

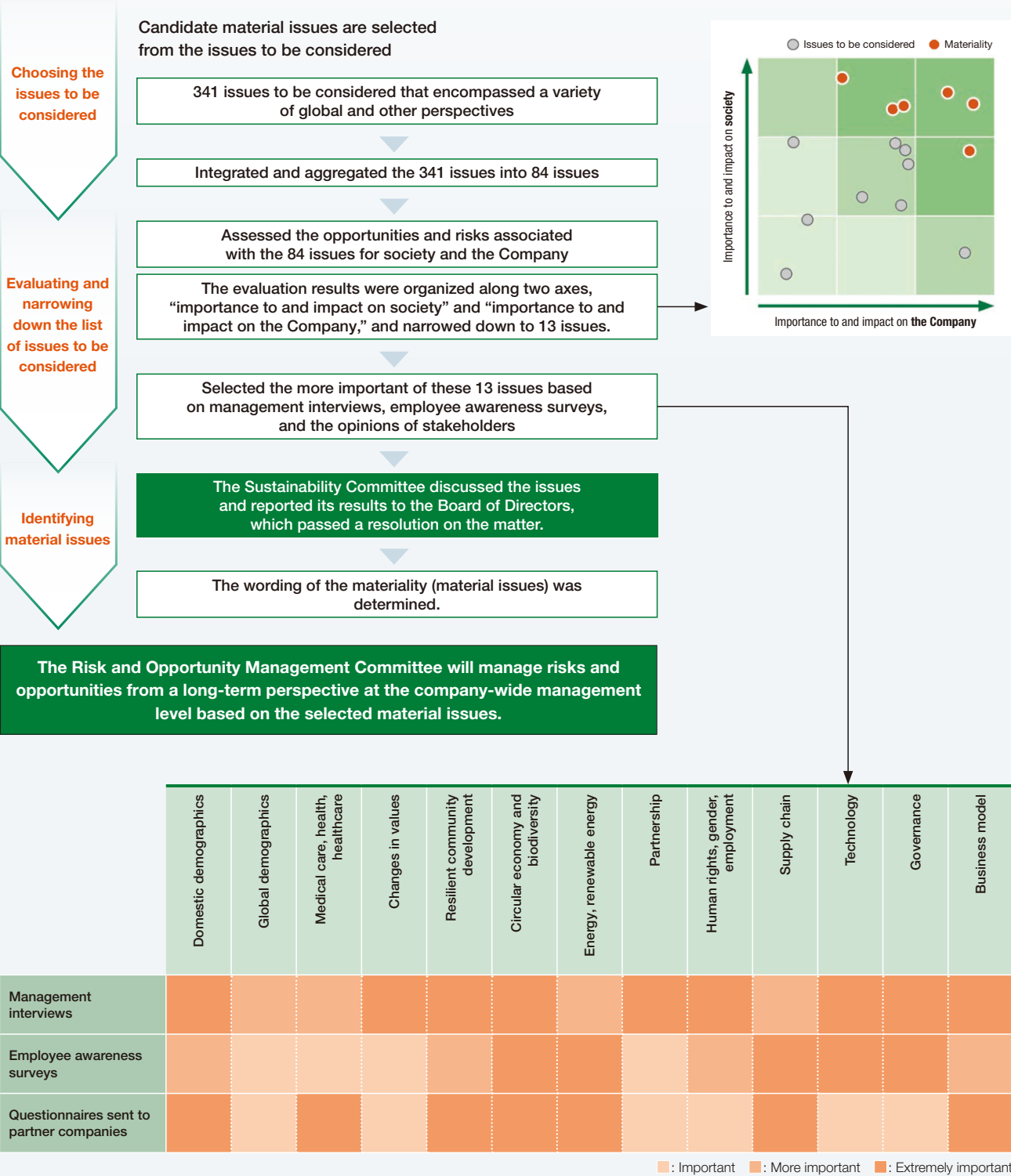
Materiality

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

Materiality and Identification Process

In FY2023, we formulated the “Create together, shine together” Sustainability Slogan (Basic Policy), materiality, and a KPI tree.

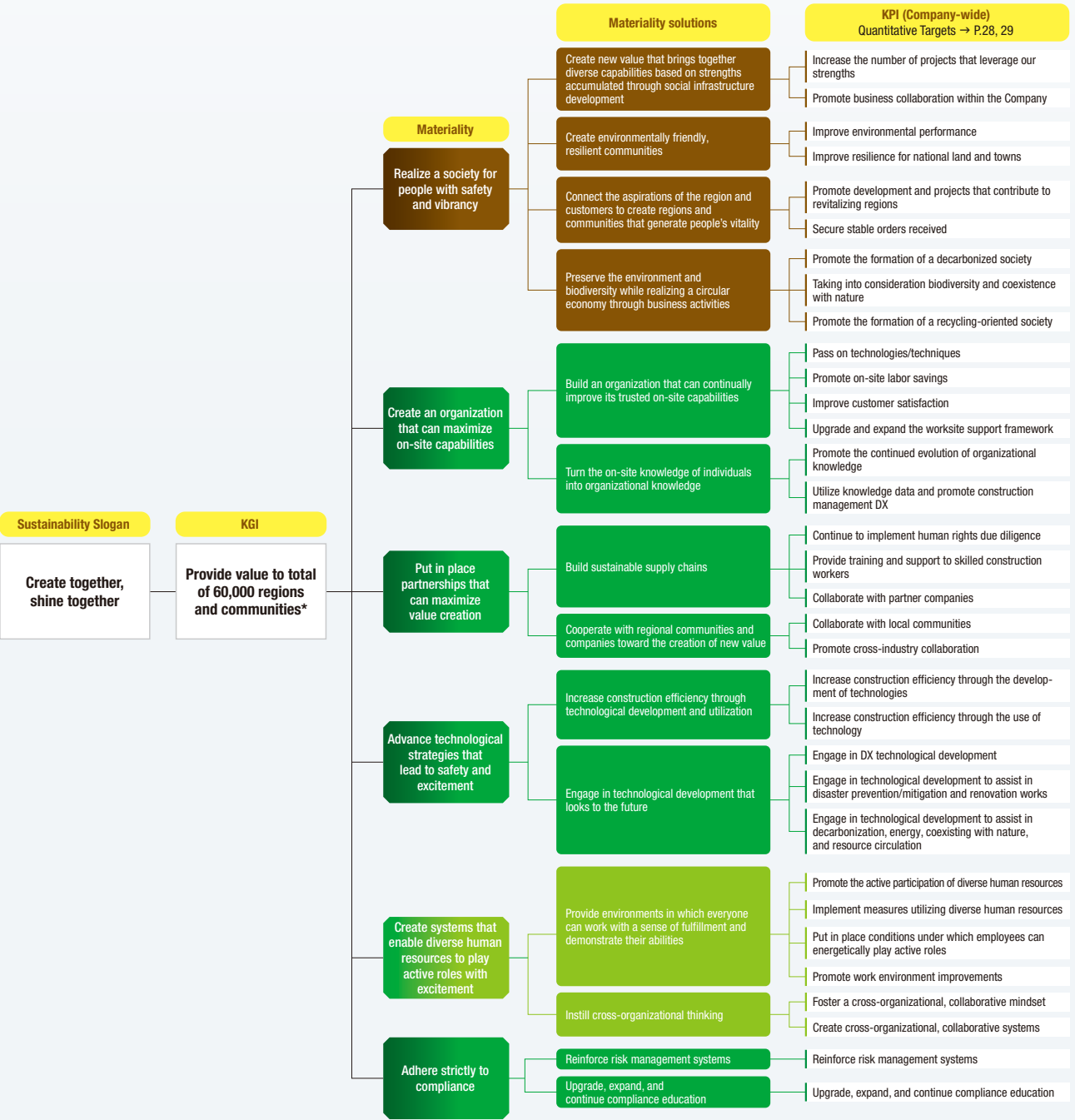
In the identifying process, we encompassed a variety of global and other perspectives and made use of management interviews, employee awareness surveys, and questionnaires sent to partner companies. We also made the process more easily understandable for our stakeholders by assessing the levels of importance.



KGI and KPI Tree

We formulated the Sustainability Slogan (Basic Policy) and the KPI tree with the Sustainability Slogan and KGI at the top in order to instill materiality through the Company and so every employee could gain a sense of the bond between materiality and their daily operations. We believe that connecting each individual’s work to material issues and addressing social issues through our business activities will help us contribute to creating a society where everyone can “Create together, shine together,” as stated in our Sustainability Slogan.

In FY2025, we expanded this KPI tree to include each individual, in addition to each department, and have incorporated the KPIs and targets in the performance evaluations for individuals. Every employee will set sustainability goals and work towards them in their everyday tasks. The entire Company will collaborate to promote sustainability.



* By having our five businesses—Civil Engineering, Building, International, Asset Value-Added, and Regional Environmental Solutions—working together, we aim to expand the regions and communities that provide safety, vibrancy, and bonds (by 1.5 times the FY2024 level by 2050). The target value is the cumulative total up to and including 2050. To achieve this goal over a long period of time, we are confirming and managing the status of achievement by collating the number of building locations and services that we handle as well as the number of nearby municipalities using proprietary standards while staying close to local communities. In the years ahead, we will incorporate into the KGI not only the number of regions and communities, but also evaluations from relevant people involved in the regions, communities, and businesses.

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	FY2024 results
1	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	Increase the number of projects that leverage our strengths	Number of planning proposal-type construction initiatives	3 projects/year (until FY2030)	4 projects
				Number of ODA subway projects in Southeast and Southwest Asia	A total of 3 projects by FY2025	0 projects
			Promote business collaboration within the Company	Number of projects in collaboration between new projects (AVA and RES) and construction projects (Civil Engineering, Building, and International)	A total of 13 projects by FY2030	6 projects
		Create environmentally friendly, resilient communities	Improve environmental performance	• Engage in mid- to high-rise wooden buildings initiatives • Promote ZEB design technology • Convert owned properties to renewable energy • Making suitable for installation in environmentally friendly concrete buildings	• 2 projects/year (until FY2030) • 60% (FY2025), 90% (FY2030) (Percentage of ZEB/ZEH upon completion)*1 • 100% (FY2030) • 1 project or more/year (until FY2030)	• 1 project • Number of initiatives ZEB/ZEH construction 11 projects • 100% • 1 project
				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	A total of 3 projects by FY2025	0 projects
			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 Roadmap 2023> • Reduction rate of Scope 1 + 2 for all business activities compared to FY2020 • Reduction rate for Scope 3 Category 11 emissions (CO2 emissions coinciding with energy use during building operation after completion and delivery) • Renewable energy business generation (volume of generated energy sold)	• Compared with FY2020 54.8% reduction (FY2030) • Compared with FY2020 27% reduction (FY2030) • 108,000 MWh (FY2030)	• Compared with FY2020 38.4% reduction • Compared with FY2020 31.2% reduction • 12,000 MWh
			Taking into consideration biodiversity and coexistence with nature	Number of biodiversity preservation activities undertaken	Initiatives at all worksites (As of FY2030)	100%
			Promote the formation of a recycling-oriented society	Final percentage of construction waste sent for landfill disposal	Less than 2.5% (As of FY2030)	3.3%
2	Create an organization that can maximize on-site capabilities	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)	100%
			Promote on-site labor savings	Degree of on-site DX promotion	DX engagement (DX promotion survey) 3% improvement than previous fiscal year (FY2025, 2030)	0.7% decline compared to FY2023
			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 or higher/year) • Questionnaire evaluations upon completion of private-sector projects gain 99% or higher S/A evaluation	• 79.9 points • 98.5%
			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	• Maintain collection of details by building type • Increase construction volume per head of Japanese • Human capital data visualization progress rate	• 2 times/year (until FY2030) • Construction volume per head of Japanese/ ¥0.8 billion (overseas civil engineering), ¥2.2 billion (overseas building) (until FY2030) • 100% (FY2025)	• 2 times • ¥0.61 billion (overseas civil engineering), ¥2.13 billion (overseas building) • 73%
				Number of technical status targets achieved by technical institutes • Press releases • Patent applications • Conference presentations • Technical awards from external organizations	• 24 papers/year (until FY2030) • 15 papers or more/year (until FY2030) • At least one paper/person/year as the lead author (until FY2030) • 2 papers/year (until FY2030)	• 20 papers • 31 papers • 1.8 papers/person • 3 papers
			Utilize knowledge data and promote construction management DX	Progress in construction management DX initiatives (convert tacit to explicit knowledge)	2 projects/year (until FY2030)	2 projects

*1 From FY2025, the target will be changed to the percentage for ZEB/ZEH upon completion.

