1874 Founded

1940

1962
Opened Hong Kong Branch Office

Listed on the First Section of the Tokyo Stock Exchange
1963

1970

1980
Opened Singapore Branch Office

2000

2016
Certified as an Eco-First Company
Transitioned to a company with an Audit and Supervisory Committee

2019
Health and Productivity Management Brand, a first for a General Contractor

2020

2024
150th Anniversary

NISHIMATSU

NISHIMATSU CONSTRUCTION CO., LTD.

Integrated Report 2024

Nishimatsu Construction 150 Years of History

Since our foundation in 1874, and over Japan's period of rapid modernization, we witnessed the development of the nation and its society through the construction of public facilities, primarily roads, railroads, dams, and tunnels, at a number of "sites."
With this as our base, we will continue to undertake the challenge of realizing a better future starting from each and every "site."

1874 Foundation

1914

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

Miyazaki Line Karanita Railway Bridge

1926

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

Pujon River Dam Concrete Construction in North Korea

1933

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

Galcheon Dam Under Construction During Winter (November 1935)

1937

Constructed the Chosen Yalu River Sup'ung Dam

Sup'ung Dam

1946

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

Ishibuchi Dam in Iwate Prefecture

1953

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

Arase Dam a model for mechanized construction site

1960

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

Otemachi Government Office Complex Building No. 1

1962

Constructed the Lower Shing Mun Reservoir in Hong Kong.

Lower Shing Mun Reservoir in Hong Kong

1969

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

Keiyo Railway Line's Haneda-Oki Tunnel

150th Anniversary 2024

1971

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

Kwai Chung Container Yard in Hong Kong

1972

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

Japanese-style annex to the State Guest House

1984

Constructed an ultra-high-rise building in Thailand.

Shiva Tower

1986

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

Tsubayama Dam

1988

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

UOB PLAZA

1991

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

Trans-Tokyo Bay Highway

1997

Constructed the Bangkok subway in Thailand.

Bangkok Subway

2000

Constructed J CITY TOKYO in Jimbocho.

J CITY TOKYO in Jimbocho

2003

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

Esaka Minami Parking

2010

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

Musashi-Kosugi Station South Exit District Redevelopment

2017

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

hareno terrace As of 2021

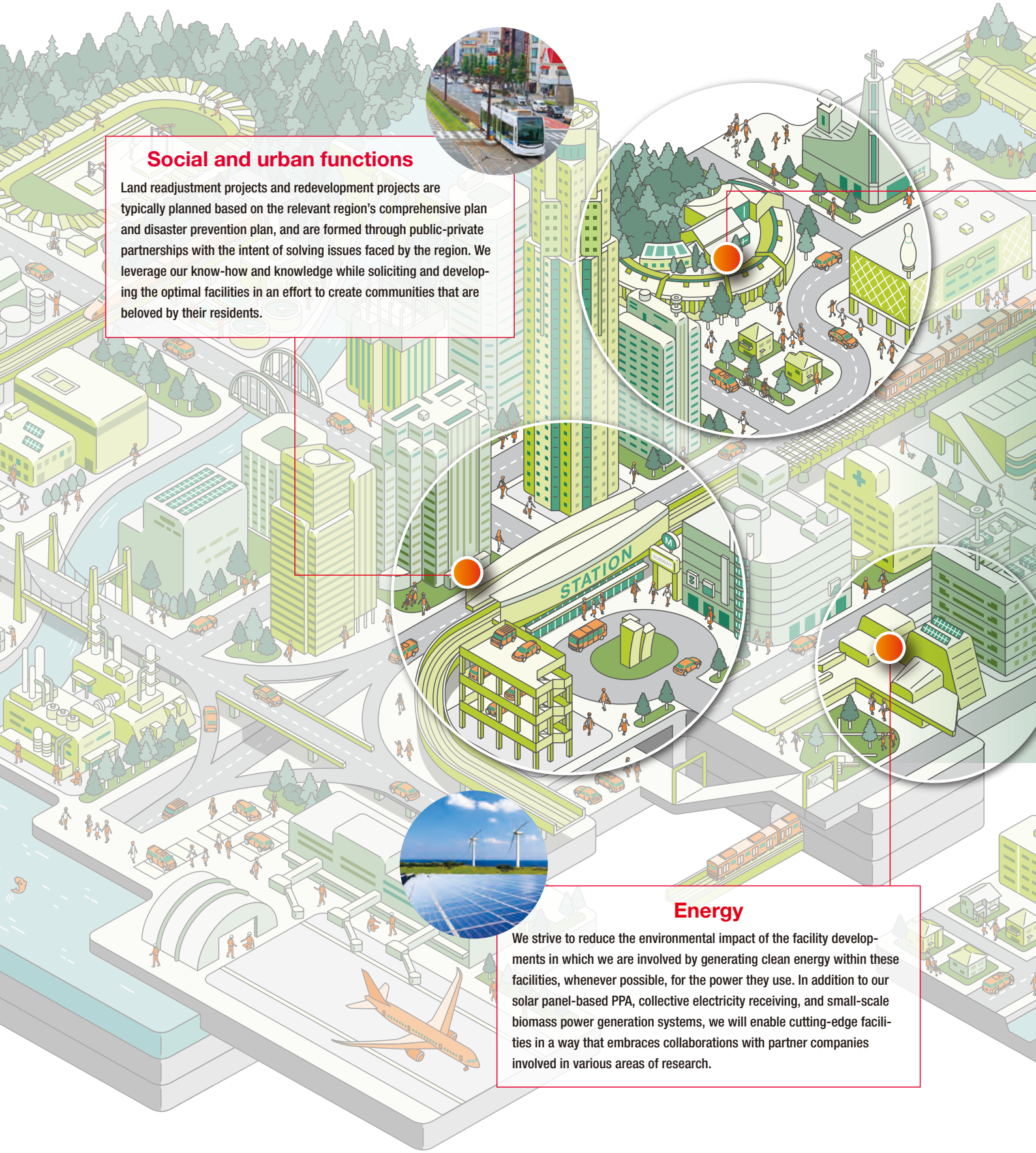
2022

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

Hotel JAL City Toyama

Our Value Creation Activities “Rebuilding of

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



Social and urban functions

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

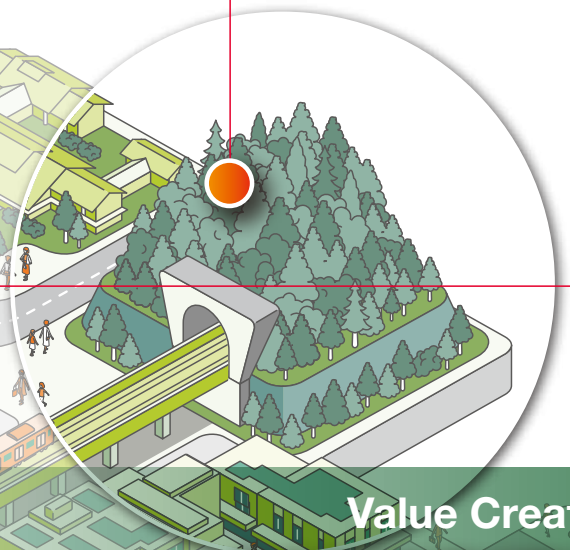
Energy

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

social functions”

Disaster prevention and safety

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



Real estate development

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

Value Creation Activities and Reform Program

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

Value creation activities

Rebuilding of social functions

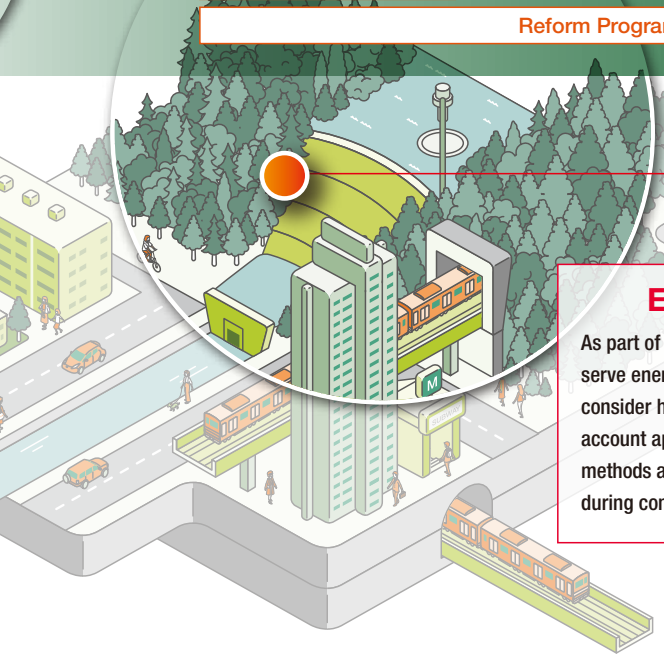
- Social Infrastructure Development
  - Civil Engineering
  - International
  - Construction
  - Building
- Regional Environmental Solutions
  - Energy
  - Environmental protection
- Asset Value-Added
  - Social and urban functions
  - Disaster prevention and safety
  - Real estate development

Value provided to society

- Safety — People can naturally feel safe
- Vibrancy — Provides excitement
- Bonds — Connections between people create new value

Reform Program

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

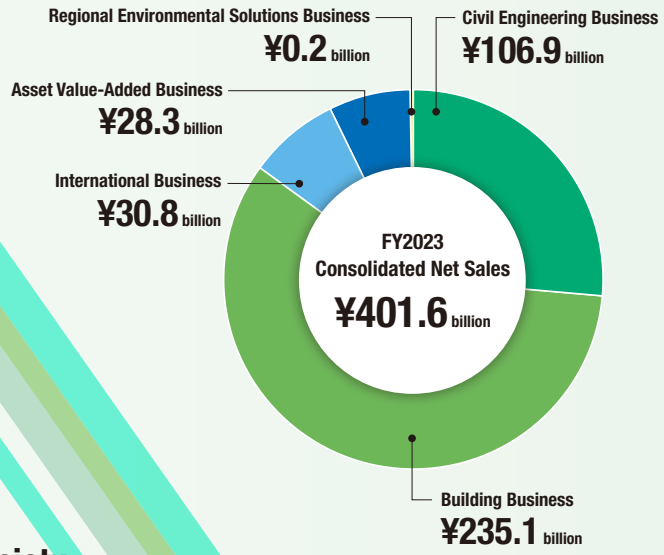


Environmental protection

As part of community and facility development, we work to conserve energy (utilizing ZEB), use green energy from the local area, and consider harmony with the surrounding environment by taking into account appearance and greenery. Moreover, we select construction methods and heavy equipment with the goal of reducing CO_2 emissions during construction, and aspire to construction that benefits the Earth.

At a Glance

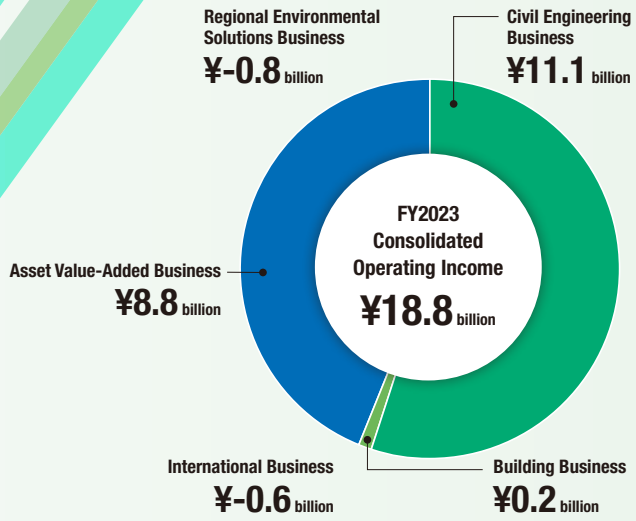
Consolidated Net Sales



Corporate Philosophy

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

Consolidated Operating Income



ROE

7.8%

Capital to Assets Ratio

29.1%

D/E Ratio

1.1 times

Editorial Policy

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

Environment Social Governance
Guidance for Collaborative Value Creation

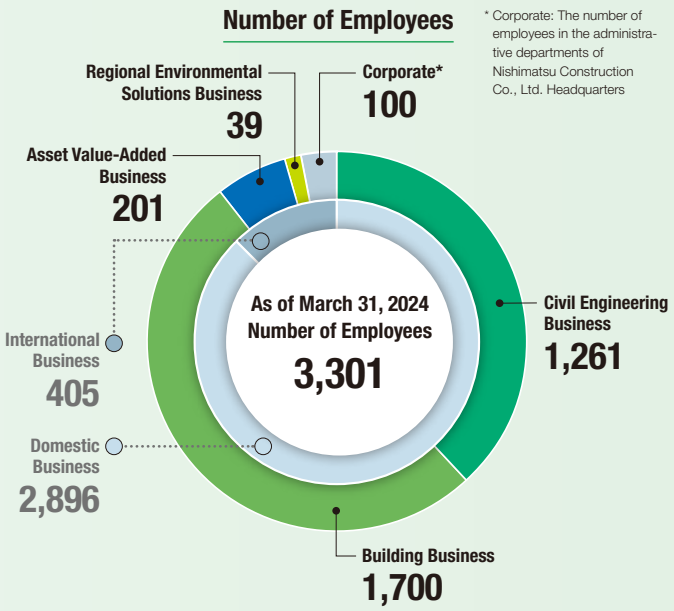
Coverage

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

Applicable Period

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

Number of Employees



* Corporate: The number of employees in the administrative departments of Nishimatsu Construction Co., Ltd. Headquarters

Dividends

¥220

Dividend Payout Ratio

70.1%

TSR (5-year cumulative total)

217.6%

Number of Regional Headquarters and Branch Offices

Domestic Offices

50

Overseas Offices

11

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Referenced Guidelines

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

Forward-Looking Statements

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

Message from the President

Masakazu Hosokawa

Representative Director and President

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

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

Nishimatsu Construction is committed to coexisting with local communities and rebuilding social functions in its bid to become a company with overall capabilities that works together to make regions and communities that are naturally safe and vibrant, the overarching theme of Nishimatsu-Vision 2030.
At the same time, we will strengthen investments in human capital, which we recognize is the driving force behind the Company's value creation activities in order to secure sustainable development and growth.

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

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

The environment in which we operate is changing dramatically. Construction companies that thrived in a traditional environment that rewarded efforts in Civil Engineering and Building Business are transitioning to an era in which management must incorporate multifaceted perspectives, taking into consideration such factors as the natural environment and the international impact of mounting geopolitical risks. Meanwhile, despite the continued elimination of boundaries attributable to globalization, the tendency now is to become increasingly conscious of national borders, including the emphasis on local production for local consumption as well as the return of semiconductor manufacturing plants to the domestic market, from an economic security perspective. Against this backdrop of significant change, I believe that my background and subsequent broad-based overall view is an appropriate match for the Company as it looks to take on challenges and grow. As such, I am deeply moved by the opportunity to take the reins of the Company as it celebrates its 150th anniversary. In these chaotic times, I recognize that my mission as a leader is to firmly put forward a definitive policy and to maximize both corporate and social value by delivering results in a reliable and speedy manner.

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

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

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

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

Message from the President

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

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

Toward Realizing Nishimatsu-Vision 2030

The company with overall capabilities to which we aspire

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

Another way of looking at the Company is one that aspires to be a company with overall capabilities. The construction business, which engages in the development of infrastructure, plays an important role in protecting the nation through disaster prevention and mitigation work while also contributing to economic growth through the construction of major arteries, including roads and tunnels. In providing these arteries, the Company is stimulating industry, employment, and social vitality. At the same time, when undertaking this construction, safety, reliability, and concerned for the surrounding environment are of the utmost importance. Prior to the start of work, it is vital that each site take the time to provide a detailed explanation to local residents as to why construction is integral to the revitalization of the community and society. In gaining their understanding, it is equally important during construction to minimize the impact on the living environment to the greatest extent possible. When compared to other companies, I believe that our defining strength lies in our direct head-on approach to works. As encapsulated in the slogan for our 150th anniversary, "Trust. It's what we build.," we will take great pains to coordinate our work, ensure timely construction, prioritize safety, engage in harmonious activities with the local environment, build an optimal supply chain, and maintain high quality while promoting proper processes.

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

Progress in promoting cross-industry collaboration

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

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

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

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

Promoting reform towards a highly engaged corporate culture

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

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

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

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

Investing in human capital

In addition to our efforts toward organizational reform, we will place considerable importance on investments aimed at developing human resources. Not only establishing a system that will help train human resources into specialists with high technical skills in the Civil Engineering, Building, and related fields, but we will focus on providing executives with a sound management perspective. However, one other perspective is critical to the development of frontline personnel. Here, the most urgent and pressing issue is the transfer of technology. This not only includes the experience gained over many years and the buildup of construction techniques in association with advances in the sciences and technology, but also "the sixth sense that perceive changes" that comes from on-site experience and the ability to mobilize all of the aforementioned skills to successfully complete a project. At Nishimatsu Construction, we refer to these specific skills as "on-site capabilities." As the Company's lifeblood and DNA, on-site capabilities are the foundation on which we have continued to thrive for 150 years.

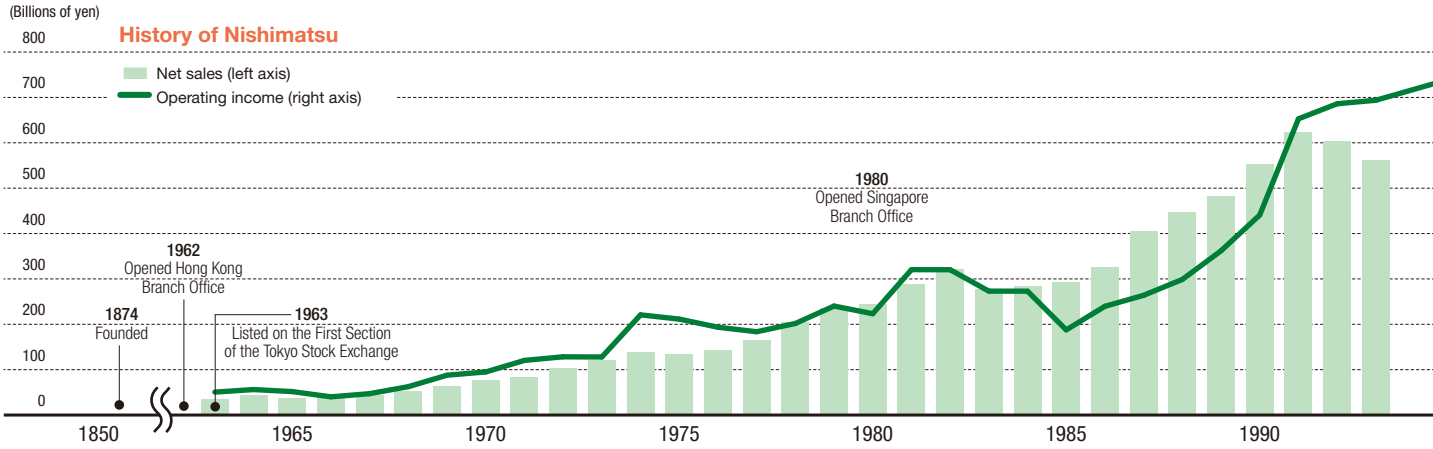
This sense and skill set are the product of many years on site, which in turn gives rise to a dilemma. That is, efforts to improve work efficiency by moving away from the site in a bid to comply with the overtime cap regulations at odds with the goal of developing on-site capabilities. In order to pass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

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

To our stakeholders

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

History of Co-Creation of Value



Major Events

1872 Japan's first railroad opened (Shimbashi to Yokohama)

1945 End of WW2

1960s Period of high economic growth

1973 Oil shock

Late 1980s Trade friction

Early 1990s Collapse of Japan's economic bubble

Nishimatsu Construction's Cultivated Technologies and Experience

The Spirit of Our Founding

Historical Backdrop and Nishimatsu Construction's Role

In the 150 years since its establishment in 1874, the Company has been involved in the construction of numerous public facilities, such as roads, railroads, and dams, and high-rise buildings both in Japan and overseas, based on the strength of its advanced technological capabilities. Bringing to bear the wisdom that overcomes hardships, the spirit of being dedicated to improving social infrastructure and providing a safe and comfortable living environment is still today passed down from generation to generation. We are currently working to expand our range of business domains to include urban redevelopment, as well as environment and energy, and are contributing to the development of society by providing important structures and services.

Founder Keisuke Nishimatsu

The Waju Area (Gifu Prefecture) circa 1980

1850 to 1926

Kaei, Meiji and Taisho Eras

Keisuke Nishimatsu, the Company's founder, was born in 1850, the third year of the Kaei Era, in Anpachi-gun in Mino Province, now Gifu Prefecture, Japan. This area is known as the Waju Region, and being surrounded by the Kiso, Nagara, and Ibi rivers, since ancient times it has been prone to flood damage. It is quite possible that these circumstances had something to do with setting the founder off at an early age on the path to becoming a civil engineer. After building Nishimatsu into a leading subcontractor of the Hazama Corporation, Keisuke handed over the reins of the Company to his eldest son, Kojiro. In 1914, when Nishimatsu was awarded the sole contract for the construction of the new 12th construction section of the Kyushu-Miyazaki Line, Kojiro charged ahead, risking the fate of the Company's independent foundation to complete the construction.

1927 to 1944

Showa Era / Prewar

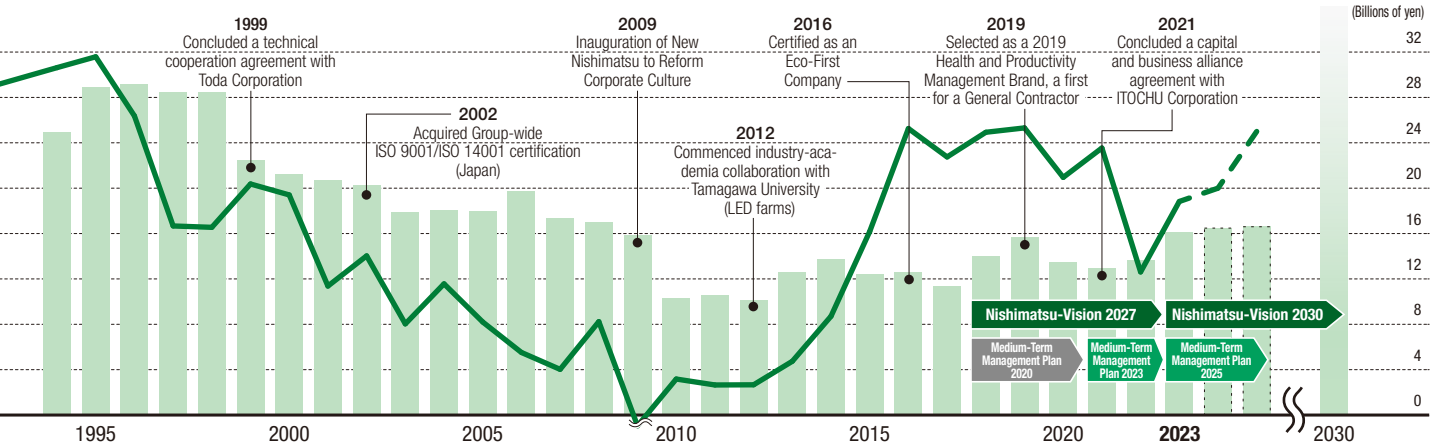
In 1929, Nishimatsu Gumi, a limited partnership, was established to become a corporate entity. In 1931, the Company relocated its headquarters from Kyoto to Tokyo and expanded its sales base to eastern Japan. In 1935, following the death of Kojiro Nishimatsu, Yoneshichi Hayashi became the second president of the Company. In 1937, construction began on a large dam that would block the Yalu River, a major river on the China-North Korean border, and the Company became involved in the construction of the Manchurian side, the right bank, of the river. The construction of the Yalu River Dam, said to be Asia's preeminent dam at the time, is representative of the Company's prewar work.

Taking Action and Solving Social Issues

- Building an infrastructure base
  → Developing domestic and international infrastructure
- River flood disasters caused by typhoons and torrential rains, and contributing to economic base
  → Dam construction, tunnel development

Major Events

1850 Founder Keisuke Nishimatsu was born
1874 Foundation of Nishimatsu
1903 Keisuke Nishimatsu withdrew from civil engineering operations
1906 Period of cooperation with Hazama Corporation. Conclusion of 39 regulations
1914 Received sole contract for construction of the 12th construction section of the Kyushu-Miyazaki Line. A fateful construction project
1916 Company name changed to Nishimatsu Gumi
1926 Constructed the Nippon Chisso Hiryo K.K. (Chosen Hydroelectric) Pujon River Power Plant waterway (3rd and 4th construction sections)
1927 Constructed Nippon Chisso Hiryo K.K. (Chosen Hydroelectric) Hunnam Factory
1929 Established limited partnership Nishimatsu Gumi
1931 Nishimatsu Gumi headquarters transferred to Tokyo
1932 Established the Manchuria Dalian Branch Office
1933 Chosen Nagatsu River Hydroelectric Power Plant waterway and dam construction
1935 With passing of Kojiro Nishimatsu, Yoneshichi Hayashi became the Company's second president
1937 Established Nishimatsu Gumi Co., Ltd.
1940 Established Manchuria Nishimatsu Gumi



1995
Great Hanshin Earthquake

2008
Bankruptcy of Lehman Brothers (2008 financial crisis)

2011
Great East Japan Earthquake

2020
COVID-19 Pandemic

1945 to 1968

Showa Era / Postwar

With Japan's loss of the war, the Company lost all of its foreign assets and most of its operating base. Amid such conditions, in 1945 the Company established its Morioka Branch, and in the following year, branches in Nagoya and Hiroshima, which in addition to the existing branch in Kumamoto, gave it a four-branch network to relaunch its business. In 1948, the Company changed its name to Nishimatsu Construction Co., Ltd. The construction of the Arase Dam in Kumamoto Prefecture in 1953 was the Company's first mechanized construction project. In 1960, the Company won the business to construct a government office complex in Tokyo's Otemachi District, and although Nishimatsu Construction lacked experience in large-scale construction projects at the time, it overcame a broad field of obstacles to complete the project.

- Postwar reconstruction
  → Tackling the challenges of mechanization and large-scale construction

1946 Constructed Japan's first rock-fill dam, Ishibuchi Dam, on the Kitakami River (Iwate Prefecture)

1948 Company name changed to Nishimatsu Construction Co., Ltd.

1953 Constructed the Arase Dam (Kumamoto Prefecture), a model for mechanized construction

1960 Constructed a government office complex in Tokyo's Otemachi District.

1961 Constructed Amagasaki Steel Sakai steelmaking plant. Honored with the BCS award in 1964

1965 Adopted the freezing method on the Kanasugibashi section of the No. 1 Line, Toei Subway

1967 Constructed the world's largest bowling alley (at the time)

1969 to 1989

Late Showa Era

In 1969, the Company constructed the Keiyo Railway Line's Haneda-Oki Tunnel using the world's first large-section slurry shield tunneling method. The success of this construction project led to a surge in the number of applications of this method in Japan. The construction of the Japanese-style annex to the State Guest House in Tokyo (Yushintei) in 1972 brought together traditional and modern techniques under strict construction management. The Gassan Dam in Yamagata Prefecture, which began construction in 1988, is one of the largest gravity concrete dams in Japan, and was completed in 2001 using the RCD method with a belt conveyor system and other techniques.

- High economic growth
  → Honing techniques, responding to diverse needs

1971 Constructed Hong Kong container yard. Received UK civil engineering international award

1984 Won order for Singapore subway construction

Constructed Nagai River Bridge on the Kan-Etsu Expressway. Japan's tallest bridge pier rises.

Constructed ultra-high-rise building in Thailand

1986 Tsubayama Dam (Wakayama Prefecture) received the Minister of Health, Labour and Welfare Award of Excellence

1987 Constructed the Daimon Dam (Yamanashi Prefecture). Received the 1986 Outstanding Civil Engineering Achievement Award from the Japan Society of Civil Engineers

1988 Won order for the Tate's Cairn Tunnel on Build, Operate, Transfer (BOT) project basis

Commenced construction of the Gassan Dam (Yamagata Prefecture), one of Japan's largest gravity concrete dams

1990 onwards

Heisei Era to the Present

In 1998, the Company established the Aikawa Technical Research Institute (Aiko-gun, Kanagawa Prefecture), which houses a device that can recreate the shaking of Japan's Great Hanshin-Awaji Earthquake to clarify the mechanism behind the damage to buildings as a result of the powerful shocks and vibrations caused by that earthquake. In 2015, the Company became the first Japanese general contractor to establish a joint venture in Laos. In 2022, the Company opened Hotel JAL City Toyama, Nishimatsu Construction's first foray into the hotel business.

- Earthquake damage, rising social demands
  → Providing buildings that are safe and secure
- Building a sustainable foundation for society
  → Redevelopment of social functions

1998 Established the Aikawa Technical Research Institute

2003 The Company's first PFI project in Japan, participated in Esaka Minami Parking Service

2015 Became the first Japanese general contractor to establish a joint venture in Laos

2017 Started the Company's first commercial facility development and operation business, "hareno terrace"

2022 Opened Hotel JAL City Toyama, the Company's first foray into the hotel business

Acquired certification from the SBT initiative for targets at reduction of greenhouse gas emissions

Certified by the Ministry of Economy, Trade and Industry as a "DX Certified Business Operator"

2023 Participating in biogas power generation projects

Materiality

Materiality and Identification Process

In April 2023, Nishimatsu Construction established a new sustainability promotion structure, including the Sustainability Committee, to strengthen its sustainability management. As important initiatives for FY2023, we formulated the “Create together, shine together” Sustainability Slogan (Basic Policy), materiality, and a KPI tree. →P.60 Sustainability Slogan (Basic Policy)

To realize Nishimatsu-Vision 2030, we have taken steps to evolve our existing sense of materiality into a materiality that is based on our corporate philosophy and long-term vision. In doing so, we have identified six key issues to be addressed.

In the identifying process, we integrated and aggregated 341 issues to be considered that encompassed a variety of global and other perspectives and assessed the opportunities and risks for society and the Company. The evaluation results were organized along two axes, “importance to and impact on society” and “importance to and impact on the Company,” and narrowed down to 13 issues. Making 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.

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

KGI and KPI Tree

We formulated the Sustainability Slogan (Basic Policy) and the KPI tree with 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. This bond between materiality and the operations of each employee and the resolution of social issues through business activities will help realize a society in tune with our Sustainability Slogan, "Create together, shine together." With this in mind, we have identified "Nishimatsu Construction aims to provide safety, vibrancy, and bonds across a total of 60,000 regions and communities* by 2050 to realize a society where everyone can create together and shine together" as a key goal indicator (KGI) and representation of achievement.

* 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.

