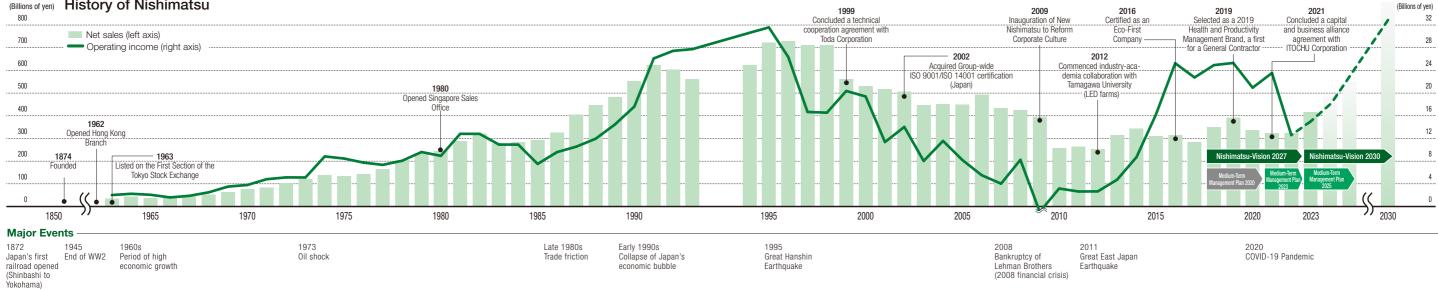
### **History of Co-Creation of Value**

(Billions of yen) History of Nishimatsu



### Nishimatsu Construction's Cultivated Technologies and Experience

The Spirit of Our Founding	1850 to 1926	1927 to 1944	1945 to 1968	1969 to 19
Historical Backdrop and Nishimatsu Construction's Role	Kaei, Meiji and Taisho Eras	Showa Era / Prewar	Showa Era / Postwar	Late Showa Era
In the roughly 150 years since its establishment in 1874, the Company has been involved in the construction of numerous public facilities, such as roads, railroads, and dams, and high-rise buildings both in Japan and overseas, based on the strength of its advanced technological capabilities. Bringing to bear the wisdom that overcomes hardships, the spirit of being dedicated to improving social infrastructure and providing a safe and comfortable living environment is still today passed down from generation to generation. We are currently working to expand our range of business domains to include urban redevelopment, as well as environment and energy, and are contributing to the development of society by providing important structures and services.	Keisuke Nishimatsu, the Company's founder, was born in 1850, the third year of the Kaei Era, in Anpachi-gun in Mino Province, now Gifu Prefecture Japan. This area is known as the Waju Region, and being surrounded by the Kiso, Nagara, and Ibi rivers, since ancient times it has been prone to flood damage. It is quite possible that these circumstances had something to do with setting the founder off at an early age on the path to becoming a civil engineer. After building Nishimatsu into a leading subcontractor of the Hazama Corporation, Keisuke handed over the reins of the Company to his eldest son, Kojiro. In 1914, when Nishimatsu was awarded the sole contract for the construction of the new 12th construc- tion section of the Kyushu-Miyazaki Line, Kojiro charged ahead, risking the fate of the Company's independent foundation to complete the Construction.	In 1929, Nishimatsu Gumi, a limited partnership, was established to become a corporate entity. In 1931, the Company relocated its headquarters from Kyoto to Tokyo and expanded its sales base to eastern Japan. In 1935, following the death of Kojiro Nishimatsu, Yoneshichi Hayashi became the second president of the Company. In 1937, construction began on a large dam that would block the Yalu River, a major river on the China-North Korean border, and the Company became involved in the construction of the Manchurian side, the right bank, of the river. The construction of the Yalu River Dam, said to be Asia's preeminent dam at the time, is representative of the Company's prewar work.	With Japan's loss of the war, the Company lost all of its foreign assets and most of its operating base. Amid such conditions, in 1945 the Company established its Morioka Branch, and in the following year, branches in Nagoya and Hiroshima, which in addition to the existing branch in Kumamoto, gave it a four-branch network to relaunch its business. In 1948, the Company changed its name to Nishimatsu Construction Co., Ltd. The construction of the Arase Dam in Kumamoto Prefecture in 1953 was the Company's first mechanized construction project. In 1960, the Company won the business to construct a government office complex in Tokyo's Otemachi District, and although Nishimatsu Construction projects at the time, it overcame a broad field of obstacles to complete the project.	In 1969, the Company constructed Line's Haneda-Oki Tunnel using the large-section slurry shield tunneling cess of this construction project leo number of applications of this meth construction of the Japanese-style Guest House in Tokyo (Yushintei) in together traditional and modern teo construction management. The Gas Yamagata Prefecture, which began is one of the largest gravity concret was completed in 2001 using the F belt conveyor system and other teo
