

Nishimatsu Construction 150 Years of History

Since our foundation in 1874, and over Japan's period of rapid modernization, we witnessed the development of the nation and its society through the construction of public facilities, primarily roads, railroads, dams, and tunnels, at a number of "sites."

With this as our base, we will continue to undertake the challenge of realizing a better future starting from each and every "site."



1874 Foundation

1914

Received sole contract for construction of the 12th construction section of the Kyushu-Miyazaki Line. A fateful construction project.



Miyazaki Line Karanita Railway Bridge

1926

Constructed the Nippon Chisso Hiryo K.K. (Chosen Hydroelectric) Pujon River Power Plant waterway (3rd construction section) (4th construction section).



Pujon River Dam Concrete Construction in North Korea

1933

Constructed the Chosen Nagatsu River Hydroelectric Power Plant waterway and dam.



Galcheon Dam Under Construction During Winter (November 1935)

1937

Constructed the Chosen Yalu River Sup'ung Dam



Sup'ung Dam

1946

Constructed Japan's first rock-fill dam, Ishibuchi Dam, on the Kitakami River (Iwate Prefecture).



Ishibuchi Dam in Iwate Prefecture

1953

Constructed the Arase Dam (Kumamoto Prefecture), a model for mechanized construction.



Arase Dam a model for mechanized construction site

1960

Constructed a government office complex in Tokyo's Otemachi District.



Otemachi Government Office Complex Building No. 1

1962

Constructed the Lower Shing Mun Reservoir in Hong Kong.



Lower Shing Mun Reservoir in Hong Kong

1969

Constructed the Keiyo Railway Line's Haneda-Oki Tunnel using the world's first large-section slurry shield tunneling method.



Keiyo Railway Line's Haneda-Oki Tunnel

1971

Constructed the Hong Kong container yard. Received UK civil engineering international award.



Kwai Chung Container Yard in Hong Kong

1972

Constructed the Japanese-style annex to the State Guest House.



Japanese-style annex to the State Guest House

1984

Constructed an ultra-high-rise building in Thailand.



Shiva Tower

1986

Tsubayama Dam (Wakayama Prefecture) Received the Minister of Health, Labour and Welfare Award of Excellence.



Tsubayama Dam

1988

Constructed East Asia's tallest ultra-high-rise building in Singapore.



UOB PLAZA

1991

Constructed the Trans-Tokyo Bay Highway (Kawasaki artificial island west section construction, central tunnel Kawasaki artificial island north section).



Trans-Tokyo Bay Highway

1997

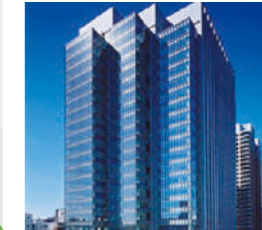
Constructed the Bangkok subway in Thailand.



Bangkok Subway

2000

Constructed J CITY TOKYO in Jimbocho.



J CITY TOKYO in Jimbocho

2003

The Company's first PFI project in Japan, participated in Esaka Minami Parking Service.



Esaka Minami Parking

2010

Musashi-Kosugi Station south exit district west block city area Category 1 Urban Redevelopment Project



Musashi-Kosugi Station South Exit District Redevelopment

2017

Started the Company's first commercial facility development and operation business, "hareno terrace."



hareno terrace

As of 2021

2022

Opened Hotel JAL City Toyama, the Company's first foray into the hotel business.



Hotel JAL City Toyama

Our Value Creation Activities “Rebuilding of social functions”

Transitioning from a construction-led business model to a cooperative business model that aims for regional and community development

Social and urban functions

Land readjustment projects and redevelopment projects are typically planned based on the relevant region’s comprehensive plan and disaster prevention plan, and are formed through public-private partnerships with the intent of solving issues faced by the region. We leverage our know-how and knowledge while soliciting and developing the optimal facilities in an effort to create communities that are beloved by their residents.