Material Issues, Opportunities and Risks

Awareness of Environmental Changes

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

Changes in values
- Diversifying values
- Growing demand for safety, security, and the pursuit of comfort
- Growing awareness of health and well-being
- Ensuring the security of people

Climate change and global warming
- Increasing severity of natural disasters, abnormal weather
- Collapsing ecosystems (biodiversity preservation)
- Shifting energy supplies

Nishimatsu's perspective	Materiality (priority issues) Issues/Vision	Related Capital and Stakeholders
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
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
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
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
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
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

Environment surrounding the industry

- Slightly increasing or flat markets for new construction work ordered by government
- Growing demand for infrastructure renovation
- Continuing strength of private-sector construction markets
- Stagnating construction investment by Japanese-affiliated companies overseas due to a weaker yen, etc., continuing strength 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 Road Map 2023
- Thorough reduction of overtime hours
- Acquisition of human resources, enhanced training
- Establishment of appropriate supply chains
- Growth investment

Stakeholder Needs	Risks	Opportunities
• 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** • 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 • Increased demand for disaster restoration work • 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
• 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	• Greater customer satisfaction and increased order opportunities resulting from higher construction quality • Robust training system that improves technical construction skills
• 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	• 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
• 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 wooden-construction mid- and high-rise 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
• 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 • 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
• 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 Construction's Model for Co-Creation of Value

Under our Corporate Philosophy, "Establish a sustainable society for people to live with peace of mind, providing worth-while structures and services," we are engaged in various business activities that recognize that one means of having an

Inputs (sources of value)

Human Capital

- Number of consolidated employees 3,301 (of which 405 are employed by the International Business)
- Professional engineers 223
- First class architects 444
- First class civil engineering construction management engineers 825
- First class building construction management engineers 834
- Training investment costs per employee ¥90,000

Intellectual Capital

- Number of patents owned 241 (As of March 31, 2024)
- Research and development costs ¥2.229 billion
- Number of joint industry-academia-government research projects 65 (FY2023)

Manufactured/Social and Relationship Capital

- Number of offices Japan 50 Overseas 11
- Number of construction sites 269 (As of March 31, 2024)
- Capital investments ¥30.209 billion
- Construction track record
- N-NET (Nishimatsu Subcontractor's Network) 1,029 companies
- Relationships built through social infrastructure development
- Relationships with plant operating companies
- Cross-industry and academia-industry collaborations

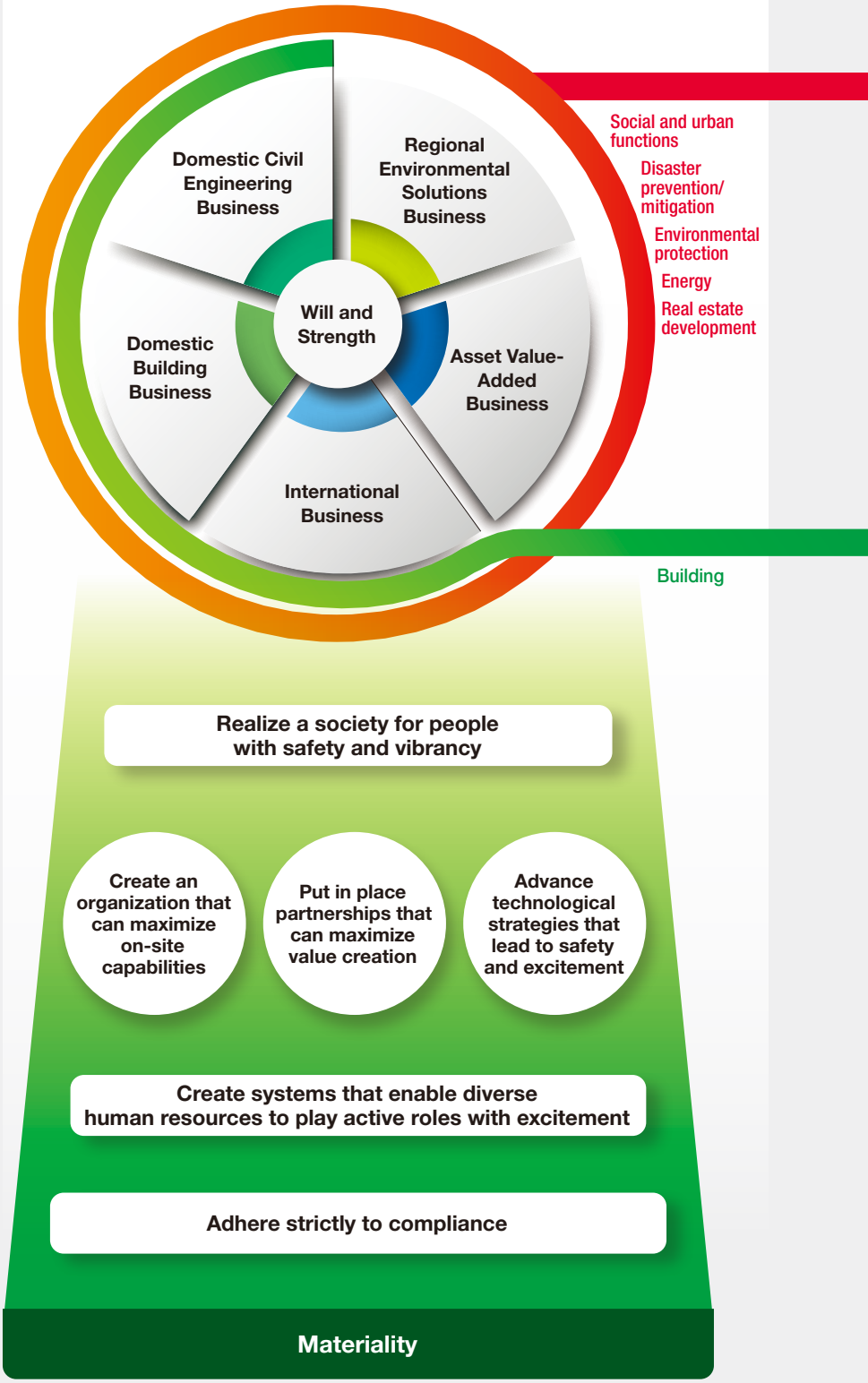
Financial Capital

- Total capital ¥176.8 billion
- Interest-bearing debt ¥186.1 billion

Natural Capital

- Energy usage 212GWh
- Renewable energy usage 25GWh
- Water intake 729,000 m³

Value creation activities and six materialities



impact on society (providing value) is the ability to provide society with safety, vibrancy, and bonds between people through our value co-creation activities of developing social infrastructure and rebuilding social functions.

Outputs

Rebuilding of social functions

- Renewable energy business
- Community development
- Urban redevelopment projects/ Land readjustment projects

Social infrastructure development

- Mountain and shield tunneling
- Infrastructure renovation
- Offshore wind power generation projects
- Smart construction sites

Negative outputs

- CO_2 emissions 41,000 t-CO_2
- Industrial waste emissions 705,000 t

Financial outcomes

- Cash generation
- Improved ROE
- Shareholder return
- Internal reserves for growth investment

Outcomes (value created)

Human Capital

- Number of training participants (non-consolidated) 3,813 (total)
  Number of Nishimatsu Employees' University participants 3,191
- Engagement score of employees 3.68 (5-level evaluation)

Intellectual Capital

- 75 technologies developed by the Technical Research Institute used at 260 construction sites (FY2023)
- New order promotion in new business fields
- Higher first-place capture rate for technical proposals
- Orders received for comprehensive evaluation projects (Civil Engineering: 21 in FY2023)

Manufactured/Social and Relationship Capital

- Number of new projects (Contract amount of ¥50 million or more)
  Domestic Civil Engineering: 47 Building: 80
  International Civil Engineering: 2 Building: 4
- Number of occupational injuries requiring four or more days of absence from work 17 (6 more than in previous fiscal year)
- Number of certified Nishimatsu meisters Total of 866
- Ministry of Land, Infrastructure, Transport and Tourism construction evaluation Score (average) 78.3
- Percentage of S/A ratings in customer surveys
  Civil Engineering: 100% Building: 98.2%
- Redevelopment and readjustment projects underway to revitalize local economies 7
- Enhanced energy security
- Resilient community building
- Regional environment conservation

Financial Capital

- Consolidated dividend payout ratio 70.1%
- TSR 217.6% (5-year total)

Natural Capital

- Reduction of CO_2 emissions 12,000 t-CO_2 (Renewable energy, diesel fuel combustion improvers, N-TEMS, etc.)
- Reduction of damage from natural disasters
- Biodiversity preservation activities

Impact (value provided)

Safety
People can naturally feel safe

Vibrancy
Provides excitement

Bonds
Connections between people create new value

KGI
Value provided to regions and communities

➡P.13 KGI and KPI Tree

Capital and Strengths for Accelerating Value Co-Creation

Types of Capital	Human Capital		Intellectual Capital		
Business	Strengths	Initiatives for further value co-creation	Strengths	Initiatives for further value co-creation	
Domestic Civil Engineering Business	• Diverse technical human resources with a strong ability to develop social infrastructure (Planning, Construction, On-site management and Technology development) • On-site performance skills • On-site support skills • Ability to propose plans • Technology development capability • Business operation skills	• Strengthen planning and proposal capabilities through in-house training and acquisition of experts	• Construction technologies (Tunnels, Dams)	• Establish and introduce new technologies for strengthening orders received for disaster prevention and infrastructure renovation work, etc.	
Domestic Building Business		• Deepen dialogue with customers and propose optimum plans that include costs by reinforcing planning departments and planning design departments	• Business collaboration know-how • Construction technologies (Logistics and Environmental facilities) • Environmental technologies	• Establish differentiating factors from competitors that apply logistics facility design and building technologies	
International Business		• Further expand markets by enhancing training systems for local staff, localizing business operations, and sharing human capital with business alliance partners	• Construction technologies (Tunnels)	• Enhance profitability of international bid-based construction projects by utilizing technologies cultivated through domestic construction projects, and by specializing in construction for which the Company offers strong advantages • Establish a one-stop solution business that leverages various types of know-how by collaborating with engineering companies, and secure stable profits by differentiation from competitors	
Asset Value-Added Business	• Creative skills (=Ability to propose plans) • Operation and management skills	• Increase business opportunities by expanding human resource development opportunities using external organizations, and by encouraging a growth mind-set and desire for challenge among individuals • Conduct attentive OJT internally and develop real estate development human resources through a unique approach	• Value-added know-how	• Establish a portfolio with a competitive advantage centered on a circular reinvestment model	
Regional Environmental Solutions Business	• Ability to propose plans • Management skills • Problem-solving skills • Ability to collaborate with communities	• Strengthen business development capabilities by acquiring experts and knowledge/experience related to new business fields	• Construction technologies	• Expand business that applies the technical capabilities cultivated through the construction business in community development projects	

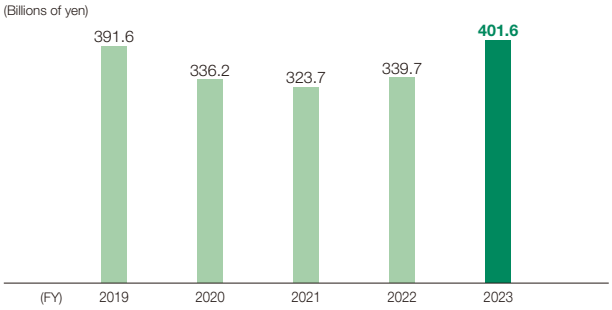
In the long-term vision "Nishimatsu-Vision 2030," we aim to achieve both the "growth of individual businesses" and the "strengthening and expansion of collaborative businesses," transitioning from "infrastructure development" to "rebuilding social functions." By effectively utilizing the various capitals our Company possesses and leveraging our strengths, we will accelerate value co-creation.

	Manufactured/Social and Relationship Capital		Natural Capital	
	Strengths	Initiatives for further value co-creation	Strengths	Initiatives for further value co-creation
	• Brand • Supply chain	• Enhance technical proposals and increase orders received for comprehensive evaluation projects by strengthening the bidding system	• Initiatives toward achieving the Zero50 Road Map	• Reduce CO_2 emissions by using renewable energy and diesel alternative fuels, and engage in construction that considers biodiversity preservation
	• Trusting relationships • Supply chain • Alliance partners (alliances with partners in different industries)	• Shift away from a simple contract by leveraging internal and external relationships		• Reduce environmental impact during construction by decreasing CO_2 emissions and considering biodiversity • Deploy environmentally friendly buildings by developing technologies for medium- and high-rise wooden buildings, and by promoting ZEB design
	• Customer base • Trusting relationships • Supply chain • Alliance partners (local partners)	• Strengthen the customer base and expand business by collaborating and cooperating with local partners		• Contribute to environmental impact reduction by deploying environmentally friendly construction technologies from Japan to overseas
	• Trusting relationships • Partner companies • Consolidated subsidiaries • Private REIT	• Strengthen earnings power on a consolidated basis through collaboration with Nishimatsu Asset Management Co., Ltd. and Nishimatsu Jisho Co., Ltd.		• Reduce CO_2 emissions in FY2023 by applying the Company's unique environmentally friendly building standards to company-owned properties and new property projects
	• Trusting relationships • Partner companies (collaboration with partners from other industries) • Industry-academia-government collaboration	• Differentiate from competitors through investment in venture companies and the introduction of pioneering technologies developed via collaboration among academia, industry, and government		• Deliver green energy to society by further promoting the renewable energy business (energy creation)

Financial and Non-Financial Highlights

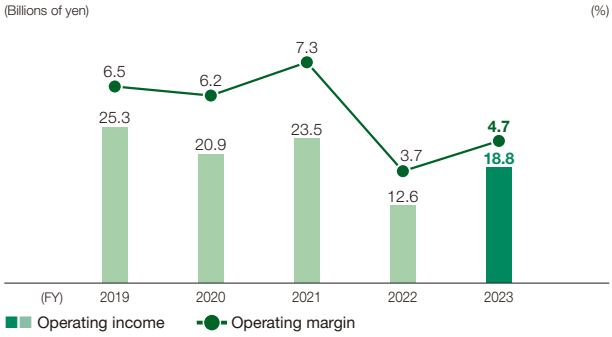
Financial

Net sales (consolidated)



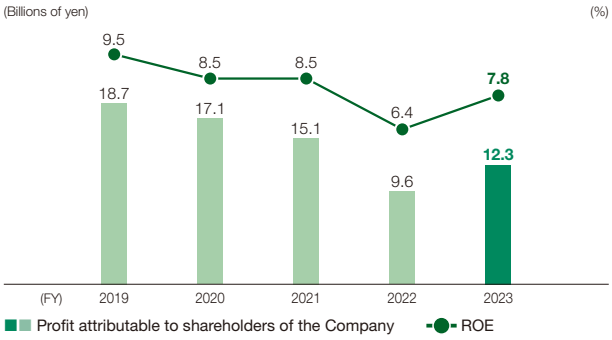
Net sales increased 18.2% year on year, to 401.6 billion yen. The main factor for the increase was large-scale redevelopment and logistics facility construction projects in the Domestic Building Business, as well as large-scale civil engineering projects in the International Business, proceeding according to plan.

Operating income/Operating margin (consolidated)



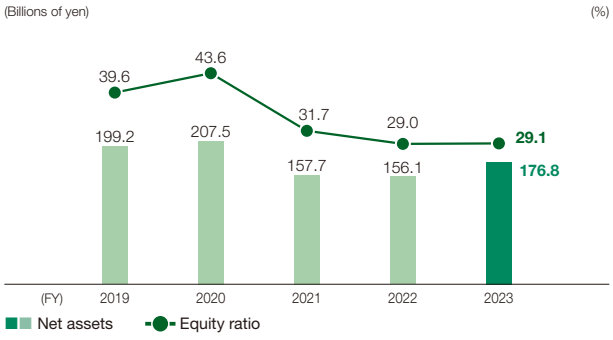
Operating income increased 49.2% year on year, to 18.8 billion yen. The Domestic Building Business and International Business saw major improvements as a result of steadfastly implementing the Earnings Improvement Plan (→P.25). We will continue to drive transformation into a high-profit corporate structure.

Profit attributable to shareholders of the Company/ROE (consolidated)



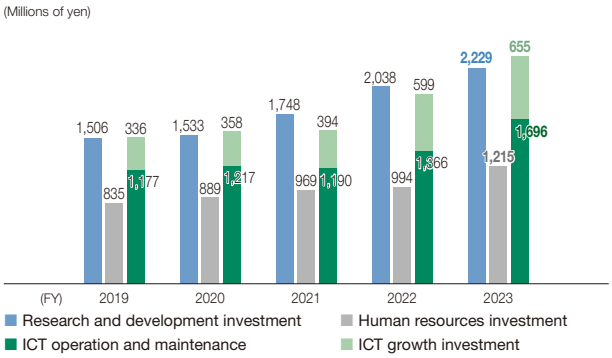
Net income increased 28.4% year on year, to 12.3 billion yen, and ROE increased 1.4 percentage points compared with the previous fiscal year, to 7.8%. We revised the target value for ROE under Medium-Term Management Plan 2025 from 8% or more to 10% because the Earnings Improvement Plan (→P.25) progressed more rapidly than expected.

Net assets/Equity ratio (consolidated basis)



Although the equity ratio declined due to the purchase of 54.3 billion yen of the Company's own shares in FY2021, the ratio continues to trend steadily towards roughly 30%, the planned value in Medium-Term Management Plan 2025.

Investments in technology, human resources and ICT (non-consolidated)



In terms of human resources investment, the Company sought to create environments in which employees can work with peace-of-mind, as well as actively implemented measures that link to higher performance for individuals and organizations, with a priority on human resource retention and activity. In terms of ICT growth investment, the Company expanded development of construction automation systems, created more time through DX, and executed other measures in anticipation of the 2024 Problem. These efforts have managed to achieve some degree of success.

TSR (Total Shareholder Return)

Having reached 345.6%, the 10-year TSR achieved a level that exceeded the 288.6% for TOPIX. We will carry over initiatives that serve to enhance corporate value. Moreover, in order to distribute stable, continuous shareholder returns, in FY2024 we switched the dividend policy to one that ensures a stable dividend based on a dividend on equity (DOE) ratio of around 5%.

Non-Financial

Environmental Data

		FY2021	FY2022	FY2023	Targets
Global warming prevention					
Nishimatsu Group's CO_2 emissions (Scope 1 and 2)	(1,000 t -CO_2)	62.6	43.0	41.0	FY2030 31.7
Nishimatsu Group's CO_2 emissions (Scope 3)	(1,000 t -CO_2)	3,237.5	3,326.7	2,645.8	—
Nishimatsu Group's CO_2 emissions (Scope 3) Category 11	(1,000 t -CO_2)	2,481.2	2,406.0	1,673.2	FY2030 2,328
CO_2 emissions per unit from construction	(t-CO_2/100 million yen)	17.1	11.1	10.1	
Creating a recycling-oriented society					
Industrial waste emissions	(1,000 t)	496.1	456.5	704.9	—
Final percentage of construction waste sent for landfill disposal	(%)	2.4	2.4	2.1	FY2030 Less than 2.5%
Water intake	(1,000 m^3)	895.7	969.1	729.2	—

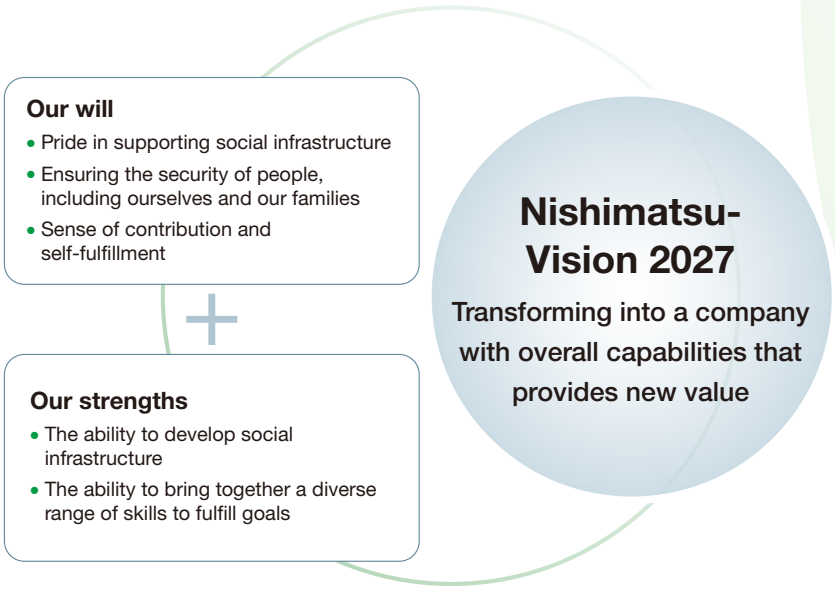
Social Data

		FY2021	FY2022	FY2023	Targets
Basic information					
Number of employees (consolidated)	(Persons)	3,106	3,201	3,301	—
Number of employees (non-consolidated)	(Persons)	2,794	2,804	2,892	—
Human resource development					
Training costs	(Millions of yen)	345	356	426	—
Diversity and inclusion					
Number of female managers	(Persons) (%)	3 (0.3%)	4 (0.4%)	4 (0.4%)	FY2025 2% or above
Percentage of newly hired female employees (career-track positions)	(%)	17.8	18.5	17.6	FY2025 20% or above
Percentage of male employees taking childcare leave*1	(%)	17.6	55.6	75.8	From FY2024 100%
Employment percentage of persons with disabilities	(%)	2.37	2.45	2.39	2.3% (legal employment rate) or above
Health					
Participation rate of detailed examination after regular health checkups	(%)	62.3	69.1	61.1	FY2025 80%
Ease of work and productivity					
Voluntary resignation rate	(%)	2.05	2.68	2.99	FY2025 Less than 1.5%
Percentage of employees working over-time*2 exceeding 45 hours per month	(%)	22.7	17.2	12.8	—
Percentage of worksites achieving 7 days off per 4 weeks (civil engineering sites)	(%)	63.5	77.1	85.0	—
(building sites)	(%)	61.1	64.5	61.9	
Remote work usage ratio	(%)	55.5	45.6	34.1	FY2025 100%
Supply chain					
Employment ratio of certified Nishimatsu meisters and senior forepersons under the program for high-caliber technicians	(%)	63.7	60.6	60.1	FY2025 100%
Construction Career Up Card scan rate	(%)	24.0	46.7	61.1	FY2025 90%

*1 Including leave for the purpose of childcare
*2 Total work hours - fixed working hours (8 hours per day)

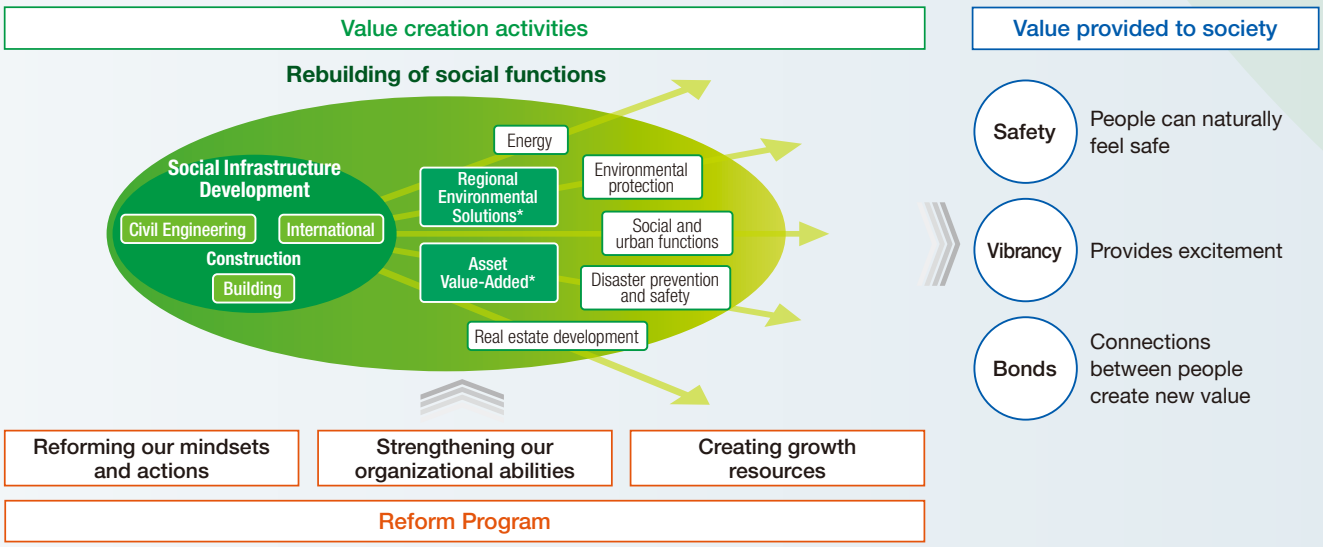
Nishimatsu-Vision 2030

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 security, 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 security, vibrancy and bonds between people.
To promote value creation activities, we will implement a Reform Program.



*Asset Value-Added Business (formerly Urban Development & Real Estate Business)
*Regional Environmental Solutions Business (formerly Environmental and Energy Business)

Nishimatsu-Vision 2030

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

Changing social and business environment

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 security, 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
Operating income	¥25.0 billion

End Results

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

Finance (consolidated)

Targets

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

End Results

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

Review of Initiatives

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

1. Evolving the construction business

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

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

International Business
- Commence market research in six Southeast Asian countries

2. Expand Business Fields

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

New businesses
- Working to create renewable energy businesses

Medium-Term Management Plan 2023 (FY2021-2022)

Basic Policies

Period of transformation into a company with overall capabilities

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

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

Finance (consolidated)

	FY2021	FY2022
ROE	8.5%	6.4%
Capital to assets ratio	31.7%	29.0%
D/E ratio	1.1	1.1
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 × International Business)

Student dormitory project: Began operation of Keio University Shonan Fujisawa Dormitory and Takanawa Dormitory, and scheduled to begin operation of Miraisozojuku project ◀ (Urban Development & Real Estate Business × Domestic Building Business)

PFI project: Received order for funeral hall PFI project in Kurashiki City ◀ (Environment and Energy Business × Domestic Building Business)

2. Initiative for the Realization of a Decarbonized Society

Wood biomass power generation business: The subsidiary Sanyo-Onoda Green Energy Co., Ltd. was established, and is scheduled to begin 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
- Collaboration with ITOCHU (Shibata General Gymnasium Development Project, Hotel JAL City Toyama)
- Formed a comprehensive partnership agreement for the realization of a decarbonized society with a local government in Kyushu

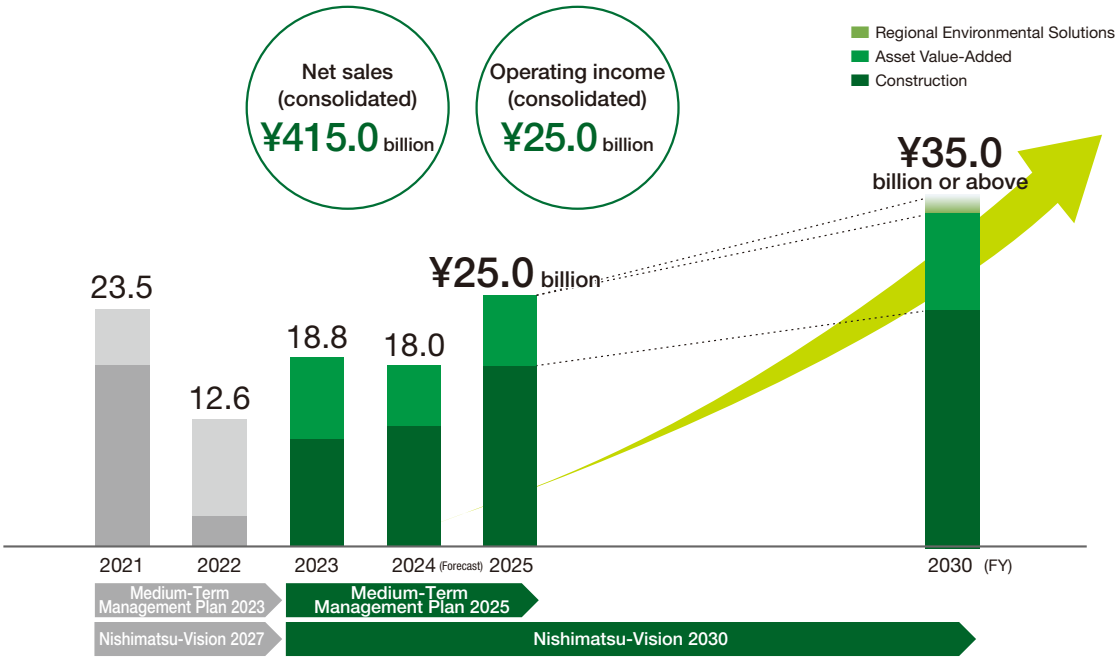
4. Shareholder Returns

- 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

FY2023 was the first year of Medium-Term Management Plan 2025, and the steady implementation of the Earnings Improvement Plan resulted in greater-than-expected progress for the Domestic Construction and International (civil engineering) businesses, prompting us to revise our targets for FY2025 to consolidated nets sales of ¥415.0 billion and consolidated operating income of ¥25.0 billion, compared to initial targets of ¥370.0 billion and ¥22.0 billion, respectively. Starting from FY2024, we will also change our dividend policy from a dividend payout ratio of 70% to stable dividends of approximately 5% of dividend on equity (DOE).

FY2025 Performance Targets (consolidated)



FY2025 Financial Indicators (consolidated)

Financial Indicators	FY2023 End Results	FY2025	FY2030
ROE	7.8%	10%	10% or more
Capital to assets ratio	29.1%	Approx. 30%	35% or more
D/E ratio	1.10 times	Approx. 1.5 times	Approx. 1.0 times
Dividend policy	Dividend payout ratio 70.1%	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.54 3. Raise awareness of a challenger mindset
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.54 4. Raise 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.42

Message from the General Manager of the Management Division

Our aim is to continuously improve total shareholder returns (TSR) and generate the cash necessary to fuel the next phase of growth by achieving targets in the Medium-Term Management Plan through the Earnings Improvement Plan while investing in growth areas and human capital.

Yuichi Kono
Representative Director and Executive Vice President,
General Manager of the Management Division,
in charge of Investor Relations

Review of the First Year of Medium-Term Management Plan 2025

In FY2023, the first fiscal year of Medium-Term Management Plan 2025, Nishimatsu Construction made smooth progress on the Earnings Improvement Plan, leading to significant improvements in the earnings of the Domestic Building Business and the International (civil engineering) Business. Construction orders received, including those from subsidiaries, rose 5.8% year on year, to 360.2 billion yen, while net sales increased by 18.2% to 401.6 billion yen, driven primarily by the substantial growth in the Domestic Building Business. This marked the first time in 15 years that net sales exceeded 400 billion yen, the last being in FY2009. Operating income increased by 49.2% year on year, to 18.8 billion yen, reflecting higher gross profit on completed construction contracts for domestic building and overseas projects. Ordinary income rose 48.6% to 19.5 billion yen, and profit attributable to owners of the parent increased by 28.4% to 12.3 billion yen. Key financial indicators also improved compared with the previous fiscal year, with ROE rising by 1.4 percentage points to 7.8%, along with an equity ratio of 29.1% and a D/E ratio of 1.1x.

Looking ahead, we expect to exceed our initial targets set for FY2025, the final fiscal year of the Medium-Term Management Plan.

(Billions of yen)

Investment classifications	Major investments	FY2023 results	Medium-Term Management Plan 2025	FY2023-FY2030
GX and community development	Renewable energy Community development	7.5	40.0	150.0 Investment 250.0 Recovery 100.0
Asset value-added	Five growth areas	15.0 Investment 32.0 Recovery 17.0	70.0 Investment 110.0 Recovery 40.0	
Human resources development/ DX / Technology development, etc.	Management foundation Development and cultivation of human resources, DX Research and development in construction field Labor savings, workplace environment improvement, infrastructure renovation, environment, etc.	1.5	10.0	
Total		24.0	120.0	

Accordingly, Nishimatsu Construction raised its targets for net sales from 370 billion yen to 415 billion yen, operating income from 22 billion yen to 25 billion yen, and ROE from over 8% to 10%. Additionally, through steady efforts to enhance corporate value, both ROE and the P/E ratio have improved compared to the previous fiscal year, while the P/B multiple reached 1.04x as of March 31, 2024 (up from 0.91x a year earlier), in a demonstration of clear progress.

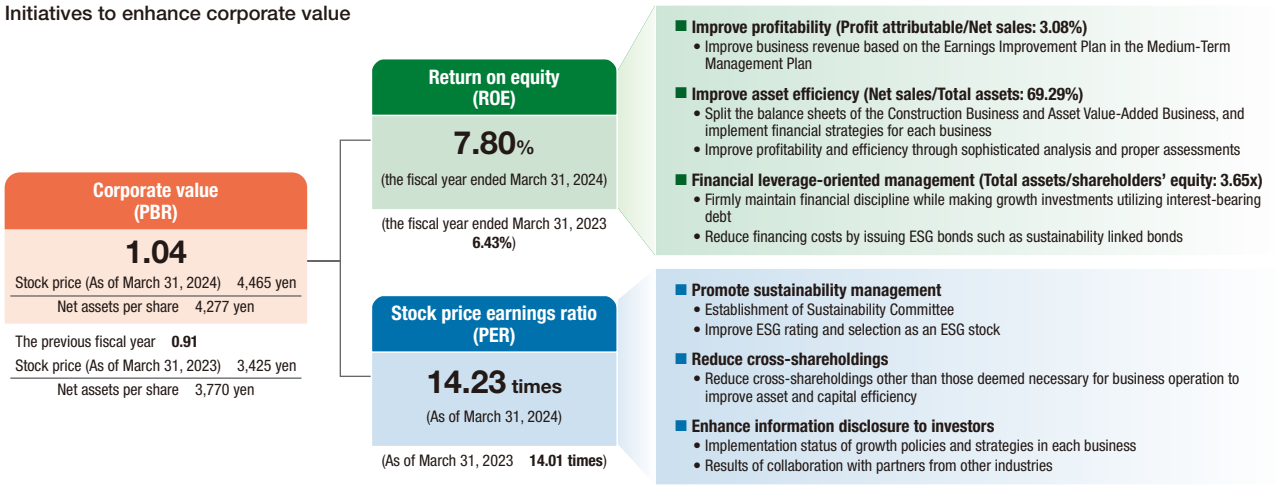
Progress on the 120 Billion Yen Growth Investment Plan

Under the Medium-Term Management Plan, Nishimatsu Construction has earmarked 120 billion yen for growth investments over three years to expand its value co-creation activities. Of this amount, 40 billion yen is allocated for GX and community development, with 7.5 billion yen invested so far as of FY2023. The focus of these investments includes small-scale hydropower projects, wood biomass power generation projects, geothermal power generation projects, biogas power generation projects, and pumped-storage power generation projects.

