforts were made in such aspects as entrustment with planning, consulting and other services by making the best use of planning and multifaceted business building abilities, resulting in net sales of 295 million yen (down 20.7% compared with the previous fiscal year) and segment income of 152 million yen (down 46.9% compared with the previous fiscal year).

(Earnings outlook for the next fiscal year)

Under the situation in which a state of emergency has been declared again due to the spread of COVID-19, ES-CON JAPAN will announce the earnings forecast for the fiscal year ending December 2021 together with the next new medium-term management plan for the next fiscal year based on the resolution to be passed at the board of directors' meeting to be held in February 2021 after fully understanding the impact of the spread of infection on ES-CON Japan Group's business activities.

(New medium-term management plan)

ES-CON Japan is currently formulating a new medium-term management plan taking into account both the stability of being able to withstand unexpected risks, such as the impact of the spread of COVID-19 on the economy, and sustainable growth. The new medium-term management plan will be announced after the resolution at the board of directors' meeting to be held in February 2021.

(Dividend for the next fiscal year)

For the next fiscal year, the dividend forecast is 38 yen per share.

## (2) Analysis of Financial Position

### 1) Assets, Liabilities and Net Assets

Assets at the end of the fiscal year ended December 2020 increased by 16,726 million yen compared with the end of the previous fiscal year to 149,423 million yen. This was mainly attributable to cash and deposits, inventories and non-current assets increasing by 1,359 million yen, 4,724 million yen and 8,747 million yen, respectively.

Liabilities increased by 11,645 million yen in comparison with the end of the previous fiscal year to 110,795 million yen. This was mainly attributable to long-term loans payable, short-term loans payable and bonds increasing by 13,520 million yen.

Net assets increased by 5,080 million yen compared with the end of the previous fiscal year to 38,627 million yen. This was attributable to cash dividends paid of 2,490 million yen, while recording profit attributable to owners of parent of 7,663 million yen. As a result, the equity ratio was 25.8% (25.3% at the end of the previous fiscal year).

### 2) Cash Flows

Cash and cash equivalents ("net cash") in the fiscal year ended December 2020 increased by 1,385 million yen compared with the end of the previous fiscal year to 23,798 million yen (22,413 million yen at the end of the previous fiscal year). The following outlines the cash flows and the factors of changes in cash flows in the fiscal year ended December 2020.

#### (Cash flows from operating activities)

Cash flows from operating activities in the fiscal year ended December 2020 amounted to net cash provided by operating activities of 119 million yen (net cash used in operating activities of 122 million yen in the previous fiscal year). This was mainly attributable to the increase in inventories of 4,370 million yen, interest expenses paid of 1,195 million and income taxes paid of 5,072 million yen, despite the recording of profit before income taxes of 11,164 million yen.

#### (Cash flows from investing activities)

Cash flows from investing activities in the fiscal year ended December 2020 amounted to net cash used in investing activities of 9,732 million yen (net cash provided by investing activities of 4,770 million yen in the previous fiscal year). This was mainly attributable to purchase of investment securities of 1,913 million yen and purchase of non-current assets of 6,555 million yen.

#### (Cash flows from financing activities)

Cash flows from financing activities in the fiscal year ended December 2020 amounted to net cash provided by financing activities of 11,007 million yen (net cash provided by financing activities of 10,501 million yen in the previous fiscal year). This was mainly attributable to proceeds from and repayments of long-term loans payable and short-term loans payable amounting to net proceeds of 13,576 million yen and payment of cash dividends of 2,488 million yen.

#### Reference: Changes in cash flow indicators

	Fiscal year ended Dec. 2016	Fiscal year ended Dec. 2017	Fiscal year ended Dec. 2018	Fiscal year ended Dec. 2019	Fiscal year ended Dec. 2020
Equity ratio (%)	23.6	24.8	24.9	25.3	25.8
Equity ratio on market capitalization basis (%)	41.9	54.0	42.2	50.7	39.3
Ratio of interest-bearing liabilities to cash flows (%)	—	—	—	—	—
Interest coverage ratio (times)	—	—	—	0.1	0.1

Equity ratio:  $\text{Equity} \div \text{Total assets}$

Equity ratio on market capitalization basis:  $\text{Market capitalization} \div \text{Total assets}$

Ratio of interest-bearing liabilities to cash flows:  $\text{Interest-bearing liabilities} \div \text{Operating cash flows}$

Interest coverage ratio:  $\text{Operating cash flows} \div \text{Interest paid}$

Notes: 1 Each is calculated using consolidated financial figures.

