

FY3/24 (Fiscal 2023) Financial Results **(April 1, 2023 to March 31, 2024)**

May 24, 2024

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. FY3/24 Financial Results Outline

Market Environment

- As far as the construction industry is concerned, trends in both public and private sector construction investment were firm. In contrast, the surge in material and other prices as well as rising labor costs continued to impact the market environment.
- 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 distribution- and production-related facility demand.
- In countries where the Company operates, recovery in production-related and other facility demand from Japanese companies in North America centering on Mexico.

Our Status

- While earnings declined on an increase in revenue, achieved the initial forecast for profit attributable to owners of parent.
- While factoring in additional costs arising from an incident in construction work underway, and despite a downturn in the profitability of certain large-scale projects, maintained a certain level of profit owing to the strict management of costs in the civil engineering business.
- In the building construction business, achieved gross profit on completed construction contracts in line with initial forecasts due to such factors as steady progress in construction and improved profitability.

Consolidated net sales (Billion yen)

394.1

(YoY Change +5.9% / Change from Initial Forecast ▲1.5%)

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

Consolidated Operating Profit (Billion yen)

18.5

Consolidated Operating Profit Margin

4.7 %

(Consolidated Operating Profit YoY Change ▲ 6.4% / Change from Initial Forecast ▲ 9.3%)
 (Consolidated Operating Profit Margin YoY Change ▲ 0.6P / Change from Initial Forecast ▲ 0.4P)

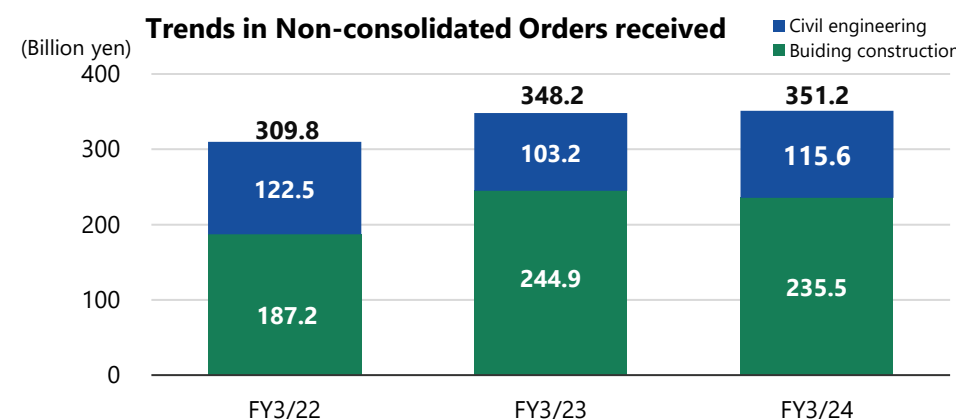
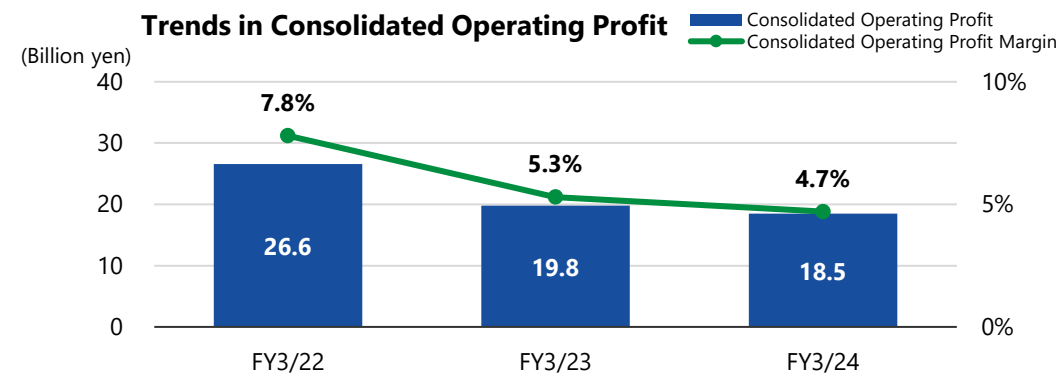
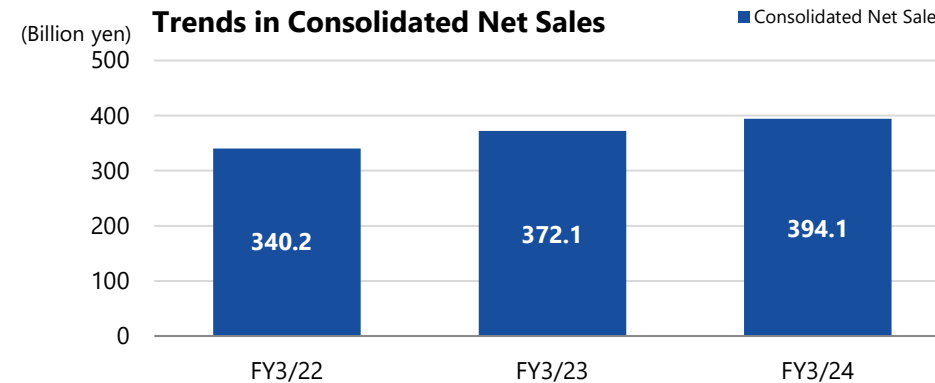
- Increase in gross profit
 - Despite a downturn in the profitability of certain civil engineering projects, YoY increase in gross profit on completed construction contracts owing to steady progress in ongoing construction projects and improved profitability both mainly in the building construction business.
- Increase in selling, general and administrative expenses
 - Increase in personnel, operating overhead, and other expenses

Non-consolidated Orders received (Billion yen)

351.2

(YoY Change +0.9% / Change from Initial Forecast ▲6.3%)

- YoY increase on the back of orders received from comprehensive evaluation tunnel construction and other projects in the civil engineering business
- Decrease from the previous fiscal year when the Company received multiple large-scale orders in the building construction business



