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Notice of Revisions to Forecasts of Full-year Financial Results and Projected Dividends for FY2023 and to the Fourth Medium-Term Management Plan in connection with Change in the Date of Settlement of Accounts (End of Fiscal Year)

In its meeting held today, the Board of Directors of ES-CON JAPAN Ltd. (ES-CON JAPAN) chose to revise consolidated earnings forecasts for the fiscal year ending December 2023 (announced January 27, 2023); projected dividends for FY2023; and IDEAL to REAL 2023, the fourth medium-term management plan (covering the three-year period from the period ending December 2021 through the period ending December 2023), as outlined below. These revisions reflect the change in the date of settlement of accounts; note that this change is conditional on the approval of a resolution concerning the partial amendment of the current Articles of Association at an extraordinary general meeting of shareholders scheduled for November 29, 2023 (Extraordinary General Meeting), as described in the separate press release, "Notice of Change in Date of Settlement of Accounts (End of Fiscal Year), Partial Amendment of the Articles of Association, and Basis Date for Extraordinary General Meeting of Shareholders," also issued today.

1. Revision of consolidated earnings forecast

(1) Revision of consolidated earnings forecast for FY2023

	Net sales	Operating income	Ordinary income	Profit attributable to owners of the parent	Profit per share
Previously announced forecast (A)	(million yen) 110,000	(million yen) 16,200	(million yen) 14,200	(million yen) 9,400	(yen) 98.65
Revised forecast (B)	120,000	18,000	15,500	10,000	104.95
Change (B – A)	10,000	1,800	1,300	600	-
Percent change (%)	9.1	11.1	9.2	6.4	-
Reference: Previous fiscal year (ended December 2022)	99,431	15,492	14,012	7,250	76.04

* Revised forecast (B) indicates figures for the 15-month period from January 1, 2023 through March 31, 2024. Previously announced forecast (A) indicates figures for the 12-month period from January 1 through December 31, 2023, as announced in the Summary of Accounts for Fiscal Year Ended December 2022 (Japanese GAAP) (Consolidated) issued January 27, 2023.

(2) Reason for revising the consolidated earnings forecast

At the Extraordinary General Meeting of shareholders, ES-CON JAPAN plans to change its fiscal year from the current one-year period from January 1 through December 31 of each calendar year to the one-year period from April 1 of each calendar year through March 31 of the following calendar year. For the transition year, it plans to extend the current 29th fiscal period to the 15-month period from January 1, 2023 through March 31, 2024. The consolidated earnings forecasts and projected dividends announced in the Summary of Accounts for Fiscal Year Ended December 2022 (Japanese GAAP) (Consolidated) issued January 27, 2023 will be revised to reflect this change.

2. Revision of projected dividends

ES-CON JAPAN plans to increase year-end dividends to 48 yen/share. This is 10 yen/share above the initial projection of 38 yen/share.

(Unit: yen)

	Annual dividends		
	Q2 end	Year end	Total
Previously announced forecast (A) (12 months)		38.00	38.00
Revised forecast (B) (15 months)		48.00	48.00
Actual dividends in current period	0.00 yen		
Reference: Actual dividends in previous fiscal year (ended December 2022)	0.00 yen	38.00	38.00

* Revised forecast (B) indicates figures for the 15-month period from January 1, 2023 through March 31, 2024. The previously announced forecast (A) indicates figures for the 12-month period from January 1 through December 31, 2023, as announced in the Summary of Accounts for Fiscal Year Ended December 2022 (Japanese GAAP) (Consolidated) issued January 27, 2023.

* Due to the change in fiscal year start and end dates, the basis date for the next year-end dividends will be **March 31, 2024**.

3. Revisions to IDEAL to REAL 2023, the fourth medium-term management plan

ES-CON JAPAN is making steady progress on “IDEAL to REAL 2023,” its fourth medium-term management plan. Implementation of this plan is currently underway for the three-year period from the year ended December 2021 through FY2023. In line with its basic policy, “Transformation and Rapid Progress,” “IDEAL to REAL 2023” identifies the management strategies of “Establishing business foundations able to withstand unexpected changes in economic conditions” and “Simultaneously changing the revenue structure and expanding business domains.”

