Consolidated Financial Results for the Six Months Ended September 30, 2026
(Under Japanese GAAP)

October 27, 2026

Company name ES-CON JAPAN Ltd. Stock exchange listings: Tokyo Prime
Securities code 8892 URL https://www.es-conjapan.co.jp
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Semi-annual statement filing date (as planned) October 27, 2026 Dividend payable date (as planned) ―
Supplemental material of results : Yes
Convening briefing of results : Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months ended September 30, 2026 (from April 1, 2026 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	55,523	57.8	10,578	115.6	6,878	189.0	4,920	164.8
September 30, 2025	35,181	13.4	4,905	13.7	2,380	(9.6)	1,858	27.0

Note: Comprehensive income For the six months ended September 30, 2026 6,634Millions of yen (869.9%)
For the six months ended September 30, 2025 684Millions of yen ((55.3)%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	51.32	―
September 30, 2025	19.42	19.40

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2026	526,232	88,250	16.9	925.61
March 31, 2026	509,773	86,122	17.0	904.53

Reference: Owner's equity As of September 30, 2026 88,767Millions 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	―	0.00			
Fiscal year ending March 31, 2027 (Forecast)			―	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
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
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

* Notes

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

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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 September 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 September 30, 2026	2,678,754 shares	As of March 31, 2026	2,691,754 shares
(iii) Average number of shares	Six months ended September 30, 2026	95,892,105 shares	Six months ended September 30, 2025	95,695,128 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 September 30, 2026). 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 (as of September 30, 2026).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable. Accordingly, actual results may differ significantly from the forecast due to various factors.

1. Overview of Operating Results, etc.

(1) Overview of operating results

For the six months ended September 30, 2026 (April 1, 2026 to September 30, 2026; the "period under review"), the Group recorded net sales of 55,523 million yen (up 57.8% year on year), operating profit of 10,578 million yen (up 115.6% year on year), ordinary profit of 6,878 million yen (up 189.0% year on year), and profit attributable to owners of parent of 4,920 million yen (up 164.8% year on year).

Operating results by segment were as follows.

[Condominium business]
The condominium business recorded increases in both sales and profit, with net sales of 19,429 million yen (up 5.5% year on year), and segment profit of 3,203 million yen (up 1.0% year on year).

This was mainly due to an increase in the average selling price per condominium unit during the period under review.

As end-user demand for condominiums in the areas in which the Company operates remained firm, the progress rate of contracted units reached 84.7% of the full-year target at the end of September 2026.

As for high-end residences for the current fiscal year, the delivery of ØST Garden Karuizawa is scheduled for October 2026.

Results for the condominium business for the period under review

(million yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026	Year-on-year change
Net sales	18,409	19,429	5.5%
Segment profit	3,173	3,203	1.0%
Segment profit margin	17.2%	16.5%	(0.7) points
Gross profit margin	22.1%	22.9%	0.8 points
Total number of condominium units delivered	289 units	253 units	(12.5)%

Breakdown of condominium sales by area for the period under review

Kanto area (Greater Tokyo)	Kansai area (Greater Osaka)	Chubu area (Greater Nagoya)	Hokkaido area	Total
0.7%	57.6%	16.0%	25.8%	100.0%

Contract status of condominiums for the period under review

Number of units contracted (as of September 30, 2026)	Number of units scheduled for delivery in FY2027	Rate of progress
771 units	910 units	84.7%

Major sites acquired for condominium development during the period under review

Location	Quarter of acquisition
Tennoji Ward, Osaka City (two properties)	First quarter
Ashiya City, Hyogo Prefecture	
Minoh City, Osaka	
Higashi Ward, Kumamoto City	
Chuo Ward, Fukuoka City	
Minoh City, Osaka	Second quarter
Ibaraki City, Osaka	

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.

The Company serves a broad range of customers in its condominium business through brands including Le JADE, its flagship brand for first-time buyers; Grand Le JADE, which emphasizes exclusivity; and DIAMAS, its high-end residential brand.

