

# **New Medium-term Management Plan from FY3/24 to FY3/26**

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**May 2023**



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# ■ Review of the Previous Medium-term Management Plan (FY3/21-FY3/23)

- **Business environment ~Impact of prolonged COVID pandemic and global price hikes of raw materials, fuel and goods**
- **Domestic:** Robust demand in public sector continued thanks to government's economic stimulus measures. Private sector was also strong led by robust demand for logistics facilities and urban redevelopment projects, as well as companies' capital investment eyeing the post-covid era  
-However, private markets were severely affected by soaring material prices and delivery delays
- **Overseas:** Strong construction investments continued in Singapore and other major markets  
-However, markets were severely impacted by national lockdowns and soaring material prices and labor costs
- **Medium-term Management Plan Targets ~Not achieved, although backlog increased significantly**
- **Business targets ~Posted construction losses in overseas projects for two consecutive terms**
- Domestic Civil Engineering: Profit margins improved significantly (+2.5P)  
Significant increase in backlog thanks to orders for large port construction projects, etc.
- Domestic Building Construction: Profit margins decreased due to soaring material prices, although only slightly (-1.0P)  
Large increase in backlog thanks to robust demand in large-scale projects for urban redevelopment, logistics, etc.
- Overseas: Posted large construction losses mainly in civil engineering projects (JPY 25 bn in two years)  
Increase in backlog including a large hospital construction project etc. in Singapore
- **Financial targets ~Increase in interest-bearing debts**
- Interest-bearing debts: JPY 93.7 bn as of the end of FY 3/23 – Increased above target (Reasons for the increase) Large-scale capital investments related to offshore wind business, increase in investments including M&A projects in Singapore, increase in accounts receivable for completed construction contracts for large-scale overseas projects due to issues with payment terms and fund for maintaining the initially planned amount of dividend despite a below-par performance
- ROE: Although ROE was 14% for FY 3/21, targets were not met for FY 3/22 and FY3/23 due to unsatisfactory business performances
- **Shareholder returns ~introduced a total payout ratio target in FY 3/23**
- New targets: Total payout ratio: 40% AND dividend payout ratio: 30% or higher
- Dividend payout ratio: Targets achieved due to payout of initially planned dividend despite unsatisfactory business performances
- Share buyback: Cancelled for FY 3/23

(JPY bn)

| Mid-term Management Plan<br>Targets (Consolidated) | FY3/20 | FY3/23                 |                          |        |            |            |  |
|--|--------|------------------------|--------------------------|--------|------------|------------|--|
|  |        | Original<br>(May 2020) | Result                   |        |            |            |  |
| Performance targets                                |        |                        |                          |        |            |            |  |
| Net Sales  | 573.8  | 605.0                  | 502.2                    |        |            |            |  |
| Operating Profit                                   | 33.2   | 36.5                   | 4.1                      |        |            |            |  |
| Ordinary Income                                    | 32.5   | 36.0                   | 1.4                      |        |            |            |  |
| Net Income   | 23.4   | 25.0                   | 0.7                      |        |            |            |  |
| Earning per share (Yen)                            | 81.8   | 87.6                   | 2.4                      |        |            |            |  |
| Targets of financial status                        |        |                        |                          |        |            |            |  |
| Interest-bearing Debt                              | 77.5   | 85.0                   | 93.7                     |        |            |            |  |
| Net D/E ratio (times)                              | 0.24   | 0.2                    | 0.28                     |        |            |            |  |
| ROE  | 17.4%  | 10% or higher          | 0.4%                     |        |            |            |  |
| Dividend targets                                   |        |                        |                          |        |            |            |  |
| Dividend payout ratio                              | 29.4%  | 30% or higher          | 1002%                    |        |            |            |  |
| Total payout ratio                                 | —      | 40%                    | 1002%                    |        |            |            |  |
| Dividend per share(Yen)                            | 24.0   | —                      | 24.0                     |        |            |            |  |
| Performance by Business Unit<br>(Consolidated)     |        |                        |                          |        |            |            |  |
|  | FY3/20 |                        | FY3/21-FY3/23<br>average |        | YOY change |            |  |
| Domestic Civil Eng.                                | 192.3  |                        | 189.6                    |        | -2.7       |            |  |
| Domestic Building Const.                           | 173.3  |                        | 153.4                    |        | -19.9      |            |  |
| Overseas   | 172.3  |                        | 125.2                    |        | -47.1      |            |  |
| Others   | 9.7    |                        | 9.0                      |        | -0.7       |            |  |
| Net Sales  | 547.6  |                        | 477.2                    |        | -70.4      |            |  |
| Domestic Civil Eng.                                | 25.2   | 13.1%                  | 29.7                     | 15.7%  | 4.5        | 2.5P       |  |
| Domestic Building Const.                           | 13.4   | 7.7%                   | 10.3                     | 6.7%   | -3.0       | -1.0p      |  |
| Overseas   | 7.9    | 4.6%                   | -3.9                     | -3.1%  | -11.8      | -7.7p      |  |
| Others   | 1.4    | 14.7%                  | 1.8                      | 20.1%  | 0.4        | 5.4p       |  |
| Gross Profit                                       | 47.9   | 8.7%                   | 37.9                     | 7.9%   | -10.0      | -0.8p      |  |
| Operating Profit                                   | 30.0   | 5.5%                   | 16.8                     | 3.5%   | -13.2      | -2.0p      |  |
| Backlog by Business Unit<br>(Non-Consolidated)     |        |                        |                          | FY3/23 |            | YOY change |  |
| Domestic Civil Eng.                                | 199.5  |                        | 330.1                    |        | 130.6      |            |  |
| Domestic Building Const.                           | 212.0  |                        | 318.1                    |        | 106.1      |            |  |
| Overseas   | 348.0  |                        | 392.2                    |        | 44.2       |            |  |
| Backlog Total                                      | 759.5  |                        | 1,040.4                  |        | 280.9      |            |  |

# ■ Construction Market Outlook

## ● Outlook for Economy

~Transition from global inflation-induced economic stagnation to post-covid economic growth

(NEG.) Continuing trend of high prices (resources, energy and goods), supply constraints and global political and economic uncertainties  
 (POS.) Introduction of comprehensive economic measures by the government, review of production system and supply chain from the viewpoint of economic security, productivity improvement through DX promotion, increase in GX promotion-related investment to achieve CN, recovery of demand related to inbound tourists

## ● Construction market ~Despite concerns about persistently high prices for construction materials etc., construction demand is expected to be strong both in Japan and overseas

### ○ Domestic Market ~Strong public and private investments are likely to continue

● **Solid public investments:** Continuation of National Resilience Plan (post 5-year plan), increase in national defense-related investment

-**Enhancing competitiveness of ports and airports:** Shin-Honmoku new container terminal at Yokohama Port, a dredged soil disposal facility off the coast of Centrair airport, Urazoe area at Naha Port, Haneda Airport Access Line, etc.

-**Strengthening resilience of expressways and railways:** Expansion to 4 or 6 lanes, large-scale renewal of expressways, Osaka Wangan Route (Western Extension), Linear Chuo Shinkansen, etc.

-**Reinforcement of national defense capabilities:** Infrastructure development (airfields, ports, etc.) (civil engineering), anti-seismic and aging measures for existing facilities (building construction), construction of Henoko New Base (Relocation of Futenma Air Station), construction of carrier-based aircraft landing training facilities (civil engineering, building construction)

● **Solid private investments:** In addition to robust demand for logistics facilities and urban redevelopment projects, increases in economic security/CN-related investment in production facilities are expected

-**Robust demand for large-scale logistics facilities:** For e-commerce; freezing/refrigerating facilities for in-house, 3PL, and multiple-tenant facilities (building construction)

-**Economic security related:** New construction, expansion and functional enhancement of production facilities (building construction, civil engineering), new construction of data centers (building construction)

-**CN-related:** Biomass power generation, ZEB (building construction),

-**Environmental-related:** Waste disposal facilities, recycling facilities (building construction, civil engineering)

-**Continuous demand in urban redevelopment:** Residences, offices and commercial facilities (building construction)

-**Full-scale recovery of inbound tourism:** Hotels, commercial facilities, Integrated Resort projects (building construction and civil engineering)

-**Expansion of OWF (offshore wind farm) construction market:** Port areas (2023-2025 in Hibikinada), general sea areas (full-scale development expected after FY 3/28), replacement of land-based wind farms

### ○ Overseas markets ~Robust infrastructure demand expected to continue in Asia and Africa

-**Singapore:** Steady construction investments expected to continue (MRT, airport, container terminals, redevelopment of waterfront areas, countermeasures against sea level rise, etc.)

-**Hong Kong:** Steady construction investments expected to continue, although selection of projects will be vital (focusing on projects that exploits Japanese engineering technologies)

-**Asia/Africa:** Export of high-quality infrastructures (ports), Japanese companies setting up local operations (logistics facilities, factories, commercial facilities, etc.)

In overseas projects, geopolitical risk, FX currency risk, procurement risk of subcontractors, construction material and equipment, technical risks, etc. must be carefully taken into account and monitored.

# ■ Sustainability Management ~ Vision and Materiality (Important Issues)

## Vision

Practicing sustainable management

### A Genuine Global General Contractor

- Contributes to the sustainable development of society through sustainable construction business activities

POC Group conducts construction business activities based on the belief that "Our greatest contribution to society is the construction of superior infrastructure."

