

FY3/25 (Fiscal 2024) First Half Financial Results **(April 1 to September 30, 2024)**

November 15, 2024

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1. FY3/25 First Half Financial Results Outline

Domestic Civil Engineering

Firm government construction investment

(Target market)

- ✓ Large-scale comprehensive evaluation projects
- ✓ Expressway and water/sewage facility maintenance and renewal projects

Domestic Building Construction

Firm private construction investment

(Target market)

- ✓ Production facilities and distribution warehouses
- ✓ Renewal market

Overseas

Continued investment in production facilities from Japanese companies

(Target market)

- ✓ Production facilities in North America

Materials/Labor

Need to continue monitoring trends

- ✓ Energy and material price trends
- ✓ Impact on labor attributable to such factors as the 2024 problem

Highlights —Increases in Revenue and Earnings —

Consolidated net sales (Billion yen) **186.8**

(YoY Change +4.0% / Change from Initial Forecast Δ 1.4%)

- Lower-than-expected progress in certain domestic construction projects

Consolidated Operating Profit (Billion yen) **9.7**

(YoY Change +86.0% / Change from Initial Forecast +31.4%)

Consolidated Operating Profit Margin **5.2 %**

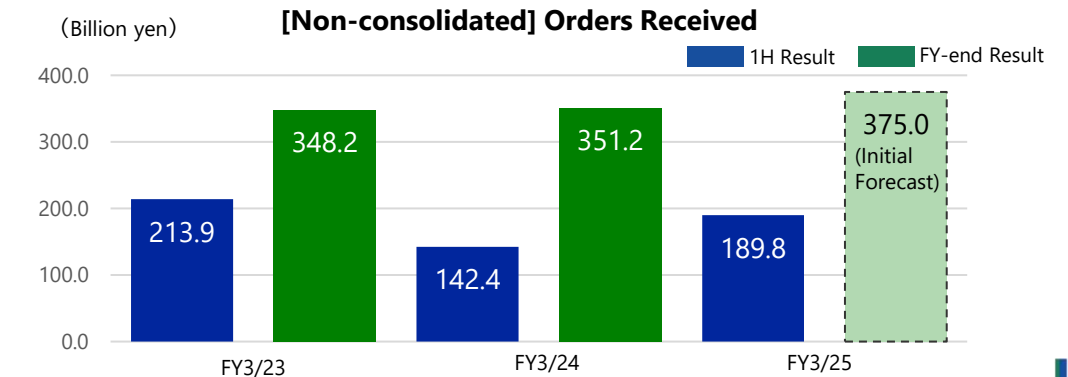
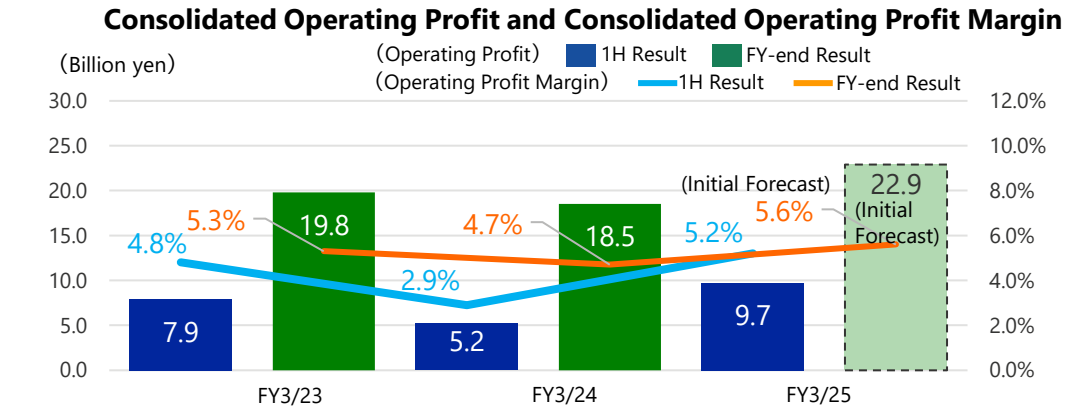
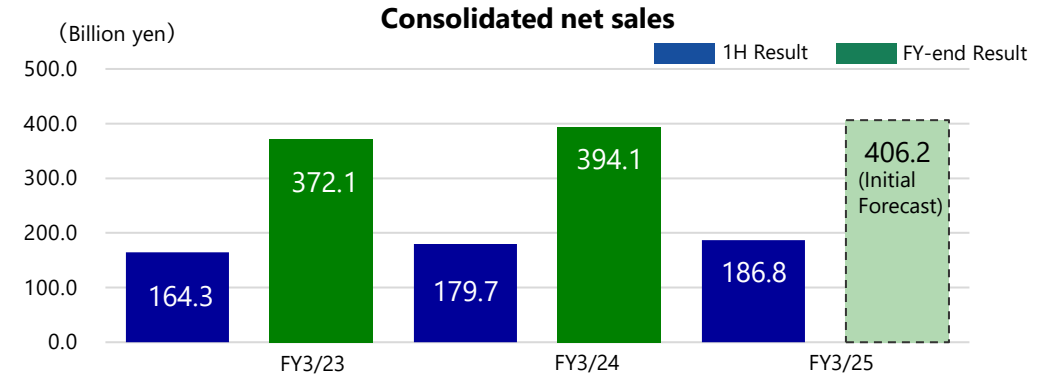
(YoY Change +2.3P / Change from Initial Forecast +1.3P)

