Message from the President

We will increase our corporate value and create Group synergies through our commitment to “added value” and by increasing “earning power.”

Toshio Shibata
Representative Director, President

In the fiscal year ended March 31, 2025 we returned to the black by recording a slight profit amid increasingly severe structural issues in the construction industry.

Fiscal 2024 witnessed a challenging external environment as the structural issues facing the construction industry worsened. Prices for construction material prices hovered at high level due to rising global energy and resource prices. Furthermore, construction costs, including labor costs, also increased and these conditions are expected to persist for the time being.

Tight labor market is now becoming an increasingly conspicuous problem. On top of this, the aging of skilled labor at construction sites and the decline in the number of young workers have accelerated. In the previous fiscal year, skilled workers were concentrated at large-scale construction projects such as redevelopment projects in metropolitan areas and at semiconductor plant and data center projects in regional areas, which further aggravated the nationwide labor shortage. Although work style reforms have advanced significantly thanks in part to government guidance, problems such as rising labor costs and a shortage of human resources are also becoming more serious. To revive the appeal of the construction industry, it will be essential to improve work conditions as well as raise wages in accordance with actual work conditions. I am hoping for the implementation of national policies and the understanding of private-sector clients in these areas.

Turning to our business operations in fiscal 2024, I first wish to apologize for any concerns we caused to stakeholders relating to the large-scale domestic building construction project that resulted in a significant loss. After the framing for this building was raised in September 2024, the project has been moving ahead according to schedule. We aim for completion of the main construction in August 2025 and for delivery at the end of October. In undertaking this project, there was an error at the super-high-rise residential building, which is one of our fields of expertise. However, after reorganizing our internal structure, we responded to this problem by making Company-wide efforts to complete this super-high-rise residential building, the tallest in Japan. Our technologies for rapid construction enabled the framing to be built one floor at a time in as quickly as three days all the way up to completion. This, and our ability to develop and implement various new technologies during the construction process, proved to be a great asset and provided confidence to both the employees involved in the project and the Company. Heeding the lessons learned from our experience with this project, we intend to continue our work on super-high-rise residential buildings with a careful eye on future projects.

At the time we released our interim financial results for the fiscal year ended March 31, 2025, we also forecast a full-year deficit due to the previously mentioned loss on the large-scale domestic building construction project. However, during the second half of the fiscal year, we achieved a significant turnaround in the performance of our Domestic Civil Engineering and Overseas businesses. In our Domestic Building Construction Business, we also sharply improved profitability on other construction projects. Consequently, we were able to return to the black by recording a slight profit. The impact of foreign exchange rates was also an external factor underlying these results. As an internal factor, I believe that this turnaround also resulted from the permeation of our policy of “go back to the front line,” which I have been advocating during the past one year and several months since assuming the duties of president. Improved profitability in each business division also made a contribution. We have implemented a variety of measures in response to the loss on the large-scale domestic building construction project. These include strengthening our order-taking process, implementing profit-focused sales policies, and front-loading our work from the initial stage. Going forward, we will continue to improve our business operations and aim to increase earning power.

During the past three years, we achieved noteworthy results with our initiatives of Improve earning power, Take on challenges in growth areas, and Enhance the human resource base.

Under our Mid-term Management Plan 2022-2024, which ran through fiscal 2024, we promoted three themes consisting of Improve earning power, Take on challenges in growth areas, and Enhance the human resource base.

First, regarding “Improve earning power,” our overall figures fell short of the targets due to a significant loss on the large-scale domestic building construction project. Nonetheless, we recorded favorable results in our Domestic Civil Engineering Business. This includes posting record-high profits in fiscal 2023, centered on PC bridges, large-scale renovation work, and tunnels, which are our fields of strength. In the Domestic Building Construction Business, we are reorganizing its order portfolio by completing the order backlog and replacing these with high-quality projects by accepting orders that emphasize profitability. As a result, excluding the large-scale domestic building construction project, our profit margin at the time of order receipt has improved to over 7%.

Regarding the second theme, “Take on challenges in growth areas,” we have unfortunately had to limit various growth investments, such as for technology development, due to a deteriorating business performance in the past

several years. On the other hand, our Overseas Business, which is the flagship of our growth field, is achieving important results, as evidenced by an expansion of its business scale to 100 billion yen in fiscal 2023. Additionally, our floating solar power generation business that aims to contribute to a sustainable society has steadily evolved although the size of this business is still small. Current power generation capacity in this business is 17.3 MW.

Finally, regarding “Enhance the human resource base,” we first of all formulated a Diversity & Inclusion (D&I) Policy and held educational and workshop activities to firmly establish this policy. We also hired foreign national graduates from overseas universities as full-time employees and established global Human Resources Development Centers (HDCs) at multiple global locations to provide education.