No.	Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2024 results
3	Put in place partnerships that can maximize value creation	Continue to implement human rights due diligence		Number of companies engaging in human rights due diligence	400 companies or more	457 companies
		Build sustainable supply chains	Provide training and support to skilled construction workers	• Worksite retention rate of Nishimatsu Meisters and Senior Forepersons • Touch rate for Construction Career Up System (CCUS)	• 60% • Civil Engineering 90%, Building 80% (FY2025)	• 53% • 74%
			Collaborate with partner companies	• N-NET order rate • Conducting a survey regarding the Declaration of Partnership Building	• 60% or more (FY2025) • 400 companies or more	• 59% • 457 companies
4	Advance technological strategies that lead to safety and excitement	Cooperate with regional communities and companies toward the creation of new value	Collaborate with local communities	• Comprehensive partnership agreement with a local government • Secure sales in new markets	• A total of 3 projects by FY2025 • Sales scale ¥5 billion/year (until FY2030)	• A total of 2 projects • 0 projects
			Promote cross-industry collaboration	Formation of a new business organization through M&A	Construction contract work begins from FY2028	0 projects
		Increase construction efficiency through technological development and utilization	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/year (until FY2030)	12 technologies
			Increase construction efficiency through the use of technology	Number of Design BIM building permit applications and application rate*2	1 project (FY2025), 80% (FY2030)	—
				• BIM adoption rate at each phase • Number of BIM application packages installed	• Detailed design BIM 50% (FY2025) • Construction BIM 55% (FY2025) • 230 packages (FY2025) • Detailed design BIM 100% (FY2030) • Construction BIM 100% (FY2030) • 510 packages (FY2030)	• Design BIM 91% • Detailed design BIM 31% • Construction BIM 30% • 152 packages
				Use of proprietary (developed) technologies on-site	50 technologies or more/year (until FY2030)	67 technologies
		Engage in DX technological development	Engage in DX technological development	Progress of each measures of DX Vision (smart construction site)	2 projects/year (until FY2030)	2 projects
				Rate of achievement of DX technology (labor-saving and productivity improvement) development goals based on the technology development roadmap	Average development goal achievement 70% (until FY2030)	78%
			Engage in technological development that looks to the future	Rate of achievement of technology development goals for disaster prevention, mitigation and renovation works based on the technology development roadmap	Average development goal achievement 70% (until FY2030)	75%
			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% (until FY2030)	100%
5	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	Promote the active participation of diverse human resources	• Percentage of newly hired female employees • Percentage of female managers	• 20% or more for new graduate hires • 2.0% or above (FY2025)	• 16.1% • 0.65%
			Implement measures utilizing diverse human resources	• Percentage of male employees taking child-care leave (including leave for the purpose of childcare) • Percentage of 1-on-1 meetings implemented between supervisors and subordinates • DX Vision (work style) implementation progress	• 100% • 100% (FY2025) • 5 projects/year	• 75.0% • 70.9% • 5 projects
			Put in place conditions under which employees can energetically play active roles	• Engagement score of employees • Percentage of high-stress check employees • Participation rate of detailed examination after regular health checkups • Voluntary resignation rate	• 3.71 or above (FY2025) • 7.5% or below • 80% or more • Below 1.5%	• 3.71 • 7.7% • 60.2% • 2.57%
			Promote work environment improvements	Frequency rate (4 or more days of absence from work)	0.4 or below (FY2025) 0.2 or below (FY2030)	0.88
		Instill cross-organizational thinking	Foster a cross-organizational, collaborative mindset	Create award system to reward engagement in collaborative projects and challenges	Initiatives from FY2025	—
			Create cross-organizational, collaborative systems	Establish a mechanism to evaluate cross-organizational and collaborative efforts	Initiatives from FY2025	—
6	Adhere strictly to compliance	Reinforce risk management systems	Reinforce risk management systems	• Implement security measures for information risks • Risk and opportunity management effectiveness • BCP training	• 2 or fewer serious incidents (Level 2 or above) occurred • Incidents of serious noncompliance: 0 • Early response rate for safety confirmation training Daytime weekdays: 90% within 3 hours Nighttime and holidays: 90% within 6 hours	• 0 • 0 • 91% on weekdays, 64% on holidays*3
		Upgrade, expand, and continue compliance education	Upgrade, expand, and continue compliance education	Compliance training attendance rate	100%	100%

*2 From FY2025, the target will be changed to the number of Design BIM building permit applications and the application rate.

*3 Figures within 3 hours

Material Issues, Opportunities and Risks

Awareness of Environmental Changes			Environment surrounding the industry	Internal environment
Social changes				
Changes in domestic conditions - Shrinking and aging population in Japan, labor shortages - Contracting markets in Japan - Urbanization and aging infrastructure Changes in global conditions - Increasing populations, advancing urbanization, and growing economies in emerging countries - Expanding infrastructure needs - Destabilizing international conditions - Increasing in U.S. tariffs			Environment surrounding the industry - Slightly increasing or flat markets for new construction work ordered by government - Growing demand for infrastructure renovation - Strong but uncertain private-sector construction markets - Stagnating construction investment by Japanese-affiliated companies overseas due to a weaker yen, etc., strong but uncertain performance of foreign-affiliated companies - Soaring construction materials prices and labor costs - Declining and aging construction industry workforce - Increasingly strict overtime work cap regulations	Internal environment - Improved earnings toward achieving Medium-Term Management Plan 2025 - Evolution toward the rebuilding of social functions - Stronger alliances with the five internal businesses and partners in different industries [Decarbonization plan] Formulating ZERO50 Road Map, promoting <ZERO30 Roadmap 2023> - Thorough reduction of overtime hours - Acquisition of human resources, enhanced training - Commencement of a developmental cycle of engagement - Growth investment

Nishimatsu's Perspective	Materiality (priority issues) Issues/Vision	Related Capital and Stakeholders	Stakeholder Needs	Risks	Opportunities
Solve social issues through business	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	- New value creation - Resilient community development (disaster prevention and mitigation) - Decarbonization, biodiversity, circular economy - Energy management	Risks Related to a Changing Business Environment - Declining construction demand, falling construction orders due to a contracting real estate market, stagnating real estate sales and rental businesses International Business Risks - Occurrence of terrorist attacks in countries of operation, fluctuations in the political and economic climate, changes in legal systems Natural Disaster Risks - Impacts on projects under construction, construction delays, damage to buildings owned by the Company in the event of large-scale natural disasters Climate Change Risks - Higher costs due to new environmental policies and the tightening of legal regulations - Declining demand for real estate for which no decarbonizing measures have been implemented - Lower labor productivity due to rising temperatures, longer construction times due to fewer skilled laborers, loss of sales opportunities - Higher costs due to the full-scale introduction of carbon taxes	- Increased demand for buildings with low GHG emissions - Increased demand for renewable energy-related construction - Increased demand for renewable energy and associated businesses - Increased demand for the development and renovation of infrastructure for disaster prevention and mitigation - Diversification of needs for construction-related services - Implementation of real estate development projects that provide attractive contents - Building maintenance and management services provided through AI and DX - Increasing investment in the construction of semiconductor-related facilities, data centers, etc. - Logistics facilities with enhanced functionality, increased demand for cold chain-related facilities - Increased number of large-scale redevelopment projects in the Tokyo metropolitan area - Diversification of social issues and customer needs, including environmental and decarbonization initiatives and the promotion of well-being - Increased demand for the development of environmentally friendly buildings
Strengthen organizational capabilities	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	- Improved on-site capabilities, on-site labor savings - Improved customer satisfaction - Codification of the knowledge from individual sites, technical skill succession	Construction Quality Risks - Loss of credibility among customers and compensation for damages etc. in the event of a major defect - Lower quality and productivity in the event technical skills cannot be passed on - Increased costs for handling defects due to rising quality requirements and the demands of society	- Greater customer satisfaction and increased order opportunities resulting from higher construction quality - Robust training system that improves technical construction skills
Alliances with external parties	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	- Establishment of sustainable supply chains - Training and support of skilled construction workers - Consideration for human rights - Alliances with regions and communities, different industries, and government/academia	Materials Price and Labor Cost Fluctuation Risks - Higher costs and negative impacts on construction profit/loss due to fluctuations in materials prices and labor costs - Tight supply chain due to strong construction demand	- New value creation opportunities acquired through alliances with internal and external partners - New services provided through active coordination with other industries - Stronger, as well as expanded scope of, technology development capabilities through alliances with universities, other industries, and other external institutions
Technology	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	- Increase in construction efficiency, DX advancement - Cyber security, data security - Development and utilization of cutting-edge technologies - Technologies that contribute to disaster prevention/mitigation and renovation works - Technologies that contribute to buildings with low GHG emissions	Risks Related to Technology Development - Negative impacts on performance due to delays in technology development for 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	- New services provided through the promotion of DX - Application of new construction technologies and higher productivity resulting from DX promotion - Development and application of technologies that aid in strengthening national resilience, extending the life of infrastructure and buildings, and maintaining and managing buildings - Development of new technologies for decarbonization, resource circulation, and natural environment conservation
Human resources	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	- Improved workplace environment, work style reform - Higher motivation, skill levels, and wages - DE&I, consideration for human rights	Risks Related to Human Resource - Difficulty in securing, as well as outflow of, specialized human resources and leaders, delayed human resources development - Decline in the number of construction industry workers due to a shrinking and aging workforce - Intensifying competition to secure labor - Legal violations and administrative guidance related to overtime work cap regulation - Loss of credibility and poorer performance due to the occurrence of occupational accidents	- 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
Governance	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	- Maximized corporate value - Action on compliance, anti-corruption, anti-social forces - Risk management - Information security	Compliance Violation Risks - Major legal violations, including personal acts of misconduct Information Security Risks - Information leaks and loss due to external cyber attacks and employee negligence	- Enhanced and embedded awareness through repeated compliance training - Earn the trust of all stakeholders - Cultivation of a healthy, open corporate culture - Enhanced self-purification capabilities against fraud and misconduct

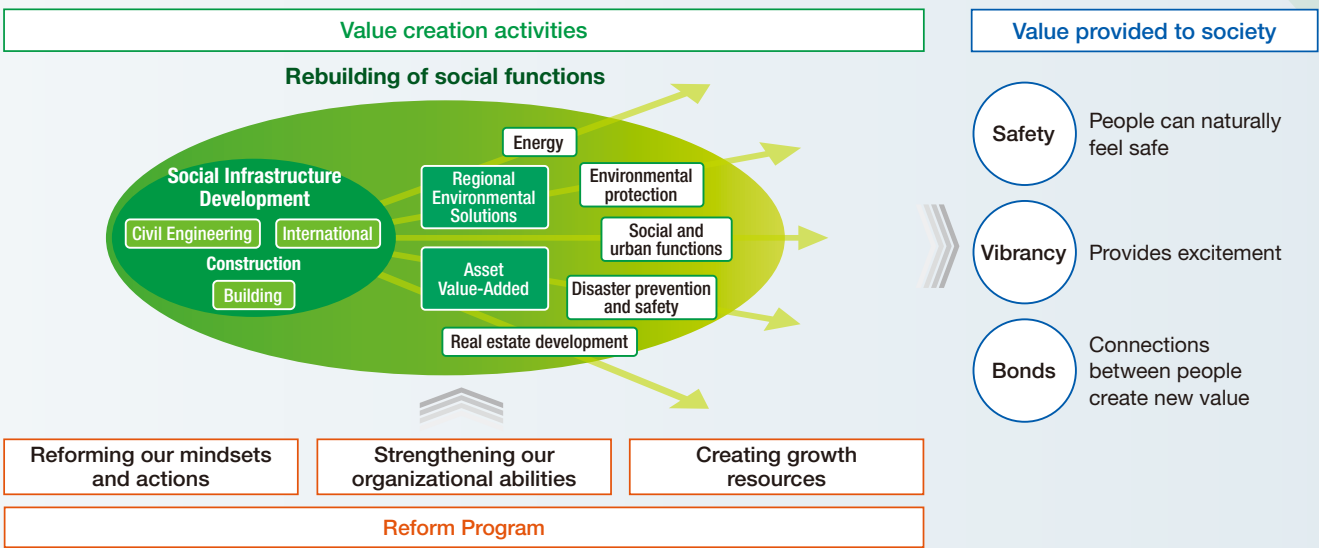
Nishimatsu-Vision 2030

Amid a rapidly changing social and business environment, we have dug deep into the will and strength we have cultivated to date and reexamined our value in society. To us, business activities are value creation activities. Out of a desire to expand areas of co-creation and provide people with safety, vibrancy and bonds between people, we have revamped our long-term vision and established Nishimatsu-Vision 2030: A company with overall capabilities that works together to make regions and communities that are naturally safe and vibrant. To coincide with this new vision, we have formulated Medium-Term Management Plan 2025, with FY2023 as its starting year.



Value Creation Activities and Reform Program

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



Rebuilding of social functions is a **value co-creation activity** that entails expanding the scope of our efforts to include the development of social infrastructure and social functions* in a bid to resolve ever-changing social issues.

Through **value co-creation activities**, Nishimatsu Construction will work to promote the **growth of individual businesses** while **strengthening and expanding partnership projects** by undertaking a transformation and leveraging external relationships as a part of efforts to provide safety, vibrancy and bonds between people.

* Social functions: Social and urban functions, disaster prevention and safety, environmental protection, energy and real estate development

We will work to firmly entrench value co-creation activities through various means, including dialogue as our **corporate culture**.

