



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

January 31, 2025

Name of listed company: ES-CON JAPAN Ltd. Listing exchange: Tokyo Stock Exchange
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 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 three quarters of fiscal year ending March 2025 (from April 1, 2024 to December 31, 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	%
Third quarter of fiscal year ending Mar. 2025	80,446	—	13,753	—	11,212	—	7,144	—
Third quarter of fiscal year ended Mar. 2024	61,962	—	8,089	—	7,093	—	4,565	—

(Note) Comprehensive income

Third quarter of fiscal year ending March 2025:
6,388 million yen [- %]

Third quarter of fiscal year ended March 2024:
4,619 million yen [- %]

	Basic earnings per share	Diluted earnings per share
	yen	yen
Third quarter of fiscal year ending Mar. 2025	74.81	74.67
Third quarter of fiscal year ended Mar. 2024	47.92	47.83

(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 period 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
Third quarter of fiscal year ending Mar. 2025	449,435	73,064	16.5	777.80
Fiscal year ended Mar. 2024	399,696	70,702	18.1	759.56

Reference: Equity

Third quarter of fiscal year ending March 2025:
74,312 million yen

Fiscal year ended March 2024:
72,503 million yen

2. Dividends

	Annual dividend					
	End of first quarter	End of second quarter	End of third quarter	End of fourth quarter	Year-end	Total
	yen	yen	yen	yen	yen	yen
Fiscal year ended Mar. 2024	—	0.00	—	—	48.00	48.00
Fiscal year ending Mar. 2025	—	0.00	—			
Fiscal year ending Mar. 2025 (Forecast)				—	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 show the rate of increase (decrease) compared with the previous period)

	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
Full fiscal year	118,000	—	18,000	—	15,000	—	10,000	—	104.71

(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 changes in scope of consolidation during quarterly period: Yes

Newly included: 1 (Company name) ESCON USA 5 LLC

Excluded: — (Company name)

(2) Application of accounting treatment specific to the 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	Third 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	Third quarter of fiscal year ending Mar. 2025	3,038,054 shares	Fiscal year ended Mar. 2024	3,125,950 shares
3) Average number of shares during period (quarterly period)	Third quarter of fiscal year ending Mar. 2025	95,497,564 shares	Third quarter of fiscal year ended Mar. 2024	95,289,062 shares

(Note) The number of treasury shares at the end of the period includes shares of ES-CON JAPAN held in a board benefit trust for executives and a share-based payment benefits-type ESOP trust (third quarter of fiscal year ending March 31, 2025: 912,000 shares in the board benefit trust for executives and 533,200 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 include ES-CON JAPAN shares held in the share-based payment benefits trust for directors and the share-based payment benefits-type ESOP trust (third quarter of the fiscal year ending March 31, 2025: 1,422,269 shares).

* Review by a certified public accountant or audit firm for the attached quarterly consolidated financial statements: Yes (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. Summary of Operating Results; (4) Consolidated Earnings Outlook and Other Forward-looking Statements" on page 9.

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Review by a certified public accountant or audit firm for the attached quarterly consolidated financial statements

1. Summary of Operating Results

(1) Business Risks

No new business risks emerged during the third quarter of the fiscal year ending March 2025.

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 in the Third Quarter

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, no comparisons with the previous third quarter are presented here.

In the third quarter of the fiscal year under review, the Japanese economy remained in a pattern of moderate recovery driven primarily by domestic demand. Examples include signs of recovery in consumer spending and the employment environment, alongside a continuing return to normal in domestic economic activity and recovery in inbound demand.

At the same time, domestic factors such as rising costs, fluctuating exchange rates, and rising interest rates and factors abroad such as trends in the policies of the new US President, the slowdown in the Chinese economy, and growing geopolitical risk in the situation in the Middle East and other regions warrant close monitoring.

In the real estate industry in which the ES-CON JAPAN Group operates, rising construction costs, driven by rapidly-rising land acquisition prices and labor and raw materials costs, are still raising concerns. The effects of these factors on the marketplace continue to warrant close monitoring.

For the third quarter of the fiscal year under review, amid this uncertain environment, ES-CON JAPAN achieved the following operating results: net sales of 80,446 million yen; operating income of 13,753 million yen; ordinary income of 11,212 million yen; and profit attributable to owners of parent of 7,144 million yen. These figures are steadily progressing relative to full-year targets.