[Consolidated] Operating Results

	FY3/23 (Apr.1,2022-Mar.31,2023)	FY3/24 (Apr.1,2023-Mar.31,2024)			
	Result	Initial Forecast (May 2023)	Result	YoY Change	Change from Initial Forecast
Net Sales	372.1	400.0	394.1	+ 5.9%	▲ 1.5%
Gross profit	42.0	43.5	43.3	+ 3.1%	▲ 0.4%
(Gross profit margin)	(11.3%)	(10.9%)	(11.0%)	(▲ 0.3P)	(+ 0.1P)
Selling, general and administrative expenses	22.1	23.0	24.7	+ 11.5%	+ 7.5%
Operating profit	19.8	20.5	18.5	▲ 6.4%	▲ 9.3%
(Operating profit margin)	(5.3%)	(5.1%)	(4.7%)	(▲ 0.6P)	(▲ 0.4P)
Ordinary profit	19.6	19.7	18.5	▲ 5.4%	▲ 5.9%
Profit attributable to owners of parent	15.1	13.6	13.8	▲ 8.6%	+ 2.0%

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

[Consolidated] Balance Sheets

	FY3/23 (Apr.1,2022-Mar.31,2023) Result ①	FY3/24 (Apr.1,2023-Mar.31,2024) Result ②	Change ②-①
Current assets	245.3	249.9	+ 4.5
Non-current assets	72.6	84.2	+ 11.5
Total assets	318.0	334.1	+ 16.1
Current liabilities	164.2	166.5	+ 2.2
Non-current liabilities	12.4	13.1	+ 0.6
Total liabilities	176.6	179.6	+ 2.9
Total net assets	141.3	154.4	+ 13.1
Total liabilities and net assets	318.0	334.1	+ 16.1
Interest-bearing debt (Billion yen)	24.1	23.6	▲0.4
Debt/Equity ratio * (times)	0.17	0.15	▲0.02
Equity ratio (%)	44.2	46.0	+ 1.8P

- Cash and deposits (▲25.3)
- Notes receivable, accounts receivable from completed construction contracts and other (+36.4)
- Buildings and structures (+3.9)
- Machinery, vehicles, tools, furniture and fixtures (+1.2)
- Investment securities (+3.2)
- Other (▲3.4)

- Accounts payable for construction contracts and other (+0.8)
- Advances received on construction contracts in progress (+0.2)
- Deposits received (+4.1)
- Provision for warranties for completed construction (▲0.6)
- Long-term borrowings (▲0.2)
- Provision for employee stock ownership plan trust (+0.4)
- Other (▲1.8)

- Capital surplus (+5.9)
- Treasury shares (▲0.4)
- Valuation difference on available-for-sale securities (+2.7)
- Deferred gains or losses on hedges (+1.7)
- Remeasurements of defined benefit plans (+2.3)
- Other (+0.7)

* 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

	FY3/23 (Apr. 1, 2022- Mar. 31, 2023)	FY3/24 (Apr. 1, 2023- Mar. 31, 2024)	FY3/24 Movements in Principal Accounting Line Items
Cash flows from operating activities	32.2	▲11.1	<ul style="list-style-type: none"> • Profit before income taxes (+18.9) • Depreciation (+2.4) • increase in retirement benefit liability (+1.9) • increase in trade receivables (▲36.4) • increase in costs on construction contracts in progress (▲1.3) • decrease in other inventories (+2.9) • decrease in consumption taxes refund receivable (+3.0) • increase in deposits received (+4.1) • income taxes paid (▲6.9)
Cash flows from investing activities	▲4.7	▲6.0	<ul style="list-style-type: none"> • Purchase of short-term and long-term investment securities (+1.4) • Purchase of property, plant and equipment (▲7.0)
Cash flows from financing activities	▲18.4	▲9.0	<ul style="list-style-type: none"> • Increase/repayment of long-term borrowings (▲0.3) • Dividends paid (▲7.9) *
Effect of exchange rate change on cash and cash equivalents	0.4	0.7	
Net increase (decrease) in cash and cash equivalents	9.5	▲25.4	
Cash and cash equivalents at end of period	74.3	48.8	

* Dividends paid comprise the period-end dividend for FY3/23 and interim dividend for FY3/24

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

2. Details of Non-Consolidated Financial Results

[Non-consolidated] Orders Received

	FY3/23 (Apr.1,2022-Mar.31,2023)	FY3/24 (Apr.1,2023-Mar.31,2024)			
	Result	Initial Forecast (May 2023)	Result	YoY Change	Change From Initial Forecast
Orders Received	348,220	375,000	351,204	+ 0.9%	▲6.3%
Civil engineering	103,274	125,000	115,624	+ 12.0%	▲7.5%
Domestic	99,322	120,000	111,951	+ 12.7%	▲6.7%
Overseas	3,952	5,000	3,672	▲7.1%	▲26.5%
Building construction	244,946	250,000	235,579	▲3.8%	▲5.8%
Domestic	221,519	230,000	204,986	▲7.5%	▲10.9%
Overseas	23,426	20,000	30,593	+ 30.6%	+ 53.0%

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

[Non-consolidated] Net Sales of Completed Construction Contracts/ Gross Profit on Completed Construction Contracts

	FY3/23 (Apr.1,2022-Mar.31,2023)	FY3/24 (Apr.1,2023-Mar.31,2024)			
	Result	Initial Forecast (May 2023)	Result	YoY Change	Change From Forecast
Net sales of completed construction contracts	339,634	363,000	357,473	+ 5.3%	▲ 1.5%
Civil engineering	133,430	133,000	133,223	▲ 0.2%	+ 0.2%
Building construction	206,203	230,000	224,249	+ 8.8%	▲ 2.5%
Gross profit on completed construction contracts	38,474	40,100	39,620	+ 3.0%	▲ 1.2%
(Construction gross profit margin)	(11.3%)	(11.0%)	(11.1%)	(▲ 0.2P)	(+ 0.0P)
Civil engineering	21,246	21,500	20,225	▲ 4.8%	▲ 5.9%
	(15.9%)	(16.2%)	(15.2%)	(▲ 0.7P)	(▲ 1.0P)
Building construction	17,227	18,600	19,394	+ 12.6%	+ 4.3%
	(8.4%)	(8.1%)	(8.6%)	(+ 0.3P)	(+ 0.6P)

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

[Non-consolidated] Year-end Backlog

	FY3/23 (Apr.1,2022-Mar.31,2023) Result	FY3/24 (Apr.1,2023-Mar.31,2024) Result	Change	YoY Change
Year-end Backlog	528,070	522,985	▲5,084	▲1.0%
Civil engineering	290,138	272,819	▲17,318	▲6.0%
Domestic	282,598	268,673	▲13,925	▲4.9%
Overseas	7,539	4,146	▲3,393	▲45.0%
Building Construction	237,931	250,166	+ 12,234	+ 5.1%
Domestic	223,361	226,864	+ 3,502	+ 1.6%
Overseas	14,569	23,301	+ 8,731	+ 59.9%

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

3. Forecast of Earnings FY3/25 Full Fiscal Year

- While the market in Japan continues to recover, conditions warrant continued close monitoring of a variety of factors, including rising geopolitical risks, soaring raw material prices due to the weak yen, and the impact of fluctuations in financial and capital markets.
- As far as the construction industry is concerned, while both public and private sector investment remain firm, need to maintain a close eye on material and other price hikes, upswings in unit labor costs, and procurement.