The biggest remaining issue is human resources. In particular, we have an unbalanced workforce composition with very few employees in their late 30s and early 40s. As such, there is little remaining time for veteran employees to pass the baton to younger employees and this is an urgent issue we must address.

Our decision to undertake business integration with INFRONEER Holdings Inc. aims at resolving a variety of issues faced and quickly recovering impaired capital

I will now explain the background behind our business integration with INFRONEER Holdings. In recent years, we have encountered structural challenges common to the construction industry, including a labor shortage, persistently high prices for construction materials, and tight labor market. Besides these, we also face issues unique to Sumitomo Mitsui Construction. These include the early recovery of our capital, which has been significantly impaired by losses on the large-scale domestic building construction project, and rapidly increasing our corporate value. We initially considered tackling these issues by continuing to operate independently. However, we calculated that it would take seven to eight years to restore our capital, especially impairments, even if we consistently generate profits under current conditions. After considering these factors, we decided that our best choice would be to expand our business base over the medium to long term by realizing synergies through business integration with INFRONEER Holdings and attaining a more-reliable and accelerated enhancement of corporate value.

The INFRONEER Holdings Group’s current group strategy is to become an Integrated Infrastructure Service Company that undertakes operations in both the “Construction” business and “de-Construction” business markets. The “de-Construction” business goes beyond simply building things. Rather, this covers the entire scope of projects, from investment to operation and exit and includes public-private partnership (PPP) projects and renewable energy projects. Examples include concessions and PPPs for roads and airports, arena and stadium operations as well as for power generation projects. Although domestic public works projects and infrastructure maintenance and renovation projects known as "Construction" businesses remain steady, investment in new public works projects is likely to decline over the long term due to factors such as the shrinking population, leading to intensifying competition. To survive in this market, engineering capabilities that enable comprehensive management from design to construction management and safety management are crucial. I believe that INFRONEER Holdings' proposal for the business integration was based on a high evaluation of our potential in these areas. I am confident that Sumitomo Mitsui Construction can fully meet their expectations and demonstrate its capabilities. Currently, our operations are focused on the “Construction” business. Now, as member of the INFRONEER Holdings Group, we will also be involved in “de-Construction” business areas over the long term.

Continuing our management policies and growth strategies after the business integration while accelerating growth leveraging Group synergies

I am not contemplating any major changes to our management policies or growth strategies as a standalone company even after business integration with the INFRONEER Holdings Group. We aim to accelerate growth by taking advantage of the benefits of integration in the “Construction” business field cultivated to the present.

The largest synergy derived from the business integration will be economies of scale, which will roughly double the scale of our Construction Business when combined with that of Maeda Corporation, the core company of the INFRONEER Holdings Group. As our business scale will be second only to major general contractors, I anticipate significant benefits in operating divisions, such as lower materials procurement costs and increased flexibility with partner companies.

In terms of individual businesses, first of all the business integration will create a highly complementary combination overall in the Domestic Civil Engineering Business, as we possess strengths in PC bridges and large-scale renovation work while Maeda Corporation has strengths in electric power civil engineering such as dams as well as in defense. Having two general contractors of our size under the umbrella of a single holding company is probably an unprecedented business format. This approach will enable us to offer a full lineup of services from upstream to downstream sectors in civil engineering, including tunnels, bridges, rivers, and water and sewerage systems. When also including the infrastructure operation business being promoted by the INFRONEER Holdings Group, I believe we will be uniquely position within the industry.

In the Domestic Building Construction Business, despite some similarities in our order portfolios, each company has its own customer network and clearly defined niches. Both companies have strengths in super-high-rise residential buildings and there is some overlap in our clients, primarily developers. However, in light of the current robust housing demand and tight supply, the environment cannot be considered especially competitive and this means that any negative synergies resulting from business overlap will be limited. We boast a wealth of experience in super-high-rise residential buildings. By sharing our technical know-how, such as in precasting methods, I believe that the INFRONEER Holdings Group as a whole can secure an overwhelming share of the industry.

Turning to Overseas Business, although Maeda Corporation has not made significant inroads overseas, we undertake operations centered on Southeast Asia and South Asia. In these regions we are involved in infrastructure projects, primarily ODA projects, in civil engineering field, while in building construction field we focus mainly on plants for Japanese-affiliated companies. After the business integration, we will be well positioned to combine the technical know-how of the INFRONEER Holdings Group’s infrastructure services with its own industry top-class track record and network, primarily in Asia. Looking to the future, we will have ample potential to expand our business domains to include PPPs and PFIs in overseas countries. Sumitomo Mitsui Construction aims to broaden its overseas business and I have high hopes this business integration will help accelerate our business expansion.