The Group has formulated a Long-Term Vision for 2030 whose key goal is sustainable growth. In September 2024, we issued our first Integrated Report summarizing our process for achieving sustainable growth and the ways in which we have created value thus far. That report addresses various initiatives intended to strengthen corporate value—something that cannot be gauged by financial indicators alone.

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 the core business

- This marked the third 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. At Hokkaido Ballpark F Village ("F Village" hereinafter), which is centered on the new stadium, activity continues to grow across the village area from last year, driven by visitors from both inside and outside Hokkaido. Since opening through June 2024, F Village has attracted a cumulative total of more than five million visitors. 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 a station square, a multi-use center, a multilayer plaza and park, and residential and community facilities in the vicinity of JR Kitahiroshima Station, the station currently closest to F Village. The multi-use center will consist of retail facilities and a hotel. We plan to open the first through third floors of the multi-use center as tonarie Kitahiroshima, under the tonarie retail facility brand, and the fourth and higher floors as ES CON FIELD HOKKAIDO Hotel Kitahiroshima

Ekimae in March 2025. Furthermore, sales commenced in June 2024 for Le JADE Hokkaido Kitahiroshima Hotel (Kitahiroshima City, Hokkaido; 197 units), developed on a location connected by a pedestrian deck to Kitahiroshima Station and tonarie Kitahiroshima. Sales of contracts there have progressed steadily, reaching 78.1 % as of the end of December.

In the city of Sapporo as well, we commenced sales at Le JADE Sapporo Odori “The Tower” (Chuo Ward, Sapporo City; 80 units), located six minutes’ on foot from Sapporo Station, in November 2024. We acquired the site for RANDOR HOTEL SAPPORO HERITAGE (Chuo Ward, Sapporo City), a hotel scheduled to open in July 2026, and an accompanying office site, and are proceeding with their development.

- We have acquired two sites in Hayama Town, Miura District, Kanagawa Prefecture. In one, a rare location with expansive views of Morito Beach, we are developing DIAMAS Hayama, the first in a series of properties under our DIAMAS high-end residence brand. Our plans for this property, which include spacious exclusive areas exceeding 100 m² in all units and the placement of a rooftop terrace providing panoramic views of the sea, have been well-received, with advance sales contracts signed for the entire development by September 2024.
- 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-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.
- In Kariya City, Aichi Prefecture, ES-CON JAPAN acquired a large development site measuring approx. 30,000 tsubo in September 2024. At this project site, which is located close to a major road and offers convenient access by car, we plan to develop a commercial facility.
- SEVENS VILLA Karuizawa (seven units) and TOPAZ Esaka received the 2024 Good Design Award. SEVENS VILLA Karuizawa is a joint project with Chuden Real Estate Co., Inc. (“Chuden Real Estate” hereinafter), a wholly-owned subsidiary of Chubu Electric Power. TOPAZ Esaka is a rental residence to which ES-CON JAPAN contributed. This marks the seventh consecutive year in which one of our developments has won a Design Award. SEVENS VILLA Karuizawa consists of roomy, luxurious living spaces consisting of just seven residences on a development site exceeding 5,000 m², with each unit exceeding 100 m² in interior floor space. At TOPAZ Esaka, in addition to building common areas that promote communication, interaction, and a sense of connection, we emphasized the shape of the outdoor stairs and balcony handrails to confer a distinct feel to the property’s exterior.

b. Demonstration of synergy effects 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. 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. In the zone’s residential district, we are developing Le JADE City Senri Fujishirodai (642 units), a large condominium consisting of four towers. We commenced sales for two of those towers in October 2023 and for the other two in November 2024.
- 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. Additionally, we established TSUNAGU Community Farm LLC with Chubu Electric Power and one other party. We operate Techno Farm Fukuroi, one of the world’s largest fully artificially-lit plant factories, which is capable of producing 10 tons of lettuce daily. We will continue to strengthen our partnership with the Chubu Electric Power Group and work to achieve large-scale urban development and 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. We have also taken in a total of eight employees via secondment from Chubu Electric Power and are engaged in personnel exchange between Chuden Real Estate and ES-CON Japan and its subsidiaries.
- The outlook on the long-term issuer rating of Japan Credit Rating Agency, Ltd. acquired by ES-CON Japan improved in November 2024 from stable to positive, reflecting the strong possibility that our rating will be upgraded.

