

Domestic Civil Engineering Business Unit

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 -

Basic Strategies

The Civil Engineering Business Unit is experiencing steady demand due to public investment in national resilience initiatives and in strengthening the international competitiveness of ports and airports, as well as increased private capital investment. In FY 3/25, consolidated net sales increased significantly to ¥307.3 billion due to the smooth progress of a large number of projects, including large-scale port construction associated with the largest-scale Self-Defense Forces facility development in Japan and offshore wind construction at Hibikinada, Kitakyushu, while operating profit remained at ¥27.8 billion, the same level as the previous year.

Going forward, in addition to national resilience initiatives, public investment for strengthening defense capabilities and the start of full-scale offshore wind construction in general sea areas from FY 3/28 onward are expected to generate a stable and high level of business volume exceeding ¥250 billion.

To solidify the management foundation of the Civil Engineering Business Unit, which is the core of our business, we will promote DX and GX, as well as target-driven technology development and enhancement of technological capabilities, as a leading company in the civil engineering field. In addition, in accordance with the Penta-Ocean Construction Group Code of Conduct, we will steadily implement the Human Rights Policy, Sustainable Supply Chain Policy and Guidelines, Declaration of Partnership Building, and other initiatives, contributing to the development of a sustainable construction industry.

Business Strengths, Opportunities, and Response to Risks

Strengths (Internal Positive Factors)

- ▶ Advanced marine civil engineering technologies cultivated in port, coastal and waterfront areas
- ▶ Ownership of work vessels capable of handling diverse construction projects
- ▶ Problem-solving ability through inter-departmental collaboration

Opportunities (External Positive Factors)

- ▶ Increase of public works related to strengthening national resilience and defense
- ▶ Restructuring of manufacturing hubs in port, coastal, and waterfront areas as well as expansion of private investments related to CN initiatives
- ▶ Expansion of offshore wind power and other renewable energy market

Risks

- ▶ Securing and nurturing future workforce (engineers and skilled workers)
- ▶ Response to the increasing size of wind turbines
- ▶ CN initiatives in construction business activities, especially the reduction of CO₂ emissions from work vessels

Response to Risks

- ▶ Securing and developing diverse human resources, promoting DX (productivity improvement), and GX
- ▶ Construction of work vessels compatible with the increasing size of wind turbines and expansion of the work vessel fleet
- ▶ Efficiency improvement of crane operations on work vessels (ICT/AI utilization, electrification) and decarbonization through the use of fuel efficiency improvement additives and biofuels

Specific Measures

① Demonstrating Collective Strengths by Front-loading Approach

- ▶ Strengthening efforts to win large-scale marine civil projects by leveraging collective strengths
- ▶ Strengthening and expanding the land civil engineering field through strategic efforts

③ Promotion of GX

- ▶ CN initiatives in construction business activities (use of ICT and AI in crane work, increasing crane efficiency by electrification, and reducing carbon by using fuel efficiency improvement additives)
- ▶ Use of low-carbon materials (low-carbon/carbon-negative concrete, etc.)

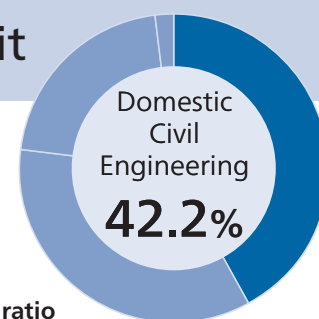
② Promotion of DX and Productivity Improvement

- ▶ Efficiency improvement and sophistication of construction management system through the use of BIM/CIM and AI
- ▶ Promotion of precast concrete (for both marine and land civil engineering projects)

