YAHAGI

YAHAGI CONSTRUCTION CO., LTD.

# Material on the Financial Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

**Code no.: 1870**

**(Listed on Prime Market of Tokyo Stock Exchange and Premier Market of Nagoya Stock Exchange)**

November 10, 2026

# Summary

## Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

- **Net sales declined 22.5% year on year but remained at the second-highest level ever for an interim period.**
- **Operating profit fell 56.5% due to lower net sales, while interim profit declined only 15.8% due to extraordinary gains and other factors.**

| Consolidated net sales | Consolidated operating profit | Interim profit attributable to owners of parent |
|---|---|---|
| ¥69.4 bn. | ¥3.4 bn. | ¥4.8 bn. |
| YoY △22.5% | YoY △56.5% | YoY △15.8% |

## Forecast for the Fiscal Year Ending March 31, 2027 [Announced Aug. 7, 2026]

- **Net sales are projected to decline by 11.5% year on year due to lower sales in the architectural business and a decline in the real estate business following the transfer of the condominiums for sale business.**
- **Operating profit is expected to decline by 30.9% year on year due to the impact of lower net sales. Meanwhile, profit attributable to owners of parent is expected to increase by 9.8% year on year due to the recording of extraordinary gains and other factors.**

| Consolidated net sales | Consolidated operating profit | Profit attributable to owners of parent | Dividends per share |
|---|---|---|---|
| ¥150.0 bn. | ¥9.5 bn. | ¥9.3 bn. | ¥110 |
| YoY △11.5% | YoY △30.9% | YoY +9.8% | YoY +¥10 |



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# Financial Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

# Consolidated Statement of Income for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

**Net sales**

**Net sales declined ¥20.1 billion year on year due to the reactionary decline after large-scale projects peaked in the previous fiscal year and fewer and smaller real estate sales. Nevertheless, net sales remained at the second-highest level ever for an interim period.**

**Profit**

**Operating profit decreased ¥4.5 billion year on year due to lower net sales. Interim profit attributable to owners of parent declined by only ¥0.9 billion, supported by extraordinary gains including gains on the sale of strategic shareholdings and the transfer of the condominium management business.**

(Millions of Yen)

| | 2024.9 Actual | 2025.9 Actual | 2026.9 Actual | Year on year | | 2026.9 Interim Forecast [Announced Aug. 7, 2026] | vs. Forecast | |
|---|---|---|---|---|---|---|---|---|
| | | | | Increase/ decrease | Change | | Increase/ decrease | Change |
| **Net sales** | **58,760** | **89,665** | **69,474** | △20,191 | △22.5% | **68,600** | 874 | 1.3% |
| Net sales of completed construction contracts | 49,581 | 79,064 | 65,012 | △14,051 | △17.8% | 65,600 | △587 | △0.9% |
| Net sales in real estate business and other | 9,179 | 10,601 | 4,461 | △6,139 | △57.9% | 3,000 | 1,461 | 48.7% |
| **Gross profit** | **6,421** | **13,331** | **9,233** | △4,098 | △30.7% | **8,300** | 933 | 11.2% |
| *(Gross profit margin)* | *(10.9%)* | *(14.9%)* | *(13.3%)* | *△1.6pt* | | *(12.1%)* | *1.2pt* | |
| Gross profit on completed construction contracts | 3,409 | 9,655 | 8,241 | △1,414 | △14.6% | 7,400 | 841 | 11.4% |
| Gross profit on real estate business and other | 3,011 | 3,676 | 992 | △2,684 | △73.0% | 900 | 92 | 10.2% |
| Selling, general, and administrative expenses | 5,134 | 5,341 | 5,758 | 416 | 7.8% | 6,000 | △241 | △4.0% |
| **Operating profit** | **1,286** | **7,989** | **3,474** | △4,515 | △56.5% | **2,300** | 1,174 | 51.1% |
| *(Operating profit margin)* | *(2.2%)* | *(8.9%)* | *(5.0%)* | *△3.9pt* | | *(3.4%)* | *1.6pt* | |
| **Ordinary profit** | **1,325** | **7,982** | **3,586** | △4,395 | △55.1% | **2,330** | 1,256 | 53.9% |
| *(Ordinary profit margin)* | *(2.3%)* | *(8.9%)* | *(5.2%)* | *△3.7pt* | | *(3.4%)* | *1.8pt* | |
| **Interim profit attributable to owners of parent** | **967** | **5,737** | **4,829** | △908 | △15.8% | **4,000** | 829 | 20.7% |
| *(Interim profit margin)* | *(1.6%)* | *(6.4%)* | *(7.0%)* | *0.6pt* | | *(5.8%)* | *1.2pt* | |

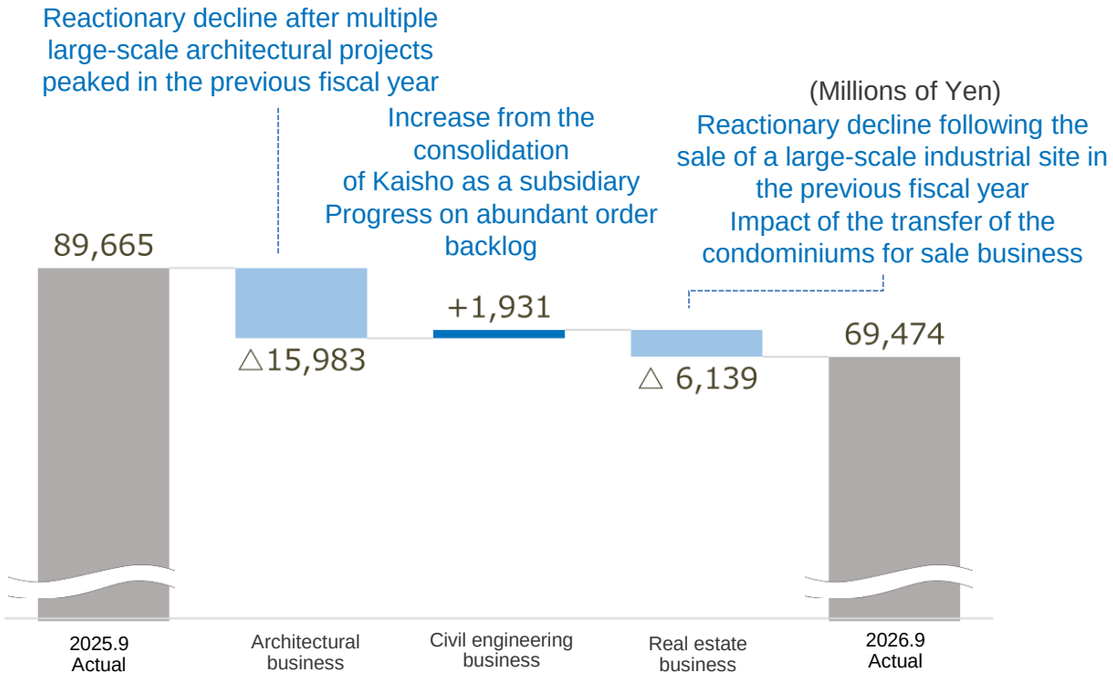


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# Factors for Changes in Net Sales and Operating Profit (vs. results for the six months ended September 30, 2025)

## Net sales

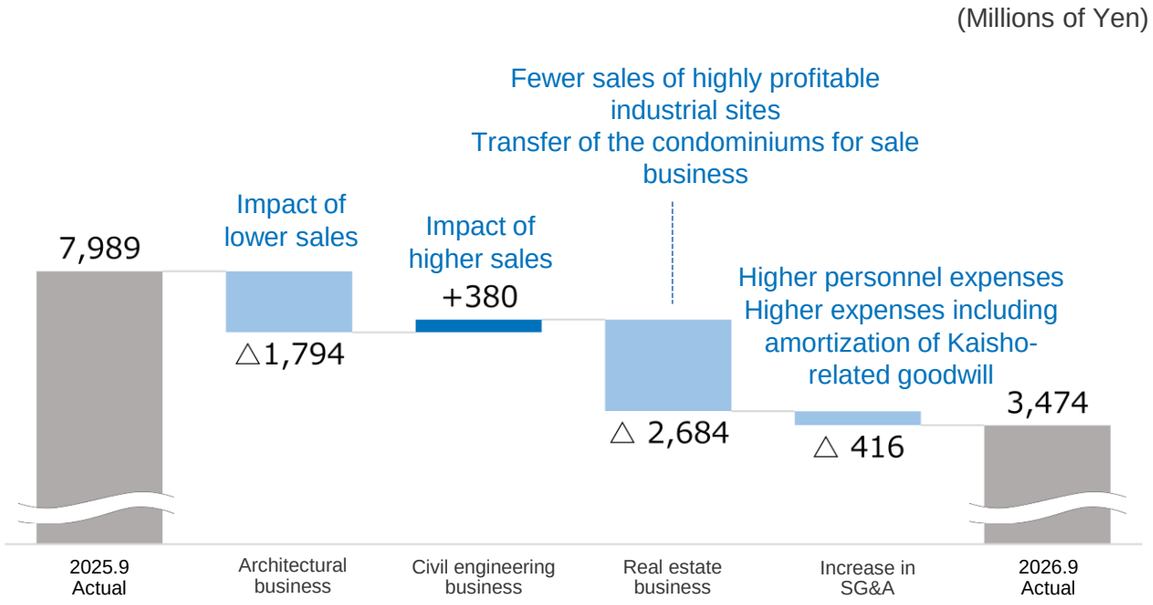
**Although net sales declined ¥20.1 billion due mainly to the reactionary decline after large projects peaked in the previous fiscal year, they remained at the second-highest level ever for an interim period.**




YoY ¥**20.1** bn.

## Operating profit

**Although profit increased in the civil engineering business, operating profit declined ¥4.5 billion due mainly to lower sales in the architectural and real estate businesses.**




YoY ¥**4.5** bn.



