Cover page

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[Fiscal year]	The 121st Fiscal Year (From April 1, 2024 to March 31, 2025)
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[Company name in English]	RAIZNEXT Corporation
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Part I. Company Information

I. Overview of Company

1. Key Financial Data

(1) Key financial data of group

Fiscal year		117th FY	118th FY	119th FY	120th FY	121st FY
Year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Net sales of completed construction contracts	(million yen)	145,914	129,832	140,061	140,366	157,371
Ordinary profit	(million yen)	10,657	11,270	11,243	10,261	11,094
Profit attributable to owners of parent	(million yen)	7,344	7,748	7,741	7,249	8,100
Comprehensive income	(million yen)	8,982	8,755	7,207	8,117	8,061
Net assets	(million yen)	73,890	79,342	83,283	84,123	85,654
Total assets	(million yen)	97,121	100,781	114,168	110,746	115,196
Net assets per share	(yen)	1,344.96	1,450.39	1,524.55	1,562.89	1,576.12
Basic earnings per share	(yen)	135.58	143.04	142.93	134.20	150.89
Diluted earnings per share	(yen)	–	–	–	–	–
Equity-to-asset ratio	(%)	75.0	78.0	72.2	75.2	73.8
Rate of return on equity	(%)	10.5	10.2	9.6	8.7	9.6
Price-earnings ratio	(times)	8.8	7.5	10.2	16.2	10.0
Net cash provided by (used in) operating activities	(million yen)	8,591	11,157	10,069	3,565	(107)
Net cash used in investing activities	(million yen)	(1,101)	(2,225)	(1,880)	(1,738)	(2,304)
Net cash used in financing activities	(million yen)	(7,170)	(2,849)	(3,281)	(7,181)	(6,490)
Cash and cash equivalents at end of period	(million yen)	6,686	12,835	17,758	12,446	3,575
Number of employees	(persons)	2,122	2,011	2,083	2,125	2,155

(Notes) 1. “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 118th fiscal year. Key financial data and other metrics from the 118th fiscal year reflect these accounting standards.

2. Diluted earnings per share are not presented because diluted shares did not exist.

(2) Key financial data of reporting company

Fiscal year		117th FY	118th FY	119th FY	120th FY	121st FY
Year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Net sales of completed construction contracts	(million yen)	136,896	121,204	132,322	132,544	148,769
Ordinary profit	(million yen)	9,943	10,592	10,458	9,611	10,750
Profit	(million yen)	6,630	8,619	7,365	6,714	8,099
Share capital	(million yen)	2,754	2,754	2,754	2,754	2,754
Total number of issued shares	(shares)	54,168,053	54,168,053	54,168,053	54,168,053	54,168,053
Net assets	(million yen)	68,128	73,457	77,573	77,774	79,459
Total assets	(million yen)	90,026	96,375	109,369	105,891	110,824
Net assets per share	(yen)	1,257.74	1,356.12	1,433.91	1,459.65	1,472.59
Dividend paid per share [of which, interim dividend paid per share]	(yen)	55.00 [–]	58.00 [–]	72.00 [–]	135.00 [30.00]	91.00 [35.00]
Basic earnings per share	(yen)	122.40	159.13	136.00	124.29	150.87
Diluted earnings per share	(yen)	–	–	–	–	–
Equity-to-asset ratio	(%)	75.7	76.2	70.9	73.4	71.7
Rate of return on equity	(%)	10.1	12.2	9.8	8.6	10.3
Price-earnings ratio	(times)	9.8	6.7	10.7	17.5	10.0
Dividend payout ratio	(%)	44.9	36.4	52.9	108.6	60.3
Number of employees	(persons)	1,656	1,615	1,616	1,641	1,691
Total shareholder return [Comparative index: Dividend-included TOPIX]	(%) (%)	102.1 [142.1]	96.7 [145.0]	133.9 [153.4]	203.3 [216.8]	157.0 [213.4]
Highest share price	(yen)	1,366	1,263	1,523	2,398	2,178
Lowest share price	(yen)	1,093	1,069	1,029	1,320	1,406

(Notes) 1. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 118th fiscal year. Key financial data and other metrics from the 118th fiscal year reflect these accounting standards.

2. Diluted earnings per share are not presented because diluted shares did not exist.

3. The highest share price and lowest share price on or before April 3, 2022 are those recorded on the 1st Section of the Tokyo Stock Exchange, while from April 4, 2022 onwards, they are based on those recorded on the Prime Market of the said Stock Exchange.

4. The dividend paid per share of 135 yen for the 120th FY includes a commemorative dividend of 65 yen per share for the fifth anniversary of the business integration.

5. Of the dividend paid per share of 91.00 yen for the fiscal year ended March 31, 2025, the year-end dividend of 56.00 yen is subject to resolution at the Annual General Meeting of Shareholders to be held on June 25, 2025.

2. History

Jul. 1938	"Kabushiki-Kaisha Hosenkumi Tekkosyo" was established with a capital of 480 thousand yen.
Mar. 1941	The trade name was changed to "Kabushiki-Kaisha Hosen Tekkosyo."
Nov. 1945	The trade name was changed to "Kabushiki-Kaisha Sanko Seisakusho."
Jan. 1949	The head office was relocated to 813 Namamugi-cho, Tsurumi-ku, Yokohama-shi, Kanagawa, Japan.
Jan. 1950	The head office was relocated to 1195 Tsurumi-cho, Tsurumi-ku, Yokohama-shi, Kanagawa, Japan.
Jan. 1956	Wakayama Branch was opened. (Currently, Wakayama Branch Office)
Oct. 1961	The stock was listed on the 2nd Section of the Tokyo Stock Exchange.
Feb. 1966	Osaka Branch Office was opened.
Mar. 1966	Chiba Branch Office was opened.
Jul. 1968	The head office was relocated to 4-6-29 Namamugi, Tsurumi-ku, Yokohama-shi, Kanagawa, Japan.
Sep. 1996	P.T.SANKO ENGINEERING INDONESIA was established as a subsidiary in Jakarta, Indonesia. (Currently PT. SHINKO PLANTECH, a consolidated subsidiary)
Oct. 2000	The trade name was changed to Shinko Plantech Co., Ltd. with a merger with Niigata Construction Co., Ltd. The branch offices were added through the merger and a new structure was established, which consisted of the head office, Isogo Branch Office, and other 17 branch offices (Muroran, Niigata, Yokohama, Negishi, Toyama, Kashima, Chiba, Kawasaki-1, Kawasaki-2, Tokai, Yokkaichi, Osaka, Wakayama, Hyogo, Mizushima, Iwakuni, and Tokuyama). In addition, Sojin Kogyo Kabushiki-Kaisha (currently SMS Co., Ltd., a consolidated subsidiary) and Niigata Sogo Service Kabushiki-Kaisha (currently RAIZNEXT Sogo Service Co., Ltd., a consolidated subsidiary) became subsidiaries.
Apr. 2002	The head office was relocated to 4-5-11 Namamugi, Tsurumi-ku, Yokohama-shi, Kanagawa, Japan.
Oct. 2002	An executive officer system was introduced. Hyogo Branch Office and Iwakuni Branch Office were integrated into Mizushima Branch Office and Tokuyama Branch Office, respectively.
Apr. 2004	Sendai Branch Office (currently, North-Japan Branch Office) was newly opened and Yokkaichi Branch Office was changed to Nagoya Sales Office.
Jul. 2006	The head office was relocated to 27-5 Shinisogocho, Isogo-ku, Yokohama-shi, Kanagawa, Japan.
Mar. 2007	The stock was listed on the 1st Section of the Tokyo Stock Exchange.
Jul. 2007	The names of Kawasaki-1 Branch Office, Kawasaki-2 Branch Office, Iwakuni Sales Office, and Prefab Center were changed to Kawasaki Branch Office, Kawasaki TG Branch Office, Iwakuni Branch Office, and Isogo Plant, respectively.
Nov. 2009	Shares of Ikeda Kiko Co., Ltd. (currently, RAIZAQT Co., Ltd., a consolidated subsidiary) were acquired (ownership ratio: 80%).
Nov. 2010	Shares of Tokai Engineering & Construction Co., Ltd. were acquired (ownership ratio: 60%). (Currently, a consolidated subsidiary)
Oct. 2011	Shares of Toshin Seisakusyo Co., Ltd. (currently, RAIZAQT Co., Ltd., a consolidated subsidiary) were acquired (ownership ratio: 100%). (Currently, a consolidated subsidiary)
Feb. 2013	Shares of Ikeda Kiko Co., Ltd. (currently, RAIZAQT Co., Ltd., a consolidated subsidiary) were additionally acquired (ownership ratio: 100%).
Apr. 2017	The names of Kawasaki Branch Office and Kawasaki TG Branch Office were changed to Kawasaki-1 Branch Office and Kawasaki-2 Branch Office, respectively.
Nov. 2017	Shares of Kounan Tsusho Co., Ltd. were acquired (ownership ratio: 100%). (Currently, a consolidated subsidiary)
Jul. 2019	The trade name was changed to RAIZNEXT Corporation with a merger with JX Engineering Corporation. Through the merger, a new structure was established, which consisted of the head office and 15 branch offices (Muroran, Sendai, Negishi, Niigata, Tokai, Nagoya, Kashima, Chiba, Kawasaki, Wakayama, Osaka, Mizushima-1, Mizushima-2, Iwakuni, and Tokuyama). In addition, Kashima Engineering Co., Ltd (currently, a consolidated subsidiary) and Keihin Kako Co., Ltd became subsidiaries.
Apr. 2020	Mizushima-1 Branch Office and Mizushima-2 Branch Office were integrated into Mizushima Branch Office.
Feb. 2021	The head office was relocated to 1-1-8 Sakuragicho, Naka-ku, Yokohama-shi, Kanagawa, Japan.
Apr. 2022	In accordance with the market restructuring of the Tokyo Stock Exchange, the stock market listing changed from the 1st Section to the Prime Market.
Apr. 2023	Muroran Branch Office was integrated into Sendai Branch Office (currently, North-Japan Branch Office).
Apr. 2024	Sendai Branch Office was changed to North-Japan Branch Office, Negishi Branch Office and Tokai Branch Office were abolished, and Yokohama Branch Office was newly opened.

Jul. 2024	Toshin Seisakusyo Co., Ltd. merged with Ikeda Kiko Co., Ltd. and changed its trade name to RAIZAQT Co., Ltd.