In the Asset Value-Added Business, we continue to pursue a circular reinvestment model, with the aim of building a competitive portfolio through investments focused on five growth areas: working spaces, residences, tourism and entertainment, lifestyle support and healthcare, and data centers and logistics. Our focus will be on development projects conducted jointly with ITOCHU Corporation, as well as land readjustment, urban redevelopment, and overseas development projects. We expect the benefits of our capital and business alliance with ITOCHU Corporation, leveraging its global network and information resources, to emerge in the coming years. For overseas business expansion, Nishimatsu Construction also plans to work closely with financial institutions in addition to ITOCHU Corporation. In September 2023, the Company launched a private REIT, starting with approximately 25 billion yen in assets under management, with plans to increase this amount to 100 billion yen by FY2027.

Furthermore, we will work to improve productivity in the Construction Business and develop high added-value buildings through the development of labor-saving technologies, such as operator-less construction, and technologies for Zero Energy

Initiatives to enhance corporate value



Building (ZEB) and Zero Energy House (ZEH), in addition to advancing digital transformation (DX) through stronger initiatives in smart construction sites. We plan to invest 10 billion yen over three years to strengthen these management foundations and develop technologies in the construction field. As of FY2023, we have invested 1.5 billion yen in these areas.

Investment in Human Capital for Employee Well-being

To facilitate the sustainable enhancement of corporate value, Nishimatsu Construction is proactively investing in human resource development, digital transformation (DX), and technological innovation. We are updating our in-house employee training program, Nishimatsu Employees' University, and prioritizing wage increases for employees. The Company has already increased wages by over 7% through regular pay raises and base salary increases, and as an example for bonuses, a model employee aged 35 received a 25% year-on-year increase in their bonus. We consider 2024 to be the inaugural year of our human capital investment focused on employee well-being, and we plan to continue these efforts moving forward.

As the recruitment environment becomes increasingly challenging, we recognize that attracting top talent and ensuring their compensation reflects their talents and skills, while also improving working conditions, are critical to the Company's long-term growth.

Financial Strategy under Medium-Term Management Plan 2025

Growth investments in the GX and community development fields, as well as in the Asset Value-Added Business, should yield long-term returns. With a mind to effectively use leverage, we intend to procure funds through borrowing, with plans to raise 100 billion yen in funding over three years. Since it will probably take 2-3 years at a minimum for these growth investments to bear fruit, we will engage in medium- to long-term fundraising while controlling financial costs through instruments like sustainability-linked bonds and other ESG bonds. Given the nature of our business, maintaining financial health is crucial. Management aims to keep the shareholders' equity ratio at around 30% and the D/E ratio at approximately 1.5x in FY2025. While closely monitoring interest rate trends, we will implement an appropriate financial strategy that balances fundraising, debt repayment, and investments. As a part of its efforts to enhance corporate value, since the P/B ratio can be broken down into return on equity (ROE) multiplied by the P/E ratio, the Company will focus on maintaining the P/E ratio at around 14x while improving the P/B ratio by achieving an ROE of 10%, above the roughly 7% cost of equity.

Shareholder Returns and Total Shareholder Return (TSR)

Comprehensively taking into consideration the operating environment and the Company's results, Nishimatsu Construction has adopted the basic policy of providing stable and continuous returns to shareholders while upgrading and expanding internal reserves. Based on this shareholder return policy, we initially targeted a dividend payout ratio of 70% by FY2025, the final fiscal year of the management plan. However, in light of the recent rise in interest rates that have led to changes in our fundraising plans, as well as the importance of investing in human capital, including wage increases, we have revised our financial strategy and measures aimed at providing a stable dividend to shareholders and investors. As a result, we have changed its policy to one focused on providing a stable dividend based on dividend on equity (DOE) of about 5%. Nishimatsu Construction's total shareholder return (TSR) is 217.6% relative to its share price as of March 31, 2019 (2,453 yen), which is higher than the TOPIX average TSR of 196.2%. We aim for a TSR that reflects strong returns of profit to investors through a stable and ongoing dividend.

Based on these policies, the Company aims to maintain its healthy financial position while efficiently raising capital with due awareness of the cost of capital and generating new cash flows through investments. Nishimatsu Construction will advance growth in its businesses with the core of its financial strategy focused on allocating this cash to growth investments and shareholder returns.

→P.20 TSR (Total Shareholder Return)

Domestic Civil Engineering Business

Infrastructure construction to create a sustainable society in which people can live with peace of mind

General Manager of Civil Engineering Division **Makoto Isshiki**

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

As the first fiscal year of Medium-Term Management Plan 2025, in FY2023 net sales and operating income exceeded the plan owing to steady progress in construction on hand. Moreover, orders received reached 119.1 billion yen, slightly higher than the target of 110 billion yen, as measures implemented to enhance comprehensive evaluation project order accuracy came to fruition.

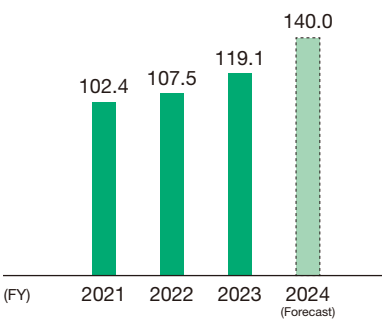
The priority measures of strengthening personnel and organizational capabilities and taking on challenges in new fields, which were raised to expand the scale of public sector construction projects, proceeded in the following manner.

As far as strengthening personnel and organizational capabilities are concerned, we organized a new technical proposal analysis team in FY2023. This measure functioned to drive a rate of orders received above that of the previous fiscal year. Going forward, we will seek to increase the value of comprehensive evaluation projects by expanding staff at the Headquarters' ordering departments.

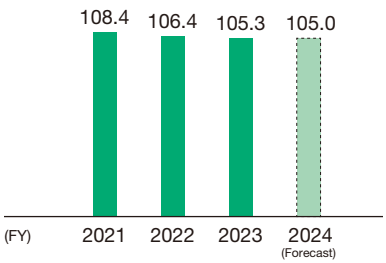
In an effort to take on challenges in new fields, we, completed development of the underlying technologies for ongoing projects to enable automated and unmanned tunnel construction in FY2023. Moreover, we organized and have begun operations at N-FIELD in Nasushiobara City, Tochigi Prefecture, as the Company's development facility for mountain tunnel technologies. This facility is home to a model tunnel used to conduct field trials for remote-control systems designed to operate construction machinery in close proximity to each other. Currently, we are advancing three technological development projects related to road slab replacement. Of these, two developments are on the verge of completion, having been shown to increase the speed of road slab replacement and to enable operations with the same level of efficiency even in environments where use of cranes is restricted. From an offshore wind power generation project perspective, we have begun sales activities as a member of JWFC (a company that manages joint-ownership SEP ships), which is composed of six construction companies.

As part of post-disaster repair work following the Noto Peninsula Earthquake that occurred in January 2024, we took action by establishing a Company-wide support system, such as setting up a disaster response center at the Headquarters and the Kanto Civil Engineering Regional Headquarters. We will continue to actively participate in recovery-related work in affected areas, and will cooperate in every way possible to upgrade the environment so that people in the affected areas can live with peace-of-mind.

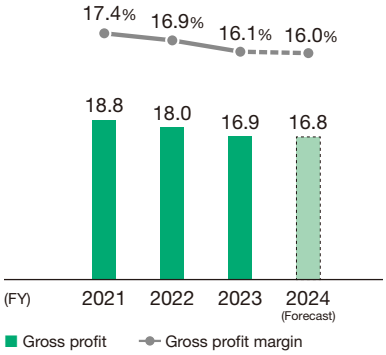
Orders received
(non-consolidated) (Billions of yen)



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



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



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 • Streamline proposals	• Increase staffing of bidding departments by 20% (compared with FY2022) • Form teams for comprehensive evaluation analysis and exploration
	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	• Number of construction order-received through to FY2025 • Degree of progress in establishing technologies through FY2025 • Begin sales activities as a member of JWFC
Advance technological strategies that lead to safety and excitement	Increase construction efficiency through technological development and utilization	Develop new production systems	Promote DX to accelerate smart construction site activities	Number of technological developments for raising productivity based on automated and unmanned technologies
	Develop technologies with an eye to the future			

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

Japan is experiencing a tremendous rate of change in its social environment due to a population that has already begun to shrink and to increasingly severe natural disasters coinciding with climate change. As one of our urgent challenges, we recognize the need to build a system that maintains and expands upon its infrastructure improvement capabilities, centered on public sector construction projects, as a means of achieving a safe, exciting, and vibrant society in the midst of this situation.

In part due to the impact of a shrinking population, the construction industry is faced with an aging and relentlessly reducing construction workforce. In turn, this situation has given rise to the urgent challenge of enhancing the efficiency of work through the promotion of smart construction. As a frontrunner in the industry, we therefore aim to implement automated and unmanned mountain tunnel and shield tunnel construction technologies at construction sites by 2027, thereby addressing the decline in the skilled labor force, even as we continue to engage in large-scale, high-difficulty tunnel construction projects.

In response to the over time cap regulations that were enforced from the current fiscal year, we will promote greater work efficiency through DX that leverages BIM/CIM, AI, and other technologies for both in-house and site work. Moreover, we aim to create attractive, rewarding workplace environments for our employees by appropriately managing work hours.

In order to evolve into a company with overall capabilities that works together to make regions and communities that are naturally safe and vibrant, as identified in Nishimatsu-Vision 2030, the Civil Engineering Division must reinforce the revenue base for Nishimatsu Construction by expanding the scale of public sector construction projects. In looking to FY2030, we will therefore continue to engage in this medium-term priority issue.

Contributing to the Development of Civil Engineering Technologies through Construction DX (construction project completed in FY2023)

Tateno Dam Construction Project (1st to 3rd stages)

Located in Aso-Kuju National Park in Kumamoto Prefecture, Tateno Dam serves the purpose of flood control, and is therefore not typically used to store water. At 87 m high and with a dam crest extending 188 m in length, it was designed as a gravity-type arch concrete dam. The start of construction, however, was delayed two years from the initial project plan due to the impact of the Kumamoto Earthquake in 2016, leading local communities to request its completion at the earliest possible date. Against this backdrop, we incorporated various approaches to construction DX, including autonomous cable crane operations and BIM/CIM-based construction planning, as a means of shortening construction times and realizing labor-savings. These initiatives enabled us to complete the dam as originally planned in March 2024, and received the 2023 Outstanding Civil Engineering Achievement Award from the Japan Society of Civil Engineers.

In order to convey the appeal of the dam to future generations, together with Japan's Ministry of Land, Infrastructure, Transport and Tourism, we conducted initiatives to make the dam more visible, including holding site tours, dam discharge outlet walking tours, and dam illumination events during flood overflow tests. These events have been attended by more than 10,000 people in total.

Moreover, in concert with local communities, we conducted an activity to reduce CO_2 by refining used cooking oil collected from homes into biofuel for use as an alternative for some heavy construction equipment fuel. This effort received the Kumamoto Environmental Award in 2023.

Tateno Dam

Domestic Building Business

Converting individual knowledge to organizational knowledge

Each individual performing to the best of their ability while providing buildings and services that exceed the expectations of customers.

General Manager of Building Division **Kazutoyo Hamada**

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 is placing considerable emphasis on its transformation and putting in place a high-earnings structure and responding to the changes in commodity prices. In FY2023, net sales of 235.7 billion yen, up 35% year on year while gross profit increased 6.3 billion yen compared with the previous fiscal year, to 10.1 billion yen. Since the cost of equipment installation at sub-contractors increased in certain projects, we fell slightly short of our gross profit target of 11.0 billion yen.

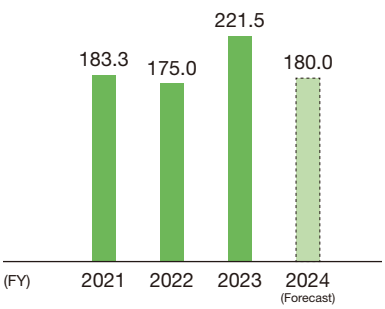
With regard to the order-received in FY2023, including efforts to ensure profitability at the time of contract execution by properly reflecting material and labor prices in estimates and sharing risks with customers thereafter, orders received came in at 221.5 billion yen substantially exceeding targets.

The ratio of construction projects affected by price increases to sales continues to exhibit a decline in line with the Earnings Improvement Plan. Signs of steady progress in the shift to construction that implements measures aimed at countering commodity price changes also continue to emerge.

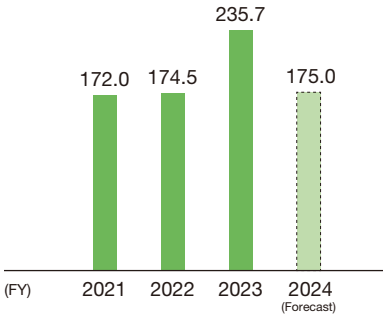
As a part of efforts to “improve capabilities to develop plans and proposals” and “fully utilize internal and external relationships to engage in sales,” we are constructing a five-story wooden dormitory building in collaboration with ITOCHU Corporation. This property is the first to apply the panel and unbonded anchor (P&UA, one-directional timber frame) mid- to high-rise wood construction method. This construction method was jointly developed by industry, government and academia and covers design, evaluation, materials, procurement, and construction, with the aim of establishing a highly versatile, mid- to high-rise wood construction method that will attract widespread application. We will contribute to the realization of a sustainable society by leveraging this project as a foothold to establish our construction technology and design know-how.

With a view to establishing a differentiating factor in priority fields, one priority measure under Medium-Term Management Plan 2025, construction of a data center is underway. This is the first large-scale data center project for the Company. We tried to resolve issues adopting the customer’s perspective from the basic planning phase and provide value. This in turn enabled to gain trust and acquire the order. In addition to acquiring knowledge and skills, including design, through this endeavor, we will work actively to meet growing demand in the future.

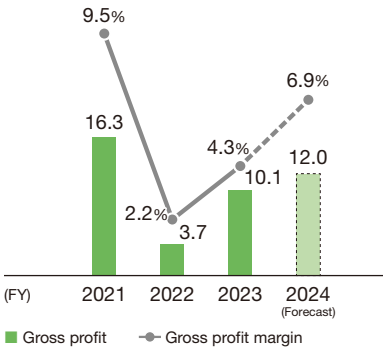
Orders received
(non-consolidated) (Billions of yen)



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



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



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

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

As the mid-point of Medium-Term Management Plan 2025, FY2024 is an important year for achieving final year performance targets. With this in mind, we must resolve a host of issues toward the realization of the Nishimatsu-Vision 2030.

Against this backdrop, increasing construction efficiency is a pressing issue in light of the 2024 problem and decline in construction workers. In response, establishing a front-loading system (construction sequences and details, etc. at the design stage) that utilizes BIM was an initial step that enabled the quick and accurate creation of a BIM model capable of automatically producing precise 2D construction drawings. Turning to design-build steel-framed logistics facilities, we will deploy to all projects during FY2024. Moving forward, we will promote the use of BIM models at the practical level. This includes the “use of BIM visualization” for identifying issues and building consensus and the “use of BIM data” for calculating volume, the use of inspections, and the coordination of tools with ICT construction equipment. Furthermore, we recognize the need to work with the DX Department to advance to the next level in a bid to realize the Nishimatsu DX Vision Smart Worksite Concept, which strives to connect BIM data with various internal and supply chain operating data. With a view to definitively and promptly accomplishing this endeavor, while sending a clear message within the Company, we consolidated and revamped the organizations related to BIM into the Digital Construction Center.

We also recognize the need to further accelerate our efforts to realize a sustainable society as a major challenge.

For mid- to high-rise wooden building, we will work toward a cost-competitive construction method by improving the supply chain (rationalizing material procurement, processing, and transportation systems), standardizing wood components, streamlining construction methods, and creating a BIM-based comprehensive management system.

From a ZEB perspective, there are currently technologies that are not assessed in energy efficiency calculations based on the statutory requirements. Moreover, there are limits to the pursuit of energy efficiency performance values. We will conduct verification tests on technologies that have not been evaluated in accordance with the law and regulations, focusing on proprietary developed properties through in-house business collaboration and endeavor to improve energy-saving performance.

Constructed a facility that reduces environmental impact while serving as a disaster prevention center (construction completed in FY2023)

Yamato-cho General Gymnasium building construction (Kumamoto Prefecture)

Nishimatsu Construction undertook relocation of an existing aging gymnasium and completed construction of a comprehensive gymnasium including an arena and martial arts hall. This facility is expected to serve as an interaction base for sporting activities in Yamato-cho.

In constructing the facility, we used abundant amounts of timber from Yamato-cho, mainly as a structural material in the roof frames and a finishing material in such sections as the bleachers. Looking up from inside the facility, one can feel the warmth of the mountains of Yamato-cho. Utilizing natural light, wind, and geothermal heat, the facility is distinguished by its environmentally friendly features. Drawing on the lessons learned from the Kumamoto earthquake, expectations are that the facility will serve as a disaster prevention base in the event of a large-scale disaster, as well as an evacuation center and location for the collection of relief supplies.

Plans are in place for the mockups made during construction to be dismantled as scrap wood and provided to a local high school for processing into wood crafts and other products as part of educational programs.

Arena

Exterior

International Business

Leveraging our extensive overseas experience and achievements, we are expanding our overseas business in our fields of specialization, focusing on the ever-growing Asian region.

General Manager of International Division **Yoshikuni Nakano**

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

Orders received for FY2023, the first year of Medium-Term Management Plan 2025, fell short of the target due to the postponement of the opening of bids for several large-scale infrastructure projects in the Civil Engineering Business. Net sales in the Civil Engineering Business increased due to favorable progress in construction projects on hand and the impact of the weak yen. However, the weak yen also slowed the pace of investment by Japanese companies, resulting in fewer orders in the first half of the year and a significant decline in revenue for the Building Business. Consequently, the International Business as a whole saw a 10% fall in revenue against the planned target. Gross profit increased due to improved profitability in the Building Business and the weak yen. Although the order target for the first year was not achieved, we do not expect this will have an impact on its three-year performance targets.

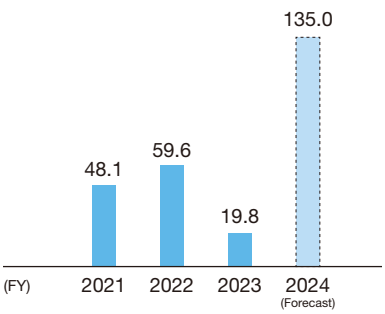
In the Civil Engineering Business, we have set ODA construction projects in Southeast Asia and Southwest Asia as Priority Measures of Implementation and are working to expand the transportation infrastructure construction market, which is our core business. To minimize business risks caused by changes in the business environment, we have been regularly reviewing our bases of operations and narrowing down the projects we undertake.

To address the issue of "establishing a stable earnings base that is not affected by the trends of Japanese investment" in the Building Business, we have begun operating a remote management system with the aim of establishing a new on-site system through the promotion of localization. We are also continuing to develop local staff by utilizing the human resources development center we established in Thailand in 2022. In addition, as part of human resource exchanges through collaboration between academia and industry with the Thai-Nichi Institute of Technology, we are accepting student interns and jointly developing site management software. Moreover, we will add language education for employees to our training program, furthering our localization in 2024.

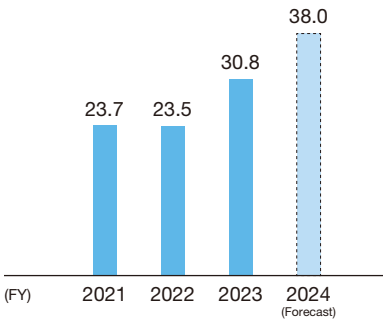
Issues and Initiatives Toward Achieving Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

In the Civil Engineering Business, there are a number of concerns, including delays in the start of construction—due to delays in land acquisition in ODA projects in newly entered countries such as the Philippines and Bangladesh, where we are strengthening our efforts—and the impact on business due to differences in the technical level of local partner companies,

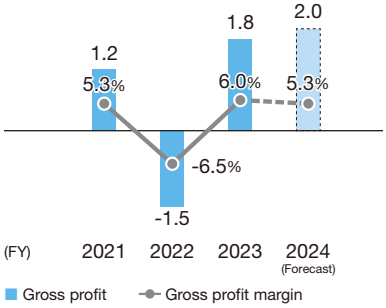
Orders received
(consolidated) (Billions of yen)



Net sales
(consolidated) (Billions of yen)



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



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	Rapidly build implementation structure with local partners	Number of ODA project bids participated
			•Risk analyses at early stage before bidding •Receipt of construction orders through assessment implementation, etc.	Number of bids in newly entered country participated (Bangladesh)

relevant laws, tax systems, and business practices. We are therefore narrowing down the projects we will work on by, for example, conducting on-site investigations and risk analyses and assessments with our in-house panel of experts at an early stage before bidding. Even during the construction stage, we will regularly receive technical guidance from the in-house panel of experts to strengthen our construction management system. As one of the initiatives toward achieving Nishimatsu-Vision 2030, in addition to ODA projects such as transportation infrastructure, we are aiming to participate in new markets such as environment and energy business-related construction projects in Australia.

As the weak yen continues to make it difficult for Japanese construction investment to recover, in the Building Business we will work to expand our foreign customers, including local blue-chip customers, in Thailand. We are working to build a stable earnings base, focusing on logistics facility projects, for which demand is expected to continue. In contrast, the development of industrial parks by Japanese and Thai companies in Vietnam is progressing vigorously, so we aim to obtain information on companies moving into the area at an early stage and to secure a stable supply of factory and warehouse projects. In response to the restart of large-scale development plans by Japanese companies and local real estate companies, we will also work to strengthen our organizational structure to tackle large-scale projects. Toward the realization of Nishimatsu-Vision 2030, we will position Thailand, where we have maintained a presence for over 60 years, as the center of our international construction business, and further accelerate the localization of our management structure to expand our business into neighboring countries. Also, to stabilize and expand the scale of our business, we will increase the proportion of foreign and local customers in our customer base.

Contributions to solving social issues through factory construction
(construction completed in FY2023)

U.S. electronics and communications equipment factory expansion project (Thailand)

The expansion of the existing facility was undertaken to increase production capacity to meet growing global demand for electronic and communications equipment.

During construction, precast construction methods were applied to the exterior walls, which helped to reduce industrial waste while ensuring stable quality and improving productivity. We also standardized worker training by using work procedure videos for which AI multilingual software was utilized to cater to the increasing number of foreign workers.

U.S. SANMINA's electronics and communications equipment factory expansion project (Thailand)

Construction of a new airbag fabric manufacturing factory (Vietnam)

We built a manufacturing plant for airbag fabric in Thai Binh Province, Vietnam. The primary application is in vehicles, and ongoing growth in airbag production is forecast due to rising vehicle production in Asia, heightened safety requirements, and an increasing number of airbags per vehicle.

By using high-quality excavated soil as backfill during construction work, we succeeded in reducing the use of natural resources and curbing waste generation. By conducting on-site inspections and patrols using IT tools such as Teams*1 and BIM360*2, we were able to work closely with the client to advance the project and deliver a high-quality building to a high degree of satisfaction without a single accident throughout the entire construction period.

*1 Communication tool provided by Microsoft Corporation
*2 Cloud-based building information modeling (BIM) software provided by Autodesk Inc.

Asahi Kasei Airbag Fabric Vietnam Project (Vietnam)
Photo: Asahi Kasei Airbag Fabric Vietnam Co., Ltd.

Asset Value-Added Business

Creating living spaces that excite users at astounding speed —Value provided to society: “Safety,” “Vibrancy,” and “Bonds”

General Manager of
Asset Value-Added Business Division Yoshiyuki Sawai

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

With the aim of expanding Group revenue, we are actively undertaking investment in five growth areas* while enhancing profitability and improving asset efficiency by evolving into a circular reinvestment model through the timely replacement of assets.

In one growth area, the tourism and entertainment field, we opened Korinkyo, a boutique hotel renovated from a Kutani pottery store based on the concept of “providing a new Kanazawa experience,” Hotel JAL City TOYAMA with a modern space that touches the daily life of Toyama, and Prince Smart Inn Hakata that meets smart stay needs through ICT and AI technologies. In FY2023, ASAI Kyoto Shijo where guests can enjoy the charms of Kyoto much like a local resident also commenced operations. Outside of Japan, the 5-star Grand Nikko Bangkok Sathorn is scheduled to open in 2025. We are currently making preparations to provide a relaxing stay in a prime location in Bangkok, Thailand.

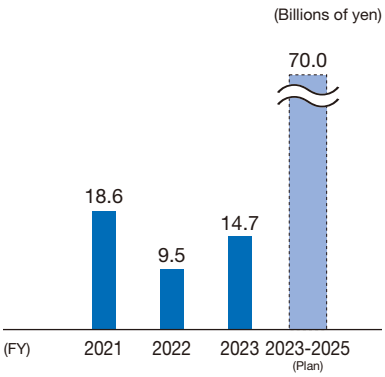
In the residence field, we are engaged in the student dormitory and employee dormitory businesses. In these businesses, the Group offers comprehensive solutions from planning and development, design and construction, to ownership, management, and operation, in line with customer needs. Opened in March 2023, Keio University’s Shonan Fujisawa Campus H Village provides the value of “Safety, Vibrancy, and Bonds” while also adopting numerous environmentally friendly facilities. The KOEI CHEMICAL Nagaura employee dormitory, which commenced operations in February 2024, is a facility that will help revitalize employee interaction and also contribute to local disaster prevention.

As far as land readjustment and urban redevelopment activities are concerned, construction on the Nakano 2-chome Area Type 1 Urban Redevelopment Project was completed in February 2024. This is a trigger project around the Nakano Station area, where further redevelopment is planned.

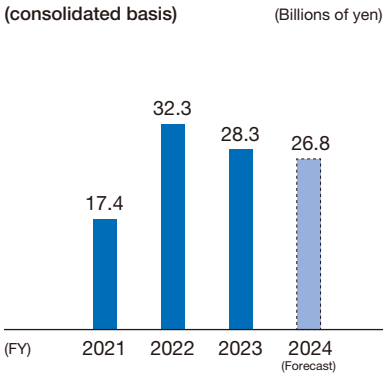
Following the establishment of private placement funds in FY2022, the Company took steady steps toward a circular reinvestment model with the start of operations at Nishimatsu Private Reit, Inc., as an advanced private REIT in the general contracting industry.

*Five growth areas …working spaces, residences, tourism and entertainment, lifestyle support and healthcare, and data centers and logistics)

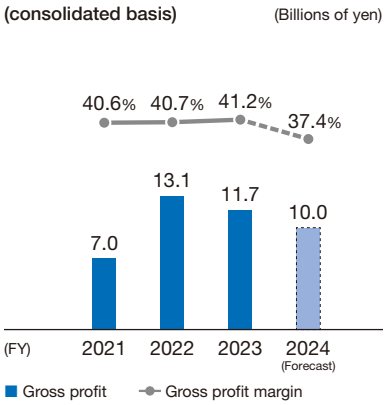
Net investment



Net sales
(consolidated basis)



Gross profit/Gross profit margin
(consolidated basis)



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 Business formation effectively utilizing newly created real estate	Utilize the new real estate created by the implementation of redevelopment projects and work to secure revenue
		Providing exciting asset management services to investors Property management business	Expansion of assets under management by Nishimatsu Asset Management Co., Ltd. Strengthening of PBM functions of Nishimatsu Jisho Co., Ltd.	Balance of assets under management Hire and develop professional human resources with abundant experience
	Create environmentally friendly, resilient communities	Responding to decarbonization	Promotion of use/utilization of renewable energy at owned properties Conformity of owned properties and projects implemented with the Company's proprietary environmentally friendly building specification standards	Achieve 100% by FY2030 Achieve a 60% conversion rate to ZEB and energy saving in leased buildings owned by FY2030 (* Achieve a 31% conversion rate to ZEB and energy saving in leased buildings owned by FY2025)

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

In the current fiscal year, the mid-point of Medium-Term Management Plan 2025, we will steadily build up our revenue base, evolve into the circular reinvestment model, and contribute to the Construction Business, thereby achieving sustainable growth for the Nishimatsu Construction Group.

In a bid to upgrade and expand human resource development opportunities, we will promote each individual's growth mindset and willingness to take on new challenges and strengthen investment management, property management, and building management operations throughout the Group as a whole while harnessing our construction expertise.

Our asset strategy aims to build a portfolio with a competitive advantage by creating exciting assets through investment in growth areas and timely asset replacements. Through the formation of a private REIT, we intend to further accelerate the pace of fund recovery. Plans are in place to undertake a net investment of 70 billion yen in five priority asset areas over the three years to FY2025. We are speeding up preparations and the commercialization of in-house development business. We are also witnessing the outcomes of equity investment development projects in well-located properties.

Overseas, we will increase capital efficiency by expanding our scope earnings revenue centered on real estate investment and development projects in developed countries and growth markets.

In addition, we will work to expand business opportunities for the Group by organically collaborating with each division, for example by organizing land readjustment and urban redevelopment projects.

Furthermore, we will contribute to a decarbonized society by promoting our proprietary environmentally friendly building specifications.

Contributing to revitalize regions (construction completed in FY2023)

Nakano 2-chome Area Type 1 Urban Redevelopment Project

This is a large-scale urban planning undertaking in front of the south exit of Nakano Station that combines the features of land readjustment and urban redevelopment projects. This initiative will help create a bustling urban complex and transportation node by expanding the plaza in front of the station and redeveloping traffic flow lines. As a participant from the initial phase of planning, we have supported project operations for many years. In February 2024, construction was completed on two high-rise buildings consisting of commercial, business, and urban residential components.

Nakano 2-chome Area Type 1 Urban Redevelopment Project

KOEI CHEMICAL Nagaura Employee Dormitory

A tailor-made, one-stop solution for corporate employee dormitories. Equipped with a host of conveniences, including an employee club and large public bath, the dormitory also offers water tanks for water supply and manhole toilets for temporary use in the event of such natural disasters as a major earthquake. Serving also as an evacuation center, the dormitory functions as a residence that offers safety and peace of mind.

KOEI CHEMICAL Nagaura Employee Dormitory

Regional Environmental Solutions Business

Expanding business domains to rebuild social functions through aggressive business investments

General Manager of Regional Environmental Solutions Business Division Hitoshi Kususako

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

Under Medium-Term Management Plan 2025, Nishimatsu Construction plans to aggressively develop the renewable energy business and community development business with the aim of realizing a safe and vibrant society. Although momentum is strengthening toward decarbonization and regional revitalization, the profitability of operations and the speed of development have become challenges. In FY2023, the initial fiscal year, actual investment was 1.9 billion yen, short of the 5.7 billion yen target.

Below are the Company's main achievements in FY2023, based on key measures for materiality and Medium-Term Management Plan 2025.

Promote the formation of a decarbonized society

- Started construction on the Sanyo-Onoda Biomass Power Plant (Sanyo-Onoda City, Yamaguchi Prefecture), which uses underutilized domestic timber, and commenced operations in July 2024
- Launched operations of the rooftop solar power PPA project Michi no Eki Munakata (Munakata City, Fukuoka Prefecture) in February 2024
- Participated in a methane fermentation biogas power generation project in Kumamoto Prefecture, with operations scheduled to start in 2025
- Conducted geothermal power generation site selection surveys in Hokkaido

Promote development and projects that contribute to revitalizing regions

- Concluded an agreement with Matsue City, Shimane Prefecture, on utilizing the corporate hometown (*furusato*) tax system (personnel dispatch model)
- Proposed solutions for regional challenges to municipalities including Munakata City, Fukuoka Prefecture

Promote cross-industry collaboration

- Signed a comprehensive partnership agreement with educational institutions aimed at realizing a smart campus and addressing social challenges through joint research and development
- Commenced joint development with a venture company on communication equipment linked to IoT sensors
- Began joint development with a venture company on wearable devices for heat stroke prevention

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

In Nishimatsu-Vision 2030, the Company has set the goal of expanding its business domains to include the rebuilding of social functions, with a key focus on the Regional Environmental Solutions Business for investments during the Medium-Term Management Plan 2025. Based on the results of investments in FY2023, the Company will focus on the following action plans.

(1) Increase the number of projects implemented and improve efficiency in business feasibility assessments
(2) Built up strengths to improve business profitability
(3) Quickly create models for regional community development projects

Additionally, as part of the priority measures under the Medium-Term Management Plan 2025, the following measures will be implemented.

Promote the formation of a decarbonized society

- Wood biomass power generation project: We continue to aim for the commercialization of power generation using underutilized domestic timber, while contributing to sustainable forest management and regional revitalization.
- Methane fermentation biogas power generation project: Power generation using organic waste is an effective method for realizing a circular society, and has synergies with regional community development projects. Although there are challenges, such as the stable procurement of materials and the disposal of fermentation residues, we will overcome these challenges and turn them into our strengths.
- Geothermal power generation project: While it will take approximately 5 to 10 years to commercialize, geothermal power can serve as a baseload power source in a local production for a local consumption model. We are approaching this project with a long-term perspective in collaboration with local businesses.

