Nishimatsu-Vision 2035

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

In light of aging infrastructure, increasingly severe natural disasters, and a declining and aging population, we reexamined what we aspire to be in the future, the role we should play, and the value we provide. We then redefined our long-term Vision as Nishimatsu-Vision 2035 and formulated the Medium-Term Management Plan 2028, which begins in FY2026.
Looking ahead to FY2035, we aim to become the most attractive general contractor. To achieve this, we will promote human capital management to maximize the value created by each employee, thereby evolving into a highly efficient organization that generates high added value. Our corporate strategy is built on three pillars: establishing a strong business portfolio; human capital management to maximize the value created by employees; and efficient management through the transition to a lean organizational structure. We will also actively pursue strategic investments.
We will continue to advance the developmental cycle of engagement, aiming to become a company that is valued and chosen by customers, shareholders, partner companies, and future employees.

Overview of Nishimatsu-Vision 2035

Issues in the domestic construction market

- The market will continue to expand in the near term, but it will stagnate and shrink in the long term.

Medium- to long-term corporate strategy from FY2026 to FY2035

Core businesses (Domestic Civil Engineering, Domestic Building)
Continued expansion of the scale and domains of businesses

Growth businesses for the next generation (International, Environment and Urban Development)
Establishing a next-generation foundation for growth

Proactive investments and M&A activities

(Domestic Construction)
Expanding value chains
Enhancing initiatives in growth domains

(International, Environment and Urban Development)
Enhancing initiatives in growth domains
Developing overseas markets

Three pillars

Establishing a strong business portfolio	Human capital management to maximize the value created by employees	Efficient management through the transition to a lean organizational structure
Continuing to expand core businesses, investing in the next-generation foundation for growth	Increasing employee engagement at the beginning of the developmental cycle of engagement Well-being management	Increasing productivity (profit per employee) and reviewing the allocation of resources to optimize personnel and organizations

Nishimatsu-Vision 2030
A company with overall capabilities that works together to make regions and communities that are naturally safe and vibrant

Our issues

- Decline in construction volume per employee on site
- Imbalanced personnel composition, shortages of human resources who are future managers and mid-level human resources

Our Vision for FY2035

Most Attractive General Contractor

Developmental cycle of engagement*1

One of the highest engagement scores among general contractors

Measures
- Ensuring dialogues and psychological safety
- Identifying issues and making improvements
- Sustainable improvement of treatment
- Realizing a broad range of career plans

Effects
- Increased potential of organizations
- A company that is willing to take on challenges
- Increased quality
- Improved employee well-being

Improving engagement with stakeholders (employees, customers, shareholders)

One of the highest added value per employee*2 figures among general contractors

Measures
- Improving organizations
- Realizing the great potential of individuals
- Using DX and AI technologies to save labor
- Expanding business domains

Effects
- Realizing highly efficient and lean organization
- Increased quantity with improved quality
- Improved financial results and management indicators

The company that is valued and chosen by customers, shareholders, partner companies, and future employees

Sustainable growth and the creation of new medium- to long-term corporate value

[*1] Developmental cycle of engagement refers to a virtuous cycle where improved employee engagement serves as the starting point, leading to enhanced corporate value through the delivery of greater value to all stakeholders, which in turn further increases employee engagement.
[*2] Added value per employee = (business income + personnel expenses) / number of employees

Engaging with Diverse Stakeholders to Help Solve Social Issues More Broadly, Deeply, and Sustainably

Rebuilding social functions

Social infrastructure development

Construction

- Civil Engineering
- Building
- International

Real estate development

Renewable energy

Social and urban functions

Disaster prevention and safety

Disaster prevention and safety

In response to torrential rains and other natural disasters, we seek to develop communities in which local residents can live with peace of mind, both during construction and after the start of operations. To achieve this, we use our slope monitoring system (OKIPPA), rainfall measurement system (OKIPPA Green), and weather prediction system (AMATERASU) for monitoring and forecasting, as well as stockpile disaster prevention goods and enter into disaster prevention agreements with municipalities.



Construction

With civil engineering and building as our core businesses, we undertake a diverse range of construction projects in Japan and overseas, contributing to a sustainable society. Drawing on our accumulated technical expertise and extensive track record, we develop public infrastructure such as tunnels, dams, and roads in civil engineering, while constructing a wide range of buildings, including office buildings, logistics facilities, and factories, in the building business.



Renewable energy

To reduce environmental impact, we seek to generate clean energy on-site wherever possible at facilities we help develop. Alongside PPA projects using Company-owned solar panels and woody biomass power generation, we will collaborate with companies conducting research in a variety of fields to develop advanced facilities.



Real estate development

We will swiftly develop spaces that excite users, tailored to the characteristics of each region.
We have designated tourism and entertainment, condominiums, offices, residences, commercial properties, and industrial real estate as focus areas and will actively pursue development in these areas.



Social and urban functions

Land readjustment and redevelopment projects are planned based on higher-level plans such as comprehensive plans and developed through public-private collaboration to address local challenges. Leveraging our expertise and relationships, we will formulate optimal plans and undertake development to create communities valued by local residents.



Review of Previous Medium-Term Management Plans

Review of Medium-Term Management Plans 2020 and 2023

Under Nishimatsu-Vision 2027, we positioned Medium-Term Management Plan 2020 (FY2018-FY2020) as a period for building the foundations of a company with overall capabilities. Medium-Term Management Plan 2023 (FY2021-FY2022) then marked a transformation phase toward that goal, during which we focused on efficient growth investment and sustainable value enhancement by leveraging the foundations established under the preceding plan.

Medium-Term Management Plan 2020 (FY2018-2020)

Basic Policies

Period for establishment of the foundations of a company with overall capabilities

1. Evolving the construction business
2. Expanding our fields of business through growth in the urban development & real estate and new businesses

Results (consolidated)

Targets		
	Net sales	¥380.0 billion
	Operating income	¥25.0 billion

End Results	FY2018	FY2019	FY2020
Net sales	¥349.3 billion	¥391.6 billion	¥336.2 billion
Operating income	¥24.9 billion	¥25.3 billion	¥20.9 billion

Finance (consolidated)

Targets	
ROE	8.0% or more
Capital to assets ratio	Approx. 50%
D/E ratio	Approx. 0.3 times
Dividend payout ratio	30% or more
Annual dividend per share	¥100 or more

End Results	FY2018	FY2019	FY2020
ROE	9.9%	9.5%	8.5%
Capital to assets ratio	42.3%	39.6%	43.6%
D/E ratio	0.4 times	0.6 times	0.6 times
Dividend payout ratio	30.6%	30.7%	33.5%
Annual dividend per share	¥105	¥105	¥105

Review of Initiatives

Establishment of a foundation for transforming into a company with overall capabilities

1. Evolving the construction business

Domestic Civil Engineering Business
- Active on-site implementation of CIM, ICT
- Increase private construction project ratio within the amount of completed construction projects

Domestic Building Business
- Utilize BIM in logistics facility design and building projects
- Logistics facility orders received averaged 66.9 billion yen over three years

International Business
- Commence market research in six Southeast Asian countries

2. Expand Business Fields

Urban Development & Real Estate Business
- Started in-house development projects such as student dormitories

New businesses
- Working to create renewable energy businesses

Medium-Term Management Plan 2023 (FY2021-2022)

Basic Policies

Period of transformation into a company with overall capabilities

Factors behind the significant deterioration in operating income:
- Soaring material prices in the Domestic Building Business
- Construction issues and soaring material and energy costs in the International Business

Results (consolidated)

Targets		
	Net sales	¥400.0 billion
	Operating income	¥32.0 billion

End Results	FY2021	FY2022
Net sales	¥323.7 billion	¥339.7 billion
Operating income	¥23.5 billion	¥12.6 billion

Finance (consolidated)

Targets	
ROE	12.0% or more
Capital to assets ratio	Approx. 40%
D/E ratio	0.8 times
Consolidated dividend payout ratio	70% or more

End Results	FY2021	FY2022
ROE	8.5%	6.4%
Capital to assets ratio	31.7%	29.0%
D/E ratio	1.1 times	1.1 times
Dividend payout ratio	70.8%	90.4%
Annual dividend per share	¥221	¥221

Review of Initiatives

1. Organic Collaboration on Various Projects

- **Overseas development business:** Construction of the Grand Nikko Bangkok Sathorn hotel commenced ◀ (Urban Development & Real Estate Business × International Business)
- **Student dormitory project:** Began operation of Keio University Shonan Fujisawa Dormitory and Takanawa Dormitory, and scheduled to begin operation of Miraisozojuku project ◀ (Urban Development & Real Estate Business × Domestic Building Business)
- **PFI project:** Received order for funeral hall PFI project in Kurashiki City ◀ (Environment and Energy Business × Domestic Building Business)

2. Initiative for the Realization of a Decarbonized Society

- **Wood biomass power generation business:** The subsidiary Sanyo-Onoda Green Energy Co., Ltd. was established and began operations in FY2024.
- **Geothermal power generation business:** A hot spring binary power plant began operation in the town of Oguni in Kumamoto Prefecture's Aso District.
- **Medium to large-scale wooden buildings:** Individual rating was jointly acquired from The Building Center of Japan for the medium to large-scale wooden construction method.

3. Collaboration with Partners from Other Industries

- Formed a capital and business alliance agreement with ITOCHU
- Order was received for the Shibata Town Gymnasium Development Project based on a public-private partnership model (collaboration with ITOCHU)
- Hotel JAL City Toyama was opened (collaboration with Hotel Okura Group and ITOCHU Group)
- Concluded a comprehensive partnership agreement with Oki Town, Fukuoka Prefecture, to help realize a decarbonized society.

4. Shareholder Returns

- Provided stable annual dividends of 221 yen per share for FY2021 and FY2022
- Based on the shareholder return policy under Medium-Term Management Plan 2023, in FY2021 treasury shares valued at 54.39 billion yen were acquired

Review of Medium-Term Management Plan 2025

FY2025 was the final year of Medium-Term Management Plan 2025 (FY2023-FY2025). Despite rising construction and borrowing costs, steady progress under the Earnings Improvement Plan improved profitability, enabling us to outperform the earnings forecast announced at the beginning of the fiscal year.

Medium-Term Management Plan 2025 (FY2023-2025)

Basic Policies

Focused on improving earnings in the Building Business and International Business (Civil Engineering) and on medium- to long-term initiatives toward achieving Nishimatsu-Vision 2030

Results (consolidated)

Targets		
	Net sales	¥415.0 billion*1
	Gross profit	¥45.0 billion
	Operating income	¥25.0 billion*1

End Results	FY2023	FY2024	FY2025
Net sales	¥338.5 billion	¥366.8 billion	¥396.0 billion
Gross profit	¥40.7 billion	¥44.1 billion	¥54.2 billion
Operating income	¥19.0 billion	¥21.2 billion	¥28.0 billion

[*1] Initial targets were revised on May 13, 2024, as the Earnings Improvement Plan for the Domestic Building Business and International Business (Civil Engineering) made steady progress.

Net sales: The net sales target was not achieved, mainly due to delays in the award of ODA and large-scale projects in the International Business.
Gross profit and operating income: Targets for both gross profit and operating income were achieved through the steady implementation of the Earnings Improvement Plan.
Challenge: Secure sufficient projects to meet the net sales target while maintaining adequate profit margins.

Finance (consolidated)

Targets	
ROE	10.0%*1
Capital to assets ratio	30.0%
D/E ratio	1.5 times
Dividend policy	Stable dividends at a DOE of around 5%*2

[*2] In FY2024, the dividend policy was changed from a dividend payout ratio of 70% to stable dividends based on a DOE of around 5%.

End Results	FY2023	FY2024	FY2025
ROE	7.8%	10.3%	13.1%*3
Capital to assets ratio	29.1%	29.1%	28.4%
D/E ratio	1.10 times	1.24 times	1.19 times
Dividend policy	Dividend payout ratio 70.1% Annual dividend per share ¥220	Dividend on equity (DOE) 5.1% Annual dividend per share ¥220	Dividend on equity (DOE) 4.9% Annual dividend per share ¥230

[*3] By selling policy shareholdings at a faster pace than initially planned, we recorded ¥8.3 billion in extraordinary income (gain on sale of investment securities). Excluding this impact, ROE was approximately 10.1%.

Capital efficiency: Operating income increased as a result of the Earnings Improvement Plan, while we sold strategic shareholdings at a faster pace than initially planned. As a result, ROE reached 13.1%, achieving the target.
Financial soundness: Although equity increased more than planned, total assets also increased due to higher accounts receivable from completed construction contracts, leaving the equity ratio at 28.4%. The D/E ratio was held to 1.19 times, compared with the planned level of around 1.5 times, and financial soundness was maintained.
Shareholder returns: In FY2024, the dividend policy was changed to a DOE of around 5%, enabling stable shareholder returns.

Review of Initiatives

1. Business Strategies

Domestic Civil Engineering Business
Orders for large-scale projects, progress on projects in hand, and the acquisition of projects under comprehensive evaluation methods all progressed smoothly, enabling the business to achieve its targets for orders, net sales, and gross profit.

Domestic Building Business
Orders, including those for large-scale projects, were secured as planned. Measures under the Earnings Improvement Plan, including steps to address the risk of rising prices, enabled the business to achieve its net sales and gross profit targets.

International Business
Bids for international projects reflected the risk of rising prices, and orders remained solid. Net sales and gross profit fell short of targets due to delays in the award of ODA and large-scale projects.

Asset Value-Added Business*4
Rising real estate market prices made it difficult to acquire new properties, resulting in a shortage of income-producing properties. Cost increases also exceeded plan, while surging construction costs made it difficult to ensure the feasibility of new development projects. Improving capital efficiency by enhancing asset profitability and replacing assets remains a challenge.

Regional Environmental Solutions Business*4
In the renewable energy business, investment did not progress as planned due to a worsening external environment and other factors. In the community development business, establishing business models for the target projects took longer than expected, and the projects did not reach the business investment stage.

[*4] In April 2026, the Asset Value-Added Business Division and the Regional Environmental Solutions Business Division were integrated to establish the Environment and Urban Development Business Division.

2. Reform Program

Reforming our mindsets and actions → Strengthening our organizational abilities → Creating growth resources

- Establishing mechanisms for self-directed learning and continuously enhancing the human resource development framework
- Introducing and operating a talent management system
- Promoting DE&I and supporting employees in balancing career development and childcare

3. Technology Development and DX

Established the Technology Strategy Office in April 2025 to advance technology and DX initiatives.

Technology Development
- Completed development of individual component technologies for Tunnel RemOS, an unmanned and automated construction system for mountain tunnels
- Developed a long-distance, high-speed travel system for full-section sliding formwork that enables tunnel lining rehabilitation while keeping the tunnel open to traffic

DX
- Advanced a company-wide efficiency improvement project, expanded the use of BIM/CIM, streamlined site access management, and developed an internal document reference system, among other initiatives

Medium-Term Management Plan 2028

Together with our long-term vision, Nishimatsu-Vision 2035, we formulated Medium-Term Management Plan 2028, which commenced in FY2026. Under its four basic policies, we will develop a foundation for future profitability and sustainable growth.

Basic Policies

Accelerate investments in businesses which could be core revenue sources in the future while strengthening and expanding the core Domestic Construction Business. Develop a foundation for sustainable growth by pushing forward with human resources management and company-wide streamlining.

Nishimatsu-Vision 2035

Long-term corporate strategy

- Establishing a strong business portfolio
- Human capital management to maximize the value created by employees
  - Well-being management
- Efficient management through the transition to a lean organizational structure

Medium-Term Management Plan 2028

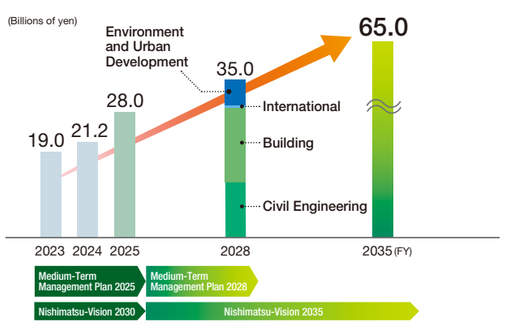
Basic policies

1	Create a new foundation for earnings through proactive investments and M&A activities	• Focus on domains where we have marketability, profitability, and strengths • Develop and use technologies which lead to strengths
2	Create a system to facilitate the retention, development, and active participation of human resources	• Create a system aimed at improving employee engagement and driving the creation of value • Comprehensively optimize personnel allocation
3	DX to streamline the entire company	• Transform construction sites into smart construction sites with DX and ICT • Use mission-critical operation systems to streamline business processes
4	Use AI to transform into an efficient organization	• Use AI in all operations and optimally allocate tasks to humans and AI to accelerate company-wide streamlining • Integrate professional skills and AI to create new value

Performance Targets

Expand business domains and sources of earnings by further expanding core businesses and investing in growth domains in anticipation of uncertainty in the domestic construction market in and after 2030.

