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For Immediate Release

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Notice of Transfers of Condominiums for Sale Businesses through Demergers (Absorption-Type Demergers)

YAHAGI CONSTRUCTION CO., LTD. (the "Company") announces that at a meeting of the Board of Directors held today, it was resolved that YAHAGI REAL ESTATE Co., Ltd. ("YAHAGI REAL ESTATE"), a subsidiary of the Company, will enter into an absorption-type demerger agreement that stipulates that it will transfer its condominium development and sales business ("YAHAGI REAL ESTATE Transferred Business") to MEITETSU CITY DESIGN CO., LTD. ("MEITETSU CITY DESIGN"). It was also resolved that YAHAGI BUILDING AND LIFE CO., LTD. ("YAHAGI BUILDING AND LIFE"), another subsidiary of the Company, will enter into an absorption-type demerger agreement that stipulates that it will transfer its condominium management business ("YAHAGI BUILDING AND LIFE Transferred Business") to Meitetsu Community Life Co., Ltd. ("Meitetsu Community Life"). The absorption-type demergers involving the YAHAGI REAL ESTATE Transferred Business and YAHAGI BUILDING AND LIFE Transferred Business are collectively the "Demergers." Details are as follows.

1. Purpose of transferring the businesses through the Demergers

The YAHAGI CONSTRUCTION Group has established its vision for 2030: to transform into a problem-solving and value-creating company to achieve sustainable growth. To achieve this vision, the Group is currently implementing a medium-term management plan for the fiscal years 2021 to 2025. This period is viewed as an opportunity to lay a foundation for accelerated growth. The plan focuses on deepening and evolving existing businesses, exploring and developing new areas and fields, and establishing a management foundation to support growth. Through these initiatives, the Group aims to expand its business beyond the Tokai

area to regions along the maglev line that is set to be constructed, and it aims to become a corporate group that is very competitive in specific fields of business and customer bases.

To select businesses and narrow its focus, the Company has decided to transfer the condominium development and sales business of YAHAGI REAL ESTATE to MEITETSU CITY DESIGN and transfer the condominium management business of YAHAGI BUILDING AND LIFE to Meitetsu Community Life.

Nagoya Railroad Co., Ltd. ("Nagoya Railroad") and its group companies (collectively the "Meitetsu Group"), which includes MEITETSU CITY DESIGN and Meitetsu Community Life, have a strong real estate business base around Nagoya Station and the areas served by the Nagoya Railroad lines. Their business activities contribute to the revitalization of these regions. There is expected to be significant synergy between this business base, the YAHAGI REAL ESTATE Transferred Business and the YAHAGI BUILDING AND LIFE Transferred Business.

After transferring these two individual-focused businesses, the Group will be able to focus its management resources on its construction and real estate businesses for corporations and public offices, areas where the Company excels. This shift will enhance its competitiveness in these areas. The Group believes that this is its best option, and it has decided to transfer the businesses.

The Company intends to create and provide new value by leveraging its construction engineering expertise to accelerate growth during the upcoming medium-term management plan period (FY2026-FY2030) and contribute to the betterment of society.

2. Outline of the demergers

Board of Directors' meeting to approve the absorption-type demerger agreement (the Company)	January 23, 2026
Board of Directors' meeting to approve the absorption-type demerger agreement (YAHAGI REAL ESTATE and YAHAGI BUILDING AND LIFE)	January 23, 2026
Date of conclusion of the absorption-type demerger agreement (YAHAGI REAL ESTATE and YAHAGI BUILDING AND LIFE)	January 23, 2026
Shareholders' meeting to approve the absorption-type demerger agreement (YAHAGI REAL ESTATE and YAHAGI BUILDING AND LIFE) (planned)	March 12, 2026
Effective date of the absorption-type demerger (YAHAGI REAL ESTATE and YAHAGI BUILDING AND LIFE) (planned)	April 1, 2026

(1) Form of the demergers

Absorption-type demergers in which YAHAGI REAL ESTATE and YAHAGI BUILDING AND LIFE are the split companies, and MEITETSU CITY DESIGN and Meitetsu Community Life are the succeeding companies

(2) Allocation related to the demergers

The payment for the Demergers will be made in cash. The amount of the payment is confidential and not disclosed.

(3) Handling of share acquisition rights and bonds with share acquisition rights in the split companies

Neither YAHAGI REAL ESTATE nor YAHAGI BUILDING AND LIFE have issued any share acquisition rights or bonds with share acquisition rights.

(4) Change in share capital as a result of the demergers

There will be no change to the share capital of YAHAGI REAL ESTATE or YAHAGI BUILDING AND LIFE following the Demergers.