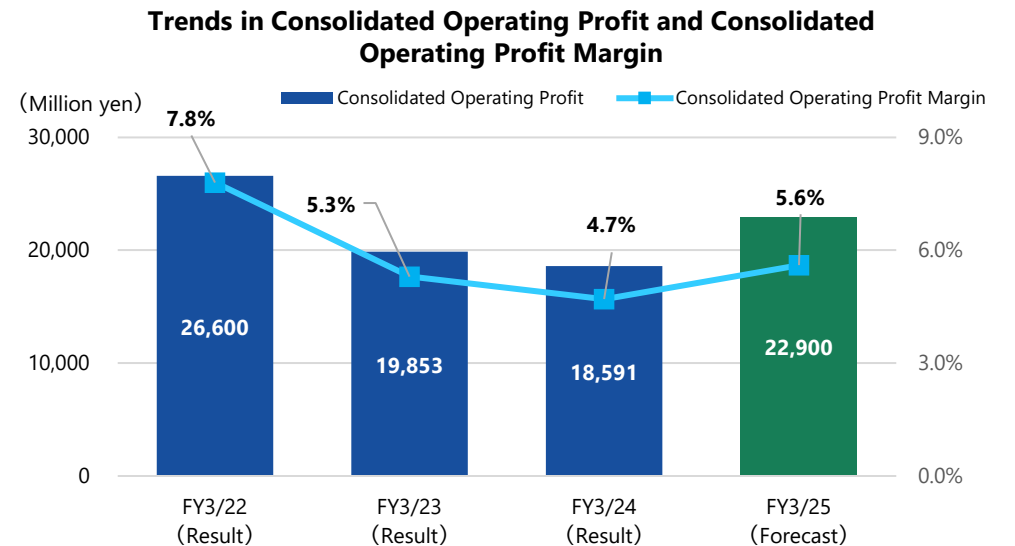
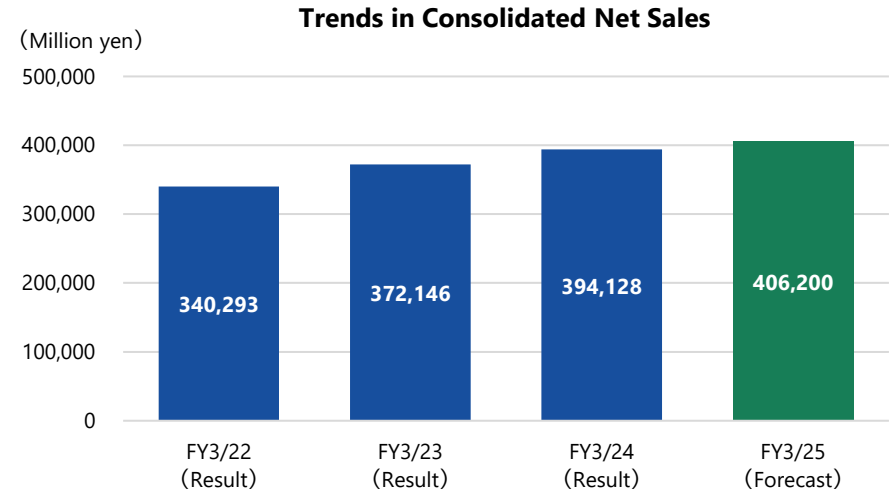
【Initiatives】

- 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 the need to secure a construction work structure and systems, business volumes and profitability.
- Accurately reflect material prices and the portion of anticipated increase in labor costs in estimates.
- Share project information with partners companies to secure labor at an early stage and ensure systematic allocation with a view to the future.

[Consolidated] Forecast for Full Fiscal Year

	FY3/24 (Apr.1,2023-Mar.31,2024)	FY3/25 (Apr.1,2024-Mar.31,2025)	
	Result	Full-year forecast	YoY Change
Net sales	394,128	406,200	+3.1%
Gross profit	43,313	48,800	+12.7%
(Gross profit margin)	(11.0%)	(12.0%)	(+1.0P)
Selling , general and administrative expenses	24,721	25,900	+4.8%
Operating profit	18,591	22,900	+23.2%
(Operating profit margin)	(4.7%)	(5.6%)	(+0.9P)
Ordinary profit	18,545	22,100	+19.2%
Profit attributable to owners of parent	13,878	15,200	(+9.5%)

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

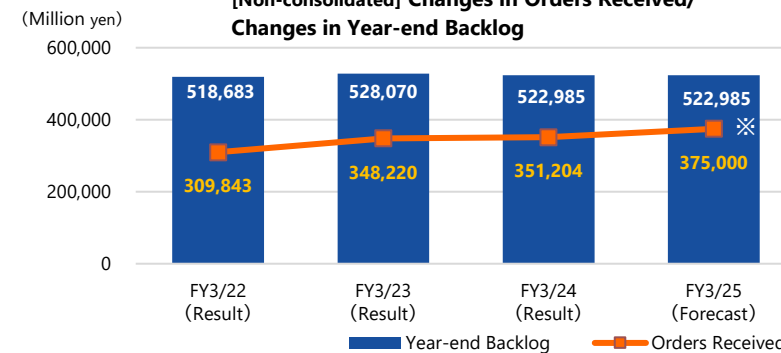


[Non-consolidated] New Orders (Full-year forecast)

	FY3/24 (Apr.1,2023-Mar.31,2024)	FY3/25 (Apr.1,2024-Mar.31,2025)	
	Result	Full-year forecast	YoY Change
Orders Received	351,204	375,000	+6.8%
Civil engineering	115,624	125,000	+8.1%
Domestic	111,951	115,000	+2.7%
Overseas	3,672	10,000	+172.3%
Building Construction	235,579	250,000	+6.1%
Domestic	204,986	230,000	+12.2%
Overseas	30,593	20,000	▲34.6%

