



Corporate Overview

March 2025

Table of Contents

1. Performance and Business Environment

Construction Business Environment	4
Financial Results & Overview	5-13
Improving Profitability	14
JFCC Pamphlet for Explanation to Private Orders	15-20
Real Estate and Other :	
Status of Real Estate Development Business	21-24
Real Estate and Other :	
Offshore Wind Power Initiatives	25-26
Initiatives to Improve PBR	27-28

2. Capital Management Policy and Shareholder Returns

Cash Allocation	30
Reduction of Security Holdings	31-32
Purchase and Cancellation of Treasury Shares	33
Trend in Dividends	34

3. Current Status of the Domestic Construction Industry and Our Initiatives

Domestic Investment in Construction	36
Situation of Shortage of Skilled Construction Workers and Direction of Improvement of Compensation	37
Our Initiatives (Improving Benefits of Skilled Construction Workers/ Construction Worker Entry, Retention, and Skill Development)	38-39
Our Initiatives (Improving productivity)	40-43

4. Topics

Grand Opening of “Smart Innovation Ecosystem NOVARE”	46
Mid-Term DX Strategy 〈2024-2026〉	47
Initiative on Large-scale Projects	48
Ratio of Female Managers	49
Efforts to Reduce Total CO ₂ Emissions/ Natural Environment Assessment	50
Sustainability Management Initiatives	51

5. Financial Highlights

Total Assets and Operating Results	54
Trend in Net Sales, Ordinary Income & Net Income	55
Trend in Construction Orders Received	56
Trend in Gross Profit & Gross Margin on Completed Construction	57
Cash Flows	58

6. Mid-Term Business Plan 〈2024 – 2026〉

Mid-Term Business Plan 〈2024 – 2026〉 excerpt	60-75
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Performance and Business Environment

Construction Business Environment

Japan

- Demand is firm, owing in part to continued large-scale development, especially in Tokyo and other large metropolitan areas.
- Capital investment is robust due to recovery of foreign demand and inbound consumption, strong corporate earnings, and acceleration of digitalization. Further expansion is expected in the future. As for production facilities, investment is recovering in the semiconductor, automobile, and industrial robot fields.
- Data center investment appetite is robust in the Tokyo metropolitan area and Kansai area. Demand is also strong for condominiums in urban areas with greater convenience.
We also expect inbound demand, so investment in lodging facilities is also likely to recover.
- Government construction investment is expected to be firm for flood control measures, aging infrastructure facilities, and reconstruction of government buildings. We also expect some defense-related facilities.
In addition, projects related to urban development, such as smart cities and redevelopment of station areas, are also expected in anticipation of the declining population, falling birthrate, aging population, and urbanization.
- While investment is expected to be firm in the near term, however, geopolitical risks such as conflicts in the Middle East, postponement of factory projects due to economic trends in China, Europe, and the U.S., and declining appetite for real estate investment due to rising interest rates require careful attention.
In addition, due to labor shortages, rising construction costs, and the inability to find equipment subcontractors capable of handling projects, some companies are reviewing or postponing their plans.

Overseas

- Construction investment is also regaining momentum, although there are differences by country and region.
In particular, investments in growth areas such as data centers, semiconductor-related facilities have picked up.
- As for Official Development Assistance(ODA), we continue to expect large-scale projects to come up.

FY2023 Financial Results (consolidated)

(Billion yen)

	FY2023 Results (Decrease)	FY2022 Results	Increase (Decrease)	Percentage Increase(Decrease)
Net sales	2,005.5	1,933.8	71.7	3.7
Completed construction	1,753.1	1,693.8	59.2	3.5
Real estate and other	252.3	239.9	12.4	5.2
Gross profit	4.5% 89.5	8.3% 161.0	(71.4)	(44.4)
Completed construction	2.0% 35.6	6.6% 111.0	(75.4)	(67.9)
Real estate and other	21.3% 53.8	20.8% 49.9	3.9	7.8
Operating income	(1.2%) (24.6)	2.8% 54.6	(79.3)	—
Ordinary income	(1.0%) (19.8)	2.9% 56.5	(76.3)	—
Net income attributable to shareholders of the corporation	0.9% 17.1	2.5% 49.0	(31.8)	(65.0)

FY2023 Financial Results (non-consolidated)

(Billion yen)

	FY2023 Results (Decrease)	FY2022 Results (Decrease)	Increase (Decrease)	Percentage Increase(Decrease)
Net sales	1,577.9	1,557.3	20.5	1.3
Completed construction	1,434.9	1,428.1	6.8	0.5
(Building construction)	1,174.9	1,189.5	(14.5)	(1.2)
(Civil engineering)	260.0	238.5	21.4	9.0
Real estate and other	142.9	129.2	13.7	10.6
Gross profit	2.0% 32.0	7.1% 110.0	(77.9)	(70.9)
Completed construction	(0.5%) (7.4)	5.2% 74.6	(82.0)	—
(Building construction)	(2.9%) (33.8)	4.1% 48.6	(82.4)	—
(Civil engineering)	10.2% 26.4	10.9% 26.0	0.3	1.5
Real estate and other	27.6% 39.4	27.3% 35.3	4.1	11.7
Operating income	(3.2%) (50.1)	2.1% 33.1	(83.3)	—
Ordinary income	(2.4%) (37.4)	2.7% 41.3	(78.8)	—
Net income	0.7% 11.6	2.7% 41.7	(30.1)	(72.2)

Overview of Financial Results for Fiscal 2023

- Consolidated net sales for FY2023 was 3.7% higher than the previous year due to the concentration of the peak period of digestion in several large construction projects, which will continue from the previous year to a high level.
- Regarding profit on sales, profit from completed construction projects decreased 67.9% from the previous year due to the posting of a provision for loss on construction contracts in several large construction projects in Japan and overseas due to a significant deterioration in the profitability of construction projects, while profit from development and other businesses turned around due to the steady operation of the world's largest self-propelled SEP vessels; however, total profit on sales decreased by 44.4% from the previous year.
- Consolidated operating income decreased by 79.3 billion yen from the previous year to a loss of 24.6 billion yen. Net income decreased by 31.8 billion yen from the previous year to 17.1 billion yen as a result of 55.1 billion yen gain on sales of security holdings.

Overview of Financial Results for Fiscal 2023

- Reason for decline in profit margin of non-consolidated construction work (4.1% → Δ 2.9%)
 - In Japan, construction costs increased due to the rapid execution of several large-scale projects that had been completed and delivered to clients.
 - In addition, we recorded a reserve for expected losses on construction contracts due to the impact of soaring material prices on several large construction projects on hand, as well as anticipated further increases in construction costs, mainly in equipment construction prices and labor costs.
 - For overseas, this was due to the reserve for expected losses on construction contracts. Because estimated cost has increased due to process delays caused by underground obstructions, increased labor costs and the effect of yen depreciation on large construction projects for which the reserve for expected losses on construction contracts was recorded in previous year.

FY2024 Financial Results Forecast (consolidated)

(Billion yen)

	* FY2024 Forecast	FY2023 Results (Decrease)	Increase (Decrease)	Percentage Increase(Decrease)
Net sales	1,860.0	2,005.5	(145.5)	(7.3)
Completed construction	1,620.0	1,753.1	(133.1)	(7.6)
Real estate and other	240.0	252.3	(12.3)	(4.9)
Gross profit	9.6% 179.0	4.5% 89.5	89.4	100.0
Completed construction	8.7% 141.0	2.0% 35.6	105.3	295.4
Real estate and other	15.8% 38.0	21.3% 53.8	(15.8)	(29.4)
Operating income	3.0% 56.0	(1.2%) (24.6)	80.6	—
Ordinary income	2.9% 54.0	(1.0%) (19.8)	73.8	—
Net income attributable to shareholders of the corporation	3.2% 60.0	0.9% 17.1	42.8	249.6

* The forecast for the current period has been revised upward in November 2024.

FY2024 Financial Results Forecast (non-consolidated)

(Billion yen)

	* FY2024 Forecast	FY2023 Results (Decrease)	Increase (Decrease)	Percentage Increase(Decrease)
Net sales	1,430.0	1,577.9	(147.9)	(9.4)
Completed construction	1,310.0	1,434.9	(124.9)	(8.7)
(Building construction)	1,050.0	1,174.9	(124.9)	(10.6)
(Civil engineering)	260.0	260.0	(0.0)	(0.0)
Real estate and other	120.0	142.9	(22.9)	(16.0)
Gross profit	8.6% 123.0	2.0% 32.0	90.9	283.8
Completed construction	7.5% 98.0	(0.5%) (7.4)	105.4	—
(Building construction)	7.1% 75.0	(2.9%) (33.8)	108.8	—
(Civil engineering)	8.8% 23.0	10.2% 26.4	(3.4)	(13.0)
Real estate and other	20.8% 25.0	27.6% 39.4	(14.4)	(36.6)
Operating income	2.4% 35.0	(3.2%) (50.1)	85.1	—
Ordinary income	2.9% 41.0	(2.4%) (37.4)	78.4	—
Net income	4.0% 57.0	0.7% 11.6	45.3	391.1

* The forecast for the current period has been revised upward in November 2024.

3Q FY2024 Financial Results (consolidated)

(Billion yen)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase (Decrease)	Percentage Increase (Decrease)	Forecast Year ending March 31, 2025	Percentage of Progress
Net sales	1,327.9	1,448.5	(120.5)	(8.3)	1,860.0	71.4
Completed construction	1,174.2	1,302.0	(127.7)	(9.8)	1,620.0	72.5
Real estate and other	153.6	146.4	7.2	4.9	240.0	64.0
Gross profit	9.2% 121.8	1.9% 27.3	94.5	346.3	9.6% 179.0	68.1
Completed construction	8.5% 100.2	0.3% 4.2	96.0	—	8.7% 141.0	71.1
Real estate and other	14.0% 21.5	15.8% 23.0	(1.5)	(6.7)	15.8% 38.0	56.7
Operating income	2.7% 35.7	(3.6%) (51.9)	87.6	—	3.0% 56.0	63.8
Ordinary income	3.1% 41.2	(3.2%) (46.9)	88.2	—	2.9% 54.0	76.3
Net income attributable to shareholders of the corporation	3.1% 40.5	(1.4%) (20.8)	61.4	—	3.2% 60.0	67.6

3Q FY2024 Financial Results (non-consolidated)

(Billion yen)

	Three months ended June 30, 2024		Three months ended June 30, 2023		Increase (Decrease)	Percentage Increase (Decrease)	Forecast Year ending March 31, 2025	Percentage of Progress	
Net sales	1,023.2		1,155.1		(131.9)	(11.4)	1,430.0	71.6	
Completed construction	960.5		1,081.8		(121.3)	(11.2)	1,310.0	73.3	
(Building construction)	758.9		893.9		(134.9)	(15.1)	1,050.0	72.3	
(Civil engineering)	201.5		187.9		13.5	7.2	260.0	77.5	
Real estate and other	62.7		73.2		(10.5)	(14.4)	120.0	52.3	
Gross profit	7.9%	80.4	(1.0%)	(11.4)	91.8	—	8.6%	123.0	65.4
Completed construction	7.2%	69.0	(2.2%)	(23.3)	92.4	—	7.5%	98.0	70.5
(Building construction)	6.9%	52.0	(5.0%)	(45.0)	97.1	—	7.1%	75.0	69.4
(Civil engineering)	8.4%	16.9	11.5%	21.6	(4.7)	(21.7)	8.8%	23.0	73.8
Real estate and other	18.1%	11.3	16.3%	11.9	(0.5)	(4.6)	20.8%	25.0	45.5
Operating income	1.8%	18.7	(5.9%)	(67.6)	86.4	—	2.4%	35.0	53.6
Ordinary income	3.0%	30.5	(4.8%)	(55.9)	86.5	—	2.9%	41.0	74.6
Net income	3.7%	38.3	(1.9%)	(22.2)	60.5	—	4.0%	57.0	67.2

Overview of Financial Results for 3Q FY2024

- **Consolidated net sales for 3Q of FY2024** declined 8.3% due to a reaction to the concentration of the peak period of digestion in several large construction projects in the same period of the previous year.
- **Consolidated net sales profit** increased by 96.0 billion yen compared to the same period last year, when profit and loss from several large construction projects in Japan and overseas deteriorated significantly.
- **Although the 7.2% non-consolidated profit margin on completed construction contracts** is pushing down the overall profit margin, due to the digestion of large construction projects for which a reserve for expected losses on construction contracts in process losses was recorded in previous years, profitability at the time of order receipt continues to improve, and we are making steady progress toward its full-year forecast of 7.5%.
- **Consolidated net income for 3Q** was 40.5 billion yen, an increase of 61.4 billion yen from the same period last year, as a result of a 23.9 billion yen gain on the sale of security holdings under extraordinary income.
- **Both non-consolidated and consolidated full-year forecasts** were revised upward in November (at the time of the announcement of 2Q results) due to improved profitability of on-hand construction work and more aggressive activities to sell security holdings.
- **Although the progress rate of sales and profit from real estate development and other businesses is low** due to the scheduled sale of a development property in 4Q, both construction and real estate development and other businesses are progressing steadily against the full-year forecast.

Improving Profitability (Construction Businesses)

- For large-scale construction projects, we are making careful decisions on orders received, not only to ensure profitability, but also to ensure an appropriate construction period of 4 weeks and 8 closures plus α , and to secure a system for digestion, including the supply chain.
- In the quoting stage, the most recent material prices and procurement situation are reflected in the price, and it is noted that if material prices go up or the procurement situation changes substantially between after the quote is submitted and before the contract is awarded, the increase will be reflected in the contract amount or construction schedule.
- At the contracting stage, we ensure that contracts are concluded under terms and conditions that include an inflation-sliding clause and a clause allowing the contractor to change the construction period, etc., so that changes in the contract price or construction period due to material price hikes or delivery delays during the construction period can be accepted.
- We will promote productivity improvement and cost reduction through the promotion of technology development utilizing ICT and AI, and the development of construction robots.
- The situation of material price hikes and delivery delays is beyond the level that individual companies can handle, and the public and private sectors are working together to set appropriate contract prices that reflect transaction prices for equipment construction costs in addition to labor, raw material, and energy costs, and to ensure appropriate construction schedules.
(Refer next page)

JFCC Pamphlet for Explanation to Private Orders (Industry-wide Movement)

In July 2023, the Japan Federation of Construction Contractors (JFCC) made the Declaration on Ensuring Appropriate Construction Periods at a meeting of its board.

It states that with the 2024 issue (upper limit on overtime work) looming, the industry as a whole is committed to taking more aggressive action to ensure appropriate construction periods.

- (1) Estimates submitted to clients should be based on a 40-hour work week at construction sites with eight days off in each four-week period.**
- (2) Thorough explanations should be provided to clients to gain their understanding.**
- (3) If a subcontractor provides an estimate based on an appropriate construction period, the main contractor should confirm, and respect said estimate and the construction period/process.**

JFCC Pamphlet for Explanation to Private Orders (Government Movement)

In order to make the construction industry a sustainable industry, it is imperative to strengthen the securing of labor and the shifting of higher material and labor prices.

(1) Government demands appropriate price shifting and construction schedule from clients

In November 2023, the Cabinet Secretariat and the Japan Fair Trade Commission released “Guidelines for Price Negotiations for Appropriate Price Shifting of Labor Costs”. The guidelines set forth a course of action for both the client and the company receiving the order.

Excerpts from “Actions to be taken/behaviors required as a client”

- Ensure appropriate price pass-through throughout the supply chain
- Be at the negotiating table when requested.

Excerpts from “Actions to be taken/behaviors required as a constructor”

- The company does not wait for the client to offer a price but offers a price of its own choice.

(2) The Central Construction Industry Council of the Ministry of Land, Infrastructure, Transport and Tourism revised the “Standards for Construction Periods”.

In March 2024, the Council recommends that clients cooperate in setting construction schedules that comply with overtime regulations and do not encourage violations of those regulations, including the correction of long working hours and the realization of two-days off per week.

(3) Part of “the Act for Partial Revision of the Construction Industry Law and the Act for Promoting Proper Tendering and Contracting for Public Works” comes into effect.

In December 2024, a notice was sent to private sector client organizations requesting that they establish measures to facilitate contract modification discussions based on the basic understanding that the parties involved in construction work are partners, and to ensure their effectiveness, request that clients understand and take appropriate action.

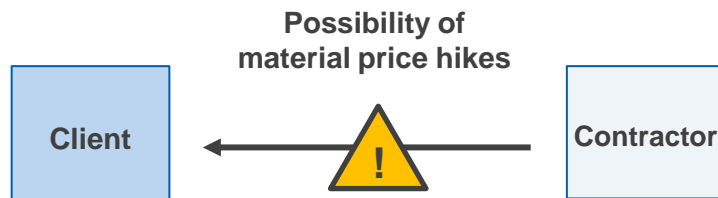
JFCC Pamphlet for Explanation to Private Orders (Revision of Laws)

In December 2024, a law to partially revise the Construction Industry Law and other laws came into effect to realize a sustainable construction industry and to secure the bearers of the industry.

Facilitate discussions on price pass-on of material price hikes and changes in construction schedules due to difficulties in obtaining materials, etc.