Additionally, we are considering the commercialization of four small hydropower projects, which are known as permanent power sources, and two wind power projects, a market that is expected to grow.

Promote development and projects that contribute to revitalizing regions

As a result of proposing solutions to various regional issues faced by municipalities, we are now seeing the specific projects emerge for eventual commercialization, such as the building of a blue carbon business and its utilization in public facilities. We will continue to create projects that leverage the unique characteristics and potential of each region.

Promote cross-industry collaboration

We are collaborating with a start-up company to develop new technologies and provide on-site demonstration tests that contribute to the advancement of production processes at construction sites.

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 (PPA, small hydropower, geothermal, wood biomass, pumped storage)	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	Number of collaboration projects 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

Developments and projects that contribute to a decarbonized society and regional revitalization

Entry into Methane Fermentation Biogas Power Generation Business Using Food Waste

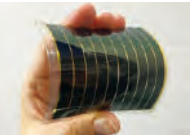
In December 2023, Nishimatsu Construction entered the methane fermentation biogas power generation business by establishing N-Energy Co., Ltd., a joint venture with NAGANO CO., LTD., a company engaged in recycling waste in Kumamoto City, Kumamoto Prefecture.

This business consists in biogas power generation from methane fermentation. It uses food and beverage waste collected from food plants and major supermarkets mainly in Kumamoto Prefecture as main raw materials. Operations are set to begin in July 2025.

It will help solve local waste disposal issues while supporting the creation of circular society with a low environmental impact through the reuse of methane gas generated from food waste for electric power and heat generation.

Investment in Company Developing Perovskite Solar Cells and Launch of Feasibility Study in Construction Field

In June 2024, Nishimatsu Construction invested in EneCoat Technologies Co., Ltd. (Kumiyama Town, Kyoto Prefecture), a startup from Kyoto University that is developing perovskite solar cells, which are a promising next-generation solar cell. These perovskite solar cells are thinner, more flexible, and lighter than mainstream silicon-based solar cells, making them suitable for installation in places where conventional solar panels cannot be used, such as rooftops with low load-bearing capacity or building facades. This investment will support studies for the commercial use of perovskite solar cells in the construction field, as well as the advancement of initiatives to create new value in renewable energy and other fields.



Source: EneCoat Technologies' website

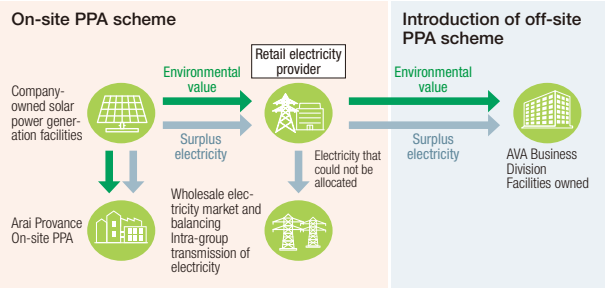
Entry into Agreement with Matsue City on Personnel Dispatching

In October 2023, Nishimatsu Construction signed an agreement with Matsue City, Shimane Prefecture, regarding the dispatch of personnel for the corporate hometown (*furusato*) tax system. Matsue City, which aims to protect its historical landscape while advancing carbon-neutral initiatives, was selected by the Ministry of the Environment as a leading region in the decarbonization effort in April 2023. Matsue City aims to achieve net zero CO_2 emissions. Through this agreement, Nishimatsu Construction employees will take positions as fixed-term staff members in Matsue City, working together to promote carbon neutrality in Matsue City and contribute to its status as a leading region in the decarbonization effort.

Agreement signing ceremony
Left: President Takase of Nishimatsu Construction
Right: Mayor Uesada of Matsue City
(Titles as of October 2023)

Off-Site PPA to Supply Surplus Electricity from Company-Owned Solar Power Assets to Facilities Owned by Asset Value-Added (AVA) Business

At the on-site PPA solar power generation facility at Arai Provance Urayasu, surplus electricity that cannot be consumed at the facility will be supplied to four student dormitories managed by Nishimatsu Construction's Asset Value-Added (AVA) Business Division. This will cover about 20% of the total electricity consumption of the four dormitories (220,000 kWh annually), reducing CO_2 emissions by approximately 94 t-CO_2. This reduction will be a part of both Scope 2 emissions (demand from shared areas of the four facilities) and Scope 3 emissions (demand from exclusive areas of the four facilities). We will continue to advance projects that utilize electricity generated at our own facilities for our own consumption.



Overseas Activities

Thailand and Laos

BRF Panamera Project

Thailand's economic growth was projected to grow only 2.5 percent in 2023, less than the 2.6 percent figure in 2022. However, the economy in 2024 may see an increased growth rate of 3.2 percent due to the recovery of the tourism sector and sustained private consumption. In 2023, Thai Nishimatsu Construction Co., Ltd. completed the construction of several projects, namely BTMT Phase 5 project, Panamera project, Maco BS & Test Building project, BTMT BB#11 project and Sanmina Plant Expansion project.

Our Group's quest for opportunities in Thailand continues from previous years. Thus, we are now more eager than ever to expand our business into other new fields. Currently, we

Singapore

Deep Tunnel Sewerage System Phase 2 Contract T-10

The Building and Construction Authority (BCA) of Singapore reported in January 2024 a projected construction demand in 2024 ranging between S$32 billion to S$38 billion. This is compared to the approximate of S$33.8 billion awarded in 2023. Public sector demand is expected to contribute to 55% of the 2024 projected demand with a continued strong pipeline for public housing and infrastructure projects (including future Cross Island MRT Line Phase 2, Changi Airport Terminal 5 and Tuas Port developments).

Land Transport Authority (LTA) C882, the Construction of Keppel station and tunnels for Circle Line 6 was awarded on September 8, 2017 to Nishimatsu in a joint venture with Messr.s China State Construction Engineering Corporation Limited. Works progressed well with all four tunnel drives completed in July 2021, ahead of schedule. All the key dates for Basic Structure Completion on C882 for the station, station entrances and tunnels were also achieved on schedule by October 2023. C882 has also won numerous safety awards and is currently on schedule to achieve Completion of Whole of the Works by December 2025.

The Public Utilities Board (PUB) T10 Contract for the Design

Philippines

Metro Manila Subways Project Phase 1 Package CP102

The Philippines Branch Office started from the Pilot Rural Environmental Sanitation Project in March 1985 which was funded by JICA, marking its 39th year this year.

Including Metro Manila Subway Project CP102 which was awarded in September 2022, we have been involved in 36 projects in Philippines.

In June 2016, President Rodrigo Duterte (the 16th president) took office and advocated "Build, Build, Build" for the recovery of the Philippine economy.

In June 2022, President Ferdinand Romualdez Marcos Jr. (the 17th president) took office and advocated "Build Better More," aiming for further infrastructure development.

are cooperating seamlessly with Asset Value-Added Business to develop high-rise properties and invest in hotels in Thailand. The construction of the Bangkok Sathorn Hotel Project is in progress and can be expected to be completed in 2025. Also in 2023, we successfully acquire quite a few new orders. The new contracts include from the existing clients and brand-new customers, such as Yuasa New Head Office project, new warehouse Logisteed project, SCGN Navanakorn Distribution center project, and Aloft Bangkok Sukhumvit 11 project. In addition, Thai Nishimatsu has expanded our scope of activities to include Regional Environmental Solutions Business. Preparations are in progress and we are pursuing opportunities to conclude power purchase agreements (PPA) with clients in the near future.

Lao Nishimatsu Construction Co., Ltd. operated its business as usual during 2023. Pakse-Japan SME SEZ Development Co., Ltd. (PJSEZ), also works to fully support investment in Laos and assist revitalization of the Lao regional economy.

With these initiatives, the journey of the Nishimatsu Construction Group in Thailand and Laos will continue into our realization of the goals set in the Medium-Term Management Plan 2025 and Nishimatsu-Vision 2030.

and Construction of sewer tunnels for the Deep Tunnel Sewerage System Phase 2 was awarded on November17, 2017 to Nishimatsu. All three tunnel drives on T10 were completed by July 2023 and the secondary lining in the tunnels was essentially completed in June 2024. T10 is currently moving towards completing the various shaft structures and target to complete all the works by March 2025.

LTA's CR110, the Design and Construction of bored tunnel between Tampines North station and Defu station for the Cross Island Line was awarded on November 8, 2021 to Nishimatsu. This is the second large diameter TBM project for LTA and will undercross a live military airbase. The TBM launch shaft is scheduled to be completed in August 2024. The first delivery of the large diameter TBM reached site in May 2024 and the TBM is targeted to be launched in December 2024.

The tenders for LTA Cross Island MRT Line Phase 2 were called progressively from November 2022 with a total of eight contracts to be awarded. Nishimatsu, in a joint venture with Messr.s Okumura Corporation Singapore Branch, participated in the tender of CR210 for the Design and Construction of Tunnels between the Jurong Lake District Station and West Coast Station and Associated Works for the Cross Island Line. A tender was called on July 31, 2023 and closed on January19, 2024. Nishimatsu-Okumura Joint Venture was awarded this contract on June19, 2024.

In the year 2023, Nishimatsu was also awarded the prestigious Workplace Safety and Health Council Performance Gold Award. Nishimatsu is only one of six companies across all industries in Singapore, and the only construction company in Singapore to achieve this accolade. Nishimatsu will continue to uphold its high safety standards and build up its core professional and supervisory teams to embrace new challenges.

The national budget of the Philippines for 2024 has been announced to be approximately PHP5.768 trillion (JPY15.6 trillion), a 9.5% increase compared to 2023. Of this, the budget for the Department of Transportation (DOTr), which is responsible for the construction of the metro is PHP214.3 billion (JPY578.6 billion).

In the Philippines, in addition to the Metro Manila Subway Project, there are numerous large-scale infrastructure projects planned, including North South Community Railway Project (extension), Davao City Bypass Construction Project Package 2 and 3, Metro Manila Priority Bridges Seismic Improvement Project (Guadalupe Bridge, Lambingan Bridge), Construction of 4th Cebu-Mactan Bridge including Mandaue Coastal Road, Metro Manila Interchange Construction Project (Phase VI), Bataan-Cavite Interlink Bridge Project, Paranaque Spillway Project, Dalton Pass East Alignment Road Project and Paranaque Spillway Project.

The Philippines Branch Office intends to continue contributing to the development of the Philippines by engaging in these large-scale infrastructure projects.

Technology Development / Intellectual Property Management

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 SDG-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
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)

Technology Development Initiatives

Renewal of Infrastructures

Expressway renewal: Highway bridge road slab removal and installation

Technological development relating to road slab replacement works is one of the expressway renewal works, and it is one of the “Take on challenges in new fields” initiatives we are vigorously promoting under Medium-Term Management Plan 2025. To remove the existing slabs, we developed a technology using plate jacks, and the results show that construction time could be reduced by 20-50%* compared with standard methods.

For the transportation and installation of the new road slabs, we developed dedicated installation equipment to be fitted to a large forklift for locations where cranes cannot be used. Full-scale testing was carried out to verify that the construction capabilities of this equipment are equal to or greater than those of a standard crane. Going forward, we will introduce and verify these technologies on-site, aiming to develop technologies that are safer and have higher construction capabilities.

* Comparative result of construction time with standard construction method during experiment

Separation experiment using plate jack

Full-scale transport and installation experiment using a large forklift and dedicated installation equipment

Technologies for Sustainable Architecture

ZEB buildings: Efforts in energy-saving technology demonstration spaces

The Technical Research Institute’s office having been renovated into a space for demonstrating energy-saving technologies, design methods were verified starting in FY2023.

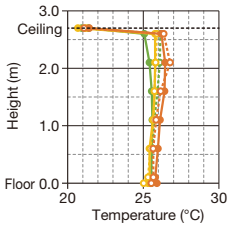
To achieve both comfort and energy conservation, we are implementing a number of relevant initiatives. These include: Demonstration research into appropriate air-conditioning capacity; the challenge of forming indoor temperature distribution to improve energy efficiency; the establishment of

Interior of the office that serves as a demonstration space

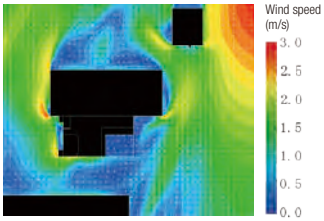
Air-conditioning performance test with simulated load

design methods to improve comfort and energy efficiency in ceiling radiant air-conditioning and underfloor air-conditioning systems; efforts to predict and control the ventilation and cooling effects of natural ventilation; and semi-outdoor space design methods to form spaces open to the outside so that comfort can be achieved even without air-conditioning.

By promoting these initiatives, we aim to develop more advanced design techniques to realize ZEB buildings that provide high levels of customer satisfaction.



Vertical temperature distribution of radiant air-conditioning



Wind analysis by CFD simulation

Initiatives Toward Biodiversity Preservation

Establishing a biotope within the Technical Research Institute

Due to growing social interest in biodiversity, it is essential for companies to give consideration to the environment in their business activities. Having set out its Biodiversity Action Guidelines in March 2023, Nishimatsu Construction developed the Nakatsu Crosspoint biotope as a biodiversity field on the premises of its Technical Research Institute in April 2024.

Its environmentally friendly features include: (1) The preservation of rare native species that grow naturally around the town of Aikawa in Aiko-gun, Kanagawa Prefecture, where the Technical Research Institute is located; (2) A biotope pond that uses collected rainwater as its main water source; (3) Insect hotels (places where insects can easily live) to different specifications; and (4) A facility designed with the environment in mind, including reducing waste through the installation of a compost bin.

Going forward, we aim to make use of the facility as a venue for raising awareness of biodiversity through maintenance and biological monitoring by staff as well as a place where local elementary school students can experience local nature and receive environmental education.

An overall view of Nakatsu Crosspoint

Insect hotel made from scraps generated during construction work

Intellectual Property Management

Intellectual Property Activity System

The Company regularly holds Invention Committee meetings that are chaired by the Director of the Technical Research Institute and made up of members selected from each technical field. These meetings serve to verify our intellectual property (IP) management policy and report on and discuss IP-related activities.

Promotion of IP Activities

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 act on their own initiative. To increase employee incentives 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.

IP Utilization

Basing our IP on our patent holdings, we aim to generate revenue through licensing both within and outside the industry. By reviewing the patents we hold on an annual basis and optimizing patent maintenance costs, we are able to invest in new technological developments, thereby creating further IP, which leads to increased corporate value and sustainable growth.

IP Risk Reduction

We continuously investigate and monitor IP risks such as risks from the infringement of rights, contract risks, technology leakage, and technology imitation. We also take appropriate contractual and confidentiality measures to minimize the risk of information leaks or infringements. By taking these measures, we aim to reduce IP risks, while helping to maintain and improve our social credibility as a company.

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.

2030 and Beyond "We will Innovate Spaces Digitally"

Reforming the Corporate Culture Into a Foundation That Supports the Promotion of DX

Action Guidelines

DX Action Guidelines: Self-transformation through a digital mindset

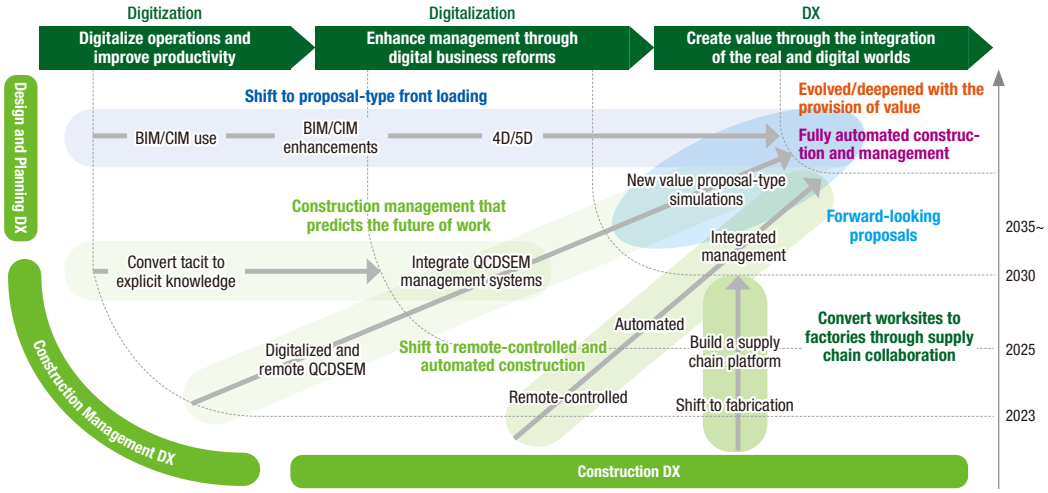
Nishimatsu Construction formulated the DX Action Guidelines to unify the awareness of all employees and officers so that they engage in DX along the same vector. Specifically, we will accelerate transformation by practicing the five approaches of:

[1] Possess an awareness of transformation
[2] Turn attention to new value
[3] Engage with an open mind
[4] Continue to undertake new challenges
[5] Execute with a sense of ownership.

Smart Construction Sites with Evolved/Deepened On-site Capabilities

Road Map

Development of new production systems



DX Initiative DX Conference as an approach to realizing smart construction sites

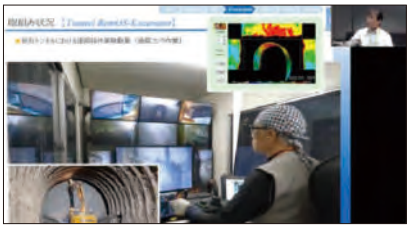
We organized the DX Conference as an arena to make internal presentations with the goal of sharing DX technologies intended to build the smart construction sites of the future. Several topics included active use of DX technologies at various construction sites, DX application know-how, and issues and improvement needs that have come to light.

To date, presenters have described construction site case studies including BIM/CIM-use to seamlessly execute construction plans, marking using MR and AR, and going paperless for inspection sheets and other documents through digital technology use. Other presenters have shared the Technical Research Institute-led development of automated and unmanned mountain tunnel construction and quality control systems.

We will continue to accelerate horizontal deployment of these concepts within the Company in aims of early implementation and maximization of DX technology outcomes, including greater fulfillment among employees and workers, as well as improved worksite productivity.

[Design and Planning DX] Use and regular launch of front-loading production design models

[Construction Management DX] Undertaking challenges with tunnel miners! Digitalizing tunnel face transfer documentation (eYACHO+MetaMoJi)



[Construction DX] Initiatives for automated and unmanned mountain tunnel construction (Tunnel RemOS– RH)

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

A "Workstyle" Where Every Individual Can Play an Active Role in the Fusion of the Virtual and the Real

Road Map

"Workstyle DX" that Guarantees Both Job Comfort and Job Satisfaction While Maximizing Capabilities

	2023-2026 Workstyle DX that enhances engagement			2027-2030 Workstyle DX that maximizes capabilities	
	Action	Goals		Action	Goals
Job Comfort	Systems for assisting in work	Freeing up time	Good work-life balance	Advancement of task assistance Advancement of remote operations and communication	Maximize one's capabilities
	Systems for enabling remote work				
	Advancement of online communication	Work with peace-of-mind		Expansion of value provided to stakeholders Initiatives to ensure psychological safety Advancement of learning environments Self-led career development	
	Systems for enabling collaboration among diverse employees				
	Systems for supporting physical and mental health				
Job Satisfaction	Systems for facilitating learning	Improve oneself and feel appreciated			
	Systems that link the work of individuals to personal recognition by customers and companies				

DX Initiative Generative AI-based work style reforms

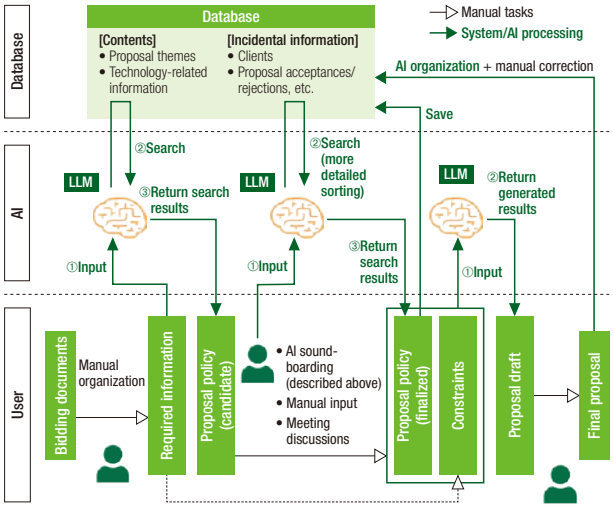
Nishimatsu Corporation is working to build business systems that incorporate generative AI for the purpose of improving business efficiency and quality. Along with enhancing the secure application environment for AI text generation, we are advancing developments involving text generation that references internal documentation, as well as writing support for technical texts and other highly specialized documents.

[1] Development of an LLM with an internal documentation reference function

By linking the Box cloud storage service offered by Box, Inc., which we currently use to manage documents, and the currently-used AKARI Construction LLM AI text generation model, we enabled text generation that references internal documentation. This effort now allows us to leverage various areas of internal knowledge, for example by improving the efficiency of internal inquiries. And we are currently working to further increase its precision.

[2] Development of a text generation function that supports specialized operations in the construction industry

We are also developing an LLM specialized in preparing technical documentation for use in accumulating construction technology know-how, as well as in drafting technical documentation and construction planning. We are currently hashing-out support and planning ideas based on the provision of technical information, which maximizes use of technologies and experience accumulated within the Company. This effort aims to formulate more efficient, appealing construction proposals, and to contribute to solutions for the issue of passing on know-how.



Businesses that Create New Services and Spaces in the Ecosystem

Road Map

Maximizing regional value and creating vibrancy by multiplying the creation of structures with the creation of experiences

	2023~ Create vibrant spaces through the combination of business and digital tools	2030~
Business Concept	Provide content support for regional vitality Create new experiences through a combination of the Metaverse and AR/MR Improve efficiency of space management costs	Provide community development services offering a variety of structures and experiences that revitalize regions

Promote DX in the creation of structures and human resources in the construction industry, aim for industry-wide quality improvements and supply capacity increases

	2023~ Provide know-how possessed by the construction industry in creating structures and human resources	2030~
Business Concept	Reduce workloads in the construction industry Improve the working environment and solve the technical skill succession problem Improve the flow of operations involved in transporting construction materials and equipment, etc.	Provide a fully digital construction platform for training, worksites, materials, and construction equipment, etc.

Special Feature

Nishimatsu Construction – Trust. It's What We Build.

In celebrating its 150th anniversary, Nishimatsu Construction has identified the tagline "Trust. It's what we build." Here, employees share their challenges to continue providing "Trust. It's what we build." for people's lives, infrastructure, society, and the future of all nations.

Domestic Civil Engineering Business

Proud to be engaged in work that contributes to society

I currently serve as chief engineer and am responsible for site management, surveying, and temporary works planning. Over a period of two and a half months following the Noto Peninsula earthquake that struck on New Year's day, I was heavily involved in site restoration work. Seeing local residents using roads that had been blocked by landslide damage and fallen trees after the completion of work, I realized that the construction industry considerably contributes to society. Also, I received words of encouragement and gratitude from victims of the disaster, which once again made me feel that this work was worthwhile. However, amid a downturn in the number of job applicants in the construction industry, I believe it is necessary to convey the industry's appeal which is arguably the backbone of social infrastructure. I am confident that those of us who work within the industry realize that we all strive for a better society. With this in mind, I will endeavor to increase the number of people who are seeking a career within construction industry, which in turn will lead to the development of the industry as a whole.

Kento Hashimoto
Senior staff
Kamiseya Site Office
Kanto Civil Engineering Regional Headquarters

Ryota Adachi
Manager
Hakata Site Office
Kyushu Regional Headquarters

Domestic Building Business

The power of forward-looking observation adds value to Nishimatsu Construction's technological and technical capabilities

I believe that "passion," which encompasses empathy and care, is critical to the construction process. Since the manager's thoughts and feelings are transmitted to the site, I place emphasis on improving the openness of the site, promoting communication and teamwork to foster a sense of unity at the site. The unexpected is part and parcel of work in the field. An open environment can quickly find and share any discomfort and in turn prevent errors. Nishimatsu Construction continues to receive an unbroken stream of large-scale project orders and makes efforts to create value. Passion within the site is the foundation behind our ability to complete this flow of orders and build the trust of customers and society. I am convinced that this power of forward-looking observation is the greatest added value of our technological and technical capabilities. Moving forward, I intend to further cultivate this power of observation and raise the skill level of our young employees by documenting frontline operations in a manual.

Site Administration Innovation Center

Contributing to the Company's development by creating a workplace where everyone can work with vitality

The Site Administration Innovation Center is responsible for a broad range of functions, including safety, the environment, and quality focusing mainly on on-site administrative and accounting operations. Steps are also being taken to promote the transfer of tasks and outsourcing to reduce the burden of on-site operations. In addition to on-site administrative duties, my role is to handle the various problems that arise on a daily basis. I am currently in charge of large-scale warehouses, which will play a critical role in the e-commerce sector, indispensable to people's lives as distribution hubs for a broad array of commodities, including food, clothing, and daily necessities. Despite the heavy responsibilities associated with addressing the wide range of issues that continue to arise on a daily basis, there is a strong sense of satisfaction linked to the value that we provide to society. Meanwhile, providing an environment where employees can continue to work with vitality is essential for the Company's development. I recognize that it is also the task of administrative staff to help foster such a workplace environment and systems. With this in mind, I will strive to help realize an environment where those with whom I work closely can feel a sense of fulfillment.

Kodai Abe
Senior Staff Group 4
Site Administration Innovation Center
Kanto Architectural Regional Headquarters

Sandy Yeh
Senior Contracts Manager
Tampines Site Office
Singapore Branch Office

International Business

Becoming a leader who can foster a work environment built on teamwork in a bid to ensure project success

The Contracts Department handles all contractual and commercial issues, and deals with all parties involved in the project. I lead a team of Quantity Surveyors and Purchasers to procure and sublet the required works and provide contractual advice to the team. As we carry out tunneling works and infrastructure building, we improve the public transportation system of the country and provide the public a more convenient, reliable, accessible, and affordable journey. Good communication and teamwork are the essential keys to success. A successful project is never done by one person but by a team of people sharing the common goal. I look forward to the expansion of the Singapore Branch Office by undertaking both civil and building projects. Apart from the continuous contribution with my past experiences in both civil and building works, I would like to grow with the organization by exploring new opportunities and technologies. Eventually, my goal is to become a compassionate and influential team leader, empowering the team members to achieve their goals, and foster a collaborative work environment.

Regional Environmental Solutions

Generating a multiplier effect in concert with co-creation partners to create businesses that bring out the appeal of the region

I am stationed at the Company's Kyushu Regional Headquarters and involved in the development of businesses that are deeply rooted in the community as well as co-creation with local business operators. In FY2023, I was in charge of our first methane fermentation biogas power generation project in Kumamoto City. This project encapsulates our success in creating a business that contributes to the resolution of local issues. This was done through a multiplier effect that combines the collaboration we maintain with the local community nurtured over many years and technological capabilities as well as our passion toward improving the recycling rate of local industrial waste contractors, a co-creation company. I am confident that this project is contributing to the local community by helping resolve the local waste disposal problem and building a recycling-oriented society with less environmental impact. During my time at construction sites, I frequently witnessed the power of each individual, no matter how small, coming together and working as a team to build a massive structure. Moving forward, I will continue to take up the challenge of engaging in projects that bring out the best of the region. I will do so by combining local strengths with those of Nishimatsu Construction coupled with co-creation partners and employing a multiplier effect through the efforts of a unified team.

Daiki Sakaguchi
Senior Staff
Business Creation Section,
Regional Development Department
Regional Environmental Solutions Business Division

Mari Shiga
Senior Staff
DX Planning Section, DX Planning Department
DX Strategy Management Office

DX Strategy Management Office

Supporting each employee's optimal work style through DX

The DX Planning Department is engaged in the consideration, planning, and promotion of DX. In addition to formulating strategies, the Department is responsible for matters relating to DX for the Company as a whole, including investment plans, organizational structure, human resource development, and culture reform. I am responsible for work styles and new business as they relate to DX. In carrying out my duties, I find it very rewarding to be able to influence the Company's organizational culture by reflecting feedback from employees in workstyle improvement. At some time in the future, I hope to also help provide new value through the creation of new businesses. Values and circumstances, including family life, and career aspirations as well as self-actualization differ by individual employee. Looking ahead, I intend to contribute through my work by fostering a corporate culture in which each employee can realize his or her own preferred workstyle while respecting differences as diversity.

Special Feature

Collaboration with ITOCHU Corporation: Constructing a Five-story Wooden Dormitory

Medium- to large-scale wooden building using the P&UA (one-directional timber frame) construction method

Recently, from the perspectives of carbon neutrality and environmental protection, there has been growing interest in utilizing wood in the construction industry, and it is expected that the construction of wooden buildings will contribute to environmental measures by reducing environmental impact during material production and construction as well as through its carbon storage effects. In the past, there were strict legal regulations governing medium to large wooden buildings, but in recent years, laws have been revised and regulations have been streamlined to allow their construction.

It is under these circumstances that we received an order for and are proceeding with the construction of a five-story wooden dormitory building in collaboration with ITOCHU Corporation. This property is the first to apply the panel and unbonded anchor (P&UA, one-directional timber frame) construction method, a high-performance, earthquake-resistant frame construction method for medium- to large-scale wooden structures, which received plan evaluation in October 2022. Progressed through a joint research and development project with the Construction Method Joint Technology Development Group, represented by ICHIURA Housing & Planning Associates Co.,Ltd., the construction method was developed under a system that covers design, evaluation, materials, procurement, and construction through collaboration between industry, government, and academia. Our goal is for this construction method to become widespread throughout society and for it to become a versatile mid- to high-rise wooden construction technology.

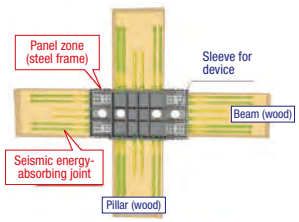
Concerning its construction, a mock-up was created at our Aikawa Technical Research Institute, and the construction procedures, time required for each task, and construction methods were confirmed in advance, which enabled the on-site work to proceed smoothly. During construction, we discovered challenges that will be faced in the future when it comes to the full-scale expansion of mid- to high-rise wooden buildings, such as the unique fit of wooden structures, and we will continue to make further improvements. We also plan to install various measuring devices on the building to measure livability, earthquake resistance, and durability, which are areas where future research is expected to focus on mid- to high-rise wooden buildings. We will then use the data obtained to improve our construction methods for our next project.

Using this project to gain a foothold in the market, we will establish construction techniques and design know-how and contribute to solving social issues and realizing a sustainable society through our business.

Currently, the same joint technology development group is also jointly developing a P&UA (two-directional timber frame) construction method, which will enable the realization of plans with even greater openness. It is therefore expected that this construction method will be utilized in office buildings and other structures in the years to come.

P&UA Construction Method Joint Technology Development Group

Technical developers: ICHIURA Housing & Planning Associates Co.,Ltd., ORIMOTO STRUCTUAL ENGINEERS Inc., Tokyu Construction, Toray Construction Co., Ltd., TODA CORPORATION, Nishimatsu Construction Co., Ltd., HASEKO Corporation, Sumitomo Mitsui Construction Co., Ltd.
Joint researchers: Kyoto University Professor Isoda; Kindai University Professor Matsumoto; Forestry Technology Center, Hiroshima Prefectural Institute of Technology
Collaborators: ALPHA KOGYO K.K., Uchida Giken, WOOD ONE CO.,LTD., Eicoh Co., Ltd., KOUMOTO-GUMI CO, TEAM SAKURA, Chuto Co.,Ltd., Fujita K Forest Products Professional Engineer Office, MEIKEN LAMWOOD Corp.



High-performance timber frame joint construction method (New technology: GIUA*)

Glued in Unbonded Anchor (GIUA) is a joining method that fixes unbonded sections, where the steel rods have intentionally not been bonded, to GIR (Glued in Rod)-type adhesive joints, into which steel rods are inserted. This unbonded section prevents the brittle wood from splitting, and allows the steel rods to absorb energy without causing damage to the wood.

* Patent pending (ICHIURA Housing & Planning Associates Co.,Ltd).

Special Feature

Initiatives to Promote Sustainability

Received Excellence Award at 9th Sustainable Finance Awards

Highly commended for its issuing a sustainability-linked bond (SLB), the Company received an Excellence Award at the 9th Sustainable Finance Awards sponsored by the Research Institute for Environmental Finance (RIEF).

The Sustainable Finance Awards is an awards system that has been implemented by the RIEF since 2015. On the basis of both quantitative and qualitative evaluations, experts from both the environmental and financial fields select financial institutions, companies, related organizations, etc. that have been active in Japan's environmental and sustainable finance market that year. At the ninth awards event (2023), a total of 11 organizations received the award including the Company.