[Real estate development business]
The real estate development business recorded increases in both sales and profit, with net sales of 24,651 million yen (up 295.3% year on year) and segment profit of 8,638 million yen (up 445.5% year on year). This was mainly due to the sale of a development project in Kakegawa City, Shizuoka Prefecture, as well as the sale of commercial facilities and multiple parcels of commercial land leased to tenants, with the properties sold to private funds established by ES-CON INVESTMENT PARTNERS Ltd., a consolidated subsidiary, and the promotion of sales of rental properties owned by consolidated subsidiaries, among other factors.
In addition, the Company acquired three sites for revenue-generating property development during the period under review.

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

(million yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026	Year-on-year change
Net sales	6,236	24,651	295.3%
Segment profit	1,583	8,638	445.5%
Segment profit margin	25.4%	35.0%	9.6 points
Gross profit margin	27.3%	36.7%	9.4 points

Results for major property sales for the period under review

Six months ended September 30, 2025	Six months ended September 30, 2026
• KOHNAN tonarie Yamato-Takada (Commercial land leased to tenants) • Properties owned by Picasso Group and Shiba Real Estate Inc. (Multiple properties including rental residences)	• Kakegawa City, Shizuoka Prefecture (Other) • Sakai City, Osaka (Other) • Osakasayama City, Osaka (Commercial facilities) • Katsushika Ward, Tokyo (Commercial facilities) • Commercial land leased to tenants (4 parcels) • Properties owned by Picasso Group, Shijo Omiya Building, and Shiba Real Estate Inc. (13 in total including rental residences)

Major commercial land acquired during the period under review

Asset Type	Location	Quarter of Acquisition
Hotel	Naha City, Okinawa Prefecture	First quarter
Commercial development	Fushimi Ward, Kyoto City	
Reserved land in land readjustment projects (2 parcels)	Ibaraki City, Osaka	Second quarter
Commercial development	Hyogo Ward, Kobe City	

The real estate development business promotes the development of various types of assets, as listed below, and strategically sells revenue-generating properties.

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

[Real estate leasing business]

The real estate leasing business recorded net sales of 8,404 million yen (down 5.4% year on year), and segment profit of 3,607 million yen (down 14.5% year on year), mainly due to the impact of a decrease in the number of rental properties in operation resulting from the promotion of sales of properties held. Meanwhile, measures such as raising rents at the time of tenant replacements and contract renewals, and introducing CPI-linked rents, were promoted to improve the profitability of existing properties in response to the inflationary environment.

In addition, with the planned acquisition of the shares of KITAHAMA REALTY Co., Ltd. (Formerly ARK REAL ESTATE Co., Ltd.) on October 30, 2026 (the Company will acquire all its shares after KITAHAMA REALTY Co., Ltd. transfers certain businesses and other assets through an absorption-type split), the Company plans to newly add revenue-generating properties, primarily in the Kansai region, to its portfolio. These properties are expected to contribute to revenue starting in November 2026, during the third quarter.

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

(million yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026	Year-on-year change
Net sales	8,881	8,404	(5.4)%
Segment profit	4,221	3,607	(14.5)%
Segment profit margin	47.5%	42.9%	(4.6) points
Gross profit margin	52.6%	48.2%	(4.3) points

To establish a stable earnings structure, the real estate leasing business is positioned as a core business alongside the condominium business and the real estate development business. The business owns and leases commercial facilities, rental apartments, hotels, etc., while striving to enhance their property value.

[Asset management business]

The asset management business recorded increases in both sales and profit, with net sales of 1,093 million yen (up 14.8% year on year) and segment profit of 632 million yen (up 27.2% year on year). This was mainly due to an increase in assets under management and the recording of fees related to property acquisitions by private funds, both in the asset management business, an improvement in profit margin in the property management business, and an increase in 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)

	Six months ended September 30, 2025	Six months ended September 30, 2026	Year-on-year change
Net sales	952	1,093	14.8%
Segment profit	497	632	27.2%
Segment profit margin	52.2%	57.9%	5.7 points

The asset management business mainly conducts asset management for ESCON JAPAN REIT Investment Corporation, a listed REIT, and private funds, property management for revenue-generating properties, and condominium management. In this business, the Company is working to expand its fee-based business by increasing assets under management (AUM), while also strengthening its recurring revenue base by enhancing asset values through effective asset management.

