



Summary of Accounts for First Quarter of Fiscal Year Ending March 2025 (Japanese GAAP) (Consolidated)

July 26, 2024

Name of listed company: ES-CON JAPAN Ltd.	Listing exchange: Tokyo Stock Exchange
Code: 8892	URL: https://www.es-conjapan.co.jp/english/
Representative: (Name) Takatoshi Ito (Position)	President & Representative Director
Contact for inquiries: (Name) Mitsuhiro Matsuzawa (Position)	Director TEL: +81-3-6230-9303
Scheduled date for start of dividend payment:	-
Supplementary explanatory materials created for accounts?	Yes/No: No
Accounts briefing meeting held?	Yes/No: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for first quarter of fiscal year ending March 2025 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of fiscal year ending Mar. 2025:	19,098	—	3,289	—	2,840	—	1,821	—
First quarter of fiscal year ended Mar. 2024:	28,541	—	4,879	—	4,497	—	3,006	—

(Note) Comprehensive income

First quarter of fiscal year ending Mar. 2025:
1,784 million yen [- %]

Fiscal year ended Mar. 2024:
2,850 million yen [- %]

	Basic earnings per share	Diluted earnings per share
	yen	yen
First quarter of fiscal year ending Mar. 2025:	19.08	19.04
First quarter of fiscal year ended Mar. 2024:	31.56	31.51

(Note) Effective November 29, 2023, the Articles of Incorporation were revised to change the date of settlement of accounts (end date of the fiscal year) from December 31 to March 31 of each calendar year. Due to this revision, results for the fiscal year ended March 2024 were provided for an irregular period of 15 months from January 1, 2023, through March 31, 2024, during which the change in the fiscal year was enacted. For this reason, increases (decreases) compared with the same quarter in the previous year are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	million yen	million yen	%	yen
First quarter of fiscal year ending Mar. 2025:	402,373	67,879	17.3	729.42
Fiscal year ended Mar. 2024:	399,696	70,702	18.1	759.56

Reference: Equity

First quarter of fiscal year ending Mar. 2025:
69,675 million yen

Fiscal year ended Mar. 2024:
72,503 million yen

2. Dividends

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended Mar. 2024	—	0.00	—	48.00	48.00
Fiscal year ending Mar. 2025	—	—	—	—	—
Fiscal year ending Mar. 2025 (Forecast)	—	0.00	—	48.00	48.00

(Note) Revisions from latest dividends forecast: None

3. Consolidated earnings forecast for fiscal year ending March 2025 (from April 1, 2024 to March 31, 2025)

(% figures for the full fiscal year show the rate of increase (decrease) compared with the previous fiscal year, and % figures for the first two quarters show the rate of increase (decrease) compared with the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First two quarters (cumulative)	30,000	—	3,500	—	2,100	—	1,400	—	14.66
Full fiscal year	118,000	—	18,000	—	15,000	—	10,000	—	104.72

(Notes) 1. Revisions from latest earnings forecast: None

2. As mentioned above, due to the change in the fiscal year-end (the end of the fiscal year), the fiscal year ended March 2024 is an irregular 15-month accounting period from January 1, 2023 to March 31, 2024. Therefore, increase (decrease) compared with the previous period is not presented for the fiscal year ending March 2025.

* Explanatory notes

(1) Significant change in scope of consolidation during the first quarter: None
 Newly included: — (Company name)
 Excluded: — (Company name)

(2) Application of accounting treatments specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
 1) Changes in accounting policies due to amendment of accounting standards, etc.: Yes
 2) Changes in accounting policies other than 1): None
 3) Changes in accounting estimates: None
 4) Restatement: None

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

1) Number of shares issued and outstanding (including treasury shares) at end of fiscal year	First quarter of fiscal year ending Mar. 2025	98,580,887 shares	Fiscal year ended Mar. 2024	98,580,887 shares
2) Number of treasury shares at end of period	First quarter of fiscal year ending Mar. 2025	3,059,154 shares	Fiscal year ended Mar. 2024	3,125,950 shares
3) Average number of shares during period (cumulative)	First quarter of fiscal year ending Mar. 2025	95,490,187 shares	First quarter of fiscal year ended Mar. 2024	95,274,955 shares

(Note) The number of treasury shares at end of period includes shares of ES-CON JAPAN held in a board benefit trust for executives and a share-based payment benefits-type ESOP trust (first quarter of fiscal year ending March 31, 2025: 847,900 shares in the board benefit trust for executives and 541,500 shares in the share-based payment benefits-type ESOP trust). In the calculation of the average number of shares during the period (cumulative total through the quarter), the treasury shares to be subtracted in that calculation includes ES-CON JAPAN shares held in the share-based payment benefits trust for directors and the share-based payment benefits-type ESOP trust (first quarter of the fiscal year ending March 31, 2025: 1,392,181 shares).

* Attached quarterly consolidated financial statements reviewed by a certified public accountant or audit corporation?: Y (voluntary)

* 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. Qualitative Information on Quarterly Results; (4) Consolidated Earnings Outlook and Other Forward-looking Statements" on page 8.