2 Market capitalization is calculated by multiplying the closing share price at end of fiscal year by the number of shares issued and outstanding at end of fiscal year.



- 3 Operating cash flows are the cash flows from operating activities on the consolidated statement of cash flows.
- 4 Interest-bearing liabilities are all of those liabilities recorded on the consolidated balance sheet of which are liabilities on which interest is payable.
- 5 Interest paid is the interest expenses paid on the consolidated statement of cash flows.
- 6 Ratio of interest-bearing liabilities to cash flows and interest coverage ratio are not stated for fiscal years that have negative operating cash flows.

(3) Basic Policy on Distribution of Profit, and Dividend for the Current Fiscal Year and Next Fiscal Year

Positioning the return of profit to shareholders as a key management task, ES-CON JAPAN makes it a basic policy to strive for uninterrupted and stable return of profit in line with corporate growth potential based on decisions that take into account the status of business performance, availability of internal reserves, dividend payout ratio and other factors in a comprehensive manner.

ES-CON JAPAN introduced the progressive dividend policy (a dividend policy that sets the dividend per share (DPS) for the previous fiscal year as the lower limit and “does not decrease the dividend amount, but rather only maintain or increase the dividend amount” in principle) in the second medium-term management plan and has continued to implement it in the third medium-term management plan. However, ES-CON JAPAN has decided to withdraw this “progressive dividend policy” in July 2020 in light of the fact that it is unforeseeable when the COVID-19 pandemic will end and that it is extremely difficult to predict the impact on the economic trend, etc. Moreover, ES-CON JAPAN will maintain a payout ratio of 30% or more.

ES-CON JAPAN intends to work to improve transparency of the future dividend level, further increase return of profit to shareholders and enhance corporate value continuously while realizing stable distribution.

For the fiscal year ended December 2020, the year-end dividend forecast will remain unchanged at 38 yen per share as initially scheduled.

The dividend payout ratio is 33.9%.

For the fiscal year ending December 2021, the dividend forecast is 38 yen per share.

(4) Business Risks

The main risks that could impact ES-CON JAPAN Group’s operating results, share prices, financial status, etc., are listed below. Statements concerning future matters are based on the judgements of ES-CON JAPAN Group as of the end of the current fiscal year.

1) Impact of the Spread of COVID-19

The spread of COVID-19 is continuing and a renewed state of emergency has been declared, etc. Given that COVID-19’s impact on the economy is grave and that there are concerns over its further spread, it is extremely difficult to foresee the future real estate market trends. If the pandemic continues over a long term, the economy is expected to further deteriorate. In such a case, the operating results, financial position, and status of cash flow of ES-CON JAPAN Group may be materially impacted due to posting of appraisal loss of inventories and impairment loss, etc.

a. Condominium sales

In the condominium sales business, although the number of visitors to showrooms dropped significantly during the state of emergency of April to May 2020 and caused a slowdown in sales, the number picked up gradually after the state of emergency was lifted. The current situation indicates that the actual demand for housing under the pandemic remains stronger than expected. However, given the renewed state of emergency declared in January 2021, the future remains unpredictable, and it is possible that sales could slow in light of unstable economic trends brought by the prolonged pandemic.

b. Real estate (other) sales business

There is a risk that real estate prices could decrease due to a reduced appetite for investment among investors, the worsening financing environment resulting from financial contraction, and other factors.

c. Retail properties

ES-CON JAPAN Group owns and manages retail properties centering on community-based shopping centers with supermarkets as the core tenant. Supermarkets, drug stores, etc., selling daily essentials continued operations during the state of emergency and have posted sales exceeding 100% year on year. However, other tenants, such as restaurants, apparel shops and sports clubs have seen a slow return of customers and are still facing difficulty in business operations. As such, there is a risk of possible decrease in planned real estate leasing income due to rent reduction requests, uncollected rents of bankrupted tenants, difficulty in soliciting new tenants, etc.

d. Hotels

ES-CON JAPAN has been promoting hotel development projects in recent years, and has completed sales for 15 out of its 17 projects. As to the 2 projects underway (Fukuoka City Project opened in March 2020 and Osaka City Project opened in January 2021), there is a risk of possible delay in the sales period or decrease in sales prices due to the sluggish occupancy rate and difficulty in predicting the time needed for recovery.

While having adopted remote work and off-peak commuting, ES-CON JAPAN Group will continue to thoroughly implement measures to prevent the spread of COVID-19, such as mask-wearing, hand-washing, sanitizing hands with alcohol and avoiding three Cs (closed spaces, crowded places, close-contact settings).