c. Increased stability of revenue structure

- As disclosed on December 17, 2024, we plan to add Shiba Real Estate Inc. ("Shiba Real Estate" hereinafter), which engages in real estate leasing and management and other businesses, chiefly in the greater Tokyo area, as a subsidiary. (The scheduled share transfer implementation date is April 1, 2025.) Shiba Real Estate, which was established on January 17, 2025 following an absorption-based split of the real estate business operated by Mitsubishi Chemical Corporation and Dia Rix Corporation, its subsidiary, holds lease condominiums, office buildings, and high-profile development real estate assets. We expect adding Shiba Real Estate as a subsidiary to further reinforce the ES-CON JAPAN Group's stock revenue.

d. Diversification of financing methods

- In July 2024, ES-CON Japan issued 7.4 billion yen in 1st Unsecured Bonds with a Prepayment Clause (with an Inter-Bond Pari Passu Clause) for allocation to project funds accompanying the expansion of development projects within and outside Japan. The prepayment clauses for these bonds contain a Change of Control (COC) clause allowing the claim of redemption should ES-CON Japan be excluded from the consolidated subsidiaries of Chubu Electric Power. The issuance amount for these bonds exceeded our initially planned amount to demonstrate to investors the relationship we enjoy with our parent company.
- In July 2024, we concluded a social loan agreement to channel funding to businesses that contribute to solving social issues, including health care, welfare, and education, with North Pacific Bank, Ltd. Financing through this agreement was allocated to development funds for MASTERS VARUS Hokkaido Ballpark, a lease residence developed in F Village.

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 in April 2024 to promote full-fledged business expansion in Okinawa. In addition to making a capital investment in Ryukyu Football Club Co., Ltd. and supporting regional revitalization activities, we have already secured two sites for condominium projects in Naha City, which we will steadily develop as we move forward.

b. Diversification of development projects and types

- We developed seven x seven Itoshima, which had its grand opening in April 2024 and whose 47 units all have ocean views and private balconies, in the Futamigaura district of the Itoshima Peninsula, a resort area located in the western end of the city of Fukuoka. The hotel was sold during the first quarter of the fiscal year 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, EJER's asset-management firm, was subject in July 2022 to business suspension and business improvement orders from the Financial Services Agency (FSA), EJER has resumed trading after completing its response to the FSA orders. ES-CON Japan has concluded a sponsorship and support agreement with EJER and will seek to achieve mutual growth by increasing EJER'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. At the January 22, 2025 Board of Directors meeting, we resolved to make an investment through our subsidiary of USD3,623 million in 2599 Kapiolani Owner, L.P., an SPC formed as a fund for this project. We will, moving forward, continue to focus on expanding our business 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. ("LOCAL RESORTS" hereinafter) and NEWGREEN 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.
- In November 2024, we concluded a collaborative agreement with Hokkaido Asset Management Co., Ltd., the company that operates Hokkaido Reit Investment Corporation, in which we purchased investment units through an investment limited partnership. This collaborative agreement seeks to promote investment in urban development, effective use of assets, and revitalization of the regional economy in Hokkaido by providing collaboration and cooperation related to project operations by Hokkaido Reit Investment Corporation.

e. New urban development and management

- In December 2023, ES-CON Japan established a new company, ES-CON Sports & Entertainment Ltd. ("ESE" hereinafter), together with Fighters Sports & Entertainment Co., Ltd. and DeNA Co., Ltd., largely for the purposes of project planning and to provide support for real estate developments dedicated to sports and other forms of entertainment and urban development projects based on domestic stadiums and arenas. Having concluded an advisory agreement for real estate development with Saito Yuki Co., Ltd. and other parties, ESE will pursue these projects aggressively.

<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 ES-CON Field Hokkaido Hotel Kitahiroshima Ekimae 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.

The Group originally established its business segments as real estate sales, real estate leasing, and real estate planning, brokerage, and consulting. As of the third quarter of the consolidated fiscal year under review, we have modified these segments to the following four segments: the Condominium business; Real estate development business; Real estate leasing business; Asset management business; and Other businesses. This was done to clarify our business portfolio and to promote stable growth by allowing the formulation of strategies specific to each segment and to the needs of that segment.