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1. Summary of Operating Results, Etc

(1) Business Risks

There are no business risks that newly arose in the first quarter.

In addition, there are no significant changes in the business risks stated in the previous fiscal year's securities report.

(2) Explanation of Operating Results

Due to a one-time change affecting the fiscal year, results for the fiscal year ended March 2024 correspond to a period of 15 months. For this reason, comparisons with the previous period are not presented here.

In the first quarter of the fiscal year under review, the Japanese economy remained in a pattern of moderate recovery centered on domestic demand. Examples include signs of recovery in consumer spending and the employment environment alongside normalization of domestic economic activities and a recovery in inbound demand.

However, various factors continue to exert downward pressure on the economy. These include rising prices, ongoing yen devaluation, and fiscal tightening. Overseas, the slowdown in the Chinese economy, the Middle East conflict, and other emerging geopolitical events threaten to take their toll.

In the real estate industry in which the ES-CON JAPAN Group operates, rising construction costs, driven by the rapidly rising cost of acquiring land and raw materials and other cost increases, including the surging personnel expenses caused by personnel shortages, have raised concerns. These factors warrant close monitoring.

In the first quarter of the fiscal year under review, ES-CON JAPAN achieved the following operating results: net sales of 19,098 million yen; operating income of 3,289 million yen; ordinary income of 2,840 million yen; and profit attributable to owners of parent of 1,821 million yen.

Under its Long-Term Vision for 2030, ES-CON JAPAN is seeking to achieve sustainable growth.

Major recent initiatives based on the priority topics of the Long-Term Vision 2030 are outlined below.

<Business strategies>

1) Deepening

a. Further growth of main business

- This marked the second year following the March 2023 opening of ES CON FIELD HOKKAIDO, the new Hokkaido Nippon Ham Fighters stadium in Kitahiroshima City, Hokkaido, for which ES-CON JAPAN has concluded a naming rights agreement. Activity has continued to grow across the village area, driven by visitors from both inside and outside Hokkaido. HOKKAIDO BALLPARK F VILLAGE ("F VILLAGE" hereinafter), centered on the new stadium, has attracted a cumulative total of more than five million visitors since opening in June 2024. ES-CON JAPAN is an urban development planning partner for F VILLAGE Le JADE Hokkaido Ballpark, a condominium project located approximately 80 meters from the stadium. Thanks in part to interest in this area, all 118 units in Le JADE Hokkaido Ballpark have sold. MASTERS VARUS HOKKAIDO BALLPARK, a rental residence for active seniors that features a complex of healthcare facilities, began accepting tenants in June 2024. We have acquired a commercial site in a face-to-face location across a road from the outfield side of the stadium. We have secured as a tenant a hotel under a brand operated by the Banyan Group, a leading independent hospitality group based in Singapore. Development on the hotel has begun, with the opening slated for 2027.

We are also in the process of developing the station square in front of JR Kitahiroshima Station, a multi-use center, a multilayer plaza and park, and residential and community facilities. The multi-use center will consist of retail facilities and a hotel. We plan to open the commercial facilities on the first through third floors as tonarie Kitahiroshima, under the tonarie retail facility brand, in March 2025. Furthermore, sales commenced in June 2024 for Le Jade Hokkaido Kitahiroshima (Kitahiroshima City, Hokkaido; 197 units), developed on a location connected by a pedestrian deck to Kitahiroshima Station and tonarie Kitahiroshima.

In the city of Sapporo, we are preparing to sell Le JADE Sapporo Odori "The Tower" (Chuo Ward, Sapporo; 80 units), located six minutes' on foot from Sapporo Station. We are also proceeding with development on a site acquired for a hotel and office.

- We have acquired two sites in Hayama Town, Miura District, Kanagawa Prefecture. One site has a unique location with expansive views of Morito Beach. We are developing a complex under our new DIAMAS condominium brand at this premium location.
- We are jointly developing SAKURA MIRAI SHIN OMURA, a mixed use facility near Shin-Omura Station on the Nishi-Kyushu Shinkansen line in Omura City, Nagasaki Prefecture, with Daiwa House Industry Co. and Izumi Co. ES-CON JAPAN is responsible for developing two condominium projects, Le JADE SHIN-OMURA STATION FRONT (119 units) and Le JADE SHIN-OMURA PARK SIDE (72 units), each on its site on the larger development site. Plans emphasize an organic design, reminiscent of the patterns seen in trees as they flourish and branch out, in place of horizontals and verticals, to create structures that harmonize with the rich natural surroundings of the site.