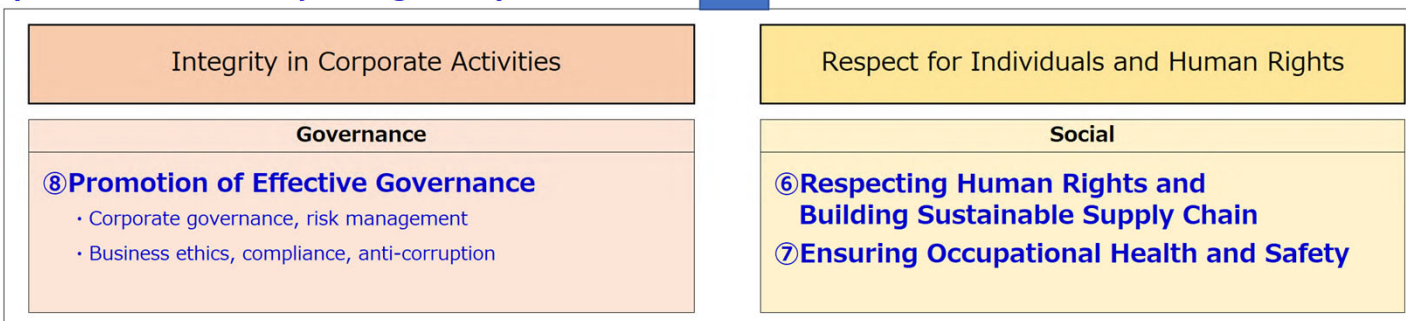
As a genuine global contractor with strengths in port, coastal and waterfront areas and overseas, not only do we strive to provide reliable safety and quality backed by technology, but we will also contribute to sustainable development of society by sincerely addressing all sustainability issues from an ESG perspective.

## (Practicing sustainability management)

※Materiality ①~⑧


















## (Base of Sustainability Management)





# Sustainability Management

## ~Relationship between Materiality, KPIs, and SDGs

|               | Vision  | Materiality  | Examples of initiatives  | KPI   | Related SDGs  |
|---------------|---|--|--|---|---|
| Environmental | Creation of a Sustainable and Rich Global Environment | ① Responding to Climate Change Issues  | <ul style="list-style-type: none"> <li>•GHG reduction in construction activities</li> <li>SCOPE1 : Use of low-carbon fuel (efficiency improvement), construction efficiency improvement</li> <li>SCOPE2 : ZEB construction offices (energy-saving, use of renewable energies)</li> <li>SCOPE3 : Use of low-carbon concrete, promotion of ZEB, CO2 absorption by blue carbon in coastal areas etc.</li> <li>•Promotion of ZEB (energy saving, use of renewable energies)</li> <li>•Contribution to the expansion of renewable energy supply through offshore wind construction</li> </ul>   | <ul style="list-style-type: none"> <li>•CO2 emission (SCOPE1,2) : 50% reduction (by FY 3/2031, vs. FY 3/2020)</li> <li>•CO2 emission (SCOPE3) : 30% reduction (by FY 3/2031, vs. FY 3/2020)</li> <li>•Percentage of vehicles using additive to improve fuel economy : 100% (by FY 3/2031)</li> <li>•Percentage of eco-friendly construction machinery : 100% (by FY 3/2031)</li> <li>• Number of orders for ZEB buildings</li> <li>•Output from constructed offshore wind farms</li> </ul>  |      |
|               |   | ② Creation of a Rich Environment   | <ul style="list-style-type: none"> <li>•Promotion of resource recycling</li> <li>Recycling of construction generated soil and construction sludge</li> <li>Improvement of soft dredged soil using "Calcia" (made from steel slag) and "Watoru" (made from paper sludge ashes),</li> <li>Food recycling business (composting of food waste)</li> <li>•Absorption of CO2 by blue carbon and Calcia reformed soil in coastal areas</li> <li>Creation and conservation of seaweed beds and tidal flats, use of Calcia modified soil (dredged soft soil)</li> </ul>   | <ul style="list-style-type: none"> <li>•Sales from resource recycling businesses</li> <li>•Construction waste recycling rate : 95% or higher</li> <li>•Number of violation of environmental laws and regulations : Zero</li> <li>•Development of blue-carbon related technologies : Confirmation of CO2 absorption effect (FY 3/2026), application to actual projects (FY 3/2031)</li> </ul>  |         |
| Social        | Sustainable Construction Business Activities          | ③ Construction of High-quality Social Infrastructure and Buildings                               | <ul style="list-style-type: none"> <li>•Gaining trust of clients through reliable safety and quality backed by technology</li> <li>Demonstrating collective strengths by inter-departmental collaboration and front-loading initiatives</li> <li>Sharpening competitive edge by originating third-party alliance at home and abroad</li> <li>Sustainable construction (safety first, high-quality, resilient, environmentally conscious, coexistence with local communities, sustainable supply chain)</li> </ul>  | <ul style="list-style-type: none"> <li>•Number of commendations (Commendations from the Minister, the director of regional development bureaus, Nikkenren and JSCE awards)</li> <li>•Score of projects awarded by the government: Average 80 points or better</li> <li>•Private clients satisfaction survey "Satisfied" or better ※ : 95% or higher</li> <li>•Numbers of cases of non-conforming product handling ※</li> <li>※Quality management system</li> </ul>  |       |
|               |   | ④ Enhancing Technology Development and Technical Capabilities (Promotion of DX & GX initiatives) | <ul style="list-style-type: none"> <li>•Sources of competitiveness, three areas of focus (DX, GX, Resilience)</li> <li>•Promotion of DX initiatives (streamlining design, construction and management, information sharing with clients and subcontractors)</li> <li>•Promotion of GX initiatives (development and implementation of technologies that contribute to achieve Carbon Neutrality)</li> <li>•Technology development eyeing diversifying needs and large-scale projects</li> </ul>   | <ul style="list-style-type: none"> <li>•R&amp;D expenditures and number of external publications (papers, press releases) :</li> <li>Overall number and by focused areas (DX, GX, Resilience)</li> <li>•Number of patents and utility models held</li> </ul>  |       |
|               | Creation of a Society where Diverse People can Thrive | ⑤ Promotion of Diversity & Inclusion   | <ul style="list-style-type: none"> <li>•Securing, developing and empowering diverse human resources (women, non-Japanese, etc.)</li> <li>Development and management of inclusive workplace environment</li> <li>Improving employee education and training</li> <li>Promotion of Work Style Reform (conforming to overtime hour cap)</li> <li>Preparing for life events of employees (flexible work style and career plans)</li> <li>•Providing support to subcontractors for promoting Work Style Reform and securing future workers</li> <li>•Development of a Harassment Helpline (domestic and overseas, in-house and external)</li> </ul>  | <ul style="list-style-type: none"> <li>•Ratio of new female career-track employees : 25% or higher</li> <li>•Ratio of female employees in managerial positions : 15% or higher (by 3/2035)</li> <li>•Turn over rate within 3 years of joining : 5% or lower</li> <li>•Ratio of employees with disabilities : 2.7% or higher (by FY 3/2026)</li> <li>•Progress of Work Style Reform (8 site closures per 4 weeks, 8 days off per 4 weeks, strict adherence to overtime hour regulations)</li> <li>•Childcare leave acquisition rate (male)</li> <li>•Number of certified excellent foremen</li> <li>•Construction Career Up System registration rate of subcontractors and skilled workers:</li> <li>Primary subcontractors:100%, second-tier subcontractors :90% (FY 3/2026)</li> <li>•Number of consultations received by the Harassment Helpline</li> </ul> |                     |
|               |   | ⑥ Respecting Human Rights and Building Sustainable Supply Chain                                  | <ul style="list-style-type: none"> <li>•Formulation of Human Rights Policies and providing training thereof (from FY 3/2024)</li> <li>•Human Rights Due Diligence (from FY 3/2024)</li> <li>•Formulation of Sustainable Supply Chain (SSC) policy and providing training there of (from FY 3/2024)</li> <li>•Development of a Human Rights Helpline (for offices in Japan and abroad, in-house and external)</li> </ul>  | <ul style="list-style-type: none"> <li>•Human rights training participation rate (from FY 3/2024~) : 100%</li> <li>•Progress of Human Rights DD: From FY3/2024 : POC Group (domestic and overseas)</li> <li>From FY3/2025 : POC group and subcontractors</li> <li>•SSC training participation rate (from FY 3/2025) : 100%</li> <li>•SSC conformity of clients (from FY3/2025)</li> <li>•Number of consultation received by Human Rights Helpline</li> </ul>  |        |
| Governance    | Integrity in Corporate Activities                     | ⑦ Ensuring Occupational Health and Safety  | <ul style="list-style-type: none"> <li>•Undertaking activities of occupational accidents prevention in cooperation with subcontractors</li> <li>•Spreading POC Standard (Safety and quality first) across offices at home and abroad</li> <li>•One-on-one training by senior employees of the Safety and Quality Control Education Office</li> </ul>   | <ul style="list-style-type: none"> <li>•Domestic (frequency, severity)</li> <li>•Overseas (frequency, severity)</li> <li>•Number of fatal accidents (domestic and overseas): Zero</li> </ul>  |     |
|               |   | ⑧ Promotion of Effective Governance  | <ul style="list-style-type: none"> <li>•Providing education on sustainability to raise employees' awareness</li> <li>•Continuous improvement of corporate governance (Directors' assessment of the internal control system and the effectiveness of the Board of Directors)</li> <li>•Providing compliance training (domestic and overseas)</li> <li>•Development of a Compliance Helpline (domestic and overseas, in-house and external)</li> <li>•Formulation of Business Continuity Plan (BCP) and implementation of disaster drills (major earthquakes, tsunamis)</li> <li>•Providing information security training (domestic and overseas)</li> <li>•Conducting timely and appropriate information disclosure, IR activities for institutional investors, site tours for individual shareholders, etc.</li> </ul> | <ul style="list-style-type: none"> <li>•Sustainability training participation rate : 100%</li> <li>•Number of serious violations of laws and regulations : Zero</li> <li>•Compliance training participation rate : 100%</li> <li>•Number of consultation received by the compliance helpline</li> <li>•Information security training participation rate : 100%</li> <li>•Number of serious information-related incidents : Zero</li> <li>•Percentage of executives and employees participating in BCP training : 100%</li> <li>•IR events (results meetings, One on One Meetings, site tours)</li> </ul>  |       |