2) Legal Restrictions, Etc.

In addition to the restrictions of the Companies Act and the Financial Instruments and Exchange Act, the real estate industry to which the ES-CON JAPAN Group belongs is subject to the restrictions of the National Land Use Planning Act, Real Estate Brokerage Act, Building Standards Act, Act on Maintenance of Sanitation in Buildings, Act on Specified Joint Real Estate Ventures, Act on Securitization of Assets, Trust Business Act, and Money Lending Business Act, etc.

In addition, ES-CON JAPAN Group conducts real estate sales and related business as a real estate company licensed under the Real Estate Brokerage Act and the Act on Advancement of Proper Condominium Management, etc., but the abolition of these or creation of new legal restrictions could affect ES-CON JAPAN Group's business performance.

3) Dependence on Interest-Bearing Liabilities

The Group procures funds for land acquisition, etc. related to its real estate business primarily through borrowings from financial institutions involved in project finance. In our condominium sale business, it takes time to get from land acquisition to commercialization or sale, so the ratio of interest-bearing liabilities to total assets is relatively high. We are committed to building and maintaining good business relationships with financial institutions including the main banks and strengthening and stabilizing our financial foundation, but raising insufficient or unreliable capital due to increased interest rates or a significant deterioration of the financial environment could affect the Group's business performance and financial condition.

4) Human Resources

Rather than vertical integration, the Group seeks to build an organizational structure that is closely linked horizontally, oriented toward efficiency and agile management, able to flexibly promote business and manifest the greatest value and performance with the smallest number of people. Our real estate-related business requires diverse expertise, making personnel an extremely important business resource. In order to conduct reliable business and grow as a Group, it is indispensable that we strive to share expertise and information and continue to improve employees' abilities as well as secure highly specialized personnel and employ, nurture and educate executives and young employees who will be the leaders of the next generation. However, failing to secure or nurture the human resources sought by the Group or losing outstanding personnel could affect the Group's business performance and future business development.

#### 5) Management of Personal Information

In the course of the Group's business, we receive the personal information of customers who have purchased condominiums or detached houses, have considered doing so, or reside in rental apartments as a business operator handling personal information under the Act on the Protection of Personal Information. We have established rules (a basic policy, regulations and a manual) on the handling of personal information to improve the process and, regarding the system, we have implemented strict storage of personal information, introduced an OA system monitoring software, and restricted access in order to refine our handling of both personal and non-personal information.

However, in the event of unforeseen circumstances causing personal information to be leaked, sales could fall due to a loss of trust in the Group or costs could be incurred due to compensation for damages, which in turn could affect the Group's business performance.

#### 6) Important Litigation

Regarding the risk of becoming subject to litigation, the Risk Management Committee consisting of directors and risk management members from each division monitors risks and shares information across the Group. Important litigation could affect the Group's business performance and financial condition.

## Attachment 2

### Management Policy

#### (1) Basic Policy on Corporate Management

How should we live each day and participate in society, how can we contribute to society, and how can we achieve the happiness we seek as individual human beings through the benefits that our contribution brings to society? The ES-CON JAPAN Group strives to answer these questions by continually providing meaningful opportunities to its employees to help and encourage each other in the achievement of their full potential as individuals while experiencing the joy of contribution to society through their work. This is the management philosophy of the ES-CON JAPAN Group, the realization of which is pursued by setting and striving to realize the following management policy.

- 1) To create new value that will truly satisfy customers by unleashing the infinite possibilities of real estate through information, planning and product development abilities.
- 2) To constantly strive to remain ahead of the competition through aggressive management combined with strong defensive strategies centering on in-depth control of ROA, cash flows and risk.
- 3) To aim to be small teams of highly skilled professionals in order to maintain the ability to adapt quickly and flexibly in today's rapidly changing social environment.
- 4) To build and maintain good cooperative relationships, both internally and externally, based on respect for and gratitude to colleagues and those in other organizations.
- 5) To form an open organizational structure in which ideas can flow freely from front-line staff to senior management, while also enhancing the internal audit system, with compliance and governance in mind.

#### (Corporate Branding Concept)

IDEAL to REAL ~Making the ideal real, and creating a new future~

Our aim as a life developer is to develop tangible properties as well as imagine and develop happy living for the people who will live there. With new unprecedented and think-outside-the-box approaches, we aim to create new wealth and connect people, communities and the future. We will strive to make the ideal real by exploring the infinite possibilities of real estate.

