



JR Kitahiroshima Station / tonarie Kitahiroshima Hotel /
Le JADE Hokkaido Kitashiroshima

Financial Results

for the Year Ended
March 2024

ES-CON JAPAN Ltd. (TSE Prime: 8892)
May 17, 2024

Section 1

Overview of Financial Results for the Year Ended March 2024

* The Company has revised its fiscal period (end of business year) from the end of December to the end of March. Due to this change, the year ended March 2024 is a one-time 15-month period starting January 1, 2023 and ending March 31, 2024.

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Profit/Loss Statement for the Year Ended March 2024

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- Due to a change in the Company's fiscal year end date, the year ended March 2024 is a one-time 15-month period starting January 1, 2023 and ending March 31, 2024.
- During this period, which marked the final year of the Fourth Medium-Term Management Plan, the Company achieved record net sales of **¥118.8 billion and record operating profits of ¥19.0 billion**.
- Results were generally in line with revised results forecasts announced in August 2023.

(Unit: Million yen)

	FY3/24 Full-Term (term under review)	Revised results forecasts for FY3/24	Vs. revised forecasts		FY12/22 Full-Term (Previous period)
			Change	Percent change	
Sales	118,861	120,000	-1,139	-0.9%	99,431
Gross profit	34,941				26,607
Selling, general and administrative expenses	15,867				11,115
Selling expenses	4,976				4,133
General administrative expenses	10,890				6,981
Operating profit	19,074	18,000	1,074	+ 6.0%	15,492
Interest expenses	2,650				1,895
Ordinary income	16,585	15,500	1,085	+ 7.0%	14,012
Extraordinary loss	1,381				3,927
Profit in the quarter attributable to owners of the parent	10,050	10,000	50	+ 0.5%	7,250
Basic earnings per share in the quarter (yen)	105.44	104.95	0.49	-	76.04

Dividend Planned year-end dividend for FY3/24: ¥48

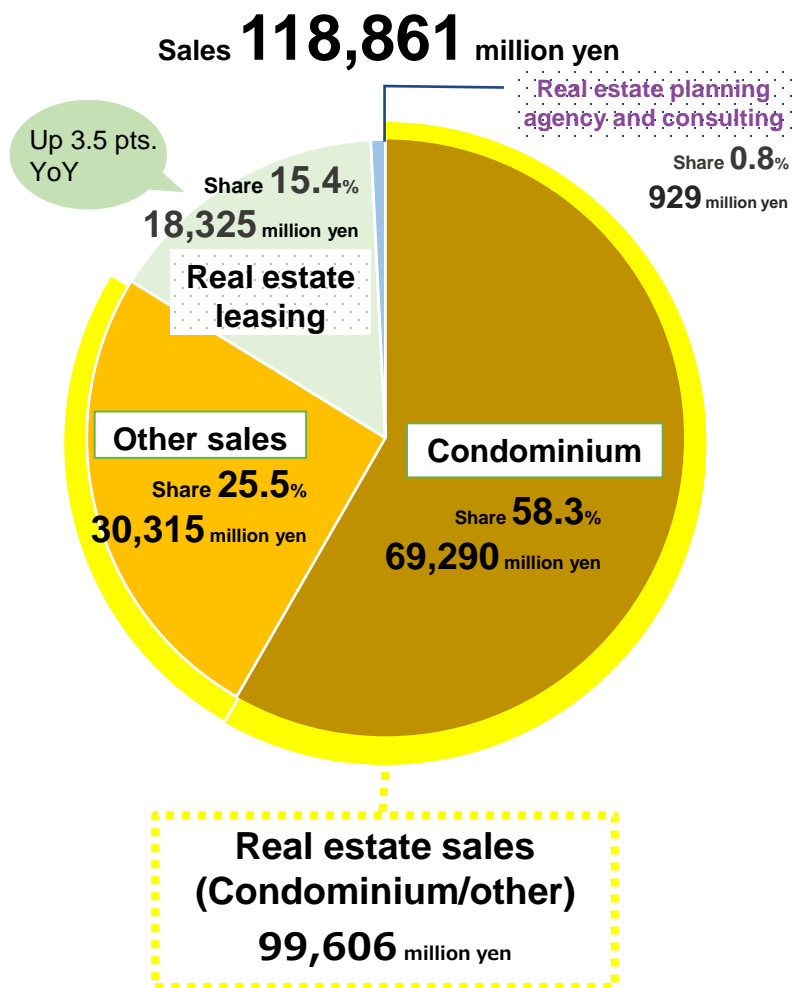
Payout ratio 45.5%

Segment Overview for the Year Ended March 2024

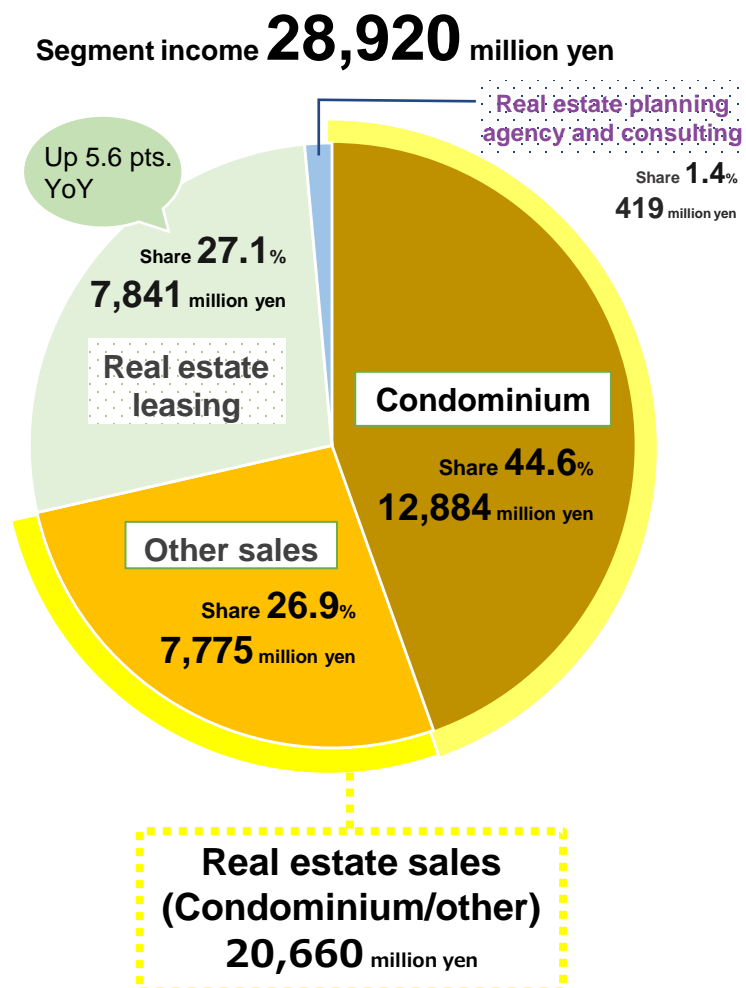
- ◆ Made Shijo Omiya Building Co., Ltd. a subsidiary, upgraded the tonarie series of commercial facilities and opened new facilities. These efforts boosted sales and profit in the real estate leasing business. **Sales in this business rose 3.5 percentage points from the previous year, while its share of profits increased by 5.6 percentage points.**

We achieved transformation and rapid progress as planned by steadily revising the revenue structure as called for under the Fourth Medium-Term Management Plan.

■ Share of sales by segment ■



■ Share of profit by segment ■



Segment Overview for the Year Ended March 2024—Real estate sales business

① Real estate sales business

(Unit: Million yen)

	Sales				Segment income				Segment profit margin		
	FY3/24 Full-Term (A)	FY12/22 Full-Term (B)	YoY		FY3/24 Full-Term (A)	FY12/22 Full-Term (B)	YoY		FY3/24 Full-Term (A)	FY12/22 Full-Term (B)	YoY
			Change (A-B)	Percent change			Change (A-B)	Percent change			Change (A-B)
Real estate sales business	99,606	86,531	13,075	+ 15.1%	20,660	17,006	3,654	+ 21.5%	20.7%	19.7%	+ 1.0 percentage points
Condominium sales	69,290	58,532	10,758	+ 18.4%	12,884	9,921	2,963	+ 29.9%	18.6%	16.9%	+ 1.7 percentage points
Properties delivered (units)	1,216	1,185	31	+ 2.6%							
Other businesses	30,315	27,999	2,316	+ 8.3%	7,775	7,085	690	+ 9.7%	25.6%	25.3%	+ 0.3 percentage points

«Condominium sales»

- The condominium business supplied **1 a record-high 1,216 units**.
- High margin properties sold out quickly, attesting to our product planning capabilities.
(Le JADE Hokkaido Ballpark, Park Le JADE Shirokane Residence, etc.)
Segment profit ratio increased **2 1.7 percentage points** YoY

- ▶ ES CON FIELD HOKKAIDO (left)
Le JADE Hokkaido Ballpark (right)



«Other businesses»

- We sold logistics facilities (in Hashima City, Gifu Prefecture and Kato City in Hyogo Prefecture), rental residences, and land for a healthcare facility for the elderly (Fujishirodai, Suita)



▲Hashima City, Gifu Prefecture (logistics facilities)

- ▶ We developed TSUNAGU GARDEN Senri Fujishirodai, a project on the former site of the National Cerebral and Cardiovascular Center composed of two Le JADE condominium buildings, detached houses, a medical mall, a licensed nursery school, commercial facilities, and a park.
We sold part of this former site to a developer who intends to develop a healthcare facility for the elderly.
Opened November 7, 2023



Segment Overview for the Year Ended March 2024—Real estate leasing business

② Real estate leasing business

- Shijo Omiya Building, made a subsidiary in July 2023, contributed to rental revenue. The segment profit ratio rose **1** **2.9 percentage points** year on year.
- Renovations at tonarie Utsunomiya were completed (February 2023), while tonarie Hoshida opened (March 2023). Leasing activities proceeded for various commercial facilities, including tonarie Tsukeba Square, and we put emphasis on the project management business.

(Unit: Million yen)

Real estate leasing business	FY3/24 Full-Term (A)	FY12/22 Full-Term (B)	YoY	
			Change (A-B)	Percent change
Sales	18,325	11,824	6,501	55.0%
Segment income	7,841	4,716	3,125	66.3%
Segment profit margin	42.8%	39.9%	1 + 2.9 percentage points	-

To implement the goal of **changing the revenue structure**, a basic policy of the Fourth Medium-Term Management Plan, we made the Picasso Group a subsidiary in 2021. We also made Shijo Omiya Building, which owns revenue-generating real estate primarily in Kyoto, a subsidiary in July 2023.



Share acquisition price: ¥28.1 billion
Approx. expenses: ¥100 million
Total acquisition price: ¥28.2 billion

	Current market value	Properties owned
Shijo Omiya Building	Approx. ¥42.0 billion	43
Picasso Group (on being made a subsidiary in 2021)	Approx. ¥59.1 billion	81

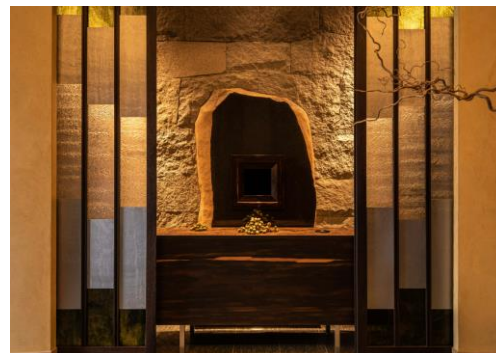
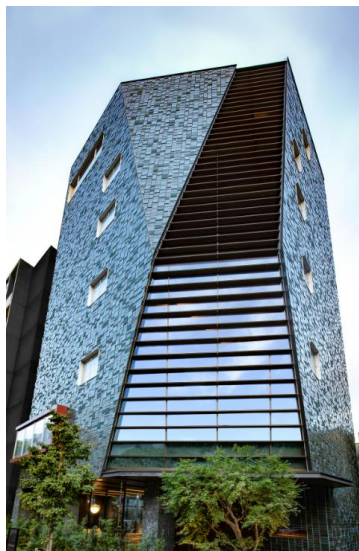
Real estate planning agency and consulting business

③ Real estate planning agency and consulting business

- We engage in sales of permanent usage rights for Ryomon Columbarium, the sale of interior options, and contracted planning and consulting.
- Real estate agency and the contracting business, etc. made progress and contributed to profits.

