

FY3/23 (Fiscal 2022) Financial Results (April 1, 2022 to March 31, 2023)

May 22, 2023

Disclaimer: This document is an English translation of the Japanese original. The Japanese original will prevail to the extent that there is any conflict or discrepancy in meaning between the Japanese original and the English translation thereof.

1. FY3/23 Financial Results Outline

- In light of such factors as the strong appetite toward capital investment by the private sector, the market in Japan rallied; overseas markets also exhibited a recovery.
- Conditions throughout the business environment remain uncertain owing to a variety of factors, including rising geopolitical risks, soaring raw material prices due to the weak yen and other factors, and the need to closely monitor the impact of the supply chain from a supply side perspective on an ongoing basis.
- As far as the construction industry is concerned, conditions were mixed. On the one hand, trends in public sector construction investment were firm and private sector construction investment continued to exhibit a recovery. On the other hand, the surge in raw material prices and other factors continued to impact the business environment.

Consolidated net sales **372.1**
(Billion yen)

(YoY Change +9.4%)

- The progress of ongoing construction projects and developments in construction orders received during the period contributed to net sales of completed construction contracts

Consolidated Operating Profit **19.8**
(Billion yen)

5.3 %

(Consolidated Operating Profit YoY Change ▲25.4%)

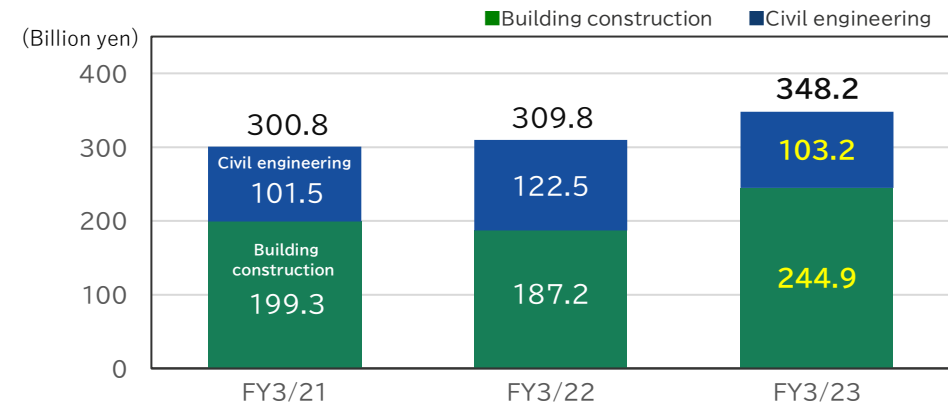
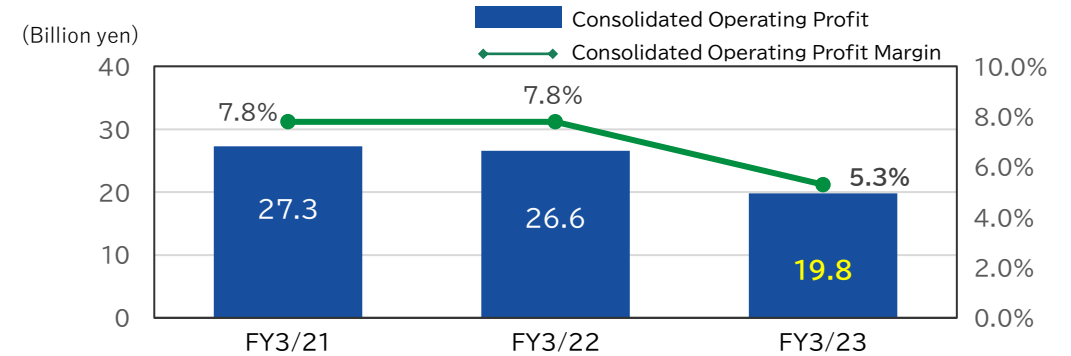
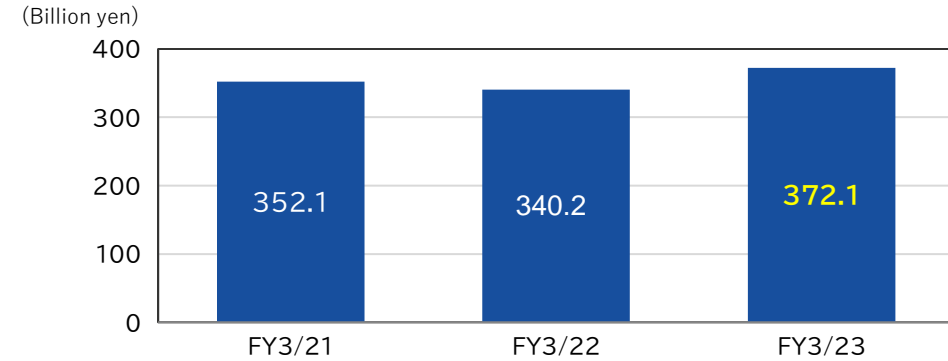
(Consolidated Operating Profit Margin YoY Change ▲2.5P)

- Decrease in gross profit in completed construction contracts
 - Posted a provision for warranties for completed construction in the civil engineering business owing to the downturn in profitability of certain overseas construction projects and the projected incidence of repair work expenses on domestic construction work completed in the previous fiscal year
 - Decrease in building construction profitability owing to surges in the labor and material costs for certain domestic construction projects and the greater-than-expected incidence of construction promotion expenses
- Increase in selling, general and administrative expenses
 - Posted an allowance for doubtful accounts on overseas construction projects; increase in personnel, operating overhead, and other expenses

Non-consolidated Orders received **348.2**
(Billion yen)

(YoY Change +12.4%)

- Increase on the back of steady orders in Japan and overseas in the building construction business
- Record-high building construction orders since the merger (2013)



【Consolidated】 Operating Results

	FY3/22 (Apr.1,2021 - Mar.31,2022)	FY3/23 (Apr.1,2022 - Mar.31,2023)			
	Result	Forecast (announced in November,2022)	Result	YoY Change	Change From Forecast
Net sales	340.2	377.0	372.1	+9.4%	▲1.3%
Gross profit	46.8	44.6	42.0	▲10.3%	▲5.8%
(Gross profit margin)	(13.8%)	(11.8%)	(11.3%)	(▲2.5P)	(▲0.5P)
Selling, general and administrative expenses	20.2	21.4	22.1	+9.4%	+ 3.6%
Operating profit	26.6	23.2	19.8	▲25.4%	▲14.4%
(Operating profit margin)	(7.8%)	(6.2%)	(5.3%)	(▲2.5P)	(▲0.8P)
Ordinary profit	25.8	23.1	19.6	▲24.1%	▲15.1%
Profit attributable to owners of parent	17.6	17.7	15.1	▲14.1%	▲14.2%

(Unit: Billion yen. Rounded down to the unit)

Note: Extraordinary income: Gain on reversal of provision for loss on damage due to fire ¥0.3 billion + Compensation for damage received ¥2.7 billion = ¥3.0 billion

【Consolidated】 Balance Sheets

	FY3/22 (Apr.1,2021 - Mar.31,2022) Result ①	FY3/23 (Apr.1,2022 - Mar.31,2023) Result ②	Change ② - ①
Current assets	228.0	245.3	+17.3
Non-current assets	67.2	72.6	+5.3
Total assets	295.3	318.0	+22.6
Current liabilities	140.3	164.2	+23.8
Non - current liabilities	13.2	12.4	▲0.7
Total liabilities	153.6	176.6	+23.0
Total net assets	141.6	141.3	▲0.3
Total liabilities and net assets	295.3	318.0	+22.6
Interest-bearing debt (Billion yen)	24.7	24.1	▲0.6
Debt/Equity ratio ※ (times)	0.18	0.17	▲0.01
Equity ratio(%)	47.7	44.2	▲3.5

- Cash and deposits (+9.5)
- Notes receivable, accounts receivable from completed construction contracts and other (+4.6)
- Other current assets (+4.5)
- Machinery, vehicles, tools, furniture and fixtures (▲1.6)
- Other property, plant and equipment (+1.2)
- Investment securities (+4.0)

- Accounts payable for construction contracts and other (+7.3)
- Advances received on construction contracts in progress (+15.0)
- Deposits received (+6.8)
- Provision for warranties for completed construction (+1.3)
- Provision for loss on damage due to fire (▲3.9)
- Other current liabilities (▲3.6)

- Retained earnings (+8.5)
- Treasury shares (▲10.6)
- Other (+1.8)

※ Debt/Equity ratio : Interest-bearing debt / Equity (Net assets – Non controlling interests)

(Unit: Billion yen. Rounded down to the unit)