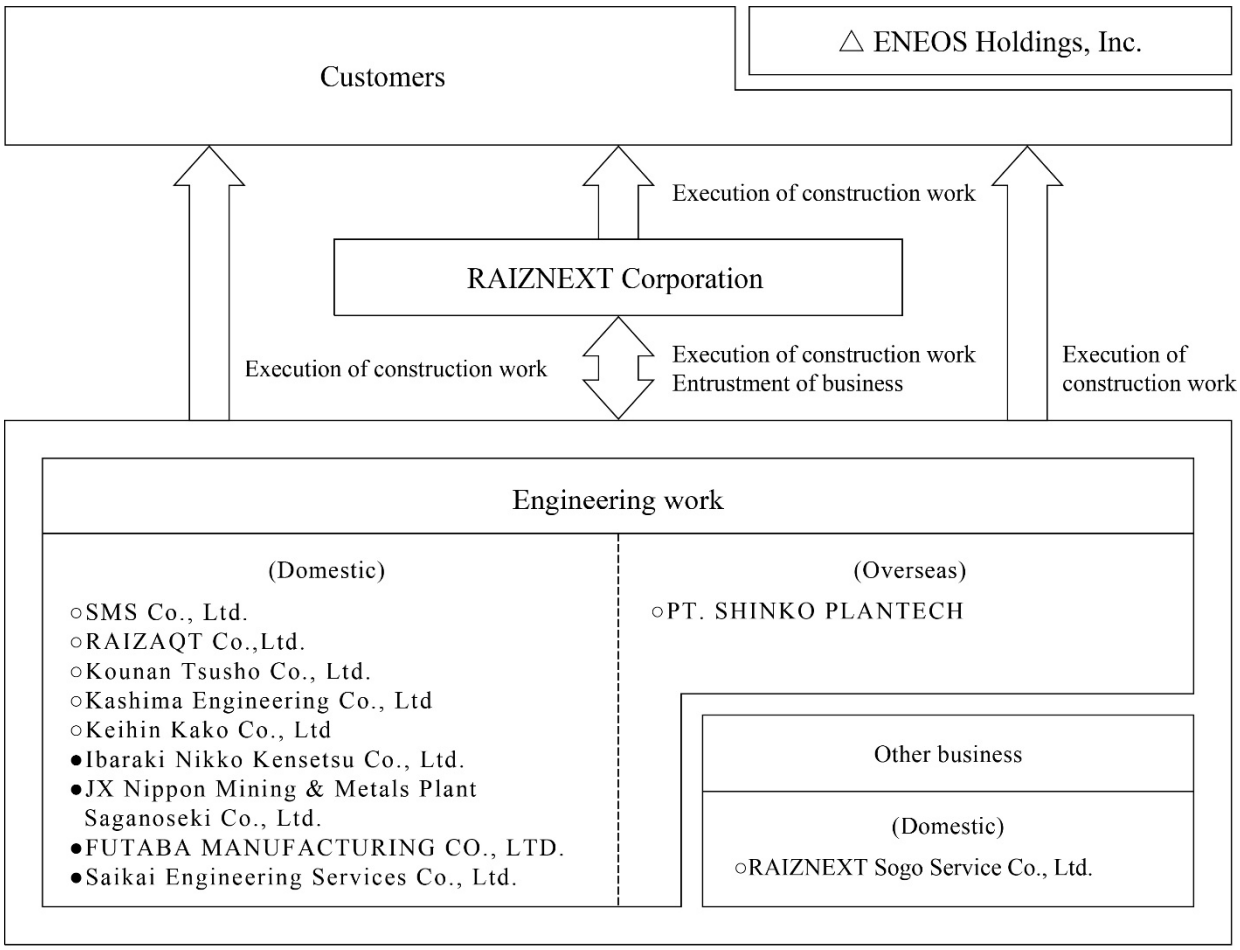
(Note) RAIZAQT Co., Ltd. conducted an absorption-type merger of Keihin Kako Co., Ltd. with an effective date of April 1, 2025.

3. Description of Business

The Company group consists of RAIZNEXT Corporation (the Company), 12 subsidiaries and affiliates (8 subsidiaries and 4 affiliated companies), and other 2 associated companies, engaging in engineering and other business.

Business category	Main business activities
Engineering work	The following businesses related to devices, machinery, equipment, facilities, materials and equipment, academic research, systems, and processes in fields including petroleum, petrochemicals, gas, general chemicals, nonferrous metals, metal processing, electronic materials, resource recycling, electric power, nuclear power, renewable energy, distributed energy, steelmaking, coal, desalination, livestock feed, biochemicals, food, medical products, medical care, information, communications, transportation, distribution, provisions, air conditioning and plumbing, pollution prevention, disaster prevention, and environmental protection: 1. Comprehensive engineering and consulting work 2. Production, procurement, sale, repair, and leasing of machinery and devices 3. Installation of machinery and devices; design, supervision, and execution of construction for civil engineering, electrical instrumentation, plumbing, etc. 4. Maintenance work for equipment and machinery 5. Research, development, technical support, and commissioned work
Other business	Comprehensive real estate management; temporary staffing services; non-life insurance agency business

Below is a business system diagram.



○ Consolidated subsidiaries ● Affiliated companies △ Other subsidiaries and associates

(Notes) 1. Toshin Seisakusyo Co., Ltd. merged with Ikeda Kiko Co., Ltd. on July 1, 2024, and changed its trade name to RAIZAQT Co., Ltd.

2. RAIZAQT Co., Ltd. conducted an absorption-type merger of Keihin Kako Co., Ltd. with an effective date of April 1, 2025.

4. Subsidiaries and Associates

Name	Location	Capital or investments in capital (million yen)	Description of principal business	Percentage of voting rights owned (or owned others) (%)	Description of relationship			
					Concurrent positions held by directors	Loans	Business transactions	Leasing of equipment
(Consolidated subsidiaries)								
SMS Co., Ltd.	Isogo-ku, Yokohama-shi, Kanagawa	10	Engineering work	100.0	–	–	Receives construction orders associated with the Company's construction work.	Yes
Tokai Engineering & Construction Co., Ltd.	Ichihara-shi, Chiba	40	Engineering work	60.0	–	–	Receives construction orders associated with the Company's construction work.	–
RAIZAQT Co., Ltd.	Niihama-shi, Ehime	28	Engineering work	100.0	–	–	Receives construction orders associated with the Company's construction work.	–
Kounan Tsusho Co., Ltd.	Isogo-ku, Yokohama-shi, Kanagawa	70	Engineering work	100.0	–	–	Receives construction orders associated with the Company's construction work.	Yes
Kashima Engineering Co., Ltd	Isogo-ku, Yokohama-shi, Kanagawa	20	Engineering work	100.0	–	–	Receives construction orders associated with the Company's construction work.	Yes
Keihin Kako Co., Ltd	Kurashiki-shi, Okayama	20	Engineering work	100.0	–	–	Receives construction orders associated with the Company's construction work.	Yes
PT. SHINKO PLANTECH	Indonesia Jakarta	1,300 thousand US dollars	Engineering work	99.8	–	–	The Company dispatches engineers under contract associated with construction work.	–
RAIZNEXT Sogo Service Co., Ltd.	Isogo-ku, Yokohama-shi, Kanagawa	85	Other	100.0	–	–	Receives orders for the Company's building management, maintenance, repairs, cleaning and administrative work as well as the dispatch of engineers and administrative staff.	Yes
(Other associated companies)								
ENEOS Holdings, Inc. (Note) 1	Chiyoda-ku, Tokyo	100,000	Business management of subsidiaries and group companies which conduct energy, oil and natural gas development, and metal businesses	(28.8) [7.2]	–	–	–	–
HIKARI TSUSHIN, Inc. (Note) 1	Toshima-ku, Tokyo	54,259	Corporate service, individual service, and intermediation sales	(22.8) [22.8]	–	–	–	–

(Notes) 1. The company that filed the Annual Securities Report

2. Figures in square brackets in the "percentage of voting rights owned (or owned by others)" column indicate the percentage of indirect holdings, and included in the total.

3. Toshin Seisakusyo Co., Ltd. merged with Ikeda Kiko Co., Ltd. on July 1, 2024, and changed its trade name to RAIZAQT Co., Ltd.

5. Employees

(1) Information about group

As of March 31, 2025

Name of segment	Number of employees (persons)
Engineering work	1,993
Other	162
Total	2,155

(Note) The figure stated under “Number of employees” is the number of employed personnel (excluding those on secondment from the Group to outside the Group, but including those on secondment from outside the Group to the Group).

(2) Information about reporting company

As of March 31, 2025

Number of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary (million yen)
1,691	42.0	15.5	831

(Notes) 1. The figure under “Number of employees” indicates the number of employed personnel, excluding those on secondment from the Company to outside the Company, but including those on secondment from outside the Company to the Company.

2. Average annual salary includes bonuses and extra wages.

(3) Information about trade union

As of March 31, 2025, the Company group’s employees are members of the RAIZNEXT Trade Union (a membership of 1,055).

There are no special items to be noted about labor relationships.

(4) Information about the percentage of female employees in managerial positions, etc.

(i) Reporting company

As of March 31, 2025

Percentage of female employees in managerial positions (%) (Note) 1	Percentage of childcare leave, etc. taken by male employees (%) (Note) 2	Differences in wages between male and female employees (%) (Note) 1		
		All employees	Regular employees	Non-regular employment
1.6	91.4	68.6	71.1	52.8

(Notes) 1. Calculated based on the stipulations of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. Calculated the percentage of childcare leave, etc. taken, specified in Article 71-6, Item 2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the stipulations of the “Act on Childcare leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

(ii) Consolidated subsidiaries

As they are not subject to the obligation to make a public announcement under the stipulations of the “Act on the Promotion of Women's Active Engagement in Professional Life” (Act No. 64 of 2015) and the “Act on Childcare leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the description thereof is omitted.

II. Overview of Business

1. Management Policy, Business Environment, Issues to be Addressed

(1) Basic management policy

[Company Philosophy]

Support Industrial Infrastructures, Create a Prosperous Future.

- We support the secure and stable operation of plants, contributing to the future of people, life and the environment;
- We realize the optimization of plants and facilities through our maintenance and engineering; and
- We respect diversity and initiatives that seek happiness for our employees and partner companies.

[Long-Term Vision]

RAIZNEXT Group V-2032

Toward advanced plant services in changing times

- We will fulfill our social responsibilities as a company involved in the energy sector and contribute to the realization of a carbon-neutral society.
- We will constantly introduce and refine the latest technology to continue providing maximum customer value in maintenance and engineering together with our partners.
- We will aim to be a company that enables employees to work with satisfaction, taking pride in playing a central role in maintaining the stable operation of plant that supports people's lives.

[Action Guideline]

Aggressively with Brave Spirits	Sincerely and Devotedly	Coexistence and Coprosperity
We aggressively take on challenges with unconventional ideas.	We sincerely work on every single business, meeting our customers' needs.	We respect all of the people concerned, and evolve together with stakeholders.

(2) Business environment and issues to be addressed

(i) Summary of the Second Mid-Term Business Plan

The four years from FY2021 to FY2024 was positioned as both a period for generating synergistic effects through the management integration and a period for laying the foundation toward achieving our Long-Term Vision, and we pursued initiatives under the theme of "RAIZNEXT SYNERGY POWER."

We have promoted various initiatives based on the basic strategies of "strengthening our management foundation," "strengthening our maintenance business," "Strengthening our engineering business," and "strengthening our tank business."

