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(Securities Code: 1803)

Date of sending by postal mail: June 12, 2023

Start date of measures for electronic provision: June 1, 2023

Dear Shareholders

Kazuyuki Inoue  
President and Representative Director  
SHIMIZU CORPORATION  
2-16-1 Kyobashi, Chuo-ku, Tokyo

### Notice of the 121st Annual General Meeting of Shareholders

We hereby announce that the 121st Annual General Meeting of Shareholders of SHIMIZU CORPORATION (the “Corporation”) will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights via the internet or in writing (by post) before the meeting. Please review the Reference Documents for the General Meeting of Shareholders set forth below and exercise your voting rights by 5:10 p.m. on Wednesday, June 28, 2023.

#### Details

**1. Date and Time:**

Thursday, June 29, 2023, at 10:00 a.m. (JST)

**2. Place:**

2-16-1 Kyobashi, Chuo-ku, Tokyo  
Shimizu Hall, 2nd Floor of the Head Office

**3. Purpose of the Meeting**

**Matters to be reported:**

**Following matters for the 121st fiscal year (from April 1, 2022 to March 31, 2023)**

- a. Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements of the Corporation
- b. Audit Reports of the Accounting Auditor on the Consolidated Financial Statements and Non-Consolidated Financial Statements of the Corporation
- c. Audit Report of the Audit & Supervisory Board on Business Report, Non-Consolidated Financial Statements and Related Supplementary Schedules of the Corporation, and Consolidated Financial Statements

**Matters to be resolved:**

**Proposal 1:** Appropriation of Surplus

**Proposal 2:** Election of Eleven (11) Directors

#### 4. Exercising Voting Rights

We ask you to kindly exercise your shareholders' voting rights after examining the "Reference Documents for the General Meeting of Shareholders." You may exercise your voting rights by one of the following three methods.

##### **By the internet**

Please access the website for exercising voting rights by PC, smartphone, etc., and cast your vote for or against each proposal.

To be received no later than 5:10 p.m. on Wednesday, June 28, 2023 (JST)

##### **In writing (By post)**

Please return the enclosed Voting Form indicating your vote for or against each proposal.

To be received no later than 5:10 p.m. on Wednesday, June 28, 2023 (JST)

##### **Attending the General Meeting of Shareholders**

You are kindly requested to present the enclosed Voting Form to the receptionist if you attend the meeting in person.

**Date and Time of the General Meeting of Shareholders:** 10:00 a.m. on Thursday, June 29, 2023

1. If you exercise your voting rights both by the internet and in writing, only the vote by the internet will be treated as valid.
2. If you exercise your voting rights in writing, in cases where neither approval nor disapproval of a proposal is indicated, the Corporation will deem that you indicated your approval of the proposal.
3. If you intend to exercise your voting rights by proxy, one other shareholder who possesses voting rights may attend the meeting as your proxy. In the case of attendance by a proxy, your Voting Form, the proxy's Voting Form and a letter of proxy must be presented to reception.

#### 5. Electronic Delivery Measures

For this general meeting of shareholders, the Corporation provides the content of the Reference Documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on multiple websites. Please access these websites by using the internet addresses shown below to review the information.

The Corporation's website:

<https://www.shimz.co.jp/company/ir/library/report/> (in Japanese)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

Access the TSE website shown above, enter "SHIMIZU CORPORATION" in "Issue name" or the Corporation's securities code "1803" in "Securities code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," review the information by selecting the button under "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting."

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\* If revisions to the matters subject to measures for electronic provision arise, the details of the revisions will be posted on the Corporation's website and the TSE website above.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Information

#### Proposal 1: Appropriation of Surplus

Under the Mid-Term Management Plan <2019-2023>, the Corporation maintains a basic policy of strengthening our financial position to support long-term growth, as well as the stability of dividends, and sets a profit distribution policy with a target consolidated payout ratio of 30% with a minimum annual dividend of ¥20 per share.

Based on this, we propose the following with respect to the appropriation of surplus.

#### Matters regarding year-end dividend

We propose the year-end dividend for the current fiscal year of ¥10.50 per share. This brings the full-year dividend, including the midyear dividend, to ¥21 per share.

- (1) Dividend allotment to shareholders and total amount thereof
  - Dividend per share of common stock of the Corporation: ¥10.50
  - Total amount of dividend: ¥7,779,483,747
  
- (2) Effective date of dividend:
  - June 30, 2023

**Proposal 2: Election of Eleven (11) Directors**



The terms of office of the current directors will expire at the conclusion of this meeting. Accordingly, we propose to elect eleven (11) directors (including four (4) outside directors).


The candidates for directors are as follows:


No.	Name	Gender		Current position and areas of responsibility in the Corporation	Nomination and Compensation Committee Member	Attendance at the Board of Directors meetings
1	Yoichi Miyamoto	Male	<Reelection>	Chairman of the Board and Representative Director		100% (17/17)
2	Kazuyuki Inoue	Male	<Reelection>	President and Representative Director President and Executive Officer	●	100% (17/17)
3	Hiroshi Fujimura	Male	<Reelection>	Executive Vice President and Director, Executive Vice President and Executive Officer Director, Business Development & Marketing Headquarters		100% (17/17)
4	Kentaro Ikeda	Male	<Reelection>	Executive Vice President and Representative Director, Executive Vice President and Executive Officer Director, Civil Engineering Headquarters, In charge of Safety Administration & Environment		100% (17/17)
5	Takeshi Sekiguchi	Male	<New candidate>	Senior Managing Officer In charge of Engineering Business, Director, LCV Headquarters, In charge of Information Management		–
6	Yoshiki Higashi	Male	<New candidate>	Senior Managing Officer In charge of Administrative Functions and SDGs & ESG Promotion, Director, Corporate Planning Div.		–
7	Noriaki Shimizu	Male	<New candidate> <Non-executive Director>	Director	●	–
8	Tamotsu Iwamoto	Male	<Reelection> <Outside Director> <Independent Director> <Non-executive Director>	Director	●	100% (17/17)
9	Junichi Kawada	Male	<Reelection> <Outside Director> <Independent Director> <Non-executive Director>	Director	●	100% (17/17)
10	Mayumi Tamura	Female	<Reelection> <Outside Director> <Independent Director> <Non-executive Director>	Director	●	100% (17/17)
11	Yumiko Jozuka	Female	<Reelection> <Outside Director> <Independent Director> <Non-executive Director>	Director	●	100% (17/17)


\* For Nomination and Compensation Committee Members, the status of the candidates for reappointment is shown as of the date of posting of this convocation notice, while for new candidates, their scheduled status is shown as approved and resolved.

\* Non-executive Director: Focuses on supervising management and business execution without being in charge of business execution.



No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
1	 Yoichi Miyamoto (May 16, 1947)  <Reelection>  Attendance at the Board of Directors meetings 100% (17/17)	<p>July 1971      Joined the Corporation</p> <p>June 2003      Executive Officer, Director, HOKURIKU Branch of the Corporation</p> <p>April 2005      Executive Officer, Director, KYUSHU Branch of the Corporation</p> <p>June 2005      Managing Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2006      Senior Managing Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2007      Senior Managing Officer, in charge of Marketing &amp; Sales Promotion of the Corporation</p> <p>June 2007      President and Representative Director of the Corporation</p> <p>April 2016      Chairman of the Board and Representative Director of the Corporation (up to the present)</p> <p>[Significant concurrent positions outside the Corporation] Chairman of Japan Federation of Construction Contractors</p> <p>[Reasons for nomination as a candidate for Director] Yoichi Miyamoto has abundant experience and a high level of knowledge regarding the management and business activities of the Shimizu Group, having held the positions of President and Representative Director, and Chairman of the Board and Representative Director in turn. We judge that having him continue to leverage his experience in management will be optimal for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	171,956
2	 Kazuyuki Inoue (October 3, 1956)  <Reelection>  Attendance at the Board of Directors meetings 100% (17/17)	<p>April 1981      Joined the Corporation</p> <p>April 2013      Executive Officer, Director, Marketing &amp; Sales Promotion Div. II, Building Headquarters of the Corporation</p> <p>April 2014      Managing Officer, Director, NAGOYA Branch of the Corporation</p> <p>April 2015      Senior Managing Officer, Director, NAGOYA Branch of the Corporation</p> <p>June 2015      Director, Senior Managing Officer, Director, NAGOYA Branch of the Corporation</p> <p>March 2016      Director, Senior Managing Officer, in charge of Marketing &amp; Sales Promotion of the Corporation</p> <p>April 2016      President and Representative Director of the Corporation</p> <p>April 2020      President and Representative Director, President and Executive Officer of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Kazuyuki Inoue has abundant experience and a high level of knowledge regarding the management and business activities of the Shimizu Group, having held key positions in the construction business and in marketing &amp; sales. Since becoming President and Representative Director in April 2016, he has taken on responsibility for management and demonstrated strong leadership. In addition, he is currently directing the promotion of the Mid-Term Management Plan &lt;2019-2023&gt; toward the realization of our long-term vision “&lt;SHIMZ VISION 2030&gt;.” We judge that he is the most suitable as a driving force for the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	100,269


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
3	 <p>Hiroshi Fujimura (November 1, 1956)</p> <p>&lt;Reelection&gt;</p> <p>Attendance at the Board of Directors meetings 100% (17/17)</p>	<p>April 1979      Joined the Corporation</p> <p>April 2015      Executive Officer, Deputy Director, Marketing &amp; Sales Promotion Div., Building Headquarters of the Corporation</p> <p>January 2016    Executive Officer, Deputy Director, Marketing &amp; Sales Promotion Div., Building Construction Headquarters of the Corporation</p> <p>April 2017      Managing Officer, Deputy Director, Marketing &amp; Sales Promotion Div., Building Construction Headquarters of the Corporation</p> <p>April 2018      Managing Officer, Director, Building Construction Sales &amp; Marketing Div., Business Development &amp; Marketing Headquarters of the Corporation</p> <p>November 2018   Managing Officer, Director, Building Construction Sales &amp; Marketing Div., Business Development &amp; Marketing Headquarters, Director, Development Promotion Dept., Building Construction Sales &amp; Marketing Div., Business Development &amp; Marketing Headquarters of the Corporation</p> <p>April 2019      Senior Managing Officer, Director, Building Construction Sales &amp; Marketing Div., Business Development &amp; Marketing Headquarters of the Corporation</p> <p>April 2020      Senior Managing Officer, Director, Business Development &amp; Marketing Headquarters, and Director, Yumeshima (Osaka) Projects of the Corporation</p> <p>June 2020      Senior Managing Officer and Director, Director, Business Development &amp; Marketing Headquarters, and Director, Yumeshima (Osaka) Projects of the Corporation</p> <p>April 2021      Executive Vice President and Director, Executive Vice President and Executive Officer, Director, Business Development &amp; Marketing Headquarters, and Deputy Director, Yumeshima (Osaka) Projects of the Corporation</p> <p>April 2022      Executive Vice President and Director, Executive Vice President and Executive Officer, Director, Business Development &amp; Marketing Headquarters, in charge of Sales &amp; Marketing, Yumeshima (Osaka) Projects of the Corporation</p> <p>April 2023      Executive Vice President and Director, Executive Vice President and Executive Officer, Director, Business Development &amp; Marketing Headquarters of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Hiroshi Fujimura possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group through his execution of business in the sales &amp; marketing. Currently, he is in charge of the sales &amp; marketing as Director of the Business Development &amp; Marketing Headquarters and is working on planning and execution of the sales strategy of the Shimizu Group. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	34,773


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)		Number of the Corporation's shares held
4	 <p data-bbox="288 869 475 927">Kentaro Ikeda (January 31, 1958)</p> <p data-bbox="331 958 464 987">&lt;Reelection&gt;</p> <p data-bbox="304 1016 491 1122">Attendance at the Board of Directors meetings 100% (17/17)</p>	<p data-bbox="528 262 639 286">April 1983</p> <p data-bbox="528 297 639 322">April 2010</p> <p data-bbox="528 356 639 380">April 2014</p> <p data-bbox="528 436 639 461">April 2015</p> <p data-bbox="528 517 663 542">January 2016</p> <p data-bbox="528 598 639 622">April 2016</p> <p data-bbox="528 728 639 752">April 2018</p> <p data-bbox="528 808 639 833">April 2021</p> <p data-bbox="528 889 639 913">June 2021</p> <p data-bbox="528 996 639 1021">April 2023</p>	<p data-bbox="724 262 943 286">Joined the Corporation</p> <p data-bbox="724 297 1158 344">Deputy Director, HOKURIKU Branch of the Corporation</p> <p data-bbox="724 356 1214 425">Deputy Director, Civil Engineering Sales &amp; Marketing Div. II, Civil Engineering Headquarters of the Corporation</p> <p data-bbox="724 436 1222 506">Director, Civil Engineering Sales &amp; Marketing Div. II, Civil Engineering Headquarters of the Corporation</p> <p data-bbox="724 517 1222 586">Director, Civil Engineering Sales &amp; Marketing Div. II, Civil Engineering Headquarters of the Corporation</p> <p data-bbox="724 598 1222 719">Executive Officer, Director, Civil Engineering Sales &amp; Marketing Div. II, Civil Engineering Headquarters, Director, Civil Engineering Planning Div., Civil Engineering Headquarters of the Corporation</p> <p data-bbox="724 728 1214 797">Managing Officer, Director, Civil Engineering Sales &amp; Marketing Div., Business Development &amp; Marketing Headquarters of the Corporation</p> <p data-bbox="724 808 1214 878">Senior Managing Officer, Director, Civil Engineering Headquarters, in charge of Safety Administration &amp; Environment of the Corporation</p> <p data-bbox="724 889 1222 987">Senior Managing Officer and Representative Director, Civil Engineering Headquarters, in charge of Safety Administration &amp; Environment of the Corporation</p> <p data-bbox="724 996 1222 1144">Executive Vice President and Representative Director, Executive Vice President and Executive Officer, Director, Civil Engineering Headquarters, in charge of Safety Administration &amp; Environment of the Corporation (up to the present)</p>	41,448
		<p data-bbox="528 1167 1038 1191">[Reasons for nomination as a candidate for Director]</p> <p data-bbox="528 1202 1222 1458">Kentaro Ikeda possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing the civil engineering business and sales &amp; marketing operations. Currently, he supervises the civil engineering business as Director of Civil Engineering Headquarters and is working on the sustainable growth of the construction business, which is our core business. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>		


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
5	 <p>Takeshi Sekiguchi (September 19, 1958)</p> <p>&lt;New candidate&gt;</p> <p>Attendance at the Board of Directors meetings —</p>	<p>April 1984      Joined the Corporation</p> <p>April 2011      Manager, Plant Engineering Div., Engineering Headquarters of the Corporation</p> <p>April 2014      Deputy General Manager, Engineering Headquarters of the Corporation</p> <p>April 2016      Deputy General Manager, Engineering Headquarters, Manager, ICT Solution Div., Engineering Headquarters of the Corporation</p> <p>April 2018      Executive Officer, General Manager, Engineering Headquarters of the Corporation</p> <p>April 2020      Managing Officer, General Manager, Engineering Headquarters of the Corporation</p> <p>April 2021      Managing Officer, General Manager, Engineering Headquarters, Deputy Director, LCV Headquarters of the Corporation</p> <p>April 2022      Senior Managing Officer, in charge of Engineering Business, Director, LCV Headquarters, in charge of Information Management of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Takeshi Sekiguchi possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing engineering business operations. He is currently in charge of Engineering Business, leading efforts to establish a new profit base for the Shimizu Group as Director of the LCV Headquarters, and promoting digital strategy as Director in charge of Information Management. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him as a director.</p>	40,868




No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
6	 Yoshiki Higashi (July 7, 1960)  <New candidate>  Attendance at the Board of Directors meetings -	<p>April 1983      Joined the Corporation</p> <p>June 2008      Manager, Accounting Dept., NAGOYA Branch of the Corporation</p> <p>August 2011    Manager, Accounting Dept., Building Headquarters of the Corporation</p> <p>April 2013      Manager, Secretarial Dept. of the Corporation</p> <p>May 2016      Deputy Director, Corporate Planning Div., Manager, Corporate Planning Dept., Corporate Planning Div. of the Corporation</p> <p>April 2018      Executive Officer, Director, Corporate Planning Div., Manager, Corporate Planning Dept., Corporate Planning Div. of the Corporation</p> <p>April 2020      Managing Officer, Director, Corporate Planning Div., in charge of Human Resource System Reform of the Corporation</p> <p>April 2021      Managing Officer, Director, Corporate Planning Div., in charge of Human Resources and Human Resource System Reform of the Corporation</p> <p>April 2022      Managing Officer, Director, Corporate Planning Div., in charge of Human Resource System Reform of the Corporation</p> <p>April 2023      Senior Managing Officer, in charge of Administrative Functions and SDGs &amp; ESG Promotion, Director, Corporate Planning Div. of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director]            Yoshiki Higashi possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group through his execution of business in accounting, finance, management planning, and the like. He is currently leading efforts to strengthen the business base as Director in charge of Administrative Functions and planning and promoting management strategy for the Shimizu Group as Director in charge of SDGs &amp; ESG Promotion and Director of the Corporate Planning Div. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him as a director.</p>	56,977
7	 Noriaki Shimizu (October 11, 1972)  <New candidate> <Non-executive Director>  Attendance at the Board of Directors meetings -	<p>April 1995      Joined the Corporation</p> <p>June 2018      General Manager, Sales &amp; Marketing Department, Civil Engineering Headquarters, Sales &amp; Marketing Headquarters</p> <p>June 2020      Auditor of SHIMIZU &amp; CO., LTD. (up to the present)</p> <p>April 2022      General Manager, 3rd Division of Civil Engineering, Civil Engineering TOKYO Branch of the Corporation (up to the present)</p> <p>[Significant concurrent positions outside the Corporation]            Auditor of SHIMIZU &amp; CO., LTD.</p> <p>[Reasons for nomination as a candidate for Director]            Noriaki Shimizu possesses a high level of knowledge regarding the Company's business activities cultivated through his abundant experience in the civil engineering department, and has a long-term perspective that embodies the history, tradition, corporate culture and trust of the Company as a member of Shimizu's founding family, which bears the Company's 219-year history. We judge that he will be able to contribute to the Shimizu Group's sustainable development and increase in corporate value, and we have therefore nominated him as a director.</p>	13,188