Rules for “before” contracts

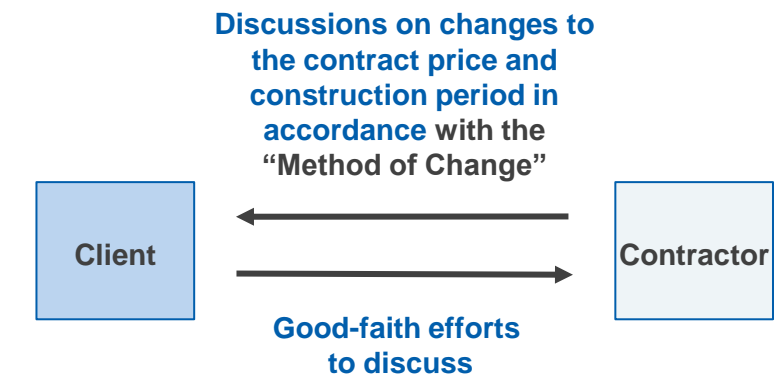
- Clarify the “method of change” of the contract price, etc. due to a sharp rise in the price of materials as a statutory item in the contract.
- The Contractor is obligated to notify the client of “information on the possibility” of material price hikes.



When material price hikes become apparent

Rules for “after” contracts

- The contractor who has given a pre-contract notice may consult with the client regarding changes in the price and construction period.
- The client is obligated to make a good-faith effort to respond to the consultation.*

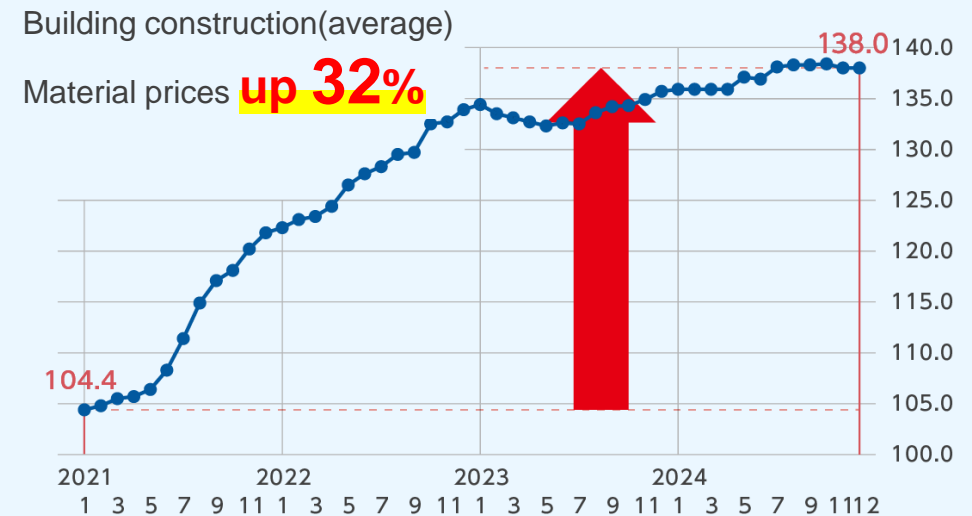
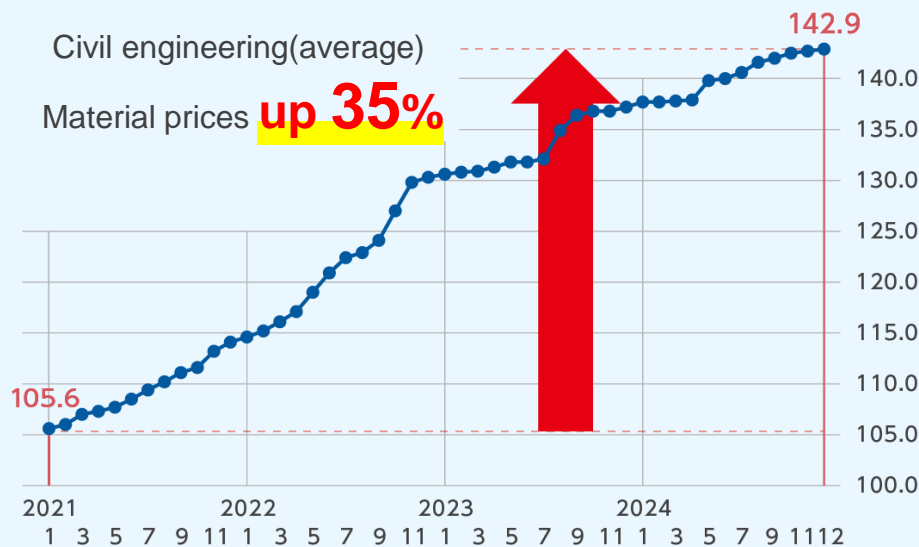


JFCC Pamphlet for Explanation to Private Orders(Material Price Trends)

Global shortages of raw materials, crude oil and other energy sources, and the yen's depreciation caused prices of construction materials to soar.

Material prices in Tokyo January 2021 ~ December 2024 (As of December 2024) (2015 average = 100)

Overall construction (average) Material prices up **33%**



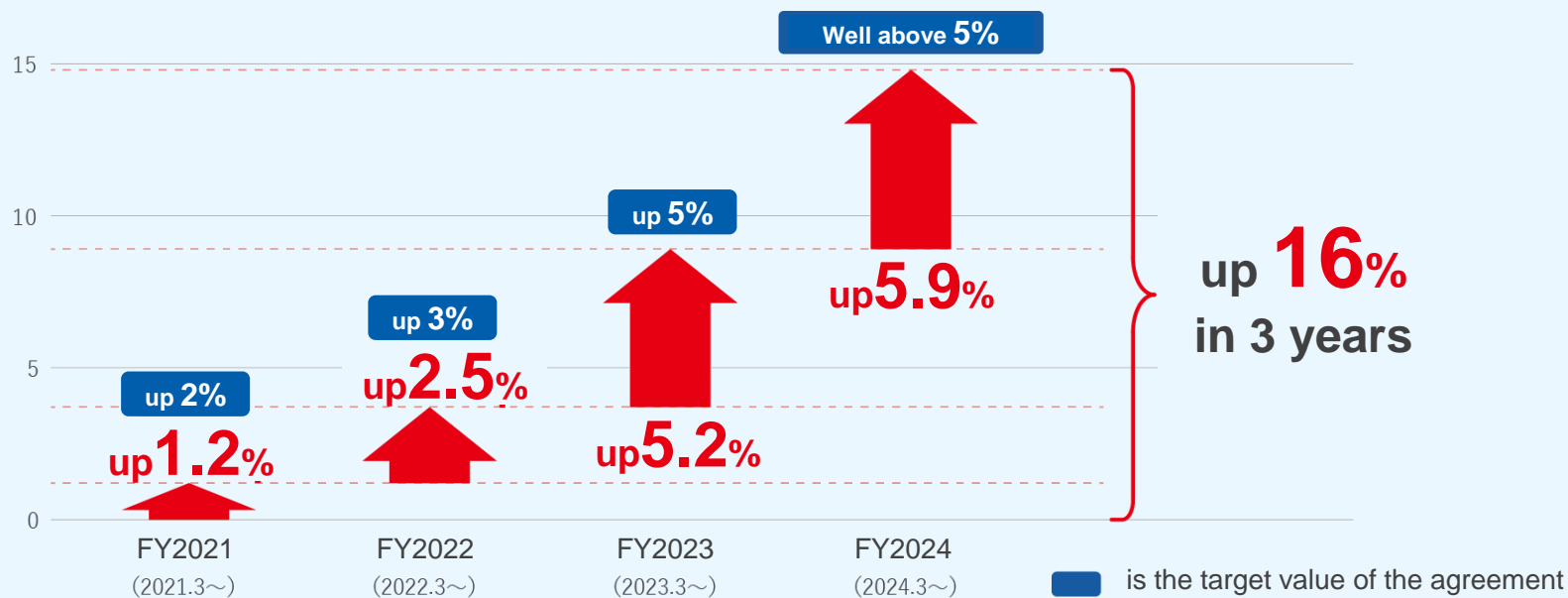
Assuming that the material cost ratio is 50-60%, over the past 47 months, due to soaring material and other costs, **the average cost of all construction work has increased by 16-20%**

- Graphs are based on the Japan Federation of Construction Contractors Association's "Current Status of Soaring Construction Material and Labor Costs (January 2025 Edition)" pamphlet, and were prepared independently by the Company.

JFCC Pamphlet for Explanation to Private Orders(Labor Cost Trends)

Wages for skilled construction workers at construction sites have also increased in response to the government's wage hike policy and higher unit labor costs.

Percentage increase in unit labor cost for public works design (average)



Assuming that the labor cost ratio is 30%, over the past 37 months, due to soaring labor costs,
the cost of all construction work has increased by 4.8%

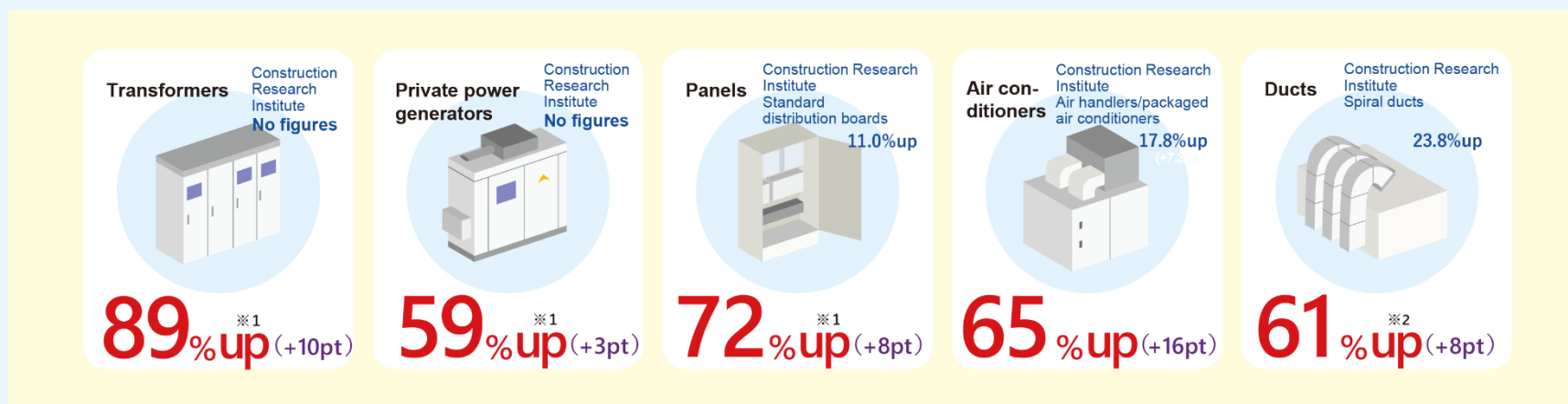
- Graphs are based on the Japan Federation of Construction Contractors Association's "Current Status of Soaring Construction Material and Labor Costs (January 2025 Edition)" pamphlet, and were prepared independently by the Company.

JFCC Pamphlet for Explanation to Private Orders(facility construction Cost Trends)

Current status of rising facility construction costs

- In recent years, plant construction has been active in Japan as the manufacturing industry has recovered. At the same time, large-scale projects and data center construction in metropolitan and regional cities have been underway, resulting in a tight supply and demand situation for some facility construction projects, which, in turn, has led to soaring prices of materials, equipment, and construction as well as construction delays.
- Many custom-built pieces of equipment are used in large-scale buildings and other works. Prices for some of these have soared very high, not following the trend of average material prices.

■ Example rate of increase of facility construction costs in large-scale buildings



Note 1: The figures in red above represent the average rate of price increases among 12 major construction companies (*1 is for 11 companies) for the relevant equipment (such as custom-built items) based on a comparison of prices in December 2020 and September 2024. *2 includes labor cost for installation work.

Note 2: The figures in blue above represent the price increase rates (simple average for each item) in the consumer price index for similar or comparable equipment (general-purpose) in December 2020 and September 2024.

() is the increase or decrease from the Spring 2024 edition.

*Source: "Current Status of Rising Facility Construction Costs (Autumn 2024)" by the Japan Federation of Construction Contractors

Real Estate and Other : Status of Real Estate Development Business (consolidated)

Sales and Income Trends

(Million yen)

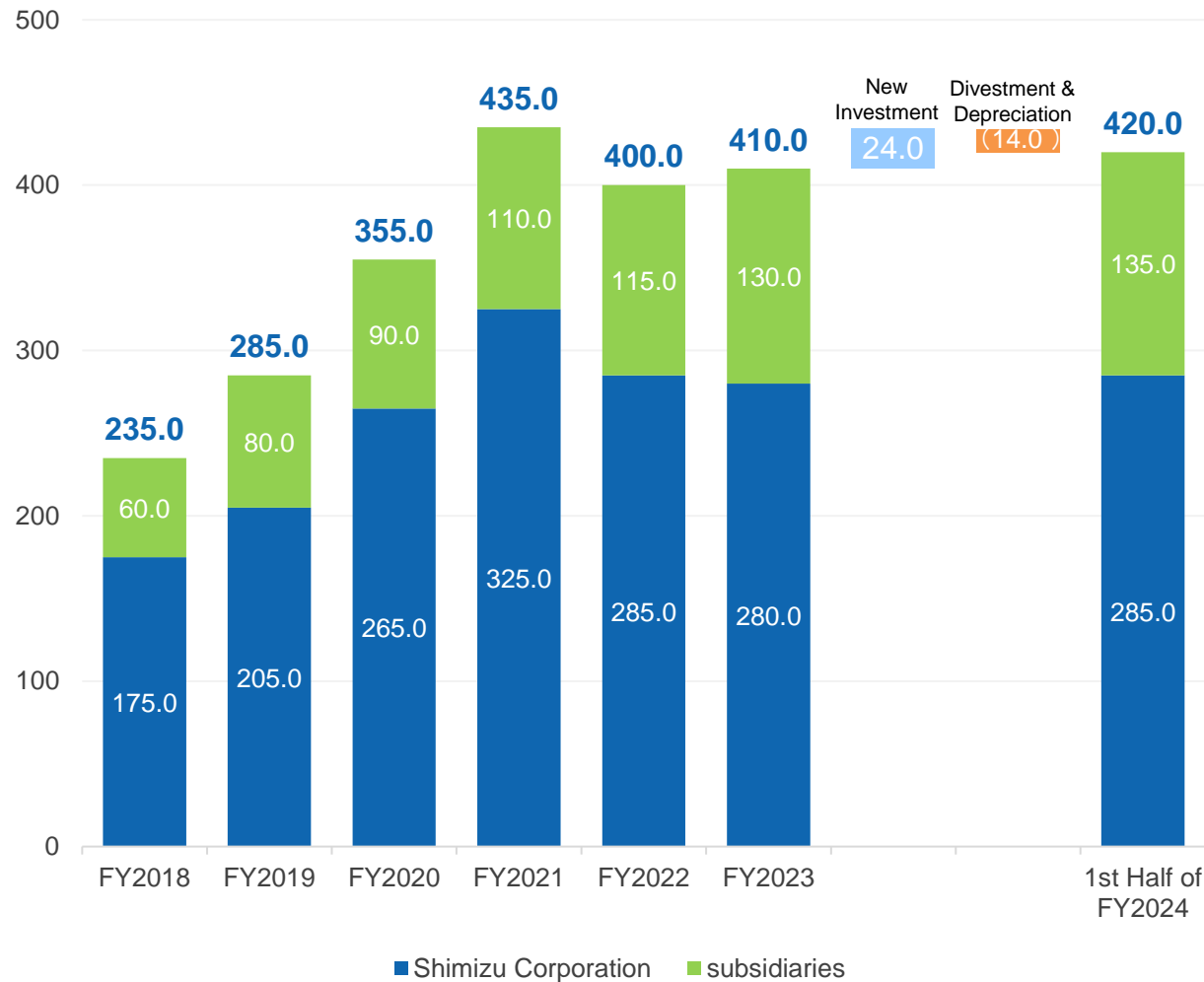
	FY2019	FY2020	FY2021	FY2022	FY2023	April 2024 - December 2024
Net sales	33,848	45,625	83,346	89,040	82,610	23,836
Segment income (Operating income)	10,312	14,993	47,831	38,141	27,581	5,669

Instead of owning developed rental properties,
we conduct an efficient and capital turnover-based real estate development business
by selling properties to external parties as appropriate
and investing the proceeds from the sale in new development projects.