④ Human Resources Development

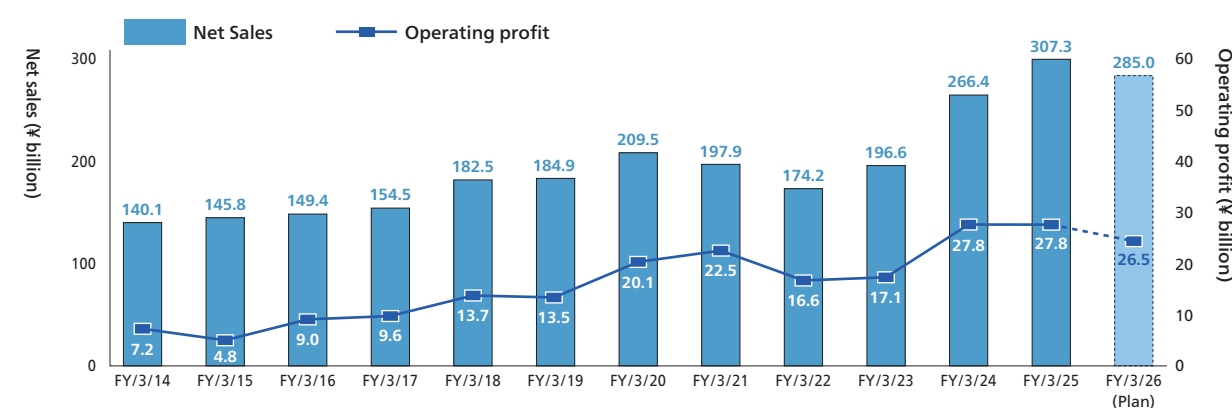
- ▶ Promoting the instillation of sustainability management
- ▶ Securing and nurturing human resources in response to business volume expansion
- ▶ Work style reform and promotion of DE&I

Sales ratio
(FY 3/25)



Medium-term Management Plan from FY 3/24 to FY 3/26

Final year targets Net sales: ¥285 bn Gross profit margin: 14.6% Operating profit: ¥26.5 bn



Major Construction Projects Completed in FY 3/25

Aozora Bridge (Tokyo)



This project involves the construction of a pedestrian bridge connecting HANEDA Industrial Park, a regional industrial hub, with Seibijo Station on the Tokyo Monorail line, located on the opposite area across the Ebitori River. Due to site constraints restricting the installation of large cranes on both areas of the river or in the water area, the bridge superstructure was constructed using the barge vessel. Improved access to the station across the river had been a shared aspiration of both the local authorities and residents. The construction of a new bridge fulfilled this long-held wish and established a new evacuation route in the event of a disaster, while laying the foundation for the area's continued growth.

The Onahama Road Yamada Construction, The Onahama Road Iwaki Minami Construction (Fukushima Prefecture)



This project involves the construction of the expressway, the Iwaki Onahama interchange and the Iwaki Soeno interchange over a 3-kilometer stretch of the Onahama Road. The Onahama Road, developed as part of the Fukushima Reconstruction Roads, connects Onahama Port to the Joban Expressway. The project was carried out as a joint venture between Penta-Ocean Construction and Toa Corporation. The opening of the Onahama Road is expected to revitalize the region in terms of logistics, industrial activities, and tourism, as well as to secure smooth emergency transportation routes in the event of a large-scale disaster and alleviate traffic congestion around Onahama Port.

Domestic Building Construction Business Unit

Goal to Aim for

Strengthening management base eyeing sustainable business expansion

- Enhancement of proposal and construction capabilities backed by technological expertise -

Basic Strategies

In the Domestic Building Construction Business Unit, while the earlier surge in construction material prices has started to settle, supply constraints still persist. On the other hand, private construction demand remains strong driven by increased demand for logistics facilities and data centers, as well as urban redevelopment. In addition, the return of manufacturing to Japan and the reorganization of domestic factories from the perspective of economic security are further contributing to this trend. Furthermore, an increase in public investment is expected, such as strengthening Self-Defense Force facilities to enhance national defense capabilities. In this business environment, in FY 3/25, the completion of a series of data center construction projects and multiple large-scale logistics facility projects resulted in consolidated net sales of ¥254.5 billion and operating profit of ¥9 billion, marking a significant increase in both sales and profits from the previous year.

