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January 30, 2026

Consolidated Financial Results for the Nine Months Ended December 31, 2025 (Under Japanese GAAP)

Company name: ES-CON JAPAN Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 8892
 URL: <https://en.es-conjapan.co.jp/>
 Representative: Takatoshi Ito, President and Representative Director
 Inquiries: Minoru Nakanishi, Senior Managing Director
 Telephone: +81-3-6230-9303
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	62,924	(21.8)	10,546	(23.3)	6,875	(38.7)	4,819	(32.5)
December 31, 2024	80,446	–	13,753	–	11,212	–	7,144	–

Note: Comprehensive income For the nine months ended December 31, 2025: ¥3,982 million [(37.7) %]
 For the nine months ended December 31, 2024: ¥6,388 million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2025	50.35	50.30
December 31, 2024	74.81	74.67

Note: Effective on November 29, 2023, ES-CON JAPAN Ltd. (“the Company”) amended a part of the Articles of Incorporation and changed its accounting period (fiscal year-end date) from December 31 to March 31 each year. Following this change, the fiscal year ended March 31, 2024 became a transitional period for the accounting period change covering an irregular 15-month period from January 1, 2023 to March 31, 2024, and the nine-month period of the fiscal year ended March 31, 2024 covered the period from January 1, 2023 to September 30, 2023. Due to the difference of the comparable period, year-on-year changes for the nine months ended December 31, 2024 are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	480,023	78,139	16.4	821.90
March 31, 2025	459,847	78,681	17.2	827.19

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of December 31, 2025: ¥78,809 million

As of March 31, 2025: ¥79,140 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	0.00	—	48.00	48.00
Fiscal year ending March 31, 2026	—	0.00	—		
Fiscal year ending March 31, 2026 (Forecast)				48.00	48.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecast for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	133,000	17.1	23,000	7.9	17,500	1.0	11,500	2.7	119.93

Note: Revisions to the forecast of consolidated earnings most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (Shiba Real Estate Inc.)

Excluded: —

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2025	98,580,887 shares
As of March 31, 2025	98,580,887 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2025	2,693,454 shares
As of March 31, 2025	2,907,254 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2025	95,718,620 shares
Nine months ended December 31, 2024	95,497,564 shares

Note: The number of treasury shares at the end of the period includes the Company's shares held by the share-based compensation trust for officers and the share-based payment benefits-type ESOP trust (as of December 31, 2025: 907,200 shares held by the share-based compensation trust for officers and 508,800 shares held by the share-based payment benefits-type ESOP trust). In calculating the average number of shares outstanding during the period (cumulative from the beginning of the fiscal year), treasury shares to be deducted include the Company's shares held by the share-based compensation trust for officers and the share-based payment benefits-type ESOP trust (1,426,448 shares for the nine months ended December 31, 2025).

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Proper use of earnings forecast, and other special matters

The forward-looking statements including earnings forecast contained in this document are based on information currently available to the Company and certain assumptions that are deemed to be reasonable. Accordingly, actual results may differ significantly from the forecast due to various factors. For the assumptions for earnings forecast and cautions concerning the use thereof, please refer to “1. Overview of Operating Results, etc., (3) Forward-looking information including consolidated earnings forecast” on page 8 of the attached materials

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[Interim Review Report]

1. Overview of Operating Results, etc.

(1) Overview of operating results

For the nine months ended December 31, 2025, (April 1, 2025 to December 31, 2025, “the period under review”), the Company and its group companies (collectively the “Group”) reported net sales of 62,924 million yen (down 21.8% year on year), operating income of 10,546 million yen (down 23.3% year on year), ordinary income of 6,875 million yen (down 38.7% year on year), and profit attributable to owners of the parent of 4,819 million yen (down 32.5% year on year). This was mainly due to a year-on-year decrease in the number of condominium units delivered in the condominium business. Under the plan for the fiscal year, many condominium projects are scheduled for completion in the fourth quarter. Sales and contract signings for condominiums have remained steady as planned. On the other hand, the real estate development business, the real estate leasing business, and the asset management business recorded increases in both sales and profit.

Operating results by segment were as follows.

[Condominium business]

The condominium business recorded decreases in both sales and profit, with net sales of 28,803 million yen (down 41.5% year on year) and segment profit of 4,763 million yen (down 47.3% year on year). This was because the number of condominium units delivered during the period under review declined compared with the same period of the previous fiscal year, in which most condominium projects had been completed and delivered by the end of the third quarter. In contrast, under the plan for the fiscal year, the completion and delivery of many properties are concentrated in the fourth quarter.