Condominium business

Currently making steady progress on condominium sales, the condominium business launched sales of the following new condominium projects: Le JADE City Hashimoto III (Midori Ward, Sagami City, 80 units), Le JADE Nishinomiya Kitaguchi (Nishinomiya City, Hyogo, 32 units), Le JADE Hokkaido Kitahiroshima (Kitahiroshima City, Hokkaido, 197 units), Le JADE Kumamoto Nissekidori (Higashi Ward, Kumamoto City, 92 units), Le JADE Koshienguchi (Nishinomiya City, Hyogo, 60 units); Le JADE Nagoya Marunouchi (Naka Ward, Nagoya City, 39 units); Le JADE Sapporo Odori "The Tower" (Chuo Ward, Sapporo City, 80 units), Le JADE Kasai East Avenue (Edogawa City, Tokyo, 78 units), Le JADE Senri-Fujishirodai Center Residence (Suita City, Osaka, 313 units), and Le JADE Senri-Fujishirodai West Residence (Suita City, Osaka, 85 units). In terms of progress in sales, 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), and Le JADE Tanimachi Gochome (Chuo Ward, Osaka City, 42 units), Le JADE Kanayama Grande (Naka Ward, Nagoya City, 87 units), Le JADE Minoh-Semba North Residence (Minoh City, Osaka Prefecture, 30 units), and Le JADE Fukuroi Ekimae (Fukuroi City, Shizuoka, 48 units).

As of January 14, 2025, we had completed contracts on 92.0% of the 1,250 condominium units planned for sale in the year ending March 2025.

The condominium business generated net sales of 49,252 million yen and segment profit of 9,036 million yen from 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 17,619 million yen and segment profit of 5,281 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 logistics facilities including LOGITRES Sano and LOGITRES Narashino Shibazono.

Real estate leasing business

The real estate leasing business has successfully secured stable earnings by further strengthening the leasing 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. The business strives to secure stable leasing revenue and to increase its asset value, with plans to open tonarie Kitahiroshima (Kitahiroshima City, Hokkaido), currently being

developed in Kitahiroshima City, Hokkaido, in March 2025, and to add Shiba Real Estate, a real estate leasing business, as a subsidiary on April 1, 2025.

The real estate leasing business generated net sales of 11,687 million yen and segment profit of 5,252 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 1,255 million yen and segment profit of 775 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 631 million yen and segment profit of 23 million yen from sales of permanent use rights to Ryomon columbaria and from overseas investments.

(3) Analysis of Financial Position during the Third Quarter

Assets at the end of the third quarter of the consolidated fiscal year under review were up 49,738 million yen from the end of the previous consolidated fiscal year to 449,435 million yen, primarily due to increases of 3,666 million yen in cash and deposits, 1,613 million yen in tangible fixed assets, 37,761 million yen in inventories, and 4,894 million yen in investment securities. During the first quarter of the consolidated fiscal year, due to a change in the purpose of holding assets, a portion of tangible fixed assets amounting to 1,659 million yen (buildings and structures and land) has been reclassified as real estate for sale in process.

Liabilities were up 47,376 million yen from the end of the previous consolidated fiscal year to 376,370 million yen, primarily due to an increase of 43,818 million yen in long-term and short-term loans payable and bonds payable.

Net assets were up 2,362 million yen from the end of the previous consolidated fiscal year to 73,064 million yen, primarily due to cash dividends paid of 4,648 million yen, which negated the recording of quarterly profit attributable to owners of parent of 7,144 million yen. As a result, the equity ratio was 16.5 % (versus 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)	Third quarter of fiscal year ending Mar. 2025 (as of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	48,910	52,576
Notes and accounts receivable - trade and contract assets	1,019	1,150
Real estate for sale	3,408	9,987
Real estate for sale in process	227,887	259,070
Other	14,267	16,233
Allowance for doubtful accounts	(1)	(0)
Total current assets	295,492	339,018
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,832	28,326
Accumulated depreciation	(4,198)	(5,281)
Buildings and structures, net	23,634	23,045
Land	51,311	53,374
Other	494	672
Accumulated depreciation	(342)	(379)
Other, net	152	293
Total property, plant and equipment	75,098	76,712
Intangible assets		
Goodwill	16,109	15,412
Other	61	80
Total intangible assets	16,170	15,493
Investments and other assets		
Other	14,747	19,985
Allowance for doubtful accounts	(1,812)	(1,812)
Total investments and other assets	12,935	18,172
Total non-current assets	104,204	110,378
Deferred assets		
Bond issuance cost	—	38
Total non-current assets	—	38
Total assets	399,696	449,435

(Unit: million yen)