【Consolidated】 Statements of Cash Flows

	FY3/22 (Apr.1,2021 - Mar.31,2022)	FY3/23 (Apr.1,2022 - Mar.31,2023)	FY3/23 Movements in Principal Accounting Line Item
Cash flows from operating activities	▲36.0	32.2	<ul style="list-style-type: none"> • Profit before income taxes (+ 22.2) • Increase in advances received on construction contracts in progress(+ 15.0) • Increase in trade payables (+ 7.3) • Increase in trade receivables(▲4.6) • Income taxes paid(▲6.2)
Cash flows from investing activities	▲4.5	▲4.7	<ul style="list-style-type: none"> • Purchase of short-term and long-term investment securities(▲3.0) • Purchase of property, plant and equipment (▲2.9)
Cash flows from financing activities	▲22.5	▲18.4	<ul style="list-style-type: none"> • Purchase of treasury shares (▲10.6) *1 • Dividends paid (▲6.6) *2
Net increase (decrease) in cash and cash equivalents	▲63.2	9.5	
Cash and cash equivalents at end of period	64.7	74.3	

*1 Includes shares acquired by the ESOP trust

(Unit: Billion yen. Rounded down to the unit)

*2 Dividends paid comprise the period-end dividend for FY3/22 and interim dividend for FY3/23

2. Details of Non-Consolidated Financial Results

【Non-consolidated】 Orders Received

	FY3/22 (Apr.1,2021 - Mar.31,2022)	FY3/23 (Apr.1,2022 - Mar.31,2023)			
	Result	Forecast (announced in November,2022)	Result	YoY Change	Change From Forecast
Orders Received	309,843	355,000	348,220	+12.4%	▲1.9%
Civil engineering	122,593	125,000	103,274	▲15.8%	▲17.4%
Domestic	122,432	120,000	99,322	▲18.9%	▲17.2%
Overseas	160	5,000	3,952	+2,365.6%	▲21.0%
Building construction	187,250	230,000	244,946	+30.8%	+6.5%
Domestic	174,476	205,000	221,519	+27.0%	+8.1%
Overseas	12,773	25,000	23,426	+83.4%	▲6.3%

(Unit: Million yen. Rounded down to the unit)

Net Sales of Completed Construction Contracts/ Gross Profit on Completed Construction Contracts

	FY3/22 (Apr.1,2021 - Mar.31,2022)	FY3/23 (Apr.1,2022 - Mar.31,2023)			
	Result	Forecast (announced in November,2022)	Result	YoY Change	Change From Forecast
Net sales of completed construction contracts	310,790	345,000	339,634	+9.3%	▲1.6%
Civil engineering	132,264	135,000	133,430	+0.9%	▲1.2%
Building construction	178,526	210,000	206,203	+15.5%	▲1.8%
Gross profit on completed construction contracts	42,090	40,700	38,474	▲8.6%	▲5.5%
(Construction gross profit margin)	(13.5%)	(11.8%)	(11.3%)	(▲2.2P)	(▲0.5P)
Civil engineering	21,467	22,700	21,246	▲1.0%	▲6.4%
Building construction	(16.2%)	(16.8%)	(15.9%)	(▲0.3P)	(▲0.9P)
Building construction	20,622	18,000	17,227	▲16.5%	▲4.3%
	(11.6%)	(8.6%)	(8.4%)	(▲3.2P)	(▲0.2P)

(Unit: Million yen. Rounded down to the unit)

	FY3/22 (Apr.1,2021 - Mar.31,2022) Result	FY3/23 (Apr.1,2022 - Mar.31,2023) Result	YoY Change	Change
Year-end Backlog	518,683	528,070	+ 1.8%	+9,386
Civil engineering	320,144	290,138	▲9.4%	▲30,006
Domestic	309,480	282,598	▲8.7%	▲26,881
Overseas	10,664	7,539	▲29.3%	▲3,124
Building Construction	198,538	237,931	+19.8%	+39,393
Domestic	187,569	223,361	+19.1%	+35,792
Overseas	10,969	14,569	+32.8%	+3,600

(Unit: Million yen. Rounded down to the unit)

3. About Medium-Term Management Plan 2025

* The information on pages 13 to 26 of these materials is excerpted from the Medium-Term Management Plan 2025 presentation. For details, please refer to the Medium-Term Management Plan 2025 presentation. (Posted on the Company's website)

The HAZAMA ANDO Group put in place HAZAMA ANDO VISION2030, the Group's long-term vision, in February 2020. Taking into account the four pillars of value creation, we are promoting reforms to further increase corporate value.

Corporate Philosophy

1. We shall contribute to enhancing society by construction
2. We shall pursue customer satisfaction with reliable technologies and passion
3. We shall realize a prosperous future by creating new values

VISION2030

Through the acceleration of innovation and tireless efforts to take on each new challenge, create new value and contribute to the resolution of social issues

<p>Create customer value</p>	<p>Achieve customer satisfaction and gain their trust by means of innovative technologies and solutions</p> <ul style="list-style-type: none"> ○Address needs through the Group's technological capabilities and know-how nurtured through long years of experience and support customers' business activities ○Work swiftly to meet customers' expectations by strengthening life cycle support including environmental (decarbonization) solutions 	
<p>Create shareholder value</p>	<p>Secure stable profits and return profits by further strengthening our mainstay business and investing in strategic growth</p> <ul style="list-style-type: none"> ○Further strengthen the mainstay construction business by enhancing capabilities for winning orders x worksite skills x profitability ○Strengthen governance for sustainable corporate value creation ○Transform into a properly balanced business portfolio of flow and stock businesses 	
<p>Create environmental value</p>	<p>Contribute to the realization of a decarbonized, low environment impact, recycling-oriented society to leave a fertile global environment for the next generation</p> <ul style="list-style-type: none"> ○Promote the decarbonization of business activities (RE100 and SBT) ○Contribute to the decarbonization of society as a whole by promotion energy creation and rolling out energy-saving technologies 	
<p>Create employee value</p>	<p>Realize enhancements in the sense of well-being and in the motivation of employees by creating safe and comfortable working environments</p> <ul style="list-style-type: none"> ○Promote measures that enhance the Company's appeal and contribute to increased employee engagement (human capital investment, a highly credible personnel evaluation system) ○Strengthen support for the further career development of employees (education, development, career formation, diverse work styles, work-life balance) 	

– Overview of the Medium-Term Management Plan (FY3/21 – FY3/23) –

* Consolidated financial results * Amounts of less than one billion yen are rounded down	FY3/21	FY3/22	FY3/23		Review of the Previous Medium-Term Management Plan Period
	Results	Results	Medium-Term Management Plan	Results	
Net sales	¥352.1 billion	¥340.2 billion	¥440.0 billion	¥372.1 billion	<p>◆ External environment</p> <ul style="list-style-type: none"> Despite the significant slump in the economy from the first fiscal year of the Medium-Term Management Plan owing to such factors as COVID-19, conditions are exhibiting a gradual recovery trend entering FY3/23 and the “with-Corona” era Firm trends in public sector construction investment; recovery trend in recent private-sector construction investment Ongoing harsh external environment owing to such factors as soaring material, fuel and labor costs as well as intensifying competition <p>◆ Net sales</p> <ul style="list-style-type: none"> Fell short of completed construction contract plans owing to such factors as the shortfall in non-consolidated orders While the precast concrete (PCa) business of consolidated subsidiaries and other factors progressed in line with plans, non-construction business net sales decreased in FY3/23 <p>◆ Operating profit, Ordinary profit</p> <ul style="list-style-type: none"> Despite securing a certain level of business profitability, fell short of plans owing to such factors as the shortfall in net sales; downturn in gross profit on completed construction contract in FY3/23 owing to a variety of factors including the deterioration in profitability of certain construction projects and increase in the provision for warranties for completed construction resulting from the occurrence of large-scale repair work; non-construction business profitability also declined due to lower sales and the inability to absorb fixed costs in the PCa and other businesses <p>◆ ROE</p> <ul style="list-style-type: none"> Despite efforts to reduce equity and improve capital efficiency, unable to offset the decline in profit; fell short of ROE plans <p>◆ Total return ratio</p> <ul style="list-style-type: none"> Achieved total return ratio plans through various measures including the large-scale purchase of own shares and increase in the dividend amount <p>◆ Growth investment</p> <ul style="list-style-type: none"> Took an equity interest in a biomass power plant and commenced solar power generation power purchase agreement (PPA) business operations in the energy field Promoted the acquisition of rental real estate in the real estate field Refurbished Technical Research Institute facilities; focused on technology R&D Slowdown in overseas partner strategic investment owing to COVID-19; continued to consider investment in start-up companies while engaging in collaboration
Operating profit	¥27.3 billion (7.8%)	¥26.6 billion (7.8%)	¥30.5 billion (6.9%)	¥19.8 billion (5.3%)	
Ordinary profit (Medium-Term Management Plan KPI)	¥25.8 billion	¥25.8 billion	¥30.0 billion	¥19.6 billion	
(Of which, non-construction earnings) * Figures in parentheses are the ratios of non-construction earnings to ordinary profit.	(¥2.2 billion) (8.8%)	(¥2.2 billion) (8.6%)	(¥3.0 billion) (10.0%)	(¥1.1 billion) (6.1%)	
ROE (Medium-Term Management Plan KPI) Net profit ÷ Equity* x 100 * (Equity as of the end of the previous fiscal year + Equity as of the end of the fiscal year) / 2	12.2 %	12.3 %	12 %	10.8%	
Total return ratio (Medium-Term Management Plan KPI)	61.9 %	124.9 %	FY3/22 – FY3/23 Cumulative Total 100% or more* <small>* November 2021: Shareholder returns expansion</small>	FY3/22 – FY3/23 Cumulative Total 117.2%	
Growth investment * Figures in parentheses are the cumulative amounts.	¥4.8 billion (¥4.8 billion)	¥6.4 billion (¥11.2 billion)	(¥25.0 billion)	¥7.9 billion (¥19.1 billion)	