This award is in recognition of the issuance of our first SLB, which had reductions of Scope 1+2 and Scope 3 emissions in line with Zero30 Road Map 2023, our CO_2 reduction plan for 2030, set as its KPI/SPT*.

The reason for being granted the award was that the Company had been highly praised for "incorporating Scope 3 (emissions associated with building use) targets into its ZERO30 Roadmap 2023, our CO_2 reduction roadmap for 2030, issuing a sustainability-linked bond with the achievement of emissions reductions including this target as the SPT, and setting an annual reduction rate for the SPT, thereby spearheading efforts to focus on real reductions."

Proactively utilizing ESG bond financing, such as the SLB we issued on this occasion, we will work to resolve climate change-related social issues as our contribution to sustainable management through financial activities and as an Eco-First Company.

* A Sustainable Performance Target (SPT) is a measurable improvement target for a KPI over a pre-defined time frame.

Company presentation speech

At the award ceremony venue

Sustainability-linked Bond Issue Overview

Issue duration	5 years
Total amount issued	¥20 billion
Issue date	July 27, 2023
KPI	KPI-1: Reduction rate of CO_2 emissions in Scope 1+2 KPI-2: Reduction rate of CO_2 emissions in Scope 3 (Category 11)
SPT	SPT-1: Annual targets for reducing Scope 1+2 emissions by 54% in fiscal 2030 (compared with FY2020) SPT-2: Annual targets for reducing Scope 3 (Category 11) emissions by 27% in fiscal 2030 (compared with FY2020) <SPT for this bond (5-year bond)>

SPT	Reduction rate of CO_2 emissions (compared with FY2020)	Fiscal year subjected to judging	Date of judging
SPT-1	42%	FY2026	September 30, 2027
SPT-2	25%	FY2026	September 30, 2027

表彰状

西松建設株式会社 殿

貴社は「第9回（2023年）サステナブルファイナンス大賞」の選考において優秀賞に選ばれました日本の環境&サステナブル金融の発展にさらに尽力されることを期待してこれを表彰します

2024年1月17日

一般社団法人 環境金融研究機構
代表理事 藤井良広

Certificate of commendation

Environmental Initiatives

Having raised the realization of a society for people with safety and vibrancy as a materiality, Nishimatsu Construction has presented several solution approaches, including the formation of a decarbonized society, preservation of biodiversity and coexistence with nature, and formation of a recycling-oriented society. We have also established medium- to long-term targets for these solutions along with detailed initiatives, renewed our Eco-First Commitment*1 in June 2024, and are promoting activities as a leading company on the environment.

Certified as an Eco-First Company by the Minister of the Environment

Medium and long-term targets
(Medium-term: FY2030, Long-term: FY2050)

Nishimatsu Climate Information 2024
➡https://www.nishimatsu.co.jp/eng/esg/environment/pdf/nishimatsu_climate_information_2024.pdf

[Decarbonized society]

Long-term target: Realization of carbon neutrality [CO_2 Net Zero Plan "ZERO50 Roadmap"]

● Scope 1, 2, 3 Net Zero

Medium-term target: Significant reductions in Scope 1, 2, and 3 emissions, and engagement in renewable energy generation [CO_2 Emissions Reduction Plan "ZERO30 Roadmap 2023"]

(1) Scope 1 + 2 -54.8% (compared with FY2020) **(2)** Scope 3 (Category 11)*2 -27% (compared with FY2020)

(3) Amount of Green energy generation 108,000 MWh (CO_2 reduction effect: Equivalent to 40,000 t-CO_2

[Biodiversity preservation]

Long-term target: Realization of a society that coexists with nature through all business activities

Medium-term target: Ongoing preservation activities at construction sites based on biodiversity-conscious tools, certification of company-owned lands as Nature Coexistence Sites and preservation activities at each location, ongoing coral preservation activities through collaborations with various entities

[Recycling-oriented society]

Long-term target: Final landfill disposal rate Zero

Medium-term target: Final percentage of waste sent for landfill disposal at 2.5% or lower

*1 Eco-First Commitment: A commitment to self-led initiatives for preserving the environment, including global warming, waste, and recycling countermeasures, that a company makes to the Minister of the Environment. Since 2016, Nishimatsu Construction has received certification as an Eco-First Company by the Minister of the Environment in recognition of our advanced, original, and industry-leading business activity initiatives involving environmental preservation.

*2 Scope 3 (Category 11): One of the 15 categories under Scope 3 (emissions other than Scope 1 and 2), one of the greenhouse gas emissions classifications (Scopes). In regard to the Company, this refers to CO_2 emissions coinciding with energy use during building operation after completion and delivery, and accounts for the greatest part of total emissions from Scope 1, 2, and 3.

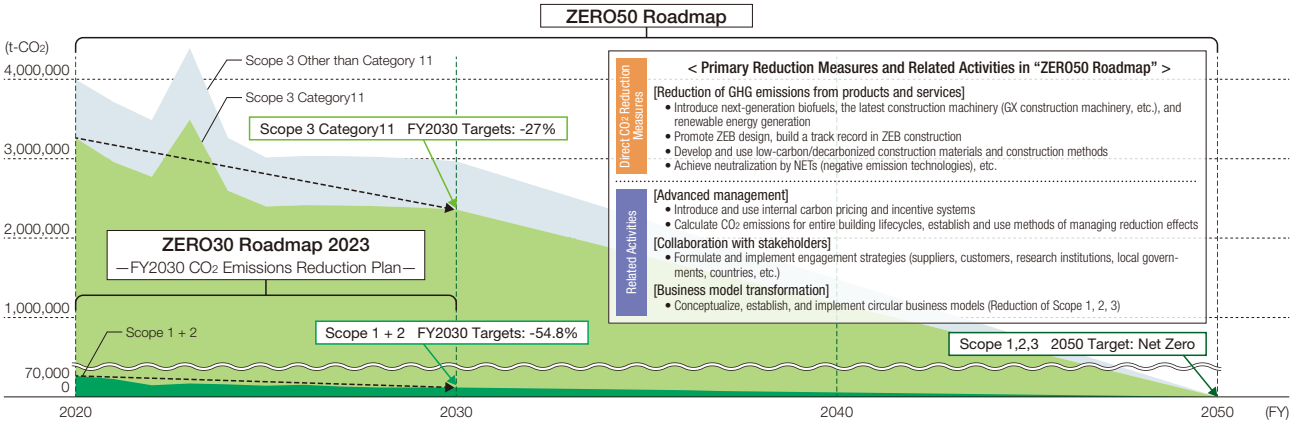
Decarbonization

Formulating the ZERO50 Roadmap

In working to achieve a carbon neutral society by 2050, Nishimatsu Construction formulated the ZERO50 Roadmap as our CO_2 Net Zero Plan for the entire value chain. Specifically, this roadmap aims to realize a carbon neutral society by transitioning to next-generation fuels as part of direct operations, making renewable energy generation standard for all projects, procuring materials with an emphasis on $LCCO_2$ options throughout the value chain, making ZEB designs standard, and engaging in other such initiatives.

Promoting ZERO30 Roadmap 2023

With a target year of 2030, our CO_2 Emissions Reduction Plan "ZERO30 Roadmap 2023" falls within the scope of ZERO50 Roadmap. As part of this Plan, we are working to significantly reduce CO_2 emissions in line with international standards and produce green energy via renewable energy generation. Specifically, we are making use of environmentally conscious fuels and a renewable energy generation standard to address Scope 1 and 2 emissions, and actively introducing ZEB design to manage Scope 3 Category 11 emissions.



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

Results and targets of ZERO30 Roadmap 2023

	Unit	FY2020 End Results	FY2023 End Results	FY2024 Target	FY2030 Target
Scope 1 + 2	1,000 t-CO_2	70.2	41.0	41.7	31.7
Rate of renewable energy introduction	%	—	47	52	77
Scope 3 Category11	1,000 t-CO_2	3,191.8	1,673.2	2,560	2,328
Green energy power generation	1,000 MWh	0.02	0.9	14	108

TOPIC 1

Acquiring SBT 1.5ºC certification
Nishimatsu Construction elevated the existing 2030 GHG reduction targets for the entire Group, and received 1.5ºC certification in August 2024 from the SBTi. And we will work to reduce GHGs at a higher level to achieve a carbon neutral society by 2050.

Biodiversity

Biodiversity preservation activities at construction sites

Utilizing the Company's original Biodiversity Options Book, environmental control and inspection charts, and other biodiversity-conscious tools, Nishimatsu Construction considers biodiversity as part of its business activities.

At the Kawauchisawa dam construction site managed by the North Japan Regional Headquarters, for example, we painted the concrete plant and other equipment in natural colors (brown tones) in consideration of nest building activity by birds of prey (Goshawk and Gray-faced Buzzard-eagle) as part of our efforts to preserve the habitats of wildlife.

Concrete plant painted in natural colors (North Japan Regional Headquarters, Kawauchisawa dam Site Office)

Contributing to 30 by 30

We have participated in the 30 by 30 Alliance since 2022 in an effort to help preserve health land and marine ecosystems.

We are currently making preparations with the goal of obtaining Nature Coexistence Site certification for the biodiversity-rich lands owned by the Company, including conducting field surveys to assess the value of natural capital for the land.

Coral preservation activities

Following our initial industry-academia collaboration with Tamagawa University involving coral preservation in 2018, we have engaged in coral preservation activities together with various entities. Coral collected from Ieshima Island, Okinawa Prefecture, is being bred at Tamagawa University. And together with our partners, we will transplant the coral to the ocean around Ieshima Island as part of an activity to increase the amount of coral there.

Packing up coral at Tamagawa University for transplantation

TOPIC 2

Formulating biodiversity action guidelines
In March 2024, we formulated the Nishimatsu Construction Group Biodiversity Action Guidelines. These Guidelines provide details on ascertaining both the degree of impact and dependency on biodiversity, integrating biodiversity into business strategies, and making proper disclosures.
➡https://www.nishimatsu.co.jp/esg/environment/nature_positive/ (Japanese only)

TOPIC 3

Participating in the TNFD Forum and disclosure initiatives
Having endorsed the TNFD (Task Force on Nature-related Financial Disclosures) principles, we participated in the TNFD Forum, a TNFD support organization. Going forward, we will establish a framework for properly assessing risks and opportunities involving natural capital as recommended by the TNFD, and for making related disclosures.

Recycling-oriented society

Pursuing zero emissions

In an effort to eliminate all waste, the Company incorporates 3R initiatives in its design and construction planning activities.

Interior work using harvested trees (Prologis Park Morioka)

During work on Prologis Park Morioka (Iwate Prefecture), considerable care was taken to reduce, reuse, and recycle construction by-products through a variety of initiatives, including the use of ICT construction equipment to curtail the amount of excavated soil. Steps were also taken to promote the effective use of excavated soil, construction sludge, and harvested trees. The Shiga Konan Site Office (Shiga Prefecture) introduced resin identification handy sensors. Previously sorted into a maximum of two types, these handy sensors augment the sorting process helping to sort waste plastics into four types. This in turn helps to improve what are recognized as advanced material and chemical recycling rates.

Participating in Circular Partners

Nishimatsu Construction has participated in the Circular Partners program, an industry, government, academia initiative led by Japan's Ministry of Economy, Trade and Industry and Ministry of the Environment to promote a circular economy. The aim of the program is to realize a circular economy in cooperation with various industries and organizations.

Information Concerning Climate-related Risks and Opportuniti

Nishimatsu Transition Plan for 2050 Carbon Neutral (CN) Society

Recognizing that addressing climate change is an important management issue in the companywide business strategy, Nishimatsu Construction has developed the Transition Plan for 2050 Carbon Neutral (CN) Society. It consists of the "ZERO50 Roadmap" and "Nishimatsu Action Plan for Climate Risks/Opportunities."

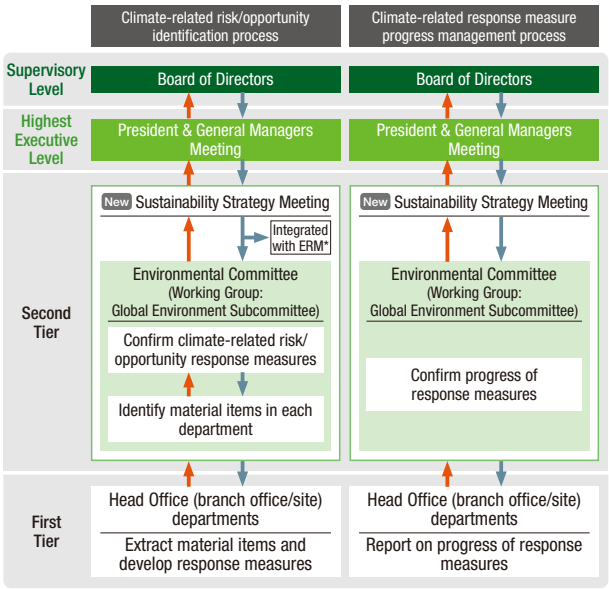
Governance and Risk Management

Governance and Risk Management

In working to further promote sustainability management, we established the new "Sustainability Strategy Meeting." Climate risks/opportunities are managed by the "Environmental Committee" established within the Strategy Meeting.

Identification process and progress management process

After the "material items for climate risks/opportunities" are primarily extracted based on three factors: quantitative and qualitative impacts and likelihood of occurrence, those which have significant impact in terms of finance and strategy are determined through a secondary extraction (i.e., identified). Meanwhile, progress management for material items involves checking progress reports at each level and providing instructions to lower levels as necessary. In both of these processes, the system is designed so that the President & General Managers Meeting makes decisions and the Board of Directors handles monitoring.

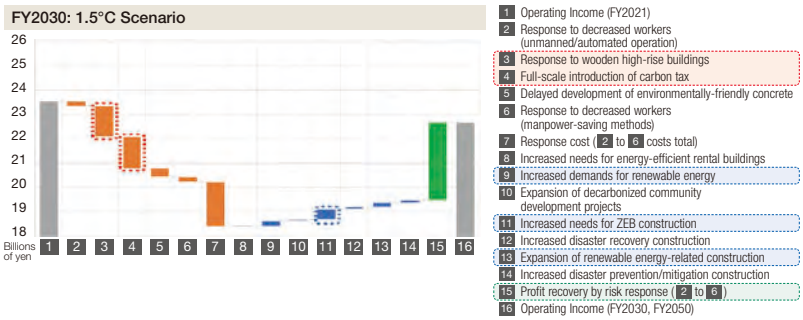


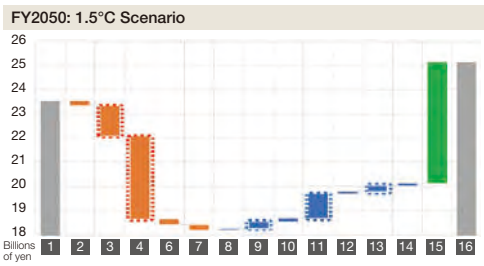
* ERM: Enterprise Risk Management

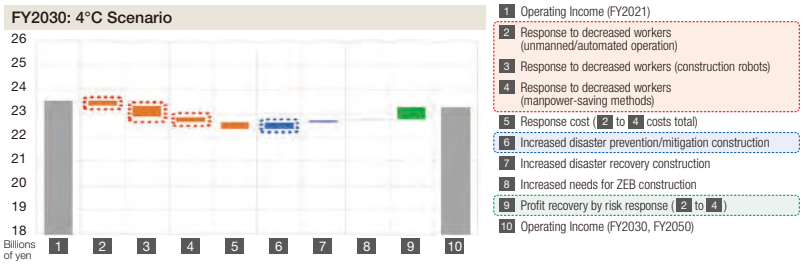
Strategy

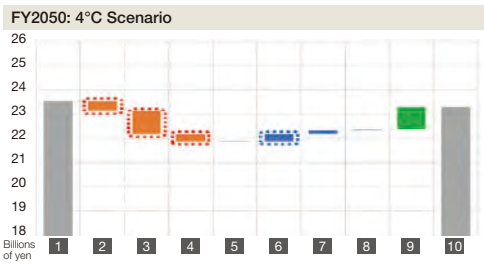
Financial impact on operating income

With regard to resilience to climate change, we verified the financial impact on operating income under climate-related scenarios of 1.5°C and 4°C (2030 and 2050). As a result, we confirmed that there would be no significant financial impact as long as efforts to restore profits through risk/opportunity response are taken.









See Nishimatsu Climate Information for details ➡https://www.nishimatsu.co.jp/eng/esg/environment/pdf/nishimatsu_climate_information_2024.pdf

Indicators and Targets

Nishimatsu Action Plan for Climate Risks/ Opportunities

As revealed by the financial impact verification results, responding to climate risks and opportunities is extremely important in terms of both profit recovery and business continuity. For this purpose, response measures for those climate risks/opportunities identified as material items are managed through a PDCA cycle that sets key performance indicators (KPIs) and quantitative targets, monitors progress, and clearly defines initiatives for the next fiscal year and beyond.

(1) Progress of climate-related risks

Business classification	Material item	Response policy	Overall progress check (Indicators and Targets): KPI (Indicators)	Targets	FY2023 results	Status of efforts up to FY2023: Action	Status from FY2024 onwards: Future action (From FY2024)
Civil Engineering Business	[Temperature rise] Response to a decrease in skilled workers (consideration of power-saving construction methods)	Establishment and accumulated experience of large-scale pre-casting technology	Number of orders received for express-way road slab replacement construction	A total of 5 cases by FY2030	1 case	• Develop large-scale precasting technology • Establish precast product procurement systems	• Continue actions taken in FY2023
Civil Engineering Business	[Temperature rise] Response to a decrease in skilled workers (unmanned and automated operation)	Establishment and on-site implementation of unmanned and automated construction technology	Number of workers in mountain tunnel and shield construction	Reduce 30% from FY2018 level by FY2027	0%	• Establish remote-control technology for major works in mountain tunnel construction • Establish elemental technology and AI-assisted technology for shield tunnel construction	• Continue actions taken in FY2023 • Introduce unmanned and automated technology to construction
Building Business	[Temperature rise] Response to a decrease in skilled workers (Increase in labor costs, construction robots)	Development and introduction of construction robots, remote control, and manpower-saving apps	Reduction in total annual working hours of all workers	Reduce total annual working hours by 66,000 by FY2030	10,900 hours down	• Participate in the RX Consortium to develop and test construction robot technology • Collaborate with partner companies to develop construction robots • Develop productivity improvement technology through collaboration with technical research institutes and manufacturers	• Continue actions taken in FY2023
Building Business	[Decarbonization needs] Technological response related to environmentally-friendly concrete	Promotion of development of environmentally-friendly concrete	(1) Low-carbon concrete (2) Carbon negative concrete	Implement in buildings (1) by FY2026 and (2) by FY2028	0 cases	• (1) Develop technology for implementing low-carbon concrete buildings • (2) Develop technology for implementing carbon negative concrete buildings	• Continue actions taken in FY2023 • (1) Implement technology-developed (slagrete, volcanic glass powder, geopolymer) low-carbon concrete in buildings • (2) Implement carbon negative concrete in buildings
Building Business	[Decarbonization needs] Technological response related to wooden high-rise buildings	Enhancement of design and construction technology for wooden high-rise buildings	Annual sales of wooden mid- and high-rise buildings	17.2 billion yen as of FY2030	1.35 billion yen	• Acquire fire resistance technology for wood materials • Develop and practically apply structural design technology for one-directional timber frames for wooden low- and mid-rise buildings • Jointly develop construction methods for practical application of wooden high-rise buildings (11 stories or more)	• Continue actions taken in FY2023 • Establish and practically apply structural design technology for two-directional timber frames for wooden low- and mid-rise buildings • Extract and address issues in fire resistance construction methods in actual buildings
International Business <Civil Engineering>	[Temperature rise] Response to a decrease in skilled workers (technological response)	Introduction of manpower-saving tunnel construction in overseas construction projects	Manpower-saving technology in tunnel construction	Adopt one case by FY2027	0 cases	Consider specific measures for implementation	• Introduce manpower-saving technology in tunnels • Promote ICT construction
International Business <Building>	[Temperature rise] Response to a decrease in skilled workers (consideration of construction methods)	Adoption of pre-fabrication methods	Achievements of buildings using pre-fabrication methods	Construct one case by FY2030	0 cases	• Verify technology and costs for pre-fabrication of factory logistics facilities	• Continue actions taken in FY2023
Company-wide	[Strengthened policies] Response to the full-scale introduction of carbon tax	Reduction of Scope 1+2 CO_2 emissions in line with ZER030 Roadmap	Scope 1+2 emissions	Achieve 31.7k t-CO_2 by FY2030	41k t-CO_2	• Promote energy conservation in construction • Introduce renewable electricity in business activities • Extract technologies, methods, and ideas that contribute to decarbonization at construction sites, and tentatively introduce environmental technology	• Continue actions taken in FY2023

(2) Progress of climate-related opportunities

Business classification	Material item	Response policy	Overall progress check (Indicators and Targets): KPI (Indicators)	Targets	FY2023 results	Status of efforts up to FY2023: Action	Status from FY2024 onwards: Future action (From FY2024)
Civil Engineering Business	[Temperature rise] Increased disaster recovery construction	Establishment of a system for rapid response in disaster restoration construction	Acceptance of requests for disaster recovery assistance	Achieve 100% by FY2030	100% (2/2 cases)	• Establish a system for rapid response • Establish a system that contributes to strengthening procurement capabilities for emergency materials, equipment, and labor • Collect information on unmanned and automated technology	• Continue actions taken in FY2023 • Introduce unmanned and remote technology to actual disaster recovery construction
Civil Engineering Business	[Decarbonization needs] Increased renewable energy-related construction	Enhancement of orders received for offshore wind power generation construction projects	Number of orders received for offshore wind power generation projects	A total of 1 case as of FY2030	0 cases	• Acquire wind power generation construction technology • Possess SEP vessels (construction barges)	• Continue actions taken in FY2023 • Accumulate construction experience necessary for offshore wind power generation construction
Civil Engineering Business	[Temperature rise] [Strengthened policies] Increased disaster prevention- and mitigation construction	Enhancement of orders received for shield construction and renewal construction (disaster prevention and mitigation related)	Disaster prevention and mitigation related construction completed	More than 14 billion yen/year as of FY2030	13 billion yen	• Continuously receive orders for shield construction and renewal-related construction • Strengthen relations with shield construction companies (build cooperative relations)	• Continue actions taken in FY2023
Building Business	[Decarbonization needs] Increased needs for ZEB construction	Promotion of ZEB in new construction and renovation projects	Increased sales due to ZEB	2.24 billion yen/ year as of FY2030	160 million yen	• Extract measures to improve energy saving performance in design and build projects • Understand air-conditioning operating efficiency in the Company's development properties • Begin verification of optimal operation and management methods in the Company's energy-efficient facilities • Design and build Nearly ZEB buildings	• Continue actions taken in FY2023 • Design and build verification buildings for Nearly ZEB (75% reduction without energy creation) • Build achievements of ZEB in renovation projects
International Business <Civil Engineering>	[Temperature rise] Increased disaster countermeasure work	Collection of sales and technical information and technological development related to flood prevention construction	Number of flood prevention construction projects	One by FY2027	0 cases	• Collect sales and technical information related to flood prevention construction	• Continue actions taken in FY2023
International Business <Building>	[Decarbonization needs] Increased needs for energy-efficient buildings	Promotion of ZEB in new construction and renovation projects	Nearly ZEB design and build results	One by FY2030	0 cases	• Market research on energy-efficient building needs	• Continue actions taken in FY2023 • Consider ZEB Ready design
Asset Value-Added Business	[Decarbonization needs] Increased needs for energy-efficient rental buildings	Implementation of ZEB and energy-efficient measures in rental buildings owned	Percentage of ZEB and energy-efficient rental buildings owned	More than 60% of owned rental buildings by FY2030	6% (3/50 cases)	• Determine the specifications of rental buildings owned • Promote ZEB and energy conservation in newly built properties • Promote energy conservation or asset replacement in existing properties owned	• Continue actions taken in FY2023
Regional Environmental Solutions Business	[Decarbonization needs] [Strengthened policies] Response to global environmental issues	Promotion of energy creation and related businesses	Electricity volume generated by energy creation business	108k MWh per year by FY2030 * Target for FY2023: 1.7k MWh	0.9k MWh	FY2023 business launch project: • One solar power generation (PPA) Preparation for scheduled FY2024 business launch project: • One biomass power generation Preparation for scheduled FY2025 business launch project: • One methane fermentation biogas power generation	• Stable operation of new solar power plants and acquisition of existing mega solar power plants • Business development in collaboration with local communities and companies, focusing on areas with high potentials for geothermal power generation • Business development in small-scale hydropower generation • Business development utilizing unused domestic materials in biomass power generation • Business development in collaboration with companies with new technologies in methane fermentation biogas power generation • Business development in collaboration with partner companies in floating offshore wind power generation • Development of a power storage station (grid storage batteries) business as a renewable energy-related business

TOPIC 4

Nishimatsu Climate Information 2023 listed as a good practice

As a resource that compiles responses to climate risks/opportunities, Nishimatsu Climate Information 2023 was featured as a good practice in regard to addressing the TCFD for the relevant year, the only such example from a general contractor, in the Financial Services Agency's "Collection of Good Practices on Disclosure of Narrative Information" and in the Ministry of Land, Infrastructure, Transport and Tourism's revised "Guidance for the Real Estate Sector". This edition was recognized as being more readable with more accurate information disclosures when compared with disclosures by other companies.

Financial Services Agency: https://www.fsa.go.jp/news/r5/singi/20231227/01.pdf (Japanese only)
Ministry of Land, Infrastructure, Transport and Tourism: https://www.mlit.go.jp/totikensangyo/content/001734387.pdf (Japanese only)

Human Resource Strategy

Changes in Conditions Surrounding Human Resources

The environment surrounding human resources is changing at a dizzying pace, with intensifying competition for and increasing mobility of human resources, promotion of work style reform, and in recent years growing attention to human capital management. Especially for work style reform, the construction industry is at a major turning point, as regulations limiting overtime hours will be applied to the industry beginning in FY2024. In order to continue to create new value and provide it to society amid rapidly changing external conditions, the challenge is to secure human resources with diverse abilities and values, increase engagement, and increase the number of personnel who can flexibly adapt to changing conditions.

Human Resources that Create New Value and Solve Social Issues

Our strength lies in our ability to bring together diverse competencies. We have acquired and cultivated this strength over many years of involvement in social infrastructure projects in Japan and overseas. Leveraging this strength, we view each of our employees as capital and take measures to continuously increase the value of our human capital in order to create new value and solve social issues. Specifically, we will pursue initiatives based on the three frameworks of reforming our mindsets and actions, strengthening our organizational abilities, and creating growth resources, which comprise the Reform Program outlined under Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025.

Risks, opportunities, and initiatives for human resources

Materiality	Materiality solutions	Major Initiatives	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		2023 results	2024 target	2025 target
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	Securing diverse human resources and enabling them to thrive		○	○	Percentage of newly hired female employees (career-track positions)	17.6%	20% or above	20% or above
						Number of career hires	29	20 or more	20 or more
						Percentage of female managers (Number of female managers / Number of all managers)	0.4%	1.0%	2.0% or above
						Remote work usage ratio (Number of implementors / Number of employees)	34.1%	75% or above	100%
						Percentage of male employees taking childcare leave* (Number of employees taking leaves / Number of subject employees)	75.8%	100%	100%
						Participation rate of detailed examination after regular health checkups (Number of employees who underwent detailed examination / number of subject employees)	61.1%	80% or above	80% or above
		Increasing employee engagement	○	○	○	Engagement score of employees	3.68	More than FY2023	More than FY2024
						Voluntary resignation rate (Number of voluntary resignations / number of employees at start FY)	2.99%	Less than 2.0%	Less than 1.5%
	Instill cross-organizational thinking	Raise awareness of a challenger mindset	○			Number of participants in dialogues with the president (cumulative)	967	1,500	2,000
						Percentage of dialogue implemented between supervisors and subordinates (Number of times implemented / number of times planned)	—	100%	100%
		Raise awareness of collaboration		○		Mechanism to praise employees engaged in collaborative projects (progress rate)	—	50% Concept and design	100%
		Building systems for employees to learn independently	○			Mechanism that allows employees to select curriculums (progress rate)	10% Commencing operation	50% Commencing operation	100%
		Visualizing human resources data (create a talent management system)	○	○		Human resource data visualization progress rate (Number of visualization implementation items / total visualization items)	36%	73%	100%

* Including leave for the purpose of childcare

Key Initiatives to Improve Human Capital

1. Securing diverse human resources and enabling them to thrive

As competition for human resources intensifies and their mobility increases, we see it as an important and urgent task to secure diverse human resources and create an environment in which all types of employees can play an active role.

In order to secure human resources, we introduced a recruiter system in FY2023 and strengthened our recruitment system. We aim to increase opportunities for dialogue with job-seeking university students, as well as to raise their interest in and desire to apply to the Company. We appoint young employees as recruiters in the hope that job seekers listening to the job-hunting experiences of employees who are similar ages will help avoid any misconceptions after joining the Company.

To improve working conditions and enable diverse work styles, we have introduced various systems such as flextime, telecommuting, and support for balancing work and childcare, as well as worked to reduce total work hours. Particularly to support childcare among male employees, in FY2022 we established the Post-birth Papa Leave System (paid). This childcare leave system allows male employees to take up to 20 days in addition to annual paid leave. As a result, the percentage of male employees taking childcare leave reached 75.8% in FY2023, significantly higher than the 55.6% in FY2022.

In order to promote active roles among female employees, female engineers nationwide took the initiative in holding seminars to share issues specific to women, learn about human resource systems, and promote communication with their managers. In addition to the development of systems, we are actively working to create career paths and foster a corporate culture that allows women to remain active for a long time while coping with life events such as childbirth and childcare, as well as health issues unique to women. The number of female career-track positions has increased annually to 6.5% of all career-track positions. Although the number of female managers is still low at 0.4% of all management-level positions, the number of female managers is increasing year by year. Going forward, we will create working conditions where diverse human resources can play an active role, including not only women but also seniors and non-Japanese employees.

2. Increasing employee engagement

We began conducting an engagement survey in FY2023, replacing the employee satisfaction survey conducted prior to that, with the aim of identifying issues related to the retention and active participation of human resources.

In addition to total engagement, this survey measures engagement in terms of the separate categories: “job,” “workplace,” and “company.” The results of the FY2023 survey showed that the overall results were generally good, with scores for “total,” “job,” “workplace,” and “company” all exceeding the standard score (3.5/5 points).

The results of the survey are analyzed in detail by the Human Resources Department, which then provides feedback to management and other departments. The Human Resources Department plays a central role in tackling the Company’s common issues, determining the specific causes and taking countermeasures to address each department’s specific issues. The Company as a whole and individual departments will work in tandem to address these issues with the aim of improving engagement scores as quickly as possible.

FY2023 Engagement Score

Total Engagement Score (excluding branch office hired employees and temporary employees)	Job	Workplace	Company
3.68	3.67	3.76	3.61

Conducting Human Resources System Workshops

Organize seminars to promote communication between managers and subordinates

Human Resource Strategy

3. Raise awareness of a challenger mindset

In order to increase a challenger mindset, we strive to share the Nishimatsu-Vision 2030 and increase the psychological safety of each employee, fostering an environment in which they can proactively and safely express their opinions. As one of these measures, then president Nobutoshi Takase began engaging in dialogue with employees in FY2023, visiting each of the Company's domestic and overseas locations. In FY2023, Mr. Takase spoke with 967 people, mainly in the pre-management age group, who will become the next generation of leaders. He expressed his vision, spoke about the current state of management, and sincerely answers questions and opinions from employees from a management perspective. In so doing, he provided employees an opportunity to consider what value they can provide on their own and what proactive measures can be taken going forward.

As measures to further arouse a challenge mindset among employees, we will create a system to expand dialogue between managers and subordinates, provide training to encourage a challenger mindset, and increase the weight of evaluations for challenging actions in personnel evaluations.

4. Raise awareness of collaboration

In order to promote organic collaboration among individual businesses, we have to date conducted organization and human resources review meetings to consider the placement of human resources in the Company and across divisions. From the perspective of promoting internal collaboration, these efforts have yielded steady results but remain a work in progress in terms of instilling this awareness of collaboration among all employees.

In order to pursue rebuilding social functions promoted in Nishimatsu-Vision 2030, inter-business cooperation is indispensable. We will accelerate our efforts to foster a sense of collaboration that transcends organizational boundaries mainly by developing an evaluation and commendation systems for employees involved in collaborative projects and an internal recruitment system to recruit human resources companywide.