(Unit: Million yen)

Real estate planning agency and consulting business	FY3/24 Full-Term (A)	FY12/22 Full-Term (B)	YoY	
			Change (A-B)	Percent change
Sales	929	1,074	-145	-13.5%
Segment income	419	228	191	83.8%
Segment profit margin	45.1%	21.2%	+ 23.9 percentage points	-



We attracted a certain number of visits, with those visiting giving high ratings for the facility. Located three minutes from Hiroo Station, sales efforts highlighted the location and characteristics of Ryomon, which is composed of individual rooms for worship.

Ryomon Columbarium

Balance Sheet for the Year Ended March 2024

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- Investments made exceed those planned. Total assets grew **1** ¥135.9 billion, while the equity ratio fell 6.9 percentage points year on year to **2** 18.1%.
- Purchases proceeded smoothly, **3** boosting Real estate for sale in process to ¥88.9 billion.

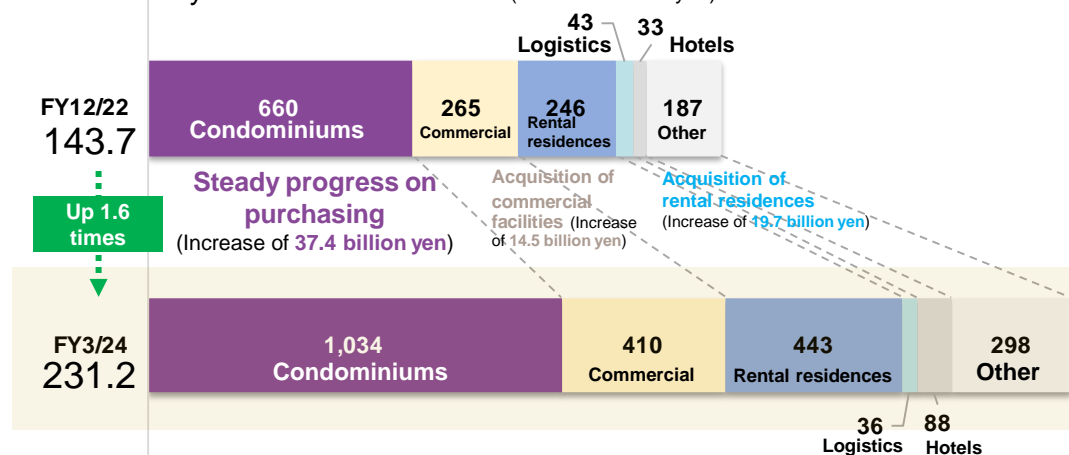
(Unit: 100 million yen)

	FY3/24 (term under review)	FY12/22 (previous term)	Change
Current assets	2,954	1,913	1,041
Cash and deposits	489	357	132
Real estate for sale	34	48	-14
Real estate for sale in process	2,278	1,389	3 889
Non-current assets	1,042	723	319
Property, plant and equipment	750	521	229
Intangible assets	161	77	84
Investments and other assets	129	124	5
Total assets	3,996	2,637	1 1,359

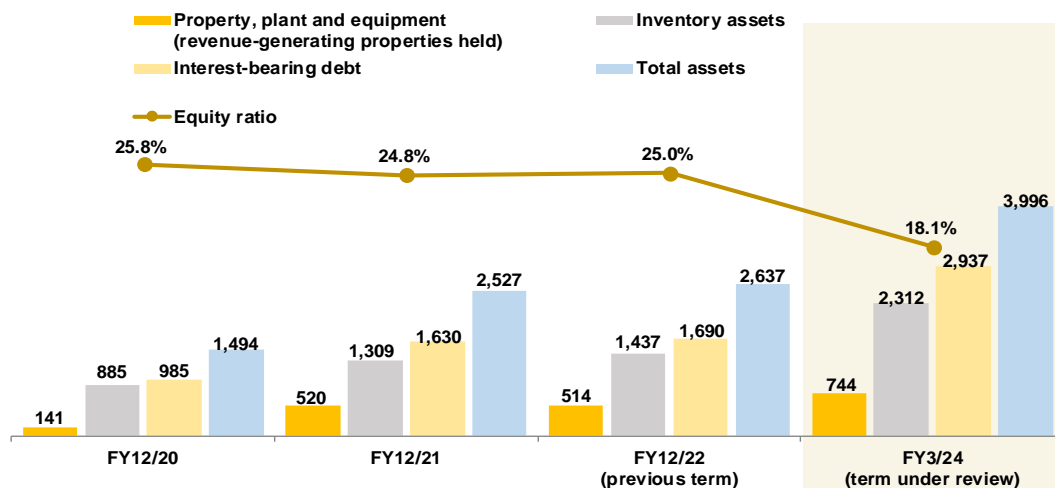
	FY3/24 (term under review)	FY12/22 (previous term)	Change
Current liabilities	1,085	556	529
Short-term loans	515	100	415
Current portion of long-term loans	426	261	165
Non-current liabilities	2,204	1,438	766
Long-term loans	1,995	1,328	667
Total liabilities	3,289	1,995	1,294
Total net assets	707	641	66
Total liabilities and net assets	3,996	2,637	1,359

Equity ratio	18.1%	25.0%	2 -6.9 percentage points
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Inventory breakdown and trends (Unit: 100 million yen)



Trends in assets, liabilities, and equity ratio (Unit: 100 million yen)



Results Forecasts for the Year Ending March 2025

- In the year ending March 2025 sales and profits are expected at around the same level as the previous year (FY3/24) **(effective increase in sales and profits)**

(Unit: 100 million yen)

	Net sales	Operating profit	Ordinary income	Profit attributable to owners of parent	Net profit per share
Second quarter	30,000	3,500	2,100	1,400	Yen 14.67
Full term	118,000	18,000	15,000	10,000	104.76

- **We will maintain our current progressive dividend policy** under the Fifth Medium-Term Management Plan.
(The dividend per share from the previous period is the lower limit for the per-share dividend. Given the Company's dividend policy, this means the dividend will remain the same or increase.)

FY3/25

Period-end dividend: **¥48** planned

Payout ratio of 45.8%



For more information, see the Fifth Medium-Term Management Plan in the second section starting on p. 26.

Review of Fourth Medium-Term Management Plan

Year ended December 2021 through year ended March 2024

Review of Previous Medium-Term Management Plan ①

➤ Results proceeded more or less according to plan to **achieve transformation, rapid progress, and a steady revenue**

Basic policy of the previous medium-term plan period.
January 2021 to March 2024

[Basic policy]

Transformation

&

Rapid Progress

- Proactive investment in long-term revenue-generating real estate and **improving the structure of the balance sheet**
- Transform **the focus of management** from flows **to stocks**
- Demonstrate synergies in the Chubu Electric Power Group
- Achieve sales of **111.0** billion yen and operating profit of **16.0** billion yen (Forecast for final year of medium-term management plan; *based on 12-month fiscal period)

[Results (FY3/24 results)]

✓ Improved stability indicators via proactive investment

Achieving *transformation*

Three-year cumulative investment
Gross investment
260.0 billion yen
(forecast was 230.0 billion yen)

Share of profits from leasing
14.2% in FY12/20
→ **27.1% (forecast was 28.0%)**

Long-term revenue generating real estate
FY12/20 9.5%
→ **18.6% (forecast was 21.0%)**

*1 Share of profits from leasing: Leasing segment profits/segment total profits (excluding adjustments)

*2 Share of long-term revenue-generating real estate: Real estate generating leasing revenues recorded as noncurrent assets/net assets

✓ Achieved steady financial result improvement

Achieving *rapid progress*

Sales
118.8 billion yen
(up 53% from FY12/20)

Operating profit
19.0 billion yen
(up 55% from FY12/20)

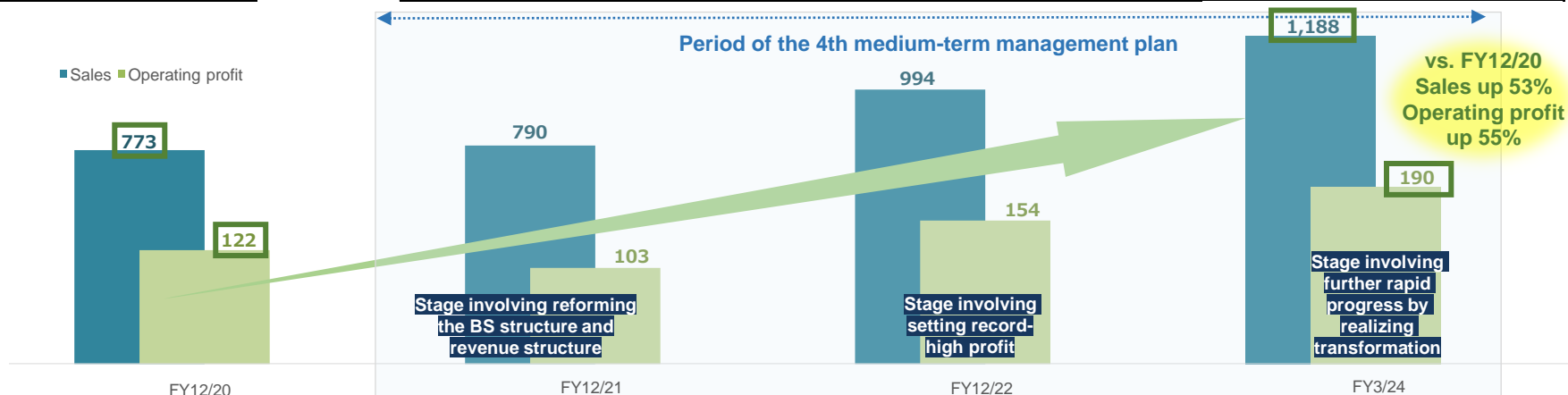
Planned financial results

	FY12/20
	Results
Sales	773
Operating profit	122

FY12/21			FY12/22			FY3/24	
Results	Initial plan	vs. initial plan	Results	Initial plan	vs. initial plan	Financial results forecast (15-month period)	Initial plan (12-month period)
790	800	-10	994	980	14	1,188	1,100
103	108	-5	154	140	14	190	160

Unit: 100 million yen

■ Sales ■ Operating profit



Review of Previous Medium-Term Management Plan ②

- Investment results exceeded expectations; stability indicators rose (share of profits from leasing, long-term revenue-generating real estate); and the revenue structure was successfully transformed.

