

## Eleven-year Major Financial and Non-financial Data

Fiscal Year (years ended March 31)		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Financial data (Consolidated)</b>												
Construction Business orders received	(Millions of yen)	320,594	345,853	304,764	360,186	380,378	348,045	376,088	313,437	333,974	340,392	360,273
<b>Profit and loss statement (fiscal year)</b>												
Net sales	(Millions of yen)	314,638	342,989	308,826	315,228	284,412	349,318	391,621	336,241	323,754	339,757	401,633
Gross profit	(Millions of yen)	17,963	22,769	31,104	42,259	40,425	43,423	43,938	39,761	43,772	33,719	40,787
Operating income	(Millions of yen)	4,738	8,710	16,184	25,259	22,752	24,928	25,313	20,950	23,540	12,615	18,827
Ordinary income	(Millions of yen)	6,106	9,938	16,290	25,446	23,548	25,985	25,838	21,561	23,497	13,176	19,578
Profit attributable to shareholders of the Company	(Millions of yen)	5,586	9,220	14,598	19,210	16,914	18,784	18,721	17,166	15,103	9,648	12,388
<b>Balance sheet (end of fiscal year)</b>												
Total assets	(Millions of yen)	374,399	386,469	351,334	385,674	381,355	466,327	497,045	472,440	477,613	513,623	579,624
Interest-bearing liabilities	(Millions of yen)	58,135	53,918	53,175	42,844	43,306	86,167	121,909	115,039	160,039	168,396	186,150
Net interest-bearing debt	(Millions of yen)	4,933	16,346	25,271	3,817	10,807	54,694	75,449	71,269	112,917	114,669	129,617
Shareholders' equity	(Millions of yen)	117,540	122,367	134,190	147,697	158,256	171,828	184,803	196,158	145,459	144,294	150,320
<b>Cash flow (fiscal year)</b>												
Cash flows from operating activities	(Millions of yen)	3,129	(10,448)	4,120	40,763	13,570	(15,882)	14,120	4,907	41,243	34,747	32,037
Cash flows from investing activities	(Millions of yen)	(3,246)	(1,236)	(9,688)	(13,945)	(15,422)	(23,633)	(20,147)	5,302	(22,532)	(27,450)	(41,819)
Cash flows from financing activities	(Millions of yen)	3,750	(5,701)	(2,960)	(15,039)	(4,918)	38,555	20,952	(12,653)	(16,074)	(2,365)	11,083
Cash and cash equivalents at end of year	(Millions of yen)	53,052	37,422	27,903	39,026	32,499	31,473	46,459	43,574	47,121	53,726	56,532
<b>Amounts per share</b>												
Profit attributable	(yen)	100.80	166.45	263.55	348.15	308.52	343.39	342.24	313.83	312.34	244.43	313.86
Dividends	(yen)	30	50	80	105	95	105	105	105	221	221	220
Dividend payout ratio	(%)	29.8	30.0	30.4	30.2	30.8	30.6	30.7	33.5	70.8	90.4	70.1
Net assets	(yen)	2,419.10	2,669.20	2,775.30	3,057.35	3,348.41	3,605.62	3,599.01	3,765.62	3,833.71	3,770.77	4,277.06
<b>Ratio</b>												
ROE	(%)	4.3	6.5	9.7	11.9	9.6	9.9	9.5	8.5	8.5	6.4	7.8
Capital to assets ratio	(%)	35.8	38.3	43.8	43.5	48.0	42.3	39.6	43.6	31.7	29.0	29.1
D/E ratio	(times)	0.4	0.4	0.3	0.3	0.2	0.4	0.6	0.6	1.1	1.1	1.1
Net D/E ratio	(times)	0.0	0.1	0.2	0.0	0.1	0.3	0.4	0.3	0.7	0.8	0.8
<b>Non-financial data</b>												
Number of employees (consolidated)		2,648	2,678	2,704	2,740	2,825	2,920	3,005	3,060	3,106	3,201	3,301
Number of employees (non-consolidated)		2,385	2,424	2,467	2,504	2,536	2,606	2,684	2,762	2,794	2,804	2,892
CO <sub>2</sub> emissions per unit from construction <sup>1</sup>	(t-CO <sub>2</sub> /100 million yen)	32.1	32.0	31.8	24.2	18.1	16.1	15.9	20.1	17.1	11.1	10.1
Final percentage of construction waste sent for landfill disposal (excluding asbestos-containing industrial waste materials and specially controlled industrial waste) <sup>1,2</sup>	(%)	6.8	5.0	3.1	2.9	2.7	2.1	2.2	2.2	2.4	2.4	2.1
Frequency rate of injuries <sup>3</sup> (4 or more days of absence from work)		1.0	1.0	1.1	0.7	0.7	1.0	1.0	0.8	0.8	0.5	0.7

<sup>1</sup> Calendar year data for the fiscal years ended March 31, 2014 to March 31, 2019.

<sup>2</sup> Final percentage of construction waste sent for landfill disposal: Before the fiscal year ended March 31, 2019, excludes construction sludge and special substances such as specified substances.

From the fiscal year ended March 31, 2019, includes construction sludge and excludes special substances such as specified substances.

<sup>3</sup> Expresses the rate of occurrence by the number of fatalities and injured workers from occupational accidents per one million actual work hours.

