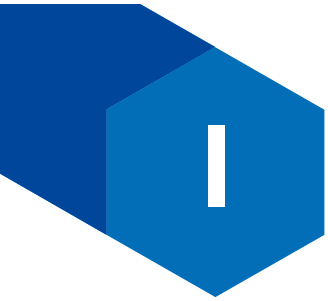


Material on the Consolidated Financial Results for the Six Months Ended September 30, 2023

YAHAGI CONSTRUCTION CO., LTD. Code no.: 1870 (Listed on Prime Section of Tokyo
Stock Exchange and Premiere Section of Nagoya Stock Exchange)

I	Company overview	P. 3
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Company overview

Company overview



Company name	YAHAGI CONSTRUCTION CO., LTD.												
Headquarters	3-19-7, Aoi, Higashi-ku, Nagoya-shi, Aichi, Japan												
Representative	Mitsuhiro Takayanagi, President and Representative Director												
Founded	May 14, 1949												
Capital	¥6,808 million												
Markets listed on	Prime Section of Tokyo Stock Exchange and Premiere Section of Nagoya Stock Exchange												
Business description	General construction business [building construction, civil engineering, and real estate businesses]												
Number of employees	1,288 (consolidated)												
Offices	Tokyo, Osaka, Tohoku (Sendai), Hiroshima, Kyushu (Fukuoka)												
Group companies	YAHAGI REAL ESTATE Co., Ltd. Techno Support Co., Ltd. HOKUWA CONSTRUCTION, INC.	YAHAGI BUILDING AND LIFE CO., LTD. YAHAGI ROAD CO., LTD.	YAHAGI GREEN Co., Ltd. Nanshin Takamori Development Co., Ltd.										
Major shareholders	<table border="0"> <tr> <td>1. Nagoya Railroad Co., Ltd.</td> <td>19.1%</td> </tr> <tr> <td>2. The Master Trust Bank of Japan, Ltd. (Trust account)</td> <td>7.6%</td> </tr> <tr> <td>3. Yahagi Construction Business Partner Shareholding Association</td> <td>6.5%</td> </tr> <tr> <td>4. Resona Bank, Limited.</td> <td>4.7%</td> </tr> <tr> <td>5. MUFG Bank, Ltd.</td> <td>4.7%</td> </tr> </table>			1. Nagoya Railroad Co., Ltd.	19.1%	2. The Master Trust Bank of Japan, Ltd. (Trust account)	7.6%	3. Yahagi Construction Business Partner Shareholding Association	6.5%	4. Resona Bank, Limited.	4.7%	5. MUFG Bank, Ltd.	4.7%
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(As of March 31, 2023)

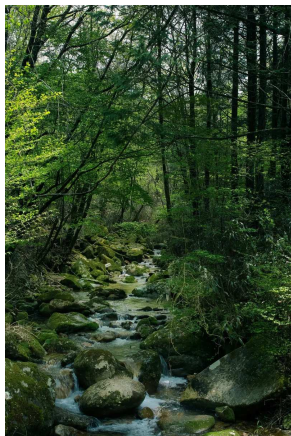
Origin of the company name



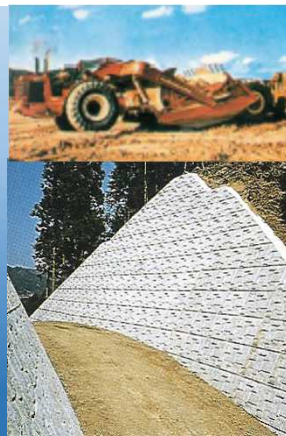
In 1949, the Company was established in Koromo-cho, Nishikamo-gun, Aichi (present Takyochō, Toyota-shi).

The company name embodies the founder Katsuo Yamada's **philosophy**.

YAHAGI CONSTRUCTION



He expressed his desire to make a leap from the Yahagi River, which flows through his hometown to the Pacific Ocean, to all over Japan



Construction company aiming at modern construction through mechanization.

Three keywords representing the characteristics of YAHAGI CONSTRUCTION



Design and construction

With our design division being one of the largest in the Tokai area, we have established an integrated system that covers steps from design to construction to propose solutions to customer problems from the planning/design stage.

Real estate business

In addition to the construction business, we also engage in the real estate business such as the development of land for industrial use in cooperation with administrative authorities and local communities and the sale of condominiums under our own brand.

Tokai area

Since the establishment in 1949 in the present-day city of Toyota, we have been operating mainly in the Tokai area and have become a representative general construction company in the Tokai area.

An engineering-oriented, mid-sized general contractor based in the Tokai area with strengths in design and construction as well as the real estate business

History



Industrialization of construction Diversification and expansion of management Selection and concentration of management resources Re-growth and further leaps

Foundation to 1970

- Aggressively introduced large-sized heavy machinery such as motor scrapers to work vigorously toward mechanization and industrialization.

1971 to 1990

- Promoted diversification of businesses, including expansion into condominiums for sale and greenery businesses.

1991 to 2012

- In response to the bursting of the economic bubble, worked on the selection and concentration of management resources, such as moving away from a business structure dependent on public works and focusing on aseismic reinforcement projects centered on the PITA Column method.

2013 and onward

- Working on business expansion in the economic zone which will be established through the opening of the maglev train line (maglev economic zone) by stepping up efforts for large-scale projects and strengthening real estate development.

1949 1950 1960 1967 1971 1972 1982 1989 1991 1993 1995 1996 2000 2001 2006 2014 2023

Received the first order from Nagoya Railroad for construction work inside the rail tracks.



The Company was established in Koromo-cho, Nishikamo-gun, Aichi (present Takyochō, Toyota-shi).

Introduced two motor scrapers.



Established YAHAGI GREEN Co., Ltd.
Expanded into the condominiums for sale business.



Pavilion Series

Merged with Meitetsu Construction Co., Ltd.



Established YAHAGI REAL ESTATE Co., Ltd. and International Development Building Co., Ltd. (currently YAHAGI BUILDING AND LIFE CO., LTD.)

Listed on the Second Section of Market at the Nagoya Stock Exchange.

Launched the VENT VERT Series of YAHAGI REAL ESTATE.

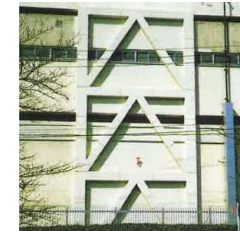


Promoted to the First Section of Market at the Nagoya Stock Exchange.

Listed on the First Section of the Tokyo Stock Exchange.

Established Techno Support Co., Ltd.

Developed PITA Column method.



Developed the PAN WALL method.



Established YAHAGI ROAD CO., LTD.

Established Railway Technology Training Center.



Established Institute of Earthquake Engineering & Technology (currently Engineering Center).



Trends in financial results



Industrialization of construction
Foundation to 1970

- Aggressively introduced large-sized heavy machinery such as motor scrapers to work vigorously toward mechanization and industrialization.

Diversification and expansion of management
1971 to 1990

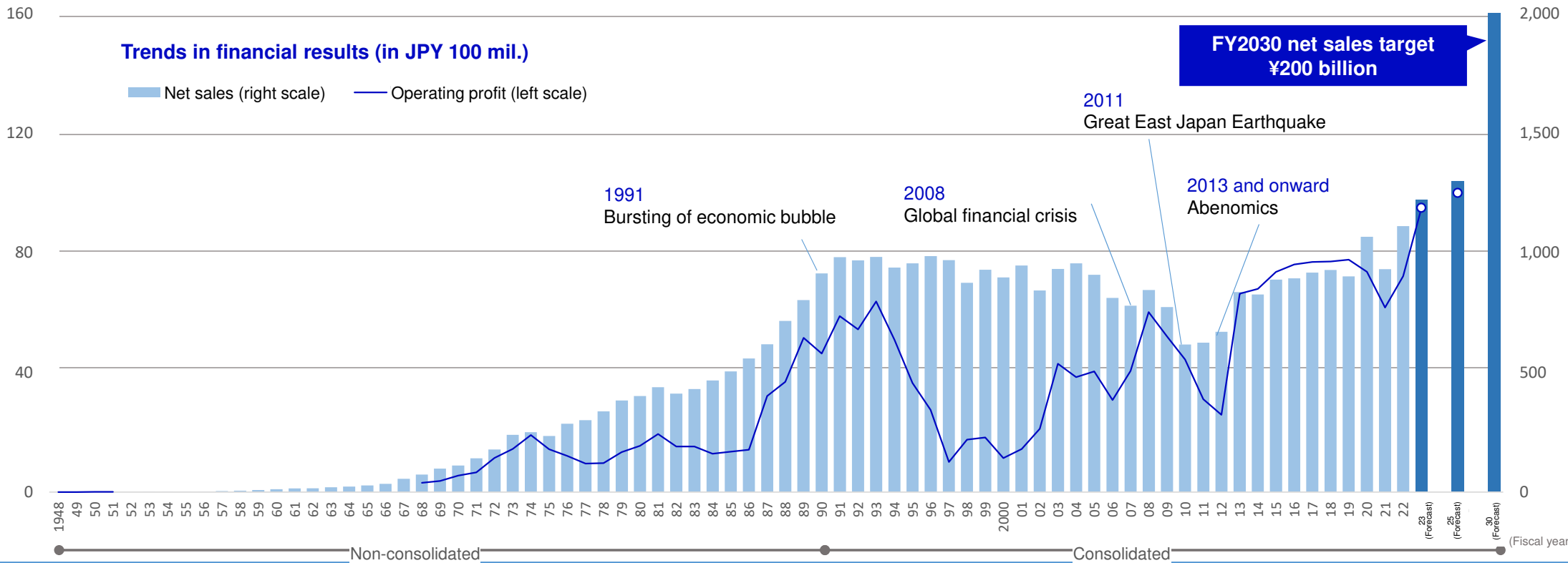
- Promoted diversification of businesses, including expansion into condominiums for sale and greenery businesses.

Selection and concentration of management resources
1991 to 2012

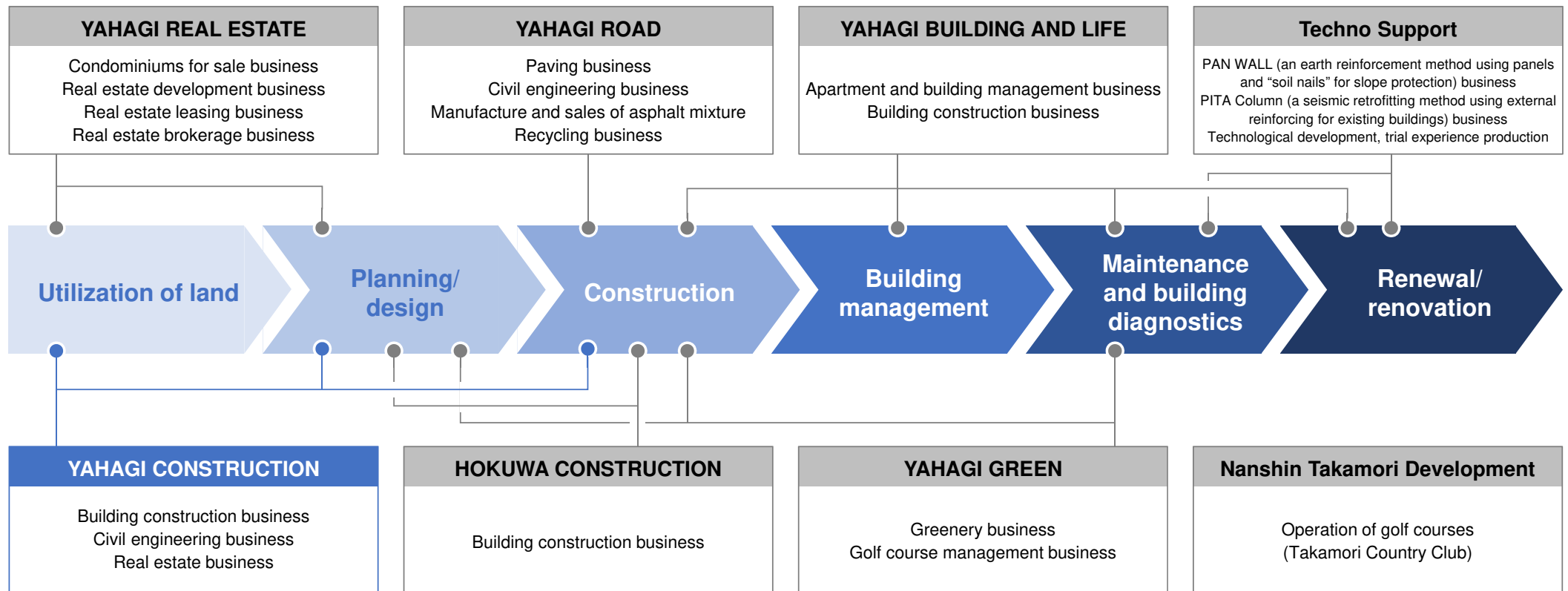
- In response to the bursting of the economic bubble, worked on the selection and concentration of management resources, such as moving away from a business structure dependent on public works and focusing on aseismic reinforcement projects centered on the PITA Column method.

Re-growth and further leaps
2013 and onward

- Working on business expansion in the maglev economic zone by stepping up efforts for large-scale projects and strengthening real estate development.



A construction engineering company that meets customer needs at every stage of the building life cycle
 Beyond merely constructing buildings, we provide new value that only the Yahagi Construction Group can realize, by integrating specialized know-how of the Group companies that are well-versed in each field with unique technologies that are dedicated to respective fields.



Corporate philosophy

“Sincere, enterprising and creative”

We shall create on our own with a sincere and enterprising spirit and engage in business that always meets the needs of society.

Management philosophy

We aim for self-fulfillment of our employees and sustainable corporate growth, by creating value through construction engineering.

Three pillars of YAHAGI CONSTRUCTION's businesses

Building construction business

We have a variety of track records in constructing condominiums for sale with a special design for major developers, large distribution facilities of over ¥10 billion in value, commercial facilities, offices, station buildings and others.