Real Estate and Other : Status of Real Estate Development Business (consolidated)

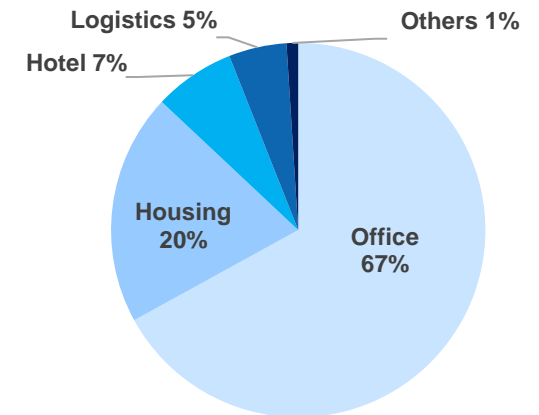
Investment and Development Business Assets Balance

(Billion Yen)

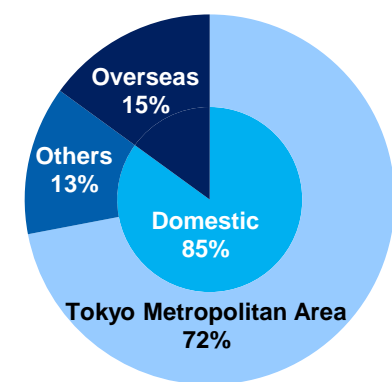


1st Half of FY2024 Breakdown of development project asset balances

Type of Property

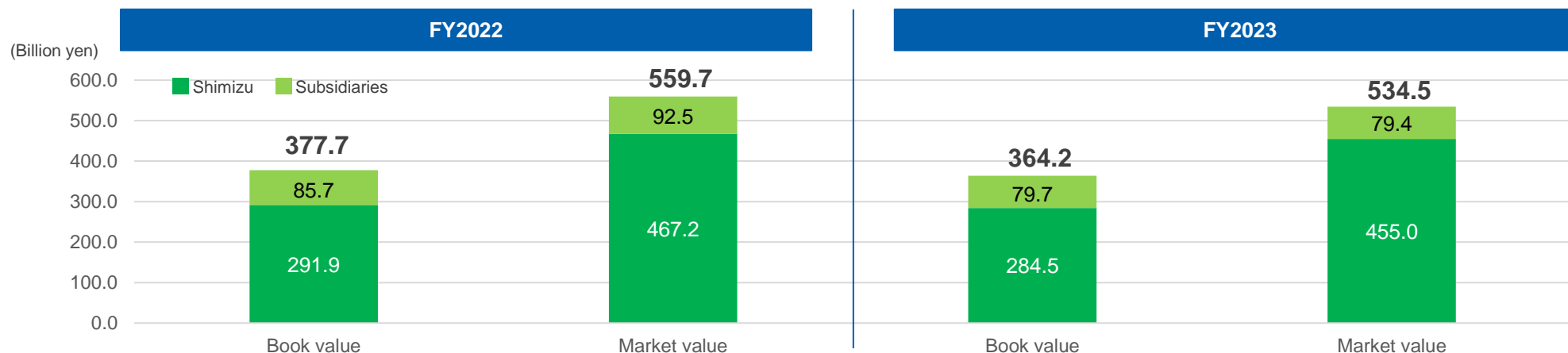


Region



Real Estate and Other : Status of Real Estate Development Business (consolidated)

Balance of Real Estate for Rental



Profit and loss on real estate for leasing

(Million yen)

	FY2022	FY2023
Net sales in leasing business	36,220	35,583
Profit in leasing business	11,131	10,234

*Excerpt from Annual Securities Report

Real Estate and Other : Status of Real Estate Development Business (Use of Private REIT)

Utilization of Unlisted Open End Private REIT Shimizu Private REIT, Inc.

- Launched private REIT centered on the Company's properties to expand recurring revenue model businesses in real estate, from January 2023.
- This private REIT is a general one that invests mainly in offices and logistics facilities. The portfolio consists primarily of the Company's development properties that combine environmental performance and BCP functions.
The current asset size is approximately 70 billion yen, and the company plans to increase its asset size to approximately 100 billion yen within a few years.
- We seek to improve capital efficiency and further grow the real estate development business by reinvesting proceeds from the sale of properties to the private REIT in new development properties.



YOKOHAMA i-MARK PLACE



S.LOGI Niiza West

Real Estate and Other : Offshore Wind Power Initiatives(Use of SEP vessel)

Owns One of the world's Largest SEP vessels, "BLUE WIND"

- "BLUE WIND," a self-propelled SEP vessel with one of the world's largest loading and crane capacities, was completed in October 2022.
- From FY2023, construction of offshore wind turbines off the coast of Nyuzen-machi, Toyama Prefecture and at Ishikari Bay New Port in Hokkaido (construction of 8 MW wind turbines, the largest in Japan), and two chartered vessels to Taiwan. A contract has also been signed for a charter project in Taiwan starting in March 2025.
- We will use our SEP vessel for overseas projects, mainly in Taiwan, and then use it for domestic projects.

Future pipeline (image)

Projects, etc.	FY2023		FY2024		FY2025		FY2026		FY2027		FY2028		FY2029		FY2030	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Off the coast of Nyuzen-machi, Toyama (already implemented)	←															
Ishikari Bay New Port, Hokkaido(already implemented)	←															
Taiwan, etc. (chartered ship)			→													
General Domestic marine areas (Round 2, 3 projects, etc.)							→									



Ishikari Bay New Port Offshore Wind Farm
Constructed by our self-propelled SEP vessel "BLUE WIND"

Real Estate and Other : Offshore Wind Power Initiatives

Aiming to Capture the Top Share in the Domestic Market for Construction of Offshore Wind Farms

Initiative policy

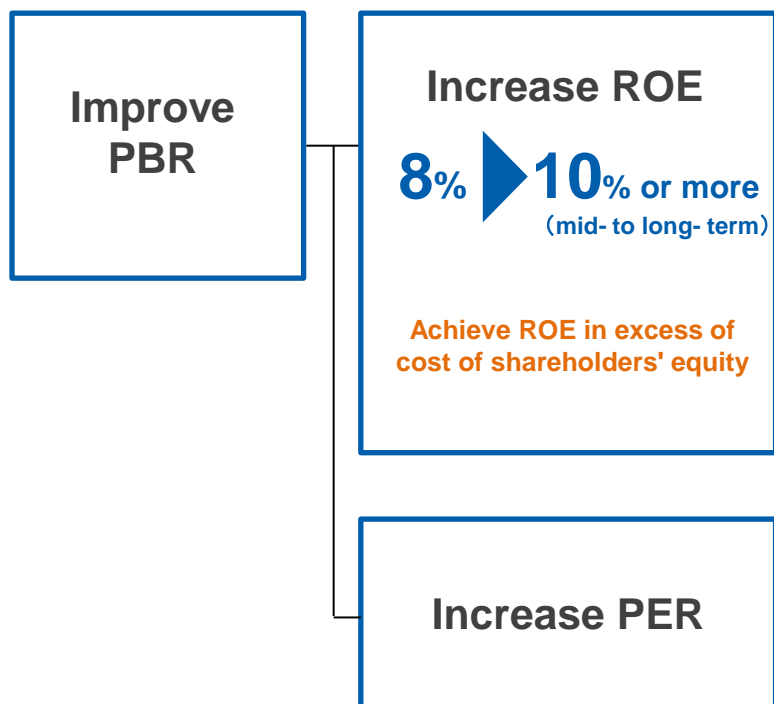
- We are aiming to capture the top share of the domestic market for the construction of offshore wind power generation facilities by taking advantage of the superiority of our high-performance SEP vessel. Our SEP vessel is capable of carrying multiple wind turbine components at one time, enabling construction with high efficiency and short construction period. We have already accumulated know-how and experience in the construction of two projects in Japan and two projects chartered to Taiwan.
- In the offshore wind power construction market, which is estimated to exceed 5 trillion yen by 2030, we aim to become the top runner in the construction of offshore wind power generation facilities, creating new sources of revenue and strongly promoting initiatives to realize a decarbonized society.
- In the future, we plan to work mainly on projects in general domestic marine areas that have been decided based on the Renewable Energy Marine Area Utilization Act. Since the construction of these round projects is not expected to start until 2027 or later, until then, we will charter our SEP vessel for overseas projects in cooperation with Fred Olsen Ocean of Norway, with whom it has established a cooperative system.

Advantages of owning own SEP vessel

- There are few SEP vessels in the world that can handle the increasingly large size of wind turbine construction.
- Owning SEP vessel ourselves will allow us to execute a reliable ship chartering plan and increase our competitiveness for winning orders.
- By possessing all the know-how related to the construction of offshore wind power facilities (e.g., wind turbine construction, vessel operations, etc.) in-house, we can respond to the diversified requirements from our client orders ourselves.

Initiatives to Improve PBR

Initiatives to improve PBR centered on Growth Strategy, Capital Policy, and Shareholder Return



1. Improvement of capital efficiency

- Targeting consolidated operating income of 100 billion yen in FY2026, we have set ROE of “8% or more” as a KPI, and aims to achieve “10% or more” in the medium to long term.
【 Transformation into a highly profitable business structure 】
 - Strengthening our ability to identify promising markets.
 - Continue to make decisions on orders with emphasis on profitability, as profitability at the time of order receipt is improving.
 - Improvement of quality assurance, cost improvement, and process control through production process reforms.

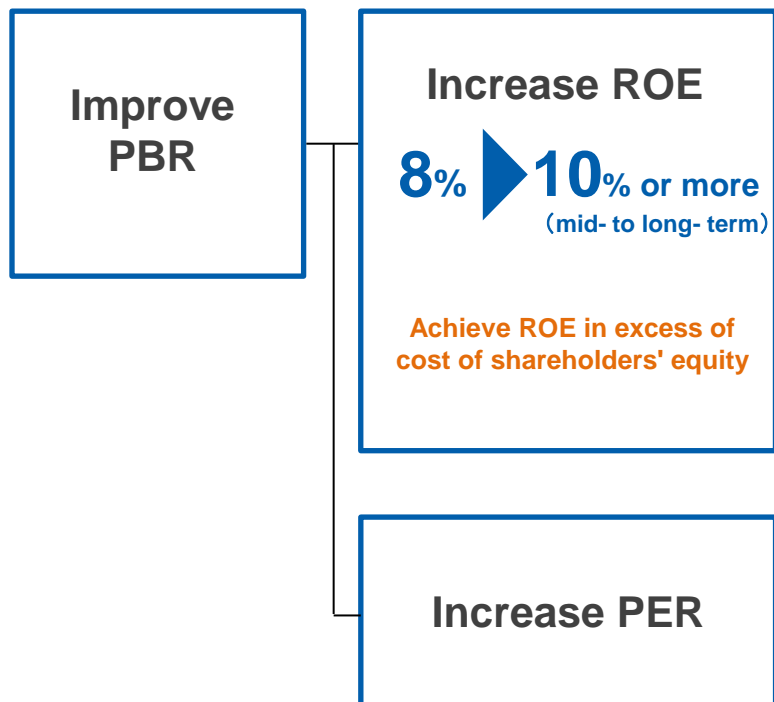
2. Investment for growth (M & A)

- If there are projects that contribute to improving the profitability of the Group as a whole, such as strengthening the construction system or the foundation of the global business, we will actively implement them separately from the investment plan in the Medium-Term Business Plan <2024-2026>.

Grandwork Interior Pte Ltd (Singapore) became our subsidiary in November 2024

Initiatives to Improve PBR

Initiatives to improve PBR centered on Growth Strategy, Capital Policy, and Shareholder Return



3. Improvement of capital efficiency

- The ratio of security holdings to consolidated net assets will be reduced to 20% or less by the end of March 2026 and to 10% or less by the end of March 2027, and will continue to be reduced after achieving the target.

Sales of 150 billion yen by the end of March 2026 and 240 billion yen by the end of March 2027 at the stock price level as of the beginning of FY2024 are required.

- Facilitate sales of rental real estate, etc.

Assumes sales of more than 170 billion yen over 3 years

Accelerate using private REITs and selling existing properties after value-added.

- Reduction of construction-related advances (improvement of payment terms)
Return debt-to-equity ratio (D/E ratio) to around 0.7x in the medium to long term.

4. Active shareholder returns (dividends + share buybacks)

- Continuous share buybacks using proceeds from the sale of security holdings.

Plans to repurchase 34.5 billion yen of treasury shares in FY2024

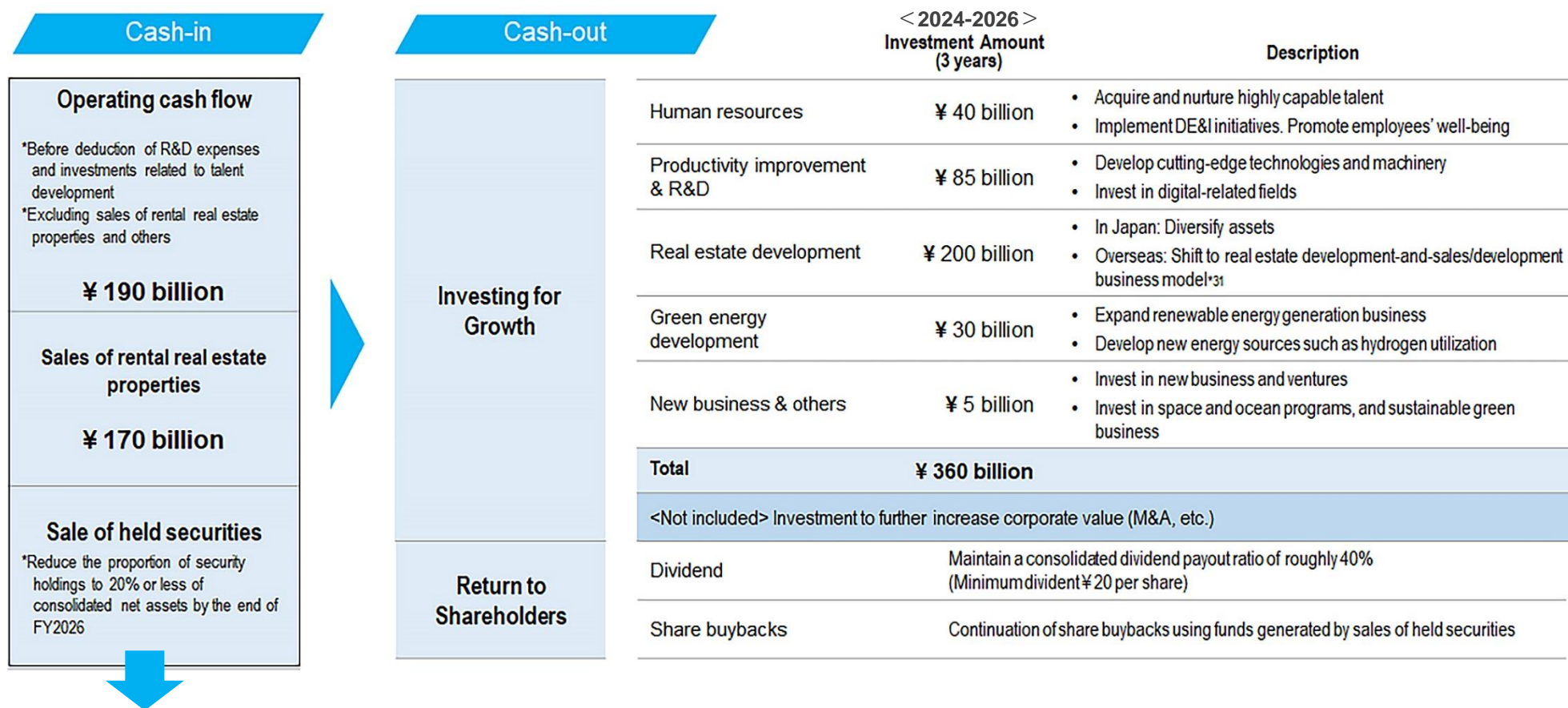
- Dividends are linked to profit growth, with a target consolidated dividend payout ratio of 40% (Total return ratio of FY2024 is forecasted to be 98.2%).
- The minimum dividend is set at (20 yen per share per year) as a stable dividend.

02

Capital Management Policy and Shareholder Returns

Cash Allocation

Investments for sustained growth and continuing return to shareholders



New target set in November 2024.
20% or less by the end of FY2025 (end of March 2026) (one year ahead of schedule)
10% or less by the end of FY2026 (end of March 2027); continue reduction even after achieving target

Reduction of Security Holdings

Progress on Reduction

- We are accelerating the reduction to achieve the new reduction target set in November 2024.
- In FY2024, 24 listed stocks were sold (including partial sales) by 3Q of FY2024, for a total sale amount of 35.4 billion yen, bringing the total number of listed stocks sold from FY2018 to 3Q of FY2024 to 85 (including partial sales) for a total sale amount of 185.4 billion yen.
- As a result, the number of listed stocks decreased from 187 at the end of March 2018 to 126 at the end of December 2024.
- The percent of security holdings against consolidated net assets declined from 34.8% (end of March 2024) to 29.7% (end of December 2024).

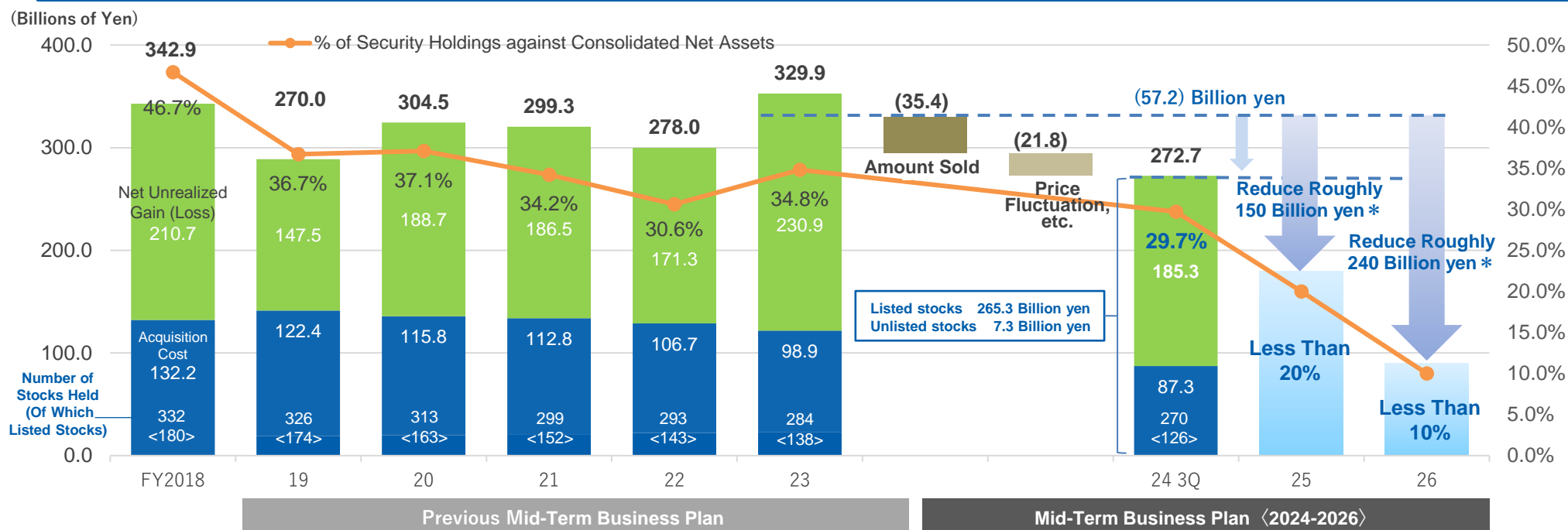
(See next page for details.)

