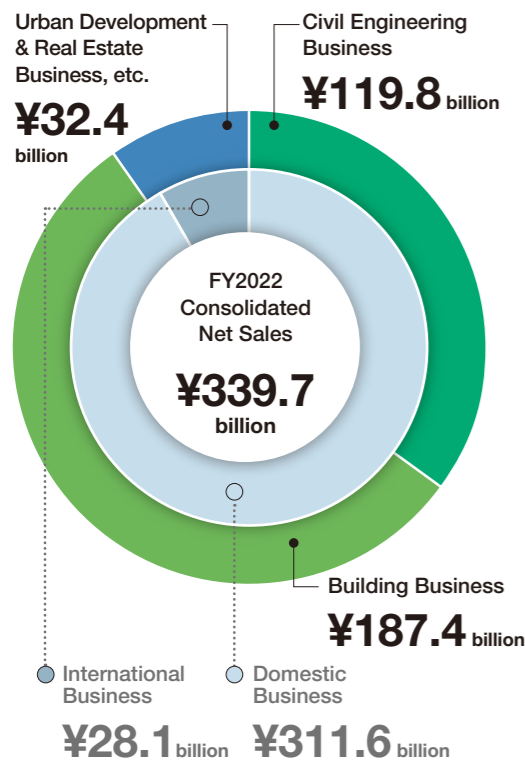


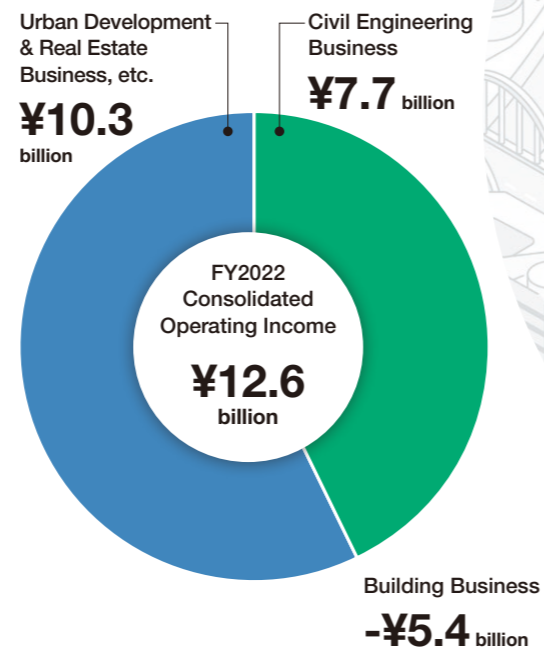
INTRODUCTION

At a Glance

Consolidated Net Sales



Consolidated Operating Income



ROE

6.4%

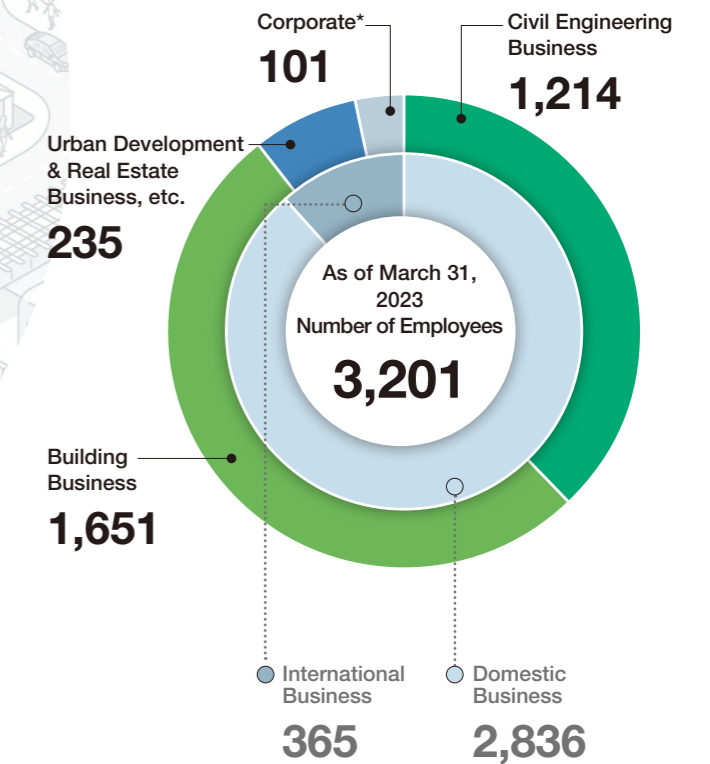
Capital to Assets Ratio

29.0%

D/E Ratio

1.1 times

Number of Employees



* Corporate: The number of employees in the administrative departments of Nishimatsu Construction Co., Ltd. Headquarters