# ■ The Goal to Aim for

## ● Corporate mission

“Empathy with society (S,G) ” “Creation of a nature-rich environment (E)”

“Cherishing a pioneering spirit (E,S) ”

## ● Goal to aim for

“A Genuine Global General Contractor” which practices sustainability management

～Contributing to continuous development of society by providing sustainable construction

### [Medium term management plan (2020-2022)]

**“A genuine global general contractor” with strengths in port, waterfront areas and overseas**

1. An advanced company in Work Style Reform and Productivity Improvement

2. An advanced company in D&I (Diversity and Inclusion)

3. A company that challenges new frontiers with pioneering spirit

4. Practicing CSR oriented management with focus on ESG

(Achievement status) ○Achieved △Half-way

⇒1 and 2 △ Steady progress, but further initiatives needed (Continued)

⇒3 ○Offshore wind construction, ZEB conversion (Continued )

△Further promotion of DX and GX needed(Continued)

⇒4 △Requires strong commitment to continuous improvement (Continued)



### [Medium-term management plan (2023-2025)]

**“A genuine global general contractor” which practices sustainability management**

(Key words)

1. A Company that Provides High-quality Social Infrastructures and buildings

2. An Advanced DX Company that Promotes On-site Profitability Improvement

3. An Advanced GX Company that Creates Rich Global Environment

4. An Advanced D&I Company that Empowers Diverse Human Resources

5. Practicing Sustainability Management

(Front-loading, Interdepartmental collaboration, Alliance, Comprehensive strength, Sustainability)

(BIM/CIM, Digital twin, AI, Robotization, Information sharing)

(CN promotion in construction business activities, Offshore wind construction, ZEB promotion, Blue carbon)

(Working environment and management without organizational barriers, Work style reform)

(Business and human rights, Corporate governance, Compliance)

# ■ Management Targets

## ● Management targets (FY 3/26)

### ○ Consolidated

|                       |               |
|-----------------------|---------------|
| Net Sales             | JPY 660 bn    |
| Net Income            | JPY 25 bn     |
| Interest-bearing Debt | JPY 114 bn    |
| ROE                   | 10% or higher |
| Total Payout Ratio    | 40%           |

(JPY bn)

|  | FY3/20           |              | Mid-term Management Plan<br>(FY3/24 - FY3/26) |              |
|--|------------------|--------------|---|--------------|
|  |                  |              | Targets for FY3/26                            |              |
|  | Non-Consolidated | Consolidated | Non-Consolidated                              | Consolidated |

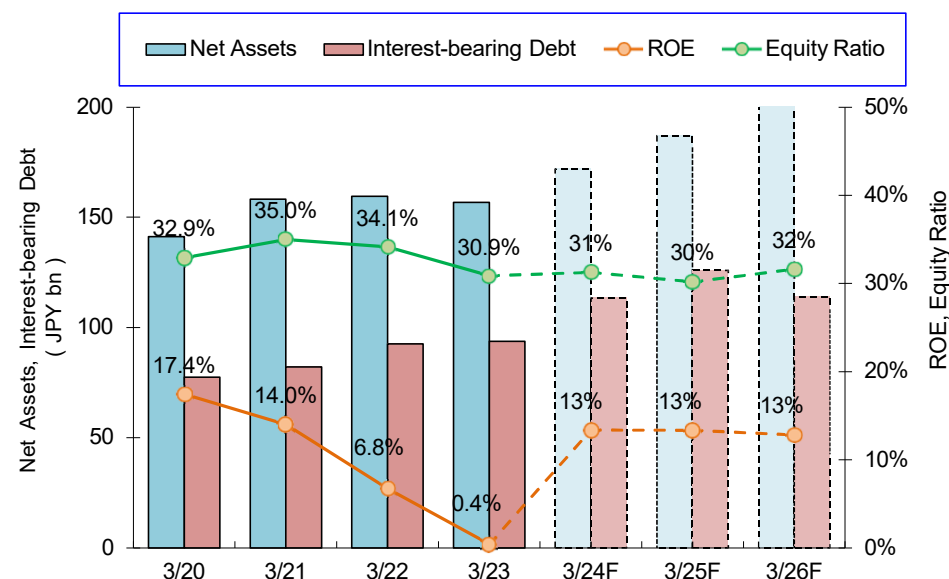
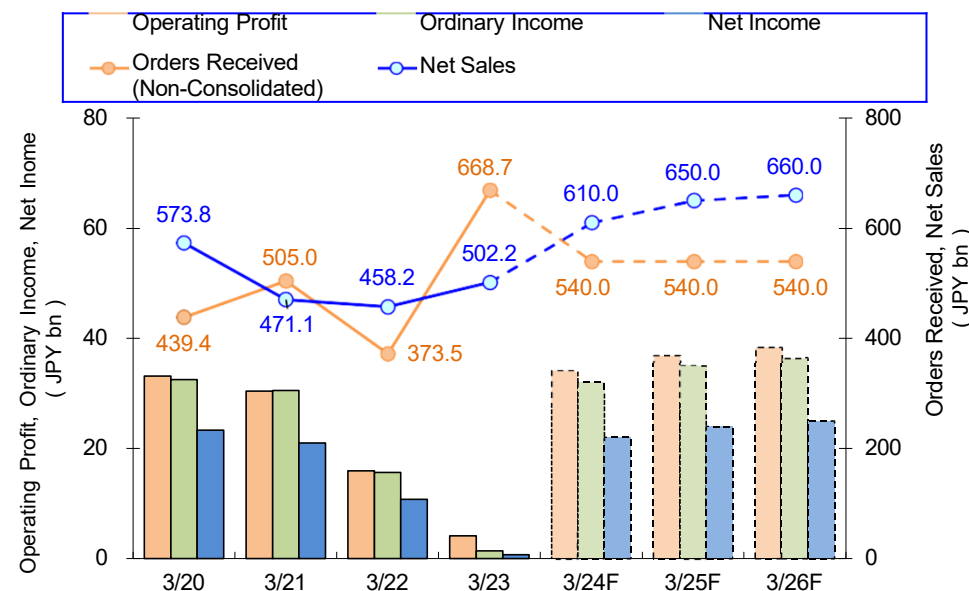
### Financial Targets

|                         |       |       |       |       |
|-------------------------|-------|-------|-------|-------|
| Orders Received         | 439.4 |       | 540.0 |       |
| Net Sales               | 541.5 | 573.8 | 620.5 | 660.0 |
| Operating Income        | 29.3  | 33.2  | 36.0  | 38.5  |
| Ordinary Income         | 29.0  | 32.5  | 34.0  | 36.5  |
| Net income              | 20.9  | 23.4  | 23.0  | 25.0  |
| Earning per share (Yen) | 73.1  | 81.8  | 82    | 89    |

### Consolidated targets of financial status

|                       |        |       |
|-----------------------|--------|-------|
| Interest-bearing Debt | 77.5   | 114.0 |
| Net D/E ratio (times) | 0.24   | 0.24  |
| ROE                   | 17.4 % | 13 %  |