(5) Rights and obligations to be assumed by the succeeding companies

MEITETSU CITY DESIGN and Meitetsu Community Life will assume certain assets, liabilities, and other rights and obligations associated with the businesses of YAHAGI REAL ESTATE and YAHAGI BUILDING AND LIFE, respectively, as of the effective date.

(6) Prospect of fulfillment of obligations

The Company has concluded that there are no concerns regarding the certainty of YAHAGI REAL ESTATE, YAHAGI BUILDING AND LIFE, MEITETSU CITY DESIGN, or Meitetsu Community Life fulfilling obligations after the effective date of the Demergers.

3. Outline of the split companies

(1) Demerger of YAHAGI REAL ESTATE Transferred Business

(1) Company name	YAHAGI REAL ESTATE Co., Ltd.	MEITETSU CITY DESIGN CO.,LTD.
(2) Head office location	3-19-7 Aoi, Higashi-ku, Nagoya	4-8-18 Meieki, Nakamura-ku, Nagoya
(3) Representative	Masaaki Shibayama, President	Hiroshi Hibino, President
(4) Business description	Condominium development and sales, real estate rentals, and real estate development	Real estate sales and real estate rental
(5) Capital	800 million yen	4,000 million yen
(6) Established	July 13, 1967	December 14, 1959
(7) Number of shares issued	1,600,000 shares	185,278,000 shares
(8) Major shareholders and their shareholding ratios	YAHAGI CONSTRUCTION CO., LTD. 100%	Nagoya Railroad Co., Ltd. 100%

(9) Relationship between the parties	Capital relationship	Nagoya Railroad Co., Ltd., the parent company of MEITETSU CITY DESIGN, holds a 19.08% stake (voting rights ratio) of the Company.
	Personnel relationship	An officer of Nagoya Railroad Co., Ltd., the parent company of MEITETSU CITY DESIGN, also serves as an officer of the Company.
	Business relationship	The Company has been consistently receiving construction work orders from MEITETSU CITY DESIGN and its parent company, Nagoya Railroad Co., Ltd.
	Status as related party	The Company is an equity-method affiliate of Nagoya Railroad Co., Ltd., the parent company of MEITETSU CITY DESIGN. MEITETSU CITY DESIGN is a related party of the Company.
(10) Financial position and operating results of the immediately preceding fiscal year (ended March 31, 2025)		
	YAHAGI REAL ESTATE Co., Ltd.	MEITETSU CITY DESIGN CO.,LTD.
Net assets	5,375 million yen	86,627 million yen
Total assets	28,272 million yen	284,487 million yen
Net assets per share	3,359.82 yen	467.56 yen
Net sales	9,899 million yen	83,757 million yen
Operating profit	1,242 million yen	12,061 million yen
Ordinary profit	959 million yen	11,880 million yen
Profit	415 million yen	8,602 million yen
Earnings per share	259.80 yen	46.43 yen
Dividends per share	0.00 yen	26.93 yen

(2) Demerger of YAHAGI BUILDING AND LIFE Transferred Business

(1)	Company name	YAHAGI BUILDING AND LIFE CO., LTD.	Meitetsu Community Life Co., Ltd.
(2)	Head office location	Daiei Building 3F, 2-13-23 Izumi, Higashi-ku, Nagoya	Shinjuku Kokusai Building 4F, 6-6-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
(3)	Representative	Toshiyuki Hayasi, President	Kazuhiro Ando, President
(4)	Business description	Management of buildings and condominiums, real estate rentals, and customer service related to condominiums for sale	Management of buildings and condominiums, rental management, prime contractor for construction projects, construction oversight, and housing services
(5)	Capital	400 million yen	110 million yen
(6)	Established	July 5, 1967	October 5, 1978
(7)	Number of shares issued	800,000 shares	8,000 shares
(8)	Major shareholders and their shareholding ratios	YAHAGI CONSTRUCTION CO., LTD. 100%	MEITETSU CITY DESIGN CO.,LTD.100%
(9)	Relationship between the parties	Capital relationship	Nagoya Railroad Co., Ltd., the parent company of Meitetsu Community Life, holds a 19.08% stake (voting rights ratio) of the Company.
		Personnel relationship	An officer of Nagoya Railroad Co., Ltd., the parent company of Meitetsu Community Life, also serves as an officer of the Company.
		Business relationship	The Company has been consistently receiving construction work orders from Nagoya Railroad Co., Ltd., the parent company of Meitetsu Community Life.
		Status as related party	The Company is an equity-method affiliate of Nagoya Railroad Co., Ltd., the parent company of Meitetsu Community Life. Meitetsu Community Life is a related party of the Company.