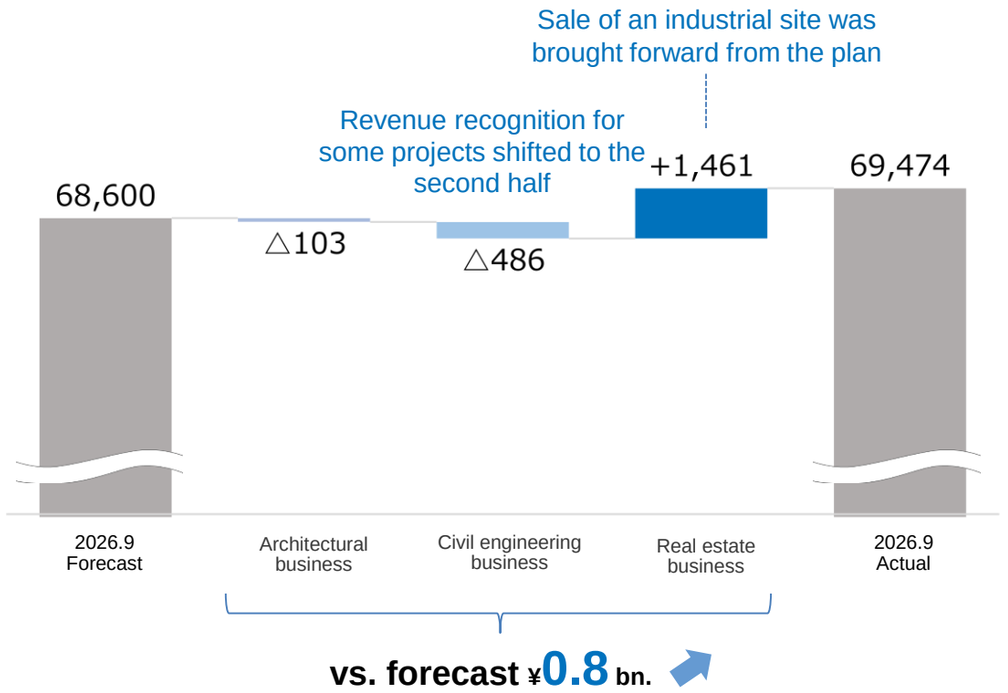
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# Factors for Changes in Net Sales and Operating Profit (vs. Forecast Announced August 7, 2026)

## Net sales

**Net sales exceeded the forecast by ¥0.8 billion, mainly because the sale of an industrial site in the real estate business was brought forward.**

(Millions of Yen)

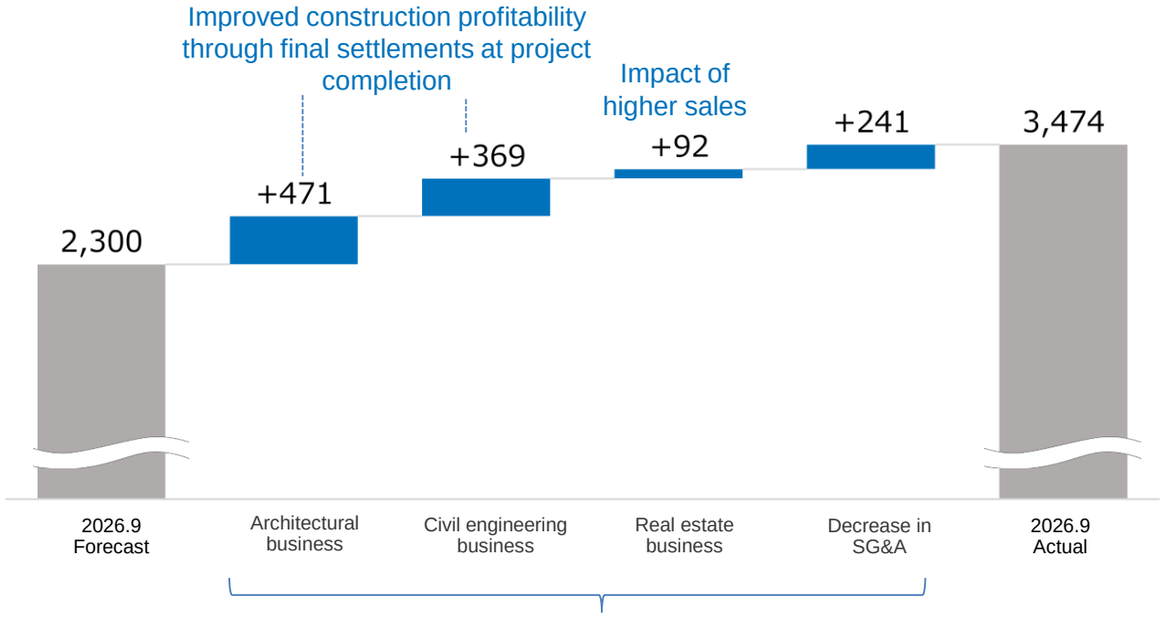



**vs. forecast ¥0.8 bn.**

## Operating profit

**Operating profit exceeded the forecast by ¥1.1 billion, mainly due to improved construction profitability through final settlements at project completion.**

(Millions of Yen)




**vs. forecast ¥1.1 bn.**

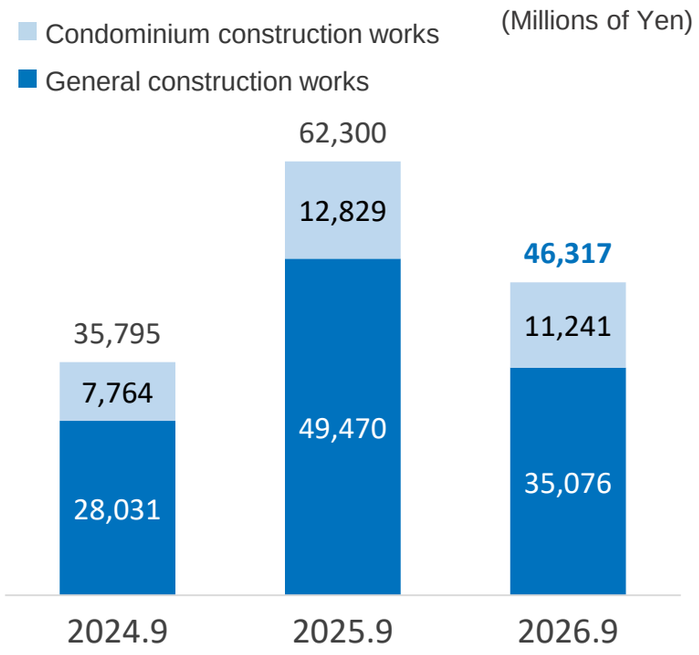


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# <Business Review> Architectural Business for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

## Net sales

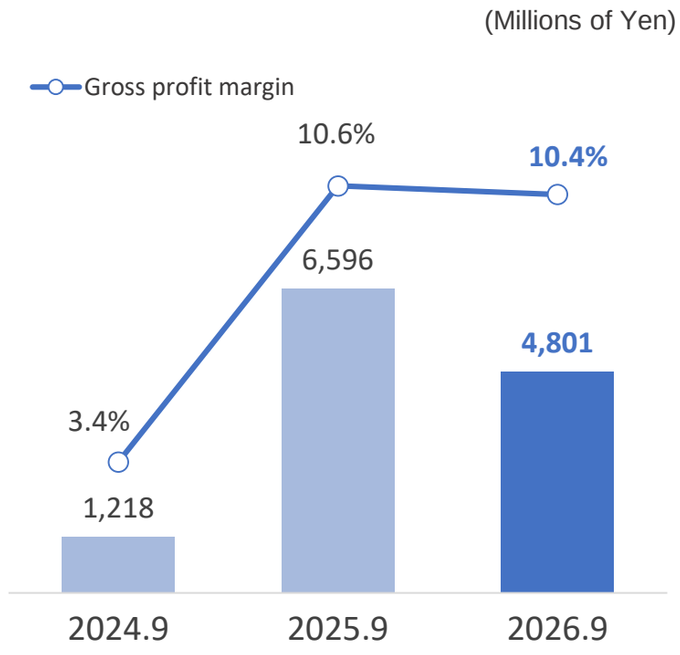
**Construction progressed steadily, mainly on large-scale logistics facilities, but net sales declined ¥15.9 billion year on year from the record-high level in the previous fiscal year.**




YoY ¥**15.9** bn. (**25.7%**)

## Gross profit

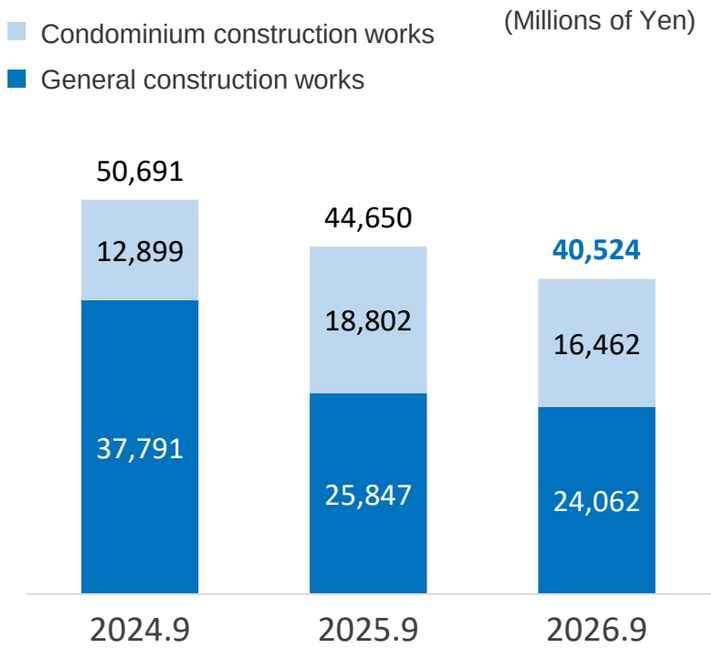
**Gross profit declined ¥1.7 billion year on year due to lower net sales.**




YoY ¥**1.7** bn. (**27.2%**)

## Orders received

**Orders progressed in line with plan, including condominiums, hotels, and logistics facilities, but declined ¥4.1 billion year on year following multiple large orders in the previous fiscal year.**




YoY ¥**4.1** bn. (**9.2%**)

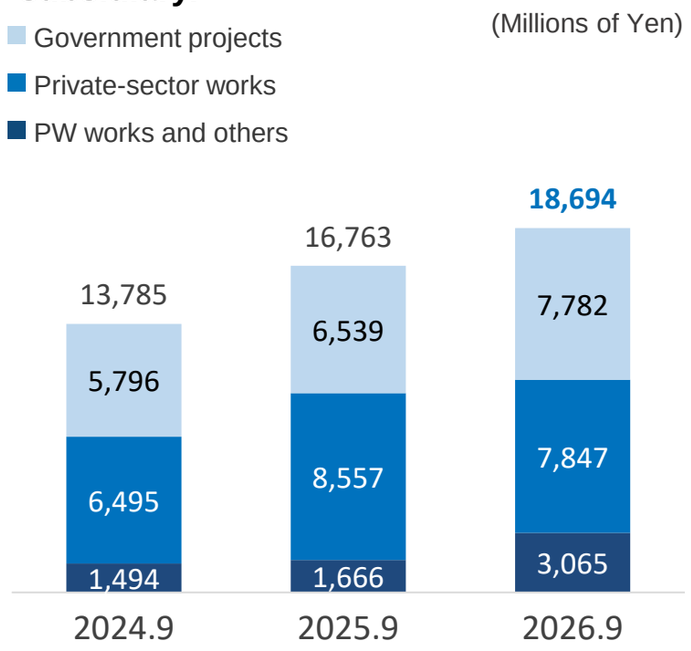


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# <Business Review> Civil Engineering Business for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

## Net sales

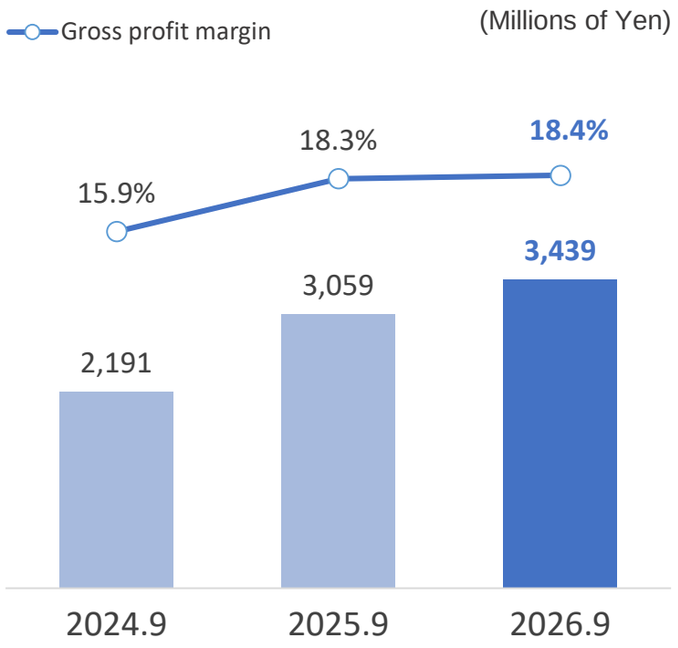
**Net sales increased ¥1.9 billion year on year as the abundant backlog of government projects progressed steadily and PW works and others increased following the consolidation of Kaisho as a subsidiary.**