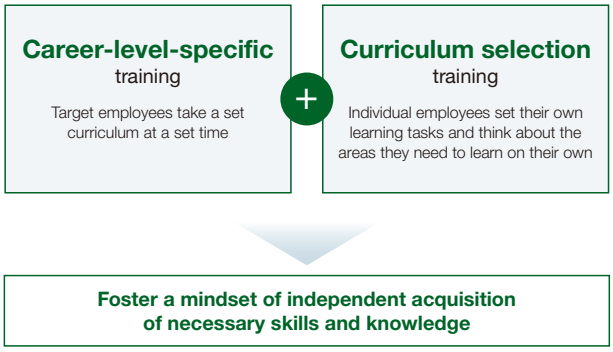
5. Building systems for employees to learn independently

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 curriculum of this system. In fiscal 2023, we mainly developed an expert course for employees in the pre-management age group who will become the next generation of leaders and established the DX Faculty aimed at fostering digital talent who can provide new value to companies by utilizing cutting-edge digital technology.

However, most of the training prepared so far is mainly based on stratified training, and only the target employees took the course when the decided curriculum was determined. Since this resulted in employees undergoing training in a passive manner, we took on the challenge of switching to raising awareness independent learning.

In order to change employee attitudes, we believe that individual employees need an environment where they can create their own vision and gain skills and knowledge to achieve it. In addition to stratified training conducted to date, we help employees create a desired vision through dialogue between managers and subordinates. By adding curriculum selection and training, we provide an environment where a variety of learning courses and opportunities are available for individual employees to freely choose from.

Targeted training systems



6. Visualizing human resources data (create a talent management system)

In order to maximize each employee's abilities, we introduced a talent management system in FY2021, as we see a need to shift from human resource management relying on intuition and experience to data-based management. We believe that visualizing employee abilities, experiences, values, and career aspirations, as well as accumulating objective data on their strengths and weaknesses, will contribute to optimal human resource allocation and training efficiency, which in turn will improve individual and organizational performance.

We finished building this system in FY2023. Currently, we are collecting human resources data and incorporating it into the system, as well as considering its use for strategic human resources allocation at the Organization & Human Resource Review Meeting. In addition, we utilize a talent management system for employees to learn independently to track competencies acquired by the employees and required skills.

Health and Productivity Management

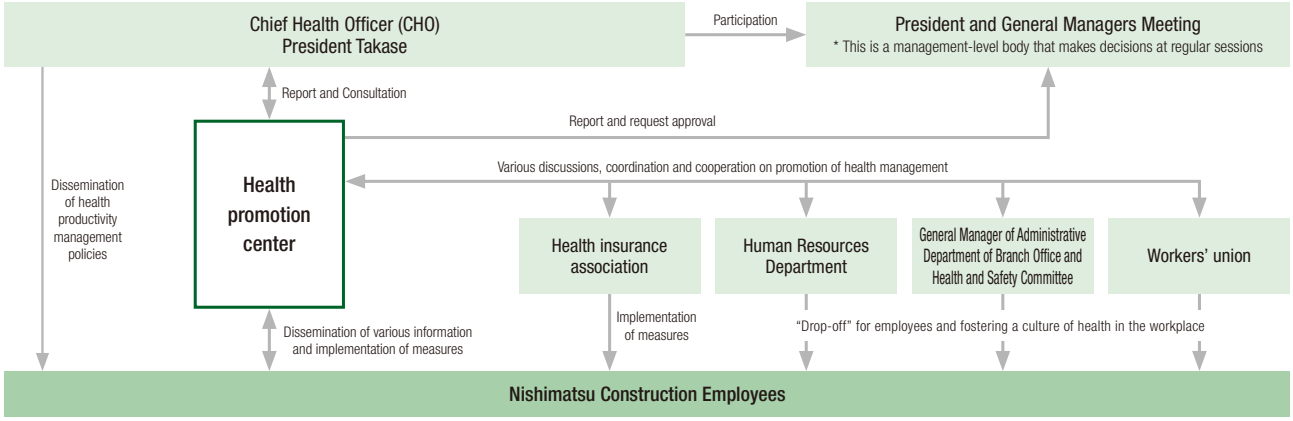
Employee's well-being is the source of corporate vitality, and the foundation of well-being is health

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. Therefore, 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 checkups, providing subsidies for women's cancer screening, providing physical and mental consultations by medical staff, free smoking cessation programs, and introducing a system to visualize working hours, etc. We were evaluated and certified as "2019 KENKO Investment for Health," a certification promoted by the Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in recognition of the aforementioned measures and our continued improvement. This was the first time a general construction company received this designation.

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.

Promotion system chart



* Health and productivity management® is a registered trademark of Non-Profit Organization Kenkokeiei

Topic

Provide Opportunities to Quit Smoking

In FY2019, we introduced a support program for smokers accompanied by specialists to help them quit smoking. Employees who are highly motivated to cut back on smoking, as identified through lifestyle surveys, as well as those who have received separate health guidance are introduced to smoking cessation programs led by medical professionals to provide them with the motivation to quit smoking. The Company continues to provide support for getting employees to quit smoking, including covering all the costs for those who successfully quit.

During National Occupational Health Week in October 2023, medical professionals visited workplaces to give lectures on cigarettes and provide health counseling with partner companies. We will continue to implement measures to raise health awareness so that employees and others we work with along with their families can lead healthy and fulfilling lives.

Creating Safe Construction Sites

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

Basic Safety and Health Policy

We are committed to ensuring the safety and health of not only our employees, but also temporary staff, sub-contractors and their crews, and all workers at construction work sites.

Basic Safety and Health Policy

We implement occupational health and safety measures (COHSMS) to uphold the basic principle of respecting human life, to comply with the law, and in consideration of all people related to our Company. All people that work at our offices cooperate to achieve a safe, healthy and comfortable workplace environment and to promote physical and mental health.

Occupational Health and Safety Management System

Our occupational health and safety management system operates in accordance with Japan's Construction Occupational Health and Safety Management System (COHSMS).

We undertake risk assessments in advance and aim to continuously improve health and safety management standards by applying the Plan-Do-Check-Act (PDCA) cycle.

Major Initiatives

1. Implementing safety measures based on risk reduction priorities
2. Promoting voluntary activities to prevent human error mainly by pointing and calling
3. Improving safe installation practices, with efforts centered on foremen

* The scope of application covers all business locations in Japan, excluding the Technical Research Institute.

Initiatives to Reduce Workplace Accidents

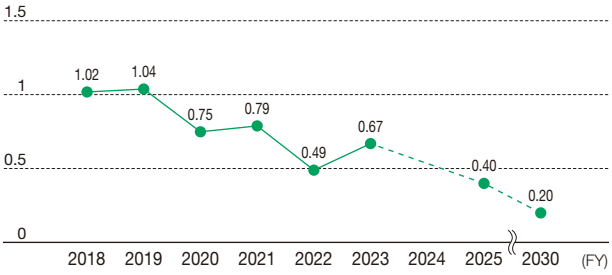
To achieve the health and safety management goals for FY2023, we focused on three actions.

- Implement safety measures that take into account intrinsic safety and engineering measures
- Eliminate the three major accident-related disasters in Nishimatsu
- Promote voluntary activities by fully establishing Action 7*.

However, none of these targets have been achieved. In working to ensure thorough compliance with Nishimatsu Rules, which incorporate lessons from past incidents and exceed legal requirements, we still aim to use the foremen's association to build ties between foremen, who are the key personnel for on-site health and safety, as we transition from a prime contractor-led system to autonomous health and safety management by on-site workers.

* Action 7: Seven measures for preventing human error: on-site hazard-awareness training (HAT), personal HAT, calling out to fellow workers, the 3-3-3 method (for stringing operations), reporting on employment of older workers and giving them due consideration, raising awareness regarding near misses, and "point and call" safety check routines.

Frequency rate (4 days absence or more) and future target



Nishimatsu Construction's FY2023 safety and health management targets

- Achieve no deaths and no major injuries
- Frequency rate of 0.5 or below for injuries requiring four or more days of absence from work (12 or fewer incidents)
- Frequency rate of 0.8 or below for injuries requiring one or more days of absence from work (20 or fewer incidents)
- Five or fewer "big three" accidents, as designated by Nishimatsu Construction (slips/falls; getting caught up in machinery, equipment, vehicles or materials; and flying/falling objects).

Comparison of safety performance (more than 1 day lost from work) and fatalities

	2019	2020	2021	2022	2023
General construction industry frequency rate	1.69	1.30	1.39	1.47	1.69
Nishimatsu Construction (non-consolidated) frequency rate	1.52	1.57	0.99	1.21	0.91
Number of fatal accidents (partner companies)	1	1	0	1	0
Number of fatal accidents (regular employees)	0	0	0	0	0

Safety and Health Training

We focus on education for young employees and foremen, and in FY2023 we conducted safety and health training sessions for 326 employees and 712 foremen.

Number of employees trained in health and safety standards

	2019	2020	2021	2022	2023
New employees	115	107	116	115	113
By career level	190	81	302	225	213

Number of attendees in new appointed and existing supervisor ability improvement training

	Northern Japan	Kanto Civil Engineering	Kanto Architectural	Western Japan	Kyushu	Total
Supervisor training (New)	38	0	0	50	0	88
Supervisor ability improvement training	105	57	60	226	176	624

Quality Management

Policy on Quality

Based on its corporate philosophy, the Company will deliver valuable buildings and services through an ongoing commitment to earn the trust of customers and other stakeholders.

Policy on Quality

1. Providing Trusted Buildings and Services
2. Improving Customer Satisfaction
3. Continual System Improvement

➡ https://www.nishimatsu.co.jp/eng/company/safety.html

Quality Management System

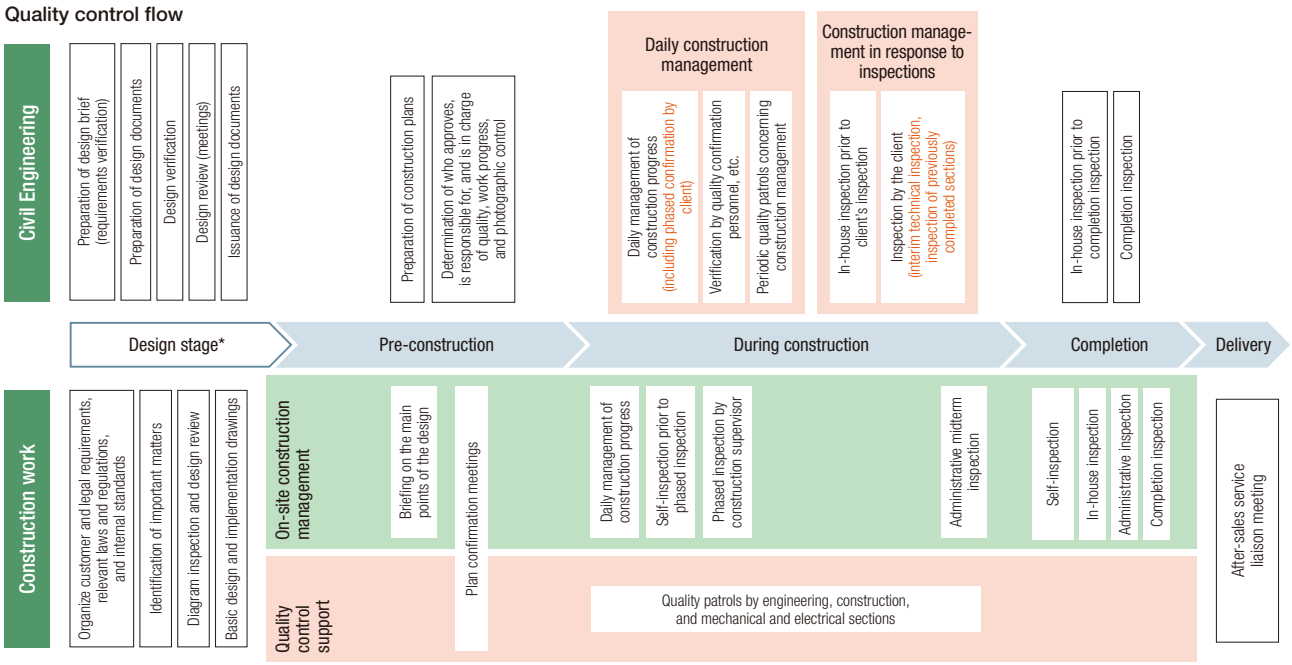
In the Civil Engineering and Building divisions, we have established a Quality management system based on ISO 9001, and are working to ensure quality and continuously improve the system at each stage of sales, design, construction, and after-sales service to achieve our quality policy of Providing Trusted Structures and Services and Improving Customer Satisfaction.

Quality Control Systems in Construction Projects

The Civil Engineering Business aims to ensure greater quality by effectively addressing defects that occur during construction at worksites throughout Japan. Specifically, it investigates the causes, response measures, and recurrence prevention measures at worksites, and reports on these to the Civil Engineering Department at the Head Office through the regional headquarters. Each regional headquarters, the Head Office's Civil Engineering Department compiles and analyzes reports from each regional headquarters, after which it shares information again with each regional headquarters via e-mail. Along with reflecting these defect case studies in construction plan drafts for similar projects to be built in the future, each regional headquarters utilizes these as learning materials as part of technical training for young employees.

In order to assure the quality of buildings, the Building Business manages quality through a work flow that integrates every step from design to construction and after-sales service following delivery. Specifically, the Building Business focuses on constructing buildings for which quality can be assured by steadfastly solving points of concern raised at the design stage after construction begins, by providing technical guidance and education through worksite review meetings and onsite quality confirmation meetings covering the actual materials and structures, and by providing quality and technical support through the Quality Management Department. Moreover, in regard to after-sales service following delivery, the Building Business is working to strengthen the review function used to determine if service is provided in a fast, precise manner, and from a customer-oriented perspective.

Quality control flow



* In the case of design and construction by Nishimatsu

Addressing Human Rights Issues

Human Rights Policy

We believe that the fundamental human rights of all people involved in our business should be respected. Based on the United Nations' Guiding Principles on Business and Human Rights, we formulated the Nishimatsu Group Human Rights Policy and are promoting initiatives for respecting human rights.

Human rights policy

1. Applicable scope
2. Respect for and compliance with norms, laws, and regulations
3. Accountability for respecting human rights
4. Action on human rights issues
5. Implementation of human rights due diligence
6. Grievance handling mechanisms
7. Rectification and relief
8. Human rights governance and promotion framework
9. Education and training
10. Dialogue and consultation with stakeholders
11. Disclosure of information

➡ https://www.nishimatsu.co.jp/company/policies.html (Japanese only)

Initiatives for Priority Issues

The Group formulated a human rights risk map based on the results of an employee survey. We have also engaged in dialogue with stakeholders and consulted with external experts based on the human rights risk map and human rights policy to address the following items as our priority issues.

Major Initiatives during FY2023

1. Proper management of working conditions and provision of a comfortable working environment

In anticipation of the caps set to be placed on overtime work starting in FY2024, we are working to rationalize attendance reports through the introduction of new systems, and to more strictly manage work records. This initiative is in addition to existing efforts including the promotion of substitute holiday and paid leave taking, realization of a five-day work week at construction sites through a shift system, worksite operations support by the Site Administration Innovation Center, initiatives to close worksites for eight days over the course of four weeks, and the introduction of flex-time systems.

2. Prohibition of harassment and discrimination

Along with working to curtail the occurrence of harassment and other issues through operations at the "Nishimatsu Hotline" reporting desk, as part of new employee training and new appointee career-level-specific training, we conducted human rights, compliance, and harassment training for the purpose of confirming the Company's human rights stance and initiatives, adhering to compliance, and preventing harassment.

3. Protection of human rights of foreign workers in domestic operations

We implemented the following as initiatives to protect the human rights of foreign workers at construction sites.

- Display safety signs in multiple languages
- Install facilities that consider the beliefs of foreign workers
- Continuously promote registration in the Construction Career Up System among companies that employ foreign workers

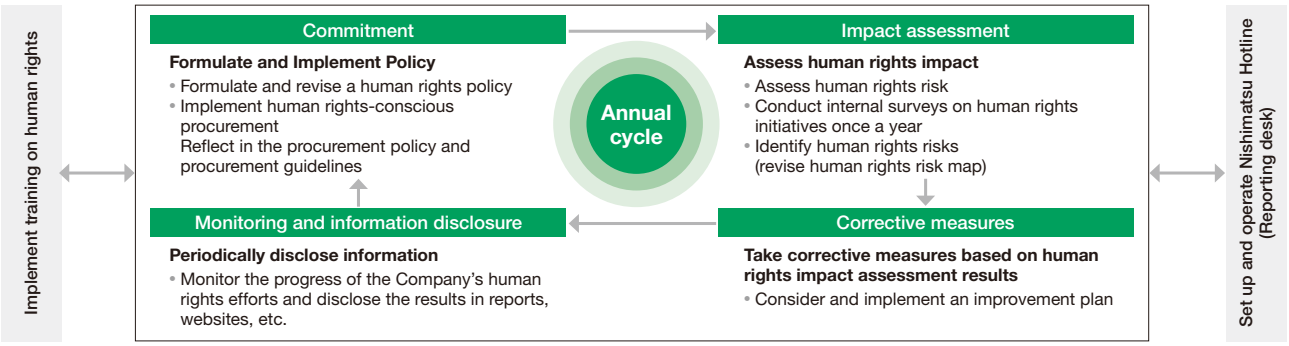
In addition, we have established a human rights due diligence process and are continually working to improve it.

Established Human Rights Committee

Within the Sustainability Strategy Meeting, we have established a new Human Rights Committee. The Human Rights Committee promotes initiatives targeting internal and external stakeholders based on our Human Rights Policy, including human rights due diligence in the supply chain.

Starting in the current fiscal year, we will begin investigating and identifying potential human rights risks along the supply chain, and act to prevent and mitigate these. In this way, we seek to further enhance the awareness of human rights throughout our supply chain.

Human rights due diligence process



Supply Chain Management

Formulating a Procurement Policy and Procurement Guidelines, and Promoting ESG-conscious Procurement Activities

In March 2023, we formulated a procurement policy and procurement guidelines based on the Corporate Philosophy and Code of Conduct. By obtaining the understanding of and active support from our partner companies, we are advancing ESG-conscious procurement activities via cooperation throughout the supply chain as a means of fulfilling our social responsibilities and realizing a sustainable society.

Procurement Policy

1. Compliance with laws, regulations, and social norms
2. Fair and equitable transactions
3. Respect for human rights
4. Promotion of health and safety
5. Environmental conservation activities
6. Assurance and enhancement of quality
7. Thorough information security and disclosure
8. Social contribution activity initiatives
9. Business activity continuity in the event of disasters

➡ https://www.nishimatsu.co.jp/company/policies.html (Japanese only)

Initiatives for Increasing Skilled Worker Wage Levels

Compliance with the Declaration of Respect for Labor Cost Estimates

In order to secure a labor force for the construction industry, we will consistently raise wages so that the annual incomes of skilled workers reach the average level for workers in all industries. And for this purpose, we have requested that all partner companies ensure they appropriately indicate labor costs on estimates, which we strive to respect.

Guidelines Concerning Price Negotiation for Appropriate Shifting of Labor Costs

In November 2023, the Japanese government formulated the Guidelines Concerning Price Negotiation for Appropriate Shifting of Labor Costs as an initiative covering efforts to reflect costs in prices. These guidelines aim to resolve the undue burden placed on subcontractors and to secure capital for wage increases among small- and medium-sized enterprises. In January 2024, we also formulated a similar set of guidelines, renewed our Declaration of Partnership Building, and entered deliberations with partner companies.

Co-Creation with the Supply Chain

Both the Company and our partner companies as one of our supply chains are struggling to secure a labor force due to a declining working age population and harsh working conditions. In particular, we recognize securing skilled workers as a critical issue involving the continued existence of the construction industry itself, and are therefore working together with partner companies on a solution.

Provision of a comfortable working environment

We strive to provide comfortable working environments for all skilled construction workers, regardless of age, nationality, or gender.

Specific examples: Air-conditioned clothing, subsidies for assistive suit purchase costs, promotion of pleasant workplaces, multilingual worksite announcements

Training and support of skilled construction workers

We are actively promoting the Construction Career Up System (CCUS) for the purpose of addressing the issue of labor shortages as a problem faced by the entire construction industry, and of improving benefits for skilled construction workers.

Although the CCUS card scan rate in FY2021 was only 24%, it has increased steadily, reaching 61.1% in FY2023. We presented the targets of 80% for the Civil Engineering Business and 70% for the Building Business in FY2024, and have since focused on further improving the card scan rate.

As an initiative targeting registered technicians, we opened the Nishimatsu Construction Registration Support Office as a department dedicated to supporting registration within the Company. Moreover, we developed our own high-caliber technician system that is linked to the four-level competency evaluation system in the CCUS, and have provided allowances to technicians.

Our own high-caliber technician system	CCUS and competency evaluation system	Payment allowances
Nishimatsu Meister * Those among our senior foremen who serve as models for other senior foremen	Gold	3,000 yen/day
Senior foremen	Gold	2,000 yen/day
Next generation senior foremen	Silver	1,000 yen/day
Candidates for Nishimatsu foremen	Blue	500 yen/day

Sustainability Promotion System

Sustainability Slogan (Basic Policy)

The Company has set forth as its Corporate Philosophy to "Establish a sustainable society for people to live with peace of mind, providing worthwhile structures and services," while having as its mission to contribute to regional society and the environment through the structures and services it provides, and to build a sustainable future. This is the very essence of a sustainable way of thinking.

Under this Corporate Philosophy, we have formulated our Sustainability Slogan (Basic Policy), which is to "create together, shine together." We will further put into practice sustainability management as we look to realize our goal of a sustainable society.

Sustainability Slogan (Basic Policy)

"Create together, shine together."

Our thoughts

In 2050, a time when we can imagine that an array of social issues will become even graver, just what kind of sustainable society will we be able to accomplish?
Our strength lies in our ability to develop social infrastructure, which we have cultivated over the years, and in our ability to bring together a diverse range of skills to fulfill our objectives.

Our intent is to provide solutions to social issues by keeping close relationships with regional communities and by making full use of our collaboration with various partners.

We strive to realize a society where everyone can shine by thoughtfully connecting people, communities, and nature, and creating vibrant spaces for all.

Sustainability Promotion System

FY2023 activity details

We developed a sustainability promotion system in April 2023, established the Sustainability Committee as an advisory body to the Board of Directors, and the Risk and Opportunity Management Committee with the aim of Company-wide management of risks and opportunities.

The Sustainability Committee, consisting of external directors, internal directors and outside experts, investigates and deliberates on matters regarding the policies for responding to materiality and environmental changes (risks and opportunities) linked to materiality from a long-term perspective and from a multi-stakeholder standpoint, based on consultations with the Board of Directors, and then reports back to the Board of Directors.

In FY2023, we came to mainly formulate our Sustainability Slogan (Basic Policy), identification of materiality, and KPI tree with the Sustainability Slogan and KGI at the top, after relevant consultation and reporting.

The Risk and Opportunity Management Committee, consisting mainly of the assistant general managers of each

business division, held meetings 17 times in FY2023. In addition to risks and opportunities in our business activities, as one part of the committee's management of risks and opportunities from a long-term perspective, it also formulated our Sustainability Slogan (Basic Policy), and deliberates on the consideration and practice of overall sustainability policies.

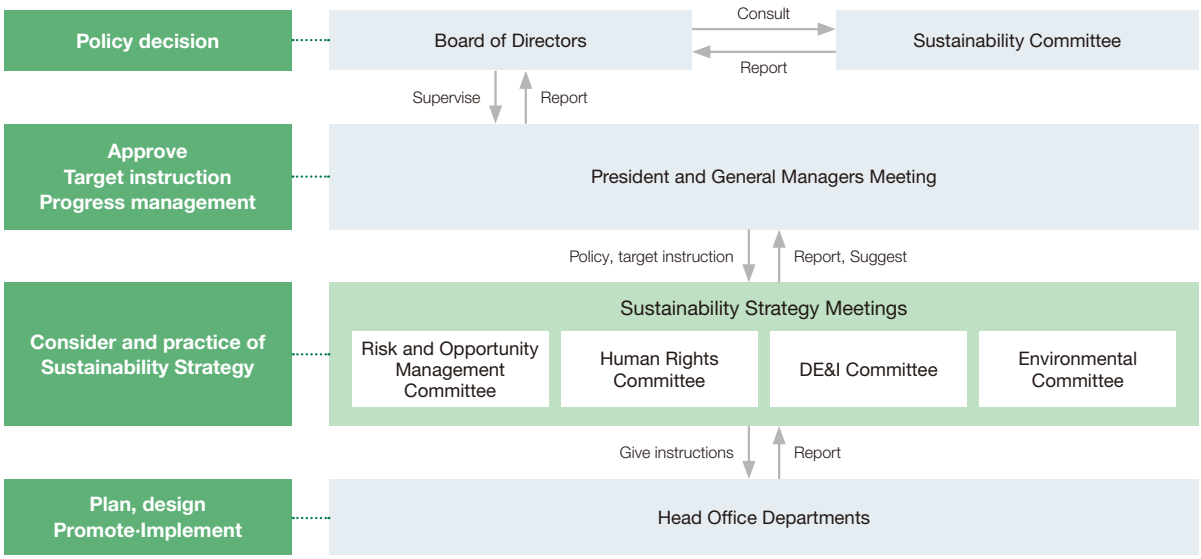
Review of sustainability promotion system

In FY2023, we endeavored to promote sustainability, mainly through the Risk and Opportunity Management Committee. However, the Company reviewed its sustainability promotion structure as the comprehensiveness of efforts revealed the challenge of deepening and expediting discussions.

The Company established the Sustainability Strategy Meeting to study and implement a sustainability strategy to resolve materiality issues and to realize a sustainable society. In tandem with this, we established four committees in critical areas within the meeting, namely the Risk and Opportunity Management Committee, Human Rights Committee, DE&I Committee, and Environmental Committee, and appointed a chairperson and secretariat for each.

The Sustainability Strategy Meeting consists primarily of assistant general managers of each business division and representatives of each strategy office. This meeting consolidates each of the committees and conducts their overall management, and then reports on their conditions to the President and General Managers Meeting. The Sustainability Strategy Meeting, which includes these four committees, will perform as the leader of the Company's sustainability strategy, and actively engage in discussions with new perspectives and driving the promotion of sustainability.

Sustainability promotion system chart



Sustainability Strategy Meetings and Each Committee

Name	Purpose
Sustainability Strategy Meetings	Study and implementation of a sustainability strategy to resolve materiality issues and to realize a sustainable society
Risk and Opportunity Management Committee	The appropriate implementation of Company-wide risk management pertaining to risks and opportunities. Implements "management of risks and opportunities from a long-term perspective" and "management of risks and opportunities in business activities."
Human Rights Committee	Promotes initiatives to internal and external stakeholders for respecting human rights based on our Human Rights Policy, including human rights due diligence in the supply chain.
DE&I Committee	Nurtures a corporate culture that enables diverse human resources to play active roles with excitement as well as evaluates, implements and monitors diversity, equity, and inclusion initiatives with a long-term view.
Environmental Committee	Promotes environmental management and facilitates Company-wide environmental activities.

External Director Roundtable Discussion

Toshihiro Kubo　Hidetaka Matsuzaka　Noriko Suzuki　Yayoi Ito

Hopes are high that the new president's reform skills will lead to accelerated decision-making and execution

As far as corporate governance at Nishimatsu Construction is concerned, in what areas do you think improvements have been made and in what areas do you think improvements are still needed? Also, Director Ito, one year has passed since you took up your position, so please share your thoughts on Nishimatsu Construction's governance.

Kubo: Last year, having ascertained the situation at worksites, I spoke of my desire to accelerate management decision-making. The proactive approach taken by worksites and branch offices is also one of Nishimatsu Construction's strengths. When problems arise, however, they are dealt with only within the relevant branch office or business division, and there is insufficient timely and accurate information gathering at Head Office, which can result in delayed action when a Company-wide response is required. For example, the recent rise in the prices of construction materials must be dealt with appropriately as a Company-wide effort, not just within single business divisions. Securing human resources amid a declining workforce is also an urgent issue, and there is still room for improvement in terms of quickly consolidating information from across the Company and taking the necessary measures.

Matsuzaka: What I have consistently wanted to say is that you should acquire sufficient fundamental skills necessary for practical application. The external environment is changing more rapidly, and even if you are able to achieve the level that is currently required, it could be a negative if you are only at the same level or have made little progress a year from now. Another point is that I would like everyone in the Company to go beyond sectionalism and have a sense of "for the good of

External Director Hidetaka Matsuzaka
Mr. Matsuzaka has extensive experience in business management at Osaka Gas Co., Ltd, both within and outside Japan, and in corporate management as Representative Director of Osaka Gas Co., Ltd. He was appointed as an external director of the Company in June 2022.

External Director Noriko Suzuki
In addition to her expertise as a certified public accountant, Ms. Suzuki has extensive experience in accounting in the real estate industry. She was appointed as an external director of the Company in June 2021. She mainly provides advice in finance, accounting, and real estate matters.

External Director Toshihiro Kubo
Mr. Kubo has experience in environment-related businesses and corporate divisions at Kubota Corporation. He has extensive experience in corporate management as Representative Director of Kubota Corporation. He was appointed as an external director of the Company in June 2022.

External Director Yayoi Ito
In addition to a wealth of experience gained during her tenure at NTT DATA Corporation and other companies, Ms. Ito possesses extensive knowledge of ICT. She was appointed as an external director of the Company in June 2023.

Nishimatsu Construction as a whole" and I feel that on this point positive changes are gradually taking place.

Suzuki: Last time, I mentioned that because Nishimatsu Construction is a company that takes itself very diligently, its employees tend to be slow to respond to urgent issues because they try to tackle them carefully from the outset. However, my honest impression is that the situation hasn't changed much even now, a year later. It is desirable for any matters raised at Board of Directors' meetings that require consideration or improvement be acted on one by one with a sense of urgency.

Ito: Now that more than a year has passed since I assumed the position of external director, I have gained the sense that Nishimatsu Construction is a very serious and honest company. One area that seems to be lacking and in which I would like to see improvement is in project management-style thinking, which involves identifying issues, taking measures, checking the results, and then moving on to the next step. Another thing is that there are apparently not many personnel transfers between divisions. In promoting projects that involve collaboration across divisions and Company-wide efforts, I believe that further growth could be targeted in particular by the management team engaging with more of a bird's-eye view.

President Hosokawa took office in 2024. Following the appointment of the new president, please share your thoughts on Nishimatsu Construction's succession plan. We would also like to hear about the changes in management structure and what expectations you have of the new president.

Matsuzaka: I think a change in leadership is a very positive thing, because it gives rise to new ways of thinking. President Hosokawa himself is very enthusiastic about reform, so in that sense I have high hopes for the capabilities of the new president. However, implementing reforms often requires going against the work of those who have gone before us, so I have told President Hosokawa not to shy away from this. I am very excited to see how he will change the current system.

Suzuki: For the process of appointing a president, the selection of a successor was carried out in line with the plan for the development of the next generation of management, with progress reports submitted to the Nomination and Compensation Committee on several occasions throughout the year. Each time, I was provided with information about the candidates' thoughts and the changes that had occurred through training, so although the decision was made by management, even as an external director I am satisfied with the selection of the new president. However, a year will pass in the blink of an eye, so we will continue to move forward with our efforts toward change as quickly as possible and hope that the Company will feel free to consult with us if any advice is needed.

Ito: Nishimatsu Construction's succession plan allows us to follow the process and receive progress reports from an early stage, and I think it is quite comprehensive when compared with other companies' plans. I understand that the members who participated in the succession plan this time have appealingly grown in terms of their development following various training sessions, which made for a very good process. Going forward, I think it will be important for these members to form the management team around President Hosokawa and for all to work together to support him and make the most of his strong points.

External Director Roundtable Discussion

Kubo: I also believe that Nishimatsu Construction's succession plan is very advanced, as selection was made over a period of two years and included third-party evaluations. As an external director, I have high expectations for President Hosokawa, who was selected through this process. I would like him to demonstrate strong leadership, proactively work to convey messages to all employees, and move in the direction toward he himself is aiming.

Matsuzaka: I believe that the qualities required of a leader are courage and the ability to explain. The strategies themselves can even be thought up by someone other than the president, but in times of emergency it will be the words of the top executive himself that are needed the most. It is extremely important to have the courage to remain calm and possess the ability to explain things, as not doing so could lead to crucial problems. It is for those reasons that I recommend that these two factors be included in future selection processes.

Ito: As presidents have the role of speaking to the outside world as the public face of this or that company, it would be desirable for them to be people with broad and unbiased perspectives. Having nerves of steel is another necessary prerequisite.

At the start, you mentioned that securing human resources is an urgent issue. I would like to ask if you have any suggestions for the current situation and policies at Nishimatsu Construction with regard to human capital initiatives and productivity improvements.