b. Demonstration of synergy effect with the Chubu Electric Power Group

- ES-CON JAPAN is currently developing TSUNAGU GARDEN SENRI FUJISHIRODAI (Fujishirodai, Suita City, Osaka Prefecture), its fifth joint project with Chuden Real Estate Co., Inc. (“Chuden Real Estate” hereinafter), a wholly-owned subsidiary of Chubu Electric Power. This project, our first mixed-use development project undertaken jointly with Chuden Real Estate, will establish a new multi-generational urban district through the integrated development of a housing complex, detached dwellings, a complex of health clinics, a licensed daycare center, retail facilities, and a park on approximately 20,000 tsubo of land. The commercial district for this zone opened in November 2023. We launched sales of the condominium Le JADE City Senri Fujishirodai (244 units) in the residential district in October 2023.
- Two joint projects are currently underway with Chubu Electric Power. In 2022, a consortium of businesses led by Chubu Electric Power and including ES-CON Japan entered into a basic planning agreement for a development project on the former site of the Nagoya Horse Racing Track. We also established TSUNAGU Community Farm LLC with Chubu Electric Power and Spread Co., Ltd. and built Techno Farm Fukuroi, one of the world’s largest fully artificially-lit plant factories, which is capable of producing 10 tons of lettuce per day. The farm made its first shipments in February 2024. We will continue to strengthen our partnership with the Chubu Electric Power Group and work to achieve large-scale urban development and realize new forms of communities.
- In March 2023, one director who is a member of the Audit and Supervisory Committee was appointed from Chubu Electric Power; another director was appointed from Chubu Electric Power in June 2024. One director at each of ES-CON ASSET MANAGEMENT Ltd. (EAM) and FUEL Inc., both subsidiaries, is a Chubu Electric Power employee. Further personnel exchange is via secondment of employees to and from Chubu Electric Power and between Chuden Real Estate and ES-CON Japan and its subsidiaries.

2) Evolution

a. Expanding domestic area of operations

- In addition to our head offices and branches in five major urban areas, we opened an Okinawa Branch on April 9, 2024 to promote full-fledged business expansion in Okinawa. We have already secured two sites for condominium projects in Naha City.

b. Diversification of development projects and types

- We developed seven x seven Itoshima, which had its grand opening in April 2024, on the Itoshima Peninsula at the western end of the city of Fukuoka. Located in the Futamigaura district of the Itoshima Peninsula, a resort area less than one hour by bus or car from central Fukuoka, all 47 of this project’s units have ocean views and private balconies. We also developed a hotel with 11 types of rooms meeting diverse guest needs, including rooms with rooftop terrace, private Jacuzzi, BBQ grill, etc., Japanese/Western style rooms, pet-friendly rooms, and rooms that can accommodate up to eight guests. The hotel was sold during the first quarter under review.
- In June 2024, we acquired Yoshizuya Y Store Nishiharu, Tsutaya Sakai Minami (leased land), and Life Daisen (leased land) from ESCON JAPAN REIT Investment Corporation (EJR). One strategy for the Fifth Medium-Term Management Plan calls for promoting the development of diverse asset types with increased value and raising profit ratios while expanding the investment cycle business, including the

investment fund business. The investment cycle business sells properties chosen primarily from properties developed and owned by ES-CON Japan to private funds operated by firms like EJR and FUEL, a subsidiary. ES-CON Japan will reacquire the properties when they become obsolete or are otherwise ready for redevelopment into properties with further added value. We plan to develop the three acquisitions above in ways that will maximize their land value once their leases expire.

While EAM, EJR's asset-management firm, was subject in July 2022 to business suspension and business improvement orders from the Financial Services Agency (FSA), EJR has resumed trading after completing its response to the FSA orders. ES-CON Japan has concluded a sponsorship and support agreement with EJR and will seek to achieve mutual growth by increasing EJR's earnings and by providing support to ensure stable growth.

c. Global expansion

- With regard to our overseas business, we opened a sales gallery in November 2023 at our Tokyo headquarters to commence sales and marketing for luxury condominiums in Honolulu, Hawaii, under our ĀLia project. We have also launched sales and marketing for our second large-scale condominium project in Hawaii, Kuilei Place. We will continue to focus on expanding our businesses overseas.

d. Challenge of new business domains

- In January 2024, we made the decision to develop the SUIDEN RESORT (tentative name) series of hotels across Japan, which are based on the concept of agriculture, in partnership with LOCAL RESORTS Inc. (formerly YAMAGATA DESIGN RESORTS Inc.; "LOCAL RESORTS" hereinafter) and NEWGREEN INC. (formerly YUKIMAI DESIGN INC.; "NEWGREEN" hereinafter). LOCAL RESORTS is a subsidiary of urban developer SHONAI Inc. (formerly YAMAGATA DESIGN Inc.), a company that seeks to transform challenge into hope in provincial cities. As part of preparations to implement this project, we entered into a business alliance agreement with LOCAL RESORTS and made a capital investment of 200 million yen in NEWGREEN.
- In February 2024, we entered into a capital and business alliance agreement with STYLY, INC., a company that creates XR content combining virtual reality (VR), augmented reality (AR), and mixed reality (MR) and operates the STYLY XR platform. Working with STYLY, we will proceed to consider various other efforts, including efforts to provide new value added via XR in dormant spaces at commercial facilities owned and operated by the Group and to develop cooperative businesses that incorporate XR technologies in stadium and arena consulting services.

