



2026 Mid-term Management Plan

(2024~2026)

NJS Co., Ltd.

February 14, 2024



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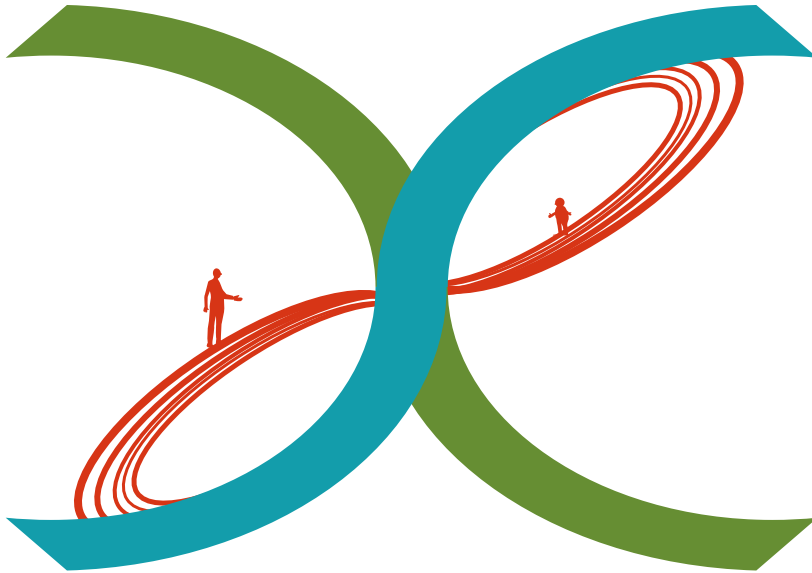
1. Company Purpose

Purpose

Pass on Healthy Water and Environment to the Next Generation

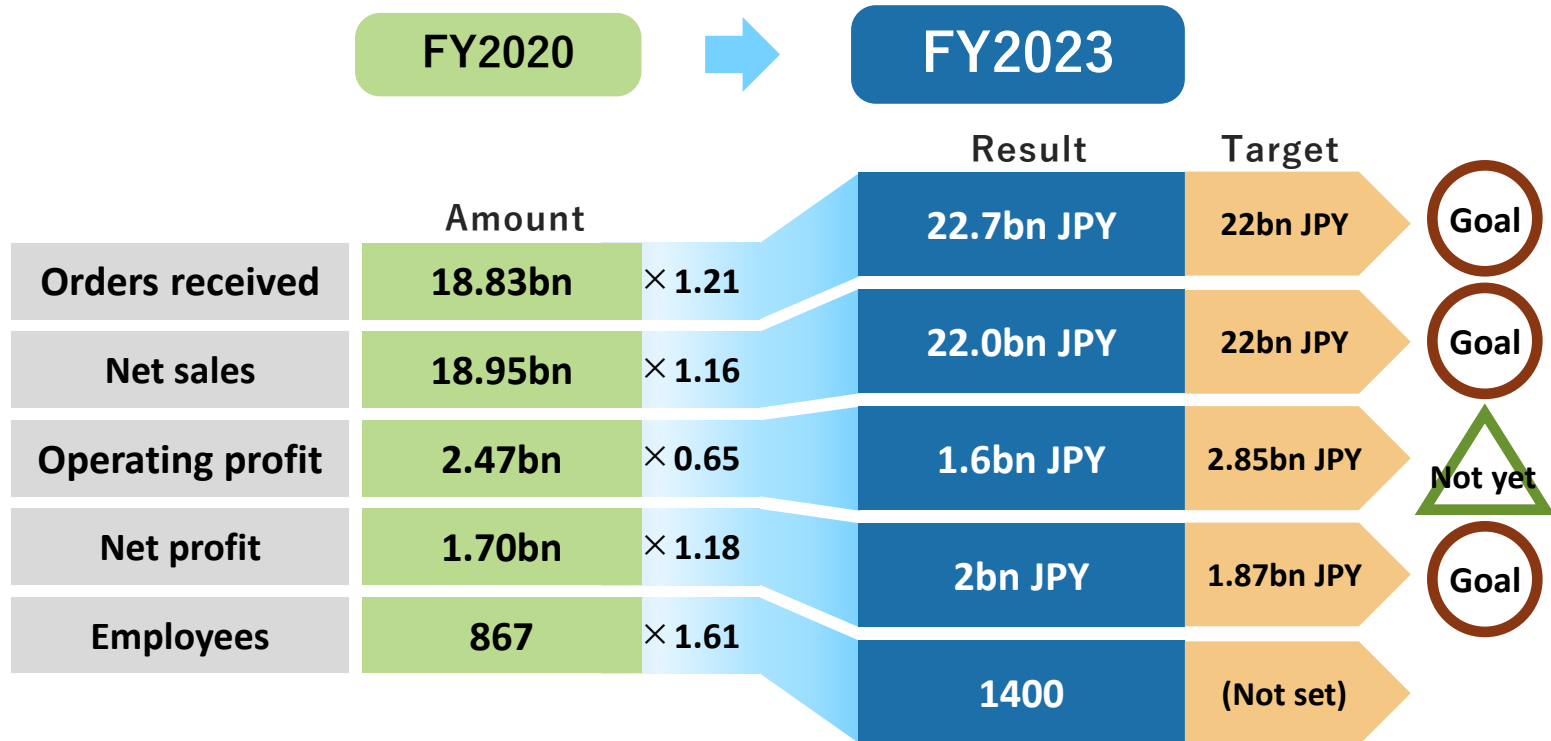
Since its establishment in 1951, NJS has focused on water supply, sewerage and environmental consultancy business. Our management philosophy is to create a prosperous and safe society through our services, and to develop technologies and human resources.

