

# Fact Book 2017

23rd term (January 1 - December 31, 2017)

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Company overview

## (Consolidated) Main financial data over 5 years

(Units: million yen)

|  | 19th term<br>Ending Dec. 2013 | 20th term<br>Ending Dec. 2014 | 21st term<br>Ending Dec. 2015 | 22nd term<br>Ending Dec. 2016 | 23rd term<br>Ending Dec. 2017 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Fiscal year</b>                           |                               |                               |                               |                               |                               |
| Sales  | 13,558                        | 18,842                        | 27,705                        | 34,347                        | 44,724                        |
| Gross profit                                 | 3,547                         | 4,893                         | 6,690                         | 8,852                         | 11,559                        |
| Operating income                             | 1,844                         | 2,815                         | 4,012                         | 4,680                         | 7,042                         |
| Ordinary income                              | 1,200                         | 2,075                         | 3,126                         | 3,575                         | 5,988                         |
| Net income attributable to parent            | 1,905                         | △ 2,411                       | △ 3,039                       | △ 3,936                       | △ 5,456                       |
| Cash flow from business activities           | 4,093                         | △ 1,803                       | 3,877                         | 14,684                        | 10,694                        |
| Cash flow from investment activities         | 2,294                         | 1,041                         | 61                            | 7,656                         | 9,167                         |
| Cash flow from financial activities          | △ 4,450                       | 3,368                         | 3,683                         | 11,003                        | 3,979                         |
| Information per share (yen)                  |                               |                               |                               |                               |                               |
| Net income                                   | 31.14                         | 34.59                         | 44.65                         | 58.76                         | 81.77                         |
| Diluted net income per share                 | 30                            | 34.38                         | 44.50                         | 57.41                         | 79.81                         |
| Net assets                                   | 137.14                        | 169.05                        | 208.28                        | 259.07                        | 315.14                        |
| Dividend amount                              | 1                             | 3                             | 8                             | 15                            | 18                            |
| <b>End of fiscal year</b>                    |                               |                               |                               |                               |                               |
| Total assets                                 | 43,695                        | 50,141                        | 58,088                        | 73,703                        | 86,435                        |
| Net assets                                   | 9,587                         | 11,656                        | 13,994                        | 17,363                        | 21,433                        |
| Cash and deposits                            | 4,161                         | 4,733                         | 4,516                         | 8,204                         | 10,667                        |
| Real estate for sale                         | 2,050                         | 5,054                         | 4,744                         | 6,103                         | 4,162                         |
| Real estate for sale in process              | 7,898                         | 12,698                        | 22,676                        | 39,319                        | 60,057                        |
| Interest-bearing liabilities                 | 31,670                        | 35,430                        | 39,739                        | 51,177                        | 56,544                        |
| Total no. of employees                       | 60                            | 71                            | 106                           | 125                           | 158                           |
| <b>Main management indicators</b>            |                               |                               |                               |                               |                               |
| Operating profit margin ratio (%)            | 14.9                          | 14.9                          | 14.5                          | 13.6                          | 15.7                          |
| Interest coverage ratio <sup>*1</sup> (fold) | 6.1                           | -                             | -                             | -                             | -                             |
| ROA <sup>*2</sup> (%)                        | 4.3                           | 5.1                           | 5.6                           | 6.0                           | 6.8                           |
| ROE <sup>*3</sup> (%)                        | 27.7                          | 22.7                          | 23.7                          | 25.1                          | 28.1                          |
| ROIC <sup>*4</sup> (%)                       | 5                             | 6.7                           | 7.2                           | 6.5                           | 8.4                           |
| Dividend payout ratio (%)                    | 3.2                           | 8.7                           | 17.9                          | 25.5                          | 22.0                          |
| Debt-to-equity ratio (%)                     | 72.5                          | 70.7                          | 68.4                          | 69.4                          | 65.4                          |
| Capital adequacy ratio (%)                   | 21.9                          | 23.2                          | 24.1                          | 23.6                          | 24.8                          |
| Total return ratio <sup>*5</sup> (%)         | 3                             | 21.0                          | 30.2                          | 36.8                          | 30.9                          |

\*1 Interest coverage ratio= operating cash flow/interest payment

\*2 ROA: Return on assets

\*3 ROE: Return on equity

\*4 ROIC: Return on invested capital= operating profit after tax/(shareholders'equity+ interest-bearing liabilities)

\*5 Total return ratio= (total dividends+ total share buyback amount) / net income