## ● Trends/Projection of KPI (Consolidated)



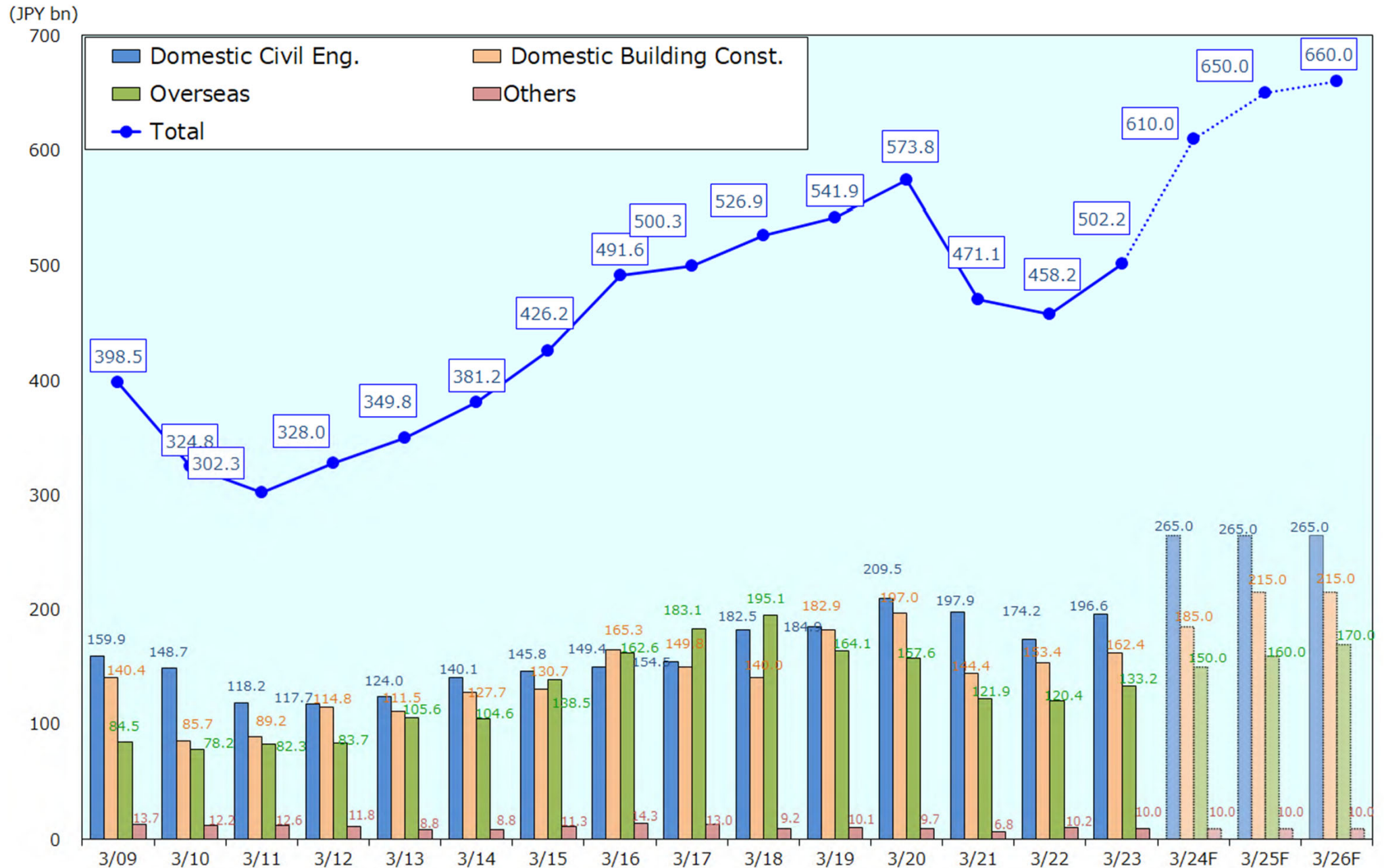


# ■ Business Plans (FY3/24-FY3/26)

|                                    | Non-Consolidated                         |       |        |       |        |        |  |       |         |       |         |       |
|------------------------------------|--|-------|--------|-------|--------|--------|--|-------|---------|-------|---------|-------|
|                                    | Mid-term Management Plan (FY3/21-FY3/23) |       |        |       |        |        | Mid-term Management Plan (FY3/24-FY3/26) |       |         |       |         |       |
|                                    | FY3/21                                   |       | FY3/22 |       | FY3/23 |        | FY3/24F                                  |       | FY3/25F |       | FY3/26F |       |
| Domestic Civil Engineering         | 185.7                                    |       | 165.5  |       | 310.6  |        | 220.0                                    |       | 220.0   |       | 220.0   |       |
| Domestic Building Construction     | 178.2                                    |       | 160.1  |       | 221.7  |        | 220.0                                    |       | 200.0   |       | 200.0   |       |
| Overseas                           | 141.1                                    |       | 48.0   |       | 136.4  |        | 100.0                                    |       | 120.0   |       | 120.0   |       |
| Construction Total Orders Received | 505.0                                    |       | 373.5  |       | 668.7  |        | 540.0                                    |       | 540.0   |       | 540.0   |       |
| Domestic Civil Engineering         | 185.5                                    |       | 160.6  |       | 185.0  |        | 250.0                                    |       | 250.0   |       | 250.0   |       |
| Domestic Building Construction     | 142.1                                    |       | 151.7  |       | 160.1  |        | 180.0                                    |       | 210.0   |       | 210.0   |       |
| Overseas                           | 117.2                                    |       | 115.3  |       | 123.5  |        | 140.0                                    |       | 150.0   |       | 160.0   |       |
| Construction Total                 | 444.8                                    |       | 427.6  |       | 468.6  |        | 570.0                                    |       | 610.0   |       | 620.0   |       |
| Others                             | 0.3                                      |       | 1.4    |       | 0.4    |        | 0.5                                      |       | 0.5     |       | 0.5     |       |
| Net Sales                          | 445.1                                    |       | 429.0  |       | 469.1  |        | 570.5                                    |       | 610.5   |       | 620.5   |       |
| Domestic Civil Engineering         | 30.5                                     | 16.5% | 26.0   | 16.2% | 27.9   | 15.1%  | 40.0                                     | 16.0% | 41.0    | 16.4% | 42.0    | 16.8% |
| Domestic Building Construction     | 10.2                                     | 7.2%  | 10.5   | 6.9%  | 9.1    | 5.7%   | 11.0                                     | 6.1%  | 12.5    | 6.0%  | 12.5    | 6.0%  |
| Overseas                           | 3.9                                      | 3.3%  | -4.4   | -3.8% | -14.3  | -11.6% | 2.0                                      | 1.4%  | 3.0     | 2.0%  | 4.0     | 2.5%  |
| Gross Profit on Construction       | 44.6                                     | 10.0% | 32.2   | 7.5%  | 22.7   | 4.8%   | 53.0                                     | 9.3%  | 56.5    | 9.3%  | 58.5    | 9.4%  |
| Others                             | 0.1                                      | 37.4% | 0.5    | 32.7% | 0.2    | 43.8%  | 0.0                                      | 0.0%  | 0.0     | 0.0%  | 0.0     | 0.0%  |
| Total Gross Profit                 | 44.8                                     | 10.1% | 32.6   | 7.6%  | 22.9   | 4.9%   | 53.0                                     | 9.3%  | 56.5    | 9.3%  | 58.5    | 9.4%  |
| SG & A                             | 17.8                                     | 4.0%  | 19.3   | 4.5%  | 20.1   | 4.3%   | 21.5                                     | 3.8%  | 22.0    | 3.6%  | 22.5    | 3.6%  |
| Domestic Civil Engineering         | 20.8                                     | 11.2% | 15.5   | 9.7%  | 16.9   | 9.1%   | 28.0                                     | 11.2% | 28.7    | 11.5% | 29.5    | 11.8% |
| Domestic Building Construction     | 3.8                                      | 2.7%  | 3.5    | 2.3%  | 1.8    | 1.1%   | 3.5                                      | 1.9%  | 4.8     | 2.3%  | 4.5     | 2.1%  |
| Overseas                           | 2.3                                      | 2.0%  | -6.2   | -5.4% | -16.1  | -13.0% | 0.0                                      | 0.0%  | 1.0     | 0.7%  | 2.0     | 1.3%  |
| Others                             | 0.1                                      | 28.5% | 0.4    | 30.1% | 0.2    | 37.9%  | 0.0                                      | 0.0%  | 0.0     | 0.0%  | 0.0     | 0.0%  |
| Operating Profit                   | 27.0                                     | 6.1%  | 13.3   | 3.1%  | 2.8    | 0.6%   | 31.5                                     | 5.5%  | 34.5    | 5.7%  | 36.0    | 5.8%  |
| Non-Operating Income or Expenses   | 0.3                                      |       | -0.1   |       | -2.3   |        | -2.0                                     |       | -2.0    |       | -2.0    |       |
| Ordinary Income                    | 27.3                                     | 6.1%  | 13.2   | 3.1%  | 0.5    | 0.1%   | 29.5                                     | 5.2%  | 32.5    | 5.3%  | 34.0    | 5.5%  |
| Extraordinary Income or Losses     | -0.4                                     |       | 0.4    |       | 0.2    |        | -0.5                                     |       | -0.5    |       | -0.5    |       |
| Income before Taxes                | 26.9                                     | 6.0%  | 13.6   | 3.2%  | 0.7    | 0.2%   | 29.0                                     | 5.1%  | 32.0    | 5.2%  | 33.5    | 5.4%  |
| Net Income                         | 18.7                                     | 4.2%  | 9.1    | 2.1%  | 0.2    | 0.0%   | 20.0                                     | 3.5%  | 22.0    | 3.6%  | 23.0    | 3.7%  |
| Earning per share (yen)            | 65.6                                     |       | 32.0   |       | 0.6    |        | 70.1                                     |       | 77.5    |       | 81.8    |       |
| Total Assets                       | 446.5                                    |       | 456.0  |       | 495.5  |        | 530.0                                    |       | 580.0   |       | 600.0   |       |
| Net Assets                         | 140.0                                    | 31.4% | 139.8  | 30.7% | 135.1  | 27.3%  | 148.2                                    | 28.0% | 161.4   | 27.8% | 174.7   | 29.1% |
| Interest-bearing Debt              | 77.0                                     | 17.2% | 85.8   | 18.8% | 86.3   | 17.4%  | 96.0                                     | 18.1% | 106.0   | 18.3% | 96.0    | 16.0% |
| Cash and Deposits                  | 55.6                                     |       | 40.0   |       | 46.5   |        | 49.5                                     |       | 50.5    |       | 60.5    |       |
| Net Interest-bearing Debt          | 21.4                                     | 4.8%  | 45.8   | 10.1% | 39.9   | 8.0%   | 46.5                                     | 8.8%  | 55.5    | 9.6%  | 35.5    | 5.9%  |
| Net D/E Ratio (Point)              | 0.2                                      |       | 0.3    |       | 0.3    |        | 0.3                                      |       | 0.3     |       | 0.2     |       |
| Return On Equity (ROE)             | 14.0%                                    |       | 6.5%   |       | 0.1%   |        | 14.1%                                    |       | 14.2%   |       | 13.7%   |       |