#### (2) Medium- to Long-Term Corporate Management Strategy and Management Indicator Targets

We are currently reformulating a new medium-term management plan. Despite being in a situation with an unforeseeable future due to the spread of COVID-19, we will make strategic moves towards expansion of new business fields and sustainable growth by taking such environment as an opportunity to develop our business.

#### (3) Issues to Be Addressed by the Company

Our business environment is in the midst of rapid, unprecedented change in social structure, such as rapid aging, income inequality, population decline, influx of foreigners, digital technology development such as IoT and AI, cross-industry competition and changes in customer behavior, making customers' selection and evaluation even more stringent, competition more intense and our value as a company constantly challenged. At present, COVID-19 is rampant and the business environment is undergoing drastic change. In order to continue growing and contributing to society in this age of accelerating diversification and change, we, as the ES-CON JAPAN Group, need to assume a new attitude not bound by precedent and established concepts, implementing a policy of consistently supplying excellent products, maintaining a firm financial base, growing surely and steadily through the satisfaction of our customers, and aiming to be a "life developer" bringing the ideal into reality and creating a lifestyle with the happiness of those living it as our top priority.

Through a multifaceted real estate business that includes residential development, commercial development, logistics development, office development, hotel development, overseas business, planning/consulting, facility operation management, asset management, and a columbarium business, our goal is to become a one-of-a-kind company that always strikes the optimal balance of businesses in its operations, builds a firm management base that can withstand any economic environment, maximizes its corporate value, and increases shareholder returns.

Our specific endeavors are the following:

(1) Business Management Structure

Naturally, there is a limit to land prices that can fetch certain profit, so purchasing at appropriate prices is one of our most important tasks. In order to purchase good-quality land, we must secure and nurture personnel, constantly expand information channels and make quick, bold but also careful decisions.

Based on the industry characteristic of a tendency toward larger balances of borrowings, we expect a disparity with planned income to arise amid increased interest rates, so we need to reduce procurement costs, diversify procurement methods and improve cashflow. In addition to achieving our medium-term management plan, we will continue to focus on strengthening our financial standing to ensure steady management in the economic climate.

(2) Internal Organizational Reinforcement

We are working to become a "life developer" that shapes the very lives of residents. In our condominiums, our strength is taking the perspective of the customer, especially families, and embarking on projects that not only meet their needs in the present but also conduct layout and design matching the location and environment.

Two properties are alike in form or location. Our mission is to propose and provide not only forms and locations but also the ideal housing, ideal areas and ideal living environments in the eyes of those who live in the area as well as in our residences, etc., so to us, we do not merely create spaces in which we live, propose and live richer lives. In order to not only provide specifications and designs that can easily be customized but also offer competitiveness in the product at the land acquisition stage or even the basic planning stage, we put customer need-based value and profitability ahead of the size of the project or number of units, constantly asking ourselves, "What is the best plan for this project?"

For this reason, our system unites those in charge of purchasing, planning and sale in one project from start to finish. This system is our strength and we will preserve a sense of crisis in order to maintain and enhance the system so that it can retain dominance in any business environment.

(3) New Business

We have set and comply with NOI standards that enable possession of our acquisitions and developments regardless of economic changes.

Our real estate development business is not limited to development of condominiums and commercial facilities. In recent years, we are working on hotel developments that capture needs from inbound tourists as well as logistics facility development in light of the growth of the e-commerce market and land planning business that revitalizes communities. We will aim for the diversification of business eyeing the next generation.

In our real estate securitization business, our consolidated subsidiary ES-CON Asset Management is working toward the listing of our REIT and we are prioritizing development of land with commercial tenant leasehold rights by steadily supplementing personnel, gathering information on potential development projects and acquiring properties. In addition to developing real estate, in order to solidify our position as the only general developer with the operational capability suited to the function of the real estate, our consolidated subsidiary ES-CON Living Service will expand the breadth and depth of our development capabilities by enhancing real estate operation.