Operating income (consolidated)



FY2028 Targets

	Net sales (Billions of yen)	Operating income (Operating margin)
Civil Engineering	152.0	35.0 (7.0%)
Building	251.0	
International	37.5	
Environment and Urban Development*1	59.5	
Company as a whole	500.0	

[*1] On April 1, 2026, the Asset Value-Added Business Division and the Regional Environmental Solutions Business Division were integrated.

Financial Targets

Appropriately allocate cash generated by increasing the earning power of businesses and strategically replacing assets to growth investments and shareholder returns. Maximize capital efficiency by increasing earnings through growth investments while maintaining optimal capital composition and fundraising capabilities.

Achieving an ROE that exceeds the cost of equity*2, which is between 7% and 8%

	FY2025	FY2028
ROE	13.1%*3	Around. 11%
D/E ratio	1.19	Around. 1.0
DOE	5%	Around. 5%
Equity ratio	28.4%	Around. 35%

Profitability Increasing profitability	Shift from the phase in which investment takes precedence to one of accumulating positive free cash flows • Expand the domain of the Domestic Construction Business through M&A activities, etc. and expand businesses in growth domains, such as overseas business • Improve productivity by investing in human capital, technologies and DX
Efficiency Enhancing capital efficiency	• Use ROIC in each business to manage business efficiency with an awareness of the cost of capital • Reduce working capital by selling low-profitability assets, continuing to reduce strategic shareholdings, and accelerating the collection of accounts receivable
Financial leverage Maintaining financial discipline and safety	• Ensure financial soundness by accumulating equity through the strict control of interest-bearing debt and the steady accumulation of profit • Reduce financing costs by improving credit ratings and decreasing the cost of capital by leveraging expectations regarding a decline in the risk premium
Shareholder returns Maintaining stable shareholder returns	• Stable shareholder returns with a DOE of around 5%

[*2] In light of the capital market environment and the characteristics of our risks, our understanding is that our cost of equity is between 7% and 8%. This estimation was calculated based on the capital asset pricing model (CAPM), and a review of multiple factors, including past price earnings ratio (PER) trends.
[*3] In FY2025, as we accelerated the sale of policy shareholdings beyond the initial plan, we recorded extraordinary income of 8.3 billion yen (gain on sale of investment securities). Excluding this impact, ROE was approximately 10.1%.

Sustainability Targets

Address priority initiatives for the period up to FY2028 to increase the sophistication of sustainability management.

Implement materiality solution initiatives

Materiality	Priority initiatives	Indicators	FY2028 Targets
Realize a society for people with safety and vibrancy	Promote the formation of a decarbonized society	• Implementation of initiatives for achieving the ZERO30 Roadmap (reduction of CO_2 emissions from the FY2020 level) • Renewable energy generated	— 60GWh
Advance technological strategies that lead to safety and excitement Create an organization that can maximize on-site capabilities	Establish a lean organization with enhanced productivity	• Company-wide streamlining using AI (creation of employee positions in administrative departments*4) [*4] Corporate, safety and environment, and business administration (including regional headquarters and on-site administration)	20% of the level in the beginning of FY2026
		• Improvement of on-site productivity (2.5%/year)	10% of the FY2024 level
	Enhance initiatives to address the construction industry labor shortage	• Stable securing of partner companies	—
Put in place partnerships that can maximize value creation Create systems that enable diverse human resources to play active roles with excitement	Respect human rights including in supply chains	• Continued implementation of human rights due diligence internally and at partner companies (every other year) • Activities to increase awareness of respect for human rights internally and at partner companies (internal training and workshops for partner companies in each area)	55% or higher —
	Develop diverse human resources and improve engagement	• Percentage of female managers (Three times the FY2025 level by the end of FY2030) • Engagement score of employees	— 3.8
Adhere strictly to compliance	Ensure compliance and prevent corruption	• Compliance training attendance rate • Significant compliance violations	100% 0

Enhance sustainability governance which supports sustainability management

Strengthen the supervision of sustainability management by the Board of Directors	• Discussion of four priority themes (1) value creation, (2) human capital management, (3) group risk management, (4) medium- and long-term management plan	—
Implement succession plans	• Establishing the next management system in a well-planned manner (selecting four to eight management team members by FY2029)	—
Reduce strategic shareholdings	• Ratio of strategic shareholdings to consolidated net assets	Less than 15%

Materiality

WEB See the Company's website for details
➡ https://www.nishimatsu.co.jp/eng/esg/materiality.html

Materiality Identification Process

We have promoted sustainability by establishing the Sustainability Slogan (Basic Policy), "Create together, shine together," six material issues, and a KPI tree.

We identified the material issues through a three-step process. First, we identified a broad range of issues for consideration, including from a global perspective, and consolidated an initial list of 341 issues into 84. Next, we assessed the risks and opportunities associated with these issues for society and the Company and narrowed the list to 13. For these 13 issues, we conducted management interviews, an employee awareness survey, and a questionnaire survey of partner companies. Following repeated deliberations by the Sustainability Committee, the Board of Directors passed a resolution to finalize the wording of the six material issues.

Choosing the issues to be considered

341 issues — A broad range of candidate issues for consideration, including from a global perspective

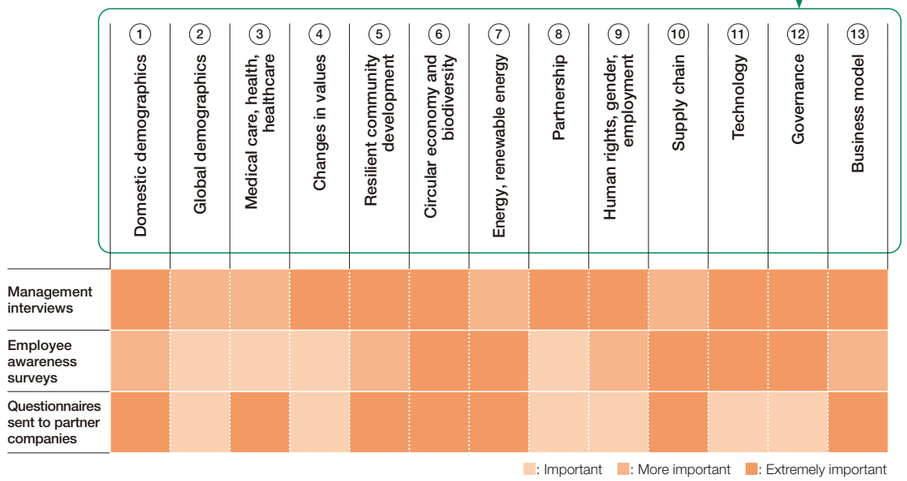
→ 84 issues — Integrated and aggregated

Evaluating and narrowing down the list of issues to be considered

Assessed the opportunities and risks associated with the 84 issues for society and the Company

→ 13 issues — The evaluation results were organized along two axes: "importance to society" and "importance to the Company."

→ **Narrowed down to the most important issues based on management interviews, employee awareness surveys, and stakeholder feedback.**



Identifying material issues

For the 13 selected issues, the Sustainability Committee deliberated based on the results of management interviews, employee awareness surveys, and questionnaires sent to partner companies. The Committee then submitted its recommendations to the Board of Directors, which passed a resolution.

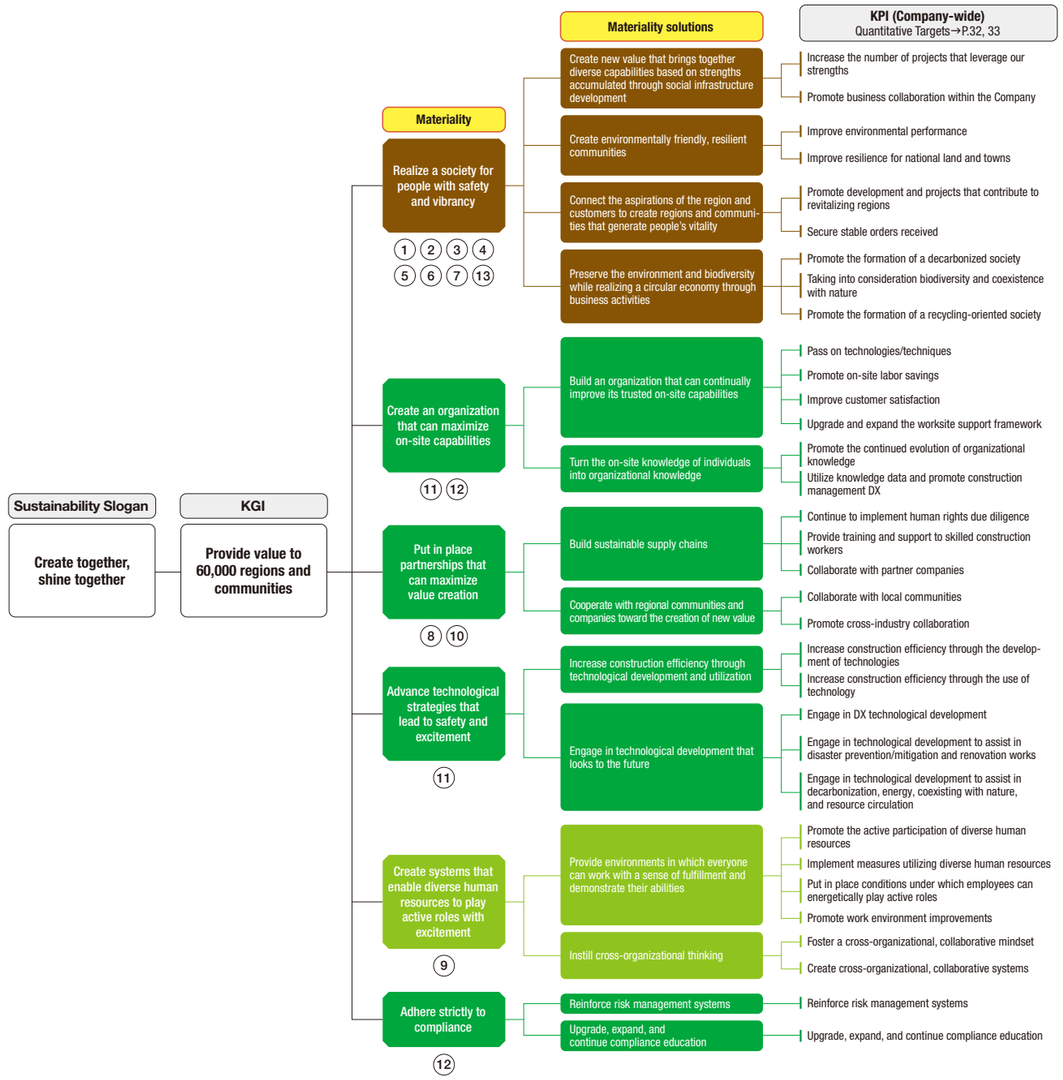
→ 6 issues — Finalized the wording of the six material issues judged to be highly important to society and the Company.

The Risk and Opportunity Management Committee will manage risks and opportunities from a long-term perspective at the company-wide management level based on the selected material issues.

KGI and KPI Tree

To embed materiality throughout the Company and enable each employee to see how material issues and the means of addressing them relate to their day-to-day work, we developed a KPI tree headed by the Sustainability Slogan (Basic Policy) and KGI. We believe that linking each employee's work to material issues and addressing social issues through our business activities will enhance corporate value and, ultimately, help realize a society where everyone can "Create together, shine together," as envisioned in our Sustainability Slogan.

As a quantitative target for the Sustainability Slogan, our KGI is to provide value through our business to a cumulative total of 60,000 regions and communities* by 2050. Since FY2025, we have extended this KPI tree from the departmental level to the individual level and incorporated KPIs and target values into performance evaluations.



* By having our four businesses—Civil Engineering, Building, International, and Environment and Urban Development—work together, we aim to increase the number of regions and communities to which we provide safety, vibrancy, and bonds to 1.5 times the FY2024 level by 2050. The target is cumulative through 2050.
To track and manage progress toward this long-term target, we use our own criteria to count the municipalities in which the structures and services we provide in close partnership with local communities are located, as well as neighboring municipalities. Looking ahead, we plan to incorporate into the KGI not only the number of regions and communities but also evaluations from the people involved in those regions, communities, and businesses.

Material Issues, Opportunities and Risks

Material Issues in Society, the Environment, and the Economy	Materiality (priority issues) Issues/Vision	Related Capital and Stakeholders	Risks	Opportunities
Social • Urbanization and aging infrastructure • Shrinking and aging population in Japan • Shrinking and aging construction workforce • Growing demand for safety, security, and comfort • Growing awareness of health and well-being • Growing demand for cybersecurity and data security • Growing awareness of compliance **Environmental** • Increasing severity of natural disasters, abnormal weather • Ecosystem degradation • Shifting energy supplies **Economic** • Uncertain outlook for construction investment • Fluctuations in energy prices • Soaring construction material prices and labor costs • Application of stricter overtime work cap regulations • Increasing costs due to environmental policies	**Realize a society for people with safety and vibrancy** Put in place safe and secure social infrastructure and sustainable regions and communities	Capital: Financial, Intellectual, Natural, Manufactured/Social and Relationship, Human Stakeholders: Customers, regions and communities, employees, partner companies, suppliers, shareholders, investors	**Changes in the Business Environment** • Declining construction demand, declining construction orders due to a contraction in the real estate market, and sluggish real estate sales and leasing businesses • Longer construction periods and loss of sales opportunities due to a decline in skilled construction workers **Changes in International Conditions** • Terrorist attacks in countries where the Company operates, fluctuations in the political and economic climate, and changes in legal systems • Major fluctuations in foreign exchange rates **Natural Disasters** • Impacts on projects under construction, construction delays, and damage to buildings owned by the Company in the event of large-scale natural disasters **Climate Change and Environmental Policies** • Lower labor productivity due to rising temperatures • Higher costs due to new environmental policies and the tightening of legal regulations • Lower demand for properties that have not implemented decarbonization measures • Higher costs due to the full-scale introduction of carbon taxes	**Expansion of the Environmentally Friendly Building Market** • Increased demand for buildings with low GHG emissions • Increased demand for renewable energy-related construction • Increased demand for the development of environmentally friendly buildings **Advancement of Social Infrastructure** • Increased demand for infrastructure development for disaster prevention and mitigation, as well as infrastructure renewal **Expansion of the Urban Development Market** • Increased investment in the construction of semiconductor-related facilities, data centers, etc. • Increased demand for highly functional logistics facilities and cold chain-related facilities • Increased number of large-scale redevelopment projects in the Tokyo metropolitan area **Advancement of Construction Services** • Building maintenance and management services provided through AI and DX
	Create an organization that can maximize on-site capabilities Work toward becoming an organization in which the entire Company comes together as one and enjoys manufacturing	Capital: Intellectual, Manufactured/Social and Relationship, Human Stakeholders: Customers, regions and communities, employees	**Decline in Construction Quality** • Loss of credibility among customers and compensation for damages, etc. in the event of a major defect • Lower quality and productivity if technological skills cannot be passed on • Increased costs for handling defects due to rising quality requirements and the demands of society	**Strengthening On-site Capabilities** • Greater customer satisfaction and increased order opportunities resulting from higher construction quality • Establishment of a training system to enhance construction skills
	Put in place partnerships that can maximize value creation Promote external collaboration to provide safety and excitement to society	Capital: Manufactured/Social and Relationship, Human Stakeholders: Customers, regions and communities, employees, partner companies, suppliers	**Fluctuations in Materials Prices, Labor Costs, etc.** • Higher costs and negative impacts on construction profits due to fluctuations in materials prices, labor costs, etc. • Tight supply chains due to strong construction demand	**Value Creation through External Collaboration** • Creation of new services through active collaboration with companies in other industries • Stronger, as well as expanded scope of, technology development capabilities through alliances with universities, other industries, and other external institutions
	Advance technological strategies that lead to safety and excitement Engage in technological development and utilization that helps resolve social issues	Capital: Intellectual, Natural, Manufactured/Social and Relationship, Human Stakeholders: Customers, regions and communities, employees, partner companies, suppliers	**Delays in Technology Development** • Negative impacts on performance due to delays in technology development related to climate change, etc. • Loss of sales opportunities due to delays in technology development for environmentally friendly concrete • Loss of sales opportunities due to delays in technology development for mid- to high-rise wooden buildings • Loss of opportunities due to delays in DX promotion	**Strengthening Competitiveness through Technology Development** • Application of new construction technologies and higher productivity and safety resulting from DX promotion • Development and application of technologies that contribute to national resilience, the extension of the service life of infrastructure and buildings, and their maintenance and management • Development of new technologies for decarbonization, resource circulation, and natural environment conservation
	Create systems that enable diverse human resources to play active roles with excitement Remain a company in which diverse human resources can enjoy an atmosphere of mutual stimulation while maximizing their abilities	Capital: Human Stakeholders: employees, partner companies	**Changes in the Human Resources Environment** • Difficulty in securing, as well as outflow of, specialized human resources and leaders, and delays in human resources development • Decline in the number of construction industry workers due to a shrinking and aging working-age population • Intensifying competition to secure labor • Legal violations and administrative guidance related to overtime work cap regulations • Loss of credibility and poorer performance due to the occurrence of occupational accidents	**Strengthening Human Capital** • New value created and more diverse human resources acquired as a result of empowering diverse human resources • Enhanced employee retention rates and productivity resulting from greater engagement • Development of automation and labor-saving technologies that compensate for labor shortages • Greater safety awareness resulting from safety training • Enhanced construction techniques resulting from improved training systems
	Adhere strictly to compliance Remain a company that earns the trust of all its stakeholders	Capital: Financial, Intellectual, Natural, Manufactured/Social and Relationship, Human Stakeholders: Customers, regions and communities, employees, partner companies, suppliers, shareholders, investors	**Compliance Violations** • Major legal violations, including personal acts of misconduct **Information Security** • Information leaks and loss due to external cyberattacks, employee negligence, etc.	**Strengthening the Compliance System** • Enhanced self-purification capabilities against fraud and misconduct **Cultivating a Corporate Culture that Underpins Trust** • Earn the trust of all stakeholders