YoY ¥**1.9** bn. (**11.5%**)

## Gross profit

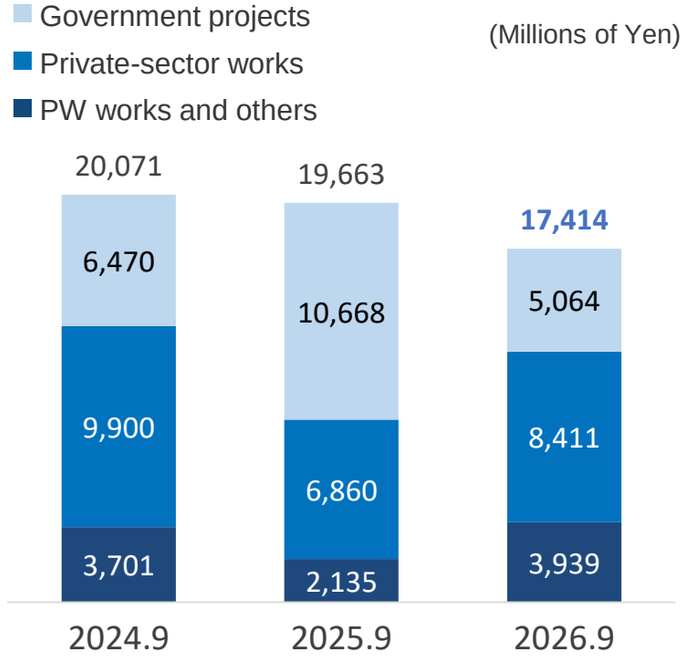
**Gross profit increased ¥0.3 billion year on year due to higher net sales.**




YoY ¥**0.3** bn. (**12.4%**)

## Orders received

**Private-sector orders increased on large-scale land development work, but total orders declined ¥2.2 billion year on year following a large government project order in the previous fiscal year.**




YoY ¥**2.2** bn. (**11.4%**)

* PW works: Works performed by the Company's proprietary PAN WALL method for natural ground reinforcement.

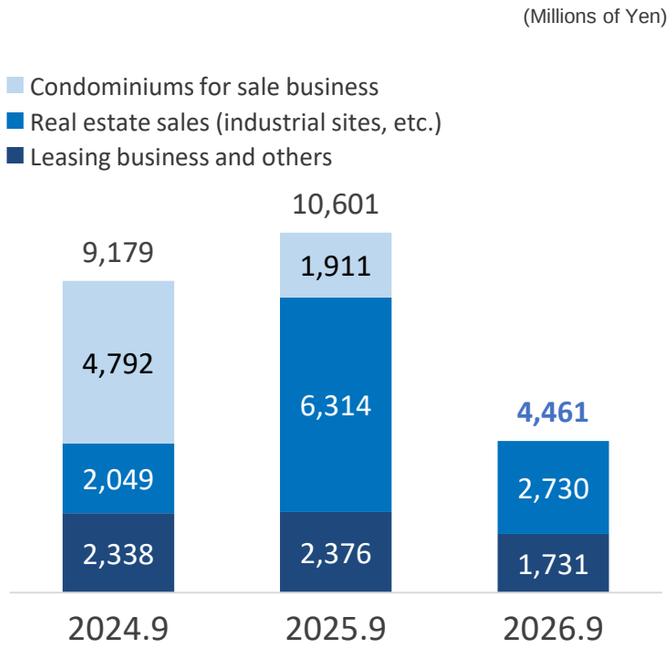


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# <Business Review> Real Estate Business for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

## Net sales

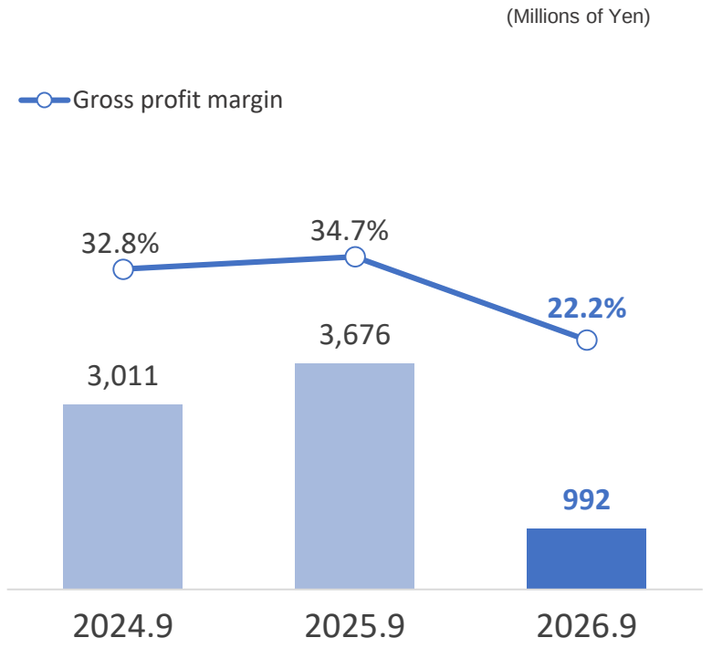
**Net sales declined ¥6.1 billion year on year due to fewer and smaller real estate sales and the transfer of the condominiums for sale business.**




YoY ¥**6.1** bn. (**57.9%**)

## Gross profit

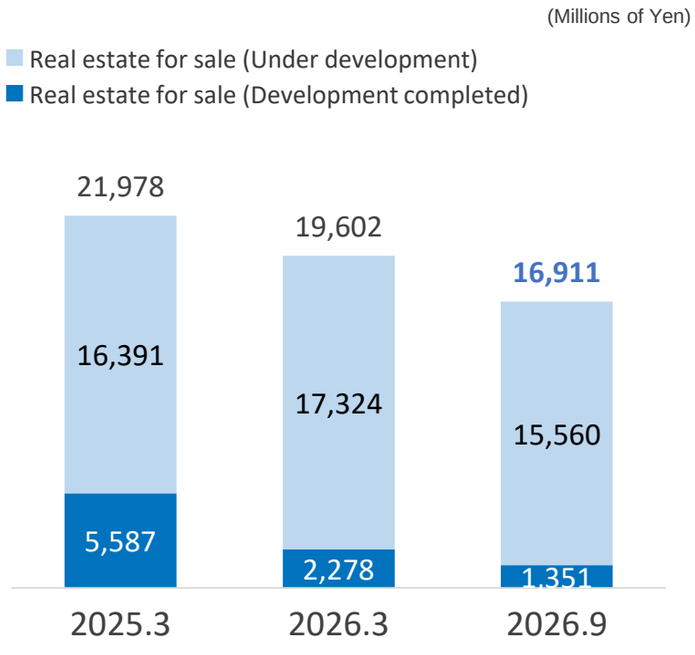
**Gross profit declined ¥2.6 billion year on year, mainly due to fewer sales of highly profitable industrial sites.**




YoY ¥**2.6** bn. (**73.0%**)

## Balance of real estate for sale

**Although development of a large-scale industrial site progressed, the balance decreased ¥2.6 billion from the previous fiscal year-end due to the transfer of the condominiums for sale business.**




Down ¥**2.6** bn. vs. previous FY-end (**13.7%**)



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# Summary of orders received and orders received carried forward for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

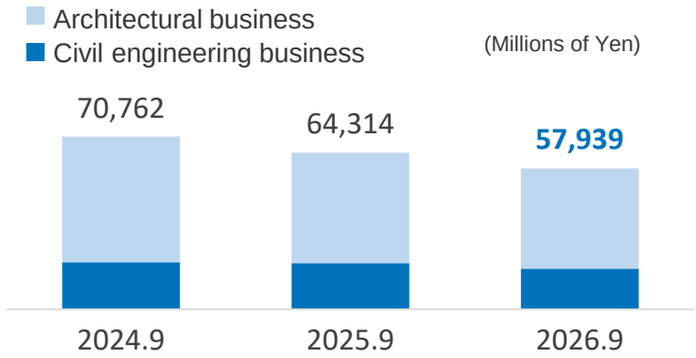
## Orders received

**Orders declined ¥6.3 billion year on year following multiple large orders in the previous fiscal year. However, order diversity progressed with orders for educational facilities and hotels in addition to condominiums and logistics facilities.**

(Millions of Yen)

| | 2024.9 Actual | 2025.9 Actual | 2026.9 Actual | Year on year Increase/ decrease | Year on year Change |
|---|---|---|---|---|---|
| Architectural business | 50,691 | 44,650 | **40,524** | △ 4,125 | △9.2% |
| Civil engineering business | 20,071 | 19,663 | **17,414** | △ 2,249 | △11.4% |
| Total | 70,762 | 64,314 | **57,939** | △ 6,375 | △9.9% |

**YoY ¥6.3 bn. (9.9%)**



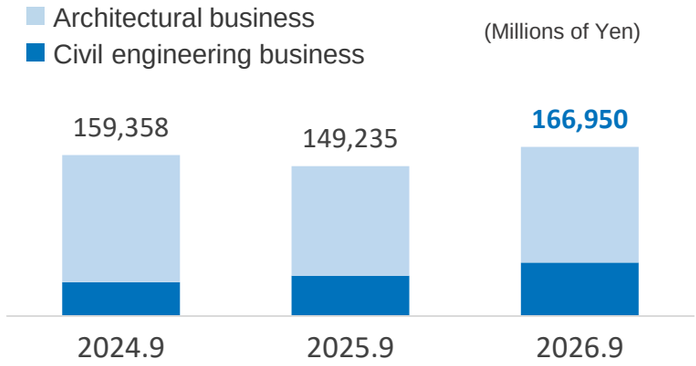

## Orders received carried forward

**The abundant backlog carried forward from the previous fiscal year, together with orders received in the interim period, resulted in a record high for an interim period.**

(Millions of Yen)

| | 2024.9 Actual | 2025.9 Actual | 2026.9 Actual | Year on year Increase/ decrease | Year on year Change |
|---|---|---|---|---|---|
| Architectural business | 118,067 | 101,993 | **107,361** | 5,368 | 5.3% |
| Civil engineering business | 41,291 | 47,242 | **59,588** | 12,346 | 26.1% |
| Total | 159,358 | 149,235 | **166,950** | 17,714 | 11.9% |

**YoY ¥17.7 bn. (11.9%)**






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# Consolidated Financial Position
# for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

**Total assets**

**Total assets decreased ¥14.1 billion from the previous fiscal year-end. Trade receivables fell ¥13.7 billion as construction payments were collected, and real estate for sale also decreased due to the transfer of the condominiums for sale business. This was partly offset by a ¥3.1 billion increase in intangible assets, including goodwill from the consolidation of Kaisho.**

**Interest-bearing debt**

**Interest-bearing debt decreased ¥16.6 billion to ¥14.1 billion as funds collected from construction payments were used to repay borrowings. The D/E ratio* declined to 0.2x.**

