NISHIMATSU



NISHIMATSU CONSTRUCTION CO., LTD.

Integrated Report

2026

Stakeholder Engagement

This report is intended to communicate to our stakeholders the Group's management policies and progress on initiatives to enhance corporate value, while also serving as a starting point for dialogue.
The Company has consistently engaged directly with a diverse range of stakeholders, including shareholders and investors, and steadily incorporated the opinions and feedback we receive into management.
Going forward, we will further deepen engagement through ongoing dialogue and use the insights gained to enhance corporate value, achieve sustainable growth, and further evolve our management.

Stakeholder	Engagement Methods	Outcomes
Customers	• Daily sales activities • Communication during construction • Feedback through post-handover customer surveys	• Provision of safe and secure structures that meet customer expectations • Increased customer satisfaction
Shareholders and Investors	• Communication through individual meetings and small meetings • Information disclosure and communication at the General Meeting of Shareholders, financial results briefings, etc.	• Feedback on areas of interest and views regarding management, and use of this feedback for future improvements • Increased trust in and expectations for management
Partner Companies	• Communication during construction • Discussions on price pass-through • Collaboration with N-NET (Nishimatsu Subcontractor's Network) • Safety conventions and joint training sessions held by regional headquarters and branches	• Creating safe and comfortable work environments • Training and support for skilled construction workers • Alleviation of workforce shortages • Improved safety and construction quality
Local Communities	• Social contribution activities • Participation in local festivals and other activities • Holding construction site briefings • Hosting construction site tours for schools, etc.	• Contribution to local communities • Building good relationships with local residents • Development of the next generation of talent
Employees	• Messages from management • Opportunities for dialogue with management • Discussions with the labor union • Employee engagement surveys	• Increased employee engagement • Improvements to personnel systems and compensation • A workplace where employees can work with a sense of fulfillment

Highlights of Integrated Report 2026

Our Aspirations and Strategy for Realizing Nishimatsu-Vision 2035

This report presents the future we envision for Nishimatsu Construction, the aspirations embodied in the new Vision, and the strategies for realizing it.



➡P.10 Message from the President

What Is Value Co-Creation at Nishimatsu Construction?

We create value by leveraging financial and non-financial capital. We regard bringing "safety, vibrancy, and bonds" to society as our impact on society (shared value), and aim to realize a society where everyone can "Create together, shine together."



➡P.16 Nishimatsu Construction's Model for Co-Creation of Value

Our New Medium-Term Management Plan 2028

We introduce our new Medium-Term Management Plan, which lays the foundation for future profitability and sustainable growth under the new long-term Vision.

➡P.26 Medium-Term Management Plan 2028

Management Strategy for Sustainable Growth

With engagement and added value creation as the starting point, we present our strategy for realizing Nishimatsu-Vision 2035 and achieving sustainable growth.



➡P.36 Message from the General Manager of the Corporate Strategy Unit

Human Resource Strategy for Becoming the Most Attractive General Contractor

By deepening human capital management, we will maximize the value created by employees and enhance corporate value on a sustainable basis.



➡P.40 Human Resource Strategy

Environment and Urban Development Business

We introduce the new strategies and priority initiatives under Medium-Term Management Plan 2028 for the Environment and Urban Development Business Division, established in April 2026, as well as progress on the projects it is undertaking.



➡P.54 Environment and Urban Development Business

Outside Directors Discuss the Path to Becoming "the Most Attractive General Contractor"

Our outside directors share their perspectives on Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028 as we work toward becoming "the most attractive general contractor."



➡P.58 Outside Director Roundtable Discussion

Creation of Environmental and Corporate Value

Through initiatives in decarbonization, biodiversity, and resource circulation, we are advancing Company-wide efforts to address social issues and enhance corporate value.



➡P.74 Environmental Initiatives

Company Motto

Courage, Courtesy, and Justice
~ An enterprising spirit, a feeling of gratitude, and a righteous attitude ~

Corporate Philosophy

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

Code of Conduct

~ Values consistent with Courage, Courtesy, and Justice ~

An enterprising spirit

- As a group of construction specialists, we will hone our skills every day in a continual effort to attain a high level of customer satisfaction and build a better society and environment.
- We will take positive steps to create advanced technologies, attractive workplaces, and safe working environments in an effort to develop the Company's business and the construction industry.
- We will always take social and environmental issues seriously in order to build a sustainable world and hand it down to the next generation.

A feeling of gratitude

- We will respect all people and proactively support the realization of their dreams.
- We will always consider our stakeholders, respect communications, and forge connections between people through our construction business.
- We will always thank our community and society, and regularly communicate with them.

A righteous attitude

- We will always be aware of our corporate social responsibility and conduct our corporate activities with a high level of ethics and transparency.
- We will respect free and fair economic activities and engage in sound corporate activities from a global perspective to earn the trust of our stakeholders.
- We will anticipate foreseeable risks and opportunities, keeping an eye on the future in an effort to build our responsive capabilities.



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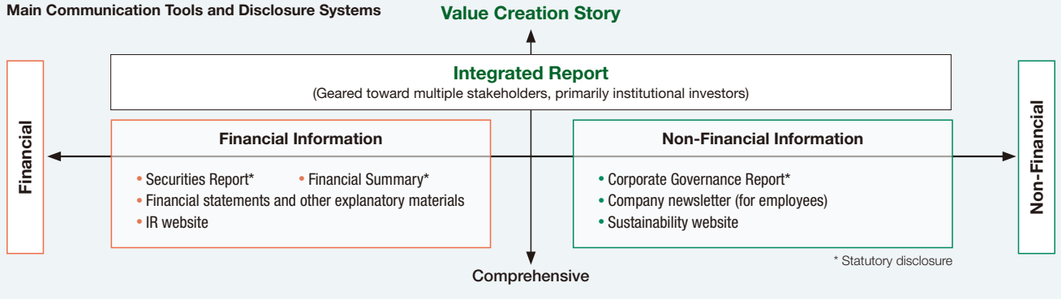
Coverage: Information on the activities of Nishimatsu Construction Co., Ltd. and its consolidated subsidiaries.

Applicable Period: April 1, 2025, to March 31, 2026 (including some information after April 1, 2026).

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.

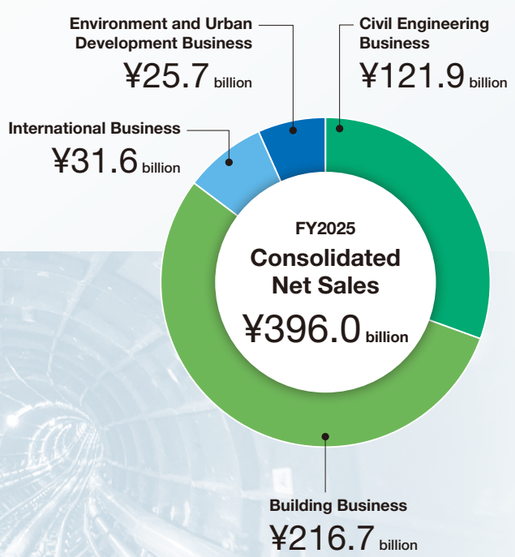
Forward-Looking Statements: This report includes forecasts of future results regarding the Group's outlook, goals, plans, and strategies. These statements reflect our judgment and analysis concerning existing information and various trends available at the time of writing. Actual results may differ from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

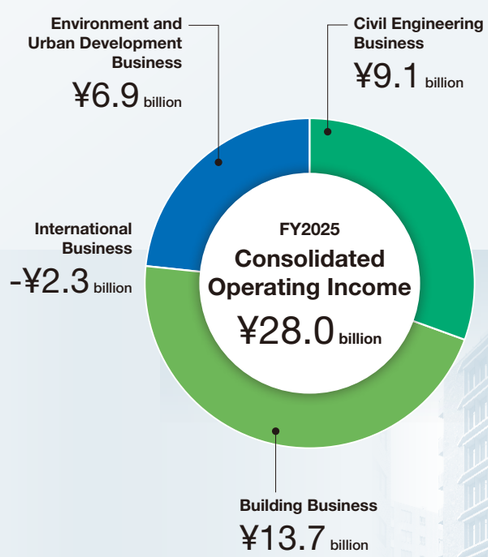
Main Communication Tools and Disclosure Systems

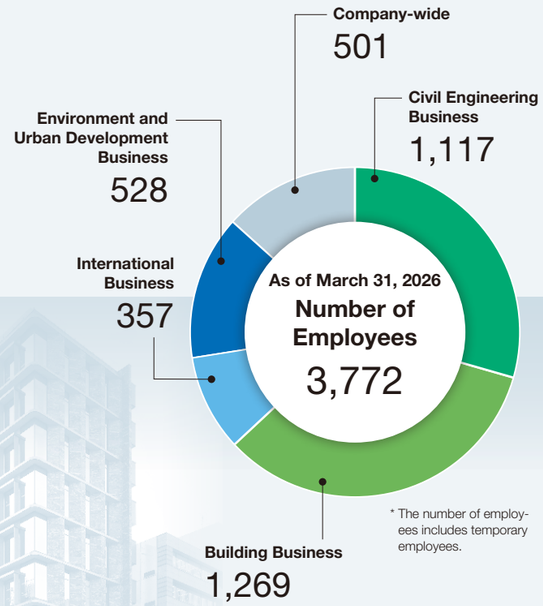


At a Glance

To integrate and advance our initiatives in regional community development, renewable energy, urban development, and other fields, we merged the Regional Environmental Solutions Business Division and the Asset Value-Added Business Division as part of an April 2026 reorganization of our head office, establishing the Environment and Urban Development Business Division. By combining these business areas to expand business opportunities, we aim to strengthen our operations and enhance corporate value over the medium to long term.







* The number of employees includes temporary employees.

ROE	Capital to Assets Ratio	D/E Ratio	Dividends
13.1%	28.4%	1.19 times	¥230

DOE	TSR (5-year cumulative total)	Number of Regional Headquarters and Branch Offices
4.9%	243.3%	Domestic Offices 50 Overseas Offices 10

Domestic Civil Engineering Business

By developing social infrastructure, including roads, railways, power plants, dams, airports, and ports, this business supports people's lives and their economic and social activities. Leveraging its technical expertise and the field experience it has gained over many years, the business contributes to the safety, security, and prosperity of Japan.



Domestic Building Business

This business leverages advanced technology to construct a diverse array of buildings, including office buildings, cultural and educational facilities, retail facilities, and medical centers. It offers comprehensive services throughout the entire lifecycle of buildings, from the planning and design stages to the operation and maintenance.



International Business

With extensive experience abroad and strong relationships with stakeholders, this business is primarily expanding in Southeast Asia and Southwest Asia. Its civil engineering efforts focus on the development of infrastructure that serves the public interest, while its building projects involve the construction of factories and facilities for Japanese companies.



Environment and Urban Development Business

By combining our environment and urban development businesses, we aim to contribute to a sustainable society and create new value. Our activities will span community development, urban development, domestic and overseas real estate, regional revitalization, renewable energy, and resource circulation.



Business at a Glance 1 Projects Bringing Together Our Technological Capabilities to Co-Create Value

Drawing on the full breadth of technological capabilities we have cultivated over many years and our “on-site capabilities,” our ability to coordinate stakeholders and persistently see projects through, Nishimatsu Construction has delivered numerous projects that support society. We will continue to work in harmony with local communities and contribute to creating a sustainable society and environment.

Mountain tunnels

Domestic Civil Engineering Business

Establishment of the “Concrete Spraying Automation System,” an Automated Shotcrete Technology Enabling Real-Time Thickness Measurement

Shotcrete work in mountain tunnel construction requires manual operation close to the tunnel face in a high-dust environment with a risk of rock falls from the face, creating challenges in ensuring worker safety and shotcrete quality while reducing labor requirements. To address these issues, we established the “Concrete Spraying Automation System.” Millimeter-wave radar measures the distance to the sprayed surface in real time, while motion-capture cameras survey the radar coordinates with high precision. This enables an automatically controlled robot to optimize nozzle movement and automatically maintain a uniform shotcrete thickness.

Verification testing at N-Field, our full-scale experimental facility in Nasushiobara, Tochigi Prefecture, also confirmed satisfactory quality. The system was jointly developed by Nishimatsu Construction and four other companies.



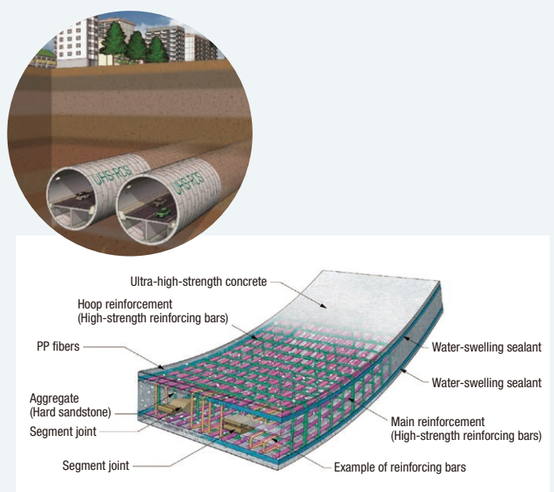
System overview

Shield tunnels

Domestic Civil Engineering Business

New Development: Technical Review Certification Obtained for “Ultra High Strength Reinforced Concrete Segment”

In large-diameter shield tunnel projects for roads, railways, and other infrastructure subject to the Act on Special Measures concerning Public Use of Deep Underground, conventional RC segments lack sufficient flexural compressive strength under conditions involving large building loads and other forces, requiring the use of costly composite segments. To address this issue, we developed the “Ultra High Strength Reinforced Concrete Segment,” which uses ultra-high-strength concrete to overcome this strength shortfall while reducing costs and streamlining construction. The segments provide fire resistance and resistance to spalling and can be manufactured using the same equipment as conventional RC segments. Jointly developed by Nishimatsu Construction Co., Ltd., Toda Corporation, and Nippon Concrete Industries Co., Ltd., the technology obtained technical review certification from the Advanced Construction Technology Center (ACTEC) in July 2025.



Overcoming Insufficient Strength with Ultra-High-Strength Concrete

Logistics facilities

Domestic Building Business

Construction of the Large-Scale Multi-Tenant Logistics Facility LOGI’Q Hasuda

This project was constructed under extremely challenging conditions: the site was surrounded by a Class A river and an agricultural irrigation channel, the access route for deliveries was limited to the west side, and there were elevation differences both within and outside the site. We used BIM and AR from the design stage, proactively introduced advanced technologies such as ICT-enabled construction machinery and drone surveying, and worked to accurately track construction progress and quickly build consensus among stakeholders. These efforts enabled advanced schedule management and improved productivity. To meet growing well-being needs, we also worked closely with the design and construction teams to incorporate hill-shaped rest areas and wood-finished spaces featuring natural wood ceilings. The facility received the highest ratings under multiple environmental certification systems, including CASBEE S Rank, BELS ★6, and ZEB.

Despite the challenging conditions, the project brought together our on-site capabilities, technological capabilities, and project management capabilities, becoming a symbolic example of our ability to deliver high value-added logistics facilities.



Full view of “LOGI’Q Hasuda”

Expanding overseas

International Business

Contract Award for Package 105 of the Metro Manila Subway Project in the Philippines

For Nishimatsu Construction, this is the second contract for the Metro Manila Subway Project, following Contract Package 102, which is currently under construction. Contract Package 105 covers the construction of two underground stations, Kalayaan Avenue Station and Bonifacio Global City Station, as well as twin shield tunnels connecting them. The project has been designated as a priority project under the Philippine government’s “Build Better More” infrastructure program. Against a backdrop of rapid economic growth, it will help meet growing transportation demand in Metro Manila and alleviate severe traffic congestion and air pollution.

Drawing on the extensive tunnel construction know-how we have cultivated around the world, we will contribute to the development of transportation infrastructure in the Philippines. By making mobility more convenient, we will contribute to the further development of Philippine society as its economy continues to grow.



Rendering of Bonifacio Global City Station

Business at a Glance 2 Contributing to Solving Social Issues and Creating Value for the Future

Leveraging Nishimatsu Construction's strength in on-site capabilities, we work with diverse stakeholders to help solve social issues.
From social infrastructure development to next-generation community development, we will contribute to realizing a sustainable future in which people can live with peace of mind.

Building a society where people can live with peace of mind

Domestic Civil Engineering Business

Infrastructure Renewal Work: Construction Work for the Reinforcement of the Ipponmatsu Tunnel on the Nagano Expressway

The Ipponmatsu Tunnel (outbound) on the Nagano Expressway between Omi IC and Koshoku IC opened to traffic in 1993. In sections where no invert had been installed, water absorption caused expansive clay minerals to deteriorate and swell, resulting in visible signs of floor heave. Deformation included road surface uplift, through-cracks in the concrete caused by inward displacement of the tunnel lining walls, and a reduction in the internal cross-section. To address concerns about the clearance envelope and deterioration in the structural integrity of the tunnel, and to ensure long-term tunnel functionality, the project reinforced the lining concrete with rock bolts and installed a new invert. During construction, to maintain traffic for general vehicles, one of the tunnel's two lanes was continuously closed at a time, day and night, and permanent remedial measures were implemented using half-section construction.



Ipponmatsu Tunnel after completion of reinforcement work

Next-generation community development

Environment and Urban Development Business

Collaboration toward the Practical Application of a Next-Generation Transportation System

To help bring a next-generation transportation system into practical use, we are advancing collaboration with Zip Infrastructure, Co., Ltd. through an equity investment and a collaboration agreement. Zippar, developed by the company, is an electrically powered, self-propelled ropeway that operates autonomously above roads. As a new form of transportation infrastructure, it is expected to help solve social issues such as traffic congestion, a lack of transportation options, driver shortages, and decarbonization.

In this initiative, we leveraged our expertise in civil engineering and building construction to conduct technical evaluations and support infrastructure development from the perspectives of constructability, safety, and practicality. We will accelerate real-world deployment through joint studies and information sharing toward commercialization. Through co-creation with diverse partners, we will contribute to sustainable and flexible next-generation community development.



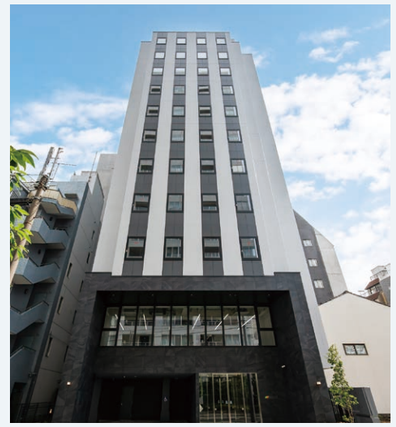
Self-propelled ropeway "Zippar"

Providing high-quality structures

Environment and Urban Development Business

Completion of Urban Compact Office "NCO Hamamatsucho"

The property is served by five train lines at three stations, including JR Hamamatsucho Station and Toei Subway Daimon Station. Located just a three-minute walk from the nearest station, it offers excellent convenience and access to major office districts in the Tokyo metropolitan area. A typical floor provides an approximately 132 m^2 column-free, regularly shaped space with a ceiling height of approximately 3 m, creating an open and spacious workplace despite the compact floor plate. A shared meeting room on the first floor allows flexible use according to tenant needs. Lush planting along the entrance approach creates an open space. In addition, security lines are installed in the entrance hall and on each floor, ensuring safety through a two-tier security system. The office building is also designed with consideration for the environment and has obtained ZEB Ready certification.



"NCO Hamamatsucho," featuring an open and spacious workplace

Technologies supporting safety

Domestic Civil Engineering Business | Domestic Building Business | Environment and Urban Development Business

Helping Eliminate Heatstroke among Workers in Hot Environments

With heatstroke prevention at construction sites becoming an urgent issue, we introduced Sigfox Canary, a communications-enabled wearable device jointly developed with Biodata Bank, Inc. at construction sites nationwide in 2025. Sigfox Canary estimates core body temperature and, when it detects an increased risk of heatstroke, immediately alerts both the wearer and the supervisor. By enabling workers and managers to share information so that they can check on workers and decide when rest is needed before anyone collapses, the system has shifted heatstroke prevention from measures dependent on individuals to organizational safety management in which the entire site works together to protect workers.

In FY2026, we will continue to deploy this safety management system at construction sites nationwide while expanding its use to a broad range of workplaces, including construction sites operated by other companies in the industry, plant engineering companies, manufacturers, and golf courses, with the aim of helping address the social issue of heatstroke by reducing the number of incidents.



Using Sigfox Canary for heatstroke prevention

Message from the President



Sustainable Growth and the Creation of New Medium- to Long-Term Corporate Value

In an Era of Competition, Becoming a General Contractor that Is Valued and Chosen

Masakazu Hosokawa
Representative Director and President

Two years have passed since I became president, and following the General Meeting of Shareholders, I am now in my third year in office. At this juncture, I believe it is highly significant that we have formulated Nishimatsu-Vision 2035 and the new Medium-Term Management Plan 2028, clarifying the future we envision for the Company and the direction we should take.

Sustainability management, encompassing human capital management and Well-being management, is at the core of our management approach. We view it not simply as a matter of social responsibility, but as an important management strategy for enhancing corporate value, and aim to both contribute to the realization of a sustainable society and enhance corporate value.

Nishimatsu-Vision 2035 sets out our vision of becoming "the most attractive general contractor." This is not simply about pursuing scale or sales. It means becoming a company that shareholders, customers, partner companies, employees, and society regard as outstanding, and that people want to work with and work for.

To that end, we are placing improved engagement and higher added value per employee* at the core of management to achieve sustainable growth and the creation of new medium- to long-term corporate value.

* Added value per employee = (business income + personnel expenses) / number of employees

Transition to an Era of Competition

Japan is now at a major turning point.

Prices are rising, interest rates are fluctuating, and personnel costs are increasing. After a long period of relatively little change, society as a whole is beginning to shift significantly. I do not see this simply as a move into a more difficult business environment. Rather, I believe the Japanese economy is finally moving toward a more normal competitive environment. During the so-called lost three decades, Japan remained in deflation for many years, wages did not rise, and companies found it difficult to pass higher costs on through prices. However, rising prices and personnel costs are in themselves features of a healthy economy. Going forward, it is companies that can demonstrate competitiveness in this environment that will be valued and chosen.

Indeed, material prices are continuing to rise, and concerns over geopolitical risks are also growing. I do not view these changes pessimistically. Rather, precisely because competitive conditions are changing, I believe we are entering an era in which each company's true capabilities and distinctive qualities will become more visible. Until now, companies have operated under broadly similar structures, supported by the domestic construction market. Going forward, however, population decline, workforce shortages, changes in social infrastructure, and rising interest rates will increasingly bring into focus what each company truly excels at. Now that we have entered an era of competition, we must clearly define the strengths that set Nishimatsu Construction apart.

Now in my third year as president, we have formulated Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028 and made a fresh start. I believe it was particularly meaningful to communicate them at this time, as the process gave us an opportunity to look back on our progress and once again clarify the direction of the Company.

➡ P.20 Nishimatsu-Vision 2035
➡ P.24 Review of Previous Medium-Term Management Plans
➡ P.26 Medium-Term Management Plan 2028

Why We Formulated Nishimatsu-Vision 2035 Now

I believe current conditions in the construction market are favorable. Demand is expected to remain at a certain level through around 2030, supported by national resilience initiatives, infrastructure renewal, and disaster prevention and mitigation. Actively responding to these needs is itself a way of realizing our Corporate Philosophy: "Establish a sustainable society for people to live with peace of mind, providing worthwhile structures and services."

