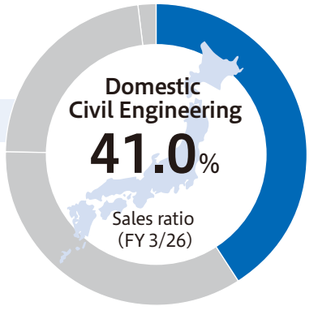
Domestic Civil Engineering Business Unit



Goal to Aim for

**“Technical Capabilities × Human Capital”
Striving for Further Business Expansion**

～Reinforcing the Management Foundation to Support Business Expansion

Basic Strategies

In the Domestic Civil Engineering Business Unit, in addition to national resilience initiatives and efforts to boost the international competitiveness of ports and airports, public works related to defence are increasing. Alongside strong private investment, robust construction demand continues across both the public and private sectors. In FY 3/26, due to the steady progress of large-scale port construction projects and improvement in construction profitability, consolidated net sales were JPY 325.9 billion and operating profit was JPY 40.2 billion, substantially exceeding the final-year targets of the Medium-term Management Plan (FY 3/24–3/26). In the Medium-term Management Plan (FY 3/27–3/29), although large-scale port construction projects that have driven performance are heading toward completion and a temporary decline in profit is expected, thanks to continued strong construction demand and the steady progress of a substantial backlog of works, we expect net sales of JPY 325.0 billion and operating profit of JPY 33.5 billion in FY 3/29, the final year of the current Medium-term Management Plan. Furthermore, in the next Medium-term Management Plan (FY 3/30–3/32), further expansion of business volume is expected due to large-scale works related to defence and other areas as well as the full-scale launch of offshore wind construction, and we will therefore promote the enhancement of our management foundation with a view to net sales of JPY 400.0 billion through technical capabilities combined with human capital.

We will deploy the following strategies to translate the expansion of business volume into higher profit.

First, we will promote cross-organisational front-loading initiatives targeting large-scale projects such as strengthening national resilience and defence capability enhancements, and we will work to build a structure capable of generating net sales of JPY 400.0 billion in preparation for the full-scale launch of offshore wind construction. To strengthen on-site construction capabilities across POC's network, including subcontractors and suppliers, as a unified team, we will promote deeper collaboration with subcontractors through the building of partnerships based on appropriate contracts and price pass-through, and through expanded support for securing and developing human resources, promoting DX, and other areas.

We will also work to improve the basic technical capabilities of young engineers, develop specialists, and strategically develop human resources capable of managing large-scale projects.

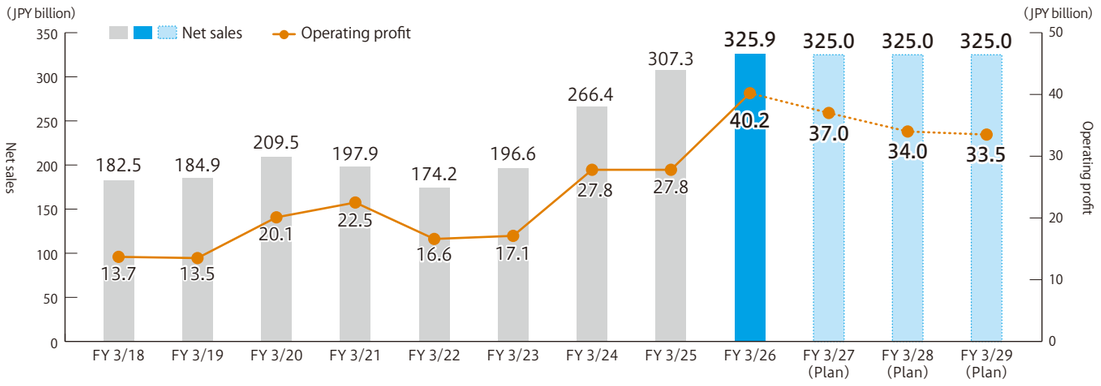
Furthermore, together with the Global DX Centre established in April 2026, we will promote the on-site implementation of AI and robotics and construction DX (advancement of digital construction and driving greater efficiency in construction management). For the automation and autonomy of work vessels and onshore construction machinery, we will formulate and promote a roadmap to advance from automation Level 2, which automates a series of motions, to automation Level 3, in which AI detects surrounding conditions and automatically determines optimal motions.

