

# **FY3/24 (Fiscal 2023) First Half Financial Results** **(April 1 to September 30, 2023)**

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November 20, 2023

# **1. FY3/24 First Half Financial Results Outline**

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- As far as the construction industry is concerned, firm public sector construction investment and solid trends in private sector construction investment
- In the domestic civil engineering field, continued demand for large-scale comprehensive evaluation projects as well as expressway, water / sewage facility, and other maintenance and renewal projects
- From a domestic building construction perspective, continued production-related facility, distribution warehouse, and renewal market demand
- In countries where the Company operates, recovery trend in construction demand for production-related and other facilities from Japanese companies
- Continued uncertainty, including the need to closely monitor trends in energy and material prices as well as the impact of supply chain disruptions on the supply side

## Consolidated net sales (Billion yen)

# 179.7

(YoY Change +9.4% / Change from Initial Forecast +2.7%)

■ The progress of ongoing large-scale construction projects and other factors contributed to net sales of completed construction contracts

## Consolidated Operating Profit (Billion yen)

# 5.2

## Consolidated Operating Profit Margin

# 2.9 %

(Consolidated Operating Profit YoY Change ▲34.2% / Change from Initial Forecast ▲1.3%)  
 (Consolidated Operating Profit Margin YoY Change ▲ 1.9 P / Change from Initial Forecast ▲0.1P)

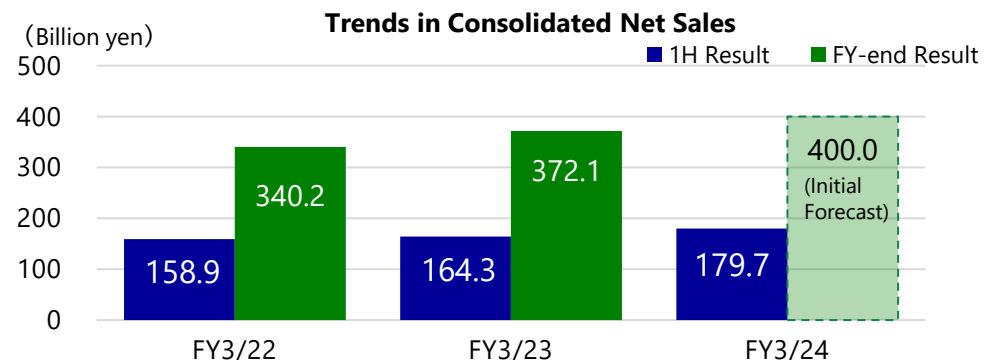
- Decrease in gross profit in completed construction contracts
  - Ongoing building construction of certain projects with low profit margins
- Increase in selling, general and administrative expenses (personnel and other expenses)

## Non-consolidated Orders received (Billion yen)

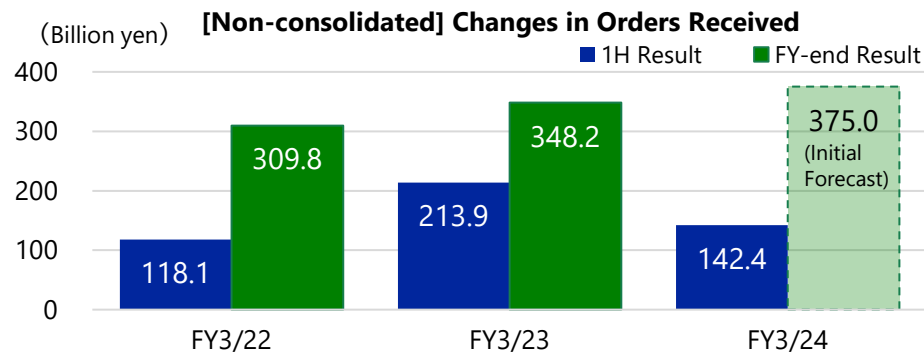
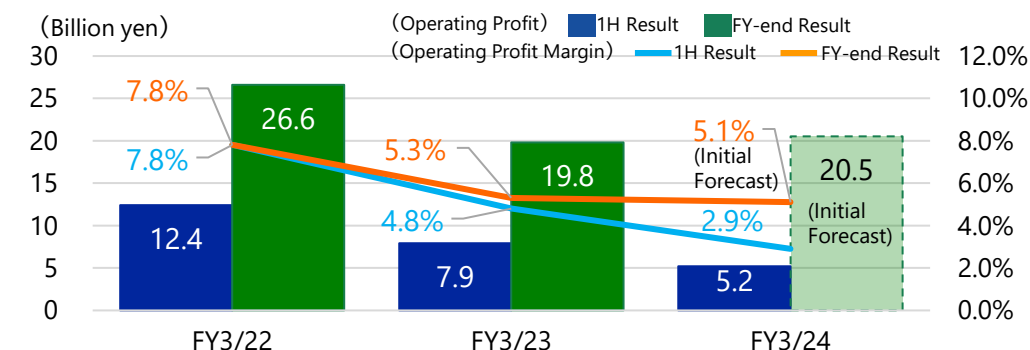
# 142.4