**Net assets**

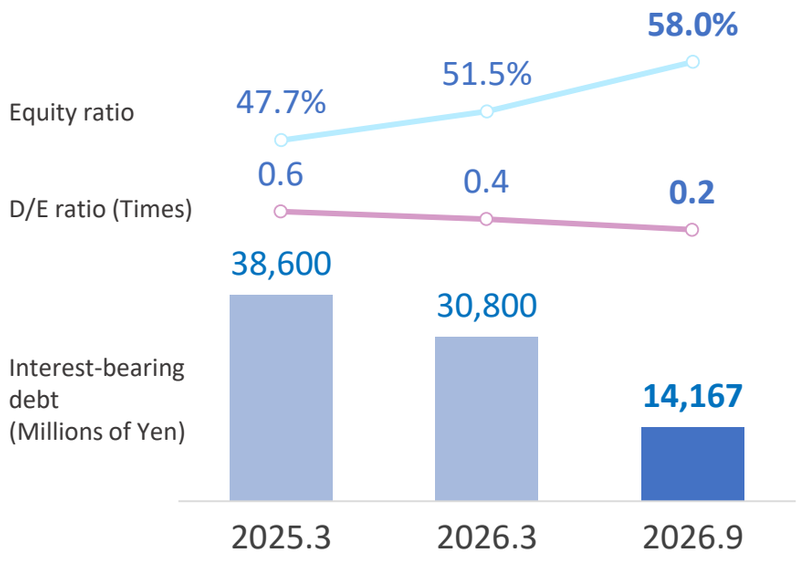
**Net assets increased ¥1.3 billion from the previous fiscal year-end as interim profit exceeded year-end dividend payments. The equity ratio rose to 58.0% due to higher net assets and lower total assets.**

(Millions of Yen)

| Assets | | 2026.9 Actual | Change from March 31, 2026 |
|---|---|---|---|
| Current assets | Cash and deposits | 20,175 | 3,914 |
| | Trade receivables | 52,852 | △13,738 |
| | Costs on construction contracts in progress | 2,171 | △1,139 |
| | Real estate for sale | 16,911 | △2,691 |
| | Others | 5,873 | △2,412 |
| | Total | 97,983 | △16,067 |
| Non-current assets | Property, plant and equipment | 22,249 | △347 |
| | Intangible assets | 3,852 | 3,114 |
| | Investments and other assets | 9,390 | △885 |
| | Total | 35,492 | 1,881 |
| Total assets | | 133,476 | △14,186 |

| Liabilities | | 2026.9 Actual | Change from March 31, 2026 |
|---|---|---|---|
| Current liabilities | Trade payables | 12,734 | △340 |
| | Short-term borrowings | 8,112 | △15,387 |
| | Advances received on construction contracts in progress | 13,037 | 2,447 |
| | Others | 10,256 | △732 |
| | Total | 44,140 | △14,013 |
| Non-current liabilities | Long-term borrowings | 6,055 | △1,244 |
| | Others | 5,931 | △266 |
| | Total | 11,987 | △1,510 |
| Total liabilities | | 56,128 | △15,524 |
| Net assets | | 77,348 | 1,338 |
| Total liabilities and net assets | | 133,476 | △14,186 |

## Interest-bearing debt / D/E ratio / Shareholders' equity ratio




* D/E ratio: interest-bearing debt ÷ shareholders' equity



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# Consolidated Cash Flows
## for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

**Cash and cash equivalents totaled ¥20.1 billion at the end of the interim period, up ¥3.9 billion from the previous fiscal year-end.**

**Operating CF** Positive ¥18.5 bn., mainly from collection of trade receivables

**Investing CF** Positive ¥6.6 bn., mainly from proceeds associated with the transfer of the condominiums for sale business

**Financing CF** Negative ¥21.2 bn., mainly due to repayment of borrowings

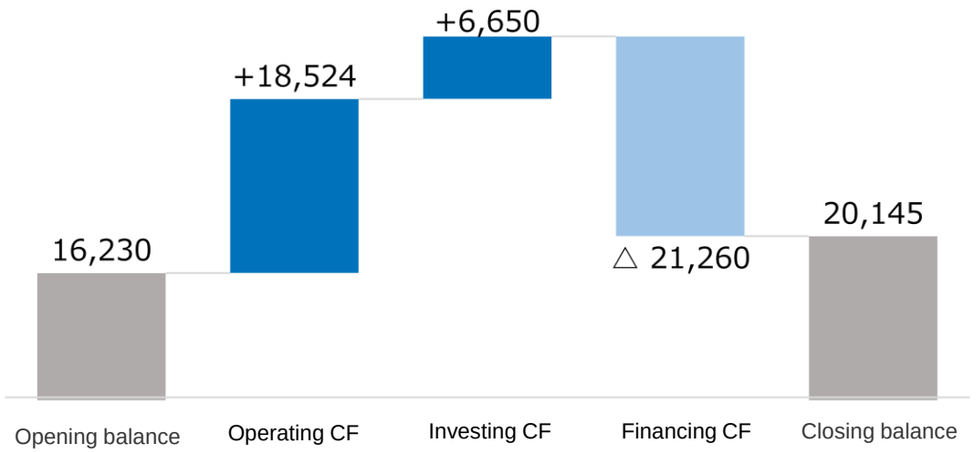
## Cash Flow Trends

(Millions of Yen)

| | 2025.3 | 2026.3 | 2026.9 |
|---|---|---|---|
| Operating cash flows | △ 17,191 | 9,849 | **18,524** |
| Investing cash flows | △ 255 | 1,921 | **6,650** |
| Free cash flow | △ 17,446 | 11,770 | **25,174** |
| Financing cash flows | 13,149 | △11,160 | **△21,260** |

## Cash Flow Details for the Interim Period

(Millions of Yen)






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# Projects Completed in the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027



**Location**
Shiraoka, Saitama Prefecture

**Client**
TOKYU LAND CORPORATION

**Completion**
July 2026

**A next-generation logistics facility expected to obtain the highest-level environmental certifications, CASBEE S and ZEB**
**Total floor area exceeds 70,000 m²**

## LOGI'Q Shiraoka III



**Location**
Ando, Nara Prefecture

**Client**
Kinki Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism

**Completion**
July 2026

**Sluice gate construction to strengthen regional infrastructure, including flood prevention**

## Yamato River Kubota Retarding Basin Sluice Gate Construction



**Location**
Kuwana, Mie Prefecture

**Client**
ITOCHU Corporation

**Completion**
September 2026

**Indoor pool facility in Kuwana City General Sports Park**
**The Company participated as the construction contractor in a public-private partnership project**

## NTN General Sports Park Indoor Pool (Kuwana City General Sports Park Indoor Pool)



**Location**
Toyota, Aichi Prefecture

**Client**
KYOKUTO KAIHATSU KOGYO CO.,LTD.

**Completion**
July 2026

**A new core vehicle R&D center**
**The Company handled the project from land sale through building construction and delivered a 600-meter straight test course tailored to the client's needs.**

## Kyokuto Kaihatsu Group Technical Center



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# Financial Results Forecast for the Fiscal Year Ending March 31, 2027

# Financial Results Forecast for the Fiscal Year Ending March 31, 2027

**Net sales**

**Net sales are projected to decline by ¥19.3 billion due to lower sales from the transfer of the condominiums for sale business under the real estate business, in addition to a reactionary decline following the previous fiscal year that saw the peaking of multiple large-scale building construction projects.**

**Profit**

**Operating profit is expected to decline by ¥4.2 billion year on year due to lower net sales. Meanwhile, profit attributable to owners of parent is projected to increase by ¥0.8 billion year on year to a record high, reflecting extraordinary gains, including gains on the sale of strategic shareholdings and gains from the transfer of the condominium management business.**

(Millions of Yen)

| | 2025.3 Actual | 2026.3 Actual | 2027.3 Full-year Forecast [Announced Aug. 7, 2026] | Year on year (full year) Increase/ decrease | Change |
|---|---|---|---|---|---|
| **Net sales** | **140,699** | **169,399** | **150,000** | △ 19,399 | △11.5% |
| Net sales of completed construction contracts | 118,701 | 150,156 | 139,000 | △ 11,156 | △7.4% |
| Net sales in real estate business and other | 21,997 | 19,243 | 11,000 | △ 8,243 | △42.8% |
| **Gross profit** | **19,416** | **25,980** | **21,300** | △ 4,680 | △18.0% |
| *(Gross profit margin)* | *(13.8%)* | *(15.3%)* | *(14.2%)* | *△1.1pt* | |
| Gross profit on completed construction contracts | 10,836 | 18,888 | 17,000 | △ 1,888 | △10.0% |
| Gross profit on real estate business and other | 8,580 | 7,092 | 4,300 | △ 2,792 | △39.4% |
| Selling, general, and administrative expenses | 10,762 | 12,238 | 11,800 | △ 438 | △3.6% |
| **Operating profit** | **8,654** | **13,742** | **9,500** | △ 4,242 | △30.9% |
| *(Operating profit margin)* | *(6.2%)* | *(8.1%)* | *(6.3%)* | *△1.8pt* | |
| **Ordinary profit** | **8,616** | **13,698** | **9,380** | △ 4,318 | △31.5% |
| *(Ordinary profit margin)* | *(6.1%)* | *(8.1%)* | *(6.3%)* | *△1.8pt* | |
| **Profit attributable to owners of parent** | **5,643** | **8,468** | **9,300** | 831 | 9.8% |
| *(Return on sales)* | *(4.0%)* | *(5.0%)* | *(6.2%)* | *1.2pt* | |


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# Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (by Business)

(Millions of Yen)

| | 2025.3 Actual | 2026.3 Actual | 2027.3 Full-year Forecast [Announced Aug. 7, 2026] | Year on year (full year) Increase/ decrease | Year on year (full year) Change |
|---|---|---|---|---|---|
| **Net sales** | **140,699** | **169,399** | **150,000** | △19,399 | △11.5% |
| Net sales of completed construction contracts | 118,701 | 150,156 | 139,000 | △11,156 | △7.4% |
| Architectural business | 86,529 | 112,339 | 97,000 | △15,339 | △13.7% |
| Civil engineering business | 32,172 | 37,817 | 42,000 | 4,182 | 11.1% |
| Net sales in real estate business and other | 21,997 | 19,243 | 11,000 | △8,243 | △42.8% |
| **Gross profit** | **19,416** | **25,980** | **21,300** | △4,680 | △18.0% |
| Gross profit on completed construction contracts | 10,836 | 18,888 | 17,000 | △1,888 | △10.0% |
| *(Gross profit margin on completed construction contracts)* | *(9.1%)* | *(12.6%)* | *(12.2%)* | *△0.3pt* | |
| Architectural business | 4,676 | 11,056 | 8,800 | △2,256 | △20.4% |
| *(Profit margin in the architectural business)* | *(5.4%)* | *(9.8%)* | *(9.1%)* | *△0.7pt* | |
| Civil engineering business | 6,159 | 7,831 | 8,200 | 368 | 4.7% |
| *(Profit margin in the civil engineering business)* | *(19.1%)* | *(20.7%)* | *(19.5%)* | *△1.2pt* | |
| Gross profit on real estate business and other | 8,580 | 7,092 | 4,300 | △2,792 | △39.4% |
| *(Gross profit margin on real estate business and others)* | *(39.0%)* | *(36.9%)* | *(39.1%)* | *2.2pt* | |