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
8	 <p>Tamotsu Iwamoto (September 25, 1950)</p> <p>&lt;Reelection&gt; &lt;Outside Director&gt; &lt;Independent Director&gt; &lt;Non-executive Director&gt;</p> <p>Attendance at the Board of Directors meetings 100% (17/17)</p> <p>Term of office served as Outside Director (at the conclusion of this meeting) 4 years</p>	<p>April 1974      Joined Ajinomoto Co., Inc.</p> <p>July 2001      President of AJINOMOTO VIETNAM CO., LTD.</p> <p>June 2005      Corporate Executive Officer, General Manager, Human Resources Dept. of Ajinomoto Co., Inc.</p> <p>June 2009      Director, Corporate Vice President of Ajinomoto Co., Inc.</p> <p>June 2011      Director, Corporate Senior Vice President of Ajinomoto Co., Inc.</p> <p>June 2015      Representative Director, Corporate Executive Deputy President of Ajinomoto Co., Inc.</p> <p>June 2017      Senior Advisor of Ajinomoto Co., Inc. Outside Auditor of HOUSE FOODS GROUP INC.</p> <p>June 2019      Director of the Corporation</p> <p>June 2021      Outside Director of XEBIO HOLDINGS CO., LTD. (up to the present)</p>	5,784
		<p>[Significant concurrent positions outside the Corporation] Outside Director of XEBIO HOLDINGS CO., LTD.</p>	
		<p>[Reasons for nomination as a candidate for Outside Director, expected roles, etc.]</p> <p>Tamotsu Iwamoto possesses abundant experience and a high level of knowledge through his many years in corporate management as a corporate executive of a listed company. We judge that he is able to use these attributes to supervise the management of the Corporation from an objective and neutral position, and we have therefore nominated him to continue as an outside director. After he assumes office, the Corporation expects that he will supervise the progress of the Mid-Term Management Plan, etc. from the perspective of a person with management experience, and utilize his experience in managing an overseas subsidiary to provide advice and contribute to strengthening the Global Strategy Division of the Corporation.</p>	
		<p>[Independence of the candidate]</p> <p>Tamotsu Iwamoto meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation has therefore designated him as an independent director who will not have a conflict of interests with general shareholders and it submitted notification of this to the Tokyo Stock Exchange. If his reelection is approved, the Corporation will continue his registration as an independent director.</p> <p>Furthermore, although the Corporation has conducted transactions with Ajinomoto Co., Inc. of which Tamotsu Iwamoto was Representative Director until June 2017, consisting of contracts for construction work etc., payments received for construction work etc. from Ajinomoto Co., Inc. came to less than 0.1% of the Corporation's consolidated net sales for the most recent fiscal year. Accordingly, we believe that this relationship will have no effect on Tamotsu Iwamoto's independence as Outside Director.</p>	

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
9	 <p data-bbox="290 663 504 719">Junichi Kawada (September 26, 1955)</p> <p data-bbox="290 752 504 913">&lt;Reelection&gt; &lt;Outside Director&gt; &lt;Independent Director&gt; &lt;Non-executive Director&gt;</p> <p data-bbox="290 947 504 1048">Attendance at the Board of Directors meetings 100% (17/17)</p> <p data-bbox="290 1081 504 1205">Term of office served as Outside Director (at the conclusion of this meeting) 2 years</p>	<p data-bbox="531 264 1233 667">           April 1978    Joined Nippon Oil Corporation (currently ENEOS Holdings, Inc.)            June 2007    Executive Officer, General Manager, General Administration of Nippon Oil Corporation (currently ENEOS Holdings, Inc.)            April 2010    Director, Senior Vice President of JX Holdings, Inc. (currently ENEOS Holdings, Inc.)            June 2015    Director, Executive Vice President of JX Holdings, Inc. (currently ENEOS Holdings, Inc.)            April 2017    Director, Executive Vice President of JXTG Holdings, Inc. (currently ENEOS Holdings, Inc.)            June 2020    Trustee of ENEOS Holdings, Inc.            June 2021    Director of the Corporation (up to the present)         </p> <p data-bbox="531 689 1233 1070">           [Reasons for nomination as a candidate for Outside Director, expected roles, etc.]            Junichi Kawada possesses abundant experience and a high level of knowledge through his many years in corporate management as a corporate executive of a listed company, particularly in the areas of compliance and corporate governance in corporate group management. We judge that he is able to use these attributes to supervise the Corporation's management from an objective and neutral position, and we have therefore nominated him to continue as an outside director. After he assumes office, the Corporation expects that he will supervise the progress of the Mid-Term Management Plan, etc. from the perspective of a person with management experience, and provide advice and contribute to enhancing and strengthening the corporate governance of the Shimizu Group.         </p> <p data-bbox="531 1081 1233 1328">           [Independence of the candidate]            Junichi Kawada meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation has therefore designated him as an independent director who will not have a conflict of interests with general shareholders and it submitted notification of this to the Tokyo Stock Exchange. If his reelection is approved, the Corporation will continue his registration as an independent director.         </p>	2,918

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
10	 <p>Mayumi Tamura (May 22, 1960)</p> <p>&lt;Reelection&gt; &lt;Outside Director&gt; &lt;Independent Director&gt; &lt;Non-executive Director&gt;</p> <p>Attendance at the Board of Directors meetings 100% (17/17)</p> <p>Term of office served as Outside Director (at the conclusion of this meeting) 4 years</p>	<p>April 1983      Joined Sony Corporation (currently Sony Group Corporation)</p> <p>July 2002      Executive Officer of Johnson Diversey Corporation (currently CxS Corporation)</p> <p>December 2004      CFO of adidas Japan K.K.</p> <p>June 2007      Executive Officer, Senior Vice President and CFO of Seiyu Corporation</p> <p>May 2010      Executive Officer, Senior Vice President and CFO of Seiyu Corporation and Executive Officer, Senior Vice President and CFO of Walmart Japan Holdings GK. (currently Seiyu Holdings, Inc.)</p> <p>June 2015      Outside Auditor of Honda Motor Co., Ltd.</p> <p>June 2017      Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd. Outside Director of Hitachi High-Technologies Corporation (currently Hitachi High-Tech Corporation)</p> <p>June 2019      Director of the Corporation</p> <p>March 2022      Outside Audit &amp; Supervisory Board Member of Kyowa Kirin Co., Ltd. (up to the present)</p> <p>June 2022      Outside Director of LIXIL Corporation (up to the present)</p>	5,784
		<p>[Significant concurrent positions outside the Corporation] Outside Audit &amp; Supervisory Board Member of Kyowa Kirin Co., Ltd. Outside Director of LIXIL Corporation</p>	
		<p>[Reasons for nomination as a candidate for Outside Director, expected roles, etc.]</p> <p>Mayumi Tamura possesses abundant management experience and a high level of knowledge in the field of finance and accounting from her many years working at global corporations. We judge that she is able to use these attributes to supervise the Corporation's management from an objective and neutral position, and we have therefore nominated her to continue as an outside director. After she assumes office, the Corporation expects that she will provide advice and contribute to further promoting ESG management and strengthening the Global Strategy Division of the Corporation.</p> <p>[Independence of the candidate]</p> <p>Mayumi Tamura meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation has therefore designated her as an independent director who will not have a conflict of interests with general shareholders and it submitted notification of this to the Tokyo Stock Exchange. If her reelection is approved, the Corporation will continue her registration as an independent director.</p> <p>Furthermore, although the Corporation has conducted transactions, such as contracts for construction work, with Seiyu Corporation of which Mayumi Tamura was Executive Officer, Senior Vice President and CFO until July 2013, payments received for construction work etc. from Seiyu Corporation came to less than 0.1% of the Corporation's consolidated net sales for the most recent fiscal year. Accordingly, we believe that this relationship will have no effect on Mayumi Tamura's independence as Outside Director.</p>	

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held	
11	 Yumiko Jozuka (March 19, 1962)	April 1984      Joined the Ministry of Labor April 2001      Head of Pharmaceutical Office, General Coordination Division, Pharmaceutical Safety Bureau of Ministry of Health, Labour and Welfare July 2004        Director of Promotion Division, Gender Equality Bureau, Cabinet Office August 2007    Head of Work and Family Harmonization Division, Equal Employment, Children and Families Bureau of Ministry of Health, Labour and Welfare July 2010        Head of Social Welfare and War Victims' Relief Bureau, Welfare Promotion Division of Ministry of Health, Labour and Welfare May 2014        Councilor, Cabinet Bureau of Personnel Affairs, Cabinet Secretariat June 2016       Director-General, Social Welfare and War Victims' Relief Bureau of Ministry of Health, Labour and Welfare July 2018        Deputy Vice-Minister of Ministry of Health, Labour and Welfare July 2019        Director-General for Human Resources Development of Ministry of Health, Labour and Welfare June 2021       Outside Director of Tokyu Fudosan Holdings Corporation (up to the present) Director of the Corporation April 2022       Director of Japan Legal Support Center (up to the present)	2,918	
		<Reelection> <Outside Director> <Independent Director> <Non-executive Director>		[Significant concurrent positions outside the Corporation] Outside Director of Tokyu Fudosan Holdings Corporation Director of Japan Legal Support Center
		Attendance at the Board of Directors meetings 100% (17/17)		[Reasons for nomination as a candidate for Outside Director, expected roles, etc.] Although Yumiko Jozuka does not have direct experience with corporate management other than as an outside director, she has accumulated experience and knowledge through many years of involvement in public labor and welfare administration and, in particular, has expert knowledge and experience related to diversity, empowerment of women, working style reform and human resource development. We judge that she is able to use these attributes to supervise the Corporation's management from an objective and neutral position, and we have therefore nominated her to continue as an outside director. After she assumes office, the Corporation expects that she will utilize her public administration experience in labor and welfare to provide advice to the Corporation's management based on her professional knowledge and contribute to further promoting diversity within the Corporation.
		Term of office served as Outside Director (at the conclusion of this meeting) 2 years		[Independence of the candidate] Yumiko Jozuka meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation has therefore designated her as an independent director who will not have a conflict of interests with general shareholders and it submitted notification of this to the Tokyo Stock Exchange. If her reelection is approved, the Corporation will continue her registration as an independent director.

## Notes:

- None of the candidates for Directors have special interests in the Corporation.
- Of the candidates for directors, Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka are candidates for outside directors.
- The Corporation has entered into a limited liability agreement with Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka pursuant to the provisions of Article 427 Paragraph 1 of the Companies Act and Article 26 of the Articles of Incorporation. The maximum amount of the liability for damage based on said agreement is the minimum amount of liability prescribed in laws and regulations. If their reelection is approved at this meeting, the Corporation plans to renew the agreement.

4. The Corporation has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act. The policy covers losses incurred by insureds, which includes Directors and Audit & Supervisory Board Members of the Corporation, from legally mandated amounts of indemnification and litigation expenses. (However, losses arising from cases where the insured has obtained personal gains or been granted benefits illegally are excluded.) If each candidate is elected and assumes office as director, the candidate will be included as an insured in the insurance policy.

**Reference [Director Candidate Skills Matrix]**

In order to respond quickly to changes in the business environment and to achieve sustainable growth and medium- to long-term improvement in corporate value, the Corporation aims to maintain the appropriate size and diversity of the Board of Directors and also to optimize the Board of Directors as a whole and maximize its functions by organically combining the knowledge, experience, and abilities of each director.

No.	Name	Skills Particularly Expected (Knowledge, Experience, Capabilities, Etc.)									
		Corporate Management	The Analects and the Abacus* & ESG	Human Resource Development & Diversity	Global Experience	DX (Digital Transformation)	Production & Technology	Sales & Marketing	Finance & Accounting	Legal Affairs & Risk Management	
1	Yoichi Miyamoto	●	●	●	●		●	●			
2	Kazuyuki Inoue	●	●	●	●		●	●		●	
3	Hiroshi Fujimura	●	●					●			
4	Kentaro Ikeda	●	●		●	●	●	●			
5	Takeshi Sekiguchi	●	●		●	●	●	●			
6	Yoshiki Higashi	●	●	●	●				●	●	
7	Noriaki Shimizu		●				●	●			
8	Tamotsu Iwamoto	●	●	●	●					●	
9	Junichi Kawada	●	●	●	●					●	
10	Mayumi Tamura	●	●	●	●				●		
11	Yumiko Jozuka		●	●						●	

\* “The Analects and the Abacus” is the Corporation’s Credo.

**(Reference) 1. Composition of the Board of Directors and Nomination Policy and Procedures of Candidates for Director and Audit & Supervisory Board Member**

1. Composition of the Board of Directors

The maximum number of members of the Corporation's Board of Directors is set to 12 in the Articles of Incorporation, and the Board of Directors is composed of executive directors that are familiar with each area of the Corporation's business, and non-executive directors, including multiple outside directors that possess abundant knowledge and experience from their respective backgrounds. Moreover, the ratio of outside directors to the total number of directors is one third or higher.

2. Nomination policy and procedures of candidates for director and Audit & Supervisory Board Member

The Corporation selects candidates for directorship based on their character, knowledge, experience and capabilities, placing importance on the diversity of composition of the Board of Directors.

Individuals with abundant expert knowledge and experience, gained while working at the Corporation, are selected as candidates for directors in charge of the execution of business. Individuals with abundant knowledge and experience in their respective fields and deep insight are selected as candidates for non-executive directors including outside directors.

Also, individuals with appropriate knowledge of finance and accounting, knowledge of legal and compliance matters, abundant expertise and experience regarding the Corporation's business areas, and abundant knowledge and experience in their respective fields, are selected as candidates for Audit & Supervisory Board Members while keeping a good balance of candidates and after receiving the consent of the Audit & Supervisory Board.

The Corporation's Board of Directors decides the appointment of directors and Audit & Supervisory Board Members (candidates) based on its recognition of their possession of these qualities after deliberation by the Nomination and Compensation Committee, of which the majority of members are outside directors and which is chaired by a non-executive director.

**(Reference) 2. Standards regarding the Independence of Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members)**

The Corporation deems an outside officer or a candidate for outside officer to be independent of the Corporation if he or she satisfies the following requirements:

1. An outside officer shall not be currently acting, nor have acted in the ten years before taking office, as a person who executes business (executive director or executive officer and other employee) of the Corporation or its subsidiaries.
2. An outside officer shall not currently be an important person who executes business (executive director, accounting advisor, managing officer, executive officer or manager and other important employee) of a major shareholder (a shareholder who holds 10% or more of the voting rights) of the Corporation.
3. An outside officer shall not currently be an important person who executes business of a major business partner of the Corporation (a business partner in the case when the amount received by the Corporation from such business partner in the most recent fiscal year exceeds 2% of annual consolidated net sales of the Corporation).
4. An outside officer shall not currently be an important person who executes business of a business partner whose major business partner is the Corporation (a business partner in the case when the amount paid by the Corporation to such business partner in the most recent fiscal year exceeds 2% of annual consolidated net sales of the business partner).
5. An outside officer shall not currently be an important person who executes business of a financial institution with which the Corporation has a financing reliance that is non-substitutable.
6. An outside officer shall not currently be a person who provides professional service as an attorney, certified public accountant or other consultant gaining from the Corporation a substantial amount of remuneration (more than ¥10 million in the most recent fiscal year) other than remuneration for directors and Audit & Supervisory Board Members.
7. An outside officer shall not be a relative (a spouse or a relative who is within the second degree of kinship) of an important person who executes business of the Corporation or its subsidiaries.



## Attached documents to Notice of the 121st Annual General Meeting of Shareholders

### Business Report

(for the year ended March 31, 2023)

[Yen amounts have been rounded down to the nearest billion (million)]

#### I Current Conditions of the Corporate Group (Consolidated)

##### 1. Review of Operations and Results

<Consolidated financial results in the current fiscal year>

Although socioeconomic activity began to return to normal amid the incremental lifting of COVID-19 pandemic restrictions in fiscal 2022, the prolonged crisis in Ukraine, the weakening of the yen, and the ensuing supply shortages and surging price of energy resources and food around the world have broadly impacted the lives of the people of Japan.

In the construction industry, the situation remained challenging; despite the beginnings of a rally in private-sector capital investment, the price of construction materials soared.

Against this backdrop, Shimizu Corporation and its subsidiaries (the Shimizu Group) reported consolidated net sales of ¥1,933.8 billion, up 30.4% year on year, due in part to an increase in non-consolidated net sales from completed construction contracts as major projects in hand progress.

Ordinary income increased 12.2% year on year to ¥56.5 billion and net income for the current fiscal year increased 2.7% to ¥49.0 billion, mainly due to an increase in gross profits from construction contracts on account of a rebound in the profitability of architectural construction overseas, despite a decrease in gross profits in the real estate development and other businesses.

The Group proposes to pay a year-end dividend of ¥10.50 per share. This brings the full-year dividend, including the midyear dividend, to ¥21 per share.

##### Construction business

[Domestic architectural construction, Domestic civil engineering, Overseas construction businesses]

Net sales in the construction business increased 30.7% year on year to ¥1,693.8 billion.

Segment profits increased 36.8% to ¥111.0 billion, due to a rebound in the profitability of architectural construction overseas.