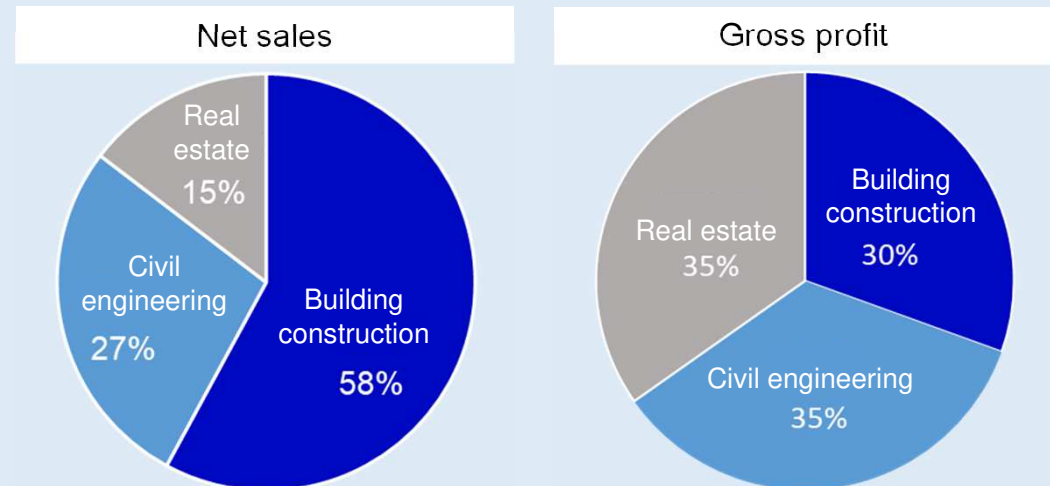
Civil engineering business

In addition to government projects such as road construction, residential land development and renewable energy-related projects that include the acquisition of development licenses, we engage in railroad-related projects such as elevated track construction and track maintenance for Nagoya Railroad.

Real estate business

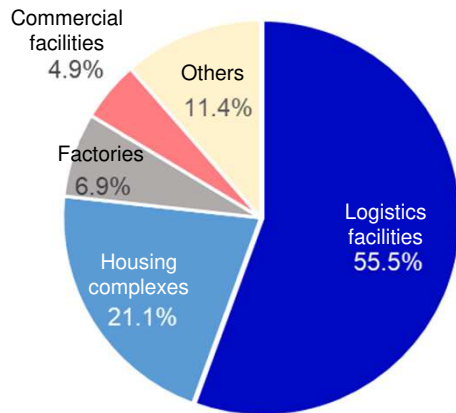
In addition to the development of land for industrial use that flexibly responds to the needs of companies and administrative authorities, we engage in a variety of businesses related to real estate, including the condominiums for sale business under our original brand (VENT VERT), real estate leasing and brokerage.

Composition by segment for FYE March 2023



Building construction business

Composition of net sales by use
(FYE March 2023)



Major clients

Nomura Real Estate Development	DAIWA HOUSE INDUSTRY
MITSUBISHI ESTATE DAIKYO	GLP Japan
Sekisui House	IKEA Japan
	Nagoya Railroad

PROUD Tower Kasugai (Kasugai City, Aichi Pref.)



Project to redevelop the area around the station to create a new bustle

GLP Yao I (Yao City, Osaka Pref.)



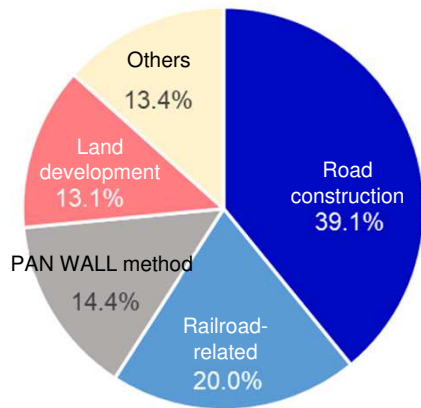
Contributing to the revitalization of the local economy through job creation and others

IKEA Nagakute (Nagakute City, Aichi Pref.)



Contributing to global furniture/interior retailer's first store opening in the Tokai region

Composition of net sales by use
(FYE March 2023)



Major clients

Ministry of Land, Infrastructure, Transport and Tourism	TOYOTA HOUSING JGC Toyo Engineering
Central NEXCO Aichi Prefecture Nagoya Railroad	

Construction of Shin-Tomei Expressway Gotemba Interchange (Shizuoka Pref.)



Contributing to the development of robust social capital, including by helping to make the Tomei Expressway a double-network

FBIT Misaki Power Plant
(Misaki-cho, Kume-gun, Okayama Pref.)



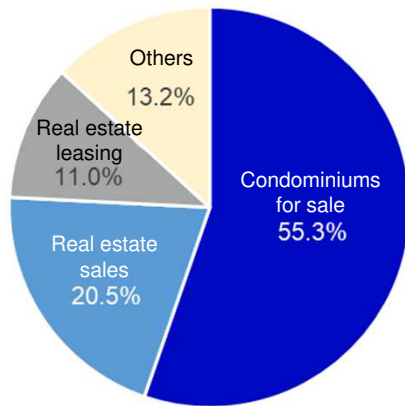
Large-scale solar power generation facility that contributes to carbon neutrality

Nagoya Railroad Inuyama Line Hotei Station main line track
(Konan City, Aichi Pref.)



Contributing to safe and stable transportation via railroad

Composition of net sales by use
(FYE March 2023)



Real estate development in collaboration with companies, administrative authorities and local communities

VENT VERT Gifu The Tower



Condominiums for sale business where the entire process from product planning to sales and management is covered by the Group

MultinaBox (Osu, Naka-ku, Nagoya City)



Development and operation of a commercial facility that contributes to the revitalization of the district

YAHAGI CONSTRUCTION in figures



Net Sales (FYE March 2023)

¥111.1 billion

*Record high

Operating profit (FYE March 2023)

¥7.2 billion

Operating profit margin (FYE March 2023)

6.5%

*Construction industry average: 4.1%

Payout ratio (FYE March 2023)

41.0%

**YAHAGI
ENGINEERING**

Expected dividend yield

4.59%

*Calculated based on the annual dividend forecast of ¥60 for FYE Mar 2024 and the closing price of ¥1,306 on October 31

Cumulative construction area using PAN WALL method (as of the end of April 2023)

363,000 m²

*Equivalent to as large as 7.8 times the size of Tokyo Dome (building area)

Design and construction ratio (FYE March 2023)

88.3%

Percentage of building construction orders received (excluding demolition and repair)

Number of engineers (as of the end of June 2023)

**143 first-class architects
303 first-class building operation and management engineers
318 first-class civil engineering work operation and management engineer**

Management



President and Representative Director
Mitsuhiro Takayanagi



Vice President and Representative Director
Shuji Nawa
General Manager of Civil Engineering Business Division



Vice President and Representative Director
Takashi Yamashita
General Manager of Corporate Division



Director and Senior Managing Executive Officer
Osamu Goto
General Manager of Sales Management Division



Director and Senior Managing Executive Officer
Kenji Shimizu
General Manager of Architectural Business Division



Director
Hiroki Takasaki
President and Representative Director of Nagoya Railroad Co., Ltd.



Outside Director
Shinji Ishihara
Head of Ishihara Law Office



Outside Director
Yuka Nakagawa
Professor of School of Law at Chukyo University



Outside Director
Hideomi Ban
Chairman and Representative Director of Bankaku Co., Ltd.



Full-Time Audit & Supervisory Board Member
Junichi Kurimoto



Full-Time Audit & Supervisory Board Member
Masafumi Igaki



Outside Audit & Supervisory Board Member
Yoshitaka Aichi
Representative partner and COO of Attax Tax Accountant Office



Outside Audit & Supervisory Board Member
Yuzo Okamoto
Representative partner of MARK Consultants Inc.

Skills matrix



Name	Position in the Company	Committee membership	Corporate management	Sales and real estate development	Technology and IT	Personnel and labor relations	Compliance and risk management	Finance and accounting
Mitsuhiro Takayanagi	President and Representative Director	CSR/ESG Committee (Chairperson) Nomination and Remuneration Committee (Chairperson)	✓	✓	✓		✓	
Shuji Nawa	Vice President and Representative Director	CSR/ESG Committee (Vice Chairperson)	✓	✓	✓	✓		
Takashi Yamashita	Vice President and Representative Director	CSR/ESG Committee (Vice Chairperson)	✓			✓	✓	✓
Osamu Goto	Director and Senior Managing Executive Officer	CSR/ESG Committee		✓		✓	✓	✓
Kenji Shimizu	Director and Senior Managing Executive Officer	CSR/ESG Committee		✓	✓	✓	✓	
Hiroki Takasaki	Director		✓	✓			✓	
Shinji Ishihara	Outside Director (Independent officer)	Nomination and Remuneration Committee				✓	✓	✓
Yuka Nakagawa	Outside Director (Independent officer)	Nomination and Remuneration Committee				✓	✓	✓
Hideomi Ban	Outside Director (Independent officer)	Nomination and Remuneration Committee	✓	✓		✓	✓	
Junichi Kurimoto	Full-Time Audit & Supervisory Board Member					✓	✓	✓
Masafumi Igaki	Full-Time Audit & Supervisory Board Member					✓	✓	✓
Yoshitaka Aichi	Outside Audit & Supervisory Board Member (Independent officer)		✓				✓	✓
Yuzo Okamoto	Outside Audit & Supervisory Board Member (Independent officer)		✓				✓	✓

Up to four major skills, etc. possessed by each person are marked with a check mark "✓."



II

Financial Results for the Six Months Ended September 30, 2023

Financial Results for the Six Months Ended September 30, 2023 Highlights

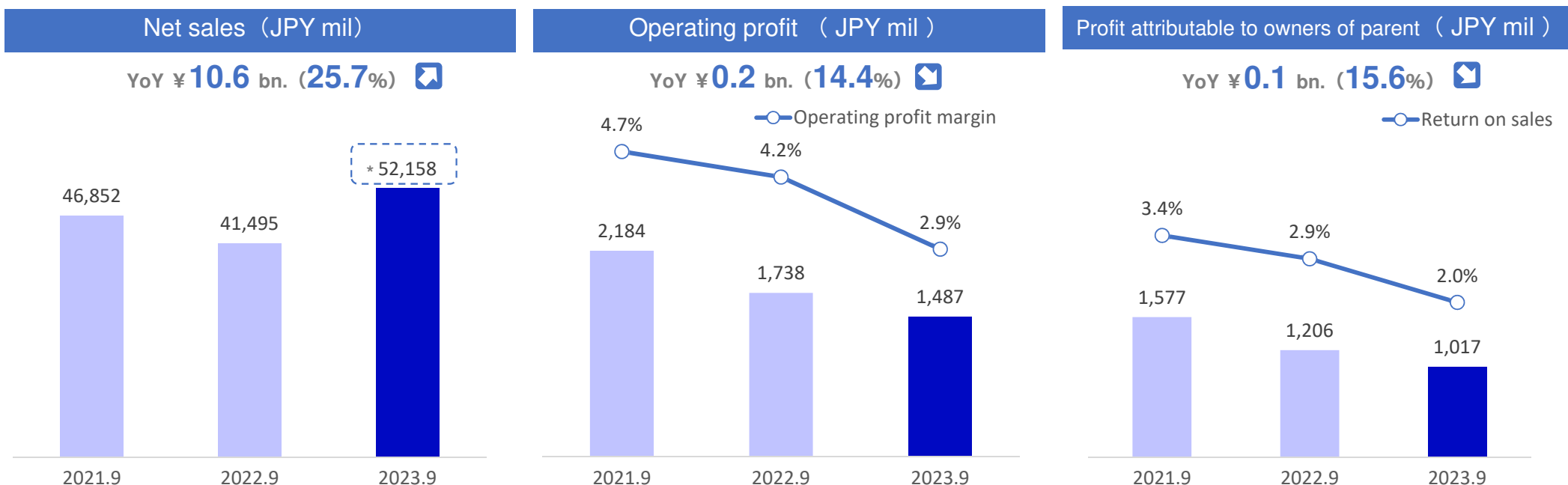


■ Net sales

Net sales reached ¥52.1 billion, increased by ¥10.6 billion year on year, setting a new record high for the first half.

■ Profit

Although gross profit increased, selling, general and administrative expenses increased due to higher personnel expenses, mainly caused by raises in employee salaries and bonuses, higher expenses associated with increased business activities, and other factors. As a result, profit declined at each profit level from operating profit and below.



*Net sales marked a record high.

Financial Results for the Six Months Ended September 30,2023



	Six months ended Sept.30,2021 Actual	Six months ended Sept.30,2022 Actual	Six months ended Sept.30,2023 Actual	(Millions of Yen)	
				Year on year	
				Increase/ decrease	Change
Net sales	46,852	41,495	52,158	10,662	25.7%
Net sales of completed construction contracts	42,614	35,715	45,728	10,012	28.0%
Net sales in real estate business and other	4,237	5,779	6,429	649	11.2%
Gross profit	6,013	5,995	6,377	381	6.4%
<i>(Gross profit margin)</i>	12.8%	14.4%	12.2%		▲2.2pt
Gross profit on completed construction contracts	4,603	4,003	4,558	555	13.9%
Gross profit on real estate business and other	1,410	1,992	1,819	▲173	▲8.7%
Selling, general, and administrative expenses	3,829	4,257	4,889	632	14.8%
Operating profit	2,184	1,738	1,487	▲250	▲14.4%
<i>(Operating profit margin)</i>	4.7%	4.2%	2.9%		▲1.3pt
Ordinary profit	2,211	1,775	1,564	▲210	▲11.9%
<i>(Ordinary profit margin)</i>	4.7%	4.3%	3.0%		▲1.3pt
Profit attributable to owners of parent	1,577	1,206	1,017	▲188	▲15.6%
<i>(Return on sales)</i>	3.4%	2.9%	2.0%		▲0.9pt

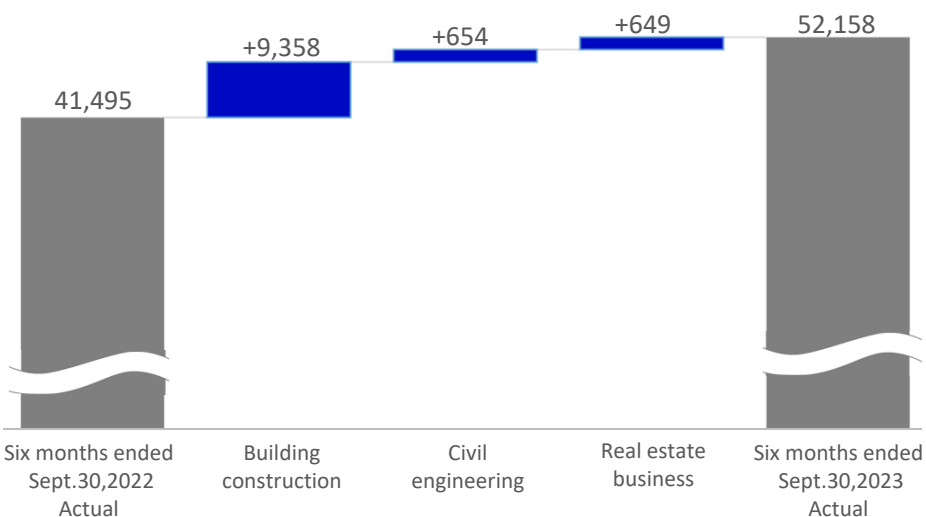
Factors for increase or decrease in net sales/operating profit (vs results for the first six months ended September 30, 2022)



- Net sales**
 - Increased by ¥10.6 billion year on year, setting a new record high for the first half.
 - Construction business : Net sales increased by ¥10.0 billion year on year due to the progress in construction mainly in large building construction projects for which orders were received in or before the previous fiscal year.
 - Real estate business : Net sales increased ¥0.6 billion year on year due to the growth in revenue in the condominiums for sale business.
- Profit**
 - Operating profit by decreased ¥0.2 billion year on year.
 - Construction business : Profit increased by ¥0.5 billion year on year due to a significant profitability improvement effect from the approval for a change that is a substantial increase in amount at the time of completion of a large civil engineering project.
 - Real estate business : Profit decreased by ¥0.1 billion year on year as there was no sale, during this first six-month period, of self-developed land for industrial use that was sold in the previous fiscal year, despite the positive effect from increased revenue in the condominiums for sale business.
 - S&GA : Expenses increased by ¥0.6 billion year on year due to higher personnel expenses mainly caused by raises in employee salaries and bonuses, higher expenses associated with increased business activities, and other factors.

