YAHAGI

YAHAGI CONSTRUCTION CO., LTD.

Material on the Financial Results for the First Quarter 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)

August 7, 2026

Revisions to Financial Results Forecasts for the Fiscal Year Ending March 31, 2027【Announced on August 7, 2026】

In light of recent operating performance and other factors, we have revised the financial results forecasts announced on May 12, 2026.

（1） Revision of the consolidated results forecast for the six months ending September 30, 2026 (April 1, 2026 to September 30, 2026)

(Millions of Yen)

Interim Period	Net sales	Operating profit	Ordinary profit	Interim profit attributable to owners of parent	Earnings per share
Previously announced forecast (A)	65,800	1,100	1,030	2,300	¥53.26
Revised forecast (B)	68,600	2,300	2,330	4,000	¥92.63
Increase/decrease (B-A)	2,800	1,200	1,300	1,700	
Change	4.3%	109.1%	126.2%	73.9%	

（2） Revision of the full-year consolidated results forecast for the fiscal year ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(Millions of Yen)

Full Year	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previously announced forecast (C)	150,000	9,000	8,880	8,200	¥189.90
Revised forecast (D)	150,000	9,500	9,380	9,300	¥215.37
Increase/decrease (D-C)	-	500	500	1,100	
Change	-	5.6%	5.6%	13.4%	

* For details, please refer to the “Notice of Revisions to the Consolidated Results Forecasts for the Six Months Ending September 30, 2026 and the Full Year Ending March 31, 2027, and the Dividend Forecast” announced today, August 7, 2026.

Summary

Results for the First Quarter of the Fiscal Year Ending March 31, 2027

- **Although net sales decreased by 23.2% year on year, they remained at the second-highest level ever for a first quarter.**
- **Operating profit declined by 57.8% due to the impact of lower net sales. Meanwhile, quarterly profit increased by 15.3% year on year due to the recording of extraordinary gains and other factors.**

Consolidated net sales	Consolidated operating profit	Quarterly Profit attributable to owners of parent
¥31.5 bn.	¥1.5 bn.	¥2.9 bn.
YoY △23.2%	YoY △57.8%	YoY +15.3%

Forecast for the Fiscal Year Ending March 31, 2027

- **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

INDEX

1

Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027

Consolidated statement of income for the first quarter of the fiscal year ending March 31, 2027

YAHAGI

Net sales

Despite a ¥9.5 billion year-on-year decrease due to a reactionary decline from the high sales level in the same period of the previous fiscal year, when large-scale construction projects were in their peak phase, as well as the absence of sales of developed properties in the first quarter under review, net sales remained at the second-highest level ever for a first quarter.

Profit

Operating profit and ordinary profit each declined by approximately ¥2.0 billion year on year due to the impact of lower net sales. However, quarterly profit attributable to owners of parent increased by ¥0.3 billion year on year due to the recording of extraordinary gains, including gains on the sale of strategic shareholdings and gains from the transfer of the condominium management business.

(Millions of Yen)

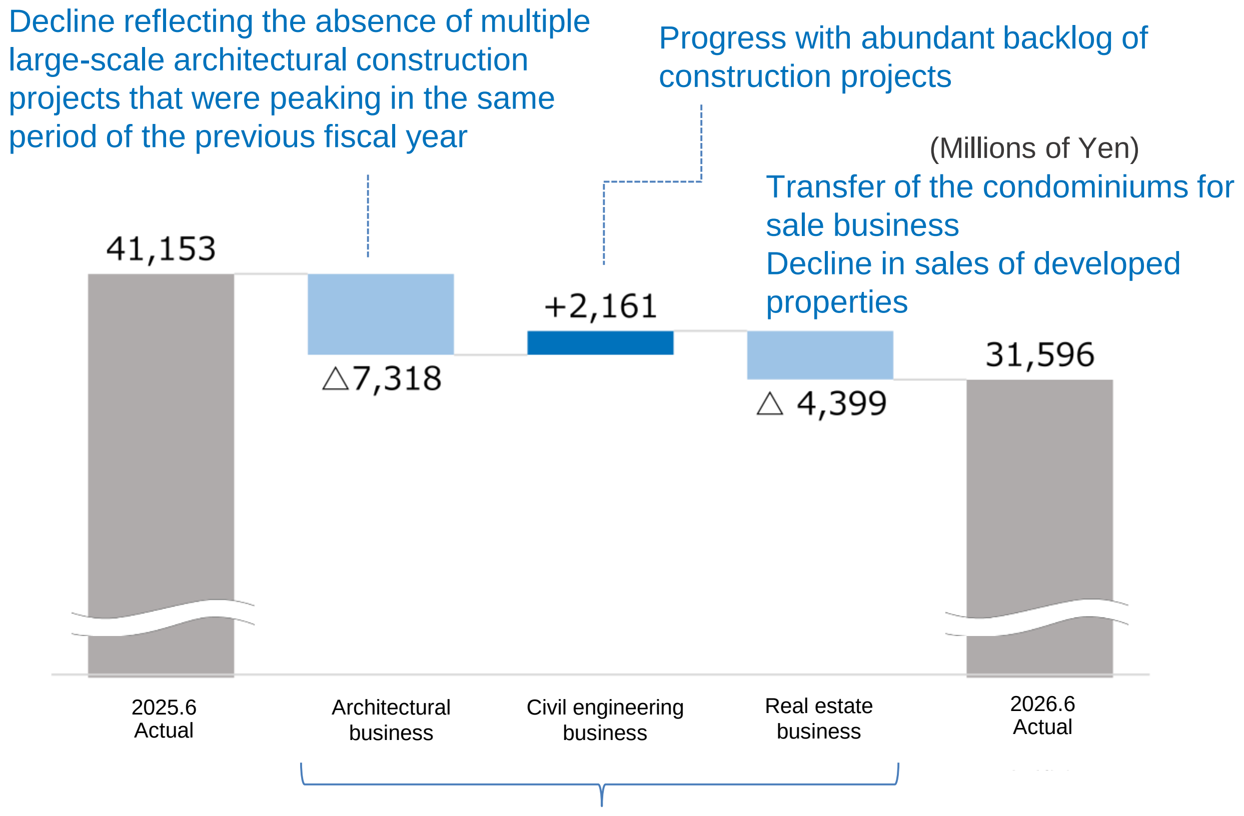
	2024.6 Actual	2025.6 Actual	2026.6 Actual	Year on year: Increase/ decrease	Year on year: Change	2026.9 Interim Forecast 【Announced on May 12, 2026】	Progress
Net sales	**26,635**	**41,153**	**31,596**	△9,556	△23.2%	**65,800**	48.0%
Net sales of completed construction contracts	22,344	35,702	30,545	△5,156	△14.4%	63,000	48.5%
Net sales in real estate business and other	4,291	5,450	1,050	△4,399	△80.7%	2,800	37.5%
Gross profit	**3,214**	**6,398**	**4,412**	△1,986	△31.0%	**6,800**	64.9%
(Gross profit margin)	*(12.1%)*	*(15.5%)*	*(14.0%)*	*△1.5pt*		*(10.3%)*	
Gross profit on completed construction contracts	1,616	4,530	3,907	△623	△13.8%	6,300	62.0%
Gross profit on real estate business and other	1,598	1,867	505	△1,362	△73.0%	500	101.0%
Selling, general, and administrative expenses	2,487	2,750	2,871	120	4.4%	5,700	50.4%
Operating profit	**726**	**3,647**	**1,540**	△2,106	△57.8%	**1,100**	**140.1%**
(Operating profit margin)	*(2.7%)*	*(8.9%)*	*(4.9%)*	*△4.0pt*		*(1.7%)*	
Ordinary profit	**777**	**3,676**	**1,638**	△2,038	△55.4%	**1,030**	**159.0%**
(Ordinary profit margin)	*(2.9%)*	*(8.9%)*	*(5.2%)*	*△3.7pt*		*(1.6%)*	
Quarterly profit attributable to owners of parent	**584**	**2,560**	**2,953**	392	15.3%	**2,300**	**128.4%**
(Return on sales)	*(2.2%)*	*(6.2%)*	*(9.3%)*	*3.1pt*		*(3.5%)*	

Gross profit exceeded the initial assumption, and operating profit and all profit lines below operating profit achieved the previously announced interim forecast in the first quarter. Based on this, we revised the interim forecast upward.