Disaster prevention and safety

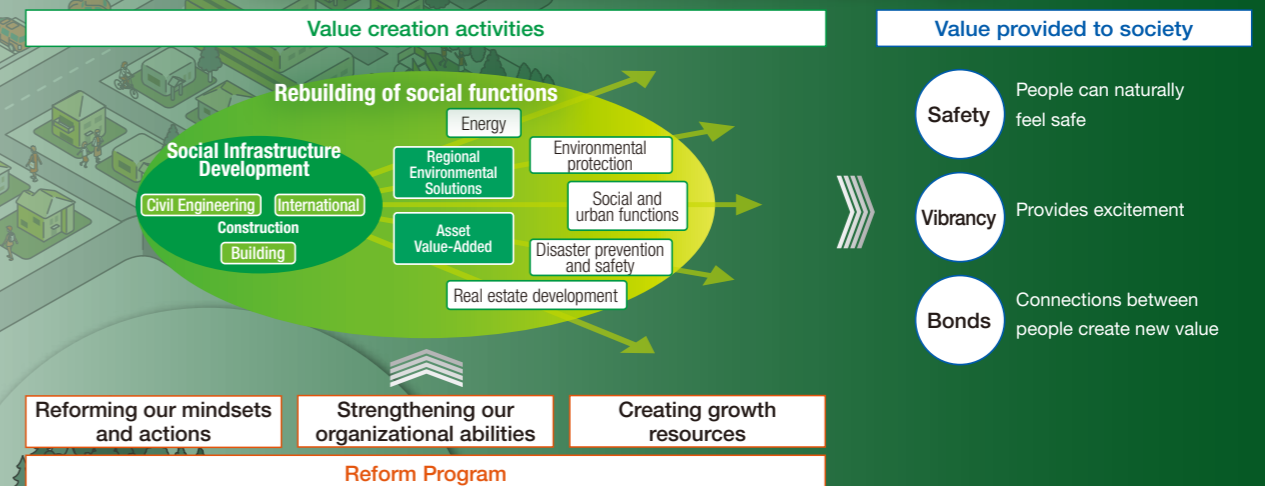
In response to torrential rains and other natural disasters, we seek to develop communities in which local residents can live with peace-of-mind, both during construction and after the start of operations. To achieve this, we apply our slope monitoring system (OKIPPA), rainfall measurement system (OKIPPA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

Real estate development

We will create living spaces that excite their users at a pace that matches the conditions of the community. And we will actively develop the offices, tourism and amusement facilities, lifestyle support facilities, data centers and logistics facilities, student and employee dormitories, and facilities for the elderly that we have defined as priority facilities.

Value Creation Activities and Reform Program

We will expand our value creation activities from developing social infrastructure to rebuilding social functions, providing security, vibrancy and bonds between people. To promote value creation activities, we will implement a Reform Program.



Energy

We strive to reduce the environmental impact of the facility developments in which we are involved by generating clean energy within these facilities, whenever possible, for the power they use. In addition to our solar panel-based PPA, collective electricity receiving, and small-scale biomass power generation systems, we will enable cutting-edge facilities in a way that embraces collaborations with partner companies involved in various areas of research.