Focusing on “added value” and increasing our “earning power” while closely assessing our direction for medium- to long-term growth

The five directions we currently envision for Sumitomo Mitsui Construction’s medium-to-long-term growth are as follows.

The first is domestic public investment. Although overall investment is likely to decrease in the future, I expect that the budget for strengthening national resilience will be maintained from the perspective of disaster prevention.

The second is the security sector. I anticipate that the domestic defense budget will be increased in the future. At the same time, we are also focusing on US military-related construction work. The US military is planning to develop infrastructure for defense bases in the Oceania region. We have a solid track record in US military-related projects in Guam so we will keep a close eye on developments in Oceania.

Third is carbon neutrality. In this field, the recently announced Seventh Strategic Energy Plan calls for the use of decarbonized power sources such as renewable energy and nuclear power. Capital investments in hydrogen and ammonia, which are cited as a means of energy transition, are expected to become active in a relatively short period of time. We can leverage our track record in the design and construction of cryogenic tanks in these fields and we are already promoting sales activities. Furthermore, we are also implementing a feasibility study for concrete floating offshore wind farms in collaboration with a company that has a proven track record in France.

These directions that I have just explained are mainly in civil engineering field. In the building construction field, I anticipate that demand for building data centers and semiconductor plants will continuously increase in tandem with the spread of AI technologies. As both types of facilities have unique features and a variety of sizes, we are currently holding internal discussions regarding the domains we should target.

Finally, in our Overseas Business, demand for ODA infrastructure projects centered on Southeast Asia, in which we have participated, will likely remain firm for another five to 10 years. Looking beyond that, as a member of the INFRONEER Holdings Group, we will advance into infrastructure projects implemented by clients other than ODA-related projects, including those for the Asian Development Bank for example. We will also move into domains such as PPPs and PFIs that I mentioned previously and we are currently undertaking information gathering and research in these areas.

With a view toward these directions, we will maintain our commitment to “added value” and increase “earning power" for future growth. Our key strategies for realizing these will be to “deepen our core business” centered on the domestic civil engineering and building construction businesses and “expand our growth business" that encompasses overseas businesses and new peripheral fields. Concurrently, we will “strengthen the foundation for achieving growth” through human resources strategies and technology strategies.

Establishing a new Human Resources Development Division to strengthen human capital and fundamentally reviewing our personnel system

In strengthening our human capital, we will continue to focus on “Enhance the human resource base” as set out in our previous Mid-term Management Plan. In the past, the Personnel Department operated under the Administration Division and was responsible for recruitment and evaluations. Unfortunately, the division lacked the resources to handle matters such as human resources strategies. Furthermore, other human resources-related departments were dispersed throughout the Company. To improve this situation, we newly established the Human Resources Development Division in April 2025 and centralized human resources functions. At the same time, by shifting personnel from business divisions, we strengthened our system for promoting human resources strategies linked to business strategies.

A key mission of the Human Resources Development Division is to fundamentally review our personnel system. As one initiative, the division is preparing to abolish the current personnel system, which is heavily seniority-based, and transitioning to a system that rewards employees according to the weight of their responsibilities and the degree of their authority. This new system is scheduled to be introduced during the current fiscal year. Furthermore, as part of our focus on career recruitment, we have implemented measures such as systemizing “referral hiring and alumni recruitment” and introducing “360-degree evaluation” into our personnel evaluations in response to strong employee feedback. These measures will be implemented from fiscal 2025. Moreover, we continue to focus on promoting the participation of women with the aim of building an environment where diverse talent can play active roles. We have set KPIs for the ratio of women career-track employees and women managers and are making efforts in this area. Discussions are also underway to promote women to executive positions.

With regard to sustainability management, it is important to maintain a balance among the environment, society, and the economy and strive for sustainable development while earning the continued engagement of stakeholders, including customers, employees, and local communities. We continue to promote Company-wide initiatives to resolve issues in our business activities that have a particularly large social impact. One of these is carbon neutrality. In May 2025, we revised our Roadmap Towards Carbon Neutrality by 2050, which was formulated in 2021, to further accelerate our initiatives to address climate change across the entire Group. Alongside resolving important social issues such as “nature positive,” a “circular economy,” and “human rights,” we are also working to strengthen the foundations for promoting sustainability management, including our governance system.

My mission as president is to interact closely with employees to achieve retention while successfully completing the business integration.

Among our stakeholders I have explained to our customers that the business integration will stabilize our financial base and they have positively shown their understanding. Furthermore, I will strive to enhance the corporate value of the entire Group by steadily achieving performance targets for INFRONEER Holdings, our sole shareholder. In this context, I believe that the most important stakeholders to focus on in moving toward the business integration are our employees. As such, my top priority is to dispel their anxieties and increase their motivation. As part of the recent integration, all directors, myself included, split up and visited offices across the country to explain the details and speak directly with employees. At first numerous employees were upset and perhaps not everyone is fully convinced yet. However, I feel we are creating an atmosphere conducive to positive discussions. I intend to share the progress of our discussions with INFRONEER Holdings with as many employees as possible, listen to their opinions, and reflect their ideas into our policies.