Factors for increase or decrease in net sales/operating profit (vs results for the first quarter of the fiscal year ending March 31, 2026)

Net sales

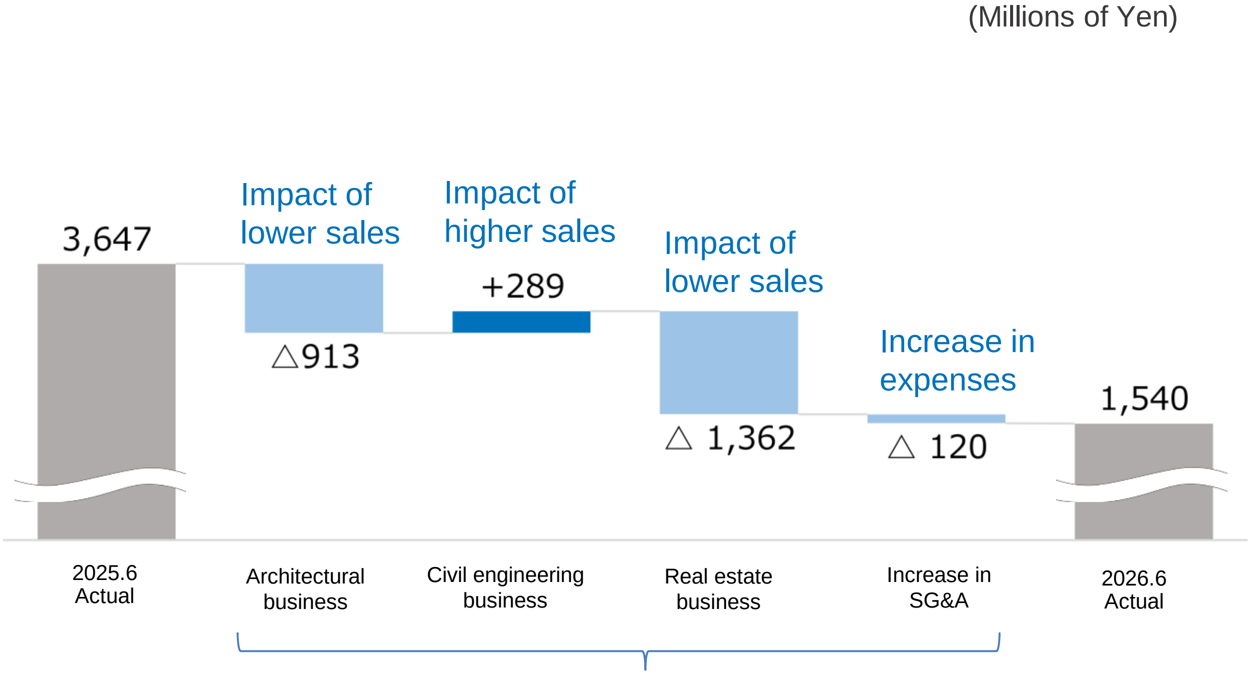
Despite a ¥9.5 billion year-on-year decrease due to the reactionary decline from progress on large-scale projects in the same period of the previous fiscal year and other factors, net sales remained at the second-highest level ever for a first quarter.



YoY ¥**9.5** bn.

Operating profit

Operating profit declined by ¥2.1 billion year on year due to lower net sales.

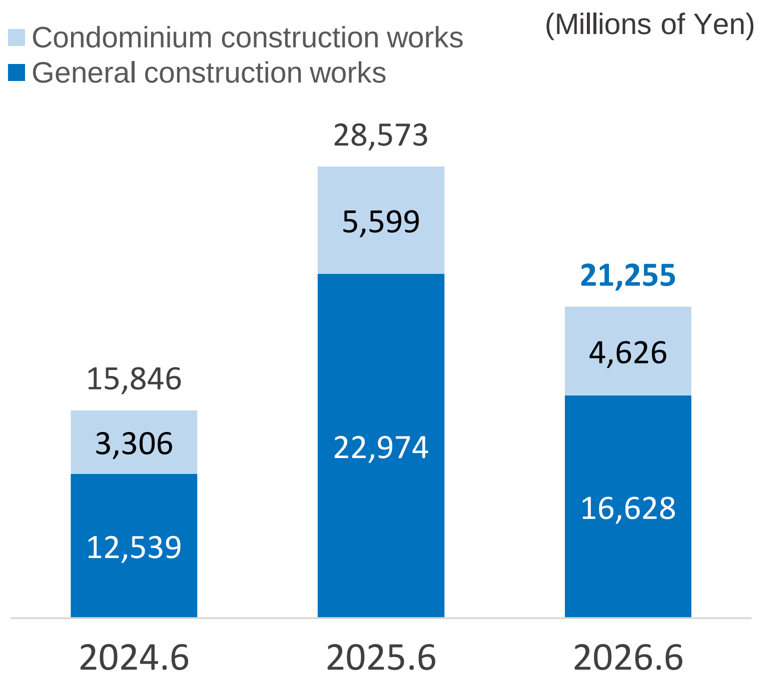


YoY ¥**2.1** bn.

<Business Review> Architectural business for the first quarter of the fiscal year ending March 31, 2027

Net sales

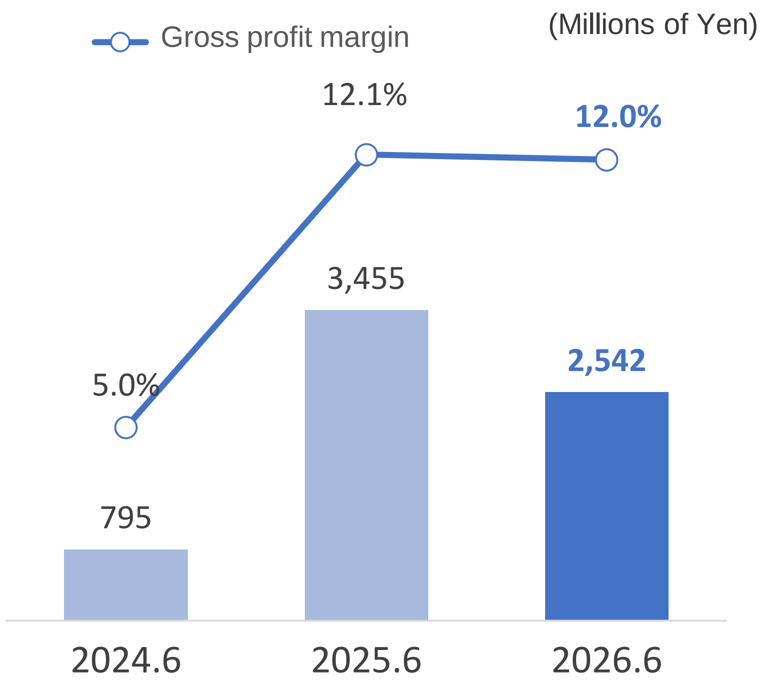
Net sales fell ¥7.3 billion year on year due to the high base from the record-high first quarter of the previous fiscal year, despite steady progress on large-scale logistics facility projects.



YoY ¥7.3 bn. (25.6%)

Gross profit

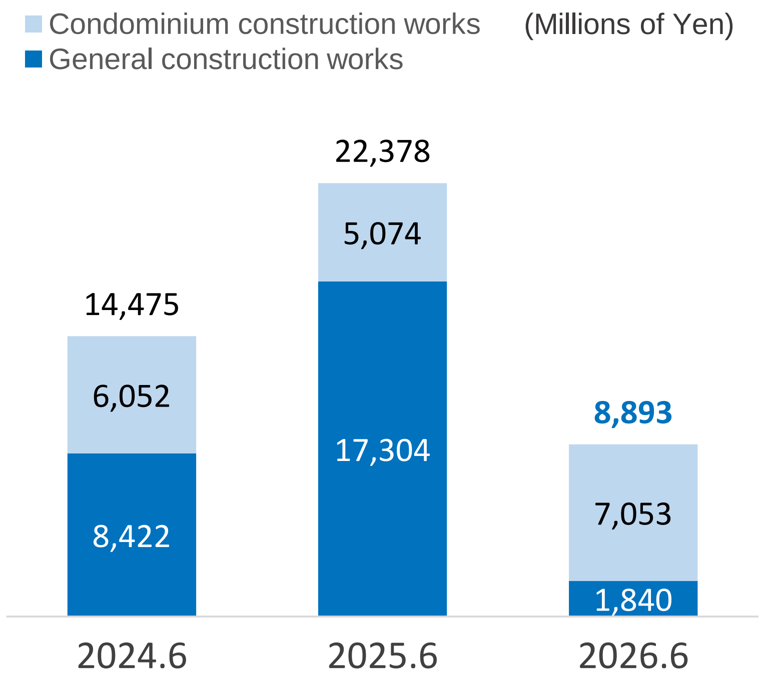
Gross profit declined by ¥0.9 billion year on year due to lower sales.



YoY ¥0.9 bn. (26.4%)

Orders received

Orders received declined by ¥13.4 billion year on year, reflecting the reactionary decline following the receipt of multiple large-scale construction orders in the same period of the previous fiscal year.