Review of Previous Medium-Term Management Plans

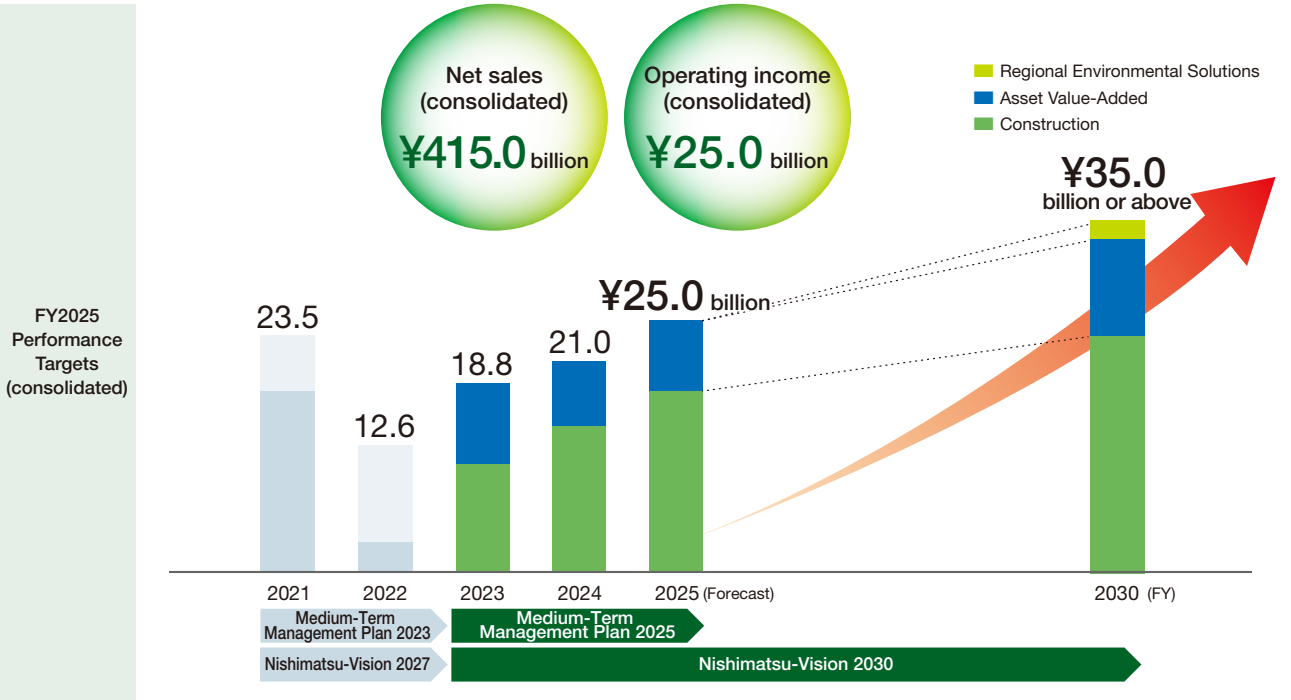
Based on the previous Nishimatsu-Vision 2027 plan, we positioned Medium-Term Management Plan 2023 (FY2021-FY2022) as a period of transformation into a company with overall capabilities, and by utilizing the foundation built during the three-year Medium-Term Management Plan 2020 (FY2018-FY2020), we focused on efficient growth investments while enhancing sustainable value.

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	End Results	
		Operating income	¥25.0 billion		
Finance (consolidated)	Targets	ROE	8.0% or more	End Results	
		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		
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:				
Results (consolidated)		FY2021	FY2022		
		Initial Performance Targets	End Results		
	Net sales	¥323.7 billion	¥338.5 billion	¥339.7 billion	
	Operating income	¥23.5 billion	¥24.0 billion	¥12.6 billion	
Finance (consolidated)		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, and is scheduled to open for business in 2025 ◀ (Urban Development & Real Estate Business x 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 x Domestic Building Business)				
	PFI project: Received order for funeral hall PFI project in Kurashiki City ◀ (Environment and Energy Business x 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)				
	• Formed a comprehensive partnership agreement for the realization of a decarbonized society with a local government in Kyushu				
	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				

Progress of Medium-Term Management Plan 2025

FY2024 was the second year of Medium-Term Management Plan 2025, and the steady implementation of the Earnings Improvement Plan resulted in increased earnings and greater-than-expected progress. In FY2025, the final year of Medium-Term Management Plan 2025, we will continue to implement the Earnings Improvement Plan and advance our transformation into a group with a more profitable business structure. We forecast that earnings in FY2025 will increase significantly due to a decrease in the proportion of construction work affected by rising materials prices.



FY2025 Financial Indicators (consolidated)	Financial Indicators	FY2024 End Results	FY2025	FY2030
	ROE	10.3%	10%	10% or more
	Capital to assets ratio	29.1 %	Approx. 30%	35% or more
	D/E ratio	1.2 times	Approx. 1.5 times	Approx. 1.0 time
	Dividend policy	Dividend on equity (DOE) 5.1 % Annual dividend per share ¥220	Stable dividends at a DOE of around 5%	
Earnings Improvement Plan	Domestic Building Business	• Receive construction orders by properly reflecting material and labor prices in the estimate (new construction orders from FY2023 onwards) • Advanced on-site management (implement cost reduction measures and quality improvement measures)		
	International Business (civil engineering)	• Enhance initiatives for ODA projects to minimize risk • Advanced on-site management (share information with the internal expert committee and conduct risk assessments at each construction stage)		
Reform Program	Awaken individual strengths (the ambition, persistence, and autonomy of individuals) and maximize organizational strengths			
	Reforming our mindsets and actions	Aiming to provide opportunities for employees, from junior staff to managers, to speak face-to-face with the president in order to shift the Company to a change- and growth-oriented approach. Fostering an organizational culture where employees can discuss anything with each other →P.42 Fostering an awareness of a challenger mindset and an awareness of collaboration		
	Strengthening our organizational abilities	To consider detailed measures, we formed a working group that includes employees on-site and at regional headquarters Beyond measures, we consider indicators and KPIs to measure effectiveness, and how to disseminate information to employees →P.42 Fostering an awareness of a challenger mindset and an awareness of collaboration		
	Creating growth resources	Implement measures to increase productivity centered on DX Provide time for human resources, the source of growth, to do creative work →P.46		

Message from the General Manager of the Corporate Strategy Unit

We aim to co-create value by implementing strategies to enhance profitability, improve capital efficiency, and invest in sustainable growth from a company-wide perspective.

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



Roles of the Newly Established Corporate Strategy Unit

In April 2025, the Company reorganized the head office and established four units: the Corporate Strategy Unit, Human Resource Strategy Unit, Technology Strategy Unit, and Management Unit, which together form the Corporate Unit. The goal of this restructuring was to promote management from a company-wide perspective.

Each business division is a part of the foundation of the Company, and they have demonstrated their strengths in their respective fields. This may enable us to implement our strategies over the next three years. However, to enhance corporate value over the medium to long term, ten years into the future and beyond, we must develop strategies and allocate management resources from a company-wide perspective. As a result of these considerations, the Company implemented organizational reforms and created new Corporate Unit.

The Corporate Strategy Unit does not directly execute business operations. Instead, it shares information with other strategy units responsible for practical operations and complements the activities of each division. Additionally, we will assume the role of charting a course for the entire Company to progress together, including developing long-term visions and initiatives to achieve the ideal state of Nishimatsu Construction.

Another role is to mitigate the risks we encounter. We are making long-term investments, especially in the Asset Value-Added Business and the Regional Environmental Solutions Business. We will assess initial investment risks and continuously conduct the monitoring to determine whether the investments are suitable and what impact they will have on the Company. We will implement mergers and acquisitions after evaluating their impact on the growth of the Company and the companies being merged with or acquired, as well as any potential synergies.

Review of the Implementation of the Second Year of Medium-Term Management Plan 2025

In FY2024, the second year of Medium-Term Management Plan 2025, net sales declined 8.7% year on year, to 366.8 billion yen. Operating income increased 12.1%, to 21 billion yen. At the time the Medium-Term Management Plan was being formulated, the Building Division was being significantly affected by rising material prices and it faced profitability issues. Accordingly, we began to implement the Earnings Improvement Plan. Over the past two years, the head office and regional headquarters have worked together to enhance project management and carefully explain design changes due to rising prices to customers to gain their understanding. These steady efforts contributed to an increase of profits.

However, we still have issues. Although the building market is expanding in a seller's market, the Domestic Building Business has experienced sluggish growth. Net sales have remained around 200 billion yen for the past five years. In FY2024, net sales decreased 19.0% year on year, to 191 billion yen. We focused on implementing the Earnings Improvement Plan and placed too much emphasis on safe and secure construction systems. This resulted in the decline in net sales, despite our potential.

Our goal is to increase sales and profit leveraging our potential and our revenue structure which we have improved through the Earnings Improvement Plan, while also implementing a digital transformation to increase productivity.

Progress of Growth Investments Totaling 120 Billion Yen

During the period of the Medium-Term Management Plan, we are investing a total of 120 billion yen in growth over three years to expand value co-creation activities. We plan to invest

Investment Categories and Expected Effects from Investment (as of FY2030)	FY2023 and FY2024 Investment Results		Expected Investment Targets for FY2025 and Beyond
	Investment Targets and Amounts (cumulative total)	Investment Effects and Contributions	
GX and community development - Earning business income ROA: 4% - Power generation (FY2025): 87kMWh (equivalent of 35kt-CO₂) (Investment amount of 40 billion yen / 3 years)	- Sanyo-Onoda Biomass Power Plant - Michi no Eki Munakata Roadside Station Solar Power PPA Project - Western Kumamoto Biogas Power Plant Project - SCG Nichirei Solar Power PPA Project Investment: Approx. 5.5 billion yen - Offshore Wind Power Generation Project (SEP vessel) Investment: Approx. 7.0 billion yen	FY2023 power generation: 1k MWh FY2024 power generation: 13k MWh	- Small hydropower (3 projects) - Solar power PPA projects (4 projects)
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. 75.0 billion yen Recovery: Approx. 30.0 billion yen	- Strengthening the earnings power of the entire Nishimatsu Group - Expanding business opportunities for the Nishimatsu Group	- Selection of properties expected to deliver stable performance - Investment in overseas revenue-generating real estate - Action on decarbonization at owned properties
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 sources - DX-related investment - Technology development Investment: Approx. 4.0 billion yen	- Maintaining number of new graduate and mid-career hires - Time created through DX: 232,000 hours - Developing elemental technologies for tunneling work automation systems - Completing construction and starting service of actual projects using wooden construction method (P&UA)	- Continued investment in human resources - Ongoing investment in workstyles and business DX, etc. - Enhanced development of construction automation systems (development of simultaneous remote control of multiple machines, etc.) - Expanding scope of application for P&UA construction method

110 billion yen in the Asset Value-Added Business and recoup 40 billion yen over three years, resulting in a net investment of 70 billion yen. In FY2023 and FY2024, we invested a total of 75 billion yen and recouped 30 billion yen. The net investment was 45 billion yen. Due to the soaring cost of construction, the investment environment in the Asset Value-Added Business is challenging. Asset balances in this business are increasing, and the challenge is how to increase cash from that. Medium-to long-term strategies are an essential part of increasing profitability. The Corporate Strategy Unit will set capital efficiency targets and evaluate when and how to invest cash and recoup investments.

We planned to invest 10 billion yen in the development of human resources and technology and in our digital transformation over three years. In the past two years, we have invested a total of 4 billion yen. We will monitor investments and make appropriate decisions for these investments from a long-term perspective to achieve sustainable growth and increase our competitiveness.

Enhancing Capital Efficiency

We are working to enhance capital efficiency. ROE improved to 10.3% in FY2024, reaching the target set for FY2025. Our cost of equity is estimated to be between 7% and 8%. We aim to achieve a return on equity (ROE) that exceeds this range to further enhance our P/B ratio.