For offshore wind construction, we will leverage our track record cultivated in the construction of the Kitakyushu Hibikinada Offshore Wind Farm (commenced commercial operation in March 2026) and make use of our Group's most extensive fleet lineup in Japan to firmly establish a seamless construction system for bottom-fixed projects (wind turbine foundations, installation, and cable laying). We will also accelerate industry-academia collaboration initiatives toward the establishment of a rational construction system for floating-type projects.

Looking to the future, we will also take on new fields such as the development of marine resources in Japan's EEZ and CCS (carbon dioxide capture and storage), as well as pursuing large-scale projects in port, coastal and waterfront areas. We will promote cross-organisational front-loading initiatives for projects related to these areas.

Medium-term Management Plan from FY 3/27 to FY 3/29

Final year targets Net sales: JPY 325 bn Gross profit margin: 16.0% Operating profit: JPY 33.5 bn



Business Strengths, Opportunities, Risks, 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 in public works related to strengthening national resilience and defence
- 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 markets

Risks

- Securing and nurturing future workforce (engineers and skilled workers)
- Response to soaring prices of construction materials and fuel
- CN initiatives in construction business activities, especially the reduction of CO_2 emissions from work vessels

Response to Risks

- Securing and developing diverse human resources and deepening collaboration with subcontractors (support for securing and developing human resources, promoting DX, etc.)
- Ongoing monitoring of procurement conditions for construction materials and fuel (securing alternative routes)
- Achieving greater efficiency through automation and autonomy of work vessels and construction machinery, decarbonising through electrification and the use of fuel efficiency improvement additives and biofuels, and utilising low-carbon construction materials (concrete, steel, etc.)

Specific Measures

1 Reinforcing the Management Foundation Supporting Business Expansion

- Strengthening of construction capabilities through the building of a sustainable supply chain with subcontractors and suppliers and expanded support (securing and developing human resources, promoting DX, etc.)
- Front-loading initiatives for large-scale projects in port, coastal and waterfront areas
- Strengthening and expanding land civil engineering and improvement of technological competitiveness (mountain tunnels, automation of large-scale earthworks, and promotion of the development of renovation technologies)

2 Creating the Future of Construction —Promotion of DX and GX Utilising AI and Robotics

- Promotion of DX together with the Global DX Centre (on-site implementation of AI and robotics, and promotion of construction DX, knowledge DX, and management DX)
- Project-oriented technology development
- Technology development for vessels and machinery with an eye to the next generation

3 Strengthening Initiatives as a Front-runner in Offshore Wind Power

- Maximising collective strengths (advancement and optimisation of design methods and establishment of a seamless construction system for bottom-fixed projects)
- Enhancement of the lineup of state-of-the-art work vessels
- Acceleration of initiatives toward the realisation of floating-type projects

4 Promotion of Initiatives for Next-generation Core Businesses

- Initiatives in marine resource development and CCS (carbon dioxide capture and storage)

5 Developing Human Resources

- Promotion of DE&I and maximisation of human capital
- Building a JPY 400.0 billion net sales structure
- Development of specialists and human resources for handling large-scale project management

Major Construction Projects Completed in FY 3/26

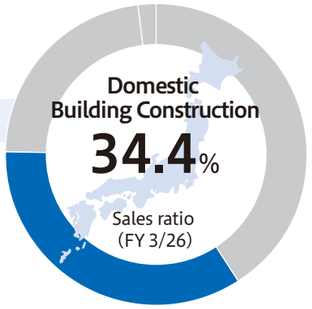


Kitakyushu Hibikinada Offshore Wind Farm [Fukuoka Prefecture]



Shuhou Kouzan Jetty Extension Work [Yamaguchi Prefecture]