Attachment 3

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	Fiscal year ended Dec. 2019 (as of Dec. 31, 2019)	Fiscal year ended Dec. 2020 (as of Dec. 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	¥22,511	¥23,870
Notes and accounts receivable - trade	598	927
Real estate for sale	¥24,234	¥6,262
Real estate for sale in process	¥59,619	¥82,316
Other	7,173	8,739
Allowance for doubtful accounts	—	(0)
<b>Total current assets</b>	<b>114,137</b>	<b>122,117</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,216	4,359
Accumulated depreciation	(566)	(889)
Buildings and structures, net	¥2,649	¥3,470
Vehicles	7	6
Accumulated depreciation	(6)	(6)
Vehicles, net	1	0
Land	¥10,621	¥11,262
Leased assets	4	4
Accumulated depreciation	(3)	(4)
Leased assets, net	1	0
Construction in progress	0	1
Other	281	321
Accumulated depreciation	(122)	(180)
Other, net	¥159	¥141
<b>Total property, plant and equipment</b>	<b>13,433</b>	<b>14,876</b>
Intangible assets		
Goodwill	436	339
Other	56	63
<b>Total intangible assets</b>	<b>492</b>	<b>403</b>
Investments and other assets		
Investment securities	¥12,711	¥13,556
Deferred tax assets	662	406
Other	1,296	8,101
Allowance for doubtful accounts	(37)	(37)
<b>Total investments and other assets</b>	<b>4,632</b>	<b>12,026</b>
<b>Total non-current assets</b>	<b>18,558</b>	<b>27,306</b>
<b>Total assets</b>	<b>132,696</b>	<b>149,423</b>

(Unit: million yen)

	Fiscal year ended Dec. 2019 (as of Dec. 31, 2019)	Fiscal year ended Dec. 2020 (as of Dec. 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term loans payable	¥2 4,580	¥2 2,907
Current portion of long-term loans payable	¥2 32,415	¥2 26,093
Current portion of bonds	40	230
Lease obligations	1	0
Accounts payable - other	2,097	1,590
Income taxes payable	3,396	1,460
Advances received	2,809	2,233
Deposits received	4,733	4,583
Other	126	713
<b>Total current liabilities</b>	<b>50,199</b>	<b>39,813</b>
<b>Non-current liabilities</b>		
Bonds payable	230	—
Long-term loans payable	¥2 47,720	¥2 69,274
Lease obligations	0	—
Deferred tax liabilities	2	2
Provision for directors' share-based benefits	114	135
Provision for share-based benefits	35	46
Asset retirement obligations	249	260
Other	597	1,262
<b>Total non-current liabilities</b>	<b>48,950</b>	<b>70,982</b>
<b>Total liabilities</b>	<b>99,149</b>	<b>110,795</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,275	6,284
Capital surplus	2,004	2,088
Retained earnings	26,256	31,429
Treasury shares	(1,247)	(1,348)
<b>Total shareholders' equity</b>	<b>33,288</b>	<b>38,454</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	256	153
Foreign currency translation adjustment	(0)	(18)
<b>Total accumulated other comprehensive income</b>	<b>256</b>	<b>134</b>
Subscription rights to shares	1	1
Non-controlling interests	0	37
<b>Total net assets</b>	<b>33,546</b>	<b>38,627</b>
<b>Total liabilities and net assets</b>	<b>132,696</b>	<b>149,423</b>

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

(Unit: million yen)

	Fiscal year ended Dec. 2019 (from Jan. 1, 2019 to Dec. 31, 2019)	Fiscal year ended Dec. 2020 (from Jan. 1, 2020 to Dec. 31, 2020)
Net sales	72,106	77,308
Cost of sales	¥52,339	¥57,628
Gross profit	19,767	19,679
Selling, general and administrative expenses		
Advertising expenses	2,218	2,524
Sales commission	726	502
Directors' compensations	210	308
Salaries and allowances	1,375	1,723
Provision for directors' share-based benefits	16	21
Provision for share-based benefits	5	10
Commission fee	388	333
Taxes and dues	639	559
Other	1,273	1,492
Total selling, general and administrative expenses	6,854	7,477
Operating income	12,912	12,202
Non-operating income		
Interest income	5	16
Dividend income	35	93
Cancellation income	30	19
Foreign exchange gains	8	—
Other	4	26
Total non-operating income	84	155
Non-operating expenses		
Interest expenses	1,143	1,047
Share of loss of entities accounted for using equity method	33	109
Other	9	37
Total non-operating expenses	1,186	1,194
Ordinary income	11,810	11,164
Extraordinary income		
Gain on sales of non-current assets	—	¥20
Gain on reversal of subscription rights to shares	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	¥7	¥0
Total extraordinary losses	7	0
Profit before income taxes	11,803	11,164
Income taxes - current	4,057	3,212
Income taxes - deferred	(409)	297
Total income taxes	3,648	3,509
Profit	8,155	7,654
Loss attributable to non-controlling interests	—	(8)
Profit attributable to owners of parent	8,155	7,663