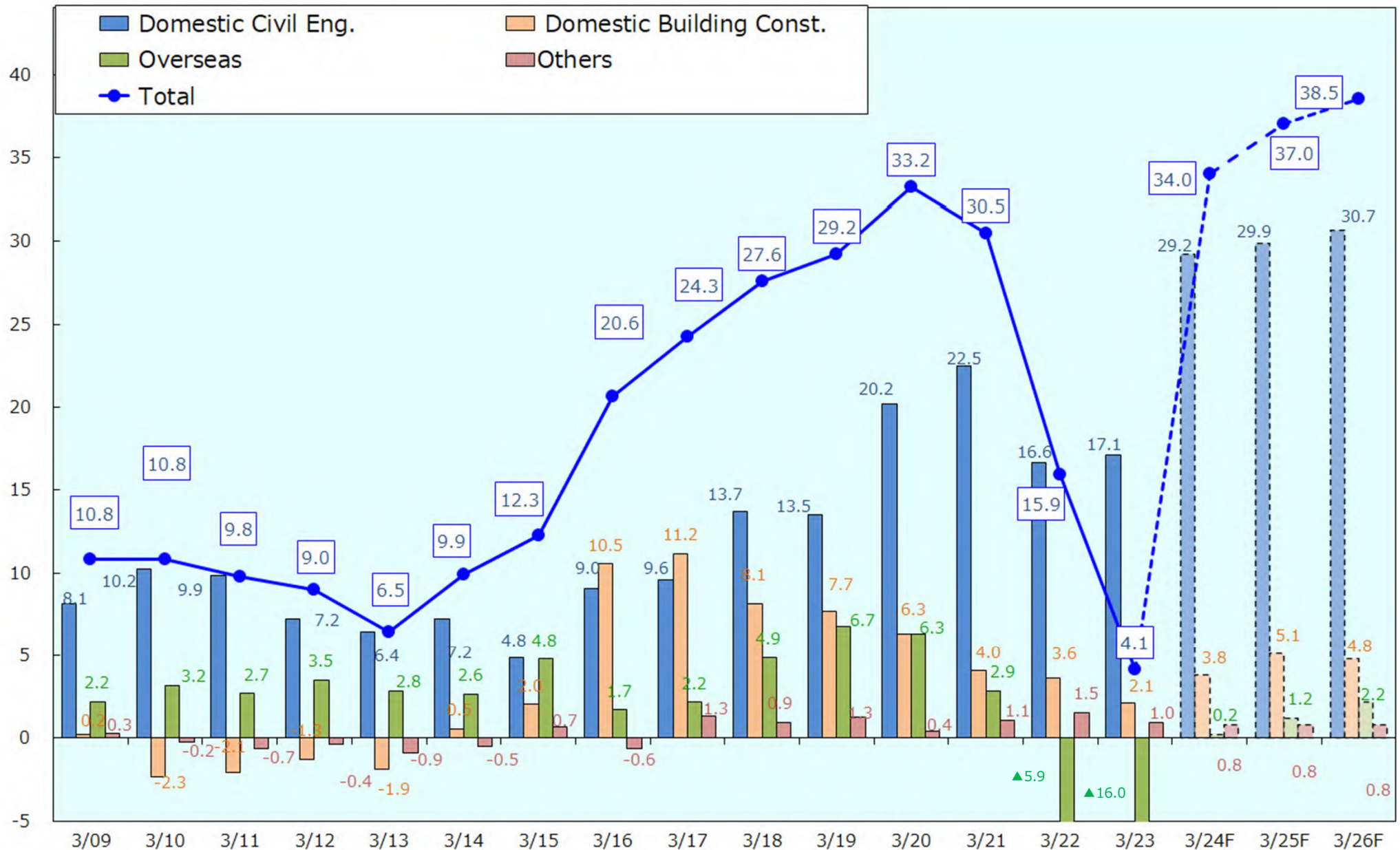
| (JPY bn)                                 |       |        |       |        |        |  |       |         |       |         |       |
|--|-------|--------|-------|--------|--------|--|-------|---------|-------|---------|-------|
| Consolidated                             |       |        |       |        |        |  |       |         |       |         |       |
| Mid-term Management Plan (FY3/21-FY3/23) |       |        |       |        |        | Mid-term Management Plan (FY3/24-FY3/26) |       |         |       |         |       |
| FY3/21                                   |       | FY3/22 |       | FY3/23 |        | FY3/24F                                  |       | FY3/25F |       | FY3/26F |       |
|  |       |        |       |        |        |  |       |         |       |         |       |
| 197.9                                    |       | 174.2  |       | 196.6  |        | 265.0                                    |       | 265.0   |       | 265.0   |       |
| 144.4                                    |       | 153.4  |       | 162.4  |        | 185.0                                    |       | 215.0   |       | 215.0   |       |
| 121.9                                    |       | 120.4  |       | 133.2  |        | 150.0                                    |       | 160.0   |       | 170.0   |       |
| 464.2                                    |       | 448.0  |       | 492.2  |        | 600.0                                    |       | 640.0   |       | 650.0   |       |
| 6.8                                      |       | 10.2   |       | 10.0   |        | 10.0                                     |       | 10.0    |       | 10.0    |       |
| 471.1                                    |       | 458.2  |       | 502.2  |        | 610.0                                    |       | 650.0   |       | 660.0   |       |
| 32.7                                     | 16.5% | 27.6   | 15.9% | 28.7   | 14.6%  | 41.8                                     | 15.8% | 43.0    | 16.2% | 44.0    | 16.6% |
| 10.6                                     | 7.4%  | 10.8   | 7.0%  | 9.5    | 5.9%   | 11.5                                     | 6.2%  | 13.0    | 6.0%  | 13.0    | 6.0%  |
| 5.1                                      | 4.1%  | -3.4   | -2.8% | -13.4  | -10.1% | 3.0                                      | 2.0%  | 4.0     | 2.5%  | 5.0     | 2.9%  |
| 48.4                                     | 10.4% | 35.1   | 7.8%  | 24.8   | 5.0%   | 56.3                                     | 9.4%  | 60.0    | 9.4%  | 62.0    | 9.5%  |
| 1.7                                      | 24.3% | 2.2    | 21.3% | 1.6    | 16.2%  | 1.5                                      | 15.0% | 1.5     | 15.0% | 1.5     | 15.0% |
| 50.0                                     | 10.6% | 37.2   | 8.1%  | 26.4   | 5.3%   | 57.8                                     | 9.5%  | 61.5    | 9.5%  | 63.5    | 9.6%  |
| 19.6                                     | 4.2%  | 21.3   | 4.6%  | 22.3   | 4.4%   | 23.8                                     | 3.9%  | 24.5    | 3.8%  | 25.0    | 3.8%  |
| 22.5                                     | 11.4% | 16.6   | 9.5%  | 17.1   | 8.7%   | 29.2                                     | 11.0% | 29.9    | 11.3% | 30.7    | 11.6% |
| 4.0                                      | 2.8%  | 3.6    | 2.4%  | 2.1    | 1.3%   | 3.8                                      | 2.1%  | 5.1     | 2.4%  | 4.8     | 2.2%  |
| 2.9                                      | 2.3%  | -5.9   | -4.9% | -16.0  | -12.0% | 0.2                                      | 0.1%  | 1.2     | 0.8%  | 2.2     | 1.3%  |
| 1.1                                      | 15.5% | 1.5    | 15.1% | 1.0    | 9.6%   | 0.8                                      | 8.0%  | 0.8     | 8.0%  | 0.8     | 8.0%  |
| 30.5                                     | 6.5%  | 15.9   | 3.5%  | 4.1    | 0.8%   | 34.0                                     | 5.6%  | 37.0    | 5.7%  | 38.5    | 5.8%  |
| 0.1                                      |       | -0.3   |       | -2.7   |        | -2.0                                     |       | -2.0    |       | -2.0    |       |
| 30.5                                     | 6.5%  | 15.7   | 3.4%  | 1.4    | 0.3%   | 32.0                                     | 5.2%  | 35.0    | 5.4%  | 36.5    | 5.5%  |
| -0.4                                     |       | 0.4    |       | 0.3    |        | -0.5                                     |       | -0.5    |       | -0.5    |       |
| 30.2                                     | 6.4%  | 16.1   | 3.5%  | 1.7    | 0.3%   | 31.5                                     | 5.2%  | 34.5    | 5.3%  | 36.0    | 5.5%  |
| 21.0                                     | 4.5%  | 10.8   | 2.3%  | 0.7    | 0.1%   | 22.0                                     | 3.6%  | 24.0    | 3.7%  | 25.0    | 3.8%  |
| 73.6                                     |       | 37.7   |       | 2.4    |        | 77.2                                     |       | 84.5    |       | 88.9    |       |
| 452.2                                    |       | 467.4  |       | 508.2  |        | 550.0                                    |       | 620.0   |       | 640.0   |       |
| 158.4                                    | 35.0% | 159.8  | 34.1% | 157.0  | 30.9%  | 172.1                                    | 31.3% | 187.2   | 30.2% | 202.6   | 31.6% |
| 82.2                                     | 18.2% | 92.6   | 19.8% | 93.7   | 18.4%  | 113.5                                    | 20.6% | 126.0   | 20.3% | 114.0   | 17.8% |
| 59.8                                     |       | 44.8   |       | 50.5   |        | 56.5                                     |       | 56.5    |       | 64.5    |       |
| 22.4                                     | 5.0%  | 47.7   | 10.2% | 43.2   | 8.5%   | 57.0                                     | 10.4% | 69.5    | 11.2% | 49.5    | 7.7%  |
| 0.1                                      |       | 0.3    |       | 0.3    |        | 0.3                                      |       | 0.4     |       | 0.2     |       |
| 14.0%                                    |       | 6.8%   |       | 0.4%   |        | 13.4%                                    |       | 13.4%   |       | 12.8%   |       |

# ■ Trends of Sales by Business Unit (Consolidated)



# ■ Trends of Operating Profit by Business Unit (Consolidated)

(JPY bn)



# ■ Investment & Financial Plans, Shareholder Returns

## ■ Investment Plan

- **Capital Investment:** (Consolidated) Approx. JPY 30 bn/year
  - Construction of large-scale work vessels for offshore wind const.
    - The third offshore installation vessel (1,600t lifting capacity, jointly owned with DEME Offshore)
    - A cable laying vessel, a large foundation installation vessel (approx. 5,000t lifting capacity), a feeder vessel to carry components, etc.
  - DX and GX initiatives for work vessels
    - Automation approach of work vessels, Utilization of AI, Electrification (for both new construction and conversion)
- **R&D investment:** approx. JPY 3 billion/year
  - Strengthening technological development to promote DX and GX initiatives
    - Utilization of AI, Robotization, Digital twin and CN promotion in construction business activities

## ■ Financial Plan

- **Funding in accordance with the use of funds**
  - Funding in response to capital investment toward expansion of offshore wind construction
    - Increase in procurement through corporate bonds (environmental bonds, etc.) (+ JPY 10bn)
  - Funding in response to working capital needs due to increasing business volume
    - Funding through bank borrowings (+ JPY 10bn)
    - Flexible funding through issuance of CP, etc.
- **Countermeasures against foreign exchange risk**
  - Coping with increasing hedging costs
  - Strengthen efforts for balancing foreign currency-denominated receivables and payables
  - Execution of cost-effective FX hedging (utilization of borrowings in foreign currencies)