Ito: From a recruitment perspective, I think it might be a good idea to try to appeal to people more and attract more attention so that, regardless of whether they are newly graduated or mid-career, the number of applicants increases. As I mentioned at the beginning, after joining the Company they will need opportunities to broaden their horizons through personnel transfers and interaction between divisions. If you can make it so that employees get to see their work from other departments, they will have learned a lot when they return to their original jobs, and it will also provide opportunities to monitor other companies and industries. Right now, I think it is important for Nishimatsu Construction to increase not only the number of highly specialized personnel but also the number of personnel who possess broader perspectives.

Kubo: Now that it has become difficult to secure human resources, you need to make efforts to become a highly attractive "company that brings people together." For example, as digitalization advances, the barriers between traditional fields such as civil engineering, building, and administration will dissipate. As people will be able to work without being limited to a specific field, you should also consider new ways of utilizing human resources, such as hiring people from a broad range of fields rather than being limited to a specific specialty. If all goes well, that may make people interested in your company and prompt them to be among those people who Nishimatsu Construction is bringing together.

Matsuzaka: General contractors carry out their work in partnership with a host of subcontractors, and Nishimatsu Construction alone is unable to accomplish all the tasks involved in a project. Nowadays, supposing that the Company were even to successfully receive an order, there may be cases in which concerns would be raised with regard to securing the variety of specialized construction companies to work on the project. Unless you take steps to secure human resources in the supply chain, such as addressing the shortage of skilled construction workers, which it is feared will become progressively critical in the industry, you will not be able to receive stable orders, and the sustainability of your business will become uncertain.

Suzuki: As was recently reported in the news, the government is trying to further accelerate women's participation in the workforce. Due to the nature of the industry in which it operates, Nishimatsu Construction has precious few female managers, so achieving the targets that have now been adopted will not be easy. However, I believe that gradually increasing the number of female managers in response to social demands and becoming a company where diverse human resources can play active roles will lead to improved employee engagement and ultimately to the securing of human resources.

Now that Nishimatsu Construction is marking its 150th anniversary, what issues do you think the Company needs to address to continue to grow sustainably in the years to come?

Kubo: As I said at the beginning, as corporate activities involve responding to changes in the environment, I think it all comes down to increasing the speed of decision-making and accelerating changes. In that case, and in the context of what to do, management should discuss and decide upon a course of action depending on the times.

Matsuzaka: It's all about building basic skills. If everyone in the Company regularly communicates with those around them, understands the content and significance of the tasks they need to undertake, and then takes action, this accumulation will naturally build up a foundation of skills that can be applied in other ways. I believe that this will lead to the Company being able to survive for the next 150 years.

Suzuki: I would like to see Nishimatsu Construction retain the good qualities it has cultivated over the years—including its diligence and relationships of trust with local communities and its customers—but, as Mr. Kubo said, increase the speed at which it can adapt to change. I also think it will be necessary to change the organizational culture from one that is merely a collection of individual worksites to one where each site is supported by the combined strength of the Company as a whole.

Ito: Looking at the world, I feel that every industry is currently at a major turning point. Amid an environment that is dramatically changing, to continue to grow Nishimatsu Construction will have to add new elements to its current efforts. I hope that the management team and we external directors will work together to determine which option is best and consider the decisions and paths that will enable the Company to survive and grow.

Message from the Appointed External Director

External Director (Audit and Supervisory Committee Member)
Hajime Oshita

In addition to the wealth of experience from his time at JFE Engineering Corporation, he possesses broad knowledge cultivated as Representative Director, President and CEO of JFE Engineering Corporation and Director of JFE Holdings, Inc. Mr. Oshita was appointed an external director of the Company in June 2024.

I want to assist in resolving the problems surrounding the construction industry by utilizing my experience and common perspectives from the engineering industry.

My name is Hajime Oshita and I have recently been appointed as an external director. Having been in the engineering industry for about 40 years, I have been able to gain a wealth of experience in areas such as accounting, sales, overseas business, and recycling. Since taking on management roles, I have focused on sustainability issues such as diversity, corporate culture reform, and personnel system reform.

I believe that the engineering industry has some things in common with the construction industry, but also some areas where our perspectives are slightly different. At the present time, the construction industry is facing many challenges, such as work style reform and the rapid increases in material and construction costs. There are also medium- to long-term challenges, such as carbon neutrality and the promotion of DX as well as the expansion of new businesses.

I hope that my experience can be of some help in resolving these issues. I will continue to work hard to further develop Nishimatsu Construction, so will appreciate your ongoing support.

Corporate Governance

Basic Philosophy

The basic policy of the Company is to improve its corporate governance and maintain good and stable relationships with its stakeholders over the long term, in order to achieve sustainable growth of the Company and increase its corporate value over the medium to long term. Based on this policy, we will create structures that lead to the acceleration of decision-making and the strengthening of supervision by the Board of Directors and our business execution systems.

Initiatives for Strengthening Corporate Governance

Strengthening the corporate governance system is one of the highest priority management issues that we are tackling at Nishimatsu Construction. In FY2016, we transitioned into a company with an Audit and Supervisory Committee and worked to ensure the efficacy of the oversight functions of the Board by bringing in Audit and Supervisory Committee members as part of the Board. In addition, from FY2022 to FY2024, we worked to revise the composition of the Board of Directors and ensure its diversity, and, to increase corporate value from a sustainability perspective, we established the Sustainability Committee and the Sustainability Strategy Meeting. We will continue to strive to further strengthen our corporate governance system.

2006-2014

June 2006	Introduction of an executive officer system
August 2008	Established the Internal Control Committee
March 2009	Established the Nishimatsu Hotline whistleblowing system
June 2009	First appointment of two external directors
July 2009	Established the Nominating Committee and Compensation Committee Established the Compliance Committee

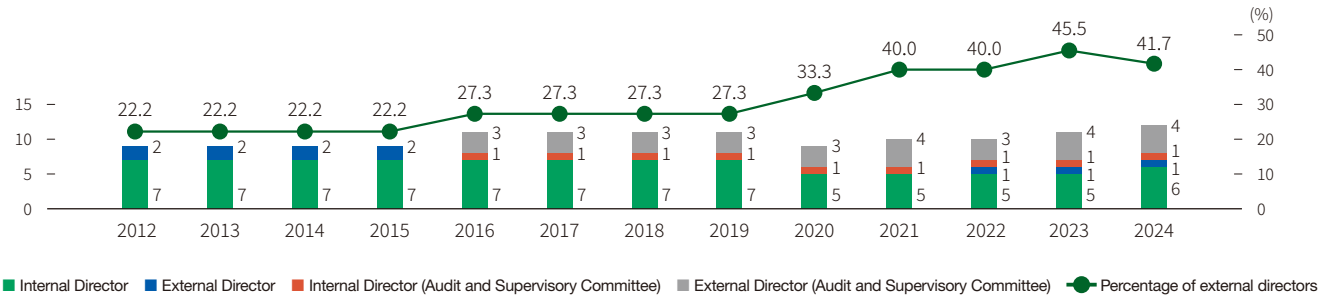
2015-2020

November 2015	Formulated the initiative policy regarding the Corporate Governance Code
March 2016	Implemented an effectiveness evaluation of the Board of Directors
June 2016	Transitioned to a company with an Audit and Supervisory Committee
August 2018	Formulated cross-shareholdings reduction policy
July 2019	Established the President and General Managers Meeting

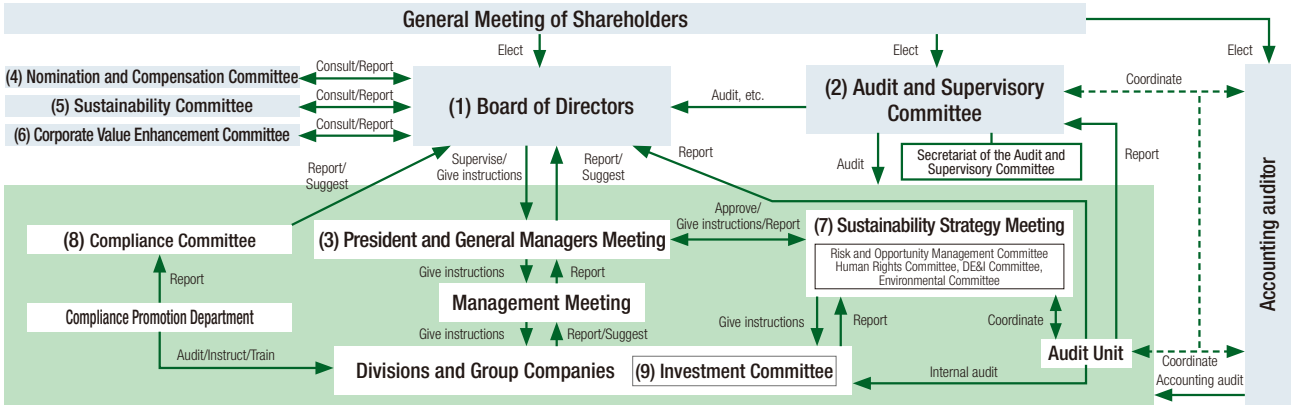
2021-2024

March 2021	Established the Corporate Value Enhancement Committee
June 2021	Introduction of performance-linked compensation and stock compensation
July 2021	Established the Investment Committee
September 2021	Began operation of the Company President Succession Plan
April 2022	Transitioned to the Prime Market of the Tokyo Stock Exchange following its new market segment revisions
April 2023	Established the Sustainability Committee
March 2024	Established the Sustainability Strategy Meeting

Changes in the Percentage of External Directors on the Board of Directors



Corporate Governance System



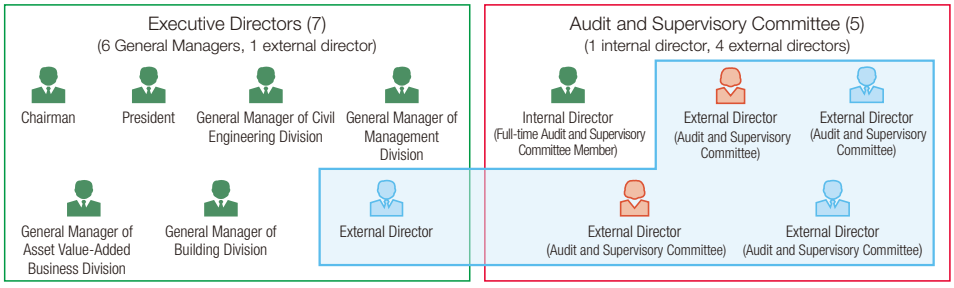
(1) Board of Directors	Makes decisions on basic management policies and other important management matters, and supervises the execution of duties by directors. In addition to matters stipulated by laws and regulations and the Articles of Incorporation, the Board of Directors deliberates and decides on matters stipulated in the rules of the Board of Directors.
(2) Audit and Supervisory Committee	Conducts audits of execution of duties by directors and other duties stipulated by laws and regulations.
(3) President and General Managers Meeting	Among the proposals to be submitted to the Board of Directors, it conducts preliminary deliberations mainly on important matters for sustainable growth, decides on specific measures related to the execution of such proposals after they are resolved by the Board of Directors. It also decides or deliberates on some individual matters related to business execution.
(4) Nomination and Compensation Committee	Deliberates on the nomination of candidates for directors, with the aim of contributing to the establishment of an appropriate management system. It also deliberates on individual compensation for directors and executive officers with the aim of ensuring objectivity and transparency regarding compensation decisions.
(5) Sustainability Committee	Investigates and deliberates on matters regarding the policies for responding to materiality and environmental changes (risks and opportunities) linked to materiality from a long-term perspective and from a multi-stakeholder standpoint.
(6) Corporate Value Enhancement Committee	Deliberates on corporate governance, capital policy and other important management matters in consultation with the Board of Directors.
(7) Sustainability Strategy Meeting	Investigates and implements sustainability strategies intended to solve materiality and realize a sustainable society. Within the Sustainability Strategy Meeting, the Company has established committees for essential areas that also require urgent strengthening in regard to promoting sustainability (Risk and Opportunity Management Committee, Human Rights Committee, DE&I Committee, Environmental Committee).
(8) Compliance Committee	Responds to various issues regarding compliance.
(9) Investment Committee	Investigates the propriety of plans related to investment projects based on the Company's capital strategy, and reports the investigation results and points at issue to the Board of Directors and to the President and General Managers Meeting.

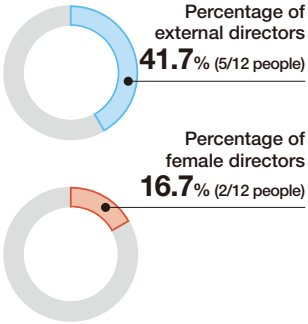
Composition of the Board of Directors and the Audit and Supervisory Committee

The Company's Board of Directors comprises seven executive directors and five directors who are Audit and Supervisory Committee members. Six of the executive directors are general managers and one is an external director (who has management experience at a listed company). The Audit and Supervisory Committee comprises one full-time internal director and four external directors (one is a certified public accountant, one has management experience at a listed company, and one has experience at an information and communications company). As such, all of these external directors possess specialized knowledge in fields considered to be important for business management.

Currently, the percentage of external directors on the Board of Directors is 41.7% and the percentage of female directors is 16.7%. Going forward, we will continue verifying the skill sets of those on the Board of Directors and will work to improve the efficacy of the Board.

Board of Directors (12)





Selection Criteria for Director Candidates

- Candidates for director shall be selected from those who have a wealth of knowledge, experience, and competence, and excellent character and high ethical standards.
- Candidates for executive director shall be appointed from among people who have extensive knowledge and experience in the Company's business, or who have superior knowledge of finance and accounting, etc.
- People who are candidates for director (Audit and Supervisory Committee) who are judged to be capable of auditing and supervising appropriately, with emphasis on their expertise and background, will be appointed.
- Candidates for external director will be selected with an emphasis on independence, and those with specialized knowledge and experience in corporate management are selected. We also take into consideration the diversity of the Board of Directors.

Reasons for Appointing External Directors

Position	Full Name	Reason for appointment
External Director	Hidetaka Matsuzaka	Mr. Matsuzaka possess a wealth of experience during his tenure at Osaka Gas Co., Ltd., and has a broad insight cultivated as Representative Director of the company. We have appointed him as an external director because we believe he is an appropriate person who can supervise our management from an objective point of view.
External Director (Audit and Supervisory Committee members)	Noriko Suzuki	Ms. Suzuki possesses specialized knowledge as a certified public accountant and has a wealth of experience related to accounting in the real estate industry. We have appointed her as an external director who is a member of the Audit and Supervisory Committee because we believe she is an appropriate person who can supervise our management from an objective point of view.
External Director (Audit and Supervisory Committee members)	Yayoi Ito	In addition to her wealth of experience gained during her tenure at NTT Data Corporation and other companies, Ms. Ito possesses extensive knowledge of ICT. For these reasons, we deem her to be the appropriate talent for auditing and supervising Nishimatsu Construction's management from an objective point of view and appointed her an external director and an Audit and Supervisory Committee member.
External Director (Audit and Supervisory Committee members)	Toshihiro Kubo	Mr. Kubo possesses a wealth of experience during his tenure at Kubota Corporation, and he also possesses a wide range of knowledge cultivated as Representative Director of Kubota Corporation. We have appointed him as an external director who is a member of the Audit and Supervisory Committee because we believe he is an appropriate person who can supervise our management from an objective point of view.
External Director (Audit and Supervisory Committee members)	Hajime Oshita	Mr. Hajime Oshita has a wealth of experience from his time at JFE Engineering Corporation, and possesses broad knowledge cultivated in his role as representative director, president and CEO of JFE Engineering and director of JFE Holdings, Inc. Accordingly, we determined that he is an appropriate person who can audit and supervise the Company's general operations from an objective viewpoint, and have appointed him as an external director who is a member of the Audit and Supervisory Committee.

Board of Directors' Skill Set

Male　Female　External

Position	Full name	Expertise and Experience Criteria for Directors								Committee		Internal Directors: Main roles External Directors: Career and qualifications
		Corporate management	Construction technology & quality	Urban development & Real estate	Sustainability (Environment, Society)	Treasury, Accounting, Finance	Legal, Governance, Risk management, Compliance	Digital & IT	Global	Nomination and Compensation	Sustainability Committee	
Director and Chairman	Nobutoshi Takase	●	●		●							Executive Chairman
Representative Director and President	Masakazu Hosokawa	●	●		●						◆	Chief Executive Officer and President
Representative Director	Makoto Isshiki	●	●		●					◆		Executive Vice President, General Manager of Civil Engineering Division and Safety & Environment Division
Representative Director	Yuichi Kono	●			●	●	●			◆	◆	Executive Vice President, General Manager of Management Division and General Manager of Human Resource Strategy Office, in charge of Regional Environmental Solutions Business Division and in charge of Investor Relations
Director	Yoshiyuki Sawai	●		●		●						Senior Managing Officer and General Manager of Asset Value-Added Business Division
Director	Kazutoyo Hamada	●	●		●							Managing Officer, General Manager of Building Division
External director (Independent)	Hidetaka Matsuzaka	●				●	●		●	◆		Representative Director, Osaka Gas Co., Ltd.
Director (Full-time Audit and Supervisory Committee member)	Hideyuki Kawano				●		●					
External director (Audit and Supervisory Committee member) (Independent)	Noriko Suzuki			●		●				◆		Certified Public Accountant, KPMG AZSA LLC Senior Manager
External director (Audit and Supervisory Committee member) (Independent)	Toshihiro Kubo	●			●		●			◆	◆	Representative Director, Kubota Corporation
External director (Audit and Supervisory Committee member) (Independent)	Yayoi Ito	●			●			●		◆	◆	Head of the Business Planning Promotion Office, NTT Data Corporation, Executive Officer, SG SYSTEMS CO., LTD.
External director (Audit and Supervisory Committee member) (Independent)	Hajime Oshita	●			●	●	●		●	◆		Representative Director, President and CEO, JFE Engineering Corporation Director, JFE Holdings, Inc.

* The above list does not exhaustively cover all of the knowledge and experience possessed by each director.

Director Compensation

Overview of our director compensation (excluding Audit and Supervisory Committee members)

Compensation for directors (excluding Audit and Supervisory Committee members and other directors who are external directors) comprises base compensation and performance-linked compensation. Compensation for external directors (excluding those who are Audit and Supervisory Committee members) shall be limited to base compensation.

Base compensation, as fixed (monthly) compensation determined in accord with the director's position, is calculated taking into account Nishimatsu Construction's employees' salary levels, standard salary levels in the business community, and other factors.

Performance-linked compensation fluctuates according to the degree to which performance targets were met. It includes a base level of compensation in accord with each director's position, with this base level multiplied by a performance-linked coefficient to calculate the final amount. To calculate the final amount, evaluation indices covering the director's contribution to corporate value are set for each position and job title, and the degree to which performance targets were met, as well as year-on-year performance are evaluated each fiscal year.

Performance-linked compensation is paid partly in cash, as a short-term incentive, and partly in stock, as a long-term incentive. The cash portion is paid as a bonus in July of each year and the stock portion is conferred every June in the form of conversion points for the Board Benefit Trust. When a director retires from his or her position as director, cumulative points are converted into shares of stock and delivered to the beneficiary.

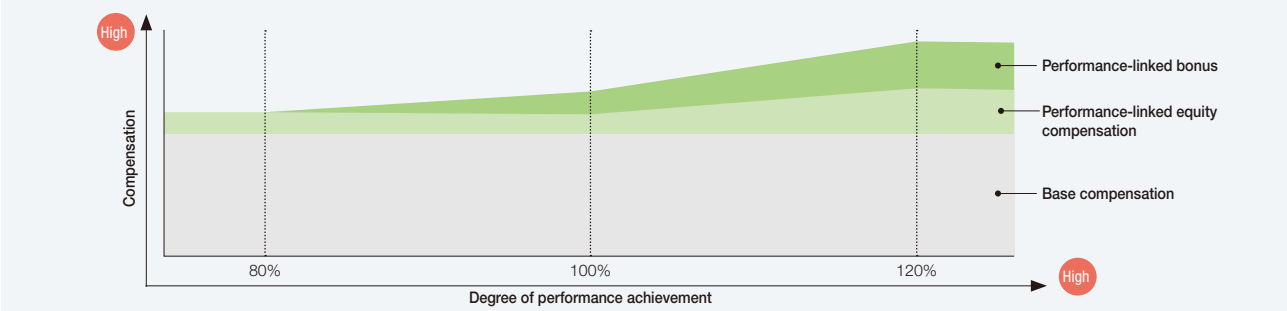
The ratios of base compensation and performance-linked compensation are appropriately determined taking into account Nishimatsu Construction's management strategies, business environment, and the level of difficulty of achieving job responsibilities and targets, while also referencing relevant changes at other companies in our industry. Within performance-linked compensation, there is generally a one-to-one ratio of cash-based compensation to stock-based compensation. Furthermore, for stock-based compensation, a minimum level is set that is the same as the minimum level for performance-linked compensation.

Based on these policies, the President drafts a preliminary proposal, then consults with the Nomination and Compensation Committee, whose input is taken into account and decided on by the Board of Directors (Base compensation and performance-linked compensation are determined in March and June, respectively, each year).

Compensation details

Category		Performance-linked indices	Overview of payment method
Base compensation		—	Base amount paid in cash
Short-term incentives	Performance-linked bonus	(Medium-Term Management Plan 1st and 2nd years) • Group-wide performance (net sales, operating income, profit attributable to owners of parent) • Business division performance (orders, profits, safety performance, quality performance, etc.) (Medium-Term Management Plan final year) • Medium-Term Management Plan published values (net sales, gross profit, operating income, ROE, capital to assets ratio, dividend payout ratio) • Business division performance (orders, profits, safety performance, quality performance, etc.)	Amount calculated by multiplying the base amount by a performance-linked coefficient, paid in cash
Long-term incentives	Performance-linked equity compensation (Board Benefit Trust)		Points conferred (calculated by multiplying the base amount by a performance-linked coefficient); cumulative points converted into an equivalent amount of stock when the director retires

Compensation conceptual image



Overview of compensation for directors who are Audit and Supervisory Committee members

Directors who are Audit and Supervisory Committee members receive only base compensation that takes into consideration the compensation of directors who are not Audit and Supervisory Committee members, as well as the standard salary levels in the business community. Said base compensation is determined through discussions among all directors who are Audit and Supervisory Committee members.

Directors' compensation (FY2023)

Category	Paid personnel	Base compensation	Performance-linked compensation (cash-based compensation)	Performance-linked compensation (non-cash-based compensation)	Total amount of compensation, etc.
Directors (excluding Audit and Supervisory Committee members) (of which External Director)	6 (1)	¥165 million (¥10 million)	¥34 million (-)	¥25 million (-)	¥225 million (¥10 million)
Directors (Audit and Supervisory Committee Members) (of which External Directors)	5 (4)	¥56 million (¥38 million)	- (-)	- (-)	¥56 million (¥38 million)
Total (of which External Directors)	11 (5)	¥221 million (¥48 million)	¥34 million (-)	¥25 million (-)	¥282 million (¥48 million)

* The total amount of performance-linked compensation (cash-based compensation) indicates the amount of provision for directors' bonuses in FY2023. In addition, the total amount of performance-linked compensation (noncash-based compensation) indicates the amount of provision for directors' stock benefits in FY2023 based on the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan that uses a trust.

Analysis and Evaluation of the Effectiveness of the Board of Directors

The Company, to confirm whether the Board of Directors is appropriately carrying out its role in the Company's sustainable growth and the increase of its corporate value, has stipulated in the "Initiatives on Corporate Governance by Nishimatsu Construction Co., Ltd." that it shall make efforts toward enhancing the functions of and improving the Board of Directors by performing analysis and evaluation of the effectiveness of the Board of Directors once every year.

Based on the policies for initiatives, the Company conducted evaluations of the effectiveness of the Board of Directors over the period from January to March 2024 as described in (1) below. Based on the results of the evaluation shown in (3) below, the Board of Directors confirmed to continue its initiatives toward improving the effectiveness of the Board of Directors as described in (5) below in order to further advance corporate governance.

1. Evaluation Process

The Audit and Supervisory Committee led in creating a questionnaire given to all members of the Board of Directors. The counting process of the collected questionnaires was outsourced to a third-party institution to ensure anonymity in the survey. An analysis and evaluation were conducted based on the compiled questionnaire results and were then reported to and discussed by the Board of Directors.

Period covered by questionnaire : April 2023-March 2024
Consideration of questionnaire items : October-December 2023
Questionnaire response (anonymous) : January-February 2024
Questionnaire results compilation and analysis : March 2024
Report to and discussion by Board of Directors : March and May 2024

2. Questionnaire Evaluation Items

The questionnaire evaluated the following items: "Roles and functions of the Board of Directors," "Composition and size of the Board of Directors," "Operation of the Board of Directors," "Coordination with audit institutions," "Relationship with External Directors," and "Relationship with shareholders and investors." These items were determined after taking into account matters reported to the Board of Directors by the Audit and Supervisory Committee in the evaluations of the effectiveness of the Board of Directors conducted in the previous fiscal year.

3. Overview of Evaluation Results

The evaluation results confirm the effectiveness of the Company's Board of Directors is being maintained, with frank discussions taking place due to appropriate proceedings conducted by the Chair and active commenting by individual Directors.

In particular, the fact that opportunities are given to External Directors to provide appropriate advice and supervision as well as the fact that discussions about succession plans are held appropriately are confirmed as being the strengths of the Company's Board of Directors.

4. Response to Issues Identified in Previous Questionnaire

The following notes responses to items identified as the main issues in the previous fiscal year

1) Discussion for instilling Corporate Philosophy and long-term vision: Mainly discussed by President and General Managers Meeting and issues remain with discussions by the Board of Directors.
2) Discussion, deliberation, and reporting at the Board of Directors: In addition to organizing matters to be discussed and reviewing matters to be resolved, matters to be reported were enhanced.
3) Operation for the Board of Directors: Worked to enhance prior explanation of proposals for External Directors.
4) Materials used at the Board of Directors: Worked to enhance materials.
5) Training for officers: Workshops held but issues remain with plans and content.

5. Future Initiatives Taking into Account Issues

To further advance the effectiveness of the Board of Directors, the Company will continue to address the issues identified in the previous questionnaire and has acknowledged the following to be matters of particular importance.

1) Considerations as to the how the Board of Directors should be
2) Training for officers

The Board of Directors will continue discussions in the future.

Strategic Shareholdings

Policy regarding reducing strategic shareholdings

We have made it our policy to hold shares of companies deemed necessary for our business operations and, unless there are other extenuating circumstances, to reduce our holdings of companies that do not meet this criterion.

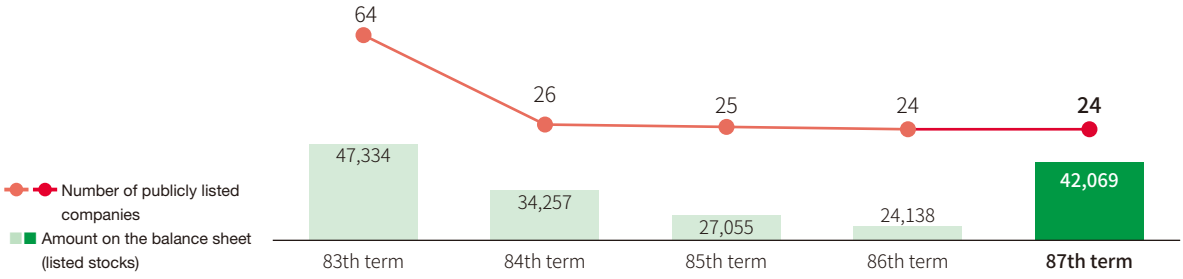
With regard to determining whether to hold specific strategic shareholdings, the President and General Managers Meeting carefully surveys and reviews each fiscal year whether we have transactions with the issuing company, what the status is of obtaining construction and other information, and whether there are other special circumstances, then makes a report to the Board of Directors. The Board of Directors receives and reviews these reports and makes final decisions on whether the holding is appropriate, then discloses the results of their decision.

Status of reduced strategic shareholdings

Since formulating the reduction policy in FY2018, the Company has significantly scaled down cross-shareholdings. The upward trend in stock prices of held stocks in FY2023, however, led to an increase in the amount recorded on the balance sheet. The Company will therefore continue efforts to further reduce cross-shareholdings through ongoing dialogue with strategic shareholding companies.

Number of companies whose shares are held and their total amounts on the balance sheet

Category	83rd term (FY2019)	84th term (FY2020)	85th term (FY2021)	86th term (FY2022)	87th term (FY2023)
Number of companies	141	103	102	103	102
Number that are publicly listed	64	26	25	24	24
Total amount on the balance sheet (million yen)	51,261	38,383	31,227	28,154	46,204
Total amount of publicly listed stocks (million yen)	47,334	34,257	27,055	24,138	42,069



Policy regarding the exercise of voting rights for strategic shareholdings

Nishimatsu Construction's criteria for the exercise of voting rights for strategic shareholdings is as follows:

(1) In principle, we will exercise voting rights on all proposals.

(2) From the perspective of increasing the medium- to long-term corporate value of the Company whose shares are held as strategic shareholdings, we will make decisions for or against proposals while also taking into consideration the operating circumstances of that company. We will exercise particularly careful discretion and judgment in the case of proposals for corporate restructuring (such as mergers), presenting retirement bonuses to officer(s) at a company with poor operating results, a capital increase through third-party allocations, adopting takeover defense measures, and the like.

Compliance with the Corporate Governance Code

Nishimatsu Construction implements each and every principle of the Corporate Governance Code. For details on the initiative policy regarding each principle of the Corporate Governance Code and Corporate Governance Report, see the Company's website.

Initiatives on Corporate Governance by Nishimatsu Construction Co., Ltd.
Corporate Governance Report
➡ https://www.nishimatsu.co.jp/eng/company/governance.html

Compliance

Nishimatsu Construction's Approach

Our view of compliance is not limited to the observance of laws, rules, and various regulations, but also serves as the foundation (corporate culture and climate) that allows us to conduct sustainable business activities based on the trust and confidence of all stakeholders in accordance with our Company Motto and Corporate Philosophy. Based on this concept, we are working to improve compliance awareness among every officer and employee through various measures that include in-house training.

Compliance Promotion System

The Company established the Compliance Committee with the aim of providing support and guidance for ensuring that compliance is practiced by the Group, and appoints a person from outside the Company to chair the Committee.

The Compliance Committee meets once a month to address and discuss various compliance-related issues, and plans and conducts compliance training to maintain and improve the compliance system. In addition, the Compliance Committee chair also attends Board of Directors meetings to report on the details of responses to various issues and make recommendations.

The Compliance Promotion Department takes the initiative in promoting compliance as the secretariat of the Compliance Committee, playing a role in educating officers and employees about the activities of the Committee.

As the persons in charge of compliance, the heads of each division at the Head Office, the general managers at each regional headquarters, and the presidents of affiliated companies inform and raise awareness among officers and employees in the organizations they run.

Whistleblower System

The Company established the Nishimatsu Hotline (the Hotline) as a whistleblower contact point to deter misconduct and corruption, promptly address scandals, and improve our corporate culture, and have devised a system whereby all stakeholders can make reports using their actual names or anonymously.

Disclosures made to the Hotline are immediately reported to the General Manager of the Management Division and to the chairperson of the Compliance Committee, after which the Compliance Promotion Department confirms the related facts in cooperation with internal divisions in full consideration of the whistleblower's protection and the information's confidentiality. If the facts are verified as reported, the Company takes the required corrective actions, formulates a recurrence prevention plan, and implements disciplinary action against the employees involved in the misconduct. The results of these actions are then provided as feedback to the whistleblower. Any incidents involving disciplinary action are reported to the Management Meeting.

Number of reports

In FY2023, the Hotline received 38 reports. Of these, 23 incidents were confirmed to be factual, and the required actions were taken for each incident.

Counseling service

The Company has set up the "Workplace Hotline," a counseling service where employees can easily seek advice about mental anxiety or human relations in the workplace.

Number of calls to the Nishimatsu Hotline and Workplace Hotline

(Number of reports)

Category	FY2019	FY2020	FY2021	FY2022	**FY2023**
Nishimatsu Hotline	30	33	28	45	**38**
Nishimatsu Workplace Hotline	16	12	12	8	**6**

Compliance Training

We carry out ongoing career-level-specific training and e-learning for all employees to improve compliance awareness, eliminate acts of corruption, misconduct, and harassment, and boost understanding and dissemination of the whistleblowing system. As is standard, we provided information in FY2023 regarding our compliance system and the most recent issues involving compliance, including corruption prevention.

Each October, which the Japan Federation of Construction Contractors has stipulated as Corporate Code of Conduct Practice Promotion Month, we conduct compliance training for Nishimatsu Group officers and executives, and endeavor to raise compliance awareness among the management class. These efforts serve the purpose of enhancing and maintaining compliance awareness among officers and employees.