External Evaluations



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Nishimatsu Construction's Corporate Philosophy/Vision

Corporate Philosophy

Establish a sustainable society for people to live with peace of mind, providing worthwhile structures and services

Nishimatsu-Vision 2030

Amid a rapidly changing social and business environment, we have dug deep into the will and strength we have cultivated to date and reexamined our value in society. To us, business activities are value creation activities. Out of a desire to expand areas of co-creation and provide people with security, vibrancy and bonds between people, we have revamped our long-term vision and established Nishimatsu-Vision 2030: A company with overall capabilities that works together to make regions and communities that are naturally safe and vibrant. To coincide with this new vision, we have formulated Medium-Term Management Plan 2025, with FY2023 as its starting year.

The Thoughts Reflected in Our Vision

Since our founding in 1874, we have been involved in the development of social infrastructure in Japan and overseas, helping to create a safe and secure society.

The driving forces behind those achievements are our respect for people and the pride we feel in supporting social infrastructure.

Society is constantly changing and its values are becoming increasingly diverse. How will the lives of people change in the future?

Even in the midst of change, we want to work together with people, companies and local communities to envisage regions and communities that naturally provide people with safety, excitement and vibrancy.

We will hone our ability to rebuild social functions by drawing upon the enterprising spirit, tenacity and self-discipline required to take on new challenges.

We will solve social issues with our own hands.

To shape a sustainable society in which people can live with peace of mind.

Changing social and business environment

Nishimatsu-Vision 2030

A company with overall capabilities that works together to make regions and communities that are naturally safe and vibrant

Nishimatsu-Vision 2027
Transforming into a company with overall capabilities that provides new value

Our will

- Pride in supporting social infrastructure
- Ensuring the security of people, including ourselves and our families
- Sense of contribution and self-fulfillment