Sales of condominiums have been progressing steadily as planned, with the contract progress rate toward the full-year planned number of units delivered reaching 91.8% as of the end of the period under review.

During the third quarter, we delivered Le JADE Kumamoto Nisseki-dori, Le JADE Koshienguchi, and others. As for a high-end residence in a premium location, we plan to deliver Grand Le JADE Mishuku-dori in the fourth quarter (scheduled for delivery in March 2026, with all units fully contracted).

Results for the condominium business for the period under review

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025	Year-on-year change
Net sales	49,252	28,803	(41.5) %
Segment profit	9,036	4,763	(47.3) %
Segment profit margin	18.3%	16.5%	(1.8) points
Total number of units delivered	903 units	458 units	(49.3) %

Major properties completed during the period under review

Property name	Total number of units	Location	Month of delivery
Le JADE Nagoya	125	Nakamura Ward, Nagoya City	April 2025
Le JIAS Ohashi DUX	90	Minami Ward, Fukuoka City	June 2025
DIAMAS Hayama	17	Miura District, Kanagawa Prefecture	July 2025
Le JADE Kumamoto Nisseki-dori	92	Higashi Ward, Kumamoto City	November 2025
Le JADE Koshienguchi	60	Nishinomiya City, Hyogo Prefecture	December 2025

Contract status of condominiums for the period under review (Limited to properties scheduled for delivery in the fiscal year ending March 31, 2026)

Number of units contracted (as of December 31, 2025)	Number of units scheduled for delivery in FY2026	Progress rate
918	1,000	91.8%

Breakdown of condominium sales by area for the period under review

Kanto area (Greater Tokyo)	Kansai area (Greater Osaka)	Chubu area (Greater Nagoya)	Kyusyu area	Total
22.4%	30.1%	21.1%	26.3%	100.0%

Major properties scheduled for completion in the fiscal year ending March 31, 2026 (Excluding properties completed by the end of the third quarter)

Property name	Total number of units	Location	Scheduled month of delivery (Note)
Le JADE Kasai East Avenue	78	Edogawa Ward, Tokyo	February 2026
Le JADE Nishinomiya Koshien	124	Nishinomiya City, Hyogo Prefecture	March 2026
Le JADE Tezukayama	26	Sumiyoshi Ward, Osaka City	March 2026
Grand Le JADE Mishuku-dori	10	Setagaya Ward, Tokyo	March 2026
Le JADE Senri-Fujishirodai Center Residence and West Residence	398	Suita City, Osaka	March 2026

(Note) The scheduled month of delivery is based on information as of the end of December 2025 and subject to change.

[Real estate development business]

The real estate development business recorded increases in both sales and profit, with net sales of 18,481 million yen (up 4.9% year on year) and segment profit of 5,689 million yen (up 7.7% year on year). This was mainly attributable to large-scale property sales in the third quarter. As of the end of the third quarter, the total contract backlog of properties sold and to be recognized as net sales by the end of the fiscal year ending March 31, 2026 was 36,546 million yen.

The Group develops various types of assets in the real estate development business including:

- Community-based retail facilities *tonarie*
- Logistics facilities *LOGITRES*
- Rental apartments *TOPAZ*
- Hotels
- Office buildings
- Commercial land leased to tenants

Results for the real estate development business for the period under review

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025	Year-on-year change
Net sales	17,619	18,481	4.9%
Segment profit	5,281	5,689	7.7%
Segment profit margin	30.0%	30.8%	0.8 points

Results for major property sales for the period under review

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Sales results	<ul style="list-style-type: none"> • LOGITRES Sano (logistics) • LOGITRES Narashino Shibazono (logistics) • Kotobuki 4-chome, Taito Ward (rental residence) • WOB Nishinomiya Residence (rental residence) • SWISS Kyoto Horikawa EAST (rental residence) • seven x seven Itoshima (hotel) • ESCON Kudankita Building (office building) • Picasso Nihon-ichi Building (office building) • Towa 5-chome, Adachi Ward (other) 	<ul style="list-style-type: none"> • KOHNAN tonarie Yamato-Takada (leasehold land) • Properties owned by Picasso Group and Shiba Real Estate Inc. (24 in total including rental residences) • Nakano Ward, Tokyo (rental residence) • Akashi City, Hyogo Prefecture (other)