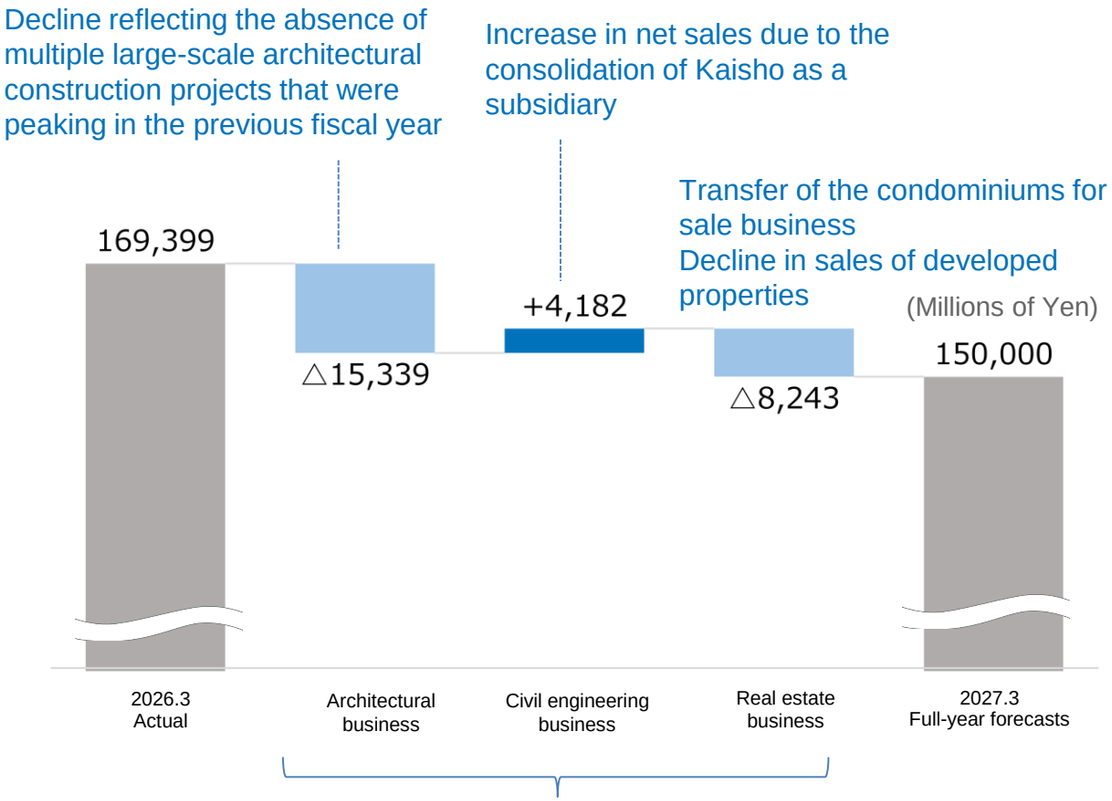


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# Factors for increase or decrease in net sales/operating profit (vs. results for the fiscal year ended March 31, 2026)

## Net sales

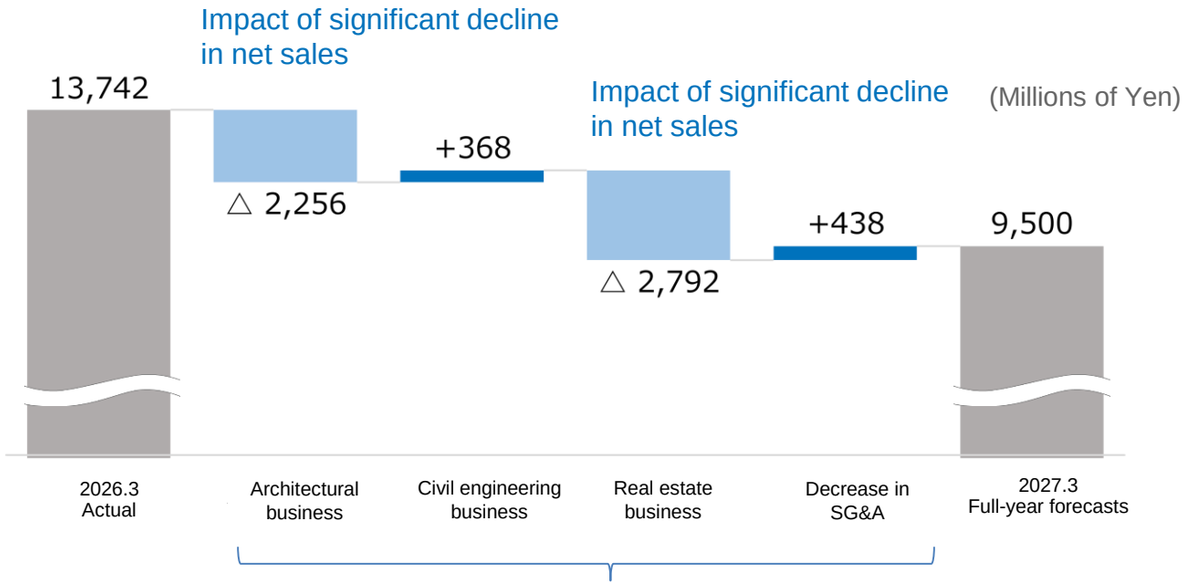
**Net sales are projected to decline by ¥19.3 billion year on year due to significant decreases in the architectural and real estate businesses.**




**YoY ¥19.3 bn.**

## Operating profit

**Operating profit is expected to decline by ¥4.2 billion year on year due to the impact of significant decreases in net sales.**




**YoY ¥4.2 bn.**



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# Shareholder Returns and Capital Efficiency Analysis

# Shareholder Returns and Dividends

## Dividend policy: Dividend on equity ratio (DOE) of 5% or more and progressive dividends

**2027.3 Forecast**

**The interim dividend will be ¥55 per share as announced.**
**The year-end dividend forecast remains ¥55, for an annual dividend of ¥110 per share, up ¥10 year on year.**
**DOE is projected at 6.1%.**

| | 2025.3 | 2026.3 | 2027.3 |
|---|---|---|---|
| Interim dividend | ¥40 | ¥45 | ¥55 |
| Year-end dividend | ¥40 | ¥55 | ¥55 (Forecast) |
| Annual dividend | ¥80 | ¥100 | ¥110 (Forecast) |
| Dividend payout ratio | 61.0% | 50.8% | 51.1% (Forecast) |
| Dividend on equity ratio (DOE) | 5.1% | 6.0% | 6.1% (Forecast) |

## Trends in annual dividends per share

No dividend cuts for 14 consecutive fiscal years and dividend increases for six consecutive fiscal years are expected.



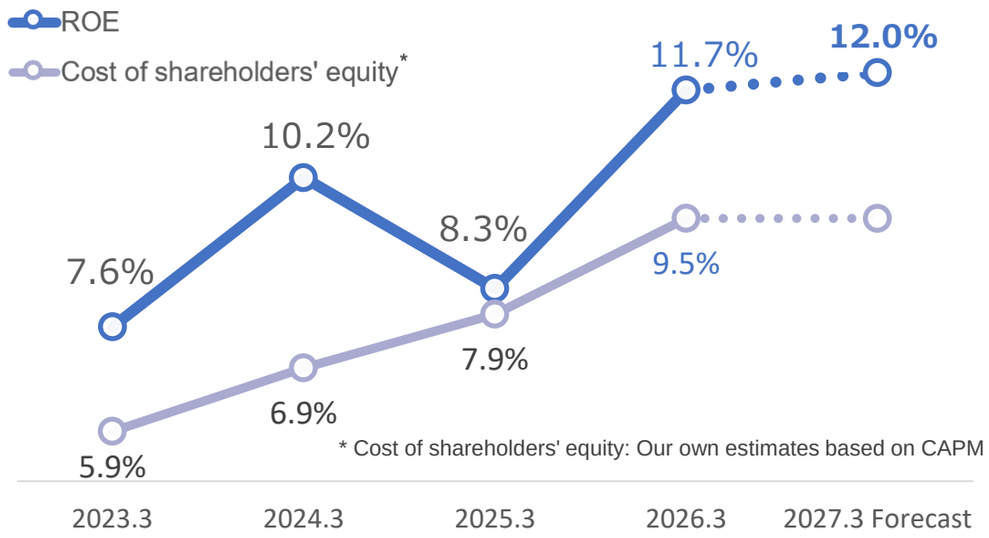



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# Current State Analysis of ROE

**FYE March 2027 Forecast: ROE 12.0%**

## ROE（Return on Equity）




## FYE March 2026 Actual

**ROE rose 3.4 percentage points year on year to 11.7%, reflecting improvements in both the net profit margin and total asset turnover.**

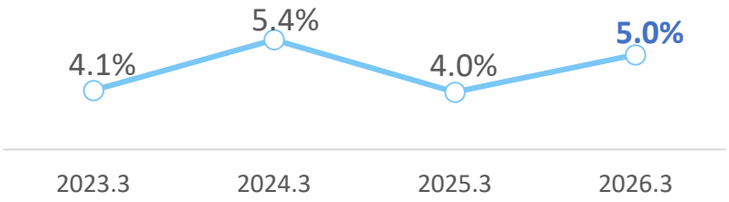
## 2027.3 Forecast

**ROE is projected to rise 0.3 percentage points year on year to 12.0%.**

**As the cost of equity is trending upward due to a higher risk-free rate accompanying rising government bond yields and a higher beta reflecting share-price volatility, we will pursue further earnings improvement and higher capital efficiency.**

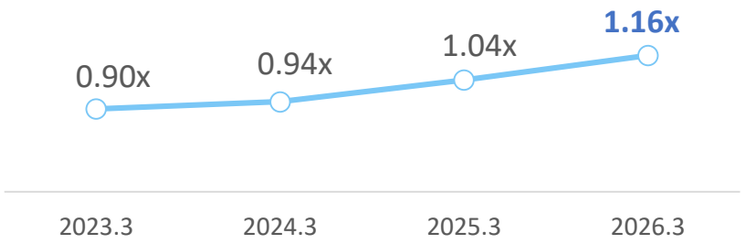
* Forecast ROE is calculated by dividing forecast profit attributable to owners of parent by average shareholders' equity at the beginning and end of the fiscal year.
Ending shareholders' equity is calculated by adding forecast profit to beginning shareholders' equity and deducting dividend payments based on the annual dividend forecast.