– Overview of the Medium-Term Management Plan (FY3/21 – FY3/23) –

		Initiatives	Our Understanding of the Issues
Construction Business	Civil Engineering	<ul style="list-style-type: none"> Remained active in areas of strength including urban as well as mountain tunnel civil engineering, power, and energy; continued to exert a presence Vigorously engaged in a variety of activities including technology development across such wide-ranging fields as highway and other renewal projects; positioned as a part of the Company's business segment Strengthened efforts in disaster prevention and mitigation as well as national land resilience-related businesses; steady progress in various activities including ongoing construction projects Promoted the development of various ICT-related technologies that contribute to automation as well as increased speed and sophistication; introduced into tunnel, shield, and other construction work 	<ul style="list-style-type: none"> Efficient placement of personnel through the promotion of large-scale project construction Development of segments in which the Group maintains a competitive advantage in a bid to secure building construction orders Early development and promotion of young staff through the transmission of know-how Building relationships and strengthening cooperation with partner companies Development of proprietary technologies other than environment-related technologies through which the Group can secure a competitive advantage Elimination of accidents, public hazards, and defects Strengthening of overseas business risk management systems; setting of priority regions (countries) and concentrated investment in resources Increase in production volumes through the active use of PCa and expansion of external sales Further productivity gains through the rapid rollout of DX
	Building Construction	<ul style="list-style-type: none"> Established the LCS Division; put in place an integrated structure encompassing planning and design as well as maintenance; upgraded and expanded services Employed the results of next-generation ZEB trial demonstrations at the Company's Technical Research Institute; steadily accumulated a track record of ZEB introduction projects Efforts to promote the use of BIM models at each of the design, cost estimation, and construction phases to increase efficiency and sophistication 	
	Overseas	<ul style="list-style-type: none"> Undertook a flexible review of each measure in response to changes in the external environment including COVID-19 	
	Shared	<ul style="list-style-type: none"> Set up a PCa plant, the Company's third production base, at the Kikugawa Plant in Shizuoka Prefecture; expanded the use of proprietary PCa materials at various civil engineering and building construction sites Implemented training including partner companies; promoted increased efficiency and productivity in on-site operations by deploying the Buldee shared platform 	
Non-Construction Business	Renewable Energy-Related	<ul style="list-style-type: none"> Established the Renewable Energy Business Department; in addition to participating in the Sakaide Biomass Power Generation Project, began considering in earnest related businesses Commenced solar power generation power purchase agreement (PPA) business operations (provided value-added services to customers through collaboration with the Building Construction Business) Accumulating energy management know-how through research and development 	<ul style="list-style-type: none"> Continued assessment of appropriate investment risk and increase in the pace of deployment
	Real Estate-Related	<ul style="list-style-type: none"> Initiated steps to engage in facility management (FM) business activities at the Tohoku Branch Office Building held by the Company; operations scheduled to comment at the end of 2023 Promoted the acquisition of real estate for leasing purposes through a subsidiary 	
	Other	<ul style="list-style-type: none"> Undertook venture investments with the expectation of synergies with core businesses 	

		Initiatives	Our Understanding of the Issues
Environment		<ul style="list-style-type: none"> • Promoted decarbonization activities; endorsed the recommendations of the TCFD and disclosed information accordingly, established the Environmental Strategy Committee • Selected as a CDP2022 supplier engagement leader 	<ul style="list-style-type: none"> • Sharing of Group-wide issues and the strengthening of education to accelerate the decarbonization of businesses • Enhancement of education and training geared toward the development of human resources and improvement of skills • Improvement of employee engagement through the implementation of specific measures • Promotion of diverse work styles and the reduction of total working hours • Upgrade and expansion of human resources systems to promote the success of all employees regardless of gender, age, disability, nationality, etc. • Acceleration of DX deployment and early penetration throughout the Group through education
	Compliance	<ul style="list-style-type: none"> • Formulated and implemented the in-house Integrity Declaration in a bid to increased compliance awareness 	
Securing and Developing Human Resources	<ul style="list-style-type: none"> • Established the Career Development Department and revised the human resources development policy and job-specific education plan • Recognized the need to review compensation standards and to increase employee engagement including improvements in working environments as important issues; considered specific measures 		
Other	Work-Style Reform	<ul style="list-style-type: none"> • Acquired White 500 certification; introduced teleworking and work interval systems; efforts to promote eight or more closures in four weeks at worksites underway 	
	Diversity	<ul style="list-style-type: none"> • Women' empowerment: Increased the ratio of women hired among new graduates from 18% to 21% (FY3/23 new graduate recruitment results) • Elderly employment: Considered ways to secure employment opportunities up to the age of 70 • Employment of people with disabilities: Participated in IBUKI Fujisawa Farm (an indoor farm-based employment support service for people with disabilities and established an office support team) Employment rate of people with disabilities 2.43% (statutory rate 2.3%) • Employment of foreign nationals: Conducted a survey targeting foreign national employees; translated various documents including the Company's principal personnel rules and regulations into English 	
	DX Promotion	<ul style="list-style-type: none"> • Established the DX Strategy Department; formulated the 2030 DX Vision; promoting various measures 	

Growth Investment Results

– Overview of the Medium-Term Management Plan (FY3/21 – FY3/23) –

[Medium-Term Management Plan 2025 presentation P.6]

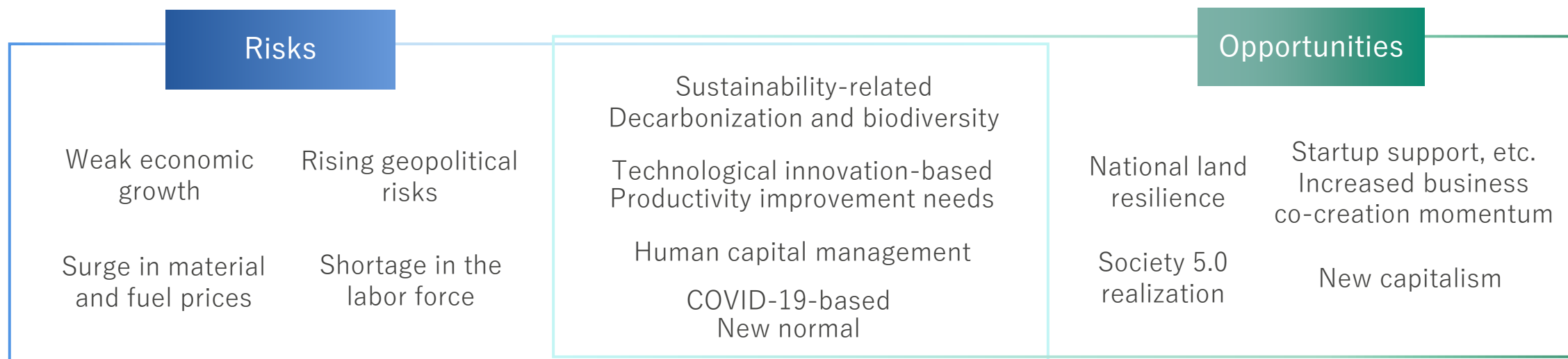


(Billion yen)

	FY3/21	FY3/22	FY3/23	Cumulative Three-Year Investment Amount		Review of the Previous Medium-Term Management Plan Period
	Results	Results	Results	Medium-Term Management Plan	Results	
	Investment Amount	Investment Amount	Investment Amount	Cumulative Investment Amount	Cumulative Investment Amount	
Energy-related business	—	2.0	2.6	5.0	4.5	<p>◆Promoted various measures while properly determining the significance of initiatives with respect to such issues as business profitability and environmental value</p> <ul style="list-style-type: none"> Against the backdrop of the Japanese government's 2050 carbon neutral declaration in October 2020, commenced solar power generation power purchase agreement (PPA) business operations in with renewal energy-related market expansion Recognizing the significance of building long-term relationships with customers, established the solar power generation power purchase agreement (PPA) business as a key pillar Unable to reach satisfactory terms and conditions, cancelled overseas IPP business activities, included in the Group's planned large-scale projects; despite this cancellation, steady progress in the Sakaide Biomass Power Generation Project, in which HAZAMA ANDO maintains an equity interest Investment returns for many renewable energy projects not expected to be fully realized until 2026 or later
Real estate-related business	1.7	0.4	0.8	5.0	2.9	<p>◆Adopted a cautious approach toward the selection of projects taking into account investment risk</p> <ul style="list-style-type: none"> Acquired rental real estate through subsidiary company Ryoko Kaihatsu Commenced facility management (FM) business operations to promote the effective use of real estate, including a branch building, held in Japan (Tohoku Branch Office Building)
Partner strategic investment	—	—	0.1	5.0	0.1	<p>◆Undertook initiatives in Japan and overseas, including efforts to form alliances that help strengthen the construction and non-construction businesses</p> <ul style="list-style-type: none"> Impacted by COVID-19 and the large-number of underperforming projects, no significant developments in investments
Innovation investment, other	3.1	4.1	4.4	10.0	11.6	<p>◆Undertook capital investments in such areas a research facilities in conjunction with ongoing investments in the development of various technologies</p> <ul style="list-style-type: none"> Engaged in development activities aimed at securing advances in technology, improvements in productivity, and the creation of environmental value in line with construction demand Increase capacity at the Company's Technical Research Institute and PCa plants held <p>◆Undertook investments aimed at promoting innovation, including investments in venture companies</p>
Total	4.8	6.4	7.9	25.0	19.1	