As a result, we achieved net sales of completed construction contracts (consolidated) of 157.3 billion yen against the target of 145.0 billion yen, operating profit (consolidated) of 10.8 billion yen against the target of 10.5 billion yen, profit attributable to owners of parent (consolidated) of 8.1 billion yen against the target of 7.0 billion yen, ROE of 9.6% against the target of 8.0%, and consolidated dividend payout ratio of 60.3% against the target of at least 40%, achieving all performance targets and management indicator targets.

In addition, with respect to synergistic effects associated with the business integration in 2019, which was the theme of the Second Mid-Term Business Plan, we also achieved cumulative total of net sales of completed construction contracts of 26.6 billion yen against the target of over 20.0 billion yen, and cumulative total of ordinary profit of 2.5 billion yen against the target of over 2.0 billion yen.

The initiatives results and issues in the period of the Second Mid-Term Business Plan are as follows.

1) Strengthening our management foundation

We have enhanced the corporate governance and risk management systems and advanced safety and quality management frameworks, as well as disclosed our ESG data externally, and formulated and disclosed our GHG emissions reduction targets (Scope 1 & 2) in order to promote sustainability management, with the aim of achieving sustainable corporate growth and enhancing our corporate value.

In response to the maximum overtime regulations in 2024, we continue to steadily implement and improve various measures,

including the establishment of the Overtime Work Guideline and recruitment of personnel.
For employees, in order to materialize a pleasant working environment, we have continued to reform systems and improve the working environment of temporary offices in construction sites. We have also actively promoted BCP measures such as rebuilding aging offices of our branch offices and updating network infrastructure. We recognize that it is necessary to further strengthen governance, secure and develop human resources, and improve safety and quality by appropriately operating and strengthening each system and infrastructure established during the period of the Second Mid-Term Business Plan.
2) Strengthening our maintenance business
We have implemented organizational integration for the purpose of overall optimization. As a result, we were able to make a flexible personnel allocation, and we have expanded contracts and revenue through large-scale regular repair works and participation in new plants. In addition, we have worked to develop skilled workers and strengthen the construction system, involving subcontractors, and promoted automation and mechanization of construction operations to improve safety and efficiency.
To further strengthen our competitiveness as a core business, we recognize that we need to advance resource management and accelerate further mechanization and automation, aiming to improve labor productivity.
3) Strengthening our engineering business
In the engineering business, we have secured contracts of works in new fields toward a carbon-neutral society, including the construction of new mega solar power plants and green ammonia manufacturing plants.
In addition, we have aggressively worked to participate in the future plans for closed refining plants. In addition to securing contracts of infrastructure development works including detoxification works and facility removal works, we worked to commercialize new businesses in cooperation with our customers. We have also continued to secure contracts of new construction and expansion works in the field of nonferrous metals with strong demand due to the spread of electric vehicles and the adoption of IT in society.
To respond to expansion of capital investment resulting from the promotion of GX, we recognize that it is our current issue to further enhance engineering capabilities and strengthen execution capabilities through DX promotion.
4) Strengthening our tank business
In the tank business, we have established a one stop system from design to planning of and support for construction work, and utilized our nationwide network of business sites to newly secure contracts of tank construction work of oil storage and oil refineries, which were our untapped areas. In addition, in order to address the shortage of human resources such as welding engineers and to improve the working environment, we have established automatic welding technology and promoted the implementation of robots. We were also engaged in study of the design and construction technologies of storage tanks of hydrogen and ammonia which are expected to replace fossil fuels.
To advance into the field of cryogenic tank such as LNG and liquid hydrogen, we recognize that early establishment of a contract-securing system of carbon-neutral projects and early implementation of manufacturing/inspection robots are issues.

(ii) Overview of the Third Mid-Term Business Plan
In the business environment surrounding us, continuing from the business environment during the period of the Second Mid-Term Business Plan, we are required to respond to various issues, including responses to a carbon-neutral society associated with rising social awareness of ESG, responses to declining workforce in the construction industry, and responses to the progress of the digital revolution.
Based on the issues from the Second Mid-Term Business Plan and the business environment surrounding us, the RAIZNEXT Group formulated the Third Mid-Term Business Plan in March 2025.
The basic strategies of the Third Mid-Term Business Plan will continue from the initiatives taken so far, with the pillars of “strengthening our management foundation,” “strengthening our maintenance business,” “strengthening our engineering business,” and “strengthening our tank business.” Under the theme “RAIZNEXT X CHALLENGE” (X: Transformation), we will take on various initiatives without being bound by conventional practices, and prepare for the Fourth Mid-Term Business Plan, which is the final phase in the realization of the Long-Term Vision.
1) Strengthening our management foundation
As the “X” in the management foundation, we will work on “reform of operational process with DX (enhancement of safety/quality management, promotion of operational reforms, data-driven management etc.),” “strengthening human resources development,” “promotion of health and productivity management,” and “promotion of new workstyles,” to realize further strengthening of governance, securing and developing of human resources, and improving safety and quality.

2) Strengthening our maintenance business

As the “X” in the maintenance business, we will work on “further mechanization and automation of construction operations to improve safety, reduce labor, and enhance efficiency,” “development and implementation of next-generation maintenance technologies,” and “advancement of construction management operations,” to further strengthen our competitiveness as a core business.

3) Strengthening our engineering business

As the “X” in the engineering business, we will work on “Promotion of 3D/AI based-design, BIM/CIM development,” “Implementation of advanced project management systems,” and “Provision of high-level analytical solutions,” to aim to further enhance engineering sophistication and execution capabilities

4) Strengthening our tank business

As the “X” in the tank business, we will work on “Building a system to secure contracts in the cryogenic tank (LNG/liquid hydrogen) field,” “Implementing robotic fabrication and inspection,” and “Deploying automatic welding technologies” to aim to further expand our tank business.

We have set the following management numerical targets for the Third Mid-Term Business Plan.

(i) Performance plan

Performance Targets for the Final Fiscal Year of the Third Mid-Term Business Plan (FY2028, FY ending March 31, 2029)

<Consolidated>

	FY2028 Target (FY ending March 31, 2029)
Net sales of completed construction contracts	171.0 billion yen
Operating profit	13.6 billion yen
Profit attributable to owners of parent	9.3 billion yen

(ii) Management indicator targets

Return on equity (ROE): At least 9.5%

Consolidated dividend payout ratio: At least 60%

(Note) The KPIs shown above are prepared based on reasonable judgment on the basis of circumstances and other factors that can be predicted as of the filing date of the securities report, and the Company does not guarantee their achievement.

For details on the long-term vision and the Third Mid-Term Business Plan, please refer to our website.
(https://www.raiznext.co.jp/e)

2. Views and Initiatives Regarding Sustainability

The Company group's views and initiatives regarding sustainability are as follows.

Matters relating to the future in the text are based on the judgment of the Company group as of the end of the fiscal year ended March 31, 2025.

(1) Sustainability management

Basic policy of sustainability

Guided by our corporate philosophy of "Support Industrial Infrastructures, Create a Prosperous Future," the RAIZNEXT Group is working to gain even greater trust from our stakeholders by practicing prosper and transparent management while conducting business activities that are in harmony with society and the environment. At the same time, we are actively engaged in sustainability activities aimed at contributing to greater social sustainability and enhancing medium- to long-term corporate value.

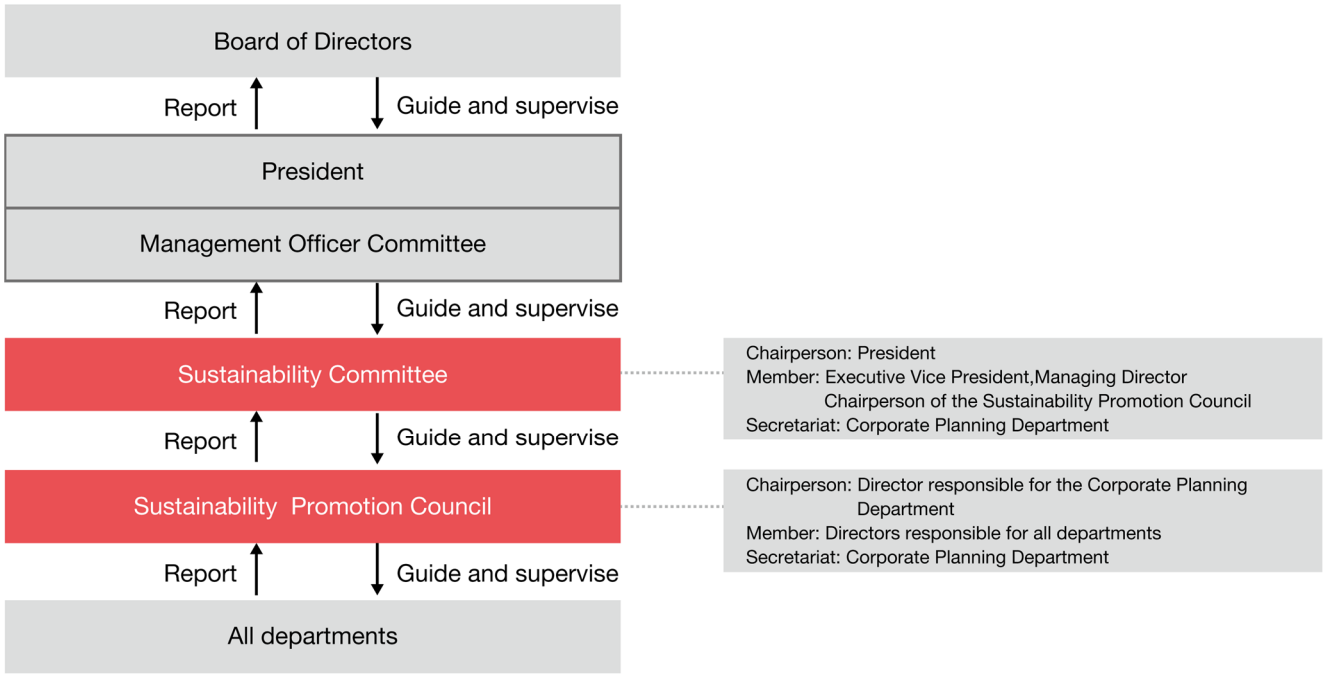
(i) Governance

The Company has a Sustainability Committee, chaired by the President, to discuss strategies for sustainability management so we can contribute to the sustainable development of society and enhance corporate value over the medium to long term.

A subordinate body of the Sustainability Committee, the Sustainability Promotion Council, manages the progress of specific measures based on these strategies.