Major commercial land acquired during the period under review

Asset type	Location
Commercial development	Tsukuba City, Ibaraki Prefecture
Rental residence	Higashiosaka City, Osaka
Accommodation, etc.	Furano City, Hokkaido

[Real estate leasing business]

The real estate leasing business recorded increases in both sales and profit, with net sales of 13,077 million yen (up 11.9% year on year) and segment profit of 6,134 million yen (up 16.8% year on year). To establish a stable revenue structure, the Group positions the real estate leasing business as a core business alongside the condominium business and the real estate development business. In operating the real estate leasing business, the Group develops and acquires revenue-generating properties, including retail facilities, rental apartments, logistics facilities, and hotels, and enhances the value of those properties. During the period under review, factors contributed to revenue included tenant replacements at retail facilities, full-scale operation of tonarie KITAHIROSHIMA and ES-CON Field Hokkaido Hotel Kitahiroshima Ekimae (opened in March 2025 in Kitahiroshima City, Hokkaido), and new acquisition and operation of revenue-generating properties of Shiba Real Estate Inc. (all shares acquired on April 1, 2025) and others.

Results for the real estate leasing business for the period under review

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025	Year-on-year change
Net sales	11,687	13,077	11.9%
Segment profit	5,252	6,134	16.8%
Segment profit margin	44.9%	46.9%	2.0 points

[Asset management business]

The asset management business recorded increases in both sales and profit, with net sales of 1,460 million yen (up 16.4% year on year) and segment profit of 777 million yen (up 0.3% year on year). This was mainly due to increases in assets under management in the asset management business (up 20.6% year on year), the number of properties under management in the property management business, and the number of condominium units under management in the condominium management business.

Results for the asset management business for the period under review

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025	Year-on-year change
Net sales	1,255	1,460	16.4%
Segment profit	775	777	0.3%
Segment profit margin	61.8%	53.2%	(8.5) points

[Other businesses]

The other businesses recorded net sales of 1,100 million yen (up 74.2% year on year) and segment profit of 271 million yen (up 1,076.6% year on year), mainly due to the impact of dividends received from overseas businesses.

Results for the other business for the period under review

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025	Year-on-year change
Net sales	631	1,100	74.2%
Segment profit	23	271	1,076.6%
Segment profit margin	3.7%	24.7%	21.0 points

(2) Overview of financial position

Total assets as of December 31, 2025 increased by 20,175 million yen from the end of the previous fiscal year to 480,023 million yen. This was mainly due to increases in inventories of 13,106 million yen and property, plant and equipment of 6,290 million yen, which were partially offset by a decrease in cash and deposits of 4,550 million yen. The primary factor contributing to this was the inclusion of Shiba Real Estate Inc. in the scope of consolidation through the acquisition of its shares.

Total liabilities as of December 31, 2025 increased by 20,718 million yen from the end of the previous fiscal year to 401,884 million yen. This was mainly due to an increase of 15,189 million yen in total in short-term loans payable and long-term loans payable. The primary factor contributing to this was financing through borrowings to acquire the shares of Shiba Real Estate Inc.

Net assets as of December 31, 2025 decreased by 542 million yen from the end of the previous fiscal year to 78,139 million yen. This was mainly due to cash dividends paid of 4,661 million yen and a decrease in foreign currency translation adjustment of 759 million yen, which was partially offset by recording of profit attributable to owners of the parent of 4,819 million yen. As a result, the equity-to-asset ratio was 16.4% (17.2% at the end of the previous fiscal year).

(3) Forward-looking information including consolidated earnings forecast

There are no revisions to the consolidated earnings forecast announced on April 25, 2025.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	46,802	42,251
Notes and accounts receivable - trade and contract assets	1,259	1,228
Real estate for sale	8,072	3,315
Real estate for sale in process	263,066	280,930
Other	15,902	21,460
Allowance for doubtful accounts	(0)	(0)
Total current assets	335,103	349,185
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,981	33,872
Accumulated depreciation	(5,715)	(7,096)
Buildings and structures, net	27,265	26,776
Land	56,231	62,937
Other	617	735
Accumulated depreciation	(394)	(438)
Other, net	222	296
Total property, plant and equipment	83,719	90,010
Intangible assets		
Goodwill	15,188	14,516
Other	88	95
Total intangible assets	15,277	14,612
Investments and other assets		
Other	27,523	27,949
Allowance for doubtful accounts	(1,812)	(1,812)
Total investments and other assets	25,711	26,137
Total non-current assets	124,708	130,759
Deferred assets		
Bond issuance cost	36	78
Total deferred assets	36	78
Total assets	459,847	480,023