Reduction of Security Holdings

Progress on Reduction

Reduction target Ratio of security holdings against consolidated net assets
Less than 20% by the end of March 2026
Less than 10% by the end of March 2027, and continue the reduction after achieving the target ratio

Balance of Security Holdings



Disposal of Listed Stocks

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 3Q	FY2024 Forecast
Number of Listed Stocks Sold	10	10	18	18	21	16	24	—
Amount Sold (Billions of Yen)	12.2	16.8	19.7	12.8	26.3	62.1	35.4	60.0

Note: The number of sold stocks includes partial sales of the same stock over several years.

* The actual disposal price will differ since the calculation is based on the stock prices as of the beginning of FY2024.

Purchase and Cancellation of Treasury Shares

- In FY2023, we repurchased 25.4 billion yen of its own shares and retired all treasury shares (44,838,300 shares) acquired through market purchases in FY 2019 and FY 2021 on May 12, 2023.
- We plan to repurchase 34.5 billion yen worth of treasury shares in FY2024, and has already repurchased 26.1 billion yen worth of treasury shares by January 31, 2025. All treasury shares (26,986,900 shares) acquired through market purchases in FY2023 was cancelled on November 29, 2024.
- We intend to continue to use proceeds from the sale of security holdings as a source of funds, while taking into consideration the replacement of funds for large-scale construction projects and the status of investments for the future.

Purchase of treasury shares

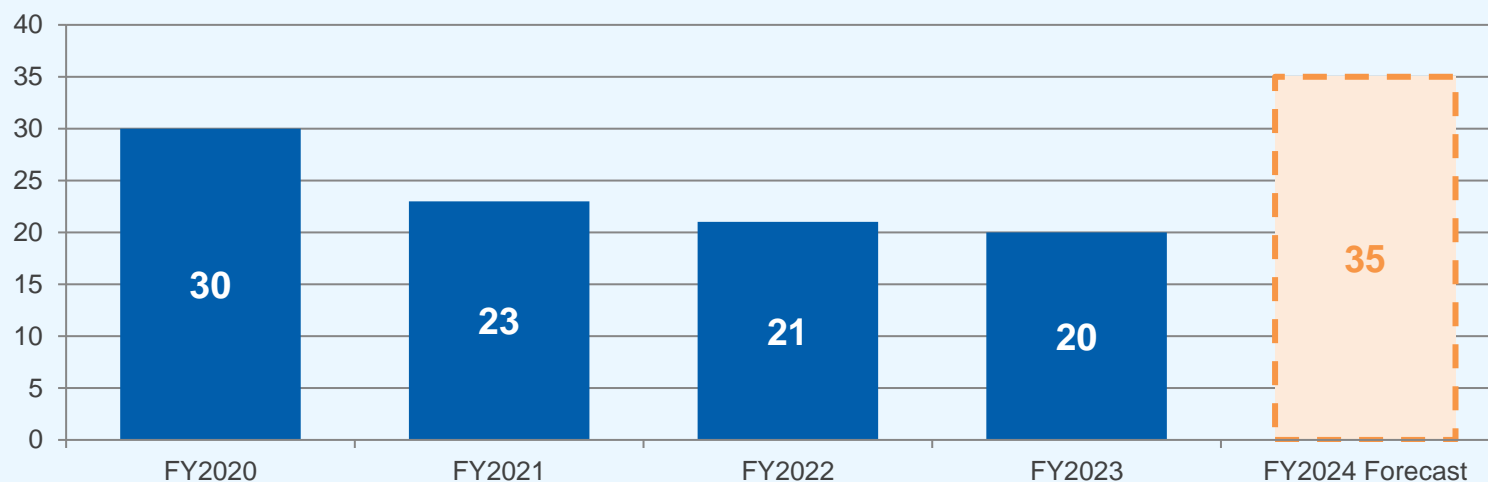
(Billion yen)

FY2019	FY2021	FY2023	FY2024 Forecast
20.0	20.0	25.4	34.5

Trend in Dividends (consolidated)

Our basic policy is to strengthen our financial position as a foundation for long-term development and to pay stable dividends. The minimum dividend per share is set at 20 yen per share, and profits earned through growth are to be returned at a consolidated dividend payout ratio of 40%. However, we have raised our consolidated dividend payout ratio from 30% to 40% in FY2023.

Dividends per share, JPY



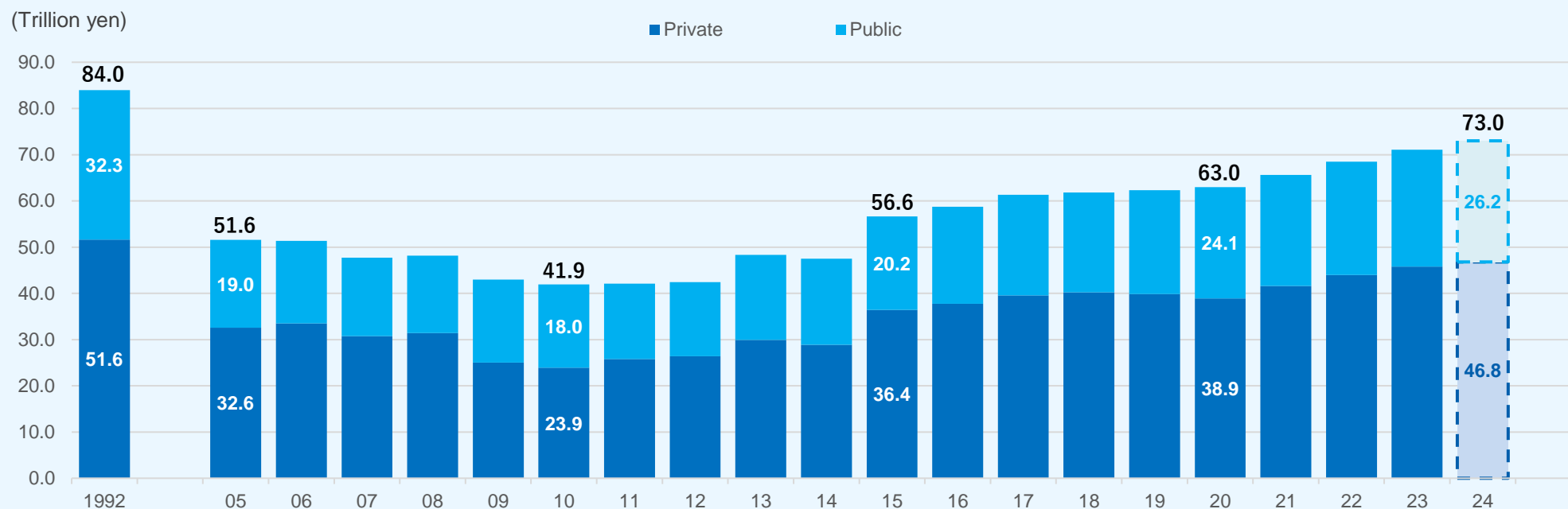
	FY2020	FY2021	FY2022	FY2023	FY2024 Forecast
Net income per share (JPY)	101.17	64.09	66.29	23.57	85.97
Dividends per share (JPY)	30	23	21	20	35
Dividend payout ratio (%)	29.7	35.9	31.7	84.9	40.7
Total return ratio(%)	29.7	77.5	31.7	233.0	98.2

03

Current Status of the Domestic Construction Industry and Our Initiatives

Domestic Investment in Construction

- Construction investment peaked at 84 trillion yen in fiscal 1992 and began decreasing, but since the Great East Japan Earthquake in 2011, it has been on the rise owing to reconstruction demand and a recovery in private investment. Currently, capital investment is expected for DX and environmental measures aimed at achieving carbon neutrality, primarily in the manufacturing industry, and large-scale redevelopment is expected to continue, especially in the Tokyo metropolitan area.
- In the field of civil engineering, investment in infrastructure for the future is expected, including “Five-year Plan to Accelerate Measures for National Resilience Contributing to the Prevention and Mitigation of Disasters,” improvement of transportation and logistics infrastructure, and countermeasures for aging critical infrastructure. As such, we believe that the current level of construction investment of about 60 to 70 trillion yen will continue to be sustained into the future.



*FY2022 and FY2023 are estimates, FY2024 is a forecast.*The amount of government construction investment related to restoration and recovery from the Great East Japan Earthquake is expected to be 1.5 trillion yen in FY2011 and 4.2 trillion yen in FY2012.

*As of fiscal 2015, the amount of investment in construction repairs (renovation and remodeling) is included in the amount of construction investment.

*The graph was created by Shimizu based on *Trends in Construction Investment*, a digital handbook for the construction industry by the Japan Federation of Construction Contractors.

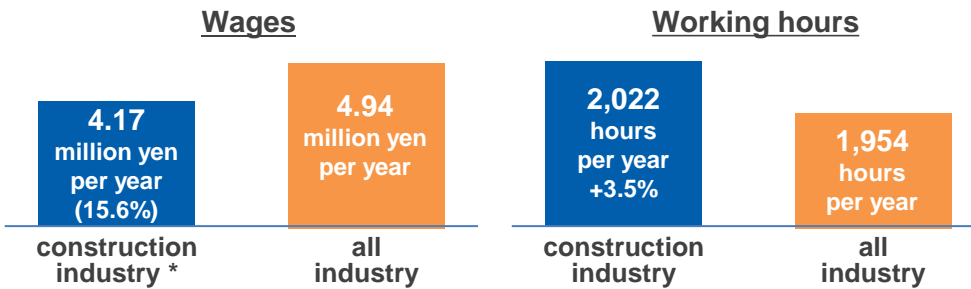
Situation of Shortage of Skilled Construction Workers and Direction of Improvement of Compensation

Shortage of skilled construction workers

*Contents from JFCC Pamphlet for Explanation to Private Orders.

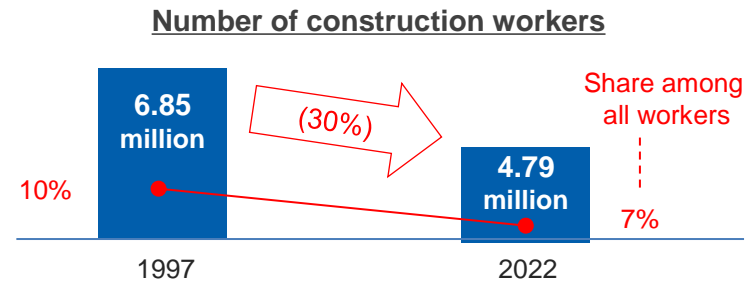
*All graphs are based on sources provided by the Company and are prepared independently by the Company.

- ① Generally, wages in the construction industry are lower than those in other industries, and working hours are longer, making it difficult to secure workers.



*Wages are "production worker" values
Source: Ministry of Health, Labor and Welfare, Basic Survey on Wage Structure (2022)

Source: Monthly Labor Survey, Ministry of Health, Labor and Welfare (2022)



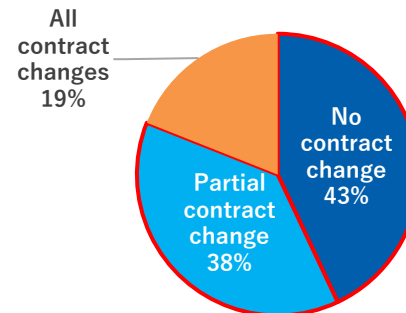
Source: Ministry of Land, Infrastructure, Transport and Tourism calculations based on the Ministry of Internal Affairs and Communications' Labor Force Survey

- ② Failure to pass on material price hikes appropriately, putting pressure on labor costs



Average of January to October for 2023
Source: "Price Index for Construction Materials," Japan Construction Price Survey Institute

Status of passing on material price hikes



N=1333 (excluding undecided) Source: Ministry of Land, Infrastructure, Transport and Tourism, "Survey on the Promotion of Workplace Reforms through the Setting of Appropriate Construction Periods, etc." (FY2022)

- ③ Regulations on upper limits on over time with penalties begin to be applied.

Direction of Improvement of Compensation

Comprehensive efforts to improve compensation, price shifting, work style reforms, and productivity improvement will improve working conditions and help secure bearers of the workforce.

Our Initiatives (Improving Benefits of Skilled Construction Workers)

We are making efforts to improve benefits to secure new young employees, including two days off per week at construction sites and raising wage levels.

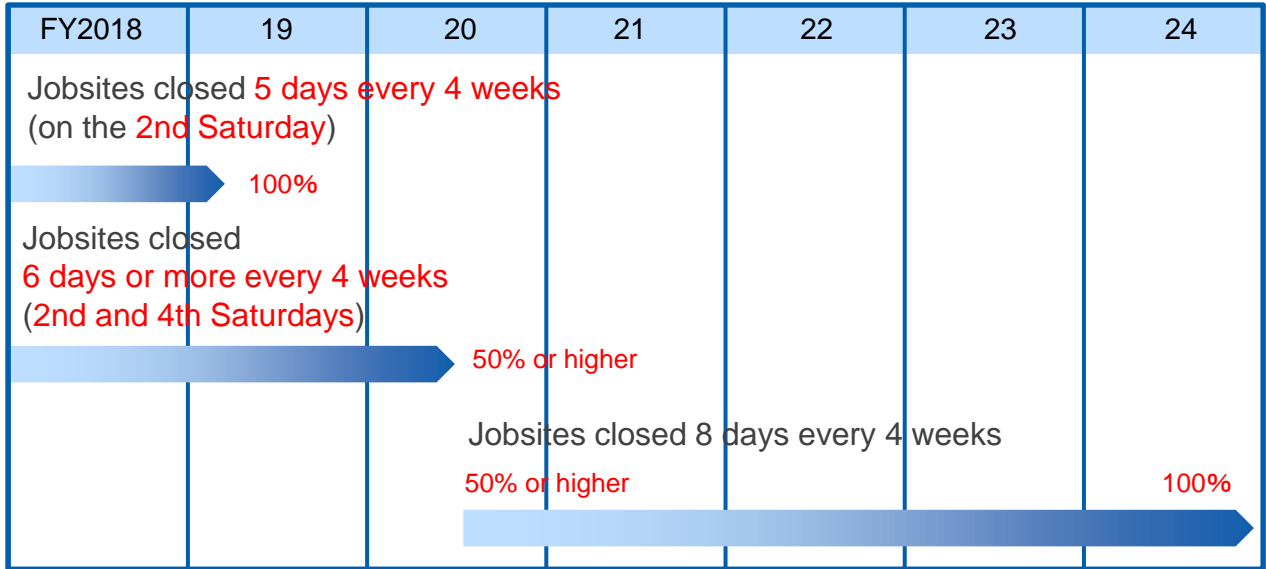
Promotion of two days off per week

Status of Job Site Closures

	Closed 8 days
FY2022	Approx. 66%
FY2023	Approx. 74%

Standard for the number of days closed:
Closed 8 days every 4 weeks: 104 days a year

Company-wide Goals for a two days off a week



- Excluding jobsites with special circumstances such as disaster recovery and the competition venues for the Tokyo Olympics and Paralympics.
- Almost all locations have been able to close six days every four weeks, so no target setting has been done since FY2022

Status of Construction Career Up System (CCUS)



Activities at the entrance gate of a construction site

The Construction Career Up System, a system the government and private sector jointly developed, launched in earnest in April 2019. The aim is to improve benefits for skilled workers and improve their skills by storing the work histories and qualifications of skilled workers in a system using industry standard rules via IC cards distributed to skilled workers. This is to create an environment in which skilled workers can receive benefits according to their abilities and experience by utilizing the system so that we can secure workers for the construction industry into the future.

Our Initiatives (Construction Worker Entry, Retention, and Skill Development)

Shimizu Takumi Training Center

We believe that in addition to securing and retaining new workers, ongoing education and training to improve their skills and productivity are essential to establish a sustainable construction production system. As such, the Takumi Training Center was opened in July 2020 as part of measures to secure and develop skilled workers who are indispensable at construction sites.

It is run jointly with partner company organization Kanekikai.

The participants are mainly skilled workers belonging to member companies.

We provide construction technicians with education and training curricula tailored to their work history and skill level through training for new hires, skill improvement training, and multi-skilled worker development training.

We also develop and verify tools to improve productivity.



Exterior view of Shimizu Takumi Training Center

<Main Curriculum>

Various training programs tailored to each employee's years of experience

Training in operation of productivity improvement tools, robots, etc.