Going forward, with strong demand for logistics facilities, data centers, waste treatment facilities, urban redevelopment, and large-scale defense-related projects, a high level of business volume exceeding ¥250 billion is expected to remain stable.

We will establish a system to successfully handle the expanding business volume, promote front-loading approach through inter-departmental and external collaboration, advance DX and GX, and strengthen solution proposal and construction capabilities backed by technology. In addition, in accordance with the Penta-Ocean Construction Group Code of Conduct, we will steadily implement the Human Rights Policy, Sustainable Supply Chain Policy and Guidelines, Declaration of Partnership Building, and other initiatives, contributing to the development of a sustainable construction industry.

Business Strengths, Opportunities, and Response to Risks

Strengths (Internal Positive Factors)

- ▶ Abundant design and construction track record of logistics facilities, etc.
- ▶ Ability to undertake projects in waterfront areas, underground constructions in urban areas, and large-scale development projects through collaboration with the Civil Engineering Business Unit
- ▶ Early implementation of ZEB and other CN-related technologies and track record of design-and-build projects

Opportunities (External Positive Factors)

- ▶ Strong private sector demand for logistics facilities, urban redevelopment, and data centers
- ▶ Strengthening Self-Defense Force facilities to enhance national defense capabilities and increase in public works such as waste treatment facilities
- ▶ Promotion of ZEB and ZEH, and expansion of Carbon neutral-related capital investment

Risks

- ▶ Soaring construction costs due to persistently high construction material prices, rising M&E construction costs including labor costs, and supply constraints
- ▶ Potential loss of orders due to inability to secure M&E subcontractors
- ▶ Securing and nurturing future workforce (engineers and skilled workers)

Response to Risks

- ▶ Front-loading approach to projects, improving productivity through labor-saving, manpower-saving, and unitization
- ▶ Building a sustainable supply chain with business partners
- ▶ Strategic allocation of employees and development of a workplace environment that enables flexible work styles

Specific Measures

① Demonstrating Collective Strengths by Front-loading Approach

- ▶ Front-loading approach integrating sales, design, technology, and construction teams
- ▶ Appropriate allocation of personnel for ultra-large-scale and highly complex projects

③ Promotion of GX

- ▶ Promotion of ZEB and ZEH-M in design-and-build projects
- ▶ Expansion of application of environmentally friendly concrete

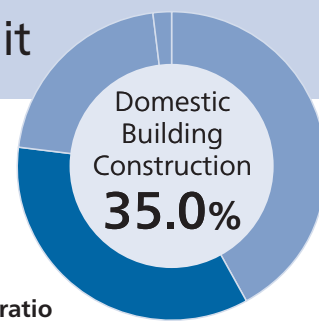
② Promotion of DX and Productivity Improvement

- ▶ Work efficiency improvement through BIM utilization and active implementation of digital twins
- ▶ On-site implementation of various ICT tools
- ▶ Active on-site introduction of labor-saving, manpower-saving, precast, and unitization technologies utilizing DX