## Net profit margin



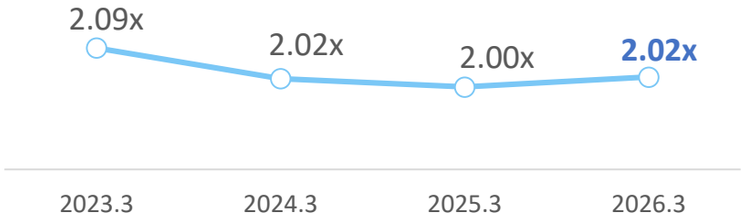

×

## Total asset turnover




×

## Financial leverage





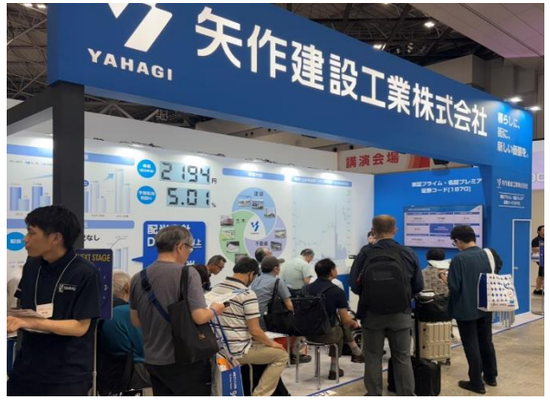

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# IR Initiatives

## Dialogue with Shareholders and Investors

**Continuing from the previous fiscal year, we engaged in dialogue through a wide range of opportunities, including financial results briefings, participation in the Nikkei-TSE IR Fair, and individual meetings with institutional investors.**

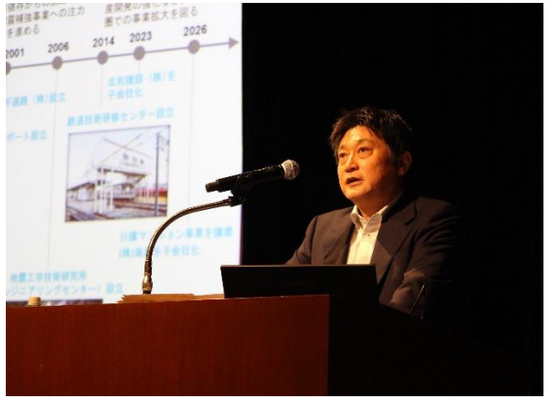
| FY2026 | Main Presenters |
|---|---|
| Financial results briefing | President and responsible executive officers |
| Briefing for individual investors | President |
| Nikkei-TSE IR Fair | Responsible department<br>* Fourth consecutive year of participation |
| Individual meetings with institutional investors | Responsible department |




**Nikkei-TSE IR Fair (August 2026)**



**Briefing for Individual investors (August 2026)**

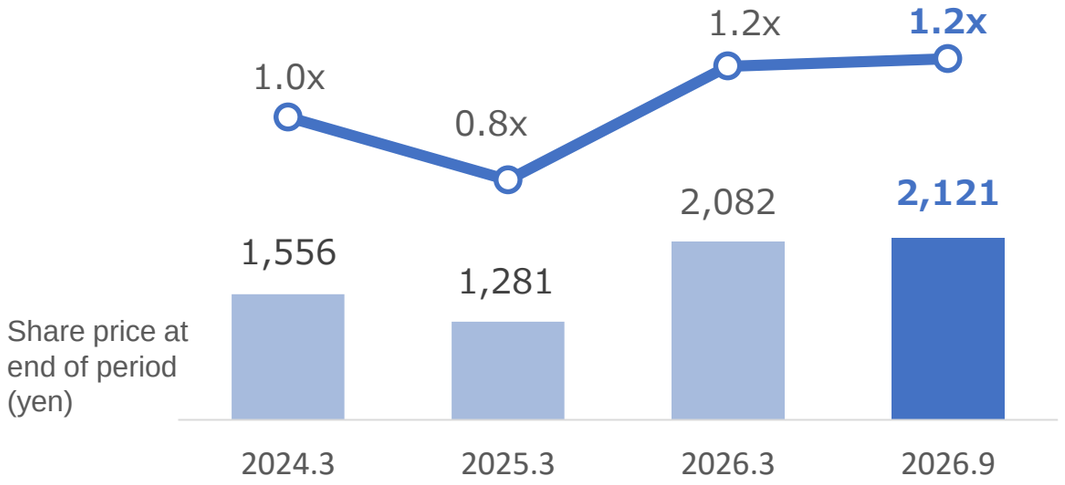


**Briefing for Individual Investors (Eiji Takeshita, President and Representative Director)**

## Major Upcoming Events

| | |
|---|---|
| **November 2026** | Financial results briefing for institutional investors (Tokyo) |
| **December 2026** | Nagoya Stock Exchange IR EXPO 2026 (Nagoya) |
| | Company briefing for individual investors (Osaka), etc. |

## PBR (Price Book-value Ratio)





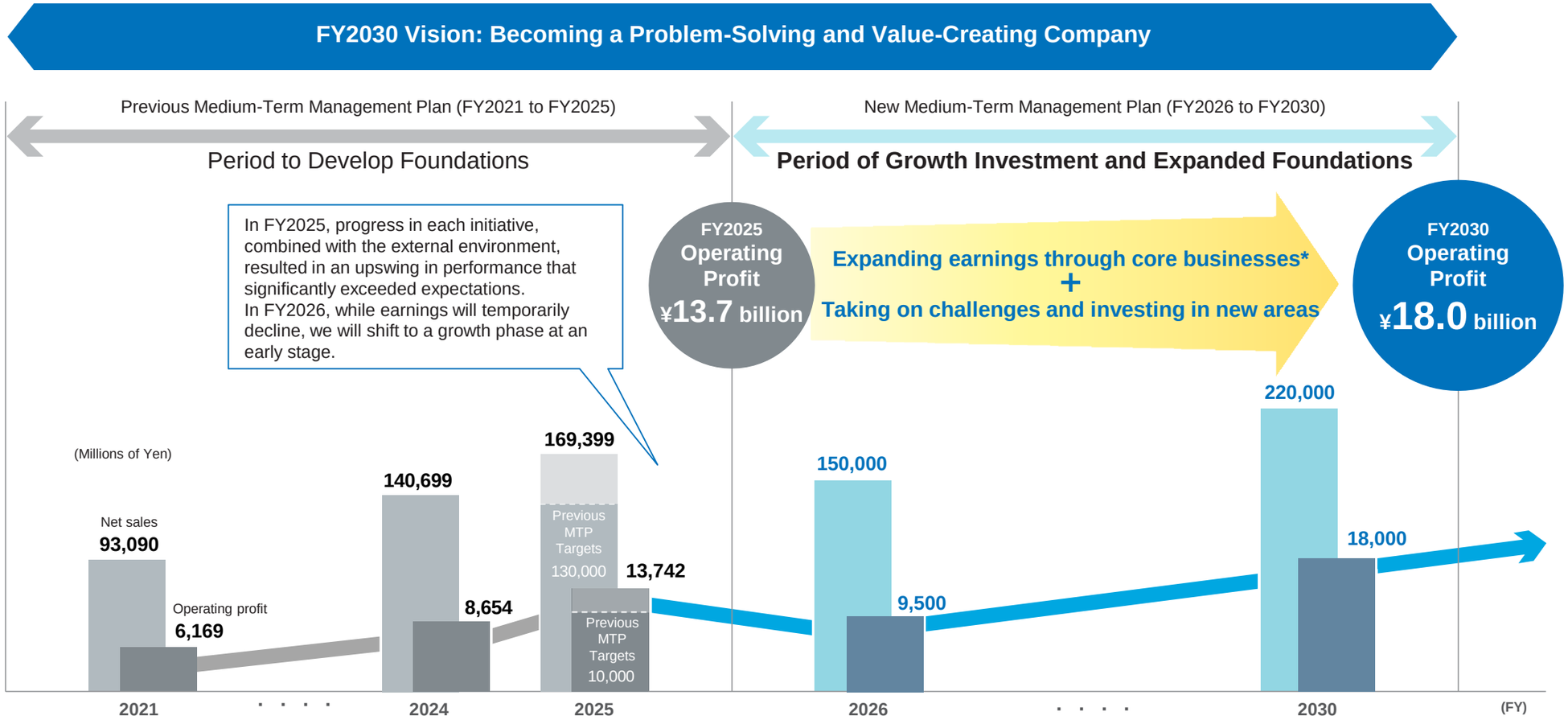

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# Progress of the Medium-Term Management Plan (FY2026-FY2030)

# Positioning of the Medium-Term Management Plan (FY2026-FY2030)

## Bolstering earning capabilities and continuing to expand the earnings base as dual challenges




* Businesses utilizing the operating foundation established in the Previous Medium-Term Management Plan



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# Basic Policy and Management Strategies

## Basic Policy

### Transformation into a problem-solving and value-creating company

**— Enhancing corporate value through the provision of value to diverse stakeholders and achieving a cycle of sustainable growth —**

## Management Strategies

**We define corporate value as business value[*1] × intangible asset value[*2], and aim to achieve the sustainable improvement of corporate value through the exponential growth of both**

**Management Strategy (1)**

**Pursuing earnings capabilities in core businesses and maximizing value creation**

- Utilize the business foundations built up during the Previous Medium-Term Management Plan to strengthen the structure generating sustainable results, and promote strategies for each business that facilitate **improved profit (and profit margins) and enhanced capital efficiency**

**Management Strategy (2)**

**Take on the challenge of growth domains and accelerate future-oriented business transformation**

- Drive a two-pronged strategy of **taking on challenges in new fields**, including the establishment of a site management structure aimed at future earning capabilities, and **the advancement and development of each business** to stabilize performance

**Accelerated growth of business value**

**Management Strategy (3)**

**Maximizing the value of human resources through proactive investment and boosting productivity by transforming organizational culture**

- **Proactive investment in human resources and organizations** to cultivate human resources who will solve issues and create value, and foster job fulfillment
- **Transformation of the organizational culture** and improvements to the work environment to enable all employees to fully succeed
- **Executing AI and DX strategies** that maximize productivity

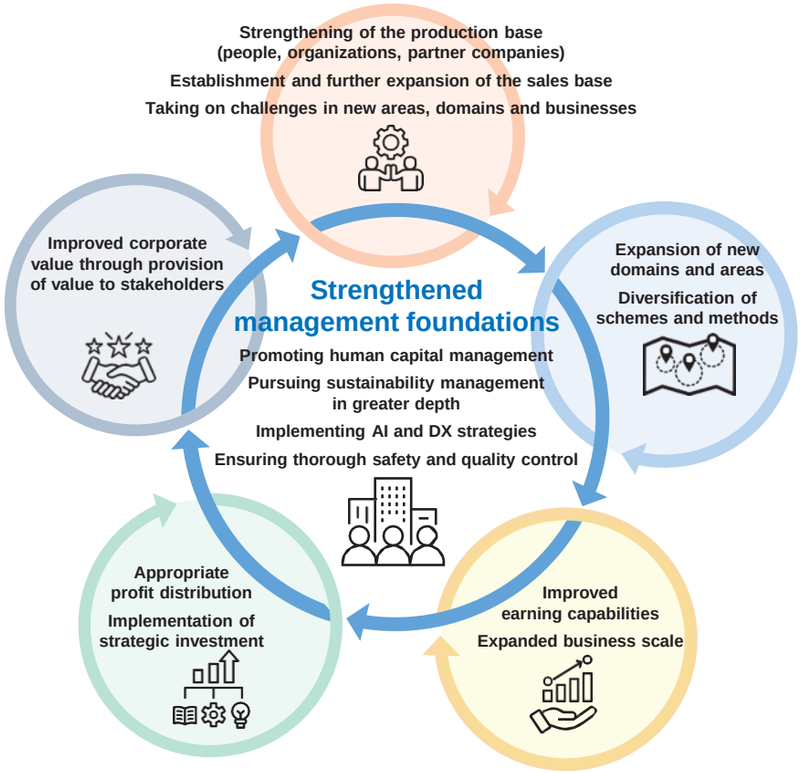
**Management Strategy (4)**

**Strengthening management foundations to sustainably enhance corporate value**

- Sustainably pursuing thorough safety management, enhancement of quality, and environmental considerations
- **Further enhancing corporate value** through the provision of value to diverse stakeholders

**Accelerating growth of intangible asset value**

**Cycle of Sustainable Growth**




*1 Business value: the legitimate proceeds obtained as a result of solving the issues faced by local communities and customers, and creating new value (i.e. earning capabilities)

*2 Intangible asset value: the source of value creation from the human resource capabilities, brand power, technological prowess and relationships of trust with local communities that the Company has cultivated to date and will continue to proactively strengthen



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# Numerical Targets (FY2030)

## Setting effective targets (KPIs) to enhance corporate value

### Management Indicators

| Profitability | Capital efficiency | Financial health |
|---|---|---|
| Operating profit | ROE | Equity ratio |
| ¥18.0 billion or more | 12% or more | 40% or more |
| * Net sales in the ¥220.0 billion range | | * D/E ratio of 1.0x or less |

### Other Indicators

| Growth investment (net) | Dividend policy | Engagement rating* |
|---|---|---|
| ¥50.0 billion | DOE of 5% or more (progressive dividends) | AA (FY2025 BBB) |

* Engagement rating is based on an engagement survey conducted by Link and Motivation Inc. on an 11-point scale from AAA to DD.



