

The Shimizu Group

MID-TERM BUSINESS PLAN <2024-2026>

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Table of Contents

- **Message from the President** p. 4
- **Corporate Principles and the Mid-Term Business Plan** p. 5
- **Results of the Mid-Term Business Plan <2019-2023> and Assessing the Current Environment** p. 6

Mid-Term Business Plan <2024-2026> p.11

- 1 A Stronger Business Foundation** p.13
- 2 Business Strategies** p.17
- 3 Global Strategies** p.24
- 4 Capital Policy and Investing for Growth** p.27

Message from the President

Establishing the Mid-Term Business Plan <2024-2026>

Drastic changes in the business environment impacted our Mid-Term Business Plan <2019-2023>. To be more flexible and agile in addressing change, we have shortened the term period of our new Mid-Term Business Plan <2024-2026> from 5 to 3 years. Its concept is “A Stronger Business Foundation for Sustained Growth,” of which the most critical elements are developing talent and organizational capabilities. At the same time, we will enhance cross-functional collaboration group-wide to promote Sustainability Management¹ toward further growth.

The Shimizu Group takes pride in its history, tradition and skills for Monozukuri (craftmanship), which have been passed down over the last 220 years. We have accumulated this legacy by providing - with close collaboration with our various stakeholders - our unique value proposition to clients and society over the centuries. Our challenge is to make sure it continues to be passed down to future generations.

In taking on this challenge, each and every member of Shimizu is expected to embrace a new mindset of “Choukensetsu.” This is the thinking that Shimizu will proactively explore the essence of what clients and society wants, provide them with broad new values satisfying their essential needs, and consequently grow together. This mindset will draw upon Shimizu’s traditional values but will go beyond the constraint of the existing business or organization to embrace a wide range of services including construction.

The Mid-Term Business Plan <2024-2026> will seek better profitability, pursue new technologies and maintain high standards of quality in the construction business, as well as implementing strategies appropriate for the market and growth stage of other business, including our global business. We also aim at increasing corporate value by implementing management that is conscious of cost of capital and stock price.

Having established the new mid-term plan and the new mindset, Shimizu calls FY2024 the year of fresh beginnings: a year in which we create an environment where every member of our team can take on challenges to realize their dreams and provide value exceeding the expectations of clients and society.



Kazuyuki Inoue
President
Shimizu Corporation

Corporate Principles and the Mid-Term Business Plan

CREDO

The Analects and the Abacus^{*2}

MANAGEMENT PRINCIPLES

**With devotion and a spirit of innovation,
we work to create value that exceeds expectations and
contribute to a sustainable tomorrow**

LONG-TERM VISION

SHIMZ VISION 2030

The Shimizu Group will create new value and contribute to a safe, healthy and sustainable future for everyone by transforming and challenging ourselves beyond construction and co-creating with diverse partners toward Smart Innovation.

Mid-Term Business Plan <2024-2026>

established to apply these corporate principles and
achieve goals set by the Long-Term Vision

New mindset “Choukensetsu”

Results of the Mid-Term Business Plan <2019-2023> and Assessing the Current Environment



Results of the Mid-Term Business Plan <2019-2023>

(Business Results, Financial KPI)

Challenges: Improving profitability, maintaining quality in the Construction Business and developing the non-construction segments

Results

Mid-Term Business Plan <2019-2023>

(billion yen)	FY2023 Target	FY2023 Results
Total net sales	1,880	2,005.5
Construction Business	1,550	1,753.1
Non-construction Business (Development & others)	330	252.3
Gross profit	235	89.5
Construction Business	185	35.6
Non-construction Business (Development & others)	50	53.8
Ordinary income	140	-19.8

Financial KPI

	FY2023 Targets	FY2023 Results
ROE*3	≥ 10%	2.0%
Equity ratio	≥ 40%	35.0%
Debt-to-equity ratio (D/E ratio)	≤ 0.7 x	0.68 x
Dividend payout ratio	Approx. 30%	84.9%

Reduction of security holdings

The number of listed issues divested between FY2019 to FY2023 is 60 (including partial sales), and the amount raised is 137.8 billion yen.