Investment plan

Unit: 100 million yen

	Three-year cumulative (Results) ①				Initial plan (released 2/21)		Revised plan (released 8/23)	
	FY12/21	FY12/22	FY3/24	Three-year cumulative (Results) ①	Three-year cumulative ②	vs. initial plan ① - ②	Three-year cumulative ③	vs. revised plan ① - ③
	Results	Results	Results					
Total gross investment	976	375	1,249	2,600	2,200	400	2,300	300
Investment in revenue-generating real estate	767	108	609	1,484	1,300	184	1,540	-56
Investment in development of revenue-generating real estate	56	36	110	199	300	-101	220	-21
Investment in medium-term revenue-generating real estate	337	56	255	648	600	48	685	-37
Investment in long-term revenue-generating real estate	373	15	246	634	400	234	635	-1
Investment in other developments	191	261	577	1,029	900	129	760	269
Overseas investment	7	4	55	66	-	-	-	-
Other investment	9	2	10	21	-	-	-	-
Amount recovered	48	65	104	217	300	-83	280	-63
Net investment amount	928	310	1,145	2,383	1,900	483	2,020	363

➤ Expected to exceed forecasts initial plan (released 2/21) and revised plan (released 8/23)

Major contribution from investment association with subsidiaries the Picasso Group and Shijo Omiya Building

*Initial plan (released 2/21):
Plan covers from 1/21 to 12/23 (36 months)

*Revised plan (released 8/23):
Plan covers from 1/21 to 3/24 (39 months)

Management indicators

	FY12/20	FY3/24			
	① Results	② Results	③ Initial plan	vs. initial plan ② - ③	vs. FY12/20 ② - ①
Share of profits from leasing*1	14.2%	27.1%	26.0%	1.1%	+ 12.9%
Share of long-term revenue-generating real estate*2	9.5%	18.6%	18.0%	0.6%	+ 9.1%
ROE	21.2%	14.5%	13.0%	1.5%	-6.7%
ROIC*3	6.6%	3.6%	4.0%	-0.4%	-3.0%
Equity ratio	25.8%	18.1%	23.0%	-4.9%	-7.7%
Net assets	38.6bn yen	70.7bn yen	72.0bn yen	-1.3bn yen	+ 32.1bn yen

➤ Improved revenue stability (achieved transformation)

Maintained high capital efficiency even the vs FY12/20 result declined, based on strengthened capital via third party allotment to Chubu Electric Power (became Chubu Electric Power's subsidiary).

- Better-than-expected progress on investment plan, but finished below plan
- Increased compared to FY12/20 due to a capital infusion from the above third-party allotment

*1 Share of profits from leasing: Leasing segment profits / segment total profits (excluding adjustments)

*2 Share of long-term revenue-generating real estate: Real estate generating leasing revenues recorded as noncurrent assets / net assets / total assets

*3 ROIC: Operating profit after tax / (shareholders' equity + interest bearing debt)

Review of Previous Medium-Term Management Plan ③

➤ Steadily diversified business and expanded business area based on management strategy (priority initiatives) during the previous medium-term plan.

① Transformation to a sustained and stable revenue structure

- ✓ Achieved transformation of revenue structure by making subsidiaries of the Picasso Group and Shijo Omiya Building



▶ Made subsidiary in October 2021



▶ Made subsidiary in July 2023

- ✓ Obtained ratings of A+ (stable) from JCR and A (stable) from R&I

② Stable growth in existing core businesses

- ✓ [Condominiums]
 - Continued stable supply (supply of around 1,200 units annually)
 - Promoted **diversification in product plans, including supply in prime downtown locations and on sites with rich natural environments**
- ✓ [Commercial] Developed a total of 10 facilities in the tonarie series



Park Le JADE Shirokane Residence



SEVENS VILLA Karuizawa

③ Making new business core business

- ✓ [Logistics] Development of LOGITRES series
- ✓ [Station Area Development, Urban Development]
 - Multipurpose development of primarily commercial facilities in front of Yamato-Takada Station, Tsukuba Station, and Hokkaido Kitahiroshima Station
- ✓ [Rental residence] Launched and developed the proprietary TOPAZ brand



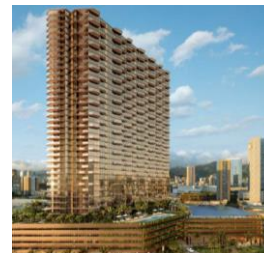
LOGITRES Sano



TOPAZ Shin-Okachimachi

④ Challenge of new areas

- ✓ Participated in multiple projects in the overseas business (Bangkok, Thailand, California and Hawaii, etc. in the U.S.)
- ✓ Conducted initiatives for the next generation by investing in and partnering with Serendix, which is aiming to use a 3D printer to develop housing, STLYL, which conducts an XR business, and the SHONAI (formerly Yamagata Design) Group, which develops business on the concept of agriculture



Alia Project



(Reference) Suiden Terrasse

Review of Previous Medium-Term Management Plan ③

⑤ Strengthening ES-CON Japan Group synergies

- ✓ Picasso Group, Shijo Omiya Building, FUEL, ES-CON Sports & Entertainment begin participating in the Group (made subsidiaries or newly established)
- ✓ Building an overall Group system for development business in a multifaceted manner

ES CON
Sports &
Entertainment

- ▶ A new company was established in December 2023 to promote urban development based on an approach that emphasizes entertainment, including sports.

⑥ Expanding sites centering on five urban areas

- ✓ New supply of condominiums in Hokkaido and Kyushu
- ✓ Diversity of developments in Hokkaido, including senior residences, logistics, and hotels centering on urban development in the area of ES CON FIELD HOKKAIDO
- ✓ Steady business expansion in the Chubu area



MASTERS VARUS Hokkaido Ballpark



Kitahiroshima Station West Exit development
tonarie Kitahiroshima, hotel, Le JADE Hokkaido
Kitashiroshima

⑦ Strengthening Chubu Electric PowerGroup synergies

- ✓ Multiple joint businesses with Chuden Real Estate making progress, contributing revenue (Shirakabe I & II in Higashi-ku, Nagoya and Fujishirodai 5-chome in Suita, etc.)
- ✓ Developing Techno Farm Fukuroi, a plant-growing facility, jointly with Chubu Electric Power
- ✓ Participating in urban development project on the former site of the Nagoya Horse Racing Track



Development at the former site of the Nagoya Horse Racing Track



TSUNAGU GARDEN
Senri Fujishirodai



Techno Farm Fukuroi

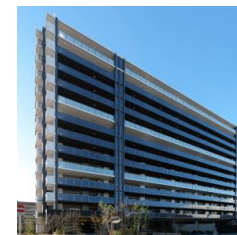
⑧ Promoting ESG

- ✓ Promoted development and continued supply of ZEH condominiums
- ✓ Disclosed information based on the Task Force on Climate-related Financial Disclosures (TCFD) framework
- ✓ Certified as Health & Productivity Management Outstanding Organization for 2024 (large corporation category)

快適かつ経済的な次世代住宅
ZEH-M Oriented



Le JADE Honkawagoe Koedo
Terrace



Le JADE Yao Sakuragaoka

Section 2

Long-Term Vision 2030 Fifth Medium-Term Management Plan

Section 2 Contents

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● II. Long-Term Vision 2030

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*Key to this document

(Group companies)

- Picasso Group:
Corporate group made up of PICASSO CO., LTD.
and Yuki Sangyo Inc.
- Shijo Omiya Building: Shijo Omiya Building Co., Ltd.
- FUEL: FUEL Inc.
- ES-CON Sports & Entertainment:
ES-CON Sports & Entertainment Ltd.

(Other proper nouns)

- EJ: ESCON JAPAN REIT Investment Corporation
- Chubu Electric (or Chuden): Chubu Electric Power Co., Ltd.
- Chuden Real Estate: Chuden Real Estate Co., Inc.
- Serendix: Serendix Inc.
- STLY: STLY, Inc.

(Other abbreviations, etc.)

- STO: Security token
- CF: Crowdfunding
- AUM: Assets under management
- PJ: Project

I. Background to the formulation of Long-Term Vision 2030 and the Fifth Medium-Term Management Plan

[I] Background to the Plan (External/Internal Environments)

- We revised our management philosophy system in November 2023 to ensure sustained growth for the long term in any environment.
- Further, we created the Long-Term Vision 2030 and 5th Medium-Term Management Plan as a guide and strategy leading up to fiscal 2030.

External environment		Internal environment	
Positives	Negatives	Achievements (during the previous medium-term plan)	Challenges
<ul style="list-style-type: none"> ✓ Steady economic expansion post-Covid ✓ Increase in disposable income from continuing revisions to wage levels ✓ More opportunities for development due to acceleration in concentration of population in urban areas ✓ Expanded investment from overseas in safe Japan ✓ Expansion in business for the wealthy ✓ Increase in new demand for IT-ization of data centers, etc. ✓ Greater opportunities for hotel development with inbound demand growth 	<ul style="list-style-type: none"> ✓ Rising interest rates ✓ Acceleration in low birthrates and the aging population ✓ Economic stagnation regionally outside the Tokyo metro area ✓ Stagnation in China's economy ✓ Concerns over increased geopolitical risks ✓ Increased costs, starting with construction materials ✓ Labor shortages everywhere 	<ul style="list-style-type: none"> ✓ Achieving basic policies of transformation & rapid progress ✓ Made steady progress in acquiring project sites in FY24 and beyond ✓ Built business development system at five sites in Japan ✓ Growth into general developer capable of developing a variety of real estate ✓ Movement to TSE Prime market Strengthened reputation by becoming a Chuden subsidiary ✓ Steadily passing down company strengths (planning, flexibility) ✓ Increased name recognition with participation in urban development at Hokkaido Ballpark F Village 	<ul style="list-style-type: none"> ✓ Continue building revenue base capable of withstanding uncertain markets. ✓ Diversify business portfolio. ✓ Expand BS related to active business development (increase liabilities) ✓ Strengthening and rigorous implementation of compliance and risk management frameworks. ✓ Build stable organizational base and business base for supporting growth. ✓ Steadily cultivate and retain human resources, acquire diverse human resources. ✓ Continue to reform the corporate culture to match the rapidly changing environment.

⇒ In an opaque environment of rapid change, the Company is on the verge of making reforms and achieving the growth needed to maintain sustainable, long-term growth.

To achieve sustainable, long-term growth...

November 2023 Revise our system of management philosophy.

Purpose	Ideal to Real Bringing ideals into reality to create a new future	Permanent guidelines for all Group executives and employees in corporate activities
Vision	Lifeways developer	
Action principles	Provide new value; sustainability management, growth and stability, executive's view point, compliance, spirit of gratitude.	