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# Progress toward Numerical Targets

| | FY2025<br>Actual | **FY2026<br>Forecast<br>[Announced Aug. 7, 2026]** | **FY2030<br>Medium-Term Plan Target** |
|---|---|---|---|
| Net sales | ¥169.3 bn. | **¥150.0 bn.** | **Approx. ¥220.0 bn.** |
| Operating profit | ¥13.7 bn. | **¥9.5 bn.** | **¥18.0 bn. or more** |
| ROE | 11.7% | **12.0%** *1 | **12% or more** |
| Equity ratio | 51.5% | **58.0%** *2 | **40% or more** |
| D/E ratio | 0.4x | **0.2x** *2 | **1.0x or less** |
| DOE | 6.0% | **6.1%** | **5.0% or more** |

*1 Forecast ROE is calculated by dividing forecast profit attributable to owners of parent by average shareholders' equity at the beginning and end of the fiscal year. Ending shareholders' equity is calculated by adding forecast profit to prior-year-end shareholders' equity and deducting dividend payments based on the annual dividend forecast.

*2 The equity ratio and D/E ratio shown are actual results for the interim period of the fiscal year ending March 31, 2027.



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# Progress toward Numerical Targets (by Business)

| | | FY2025 Actual | FY2026 Forecast [Announced Aug. 7, 2026] | FY2030 Medium-Term Plan Target |
|---|---|---|---|---|
| Architectural business | Net sales (Millions of Yen) | 112,339 | **97,000** | **150,000** |
| | Gross profit (Millions of Yen) | 11,056 | **8,800** | **16,500** |
| | *Profit margin* | *9.8%* | ***9.1%*** | ***11.0%*** |
| Civil engineering business | Net sales (Millions of Yen) | 37,817 | **42,000** | **50,000** |
| | Gross profit (Millions of Yen) | 7,831 | **8,200** | **10,000** |
| | *Profit margin* | *20.7%* | ***19.5%*** | ***20.0%*** |
| Real estate business | Net sales (Millions of Yen) | 19,243 | **11,000** | **20,000** |
| | Gross profit (Millions of Yen) | 7,092 | **4,300** | **7,000** |
| | *Profit margin* | *36.9%* | ***39.1%*** | ***35.0%*** |
| Total | Net sales (Millions of Yen) | 169,399 | **150,000** | **220,000** |
| | Gross profit (Millions of Yen) | 25,980 | **21,300** | **33,500** |
| | *Profit margin* | *15.3%* | ***14.2%*** | ***15.2%*** |


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# Initiatives toward Achieving the Medium-Term Management Plan

## Gatefront Hisaya-odori: A New Hub for Interaction in the Nagoya-Sakae Area

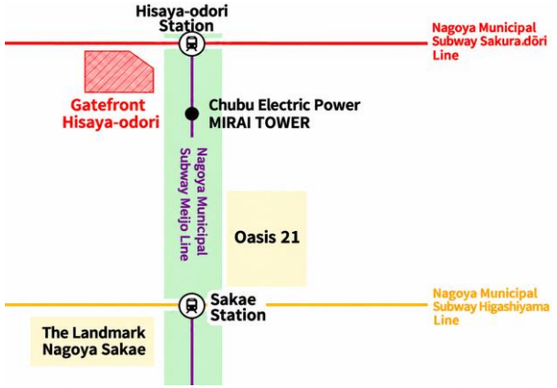


Exterior Rendering, Northeast View (Courtesy of Mitsubishi Estate)

| | |
|---|---|
| **Developer** | Mitsubishi Estate Co., Ltd. |
| **Construction period** | October 1, 2024 - December 2026 (scheduled) |
| **Main uses** | Offices, retail, and parking |
| **Building scale** | 13 floors above ground, 1 basement floor; approx. 60 m high |
| | Above ground: Steel structure, partly CFT structure |
| | Basement: Steel structure, partly steel-reinforced concrete structure |
| | Total floor area: Approx. 24,123 m² |

### Gatefront Hisaya-odori Project

- **Mixed-use office and retail development directly connected to Hisaya-odori Station**
- **Barrier-free network linking ground and underground levels to improve circulation in the area**
- **Contributes to creating vibrancy and strengthening urban functions as a hub for activity and interaction**




### Strategic Significance

**Medium-Term Management Plan [FY2026-FY2030]**
**Architectural Business Strategy**

### Build and Expand the Growth Platform by Taking on New Domains

1. **Further enhance technical and management capabilities through construction of a high-specification office building**
2. **Accumulate design and construction experience and know-how for large-scale buildings using CFT structures***
3. **Enhance name recognition and support talent acquisition through participation in a landmark urban project**

* CFT (Concrete Filled Steel Tube) structure: A structure in which concrete is filled inside circular or square steel tubes, mainly used for columns. Compared with steel or reinforced-concrete structures, it enables smaller columns, greater floor height, and more flexible spaces. Because on-site reinforcing-bar and formwork operations are not required, it can also improve productivity and shorten construction periods.



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# Main Questions and Answers from Investor Meetings

# Main Questions and Answers from Investor Meetings (Meetings Held in FY2026)

## Q. Have the impacts of heightened tensions in the Middle East on business materialized at this point?

**At present, there have been no significant disruptions in materials procurement or construction delays, and the impact on financial results is expected to be limited. The Company selects specialty contractors, manufacturers, and other suppliers early and promptly places orders once conditions are in place to secure necessary materials and equipment. We also continuously monitor prices of key materials and fuel and discuss cost pass-through and revisions to contract terms with clients as necessary. We will continue to monitor developments and work to limit the impact on our business and financial results.**

## Q. Architectural business orders in the first quarter were below the previous year. What is the outlook for orders?

**Orders can fluctuate significantly by quarter depending on the timing of large projects, making it difficult to assess the order environment from a single-quarter year-on-year comparison. The first-quarter decline largely reflected the reactionary decline after multiple large architectural projects were ordered in the same period of the previous fiscal year.**
**For the fiscal year ending March 31, 2027, the architectural business is targeting orders broadly in line with the previous fiscal year, taking into account the opening backlog and construction capacity. By use, orders are expected mainly for production facilities of operating companies, logistics warehouses, and condominiums.**

## Q. Why is the full-year profit margin plan for the architectural business substantially lower than the first-quarter level?

**In the first quarter, improvements in construction profitability through final settlements at project completion contributed to a gross profit margin of 12.0% in the architectural business.**
**From the second quarter onward, the plan reflects only those profitability improvements that can be reasonably estimated at present.**
**Accordingly, the full-year gross profit margin is forecast at 9.1%.**


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# Main Questions and Answers from Investor Meetings (Meetings Held in FY2026)

## Q. What is the recent trend in profitability at the time of order receipt in the architectural business?

**Profitability at the time of order receipt in the architectural business has improved from levels several years ago due to rigorous profitability management and progress in reflecting higher material prices and labor costs in order prices. In the most recent quarter, profitability was broadly unchanged from the previous fiscal year-end and remained at an improved level.**
**As profitability varies by project use, scale, construction period, conditions, and risk, we will continue to carefully assess each project and prioritize profitability in order decisions.**

## Q. Why are net sales and gross profit in the real estate business expected to decline substantially year on year in the fiscal year ending March 31, 2027?

**In the previous fiscal year, the Company recorded sales from multiple development properties and the condominiums for sale business. In the fiscal year ending March 31, 2027, sales from the condominiums for sale business (approximately ¥5.0 billion in the previous fiscal year) will no longer be recorded following its transfer, and the scale of development property sales is also planned to be lower. Accordingly, net sales and gross profit in the real estate business are expected to decline substantially year on year.**
**A large-scale industrial site is scheduled to be sold in the second half, and both net sales and gross profit are expected to increase from the first half.**

## Q. The real estate business is affected by the timing of property sales. How do you plan to stabilize earnings going forward?

**In addition to the conventional development and sale of industrial land, we will promote an asset-utilization approach under which certain land and buildings are held in-house to generate rental income and sold at an appropriate time. This will reduce earnings volatility caused by the presence or timing of real estate sales while expanding earnings opportunities through ownership, operation, and sale.**
**The period through FY2030 is positioned as a transition period, with the business portfolio to be restructured by around FY2035.**


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# Main Questions and Answers from Investor Meetings (Meetings Held in FY2026)

## Q. The medium-term management plan targets ROE of 12% or more in FY2030. Is this level low given the planned earnings growth?

**We regard ROE of 12% as the minimum level to be achieved. During the medium-term management plan, the business portfolio transformation in the real estate business and execution of growth investments will temporarily reduce the overall profit margin and ROE. However, through higher margins in the construction business, improved total asset turnover, and monetization of growth investments, we aim to achieve ROE of 12% or more in FY2030. Over the medium to long term, we will steadily translate the benefits of growth investments, including in real estate, into earnings, consistently maintain ROE of 12% or more, and pursue further improvement.**

## Q. Please explain your response to labor shortages and initiatives to improve productivity.

**We recognize labor shortages as a key issue shared across the construction industry. We are strengthening recruitment of engineers, including women and foreign nationals, developing internal talent, and building long-term relationships of trust with partner companies to maintain and strengthen a stable construction execution framework.**
**To improve productivity, we are advancing automation and labor-saving measures and enhancing data analysis using AI and DX, with the aim of improving productivity per employee. We are also improving on-site environments for skilled workers and working to maintain and strengthen the construction system.**

## Q. What is your view on the continued selection of the Company's shares in the first TOPIX periodic review implemented at the end of October 2026?