Training for multi-skilled workers

Qualification training



Robot operation training

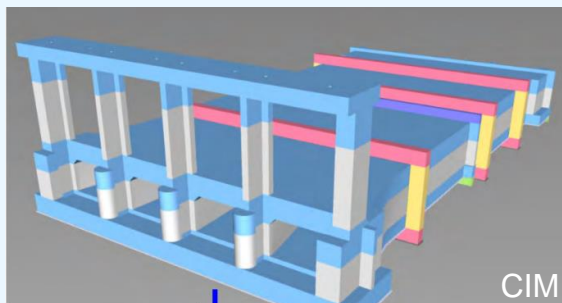


Multi-skills development training

Our Initiatives (Improving Productivity①)

Main initiatives at construction sites

Utilization of BIM/CIM



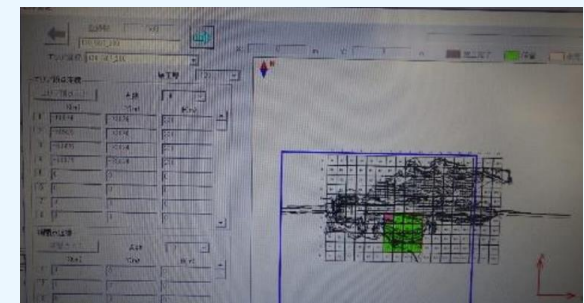
Enables early decision-making, consensus building, and understanding of construction procedures

3D measurements using drones and other technology



Enables instantaneous calculation of soil volume using point cloud data obtained from surveying

Use of ICT construction machinery



Measures the position of construction equipment using satellite and other information and notifies the operator

Our Initiatives (Improving Productivity②)

Digital construction

A construction 3D printer, Shimz Robo-Printer

We developed the Shimz Robo-Printer, a construction 3D printer that supports on-site printing. We conducted a demonstration at the construction site of our own facility, Smart Innovation Ecosystem NOVARE, in Koto-ku, Tokyo. We expect this technology to enable batch printing of large laminates and eliminate the cost of transporting components.



On-site 3D printing construction

Large-scale moldings are "printed" as-is at the construction site

We applied our proprietary "LACTM (Laminatable Cement-based Tough Material)" as a concrete material for 3D printing in the concrete construction of the wall-like pillars of a training facility located in NOVARE. In the future, we will focus on expanding the number of projects to which it can be applied and on developing technologies to further improve the efficiency of printing work.



Easy to create free-form curved surfaces, which was difficult with conventional construction methods.

Our Initiatives (Improving Productivity③)

Robot-related Initiatives

Developed Robo-Carrier for automatically conveying materials



Robo-Carrier improves conveyance efficiency

Utilization of Construction RX consortium

- In 2021, we established a consortium for technical collaboration in the fields of construction robots and IoT consisting of 16 companies led by Shimizu Corporation, Kajima Corporation, and Takenaka Corporation. In June 2023, Obayashi and Taisei were added as managing companies.
- The target technologies are construction-related technologies, specifically robots and IoT. In addition to joint research and development of new technologies that go beyond industry boundaries and improving the function of existing technologies, we will work on interoperability of existing robot technologies that are at the level of practical use.
- In this way, we will work to reduce the cost of technical development, distribute risk, and reduce development time, pursuing improvement of productivity and safety in the construction industry by accelerating the spread of these efforts.



< Membership as of January 2025 >

Full members: 29 companies
Cooperative members: 252 companies
(Construction machinery rental companies, IT vendors, construction companies, non-life insurance companies, etc.)

Our Initiatives (Improving Productivity④)

Tunnel construction system utilizing ICT and robots (example)

Blast Master

A 3D scanner that measures the amount of extra excavation and a computer system that suggests optimal blasting patterns make it possible to efficiently perform blasting excavation in mountain tunnel construction. This system can minimize excess excavation, such as excavation beyond the planned cross-sectional area.

The system can be operated by non-experienced technicians, contributing greatly to productivity improvement on site.



Blast Master Operation Status

Tunnel lining concrete automatic construction robot system

This system automates a series of operations such as placing and compacting lining concrete for mountain tunnels.

The system has made it possible to save manpower and labor, ensure safety, and finish the lining concrete of high quality without irregularities.



Manipulator-type automatic hammering equipment

Note

04



Topics

Topics: Grand Opening of “Smart Innovation Ecosystem NOVARE”

" Smart Innovation Ecosystem NOVARE **" To nurture an enterprising spirit and to create innovation

*Meaning "to create, to renew" in Latin.

While returning to the spirit of the company's founding and preserving our company's DNA, we have developed this facility as a place to foster human resources who can contribute to the development of society looking 50 to 100 years into the future, so that we can provide value ahead of the times.

Looking ahead to the realization of our long-term vision “SHIMZ VISION 2030” and beyond

- A place to promote innovation in business structure, technology, and human resources
- A place to communicate with society



Co-creation with diverse partners,
practicing activities beyond the framework of
the construction business

Smart Innovation Ecosystem

NOVARE



NOVARE Hub

Facility for business and innovation creation



NOVARE Academy

Hands-on training facility



NOVARE Lab

Research facility for construction innovation



NOVARE Archives

Historical archives and museum display



Former Shibusawa Residence

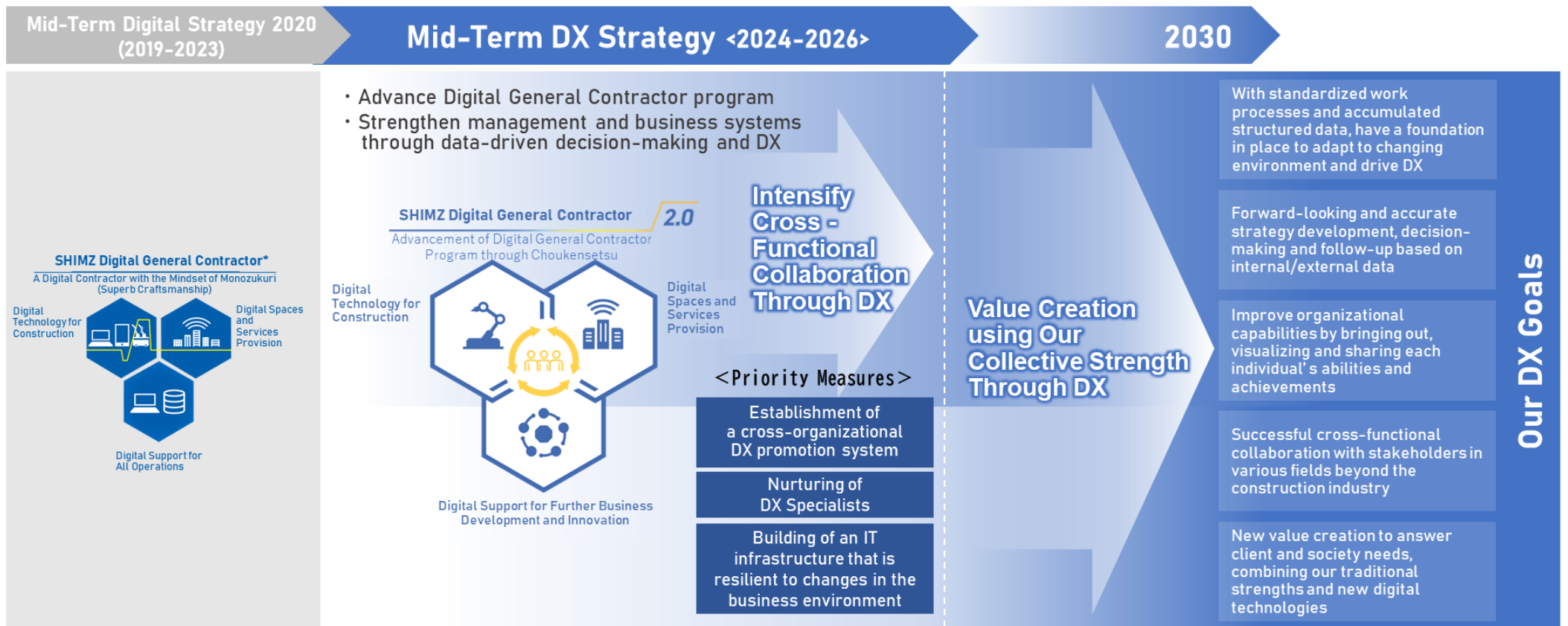
A place to pass on our DNA



Topics: Mid-Term DX Strategy <2024-2026>

We have recently formulated its Mid-Term DX strategy <2024 – 2026> . Under this strategy, we aim to become a “Smart Innovation Company” that creates new value for society by innovating its business structure, technologies, and specialists. Under this strategy, we aim to enhance cross-functional collaboration through DX to maximize its overall corporate strength to create value. We are engaged in the “establishment of a cross-organizational DX promotion system,” the “nurturing of DX Specialists,” and the “building of an IT infrastructure that is resilient to changes in the business environment” as priority measures.

Strategic concept and priority measures



Mid-Term DX Strategy <2024 – 2026>

<https://www.shimz.co.jp/en/company/about/news-release/2024/pdf/2024026.pdf>

Topics: Initiative on Large-scale Projects

“Azabudai Hills Mori JP Tower” completed

- In addition to the construction of two skyscrapers, Azabudai Hills Mori JP Tower and Azabudai Hills Residence A, the highest building in Japan at approximately 330 meters, we were responsible for the construction of public infrastructure.
- Promoting next-generation digital construction using state-of-the-art construction robots and ICT/AI technology.

The know-how gained from this project was utilized to win the next large-scale project.

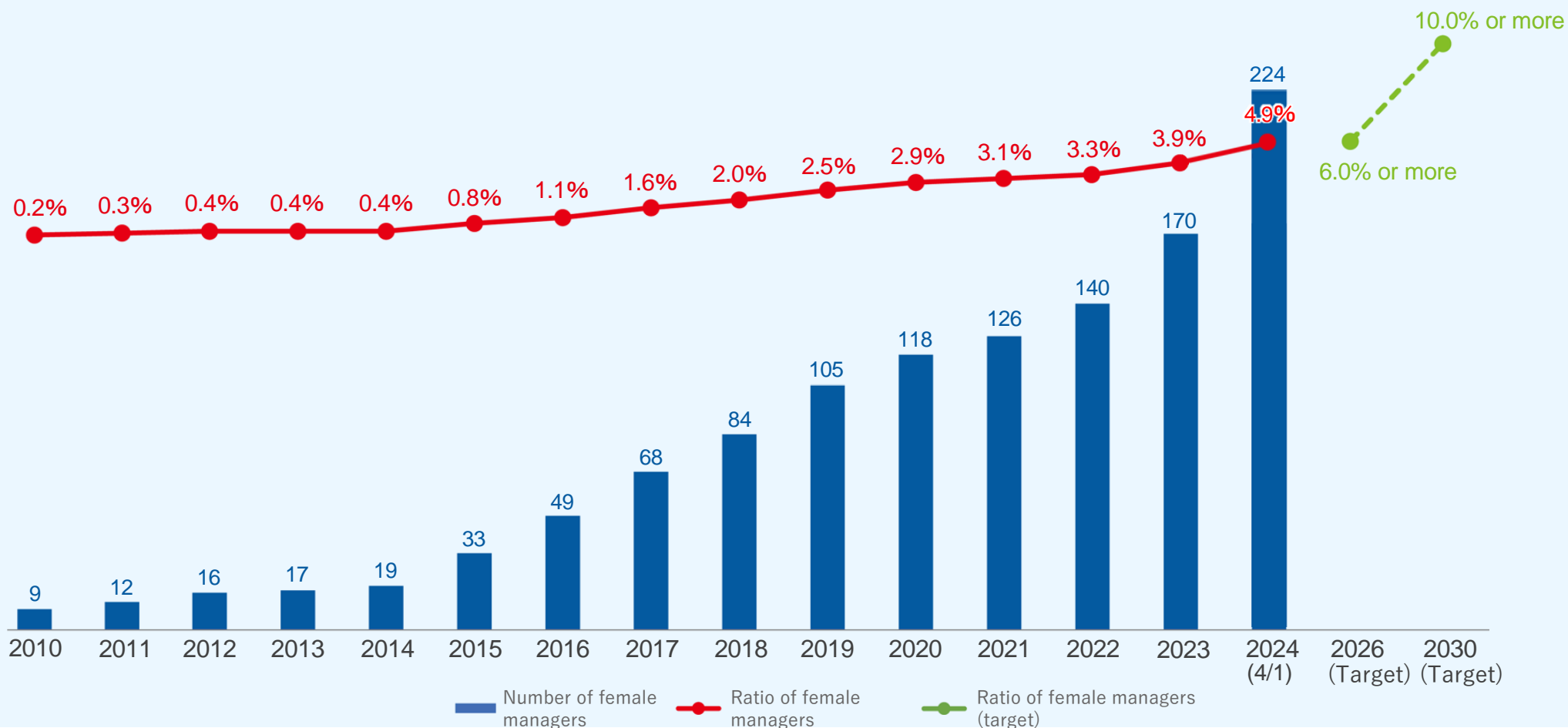


Received order for and began construction of the “TOKYO TORCH Torch Tower”, Tokyo.

- The highest super skyscraper in Japan at 390 m.

Topics: Ratio of Female Managers

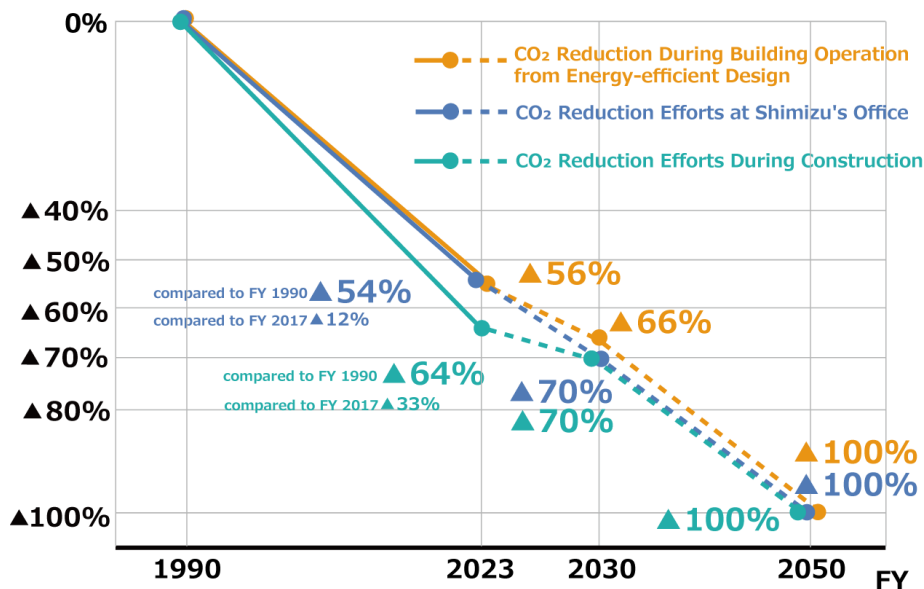
- Set a target for the number of female managers as a KPI from 2011.
- As of April 1, 2024, the number of female managers is 224, and the ratio 4.9%.
- We aim to achieve “6% or more by FY2026 and over 10% or more by FY2030” as a percentage of the total number of managerial positions.



Topics: Efforts to Reduce Total CO₂ Emissions/ Natural Environment Assessment

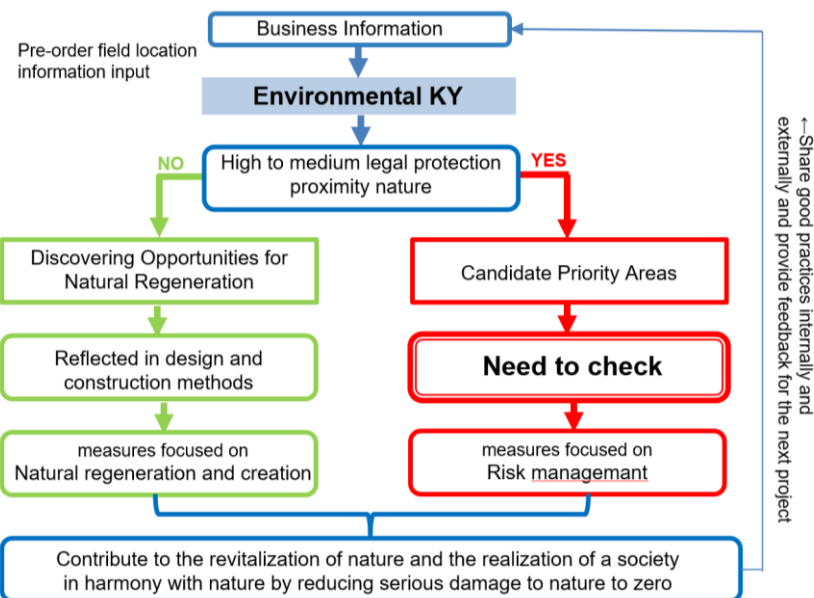
Ecological Mission 2030-2050

To achieve a zero-carbon society, we established Ecological Mission 2030-2050, which sets forth medium- to long-term targets for reducing CO₂ emissions. These targets have been set for the categories of construction, Shimizu offices, and energy-saving construction to inform our work on measures to combat climate change. During the construction phase, each branch develops activities such as the comprehensive adoption of renewable energy-derived electricity at construction sites. We are also promoting activities to transition to alternative fuels for diesel used in heavy construction machinery. At Shimizu offices, we are carrying out activities such as the promotion of electricity derived from renewable energy, and we are gradually converting our branch office buildings to ZEBs. As for energy-saving construction, we are actively proposing ZEBs, engaging in design that sets energy-saving targets according to building use.



Assessing the current state of the natural environment and predicting opportunities for conservation and restoration using "Environmental KY"

As part of our efforts to achieve nature positivity, we believe it is important to confirm the current status of the natural environment at the construction site in the sales stage, and to make business decisions based on consideration of the impact on nature. We set a target of "100% implementation rate of environment analysis using the Environmental KY (hazard prediction and opportunity forecasting) by FY2026" as a non-financial KPI.



Managing Risk and Predicting Opportunities for Natural Regeneration with "Environmental KY"

References;

- TNFD: Climate-Related Financial Disclosures based on The Task force on Nature-Related Financial Disclosures (TCFD) recommendation
<https://www.shimzu.co.jp/company/csr/environment/tnfd/> (Japanese only)
- TCFD: Climate-Related Financial Disclosures based on The Task force on Climate-Related Financial Disclosures (TCFD) recommendation
<https://www.shimzu.co.jp/en/company/csr/environment/tcfd/>

Topics: Sustainability Management Initiatives

As global social issues such as climate change and human rights issues become more apparent and serious, it is essential for companies to manage their businesses with sustainability in mind in order to achieve long-term growth. We will promote sustainability management as stated in the Mid-Term Business Plan 〈2024 – 2026〉 to fulfill our social responsibilities and explore business opportunities.