[Other businesses]
The other businesses recorded net sales of 1,943 million yen (up 176.9% year on year), and segment profit of 211 million yen (up 42.2% 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)

	Six months ended September 30, 2025	Six months ended September 30, 2026	Year-on-year change
Net sales	702	1,943	176.9%
Segment profit	148	211	42.2%
Segment profit margin	21.2%	10.9%	(10.3) points
Gross profit margin	25.6%	12.7%	(12.9) points

(2) Overview of financial position

Total assets as of September 30, 2026 increased by 16,458 million yen from the end of the previous fiscal year to 526,232 million yen. This was mainly due to increases of 2,876 million yen in cash and deposits and of 16,698 million yen in inventories.

Total liabilities as of September 30, 2026 increased by 14,330 million yen from the end of the previous fiscal year to 437,981 million yen. This was mainly due to an increase of 22,846 million yen in long-term and short-term loans payable and bonds payable.

Net assets as of September 30, 2026 increased by 2,128 million yen from the end of the previous fiscal year to 88,250 million yen. This was mainly due to the recording of a profit attributable to owners of parent of 4,920 million yen, partially offset by the payment of cash dividends of 4,670 million yen. As a result, the capital adequacy ratio was 16.9% (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. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	62,873	65,749
Notes and accounts receivable - trade, and contract assets	1,475	1,512
Real estate for sale	2,791	5,147
Real estate for sale in process	280,764	295,106
Other	24,229	21,415
Allowance for doubtful accounts	(0)	(0)
Total current assets	372,134	388,931
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,630	36,882
Accumulated depreciation	(7,485)	(8,418)
Buildings and structures, net	29,144	28,463
Land	63,672	60,421
Other	3,129	3,412
Accumulated depreciation	(438)	(581)
Other, net	2,690	2,830
Total property, plant and equipment	95,508	91,714
Intangible assets		
Goodwill	14,357	13,908
Other	106	272
Total intangible assets	14,464	14,180
Investments and other assets		
Other	29,406	33,088
Allowance for doubtful accounts	(1,812)	(1,812)
Total investments and other assets	27,593	31,275
Total non-current assets	137,565	137,170
Deferred assets		
Bond issuance costs	73	129
Total deferred assets	73	129
Total assets	509,773	526,232

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Short-term borrowings	12,002	14,470
Current portion of long-term borrowings	48,760	70,003
Income taxes payable	5,138	3,051
Other provisions	—	18
Other	25,989	19,227
Total current liabilities	91,890	106,772
Non-current liabilities		
Bonds payable	17,400	32,400
Long-term borrowings	291,606	275,741
Provision for share awards for directors (and other officers)	294	294
Provision for share awards	151	164
Asset retirement obligations	296	515
Other provisions	—	7

Other	22,012	22,085
Total non-current liabilities	331,760	331,209
Total liabilities	423,651	437,981
Net assets		
Shareholders' equity		
Share capital	16,519	16,519
Capital surplus	12,565	12,563
Retained earnings	58,777	59,027
Treasury shares	(1,262)	(1,258)
Total shareholders' equity	86,600	86,852
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85	1,446
Foreign currency translation adjustment	48	468
Total accumulated other comprehensive income	134	1,915
Non-controlling interests	(612)	(517)
Total net assets	86,122	88,250
Total liabilities and net assets	509,773	526,232

