Contributing to the Sustainable Development of Society through Two Key Evolutions: “Sustainability Initiatives Begin on Site” and “Building New Horizons in Construction”



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Celebrating the 130th Anniversary

Founded as Mizuno Gumi in Kure City, Hiroshima Prefecture in 1896, Penta-Ocean Construction celebrates its 130th anniversary this year. Our initial business in marine civil engineering has significantly expanded to land civil engineering and building construction. Our overseas ventures started with the Suez Canal Dredging Project in 1961, and have expanded primarily in Singapore, Hong Kong, and across Southeast Asia, with Singapore as our regional hub, since our first entry into the market in 1964. Since its founding, we have taken on challenging and large-scale projects both in Japan and abroad, with a pioneering spirit as part of our corporate DNA.

Under our previous Medium-term Management Plan (FY 3/24-3/26), which concluded in March 2026, although challenges remained in our International Business Unit, our Domestic Civil Engineering and Domestic Building Construction segments achieved substantial growth in business volume and improved profitability. As a result, in FY 3/26, the final year of the Plan, we recorded consolidated net sales of JPY 794.3 billion and net income attributable to owners of the parent of JPY 34.7 billion, setting new records for both net sales and net income.

Under our new Medium-term Management Plan (FY 3/27–3/29), commenced in April 2026, we expect continued growth in business volume and a corresponding increase in profits, supported by robust construction demand across both Japan and overseas markets. For the final year of the Plan, we aim to achieve consolidated net sales of JPY 880 billion and net income attributable to owners of the parent of JPY 38 billion, setting new records for both net sales and net income.

At our 125th anniversary, we adopted the message, “An Era of New Challenge Begins—The path we walked will create our own destiny.” Guided by this message, we have strengthened interdepartmental collaboration, advanced DE&I, promoted “Digital” and “Green” initiatives, and taken on the challenges in new business fields such as offshore wind construction and ZEB (Net Zero Energy Buildings). For the 130th anniversary, our message, **“The Era of New Challenges Continues”** expresses our determination to further accelerate these efforts. We, the Penta-Ocean Construction Group, will anticipate changes, adapt with agility, and continuously evolve to shape the future. To this end, we pursue two forms of “Evolution.”

Evolution 1

Sustainability Initiatives Begin on Site

—Together with our business partners, we advance sustainability in everything we do.

From the perspective of ESG (Environment, Social, and Governance), we will embed sustainability into our business practices and corporate conduct as part of our DNA. We will steadily fulfil our social responsibilities in our daily operations by conserving and restoring the environment, including reducing CO_2 emissions and promoting nature-positive initiatives, ensuring occupational health and safety, advancing DE&I, respecting human rights, and maintaining fair and appropriate transactions with business partners.

Evolution 2

Building New Horizons in Construction

—Driving DX and GX through AI and robotics to transform construction into an engaging workplace.

Looking ahead to construction sites over the next decade, we will implement AI and robotics on-site to create workplaces that appeal to younger generations. Led by the Global DX Centre, we will promote Construction DX (advancing digital construction and improving construction management efficiency), Knowledge DX (applying experience and expertise to standardise operations and automate design and construction planning), and Corporate DX (developing digital infrastructure and improving efficiency of management systems). Furthermore, improvements in productivity driven by DX will contribute to the low-carbon and decarbonised use of fuel. Combined with the expanded adoption of renewable energy, these efforts will promote GX and lead to reductions in CO_2 emissions.

The Goal to Aim for—a Genuine Global General Contractor

The Penta-Ocean Construction Group aims to become a “Genuine Global General Contractor” who practises sustainability management and builds new horizons in construction. A Genuine Global General Contractor is defined by the absence of barriers among the three business units (Domestic Civil Engineering, Domestic Building Construction and International), enabling their seamless inter-departmental collaboration. Moreover, Diversity, Equity and Inclusion (DE&I) are deeply embedded in its corporate culture, and employees of diverse backgrounds can thrive equally and continue growing, regardless of nationality, gender, or field of expertise.
By embedding sustainability management in every corner of our operations across the POC Group, our subcontractors, and business partners, and making collaborative efforts with them, we will secure the trust of all stakeholders. Furthermore, by fostering partnerships with our subcontractors and business partners on an equal footing, we will build a sustainable supply chain.
Our belief, “The greatest contribution to society is the construction of high-quality infrastructure," is profoundly ingrained in our construction business activities. We will accelerate DX by leveraging AI and robotics to deliver safety and quality backed by technology. Concurrently, we remain committed to addressing all sustainability challenges from an ESG perspective, including green transformation. Through these endeavours, we bring a bright future of construction into the present, making the industry truly attractive to the younger generation.
These initiatives showcase our commitment to fostering the sustainable development of society, as a Genuine Global General Contractor with distinctive strengths in port, coastal and waterfront areas and overseas.