Although Sumitomo Mitsui Construction will become part of the INFRONEER Holdings Group, we will nonetheless retain our corporate legal status and will basically continue to operate our business independently just as before with a spirit of equality as a sister company of Maeda Corporation. While aligning with the systems and rules of the entire Group, we are not particularly required to align our culture and climate cultivated to date with that of the Group. Rather, I hope that contact points of different corporate cultures will spur innovation. This is a time of great change. We will create an environment where each employee can work with a sense of fulfillment as well as make efforts to increase the corporate value of Sumitomo Mitsui Construction while creating synergies as a group. I am fully committed to this mission and I will make my utmost efforts to fulfill this mission.

September 2025

柴田敬雄

Representative Director, President

Our Value Creation History

Sumitomo Mitsui Construction was founded in 2003, merging Mitsui Construction and Sumitomo Construction, the first member of the Mitsui Group and the other from the Sumitomo Group.
We are creating universal value that will always be loved by our stakeholders while building a business structure that responds at an accelerated pace to the needs of the times and our stakeholders.

MITSUI CONSTRUCTION

Superior building construction capabilities and a strong record of meeting demand for housing and office space

Mitsui Group

Mitsui's history dates back to 1673 when Takatoshi Mitsui, the founder of the family, established Echigoya Drapery in Nihombashi Hongokucho, Chuo-ku, Tokyo and a retail shop in Kyoto. The Mitsui family code focuses on people, which is why it is said that "Mitsui is people."



Photo courtesy of Mitsui Bunko

SUMITOMO CONSTRUCTION

The Sumitomo Group construction company brought with it strong civil engineering capabilities and a strong infrastructure track record

Sumitomo Group

The Sumitomo Group's business began 400 years ago with the development of the nanban-buki technology, a refining technique in which lead is used to extract silver and other impurities from unrefined copper, and developed alongside the Besshi Copper Mines upon their opening.
Masatomo Sumitomo created the Monjuin Shiigaki (Founder's Precepts), a set of business principles for the Sumitomo family, which has been handed down to the present day and still serves as the source of Sumitomo's business philosophy



Photo courtesy of Sumitomo Historical Archives

1800 1950 1960 1970 1980 1990 2000

1887
Nishimoto-Gumi is founded by Kenjiro Nishimoto in Wakayama
Nishimoto-Gumi, the roots of Mitsui Construction, gained domestic recognition when Kenjiro Nishimoto took over and spearheaded the construction of a railroad for military use between present-day Seoul and Uiju in South Korea.

1945
Renamed Mitsui Construction Industry Co., Ltd. with the capital participation of Mitsui Fudosan Co., Ltd.
Mitsui Construction Industry was the first of the four major zaibatsu (literally "financial clique") to enter the construction industry. The company overcame the difficulties of the postwar period and contributed to the reconstruction of Japan.

1876
The Civil Division is founded from Besshi Copper Mine's civil engineering section
Established as part of operational streamlining and facility modernization efforts, upon its founding, the company started construction of a pathway suitable for ox-drawn wagons, greatly improving transportation for the Besshi main road.

1950
Besshi Construction Co., Ltd. is founded
To overcome intensifying free market competition in the industry, the company established its technical capabilities, social credibility, and system of unified efforts. In 1951, the company was one of the first to draw attention to prestressed concrete (PC) technology and diversified construction techniques.

1959
First use of the DYWIDAG method in Japan for a prestressed concrete bridge, the Arashiyama Bridge was completed

1952
Renamed Mitsui Construction Co., Ltd.
In 1946, the company name was changed to Sanken Industry Co., Ltd. to be exempted from the GHQ directive for the dissolution of the zaibatsu, but the Mitsui name was reinstated following the abolition of the government order in 1952. The return of the original name boosted employee morale and had a tremendously positive impact on management as a whole.

1974
First large-scale project using the MCS construction method Completion of Chiba Garden Town Building C, a pioneering high-rise residential complex in Japan

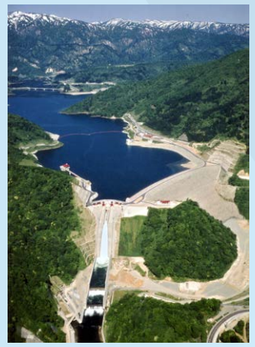
1962
Sumitomo Construction Co., Ltd. Is founded through merger with Shizuokabased Katsuro-Gumi
Expanding its business through the merger with Katsuro-Gumi, which had an excellent track record in building construction, the company strengthened its safety management, developed new technology, and tackled a number of other corporate culture challenges.