March 2024 Creating a new management plan

Long-Term Vision 2030
Fifth Medium-Term Management Plan
(FY2024 to FY2026)

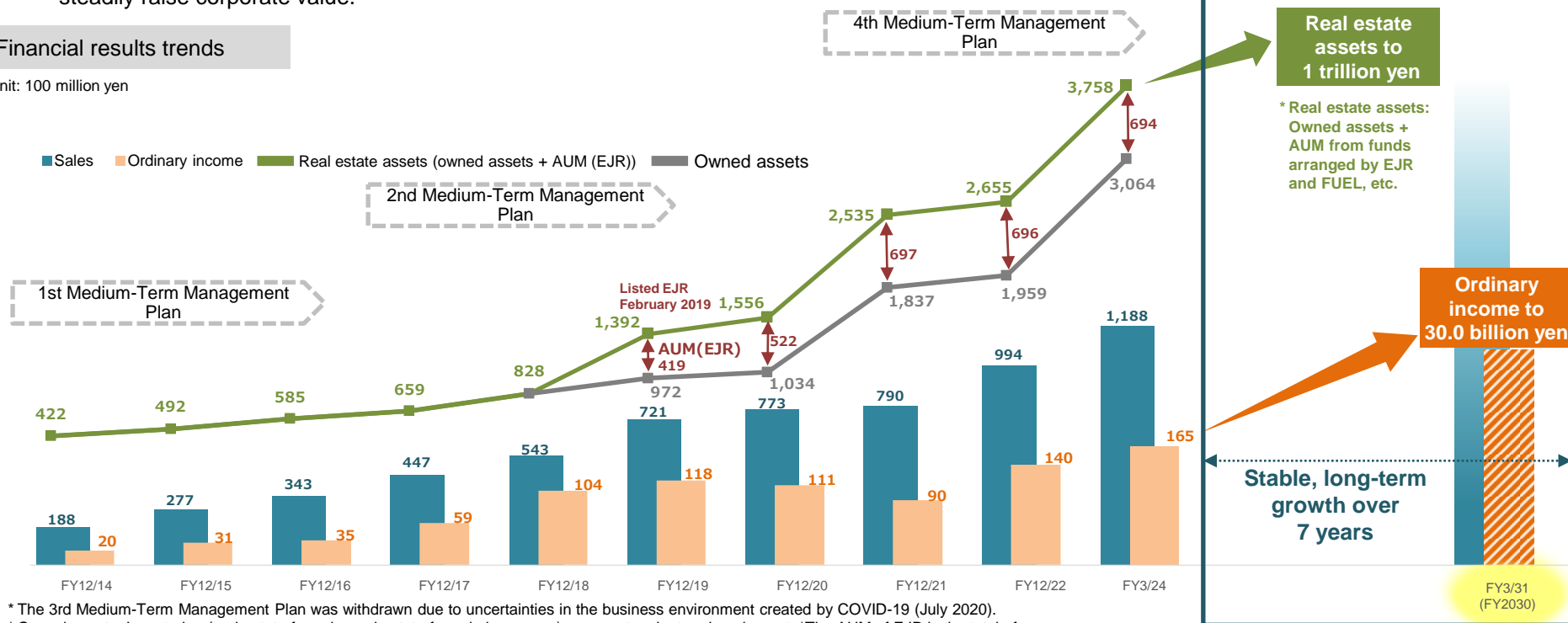
Guidelines and strategies for achieving growth leading to FY2030

[I] Positioning of Long-Term Vision 2030 and fifth Medium-Term Management Plan

- Since the 1st Medium-Term Management Plan, we have continued to increase revenue in a stable manner. Under the Long-Term Vision 2030 and 5th Medium-Term Management Plan, we will continue working to steadily raise corporate value.

Financial results trends

Unit: 100 million yen



* The 3rd Medium-Term Management Plan was withdrawn due to uncertainties in the business environment created by COVID-19 (July 2020).

* Owned assets: Inventories (real estate for sale, real estate for sale in process) + property, plant and equipment. *The AUM of EJR is the total of book values (as of the end of each fiscal period).

7-year timeline to FY2030

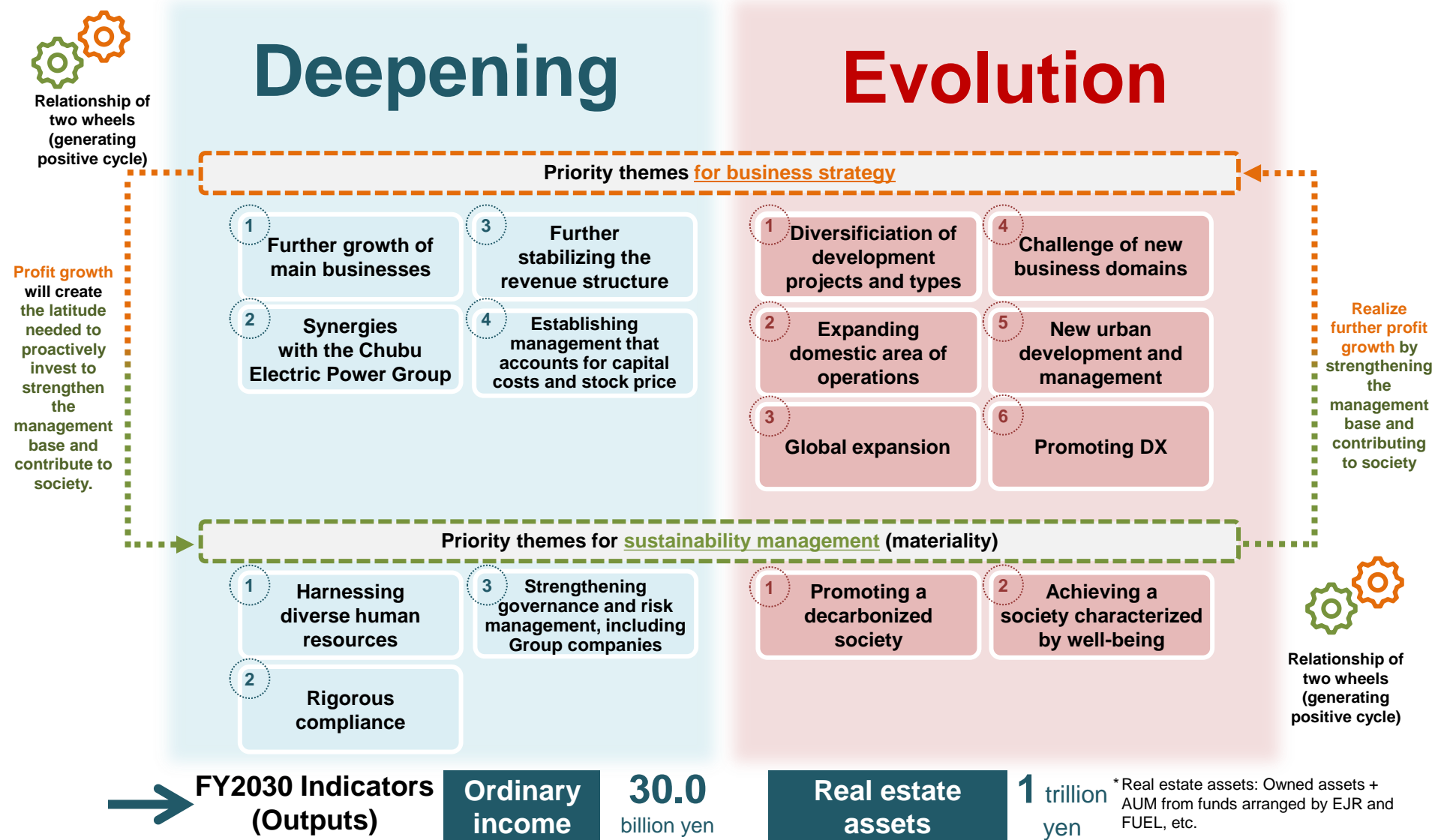
FY3/25 (FY2024)	FY3/26 (FY2025)	FY3/27 (FY2026)	FY3/28 (FY2027)	FY3/29 (FY2028)	FY3/30 (FY2029)	FY3/31 (FY2030)
Phase I to realize the Long-Term Vision 2030 5th Medium-Term Management Plan			Phase II to realize the Long-Term Vision 2030 6th Medium-Term Management Plan (tent.)			
						What kind of company it wants to be in FY2030 Long-Term Vision 2030

System of management philosophy (permanent) Purpose: Ideal to Real, Vision: Lifeways developer, Action principles

II. Long-Term Vision 2030

[II] The Direction Targeted (Overview)

➤ We understand that the direction targeted for fiscal 2030 is based on *deepening* and *evolution* of the following items and promote various initiatives.



We will generate a positive cycle on the two wheels of business strategy and sustainability management and raise true corporate value not indicated by financial indicators alone.

[II] The Direction Targeted (Discussion: Business Strategy)

- We will promote initiatives based on both themes of *deepening* and *evolution* to achieve ordinary income of 30.0 billion yen and real estate assets of 1 trillion yen for fiscal 2030.

Priority themes for business strategy (targeted direction and initiatives)

Deepening

1 Further growth of main businesses

Continue providing quality products and services; meet the latent customer needs.



- ✓ Supply quality condominiums.
- ✓ Acquire, develop, and operate commercial facilities.
- ✓ Continue station area and urban development.
- ✓ Diversify exit strategies.

2 Synergies with the Chubu Electric Power Group

Maximize use of group resources, including technologies, personnel and know-how.

CHUBU
Electric Power Group

- ✓ Utilize energy management methods and the latest digital technologies.
- ✓ Cooperate in multiple domains, including education, medicine, health, culture, and sports.

3 Further stabilizing the revenue structure

Build management base capable of withstanding any economic environment.



- ✓ Further strengthen stock revenue in order to cover general and administrative expenses.
- ✓ Diversify fund-raising methods.

4 Establishing management that accounts for capital costs and stock price

Promote capital efficient management to raise corporate value.



- ✓ Achieve ROE, ROIC above shareholder capital costs and WACC.
- ✓ Achieve profit growth that meets shareholder expectations.

Evolution

1 Diversification of development projects and types

Even in a society with a decreasing population, secure diverse business options and flexibility.



- ✓ Expand real estate development business beyond condominiums.
- ✓ Expand business with an investment cycle.

2 Expanding domestic area of operations

Develop business in Japan nationwide.



- ✓ Build nationwide domestic business development system by expanding sites.

3 Global expansion

Communicate ES-CON's development capability to the world.



- ✓ Quickly build our own development system overseas.
- ✓ Grow the overseas business into a pillar of revenue.

4 Challenge of new business domains

Leverage existing know-how in the real estate business to develop business geared to the next generation.



- ✓ Expand non-asset business.
- ✓ Develop CF, STO.
- ✓ Further growth of projects already invested in

5 New urban development and management

Creating local communities

- ✓ Next-generation urban development and town management to realize communities where residents interact with each other through the keywords: education, medicine, health, culture, and sports



6 Promoting DX

Improve quality of products and services
Expand customer segments
Increase administrative efficiency



By *deepening* business and promoting the *evolution* of new initiatives, we will aim to achieve FY2030 indicators

[II] The Direction Targeted (Discussion: Sustainability Management)

- We regard sustainability management as one of two wheels for achieving sustainable growth for the Company and will promote initiatives energetically.
- We have recently designated materiality as key issues in sustainability management.

Materiality specification process

Step 1

Identify key issue elements related to the Company's business activities.

We identified 74 key issue elements at the Company based on workshops for department heads, referring to international frameworks (ISO 26000, GRI standards, etc.) and our parent company Chubu Electric Power's list of materiality issues.

Step 2

Evaluate importance.

For the key issue elements identified, members selected from the various departments evaluated importance based on importance to the Company and to stakeholders and sorted and organized key issues.

Step 3

Confirm validity.

The validity of the key issues was internally verified based on discussions with stakeholders (parent company, financial institutions, etc.). They were also discussed by the Board of Directors and decisions made based on these discussions.

Specify

Key themes for sustainability management (materiality: targeted direction and initiatives)

Deepen-

1

Harnessing diverse human resources

- ✓ Secure and cultivate human resources to support business growth.
- ✓ Maintain environment that allows diverse human resources to thrive.
- ✓ Promote employee safety and health.

2

Rigorous compliance

- ✓ Promote policies in collaboration with Chubu Electric Power.
- ✓ Top management declares a no harassment policy.
- ✓ Continued implementation of compliance training.

3

Strengthen governance and risk management, including Group companies.

- ✓ Strengthen corporate governance system.
- ✓ Rigorous risk management

Evolution

1

Promoting a decarbonized society

- ✓ Promote ZEH condominium development.
- ✓ Make active use of renewable energy.
- ✓ Take action at the frontlines throughout the Group (raise and maintain employee awareness).

2

Achieving a society characterized by well-being

- ✓ Contribute to the development of Kitahiroshima City by developing the area around ES CON FIELD HOKKAIDO.
- ✓ Promote smart cities utilizing digital technologies.