## Cash flow and balance of interest-bearing debt

(JPY bn)

|                                 | 3/23  | Mid-term Management Plan<br>(FY3/24 - FY3/26) |       |       |
|---------------------------------|-------|---|-------|-------|
|                                 |       | 3/24F   | 3/25F | 3/26F |
| Consolidated                    |       |   |       |       |
| Cash flow from operations       | 19.7  | 22.0  | 22.0  | 53.0  |
| Cash flow from investment       | -11.7 | -29.0   | -26.0 | -23.0 |
| Cash flow from financing        | -7.0  | 13.0  | 4.0   | -22.0 |
| Balance of cash and deposit     | 50.5  | 56.5  | 56.5  | 64.5  |
| Balance of debt with interest   | 93.7  | 113.5   | 126.0 | 114.0 |
| (Change from the previous year) | 1.1   | 19.8  | 12.5  | -12.0 |
| Non-Consolidated                |       |   |       |       |
| Balance of cash and deposit     | 46.5  | 49.5  | 50.5  | 60.5  |
| Balance of debt with interest   | 86.3  | 96.0  | 106.0 | 96.0  |
| (Change from the previous year) | 0.5   | 9.7   | 10.0  | -10.0 |

## ■ Shareholder Returns

- **Basic policy for profit distribution**
  - Maintaining a good balance**
    - Return to shareholders -Continuous and stable dividends, carrying out share buybacks to boost the value of our stock
    - Investment for growth -Increase earnings and corporate value
    - Enhancement of capital adequacy -Preparation for the future
- **Target total payout ratio (consolidated) : 40%**
  - FY 3/24 forecast:
    - Regular dividend: JPY 24  
(dividend payout ratio:31.2%)
    - Share buybacks: Payout ratio: Approx. 10%



# Outline of Strategy

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# ■ A Company that Provides High-quality Social Infrastructure and Buildings

## ● Construction of high-quality social infrastructure and buildings (Sustainable construction)

- Sustainable construction business activities mean addressing all sustainability issues with sincere approach  
Making safety a top priority; Constructing high-quality structures; Designing and constructing resilient, environmentally- and local community-friendly structures; Sustainable supply chains for construction
- High-quality social infrastructure and buildings: Fruits of sustainable construction activities

## ● Sharpening competitive edge and implementing our comprehensive strengths backed by technology

### ○ Enhancing competitiveness - Evolution of front-loading initiatives

- Winning opportunities in projects with high technical difficulty: Improving technological competitiveness through front-loading initiatives
- All-team (sales, design/engineering, construction) effort and early preparation to identify risks prior to project start and to develop countermeasures; Optimization of design and construction (methods and systems), identification of necessary technologies, and determining appropriate construction costs
- Establishment of an optimal on-site team and on-site support system (to cope with the expansion of business volume and increase in younger staff members)

### ○ Implementing comprehensive strength: Deepen inter-departmental collaboration (POC's corporate DNA)

- Inter-departmental collaboration across business units (domestic civil engineering, domestic building construction, and international business units) (gathering the best technologies and human resources from each business unit)
- Implementing unrivaled comprehensive strengths in conjunction of our front-loading initiatives
- Showcasing outstanding strengths in integrated projects of civil engineering and building construction (common in overseas markets; in Japan, applicable in building construction projects adjacent to civil engineering infrastructural work, and national defense related projects)

### ○ Source of competitiveness - Technology development and enhancing engineering capabilities

- Target-oriented technology development, Capital investments in work vessels, etc.  
→ Further reinforcement of proposal competitiveness backed by technology
- Focused areas: DX (streamlining design, construction and management), GX (CN initiatives, offshore wind construction, ZEB), National resilience (strengthening social infrastructure and buildings, productivity improvement)

### ○ Enhancing competitiveness - Further promotion of alliance (external collaboration)

- Front-loading initiatives with companies with expertise and superiority in each project and technological field
- Offshore wind: Collaborating on joint ownership, operation and management of work vessels  
Joint ownership of offshore installation vessels: JOM(with DEME Offshore, Belgium),  
PKY Marine(with Kajima Corporation and Yorigami Maritime Construction)  
Operational Management: "K"Line Wind Service(KWS, a subsidiary of Kawasaki Kisen Kaisha and Kawasaki Kinkai Kisen Kaisha)
- Singapore: Reinforcing the business base through alliances with local companies  
M&E : UG M&E(100% subsidiary), Civil engineering and plant engineering company: KBE(equity-method subsidiary)

# ■ An Advanced DX Company that Promotes On-site Productivity Improvement



## ● Promotion of DX

- Digital technology is the basic infrastructure for achieving sustainable construction (information construction using ICT and enhancement of construction management efficiency)
- Promotion of DX will contribute to reform of construction production system, such as improvement of on-site productivity, streamlining administrative operations, information sharing, etc.
- The ICT Promotion Office will serve as a command post, and Institute of Technology and three business units will collaborate with each other.

## ● Efficiency improvement in design, construction and management

### ○ Utilization of BIM/CIM and Digital Twin

- Sophistication of construction management system: Visualization of construction progress using 3D, plane LiDAR\*<sup>1</sup> and AI  
\*1: light detection and ranging, a remote sensing technology using light
- Sophistication of BIM/CIM and digital twin: Integrating BIM/CIM models and construction-related information into a digital twin  
→Combining with AI for each machine operation to achieve automatic and autonomous operation, and robotization
- Expanding application of construction information sharing systems: i-PentaCOL (civil engineering construction information collection and sharing system), PiCOMS (construction progress management and sharing system)

### ○ Automatic and autonomous operation + utilization of AI

- Automatic and autonomous operation by remotely controlling various construction machines, AI-based operation and automatic and autonomous operation by BIM/CIM linkage of work vessels
- Efficiency improvement and labor saving in design, survey, and evaluation (assessment): AI-based seismic evaluation, ZEB design, etc.

## ● Digitization of on-site documents and information sharing

- Further promotion of digitization of drawings and safety documents and use of digital apps.  
→ Expansion of iPad use among foremen (Sharing the latest information on drawings, processes, safety, etc. via the cloud)  
→ Expanding the type of documents for digitization and information sharing destinations over time

## ● Enhancement of on-site remote supporting system

- Encouraging the use of on-site apps. and strengthen supporting system (consultation desk)
- Strengthening remote supporting system by using back office or outsourcing the routine on-site works, etc.

# ■ An Advanced GX Company that Creates Rich Global Environment

- **Tacking GX initiatives with a pioneering spirit - Contributing to achieve carbon neutrality by 2050**
- **CN promotion in construction activities:** Obtained official validation of “1.5°C trajectory” from SBTi (The Science Based Targets initiatives).
  - CO2 emission reduction targets: Scope 1 and 2: 50% reduction, Scope 3: 30% reduction in FY 3/2030 (compared to FY 3/20 level)
  - CO2 emission reduction efforts (short-term goals: blueprint of achievement around 2030)
    - SCOPE 1: Construction efficiency improvement (electrification, ICT), low-carbon fuel (additives to improve fuel efficiency), use of eco-friendly construction machinery
    - SCOPE 2: ZEB promotion of construction offices (energy-saving, use of renewable energy)
      - \*Acquisition of ZEB certification: 4 projects (as of the end of April 2023, number to be enlarged)
    - SCOPE 3: Use of low-carbon concrete, ZEB promotion, CO2 absorption by blue carbon in coastal areas, etc.
- **Contributing to achieve carbon neutrality through core businesses**
  - **A front runner in offshore wind farm construction**
    - ~Construction in general sea areas will be in full swing from FY 3/28 onwards, and will become one of the business pillars
    - Launch of large-scale projects (in port areas): Kitakyushu Hibikinada (220MW), installation of 25 foundations and wind turbines (construction started in March 2022, operation start scheduled for FY3/26)
    - Collaboration with other companies: DEME Offshore (Belgium) [establishment of a Japanese JV, joint ownership of an offshore installation vessel, collaboration in the construction], “K” Line Wind Service (KWS) [collaboration on operation of offshore support vessels, operation and management of self-propelling vessels owned by POC]
    - Owns three offshore wind turbine installation vessels, the largest number in Japan: CP-8001 (800t lifting capacity, owned by POC, in service in 2019), CP-16001 (1,600t lifting capacity, jointly owned with Kashima Corporation and Yorigami Maritime Construction, to be in service in 2023), Sea Challenger (1,600t lifting capacity, jointly owned with DEME Offshore, to be in service in 2025)
    - Initiatives for increasing construction capacity: New construction of a cable laying vessel, a large foundation installation vessel (approx. 5,000t lifting capacity), and a feeder vessel to carry components (planned to be constructed from FY 3/24 onwards)
    - Stepping up initiatives for floating-type offshore wind construction: Contemplating rational and efficient construction methods
      - to construction of actual units
  - **Promoting ZEB** - Contributing to the reduction of CO2 emissions during building use
    - Acquisition of ZEB certification: ZEB: 7 cases, Nearly ZEB: 2 cases, ZEB Ready: 7 cases, 16 cases in total (from FY 3/19 to present)
    - Demonstration of hydrogen energy use: At our new Muroran Factory (manufactures bridges and offshore wind power-related temporary steel structures) From October 2022 (production and use of green hydrogen by solar power generation + purchase and use of byproduct hydrogen)
- **Creation of a rich environment**
  - **Promotion of resource recycling** : Conducted by the Environmental Business Division and subsidiaries administering environmental businesses (JAIWAT, Sand Techno, Domi-Kankyo, Miki Biotech)
    - Recycling of construction generated soil and construction generated sludge (by JAIWAT): Reforming dredged soft soil using Calcia (made from steelmaking slag, by the Environmental Business Division) and reforming muddy soil using Watoru (made from paper sludge ashes, by JAIWAT), and food recycling (composting of food waste, by Miki Biotech).
  - **Absorption of CO2 in the ocean using blue carbon, etc.**
    - Absorption of CO2 by blue carbon and Calcia modified soil in coastal areas ⇒ Creation and conservation of seaweed beds and tidal flats