	Taking Action and Solving Social Issues         • Building an infrastructure base         → Developing domestic and international infrastructure	<ul> <li>River flood disasters caused by typhoons and torrential rains, and contributing to economic base</li> <li>→ Dam construction, tunnel development</li> </ul>	<ul> <li>Postwar reconstruction</li> <li>Tackling the challenges of mechanization and large- scale construction</li> </ul>	<ul> <li>High economic growth</li></ul>
Founder Keisuke Nishimatsu	<ul> <li>Major Events</li> <li>1850 Founder Keisuke Nishimatsu was born</li> <li>1874 Foundation of Nishimatsu</li> <li>1903 Keisuke Nishimatsu withdrew from civil engineering operations</li> <li>1906 Period of cooperation with Hazama Corporation. Conclusion of 39 regulations</li> <li>1914 Nishimatsu awarded sole contract for construction of 12th construction section of Kyushu-Miyazaki Line. A fateful construction project</li> <li>1916 Company name changed to Nishimatsu Gumi</li> <li>1926 Nippon Chisso Hiryo K.K. (Chosen Hydroelectric) constructed the Poseun River Power Plant waterway (3rd and 4th construction sections)</li> </ul>	<ul> <li>1927 Nippon Chisso Hiryo K.K. (Chosen Hydroelectric) constructed Hunnam Factory</li> <li>1929 Established limited partnership Nishimatsu Gumi</li> <li>1931 Nishimatsu Gumi headquarters transferred to Tokyo</li> <li>1932 Established the Manchuria Dalian Branch Office</li> <li>1933 Chosen Nagatsu River Hydroelectric Power Plant waterway and dam construction</li> <li>1935 With passing of Kojiro Nishimatsu, Yoneshichi Hayashi became the Company's second president</li> <li>1937 Established Manchuria Nishimatsu Gumi</li> <li>1940 Established Manchuria Nishimatsu Gumi</li> </ul>	<ul> <li>1946 Constructed Japan's first rock-fill dam, Ishibuchi Dam, on the Kitakami River (Iwate Prefecture)</li> <li>1948 Company name changed to Nishimatsu Construction Co., Ltd.</li> <li>1953 Constructed the Arase Dam (Kumamoto Prefecture), a model for mechanized construction</li> <li>1960 Constructed a government office complex in Tokyo's Otemachi District.</li> <li>1961 Constructed Amagasaki Steel Plant Sakai steel- making plant. Honored with the BCS award in 1964</li> <li>1965 Adopted the freezing method on the Kanasugibashi section of the No. 1 Line, Toei Subway</li> <li>1967 Constructed the world's largest bowling alley (at the time)</li> </ul>	<ul> <li>1971 Constructed Hong Kong c UK civil engineering intern</li> <li>1984 Won order for Singapore s</li> <li>1984 Constructed Nagai River E Expressway. Japan's talle</li> <li>1984 Constructed ultra-high-ris</li> <li>1986 Tsubayama Dam (Wakaya the Minister of Health, Lal of Excellence</li> <li>1987 Constructed the Daimon I Prefecture). Received the Engineering Achievement Society of Civil Engineers</li> <li>1988 Won order for the Tate's C Operate, Transfer (BOT) pr</li> <li>1988 Commenced construction</li> </ul>

### 1989

### va Era

gravity concrete dams

ucted the Keiyo Railway ig the world's first neling method. The succt led to a surge in the method in Japan. The style annex to the State ei) in 1972 brought rn techniques under strict e Gassan Dam in egan construction in 1988. ncrete dams in Japan, and the RCD method with a r techniques.