##### Major project orders awarded

Architectural construction	Toyomi District Urban Area Redevelopment Association	Construction of new buildings under the Toyomi District Type 1 Urban Redevelopment Project
	Kioxia Corporation	Construction of Fab2 facility (K2) and a new administration building at KIOXIA Iwate
	Fuchinobe Development SPC Nippon Life Insurance Company	Construction of new buildings under the Sagamihara City Chuo-ku Fuchinobe Project (provisional name)
Civil engineering	PT Mass Rapid Transit Jakarta (PT MRT Jakarta)	Jakarta MRT CP202 Section Phase 2 Construction Project
	Central Japan Railway Company	New construction of the No. 1 Kisogawa Bridge and other structures on the Chuo Shinkansen

## Major construction contracts completed

Architectural construction	Daimyo Project TMK	Former Daimyo Elementary School Site Redevelopment Project (provisional name) (Fukuoka Prefecture)
	Chuo University	Chuo University Myogadani Campus - New Construction Project (provisional name) (Tokyo Metropolitan Government)
	SCREEN Holdings Co., Ltd.	SCREEN Holdings Co., Ltd. Hikone Plant New SPE Building Project - Construction Work (Shiga Prefecture)
	Clean Authority of TOKYO	Meguro Incineration Plant Reconstruction Project (Tokyo Metropolitan Government)
Civil engineering	Yamaguchi prefectural government	Construction Works of Hirase Dam of Nishiki River General Development Project (Yamaguchi Prefecture)
	Tokyo Metropolitan Government	Construction Project on the Ring Road No.5-1 tunnel road parallel to the Toei Streetcar Tokyo Sakura Tram (Arakawa Line) (Minami-ikebukuro Section) (Tokyo Metropolitan Government)

## Non-construction businesses (Real estate development and other businesses)

[Investment and development, Engineering, LCV, Emerging Frontier, and other businesses]

Net sales increased 28.3% year on year to ¥239.9 billion, mainly due to increases among Japanese subsidiaries.

Segment profits decreased 14.6% to ¥49.9 billion in part because of a large real estate development project accounted in the previous fiscal year.

## LCV business



A completed hydrogen production demonstration plant in the town of Kokonoe, Kusu District, Oita Prefecture

Investment and development business



Michino Terrace Toyosu, a complex development zone

Engineering business



Nakasato Wind Farm in the town of Nakadomari, Aomori Prefecture

## Construction orders awarded and contracts, net sales and backlog on non-consolidated basis

(Millions of Yen)

Category		Backlog as at March 31, 2022	Construction orders awarded and contracts	Net sales	Backlog as at March 31, 2023
Construction business	Architectural construction	1,520,616	1,142,688	1,189,563	1,473,741
	Civil engineering	578,965	258,591	238,542	599,014
	Total	2,099,582	1,401,279	1,428,105	2,072,755
Real estate development and other		93,221	114,608	129,219	78,610
Total		2,192,803	1,515,887	1,557,325	2,151,365

## &lt;Consolidated forecasts for the next fiscal year&gt;

Although socioeconomic activity is expected to return even closer to normal and inbound tourism and other sectors to recover due to the lifting of pandemic restrictions in fiscal 2023, the Japanese economy may be impacted by concern over a global economic slowdown resulting from inflation and monetary tightening around the world, in addition to further instability in the international situation.

In the construction industry, public sector investment is expected to remain strong, and the rally in private-sector capital investment should continue; however, given the persistently high price of construction materials and energy and other grounds for concern, ongoing monitoring of the supply situation is necessary.

In the Shimizu Group's consolidated earnings forecast for fiscal 2023, under this business environment, net sales, ordinary income, and net income are expected to be ¥1,945.0 billion, up 0.6% year on year; ¥54.0 billion, down 4.5% year on year; and, ¥50.0 billion, up 1.9% year on year, respectively.

Construction orders awarded on a non-consolidated basis are forecasted to decrease ¥115.8 billion year on year to ¥1,400.0 billion for fiscal 2023.

## 2. Trends in Assets and Operating Results

## (1) Trends in assets and operating results of the corporate group (Consolidated)

(Millions of Yen)

Category	118th Fiscal Year (Fiscal 2019)	119th Fiscal Year (Fiscal 2020)	120th Fiscal Year (Fiscal 2021)	121st Fiscal Year (Current fiscal year) (Fiscal 2022)
Net sales	1,698,292	1,456,473	1,482,961	1,933,814
Ordinary income	137,986	105,465	50,419	56,546
Net income	98,977	77,176	47,761	49,057
Net income per share (Yen)	128.31	101.17	64.09	66.29
Return on Equity (ROE)	13.6%	10.0%	5.8%	5.9%
Total assets	1,904,934	1,908,674	2,128,356	2,448,010
Net assets	736,412	821,446	875,172	907,277

Note: Net income per share is calculated by deducting the number of treasury shares from the average total number of issued shares during the period.

## (2) Trends in assets and operating results of the Corporation (Non-consolidated)

(Millions of Yen)

	118th Fiscal Year (Fiscal 2019)	119th Fiscal Year (Fiscal 2020)	120th Fiscal Year (Fiscal 2021)	121st Fiscal Year (Current fiscal year) (Fiscal 2022)
Construction orders awarded and contracts	1,274,404	1,200,969	1,543,461	1,515,887
Net sales	1,417,604	1,249,985	1,287,352	1,557,325
Ordinary income	122,686	98,613	43,926	41,389
Net income	89,365	72,370	45,735	41,754
Net income per share (Yen)	115.65	94.70	61.26	56.36
Total assets	1,604,429	1,632,972	1,749,528	2,016,732
Net assets	620,143	697,042	699,210	714,361

Note: Net income per share is calculated by deducting the number of treasury shares from the average total number of issued shares during the period.

### 3. Issues to Be Addressed

#### Initiatives to Fulfill the Mid-Term Management Plan <2019-2023>

In its long-term “SHIMZ VISION 2030,” the Shimizu Group aims to become a “Smart Innovation Company,” capitalizing on a fusion of structural, technological, and personal innovation. Our goal is to create new value that is ahead of the times by constantly undergoing self-transformation and reaching beyond construction business and co-creating with diverse partners.

In fiscal 2022, the fourth year of our Mid-Term Management Plan (2019–2023), which was formulated to realize our long-term vision, we made investments and implemented strategic policies to expand our earnings base, improve our technological capacity, and strengthen the competitiveness of our businesses in addition to making steady efforts to expand globally and promote ESG management.

#### Expanding our earnings base

We invested intensively to add to our earnings base; specifically, we invested ¥436.1 billion as of March 31, 2023, compared to our five-year investment plan target of ¥750.0 billion.

In the real estate development business, we carefully monitored changes in the market and made new investments totaling ¥272.3 billion inside and outside Japan compared to the target of ¥500.0 billion. For the purpose of expanding our real estate stock business, in January of this year, we started managing a private REIT consisting mainly of properties we developed. We reinvested the money raised into new development projects with the dual aims of improving capital efficiency and achieving further growth in our real estate development business.

In October 2022, we completed Blue Wind—a self-propelled SEP vessel with the world’s largest transporting and crane capacity—and sent it to work for the first time this March on a project to construct a wind farm offshore of the town of Nyuzen in Toyama Prefecture. We intend to make full use of the SEP vessel to become a leader in wind farm construction in the offshore wind power market—said to be worth over ¥5,000.0 billion—with the end goals of creating new sources of revenue and achieving carbon neutrality.

#### Improving our technological capacity and competitiveness

We are striving to develop and commercialize innovative technology to improve our technological capacity and strengthen the competitiveness of our businesses. Specific efforts include establishing and operating our Shimz One BIM platform—the core of our “Shimz General Contractor Mid-Term Digital Strategy 2020”—in addition to developing BILMUS, a vibration control system that both improves the seismic resistance and economically streamlines the design of skyscrapers, and applying it to projects.

We are also working to strengthen the supply chain for Group companies by constructing a new production line dedicated to prestressed concrete (PC) highway bridge decks.

Demand for wood-framed and wood-based buildings is growing in the push toward carbon neutrality. In this field, we are establishing a track record of wood-based medium- and high-rise buildings by using our “Shimizu Hy-wood®” series of wood-based components. These offer excellent design characteristics, ease of construction and economy, in addition to delivering strong earthquake and fire resistance.

At our Shiomi Innovation Center (tentative name), which we plan to open this fiscal year, we intend to revitalize co-creation with partners in industry, government, academia, with the aim of harnessing open innovation to revolutionize production technology, develop cutting-edge technology, and create new business models.

#### Efforts to expand globally and promote ESG management

This April, we established our Global Business Headquarters to take charge of construction projects outside Japan and additionally centrally manage all business segments active overseas with the aim of improving and expanding our earning capacity globally. The new organization is located in Tokyo to strengthen collaboration with other divisions of the Corporation’s headquarters, accelerate the execution of global strategies, and promote the transfer of authority to overseas locations with the aim of making management more flexible by spreading power between multiple bases. We are also proactively hiring local staff members, working to improve our personnel systems, and making efforts to secure outstanding human resources and improve engagement with the aim of strengthening our business platform for global expansion.

Additionally, this April, we newly installed the HR Strategy Dept. under direct supervision of the president in order to propel the formulation and execution of management strategy-linked human

resource strategies with a greater sense of urgency. The new department will collaborate with management planning and personnel departments to promote human resources development to maximize the strengths and characteristics of all employees with the ultimate aim of changing our corporate culture and improving our corporate value.

### Financial and non-financial KPIs

Our results through fiscal 2022 for our financial and non-financial KPIs are as follows. We intend to sustain several measures to achieve our financial and non-financial KPIs.

#### ■ Financial KPIs

	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Goals
ROE	10.0%	5.8%	5.9%	10% or more
Equity ratio	42.7%	38.7%	34.8%	40% or more
D/E ratio	0.52 times	0.60 times	0.68 times	0.7 times or less
Dividend payout ratio	29.7%	35.9%	31.7%	Around 30%*

\* The dividend for fiscal 2023 will be ¥27 (dividend payout ratio of 40%).

#### ■ Non-financial KPIs

	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Goals
Productivity of construction business (Improvement rate from fiscal 2016)* <sup>1</sup>	11.2%	7.5%	10.0%	20% or more
Reduction rate of CO <sub>2</sub> emissions of construction business (Reduction rate form fiscal 2017)	25.2%	10.2%	23.1%* <sup>2</sup>	10% or more
Employee satisfaction indicator scores* <sup>3</sup>	3.75	3.72	3.67	4.0 or more
Number of serious legal violations	0	0	0	0

\*1: We revised the formula to make the results more realistic, and revised the figures from previous fiscal years accordingly.

\*2: Provisional value as of April 2023 before acquisition of third-party verification

\*3: Indicators produced from the “Shimizu Japan Employee Survey” of the Corporation’s employees (average of five-scale evaluation)

### Capital management policy

Our Mid-Term Management Plan (2019–2023) calls for the acquisition of treasury stock using funds generated by selling securities holdings for the purpose of reducing cross-shareholdings. Although we postponed our acquisition of treasury stock in fiscal 2022 because of major capital requirements associated with funding major construction projects, in the second half of the year, our reduction of cross-shareholdings and receiving project payments progressed as planned. Therefore, we have decided to acquire ¥20.0 billion of treasury stock in fiscal 2023 and retire all ¥40.0 billion in treasury stock acquired in fiscal 2019 and 2021 on May 12, 2023 in an effort to improve capital efficiency with the aim of further improving corporate value.

The Corporation aims to reduce the balance of cross-shareholdings to 20% or less of consolidated net assets by the end of fiscal 2026 and plans to continue acquiring treasury stock in and after fiscal 2024 as we reduce cross-shareholdings.

Our policy is to raise the consolidated dividend payout ratio in fiscal 2023 from the current 30% to around 40%.

### Acquisition, Divestment and Exercise of Voting Rights for Strategic Shareholdings

#### (1) Acquisition and divestment policy

When there is a necessity from the viewpoint of business development policy, the Corporation holds shares of clients and business partners to “strengthen and maintain relationships.” Acquisition of major securities is determined by the Board of Directors, taking comprehensive consideration of benefits to the Corporation, acquisition cost, risk of share price changes and other factors. The Board of Directors examines the necessity of securities holdings for individual stocks each year, taking into consideration its economic rationality, including cost, risk, and sales benefits, with an eye to reducing securities holdings in stages through confirming relationships with business partners to promote the effective

utilization of capital.

(2) Status of divestment

The Corporation sold shares of 21 listed companies during fiscal 2022 (including shares of which part of the holdings were sold). The proceeds were ¥26.3 billion. From fiscal 2018 to fiscal 2022, the total number of listed companies of which the Corporation reduced its holdings was 62 (including shares of which part of the holdings were sold). The proceeds were ¥87.9 billion. As a result, the number of listed companies the Corporation held shares in decreased from 187 as of the beginning of fiscal 2018 to 143 as of the end of March 2023. Notably, we expect to generate roughly ¥30.0 billion in sales in fiscal 2023.

(3) Exercise of voting rights

The Corporation exercises voting rights on securities holdings after comprehensively examining the contents of proposals, referring to the acquisition and divestment policy above, and judging whether to vote for or against each proposal from the perspective of whether the corporate value of the Corporation and business partners may increase.

■ Reduction of cross-shareholdings through the years

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Cross-shareholdings balance as a percentage of consolidated net assets (year-end)	46.7%	36.7%	37.1%	34.2%	30.6% [Fiscal 2026 target: 20.0%]
Number of shares	332	326	313	299	293
(listed portion)	180	174	163	152	143
Amount of sales (100 million yen)	132	172	199	129	263
(listed portion)	122	168	197	128	263

The Shimizu Group will continue to contribute to a sustainable future and create value that exceeds expectations with the aim of ongoing improvement of our corporate value.

Fiscal 2023 is the final year of Mid-Term Management Plan (2019–2023). Although the business environment has changed drastically and business conditions have become more challenging since the plan was formulated, we view fiscal 2023 as an important year for achieving our long-term vision, and are committed to pooling the Group's strength to improve our earning capacity.

**Initiatives to reduce total working hours**

The construction industry is among many that are subject to the new upper limit on overtime hours set to take effect under the amended Labor Standards Act in April 2024; cutting down on long working hours is an urgent challenge. The Corporation has formulated a roadmap through fiscal 2024 for reducing total working hours, and is making cross-sectoral efforts to promote flexible working styles and work sharing, optimize the entire production process from sales to construction, and more.

To prepare for the new limit on overtime hours, the Corporation established the 2024 Solutions Committee this April to focus on the issue and complement the systematic efforts of the Work Environment Improvement Committee, which we established in April 2022. We intend to rally the entire Corporation behind efforts to find and implement solutions.



### Sustainability initiatives

Our Corporate Credo (The Analects and the Abacus) and management principles based on it are the foundation of the business activities implemented with an unwavering commitment to the sustainability of the Corporation, society, and the environment.

Under Mid-Term Management Plan (2019–2023) and its basic policy to promote ESG management, we strive to contribute to a sustainable global environment, coexist with all our stakeholders—for example by thoroughly respecting human rights, improving work environments at the Corporation and along the supply chain, and coexisting with local communities—and achieve rigorous compliance and strengthen risk management. We have also established non-financial KPIs for the sectors of ESG and are working toward the goals in our investment plan, namely improving productivity and investing intensively in renewable energy projects and human resources.

Additionally, to further our stakeholders' trust in the Shimizu Group, we are promoting proper disclosures and dialogue regarding our business activities and efforts to contribute to sustainability in addition to striving to improve governance and strengthen risk management.

#### ■ Materiality

In considering materiality, we evaluated our business activities from the viewpoints of “impact on society” and “impact for our company,” taking into account social issues (SDGs) as well as our Corporate Credo, management principals, and long-term vision. The identified activities of high materiality are promoted with an unwavering commitment to sustainability.

	Category	Activities of High Materiality
Activities that contribute to society through business	1. Realizing a resilient society where everyone can feel safe and secure	<ul style="list-style-type: none"> <li>● Building resilient social infrastructure</li> <li>● Increasing longevity of buildings and infrastructure</li> </ul>
	2. Realizing an inclusive society where all people can live together in comfort and health	<ul style="list-style-type: none"> <li>● Building comfortable cities</li> <li>● Responding to Well-being needs</li> </ul>
The corporation's business and management activities	3. Realizing a sustainable society where future generations can inherit a well-cared for environment	<ul style="list-style-type: none"> <li>● Decarbonization</li> <li>● Resource recycling</li> <li>● Living in harmony with nature (preserving biodiversity)</li> <li>● Preventing environmental pollution</li> </ul>
	4. Promoting a sincere approach to <i>monozukuri</i>	<ul style="list-style-type: none"> <li>● Enhancing productivity</li> <li>● Ensuring optimal product quality</li> <li>● Strengthening supply chains</li> <li>● Occupational safety and health</li> </ul>
	5. Creating new technologies and value that is ahead of the times	<ul style="list-style-type: none"> <li>● Developing cutting-edge technology</li> <li>● Creating new business models</li> </ul>
	6. Developing human resources responsible for the next generation and pursuing job satisfaction	<ul style="list-style-type: none"> <li>● Creating work environments with job satisfaction</li> <li>● Diversity and inclusion</li> <li>● Developing human resources with an eye towards the future</li> <li>● Respecting human rights</li> </ul>
	7. Building a business base on the foundation of “The Analects and the Abacus”	<ul style="list-style-type: none"> <li>● Risk management</li> <li>● Thorough legal and ethical compliance</li> <li>● Strengthening information security</li> </ul>

### ■ Launch of the Shimizu Meguri-no-Mori Forest Project

We launched the Shimizu Meguri-no-Mori Forest Project in the village of Kawaba in Gunma Prefecture to promote the cyclical use of wood.

Under the project, we lease roughly three hectares of village-owned land on which we plan to cultivate a forest to produce enough wood for up to 50 years' worth of our construction projects. We held our first tree-planting last October—around 50 people from the Corporation and partner companies planted roughly 400 Japanese larch seedlings over 2,000 square meters of forest land.

We plan to continue cultivating the forest to contribute to the achievement of carbon neutrality.



Participants planting trees

### ■ Helping improve the well-being of building users

In terms of human health and well-being, people need workplaces where their health is a priority.

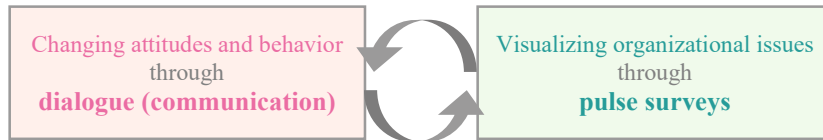
YOKOHAMA GRANGATE, a Shimizu-developed building completed in 2020, became the first Gold-ranked building in Japan in the Core & Shell category of WELL Certification, an international standard for buildings that prioritize the health and comfort of their users. We provide consulting on WELL Certified projects in addition to developing them, and are committed to helping our customers promote and improve worker health and productivity while enhancing their ability to attract outstanding human resources.