# Materiality and KPIs

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

No.	Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2023 results		
1	<b>Realize a society for people with safety and vibrancy</b> 	Create new value that brings together diverse capabilities based on strengths accumulated through social infrastructure development	Increase the number of projects that leverage our strengths	Number of planning proposal-type construction initiatives	3 projects/year	3 projects		
			Promote business collaboration within the Company	Number of ODA subway projects in Southeast and South Asia	3 projects (by FY 2025)	1 project		
		Create environmentally friendly, resilient communities	Improve environmental performance	<ul style="list-style-type: none"> <li>Engage in mid- and high-rise wood construction initiatives</li> <li>Promote ZEB design technology</li> <li>Convert owned properties to renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Number of initiatives wood construction 2 projects or more/year</li> <li>Number of initiatives ZEB construction 2 projects or more/year</li> <li>100% (FY2030)</li> </ul>	<ul style="list-style-type: none"> <li>Wood construction 1 project</li> <li>Initiatives ZEB construction 6 projects</li> <li>—</li> </ul>		
			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.				
		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	Build community development business model	3 projects (by FY2025)	0 project		
			Secure stable order-received	Each business unit will set specific KPIs and numerical targets to achieve stable order-received.				
		Preserve the environment and biodiversity while realizing a circular economy through business activities	Promote the formation of a decarbonized society	<Zero30 Road Map 2023>	<ul style="list-style-type: none"> <li>Reduction rate of Scope 1+2 for all business activities compared to FY2020</li> <li>Reduction rate for Scope 3 Category 11 emissions (CO<sub>2</sub> emissions coinciding with energy use during building operation after completion and delivery)</li> <li>Renewable energy business generation (volume of generated energy sold)</li> </ul>	<ul style="list-style-type: none"> <li>Compared with FY2020 54.8% REDUCTION (FY2030)</li> <li>Compared with FY2020 27% REDUCTION (FY2030)</li> <li>108,000 MWh (FY2030)</li> </ul>	<ul style="list-style-type: none"> <li>Compared with FY2020 41.6% REDUCTION</li> <li>Compared with FY2020 47.6% REDUCTION</li> <li>800 MWh</li> </ul>	
				Taking into consideration biodiversity and coexistence with nature	Number of biodiversity preservation activities undertaken	Initiatives at all worksites (As of FY2030)	All worksites	
				Promote the formation of a recycling-oriented society	Final percentage of construction waste sent for landfill disposal	Less than 2.5% (As of FY2030)	2.1%	
2	<b>Create an organization that can maximize on-site capabilities</b> 	Build an organization that can continually improve its trusted on-site capabilities	Pass on technologies/ techniques	Completion certification rates for training system centered on a standard course for young employees	100% (Number of certified persons / Number of eligible persons (year of certification)) (FY2025)	98.7%		
			Promote on-site labor savings	Degree of on-site DX promotion	DX engagement (DX promotion survey) 5% improvement than previous fiscal year (FY2024)	2.71 points		
			Improve customer satisfaction	Evaluation by clients	<ul style="list-style-type: none"> <li>Ministry of Land, Infrastructure, Transport and Tourism's Average score for the year in construction result evaluations (Average: 80 or higher/target year)</li> <li>Questionnaire evaluations upon completion of private-sector projects Gain 97% or higher S/A evaluation</li> </ul>	<ul style="list-style-type: none"> <li>78.3 points</li> <li>98.2%</li> </ul>		
			Upgrade and expand the worksite support framework	Set specific KPIs and numerical targets in each business division to enhance the on-site support system.				
		Turn the on-site knowledge of individuals into organizational knowledge	Promote the continued evolution of organizational knowledge	<ul style="list-style-type: none"> <li>Maintain collection of details by building type Updated 2 times/year</li> <li>Increase construction volume per head of Japanese</li> <li>Human capital data visualization progress rate</li> </ul>	<ul style="list-style-type: none"> <li>100% (FY 2025)</li> </ul>	<ul style="list-style-type: none"> <li>Updated 2 times/year</li> <li>—</li> <li>36%</li> </ul>		
				Number of technical status targets achieved by technical institutes	<ul style="list-style-type: none"> <li>24 papers/year</li> <li>15 papers or more/year</li> <li>At least one paper person/year as the lead author</li> <li>2 papers/year</li> </ul>	<ul style="list-style-type: none"> <li>24 papers</li> <li>36 papers</li> <li>1.13 papers / person, year</li> <li>1 paper</li> </ul>		
			Utilize knowledge data and promote construction management DX	Progress in construction management DX initiatives (convert tacit to explicit knowledge)	2 projects/year	2 projects		
		3	<b>Put in place partnerships that can maximize value creation</b> 	Build sustainable supply chains	Continue to implement human rights due diligence	Number of companies engaging in human rights due diligence	400 companies or more	FY2024 initiatives
					Provide training and support to skilled construction workers	<ul style="list-style-type: none"> <li>Worksite retention rate of Nishimatsu Meisters and Senior Forepersons</li> <li>Touch rate for Construction Career Up System (CCUS)</li> </ul>	<ul style="list-style-type: none"> <li>60%</li> <li>90%(2025)</li> </ul>	<ul style="list-style-type: none"> <li>60.1%</li> <li>61.1%</li> </ul>
					Collaborate with partner companies	<ul style="list-style-type: none"> <li>N-NET order rate</li> <li>Conduct satisfaction survey for partner companies; surveys related to procurement guidelines</li> </ul>	<ul style="list-style-type: none"> <li>60% or more</li> <li>400 companies</li> </ul>	<ul style="list-style-type: none"> <li>59%</li> <li>FY2024 initiatives</li> </ul>
Cooperate with regions and companies toward the creation of new value	Collaborate with local communities			<ul style="list-style-type: none"> <li>Comprehensive partnership agreement with a local government</li> <li>Secure sales in new markets</li> </ul>	<ul style="list-style-type: none"> <li>3 projects (by 2025)</li> <li>Sales scale ¥5 billion/year (by FY2030)</li> </ul>	<ul style="list-style-type: none"> <li>0 projects</li> <li>0 projects</li> </ul>		
	Promote cross-industry collaboration			Formation of a new business organization through M&A	Construction contract work begins (from FY2028)	0 projects		