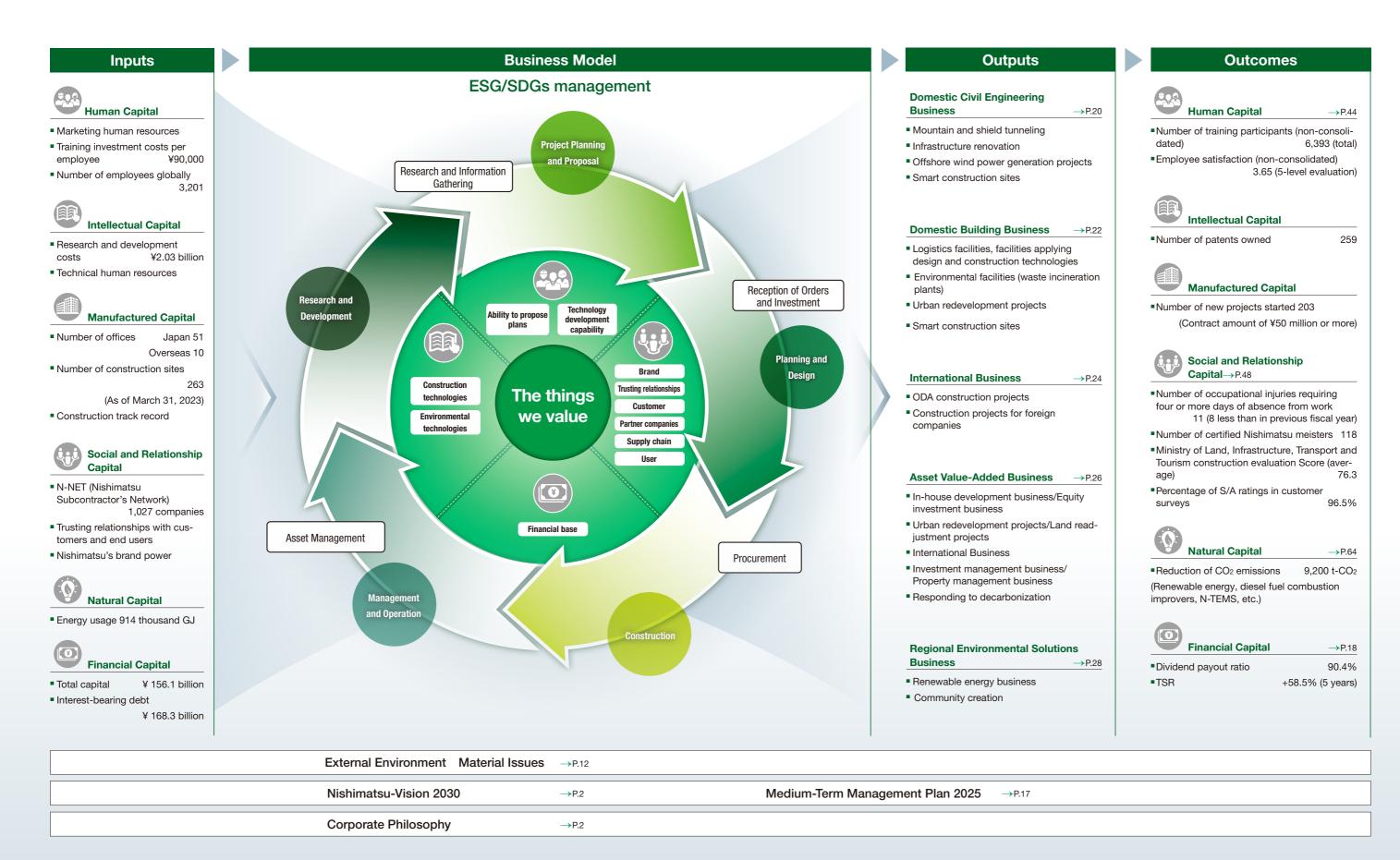
### 1990 onwards

#### Heisei Era to the Present

In 1998, the Company established the Aikawa Technical Research Institute (Aiko-gun, Kanagawa Prefecture), which houses a device that can recreate the shaking of Japan's Great Hanshin-Awaji Earthquake to clarify the mechanism behind the damage to buildings as a result of the powerful shocks and vibrations caused by that earthquake. In 2015, the Company became the first Japanese general contractor to establish a joint venture in Laos. In FY2022, the Company opened Hotel JAL City Toyama, Nishimatsu Construction's first foray into the hotel business.