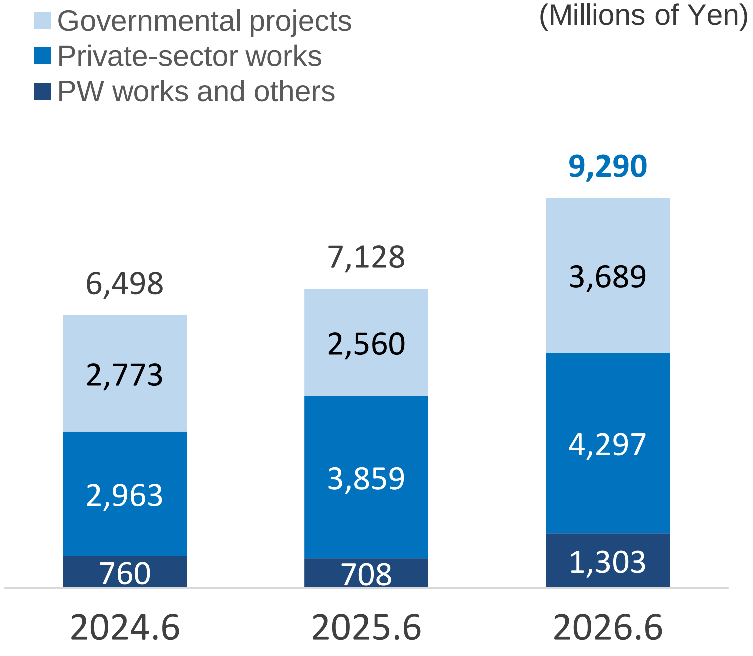


YoY ¥13.4 bn. (60.3%)

<Business Review> Civil engineering business for the first quarter of the fiscal year ending March 31, 2027

Net sales

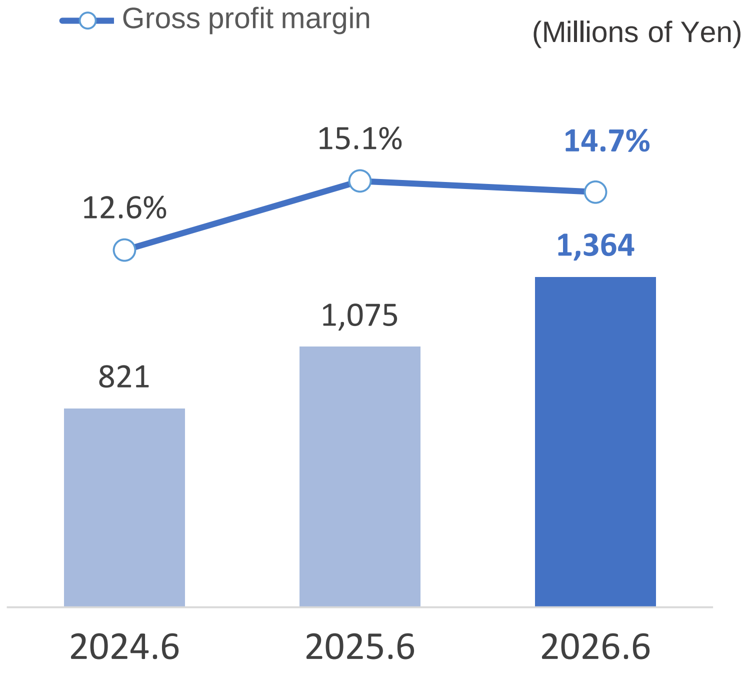
Net sales increased by ¥2.1 billion year on year as abundant backlog progressed in both governmental projects and private-sector works.



YoY ¥2.1 bn. (30.3%)

Gross profit

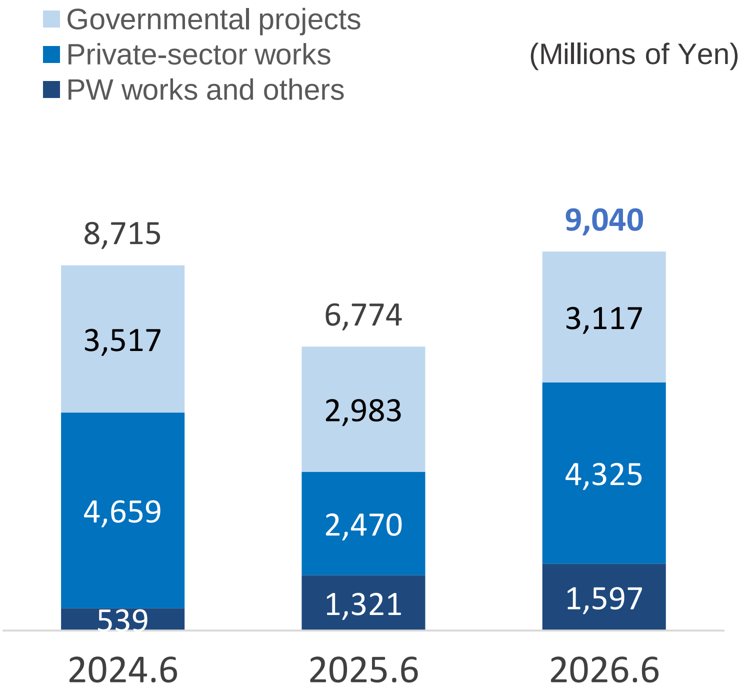
Gross profit increased by ¥0.2 billion year on year due to higher sales.



YoY ¥0.2 bn. (26.9%)

Orders received

Orders received increased by ¥2.2 billion year on year due to orders for large-scale private-sector works.



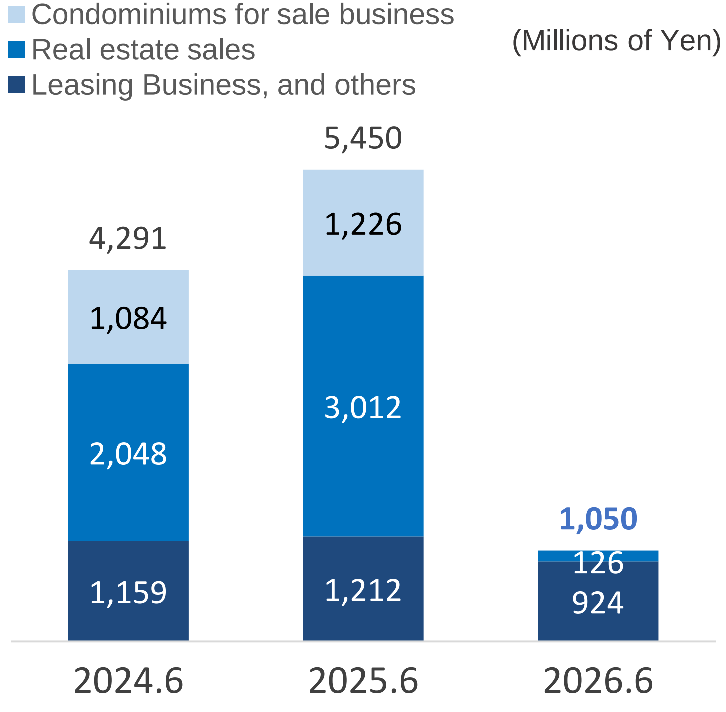
YoY ¥2.2 bn. (33.4%)

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

<Business Review> Real estate business for the first quarter of the fiscal year ending March 31, 2027

Net sales

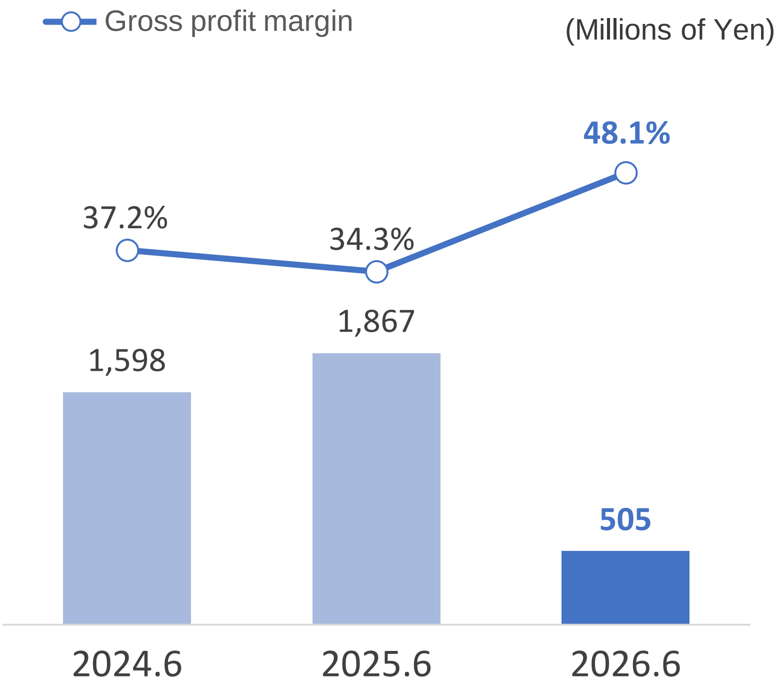
In the first quarter under review, there were no sales of developed properties. In addition, due to the impact of the transfer of the condominiums for sale business, net sales declined by ¥4.3 billion year on year.