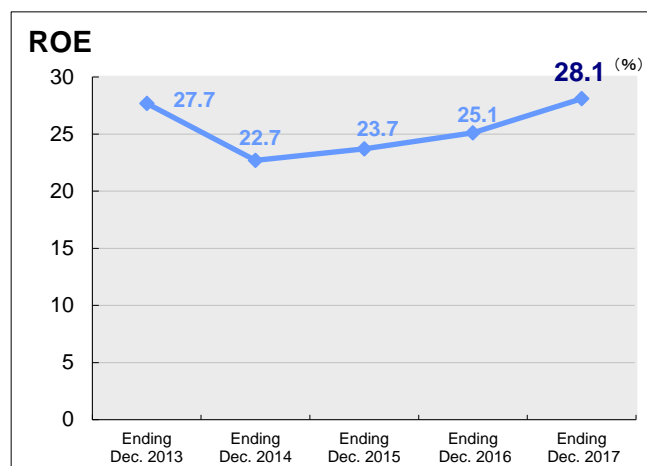
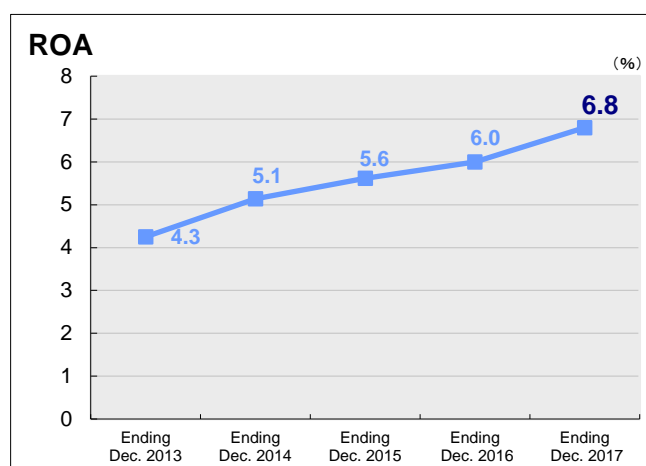
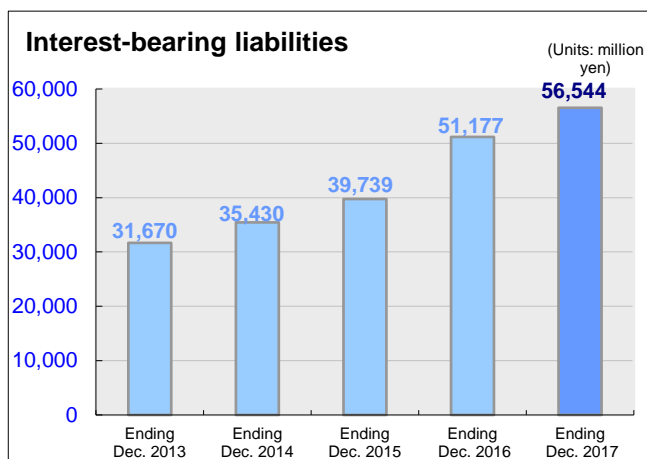
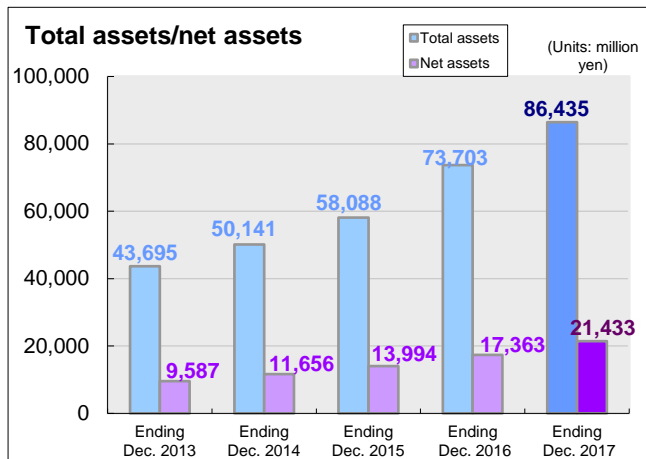
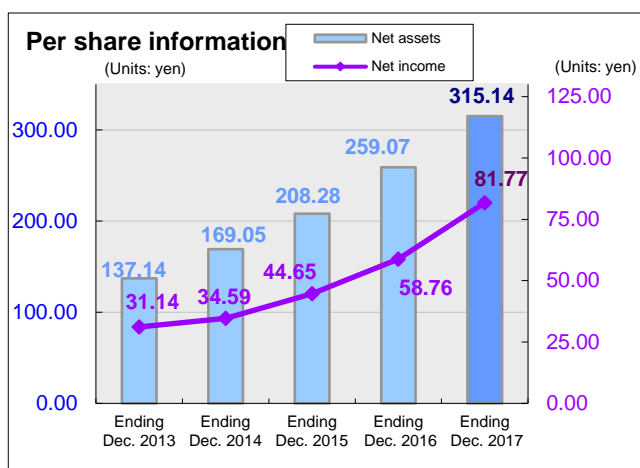
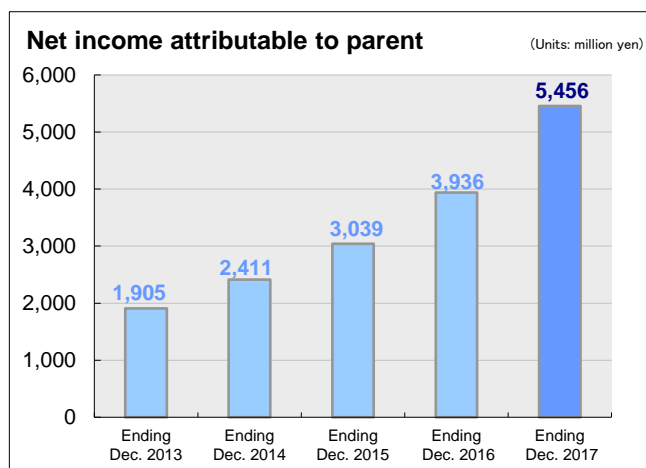
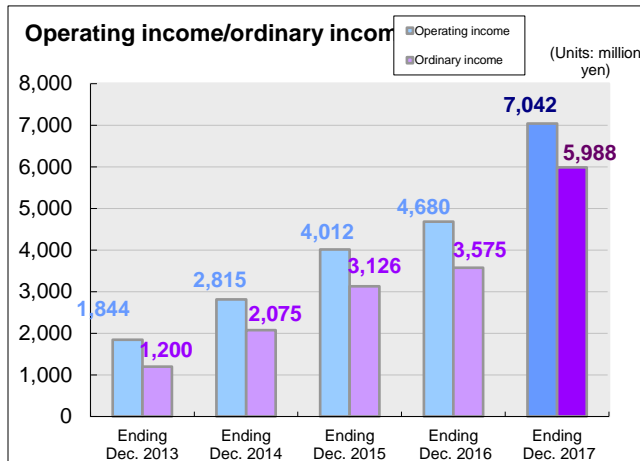
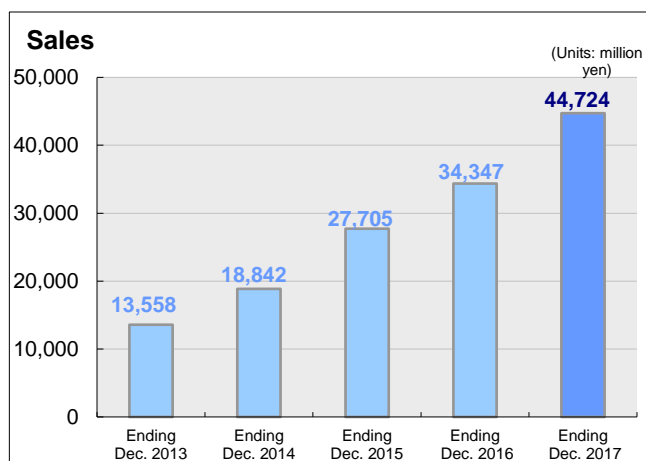
\* 1,405,400 shares of treasury stock were acquired between November 17 and 18, 2014 (total share buyback amount: 299 million yen)  
(Number of treasury stock retained as of end of December 2014: 1,413,500 shares)