YOKOHAMA GRANGATE, a WELL Certified building (Gold ranking)

■ **Improving employee satisfaction through dialogue and surveys**

We are engaged in various measures aiming to make our workplaces more satisfying and appealing. We employ one-on-one meetings and other forms of dialogue to promote change in everyone’s attitudes and behavior; and we use pulse surveys—a surveying method that visualizes organizational and employee satisfaction and other conditions through simple, recurrent surveys conducted at short intervals—to visualize organizational issues. Through these measures, we aim to improve the working environment and increase employee satisfaction.



■ **Institutionalizing the Construction Career Up System (CCUS)**

To institutionalize the Construction Career Up System (CCUS)—the basic infrastructure for improving treatment of skilled construction workers and attracting new hires to the industry—we are making proactive efforts as the corporation chairing the CCUS Promotion Headquarters of the Japan Federation of Construction Contractors. As of March 31, 2023, 89.1% of partner companies are registered businesses (excluding self-employed person), while 77.3% have become registered technicians.



Activities at the gate at Toranomon-Azabudai District Redevelopment Project for A District Project



Construction Career Up System logo

#### 4. Status of Financing

The Corporation issued straight bonds (sustainability bonds) by public offering as follows, and used the money raised to refinance construction funds for our Shiomi Innovation Center (tentative name), which is under construction in Shiomi, Koto-ku, Tokyo.

February 2023: Unsecured Straight Bonds No. 32      ¥20.0 billion

#### 5. Status of Capital Investment

The amount of capital investment made in the current fiscal year is ¥73.0 billion. Most of this consisted of acquisition of fixed assets for rental business and other business operations. Of this capital investment, ¥35.4 billion was investment by the Corporation (non-consolidated).

#### 6. Status of Major Subsidiaries (As at March 31, 2023)

Name	Capital (Millions of Yen)	Ratio of ownership by the Corporation (%)	Major business
THE NIPPON ROAD Co., Ltd.	12,290	50.1	Road construction and paving work
Shimizu Comprehensive Development Corporation	3,000	100	Purchase, sale, letting and management in connection with real estate
FaB-Tec Japan Corporation	2,437	84.6	Contracted construction of bridges and frames
Daiichi Setsubi Engineering Corporation	400	94.3	Contracted construction of building facilities
Milx Corporation	372	100	Sale and leasing of construction materials and equipment in addition to insurance agency business
SC Machinery Corp.	200	100	Leasing of construction machinery
SHIMIZU BLC Co., Ltd.	100	100	Contracted renewal of buildings and building management business

## 7. Major Businesses (As at March 31, 2023)

The Shimizu Group's main business areas are construction and development. It is also engaged in operations that are incidental to each of its business areas including the sale and leasing of construction materials and equipment as well as financing.

The Corporation, which is the main business corporation in the Shimizu Group, has obtained a Specific Construction Business License (specific-1 no. 3200) and an Ordinary Construction Business License (ordinary-1 no. 3200) from the relevant minister in accordance with the Construction Business Act, and carries out construction, civil engineering, and related businesses accordingly.

The Corporation has also obtained a license from the relevant minister as a Building Lots and Buildings Traders (14 no. 1081) in accordance with the Building Lots and Buildings Transaction Business Act, and carries out businesses related to real estate accordingly.

## 8. Major Branches (As at March 31, 2023)

## (1) The Corporation

Head Office	
2-16-1 Kyobashi, Chuo-ku, Tokyo	
Branches	
HOKKAIDO Branch (Sapporo)	TOHOKU Branch (Sendai)
HOKURIKU Branch (Kanazawa)	TOKYO Branch (Chuo-ku, Tokyo)
YOKOHAMA Branch (Yokohama)	CHIBA Branch (Chiba)
NAGOYA Branch (Nagoya)	KANSAI Branch (Osaka)
SHIKOKU Branch (Takamatsu)	HIROSHIMA Branch (Hiroshima)
KYUSHU Branch (Fukuoka)	TOKYO Civil Engineering Branch (Chuo-ku, Tokyo)
International Div. (Singapore)	International Civil Engineering Division (Chuo-ku, Tokyo)
Investment and Development Div. (Chuo-ku, Tokyo)	Engineering Headquarters (Chuo-ku, Tokyo)
LCV Headquarters (Chuo-ku, Tokyo)	Institute of Technology (Koto-ku, Tokyo)
International business network	
Dalian, Shanghai, Suzhou, Guangzhou, Hong Kong, Taipei, Manila, Guam, Singapore, Kuala Lumpur, Jakarta, Bangkok, Dhaka, Tashkent, Bengaluru, Hanoi, Ho Chi Minh City, Istanbul, Prague, Wroclaw, Dubai, Lusaka, Atlanta, New York, Queretaro, London	

## (2) Major subsidiaries

THE NIPPON ROAD Co., Ltd.	(Minato-ku, Tokyo)
Shimizu Comprehensive Development Corporation	(Chuo-ku, Tokyo)
FaB-Tec Japan Corporation	(Chuo-ku, Tokyo)
Daiichi Setsubi Engineering Corporation	(Minato-ku, Tokyo)
Milx Corporation	(Chuo-ku, Tokyo)
SC Machinery Corp.	(Yokohama)
SHIMIZU BLC Co., Ltd.	(Chuo-ku, Tokyo)

## 9. Status of Employees (As at March 31, 2023)

## (1) Employees of the corporate group (Consolidated)

Category	Number of employees (including contract workers)	Change from March 31, 2022
Construction business	16,426	+ 148
Non-construction businesses (Real estate development and other businesses)	2,524	+ 88
Other	919	- 28
Total	19,869	+ 208

Note:

“Other” shows the number of employees in administration division, etc. (non-consolidated), who are unable to be classified in any specific business line.

## (2) Status of employees of the Corporation (Non-consolidated)

Number of employees (including contract workers)
10,845

## \* Employees of the Corporation excluding contract workers

Number of employees	10,206	Change from March 31, 2022	Increase of 266
Average age	43.4	Average years of continuous service	15.9 years

## 10. Status of Major Creditors (As at March 31, 2023)

Creditor	Amount borrowed (Millions of Yen)
Mizuho Bank, Ltd.	124,506
MUFG Bank, Ltd.	82,355
The Norinchukin Bank	31,154
Sumitomo Mitsui Banking Corporation	26,095
The Chiba Bank, Ltd.	15,191
The Hachijuni Bank, Ltd.	12,532
The Dai-ichi Life Insurance Company, Limited	8,903
Sumitomo Mitsui Trust Bank, Limited	7,616
The Hyakugo Bank, Ltd.	7,172
Fukoku Mutual Life Insurance Company	6,841

## II Current Conditions of the Corporation (Non-consolidated)

### 1. Status of Shares of the Corporation (As at March 31, 2023)

- (1) Total number of authorized shares 1,500,000,000 shares  
 (2) Total number of issued shares 788,514,613 shares  
 (3) Number of shareholders 64,856 (increase of 448 from March 31, 2022)  
 (4) Major shareholders (Top ten)

Shareholder	Number of shares held (Thousands of Shares)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	109,581	14.79
SHIMIZU & CO., LTD.	73,081	9.86
The SHIMIZU FOUNDATION	38,695	5.22
Custody Bank of Japan, Ltd. (Trust Account)	35,376	4.77
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	21,118	2.85
Employee's Stock Ownership Plan	18,270	2.47
HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420	2.35
The Dai-ichi Life Insurance Company, Limited	10,564	1.43
Fukoku Mutual Life Insurance Company	10,552	1.42
STATE STREET BANK WEST CLIENT – TREATY 505234	10,192	1.38

Note: Percentage of total is calculated excluding treasury stocks (47,611,399 shares).

#### (5) Other important matters related to shares

In an effort to further improve corporate value by improving capital efficiency, the Board of Directors reached the following resolutions to purchase and retire treasury stock at its meeting on April 26, 2023. Accordingly, on May 12, 2023, the Corporation retired all 44,838,300 shares of treasury stock purchased from the market in fiscal 2019 and 2021. Notably, the total number of issued shares after the retirement is 743,676,313.

Total number of shares purchased	32,000,000 shares (maximum)
Total cost of shares purchased	¥20.0 billion (maximum)
Acquisition period	May 12, 2023-January 31, 2024

## 2. Officers of the Corporation

## (1) Status of directors and audit &amp; supervisory board members (As at March 31, 2023)

Position in the Corporation	Name	Areas of responsibility in the Corporation	Significant concurrent positions outside the Corporation
Chairman of the Board and Representative Director	Yoichi Miyamoto		Chairman of Japan Federation of Construction Contractors
President and Representative Director, President and Executive Officer	Kazuyuki Inoue		
Executive Vice President and Director (Representative Director), Executive Vice President and Executive Officer	Toshiyuki Imaki	Director, Building Construction Headquarters, Director, Global Strategy Div.	
Executive Vice President and Director (Representative Director), Executive Vice President and Executive Officer	Kimio Handa	In charge of Administrative Functions, SDGs & ESG Promotion, Director, Corporate Ethics Office	
Executive Vice President and Director, Executive Vice President and Executive Officer	Hiroshi Fujimura	Director, Business Development & Marketing Headquarters, in charge of Sales & Marketing, Yumeshima (Osaka) Projects	
Executive Vice President and Director, Executive Vice President and Executive Officer	Toru Yamaji	In charge of Business Innovation, Emerging Frontiers, New Business Development and LCV Business	
Director (Representative Director) Senior Managing Officer	Kentaro Ikeda	Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment	
Director [Non-executive]	Motoaki Shimizu		President and Representative Director of SHIMIZU & CO., LTD.
Director [Independent] [Outside] [Non-executive]	Tamotsu Iwamoto		Outside Director of XEBIO HOLDINGS CO., LTD.
Director [Independent] [Outside] [Non-executive]	Junichi Kawada		
Director [Independent] [Outside] [Non-executive]	Mayumi Tamura		Outside Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd. Outside Director of LIXIL Corporation
Director [Independent] [Outside] [Non-executive]	Yumiko Jozuka		Outside Director of Tokyu Fudosan Holdings Corporation Director of Japan Legal Support Center
Audit & Supervisory Board Member (standing)	Hideto Watanabe		
Audit & Supervisory Board Member (standing)	Koichi Matsuoka		
Audit & Supervisory Board Member [Independent] [Outside]	Kaoru Ishikawa		Director, Kawamura Gakuen Director, The Society for Promotion of Japanese Diplomacy Outside Director of SMK Corporation Director, Mitsubishi UFJ Foundation
Audit & Supervisory Board Member [Independent] [Outside]	Toshie Ikenaga		Outside Director of SOHGO SECURITY SERVICES CO., LTD. Director of National Hospital Organization
Audit & Supervisory Board Member [Independent] [Outside]	Ko Shikata		Faculty of Law Professor, Chuo University

- Notes: 1. Directors Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka are outside directors.
2. Audit & Supervisory Board Members Kaoru Ishikawa, Toshie Ikenaga and Ko Shikata are outside audit & supervisory board members.
3. The Corporation has designated outside directors Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka, and outside audit & supervisory board members Kaoru Ishikawa, Toshie Ikenaga and Ko Shikata as independent director/audit & supervisory board member, who will have no conflicting interests with general shareholders, and it submitted notification of this to the Tokyo Stock Exchange, Inc.
4. The Corporation has transactional relationships for construction contracting with the following organizations at which outside officers hold significant concurrent positions: Kyowa Kirin Co., Ltd.,



LIXIL Corporation, Japan Legal Support Center, Kawamura Gakuen, SOHGO SECURITY SERVICES CO., LTD., National Hospital Organization, and Chuo University. However, all these transactions are based on general transaction conditions, and the transaction amounts in the most recent fiscal year with Chuo University and each of the other organizations make up less than 1.0% and 0.1%, respectively, of the Corporation's total consolidated net sales for the fiscal year in question, meaning there is no special relationship with any of these organizations. There are no other relationships between concurrent places of work of outside officers and the Corporation that should be noted.

5. Audit & Supervisory Board Member Hideto Watanabe has provided services related to finance and accounting for many years, and has acquired a considerable degree of knowledge related to finance and accounting.
6. Audit & Supervisory Board Member Koichi Matsuoka has acquired a considerable degree of knowledge and abundant experience related to accounting, finance, audit, etc. by engaging in accounting operations for many years.
7. On April 1, 2023, the following changes were made in the position and areas of responsibilities in the Corporation of directors.

Name	Position in the Corporation	Areas of responsibility in the Corporation
Executive Vice President and Director, Executive Vice President and Executive Officer	Hiroshi Fujimura	Director, Business Development & Marketing Headquarters
Executive Vice President and Director (Representative Director), Executive Vice President and Executive Officer	Kentaro Ikeda	Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment
Executive Vice President and Director, Executive Vice President and Executive Officer	Toru Yamaji	In charge of Business Innovation, Emerging Frontiers and New Business Development, Director, Shiomi Project Office
Director (Representative Director)	Toshiyuki Imaki	
Director (Representative Director)	Kimio Handa	

8. Retired Audit & Supervisory Board Member in the current fiscal year

Position at time of retirement	Name	Date of retirement	Reason for retirement
Audit & Supervisory Board Member	Tetsuya Nishikawa	June 29, 2022	Expiration of term of office

(2) Outline of limited liability agreement

The Corporation entered into a limited liability agreement with all of the outside directors and audit & supervisory board members pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Articles 26 and 33 of the Articles of Incorporation, to the effect that if an outside director or an outside audit & supervisory board members causes damage to the Corporation by neglecting to perform his or her duties, provided such outside director or outside audit & supervisory board member has acted in good faith and without gross negligence, his or her liability shall be limited to the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act.

(3) Outline of Directors and Officers Liability Insurance

The Corporation has entered into directors and officers liability insurance with an insurance company pursuant to the provisions of Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured under the insurance covers Directors, Audit & Supervisory Board Members, Executive Officers, and important employees of the Corporation. This insurance policy covers compensation for damages, claimed legally against the insured, and ensuing litigation expenses. However, events, such as one that arises from the insured having obtained personal profits or convenience illegally, will not be covered by the insurance with the aim of avoiding damage to the appropriateness of the execution of duties by the insured.

(4) Amounts of remuneration, etc. to directors and audit & supervisory board members

(i) Matters related to policy on determining the contents of officer remuneration, etc.

The remuneration of each Director of the Corporation, which consists of a base salary that is paid monthly at a fixed amount and performance-based compensation that comprises bonuses and compensation exclusively for purchasing shares of the Corporation, is decided through deliberations of the Nomination and Compensation Committee, which is made up of a majority of Outside Directors and is chaired by a Non-executive Director, and which was established to evaluate the performance of Directors and decide on their remuneration in a fair and transparent manner, based on a resolution passed at a meeting of the Board of Directors.

Non-Executive Directors including Outside Directors and Audit & Supervisory Board Members are paid only fixed-amount monthly salary for the purpose of enhancing the supervisory functions of management.

The Corporation, at a Board of Directors meeting held on February 24, 2021, resolved regulations for officer compensation that set forth the policy for determining the remuneration of each Director. An outline of the contents is as follows:

a. Policy on base salary

Of the remuneration, etc. of Directors of the Corporation, the fixed-amount monthly salary that is the base salary is a maximum total of ¥90 million a month (including a maximum of ¥10 million for Outside Directors) pursuant to a resolution passed at the 117th Annual General Meeting of Shareholders held on June 27, 2019. The number of Directors was 12 (including three Outside Directors) at the close of the 117th Annual General Meeting of Shareholders.

Remuneration for Audit & Supervisory Board Members is a maximum total of ¥13 million a month pursuant to a resolution passed at the 89th Annual General Meeting of Shareholders held on June 27, 1991 and is decided through discussions at Audit & Supervisory Board Members meetings. The number of Audit & Supervisory Board Members was four at the close of the 89th Annual General Meeting of Shareholders.

b. Policy on performance-based compensation

Of the remuneration, etc. of Directors of the Corporation, bonuses that are performance-based compensation is a maximum total of ¥500 million a year pursuant to a resolution at the 118th Annual General Meeting of Shareholders held on June 26, 2020, and the Nomination and Compensation Committee deliberates on whether or not a bonus shall be paid and on what amount shall be paid.

The target for consolidated net income for the current fiscal year, which is employed as the performance indicator for determining bonuses, is set at ¥51,500 million, and the result was ¥49,057 million. The target for consolidated ordinary income for the current fiscal year is set at ¥70,000 million, and the result was ¥56,546 million.

(Method of calculating individual performance-based remuneration (bonuses))

Consolidated earnings<sup>\*1</sup> × Earnings coefficient<sup>\*2</sup> × Positional index<sup>\*3</sup> × Individual evaluation index<sup>\*4</sup> = Individual bonus<sup>\*5</sup>

\*1 Consolidated net income for the current fiscal year

\*2 The Nomination and Compensation Committee determines the earnings coefficient after comparing actual consolidated ordinary income and consolidated net income for the current fiscal year to the projections from the beginning of the year in addition to considering orders received, the achievement of financial and non-financial KPIs from the Mid-Term Management Plan, and earnings forecasts for the next fiscal year onwards.

- Financial KPIs (ROE, equity ratio, debt-to-equity (D/E) ratio, dividend payout ratio)
- Non-financial KPIs (productivity improvement rate and CO<sub>2</sub> reduction rate in the construction business, employee satisfaction indicator, number of serious legal violations)

\*3 An index determined for each Director's position

\*4 The Nomination and Compensation Committee determines individual evaluation indices based on the results of evaluations of the level of achievement of targets set for each director based on interviews with Executive Directors at the beginning and end of the fiscal year. (Evaluation indices range from 65% to 135%)

The multifaceted evaluations cover the short-term performance of each director in addition to their level of contribution to achieving the targets of the Mid-Term Management Plan, their efforts to strengthen the management base, their contributions to achieving the SDGs, and their performance as employees.

Notably, only the non-executive directors of the Nomination and Compensation Committee Members make decisions regarding Director evaluations.