<Sustainability management>

1) Deepening

Harnessing diverse human resources

- In May 2024, in response to the impact of recent high prices and to improve employee engagement and secure talented human resources, ES-CON JAPAN raised the base wages of Group employees by an annual average of 8.0%.
- We undertook an engagement survey of all employees in May 2024.

2) Evolution

Achieving a society characterized by well-being

- As noted above, we are moving ahead with the development of a multipurpose transit complex consisting of the tonarie Kitahiroshima multi-use center and a hotel in front of JR Kitahiroshima Station, with plans to open the facilities in March 2025. Before the start of construction, the development site was familiar to local residents as a park dense with greenery. To preserve the history and characteristics of this site for future generations, we have launched a memorial furniture project to furnish the public lounge planned for the hotel under development with furniture made from trees harvested from the park. Students at the Hokkaido Shirakaba High School for Special Education in Kitahiroshima will participate as part of their classes in making the furniture for this project. We plan to pursue energetic ESG initiatives to contribute to the sustained and sustainable growth of the Group.

Business conditions are outlined below by segment.

Starting in the first quarter of the fiscal year under review, the Group revised its business segments from the three previous segments of the real estate sales business, real estate leasing business, and real estate planning, brokerage and consulting business to the four reporting segments of the condominium business, real estate development business, real estate leasing business, asset management business, and the others. This is intended to clarify our business portfolio and achieve stable growth by allowing the formulation of strategies for each segment in line with diversified business domains .

Condominium business

Currently making steady progress on condominium sales, the condominium business launched sales of several new condominium projects: Le JADE City Hashimoto III (Midori Ward, Sagamihara City, 80 units), Le JADE Nishinomiya Kitaguchi (Nishinomiya City, Hyogo Prefecture, 32 units), Le JADE Hokkaido Kitahiroshima (Kitahiroshima City, Hokkaido, 197 units), and Le JADE Kumamoto Nissekidori (Higashi Ward, Kumamoto City, 92 units). Of the properties completed during this period, the condominium business delivered all units in Le JADE Minoh-Semba South Residence (Minoh City, Osaka Prefecture, 30 units).

As of June 30, we had completed contracts on 75.5% of the 1,250 condominium units planned for sale in the year ending March 2025.

The condominium business generated net sales of 5,243 million yen and segment profit of 783 million yen based on sales of condominiums and detached homes.

Real estate development business

The real estate development business develops and sells facilities under the Company brands of tonarie retail facilities, LOGITRES logistics facilities, and TOPAZ apartments. The business also generates leasing revenue from office buildings, hotels, and other properties.

This business generated net sales of 9,450 million yen and segment profit of 2,624 million yen based on sales of facilities like seven x seven Itoshima on the Itoshima Peninsula in Fukuoka Prefecture, as described above; the ESCON Kudankita Building, our first development project in the greater Tokyo Area and winner of a 2023 Good Design Award; and the LOGITRES Sano logistics facility in Tochigi Prefecture.

Real estate leasing business

The real estate leasing business has achieved stable earnings in part by strengthening the leading business through the addition of the Picasso Co., Ltd. and Yuki Sangyo Inc. in 2021 and Shijo Omiya Building Co., Ltd. in 2023 as subsidiaries. It strives to secure stable leasing revenue and to increase asset value of its retail facility holdings through various means, including the planned addition to its portfolio in March 2025 of tonarie Kitahiroshima, currently under development in Kitahiroshima City, Hokkaido.

This business generated net sales of 3,837 million yen and segment profit of 1,752 million yen based on an emphasis on projects intended to increase asset value, including efforts targeting growth in leasing revenue from revenue-generating real estate holdings.

Asset management business

The asset management business generated net sales of 455 million yen and segment profit of 287 million yen as results of its businesses of asset management for Group companies, property management, and condominium management, among others.

Other businesses

Other businesses generated net sales of 111 million yen and segment profit of 16 million yen from sales of permanent use rights to Ryomon columbaria and from overseas investments.

(3) Analysis of Financial Position

Assets at the end of the first quarter of the consolidated fiscal year under review were up 2,676 million yen from the end of the previous consolidated fiscal year to 402,373 million yen. This was attributable mainly to decreases of 3,563 million yen in cash and deposits and increases of 3,082 million yen and 2,040 million yen in inventories and property, plant and equipment, respectively. Due to a change in the purpose of holding assets, during the first quarter of the fiscal year, part of the tangible fixed assets amounting to 1,659 million

yen has been reclassified to real estate for sale in process.

Liabilities were up 5,500 million yen from the end of the previous consolidated fiscal year to 334,494 million yen. This was attributable mainly to an increase of 5,189 million yen in long-term and short-term loans payable.

Net assets were down 2,823 million yen from the end of the previous consolidated fiscal year to 67,879 million yen. This was attributable mainly to cash dividends paid of 4,648 million yen, despite the recording of profit attributable to owners of parent of 1,821 million yen. As a result, the equity ratio was 17.3% (vs. 18.1% at the end of the previous consolidated fiscal year).