At the same time, major structural changes lie ahead in both the social environment, including population decline, labor shortages, and lower demand for new construction, and the economic environment, such as inflation and rising interest rates. The very nature of the construction industry may change. That is precisely why Nishimatsu-Vision 2035 sets out a management direction that looks beyond 2030.

What strengths should Nishimatsu Construction build in preparation for the changes after 2030? In which domains should we differentiate ourselves? We need to lay that foundation over the next four to five years. The construction industry may also see further restructuring and a market shakeout. Such changes are already under way in other industries, and similar moves are beginning to emerge in construction. To remain vibrant and continue growing amid these changes, a company needs strengths that set it apart. We are not seeking to expand into every possible area. What matters is building clear pillars that allow us to say, "This is what Nishimatsu does best."

➡P.20 Nishimatsu-Vision 2035

What Defines Nishimatsu?

At the core of what defines Nishimatsu, and the foundation of our strengths, are our on-site capabilities: the ability to see work through with tenacity and integrity. These qualities may not be flashy, but the trust we have earned over many years from customers and society has been built through the steady accumulation of such efforts.

Construction is not an industry in which one company can operate alone. We create each project in collaboration with many stakeholders, including clients, designers, partner companies, and local communities. Ultimately, I believe what matters most is trust. We must remain a company that society needs over the long term, rather than focusing only on short-term profit. More than immediate figures, what matters is continuing to build trust through our on-site capabilities by seeing every job through with persistence and integrity.

➡P.6 Business at a Glance 1

Creating Strengths Unique to Nishimatsu

To be candid, I believe we still have considerable work to do to establish strengths that truly differentiate Nishimatsu.

Nishimatsu Construction certainly has strong construction capabilities. But viewed within the general contractor sector, can we say there is an overwhelming reason for customers to choose Nishimatsu? Not yet. Simply continuing what we are doing today will not set us apart. I feel a strong sense of urgency about this.

That awareness is precisely why we set the goal of becoming "the most attractive general contractor." In Nishimatsu-Vision 2035, we place particular importance on the word "attractive." We do not want to be a company that pursues business performance alone. We want to be a company that earns trust, attracts people, and makes them think, "This is an outstanding company," "I want to work with this company," and "I want to work for this company." I believe that is what corporate value will mean in the coming era.

Another thing that matters to a company is whether each employee can work with a sense of pride. Of course, as a business leader, it is important to focus on business performance, but performance alone does not make a company strong.

Ultimately, I believe the strength of a company depends on how many employees feel a strong bond with it and genuinely want to give their best for the Company.

➡P.16 Nishimatsu Construction's Model for Co-Creation of Value

Establishing a Strong Business Portfolio

Nishimatsu-Vision 2035 clearly sets out investment in a next-generation foundation for growth while further strengthening our core businesses, the Domestic Civil Engineering Business and the Domestic Building Business. The areas for investment include the International Business, the Environment and Urban Development Business, construction-related domains, and value chain expansion.

As the domestic market changes over the medium to long term, we must build an earnings structure that does not depend solely on our core businesses. We may, for example, establish strengths overseas, pursue distinctive urban development, or create new value in construction-related domains. The next four to five years will be critical for cultivating these new sources of competitive advantage.

It will also become increasingly important for us to engage with society more broadly, deeply, and sustainably, not just by undertaking construction but across the entire value chain, from planning and conceptualization through development, construction, maintenance, and operation. The role expected of the construction industry itself is beginning to change. In particular, the nature of cities and the role of social infrastructure will change significantly. In addition to disaster prevention and mitigation, national resilience, and responses to aging infrastructure, demand is shifting toward renewable energy, increasingly important data centers, semiconductors, and other fields. As the population declines and labor shortages intensify, we will also need to look beyond simply "building" and consider how to maintain social functions and enhance the value of local communities. Against this backdrop, a major theme in formulating the Vision was to clarify the areas in which Nishimatsu Construction should build strengths and the value we should provide.

One of these areas is the Environment and Urban Development Business. In April 2026, we integrated the Asset Value-Added Business Division and the Regional Environmental Solutions Business Division. Through this reorganization, we will respond to social change while expanding

Message from the President

business opportunities by combining the capabilities of the two businesses. Historically, construction companies have centered their business models on construction itself. Going forward, however, it will become increasingly important to consider how to enhance the value of cities themselves and what functions to provide to local communities.

Urban development requires more than simply constructing buildings; it requires providing the value that local communities need. The role of the construction industry in the environmental field will also continue to expand. As society places greater emphasis on sustainability, including decarbonization, renewable energy infrastructure, environmentally friendly buildings, and resource circulation, construction companies have an increasingly important role to play.

At Nishimatsu Construction, we view fulfilling our role in solving social issues while responding to these changes as a new growth opportunity. I see sustainability management as management that simultaneously addresses social issues and enhances corporate value. That is also the intent behind this portfolio transformation.

We also position the International Business as an important growth area. There are limits to medium- to long-term growth if we focus only on the domestic market, while some overseas markets are expanding rapidly. Overseas business naturally involves risks. For that reason, rather than expanding indiscriminately, it is important to identify the areas where Nishimatsu can compete successfully and move forward selectively.

➡ P.20 Nishimatsu-Vision 2035
➡ P.48 Business Sections
➡ P.68 Sustainability Promotion System

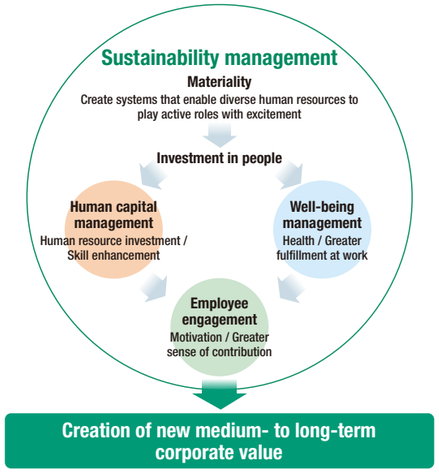
What Our Collaboration with ITOCHU Corporation Means

Collaboration with ITOCHU Corporation also plays an important role in accelerating these new business domains. Unlike a construction company, a general trading company conducts business across global markets and industries, drawing on extensive networks of people and business opportunities. The breadth of information it possesses and the scale and quality of its networks are entirely different from ours. By combining that expertise with Nishimatsu Construction's on-site and technical capabilities, we can create new value. This is more than a capital and business alliance. I see it as a collaboration aimed at the broader goal of creating new medium- to long-term corporate value.

➡P.57 Projects in Collaboration with ITOCHU Corporation

Developmental Cycle of Engagement

Within our sustainability management, Nishimatsu-Vision 2035 places particular emphasis on human capital management as part of building a sustainable management foundation, and positions the "developmental cycle of engagement" as a key pillar. I view engagement as the bond between the Company and its stakeholders.



Bonds with employees. With customers. With shareholders. With partner companies. The stronger these relationships are, the stronger a company becomes over the long term. The starting point is employee engagement.

For each employee, it begins with two questions: "Can I take pride in working for Nishimatsu Construction?" and "Do I want to take on challenges at this company?" I believe these questions are the starting point for everything. When employee engagement rises, organizational strength grows. That leads to better work, which earns greater customer satisfaction and recognition. Business results then improve, enabling returns to shareholders and further increasing employee motivation. This virtuous cycle is what we call the "developmental cycle of engagement."

To create a company where employees want to take on challenges, we will promote dialogue, ensure psychological safety, support diverse career development, and improve compensation and working conditions. Securing human resources will become increasingly important for the construction industry. As Japan's population ages and the birthrate declines, we cannot expect to grow unless younger generations see Nishimatsu Construction as a company they want to work for. That is why we need to promote Well-being management that not only improves employment conditions, but also enhances employees' sense of fulfillment at work.

➡Front Matter Stakeholder Engagement
➡P.40 Human Resource Strategy

Transforming into a Lean Organization

The other pillar is increasing added value per employee.

We must continue to improve employee compensation. To this end, we will optimize personnel allocation and raise productivity across the organization by reducing labor requirements through DX and AI, eliminating redundant work, and maximizing human potential.

By fully leveraging DX and AI, eliminating redundant work, streamlining the organization, and optimally reallocating human resources, we will enable people to focus on higher-value work. This will transform us into a lean organization capable of expanding scale while maintaining high quality. Increasing added value per employee in this way will not only improve business performance and employee compensation, but ultimately increase returns to stakeholders.

➡P.40 Human Resource Strategy
➡P.44 Technological & DX Strategy

Investing in Human Resources and Transforming the Organization

As we advance human capital management, one challenge is securing people with practical experience and specialized skills. We will therefore continue to recruit new graduates while also actively pursuing mid-career hiring to secure the human resources we need. We will also strengthen the recruitment of specialists who have been relatively scarce within the Company, including people with expertise in DX and AI and those with diverse management perspectives. Our concept of a "human resource portfolio" encompasses not only expertise, but also the roles people should play at different stages of their careers. Today, many of the construction managers responsible for site operations are in their 50s and 60s. We are therefore reforming systems and developing training programs so that younger generations can take on these roles. Developing the next generation of management human resources is also essential to sustainable growth. In FY2026, we launched a development program starting with employees in their 40s and linked to our succession plan. Precisely because the future is uncertain, we will systematically develop human resources with broad perspectives and a management mindset who can lead the Company into the future.

At the same time, Nishimatsu is also a company built on technology. Developing specialist human resources and passing on technical expertise are just as important as developing management human resources. In FY2026, we established the new position of Executive Fellow as the highest professional rank for specialist human resources, further strengthening our technical workforce. We are also reviewing our evaluation and remuneration systems. For executive remuneration, we are considering increasing the performance-linked component. For employees, we will also advance discussions on introducing performance-linked evaluation systems for employees at or above certain job levels. By appropriately recognizing and rewarding those who perform well and contribute, we will transform into an organization that encourages challenge and growth.

➡P.40 Human Resource Strategy
➡P.62 Corporate Governance



We aim to become a lean company in which every employee creates high added value, thereby strengthening our competitiveness.

Creating a Virtuous Cycle of Growth and Returns

In considering cash allocation for these strategies, we believe it is essential to balance shareholder returns and growth investment. To enhance corporate value over the long term, we must invest strategically. That requires strengthening our financial base and financing capacity so that we can pursue further growth strategies. We therefore believe it is necessary to raise our equity ratio from its current level to around 35%.

For the time being, we will strengthen our financial position while exploring a range of investment options, including collaboration with ITOCHU Corporation rather than relying solely on investments undertaken on our own. In light of these investment strategies, we intend to maintain stable shareholder returns with DOE of around 5% as a benchmark.

I believe the Company's sustainable growth is what creates greater value for shareholders. By consistently generating returns above the cost of capital and investing appropriately in human resources, equipment, technologies, M&A, and other areas, we aim to enhance corporate value over the medium to long term and, in turn, increase shareholder value over time.

➡P.36 Message from the General Manager of the Corporate Strategy Unit

Toward the Most Attractive General Contractor

"The most attractive general contractor."

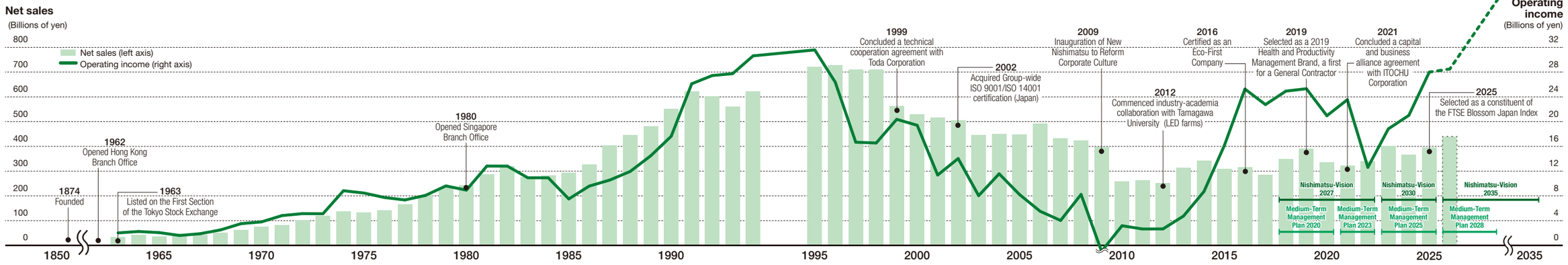
Those words mean more than business performance. Chosen by employees. Chosen by customers. Valued by shareholders. Needed by society. Can we become that kind of company? To do so, we must be competitive, while also being a company that values its people. I want to create a virtuous cycle in which employee engagement rises, each person works with pride, and that strength translates into higher corporate value.

Nishimatsu Construction is entering a period of major transformation. However, I view that change positively. In an era of competition, what makes Nishimatsu distinctive will be tested. By continuing to refine that distinctiveness and creating strengths unique to Nishimatsu, I believe we can become a company that is chosen in the next era.

History of Value Co-Creation

Nishimatsu-Vision 2035
Our Vision for FY2035
Most Attractive General Contractor

History of Nishimatsu



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
1995 Great Hanshin Earthquake
2008 Bankruptcy of Lehman Brothers (2008 financial crisis)
2011 Great East Japan Earthquake
2020 COVID-19 Pandemic

Nishimatsu Construction's Cultivated Technologies and Experience

Initiatives to Address Social Issues | Development of Social Infrastructure to Support Rapid Economic Growth | Development of Local Communities and Living Infrastructure | Environmental Harmony and Energy Conservation | Redevelopment of Social Infrastructure

1870 to 1969

- Development of testing equipment for aggregate screening for pouring concrete for the Sup'ung Dam
- First use of prepacked concrete* in Japan
  *A method of placing coarse aggregate into a formwork before injecting mortar to create concrete
- First use of a mechanical shield machine in Japan
- First application of the freezing method for a large-section tunnel
- Development of the continuous underground cast-in-place pile method (PIP method)
- First application of the slurry shield tunneling method for a large-section tunnel


Keiyo Railway Line's Haneda-Oki Tunnel

1970 to 1979

- Development of tunnel support work using steel sheet piles (the armor method)
- Application of the aqua-packed method for a submerged tunnel for automobiles
- Development of the PIP-S method, a continuous underground cast-in-place pile method with enhanced water-stopping properties
- Development of the NHS method of constructing prefabricated high-rise residential buildings


Armor method

1980 to 1989

- Development of super-high-rise RC residential building construction method
- Development of technology for deep continuous underground walls


Deep continuous underground walls

Dam | Shield tunnel | Mountain tunnel | General civil engineering | Building | Civil engineering and Building | Environment

1990 to 1999

- Adoption of MIN dampers in base-isolated buildings
- Development of technologies regarding shield tunnel segments
- Introduction of unmanned construction technologies during restoration work after the eruption of Mt. Unzen-Fugen
- Development of the DRISS technology for survey ahead of tunnel faces


Unmanned construction technologies

2000 to 2009

- Development of the MOVE HAT method for the demolition of high-rise buildings using an elevating cover frame
- Development of the Tunnel Balloon total curing method for mountain tunnel lining concrete
- Development of a wave trapping artificial reef
- Development of the Nishimatsu Air Cleaning System


Tunnel balloon

2010 to 2019

- Development of the Uruoi and Nuku-Nuku curing method for mountain tunnel lining concrete
- Development of the BiD Frame Construction Method for the seismic retrofitting of existing buildings by external frames
- Start of the development of Tunnel RemOS technologies for automated and unmanned construction of mountain tunnels


BiD frame construction

2020 onwards

- Development of the tunnel lining form with automatic control systems for mountain tunnels
- First application of the seismic wooden frame system P&UA for mid- to high-rise wooden buildings
- Achieved the world's first underground connection by direct cutting in a large-diameter shield tunnel



Yokohama Shonan Road Tunnel Construction Work
Illustration of Underground Connection

Major Events

1850 Founder Keisuke Nishimatsu was born


Founder Keisuke Nishimatsu

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
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)
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
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"
Participating in woody biomass power generation projects
2023 Participating in biogas power generation projects
2024 The Aso Tateno Dam in Kumamoto Prefecture won a ZENKEN Award and an Outstanding Civil Engineering Achievement Award from the Japan Society of Civil Engineers
2025 Received the Excellence Award at the Ministry of Land, Infrastructure, Transport and Tourism's Infrastructure DX Awards for "Labor Saving in Tunnel Construction Using Digital Twins"

Nishimatsu Construction's Model for Co-Creation of Value

Toward the realization of the new long-term vision, we create value by leveraging our financial and non-financial capital. Furthermore, we regard bringing "safety, vibrancy, and bonds" to society as our impact on society (shared value), and we aim to realize a society in tune with our Sustainability Slogan, "Create together, shine together."

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

Inputs

Human Capital

- Number of consolidated employees 3,772
  * The number of employees includes the number of temporary employees.
- Professional engineers 181
- First class architects 441
- First class civil engineering construction management engineers 842
- First class building construction management engineers 821
- Training investment per employee ¥78,000

Intellectual Capital

- Number of patents owned 254 (As of March 31, 2026)
- Research and development costs ¥2.853 billion
- Number of joint industry-academia-government research projects 51 (FY2025)

Manufactured/Social and Relationship Capital

- Number of offices Japan 50 Overseas 10
- Number of construction sites 237 (As of March 31, 2026)
- Capital investments ¥34.033 billion (consolidated)
- N-NET (Nishimatsu Subcontractor's Network) 1,049 companies

Financial Capital

- Total capital ¥204.4 billion (consolidated)
- Interest-bearing debt ¥232.8 billion (consolidated)

Natural Capital

- Energy usage 286 GWh
- Renewable energy usage 89 GWh
- Water intake 881,000 m³

Business Activities

Our Vision for FY2035

Most Attractive General Contractor

The company that is valued and chosen by all stakeholders

One of the highest engagement scores among general contractors

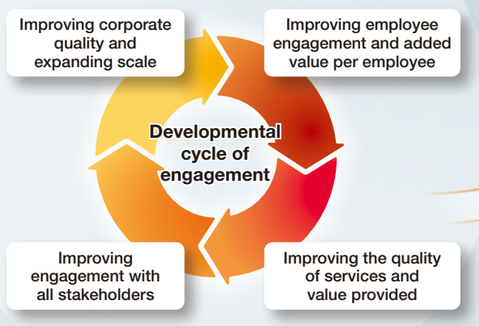
One of the highest added value per employee* figures among general contractors

* Added value per employee = (business income + personnel expenses) / number of employees

Creation of Competitive Advantages



Mechanism for Realizing Our Vision



Driving Force for Value Creation

Medium-Term Management Plan 2028 ➡P.26

Outputs

Consolidated Net Sales

FY2025 ¥396.0 billion

- Civil Engineering Business ¥121.9 billion
- Building Business ¥216.7 billion
- International Business ¥31.6 billion
- Environment and Urban Development Business ¥25.7 billion

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

- Number of new construction projects (contract value of ¥50 million or more)
  Civil engineering (including JV subcontracting and ancillary businesses): 37
  Building construction: 83
  Overseas civil engineering: 1
  Overseas building construction: 3
- Redevelopment and land readjustment projects 11 (in progress)

Environmental Burdens

- CO_2 emissions 47,700 t-CO_2
- Industrial waste emissions 411,000 t
- Wastewater discharge 807,000 m³

Financial Results

- Cash generation
- Improvement of ROE
- Shareholder returns
- Retained earnings for growth investments
- Reduction of D/E ratio

Outcomes

Social Value

- Employee engagement score 3.76 (on a five-point scale)
- Number of training participants (non-consolidated) 4,605 (cumulative total) of which, Nishimatsu Adult Education College participants 2,992
- Number of occupational injuries requiring 4 or more days of absence from work 18 (down 1 from the previous fiscal year)
- Ministry of Land, Infrastructure, Transport and Tourism construction performance evaluation score 79.8 points (average for three sites evaluated by MLIT)
- Percentage of S and A ratings in customer surveys
  Civil engineering: 97.6%
  Building construction: 97.2%
- Number of certified Nishimatsu Meisters 1,157 (cumulative)
- Number of construction sites utilizing new technologies 62 technologies developed by the Technical Research Institute utilized at 307 construction sites (FY2025)

Economic Value

- DOE 4.9%
- TSR 243.3% (five-year cumulative)

Environmental Value

- CO_2 emissions reduction 17,700 t-CO_2 (renewable electricity, diesel combustion accelerators, N-TEMS, etc.)

Impact

Nishimatsu-Vision 2035

By engaging with diverse stakeholders, help solve social issues more broadly, deeply, and sustainably

➡P.20

Safety, vibrancy, and bonds

Provide value to 60,000 regions and communities

(Cumulative total for FY2025: 8,850 regions and communities)

➡P.29

Realizing a society where everyone can "Create together, shine together."

➡P.68

From created value to sources of value

Capital and Strengths for Accelerating Value Co-Creation

Our long-term vision, Nishimatsu-Vision 2035, has three pillars: establishing a strong business portfolio; human capital management to maximize the value created by employees; and efficient management through the transition to a lean organizational structure. We will further expand the scale and domains of our core businesses while laying the foundation for next-generation growth businesses. By effectively deploying our various forms of capital and leveraging our strengths, we will accelerate value co-creation.