- Increase in gross profit on completed construction contracts
 - Year-on-year improvement in building construction profitability
- Decrease in selling, general and administrative expenses
 - Reversal of the allowance for doubtful accounts for operating receivables, etc.

Non-consolidated Orders received (Billion yen) **189.8**

(YoY Change +33.3% / Change from Initial Forecast +14.4%)

- Civil engineering: Steady orders for road and other projects in Japan; progress in line with expectations
- Building construction: Orders for the construction of large-scale distribution facilities as well as multiple production facilities in Japan and overseas received; substantial increase compared with the corresponding period of the previous year



[Consolidated] Operating Results

	FY3/24 1H (Apr.1,2023-Sept.30,2023)	FY3/25 1H (Apr.1,2024-Sept.30,2024)			
	Result	Initial Forecast (May 2024)	Result	YoY Change	Change from Initial Forecast
Net Sales	179,738	189,600	186,865	+4.0%	△1.4%
Gross profit	17,266	20,300	21,489	+24.5%	+5.9%
(Gross profit margin)	(9.6%)	(10.7%)	(11.5%)	(+1.9P)	(+0.8P)
Selling, general and administrative expenses	12,036	12,900	11,762	△2.3%	△8.8%
Operating profit	5,230	7,400	9,726	+86.0%	+31.4%
(Operating profit margin)	(2.9%)	(3.9%)	(5.2%)	(+2.3P)	(+1.3P)
Ordinary profit	5,617	6,900	9,472	+68.6%	+37.3%
Profit attributable to owners of parent	3,667	4,600	6,551	+78.6%	+42.4%

(Unit: Million yen)

[Consolidated] Financial Position

	As of Sept. 30, 2023	As of Mar. 31, 2024 ①	As of Sept. 30, 2024 ②	Change ②-①
Current assets	213,941	249,938	242,973	△6,964
Non-current assets	77,778	84,207	86,957	+2,750
Total assets	291,720	334,145	329,931	△4,214
Current liabilities	133,542	166,503	156,538	△9,964
Non-current liabilities	14,132	13,172	14,600	+1,428
Total liabilities	147,674	179,675	171,139	△8,535
Total net assets	144,045	154,470	158,791	+4,321
Total liabilities and net assets	291,720	334,145	329,931	△4,214
Interest-bearing debt (Million yen)	25,960	23,633	30,096	+6,463
Debt/Equity ratio * (times)	0.18	0.15	0.19	+0.04
Equity ratio (%)	49.1	46.0	47.8	+1.8P

Changes in Key Accounting Items
[Assets]
•Cash and deposits (△1,744)
•Notes receivable, accounts receivable from completed construction contracts and other (△6,748)
•Other inventories (+813)
•Investment securities (+3,333)
[Liabilities]
•Accounts payable for construction contracts and other (△8,969)
•Short-term borrowings (+5,084)
•Advances received on construction contracts in progress (+6,476)
•Other current liabilities (deposits received and other) (△12,773)
•Long-term borrowings (+1,415)
[Net assets]
•Capital surplus (+1,748)
•Remeasurements of defined benefit plans (+2,384)