## (Consolidated Statement of Comprehensive Income)

(Unit: million yen)

	Fiscal year ended Dec. 2019 (from Jan. 1, 2019 to Dec. 31, 2019)	Fiscal year ended Dec. 2020 (from Jan. 1, 2020 to Dec. 31, 2020)
Profit	8,155	7,654
Other comprehensive income		
Valuation difference on available-for-sale securities	250	(103)
Foreign currency translation adjustment	(0)	0
Share of other comprehensive income of entities accounted for using equity method	(0)	(18)
Total other comprehensive income	250	(121)
Comprehensive income	8,405	7,533
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	8,405	7,541
Comprehensive income attributable to non-controlling interests	—	(8)

## (3) Consolidated Statement of Changes in Equity

Fiscal year ended December 2019 (from January 1, 2019 to December 31, 2019)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,259	1,988	20,310	(1,207)	27,352
Changes of items during period					
Issuance of new shares	15	15			30
Dividends of surplus			(2,209)		(2,209)
Profit attributable to owners of parent			8,155		8,155
Purchase of treasury shares				(40)	(40)
Disposal of treasury shares				0	0
Purchase of treasury shares by the share-based payment benefits trust for directors					—
Net changes of items other than shareholders' equity					
Total changes of items during period	15	15	5,945	(40)	5,936
Balance at end of current period	6,275	2,004	26,256	(1,247)	33,288

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	6	—	6	1	—	27,359
Changes of items during period						
Issuance of new shares						30
Dividends of surplus						(2,209)
Profit attributable to owners of parent						8,155
Purchase of treasury shares						(40)
Disposal of treasury shares						0
Purchase of treasury shares by the share-based payment benefits trust for directors						—
Net changes of items other than shareholders' equity	250	(0)	250	(0)	0	250
Total changes of items during period	250	(0)	250	(0)	0	6,187
Balance at end of current period	256	(0)	256	1	0	33,546

Fiscal year ended December 2020 (from January 1, 2020 to December 31, 2020)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,275	2,004	26,256	(1,247)	33,288
Changes of items during period					
Issuance of new shares	9	9			18
Dividends of surplus			(2,490)		(2,490)
Profit attributable to owners of parent			7,663		7,663
Purchase of treasury shares					—
Disposal of treasury shares		74		132	207
Purchase of treasury shares by the share-based payment benefits trust for directors				(233)	(233)
Net changes of items other than shareholders' equity					
Total changes of items during period	9	84	5,173	(101)	5,165
Balance at end of current period	6,284	2,088	31,429	(1,348)	38,454

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	256	(0)	256	1	0	33,546
Changes of items during period						
Issuance of new shares						18
Dividends of surplus						(2,490)
Profit attributable to owners of parent						7,663
Purchase of treasury shares						—
Disposal of treasury shares						207
Purchase of treasury shares by the share-based payment benefits trust for directors						(233)
Net changes of items other than shareholders' equity	(103)	(17)	(121)	(0)	36	(84)
Total changes of items during period	(103)	(17)	(121)	(0)	36	5,080
Balance at end of current period	153	(18)	134	1	37	38,627

## (4) Consolidated Statement of Cash Flows

(Unit: million yen)