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	35,181	55,523
Cost of sales	24,072	37,102
Gross profit	11,109	18,421
Selling, general and administrative expenses	6,203	7,842
Operating profit	4,905	10,578
Non-operating income		
Interest income	43	83
Dividend income	68	70
Penalty income	154	40
Foreign exchange gains	42	—
Other	16	10
Total non-operating income	325	204
Non-operating expenses		
Interest expenses	2,575	3,612
Amortization of bond issuance costs	6	12
Foreign exchange losses	—	90
Share of loss of entities accounted for using equity method	244	177
Other	24	10
Total non-operating expenses	2,850	3,904
Ordinary profit	2,380	6,878
Extraordinary income		
Gain on sale of non-current assets	—	0
Gain on sale of shares of subsidiaries and associates	191	—
Gain on bargain purchase	86	265
Gain on sale of investment securities	24	166
Gain on change in equity	253	—
Total extraordinary income	555	432
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on retirement of non-current assets	0	6
Total extraordinary losses	0	7
Profit before income taxes	2,936	7,303
Income taxes - current	1,273	3,131
Income taxes - deferred	(99)	(639)
Total income taxes	1,174	2,492
Profit	1,761	4,811
Loss attributable to non-controlling interests	(97)	(109)
Profit attributable to owners of parent	1,858	4,920

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	1,761	4,811
Other comprehensive income		
Valuation difference on available-for-sale securities	81	1,361
Foreign currency translation adjustment	(1,020)	479
Share of other comprehensive income of entities accounted for using equity method	(138)	(16)
Total other comprehensive income	(1,077)	1,823
Comprehensive income	684	6,634
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	876	6,701
Comprehensive income attributable to non-controlling interests	(192)	(66)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	2,936	7,303
Depreciation	988	1,106
Amortization of goodwill	448	447
Gain on bargain purchase	(86)	(265)
Amortization of long-term prepaid expenses	13	19
Amortization of bond issuance costs	6	12
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for share awards for directors (and other officers)	(1)	—
Increase (decrease) in provision for share awards	15	12
Interest and dividend income	(111)	(154)
Interest expenses	2,575	3,612
Foreign exchange losses (gains)	(42)	90
Share of loss (profit) of entities accounted for using equity method	244	177
Loss (gain) on sale of non-current assets	—	0
Loss on retirement of non-current assets	0	6
Loss (gain) on change in equity	(253)	—
Loss (gain) on sale of investment securities	(24)	(166)
Loss (gain) on sale of shares of subsidiaries and associates	(191)	—
Decrease (increase) in accounts receivable - trade, and contract assets	(97)	133
Decrease (increase) in inventories	(371)	(11,051)
Decrease (increase) in prepaid expenses	(1,178)	(940)
Increase (decrease) in accounts payable - other	(1,916)	(2,500)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(259)	(1,111)
Increase (decrease) in advances received	3,696	2,446
Increase (decrease) in deposits received	(2,759)	(6,822)
Decrease (increase) in other assets	(404)	1,705
Increase (decrease) in other liabilities	(120)	396
Subtotal	3,105	(5,537)
Interest and dividends received	111	152
Interest paid	(2,292)	(3,324)
Income taxes refund (paid)	(6,016)	(4,931)
Net cash provided by (used in) operating activities	(5,092)	(13,641)
Cash flows from investing activities		
Payments into time deposits	(783)	(5,000)
Proceeds from withdrawal of time deposits	783	600
Purchase of investment securities	(791)	(1,879)
Proceeds from sale of investment securities	52	326
Proceeds from repayment of investment securities	911	3
Purchase of shares of subsidiaries and associates	(876)	—
Proceeds from sale of shares of subsidiaries and associates	924	—
Purchase of non-current assets	(502)	(956)
Proceeds from sales etc. of noncurrent assets	37	58
Loan advances	—	(62)
Proceeds from collection of loans receivable	36	14
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(8,837)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	572
Refund of guarantee deposits received	(246)	(371)
Guarantee deposits received	217	489
Payments for investments in capital	(147)	—
Proceeds from divestments	148	66
Payments for asset retirement obligations	—	(2)