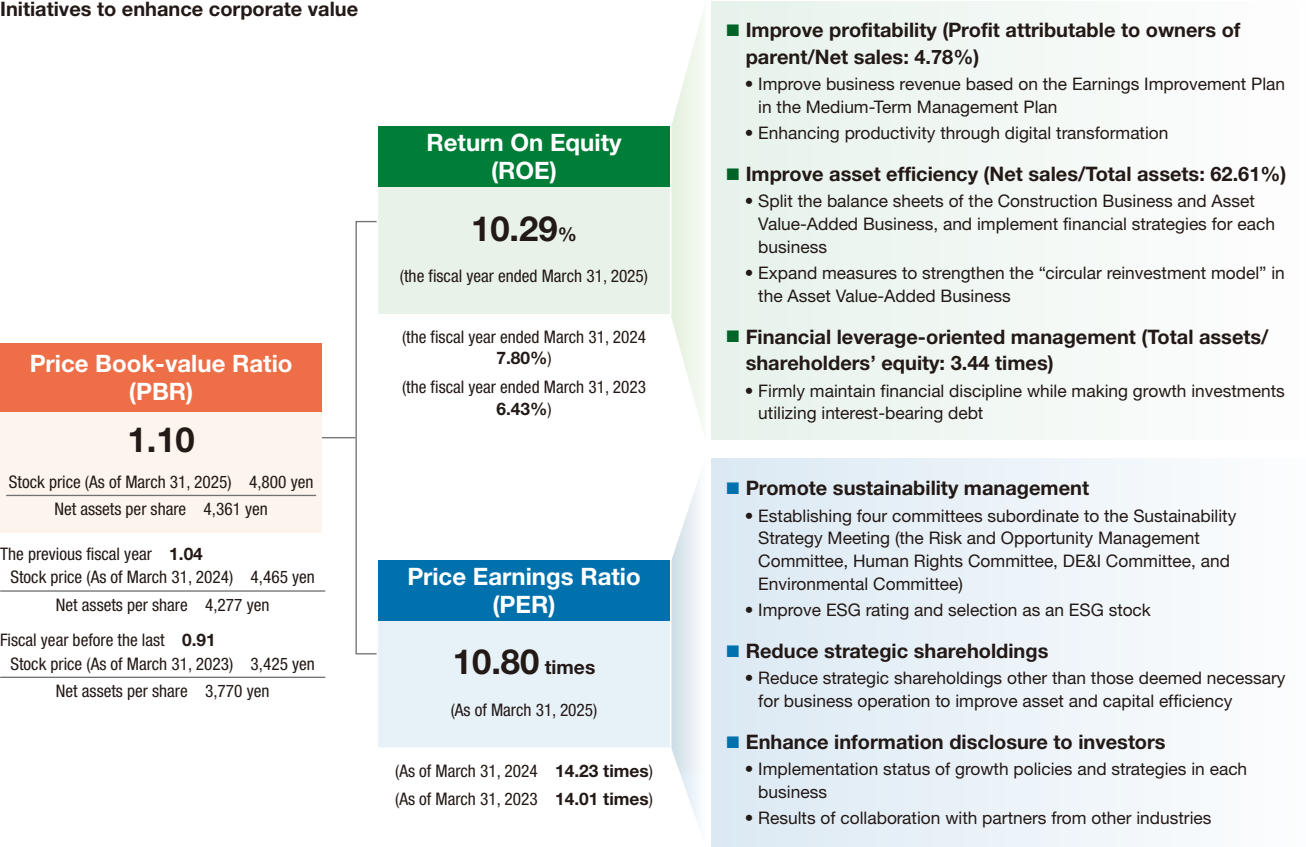
The reduction of strategic shareholdings has contributed to the improvement of ROE. Strategic shareholdings declined 13.9 billion yen year on year, to 32.2 billion yen, or 17.8% of net assets. We plan to continue to reduce our strategic shareholdings.

It is also important that we ensure our financial soundness. To meet our FY2030 targets of an equity ratio of 35% or higher and a D/E ratio of approximately 1.0, we aim to increase asset efficiency by accelerating our collection of construction invoices to reduce accounts receivable and by selling low-profit assets.

Total shareholder return (TSR) based on the stock price at the end of March 2015 was 294.7%, which was higher than the TSR of TOPIX, which was 217.4%. Dividends per share for FY2025 are projected to be 220 yen. We aim to consistently achieve high returns to shareholders and TSR. We initially set a dividend payout ratio of 70% as a shareholder returns target. However, in FY2024, considering the recent changes in interest rates and the increase of employee compensation, we revised this target to a stable dividend based on dividend on equity (DOE) of about 5%. In FY2024, the DOE, dividend payout ratio, and dividends were 5.1%, 49.5%, and 220 yen, respectively. Using DOE as an indicator allows us to maintain stable dividends while enhancing operating results, increasing profits, increasing internal reserves, and ensuring that we have funds for investments. We will develop our next medium-term management plan based on these strategies.

Message from the General Manager of the Corporate Strategy Unit

Initiatives to enhance corporate value



Human Resource Strategy

Message from the General Manager of the Human Resource Strategy Unit

Transforming the capabilities of the Company’s employees into a strength of the Company: enhancing human capital management to achieve sustainable growth

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



Human Resource Strategy Challenges and a New System for Addressing Them

Amid a decreasing working population, the increasing mobility of human resources, and the acceleration of changing values regarding work, we need to create systems that enable diverse human resources to play active roles with excitement to realize sustainable growth. This is one of the Company’s material issues. We are currently facing the challenges of securing and retaining the human resources that are essential for our business activities, placing the right individuals in the right positions to maximize our organizational strengths, raising awareness of a challenger mindset and an awareness of collaboration and enhancing employee engagement. To address these challenges, a human resources management approach that seeks to optimize the overall alignment of the Company’s management strategies is necessary, instead of each department implementing measures independently.

In light of this situation, the Human Resource Strategy Unit was established as one of the Corporate Units in April 2025 to contribute to the implementation of the Company’s corporate and business strategies.

Initiatives to Date and Our Challenges

We have strived to solve issues to achieve the three goals laid out in the Reform Program for Nishimatsu-Vision 2030: reforming our mindsets and actions, strengthening our organizational abilities, and creating growth resources. Specifically, we have implemented the following measures: the enhancement of our recruitment system to emphasize diversity, the expansion of the Nishimatsu Employees’ University training program and promotion of employees’ self-directed educational activities, the enablement of psychological safety and the fostering of an awareness of a challenger mindset through the dialogue between the president and the Company’s employees, and the assignment of personnel to positions in different departments and the fostering of an awareness of collaboration. While steady progress is being made on these measures, it is essential that we continue to promote them.

In particular, the percentage of female managers is still low. Increasing this percentage is a crucial part of the promotion of DE&I, which strengthens our organizational abilities and helps us develop growth resources. To increase the number of female managers, we remain committed to encouraging women to pursue managerial roles and supporting their balancing of career development and childcare activities.

Fostering the Developmental Cycle of Engagement

Enhancing employee engagement is the key to sustainable growth. The important factors involved in this include motivation, growth opportunities, fair evaluations, career advancement, and psychological safety. We aim to create a virtuous cycle by developing an environment where employees with diverse values can develop a willingness to take on challenges and fully utilize their abilities while working toward a common goal. In this cycle, we seek to enhance employee engagement, which will help us become a company that is preferred by customers and other stakeholders. To this end, we will continue to enhance both the “hard” aspects of our Company, such as systems and mechanisms, and its “soft” aspects, including our corporate culture and employee awareness, while ensuring these activities are aligned with our management strategies.

Specific Initiatives to Enhance Human Capital

Initiatives to secure diverse human resources and support them in their work

Competition to acquire human resources is intensifying every year, and values regarding work are changing drastically. In this context, we have focused on consistently securing and retaining human resources, which is an urgent issue.

We have introduced a recruiter system to enhance our ability to attract new graduates. We have not yet measured the effect that the implementation of this system has had. However, we feel that students are more interested in working for the Company. The goal of the system is to increase points of contact between recruiters and students while effectively

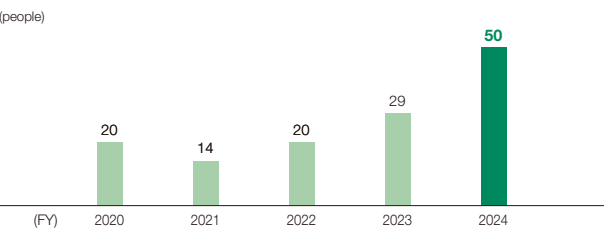
Material Issues and Major Initiatives

Materiality	Materiality solutions	Linking together the “Medium-Term Management Plan 2025” Reform Program			Key KPIs for initiatives (dynamic)	Progress		
		Reforming our mindsets and actions	Strengthening our organizational abilities	Creating growth resources		2024 target	2024 results	2025 target
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	16.1%	20% or above
					Number of career hires	20 or more	50	20 or more
					Percentage of female managers (Number of female managers / Number of all managers)	1.0%	0.65%	2.0% or above
					Remote work usage ratio (Number of implementors/Number of employees)	75% or above	32.4%	100%
					Percentage of male employees taking childcare leave (including leave for the purpose of childcare) (Number of employees taking leaves /Number of subject employees)	100%	75.0%	100%
					Participation rate of detailed examination after regular health checkups (Number of employees who underwent detailed examination / Number of subject employees)	80% or above	60.2%	80% or above
	Providing employee development opportunities	○			Mechanism that allows employees to select curriculums (progress rate)	50% Commencing operation	25% Concept	100%
	Raise awareness of a challenger mindset	○			Number of participants in dialogues with the president (cumulative)	1,500	1,281	1,800
					1-on-1 meeting implementation rate (Number of times implemented /Number of times planned)	100%	70.9% (Partially introduced)	100% (Fully introduced)
	Raise awareness of collaboration		○		Mechanism to praise employees engaged in collaborative projects (progress rate)	50% Concept and design	50% Concept and design	100% Commencing operation
Increasing employee engagement	Visualizing human resources data (create a talent management system)	○	○		Human resource data visualization progress rate (Number of visualization implementation items / Total visualization items)	73%	73%	100%
	Increasing employee engagement	○	○	○	Engagement score of employees	Exceeding FY2023 levels (3.68)	3.71	More than FY2024
					Voluntary resignation rate (Number of voluntary resignations / Number of employees at start FY)	Less than 2.0%	2.57%	Less than 1.5%

conveying the Company’s appeal, facilitating student recruitment and reducing mismatches, as the number of new graduates is projected to decrease. In FY2024, the number of mid-career hires increased significantly due to expanded recruitment targets. To increase the number of people we hire, we have been broadening our recruitment channels. In FY2024, we initiated a program for preferentially recruiting candidates who have participated in selection processes. This initiative offers preferential treatment to individuals who were not hired as new graduates. We also launched the alumni recruitment program. In this program, we actively recruit individuals who have left the Company because they changed jobs, got married, had children or other reasons.

We promote the use of various systems to develop an environment in which diverse human resources can thrive. Particularly to support childcare among male employees, in FY2024, the percentage of male employees taking childcare leave reached 75%. This increase is partly attributable to increased awareness of the Post-birth Papa Leave System. A corporate culture that encourages employees to view taking childcare leave as a natural option is being developed.

Number of career hires



Construction site employees find it difficult to use systems that permit flexible work arrangements, including flextime without core hours and telecommuting, due to various restrictions on working hours and locations. We aim to increase employee awareness of the systems for developing a better work environment and increase work efficiency while expanding these systems.

There has been a positive trend in the promotion of women’s participation in the workforce, as the number of women in career-track positions is increasing annually due to proactive recruitment efforts. Additionally, the number of female managers is also rising steadily. However, many women still express concerns about the future of their careers. They are uncertain about how life events such as marriage and children could affect their careers, and they worry about their health and physical strength. Female engineers across the nation are taking the lead in activities to address these problems and concerns. In FY2024, they organized a workstyle seminar where employees who had taken maternity leave or childcare leave shared their experiences regarding the balancing of work and childcare. We are also taking steps to address the issue of women’s participation in the workplace. This includes facilitating the dialogue between the president and female employees, as well as the organization of study sessions to address unconscious biases in individuals and workplaces that are believed to hinder women’s involvement



Reflecting on my future self workstyle seminar

Human Resource Strategy

in the workforce. These study sessions are organized by the DE&I Committee, which was established in FY2024.

Providing employees with opportunities to grow
In addition to cultivating advanced technical skills, the Company launched the internal human resources training system Nishimatsu Employees’ University in 2019 in order to foster employees able to respond to changes in society with a broad perspective. We since have worked to enhance the courses of this system. To encourage self-directed learning, we have launched a trial version of on-demand lectures on certain subjects. This initiative enables employees to choose and attend lectures at their convenience, rather than following the mostly standardized and stratified training program that has been in place. We are currently analyzing employee satisfaction with the program and the educational results in preparation for the full-scale implementation of the system.

To date, we have primarily concentrated on enhancing the “hard” aspects of our program. Moving forward, we will also address the challenges that have become apparent regarding its “soft” aspects. These challenges include the improvement of the instructors’ skills, the increase of participants’ awareness of careers, and the establishment of a follow-up system to help participants apply what they have learned in real-world contexts.

Specifically, we plan to enhance the teaching skills of our in-house training instructors, provide career design training and establish consultation desks to help employees clarify their career aspirations, and support workplace leaders in the improvement of their training skills.

Developing next-generation management human resources
One critical issue in our human resources strategy that we must address for our sustainable growth is the systematic development of human resources to fill management roles. We select executive candidates from within the Company early on and assign them tasks and roles that require a company-wide perspective. We are developing a training program to help them acquire literacy in a wide range of management tasks, including expertise for adapting to change, engaging with diverse human resources and utilizing new technologies.

Fostering an awareness of a challenger mindset and an awareness of collaboration
We have implemented initiatives to cultivate an awareness of a challenger mindset. We have promoted dialogue between the president and our employees. We have also included employees’ behavior of taking on challenges in our personnel evaluation criteria. The goal of these initiatives is to create a system that ensures psychological safety and encourages employees to embrace new challenges. Additionally, 1-on-1 meetings between supervisors and subordinates have been implemented throughout the Company in FY2025. These meetings were conducted at certain departments last fiscal year, and it is believed that they have fostered psychological safety. We will also focus on increasing awareness of collaboration. We plan to establish a system to recognize employees who demonstrate a strong willingness to take on challenges and exhibit exemplary behavior. We will also recognize those who contribute to collaborative projects across different departments.

Changing employees’ awareness requires a long-term perspective and continuous efforts. We will engage in dialogue with employees to regularly evaluate the effects of the above initiatives and continue to implement improvements.

