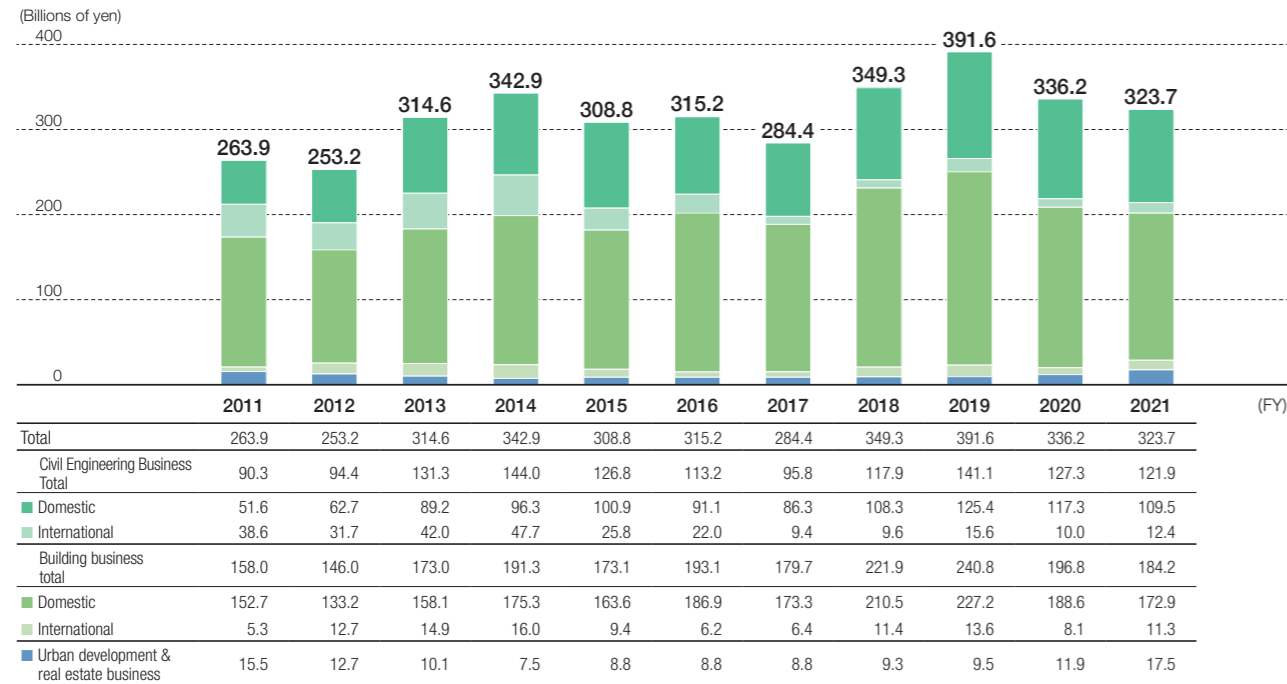


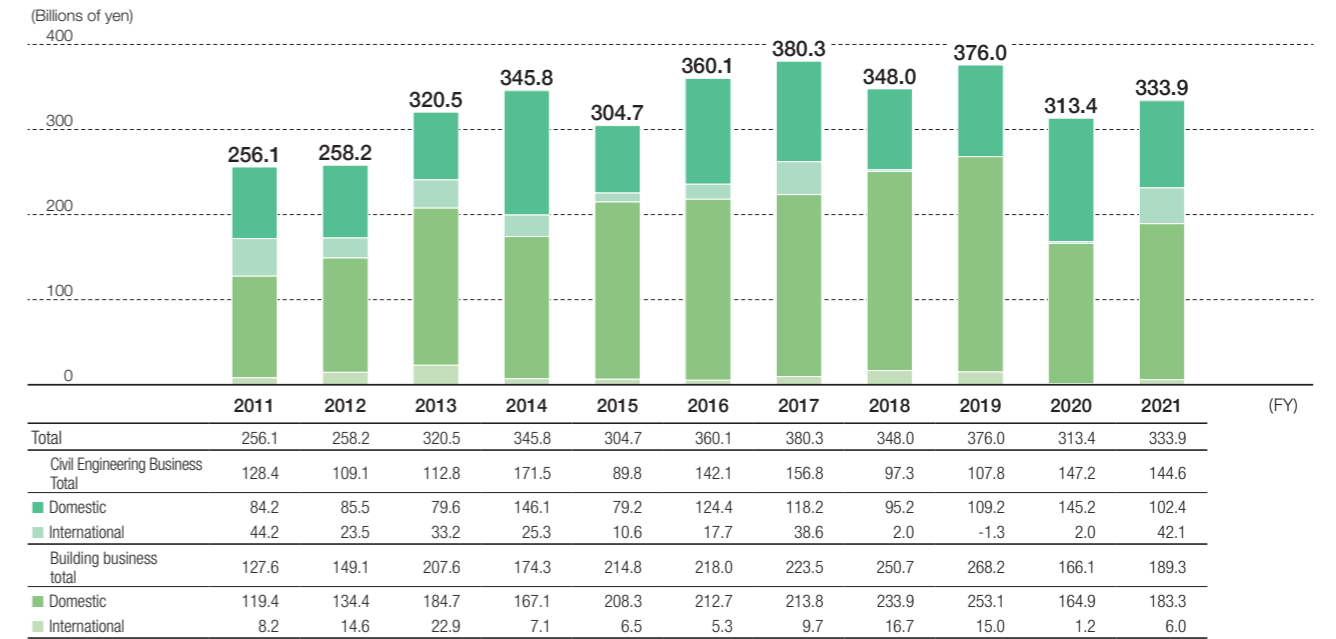
# Business Strategy

## Business Performance

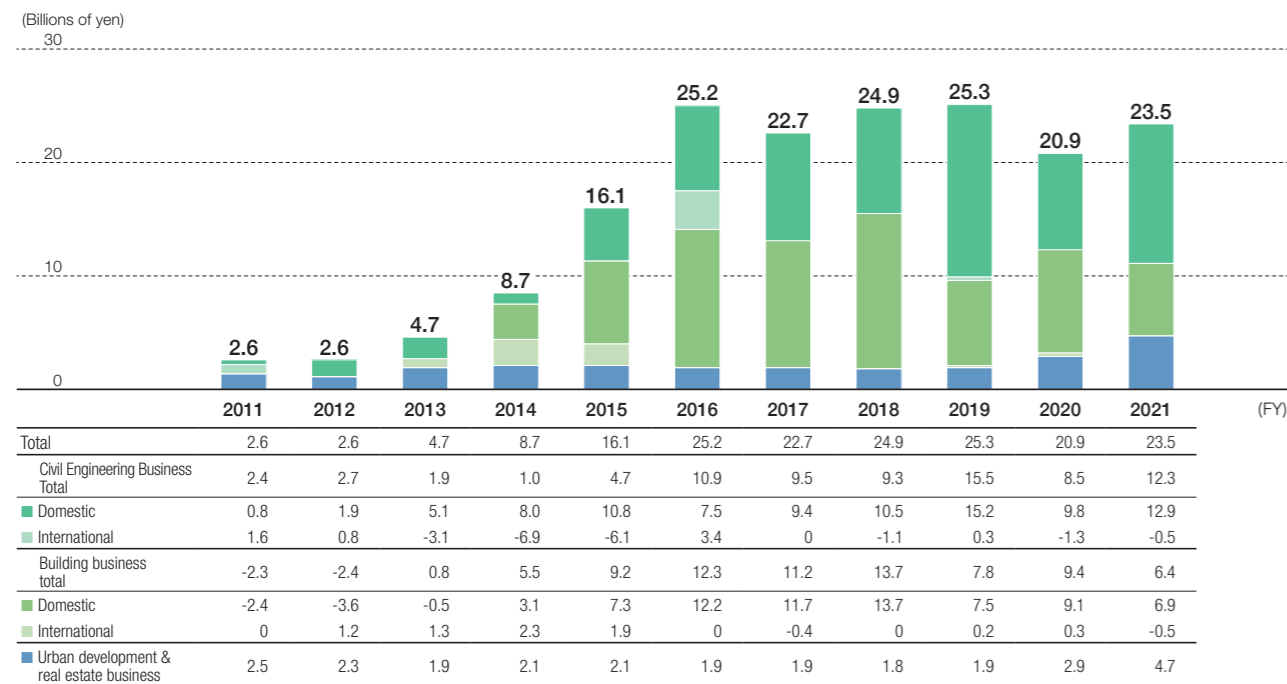
### Consolidated Net Sales by Segment



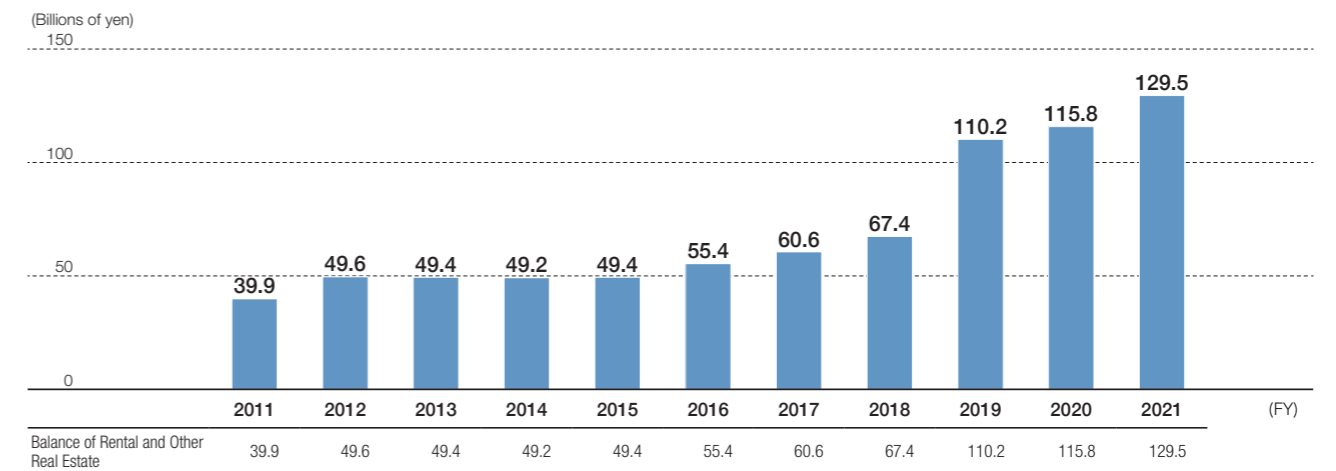
### Consolidated Construction Orders Received by Segment



### Consolidated Operating Income by Segment



### Urban Development & Real Estate Business Balance of rental properties and other real estate



# Domestic Civil Engineering Business

## Business Significance

Constructing sustainable civil engineering infrastructure to realize a safe and secure society

## Business Strengths

- Technologies and track record for high-difficulty construction projects
- Technologies for construction of mountain tunnels, shield tunnels, and dams
- Employees' ability to accomplish work at worksites and the organization's ability to provide support at worksites