# ■ An Advanced D&I Company that Empowers Diverse Human Resources



## ● Securing and developing diverse human resources

- **Active recruitment of human resources:** In response to business volume expansion and progress in Work Style Reform (the 2024 issue, overtime hour cap)
  - Recruitment target: Approx. 200 new graduates, approx. 20 mid-career employees, approx. 5 global career-track employees
  - Number of employees (as of end of Mar. 2023) (non-consolidated): 3,222 (133 in overseas offices) + 1,744 associate employees, etc. (1,541 in overseas offices), total 4,996 (1,674 in overseas offices), (consolidated): 3,767
  - Percentage of female employees (Mar. 2020⇒Mar.2023): Domestic: 11.8%⇒13.2% (in managerial positions: 0.8%⇒2.1%), Overseas offices: 22.8%⇒22.6% (in managerial positions: 14.7%⇒15.6%)
  - Percentage of non-Japanese and local employees (associate employees, etc.): 1.2% in Japan offices, 92.1% in overseas offices
- **Enhancement of education and training programs** : Promote retention of young employees and early development of their work skills + raising awareness of mid-career and senior employees and promote their *Reskilling*
  - D&I training (interactive training): aiming for "Creation of a work environment empowering diverse human resources" "Creation of an open corporate culture," etc.
  - Establishment of personal-development support program (from FY3/24, for all employees in Japan and overseas offices)
  - Employees in Japan offices: Implementation of a career development program for young employees by job category, mentoring system, and various training programs for safety, compliance, etc., expansion of one-on-one training for young employees by the Safety and Quality Control Education Office (senior employees).
  - Local employees: Individualized training programs tailored for employees with diverse cultural backgrounds and skills, safety and compliance training, etc.
  - Establishment of a harassment consultation desk(both at home and abroad, establishment of internal/external offices)

## ● Evolution of D&I – empowerment of female and non-Japanese employees

- **Establishment of flexible work style:** Creation of a flexible work environment depending on their family-life events (childbirth, childcare family nursing care etc.)
  - Acquisition of half-day leaves, shift rotation for morning meetings, flexible working hours, working from home, job return system
- **Empowerment of female employees:** Providing flexible work styles and career plans according to their job descriptions and family-life events
  - Target percentage of new female employees in career-track positions: 25% or higher (average for 2021-22: 20%)
  - Target percentage of female employees in managerial positions: 15% or higher in Japan offices(to the same level as overseas offices by 2035) (2.1% in Japan offices and 15.6% in overseas offices, respectively, as of the end of FY3/23)
- **Non-Japanese employees (hired locally)** : Introduction of a global personnel system (from 2017-) – aiming to identify and develop future executives and next-generation project managers.
  - 1) Visualization of their career paths, 2) Training programs in Japan (onsite and technical), 3) Support for completing doctoral degrees, etc.
- **Global career-track employees** : 29 international students (graduated from Japanese and ASEAN universities) joined the company (of which, 8 career-track employees) (April 2023) →fostering future managers (providing Japanese-language lessons after joining the company, establishment of a prayer room at the headquarter building and other facility improvements)
- **Acceleration of work style reforms** : Compliance with overtime hour cap regulations and advancing initiatives to secure future workers
- **Compliance with overtime hour cap restrictions** : Organizational initiatives not dependent on individual efforts, timely and appropriate on-site personnel assignment
- **Support for subcontractors** : 1) 100% cash payment (from 2017), 2) Excellent Foreman Commendation System, 3) Promotion of enrollment in the Construction Career Upgrade System (CCUS) and payment of wages that commensurate with skills, 4) Provision of incentives for taking two days off per week (from 2019)

- **Promotion of Sustainability Management**

- **Creation of a framework for advancing sustainability management**

- Revision and disclosure of Code of Conduct, identification of materiality issues (important issues) and disclosure of KPIs (May 2023)
    - Sustainability education and awareness-raising initiatives(for all officers and employees in Japan and overseas offices, use of online training, etc.)

- **Solid foundation of sustainability management:**

- Promotion of effective governance stemming from the basic principle of respect for humanity and high ethical standards

- **Respect for Humanity: Respect for human rights and ensure occupational health and safety**

- **Respect for human rights and build sustainable supply chain**

- Establishment and disclosure of human rights policy (June 2023), establishment of Human Rights Committee (chaired by President & CEO) (July 2023), and organizing training courses
    - Continued implementation of human rights due diligence policies (human rights DD) from FY 3/24, across POC Group, from FY3/25, extending to subcontractors, etc.
    - Establishment and disclose of Sustainable Supply Chain (SSC) policy (FY 3/25)
      - Promoting partnerships with subcontractors and partner companies, informing them of training courses etc., continuous monitoring
      - Establishment of human rights consultation offices (both at home and abroad, establishment of internal/external offices)

- **Ensuring occupational health and safety**

- Commitment to the *safety-first* policy, promoting initiatives to prevent occupational accidents in close cooperation with subcontractors
    - Spreading POC Standards across Japan and overseas, one-on-one training by the Safety and Quality Control Education Office (senior employees)

- **Promotion of effective governance**

- **Continuous improvement of corporate governance initiatives**

- A thorough risk management plan: early identification of business risks, timely and appropriate responses to them (especially for projects in the private sector, offshore wind power, and overseas)
    - Establishment of an effective internal controlling system and constant improvement, early reporting of risk information, and the establishment of a dual-track reporting structure
    - Enhancing governance as Group (especially in overseas offices and group companies)
    - Continuous monitoring: Evaluation of internal control system and the effectiveness of the Board by the Board, internal audits

- **Ensuring strict compliance**

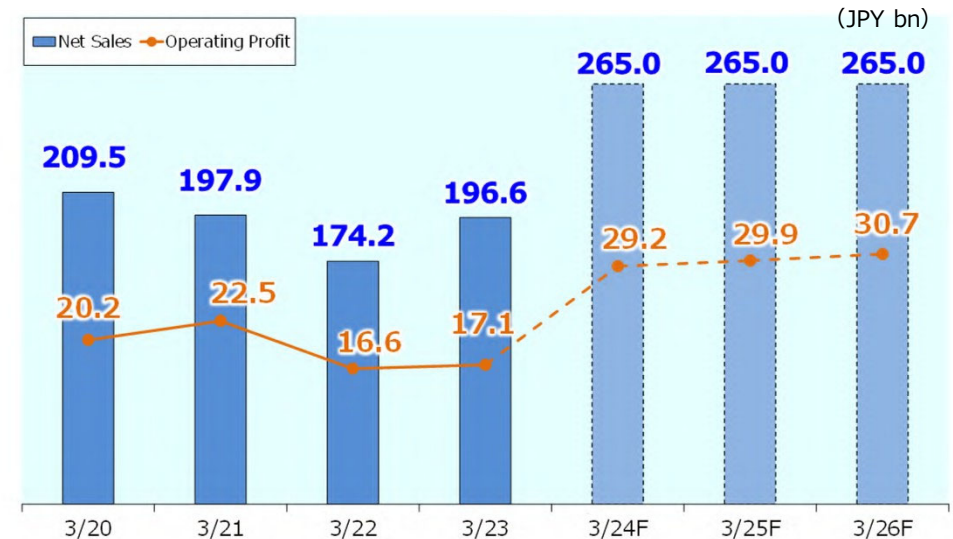
- Maintaining a high ethical standard and creating a work environment that “will not do, will not allow and will not overlook” any conduct against sustainability.
    - Organizing effective compliance training programs (for all officers and employees in Japan and overseas offices, practical training based on case studies, online training, etc.)
    - Establishment of compliance consultation offices (both at home and abroad, establishment of internal/external offices)

- **Timely, appropriate, and fair information disclosure**

- Promoting IR/PR activities and enhancing disclosures on sustainability related information

- **Goal to aim for**  
**Achieving sustainable business expansion with high engineering capabilities**  
 ~ National resilience, reinforcing defense forces, reorganization and restructuring of waterfront areas, offshore wind construction
- **Final year targets (Consolidated) (vs. FY3/20)**

|                            |                    |                 |
|----------------------------|--------------------|-----------------|
| <b>Net Sales</b>           | <b>JPY 265 bn</b>  | <b>(+26.5%)</b> |
| <b>Gross Profit Margin</b> | <b>16.6 %</b>      | <b>(+2.2p)</b>  |
| <b>Operating profit</b>    | <b>JPY 30.7 bn</b> | <b>(+52.3%)</b> |



## ● Basic strategies

### 1. Implementing comprehensive strength by front-loading approach ~Gathering technological expertise and human resources across and beyond organizational boundaries

- Strengthening efforts to win large-scale marine civil projects by leveraging our comprehensive strength
  - Target-oriented technology development, enhancement of engineering capabilities (use of DX and AI, productivity improvement by using PCa technology)
  - Reorganization and restructuring of waterfront areas (CN ports, CN industrial complex) (Renewal of port facilities, conversion to CN related facilities)
- Strengthening and expanding land civil projects through strategic efforts
  - Focusing on mountain tunnels, shield tunnels, elevated roads and bridge renewals
- Enhancing initiatives as a front runner in offshore wind field
  - Gathering technical expertise and seeking partners across and beyond national boundaries, establishment of collaboration structure
  - Expanding our fleet of work vessels and developing vessel operation systems, above includes both bottom-fixed type and floating type farms
- Promoting initiatives in the marine environment field (collaboration with subsidiaries administering environmental business)
  - Resource recycling: recycling of construction generated soil and dredged soil, etc. (Utilization of Calcia, reforming material and Watoru, mud-reforming material)
  - CO2 absorption using blue carbon and Calcia-modified soil, etc.

### 2. Promotion of DX and productivity improvement

- Efficiency improvement and sophistication of construction management system through the use of BIM/CIM and AI
- Visualization of construction progress using LiDAR (light detection and ranging), etc.
- Automatic and autonomous machine operation using digital twins
- Digitization of on-site documents, use of digital apps, expansion of iPad use among foremen
- Promotion of PCa technology: promoting widespread use of PCa technology for pier superstructures, etc.