External Environment

An era in which a variety of values exist and diversity is required



Stronger demand for sustainable management

Issues relating to the Previous Medium-Term Management Plan

- ◆ Shortfall in orders (business volume)
- ◆ Decline in profit due to a deterioration in the profitability of certain construction projects and the incidence of repair work
- ◆ Lack of speed in responding to environmental changes

Main Factors

- ◆ Insufficient segments in which the Group maintains competitive advantage and cost competitiveness
- ◆ Insufficient systems in place to maintain and improve quality and increase profit productivity
- ◆ Insufficient organizational capacity for the flexible development of policies in response to environmental changes and social needs

The HAZAMA ANDO Group's management issues in light of the previous Medium-Term Management Plan and current external environment

Enhancing Business Growth

- ◆ Business operations that respond immediately to changes in the external environment
- ◆ Realization of appropriate capital measures

Increasing the Value of Human Capital

- ◆ Maximization of employee value through proactive human capital investment

Promoting ESG Management

- ◆ Contributions to the environment and society
- ◆ Ongoing strengthening of governance

Management Approach

◆ Enhancing Business Growth

- Improve safety and quality while ensuring profits
- Strengthen sales, worksite, design capacity, and technological capabilities of the building construction business, including expansion of segments in which the Group maintain a competitive advantage
- Build a business portfolio that is highly resilient to changes in the business environment through steady investment in growth
- Strengthen cost competitiveness by leveraging the expertise of Group companies
- Strengthen construction work structure and systems by cultivating human resources and strengthening relationships with partner companies to transmit know-how, etc., and strengthen DX initiatives to formulate and implement data-based strategies and improve productivity

◆ Increasing the Value of Human Capital

- Upgrade and expand investment in human capital
- Strengthen the management foundation by securing diverse human resources and maximizing employee value

◆ Promoting ESG Management

- Enhance sensitivity to changes in the environment by strengthening ESG initiatives and other measures; strengthen the ability to respond to society and customer needs
- Promote capital-efficient management and appropriate investments in growth by strengthening governance

MEDIUM-TERM MANAGEMENT PLAN 2025

FY3/24 – FY3/26

VISION2030

Realizing the creation of four values and the start of the next decade

- Customer value
- Shareholder value
- Environmental value
- Employee value

Toward the creation of four values — Increase corporate value + Enhance the Company's appeal —

Key KPIs

FY3/26 Consolidated ordinary profit
¥26.5 billion

FY3/26 ROE
12% or more

FY3/26 Total return ratio
70% or more

FY3/26 Employee engagement score
80% or more

FY3/26 GHG emissions reduction rate
Scope1+2 34% or more
Scope3 21% or more

3-3-1. Enhancing Business Growth

- 3-3-1-01. Civil Engineering Business
- 3-3-1-02. Building Construction Business
- 3-3-1-03. Overseas Business
- 3-3-1-04. Life Cycle Support (LCS) Business
- 3-3-1-05. Energy Creation Initiatives
- 3-3-1-06. Real Estate and Infrastructure Management Businesses
- 3-3-1-07. Technology Research and Development
- 3-3-1-08. Group Business
- 3-3-1-09. Partner Companies
- 3-3-1-10. Production System Reform through DX
- 3-3-1-11. Partner Strategy

◆ Our promises to customers

- ① Provide safety, high quality, and high productivity at a fair cost
- ② Provide various environmental and other solutions

◆ Our promises to shareholders

- ① Secure stable profits and return profits to shareholders
- ② Maintain high capital efficiency
- ③ Undertake various initiatives including steps to upgrade and expand governance

◆ Our promises to society and the environment

- ① Reduce GHG emissions to achieve carbon neutrality
- ② Undertake various initiatives including the introduction of energy-creating and energy-saving technologies

◆ Our promises to employees

- ① Realize well-being
- ② Support autonomous career formation
- ③ Undertake various initiatives including steps to foster a culture of mutual education, challenge, and creativity

3-3-2. Increasing the Value of Human Capital

3-3-3. Promoting ESG Management

MEDIUM-TERM MANAGEMENT PLAN

FY3/21 – FY3/23

Initiating steps to realize VISION2030

- Strengthening of the core construction business
- Diversification of the revenue base
- Implementation of measures aimed at generating profits as shareholder returns

Quantitative Indicators and Priority Measures —Enhancing Business Growth—

[Excerpt from P.10-17 of the Medium-Term Management Plan 2025 presentation]



		Period of the Medium-Term Management Plan				Priority Measures (Certain excerpts from Medium-Term Management Plan 2025)
		FY3/23 Results	FY3/24	FY3/25	FY3/26	
Civil Engineering	Gross Profit on Completed Construction Contracts	¥21.2 billion (15.9%)	¥21.5 billion (16.2%)	¥23.0 billion (15.9%)	¥23.9 billion (15.9%)	<ul style="list-style-type: none"> ○Civil Engineering <ul style="list-style-type: none"> • Secure a steady stream of ongoing orders and expand construction in segments in which the Group maintains competitive advantage • Strengthen efforts related to large-scale renewal of public infrastructure • Engage in disaster prevention and mitigation as well as national land resilience measures ○Building Construction <ul style="list-style-type: none"> • Strengthen strategic initiatives to expand areas in which the Group maintains competitive advantage • Strengthen profitability management by application-specific order (Strengthen portfolio management) • Strengthen design systems and capacity ○Shared <ul style="list-style-type: none"> • Strengthen the construction work structure and systems by cultivating human resources and strengthening relationships with partner companies • Increase profit productivity through DX and production process reform • Respond appropriately to surges in labor and material costs
	Net Sales on Completed Construction Contracts	¥133.4 billion	¥133.0 billion	¥145.0 billion	¥150.0 billion	
Building Construction	Gross Profit on Completed Construction Contracts	¥17.2 billion (8.4%)	¥18.6 billion (8.1%)	¥20.1 billion (8.4%)	¥21.0 billion (8.4%)	
	Net Sales on Completed Construction Contracts	¥206.2 billion	¥230.0 billion	¥240.0 billion	¥250.0 billion	
* Overseas Business data is included in the aforementioned Civil Engineering and Building Construction businesses. * LCS Business data is the total for the Renewal and Building Service Management businesses. * Renewal Business data is included in the Building Construction Business.		Period of the Medium-Term Management Plan				Priority Measures (Certain excerpts from Medium-Term Management Plan 2025)
		FY3/23 Results	FY3/24	FY3/25	FY3/26	
Overseas	Gross Profit on Completed Construction Contracts	¥0.5 billion (2.1%)	¥2.0 billion (6.9%)	¥2.1 billion (7.8%)	¥2.1 billion (8.4%)	<ul style="list-style-type: none"> • Carefully select ODA projects in light of risk assessments • Expand the customer base for private sector projects with a focus on production facility projects • Work to put in place structure and systems to strengthen risk response capabilities; strive to secure and increase profits
	Net Sales on Completed Construction Contracts	¥27.7 billion	¥29.5 billion	¥27.2 billion	¥25.0 billion	
LCS	Gross Profit	¥5.4 billion (11.4%)	¥4.8 billion (11.3%)	¥4.9 billion (11.5%)	¥5.0 billion (11.6%)	<ul style="list-style-type: none"> • Pursue customer satisfaction through a level of service diversification that is only achievable by a large construction company • Pursue the maximization of synergy effects through collaboration between the renewal business and the general building service management business
	Net Sales	¥48.1 billion	¥42.3 billion	¥42.6 billion	¥43.0 billion	

Quantitative Indicators and Priority Measures —Enhancing Business Growth—

[Excerpt from P.18-25 of the Medium-Term Management Plan 2025 presentation]



		Period of the Medium-Term Management Plan		
		FY3/23 Results	FY3/26	Priority Measures (Certain excerpts from Medium-Term Management Plan 2025)
Energy Creation Initiatives	Scale of renewable energy business development (cumulative total)	40 MW	80 MW	<ul style="list-style-type: none"> Promote the development and acquisition of renewable energy power plants Solar power generation: 50MW Biomass: 20 MW Small- and medium-output hydroelectric power: 5MW Onshore wind power, etc.: 5 MW Promote renewable energy-related technological development Acquire and roll out green hydrogen utilization know-how
	Amount of investment (cumulative total)	¥4.5 billion	¥14.5 billion	
	Amount contributed to consolidated financial results	-	¥0.1 billion	
Real Estate and Infrastructure Management Businesses	Amount of investment (cumulative total)	¥2.9 billion	¥12.9 billion	<ul style="list-style-type: none"> PPP / PFI business operator selection: More than five projects (three years) Secure stable earnings and promote initiatives that contribute to collaboration with the construction business Implement investments based on a cautious approach toward investment risks and business profitability
	Amount contributed to consolidated financial results	¥0.2 billion	¥0.3 billion	

* Scale of business development HAZAMA ANDO equity conversion.

