Consolidated Financial Results for the Three Months Ended June 30, 2026
(Under Japanese GAAP)

July 28, 2026

Company name: ES-CON JAPAN Ltd.
Stock exchange listings: Tokyo Prime
Securities code: 8892
URL: https://en.es-conjapan.co.jp/
Representative: President and Representative Director Takatoshi Ito
Inquiries: Senior Managing Director Minoru Nakanishi Tel: +81 3 (6230) 9303
Dividend payable date (as planned): -
Supplemental material of results: Yes
Convening briefing of results: None

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

1. Consolidated financial results for the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	10,027	(43.0)	588	(73.1)	(1,017)	–	(720)	–
June 30, 2025	17,581	(7.9)	2,183	(33.6)	836	(70.6)	955	(47.6)

Note: Comprehensive income
For the three months ended June 30, 2026 295 Millions of yen (72.5%)
For the three months ended June 30, 2025 171 Millions of yen (90.4%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	(7.51)	–
June 30, 2025	9.98	9.97

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2026	506,706	81,745	16.3	859.08
March 31, 2026	509,773	86,122	17.0	904.53

Reference: Owner's equity
As of June 30, 2026 82,376Millions of yen
As of March 31, 2026 86,734Millions of yen

2. Cash dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	–	0.00	–	48.00	48.00
Fiscal year ending March 31, 2027	–				
Fiscal year ending March 31, 2027 (Forecast)		0.00	–	53.00	53.00

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

3. Consolidated financial forecast for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2027	145,000	5.8	26,500	1.5	20,000	16.3	14,000	14.8	151.42

Note:1. Revisions to the earnings forecasts most recently announced : None

2. Consolidated earnings forecasts for the full year are made because the Company makes earnings forecasts on an annual basis.

* Notes

(1) Significant changes in the scope of consolidation during the period : None

(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) Number of issued and outstanding shares at the period end (including treasury stock)	As of June 30, 2026	98,580,887 shares	As of March 31, 2026	98,580,887 shares
(ii) Number of treasury stock at the period end	As of June 30, 2026	2,691,254 shares	As of March 31, 2026	2,691,754 shares
(iii) Average number of shares (quarterly period-YTD)	Three months ended June 30, 2026	95,889,600 shares	Three months ended June 30, 2025	95,685,147 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 June 30, 2026: 907,200 shares held by the share-based compensation trust for officers s and 506,600 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 (1,413,833 shares as of June 30, 2026).

* 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 forecasts, 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., (1) Overview of Operating Results for the Current Fiscal Year" on page 2 of the attached materials.

1. Overview of Operating Results

(1) Overview of operating results

For the three months ended June 30, 2026 (April 1, 2026 to June 30, 2026; the "period under review"), the Group recorded net sales of 10,027 million yen (down 43.0% year on year), operating income of 588 million yen (down 73.1% year on year), ordinary loss of 1,017 million yen (compared to ordinary profit of 836 million yen in the same period of the previous fiscal year), and loss attributable to owners of parent of 720 million yen (compared to profit attributable to owners of parent of 955 million yen in the same period of the previous fiscal year). Given that the delivery of condominiums is concentrated in the third quarter and sales of major revenue-generating properties are scheduled for the second quarter and onward, progress has been made in line with the full-year consolidated earnings forecasts.

Operating results by segment were as follows.

[Condominium business]

The condominium business recorded decreases in both sales and profit, with net sales of 4,180 million yen (down 62.3% year on year), and segment profit of 636 million yen (down 66.3% year on year).

This was mainly due to a decrease in the number of condominium units delivered in the first quarter compared with the same period of the previous fiscal year, as completion of condominiums in the current fiscal year is concentrated in the third quarter (49 units in the first quarter compared with 226 units in the same period of the previous fiscal year). Meanwhile, as end-user demand for condominiums in the areas in which the Company operates remained firm, the progress rate of contracted units reached 80.2% of the full-year target, exceeding 70.7% recorded at the end of the previous fiscal year.