\*5 To encourage the further sharing of values with shareholders and increase corporate value over the medium to long term, an amount corresponding to 20% of the bonus as performance-based compensation, shall be deemed to be compensation for purchasing the Corporation's shares, and each Director shall contribute this remuneration to the Directors' Shareholding Association, which shall acquire the Corporation's shares. The Corporation's shares that are acquired in this way shall continue to be held for the duration of the Director's tenure and for a fixed period of time after resignation.

c. Matters related to delegating the determination of remuneration, etc.

To evaluate the performance of each Director of the Corporation and decide on their remuneration in a fair and transparent manner, the remuneration, etc. of each Director is determined by the Nomination and Compensation Committee, which has a majority of Outside Directors and is chaired by a Non-Executive Director (see page 41 for the names and positions of committee members).

Regarding directors' remuneration for the current fiscal year, pursuant to the regulations for officers' compensation resolved at the Board of Directors meeting, the Nomination and Compensation Committee deliberated at meetings (a total of seven meetings were held during the current fiscal year) upon the individual monthly remuneration amount and the bonus amount based on an evaluation of the performance of each Director, and determined the amount to be granted. Therefore, the Corporation believes that the contents are in line with the policy decided at the Board of Directors meeting.

## (ii) Total amount of remuneration, etc. for the current fiscal year

Officer Category	Total Compensation (Millions of Yen)	Total Compensation by Compensation Type (Millions of Yen)			Number of Eligible Officers
		Monthly Salary	Bonus		
				Of Which, Compensation for Purchasing the Corporation's Shares	
Directors	851	741	109	21	12
Audit & Supervisory Board Members	100	100	–	–	6
Total	952	842	109	21	18
[Of Which, Outside Officers]	[98]	[98]	[-]	[-]	[8]

- (Notes) 1. The amounts of remunerations, etc., given above include those for one Audit & Supervisory Board Member who retired at the conclusion of the 120th Annual General Meeting of Shareholders held on June 29, 2022.
2. The target for consolidated net income for the current fiscal year, which is employed as the performance indicator for determining bonuses that are performance-based compensation, was set at ¥51,500 million, and the result was ¥49,057 million. The target for consolidated ordinary income for the current fiscal year was set at ¥70,000 million, and the result was ¥56,546 million.

## (5) Status of outside officers

Major activities of outside officers during the current fiscal year

## 1) Outside directors

Officer Category	Name	Outline of duties executed related to the roles expected of Outside Directors	Attendance at the Board of Directors meetings	Attendance at Nomination and Compensation Committee meetings
Outside Director	Tamotsu Iwamoto	Using his extensive experience and great insights gained through involvement in corporate management as a director of listed companies and overseas subsidiaries, he has provided advice and recommendations at Board of Directors meetings and oversight of the Corporation's management from an objective, neutral standpoint. He has also contributed from an independent standpoint to the fair and transparent evaluation of issues as a member of the Nomination and Compensation Committee, appropriately fulfilling his expected role as an Outside Director.	17/17 (100%)	7/7 (100%)
Outside Director	Junichi Kawada	Using his great insights in corporate management and especially in the compliance, legal affairs, and corporate governance fields in corporate group management as a director at listed companies, he has provided advice and recommendations at Board of Directors meetings and oversight of the Corporation's management from an objective, neutral standpoint. He has also contributed from an independent standpoint to the fair and transparent evaluation of issues as a member of the Nomination and Compensation Committee, appropriately fulfilling his expected role as an Outside Director.	17/17 (100%)	7/7 (100%)
Outside Director	Mayumi Tamura	Using her management experience at global companies and especially her great insights in the fields of finance, accounting, and ESG, she has provided advice and recommendations at Board of Directors meetings and oversight of the Corporation's management from an objective, neutral standpoint. She has also contributed from an independent standpoint to the fair and transparent evaluation of issues as a member of the Nomination and Compensation Committee, appropriately fulfilling her expected role as an Outside Director.	17/17 (100%)	6/7 (85.7%)

Officer Category	Name	Outline of duties executed related to the roles expected of Outside Directors	Attendance at the Board of Directors meetings	Attendance at Nomination and Compensation Committee meetings
Outside Director	Yumiko Jozuka	Using her extensive experience from many years in the public labor and welfare administration and particularly her great insights in diversity promotion, human resources development, and workstyle reforms, she has provided advice and recommendations at Board of Directors meetings and oversight of the Corporation's management from an objective, neutral standpoint. She has also contributed from an independent standpoint to the fair and transparent evaluation of issues as a member of the Nomination and Compensation Committee, appropriately fulfilling her expected role as an Outside Director.	17/17 (100%)	7/7 (100%)

## 2) Outside Audit &amp; Supervisory Board Members

Title	Name	Statements, etc. at the Board of Directors meetings	Attendance at the Board of Directors meetings	Attendance at the Audit & Supervisory Board meetings
Outside Audit & Supervisory Board Member	Kaoru Ishikawa	Made appropriate statements based on the experience and insight he has gained through his involvement in diplomacy and specialized knowledge about the international situation and SDGs.	17/17 (100%)	16/16 (100%)
Outside Audit & Supervisory Board Member	Toshie Ikenaga	Made appropriate statements based on her experience and insight in public administration and specialized knowledge about the economics and management fields and diversity.	15/17 (88.2%)	16/16 (100%)
Outside Audit & Supervisory Board Member	Ko Shikata	Made appropriate statements based on the experience and insight he has accumulated in police-related administrative duties, and specialist knowledge as a university professor of law and policy.	12/13 (92.3%)	7/7 (100%)

(Note) Ko Shikata's attendance at Board of Directors meetings and Audit & Supervisory Board meetings is from when he was appointed as an Outside & Supervisory Board Member on June 29, 2022.

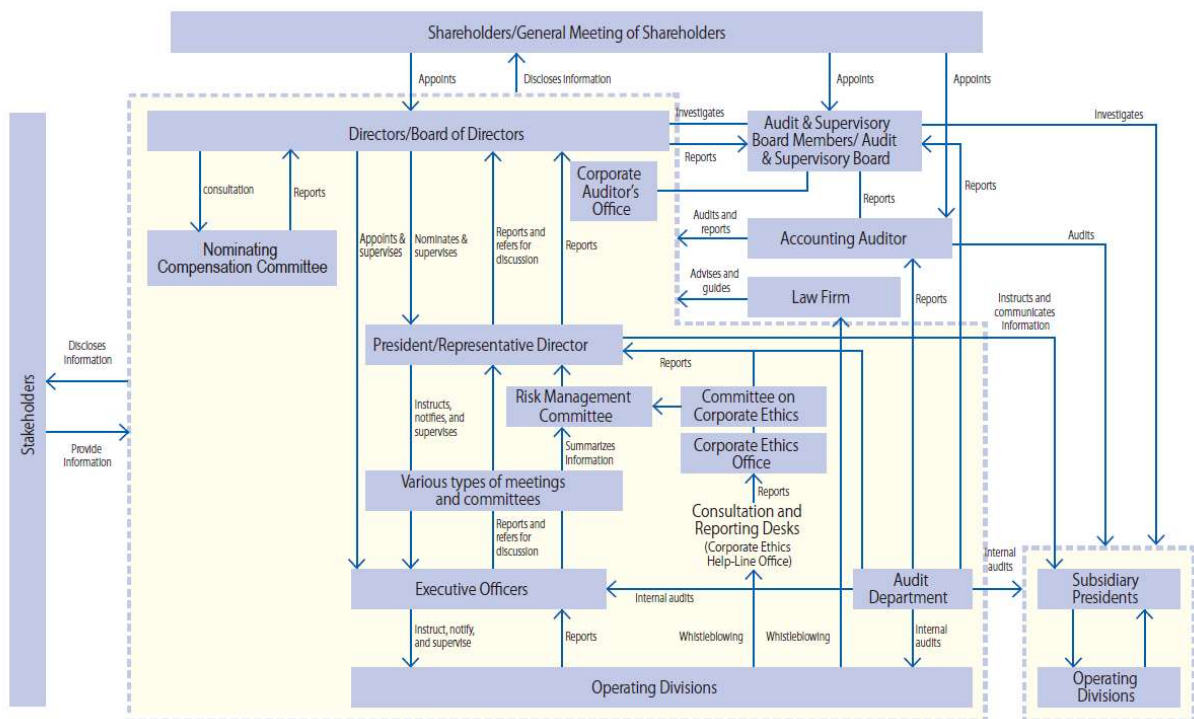
(Reference) Corporate Governance Structure of Shimizu Corporation

■ Basic Views on Corporate Governance

Based on the corporate principles contained in The Analects and the Abacus (Ethics and Economics), Shimizu strives to manage the corporation in an expeditious, efficient, transparent, and lawful manner to achieve sustainable growth and increase corporate value over the medium to long term, while also earning a greater degree of trust from our shareholders and investors, and all other stakeholders, including customers, employees, and local communities. We do so by fulfilling our social responsibilities through business activities.

To achieve this Shimizu has established a structure that enables the Board of Directors and Audit & Supervisory Board to appropriately supervise and audit the performance of duties, based on separation of the management strategy decision-making function from the execution of duties function. Our basic policy on corporate governance is for our directors, executive officers, audit & supervisory board members, and employees to implement compliance management based on high ethical standards.

Corporate Governance System





## ■ Nomination and Compensation Committee

The Corporation has established a Nomination and Compensation Committee, which has a majority of Independent Outside Directors and is chaired by a Non-Executive Director, to ensure fair and transparent decision-making on the appointment and dismissal of Directors, Audit & Supervisory Board Members and Executive Officers, and on evaluation and remuneration of Directors and Executive Officers. The committee is made up of all Independent Outside Directors, the Non-Executive Internal Director (one), and the President and Representative Director, and the Chairman is elected each year by a mutual vote from the Non-Executive Directors.

### Nomination and Compensation Committee's composition (As at March 31, 2023)

Non-executive directors (five)	Executive directors (one)
Motoaki Shimizu (Director) *Chairman Tamotsu Iwamoto (Independent Outside Director) Junichi Kawada (Independent Outside Director) Mayumi Tamura (Independent Outside Director) Yumiko Jozuka (Independent Outside Director)	Kazuyuki Inoue (President and Representative Director)

### Meetings and activities of the Nomination and Compensation Committee

Meeting date	Agenda
First: June 29, 2022 Second: November 8, 2022 Third: November 29, 2022 Fourth: February 14, 2023 Fifth: February 27, 2023 Sixth: March 8, 2023 Seventh: March 29, 2023	<ul style="list-style-type: none"> <li>• Verifying the Nomination and Compensation Committee and regulations for compensation</li> <li>• Succession plan</li> <li>• Individual evaluations of Directors and Executive Officers</li> <li>• Total and individual bonuses for officers</li> <li>• Individual monthly compensation for the following fiscal year</li> <li>• Personnel affairs for Directors and Executive Officers</li> </ul>

#### Member attendance:

- Non-executive Directors
  - Director: Motoaki Shimizu (Chairman), 7/7 (100%)
  - Outside Director: Tamotsu Iwamoto, 7/7 (100%)
  - Outside Director: Junichi Kawada, 7/7 (100%)
  - Outside Director: Mayumi Tamura, 6/7 (85.7%)
  - Outside Director: Yumiko Jozuka, 7/7 (100%)
- Executive Directors
  - President and Representative Director: Kazuyuki Inoue, 7/7 (100%)

## ■ Evaluation of the effectiveness of the Board of Directors

The Corporation's Board of Directors conducts the analysis and evaluation of effectiveness of the Board of Directors as a whole once a year. The outline of the method of evaluation and the results thereof in fiscal 2022 are as follows:

### 1. Evaluation method

An anonymous questionnaire with open-ended questions was sent to all Directors and Audit & Supervisory Board Members. Based on an analysis by a third party (a lawyer), all Directors and Audit & Supervisory Board Members have discussions (self-evaluation) at Board of Directors meetings.

- Report period: April 2022–March 2023
- Dates of evaluation: Board of Directors meetings held on March 8, March 29, and April 26, 2023
  - \* Expedited schedule starting with this session to facilitate disclosure before the General Meeting of Shareholders
- Main evaluation items: The Board of Directors' structure, operation, management strategy and supervision functions, corporate ethics and risk management, solutions to sustainability-related issues, process of determining nominations and remuneration, human development, communication with Outside Directors and management personnel, dialogue with shareholders and investors, and more

### 2. Outline of the evaluation results

Conclusion: The effectiveness of the Board of Directors of the Corporation as a whole is ensured.

#### (1) Response to issues identified in the previous effectiveness evaluation in fiscal 2021 (Report period: January 2021–March 2022)

The Board of Directors has made consistent efforts to resolve issues and make improvements as follows. The Board of Directors will continue to strive for further improvement.

- a. Expand discussions of management strategy topics
  - Expanded opportunities to discuss management strategy topics by transferring some authority to the executive side under revisions to the criteria for deliberation.
- b. Further promote communication with Outside Directors, Outside Audit & Supervisory Board Members, and management personnel, and establish opportunities for dialogue with Outside Directors and front-line employees
  - Regarding meetings to exchange opinions with Outside Directors, Outside Audit & Supervisory Board Members, and management personnel, established new meetings to exchange opinions with other Executive Directors (Executive Vice Presidents, Senior Managing Officers) separately from the conventional meetings for the Chairman and President.
  - Held meetings to exchange opinions with Outside Directors and employees at the HOKURIKU Branch, which is located near our founder's birthplace.
- c. Promote discussions about the roles and responsibilities of the Board of Directors and the Nomination and Compensation Committee, organizational design, and other components of the ideal governance structure
  - Updated Directors and Audit & Supervisory Board Members who are not members of the Nomination and Compensation Committee about the committee's activities.
- d. Enhance reports to the Board of Directors about measures for responding to risks
  - Expanded the content of reports to the Board of Directors about the activities of the Risk Management Committee. (Risk countermeasures and status of efforts)
- e. Promote discussions about human development (including succession planning) and management strategy-linked human resources strategies
  - Studied and discussed human capital management at seminars led by outside instructors (attended by all Directors).
  - Clearly stated the importance of human development in the basic policy of management plans for fiscal 2023. In April 2023, installed new HR Strategy Dept. under direct supervision of the President of the Corporation in divisions of the Corporation's headquarters in order to propel the formulation and execution of management strategy-linked human resources strategies with a greater sense of urgency. (All under resolutions by the Board of Directors)

- (2) Major issues to be considered identified in the effectiveness evaluation
  - a. Further strengthen the management supervision functions of the Board of Directors
    - Expand discussions about sustainability and ESG (e.g. climate change countermeasures, human resources strategies)
    - Expand opportunities to exchange opinions about management strategy with management personnel and Outside Directors (including opportunities outside of Board of Directors meetings) and strengthen monitoring of the progress of the Mid-Term Management Plan
    - Enhance sharing of management information with Outside Directors and Outside Audit & Supervisory Board Members
  - b. Further promote communication with Outside Directors, Outside Audit & Supervisory Board Members, and management personnel (ongoing)

3. Future initiatives

Based on the results of the evaluation of the effectiveness of the Board of Directors, the Corporation aims to enhance the effectiveness of the Board of Directors and further expand and reinforce corporate governance through the PDCA cycle to improve on issues.

(Reference) Executive officers and their positions and areas of responsibility in the Corporation as at April 1, 2023 are as follows.

Position	Name	Areas of responsibility
President and Executive Officer	Kazuyuki Inoue*	
Executive Vice President and Executive Officer	Hiroshi Fujimura*	Director, Business Development & Marketing Headquarters
Executive Vice President and Executive Officer	Kentaro Ikeda*	Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment
Executive Vice President and Executive Officer	Toru Yamaji*	In charge of Business Innovation, Emerging Frontiers and New Business Development, Director, Shiomi Project Office
Executive Vice President and Executive Officer	Yoshito Tsutsumi	Director, Building Construction Headquarters, in charge of Productivity Improvement and Nuclear Business, Building Construction Headquarters
Senior Managing Officer	Tatsuya Shinmura	Director, Tokyo Branch
Senior Managing Officer	Masanobu Onishi	Director, Design Div., Building Construction Headquarters
Senior Managing Officer	Takeshi Sekiguchi	In charge of Engineering Business, Director, LCV Headquarters, in charge of Information Management
Senior Managing Officer	Takao Haneda	In charge of General Affairs, Legal, Crisis Management and Group Companies, Director, Corporate Ethics Office
Senior Managing Officer	Kouichi Yamashita	In charge of Kansai Area, Director, Kansai Branch, Director, Yumeshima (Osaka) Project
Senior Managing Officer	Yoshiki Higashi	In charge of Administrative Functions and SDGs & ESG Promotion, Director, Corporate Planning Div.
Senior Managing Officer	Akira Yamazaki	Director, Construction Technology Div., Building Construction Headquarters, in charge of Procurement, Building Construction Headquarters, Technology and Intellectual Property
Managing Officer	Kojiro Shimizu	Director, Tohoku Branch
Managing Officer	Toshihide Suenaga	In charge of Building Construction Sales & Marketing, Kansai Area, Business Development & Marketing Headquarters and Sales & Marketing, Yumeshima (Osaka) Project
Managing Officer	Mitsuo Morii	Assistant Director, Tokyo Branch
Managing Officer	Haruhiko Washimi	Director, Investment and Development Div.
Managing Officer	Takefumi Saito	Director, Tokyo Civil Engineering Branch
Managing Officer	Nobuhiko Sasaki	Director, Business Development & Marketing Div. - Civil Engineering, Business Development & Marketing Headquarters
Managing Officer	Kazuhiko Kato	In charge of Large-Scale Projects Promotion, Business Development & Marketing Div. - Civil Engineering, Business Development & Marketing Headquarters
Managing Officer	Hideo Yokoyama	Director, Business Development & Marketing Div. 1 - Building Construction, Business Development & Marketing Headquarters, Director, Area Development Div., Business Development & Marketing Headquarters
Managing Officer	Shinichi Takiguchi	Director, Emerging Frontiers Div.
Managing Officer	Kazuya Osako	Director, International Civil Engineering Div., Global Business Headquarters
Managing Officer	Akinobu Sakao	Director, Nagoya Branch