Sustainability Promotion Structure

We established the Sustainability Committee (chaired by the President) to formulate and roll out company-wide measures relating to sustainability, and follow-up of these measures in each division. The committee reports the results of deliberations which significantly impacts managements to the Board of Directors, in line with the governance structure.

We established the Environmental Subcommittee and Social Subcommittee as subordinate organizations of the Sustainability Committee and put in place a system to give instructions to or receive reports from separate divisions and departments performing related functions.

〈Major Items for Discussion and Reporting in FY2023〉

- Climate-related information disclosure based on TCFD recommendations
- Nature-related information disclosure based on TNFD recommendations*
- International trends and the Corporation's initiatives related to human rights
- Initiatives to make our workplaces more satisfying and appealing
- Report on the results of materiality issues
- Non-financial KPIs in the Mid-Term Business Plan 〈2024-2026〉

Board of Directors

Report ↑ ↓ Supervisor

SDGs and ESG Promotion Committee

Chairperson: President

Themes: deliberating and deciding on the Shimizu Group's sustainability policies and key measures
Deliberating and deciding on sustainability-related information disclosure

Proposals and reports ↑ ↓ Instruction

Environment Subcommittee

Themes: decarbonization, resource recycling, policies, measures and information disclosure for symbiosis with nature, and environmental education, etc.

Social Subcommittee

Themes: human rights, human capital, DE&I, job satisfaction, improvement of working environment, supply chain, social contribution activities, etc.

Note

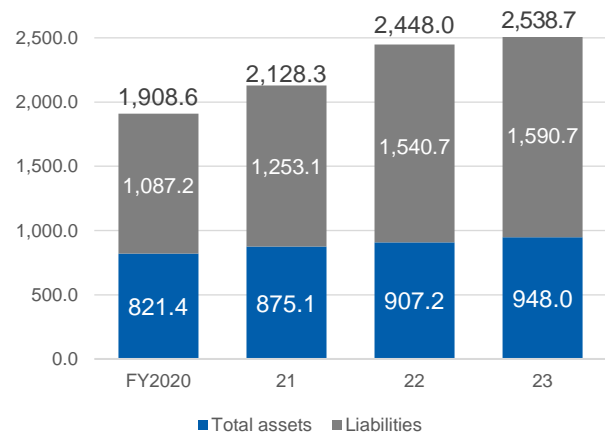
05

Financial Highlights

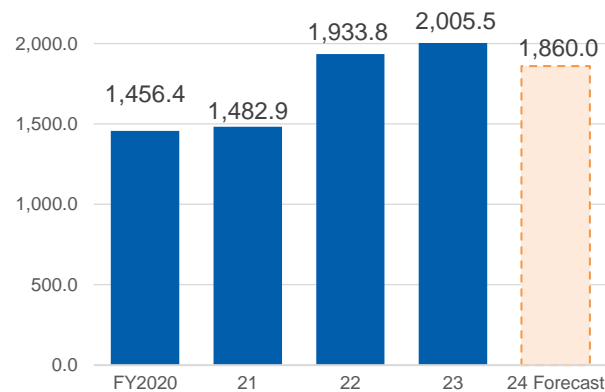
Total Assets and Operating Results (consolidated)

(Billion yen)

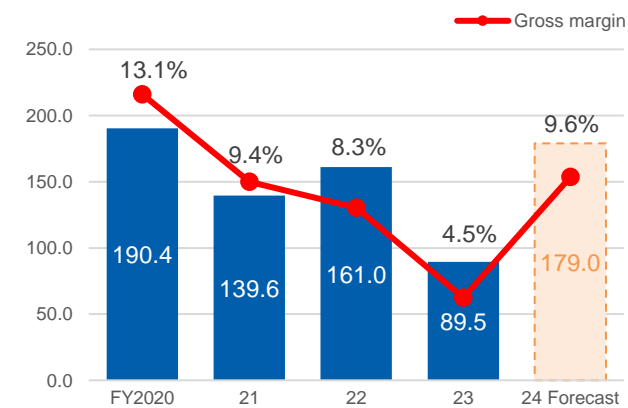
Total assets



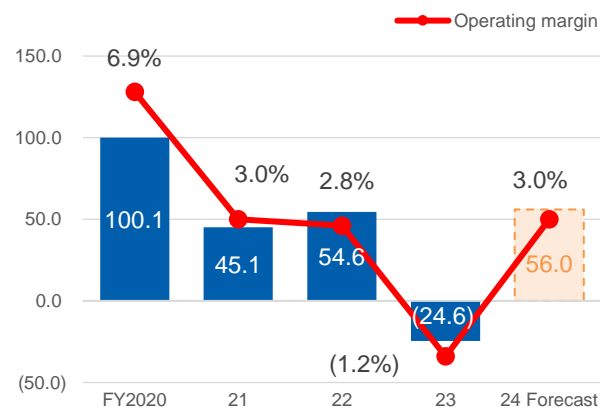
Net sales



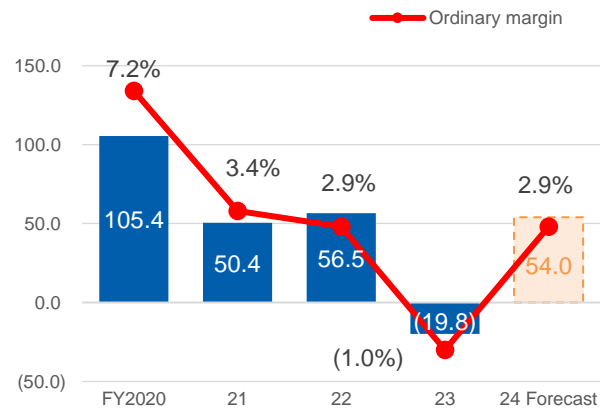
Gross profit



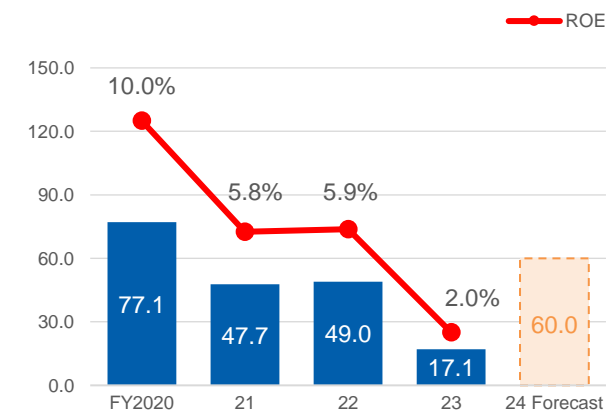
Operating income



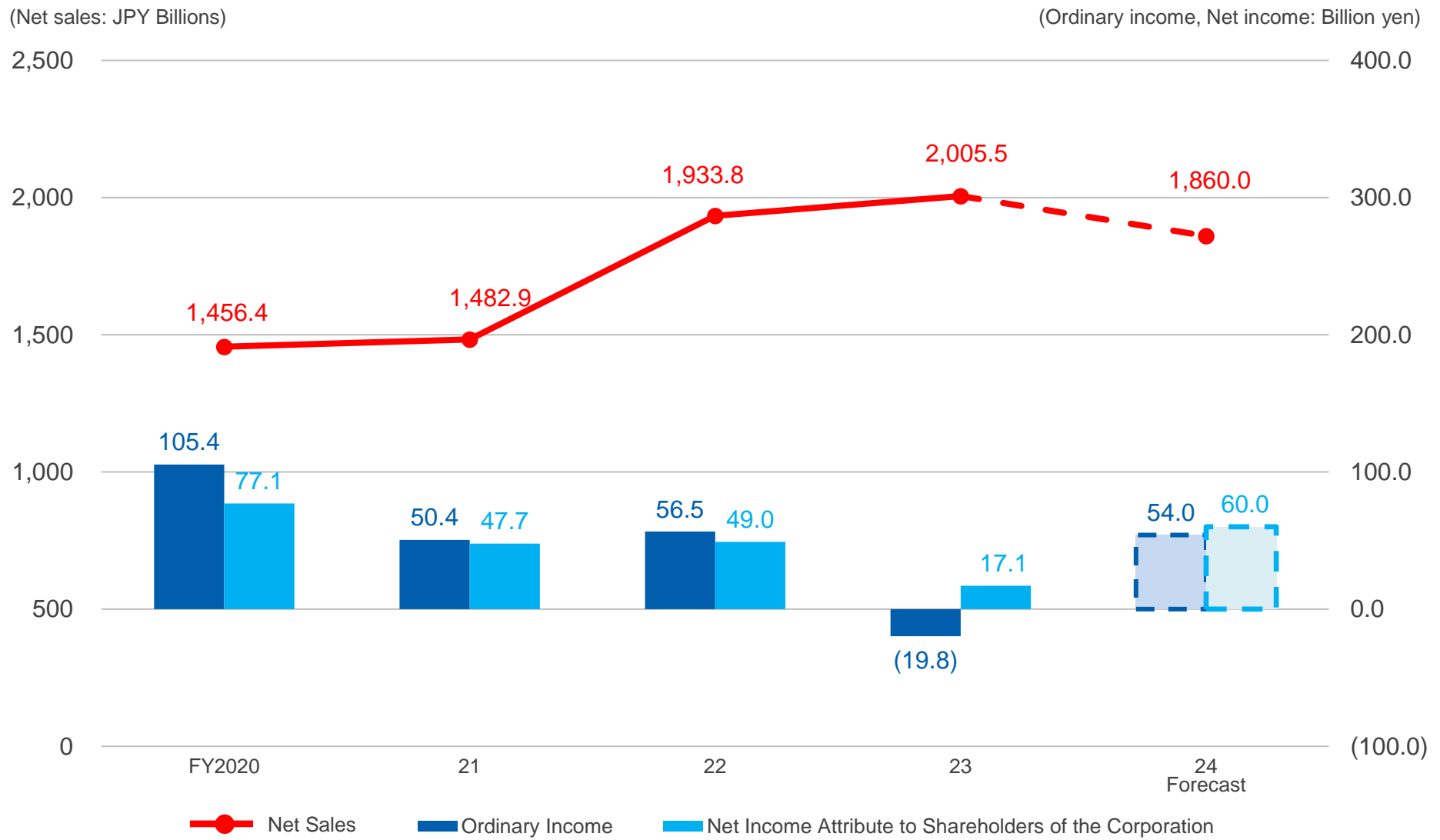
Ordinary income



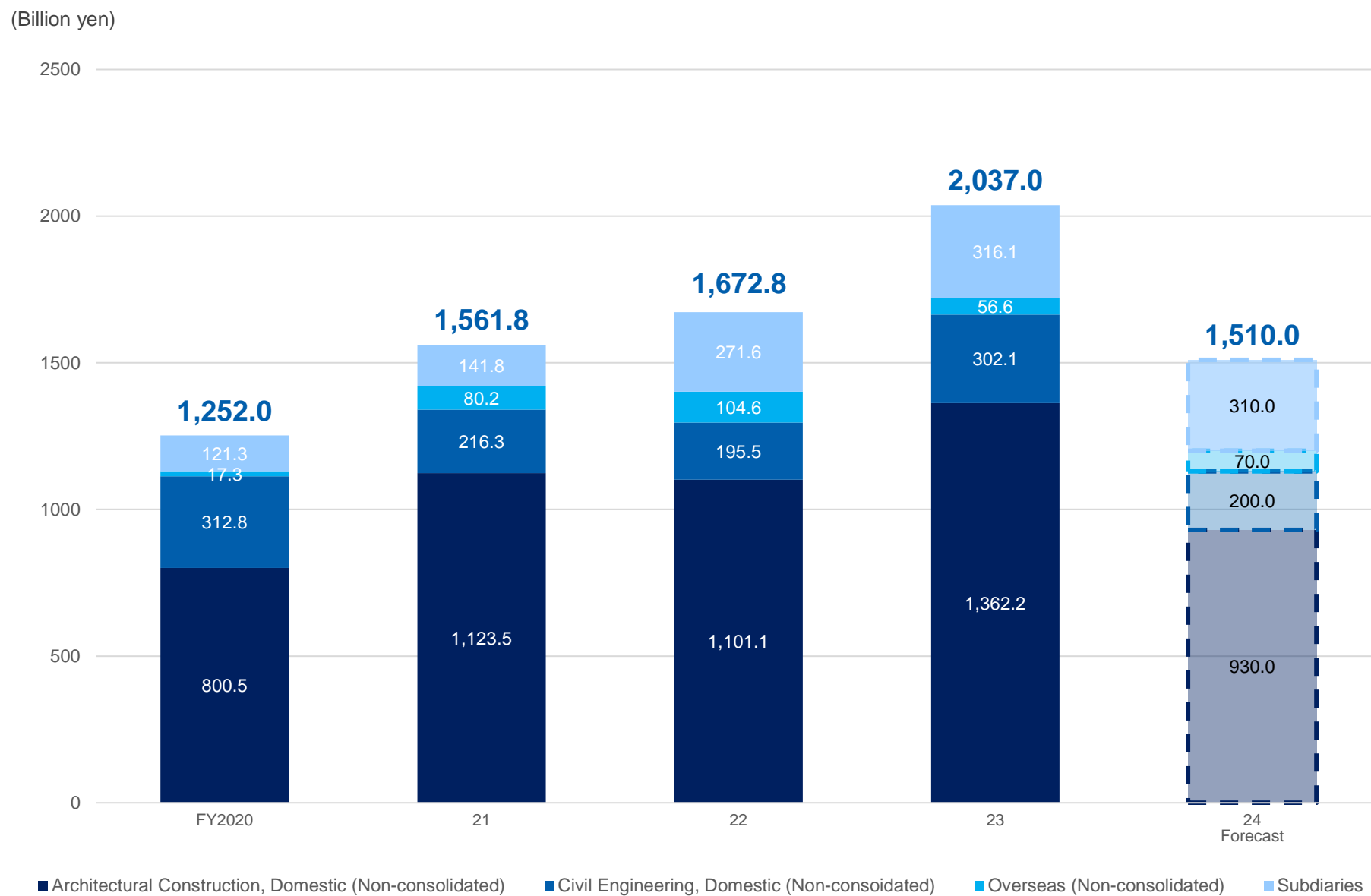
Net income attributable to shareholders of the Corporation



Trend in Net Sales, Ordinary Income & Net Income (consolidated)



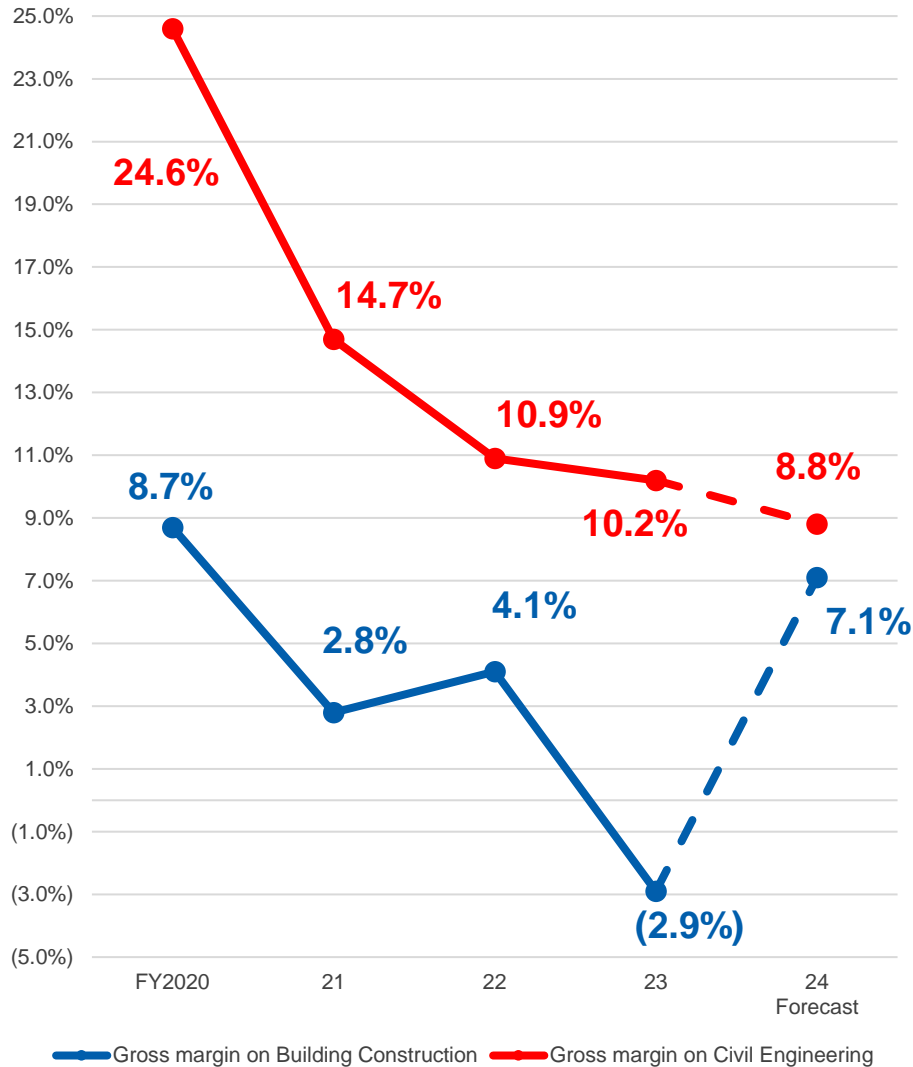
Trend in Construction Orders Received (consolidated)