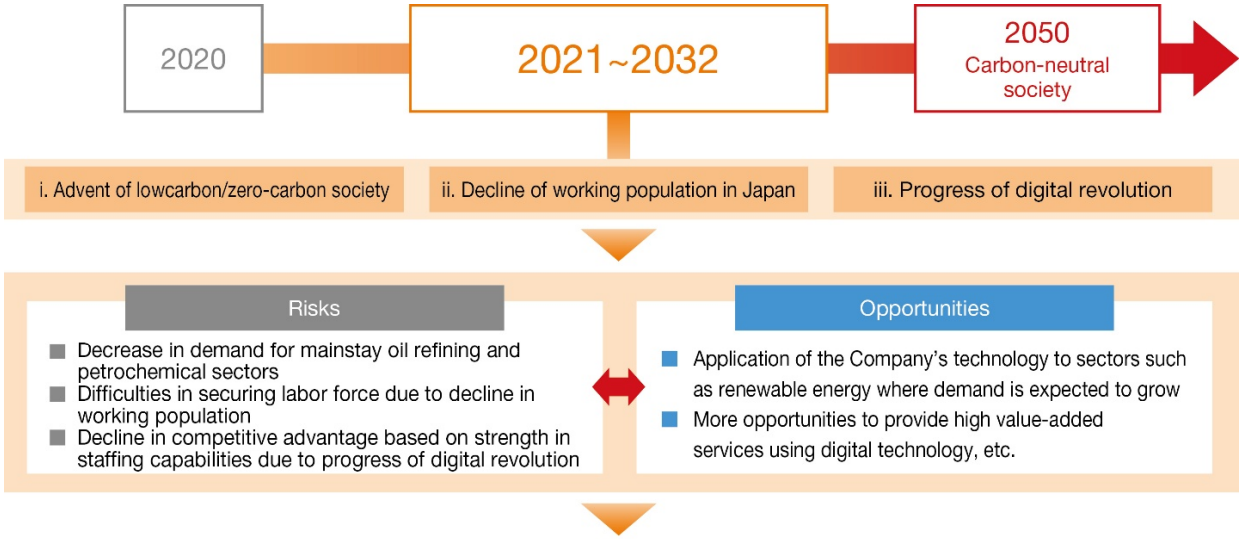
The results of discussion at the Sustainability Committee are reported to the Board of Directors which appropriately supervises the activities.

Chart of the Management System for Sustainability



(ii) Strategy

As a company to support the energy industry, the Company believes that we can contribute to the challenges around social issues under the global trend to aim for the carbon-neutral society toward 2050. In such a revolutionary period for the energy industry, the Company strives to realize the carbon-neutral society, formulating the long term vision, RAIZNEXT Group V-2032 in 2021 and setting out what the Company group wants to be over the medium to long term by 2032.



Long-Term Vision
RAIZNEXT Group V-2032
Toward advanced plant services in changing times

Basic Policies	Main Categories	SDG contribution areas
Evolve management foundation Evolve Group-wide management foundation in order to contribute to sustainable society as a Group	Promote DX / Human resources/workstyle / Cooperative company / Governance / ESG/SDGs	4 QUALITY EDUCATION 5 GENDER EQUALITY
Venture into new businesses, sectors, and services Venture into new businesses, sectors, and services in preparation for the carbonneutral society arriving by 2050 and contribute to the carbon-neutral society	Initiatives aimed at renewable energy sector, etc. Utilize Group companies	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH
Optimize existing business structure Optimize existing business structure given reduction in oil refining and petrochemical facilities due to decline in demand for petroleum products, etc.	Win orders and increase market share in oil-related/chemicals sectors Introduce cutting-edge technology	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

(iii) Risk management

In order to enhance corporate value and implement sustainable business toward the realization of its long-term vision, the Company has identified material issues regarding sustainability management. The initiatives to be addressed are determined after assessing risks for each material issue identified.

The risks including the ones related to sustainability management are managed in the Enterprise Risk Management Committee. Among the risks managed by the Enterprise Risk Management Committee, the ones regarding material issues related to sustainable management are verified in the process of determining sustainability initiatives in the following fiscal year, and reflected to the initiatives to be addressed as necessary.

(iv) Indices and targets

Identifying business risks regarding sustainability, the Company selects material issues and initiatives to be addressed each year. Initiatives to be addressed and indices for FY2024 are as follows.

■Environment

Material Issues	Initiative	KPI	SDGs Contributed to
1. Contribute to achieving a carbon neutral society	Expand orders in the carbon neutral field	Take proactive initiatives in areas related to carbon neutrality	
	Reduce GHG* emissions in corporate activities * Greenhouse Gas	1) Introduce renewable energy electricity to all business sites that can switch 2) Have low-carbon company vehicles (switch for 100% of new purchases and when renewing leases for vehicles that can be low-carbon) 3) Formulation of new GHG reduction measures	
2. Provide environmentally-conscious plant services	Thorough implementation of the 3Rs* in construction sites and appropriate processing of industrial waste. * Reduce, Reuse, Recycle	1) Final disposal rate of waste* : 2.0% or less * Fluorescent lamps, mercury lamps, batteries, asbestos waste, mercury-containing products, contaminated soil (soil contamination originating from our company) 2) No problems with industrial waste	

■Society

Material Issues	Initiative	KPI	SDGs Contributed to
3. Provide safe, high-quality services	Ensuring personnel safety	Achievement of all disaster frequency rates* (Internal indicator: 2.17 or less, and 1.71 or less excluding heat stroke cases) * All disaster frequency rate: An indicator for the number of occupational accidents (accidents that require timeoff from work + accidents that do not) per million working hours	
	Strengthen the quality management system so customers can feel assured	1) Achievement of our quality nonconformity frequency rate* (Internal indicator: 2.34 or less) * Quality nonconformity frequency rate: An indicator for the number of quality nonconformities per million hours 2) Improve our indices compared to the previous fiscal year, based on customer satisfaction surveys	
4. Develop along with partner companies	Educating, training, and supporting partner companies	Education, training, and support to ensure the skills of partner companies (100% education plan implementation rate)	
	Keeping up with partner companies' business performance	Implementation of partner company evaluations (100% implementation rate against the evaluation plan)	
	Promote sustainable procurement	Keep everyone informed about the Sustainable Procurement Policy.	
5. Create rewarding and inviting work environments for all	Use a variety of personnel	1) Have achieved the hiring plan (100%) 2) Have handicapped employees account for 2.7% or more of personnel 3) Have new female college graduates account for 20% or more of hires 4) Implementation of training related to promotion of women's active participation and support for child-rearing generations (100% planned implementation rate) 5) Preparation rate of development plans for female managerial candidates (100%) 6) Paternity leave acquisition rate for men (100% or more)	
	Promotion of mental and physical health	1) Have 100% of employees take stress checks 2) Regular health checkup attendance rate (100%) 3) Follow-up examination attendance rate (60%) 4) Comprehensive medical checkup attendance rate (200% increase compared to the previous year)	
	Raise awareness of respect for human rights	1) Implementation of human rights education (100% planned implementation rate) 2) Implementation of harassment education for employees and partner companies (100% planned implementation rate)	
	Improve the work environment	1) Introduction of our company's standard specification temporary site offices 2) Deployment of systems to enhance communication 3) Application of generative AI in business operations (100% of applicable departments) 4) Establishment of a data utilization platform	
6. Enrich people's daily life and contribute to social safety and security	Contributing to local communities	Carry out social-contribution activities (at least 15)	

■Governance

Material Issues	Initiative	KPI	SDGs Contributed to
7. Strengthen corporate governance	Ensuring compliance	1) Are conducting in-house training and legal compliance inspections. (Have 100% of employees take the training and 100% pass the test.) 2) Are educating employees about the Construction Business Act. (Have 100% of employees take the training and 100% pass the test.)	
	Instill the Corporate Philosophy and Code of Conduct	Improve corporate philosophy empathy points (Set the internal indicator 'empathy points' to 4.03 or higher for fiscal year 2024)	
	Enhancing information security	Are educating about information security. (Have 100% of employees take the training and 100% pass the test.)	

(2) Response to climate change (Initiatives for TCFD recommendations)

(i) Governance

- Basic policies, important matters, and risks and opportunities related to climate change are discussed, studied, and evaluated by the Sustainability Promotion Council, chaired by the director responsible for the Corporate Planning Department and the Sustainability Committee, chaired by the President.
- The contents of discussion at the Sustainability Committee are reported annually to the Board of Directors, which manages and supervises the measures.
- The contents reported at the Board of Directors meetings are reflected in their respective business plans and business operations.

(ii) Strategy

We consider climate change as a medium- to long-term risk and to study our strategy and organizational resilience based on the related risks, we referred to the climate change scenarios (2°C and 4°C scenarios)* by the IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change). We then conducted scenario analysis for our maintenance and engineering businesses, considering the impact on our company until 2040.

* 2°C scenario: Scenario in which measures such as tighter regulations and market changes are taken to minimize temperature rise

4°C scenario: Scenario in which temperature rise results in physical impacts such as extreme weather events

Major Risks Related to Climate Change and Responses

Factors	External Environmental Changes	Risks / Opportunities	Estimated Impacts	Impacts on RAIZNEXT	Measures
2°C scenario (transition): Scenario in which measures such as tighter regulations and market changes are taken to minimize temperature rise					
Tightening of various regulations including GHG emission regulations	Decreased demand for plant construction and repair in the petroleum refining and petrochemical sectors	Risk	Large	Decreased sales from the maintenance and engineering sectors	Optimize existing business structure by reallocating resources and focusing on other areas (general chemicals, carbon neutral projects, etc.)
	Increased need for construction and maintenance of renewable energy-related facilities	Opportunity	Medium	Increased sales in carbon neutral projects (sustainable aviation fuel, hydrogen related, etc.)	Strengthen related technologies and develop a project promotion system
4°C scenario (physical): Scenario in which temperature rise results in physical impacts such as extreme weather events					
Rising average annual temperatures	Reduced productivity at construction sites due to heat stress	Risk	Small	Increased risk of heat stroke and loss of productivity at construction sites	Continue to strengthen heat stroke countermeasures in accordance with our heat stroke prevention guidelines Enhance initiatives to take more effective environmental improvements
Increased frequency of severe disasters	Increased need for rapid restoration in the event of plant damage	Opportunity	Small	Increased rapid restoration work for plant damage due to severe disasters	Further strengthen the emergency response system by leveraging the nationwide procurement and mobilization network
	Increased secondary needs due to increased plant damage	Opportunity	Small	Increased construction of plant damage countermeasures in preparation for severe disasters	Maintain and expand orders for countermeasure work in preparation for severe disasters by strengthening cooperation with customers while being stationed at plants and conducting routine inspections and repairs

(iii) Risk management

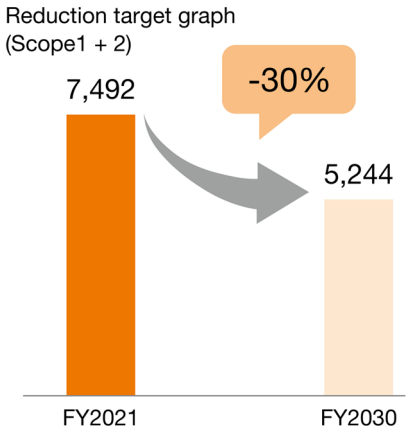
- In prioritizing climate-related risks, we focus our efforts on priority risk factors, taking into consideration the likelihood of the risks occurring to our company and the magnitude of the impact.
- As a process for managing climate-related risks, we will have the Sustainability Committee analyze, plan, and promote countermeasures, and manage progress regarding climate-related risks.
- The contents analyzed and studied by the Sustainability Committee, will be reported to the Management Officer Committee and then to the Board of Directors, and climate-related risks are managed on a company-wide basis within the framework of the enterprise risk management.