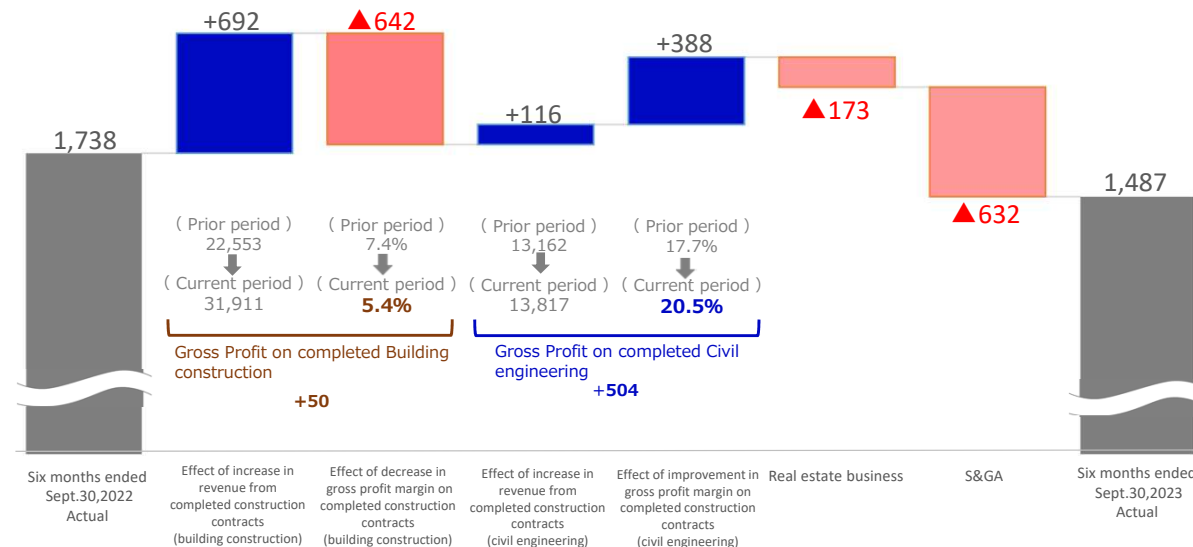
Net sales (JPY mil)

YoY ¥ **10,662** mil.



Operating profit (JPY mil)

YoY ¥ **250** mil.



Comparison with financial forecasts



(Millions of Yen)

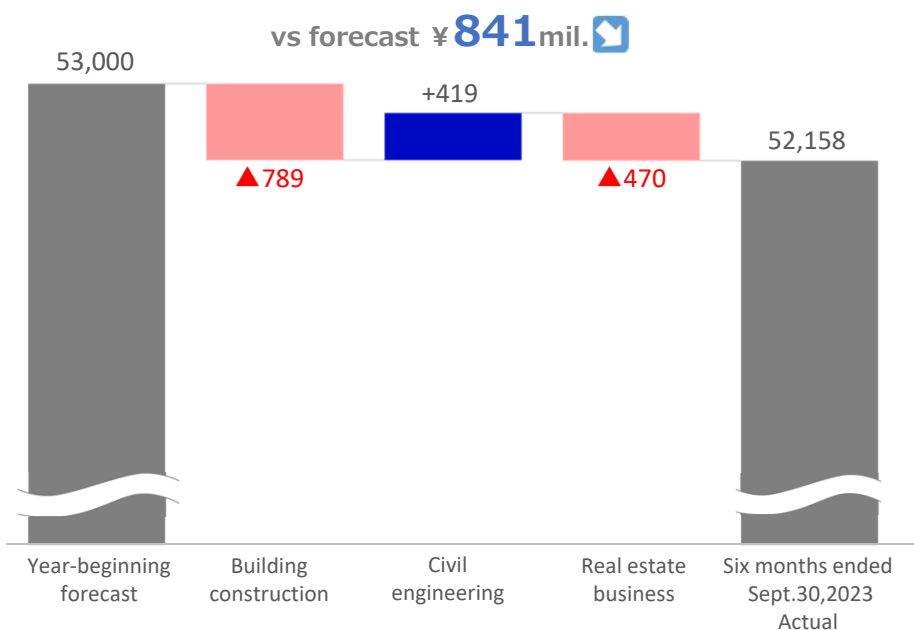
	Six months ended Sept.30.2023 Forecast	Six months ended Sept.30.2023 Actual	vs forecasts	
			Increase/ decrease	Change
Net sales	53,000	52,158	▲841	98.4%
Net sales of completed construction contracts	46,100	45,728	▲371	99.2%
Net sales in real estate business and other	6,900	6,429	▲470	93.2%
Gross profit	5,500	6,377	877	116.0%
<i>(Gross profit margin)</i>	10.4%	12.2%		1.8pt
Gross profit on completed construction contracts	3,300	4,558	1,258	138.1%
Gross profit on real estate business and other	2,200	1,819	▲380	82.7%
Selling, general, and administrative expenses	5,000	4,889	▲110	97.8%
Operating profit	500	1,487	987	297.5%
<i>(Operating profit margin)</i>	0.9%	2.9%		2.0pt
Ordinary profit	500	1,564	1,064	313.0%
<i>(Ordinary profit margin)</i>	0.9%	3.0%		2.1pt
Profit attributable to owners of parent	300	1,017	717	339.3%
<i>(Return on sales)</i>	0.6%	2.0%		1.4pt

Factors for increase or decrease in net sales/operating profit (Vs year-beginning forecasts)

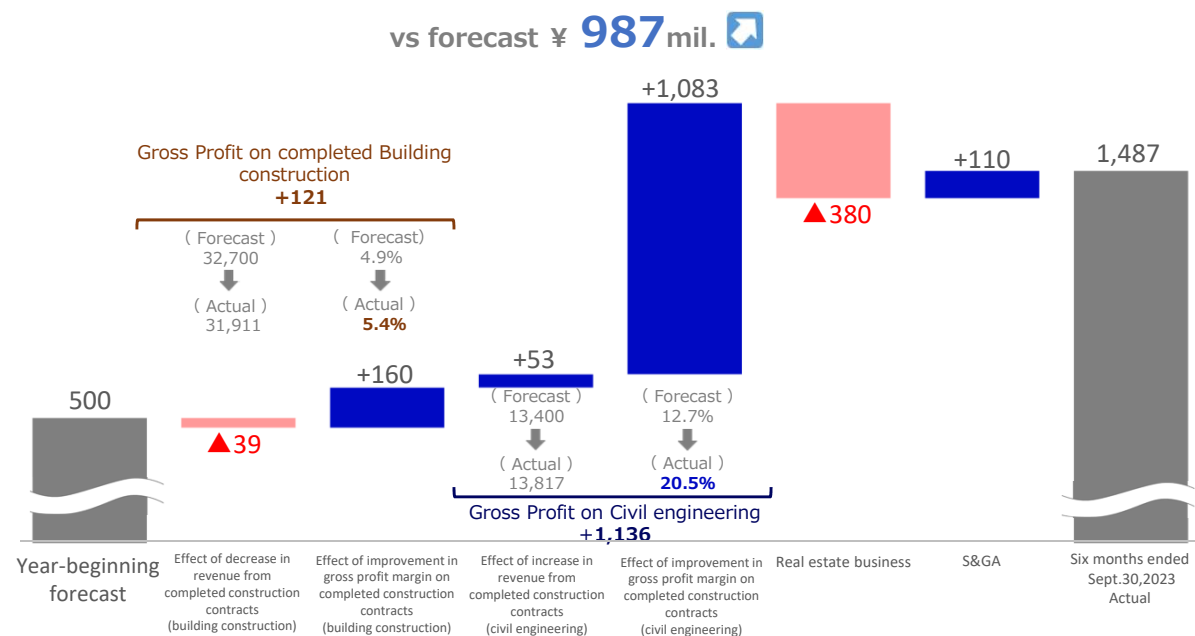


- **Net sales**
 - ▪ ▪ Fell short of the forecast by approximately ¥0.8 billion.
 - Construction business : Slightly lower than the forecast due to delays in works of some large building construction projects.
 - Real estate business : Lower than the forecast because the planned sale of real estate for sale was not realized due to a revision in the plan by the counterparty.
- **Profit**
 - ▪ ▪ Operating profit exceeded the forecast by ¥0.9 billion.
 - Construction business : Higher than the forecast due to a significant profitability improvement effect from the approval of a change that is a substantial increase in amount at the time of completion of a large civil engineering project.
 - Real estate business : Lower than the forecast due to the impact of the sale of real estate for sale not being realized.
 - S&GA : Slightly fell short of the forecast mainly due to lower-than-expected sales costs of condominiums.

Net sales (JPY mil)



Operating profit (JPY mil)



<Overall status by segment> Building construction



Orders received

Decreased by ¥6.6 billion from the previous fiscal year when there was a concentration of orders for large logistics facilities and factories.

Net sales

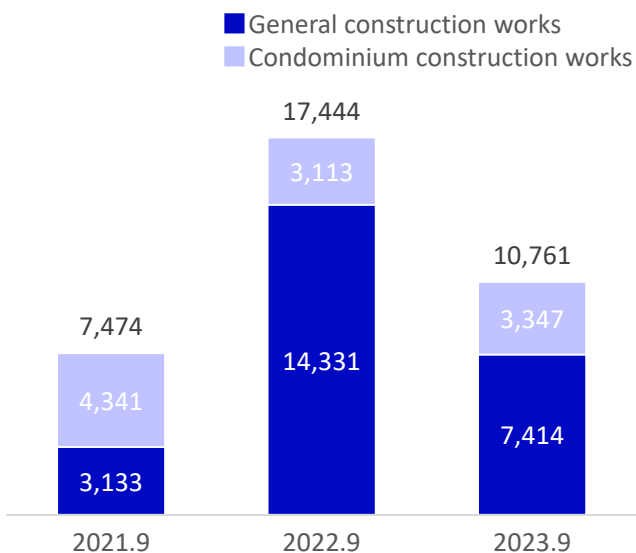
Increased by ¥9.3 billion year on year due to the progress in construction mainly for large commercial facilities and large logistics facilities for which orders were received in or before the previous fiscal year.

Gross profit

Increased by ¥0.05 billion year on year thanks to the effect of higher revenue, despite the impact of the decline in profit margin.

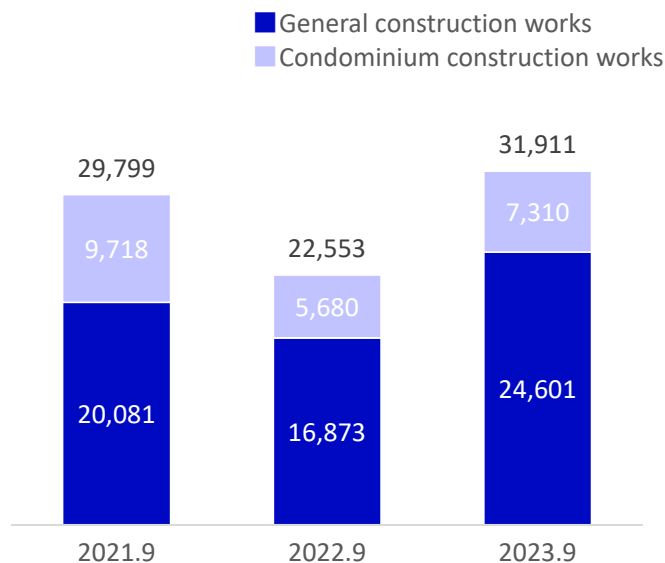
Orders received by use (JPY mil)

YoY ¥ **6.6** bn. (**38.3** %) ↘



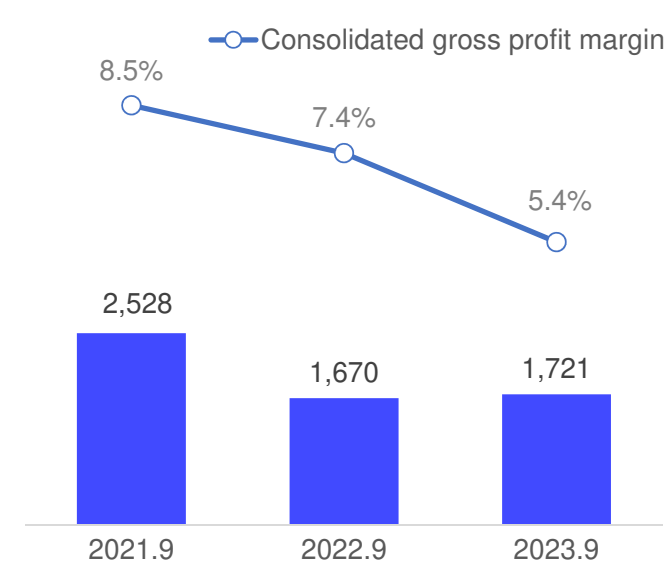
Net sales by use (JPY mil)

YoY ¥ **9.3** bn. (**41.5** %) ↗



Gross profit (JPY mil)

YoY ¥ **0.05** bn. (**3.0** %) ↗



<Overall status by segment> Civil engineering



Orders received

Increased by ¥0.6 billion year on year due to an increase in private-sector works.