**In the results of the first periodic review announced by JPX Market Innovation & Research on October 7, 2026, the Company's shares were retained as a TOPIX constituent.**
**Under the new selection rules, existing constituents must have an annual traded value ratio of at least 0.14 and rank within the top 97% by cumulative free-float-adjusted market capitalization. The Company met both criteria.**
**We believe continued inclusion will help maintain and improve recognition of the Company's shares and share liquidity among a broad investor base. We will continue to enhance corporate value through sustainable earnings growth, improved capital efficiency, shareholder returns, and stronger IR activities, thereby improving our evaluation in the equity market.**


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# Reference Information

# Details of Orders Received

## Orders Received by Use

(Millions of Yen)

| | | 2024.9 Actual | | 2025.9 Actual | | 2026.9 Actual | |
|---|---|---|---|---|---|---|---|
| Architectural business | Condominiums | 12,899 | (25.4%) | 18,802 | (42.1%) | 16,462 | (40.6%) |
| | Logistics facilities | 19,110 | (37.7%) | 9,363 | (21.0%) | 5,885 | (14.5%) |
| | Factories | 236 | (0.5%) | 9,636 | (21.6%) | 4,830 | (11.9%) |
| | Offices | 10,426 | (20.6%) | 569 | (1.3%) | 931 | (2.3%) |
| | Educational facilities | 0 | (0.0%) | 132 | (0.3%) | 4,966 | (12.3%) |
| | Railways (stations, etc.) | 815 | (1.6%) | 1,695 | (3.8%) | 553 | (1.4%) |
| | Others | 7,205 | (14.2%) | 4,453 | (10.0%) | 6,897 | (17.0%) |
| | Total | 50,691 | (100.0%) | 44,650 | (100.0%) | 40,524 | (100.0%) |
| Civil engineering business | Roads | 6,824 | (34.0%) | 9,314 | (47.4%) | 5,505 | (31.6%) |
| | Railways (tracks, etc.) | 6,001 | (29.9%) | 3,974 | (20.2%) | 3,643 | (20.9%) |
| | Land development | 2,590 | (12.9%) | 303 | (1.5%) | 3,091 | (17.8%) |
| | PW method-related | 3,701 | (18.4%) | 2,135 | (10.9%) | 3,939 | (22.6%) |
| | Others | 955 | (4.8%) | 3,937 | (20.0%) | 1,236 | (7.1%) |
| | Total | 20,071 | (100.0%) | 19,663 | (100.0%) | 17,414 | (100.0%) |

## Orders Received by Client Type (Public/Private)

(Millions of Yen)

| | | 2024.9 Actual | | 2025.9 Actual | | 2026.9 Actual | |
|---|---|---|---|---|---|---|---|
| Architectural business | Public | 1 | (0.0%) | 111 | (0.2%) | 6,120 | (15.1%) |
| | Private | 50,689 | (100.0%) | 44,539 | (99.8%) | 34,403 | (84.9%) |
| | Total | 50,691 | (100.0%) | 44,650 | (100.0%) | 40,524 | (100.0%) |
| Civil engineering business | Public | 6,470 | (32.2%) | 10,668 | (54.3%) | 5,064 | (29.1%) |
| | Private | 13,601 | (67.8%) | 8,995 | (45.7%) | 12,350 | (70.9%) |
| | Total | 20,071 | (100.0%) | 19,663 | (100.0%) | 17,414 | (100.0%) |
| Total | Public | 6,471 | (9.1%) | 10,779 | (16.8%) | 11,185 | (19.3%) |
| | Private | 64,290 | (90.9%) | 53,534 | (83.2%) | 46,754 | (80.7%) |
| | Total | 70,762 | (100.0%) | 64,314 | (100.0%) | 57,939 | (100.0%) |



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# Quarterly Trends by Business

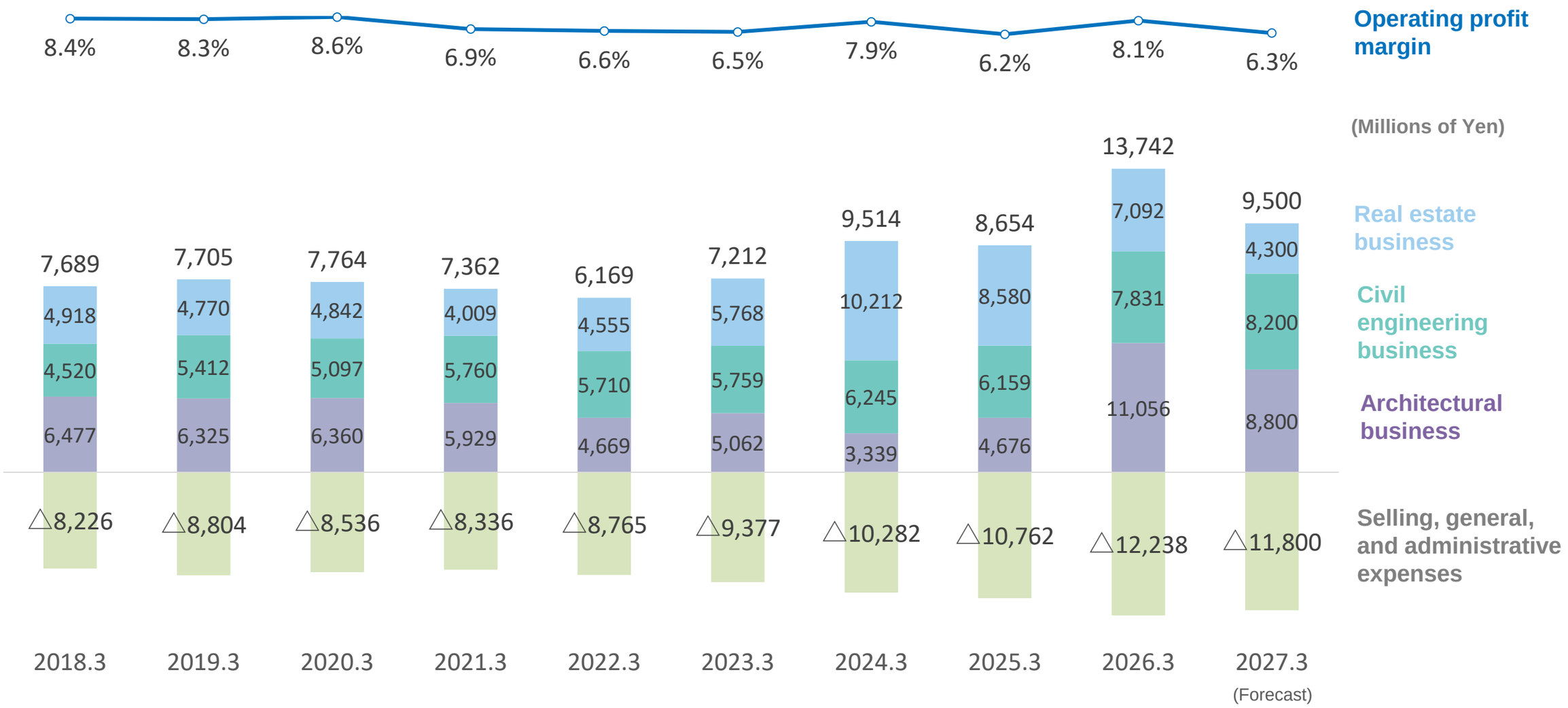
(Millions of Yen)

| | | 2025.3 | | | | | 2026.3 | | | | | 2027.3 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1Q | 2Q | 3Q | 4Q | Full-year | 1Q | 2Q | 3Q | 4Q | Full-year | 1Q | 2Q | 3-4Q Forecast | Full-year Forecast |
| Net sales | Architectural business | 15,846 | 19,949 | 27,742 | 22,991 | 86,529 | 28,573 | 33,726 | 27,403 | 22,635 | 112,339 | 21,255 | 25,062 | 50,682 | 97,000 |
| | Civil engineering business | 6,498 | 7,287 | 8,764 | 9,622 | 32,172 | 7,128 | 9,634 | 10,145 | 10,907 | 37,817 | 9,290 | 9,404 | 23,305 | 42,000 |
| | Real estate business | 4,291 | 4,887 | 1,841 | 10,976 | 21,997 | 5,450 | 5,150 | 5,888 | 2,753 | 19,243 | 1,050 | 3,411 | 6,538 | 11,000 |
| | Total | 26,635 | 32,125 | 38,349 | 43,589 | 140,699 | 41,153 | 48,511 | 43,437 | 36,296 | 169,399 | 31,596 | 37,877 | 80,525 | 150,000 |
| Gross profit | Architectural business | 795 | 423 | 2,220 | 1,237 | 4,676 | 3,455 | 3,140 | 2,429 | 2,031 | 11,056 | 2,542 | 2,259 | 3,998 | 8,800 |
| | *(Profit margin in the architectural business)* | *5.0%* | *2.1%* | *8.0%* | *5.4%* | *5.4%* | *12.1%* | *9.3%* | *8.9%* | *9.0%* | *9.8%* | *12.0%* | *9.0%* | *7.9%* | *9.1%* |
| | Civil engineering business | 821 | 1,370 | 1,859 | 2,108 | 6,159 | 1,075 | 1,984 | 2,001 | 2,771 | 7,831 | 1,364 | 2,074 | 4,760 | 8,200 |
| | *(Profit margin in the civil engineering business)* | *12.6%* | *18.8%* | *21.2%* | *21.9%* | *19.1%* | *15.1%* | *20.6%* | *19.7%* | *25.4%* | *20.7%* | *14.7%* | *22.1%* | *20.4%* | *19.5%* |
| | Real estate business | 1,598 | 1,413 | 545 | 5,023 | 8,580 | 1,867 | 1,808 | 2,965 | 451 | 7,092 | 505 | 487 | 3,307 | 4,300 |
| | *(Gross profit margin on real estate business and other)* | *37.2%* | *28.9%* | *29.6%* | *45.8%* | *39.0%* | *34.3%* | *35.1%* | *50.4%* | *16.4%* | *36.9%* | *48.1%* | *14.3%* | *50.6%* | *39.1%* |
| | Total | 3,214 | 3,206 | 4,625 | 8,369 | 19,416 | 6,398 | 6,933 | 7,395 | 5,253 | 25,980 | 4,412 | 4,821 | 12,066 | 21,300 |
| | *(Gross profit margin)* | *12.1%* | *10.0%* | *12.1%* | *19.2%* | *13.8%* | *15.5%* | *14.3%* | *17.0%* | *14.5%* | *15.3%* | *14.0%* | *12.7%* | *15.0%* | *14.2%* |



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# Trends in Operating Profit






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# Consolidated Subsidiaries

(As of September 30, 2026)

| Company Name | Address | Capital (Millions of Yen) | Fiscal Year-End | Business Description | Interim Net Sales (Millions of Yen) |
|---|---|---|---|---|---|
| YAHAGI REAL ESTATE CO., LTD. | Higashi-ku, Nagoya, Aichi | 800 | March | Real estate development, leasing, and brokerage | 882 |
| YAHAGI BUILDING AND LIFE CO., LTD. | Higashi-ku, Nagoya, Aichi | 400 | March | Property management, architectural construction, signage, non-life insurance agency, Wood Pita seismic reinforcement for detached wooden houses, and customer service for condominiums for sale | 1,591 |
| YAHAGI GREEN CO., LTD. | Higashi-ku, Nagoya, Aichi | 100 | March | Sports turf, landscaping and environmental improvement, slope works, and spatial and exterior works | 2,299 |
| TECHNO SUPPORT CO., LTD. | Higashi-ku, Nagoya, Aichi | 50 | March | PAN WALL reinforced earth retaining walls, Pita Column external seismic reinforcement, construction works, technology development, and test specimen fabrication | 677 |
| YAHAGI ROAD CO., LTD. | Toyota, Aichi | 300 | March | Paving, civil engineering, manufacture and sale of asphalt mixtures, and recycling | 4,112 |
| NANSHIN TAKAMORI DEVELOPMENT CO., LTD. | Takamori, Shimoina-gun, Nagano | 50 | March | Golf course operations (Takamori Country Club) | 235 |
| HOKUWA CONSTRUCTION, INC. | Shimogyo-ku, Kyoto, Kyoto | 85 | March | Architectural construction | 5,467 |
| Kaisho Inc. | Kochi, Kochi | 10 | March | Slope reinforcement | 1,000 |


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# Disclaimer

* Forward-looking statements such as earnings forecasts contained in this document include projections for the future, assumptions underlying plans, and predictions as of the date of the release of this document. These statements are not guarantees of future performance by the Company.  Actual results may differ significantly depending on various factors in the future. This document contains estimates that have not been audited, and the figures are subject to change.

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