\* 1,138,900 shares of treasury stock were acquired between September 14 and October 7, 2015 (total share buyback amount: 319 million yen).  
(Number of treasury stock retained as of end of December 2015: 2,552,400 shares)

\* 241,700 shares of treasury stock were acquired between February 15 and 16, 2016 (total share buyback amount: 55 million yen)  
(Number of treasury stock retained as of end of December 2016: 2,794,100 shares)

\* 972,800 shares of treasury stock were acquired between January 4 and 11, 2017 (total share buyback amount: 430 million yen).  
450,000 shares of treasury stock were acquired between December 11 and 21, 2017 (total share buyback amount: 319 million yen).  
1,800,000 shares of treasury stock were retired on March 30, 2017.  
(Number of treasury stock retained as of the end of December 2017: 2,416,900 shares)

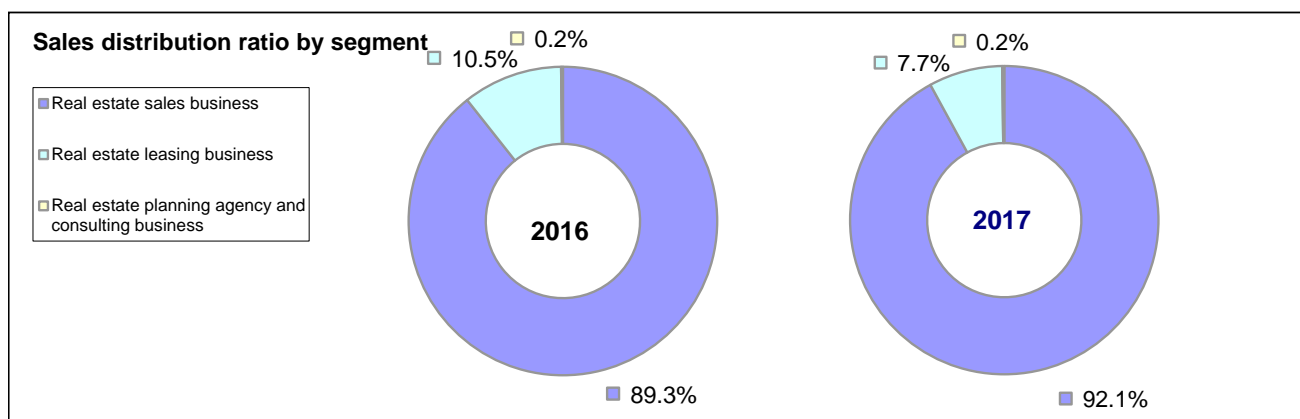
## (Consolidated) Main changes to financial data



## (Consolidated) Segment information

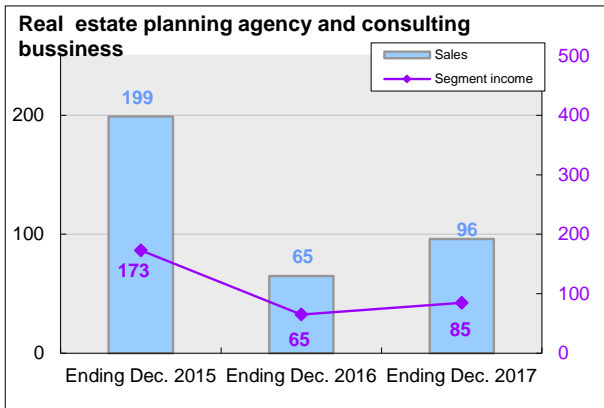
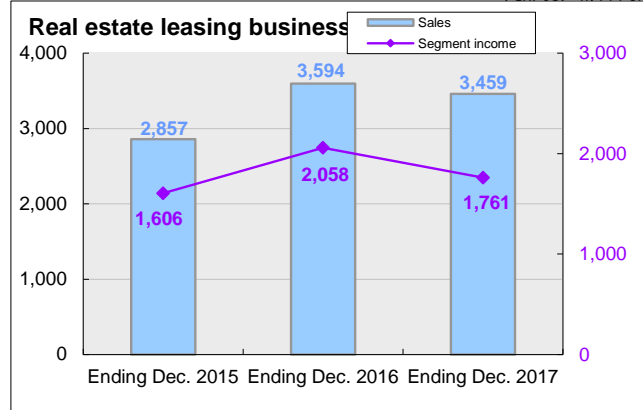
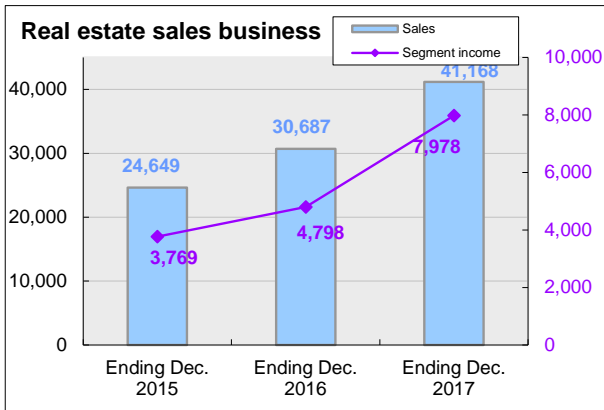
(Units : million yen)

|   | 21st term<br>Ending Dec.<br>2015 | 22nd term<br>Ending Dec.<br>2016 | 23rd term<br>Ending Dec.<br>2017 |
|---|----------------------------------|----------------------------------|----------------------------------|
| <b>Sales</b>  |                                  |                                  |                                  |
| Real estate sales business                          | 24,649                           | 30,687                           | 41,168                           |
| Real estate leasing business                        | 2,857                            | 3,594                            | 3,459                            |
| Real estate planning agency and consulting business | 199                              | 65                               | 96                               |
| <b>Total</b>  | <b>27,705</b>                    | <b>34,347</b>                    | <b>44,724</b>                    |
| <b>Segment margin</b>                               |                                  |                                  |                                  |
| Real estate sales business                          | 3,769                            | 4,798                            | 7,978                            |
| Real estate leasing business                        | 1,606                            | 2,058                            | 1,761                            |
| Real estate planning agency and consulting business | 173                              | 65                               | 85                               |
| <b>Total</b>  | <b>5,549</b>                     | <b>6,921</b>                     | <b>9,825</b>                     |