1966
Completion of Yamanashi Cultural Hall

1969
Completion of the Expo East Gate Bridge, Japan's first PC cable-stayed bridge

1982
Sri Lankan Parliament Building was completed

1990
Completion of Sagae Dam, the largest dam in the Tohoku region



1980
Recipient of the 1st OCAJI Prize Completion of the New Nyali Bridge in Kenya

1982
Completion of the Municipal Museum of Oriental Ceramics, Osaka exhibiting the collection donated by the Sumitomo Group

1991
Okawabata River City 21 A, Japan's first full-scale concrete filled steel tube structure was completed

1995
Recipient of the BCS Prize Completion of the Sagamihara City Museum

1998
Completion of Harumi View Tower, Japan's first 50-story high-rise condominium

1993
Completion of LeoPalace Resort in Guam

1994
Completion of Odawara Blue Way Bridge, the world's first extradosed bridge

Our Value Creation History

Sumitomo Mitsui Construction Co., Ltd.
is founded

We are creating new value by leveraging the strengths inherited from Mitsui Construction and Sumitomo Construction, such as prestressed concrete bridges and super highrise condominiums that boast industry-leading track records.

SUMITOMO MITSUI CONSTRUCTION CO.,LTD.

Origin of the Corporate Brand Logo

Using a super high rise building and a highway as the main motifs, the corporate images of “technology,” “advanced,” and “creativity” are expressed in a symbolic, refined blue.

2003

2004
Seiun Bridge: Japan’s first bridge to receive the fib (International Federation for Structural Concrete) Award for Outstanding Concrete Structures

2005
Yokohama Towering Square: First adoption of SQRIM (Sumitomo Mitsui Quick RC Integration) method of precasting was completed

2005

2006
The Second Mekong International Bridge spanning the border between Thailand and Laos was completed

2006
LaLaport Kashiwanoha, a commercial facility that acquired S-class certification under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) 2020 was completed

2010

2008
Shimukappu Tunnel, 3,000 m extension achieved with a centrifugal spraying system

2012
Completion of Diver City Tokyo Plaza, a large-scale commercial facility

2015
Recipient of the 43rd Japan Copper Development Association Award Completion of Akagane Museum

2015
Nhat Tan Bridge (Vietnam-Japan Friendship Bridge), Neak Loeung Bridge, Cambodia (Tsubasa Bridge) was completed

2015

2016
Established Human Resources Development Centers (HDCs) to cultivate global human resources

2016
Seismic retrofitting work on Yamanashi Culture Hall designed by Kenzo Tange is completed

2017
Hiragioike Floating Solar Power Generation Plant, the company’s first floating solar power generation project was completed

2018
The Project for Improvement of the Tazara Intersection, Tanzania’s first grade-separated intersection is completed

2020

2019
The Mukogawa Bridge was the first expressway bridge in Japan to win the International Association for Bridge and Structural Engineering (IABSE) Excellence Award

2019
Formulation of Vision 2030—“To be a construction company that globally supports and connects “People” and “Communities” with new value”

はしも、
まちも、
ひとも。

2019
Indonesia’s first rapid transit network, the Jakarta Mass Rapid Transit North–South Line Phase 1 was completed

2020
Bessodani Bridge, the world’s first ultra-durable bridge (Dura-Bridge®) is completed

2025

2022
Completion of Brillia Tower Seiseki Sakuragaoka BLOOMING RESIDENCE, selected as the first high-rise ZEH-M demonstration project in the Tokyo metropolitan area

2022
Hokuriku Shinkansen, Miyama Tunnel, and other projects that give consideration to environmental conservation per the Ramsar Convention on Wetlands were completed

2023
Installation of the first offshore floating solar power generation system in Japan targeting practical use was completed

2024
Completion of the Sumitomo Pavilion for Expo 2025 Osaka, Kansai, Japan

Strengths cultivated by Sumitomo Mitsui Construction

1. Precast concrete (PCa) technology and systemized construction methods
By introducing methods such as the SQRIM method and PATRAC in PCa construction, we achieve shorter construction periods, reduced manpower requirements, and high-quality outcomes.

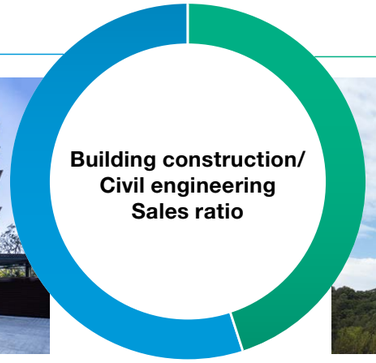
2. PC bridges
We have focused on the adoption and dissemination of prestressed concrete technology, developing and applying Japan’s first and the world’s first innovations in this field.

