

Progress against Medium-Term Management Plan 2025

for 1st Quarter of Fiscal Year Ending March 31, 2024

August 4, 2023

NISHIMATSU
150th Anniversary



The forecasts included in this material are based on information available on the day that this material is published. Actual results may differ from forecasts due to a range of factors.

Results of The 1st Quarter

- For the first quarter under review, net sales stood at **84,100** million yen (up **20.8%** year on year) and operating income was **1,000** million yen (down **73.2%** year on year).
- Net sales were **21.8%** of the full-year forecast. Operating income was **6.7%** of the full-year forecast. Gross profit was **17.0%** of the full-year forecast, and progress against the full-year forecast was roughly as planned.

Outlook for FY2023 (as of Q1)

- In the Domestic Civil Engineering Business, certain construction projects experienced slower progress than planned. The process was revised, and the business is expected to achieve the planned final results.
- The Domestic Building Business is expected to achieve final results as planned by the progress in projects ordered that involve measures to address the risk of the prices of goods rising towards the end of fiscal year. We are in discussions with our customers to come to reach agreements to avoid the risk of project postponements into the next fiscal year or cancellations due to high materials prices.
- The competitive environment in the Domestic Building Business is not significantly different from what was expected. The profit rate at the time of receiving orders is expected to be as planned.
- Real estate prices remain high, and investment recovery (sales) are roughly as planned. We will invest prudently in consideration of efficiency.

Progress in Medium-Term Management Plan 2025

- In the Reform Program set out in Medium-Term Management Plan 2025, the president and employees started to hold dialogues to reform their mindsets and actions. We have created opportunities for mid-level employees, mostly in their 30s, to have face-to-face conversations with the president. Our goal is to foster a corporate culture that encourages discussions on a reform-and-growth-oriented transformation and any other topics. This fiscal year, we aim for **1,000** employees, about **30%** of our workforce, to talk to the president.

Summary of Results for the Current Period

(100 million yen)

Consolidated	FY2022 (Q1 results)	FY2023 (Q1 results)	Change	% Change (percentage points)	FY2023 4Q (Forecasts)	FY2025 (Target year)
Orders received	398	352	▲46	▲11.6%	3,250	-
Net sales	697	841	144	+20.8%	3,850	3,700
Gross profit (ratio)	88 (12.7%)	63 (7.5%)	▲25	▲28.6% (▲5.2pt)	370 (9.6%)	450 (12.2%)
Operating income (ratio)	37 (5.4%)	10 (1.2%)	▲27	▲73.2% (▲4.2pt)	150 (3.9%)	220 (5.9%)
Ordinary profit (ratio)	43 (6.2%)	16 (2.0%)	▲26	▲60.7% (▲4.2pt)	147 (3.8%)	-
Net income (ratio)	28 (4.0%)	10 (1.3%)	▲17	▲62.0% (▲2.7pt)	97 (2.5%)	-

Financial Indicators	FY2022 (Q4 results)	FY2023 (Current period)	Change	% Change (percentage points)	FY2023 4Q (Forecasts)	FY2025 (Target year)
ROE	6.4%	-	-	-	-	8% or more
Equity ratio	29.0%	28.6%	▲0.4pt	-	-	Approx. 30%
D/E ratio	1.1	1.1	+0	-	-	Approx. 1.5 times
Annual dividend per share (yen)	221yen	173yen (Full year forecast as of Q1)	-	-	173yen (70.4%)	Dividend payout ratio 70%

Building Business

- ✓ For the current period, net sales stood at **50,900** million yen (up **56.2%** year on year), and gross profit was **1,200** million yen (down **22.2%** year on year), reflecting low-margin construction projects received in the two fiscal years prior to the current one.
- ✓ Profit is expected to rise as good progress is made in projects ordered that involve measures to address the risk of the prices of goods rising towards the end of the fiscal year.
- ✓ The profit rate at the time of receiving orders in the first quarter was almost in line with the plan.

International Business (Civil Engineering)

- ✓ For the first quarter, net sales stood at **5,100** million yen (up **13.3%** year on year) and gross profit was **300** million yen (down **30.2%** year on year).
- ✓ We plan to shift our focus from construction projects won through international competitive bidding, where price competition is intensifying, to ODA construction projects, where competition is limited. We are focusing on tunnel construction projects, where we can utilize our extensive experience.
- ✓ We are particularly concentrating on projects in the Philippines and Bangladesh.

Environment

- ❑ In June 2023, the Company announced its updated CO2 emissions reduction plan, ZERO30 Roadmap 2023, and Nishimatsu Climate Information 2023, which is based on the TCFD recommendations.

ZERO30 Roadmap 2023

<https://www.nishimatsu.co.jp/eng/esg/environment/pdf/zero30roadmap2023.pdf>

Nishimatsu Climate Information 2023

https://www.nishimatsu.co.jp/eng/esg/environment/pdf/nishimatsu_climate-information_2023.pdf

Sustainability

- ❑ In April 2023, the Company established a Sustainability Committee and a Risk and Opportunity Management Committee to advance sustainability management.

https://www.nishimatsu.co.jp/news/2023/post_82.html

- ❑ In June 2023, the Company was selected as a FTSE Blossom Japan Sector Relative Index Constituent.

https://content.ftserussell.com/sites/default/files/june_2023_ftse_blossom_japan_sector_relative_index_cons_list.pdf

- ❑ In July 2023, the Company issued its first Sustainability-linked bonds.

https://www.nishimatsu.co.jp/news/2023/post_88.html