Practising Sustainability Management

Under our new Medium-term Management Plan (FY 3/27–3/29), our Group conducted a comprehensive review of the eight Materiality identified in 2023. To pre-emptively address rapidly evolving societal demands, we have integrated high-priority initiatives and new KPIs into our existing framework, thereby reinforcing management's commitment to achieving these targets. Moving forward, we remain dedicated to integrating sustainability across all of our business activities from a global perspective.



Sustainability Awards (Japan)

In exploring sustainability management, integrity in corporate activities is paramount, and all executives and employees must uphold high ethical standards and the spirit of compliance. In order to embed sustainability management throughout our corporate Group and its extended network of subcontractors and business partners, we have introduced various initiatives. From FY 3/25, under the slogan of “Sustainability Initiatives Begin on Site,” we are working to entrench sustainability management across all our domestic and overseas branches by holding Sustainability Morning Briefings and introducing Sustainability Awards. These initiatives have delivered very tangible results, and we are seeing encouraging progress. To support the creation of a thriving global environment, we formulated the “Action Guidelines on Biodiversity” in 2025, and disclosed information in accordance with the TNFD (Taskforce on Nature-related Financial Disclosures) Recommendations in May 2026. In recognition of the need to broaden our environmental scope beyond climate change response, we are driving initiatives aimed at achieving nature-positive outcomes, including the conservation and creation of aquatic environments, an area where we demonstrate our core strengths, to support the preservation and restoration of biodiversity and foster a thriving environment.
With regard to another important pillar of respecting individuals and human rights, we will further enhance our efforts of “ensuring occupational health and safety” and “respecting human rights and developing a sustainable supply chain.” Our human rights due diligence process, which was primarily targeted for the POC Group, has been extended to include our subcontractors and business partners. Based on this process, we will continue to implement specific measures and maintain regular monitoring.
In accordance with our “Declaration of Partnership Building” revised in March 2026, we are dedicated to ensuring fair contract pricing that accurately reflects labour and material costs for our subcontractors and business partners. Through these initiatives, we will foster deep relationships of trust across our supply chain and support their efforts to secure and cultivate talent, thereby forging a truly sustainable supply chain.
In parallel with these site-driven sustainability initiatives, the Global DX Centre (GDXC) established in April 2026 will lead our efforts to execute on-site implementation of AI and robotics. Thus, we will transform construction sites into safe and engaging workplaces that appeal to younger generations.

FY 3/26 Performance Review

The business environment surrounding the construction industry has been marked by continued increases in construction costs due to soaring and persistently high prices of resources, energy, and construction materials worldwide. However, in Japan, construction demand has remained strong, supported by steady public investment in enhancing national resilience and defence capabilities, as well as private-sector investment in domestic production and logistics facilities aimed at strengthening supply chain resilience from an economic security perspective. Demand for data centres has also continued to grow, driven by advances in AI. Overseas, infrastructure demand has remained strong in Singapore, Hong Kong, and Southeast Asia, our key focus areas for international operations.
Under these circumstances, in FY 3/26, the final year of our previous Medium-term Management Plan, we achieved record-high consolidated net sales of JPY 794.3 billion (up 9.2% year-on-year). In terms of profits, operating profit rose to JPY 55.3 billion (up 154.9% YoY), ordinary income to JPY 53.2 billion (up 182.4% YoY), and net income attributable to owners of the parent to JPY 34.7 billion (up 178.4% YoY), all reaching record highs.
The International Business Unit did not achieve an operating profit due to a downward revision of the profitability outlook for a building construction project in Singapore, compounded by additional losses incurred by a local M&E subsidiary. However, we significantly exceeded the financial targets of the previous Medium-term Management Plan, driven by substantial growth in business volume resulting from steady progress on projects in hand and improved project profitability in our Domestic Civil Engineering and Domestic Building Construction Business Units.
In terms of orders received, the Domestic Civil Engineering Business Unit secured several large-scale projects in the private sector in addition to public works related to national resilience and defence. The Domestic Building Construction Business Unit also secured several large-scale projects, including logistics facilities and defence-related facilities. Both domestic units achieved record-high orders received. The International Business Unit also secured major civil engineering projects, including two in Singapore and one in Hong Kong. As a result, non-consolidated orders received reached to a record-high of JPY 851.1 billion, up 27.6% year-on-year.