3. Overseas projects
Since entering Thailand in 1971, we have built over 50 years of experience, undertaking a wide range of projects centered on bridges and facilities for Japanese companies.

At a Glance

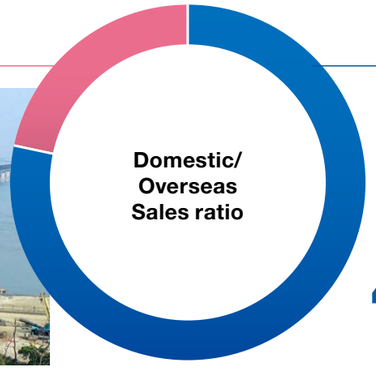
As a construction company that responds to the diverse needs evolving with the times, the Group leverages the technical expertise and manufacturing know-how we have cultivated to develop infrastructure that supports local communities. While expanding our operations globally, we continue to carry out our mission of creating a foundation for people's daily lives.

Building construction **53.9%**



Civil engineering **46.1%**

Overseas **20.6%**



Domestic **79.4%**

FY2024 Net sales

463,000 million yen

Number of PC bridges

Approximately 4,100 bridges

We boast industry-leading design and construction achievements in the field of prestressed concrete bridges.

Number of housing units

Approximately 278,000 condominium unit

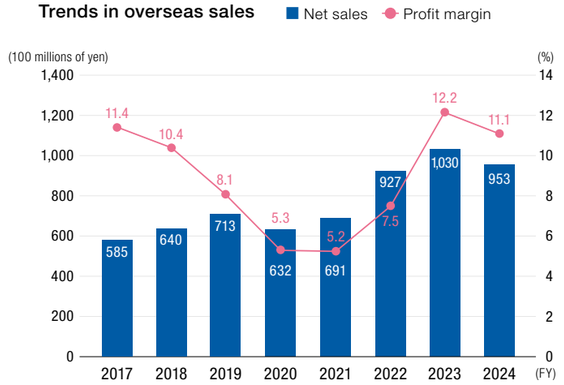
We have extensive experience in high-rise residential projects utilizing our proprietary SQRIM method, a unique technology that achieves both high quality and shorter construction periods.

Number of floating solar power installations

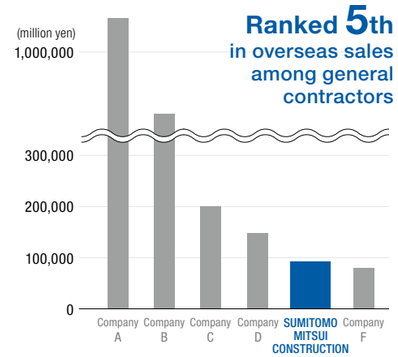
7 locations

Our floating solar power business is expanding, leveraging our proprietary float system as a key strength.

Trends in overseas sales



Overseas sales of general contractors



Ranked 5th in overseas sales among general contractors

Source: Compiled by Sumitomo Mitsui Construction based on publicly disclosed figures from each company

Total assets

393,500 million yen

Net assets

77,300 million yen

Total number of employees including subsidiaries

5,392

Total number of employees overseas

2,918

(as of March 31, 2025)

Number of our proprietary patents

462

Domestic branches

12

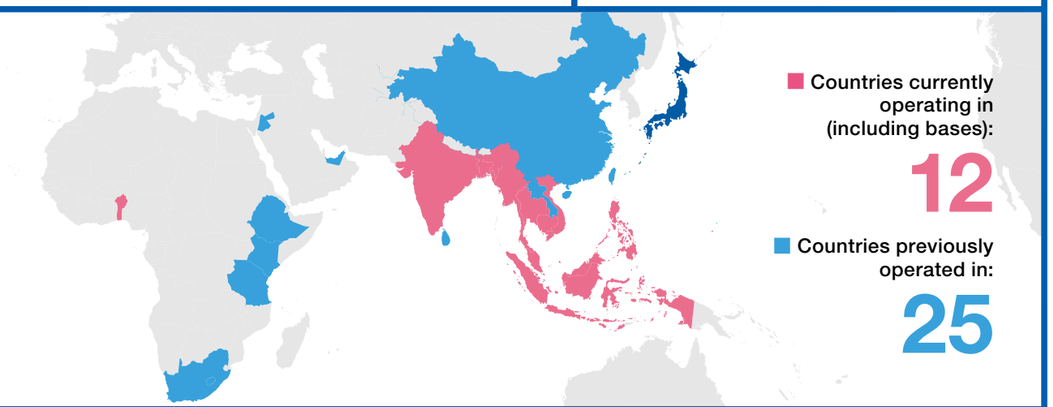
Precast production bases

7 bases

Local staff
(Including Japanese employees hired locally)

2,665

(as of March 31, 2025)



Countries currently operating in (including bases):

12

Countries previously operated in:

25

Value Creation Process

Through our value creation process, the Group has leveraged all management resources that support our business to address key issues and work our goal of realizing Vision 2030 outlined in our Long-term Vision. Going forward, by sharing the management resources and expertise of the INFRONEER Group, we aim to achieve more reliable and faster enhancement of corporate value.