The Company operates this business for a broad range of home buyers, including first-time buyers and buyers of high-end residences. As for high-end residences, the delivery of ØST Garden Karuizawa (contracts concluded for all units) is scheduled for October 2026.

In addition, during the period under review, the Company newly acquired six parcels of commercial land for condominium projects (244 units planned). The Company will continue to build up its project pipeline to achieve the Long-Term Vision 2030 (through the fiscal year ending March 2031) and ensure stable supply over the medium-to-long term.

Results for the condominium business for the period under review

(million yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Year-on-year change
Net sales	11,087	4,180	(62.3)%
Segment profit	1,888	636	(66.3)%
Segment profit margin	17.0%	15.2%	(1.8) points
Gross profit margin	22.1%	22.8%	0.7 points
Total number of condominium units delivered	226 units	49 units	(78.3)%

Breakdown of condominium sales by area for the period under review

Kanto area (Greater Tokyo)	Kansai area (Greater Osaka)	Total
1.8%	98.2%	100.0%

Condominiums completed and scheduled for completion in the fiscal year ending March 31, 2027

Property name	Total number of units	Location	Scheduled month of delivery (Note 1)	
Le JADE Ibaraki	31	Ibaraki City, Osaka	June 2026	First quarter
Le JADE Nagoya Marunouchi	39	Naka Ward, Nagoya City	July 2026	Second quarter
Le JADE Nara Sanjo-dori	77	Nara City, Nara Prefecture	August 2026	
Le JADE Sapporo Odori The Tower	80	Chuo Ward, Sapporo City	September 2026	
Le JADE Nishinomiya Mid Place	49	Nishinomiya City, Hyogo Prefecture	October 2026	Third quarter
ØST Garden Karuizawa (JV) (Note 2)	23 (24)	Kitasaku District, Nagano Prefecture	October 2026	
Le JADE Hokkaido Kitahiroshima	197	Kitahiroshima City, Hokkaido	November 2026	
Le JADE Minohsenba THE HOUSE	27	Minoh City, Osaka	December 2026	
Le JADE Shinozaki	38	Edogawa Ward, Tokyo	December 2026	
Le JADE Osaka Umeda	145	Kita Ward, Osaka City	February 2027	Fourth quarter
Central Park Seinan Shintoshin (JV) (Note 2)	38 (152)	Morioka City, Iwate Prefecture	February 2027	
Le JADE Sapporo Teine	56	Teine Ward, Sapporo City	February 2027	
Le JADE Tsurumai	70	Naka Ward, Nagoya City	March 2027	

(Notes) 1. The scheduled month of delivery is tentative and subject to change.
2. The project is a joint venture with other companies. The number of units shown represents the Company's share, while the number in parentheses represents the total number of units in the property.

Contract status of condominiums for the period under review

Number of units contracted (as of June 30, 2026)	Number of units scheduled for delivery in FY2027	Rate of progress
730 units	910 units	80.2%

Major sites acquired for condominium projects during the period under review

- Tennoji Ward, Osaka City (two properties)
- Ashiya City, Hyogo Prefecture
- Minoh City, Osaka
- Higashi Ward, Kumamoto City
- Chuo Ward, Fukuoka City

[Real estate development business]

The real estate development business recorded net sales of 812 million yen (down 38.7% year on year), and segment profit of 247 million yen (down 23.8% year on year). Although sales and profit decreased compared with the same period of the previous fiscal year, mainly due to lower net sales from the sale of revenue-generating properties, sales of major revenue-generating properties are scheduled to be recorded in the second quarter and onward. Therefore, progress has been made as planned during the period under review.

In addition, the Company newly acquired two parcels of commercial land for revenue-generating properties during the period under review.