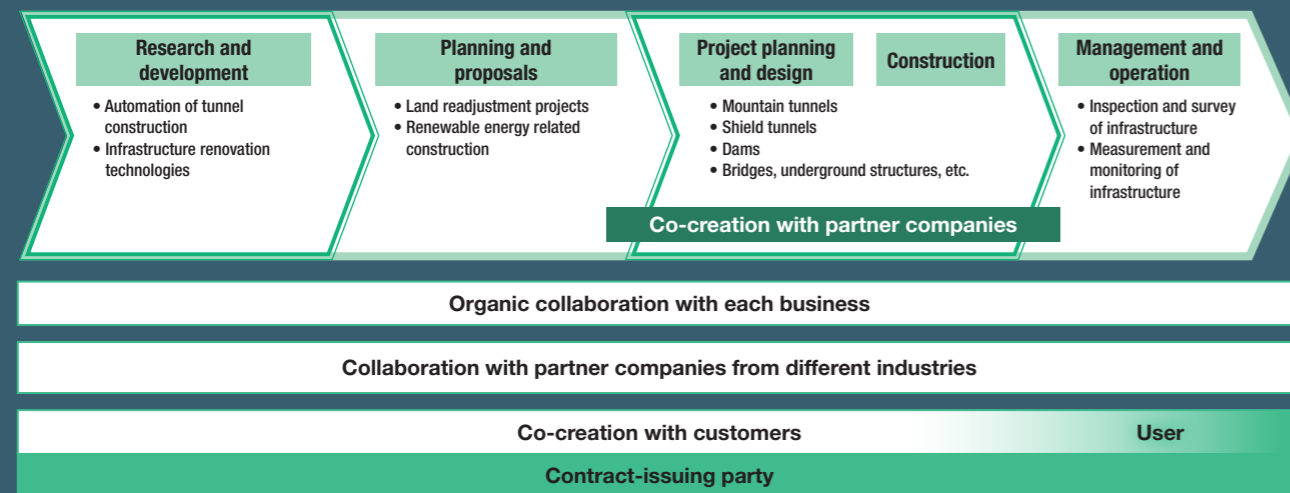


**Makoto Isshiki**  
General Manager of Civil Engineering Division

## Business Environment

- Increasing severity and frequency of natural disasters**
  - Increase in disaster prevention and mitigation measures, and increase in resilient national infrastructure projects
- Transition to a decarbonized society**
  - Increase in renewable energy-related construction and transportation infrastructure construction
- Deterioration of social infrastructure**
  - Increase in civil engineering infrastructure renovation
- Soaring resource and energy prices**
  - Sharp rise in prices of materials and equipment, impact on procurement
- Decrease in working-age population**
  - Labor shortage, automation, and operator-less construction

## Value Chain



## Progress of Priority Measures

Priority measures	FY2021 review	Initiatives going forward
High-difficulty construction projects	Construction of large-scale mountain and shield tunnels, as well as other construction projects with a high level of difficulty throughout Japan	QCDSSE construction in high-difficulty construction
Civil engineering infrastructure renovation	Numerous orders for expressway and tunnel renovation	Planned training of laborers Improve of technical skills for renovations
Renewable energy related construction	Construction of solar power generation facilities Orders for renovation of hydroelectric power generation facilities (5 orders)	Taking on the challenge of constructing offshore wind power generation facilities
Automation of tunnel construction	Developed 4 new technologies: • 3 technologies for tunnels (remote-controlled wheel loaders, automated tunnel lining, measuring truck) • 1 technology for shield tunnels (AI-based directional control)	Development goals Completion of underlying technologies: FY2023 Overall completion: FY2027

## Contributing to SDGs (construction completed in FY2021)

**Optimization of traffic flow with road and rail construction, contributing to reduction of CO<sub>2</sub> emissions and improving convenience in daily life**



### Construction of the Nanko Tunnel (Fukushima Prefecture)

Nishimatsu undertook the construction of a tunnel directly under the Nanko Forest Park in the Shirakawa Bypass Project on National Route 294. The automated tunnel lining technology introduced on a trial basis at this site received the "Michinoku i-Construction Encouragement Award" at the "Tohoku Reconstruction DX/i-Construction Liaison and Coordination Conference" of industry, academia, and government, including six Tohoku prefectures and Sendai City.



Nanko Tunnel

### Construction of emergency exit and materials delivery entrance for the Linear Chuo Shinkansen Kajigaya (Kanagawa Prefecture)

Nishimatsu constructed the emergency exit and materials delivery entrance for the Linear Chūō Shinkansen at Kajigaya. This was the largest pneumatic caisson construction project in Japan.



Linear Chūō Shinkansen Kajigaya emergency exit and materials delivery entrance

### Construction of new viaduct for the Hokuriku Trunk line No. 3 in South Fukui (Fukui Prefecture)

Nishimatsu undertook construction of an elevated bridge in Fukui City, part of the Hokuriku Shinkansen Line extension project between Kanazawa and Tsuruga. We received the Encouragement Award from the Minister of Health, Labor and Welfare as an excellent workplace for health and safety.



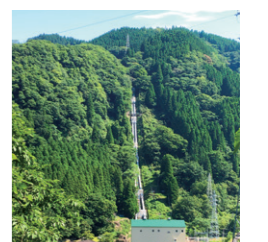
No. 3 South Fukui Viaduct

## Renewable energy related construction



### Building renovation and incidental construction at Tsuru Power Station (Kumamoto Prefecture)

Nishimatsu carried out renovation and reinforcement on all the hydroelectric power station's facilities: intake ports, headrace tunnels, settling basin, water tanks, steel conduits, foundation of the water turbine generator, discharge tunnels, and buildings.