Materiality and KPIs

Specific KPIs and numerical targets were set for 33 KPIs (Company-wide) to resolve material issues. KPIs are listed as follows.

Materiality	Value Created	KPIs (Company-wide)	Specific KPIs	FY2026 Numerical Targets	FY2025 Results	FY2025 Evaluation
1 **Realize a society for people with safety and vibrancy**	**Social** • Build safe, secure, and sustainable social infrastructure • Build sustainable regions and communities **Environmental** • Build a decarbonized society • Preserve biodiversity • Realize a circular economy **Economic** • Create businesses that contribute to regional revitalization	Increase the number of projects that leverage our strengths	Number of planning proposal-type construction initiatives	3 projects	3 projects	○
			Number of ODA subway projects in Southeast and Southwest Asia	2 projects	1 project	△
		Promote business collaboration within the Company	Number of collaborative projects between the Environment and Urban Development Business and the construction businesses (Civil engineering, Building construction, and International)	2 projects	3 projects	◎
		Improve environmental performance	• Number of mid- to high-rise wooden building initiatives	• 2 projects	• 2 projects	○
			• ZEB/ZEH conversion rate at completion	• 60%	• 85%	◎
			• Rate of converting owned properties to renewable energy	• 100%	• 100%	○
			• Application of environmentally friendly concrete to actual buildings	• 3 projects	• 0 projects	△
		Improve resilience for national land and towns	Each business division will set specific KPIs and numerical targets to improve the resilience of the national land and cities.			
		Promote development and projects that contribute to revitalizing regions	Development of assets that excite users	Investment amount of ¥100.0 billion (FY2026–FY2028)	0 projects	△
		Secure stable order-received	Each business unit will set specific KPIs and numerical targets to achieve stable order-received.			
		Promote the formation of a decarbonized society	<ZERO30 Roadmap 2023>			
			• Reduction rate of Scope 1+2 emissions	• Compared with FY2020 42.3% reduction	• Compared with FY2020 32.1% reduction	○
			• Reduction rate for Scope 3 Category 11 emissions (CO_2 emissions coinciding with energy use during building operation after completion and delivery)	• Compared with FY2020 25.6% reduction	• Compared with FY2020 64.5% reduction	◎
			• Power generation from renewable energy businesses	• 100,000 MWh (FY2030)	• 17,000 MWh	△
		Taking into consideration biodiversity and coexistence with nature	Implementation rate of biodiversity preservation activities undertaken	100%	100%	○
		Promote the formation of a recycling-oriented society	Final percentage of construction waste sent for landfill disposal	Less than 2.5% (FY2030)	2.3%	○
2 **Create an organization that can maximize on-site capabilities**	**Social** • Pass on and develop technologies **Economic** • Strengthen competitiveness	Pass on technologies/techniques	Completion certification rates for training system centered on a standard course for young employees	100%	100%	○
		Promote on-site labor savings	Progress of on-site DX promotion	DX engagement: 3% improvement over the previous fiscal year	1.8% improvement over the previous fiscal year	○
		Improve customer satisfaction	Evaluation by clients	• Ministry of Land, Infrastructure, Transport and Tourism's average score for the year in construction result evaluations (Average: 80/year)	• 79.8 points	○
				• Questionnaire evaluations upon completion of private-sector projects gain 99% or higher S/A evaluation	• 97%	○
		Upgrade and expand the worksite support framework	Set specific KPIs and numerical targets in each business division to enhance the on-site support system.			
		Promote the continued evolution of organizational knowledge	• Maintain collection of details by building type	• 2 times	• 2 times	○
			• Increase construction volume per head of Japanese	• Overseas civil engineering: Construction volume per head of Japanese: ¥0.4 billion Overseas building: Construction volume per head of Japanese: ¥1.85 billion	• Overseas civil engineering: ¥0.45 billion/person Overseas building: ¥1.32 billion/person	△
			• Number of human capital data visualization items implemented	• 15 items	• Human capital data visualization Progress rate: 100%	○
			Number of technical achievements			
			• Press releases	• 24 papers	• 16 papers	○
			• Patent applications	• 15 papers or more	• 31 papers	◎
			• Conference presentations	• At least one paper/person/year as the lead author	• 1.6 papers	◎
			• Technical awards from external organizations	• 2 papers	• 5 papers	◎
		Utilize knowledge data and promote construction management DX	Progress in construction management DX initiatives (convert tacit to explicit knowledge)	2 projects	2 projects	○

Materiality	Value Created	KPIs (Company-wide)	Specific KPIs	FY2026 Numerical Targets	FY2025 Results	FY2025 Evaluation
3 **Put in place partnerships that can maximize value creation**	**Social** • Build sustainable supply chains **Economic** • Create new business opportunities	Continue to implement human rights due diligence	Number of companies engaging in human rights due diligence in the supply chain	400 companies or more	Confirmation rate for companies subject to human rights due diligence: 100%	○
		Provide training and support to skilled construction workers	• Worksite retention rate of Nishimatsu Meisters and Senior Forepersons	• Civil engineering: 50%, Building: 60%	• Civil engineering: 47%, Building: 56%	○
			• Touch rate for Construction Career Up System (CCUS)	• Civil engineering: 93%, Building: 83%	• Civil engineering: 92%, Building: 81%	○
		Collaborate with partner companies	• N-NET order rate	• Civil engineering: 60% or more, Building: 60%	• Civil engineering: 48%, Building: 46%	○
			• Conducting a survey regarding the Declaration of Partnership Building	• 400 companies or more	• Confirmation rate for the survey regarding the Declaration of Partnership Building: 100%	○
		Collaborate with local communities	Secure sales in new markets	Sales of ¥5.0 billion/year (FY2030)	Under continued consideration	○
		Promote cross-industry collaboration	Collaboration with industry, academia, and government	2 projects	—	—
4 **Advance technological strategies that lead to safety and excitement**	**Social** • Realize a safe and secure society **Environmental** • Build a decarbonized society • Preserve biodiversity • Realize a circular economy **Economic** • Enhance corporate value by improving productivity • Create new business opportunities	Increase construction efficiency through the development of technologies	Development of technologies that contribute to society and the sites, including productivity improvement (automated tunnel construction technology, etc.)	10 technologies or more	12 technologies	◎
		Increase construction efficiency through the use of technology	• Number and rate of BIM adoption at each phase	• Design BIM: 2 projects • Detailed design BIM: 60% • Construction BIM: 55%	• Design BIM: 1 project • Detailed design BIM: 66% • Construction BIM: 57%	○
			• Number of BIM application packages installed	• 290 packages	• 231 packages	○
			On-site use of proprietary technologies developed by the Company	50 technologies or more	62 technologies or more	◎
		Engage in DX technological development	Progress of measures under the DX Vision (smart construction site)	2 projects	2 projects	○
			Rate of achievement of DX technology (labor-saving and productivity improvement) development goals based on the technology development roadmap	Average development target achievement rate for R&D projects in each fiscal year: 70%	75%	○
		Engage in technological development to assist in disaster prevention/mitigation and renovation works	Rate of achievement of technology development goals for disaster prevention, mitigation and renovation works based on the technology development roadmap	Average development target achievement rate for R&D projects in each fiscal year: 70%	75%	○
		Engage in technological development related to decarbonization, energy, coexistence with nature, and resource circulation	Rate of achievement of technology development goals for decarbonization, energy, coexistence with nature, resource circulation based on the technology development roadmap	Average development target achievement rate for R&D projects in each fiscal year: 70%	73%	○
5 **Create systems that enable diverse human resources to play active roles with excitement**	**Social** • Create a fulfilling work environment • Promote active participation by diverse human resources **Economic** • Enhance corporate value by improving productivity	Promote the active participation of diverse human resources	• Percentage of newly hired female employees (career-track positions)	• 20% or more	• 19.1%	○
			• Percentage of female managers	• 2.0%	• 1.01%	○
		Implement measures utilizing diverse human resources	• Percentage of male employees taking childcare leave (Including leave for the purpose of childcare)	• 100%	• 98.8%	○
			• Percentage of 1-on-1 meetings implemented between supervisors and subordinates	• 100%	• 100%	○
			• DX Vision (work style) implementation progress	• 5 projects	• 5 projects	○
		Put in place conditions under which employees can energetically play active roles	• Engagement score of employees	• 3.76 or higher	• 3.76	○
			• Percentage of high-stress check employees	• 7.5% or lower	• 8%	○
			• Participation rate in detailed examination following regular health checkups	• 80%	• 60.8%	○
			• Voluntary resignation rate	• Less than 2%	• 2%	○
		Promote work environment improvements	Frequency rate (4 or more days of absence from work)	0.4 or lower	0.81	△
		Foster a cross-organizational, collaborative mindset	Instill medium- to long-term corporate strategies to foster a company-wide perspective	Awareness rate of Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028: 80%	—	—
		Create cross-organizational, collaborative systems	Number of awards for engagement in collaborative projects and challenges	2 projects	2 projects	○
6 **Adhere strictly to compliance**	**Social** • Conduct fair and transparent business activities • Earn the trust of stakeholders	Reinforce risk management systems	• Implement security measures for information risks	• 2 or fewer	• 0	○
			• Risk and opportunity management effectiveness (Number of incidents of serious noncompliance)	• 0	• 0	○
			• BCP training (Response rate for safety confirmation training)	• Daytime weekdays: 90% within 3 hours	• Daytime weekdays: 90.4% within 3 hours	○
		Upgrade, expand, and continue compliance education	Participation rate in the compliance comprehension test	80% or higher	81.1%	○

Message from the Executive Vice President in charge of Corporate Unit



Driving human capital and productivity transformation from a company-wide perspective to achieve sustainable growth and create new medium- to long-term corporate value

Makoto Isshiki Representative Director and Executive Vice President, in charge of Corporate Unit

Rebuilding the Management Foundation and Advancing the Corporate Unit

A year has passed since the Corporate Unit was reorganized as part of the restructuring of our head office. For Nishimatsu Construction, FY2025 marked a major transition from laying the groundwork for transformation to putting that transformation into action.

In FY2025, we focused on clarifying the direction the Company should take, with particular emphasis on formulating Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028. Rather than simply developing numerical plans, we grounded them in our purpose and the future we envision and brought them together as plans that embody our aspirations, which I see as a major achievement.

We also began to address financial strategy in earnest at the management level, including measures to improve our credit rating and optimize our capital structure.

Positioning financial initiatives, which had often previously been treated as individual measures, at the core of corporate strategy marked a major shift. I believe this is also highly significant in terms of strengthening the management foundation that will support future growth.

Concrete transformation initiatives also began to take shape across functions, including trials of AI in technical fields, business process reform in administrative departments, and the assignment of administrative staff to construction sites to enable them to feel a greater sense of contribution to construction and find renewed fulfillment in their work.

At the same time, the role of the Corporate Unit extends beyond administration and support. It is expected to serve as the core of corporate transformation, working with the President to chart the Company's direction from a long-term perspective and turning discussions with the business divisions into action.

Evolving Dialogue and Changes in Employee Mindsets

Over the past year, I have visited regional headquarters and branches across Japan and engaged in dialogue with employees at various levels. Initially, my objective was to understand issues facing frontline operations. Yet as I traveled around the country, I realized that the issues raised were largely the same wherever I went. I also came to see that sharing the experience and knowledge I have gained could help employees think for themselves and take action. Through this experience, I came to believe that the essence of dialogue is not simply gathering issues, but enhancing each employee's engagement.

In these dialogues, I make a point of speaking candidly about the Company's strategy and future vision, as well as management's thinking. As a result, I have seen employees, particularly those in their 30s, develop a stronger sense of ownership of the Company's future. What struck me most was the strong desire among employees to take on large-scale landmark projects and highly competitive projects. Rather than simply performing their regular duties reliably, they want to be involved in projects that represent the Company and test their own abilities. I believe this positive attitude will be a major driving force behind our growth. It is important for the organization to provide appropriate support for this willingness to take on challenges. I believe this very willingness among our employees will drive our progress toward becoming "the most attractive general contractor."

Dialogue with younger and mid-level employees has also revealed that, even as much is expected of them, many feel burdened by their workloads and uncertain about the future. Given the relatively small number of employees around age 40, workloads may be concentrated on those who form the core of worksite operations. This is also an important issue from the standpoint of organizational sustainability.

What I have come to feel strongly through these dialogues is that improving psychological safety alone is not enough. We also need mechanisms and a culture that encourage employees to take action. I believe one of the Corporate Unit's most important roles is to ensure that insights gained through dialogue are steadily reflected in management decisions and the design of initiatives.

Embedding the Vision and Medium-Term Management Plan and Addressing Structural Constraints

As we advance initiatives within the Corporate Unit, I recognize that our greatest challenge is embedding the Vision and Medium-Term Management Plan across frontline operations. The intent of our strategy must be firmly connected with day-to-day work so that employees fully understand why they are undertaking each initiative.

We are also seeing multiple structural challenges: from a human capital perspective, shortages of mid-level employees and next-generation leaders and an imbalanced workforce composition; from a productivity perspective, work processes that depend too heavily on individual employees and low efficiency; and from an organizational perspective, insufficient collaboration across divisions. These are not isolated issues, but problems that affect the Company's underlying structure and require fundamental transformation.

Creating New Medium- to Long-Term Corporate Value Through Human Capital Transformation

With these challenges in mind, we will accelerate the creation of new medium- to long-term corporate value, with human capital transformation as the starting point.

First, in human capital management, we will fully implement our talent management system and advance optimal personnel assignments and development based on each person's capabilities and aspirations. We will also establish mechanisms that fairly evaluate both employees' willingness to take on challenges and their results, thereby unlocking the full potential of each employee and increasing employee engagement.

Next, to improve productivity, we will further advance DX and expand the use of AI while thoroughly standardizing and visualizing work processes. We will shift to a structure that creates greater value without increasing headcount and raise added value per employee.