Domestic Building Construction Business Unit



Goal to Aim for

“Technological Capabilities × DX”
Striving for Sustainable Business Expansion

～Reinforcing the Management Foundation to Support Business Expansion

Basic Strategies

In the Domestic Building Construction Business Unit, construction demand remains strong in both the public and private sectors. In addition to urban redevelopment in the Tokyo metropolitan area, construction demand is surging for domestic production bases and logistics facilities to enhance supply-chain resilience from the perspective of economic security, as well as data centres driven by AI advancement. Public works related to defence such as the strengthening of Self-Defense Forces facilities are also increasing. In this business environment, in FY 3/26, thanks to the steady progress of projects on hand, including urban redevelopment, logistics facilities, and data centres, consolidated net sales were JPY 273.4 billion and operating profit was JPY 16.8 billion, substantially exceeding the final year targets of the Medium-term Management Plan (FY 3/24–3/26). In the Medium-term Management Plan (FY 3/27–3/29), supported by sustained strong demand and progress on a substantial order backlog, we project net sales of JPY 335.0 billion and operating profit of JPY 22.8 billion in the final year of the Plan, FY 3/29. Furthermore, looking ahead to the next Medium-term Management Plan (FY 3/30–3/32), we anticipate continued growth in business volume. We will therefore reinforce our management foundation eyeing net sales of JPY 400.0 billion by leveraging our technological capabilities combined with DX.

We will implement the following strategies to translate expanded business volume into profit growth.

First, by promoting front-loading initiatives across the organisation targeting large-scale projects such as redevelopment, logistics, data centres, and defence-related projects, we will establish a structure to generate JPY 400.0 billion in net sales. By advancing inter-departmental collaboration and expertise in each field within the Business Unit—sales, design, technology, construction, and M&E—we will deliver maximum value to our customers. Specifically, in large-scale redevelopment projects, we will transform construction through labour saving (off-site production, precasting, and modularisation) × DX: establishing a next-generation building production model.

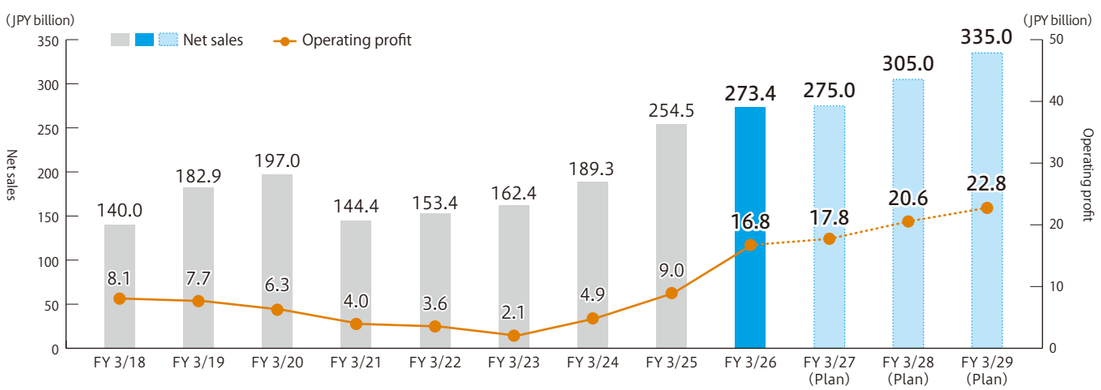
To strengthen on-site construction capabilities across POC's network, including subcontractors, M&E specialists, and suppliers, we will deepen collaboration with these partners by building strong partnerships through fair contracting and appropriate price pass-through, while expanding our supports for securing and developing human resources, promoting DX, and other areas. We will also strengthen strategic development of human resources capable of managing large-scale projects and initiatives to promote the growth of young engineers through the Task Support Centre.

Furthermore, the Global DX Centre established in April 2026 will take the lead in transforming operations through AI, robots, and IoT and aiming for further improvement in productivity. We will automate operations by integrating AI with digital twins; streamline on-site operations and construction management through AI, robots, and IoT; support decision-making using AI; and accumulate and leverage expert know-how.