Types of Capital	Human Capital		Intellectual Capital		Manufactured/Social and Relationship Capital		Natural Capital	
Business	Strengths	Initiatives for further value co-creation	Strengths	Initiatives for further value co-creation	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 capabilities • On-site support capabilities • Ability to propose plans • Technology development capabilities • Business operation capabilities	• Expand and develop our bidding teams • Enable young and rehired site managers to play greater roles	• Construction technologies (mountain tunnels, shield tunnels, dams, and renewal work)	• Develop and enhance technologies for automated construction • Develop bridge deck replacement technologies • Develop tunnel lining rehabilitation technologies	• Brand • Supply chain	• Promote collaboration across industries • Promote the use of DB and ECI methods • Secure partner companies	• Initiatives for achieving the decarbonization plan for FY2030: ZERO30 Roadmap 2023	• Reduce CO_2 emissions by using renewable energy and alternative fuels to diesel • Engage in construction that considers biodiversity conservation
Domestic Building Business		• Develop next-generation site managers early and cultivate specialists • Strengthen front-loading	• Business collaboration know-how • Construction technologies (data centers and logistics facilities) • Environmental technologies	• Improve productivity through BIM and digital tools • Develop technologies for mid- to high-rise wooden buildings	• Trust-based relationships • Supply chain • Alliance partners (alliances with partners in different industries)	• Expand relationships with manufacturers		• Reduce CO_2 emissions by using renewable energy and alternative fuels to diesel • Engage in construction that considers biodiversity conservation • Deploy environmentally friendly buildings by developing technologies for medium- and high-rise wooden buildings, and by promoting ZEB design
International Business		• Empower local personnel and build locally led organizations	• Construction technologies developed in our domestic civil engineering and building businesses	• Improve profitability of international bid-based construction projects by applying technologies developed in domestic projects and focusing on projects where we have a competitive advantage	• Customer base • Trust-based relationships • Supply chain • Alliance partners (local JV partners)	• Create overseas construction demand in collaboration with the Environment and Urban Development Business • Build a portfolio resilient to Japanese companies' investment trends and expand our involvement in projects for foreign-owned companies		• Reduce CO_2 emissions by using renewable energy and alternative fuels to diesel • Engage in construction that considers biodiversity conservation
Environment and Urban Development Business	• Operational management capabilities • Ability to propose plans • Management skills • Problem-solving skills • Ability to collaborate with communities	• Expand human resource development opportunities through external organizations and broaden business opportunities by fostering each employee's growth mindset and willingness to take on challenges • Provide thorough in-house OJT and develop professionals with Nishimatsu-specific expertise in project development • Strengthen business development capabilities by acquiring experts and knowledge/experience related to new business fields	• Value-added know-how • Construction technologies	• Build business expertise through participation in joint projects with experienced partner companies • Expand business that applies the technical capabilities cultivated through the construction business in community development projects	• Consolidated subsidiaries • Private REIT • Trust-based relationships • Partner companies (collaboration with partners from other industries) • Industry-academia-government collaboration	• Build a resilient asset portfolio in Japan and overseas by appropriately combining "business domains," "sectors and uses," and "investment types" • Strengthen overseas renewable energy and PPP projects • Develop new business opportunities through diverse channels, including major companies, startups, and local governments • Strengthen execution capabilities through capital alliances, M&A, and other means		• Take an integrated approach across environmental initiatives, implementation, and operations to create vibrant, environmentally friendly next-generation communities

Nishimatsu-Vision 2035

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

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

Overview of Nishimatsu-Vision 2035

Issues in the domestic construction market

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

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

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

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

Proactive investments and M&A activities

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

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

Three pillars

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

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

Our issues

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

Our Vision for FY2035

Most Attractive General Contractor

Developmental cycle of engagement*1

One of the highest engagement scores among general contractors

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

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

Improving engagement with stakeholders (employees, customers, shareholders)

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

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

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

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

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

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

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

Rebuilding social functions

Social infrastructure development

Construction

- Civil Engineering
- Building
- International

Real estate development

Renewable energy

Social and urban functions

Disaster prevention and safety

Disaster prevention and safety

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



Construction

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



Renewable energy

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



Real estate development

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



Social and urban functions

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



Review of Previous Medium-Term Management Plans

Review of Medium-Term Management Plans 2020 and 2023

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

Medium-Term Management Plan 2020 (FY2018-2020)

Basic Policies

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

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

Results (consolidated)

Targets		
	Net sales	¥380.0 billion
	Operating income	¥25.0 billion

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

Finance (consolidated)

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

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

Review of Initiatives

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

1. Evolving the construction business

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

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

International Business
- Commence market research in six Southeast Asian countries

2. Expand Business Fields

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

New businesses
- Working to create renewable energy businesses

Medium-Term Management Plan 2023 (FY2021-2022)

Basic Policies

Period of transformation into a company with overall capabilities

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

Results (consolidated)

Targets		
	Net sales	¥400.0 billion
	Operating income	¥32.0 billion

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

Finance (consolidated)

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

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

Review of Initiatives

1. Organic Collaboration on Various Projects

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

2. Initiative for the Realization of a Decarbonized Society

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

3. Collaboration with Partners from Other Industries

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

4. Shareholder Returns

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

Review of Medium-Term Management Plan 2025

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

Medium-Term Management Plan 2025 (FY2023-2025)

Basic Policies

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

Results (consolidated)

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

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

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

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

Finance (consolidated)

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

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

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

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

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

Review of Initiatives

1. Business Strategies

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

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

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

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

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

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

2. Reform Program

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

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

3. Technology Development and DX

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

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

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

Medium-Term Management Plan 2028

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

Basic Policies

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

Nishimatsu-Vision 2035

Long-term corporate strategy

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

Medium-Term Management Plan 2028

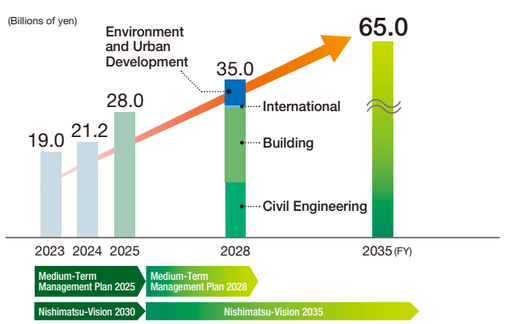
Basic policies

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

Performance Targets

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

Operating income (consolidated)



FY2028 Targets

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

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

Financial Targets

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

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

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

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

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

Sustainability Targets

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

Implement materiality solution initiatives

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

Enhance sustainability governance which supports sustainability management

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

Materiality

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

Materiality Identification Process

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

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

Choosing the issues to be considered

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

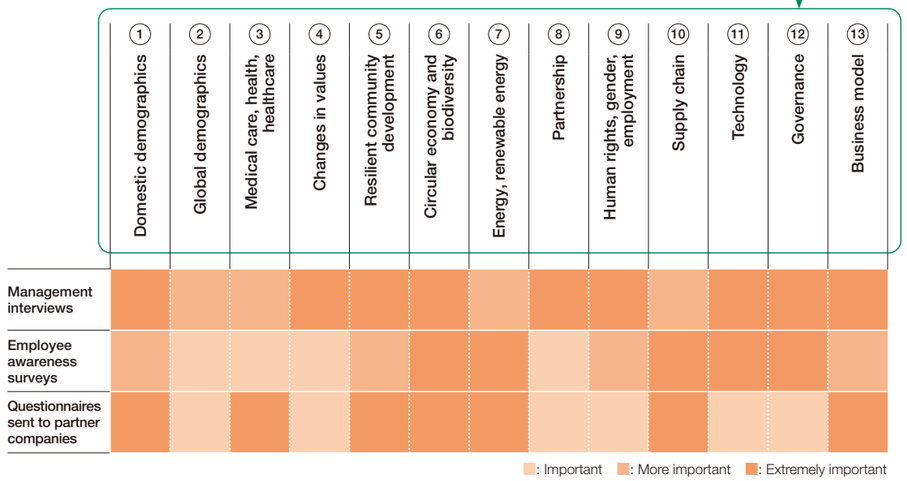
→ 84 issues — Integrated and aggregated

Evaluating and narrowing down the list of issues to be considered

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

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

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



Identifying material issues

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

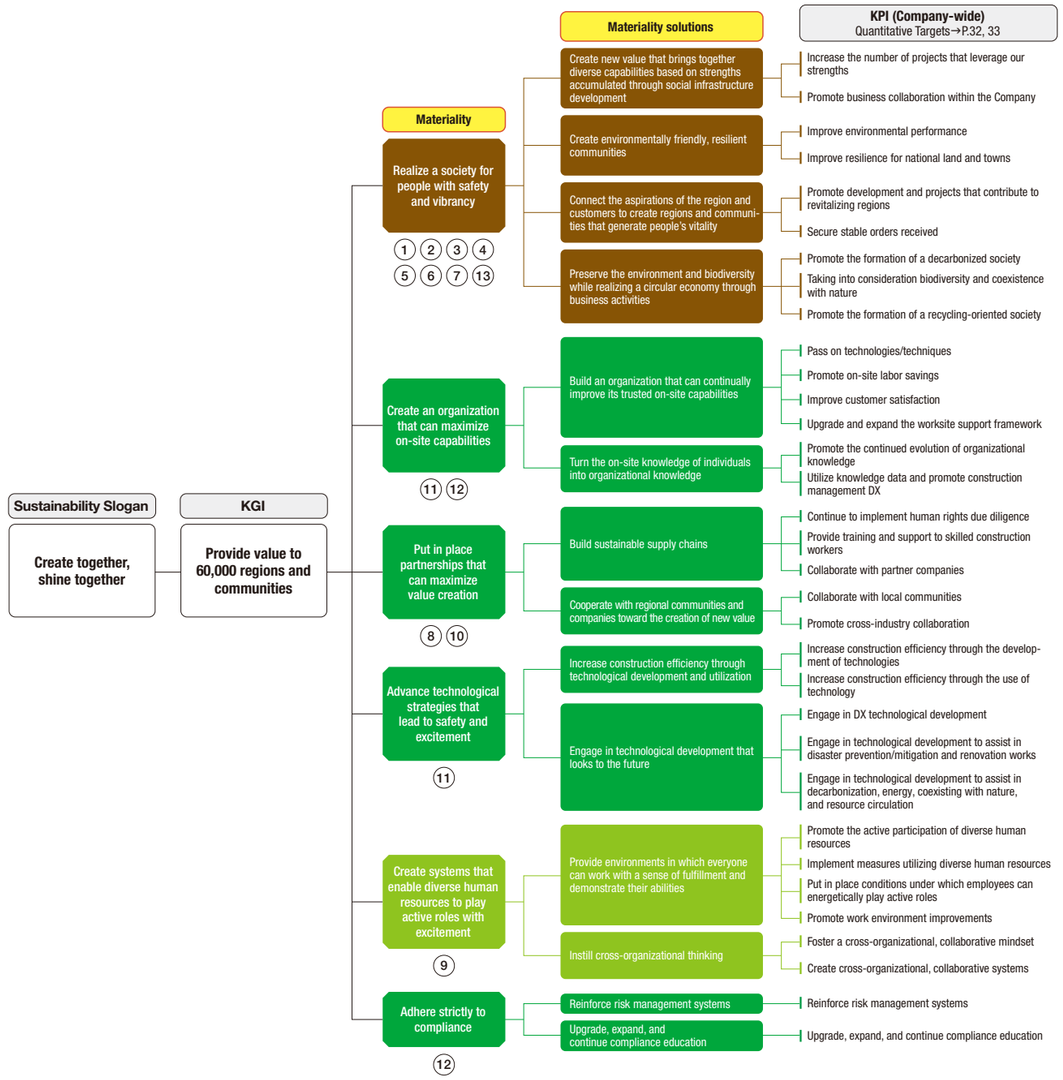
→ 6 issues — Finalized the wording of the six material issues judged to be highly important to society and the Company.

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

KGI and KPI Tree

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

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



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

Material Issues, Opportunities and Risks

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

Materiality and KPIs

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

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

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

Message from the Executive Vice President in charge of Corporate Unit



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

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

Rebuilding the Management Foundation and Advancing the Corporate Unit

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

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

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

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

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

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

Evolving Dialogue and Changes in Employee Mindsets

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

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

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

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

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

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

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

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

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

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

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

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

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

Toward Becoming the Most Attractive General Contractor

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

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



Roles of each unit

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

Message from the General Manager of the Corporate Strategy Unit



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

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

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

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

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

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

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

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

Initiatives to enhance corporate value

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

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

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

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

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

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

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

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

Engagement and Added Value as the Starting Point for Growth

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

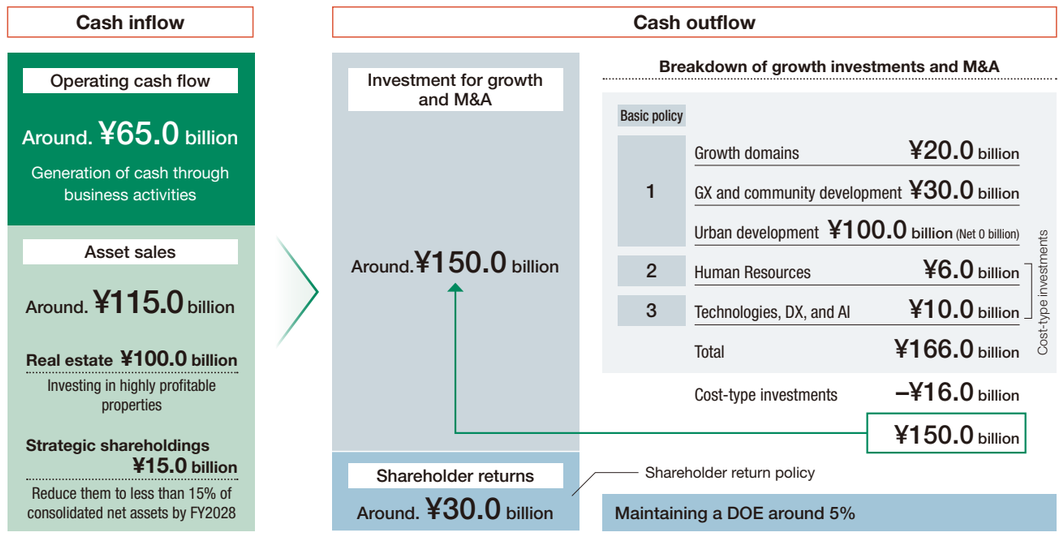
We see engagement not simply as a matter of employee attitudes, but as an outcome of investment in human capital. Specifically, we will support employee growth and their willingness to take on challenges through upskilling and reskilling, support for diverse career development, and the creation of workplaces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

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

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

Message from the General Manager of the Corporate Strategy Unit

Cash allocation (FY2026–FY2028)



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

Transforming the Earnings Structure and Advancing Growth Investment

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

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

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

Integrating Human Resource Strategy and Productivity Reform

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

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

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

Integrating Sustainability into the Core of Management

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

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

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

Executing Transformation and the Role of the Corporate Strategy Unit

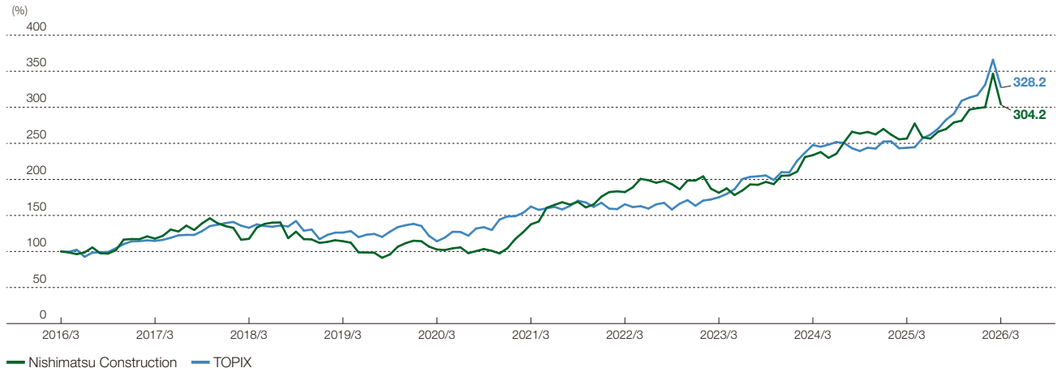
The next several years will be a critical period of transformation for Nishimatsu Construction. Rather than reacting passively to changes in the market environment, we must lead transformation ourselves and establish competitive advantages.

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

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

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

Total shareholder return (TSR)



Stock price performance

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

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

Human Resource Strategy



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

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

Review of Medium-Term Management Plan 2025 and Challenges

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

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

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

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

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

New Human Resource Strategy for Becoming the Most Attractive General Contractor

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

Initiatives to improve employee engagement

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

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

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

Trends in engagement scores

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

* Excluding employees hired at branch offices and temporary employees

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

Optimization of human resource allocation

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

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

Securing diverse human resources and promoting their active participation

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

Materiality and initiatives under Medium-Term Management Plan 2028

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

Human Resource Strategy

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

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

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

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

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

Self-directed career development

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

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

Development of management personnel

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

COLUMN

Trust. It's what we build.

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



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

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

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

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

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

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

Health and Productivity Management Initiatives

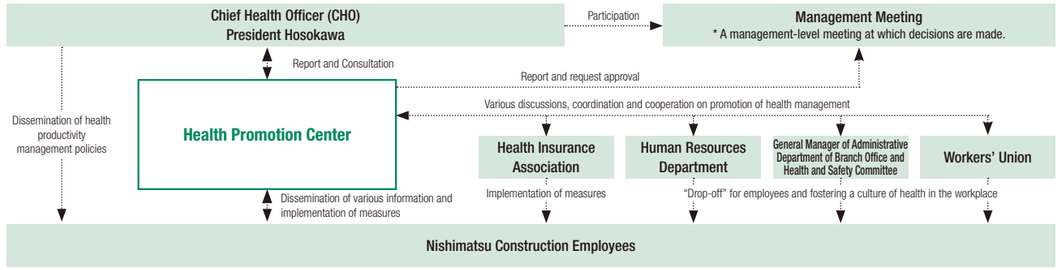
We believe that the well-being of employees is the source of energy for sustainable corporate growth, and that good health is the source of this well-being. To achieve this, we recognize that workforce loss due to illness is a management issue, and aim to improve productivity by preventing such loss.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

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

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

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

Promotion system chart



TOPIC

Supporting heatstroke prevention for on-site workers

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


Using Canary watches for heatstroke prevention

Technological & DX Strategy



Creating innovation by integrating AI with technologies we have cultivated

Hiromi Tsuboi Executive Officer, General Manager of Technology Strategy Unit

Review of Medium-Term Management Plan 2025 and Challenges

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

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

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

Materiality and Medium-Term Management Plan 2025 priority measures

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

Digital Transformation Certification
Certified in July 2022

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

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

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

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

Improve productivity using technologies and DX, and humans and AI

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

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

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

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

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

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

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

Materiality and Medium-Term Management Plan 2028 priority measures

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

Technological & DX Strategy

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

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

Mountain tunnel digital twin platform

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

Received an excellence award in the infrastructure DX awards

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



Mountain tunnel digital twin platform

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

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

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

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

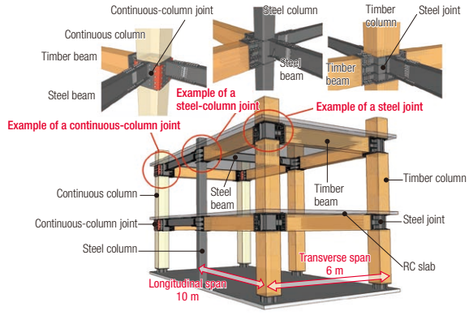
The method applies the newly developed GIUA[*2] glued-in steel rod connection method to column-beam joints, dramatically improving seismic performance compared with conventional wooden buildings. The property also uses domestically produced Japanese cedar and cypress structural glued laminated timber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

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

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



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



Conceptual image of a hybrid timber-steel frame

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

Intellectual Property Management

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

Intellectual property activity system

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

Promotion of IP activities

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

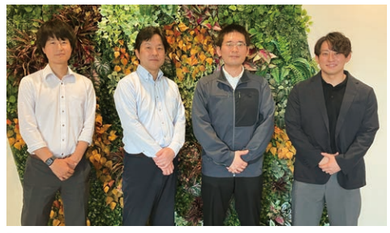
IP personnel training

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

COLUMN

Trust. It's what we build.

Promoting AI development, testing, and production deployment across operations



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

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

Domestic Civil Engineering Business



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

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



Business Environment

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

Strengths

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

Risks

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

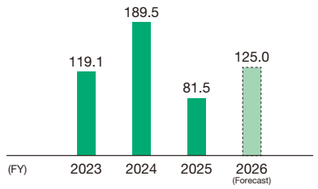
Opportunities

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

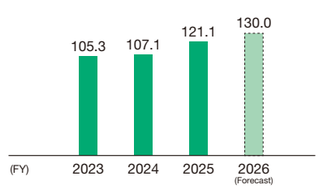
Materiality and priority measures under Medium-Term Management Plans 2025 and 2028

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

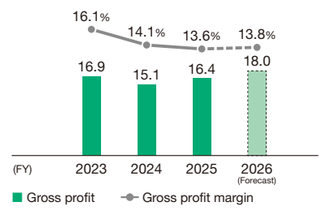
Orders received (non-consolidated) (Billions of yen)



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



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



Review of Medium-Term Management Plan 2025

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

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

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

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

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

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

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

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

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

Domestic Building Business



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

Kazutoyo Hamada Senior Managing Officer, General Manager of Building Division



Business Environment

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

Strengths

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

Risks

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

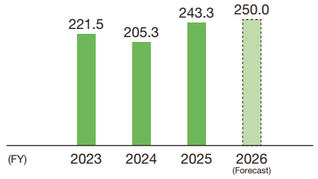
Opportunities

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

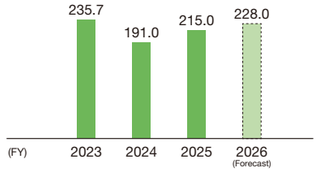
Materiality and priority measures under Medium-Term Management Plans 2025 and 2028

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

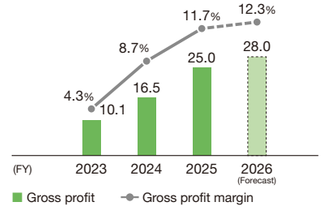
Orders received (non-consolidated) (Billions of yen)



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



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



Review of Medium-Term Management Plan 2025

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

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

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

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

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

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

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

Making BIM-based site management the standard

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

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

International Business



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

Kozo Kusano Executive Officer, General Manager of International Division



Business Environment

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

Strengths

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

Risks

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

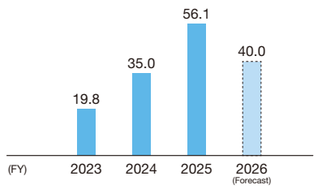
Opportunities

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

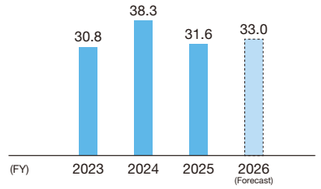
Materiality and priority measures under Medium-Term Management Plans 2025 and 2028

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

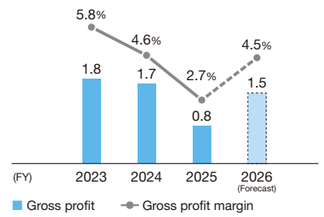
Orders received (consolidated) (Billions of yen)



Net sales (consolidated) (Billions of yen)



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



Review of Medium-Term Management Plan 2025

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

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

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

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

Pursuing sustainable growth through local employee development

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

Environment and Urban Development Business



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

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



Business Environment

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

Strengths

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

Risks

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

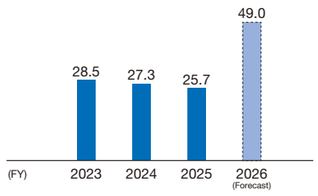
Opportunities

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

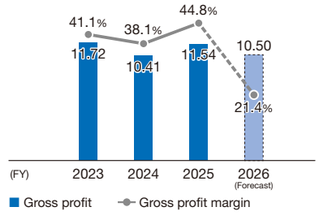
Materiality and priority measures under Medium-Term Management Plan 2025

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

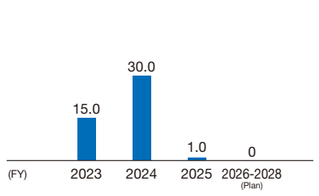
Net sales (consolidated basis) (Billions of yen)



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



Net investment (Billions of yen)



Review of Medium-Term Management Plan 2025

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

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

Materiality and priority measures under Medium-Term Management Plan 2028

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

Environmental and Urban Development Business





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

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

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

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

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



Architectural rendering

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

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

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

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

Projects in Collaboration with ITOCHU Corporation

1. Development of a Luxury Hotel in Hakone Gora

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



The Okura Resort Hakone Gora

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

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

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



Orlando rental housing development project, U.S.

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

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

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



Queensland rolling stock supply PPP project, Australia

Outside Director Roundtable Discussion



Facilitator: Osamu Shibui, Director, Senior Managing Officer, General Manager of Management Unit

Toward Becoming “the Most Attractive General Contractor”: What Did the Board of Directors Discuss?

President Hosokawa’s Second Year in Office and Review of Medium-Term Management Plan 2025

Shibui Today, I would like to hear your candid views as outside directors on Nishimatsu Construction’s initiatives to become “the most attractive general contractor,” looking back over the past year.