III. Fifth Medium-Term Management Plan - Business Plan -

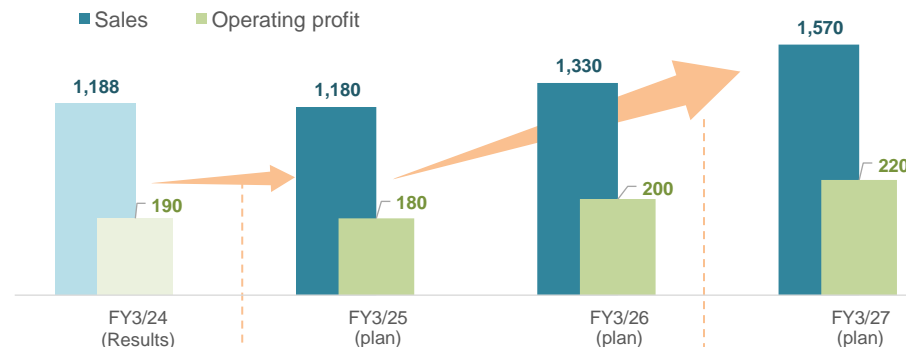
[III] 1. Financial Results Plan, Investment Plan

- Financial results plan: **Plan equivalent net sales and profit** next term in FY3/25 as in this term FY3/24 (**effective increases in revenue and profit**), **followed by planning for achieving stable increase in revenue and profit**.
- Investment plans: Make **three-year cumulative investment of 250.0 billion yen** during the 5th Medium-Term Management Plan. This is close to the level projected under the previous medium-term plan, when investments made more progress than expected.

Financial results plan

Unit: 100 million yen

	FY3/24		FY3/25	FY3/26	FY3/27
	Results (15-month period)		Plan	Plan	Plan
Sales	1,188		1,180	1,330	1,570
Operating profit	190		180	200	220



For FY3/25, plans seek to achieve close to the same levels of sales and profit in FY3/24, which is a 15-month period (effective revenue and profit growth).

Operating profit basis
Planning growth of around 10% each year

Investment plan

Investment plan		4th Medium-Term Management Plan (period of the previous medium-term plan)				5th Medium-Term Management Plan				Unit: 100 million yen
		FY12/21	FY12/22	FY3/24	Three-year cumulative A	FY3/25	FY3/26	FY3/27	Three-year cumulative B	A + B
		Results	Results	Results		Plan	Plan	Plan		
Total gross investment		976	375	1,249	2,600	610	770	1,120	2,500	5,100
	Condominium development	192	176	276	644	200	200	250	650	1,294
	Revenue-generating property development	57	122	408	587	200	300	500	1,000	1,587
	Acquisition of revenue-generating property in operation	711	71	500	1,283	150	200	300	650	1,933
	Overseas investment	7	4	55	66	50	60	60	170	236
	Other	9	2	10	21	10	10	10	30	51
Recovered amount		48	65	164	277	284	308	417	1,009	1,286
	Of which revenue properties	34	42	23	99	121	142	242	505	604
Net investment amount		928	310	1,085	2,323	326	462	703	1,491	3,814

41.3bn yen compared to the previous medium-term plan; expand investment cycle-based business.

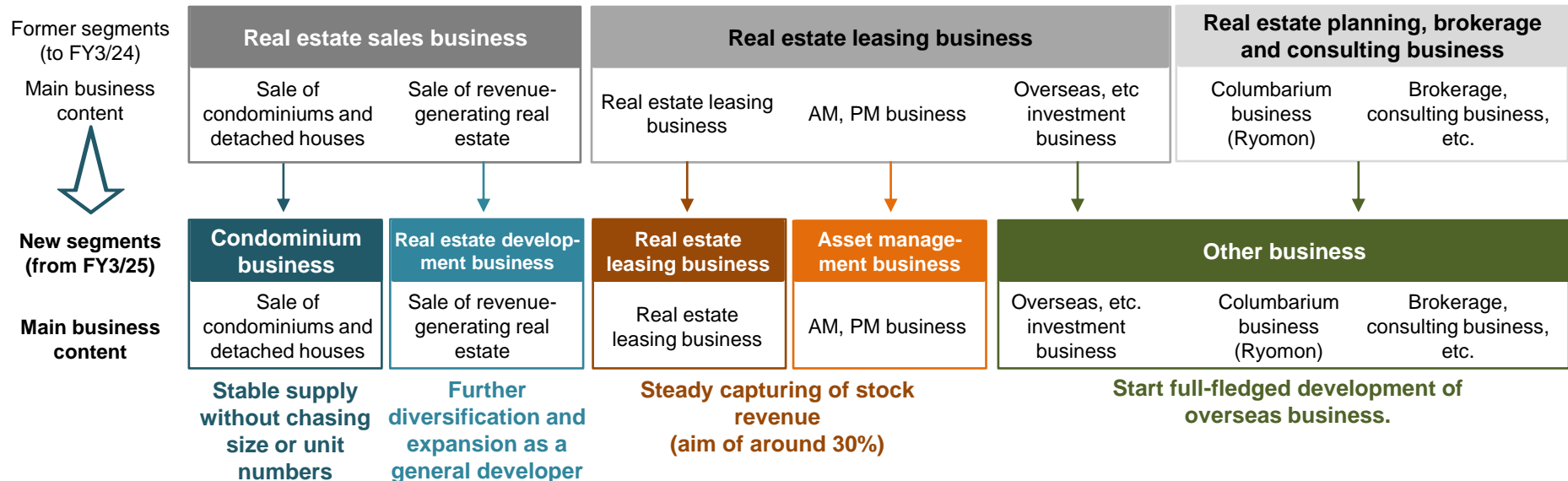
+10.4bn yen compared to the previous medium-term plan; further promote global expansion.

Investment in Ālia project

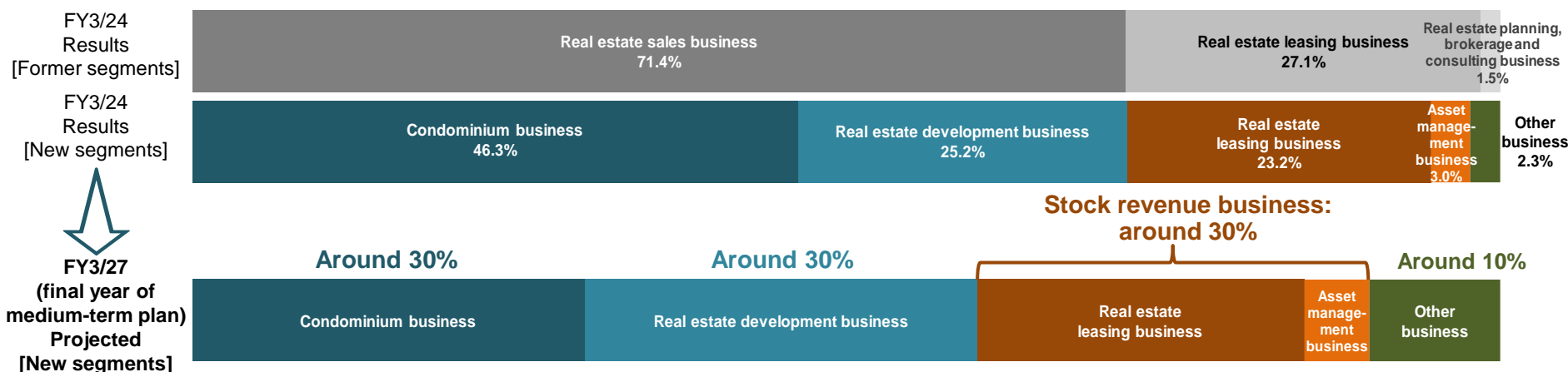
[III] 2. About Segment Changes

- Segments will change from FY3/25 to meet diversified business domains hoping to clarify our business portfolio and achieve stable growth by devising strategies for each segment.

Segment change summary



Expected profit structure (segment income)



[III] 3. Results Forecast by Segment

➤ As indicated on the previous page, the segments have changed as of FY3/25 due to the diversification of business domains.

(Unit: 100 million yen)

		FY3/24*	FY3/25	FY3/26	FY3/27
Net sales		1,188	1,180	1,330	1,570
Former	Real estate sales business	996			
	Condominiums	692			
	Units sold (units)	1,216			
	Other businesses	303			
	Real estate leasing business	183			
	Real estate planning agency and consulting business	9			
New Segments	Condominium business		694		
	Units sold (units)		1,250		
	Real estate development business		300		
	Real estate leasing business		160		
	Asset management business		18		
	Other business		8		
Operating profit		190	180	200	220

*15-month period

←----- Fifth Medium-Term Management Plan period -----→

[III] 3. Management Indicators and Management that Account for Capital Costs and Stock Prices

- Promote management that **both maintains and improves safety** by building up stock revenue **and maintains high capital efficiency**.
- We will continue to promote management that accounts for capital costs and stock prices and works to raise shareholder value and corporate value.

Management indicators

		FY3/24
		Results
Stability	Stock revenue ratio ^{*2}	26.2%
	Stock revenue / general and administrative expense coverage ratio (cash basis) ^{*3}	115.5%
	Equity ratio	18.1%
Capital efficiency	ROE	14.5%
	ROIC ^{*4}	4.5%

FY3/25	FY3/26	FY3/27
Plan	Plan	Plan
30.4%	28.2%	30.0%
119.0%	114.2%	116.8%
17.5%	17.6%	17.5%
13.4%	13.9%	14.0%
3.4%	3.5%	3.6%

- Continue to secure stock revenue with a target of 30%.
- **Continue to cover by 100% or more on a cash basis.**
- Proceed with investment plan with a target of around 17%.
- **Maintain high levels around 14%; engage in high-efficiency management.**
- Promote management that accounts for efficiency, making around 3.5% the target line.

*1 Stock revenue: Real estate leasing segment profit + Asset management segment profit

*2 Stock revenue ratio: Stock revenue / total segment profit

*3 Stock revenue / general and administrative expenses coverage ratio: (stock revenue + real estate leasing segment depreciation + real estate leasing segment goodwill amortization) / (general and administrative expenses – general and administrative expense depreciation – overall goodwill amortization)

*4 ROIC: (consolidated ordinary income + interest expenses – interest income – income taxes) / (interest bearing debt + net assets averages at end of term)

Management that accounts for capital costs and the stock prices

Basic thinking and initiatives

✓ Achieving profit growth

Achieve **profit growth** that meets stakeholder expectations.

✓ Awareness of capital efficiency

As specific indicators, promote management that **accounts for ROE>Shareholder equity costs, ROIC>WACC**.

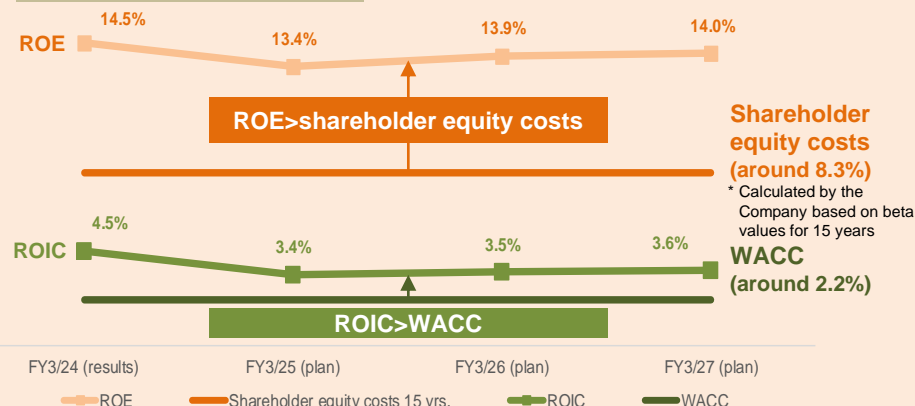
✓ Active shareholder returns

Maintain policy of progressive dividends and actively conduct shareholder returns in the period of the 5th medium-term plan as well.