YoY ¥4.3 bn. (80.7%)

Gross profit

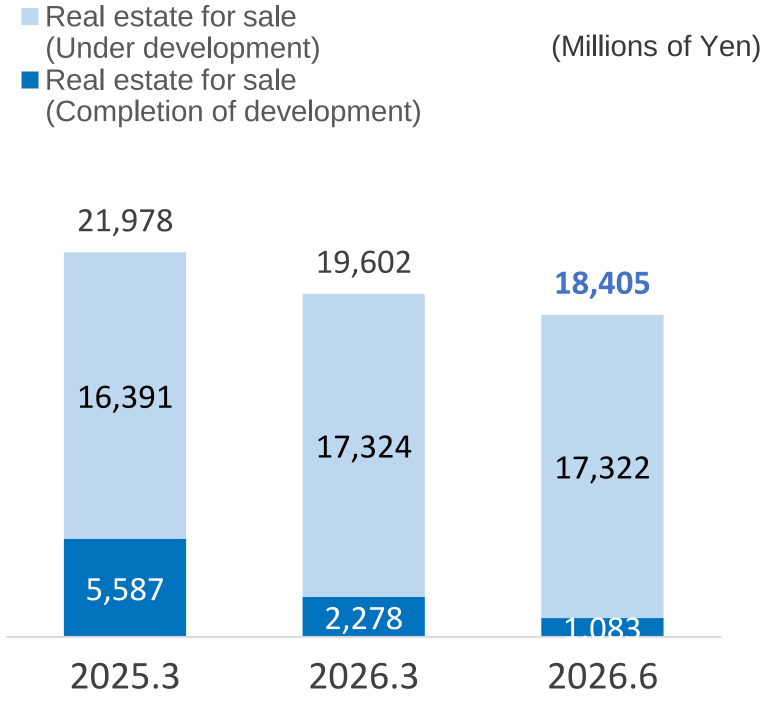
Gross profit declined by ¥1.3 billion year on year due to lower sales.



YoY ¥1.3 bn. (73.0%)

Balance of real estate for sale

Although land for the development of a large-scale industrial site was acquired, the balance decreased by ¥1.1 billion from the end of the previous fiscal year due to the impact of the transfer of the condominiums for sale business.



Down ¥1.1 bn. vs. previous FY-end (6.1%)

Summary of orders received and orders received carried forward for the first quarter of the fiscal year ending March 31, 2027

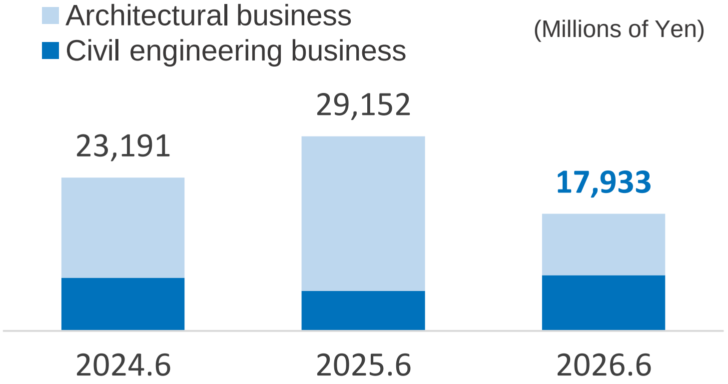
Orders received

Although the civil engineering business increased, orders received declined by ¥11.2 billion year on year, reflecting a reactionary decline following the receipt of large-scale construction projects in the architectural business in the same period of the previous fiscal year.

(Millions of Yen)

	2024.6 Actual	2025.6 Actual	2026.6 Actual	Year on year Increase/ decrease	Year on year Change
Architectural business	14,475	22,378	**8,893**	△ 13,484	△60.3%
Civil engineering business	8,715	6,774	**9,040**	2,265	33.4%
Total	23,191	29,152	**17,933**	△ 11,218	△38.5%

YoY ¥11.2 bn. (38.5%)



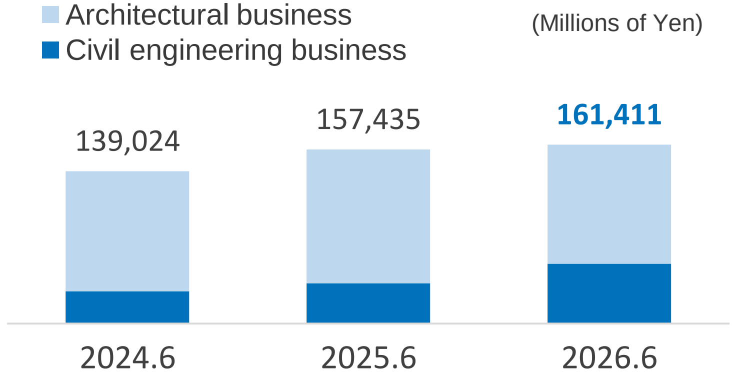
Orders received carried forward

Although orders received carried forward in the architectural business decreased as progress on large-scale logistics facility projects led to digestion of the backlog, the civil engineering business increased significantly. As a result, orders received carried forward set a new record high for the third consecutive first quarter.

(Millions of Yen)

	2024.6 Actual	2025.6 Actual	2026.6 Actual	Year on year Increase/ decrease	Year on year Change
Architectural business	101,801	113,447	**100,784**	△ 12,663	△11.2%
Civil engineering business	37,223	43,987	**60,627**	16,639	37.8%
Total	139,024	157,435	**161,411**	3,975	2.5%

YoY ¥3.9 bn. (2.5%)



Consolidated financial position for the first quarter of the fiscal year ending March 31, 2027

Total assets

Total assets fell ¥21.5 billion from the end of the previous fiscal year, mainly due to lower trade receivables and investments and other assets, partly offset by a ¥3.3 billion increase in intangible assets from Kaisho Inc. related goodwill.

Interest-bearing debt

Funds collected from construction payments were used to repay borrowings. As a result, interest-bearing debt decreased by ¥16.2 billion to ¥14.5 billion, and the D/E ratio* declined to 0.2x.

Net assets

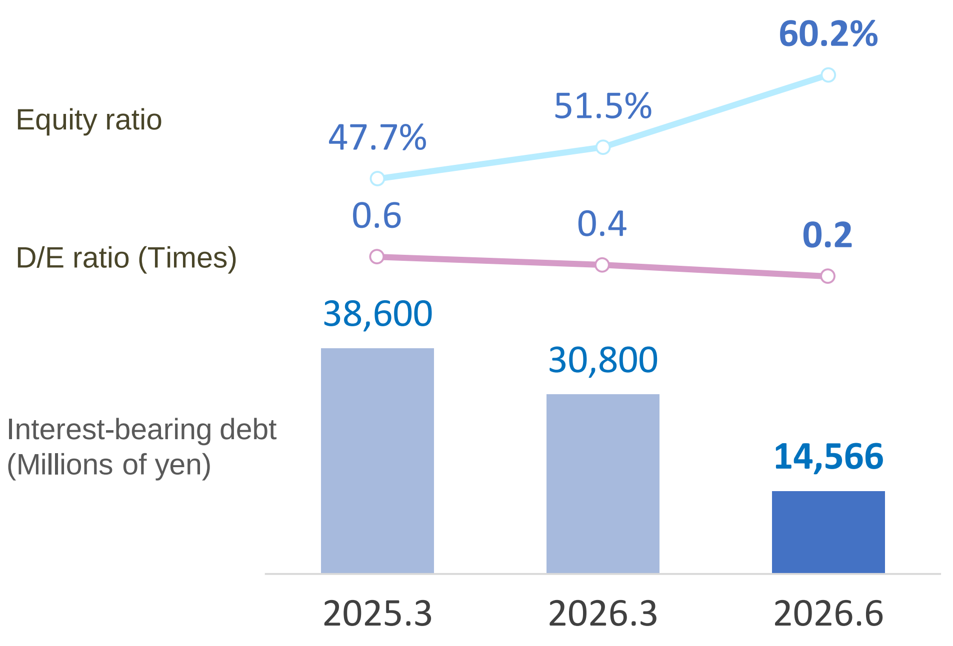
Although quarterly profit was recorded, net assets decreased slightly from the end of the previous fiscal year due to payment of year-end dividends.
As total assets decreased significantly, the equity ratio rose to 60.2%.