## (Consolidated) Changes by segment

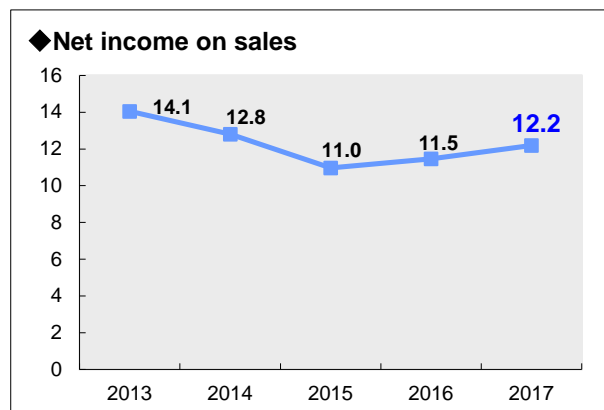
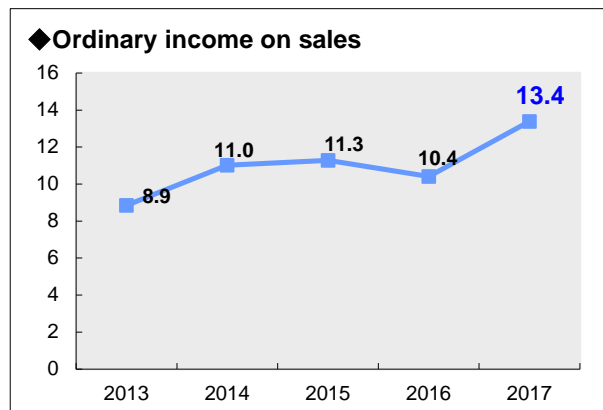
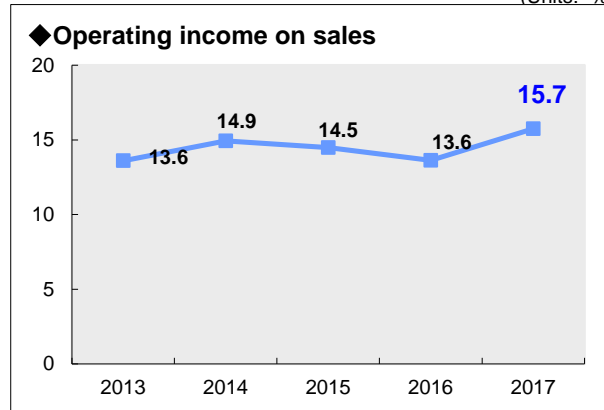
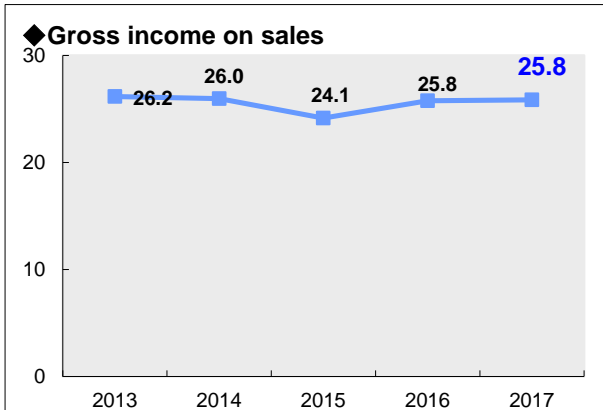
(Units: million yen)