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Short-term loans payable	4,735	9,887
Current portion of long-term loans payable	66,387	73,009
Income taxes payable	6,373	1,791
Other	18,158	18,452
Total current liabilities	95,654	103,141
Non-current liabilities		
Bonds	7,400	17,400
Long-term loans payable	257,872	261,287
Provision for directors' share-based benefits	229	228
Provision for share-based benefits	128	146
Asset retirement obligations	278	296
Other	19,602	19,382
Total non-current liabilities	285,512	298,743
Total liabilities	381,166	401,884
Net assets		
Shareholders' equity		
Capital stock	16,519	16,519
Capital surplus	12,523	12,565
Retained earnings	51,247	51,405
Treasury shares	(1,344)	(1,262)
Total shareholders' equity	78,946	79,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47	195
Foreign currency translation adjustment	146	(613)
Total accumulated other comprehensive income	194	(417)
Subscription rights to shares	0	—
Non-controlling interests	(459)	(670)
Total net assets	78,681	78,139
Total liabilities and net assets	459,847	480,023

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net sales	80,446	62,924
Cost of sales	55,653	42,808
Gross profit	24,793	20,115
Selling, general and administrative expenses	11,040	9,569
Operating income	13,753	10,546
Non-operating income		
Interest income	5	44
Dividend income	119	134
Penalty income	96	169
Foreign exchange gains	232	279
Other	14	18
Total non-operating income	468	645
Non-operating expenses		
Interest expenses	2,571	3,895
Amortization of bond issuance cost	4	11
Share of loss of entities accounted for using equity method	420	381
Other	14	28
Total non-operating expenses	3,009	4,316
Ordinary income	11,212	6,875
Extraordinary income		
Gain on sale of non-current assets	—	0
Gain on reversal of subscription rights to shares	0	0
Gain on sale of shares of subsidiaries and associates	—	191
Gain on bargain purchase	—	86
Gain on sale of investment securities	—	24
Gain on change in equity	—	253
Total extraordinary income	0	556
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	11,211	7,431
Income taxes - current	4,822	3,281
Income taxes - deferred	(763)	(522)
Total income taxes	4,059	2,759
Profit	7,152	4,672
Net income attributable to noncontrolling interests	8	(146)
Profit attributable to owners of the parent	7,144	4,819

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Profit	7,152	4,672
Other comprehensive income		
Valuation difference on available-for-sale securities	(133)	148
Foreign currency translation adjustment	(678)	(735)
Share of other comprehensive income of entities accounted for using equity method	48	(102)
Total other comprehensive income	(763)	(689)
Comprehensive income	6,388	3,982
Comprehensive income attributable to:		
Owners of the parent	6,439	4,207
Noncontrolling interests	(51)	(225)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on the Quarterly Consolidated Statements of Cash Flows)

A Quarterly Consolidated Statement of Cash Flows has not been prepared for the period under review.

Depreciation (including amortization of intangible assets other than goodwill), amortization of goodwill, and gain on bargain purchase for the first nine months ended December 31, 2024 and 2025 are as follows.

	(Millions of yen)	
	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Depreciation	1,307	1,482
Amortization of goodwill	696	672
Gain on bargain purchase	—	86

(Additional Information)

(Share-Based Compensation Trust for Officers)

(1) Overview of the performance- linked stock compensation plan

- 1) ES-CON JAPAN resolved at the Annual General Meeting of Shareholders held on March 20, 2015 to introduce a performance- linked stock compensation plan (the “Plan”) with the objective of more clearly linking the compensation of ES-CON JAPAN’s directors (excluding directors who are Audit and Supervisory Committee Members, external directors, nonexecutive directors, and nonresidents of Japan) and executive officers (on a mandate basis) (excluding nonresidents of Japan) (collectively, the “Directors, etc.”) to ES-CON JAPAN’s business performance and share value. The Plan is intended to enhance the Directors, etc.’ awareness of contributing to the improvement of medium- to long-term business performance and corporate value by sharing not only the benefits of share price increases but also the risks of share price declines with shareholders. Under the Plan, a trust established based on a trust agreement entered into with Resona Bank, Limited (the “Share-Based Compensation Trust for Officers”) is utilized. In addition, the continuation of the performance- linked stock compensation plan for the Directors, etc., as well as certain amendments thereto, was approved at the Annual General Meetings of Shareholders held on March 26, 2020, March 26, 2021, and June 25, 2024, and at the Extraordinary General Meeting of Shareholders held on November 29, 2023.