From my perspective within the Company, President Hosokawa has continued to explore ways to realize this vision since the beginning of his tenure. His attentiveness to how employees feel represents a major change. How do you assess his leadership?

Kikuchi I have only been an outside director for one year, so my basis for comparison with the past is limited. Even so, I find President Hosokawa very agile and quick to initiate reforms. Rather than emphasizing his position as president, he visits worksites and shares issues directly with employees while remaining fully conscious of his responsibilities as the Company’s top executive.

Oshita I believe one of the president’s most important responsibilities is to have a firm resolve to change the Company. President Hosokawa clearly has that resolve. In our discussions leading up to Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028, his position was consistently clear: whether the matter was large or small, if something needed to change, we should change it.

Ito One major change under President Hosokawa is the adoption of the clear and memorable goal of becoming “the most attractive general contractor.” It is easy to communicate and understand, while also prompting every employee to think about what it actually means for a company to be “attractive.” Another major change was the establishment of the Corporate Strategy Unit, Human Resource Strategy Unit, Technology Strategy Unit, and Management Unit within the Corporate Unit. This created a cross-functional structure that cuts across traditional silos such as Civil Engineering and Building, enabling company-wide issues and challenges to be discussed beyond the boundaries of individual business divisions. I see this as evidence of a strong determination and ability to reshape the organization so that it can change employee mindsets and implement highly effective measures.

Kubo President Hosokawa demonstrates strong leadership and follows through on what he decides. I believe it was effective to change the organization and put in place a structure for discussing the new long-term Vision and Medium-Term Management Plan. At the same time, precisely because his leadership is strong, there is a risk that discussion may not always go far enough. Going forward, the Board of Directors will need to ensure that issues are discussed thoroughly and supplement his leadership appropriately.

Shibui Medium-Term Management Plan 2025 (hereafter, the previous Medium-Term Management Plan) was formulated in response to unprofitable projects in the Building Business and International Business and focused on restoring performance. The Building Business improved, but challenges remained in the International Business, as well as in developing the next growth strategy and advancing structural reform.

Oshita I believe the previous Medium-Term Management Plan delivered the level of profit expected from the existing businesses. On the other hand, we cannot say that initiatives in new areas, responses to human resource shortages, or reforms to personnel systems were sufficient.

Kikuchi I view the integration of the Regional Environmental Solutions Business Division and the Asset Value-Added Business Division positively. Seeking to generate synergies in response to the issues identified was a concrete step toward change.

Kubo I believe the previous Medium-Term Management Plan progressed largely as planned in terms of business performance and financial indicators. However, I do not think it was discussed as thoroughly during the formulation process as the new Medium-Term Management Plan has been. For a general contractor, business performance over roughly the next three years can be forecast to some extent. What matters more is how we shape our medium- to long-term strategy. The major difference this time is that our discussions went much further into that area.

Ito I appreciate that several organizational changes were made in response to issues identified under the previous Medium-Term Management Plan. However, challenges remain, and these were incorporated into the discussions on the new Vision and Medium-Term Management Plan.



■ **Osamu Shibui, Director**

Mr. Shibui has been involved in strategy planning and business improvement in the corporate planning department for many years and is well versed in strategic thinking and business improvement. He was appointed as a director of the Company in June 2025.

Board Discussions on Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028

Shibui The way the Board of Directors conducted its discussions also changed significantly during the formulation of Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028. The many comments from the outside directors often made us realize that views we had taken for granted within the Company needed to be reconsidered from different angles. What points did you place particular emphasis on during the formulation process?

Oshita The point I stressed most strongly was that the Vision and Medium-Term Management Plan must communicate clearly to stakeholders. Abstract wording serves no purpose. Employees need to understand and internalize the plans, and shareholders and investors need to see clearly where Nishimatsu is headed.

Ito I thought it was essential to clearly define what kind of company we want to become over the long term and then specify what we need to do now to move toward that goal. Polished language alone does not lead to execution. Unless we clearly identify the issues, how they will be resolved, and the order in which they will be addressed, those responsible for execution will be left asking, “What exactly are we supposed to do?” Technology and society are also changing rapidly, including developments in AI, so it is important to enable every employee to relate those changes to their own work.

Kubo As I mentioned earlier, I believe the focus of our discussions this time was the long-term Vision rather than the three-year Medium-Term Management Plan itself. There are many players in the industry, and Nishimatsu Construction is positioned in the middle tier. We will not establish a distinctive presence by doing the same things as the major general contractors. As we flesh out the specific measures going forward, I intend to contribute from the perspectives of differentiation and where we should focus our resources.

Kikuchi I believe the formulation process worked very well. Rather than simply receiving reports, we had repeated opportunities for discussion, and I felt that we were genuinely involved as the content was refined in light of the views of the outside directors. In terms of substance, a key issue was how to position the goal of becoming “the most attractive general contractor” within Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028 and how to make that vision a reality.

Shibui On the other hand, I feel we could have gone further in discussing the position Nishimatsu should aim for within the industry. What will net sales of 500.0 billion yen and operating income of 35.0 billion yen three years from now mean in terms of our position in the industry, and how will we strengthen our competitiveness? These questions will become even more important. We also discussed capital efficiency, PBR, and ROE, but the essential issue is what we invest in and where we differentiate ourselves.

Oshita The numbers should come last. First, we need to decide what we will do and which areas we will pursue in ways that set us apart from competitors. The numbers should

Outside Director Roundtable Discussion



■ **Toshihiro Kubo, Outside Director**
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 outside director of the Company in June 2022.

follow from those choices. How will we use the assets we already have to generate cash, and where will we invest that cash? Without that discussion, the conversation becomes one about numbers for their own sake.

Kubo PBR is above 1.0x, and ROE is also at a reasonable level. However, I believe our cash allocation can be more decisive. If we spread limited funds evenly across everything, we will not be able to make a fundamental change.

Ito While we discussed ROE and PBR, they were not our main focus. The more important issue was what positioning Nishimatsu should adopt and how it can establish a stronger presence. How do we establish new business domains, and what direction should the International Business take? These are the areas that require deeper discussion.

The Role of Outside Directors and Enhancing Corporate Governance

Oshita In terms of the effectiveness of the Board of Directors, another major change in FY2025 was the introduction of a new category of agenda items specifically designated for discussion. When an item is put to a resolution, discussion can tend to focus on whether to approve it, whereas discussion items allow directors to exchange views and ask questions freely. I believe this approach was important in changing the way the Board operates.

Ito The outside directors also proposed that this type of approach might work better, and the President adopted it immediately. That ability to act and the speed with which he does so are also characteristic of President Hosokawa.

Shibui The outside directors have also participated frequently in worksite visits and exchanges of views with the various business divisions. I feel that closer interaction between the outside directors and the executive side has made communication easier.

Kikuchi I agree. I have been struck by how many opportunities outside directors have to visit worksites and regional headquarters. There are also many opportunities to exchange views with the President and other senior executives, and I feel we have ample opportunities to communicate. At the same time, I consciously maintain an independent perspective as an outside director. I sense a clear commitment to ensuring that outside directors properly understand Nishimatsu's businesses and people and then use that understanding to make Board discussions more meaningful.

Oshita Rather than having the outside directors first consolidate their views among themselves, our main approach is to discuss matters directly with general managers and department heads. I find this highly effective. We cannot have substantive discussions at the Board of Directors without understanding the realities on the front lines and the people involved.

Kubo Outside directors speak actively, but the relatively limited participation by internal directors is an issue. Many of them have spent long careers within particular business divisions, and when the topic is company-wide or concerns another division, they may find it difficult to enter the discussion. That is something we need to change.

Progress on Sustainability Management and Human Capital Strategy

Shibui Next, I would like to discuss sustainability management. It is positioned as an important theme in Medium-Term Management Plan 2028, but I believe the challenge is how to connect it directly to our business activities and translate it into action by each and every employee.

Kubo Sustainability management is not only about the environment or climate change. The business activities themselves need to be sustainable. What matters is how we take the interests of all stakeholders into account, including customers, suppliers, employees, and local communities.

Kikuchi I believe what matters is whether employees see sustainability as something that concerns them directly. They should not regard climate change, the circular economy, and other social issues as distant global concerns that have little to do with them. They need to connect these issues with their own work and business activities and ask what they themselves can do.

Oshita If we asked employees, "What does sustainability management mean at Nishimatsu?" we might not yet receive a clear answer. That is precisely why we need to communicate it in language that resonates with each employee and connect it with the value we provide to regions and communities and with their day-to-day activities.



■ **Yayoi Ito, Outside Director**
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 outside director of the Company in June 2023.



■ **Misako Kikuchi, Outside Director**
Ms. Misako Kikuchi has significant experience at MITSUI & CO., LTD. and has gained extensive knowledge and insight as the representative director and president of one of its subsidiaries. She was appointed as an outside director of the Company in June 2025.

Shibui We also face challenges in human capital. President Hosokawa has been bold in rotating personnel. He has appointed people from the business divisions to the Corporate Unit, while also changing key assignments, including subsidiary presidents and sales personnel. These moves demonstrate his determination to change the Company across organizational boundaries.

Ito On human capital strategy, I believe one challenge is that we still do not have enough people to execute it. We need to develop human resources who see sustainability and other issues as directly relevant to themselves, and we need to seriously consider reskilling, the human resource portfolio, and cross-divisional exchanges.

Kikuchi Human resource development takes time, which is why we need to move quickly. It is important to provide learning and training opportunities at every level and for managers to recognize the development of their subordinates as their foremost responsibility. We also need to give employees cross-functional experience and establish Nishimatsu-specific measures to promote the active participation of diverse human resources, including women.

Oshita Human resources are our most important management priority. If our human resource strategy does not move forward, it will be difficult to execute our growth strategy. In areas requiring immediate action, including new businesses, the International Business, DX, AI, and M&A, we need to use every available means, including recruiting external talent.

Kubo There are many human resource issues, and I believe we still have much more to discuss across the Company. Personnel allocation and development, mid-career hiring, the advancement of women, and management training are not issues that can be solved easily, nor is there any single definitive solution. What matters is moving quickly from consideration to planning and implementation, then review and improvement. I expect this to remain an important discussion theme for the Board of Directors.

The Role of Outside Directors in Sustainable Growth

Shibui Finally, I would like to ask about stakeholder expectations and the role of outside directors going forward. How should Nishimatsu Construction demonstrate its appeal?

Kubo The construction industry has an important social mission, but its growth prospects tend to be viewed cautiously. With many players in the industry and the possibility of further restructuring, Nishimatsu needs a strategy that will enable it to remain competitive and strengthen its appeal. As an outside director, I intend to maintain a constant focus on strategic priorities and differentiation and to keep asking where Nishimatsu can truly become number one.

Ito I believe stakeholders expect Nishimatsu to become an attractive company. The role of outside directors is to apply our respective expertise and backgrounds and exercise objective judgment from a broad, strategic perspective. I hope to contribute when we assess the available options for enhancing corporate value and determine whether they truly represent the best course for the Company.

Oshita I regard employees as the Company's most important stakeholder. If employees are motivated, the results will also have a positive impact on shareholders and other stakeholders. As an outside director, I want to keep a close eye on employee satisfaction and the Company's efforts.

Kikuchi Outside directors also need to understand how Nishimatsu Construction is viewed externally. By attending an analyst briefing as an observer, I gained a better understanding of what investors want to know. External image survey results also suggested that, beyond our reputation for stability, there is further room to strengthen recognition of Nishimatsu as a leading brand and to communicate our technical capabilities more effectively.

Shibui I hope the outside directors will continue to share their candid views with us. For Nishimatsu Construction to move closer to becoming "the most attractive general contractor," it is essential to connect frank discussions at the Board of Directors with execution on the front lines. We will ensure that Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028 are effectively implemented.



■ **Hajime Oshita, Outside Director**
In addition to a wealth of experience gained during his tenure at JFE Engineering Corporation, he possesses broad knowledge cultivated as President and CEO of JFE Engineering Corporation and Director of JFE Holdings, Inc. He was appointed as an outside director of the Company in June 2024.

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.

Compliance with the Corporate Governance Code

The Company implements all principles of the Corporate Governance Code (as revised in June 2021). With respect to the revised Code published in July 2026, we will take its intent into account, confirm the implementation status of each principle, take necessary measures, and make appropriate disclosures.

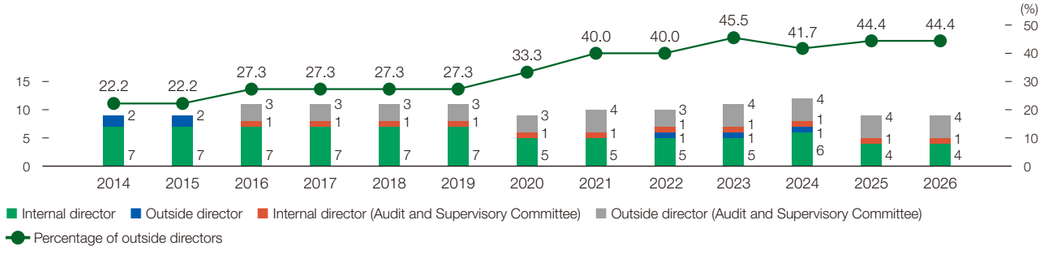
WEB Initiatives on Corporate Governance by Nishimatsu Construction Co., Ltd., Corporate Governance Report
➡ https://www.nishimatsu.co.jp/eng/company/governance.html

Initiatives for Strengthening Corporate Governance

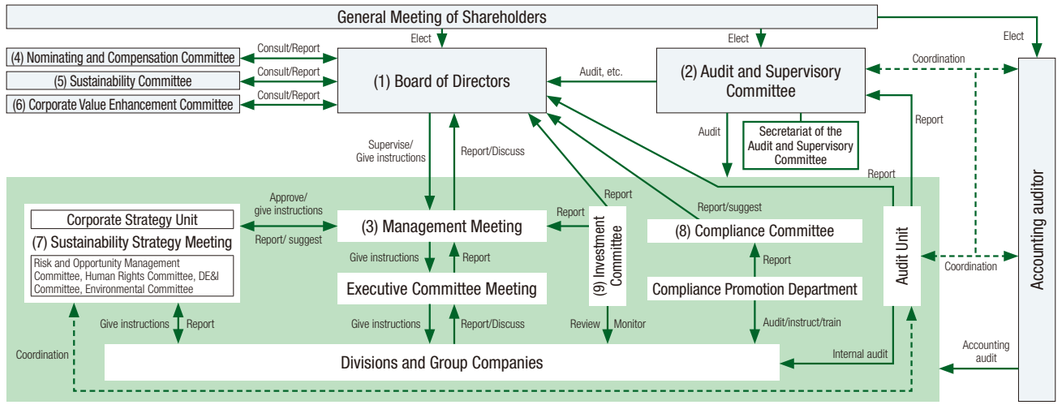
Strengthening the corporate governance system is one of the highest priority management issues that we are tackling at Nishimatsu Construction. In FY2016, we transitioned into a company with an Audit and Supervisory Committee and worked to ensure the efficacy of the oversight functions of the Board by bringing in Audit and Supervisory Committee members as part of the Board. In FY2023, we established the Sustainability Committee and the Risk and Opportunity Management Committee to increase corporate value from a sustainability perspective. In FY2024, the Sustainability Strategy Meeting began convening. In FY2025, we established the Corporate Unit, reviewed the roles of each meeting body and the connections between them, and reviewed the investment decision-making process of the Investment Committee, thereby enhancing our system for the execution of business. We will continue to strive to further strengthen our corporate governance system.

2006-2020		2021-2025	
2006	Introduction of an executive officer system	2021	Established the Corporate Value Enhancement Committee Introduction of performance-linked compensation and stock compensation Established the Investment Committee Began operation of the Company President Succession Plan
2008	Established the Internal Control Committee	2023	Established the Sustainability Committee and Risk and Opportunity Management Committee
2009	Established the Nishimatsu Hotline whistleblowing system First appointment of two outside directors Established the Nominating Committee and Compensation Committee Established the Compliance Committee	2024	Established the Sustainability Strategy Meeting
2016	Implemented an effectiveness evaluation of the Board of Directors Transitioned to a company with an Audit and Supervisory Committee	2025	Established the Corporate Unit and reviewed the meeting bodies responsible for the execution of business
2019	Established the President and General Managers Meeting (now the Management Meeting)		

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



Corporate Governance System

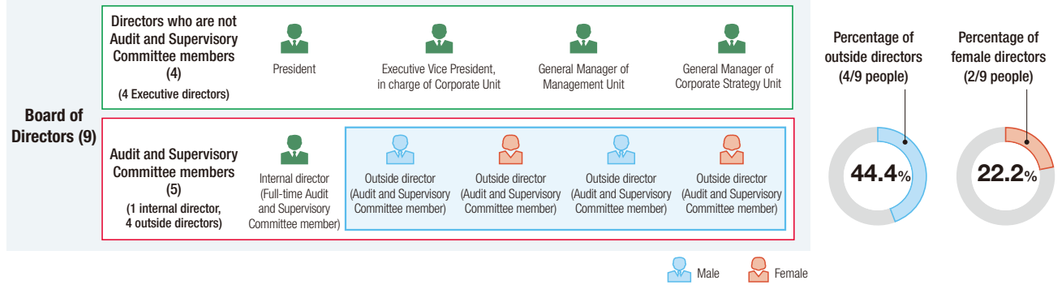


(1) Board of Directors	Makes decisions on basic management policies and other important management matters, and supervises the execution of duties by directors. In addition to matters stipulated by laws and regulations and the Articles of Incorporation, the Board of Directors deliberates and decides 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) Management Meeting	Among the proposals to be submitted to the Board of Directors, it conducts preliminary deliberations mainly on important matters for sustainable growth. After such proposals are resolved by the Board of Directors, it determines specific measures for their implementation. It also decides or deliberates on some individual matters related to business execution.
(4) Nominating 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 Management Meeting.

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

The Company's Board of Directors comprises four executive directors and five directors who are Audit and Supervisory Committee members. The Audit and Supervisory Committee comprises one full-time internal director and four outside directors (who have management experience at a listed company, and experience at an information and communications company). All directors possess specialized knowledge in fields considered to be important for business management.

Currently, the percentage of outside directors on the Board of Directors is 44.4% and the percentage of female directors is 22.2%. Going forward, we will continue verifying the independence, skill sets, and diversity, including gender diversity, of those on the Board of Directors and will work to improve the efficacy of the Board.



Corporate Governance

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 outside 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.

For the reasons for appointing Outside Directors, see our website.

WEB Corporate Governance Report
➡ https://www.nishimatsu.co.jp/eng/company/governance.html

Board of Directors' Skill Set

Position	Full name	Gender	Independence	Expertise and Experience Criteria for Directors								Nominating and Compensation Committee	Sustainability Committee	Internal Directors: Main roles Outside Directors: Career and qualifications
				Corporate management	Construction technology & quality	Sustainability (Environment)	Sustainability (Society)	Treasury, Accounting, Finance	Legal, Governance, Risk management, Compliance	Digital & IT	Global			
Representative Director and President	Masakazu Hosokawa	Male		●	●	●							●	Chief Executive Officer and President
Representative Director	Makoto Isshiki	Male		●	●	●						●		Executive Vice President, in charge of Corporate Unit
Director	Osamu Shibui	Male		●			●	●	●			●	●	Senior Managing Officer, General Manager of Management Unit and in charge of Investor Relations
Director	Shinsuke Hamasaki	Male			●	●	●						● (Secretariat)	Managing Officer, General Manager of Corporate Strategy Unit
Director (Full-time Audit and Supervisory Committee member)	Hideyuki Kawano	Male					●		●					
Outside director (Audit and Supervisory Committee member)	Toshihiro Kubo	Male	●	●		●	●		●			●	●	Representative Director, Kubota Corporation
Outside director (Audit and Supervisory Committee member)	Yayoi Ito	Female	●	●			●			●		●	●	Head of the Business Planning Promotion Office, NTT Data Corporation, Executive Officer, SG SYSTEMS CO., LTD.
Outside director (Audit and Supervisory Committee member)	Hajime Oshita	Male	●	●		●		●	●		●	●	●	Representative Director, President and CEO, JFE Engineering Corporation Director, JFE Holdings, Inc.
Outside director (Audit and Supervisory Committee member)	Misako Kikuchi	Female	●	●		●	●		●			●	●	President and Representative Director, Mitsui Bussan Forest Co., Ltd.

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

Reasons for Selecting the Skills

The Board of Directors has selected "Corporate Management," "Treasury, Accounting," "Legal, Governance," and "Sustainability" as foundational skills essential to corporate governance. In addition, given the characteristics of the construction business, including ensuring construction quality and safety, managing technology risks, and managing partner companies, it has selected "Construction Technology & Quality"; from the perspectives of improving business efficiency and strengthening competitiveness, "Digital & IT"; and as a capability for handling overseas projects, "Global." In this way, the Board ensures that it collectively possesses the skills necessary to realize the Long-Term Vision and achieve the Medium-Term Management Plan.

Director Compensation

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

Compensation for the executive directors comprises base compensation and performance-linked compensation.
Compensation for the non-executive directors 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 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. To enhance the incentives to increase corporate value over the medium-to-long term, base compensation was reduced and performance-linked compensation was increased in FY2025, resulting in a ratio of base compensation to performance-linked compensation of approximately 7 to 3. Within performance-linked compensation, there is generally a two-to-one ratio of cash-based compensation to stock-based compensation.

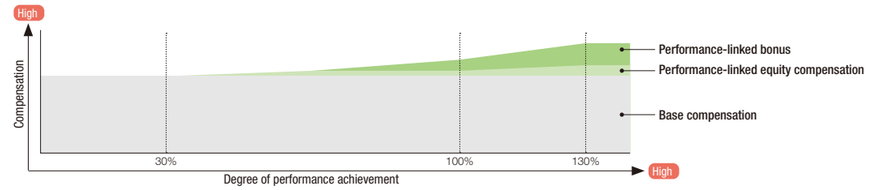
Based on these policies, the President drafts a preliminary proposal, then consults with the Nominating and Compensation Committee, whose input is taken into account and decided on by the Board of Directors (Base compensation and performance-linked compensation are determined in March and June, respectively, 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**	• Company-wide performance (operating income, profit attributable to owners of parent) • Evaluation by the President (ROE, PBR, and behavioral indicators that contribute to corporate value enhancement, environmental management (reduction of CO_2 emissions), and prevention of compliance incidents and reduction of disaster risk)	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

* The President's own evaluation is based on Company-wide performance (operating income and profit attributable to owners of parent).
* The indicators that contribute to enhancing corporate value in the President's evaluation include "improving engagement" and "employee development."

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 (FY2025)

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 outside directors)**	9 (1)	¥145 million (¥2 million)	¥67 million (-)	¥20 million (-)	¥234 million (¥2 million)
Directors (Audit and Supervisory Committee members) **(of which outside directors)**	6 (5)	¥58 million (¥40 million)	- (-)	- (-)	¥58 million (¥40 million)
Total **(of which outside directors)**	15 (6)	¥204 million (¥43 million)	¥67 million (-)	¥20 million (-)	¥292 million (¥43 million)

* The total amount of performance-linked compensation (cash-based compensation) indicates the amount of provision for directors' bonuses in FY2025. In addition, the total amount of performance-linked compensation (noncash-based compensation) indicates the amount of provision for directors' stock benefits in FY2025 based on the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan that uses a trust.
* The above includes five Directors (excluding Directors who are Audit and Supervisory Committee Members) and one Director who is an Audit and Supervisory Committee Member who retired at the conclusion of the 88th Ordinary General Meeting of Shareholders held on June 26, 2025.