We will also pursue initiatives to reduce CO_2 emissions from buildings by promoting conversion of ZEB (Net Zero Energy Buildings) and utilisation of low-carbon materials. At our Muroran Factory (completed in October 2022), powered primarily by solar energy, we added a water electrolysis unit that produces green hydrogen and fuel cells that generate electricity from hydrogen. Aiming to make the plant a truly 100% renewable energy facility, we are pursuing initiatives to maximise the efficiency of renewable energy use in combination with storage batteries.

Medium-term Management Plan from FY 3/27 to FY 3/29

Final year targets Net sales: JPY 335 bn Gross profit margin: 10.1% Operating profit: JPY 22.8 bn



Business Strengths, Opportunities, Risks, and Response to Risks

Strengths (Internal Positive Factors)

- Abundant design and construction track record in logistics facilities, data centres, etc.
- Ability to undertake underground construction and large-scale development projects in port, coastal, and waterfront areas as well as in urban areas through collaboration with the Civil Engineering Business Unit
- Abundant design and construction track record related to carbon neutrality, such as ZEB

Opportunities (External Positive Factors)

- Strong private-sector demand in urban redevelopment, logistics, data centres, etc.
- Increase in public works such as the strengthening of defence facilities
- Effective use of ZEB and renewable energy (solar power generation, combination of hydrogen energy and storage batteries), and promotion of watt-bit coordination

Risks

- Increase in building construction costs due to soaring prices and supply constraints of construction materials and rising labour costs (especially soaring M&E construction costs)
- Potential loss of orders due to inability to secure M&E subcontractors, etc.
- Securing and nurturing future workforce (engineers and skilled workers)

Response to Risks

- Front-loading initiatives for cost reduction through continuous monitoring of the procurement status of construction materials (securing of alternative routes), labour-saving construction methods, etc.
- Building of partnerships for mutual prosperity with subcontractors and suppliers
- Securing and developing diverse human resources and deepening collaboration with subcontractors (extending support for securing and developing human resources, promoting DX, etc.)

Specific Measures

1 Creation of Customer Value through the Evolution of Front-loading

- Concentration of management resources on redevelopment, logistics, data centre, and defence-related fields
- Working to maximise customer value by evolving inter-departmental collaboration and the expertise of each field within the Business Unit
- Realising the next-generation building production model in large-scale redevelopment projects

  Transforming construction through productivity improvements (off-site production, precasting, and modularisation) × DX

2 Strengthening of Construction Capabilities and Earning Power through Deeper Collaboration with Subcontractors

- Building a sustainable supply chain with subcontractors, M&E subcontractors, and suppliers
- Strengthening construction capabilities through expansion of support (securing and developing human resources, promoting DX, etc.)

3 Creating the Future of Construction —Transforming Worksites into Places Where All Personnel Can Work Comfortably by Promoting DX and GX

- Improvement of productivity in collaboration with the Global DX Centre

  Automation of operations through the integration of AI and digital twins

  Streamlining of on-site operations and construction management through AI, robots, and IoT
- Taking on initiatives to expand the application of ZEB and low-carbon materials such as environment-friendly concrete and improve the utilisation efficiency of renewable energy

4 Developing Human Resources

- Promotion of DE&I and maximisation of human capital
- Building a JPY 400.0 billion net sales structure
- Strategic development of human resources for large-scale project management
- Strengthening of initiatives to promote the growth of young engineers through the Task Support Centre

Major Construction Projects Completed in FY 3/26

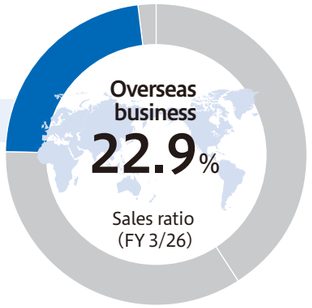


Park Court The Sanbancho House [Tokyo]