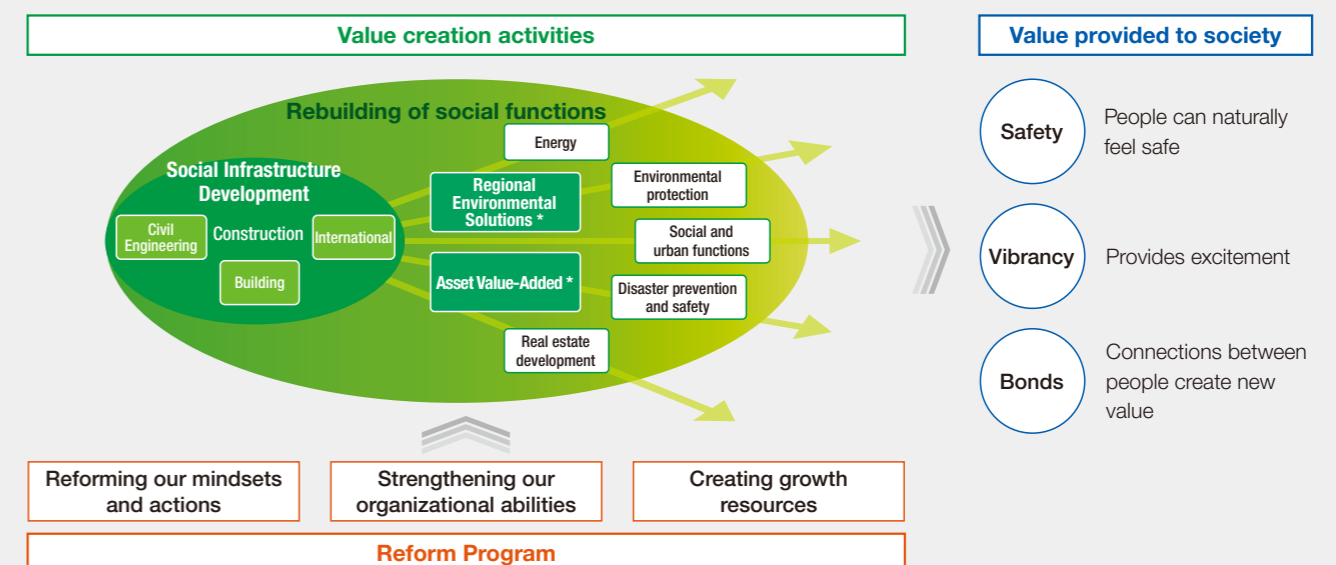
Our strengths

- The ability to develop social infrastructure
- The ability to bring together a diverse range of skills to fulfill goals

Value Creation Activities and Reform Program

We will expand our value creation activities from developing social infrastructure to rebuilding social functions, providing security, vibrancy and bonds between people.

To promote value creation activities, we will implement a Reform Program.



*Asset Value-Added Business (formerly Urban Development & Real Estate Business)
*Regional Environmental Solutions Business (formerly Environmental and Energy Business)

Message from the President



Nobutoshi Takase

Representative Director and President

高瀬伸利

Reforming the mindsets and actions of employees through nationwide dialogue is essential to realizing our long-term vision.

Drawing on lengthy deliberations on our will and strengths by all staff, from management to young employees, we established Nishimatsu-Vision 2030 as a revamped long-term vision.

Even in the midst of substantive changes in value systems and societal attitudes, we will work together with people, companies, and local communities to envisage regions and communities that naturally provide people with safety, excitement, and vibrancy.

To realize our new vision, we will vigorously promote value creation activities through internal and external collaboration and implementation of the Reform Program. To this end, I am traveling throughout the nation to talk to employees as an important first step in reforming mindsets, actions, and our corporate culture.

Formulating Nishimatsu-Vision 2030

Revamping Our Long-Term Vision in Response to Unexpected Changes in the Business Environment

The social and business environment has changed dramatically since we formulated Nishimatsu-Vision 2027 in 2018. In addition to changes in global conditions owing to such factors as the COVID-19 pandemic and conflict in Ukraine, our operating environment was notably impacted by the greater-than-expected sharp rise in commodity prices. In light of the advances in AI technology and other changes that took place at a pace that was entirely unprecedented when we formulated our previous vision, we recognized the critical need to once again review our long-term vision.

In this review of our vision, we were especially careful to involve employees in the formulation process and incorporate specific details to ensure that employees sufficiently “buy in,” which we recognize is essential to bringing the vision to fruition.

After analyzing the business environment in which the Company operates, we called for members to take part in a study group around September 2022 to consider and deliberate on the Company’s future vision. Staff from management to the Company’s younger employees came together to discuss at length changes in the social and business environment as well as express their own will and comment on what they saw as the Company’s strengths. Based on these deliberations, we revamped our vision and announced details of Nishimatsu-Vision 2030 in February 2023.

A Company with Overall Capabilities That Works Together to Make Regions and Communities That Are Naturally Safe and Vibrant

Though even the things we once took for granted have become more difficult as of late, Nishimatsu Construction has maintained a commitment to providing peace of mind as a matter of course throughout its 150-year history. Accordingly, we have helped bring vitality to society through business activities that are finely attuned to the community and region. As the basis of our overarching will, we will continue to hold on to this commitment. Even in the midst of substantive changes in value systems and societal attitudes, we will work together with people, companies, and local communities to build communities that naturally provide people with safety and vibrancy. I am convinced that the Company’s strength lies not only in its ability to develop social infrastructure, but also in its ability to bring together a diverse range of skills to fulfill goals. Moving forward, we will significantly leverage these strengths to realize our new vision.