* The amount contributed to consolidated financial results through energy creation initiatives is calculated as the sum of gross profit from non-consolidated operations, gain or loss on special-purpose companies, and equity in earnings (loss) of affiliates. Calculation of the amount contributed to consolidated results anticipated after 2026 following the construction of power plants, etc.

* The amount contributed to consolidated financial results by the real estate and infrastructure management businesses excluding real estate sales, etc.; posted rental revenue target. The amount contributed to financial results includes profits from existing businesses.

		Period of the Medium-Term Management Plan				
		FY3/23 Results	FY3/24	FY3/25	FY3/26	Priority Measures (Certain excerpts from Medium-Term Management Plan 2025)
Technology Research and Development	Amount of R&D investment	¥4.0 billion	¥4.1 billion	¥2.0 billion	¥2.0 billion	<ul style="list-style-type: none"> Technology (ICT, BIM / CIM, etc.) development that contributes to improvements in productivity, safety, and competitiveness as well as addressing shortages in the labor force Technology (CN, GX, etc.) development that contributes to the achievement of SDGs Basic technology research, etc.
Group Business	Operating Profit	¥1.5 billion	¥0.9 billion	¥2.1 billion	¥2.8 billion	<ul style="list-style-type: none"> Strengthen cost competitiveness by leveraging the expertise of each company Simultaneously expand business scale, including transactions outside the Group, and improve profitability
	Net Sales	¥27.4 billion	¥31.0 billion	¥30.2 billion	¥30.2 billion	
Partner Strategy	Investment Total	¥0.1 billion	¥10.0 billion			<ul style="list-style-type: none"> Further expand the areas of expertise and strength for the construction business Expand fields to peripheral businesses, and strengthen fields that require supplementing

Quantitative Indicators and Priority Measures

[Excerpt from P.26-27 of the Medium-Term Management Plan 2025 presentation]



—Increasing the Value of Human Capital/Promoting ESG Management—

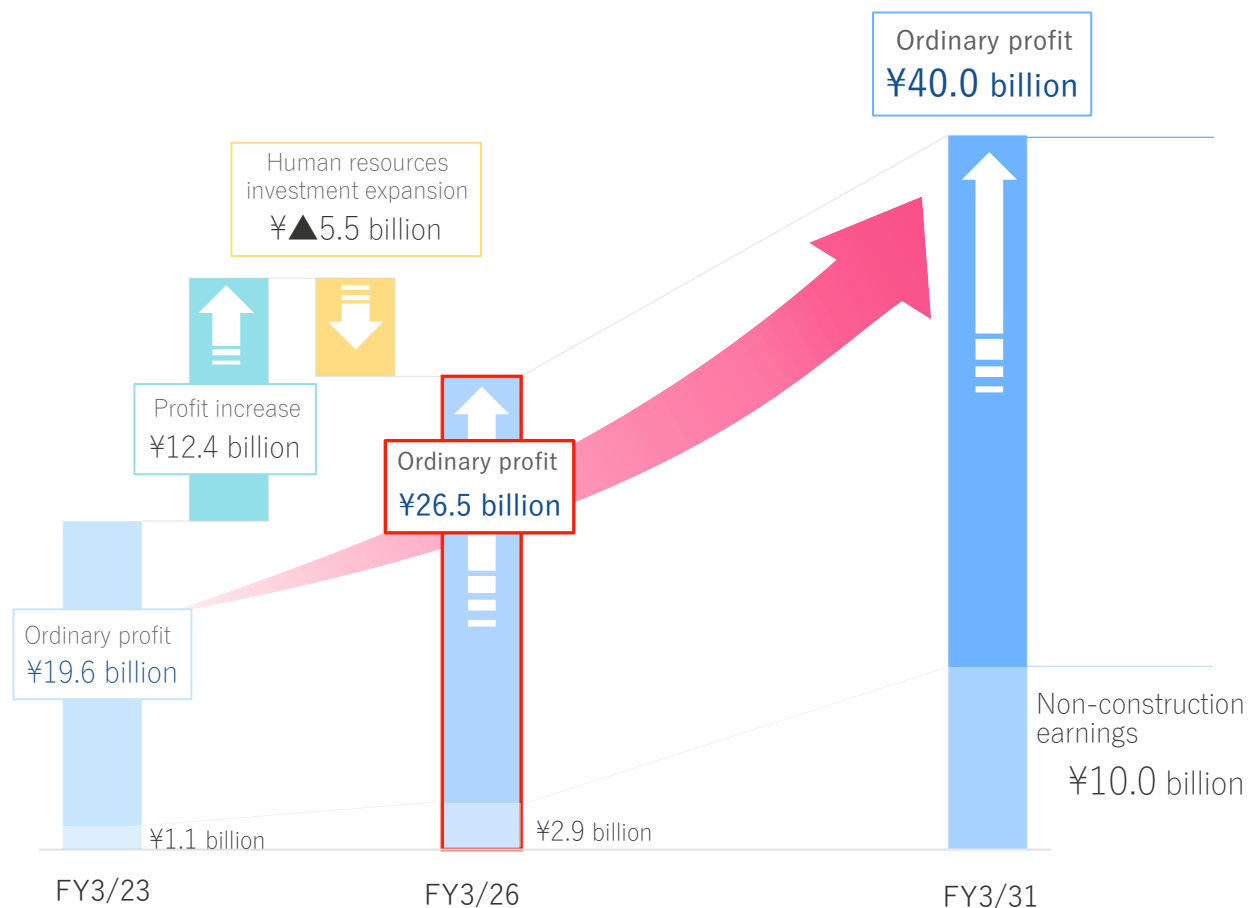
		Period of the Medium-Term Management Plan	
		Quantitative Indicators	Priority Measures (Certain excerpts from Medium-Term Management Plan 2025)
Environment	Contribute to the realization of a decarbonized society	FY3/31 GHG emissions(compared with FY3/18) Scope 1+2 Reduce by at least 55% Scope 3 Reduce by at least 33%	<ul style="list-style-type: none"> Reduce scope 1 and 2 GHG emissions by 34% or more and scope 3 GHG emissions by 21% or more for FY3/26, based on the revised 1.5° C scenario to achieve carbon neutrality in 2050 Continue to address recommendations under the TCFD framework; promote measure aimed at raising the Group's CDP evaluation ranking Contribute to the decarbonization of business activities by the Company and customers as well as society as a whole by promoting energy creation and rolling out energy-saving technologies
		Scale of renewable energy 80 MW (HAZAMA ANDO equity conversion)	
Social	Increase the value of human capital	Human resources investment(compared with FY3/23) ¥5.5 billion increase Employee engagement score At least 80% Number of certified employees Increase by at least 10% Number of female managers 60 persons	<ul style="list-style-type: none"> Promote measures aimed at improving compensation, reconstructing human resources systems and evaluation systems, reforming work styles, increasing employee engagement, and diversifying work styles Improve the skills of staff (support autonomous career formation, review education and training systems) Select young employees and provide early training
	Address the issue of human rights	Rate of education and training attendance 100%	
	Promote regional development	3 cases or more (three-year cumulative total)	
Governance	Transition to a company with an audit and supervisory committee, etc.	Ratio of external Board directors A majority Ratio of female Board directors 30% or more	<ul style="list-style-type: none"> Further enhance corporate governance by strengthening the supervisory function of the Board of Directors Improve the agility of business execution by accelerating the pace of management decision-making Engage in activities that help address issues related to sustainability for the Group as a whole as an advisory body to the Board of Directors Identify human rights issues, develop and implement a system for identifying and assessing risks (human rights DD), and actively disclose details
	Establish the Sustainability Committee, etc.	Promote ESG management at four annual meetings	
	Reduce policy shareholdings	<ul style="list-style-type: none"> Policy to reduce holdings in listed companies, excluding cases where holdings can contribute to an increase in corporate value, by examining the economic rationality and significance of holding shares from the perspective of capital efficiency as well as maintaining and strengthening relationships with business partners 	