Tono Chubu Medical Centre [Gifu Prefecture]

International Business Unit



Goal to Aim for

“Risk Management Capabilities × DX” Striving for Sustainable Business Growth

～Manage Risk, Drive Smart, Grow Together

Basic Strategies

The International Business Unit is located in Singapore, in which it first established a presence in 1964. Focusing primarily on Singapore and Hong Kong as its main markets, the Business Unit undertakes civil engineering and building construction work for local governments, alongside Japanese ODA port construction projects in Southeast Asia, South Asia, and Africa. Although we continued to record an operating profit for 14 consecutive fiscal years from FY 3/08 to FY 3/21, we posted an operating loss for five consecutive fiscal years from FY 3/22, primarily due to substantial construction losses on multiple large-scale civil engineering works. In FY 3/26, the final year of the Medium-term Management Plan from FY 3/24 to FY 3/26, consolidated net sales were JPY 181.8 billion and the operating loss was JPY 3.2 billion. However, infrastructure construction demand remains strong in Asian construction markets, including Singapore. Having secured orders for multiple profitable large-scale civil engineering and building construction works since FY 3/25, and with the projects that incurred substantial losses now completed, we expect to return to an operating profit under the Medium-term Management Plan (FY 3/27–3/29). Targeting net sales of JPY 205.0 billion and operating profit of JPY 6.0 billion in the final year of the Plan, FY 3/29, we will drive sustainable growth by strengthening risk management capabilities and promoting DX at all sites.

We will implement the following strategies to ensure a turn to operating profit.

First, we will thoroughly apply “a front-loading approach to strengthen risk management capabilities” and “pursue profit-focused business operations.” Led by the Singapore IBU Headquarters, we will build a structured and timely framework for business and project management. From the initial stage of bidding, we will systematically identify all project risks, ranging from technical issues, material procurement, and exchange-rate fluctuations to geopolitical risks. After determining appropriate construction costs, we will narrow down our targets by region and carefully select and undertake only consistently profitable projects. We will also promote the optimal allocation of our proprietary vessels through global marketing.

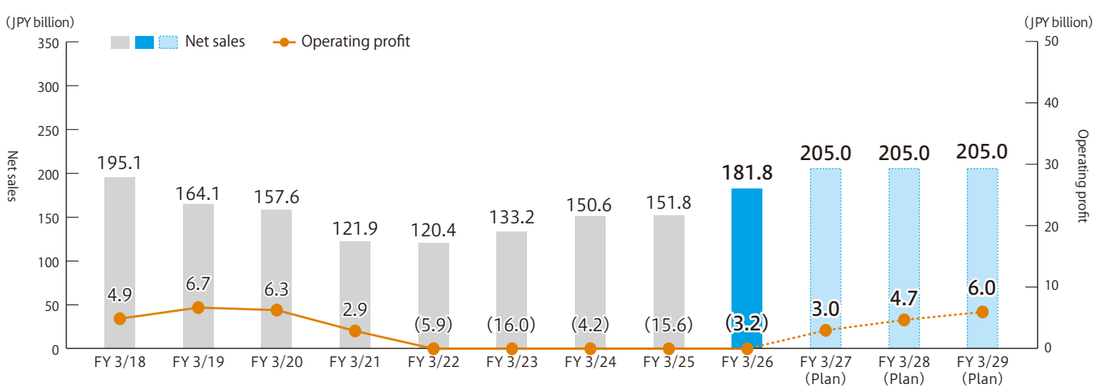
In addition, to strengthen our competitive edge in Singapore, our largest market, we will fully leverage our partnerships with UG M&E Pte. Ltd. (an M&E subsidiary) and KBE Ltd. (an equity-method affiliate in civil engineering), and strengthen construction capabilities and earning power through strong partnerships and deeper collaboration with local subcontractors, M&E subcontractors, and suppliers.

Furthermore, in coordination with the Global DX Centre established in April 2026, we will roll out successful initiatives such as precasting and M&E modularisation in building construction and mechanised construction cultivated in large-scale civil engineering projects, and drive productivity improvement by accelerating DX.