INPUT

Human Capital

- Number of employees:
  5,392 (consolidated)
  2,903 (non-consolidated)

Manufacturing Capital

- Business sites:
  12 domestic branches
  8 overseas offices
- Affiliated companies
  21 subsidiaries
  8 affiliates
- Precast production bases:
  7 bases

Social and Relationship Capital

- Shineikai (partner company organization):
  1,785 companies
- Construction achievements
  PC bridges:
  Approx. **4,100** bridges
  Housing:
  Approx. **278,000** condominium units

Intellectual Capital

- Patents held: **462**
- Research and development expenses:
  1,730 million yen/year

Financial Capital

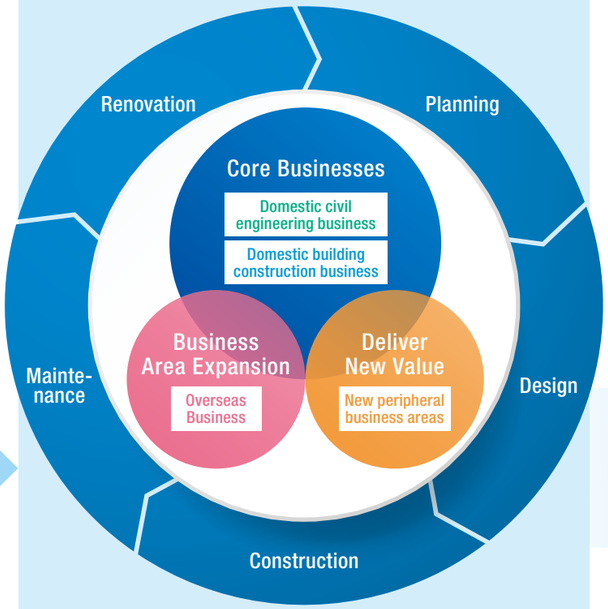
- Total assets: **393,500** million yen
- Net assets: **77,300** million yen
- Capital-to-asset ratio: **17.8**%

Natural Capital

- Energy usage:
  273,347 MWh/year
- Solar power plants: **8** locations
- Recycling of construction waste ratio
  Civil engineering: **99.1**%
  Building construction: **97.1**%

BUSINESS MODEL

Corporate Principles
Sumitomo Mitsui Construction Group Charter of Corporate Behavior ▶P.1



Materiality ▶P.21

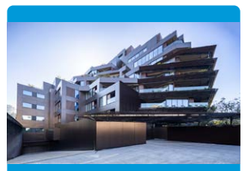
1. Realizing a sustainable society
2. Realizing a safe and comfortable society
3. Realizing an attractive work environment and recruiting and fostering human resources
4. Strengthening the management foundation

Corporate governance ▶P.54~59

Technology　Human Resources ▶P.34~41

OUTPUT

Domestic civil engineering business ▶P.26



Domestic building construction business ▶P.28

Overseas business ▶P.30

New peripheral business areas ▶P.32

OUTCOME

Recruiting and Developing Human Resources

- Consolidated employee count
  FY2023 **5,522**　FY2024 **5,392**
- Educational institutions (HDCs*)
  FY2023 **5** organizations　FY2024 **5** organizations

*HDC: Human Resources Development Center

Acquiring Team Members

- Certified Construction Meisters (civil engineering)
  FY2023 **164**　FY2024 **168**
- Certified Construction Meisters (building construction)
  FY2023 **224**　FY2024 **236**
- Certified Bridge Meisters
  FY2023 **33**　FY2024 **27**
- Number of company visits for junior and senior high school students
  FY2023 **12**　FY2024 **15**

Financial Achievements

- ROE (target: 9.0% or more)
  FY2023 **6.0**%　FY2024 **1.2**%
- Total return ratio (target: approx. 50%)
  FY2023 **54.7**%　FY2024 **256.5**%
- Capital-to-asset ratio
  FY2023 **17.0**%　FY2024 **17.8**%

