

June 30, 2021

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## Notice on Revision of Consolidated Earnings Forecast for the First Two Quarters of Fiscal Year Ending December 2021

ES-CON JAPAN Ltd. (ES-CON JAPAN) announces that a decision was made at the board of directors' meeting held today to, given recent operating performance, revise the consolidated earnings forecast for the first two quarters of the fiscal year ending December 2021, which was announced on February 24, 2021, as follows.

### 1. Revision of Consolidated Earnings Forecast for the First Two Quarters of the Fiscal Year Ending December 2021

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
Previously announced forecast (A)	(million yen) 29,400	(million yen) 3,900	(million yen) 3,300	(million yen) 2,100	(yen) 25.82
Revised forecast (B)	24,960	2,360	1,750	1,480	18.20
Change (B – A)	(4,440)	(1,540)	(1,550)	(620)	(7.62)
Percent change (%)	(15.1)	(39.5)	(47.0)	(29.5)	(29.5)
Reference: Previous first two quarters of fiscal year ended December 2020	54,968	10,595	10,070	6,990	102.14

### 2. Reason for Revision of Consolidated Earnings Forecast

Real estate sales business

- The primary factor for the reduction in net sales is the delay of delivery date of condominiums/houses to the second half of the fiscal year, amounting to approximately 3.0 billion yen. However, progress has been made as forecast on a contract basis.

Real estate leasing business

- Reduction in rental income due to delays in leasing of retail facilities during the COVID-19 pandemic caused by the extension of the state of emergency, etc.
- Reduction in income due to prior investment in repairs, etc. for improving customer-gathering potential of retail facilities

Real estate planning agency and consulting business

- Reduction in net sales of 0.6 billion yen due to delay in sales in the columbarium (permanent use rights) sales business of Ryomon Co., Ltd.

- Reduction in income due to prior expenditure of advertising expenses for commercials, etc. to promote sales in the columbarium (permanent use rights) sales business

Due to these primary factors listed above, the initial forecast was revised with a 4.44 billion yen decrease in net sales and a 1.54 billion yen decrease in operating income.

Because most of these factors are delays to the second half of the fiscal year and involve prior investment that will lead to improvement of income in the second half onwards and is believed to be recoverable in the second half, there is no change to the current full-year consolidated earnings forecast for the fiscal year ending December 2021 and dividend forecast (dividend per share: 38 yen).

The key strategies for the second half of the fiscal year are as follows.

(1) Real estate sales business

ES-CON JAPAN will steadily move the contracts which have accumulated in the first half of the fiscal year to the delivery phase and carefully communicate the features and positive aspects of each property in order to provide services that apprehend customer needs in an effort to promote sales.

As for the current state of sales, there are 844 contracted units (as of June 28, 2021) which is 79% of the 1,062 units forecast at the beginning of the period (full-year forecast for the fiscal year ending December 2021).

(2) Real estate leasing business

As vaccination is accelerating alongside the lifting of the state of emergency, ES-CON JAPAN will endeavor to improve added value of retail facilities and enhance leasing.

(3) Real estate planning agency and consulting business

With advertising such as commercials for the columbarium starting to show results, ES-CON JAPAN will accelerate sales alongside the coming increase in visitors resulting from the lifting of the state of emergency, etc.

\* The earnings outlook and other forward-looking statements contained in this document are based on information currently available to ES-CON JAPAN. Accordingly, actual business performance and other results may differ materially due various factors