economic growth Honing techniques, responding to diverse needs	<ul> <li>Earthquake damage, rising social demands         <ul> <li>→ Providing buildings that are safe and secure</li> </ul> </li> <li>Building a sustainable foundation for society         <ul> <li>→ Redevelopment of social functions</li> </ul> </li> </ul>
Constructed Hong Kong container yard. Received UK civil engineering international award Won order for Singapore subway construction Constructed Nagai River Bridge on the Kan-Etsu Expressway. Japan's tallest bridge pier rises.	<ul> <li>1998 Established the Aikawa Technical Research Institute</li> <li>2003 Nishimatsu Construction, in Japan's first PFI proj- ect, participated in Esaka Minami Parking Service</li> <li>2015 Became the first Japanese general contractor to establish a joint venture in Laos</li> </ul>
Constructed ultra-high-rise building in Thailand Tsubayama Dam (Wakayama Prefecture) received the Minister of Health, Labour and Welfare Award of Excellence	Formulated a new corporate slogan, "Successfully Building a Better Future" 2017 Started the Company's first commercial facility devel-
Constructed the Daimon Dam (Yamanashi Prefecture). Received the 1986 Outstanding Civil Engineering Achievement Award from the Japan Society of Civil Engineers	opment and operation business, "hareno terrace " 2022 Opened Hotel JAL City Toyama, Nishimatsu Construction's first foray into the hotel business Acquired certification from the SBT initiative for
Won order for the Tate's Cairn Tunnel on Build, Operate, Transfer (BOT) project basis Commenced construction of Tsukiyama Dam (Yamagata Prefecture), one of Japan's largest	Acquired certification for the set initiative for targets at reduction of greenhouse gas emissions Certified by the Ministry of Economy, Trade and Industry as a "DX Certified Business Operator"

# Nishimatsu Construction's Model for Co-Creation of Value



VALUE CREATION

## **Material Issues, Opportunities and Risks**

Nishimatsu Construction has recognized changes in the external environment surrounding the Company and our stakeholders, and has identified the material business challenges that we should address based on an understanding of both opportunities and risks. We are formulating and implementing specific measures to address the identified materiality while contributing to the SDGs and creating business and social value.

	Step1	Step2		Step3	Step4	
provided to society	External environmental changes	Main opportunities	Main risks	Material issues	Measures	
	Global environmental changes • Global warming • Destruction of the natural	<ul> <li>Increased demand for build- ings with low GHG emissions</li> <li>Increased demand for adop- tion of renewable energy</li> </ul>	Health hazards (e.g., heat- stroke) and decreased pro- ductivity at construction sites due to rising temperatures	Initiatives for carbon neutrality	Establishment of ZEB technology Renewable energy business Wooden construction technologies ZERO30	P.22, ▶ P. ▶ P. ▶ P.
Security	environment and declining biodiversity • Increased natural disasters	<ul> <li>Demand for the development of social infrastructure (civil engineering infrastructure and buildings) for disaster pre- vention and mitigation</li> </ul>	<ul> <li>Increased costs due to carbon pricing</li> <li>Risks related to tighter environmental laws and regulations</li> </ul>	Preserving biodiversity and creating a recycling-oriented society	Promoting 3R activities Initiatives to preserve biodiversity	► F
			Risks related to preserving biodiversity	Building sustainable social	Continuous efforts for tunnel projects with level of difficulty Initiatives for renewable energy-related construction	n a higi ▶ F ▶ P.21,
	Social changes Deterioration of social infrastructure (civil engineering infra- structure & buildings) Acceptance of diversity	<ul> <li>Increased demand for con- struction and real estate business</li> <li>Increased demand to extend the lifespan of social infrastructure</li> </ul>	<ul> <li>Decreased demand for construction and real estate business</li> <li>Decreased demand for new buildings due to ethical thinking</li> </ul>	infrastructure (civil engineering infrastructure and buildings)	Utilization of BIM (consistent use from des construction, maintenance and managem Improving technical capabilities for civil en infrastructure renovation Unmanned and automated tunnel constru	ient) ▶ F igineei ▶ F
<b>librancy</b>	<ul> <li>Acceptatice of diversity (diversity &amp; inclusion)</li> <li>Change of generation (to Generation Z)</li> <li>Falling birthrate and aging population</li> <li>Concentration of popula- tion in urban areas and rural depopulation</li> </ul>	<ul> <li>(civil engineering infrastruc- ture and buildings)</li> <li>Development of smart cit- ies, compact cities, rising demand for new services</li> <li>Increased demand for buildings compatible with the new normal</li> </ul>	<ul> <li>Declining demand for offices due to diversification of work styles</li> <li>Supply chain infrastructure risks</li> <li>Decrease in the number of skilled laborers in the con-</li> </ul>	Providing comfortable construction-related services for users	Expand initiatives in real estate growth field Asset management Land readjustment projects/Urban redeve projects Participation in PPP/PFI projects Community development	ds ▶ f
Bonds	<ul> <li>Coexistence with infectious diseases</li> <li>Widening disparity</li> <li>Food and water shortages</li> <li>Full-fledged development of DX</li> <li>Growing importance of</li> </ul>	<ul> <li>Increased demand for e-commerce-related facili- ties due to the expansion of the e-commerce market</li> <li>Diversification of needs for construction-related services</li> <li>New services through DX</li> </ul>	struction industry, decline in construction capabilities due to increased age of skilled laborers Rising prices of materials, equipment and energy Risks due to weakening	Creating rewarding workplaces Creating safe construction sites	Human resource development Diversity and inclusion Reducing the number of overtime hours Health and productivity management Preventing occupational accidents Training programs that support training ski construction laborers	<ul> <li>▶ F</li> <li>▶ F</li> <li>▶ F</li> <li>▶ F</li> <li>♦ f</li> <li>▶ F</li> </ul>
	corporate governance	<ul> <li>New manufacturing through DX</li> </ul>	human resources base         Cybersecurity risks         Image: Cybersecurity risks         Cybersecu	Ensuring thorough compliance and risk management	Quality management Compliance Risk and opportunity management Information security	▶ F ▶ F ▶ F ▶ F