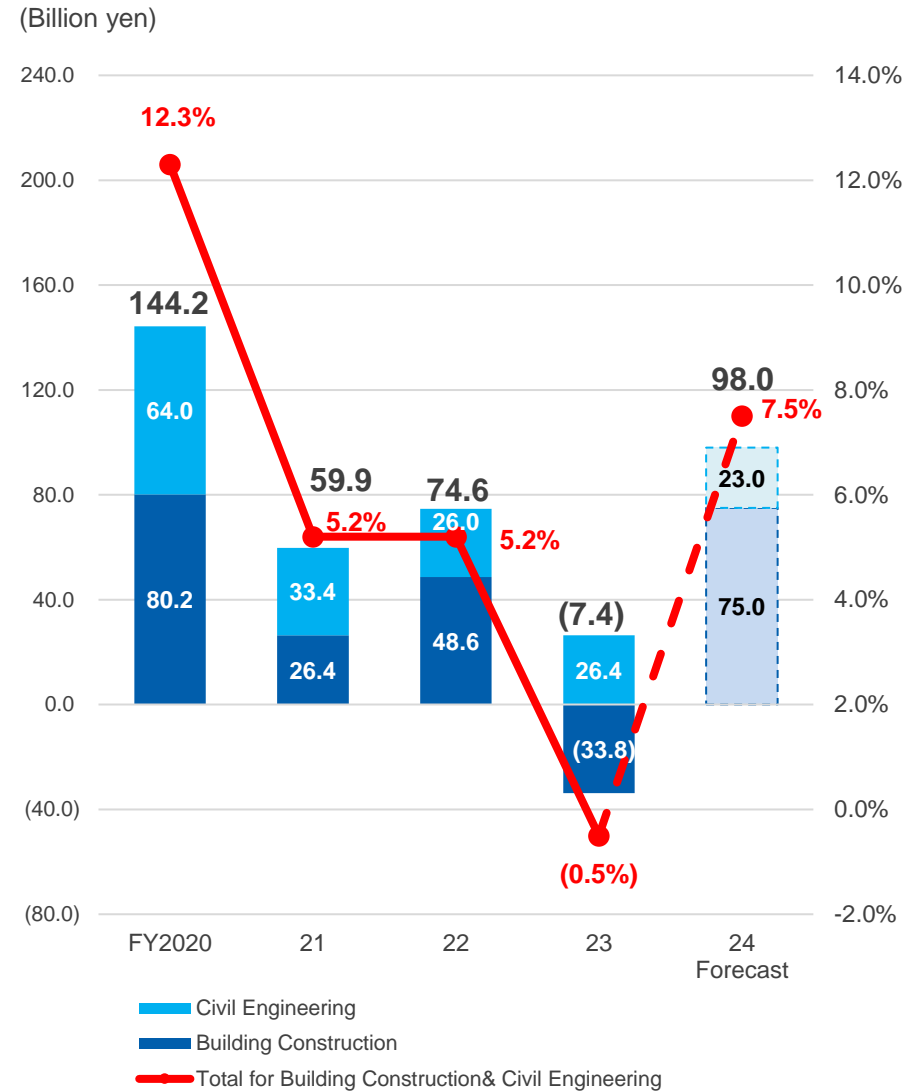
*The figures for subsidiaries show the amount after subtraction of non-consolidated orders received from consolidated orders received.

Trend in Gross Profit & Gross Margin on Completed Construction (non-consolidated)

Gross margin on completed construction for Building Construction & Civil Engineering

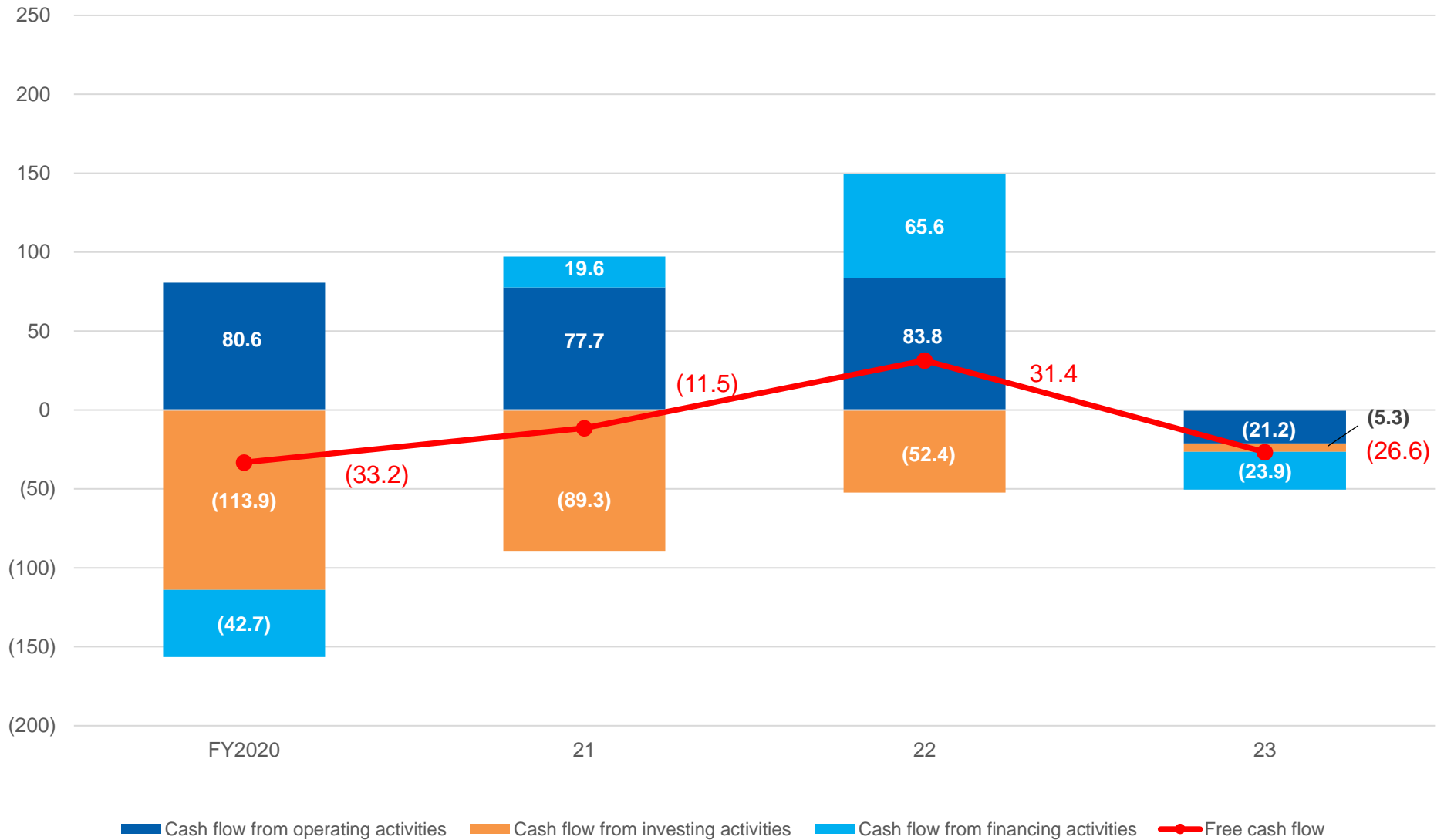


Total gross profit and gross margin on completed construction (total for Building Construction & Civil Engineering)



Cash Flows (consolidated)

(Billion yen)



06

Mid-Term Business Plan 〈2024-2026〉 excerpt

Having reviewed the past Mid-Term Business Plan, we set FY2024 as “a year of new beginnings for a stronger business foundation” and developed the Mid-Term Business Plan <2024-2026> to address the issues identified.

Mid-Term Business Plan <2024-2026> Basic Concept

New mindset “Choukensetsu”

Mid-Term Business Plan <2024-2026> Basic Concept

A Stronger Business Foundation for Continued Growth

Building a Stronger Business Foundation and dynamically expanding business in order to contribute to the sustainable future set forth in SHIMZ VISION 2030

1 A Stronger Business Foundation

Focusing on “talent and organizational capabilities,” we will promote Sustainability Management and cross-functional collaboration in order to improve our capabilities of executing business strategies

2 Business Strategies 3 Global Strategies 4 Capital Policy and Investing for Growth

By steadily implementing Business and Global Strategies, Capital Policy and Investing for Growth, we will meet the true needs of our clients and society to increase our corporate value

Values Shimizu Provides Clients and Society



- Strong and resilient infrastructure
- Disaster prevention/mitigation technologies
- Extend the life of buildings and infrastructure



- ICT¹¹ in urban development
- Provide built-environments that enhance health, and well-being¹²
- Expand the fields of human activity to oceans and space



- Energy-saving, energy creation and ZEB (zero energy building)
- Renewable energy and carbon neutrality
- Conserve natural environment and biodiversity

1-1 Talent Development and Organizational Capabilities Improvement

Supporting employee growth to nurture diverse talent willing to take on challenges and co-create



KPI Targets for FY2026

Employee engagement score^{*14}
≥ 4.0

Percentage of industry-qualified engineers^{*15}
Maintain 80% or more

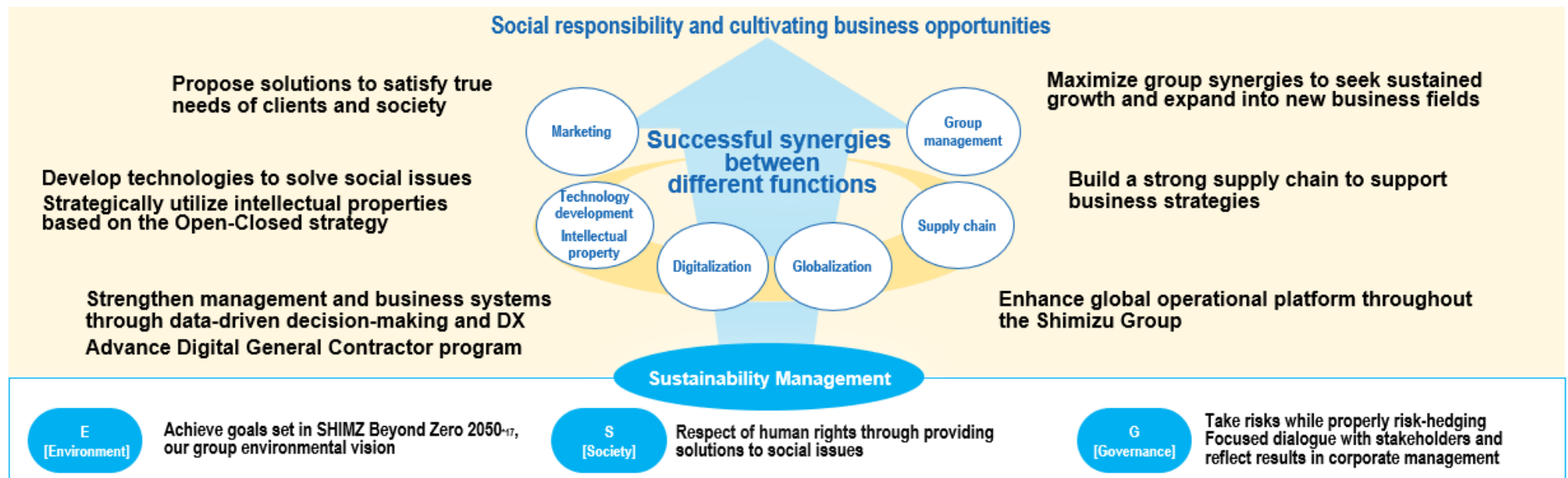
Percentage of women in managerial positions
≥ 6% (≥10% by 2030)

Percentage of employees with disabilities
≥ 2.7%

Nurturing DX Specialists^{*16}
120 specialists trained and assigned to all divisions

1-2 Improve Cross-functional Collaboration / Refine Sustainability Management

Increasing cross-functional collaboration to build a stronger business foundation, Sustainability Management*17 - balancing socially responsibility and cultivating business opportunities



KPI Targets for FY2026

Reduction rate of CO₂ emissions in the Construction Business (compared with FY2023)
≥ 12%

Environment analysis rate using the Environmental KY*18
100%

Number of people enrolling in the Shimizu Takumi Training Center*19
≥ 1,800 per year

Dialogues between stakeholders (especially shareholders, investors, and employees) and our top management
≥ 50 times per year

2 Business Strategies

Continue to improve profitability of the Construction Business and build up the business portfolio

Business portfolio

Business policies

<p>2-1</p> <p>Construction</p> <p>Improve profitability</p>	<ul style="list-style-type: none"> • Pursue new technologies and maintain quality • Restructure the construction system / processes • Enhance ability to engage promising segments / area markets
<p>2-2</p> <p>Real Estate Development Engineering</p> <p>Increase revenue and business stability</p>	<ul style="list-style-type: none"> • Expand current business and take on new, promising market segments by developing innovative technologies and obtaining know-how
<p>2-3</p> <p>Green Energy Development Building Life Cycle</p> <p>Expand business scale</p>	<ul style="list-style-type: none"> • Continue investment to expand business scale • Become a DX/GX solution partner
<p>2-4</p> <p>Frontier</p> <p>Establish sustainable business models</p>	<ul style="list-style-type: none"> • Continue to invest for growth • Establish firm, sustainable business models

*2-2 to 2-4: Referred to as "Non-construction Business" in the Mid-Term Business Plan <2019-2023>



Construction Business: Technology, Quality, and Profitability Making the construction industry sustainable

Construction (Building Construction, Civil Engineering)

Business process overhaul

- Establish clear policies for selecting projects and accepting awards
- Rigorous assessment of projects for profitability
- Managing appropriate award volume
- Revamp the construction process to secure high quality, lower cost and accurate schedule management

Construction system that highlights the appeal of Monozukuri

- Remake the construction system and strategically allocate talent to make on-site work more effective ●
- Enhance productivity by developing new technologies using ICT and AI ●●●
- Boost collaboration within the Group and with suppliers to better manage projects ●●
- Aim for twice or more a week site closures with matching construction period for all projects ●

Addressing issues for the construction industry

- Revise contract conditions to ensure fairer risk-sharing
- Secure workforce by improving the working conditions of skilled workers and providing training ●●
- Create a more flexible work environment ●

TawaRemos, a remote tower crane control system (jointly developed by Construction RX Consortium)



Digi-Tori360, a Digital building operation manual for smarter facility management



Enhance our ability to engage promising/profitable markets

Construction (Building Construction, Civil Engineering)

Building Construction

- Apply our capabilities and technologies in taking on super large-scale projects
- Strengthen the renovations segment ●●●
- Develop and provide solutions for the environment and disaster prevention/mitigation ●●
- More focus on nuclear sector: innovative nuclear reactor, reactor restart, plant life extension and decommissioning ●
- Explore and obtain timber architecture projects using traditional and cutting-edge technologies ●
- Establish business development/award strategies better suited to each regional economy
- Advanced urban development such as a Smart City ●●●
- Promote alliances / M&A to build a strong supply chain

Civil Engineering

- Contribute to National Resilience program by constructing high-quality infrastructure ●●
- Market our technologies and obtain more work for infrastructure renovation ●●
- Become more competitive in offering technologies for renewable energy-related facilities ●
- Promote business alliance and M&A to expand into new market segments



Tokiwabashi Project
(Source: Mitsubishi Jisho Design)



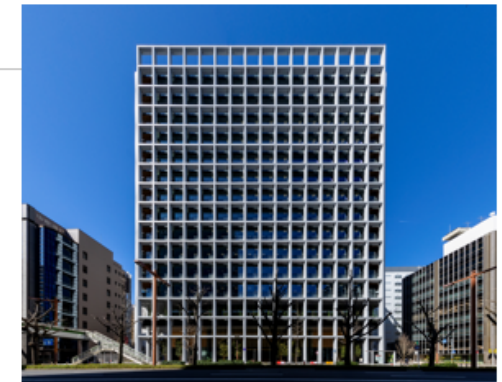
Asuwagawa Dam, Fukui Pref.



Continue to expand and venture into new growth fields by developing innovative technologies and building up know-how

Real Estate Development

- Take up new asset types for a **more diversified portfolio** ●●●
- Promote **value-add investments in existing buildings** ●●●
- Increase the value of real estate brands such as i-MARK, S・LOGI, and VIEQU^{*20}
- Extend the real estate value chain through intra-Group collaboration
- Create new business models by adopting innovative funding methods
- Add more functions and expand regions through business alliance and M&A



Nagoya Shimizu Fukoku Seimei Building

Engineering

- Increase awards in growth markets (**renewable energy/GX, advanced/strategic manufacturing facilities, DX, environmental remediation, others**) ●●●
- Increase awards and stabilize profitability for **offshore wind farm EPC^{*23} projects and the SEP vessel operation** ●
- Implement a more accurate cost control by improving the accuracy of total project management
- Add more functions through business alliance and M&A



Ishikari Bay New Port Offshore Wind Farm



Continue investments to expand business scale
Evolve into a solution partner in the era of DX/GX

Green Energy Development

- Expand renewable power generation
 - Develop Non-FIT²⁴ renewable energy sources and strengthen the corporate PPA (Power Purchase Agreement) segment in collaboration with internal retail business ●
 - Efficiently operate and maintain power generating facilities using digital technologies to stabilize revenue ●
- Expand the electricity retail business
 - Increase profitability via stable procurement of renewable energy and accurate demand / supply control ●
 - Expand environmental value trading (development and sale of Renewable Energy Certificates²⁵, etc.) ●
- Commercialize new technologies such as hydrogen energy utilization system (Hydro Q-BiC²⁶) ●●



Hydro Q-BiC, hydrogen energy utilization system in a building

Building Life Cycle

- Increase the value of real estate throughout the building's life cycle, and extend its life-span ●●●
- Enhance capability of the entire Group to provide clients with a one-stop solution for property management (Planning/design, construction, building management, facility O&M, renovation/conservation, etc.) ●●●●
- Respond to diverse needs and increase added-value utilizing not only digital technologies such as DX-Core²⁷ but also using environmental technologies and our know-how in earning LEED/WELL certifications²⁸ and others ●●●
- Diversify and expand services through business alliances and M&A



DX-Core, building digital transformation platform



Continue to invest for growth in the Frontier

Frontier

- Space Program
 - Push forward **commercial space transportation business** such as a small rocket launching ●●●
 - Launch a **satellite-based monitoring service “QuartetS (Shimizu Satellite Surveillance System)”**²⁹ ●
 - Promote steady progress of R&D regarding **utilizing lunar resources and building structures on moon’s surface** ●●●
- Ocean Program
 - Promote R&D to establish **floating structure design and construction technologies (structure, mooring)** ●●
 - Proceed activities to seek the market of **floating structure/architecture** ●●
- Green Sustainability
 - Contribute to **reinvigorating rural agriculture and revitalizing local communities through the sustainable green business** ●●●



Small rocket launch (SPACE ONE Co., Ltd.)