Forecasts for the final fiscal year of the fourth medium-term management plan (FY2023) will be revised to reflect the change to the transitional 15-month period described above.

(Unit: million yen)

Performance Plan	Period ended December 2021 (FY no. 27)	Period ended December 2022 (FY no. 28)	FY2023 (FY no. 29)			
	Results	Results	Initial plan (12 months) (A)	Revised plan (15 months) (B)	Change (B-A)	Change (B-A) (%)
Sales	79,017	99,431	110,000	120,000	10,000	9.1
Real estate sales business	70,334	86,531	94,800	100,000	5,200	5.5
Condominium sales	45,050	58,532	61,900	69,000	7,100	11.5
Condominium units sold (units)	1,020	1,185	1,164	1,268	104	8.9
Other sales	25,283	27,999	32,900	31,000	-1,900	-5.8
Real estate leasing business	8,090	11,824	14,200	19,000	4,800	33.8
Real estate planning agency and consulting business	592	1,074	1,000	1,000	-	-
Operating profit	10,381	15,492	16,200	18,000	1,800	11.1
Ordinary income	9,099	14,012	14,200	15,500	1,300	9.2
Profit attributable to owners of the parent	5,961	7,250	9,400	10,000	600	6.4

Management targets	Period ended December 2021	Period ended December 2022	FY2023		
	Results	Results	Initial plan (12 months) (1)	Revised plan (15 months) (2)	Change (2-1)
Share of profits from leasing *1	21.2%	21.5%	30.0%	28.0%	-2 points
Return on equity (ROE)	11.8%	11.3%	13.0%	15.0%	2 points
Return on invested capital (ROIC)	3.2%	4.6%	4.0%	4.0%	-
Equity ratio	24.8%	25.0%	21.0%	20.0%	-1 point
Share of long-term earnings from real estate *2	20.6%	19.5%	23.0%	21.0%	-2 points
Net assets	62.6 billion yen	64.1 billion yen	72.0 billion yen	71.0 billion yen	-1.0 billion yen

*1 Share of profits from leasing: Leasing segment profits/segment total profits (not including adjustments)

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

(Unit: 100 million yen)

Investment plans	2021		2022		2023		Three-year cumulative total (12 months) (1)	Three-year cumulative total (15 months) (2)	Change (2-1)
	Results	Results	Initial plan (12 months)	Revised plan (15 months)					
	Gross investment	959	369	880	972	2,209			
Investment in revenue-generating real estate	767	108	657	665	1,533	1,540	7		
Investment in development of revenue-generating real estate	56	36	100	128	193	220	27		
Investment in medium-term revenue-generating real estate	337	56	337	292	731	685	-46		
Investment in long-term revenue-generating real estate	373	15	220	247	608	635	27		
Investment in other development	191	261	223	308	675	760	85		
Amount recovered	48	65	187	167	300	280	-20		
Net investment amount	911	304	693	805	1,908	2,020	112		

4. Preferential system for shareholders

ES-CON JAPAN currently distributes QUO Cards to shareholders who have held at least 10 minimum trading units (1,000 shares) of its stock continuously for at least one year, in accordance with numbers of shares held and period of continuous shareholding, as of the basis date of June 30 of each year. Due to the change in fiscal year start and end dates starting in 2024, the same preferences for such shareholders shall be gifted with a basis date of September 30 of each year. For FY2023, preferred shareholder status will be granted (as it has been to date) with a basis date of June 30. (Plans call for sending out the preferences in late September 2023.)

Reference: Details of preferences for shareholders (the details of preferences for shareholders remain unchanged)

Number of shares held	Period of continuous shareholding	
	1 year or longer but less than 2 years	2 years or longer
1,000-4,999 shares	1,000 yen QUO Card	3,000 yen QUO Card
5,000-9,999 shares	2,000 yen QUO Card	5,000 yen QUO Card
10,000 or more shares	3,000 yen QUO Card	10,000 yen QUO Card

The above forecasts reflect judgments based on information available at the time of publication. Actual results may differ due to various factors.