Visualizing human resources data (create a talent management system)
To effectively implement various personnel policies and maximize each employee’s capabilities, we have been working to build a talent management system. The goal of this system is to transform from human resources management systems which have traditionally relied on intuition and experience to a data-driven management system.
We have centralized information that was scattered throughout the Company and collected data about the capabilities of employees that was not available internally. Additionally, we have gathered information about employees’ personalities, aspirations, and views on work through external surveys. However, the data on employees’ capabilities is currently based on self-reported data. The challenge that we are facing is the objective measurement of our employees’ capabilities. While addressing this challenge, we plan to gather detailed data about employees’ work experience, their career aspirations, and dialogues to achieve our goals of optimally placing human resources within the organization, fostering self-directed educational activities, and utilizing this data in our succession planning.

Initiatives to improve employee engagement
We believe that the enhancement of employee engagement is a vital factor that directly contributes to long-term employee retention and the sustainable growth of the Company. We conduct an annual survey to score employee engagement. The Human Resources Department thoroughly analyzes the survey results and provides feedback to management, departments, and regional headquarters.
The results of the FY2023 surveys indicate that the scores for “total,” “job,” “workplace,” and “company” all exceeded the standard score (3.5/5 points). However, we found that job satisfaction scores were notably low in certain departments and job types. To address this, we interviewed employees in those departments and have initiated a process to identify the underlying issues and work towards resolving them.

The FY2024 surveys reported that scores in all categories surpassed those in the previous year. One possible reason for this is that the previously mentioned initiatives were well received by employees. We will continue to carry out the cycle of identifying issues, developing countermeasures and implementing, monitoring, and reviewing them swiftly and steadily.
We believe that dialogue is the key to sustaining this ongoing cycle. We aim to foster dialogue between supervisors and subordinates in each workplace to embrace the diverse values of employees. By being attentive to even the slightest changes in subordinates, we hope to build trusting relationships through a continuous improvement process and enhance employee engagement.

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

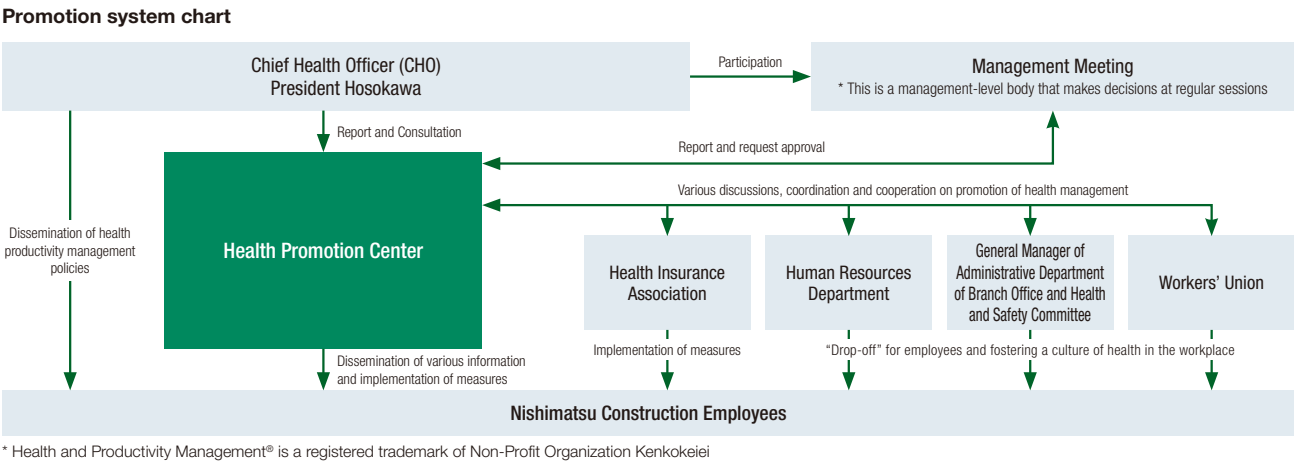
* Excluding branch office hired employees and temporary employees

Health and Productivity Management Initiatives

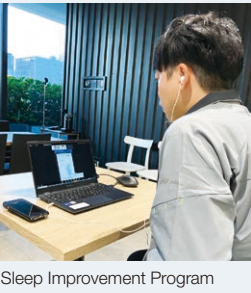
Our perspective on the concept of health and productivity management: Employee’s well-being is the source of corporate vitality, and the foundation of well-being is health
We believe that the well-being of employees is the source of energy for sustainable corporate growth, and that good health is the source of this well-being. To achieve this, we recognize that the loss of work opportunities due to illness is a management issue, and aim to improve productivity by preventing it. 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. This includes establishing subsidies for medical checkups

(including optional examinations and similar subsidies are available for dependent spouses), putting forward recommendations for detailed examinations after regular health check-ups, providing subsidies for women’s cancer screening, providing physical and mental consultations by medical staff, free smoking cessation programs, etc. We were evaluated and certified as a 2025 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 after regular health checkups.

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



Provide opportunities to reassess lifestyle



Sleep Improvement Program



An employee undergoing VegeCheck®

In FY2024, we focused on providing employees with support regarding their diets and sleep habits, which are crucial for maintaining a healthy lifestyle.
In recent years, the Company has conducted VegeCheck® tests to measure vegetable intake levels at its Head Office and regional headquarters across the country. Additionally, for the first time, a taste test was conducted using SALSARE®, a salt-containing filter paper that facilitates the easy comparison of saltiness perception. These tests were conducted with the cooperation of the health insurance association in which the Company participates. Many employees tend to consume strong-flavored foods and neglect vegetables in their daily consumption of food. These tests provided opportunities to increase their awareness of their eating habits.
The annual lifestyle survey indicated that employees in their 20s to 40s, who are in the prime of their working lives, experience significant sleep issues. The stress assessment results showed a correlation between sleep quality and stress. We have thus introduced the Sleep Improvement Program that enables employees to receive tailored advice from sleep experts based on their individual circumstances to achieve better quality sleep. To prevent mental health problems, we will enhance early intervention by improving sleep and fostering an environment where employees can maintain their good health.
We will continue to implement initiatives that promote employees’ awareness of health so that they and their families can live healthy and fulfilling lives.
VegeCheck® is a registered trademark of Kagome Co., Ltd.
SALSARE® is a registered trademark of Toyo Roshi Kaisha, Ltd.

Technological & DX Strategy

Digital Transformation Certification

Certified in July 2022

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

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

Message from the General Manager of the Technology Strategy Unit

Integrating technologies and DX to improve productivity and drive digital innovation

Hiromi Tsuboi
Executive Officer, General Manager of Technology Strategy Unit



Integrating Technologies and DX to Create New Value

The construction industry is now at a major turning point. In the face of challenges of a decline in the number of experienced engineers and the need to increase productivity, we have established the Technology Strategy Unit and embarked on a new initiative based on the integration of technologies and DX.

We will visualize, standardize, and systematize the technological capabilities we have cultivated by using digital technologies so that our entire organization can use them. The goal of this initiative is to considerably improve our construction management and technology development capabilities. The initiative will also advance our efforts to reduce labor, increase productivity, and innovate, supporting our efforts to expand into new business fields.

Specifically, we have now begun to integrate AI, BIM/CIM, IoT, and other technologies, and are actively promoting their

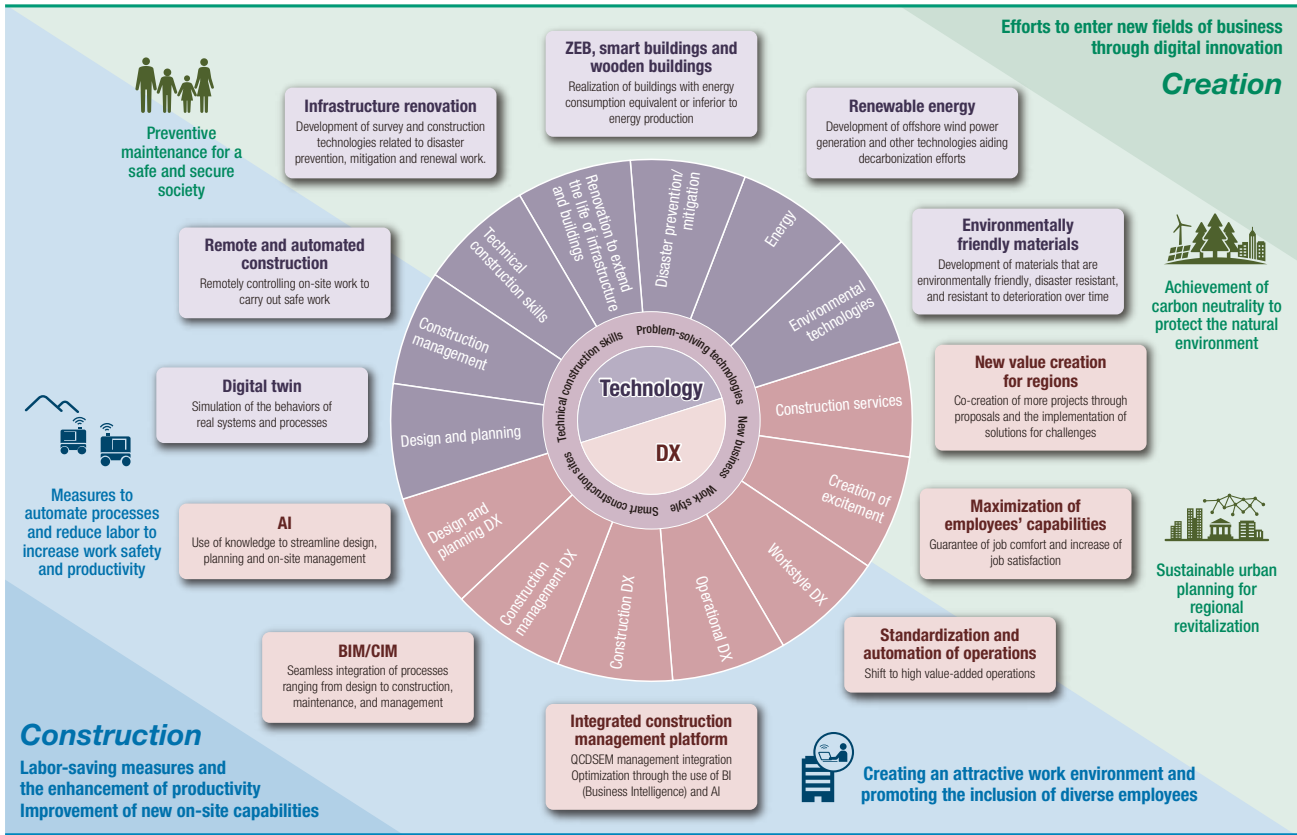
use. We have constructed a system for monitoring the site status in real time and making optimal decisions. We will establish new on-site capabilities based on this system and elevate our construction technologies. It is hoped that the system will streamline and advance construction technologies and improve on-site productivity, quality and safety. In addition, we introduce digital solutions to development of creation technologies for solving social issues in environmental, energy, and community development. We are thus working to create new value.

To advance it at an accelerating speed, the entire Company needs to make concerted efforts. Guided by the slogan, “transforming our on-site capabilities through technologies and DX to facilitate our evolution into a company where employees shine,” we will go beyond mere streamlining and continuously work to create new value that resolves social issues. Having been highly evaluated for our technical capabilities, Nishimatsu will innovate to help realize a sustainable society.

Materiality and Medium-Term Management Plan 2025 Priority Measures

Materiality	Materiality solutions	Medium-Term Management Plan 2025 Priority Measures	Initiatives	KPI Initiatives
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)

Co-Creation of Value Construction and Creation



Construction ... Labor-saving measures and the enhancement of productivity, Improvement of new on-site capabilities

Construction technology refers to the automation and unmanned operation of conventional construction and construction management methods to enhance work safety and productivity. The goals of these technologies are to increase productivity and facilitate new on-site capabilities.

■ Initiative for the unmanned and automated construction of mountain tunnels

Specific target
Increase construction volume per head 1.11 times (increase efficiency by 10% of the FY2024 level) by FY2028

Improvement of new on-site capabilities
New on-site capabilities are the innovative on-site management

capabilities using AI, BIM/CIM, IoT, and other leading-edge technologies in an integrated manner based on construction and management technologies that we have cultivated over our 150 years of business and a track record in independently discovering and solving latent on-site issues. They pave the way toward the real-time monitoring of the status of sites to help optimal decision making, labor saving, and productivity improvement. They also facilitate our entering new fields of business to establish a competitive advantage.

We will implement these initiatives to move toward the creation of new value as a front-runner in technological innovation in the construction industry.

Creation ... Efforts to enter new fields of business through digital innovation

Creation technologies are technologies that have been developed to create new value to solve social issues through the integration of professional construction knowledge and digital technologies. We will use these technologies to achieve the goals shown on the right.

- Preventive maintenance for a safe and secure society (earthquake disaster prevention measures using IoT sensors and structural health monitoring)
- Achievement of carbon neutrality to protect the natural environment (development of carbon negative concrete)
- Sustainable urban planning for regional revitalization (next-generation solar cells)

Technological & DX Strategy

Example initiatives Integration of technologies and DX

Initiatives Toward Automation and Unmanned Construction of Mountain Tunnels

With a view toward the realization of Nishimatsu-Vision 2030, 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.

We will continue our efforts to develop and provide new technologies for building the future in addition to supporting social infrastructure.