Net sales

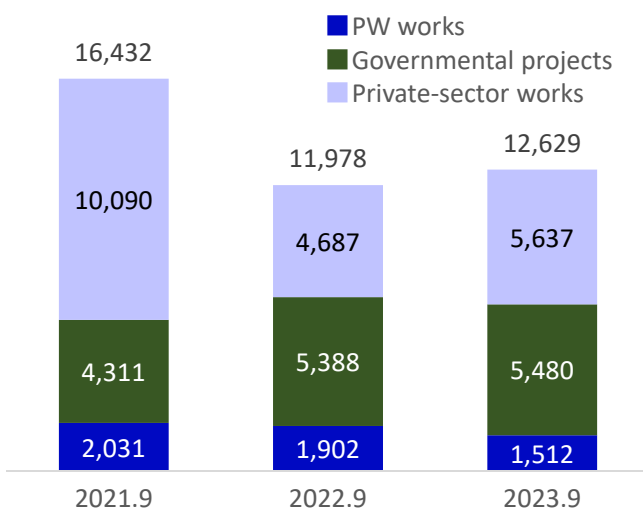
Increased ¥0.6 billion year on year as a change that is a substantial increase in amount was approved at the final settlement discussion for a large civil engineering project.

Gross profit

Increased by ¥0.5 billion year on year due to the profitability improvement effect from the aforesaid increase in amount.

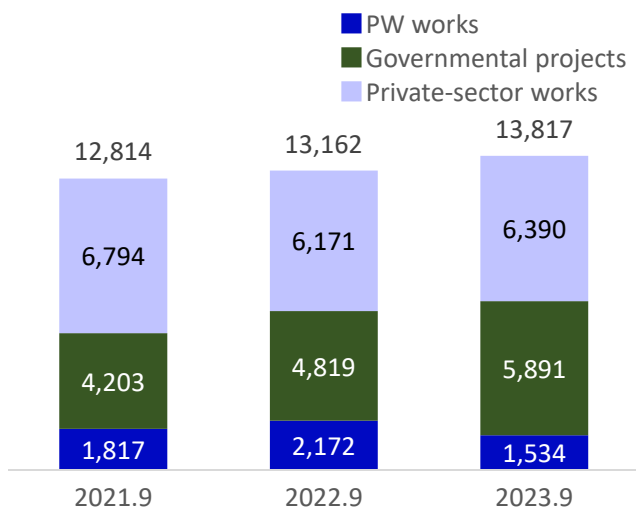
Orders received by use (JPY mil)

YoY ¥ 0.6 bn. (5.4%) ↗



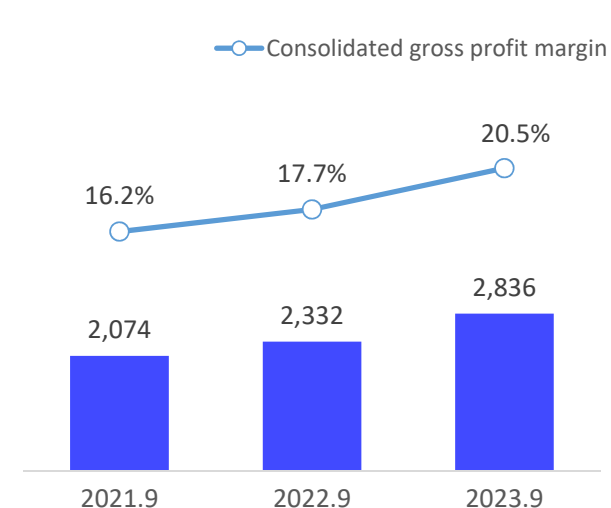
Net sales by use (JPY mil)

YoY ¥ 0.6 bn. (5.0%) ↗



Gross profit (JPY mil)

YoY ¥ 0.5 bn. (21.6%) ↗



* PW works : Works performed by "PAN WALL" method, a reinforced earth method for natural grounds which is the Company's unique technology

<Overall status by segment> Real estate business



■ Net sales

Increased by ¥0.6 billion year on year due to the significant revenue growth in the condominiums for sale business, although there was no sale, during this first six-month period, of self-developed land for industrial use such as those in the previous fiscal year.

■ Gross profit

Decreased by ¥0.1 billion year on year as there was no sale of self-developed land for industrial use that offers a high profit margin, despite the positive effect from increased revenue in the condominiums for sale business.

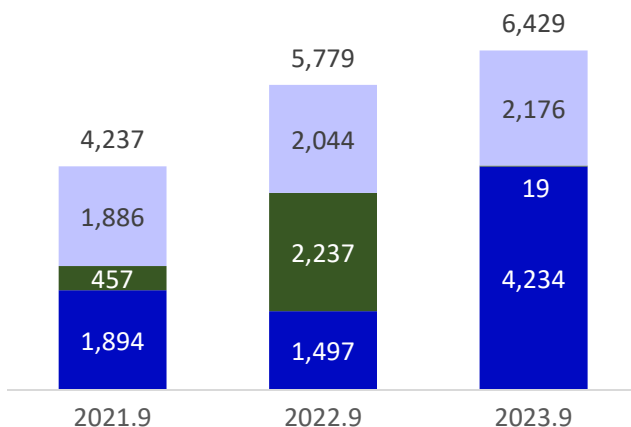
■ Results of condominiums for sale

Number of units sold increased 53 year on year due to the completion of new buildings for delivery in addition to the continued strong sales of buildings that began delivery at the end of the previous fiscal year.

Breakdown of net sales (JPY mil)

YoY ¥ **0.6** bn. (11.2%) ↗

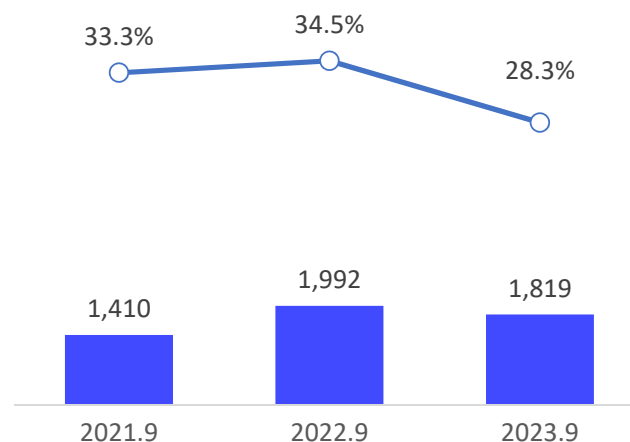
- Condominiums for sale business
- Real estate sales
- Others



Gross profit (JPY mil)

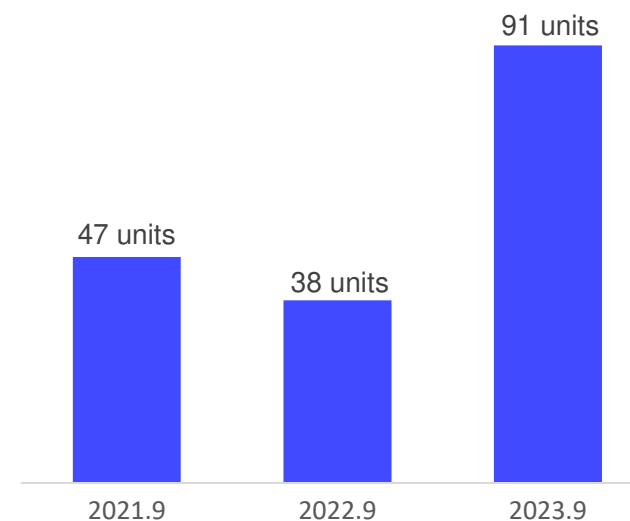
YoY ¥ **0.1** bn. (8.7%) ↘

○ Real estate sales



Number of condominium units sold

YoY **53** units (139.5%) ↗



Consolidated financial position



- **Total assets** : Total assets increased by ¥2.4 billion due to an increase of ¥1.8 billion in costs on construction contracts in progress associated with the progress of works in the construction business and an increase of ¥2.0 billion in real estate for sale as a result of purchasing land for industrial development, among other factors.
- **Liabilities** : Liabilities increased by ¥1.9 billion due to payments of income taxes and consumption taxes, while interest bearing debt increased by ¥4.0 billion as borrowings were used to cover both higher costs on construction contracts in progress and financing needs associated with the purchase of real estate for sale.
- **Net assets** : Net assets increased by ¥0.5 billion mainly due to the recording of retained earnings.

□ Consolidated balance sheets

Assets		(Millions of Yen)			Liabilities		(Millions of Yen)		
		As of March 31, 2023 Actual	As of Sept.30, 2023 Actual	Changes			As of March 31, 2023 Actual	As of Sept.30, 2023 Actual	Changes
Current assets	Cash and deposits	22,821	20,771	▲2,049	Current liabilities	Accounts payable	18,697	17,743	▲953
	Trade receivables	42,753	42,670	▲83		Short-term borrowings	28,100	31,800	3,700
	Costs on construction contracts in progress	2,074	3,921	1,847		Advances received on construction contracts in progress	4,604	5,059	455
	Real estate for sale	20,239	22,314	2,074		Others	5,442	3,787	▲1,655
	Others	4,334	4,185	▲148		Total	56,843	58,390	1,546
	Total	92,223	93,863	1,639		Long-term liabilities	Long-term borrowings	3,800	4,100
Fixed assets	Property, plant and equipment	28,497	29,014	517	Others		8,912	8,982	70
	Intangible assets	805	717	▲88	Total		12,712	13,082	370
	Investments and other assets	8,460	8,855	395	Total liabilities	69,556	71,472	1,916	
	Total	37,763	38,588	824	Net assets	60,431	60,978	546	
Total assets		129,987	132,451	2,463	Total liabilities and net assets		129,987	132,451	2,463

Consolidated financial position



□ Key management indicators

	FYE March 2020 Actual	FYE March 2021 Actual	FYE March 2022 Actual	FYE March 2023 Actual	Six months ended Sept.30.2022 Actual	(Millions of Yen) Six months ended Sept.30.2023 Actual
Return on assets (ROA)	7.3%	6.3%	5.0%	5.9%	—	—
Return on equity (ROE)	10.2%	6.2%	8.6%	7.6%	—	—
Earnings per share (EPS)	¥118.85	¥75.86	¥112.18	¥104.83	—	—
Equity ratio	48.6%	42.1%	49.4%	46.5%	51.3%	46.0%
Interest-bearing debt	26,057	42,940	30,400	31,900	25,900	35,900
Net interest-bearing debt (*)	12,281	20,848	8,388	9,078	5,315	15,129

(*) Net interest-bearing debt = interest-bearing debt - cash and deposits

□ Consolidated statements of cash flows

	Six months ended Sept.30.2018 Actual	Six months ended Sept.30.2019 Actual	Six months ended Sept.30.2020 Actual	Six months ended Sept.30.2021 Actual	Six months ended Sept.30.2022 Actual	(Millions of Yen) Six months ended Sept.30.2023 Actual
Cash flows from operating activities	▲ 4,351	2,823	4,050	4,732	4,580	▲ 4,174
Cash flows from investing activities	▲ 580	▲ 1,462	▲ 0	▲ 2,014	▲ 586	▲ 816
Cash flows from financing activities	4,320	▲ 2,739	4,169	▲ 5,023	▲ 5,420	2,951

Orders received, And carry forward to the second half



■ Orders received

Decreased by ¥6.0 billion from a year earlier when there was a concentration of orders for large logistics facilities and factories.

■ Carry forward to the second half

Decreased by ¥6.9 billion year on year as net sales significantly increased from a year earlier while orders received declined from a year earlier in the building construction.

* On October 30, 2023, the sale of lot No. 1 of the Obu Tokai Development Project was completed, simultaneously completing the building construction contract. At present, both orders received and carry forward to the second half have increased significantly.

□ Orders received

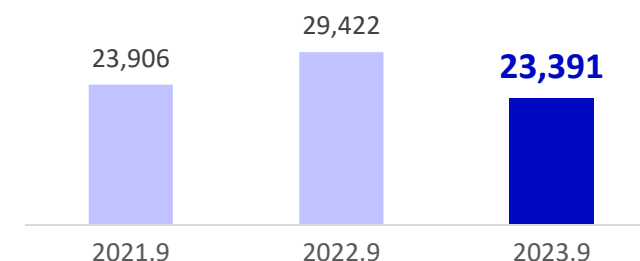
				(Millions of Yen)	
	Six months ended	Six months ended	Six months ended	Year on year	
	Sept.30.2021 Actual	Sept.30.2022 Actual	Sept.30.2023 Actual	Increase/ decrease	Change
Building construction	7,474	17,444	10,761	▲6,682	▲38.3%
Civil engineering	16,432	11,978	12,629	651	5.4%
Total	23,906	29,422	23,391	▲6,031	▲20.5%

□ Carry forward to the second half

				(Millions of Yen)	
	Six months ended	Six months ended	Six months ended	Year on year	
	Sept.30.2021 Actual	Sept.30.2022 Actual	Sept.30.2023 Actual	Increase/ decrease	Change
Building construction	30,144	56,955	45,479	▲11,475	▲20.1%
Civil engineering	28,405	27,079	31,625	4,545	16.8%
Total	58,549	84,034	77,105	▲6,929	▲8.2%

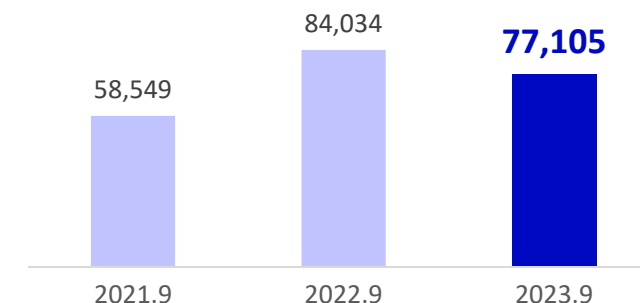
Orders received (JPY mil)

YoY ¥ 6.0 bn. (20.5%)



Carry forward to the second half (JPY mil)

YoY ¥ 6.9 bn. (8.2%)





III

Financial Forecasts for the FY March 31, 2024



Financial Forecasts for the FY March 31, 2024



In forecasts for the fiscal year ending March 31, 2024 (full year), a record high is expected at each profit level, with net sales of ¥122.0 billion, operating profit of ¥9.5 billion, and profit of ¥6.3 billion.