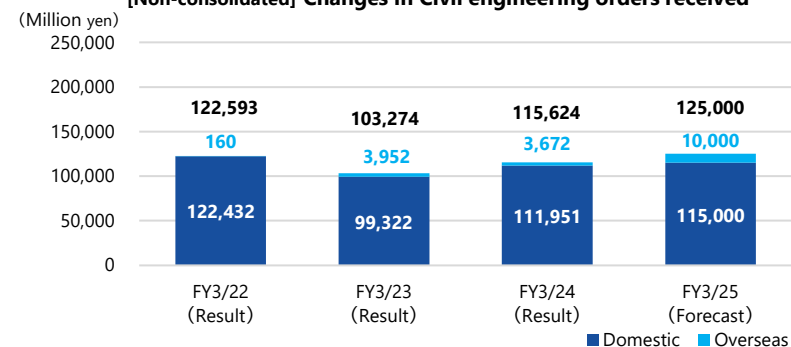
(Unit: Million yen. Rounded down to the unit) (Ratios are rounded off)

[Non-consolidated] Changes in Orders Received/
Changes in Year-end Backlog

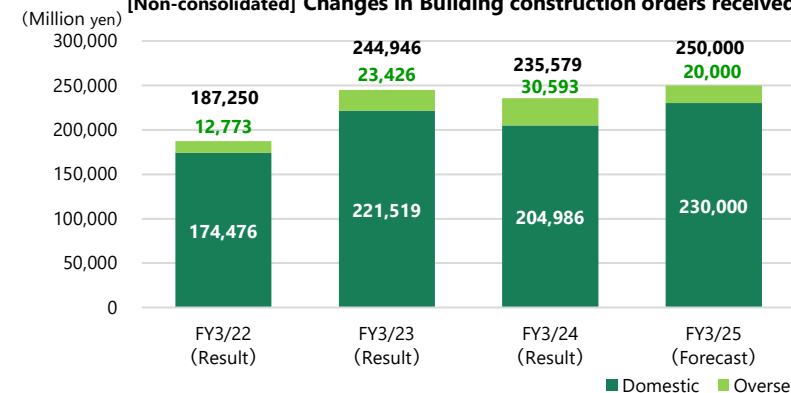


※Figures are calculated for convenience using the following formula:
Year-end backlog as of March 31, 2024 + Forecast orders for the fiscal year ending March 31, 2025
- Forecast net sales of completed construction contracts for the fiscal year ending March 31, 2025

[Non-consolidated] Changes in Civil engineering orders received



[Non-consolidated] Changes in Building construction orders received

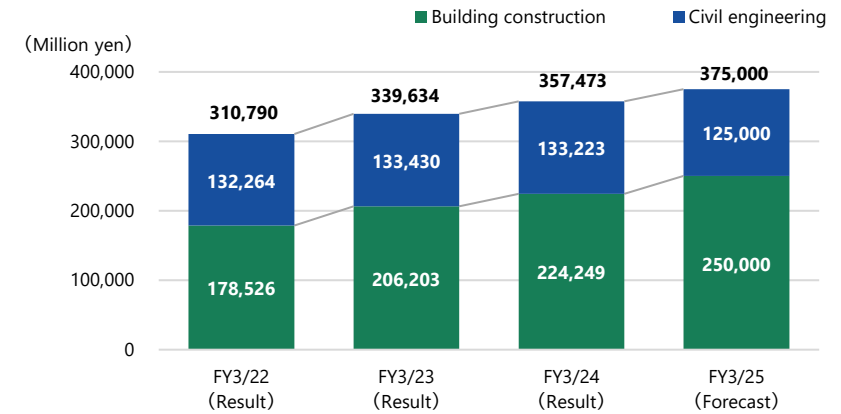


[Non-consolidated] Net Sales of Completed Construction Contracts/ Gross Profit on Completed Construction Contracts (Full-year forecast)

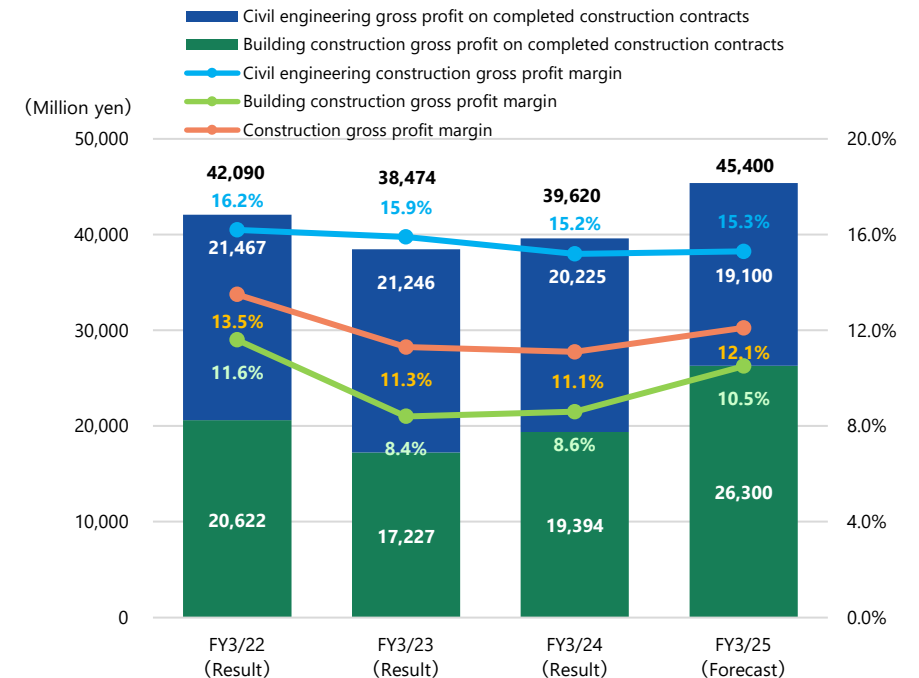
	FY3/24 (Apr.1,2023-Mar.31,2024)	FY3/25 (Apr.1,2024-Mar.31,2025)	
	Result	Full-year forecast	YoY Change
Net sales of completed construction contracts	357,473	375,000	+4.9%
Civil engineering	133,223	125,000	▲6.2%
Building construction	224,249	250,000	+11.5%
Gross profit on completed construction contracts	39,620	45,400	+14.6%
(Construction gross profit margin)	(11.1%)	(12.1%)	(+1.0P)
Civil engineering	20,225	19,100	▲5.6%
Building construction	19,394	26,300	+35.6%
	(8.6%)	(10.5%)	(+1.9P)