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

- Community-based retail facilities *tonarie*
- Rental residence *TOPAZ*
- Hotels
- Logistics facilities *LOGITRES*
- Office buildings
- Commercial land leased to tenants, etc.

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

(million yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Year-on-year change
Net sales	1,324	812	(38.7)%
Segment profit	324	247	(23.8)%
Segment profit margin	24.5%	30.4%	5.9 points
Gross profit margin	24.9%	32.7%	7.8 points

Results for major property sales for the period under review

	Three months ended June 30, 2025	Three months ended June 30, 2026
Assets	• KOHNAN tonarie Yamato-Takada (Commercial land leased to tenants)	• Properties owned by Picasso Group and Shiba Real Estate Inc. (2 in total including rental residences)

Major commercial land acquired during the period under review

Asset Type	Location
Hotel	Naha City, Okinawa Prefecture
Commercial development	Fushimi Ward, Kyoto City

[Real estate leasing business]

The real estate leasing business recorded net sales of 4,062 million yen (down 5.8% year on year), and segment profit of 1,725 million yen (down 16.2% year on year), mainly due to the impact of a decrease in the number of rental properties resulting from the promotion of property sales in the previous fiscal year. Meanwhile, rents were raised at the time of tenant replacements, and high occupancy rates at ES CON Field Hokkaido Hotel Kitahiroshima Ekimae (Kitahiroshima City, Hokkaido) were maintained. In addition, Randor Hotel Sapporo Heritage opened on June 26, 2026, and is expected to contribute to revenue from the second quarter and onward.

To establish a stable earnings structure, the Company positions the real estate leasing business as a core business alongside the condominium business and the real estate development business. The Company operates this business by owning and leasing retail facilities, rental apartments, hotels, etc., while striving to enhance their property value.

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

(million yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Year-on-year change
Net sales	4,314	4,062	(5.8)%
Segment profit	2,058	1,725	(16.2)%
Segment profit margin	47.7%	42.5%	(5.2) points
Gross profit margin	52.9%	48.0%	(4.9) points

[Asset management business]

The asset management business recorded net sales of 492 million yen (up 0.3% year on year), and segment profit of 276 million yen (up 10.0% year on year). Compared with the same period of the previous fiscal year, sales and profit increased mainly due to increases in assets under management in the asset management business, profit margin 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

(million yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Year-on-year change
Net sales	491	492	0.3%
Segment profit	251	276	10.0%
Segment profit margin	51.2%	56.1%	4.9 points

[Other businesses]

The other businesses recorded net sales of 478 million yen (up 31.7% year on year), and segment profit of 155 million yen (up 395.8% year on year), mainly due to the impact of dividend income received from overseas operations.

Results for other businesses for the period under review

(million yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Year-on-year change
Net sales	363	478	31.7%
Segment profit	31	155	395.8%
Segment profit margin	8.6%	32.5%	23.9 points
Gross profit margin	12.0%	36.2%	24.2 points

(2) Overview of financial position

Total assets as of June 30, 2026 decreased by 3,066 million yen from the end of the previous fiscal year to 506,706 million yen. This was mainly due to a decrease of 23,799 million yen in cash and deposits, and an increase of 21,053 million yen in inventories.

Total liabilities as of June 30, 2026 increased by 1,310 million yen from the end of the previous fiscal year to 424,961 million yen. This was mainly due to an increase of 14,009 million yen in long-term and short-term loans payable.

Net assets as of June 30, 2026 decreased by 4,376 million yen from the end of the previous fiscal year to 81,745 million yen. This was mainly due to the recording of a loss attributable to owners of parent of 720 million yen and the payment of cash dividends of 4,670 million yen, partially offset by an increase of 848 million yen in valuation difference on available-for-sale securities. As a result, the equity-to-asset ratio was 16.3% (17.0% at the end of the previous fiscal year).