Under the revised Plan, ES-CON JAPAN contributes cash to the trust, and the trust acquires shares of ES-CON JAPAN using such cash as its source of funds. Through the trust, ES-CON JAPAN grants its shares to the Directors, etc. and cash equivalent to the market value of such shares, in accordance with the Share Benefit Regulations established by ES-CON JAPAN and based on factors such as the degree of achievement of business performance targets, as an incentive-based compensation arrangement. In principle, the timing of the grant of ES-CON JAPAN’s shares to the Directors, etc. shall be after the determination of performance results for the final fiscal year of the applicable performance period. If the Directors, etc. receive shares while in office, a transfer restriction agreement shall be entered into between ES-CON JAPAN and the relevant Directors, etc. prior to grant, and the shares shall be subject to transfer restrictions until the Director, etc. retires from all positions with ES-CON JAPAN.

ES-CON JAPAN shall contribute to the trust cash up to a maximum amount calculated by multiplying 150 million yen per fiscal year by the number of fiscal years during the period from the fiscal year ended March 31, 2025 through the fiscal year ending March 31, 2027, as well as during each period covered by subsequent Medium-Term Management Plans.

- 2) Upper limit of shares to be granted to the Directors, etc. (in terms of funds)
 - Resolution of the Annual General Meeting of Shareholders held on March 20, 2015
Upper limit of funds for the acquisition of shares (for the five fiscal years from the fiscal year ended December 31, 2015 through the fiscal year ended December 31, 2019): 240 million yen
 - Resolution of the Annual General Meeting of Shareholders held on March 26, 2020

- Upper limit of funds for the acquisition of shares (for the three fiscal years from the fiscal year ended December 31, 2020 through the fiscal year ended December 31, 2022, and for each subsequent three-fiscal-year period commencing after the expiration of such period): 330 million yen
 - Resolution of the Annual General Meeting of Shareholders held on March 26, 2021
 - Upper limit of funds for the acquisition of shares (for the three fiscal years from the fiscal year ended December 31, 2021 through the fiscal year ended December 31, 2023, and for each subsequent three-fiscal-year period commencing after the expiration of such period): 330 million yen
 - Resolution of the Extraordinary General Meeting of Shareholders held on November 29, 2023
 - Upper limit of funds for the acquisition of shares (for the three fiscal years from the fiscal year ended December 31, 2021 through the fiscal year ended March 31, 2024, and for each subsequent three-fiscal-year period commencing after the expiration of such period): 330 million yen
 - Resolution of the Annual General Meeting of Shareholders held on June 25, 2024
 - Upper limit of funds for the acquisition of shares (for the three fiscal years from the fiscal year ended March 31, 2025 through the fiscal year ending March 31, 2027): 450 million yen; and, thereafter, for each period covered by a subsequent Medium-Term Management Plan, cash up to an aggregate amount equal to 150 million yen per fiscal year multiplied by the number of fiscal years in the relevant period.
- 3) Scope of persons eligible to receive beneficial interests or other rights under the Plan
Directors, etc. of ES-CON JAPAN who have become entitled to receive shares in accordance with the share benefit regulations.

(2) ES-CON JAPAN's shares remaining in the trust

ES-CON JAPAN's shares remaining in the trust are recorded as treasury shares under net assets at their book value in the trust (excluding incidental expenses). The book value and the number of such treasury shares were 419 million yen and 912,000 shares, respectively, as of March 31, 2025, and 418 million yen and 907,200 shares, respectively, as of December 31, 2025.

(Share-Based ESOP Trust)

(1) Overview of the share-based ESOP

At the board of directors meeting held on March 20, 2015, ES-CON JAPAN resolved to introduce a share-based ESOP (the "ESOP") for the purpose of further enhancing employee welfare benefits and increasing employees' motivation and morale toward improving ES-CON JAPAN's stock price and business performance. The trust established based on a trust agreement entered into with Resona Bank, Limited in connection with the ESOP is referred to as the "Share-Based ESOP Trust." In addition, at the board of directors meeting held on October 25, 2023, ES-CON JAPAN resolved to continue the Share-Based ESOP Trust for employees and to implement certain amendments thereto.