Medium-term Management Plan (FY 3/27–3/29)

Recently, supply constraints on naphtha-derived construction materials caused by the situation in Iran have begun to ease, partly due to government measures to ensure stable supplies. However, prices of construction materials continue to rise, and together with increasing labour costs, construction costs are expected to continue rising.
Despite these cost pressures, the business environment for the construction industry is expected to remain favourable throughout the new Medium-term Management Plan (FY 3/27–3/29), supported by robust demand both in Japan and overseas. The Japanese government is pursuing a policy of “Responsible and Proactive Public Finances,” aiming to build a strong economy through investments in crisis management and economic growth. The 17 strategic growth fields identified by the government include areas where we can leverage our strengths, such as “Disaster Prevention and National Resilience,” “Resources, Energy Security, and Green Transformation (GX),” “Port Logistics,” and “Oceans.” Offshore wind power has also been explicitly positioned within the field of “Resources, Energy Security, and GX.”
In Japan, steady public investment in national resilience and strengthening defence capabilities is expected to continue, alongside robust private sector investment in growth sectors, including production facilities, logistics hubs, and data centres. Overseas, strong infrastructure investment is expected to continue, particularly in Singapore and other key markets. Supported by this favourable business outlook, we will capitalise fully on robust construction demand and ensure that further growth in business volume translates into increased profits under the new Medium-term Management Plan. For FY 3/29, the final year of the Plan, we aim to achieve consolidated net sales of JPY 880 billion and net income attributable to owners of the parent of JPY 38 billion, setting new records for both net sales and net income.
Furthermore, with full-scale offshore wind construction expected to commence from FY 3/30 onward, alongside robust domestic demand for large-scale building construction projects, achieving JPY 1 trillion in net sales in FY 3/31, during the next Medium-Term Management Plan period, is now within sight. To ensure that we can effectively accommodate this expansion in business volume, the next three years will be critical for strengthening our management foundation. While steadily progressing our substantial backlog of projects and preparing for further business expansion, we will enhance our technical capabilities through DX initiatives and strengthen our workforce and construction execution capabilities in close collaboration with our subcontractors.
Under the new Medium-term Management Plan, we will make proactive growth investments totalling JPY 100 billion over the three-year period, with JPY 70 billion allocated to offshore wind-related businesses. At the Kitakyushu Hibikinada Offshore Wind Farm, Japan’s largest offshore wind farm, which commenced commercial operations In March 2026, we have accumulated valuable construction expertise. We will apply this expertise to future projects, while developing the most comprehensive fleet of offshore wind construction vessels in Japan. In addition to the Heavy Lift Vessel (HLV) and Cable Laying Vessel (CLV) currently under construction, we plan to build an Offshore Construction Vessel (OCV) and a Feeder Vessel (FV). By expanding and enhancing our fleet, we will be able to accommodate increasingly large wind turbines and foundations and overcome Japan’s complex seabed conditions, enabling safe, reliable, and efficient offshore construction. As a front-runner in offshore wind construction in Japan, we will play a leading role in the full-scale development of bottom-fixed offshore wind projects from FY 3/30 onward. We will also accelerate research and development of floating offshore wind construction technologies through joint research with the University of Tokyo, as well as the activities of the Floating Offshore Wind Construction System Technology Research Association (FLOWCON), in which we play a leading role.
To further strengthen the human resources and technological foundations that will support our future growth, we will invest JPY 25 billion in DX and GX initiatives and approximately JPY 5 billion in human resources over the three-year period.
In terms of human resources, we will actively invest in the people who will drive our next stage of growth through initiatives such as the introduction of an Employee Stock Ownership Plan (J-ESOP) and enhanced education and training programmes. Through these efforts, we will strengthen our human and intellectual capital, which are fundamental sources of our corporate value.