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

Trends in Net Sales of Completed Construction Contracts



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



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

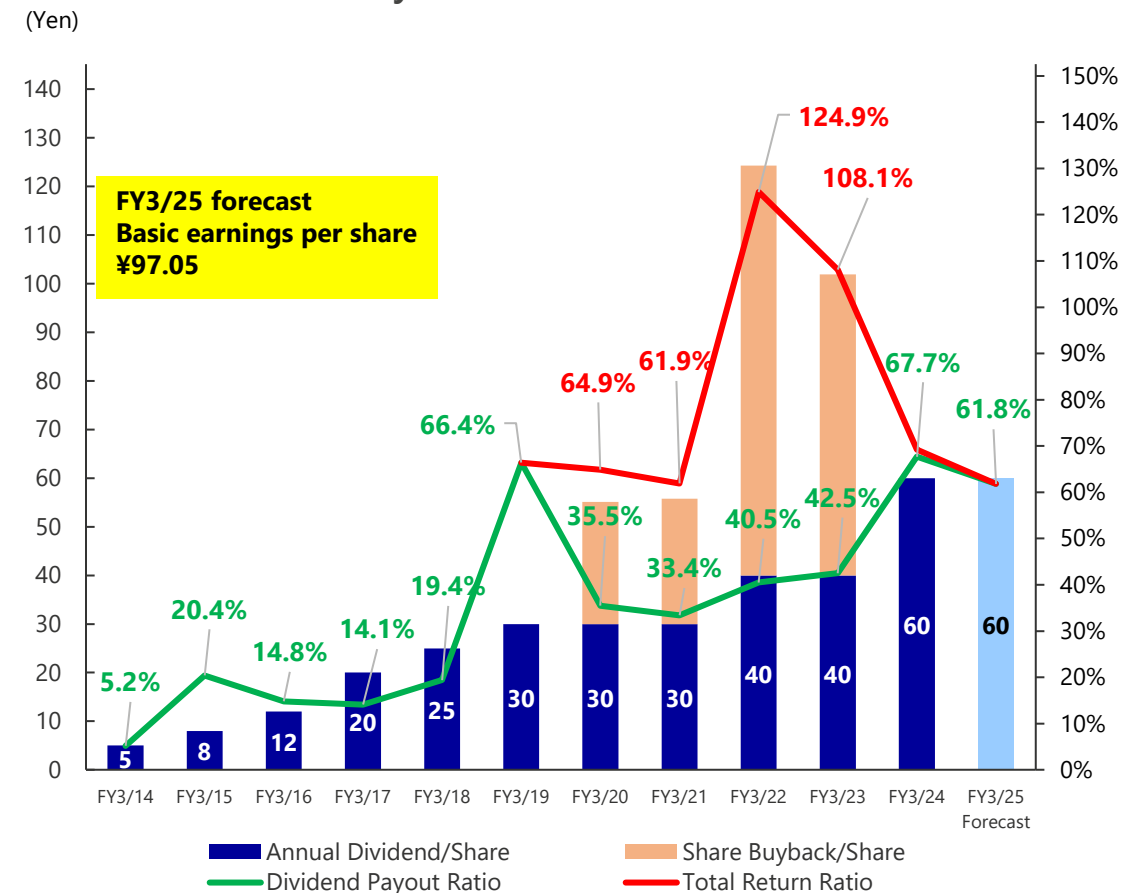
HAZAMA ANDO's basic policy is to pay consistently stable dividends, taking into consideration business performance, consolidated financial results, future earnings, and other factors.

	Interim dividend	Period-end dividend	Total	Dividend Payout ratio (consolidated)
FY3/24 (Result)	¥30	¥30	¥60	67.7%
FY3/25 (Forecasts)	¥30	¥30	¥60	61.8%

Purchase of Own Shares

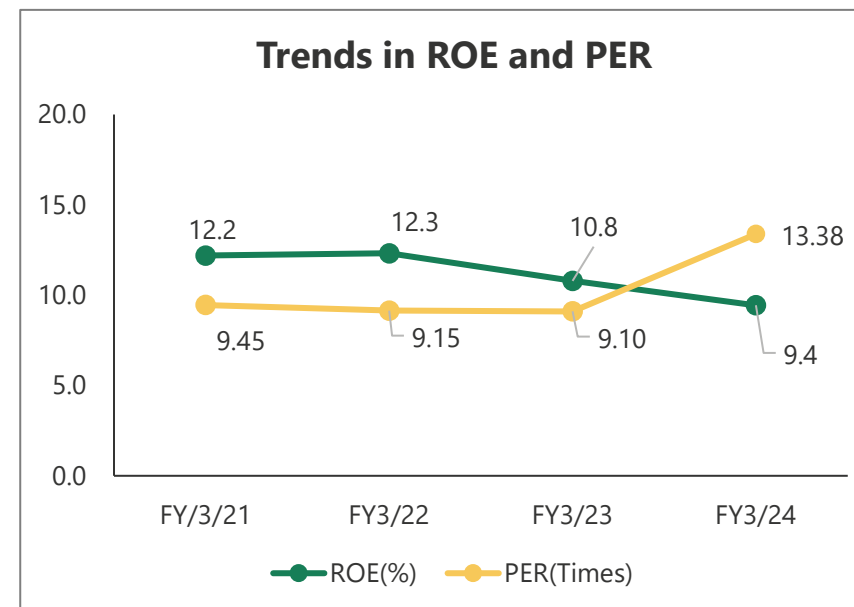
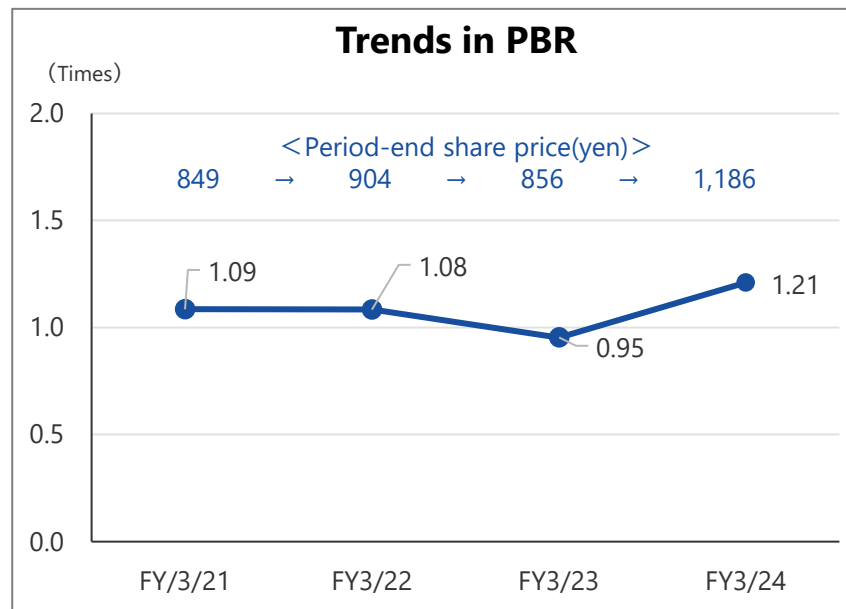
HAZAMA ANDO considers the purchase of its own shares as one important means through which the Company can return profits to shareholders. The Company will consider and undertake the purchase of its own shares in a flexible manner while comprehensively keeping in mind a variety of factors, including investments 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 Return Ratio