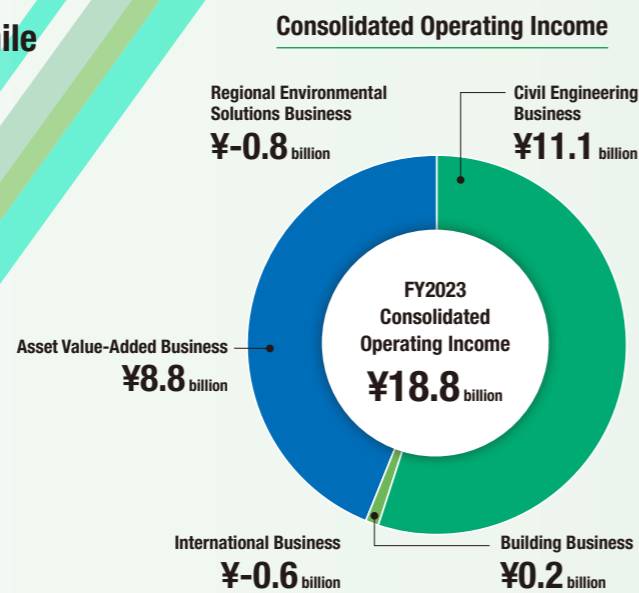
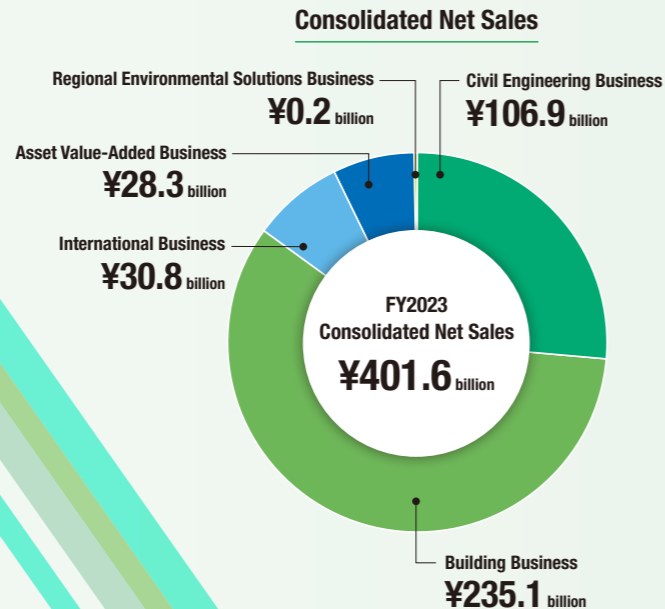
Environmental protection

As part of community and facility development, we work to conserve energy (utilizing ZEB), use green energy from the local area, and consider harmony with the surrounding environment by taking into account appearance and greenery. Moreover, we select construction methods and heavy equipment with the goal of reducing CO₂ emissions during construction, and aspire to construction that benefits the Earth.

At a Glance

Corporate Philosophy

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



ROE

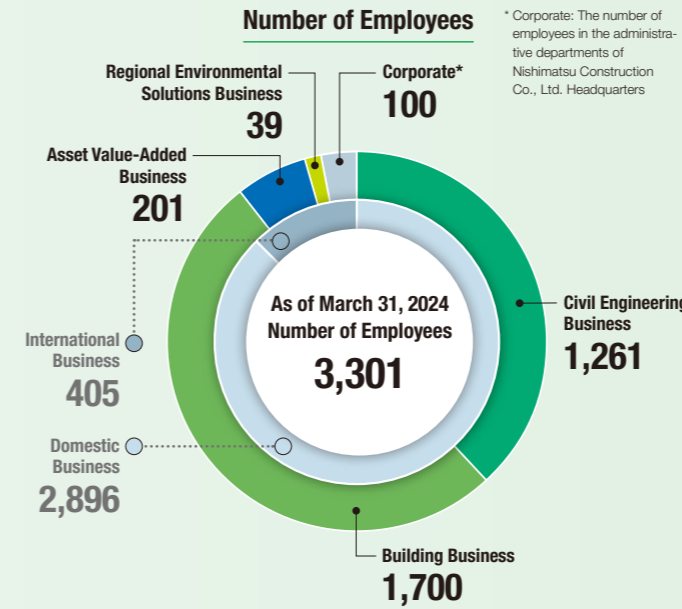
7.8%

Capital to Assets Ratio

29.1%

D/E Ratio

1.1 times



Dividends

¥220

Dividend Payout Ratio

70.1%

TSR (5-year cumulative total)

217.6%

Number of Regional Headquarters and Branch Offices

Domestic Offices

50

Overseas Offices

11

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■ Editorial Policy

This report is an instrument for dialogue with our stakeholders. The purpose of this report is to deepen stakeholders' understanding of our value co-creation process with stakeholders and possibly improve our corporate value, as well as our efforts to address materiality (priority issues) in order to realize our corporate philosophy of "Establish a sustainable society for people to live with peace of mind, providing worthwhile structures and services."



■ Coverage

Information on the activities of Nishimatsu Construction Co., Ltd. and its consolidated subsidiaries.

■ Applicable Period

April 1, 2023, to March 31, 2024 (including some information after April 1, 2024).