Corporate Governance

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 as described in (1), (2) below. Based on the results of the evaluation shown in (3), (4) 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 secretariat of the Board of Directors led in creating a questionnaire given to all members of the Board of Directors and in conducting interviews with them.

The counting process of the collected questionnaires was outsourced to a third-party institution. An analysis and evaluation were conducted based on the compiled questionnaire results and the interview findings, and were then reported to and discussed by the Board of Directors.

Period covered by questionnaire: FY2025 (April 2025-March 2026)
Consideration of questionnaire items: December 2025-January 2026
Questionnaire response: February 2026
Interview held: March 2026
Questionnaire results compilation and analysis: March 2026
Report to and discussion by Board of Directors: March, April and May 2026

(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," "Establishment of internal control systems, etc.," "Utilization of Outside Directors," and "Relationship with shareholders and investors."

(3) Overview of Evaluation Results

The evaluation results confirm that the number of members of the Company's Board of Directors and the ratio of Outside Directors are appropriate, and that the effectiveness of the Company's Board of Directors is being improved, with frank discussions taking place due to open commenting by individual Directors under the smooth proceedings conducted by the Chairperson.

In addition, appropriate discussions on compensation and other matters continue to be recognized as a strength of the Company's Board of Directors.

(4) Response to Issues Identified in the Previous Fiscal Year (FY2024)'s Questionnaire

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

1) Enhancement of discussions on how the Board of Directors should be: It was found that the decision-making function has been enhanced through discussions with the Board of Directors, and that active exchanges of opinions are taking place. However, it was indicated that while the roles and functions of the Board of Directors have become more clearly defined than before, the process is still evolving and, in the future, it would be beneficial to set themes for discussion in advance to encourage deeper discussions.
2) Regularization (scheduling) of discussions from a medium- and long-term perspective: The departments and timing for drafting discussions on value creation, human capital management, Group risk management, and medium- to long-term strategies (the four key agenda items) were clearly defined and scheduled, and the agenda items were organized. As a result of this series of measures, it was evaluated that the time spent on these discussions increased. However, it was indicated that there is still some work to be done to achieve in-depth discussions, and it will be necessary to focus on individual key themes going forward.
3) Development of a system for ensuring response to indicated matters: We checked the subsequent response status to indicated matters and provided prompt answers. However, it was indicated that there was a minor lack of follow-up and monitoring of the progress of the proposals resolved.
4) Ensuring sustainable growth through flexible risk management: The Company established a management framework to enable its business divisions and affiliates to flexibly address both short-term and medium- to long-term risks. The Company's Risk and Opportunity Management Committee monitors whether this system is being effectively implemented, and reports the results of such monitoring to the Board of Directors. However, it was indicated that comprehensive discussions on medium- to long-term risks remain insufficient, and that there is a need for more proactive risk management.

(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 fiscal year's questionnaire and has acknowledged the following to be matters of particular importance.

1) Enhancement of discussions from a medium- and long-term perspective: We have defined key agenda items (value creation, human capital management, Group risk management, and medium- to long-term management strategy) that contribute to sustainable management (sustainable growth and continuous creation of medium- to long-term corporate value), and will set specific discussion themes related to business strategies and functional strategies linked to corporate strategies that embody value creation, in order to revitalize discussions.
2) Clarification of the role of the secretariat of the Board of Directors: The President Office serves as the secretariat (corporate secretary), identifying and sharing various information and issues across Operational Divisions and the Corporate Unit, and coordinating the operations of the Board of Directors. The Corporate Strategy Unit is responsible for functions such as submitting proposals and conducting follow-ups, while the Management Unit monitors Board meetings and conducts effectiveness evaluations from an objective perspective.
3) Strengthening the Group risk management system: The Company will promptly establish measures to address medium- to long-term risks, particularly those requiring urgent attention, and will create a system for monitoring their implementation. We will also revise our rules on management of affiliated companies, including through a review of the reporting lines for Group companies.

The Board of Directors will continue discussions in the future.

Discussions of the Board of Directors in FY2025

Corporate strategy	Medium- to long-term corporate strategies, growth investments, and shareholder return policies were discussed.
Sustainability	Sustainability-related policies, risks and opportunities related to climate change, natural capital, and biodiversity, human resource strategies, and other matters were reported and discussed.
Governance	The effectiveness evaluation of the Board of Directors, succession plan, nomination of candidates for directors, officer compensation, and the reduction of strategic shareholdings were discussed.
Risk management	Internal control, medium- to long-term risks, company-wide management of business risks, and investment-related risk management were reported and discussed.
Compliance	Compliance reports and the direction of compliance activities were reported and discussed.
Finance	Financial strategies were reported on and discussed.

Main Topics Discussed Regarding the New Medium-Term Management Plan

In formulating Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028, the Board of Directors held multiple discussions on the Company's vision for 2035, its understanding of the external environment, its corporate strategy, and the financial and business strategies for realizing that strategy.

The opinions expressed by the Board of Directors through these discussions were reflected in the Long-Term Vision and Medium-Term Management Plan.

Policy on Director Training

The Company will assist all directors, including new directors, in gaining necessary knowledge by providing them with group training taught by external instructors, e-learning programs, and information about external seminars.

Directors will actively engage in these opportunities to enhance their understanding of their roles and responsibilities and strive to acquire and appropriately update their knowledge as necessary. Executive directors will provide new outside directors with a comprehensive overview of the Company's business activities, organizational structure, and financial status, and other information.

Overview of the Succession Plan and Governance System

To ensure the planned succession of its future management structure, the Company implemented a next-generation management development plan from FY2021 through FY2023. Building on the experience accumulated through these efforts, we reorganized the content, broadened the perspectives used to evaluate candidates, systematized the development process, and restructured the plan as a succession plan that also incorporates the insights of Outside Directors, launching the revised plan in FY2026. The plan is designed as an integrated framework for developing, evaluating, and selecting candidates from multiple perspectives, including those of Outside Directors, under the supervision of the Board of Directors. This helps ensure that decisions do not depend on any particular individual and makes the selection process more transparent. Going forward, the Board of Directors will continue to review the implementation status of the plan to ensure the effectiveness and transparency of the management structure.

Strategic Shareholdings

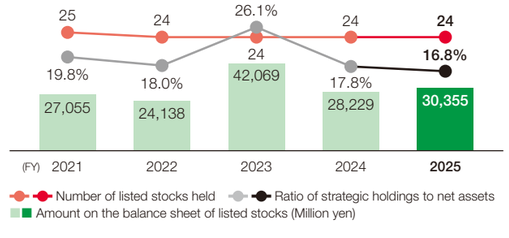
Policy regarding reducing strategic shareholdings

The Company's policy is to hold only those equities that are necessary in terms of business operations as strategic shareholdings, and to reduce any other equities except in special circumstances. The Company aims to reduce the ratio of strategic shareholdings to consolidated net assets to less than 15% by FY2028.

At the Management Meeting, the propriety of holding each individual strategic shareholding is reported to the Board of Directors each fiscal year upon examining and verifying the existence of any transactions with an issuing company, the status of obtaining information on construction projects, and whether there are any other special circumstances. The results are then reported to the Board of Directors. It reviews the reports, makes a decision on the appropriateness of each individual holding, and discloses the details of its review.

Status of reduced strategic shareholdings

Since formulating the reduction policy in FY2018, the Company has significantly scaled down strategic shareholdings. In FY2025, certain stocks held were sold, and the ratio of strategic shareholdings to consolidated net assets fell to 16.8%. The Company will continue efforts to further reduce strategic shareholdings through ongoing dialogue with investee companies.



Sustainability Promotion System

Our Thoughts Behind the 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 embodies the very concept of sustainability.

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.

We have set the Sustainability Slogan—the goal to be achieved through sustainability promotion with 2050 in mind—as our KGI and created a KPI tree. This is intended to ensure that the slogan and materiality do not remain mere catchphrases, but that each employee recognizes that their day-to-day work is connected to sustainability.

➡P.29 KGI and KPI Tree

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

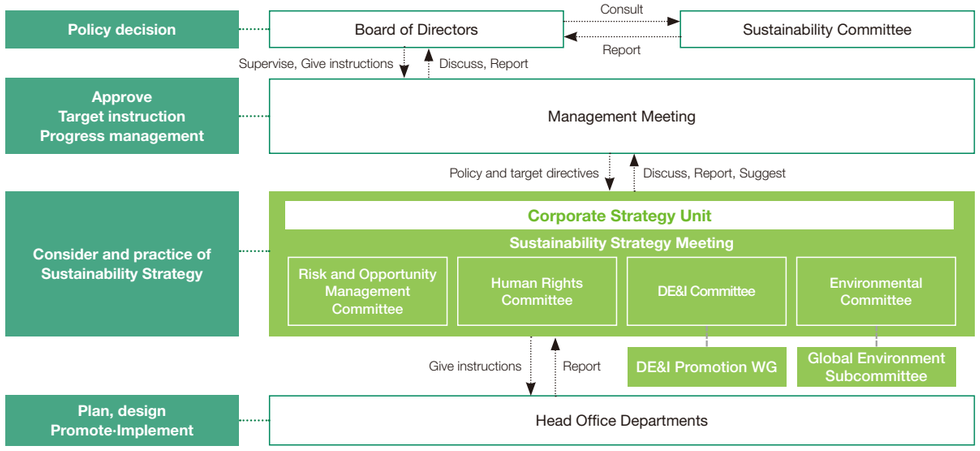
Sustainability promotion system

As part of our sustainability promotion system, we have established the Sustainability Committee, an advisory body to the Board of Directors, and the Sustainability Strategy Meeting, which is composed mainly of deputy general managers from each business division and strategy unit, among others.

The Sustainability Committee consists of outside directors, internal directors, and outside experts. The committee convenes four times a year. It 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, in response to consultations from the Board of Directors, and then reports back to the Board of Directors.

The Sustainability Strategy Meeting studies and implements sustainability strategies. To promote sustainability through more practical action, we have established four area-specific committees within the Meeting—the Risk and Opportunity Management Committee, Human Rights Committee, DE&I Committee, and Environmental Committee—to facilitate thorough discussion of measures to be undertaken in each priority area and enhance the effectiveness of their implementation. With the General Manager of the Corporate Strategy Unit serving as chair, the Meeting leads company-wide sustainability promotion in coordination with each business division and strategy unit.

Sustainability promotion system chart



FY2025 activities

The Sustainability Strategy Meeting met 16 times in FY2025. Each committee within the Sustainability Strategy Meeting includes relevant department heads and personnel as committee members and secretariat staff. This has helped clarify the measures to be undertaken in each priority area and led to steady discussion and implementation of those measures.

The Risk and Opportunity Management Committee held ongoing discussions on the quarterly assessment of risks in business activities that could hinder the achievement of the Medium-Term Management Plan, as well as on the scenarios and monitoring of the seven medium- to long-term risks.

➡P.78 Risk and Opportunity Management

The Human Rights Committee followed up on the human rights due diligence conducted across the supply chain in FY2024 (hereinafter, "human rights D.D.") and held an online study session.

The DE&I Committee, in collaboration with the Human Resource Strategy Unit, enhanced internal systems, including by removing the cap on the number of remote work days, to promote the development of a framework that enables diverse human resources to play active roles with excitement.

The Environmental Committee reviewed how climate-related information disclosure and other measures were being implemented, and worked to promote environmental management and facilitate company-wide environmental activities.

Initiatives under the Medium-Term Management Plan 2028

Under the Medium-Term Management Plan 2028, we will deepen sustainability management by implementing initiatives to resolve the six material issues and strengthening sustainability governance that supports sustainability management.

Within the Sustainability Strategy Meeting, the Environmental, Human Rights, and DE&I Committees will take the lead in implementing priority initiatives to resolve the Company's material issues, including promoting the formation of a decarbonized society, addressing the construction labor shortage, promoting respect for human rights, including in the supply chain, and promoting women's participation in the workforce. The Risk and Opportunity Management Committee will manage risks that could threaten the achievement of the Medium-Term Management Plan 2028 and support steady progress toward its achievement. The Meeting will also comprehensively examine measures to achieve the sustainability management targets set out in the Medium-Term Management Plan 2028, including areas outside the remit of the individual committees, and work to ensure their implementation while making recommendations to the Management Meeting and taking other actions.

The Sustainability Committee will monitor the progress and effectiveness of each measure, as well as progress toward achieving the targets set out in the Medium-Term Management Plan 2028, and provide advice and instructions for improvement.



Sustainability Strategy Meeting in session



Participants in the Sustainability Strategy Meeting

Sustainability Strategy Meeting and Each Committee

Name	Purpose	Major agenda items in FY2025
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 and reports back to the Board of Directors.	• Monitoring risks from a long-term perspective • Reviewing the value co-creation model in the Integrated Report ➡P.16
Sustainability Strategy Meeting	Studies and implements sustainability strategies to address material issues and realize a sustainable society.	• Initiatives to improve ESG ratings and refine KPIs • Integrating sustainability into Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028 ➡P.20, P.26
Risk and Opportunity Management Committee	Implements company-wide risk management pertaining to risks and opportunities, including the management of risks and opportunities from a long-term perspective and in business activities.	• Assessing risks in business activities • Examining scenarios for medium- to long-term risks ➡P.78
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 across the supply chain.	• Promoting awareness and understanding of the Anti-Corruption Policy • Following up on human rights D.D. and raising awareness of respect for human rights across the supply chain • Conducting human rights D.D. within the Company ➡P.72
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.	• Considering and implementing DE&I promotion measures (including removing the cap on the number of remote work days) • Updating the General Employer Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace ➡P.40
Environmental Committee	Promotes environmental management and facilitates company-wide environmental activities.	• Examining climate- and nature-related information disclosure (risks and opportunities, monitoring, etc.) • Reviewing the operational status of the Nishimatsu Management System and making continuous improvements ➡P.74

Creating Safe Construction Sites

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

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2025 results
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 work environment improvements	Frequency rate (4 or more days of absence from work)	0.4 or below (FY2025) 0.2 or below (FY2030)	0.81

Basic Safety and Health Policy

WEB Basic Safety and Health Policy
➡ https://www.nishimatsu.co.jp/eng/company/safety.html

We have established a Basic Safety and Health Policy which reads, "We implement occupational health and safety measures (COHSMS)*1 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." Under that, 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.

[*1] COHSMS: Construction Occupational Health and Safety Management System (COHSMS) formulated by the Japan Construction Occupational Safety and Health Association. 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 FY2025, we focused on three actions.

- Implement safety measures incorporating inherently safe design and engineering controls
- Eliminate the "big three" accidents designated by Nishimatsu Construction
- Promote voluntary activities by fully establishing Action 7.

However, none of the targets were achieved.

In FY2026, to prevent the "big three" accidents designated by Nishimatsu Construction (slips/falls; getting caught up in machinery, equipment, vehicles or materials; and flying/falling objects), we will further promote intrinsic safety and engineering measures and strengthen alignment between work procedures and actual work practices, including the introduction of a Work Procedure Review Month, with the aim of achieving our targets.

FY2025 safety and health management targets*2	Results
Maintain zero fatal accidents	Fatal accidents: 1
Frequency rate of 0.4 or below for injuries requiring 4 or more days of absence from work (9 or fewer incidents)	Frequency rate: 0.81 (incidents: 18)
Frequency rate of 0.6 or below for injuries requiring 1 or more days of absence from work (15 or fewer incidents)	Frequency rate: 1.13 (incidents: 25)
Five or fewer "big three" accidents designated by Nishimatsu Construction (slips/falls; getting caught up in machinery, equipment, vehicles or materials; and flying/falling objects).	"Big three" accidents designated by Nishimatsu Construction: 8

[*2] The frequency rates and number of fatal accidents are figures for domestic operations on a non-consolidated basis only.

Occurrence of Fatal Accidents

In October 2025, one person lost their life at an overseas worksite while investigating a pneumatic pressure test of sprinkler piping. In March 2026, another person lost their life after falling through an opening while performing rework at a worksite in Japan.

To prevent similar accidents from ever occurring again, we conducted a comprehensive inspection of pressure-test work procedures and re-communicated procedures for responding to abnormalities. We also re-inspected measures prohibiting entry into hazardous areas such as openings and provided refresher training aimed at eliminating unsafe behavior.

We will continue to verify implementation through patrol inspections and repeated training.

Occupational Health and Safety Management System

The Company is not certified to OHSAS 18001 or ISO 45001, but our occupational health and safety management system operates in accordance with Japan's Construction Occupational Health and Safety Management System (COHSMS) established by the Japan Construction Occupational Safety and Health Association, and has obtained COHSMS certification.

At new project sites, we perform safety and health risk assessments prior to beginning work and create construction safety and health management plans based on the results of these assessments. We carry out risk assessments on a case-by-case basis when applying methods or using equipment or materials that are different than initially planned. Each fiscal year, we review our plans to prevent accidents.

WEB Occupational safety and health management system certifications
➡ https://www.nishimatsu.co.jp/eng/esg/social/safety.html

Quality Management

WEB Policy on Quality
➡ https://www.nishimatsu.co.jp/eng/company/safety.html

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2025 results
Create an organization that can maximize on-site capabilities	Build an organization that can continually improve its trusted on-site capabilities	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 99% or higher S/A evaluation	• 79.8 points • 97%

Quality Management System

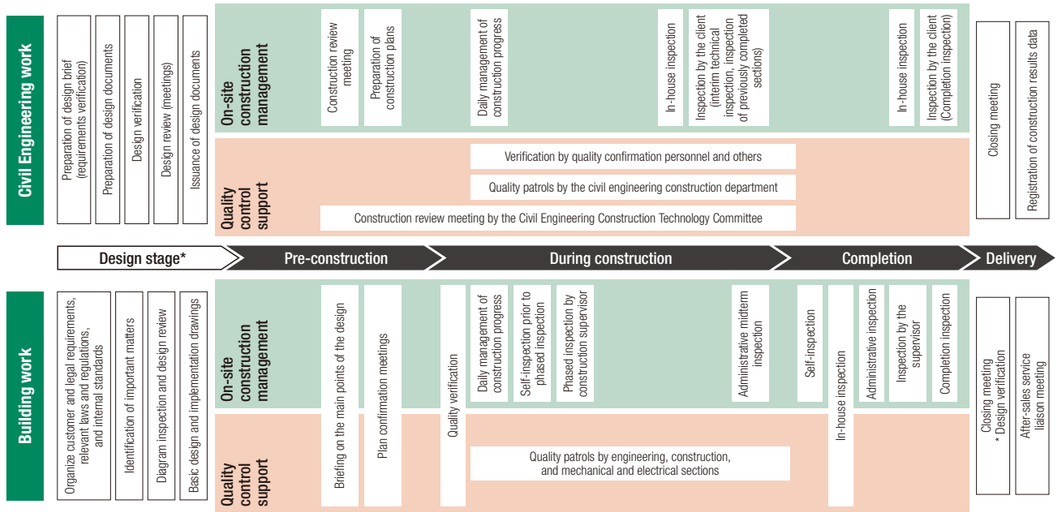
In the Civil Engineering and Building divisions, we have established a Quality management system based on ISO 9001, and are working to ensure quality and continuously improve the system at each stage of sales, design, construction, and after-sales service to achieve our quality policy of Providing Trusted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

Quality Control Systems in Construction Projects

The Civil Engineering Business aims to ensure high 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. The Head Office's Civil Engineering Department compiles and analyzes reports from each regional headquarters, after which it shares information with each regional headquarters. 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. The Civil Engineering Construction Technology Committee is a specialized technical group involved in tunnel, shield, dam, and general civil engineering projects. It holds construction review meetings and other reviews as needed to provide technical guidance to improve quality and prevent product accidents.

In order to assure the quality of buildings, the Building Business manages quality through a workflow that integrates every step from design to construction and after-sales service following delivery. Specifically, the Building Business focuses first on communicating points of concern raised in the design stage to on-site workers to steadfastly resolve them after construction begins. Second, it focuses on providing technical guidance and education through worksite review meetings, and on-site quality confirmation meetings and quality verification covering the actual materials and structures. Third, it is focused on providing quality and technical support through the Quality Management Department for the construction of buildings whose quality can be assured. 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

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2025 results
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 in the supply chain	400 companies or more	Confirmation rate for companies subject to human rights due diligence: 100%

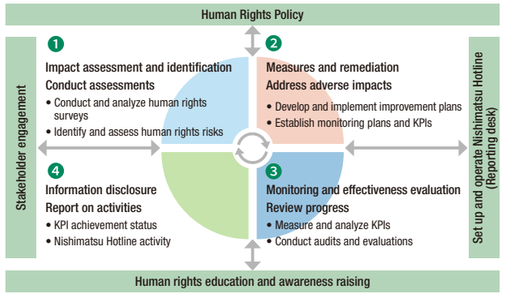
Human Rights Policy

WEB Human Rights Policy (Japanese only)
➡ https://www.nishimatsu.co.jp/company/policies.html#anc-06

Guided by its Corporate Philosophy, "Establish a sustainable society for people to live with peace of mind, providing worthwhile structures and services," the Nishimatsu Group believes that the fundamental human rights of all people involved in its business should be respected. In accordance with the United Nations Guiding Principles on Business and Human Rights, the Group has formulated its Human Rights Policy and promotes initiatives to respect human rights.

In FY2025, we revised the Human Rights Policy to reflect international expectations and changes in the social environment surrounding human rights.

Human rights due diligence process



Human Rights Due Diligence

The Group has established the Human Rights Committee within the Sustainability Strategy Meeting and promotes initiatives for internal and external stakeholders through Company-wide discussions and activities on respect for human rights. To conduct human rights due diligence covering both the Nishimatsu Group and its supply chain, we conduct separate biennial human rights surveys of the Group and the supply chain.

The Nishimatsu Group

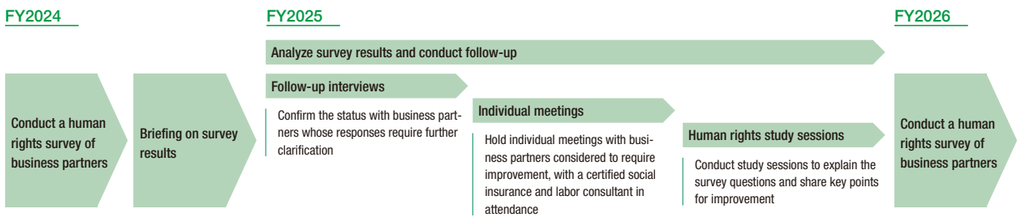
As part of our human rights due diligence, we conducted a human rights survey of employees in FY2022. Based on the results, we identified priority issues and human rights risks, mapped those risks on a human rights risk map, and have since taken steps to address them. In FY2025, to assess progress on improvements and gain a fuller understanding of human rights risks across the Group, we expanded the scope of the survey to include employees of Group companies and locally hired employees at overseas operations. In FY2026, we will analyze the survey results and consider and implement measures to address the issues identified.