Position	Name	Areas of responsibility
Managing Officer	Toru Noda	In charge of Technology, Civil Engineering Headquarters
Managing Officer	Hitoshi Fujita	Director, Global Business Headquarters
Executive Officer	Tomoaki Harada	Director, Chiba Branch
Executive Officer	Toshiyuki Nakahara	Director, Hokuriku Branch
Executive Officer	Naruki Ohashi	Director, Yokohama Branch
Executive Officer	Takuya Ito	Deputy Director, Global Business Headquarters, President and Representative Director, Shimizu America, Inc.
Executive Officer	Mika Kaneko	Director, Environmental Strategy Office, Deputy Director, Corporate Planning Div.
Executive Officer	Takayuki Sakakima	Deputy Director, Design Div., Building Construction Headquarters, in charge of Structure
Executive Officer	Shuji Kakegawa	Director, Institute of Technology
Executive Officer	Hiroyuki Fujimoto	Deputy Director, Design Div., Building Construction Headquarters, Director, Proposal & Solution Div., Design Div., Building Construction Headquarters
Executive Officer	Yasuhiro Takenaka	Director, Hokkaido Branch
Executive Officer	Osamu Nakagawa	Assistant Director, Tokyo Branch
Executive Officer	Fumio Asami	Director, Business Development & Marketing Div. 2, - Building Construction, Business Development & Marketing Headquarters
Executive Officer	Katsuyoshi Yuhara	Director, Kyushu Branch
Executive Officer	Naoki Iwagaki	Director, Hiroshima Branch
Executive Officer	Yasuhide Yamada	In charge of Environment & Energy, Corporate Planning Div.
Executive Officer	Naomi Onishi	In charge of Civil Engineering Kansai Area, in charge of Civil Engineering, Yumeshima (Osaka) Project
Executive Officer	Kenji Tsuzuki	Director, Civil Engineering Planning Div., Civil Engineering Headquarters
Executive Officer	Hiroshi Murata	Director, Human Resources Dept., in charge of Workstyle Reforms
Executive Officer	Toru Aoki	Director, Mechanical & Electrical Div., Building Construction Headquarters
Executive Officer	Yoshiro Kobayashi	In charge of Building Construction Sales & Marketing, Chubu Area, Business Development & Marketing Headquarters, Director, Chubu Business Development & Marketing Div., Business Development & Marketing Headquarters
Executive Officer	Kazuyuki Oki	Director, International Div., Global Business Headquarters
Executive Officer	Mitsuhiro Chuman	Director, Civil Construction Technology Div., Civil Engineering Headquarters
Executive Officer	Nobuyoshi Kikuchi	Deputy Director, Corporate Planning Div.
Executive Officer	Mohi U.Ahmed	Director, Business Innovation Unit, Deputy Director, Shiomi Project Office
Executive Officer	Kazumi Sato	Deputy Director, Corporate Planning Div., Director, HR Strategy Dept., Corporate Planning Div.
Executive Officer	Shigeru Matsumoto	Director, Building Construction Planning Div., Building Construction Headquarters, Director, Environment & Energy and BLC, Building Construction Planning Div., Building Construction Headquarters, Deputy Director, Shiomi Project Office
Executive Officer	Michiho Yamaguchi	In charge of Finance & Accounting and IR

Note: \* indicates those who serve as Director concurrently.

### 3. Accounting Auditor

(1) Name of accounting auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. in the current fiscal year

Name	Amount of remuneration, etc. for the services provided as accounting auditor for the Corporation in the current fiscal year	Total cash and other economic benefits to be paid by the Corporation and its subsidiaries
Ernst & Young ShinNihon LLC	¥106 million	¥247 million

- Notes: 1. For the amount of remuneration, etc. to the accounting auditor in the current fiscal year mentioned above, no distinction is made between the amount of remuneration for auditing based on the Companies Act and the amount of remuneration for auditing based on the Financial Instruments and Exchange Act of Japan in the audit agreement between the Corporation and the accounting auditor. Also, it is not possible to effectively distinguish these two amounts. Accordingly, the total of these amounts is provided.
2. The Audit & Supervisory Board checks the content of the audit plan by the accounting auditor, amount of audit time by individual audit item and changes in audit fee, and the audit record for past years by obtaining necessary materials and reports from the related internal departments and the accounting auditor and examines the properness of the amount of audit time and the amount of fees for the current, and as a result gave consent under Article 399, Paragraph 1 of the Companies Act as to fees for the accounting auditor.

(3) Non-audit services

Ernst & Young ShinNihon LLC provides advisory service to the Corporation regarding the implementation of ESG management.

(4) Policy for decisions on dismissal or non-reappointment of accounting auditor

If the Audit & Supervisory Board recognizes that the any of the items set forth in Article 340, Paragraph 1 of the Companies Act apply to the accounting auditor, the Audit & Supervisory Board shall dismiss the accounting auditor based on the agreement of all of the audit & supervisory board members. In addition, if it is determined necessary to dismiss or not reappoint the accounting auditor for any of various reasons, such as there being an impediment that prevents the accounting auditor from performing its duties, the Audit & Supervisory Board shall make the issue regarding dismissing or non-reappointment of the accounting auditor purpose of the general meeting of shareholders.

### III. Propriety Assurance Program for Business Operations and the Status of its Implementation

#### **Overview of Resolutions regarding the Propriety Assurance Program for Business Operations**

In order to develop a system that ensures the propriety of business operations, the Corporation's "Basic Policy on Developing an Internal Control System," was approved by a resolution of the Board of Directors

The outline of this policy is as follows.

#### 1. Legal and Ethical Compliance System

- 1) In order to ensure that officers and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, the Corporation shall implement its "Corporate Code of Conduct" and work to thoroughly promote corporate ethics including legal compliance.
- 2) In order to thoroughly promote its "Corporate Code of Conduct" and put it into practice by officers and employees, the Corporation shall educate and train its workforce and develop an internal structure by such means as appointing officers responsible for corporate ethics, putting in place a Corporate Ethics Committee, a Corporate Ethics Office and a Corporate Ethics Help-Line Office, and establishing a whistle-blowing system.
- 3) In order to further promote thorough compliance with the Construction Business Act, the Corporation shall introduce and thoroughly promote measures to secure proper contracts and payments when dealing with subcontractors, and shall develop an internal structure for establishing systems to maintain construction system ledgers.
- 4) In order to eliminate violations of the Antimonopoly Act, the Corporation shall undertake an appropriate review of its program for compliance with the Antimonopoly Act, and shall develop and thoroughly promote internal systems by such means as carrying out periodic transfers of sales personnel, thoroughly implementing education and training, establishing an internal check system and a system for whistle blowing to outside law offices, formulating a code of conduct, and implementing strict internal punishments for offenders.
- 5) In order to completely sever relations with anti-social forces or groups, the Corporation shall clearly indicate a policy of "eradication of anti-social activity" in its Corporate Code of Conduct, and shall develop and thoroughly promote internal systems to put this into practice by such means as carrying out education and training, selecting employees to be in charge of preventing unfair demands, developing a reporting system for cases where unfair demands are received, and having clauses clearly indicating zero tolerance for relations with organized crime groups, etc. in contracts with subcontractors/suppliers.
- 6) In order to prevent bribery globally, the Corporation shall clearly indicate prohibition of bribery in its "Corporate Code of Conduct," establish "Anti-Bribery Rules," and develop an internal system, which includes an implementation system, undertaking education and training activities, and strict punishments for offenders.

#### 2. Internal Audit System

The Corporation will put in place the Audit Department to function in an internal control and checking role. It shall perform comprehensive audits of the activities of business execution sections based on audit plans approved by the Board of Directors. The audit results shall be reported to the directors and also to the audit & supervisory board members.

### 3. Risk Management System

- 1) The Corporation shall formulate rules concerning general risk management. It will also develop a system enabling the management of all risks with the potential to have a serious impact on the corporate group, composed of the Corporation and its subsidiaries, as well as providing accurate responses when risks are manifested.
- 2) For various types of risk, quality, safety, environment, natural disasters and information, etc., the Corporation shall develop a system enabling prevention of occurrences and reoccurrences accurately by putting in place bodies such as divisions, departments and committees to respond to individual risks by function.

### 4. Structure for Efficient Execution of Business Operations

- 1) The Corporation shall have a small number of directors and shall utilize the executive officer system to ensure efficient business management by distinguishing between strategy/management supervision and the execution of business operations.
- 2) In order to further invigorate deliberation by the Board of Directors and enhance the function of the supervision of management, the Corporation shall appoint outside directors.
- 3) The Corporation shall structure meetings to efficiently carry out the functions necessary for business operations, including the approval of important matters relating to the execution of operations and the determination of strategy. Matters shall be deliberated on, decided and implemented based on the “Authority List for Important Matters” appended to the rules of the Board of Directors specified by the Board of Directors.
- 4) The Corporation shall establish a Nomination and Compensation Committee, with a majority of outside directors, to ensure fair and transparent decision-making on the appointment and dismissal, evaluation, and remuneration of Directors and Executive Officers.
- 5) Executive Officers shall execute operations in accordance with the rules on office organization, division of operations, and delegation of authority, as specified by the Board of Directors.

### 5. Retention and Management of Information on the Execution of Business Operations

The Corporation shall specify rules on documents and an information security policy, and shall appropriately retain and manage minutes of meetings of the Board of Directors, internal circulars for managerial decisions, various contract documents, and other important information showing the status of the execution of operations. In addition, the Corporation shall develop an internal system for the safe and effective use of electronic information.

### 6. Systems for Appropriate Business Operations at the Corporate Group

- 1) The Corporation shall hold regular meetings to share information with its subsidiaries, manage material matters related to subsidiaries’ conduct of operations, and require that subsidiaries report on and obtain the approval of the Corporation for these matters as stipulated in the “Subsidiary Management Rules.”
- 2) The Corporation shall perform internal audits through its Audit Department and monitor the proper execution of business operations of subsidiaries as necessary by such means as seconding audit & supervisory board members.
- 3) In order to ensure the appropriateness of business operations, subsidiaries shall develop internal rules appropriate for their particular business and develop internal systems, including establishing a whistle-blowing system.
- 4) The Corporation shall develop and operate an internal control system necessary to ensure the reliability of financial reporting and to help maintain and enhance societal trust.



## 7. Systems for Audit & Supervisory Board Members

- 1) The Corporation shall put in place the “Auditors Office (Full-time Staff)” of full-time employees to assist the audit & supervisory board members to exercise their authority as specified in relevant laws and regulations and to efficiently perform their audits.
- 2) The employees at the Auditors Office shall perform their duties under the direction of the audit & supervisory board members and shall have the authority to collect information necessary for auditing. Transfers, etc. of employees of the Auditors Office shall be with the advance consent of the Audit & Supervisory Board.

## 8. System for Making Reports to the Audit & Supervisory Board Members Regarding the Execution of Business Operations

- 1) Officers and employees shall make reports to the audit & supervisory board members without delay in cases of occurrences of matters relating to the Corporation and its subsidiaries, including statutory matters, events with the potential to cause serious loss of trust in or damage to the Corporation or its subsidiaries, and major wrongful activity such as internal misconduct or offences against laws and regulations. They shall also make reports on the results of internal audits performed by the Audit Department of the Corporation and the status of reporting through the whistle-blowing system.
- 2) The Corporation shall develop a system to ensure that officers and employees of the Corporation and its subsidiaries are not treated disadvantageously due to their making reports to the audit & supervisory board members.

## 9. Matters Regarding Expenses and Liabilities that Arise as a Result of Audit & Supervisory Board Members Performing Their Duties

Expenses and liabilities that arise as a result of audit & supervisory board members performing their duties shall be promptly handled by the Corporation based on claims submitted by audit & supervisory board members.

## 10. Ensuring the Authority of Audit & Supervisory Board Members to Attend Important Meetings

In order to ensure that audits of business operations by audit & supervisory board members are performed effectively, the Representative Director and the audit & supervisory board members shall have regular opportunities to share management information, and audit & supervisory board members nominated by the Audit & Supervisory Board shall attend “Meetings of the President Office” and “Meetings of the Division Heads” and other important meetings.

## 11. Matters Regarding Audits of the Consolidated Financial Statements and Non-Consolidated Financial Statements, etc. by the Audit & Supervisory Board Members

- 1) In order for the audit & supervisory board members to judge the appropriateness of the audit methods and results of audits by the accounting auditor, and to ensure the independence of the accounting auditor from the directors, the audit & supervisory board members shall confirm the annual audit plan of the accounting auditor in advance and receive successive reports on the audit results.
- 2) The audit & supervisory board members and the accounting auditor shall be in coordination with each other, thus ensuring a system that enables effective auditing.

**Status of the Propriety Assurance Program for Business Operations**

The following is an overview of the status of the Program for this fiscal year:

**1. Legal and Ethical Compliance System**

- 1) In order to thoroughly promote legal compliance, the Corporation has provided education and training to its officers and employees.
- 2) Based on the whistle-blowing system, the Corporation has established three compliance hotlines, namely, the Corporate Ethics Help-Line Office, the Harassment Consultation Desk, and the Outside Help-Line, and has thoroughly familiarized employees with these. Furthermore, the operational status thereof is reported to the Corporate Ethics Committee, the Risk Management Committee, audit & supervisory board members, and the Board of Directors.
- 3) Corporate Ethics Committee meetings are held biannually for companywide implementation and follow-up on measures for corporate ethics and thorough legal compliance.

**2. Risk Management System**

- 1) Risk Management Committee meetings are held biannually to understand and analyze risks that will have a major impact on the corporate group composed of the Corporation and its subsidiaries, and to set key risk management items for tracking these risks and to report to the Board of Directors.
- 2) To check the communications and initial response systems to be used in case of massive earthquakes, the Corporation implements earthquake disaster drills on a regular basis (biannually), extensively inviting relevant third parties such as subcontractors/suppliers and local residents to participate in them.
- 3) As overseas safety measures, the Corporation gathers risk information in accordance with the International Emergency Response Guidelines, and strengthens its security systems as necessary, while alerting relevant people and imposing overseas travel restriction.
- 4) In order to make sure that information security measures permeate and take hold, the Corporation continues to implement education and training programs for our officers and employees. In the event of a problem, relevant departments take action swiftly by sharing information with each other.

**3. Systems for Appropriate Business Operations at the Corporate Group**

- 1) The President of the Corporation has held biannual meetings to share information with the presidents of subsidiaries, and to manage important matters relating to execution of operations at subsidiaries as stipulated in the "Subsidiary Management Rules."
- 2) The Corporation has conducted internal audits through its Audit Dept. according to the audit plan and monitored the proper execution of business operations of subsidiaries as necessary by such means as seconding audit & supervisory board members.

**4. Systems for Audit & Supervisory Board Members**

- 1) The Corporation has assigned three full-time employees to the Auditors Office as Full-time Staff assisting audit & supervisory board members.
- 2) Audit & Supervisory Board Members designated by the Audit & Supervisory Board have attended important meetings such as the "Meeting of the President Office," "Meeting of the Division Head," "Meeting of the Risk Management Committee" and "Meeting of the Corporate Ethics Committee."

**Consolidated Balance Sheet**

(As at March 31, 2023)

(Millions of Yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets:</b>	<b>1,453,897</b>	<b>Current liabilities:</b>	<b>1,086,086</b>
Cash	372,780	Notes and accounts payable-trade	424,343
Notes and accounts receivable-trade	837,373	Short-term borrowings	225,655
Marketable securities	14,000	Current portion of non-recourse borrowings	8,430
Real estate for sale	1,997	Advances received on uncompleted construction contracts	152,680
Costs on uncompleted construction contracts	43,858	Deposits received	145,101
Costs on uncompleted real estate development projects	25,336	Warranty reserve	4,117
Other inventories	3,530	Reserve for expected losses on construction contracts in process	65,454
Other current assets	156,423	Other current liabilities	60,303
Less: Allowance for doubtful accounts	(1,403)		
<b>Non-current assets:</b>	<b>994,112</b>	<b>Non-current liabilities:</b>	<b>454,646</b>
<b>Tangible fixed assets:</b>	<b>635,247</b>	Bonds payable	130,000
Buildings and structures	227,815	Long-term borrowings	134,781
Machinery, vehicles, tools, furniture and fixtures	81,396	Non-recourse borrowings	78,403
Land	294,949	Deferred tax liabilities	1,496
Construction in progress	31,087	Deferred tax liabilities for revaluation reserve for land	17,497
<b>Intangible fixed assets</b>	<b>21,465</b>	Net defined benefit liability	60,177
<b>Investments and other assets:</b>	<b>337,399</b>	Other non-current liabilities	32,289
Investment securities	312,968	<b>Total liabilities</b>	<b>1,540,732</b>
Deferred tax assets	9,188	<b>NET ASSETS</b>	
Other investments	17,118	<b>Shareholders' equity</b>	<b>702,081</b>
Less: Allowance for doubtful accounts	(1,875)	<b>Common stock, no par value</b>	<b>74,365</b>
		<b>Additional paid-in capital</b>	<b>43,691</b>
		<b>Retained earnings:</b>	<b>625,324</b>
		Less: Treasury stock, at cost	(41,299)
		<b>Accumulated other comprehensive income</b>	<b>150,477</b>
		Net unrealized gain (loss) on other securities, net of taxes	121,937
		Deferred gain (loss) on hedging, net of taxes	198
		Revaluation reserve for land, net of taxes	25,495
		Foreign currency translation adjustment	3,401
		Remeasurements of defined benefit plans	(555)
		<b>Non-controlling interests</b>	<b>54,718</b>
		<b>Total net assets</b>	<b>907,277</b>
<b>Total assets</b>	<b>2,448,010</b>	<b>Total liabilities and net assets</b>	<b>2,448,010</b>

**Consolidated Statement of Income**

(For the year ended March 31, 2023)

(Millions of Yen)

Account	Amount	
Net sales:		
Construction contracts	1,693,895	
Real estate development and other	239,919	1,933,814
Cost of sales:		
Construction contracts	1,582,828	
Real estate development and other	189,983	1,772,812
Gross profit:		
Construction contracts	111,066	
Real estate development and other	49,935	161,002
Selling, general and administrative expenses		106,354
<b>Operating income</b>		<b>54,647</b>
Non-operating income:		
Interest and dividend income	5,946	
Other non-operating income	2,835	8,781
Non-operating expenses:		
Interest expenses	3,997	
Other non-operating expenses	2,885	6,882
<b>Ordinary income</b>		<b>56,546</b>
Special gains:		
Gain on sales of investment securities	19,022	
Other special gains	331	19,354
Special losses:		
Loss on sales of investment securities	9	
Loss on devaluation of investment securities	433	
Other special losses	113	556
<b>Income before income taxes</b>		<b>75,344</b>
Income taxes current	30,200	
Income taxes deferred	(6,346)	23,854
<b>Net income</b>		<b>51,489</b>
Net income attributable to non-controlling interests		2,431
<b>Net income attributable to shareholders of the Corporation</b>		<b>49,057</b>

## Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2023)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as at April 1, 2022	74,365	43,678	592,199	(43,282)	666,959
Changes during period					
Cash dividends paid			(16,268)		(16,268)
Net income attributable to shareholders of the Corporation			49,057		49,057
Reversal of revaluation reserve for land, net of taxes			336		336
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		14		1,985	1,999
Change in parent equity due to transactions with non-controlling interests		(1)			(1)
Net changes other than shareholders' equity					
Total changes during period	-	13	33,125	1,983	35,121
Balance as at March 31, 2023	74,365	43,691	625,324	(41,299)	702,081

(Millions of Yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as at April 1, 2022	132,308	214	25,831	(898)	80	157,536	50,675	875,172
Changes during period								
Cash dividends paid								(16,268)
Net income attributable to shareholders of the Corporation								49,057
Reversal of revaluation reserve for land, net of taxes								336
Purchase of treasury stock								(1)
Disposal of treasury stock								1,999
Change in parent equity due to transactions with non-controlling interests								(1)
Net changes other than shareholders' equity	(10,371)	(15)	(336)	4,300	(635)	(7,059)	4,042	(3,016)
Total changes during period	(10,371)	(15)	(336)	4,300	(635)	(7,059)	4,042	32,105
Balance as at March 31, 2023	121,937	198	25,495	3,401	(555)	150,477	54,718	907,277

## Notes to Consolidated Financial Statements

### 1. Basis of Presentation of Consolidated Financial Statements

#### (1) Scope of consolidation

The Corporation had 125 subsidiaries as at March 31, 2023. The consolidated financial statements for the year ended March 31, 2023 include the accounts of the Corporation and all subsidiaries.