Moreover, to evolve into a truly global organisation, we will accelerate our shift from a management style centred on Japanese executives to a system where high-performing individuals, regardless of nationality, can take on key management roles. To attract and develop diverse human resources while enhancing engagement, we will outline clear career paths for our employees, systematically cultivate high-performing individuals capable of turning diversity into organisational strength, and actively promote them to executive positions.

Medium-term Management Plan from FY 3/27 to FY 3/29

Final year targets Net sales: JPY 205 bn Gross profit margin: 4.6% Operating profit: JPY 6 bn



Business Strengths, Opportunities, Risks, and Response to Risks

Strengths (Internal Positive Factors)

- Long-standing track record and relationships of trust with stakeholders (clients, subcontractors, suppliers, etc.) in Singapore, Hong Kong, and Southeast Asian countries
- 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 demand in Singapore, Hong Kong, and Southeast Asian countries
- Large-scale ODA port construction works of the Japanese government (export of high-quality infrastructure)
- Abundance of large-scale projects leveraging advanced infrastructure technologies of Japan, Europe, etc. can be utilised (especially Singapore and ODA projects)

Risks

- Risks unique to overseas construction, such as geopolitical risks including the situations in Ukraine and the Middle East, country risk, and foreign exchange risk
- Challenges in securing local employees as candidates for executive positions, and retention of the next generation of leaders
- Risk of occupational accidents at sites

Response to Risks

- Organisation-wide, prompt management of technical challenges and various risks from the bidding stage, combined with rigorous project screening focused on profitability
- Outlining clear career paths and promotion of measures to enhance engagement
- Improvement of productivity and safety through labour saving (precasting and modularisation) and promotion of DX

Specific Measures

1 Demonstrating Collective Strengths by a Front-loading Approach

- Strengthening of risk management capabilities through front-loading initiatives (risks unique to overseas construction, technical issues, and construction costs)
- Sales strategy with clear targets and profit-focused bidding
- Building of an organised and timely construction management system led by the Singapore Headquarters

2 Strengthening of Construction Capabilities and Earning Power through Deeper Collaboration with Subcontractors

- Fully leveraging collaboration with UG M&E Pte. Ltd. (an M&E subsidiary) and KBE Ltd. (an equity-method affiliate in civil engineering) in Singapore
- Building of partnerships for mutual prosperity with subcontractors, M&E subcontractors, and suppliers

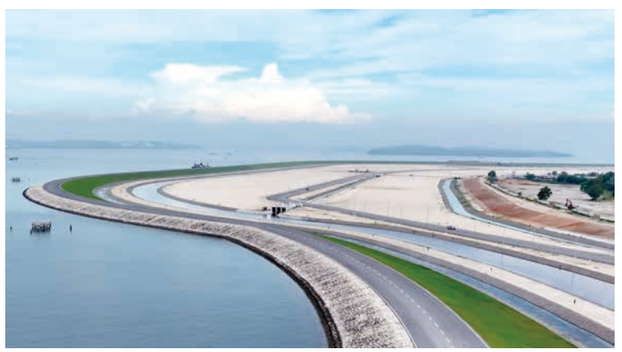
3 Creating the Future of Construction —Improvement of Productivity and Acceleration of DX

- Promotion of the advancement of construction technologies (precasting and M&E modularisation)
- Promotion of construction DX utilising AI and robotics in coordination with the Global DX Centre, and replication of successful initiatives

4 Human Resources Development —Evolution into a Truly Global Organisation

- Acceleration of the shift from a management style centred on Japanese executives to a system where high-performing leaders, regardless of nationality, can take on executive roles
- Outlining clear career paths and promotion of measures to enhance engagement
- Securing and developing DX human resources through industry-academia collaboration

Major Construction Projects Completed in FY 3/26



Construction of Polder at Area A and C of Pulau Tekong [Singapore] (Credit: HDB)



PT. Fumakilla Indonesia Welfare and Amenity Facility [Indonesia]