No.	Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2023 results	
4	<b>Advance technological strategies that lead to safety and excitement</b> 	Increase construction efficiency through technological development and utilization	Increase construction efficiency through the use of technology	Development of technologies that contribute to society and the sites, including productivity improvement (automated tunnel construction technology, etc.)	10 technologies or more/year	21 technologies	
				<ul style="list-style-type: none"> <li>BIM adoption rate at each phase</li> <li>Number of BIM application packages installed</li> </ul>	<ul style="list-style-type: none"> <li>BIM adoption rate at each phase</li> <li>Design phase S manufacturing logistics 100%, RC housing 100% (2027)</li> <li>Detailed design phase S manufacturing logistics 100%, RC housing 100% (2027)</li> <li>Construction phase 65% of all construction sites (2027)</li> <li>Number of BIM utilization packages installed 360 packages (2027)</li> </ul>	<ul style="list-style-type: none"> <li>Design phase S manufacturing logistics 100% RC housing 66%</li> <li>Detailed design phase S manufacturing logistics 44% RC housing 7%</li> <li>Construction phase 40% of all construction sites</li> <li>0 packages</li> </ul>	
			Use of proprietary (developed) technologies on-site	50 technologies or more/year	75 technologies		
		Engage in DX technological development	Engage in DX technological development	Progress of each measures of DX Vision (smart construction site)	<ul style="list-style-type: none"> <li>Design and Planning DX</li> <li>Construction Management DX</li> <li>Construction DX</li> </ul>	Number of projects (2 projects/year)	2 projects
			Engage in technological development that looks to the future	Rate of achievement of DX technology (labor-saving and productivity improvement) development goals based on the technology development roadmap	Average development goal achievement 70%	Target achievement rate 97%	
			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 renewal construction based on the technology development roadmap	Average development goal achievement 70%	Target achievement rate 87%	
	Engage in technological development to assist in decarbonization, energy, coexisting with nature, and resource circulation	Rate of achievement of technology development goals for decarbonization, energy, coexisting with nature, resource circulation based on the technology development roadmap	Average development goal achievement 70%	Target achievement rate 93%			
5	<b>Create systems that enable diverse human resources to play active roles with excitement</b> 	Provide environments in which everyone can work with a sense of fulfillment and demonstrate their abilities	Promote the active participation of diverse human resources	<ul style="list-style-type: none"> <li>Percentage of newly hired female employees</li> <li>Percentage of female managers</li> </ul>	<ul style="list-style-type: none"> <li>20% or above (FY2025)</li> <li>2.0% or above (FY2025)</li> </ul>	<ul style="list-style-type: none"> <li>17.6%</li> <li>0.4%</li> </ul>	
			Implement measures utilizing diverse human resources	<ul style="list-style-type: none"> <li>Percentage of male employees taking childcare leave (including leave for the purpose of childcare)</li> <li>Percentage of dialogue implemented between supervisors and subordinates</li> <li>DX Vision (work style) implementation progress</li> </ul>	<ul style="list-style-type: none"> <li>100% (From FY2024)</li> <li>100% (FY2024)</li> <li>5 projects/year</li> </ul>	<ul style="list-style-type: none"> <li>75.8%</li> <li>Measures to be implemented</li> <li>5 projects</li> </ul>	
			Put in place conditions under which employees can energetically play active roles	<ul style="list-style-type: none"> <li>Engagement score of employees</li> <li>Percentage of high-stress check employees</li> <li>Participation rate of detailed examination after regular health checkups</li> <li>Voluntary resignation rate</li> </ul>	<ul style="list-style-type: none"> <li>3.68 or above (FY2024)</li> <li>9.0% or below (FY2024)</li> <li>80% (FY 2025)</li> <li>Below 1.5% (FY 2025)</li> </ul>	<ul style="list-style-type: none"> <li>3.68</li> <li>9.09%</li> <li>61.1%</li> <li>2.99%</li> </ul>	
			Promote work environment improvements	Frequency rate (4 or more days of absence from work)	0.4 or below (2025)/0.2 or below (2030)	0.67	
		Instill cross-organizational thinking	Foster a cross-organizational, collaborative mindset	Create award system to reward engagement in collaborative projects and challenges	Initiatives from FY 2025	—	
			Create cross-organizational, collaborative systems	Establish a mechanism to evaluate cross-organizational and collaborative efforts	Initiatives from FY 2025	—	
6	<b>Adhere strictly to compliance</b> 	Reinforce risk management systems	Reinforce risk management systems	<ul style="list-style-type: none"> <li>Implement security measures for information risks</li> <li>Risk and opportunity management effectiveness</li> <li>BCP training</li> </ul>	<ul style="list-style-type: none"> <li>No serious incidents (Level 2 or above) occurred</li> <li>Incidents of serious noncompliance:0</li> <li>Early response rate for safety confirmation training Daytime weekdays: 90% within 3 hours after alarm; Nighttime and holidays: 90% within 6 hours</li> </ul>	<ul style="list-style-type: none"> <li>Security incidents 1 incident at Level 2</li> <li>Number of serious noncompliance incidents: 0</li> <li>Early response rate for safety confirmation Daytime weekdays: 92% within 3 hours</li> </ul>	
		Upgrade, expand, and continue compliance education	Upgrade, expand, and continue compliance education	Compliance training attendance rate	100%	100%	

# Stakeholder Engagement

## President-Employee Dialogue

As part of reforming our mindsets and actions, one of the reform programs set out in Nishimatsu-Vision 2030, we have been engaging in president-employee dialogue since FY2023.

Over the course of the year, we engaged in dialogue with a total of around 970 employees in Japan and overseas.

### Dialogue rules:

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

\* The president at the time dialogue was undertaken in FY2023 was current Chairman Takase

## Young employees

**Theme 1** What does the term “a worthwhile structure” mean to you?  
What kinds of things are “worthwhile services”?

- Understanding the diverse values of our customers and responding to their needs. Being able to make proposals that surpass their expectations.
- An environment in which employees can work happily and exchange opinions. Employees can constantly improve their skills.

**Theme 2** What is your definition of a “sustainable society where people can live with peace of mind” that Nishimatsu Construction is creating?