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

(Unit: Million yen)

[Consolidated] Statements of Cash Flows

	FY3/24 1H (Apr.1,2023- Sept.30,2023)	FY3/25 1H (Apr.1,2024- Sept.30,2024)	FY3/25 1H Movements in Principal Accounting Line Items
Cash and cash equivalents at beginning of period	74,326	48,848	
Cash flows from operating activities	△30,197	△953	<ul style="list-style-type: none"> • Profit before income taxes (+9,618) • Decrease in allowance for doubtful accounts (△539) • Decrease in trade receivables (+6,756) • Decrease in costs on construction contracts in progress (+1,532) • Decrease in trade payables (△8,976) • Increase in advances received on construction contracts in progress (+6,469) • Decrease in deposits received (△12,218) • Income taxes paid (△3,351)
Cash flows from investing activities	△3,862	△1,841	<ul style="list-style-type: none"> • Purchase of property, plant and equipment (△1,878)
Cash flows from financing activities	△1,737	1,349	<ul style="list-style-type: none"> • Net increase in short-term borrowings (+4,984) • Increase/repayment of long-term borrowings (+1,581) • Dividends paid (△4,803) *
Effect of exchange rate change on cash and cash equivalents	652	△450	
Net increase (decrease) in cash and cash equivalents	△35,144	△1,896	
Cash and cash equivalents at end of period	39,181	46,952	

* The period-end dividend for FY3/24

(Unit: Million yen)

2. Details of Non-Consolidated Financial Results

[Non-consolidated] Orders Received

	FY3/24 1H (Apr.1,2023-Sept.30,2023)	FY3/25 1H (Apr.1,2024-Sept.30,2024)			
	Result	Initial Forecast (May 2024)	Result	YoY Change	Change From Initial Forecast
Orders Received	142,431	166,000	189,885	+33.3%	+14.4%
Civil engineering	45,085	48,000	50,787	+12.6%	+5.8%
Domestic	41,932	42,000	48,703	+16.1%	+16.0%
Overseas	3,153	6,000	2,083	△33.9%	△65.3%
Building construction	97,345	118,000	139,098	+42.9%	+17.9%
Domestic	79,674	108,000	129,018	+61.9%	+19.5%
Overseas	17,671	10,000	10,079	△43.0%	+0.8%

(Unit: Million yen)

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

	FY3/24 1H (Apr.1,2023-Sept.30,2023)		FY3/25 1H (Apr.1,2024-Sept.30,2024)		
	Result	Initial Forecast (May 2024)	Result	YoY Change	Change From Initial Forecast
Net sales of completed construction contracts	163,970	177,000	174,004	+6.1%	△1.7%
Civil engineering	67,588	56,000	60,874	△9.9%	+8.7%
Building construction	96,382	121,000	113,129	+17.4%	△6.5%
Gross profit on completed construction contracts	15,995	19,200	19,977	+24.9%	+4.0%
(Construction gross profit margin)	(9.8%)	(10.8%)	(11.5%)	(+1.7P)	(+0.7P)
Civil engineering	9,576	7,600	8,302	△13.3%	+9.2%
Building construction	(14.2%)	(13.6%)	(13.6%)	(△0.5P)	(+0.0P)
Building construction	6,418	11,600	11,674	+81.9%	+0.6%
Building construction	(6.7%)	(9.6%)	(10.3%)	(+3.7P)	(+0.7P)

(Unit: Million yen)

	As of Sept. 30, 2023 ①	As of Mar. 31, 2024	As of Sept. 30, 2024 ②	Change ②-①
Backlog	507,754	522,985	538,530	+30,775
Civil engineering	267,895	272,819	262,702	△5,192
Domestic	260,407	268,673	259,447	△959
Overseas	7,488	4,146	3,255	△4,233
Building Construction	239,859	250,166	275,827	+35,968
Domestic	216,847	226,864	255,158	+38,310
Overseas	23,011	23,301	20,669	△2,342

(Unit: Million yen)

Confirmation of Events Surrounding Construction Work at the Tokai No.2 Power Plant

■ Outline of construction work

Name of construction work	Installation of a seawall (seawater pump room area section) and other construction works 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

■ Status to date

• As announced in “(Update on disclosed matter) Additional Costs Arising for Construction Work Underway” dated May 14, 2024, as of the end of the fiscal year ended March 31, 2024, HAZAMA ANDO factored in additional costs of approximately 6.2 billion yen arising from repair and other expenses in relation to the incident (the “incident”) occurring during foundation work for the steel guard wall (south side foundation and north side foundation) for construction works being undertaken by a joint venture with the Company as the representative.