(Consolidated) Changes to main management indicators

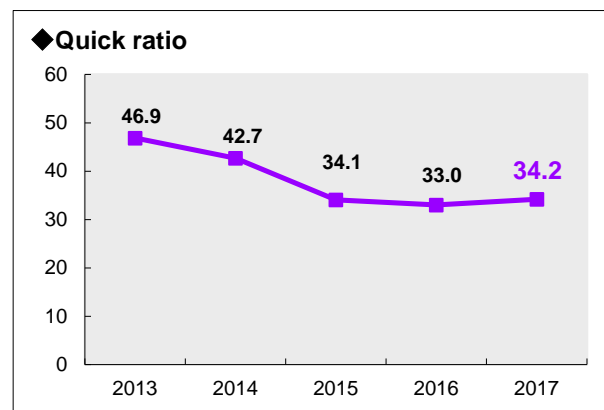
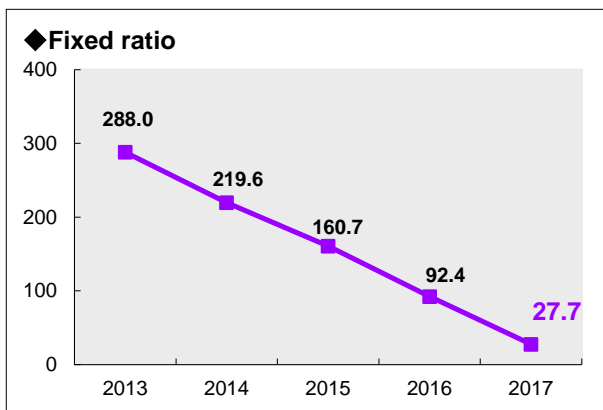
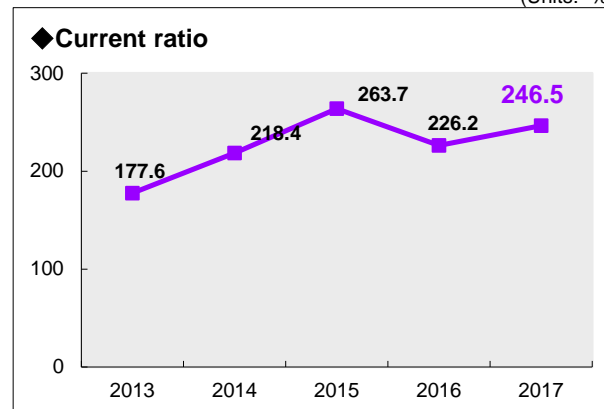
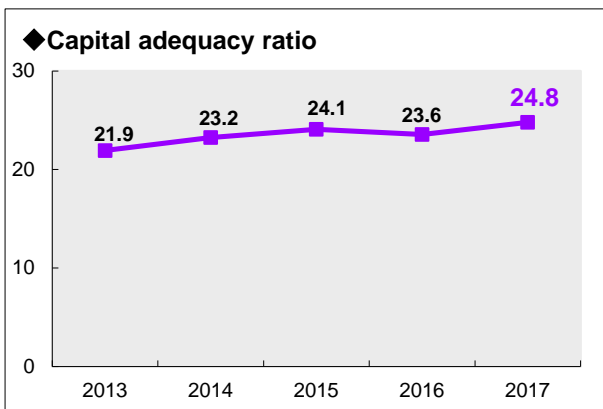
Profitability

(Units: %)



Security

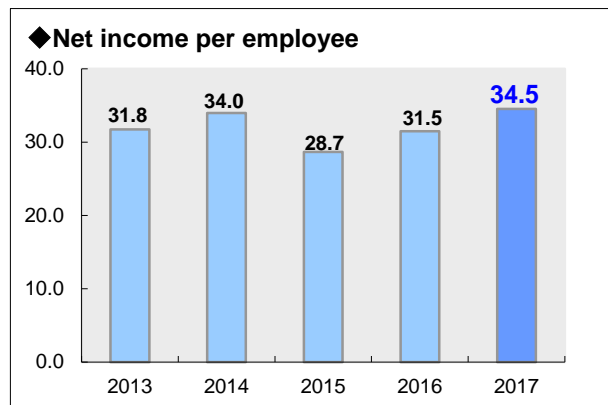
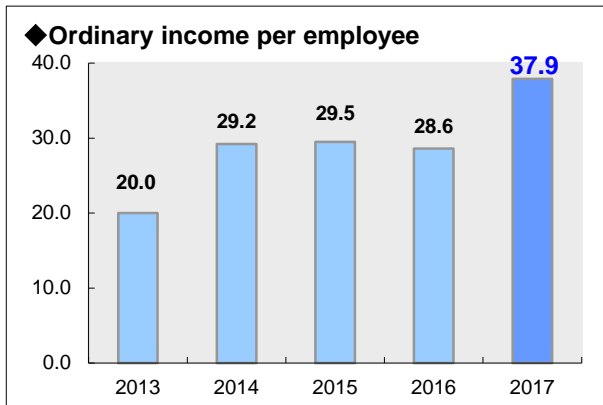
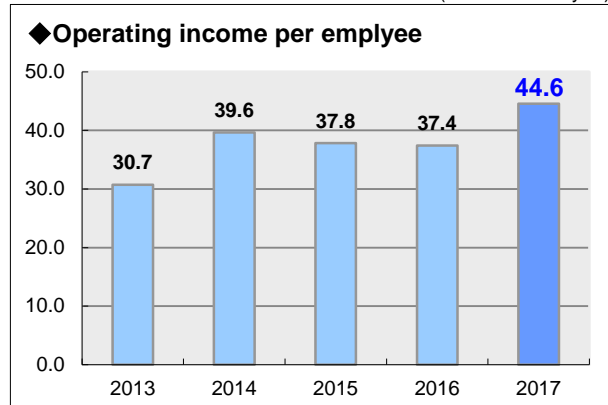
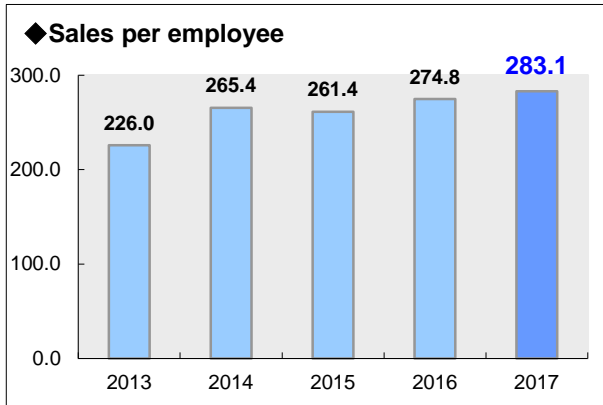
(Units: %)