Supply Chain

In FY2024, we conducted a human rights survey of more than 400 major business partners and achieved a response rate of over 80%. Based on our analysis of the responses, we identified compliance with the international human rights standards set out in our Human Rights Policy and with domestic labor laws as priority issues, and formulated an action policy. In FY2025, in accordance with that policy, we followed up with business partners considered to have a high level of human rights risk and worked to resolve issues and implement corrective measures. In FY2026, we will conduct a second survey to assess progress in addressing the priority issues and reassess human rights risks.

As part of our human rights awareness activities, we use meetings with partner companies and online study sessions to share survey results, deepen understanding of respect for human rights, and raise awareness of the Company's reporting desk. Through dialogue with partner companies, we also seek to understand matters that are difficult to capture through surveys alone, including the issues each company recognizes and the employment and participation of foreign workers. We will use these insights to help resolve issues and further advance respect for human rights.

Follow-up process for human rights due diligence in the supply chain



Supply Chain Management

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2025 results
Put in place partnerships that can maximize value creation	Build sustainable supply chains	Provide training and support to skilled construction workers	• Worksite retention rate of Nishimatsu Meisters and Senior Forepersons • Touch rate for Construction Career Up System (CCUS)	• Civil Engineering 50%, Building 60% • Civil Engineering 93%, Building 83%	• Civil Engineering 47%, Building 56% • Civil Engineering 92%, Building 81%
		Collaborate with partner companies	• N-NET order rate • Conducting a survey regarding the Declaration of Partnership Building	• Civil Engineering 60% or more, Building 60% • 400 companies or more	• Civil Engineering 48%, Building 46% • Confirmation rate for the survey on the Declaration of Partnership Building: 100%

Sustainability-Conscious Procurement Activities

We conduct procurement activities in line with our Procurement Policy and Procurement Guidelines formulated in March 2023.

We are working to realize a sustainable society by considering sustainability throughout our supply chain in our procurement activities and seeking our supplier partner companies' understanding of our policies.

WEB Procurement Policy and Procurement Guidelines (Japanese only)
➡https://www.nishimatsu.co.jp/company/policies.html#anc-07

Initiatives for Securing and Training a Labor Force and Establishing a Sustainable Supply Chain

To secure skilled workers, we have pursued initiatives including the Declaration of Respect for Labor Cost Estimates. In 2026, to comply with the amended Construction Business Act, we prepared a "Statement Itemizing Labor and Other Costs" and revised the "Standard Terms and Conditions for Construction Subcontracts" to add commitment provisions. These changes represent a major shift in longstanding business practices. We will continue to steadily advance initiatives to secure and develop skilled workers and build a sustainable supply chain.

<Milestones>

September	2018	Declaration of Respect for Labor Cost Estimates
February	2023	Declaration of Partnership Building
January	2024	Formulated the Guidelines Concerning Price Negotiation for Appropriate Shifting of Labor Costs
February	2026	Revised the Declaration of Respect for Labor Cost Estimates
June	2026	Voluntary Declaration by a Company That Values Skilled Construction Workers
July	2026	Prepared a Statement Itemizing Labor and Other Costs
		Revised the Standard Terms and Conditions for Construction Subcontracts

<Results of Price Pass-Through Negotiations>
FY2024 Approx. 500 cases
FY2025 Approx. 600 cases

Co-Creation with the Supply Chain

In 2011, we established the Nishimatsu Subcontractor's Network (N-NET), primarily comprising partner companies with which we have long-standing, ongoing business relationships. We hold regular discussions to address industry-specific challenges such as labor shortages and the need to improve productivity, thereby building strong relationships of trust.

Provision of a comfortable working environment

We strive to create a comfortable working environment for all skilled construction workers, including older workers, foreign workers, and women.

Specific examples: Air-conditioned clothing (FY2025 results: 715 items), subsidies for assistive suit purchase costs (FY2025 results: 110 suits), promotion of pleasant workplaces, multilingual worksite announcements

Training and support of skilled construction workers

We are actively promoting the Construction Career Up System (CCUS), led by the Ministry of Land, Infrastructure, Transport and Tourism, to address the industry-wide issue of labor shortages and to improve the treatment of skilled construction workers. As the Ministry of Land, Infrastructure, Transport and Tourism publishes annual income figures by CCUS level, CCUS is becoming a benchmark for labor costs in the construction industry. To promote its adoption, we have established the Nishimatsu Construction Registration Support Office, which handles new registrations and updates following job changes or newly acquired qualifications. To date, we have processed 2,860 registrations. In FY2025, the CCUS touch rate was 92% in Civil Engineering and 81% in Building, showing steady progress in adoption.

Moreover, as part of the improvement of benefits, we developed our own program for recognizing highly skilled construction workers that is linked to the four-level competency evaluation system in the CCUS, and have provided allowances to technicians. Over 15 years, a total of 1,157 skilled construction workers have been recognized as high-caliber technicians. Highly skilled forepersons and skilled construction workers play active roles on our worksites.

As a step toward increasing the utilization of CCUS, we have introduced the Kentaikyo (Construction Industry Retirement Allowance Mutual Aid Organization) electronic application system linked to CCUS's accumulated work records at 152 sites.

Touch rate for Construction Career Up System (CCUS)

	2021	2022	2023	2024	2025	2026 (target)
Touch rate for CCUS	24%	47%	61%	74%	Civil Engineering 92% Building 81%	Civil Engineering 93% Building 83%

Environmental Initiatives

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

Nishimatsu Construction has identified "Realize a society for people with safety and vibrancy" as one of its material issues. As an Eco-First Company, we are addressing three key environmental priorities: the formation of a decarbonized society, consideration for biodiversity and coexistence with nature, and the formation of a recycling-oriented society. We have set specific numerical targets and are implementing effective measures for each. Through collaboration with our stakeholders, we will continue to work across the Company to help solve social issues and enhance corporate value.

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2025 results
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	<ZERO30 Roadmap 2023> • Reduction rate of Scope 1 + 2 • 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	• Compared with FY2020 54.8% reduction (FY2030) • Compared with FY2020 27% reduction (FY2030) • 100 kMWh (FY2030)	• Compared with FY2020 32.1% reduction • Compared with FY2020 64.5% reduction • 17 kMWh
		Taking into consideration biodiversity and coexistence with nature	Implementation rate of biodiversity preservation activities undertaken	100%	100%
		Promote the formation of a recycling-oriented society	Final percentage of construction waste sent for landfill disposal	Less than 2.5% (as of FY2030)	2.3%

Decarbonization (Carbon Neutrality)

Progress of the ZERO30 Roadmap 2023

In FY2025, the use of electricity generated from renewable energy sources helped reduce Scope 1 + 2 CO_2 emissions. However, higher diesel fuel consumption in the Civil Engineering Business caused emissions to increase by approximately 10% from FY2024. As a result, emissions were 32.1% lower than the FY2020 base-year level. We will continue to strengthen reduction measures, including the expanded use of renewable electricity.

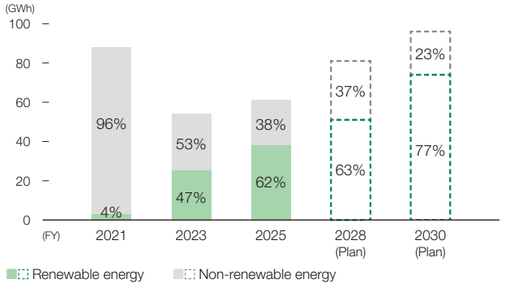
Scope 3 Category 11 emissions fell substantially because the number of completed properties and total completed floor area were lower than in a typical year. As a result, emissions were 64.5% lower than the FY2020 base-year level. Emissions are expected to increase in FY2026, but we will continue to promote ZEB design, including improvements in BEI.

Renewable energy generation exceeded the previous fiscal year's level following the start of operations at the Company's first methane fermentation biogas power generation facility. Going forward, we will expand the business while monitoring changes in the domestic renewable energy market and exploring opportunities overseas.

Expanding the use of renewable electricity

The Company is a member of RE100 and aims to achieve 100% renewable electricity use by FY2040. In the domestic construction business in particular, we aim to reach 100% as early as possible, and the rate reached 72% in FY2025. Renewable electricity use is also expanding in other business areas, excluding the International Business, bringing the overall rate to 62%.

Renewable electricity use: Historical results and plan



TOPIC **Environmentally friendly concrete using CO_2-absorbing and fixing materials**

Through joint research with Asahi Soft Drinks Co., Ltd. and academic institutions, we developed environmentally friendly concrete and successfully applied it to precast concrete products such as U-shaped gutters. The technology uses a special material that has absorbed atmospheric CO_2 collected by Asahi Soft Drinks' "CO_2-Eating Vending Machines," together with CO_2-fixing recycled materials (fine powder and coarse aggregate) developed by academic institutions. Recycled materials, including construction by-products, account for approximately 60% of the product by volume. CO_2 emissions are just 1.4 kg-CO_2 per m^3, approximately 99.5% lower than conventional products, based on the Company's calculations.



Example of a precast concrete product manufactured using CO_2-absorbing materials

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

Biodiversity (Nature Positivity)

We aim to achieve nature positivity by promoting business activities that curb biodiversity loss and give due consideration to maintaining and restoring ecosystem services.

Biodiversity preservation activities at construction sites

Using our original Nishimatsu Nature Action (NNA) Guidebook, we implement biodiversity conservation initiatives at all construction sites. At the Kusu River Intake Weir Restoration Project, we are protecting the river ecosystem, including fish, aquatic insects, and turtles, through measures such as installing silt fences to prevent turbid water runoff, neutralizing concrete wash water to prevent river pollution, and using generators with integrated oil guards to prevent oil spills. We also schedule construction to take the growth period of ayu sweetfish into account.



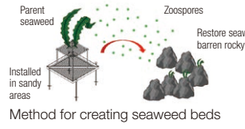
Installation of a silt fence (Kusu River Intake Weir Field Office)

WEB For details of the NNA Guidebook and examples of initiatives, please see the following website. (Japanese only)
https://www.nishimatsu.co.jp/esg/environment/nature_positive/

Initiatives toward the conservation and restoration of seaweed bed environments

The nationwide spread of barren rocky reefs is causing serious environmental problems, including the loss of biodiversity in marine ecosystems, the decline of seaweed beds that serve as CO_2 sinks, and the depletion of fisheries resources. The Company is actively working to conserve and restore seaweed beds in collaboration with Yokosuka City and private-sector companies through joint research and development on methods for creating seaweed beds.

In Munakata City, the Company is cooperating with the Ministry of the Environment's "Priority Survey on Blue Carbon" by providing substrates for seaweed settlement (carbon-negative concrete test blocks) and sharing its technical expertise, thereby contributing to demonstration initiatives aimed at conserving and restoring seaweed beds.



Method for creating seaweed beds



Carbon-negative concrete test block

TOPIC **Certified as a Water Cycle ACTIVE Company—"Nishimatsu Forest" and Gozenyama Biotope Activities**

Nishimatsu Construction has been certified as a Water Cycle ACTIVE Company under the Water Cycle Company Registration and Certification System, administered by the Secretariat of the Headquarters for Water Cycle Policy of the Cabinet Secretariat. The system certifies companies that actively undertake initiatives contributing to the water cycle. Our certification recognized the Nishimatsu Forest Conservation Activities, which include forest conservation measures such as thinning, and the Gozenyama Biotope Development Activities, which focus on maintaining ecosystems around the dam and protecting rare species.

水循環認証 ACTIVE
Water Cycle Active-company Certification

TOPIC **Certification of "Nakatsu Crosspoint®" as a nature coexistence site**

Following the Company-owned "Nishimatsu Shioya Coexistence Forest," which was certified by the Minister of the Environment, initiatives at "Nakatsu Crosspoint®," a biotope developed and managed by our Technical Research Institute in Aikawa, Aiko District, Kanagawa Prefecture, received Nature Coexistence Site certification in October 2025 from the competent ministers under the newly enacted Act on Promotion of Regional Biodiversity Enhancement. The site is one of the relatively few certified under the "creation" category and represents an advanced initiative aimed not only at conserving and restoring biodiversity but also at creating new ecosystems. We will continue to share widely the knowledge and expertise on biodiversity and ecosystems gained through these activities and contribute to achieving nature positivity.

自然共生サイト 認定 30by30



Nature Coexistence Site "Nakatsu Crosspoint®" (Technical Research Institute)

WEB For details of Nature Coexistence Sites, please see the following website.
➡ https://www.env.go.jp/nature/biodiversity/OECM.html

Resource Circulation (Circular Economy)

Promoting zero emissions of waste

To advance resource circulation and the circular economy, we aim to reduce the final landfill disposal rate to less than 2.5% by FY2030 and to zero by FY2050. We are working with intermediate treatment operators to diversify recycling routes while rigorously applying the Nishimatsu Sorting Rules to reduce the generation of mixed waste. Through careful guidance at each worksite, we are further improving sorting accuracy, increasing recycling rates, and reducing landfill disposal.

Advancing the circular economy through local resource circulation

We used diesel blended with the high-purity biodiesel fuel ReESEL to power construction machinery at dam and site preparation projects under the North Japan Regional Headquarters. The feedstock includes waste cooking oil collected from Company housing and dormitories in Sendai. By circulating local resources in this way, we are working toward a circular economy that reduces both the use of new resources and waste generation.

Climate- and Nature-Related Information

The Company participates in a range of initiatives in Japan and overseas with the aim of realizing a carbon-neutral society and a society in harmony with nature (nature positivity). Alongside implementing effective measures, we actively disclose our assessments of climate- and nature-related risks and opportunities and the status of our responses.

WEB Nishimatsu Climate Information 2026
➡ https://www.nishimatsu.co.jp/eng/esg/environment/pdf/nishimatsu_climate_information_2026.pdf

[TCFD] Strategy, Metrics and Targets

Progress on plans to address risks and opportunities

The Company actively discloses climate-related information in line with the TCFD recommendations. We regard responding to climate-related risks and opportunities as essential to sustainable growth and use the PDCA cycle to manage progress. We review KPIs and targets as needed to keep them aligned with our Company-wide business strategy.

For the risk item "technological responses for mid- and high-rise wooden buildings," we have set a target of two initiatives per year through FY2030 and are developing technologies such as the hybrid two-direction moment-resisting frame. For the opportunity item "promotion of ZEB," we have set a target of achieving a 90% ZEB/ZEH rate for properties we design by FY2030 and are building a track record, primarily in logistics facilities and multi-unit housing.

(1) Status of key initiatives for climate-related risks

Business classification	Material item	Response policy	KPI (indicators)	Targets	FY2025 results	Action up to FY2025
Civil Engineering Business	[Temperature rise] Response to declining numbers of skilled construction workers (examination of labor-saving methods)	Establishment of large pre-cast construction technology and accumulation of achievements	Number of orders for slab replacement construction	A total of 5 cases by FY2030	A total of 2 cases	• Develop large-scale precasting-related technology • Promote use of precast products with design proposals * A total of 2 projects: 1 in FY2023 and 1 in FY2024
Civil Engineering Business	[Temperature rise] Response to declining numbers of skilled construction workers (unmanned and automated construction)	Establishment and on-site introduction of unmanned and automated construction technologies	Number of tunnel workers in mountain tunnel and shield construction	Reduce 30% from FY2018 level by FY2030	0%	• Develop unmanned and automated construction-related technologies in mountain tunnel construction • Develop manpower-saving and automated technologies for shield tunnel construction
Building Business	[Decarbonization needs] Loss of order opportunities due to delays in technological development of environmentally friendly concrete	Promotion of development of environmentally friendly concrete	(1) Volcanic glass powder concrete (VGP) (2) Geopolymer (3) Carbon negative concrete (4) Slagrete (high-strength applications)	(1) Apply to one real project by FY2026 (2) Apply as a structural material in one real project by FY2027 (3) Apply to one real project by FY2028 (4) Apply as a structural material in one real project by FY2028	0 ((1)-(4))	(1) Consider VGP concrete mixing technology (2) Clarify the regulatory status of geopolymer under the Building Standards Act (3) Consider application of secondary products using carbon negative concrete (4) Plan to introduce Slagrete into real project (structural material)
Building Business	[Decarbonization needs] Response to mid- and high-rise wooden buildings	Strengthening design and construction technologies for mid- and high-rise wooden buildings	Engage in mid- to high-rise wooden buildings initiatives	2 projects / year by FY2030	2	• Complete implementation design that uses two-way timber frame hybrid structure • Rationalize mid- to high-rise timber building construction technologies (cost reduction) • Acquire expertise on reliability through demonstration tests and measurements in actual projects

(2) Status of efforts for climate-related opportunities

Business classification	Material item	Response policy	KPI (indicators)	Targets	FY2025 results	Action up to FY2025
Civil Engineering Business	[Temperature rise] Increase in disaster recovery work	Establishment of a system for rapid response to disaster recovery work	Acceptance of requests for disaster recovery assistance	Achieve 100% by FY2030	100% (7/7 cases)	• Establish an emergency readiness system • Establish a system that contributes to strengthening procurement capabilities for emergency materials, equipment, and labor • Consider introduction of unmanned and remote construction technologies in actual construction
Civil Engineering Business	[Temperature rise] [Stricter policies] Increase in disaster prevention and mitigation-related construction	Strengthen orders for shield construction and renewal construction (disaster prevention and mitigation-related)	Revenue from disaster prevention and mitigation-related construction	More than 14 billion yen/year as of FY2030	14.6 billion yen	• Strengthen bidding system • Related technological development • Continuously receive orders for shield construction and renewal-related construction
Building Business	[Decarbonization needs] Increase in demand for ZEB	Promotion of ZEB in new construction and renovation projects	ZEB/ZEH rate (offices, logistics facilities, housing)	Achieve 90% by FY2030	85% (6/7 cases)	• Enhance designers' environmentally conscious design capabilities • Demonstrate ZEB technology at company facilities • ZEB Ready design in office design and construction projects
Regional Environmental Solutions Business	[Decarbonization needs] [Stricter policies] Response to regional environmental issues	Promotion of renewable energy business and related businesses	Amount of electricity generated by renewable energy business	100 kMWh per year by FY2030	17 kMWh	• Continue 5 solar (PPA) projects, geothermal power generation (1 project), and wood biomass power generation (1 project) • Start full-scale operations for the methane fermentation biogas power generation project (Kumamoto N-Energy) • Consider business strategy to achieve power generation targets

WEB Nishimatsu Nature Information 2026 (Japanese only)
➡ https://www.nishimatsu.co.jp/esg/environment/pdf/tnfd_202606.pdf

[TNFD] Strategy, Metrics and Targets

Identification of risks, opportunities, and issues

In 2025, the Company announced its intention to make disclosures in line with the TNFD recommendations and has since been conducting the necessary assessments in stages based on the TNFD disclosure framework. After assessing our dependencies on and impacts on natural capital using ENCORE, a TNFD-recommended tool, we identified nature-related risks and opportunities across the value chain. Upstream in the value chain, we identified risks related to the depletion of construction materials and tighter traceability regulations and requirements, as well as opportunities arising from growing demand for recycled construction materials and raw-material recycling. In direct operations, we identified risks such as constraints on development and construction arising from tighter nature conservation regulations, and opportunities such as growing demand for the sustainable use of natural capital and green infrastructure. Going forward, we will formulate specific response policies for these risks and opportunities, establish KPIs and targets, and implement effective initiatives.

Key findings for the upstream value chain

CE: Civil Engineering Business B: Building Business I: International Business

Value chain	Dependency (dependence of our business on nature)	Impacts (impacts on local communities and society)	Risks and opportunities	Relevant business divisions	Risks and opportunities (drivers)	Risks and opportunities (details)	Time horizon	Magnitude of impact	Issues for consideration
Upstream	[Use of resources] Procurement of raw materials (construction materials and fuel)		Risks	CE / B / I	Depletion of construction materials (steel, cement products, timber, etc.)	• Difficulty securing materials ➡ construction stoppages (lower sales due to lost business opportunities ➡ lower profits) • Higher prices ➡ increased costs ➡ lower profits	Short-Long	High	• Promote the use of recycled construction materials (recycled steel, eco-cement, wood-based materials, etc.) • Promote sustainable forest management (reforestation and thinning) * Select materials legally permitted for structural applications (e.g., JIS-compliant materials)
			Risks	CE / B / I	Tighter traceability regulations and requirements	• Higher management costs ➡ lower profits • Difficulty procuring raw materials if traceability requirements are not met • Reputational damage if traceability requirements are not met • Supply shortages due to growing demand for construction materials with verified traceability	Medium-Long	Low	• Review supplier initiatives and assess traceability • Diversify the supply chain ➡ partnering with suppliers and securing new procurement sources (= restructuring the supply chain) • Promote the use of locally sourced and certified timber
			Opportunities	CE / B / I	Growing demand for recycled construction materials and raw-material recycling	• Improved reputation • Increased opportunities to win orders ➡ higher sales ➡ higher profits	Long	Medium	• Increase the use of recycled construction materials • Develop, use, and commercialize raw-material recycling technologies * Performance of recycled construction materials must be assured

Key findings for direct operations in the value chain

CE: Civil Engineering Business B: Building Business I: International Business EUD: Environment and Urban Development Business

Value chain	Dependency (dependence of our business on nature)	Impacts (impacts on local communities and society)	Risks and opportunities	Relevant business divisions	Risks and opportunities (drivers)	Risks and opportunities (details)	Time horizon	Magnitude of impact	Issues for consideration
Direct operations	[Provisioning and regulating services] Dependence on sites suitable for development (stable ground, areas with low earthquake and flood risk, etc.) Dependence on surrounding natural environments that enhance living conditions and real estate value		Risks	EUD	Restrictions on development locations and property specifications due to tighter nature conservation regulations and growing requirements to address biodiversity	• Loss of business opportunities due to restrictions on development locations and specifications ➡ lower sales ➡ lower profits • Higher regulatory compliance costs ➡ lower profits	Medium-Long	Medium	• Consider biodiversity-conscious development (assess impacts in advance) • Formulate development policies in collaboration with local governments, residents, and environmental NPOs
			Opportunities	CE / B / I	Growing demand and order opportunities for high value-added solutions involving the sustainable use of natural capital and green infrastructure	Higher order win rates ➡ higher sales ➡ higher profits	Medium-Long	Medium	• Build expertise in developing environmentally friendly buildings, including wooden buildings • Assess needs and potential projects for green infrastructure and related areas (develop technologies and construction methods)
		[Land-use change, noise, and vibration] Site preparation, land-use change, changes to river flows, and construction-related noise and vibration associated with construction and renewable energy businesses	Risks	CE / B / I	Constraints on construction activities due to tighter regulations on biodiversity conservation, exhaust emissions, noise, and vibration	• Regulatory compliance requirements ➡ higher costs and construction delays ➡ lower profits • Failure to comply increasing litigation risk ➡ higher costs ➡ lower profits	Short-Long	Medium	• Implement biodiversity conservation activities based on the Nishimatsu Nature Action Guidebook • Conduct patrols to monitor impacts on biodiversity • Provide education and awareness raising on biodiversity considerations and conservation

TOPIC **CDP Disclosure and evaluation**

Since 2018, the Company has responded to questionnaires from CDP, an international environmental NGO, and currently covers areas including Climate Change, Water Security, and Forests. In Climate Change, we have received a score of B (Management level) or higher every year. In FY2025, our efforts to enhance governance were also recognized, earning us an A- (Leadership level) score.

In addition, we were named a Supplier Engagement Leader, CDP's highest rating in its Supplier Engagement Assessment for climate change, for the third consecutive year from FY2023.