(Millions of Yen)

	Assets	2026.6 Actual	Increase/ Decrease
Current assets	Cash and deposits	16,250	△10
	Trade receivables	46,286	△20,304
	Costs on construction contracts in progress	3,449	139
	Real estate for sale	18,405	△1,197
	Others	6,247	△2,038
	Total	90,639	△23,411
Non-current assets	Property, plant and equipment	22,832	236
	Intangible assets	4,090	3,351
	Investments and other assets	8,553	△1,723
	Total	35,475	1,864
Total assets		126,115	△21,546

	Liabilities	2026.6 Actual	Increase/ Decrease
Current liabilities	Trade payables	13,072	△2
	Short-term borrowings	7,530	△15,969
	Advances received on construction contracts in progress	10,091	△499
	Others	6,317	△4,671
	Total	37,012	△21,142
Non-current liabilities	Long-term borrowings	7,036	△263
	Others	6,123	△74
	Total	13,159	△338
Total liabilities		50,171	△21,480
Net assets		75,944	△66
Total liabilities and net assets		126,115	△21,546

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



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

2

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

Revisions to Financial Results Forecasts

Interim Forecast

- **Net sales**: Net sales are expected to exceed the initial forecast by ¥2.8 billion due to the front-loading of construction progress.
- **Profit**: Operating profit is expected to increase by ¥1.2 billion, ordinary profit by ¥1.3 billion, and interim profit attributable to owners of parent by ¥1.7 billion due to improved construction profitability and the recording of gains on the sale of non-current assets.

Full-Year Forecast

- **Net sales**: As the increase in net sales in the interim period is attributable to the front-loading of construction progress, the initial forecast is unchanged.
- **Profit**: Operating profit and ordinary profit are each expected to exceed the initial forecast by ¥0.5 billion due to improved construction profitability and an increase in profit in the real estate business.

(Millions of Yen)

	Interim Forecast				Full-Year Forecast			
	Before revision	After revision	Increase/ decrease	Change	Before revision	After revision	Increase/ decrease	Change
Net sales	**65,800**	**68,600**	**2,800**	**4.3%**	**150,000**	**150,000**	**-**	**-**
Net sales of completed construction contracts	63,000	65,600	2,600	4.1%	139,000	139,000	-	-
Net sales in real estate business and other	2,800	3,000	200	7.1%	11,000	11,000	-	-
Gross profit	**6,800**	**8,300**	**1,500**	**22.1%**	**20,800**	**21,300**	**500**	**2.4%**
(Gross profit margin)	*(10.3%)*	*(12.1%)*	*1.8pt*		*(13.9%)*	*(14.2%)*	*0.3pt*	
Gross profit on completed construction contracts	6,300	7,400	1,100	17.5%	16,700	17,000	300	1.8%
Gross profit on real estate business and other	500	900	400	80.0%	4,100	4,300	200	4.9%
Selling, general, and administrative expenses	5,700	6,000	300	5.3%	11,800	11,800	-	-
Operating profit	**1,100**	**2,300**	**1,200**	**109.1%**	**9,000**	**9,500**	**500**	**5.6%**
(Operating profit margin)	*(1.7%)*	*(3.4%)*	*1.7pt*		*(6.0%)*	*(6.3%)*	*0.3pt*	
Ordinary profit	**1,030**	**2,330**	**1,300**	**126.2%**	**8,880**	**9,380**	**500**	**5.6%**
(Ordinary profit margin)	*(1.6%)*	*(3.4%)*	*1.8pt*		*(5.9%)*	*(6.3%)*	*0.4pt*	
Profit attributable to owners of parent	**2,300**	**4,000**	**1,700**	**73.9%**	**8,200**	**9,300**	**1,100**	**13.4%**
(Return on sales)	*(3.5%)*	*(5.8%)*	*2.3pt*		*(5.5%)*	*(6.2%)*	*0.7pt*	

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, reflecting extraordinary gains, including gains on the sale of strategic shareholdings and gains from the transfer of the condominium management business.

(Millions of Yen)

	2026.3 Actual	2027.3 Full-year forecasts 【Announced on August 7, 2026】	Year on year (full year) Increase/ decrease	Year on year (full year) Change	2025.9 Actual	2026.9 Forecast 【Announced on August 7, 2026】	Year on year (interim) Increase/ decrease	Year on year (interim) Change
Net sales	**169,399**	**150,000**	△ 19,399	△11.5%	**89,665**	**68,600**	△21,065	△23.5%
Net sales of completed construction contracts	150,156	139,000	△ 11,156	△7.4%	79,064	65,600	△13,464	△17.0%
Net sales in real estate business and other	19,243	11,000	△ 8,243	△42.8%	10,601	3,000	△7,601	△71.7%
Gross profit	**25,980**	**21,300**	△ 4,680	△18.0%	**13,331**	**8,300**	△5,031	△37.7%
(Gross profit margin)	*(15.3%)*	*(14.2%)*	*△1.1pt*		*(14.9%)*	*(12.1%)*	*△2.8pt*	
Gross profit on completed construction contracts	18,888	17,000	△ 1,888	△10.0%	9,655	7,400	△2,255	△23.4%
Gross profit on real estate business and other	7,092	4,300	△ 2,792	△39.4%	3,676	900	△2,776	△75.5%
Selling, general, and administrative expenses	12,238	11,800	△ 438	△3.6%	5,341	6,000	658	12.3%
Operating profit	**13,742**	**9,500**	△ 4,242	△30.9%	**7,989**	**2,300**	△5,689	△71.2%
(Operating profit margin)	*(8.1%)*	*(6.3%)*	*△1.8pt*		*(8.9%)*	*(3.4%)*	*△5.6pt*	
Ordinary profit	**13,698**	**9,380**	△ 4,318	△31.5%	**7,982**	**2,330**	△5,652	△70.8%
(Ordinary profit margin)	*(8.1%)*	*(6.3%)*	*△1.8pt*		*(8.9%)*	*(3.4%)*	*△5.5pt*	
Profit attributable to owners of parent	**8,468**	**9,300**	831	9.8%	**5,737**	**4,000**	△1,737	△30.3%
(Return on sales)	*(5.0%)*	*(6.2%)*	*1.2pt*		*(6.4%)*	*(5.8%)*	*△0.6pt*	

Financial results forecast for the fiscal year ending March 31, 2027 (by Business)

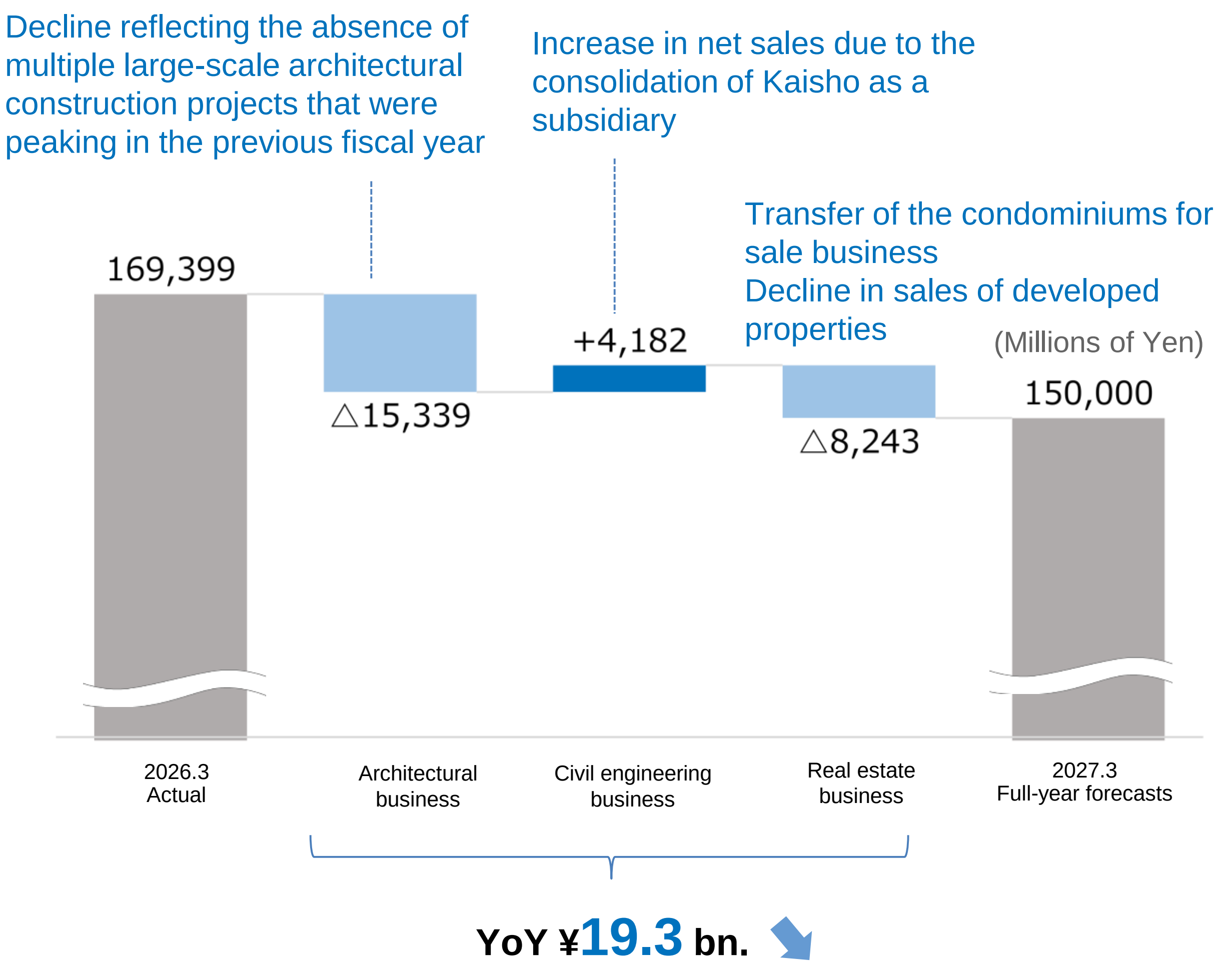
(Millions of Yen)