Tsuru Power Station

# Domestic Building Business

## Business Significance

Creating spaces with our customers to realize users' diverse lifestyles and business styles

## Business Strengths

- Close business collaboration from sales to construction, and after-sales services
- Technologies in priority areas (logistics facilities, urban redevelopment projects and incineration plants)

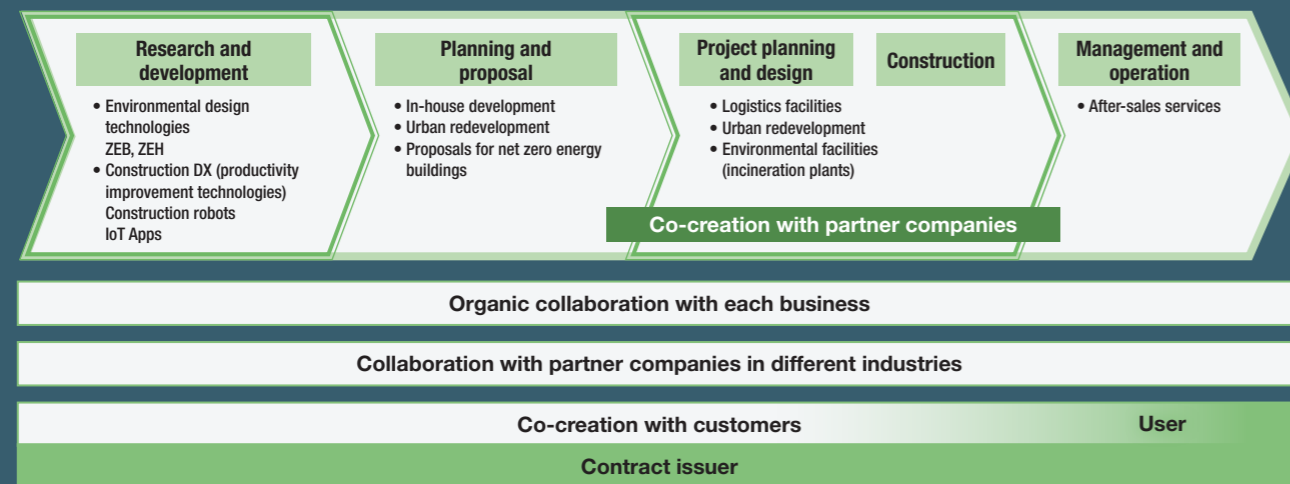


**Kazutoyo Hamada**  
General Manager of Building Division

## Business Environment

- Demand for EC continues**
  - There is a strong demand for construction of logistics facilities
- Urban development and redevelopment are steady**
  - Despite demand for urban redevelopment, we have had to review our projects due to a sharp rise in prices of materials and equipment
- Aging social infrastructure**
  - There is a demand for the renovation of environmental facilities (incineration plants)
- Transition to a decarbonized society**
  - Increase in medium and large-scale wooden buildings
- Soaring prices of resources and energy**
  - Soaring prices of materials and equipment, impact on procurement
- Decrease in working-age population**
  - Labor shortage, improvement of construction productivity

## Value chain



## Progress of Priority Measures

Priority measures	FY2021 review	Initiatives going forward
Initiatives for logistics facilities	Front loading of logistics facilities (utilization of BIM)	Utilization of BIM to connect design, production design and construction
Development of environmental design technologies	Preparation of ZEB Advanced Technology Testing Facility (At the Aikawa Technical Research Institute, Kanagawa Prefecture)	Preparation of start of testing at the ZEB Advanced Technology Testing Facility Joint R&D project for medium and large-scale wooden buildings
Construction DX	Utilization of worksite business applications	Construction DX in the Construction RX Consortium* (Testing of construction robot technologies)

\* Construction RX Consortium: A consortium of Japanese general contractors that promotes technological cooperation in robot technologies and IoT-related applications required in the construction phase to improve the productivity and appeal of the construction industry as a whole, by increasing efficiency and reducing manpower at worksites.

## Contributing to SDGs (construction completed in FY2021)

**Reduction of construction by-products and the impact on the global environment by constructing large-scale logistics warehouses**



### Prologis Park Inagawa 2 Project (Hyogo Prefecture)

Nishimatsu constructed a five-story, steel structure logistics warehouse with a total floor area of 159,000m<sup>2</sup> near the Kawanishi IC on the Shin-Meishin Expressway. We have actively engaged in environmental preservation activities, including the 3Rs.

- Reduce:** Significant reduction of formwork materials (lumber)  
Use of ICT construction equipment to reduce the amount of excavated soil
- Reuse:** Use most of the excavated soil as backfilling soil
- Recycle:** Use of recycled crushed stone for pathways on the premises



**Use of 100% local renewable electricity for construction of Sukumo City Hall, reducing CO<sub>2</sub> emissions in business activities**



### Construction of new Sukumo City Hall building (Kochi prefecture)

Electricity generated by the Kochi Prefectural Hydroelectric Power Stations was used for the construction of Sukumo City Hall. As a result, Nishimatsu Construction has been certified as the first contract for the "100% Hydro Power Plan" of "Electricity Service Supported by Kochi Family", an electricity brand established by Kochi Prefecture and Shikoku Electric Power Company, Inc. In addition, we installed solar panels on the roof of the worksite office to generate energy.

The new Sukumo City Hall is not only a very convenient and pleasant facility for citizens, but it is also an important facility that will serve as a base for regional disaster prevention.



# International Business

## Business Significance

Working with people in every country and region to build social infrastructure that supports the lives of people around the world

## Business Strengths

- Construction track record in Southeast Asian countries
  - Top-class track record for tunnel construction among Japanese general contractor companies
- Customer base in new countries
- Ability to carry out business operations in accordance with regional characteristics such as business practices