Action to Implement Management that is Conscious of Cost of Capital and Stock Price

	PBR	≡	ROE	×	PER
FY/3/23	0.95 times		10.8%		9.10 times
	Ratio of profit to net sales : 4.1% Total asset turnover ratio : 1.21 times Financial leverage : 2.26 times (Equity ratio 44.2%)			Net sales : ¥372.1 billion↑ Profit attributable to owners of parent : ¥ 15.1 billion↓ Equity : ¥140.4 billion↑ Total assets : ¥318.0 billion↑	
FY3/24	1.21 times↑		9.4%↓		13.38 times↑
	Ratio of profit to net sales : 3.5% Total asset turnover ratio : 1.21 times Financial leverage : 2.18 times (Equity ratio 46.0%)			Net sales : ¥394.1 billion↑ Profit attributable to owners of parent : ¥ 13.8 billion↓ Equity : ¥153.5 billion↑ Total assets : ¥334.1 billion↑	



<Status of Equity and ROE>

- Despite achieving forecasts at the beginning of the period, profit attributable to owner of parent declined YoY.
- Against the recent backdrop of depreciation in the value of the yen and rising stock prices, **shareholders' equity (accumulated other comprehensive income) increased.**
- **ROE declined YoY**, falling short of the 10% target set under Medium-Term Management Plan 2025.
- While total assets also increased due to the **growth investment progress** under the Medium-Term Management Plan (**new Tohoku Branch office building and Technical Research Institute facilities**), **the equity ratio climbed from 44.2% to 46.0%.**

<Initiatives Aimed at Increasing Corporate Value>

- Continue to engage in **BS management that targets an equity ratio of around 40%** (announced in 2021).
- Steady progress in measures outlined in our Medium-Term Management Plan.
- Continue to promote **IR and SR activities** in a bid to deepen shareholders' and investors' understanding of our business and to increase the equity spread.

■ 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

■ Incidence of additional costs

- In cooperation with concerned parties to foundation work for a steel guard wall, including the contractee, the Company undertook an investigation of the south and north side foundations to determine the cause of an incident; after considering repair and reinforcement plans based on the results of this investigation, preparations are presently underway to commence the necessary work.
- Based on the progress of studies undertaken to date and a reasonable assessment of the impact on profit and loss, we are projecting the incidence of additional cost of approximately ¥6.2 billion for repairs and other work. (Additional costs will be recognized over a certain period of time based on progress in the performance of obligations under the construction work contract)

■ Impact on the Company's business results

- Consolidated financial results for FY3/24, which factor in the incidence of additional costs, are as outlined in the Company's Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 disclosed on May 14.
- After determining such matters as repair and reinforcement plans, the Company will disclose details in a timely and appropriate manner should it become clear that there will be a significant impact on the Company's consolidated financial results forecast for FY3/25.

■ Countermeasures

- 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 response to this incident, HAZAMA ANDO has established the Thoroughly Committed to Quality. Project under the direct control of the president and vice president, and strengthened its on-site support system.
- 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.

4. Progress of Medium-Term Management Plan 2025

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

- Although consolidated ordinary profit and ROE fell short of first fiscal year plans, profit levels are forecast to improve substantially from FY3/25 on the back of a firm order environment and an increase in profitability in construction business.
- Certain level of results in non-financial KPIs owing to the implementation of various priority measures, including efforts to upgrade and expand investment in human capital.

Progress of Medium-Term Management Plan 2025 KPIs

	Fiscal 2023 Results	Fiscal 2024 Forecast	Fiscal 2025 (The final fiscal year of the Medium- Term Management Plan)		
Consolidated ordinary profit	¥18.5 billion	¥22.1 billion	¥26.5 billion		
ROE	9.4%	11%	12% or more		
Total return ratio	69.2%	—*	70% or more		
Employee engagement score	75%	78%	80% or more		
GHG emissions reduction rate	Under calculation	26.8%	34% or more		
Scope 1+2				18.0%	21% or more
Scope 3					

* Forecast dividend payout ratio: 61.8%

Progress of Medium-Term Management Plan 2025 (Enhancing Business Growth)

	Progress
Construction Business	<ul style="list-style-type: none"> • HAZAMA ANDO continues to maintain a high level of profit in each of the civil engineering and building construction businesses. In the civil engineering business, steps are being taken to leverage the Group's technological capabilities in such areas of strength as urban civil engineering, mountain tunnel civil engineering, and power civil engineering. In the building construction business, the Company continues to secure orders with a focus on profitability, particularly for distribution- and production-related facilities. • The Company continues to develop and promote a life cycle assessment (LCA) method for buildings. • HAZAMA ANDO acquired BELS certification with respect to its ZEB renewal work. • Acquired BIM BSI Kitemark certification.
Non-Construction Business	<ul style="list-style-type: none"> • Plans to introduce BIM model maintenance management that contributes to the advancement of building services under consideration. • The Tohoku Branch Building (Sendai ANDO HAZAMA Building) completed as a first step in the Company's efforts to promote the Facility Management (FM) business.
Group Business	<ul style="list-style-type: none"> • Continued to improve the utilization rate of PCa plants owned by the Company and to promote PCa use. • Continued to strengthen cost competitiveness through centralized purchasing. • Initiated steps to establish a medium-scale building complex development project through Group companies; commenced construction in August.
DX	<ul style="list-style-type: none"> • Commenced in-house operation of generative AI focusing on the construction field. • Developed a scaling-point detection system as a part of the integrated mountain tunneling management systems (i-NATM®). • Undertook a joint verification trial to realize a wide-area high-speed wireless environment utilizing local 5G and other technologies at construction sites.