- Giving consideration to the environment. Promoting local production and local consumption, build long-lasting structures, and contributing to local economic development.
- Striving to improve customer satisfaction and services by, for example, providing peace of mind to customers, enhancing after-sales service, and making proposals that meet customer needs.

### Participants' impression: Giving Dialogue a Try

I was nervous on what was my first opportunity to take part, but the rules and atmosphere created allowed me to speak with confidence. President Takase explained the background to the formulation of Nishimatsu-Vision 2030 and the aims of engaging in dialogue, which deepened my understanding of what the Company aspires to be. By talking to people of the same age and in different occupations, I realized once again that there are employees with a variety of values, which for me personally was a learning opportunity. As for future requests, I feel it would be better if there were time allocated for free discussion, as this would allow employees to express their thoughts and the president and other executives to convey their thoughts and enthusiasm in response. I would be happy if the president and other members of management could share their thoughts through dialogue. I hope that this will continue as a forum for two-way communication in the years to come.  
(Female employee in her 30s)



## Overseas base employees

**Theme** What roles can you proactively play in realizing Nishimatsu-Vision 2030 (Value Creation Activities and Reform Program), and what value can you create from them?

- Introduction of new technologies (such as remote management) to improve construction efficiency
- Training and active participation of overseas staff
- Reforming organizational culture to respect employee opinions and welcome new ideas and proposals.

### Participants' Impression: Giving Dialogue a Try

Through this dialogue, I was able to ask about the thinking behind the formulation of Nishimatsu-Vision 2030, which was not mentioned in the materials, thereby deepening my understanding of future management policies. However, we did not have enough time to hear the president's passionate thoughts on how he wants to develop Nishimatsu Construction in the years to come, so I wish I had a little more time to hear what he had to say. I think this was a particularly valuable opportunity for employees working overseas like me, as we have few opportunities to interact with top management in our day-to-day works. I would like the dialogue between the president and employees to become a regular fixture.  
(Male employee in his 30s)



## Managers

**Theme** What roles can you proactively play in realizing Nishimatsu-Vision 2030 (Value Creation Activities and Reform Program) and what value can you create from them?

- Providing subordinates with experience of success by allowing them to gain experience
- Realization of career plans and diverse working styles for female engineers
- Development of diverse human resources and promotion of their active participation
- Increasing the value of technology, leading to collaboration, licensing, and value co-creation
- Development of exciting new technologies, promotion of front-loading
- Instilling the importance of collaborative projects. Promoting rebuilding of social functions through collaboration and cooperation with local communities
- Strengthening of the quality control system
- Strengthening of education programs to deepen understanding of each business field within the Group, with the aim of correcting the siloed culture
- Nurturing the next generation, contributing to the handing down of Nishimatsu technical skills

### Participants' Impression: Giving Dialogue a Try

Although I have had the experience of group conversations in the past, having a small group conversation with the president there was a very valuable and refreshing experience. There were established rules during the event, such as “Feel free to voice your own opinions” and “Don't object to what other people say,” which facilitated dialogue. As a result of thinking about the given theme, I was also able to re-examine my own role. If this project were to continue, I believe that the awareness of each employee would increase, and that the corporate culture would change.  
(Male manager in his 40s)



## Summary and plans for the future

### Message from Chairman Takase



A wide range of opinions were expressed during different theme-based dialogues between young employees and managers both in Japan and overseas. These opinions included new perspectives on business ideas that the Company should pursue, and the pride in being able to sense the social contribution from the buildings that we have erected.

There was also a high level of interest in human capital, and the sense of crisis about securing human resources and the active participation of diverse human resources were once again highly recognized. As a construction company, the handing down of technical skills remains an important issue, and the opinions and suggestions given from the

perspective of those who work on the front lines were filled with sincerity and enthusiasm.

Taking close heed of the opinions and suggestions received during these dialogues, senior management will utilize this information to formulate strategies directed toward the sustainable development of our company. Having also handed over the baton to our new President Hosokawa, we will continue to engage in dialogue with employees who have not yet had the opportunity.

To foster a culture of dialogue, we are also putting a system in place by which employees' opinions and requests are listened to and feedback is provided not only through dialogue between the president and employees but also via regular one-on-one meetings within departments and at worksites.



# Dialogue with Stakeholders (Introduction of Specific Examples)

## Dialogue with Customers

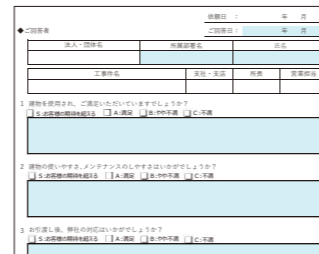
Listening carefully to our customers' needs, providing buildings and services that meet their expectations

We accurately grasp diversifying needs and provide buildings and services that meet our customers' expectations.

Acting as a point of contact and carefully listening to customer needs, our sales staff leverage the comprehensive capabilities that are the Company's strength to assist its customers in solving their various problems with a total support system that covers planning, design, construction, management, and operations.

During the construction period, we work to provide better structures and services by having both the design and construction management departments and the sales department work closely with customers and communicate in detail. We

also ask customers to fill out questionnaires to provide feedback, not only at the time of completion but also after a certain period of time has passed since delivery. In addition to sharing the information promptly within the Company, the evaluation results will be effectively used as a tool for making new proposals and enhancing our after-sales service, leading to future improvements.



Questionnaire form (extract)

## Dialogue with Partner Companies

Building strong relationships of trust with partner companies, promoting sound business activities

For us to conduct sound business activities, we believe it is important to work in partnership with our business partners and in cooperation with the entire supply chain.