■ Current status

• HAZAMA ANDO continues to discuss the repair plan for the incident with the contractee and other concerned parties to the construction work.

■ Countermeasures for Ensuring Quality

• For large and difficult construction projects, HAZAMA ANDO 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, HAZAMA ANDO will endeavor to prevent risks by strengthening systematic monitoring and support systems, while also placing the highest priority on quality.


■ Outlook

• After determining repair plan and other matters, HAZAMA ANDO will disclose further information in a timely and appropriate manner should it become clear that there will be a significant impact on the Company's consolidated and non-consolidated financial results for the fiscal year ending March 31, 2025.

3. Forecast of Earnings FY3/25 Full Fiscal Year

Market Environment

Domestic civil engineering	Domestic building construction	Overseas	Materials/Labor
Firm government construction investment	Firm private construction investment	Continued investment in production facilities from Japanese companies	Need to monitor trends in energy and material prices as well as labor



Initiatives

- 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 1H (Apr.1,2024-Sept.30,2024)			FY3/25 (Apr.1,2024-Mar.31,2025)
	Result	Initial Forecast (May 2024)	Result	1H Progress Rate	Initial Forecast (May 2024)
Net Sales	394,128	189,600	186,865	46.0%	406,200
Gross profit	43,313	20,300	21,489	44.0%	48,800
(Gross profit margin)	(11.0%)	(10.7%)	(11.5%)	(—)	(12.0%)
Selling, general and administrative expenses	24,721	12,900	11,762	45.4%	25,900
Operating profit	18,591	7,400	9,726	42.5%	22,900
(Operating profit margin)	(4.7%)	(3.9%)	(5.2%)	(—)	(5.6%)
Ordinary profit	18,545	6,900	9,472	42.9%	22,100
Profit attributable to owners of parent	13,878	4,600	6,551	43.1%	15,200

(Unit: Million yen)

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

	FY3/24 (Apr.1,2023-Mar.31,2024)	FY3/25 1H (Apr.1,2024-Sept.30,2024)			FY3/25 (Apr.1,2024-Mar.31,2025)
	Result	Initial Forecast (May 2024)	Result	1H Progress Rate	Initial Forecast (May 2024)
Orders Received	351,204	166,000	189,885	50.6%	375,000
Civil engineering	115,624	48,000	50,787	40.6%	125,000
Domestic	111,951	42,000	48,703	42.4%	115,000
Overseas	3,672	6,000	2,083	20.8%	10,000
Building construction	235,579	118,000	139,098	55.6%	250,000
Domestic	204,986	108,000	129,018	56.1%	230,000
Overseas	30,593	10,000	10,079	50.4%	20,000

(Unit: Million yen)

**[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 1H (Apr.1,2024-Sept.30,2024)			FY3/25 (Apr.1,2024-Mar.31,2025)
	Result	Initial Forecast (May 2024)	Result	1H Progress Rate	Initial Forecast (May 2024)
Net sales of completed construction contracts	357,473	177,000	174,004	46.4%	375,000
Civil engineering	133,223	56,000	60,874	48.7%	125,000
Building construction	224,249	121,000	113,129	45.3%	250,000
Gross profit on completed construction contracts	39,620	19,200	19,977	44.0%	45,400
(Construction gross profit margin)	(11.1%)	(10.8%)	(11.5%)	(—)	(12.1%)
Civil engineering	20,225	7,600	8,302	43.5%	19,100
Building construction	(15.2%)	(13.6%)	(13.6%)	(—)	(15.3%)
Building construction	19,394	11,600	11,674	44.4%	26,300
Building construction	(8.6%)	(9.6%)	(10.3%)	(—)	(10.5%)