The future ocean city concept using floating technologies (GREEN FLOAT)



Strawberry farm (Tomatch Farm)



Support regional offices to become self-determining and enhance global operational platform

Global Business Development

- Boost profitability by making regional offices self-determining
 - Ensure sustainable and stable operations by adopting strategies optimized for each region
 - Thoroughly assess business opportunities, risks, and profitability for each area ●●●
- Enhance global operational platform to support regional office management
 - Implement governance structure appropriate for each region, business and organization
 - Obtain and train global talent. Flexibly shift human resources to growth markets
 - Collaborate with optimal local partners for each project for competitiveness and efficiency
 - Accelerate business expansion through M&A

Business Strategies

Construction

Building Construction: Assign more talent to growing markets (areas, clients and industries) ●●●
Civil Engineering: Continue to expand business in the countries already operating in, focusing on ODA projects, while expanding geographical reach ●●

Real Estate Development

Re-examine and expand our real estate portfolio. Increase our presence in focused areas and enhance profitability ●●●

Engineering

Continue to increase EPC business of process engineering. Accelerate our entry into growing markets such as renewable energy and environmental remediation ●



Branz Mega Kuningan Project
(Indonesia)



Manila Metro Project
(The Philippines)



Implementing strategies to take the next great step

East and Southeast Asia

- Respond agilely to clients' global supply chain strategies
- Target high-value-added construction-related services that leverage our strengths
- Capture infrastructure demand by leveraging technological competitiveness and track record
- Participate in real estate development projects by having tighter and larger local business networks

North America

- Respond to private-sector facility demand by offering upstream design-build solutions
- A full-fledged entry into process engineering segment
- Accelerate our participation in the green environment market utilizing technologies developed by Shimizu
- Diversify real estate business portfolio

Southwest Asia and Africa

- Develop business by leveraging technological competitiveness and our construction track record focusing on ODA
- Moved the African Construction Office from Dubai to Kenya. Promote community-based business

Enhancing the Operational Platform

Obtain and maintain more global talent

Strengthen and optimize governance structure

Effective collaboration between domestic and overseas departments

Promote collaboration with local partners and energize M&A

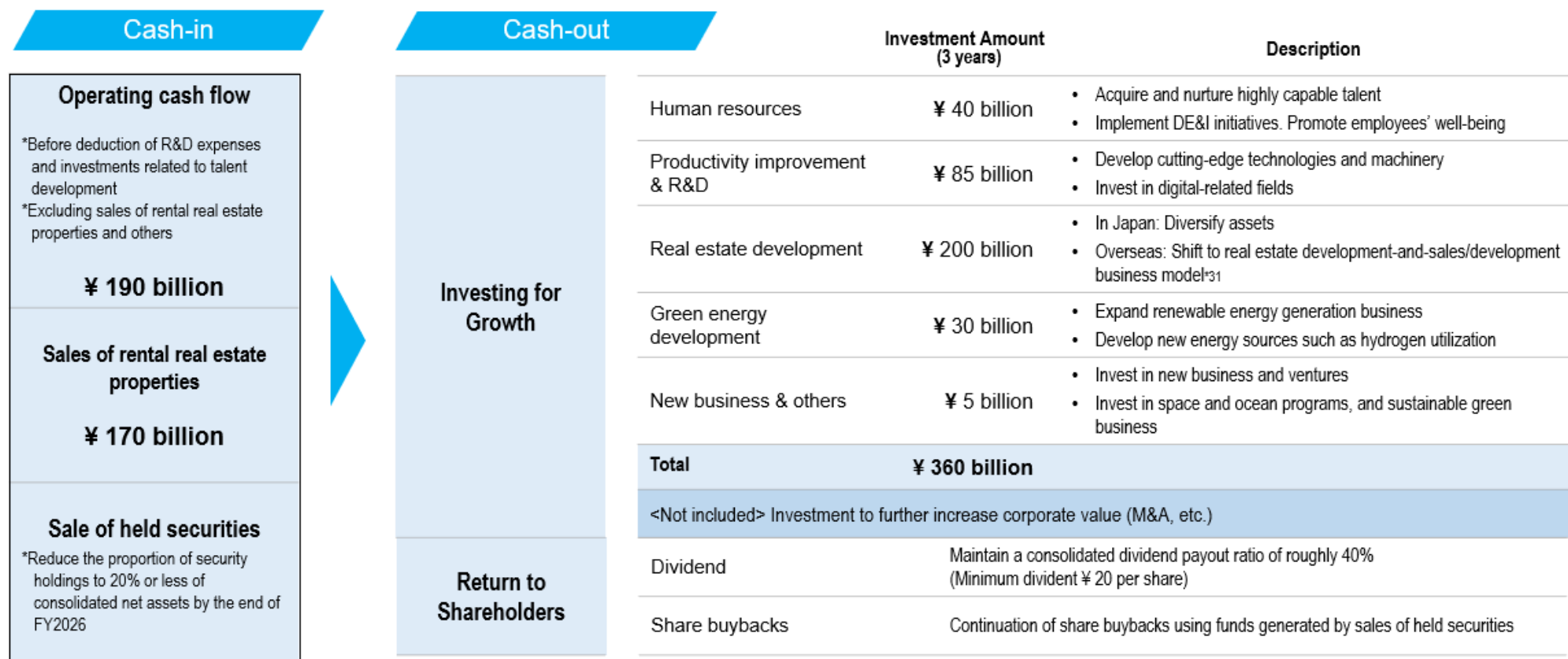
4-1 Financial Targets, Financial KPI

A stronger business foundation and steady implementation of Business and Global Strategies

Mid-Term Business Plan <2024-2026>

(billion yen)	FY2023 Results	FY2024 Forecast	FY2026 Target	Financial KPI	Mid- to long-term (period of the next Mid-Term Business Plan)
Total net sales	2,005.5	1,800	1,890	ROE ≥ 8%	ROE ≥ 10%
Construction Business	1,753.1	1,570	1,600		
Development Business & others	252.3	230	290	Equity ratio ≥ 35%	Equity ratio ≥ 40%
Gross profit	4.5% 89.5	9.1% 163	12.2% 230	Debt-to-equity ratio (D/E ratio) Within 1.0	Debt-to-equity ratio (D/E ratio) ≤ Approx. 0.7 X
Construction Business	2.0% 35.6	8.0% 125	10.3% 165		
Development Business & others	21.3% 53.8	16.5% 38	22.4% 65		
Operating income	-24.6	41	100	Dividend payout ratio Approx. 40% (Minimum dividend ¥ 20 per share)	
Ordinary income	-19.8	41	95		
Net income	17.1	40	70		

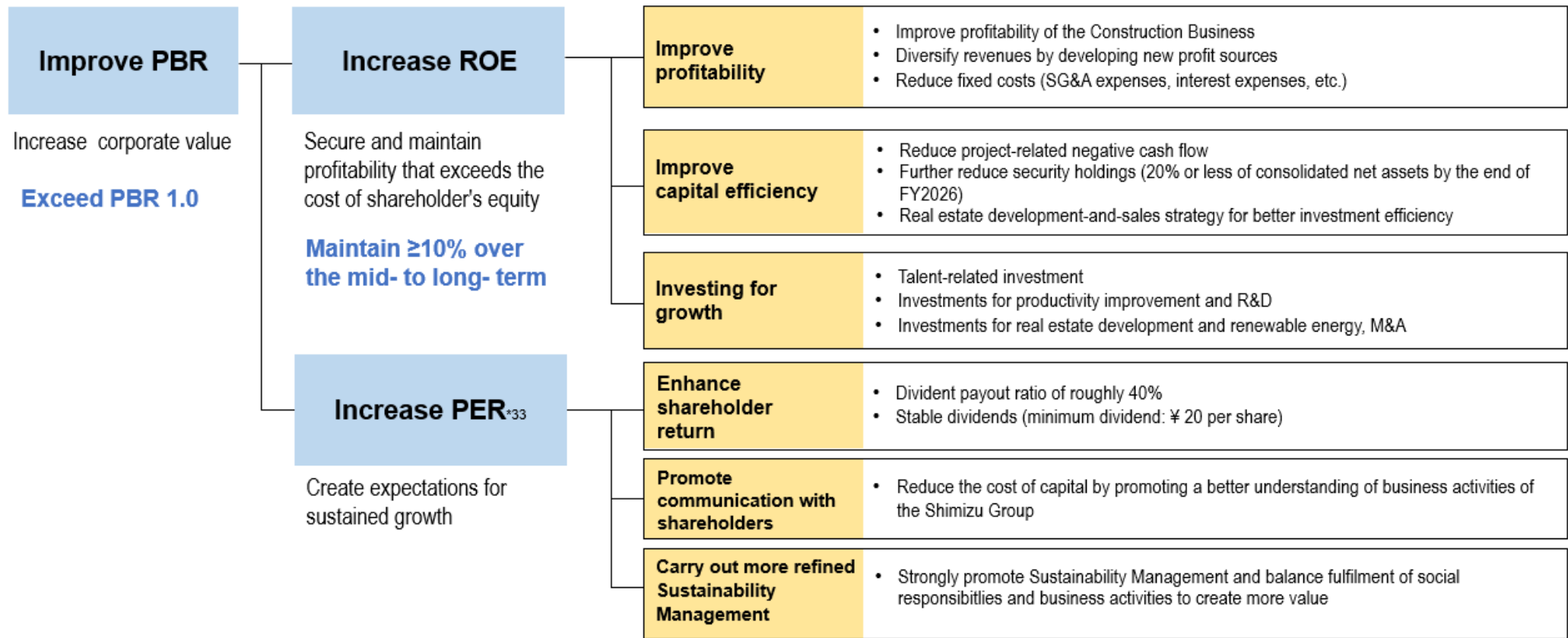
Investments for sustained growth and continuing return to shareholders



*The Company's Board of Directors, at its meeting held on November 12, 2024, set a new reduction target regarding security holdings in order to further promote "management conscious of the cost of capital and stock price. For details, please refer to pages 28-32 of this document.

4-3 Management conscious of Cost of Capital and Stock Price

Measures to improve PBR^{*32} centered on Growth Strategy, Capital Policy, and shareholder return



*The Company's Board of Directors, at its meeting held on November 12, 2024, set a new reduction target regarding security holdings in order to further promote "management conscious of the cost of capital and stock price. For details, please refer to pages 28-32 of this document.

Reference Glossary

Ref. No.	Term	Description
1	Sustainability Management	A management approach that incorporates environmental, social, and economic considerations into decision-making and operations to achieve a sustainable state.
2	the Analects and the Abacus	The philosophy of Eiichi Shibusawa who was the Advisor of the Company, expressing his idea of "the principle of unity of morality and economy."
3	ROE	Return On Equity; a financial indicator that measures a company's profitability by evaluating how much return the company has generated on its shareholders' equity.
4	DX/GX	Abbreviation of Digital Transformation/Green Transformation.
5	LCV	Abbreviation of Life Cycle Valuation.
6	Digital General Contractor	A general contractor who makes the most use of know-how of <u>Monozukuri</u> and cutting-edge digital technologies to carry out construction works digitally, providing digital services where the real world and digital worlds are linked.
7	BLUE WIND	Self-elevating platform (SEP) vessel owned by Shimizu Corporation. By jacking up the barge from the surface of the ocean, it provides a platform where people can operate cranes, piling and other equipment.
8	recapitalization business model	A business model that aims to improve capital efficiency and achieve further growth of the real estate development business, reinvesting the funds obtained from the sale of properties to private REITs in newly developed properties.
9	DE&I	Abbreviation of Diversity, Equity and Inclusion.
10	Shin Diversity Activity	One of the initiatives to bridge the gender gap in the Company. Top management and female outside <u>officers</u> visit branches and have discussions.

Ref. No.	Term	Description
11	ICT	Abbreviation of Information and Communication Technology.
12	well-being	The state of feeling good and satisfied socially and economically as well as being physically and mentally healthy. Improving the well-being of employees leads to increasing their motivation and productivity.
13	Job-type HR management	A HR management approach that defines the roles, responsibilities, and compensation for a job, assigns personnel who are suitable for that job, and evaluates and treats them accordingly.
14	employee engagement score	A score of the employee's willingness to proactively contribute to the job, workplace, and company, as well as the level of collaborative and co-creative relationships within and between workplaces and organizations.
15	percentage of industry-qualified engineers	The percentage of engineers who hold technical qualifications necessary for business continuity of the Group, such as First-class Licensed Architect, which are highly difficult to acquire.
16	DX Specialist	Refers to a DX Producer who searches for the issues our clients and society are facing and plan/present a new way to solve them, or a DX Technical Planner who uses data and AI to create a new system to revolutionize the work process, or an IT Technical Planner who has specialized knowledge of digital technology and designs a system.
17	SHIMZ Beyond Zero 2050	The Shimizu Group's environmental vision to achieve a zero negative impact from the company's own business activities and provide positive environmental value to clients and society.
18	Environmental KY	A tool developed by Shimizu Corporation to identify nature related risks and opportunities for a projects in advance, based on the information on the natural environment surrounding the project site, at the stage of business development or site selection. KY (Kiken Yochi) means "risk prediction", but in this context, it also means "opportunity prediction (Kikai Yosoku)."
19	Shimizu Takumi Training Center	Education and training facility for construction workers. It provides education and training curriculums tailored to work experience and a skill level of each individual, such as training for those starting to work at the new site, skill improvement training, and multiple-skill training.
20	Smart Innovation Ecosystem	A concept we call "Onko Soshin no Mori" in Japanese. <u>Onko Soshin</u> : A term coined to refer to the idea of returning to the origins of <u>Monozukuri</u> and fostering an enterprising spirit. <u>Mori (forest)</u> : An ecosystem comprised of all five facilities of NOVARE working together.

Reference Glossary

Ref. No.	Term	Description
21	open innovation	Practice or mindset where business and organizations actively incorporate knowledge and technologies from external sources as well as internal ones to generate new ideas, products and services.
22	i-mark, S LOGI, VIEQU	Real estate brands of the Shimizu Group.
23	EPC	Abbreviation of Engineering Procurement Construction. A type of contract method where a facility construction work is undertaken as an integrated project involving design engineering, procurement, and construction.
24	Non-FIT	A power plant project that does not depend on the FIT system and is not legally restricted to decide buyers, prices, and contract durations. FIT: feed in tariff
25	Renewable Energy Certificate	It certifies that the electricity was generated from a renewable source enabling the REC owner to claim the environmental added value and trade it.
26	Hydro Q-BiC	Building-attached hydrogen energy utilization system. It uses surplus electricity generated from solar power to produce and store hydrogen in a metal hydride, then extract and convert it to electricity when needed.
27	DX-Core	Next-generation digital platform for buildings developed by Shimizu Corporation. It enables us to provide new services by integrating buildings and digital technologies and link various MEP equipment to work together, without an expertise of coding (no programming required).
28	LEED/WELL certifications	Globally recognized green building rating systems developed in the U.S. to evaluate and certify environmental features of the building or city. LEED certification is achieved based on comprehensive evaluation of environmental performance including water and energy conservation. WELL certification evaluates features of the built environment that impact human health and wellness.
29	QurtetS (Shimizu Satellite Surveillance System)	A system jointly developed by Tokyo University of Marine Science and Technology and the Space Program Dept. of Shimizu Corporation. It can accurately survey a dynamic state of the face of a slope and others on the construction site using satellite communication even if there is only a narrow field of vision.
30	Cash Allocation	Corporate policy to allocate funds from "operating cash flow plus debt capacity" for investments in growth and shareholders returns.

Ref. No.	Term	Description
31	real estate development-and-sales/development business model	A business model where the proceeds from the sales of developed properties are re-invested in the development of new properties, aiming to improve capital efficiency and further grow the real estate development business.
32	PBR	Price-to-Book-Value Ratio; a financial indicator used to determine whether a company's stock price is overvalued or undervalued relative to its book value and financial condition.
33	PER	Price Earnings Ratio; a financial indicator used to determine whether a company's stock price is overvalued or undervalued relative to its profit level.

Note on forecasts:

The performance targets and forecasts in this document reflect judgments by management based on information available at the time this document was compiled. These targets and forecasts are subject to various risks and uncertainties.

Various factors may result in significant divergence from performance targets and other figures indicated in this document.