(iv) Indices and targets

- In order to assess and manage the impact of climate-related risks on management, we will use greenhouse gas (GHG) emissions as an indicator. In addition to our existing efforts, we will work toward contributing to a decarbonized society by introducing renewable energy and new energy-related technologies and using decarbonized materials and equipment.
- We, RAIZNEXT Group including RAIZNEXT and our affiliated companies, aim 30% reduction on Scope 1 and Scope 2 emissions related to our own business activities by FY2030 compared to FY2021.

GHG reduction targets and performance (Unit:t-CO_2)

Scope	Base Year	Target Year
	FY2021	FY2030
Scope1 and 2	7,492	5,244
(Scope1)	4,118	-
(Scope2)	3,374	-



(Note) Among the matters mentioned, those relating to the future are estimates based on information available as of the filing date of the securities report.

(3) Human capital

The Company is continuously developing human resources who can think outside the box and aggressively take on challenges with fresh ideas, while accurately recognizing our corporate philosophy, code of conduct, and action guidelines; and adhering to compliance requirements and social norms. In addition, the Company has developed the system to actively support the voluntary initiatives of respective employees toward their growth, honoring their individual personalities, ways of thinking, and life plans.

Specifically, the Company has established a recruitment training group in the Personnel Department, which provides education to acquire systematic knowledge and specialized skills as well as a system to encourage personal development, in order to effectively utilize management resources and enhance corporate value based on the Multi-Stakeholder Policy. In addition, regarding the development of supervisors as the core of our business, the Company aims to maintain and improve the skills of construction management with the establishment of an education and training group in the Project Operation Department and the implementation of various technical trainings tailored to individual skills.

(i) Governance

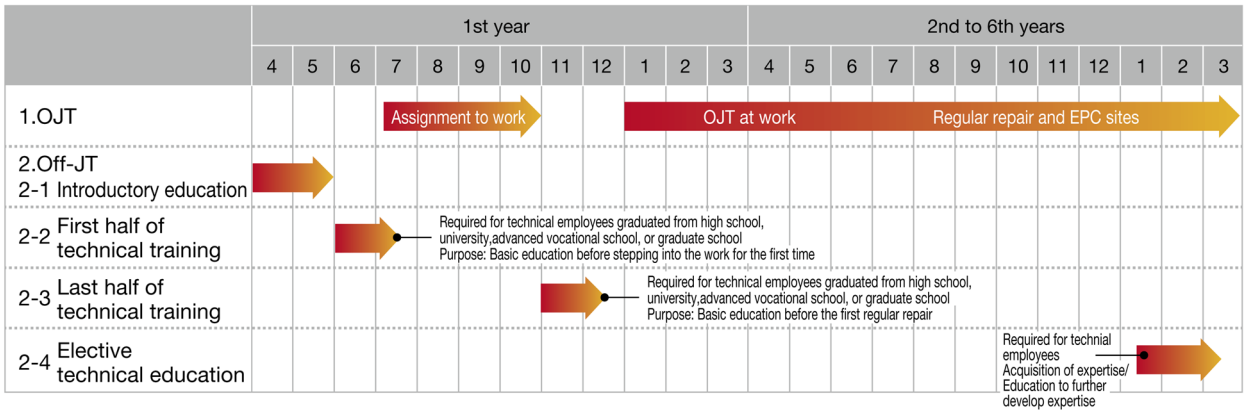
The Company holds the Education and Training Review Meeting twice a year to discuss and determine the basic policy of education and training as well as the education and training plan, and discloses its contents internally.

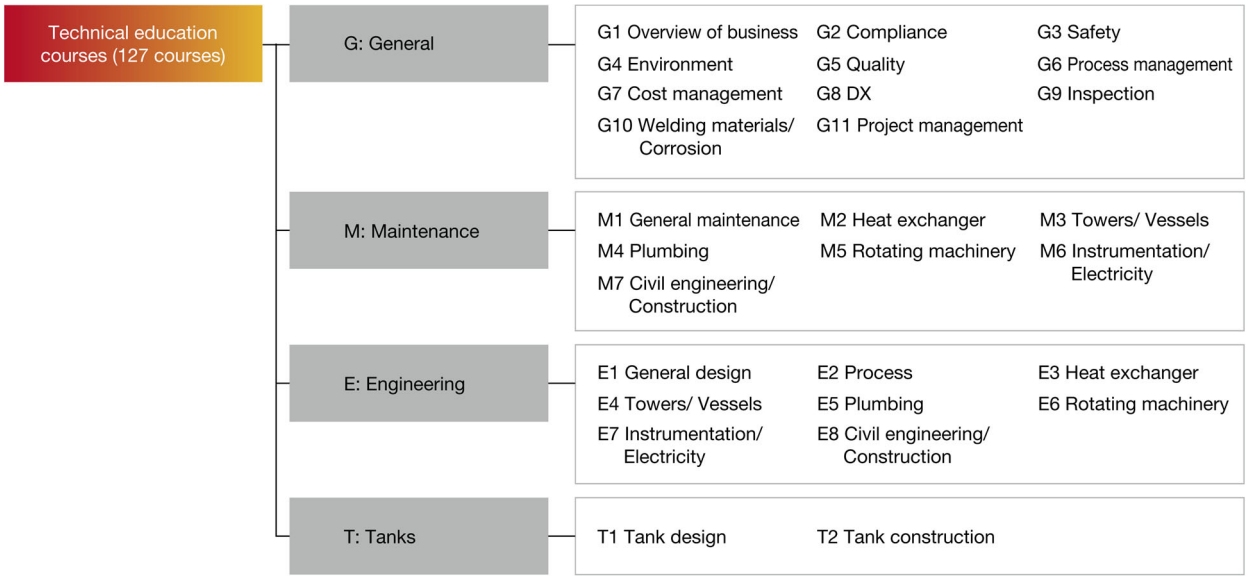
(ii) Policy for the development of human resources

Human resources are the biggest asset for the Company. Under the theme of "lifelong development," the Company provides various opportunities for growth to all layers from new employees to experienced employees.

As an example, for technical employees, the Company has formulated the education program for six years after joining the company, striving to develop supervisors in the short term who can work in both of the maintenance business and the engineering business, which are the pillars of our business.

Overview of OJT and Off-JT for new technical employees





(iii) Policy for the development of internal environment

Toward the realization of our corporate philosophy ("Support Industrial Infrastructure, Create a Prosperous Future"), the Company has developed the internal environment (work environment and various systems, etc.) to enable the safe, secured, and rewarding work; respecting the diversity of each employee including personality, gender, age, nationality, thought and beliefs, religion, disabilities, human rights, and life stage, etc.; and maintaining work-life balance and physical and mental health.

In addition, in order to develop human resources who can think out of the box and aggressively take on challenges with fresh ideas, the Company has developed the system to fairly assess outcomes, enabling employees to motivate each other and continue voluntary efforts.

Specifically, we aim to retain employees and secure diverse human resources by preparing a pleasant environment with the promotion of telework and childcare leave taken by male employees. Furthermore, we hold meetings to exchange opinions between the President and young employees to share our corporate philosophy and business strategies, and hear diverse opinions of employees. We also establish a Promotion Division to promote the development of an environment in which female employees can demonstrate their capabilities in light of the promotion of female advancement. In addition, we implemented questionnaire surveys for employees on an ongoing basis after the business integration, and based on the results, we are

improving the environment where employees feel pleasant and can demonstrate more abilities.

	Internal system	Characteristics of support system
Health management of employees	Regular health checkups	Non-statutory inspections and inspections dedicated to women
	Mental health care	Consultation services (including consultation services outside the Company) • Consultation service related to harassment • Face-to-face counseling • Consultation service for miscellaneous matters • Consultation service dedicated to childcare leave • Consultation service dedicated to nursing care
		Implement stress testing once a year
Support for work-life balance	Maternity leave (women)	Support balancing work and family with the system to shorten daily working hours after returning from leave
	System for childcare and nursing care leave	
	Maternity leave (women)	An employee who is pregnant may take up to 20 days of leave during the period of pregnancy when the employee is poor physical health or visits a hospital.
	Flexible working hours system	Employees freely set starting and finishing time in the time zone except core time
	Telework system	Support balancing work and family with the system for employees to select a place to work
	System for refreshment leave	Provide leave for consecutive three days and benefit money every time certain years of service are achieved
Employee engagement	Opinion exchange meeting between employees and management	Hold meetings where young employees directly exchange opinions with the President and the Vice Presidents
	Employee awareness survey	Implement surveys for all employees and reflect the results in policies, etc.

(iv) Indices, targets, and results

As the indices for FY2025, as aforementioned in the indices and targets in our sustainability, the Company has listed initiatives toward the development of human resources and internal environment as well as KPIs, as initiatives for a material issue, “Create rewarding and inviting work environments for all.”

Results for the current fiscal year

Current fiscal year						
Percentage of female employees in managerial positions (Note) 1	Percentage of childcare leave, etc. taken by male employees (Note) 2	Differences in wages between male and female employees (Note) 1		Percentage of employment of disabled persons	Percentage of utilization of annual paid leave	Regular health checkups
1.6%	91.4%	All employees	68.6%	2.94%	84.4%	Implement twice a year
		Regular employees	71.1%			
		Non-regular employment	52.8%			

(Notes) 1. Calculated based on the stipulations of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. Calculated the percentage of childcare leave, etc. taken, specified in Article 71-6, Item 2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for

Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), based on the stipulations of the "Act on Childcare leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

3. The results of the reporting company only are shown above since only a few consolidated subsidiaries have taken specific initiatives.

3. Business Risks

With regard to risks to the Company group's business, the major matters that may significantly affect the decision of investors are as shown below. The Company group will strive to avoid the occurrence of these risks and take measures in case of the occurrence, recognizing the likelihood of the risks. Among these matters, those relating to the future are based on estimates as of the end of the fiscal year ended March 31, 2025.