(YoY Change ▲33.4% / Change from Initial Forecast ▲14.9%)

- Civil engineering: Received multiple orders for tunnel construction and other projects in Japan; progress in line with expectations
- Building construction: In addition to such factors as timing lags in the receipt of domestic orders, substantial decline compared with the corresponding period of the previous year when orders for multiple large-scale projects were received in Japan and overseas



### Trends in Consolidated Operating Profit and Consolidated Operating Profit Margin



(Unit: Billion yen. Rounded down to the unit) (Ratios are rounded off)

# [Consolidated] Operating Results

	FY3/23 1H (Apr.1,2022-Sept.30,2022)		FY3/24 1H (Apr.1,2023-Sept.30,2023)		
	Result	Initial Forecast (May 2023)	Result	YoY Change	Change from Initial Forecast
Net Sales	164.3	175.0	179.7	+ 9.4%	+ 2.7%
Gross profit	18.8	16.8	17.2	▲8.5%	+ 2.8%
(Gross profit margin)	(11.5%)	(9.6%)	(9.6%)	(▲1.9P)	(±0P)
Selling, general and administrative expenses	10.9	11.5	12.0	+ 10.2%	+ 4.7%
Operating profit	7.9	5.3	5.2	▲34.2%	▲1.3%
(Operating profit margin)	(4.8%)	(3.0%)	(2.9%)	(▲1.9P)	(▲0.1P)
Ordinary profit	8.7	4.7	5.6	▲35.7%	+ 19.5%
Profit attributable to owners of parent	7.6	2.9	3.6	▲52.1%	+ 26.5%

(Unit: Billion yen. Rounded down to the unit) (Ratios are rounded off)

# [Consolidated] Balance Sheets

	<b>FY3/23 1H</b> (Apr.1,2022-Sept.30,2022) <b>Result</b>	<b>FY3/23</b> (Apr.1,2022-Mar.31,2023) <b>Result ①</b>	<b>FY3/24 1H</b> (Apr.1,2023-Sept.30,2023) <b>Result ②</b>	<b>Change</b> ②-①
Current assets	214.7	245.3	213.9	▲31.4
Non-current assets	69.4	72.6	77.7	+5.1
<b>Total assets</b>	<b>284.1</b>	<b>318.0</b>	<b>291.7</b>	<b>▲26.2</b>
Current liabilities	126.6	164.2	133.5	▲30.6
Non-current liabilities	14.9	12.4	14.1	+1.6
<b>Total liabilities</b>	<b>141.6</b>	<b>176.6</b>	<b>147.6</b>	<b>▲29.0</b>
<b>Total net assets</b>	<b>142.5</b>	<b>141.3</b>	<b>144.0</b>	<b>+2.7</b>
<b>Total liabilities and net assets</b>	<b>284.1</b>	<b>318.0</b>	<b>291.7</b>	<b>▲26.2</b>
Interest-bearing debt (Billion yen)	26.6	24.1	25.9	+1.8
Debt/Equity ratio * (times)	0.19	0.17	0.18	+0.01P
Equity ratio (%)	49.9	44.2	49.1	+4.9P

- Cash and deposits(▲35.0)
- Notes receivable, accounts receivable from completed construction contracts and other(+8.7)
- Other inventories(▲1.3)
- Other current assets(▲3.1)
- Other property, plant and equipment (+2.7)
- Investment securities(+1.5)
- Other(+0.3)

- Accounts payable for construction contracts and other(▲8.2)
- Advances received on construction contracts in progress(▲7.4)
- Other current liabilities(▲16.1)
- Long-term borrowings(+1.5)
- Other(+1.2)

- Capital surplus(+0.6)
- Retained earnings(+0.5)
- Treasury shares(▲0.4)
- Valuation difference on available-for-sale securities(+0.9)
- Deferred gains or losses on hedges (+0.9)
- Other(+0.2)

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

(Unit: Billion yen. Rounded down to the unit) (Ratios are rounded off)