Supplier Engagement Leader CDP 2025

Climate change score

2020	2021	2022	2023	2024	2025
A-	A-	B	A-	B	A-

Score Levels		
High ↑	A	Leadership level
	A-	
	B	Management level
	B-	
	C	Awareness Level
	C-	
	D	Disclosure Level
Low ↓	D-	

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 Management 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 Management Meeting. The Board of Directors then deliberates on reports made by the Management Meeting and gives final approval as a corporate decision.

Risk management system



[*1] For an overview of the Sustainability Strategy Meeting, please refer to P.68.

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 in business activities" and "management of risks and opportunities from a long-term perspective." The committee members are mostly deputy general managers from the Corporate Unit and business divisions.

The Committee thoroughly discusses the management of high-level risks in business activities, focusing on risks that are rated as high in quarterly evaluations. The Committee also discusses the assessment of the risk level and the status of the risk level control of each risk that has materialized or whose risk level has changed. The Committee strives to mitigate risks from a group-wide perspective.

Regarding risks from a long-term perspective, we built upon discussions initiated in 2023—including the formulation of the Sustainability Slogan (Basic Policy) and KGI, as well as the identification of materiality—and conducted further deliberations to identify seven risks.

Management of risks in business activities	Results
• 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. • As necessary, it instructs the responsible department to make revisions, and considers and monitors specific actions to promote sustainability.

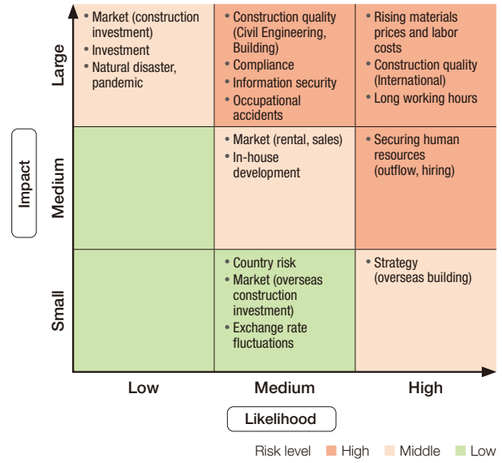
Identification and evaluation of risks in business activities

The Committee regards risks arising from business activities as potential threats to the achievement of the Medium-Term Management Plan and assesses each risk on a three-level scale in terms of its impact and likelihood using a risk map. The Committee will monitor the management status of individual risks and evaluate the effectiveness of its efforts on a quarterly basis. The Company has established internal quantitative financial and asset maintenance indicators and qualitative business continuity indicators to assess impacts.

Identification and evaluation of risks from a long-term perspective

The Committee has identified seven risks that need to be addressed to continue enhancing corporate value. They are climate change risk and six risks identified based on the Sustainability Slogan (Basic Policy) and material issues, taking into account their potential impact on growth and the expected timing of their materialization. The Committee has conducted scenario analysis to develop response policies for these risks and monitor them.

Risk map showing risks associated with business activities (extract)



1 Risks related to human resources (shortage of engineers)
2 Risks related to human resources (shortage of on-site office manager candidates)
3 Risk of a shortage of labor force for the construction industry
4 Industry restructuring risk
5 Risks related to technology development
6 Long-term market risk
7 Climate change risks

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

- Strengthening measures against computer viruses and unauthorized access
- Visualizing and controlling cloud service use
- Measures to prevent internal misconduct (unauthorized removal and introduction)

(2) Personnel measures

- Conducting security training and targeted e-mail drills
- Having outside experts assess security and investigate risk

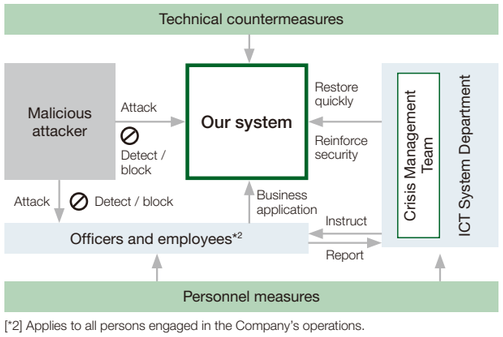
Countermeasures in the event of an incident

- Conducting incident response training
- Reinforcing cyber resilience for early recovery of systems

Recent cyberattacks, including ransomware and targeted e-mails, pose risks not only to our Company but also to the entire supply chain, and must therefore be addressed across the entire supply chain. The Company conducted targeted e-mail drills, cybersecurity training sessions, and cybersecurity assessments for N-NET (Nishimatsu Subcontractor's Network). Additionally, through the N-NET members' website, we shared information to help member companies strengthen their cybersecurity measures.

The entire Group, including N-NET, will continue to improve information security.

Information security system



[*2] Applies to all persons engaged in the Company's operations.

Compliance

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2025 results
Adhere strictly to compliance	Upgrade, expand, and continue compliance education	Upgrade, expand, and continue compliance education	Compliance understanding test participation rate	80% or more	81.1%

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.

WEB Compliance Basic Policy
➡https://www.nishimatsu.co.jp/eng/company/safety.html#anc-04

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 has devised a system whereby all stakeholders can make reports using their actual names or anonymously.

Reports received via the Hotline are promptly forwarded to the Manager of the Office of President and the Chair of the Compliance Committee. The Compliance Promotion Department, while duly considering the protection of whistleblowers and the confidentiality of information, works with the relevant departments to verify the facts. 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. Acts that result in disciplinary action will be reported to the Executive Committee Meeting.

Number of reports

In FY2025, the Hotline received 62 reports. Necessary measures were taken in each case.

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	FY2021	FY2022	FY2023	FY2024	FY2025
Nishimatsu Hotline	28	45	38	57	**62**
Nishimatsu Workplace Hotline	12	8	6	17	**17**

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, in FY2025 we provided information 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.

IR Communication

Dialogue with Shareholders

Through constructive dialogue with our shareholders, we aim to achieve sustainable growth and create 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 Unit, the General Manager of the Corporate Strategy Unit, and others serve as speakers and interact with shareholders. Depending on the subject of the dialogue, such as sustainability or voting rights, the heads of the relevant departments also attend these sessions. We also seek to enhance dialogue by providing opportunities for outside directors to attend.

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 and incorporated into the formulation of management strategies, the long-term vision, and medium-term management plans. We continuously monitor progress under these plans and review and improve measures based on the results, thereby enhancing the sophistication of management and further increasing corporate value. Reports received from securities company analysts are also shared as appropriate and used in management decision-making.

Going forward, in addition to individual meetings, we will expand opportunities for dialogue in various formats and further enhance constructive dialogue with shareholders.

Dialogue Results (FY2025)

Category	Number of times	Major Nishimatsu attendees
Individual interviews	79	General Manager of the Management Unit, General Manager of the Corporate Strategy Unit, General Manager of the Corporate Planning Department, heads of ESG-related departments, etc.
Small meetings	1	President, Executive Vice President, General Manager of the Management Unit, General Manager of the Corporate Strategy Unit, General Manager of the Human Resource Strategy Unit, General Manager of the Technology Strategy Unit, Outside Director
Financial results briefings	2	President, Executive Vice President, General Manager of the Management Unit, General Manager of the Corporate Strategy Unit, General Manager of the Corporate Planning Department, General Manager of the Finance & Accounting Department

Main themes of dialogue and matters of interest to shareholders

Item	Dialogue themes and matters of interest to shareholders	
Business environment, growth strategy	• Outlook for the business environment (order environment, rising construction costs, labor shortages) • Feasibility of the long-term vision and Medium-Term Management Plan • More proactive M&A and investment in new businesses	• Progress in collaboration with ITOCHU Corporation and specific synergies being generated • Significance, profitability, and risks of the overseas business • Investment strategy and earnings model for the real estate business (balance among development, sales, and leasing)
Financial strategy, shareholder returns	• Capital allocation to improve ROE (priorities among growth investment, M&A, and shareholder returns) • D/E ratio and equity ratio levels and policies for improvement	• Impact of expanding real estate investment on financial leverage • Shareholder return policy • Background to the increase in interest-bearing debt
Business profitability, performance	• Earnings progress • Sustainability of profit margins and target levels in the Civil Engineering and Building businesses	• Profitability at the time orders are received, status of price pass-through, and impact of rising costs
Human capital, human resource strategy	• Shortage of engineers and optimization of the human resource portfolio • Securing and developing human resources needed in growth areas (Asset Value-Added Business and Regional Environmental Solutions Business) • Analysis of employee engagement and improvement measures	• Promotion of women's participation and advancement (low percentage of women in management and measures to address it) • Workstyle reform (remote work, evaluation system, career support)
Sustainability Social, environment	• Progress and feasibility of the decarbonization plan (ZERO30) • Effectiveness of CO_2 emissions reductions and future challenges • Progress in biodiversity initiatives and quantitative assessments	• Balancing environmental costs and business earnings • Need for action throughout the supply chain
Corporate governance	• Reduction of strategic shareholdings (quantitative targets and progress disclosure) • Officer compensation system (performance-linked compensation and introduction of human capital indicators)	• Composition of the Board of Directors (percentage of outside directors, size, diversity) • Effectiveness of the Board of Directors and strengthening of its supervisory functions • Skill set

Communicating our growth strategy through the financial results briefing



At the financial results briefing for analysts and investors for the fiscal year ended March 31, 2026, President Hosokawa personally explained the newly formulated Nishimatsu-Vision 2035 and Medium-Term Management Plan 2028, in addition to the financial results for the fiscal year ended March 31, 2026.

By presenting an integrated view of our approach to future growth investments and M&A, the expansion of core businesses, and the establishment of a next-generation foundation for growth, we communicated the path toward enhancing our corporate value over the medium to long term. Participants asked questions about the business environment, profitability, M&A, and the status of our collaboration with ITOCHU Corporation, among other topics, and we worked to deepen their understanding through active question-and-answer exchanges.

List of Company Officers (As of June 29, 2026)

Directors

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)
Jun. 2026 Outside Director (Part-time), Nippon Venture Capital Co., Ltd. (to present)

Number of Company shares held 7,507 shares
Attendance at Board Meetings 19 out of 19 (100%)

Makoto Isshiki

Representative Director
In charge of Corporate Unit



Apr. 1984 Joined the Company
Jun. 2016 Director, Senior Managing Officer
Apr. 2025 Representative Director and Executive Vice President, in charge of Corporate Unit (to present)

Number of Company shares held 16,597 shares
Attendance at Board Meetings 19 out of 19 (100%)

Osamu Shibui

Director
General Manager of Management Unit,
In charge of IR



Apr. 1985 Joined the Company
Apr. 2025 Senior Managing Officer, General Manager of Management Unit
Jun. 2025 Director, Senior Managing Officer, General Manager of Management Unit, in charge of Investor Relations (to present)

Number of Company shares held 6,019 shares
Attendance at Board Meetings 14 out of 14 (100%)

Shinsuke Hamasaki

Director
General Manager of
Corporate Strategy Unit



Apr. 1983 Joined the Company
Apr. 2025 Managing Officer, General Manager of Corporate Strategy Unit
Jun. 2025 Director, Managing Officer, General Manager of Corporate Strategy Unit (to present)

Number of Company shares held 4,431 shares
Attendance at Board Meetings 14 out of 14 (100%)

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 800 shares
Attendance at Board Meetings 19 out of 19 (100%)
Attendance at Audit and Supervisory Committee Meetings 15 out of 15 (100%)

Toshihiro Kubo

Outside 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 Outside Director (Audit and Supervisory Committee Member) of the Company (to present)
May 2025 Outside Director (Member of Audit and Supervisory Committee), Nakamoto Packs Co., Ltd. (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 19 out of 19 (100%)
Attendance at Audit and Supervisory Committee Meetings 15 out of 15 (100%)

Yayoi Ito

Outside Director
(Audit and Supervisory
Committee Member)



Apr. 2008 General Manager, Business Planning Promotion Division, Headquarter of Public System Business, NTT DATA Corporation
Feb. 2017 General Manager, Digital Innovation Promotion Office, YAMATO HOLDINGS CO., LTD.
Apr. 2018 General Manager, Information Technology Strategy Department, YAMATO HOLDINGS CO., LTD.
May 2019 Managing Executive Officer, Corporate Planning, UNIZO Holdings Company, Limited
Jun. 2021 Outside Director, KANADEN CORPORATION (to present)
Jun. 2023 Outside Director, JAPAN POST HOLDINGS Co., Ltd. (to present)
Outside Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 19 out of 19 (100%)
Attendance at Audit and Supervisory Committee Meetings 15 out of 15 (100%)

Hajime Oshita

Outside Director
(Audit and Supervisory
Committee Member)



Mar. 2017 Representative Director, President and CEO of JFE Engineering Corporation (resigned in Mar. 2024)
Jun. 2017 Director, JFE Holdings, Inc. (resigned in Jun. 2024)
Apr. 2024 Special Advisor of JFE Engineering Corporation (resigned in Mar. 2026)
Jun. 2024 Outside Director (Audit and Supervisory Committee Member) of the Company (to present)
Mar. 2026 Representative Director and President (Part-time), Ryugasaki Country Club Co., Ltd. (to present)
Jun. 2026 Outside Director, KANADEN CORPORATION (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 19 out of 19 (100%)
Attendance at Audit and Supervisory Committee Meetings 15 out of 15 (100%)

Misako Kikuchi

Outside Director
(Audit and Supervisory
Committee Member)



May 2001 General Manager of Public Relations Department, Corporate Communications Division, MITSUI & CO., LTD.
Apr. 2015 General Manager of Environmental-Social Contribution Division, MITSUI & CO., LTD.
Oct. 2018 President and Representative Director, Mitsui Bussan Forest Co., Ltd. (resigned in Jun. 2022)
Apr. 2022 Auditor, St. Luke's International University (resigned in Jun. 2025)
Jun. 2022 Outside Director, KOMERI Co., Ltd. (resigned in Jun. 2026)
Outside Director, OKAMURA CORPORATION (to present)
Jun. 2025 Outside Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 13 out of 14 (93%)
Attendance at Audit and Supervisory Committee Meetings 9 out of 10 (90%)

* The number of shares of the Company held includes the number of shares to be delivered under the stock compensation plan.
* Attendance figures for Board Meetings and Audit and Supervisory Committee Meetings are for FY2025.

Executive Officers

Chief Executive Officer and President
Masakazu Hosokawa

Executive Vice President
Makoto Isshiki

Senior Managing Officer
Kazutoyo Hamada

Senior Managing Officer
Masakazu Namba

Senior Managing Officer
Noboru Matsutomo

Senior Managing Officer
Osamu Shibui

Senior Managing Officer
Takafumi Inoue

Managing Officer
Takuo Yoshida

Managing Officer
Takashi Kuroda

Managing Officer
Shinsuke Hamasaki

Managing Officer
Hiroyuki Kawataki

Managing Officer
Hiroki Kimura

Managing Officer
Kazutoshi Narita

Executive Officer
Keiji Hashisako

Executive Officer
Seigo Yamamoto

Executive Officer
Katsuzo Honda

Executive Officer
Hiromi Tsuboi

Executive Officer
Hisashi Torii

Executive Officer
Hitoshi Kususako

Executive Officer
Masanori Ishii

Executive Officer
Humihide Takano

Executive Officer
Koichi Oniki

Executive Officer
Makoto Nomura

Executive Officer
Atsuro Munezawa

Executive Officer
Ichita Takahashi

Executive Officer
Osamu Yanagisawa

Executive Officer
Kozo Kusano

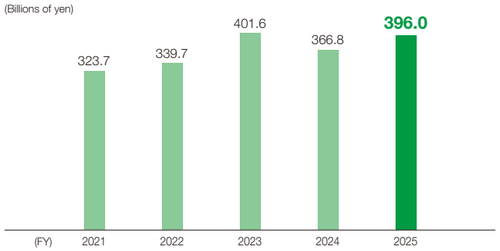
Executive Officer
Eiichi Sakuma

Executive Officer
Junichi Usuki

Financial and Non-Financial Highlights

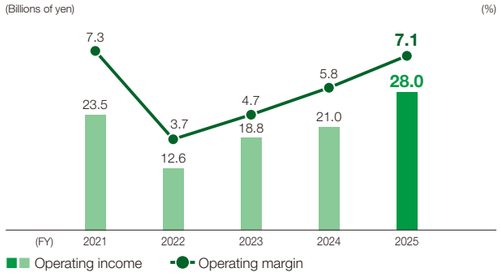
Financial

Net sales (consolidated)



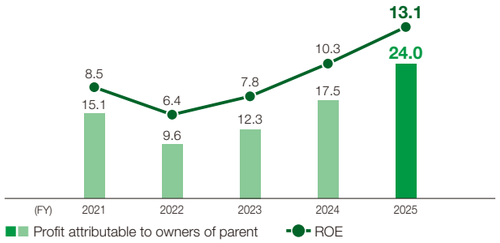
Net sales increased 8.0% year on year to 396.0 billion yen, mainly due to steady progress on projects in the Domestic Building Business and Domestic Civil Engineering Business.

Operating income/Operating margin (consolidated)



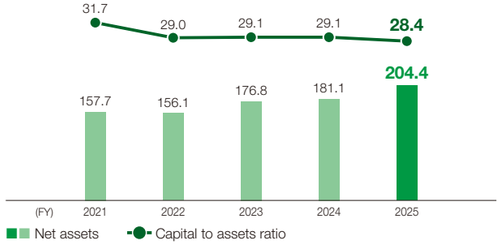
Operating income increased 32.8% year on year to 28.0 billion yen. This was mainly due to a substantial increase in gross profit in the Domestic Building Business, reflecting steady progress under the Earnings Improvement Plan and the successful securing of design changes on large-scale projects.

Profit attributable to owners of parent/ROE (consolidated)



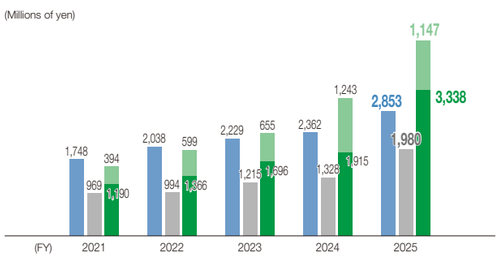
In addition to higher operating income, the sale of strategic shareholdings resulted in an 8.3 billion yen gain on sale of investment securities, which was recorded as extraordinary income. As a result, net income increased 37.2% year on year to 24.0 billion yen, while ROE rose 2.8 percentage points year on year to 13.1%.

Net assets/Capital to assets ratio (consolidated basis)



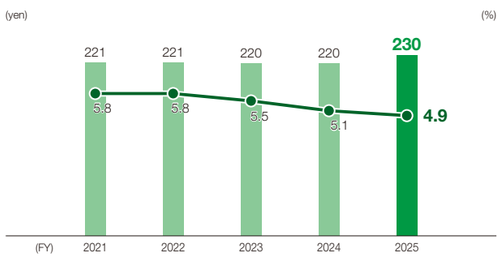
Net assets increased by 23.2 billion yen, mainly due to net income for the year. Meanwhile, the equity ratio declined by 0.7 percentage points from the end of the previous consolidated fiscal year to 28.4%, as total assets increased due to a temporary sharp increase in notes and accounts receivable from completed construction contracts, among other items.

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



For technology investment, we are pursuing automated construction, infrastructure renewal, wooden construction, and other technology development initiatives aimed at creating new value. For human resource investment, we see securing and retaining the human resources needed for sustainable growth as a key challenge and are focusing on improving employee engagement and expanding mid-career recruitment. For ICT investment, we are using DX to reduce labor requirements and improve productivity.

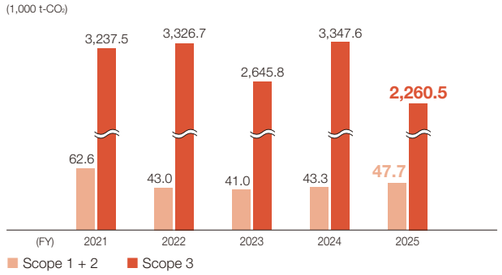
Dividend per share/DOE



Since FY2024, our dividend policy has been to provide stable dividends based on a dividend on equity (DOE) of around 5%. The annual dividend for FY2025 was ¥230 per share, up ¥10 from the previous fiscal year.

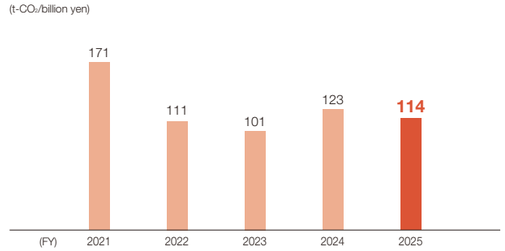
Non-Financial

Nishimatsu Group's CO_2 emissions (Scope 1 + 2, Scope 3)



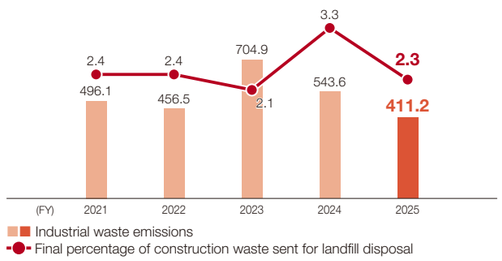
Scope 1 + 2 emissions increased 10.2% year on year to 47.7 thousand t-CO_2. Although the use of renewable electricity increased, this was mainly due to a substantial increase in diesel fuel consumption in the Civil Engineering Business. Scope 3 emissions decreased significantly because the number of properties completed in Category 11 was approximately half the level of a typical year.

CO_2 emissions per unit from construction (Domestic only)



CO_2 emissions per unit from construction decreased by approximately 10 points year on year. Diesel fuel consumption (Scope 1) increased 17.0% year on year, but electricity consumption (Scope 2) decreased 11.0%. Other contributing factors included further progress in switching to renewable electricity for which CO_2 emissions are counted as zero and a 12.4% year-on-year increase in construction output.

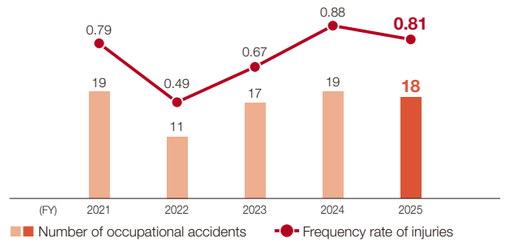
Industrial waste emissions*1/Final percentage of construction waste sent for landfill disposal*2



Industrial waste emissions decreased 24.4% year on year to 411.2 thousand t. The final landfill disposal rate also declined 1.0 percentage point to 2.3%, as the amount of waste that is difficult to treat decreased. We will continue working to reduce waste emissions and final landfill disposal volumes by preventing waste generation and promoting 3R activities.

[*1] Nishimatsu Group
[*2] Domestic only

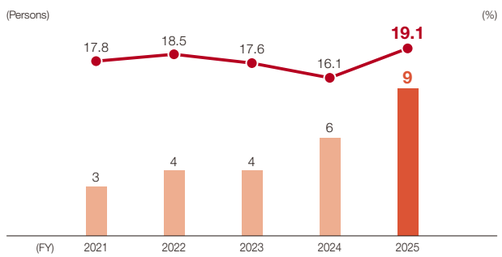
Number of occupational accidents/Frequency rate of injuries*3 (4 or more days of absence from work) (non-consolidated)



The number of occupational accidents was 18, and the frequency rate of injuries was 0.81. Guided by our "Compassion and consideration throughout the workplace!" initiative, which is based on the principle of respect for human life, we take the accidents that occurred during the fiscal year very seriously and will work to prevent recurrence by further promoting intrinsic safety and engineering measures. To achieve our targets of 0.40 or below in FY2026 and 0.20 or below in FY2030, everyone working at our worksites will work together to create safe and comfortable workplace environments.