(1) Extraordinary changes in operating results, etc. of the consolidated companies (the Company and the consolidated subsidiaries)

	Category	Description	Description of control activities
(i)	Decrease in new contracts (maintenance business)	The Company group's core business includes maintenance related to plants of petroleum, petrochemicals, general chemicals, etc. As operation has been suspended at some plants related to petroleum fuels which may have a particularly large impact on the Company group in the past few years, there is a concern about a decrease in new contracts in line with the shrinkage of the plant maintenance market.	In the maintenance business, we have responded to decreasing contracts by taking various measures such as securing a larger share from existing customers and increasing new contracts, to avoid a large decrease in new contracts and other significant impacts on the operating results.
(ii)	Decrease in new contracts (engineering business)	In addition to the maintenance business, the Company group focuses on the engineering business (new construction and renovation) related to plants of petroleum, petrochemicals, general chemicals, etc. In existing areas of major customers in the engineering business, there is a concern about a decrease in new contracts associated with a reduction in capital investments due to such factors as the product demand trends.	In the engineering business, we aim to increase orders for investment projects toward a decarbonized society including projects related to carbon neutrality as a new business area, in addition to remodeling and renovation of large machines and entry into plant construction from FS and FEED services. In this way, we have gathered information on medium-term investment plans and responded to a decrease in new contracts for the engineering business.
(iii)	Rising prices of equipment and materials	Business results may be negatively affected by rising prices of equipment and materials used for maintenance and construction of plants, if the rise cannot be passed on to contract price. Particularly, in the case of a project with a longer work period, revenue may be lower than initially planned, if a rise in prices occurs during the time lag period between the time at which the Company makes an estimate and receives the order and the time at which the Company places an order with a subcontractor or other companies.	With regard to rising prices of equipment and materials, we have strived to reduce the risk by collecting and sharing information about each price trend, placing early orders of equipment and materials, ensuring diverse suppliers, incorporating conditions in contracts in the event of soaring prices, passing the rise on to the construction price, and taking other measures.
(iv)	Shortage in construction personnel	In the case of a shortage in construction personnel such as supervisors and workers, delays in regular repair work or construction work may occur.	We have strived to identify the necessary number of construction personnel on the basis of the trend of the construction labor force in the plant market and a future construction demand forecast over the medium term. In addition, we are making efforts to reduce the risk of a shortage of construction personnel by sharing the information and strengthening cooperation with our subcontractors.
(v)	Higher wages	In the case of higher wages of construction personnel, work profitability may worsen due to an increase in work costs, which may affect the Company group's operating results, etc.	As for the rise in wages of construction personnel, we are striving to reduce the risk of rapidly rising wages by passing the rise on to the construction price and placing work orders with subcontractors and other companies in accordance with work demand in a stable and planned manner.

(2) Dependency on specific business partners, products, and technologies

	Category	Description	Description of control activities
(i)	Dependency on specific industries and business partners	The Company group's business has major customers in the petroleum and petrochemical industries, which account for a large portion of new contracts and net sales of completed construction contracts. Accordingly, domestic energy policies and petroleum demand, streamlining of equipment, business reorganization, and other industry trends may affect the Company group's business results and financial position.	In the petroleum and petrochemical industries, demand for petroleum products is expected to decrease in the future and a reorganization of the industries and equipment progresses. Meanwhile, new capital investment is expected, including new construction of renewable energy facilities on land that has become idle due to the discontinuation of such equipment and plans for infrastructure facilities related to green hydrogen. We are striving to retain and expand business results by meeting maintenance demand for countermeasure work for aging existing plants and safe and stable plant operations, and aiming to increase orders in new areas such as projects related to carbon neutrality.

(3) Special legal regulations, trade practices, and management policies

	Category	Description	Description of control activities
(i)	Compliance	The Company group is subject to various laws and regulations including the Construction Business Act. If the Company's compliance system, including complying with those laws and regulations as well as the Company's internal regulations, does not fully work, the Company group may be subject to an administrative penalty or lawsuit, which may affect the Company group's trust, business results, and financial position.	The Company group has declared in Paragraph 1 "Compliance with Laws, Regulations, and Internal Regulations" of the Code of Conduct that it shall conduct fair and transparent business activities and has made it thoroughly known to employees within the Company group. In addition, we have established and operated the compliance system of the Company group, as stated in the following paragraphs: 1. The Company group convenes the Compliance Committee meeting semi-annually to develop an annual action plan for improving the compliance system and check the action status. 2. The Company group annually implements a "check of the status of legal compliance" which is the self-checking activity involving all employees to confirm laws and regulations to be complied with and identify and correct possible non-compliance actions at an early stage. 3. The Company group improves and appropriately operates the "compliance hotline system" with the Legal Department within the Company and a law firm outside the Company serving as contact points. 4. The Company group provides compliance education and training on the Construction Business Act and other important laws and regulations related to security trade control. 5. The Company group implements internal audit by the Internal Audit Division which is independent from business execution divisions.
(ii)	Internal control	If the internal control system does not fully work, it may be difficult to ensure the appropriateness of business operations and accordingly, the Company group's business results, financial position, and the reliability of financial reporting may be affected.	The Company group is improving and operating the internal control system including rules and systems to prevent misconduct leading to a loss of social trust and achieve the company goals. Specifically, in accordance with the "Basic Policy on Improvement and Operation of Internal Control System" resolved by the Company's Board of Directors meeting, we build and operate a structure for ensuring the appropriateness of business operations. We have established the Internal Control Committee as a system. It annually and regularly confirms the status of improvement and operation of the internal control system and plans thereof and the results are reported at the Board of Directors meeting after deliberation at the Management Officer Committee meeting. Additionally, we respond to internal control under the Financial Instruments and Exchange Act for ensuring the reliability of financial reporting.

(4) Occurrence of significant legal cases

	Category	Description	Description of control activities
(i)	Significant lawsuit	If a lawsuit or other legal action is filed against the Company group in relation to its business activities, the Company group's trust, business results, and financial position may be affected, depending on the nature of the lawsuit or action.	We are striving to avoid and reduce lawsuit risk through improvement and appropriate operations of the compliance system such as advance assessment of contracts related to each business activity and thorough legal checks to be conducted before internal approvals and resolutions of the Board of Directors. In addition, to prepare for possible disputes with business partners, we have established a system for prior consultation with the internal Legal Department. Furthermore, we have established a system for appropriately responding to a lawsuit, etc. in cooperation with an outside law firm in case a lawsuit or other action is filed.

(5) Other matters that may significantly affect investors' decisions

	Category	Description	Description of control activities
(i)	Quality management	We take every possible measure for controlling the quality of design and construction. However, if compensation for damages occurs on the basis of liability for nonfulfillment of a contract and product liability, the trust in the Company group and business results may be affected.	We are striving to ensure the quality of design, construction, etc. and prevent the occurrence of quality nonconformance by complying with various laws and regulations related to our business, the quality management system based on ISO9001, and various technical standards, etc. as well as by developing a system that contributes to quality improvement such as strengthening management through better internal education and proper personnel arrangement, revising and developing the execution-related rules and procedures, and strengthening information sharing. In addition, to prepare for the occurrence of quality problems due to the Company's non-fulfillment of contracts, we have purchased various types of insurance covering such problems to reduce expenses to be incurred.
(ii)	Information security	The Company group manages information about customers and business partners as well as personal information which are necessary for business execution and possesses confidential and other business information related to technologies, sales, construction, management, and other matters. If important information is leaked externally through infection by computer viruses, improper external access, targeted attack emails, cyberattacks, and other unexpected incidents, the Company group's business results and financial position may be affected.	The Company group has established regulations on confidentiality of information about customers and business partners, personal information, technological information, and other information and has taken measures such as inserting a confidentiality clause into master transaction agreements. We are striving to avoid and minimize the risk of computer virus infection and cyberattacks by taking security measures for preventing leakage and misuse of information and raising awareness of employees through regular education and the implementation of training on targeted attack emails, etc.

(iii)	Natural disasters	A natural disaster such as an earthquake and typhoon may impede normal business operations.	The Company group has made preparations in accordance with the Crisis Management Regulations, in case the risk of a natural disaster such as a huge earthquake or typhoon becomes obvious. In the event of a disaster, we will cope with the early restoration of plants in closer cooperation with customers, while giving the utmost care to human life and safety by, for example, immediately confirming the safety of employees. In addition, we are making efforts to ensure a sufficient supply system in the event of an unexpected incident occurring, by monitoring locations, inventory items, and amounts of inventory of the major suppliers as needed after the Great East Japan Earthquake. In ordinary times, we have developed a safety confirmation system, stored emergency supplies, brought information assets to the cloud, entered into a disaster support agreement with customers, and conducted internal education and training to prepare for the occurrence of a disaster. Furthermore, in case the head office is damaged by an earthquake directly under the Tokyo metropolitan area, we have developed a business continuity plan which includes establishing the provisional headquarters at a branch office outside the metropolitan area. We have been practicing and reviewing the said plan.
(iv)	Plant accidents	If an operation suspension, explosion, fire, or another serious accident occurs due to any cause in any plant of which the Company group has engaged in maintenance or construction, and if the cause is attributable to the Company group, business results may be affected by the liability for damages, burden of restoration of plants, and other factors.	The Company group prepares for emergencies in accordance with the Crisis Management Regulations. In addition, we strive to prevent construction accidents and quality nonconformance by ensuring compliance with various laws and regulations related to our business, the quality management system based on ISO9001, the Onsite Construction Safety and Health Management Standards, the Work Safety Standards, and various technical standards. Furthermore, to prepare for the occurrence of accidents and non-fulfillment of a contract, we have purchased various types of insurance to reduce expenses to be incurred.

	Category	Description	Description of control activities
(v)	Industrial accidents	The Company group conducts thorough work safety management in the maintenance and construction of plants. However, if an industrial accident or injury occurs, the resulting loss of trust in the Company group may affect its business results.	In the maintenance and construction work of plants, we conduct thorough construction safety management by, for example, complying with various laws, regulations, rules, and manuals related to safety and health as well as confirming the implementation status of safety and health measures and providing guidance through various sites patrols. In addition, we have purchased various types of insurance to prepare for the occurrence of industrial accidents or injuries to reduce expenses to be incurred. Furthermore, if an industrial accident that may significantly affect business activities occurs, we will respond to the accident in accordance with the Crisis Management Regulations.
(vi)	Securing human resources	The Company group strive to secure human resources needed for retention and growth of its business. If it becomes difficult to secure personnel as planned due to a lower birthrate and aging population in Japan, a change in a supply-demand balance in the labor market due to economic trend, and further mobilization of human resources, the Company group's business results may be affected.	In order for us to continue business in a stable manner, it is essential to secure human resources from a long-term perspective. For securing human resources, we will actively hire mid-career personnel in addition to new graduates. Furthermore, we will actively hire and develop women and promote the diversification of human resources. In addition, we aim to retain human resources by developing a structure including fair evaluation based on various HR systems and improvement in treatment and taking measures to foster a sense of belonging among employees. With regard to the development of human resources, we are promoting early development by implementing the education plan of young employees in the technical field.
(vii)	Response to the amendment of the Labor Standards Act	In accordance with the amendment to the act, regulations on maximum working hours have been enforced in the construction industry since April 2024. If these regulations are not complied with, the resulting loss of trust in the Company group may affect business results.	The Company group has striven thoroughly to take various measures for reducing overtime work, promoting health management, and encouraging and increasing acquisition of paid leave. Specifically, we established the "Overtime Work Management Guideline" in FY2020 to manage overtime work hours thoroughly. We are also conducting the increase and appropriate assignment of personnel in a systematic manner. In addition, we are taking measures at work sites including adjustment of personnel who engage in large projects and increase of manager-class personnel with a larger responsibility by early development. Moreover, as measures against long working hours due to a labor shortage and concentrated construction, we are making efforts with our customers such as adjustment of the construction process and securing holidays to further reduce working hours.
(viii)	Response to new technologies	Delays in the utilization of new technologies and digital technologies leading to hinder the improvement in productivity and lose the competitive advantages may affect business results of the Company group.	The Company group aims to improve efficiency of work through the aggressive introduction of process management systems with the utilization of digital tools, etc., in addition to the automation of various works. In addition, we established the Digital Strategy Department in FY2023 and are further promoting our utilization of digital technologies. From FY2025, the Digital Strategy Department was reorganized into the DX headquarters to strengthen company-wide DX promotion.