# [Consolidated] Statements of Cash Flows

	FY3/24 1H (Apr. 1, 2023- Sept. 30, 2023)	FY3/24 1H Movements in Principal Accounting Line Items
Cash and cash equivalents at beginning of period	74.3	
Cash flows from operating activities	▲30.1	<ul style="list-style-type: none"> <li>• Profit before income taxes (+5.5)</li> <li>• Increase in trade receivables (▲8.7)</li> <li>• Decrease in trade payables(▲8.2)</li> <li>• Decrease in advances received on construction contracts in progress(▲7.4)</li> <li>• Decrease in deposits received(▲11.9)</li> </ul>
Cash flows from investing activities	▲3.8	<ul style="list-style-type: none"> <li>• Purchase of property, plant and equipment (▲3.3)</li> </ul>
Cash flows from financing activities	▲1.7	<ul style="list-style-type: none"> <li>• Proceeds from long-term borrowings(+4.3)</li> <li>• Repayments of long-term borrowings(▲2.3)</li> <li>• Dividends paid (▲3.1)*</li> </ul>
Effect of exchange rate change on cash and cash equivalents	0.6	
Net increase (decrease) in cash and cash equivalents	▲35.1	
Cash and cash equivalents at end of period	39.1	

\* Dividends paid comprise the period-end dividend for FY3/23

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

## **2. Details of Non-Consolidated Financial Results**

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# [Non-consolidated] Orders Received

	FY3/23 1H (Apr.1,2022-Sept.30,2022)	FY3/24 1H (Apr.1,2023-Sept.30,2023)			
	Result	Initial Forecast (May 2023)	Result	YoY Change	Change From Initial Forecast
<b>Orders Received</b>	213,970	167,300	142,431	▲33.4%	▲14.9%
Civil engineering	43,754	42,300	45,085	+ 3.0%	+ 6.6%
Domestic	40,474	39,300	41,932	+ 3.6%	+ 6.7%
Overseas	3,279	3,000	3,153	▲3.9%	+ 5.1%
Building construction	170,216	125,000	97,345	▲42.8%	▲22.1%
Domestic	147,836	115,000	79,674	▲46.1%	▲30.7%
Overseas	22,379	10,000	17,671	▲21.0%	+ 76.7%

(Unit: Million yen. Rounded down to the unit) (Ratios are rounded off)

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

[Non-consolidated]

	FY3/23 1H (Apr.1,2022-Sept.30,2022)	FY3/24 1H (Apr.1,2023-Sept.30,2023)			
	Result	Initial Forecast (May 2023)	Result	YoY Change	Change From Forecast
Net sales of completed construction contracts	148,100	159,000	163,970	+ 10.7%	+ 3.1%
Civil engineering	61,428	60,000	67,588	+ 10.0%	+ 12.6%
Building construction	86,671	99,000	96,382	+ 11.2%	▲2.6%
Gross profit on completed construction contracts	17,419	15,800	15,995	▲8.2%	+ 1.2%
(Construction gross profit margin)	(11.8%)	(9.9%)	(9.8%)	(▲2.0P)	(▲0.1P)
Civil engineering	10,290	8,800	9,576	▲6.9%	+ 8.8%
Building construction	(16.8%)	(14.7%)	(14.2%)	(▲2.6P)	(▲0.5P)
	7,128	7,000	6,418	▲10.0%	▲8.3%
	(8.2%)	(7.1%)	(6.7%)	(▲1.6P)	(▲0.4P)

(Unit: Million yen. Rounded down to the unit) (Ratios are rounded off)

# [Non-consolidated] Year-end Backlog

	<b>FY3/23 1H</b> (Apr.1,2022-Sept.30,2022) <b>Result</b>	<b>FY3/24 1H</b> (Apr.1,2023-Sept.30,2023) <b>Result</b>	<b>YoY Change</b>	<b>FY3/23</b> (Apr.1,2022-Mar.31,2023) <b>Result</b>
<b>Year-end Backlog</b>	585,964	507,754	▲13.3%	528,070
Civil engineering	303,011	267,895	▲11.6%	290,138
Domestic	292,487	260,407	▲11.0%	282,598
Overseas	10,524	7,488	▲28.8%	7,539
Building Construction	282,952	239,859	▲15.2%	237,931
Domestic	257,354	216,847	▲15.7%	223,361
Overseas	25,598	23,011	▲10.1%	14,569

(Unit: Million yen. Rounded down to the unit) (Ratios are rounded off)

### **3. Forecast of Earnings FY 3/24 Full Fiscal Year**

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- Domestic civil engineering demand is expected to remain firm with several government projects scheduled to emerge in the second half as in previous years
- As far as building construction is concerned, demand is expected to continue for distribution warehouses, production-related facilities, renewal, and other projects
- Need to closely monitor the impact of sharp increases energy and material costs, disruptions in the supply chain from a supply perspective, and upswings in unit labor costs as a well as procurement