In the era when situation surrounding water and environment is becoming more and more difficult, due to climate change and natural disasters, we are committed to solving these challenges to create a sustainable society and pass on a healthy water supply and safe environment to future generations.



2. Previous Mid-term Management Plan Review

<Performance Results>



Achievement Factors

- Increase amid COVID-19 pandemic
 - Aging infrastructure and disaster measures
 - Large-scale overseas projects
 - Sales of real estate
 - Number of employees reached 1,400

Unfulfillment Causes

- Decline in operating profit
 - Increase in costs post-pandemic
 - Investment in human resources
 - Investment in R&D
 - High cost-ratio overseas projects increased

2. Previous Mid-term Management Plan Review

<Initiative Results>

Eco-advanced business

- Company purpose **“Pass on Healthy Water and Environment to the Next Generation”**
- Established **Regional and Energy Development Dept.**
- Expanded disaster simulation services for rain and floods
- Overseas disaster relief projects in Tonga and Kenya
- Promoted wastewater surveillance projects



Renewable Energy

Solution providing

- Expanded **“SkyScraper”** (AI functions, etc.)
- Developed inspection equipment (**waterborne drone, underwater drone, caterpillar-type TV camera vehicle**)
- Started water-level observation system service **“SkyManhole”**



Underwater Drone

New business

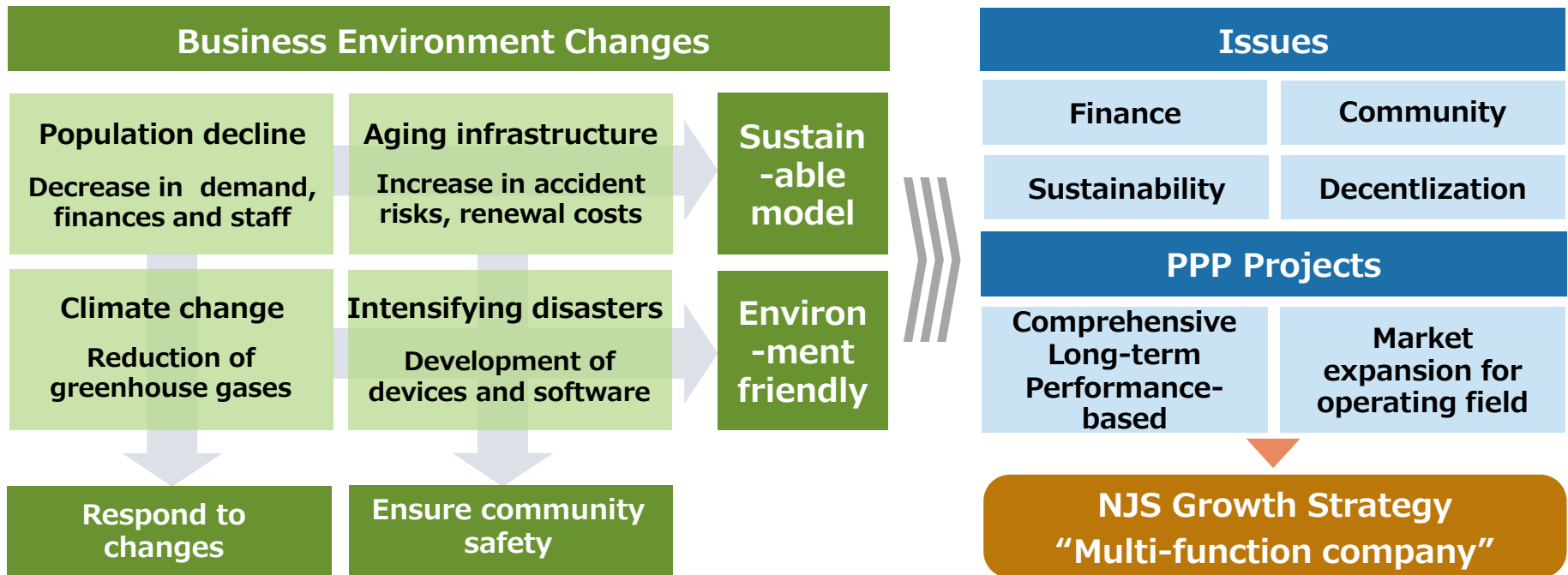
- Built inspection business base **NX-Haneda Bldg.**
- Established **FINDi Co., Ltd.**
- Established **Hokuo Infrastructure Science Co., Ltd.**
- Consolidated **Fuyo Consultant Co., Ltd.**
- Consolidated **Suido Asset Service Co., Ltd.**



NX-Haneda Building

3. NJS Growth Strategy

<Business Environment Changes and Issues>



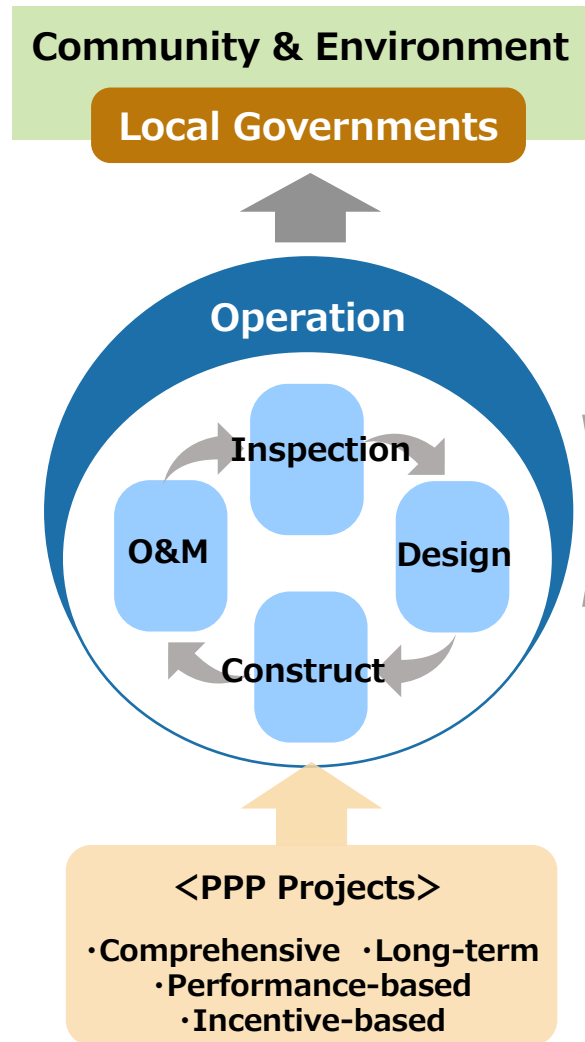
Issues related to business sustainability (population decline and aging infrastructure) and global environment (climate change and intensifying natural disasters) are urgent. We need to respond appropriately while ensuring infrastructure functions and community safety. Our challenge is to address these issues while also improving business sustainability, and to further collaborate with local communities and other private enterprises.