4. Management Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of operating results, etc.

Overview of the Company group's financial position, operating results, and cash flows for the fiscal year ended March 31, 2025 is as follows:

(i) Financial position and operating results

The economy of Japan for the fiscal year ended March 31, 2025 showed moderate recovery with the improvements in the employment and income environment, and partially due to the effects of various political measures. On the other hand, downside risks to the domestic economy have increased due to factors such as the impact of U.S. trade policies. The impact of continued price increases on personal consumption is also a risk that could depress the domestic economy.

Regarding the Company's business environment, domestic demand for petroleum products is expected to continue to decrease due to the impact of changes in the energy structure, such as the spread of electric vehicles and the shift to low-carbon fuels. On the other hand, the government's "Basic Policy for the Realization of GX" was approved by the Cabinet, and it is expected that industries will accelerate their efforts toward the realization of a carbon-neutral society.

For the Company group, both new contracts and net sales of completed construction contracts increased over the previous fiscal year, primarily due to regular repair works in the maintenance field, and small and medium-sized construction works in the engineering field. As a result, gross profit on completed construction contracts also increased.

(Financial position)

Total assets at the end of the fiscal year ended March 31, 2025 amounted to 115,196 million yen, an increase of 4,450 million yen from the end of the previous fiscal year. This is mainly attributable to an increase in notes receivable, accounts receivable from completed construction contracts and contract assets of 13,147 million yen, despite a decrease in cash and deposits of 8,916 million yen.

Total liabilities at the end of the fiscal year ended March 31, 2025 amounted to 29,541 million yen, an increase of 2,918 million yen from the end of the previous fiscal year. This is mainly attributable to an increase in short-term borrowings of 1,499 million yen, an increase in income taxes payable of 804 million yen, and an increase in provision for bonuses of 457 million yen.

Total net assets at the end of the fiscal year ended March 31, 2025 amounted to 85,654 million yen, an increase of 1,531 million yen from the end of the previous fiscal year. This is mainly attributable to an increase in retained earnings of 617 million yen.

(Operating results)

For the Company group's consolidated performance, new contracts were 161,747 million yen (up 6.6% YoY), net sales of completed construction contracts were 157,371 million yen (up 12.1% YoY), operating profit was 10,858 million yen (up 8.9% YoY), ordinary profit was 11,094 million yen (up 8.1% YoY), and profit attributable to owners of parent was 8,100 million yen (up 11.7% YoY).

For the Company's non-consolidated performance, new contracts were 152,392 million yen (up 5.7% YoY), net sales of completed construction contracts were 148,769 million yen (up 12.2% YoY), operating profit was 9,948 million yen (up 9.0% YoY), ordinary profit was 10,750 million yen (up 11.8% YoY), and profit was 8,099 million yen (up 20.6% YoY).

Breakdown of new contracts by construction type (Unit: Million yen)

New contracts		Previous FY (FY ended Mar. 31, 2024)	Current FY (FY ended Mar. 31, 2025)	YoY	Percentage change
	Maintenance	105,736	114,405	8,669	8.2%
	Engineering	46,045	47,341	1,295	2.8%
Engineering work		151,781	161,747	9,965	6.6%

Breakdown of net sales of completed construction contracts by construction type (Unit: Million yen)

Net sales of completed construction contracts		Previous FY (FY ended Mar. 31, 2024)	Current FY (FY ended Mar. 31, 2025)	YoY	Percentage change
	Maintenance	100,288	113,002	12,713	12.7%
	Engineering	39,975	44,333	4,358	10.9%
Engineering work		140,264	157,336	17,072	12.2%
Other business		101	35	(66)	(65.0)%
Total		140,366	157,371	17,005	12.1%

(Note) “Other business” refers to real estate leasing work, etc. for the previous FY and temporary staffing services, etc. for the current FY.

(ii) Cash flows

The consolidated balance of cash and cash equivalents as of the end of the fiscal year ended March 31, 2025 decreased 8,870 million yen (71.3% of the previous year) from the end of the previous fiscal year to 3,575 million yen.

(Cash flows from operating activities)

Cash flows from operating activities were an outflow of 107 million yen, a decrease of 3,673 million yen from the previous fiscal year. The main cash outflows include an increase in trade receivables of 12,945 million yen, and the main cash inflows include profit before income taxes of 11,485 million yen.

(Cash flows from investing activities)

Cash flows from investing activities were an outflow of 2,304 million yen, resulting in an increase of 566 million yen from the previous fiscal year. The main cash outflows include purchase of property, plant and equipment and intangible assets of 3,453 million yen, and the main inflows include proceeds from sale of property, plant and equipment and intangible assets of 686 million yen and proceeds from sale of investment securities of 695 million yen.

(Cash flows from financing activities)

Cash flows from financing activities were an outflow of 6,490 million yen, resulting in a decrease of 691 million yen from the previous fiscal year. The main cash outflows include dividends paid of 7,650 million yen, and the main cash inflows include net increase in short-term borrowings of 1,500 million yen.

(iii) Manufacturing, orders received and sales

1) Orders received

By business segments

Category	Previous FY (million yen)	Current FY (million yen)
Engineering work		
Petroleum and petrochemicals	106,679	111,904
General industrial business	45,102	49,843
Total	151,781	161,747

2) Sales

By business segments

Category	Previous FY (million yen)	Current FY (million yen)
Engineering work		
Petroleum and petrochemicals	104,418	113,489
General industrial business	35,845	43,846
Total	140,264	157,336
Other business	101	35
Total	140,366	157,371

By construction type

Category	Previous FY (million yen)	Current FY (million yen)
Engineering work		
Maintenance	100,288	113,002
Engineering	39,975	44,333
Total	140,264	157,336
Other business	101	35
Total	140,366	157,371

(Notes) 1. The Company group does not conduct build-to-order manufacturing except for engineering work.

2. Description of “manufacturing” was omitted as it is difficult for the Company group to define its manufacturing status.

3. Net sales of completed construction contracts by major counterparties and the percentage in the total net sales of completed construction contracts are as follows:

Counterparty	Previous FY		Current FY	
	Net sales of completed construction contracts (million yen)	Percentage (%)	Net sales of completed construction contracts (million yen)	Percentage (%)
ENEOS Corporation	57,037	40.6	66,882	42.5

(2) Analysis and consideration of operating results, etc. from the perspective of management

The recognition, analysis and consideration of operating results, etc. of the Company group from the perspective of management are as stated below. Forward-looking statements therein are based on the Company group's views as of the end of the fiscal year ended March 31, 2025.

(i) Significant accounting policies and estimates

The Company group's consolidated financial statements are prepared in accordance with accounting standards generally accepted in Japan. In preparing these consolidated financial statements, it is required to make judgments and estimates that affect the reported amounts of assets and liabilities as of the end of the period and revenue and expenses during the period. These judgments and estimates are based on various factors considered to be reasonable in light of past results and conditions. Actual results may differ from these estimates due to uncertainty peculiar to estimates relating to the Company group's adoption of the accounting policies as stated below.

1) Allowance for doubtful accounts

To prepare for potential losses arising from uncollectable receivables, the Company group records an allowance for doubtful accounts on the basis of a historical rate of credit losses for general receivables and a conservatively estimated uncollectable amount for doubtful and other specific receivables.

If any change occurs in the underlying conditions and assumptions for estimates of the collectability of doubtful and other specific receivables (for example, a business partner's financial position and results worsened more than expected), additional recording of allowance for doubtful accounts may be required in the consolidated financial statements for the following and subsequent fiscal years.

2) Provision for loss on construction contracts

To prepare for potential losses on construction contracts, the Company group records provision for loss on construction contracts at an estimated amount of potential losses on undelivered construction work as of the end of the current fiscal year on which losses are likely to occur and the amount of the losses can be reasonably estimated.

If any change occurs in the underlying conditions and assumptions for estimated losses on construction contracts (for example, the actual progress of construction deviated from the plan), additional recording of loss on construction contracts may be required in the consolidated financial statements for the following and subsequent fiscal years.

3) Provision for warranties for completed construction

To prepare for warranty expenses for completed construction, the Company group records provision for warranties for completed construction in consideration of an estimated amount of compensation in which warranty expenses planned as of the end of the period are reasonably estimated on the basis of a certain calculation standard based on the past experience rate.

If any change occurs in the underlying conditions and assumptions for estimates of warranty expenses, additional recording of warranty losses may be required in the consolidated financial statements for the following and subsequent fiscal years.

4) Retirement benefit liability

To prepare for retirement benefits for employees, the Company group records retirement benefit liability which is calculated with actuarial calculation based on various assumptions in which estimates have been reflected.

These various assumptions include a discount rate, an expected long-term rate of return, and an expected rate of salary increase.

If actual results differ from premises for estimates or premises are changed, retirement benefit liability and expenses may be affected in the consolidated financial statements for the following and subsequent fiscal years.

5) Deferred tax assets

The Company group estimates future taxable income to be incurred after the end of the period and records deferred tax assets at a recoverable amount which is deemed to mitigate a tax burden related to the taxable income.

If any change occurs in the underlying conditions and assumptions for estimates of future taxable income, profits and losses may be affected due to recording adjustment of deferred tax assets in the consolidated financial statements for the following and subsequent fiscal years.

6) Recording criteria for revenue and expenses

With regard to construction work for which progress in satisfying the performance obligation is reasonably estimated, the Company group recognizes revenue on the basis of the progress related to the fulfillment of the performance obligation,

assuming that the performance obligation is satisfied over a certain period. The progress is measured by comparing the accumulated amount of costs incurred by the end of the current fiscal year with the estimated total costs until the construction is completed. With regard to construction work for which the progress in satisfying the performance obligation cannot be reasonably estimated, revenue is recognized by the cost recovery method. With regard to maintenance work in which the work period is short, revenue is recognized at the time when the performance obligation is fully satisfied.

If any change occurs in the underlying conditions and assumptions for estimates of total construction revenue and total construction costs (for example, the actual progress of construction deviated from the plan), construction profits or losses may be affected in the consolidated financial statements for the following and subsequent fiscal years.

7) Impairment loss of non-current assets

With regard to non-current assets or asset groups with an indicator of impairment, the Company group reduces the book value to a recoverable amount and records the reduction amount as an impairment loss, if the total amount of future cash flow before discounts obtained from these assets or asset groups is below the book value.

If any change occurs in the underlying conditions and assumptions of estimated future cash flow before discounts which is a premise for identifying an indicator of impairment and recognizing and measuring impairment losses, additional recording of impairment losses may be required in the consolidated financial statements for the following and subsequent fiscal years.