(4) Consolidated Earnings Outlook and Other Forward-looking Statements

The consolidated earnings outlook remains unchanged from the outlook announced on April 24, 2024.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	Fiscal year ended Mar. 2024 (as of Mar. 31, 2024)	First quarter of fiscal year ending Mar. 2025 (as of June 30, 2024)
Assets		
Current assets		
Cash and deposits	48,910	45,346
Notes and accounts receivable - trade and contract assets	1,019	1,071
Real estate for sale	3,408	2,330
Real estate for sale in process	227,887	232,048
Other	14,267	15,578
Allowance for doubtful accounts	(1)	(0)
Total current assets	295,492	296,375
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,832	28,022
Accumulated depreciation	(4,198)	(4,450)
Buildings and structures, net	23,634	23,572
Land	51,311	53,374
Other	494	547
Accumulated depreciation	(342)	(354)
Other, net	152	192
Total property, plant and equipment	75,098	77,139
Intangible assets		
Goodwill	16,109	15,860
Other	61	87
Total intangible assets	16,170	15,948
Investments and other assets		
Other	14,747	14,723
Allowance for doubtful accounts	(1,812)	(1,812)
Total investments and other assets	12,935	12,910
Total non-current assets	104,204	105,997
Total assets	399,696	402,373

(Unit: million yen)

	Fiscal year ended Mar. 2024 (as of Mar. 31, 2024)	First quarter of fiscal year ending Mar. 2025 (as of June 30, 2024)
Liabilities		
Current liabilities		
Short-term loans payable	51,537	50,188
Current portion of long-term loans payable	42,699	56,091
Income taxes payable	594	1,036
Other	13,749	13,658
Total current liabilities	108,580	120,975
Non-current liabilities		
Long-term loans payable	199,557	192,704
Provision for directors' share-based benefits	227	225
Provision for share-based benefits	116	113
Asset retirement obligations	277	284
Other	20,234	20,191
Total non-current liabilities	220,413	213,519
Total liabilities	328,994	334,494
Net assets		
Shareholders' equity		
Capital stock	16,519	16,519
Capital surplus	12,461	12,476
Retained earnings	44,703	41,875
Treasury shares	(1,383)	(1,357)
Total shareholders' equity	72,301	69,514
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	149	130
Foreign currency translation adjustment	52	29
Total accumulated other comprehensive income	202	160
Subscription rights to shares	0	0
Non-controlling interests	(1,801)	(1,796)
Total net assets	70,702	67,879
Total liabilities and net assets	399,696	402,373

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
First quarter of fiscal year ending March 2025

(Unit: million yen)

	First quarter of fiscal year ended Mar. 2024 (from Jan. 1, 2023 to Mar. 31, 2023)	First quarter of fiscal year ending Mar. 2025 (from Apr. 1, 2024 to June 30, 2024)
Net sales	28,541	19,098
Cost of sales	20,859	12,992
Gross profit	7,682	6,106
Selling, general and administrative expenses	2,802	2,816
Operating income	4,879	3,289
Non-operating income		
Interest income	0	0
Dividend income	0	63
Penalty income	14	7
Foreign exchange gains	38	230
Other	2	11
Total non-operating income	56	313
Non-operating expenses		
Interest expenses	420	736
Amortization of share issuance cost	9	—
Share of loss of entities accounted for using equity method	5	21
Other	3	5
Total non-operating expenses	438	763
Ordinary income	4,497	2,840
Extraordinary income		
Gain on reversal of subscription rights to shares	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	4,497	2,840
Income taxes - current	1,454	971
Income taxes - deferred	30	42
Total income taxes	1,485	1,013
Profit	3,012	1,826
Net income attributable to noncontrolling interests	5	4
Profit attributable to owners of parent	3,006	1,821

(Quarterly Consolidated Statement of Comprehensive Income)
 First quarter of fiscal year ending March 2025

(Unit: million yen)

	First quarter of fiscal year ended Mar. 2024 (from Jan. 1, 2023 to Mar. 31, 2023)	First quarter of fiscal year ending Mar. 2025 (from Apr. 1, 2024 to June 30, 2024)
Profit	3,012	1,826
Other comprehensive income		
Valuation difference on available-for-sale securities	(136)	(18)
Foreign currency translation adjustment	(26)	(28)
Share of other comprehensive income of entities accounted for using equity method	—	5
Total other comprehensive income	(162)	(41)
Comprehensive income	2,850	1,784
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,844	1,780
Comprehensive income attributable to non-controlling interests	5	4

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan [ASBJ] Statement No. 27, October 28, 2022; "2022 Revised Accounting Standard" hereinafter) and other applicable standards have been applied from the start of the first quarter of the consolidated fiscal year under review.