PPP projects are expected to help solve these issues. The Government-led Water PPP, a scheme to promote PPP in the water sector, shall also become a large force.

NJS's Growth Strategy "for a Multi-function Company" aims to expand and grow the company by adding operation projects to its other business fields.

3. NJS Growth Strategy

<Strategy for a “Multi-function” Company>



Targets

- Expand business**
- Provide solutions**
- Promote innovations**
- Enhance HRD**
- Business partners**

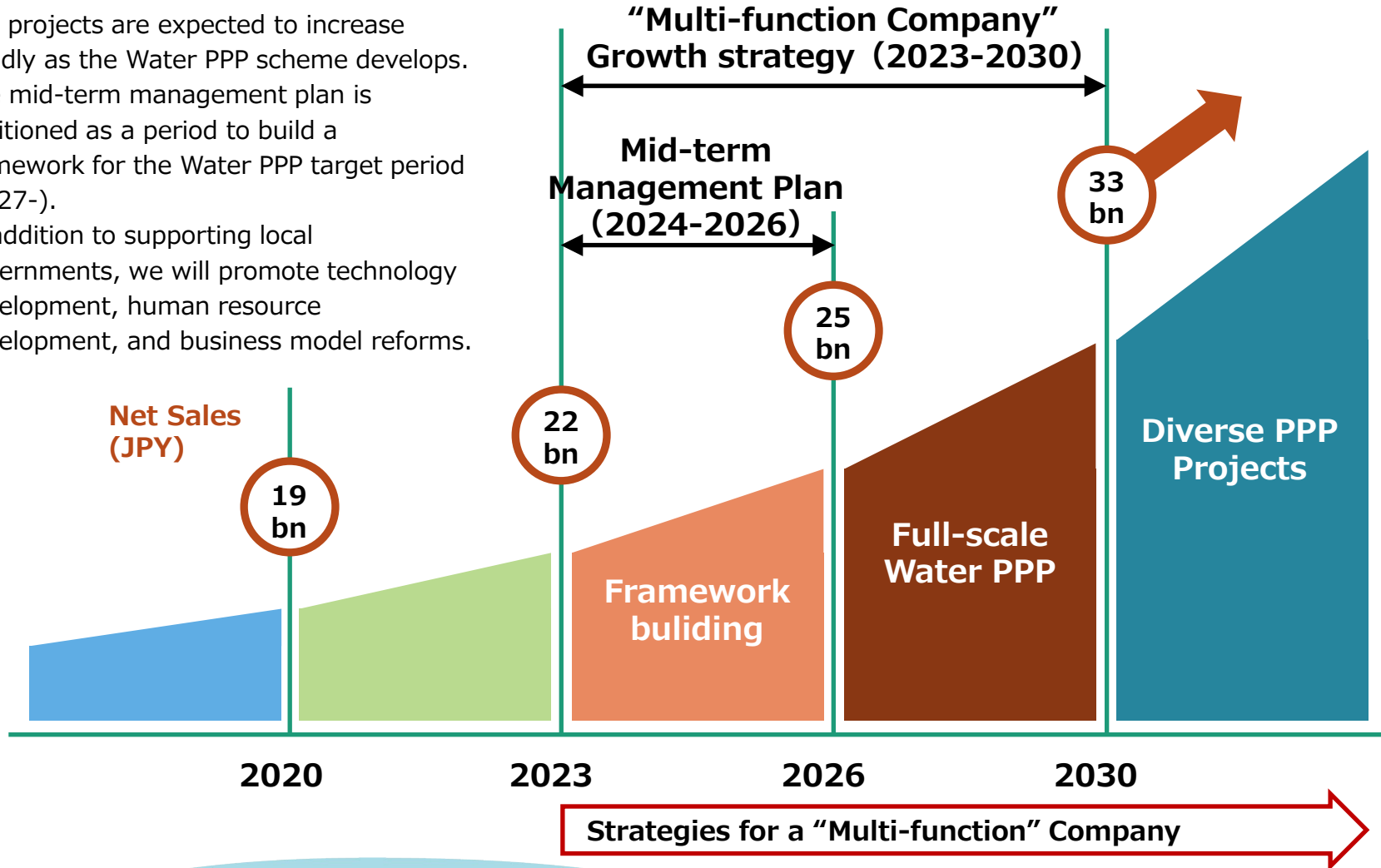
By transforming to a “Multi-function” company from a consultant, we will strengthen and expand our operation running business, along with continuing businesses.