	Fiscal year ended Mar. 2024 (as of Mar. 31, 2024)	Third quarter of fiscal year ending Mar. 2025 (as of Dec. 31, 2024)
Liabilities		
Current liabilities		
Short-term loans payable	51,537	7,612
Current portion of long-term loans payable	42,699	81,771
Income taxes payable	594	3,898
Other	13,749	14,624
Total current liabilities	108,580	107,907
Non-current liabilities		
Bonds	—	7,400
Long-term loans payable	199,557	240,829
Provision for directors' share-based benefits	227	210
Provision for share-based benefits	116	123
Asset retirement obligations	277	286
Other	20,234	19,612
Total non-current liabilities	220,413	268,463
Total liabilities	328,994	376,370
Net assets		
Shareholders' equity		
Capital stock	16,519	16,519
Capital surplus	12,461	12,493
Retained earnings	44,703	47,198
Treasury shares	(1,383)	(1,396)
Total shareholders' equity	72,301	74,815
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	149	15
Foreign currency translation adjustment	52	(517)
Total accumulated other comprehensive income	202	(502)
Subscription rights to shares	0	0
Non-controlling interests	(1,801)	(1,248)
Total net assets	70,702	73,064
Total liabilities and net assets	399,696	449,435

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
First Three Quarters of Fiscal Year Ending March 2025

(Unit: million yen)

	First three quarters of fiscal year ended Mar. 2024 (from Jan. 1, 2023 to Sept. 30, 2023)	First three quarters of fiscal year ending Mar. 2025 (from Apr. 1, 2024 to Dec. 31, 2024)
Net sales	61,962	80,446
Cost of sales	44,765	55,653
Gross profit	17,196	24,793
Selling, general and administrative expenses	9,107	11,040
Operating income	8,089	13,753
Non-operating income		
Interest income	3	5
Dividend income	97	119
Penalty income	51	96
Foreign exchange gains	328	232
Other	9	14
Total non-operating income	490	468
Non-operating expenses		
Interest expenses	1,411	2,571
Share of loss of entities accounted for using equity method	43	420
Amortization of share issuance cost	27	—
Amortization of bond issuance cost	—	4
Other	4	14
Total non-operating expenses	1,486	3,009
Ordinary income	7,093	11,212
Extraordinary income		
Gain on reversal of subscription rights to shares	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	7,092	11,211
Income taxes - current	2,484	4,822
Income taxes - deferred	37	(763)
Total income taxes	2,522	4,059
Profit	4,570	7,152
Net income (loss) attributable to noncontrolling interests	4	8
Profit attributable to owners of parent	4,565	7,144

(Quarterly Consolidated Statement of Comprehensive Income)
First Three Quarters of Fiscal Year Ending March 2025

(Unit: million yen)

	First three quarters of fiscal year ended Mar. 2024 (from Jan. 1, 2023 to Sept. 30, 2023)	First three quarters of fiscal year ending Mar. 2025 (from Apr. 1, 2024 to Dec. 31, 2024)
Profit	4,570	7,152
Other comprehensive income		
Valuation difference on available-for-sale securities	7	(133)
Foreign currency translation adjustment	(2)	(678)
Share of other comprehensive income of entities accounted for using equity method	44	48
Total other comprehensive income	49	(763)
Comprehensive income	4,619	6,388
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	4,615	6,439
Comprehensive income attributable to non-controlling interests	4	(51)

(3) Notes on 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) have been applied for revisions related to the accounting classifications of income tax (taxation on other comprehensive income). This has had no effect on the quarterly consolidated financial statements for the third quarter of the consolidated fiscal year under review.

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

Not applicable.

(Notes on Quarterly Consolidated Statement of Cash Flows)

No Quarterly Consolidated Statement of Cash Flows was prepared for the cumulative period through the third 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 third quarter of the consolidated fiscal year are shown below.