The provisional handling specified in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the provisional handling specified in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; "2022 Revised Guidance" hereinafter) are followed regarding revisions related to the accounting classifications of income taxes (taxation on other comprehensive income). Under such handling, with regard to accounting categories for taxation costs, retained surplus at the start of the initial fiscal year of application is adjusted by the cumulative amount of the effect of the change in accounting policies. This has had no effect on the consolidated financial statements for the cumulative period through the first quarter of the consolidated fiscal year under review.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes on the Quarterly Consolidated Statement of Cash Flows)

No Quarterly Consolidated Statement of Cash Flows is prepared for the cumulative period through the first quarter of the consolidated fiscal year under review. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the cumulative period through the first quarter of the consolidated fiscal year are shown below.

	First quarter of fiscal year ended March 2024 (from Jan. 1, 2023 to Mar. 31, 2023)	First quarter of fiscal year ending March 2025 (from Apr. 1, 2024 to June 30, 2024)
Depreciation	305 million yen	432 million yen
Amortization of goodwill	130	248

(Additional Information)

(Board Benefit Trust for Executives)

(1) Overview of the transaction

- 1) ES-CON JAPAN passed a resolution to introduce the performance-based stock reward system (the "System"; The trust established based on the trust agreement concluded with Resona Bank, Limited for the System is referred to as "board benefit trust for executives") at the Annual General Meeting of Shareholders held on March 20, 2015, with an aim to further clarify the relationship between remuneration for ES-CON JAPAN's directors (excluding directors who are Audit and Supervisory Committee Members, external directors, nonexecutive directors and nonresidents of Japan) and (authorized) executive managing officers (excluding nonresidents of Japan; the "Directors, etc."; hereinafter referred to as the same unless otherwise specified) and ES-CON JAPAN's operating results and share price, with the Directors, etc. not only benefiting from a rise in share price but also sharing the same risks as shareholders in relation to a fall in share price, thereby increasing awareness of contribution to the medium- to long-term improvement of operating results and enhancement of corporate value. Furthermore, ES-CON JAPAN passed resolutions on continuation and partial revision of the System for Directors, etc. in the Annual General Meeting of Shareholders held on March 26, 2020, the Annual General Meeting of Shareholders held on March 26, 2021, the Extraordinary General Meeting of Shareholders held on November 29, 2023, and the Annual General Meeting of Shareholders held on June 25, 2024.

The System after the revision is an incentive system by which ES-CON JAPAN contributes money to a trust with the trust acquiring shares of ES-CON JAPAN with said money as capital, and shares of ES-CON JAPAN and the fair market value of shares of ES-CON JAPAN are granted to ES-CON JAPAN's Directors, etc. through the trust in accordance with the operating results achievement rate, etc. pursuant to the officer stock ownership regulations set by ES-CON JAPAN. In principle, shares of ES-CON JAPAN will be granted to the Director, etc. of ES-CON JAPAN after finalization of business results for the final fiscal year of the subject period. If shares are granted while the Director, etc. remains in office, they will be granted subject to restrictions on transfer until said Director, etc. retires from all positions such as director of ES-CON JAPAN, under an agreement on restriction of transfer concluded between ES-CON JAPAN and the Director, etc. prior to granting of the shares.

ES-CON JAPAN will contribute to the trust money of up to 150 million yen per fiscal year multiplied by the subject period during the period of three fiscal years from the fiscal year ended March 2025 through the fiscal year ending March 2027 and each subsequent Medium-Term Management Plan period.

- 2) Total number of shares to be granted to the Directors, etc.
 - Resolution passed at the Annual General Meeting of Shareholders held on March 20, 2015
Upper limit of funds for acquisition of shares (for the five fiscal years from the fiscal year ended December 2015 to the fiscal year ended December 2019): 240 million yen
 - Resolution passed at the Annual General Meeting of Shareholders held on March 26, 2020
Upper limit of funds for acquisition of shares (for the three fiscal years from the fiscal year ended December 2020 to the fiscal year ended December 2022, and each subsequent period of three fiscal years): 330 million yen
 - Resolution passed at the Annual General Meeting of Shareholders held on March 26, 2021
Upper limit of funds for acquisition of shares (for the three fiscal years from the fiscal year ended December 2021 to the fiscal year ending December 2023, and each subsequent period of three fiscal years): 330 million yen
 - Resolution passed at the Extraordinary General Meeting of Shareholders held on November 29, 2023
Upper limit of funds for acquisition of shares (for the three fiscal years from the fiscal year ended December 2021 to the fiscal year ending March 2024, and each subsequent period of three fiscal years): 330 million yen
 - Resolution passed at the Annual General Meeting of Shareholders held on June 25, 2024
Upper limit of funds for acquisition of shares (for the three fiscal years from the fiscal year ended March 2025 through the fiscal year ending March 2027): 450 million yen; upper limit of funds for acquisition of shares (for each subsequent Medium-Term Management Plan period): 150 million yen per fiscal year multiplied by the subject period

- 3) Scope of persons who are eligible to receive beneficiary rights and other rights under the System
The Directors, etc. of ES-CON JAPAN who have acquired the right to receive shares based on the officer stock ownership regulations.