■ Referenced Guidelines

In producing this report, we refer to the "Integrated Reporting <IR>" of the IFRS Foundation, the International <IR> Framework, the "GRI Standards" of the Global Reporting Initiative (GRI), the "Environmental Reporting Guidelines" issued by the Ministry of the Environment, and the "Guidance for Collaborative Value Creation" formulated by the Ministry of Economy, Trade and Industry of Japan.

■ Forward-Looking Statements

This report includes forecasts of future results regarding the Group's outlook, goals, plans, and strategies. These statements reflect our judgment and analysis concerning existing information and various trends available at the time of writing. Actual results may differ from these forecasts due to various factors.

Message from the President



Masakazu Hosokawa Representative Director and President

After joining the company in 1987, Mr. Hosokawa served as General Manager of the Civil Engineering Department, General Manager of the Corporate Planning Department, and Regional General Manager of the Chugoku Branch at West Japan Regional Headquarters before his appointment as Executive Officer and General Manager of the New Business Division in 2019. After then serving as Managing Officer and General Manager of the Regional Environmental Solutions Business Division in 2023 and Executive Vice President from April 2024, he was appointed Representative Director, President, and Chief Executive Officer in June of the same year.

Celebrating a history of 150 years before moving on to the next 150 years, we will take a significant leap forward in rebuilding social functions by leveraging the strengths we have cultivated through the development of social infrastructure.

Nishimatsu Construction is committed to coexisting with local communities and rebuilding social functions in its bid to become a company with overall capabilities that works together to make regions and communities that are naturally safe and vibrant, the overarching theme of Nishimatsu-Vision 2030.

At the same time, we will strengthen investments in human capital, which we recognize is the driving force behind the Company's value creation activities in order to secure sustainable development and growth.

Looking from above, I will actively seek out challenge and forge ahead amidst a period of significant change.

In June 2024, I was appointed Representative Director, President, and Chief Executive Officer. Taking on the baton from my predecessor, Mr. Takase, this is an exciting time for the Company as it celebrates its 150th anniversary. Since joining the Company, I have worked in the projects of tunnel, dam, and expressway construction. After serving as General Manager of the Corporate Planning Department, I was later appointed General Manager of the Regional Environmental Solutions Business Division, which took me through to 2023. As a company with a longstanding history in Civil Engineering and Building Business, my background is somewhat unique. However, my involvement in a broad range of activities has allowed me to gain a perspective that embraces the Company as a whole. In addition, while taking a "defensive" stance toward the future, I am strongly inclined to "go on the offensive," in other words, choose to take on challenges, and I believe that challenges are the source of growth. I would like to demonstrate such a positive and strong will to make Nishimatsu Construction an "exciting company" in the future, and to make it such an attractive company that we can share the sense of accomplishment with our employees. Moving forward, I will promote a bold and positive approach, hoping to make the Company into one that engenders a sense of excitement. Working with employees, I am keen to share the joys that ensue from a sense of accomplishment.

The environment in which we operate is changing dramatically. Construction companies that thrived in a traditional environment that rewarded efforts in Civil Engineering and Building Business are transitioning to an era in which management must incorporate multifaceted perspectives, taking into consideration such factors as the natural environment and the international impact of mounting geopolitical risks. Meanwhile, despite the continued elimination of boundaries attributable to globalization, the tendency now is to become increasingly conscious of national borders, including the emphasis on local production for

local consumption as well as the return of semiconductor manufacturing plants to the domestic market, from an economic security perspective. Against this backdrop of significant change, I believe that my background and subsequent broad-based overall view is an appropriate match for the Company as it looks to take on challenges and grow. As such, I am deeply moved by the opportunity to take the reins of the Company as it celebrates its 150th anniversary. In these chaotic times, I recognize that my mission as a leader is to firmly put forward a definitive policy and to maximize both corporate and social value by delivering results in a reliable and speedy manner.

With this in mind, I would like to again share with employees the following three aspirations and spirit aimed at achieving the Company's continued development and a sustainable society.

1. The first is the philosophy of providing better structures and services to customers.
2. The second is to maintain and act on a sense of both self-interest and altruism. This entails the virtuous cycle of self-improvement, working for the well-being of others, and then personally reaping the benefits that accrue.
3. And finally, recognizing that not trying poses the greatest risk, moving forward with a willingness to take on challenges.

