

# Business Model

## Business Model and Strengths

Over the decades of our history, POC cultivated four strengths. Under the four strengths, the three business units closely collaborate to create sustainable value in the value chains for “development and design”, “procurement”, “construction”, “maintenance and renewal”, and “dismantling and recycle”, and to contribute to the sustainable development of society.

### Number one contractor in port, coastal, and waterfront areas

- Abundant construction track record in port, coastal, and waterfront areas (civil engineering works including reclamation, dredging, ports, undersea tunnels, as well as construction of logistic facilities, cruise terminals, etc.)
- Excellent engineering and construction capabilities in the marine civil engineering field (from technology development to proposal, design, construction, and maintenance repair)
- Advanced initiatives in the marine environment field (creation of seaweed beds and tidal flats, recycling of construction-generated soil and dredged soil, blue-carbon initiatives)



Tokyo Port Umi no Mori Tunnel



Tokyo International Cruise Terminal

### Global expansion

- 1961: With the Suez Canal Dredging Project, POC promoted global expansion (showcasing the “Pioneering Spirit”, Penta-Ocean Construction’s corporate DNA)
- 2024: 60th anniversary of our entry into Singapore and 38th anniversary of our entry into Hong Kong (from marine civil engineering to land civil engineering, contributing to the expansion of approximately 10% of Singapore’s national land, and relocating headquarters’ functions to Singapore)
- Contributing to exporting high-quality infrastructure (ODA) (mainly in Southeast Asia as well as South Asia, Africa, and Oceania)

By Courtesy of PSA Corporation Ltd  
Pasir Panjang Container Terminal  
(Singapore)ION Orchard and the Orchard Residence  
(Singapore)

### Inter-departmental collaboration

- Collaboration among civil engineering and building construction, domestic and overseas, to leverage their strengths
- Collaboration between civil engineering and building construction (civil engineering undertakes foundation works such as soil improvement, groundwater control, and construction close to infrastructure, etc.)
- Collaboration between Japan and overseas business (collaboration with Singapore, a leading country in BIM/CIM, application of Japanese civil engineering technologies to overseas, etc.)



Yodobashi Umeda Tower

MTR Shatin to Central Link Contract  
1121 – Cross Harbour Tunnels (Hong Kong)

### Cherishing a Pioneering Spirit

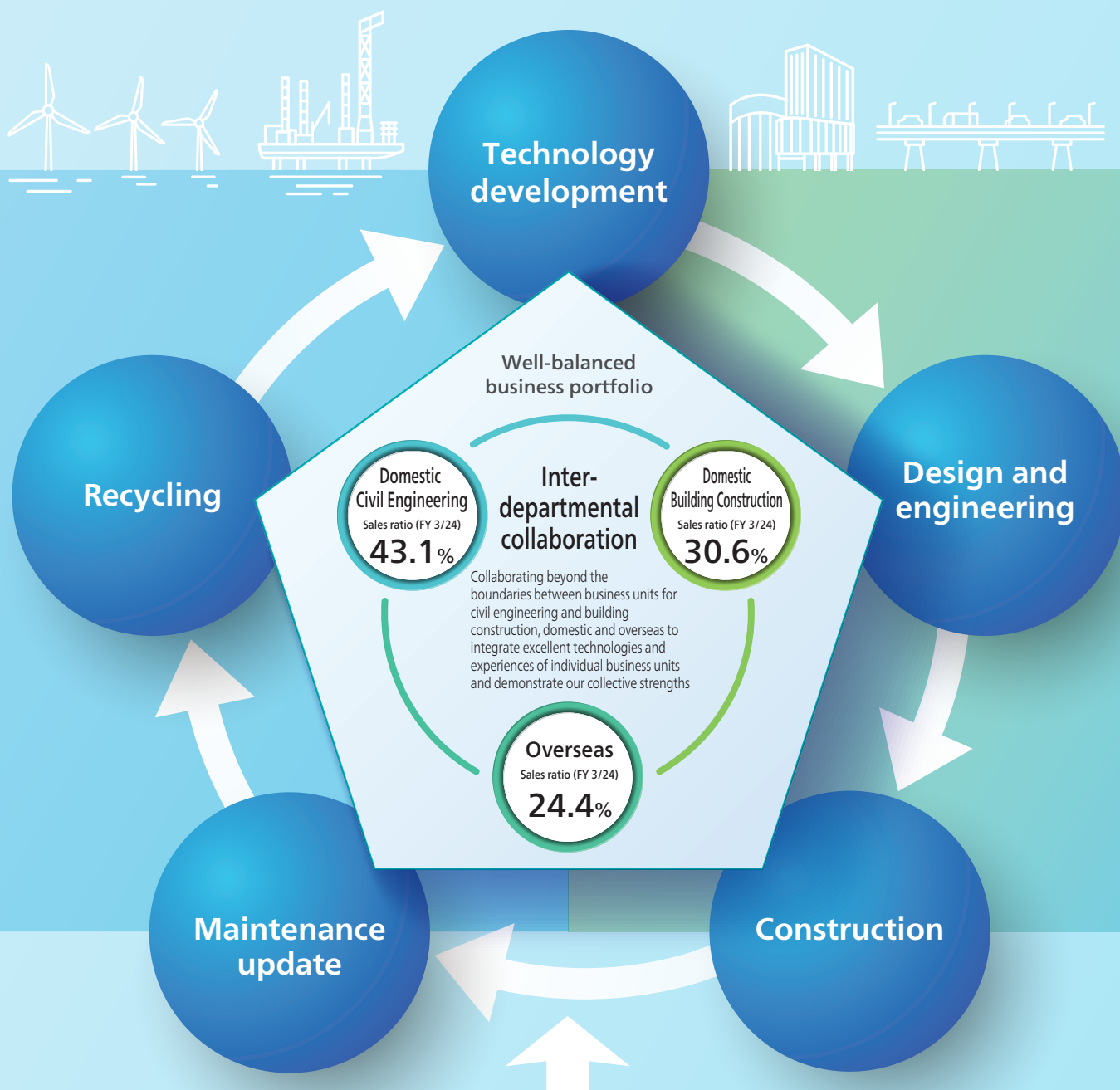
- Challenges as a front runner in offshore wind construction (active investments in work vessels and securing and nurturing over 150 human resources)
- Active net zero energy building (ZEB) initiatives (promotion of ZEB conversion of actual projects and site offices)
- Trial use of hydrogen energy at Muroan Factory (trial of hydrogen production and storage through electrolysis system using solar power generation electricity, and power generation using fuel cells)