## [Initiatives]

- Continuously improve quality management systems and pursue high quality through business activities that are based on safe, secure, high-quality good building operations
- In continuing to adhere to a policy that focuses on profitability at the time orders are received and keeping in mind the need to secure total profit, engage in the strategic selection of projects while maintaining a balance between business volumes and profitability
- Work to achieve net sales and profits in line with forecasts identified at the beginning of the period by strictly managing costs and ensuring the steady progress of construction
- Accurately reflect material prices in estimates by engaging in proper management and sharing information on a Group-wide basis; also share information with customers and proactively put forward various proposals, including modifications to specifications and products as required
- Properly reflect anticipated increases in labor costs in construction prices; share project information with partners companies to secure labor and ensure systematic allocation with a view to the future

# [Consolidated] Forecast for Full Fiscal Year

	FY3/24 1H (Apr.1,2023-Sept.30,2023)		FY3/23 (Apr.1,2022-Mar.31,2023)	FY3/24 (Apr.1,2023-Mar.31,2024)		
	Initial Forecast (May 2023)	Result	Result	Initial Forecast (May 2023)	YoY Change	1H Progress Rate
Net Sales	175,000	179,738	372,146	400,000	+ 7.5%	44.9%
Gross profit	16,800	17,266	42,023	43,500	+ 3.5%	39.7%
(Gross profit margin)	(9.6%)	(9.6%)	(11.3%)	(10.9%)	(▲0.4P)	(—)
Selling, general and administrative expenses	11,500	12,036	22,170	23,000	+ 3.7%	52.3%
Operating profit	5,300	5,230	19,853	20,500	+ 3.3%	25.5%
(Operating profit margin)	(3.0%)	(2.9%)	(5.3%)	(5.1%)	(▲0.2P)	(—)
Ordinary profit	4,700	5,617	19,608	19,700	+ 0.5%	28.5%
Profit attributable to owners of parent	2,900	3,667	15,187	13,600	▲10.5%	27.0%

(Unit: Million yen. Rounded down to the unit) (Ratios are rounded off)

# [Non-consolidated] New Orders(Full-year forecast)

	FY3/24 1H (Apr.1,2023-Sept.30,2023)		FY3/23 (Apr.1,2022-Mar.31,2023)	FY3/24 (Apr.1,2023-Mar.31,2024)		
	Initial Forecast (May 2023)	Result	Result	Initial Forecast (May 2023)	YoY Change	1H Progress Rate
Orders Received	167,300	142,431	348,220	375,000	+7.7%	38.0%
Civil engineering	42,300	45,085	103,274	125,000	+21.0%	36.1%
Domestic	—	41,932	99,322	120,000	+20.8%	34.9%
Overseas	—	3,153	3,952	5,000	+26.5%	63.1%
Building construction	125,000	97,345	244,946	250,000	+2.1%	38.9%
Domestic	—	79,674	221,519	230,000	+3.8%	34.6%
Overseas	—	17,671	23,426	20,000	▲14.6%	88.4%

(Unit: Million yen. Rounded down to the unit) (Ratios are rounded off)

# Net Sales of Completed Construction Contracts/ Gross Profit on Completed Construction Contracts(Full-year forecast)

[Non-consolidated]

	FY3/24 1H (Apr.1,2023-Sept.30,2023)		FY3/23 (Apr.1,2022-Mar.31,2023)	FY3/24 (Apr.1,2023-Mar.31,2024)		
	Initial Forecast (May 2023)	Result	Result	Initial Forecast (May 2023)	YoY Change	1H Progress Rate
<b>Net sales of completed construction contracts</b>	159,000	163,970	339,634	363,000	+ 6.9%	45.2%
Civil engineering	60,000	67,588	133,430	133,000	▲0.3%	50.8%
Building construction	99,000	96,382	206,203	230,000	+ 11.5%	41.9%
<b>Gross profit on completed construction contracts</b>	15,800	15,995	38,474	40,100	+ 4.2%	39.9%
(Construction gross profit margin)	(9.9%)	(9.8%)	(11.3%)	(11.0%)	(▲0.3P)	(—)
Civil engineering	8,800	9,576	21,246	21,500	+ 1.2%	44.5%
	(14.7%)	(14.2%)	(15.9%)	(16.2%)	(+0.3P)	(—)
Building construction	7,000	6,418	17,227	18,600	+ 8.0%	34.5%
	(7.0%)	(6.7%)	(8.4%)	(8.1%)	(▲0.3P)	(—)