* the Medium-Term Management Plan 2025 KPI

Consolidated Financial Results

	FY3/23 Results	FY3/24 Plan	FY3/25 Plan	FY3/26 Plan
Net sales	¥372.1 billion	¥400.0 billion	¥422.2 billion	¥438.2 billion
(Of which the non-construction business)	¥26.2 billion	¥31.2 billion	¥32.7 billion	¥34.6 billion
Gross profit	¥42.0 billion	¥43.5 billion	¥47.7 billion	¥50.3 billion
Selling, general & administrative expenses	¥22.1 billion	¥23.0 billion	¥23.9 billion	¥23.2 billion
Operating profit	¥19.8 billion	¥20.5 billion	¥23.8 billion	¥27.1 billion
(Of which attributable to the impact of human resources investment expansion) * Compared with FY3/23	—	¥▲3.5 billion	¥▲5.5 billion	¥▲5.5 billion
Ordinary profit	¥19.6 billion	¥19.7 billion	¥23.0 billion	¥26.5 billion Medium-Term Management Plan 2025 KPI
(Of which the non-construction business) * Figures in parentheses are the ratios of non-construction earnings to ordinary profit.	¥1.1 billion (6.1%)	¥0.9 billion (4.6%)	¥2.1 billion (9.1%)	¥2.9 billion (10.9%)
ROE	10.8%	10%	11%	12% Medium-Term Management Plan 2025 KPI

Consolidated Ordinary Profit and Investment in Human Resources



Final Fiscal Year of the Medium-Term Management Plan: Performance-Related Key KPIs (Consolidated)

Ordinary profit	¥ 26.5 billion
ROE	12% or more
Total return ratio	70% or more

Undertake growth investments of ¥100 billion or more over the 11-year period from FY3/21 to FY3/31

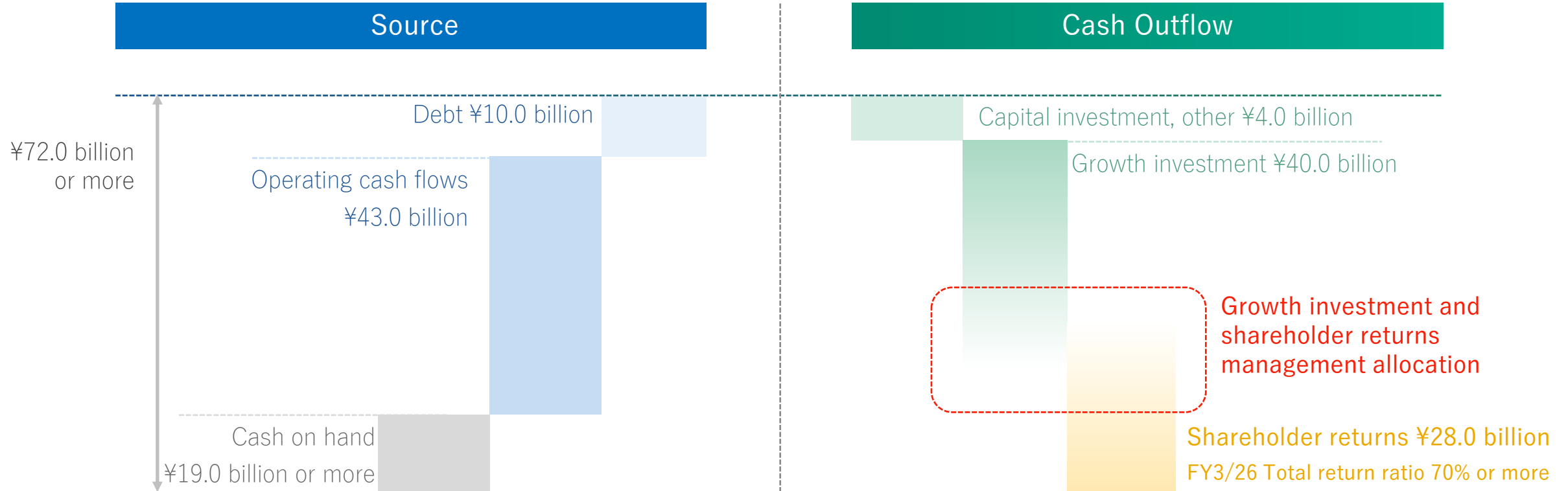
Plan to invest approximately ¥40.0 billion over the next three-year period (cumulative total ¥60.0 billion) in the Energy business, Real estate business, Partner strategic investment, Innovation investment, Technology development investment, Other

		<u>FY3/21-FY3/23</u> <u>Results</u>	<u>FY3/24-FY3/26</u> <u>Plan</u>	<u>FY3/27-FY3/31</u> <u>Plan</u>	<u>Cumulative</u> <u>Total</u>
Energy	• Renewable energy business	¥4.5 billion	¥10.0 billion	¥15.5 billion	¥30.0 billion
	• Power purchase agreement (PPA) business				
Real estate business	• Facility management (FM) business assets owned	¥2.9 billion	¥10.0 billion	¥7.1 billion	¥20.0 billion
	• Profitable property acquisition				
Partner strategic investment	• Alliances with business partners in Japan and overseas	¥0.1 billion	¥10.0 billion	¥4.9 billion	¥15.0 billion
Innovation investment, technology development investment, Other	• Collaboration with start-up companies and new business investment	¥11.6 billion	¥10.0 billion	¥13.4 billion	¥35.0 billion
	• Technical Research Institute refurbishment, etc.				
	• Technology development investment				
	• Venture capital investment				
Total amount		¥19.1 billion	¥40.0 billion	¥40.9 billion	¥100.0 billion

- ◆ Financial strategies that help increase corporate value and enhance the Company's appeal
 Target a ^{*} **total return ratio of at least 70%**, undertake the flexible purchase of own shares taking into account business performance and financial conditions

*Medium-Term Management Plan 2025 KPI

Three-Year (FY3/24-FY3/26) Cash Allocation



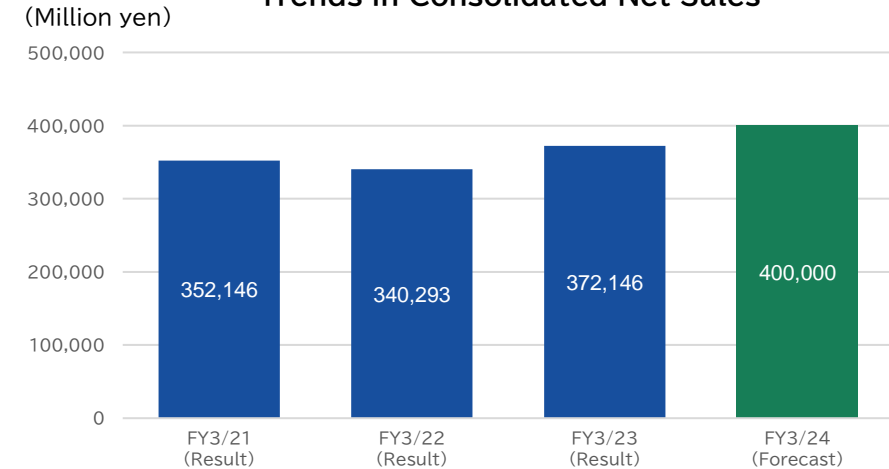
4 . Forecast of Earnings FY3/24 Full Fiscal Year

【Consolidated】 Forecast for Full Fiscal Year

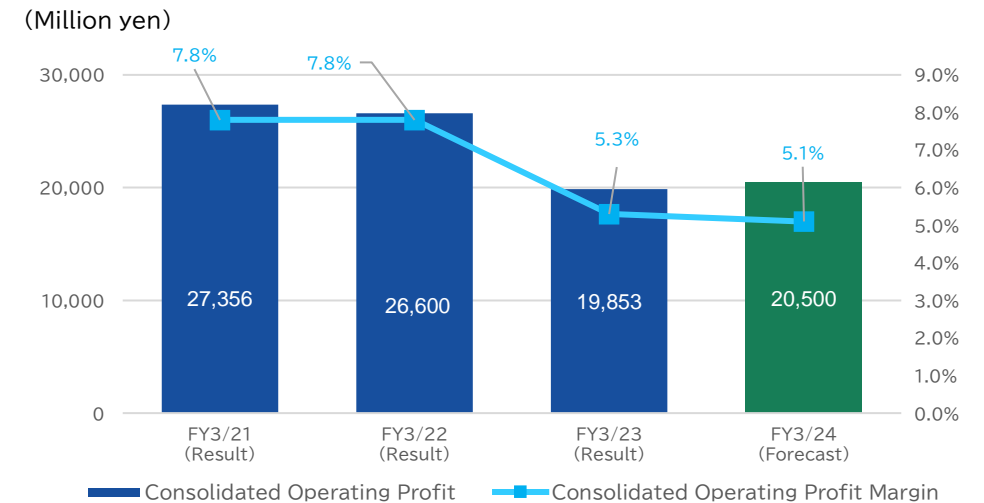
	FY3/23 (Apr.1,2022 - Mar.31,2023)	FY3/24 (Apr.1,2023 - Mar.31,2024)	
	Result	Full-year forecast	YoY Change
Net sales	372,146	400,000	+ 7.5%
Gross profit	42,023	43,500	+ 3.5%
(Gross profit margin)	(11.3%)	(10.9%)	(▲0.4P)
Selling, general and administrative expenses	22,170	23,000	+ 3.7%
Operating profit	19,853	20,500	+ 3.3%
(Operating profit margin)	(5.3%)	(5.1%)	(▲0.2P)
Ordinary profit	19,608	19,700	+ 0.5%
Profit attributable to owners of parent	15,187	13,600	▲10.5%