	2026.3 Actual	2027.3 Full-year forecasts 【Announced on August 7, 2026】	Year on year (full year) Increase/ decrease	Year on year (full year) Change	2025.9 Actual	2026.9 Forecast 【Announced on August 7, 2026】	Year on year (interim) Increase/ decrease	Year on year (interim) Change
Net sales	**169,399**	**150,000**	△19,399	△11.5%	**89,665**	**68,600**	△21,065	△23.5%
Net sales of completed construction contracts	150,156	139,000	△11,156	△7.4%	79,064	65,600	△13,464	△17.0%
Architectural business	112,339	97,000	△15,339	△13.7%	62,300	46,420	△15,880	△25.5%
Civil engineering business	37,817	42,000	4,182	11.1%	16,763	19,180	2,416	14.4%
Net sales in real estate business and other	19,243	11,000	△8,243	△42.8%	10,601	3,000	△7,601	△71.7%
Gross profit	**25,980**	**21,300**	△4,680	△18.0%	**13,331**	**8,300**	△5,031	△37.7%
Gross profit on completed construction contracts	18,888	17,000	△1,888	△10.0%	9,655	7,400	△2,255	△23.4%
(Gross profit margin on completed construction contracts)	*(12.6%)*	*(12.2%)*	*△0.3pt*		*(12.2%)*	*(11.3%)*	*△0.9pt*	
Architectural business	11,056	8,800	△2,256	△20.4%	6,596	4,330	△2,266	△34.4%
(Profit margin in the architectural business)	*(9.8%)*	*(9.1%)*	*△0.7pt*		*(10.6%)*	*(9.3%)*	*△1.3pt*	
Civil engineering business	7,831	8,200	368	4.7%	3,059	3,070	10	0.3%
(Profit margin in the civil engineering business)	*(20.7%)*	*(19.5%)*	*△1.2pt*		*(18.3%)*	*(16.0%)*	*△2.3pt*	
Gross profit on real estate business and other	7,092	4,300	△2,792	△39.4%	3,676	900	△2,776	△75.5%
(Gross profit margin on real estate business and others)	*(36.9%)*	*(39.1%)*	*2.2pt*		*(34.7%)*	*(30.0%)*	*△4.7pt*	