Under the revised ESOP, for the seven fiscal years from the fiscal year ended December 31, 2022 to the fiscal year ending March 31, 2029, as well as for the subsequent seven fiscal years following the expiration of such period as an additional period, ES-CON JAPAN contributes cash to the trust, and the trust acquires shares of ES-CON JAPAN using such cash as its source of funds. Through the trust, ES-CON JAPAN grants its shares to eligible employees of ES-CON JAPAN Group who satisfy certain requirements, in accordance with the share benefit regulations set by ES-CON JAPAN.

(2) ES-CON JAPAN's shares remaining in the trust

ES-CON JAPAN's shares remaining in the trust are recorded as treasury shares under net assets at their book value in the trust (excluding incidental expenses). The book value and the number of such treasury shares were 337 million yen and 532,700 shares, respectively, as of March 31, 2025, and 331 million yen and 508,800 shares, respectively, as of December 31, 2025.

(Change in Holding Purpose)

Due to a change in the holding purpose, for the period under review, part of property, plant and equipment amounting to 516 million yen (buildings and structures: 177 million yen; land: 339 million yen) has been reclassified as real estate for sale in process.

(Notes on Segment Information)

[Segment Information]

I. Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

1. Net sales and income or loss by reportable segment, and a breakdown of revenue

(Millions of yen)

	Reportable segments					Other businesses (Note 1)	Total	Adjustments (Note 2)	Amounts recognized in Quarterly Consolidated Statement of Income (Note 3)
	Condo-minium business	Real estate develop- ment business	Real estate leasing business	Asset manage- ment 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 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. The “other businesses” segment consists of business segments that are not included in the reportable segments, such as overseas and other investment businesses, columbarium businesses (Ryomon), and brokerage and consulting businesses.
 2. Adjustments to segment income of (6,616) million yen represent corporate expenses that are not attributable to any of the reportable segments. Corporate expenses consist of general and administrative expenses that are not attributable to the reportable segments.
 3. Segment income is reconciled with operating income as reported in the Quarterly Consolidated Statements of Income.
 4. “Other revenue” consists of rental income and other income recognized in accordance with the Accounting Standard for Lease Transactions.

2. Impairment losses on non-current assets or goodwill by reportable segment

Not applicable.

II. Nine months ended December 31, 2025 (April 1, 2025 to December 31, 2025)

1. Net sales and income or loss by reportable segment, and a breakdown of revenue

(Millions of yen)

	Reportable segments					Other businesses (Note 1)	Total	Adjustments (Note 2)	Amounts recognized in Quarterly Consolidated Statement of Income (Note 3)
	Condo-minium business	Real estate development business	Real estate leasing business	Asset management business	Total				
Net sales									
Revenue from contracts with customers	28,803	18,481	—	1,459	48,744	420	49,165	—	49,165
Other revenue (Note 4)	—	—	13,077	1	13,079	680	13,759	—	13,759
Net sales to external customers	28,803	18,481	13,077	1,460	61,823	1,100	62,924	—	62,924
Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	28,803	18,481	13,077	1,460	61,823	1,100	62,924	—	62,924
Segment income	4,763	5,689	6,134	777	17,364	271	17,636	(7,090)	10,546

- Notes:
1. The “other businesses” segment consists of business segments that are not included in the reportable segments, such as overseas and other investment businesses, funeral hall operations (Ryomon), and brokerage and consulting businesses services.
 2. Adjustments to segment income of (7,090) million yen represent corporate expenses that are not attributable to any of the reportable segments. Corporate expenses consist of general and administrative expenses that are not attributable to the reportable segments.
 3. Segment income is reconciled with operating income as reported in the Quarterly Consolidated Statements of Income.
 4. “Other revenue” consists of rental income in accordance with the Accounting Standard for Lease Transactions and income in accordance with the Accounting Standard for Financial Instruments, among others.

2. Assets by reportable segment

(Significant increase in assets due to acquisition of a subsidiary)

During the period under review, ES-CON JAPAN acquired shares of Shiba Real Estate Inc. and newly included it within the scope of consolidation. As a result, the assets of the real estate leasing business as of the end of the third quarter increased by 17,888 million yen compared with the end of the previous fiscal year.

3. Impairment losses on non-current assets or goodwill by reportable segment

(Significant gain on bargain purchase)

During the period under review, ES-CON JAPAN acquired shares of Shiba Real Estate Inc. and included it within the scope of consolidation, resulting in the recognition of a gain on bargain purchase in the real estate leasing business segment. The amount of the gain on bargain purchase recognized for this event was 86 million yen. As the gain on bargain purchase is recorded as extraordinary income, it is not included in the segment income described above.

(Significant Subsequent Events)

Not applicable.