✓ Constructive dialogue with shareholders and institutional investors

Conduct IR activities with the representative director and director in charge of IR, Disclose financial and non-financial information in English, etc.

Key indicators



[III] 4. Dividend Policy

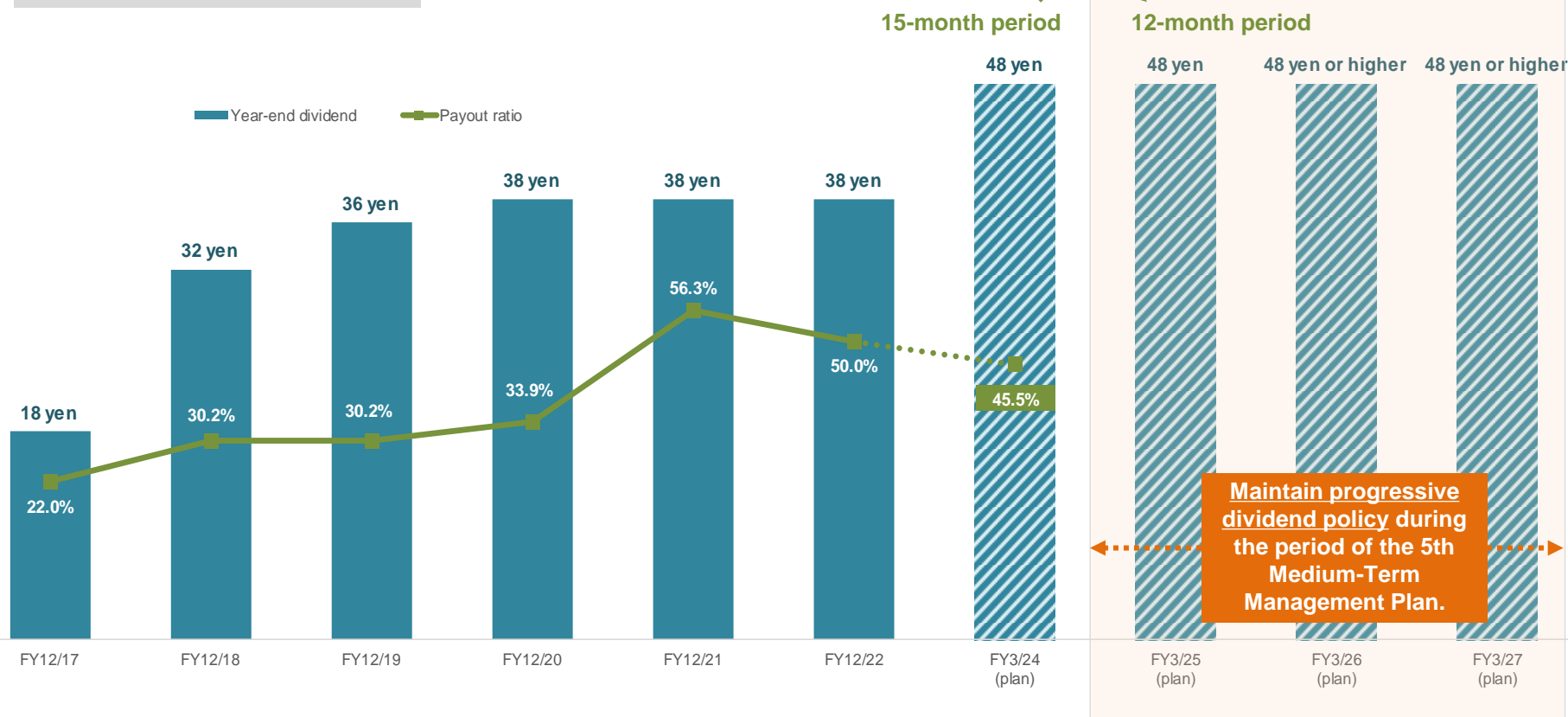
➤ We will continue to conduct active shareholder returns.

Maintain progressive dividend policy

Make the previous year's dividend per share (DPS) the lower limit of the dividend per share (DPS) and in principle we have a dividend policy of **never lowering the dividend; of maintaining or raising it each year.**

➡ **FY3/25: Planning a dividend of 48 yen**

Trends in dividends and payout ratio



IV. Fifth Medium-Term Management Plan - Management Strategy -

[IV] 1. Segment Strategy — ① Condominium Business

Condominium business

Main policy

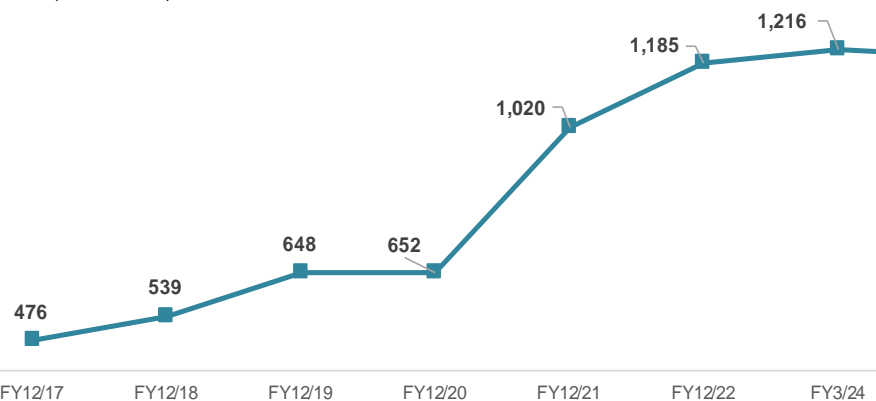
- ✓ Under a vision of “lifeways developer,” we will deliver to customers **exclusive, high-quality products that make maximum use of our planning ability, a strength of the Company, and not chase after unit numbers (volume).**

Business strategy

- ✓ **Ensure a stable supply of high added-value products.**
Ensure a stable supply of quality products based by select purchases of project sites.

[Condominium supply results and plans]

(Unit: units)



Plan of stable supply of between **1,000 and 1,200 units**

Project sites to achieve plans have already mostly been secured

Focused on product planning and sales so that handover is conducted as planned

Period of the 5th Medium-Term Management Plan

Securing carefully selected project sites

Period of the 6th Medium-Term Management Plan (scheduled)

- ✓ **Development in ultra prime locations**
Development on urban sites we hadn't been involved with before, areas with a rich natural environment, and other rare locations

- ✓ **Larger projects**
Increase projects that represent the core of urban development, like multipurpose development projects.

- ✓ **Diversification of project areas**
Expand share in Chubu, Hokkaido and Kyushu and turn into core revenue sources after the Tokyo metro area and Kansai area.

- ✓ **Further raise quality**
Strengthen systems to continue to provide safety and security to customers.



(Tent. name) Kanagawa Pref.
Miura-gun Hayamamachi Project
(Location in front of Morito Beach)



Le JADE City Senri Fujishirodai
(Urban development in Suita City's
Fujishirodai; 244 total units)



Le JADE Hokkaido Kitahiroshima
(Hokkaido, 197 total units)



Le JADE Shin-Omura Station Front
(first condominium project in Nagasaki Prefecture;
multipurpose development project in front of the station)



IDEAL COMPASS
Our quality management standard

[IV] 1. Segment Strategy — ② Real Estate Development Business

Real estate development business

Main policy

- ✓ As a general developer, we will **further promote diverse asset type developments with increased value and raise the profit ratio** while **expanding the investment-cycle business**, including the fund business.

Business strategy

- ✓ **Develop diverse asset types with increased value.**

Business types (other than condominiums) slated to contribute revenue under the 5th Medium-Term Management Plan

Rental condominiums, commercial facilities, logistics facilities and factory land, offices, senior residences, clinic malls, data center sites, land readjustment business



MASTERS VARUS Hokkaido Ballpark
(senior residence with medical mall)



tonarie Kitahiroshima
(Commercial + hotel / scheduled to open in March 2025)

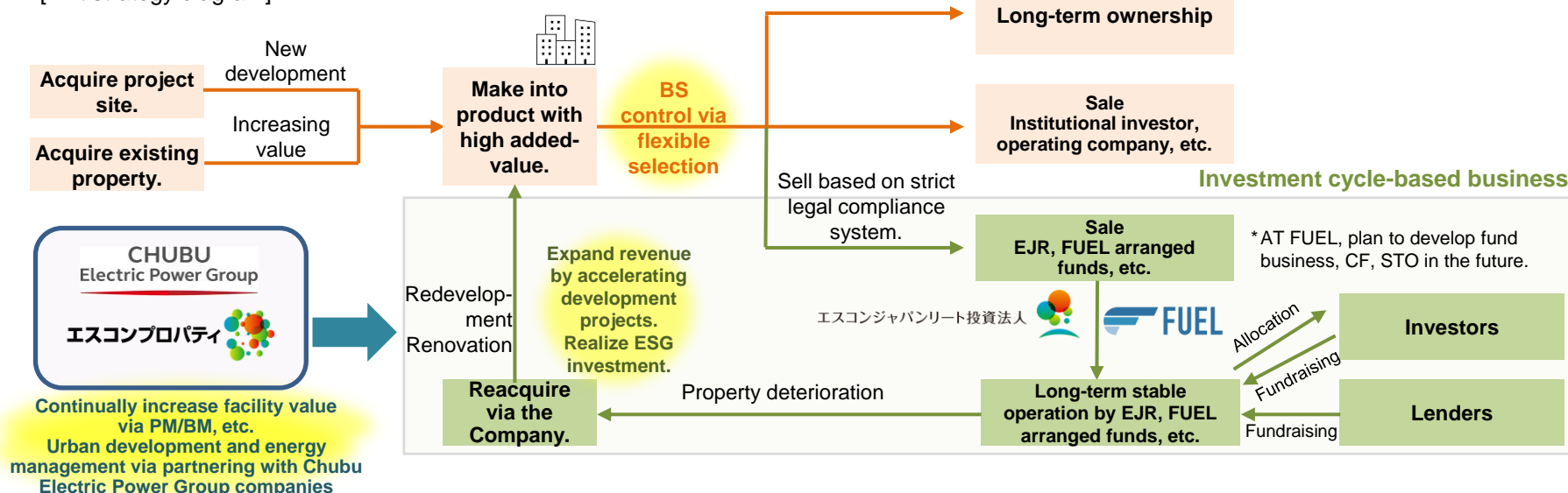
- ✓ **Diversify exit strategies**

Work with flexibility to sell the property in a timely, appropriate way. Strive to achieve sustained growth through the investment cycle and for ESG investment.

- ✓ **BS control via selecting appropriate sale or ownership**

Diversifying exit strategies will make it possible to flexibly select between sale and ownership, and we will control the BS by maintaining or raising asset efficiency.

[Exit strategy diagram]



[IV] 1. Segment Strategy — ③ Real Estate Leasing Business ④ Asset Management Business

Main policy

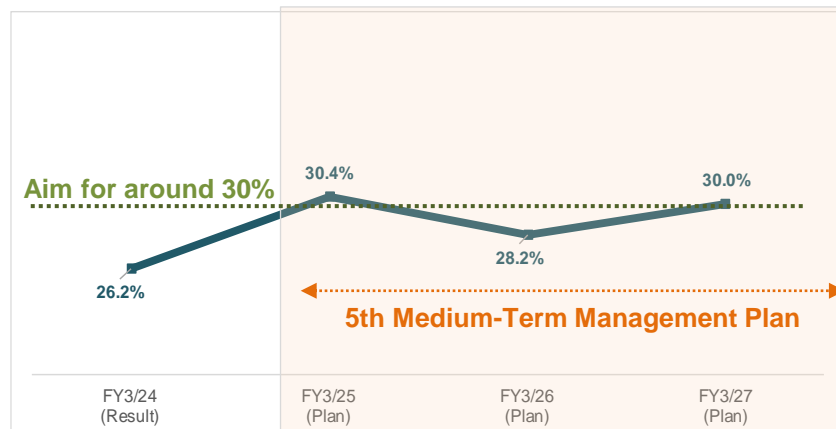
- ✓ As the Company's business segment that posts stock revenue (stable revenue), we will aim to maintain or raise revenue by continually reshuffling assets (improving).