Using part of the sales proceeds, the treasury shares worth 65.4 billion yen have been purchased.

Analysis

Business Environment

Positive factors

- Strong demand for construction works
- Increasing and diversifying needs for DX/GX*4

Negative factors

- COVID-19 pandemic and rising geopolitical risks
- Sharp rise in interest rates overseas
- Accelerating workforce shortage in construction

Construction Business

- Increased sales from the completion of large-scale projects
- Acquisitions (Nippon Road, Maruhiko Watanabe Construction and others)

- Insufficient review of the award portfolio to cope with changing environment
- Delay in passing on material and labor cost increases
- Tight schedule of difficult super large-scale projects led to increased cost
- Quality defects

Non-construction Business

- Established private REIT
- Expanding market for wind power construction

- Delay in stabilizing Engineering Business and expanding LCV*5 Business

Initiatives to Improve Profitability of the Construction Business (Continued under the Mid-Term Business Plan <2024-2026>)

Stricter pre-award screening

For large-scale construction, make a profit-focused decision after company-wide analysis of construction schedules, construction systems, and supply chains.

Submitting estimates

Agree with the employer on how to reflect price increase of materials.
Clarify key dates for determining the scope of work and specifications.

Negotiating contract conditions

Seek to have inflation adjustment clauses for material prices and costs to deal with construction delay, as well as revising the construction period.

Investments to establish a new revenue base and to realize the Long-Term Vision

Investments

Total amount for FY2019-2023: **¥ 524 billion**

Invested amounts and major achievements

Productivity improvement and R&D

¥ 46 billion

- Acquired technologies to tackle super large-scale and highly difficult projects
- Developed cutting-edge technologies in efforts to be a Digital General Contractor*6
- Selected as a DX Company* for three consecutive years from FY2021 to FY2023



TOKYU KABUKICHO TOWER

Real estate development

¥ 328 billion

- Established Recapitalization Business Model*8 by setting up a private REIT, SHIMIZU PRIVATE REIT Inc.
- Developed platform to promote Smart Cities



Michino Terrace Toyosu

Infrastructure, renewable energy, new business

¥ 81 billion

- Constructed and started operation of BLUE WIND*7, one of the largest self-propelled SEP vessels
- Developed and operated renewable energy generating plants such as solar, biomass, hydropower



BLUE WIND, Self-propelled SEP vessel

Innovation and talent development

¥ 69 billion

- Established NOVARE, a base for innovation in business structure/technology/talent
- Reformed HR System and developed next generation talent



Smart Innovation Ecosystem NOVARE

*Selected by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange.

Results of the Mid-Term Business Plan <2019-2023>

(Non-financial KPI, Promotion of DE&I)

Productivity improvement, ESG initiatives, and promotion of DE&I^{*9}

Initiatives for productivity improvement and ESG (Non-financial KPI)

FY2023 targets and major achievements

Productivity	Productivity improvement rate (compared with FY2016)	Target ≥ 20% Result 13.8%	Further improvements for super large-scale projects is key.
Environment (E)	CO₂ emissions reduction rate in the construction business (compared with FY2017) <small>Tentative values as of April 2024 before obtaining third-party guarantees.</small>	Target ≥ 10% Result 12.5%	Significant reductions in CO ₂ emissions through technological development and monitoring.
Society (S)	Employee satisfaction scores	Target ≥ 4.0 Result 3.71	Satisfaction score declined due to busy work environment. Steady progress of DE&I initiatives.
Governance (G)	Number of serious legal violations	Target 0 Result 0 cases	Organizational improvements and employee education on corporate ethics.

Promotion of DE&I (new item)

	FY2019	FY2023
Percentage of female new graduates employees	25.7 %	31.8 %
Percentage of women in managerial positions	2.5 %	4.9 %
Total number of foreign national employees (in business facilities in Japan)	66 persons	136 persons
Percentage of employees with disabilities	2.32 %	2.49 %
Number of men taking childcare leave	23 persons	260 persons
Percentage of men taking childcare leave	6.3 %	81.0 %

* Figures for Shimizu Corporation only as of 31 March 2024.
Percentage of female in managerial positions as of April 1, 2024.