(Unit: Million yen. Rounded down to the unit) (Ratios are rounded off)



# **4. Progress of Medium-Term Management Plan 2025**

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(Fiscal 2023 (FY3/24) to Fiscal 2025 (FY3/26))

## 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

	Progress
<b>Construction Business</b>	<ul style="list-style-type: none"> <li>• Secured a certain level of orders by leveraging the Group's technological capabilities in such areas of strength as the urban civil engineering, mountain tunnel civil engineering, and power civil engineering fields (Civil Engineering Business)</li> <li>• Secured a certain level of orders for distribution and production-related facilities through aggressive sales activities (Building Construction Business)</li> <li>• Undertook the development and promotion of a life cycle assessment (LCA) method-based environmental impact assessment technology for buildings (Building Construction Business)</li> <li>• Promoted production process reform through the digitalization of on-site operations and use of BIM/CIM (common to both the Civil Engineering and Building Construction businesses)</li> <li>• Implemented a variety of training and qualification acquisition support initiatives to improve the skills of young staff (common to both the Civil Engineering and Building Construction businesses)</li> <li>• Introduced an overseas internship system as part of efforts to advance the career paths of young and mid-career employees (common to both the Civil Engineering and Building Construction businesses / Overseas Business)</li> <li>• Focused on ZEB renewal work, including the acquisition of ZEB Ready certification (LCS business)</li> <li>• Promoted the CCUS registration of partner companies (common to both the Civil Engineering and Building Construction businesses)</li> </ul>
<b>Non-Construction Business</b>	<ul style="list-style-type: none"> <li>• Plans in place to introduce BIM model maintenance management that contributes to the advancement of building services at actual properties (LCS business)</li> </ul> <p>* Details of other Non-Construction businesses are outline in the progress of growth investments.</p>
<b>Group Business</b>	<ul style="list-style-type: none"> <li>• Considering ways to improve the utilization rate of PCa plants owned by the Company and to promote PCa use</li> <li>• Continued to strengthen cost competitiveness through centralized purchasing</li> </ul>
<b>DX</b>	<ul style="list-style-type: none"> <li>• Introduced ChatGPT in-house on a Group-wide basis</li> <li>• Put in place a technical staff training system and video content production system</li> </ul>

		Quantitative Indicators (FY3/26 Final Fiscal Year of the Medium-Term Management Plan)	Progress of Priority Measures
<b>E</b>	Contribute to the realization of a decarbonized society	<b>GHG emissions(compared with FY3/18)</b> <b>Scope 1+2 Reduce by at least 34%*</b> <b>Scope 3 Reduce by at least 21%*</b>	<ul style="list-style-type: none"> <li>• Undertook a review of the 1.5°C scenario SBT; taking steps to obtain recertification</li> </ul>
		Scale of renewable energy 80 MW (HAZAMA ANDO equity conversion)	
<b>S</b>	Increase the value of human capital	Human resources investment(compared with FY3/23) ¥5.5 billion increase <b>Employee engagement score at least 80%*</b> Number of certified employees Increase by at least 10% Number of female managers 60 persons	<ul style="list-style-type: none"> <li>• Undertook a review of compensation standards and introduced a work life balance allowance in July 2023</li> <li>• FY3/24 score measurement conducted in September: 75% (FY3/23: 72%)</li> <li>• Conducted examination preparation training to help employees acquire first-class architect and other qualifications</li> <li>• Conducted a review of the Group’s training programs by job position; currently putting in place self-learning materials</li> <li>• Number of female managers as of the beginning of October 2023: 39 (as of the end of March 2023: 29)</li> <li>• Plans to conduct human rights education and training in the second half of the fiscal year under review</li> </ul>
	Address the issue of human rights	Rate of education and training attendance 100%	
	Promote regional development	3 cases or more (three-year cumulative total)	

\* Medium-Term Management Plan 2025 KPI

		Quantitative Indicators (FY3/26 Final Fiscal Year of the Medium-Term Management Plan)	Progress of Priority Measures
<b>G</b>	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"> <li>• Transitioned to a company with an audit and supervisory committee in June 2023; achieved a ratio of external directors of 60% and a ratio of female Board directors of 30%</li> </ul>
	Establish the Sustainability Committee, etc.	Promote ESG management at four annual meetings	<ul style="list-style-type: none"> <li>• Held a meeting of the Sustainability Committee in August following its establishment in June 2023; plans to hold Sustainability Committee meetings in November 2023 and March 2024 of the fiscal year under review</li> <li>• Administered a human rights due diligence questionnaire to partner companies that employ foreign technical interns</li> </ul>
	Reduce policy shareholdings	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	<ul style="list-style-type: none"> <li>• Work to reduce the ratio of the market value balance sheet amount of stock holdings (the net asset amount for unlisted companies) to less than 10% of the consolidated net asset amount as of the end of March 2026 (the final fiscal year of the Medium-Term Management Plan) * See P. 24</li> </ul>