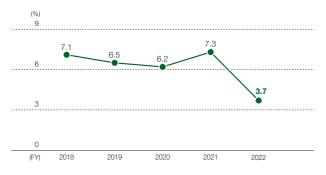


### **Financial and Non-Financial Highlights**

#### Net sales (consolidated) (Billions of yen) 400 349.3 339.7 336.2 323. 300 200 100 (FY) 2018 2019 2020 2021 2022

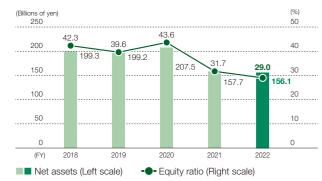
Net sales increased 4.9% year on year, to 339.7 billion yen. Although revenue fell in the Company's non-consolidated construction business, the main factors for the increase were a significant upswing in operating revenues from the sales business in the Urban Development & Real Estate Business and other businesses, and an increase in the amount of completed construction projects at overseas construction subsidiaries.

### **Operating margin (consolidated)**

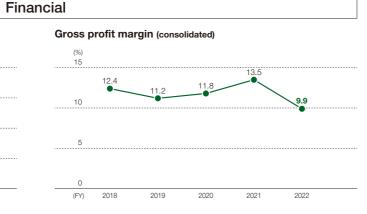


While net sales increased, the gross profit margin deteriorated and general and administrative expenses rose 871 million yen compared with the previous fiscal year, resulting in an operating margin of 3.7%, down 3.6 percentage points year on year. We will steadfastly implement the Earnings Improvement Plan of Medium-Term Management Plan 2025 to improve profitability.

### Net assets/equity ratio (consolidated basis)

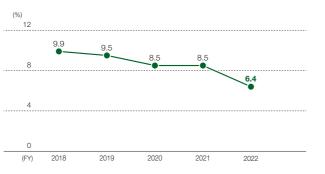


Although the equity ratio declined due to the purchase of 54.3 billion yen of the Company's own shares in FY2021, the ratio continues to trend at a level that does not pose a problem in terms of financial soundness. We will implement appropriate financial strategies to ensure that we can continue to maintain a healthy financial condition while making aggressive investments for growth.