Internal and External Coordination Essential for Rebuilding Social Functions

In addition to our efforts to develop social infrastructure, we have decided to ramp up measures for rebuilding social functions by engaging in value creation activities, which are designed to realize our new vision. Recognizing that social functions encompass such areas as social and urban functions, disaster mitigation and safety, energy, and real estate development, we will work together to address the issues and needs of communities. To this end, the Civil Engineering and Building Businesses, which develop social infrastructure, the Asset Value-Added Business (formerly the Urban Development & Real Estate Business), which focuses on real estate and development, and the Regional Environmental Solutions Business (formerly the Environmental and Energy Business), which addresses regional needs centered on renewable energy, must work together more closely than ever. Moreover, collaboration with external resources outside of Nishimatsu Construction is also essential to meet any and all challenges and needs. Further progress in cooperating with players in other industries is also required. Though these internal and external collaboration efforts have yielded positive results to date, I strongly believe that we must expand the circle of cooperation if we are to achieve even greater results.

The Reform Program That Underpins Internal and External Coordination

Our new vision includes the Reform Program, which encompasses reforming our mindsets and actions, strengthening our organizational abilities, and creating growth resources, newly incorporated in a bid to put internal and external coordination into action. Put simply, the Reform Program entails reforming the Company’s corporate culture. Nishimatsu Construction takes great pride in its experience, achievements, and long history of providing value through the development of social infrastructure. While this is clearly a positive aspect, one could argue that this track record has contributed to the Company adopting an overly cautious approach toward taking on new challenges. Looking at each of the Reform Program’s constituent parts, reforming our mindsets and actions entails instilling in employees a heightened awareness toward taking on challenges and linking this awareness to concrete action. Strengthening our organizational abilities necessitates bringing together a wide range of values, knowledge, and experience to enhance and demonstrate the ability to work together toward a common goal. Taking the aforementioned into consideration, we will assess the need for reorganization, if necessary, to create a sense of unity within the Company. Finally, in order to create growth resources, we must develop human

Message from the President

resources who are able to take on new challenges and create the time for them to do so. Lack of manpower is becoming the number one issue not only for our Company, but also for the corporate sector as a whole. On a collective basis, we must optimize construction site tasks and promote DX while generating resources for the future. Looking ahead, we will vigorously promote value creation activities through internal and external collaboration and the implementation of the Reform Program, and as a result, aim to provide society with the three values of security, vibrancy, and bonds.

Toward Realizing Nishimatsu-Vision 2030

Looking Back On the Medium-Term Management Plan 2023

Nishimatsu Construction decided to revamp its Medium-Term Management Plan one year in advance in conjunction with its review of its vision. In FY2021, the first year of our Medium-Term Management Plan 2023, results exceeded targets despite the lingering effects of the COVID-19 pandemic and the trend toward higher commodity prices from the second half of the fiscal year. In specific terms, operating income came in at 23.5 billion yen compared with the target of 21 billion yen. However, FY2021 and FY2022's fortunes were in sharp contrast. In the Building Business, where most orders are from the private sector, price hikes were especially marked in design and construction projects amid significantly higher construction materials prices. Taking into account these price hikes from the time orders were received, through the detailed design period, to the start of construction, profitability deteriorated substantially. Operating income fell significantly to 12.6 billion yen, owing to additional construction costs incurred in the overseas civil engineering business.

Regarding collaborations with partner companies from different industries, one of the basic policies established under Medium-Term Management Plan 2023, collaborative measures under the capital and business alliance agreement with ITOCHU Corporation (hereinafter referred to as "ITOCHU") have begun to move forward. In particular, we have already achieved a certain level of success in Circular Real Estate Business Model Collaboration, and we will continue to consider and work on collaboration for many more projects in Japan and abroad. Construction-related projects are increasing, and in addition to orders for public-private partnership projects, there is also an increasing number of collaborative projects with ITOCHU-affiliated companies. As far as the procurement of construction materials is concerned, transaction volumes are also increasing due to initiatives that are beneficial to both parties.

Other collaborations include comprehensive partnership agreements with local governments, cooperation with various companies in renewable energy projects, and progress in the hotel business in cooperation with the Okura Hotel Group. While we have made some progress, we still believe that we need to further expand collaboration and step up our efforts.