- 1) Business Expansion: Strengthen and expand consulting, software, and inspection
- 2) Provide Solutions: Problem solving will be essential for operation running, with more responsibilities and risks
- 3) Promote Innovation: Solving operational challenges, improving service, and increasing efficiency can be enhanced by innovations
- 4) Enhance HRD: Secure professional personnel in a wide range of fields, as well as promote employee awareness and skills development
- 5) Business partners: Collaborate with a wide range of fields including different industries, NPOs, local enterprises, universities and research institutions.

3. NJS Growth Strategy


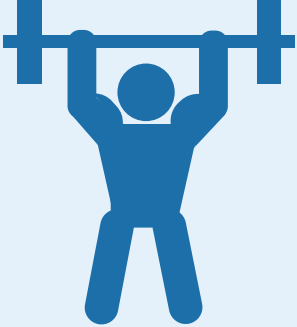
<Positioning of the Mid-term Management Plan>

PPP projects are expected to increase rapidly as the Water PPP scheme develops. The mid-term management plan is positioned as a period to build a framework for the Water PPP target period (2027-). In addition to supporting local governments, we will promote technology development, human resource development, and business model reforms.



4. Mid-term Management Plan

<Business Model Transformation>

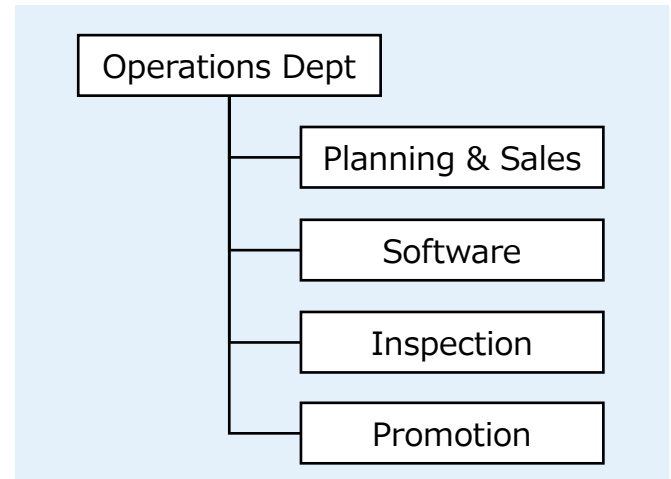
| | Consultant | Multi-functions |
|------------------------------|---|--|
| Roles | Propose/Support businesses  | Run operations  |
| Contracts | Single task/ One-year/ Specified orders | Comprehensive/ Long-term/ Performance-based |
| Responsibility /Risks | Limited to consulting works | Responsible for whole project and operation |
| Value | <ul style="list-style-type: none"> •Low-growth expectations as PPPs increase •Small initiatives in projects | <ul style="list-style-type: none"> •Growth expectations for business areas and potential •Consultant works will also improve |