■ Net sales

With a large increase in sales in the real estate business, overall net sales will exceed the result in the previous year, achieving a record high.

■ Profit

Due to robust growth in revenue, profit will also far exceed the result in the previous year at each profit level, achieving a record high.

□ Full-year Consolidated forecasts for FY March 2024

	FYE March 2023 Actual	FYE March 2024 Full year Forecast	(Millions of Yen)	
			Year on year (Full year) Increase/ decrease	Change
Net sales	111,110	122,000	10,889	9.8%
Net sales of completed construction contracts	94,265	98,700	4,434	4.7%
Net sales in real estate business and other	16,845	23,300	6,454	38.3%
Gross profit	16,590	19,700	3,109	18.7%
(Gross profit margin)	14.9%	16.1%		1.2pt
Gross profit on completed construction contracts	10,822	9,400	▲1,422	▲13.1%
Gross profit on real estate business and other	5,768	10,300	4,531	78.6%
Selling, general, and administrative expenses	9,377	10,200	822	8.8%
Operating profit	7,212	9,500	2,287	31.7%
(Operating profit margin)	6.5%	7.8%		1.3pt
Ordinary profit	7,259	9,500	2,240	30.9%
(Ordinary profit margin)	6.5%	7.8%		1.3pt
Profit attributable to owners of parent	4,508	6,300	1,791	39.7%
(Return on sales)	4.1%	5.2%		1.1pt

Factors for increase or decrease in net sales/operating profit (vs results for the fiscal year ended March 31, 2023)



■ Net sales

Construction business : Results are expected to exceed those in the previous year, as net sales of HOKUWA CONSTRUCTION,INC., which became a subsidiary, will be added.

Real estate business : Results are expected to significantly exceed those in the previous year due to the sale of the largest ever self-developed land.

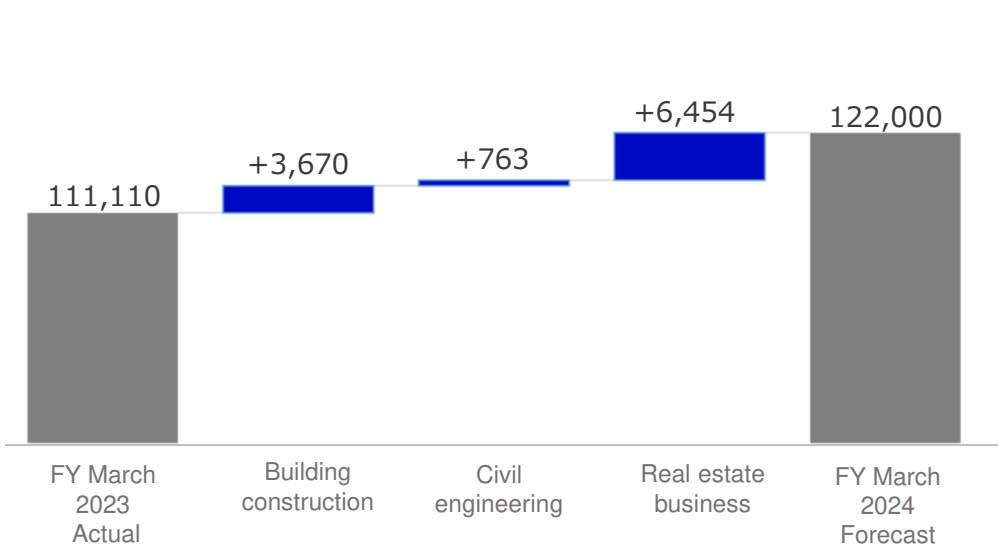
■ Profit

Construction business : Profit is expected to be lower than the result in the previous year due to a decline in profit margin stemming from some unprofitable works.

Real estate business : Profit is expected to significantly exceed the result in the previous year in conjunction with the sale of self-developed land.

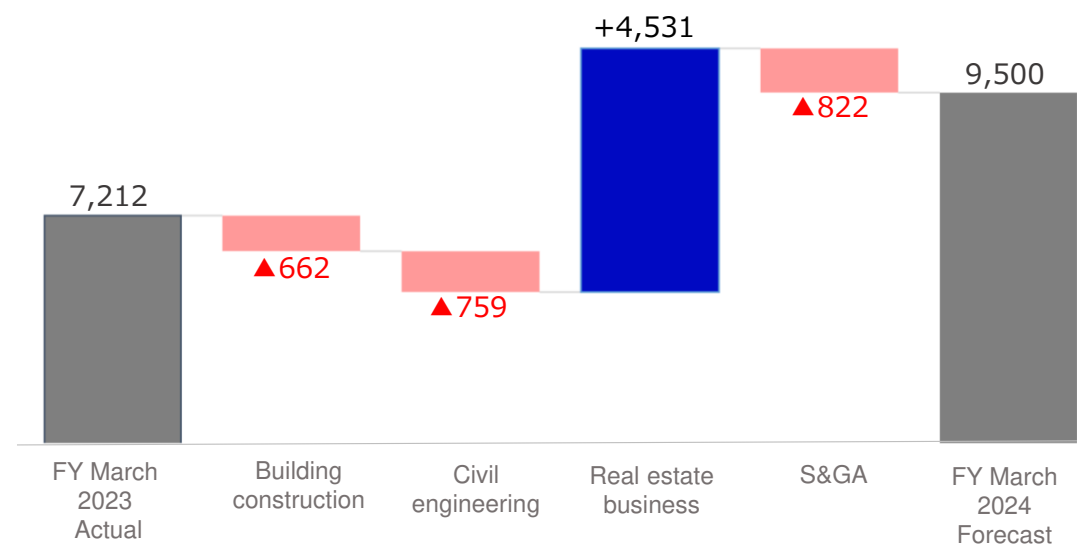
Net sales (JPY mil)

YoY ¥ **10,889** mil.



Gross profit (JPY mil)

YoY ¥ **2,287** mil.



Real Estate Business Topics: Obu Tokai Development Project

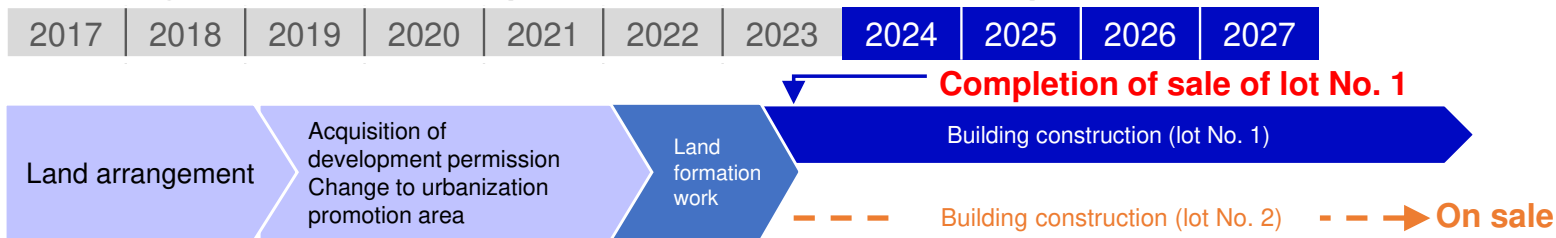


Largest development project ever undertaken by the Company as a business owner

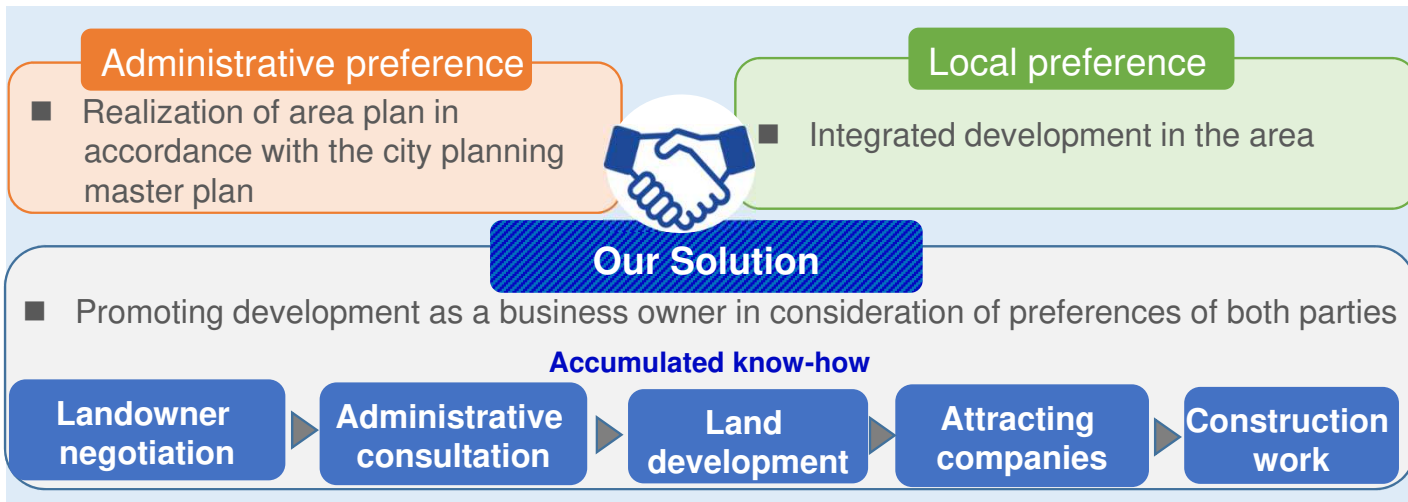
A project to develop two industrial parks of about 70,000 *tsubo* (230,000 m²) in Obu City and Tokai City, Aichi Prefecture. The sale of lot No. 1 with Nomura Real Estate Development Co., Ltd. was completed in October 2023. Expecting to record approximately ¥60.0 billion in total for net sales of completed construction contracts and net sales in real estate business and other over the three periods from FYE March 2024 to FYE March 2026.

(For details, please refer to “Notice Concerning Sale, etc. (Plan) of Real Estate for Sale” disclosed on October 20, 2023.)

■ Project schedule: April 2016 to March 2027 (plan)



■ Project outline

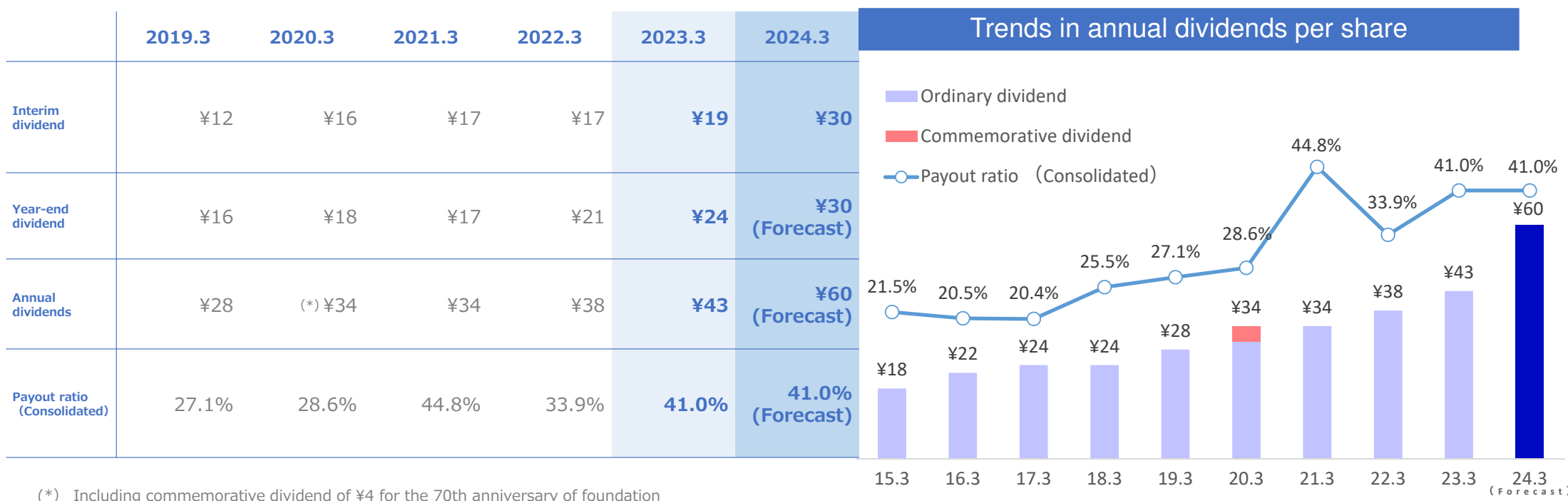


Aerial photo of the site (as of September 30, 2023)

Dividends



- Interim dividend for FYE March 2024 will be ¥30 as announced.
- The year-end dividend forecast is set at ¥30 as announced, and the annual dividend is expected to be ¥60, an increase of ¥17 from the previous fiscal year.
- The Company plans to increase dividends for three consecutive periods (no dividend reduction for 11 consecutive periods).
- Dividend payout ratio continues to exceed the dividend policy of “30% or more” in the medium-term management plan.



(*) Including commemorative dividend of ¥4 for the 70th anniversary of foundation



IV

Medium-Term Management Plan



The Company's position



We aim to make a leap from a mid-sized player to a second-tier major player with net sales of ¥200 billion or more. Profit has already been comparable to that of second-tier major players.