Major consolidated subsidiaries

Nippon Road Co., Ltd., Shimizu Comprehensive Development Corporation, FaB-Tec Japan Corporation, Daiichi Setsubi Engineering Corporation, Milx Corporation, SC Machinery Corp. and SHIMIZU BLC Co., Ltd.

Notably, nine companies that became subsidiaries of the Corporation in the year ended March 31, 2023 are included in the scope of consolidation, and the one company that ceased to be a subsidiary of the Corporation is excluded from the scope of consolidation.

#### (2) Application of equity method

##### 1) Number of equity method affiliates: 9

Major affiliate: Property Data Bank, Inc.

In addition, the equity method was not applied to two companies that ceased to be affiliates during the period under review.

##### 2) Non-equity method affiliates

Major affiliate: Kanagawa Sports Communications K.K.

Reason for not applying the equity method

Profit or loss (as calculated by the equity method) and retained earnings (as calculated by the equity method) have a minimal effect on the consolidated financial statements and have no significance as a whole, and are thereby excluded from the scope of application of equity method.

#### (3) Financial statements of subsidiaries

26 of the Corporation's consolidated subsidiaries have their financial year-end on December 31. In addition, there is one consolidated subsidiary whose financial year ends on March 26. Consolidation of these subsidiaries is therefore performed by using their financial statements as at December 31 and March 26, respectively, and certain adjustments are made to reflect any significant transactions during the period from the year-end balance sheet dates for these subsidiaries to March 31, the consolidated balance sheet date. The financial period of other consolidated subsidiaries is the same as the Corporation.

#### (4) Accounting policies

##### 1) Valuation basis and method for significant assets

###### a. Valuation of securities

The Group classifies securities into two different categories, held-to-maturity debt securities and other securities. The Group holds no trading securities. Held-to-maturity debt securities are valued at amortized cost. Other securities that are not shares with no quoted market value are valued at the prevailing market price as at the closing date. Other securities that are shares with no quoted market value are stated at cost, cost being determined by the moving average method. Net unrealized gains on other securities that are not shares with no quoted market value are reported net of taxes as a separated component of "Net assets" and the cost of sales is determined by the moving average method.

###### b. Valuation of inventories

Real estate for sale: Cost method by specific identification method (the carrying value is calculated by the book value devaluation method based on the decline in profitability).

Costs on uncompleted construction contracts: Cost method by specific identification method

Costs on uncompleted real estate development projects: Cost method by specific identification method (the carrying value is calculated by the book value devaluation method based on the decline in profitability)

## 2) Depreciation methods for significant depreciable assets

Tangible fixed assets: Depreciation on buildings and structures is mainly computed by the straight-line method

Depreciation on other tangible fixed assets is computed by the declining balance method (straight-line method for ships)

## 3) Recognizing provision of significant reserves

## a. Allowance for doubtful accounts

To provide for losses due to bad debt, general receivables are provided for in the amount deemed necessary based on historical experience, while doubtful receivables and claims in bankruptcy or reorganization are provided for in the amount deemed necessary based on individual estimates.

## b. Warranty reserve

To provide for liability repair expenses related to completed construction contracts, the necessary amount is recorded based on past experience.

## c. Reserve for expected losses on construction contracts in process

An allowance is provided for estimated future losses related to the construction contracts in process.

## 4) Recognizing revenues and cost of sales of completed construction contracts

For construction contracts, except for those with very short durations, the Corporation estimates the degree of completion of performance obligations and recognizes revenue over a specified period based on the degree of completion. The estimated progress of completion is based on the percentage of cost incurred to the total cost of sales of construction contracts.

If, in the early stages of the contract, and so forth, it is not possible to reasonably estimate the degree of completion of the performance obligation, but it is probable that the costs to be incurred will be recovered, revenue is recognized on a cost recovery basis, and for construction contracts with very short durations, revenue is recognized at the time of completion.

## 5) Recognizing net defined benefit liability

To provide for the payment of employees' retirement benefits, net defined benefit liability is recorded based on the estimated amount of retirement benefits to be paid to employees at the end of period, which is calculated by deducting pension assets from the projected benefit obligation.

## 6) Amortization of goodwill

Goodwill is principally amortized using the straight-line method over a period benefited therefrom but not exceeding 20 years.

## 7) Accounting treatment of construction project joint ventures (joint corporate entities)

The assets, liabilities, revenue and expenses are recognized mainly according to the ownership ratios of the joint venture partners.

**2. Changes in Accounting Policies**

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

At the beginning of the period under review, the Corporation applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (revised ASBJ Guidance No. 31, June 17, 2021, "the Guidance"). In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Guidance, the new accounting policies prescribed by the Guidance will be applied prospectively. The effect of applying the Guidance on the consolidated financial statements is immaterial.

**3. Accounting Estimates**

(Revenue recognized in construction contracts and reserve for expected losses on construction contracts in process)

## (1) Amounts recognized in the consolidated financial statements for the period

Net sales of completed construction contracts recognized as performance obligations are satisfied over time: ¥1,485,655 million

Reserve for expected losses on construction contracts in process: ¥65,454 million

## (2) Information about significant accounting estimates for identified items

For construction contracts, except for those with very short durations, the degree of completion of performance obligations are estimated and revenue is recognized over time based on the degree of completion. The estimated progress of completion is based on the percentage of cost incurred to the total cost of sales of construction contracts.

Based on the estimated total revenues from construction contracts on hand and total cost of sales of construction contracts as at the end of period, if it is probable that the total cost of sales of construction contracts will exceed the total revenue from construction contracts, and if the amount of the excess can be reasonably estimated, then of the excess amount, the remaining amount, after deducting the amount of gains or losses already recognized on such construction contracts, is recorded as the reserve for expected losses on construction contracts in process.

In recognizing revenue, as changes in the total cost of sales of construction contracts affect the calculation of the degree of progress in satisfying performance obligations, it is necessary to reliably estimate the total cost of sales of construction contracts as on the balance sheet date. However, since construction projects generally take a long period of time, in cases such as when construction material prices, labor costs, etc. increase significantly higher than expected at the time of concluding a subcontracting agreement, the business results in the following period could be affected due to the uncertainty of the estimate for the total cost of sales of construction contracts.

**4. Notes to Consolidated Balance Sheet**

## (1) Assets pledged as collateral

1) The following assets are pledged as collateral for borrowings of ¥1,533 million.

Buildings and structures	¥1,011 million
Machinery, vehicles, tools, furniture and fixtures	¥361 million
Total	¥1,372 million

2) The following assets are pledged as collateral for borrowings at affiliated companies and others

Cash	¥15 million
Current assets "Other"	¥26 million
Investment securities	¥18 million
Investments and other assets "Other"	¥35 million
Total	¥95 million

3) The following assets are pledged as collateral for non-recourse borrowings of ¥86,834 million

Cash	¥3,539 million
Notes and accounts receivable-trade	¥51,965 million
Other inventories	¥336 million
Current assets "Other"	¥704 million
Buildings and structures	¥58,768 million
Machinery, vehicles, tools, furniture and fixtures	¥210 million
Land	¥21,341 million
Construction in progress	¥34 million
Intangible fixed assets	¥0 million
Investments and other assets "Other"	¥1,385 million
Total	¥138,286 million

(2) Accumulated depreciation of tangible fixed assets

¥246,212 million

(3) Contingent liabilities from guaranteeing indebtedness of others

Guarantee obligations are guarantees for the following companies' loans.

PT. WINDAS DEVELOPMENT (Note)	¥2,873 million
Employees (housing loans)	¥4 million
Total	¥2,878 million



Note: PT. WINDAS DEVELOPMENT is a company that the Corporation's affiliated company invests in.

(4) Revaluation reserve for land

Land used for business is subject to revaluation in accordance with the Act on Revaluation of Land.

Method of revaluation: Determine the revalued amount by reasonably adjusting the assessed value of fixed assets for taxation purposes as specified in Article 2, item (iii) of the Order for Enforcement of the Act on Revaluation of Land

Revaluation date: March 31, 2002

## 5. Notes to Consolidated Statement of Income

(1) Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥26,398 million
(2) Inventory write-down due to reduced profitability included in cost of sales	¥44 million
(3) Total research and development costs	¥17,820 million

## 6. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and number of outstanding shares as at March 31, 2023	
Common stock	788,514,613 shares

(2) Dividends

1) Dividends paid to shareholders for the year ended March 31, 2023

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2022)	Common stock	8,520	Note 11.50	March 31, 2022	June 30, 2022
Board of Directors (November 8, 2022)	Common stock	7,779	10.50	September 30, 2022	December 2, 2022

Note: Amount of dividend per share ¥11.50 includes a special dividend of ¥1.50.

2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

Matters regarding these dividends will be proposed at the annual general meeting of shareholders to be held on June 29, 2023.

Resolution to be approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2023)	Common stock	Retained earnings	7,779	10.50	March 31, 2023	June 30, 2023

## 7. Financial Instruments

(1) Overview

1) Policy for financial instruments

The Group raises operating funds primarily through bank borrowings and bond issues. Temporary fund surpluses are managed principally through short-term deposits with little risk. Under the Group's policy, the Group uses derivatives only for the purpose of reducing risks by hedge, and not for speculative purposes.

## 2) Types of financial instruments, risk and risk management

Regarding credit risk associated with customer's operating receivables such as notes receivable and accounts receivable from construction contracts, the Group appropriately reduces such risk in response to the payment conditions and customer's credit situation.

The Group holds investment securities primarily for the purpose of maintaining business relationships. Every year the Group reviews individual stocks while considering comprehensively costs and risks associated with stockholding and economic rationale, such as the benefit from a business perspective. Then, the Board of Directors verifies the adequacy of the stockholding.

Regarding volatility risk of foreign exchange rates and interest rates, the Group conducts market risk management in line with its risk management rules for volatility in financial markets.

The liquidity risk associated with fund procurement is managed by preparing an annual cash flow plan and a monthly cash flow schedule on a three-month basis to procure necessary funds in a planned manner.

## (2) Estimated fair value of financial instruments

The carrying value of the financial instruments on the consolidated balance sheet as at March 31, 2023, and estimated fair value are shown below.

Assets	Carrying value	Fair value	Difference
Notes and accounts receivable-trade	837,373	837,331	(42)
Investment securities (*2, 3)	271,569	271,569	-
Liabilities	Carrying value	Fair value	Difference
Bonds payable	130,000	129,280	(719)
Long-term borrowings	134,781	133,844	(936)
Non-recourse borrowings and current portion of non-recourse borrowings	86,834	85,714	(1,120)
Derivative transactions (*4)	Carrying value	Fair value	Difference
Derivative transactions to which hedge accounting is applied	285	285	-

(\*1)As "Cash", "Marketable securities", "Notes and accounts payable-trade" and "Short-term borrowings" are settled within a short period of time, and the fair value approximates book value, Notes are omitted.

(\*2)Non-listed shares, etc. (¥41,398 million in the consolidated balance sheets as at March 31, 2023) are not included in "Investment securities", because they are classified as shares, etc., without market quotations.

(\*3)"Investment securities" includes the investment trust with the constant value prescribed by Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (revised ASBJ Guidance No. 31, June 17, 2021) regarded as fair value.

(\*4)Assets and liabilities that arise from derivative transactions are presented on a net basis. When the total amount becomes a net liability, the amount is indicated in parenthesis.

## (3) Breakdown by fair value level of financial instruments

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value calculated using unobservable inputs

## 1) Financial instruments with fair value as carrying value

Consolidated fiscal year (March 31, 2023)

(Millions of Yen)

Category	Fair Value			
Assets	Level 1	Level 2	Level 3	Total
Investment securities	270,719	-	-	270,719
Derivative transactions	-	285	-	285

Note: The table above does not include the investment trust with the constant value prescribed by Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (revised ASBJ Guidance No. 31, June 17, 2021) regarded as fair value. The investment trust is recorded as 850 million yen on the Consolidated Balance Sheet. Notably, the note is omitted from the reconciliation sheet for

beginning and end balances for the period under review given the low materiality of the total of the investment trust with the constant value regarded as the fair value.

2) Financial instruments other than those with fair value as carrying value

Consolidated fiscal year (March 31, 2023)

(Millions of Yen)

Category	Fair Value			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Notes and accounts receivable-trade	–	837,331	–	837,331
<b>Liabilities</b>				
Bonds payable	–	129,280	–	129,280
Long-term borrowings	–	133,844	–	133,844
Non-recourse borrowings and current portion of non-recourse borrowings	–	85,714	–	85,714

Note: Description of Valuation Techniques and Inputs Used in Calculating Fair Value

Investment securities

The fair value of listed shares is estimated using quoted prices and classified as Level 1, because they are traded in active markets.

Derivative transactions

The fair value of derivative transactions is calculated based on the prices provided by trading financial institutions, and is classified as Level 2.

Notes and accounts receivable-trade

The fair value of these items is estimated using the discounted present value method for each receivable classified by a specified period based on the interest rate that takes into account the period until the receivable is collected and credit risk, and is classified as Level 2.

Bonds payable

The fair value of bonds with market quotations issued by the Corporation is based on the prevailing market price, and is classified as Level 2.

Long-term borrowings, non-recourse borrowings, and current portion of non-recourse borrowings

The fair value of these borrowings is estimated using the discounted present value method based on the interest rate that would be applicable to a similar new borrowing, and is classified as Level 2.

## 8. Investment and Rental Properties

(1) Overview of investment and rental properties

The Corporation and certain consolidated subsidiaries own office buildings, residential units and other real estate properties for lease, mainly in Tokyo and other major urban cities in Japan.

(2) Carrying value and fair value of investment and rental properties

Carrying value	¥377,707 million
Fair value	¥559,758 million

- Notes: 1. The carrying value is the amount after deducting accumulated depreciation from acquisition cost.  
2. The fair value is mainly calculated by the Corporation based on real estate appraisal standards, or based on the appraisal report prepared by external certified appraisers.

## 9. Revenue Recognition

(Basic information for understanding revenue from contracts with customers)

Noted under 1. Basis of Presentation of Consolidated Financial Statements (4) 4).

## 10. Amounts per Share

(1) Net assets per share of common stock	¥1,150.70
(2) Basic net income per share of common stock	¥66.29

**11. Significant Subsequent Events****(Purchase and retirement of treasury stock)**

At their meeting on April 26, 2023, the Corporation's Board of Directors passed resolutions to purchase treasury stock pursuant to Article 156 of the Companies Act reinterpreted based on Paragraph 3, Article 165 of the Act, and to retire treasury stock pursuant to Article 178 of the Act.

**(1) Reasons for purchasing and retiring treasury stock**

To improve capital efficiency in an effort to further improve corporate value.

**(2) Details of purchase of treasury stock**

1) Type of treasury shares purchased	Common stock of the Corporation
2) Total number of shares purchased	32,000,000 shares (maximum) (4.32% of the total number of issued shares (excluding treasury stock))
3) Total cost of purchasing treasury stock	¥20 billion (maximum)
4) Acquisition period	May 12, 2023–January 31, 2024

**(3) Details of retirement of treasury stock**

1) Type of treasury shares retired	Common stock of the Corporation
2) Total number of shares retired	44,838,300 shares (5.69% of the total number of issued shares before the retirement)
3) Total number of issued shares after the retirement	743,676,313 shares
4) Scheduled retirement date	May 12, 2023

**12. Other Information**

The accounts of consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million.