On the organizational front, we will streamline administrative departments and reallocate human resources to business divisions, building an agile organization optimized for the Company as a whole. At the same time, we will strengthen cross-functional decision-making and knowledge sharing to establish a management approach that connects strategy with frontline operations.

Above all, we must foster a culture in which employees think for themselves and take action. We will reaffirm the spirit of challenge cultivated since our founding and carry forward a corporate culture of challenge to the next generation.

Toward Becoming the Most Attractive General Contractor

To me, "the most attractive general contractor" is not simply a company that excels in scale or profitability. It is a company whose employees work with pride and motivation and that continues to earn the trust of customers and society. Achieving this requires an environment in which each employee plays an active role in value creation and the organization as a whole can demonstrate high productivity and creativity.

The Corporate Unit will evolve our people, organization, and systems to serve as a core driver of corporate value creation and transform Nishimatsu Construction into a company that is valued and chosen by stakeholders, including society, shareholders and investors, customers, employees, and partner companies.



Roles of each unit

Corporate Strategy Unit	This unit accurately analyzes the rapidly changing business environment and develops corporate strategies to optimize the business portfolio and effectively allocate management capital, aiming for sustainable growth and the enhancement of corporate value. It also ensures that these strategies are effectively implemented.
Human Resource Strategy Unit	This unit focuses on developing human resources and providing support for their active participation over the medium to long term. It assigns personnel to maximize organizational strength and designs systems to address various challenges, such as recruiting and retaining talent, which are urgent management issues.
Technology Strategy Unit	The Technical Research Institute has been merged with the DX Department to reduce labor requirements and enhance productivity through the integration of technologies and digital transformation. This unit promotes digital innovation to support the Company's expansion into new business domains.
Management Unit	This unit oversees accounting, legal, and administrative functions and promotes reforms to optimize efficiency and effectiveness throughout the Company. The unit strengthens strategic dialogue with shareholders to build trust-based relationships.

Message from the General Manager of the Corporate Strategy Unit



Under the new Medium-Term Management Plan, we will take a company-wide approach to management, improve profitability and capital efficiency, and invest for sustainable growth.

Shinsuke Hamasaki Director, Managing Officer, General Manager of Corporate Strategy Unit

Toward Sustainable Growth Through Enhanced Value Creation Capabilities and Decisive Structural Reform

Our vision is to become "the most attractive general contractor," and we have placed improving employee engagement and increasing added value per employee at the core of management. This is more than simply managing performance indicators. It is the fundamental management model through which we will continue creating corporate value and the starting point for all of our strategies. Our future depends on whether we can create a virtuous cycle in which every employee takes an active role in creating value and the results of those efforts translate into higher corporate value.

FY2025 was the final year of Medium-Term Management Plan 2025. We delivered solid results, with consolidated net sales of 396.0 billion yen, operating income of 28.0 billion yen, and ROE improving to 13.1%.

In the Domestic Construction Business in particular, initiatives to improve earnings steadily produced results, helping restore our earnings power.

However, we do not regard these results as evidence that we have established a foundation for sustainable growth.

Investment plan under Medium-Term Management Plan 2025	Investment results under Medium-Term Management Plan 2025	
Expected effects of investment (FY2030)	Investment targets and amounts (cumulative total)	Investment effects and contributions
GX and community development • Earning business income ROA: 4% • Power generation (FY2025): 87 kMWh (equivalent of 35 kt-CO_2) Investment amount of 40 billion yen / 3 years	• Sanyo-Onoda Biomass Power Generation Project • Nippon Institute of Technology Solar PPA Project • Western Kumamoto Biogas Power Generation Project • SCG Nichirei Solar PPA Project, etc. Investment: Approx. 6.0 billion yen	FY2023 power generation: 1k MWh FY2024 power generation: 13k MWh FY2025 power generation: 20.7k MWh
	• Offshore Wind Power Generation Project (SEP vessel) Investment: Approx. 8.5 billion yen	• Expanding business opportunities for the Nishimatsu Group
Asset value-added • Earning business income • Portfolio ROA 4-5% • Formulating urban redevelopment projects • Building customer relationships Investment amount of 110.0 billion yen / 3 years Recovery amount of 40.0 billion yen / 3 years	Five Growth Areas • Working spaces (offices) • Residences (dormitories and nursing homes) • Tourism and entertainment (hotels and halls) • Lifestyle support and healthcare (commercial facilities) Investment: Approx. 101.0 billion yen Recovery: Approx. 55.0 billion yen	• Strengthening the earnings power of the entire Nishimatsu Group • Expanding business opportunities for the Nishimatsu Group
Human resources development, DX, technology development, etc. • Maximizing individual strengths and organizational strengths • Improving productivity in the construction business • Acquiring pioneer construction technologies • Developing high added-value buildings Investment amount of 10.0 billion yen / 3 years	• Measures to secure, retain, and train human resources • DX-related investment • Technology development Investment: Approx. 6.5 billion yen	• Maintaining the number of new graduate and mid-career hires • Time created through DX: 569,000 hours • Development of component technologies for tunnel construction automation systems, tunnel lining refurbishment, road slab replacement, etc. • Completing construction and starting service of actual projects using the wooden construction method (P&UA)

Initiatives to enhance corporate value

Price Book-value Ratio (PBR)
1.16
Stock price (As of March 31, 2026) 5,719 yen
Net assets per share 4,936 yen

The previous fiscal year **1.10**
Stock price (As of March 31, 2025) 4,800 yen
Net assets per share 4,361 yen

Fiscal year before the last **1.04**
Stock price (As of March 31, 2024) 4,465 yen
Net assets per share 4,277 yen

Return on Equity (ROE)
13.11%
(the fiscal year ended March 31, 2026)
(the fiscal year ended March 31, 2025 **10.29%**)
(the fiscal year ended March 31, 2024 **7.80%**)

Price Earnings Ratio (PER)
9.38 times
(As of March 31, 2026)
(As of March 31, 2025 **10.80 times**)
(As of March 31, 2024 **14.23 times**)

- **Improve profitability (Profit attributable to owners of parent/ Net sales: 6.07%)**
  - Expand the domain of the Domestic Construction Business through M&A activities, etc. and expand businesses in growth domains, such as overseas business
  - Improve productivity by investing in human capital, technologies, DX, and AI
- **Improve asset efficiency (Net sales/Total assets: 62.08%)**
  - Use ROIC in each business to manage business efficiency with an awareness of the cost of capital
  - Reduce working capital by selling low-profitability assets, continuing to reduce strategic shareholdings, and accelerating the collection of accounts receivable
- **Financial leverage-oriented management (Total assets/ Equity: 3.48 times)**
  - Ensure financial soundness by accumulating equity through the strict control of interest-bearing debt and the steady accumulation of profit
  - Reduce financing costs by improving credit ratings and decrease the cost of capital by leveraging expectations regarding a decline in the risk premium
- **Expected growth rate**
  - Present measures to achieve earnings growth through growth investments
  - Proactively disclose the progress of and challenges related to growth investments
- **Non-financial value**
  - Further promote sustainability management that supports sustainable growth
  - Increase engagement with all stakeholders

Rather, our performance is being supported to a significant extent by currently robust demand, and looking beyond 2030, we believe the current business structure will eventually limit the sustainability of our growth. The domestic construction market is expected to maintain a certain level of demand for the time being, but structural changes are unavoidable thereafter, including population decline, lower demand for new construction, and workforce shortages. In addition, increasingly severe labor constraints and the need to respond to workstyle reforms are bringing the conventional people-dependent business model close to its limits. These changes are not temporary; they are medium- to long-term structural shifts, and adapting to them will require a fundamental review of our businesses.

Quite frankly, however, we cannot yet say that we have established a competitive advantage that is clearly unique to Nishimatsu. Our construction capabilities and on-site capabilities are important assets cultivated over many years, but we have entered an era in which those strengths alone are no longer enough for us to continue being chosen. This sense of urgency is the starting point of Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028 and clearly demonstrates the need for transformation.

Engagement and Added Value as the Starting Point for Growth

The growth we seek is not growth through greater scale, but growth driven by enhanced value creation capabilities. The starting point is improving employee engagement. By creating an environment in which every employee can approach their work with pride and ownership and fully demonstrate their abilities, we will raise productivity and, as a result, increase added value per employee. The accumulation of this added value enhances the value we provide to customers and society and, in turn, increases corporate value.

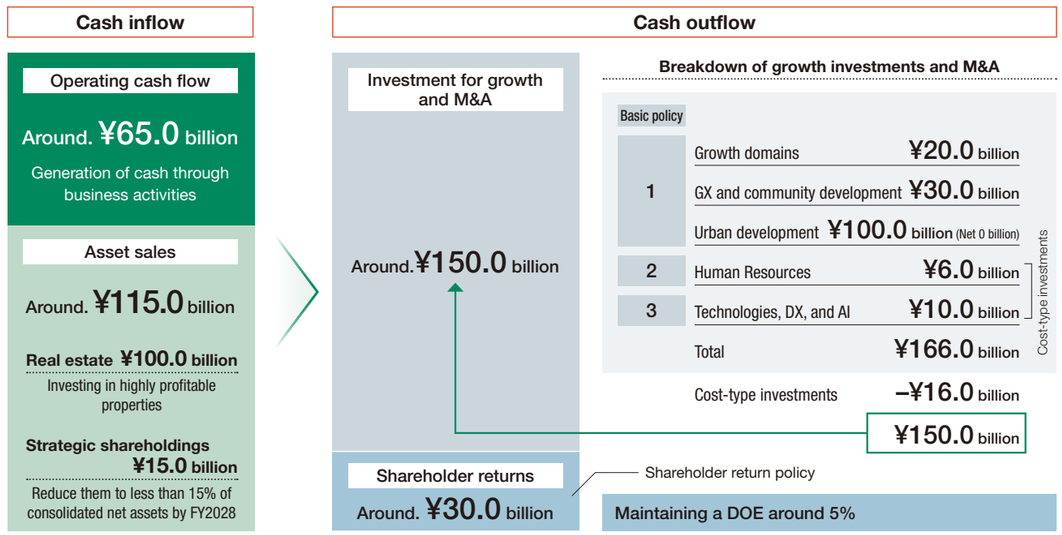
We see engagement not simply as a matter of employee attitudes, but as an outcome of investment in human capital. Specifically, we will support employee growth and their willingness to take on challenges through upskilling and reskilling, support for diverse career development, and the creation of workplaces that offer a strong sense of fulfillment. Through these efforts, we will further refine Nishimatsu Construction's distinctive on-site capabilities and technical capabilities and create added value that other companies cannot offer.

We regard financial indicators such as operating income and ROE as important measures of the outcomes of these initiatives. Rather than viewing them simply as results, we position them as management indicators that reflect our capacity to create added value and will manage them in an integrated manner with our efforts to create value sustainably. Toward 2035, we aim to achieve a substantial increase in added value per employee while further enhancing engagement.

To achieve this, we will maintain a strong focus on generating operating income. Orders received and net sales are important in the process of growth, but what ultimately matters is how much added value we create and translate into operating income. That is what demonstrates a company's capacity for growth and provides the foundation for sustained

Message from the General Manager of the Corporate Strategy Unit

Cash allocation (FY2026–FY2028)



investment in human resources and appropriate returns. Improving productivity and efficiency also requires our front lines to take on the challenges that come with transformation. We will therefore ensure fair evaluation and treatment based on roles and results and build mechanisms that create a virtuous cycle between employee growth and organizational growth.

Transforming the Earnings Structure and Advancing Growth Investment

Achieving sustainable growth requires us to transform our earnings structure itself. We currently remain highly dependent on the Domestic Construction Business, but we need to invest now in areas such as the International Business and the Environment and Urban Development Business, planting the seeds for growth that we can harvest after 2030.

This is not simply an expansion of business domains, but structural reform aimed at establishing competitive advantages for the future. By clearly identifying the domains in which we will compete and differentiate ourselves, and rigorously selecting priority areas and concentrating resources in them, we will increase our potential for sustainable growth.

Under Medium-Term Management Plan 2028, we will build a next-generation foundation for earnings through growth investments and M&A while reviewing low-return assets and improving asset efficiency. Funds released from low-return assets will be reallocated to growth investments, leading to future earnings growth and higher corporate value. We estimate our cost of equity at around 7-8%. On the premise of securing returns above that level, we will rigorously manage our businesses with a focus on ROIC and ROE, balancing growth with efficiency. This is not simply financial management; we regard it as one of the key management disciplines underpinning corporate value creation.

Integrating Human Resource Strategy and Productivity Reform

Human resources are our most important form of management capital and, at the same time, our greatest source of competitive advantage. However, labor shortages and an increasingly imbalanced workforce age structure are becoming serious, making a shift away from the conventional labor-intensive model unavoidable.

Accordingly, we will use DX and AI to make operations more sophisticated and efficient, creating an environment in which employees can concentrate on higher-value work. We will also optimize personnel allocation and enhance human resource development to improve productivity across the organization.

We will also review our evaluation and remuneration systems and provide appropriate rewards based on results. By establishing a system in which employees are encouraged to take on challenges and their achievements are fairly evaluated, we will improve engagement. This is not simply a reform of human resource systems; it is an important initiative that will transform our corporate culture itself.

Integrating Sustainability into the Core of Management

At Nishimatsu Construction, sustainability is not an additional initiative; it is at the very core of management. As a company responsible for social infrastructure, solving social issues and growing our businesses are inseparable. Achieving both at the same time enhances corporate value.

Our goal is to embed environmental initiatives and the creation of social value into everyday operations so that every employee can see how their work contributes to solving social issues. To translate investment and growth in non-financial areas into financial outcomes such as business growth and stronger earnings, we will fully integrate sustainability with our business strategy, human resource strategy, and investment strategy.

To this end, sustainability must not remain the responsibility of specific departments; it must be embedded in decision-making and business operations throughout each business and organizational unit. Through the accumulation of day-to-day actions by individual employees and organization-wide initiatives, we will achieve both social and economic value and sustainably enhance corporate value.

Executing Transformation and the Role of the Corporate Strategy Unit

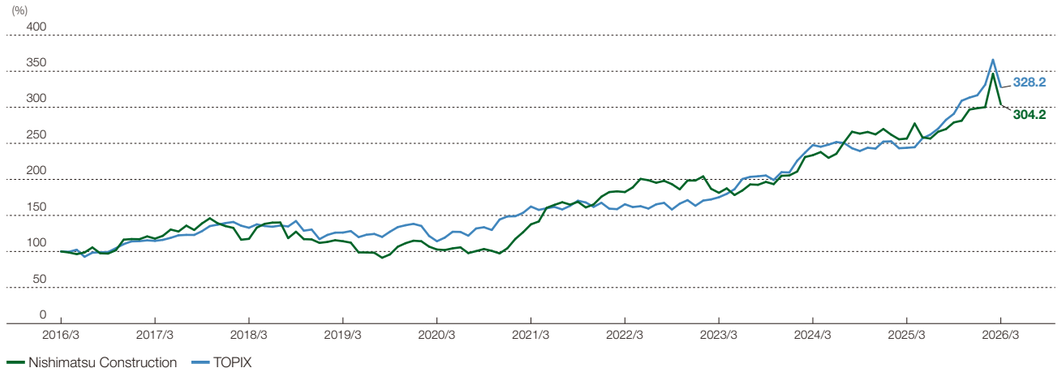
The next several years will be a critical period of transformation for Nishimatsu Construction. Rather than reacting passively to changes in the market environment, we must lead transformation ourselves and establish competitive advantages.

Becoming “the most attractive general contractor” will not be easy. However, by strengthening our value creation capabilities with engagement and added value at the core, and by advancing strategy, investment, human resources, and sustainability in an integrated manner, I believe we can establish a clear path toward achieving this goal.

As the organization at the center of executing this transformation, the Corporate Strategy Unit will lead company-wide strategy implementation and decision-making. Rather than optimizing individual functions in isolation, we will integrate management from the perspective of what is best for the Company as a whole and take clear responsibility for enhancing corporate value.

In an era of high uncertainty, we need not only to adapt to change, but also to anticipate it and turn change into opportunity. Nishimatsu Construction is now at that turning point. We will seize this opportunity and steadily execute structural reforms to achieve sustainable growth and higher corporate value.