(Unit: Million yen)

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

Basic Policy

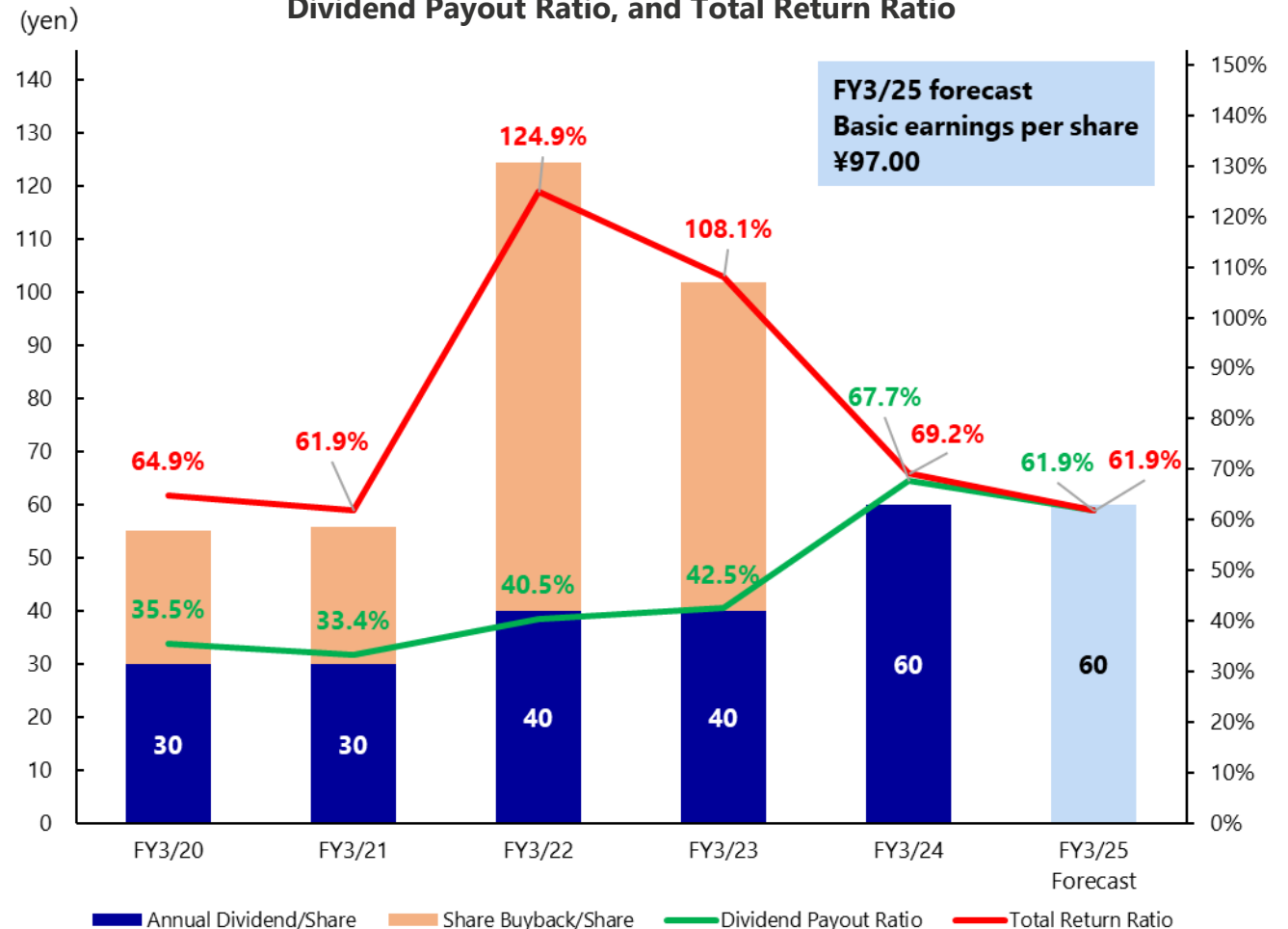
To pay consistently stable dividends taking into consideration the Company's consolidated financial results, future earnings, and other factors

	Interim dividend	Period-end dividend	Total	Dividend Payout ratio (consolidated)
FY3/24	¥30	¥30	¥60	67.7%
FY3/25	¥30	¥30 (Forecast)	¥60	61.9%

Purchase of Own Shares

Consider and undertake the purchase of own shares as an important means through which the Company can return profits to shareholders while comprehensively keeping in mind a variety of factors, including investments for growth, the Group's business performance and financial conditions as well as the need to improve capital efficiency and further return profits to shareholders.