(10) Financial position and operating results of the immediately preceding fiscal year (ended March 31, 2025)		
	YAHAGI BUILDING AND LIFE CO., LTD.	Meitetsu Community Life Co., Ltd.
Net assets	1,632 million yen	1,627 million yen
Total assets	2,551 million yen	3,643 million yen
Net assets per share	2,040.34 yen	203.41 yen
Net sales	5,214 million yen	5,551 million yen
Operating profit	417 million yen	469 million yen
Ordinary profit	420 million yen	477 million yen
Profit	291 million yen	327 million yen
Earnings per share	364.43 yen	40,989.75 yen
Dividends per share	300.00 yen	24,593.87 yen

4. Outline of businesses to be demerged

(1) Details of businesses to be demerged

YAHAGI REAL ESTATE's condominium development and sales business, and YAHAGI BUILDING AND LIFE's condominium management business

(2) Operating results of the businesses to be demerged (fiscal year ended March 31, 2025)

(i) YAHAGI REAL ESTATE Transferred Business

Net sales: 7,680 million yen

(ii) YAHAGI BUILDING AND LIFE Transferred Business

Net sales: 949 million yen

(3) Items and amounts of the assets and liabilities to be demerged (as of September 30, 2025)

	Assets to be transferred	Liabilities to be transferred
YAHAGI REAL ESTATE Transferred Business	6,518 million yen	80 million yen
YAHAGI BUILDING AND LIFE Transferred Business	- million yen	- million yen

5. Forecast for consolidated results for the fiscal year ending March 31, 2026

Currently, the effects of the Demergers on the Group's consolidated results are expected to include the following extraordinary losses and income. Regarding the transfer of the YAHAGI REAL ESTATE Transferred Business, extraordinary losses of approximately 1.8 billion yen are expected to be recorded in the third quarter of the fiscal year ending March 31, 2026. The loss arises from the valuation of assets in connection with the business transfer. Regarding the transfer of the YAHAGI BUILDING AND LIFE Transferred Business, it is anticipated that approximately 1.0 billion yen in extraordinary income will be recorded in the first quarter of the fiscal year ending March 31, 2027.

The Company is carefully assessing the impact of these extraordinary losses, income, and other factors affecting its full-year consolidated results. If it becomes necessary to revise the forecast, the Company will promptly disclose any changes.

6. Matters concerning transactions with controlling shareholder

(1) Transactions, etc. with controlling shareholder and status of compliance with the policy for measures to protect minority shareholders

Nagoya Railroad, the parent company of the Meitetsu Group, which includes the succeeding companies in the Demergers, owned 8,282,000 shares of the Company's common stock (19.08% of the voting rights) as of September 30, 2025. This makes Nagoya Railroad the largest and a major shareholder of the Company. Additionally, a Nagoya Railroad officer is also an officer of the Company. Accordingly, the Demergers are classified as related-party transactions. The Demergers are not categorized as transactions with the controlling shareholder as set forth in Rule 441-2 of the Securities Listing Regulations of the Tokyo Stock Exchange. However, to ensure the fairness of the transactions, the Company has implemented the following measures.

(2) Matters concerning measures to secure fairness and avoid conflicts of interest

(i) Advice from an independent law firm

To ensure the fairness of the Demergers, the Company has appointed Yamashita Law as a legal advisor independent of both the Company and the Meitetsu Group. The Company has received legal advice from this firm on the necessary measures, procedures, and decision-making methods to follow to guarantee the fairness of the process.

(ii) Business valuation report received from an independent third-party valuation organization

When discussing the terms and conditions of the Demergers, the Company's Board of Directors obtained a business valuation report for the YAHAGI REAL ESTATE Transferred Business and the YAHAGI BUILDING AND LIFE Transferred Business from Corporate Advisors Accounting Co., Ltd., a third-party valuation firm independent of the Company and the Meitetsu Group. The Company has determined that the payment for the Demergers falls within an appropriate valuation range.

(iii) Opinions of outside directors and outside Audit and Supervisory Board members obtained

At a Board of Directors meeting held on January 23, 2026, the outside directors and outside Audit and Supervisory Board members concluded that the Demergers are necessary, rational, and appropriate in consideration of them being related-party transactions.

(iv) Approval by all directors with no conflicts of interest

To prevent any potential conflicts of interest, all of the directors except for Hiroki Takasaki, who is a director of both the Company and Nagoya Railroad and has an interest in the Meitetsu Group, discussed the Demergers and unanimously approved the resolution.