Total shareholder return (TSR)



Stock price performance

	1 Year	3 Years		5 Years		10 Years	
		Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
Nishimatsu Construction	**+23.9%**	**+86.5%**	**+23.1%**	**+143.3%**	**+19.5%**	**+204.2%**	**+11.8%**
TOPIX	+34.6%	+87.4%	+23.3%	+102.2%	+15.1%	+228.2%	+12.6%

* Total shareholder return (TSR): the comprehensive investment return combining capital gains and dividends
* TSR is calculated as follows: for Nishimatsu Construction, using cumulative dividend amounts plus changes in share price; for TOPIX, using the total return index which includes dividends (based on Bloomberg data, etc., compiled by our Company)
* The values in the graph are indexed such that the market values under TSR are normalized to 100 at the closing price on March 31, 2016 (the holding period runs until March 31, 2026)

Human Resource Strategy



To become “the most attractive general contractor,” we will maximize the value created by employees through human capital management.

Takuo Yoshida Managing Officer, General Manager of Human Resource Strategy Unit

Review of Medium-Term Management Plan 2025 and Challenges

Amid a decreasing working population, the increasing mobility of human resources, and the acceleration of changing values regarding work, we emphasize human capital management to achieve sustainable growth. We have identified “Create systems that enable diverse human resources to play active roles with excitement” as a material issue and aim to become a company where diverse human resources inspire one another and fully demonstrate their abilities.

Under Medium-Term Management Plan 2025, we worked to maximize individual capabilities and organizational capabilities through the three goals of the Reform Program set out in Nishimatsu-Vision 2030: reforming our mindsets and actions, strengthening our organizational abilities, and creating growth resources. We accelerated mid-career hiring, helping to secure diverse human resources and promote their active participation. We also implemented dialogue between supervisors and subordinates throughout the Company, laying the foundation for fostering an awareness of a challenger mindset. These measures are beginning to produce results, including an improvement in the employee engagement score.

At the same time, given the imbalance in our workforce composition by age group and the fact that some KPIs were not achieved, we regard optimizing personnel allocation and continuously securing diverse human resources and promoting their active participation as ongoing challenges. We therefore believe it is important to further deepen human capital management.

Materiality and results of initiatives under Medium-Term Management Plan 2025

Materiality	Materiality solutions	Linking together the “Medium-Term Management Plan 2025” Reform Program			Key KPIs for initiatives (dynamic)	2025 target	2025 results	Achievement
		Reforming our mindsets and actions	Strengthening our organizational abilities	Creating growth resources				
Create systems that enable diverse human resources to play active roles with excitement	Securing diverse human resources and enabling them to thrive		○	○	Percentage of newly hired female employees (career-track positions)	20% or above	19.1%	😞
					Number of mid-career hires	20 or more	55	😃
					Percentage of female managers (Number of female managers / Number of all managers)	2.0% or above	1.01%	😞
					Remote work usage ratio (Number of implementors/Number of employees)	100%	32.8%	😞
					Percentage of male employees taking childcare leave (Including leave for the purpose of childcare) (Number of employees taking leaves / Number of subject employees)	100%	98.8%	😞
					Participation rate in detailed examinations following regular health checkups (Number of employees who underwent detailed examination / Number of subject employees)	80% or above	60.8%	😞
	Providing employee development opportunities	○			Mechanism that allows employees to select curriculums (progress rate)	100%	50% (Commencing operation)	😞
	Raise awareness of a challenger mindset	○			Number of participants in dialogues with the president (cumulative)	1,800	(Not calculable)	—
					1-on-1 meeting implementation rate (Number of times implemented / Number of times planned)	100% (Fully introduced)	100%	😊
	Raise awareness of collaboration		○		Mechanism to praise employees engaged in collaborative projects (progress rate)	100% (Commencing operation)	100% (Commencing operation)	😊
	Visualizing human resources data (create a talent management system)	○	○		Human resource data visualization progress rate (Number of visualization implementation items /Total visualization items)	100%	100%	😊
	Increasing employee engagement	○	○	○	Engagement score of employees	More than FY2024 (3.71)	3.76	😊
					Voluntary resignation rate (Number of voluntary resignations / Number of employees at start FY)	Less than 1.5%	2.0%	😞

New Human Resource Strategy for Becoming the Most Attractive General Contractor

To become “the most attractive general contractor,” as envisioned in Nishimatsu-Vision 2035, we will advance human capital management to maximize the value created by employees. In particular, we will make increasing employee engagement, the starting point of the “developmental cycle of engagement,” our primary objective. As priority initiatives, we will establish a human resource portfolio which maximizes the contributions and performance of diverse talent and foster a corporate culture which enables employees to fully demonstrate their capabilities and willingness to take on challenges.

Initiatives to improve employee engagement

Our employee engagement scores have improved every year over the past three years, reaching 3.76 out of 5.00 in FY2025. However, this remains more than 0.2 points below our target of 4.0, one of the highest engagement scores among general contractors. Based on the survey results to date and opinions expressed through dialogue, we believe that a key challenge in improving employee engagement is fostering employees’ understanding and acceptance of development support, evaluations, and compensation.

For employees, two important aspects of engagement are a sense that they are growing toward the future they envision for themselves and a sense that they are contributing to the results of the Company and their respective organizations. Enhancing these requires support for growth from the Company and supervisors, clarity regarding roles and goals, and personnel assignments, evaluations, and compensation that employees can understand and accept. Through dialogue, including 1-on-1 meetings, we will deepen mutual understanding of expected roles, goals, and results, thereby enhancing employees’ sense of growth and contribution.

Going forward, we will roll out initiatives to improve engagement that enhance employee well-being and promote employees’ growth and active participation through measures such as 360-degree feedback, internal internships, reviews of internal training and employee benefits, and reviews of personnel systems.

Trends in engagement scores

	Total Engagement Score	Job	Workplace	Company
FY2023	**3.68**	3.67	3.76	3.61
FY2024	**3.71**	3.68	3.76	3.68
FY2025	**3.76**	3.71	3.81	3.75

* Excluding employees hired at branch offices and temporary employees

Establishing a human resource portfolio which maximizes the contributions and performance of diverse talent

Optimization of human resource allocation

To establish the strong business portfolio set out in Nishimatsu-Vision 2035, we need to further expand the scale and domains of our core Civil Engineering and Building businesses, while establishing foundations for next-generation growth in businesses such as Environment and Urban Development and International.

Given the extremely small number of employees currently in their late 30s and 40s, expanding the scale of our core businesses will require us to secure not only sufficient numbers of people but also human resources with the capabilities we need. Expanding the domains of our core businesses and establishing foundations for growth businesses will also require different types of human resources, skills, and organizational structures from those traditionally required. To realize our corporate strategy, we will implement talent management by clarifying what kinds of human resources are needed in each business domain and strategically advancing recruitment, development, and personnel assignment.

Securing diverse human resources and promoting their active participation

To secure diverse human resources, we are strengthening our new graduate recruitment system, including enhancing the recruiter system, and in recent years have achieved our recruitment targets. For mid-career hiring, in FY2025 we

Materiality and initiatives under Medium-Term Management Plan 2028

Materiality	Major initiatives	Key KPIs	Target	Materiality solutions
Create systems that enable diverse human resources to play active roles with excitement	Active participation of diverse human resources Promotion of DE&I	Percentage of newly hired female employees (career-track positions)	20% or above	Enhance recruitment events
		Percentage of female managers	3.0% or above (FY2030)	Support the development and active participation of female employees
		Percentage of male employees taking childcare leave	100%	Promote men’s participation in childcare
		Number of mid-career hires	55 or more	Strengthen the mid-career hiring system
		Number of human resource data items visualized	15	Collect and organize various human resource data
		Participation rate in detailed examinations following regular health checkups	80% or above	Encourage detailed examinations and strengthen follow-up
	Self-directed career development	Engagement score for “career awareness”	Exceeding previous fiscal year levels (3.33)	Utilize self-reporting Operate the internal internship program
		Number of internal internship participants	5 or more	Promote awareness and use of the internal internship program
	Systems and culture that encourage employees to grow and take on challenges	Engagement score for “supervisor support for growth and taking on challenges”	Exceeding previous fiscal year levels (3.72)	Utilize self-reporting Deepen dialogue
		Engagement score of employees aged 60 and over	Exceeding previous fiscal year levels (3.77)	Clarify roles and support active participation
		Voluntary resignation rate	Less than 2.0%	Support retention and expand opportunities for dialogue
		Personnel assignments intended to develop management personnel	5	Systematically provide cross-divisional opportunities

Human Resource Strategy

established a recruitment system led by the Human Resources Department at the Head Office that spans business divisions, regional headquarters, and branches, and have strategically utilized increasingly diverse recruitment channels. Going forward, we will deepen information sharing to more effectively recruit human resources with the skills we need and continue building our human resource portfolio.

The active participation of diverse human resources is essential to the Company's sustainable growth. In particular, we regard promoting the active participation of female employees and career hires as priority issues.

The percentage of female managers at the Company remains low compared with peers, and given the current age composition of our female employees, we are not in a position to significantly increase the number of female managers in a short period. We therefore need an integrated approach combining recruitment and development with retention measures. Starting with our three internal women's committees for Civil Engineering, Building, and administrative and other functions, we will improve the work environment by enabling flexible workstyles, including removing the cap on the number of remote work days, considering and implementing retention measures, and promoting men's participation in childcare to change awareness throughout the Company. We will also consider and implement measures to support career development with women-specific life events in mind, increase flexibility in training schedules and formats, and support the development of female employees with future promotion to management in mind. We believe these measures will promote women's participation and advancement and also help increase the number of female hires.

For mid-career hires, we recognize that helping them quickly understand how work is conducted at the Company and strengthening connections across the organization are challenges. We will therefore create an environment in which they can fully demonstrate their capabilities and play active roles as Nishimatsu Construction employees from an early stage, including by providing internal training appropriate to their positions and opportunities for interaction within the Company during their first year of employment.

Fostering a corporate culture which enables employees to fully demonstrate their capabilities and willingness to take on challenges

Self-directed career development

The Company has long had systems for self-reporting and early appointment and promotion, but encouraging employees' desire for growth has remained a challenge. We believe that fostering a corporate culture in which employees proactively design their own careers in line with their life plans and values, while the Company supports their development and personnel assignments to help them realize those aspirations, is important for encouraging employees to grow and take on challenges.

In FY2025, we revised the self-reporting system to make the content more specific and focused on the medium to long term, and established a mechanism for using the reported information in the talent management system. Going forward, we will clarify career paths for human resources with specialized skills, establish internal internship opportunities, and develop mechanisms for reflecting employees' career aspirations in personnel assignments. In human resource development, we will connect individual growth to organizational value creation by expanding systems that support self-directed career development, including introducing voluntary training programs to encourage further learning, and by strengthening workplace development support so that employees can put what they learn into practice and embed it in their work.

Development of management personnel

We have established a management personnel development program to systematically develop human resources who will lead the Company in the future. Amid growing uncertainty in the business environment, we will accelerate the development of next-generation management personnel by providing employees selected at an early stage with advanced experience and opportunities, with the aim of continuously enhancing corporate value and ensuring management stability.

COLUMN

Trust. It's what we build.

Creating a more supportive workplace through dialogue in the women's committees



From left:
Nami Tokoro, Digital Construction Center
Riho Udagawa, Civil Engineering Planning Department, Kanto Civil Engineering Regional Headquarters
Hiroe Hamamatsu, Human Resources Development Department

We are working to create an environment in which each of our diverse human resources can fully demonstrate their capabilities. As part of this effort, we have established women's committees. These committees provide a forum for female employees to exchange views across differences in position and job function. Members have shared ideas and concerns about their work and workstyles and engaged in repeated discussions in an environment where they can speak openly. Although women's voices remain a minority within the Company, these discussions have led to specific improvements in workstyles, including revisions to the remote work system. We will continue these initiatives to support women's participation and advancement and create an even more supportive workplace.

WEB Health and Productivity Management initiatives
➡ https://www.nishimatsu.co.jp/eng/esg/social/kenko2019.html

Systems and culture that encourage employees to grow and take on challenges

To address the imbalance in our workforce age composition and changes in values, it is important to create an environment in which employees of all generations can work comfortably in line with diverse life plans and maximize their contributions according to their capabilities and motivation. In creating a more supportive work environment, we will respond to growing requests concerning work locations, the increase in dual-income households, and diverse values regarding living arrangements, while implementing measures, including Health and Productivity Management®,* to enhance employee well-being.

As a system to promote employees' active participation, we are considering a transition to a personnel system that more appropriately reflects results, contributions, expected roles, and capabilities in evaluations and compensation, regardless of age or experience. At the same time, we will expand opportunities for dialogue and improve evaluator skills to enhance each employee's desire for growth and willingness to take on challenges.

Health and Productivity Management Initiatives

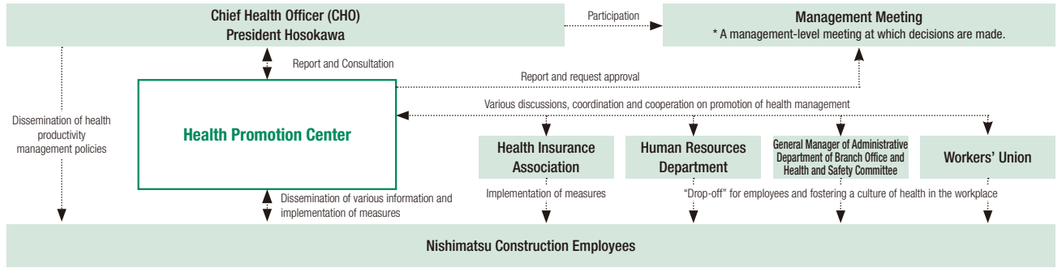
We believe that the well-being of employees is the source of energy for sustainable corporate growth, and that good health is the source of this well-being. To achieve this, we recognize that workforce loss due to illness is a management issue, and aim to improve productivity by preventing such loss. We are promoting Health and Productivity Management by combining measures aimed at improving employee health awareness from the four perspectives of physical health, mental health, health literacy, and long working hours, with measures in which medical professionals are directly involved with employees.

We are implementing a host of specific measures. These include providing subsidies for medical checkups (including optional examinations and similar subsidies are available for dependent spouses), encouraging employees to undergo detailed examinations following regular health checkups, providing subsidies for women's cancer screening, offering physical and mental consultations by medical staff, and providing free smoking cessation and sleep improvement programs. We were evaluated and certified as one of the 2026 Outstanding Organizations of KENKO Investment for Health (White 500), a certification promoted by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in recognition of the aforementioned measures and our continued improvement.

Based on the idea that the Company is responsible for supporting the health of employees, we will continue to promote health and productivity management by strengthening our occupational health system and taking measures to encourage employee awareness of health maintenance. We will focus on increasing the participation rate of detailed examination following regular health checkups.

* Health and Productivity Management® is a registered trademark of Non-Profit Organization Kenkokeiei

Promotion system chart



TOPIC

Supporting heatstroke prevention for on-site workers

As part of our heatstroke prevention measures, since June 2025 we have introduced Sigfox Canary, a communications-enabled wearable device jointly developed with Biodata Bank, Inc., at construction sites nationwide, further strengthening our efforts. Sigfox Canary estimates core body temperature and immediately alerts both the wearer and the supervisor when it detects an increased risk of heatstroke. It supports timely intervention and decisions to take breaks before a worker collapses rather than after the fact, enabling a prompt initial response. We are working to prevent heatstroke and reduce the number of incidents so that on-site workers, including those employed by partner companies, can work with peace of mind and return home safely.


Using Canary watches for heatstroke prevention

Technological & DX Strategy



Creating innovation by integrating AI with technologies we have cultivated

Hiromi Tsuboi Executive Officer, General Manager of Technology Strategy Unit

Review of Medium-Term Management Plan 2025 and Challenges

The Technology Strategy Unit, launched in April 2025 with the addition of the Technical Research Institute, has pursued technology development and DX promotion, focusing on productivity improvement through the integration of technologies and DX.

Regarding productivity improvements and labor savings through construction DX, a priority measure under Medium-Term Management Plan 2025, we made steady progress in developing component technologies that will support future construction production systems. Remote-control technologies, autonomous operation technologies, and the development of a digital twin platform are component technologies of Tunnel RemOS, our automated mountain tunnel construction system.