Having established the Nishimatsu Subcontractor's Network (N-NET) in 2011, we are currently building not mere construction cooperation partnerships but strong relationships of trust for co-existence and solidarity among businesses with our 1,029 partner companies. Since 2019, we have been holding an N-NET Growth Strategy Meeting every year with the aim of solving issues on site. So far, there has been much discussion on topics such as "improving on-site productivity," "ensuring the taking on of employees," and "promoting the spread of our Construction Career Up System (CCUS),"

leading to specific initiatives such as the introduction of the "direct" communication tool and the expansion of our programs for high-caliber technicians.

We are also working on CSR activities such as reforestation and river and coastal cleanups in collaboration with all involved with N-NET.



Group photo of the N-Net General Meeting held on February 6, 2024.

## Dialogue with Local Communities

Aiming to coexist with local residents through the provision of buildings and services

It being our mission to contribute to local communities and the environment through the structures and services we provide as well to build a sustainable future, we are committed to promoting the development of local communities and creating prosperous communities.



Participation in the 47th Nobeoka Bamba Dance Festival

In the construction business, it is essential that everyone understands the impact that construction will have on the surrounding living environment

during the construction period. Before construction begins, we hold a neighborhood briefing session to carefully explain the construction details and process to the client to gain their understanding and cooperation. During the construction period, we also work closely with neighborhood associations and other local representatives as we work to coexist with the surrounding residents.

In areas other than the construction work, we also support various events organized by local governments, accept tours by children and students, and engage in cleaning activities as part of our contribution to local communities.

# IR Activities

## Status of Dialogue with Shareholders

Through constructive dialogue with our shareholders, we aim to achieve Nishimatsu Construction's sustainable growth and enhance its corporate value over the medium to long term. At dialogue meetings, the President, the director in charge of investor relations (who is also the general manager of the Management Division), the general manager of the Strategy Management Office and the general manager of the Corporate Planning Department serve as speakers and interact with shareholders. To enhance dialogue on specific topics, such as sustainability or voting rights, managers from respective departments also attend these sessions. The results of dialogue in FY2023, the main themes of dialogue, and matters that were of interest to shareholders are set out below.

Shareholders' opinions and concerns ascertained through dialogue are fed back to the management team as necessary, and important matters are reported to the Board of Directors

as required. Reports received from securities company analysts are also fed back to management as necessary, and the status of investor and shareholder relations activities is also reported to management on a monthly basis.

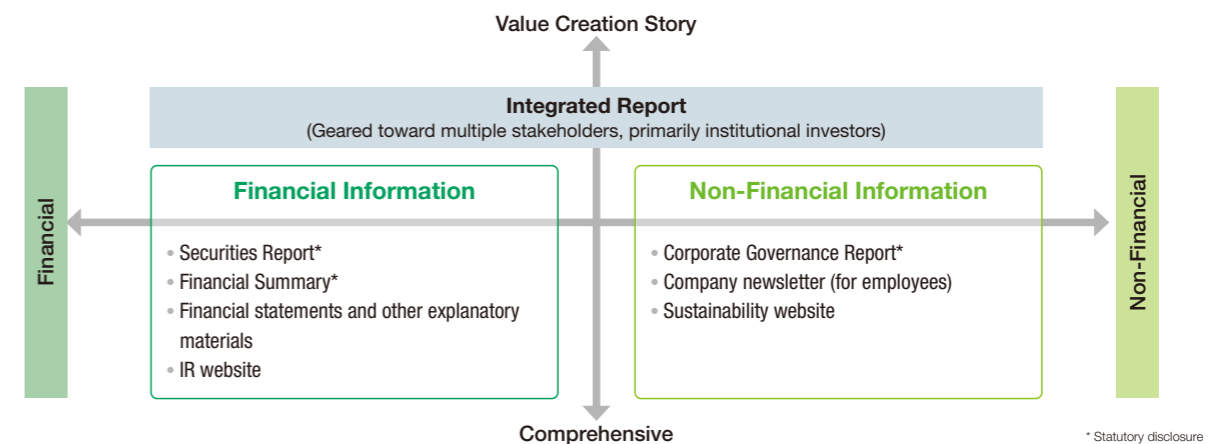
### Dialogue Results

Category	Number of times	Major Nishimatsu attendees
Individual interviews	64	General Manager of the Management Division, General Manager of the Strategy Management Office, General Manager of the Corporate Planning Department, heads of ESG-related departments, etc.
Small meetings	4	General Manager of the Management Division, General Manager of the Strategy Management Office, etc.
Financial results briefings	2	President, General Manager of the Management Division, General Manager of the Strategy Management Office, General Manager of the Corporate Planning Department, General Manager of Asset Value-Added Business Division, General Manager of the Finance & Accounting Department, etc.

### Main themes of dialogue and matters of interest to shareholders

Item	Dialogue themes and matters of interest to shareholders	
Business environment, growth strategy	<ul style="list-style-type: none"> <li>About business environment</li> <li>About measures to deal with risk of price increases, such as costs of materials and labor costs</li> </ul>	<ul style="list-style-type: none"> <li>About impact of cap on overtime work on business performance</li> <li>About progress of synergies with ITOCHU Corporation, our capital and business alliance partner</li> </ul>
Financial strategy, shareholder returns	<ul style="list-style-type: none"> <li>About balance between growth investment and shareholder returns</li> <li>About D/E ratio and capital to assets ratio</li> </ul>	<ul style="list-style-type: none"> <li>About approach to dividend payout ratio</li> <li>About handling of treasury shares held</li> </ul>
Sustainability Social, Environment	<ul style="list-style-type: none"> <li>About human resource strategy (ensuring human resources, human resource development, etc.)</li> <li>About employee engagement and resignation rate</li> <li>About wage hikes</li> <li>About ensuring diversity and percentage of female managers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>About disclosure regarding human rights</li> <li>About disclosures of climate change-related information</li> <li>About state of preparedness for biodiversity-related disclosures</li> </ul>
Corporate governance	<ul style="list-style-type: none"> <li>About requests for further reduction of cross-shareholdings</li> <li>About formulation and implementation of president succession plan</li> <li>About reviews of the evaluation indicators and performance-linked compensation ratios in the officer compensation system</li> </ul>	<ul style="list-style-type: none"> <li>About Board of Directors' skill sets and diversity</li> <li>About qualifications and number of concurrent positions held by external directors</li> </ul>