Linking our track record of addressing the needs of each era to a diversified future

Nishimatsu Construction is embarking on a new chapter as it looks to the next 150 years. The Company's 150-year history to date is built mainly on the development of social infrastructure through Civil Engineering and Building Business. Social infrastructure development is the work of establishing the foundation of society that blend smoothly into the local community and region, while not only contributing to economic and industrial development, but also providing people with a better life and an affluent society. Nishimatsu Construction takes great pride in its efforts to co-create value in the field with local residents over that past 150 years. As such, the construction business will remain our principal pillar of business going forward.

Message from the President

However, in light of such trends as Japan's declining birthrate and aging population as well as globalization, realistically speaking, it will be difficult to secure remarkable growth based solely in the construction business in Japan.

With this in mind, we will continue to target stable and sustainable growth through construction as a core business, but complement these endeavors with efforts to strategically expand overseas. Building on the social infrastructure development capabilities we have nurtured over the years, we will work toward growth from a different perspective through such new businesses as Asset Value-Added and Regional Environmental Solutions. In addition to our Civil Engineering and Building businesses, we will work to develop our efforts in new areas into sustainable and forward-looking mainstay businesses. Our goal is to actively transform our portfolio and achieve an operating income ratio mix between the Civil Engineering, Building, and new businesses of 1:1:1.

Toward Realizing Nishimatsu-Vision 2030

The company with overall capabilities to which we aspire

Through its co-creation activities, Nishimatsu Construction works to provide security, vibrancy, and bonds to society, resolve social issues, and strengthen and expand partnership projects while each of its Civil Engineering, Building, International, Asset Value-Added, and Regional Environmental Solutions business divisions pursue growth. By returning this co-created value to the community and various stakeholders, we will solidify our standing and secure a strength for the future thereby ensuring that our activities remain sustainable. Based on this understanding, we have defined our efforts to co-create value as "rebuilding of social functions" under Nishimatsu-Vision 2030.

Another way of looking at the Company is one that aspires to be a company with overall capabilities. The construction business, which engages in the development of infrastructure, plays an important role in protecting the nation through disaster prevention and mitigation work while also contributing to economic growth through the construction of major arteries, including roads and tunnels. In providing these arteries, the Company is stimulating industry, employment, and social vitality. At the same time, when undertaking this construction, safety, reliability, and concerned for the surrounding environment are of the utmost importance. Prior to the start of work, it is vital that each site take the time to provide a detailed explanation to local residents as to why construction is integral to the revitalization of the community and society. In gaining their understanding, it is equally important during construction to minimize the impact on the living environment to the greatest extent possible. When compared to other companies, I believe that our defining strength lies in our direct head-on approach to works. As

encapsulated in the slogan for our 150th anniversary, "Trust. It's what we build.," we will take great pains to coordinate our work, ensure timely construction, prioritize safety, engage in harmonious activities with the local environment, build an optimal supply chain, and maintain high quality while promoting proper processes.

Based on supply chain partnerships and the relationships of trust that we have cultivated over 150 years with customers, we will harness the strengths of our ability to bring together a diverse range of skills to fulfill goals and as a company with overall capabilities work to coexist with the local community.

Progress in promoting cross-industry collaboration

The pace of environmental change is expected to accelerate moving forward toward 2030. Dubbed the era of volatility, uncertainty, complexity, and ambiguity, and with chaos to reign, finding the right answer is projected to become increasingly difficult. Under these circumstances, I believe that collaborating with different industries is essential in becoming a company with overall capabilities. As one example, we anticipate significant benefits to accrue from the capital and business alliance with ITOCHU Corporation that will lead to the acquisition of new businesses based on that company's extensive network and pipeline. Currently, we are looking into area and businesses with which we have had little involvement, including real estate development and investment, and are witnessing signs of expansion.