	Fiscal year ended Dec. 2019 (from Jan. 1, 2019 to Dec. 31, 2019)	Fiscal year ended Dec. 2020 (from Jan. 1, 2020 to Dec. 31, 2020)
<b>Net cash provided by (used in) operating activities</b>		
Profit before income taxes	11,803	11,164
Depreciation	176	399
Amortization of goodwill	48	100
Amortization of long-term prepaid expenses	—	4
Increase (decrease) in allowance for doubtful accounts	—	0
Increase (decrease) in provision for directors' share-based benefits	16	21
Increase (decrease) in provision for share-based benefits	5	10
Interest and dividend income	(40)	(109)
Interest expenses	1,143	1,047
Foreign exchange losses (gains)	(8)	31
Share of loss (profit) of entities accounted for using equity method	33	109
Loss (gain) on sales of non-current assets	—	(0)
Loss on retirement of non-current assets	7	0
Decrease (increase) in notes and accounts receivable - trade	(84)	(329)
Decrease (increase) in inventories	(10,179)	(4,370)
Decrease (increase) in prepaid expenses	55	(381)
Increase (decrease) in accounts payable - other	135	(358)
Decrease/increase in consumption taxes receivable/payable	(239)	192
Increase (decrease) in advances received	(246)	(576)
Increase (decrease) in deposits received	95	187
Decrease (increase) in other assets	638	(805)
Increase (decrease) in other liabilities	75	(45)
Subtotal	3,436	6,291
Interest and dividend income received	40	95
Interest expenses paid	(1,109)	(1,195)
Income taxes (paid) refund	(2,245)	(5,072)
Net cash provided by (used in) operating activities	122	119
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(18)	(18)
Proceeds from withdrawal of time deposits	18	19
Purchase of investment securities	(1,641)	(1,913)
Proceeds from sales of investment securities	—	9
Proceeds from withdrawal of investment securities	516	717
Purchase of non-current assets	(3,295)	(6,555)
Proceeds from sales of non-current assets	61	86
Payments for asset retirement obligations	(3)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	391
Purchase of shares of subsidiaries resulting in change in scope of consolidation	2(310)	—
Payments of loans receivable	(300)	(2,930)
Collection of loans receivable	0	500
Proceeds from guarantee deposits received	1,130	1,244
Repayments of guarantee deposits received	(927)	(983)
Payments for investments in capital	—	(2)
Net cash provided by (used in) investing activities	(4,770)	(9,732)

(Unit: million yen)

	Fiscal year ended Dec. 2019 (from Jan. 1, 2019 to Dec. 31, 2019)	Fiscal year ended Dec. 2020 (from Jan. 1, 2020 to Dec. 31, 2020)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	6,714	8,018
Decrease in short-term loans payable	(5,220)	(9,690)
Proceeds from long-term loans payable	44,231	62,166
Repayments of long-term loans payable	(32,930)	(46,917)
Redemption of bonds	(40)	(40)
Repayments of lease obligations	(0)	(1)
Repayments of installment payables	(34)	(31)
Proceeds from issuance of common shares	30	18
Proceeds from share issuance to non-controlling shareholders	0	—
Purchase of treasury shares	(40)	(233)
Proceeds from disposal of treasury shares	—	207
Cash dividends paid	(2,207)	(2,488)
Net cash provided by (used in) financing activities	10,501	11,007
Effect of exchange rate change on cash and cash equivalents	(3)	(8)
Net increase (decrease) in cash and cash equivalents	5,849	1,385
Cash and cash equivalents at beginning of period	16,563	22,413
Cash and cash equivalents at end of period	*1 22,413	*1 23,798

(5) Notes to Consolidated Financial Statements  
 (Notes on Going Concern Assumption)  
 Not applicable.

(Segment Information, Etc.)

Information on Net Sales, Income or Loss, Assets and Other Item Amounts by Reporting Segment

I. Fiscal year ended December 2019 (from January 1, 2019 to December 31, 2019)

(Unit: million yen)

	Reporting segment			Total	Reconciliation (Note 1)	Amount on consolidated financial statements (Note 2)
	Real estate sales business	Real estate leasing business	Real estate planning agency and consulting business			
Net sales						
Net sales to external customers	66,710	5,022	372	72,106	—	72,106
Intersegment net sales or transfers	—	—	—	—	—	—
Total	66,710	5,022	372	72,106	—	72,106
Segment income	13,802	3,001	286	17,091	(4,178)	12,912
Segment assets	90,633	17,216	2	107,852	24,843	132,696
Other items						
Depreciation	—	105	—	105	71	176
Amortization of goodwill	48	—	—	48	—	48
Amount of investment in entities accounted for using equity method	417	—	—	417	—	417
Increase in property, plant and equipment and intangible assets	485	2,824	—	3,309	577	3,886

(Note 1) Reconciliations are as follows:

- (1) The reconciliation of segment income of -4,178 million yen is corporate expenses not attributable to any reporting segment. Corporate expenses are general and administrative expenses not attributable to reporting segments.
- (2) The reconciliation of segment assets of 24,843 million yen is mainly surplus operating funds (cash and deposits), administrative assets, etc. not attributable to reporting segments.
- (3) The reconciliation of depreciation of 71 million yen is depreciation on corporate assets not attributable to reporting segments.
- (4) The reconciliation of increase in property, plant and equipment and intangible assets of 577 million yen is increase in corporate assets not attributable to reporting segments.

(Note 2) Segment income is reconciled with operating income on the consolidated statement of income.