NJS will transform its business model transformation to a Multi-function company from a consultant

In addition to expanding business areas, we will continue to improve our consulting works. The challenge is to develop technologies and human resources to propose, participate, and execute PPP projects, as well as to raise awareness of risk management

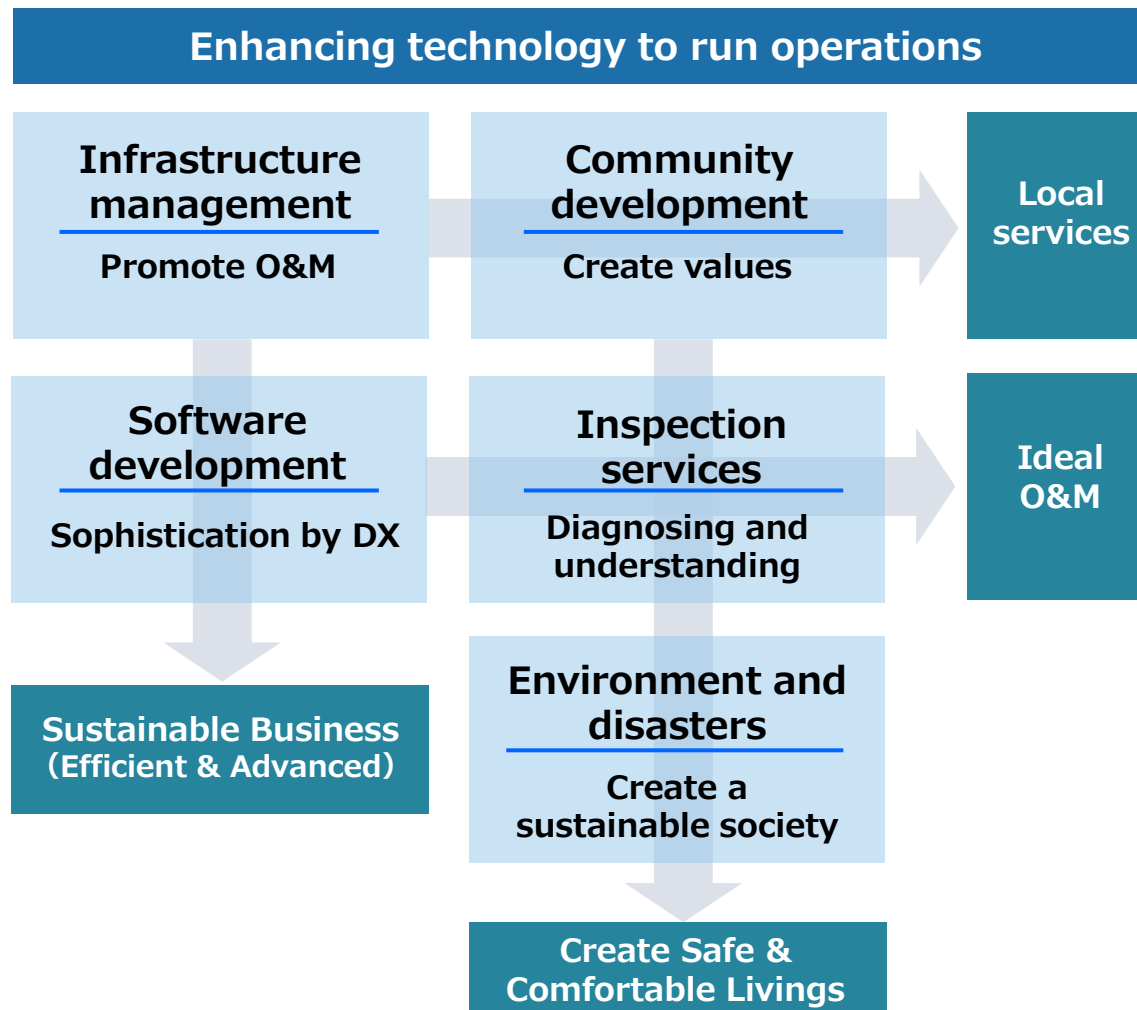
The Operations Department will play a leading role

