

## [Business Strategies]

# New Business & Construction Peripheral Business



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## Business Characteristics and Strengths

To satisfy diversifying customer needs and address dramatically changing social issues, we take on challenges in new business areas regardless of the conventional areas of business and styles adopted in the broader construction industry.

We are particularly focusing on projects that address social issues and renewable energy projects. For example, these include participation in the operation of public facilities using private sector expertise and renewable energy using unused land or reservoirs. We provide various solutions combining our capabilities and new ideas.

## Opportunities and Risks as well as Basic Policies of the Medium-term Management Plan 2019–2021 as Countermeasures

### Opportunities

- Achieving carbon neutrality by 2050, driving the sustainability transformation (SX), and transforming the energy framework in SDGs and expanding the renewable energy market
- Building a new business model by driving the digital transformation (DX)
- Revising the domestic COVID-19 vaccine delivery system

### Risks






- Confusion and recession in governments and economies around the world due to the COVID-19 pandemic
- Revision and reduction of capital investments due to uncertainty in the economy
- Declining project profitability due to revisions to the system for purchasing power generated with renewable energy (decline of purchasing value)

### Basic Policies of the Medium-term Management Plan 2019–2021 as Countermeasures

1. Expand the renewable energy generation business centered on solar power generation
2. Expand domestic and overseas sales of floating solar power generation systems
3. Expand medical and pharmaceutical facility engineering service business, targeting high-mix, low-volume production facilities
4. Take on challenges in the domestic and overseas PPP business
5. Create new businesses that contribute to achieving the SDGs

## Results and Major Efforts in Fiscal 2020

Based on the Sixth Medium-term Management Plan (2019–2021), we focused our efforts on the three businesses of (1) renewable energy-related, (2) PPP/PFI, and (3) medical and pharmaceutical facility engineering.

- (1) Renewable energy-related business: We made progress with [energy generation projects \(Japanese only\)](#)  and sales of [floating solar power generation systems](#) . Regarding the former, [the Hasuike Pond offshore solar power generation plant \(Japanese only\)](#)  was completed in Kagawa Prefecture in March 2021. Operations at the plant launched in April 2021. This brings the total of the Company's solar power generators to four, at a scale of 8.4 MW. Regarding the latter, we conducted business at our manufacturing and sales bases located domestically as well as in Taiwan. In fiscal 2020, we sold floating systems that generate 2 MW in Japan and 1.7 MW overseas.
- (2) [PPP/PFI business \(Japanese only\)](#) : We received orders for one new PFI project (DBO model), bringing the total number of PFI orders received by the Company to 10 (three for civil engineering projects, seven for building construction). In addition, we have been making proactive efforts for PPP projects such as for the use of public assets.
- (3) [Medical and pharmaceutical facility engineering \(Japanese only\)](#) : We have been promoting activities to obtain orders by leveraging specialized technology and know-how for such targets as GMP-compliant, high-mix, low-volume production facilities. As a peripheral business, we have undertaken and delivered our unique solution services. These include the transfer service of production facilities and research functions, and environmental consulting services for countermeasures against the heat of summer.

## TOPIC 1

### Fiscal 2019 PFI business (completion of a facility)

- Project name: Yokosuka School Lunch Center Maintenance Management Project (temporary name)
- Contractee: Yokosuka City, Kanagawa Prefecture
- Business model: DBO model
- Project term: August 2019 to July 2036



Completed in July 2021

### Fiscal 2020 PFI business

- Project name: Fujimino City Maintenance Business of Cultural Facilities
- Contractee: Fujimino City, Saitama Prefecture
- Business model: DBO model
- Project term: July 2020 to March 2038
- Business description: With the aging facilities and equipment of the current halls and community centers, make each of them also serve as the city's new cultural facility by improving, maintaining and managing it under the DBO model.

## TOPIC 2

### [Composting toilet \(Japanese only\)](#)

Our composting toilet is a recycling toilet that uses Japanese cedar chips. Unlike the traditional toilet, it does not require connections with the sewage system and septic tank or sewage pumping work by a pumper truck, so it can be installed in mountainous areas and remote islands on which it is hard to install the sewage system and plumbing. The power of microbes helps prevent smelly toilet odor.



Installed in a park of Kagoshima City as a part of PR activities

## TOPIC 3

### [Consulting services for countermeasures against heat in factories \(Japanese only\)](#)

As a part of engineering services, we offer consulting services for the building environment that involves heat, noise and vibration problems. We particularly have an extensive track record of countermeasures against the heat of summer in factories and warehouses. Temperatures inside factories and warehouses are more likely to rise than those in other types of buildings. Taking countermeasures against the heat of summer in particular is increasingly important these days in terms of the impact on productivity and health. However, installing cooling equipment in such factories and warehouses to lower the inside temperatures is not a realistic solution because it requires an enormous amount of power and energy. We determine what causes the heat in each building, and based on the identified factors, we propose energy-saving, efficient and eco-friendly countermeasures against the heat of summer as most appropriate countermeasures for the building, for example, sprinkling roofs with water and natural ventilation.

## Fiscal 2021 Policies

In fiscal 2021, we will continue focusing our efforts on the three businesses of renewable energy-related, PPP/PFI, and medical and pharmaceutical facility engineering. In addition, we will aim to create and develop new businesses and business areas. Among these, in the renewable energy-related business, we plan to start construction work on one new solar power generation plant, and are making specific studies into the solar power generation and micro-hydroelectric power generation businesses in Japan and elsewhere. In medical and pharmaceutical facility engineering, we will aim to increase orders for the Company's original technology and products, with a focus on the market stimulation related to COVID-19, in addition to the existing anti-cancer drugs and regenerative medicine markets. In new businesses and business areas, we will aim to commercialize new businesses using our capabilities, and start considering how we can make use of hydrogen, which can be used in the key technology for decarbonization.

## New Strategy for Thriving in the New Normal Era

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To thrive in the new normal era that emerged after the onset of the COVID-19 pandemic, we will develop new business opportunities with our diverse talent from our diverse perspectives. We will aim to enter new realms by capturing what is happening around the world and market needs, using internal and external technologies and knowledge, and applying the existing technologies to other areas.