Installation of wind turbine foundation,  
marine works, etc. for the Kitakyushu  
Hibikinada Offshore Wind Power Project

Hisamitsu Pharmaceutical Museum

# and Strengths

## Penta-Ocean Construction Group's Value Chain



### • Diverse human resources supporting business activities

- Diversity & Inclusion initiatives with female employees (222 in career track positions) and non-Japanese employees (1,472 hired overseas and 33 hired domestically) to play active roles
- Work environment that allows employees to balance work and family through improved productivity by utilizing ICT and web conference systems
- In addition to hiring around 200 new graduates every year, various educational systems help early development of young employees' work skills, which contributes to the revitalization and transformation of the organization

# Value Creation Process

## Value Creation Process

### Input

#### Financial capital

Financial base for achieving value creation

Total assets .....¥566 billion

Net assets .....¥173 billion

Equity ratio .....30.6%

#### Human capital

Diverse and professional human resources

Number of consolidated employees

.....3,824

#### Intellectual capital

Target-oriented technology development

R&D expenses (individual)

.....¥3.1 billion

#### Manufactured capital

Capital investment to support business activities

Capital expenditures

.....¥11.2 billion

#### Social and relationship capital

Partnership to co-create value

Number of Penta-Ocean

Construction Labor Safety

Council members

.....1,091 companies

#### Natural capital

Efficient use of resources

Amount of energy used

.....4,014,200GJ

### Business model



### Sustainable Construction Business Activities



\*FY 3/24 result or figures at the end of FY 3/24

Enhanced reinvestment of management capital



We promote our core business growth strategies and sustainability management with focus on ESG (environment, social and governance), as two inseparable elements of our corporate management, with the aim of achieving two distinctive goals of medium- to long-term corporate growth and sustainable development of society.

## Output

### Social infrastructures and buildings in Japan and overseas



#### Domestic Civil Engineering

Net Sales: **¥266.4 billion**  
Gross Profit Margin: **15.2%**  
Operating profit:  
**¥27.8 billion**



#### Domestic Building Construction

Net Sales: **¥189.3 billion**  
Gross Profit Margin: **6.7%**  
Operating profit:  
**¥4.9 billion**



#### Overseas

Net Sales: **¥150.6 billion**  
Gross Profit Margin: **-0.9%**  
Operating profit:  
**-¥4.2 billion**



#### Others (Shipbuilding, environment-related, real estate, etc.)

Net sales: **¥11.4 billion**  
Gross profit margin: **11.4%**  
Operating profit:  
**¥0.6 billion**

## Outcome

### Sustainable development of society (contribution to SDGs)

#### SUSTAINABLE DEVELOPMENT GOALS



### Penta-Ocean Construction Group's sustainable growth

#### Enhancement of management capital

##### Financial capital

Reinforcement of financial base for investment in corporate growth and shareholder returns

##### Manufactured capital, intellectual capital, social and relationship capital

Reinforcement of technical foundation to ensure reliable quality and safety

##### Human capital

Human resources responding to customers' demands and society's requests with "foresight, courage, and speed"

##### Natural capital

Sustainable resource use