II. Fiscal year ended December 2020 (from January 1, 2020 to December 31, 2020)

(Unit: million yen)

	Reporting segment			Total	Reconciliation (Note 1)	Amount on consolidated financial statements (Note 2)
	Real estate sales business	Real estate leasing business	Real estate planning agency and consulting business			
Net sales						
Net sales to external customers	71,485	5,527	295	77,308	—	77,308
Intersegment net sales or transfers	—	—	—	—	—	—
Total	71,485	5,527	295	77,308	—	77,308
Segment income	14,257	2,381	152	16,791	(4,588)	12,202
Segment assets	95,146	20,521	6,598	122,266	27,156	149,423
Other items						
Depreciation	—	283	4	287	116	403
Amortization of goodwill	97	—	3	100	—	100
Amount of investment in entities accounted for using equity method	455	—	—	455	—	455
Increase in property, plant and equipment and intangible assets	—	1,761	4,003	5,765	79	5,845

(Note 1) Reconciliations are as follows:

- (1) The reconciliation of segment income of -4,588 million yen is corporate expenses not attributable to any reporting segment. Corporate expenses are general and administrative expenses not attributable to reporting segments.
- (2) The reconciliation of segment assets of 27,156 million yen is mainly surplus operating funds (cash and deposits), administrative assets, etc. not attributable to reporting segments.
- (3) The reconciliation of depreciation of 116 million yen is depreciation on corporate assets not attributable to reporting segments.
- (4) The reconciliation of increase in property, plant and equipment and intangible assets of 79 million yen is increase in corporate assets not attributable to reporting segments.

(Note 2) Segment income is reconciled with operating income on the consolidated statement of income.

(Note 3) Increase in depreciation, property, plant and equipment and intangible assets includes long-term prepaid expenses and the amortization amount of such expenses.

### 3. Other

#### Status of Contracts and Sales

The performance of contracts in the real estate sales business for the fiscal year ended December 2020 is as follows:

Classification	Fiscal year ended Dec. 2020 (from Jan. 1, 2020 to Dec. 31, 2020)			
	Contract amount during the period		Balance of contracts at the end of the period	
	Number of units (units)	Amount (million yen)	Number of units (units)	Amount (million yen)
Mid- to high-rise housing, etc.	753	35,337	516	22,192
Other	—	18,231	—	3,216
Total	753	53,568	516	25,409

(Note) The above amounts do not include consumption tax, etc.



The main performance of sales for the most recent two fiscal years is as follows:

Name of segment	Fiscal year ended Dec. 2019 (from Jan. 1, 2019 to Dec. 31, 2019)			Fiscal year ended Dec. 2020 (from Jan. 1, 2020 to Dec. 31, 2020)		
	Property name	Number of units (units)	Amount (million yen)	Property name	Number of units (units)	Amount (million yen)
Real estate sales business	Condominiums	648	28,529	Condominiums	652	30,677
	Chuo-ku Minamisenba I North Nagoya	—	6,580	tonarie Yamatotakada	—	8,175
	PareMarche Nishiharu	—	4,610	LOGITRES Tojo	—	8,120
	Genboen, Koga-shi, Fukuoka Prefecture	—	4,273	tonarie Toga-Mikita	—	6,875
	Chuo-ku Awajicho III	—	4,000	Toshima-ku Minamiotsuka	—	2,900
	Suginami-ku Shimotakaido	—	3,800	Commercial leasehold land in Sakai-shi	—	2,733
	Asumigaoka Brand New Mall	—	3,200	Daikyochō, Shinjuku-ku	—	2,562
	K's Denki Oyumino	—	2,710	Detached house	—	2,316
	Nagahoribashi Station-front	—	2,100	Matsubara, Setagaya-ku	—	2,167
	Chiyoda-ku Sanbancho	—	2,034	Honjo-Nishi, Kita-ku	—	1,967
	Detached house	—	1,468	Commercial leasehold land in Omihachiman-shi	—	970
	Mitani, Nishi-ku, Kobe-shi	—	1,430	Commercial leasehold land in Ikoma-gun	—	765
	Sakai-shi Daisen Nishi II	—	946	Commercial leasehold land in Muko-shi	—	445
	Nishishiroi Ekimae	—	451	Genboen, Koga-shi, Fukuoka Prefecture	—	392
	Fukuoka Kasuga	—	401	Other	—	417
	Other	—	175			
		Subtotal	648	66,710	Subtotal	652
Real estate leasing business			5,022			5,527
Real estate planning agency and consulting business			372			295
	Total		72,106	Total		77,308

(Note 1) There are no transactions between segments.

(Note 2) The above amounts do not include consumption tax, etc.