## Main Communication Tools and Disclosure Systems



# Terminologies

Terms	Meaning
<b>2024 Problem</b>	Refers to the demand for innovation in working environments due to the implementation of overtime work caps in the construction, logistics, and transportation industries as a result of work style reform laws.
<b>30by30 Alliance</b>	An alliance of companies, local governments, and organizations working to achieve the goal of effectively conserving at least 30% of the land and ocean as healthy ecosystems by 2030 (30 by 30). Under the Alliance, efforts are being made to expand protected areas domestically and to certify areas that have been preserved mainly by companies as Other Effective area-based Conservation Measures (OECMs).
<b>AR</b>	Augmented Reality. Technology that adds digital information to the real world by viewing it through smartphones, tablets, or sunglass-type AR glasses.
<b>BIM/CIM</b>	Building Information Modeling (BIM)/Construction Information Modeling (CIM). A 3D model with information that can be used in construction operations.
<b>Circular economy</b>	In addition to applying conventional 3R initiatives, circular economic systems aim to curb resource input and consumption volumes, promote reuse and reclamation through resources as a service, and maintain, restore, or add value over the long term for used products and waste. In regard to the construction industry, this involves activities such as modularizing construction materials at the planning stages, resupplying resources to markets through waste collection and reprocessing, and optimizing maintenance and renovation through building lifecycle management.
<b>Front loading</b>	To intensively study in advance changes in specifications, etc. that are likely to occur in later processes during the initial process in order to improve quality and shorten the construction period. In the BIM approach, a typical example, a 3D building model is created at the design stage and attribute information is added, aiming to improve and solve problems in advance through simulation and verification at each stage of design, construction, operation, etc.
<b>LCCO<sub>2</sub></b>	Abbreviation for Life Cycle CO <sub>2</sub> . Refers to the total amount of CO <sub>2</sub> emissions at every stage of the product lifecycle, from raw materials (production/transport) to production, transport, sale, use, and disposal. In regard to buildings, the scope includes construction materials (production/transport) and construction, as well as building operations, renovations, demolition, and disposal.
<b>Lining</b>	The (arch) concrete built over the interior surface of a tunnel.
<b>Lining renewal work</b>	This refers to constructing new lining by partially removing the existing lining that has cracks or leaks made mainly by the traditional tunneling method.
<b>LLM</b>	Abbreviation for Large Language Model. As a type of generative AI, LLM can produce natural text by learning from large volumes of data. LLM are unique in that they understand sentence grammar and context, allowing them to generate text that feels like it is written by a human. LLM can be used in various areas, including text translation, summarization, and novel and poetry writing.
<b>MR</b>	Mixed Reality. A further development of AR. By wearing the MR device, digital information can be displayed according to the user's position and movement, and the user can directly manipulate the digital information. This technology allows multiple people to experience it at the same time.
<b>Nature Coexistence Site</b>	Areas certified by the Japanese government as being targeted for biodiversity preservation through private sector initiatives, etc. Certified areas are registered on an international database as OECM (Other Effective area-based Conservation Measures), except where they overlap with protected areas.
<b>N-TEMS</b>	Nishimatsu Tunnel Energy Management System. A system for reducing energy use by controlling demand for counter-rotating ventilation fans and dust collectors during mountain tunnel excavation. N-TEMS facilitates the reduction of ventilation equipment power consumption by around 40%.
<b>PPA</b>	Power Purchase Agreement. A service in which a company that owns and manages photovoltaic power generation equipment (PPA operator) installs the equipment in a space provided by the facility owner, such as a site or roof, and distributes the power generated there to the power consumers of the facility for a fee.
<b>SBT</b>	Science-Based Targets. Its governing initiative, the Science-Based Targets initiative, is encouraging companies to set greenhouse gas emission reduction targets based on scientific evidence in order to achieve the goals of the Paris Agreement. The 1.5°C target requires a reduction level of at least 42% for Scope 1+2 and 25% for Scope 3 compared to the base year (2020) over a 10-year period.
<b>Shield tunneling</b>	An approach to tunnel excavation using a tube-shaped machine called a shield machine.
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures (TCFD). This task force recommends that companies develop climate-related governance and risk management systems, as well as understand and disclose the financial impact of climate change. The TCFD dissolved in October 2023, transferring its oversight function to the International Financial Reporting Standards (IFRS) Foundation.
<b>Total Digital Platform</b>	Refers to a service or function provided on a single platform that integrates various digital technologies. This approach allows users to easily utilize their required information and services on a single platform, without relying on multiple digital tools and apps.
<b>ZEB</b>	Abbreviation for Net Zero Energy Building. ZEB aims to achieve a net annual primary energy consumption balance of zero in terms of energy consumed by the building itself through energy savings and energy creation, while maintaining a comfortable interior environment.

# Investor FAQ

## Q1 What is your policy regarding shareholder returns?

The year-end dividend for FY2023 had been set at 140 yen per share. Including the interim dividend of 80 yen per share, the annual dividend for the fiscal year amounted to 220 yen per share. Under Medium-term Management Plan 2025 the shareholder return policy was set at a consolidated dividend payout ratio of at least 70%, but we have revised our performance plan and changed to a stable dividend of approximately 5% dividend on equity (DOE) from FY2024.