# Growth Investments — progress —

Field	Progress	Previous Medium-Term Management Plan Results	Medium-Term Management Plan Period FY3/24 – FY3/26	FY3/24 1H Results
<b>Energy business</b>	<ul style="list-style-type: none"> <li>• Selected as the best proposal in connection with the “Selection of Project Candidates for the Installation and Operation of the Yoshinosegawa Dam Hydroelectric Power Plant (tentative name)”</li> <li>• Secured two new solar power generation power purchase agreement project contracts</li> <li>• Currently negotiating details with a view to acquiring solar power generation plants (two projects)</li> </ul>	4.5	10.0	0.01
<b>Real estate business/ Infrastructure management business</b>	<ul style="list-style-type: none"> <li>• Tohoku Branch Building reconstruction work underway in the FM business; plans to commence use from the end of the fiscal year under review</li> <li>• Plans underway for each FM business branch</li> <li>• Development business commenced through Group companies; construction commenced in August</li> </ul>	2.9	10.0	1.65
<b>Partner strategic investment</b>	<ul style="list-style-type: none"> <li>• Took an equity interest in a temporary employment agency</li> <li>• Took an equity interest in a BIM-related company</li> </ul>	0.1	10.0	0.17
<b>Innovation investment, Technology development investment, Other</b>	<ul style="list-style-type: none"> <li>• Centrifugal loading test apparatus completed at the Company’s Technical Research Institute</li> <li>• Actively utilized thermal environment facilities that were completed in the previous fiscal year and accelerated technology development</li> </ul>	11.6	10.0	2.61
	Total amount	19.1	40.0	4.44

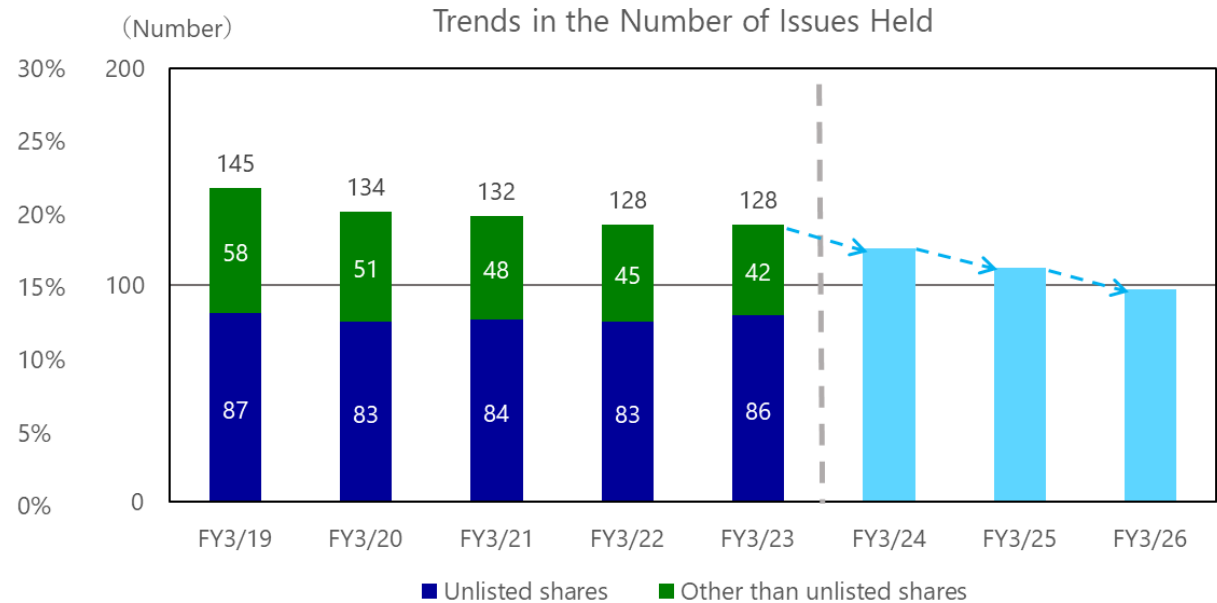
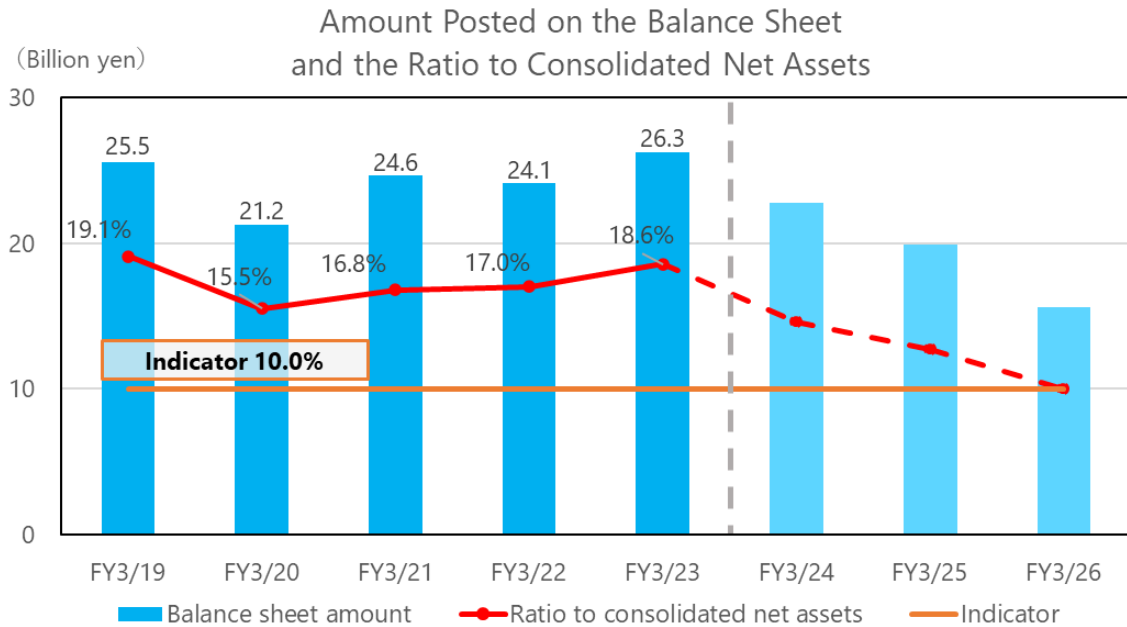
(Unit: Billion yen)