- Top management attended events (Diversity Forum, Challenge Forum, Family Day, Diversity Management Lecture, Inclusive Leader Training, etc.) aimed at raising awareness and promoting understanding.
- Established all gender restrooms and a worship room at Headquarters Building.
Declared 100% establishment of ladies' toilets and changing rooms at construction sites.



Mr. Miyamoto (Chairman) talks about organizations where diverse talent can play active roles in the Shin Diversity Activity^{*10} (FY2022)



Mr. Inoue (President) talks to employees' families on the Family Day (FY2023)

Challenges for the Mid-Term Business Plan <2024-2026>

Responding to Change: Building on previous Mid-Term Plan achievements and maximizing the strength of the Shimizu Group

Group environment

Strength of the Shimizu Group

- Numerous achievements utilizing superior technological capabilities and overcoming new challenges
- Trust of clients based on wealth of experience
- Professional talent and on-site capabilities responding to diverse needs

Achievements from the previous Mid-Term Business Plan

- Steady investment toward establishing a new revenue base

Remaining challenges from the previous Mid-Term Business Plan

- Secure profits and quality from the Construction Business
- Further develop the Non-construction Business

External environment

Era of rapid change and uncertainty

- Increasing and intensifying natural disasters
- Transforming industry to promote GX (Green Transformation)
- Continued inflation and slowdown concerns for the global economy
- Rising geopolitical and security risks

Workforce shortage and procurement risk

- Stricter labor regulations worsens workforce shortage amid strong market
- Unstable material supply and high prices for materials, energy and labor

Complexity of social issues and diversification of client needs

- Diversified and global DX/GX needs
- Accelerating Construction DX integrated with the supply chain
- Trend of expanding business fields through M&A

Management issues addressed in the Mid-Term Business Plan <2024-2026>

- Improving our capabilities to execute strategies by strengthening our business foundations
- Execute Business and Global Strategies to improve profitability, develop technology and maintain quality
- Leverage the company's strengths and prior investments to fulfill client/society needs

Mid-Term Business Plan <2024-2026>

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

a Resilient society

Where everyone can feel safe and secure

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

an Inclusive society

Where all people can live together in comfort and health

- ICT^{*11} in urban development
- Provide built-environments that enhance health, and well-being^{*12}
- Expand the fields of human activity to oceans and space

a Sustainable society

Where future generations can inherit a well-cared for environment

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

1 A Stronger Business Foundation

In improving our strategy execution, we will develop talent and strengthen organizational capabilities, the two critical elements of our business foundation, as well as promoting Sustainability Management and fortifying cross-functional capabilities.



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

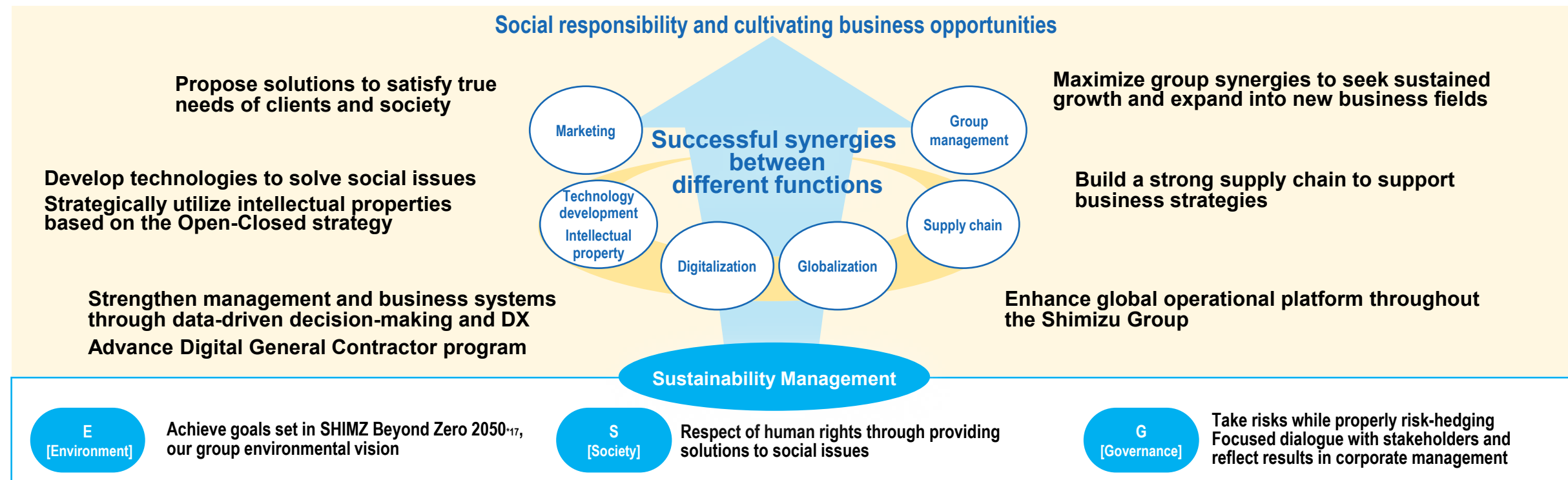
Percentage of
women in managerial positions
≥ 6% (≥10% by 2030)