**Yoshikuni Nakano**  
General Manager of International Division

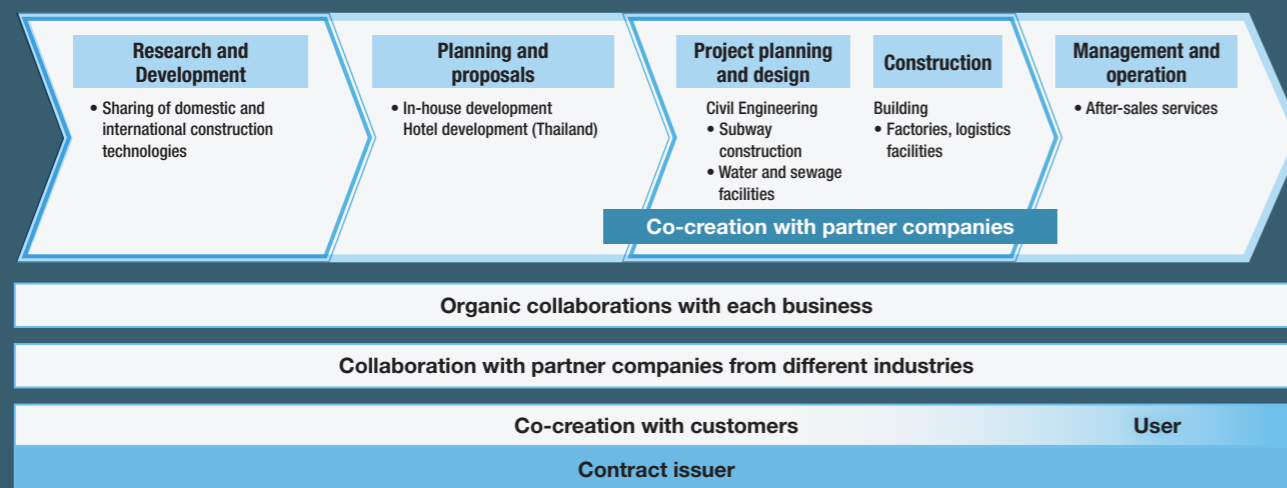
## Region of origin

Areas of deployment Southeast Asia, South Asia, and Australia

## Business Environment

- New Southeast Asia Transportation Infrastructure
  - Expansion of ODA market, international bidding market faces price competition
- Impact of COVID-19 in Thailand and Vietnam
  - Projects for local and foreign-affiliated clients are showing a recovery trend, while recovery of projects for Japanese clients is sluggish
- Soaring resource and energy prices
  - Sharp rise in prices of materials and equipment, impact on procurement

## Value chain



## Progress of Priority Measures

Priority measures	FY2021 review	Initiatives going forward
Civil Engineering	Initiatives at existing bases	Singapore: Received order for large section tunnel construction
	Initiatives for ODA Projects	Philippines: Activities to receive orders for subway construction Bangladesh: Started surveys for subway construction
	Developing new regions for expansion	Australia: Started market research after setting up Sydney office
Collaborations	In-house Overseas Development Business	Thailand: "Grand Nikko Bangkok Sathorn" Announced that opening will be in 2025
	Strengthen customer base	Thailand and Vietnam: Establishment of domestic and international sales collaboration system Building a foreign customer base

## Contributing to SDGs (construction completed in FY2021)

### Contributing to convenience of life with subway construction in Singapore, conserving precious drinking water during construction



#### Contract T228, Construction of Gardens By The Bay Station and Tunnels for Thomson Line, (Singapore)

Subways support the daily lives of people. In this project, Nishimatsu constructed a tunnel that passes directly under a reservoir for drinking water. In Singapore, where natural water resources are scarce, the conservation of drinking water is extremely important. Minimizing the impact on drinking water and ensuring safe construction were essential. A special ground improvement method was adopted to reinforce the ground under the reservoir, and construction was completed successfully. The project received the "Environmental Excellence Award" from the Land Transport Authority (LTA), which was the project executor.



### Construction of a large-scale logistics facility in Thailand to meet growing logistics demand



#### All Now Complex Phase 2 Project (CP Group, Thailand)

Nishimatsu constructed a logistics facility with a total floor area of approximately 25,000m<sup>2</sup> equipped with AS/RS (Automated Storage and Retrieval System), which is a novel system in Thailand. Located in the heart of the Greater Mekong Subregion (GMS), Thailand is a logistics hub for ASEAN countries. The demand for logistics is increasing due to the growth of the logistics market in conjunction with the development of the retail and food service culture and e-commerce.



## TOPIC Training Center in Thailand completed



### "See, touch and remember" training

We constructed a Training Center in Thailand with the aim of improving the technical skills and safety awareness of local employees and workers. The training Center was opened in July 2022. Training is provided using mock-ups of concrete, reinforcement bars and formwork construction.



Training at the Thailand Training Center

# Urban Development & Real Estate Business

## Business Significance

Creation of exciting living spaces with overwhelming speed

## Business Strengths

- Ability to create “living spaces that excite users” with a “customer-oriented approach”
- Strong relationship of trust with customers
- Circular reinvestment business model
- Each and every employee is a “professional”, and teams are “a group of experts receiving outstanding customer support”