Net cash provided by (used in) investing activities	(9,072)	(6,140)
Cash flows from financing activities		
Proceeds from short-term borrowings	7,545	6,801
Repayments of short-term borrowings	(5,945)	(4,333)
Proceeds from long-term borrowings	36,198	43,342
Repayments of long-term borrowings	(27,946)	(38,202)
Proceeds from issuance of bonds	9,946	14,931
Proceeds from share issuance to non-controlling shareholders	13	184
Repayments of lease liabilities	(0)	(0)
Proceeds from disposal of treasury shares	12	—
Dividends paid	(4,657)	(4,526)
Net cash provided by (used in) financing activities	15,165	18,195
Effect of exchange rate change on cash and cash equivalents	(4)	(4)
Net increase (decrease) in cash and cash equivalents	996	(1,590)
Cash and cash equivalents at beginning of period	46,050	62,053
Cash and cash equivalents at end of period	47,046	60,463

(4) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(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).

(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 3,653 million yen (buildings and structures: 402 million yen; land: 3,251 million yen) has been reclassified as real estate for sale in process.

(Business combination through acquisition)
At a meeting of the Board of Directors held on March 19, 2026, the Company resolved to acquire the shares of KITAHAMA REALTY Co., Ltd. (formerly ARK REAL ESTATE Co., Ltd.) and make it a consolidated subsidiary, subject to an absorption-type company split to be carried out by KITAHAMA REALTY Co., Ltd., and entered into a share purchase agreement on the same day. The closing date of the agreement is scheduled for October 30, 2026. Note that ARK REAL ESTATE Co., Ltd. has changed its corporate name to KITAHAMA REALTY Co., Ltd.

1. Overview of the business combination
(1) Name and business description of the acquired company

Name of the acquired company	KITAHAMA REALTY Co., Ltd. (Former: ARK REAL ESTATE Co., Ltd.)
Business description	Real estate operations including purchase and sale, 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 KITAHAMA REALTY Co., Ltd., which operates a real estate business primarily in the Kansai region, after KITAHAMA REALTY Co., Ltd. transfers certain businesses and other assets through an absorption-type split, and to make it a consolidated subsidiary.
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. The Company intends to expand its portfolio of income-generating properties already in operation through the execution of the agreement and expects this to contribute to strengthening its earnings capacity and stabilizing its 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
KITAHAMA REALTY CO., LTD.

(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)

(Note) The final share transfer price will be determined by the closing date of the share transfer in accordance with the price adjustment provisions of the share purchase agreement.

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

Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)

(Millions of yen)

	Reportable segments					Other	Total	Reconciling items	Per semi-annual consolidated financial statements
	Condominium business	Real estate development business	Real estate leasing business	Asset management business	Total				
Sales									
Revenue from contracts with customers	18,409	6,236	—	952	25,597	270	25,867	—	25,867
Other revenue	—	—	8,881	0	8,882	431	9,314	—	9,314
Revenues from external customers	18,409	6,236	8,881	952	34,479	702	35,181	—	35,181
Transactions with other segments	—	—	—	—	—	—	—	—	—
Net sales	18,409	6,236	8,881	952	34,479	702	35,181	—	35,181
Segment profit	3,173	1,583	4,221	497	9,475	148	9,624	(4,718)	4,905

Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)

(Millions of yen)

	Reportable segments					Other	Total	Reconciling items	Per semi-annual consolidated financial statements
	Condominium business	Real estate development business	Real estate leasing business	Asset management business	Total				
Sales									
Revenue from contracts with customers	19,429	16,121	—	1,092	36,643	1,304	37,948	—	37,948
Other revenue	—	8,530	8,404	0	17,935	639	17,575	—	17,575
Revenues from external customers	19,429	24,651	8,404	1,093	53,579	1,943	55,523	—	55,523
Transactions with other segments	—	—	—	—	—	—	—	—	—
Net sales	19,429	24,651	8,404	1,093	53,579	1,943	55,523	—	55,523
Segment profit	3,203	8,638	3,607	632	16,082	211	16,293	(5,715)	10,578

(Significant subsequent events)

Not applicable.