(2) Residual Shares of ES-CON JAPAN in the Trust

Residual shares of ES-CON JAPAN in the trust are recorded as treasury shares under net assets using the book value in the trust (excluding the amount of incidental expenses). The book value of the treasury shares and the number of shares is 347 million yen and 851,000 shares for the fiscal year ended March 2024, and 347 million yen and 847,900 shares for the first quarter of the fiscal year ending March 2025.

(Change in Purpose of Holding Assets)

Due to a change in the purpose of holding assets, during the first quarter of the fiscal year, part of the tangible fixed assets amounting to 1,659 million yen (388 million yen for buildings and structures, 1,271 million yen for land) has been reclassified to real estate for sale in process.

(Share-Based Payment Benefits-Type ESOP Trust)

(1) Overview of the transaction

ES-CON JAPAN passed a resolution to introduce a share-based payment benefits-type ESOP (the "System"; the trust established based on the trust agreement concluded with Resona Bank, Limited for the System is referred to as "share-based payment benefits-type ESOP trust") at the board of directors meeting held on March 20, 2015, with an aim to further enhance the benefit program for its employees and raise their motivation and morale for improving the share price and operating results. Furthermore, ES-CON JAPAN passed a resolution for continuation and partial revision of the share-based payment benefits-type ESOP trust for employees at the board of directors' meeting held on October 25, 2023.

The System after the revision is a system by which ES-CON JAPAN contributes money to a trust for a new period of seven fiscal years from the fiscal year ended December 2022 to the fiscal year ending March 2029 and the period of the seven fiscal years after the elapse of the period, with the trust acquiring shares of ES-CON JAPAN with said money as capital, and shares of ES-CON JAPAN are granted to ES-CON JAPAN Group's employees who have satisfied certain requirements through the trust, pursuant to the stock ownership regulations set by ES-CON JAPAN.

(2) Residual Shares of ES-CON JAPAN in the Trust

Residual shares of ES-CON JAPAN in the trust are recorded as treasury shares under net assets using the book value in the trust (excluding the amount of incidental expenses). The book value of the treasury shares and the number of shares is 339 million yen and 542,000 shares for the fiscal year ended March 2024, and 339 million yen and 541,500 shares for the first quarter of the fiscal year ending March 2025.

(Notes on Segment Information etc.)

[Segment Information]

- I. First quarter of fiscal year ended March 2024 (from January 1, 2023 to March 31, 2023)
1. Information on Net Sales and Income or Loss Amounts by Reporting Segment and Information on Breakdown of Revenue

(Unit: million yen)

	Reporting segment					The others (Note 1)	Total	Recon- ciliation (Note 2)	Amount on quarterly consolidat ed statement of income (Note 3)
	Condominium business	Real estate development business	Real estate leasing business	Asset managemen t business	Total				
Net sales									
Revenue from contracts with customers	16,341	8,916	16	274	25,549	165	25,714	—	25,714
Other revenue (Note 4)	—	—	2,656	0	2,657	170	2,827	—	2,827
Net sales to external customers	16,341	8,916	2,673	275	28,206	335	28,541	—	28,541
Intersegme nt net sales or transfers	—	—	—	—	—	—	—	—	—
Total	16,341	8,916	2,673	275	28,206	335	28,541	—	28,541
Segment income	4,335	942	914	168	6,361	285	6,646	△1,766	4,879

- (Notes) 1. “The others” includes business segments not covered by the reporting segments, such as overseas and other investment businesses, funeral hall operations (Ryomon), and brokerage and consulting services.
2. The reconciliation of segment income or segment loss of -1,766 million yen is corporate expenses not attributable to any reporting segment. Corporate expenses are general and administrative expenses not attributable to reporting segments.
 3. Segment income or segment loss is reconciled with operating income on the quarterly consolidated statement of income.
 4. “Other revenue” is rental income, etc. based on “Accounting Standard for Lease Transactions.”

2. Information on Impairment Loss on Non-Current Assets or Goodwill, Etc. by Reporting Segment
Not applicable.

II. First quarter of fiscal year ending March 2025 (from April 1, 2024 to June 30, 2024)

1. Information on Net Sales and Income or Loss Amounts by Reporting Segment and Information on Breakdown of Revenue

(Unit: million yen)

	Reporting segment					The others (Note 1)	Total	Recon- ciliation (Note 2)	Amount on quarterly consolidat ed statement of income (Note 3)
	Condominium business	Real estate development business	Real estate leasing business	Asset managemen t business	Total				
Net sales									
Revenue from contracts with customers	5,243	9,450	17	454	15,166	111	15,277	—	15,277
Other revenue (Note 4)	—	—	3,820	0	3,821	—	3,821	—	3,821
Net sales to external customers	5,243	9,450	3,837	455	18,987	111	19,098	—	19,098
Intersegment net sales or transfers	—	—	—	—	—	—	—	—	—
Total	5,243	9,450	3,837	455	18,987	111	19,098	—	19,098
Segment income	783	2,624	1,752	287	5,448	16	5,464	△2,174	3,289

- (Notes) 1. “The others” includes business segments not covered by the reporting segments, such as overseas and other investment businesses, funeral hall operations (Ryomon), and brokerage and consulting services.
2. The reconciliation of segment income of -2,174 million yen is corporate expenses not attributable to any reporting segment. Corporate expenses are general and administrative expenses not attributable to reporting segments.
3. Segment income is adjusted with operating income in the quarterly consolidated statements of income.
4. “Other revenue” is rental income, etc. based on “Accounting Standard for Lease Transactions.”