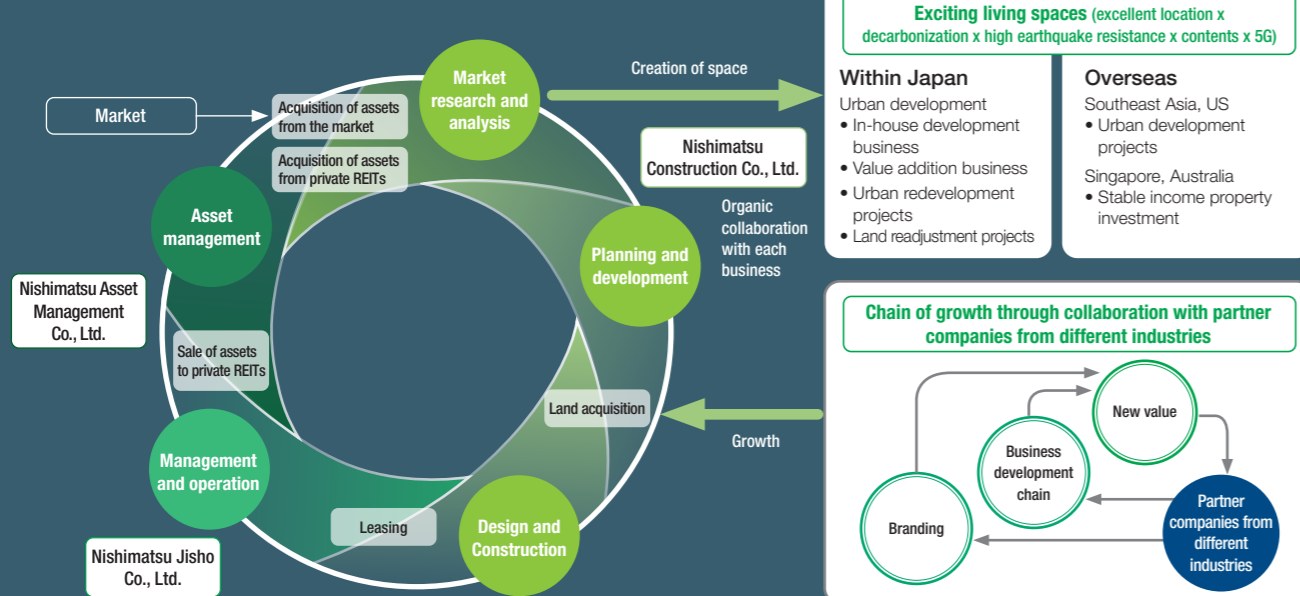


**Yoshiyuki Sawai**  
General Manager of Urban Development & Real Estate Business Division

## Priority Assets

- Working spaces (offices)
- Residences (dormitories, senior citizen facilities)
- Tourism, leisure (hotels and halls)
- Lifestyle support, health care (commercial facilities)
- Data centers, logistics

## Value Chain (business growth model)



## Progress of Priority Measures

Priority measures	FY2021 review	Initiatives going forward												
Asset strategies that place priority on growth areas	New acquisitions focused on key assets (16)	Efficient and effective use of funds by ascertaining market conditions, acquiring new projects focused on key assets, and sales and recovery of assets												
Evolution to a “Circular Reinvestment Model”	Started Nishimatsu Asset Management Co., Ltd. (October 2021)	Sequential formation of private placement funds Preparation to set up private REIT												
		<table border="1"> <thead> <tr> <th></th> <th>FY2021 results</th> <th>Medium-Term Management Plan (FY2021 to 2023 plan)</th> </tr> </thead> <tbody> <tr> <td>Investment</td> <td>¥26.4 billion</td> <td>¥86.0 billion</td> </tr> <tr> <td>Recovered</td> <td>¥7.8 billion</td> <td>¥35.0 billion</td> </tr> <tr> <td>Net investment</td> <td>¥18.6 billion</td> <td>¥51.0 billion</td> </tr> </tbody> </table>		FY2021 results	Medium-Term Management Plan (FY2021 to 2023 plan)	Investment	¥26.4 billion	¥86.0 billion	Recovered	¥7.8 billion	¥35.0 billion	Net investment	¥18.6 billion	¥51.0 billion
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Expansion of contributions to the Construction Business Increasing business opportunities through start-up of our own projects														
Increase Group earnings through collaboration with the Construction Business	Establishment of a strong cooperative system with the Construction Business	Expansion of contributions to the Construction Business Increasing business opportunities through start-up of our own projects												

## Contribution to SDGs

### Student dormitory where top global leaders are nurtured



#### Takanawa International Student Dormitory, Keio University (Tokyo)

As a proposal for effective use of land on Keio University’s campus, Nishimatsu Construction leased the land for a certain period of time, designed and constructed a dormitory exclusively for female students at Keio University, providing a place for female students from Japan and overseas to live in and engage in international exchange.



In consideration of the environment and energy conservation, solar panels have been installed on the roof of the building to supply electricity. In the event of a power outage, the building is equipped with storage batteries to enhance disaster preparedness.

### Extending the life of buildings through seismic retrofitting



#### Boutique hotel “Korinkyo” with a distillery (Ishikawa Prefecture)

Nishimatsu was approached by the owner of a building in Kanazawa’s Korinbo district, which we designed and constructed in 1971, to consider how it could be utilized. We thus renovated the building with seismic retrofitting and converted it from an office building to a hotel. We were in charge of project management, construction and operations, collaborating with various involved parties. The intent was to create a space that incorporates conventionally designed arches so visiting guests can have a relaxing time.



# Environment and Energy Business

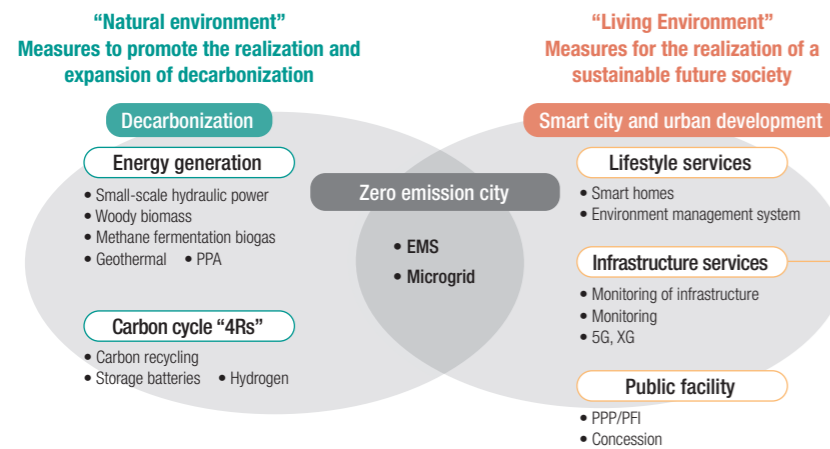
## Business Significance

Resolving regional issues related to the “natural environment” and “living environment” to create a more livable planet