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



4. Progress of Medium-Term Management Plan 2025

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

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

	Progress
Construction Business	<ul style="list-style-type: none"> • Amid firm trends in construction investment, successful efforts to maintain a certain level of profit in the civil engineering business; substantial increase profit levels compared with the corresponding period of the previous fiscal year in the building construction business owing to the strong flow of government and private sector orders received • Concluded an “Agreement on the Promotion of Wood Use in Buildings for Wood Construction and the Use of Timber” with Japan’s Ministry of Agriculture, Forestry and Fisheries; efforts to promote the development of wood construction technologies and techniques in the use of timber • Continued development of the integrated mountain tunneling management system (i-NATM®)
Non-Construction Business	<ul style="list-style-type: none"> • Power generation facility construction underway following the completion of investment in the Sakaide Biomass Power Generation and other projects • Currently preparing to rollout BIM methods for maintenance and management to help offer more advanced building services
Group Business	<ul style="list-style-type: none"> • Medium-scale complex building development project undertaken by a Group company scheduled for completion during the fiscal year under review • Plans to undertake the replacement of real estate held by Group companies • Implemented measures that leverage the strength of owning a PCa plant, including the establishment of a low carbon segment manufacturing method that enables a two cycle per day manufacturing process as well as the start of trials for the manufacture of precast products using CP concrete
DX	<ul style="list-style-type: none"> • Launched an AI-based reinforcement inspection service in April 2024 • Developed Visual Check-Connect (tentative name) to facilitate communication between building designers and BIM operators • Developed and rolled out Group-wide an original application to acquire the knowledge necessary for field work • Updated the IT and Digital Transformation Personnel Development Plan while clarifying the digital skills necessary to further promote DX

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%*	26.3% 22.1%	<ul style="list-style-type: none"> • Undertook a review of the 1.5°C scenario SBT; recertification process underway. • New solar power generation power purchase agreement (PPA) project under consideration
		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, including personnel rehired post-retirement in July 2024 • FY3/25 score measurement conducted in September: 77% (Up 2 percentage points compared with FY3/24) • Conducted examination preparation training to help employees acquire first-class architect and other qualifications • Number of female managers as of the beginning of October 2024: 46
		Employee engagement score at least 80%* Number of certified employees Increase by at least 10% Number of female managers 60 persons	75% Up approx.2%	
	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 Ratio of female Board directors 30% or more	60% 30%	<ul style="list-style-type: none"> Ratio of external directors and ratio of female Board directors came 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"> 1H meetings of the Sustainability Committee held in May and August; plans to hold 2H meetings in November 2024 and March 2025 Number of companies covered by the human rights due diligence questionnaire increased from 23 in FY3/24 to 67 in FY3/25; administered human rights due diligence questionnaires to major partner companies in Japan that employ foreign technical interns
	Reduce policy shareholdings	† See P. 25		

Progress of Medium-Term Management Plan 2025 (Growth Investments)

	Progress	Previous Mid-Term Management Plan Results	Mid-Term Management Plan Period FY3/24 – FY3/26	FY3/24 Results	FY3/25 1H Results
Energy business	<ul style="list-style-type: none"> • Solar PPA project: Operations commence following the execution of a contract in the previous fiscal year • Power generation facility construction underway in connection with investments in the Sakaide Biomass Power Generation and other projects 	4.5	10.0	0.22	0.49
Real estate business/ Infrastructure management business	<ul style="list-style-type: none"> • Medium-scale building complex development project undertaken by a Group company scheduled for completion during the fiscal year under review • Plans to undertake the replacement of real estate held by Group companies 	2.9	10.0	3.45	0.58
Partner strategic investment	<ul style="list-style-type: none"> • Ongoing review of multiple projects 	0.1	10.0	0.11	0.00
Innovation investment, Technology development investment, Other	<ul style="list-style-type: none"> • Installation of a large shaking table at the Technical Research Institute completed 	11.6	10.0	3.47	1.33
	Total amount	19.1	40.0	7.25	2.40