Quick ratio (%) = [(cash and deposits + notes receivable) - allowance for doubtful accounts] ÷ current liabilities × 100

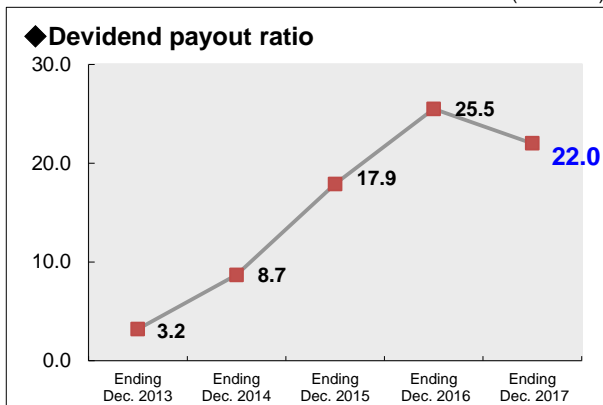
## Productivity

(Units: million yen)

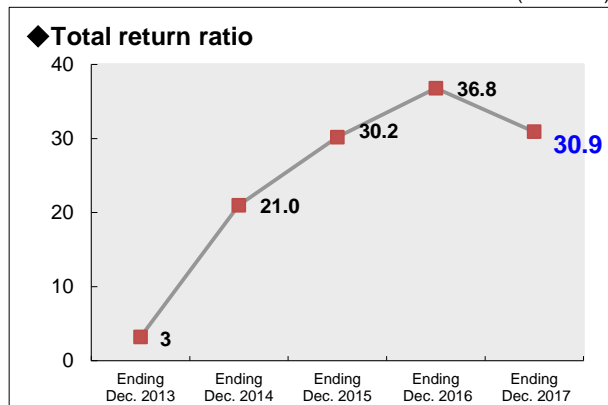


## Dividend payout ratio/Total return

(Units: %)



(Units: %)



## Share information (as of December 31, 2017)

|                                    |                   |
|------------------------------------|-------------------|
| <b>Total no. of shares</b>         | 72,000,000 shares |
| <b>Total no. of shares issued</b>  | 71,203,387 shares |
| <b>Total number of shareholder</b> | 9,529             |

\* The total number of shares issued increased by 2,408,500 due to the exercise of share warrants and decreased by 1,800,000 due to the retirement of treasury stock

## Major shareholders (as of December 31, 2017)

| Name/title  | No. of shares owned (shares) | Ownership ratio (%) |
|---|------------------------------|---------------------|
| Koryu Oh  | 10,600,000                   | 15.4                |
| Tenma Seiryu Co., Ltd.                                  | 9,000,000                    | 13.1                |
| Nissei Build Kogyo Co., Ltd.                            | 6,500,000                    | 9.4                 |
| Sanai Housing Corp.                                     | 6,090,000                    | 8.9                 |
| Seiryu Asset Management Co., Ltd                        | 3,000,000                    | 4.4                 |
| Japan Trustee Services Bank, Ltd.                       | 1,942,800                    | 2.8                 |
| Takatoshi Ito   | 1,198,400                    | 1.7                 |
| The Master Trust Bank of Japan, Ltd. (account in trust) | 836,100                      | 1.2                 |
| NS Corporation  | 800,300                      | 1.2                 |
| Japan Trustee Services Bank, Ltd. (account in trust)    | 661,000                      | 1.0                 |

\* ES-CON Japan, Ltd., retains 2,416,900 shares of its own stock but is not among the major shareholders listed above.

\* Shareholding ratio is calculated without including treasury stock.