Automated and unmanned mountain tunnel construction system “Tunnel RemOS”
Establishment of remote-control technologies for major construction machines

We have established wireless remote-control technologies for wheel loaders, drill jumbos, concrete spray machines, roadheaders, hydraulic excavators, and other large heavy equipment used in mountain tunnel work. The remote-control systems monitor data from cameras and guidance systems attached to these machines from a remote-control room. We have used them on a trial basis at our tunnel construction sites across the country. Currently, we are working to develop technologies for the autonomous or automated operation of major construction machines and to construct a system for the coordinated operation of multiple pieces of heavy equipment at our newly launched N-FIELD experiment facility in Nasushiobara City in Tochigi Prefecture.

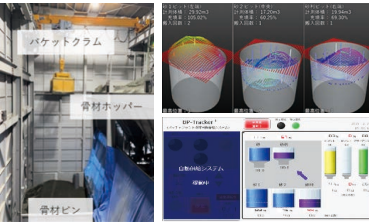


Technologies for the autonomous and automated operation of wheel loaders

Transition to the automated and unmanned operation of equipment and other work

Automation of temporary facilities to reduce labor
We are also developing technologies for automated and unmanned operation of temporary facilities used in mountain

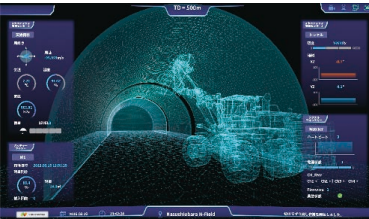
tunnel construction with a view toward the reduction of labor. This includes the automation of grab buckets in batch plants, the automated adjustment of chemical fluids in turbid water treatment facilities, and the automated control of ventilation facilities. In addition, we will construct an unmanned system related to powder loading and blasting processes. It is difficult to perform these tasks in an unmanned manner in the tunnel construction cycle.



The BP-Tracker system for the automated management of batch plants

Fully automated management of construction (digital twin)

Tunnel excavation in a virtual space
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 incorporate our findings into Tunnel RemOS to control heavy equipment and completely automate mountain tunnel construction.



A digital twin platform for mountain tunnels

VOICE
Statement from a development team member



Developing technologies to achieve smart construction sites

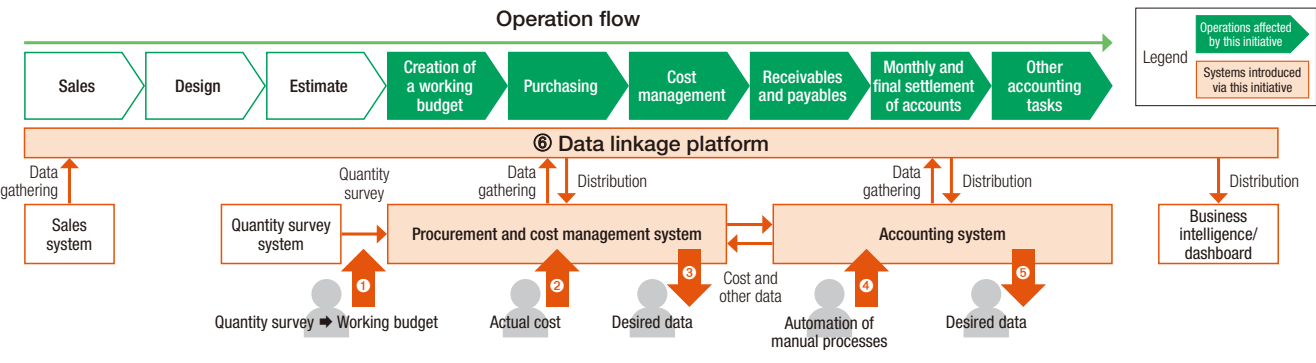
We aim to develop technologies that will minimize the burdens borne by on-site engineers and workers engaged in mountain tunnel construction. With an eye on the challenging goal of fully automating mountain tunnel construction, we make the most of technologies in various fields that the construction industry has traditionally been unfamiliar with, such as AI, IoT, robotics, imaging, and communication technologies. Our team works as one to develop technologies. I believe that our technological development activities make construction look cool to the younger generation who will support the construction industry in the future, and they will encourage them to work in this sector, which will lead to the realization of smart construction sites. Moving toward our major goal of increasing safety and productivity, we will continue our cool technological development activities.

Satoru Yamamoto
Senior Researcher, Civil Engineering Group, Technical Research Institute

Example initiatives Operational DX (Transformation of Mission-critical Operation Systems)

The goal of operational DX is to advance streamlining. The goal is to transition from operations centered on routine processes to more value-added operations by standardizing and automating operations to reduce inefficient manual processes and error.

Outline of the streamlining of operations and the systems introduced



- ① **Standardization of the range of operations from quantity survey to the creation of a working budget**
Unification and standardization of the names of types of construction in internal quotations and working budgets as well as entry rules and make it possible to compare projects
- ② **Increase of the accuracy of budget control**
Comparison of piece-based payment and the progress of construction and incorporation of the results of our understanding of the profit-loss status of projects into future payment projections to devise cost reduction measures
- ③ **Standardization of forms and visualizing data**
Development of a system that makes it possible to use the results of cost management activities at construction sites in reports without modification
- ④ **Streamlining of accounting operations (abolishment, integration, and simplification)**
Examination of practical accounting operations to identify issues. Introduction of automatic offsetting of invoice and remittance data and digitalization of invoices using AI-OCR to reduce and streamline operations
- ⑤ **System that facilitates the retrieval of necessary information**
Construction of a system that facilitates the viewing of necessary data at the required granularity and a mechanism that does not require secondary processing using Excel or other applications
- ⑥ **Data linkage platform**
Introduction of a data linkage platform streamlining the flow of data in addition to the renovation of mission-critical systems

Intellectual Property Management

Intellectual property is a result of corporate creativity and technologies and a source of competitiveness. We will protect the value of intellectual property to build growth and trust in the future.

Intellectual Property Activity System

The Company regularly holds Invention Committee meetings. It is made up of managers in each technical field and intellectual property manager. These meetings serve to verify our intellectual property (IP) management policy and report on and discuss IP-related activities.

Beginning in FY2025, there is a companywide management system controlled solely by the Technology Strategy Unit.

Promotion of IP Activities

We will utilize open innovation to strengthen our relationships with other companies and research institutions. Through joint research and technical alliances, we will transform new ideas and technologies into patents to secure a competitive advantage.

IP Utilization and Risk Reduction

Basing our IP on our patent holdings, we aim to generate revenue through licensing both within and outside the industry. Each fiscal year, we review our patent holdings to optimize

maintenance costs and reinvest in new technological development, thereby driving the creation of further intellectual property.

We recognize there are many IP-related risks, such as risks related to the infringement of others' rights, the violation of contracts, the leak of technological information, the imitation of technologies, etc. We continuously investigate and monitor IP-related risks and take appropriate contract and confidentiality measures to minimize the risk of information leaks or the infringement of IP rights.

IP personnel training

We conduct IP training on a regular or as necessary ad hoc basis, so that all employees, regardless of position, can recognize the importance of IP and take action.

To increase long-term incentives for employees for technological development, we have also put in place a system for paying bonuses at the time of application and registration of inventions made during employment, as well as according to the implementation record, to promote IP activities.

Domestic Civil Engineering Business



Improving the comprehensive capabilities that we have developed and using management resources in an optimal way to expand the scale of the business

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

Business Environment

In Japan’s civil engineering market, investments related to the prevention and mitigation of disasters, the strengthening of national resilience, the strengthening of national defense capabilities, and other purposes will be brisk for the foreseeable future. In particular, there is an urgent need for investment in reconstruction to recover from major natural disasters and in the renovation of aging infrastructure. Separately, the renewable energy business and the environmentally friendly electricity market will continue to be buoyant. Regarding bidding for public sector construction projects, the Japanese government encourages the ECI method* and the active utilization of new technologies and methods. We need to develop labor-saving,

automation and unmanned operation technologies and take strategic moves concerning carbon neutrality.

Conditions in the construction industry are difficult due to the labor shortage, regulations limiting overtime hours and the rising prices of materials and equipment. It is time for the Civil Engineering Division to display its on-site capabilities supported by the technologies and experience that we have cultivated to fulfill its mission of protecting people so that they can live their lives safely with peace of mind. Fully considering the needs of society, we will increase our competitiveness.

* Early Contractor Involvement (ECI): It is a type of project delivery method in which contractors participate from the design phase of construction projects to provide technical collaboration.

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

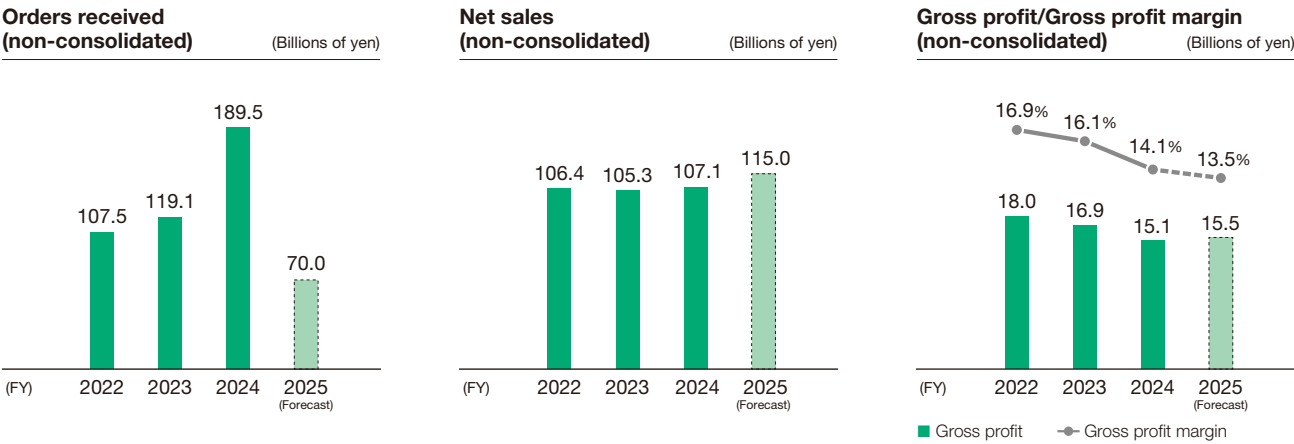
- Shortage of engineers and skilled construction workers due to the aging of the workforce and the decreased number of young people entering the industry
- Reduced competitiveness caused by slow adaptation to technological innovation
- Increase in construction costs due to rising material prices, labor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

Opportunities

- Increase in demand for infrastructure renovation
- Increase in demand for infrastructure development amid at disaster prevention and mitigation and disaster responses
- Technology development for improving productivity and safety

Materiality and Medium-Term Management Plan 2025 Priority Measures

Materiality	Materiality solutions	Medium-Term Management Plan 2025 Priority Measures	Initiatives	KPI initiatives
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			



Progress of Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

Regarding our performance in FY2024, net sales were roughly as projected owing to steady progress in construction on hand while there was a reactionary year-on-year decrease in gross profit due to orders gained in the previous fiscal year for design changes associated with the completion of a large project. At the same time, orders received grew 59.0% year on year as a result of the acquisition of a large governmental project. In FY2025, we forecast that we will receive smaller orders than in the previous fiscal year which will level the volume of construction on hand.

Regarding the progress of Nishimatsu-Vision 2030, we succeeded in receiving orders for large projects* in a wide range of fields, including dams, road tunnels and airport site preparation. We are making steady progress towards expanding the scale of public sector construction projects as stated in Nishimatsu-Vision 2030.

The priority measures in the Medium-Term Management Plan 2025 are progressing well. Regarding the strengthening of our personnel and organizational capabilities, the amounts of the bids we have placed and the amounts of our successful bids for comprehensive evaluation projects were both higher than in the previous fiscal year. I feel that this is the result of our initiatives to strengthen our bidding departments and to streamline and advance technology proposals.

* Construction work of Chokai Dam main body (First phase) (Tohoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism); Construction work of Yokohama Shonan Road Tunnel (Phase 4) (Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism); Construction work for land preparation of Runway C (NARITA INTERNATIONAL AIRPORT CORPORATION)

Issues and Initiatives Toward Achieving Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025 cannot be accomplished if we do not properly utilize resources. In my opinion, we need sales strategies and technological strategies with the goal of receiving projects that will help expand the scale of our business, human resource strategies for the development and proper assignment of personnel to tasks, and operational streamlining from the perspective of on-site workers.

First, we will strengthen our core businesses by integrating our sales, technical, and operational divisions to focus on mountain and shield tunnel construction where we have expertise, public works projects, especially dams where we have accumulated technical skills and a track record, and construction in the power and railway sectors. Second, we will accelerate the expansion of our business domains by advancing technological development and strengthening our design departments in the fields of national resilience enhancement and infrastructure renewal, where market growth is anticipated, while also enhancing collaboration with design consultants. Third, we will cultivate the human resources that will conduct these initiatives systematically and strengthen our partnerships with our partner companies and others. We will also implement labor-saving and DX technologies on worksites and facilitate their entrenchment to increase productivity.

In the Civil Engineering Business, we will combine the technologies we have cultivated and our organizational capabilities to achieve continued growth and naturally provide more regions with social infrastructure that enables them to have peace of mind.