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

CLOSE-UP Smart Innovation Ecosystem NOVARE

The heart of our pursuit to realize a resilient, inclusive, and sustainable society with a mindset of Choukensetsu, transcending the boundaries of the construction business

Smart Innovation Ecosystem*20
NOVARE

<https://www.shimz.co.jp/novare/>
(Japanese only)



温故創新の森 **NOVARE**
Smart Innovation Ecosystem



The 3 innovations

Business Innovation

The Path to Innovation

Co-create with R&D institutions and startups to diversify business portfolio and revenue sources

Technological Innovation

Integrated solutions combining new and existing technologies through open innovation*21

Talent Innovation

Nurture original and agile thinkers, not bound by tradition or common sense

Industry-Government-Academia collaboration

Hub where innovations are consolidated into solutions

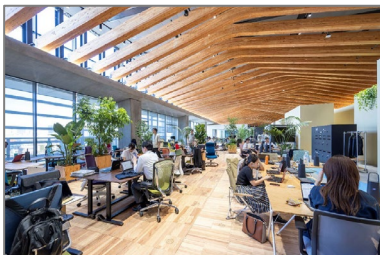
Environment to facilitate Company-optimal decision making and solutions

Smart Innovation Company

Create new values by transforming ourselves and taking on challenges

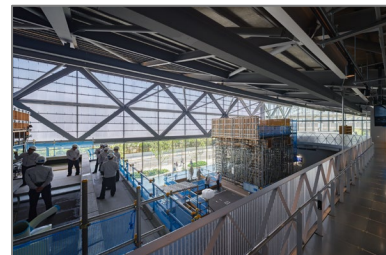
NOVARE Hub

Facility for business and innovation creation



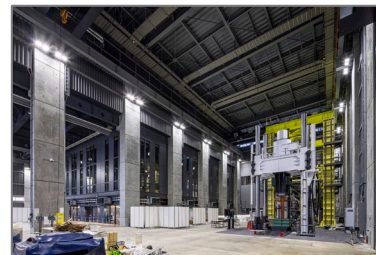
NOVARE Academy

Hands-on training facility



NOVARE Lab

Research facility for construction innovation



NOVARE Archives

Historical archives and museum display



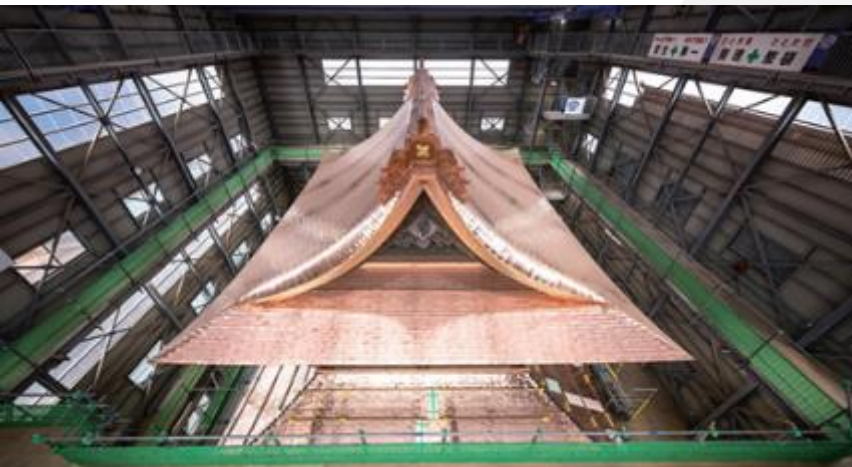
Former Shibusawa Residence



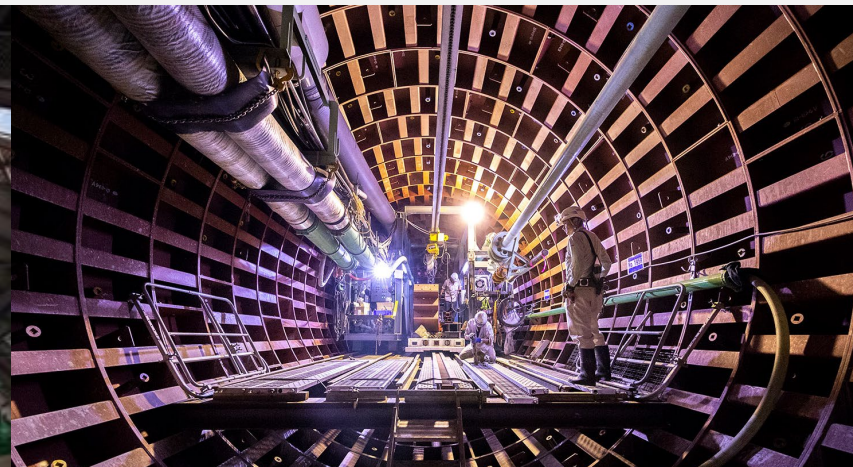
2**Business Strategies**

For each line of business, the Shimizu Group has established business policies that provide strategic direction.

By expanding each business segment according to its business policy, we aim to build up our business portfolio.



Conservation and Repair Project for Aso Shrine Tower Gate, Important Cultural Property



Rainwater Discharge Pipe Work under Tachiaigawa River



Yokohama Grangate, a large-scale rental office building

2 Business Strategies

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

Business portfolio	Business policies
<div>2-1</div> <div>Construction</div> <div>Improve profitability</div>	<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