	First three quarters of fiscal year ended March 2024 (from Jan. 1, 2023 to Sept. 30, 2023)	First three quarters of fiscal year ending March 2025 (from Apr. 1, 2024 to Dec. 31, 2024)
Depreciation	1,070 million yen	1,307 million yen
Amortization of goodwill	548	696

(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 the “board benefit trust for executives”) at the Annual General Meeting of Shareholders held 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 and/or other officers”) and ES-CON JAPAN’s operating results and share price, with the Directors and/or other officers 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 and/or other officers 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 post-revision is an incentive system whereby 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 and/or other officers through the trust in accordance with the rate of achievement of operating targets and other goals, pursuant to the officer stock ownership regulations set by ES-CON JAPAN. 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 and/or other officers
 - 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 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 June 25, 2024
Upper limit of funds for acquisition of shares (for the three fiscal years from the fiscal year ending March 2025 through the fiscal year ending March 2027): 450 million yen; for each subsequent business year corresponding to the 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 and/or other officers 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 Trust

Residual shares of ES-CON JAPAN in trust are recorded as treasury shares under net assets using the book value in the trust (excluding incidental expenses). The book value of the treasury shares and number of shares is 347 million yen and 851,000 shares for the fiscal year ended March 2024 and 419 million yen and 912,000 shares for the third quarter of the fiscal year ending March 2025.

(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 Trust

Residual shares of ES-CON JAPAN in trust are recorded as treasury shares under net assets using the book value in trust (excluding incidental expenses). The book value of the treasury shares and number of shares is 339 million yen and 542,000 shares for the fiscal year ended March 2024 and 337 million yen and 533,200 shares for the third quarter of the fiscal year ending March 2025.

(Business combination through acquisition)

At the meeting of its Board of Directors held on December 17, 2024, ES-CON Japan passed a resolution with respect to absorbing part of the real estate business operated by Mitsubishi Chemical Corporation and its subsidiary Dia Rix Corporation and spinning it off to Shiba Real Estate Inc., a new company to be established by Mitsubishi Chemical Corporation, then acquiring all shares of the new company and adding the new company as a subsidiary. We concluded a share transfer agreement on the same day. Based on that agreement, we plan to acquire those shares in full with April 1, 2025, the share transfer implementation date.

1. Overview of business combination

(1) Name of acquired company and its business activities

Name of acquired company	Shiba Real Estate Inc.
Business activities	Real estate leasing and management business

(2) Main reason for conducting business combination

For the purpose of securing stable revenues through leasing revenue real estate, ES-CON JAPAN recently chose to acquire all shares of a new company that engages in real estate leasing and management and other businesses, chiefly in the greater Tokyo area. The real estate to be transferred to the new company includes condominiums and office buildings for lease, as well as numerous prime assets for the future.

We are currently pursuing our businesses based on our Fifth Medium-Term Management Plan (for the three years from the fiscal year ending March 2025 through the fiscal year ending March 2027). We believe this addition will contribute to the evolution and growth of the ES-CON JAPAN Group by making it possible to secure stable leasing revenue and to purchase prime development sites.

(3) Business combination date

April 1, 2025 (tentative)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of business following combination

The name of the business will remain unchanged following the combination.

(6) Ratio of voting rights to be acquired

100%

(7) Main basis for deciding on acquired business

Based on ES-CON JAPAN acquiring shares in exchange for cash

2. Acquisition cost and breakdown of each type of consideration for acquired company

Consideration for acquisition:	Cash	8,657 million yen (tentative)
Acquisition cost:		8,657 million yen (tentative)

3. Description and amount of key acquisition-related expenses

Due diligence expenses, etc. (estimate): 20 million yen

4. Amount, cause of incurrence, amortization method and amortization period for goodwill incurred

Not finalized at this time.

5. Amount of assets accepted and liabilities assumed on business combination date and main breakdown thereof
Not finalized at this time.

6. Acquisition funds

To generate the funds for this acquisition, ES-CON JAPAN intends to rely on its own funds and on loans from banks.

(Change in purpose of holding assets)

During the first quarter of the consolidated fiscal year under review, due to a change in the purpose of holding assets, a portion of tangible fixed assets amounting to 1,659 million yen (buildings and structures of 388 million yen and land of 1,271 million yen) has been reclassified as real estate for sale in process.

(Notes on Segment Information, etc.)

[Segment Information]

I. First three quarters of fiscal year ended March 2024 (from January 1, 2023 to September 30, 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					Other businesses (Note 1)	Total	Reconciliation (Note 2)	Amount on quarterly consolidated statement of income (Note 3)
	Condominium business	Real estate development business	Real estate leasing business	Asset management business	Total				
Net sales									
Revenue from contracts with customers	41,572	9,702	52	850	52,177	388	52,565	—	52,565
Other revenue (Note 4)	—	—	9,208	1	9,210	186	9,396	—	9,396
Net sales to external customers	41,572	9,702	9,261	851	61,387	574	61,962	—	61,962
Intersegment net sales or transfers	—	—	—	—	—	—	—	—	—
Total	41,572	9,702	9,261	851	61,387	574	61,962	—	61,962
Segment income	8,374	1,196	3,431	494	13,497	361	13,859	(5,770)	8,089

- (Notes) 1. Other businesses include 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 -5,770 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

(Substantial changes in goodwill)

We recorded goodwill to accompany our acquisition of all shares of Shijo Omiya Building, Co., Ltd. under our Real Estate Leasing Business and their inclusion in the scope of consolidation. The increase in goodwill following this event in the first three quarters of the fiscal year under review is 9,510 million yen.