## **5. Strategic Shareholdings / Shareholder Returns**

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# Policy to Reduce Strategic Shareholdings

Policy	Work to reduce the ratio of the market value balance sheet amount of stock holdings (the net asset amount for unlisted companies) to less than 10% of the consolidated net asset amount as of the end of March 2026 (the final fiscal year of the Medium-Term Management Plan)
Objective	Strengthen efforts to promote capital efficient management and enhance corporate value through the effective use of cash generated from the sale of strategic shareholdings



\* Figures in the above graph include shares deemed to be held.



## Medium-Term Management Plan 2025 Key KPI /

Total Return Ratio of 70% or More in the Final Fiscal Year of the Medium-Term Management Plan (FY3/26)

### Dividends

#### Dividend Policy

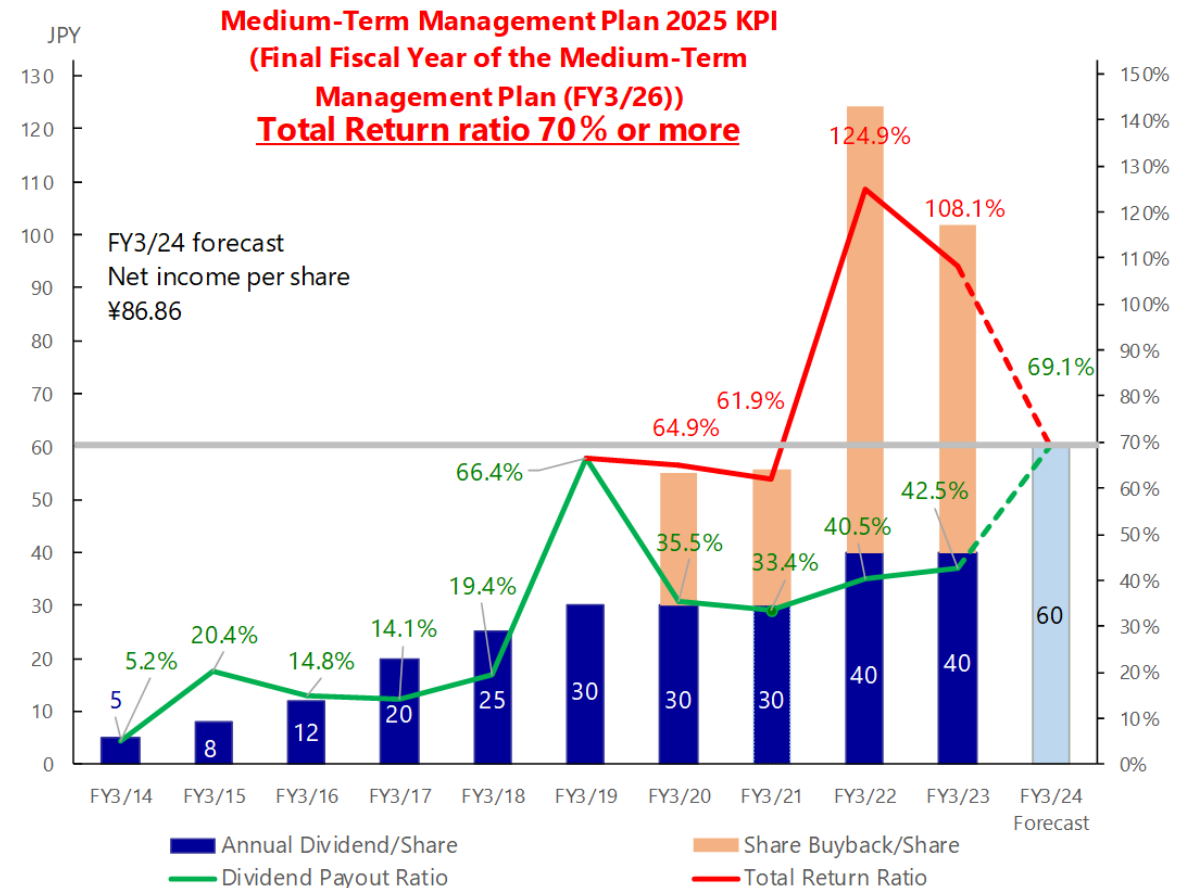
HAZAMA ANDO's basic policy is to pay consistently stable dividends, taking into consideration business performance, consolidated financial results, future earnings, and other factors.

	Interim dividend	Period-end dividend	Total	Dividend Payout ratio (consolidated)
FY3/23 (Result)	¥20	¥20	¥40	42.5%
FY3/24 (Forecasts)	<b>¥30</b> (Result)	<b>¥30</b>	<b>¥60</b>	<b>69.1%</b>

### Purchase of Own Shares

HAZAMA ANDO considers the purchase of its own shares as one important means through which the Company can return profits to shareholders. The Company will consider and undertake the purchase of its own shares in a flexible manner while comprehensively keeping in mind a variety of factors, including investments for growth, the Group's business performance and financial condition as well as the need to improve capital efficiency and further return profit to shareholders.

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



# [Occurrence of an Incident in Construction Work Underway]

(Disclosed on November 9, 2023)

## ■ Outline of construction work

Name of construction work	Installation of a seawall (seawater pump room area section) and other construction work at Tokai No. 2 Power Plant