<div>2-2</div> <div>Real Estate Development</div> <div>Engineering</div> <div>Increase revenue and business stability</div>	<ul style="list-style-type: none"> • Expand current business and take on new, promising market segments by developing innovative technologies and obtaining know-how
<div>2-3</div> <div>Green Energy Development</div> <div>Building Life Cycle</div> <div>Expand business scale</div>	<ul style="list-style-type: none"> • Continue investment to expand business scale • Become a DX/GX solution partner
<div>2-4</div> <div>Frontier</div> <div>Establish sustainable business models</div>	<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 ●

TawaRemo®, 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-FIT^{*24} 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 Certificates^{*25}, etc.) ●
- Commercialize new technologies such as hydrogen energy utilization system (Hydro Q-BiC^{*26}) ●●



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-Core^{*27} but also using environmental technologies and our know-how in earning LEED/WELL certifications^{*28} 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
(Tomatoh Farm)

3**Global Strategies**

The Shimizu Group has undertaken infrastructure and landmark building projects in many countries, contributing to a global society where people can live a safe, secure, and comfortable life.

We plan to adopt strategies optimized for each country and aim for each region to be self-determining so that we can grow further to be a truly global player.





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

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

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

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

Capital Policy and Investing for Growth

We aim to implement a capital policy focused on achieving financial goals, managing the cost of capital, and optimizing stock performance. We will continue to invest in talent and business development for sustained growth.



Site Tour for Individual Shareholders, to promote understanding of the Company (Mitaka City, Tokyo)

Shimizu Koto Blue Sharks, contribution to communities and society through sports (Koto Ward, Tokyo)

Shimizu Meguri-no-mori, promoting timber circulating procurement (Kawaba Village, Gunma Pref.)