Progress of Medium-Term Management Plan 2025 (Increasing the Value of Human Capital/Promoting ESG Management)

		Quantitative Indicators (FY3/26 Final Fiscal Year of the Medium-Term Management Plan)	FY3/24 Result	Progress of Priority Measures
E	Contribute to the realization of a decarbonized society	GHG emissions (compared with FY3/18) Scope 1+2 Reduce by at least 34%* Scope 3 Reduce by at least 21%*	Under calculation	<ul style="list-style-type: none"> • Undertook a review of the 1.5°C scenario SBT; steps underway with recertification imminent. • In the renewable energy business, while solar power generation plant projects progressed generally as planned, continued to adopt a cautious approach toward the selection and operation of development projects, with an emphasis on profitability.
		Scale of renewable energy 80 MW (HAZAMA ANDO equity conversion)	45MW	
S	Increase the value of human capital	Human resources investment (compared with FY3/23) ¥5.5 billion increase	¥3.1 billion	<ul style="list-style-type: none"> • Undertook a review of compensation levels and steps to upgrade and expand training content in line with plans. • Employee engagement score came in at 75%, up three percentage points compared with FY3/23. • Conducted examination preparation training to help employees acquire first-class architect and other qualifications. • Number of female managers as of the end of March 2024: 38 (up nine from 29 as of the end of March 2023). • Conducted human rights and LGBTQ education and training (Rate of attendance: 100%).
		Employee engagement score at least 80%*	75%	
		Number of certified employees Increase by at least 10%	Up approx.2%	
	Number of female managers 60 persons	38 persons		
Address the issue of human rights	Rate of education and training attendance 100%	100%		
Promote regional development	3 cases or more (three-year cumulative total)	2 cases ongoing	<ul style="list-style-type: none"> • Currently considering regional decarbonization based on a regional comprehensive partnership agreement with Buzen City. • Took steps to support health promotion events based on a partnership agreement with Kuki City and startups. 	

* Medium-Term Management Plan 2025 KPI

Progress of Medium-Term Management Plan 2025 (Increasing the Value of Human Capital/Promoting ESG Management)

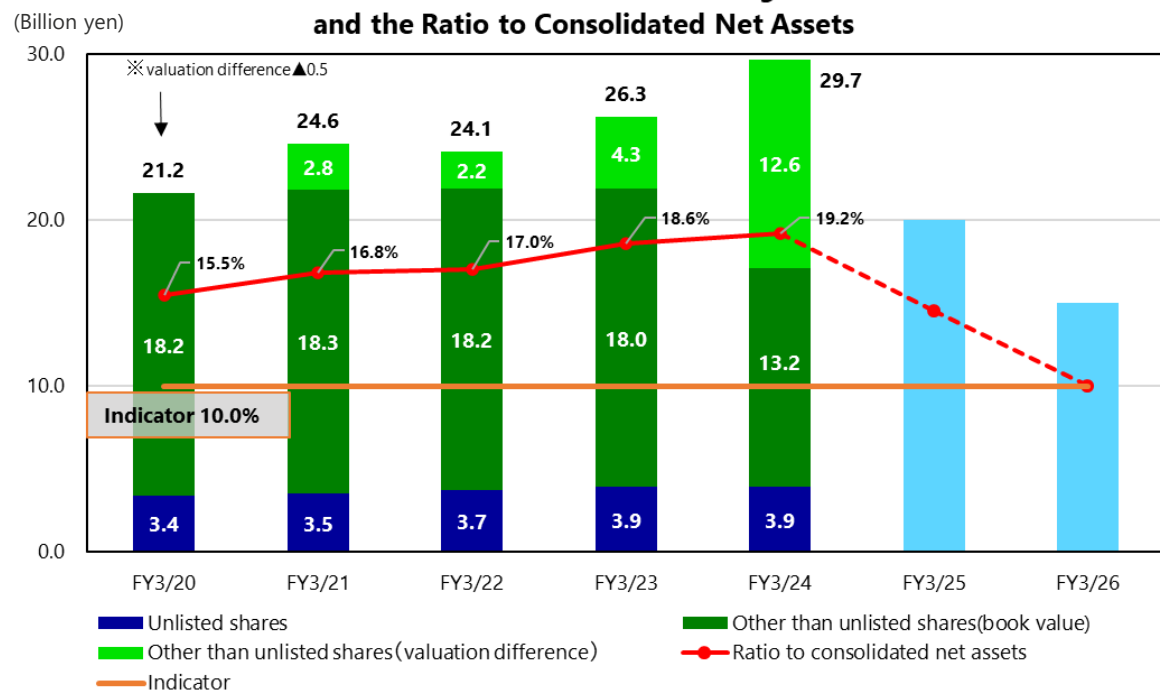
	Quantitative Indicators (FY3/26 Final Fiscal Year of the Medium-Term Management Plan)	FY3/24 Result	Progress of Priority Measures	
G	Transition to a company with an audit and supervisory committee, etc.	Ratio of external Board directors A majority 60% Ratio of female Board directors 30% or more 30%	<ul style="list-style-type: none"> • 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%. • The ratio of external directors and ratio of female Board directors projected to come in at 67% and 33%, respectively, following the FY3/24 Annual General Meeting of Shareholders. 	
	Establish the Sustainability Committee, etc.	Promote ESG management at four annual meetings	Held three times	<ul style="list-style-type: none"> • Established the Sustainability Committee in June 2023; held meetings in August, November, and March. • Administered a human rights due diligence survey to partner companies that employ foreign technical interns.
	Reduce policy shareholdings	* See P. 25		