Contractee	The Japan Atomic Power Company
Constructor	Joint venture between HAZAMA ANDO CORPORATION, PENTA-OCEAN CONSTRUCTION CO., LTD., and WAKACHIKU CONSTRUCTION CO., LTD.
Construction site	Tokai-mura, Naka-gun, Ibaraki Prefecture

## ■ Incident that occurred

- In June 2023, during foundation work on the south side of the seawall (steel guard wall) to be installed above an intake that pumps seawater to the Power Plant, certain defects, including unfilled concrete and deformation of reinforcing steel were found in a portion of the wall surface of the underground diaphragm wall.
- In the course of the investigation and verification of the incident, a similar situation was also noted for foundation work on the north side of the steel guard wall.

## ■ Current situation and measures to be taken in the future

- Together with the ordering party, the Company initiated an investigation and examination into the cause of the incident, which remain ongoing.
- HAZAMA ANDO will responsibly take all appropriate measures, including the development of relevant repair / reinforcement plans based on the results of the investigation and examination.
- For large and difficult construction projects, the Company has long taken all appropriate measures to put in place a support system from its head office. In addressing this incident, HAZAMA ANDO will assign more experienced experts from its construction and technical departments as support personnel for each construction project. In conjunction with efforts to ensure thorough risk management, the Company will endeavor to prevent risks by strengthening systematic monitoring and support systems, while also placing the highest priority on quality.

## ■ Impact on the Company's business results

- HAZAMA ANDO will disclose details in a timely and appropriate manner as soon as the impact on consolidated financial results is determined.

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**