VOICE

Statements from Employees



Developing new technologies and methods to help realize a sustainable society

The Technical Research Institute’s Renovation Technology Group is working to develop technologies related to the mountain tunnel lining refurbishment, expressway road slab replacement, and other projects. These are at the heart of a priority measure in the Civil Engineering Business, taking on challenges in new fields. In these efforts, I am managing different projects as the head of the group. In the previous fiscal year, we developed a new method for using precast slab in the lining refurbishment. Following full-scale testing using a simulated tunnel, the technology has become established. It shortens the time that lanes have to be closed on expressways and makes it possible to more quickly restore the normal flow of traffic. We will continue to do our work while listening to our corporate customers, business divisions and on-site workers with a view toward creating technologies that will lead to opportunities to receive orders and technologies which will be useful in practical construction work. We will contribute to the extension of the service life of social infrastructure and the realization of a sustainable society where people can live with peace of mind.

Takeshi Suzuki
Manager, Renewal Engineering Group, Technical Research Institute, Technology Strategy Unit

Domestic Building Business



Restructuring the business portfolio to establish a high-profit structure
Leveraging organizational knowledge to enter a new stage of growth

Kazutoyo Hamada
Senior Managing Officer, General Manager of Building Division

Business Environment

The domestic construction market continues to perform strongly, driven primarily by the construction of production facilities, semiconductor-related plants, and data centers. Demand for logistics facilities, one of our strengths, remains solid, and we are expanding into cold chain facilities, a sector that is expected to grow. We are also responding to the acceleration of large-scale redevelopment projects and the growing scale of construction in the Tokyo metropolitan area while crafting sales strategies tailored to the unique challenges in each region. Furthermore, we are proactively responding to a broadening range of social issues and customer needs, including environmental and decarbonization initiatives and the promotion of well-being.

At the same time, we are facing challenges, such as supply chain constraints and the rising cost of construction, driven by the increasing cost of materials and labor. To address the shortage of skilled construction workers our partner companies are facing, we are not only improving working conditions and providing training to secure talent, but also promoting DX and advancing technological innovation to enhance productivity. Within our own organization, we are committed to securing and developing talent who embody our slogan, “Trust. It’s what we build,” and strengthening our organizational capabilities. We strive to enhance employee engagement and further increase the appeal of the Building Business.

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

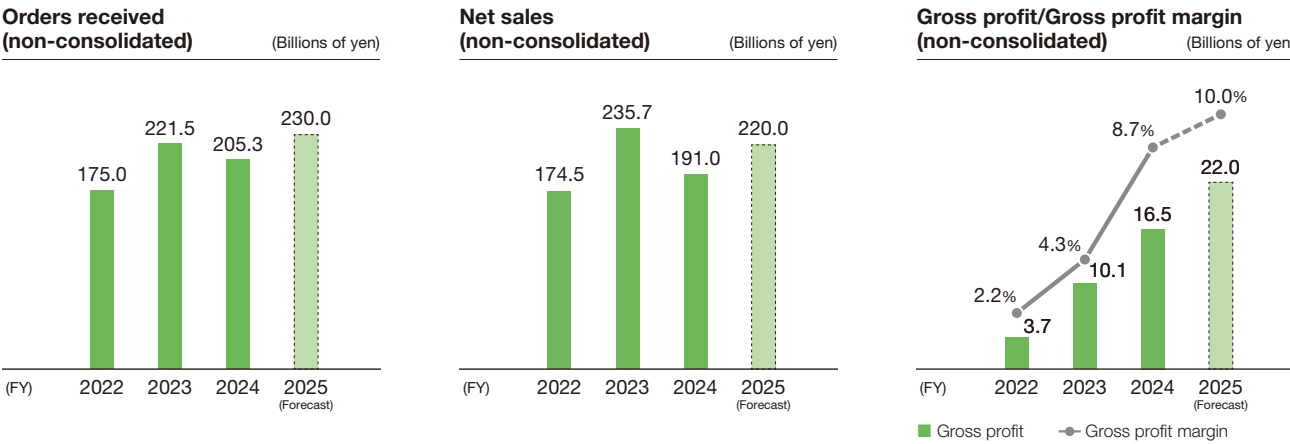
- Increased cost of construction driven by the increasing cost of materials and labor
- Supply chain constraints resulting from strong construction demand
- Shortage of engineers and skilled construction workers due to the aging of the workforce and the decreased number of young people entering the industry
- 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 Medium-Term Management Plan 2025 Priority Measures

Materiality	Materiality solutions	Medium-Term Management Plan 2025 Priority Measures	Initiatives	KPI initiatives
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 centers initiatives	Data center order amount
	Create environmentally friendly, resilient communities	Improve capabilities to develop plans and proposals	Mid- to high-rise wooden building initiatives	No. 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 No. of packages introduced utilizing BIM



Progress of Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

Guided by the Earnings Improvement Plan outlined in Medium-Term Management Plan 2025, we are placing considerable emphasis on both responding to changes in commodity prices and transforming into a high-earnings structure.

In FY2024, net sales were 191.0 billion yen, down 19.0% year on year. However, thanks to the steady implementation of the Earnings Improvement Plan, gross profit increased 63.5% from the previous fiscal year to 16.5 billion yen, resulting in a significant improvement of the profit margin.

As a priority measure, we completed a five-story wooden dormitory building in collaboration with ITOCHU Corporation. This property is the first to apply the P&UA construction method jointly developed through a collaborative project involving industry, government, and academia. Through this project, we have established design and construction techniques uniquely suited to wooden structures. We are now monitoring the structural soundness and durability of the building while also analyzing the psychological impact that wooden buildings have on people.

In an advanced logistics hub development project in Koriyama, Fukushima Prefecture, we are involved in a collaboration with a project management company which is also the business operator from the upstream stages of the project. We are leveraging our expertise in urban development, including coordination with rights holders in the acquisition of business sites, to create new value, and currently two logistics facilities are under construction.

In the data center field, a priority area where we expect construction investment to grow, we are undertaking our first large-scale

project. We are developing our knowledge and experience, including design expertise, while facilitating the development of engineers.

Issues and Initiatives Toward Achieving Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

The transformation into a high-profit corporate structure set forth in Nishimatsu-Vision 2030 is progressing steadily. Looking ahead to continued growth as we move toward 2030, we recognize the need to restructure our business portfolio in our Building Business in terms of building type, region, and scale. Among these, the Chubu area stands out as a key market where the capital investment appetite is strong and there is significant growth potential, particularly in the Building Business. With the establishment of our Chubu Regional Headquarters in April 2025, we are mobilizing companywide resources to formulate sales strategies and strengthen our organizational structure.

We position mid- to high-rise wooden buildings as a growth area that addresses customer needs. To enhance cost competitiveness, one of our most critical challenges, we are developing hybrid structures with improved constructability and productivity, with the aim of launching our second wooden construction project within FY2025.

In our leveraging of BIM to improve productivity, we made steady progress in using it to build consensus during the design phase of projects and achieved our FY2024 target of 100% implementation in the design and construction of steel-framed logistics facilities.

Looking ahead, we will establish mechanisms for the practical on-site application of BIM to address issues, such as issues in the integration of BIM models into the design, production design and construction stages, design change management, and the sharing of data with partner companies.

VOICE

Statements from Employees

Toward the realization of Attractive BIM for stakeholders

We are working to establish mechanisms that facilitate the consistent use of BIM, from design and construction through to operation and maintenance, while also promoting its deployment at project sites.

By using BIM models to examine building fittings, construction methods, and procedures before they are implemented, we aim to optimize processes and improve both productivity and quality. We are systematizing information from the production process together with the expertise of skilled engineers to facilitate the transfer of technical know-how. By combining knowledge, BIM data, and wide range of digital technologies, including AI, we seek to maximize their value. By collaborating closely with partner companies and relevant departments, we aim to realize Attractive BIM that facilitates both speed and user-friendliness to meet the needs of our customers and on-site teams.

Akiharu Iwasaki
Manager, Construction BIM Department, Digital Construction Center, Building Division

International Business



Leveraging our strengths and adapting to changing markets to expand our overseas business, primarily in Asia

Kozo Kusano
Executive Officer, General Manager of International Division

Business Environment

Our International Business operates mainly in Southeast and Southwest Asia. Amidst constantly evolving markets shaped by the times and each nation’s development and maturity, we have adapted our presence accordingly. With over 60 years of extensive experience and proven results in both Civil Engineering and Building businesses, we have built a robust foundation.

In transportation infrastructure construction business, the foundation of the Civil Engineering Business, countries are announcing future plans for new railway line projects, including tunnel projects, one of our core strengths.

In the Building Business, Japanese companies have been slow to recover their investments due to the weaker yen, while local and foreign-affiliated companies continue to invest steadily in logistics facilities and data centers. At the same time, we must remain alert to potential risks, such as de-globalization, which is exemplified by the increase in U.S. tariffs, as well as country risks and geopolitical uncertainties. We will continue to respond swiftly to these developments and secure earnings through business strategies that leverage our strengths.

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

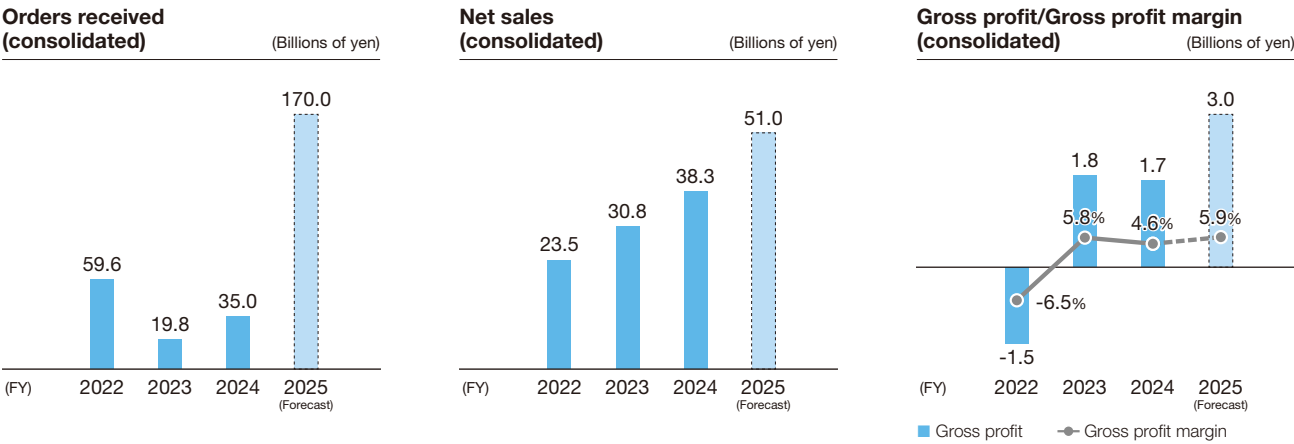
- Occurrence of terrorist attacks in countries of operation, fluctuations in the political and economic climate, and the revision of laws or regulations
- Lower quality and productivity in the event that technical skills cannot be passed on

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 Medium-Term Management Plan 2025 Priority Measures

Materiality	Materiality solutions	Medium-Term Management Plan 2025 Priority Measures	Initiatives	KPI initiatives
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 company vendors (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



Progress of Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

In FY2024, the increase in net sales was driven by large-scale logistics projects secured by our subsidiaries in Thailand and Vietnam. Gross profit remained nearly unchanged from the previous fiscal year.

In the Civil Engineering Business, we are proactively pursuing priority ODA and transportation infrastructure projects in Asia. In both the Philippines and Bangladesh, we have established joint ventures with partners with high-level regional expertise with the goal of securing contracts for subway construction projects in both countries by 2025. Regarding the projects currently under way—two in Singapore and one in the Philippines—we are collaborating closely with our domestic expert committees to strengthen the technical capabilities of local partner companies and improve the quality of their construction.

In the Building Business, we are strengthening our implementation framework for projects with foreign-affiliated companies by increasing localization to develop a new on-site construction management system. We are shifting from individual strengths to organizational capabilities to improve efficiency by promoting site management using remote management systems, providing ongoing technical training for local employees and partner companies at the human resources development center in Thailand, and expanding training programs in

neighboring countries to include employees from Vietnam. We are also engaged in an ongoing industry-academia collaboration with the Thai-Nichi Institute of Technology, including human resource exchanges and joint development projects aimed at improving operational efficiency.

Issues and Initiatives Toward Achieving Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

In the Civil Engineering Business, we are aiming to secure new ODA subway projects to achieve our sales and profit targets. A key challenge for ODA projects is the establishment of an organizational framework that ensures smooth execution from the outset. To this end, we are proactively assigning both local talent and Japanese employees to project sites at an early stage. At the same time, to strengthen the continuity of our International Business, we will also continue to engage in environment- and energy-related construction projects in Australia, a new market.

In the Building Business, securing orders is a key priority. In Thailand, we are broadening our market reach and local client base with a focus on logistics facilities, such as refrigerated and frozen warehouses. In Vietnam, where industrial park development is accelerating, we are working to obtain information on companies moving into the area at an early stage to increase the number of projects we undertake.