2. Information on Impairment Loss on Non-Current Assets or Goodwill, Etc. by Reporting Segment

Not applicable.

3. Change affecting business segments

From the first quarter of the consolidated fiscal year under review, the Group has revised its business segments from the three previous segments of the real estate sales business, real estate leasing business, and real estate planning, brokerage and consulting business to the four segments of the condominium business, real estate development business, real estate leasing business, asset management business, and the others. This is intended to clarify our business portfolio and achieve stable growth by allowing the formulation of strategies for each segment in line with diversified business domains.

Disclosure of segment information for the first quarter of the previous consolidated fiscal year is prepared based on the reporting segments in the first quarter of the consolidated fiscal year under review.

(Significant Subsequent Events)

(Changes in specified subsidiaries)

In its meeting held December 22, 2023, the ES-CON JAPAN Board of Directors resolved to establish the subsidiary ESCON USA V LLC. Pay-in on the establishment of this subsidiary (USD34.77 million) was completed on July 16, 2024. As a result, ESCON USA V LLC qualifies as a specified subsidiary because the total amount

invested in the subsidiary accounts for 10% or more of ES-CON JAPAN's capital.

1. Objectives of this change

To invest in ESCON USA V LLC to fund its investment in real estate funds overseas

2. Overview of subsidiary involved in change

- (1) Name: ESCON USA V LLC
- (2) Address: Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801
- (3) Representative: Toru Kumaki, Manager
- (4) Total investment amount: USD34.77 million
- (5) Business: Investment in real estate funds overseas
- (6) Equity stake: 100%

3. Effect on business results

This change has negligible effects on consolidated business results for the first quarter of the consolidated fiscal year under review.

(Issue of bonds)

ES-CON JAPAN has issued unsecured corporate bonds with a pay-in date of July 19, 2024 under the following terms and conditions:

This issue of bonds is based on a comprehensive resolution of the Board of Directors in its meeting held May 28, 2024 establishing the total amount of funds to be raised through offering bonds and other conditions.

The bonds are outlined below.

First unsecured corporate bonds with terms for early redemption (with limited inter-bond pari passu clause)

- 1. Total amount of issue: 7,400 million yen
- 2. Issue price: 100 yen cash per 100 yen in bond value
- 3. Annual interest rate: 1.488%
- 4. Redemption date: July 19, 2029
- 5. Redemption method: Lump-sum redemption on maturity (with terms for early redemption)
- 6. Pay-in date (date of issue): July 19, 2024
- 7. Use of funds: Working capital associated with growth of domestic and international development projects
- 8. Important Clauses: If Chubu Electric Power Co., Inc. publicly announces by October 21, 2028, that the Company will no longer be a consolidated subsidiary of Chubu Electric Power Co., Inc., the bondholders may demand the redemption of their bonds from the company.

3. Other

Status of Contracts and Sales

The performance of contracts in the real estate sales business for the first quarter is as follows:

Category	First quarter of fiscal year ending Mar. 2025 (from Apr. 1, 2024 to June 30, 2024)			
	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)
Condominiums	241	13,401	1,076	57,825
Other	—	948	—	330
Total	241	14,349	1,076	58,156

The main performance of sales by segment for the first quarter is as follows:

Name of segment	First quarter of fiscal year ending Mar. 2025 (from Apr. 1, 2024 to June 30, 2024)		
	Property name	Number of units (units)	Amount (million yen)
Condominium business	Condominiums	50	4,430
	Other	—	813
	Subtotal	50	5,243
Real estate development business	Kudankita 1-chome, Chiyoda-ku	—	3,250
	Kotobuki 4-chome, Taito-ku	—	1,930
	seven x seven Itoshimia	—	1,812
	LOGITRES Sano	—	1,670
	Towa 5-chome, Adachi-ku Other	—	440
	Other	—	348
	Subtotal	—	9,450
Real estate leasing business			3,837
Asset management business			455
Other businesses			111
	Total		19,098

(Notes) 1. There are no transactions between segments.

- From the first quarter of the consolidated fiscal year under review, the Group has revised its business segments from the three previous segments of the real estate sales business, real estate leasing business, and real estate planning, brokerage and consulting business to the four segments of the condominium business, real estate development business, real estate leasing business, asset management business, and the others. This is intended to clarify our business portfolio and achieve stable growth by allowing the formulation of strategies for each segment in line with diversified business domains.