Non-financial Achievements

- Carbon neutrality Scope 1 and 2 (target: 20% reduction)
  FY2023 **-26.3**%　FY2024 **-43.1**%
  *Compared to base year of 2020
- Scope 3 (target: 10% reduction)
  FY2023 **-7.7**%　FY2024 **-0.3**%
  *Compared to base year of 2020
- Percentage of full-time female employees
  FY2023 **15.7**%　FY2024 **16.8**%
- Reduction in working hours
  Two days off per week (8 or more days off every 4 weeks for new construction sites) (target: 90% or higher)
  FY2023 **77.7**%　FY2024 **91.9**%
- Average annual paid leave usage rate (target: 50% or more)
  FY2023 **57.9**%　FY2024 **51.3**%

Note 1: Target figures in parentheses are for FY2024
Note 2: Scope 1+2 and Scope 3 are non-consolidated figures

To be a construction company that globally supports and connects people and communities with new value ▶P.20

Turning created value into capital

Six Inputs (Management Capital) That Support Business Growth

Human Capital

Our assets are our employees, and we aim to connect “employee happiness” to “company growth.” We focus on creating a workplace environment where all employees have equal opportunities for growth and contributions, thus enabling diverse talents to thrive.

Number of employees:
5,392 (consolidated)
2,903 (non-consolidated)

Training-related investment:
175 million yen/year

Initiatives to strengthen capital

Recruitment of new graduates from overseas universities

As part of our talent acquisition channels, we directly approach universities overseas to recruit new graduates. After joining the Company, we provide thorough support, aiming to create an attractive organization where diverse talent can thrive.

Intellectual Capital

Our company highly values the construction process and possesses numerous proprietary construction techniques, patented technologies, and know-how related to construction quality. By utilizing this capital, we aim to ensure safe and secure manufacturing that provides the “Supreme Quality Assurance” which will lead to increased social trust and customer satisfaction.

Patents held:
462

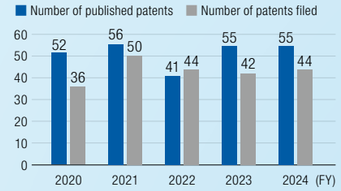
Research and development expenses:
1,730 million yen/year

Initiatives to strengthen capital

Promotion of intellectual property strategy

We aim to improve development efficiency by effectively utilizing our existing technologies and exploring the potential for further technological advancements.

Trends in the number of our patents, publications, and registrations



Manufacturing Capital

Our largest manufacturing capital is the project site (on-site), which is the forefront of manufacturing. We are working on improving construction revenue through the enhancement of the on-site management. We are working on building an on-site support system, which will unify various business locations, related companies, and factories both domestically and internationally.

Business sites:
12 domestic branches
8 overseas offices

Subsidiaries: 21
Affiliates: 8

Precast manufacturing bases:
7 bases

Initiatives to strengthen capital

DX of production systems utilizing precast concrete

We enhance overall construction efficiency through centralized management of PCa materials, information sharing between factories and construction sites, and automated systems in PCa production.

Financial Capital

We are engaging in various businesses (domestic civil engineering, domestic building construction, overseas, and new business & construction peripheral business) based on funds raised through stocks, borrowings, and other means. By consistently recording profits, we will promptly realize the soundness of our financial foundation, enabling us to respond to enhanced shareholder returns and growth investments.

Total assets:
393,500 million yen

Net assets:
77,300 million yen

Capital-to-asset ratio:
17.8%

Initiatives to strengthen capital

- Increasing net cash through shortening the Cash Conversion Cycle (CCC)
- Improving accounts payable turnover to strengthen relationships with partner companies
- Maximizing capital efficiency by effectively utilizing assets within the Group
- Establishing a banking framework that allows for diverse financing options

Social and Relationship Capital

Together with our partner company organization, Shineikai, we will continue striving to contribute to society by building a broad-based network and deep relationships of trust with a wide range of stakeholders in society through our various businesses.

Shineikai (partner company organization):
1,785 companies

Construction achievements
PC bridges: Approx. **4,100** bridges
Housing: Approx. **278,000** condominium units

Initiatives to strengthen capital

Recognition for blood donation activities in the Republic of the Philippines

Our support for blood donation activities led by the Philippine Children’s Medical Center (PCMC) was recognized, and we received a charity award from PCMC.

Natural Capital

As a company engaged in businesses closely tied to people’s lives we strive for the efficient utilization of resources to achieve coexistence and mutual prosperity with society. In addition to implementing the “Roadmap to Carbon Neutrality by 2050,” we help advance a circular society by improving the recycling rate of construction waste and promote the avoidance and minimization of impacts on biodiversity, as our contribution to a nature-friendly society.

Solar power plants:
8 locations

Installed capacity:
15.9 MW

Recycling of construction waste ratio
Civil engineering: **99.1**%
Building construction: **97.1**%

Initiatives to strengthen capital

Biodiversity disclosure in line with TNFD

Aiming to set concrete targets for a nature-positive society, we conducted assessments based on the LEAP approach, analyzing our dependencies and impacts on biodiversity, as well as associated risks and opportunities.