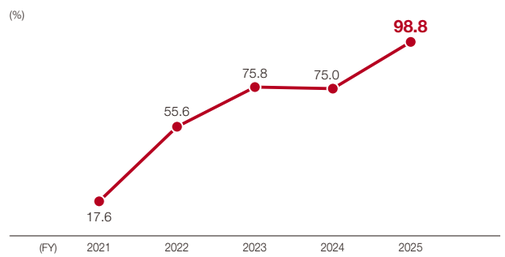
[*3] Expresses the rate of occurrence by the number of fatalities and injured workers from occupational accidents per million actual work hours.

Number of female managers/Percentage of newly hired female employees (career-track positions)



The number of female managers was nine, and women accounted for 19.1% of newly hired career-track employees. Given the age profile of our female employees, it is expected to take some time to increase the proportion of women in management. Going forward, we will further promote the advancement of women by strengthening the retention and development of female employees and stepping up recruitment, while improving the work environment and supporting their growth.

Percentage of male employees taking childcare leave*4



The percentage of male employees taking childcare leave reached 98.8%, rising substantially over the past five years. More employees are also taking longer periods of leave, reflecting growing companywide awareness of men's participation in childcare.

[*4] Including leave for the purpose of childcare

Eleven-Year Major Financial and Non-Financial Data

Fiscal Year (years ended March 31)		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Financial data (Consolidated)												
Construction Business orders received	(Millions of yen)	304,764	360,186	380,378	348,045	376,088	313,437	333,974	340,392	360,273	429,719	**381,014**
Profit and loss statement (fiscal year)												
Net sales	(Millions of yen)	308,826	315,228	284,412	349,318	391,621	336,241	323,754	339,757	401,633	366,811	**396,030**
Gross profit	(Millions of yen)	31,104	42,259	40,425	43,423	43,938	39,761	43,772	33,719	40,787	44,108	**54,283**
Operating income	(Millions of yen)	16,184	25,259	22,752	24,928	25,313	20,950	23,540	12,615	18,827	21,098	**28,029**
Ordinary income	(Millions of yen)	16,290	25,446	23,548	25,985	25,838	21,561	23,497	13,176	19,578	20,225	**27,384**
Profit attributable to owners of parent	(Millions of yen)	14,598	19,210	16,914	18,784	18,721	17,166	15,103	9,648	12,388	17,543	**24,066**
Balance sheet (end of fiscal year)												
Total assets	(Millions of yen)	351,334	385,674	381,355	466,327	497,045	472,440	477,613	513,623	579,624	592,046	**686,012**
Interest-bearing liabilities	(Millions of yen)	53,175	42,844	43,306	86,167	121,909	115,039	160,039	168,396	186,150	214,212	**232,832**
Net interest-bearing debt	(Millions of yen)	25,271	3,817	10,807	54,694	75,449	71,269	112,917	114,669	129,617	170,794	**184,559**
Shareholders' equity	(Millions of yen)	134,190	147,697	158,256	171,828	184,803	196,158	145,459	144,294	150,320	158,337	**173,555**
Cash flow (fiscal year)												
Cash flows from operating activities	(Millions of yen)	4,120	40,763	13,570	(15,882)	14,120	4,907	41,243	34,747	32,037	5,889	**3,045**
Cash flows from investing activities	(Millions of yen)	(9,688)	(13,945)	(15,422)	(23,633)	(20,147)	5,302	(22,532)	(27,450)	(41,819)	(36,250)	**(7,458)**
Cash flows from financing activities	(Millions of yen)	(2,960)	(15,039)	(4,918)	38,555	20,952	(12,653)	(16,074)	(2,365)	11,083	16,134	**7,982**
Cash and cash equivalents at end of year	(Millions of yen)	27,903	39,026	32,499	31,473	46,459	43,574	47,121	53,726	56,532	43,403	**48,266**
Amounts per share												
Profit attributable to owners of parent	(yen)	263.55	348.15	308.52	343.39	342.24	313.83	312.34	244.43	313.86	444.46	**609.56**
Dividends	(yen)	80	105	95	105	105	105	221	221	220	220	**230**
Dividend payout ratio	(%)	30.4	30.2	30.8	30.6	30.7	33.5	70.8	90.4	70.1	49.5	**37.7**
Net assets	(yen)	2,775.30	3,057.35	3,348.41	3,605.62	3,599.01	3,765.62	3,833.71	3,770.77	4,277.06	4,361.27	**4,936.16**
Ratio												
ROE	(%)	9.7	11.9	9.6	9.9	9.5	8.5	8.5	6.4	7.8	10.3	**13.1**
Capital to assets ratio	(%)	43.8	43.5	48.0	42.3	39.6	43.6	31.7	29.0	29.1	29.1	**28.4**
D/E ratio	(times)	0.3	0.3	0.2	0.4	0.6	0.6	1.1	1.1	1.1	1.2	**1.2**
Net D/E ratio	(times)	0.2	0.0	0.1	0.3	0.4	0.3	0.7	0.8	0.8	1.0	**0.9**
Non-financial data												
Number of employees (consolidated)*1		2,704	2,740	2,825	2,920	3,005	3,060	3,106	3,201	3,301	3,351	**3,772**
Number of employees (non-consolidated)*1		2,467	2,504	2,536	2,606	2,684	2,762	2,794	2,804	2,892	2,908	**3,036**
CO_2 emissions per unit from construction*2 (Japan only)	(t-CO_2/ billion yen)	318	242	181	161	159	201	171	111	101	123	**114**
Final percentage of construction waste sent for landfill disposal (Japan only) (excluding asbestos-containing industrial waste materials and specially controlled industrial waste)*2,3	(%)	3.1	2.9	2.7	2.1	2.2	2.2	2.4	2.4	2.1	3.3	**2.3**
Frequency rate of injuries*4 (4 or more days of absence from work) (non-consolidated)		1.10	0.67	0.72	1.02	1.04	0.75	0.79	0.49	0.67	0.88	**0.81**

[*1] Number of employees includes temporary employees.
[*2] Calendar year data for the fiscal years ended March 31, 2016 to March 31, 2019.
[*3] 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.
[*4] Expresses the rate of occurrence by the number of fatalities and injured workers from occupational accidents per one million actual work hours.

Terminologies

Terms	Meaning
30by30	An international target to effectively conserve and manage at least 30% of the world's land and marine areas by 2030. It is one of the key targets of the Kunming-Montreal Global Biodiversity Framework adopted at COP15 to the Convention on Biological Diversity in 2022. It serves as a concrete framework for action toward achieving nature positivity—halting and reversing nature loss by 2030 and aiming for full recovery by 2050.
BIM/CIM	Building/Construction Information Modeling, Management (BIM/CIM). A method for improving productivity and operational efficiency by creating 3D models containing geometry, attribute, and other data and using them throughout the construction process.
Circular economy	In addition to conventional 3R initiatives, a circular economy is an economic system that seeks to reduce resource inputs and consumption while promoting the reuse and recycling of products and resources through service-based business models and other approaches, thereby maintaining, restoring, and enhancing the value of products and waste after use over the long term. In the construction industry, examples include designing standardized building components for easy replacement and reuse, recovering and reprocessing waste materials for return to the market, and optimizing maintenance and renovation through lifecycle management of buildings.
Cuttable segment	A segment that is made using a new reinforcing material that can be cut with the blades of a shield machine. They are used as an alternative to the rebar used in RC segments.
Digital twin platform	Digital twin platforms are system platforms for building and managing virtual replicas (digital twins) in digital space of real-world equipment, structures, and environmental data status collected through sensors and IoT devices. It is expected that through real-time condition monitoring, data analysis, simulation, and more, they will improve the quality and safety of construction processes and the efficiency of on-site management, etc.
ENCORE	ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a natural capital assessment tool recommended under the TNFD framework. This web-based platform helps companies and financial institutions understand their dependencies and impacts on biodiversity and identify and assess nature-related risks.
Front loading	An approach that identifies and resolves issues and risks early in a project to improve quality, shorten construction schedules, and reduce costs. A typical example is the BIM approach, which uses simulations and construction verification during the design stage to reduce rework and specification changes in later phases.
Geopolymer	Geopolymer is the collective term for non-crystalline polymers that are formed by a reaction between an alkali-silica solution and alumina-silica powder without the use of cement. Compared to conventional concrete, geopolymers emit less CO_2 during manufacturing, and they are superior in terms of acid and fire resistance. With these and other benefits, geopolymers are starting to attract attention as a next-generation construction material.
Lining	The (arch) concrete built over the interior surface of a tunnel.
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%.
Nature positive	An international goal to halt and reverse biodiversity loss by 2030 and achieve full recovery by 2050. It is set out in the Kunming-Montreal Global Biodiversity Framework adopted at COP15 in 2022. Under targets such as 30by30, companies are expected to assess their impacts on biodiversity and generate positive impacts, among other actions.
P&UA construction method	P&UA stands for Panel & Unbonded Anchor. It is a high-performance earthquake-resistant frame construction method for mid- to high-rise wooden buildings, jointly developed with the Company's participation. The method uses the newly developed GIUA glued-in steel rod connection method at column-beam joints to form a moment-resisting frame combining timber and steel members. Compared with conventional wooden buildings, it significantly improves seismic performance, enabling mid- to high-rise wooden buildings of around 10 stories.
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.
PPP	A collaborative approach in which governments and private companies work together to develop and operate public facilities and infrastructure, leveraging private-sector funding, technology, and expertise to provide public services.
Precast slab	Precast slab is a reinforced concrete material that is manufactured in advance at a factory instead of at the construction site. Unlike cast-in-place concrete, precast slab is manufactured in an environment where it is possible to strictly control quality and then it is assembled and installed at the construction site. This makes it possible to increase quality and shorten construction periods. It is used for the walls, pillars, and floors of buildings, the replacement floor slabs of expressway bridges, and other applications.
RE100	An international initiative (Renewable Energy 100%) under which companies aim to meet 100% of the electricity used in their business operations with renewable energy. Established in 2014 by the international environmental NGO Climate Group and CDP, RE100 requires participating companies to transition to 100% renewable electricity by 2040.
ReESEL	ReESEL is a high-purity biodiesel fuel (Recycle Ester Diesel fuel), pronounced 'Reezel.' Produced from waste cooking oil collected from households and businesses, it is a high-quality alternative to diesel fuel that meets the quality standards of the ReESEL Association and JIS standards. It can be used without modification in existing diesel vehicles and construction machinery. As a next-generation fuel, it promotes resource circulation while reducing CO_2 emissions, black smoke, and sulfur oxides.
Shield tunneling	Shield tunneling is an approach to tunnel excavation using a tube-shaped machine called a shield machine and block-shaped lining materials called segments. The method is widely used to build underground infrastructure in urban areas, including subways, utility tunnels, and water supply and sewerage systems.
Slagrete	Slagrete is an environmentally friendly concrete that uses a large amount of fine blast furnace slag powder, a byproduct from steel plants, as an alternative material to cement. Compared to conventional concrete, much less CO_2 is emitted when slagrete is manufactured, and its resistance to salt damage and thermal cracking is superior.
Slurry shield	A shield method with which slurry is pressurized and pushed to the face of the tunnel face to apply counterpressure against the pressure of the soil and water, thereby maintaining soil stability during excavation.
TCFD	Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommended that companies and other organizations establish climate-related governance and risk management systems and identify and disclose the financial impacts of climate change. It was disbanded in October 2023 after transferring its oversight responsibilities to the International Financial Reporting Standards (IFRS) Foundation.
TNFD	Task Force on Nature-related Financial Disclosures (TNFD). Using a disclosure approach modeled on the TCFD, the TNFD recommends that companies and other organizations assess their dependencies and impacts on natural capital, identify biodiversity risks, analyze financial impacts, and disclose response strategies. It issued its final recommendations in September 2023 and is promoting standardized nature-related risk management globally.
ZEB	Abbreviation for Net Zero Energy Building. A ZEB is a highly energy-efficient building that maintains a comfortable indoor environment while reducing energy consumption through the introduction of energy-saving technologies and generating renewable energy. It aims to achieve a virtually net-zero annual balance of primary energy consumption and contributes to the realization of a decarbonized society through both energy conservation and energy generation.

Investor FAQ

Q1 What is the current business environment for the Building Business, and what is your outlook?

The Building Business is currently seeing growth in areas such as data centers, which are a key focus for us. At the same time, rising construction costs have led to price negotiations with clients in some cases. Looking ahead, we expect demand to shift from new construction toward renewal work and will expand our capabilities into areas we have not previously served. The order environment remains firm, and we expect a steady pipeline of projects.

Q2 What are the key challenges under the Medium-Term Management Plan?

We see two major challenges to strengthening our earnings capacity over the medium term. The first is improving productivity. While we have been taking steps to address rising prices, growth in construction volume per employee has remained limited. We will improve profitability by reforming site management and further reducing labor requirements. The second is cash management. Given the nature of our business, we often need to fund construction costs in advance. We will accelerate cash collection by reviewing contract terms with clients and taking other measures. We will focus on these improvements over the next three to four years before pursuing further improvement in profit margins.

Q3 You plan to actively pursue M&A. Can you provide more detail?

We will proactively pursue M&A both to further expand the scope and strengthen the capabilities of our construction businesses in Japan and overseas, and to invest in growth areas outside construction. Through these initiatives, we aim to diversify our business portfolio, strengthen our earnings base, achieve sustainable growth, and enhance corporate value.

Q4 What synergies do you expect from your collaboration with ITOCHU Corporation?

Through our collaboration with ITOCHU Corporation, we aim to expand into business areas adjacent to construction. By leveraging ITOCHU's extensive network and information and pursuing initiatives including joint investments, we expect to generate synergies that broaden growth opportunities and create new value.

Statement of Authenticity

On the publication of Nishimatsu Construction Co., Ltd. Integrated Report 2026



Osamu Shibui

Director,
Senior Managing Officer
General Manager of
Management Unit
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.

Integrated Report 2026 presents an overview of Nishimatsu-Vision 2035, our new long-term vision, which sets out our aspiration to become "the most attractive general contractor." It also explains in detail Medium-Term Management Plan 2028, launched in FY2026, including the background to its formulation, basic policies, growth strategy, and financial strategy. The Message from the President outlines the direction of the transformation needed to become a general contractor that is valued and chosen and explains our approach to creating corporate value with improved employee engagement as the starting point. The Human Resource Strategy section also explains in detail our initiatives to establish a human resource portfolio which maximizes the contributions and performance of diverse talent and to foster a corporate culture which enables employees to fully demonstrate their capabilities and willingness to take on challenges both aimed at improving employee engagement.

This report was produced mainly by the Corporate Planning Department of the Corporate Strategy Unit 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 co-creation initiatives and for it to lead to the creation of opportunities for meaningful dialogue. I would greatly appreciate it if you could read the report and share your candid opinions and comments with us.

Awards and External Evaluations

Award

■: Civil engineering ■: Building ■: Technology ■: Other

Name	Main sponsor	Award/Award Recipient
FY2025 Minister of Health, Labour and Welfare Encouragement Award	Minister of Health, Labour and Welfare	Construction work of Nagano Expressway Ipponmatsu tunnel reinforcement
FY2025 Tohoku Regional Development Bureau Award for Distinguished Service in Land, Infrastructure, Transport and Tourism Administration	Ministry of Land, Infrastructure, Transport and Tourism Tohoku Regional Development Bureau	[Outstanding Construction Contractor Award] Upper right bank excavation work for Chokai Dam [Outstanding Construction Engineer Award] Two Nishimatsu Construction employees
FY2025 Tohoku Regional Agricultural Administration Office Award for Outstanding Agricultural and Rural Development Projects Rural Development Bureau Director-General's Award	Ministry of Agriculture, Forestry and Fisheries Tohoku Regional Agricultural Administration Office	Tazawa Phase II Agricultural Water Use Project — Dakigaeri Headworks Improvement Work
FY2025 Shizuoka Labour Bureau Director-General's Award Encouragement Award (Safety Measures)	Shizuoka Labour Bureau	Mikatahara Water Use Phase II Agricultural Water Use Project — Seismic reinforcement work for the headrace tunnel
Japan Federation of Construction Contractors Awards 2025 6th Civil Engineering Award	Japan Federation of Construction Contractors	Tateno Dam construction project
FY2024 Japan Society of Dam Engineers Award Technology Award	Japan Society of Dam Engineers	Tateno Dam construction project
FY2024 All Japan Construction Technology Association Award Infrastructure Development Projects and Measures Category General Division, Urban Sector	Japan Construction Engineers' Association	Tokyo City Planning Road, Ring Road No. 2 (Tsukiji–Shimbashi Section) Development Project
21st Tokyo Industrial Safety and Health Convention FY2025 Tokyo Labour Bureau Director-General's Award Encouragement Award	Tokyo Labour Bureau	(Provisional Name) Toranomon 3-chome Project New Construction Work
FY2025 Kagawa Labour Bureau Director-General's Awards for Outstanding Workplaces and Distinguished Service in Occupational Safety and Health Kagawa Labour Bureau Director-General's Encouragement Award	Kagawa Labour Bureau	Tokushima Bunri University Takamatsu Station Campus New Construction Work
19th Public Buildings Award	Public Buildings Association	[Excellence Award] Yokohama City Hall [Regional Special Award] Yanagawa Civic Cultural Hall, Suito Yanagawa
Japan Wood Design Award 2025　Award Winner	Japan Wood Design Association	Yasui Architects & Engineers, Inc., Yamato Town, Nishimatsu Construction, and Sanei Special Construction Joint Venture
FY2025 Minister of the Environment Award for Climate Change Action Development and Commercialization Category　Mitigation Field	Ministry of the Environment	"Development of Alkali-Activated Material Concrete that Achieves Both CO_2 Reduction and Effective Resource Utilization" Jointly awarded with other companies
FY2025 Infrastructure DX Award　Excellence Award	Ministry of Land, Infrastructure, Transport and Tourism	"Labour-Saving Tunnel Construction Using Digital Twins"
Michinoku Infrastructure DX Encouragement Award	Ministry of Land, Infrastructure, Transport and Tourism Tohoku Regional Development Bureau	Private-Sector Company Category New Construction Site Management Using ICT and DX Technologies Kitanihon Regional Headquarters
FY2025 Japan Construction Machinery and Construction Association Awards Regional Award Category　Excellence Award	Japan Construction Machinery and Construction Association	Automated Soil Conveyance Water Injection Management System for Earth Pressure Balance Shield Tunneling Jointly awarded with other companies
20th Ichizokai Awards Special Award	National Association of First-Grade Landscape Construction Management Engineers	"From an Industrial Park to a Crossroads for People and Nature" Jointly awarded with other companies
Private Network Leadership Award Private Network Excellence in Construction	TeckNexus	"Ultra-Remote Control Technology for Construction Machinery Using Local 5G and APN" Jointly awarded with other companies
FY2025 Award for Community-Coexisting Renewable Energy Projects	Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry	Michi-no-Eki Munakata PPA Project
FY2025 Distinguished Service Award	Urban Renewal Association of Japan	Nakano 2-chome District Urban Redevelopment Association Takamatsu City Daikumachi and Togiyamachi District Urban Redevelopment Association
11th Award for Distinguished Service in the Development of Female Engineers Organizational Encouragement Award	Japan Association of Technology Executives (JAOTEX)	Nishimatsu Construction
Eibunren Awards 2025 Corporate Communication Category　Excellence Award	Japan Association of Audiovisual Producers, Inc.	"New Employee Nishimatsu-san and People You Can Trust"

ESG Index Inclusion Status

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

THE INCLUSION OF Nishimatsu Construction Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Nishimatsu Construction Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

2026 Sompo Sustainability Index

S&P/JPX Carbon Efficient Index

External Evaluations

ZEB PLANNER ZEB29P-00063-PGC

ZEB LEADING OWNER ZEB30L-00025-P

Digital Transformation Certification

2026 ESG FINANCE AWARDS JAPAN SUSTAINABLE

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

女性が活躍しています！

WELL PLATINUM

JHEP CERTIFIED AA+

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE BASED TARGETS

We have obtained the SBT 1.5°C certification of our FY2030 GHG reduction targets. (54.8% reduction of Scope 1 and 2 emissions and 27% reduction of Scope 3, Category 11 emissions from the FY2020 level)

Initiatives Supported/Participated In

ECO FIRST

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

デコ活

CLIMATE GROUP RE100

JCLP

JAPAN CLIMATE INITIATIVE

Circular Partners

SUSTAINABLE JAPAN PROGRAM つながる・つづく スコラル・ジャパン・プログラム

Corporate Outline and Stock Status

Corporate Outline

Registered Name	Nishimatsu Construction Co., Ltd. (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: 3,036 Consolidated: 3,772 (As of March 31, 2026)

* The number of employees includes the number of temporary employees.

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)
Chubu Regional Headquarters (Nagoya-shi)
West Japan Regional Headquarters (Osaka-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 Office

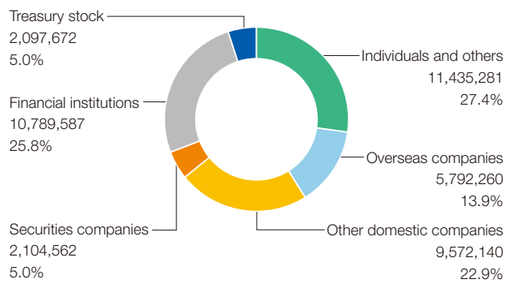
Main Subsidiaries

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, 2026)

Total number of authorized shares	160,000,000
Total number of issued shares	41,791,502 (including 2,097,672 shares of treasury stock)
Number of shareholders	28,898

Shareholder Distribution



Major Shareholders (Top ten shareholders)

Name	Shares held (Thousands)	Shareholding ratio (%)
ITOCHU Corporation	8,700	21.92
The Master Trust Bank of Japan, Ltd. (Trust account)	4,639	11.69
Custody Bank of Japan, Ltd. (Trust account)	2,543	6.41
Nishimatsu Construction Employee Stock Ownership Association	1,059	2.67
Meiji Yasuda Life Insurance Company	915	2.31
JPMorgan Securities Japan Co., Ltd.	755	1.90
Custody Bank of Japan, Ltd. (Pension trust account)	472	1.19
Custody Bank of Japan, Ltd. (Trust account 4)	457	1.15
STATE STREET BANK AND TRUST COMPANY 505001	422	1.06
JP MORGAN CHASE BANK 385781	411	1.04

*The Company holds 2,097,672 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 2,097,672 shares of treasury stock. Treasury stock does not include 209,400 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

Environmental indicators (group in Japan and overseas)

- CO_2 emissions ▶P.17, 85
- Water intake ▶P.16
- Industrial waste emissions ▶P.17, 85
- Energy usage ▶P.16

Social indicators (non-consolidated)

- Percentage of female managers ▶P.33, 40
- Percentage of male employees taking childcare leave ▶P.33, 40, 85
- Frequency rate of injuries (4 or more days of absence from work) ▶P.33, 70, 85, 87

Inquiries:

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Corporate Planning Department
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