[Reference] Progress in Reducing Strategic Shareholdings

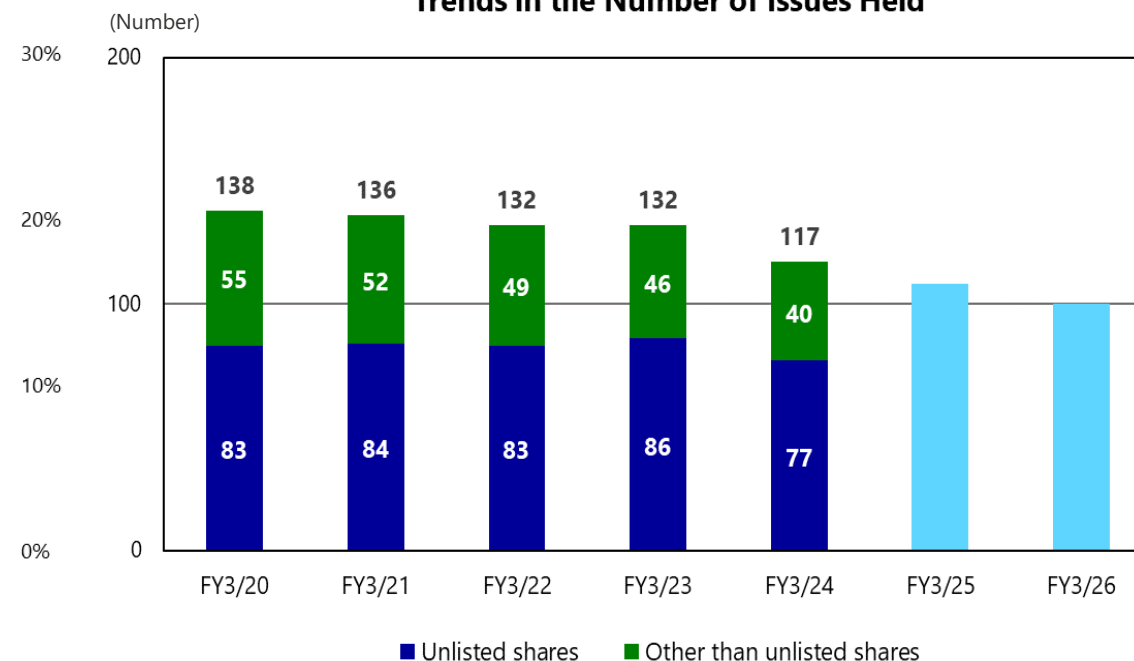
Policy	Work to reduce the ratio of the market value balance sheet amount of stock holdings (the net asset amount for unlisted companies) to less than 10% of the consolidated net asset amount as of the end of March 2026 (the final fiscal year of the Medium-Term Management Plan)
Objective	Strengthen efforts to promote capital efficient management and enhance corporate value through the effective use of cash generated from the sale of strategic shareholdings
Reduction Status	Despite progress in reducing the number of stocks by 15 (six listed and nine unlisted company stocks) the ratio to consolidated net assets climbed from 18.6% to 19.2% owing to such factors as the upswing in valuation of listed shares.

* Policy to reduce strategic shareholdings: Details announced in November 2023. Data in the graphs that runs across the bottom of the page outline the status of reduction, including shares deemed to be held (shares contributed to retirement benefit trust).

Market Value of Shareholdings and the Ratio to Consolidated Net Assets



Trends in the Number of Issues Held



Field	Progress	Previous Medium-Term Management Plan Results	Medium-Term Management Plan Period FY3/24 – FY3/26	FY3/24 Results
Energy business	<ul style="list-style-type: none"> • 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). • Secured six new solar power generation power purchase agreement project contracts. • Power generation facility construction underway following the completion of investment in the Sakaide Biomass Power Generation and other projects. 	4.5	10.0	0.22
Real estate business/ Infrastructure management business	<ul style="list-style-type: none"> • The Tohoku Branch Building (Sendai ANDO HAZAMA Building) completed and put into operation as a first step in the Company’s efforts to promote the Facility Management (FM) business. • Steps taken to plan and promote the effective use of other owned facilities in the FM business. • Initiated steps to establish a medium-scale building complex development project through Group companies; commenced construction in August. • Took an equity interest in temporary employment agency and BIM development companies; incorporate into the scope of consolidation as affiliated companies. 	2.9	10.0	3.45
Partner strategic investment	<ul style="list-style-type: none"> • Took an equity interest in temporary employment agency and BIM development companies; incorporate into the scope of consolidation as affiliated companies. • Ongoing review of multiple projects. 	0.1	10.0	0.11
Innovation investment, Technology development investment, Other	<ul style="list-style-type: none"> • Centrifugal loading test apparatus completed at the Company’s Technical Research Institute; steps taken to promote active use and accelerate technology development in conjunction with the thermal environment facilities that were newly established in the previous fiscal year. • Installation of a large shaking table at the Technical Research Institute under construction; scheduled for completion in FY3/25. • Commenced phase two of the Hazama Ando Next-Generation Energy Project with a view toward the use of CO2-free hydrogen. 	11.6	10.0	3.47
Total amount		19.1	40.0	7.25

(Unit: Billion yen)

Consolidated Financial Results

	FY3/23		FY3/24		FY3/25	
	Plan	Results	Plan	Forecast	Plan	Forecast
Net sales	¥400.0 billion	¥394.1 billion	¥422.2 billion	¥406.2 billion	¥438.2 billion	¥441.0 billion
Gross profit	¥43.5 billion	¥43.3 billion	¥47.7 billion	¥48.8 billion	¥50.3 billion	¥53.4 billion
Selling, general and administrative expenses	¥23.0 billion	¥24.7 billion	¥23.9 billion	¥25.9 billion	¥23.2 billion	¥26.3 billion
Operating profit	¥20.5 billion	¥18.5 billion	¥23.8 billion	¥22.9 billion	¥27.1 billion	¥27.1 billion
Ordinary profit	¥19.7 billion	¥18.5 billion	¥23.0 billion	¥22.1 billion	¥26.5 billion	¥26.5 billion
ROE	10%	9.4%	11%		12%	
Total return ratio	—	69.2%	—		70% or more	

Medium-Term Management Plan 2025 KPI

Medium-Term Management Plan 2025 KPI

Medium-Term Management Plan 2025 KPI

* FY3/24 dividend payout ratio: 67.7%

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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.



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