(Unit: Million yen. Rounded down to the unit)

Trends in Consolidated Net Sales



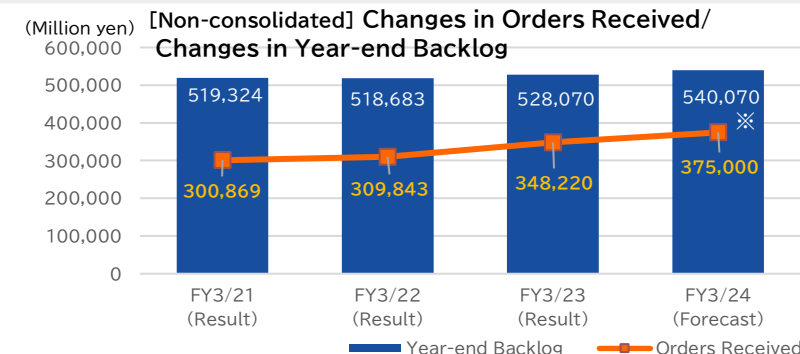
Trends in Consolidated Operating Profit and Consolidated Operating Profit Margin



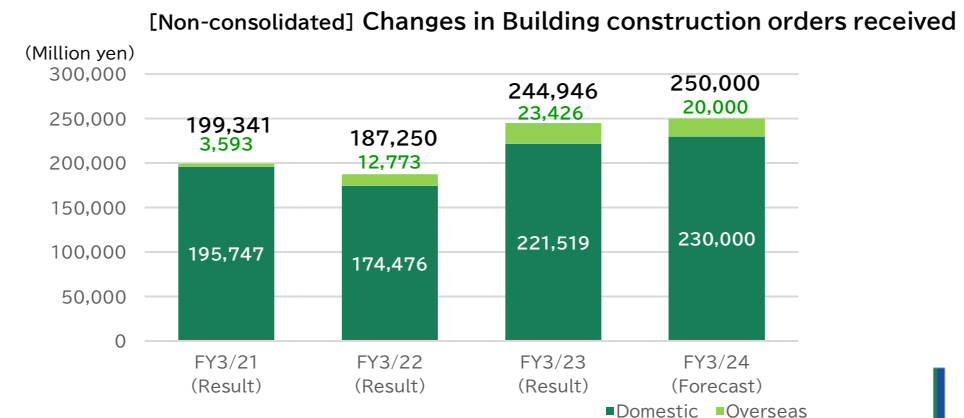
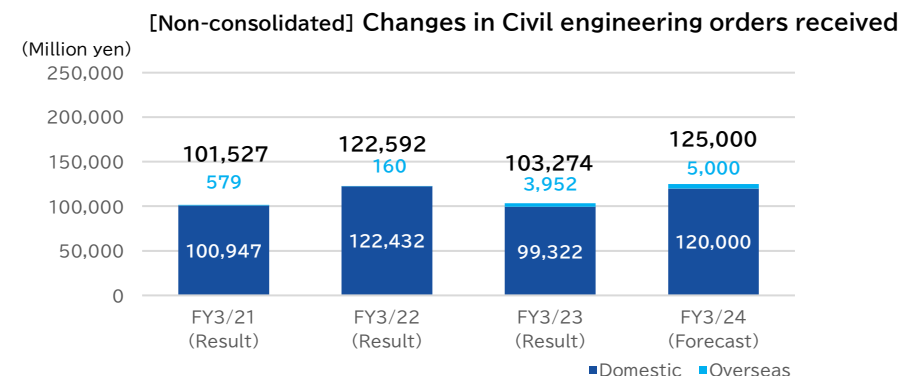
【Non-consolidated】 New Orders (Full-year forecast)

	FY3/23 (Apr.1,2022 - Mar.31,2023)	FY3/24 (Apr.1,2023 - Mar.31,2024)	
	Result	Full-year forecast	YoY Change
Orders Received	348,220	375,000	+7.7%
Civil engineering	103,274	125,000	+21.0%
Domestic	99,322	120,000	+20.8%
Overseas	3,952	5,000	+26.5%
Building construction	244,946	250,000	+2.1%
Domestic	221,519	230,000	+3.8%
Overseas	23,426	20,000	▲14.6%

(Unit: Million yen. Rounded down to the unit)



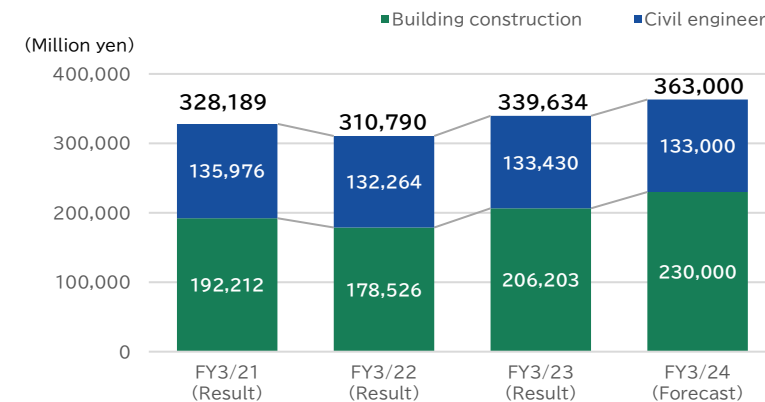
※Figures are calculated for convenience using the following formula:
 Year-end backlog as of March 31, 2023 + Forecast orders for the fiscal year ending March 31, 2024
 - Forecast net sales of completed construction contracts for the fiscal year ending March 31, 2024



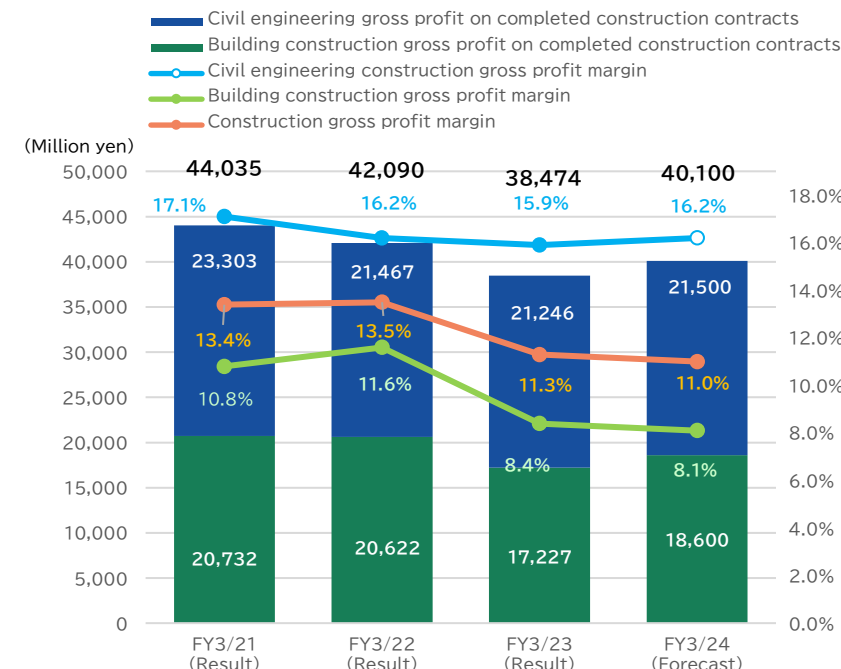
	FY3/23 (Apr.1,2022 - Mar.31,2023)	FY3/24 (Apr.1,2023 - Mar.31,2024)	
	Result	Full-year forecast	YoY Change
Net sales of completed construction contracts	339,634	363,000	+ 6.9%
Civil engineering	133,430	133,000	▲0.3%
Building construction	206,203	230,000	+ 11.5%
Gross profit on completed construction contracts	38,474	40,100	+ 4.2%
(Construction gross profit margin)	(11.3%)	(11.0%)	(▲0.3P)
Civil engineering	21,246	21,500	+ 1.2%
Building construction	17,227	18,600	+ 8.0%
(Civil engineering gross profit margin)	(15.9%)	(16.2%)	(+ 0.3P)
(Building construction gross profit margin)	(8.4%)	(8.1%)	(▲0.3P)

(Unit: Million yen. Rounded down to the unit)