Toward Implementation of Medium-Term Management Plan 2025

One of the key themes of Medium-Term Management Plan 2025, the first three years of Nishimatsu-Vision 2030, is to improve profitability. From a profit perspective, earnings continue to be significantly affected by the surge in construction material prices. We anticipate that the impact on the Building Business will cause earnings to deteriorate through to FY2024. Learning from the recent sharp rise in commodity prices, we have revised our order policy in the Building Business. Adhering strictly to this policy, we will promote the shift to construction projects that improve earnings and return to a state of normalcy over the three years of the Medium-Term Management Plan.

Another major theme is the application of regulations limiting overtime hours, which will begin in FY2024. Even before the new plan, we have taken a number of actions in this area, including setting up departments to back up worksites, encouraging outsourcing, and utilizing DX tools, and we are now in the final stages of these efforts. Buffeted by a harsh business environment, we are currently in a now-or-never situation. The construction business is labor-intensive, meaning people are the key source of our business activities. Japanese society faces a declining population, and the construction industry, without exception, is confronting a shortage of labor. This is a situation impeding any simple enhancements to our own employee base, and we feel it is necessary to engage the entire supply chain in exploring and implementing specific measures on how to best maintain construction systems going forward.

We are well aware that the three years of Medium-Term Management Plan 2025 are vital to rebuilding the Company's foundation as we engage in the value creation activities identified in Nishimatsu-Vision 2030. Moving forward, we will implement measures to enhance our corporate value as a company capable of sustainable growth.

Nationwide Dialogue with Employees to Create a More Open Organization

Nishimatsu Construction entered into discussions with its employees from May of 2022 as a first step in reforming

Dialogue rules:

- Participants are to refer to each other using honorifics
- Participants are to speak freely when expressing their own opinions
- Participants are to refrain from objecting to or interrupting others while talking
- Participants are to help create a facilitative atmosphere (nodding, positive reinforcement, listening with a smile)
- Participants are to express their interest and ask questions
- Participants are to express their opinion at least once

mindsets and actions, a key component of the Company's Reform Program, which itself underpins efforts to realize Nishimatsu-Vision 2030. With this first step to reform our corporate culture, our goal is to engage in dialogue with all employees over several years. We have set an initial target of 1,000 employees for FY2023, starting with those in the pre-management age group who will become the next generation of leaders. Aiming to deepen cooperation among businesses and improve openness among divisions, we set up groups with 10 employees from diverse positions and established our own rules for dialogue.

The themes selected for our dialogue were "worthwhile structures and services" and "a sustainable society for people to live with peace of mind," key components of the Company's corporate philosophy that are familiar to employees. The opinions I heard from our younger employees in this dialogue are truly diverse. From our conversations, I have gained a strong sense of the broad new insights and values being created by our employees. On the topic of worthwhile structures and services, employees offered up multifaceted stakeholder viewpoints, expressing opinions based on diverse value systems. With respect to the topic of a sustainable society for people to live with peace of mind, several employees offered their thoughts on contributing to society, the Company's survival, and their own work styles. Through dialogue with our employees, I was struck by the somber duty they have taken on to create and realize the Company's future vision, as well as by the fulfillment from their work and the pride they take in their work as Nishimatsu employees. Knowing that our Company culture cannot be changed overnight, I will continue putting one foot in front of the other, emboldened by each of my colleagues' aspirations.



Sustainability Management

The main thrust of Nishimatsu-Vision 2030 is to provide sustainable value to society, which is in turn the very essence of Nishimatsu's sustainability management. In order to strengthen its sustainability management, Nishimatsu Construction reorganized its sustainability promotion system in April 2023. Established as an advisory body to the Board of Directors, the new Sustainability Committee will deliberate on sustainability issues related to both society and the Company in order to identify solutions. Simultaneously, this committee will review the Company's materiality based on its corporate philosophy and revamped long-term vision.

To Our Stakeholders

Each stakeholder, whether they are a shareholder, employee, family member of an employee, or a partner company or other peer company, will have a different value that they cherish the most. The challenge at hand is how to identify and incorporate each of these values, which are becoming increasingly diverse, and how to ensure equitable and positive action based on these. Human resources are important management capital, especially as we look to our future growth and sustainable development. With this in mind, training and motivating employees through various means, including raising wages, is a critical issue that must be addressed. As we work toward achieving our established goals, I would ask for the continued support and understanding of all stakeholders.