4-1 Financial Targets, Financial KPI**A stronger business foundation and steady implementation of Business and Global Strategies****Mid-Term Business Plan <2024-2026>**

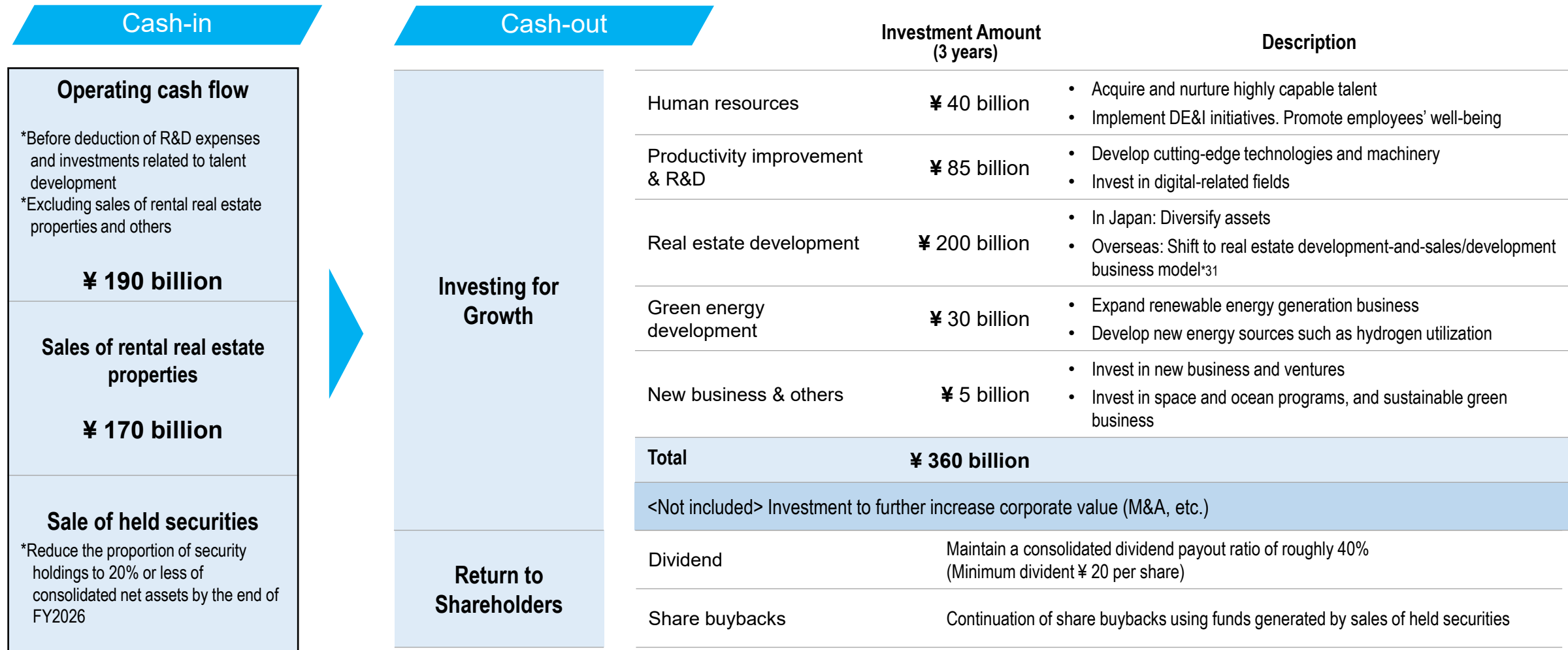
FY2023 Results		FY2024 Forecast		FY2026 Target		Financial KPI
(billion yen)						
Total net sales	2,005.5	1,800		1,890		ROE ≥ 8%
Construction Business	1,753.1	1,570		1,600		
Development Business & others	252.3	230		290		Equity ratio ≥ 35%
Gross profit	4.5% 89.5	9.1% 163	12.2% 230			
Construction Business	2.0% 35.6	8.0% 125	10.3% 165		Debt-to-equity ratio (D/E ratio) Within 1.0	
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		