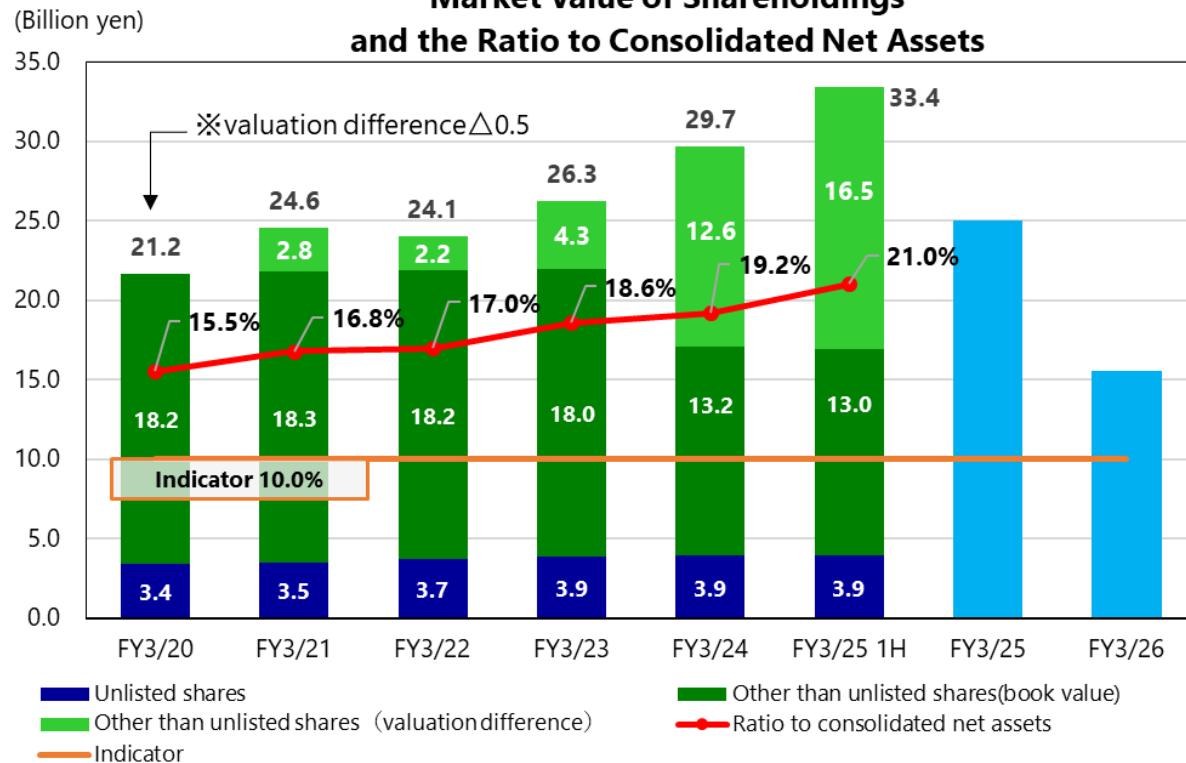
(Unit: Billion yen)