VOICE

Statements from Employees

Applying our cultivated technologies to help address social issues in the Philippines

In the Philippines, we are constructing Contract Package 102 of the Metro Manila Subway Project, the country's first subway line. This package consists of two underground stations and 5.3 kilometers of shield tunneling. The project is designed to alleviate severe traffic congestion, reduce air pollution, mitigate climate change, and promote the transfer of technology to the country. We have formed a joint venture with DMCI, a leading general contractor with which we have built a strong partnership over many years. DMCI has an extensive track record in the construction of landmark projects in the Philippines. This partnership allows us to mitigate risks related to permits and taxation while drawing on the technical expertise, resources, and contract negotiation capabilities we have cultivated in Hong Kong and Singapore to advance construction work. As a manager, I am committed to prioritizing safety and quality while ensuring that the completed facilities exceed the expectations of our clients. Working closely with the Department of Transportation and other government agencies, I strive to minimize risks and maximize returns to ensure the success of this landmark project.

Osamu Iwata
Manager, Subway Quezon Site Office, International Division

Asset Value-Added Business



Driving medium- to long-term profit growth by building a solid revenue base and transforming our circular reinvestment model

Koichi Oniki
Executive Officer, General Manager of Asset Value-Added Business Division

Business Environment

The recent inflation has affected market conditions in Japan and overseas, and real estate prices are expected to continue trending higher. In response, we are advancing investments with caution and placing greater emphasis on inflation-resistant sectors, such as tourism and entertainment, including hotels.

In FY2024, our domestic operations focused on three priorities: proactive investment in growth sectors, improving asset

efficiency through circular reinvestment, and enhancing profitability through portfolio optimization. In particular, we are targeting sectors with promising growth potential and delivering worthwhile structures and services in areas where we and our partners can leverage our expertise. In our overseas business, we continue to carefully evaluate opportunities and invest selectively in only high-quality properties.

Strengths

- Creation of businesses by collaborating with universities and many partner companies
- Use of private REITs and private funds centered on the asset management activities of Group subsidiaries
- Provision of integrated solutions covering planning, design, construction, and operational management across the Group
- Strong planning and proposal capabilities developed through attentive OJT and human resource development with a culture of taking on challenges that includes our younger employees

Risks

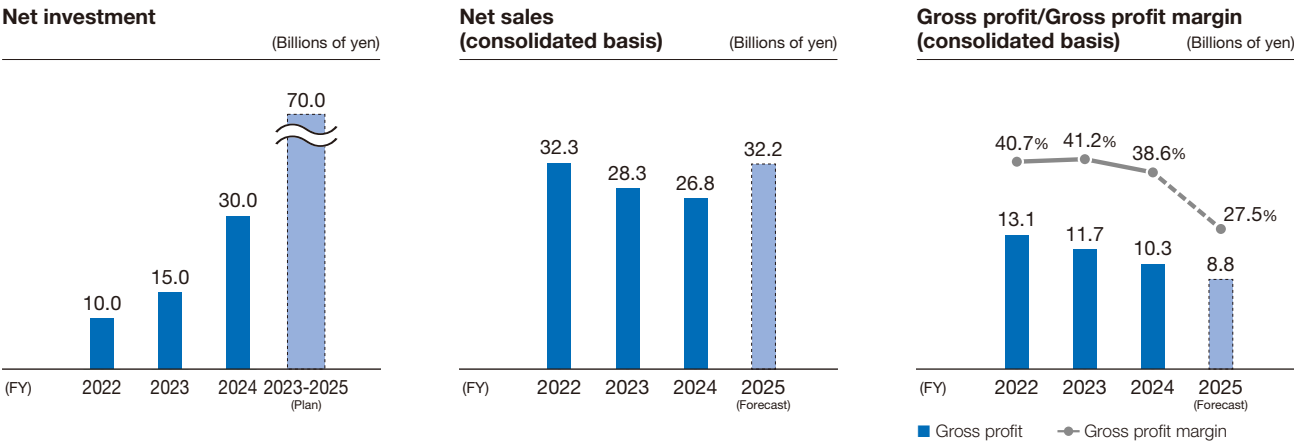
- Declining profitability of the real estate sales and rental businesses due to the contracting real estate market
- Higher costs due to new environmental policies and stricter legal regulations; declining demand for properties not aligned with decarbonization
- Difficulty in securing, as well as outflow of, specialized human resources amid a declining workforce and diversifying work styles

Opportunities

- Investment in assets aligned with market needs and the reinforcement of inflation-resistant businesses
- Differentiation through the utilization of environmentally friendly buildings, renewable energy, and DX technologies
- Creation of new value through increased diversity and inclusion; enhanced recruitment of diverse human resources

Materiality and Medium-Term Management Plan 2025 Priority Measures

Materiality	Materiality solutions	Medium-Term Management Plan 2025 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	• 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
	Create environmentally friendly, resilient communities	• 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
		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



Progress of Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

In growth-sector investments both in Japan and overseas, we are steadily building a foundation for future earnings and have managed to achieve some degree of success. Under the Medium-Term Management Plan 2025, we set a three-year target of investing 110.0 billion yen and recouping 40.0 billion yen from our investments. As of FY2023–2024, we have invested a cumulative total of 75.0 billion yen and recouped 30.0 billion yen. Gross profit has declined temporarily, reflecting our ongoing transition to a circular reinvestment model, but we expect to see results from these initiatives in the coming years.

Working spaces (offices) were identified as a growth sector in the Medium-Term Management Plan 2025, and in this area, we completed NCO Kanazawa, an environmentally friendly office building, in September 2024.

In the residence field, we are advancing new employee dormitory initiatives in collaboration with various leading companies, and we are also acquiring newly built senior care facilities operated by major firms. In the tourism and entertainment field, we opened HOTEL AO KANAZAWA in September 2024 as our second conversion hotel, following Korinkyo, which

opened in 2021. Both projects drew on our relationships and construction capabilities, and we see them as businesses that generate significant value for society.

Issues and Initiatives Toward Achieving Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

Looking ahead to Nishimatsu Vision 2030 and beyond, we aim to drive profit growth by building a solid revenue base and further advancing our circular reinvestment model, including through the use of private REITs.

To achieve this, we will acquire assets that have competitive advantages through circular reinvestment while efficiently replacing assets to build an optimal business portfolio aligned with the prevailing market conditions. In addition, in collaboration with the Civil Engineering, Building, International, and Regional Environmental Solutions Divisions, we will carry out integrated projects spanning planning and development, design, construction, and operation.

At the heart of these initiatives is the growth of each individual employee. By achieving a high-level balance between profitability, efficiency, and safety, we will continue to build stronger organizations and businesses.

VOICE

Statements from Employees

Harnessing the Group's strengths to promote exciting community development activities in Japan and overseas

Until April 2025, I was involved in land readjustment project operations. Now, I am a member of the Overseas Real-Estate Business Development Department.

In a land readjustment project in Aichi Prefecture, I was responsible for managing the disposal of reserved land and the operations of the community development council. The project involved developing infrastructure for residential, commercial, and logistics facilities, with the broader goal of creating a regional hub where people would be able to gather and interact with each other. The council, comprising developers and landowners, is dedicated to the sustainable development of the area, and Nishimatsu has served as its secretariat as the delegated operator. In my role, I worked to help create an exciting community for landowners and local residents by supporting the operations of the council and coordinating with stakeholders and government authorities to shape the town's development concept.

Now, I maintain the same mindset in overseas real estate development and investment projects. I am currently involved in the development of multifamily residential buildings and hotels, as well as in investments in income-generating properties in Thailand, the U.S., and Australia. In every project, I remain conscious not only of financial performance but also of whether it generates excitement, has social significance, and leverages the strengths of our Group to deliver meaningful value.

Hikaru Morita
Development Section No.1
Overseas Real-Estate Business Development Department, Asset Value-Added Business Division

Regional Environmental Solutions Business



Using the potential of local communities to build sustainable communities that people can live in with peace of mind

Hitoshi Kususako
Executive Officer, General Manager of Regional Environmental Solutions Business Division

Business Environment

As stated in Nishimatsu-Vision 2030, the Regional Environmental Solutions Business Division is working in the field of social infrastructure development centered on construction. It is also engaging with the development of renewable energy and community development businesses in Japan and overseas. Its goal is to transform its value creation activities to promote rebuilding of social functions. In this we will serve local communities to solve social issues together with them.

Regarding the environment surrounding the renewable energy business, Japan has set the target of achieving net-zero greenhouse gas emissions by 2050. The momentum of decarbonization-related businesses is increasing. However, there are limitations regarding the introduction of renewable energy, due to geographical constraints and the poor

profitability of specific businesses. To achieve the Japanese government’s target, institutions must be reinforced.

The Japanese government has launched its Regional Revitalization 2.0 initiative. In line with these initiatives, our community development business must seek to achieve independently growing local economies and the improvement of the living environment. However, regional prosperity has remained stagnant due to the decrease of the birthrate and the aging of the population. It is necessary to formulate measures assuming that the population will decrease. In this situation, we will work to promote rebuilding of social functions, focusing on decarbonization and infrastructure services with a view toward the establishment of sustainable communities that people can live in with peace of mind in collaboration with co-creation partners.

Strengths

- The technological construction expertise we have accumulated over the more than 150 years since our foundation and our large number of customers, partner companies and other parties
- The global expansion of our business (into nearly 30 countries and regions to date)

Risks

- Increased expenses due to inflation
- Changes in policies, laws and regulations regarding green energy
- Changes in the interests and needs of society

Opportunities

- Increased public interest in a decarbonized and circular society
- Resolution of issues such as natural disasters, the decreasing population, the decrease of the birthrate and the aging of the population
- Stakeholders’ increased awareness of environmental value
- Government-led promotion of green energy
- Global expansion of the green energy market

Materiality and Medium-Term Management Plan 2025 Priority Measures

Materiality	Materiality solutions	Medium-Term Management Plan 2025 Priority Measures	Initiatives	KPI initiatives
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 hydro-power, 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 2030
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

Progress of Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

In Nishimatsu-Vision 2030, the Company set the goal of expanding its value creation activities to include promoting rebuilding of social functions. Priority measures under the Medium-Term Management Plan 2025 include the promotion of the establishment of a decarbonized society, development projects that contribute to regional revitalization efforts and cross-industry collaboration.

In FY2024, we achieved some things through our implementation of these measures. For example, our first wood biomass power plant came fully online, and a rooftop solar power generation PPA project outside Japan began commercial operation as well. In addition, together with a start-up, we developed wearable devices with a communication feature to prevent heat stroke. In this development effort, we used technologies that we had cultivated. We are taking on challenges in new fields, like this example.

Issues and Initiatives Toward Achieving Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

The emerging risk of rising financing costs makes it difficult to commercialize the renewable energy business. Going forward, we will take advantage of our technological strengths and experience in the Construction Business to develop businesses in Japan and overseas, focusing on small hydropower and solar power generation businesses which have predictable costs.

In community development business, the limited availability of our solutions poses a challenge in addressing local government issues. We will increase our collaboration with regional headquarters and branches to gain a better understanding of regional issues. We will also strive to develop co-creation partners that possess technologies and services that are helpful in the provision of solutions to these issues. In this way, we are aiming to create businesses that facilitate the prosperity of regional communities and the Company.

In addition, we will work with other business divisions and with other companies in different business sectors to create new GX- or DX-based businesses that will produce additional value mainly in fields that are peripheral to construction.

Launch of a Biogas Power Generation Business to Establish a Decarbonized and Resource Circulating Society

The Western Kumamoto Biogas Power Plant in Nishi-ku in Kumamoto City began receiving food waste in July 2025. This plant is managed and operated by N-Energy Co., Ltd., which was jointly established by the Company and NAGANO CO., LTD, which is based in Kumamoto City. It is set to begin generating electricity in around December of this year.

The biogas power generation system uses biogas generated by the fermentation of food waste to produce electricity. The methane fermentation process generates fermentation residue that can effectively be used as fertilizer and compost. This means that the facility does not just produce electricity; it is also a food recycling facility.

Another feature of this plant is that plastic containers and other impurities that are not suitable in the fermentation process are processed at an adjacent facility into refuse paper and plastic fuel (RPF). The water used to wash these impurities contains fermentable substances, so it is returned to the fermentation process to completely utilize the fermentable substances in the waste.

In the suburb of Kumamoto City, there was a limited number of recycling facilities treating food waste, and one issue the city was facing was increasing the recycling rate, as it had an eye toward decarbonization. Through this project, we aim to address the waste treatment issue in the region and establish a circular society whose impact on the environment is reduced.



Western Kumamoto Biogas Power Plant

VOICE

Statements from Employees



Creating projects that aid carbon neutrality and the creation of other types of value in regions

The Regional Creation Department is a department that works to create locally based community development projects. We will conduct locally based activities and listen closely to local governments and regional stakeholders. We aim to create projects based on the idea of achieving carbon neutrality that will aid the circulation of resources in the economy, disaster prevention, improving the quality of life and other efforts to create value regionally.

Currently, we are considering specific problem-solving projects that use our technologies or involve collaborations with partner companies in several regions.

Our initiatives in the community development business have just begun. The Regional Creation Department staff will work as one to continuously create projects in communities.

Koh Okamoto
Manager, PPP Section, Regional Creation Department, Regional Environmental Solutions Business Division