Hierarchical classification of construction companies based on average consolidated net sales over the past three years

Rank	Company name	Net sales	Operating profit	
1	Kajima Corporation	¥2,079.6 billion	¥123.3 billion	5 super-general contractors Net sales of ¥1 trillion or more
2	Obayashi Corporation	¥1,922.8 billion	¥41.0 billion	
3	Taisei Corporation	¥1,543.2 billion	¥96.0 billion	
4	Shimizu Corporation	¥1,482.9 billion	¥45.1 billion	
5	Takenaka Corporation	¥1,260.4 billion	¥46.3 billion	
6	Haseko Corporation	¥1,027.2 billion	¥90.1 billion	11 second-tier major general contractors Net sales of ¥200 billion or more
15	Tokyu Construction	¥288.8 billion	¥5.1 billion	
16	Okumura Corporation	¥249.4 billion	¥11.8 billion	
17	Toa Corporation	¥213.5 billion	¥6.5 billion	
18	Fukuda Corporation	¥154.3 billion	¥5.2 billion	Mid-sized general contractors Net sales of less than ¥200 billion
29	YAHAGI CONSTRUCTION	¥111.1 billion	¥7.2 billion	

Ranking figures are based on data for the fiscal year ended March 2023 or December 2022.

Secured operating profit comparable to second-tier major players

Source) Compiled by the Company with reference to the 40 companies for which financial analysis and hierarchical classification were performed by the Research Institute of Construction and Economy.

Vision for FY2030 and the positioning of the medium-term management plan

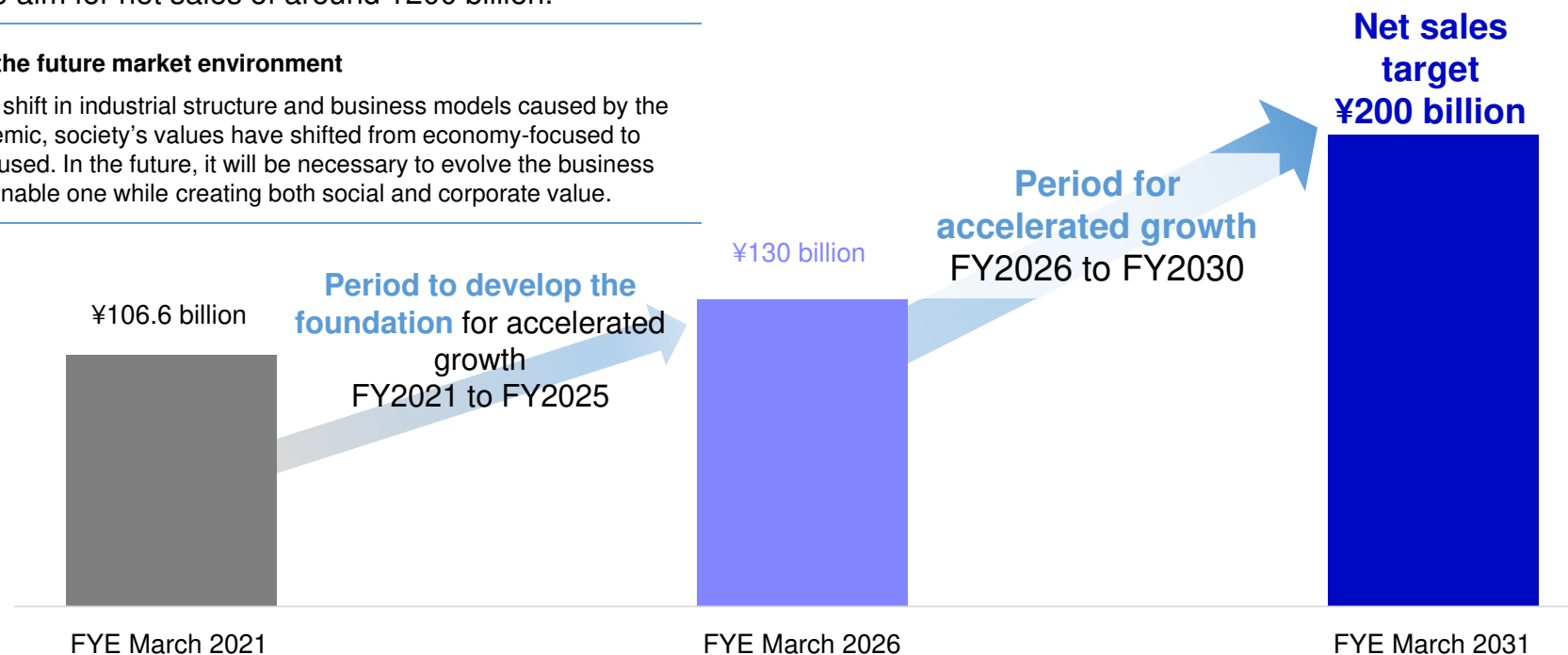


Vision for FY2030: “Problem-solving and value-creating company”

- A company that contributes to the sustainable development of customers, communities, and society by creating and providing new value through construction engineering in order to realize a better society, not just by solving problems faced by customers and communities.
- A company that expands business beyond the Tokai area to the maglev economic zone, and has strong competitiveness in specific customers and fields within the areas.
- We aim for net sales of around ¥200 billion.

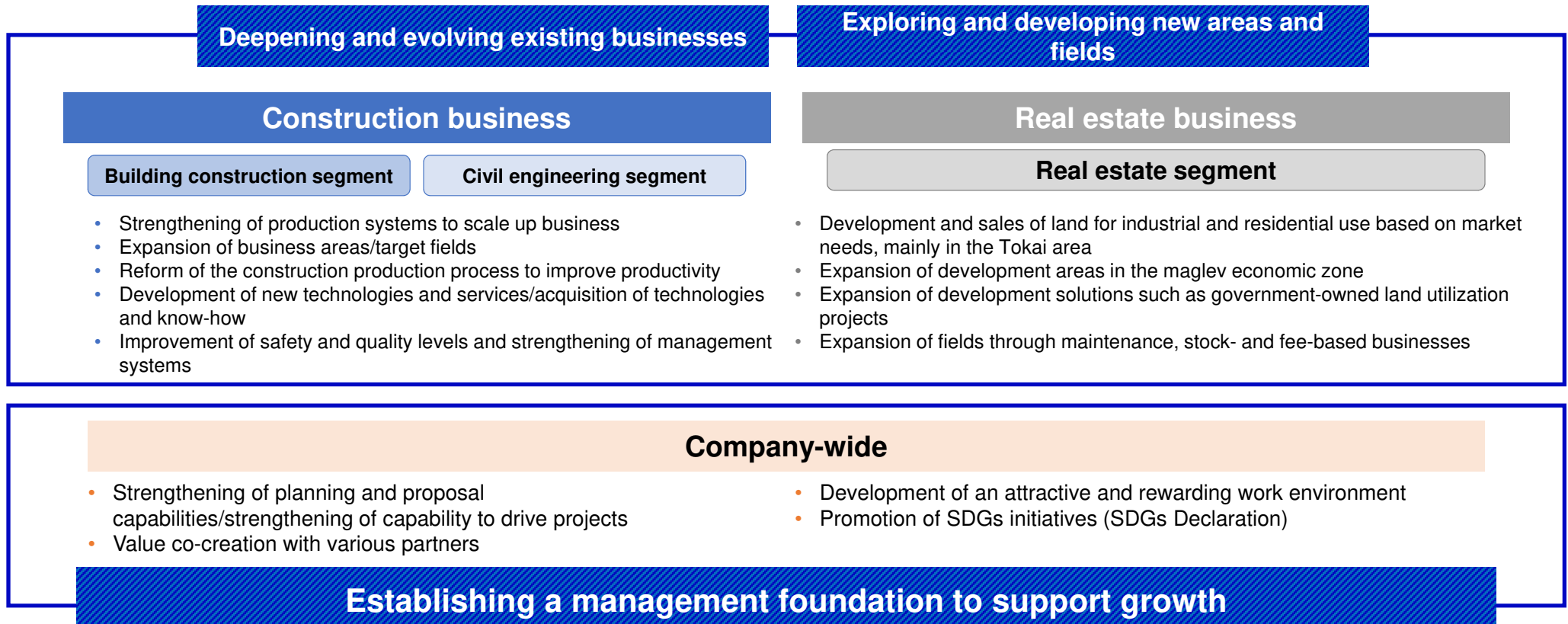
Recognition of the future market environment

In addition to the shift in industrial structure and business models caused by the COVID-19 pandemic, society’s values have shifted from economy-focused to sustainability-focused. In the future, it will be necessary to evolve the business model to a sustainable one while creating both social and corporate value.



Transformation into a problem-solving and value-creating company

“**Enhancement of capabilities to build and create**” and the “**development of the foundation for sustainable growth**” toward accelerated growth



Numerical targets and dividend policy



■ Numerical targets (consolidated)

	FYE March 2021	FYE March 2026	
	Actual	Target	Change
Net sales	¥106.6 billion	¥130 billion	22%
Operating profit	¥7.3 billion	¥10 billion	37%

■ Dividend policy

- Provide continuing and stable shareholder returns, while taking into account consolidated financial results and financial conditions.
- Target payout ratio of 30% or more.
- Consider purchasing treasury shares flexibly as needed, in light of growth investment conditions and market trends.

	Previous medium-term management plan period			Current medium-term management plan period
	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022 to FYE March 2026
	Actual	Actual	Actual	Target
Annual dividends	¥28	¥34*	¥34	Payout ratio 30% or more
Payout ratio	27.1%	28.6%	44.8%	

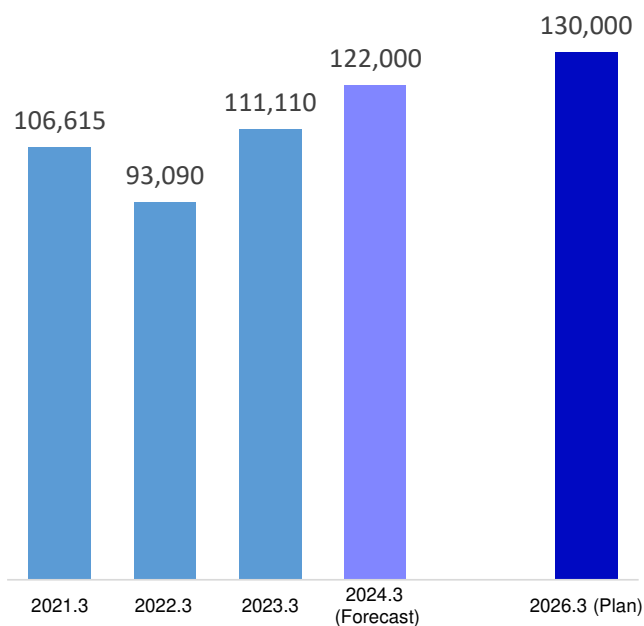
*Including commemorative dividend of ¥4 for the 70th anniversary of foundation

Progress in numerical targets and dividend policy

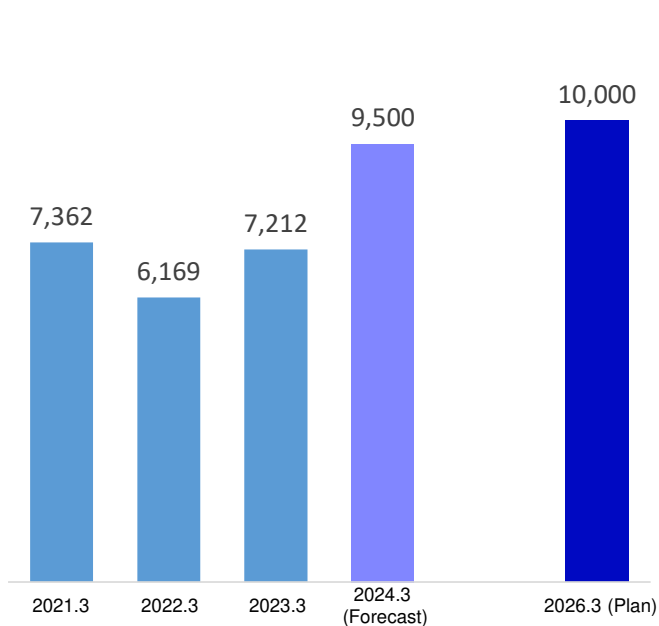


The Company has been making good progress against targets for all of net sales, profit and dividends.

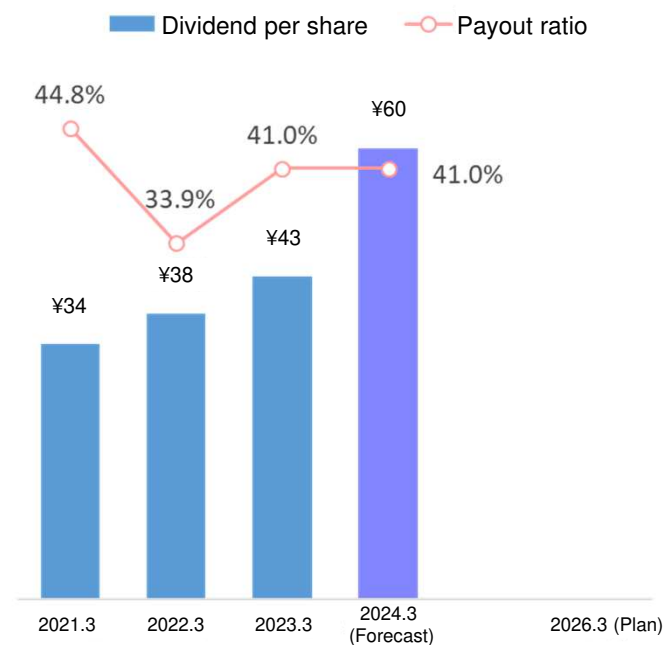
Net sales (JPY mil)



Operating profit (JPY mil)



Dividend per share and payout ratio



Efforts to achieve the medium-term management plan (1)



“DPL Meiko Yatomi I,” the largest building construction project undertaken by the Company

Deepening and evolving existing businesses	Exploring and developing new areas and fields	Establishing a management foundation to support growth
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Enhancement of production systems to scale up business	<ul style="list-style-type: none"> Received an order for the largest building construction project ever
Reform of the construction production process to improve productivity	<ul style="list-style-type: none"> Realized manpower-saving construction such as reinforcement prefabrication method
Strengthening of planning and proposal capabilities/ strengthening of capability to drive projects	<ul style="list-style-type: none"> Proposals with high economic efficiency and design freedom from the initial stage of planning were regarded highly
Improvement of safety and quality levels and strengthening of management systems	<ul style="list-style-type: none"> Established reliable construction procedures based on full-scale construction verification

Location	Yatomi City, Aichi Pref.	Overview of construction work
Construction period	November 2020 to June 2022	Structure : Steel-framed reinforced concrete structure
Business operator	DAIWA HOUSE INDUSTRY Co., Ltd.	Floors : 4 floors
Designed by	YAHAGI CONSTRUCTION CO., LTD.	Total floor area : 210,360 m ²



We have been engaging in various initiatives from the design stage, to accumulate and develop verification data for them and to further promote the “enhancement of the capabilities to build and create” in the future.