## Business Strengths

- Connections with customers and local communities built through the Construction Business
- Coordination skills cultivated as a general contractor company (putting forward proposals/management capability/rapid response)

## Business Domain/Targets



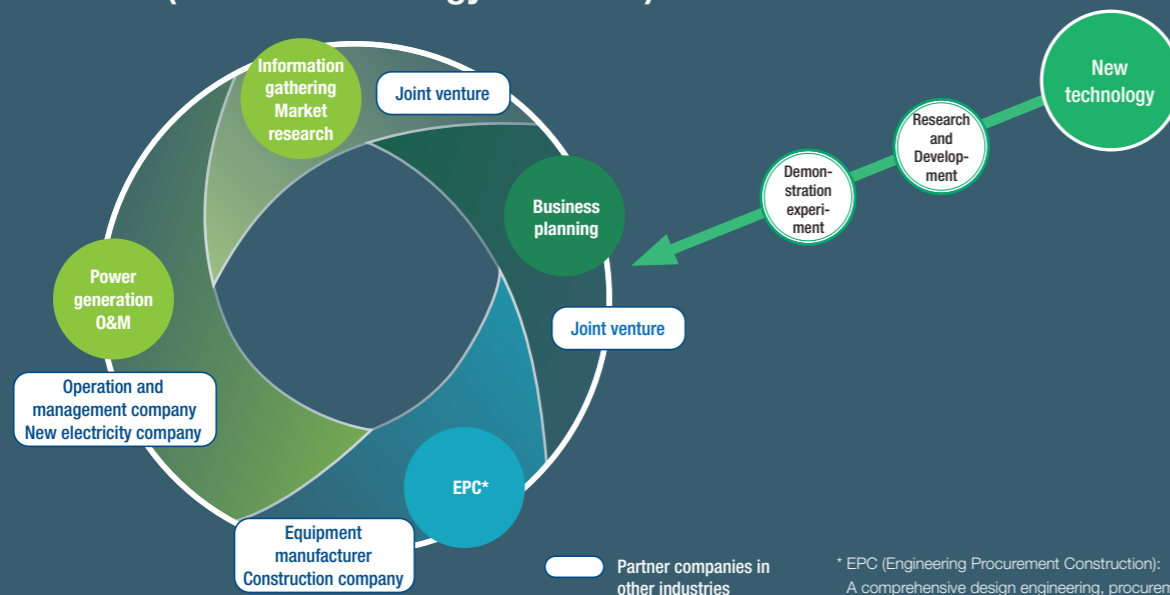
**Masakazu Hosokawa**  
Division General Manager, Environment and Energy Business Management Division

### Disaster prevention and mitigation

#### Infrastructure Inspection and Monitoring Service OKIPPA

An inclination monitoring system that can be started with only a Sensor Box. Inclination angle and other data can be constantly checked on a computer or smartphone, and in the case of hourly wireless communication (LPWA), the system can operate for two years on batteries. The system is in use on highways, railways, etc.

## Value Chain (Renewable Energy Business)



## Progress of Priority Measures

Important measures	FY2021 review	Initiatives going forward
Decarbonization initiatives	<b>Methane fermentation biogas power generation</b> Invested in startup “Archaea Energy Group” (February 2022)	<b>Promote commercialization of renewable energy generation</b> <ul style="list-style-type: none"> <li>Small-scale hydraulic power generation</li> <li>Woody biomass power generation</li> <li>Methane fermentation biogas power generation</li> <li>Geothermal power generation</li> </ul>
	<b>Roof-installation solar power generation</b> Started PPA business (February 2022)	
	<b>Woody biomass power generation</b> Established subsidiary company Sanyo-Onoda Green Energy Co., Ltd. to start business (April 2022)	
Smart city Urban development	Concluded a “Comprehensive Partnership Agreement for the Realization of a Decarbonized Society” with Oki-Town, Fukuoka Prefecture (April 2022)	“Renewable Energy x Regional Revitalization” Zero Carbon City Concept

## Contribution to SDGs

### Concluded a “Comprehensive Partnership Agreement for the Realization of a Decarbonized Society” with Oki-Town, Fukuoka Prefecture

#### Main matters of cooperation

- Promoting various measures toward the development of Oki-Town as a decarbonized town
- Promoting the introduction and utilization of renewable energy power generation facilities and energy-saving equipment in Oki-Town
- Improving regional resilience in Oki-Town
- Establishing a mechanism to create a virtuous circle between the environment and the economy that leads to regional revitalization and measures to address the declining birthrate and aging population in Oki-Town

In the future, we will jointly establish a special-purpose company to build a micro-grid (small-scale power grid) to provide electricity for public facilities by installing power lines and storage batteries, and further balance the supply and demand of electricity through an energy management system (EMS) that uses large storage batteries.



(Left) Mr. Sakai, Mayor of Oki-Town (Right) Mr. Takase, President of Nishimatsu Construction

### Established subsidiary company “Sanyo-Onoda Green Energy Co., Ltd.”

#### Woody biomass power generation business

Established “Sanyo-Onoda Green Energy Co., Ltd.” as a subsidiary for the woody biomass power generation business. A 2MW-class woody biomass power plant will be constructed in the Onoda-Kusunoki Corporate Complex in Sanyo-Onoda, Yamaguchi Prefecture, and is scheduled to start commercial operation in the summer of 2024. We will contribute to the conservation of forests by using unused timber, such as thinned wood and forest residue collected in Yamaguchi Prefecture, as fuel for power generation. Our power generation business will contribute to the promotion of local industry.



Image of completed woody biomass power generation facility

# Overseas Activities

## Thailand and Laos

Due to the several waves of COVID-19 in 2021, the Thai economy shrank by 2.6 percent. However, the Thai economy has subsequently rebounded and is expected to grow by 1.0 percent in 2022. Amidst this situation and hardship in 2021, and along with the recovery of the Thai economy in 2022, Thai Nishimatsu Construction Co., Ltd. was able to complete several projects, such as Project BK6 Ready Build Warehouse and All New Complex Phase 2 Project.