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

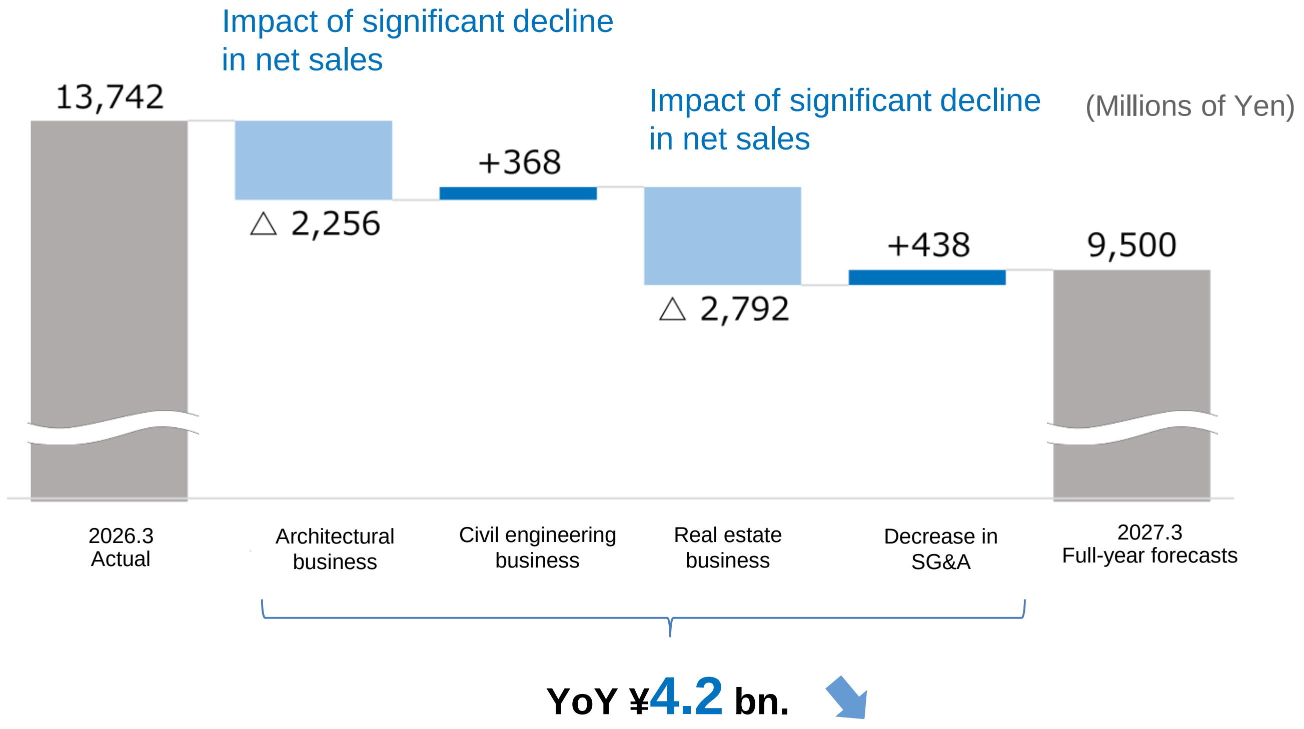
Net sales

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



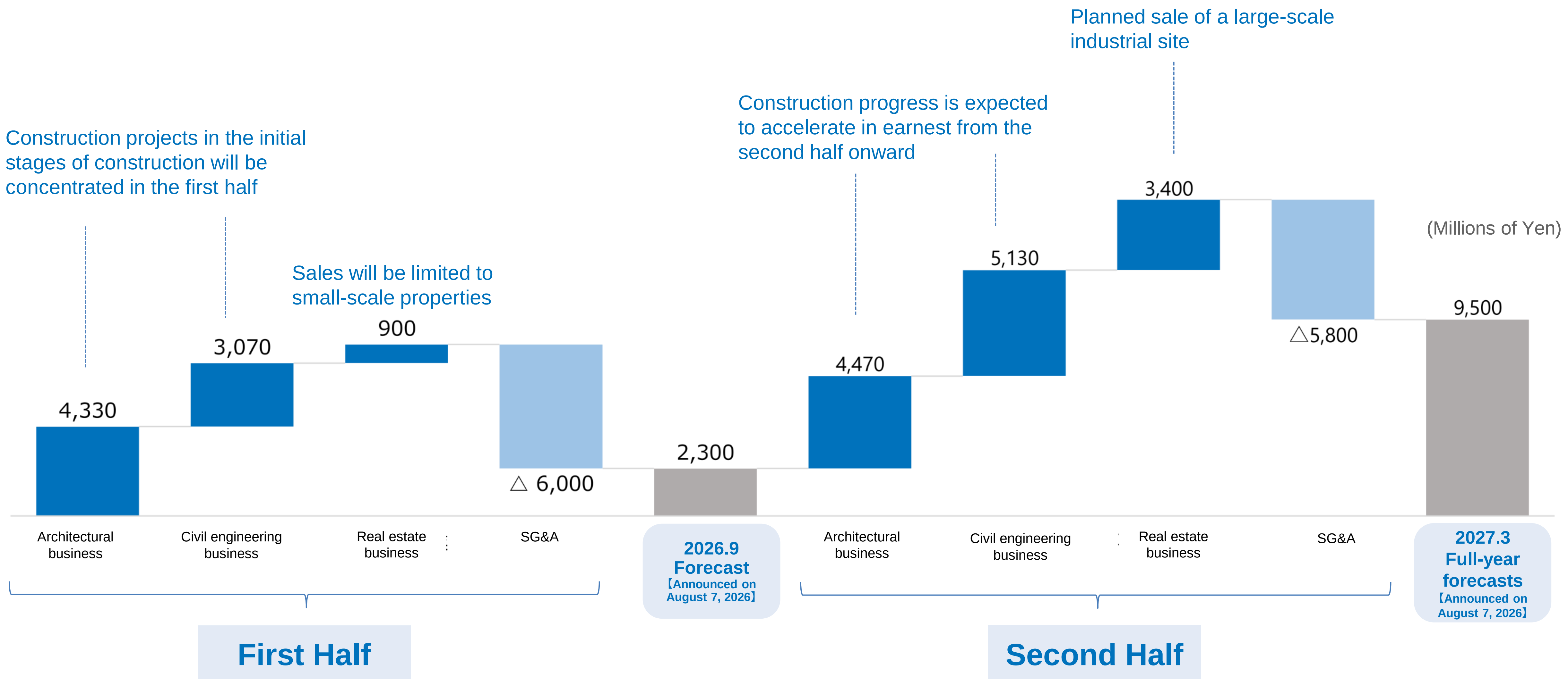
Operating profit

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



Composition of Operating Profit in the First and Second Halves of the Fiscal Year Ending March 31, 2027

The majority of the full-year operating profit forecast of ¥9.5 billion is expected to be recorded in the second half, as profit recognition across businesses will be concentrated in the second half.



Operating profit ¥2.3 billion

Operating profit ¥7.2 billion

3

Shareholder Return

Revision to Dividend Forecast for the Fiscal Year Ending March 31, 2027

YAHAGI

Shareholder Return Policy

To strengthen our management foundation and enhance corporate value, we will promote capital policy aimed at improving capital efficiency while maintaining financial soundness. Our basic policy on the allocation of corporate earnings is to provide continuous and stable shareholder returns.

Dividend Target

DOE of 5% or more and progressive dividends

FYE March 2027 Annual Dividend Forecast

¥100

Previous fiscal year: same amount

Background to Dividend Increase Revision

1 Profit is expected to exceed the initial forecast

In addition to improved construction profitability, extraordinary gains have been reflected in the full-year financial results forecast. Profit attributable to owners of parent is expected to be ¥9.3 billion, exceeding the initial forecast by ¥1.1 billion.

2 Allocation to growth investments and shareholder returns

Management resources generated through the reduction of strategic shareholdings and the review of assets held, including income-producing real estate, will be allocated to medium- to long-term growth investments and shareholder returns.

By allocating the upside in earnings and the results of asset reviews to shareholder returns as well, we aim to improve capital efficiency and enhance corporate value.

Details of Dividend Forecast Revision

Annual dividend forecast

¥100 → ¥110

Up ¥10 from the initial forecast

Interim dividend	Year-end dividend
¥50 → ¥55	¥50 → ¥55

Dividend payout ratio

52.7% → 51.1%

DOE

5.6% → 6.1%

Shareholder Returns and Dividends

YAHAGI

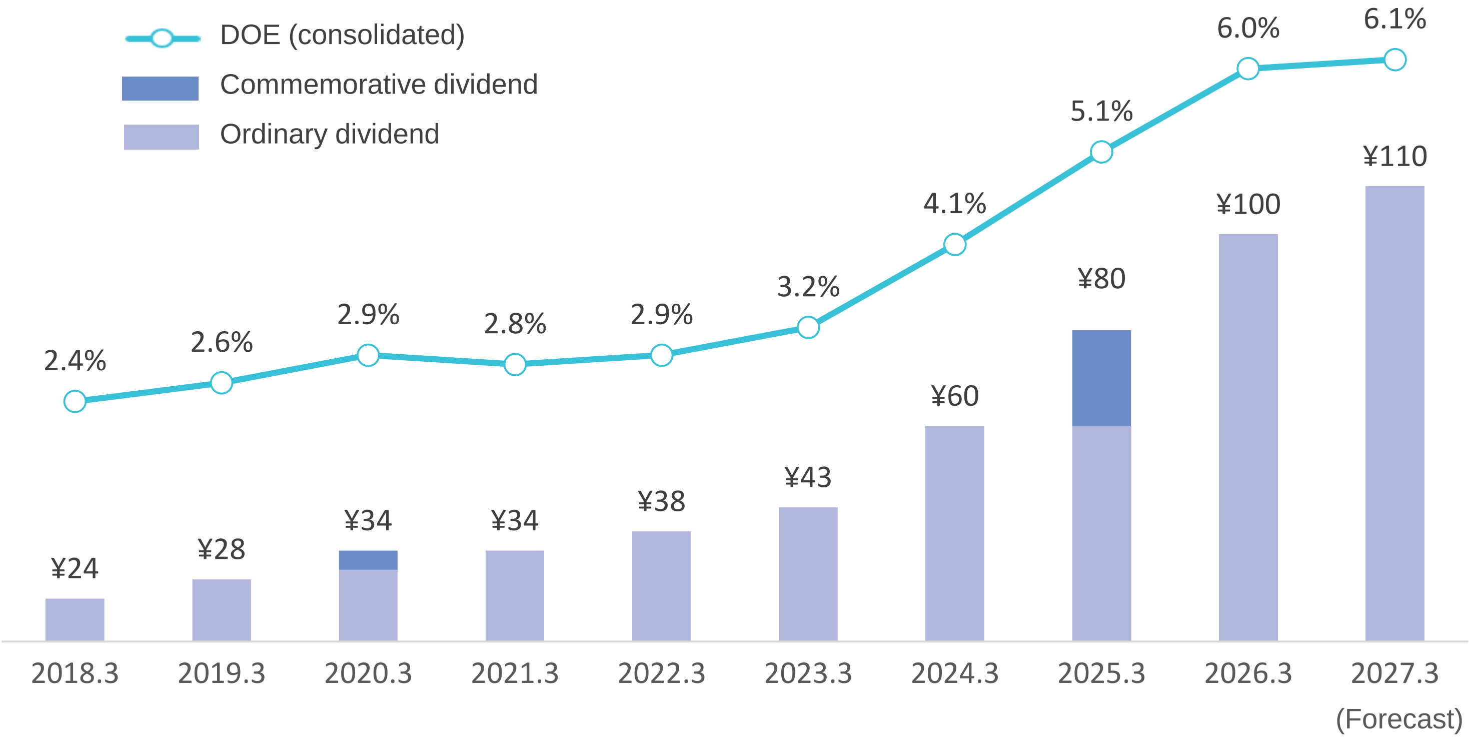
Dividend policy: Dividend on equity ratio (DOE) of 5% or more and progressive dividends

2027.3 Forecast

We plan to increase the annual dividend by ¥10 from the ¥100 per share forecast announced at the beginning of the fiscal year on May 12, 2026, to ¥110 per share. This also represents an increase of ¥10 from the previous fiscal year. We expect to maintain no dividend cuts for 14 consecutive fiscal years and achieve dividend increases for six consecutive fiscal years. DOE is expected to be 6.1%.

	2026.3 Actual	Initial Forecast	Revised Forecast
Interim dividend	¥45	¥50	¥55
Year-end dividend	¥55	¥50	¥55
Annual dividend	¥100	¥100	¥110
Dividend payout ratio	50.8%	52.7%	51.1%
Dividends on equity (DOE)	6.0%	5.6%	6.1%

Trends in annual dividends per share



4

Topics

Investment Activities: Capital and Business Alliance

Launched a joint development project to accelerate construction DX through a capital and business alliance with Malme Inc (From June 2026).

Malme

Mission: "Creating civil engineering that future generations can be proud of "

Vision: "Making Civil Engineering More Interesting"

Established	February 2021
Head office	Shinjuku-ku, Tokyo
Business description	Provision of construction DX services for the civil engineering industry

Malme is a startup company whose mission is to create innovation in the construction industry through co-creation between construction engineers and IT engineers. Its services have been adopted by approximately 120 companies in the construction DX field.

Aim of the Alliance

矢作建設
- Extensive construction track record
- Know-how of skilled engineers

Malme
- AI and data technologies
- Engineers with specialized knowledge of construction

Malme engineers will work closely with the Company's civil engineering division and jointly promote the full process from system development through implementation.