④ Human Resources Development

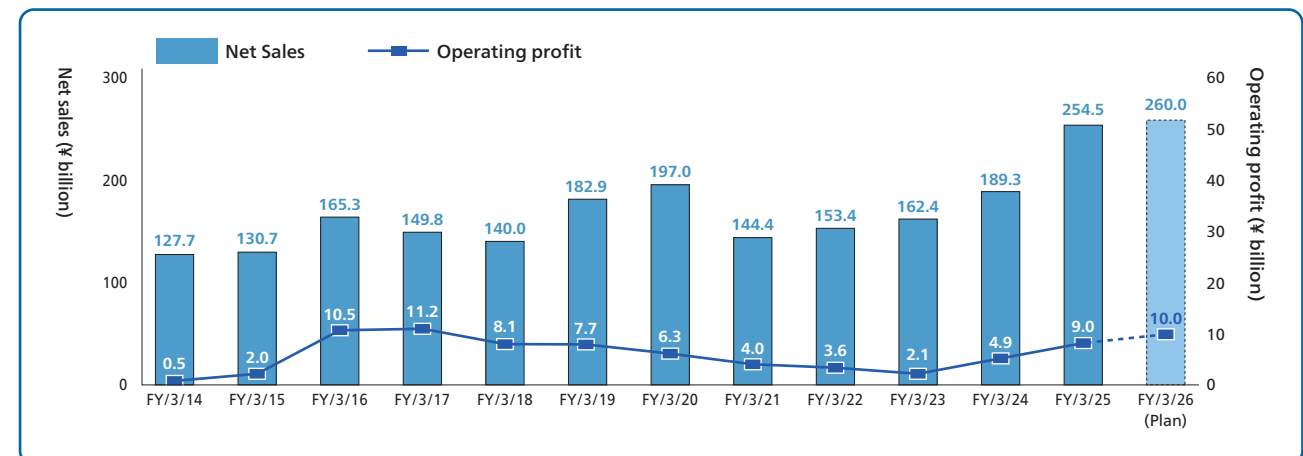
- ▶ Promoting the instillation of sustainability management
- ▶ Securing and developing diverse human resources for business expansion
- ▶ Practical skill development for employees in their first eight years through the Task Support Center
- ▶ Work style reform and promotion of DE&I

Sales ratio
(FY 3/25)



Medium-term Management Plan from FY 3/24 to FY 3/26

Final year targets Net sales: ¥260 bn Gross profit margin: 7.3% Operating profit: ¥10 bn



Major Construction Projects Completed in FY 3/25

Landport Yokohama Sugita (Kanagawa Prefecture)



This is a logistics center constructed on the former site of the IHI Construction Machinery Co., Ltd.'s Yokohama Plant. Ordered by IHI Corporation and Nomura Real Estate Development Co., Ltd., it is the largest logistics facility in Japan operated by Nomura Real Estate Development. The facility features a landscaped plaza open to the neighbourhood residents, along with cafés, and has been designated by Kanazawa Ward, Yokohama City, as a tsunami evacuation center with a seismically isolated structure. Serving as a "community-accessible logistics hub," the facility works in partnership with the local community to promote regional economic vitality, strengthen disaster prevention, and enhance environmental conservation efforts.

La Tour Gotenyama (Tokyo)



This residential building was constructed in the Gotenyama area, one of the Jyonan Gozan, or the Five Hills of Southern Tokyo. The site was formerly home to the Hara Museum, located in a quiet, upscale neighbourhood. All 43 units offer serene views of the Gotenyama Japanese Garden. Tailored to support the comfortable lifestyle of its residents, the building features a wide range of amenities, including a party room, fitness room, kids' room, and an indoor golf range. With each unit exceeding 150 m² in floor area, this luxury rental residence offers refined living for those with discerning tastes.

International Business Unit

Goal to Aim for

Recovery of the International Business Unit and steps towards its sustainable development

- Target-oriented and profit-focused initiatives -

Basic Strategies

Although the International Business Unit continued to record operating profits for 14 consecutive terms from FY 3/08 to FY 3/21, it has posted operating losses for four consecutive terms since FY 3/22. In FY 3/25, consolidated net sales increased slightly to ¥151.8 billion due to progress in backlog projects, but additional losses in projects in Singapore and Hong Kong and non-operation of work vessels resulted in an operating loss of ¥15.6 billion.

Going forward, steady construction demand is expected in our major bases of Singapore, Hong Kong, and Southeast Asian countries, and as projects with loss risks have reached a certain milestone, we expect to return to operating profit from FY 3/26 onward.