At the same time, fully establishing these achievements at construction sites and linking them to Company-wide productivity improvements and reduced workloads remains a challenge. As part of Workstyle DX that enhances engagement, we have also worked to reduce and standardize routine operations through the use of generative AI and data. While the foundation for promoting DX and using AI has advanced throughout the Company, the extent of use varies among departments, and many operations still rely on tacit knowledge. To address this, standardizing data and knowledge and converting tacit knowledge into explicit knowledge are urgent priorities. Going forward, the challenge is to promote DX and use AI in ways designed to transform operations and generate results, rather than making the introduction of new technologies an end in itself, and to ensure that these practices take root.

Materiality and Medium-Term Management Plan 2025 priority measures

Materiality	Materiality solutions	Priority measures	Initiatives	KPI initiatives	Achievement
Realize a society for people with safety and vibrancy	Preserve the environment and biodiversity while realizing a circular economy through business activities	• Develop environmental technologies to create new value • Develop new technologies for preserving and coexisting with the natural environment	Conducting of joint research and development with industry, government (communities), and academia that contributes to SDGs-driven solutions to environmental issues	• Testing of at least five environmental technologies aimed at decarbonization and resource circulation • Acquisition of at least two basic technologies related to environmental preservation and restoration	😊 😊
Create an organization that can maximize on-site capabilities	Turn the on-site knowledge of individuals into organizational knowledge	Construction management and construction DX that can predict and respond to the future of work	Implementation of measures to convert tacit knowledge into explicit knowledge (e.g., temporary tunnel facility layout planning and knowledge videos)	Number of projects converting tacit to explicit knowledge (2 projects/year)	😊
Advance technological strategies that lead to safety and excitement	Engage in technological development that looks to the future	• Establish architectural environmental technologies aimed at improving comfort • Build resilient national infrastructure and extend the lifespans of infrastructure and buildings/ Establish maintenance and management technologies	• Realizing of highly satisfactory buildings e.g. Zero Energy Building (ZEB) that combine comfort and energy efficiency • Realizing of medium- and large-scale wooden buildings • Establishment of bridge renewal (road slab replacement, etc.) technology • Establishment of tunnel renewal (lining refurbishment, etc.) technology	• Demonstration testing of ZEB-related advanced technologies completed, design method establishment 100% complete • Improvement/practical application of developed construction method (two-directional timber frame) more than 50% achieved (scheduled for completion in FY2027) • Road slab replacement technology (cutting and removal, lifting and installation, joint joining) 100% established • Road tunnel (arch/invert) restoration technology 100% established	😐 😀 😊 😐
	Increase construction efficiency through technological development and utilization	Improve productivity and promote labor savings through construction DX	• Development of automated and unmanned mountain tunnel construction systems (remote-control technology for major operations) • Development of automated and labor-saving construction system for shield tunneling	• Simultaneous remote-control technology for multiple machines 100% established • Construction of system that allows one person to centrally manage and remotely operate multiple machines more than 50% achieved (scheduled for completion in FY2027)	😀 😊
Create systems that enable diverse human resources to play active roles with excitement	Provide environments in which everyone can work with a sense of fulfillment and demonstrate their abilities	Workstyle DX that enhances engagement	Implementation of measures to guarantee job comfort and job satisfaction and thereby increase efficiency (using generative AI and data)	Number of projects that lead to work style and business reforms (5 projects/year)	😊

Digital Transformation Certification
Certified in July 2022

The DX certification system certifies that a company is ready to transform its business digitally (DX-Ready), including the formulation of a vision and the development of a strategy and system for realization of DX.

WEB See the Company's website for details (Japanese only)
➡ https://www.nishimatsu.co.jp/dx/

Technological & DX Strategy and Priority Action Items under Medium-Term Management Plan 2028

Toward realizing our vision of becoming "the most attractive general contractor," in addition to strengthening the technology development capabilities we have cultivated, we have placed "Improve productivity using technologies and DX, and humans and AI" and "Create new value that contributes to the realization of a sustainable society" at the core of our technological strategy. In particular, to reduce labor requirements, we will reallocate the time and human resources freed up through DX promotion and AI use to production departments and growth domains. By integrating AI with the technologies we have cultivated, we will create innovation, provide an environment in which employees can demonstrate their capabilities, and also increase engagement.

Improve productivity using technologies and DX, and humans and AI

We will promote the streamlining and automation of construction work through technology development, streamline business processes using core business systems, and improve the efficiency of on-site work and administrative operations. To address challenges such as insufficient on-site implementation of developed technologies and the adoption of new technologies, we will consistently and comprehensively advance initiatives from technology development through on-site application, standardization, and Company-wide deployment. We will also promote business transformation using generative AI and AI agents to significantly improve the efficiency of administrative departments and indirect operations. In addition, we will improve work efficiency by promoting the use of generative AI and advancing AI-enabled citizen development. By transforming into an organization designed around AI use, we will free up personnel in administrative departments and reallocate them to production departments and growth domains, thereby helping streamline the organization and maximize the value of human resources.

Create new value that contributes to the realization of a sustainable society

We will enhance renovation and renewal technologies for aging social infrastructure such as tunnels and bridges, thereby increasing the value of public infrastructure and contributing to the development of safe and sustainable social infrastructure. We will also work to create new value using wooden buildings, environmentally friendly materials, and other solutions. We will advance the implementation of technologies for mid- to high-rise wooden buildings and the development of hybrid structural technologies, contributing to the realization of a decarbonized society and creating new market opportunities. In addition, we will develop technologies that help solve issues faced by customers and local communities and provide new value with technology as the starting point. We will promote technology development that addresses social issues specific to each region, including disaster prevention and mitigation, decarbonization, and environmental preservation, and provide new value that helps solve issues faced by customers and local communities.

Medium- to Long-Term Value Creation Model Through Technologies and DX

Improve productivity using technologies and DX, and humans and AI
- Developing technologies to streamline and automate construction work
- Using mission-critical operation systems to streamline business processes
- Promoting the use of generative AI and advancing AI-enabled citizen development to improve work efficiency

×

Create new value that contributes to the realization of a sustainable society
- Renovating public infrastructure to enhance its value
- Creating new value with wooden buildings, environmentally friendly materials, etc
- Creating new value by solving local issues

OUTCOME | Our Vision
Achieving One of the highest added value per employee figures among general contractors × One of the highest engagement scores among general contractors

Materiality and Medium-Term Management Plan 2028 priority measures

Materiality	Materiality solutions	Priority measures	Initiatives	KPI for initiatives
Advance technological strategies that lead to safety and excitement	Increase construction efficiency through technological development and utilization	Improve productivity using technologies and DX, and humans and AI	• Unmanned and automated mountain tunnel construction • Reduce labor requirements and workloads in shield tunnel construction • Improve productivity through Company-wide streamlining measures, including the use of DX tools and external human resources	• Integrate individual systems and partially automate them by FY2027 • Establish component technologies to streamline work and reduce labor requirements by FY2028 • Improve productivity to 1.11 times the FY2024 level by FY2028
	Engage in technological development that looks to the future	Create new value that contributes to the realization of a sustainable society	• Advance tunnel renovation and accelerate construction by using precast linings and inverts • Improve on-site productivity, economic efficiency, and seismic performance of mid- to high-rise wooden building construction methods • Proactively adopt environmentally friendly materials to strengthen competitiveness • Collaborate with local communities through technologies that solve regional issues	• One on-site implementation by FY2028 • Apply two-direction moment-resisting frames to an actual project by FY2027 • Two on-site implementations of environmentally friendly materials by FY2028 • Two collaborations with local communities by FY2028
Create systems that enable diverse human resources to play active roles with excitement	Provide environments in which everyone can work with a sense of fulfillment and demonstrate their abilities	Promoting the use of generative AI and advancing AI-enabled citizen development to improve work efficiency	Citizen development of AI agents used in their operations	Create workforce capacity equivalent to 20% of administrative staff through AI by FY2028

Technological & DX Strategy

Case Study 1: Initiatives Toward Automation and Unmanned Construction of Mountain Tunnels

With a view toward the realization of Nishimatsu-Vision 2035, the Technical Research Institute is taking the initiative in the development of unmanned construction technologies and digital twin technologies to considerably increase the safety and productivity of mountain tunnel construction work.

Mountain tunnel digital twin platform

We are working to construct a mountain tunnel digital twin platform. It will integrate data about the position and attitude of heavy equipment excavating tunnel faces, equipment operation status, environmental data, facility operation status, and the vital data of workers in real time, opening the way toward the comprehensive management of entire worksites. In the future, we will simulate optimal construction processes in virtual spaces based on the shapes of post-blast rock debris and other spatial information. We will then feed the results back into the actual Tunnel RemOS and introduce physical AI to control heavy equipment, thereby achieving fully automated mountain tunnel construction.

Received an excellence award in the infrastructure DX awards

This platform received an Excellence Award in the FY2025 Infrastructure DX Awards presented by the Ministry of Land, Infrastructure, Transport and Tourism. It was recognized for integrating real-time site data with 3D models to enable more advanced construction management and faster decision-making. We will continue to contribute to improving productivity and enhancing safety in the construction industry through the implementation of digital technologies in society.



Mountain tunnel digital twin platform

Case Study 2: Initiatives Toward Realizing Mid- to High-Rise Wooden Buildings

Obtained structural evaluation from the Building Center of Japan for a model plan using a hybrid timber-steel frame

In recent years, mid- to high-rise wooden buildings have attracted attention against the backdrop of efforts to promote the use of forest resources and the spread of high-strength engineered wood products. Regulatory rationalization is also progressing through legal revisions to facilitate the construction of mid- to high-rise wooden buildings.

Against this backdrop, we are advancing initiatives to realize mid- to high-rise wooden buildings. In 2025, in collaboration with ITOCHU Corporation, we constructed a five-story wooden dormitory that is a fire-resistant wooden building. This property was the first in Japan to apply the P&UA construction method,[*1] a high-performance, earthquake-resistant frame construction method for mid- to high-rise wooden buildings that received plan evaluation in October 2022.

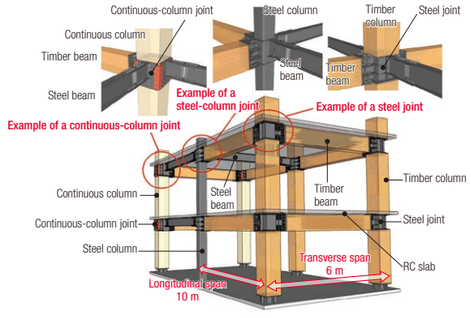
The method applies the newly developed GIUA[*2] glued-in steel rod connection method to column-beam joints, dramatically improving seismic performance compared with conventional wooden buildings. The property also uses domestically produced Japanese cedar and cypress structural glued laminated timber for the columns and beams that form the timber moment-resisting frame.

Following completion of this first mid- to high-rise wooden building, we are pursuing further technology development to promote wider adoption of the construction method. We expanded the P&UA construction method from a one-direction moment-resisting frame to a two-direction moment-resisting frame that enables more flexible spaces. We also developed a hybrid timber-steel frame using steel members for some columns and beams, and obtained structural evaluation from the Building Center of Japan on October 10, 2025, for a model plan for an 11-story office building. For this model plan, in addition to extending the GIUA glued joint method to two-direction moment-resisting frames, we newly developed sleeved joints for timber beams and shear reinforcement using carbon fiber or structural plywood at the timber beam end joints of the moment-resisting frame. We also adopted a continuous-column joint method on the upper floors to improve erection efficiency and reduce building weight.

In recent years, the use of seismic damping structures has attracted attention in office buildings and other buildings requiring business continuity in order to secure even greater seismic performance. We are developing a seismic damping method using CLT[*3] (cross-laminated timber), a new engineered wood product expected to be used in mid- to high-rise buildings. Through the development and application of this method, we aim to create proprietary added value and strengthen our proposal capabilities for mid- to high-rise wooden buildings. Going forward, we will use the design and construction know-how for wooden buildings gained through actual projects to further promote the adoption of mid- to high-rise wooden buildings.



Rendering of the exterior of the 11-story office building for which structural evaluation was obtained



Conceptual image of a hybrid timber-steel frame

[*1] Joint development of the construction method with the P&UA Construction Method Joint Technology Development Group, represented by ICHIURA Housing & Planning Associates Co., Ltd.
[*2] GIUA is an abbreviation for Glued in Unbonded Anchor.
[*3] CLT is an abbreviation for Cross Laminated Timber.

Intellectual Property Management

Intellectual property embodies our corporate creativity and technological expertise and is an important management resource that supports sustainable competitiveness. By appropriately protecting its value and making maximum use of it, we support business growth while working to enhance trust from society and customers. We also position intellectual property strategically and aim to enhance corporate value over the medium to long term through future-oriented value creation and innovation.

Intellectual property activity system

We regularly convene the Invention Committee, which consists of persons responsible for each technical field and for intellectual property. The Committee confirms intellectual property policies and shares the status of applications and rights acquisition as well as progress in activities. By discussing response policies for issues and promoting intellectual property activities across the Company, we have established a system for prompt and appropriate decision-making.

Promotion of IP activities

Working in collaboration with our business and R&D departments, we strategically protect construction technologies developed at worksites and the results of R&D as intellectual property. By actively utilizing these assets, we secure competitive advantages in existing businesses while creating new business opportunities and expanding our business domains.

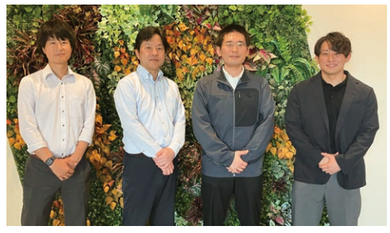
IP personnel training

We are expanding the scope of our activities from obtaining patents to the comprehensive use of intellectual property, including designs, trademarks, and copyrights. Furthermore, in light of the expanding use of generative AI, we are strengthening education on managing risks related to copyrights and the use of characters, while improving employees' intellectual property literacy and creating an environment in which they can take on challenges with peace of mind.

COLUMN

Trust. It's what we build.

Promoting AI development, testing, and production deployment across operations



From left:
Makoto Suzuki, Hirofumi Matsunaga, Hidenori Iwakuni, Shiori Ishii AI Promotion Department

The AI Promotion Department, established in April 2026, has begun dialogues with each department focused not on introducing technology itself, but on "how to change the way work is done." We are taking inventory of Civil Engineering, Building, General Affairs, and secretarial operations, and repeatedly moving from examining where AI can be applied to developing, testing, and deploying AI in production. Through these dialogues, we find it challenging to articulate the tacit knowledge embedded in employees' work and structure it in a form that can be entrusted to AI, but we find it rewarding when people on the front lines tell us that their work has become easier. Understanding business operations is just as essential as technology for producing results with AI. With technology advancing rapidly and requiring continuous learning, we will continue to learn and share the knowledge we accumulate throughout the Company.

Domestic Civil Engineering Business



Expanding the business and improving profitability through the optimal allocation of management resources, including a focus on projects with growth potential

Masakazu Namba Senior Managing Officer,
General Manager of Civil Engineering Division and Safety & Environment Division



Business Environment

- Steady investment supported by disaster prevention and mitigation initiatives, national resilience measures, and efforts to strengthen defense facilities
- Growing use of Design-Build (DB*1) and Early Contractor Involvement (ECI*2) methods for public works, as well as new technologies and construction methods
- Labor shortages, overtime regulations, and rising prices of materials and equipment

Strengths

- Diverse technical human resources with a strong ability to develop social infrastructure
- Advanced construction technologies and many accomplishments in the fields of construction in mountains, shield tunnels and dams
- Strong relationships within the Nishimatsu Subcontractor's Network (N-NET)

Risks

- Shortage of engineers and skilled construction workers due to the aging of the workforce and the decreased number of young people entering the industry
- Reduced competitiveness caused by slow adaptation to technological innovation
- Increase in construction costs due to rising material prices, labor expenses, etc.