Enhance DX capabilities and specialist talent to drive continuous improvement and build technical know-how.

Current Joint Development Themes

1. **Project information platform** — Centralized management of project information from sales activities to orders for PAN WALL works → **Accelerate information sharing and decision-making**
2. **Estimation work × Generative AI** — Train AI on the estimation know-how of skilled engineers in PAN WALL works → **Support the efficiency and sophistication of estimation**
3. **Core business system** — Centralized management of estimates, orders received, and construction ledgers for group companies → **Development of data infrastructure**

Future Outlook

Verification in the civil engineering division
Small-start system development and utilization

→ Expansion to other divisions
Use and platform development at affiliates, the architectural division, etc.

→ Establishment of company-wide DX
Advanced use of data and AI

By building and utilizing ICT infrastructure to create added value and improve productivity, we aim to enhance corporate value.

Main Questions and Answers from Investor Meetings (Meetings Held from May to July 2026)

YAHAGI

Q. Have heightened tensions in the Middle East had any impact on the Company’s business to date?

At present, we have not experienced any significant disruptions to materials procurement or delays in construction work, and we therefore expect the impact on our financial results to be limited. We work to secure the necessary materials and equipment by selecting specialty contractors, manufacturers, and other suppliers at an early stage and placing orders promptly once the necessary conditions are in place. We also continuously monitor trends in the prices of key materials and fuel and, as necessary, discuss passing on cost increases and revising contract terms with project owners to mitigate any impact.

Q. Please explain the current profit margin in the architectural business and the outlook going forward.

In the previous fiscal year, the gross profit margin in the architectural business recovered to 9.8%, mainly because progress in passing on costs through additional and modified contracts exceeded expectations, particularly for projects completed during the year. In the current fiscal year, the number of large-scale construction projects reaching completion is expected to decrease compared with the previous fiscal year, making it difficult to expect the same level of margin improvement from concluding additional and modified contracts and final settlements. Accordingly, the gross profit margin is forecast at 9.1%. Meanwhile, the profitability of newly awarded contracts is gradually improving, and we expect the gross profit margin to remain on an improving trend over the medium term.

Q. Although the order backlog remains high, why are net sales expected to decline in the current fiscal year?

In the previous fiscal year, net sales of completed construction contracts increased significantly as multiple large-scale projects reached their peak construction phase or completion. In the current fiscal year, however, many new large-scale projects have commenced, leaving a high proportion of projects still in the early stages of construction. Consequently, despite the high order backlog, these projects are expected to make only a limited contribution to net sales of completed construction contracts in the current fiscal year. These projects are expected to progress from the second half onward, with their contribution to net sales becoming more substantial through the following fiscal year.

Main Questions and Answers from Investor Meetings (Meetings Held from May to July 2026)

YAHAGI

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 move forward with an asset-utilization approach in which we retain ownership of certain land and buildings, earn rental income, and then sell them at an appropriate timing. This will curb fluctuations in results caused by whether and when property sales occur, while expanding earnings opportunities through ownership, operation, and sale. We have positioned the period through FY2030 as a transition period and plan to restructure our business portfolio, targeting FY2035.

Q. Please explain your approach to shareholder returns.

Our basic policy is to provide continuous and stable shareholder returns. Under our progressive dividend policy, we aim to increase dividends in line with earnings growth while maintaining a dividend on equity ratio (DOE) of at least 5%. The dividend amount will be determined comprehensively, taking into account profit, cash flows, financial soundness, and the balance with growth investments. We will also consider share buybacks flexibly, based on a comprehensive assessment of market conditions including the share price level, improvement of capital efficiency, financial soundness, and the balance with growth investments.

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

We recognize labor shortages as an important issue common to the construction industry. We are actively recruiting engineers, including women and foreign nationals, developing talent within the Company, and working to secure partner contractors. To improve productivity, we are advancing the automation of operations and enhancing data analytics using AI and digital transformation (DX), aiming to increase productivity per employee. At the same time, we are working to maintain and strengthen a stable construction execution framework by improving on-site environments so that skilled workers can work comfortably and building long-term relationships of trust with partner contractors.

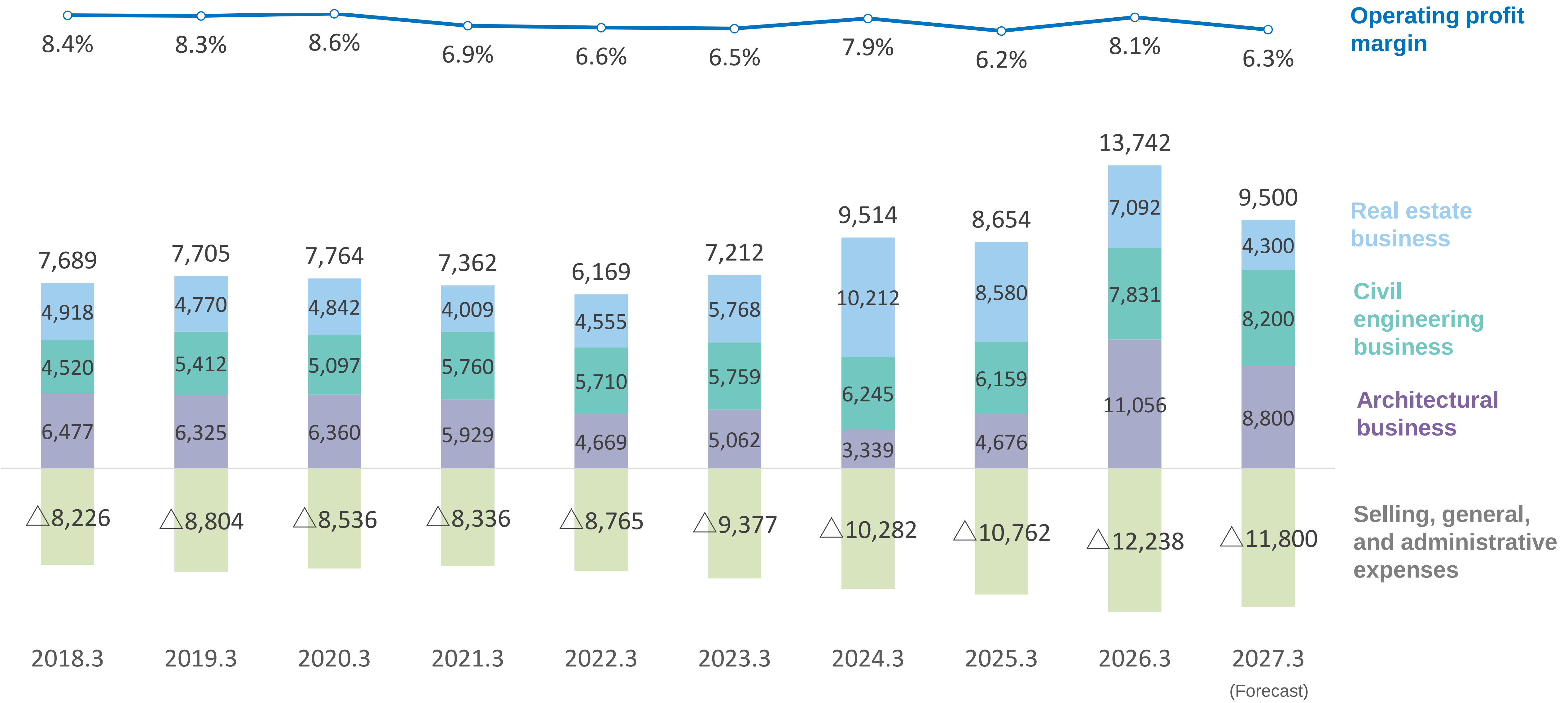
5

Reference Information

Quarterly Trends by Business

		FYE March 2025					FYE March 2026					Fiscal year ending March 31, 2027			
		1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q Forecast	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	25,164	50,580	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	9,889	22,820	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	1,949	8,000	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	37,003	81,400	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	1,787	4,470	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%*	*7.1%*	*8.8%*	*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	1,705	5,130	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%*	*17.2%*	*22.5%*	*19.5%*
	Real estate business	1,598	1,413	545	5,023	8,580	1,867	1,808	2,965	451	7,092	505	394	3,400	4,300
	(Gross profit margin on real estate business and others)	*37.2%*	*28.9%*	*29.6%*	*45.8%*	*39.0%*	*34.3%*	*35.1%*	*50.4%*	*16.4%*	*36.9%*	*48.1%*	*20.2%*	*42.5%*	*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	3,887	13,000	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%*	*10.5%*	*16.0%*	*14.2%*

Trends in Operating Profit



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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