Progress in Reducing Strategic Shareholdings

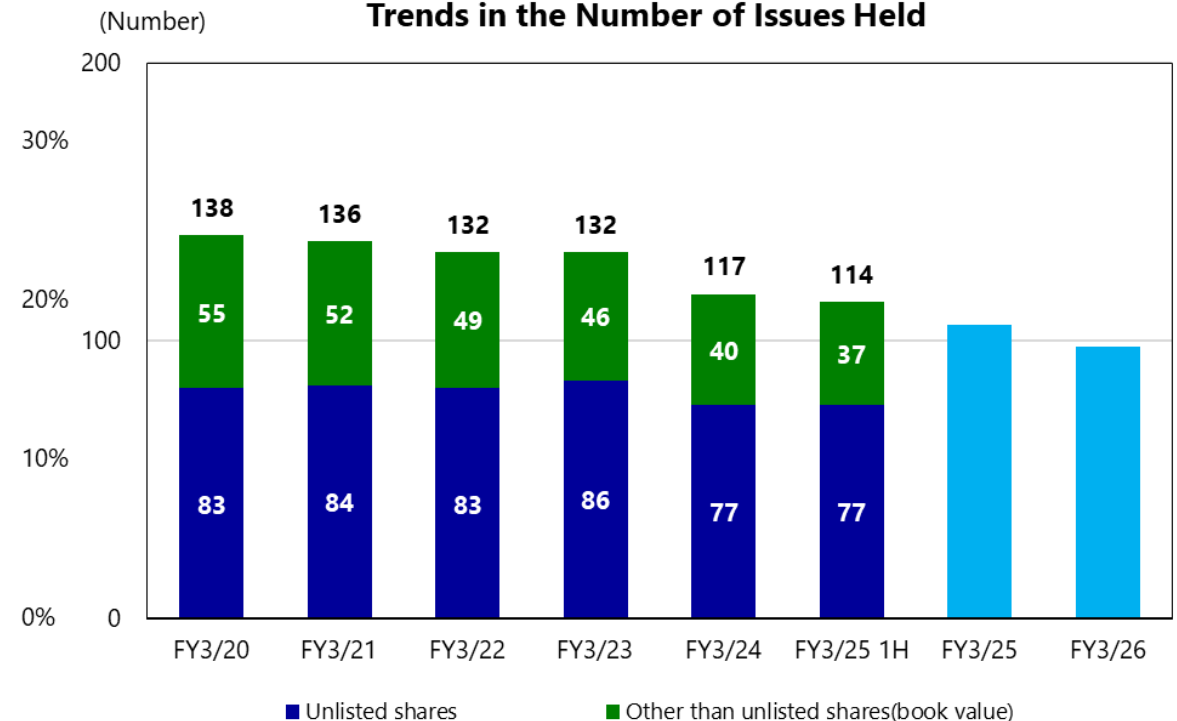
Policy	Work to reduce the ratio of the market value balance sheet amount of stock holdings (the net asset amount for unlisted companies) to less than 10% of the consolidated net asset amount as of the end of March 2026 (the final fiscal year of the Medium-Term Management Plan)
Objective	Strengthen efforts to promote capital efficient management and enhance corporate value through the effective use of cash generated from the sale of strategic shareholdings
Progress	Despite reducing the number of listed company stocks by 3, the ratio to consolidated net assets climbed from 19.2% to 21.0% owing to the upswing in the valuation of listed company stocks

* 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



5. TOPICS

Taking on the Challenge of Establishing the Space Technology Future Creation Office — Launching Innovative Space Development Projects Going Forward —

Established the Space Technology Future Creation Office

■ Objective

To participate in the space-related business and create new value

■ Space industry market scale

Current: Approximately 54 trillion yen

⇒ Estimated to reach approximately 140 trillion yen by 2040

■ Specific initiatives

Commenced joint research with Professor Takashi Matsushima, Institute of Systems and Information Engineering, University of Tsukuba in the field of lunar development

<Research>

Clarifying the soil properties of celestial bodies for use as construction infrastructure and materials



Changing society through construction under the new slogan “Be a ChangeBuilder.”



Be a ChangeBuilder. 

Changemakerとよばれる、自ら変化を生み出し、社会を大きく変えていく人たちがいる。
安藤ハザマは土木・建築の「築く」力で、人々の暮らしや社会の発展を支えている。
社会も、価値観も、働き方も、気づけばすべてが変わっていく時代に、求められるのは、自ら変化を生み出せる力。
未来をよりよくするために。
人と技術で、あらたな課題へ挑み続け、まだない答えを生み出し続ける。
わたしたちは、建設から社会を変えていく。
さあ、ChangeBuilderになろう。

Leveraging the groundbreaking technologies that the Company has continued to pass down throughout its history, we will work diligently to put in place an environment that encourages employees to take the initiative in creating change

New television commercial launched on October 1 (Tuesday)



<Introduction to Kenchi-kun & Dobo-kun>

Through Kenchi-kun and Dobo-kun, two elementary school students who are passionate about architecture and civil engineering and HAZAMA ANDO fans, we introduce the Company's achievements to date while reiterating our commitment to changing society through construction

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**