Operations Department



4. Mid-term Management Plan

<Technology Enhancement>



Infrastructure management, community development, software development, inspection services, and environmental conservation and disaster countermeasure technologies will be the important factors

- ① Infrastructure Management: Establish techniques to strengthen O&M
- ② Community development: Promote methods to create local values
- ③ Software development: Develop systems and platforms building for sophisticated and efficient DX operations
- ④ Inspection services: Provide technology to accurately diagnose and understand changes in infrastructure its surroundings
- ⑤ Environmental conservation and disaster countermeasures: Promote countermeasures for heavy rain and earthquakes, enhancement of post-disaster recovery, greenhouse gas reduction and renewable energy sources

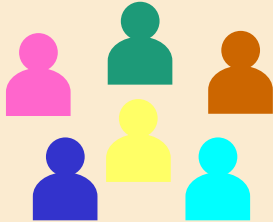
4. Mid-term Management Plan

<Human Capital Building>

Essential Human Capitals

Diversity

Secure and develop



Proactive

Think and act



Workplace reform

Flexible environment



Personnel system

Accommodating



Significant expansion of human capital is necessary to realize a multi-function company. Diversity, proactive, workplace reform, and personnel system will be our key points

- ① Diversity: Secure and develop human resources with expertise in many fields
- ② Proactive: Shift from working based on order specifications to thinking and acting independently
- ③ Workplace reform: Ensure psychological safety and realize work styles unrestricted by location and time to maximize abilities
- ④ Personnel System: Develop an accommodating personnel system to react to changes in the business environment, meet employee needs, and promote workplace reforms

5.Targets for FY2026

<Performance Targets>

| | FY2023 Results | FY2026 Mid-term plan | FY2030 Strategy plan |
|-----------------------|-------------------|-------------------------|-------------------------|
| Orders received | 22.7 | 26.5 | 33 |
| Net Sales | 22 | 25 | 33 |
| Operating profit (OP) | 1.6 | 2.5 | 4 |
| OP margin | 7.2% | 10% | 12% |
| Profit | 2 | 1.7 | 2.8 |

(Billions of JPY)

Net sales target is 25 billion JPY for FY2026 and 33 billion yen for FY2030

Since the Water PPP scheme is targeting FY2027, our mid-term management plan will serve as a preparation period, and priority will be given to investments in technology and human resources. Operating profit margin target will be 10%

Mid-term management plan key points include Water PPP introduction works, infrastructure renovation and renewal projects, disaster countermeasures, and regional and energy development

5.Targets for FY2026

<Initiative Targets>

| Business model | Develop technologies | Human resources |
|--|--|--|
| <p>Establish “Multi-function” business model</p> <ul style="list-style-type: none">● Marketing● Promotion● Positioning● Financial model● Business partners | <p>Develop technologies to run operations</p> <ul style="list-style-type: none">● Infrastructure O&M● Community values● Software● Inspection methods● Environment/disaster | <p>Secure human resources for “Multi-function” company</p> <ul style="list-style-type: none">● Diversity● Proactive● Workplace reform● Personnel system |
| <p>Base of operations 36 sites (26 sites / FY2023)</p> | <p>R&D investment 950 mil JPY (790 mil / FY2023)</p> | <p>Number of employees 1600 (1400 / FY2023)</p> |