Real estate leasing business

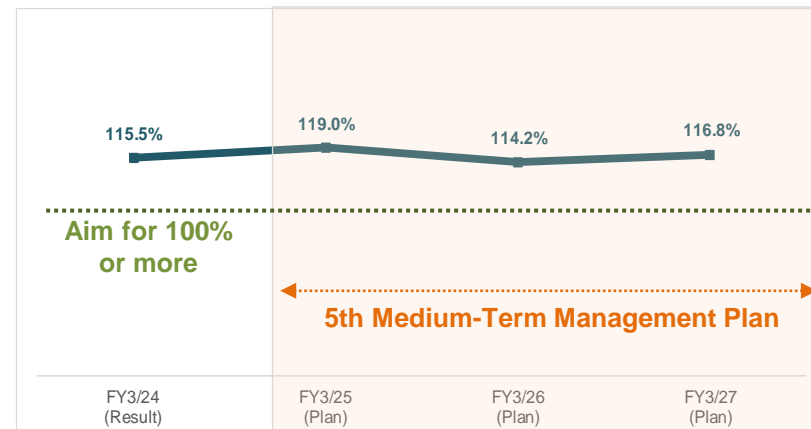
Asset management business

Target indicators

Stock revenue ratio



Stock revenue / general and administrative expense coverage ratio (cash basis)



*1 Stock revenue: Real estate leasing segment profit + Asset management segment profit

*2 Stock revenue ratio: Stock revenue / total segment profit

*3 Stock revenue / general and administrative expenses coverage ratio: (stock revenue + real estate leasing segment depreciation + real estate leasing segment goodwill amortization) / (general and administrative expenses – general and administrative expense depreciation – overall goodwill amortization)

Business strategy

- ✓ **Long-term ownership that accounts for BS control**
Based on the diverse exit strategies formulated and selected, we will determine whether to continue owning or to sell based on a comprehensive consideration of the balance sheet and the above two indicators.
- ✓ **Strengthen development of leasing properties by drawing on diverse development know-how.**
Utilize development capabilities, including development of TOPAZ, our rental condominium brand.



TOPAZ Esaka

TOPAZ.

TOPAZ

Residences where people can express themselves and enjoy every moment

- ✓ **Raise profitability by increasing value of owned properties and reshuffling owned assets**
Work to increase the value of owned properties throughout the ES-CON JAPAN Group.
- ✓ **Stable growth of Group companies**
Through commercial facility PM, condominium management, and REIT and private fund AM, etc. maximize the value provided by the Group overall to customers (strengthen profitability) and stably grow asset management business revenue.



ES-CON LIVING SERVICE Ltd.
Group company that handles condominium management



ESCON PROPERTY Ltd.
Group company that handles operation and management of commercial facilities



ES-CON ASSET MANAGEMENT Ltd.
Group company that is an EJRE asset management company



FUEL
Group company involved in online fund management, etc.

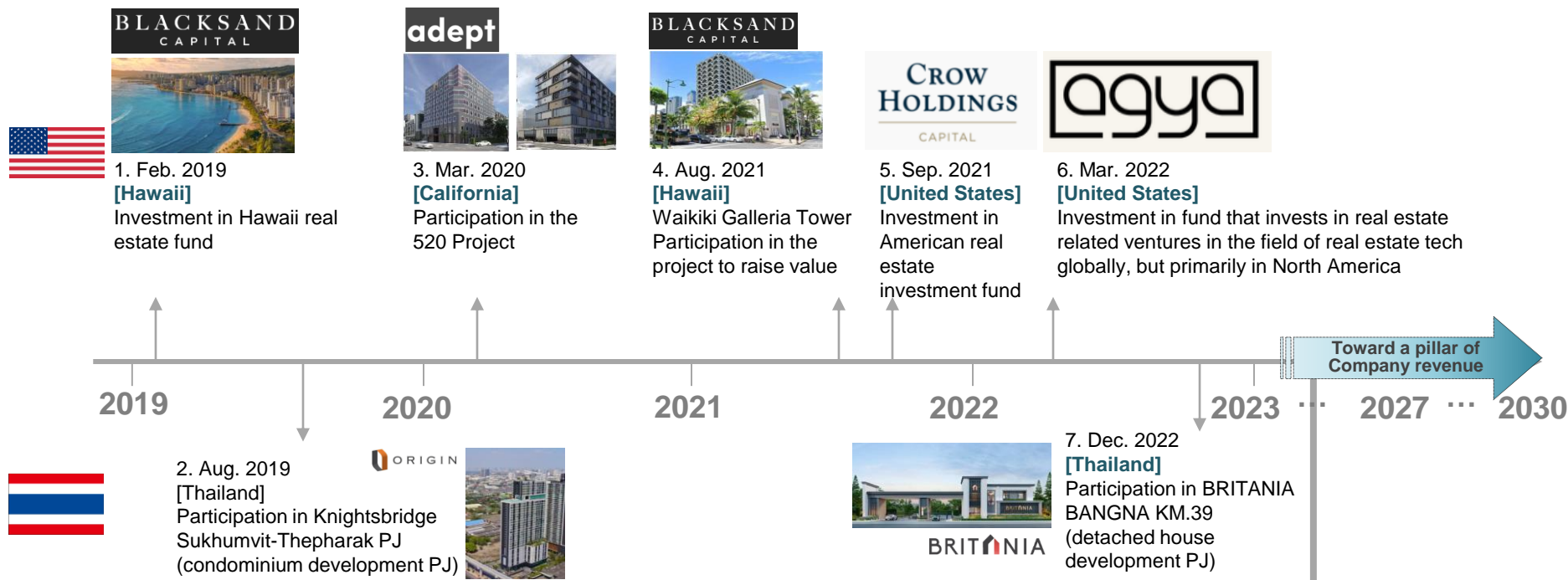
[IV] 1. Segment Strategy — ⑤ Other Business

Other business

Main policy

- ✓ Take on the challenge of new business domains with a view to the next generation. **In particular, accelerate development of the overseas business into a future core business of the Company.**

Overseas development to date



Development going forward

- ✓ **Expand investment in Hawaii projects.**
With participation in the Ālia project, we will actively develop to **make Hawaii a priority area in the Company's overseas business.**
- ✓ **Grow the overseas business into a pillar of revenue in 2030**
We will further strengthen collaboration with local partners, build know-how in business overseas, and build a base aimed at local development.

Oct. 2023 [Hawaii]

- Seven Signatures International Corporation
- BlackSand Capital LLC
- Kobayashi Group LLC
- The Company These four companies signed a business partnership agreement.
- ▶ **As the first project, we participated as a sales and marketing partner for the Ālia condominium.**



[IV] 2-①. Promoting Sustainability Management

- As mentioned previously, we have specified materiality as priority issues in sustainability management in order to more steadily promote sustainability management.

The Group's Action Philosophy (created November 2023)

Provide new value.	Sustainability management	Growth and stability	Executive's viewpoint	Compliance	Spirit of gratitude
Make the most of the unlimited potential of real estate through information, planning, and product development capabilities and provide new value that truly satisfies customers.	Respond appropriately to diverse social issues and pursue growth that is sustainable for both the Company and society.	Orient to high quality growth that accounts for capital and cash efficiency and does not simply chase after volume or size, and build strong financial and business bases that can handle all types of business risk.	Have all Group employees have an executive mindset and continue being a company that makes quick decisions to aim for a proactive management that always makes the first move.	With a high awareness of compliance and corporate governance in accordance with the laws, regulations, and social norms domestically and overseas, as individuals we will take the correct action and create an open organization from the bottom up.	Whether inside or outside the Company, we will respect and appreciate our co-workers (other companies) and will maintain and build outstanding collaborative relationships.

As established in our action philosophy (sustained growth for both the Company and society), we reaffirm the importance of striving on the two wheels of contributing to a sustainable society and sustained profit growth for the Group.

Relationship of two wheels



Key issues in sustainability management specified as materialities

Specifying materialities

Deepening

- 1 Harnessing diverse human resources
- 2 Rigorous compliance
- 3 Strengthening governance and risk management, including Group companies

Evolution

- 1 Promoting a decarbonized society
- 2 Achieving a society characterized by well-being

Achievement targets set based on each item of materiality

→ See the next page for more information.

[IV] 2-②. Promoting Sustainability Management

➤ We will carry out various initiatives taking the achievement targets tied to materiality as a guideline.

Deepening

Materiality (key issue)	Achievement target	Achievement fiscal year
Harnessing diverse human resources	Female hiring ratio of 35% of higher	Each fiscal year
	Improve engagement survey. ⇒ Firm improvement once survey starts (FY2024)	FY2030
	Certified as Health & Productivity Management Outstanding Organization	Each fiscal year
Rigorous compliance	Carry out compliance promotion measures in collaboration with Chubu Electric Power.	Each fiscal year
	Attendance at compliance training 100%	Each fiscal year
Strengthening governance and risk management, including Group companies	Raise the effectiveness of the Board of Directors and make continual improvements.	Each fiscal year

FY2023 (results)
48%
- (Survey not started)
Certified as Health & Productivity Management Outstanding Organization for 2024 (large corporation category)
Carried out training and seminars in collaboration with Chubu Electric Power Compliance declaration made by top management
100%
100% attendance at board meetings

Evolution

Promoting a decarbonized society	Reduce GHG emissions by 40%* (vs. FY2022). *Scopes 1 and 2	FY2030
Achieving a society characterized by well-being	Contribute to regional revitalization and improved quality of life by promoting urban development that takes into account the environment and society.	FY2030

8,000 tons-CO ₂ [Result in FY2022] *FY2023 results currently being compiled
[Hokkaido Ballpark F Village] ▶ Completed construction on senior residence and medical mall

Main policy

The Group's decarbonization target

Reduce the Group's greenhouse gas emissions* **by 40% by FY2030 (vs. FY2022).**

*Scopes 1 and 2. Scope 3 will be considered in the future.

Specific action plan

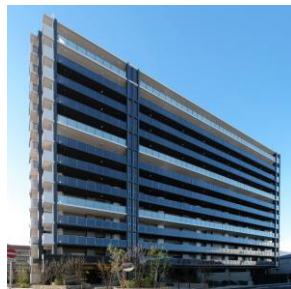
✓ Promote ZEH condominiums.

By around 2026, we will **make all new condominiums meet the ZEH* standards for environmental performance.**

[ZEH development projects to date]



Le JADE Okurayama



Le JADE Yao Sakuragaoka



Le JADE Honkawagoe Koedo Terrace



Comfortable and economical
next-generation housing

ZEH-M Oriented

* ZEH (net zero energy house):
Housing that aims for net zero primary energy consumption annually by substantially raising the insulation performance of the cladding, deploying high energy-efficiency facility systems to realize major energy savings while improving the quality of the indoor environment and also by deploying renewable energy.

✓ Active utilization of renewable energy

- Active deployment of solar power at logistics and commercial facilities
- Stable securing and procurement of non-fossil fuel certificates
- Promoting initiatives in collaboration with the Chubu Electric Power Group
- Explore the potential of initiatives that combine urban development and environmental awareness.