Shareholder Returns

To further promote management that is conscious of the cost of capital and stock price, we have positioned the period of our new Medium-term Management Plan (FY 3/27–3/29) as a period for accelerating corporate value enhancement and will implement more proactive shareholder return measures.
Our new shareholder return targets are: 1. a consolidated dividend payout ratio of 40% or higher (raised from the previous 35%), and 2. share repurchases totalling JPY 30 billion (over the three-year period starting in FY 3/27). Regarding dividends in Item 1 above, we will maintain our basic policy of paying stable

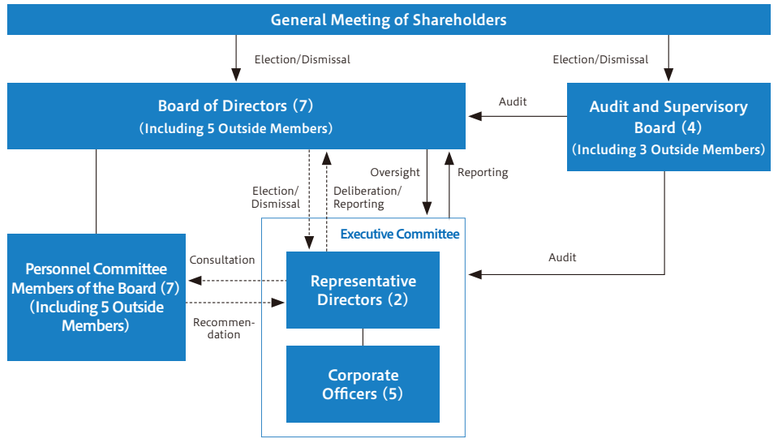
and consistent dividends while aiming to increase dividends in line with profit growth. For FY 3/27, we forecast an annual dividend of JPY 52 per share. Regarding share repurchases in Item 2 above, we have extended the period covered by our previous plan by one year, through FY 3/29, and will continue to repurchase JPY 10 billion worth of shares annually. We plan to repurchase approximately JPY 5 billion worth of shares following the interim and full-year financial results announcements, respectively. This represents a target consolidated shareholder return ratio of at least 20% through annual share repurchases. Consequently, we aim to achieve a total shareholder return ratio of 60% or higher, combining dividends and share repurchases, with the ratio forecast to reach 68.6% in FY 3/27.
Moving forward, we remain committed to enhancing capital efficiency and maximising shareholder value through appropriate shareholder returns in line with our profit growth.

Corporate Governance Enhancement

Based on discussions arising from our annual Board effectiveness evaluation conducted each June, we revised our corporate governance structure on June 24, 2026, with the aim of strengthening the governance and effectiveness of the Board of Directors. While retaining our framework as a Company with an Audit and Supervisory Board, we have incorporated the strengths of both a Company with Nominating Committees, etc., and a Company with an Audit and Supervisory Committee, to strengthen the Board's governance and oversight of business execution.

Firstly, to strengthen the governance of the Board of Directors, we increased the proportion of Outside Members of the Board to a majority. The number of Internal Members of the Board was reduced from five to two, comprising only the Representative Directors, while the number of Outside Members of the Board increased from four to five. In addition, the number of female Members of the Board increased from two to three, further enhancing the Board's diversity in terms of gender and professional expertise. The Personnel Committee, a voluntary advisory committee that deliberates on matters such as nominations and remuneration, continues to be chaired by an Outside Member of the Board, with Outside Members of the Board constituting a majority of its members.
Secondly, decision-making authority regarding business execution has been delegated to the Executive Committee, comprising two Representative Directors and five Corporate Officers representing our major business divisions. Important matters specified in the Board of Directors Regulations, however, will continue to require resolutions by the Board, and all matters deliberated by the Executive Committee will be reported to the Board. This structure will allow the Board to focus more on discussions and decision-making concerning the Company's future direction and management strategies from a medium- to long-term perspective, while continuing to oversee business execution. We expect this to further enhance the effectiveness of the Board. In addition, the Corporate Officers attend Board meetings to maintain close communication with the Board and participate in its discussions.

Corporate Governance Structure (Revised on 24 June 2026)



In Conclusion

The Penta-Ocean Construction Group will continue, with its pioneering spirit, to practise sustainable construction activities and take on new technologies and business fields to build new horizons in construction that inspire all stakeholders. The path we walk will shape the future beyond—and the era of new challenges continues. By fostering close collaboration with our subcontractors and business partners, we strive to contribute to the development of a sustainable society. We would appreciate your continued guidance and support.