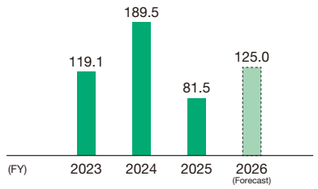
Opportunities

- Increase in demand for infrastructure renovation
- Increase in demand for infrastructure development aimed at disaster prevention and mitigation, as well as for disaster response
- Technology development for improving productivity and safety

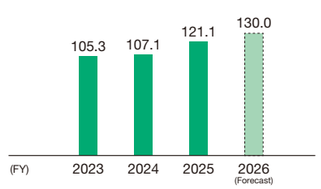
Materiality and priority measures under Medium-Term Management Plans 2025 and 2028

	Materiality	Materiality solutions	Priority measures	Initiatives	KPI initiatives	Achievement
Medium-Term Management Plan 2025	Realize a society for people with safety and vibrancy	Create new value that brings together diverse capabilities based on strengths accumulated through social infrastructure development	Strengthen personnel and organizational capabilities	Strengthen bidding departments and streamline and advance proposals	Percent of bids for comprehensive evaluation projects that are successful	😊
		Create environmentally friendly, resilient communities	Take on challenges in new fields	• Develop and improve technologies for tunnel lining refurbishment • Promote the development of technologies for road slab replacement • Take part in offshore wind power generation projects	• Rate of progress in the development of tunnel lining refurbishment technologies • Rate of progress in development of road slab replacement technologies • Number of initiatives for receiving orders for offshore wind power generation projects	😊
	Advance technological strategies that lead to safety and excitement	Increase construction efficiency through technological development and utilization	Develop new production systems	Promote smart construction sites utilizing DX	Rate of progress in the development of automated and unmanned construction technologies	😊
		Develop technologies with an eye to the future				
Medium-Term Management Plan 2028	Realize a society for people with safety and vibrancy	Create new value that brings together diverse capabilities based on strengths accumulated through social infrastructure development	Focus on projects with growth potential in which we have strengths	Enhance initiatives regarding tunnels, shield tunnels, dams, and renewal work	Percentage of net sales by type of construction work • Tunnel • Bridges and viaducts • Other civil engineering (public sector) • Railways, pipelines, etc.	
	Create an organization that can maximize on-site capabilities	Build an organization that can continually improve its trusted on-site capabilities	Strengthen personnel and organizational capabilities	• Strengthen the sales organization (expand capacity and improve information gathering and sharing)	• Project volume	
				• Strengthen and streamline bidding capabilities (expand capacity and adopt and advance AI technologies) • Strengthen competitiveness (reinforce design functions and collaborate with companies in other industries, including through potential M&A)	• Total value of bids submitted for comprehensive evaluation projects • Percentage of technical proposals ranked first • Total value of orders received for comprehensive evaluation projects	
				• Strengthen construction delivery systems and organizational capabilities (optimize personnel allocation and organizational efficiency, establish development systems, and secure supply chains that support productivity improvements)	• Construction output per on-site employee	
	Advance technological strategies that lead to safety and excitement	Increase construction efficiency through technological development and utilization	Advance technology development in growth areas and initiatives related to project delivery methods	• Establish and implement automation technologies for tunnel, dam, and site preparation work, and construction technologies for road slab replacement and tunnel lining refurbishment (in collaboration with the Technology Strategy Unit) • Promote initiatives related to DB and ECI methods	• Number of on-site implementations • Number of DB and ECI projects pursued	
		Develop technologies with an eye to the future				

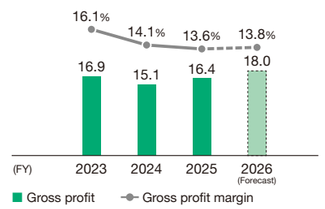
Orders received (non-consolidated) (Billions of yen)



Net sales (non-consolidated) (Billions of yen)



Gross profit/Gross profit margin (non-consolidated) (Billions of yen)



Review of Medium-Term Management Plan 2025

In FY2025, we controlled order intake to balance our construction workload. However, steady progress on projects already under way led to the completion of many projects, while higher additional contract value secured through design changes also contributed to year-on-year increases in net sales and gross profit. Over the three years of Medium-Term Management Plan 2025, we secured large projects including tunnel and dam construction, land readjustment projects, site preparation for airport construction, and viaduct construction for the Linear Chuo Shinkansen. As a result, the three-year averages for orders received, net sales, and gross profit met the targets set in the Medium-Term Management Plan.

On the other hand, our initiatives in road slab replacement work and design-build projects, which had been identified as priority measures, did not deliver the results we had expected. However, technology development for road slab replacement and the automation of tunnel construction progressed as planned.

New Strategies and Priority Measures under Medium-Term Management Plan 2028

Under Medium-Term Management Plan 2028, our first priority measure is to "Focus on projects with growth potential in which we have strengths." We will strengthen our efforts in renewal work, including road slab replacement, where continued growth is expected; mountain and shield tunnel construction, where we have strengths; public works projects, including dams; and power and railway construction. Under the second priority measure, "Push forward with the development of technology in growth domains and initiatives related to methods for receiving orders," we will accelerate the development and improvement of automation technologies for tunnels and other construction work, as well as the deployment of road slab replacement technologies at construction sites. We will also actively bid for projects using the DB and ECI methods as we expand into new fields such as bridges and diversify our project delivery methods. Under the third priority measure, "Strengthen personnel and organizational capabilities," we will reinforce our bidding and design departments and expand collaboration with external partners to deliver the measures described above. We will also promote DX to raise productivity, improve construction efficiency and quality, secure supply chains, and strengthen our construction delivery capabilities.

Through these measures, we will allocate management resources optimally to expand the business and improve profitability.

[*1] DB method: A single contract covering design and construction
[*2] ECI method: A project delivery method in which contractors participate from the design phase of construction projects to provide technical collaboration

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From left:
Kiyotaka Hada, Momoka Sugiyama, Aiko Kataoka, Nobuki Nagaoka Yokohama Shonan Road Construction Site Office

World's first successful underground connection of large-diameter shield tunnels using cuttable segments

During shield tunnel construction for the Yokohama Shonan Road Tunnel construction, two shield machines advanced separately. Machine No. 2, following behind, then cut diagonally into the cuttable segments of the tunnel excavated by Machine No. 1 to form an underground connection. The method improves construction efficiency, but is extremely challenging because the connection is made by boring into an existing tunnel. This was the world's first application of cuttable segments to the underground connection of large-diameter shield tunnels. Drawing on extensive R&D and verification testing, together with the technological capabilities we have cultivated, we overcame a series of difficult challenges and safely completed the connection. Difficult construction work remains, but the entire team will continue working together to complete the project as early as possible.

Domestic Building Business



Improving productivity and developing human resources to expand the business and establish a highly profitable structure

Kazutoyo Hamada Senior Managing Officer, General Manager of Building Division



Business Environment

- Labor shortages, rising labor costs and material prices, and difficulties in securing materials due to geopolitical risks
- Growing social acceptance of passing on higher costs through price increases
- Increasing need to improve productivity due to tighter working-hour regulations and an increase in the number of days construction sites are closed

Strengths

- The ability to bring together our strengths in the areas of sales, planning, design, and construction to successfully complete projects
- Strong quality management capabilities that ensure quality control and assurance through a seamless workflow from design to construction and after-sales service
- Provision of buildings and services that exceed customer expectations

Risks

- Increased cost of construction driven by the increasing cost of materials and labor
- Supply chain constraints resulting from strong construction demand
- Shortage of engineers and skilled construction workers due to the aging of the workforce and the decreased number of young people entering the industry
- Decreased competitiveness due to a delayed response to technological innovation
- Increased cost of defect remediation due to higher quality requirements and the increasing expectations of society

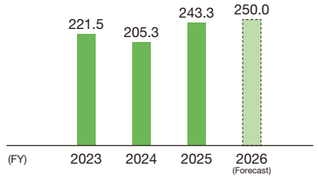
Opportunities

- Increased construction investment in semiconductor-related plants and data centers
- Increased demand for advanced logistics facilities and cold chain-related facilities
- Acceleration of large-scale redevelopment projects in the Tokyo metropolitan area
- Diversification of social issues and customer needs, including those related to environmental and decarbonization initiatives and the promotion of well-being

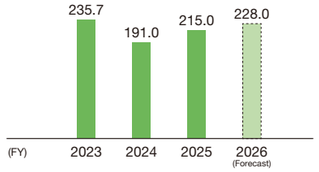
Materiality and priority measures under Medium-Term Management Plans 2025 and 2028

	Materiality	Materiality solutions	Priority measures	Initiatives	KPI initiatives	Achievement
Medium-Term Management Plan 2025	Realize a society for people with safety and vibrancy	Create new value that brings together diverse capabilities based on strengths accumulated through social infrastructure development	Establish differentiating factors in priority fields	Data center initiatives	Data center order amount	😊
		Create environmentally friendly, resilient communities	Improve capabilities to develop plans and proposals	Mid- to high-rise wooden building initiatives	Number of wooden construction initiatives	😊
	Put in place partnerships that can maximize value creation	Cooperate with regional communities and companies toward the creation of new value	Fully utilize internal and external relationships to engage in sales	Collaboration with partners in different industries (ITOCHU Group, etc.) initiatives	Collaboration with partners in different industries (ITOCHU Group, etc.) project order amount	😐
	Advance technological strategies that lead to safety and excitement	Increase construction efficiency through technological development and utilization	Develop new production systems	BIM initiatives	• Rate of BIM introduction at each phase • Number of packages introduced utilizing BIM	😊
Medium-Term Management Plan 2028	Realize a society for people with safety and vibrancy	Create new value that brings together diverse capabilities based on strengths accumulated through social infrastructure development	Focus on domains where the market is growing and fields where we have strengths	Data center initiatives	Net sales	
				Expand market share in the Chubu area	Orders received from manufacturers in the Chubu area	
	Create an organization that can maximize on-site capabilities	Build an organization that can continually improve its trusted on-site capabilities	Develop and secure human resources	Accelerate the development of next-generation site managers	Number of newly appointed site managers	
				Develop specialists	–	
				Develop and retain MEP engineers	Number of career hires	
	Advance technological strategies that lead to safety and excitement	Increase construction efficiency through technological development and utilization	Improve productivity	Improve on-site operations	Construction output per on-site employee	
				Strengthen front loading		
		Engage in technological development that looks to the future		Push forward with the use of BIM	Number of worksites using BIM for front loading	

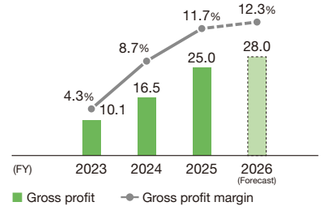
Orders received (non-consolidated) (Billions of yen)



Net sales (non-consolidated) (Billions of yen)



Gross profit/Gross profit margin (non-consolidated) (Billions of yen)



Review of Medium-Term Management Plan 2025

In FY2025, steady implementation of the Earnings Improvement Plan set out in Medium-Term Management Plan 2025, together with successful efforts to secure design changes and improve profitability, led to increases in both net sales and gross profit. Orders received exceeded the initial plan, driven by the award of large-scale redevelopment projects.

In the data center field, a priority area for the Company, we are building technical expertise and knowledge through our first large-scale project and strengthening our design capabilities. For mid- to high-rise wooden buildings, construction has begun on the second project using the P&UA construction method, jointly developed through a collaborative project involving industry, government, and academia. The project uses a hybrid two-direction moment-resisting frame to combine seismic performance with economic efficiency. We will also verify the comfort benefits that wooden buildings can bring to the workplace, with the aim of delivering high added value.

Meanwhile, reassessing project plans and preventing schedule delays remain key challenges for urban redevelopment projects and some private-sector construction projects amid rising construction costs and supply chain constraints.

New Strategies and Priority Measures under Medium-Term Management Plan 2028

We will focus on production facilities, data centers, and office buildings, where market growth is expected, as well as logistics facilities, where we can leverage our strengths. In the Chubu area, where we see substantial room for growth relative to the size of the market, we will step up sales activities centered on the Chubu Regional Headquarters established last fiscal year, aiming to increase orders received.

Improving productivity and developing human resources are key priorities for expanding the business and establishing a highly profitable structure. To raise productivity, we are pursuing the standardization, streamlining, and outsourcing of on-site operations. We will categorize tasks, clarify the roles of our employees, and optimize personnel allocation through practical trials, helping to build a leaner organization. We will also strengthen front loading and reform site management methods to handle the growing number of large-scale projects. In addition, we will accelerate the use of BIM to create a single integrated model from design through construction, improving design quality and streamlining shop drawing work. In human resource development, we will accelerate the development of next-generation site managers by providing structured opportunities to build site-management experience and expanding support systems. We will also take on mid- to high-rise wooden and landmark building projects, fostering pride in craftsmanship and working to increase employee engagement.

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From left:
Manabu Sato, Yasutaka Nishida Tamagawa SCS Site Office

Making BIM-based site management the standard

At this site, where we are constructing a multi-purpose sports facility, we have actively used BIM since construction began, refining our approach through repeated experimentation. This has enabled us to visualize and streamline construction planning and scheduling, while also helping to resolve on-site issues and improve communication among stakeholders. In addition, by integrating BIM with other DX technologies and enhancing its visualization capabilities and practical utility, we have created a system that anyone can use, regardless of technical expertise. These efforts have impressed external stakeholders and younger employees alike, and earned the top award in an international competition for digital construction planning.* We will continue to advance our use of technology, with the aim of making BIM-based site management the standard at Nishimatsu Construction.

* SitePlan Awards, a 4D simulation competition using cmBuilder, a cloud-based construction planning support tool hosted by Canadian company CadMakers.

International Business



Strengthening cost competitiveness overseas by securing and developing human resources and rebuilding the customer portfolio

Kozo Kusano Executive Officer, General Manager of International Division



Business Environment

- [Civil Engineering Business] Increasing construction investment and demand for ODA projects in Asia, and expanding business opportunities through PPPs that utilize private-sector funding
- [Building Business] Intensifying competition amid declining investment by Japanese companies, with ASEAN remaining a priority market and India emerging as a new medium- to long-term growth opportunity

Strengths

- Diverse technical human resources with a strong ability to develop social infrastructure
- Construction technologies developed in the Domestic Civil Engineering and Building businesses
- Alliance partners (local JV partners)
- Customer base

Risks

- Occurrence of terrorist attacks in countries of operation, fluctuations in the political and economic climate, and the revision of laws or regulations
- Lower quality and productivity in the event that technical skills cannot be passed on

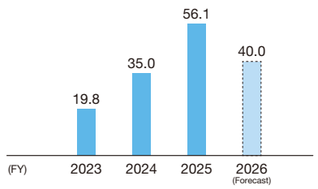
Opportunities

- Diversification of needs for construction-related services
- Advancement and Evolution of training systems to improve technical construction skills
- Investment by foreign companies

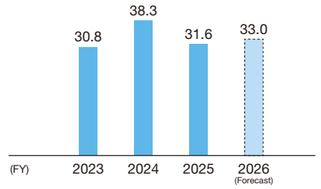
Materiality and priority measures under Medium-Term Management Plans 2025 and 2028

	Materiality	Materiality solutions	Priority measures	Initiatives	KPI initiatives	Achievement
Medium-Term Management Plan 2025	Create an organization that can maximize on-site capabilities	Turn the on-site knowledge of individuals into organizational knowledge	Expanding business at existing locations and securing stable profits	Promotion of localization • Human resource development • Remote management	Establish on-site management systems (Thailand)	😊
	Put in place partnerships that can maximize value creation	Cooperate with regional communities and companies toward the creation of new value		• Providing new services • Collaboration with engineering companies (one-stop solutions)	Number of building works conducted (including facility management)	😓
	Realize a society for people with safety and vibrancy	Create new value that brings together diverse capabilities based on strengths accumulated through social infrastructure development	Strengthen implementation structure for ODA construction projects	Building and strengthening implementation frameworks with local partners	Holding monthly joint venture executive meetings	😊
				Enhancing construction management systems • Strengthening safety and quality patrols by the Management Department • Regular meetings of civil engineering engineer committees in Japan	• Monthly patrols conducted • Number of patrols and meetings conducted at each site	😊
Medium-Term Management Plan 2028	Create an organization that can maximize on-site capabilities	Turn the on-site knowledge of individuals into organizational knowledge	Expanding business at existing locations and securing stable profits	Promote localization (Building Business)	Reduce the ratio of Japanese employees engaged in operations	
					Develop local human resources into management personnel	
				Establish organizations where local human resources play leading roles (Civil Engineering Business)	Operating income per Japanese employee	
	Put in place partnerships that can maximize value creation	Cooperate with regional communities and companies toward the creation of new value	Collaboration with engineering companies	Expand business fields through collaboration	Value of orders received in new business fields (food, medical, and electronics)	
	Realize a society for people with safety and vibrancy	Create new value that brings together diverse capabilities based on strengths accumulated through social infrastructure development	Strengthen implementation frameworks for ODA construction projects	Develop local key staff through OJT and assign them to key positions	Increase in the number of local key staff	

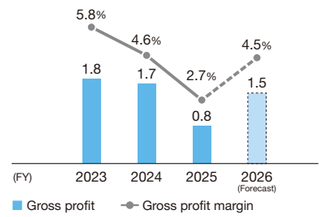
Orders received (consolidated) (Billions of yen)



Net sales (consolidated) (Billions of yen)



Gross profit/Gross profit margin (consolidated) (Billions of yen)



Review of Medium-Term Management Plan 2025

In FY2025, the segment showed a decrease in both sales and profits, with net sales down 17.5% year on year and gross profit down 51.1%. This was mainly attributable to delays in ODA projects we had expected to secure during FY2025, and to the postponement or cancellation of projects anticipated by subsidiaries in Thailand and Vietnam. In the Civil Engineering Business, under Medium-Term Management Plan 2025, we identified expanding the scale of ODA construction projects as a priority measure and were awarded Contract Package 105 of the Metro Manila Subway Project in the Philippines. Construction of Package 102, which is already underway, is also progressing smoothly in collaboration with our JV partner. In Bangladesh, however, we were unable to secure orders due in part to the change of government and will continue to closely monitor developments. In Singapore, we secured one tunnel construction project in 2024 and will continue working to win further orders. In the Building Business, one of our priority measures was to strengthen our framework for projects for foreign-owned companies. To this end, we promoted localization by stepping up the development of core staff and enhancing our quality management system. In Thailand, we completed construction of Grand Nikko Bangkok Sathorn in Sathorn, one of Bangkok's premier upscale districts, and the hotel held its grand opening in June 2026.