To revitalize our distinctive International Business Unit, we will draw on past successes and setbacks, thoroughly manage risks such as technical challenges, procurement of materials, exchange rates, and geopolitical risks through front-loading initiatives from the bidding stage, and maintain a strong focus on profit-oriented strategies. In addition to promoting DX and GX, we will faithfully implement the Penta-Ocean Construction Group Code of Conduct, the Human Rights Policy, Sustainable Supply Chain Policy and Guidelines, and Declaration of Partnership Building, and contribute to the development of a sustainable construction industry overseas.

Business Strengths, Opportunities, and Response to Risks

Strengths (Internal Positive Factors)

- ▶ Long-standing track record and relationships of trust with stakeholders in Singapore, Hong Kong, and Southeast Asian countries (60th anniversary of entry into Singapore in 2024)
- ▶ Inter-departmental collaboration with the civil engineering and building construction teams in Japan
- ▶ Proprietary fleet of work vessels with global operational capabilities

Opportunities (External Positive Factors)

- ▶ Vigorous construction demands in Singapore, Hong Kong, Southeast Asia, etc.
- ▶ Export of high-quality infrastructure promoted by the Japanese government

Risks

- ▶ Uncertainty in the global economy due to geopolitical risks and higher U.S. tariffs
- ▶ Securing and nurturing local employees capable of assuming senior management positions
- ▶ Maintenance and operation of proprietary fleet of work vessels

Response to Risks

- ▶ Organizational and prompt response to technical challenges and various risks, and profit-oriented initiatives with clear targets
- ▶ Promotion of further localization and globalization
- ▶ Strengthening marketing strategies for increasing the operation rate of proprietary fleet of vessels

Specific Measures

① Demonstrating Collective Strengths by Front-loading Approach

- ▶ Identification of technical challenges and risks, early response, and selection of projects
- ▶ Demonstration of technological capabilities through inter-departmental collaboration with the business units in Japan, and thorough quality and safety control
- ▶ Enhancement of marketing abilities, cost competitiveness and construction capabilities through collaboration with group companies in Singapore
UG M&E Pte. Ltd.: An M&E contracting subsidiary (proportion of shares owned: 100%)
KBE: Civil engineering, equity method affiliate (proportion of shares owned: 28.7%)

③ Promotion of GX

- ▶ Introduction and verification of effects of green-related technologies, equipment and materials, fuel efficiency improvement additives, and biofuels
- ▶ Development of GX mindset and improvement of GX literacy through education

② Promotion of DX and Productivity Improvement

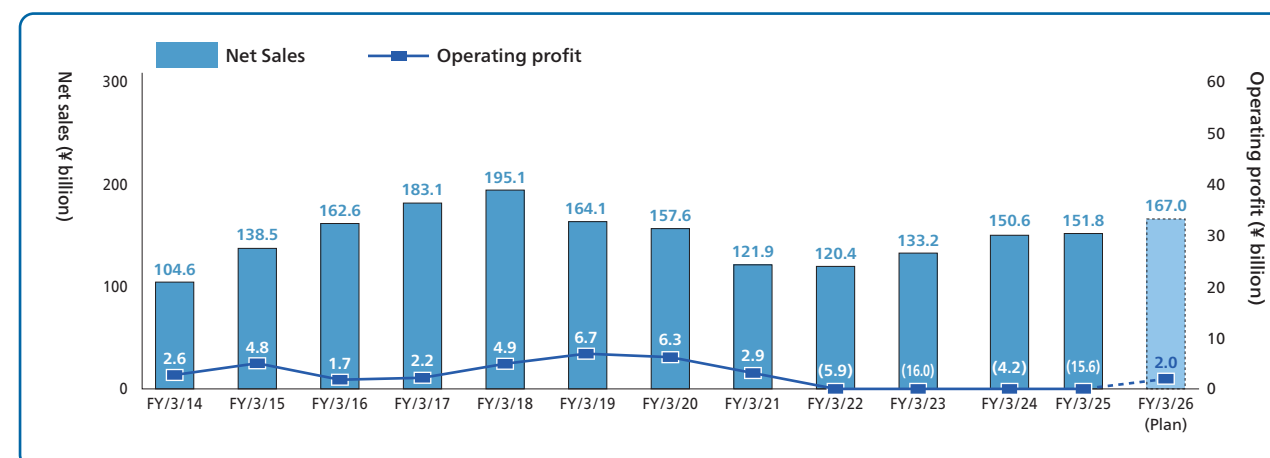
- ▶ Information sharing and visualization of project progress by use of integrated platforms
- ▶ Introduction of advanced technologies, modularized construction methods, such as DfMA, MiC, and PCa, as well as construction robots
DfMA: Design for Manufacturing and Assembly
MiC: Modular Integrated Construction
PCa: Precast Concrete