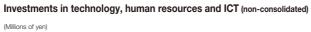


Gross profit decreased significantly from the previous fiscal year on a downturn in the gross profit margin, which fell 3.6 percentage points year on year, to 9.9%. In addition to the deteriorating profitability of domestic building projects due to soaring material costs and other factors, the Company was severely impacted by additional costs incurred due to construction issues in overseas civil engineering projects.

### Capital efficiency (ROE) (consolidated)



Due to the significant decrease in profit attributable to owners of the parent, ROE fell 2.1 percentage points compared with the previous fiscal year, to 6.4%. We will work to achieve ROE of 8% or more by achieving operating income of 22.0 billion yen, which is the target set under Medium-Term Management Plan 2025.





Investments in ICT growth amounted to 599 million yen. To cope with the shortage of engineers and skilled workers as well as the regulations that limit overtime work that will come into effect in FY2024, we are working to improve operational efficiency by applying ICT technology. We are also increasing our investment in human resources and expanding measures to enhance employee performance, including health and productivity management and the Nishimatsu Employees' University.

Non-Financial					
Environmental Data					
		FY2020	FY2021	FY2022	Targets
Global warming prevention					
Nishimatsu Group's CO <sub>2</sub> emissions (Scope 1 and 2)	(t-CO2)	70,210	62,650	43,030	FY2030 31,700 t-CO2
Nishimatsu Group's CO <sub>2</sub> emissions (Scope 3)	(t-CO2)	3,928,700	3,237,500	2,776,700	-
Nishimatsu Group's CO <sub>2</sub> emissions (Scope 3) Category 11	(t-CO2)	3,191,800	2,481,200	1,847,600	FY2030 2,328,000 t-CO2
Creating a recycling-oriented society					
Final percentage of construction waste sent for landfill disposal*	(%)	2.2	2.4	2.4	FY2025 Less than 3%
Water usage volume in the domestic business (Total)	(m³)	948,100	647,700	723,100	-
Water usage volume in the interna- tional business (Total)	(m³)	84,800	365,800	373,600	_

\* Final percentage of waste sent for landfill disposal: Excludes "industrial waste containing asbestos" and "specially controlled industrial waste"

### Social Data

\*2 Total work hours - fixed working hours (8 hours per day)

		FY2020	FY2021	FY2022	Targets
Basic information					
Number of employees (consolidated)	(Persons)	3,060	3,106	3,201	_
Number of employees	(Persons)	2,762	2.794	2.804	
(non-consolidated)	(F6130113)	2,102	2,134	2,004	
Human resource development					
Training costs	(Millions of yen)	291	345	356	-
Diversity and inclusion					
Number of female managers	(Persons) (%)	0 (0%)	3 (0.3%)	4 (0.4%)	FY2025 2% or above
Percentage of female workers	(0/)	17.5	17.8	18.5	FY2025 20% or above
(career-track positions)	(%)	17.5	17.0	16.5	F12025 20% of above
Percentage of male employees taking		- ·			E
childcare leave	(%)	6.1	17.6	55.6	From FY2024 100%
(career-track positions, general positions)*	·				0.20/ (logal amployment
Employment percentage of persons with disabilities	(%)	1.96	2.37	2.45	2.3% (legal employment rate) or above
Health					
Percentage of patients receiving peri-	(%)	19.7	62.3	69.1	FY2025 80%
odic full examination health checkups					
Ease of work and productivity					
Personnel turnover rate	(%)	1.83	2.05	2.68	FY2025 Less than 1.5%
(career-track positions)		1.63	2.05	2.00	F12025 Less than 1.5%
Percentage of employees working over	(%)	21.3	22.7	17.2	FY2023 5% or below
time*2 exceeding 45 hours per month		2.110			
Percentage of worksites achieving 7 days			00 F	77 4	
off per 4 weeks (civil engineering sites)	(%)	65.4	63.5	77.1	_
(building sites)	(%)	65.4	61.1	64.5	
Remote work usage ratio	(%)		55.5	45.6	FY2025 100%
Supply chain					
Employment ratio of certified					
Nishimatsu meisters and senior	(%)	_	63.7	60.6	FY2025 100%
forepersons under the program for					
high-caliber technicians Construction Career Up Card scan rate	. (%)		24.0	46.7	FY2025 90%
1 Includes leave associated with the Post-birth Papa Lea			24.0	40.7	112023 90%

GY	SUSTAINABILITY	DATA SECTION
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