## Q2 What is your policy on asset allocation?

In addition to funds acquired through business activities, the Company is planning to use interest-bearing debt for growth investments. Having said that, interest rates are likely to rise in the long term, so we recognize the need to make some changes to our financial plans. We are also planning to invest in our human capital, which is gaining in importance to an even greater extent, and to continue to increase wages. We have formulated a policy that gives consideration to the balance between growth investment, human resource investment, and shareholder returns. (→P.26 Message from the General Manager of the Management Division)

## Q3 What are your expectations with regard to orders received trends in FY2024?

The Domestic Civil Engineering Business figures are higher than usual, but this is due to the fact that in addition to receiving the usual amount of orders based on our capacity, we are also anticipating discretionary contracts for large-scale construction projects. In the case of the Domestic Building Business, the contract balance has become quite large, and taking into account the deployment of engineers, we expect it to be around 180 billion yen. Overseas, we are expecting to receive orders for subway construction projects in the Philippines and Singapore.

## Q4 What is the status of your collaboration with ITOCHU Corporation?

Through our Asset Value-Added Business, our interactions with ITOCHU Corporation pre-date our capital and business alliance agreement, and they are continuing to introduce us to real estate projects. In our Construction Business, procurement of materials and equipment from the ITOCHU Group is on the rise. Also in our Building Business, ITOCHU has introduced us to potential client companies, and in line with our goal of realizing medium- to large-scale wooden buildings, construction of an order for a dormitory received from them is progressing smoothly. We are also working with ITOCHU in considering investment opportunities in our Regional Environmental Solutions Business, and overall, progress is going smoothly.

# Statement of Authenticity

## On the publication of Nishimatsu Construction Co., Ltd. Integrated Report 2024



**Yuichi Kono**  
 Representative Director, Executive Vice President  
 General Manager of the Management Division  
 General Manager of the Human Resources Strategy Office  
 In charge of the Regional Environmental Solutions Business  
 In charge of Investor Relations

To help our stakeholders gain a better understanding of the Group's initiatives, we have been issuing an Integrated Report since FY2017.

Based on the progress made by our group, which is marking 150 years since its founding, the determined resolve of our new president, and the revised materiality, Integrated Report 2024 was created with a focus on introducing our value co-creation activities through the rebuilding of social functions and developing of social infrastructure. We also provide a detailed explanation of the progress made under Medium-term Management Plan 2025 as we work towards realizing our long-term vision Nishimatsu-Vision 2030 that looks ahead to 2030. We have also featured messages from employees who work at various sites.

This report was produced mainly by the Corporate Planning Department of the Strategy Management Office in cooperation with many relevant departments. As the person in charge of overseeing the production of this report, I hereby declare that the process of creating this report was fair and that its content is accurate.


I would like this report to assist a wide range of stakeholders, including shareholders and investors, in further deepening their understanding of Nishimatsu Construction's value creation initiatives and for it to lead to the creation of opportunities for meaningful dialogue. I would gratefully appreciate it if you could read the report and send us your honest opinions and comments.

# Awards and External Evaluations

## Award


Name	Main sponsor	Award/Award Recipient
2022 Minister's Award for Outstanding International Infrastructure Engineer	Ministry of Land, Infrastructure, Transport and Tourism (MLIT)	Nishimatsu Corporation employee
2022 Minister's Encouragement Award for Outstanding International Infrastructure Engineer	MLIT	Nishimatsu Corporation employee
FY2023 Awards for those who have made meritorious contributions relating to land, infrastructure, and transportation administration Director-General's Award for Construction Contractor in Outstanding Project, etc.	MLIT Kinki Regional Development Bureau	Construction of shaft for Kyoto West utility tunnel on National Route 9
FY2023 Awards for those who have made meritorious contributions relating to land, infrastructure, and transportation administration Director-General's Award for Outstanding Construction Project	MLIT Shikoku Regional Development Bureau	FY2019-FY2021: Construction of Shin-Imanari Tunnel on Ochi Highway
FY2023 Awards for those who have made meritorious contributions relating to land, infrastructure, and transportation administration Director's Award for Outstanding Construction Engineer (Construction)	MLIT Shikoku Regional Development Bureau	FY2019-FY2021: Construction of Shin-Imanari Tunnel on Ochi Highway Supervising engineer: Nishimatsu Corporation employee
FY2022 Outstanding Construction Project Awards Award for Meritorious Work on Difficult Construction Project	MLIT Kanto Regional Development Bureau	Toranomon Underground Walkway Phase 3 Construction
FY2022 Japan Society of Civil Engineers (JSCE) Awards Environmental Award	Japan Society of Civil Engineering (JSCE)	Development and practical application of automated additive system for secondary muddy water treatment agents to accommodate changes in soil quality: Realization of reductions in environmental impact and costs by automation and visualization
4th Japan Construction Federation Awards Civil Engineering Award	Japan Federation of Construction Contractors	Integrated work relating to construction work for Rikuzentakata City Earthquake Recovery and Reconstruction Plan
FY2023 Award for those who have made outstanding contributions to the promotion of 3Rs 3R Suishinkyogikai (Reduce, Reuse, and Recycle Promotion Council) Chairman's Award	3Rs Suishinkyogikai (Reduce, Reuse, and Recycle Promotion Council)	West Japan Regional Headquarters Shiga Konan Site Office
9th (2023) Sustainable Finance Awards Excellence Award	Research Institute for Environmental Finance (RIEF)	Set Scope 3 reduction rate in addition to Scope 1+2 as SPTs (numerical targets) for sustainability-linked bonds (SLBs)
44th 2023 Japan BtoB Advertising Awards Bronze Award in Joining Company Information Category	The BtoB Association Japan	Complete guide to Nishimatsu Construction's on-site capabilities
72nd Nikkei Advertising Awards Excellence Award in Construction/Real Estate Category	Nikkei Inc.	"In the sea, building forests"
75th All-Japan Calendar Exhibition Silver Award in Second Category	Japan Federation of Printing Industries (JFPI), Sankei Shimbun	2024 Nishimatsu Construction Calendar (new design version, Auspicious Days)