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

The consolidated earnings outlook remains unchanged from the outlook announced on April 24, 2026.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	62,873	39,074
Notes and accounts receivable - trade, and contract assets	1,475	1,383
Real estate for sale	2,791	2,132
Real estate for sale in process	280,764	302,476
Other	24,229	22,426
Allowance for doubtful accounts	(0)	(0)
Total current assets	372,134	367,493
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,630	36,678
Accumulated depreciation	(7,485)	(7,872)
Buildings and structures, net	29,144	28,805
Land	63,672	63,447
Other	3,129	3,309
Accumulated depreciation	(438)	(457)
Other, net	2,690	2,852
Total property, plant and equipment	95,508	95,105
Intangible assets		
Goodwill	14,357	14,130
Other	106	99
Total intangible assets	14,464	14,230
Investments and other assets		
Other	29,406	31,622
Allowance for doubtful accounts	(1,812)	(1,812)
Total investments and other assets	27,593	29,809
Total non-current assets	137,565	139,145
Deferred assets		
Bond issuance costs	73	68
Total deferred assets	73	68
Total assets	509,773	506,706

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Short-term borrowings	12,002	15,466
Current portion of long-term borrowings	48,760	54,098
Income taxes payable	5,138	249
Other	25,989	17,648
Total current liabilities	91,890	87,462
Non-current liabilities		
Bonds payable	17,400	17,400
Long-term borrowings	291,606	296,814
Provision for share awards for directors (and other officers)	294	294
Provision for share awards	151	161
Asset retirement obligations	296	363
Other	22,012	22,466
Total non-current liabilities	331,760	337,499
Total liabilities	423,651	424,961
Net assets		
Shareholders' equity		
Share capital	16,519	16,519
Capital surplus	12,565	12,565
Retained earnings	58,777	53,386
Treasury shares	(1,262)	(1,262)
Total shareholders' equity	86,600	81,209
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85	934
Foreign currency translation adjustment	48	233
Total accumulated other comprehensive income	134	1,167
Non-controlling interests	(612)	(631)
Total net assets	86,122	81,745
Total liabilities and net assets	509,773	506,706

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	17,581	10,027
Cost of sales	12,228	6,411
Gross profit	5,353	3,616
Selling, general and administrative expenses	3,169	3,027
Operating profit	2,183	588
Non-operating income		
Interest income	0	1
Dividend income	67	70
Penalty income	67	24
Foreign exchange gains	―	55
Other	9	4
Total non-operating income	145	155
Non-operating expenses		
Interest expenses	1,260	1,649
Amortization of bond issuance costs	2	4
Foreign exchange losses	82	―
Share of loss of entities accounted for using equity method	134	107
Other	13	0
Total non-operating expenses	1,492	1,761
Ordinary profit (loss)	836	(1,017)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	191	―
Gain on bargain purchase	86	―
Gain on sale of investment securities	―	166
Gain on change in equity	253	―
Total extraordinary income	531	166
Extraordinary losses		
Loss on retirement of non-current assets	0	3
Total extraordinary losses	0	3
Profit (loss) before income taxes	1,367	(854)
Income taxes - current	308	442
Income taxes - deferred	191	(535)
Total income taxes	500	(93)
Profit (loss)	867	(760)
Profit (loss) attributable to non-controlling interests	(87)	(40)
Profit (loss) attributable to owners of parent	955	(720)

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit (loss)	867	(760)
Other comprehensive income		
Valuation difference on available-for-sale securities	92	848
Foreign currency translation adjustment	(646)	227
Share of other comprehensive income of entities accounted for using equity method	(142)	(20)
Total other comprehensive income	(696)	1,055
Comprehensive income	171	295
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	316	312
Comprehensive income attributable to non-controlling interests	(145)	(17)

(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 are as follows.

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Depreciation	492	534
Amortization of goodwill	224	224
Gain on bargain purchase	86	–

(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 418 million yen and 907,200 shares, respectively, as of June 30, 2025, and 418 million yen and 907,200 shares, respectively, as of June 30, 2026.