New Strategies and Priority Measures under Medium-Term Management Plan 2028

Under Medium-Term Management Plan 2028, the Civil Engineering Business will strengthen its focus on international competitive bidding and ODA projects, particularly tunnel projects, as well as infrastructure maintenance and repair. As priority measures, we will improve and stabilize earnings by establishing construction systems at an early stage and taking proactive steps to address delay risks. To implement these measures, we will focus on securing and developing human resources by developing the next generation of management personnel and promptly selecting and promoting younger employees. In the Building Business, centered on our two bases in Thailand and Vietnam, we will rebuild the customer portfolio with a focus on logistics warehouses, including refrigerated and frozen facilities, as well as growth sectors such as food, consumer products, and electronics. We will also strengthen the highly profitable building maintenance and renovation field, enhance our capabilities to serve foreign-owned companies and local projects, and develop new customers through one-stop services and collaboration with engineering companies. To strengthen cost competitiveness, we will enable local talent to play an active role while also considering entry into additional emerging markets, with the aim of improving profitability and expanding the business.

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Trust. It's what we build.



From left:
Thanita Participant in the 2025 Japan training program
Makoto Ishihara Building Management Department
Nutthanon Japanese-language learning coordinator

Pursuing sustainable growth through local employee development

In the ASEAN region, where we operate, medium- to long-term economic growth is expected, driven by population growth, urbanization, and rising infrastructure demand. Across the region, there is strong demand for Japanese technological expertise and quality management, making the development of local employees increasingly important. Through an academic partnership agreement with the Thai-Nichi Institute of Technology, we provide Japanese-language education to employees. Employees who reach a certain level are then enrolled in the Company's technical training under the "Co-Creation Promotion Program with Emerging Countries through Technical and Human Resource Cooperation (ODA)" administered by The Association for Overseas Technical Cooperation and Sustainable Partnerships (AOTS). By applying the skills and knowledge gained through the training in their work, we are pursuing sustainable growth in our International Business with local employee development as its foundation.

Environment and Urban Development Business



Leveraging the reorganization to strengthen business development capabilities through shared expertise and expand business opportunities by combining business domains, with the aim of increasing corporate value over the medium to long term

Hitoshi Kususako Executive Officer, General Manager of Environment and Urban Development Division



Business Environment

- The real estate market remains firm, while acquisition prices for new properties are also rising
- Rising material prices and labor costs have driven up construction costs, making it difficult to secure profitability in development projects
- As GX advances, the renewable energy and infrastructure markets are expected to expand over the medium to long term

Strengths

- Provision of integrated solutions covering planning, design, construction, and operational management across the Group
- Project management capabilities cultivated through social infrastructure development projects

Risks

- Declining profitability of the real estate sales and rental businesses due to the contracting real estate market
- Higher costs due to new environmental policies and stricter legal regulations; declining demand for properties not aligned with decarbonization

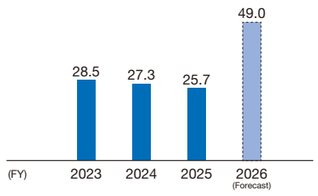
Opportunities

- Investment in assets aligned with market needs and the reinforcement of inflation-resistant businesses
- Medium- to long-term market expansion in renewable energy, resource recycling, and infrastructure
- Overseas renewable energy and PPP projects that are profitable and have strong growth potential

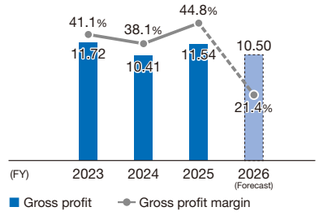
Materiality and priority measures under Medium-Term Management Plan 2025

	Materiality	Materiality solutions	Priority measures	Initiatives	KPI initiatives	Achievement
Asset Value-Added Business	Realize a society for people with safety and vibrancy	Connect the aspirations of the region and customers to create regions and communities that generate people's vitality	• In-house development business • Equity investment business • Overseas business	• Investment in growth fields asset strategy • Stable growth through high efficiency, risk diversification and carefully selected investments • Customer network creation	• FY2023-2025 Investment Recovery Plan (invest 110 billion yen and recover 40 billion yen for a net investment of 70 billion yen) • Create new business through the use of development know-how and connecting customers with each other	😊
			• Urban redevelopment projects • Land readjustment projects	• Establishment of a model for horizontal collaboration × cross-industry collaboration • Creation of businesses and promotion of existing projects leveraging Nishimatsu's expertise	• Business promotion through collaboration between the Asset Value-Added Business and the Construction Business • Secure revenue by utilizing new real estate made available through land readjustment and urban redevelopment projects	😟
			• Provision of high-quality asset management services to investors • Property management business	• Expansion of assets under management by Nishimatsu Asset Management Co., Ltd. • Strengthening of PBM functions of Nishimatsu Jisho Co., Ltd.	• Balance of assets under management • Hire and develop professional human resources with abundant experience	😊
		Create environmentally friendly, resilient communities	Responding to decarbonization	• Promotion of use/utilization of renewable energy at owned properties • Conformity of owned properties and projects implemented with the Company's proprietary environmentally friendly building specification standards	• Achieve 100% by FY2030 • Achieve a 60% conversion rate to ZEB and energy saving in leased buildings owned by FY2030	😊
Regional Environmental Solutions Business	Realize a society for people with safety and vibrancy	Preserve the environment and biodiversity while realizing a circular economy through business activities	Promote the formation of a decarbonized society	Renewable energy initiatives (small hydropower, solar power generation (PPA), geothermal)	Renewable energy power generation	😟
		Connect the aspirations of the region and customers to create regions and communities that generate people's vitality	Promote development and projects that contribute to revitalizing regions	Formation of regional community development projects	Number of regional community development projects	😟
		Create new value that brings together diverse capabilities based on strengths accumulated through social infrastructure development	Promote in-house project collaboration	Collaboration in RES and Construction (Civil Engineering, Building, International) businesses	Number of construction projects formed by FY2025	😊
	Put in place partnerships that can maximize value creation	Cooperate with regional communities and companies to create new value	Promote cross-industry collaboration	• Collaborative projects with other sectors • Formation of new business organizations through M&A	Number of new joint projects formed	😊

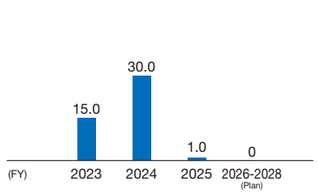
Net sales (consolidated basis) (Billions of yen)



Gross profit/Gross profit margin (consolidated basis) (Billions of yen)



Net investment (Billions of yen)



Review of Medium-Term Management Plan 2025

In the Asset Value-Added Business, in FY2025, net sales decreased 6.7% year on year, while gross profit increased 9.7%, resulting in lower sales but higher gross profit. Net sales declined due to lower revenue from property sales. Gross profit rose as strong results from property sales more than offset declines in the rental business and other areas. Under Medium-Term Management Plan 2025, we achieved some results through various facility development projects, including the opening of environmentally friendly offices, as well as overseas investments. At the same time, delays in acquiring new properties led to a shortage of income-producing properties, while rising material prices and labor costs pushed costs above plan.

In the Regional Environmental Solutions Business, in FY2025, net sales were 0.75 billion yen and gross profit was 0.19 billion yen, representing increases in both sales and profit. Stable operation of the biomass power generation business, which began operating in the previous fiscal year, contributed to higher earnings. Under Medium-Term Management Plan 2025, we achieved some results in the renewable energy business, but progress fell short of plan due in part to a deterioration in the external environment. In the community development business, we were unable to proceed with business investment because we did not make sufficient progress in establishing commercially viable business models. At the same time, we took on new challenges, including overseas projects in collaboration with the International Business Division and new businesses developed through partnerships with companies in other industries.

Materiality and priority measures under Medium-Term Management Plan 2028

Materiality	Materiality solutions	Priority measures	Initiatives	KPI initiatives
Realize a society for people with safety and vibrancy	Connect the aspirations of the region and customers to create regions and communities that generate people's vitality	Development projects and real estate investment Overseas business	Initiatives in inflation-resistant businesses Investment with a focus on exit strategies and capital efficiency	Investment and recovery plan for FY2026–FY2028 (Investment: 100.0 billion yen / Recovery: 100.0 billion yen / Net investment: 0 yen) Leverage our development expertise to create exciting assets (spaces that excite users)
		Urban redevelopment projects Land readjustment projects	Advance projects through collaboration with our construction divisions and by leveraging Nishimatsu Construction's expertise	Originate and advance projects in collaboration with our construction divisions Make effective use of new real estate assets created through redevelopment and land readjustment projects
	Create environmentally friendly, resilient communities	Decarbonization initiatives	Shift owned properties to renewable energy Ensure that owned properties and projects conform to the Company's Standard Specifications for Environmentally Friendly Buildings	Achieve 100% by FY2030 Make 60% of owned properties compliant with energy-efficiency standards by FY2030
	Preserve the environment and biodiversity while realizing a circular economy through business activities	Carbon neutrality	Solar power generation systems with BESS, small hydroelectric power generation systems, rooftop solar power PPAs, grid-scale batteries, community energy management, etc.	Annual renewable energy generation FY2030: 100,000 MWh
Put in place partnerships that can maximize value creation	Cooperate with regional communities and companies to create new value	Infrastructure PPP	Projects that help solve local infrastructure issues and fields where we can leverage our construction knowledge (transportation, water supply and sewerage systems, electric power facilities, treatment plants, etc.)	Projects in collaboration with industry, government, and academia FY2028: Investment decisions on two projects

Environmental and Urban Development Business





New Strategies and Priority Measures under Medium-Term Management Plan 2028

In FY2026, we integrated the Asset Value-Added Business Division and the Regional Environmental Solutions Business Division to establish the new Environment and Urban Development Business Division. Through this reorganization, we aim to increase corporate value over the medium to long term by leveraging the expertise and know-how of both divisions to strengthen our business development capabilities and create new business opportunities.

In the Asset Value-Added Business, with the real estate market remaining firm, we will work to build a strong portfolio for the future. New investments will focus primarily on core-plus investments that target both income and capital gains, thereby improving the profitability and efficiency of invested capital. We will also step up investment in inflation-resistant fields with room for growth, while pursuing collaboration with other companies and maintaining a balanced mix of core, core-plus, and value-adding investment strategies. In addition, by proactively investing in highly profitable overseas projects and strengthening the business foundations of subsidiaries, we will establish a stable portfolio with strong growth potential.

In the Regional Environmental Solutions Business, we will expand our businesses in renewable energy, resource recycling, and infrastructure in response to social issues such as decarbonization, the transition to a circular society, and the need to enhance the sustainability of local communities. While continuing our renewable energy and community development businesses in Japan, we will strengthen our efforts in overseas renewable energy and PPP projects, which offer strong growth potential. Leveraging the project management capabilities we have cultivated, we will strengthen our business development capabilities through collaboration with a wide range of stakeholders. By taking an integrated approach from concept development through implementation and operation, we will create attractive, environmentally friendly next-generation communities.

Construction Begins on the Type 1 Urban Redevelopment Project in the Itabashi Station West Exit Area



Architectural rendering

This redevelopment project is being undertaken around the west exit of Itabashi Station on the JR Saikyo Line. Nishimatsu Construction is serving as the designated project agent, responsible not only for construction but also for advancing the project and coordinating with stakeholders. The project aims to create a mixed-use urban district that brings together residential, commercial, and business functions. By developing safe and comfortable pedestrian spaces, plazas, and green areas, we will help revitalize the local community and create a new urban landscape.

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From left:
Hiroyuki Yanagisawa, Daisuke Shimada, and Yukio Masuda
Overseas Real Estate Business Development Department
Katsuya Ohashi Business Development Department

Contributing to the local community through our first large-scale overseas hotel development project

Grand Nikko Bangkok Sathorn in Bangkok, Thailand, is our first large-scale hotel development project overseas. The project was led by the Overseas Real Estate Business Development Department and constructed by Thai Nishimatsu Construction Co., Ltd. Through collaboration among Japanese companies, the hotel provides a high level of hospitality. The facility is also intended to help strengthen Bangkok's urban functions and contribute to the local community. Measures include a rainwater storage tank to reduce flood damage during torrential rain, a storage facility for emergency supplies, and use of the hotel as an evacuation shelter. Despite unforeseen events during construction, including earthquakes and conflicts, we placed the highest priority on safety and quality. Working with the companies involved, we prepared for the opening while focusing on creating a facility that would enhance customer satisfaction. The grand opening ceremony was successfully held in June 2026.

Projects in Collaboration with ITOCHU Corporation

1. Development of a Luxury Hotel in Hakone Gora

In Hakone Gora, we are developing The Okura Resort Hakone Gora, a luxury hotel that makes the most of the area's rich natural environment and hot spring resources. Developed and owned by Nishimatsu Construction and operated by Hotel Okura, the hotel is scheduled to open in 2029 as the first Okura Resort brand hotel in Japan. With all 58 guestrooms featuring open-air baths, the property is designed as a high value-added resort that takes full advantage of its location overlooking the mountains of Gora and is expected to generate sustainable earnings. In collaboration with ITOCHU Corporation, we are working to maximize the project's value by combining ITOCHU's development expertise with our construction and structural design capabilities.



The Okura Resort Hakone Gora

2. Creating Projects That Leverage Both Companies' Expertise in Overseas Development

We are jointly participating in a rental housing development project in the United States. Drawing on ITOCHU Corporation's extensive track record and expertise in the U.S. real estate business, the project progressed smoothly and was completed in 2025, with rental operations now underway.

In Southeast Asia, we are also considering projects that combine ITOCHU Corporation's track record and global network with Nishimatsu Construction's construction resources, leveraging the strengths of both companies.



Orlando rental housing development project, U.S.

3. Participation in the Queensland Rolling Stock Supply PPP Project in Australia

Under a contract with the Queensland Government, this project has involved the supply of rolling stock (75 six-car trainsets), construction of a rail depot, and maintenance services since 2014. Operations now focus on maintenance services such as train cleaning, inspections, and parts replacement. In 2024, the Company joined the project by acquiring a 50% share of the ITOCHU Group's equity interest in the project. This joint investment structure with ITOCHU Corporation has enabled stable project operations.

Building on the expertise gained through this project, we are collaborating with ITOCHU Corporation to combine the management resources and know-how of both companies and expand into renewable energy, battery storage, construction-related PPP projects, and other areas in Australia and other overseas markets.



Queensland rolling stock supply PPP project, Australia