Efforts to achieve the medium-term management plan (2)

HOKUWA CONSTRUCTION, INC., which is based in Kyoto, became our subsidiary.

Deepening and evolving existing businesses

Exploring and developing new areas and fields

- Expand business beyond the Tokai area to the maglev economic zone.
- Leverage our strong sales base in the Kansai area, mainly in Kyoto, which should result in significant synergy such as expanded trade areas.

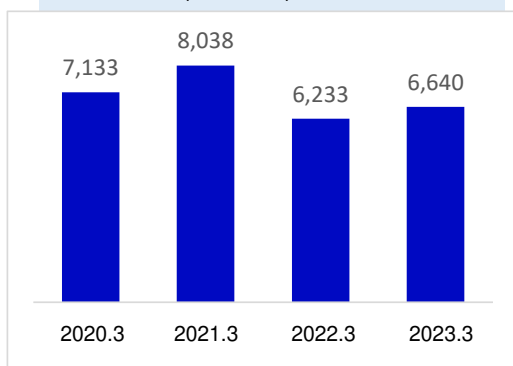
Enhancement of production systems to scale up business

Expansion of business areas/target fields

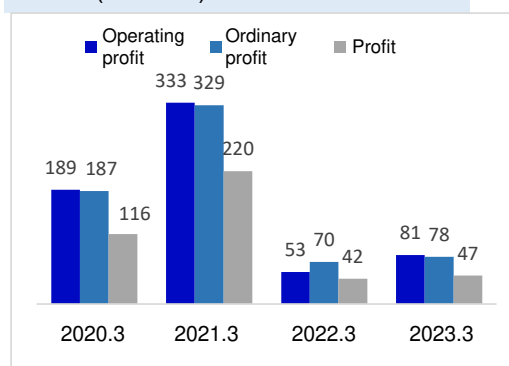
Value co-creation with various partners

HOKUWA CONSTRUCTION

Net sales (JPY mil)

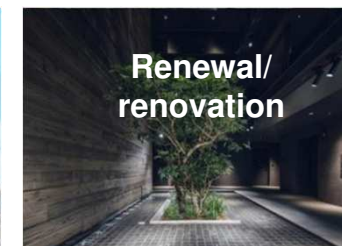


Profit (JPY mil)



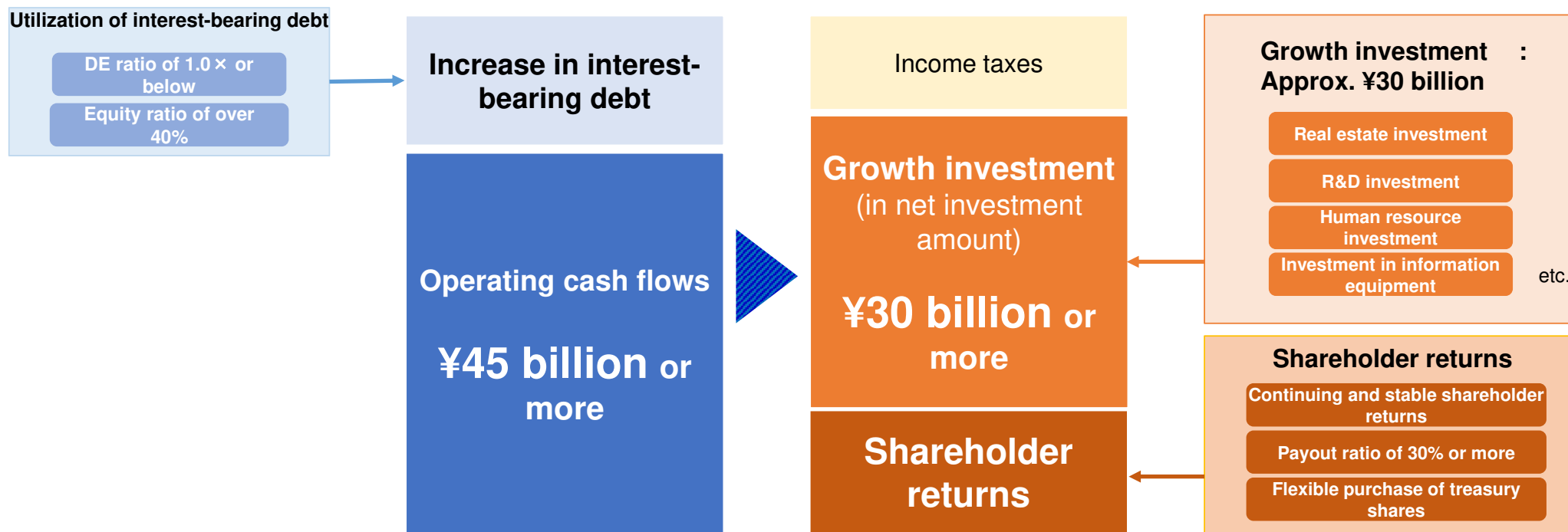
Business field

Executed construction work for rental apartments for students, hotels, welfare facilities and others.



Allocate cash appropriately to future growth investments and shareholder returns, by utilizing interest-bearing debt to the extent that financial soundness can be maintained, in addition to earned profit.

Cash allocation policy FYE March 2022 to FYE March 2026



Analysis of current status of capital cost and return on equity

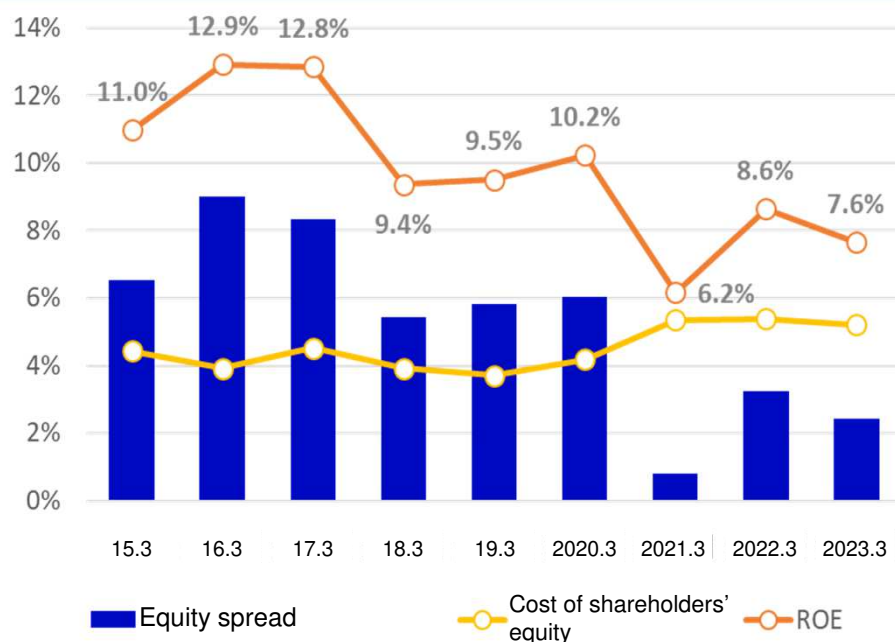
The Company's return on equity (ROE) exceeds its cost of shareholders' equity.

➤ The difference (equity spread) is on a decreasing trend.

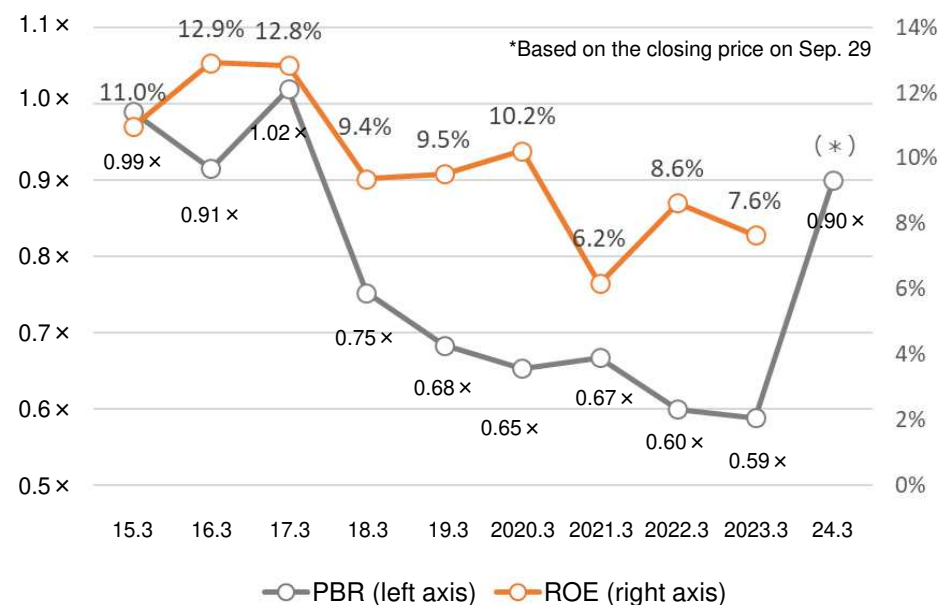
As ROE declines, PBR continues to be at a low level, below 1 × .

➤ Our future challenge is to widen the spread.

Trends in equity spread (ROE – cost of shareholders' equity)



Trends in PBR and ROE



Efforts to maximize corporate value

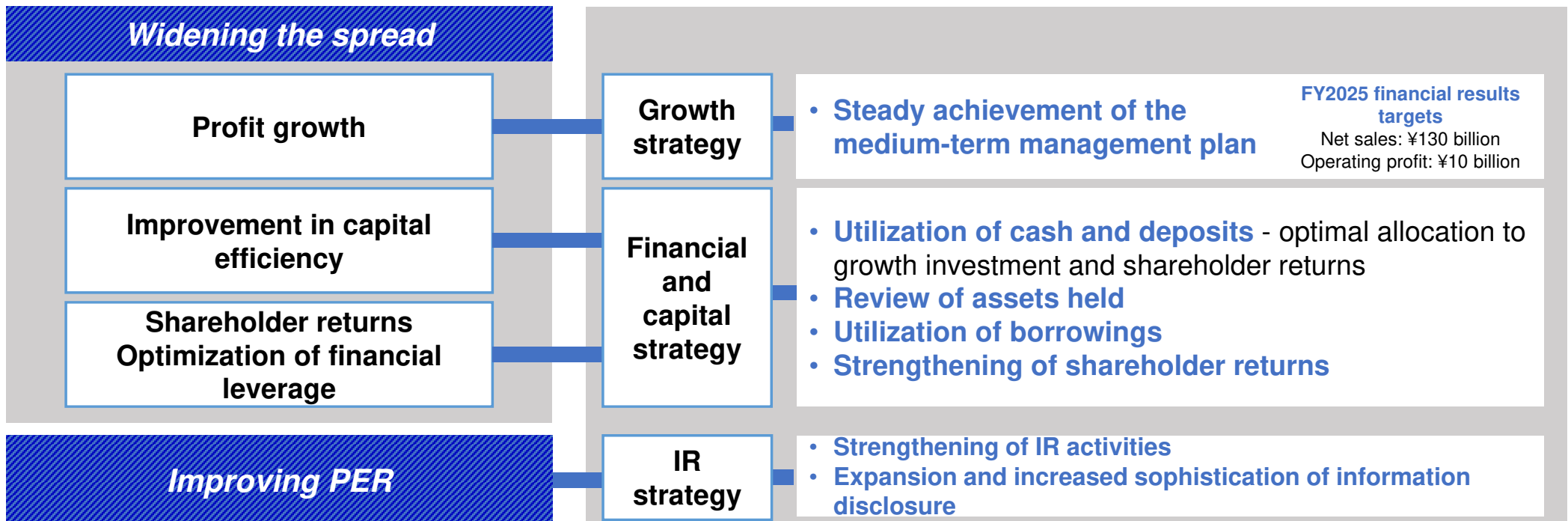


We will step up our efforts to widen the spread and improve PER to maximize corporate value (i.e., PBR in excess of 1 ×).

Maximizing corporate value

Drivers to improve corporate value

Details of main initiatives



We will expand opportunities for dialogue with shareholders and investors, and enhance the dissemination of information for deeper understanding of the Company's growth strategy.

Strengthening IR activities

1 Financial results briefing sessions

Hold for the first half and full year, twice a year in total.

2 Investor meetings and IR meetings

Hold company briefing sessions for individual investors.

Hold individual IR/SR meetings.

Exhibit at IR events.

Expansion and increased sophistication of information disclosure

3 Materials on the consolidated financial results

Disclose materials on quarterly financial results.

4 English communication

Disclose financial results summary and materials on financial results in English.