On the conclusion of the first year of Medium-Term Management Plan 2025

With the first year of Medium-Term Management Plan 2025 coming to an end, I am confident that steady progress has been made. While the impact of rising commodity prices placed considerable pressure on the Building Business through 2022 and 2023, we are seeing a positive trend in our performance thanks largely to efforts under the Earnings Improvement Plan. In response, we have upwardly revised our performance plan. Meanwhile, in light of the growing importance of human capital investment and the need to ensure stable dividend payments going forward, we have revised our dividend policy from a dividend payout ratio of 70% to stable dividends of approximately 5% of dividend on equity (DOE). We have secured large-scale project orders in both our Civil Engineering and International businesses. I am confident that the foundation has been laid to achieve the goals identified in Medium-Term Management Plan 2025. Notwithstanding these positive factors, I believe there is an urgent need to accelerate the pace of efforts aimed at strengthening human capital if we are to overcome certain pressing issues, including steps to limit the incidence of long working hours and the prevailing shortage of labor.

Source of value co-creation that spans 150 years: We will prioritize investments in human capital

Promoting reform towards a highly engaged corporate culture

Human resources are the wellspring of value co-creation activities and play an equally important role in promoting sustainability. As identified in the Company's approach toward materiality, we are working to create systems that enable diverse human resources to play active roles. Our goal is to remain a company in which diverse human resources can enjoy an atmosphere of mutual stimulation while maximizing their abilities. To this end, I believe the following three initiatives are critical to promoting internal organizational reform.

The first is to review the rigid, vertical structure. To date, the sharing of human resources and information between business divisions has been inadequate. Looking ahead, we will put in place a system and career path that connects each business horizontally, and create a system and environment that is more flexible and conducive to the generation of ideas on a Company-wide basis.

The second initiative is to transition from a top-down to a bottom-up culture. It is vital that we evolve in a way that encourages the frontline to convey their thoughts on issues and solutions. In this manner, I am convinced that the organization will grow at all levels. To achieve this transition, I intend to continue dialogue between the president and employees initiated by our former president, Mr. Takase, in 2023 by calling into our network of nationwide offices and branches. Moreover, each division will take the lead in horizontally rolling out regular dialogue in order to foster an internal culture that is defined by its psychological safety.

Through the third initiative, we will foster an environment that is conducive to flexible work styles thereby allowing a diverse range of employees to work with vitality. As values diversify, we must break free from fixed convention and adopt a more flexible approach toward our thoughts on work. At the same time, we will work diligently to maintain and promote the health of our employees. Striving for recertification as a "White 500" Certified Health & Productivity Management Outstanding Organization, we will engage actively in health management. By collectively advancing initiatives designed to promote organizational reform, we will transition to a corporate culture that is distinguished by its high level of engagement.

Investing in human capital

In addition to our efforts toward organizational reform, we will place considerable importance on investments aimed at developing human resources. Not only establishing a system that will help train human resources into specialists with high technical

Remain a company in which diverse human resources can enjoy an atmosphere of mutual stimulation while maximizing their abilities



skills in the Civil Engineering, Building, and related fields, but we will focus on providing executives with a sound management perspective. However, one other perspective is critical to the development of frontline personnel. Here, the most urgent and pressing issue is the transfer of technology. This not only includes the experience gained over many years and the buildup of construction techniques in association with advances in the sciences and technology, but also "the sixth sense that perceive changes" that comes from on-site experience and the ability to mobilize all of the aforementioned skills to successfully complete a project. At Nishimatsu Construction, we refer to these specific skills as "on-site capabilities." As the Company's lifeblood and DNA, on-site capabilities are the foundation on which we have continued to thrive for 150 years.

This sense and skill set are the product of many years on site, which in turn gives rise to a dilemma. That is, efforts to improve work efficiency by moving away from the site in a bid to comply with the overtime cap regulations at odds with the goal of developing on-site capabilities. In order to pass on a high degree of technical skills within a limited timeframe, I believe it is necessary to incorporate the selection of critical and indispensable skills as well as a schedule that outlines the skills to be acquired by a particular age as a part of our training program while utilizing the effects of DX promotion.

To our stakeholders

Over a history that spans 150 years, Nishimatsu Construction has confronted numerous hardships and difficulties, some so severe as to threaten its very survival. Despite this adversity, we have continued to operate as a going concern thanks to the support of stakeholders. As we look to the next 150 years, I can assure all stakeholders that we will work in harmony with the local community and contribute to society with the aim of achieving sustainable growth. As we work toward achieving these goals, I humbly ask for your continued support and understanding.