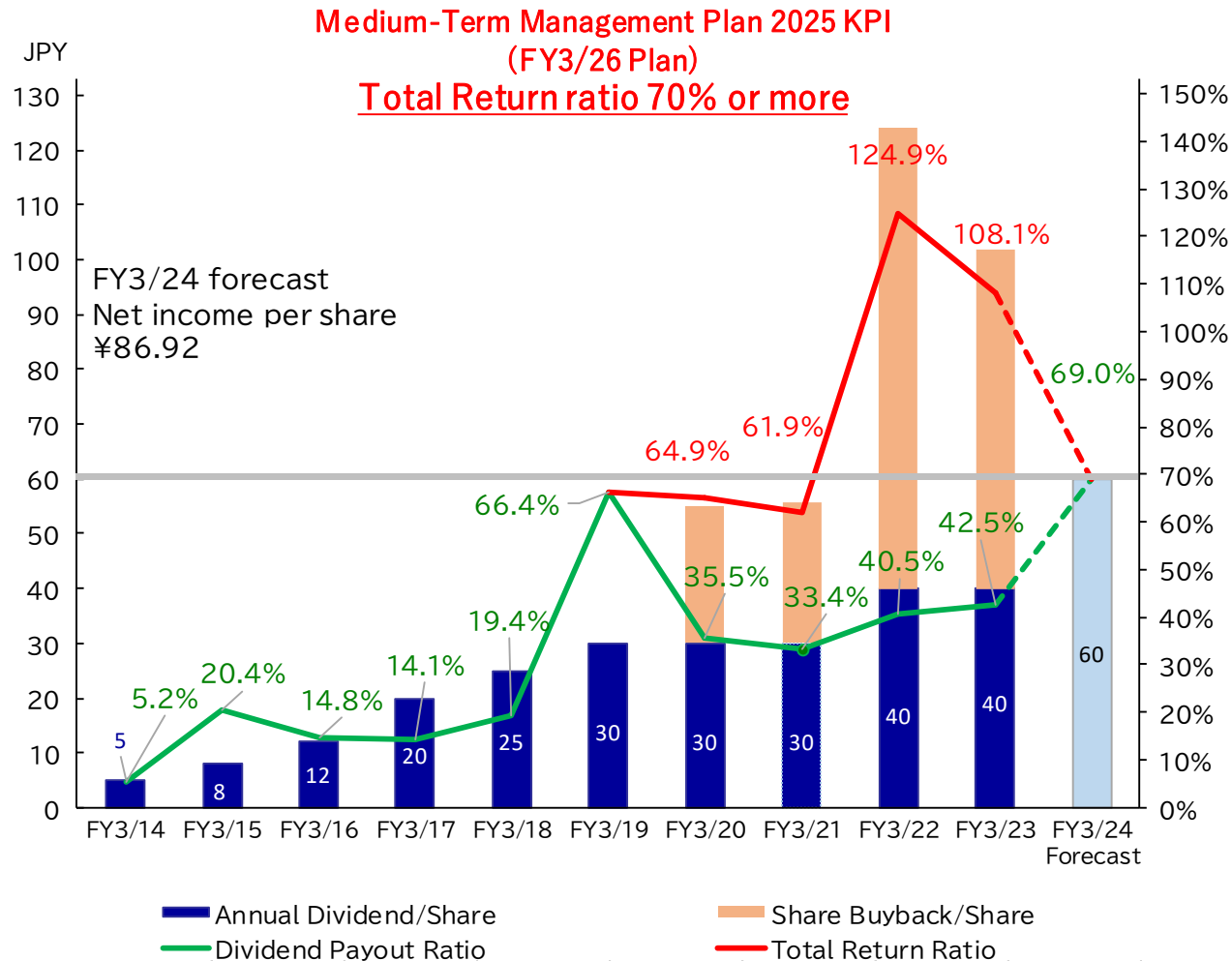
Trends in Net Sales of Completed Construction Contracts



Trends in Gross Profit on Completed Construction Contracts and Construction Gross Profit Margin



Trends and Forecasts for Annual Dividends, Dividend Payout Ratio, and Total Return Ratio



Dividends

	Interim dividend	Period-end dividend	Total	Dividend payout ratio (consolidated)
FY3/23 (Result)	¥ 2 0	¥ 2 0	¥ 4 0	42.5%
FY3/24 (Forecasts)	¥ 3 0	¥ 3 0	¥ 6 0	69.0%

(1) Holding policy

In addition to the benefits that accrue from an appreciation in the value of shares as well as the associated payment of dividends, HAZAMA ANDO has positioned strategic shareholdings as those held for purposes other than investment, which the Company has determined will lead to sustainable growth and an increase in corporate value.

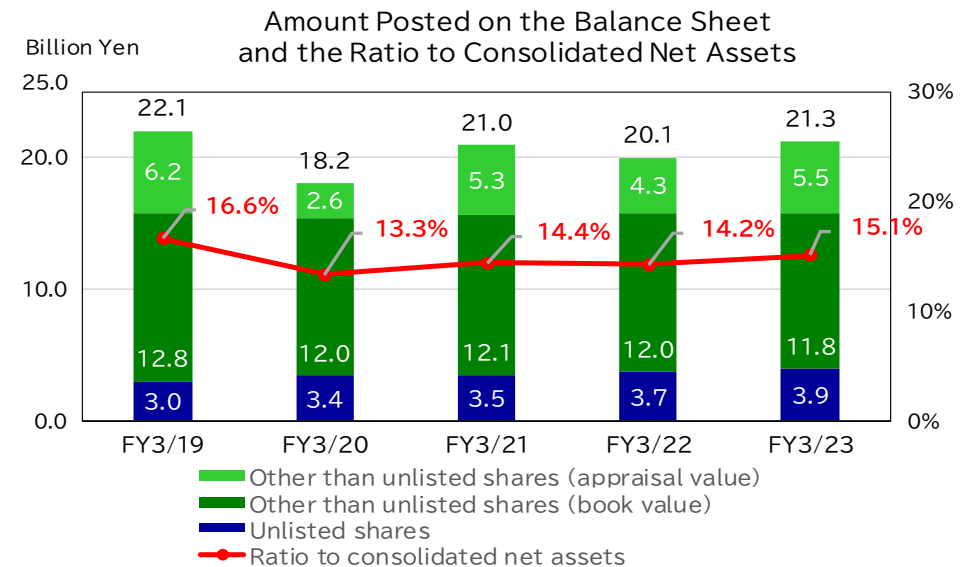
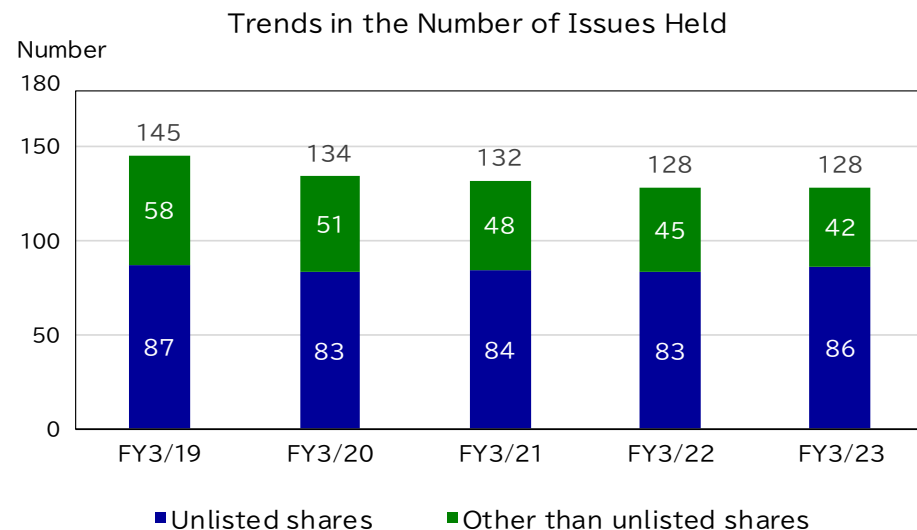
HAZAMA ANDO's basic policy is to limit its strategic shareholdings to those that exhibit economic rationale and significance from the perspectives of capital efficiency as well as the maintenance and strengthening of relationships with business partners, and when considered valid and appropriate.

(2) Reduction status

Based on the aforementioned basic policy, HAZAMA ANDO undertakes steps to verify the validity and appropriateness of strategic shareholdings on an annual basis. The Company then reduces the amount of policy shareholdings if and when holdings are considered inappropriate.

(Trends in FY3/23)

- Continued to reduce holdings in listed companies; number of stocks decreased by 3
- Increase in the number of unlisted stocks by 3 due largely to new acquisitions associated with growth investments
- Ratio to consolidated net assets increased from 14.2% to 15.1% due to the increase in the amount posted to the balance sheet that exceeded the amount of reduction resulting from the valuation of listed shares and the acquisition of new unlisted shares, as well as the decrease in consolidated net assets resulting from the purchase of own shares



Presentation materials are a collection of slides prepared for IR purposes and not intended to solicit investment in the securities issued by the Company. This document also contains information on future prospects based on current plans, estimates, forecasts, and projections by Hazama Ando Corporation with respect to the Company's business and industry trends. These forward-looking statements are therefore subject to various risks and uncertainties.



**HAZAMA ANDO
CORPORATION**