④ Human Resources Development

- ▶ Promoting the instillation of sustainability management in each country
- ▶ Nurturing local employees and promoting them to senior management positions
- ▶ Strategic development of personnel capable of working globally

Medium-term Management Plan from FY 3/24 to FY 3/26

Final year targets Net sales: ¥167 bn Gross profit margin: 2.7% Operating profit: ¥2 bn



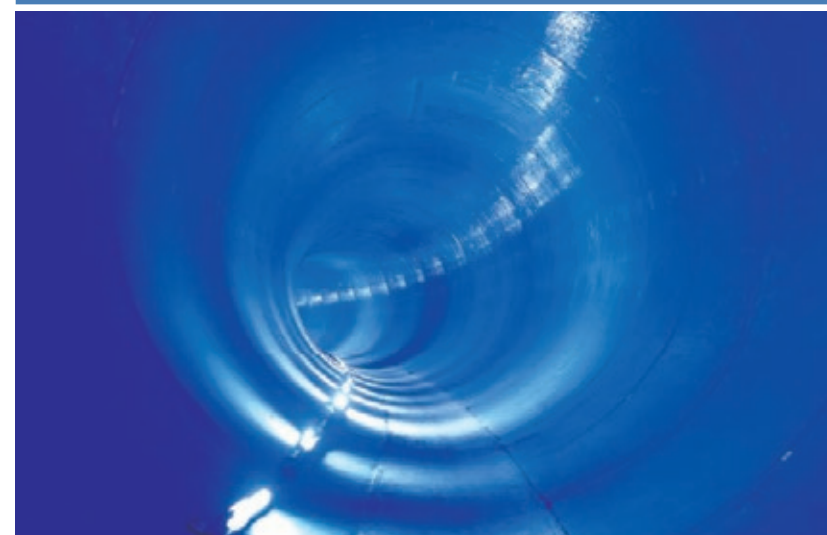
Major Construction Projects Completed in FY 3/25

Matarbari Ultra Super Critical Coal-Fired Power Plant Port Works (Bangladesh)



This is an Official Development Assistance (ODA) project supported by the Government of Japan to construct the largest power plant in Matarbari District in the southern part of Bangladesh to respond to the recent increase of electricity demand in the country. The project involves dredging of the access channel, construction of breakwaters against sedimentation, and reclamation and ground improvement works for the power plant site. It marks the completion of Bangladesh's first deep-sea port designed to accommodate large coal cargo vessels. Going forward, Matarbari District is expected to evolve into a central hub for comprehensive waterfront development by attracting power generation facilities, logistics operators as well as industrial parks.

Contract T-08 of the Deep Tunnel Sewerage System Phase-2 Project (Singapore)



This project was carried out by a joint venture between Penta-Ocean Construction and a subsidiary of Koh Brothers Eco Engineering Ltd., a Singaporean company with which POC has a capital alliance. Four shield tunneling machines were deployed to excavate two deep sewage tunnels, each including an undersea crossing, with the combined length of approximately 10 kilometers. For the secondary lining of the tunnel, POC developed Microbiological Influenced Corrosion (MIC) resistant concrete with a 100-year service life that is resistant to sulfuric gas generated in the sewer tunnel and put it into practical use for the first time in Singapore.