Risk and Opportunity Management

Group-Wide Risk and Opportunity Management System and Activities

In order to adequately manage risks and opportunities of the Nishimatsu Construction Group, minimize loss, and achieve sustainable growth, the Sustainability Strategy Meeting (Risk and Opportunity Management Committee and Environmental Committee), in accordance with internal rules, collects risk and opportunity information, monitors these across the organization, and comprehensively manages risks for the Group.

The Company designates departments responsible for managing the collected risks and opportunities. Meanwhile, the Meeting monitors risk and opportunity management in a preventative and heuristic manner, and evaluates the effectiveness of management efforts. If any issue is found, the Meeting provides the department responsible for management with recommendations for improvement. At the same time, the Meeting reports to the President and General Managers Meeting regarding the management system for and management status of risks and opportunities, and reports to the Board of Directors following deliberations and approval by the President and General Managers Meeting. The Board of Directors then deliberates on reports made by the President and General Managers Meeting and gives final approval as a corporate decision.

Risk Management System

Risk and Opportunity Management Committee

The Risk and Opportunity Management Committee, which is purposed with ensuring adequate company-wide risk management related to risks and opportunities, implements "management of risks and opportunities from a long-term perspective" and "management of risks and opportunities in business activities."

* Please see our securities reports regarding business and other risks.

Management of risks in business activities	Opportunities in business activities and management of risks and opportunities from a long-term perspective
• From the perspective of efficacy toward establishing and implementing risk management practices, the Committee makes a judgement on the propriety of the risk assessment results provided by the responsible department and Audit Unit. As necessary, the Committee instructs the responsible department to revise the definition of risk levels and the validity of hypotheses. • In regard to risks for which both the likelihood of occurrence and degree of impact are judged to be high, the Committee verifies the outcomes of the concrete countermeasures devised by the responsible department, and monitors the status of risk management on a quarterly basis.	Based on the Sustainability Slogan (Basic Policy) and materiality, etc., the Committee verifies the validity of hypotheses once per year. As necessary, it instructs the responsible department to make revisions, and considers and monitors specific actions to promote sustainability.

Information Security Risk Management

The Group possesses important business information, personal information obtained in the course of business, and confidential information related to our business partners. Various measures are being implemented to prevent loss of social credibility and economic losses due to information leaks.

Prevention measures

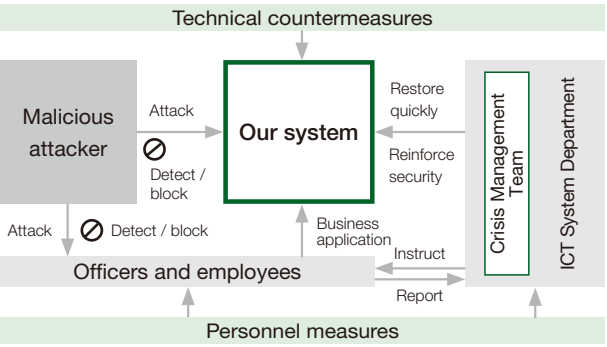
(1) Technical measures
- Reinforcing measures against computer virus counter and unauthorized access
- Visualizing and controlling cloud service use

(2) Personnel measures
- Conducting security training and targeted e-mail drills
- Having outside experts assess security and investigate risk

Countermeasures in the event of an incident
- Conducting incident response training
- Reinforcing cyber resilience for early recovery of systems

Ransomware, targeted e-mails, and other more recent forms of cyber attacks are not just a risk for our Company, and must therefore be addressed across the entire supply chain. In FY2023, we held targeted e-mail drills and workshops on information security for our subcontractor's network, N-NET. The entire Group, including N-NET, will continue to improve information security.

Information Security System



Board of Directors and Audit and Supervisory Committee (As of

Directors

Nobutoshi Takase
Chairman of the Board of Directors

Apr. 1980 Joined the Company
Jun. 2011 Director, Managing Officer
Apr. 2018 Representative Director and President; Chief Executive Officer and President
Jun. 2024 Chairman of the Board of Directors; Executive Chairman (to present)

Number of Company shares held 13,919 shares
Attendance at Board Meetings 15 out of 15 (100%)

Masakazu Hosokawa
Representative Director and President

Apr. 1987 Joined the Company
Apr. 2024 Executive Vice President
Jun. 2024 Representative Director and President; Chief Executive Officer and President (to present)

Number of Company shares held 3,401 shares

Makoto Isshiki
Representative Director
General Manager of Civil Engineering Division
General Manager of Safety & Environment Division

Apr. 1984 Joined the Company
Jun. 2016 Director, Senior Managing Officer
Apr. 2018 Representative Director and Executive Vice President (to present)

Number of Company shares held 11,817 shares
Attendance at Board Meetings 14 out of 15 (93%)

Yuichi Kono
Representative Director
General Manager of Management Division
General Manager of Human Resource Strategy Office
In charge of Regional Environmental Solutions Business
In charge of Investor Relations

Apr. 1980 Joined the Company
Jun. 2015 Director, Managing Officer
Apr. 2021 Representative Director and Executive Vice President (to present)

Number of Company shares held 28,397 shares
Attendance at Board Meetings 15 out of 15 (100%)

Yoshiyuki Sawai
Director
General Manager of Asset Value-Added Business Division

Mar. 2006 Executive Officer of Mizuho Bank, Ltd.
Jun. 2010 Director of the Company
Apr. 2019 Director, Senior Managing Officer (to present)

Number of Company shares held 9,472 shares
Attendance at Board Meetings 15 out of 15 (100%)

Kazutoyo Hamada
Director
General Manager of Building Division

Apr. 1987 Joined the Company
Apr. 2024 Director, Senior Managing Officer (to present))

Number of Company shares held 6,811 shares
Attendance at Board Meetings 15 out of 15 (100%)

Hidetaka Matsuzaka
External Director

Apr. 2015 Representative Director; Executive Vice President, Osaka Gas Co., Ltd.
Apr. 2019 Director and Chairman, OG Capital Co., Ltd. (to present)
Jun. 2019 Advisor, Osaka Gas Co., Ltd. (to present)
Jun. 2020 Outside Director, HIROSHIMA GAS CO., LTD. (retired in Jun. 2024)
Outside Director, Nanto Bank, Ltd. (retired in Jun. 2024)
Jun. 2022 External Director of the Company (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 15 out of 15 (100%)

June 27, 2024)

Audit and Supervisory Committee Members

Hideyuki Kawano

Director
(Audit and Supervisory Committee Member) (Full-Time)

Apr. 1987	Joined the Company
Jun. 2024	Director (Full-time Audit and Supervisory Committee Member) (to present)

Number of Company shares held 500 shares

Noriko Suzuki

External Director
(Audit and Supervisory Committee Member)

Oct. 2008	Senior Manager, KPMG AZSA LLC
Oct. 2015	Part-time audit staff, KPMG AZSA LLC
Apr. 2020	Supervisory Director, Frontier Real Estate Investment Corporation (to present)
Jun. 2021	External Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 15 out of 15 (100%)
Attendance at Audit and Supervisory Committee Meetings 15 out of 15 (100%)

Toshihiro Kubo

External Director
(Audit and Supervisory Committee Member)

Jul. 2014	Representative Director and Executive Vice President, Kubota Corporation
Jun. 2021	Chairman of the Osaka Federation of Health Insurance Societies (to present)
	Vice Chairman, National Federation of Health Insurance Societies (to present)
Jun. 2022	External Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 15 out of 15 (100%)
Attendance at Audit and Supervisory Committee Meetings 15 out of 15 (100%)

Yayoi Ito

External Director
(Audit and Supervisory Committee Member)

Apr. 2008	Head, Business Planning and Promotion Office, Public Administration Systems Section, NTT DATA Group Corporation
Jun. 2021	Outside Director, KANADEN CORPORATION (to present)
Jun. 2021	Outside Director, SUMIKEN MITSUI ROAD CO., LTD. (retired in Jun. 2024)
Jun. 2023	Outside Director, JAPAN POST HOLDINGS Co., Ltd. (to present) External Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 10 out of 10 (100%)
Attendance at Audit and Supervisory Committee Meetings 9 out of 10 (90%)

Hajime Oshita

External Director
(Audit and Supervisory Committee Member)

Mar. 2017	Representative Director, President and CEO of JFE Engineering Corporation
Jun. 2017	Director, JFE Holdings, Inc. (retired in Jun. 2024)
Apr. 2024	Special Advisor of JFE Engineering Corporation (to present)
Jun. 2024	External Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares

* The number of shares of the Company held includes the number of shares to be delivered under the stock compensation plan.
* The attendance at the Board Meetings and the Audit and Supervisory Committee Meetings indicates the attendance for FY2023.

Eleven-year Major Financial and Non-financial Data

Fiscal Year (years ended March 31)		2014	2015	2016	2017
Financial data (Consolidated)					
Construction Business orders received	(Millions of yen)	320,594	345,853	304,764	360,186
Profit and loss statement (fiscal year)					
Net sales	(Millions of yen)	314,638	342,989	308,826	315,228
Gross profit	(Millions of yen)	17,963	22,769	31,104	42,259
Operating income	(Millions of yen)	4,738	8,710	16,184	25,259
Ordinary income	(Millions of yen)	6,106	9,938	16,290	25,446
Profit attributable to shareholders of the Company	(Millions of yen)	5,586	9,220	14,598	19,210
Balance sheet (end of fiscal year)					
Total assets	(Millions of yen)	374,399	386,469	351,334	385,674
Interest-bearing liabilities	(Millions of yen)	58,135	53,918	53,175	42,844
Net interest-bearing debt	(Millions of yen)	4,933	16,346	25,271	3,817
Shareholders' equity	(Millions of yen)	117,540	122,367	134,190	147,697
Cash flow (fiscal year)					
Cash flows from operating activities	(Millions of yen)	3,129	(10,448)	4,120	40,763
Cash flows from investing activities	(Millions of yen)	(3,246)	(1,236)	(9,688)	(13,945)
Cash flows from financing activities	(Millions of yen)	3,750	(5,701)	(2,960)	(15,039)
Cash and cash equivalents at end of year	(Millions of yen)	53,052	37,422	27,903	39,026
Amounts per share					
Profit attributable	(yen)	100.80	166.45	263.55	348.15
Dividends	(yen)	30	50	80	105
Dividend payout ratio	(%)	29.8	30.0	30.4	30.2
Net assets	(yen)	2,419.10	2,669.20	2,775.30	3,057.35
Ratio					
ROE	(%)	4.3	6.5	9.7	11.9
Capital to assets ratio	(%)	35.8	38.3	43.8	43.5
D/E ratio	(times)	0.4	0.4	0.3	0.3
Net D/E ratio	(times)	0.0	0.1	0.2	0.0
Non-financial data					
Number of employees (consolidated)		2,648	2,678	2,704	2,740
Number of employees (non-consolidated)		2,385	2,424	2,467	2,504
CO_2 emissions per unit from construction*1	(t-CO_2/ 100 million yen)	32.1	32.0	31.8	24.2
Final percentage of construction waste sent for landfill disposal (excluding asbestos-containing industrial waste materials and specially controlled industrial waste)*1, 2	(%)	6.8	5.0	3.1	2.9
Frequency rate of injuries*3 (4 or more days of absence from work)		1.0	1.0	1.1	0.7

*1 Calendar year data for the fiscal years ended March 31, 2014 to March 31, 2019.
*2 Final percentage of construction waste sent for landfill disposal: Before the fiscal year ended March 31, 2019, excludes construction sludge and special substances such as specified substances. From the fiscal year ended March 31, 2019, includes construction sludge and excludes special substances such as specified substances.

2018	2019	2020	2021	2022	2023	2024
380,378	348,045	376,088	313,437	333,974	340,392	**360,273**
284,412	349,318	391,621	336,241	323,754	339,757	**401,633**
40,425	43,423	43,938	39,761	43,772	33,719	**40,787**
22,752	24,928	25,313	20,950	23,540	12,615	**18,827**
23,548	25,985	25,838	21,561	23,497	13,176	**19,578**
16,914	18,784	18,721	17,166	15,103	9,648	**12,388**
381,355	466,327	497,045	472,440	477,613	513,623	**579,624**
43,306	86,167	121,909	115,039	160,039	168,396	**186,150**
10,807	54,694	75,449	71,269	112,917	114,669	**129,617**
158,256	171,828	184,803	196,158	145,459	144,294	**150,320**
13,570	(15,882)	14,120	4,907	41,243	34,747	**32,037**
(15,422)	(23,633)	(20,147)	5,302	(22,532)	(27,450)	**(41,819)**
(4,918)	38,555	20,952	(12,653)	(16,074)	(2,365)	**11,083**
32,499	31,473	46,459	43,574	47,121	53,726	**56,532**
308.52	343.39	342.24	313.83	312.34	244.43	**313.86**
95	105	105	105	221	221	**220**
30.8	30.6	30.7	33.5	70.8	90.4	**70.1**
3,348.41	3,605.62	3,599.01	3,765.62	3,833.71	3,770.77	**4,277.06**
9.6	9.9	9.5	8.5	8.5	6.4	**7.8**
48.0	42.3	39.6	43.6	31.7	29.0	**29.1**
0.2	0.4	0.6	0.6	1.1	1.1	**1.1**
0.1	0.3	0.4	0.3	0.7	0.8	**0.8**
2,825	2,920	3,005	3,060	3,106	3,201	**3,301**
2,536	2,606	2,684	2,762	2,794	2,804	**2,892**
18.1	16.1	15.9	20.1	17.1	11.1	**10.1**
2.7	2.1	2.2	2.2	2.4	2.4	**2.1**
0.7	1.0	1.0	0.8	0.8	0.5	**0.7**

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

Materiality and KPIs

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

No.	Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2023 results
1	**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	3 projects
				Number of ODA subway projects in Southeast and South Asia	3 projects (by FY 2025)	1 project
			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)	13 projects (by FY 2030)	—
		Create environmentally friendly, resilient communities	Improve environmental performance	• Engage in mid- and high-rise wood construction initiatives • Promote ZEB design technology • Convert owned properties to renewable energy	• Number of initiatives wood construction 2 projects or more/year • Number of initiatives ZEB construction 2 projects or more/year • 100% (FY2030)	• Wood construction 1 project • Initiatives ZEB construction 6 projects • —
			Improve resilience for national land and towns	Each business division will set specific KPIs and numerical targets to improve the resilience of the national land and cities.		
		Connect the aspirations of the region and customers to create regions and communities that generate people's vitality	Promote development and projects that contribute to revitalizing regions	Build community development business model	3 projects (by FY2025)	0 project
			Secure stable order-received	Each business unit will set specific KPIs and numerical targets to achieve stable order-received.		
		Preserve the environment and biodiversity while realizing a circular economy through business activities	Promote the formation of a decarbonized society	<Zero30 Road Map 2023> • Reduction rate of Scope 1+2 for all business activities compared to FY2020 • Reduction rate for Scope 3 Category 11 emissions (CO_2 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 41.6% REDUCTION • Compared with FY2020 47.6% REDUCTION • 800 MWh
			Taking into consideration biodiversity and coexistence with nature	Number of biodiversity preservation activities undertaken	Initiatives at all worksites (As of FY2030)	All worksites
			Promote the formation of a recycling-oriented society	Final percentage of construction waste sent for landfill disposal	Less than 2.5% (As of FY2030)	2.1%
2	**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)	98.7%
			Promote on-site labor savings	Degree of on-site DX promotion	DX engagement (DX promotion survey) 5% improvement than previous fiscal year (FY2024)	2.71 points
			Improve customer satisfaction	Evaluation by clients	• Ministry of Land, Infrastructure, Transport and Tourism's Average score for the year in construction result evaluations (Average: 80 or higher/target year) • Questionnaire evaluations upon completion of private-sector projects Gain 97% or higher S/A evaluation	• 78.3 points • 98.2%
			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	• Maintain collection of details by building type Updated 2 times/year • Construction volume per head of Japanese/ 800 million yen (overseas civil engineering), 2.2 billion yen (overseas building) (by FY2030) • 100% (FY 2025)	• Updated 2 times/ year • — • 36%
				Number of technical status targets achieved by technical institutes • Press releases • Patent applications • Conference presentations • Technical awards from external organizations	• 24 papers/year • 15 papers or more/year • At least one paper person/year as the lead author • 2 papers/year	• 24 papers • 36 papers • 1.13 papers / person, year • 1 paper
			Utilize knowledge data and promote construction management DX	Progress in construction management DX initiatives (convert tacit to explicit knowledge)	2 projects/year	2 projects
3	**Put in place partnerships that can maximize value creation**	Build sustainable supply chains	Continue to implement human rights due diligence	Number of companies engaging in human rights due diligence	400 companies or more	FY2024 initiatives
			Provide training and support to skilled construction workers	• Worksite retention rate of Nishimatsu Meisters and Senior Forepersons • Touch rate for Construction Career Up System (CCUS)	• 60% • 90%(2025)	• 60.1% • 61.1%
			Collaborate with partner companies	• N-NET order rate • Conduct satisfaction survey for partner companies; surveys related to procurement guidelines	• 60% or more • 400 companies	• 59% • FY2024 initiatives
		Cooperate with regions and companies toward the creation of new value	Collaborate with local communities	• Comprehensive partnership agreement with a local government • Secure sales in new markets	• 3 projects (by 2025) • Sales scale ¥5 billion/year (by FY2030)	• 0 projects • 0 projects
			Promote cross-industry collaboration	Formation of a new business organization through M&A	Construction contract work begins (from FY2028)	0 projects

No.	Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2023 results
4	**Advance technological strategies that lead to safety and excitement**	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	21 technologies
			Increase construction efficiency through the use of technology	• BIM adoption rate at each phase • Number of BIM application packages installed	• BIM adoption rate at each phase Design phase S manufacturing logistics 100%, RC housing100% (2027) Detailed design phase S manufacturing logistics 100%, RC housing100% (2027) Construction phase 65% of all construction sites (2027) • Number of BIM utilization packages installed 360 packages (2027)	• Design phase S manufacturing logistics 100% RC housing 66% Detailed design phase S manufacturing logistics 44% RC housing 7% Construction phase 40% of all construction sites • 0 packages
				Use of proprietary (developed) technologies on-site	50 technologies or more/year	75 technologies
		Engage in technological development that looks to the future	Engage in DX technological development	Progress of each measures of DX Vision (smart construction site) • Design and Planning DX • Construction Management DX • Construction DX	Number of projects (2 projects/year)	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%	Target achievement rate 97%
			Engage in technological development to assist in disaster prevention/mitigation and renovation works	Rate of achievement of technology development goals for disaster prevention, mitigation and renewal construction based on the technology development roadmap	Average development goal achievement 70%	Target achievement rate 87%
			Engage in technological development to assist in decarbonization, energy, coexisting with nature, and resource circulation	Rate of achievement of technology development goals for decarbonization, energy, coexisting with nature, resource circulation based on the technology development roadmap	Average development goal achievement 70%	Target achievement rate 93%
5	**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 above (FY2025) • 2.0% or above (FY2025)	• 17.6% • 0.4%
			Implement measures utilizing diverse human resources	• Percentage of male employees taking childcare leave (Including leave for the purpose of childcare) • Percentage of dialogue implemented between supervisors and subordinates • DX Vision (work style) implementation progress	• 100% (From FY2024) • 100% (FY2024) • 5 projects/year	• 75.8% • Measures to be implemented • 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	• 3.68 or above (FY2024) • 9.0% or below (FY2024) • 80% (FY 2025) • Below 1.5% (FY 2025)	• 3.68 • 9.09% • 61.1% • 2.99%
			Promote work environment improvements	Frequency rate (4 or more days of absence from work)	0.4 or below (2025)/0.2 or below (2030)	0.67
		Instill cross-organizational thinking	Foster a cross-organizational, collaborative mindset	Create award system to reward engagement in collaborative projects and challenges	Initiatives from FY 2025	—
			Create cross-organizational, collaborative systems	Establish a mechanism to evaluate cross-organizational and collaborative efforts	Initiatives from FY 2025	—
6	**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	• No 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 after alarm; Nighttime and holidays: 90% within 6 hours	• Security incidents 1 incident at Level 2 • Number of serious noncompliance incidents: 0 • Early response rate for safety confirmation Daytime weekdays: 92% within 3 hours
		Upgrade, expand, and continue compliance education	Upgrade, expand, and continue compliance education	Compliance training attendance rate	100%	100%

Stakeholder Engagement

President-Employee Dialogue

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

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

Dialogue rules:

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

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

Young employees

Theme 1

What does the term "a worthwhile structure" mean to you?
What kinds of things are "worthwhile services"?

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

Theme 2

What is your definition of a "sustainable society where people can live with peace of mind" that Nishimatsu Construction is creating?

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

Participants' impression: Giving Dialogue a Try

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

Overseas base employees

Theme

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

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

Participants' Impression: Giving Dialogue a Try

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

Managers

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

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

Participants' Impression: Giving Dialogue a Try

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

Summary and plans for the future

Message from Chairman Takase

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

There was also a high level of interest in human capital, and the sense of crisis about securing human resources and the active participation of diverse human resources were once again highly recognized. As a construction company, the handing down of technical skills remains an important issue, and the opinions and suggestions given from the perspective of those who work on the front lines were filled with sincerity and enthusiasm.

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

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

Dialogue with Stakeholders (Introduction of Specific Examples)

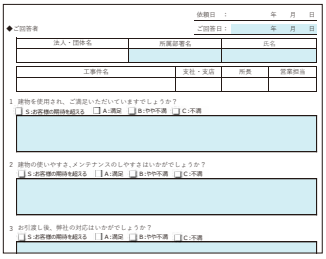
Dialogue with Customers

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

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

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

During the construction period, we work to provide better structures and services by having both the design and construction management departments and the sales department work closely with customers and communicate in detail. We also ask customers to fill out questionnaires to provide feedback, not only at the time of completion but also after a certain period of time has passed since delivery. In addition to sharing the information promptly within the Company, the evaluation results will be effectively used as a tool for making new proposals and enhancing our after-sales service, leading to future improvements.


依頼日：　年　月　日
◆ご回答者　ご回答日：　年　月　日

法人・団体名	所属部署名	氏名

工事件名	支社・支店	所長	営業担当

1 建物を使用され、ご満足いただいていますでしょうか？
□S:お客様の期待を超える　□A:満足　□B:やや不満　□C:不満

2 建物の使いやすさ、メンテナンスのしやすさはいかがでしょうか？
□S:お客様の期待を超える　□A:満足　□B:やや不満　□C:不満

3 お引渡し後、弊社の対応はいかがでしょうか？
□S:お客様の期待を超える　□A:満足　□B:やや不満　□C:不満

Questionnaire form (extract)

Dialogue with Partner Companies

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

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

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

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

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

Dialogue with Local Communities

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

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

Participation in the 47th Nobeoka Bamba Dance Festival

In the construction business, it is essential that everyone understands the impact that construction will have on the surrounding living environment during the construction period. Before construction begins, we hold a neighborhood briefing session to carefully explain the construction details and process to the client to gain their understanding and cooperation. During the construction period, we also work closely with neighborhood associations and other local representatives as we work to coexist with the surrounding residents.

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

IR Activities

Status of Dialogue with Shareholders

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

Shareholders' opinions and concerns ascertained through dialogue are fed back to the management team as necessary, and important matters are reported to the Board of Directors as required. Reports received from securities company analysts are also fed back to management as necessary, and the status of investor and shareholder relations activities is also reported to management on a monthly basis.

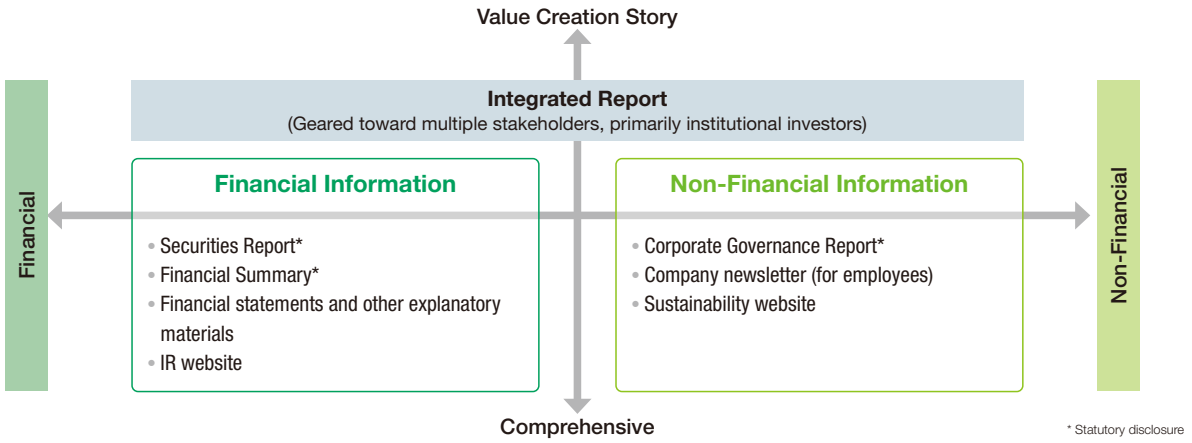
Dialogue Results

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

Main themes of dialogue and matters of interest to shareholders

Item	Dialogue themes and matters of interest to shareholders	
Business environment, growth strategy	• About business environment • About measures to deal with risk of price increases, such as costs of materials and labor costs	• About impact of cap on overtime work on business performance • About progress of synergies with ITOCHU Corporation, our capital and business alliance partner
Financial strategy, shareholder returns	• About balance between growth investment and shareholder returns • About D/E ratio and capital to assets ratio	• About approach to dividend payout ratio • About handling of treasury shares held
Sustainability Social, Environment	• About human resource strategy (ensuring human resources, human resource development, etc.) • About employee engagement and resignation rate • About wage hikes • About ensuring diversity and percentage of female managers, etc.	• About disclosure regarding human rights • About disclosures of climate change-related information • About state of preparedness for biodiversity-related disclosures
Corporate governance	• About requests for further reduction of cross-shareholdings • About formulation and implementation of president succession plan • About reviews of the evaluation indicators and performance-linked compensation ratios in the officer compensation system	• About Board of Directors' skill sets and diversity • About qualifications and number of concurrent positions held by external directors

Main Communication Tools and Disclosure Systems



* Statutory disclosure

Terminologies

Terms	Meaning
2024 Problem	Refers to the demand for innovation in working environments due to the implementation of overtime work caps in the construction, logistics, and transportation industries as a result of work style reform laws.
30by30 Alliance	An alliance of companies, local governments, and organizations working to achieve the goal of effectively conserving at least 30% of the land and ocean as healthy ecosystems by 2030 (30 by 30). Under the Alliance, efforts are being made to expand protected areas domestically and to certify areas that have been preserved mainly by companies as Other Effective area-based Conservation Measures (OECMs).
AR	Augmented Reality. Technology that adds digital information to the real world by viewing it through smartphones, tablets, or sunglass-type AR glasses.
BIM/CIM	Building Information Modeling (BIM)/Construction Information Modeling (CIM). A 3D model with information that can be used in construction operations.
Circular economy	In addition to applying conventional 3R initiatives, circular economic systems aim to curb resource input and consumption volumes, promote reuse and reclamation through resources as a service, and maintain, restore, or add value over the long term for used products and waste. In regard to the construction industry, this involves activities such as modularizing construction materials at the planning stages, resupplying resources to markets through waste collection and reprocessing, and optimizing maintenance and renovation through building lifecycle management.
Front loading	To intensively study in advance changes in specifications, etc. that are likely to occur in later processes during the initial process in order to improve quality and shorten the construction period. In the BIM approach, a typical example, a 3D building model is created at the design stage and attribute information is added, aiming to improve and solve problems in advance through simulation and verification at each stage of design, construction, operation, etc.
$LCCO_2$	Abbreviation for Life Cycle CO_2. Refers to the total amount of CO_2 emissions at every stage of the product lifecycle, from raw materials (production/transport) to production, transport, sale, use, and disposal. In regard to buildings, the scope includes construction materials (production/transport) and construction, as well as building operations, renovations, demolition, and disposal.
Lining	The (arch) concrete built over the interior surface of a tunnel.
Lining renewal work	This refers to constructing new lining by partially removing the existing lining that has cracks or leaks made mainly by the traditional tunneling method.
LLM	Abbreviation for Large Language Model. As a type of generative AI, LLM can produce natural text by learning from large volumes of data. LLM are unique in that they understand sentence grammar and context, allowing them to generate text that feels like it is written by a human. LLM can be used in various areas, including text translation, summarization, and novel and poetry writing.
MR	Mixed Reality. A further development of AR. By wearing the MR device, digital information can be displayed according to the user's position and movement, and the user can directly manipulate the digital information. This technology allows multiple people to experience it at the same time.
Nature Coexistence Site	Areas certified by the Japanese government as being targeted for biodiversity preservation through private sector initiatives, etc. Certified areas are registered on an international database as OECM (Other Effective area-based Conservation Measures), except where they overlap with protected areas.
N-TEMS	Nishimatsu Tunnel Energy Management System. A system for reducing energy use by controlling demand for contrarotating ventilation fans and dust collectors during mountain tunnel excavation. N-TEMS facilitates the reduction of ventilation equipment power consumption by around 40%.
PPA	Power Purchase Agreement. A service in which a company that owns and manages photovoltaic power generation equipment (PPA operator) installs the equipment in a space provided by the facility owner, such as a site or roof, and distributes the power generated there to the power consumers of the facility for a fee.
SBT	Science-Based Targets. Its governing initiative, the Science-Based Targets initiative, is encouraging companies to set greenhouse gas emission reduction targets based on scientific evidence in order to achieve the goals of the Paris Agreement. The 1.5°C target requires a reduction level of at least 42% for Scope 1+2 and 25% for Scope 3 compared to the base year (2020) over a 10-year period.
Shield tunneling	An approach to tunnel excavation using a tube-shaped machine called a shield machine.
TCFD	Task Force on Climate-related Financial Disclosures (TCFD). This task force recommends that companies develop climate-related governance and risk management systems, as well as understand and disclose the financial impact of climate change. The TCFD dissolved in October 2023, transferring its oversight function to the International Financial Reporting Standards (IFRS) Foundation.
Total Digital Platform	Refers to a service or function provided on a single platform that integrates various digital technologies. This approach allows users to easily utilize their required information and services on a single platform, without relying on multiple digital tools and apps.
ZEB	Abbreviation for Net Zero Energy Building. ZEB aims to achieve a net annual primary energy consumption balance of zero in terms of energy consumed by the building itself through energy savings and energy creation, while maintaining a comfortable interior environment.

Investor FAQ

Q1 What is your policy regarding shareholder returns?

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

Q2 What is your policy on asset allocation?

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

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

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

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

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

Statement of Authenticity

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

Yuichi Kono

Representative Director, Executive Vice President

General Manager of the Management Division

General Manager of the Human Resources Strategy Office

In charge of the Regional Environmental Solutions Business

In charge of Investor Relations

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

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

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

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

Awards and External Evaluations

Award

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

External Evaluations

FTSE Blossom Japan Sector Relative Index

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CDP SUPPLIER ENGAGEMENT LEADER 2023

S&P/JPX カーボン エフィシェント 指数

JHEP AA+

WELL PLATINUM 2021

Digital Transformation Certification

女性が活躍しています！

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

Initiatives Supported/Participated In

デコ活

JAPAN CLIMATE INITIATIVE

JCLP

CLIMATE GROUP RE100

SCRUM JAPAN PROGRAM

Corporate Outline and Stock Status

Corporate Outline

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

Regional Headquarters and Branch Offices

Domestic Offices

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

Overseas Offices

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

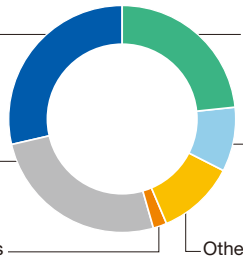
Main Subsidiaries

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

Stock Status (As of March 31, 2024)

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

Shareholder Distribution



Major Shareholders (Top ten shareholders)

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

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

Third-party Assurances

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

Matters covered by assurances

- Group CO_2 emissions in Japan and overseas ▶P.17, 21
- Group water intake in Japan and overseas ▶P.16, 21
- Industrial waste emissions ▶P.17, 21
- Energy usage ▶P.16
- Percentage of female managers ▶P.21, 52, 79
- Percentage of male employees taking childcare leave ▶P.21, 52, 79
- Frequency rate of injury (4 or more days of absence from work) ▶P.56, 76, 77, 79

Inquiries:

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Sustainability Promotion Department,
Corporate Planning Department
Toranomon Hills Business Tower,
17-1, Toranomon 1-chome, Minato-ku, Tokyo,
105-6407 Japan
https://www.nishimatsu.co.jp/eng/

Certified as an Eco-First Company by the Minister of the Environment

DECO-KATSU