II. First three quarters of fiscal year ending March 2025 (from April 1, 2024 to December 31, 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					Other businesses (Note 1)	Total	Reconciliation (Note 2)	Amount on quarterly consolidated statement of income (Note 3)
	Condominium business	Real estate development business	Real estate leasing business	Asset management business	Total				
Net sales									
Revenue from contracts with customers	49,252	17,619	34	1,253	68,160	631	68,791	—	68,791
Other revenue (Note 4)	—	—	11,653	1	11,654	—	11,654	—	11,654
Net sales to external customers	49,252	17,619	11,687	1,255	79,815	631	80,446	—	80,446
Intersegment net sales or transfers	—	—	—	—	—	—	—	—	—
Total	49,252	17,619	11,687	1,255	79,815	631	80,446	—	80,446
Segment income	9,036	5,281	5,252	775	20,346	23	20,369	(6,616)	13,753

(Notes) 1. Other businesses include 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 -6,616 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. Changes Affecting Business Segments

The Group initially established the business segments of real estate sales, real estate leasing, and real estate planning, brokerage, and consulting. As of the quarterly period of the consolidated fiscal year under review, we have modified these segments to the following four segments: the Condominium business; Real estate development business; Real estate leasing business; Asset management business; and Other businesses. This was done to clarify our business portfolio and to promote stable growth by allowing the formulation of strategies specific to each segment and to the needs of that segment.

Note that the disclosure of segment information for the first three quarters of the previous consolidated fiscal year is based on the reporting segments in place during the first three quarters of the consolidated fiscal year under review.

(Significant Subsequent Events)

(Additional investment in ESCON USA V LLC)

ES-CON Japan is a participant in a domestic sales and marketing project for Kuilei Place, a large-scale condominium project located in Honolulu, Hawaii. At the Board of Directors meeting held January 22, 2025, we resolved to invest in 2599 Kapiolani Owner, L.P., an SPC formed as a fund for this project, through ESCON USA V LLC, our wholly-owned subsidiary. We completed the pay-in (USD34.5 million) to this SPC on January 24, 2025. Note that this has negligible effects on consolidated business results for the consolidated fiscal year under review.

3. Other

Status of Contracts and Sales

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

Category	Third quarter of fiscal year ending March 2025 (from Oct. 1, 2024 to Dec. 31, 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	249	14,460	781	45,696
Other	—	662	—	268
Total	249	15,122	781	45,964

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

Name of segment	First three quarters of fiscal year ending March 2025 (from Apr. 1, 2024 to Dec. 31, 2024)		
	Property name	Number of units (units)	Amount (million yen)
Condominium business	Condominiums	903	46,984
	Other	—	2,268
	Subtotal	903	49,252
Real estate development business	LOGITRES Narashino Shibazono	—	3,800
	ESCON Kudankita Bldg.	—	3,250
	Picasso Nihonichi Bldg.	—	3,050
	Kotobuki 4-chome, Taito-ku	—	1,930
	seven x seven Itoshima	—	1,812
	LOGITRES Sano	—	1,670
	WOB Nishinomiya Residence	—	720
	Towa 5-chome, Adachi-ku	—	440
	SWISS Kyoto Horikawa EAST	—	430
	Other	—	516
	Subtotal	—	17,619
Real estate leasing business			11,687
Asset management business			1,255
Other businesses			631
	Total		80,446

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

2. The Group initially established the business segments of real estate sales, real estate leasing, and real estate planning, brokerage, and consulting. As of the quarterly period of the consolidated fiscal year under review, we have modified these segments to the following four segments: the Condominium business; Real estate development business; Real estate leasing business; Asset management business; and Other businesses. This was done to clarify our business portfolio and to promote stable growth by allowing the formulation of strategies specific to each segment and to the needs of that segment.