5 Website

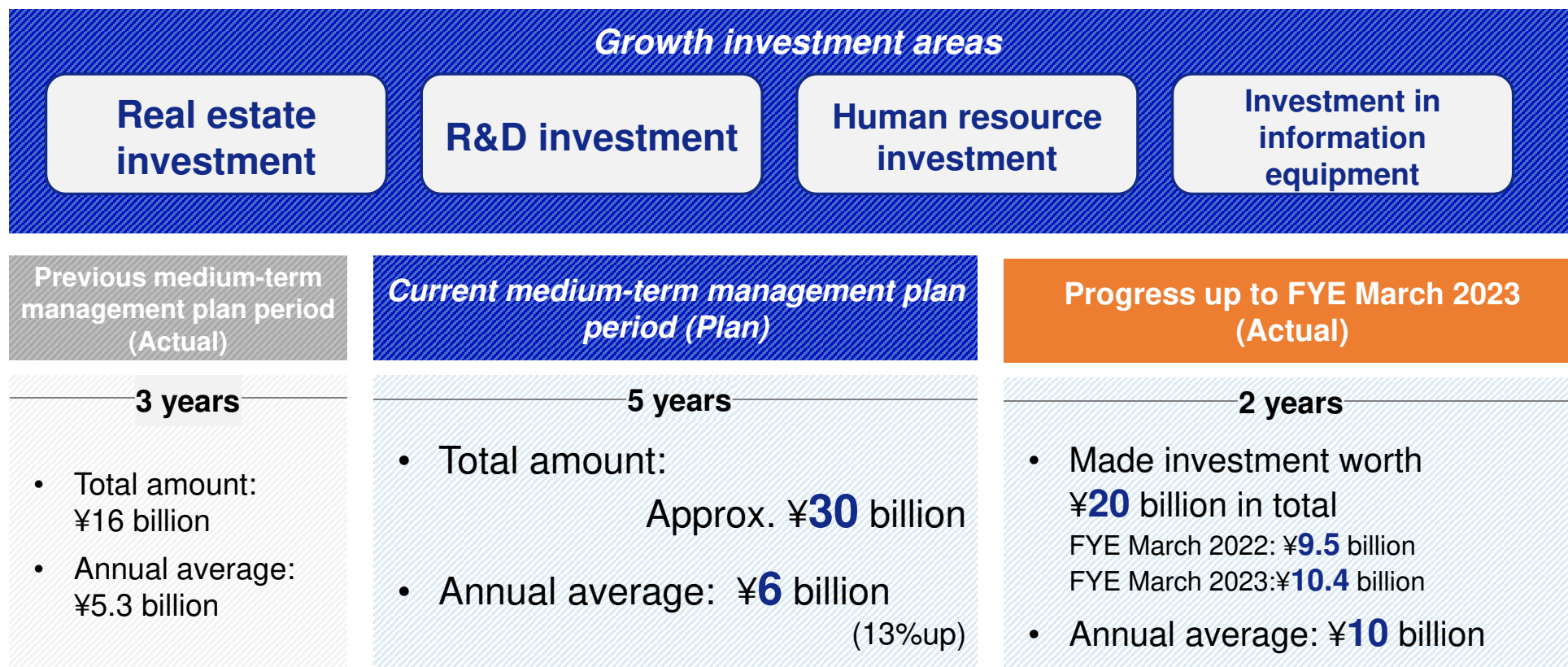
Enhance the dissemination of non-financial information such as sustainability, in addition to financial information.

6 Integrated reports

Publication of integrated reports (planned)

Investment plan and progress

We plan to make growth investment to build the foundation for realizing the vision for FY2030, in the amount of approx. ¥30 billion over 5 years.



Shareholder returns

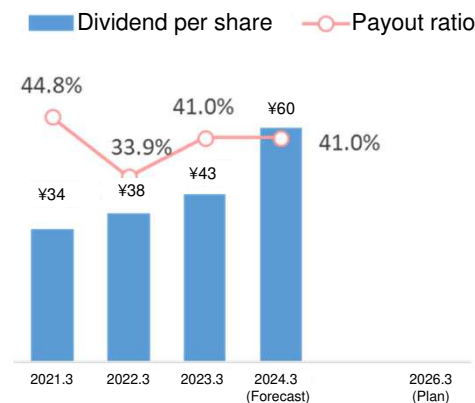


■ Dividend policy

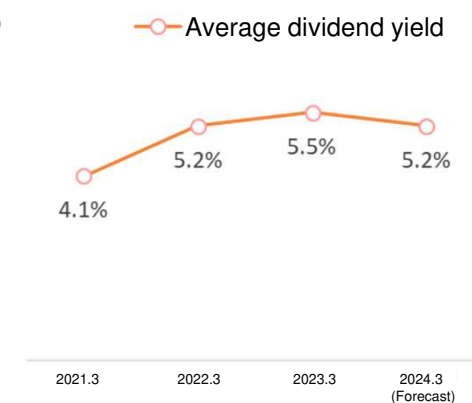
- Provide continuing and stable shareholder returns, while taking into account consolidated financial results and financial conditions.
- Target payout ratio of 30% or more.
- Consider purchasing treasury shares flexibly as needed, in light of growth investment conditions and market trends.

	Previous medium-term management plan period			Current medium-term management plan period
	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022 to FYE March 2026
	Actual	Actual	Actual	Target
Annual dividends	¥28	¥34*	¥34	Payout ratio 30% or more
Payout ratio	27.1%	28.6%	44.8%	

Dividend per share and payout ratio



Average dividend yield



*Including commemorative dividend of ¥4 for the 70th anniversary of foundation

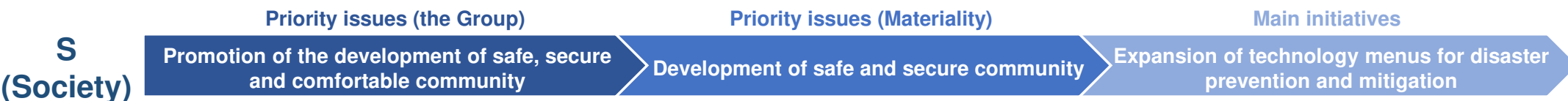
* Average dividend yield = Average annual share price (closing price) ÷ Annual dividends per share

ESG/SDGs Contribution through business activities: Utilization of PAN WALL method



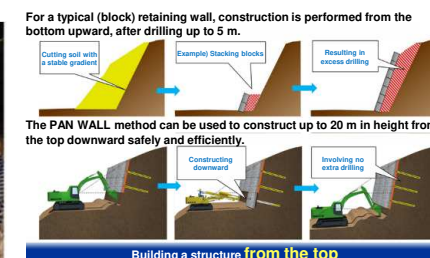
Expansion of technology menus for disaster prevention and mitigation: Development of community resilient to natural disasters

We provide safe and resilient buildings by utilizing various construction technologies and know-how that the Company has cultivated to date, including disaster prevention/mitigation technologies.



Utilization of PAN WALL method

The Company utilizes its original “PAN WALL method” for earth reinforcement to contribute to the development and improvement of social infrastructure. This method has excellent seismic resistance structure due to the high strength of precast concrete panels and reinforcing materials (steel bars and cement milk). The main feature of this method is inverted construction, in which panels are constructed stepwise from the top downward to complete the wall surface while controlling the looseness of the ground. Its soundness was verified in the Great East Japan Earthquake in 2011 and the torrential rainfalls in northern Kyushu in 2017.



Points of contribution to SDGs

With the recent intensification of natural disasters due to climate change, there is growing need for disaster prevention/mitigation and increased national resilience to disasters. The PAN WALL method is expected to see even stronger demand as a method to meet such social needs.

- 1 Disaster prevention/mitigation and increased national resilience**
Contribution to building sustainable and resilient social infrastructure through high durability and excellent seismic resistance
- 2 Environmental considerations during construction work**
Contribution to reductions in forest loss and CO₂ emissions by reducing the volume of excavated soil and minimizing topographic changes
- 3 Active roles played by diverse human resources**
Development of an environment that accommodates diverse workers, such as by preparing multilingual construction manuals

Our basic human resource strategy Aiming to be a “company that is chosen and that employees want to continue working for”



In order to realize our vision for FY2030, we believe it is important to continue to develop and create “human resources who solve problems and create value,” secure diverse human resources in both quantity and quality, and ensure that they realize their full potential while feeling pride and satisfaction in working in the Group. We aim to be a “company that is chosen and that you want to continue working for,” by transforming into the company where each employee can shine and the company that appeals to and attracts human resources.

Three pillars supporting our human resource strategy

(1) Increasing diverse construction engineers

- 1) Actively recruit diverse human resources.
- 2) Encourage the elderly to play an active role.

Active recruitment of female engineers

- The ratio of female engineers hired as new graduates has been at 10% or more since FY2017.

Active recruitment of human resources with foreign nationality

- Since FY2018, the Company has been actively recruiting foreign nationals, and currently has 26 foreign employees. Foreign nationals accounted for more than 10% of new graduates hired in FY2022.

Introduction of a mandatory retirement age of 65

- In April 2021, the Company raised the retirement age from 60 to 65 for all Group employees, with compensation levels maintained at the same level when they continue to assume the same role as they did before reaching the age of 60

(2) Creating a mechanism that supports the growth of each employee

- 1) Encourage people to learn and actively investing in skill development.
- 2) Create a mechanism that enables employees to chart their own future goals.

Training/education system to support career advancement

Training by level (for all job types), training by job type
 Program to support certification acquisition
 Voluntary internal study sessions
 OJT education program and distance-learning program

Increase investment in human resource development

Institutional reform in response to diversifying values and work styles

Develop a system that enables everyone to find his/her work rewarding and feel own growth, respects the values of each individual employee, and supports career development that responds to diversifying work styles.

(3) Developing a work environment where each employee can shine

- 1) Management reform for those in managerial positions
- 2) Develop a safe work environment.
- 3) Promote physical and mental health management.

Main initiatives

Improvement in long working hours	<ul style="list-style-type: none"> • Increased operational efficiency using digital technologies • Development of back-office systems on the ground
Improvement in treatment	<ul style="list-style-type: none"> • Raised wages for the third consecutive year • Expanded allowance for workers commuting long distance
Response to inflation	<ul style="list-style-type: none"> • Paid a flat rate of ¥100,000 per person to all of the employees to mitigate the impact of rising prices on daily life
Work-life balance	<ul style="list-style-type: none"> • Promotion of male employees' taking childcare leave (publicizing activity, etc.) • Refreshment leave system
Mental health care	<ul style="list-style-type: none"> • Established a consultation desk utilizing external EAP (Employee Assistance Program)
Improvement of the work environment	<ul style="list-style-type: none"> • Installed space for refreshment and co-working in the headquarters building (September 2022)



FACT SHEET



Consolidated Financial Results (For the Last 5 Years) and Forecasts



	(Millions of yen)					
	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3 (Forecast)
Net sales	92,754	90,129	106,615	93,090	111,110	122,000
<i>(Year-on-year percentage change)</i>	(1.2%)	(▲2.8%)	(18.3%)	(▲12.7%)	(19.4%)	(9.8%)
Operating profit	7,705	7,764	7,362	6,169	7,212	9,500
<i>(Year-on-year percentage change)</i>	(0.2%)	(0.8%)	(▲5.2%)	(▲16.2%)	(16.9%)	(31.7%)
Ordinary profit	7,747	7,829	7,445	6,174	7,259	9,500
<i>(Year-on-year percentage change)</i>	(0.4%)	(1.1%)	(▲4.9%)	(▲17.1%)	(17.6%)	(30.9%)
Profit attributable to owners of parent	4,476	5,158	3,292	4,842	4,508	6,300
<i>(Year-on-year percentage change)</i>	(9.6%)	(15.2%)	(▲36.2%)	(47.1%)	(▲6.9%)	(39.7%)

<Overall status by segment> Building construction



	2019.3	2020.3	2021.3	2022.3	(Millions of yen) 2023.3
	Actual	Actual	Actual	Actual	Actual
Consolidated orders received	51,504	59,721	52,515	60,072	64,034
Condominium construction works	23,860	13,591	10,131	13,806	14,326
General construction works	27,644	46,130	42,384	46,216	49,708
Consolidated net sales	48,394	44,263	58,635	50,300	64,329
Condominium construction works	8,050	14,584	19,067	16,430	11,444
General construction works	40,343	29,678	39,567	33,870	52,885
Consolidated gross profit	6,325	6,360	5,929	4,669	5,062
Consolidated gross profit margin	13.1%	14.4%	10.1%	9.3%	7.9%

<Overall status by segment> Civil engineering



	(Millions of yen)				
	2019.3	2020.3	2021.3	2022.3	2023.3
	Actual	Actual	Actual	Actual	Actual
Consolidated orders received	33,773	25,218	28,831	32,567	34,485
Governmental projects	8,533	9,291	12,119	12,886	15,083
Private-sector works	20,892	10,130	12,980	15,481	15,190
PW works	4,348	5,797	3,732	4,200	4,212
Consolidated net sales	29,564	29,618	33,771	28,693	29,936
Governmental projects	10,638	12,548	14,877	8,946	12,158
Private-sector works	14,658	12,341	14,520	15,410	13,452
PW works	4,268	4,729	4,372	4,336	4,325
Consolidated gross profit	5,412	5,097	5,760	5,710	5,759
Consolidated gross profit margin	18.3%	17.2%	17.1%	19.9%	19.2%

<Overall status by segment> Real estate business



	2019.3	2020.3	2021.3	2022.3	(Millions of yen) 2023.3
	Actual	Actual	Actual	Actual	Actual
Consolidated net sales	14,796	16,247	14,208	14,096	16,845
Condominiums for sale business	10,013	8,856	10,039	7,292	9,315
Real estate sales	1,646	4,023	621	2,991	3,448
Others	3,137	3,368	3,547	3,813	4,082
Consolidated gross profit	4,770	4,842	4,009	4,555	5,768
Consolidated gross profit margin	32.2%	29.8%	28.2%	32.3%	34.2%
□ Results of condominiums for sale					
Number of delivered units	293	198	199	180	223
Number of contracted units	290	184	130	194	224

Status of consolidated subsidiaries (as of September 30, 2023)



(Millions of yen)

Name	Address	Capital	Fiscal year end	Business description	Net sales for the current fiscal year
YAHAGI REAL ESTATE Co., Ltd.	Higashi-ku, Nagoya	800	March	Condominiums for sale business, real estate development business, real estate leasing business, real estate brokerage business	5,146
YAHAGI BUILDING AND LIFE CO., LTD.	Higashi-ku, Nagoya	400	March	Apartment and building management business, building construction business	1,945
YAHAGI GREEN Co., Ltd.	Higashi-ku, Nagoya	100	March	Greenery business, golf course management business	1,769
Techno Support Co., Ltd.	Higashi-ku, Nagoya	50	March	PAN WALL (an earth reinforcement method using panels and "soil nails" for slope protection) business, PITA Column (a seismic retrofitting method using external reinforcing for existing buildings) business, technological development, trial experience production	594
YAHAGI ROAD CO., LTD.	Toyota, Aichi	300	March	Paving business, civil engineering business, manufacture and sales of asphalt mixture, recycling business	2,915
Nanshin Takamori Development Co., Ltd.	Takamori-machi, Shimoina-gun, Nagano	50	March	Operation of golf courses (Takamori Country Club)	201
HOKUWA CONSTRUCTION, INC.	Shimogyo-ku, Kyoto	85	March	Building construction business	2,602

(Notes) 1. All the above companies are wholly-owned subsidiaries of YAHAGI CONSTRUCTION CO., LTD. (For Nanshin Takamori Development Co., Ltd., there are indirect holdings of 69%).
2. The Company acquired all the shares in HOKUWA CONSTRUCTION, INC. as of March 31, 2023, and made the said company its subsidiary.

Share price trend (January 2018 to October 2023)



Share price
(Yen)

Closing price as of the
end of October : ¥1,306
PER : 8.9x
PBR : 0.94x



*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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