### 3. Promotion of GX

- CN initiatives in construction business activities (especially use of low-carbon fuel for work vessels, electrification of cranes, use of ICT and AI)
- Use of low-carbon materials: low-carbon/carbon-negative concrete
- Absorption of CO2 using blue carbon, etc. in coastal areas

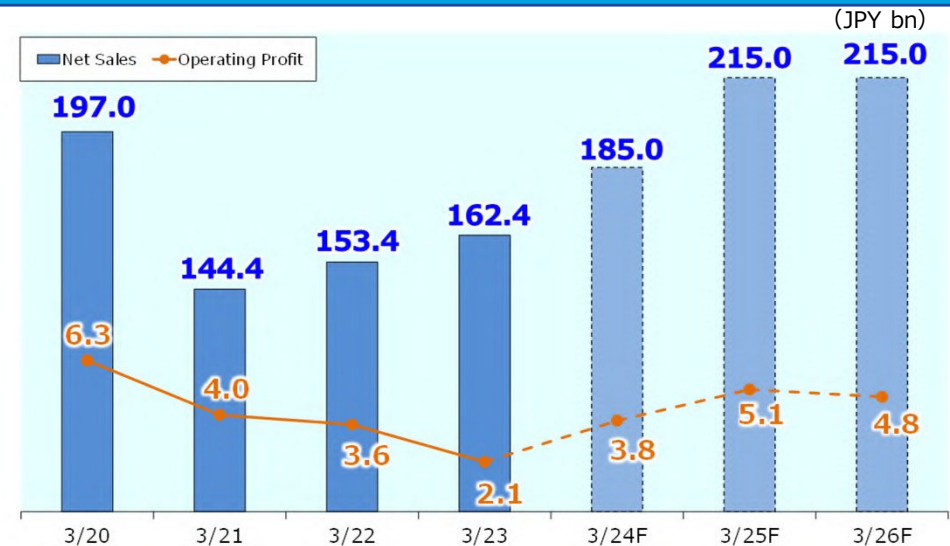
### 4. Human Resource Development

- Securing and nurturing human resources in response to business volume expansion
- Nurturing human resources capable of handling large-scale project planning and site management
- Early development of young employees' work skills and changing the mentality of mid-career and senior employees towards reskilling
- Compliance with overtime hour cap regulations: Ensuring organizational initiatives not dependent on individual efforts

# ■ Domestic Building Construction BU

- **Goal to aim for**  
**Strengthening management base eyeing sustainable business expansion**  
~ Enhancement of proposal and construction capabilities backed by technological expertise
- **Final year targets (Consolidated) (vs. FY3/20)**

|                            |                   |                 |
|----------------------------|-------------------|-----------------|
| <b>Net Sales</b>           | <b>JPY 215 bn</b> | <b>(+9.2%)</b>  |
| <b>Gross Profit Margin</b> | <b>6.0 %</b>      | <b>(-0.4p)</b>  |
| <b>Operating profit</b>    | <b>JPY 4.8 bn</b> | <b>(-24.0%)</b> |



## ● Basic strategies

### 1. Implementing comprehensive strength by front-loading approach ~Gathering technological expertise and human resources through inter-departmental collaboration and alliance

- Further enhancement and growth in focused areas and expansion in promising areas
  - Focused areas (logistics facilities, medical and welfare facilities, residential buildings and environmental facilities)
  - Growing/promising areas (data centers, commercial facilities, national-defense related facilities)
- Front-loading approaches to promote comprehensive strength (marketing, design, engineering and construction)
  - Strengthening proposal capability and cost competitiveness backed by technology
  - Proposals incorporating DX (productivity improvement) and GX (ZEB, etc.) initiatives
  - Taking on technologically complex foundation work projects, large-scale development projects; Collaboration with civil engineering BU
  - Medical, production facilities: Collaboration with specialized design firms
  - Data centers etc.: Collaboration with specialized M&E companies
  - Strengthening procurement capacities: Close information sharing with subcontractors and suppliers
- Enhancing construction capability: Early involvement of project managers
- Strengthening initiatives for large-scale statutory redevelopment projects and redevelopment projects led by private sectors, as well as contributing to their early realization
  - Efforts to be involved in PFI/PPP projects (collaboration with the civil engineering BU, projects in waterfront areas)

### 2. Promotion of DX and productivity improvement

- Promoting application of Digital Twin technology using BIM
  - Creating more appealing proposals, sharing construction progress management information
- Standardization of on-site ICT tools, use of digital apps, and expansion of iPads use among foremen of subcontractors
- Active on-site introduction of labor-saving, manpower-saving, and unitization technologies

### 3. Promotion of GX

- Promotion ZEB and ZEH-M in design-and-build projects
  - Introducing energy-saving and energy-creating technologies, establishing methods for estimating energy saving effects
- Active application of environment-friendly (low-carbon) concrete "CELBIC". Technology development of carbon-negative concrete, Use of wooden structures and materials
- Use of green hydrogen as energy (monitoring at new Muroran factory)

### 4. Human Resource Development

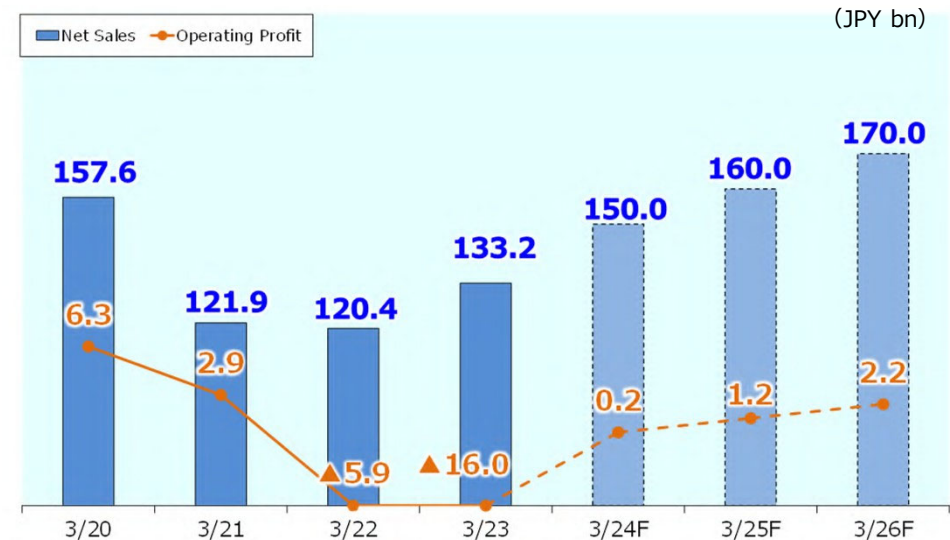
- Securing and nurturing human resources in response to business volume expansion (new graduates, mid-career employees)
- Providing young employees with practical training through the Task Support Center (for the duration of 8 years after joining the company)
- Compliance with overtime hour cap regulations: Ensuring organizational initiatives not dependent on individual efforts
  - Establishment of an on-site support system for documentation, etc., utilizing outsourcing



# ■ International BU

- **Goal to aim for**  
**Recovery of International Business Unit and steps towards its sustainable development**  
~ Target-oriented and profit-focused initiatives
- **Final year targets (Consolidated) (vs. FY3/20)**

|                            |                   |                 |
|----------------------------|-------------------|-----------------|
| <b>Net Sales</b>           | <b>JPY 170 bn</b> | <b>(+7.9%)</b>  |
| <b>Gross Profit Margin</b> | <b>2.9 %</b>      | <b>(-2.2p)</b>  |
| <b>Operating profit</b>    | <b>JPY 2.2 bn</b> | <b>(-65.1%)</b> |



## ● Basic strategies

### 1. Implementing comprehensive strength by front-loading approach ~Gathering technological expertise and human resources through inter-departmental collaboration and alliance

- Use of profit-oriented marketing strategies backed by technology
  - Implementation of target-oriented (size and usage) initiatives in each business area
  - Early identification of technical issues and risks, as well as appropriate construction cost
  - Studying countermeasures against foreseen risks prior to project start, within and beyond the department in charge
  - Promotion of strategic marketing initiatives for operation of proprietary work vessels
- More organizational construction management led by the HQ in S'pore
  - Risk elimination and timely responses by front-loading approach, raising the level of contracting and site management (by inter-departmental sharing of failure cases)
- Enhancing competitiveness in Singapore
  - Collaborating with KBE(civil engineering, equity method affiliate), UG M&E(M&E, subsidiary) to enhance marketing abilities, cost competitiveness and construction capability
- Inter-departmental collaboration to work on large-scale ODA projects and projects affiliated with Japanese companies
- Implementation of POC Standards (for safety and quality) across business units

### 2. Promotion of DX and productivity improvement

- Improvement of labor-saving initiatives and safety & quality management through use of ICT
- Promoting application of Digital Twin technology using BIM Information sharing and construction progress management through promotion of IDD
- Productivity improvement through DfMA, MiC (PPVC), PCa, etc.

IDD : Integrated Digital Delivery

DfMA: Design for Manufacturing and Assembly

MiC : Modular Integrated Construction

PPVC : Prefabricated Prefinished Volumetric Construction)

### 3. Promotion of GX

- CN Promotion in construction activities
  - Low-carbonization of work vessels by improving fuel efficiency and use of low-carbon materials
  - Use of renewable energy in construction offices (installation of solar power generation systems)
- Strengthening initiatives for energy-efficient building projects

### 4. Human resource development

- Active promotion of non-Japanese employees to senior management positions
- Strategic allocation of third-country national employees working globally
- Empowerment of global career-track employees (Japanese and ASEAN students)
- Organizing training on DX, GX, and reskilling
- Promotion of work style reform on construction sites

**【Disclaimer】**

This documents contains forward-looking statements .These statements are not guaranteed of future performance and involve risks and uncertainties and actual results may materially differ from those contains in the forward-looking statements as a result of various factors.