## External Evaluations



**FTSE Blossom Japan Sector Relative Index**


FTSE Blossom Japan Sector Relative Index




**SCIENCE BASED TARGETS**

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION


SCIENCE BASED TARGETS




**CDP SUPPLIER ENGAGEMENT LEADER**



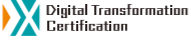
**S&P/JPX Carbon Efficient Index**




**JHEP CERTIFIED**




**WELL Platinum 2021**



**Digital Transformation Certification**



**Eruboshi Certification**



**2024 CONSTITUENT MSCI日本株 ESGセレクト・リーダーズ指数**

MSCI Japan ESG Select Leaders Index

## Initiatives Supported/Participated In



DECOKATSU



JAPAN CLIMATE INITIATIVE



Japan Climate Leaders' partnership



RE100



SCRUM JAPAN PROGRAM

# Corporate Outline and Stock Status

## Corporate Outline

<b>Registered Name</b>	Nishimatsu Construction Co., Ltd.
<b>Head Office</b>	Toranomon Hills Business Tower 17-1, Toranomon 1-chome, Minato-ku, Tokyo, 105-6407, Japan
<b>Representative</b>	Masakazu Hosokawa, Representative Director and President
<b>Founded</b>	1874
<b>Established</b>	September 20, 1937
<b>Paid-up Capital</b>	¥23,513,643,819
<b>Number of Employees</b>	Non-Consolidated: 2,892 Consolidated: 3,301 (As of March 31, 2024)

## Regional Headquarters and Branch Offices

<b>Domestic Offices</b>	
North Japan Regional Headquarters (Sendai-shi)	Sapporo Branch (Sapporo-shi)
Kanto Civil Engineering Regional Headquarters (Minato-ku, Tokyo)	
Hokuriku Branch (Niigata-shi)	
Kanto Architectural Regional Headquarters (Minato-ku, Tokyo)	
West Japan Regional Headquarters (Osaka-shi)	Chubu Branch (Nagoya-shi)
Chugoku Branch (Hiroshima-shi)	Shikoku Branch (Takamatsu-shi)
Kyushu Regional Headquarters (Fukuoka-shi)	Okinawa Branch (Naha-shi)

## Overseas Offices

Singapore Branch Office	Vietnam Branch Office
Malaysia Branch Office	Myanmar Branch Office
Philippines Branch Office	Hong Kong Branch Office
Bangladesh Branch Office	Sydney Satellite Office

Nishimatsu-Jisho Co., Ltd. (Minato-ku, Tokyo)  
 Nishimatsu Asset Management Co., Ltd. (Minato-ku, Tokyo)  
 Thai Nishimatsu Construction Co., Ltd. (Thailand)  
 Nishimatsu Vietnam Co., Ltd. (Vietnam)  
 Nishimatsu Real Estate & Development (Asia) Pte. Ltd. (Singapore)  
 Bangkok Sathorn Hotel Management Co., Ltd. (Thailand)

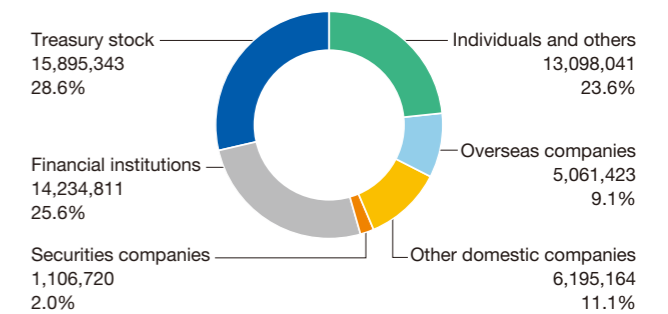
## Main Subsidiaries

Nishimatsu-Jisho Co., Ltd. (Minato-ku, Tokyo)	
Nishimatsu Asset Management Co., Ltd. (Minato-ku, Tokyo)	
Thai Nishimatsu Construction Co., Ltd. (Thailand)	
Nishimatsu Vietnam Co., Ltd. (Vietnam)	
Nishimatsu Real Estate & Development (Asia) Pte. Ltd. (Singapore)	
Bangkok Sathorn Hotel Management Co., Ltd. (Thailand)	

## Stock Status (As of March 31, 2024)

Total number of authorized shares	160,000,000
Total number of issued shares	55,591,502 (including 15,895,343 shares of treasury stock)
Number of shareholders	33,308

## Shareholder Distribution



## Major Shareholders (Top ten shareholders)

Name	Shares held (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,485	18.86
ITOCHU Corporation	4,722	11.90
Custody Bank of Japan, Ltd. (Trust account)	2,374	5.98
Meiji Yasuda Life Insurance Company	915	2.31
Nishimatsu Construction Employee Stock Ownership Association	906	2.28
Mizuho Bank, Ltd.	614	1.55
Sumitomo Realty & Development Co., Ltd.	612	1.54
Mizuho Trust & Banking Co., Ltd.	600	1.51
Custody Bank of Japan, Ltd. (Trust account 4)	587	1.48
Custody Bank of Japan, Ltd. (Pension trust account)	454	1.14

\* The Company holds 15,895,343 shares of treasury stock, but they are not included in the number of shares held by the major shareholders above.  
 \* Shareholding ratio is calculated after deducting 15,895,343 shares of treasury stock. Treasury stock does not include 225,300 shares of the Company held by the Board Benefit Trust (BBT).

## Third-party Assurances

To increase the reliability of the information disclosed in this report, we have obtained assurances of the following data from Sustainability Accounting Co., Ltd.

### Matters covered by assurances

- Group CO<sub>2</sub> emissions in Japan and overseas ▶ P.17, 21
- Group water intake in Japan and overseas ▶ P.16, 21
- Industrial waste emissions ▶ P.17, 21
- Energy usage ▶ P.16
- Percentage of female managers ▶ P.21, 52, 79
- Percentage of male employees taking childcare leave ▶ P.21, 52, 79
- Frequency rate of injury (4 or more days of absence from work) ▶ P.56, 76, 77, 79