**Non-Consolidated Balance Sheet**

(As at March 31, 2023)

(Millions of Yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets:</b>	<b>1,160,775</b>	<b>Current liabilities:</b>	<b>942,635</b>
Cash	265,464	Notes payable	74,898
Notes receivable	35,309	Accounts payable for construction contracts	267,449
Accounts receivable from completed construction contracts	648,208	Short-term borrowings	199,581
Marketable securities	14,000	Current portion of non-recourse borrowings	1,300
Real estate for sale	0	Income taxes payable	11,170
Costs on uncompleted construction contracts	41,310	Advances received on uncompleted construction contracts	139,459
Costs on uncompleted real estate development projects	10,097	Deposits received	151,860
Other current assets	147,499	Warranty reserve	3,855
Less: Allowance for doubtful accounts	(1,114)	Reserve for expected losses on construction contracts in process	64,707
<b>Non-current assets:</b>	<b>855,957</b>	Other current liabilities	28,353
<b>Tangible fixed assets:</b>	<b>466,219</b>	<b>Non-current liabilities:</b>	<b>359,735</b>
Buildings and structures	164,881	Bonds payable	130,000
Machinery and vehicles	50,919	Long-term borrowings	107,437
Tools, furniture and fixtures	5,357	Non-recourse borrowings	25,450
Land	219,561	Deferred tax liabilities for revaluation reserve for land	17,497
Construction in progress	25,499	Reserve for employees' retirement benefits	51,692
<b>Intangible fixed assets</b>	<b>14,880</b>	Other non-current liabilities	27,657
<b>Investments and other assets:</b>	<b>374,857</b>	<b>Total liabilities</b>	<b>1,302,371</b>
Investment securities	286,635	<b>NET ASSETS</b>	
Investments in subsidiaries and affiliates	63,945	<b>Shareholders' equity</b>	<b>567,725</b>
Investments in other securities of subsidiaries and affiliates	6,718	<b>Common stock, no par value</b>	<b>74,365</b>
Long-term loans	1,778	<b>Additional paid-in capital:</b>	<b>43,144</b>
Claims in bankruptcy or reorganization proceedings	17	Capital reserve	43,143
Long-term prepaid expenses	354	Other additional paid-in capital	1
Deferred tax assets	6,308	<b>Retained earnings:</b>	<b>491,515</b>
Other investments	10,949	Legal reserve	18,394
Less: Allowance for doubtful accounts	(1,851)	Other retained earnings:	473,120
		Reserve for advanced depreciation of noncurrent assets	4,716
		Contingent reserve	405,100
		Retained earnings brought forward	63,303
		<b>Less: Treasury stock, at cost</b>	<b>(41,299)</b>
		<b>Total valuation and translation adjustments</b>	<b>146,636</b>
		<b>Net unrealized gain (loss) on other securities, net of taxes</b>	<b>120,942</b>
		<b>Deferred gain (loss) on hedging, net of taxes</b>	<b>198</b>
		<b>Revaluation reserve for land, net of taxes</b>	<b>25,495</b>
		<b>Total net assets</b>	<b>714,361</b>
<b>Total assets</b>	<b>2,016,732</b>	<b>Total liabilities and net assets</b>	<b>2,016,732</b>

**Non-Consolidated Statement of Income**

(For the year ended March 31, 2023)

(Millions of Yen)

Account	Amount	
Net sales:		
Construction contracts	1,428,105	
Real estate development and other	129,219	1,557,325
Cost of sales:		
Construction contracts	1,353,426	
Real estate development and other	93,886	1,447,312
Gross profit:		
Construction contracts	74,679	
Real estate development and other	35,333	110,013
Selling, general and administrative expenses		76,814
<b>Operating income</b>		<b>33,198</b>
Non-operating income:		
Interest and dividend income	9,889	
Other non-operating income	1,778	11,667
Non-operating expenses:		
Interest expenses	2,124	
Other non-operating expenses	1,351	3,476
<b>Ordinary income</b>		<b>41,389</b>
Special gains:		
Gain on sales of investment securities	18,888	
Other special gains	313	19,202
Special losses:		
Loss on sales of investment securities	9	
Loss on devaluation of investment securities	325	
Loss on devaluation of shares of subsidiaries and associates	1,093	
Other special losses	108	1,538
<b>Income before income taxes</b>		<b>59,053</b>
Income taxes current	22,575	
Income taxes deferred	(5,275)	17,299
<b>Net income</b>		<b>41,754</b>

## Non-Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2023)

(Millions of Yen)

	Shareholders' equity										
	Common stock	Additional paid-in capital			Legal reserve	Retained earnings				Treasury stock	Total shareholders' equity
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital		Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of noncurrent assets	Contingent reserve	Retained earnings brought forward			
Balance as at April 1, 2022	74,365	43,143	1	43,145	18,394	4,819	405,100	37,409	465,724	(41,298)	541,936
Changes during period											
Provision and reversal of reserve for advanced depreciation of noncurrent assets						(102)		102	-		-
Cash dividends paid								(16,299)	(16,299)		(16,299)
Net income for the year								41,754	41,754		41,754
Reversal of revaluation reserve for land, net of taxes								336	336		336
Purchase of treasury stock										(1)	(1)
Disposal of treasury stock			(0)	(0)						0	0
Changes other than shareholders' equity											
Total changes during period	-	-	(0)	(0)	-	(102)	-	25,893	25,790	(1)	25,789
Balance as at March 31, 2023	74,365	43,143	1	43,144	18,394	4,716	405,100	63,303	491,515	(41,299)	567,725

(Millions of Yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Total valuation and translation adjustments	
Balance as at April 1, 2022	131,228	214	25,831	157,274	699,210
Changes during period					
Provision and reversal of reserve for advanced depreciation of noncurrent assets					-
Cash dividends paid					(16,299)
Net income for the year					41,754
Reversal of revaluation reserve for land, net of taxes					336
Purchase of treasury stock					(1)
Disposal of treasury stock					0
Changes other than shareholders' equity	(10,286)	(15)	(336)	(10,638)	(10,638)
Total changes during period	(10,286)	(15)	(336)	(10,638)	15,150
Balance as at March 31, 2023	120,942	198	25,495	146,636	714,361

## Notes to Non-Consolidated Financial Statements

### 1. Summary of Significant Accounting Policies

#### (1) Valuation basis and method for assets

##### 1) Valuation of securities

Held-to-maturity debt securities: Amortized cost method

Investments in subsidiaries and affiliates: Cost method by the moving average method

##### Other Securities

Other securities that are not share with no quoted market value: Market value method based on the prevailing market price as at the balance sheet date (Valuation differences are directly included in net assets and cost of sales is calculated by the moving average method)

Other securities that are shares with no quoted market value: Cost method by the moving average method

##### 2) Valuation of inventories

Real estate held for sale: At cost on an individual basis (the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings).

Costs on uncompleted construction contracts: At cost on an individual basis.

Costs on uncompleted real estate development projects: At cost on an individual basis (the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings).

#### (2) Depreciation method for fixed assets

##### 1) Depreciation method for tangible fixed assets

Depreciation for buildings and structures is computed by the straight-line method.

Depreciation for other tangible fixed assets is computed by the declining balance method. However, depreciation for ships and leased assets is computed by the straight-line method.

##### 2) Depreciation method for intangible fixed assets

Depreciation for intangible fixed assets is computed by the straight-line method.

##### 3) Depreciation method for long-term prepaid expenses

Depreciation for long-term prepaid expenses is computed by the straight-line method.

#### (3) Recognizing provision of reserves

##### 1) Allowance for doubtful accounts

For receivables classified as “normal,” the allowance for doubtful accounts is provided based on a historical default ratio. For receivables classified as “doubtful” or “bankrupt,” the allowance for doubtful accounts is provided based on individual assessment on the probability of collection.

##### 2) Warranty reserve

An allowance to cover the costs of repairs for damages related to completed construction work for which the Corporation is responsible is provided based on previous warranty experience.

##### 3) Reserve for expected losses on construction contracts in process

An allowance is provided for estimated future losses related to the construction contracts in process.

##### 4) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits as at the balance sheet date is determined based on the actuarial valuation of projected benefit obligations and the fair value of the plan assets.

#### (4) Recognizing revenues and costs of construction contracts

For construction contracts, except for those with very short durations, the degree of completion of performance obligations are estimated and revenue is recognized over time based on the degree of completion. The estimated degree of completion is based on the percentage of cost incurred to the total cost of sales of construction contracts.



If, in the early stages of the contract and so forth, it is not possible to reasonably estimate the degree of completion of the performance obligation, but it is probable that the incurred costs will be recovered, revenue is recognized on a cost recovery basis, and for construction contracts with very short durations, revenue is recognized at the time of completion.

(5) Accounting treatment of construction project joint ventures

With regard to the Joint Venture's assets, liabilities, revenues, and costs, amounts are recognized in proportion to one's share.

## 2. Changes in Accounting Policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

At the beginning of the period under review, the Corporation applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (revised ASBJ Guidance No. 31, June 17, 2021, "the Guidance"). In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Guidance, the new accounting policies prescribed by the Guidance will be applied prospectively. The effect of applying the Guidance on the financial statements is immaterial.

## 3. Accounting Estimates

(Revenue recognized in construction contracts and reserve for expected losses on construction contracts in process)

(1) Amounts recognized in the financial statements for the period

Net sales of completed construction contracts  
recognized over a specified period as  
performance obligations are satisfied

¥1,300,932 million

Reserve for expected losses on construction  
contracts in process

¥64,707 million

(2) Information about significant accounting estimates for identified items

For construction contracts, except for those with very short durations, the Corporation estimates the degree of completion of performance obligations and recognizes revenue over a specified period based on the degree of completion. The estimated progress of completion is based on the percentage of cost incurred to the total cost of sales of construction contracts.

Based on an estimate of the total revenue from construction contracts on hand and the total cost of sales of construction contracts as at the end of period, if it is probable that the total cost of sales of construction contracts will exceed the total revenue from construction contracts, and if the amount of the excess can be reasonably estimated, then of the excess amount, the remaining amount, after deducting the amount of gains or losses already recognized on such construction contracts, is recorded as the reserve for expected losses on construction contracts in process.

In recognizing revenue, as changes in the total cost of sales of construction contracts affect the calculation of the degree of progress in satisfying performance obligations, it is necessary to reliably estimate the total cost of sales of construction contracts as on the balance sheet date. However, since construction projects generally take a long period of time, in cases such as when construction material prices, labor costs, etc. increase significantly higher than expected at the time of concluding a subcontracting agreement, the business results in the following period could be affected due to the uncertainty of the estimate for the total cost of sales of construction contracts.

## 4. Notes to Non-Consolidated Balance Sheet

(1) Assets pledged as collateral

1) Assets pledged as collateral for borrowings at affiliated companies and others

Current assets "Other"

¥7 million

Investments in subsidiaries and affiliates

¥498 million

Long-term loans

¥1,224 million

Total

¥1,730 million

2) The following assets are pledged as collateral for non-recourse borrowings of ¥26,750 million	
Buildings and structures	¥31,614 million
Machinery and vehicles	¥157 million
Tools, furniture and fixtures	¥42 million
Land	¥10,773 million
Total	¥42,588 million
(2) Accumulated depreciation of tangible fixed assets million	¥130,604
(3) Contingent liabilities from guaranteeing indebtedness of others	
Guarantee obligations are guarantees for the following companies' loans.	
Subsidiary	
Shimizu International Finance (U.S.A), Inc.	¥7,004 million
Other	
PT. WINDAS DEVELOPMENT (Note)	¥2,873 million
Employees (housing loans)	¥4 million
Total	¥9,882 million

Note: PT. WINDAS DEVELOPMENT is a company that the Corporation's affiliated company invests in.

(4) Receivables from and payables to subsidiaries and affiliates	
Short-term receivables from subsidiaries and affiliates	¥9,805 million
Long-term receivables from subsidiaries and affiliates	¥1,777 million
Short-term payables to subsidiaries and affiliates	¥34,000 million
Long-term payables to subsidiaries and affiliates	¥1,812 million
(5) Revaluation reserve for land	
Land used for business is subject to revaluation in accordance with the Act on Revaluation of Land.	
Method of revaluation: Calculated by making reasonable adjustments to the valuation of property tax as specified in Article 2, item (iii) of the Order for Enforcement of the Act on Revaluation of Land	
Revaluation date: March 31, 2002	

## 5. Notes to Non-Consolidated Statement of Income

(1) Revenue from sales to subsidiaries and affiliates	¥12,972 million
(2) Purchase of goods from subsidiaries and affiliates included in cost of sales	¥110,713 million
(3) Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥25,651 million
(4) Amount of transactions other than operational transactions with subsidiaries and affiliates	¥4,697 million
(5) Research and development costs	¥16,972 million

## 6. Note to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury shares as at March 31, 2023	
Common stock	47,611,399 shares

## 7. Deferred Tax Accounting

The main factors for deferred tax assets are non-deductible portion of reserves and allowances and deductible temporary differences from losses on write-down of assets. The main factor for deferred tax liabilities is net unrealized gain on other securities.

**8. Related Party Transactions**

## Subsidiary

## (1) Nature of transaction

Category	Name	Capital or investment (Millions of Yen)	Type of business	% of voting rights held (held by others)	Relationship	Nature of transaction	Amounts of transaction (Millions of Yen)	Account	Balance as at March 31, 2023 (Millions of Yen)
Subsidiary	Shimizu Finance Co., Ltd.	2,000	Credit and finance	Direct 100%	Interlocking directorate, receipt of deposit of funds, etc.	Deposit of funds	67,500	Deposits received	12,000

## (2) Terms and conditions of transaction and policy for determining them

Interest on deposits is determined reasonably in consideration of market interest rates.

**9. Revenue Recognition**

(Basic information for understanding revenue from contracts with customers)

Noted under 1. Summary of Significant Accounting Policies (4).

**10. Amounts per Share**

(1) Net assets per share of common stock	¥964.18
(2) Basic net income per share of common stock	¥56.36

**11. Significant Subsequent Events**

(Purchase and retirement of treasury stock)

Note omitted here as an explanation is provided in “11. Significant Subsequent Events” of the Notes to Consolidated Financial Statements.

**12. Other Information**

The accounts of non-consolidated balance sheet, non-consolidated statement of income, nonconsolidated statement of changes in net assets, and notes to non-consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million.

**Accounting Auditor's Report on Consolidated Financial Statements**

## Report of Independent Auditors

May 9, 2023

Kazuyuki Inoue  
President and Representative Director  
SHIMIZU CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo Office

Hideyuki Inoue  
Certified Public Accountant  
Designated and Engagement Partner

Naohiko Sawabe  
Certified Public Accountant  
Designated and Engagement Partner

*Audit Opinion*

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of SHIMIZU CORPORATION (the "Corporation") applicable to the fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Corporation and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

*Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

Other information comprises the Business Report and supplementary schedules. Management's responsibility is to prepare and present the other information. Moreover, the responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to supervise the Directors' execution of duties in maintaining and operating the reporting process for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible

for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

*Conflicts of Interest*

We have no interest in the Corporation and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

**Accounting Auditor's Report on Non-consolidated Financial Statements**

## Report of Independent Auditors

May 9, 2023

Kazuyuki Inoue  
President and Representative Director  
SHIMIZU CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo Office

Hideyuki Inoue  
Certified Public Accountant  
Designated and Engagement Partner

Naohiko Sawabe  
Certified Public Accountant  
Designated and Engagement Partner

*Audit Opinion*

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules (hereafter collectively referred to as the “non-consolidated financial statements, etc.”) of SHIMIZU CORPORATION (the “Corporation”) applicable to the 121st fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

*Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

Other information comprises the Business Report and supplementary schedules. Management's responsibility is to prepare and present the other information. Moreover, the responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to supervise the Directors' execution of duties in maintaining and operating the reporting process for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.*

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Corporation's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

*Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of non-consolidated financial statements, etc., whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any



significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

*Conflicts of Interest*

We have no interest in the Corporation which should be disclosed in compliance with the Certified Public Accountants Act.

## Audit Report of the Audit & Supervisory Board

### Audit Report

With respect to the Directors' performance of their duties during the 121st business year (from April 1, 2022 to March 31, 2023), the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby reports as follows:

#### 1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policies, assignment of duties, etc., and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc. and the accounting auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Member auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., each Audit & Supervisory Board Member endeavored to facilitate mutual understanding with the Directors, executive officers, audit division and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and conducted audits in the following methods.
  - 1) Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors, Executive Officers and other employees, etc. and requested explanations as necessary, inspected important approval/decision documents, and investigated the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Audit & Supervisory Board Member received reports on their respective business and so forth from relevant internal business departments, visited principle subsidiaries as necessary, received explanations on the status of the subsidiaries from Directors, Audit & Supervisory Board Members, etc. of the subsidiaries, and exchanged opinions.
  - 2) Each Audit & Supervisory Board Member conducted audits on matters mentioned in the business report. Such matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Corporation and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a corporate group consisting of a stock company and its subsidiaries, and the systems developed and maintained based on such resolutions (internal control systems).
  - 3) Each Audit & Supervisory Board Member monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the accounting auditor that it had established a "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (the matters set forth in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and the annexed detailed statements thereto, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and the annexed detailed statements thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and

notes to consolidated financial statements), for the business year under consideration.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- 1) We acknowledge that the business report and the annexed detailed statements thereto fairly present the status of the Corporation in conformity with the applicable laws and regulations and the Articles of Incorporation of the Corporation.
- 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Corporation was found with respect to the Directors' performance of their duties.
- 3) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate.

We did not find any matter to be mentioned with respect to the contents in the business report and Directors' performance of their duties concerning the internal control systems.

### (2) Results of Audit of Financial Statements and Their Annexed Detailed Statements

We acknowledge that the methods and results of audit performed by the accounting auditor Ernst & Young ShinNihon LLC, are appropriate.

### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the accounting auditor Ernst & Young ShinNihon LLC, are appropriate.

May 11, 2023

#### Audit & Supervisory Board of SHIMIZU CORPORATION

Hideto Watanabe [seal]  
Audit & Supervisory Board  
Member (Full-time)

Koichi Matsuoka [seal]  
Audit & Supervisory Board  
Member (Full-time)

Kaoru Ishikawa [seal]  
Audit & Supervisory Board  
Member

Toshie Ikenaga [seal]  
Audit & Supervisory Board  
Member

Ko Shikata [seal]  
Audit & Supervisory Board  
Member

Note: Audit & Supervisory Board Members Kaoru Ishikawa, Toshie Ikenaga, and Ko Shikata are Outside Audit & Supervisory Board Members as specified in Article 2, Item 16, and Article 335, Paragraph 3 of the Companies Act.