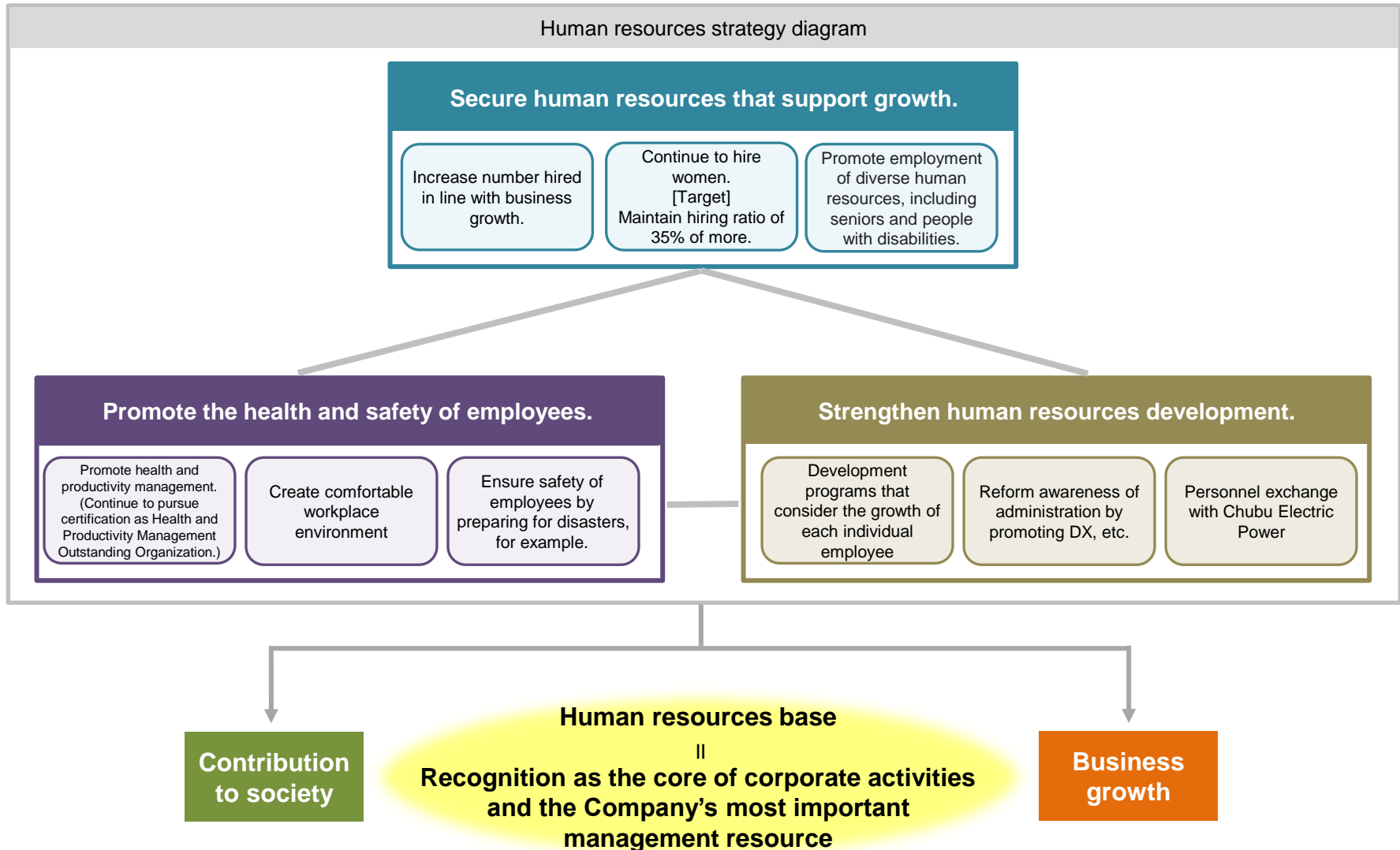
✓ Group actions at the frontline level (raising and maintaining employee awareness)

- Decrease electricity usage by recommending going home early and turning off the lights when not needed, etc.
- Promote a paperless office by using the Web for sales promotion activities.
- Utilize vehicles with high energy efficiency.
- Disclose amounts and results each year in an ESG Management Report.



[IV] 2-④. [TOPICS] Promote and Cultivate Human Resources for Advancement

- Regarding human resources, an important management base, we will promote various initiatives under a tripartite guideline and build a robust human resources base.



Promote human resources procurement, development and health and safety under a tripartite structure to build an environment where each individual flourishes still further.

[IV] 2-⑤. [TOPICS] Basic Management Philosophy on ESG



We are supporting Sustainable Development Goals (SDGs).

Management Philosophy on ESG

Our IDEAL to REAL corporate message calls for the creation of a new culture by making ideals reality. Based on this working slogan, as a lifeways developer committed to creating ideal modes of life that meet today's changing needs, we will seek to build a sustainable society and achieve sustainable growth by addressing social issues through our ESG initiatives.

Basic Philosophy on ESG

We strive to grow as a company needed by society by promoting ESG initiatives in strict compliance with laws, regulations, and our pledges related to the environment, society, and self governance.

Environment



1. Creating new environmental value through next generation urban development and other measures to realize a carbon-neutral society by 2050
2. Promoting real estate development and corporate activities that give full consideration to the environment
3. Taking on the challenges of new business domains based on the key theme of the environment, thereby creating both environmental value and business value



Social



1. In addition to contributing to community vitality through urban development, creating new futures by promoting local community building
2. In addition to developing workplaces where employees can demonstrate their abilities to the fullest while doing rewarding work, promoting diversity to enable diverse human resources to thrive
3. Supporting safe and comfortable lives in our many communities by contributing to solutions to social challenges posed by health and welfare, including low birth rates and aging populations
4. Promoting business development to achieve SDGs on a global basis through international business development



Governance



1. Enhancing timely, appropriate, and fair disclosure of management information
2. Promoting governance structures capable of securing management stability, soundness, and transparency
3. Enhancing risk management capabilities in response to growing risks accompanying business expansion and diversification
4. Pursuing business activities based on the Corporate Ethics Charter and respect for the human rights of all



[IV] 3. Urban Development and Area Development

- We will establish the foundations for urban development in Japan and overseas. Based on the Company's purpose, "IDEAL to REAL," we will make real the ideals of customers in all places.

Condition of the Company for conducting urban development

Toward the practice of urban development that maximizes our diverse know-how and track record

Real estate development know-how (Company strength)

- ✓ Various development capabilities as a general developer
- ✓ Track record of select, high-quality product plans that don't chase volume
- ✓ Collaboration capability (across divisions/companies) based on project site purchasing, planning, and sales
- ✓ Flexible and speedy for quick decision-making



Urban development track record

- ✓ Track record of involvement in multipurpose development projects, including in front of stations in major regional cities
- ✓ Recently, a participant in urban development at Hokkaido Ballpark F Village
 - ▶ To horizontally expand this urban development know-how nationwide, we established ES-CON Sports & Entertainment. We are establishing a framework for accelerating urban development centered on sports across the nation, collaborating with Fighters Sports & Entertainment and DeNA.

ES CON
Sports &
Entertainment



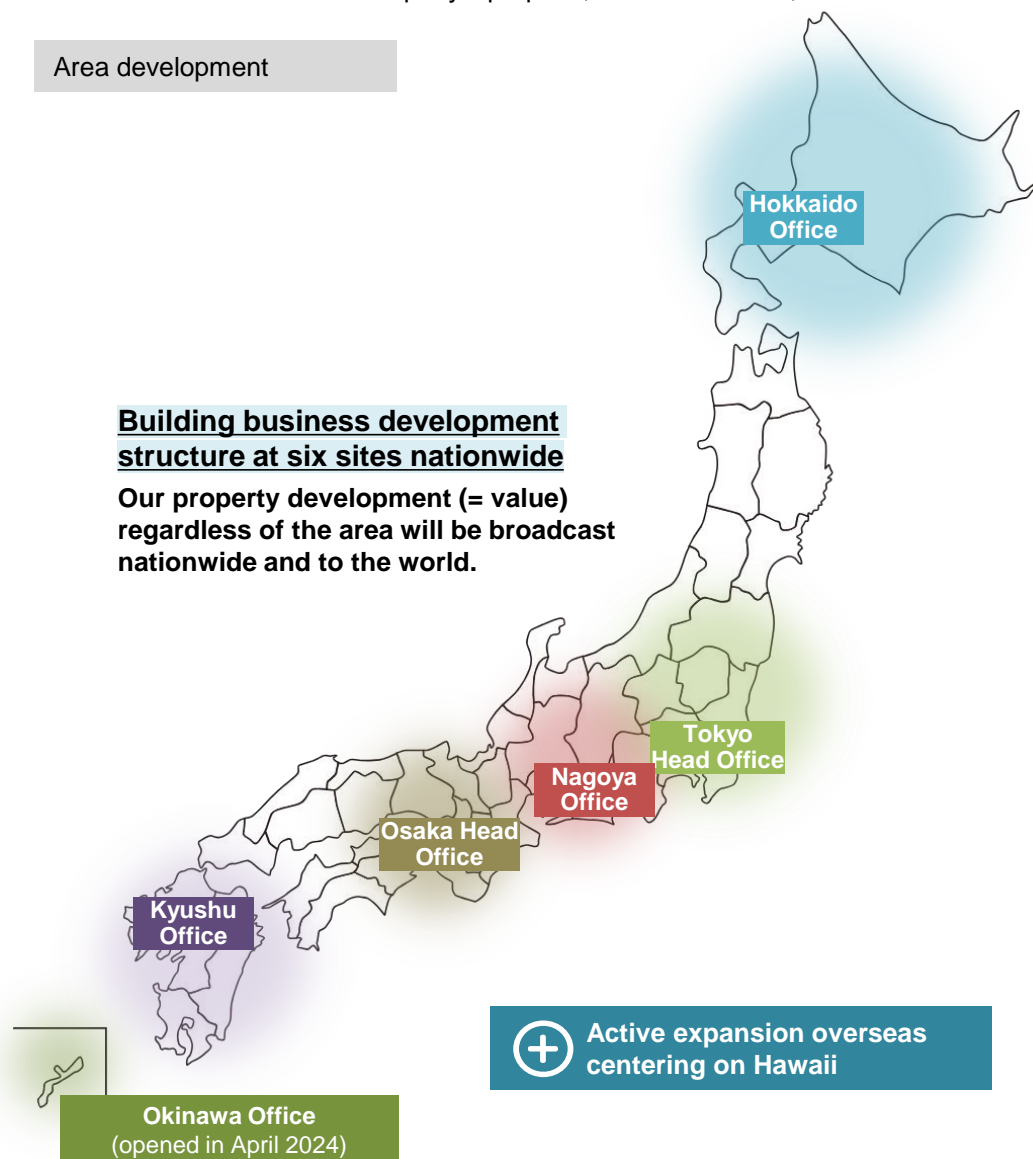
ES-CON Japan as a part of the Chubu Electric Power Group

- ✓ Chubu Electric Power has diverse networks with local public bodies, etc. We can use these networks to acquire urban development projects.
- ✓ Energy management know-how (approaches to energy savings and decarbonization)
- ✓ Diverse communication support infrastructure possessed by the Chubu Electric Power Group

Area development

Building business development structure at six sites nationwide

Our property development (= value) regardless of the area will be broadcast nationwide and to the world.



Active expansion overseas
centering on Hawaii

As a lifeways developer that creates ideal living spaces, we will carry out the urban development only we can achieve.

I D E A L t o R E A L

[Disclaimer]

The information provided in this document is based on judgements made with information available as of the date of document publication.
Please be aware that actual information may change due to various factors.

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