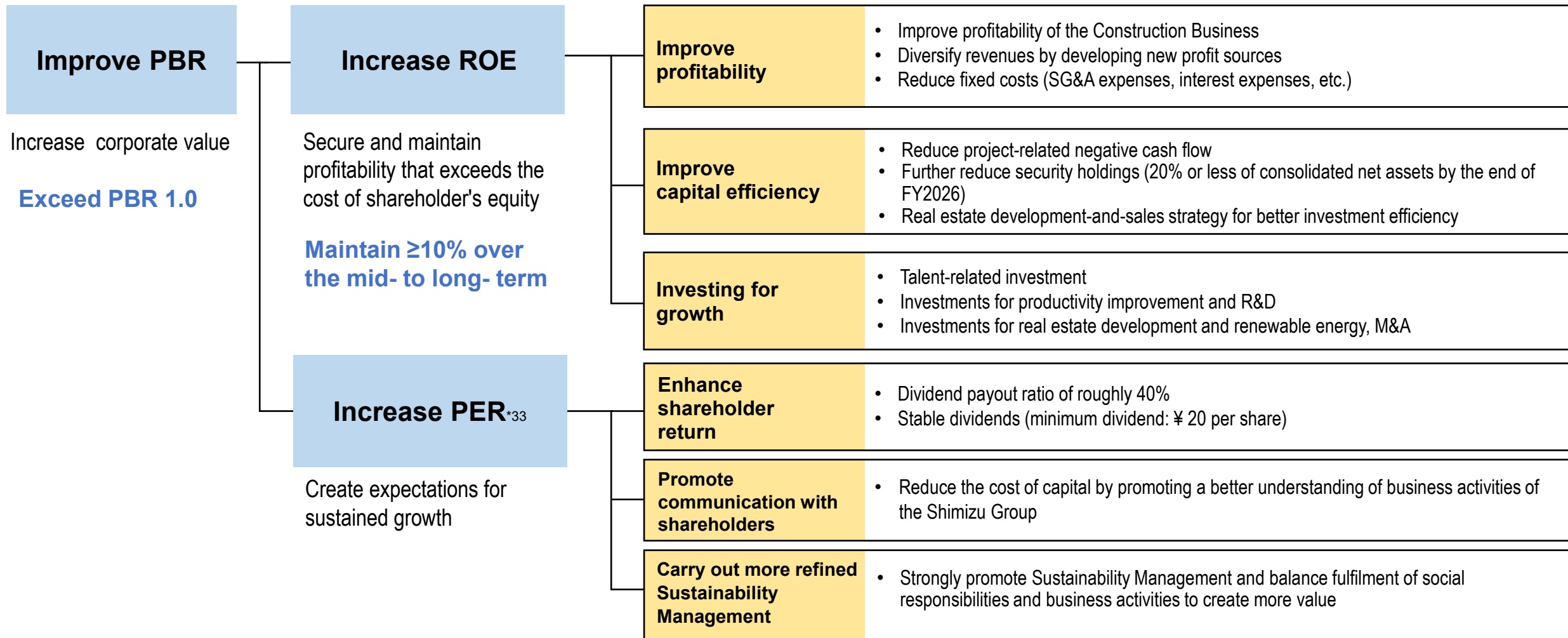
Mid- to long-term
(period of the next Mid-Term
Business Plan)

**ROE
≥ 10%**

**Equity ratio
≥ 40%**

**Debt-to-equity ratio
(D/E ratio)
≤ Approx. 0.7 X**

4-2 Cash Allocation^{*30}**Investments for sustained growth and continuing return to shareholders**

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

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 Monozukuri 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 officers 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. Onko Soshin: A term coined to refer to the idea of returning to the origins of Monozukuri and fostering an enterprising spirit. Mori (forest): 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 programing 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	QuartetS (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.

Today's Work, Tomorrow's Heritage



This document describes the Shimizu Group's future plans, strategies, performance, and other numerical management targets. These forward-looking statements are based on information currently available to the Company and involve potential risks and uncertainties. Actual results may differ from the forecasts.