The pandemic has made it clear that businesses that provide passive income, including maintenance & real estate, are vital to sustaining a stable profit. Thus, we are more eager than ever to expand our business into other

fields. At present, we are cooperating seamlessly with the Urban Development & Real Estate Business Division to develop high-rise properties and invest in hotels in Thailand. With that in mind, we have successfully acquired a new order for the Grand Nikko Bangkok Sathorn Hotel Project. We have also successfully acquired quite a few new orders in 2022. The new contracts are from existing clients and brand-new customers, such as the BTMT Phase 5 Project, Sanmina Project, and Panamera Project. In addition, we have not only taken over many projects for our customers but have also launched our property, the Training Center in Panthong, which will be used as a technical training center for Nishimatsu Construction Group

companies in the Southeast Asia Region.

Regarding Lao Nishimatsu Construction, COVID-19 is still having an impact on their economic activities. Pakse-Japan SME SEZ Development Co., Ltd. (PJSEZ), another of Nishimatsu Construction's businesses in Laos, is working tirelessly to fully support investment in Laos and assist revitalization of the Lao regional economy.

We believe that all these initiatives will contribute to Thai Nishimatsu Construction and Lao Nishimatsu Construction's swift recovery after the end of the pandemic and help us achieve goals set in the Medium-Term Management Plan 2023 and Nishimatsu Vision 2027.



All New Complex Phase 2 Project



BK6 Ready Build Warehouse

## Singapore

The Building and Construction Authority (BCA) of Singapore reported in January 2021 a projected construction demand ranging between S\$27 billion to S\$32 billion for 2022. This is compared to approximately S\$30 billion that was awarded in 2021. There was a 42% increase in construction demand in 2021 compared to 2020, primarily driven by public housing and infrastructure projects. Public sector construction is expected to contribute to 60% of the total demand in 2022, with continued strong demand for public housing and infrastructure projects.

Land Transport Authority (LTA) T228, the Construction of Gardens by the Bay station and tunnels for Thomson Line, was awarded on July 25, 2014, to Nishimatsu in a joint venture with Messrs Bachy Soletanche Singapore Pte Ltd. This project was completed on August 8, 2021, with

close to 6.4 million accident-free person-hours. The project was also awarded the prestigious Land Transport Excellence Award in 2022 under the "Environmental Excellence – Civil Contractor (Mega Category)".

LTA C882, the Construction of Keppel station and tunnels for Circle Line 6, was awarded on September 8, 2017, to Nishimatsu in a joint venture with Messrs China State Construction Engineering Corporation Limited. The work progressed well for this project, and all four tunnel drives were completed by July 2021, ahead of schedule. C882 has also been shortlisted as a finalist for LTA's Annual Safety Awards again in 2022 for the fourth consecutive year.

Public Utilities Board (PUB) T10 Contract for the Design and Construction of sewer tunnels for the Deep Tunnel

Sewerage System Phase 2 was awarded on November 17, 2017, to Nishimatsu. The first tunnel drive was completed in May 2021, with the other two TBMs expected to complete excavations in October and November 2022, respectively.

LTA CR110, the Design and Construction of a bored tunnel between Tampines North station and Defu station for the Cross Island Line, was awarded on November 8, 2021, to Nishimatsu. This tunnel is the second large-diameter TBM project for LTA and will go under a military airbase. Initial site clearance and design work for this project are currently in progress.

While Singapore is slowly moving out of Covid-19 restrictions, Nishimatsu Singapore is still facing challenges posed by the global pandemic and the Russia-Ukraine

conflict. These challenges are faced globally, and Nishimatsu Singapore will continue to work to fulfill its contractual obligations for all the Contracts while pursuing new opportunities in the upcoming LTA Cross Island Punggol Extension and Cross Island Line Phase 2, where tenders have been called progressively since December 2021. Nishimatsu will continue building its core professional and supervisory teams to embrace new challenges.



Contract 882, Construction of Keppel Station and Tunnels for Circle Line 6

## Vietnam

In 2021, Vietnam implemented a widespread and swift rollout of its vaccination campaign of multiple vaccine doses for its population in response to the threat of COVID-19. The government decided to abandon its policy of "Zero-COVID" and move to "Living with COVID". Thanks to the government's strong leadership abilities in implementing measures, and the efforts and perseverance of every citizen, Vietnam's economy has almost recovered to pre-COVID times.

Vietnam recorded 2.6% economic growth in 2021. Although the growth rate was lower than the previous year's 2.9% due to a temporary economic slowdown

caused by COVID-19, mainly in the third quarter, the country has continued posting positive economic growth figures. With the subsequent success in controlling infections, Vietnam is expected to recover to pre-COVID levels in 2022.

With many Japanese companies expected to open factories in Vietnam, Nishimatsu Construction hopes to aggressively expand our operations through cooperation with local Vietnamese companies. Our goal is to acquire more projects for new construction without missing out on any business opportunities. We also value our relationships with existing customers and undertake renewal,

expansion, and renovation work, irrespective of scale, thus solidifying our position as a reliable construction company with a local presence.

Nishimatsu Construction intends to actively pursue Urban Development & Real Estate businesses overseas, focusing on Southeast Asian countries, and it regards Vietnam as an important market. Nishimatsu Real Estate & Development (Asia) Pte. Ltd., an investment management company established in Singapore in 2018, is actively researching and studying the market in Vietnam. Using these activities as a base, we will expand our existing capabilities from the construction of industrial facilities to

include the construction of commercial and residential facilities. By fully demonstrating our construction technologies, we intend to contribute to Vietnam's economic development for many years.



Kowa General Foods (Vietnam) Co., Ltd. Factory Project