(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 330 million yen and 507,100 shares, respectively, as of March 31, 2026, and 330 million yen and 506,600 shares, respectively, as of June 30, 2026.

(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 314 million yen (buildings and structures: 89 million yen; land: 225 million yen) has been reclassified as real estate for sale in process.

1. Overview of the business combination

(1) Name and business description of the acquired company

Name of the acquired company	ARK REAL ESTATE Co., Ltd.
Business description	Real estate operations including sales and purchase, leasing, brokerage, and management

(2) Main reason for the business combination

With the aim of further expanding the earnings base in the recurring-revenue businesses consisting of the real estate leasing business and the asset management business, the Company has decided to acquire all shares in ARK REAL ESTATE Co., Ltd., which operates a real estate business primarily in the Kansai region, to make it a consolidated subsidiary, after ARK REAL ESTATE Co., Ltd. transfers a part of its businesses to other companies through an absorption-type split to be implemented by ARK REAL ESTATE Co., Ltd.

The Company is currently driving the business under the 5th Medium-term Management Plan (from fiscal year ended March 2025 to fiscal year ending March 2027), in which improving the recurring-revenue ratio is set as one of its management targets. Based on the policy to accumulate revenue-generating properties in operation through the execution of the agreement, we expect the acquisition to contribute to the Company's profitability enhancement and the stabilization of our management base.

(3) Date of the business combination

October 30, 2026 (scheduled)

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Company name after the business combination

There will be no change in the company name after the business combination.

(6) Percentage of voting rights acquired

100%

(7) Main basis for determining the acquiring company

This is because the Company will acquire the shares for cash consideration.

2. Acquisition cost of the acquired company and breakdown of consideration by type

Consideration for the acquisition:	Cash	11,000 million yen (planned)
Acquisition cost		11,000 million yen (planned)

3. Details and amount of major acquisition-related costs

Due diligence costs, etc. (estimated): 31 million yen

4. Amount of goodwill to be recognized, reason for recognition, and amortization method and period

Not determined at this time.

5. Amounts of assets to be acquired and liabilities to be assumed on the date of the business combination, and their principal components

Not determined at this time.

6. Acquisition financing

The acquisition is planned to be financed with the Company's own funds and borrowings from banks.

(Segment information, etc.)

[Segment Information]

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

Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)

(Millions of yen)

	Reportable segments					Other	Total	Reconciling items	Per quarterly consolidated financial statements
	Condominium business	Real estate development business	Real estate leasing business	Asset management business	Total				
Sales									
Revenue from contracts with customers	11,087	1,324	—	489	12,902	193	13,096	—	13,096
Other revenue	—	—	4,314	1	4,315	169	4,485	—	4,485
Revenues from external customers	11,087	1,324	4,314	491	17,218	363	17,581	—	17,581
Transactions with other segments	—	—	—	—	—	—	—	—	—
Net sales	11,087	1,324	4,314	491	17,218	363	17,581	—	17,581
Segment profit	1,888	324	2,058	251	4,522	31	4,553	(2,370)	2,183

Three months ended June 30, 2026 (From April 1, 2026 to June 30, 2026)

(Millions of yen)

	Reportable segments					Other	Total	Reconciling items	Per quarterly consolidated financial statements
	Condominium business	Real estate development business	Real estate leasing business	Asset management business	Total				
Sales									
Revenue from contracts with customers	4,180	812	—	492	5,485	205	5,691	—	5,691
Other revenue	—	—	4,062	0	4,062	273	4,335	—	4,335
Revenues from external customers	4,180	812	4,062	492	9,548	478	10,027	—	10,027
Transactions with other segments	—	—	—	—	—	—	—	—	—
Net sales	4,180	812	4,062	492	9,548	478	10,027	—	10,027
Segment profit	636	247	1,725	276	2,884	155	3,040	(2,452)	588