\* Tenma Seiryu Co., Ltd., became a new major shareholder through its acquisition and merger with Seiryu Amusement, K.K., and Seiko Leisure Co., Ltd.

## Changes in capital stock/no. of shares

|                  | Capital stock at end of term (million yen) | No. of shares issued at end of term (Shares) | (Of which treasury stock) (Shares) | Remarks   |
|------------------|--|--|------------------------------------|---|
| 17th term - 2011 | 4,211                                      | 333,964                                      | 81                                 |   |
| 18th term - 2012 | 4,270                                      | 35,196,400                                   | 8,100                              | Nov. 2012<br>Dec. 2012<br>Third-party allocation of shares (18,000 shares)<br>Stock split (1 share split into 100 shares)   |
| 19th term - 2013 | 5,998                                      | 69,748,887                                   | 8,100                              | Jul. 2013<br>Rights offering (addition of 34,552,487 shares)  |
| 20th term - 2014 | 6,019                                      | 70,317,887                                   | 1,413,500                          | Exercise of stock option by executives (addition of 569,000 shares)<br>Nov.2014<br>Acquisition of treasury stock (1,405,400 shares)   |
| 21st term - 2015 | 6,029                                      | 70,511,887                                   | 2,552,400                          | Exercise of stock option by executives (addition of 194,000 shares)<br>Oct. 2015<br>Acquisition of treasury stock (1,138,900 shares)  |
| 22nd term - 2016 | 6,034                                      | 70,594,887                                   | 2,794,100                          | Exercise of stock option by executives (addition of 83,000 shares)<br>Feb. 2016<br>Acquisition of treasury stock (241,700 shares)   |
| 23rd term - 2017 | 6,224                                      | 71,203,387                                   | 2,416,900                          | Exercise of stock option by executives (addition of 2,408,500 shares)<br>Mar. 2017<br>Jan.-Dec. 2017<br>Retirement of treasury stock (decrease of 1,800,000 shares)<br>Acquisition of treasury stock (1,422,800 shares) |



## Company overview (as of December 31, 2017)

|                                 |  |
|---------------------------------|--|
| <b>Established</b>              | April 18th, 1995   |
| <b>Capital stock</b>            | 6,224,000,000 yen  |
| <b>Sales</b>                    | 44,724,000,000 yen   |
| <b>No. of employees</b>         | 158 (consolidated), 123 (parent only)  |
| <b>Locations</b>                | Tokyo Head Office<br>12th Floor, Try Edge Ochanomizu, 4-2-5 Kanda Surugadai, Chiyoda-ku, Tokyo 101-0062<br>Osaka Head Office<br>13th Floor, Meiji Yasuda Seimei Osaka Midosuji Building, 4-1-1 Fushimimachi, Chuo-ku, Osaka-shi, Osaka 541-004<br>Fukuoka Branch<br>9th floor, Yasuda No. 7 Building, 13-15 Kamikawabata-machi, Hakata-ku, Fukuoka-shi, 812-0026 |
| <b>Main business activities</b> | Real estate sales business, real estate leasing business, real estate planning agency and consulting business  |

## Affiliated companies

| Company name   | Capital stock (million yen) | Main business activities  | Ratio of voting rights owned (%) |
|--|-----------------------------|---|----------------------------------|
| (Consolidated subsidiary)<br>ES-CON Property Co., Ltd.                         | 10                          | Commercial facility management<br>Condominium management  | 100.0                            |
| (Consolidated subsidiary)<br>ES-CON Asset Management Co., Ltd.                 | 100                         | Investment management,<br>Type II financial instruments<br>business,<br>investment advice, agency | 100.0                            |
| (Consolidated subsidiary)<br>ES-CON Living Service Ltd.                        | 40                          | Real estate management and<br>renovation,<br>operation of hotels and<br>restaurants               | 100.0                            |
| (Consolidated subsidiary)<br>E-STATE Co., Ltd.                                 | 10                          | Real estate sales business<br>Real estate leasing business  | —<br>[100.0]                     |
| (Consolidated subsidiary)<br>Aries Investment Two, LLC                         | 3                           | Real estate sales business<br>Real estate leasing business  | —<br>[100.0]                     |
| (Equity method affiliates)<br>NBNS Investment Limited<br>Liability Partnership | 2,060                       | Real estate leasing business  | 50.0<br>(4.9)                    |

\* Items in [ ] indicate ownership ratios held by close or assenting individuals and are not included in the above figure. The items in ( ) indicate ownership ratios for shares held by consolidated subsidiaries and are included in the above figure.

For inquiries regarding this matter:

**ES-CON Japan IR Information Inquiry Desk**

**06 - 6223 - 8055**

(Operating hours: 9:00-18:00 on weekdays, closed on weekends and public holidays)