(ii) Recognition, analysis and consideration of operating results, etc. for the current fiscal year

1) Operating results, etc.

For the Company group's operating results for the fiscal year ended March 31, 2025, new contracts were 161,747 million yen (up 6.6% YoY), net sales of completed construction contracts were 157,371 million yen (up 12.1% YoY), operating profit was 10,858 million yen (up 8.9% YoY), ordinary profit was 11,094 million yen (up 8.1% YoY), and profit attributable to owners of parent was 8,100 million yen (up 11.7% YoY).

a. New contracts and net sales of completed construction contracts

New contracts increased 9,965 million yen YoY and net sales of completed construction contracts increased 17,005 million yen YoY, mainly because of the increase in regular repair works in the maintenance field, and the increase in small and medium-sized construction works in the engineering field.

b. Operating profit

Operating profit increased 889 million yen YoY to 10,858 million yen, because gross profit increased over the previous fiscal year as a result of an increase in net sales of completed construction contracts.

c. Ordinary profit

Ordinary profit increased 833 million yen YoY to 11,094 million yen, with total non-operating income exceeding total non-operating expenses by 235 million yen.

d. Profit attributable to owners of parent

Profit attributable to owners of parent increased 851 million yen YoY to 8,100 million yen.

2) Factors that significantly affect operating results

Factors that significantly affect operating results are as stated in "3. Business Risks." As for the business environment surrounding the Company group, the declining trend of product demand will continue under the decline in domestic demand in the petroleum industry. However, the demand for infrastructure development works toward the effective utilization of closed petroleum refining plants and idle land will be newly generated, and capturing such demand is an issue for us.

3) Analysis of capital resources and funding liquidity

The balance of the Company group's cash and cash equivalents as of the end of the current fiscal year decreased 8,870 million yen (71.3%) from the end of the previous fiscal year to 3,575 million yen. The overview is stated in "(1) Overview of operating results, etc., (ii) Cash flows."

The Company group cash flow measures for the current fiscal year include entering into new areas and new businesses. We have strived to secure revenue such that a healthy cash flow can be maintained.

In addition, we are taking various measures for mitigating funding risk such as maintaining business relationships with financial institutes and diversifying suppliers.

4) Current status and outlook on business strategies

As stated in “1. Management Policy, Business Environment, Issues to be Addressed,” in light of the future business environment, the Company group formulated “RAIZNEXT Group V-2032” in March 2021 as its long-term vision setting out what the Company group wants to be by FY2032. In addition, based on the issues from the Second Mid-Term Business Plan and the business environment surrounding us, the Company group formulated the Third Mid-Term Business Plan in March 2025. For details of the Plan, please refer to “The Third Medium-Term Management Plan” disclosed on May 14, 2025. In this Plan, under the theme, “RAIZNEXT X CHALLENGE,” by positioning this as a period for taking on challenge of various forms of transformation without being bound by conventional practices, we will aim to achieve our targets.

5. Material Contracts, etc.

Not applicable.

6. Research and Development Activities

The Company group conducts research and development activities, aiming to strengthen technical capabilities related to solution services provided to customers by the Company, with the keyword of "strengthening our maintenance business."

In the current fiscal year, we have promoted digital transformation (DX), and adoption and utilization of various advanced technologies, aiming at increasing safety and quality, deskilling, simplification and mechanization of work, as well as utilization of IT in site operations.

The total amount of research and development expenses for the current fiscal year was 85 million yen and the major activities include the following:

(1) Mechanization of maintenance work

In addition to enhancing added value of existing technologies, we made efforts to mechanize work for the purposes of increasing safety and quality, deskilling as well as simplifying work.

(i) Technologies related to re-tubing (tube replacement) work of heat exchanger tube bundles

We work on the mechanization of re-tubing work of heat exchanger tube bundles of which a shortage of engineers is a concern. In the current fiscal year, we conducted the evaluation of the GRIPPUL of MAUS, equipment for re-tubing through actual machine tests, with the utilization of our training facilities, as well as through the removal of ferrules (inner tubes inserted into heat exchanger) at regular repair work sites, to confirm the superiority of mechanization. As a result of validation, we obtained a certain level of evaluation. In the following fiscal year, we will aim to improve the safety quality of operations through the packaging of equipment and quickly deploying it on site.

(ii) Automation of internal cleansing of heat exchanger tubes

In the current fiscal year, regarding the high-pressure water cleansing work of heat exchanger tubes of which aging of workers is a serious issue, we conducted validation tests on actual automatic tube internal cleansing machine, and made further improvements and evaluations. At the first case introduced in Asian region, such automatic tube internal cleansing machine enables the semi-automatic cleansing work with the input of tube alignment in advance. In the following fiscal year, we will increase the number of machines in our possession and further promote labor-saving by promoting the dissemination of automatic tube cleaning operations.

(iii) Pipe cutting technologies

For the introduction of cutting machines utilizing water jet, our ongoing research theme, we designed specialized equipment for various pipe sizes, and conducted improvements and validation. In addition, as it is difficult to obtain repair parts for the machines, which are manufactured overseas, we took measures to ensure stable operations by switching to domestic machines and securing repair parts. We have already completed transferring the technologies to Kounan Tusho Co., Ltd., our consolidated subsidiary, aiming to disseminate the technologies mainly for the application to piping that does not allow the use of fire (crude oil piping, etc.).

(iv) Tank automatic welding technology

In the current fiscal year, we studied and validated the optimal welding conditions for applying automatic welding of tank side plates technology (horizontal joints) to vertical joints. This technology is also effective for the construction of low-temperature tanks, for which demand is expected to increase in the future. In the following fiscal year, we will continue to promote research aimed at stabilizing and improving welding quality and improving efficiency through automatic welding.

(v) Development of tank bottom plate inspection robot

As a technology to assist supervisors and inspectors in visual inspection of the weld line during tank construction, we began development of an automatic running visual inspection robot for the weld line of the tank bottom plate. We aim to improve the quality of inspection work by supporting the judgment of inspectors with automatically detecting surface defects in the weld line and its vicinity, measuring the leg length of the fillet weld line, and making a pass/fail judgment. In the following fiscal year, we will conduct on-site validation of production equipment, and deploy it on site while making improvements.

(2) Utilization of IT in site operations

We have developed and utilized IT tools, aiming to improve the efficiency of on-site management operations and enhance operational quality through efforts such as centralization of information required at actual sites and labor saving in collecting information.

(i) Plot information sharing system

We drastically reviewed the old plot information sharing system developed in-house by us to share information on roads closed to traffic, etc. to make it more user-friendly than ever before by utilizing cutting-edge IT technologies, and we have proceeded with test operations to gradually expanded the application of the system to the actual sites. In addition, we further enhanced convenience through improvements reflecting feedback from the sites where the system was introduced.

Going forward, we will aim to make the internal operations more efficient by upgrading the system to one that is also linked with our work information sharing system (SPIRIT) and other internal systems.

(ii) Basic research toward the utilization of image recognition technology

We have promoted the introduction of cameras, such as cloud-type mobile cameras "safie," with the aim of "increasing the number of eyes" in site management, as research for preventing safety quality-related problems. In the current fiscal year, we aimed to improve safety, quality, workability, and labor saving by utilizing image recognition technology, which has made remarkable technological progress, and conducted research and validation of existing products toward automation and higher precision, focusing on measures to prevent entry during crane operations. In the following fiscal year, we will continue to validate and evaluate products with particular emphasis on safety and quality improvement, aiming to apply and disseminate them on sites.

(iii) Introduction of ICT in the field of welding construction management

In order to prevent serious welding construction quality problems, and perform quality assurance and ensure quality, we started to introduce ICT in the welding inspection operations, which involve a huge number of management items and document creation operations. We have developed a new system based on a road map that describes the ideal image from the result of identification of actual operations and issues. In the current fiscal year, we in introduced the system on sites on a trial basis at the initial development stage, and made improvements based on the results of the validation, and developed a system with further enhanced functions. In the following fiscal year, we will apply the latest system on sites and aim to improve the convenience of the system based on feedback from sites. We will aim to improve quality and standardize the system for our operations, including improving operational efficiency through AI.

In the petroleum and petrochemical industries that are major customers of the Company group, importance of plant maintenance has been further increasing due to aging of existing plant facilities, as smart security utilizing advanced technologies has been expanding, in addition to increasing needs for safe and stable operations and measures for preventing accidents and problems caused by aging degradation. In this business environment, requirements of labor safety and quality management have been increasingly stringent for maintenance companies like the Company and in addition, improving productivity by advanced technology is more strongly demanded. Furthermore, within the Company, a reduction in overtime work has become an important issue, and labor reforms are urgently needed, including higher operational efficiency.

In order to respond to these changes in customer needs and the business environment, in selecting research and development subjects, the Company group will continue to efficiently utilize results of technology and market investigations in Japan as well as other countries including Europe and the U.S. In addition, toward DX promotion, we will actively promote research on subjects involving digital and advanced technology through enhanced internal collaboration.

III. Information about Facilities

1. Overview of Capital Expenditures

(Engineering work)

In the fiscal year ended March 31, 2025, investments were made in renewal of various machines and tools for construction, and buildings of branch offices, amounting to 2,706 million yen in total.

In the fiscal year ended March 31, 2025, there was no significant transfer of principal facilities.

(Other business)

In the fiscal year ended March 31, 2025, there was no significant transfer of principal facilities.

2. Major Facilities

(1) Reporting company

Name of branch office (location)	Name of segment	Book value (million yen)					Number of employees (persons)
		Buildings Structures	Machinery and vehicles Tools, furniture and fixtures	Land		Total	
				Area (m^2)	Amount		
Isogo Head Office (Isogo-ku, Yokohama-shi)	Engineering work	1,957	845	33,846	3,892	6,694	215
Kawasaki Branch Office (Kawasaki-ku, Kawasaki-shi)	Engineering work	1,315	141	3,147	1,408	2,865	116
Chiba Plant (Chigusa, Ichihara-shi)	Engineering work	681	182	30,889	864	1,728	11
Mizushima Branch Office (Matsue, Kurashiki-shi)	Engineering work	262	33	9,330	485	781	47
North-Japan Branch Office (Meigetsu, Tagajo-shi)	Engineering work	713	26	2,413	201	941	17
Nagoya Branch Office (Otamachi, Tokai-shi)	Engineering work	285	37	733	178	501	9
Iwakuni Branch Office (Shozokumachi, Iwakuni-shi)	Engineering work	97	27	4,684	178	303	23
Osaka Branch Office (Nishi-ku, Sakai-shi)	Engineering work	229	14	1,011	160	404	36

(Notes) 1. As the reporting company engages in engineering work only, the above statements were prepared collectively by major branch office.

2. Major leasing facilities under lease agreements

Name of branch office	Name of segment	Facilities	Quantity	Lease period	Annual lease fee
Head office	Engineering work	OA equipment	Suite	Four years	58 million yen

(2) Domestic subsidiaries

No material facts to report.

(3) Overseas subsidiaries

No material facts to report.

3. Planned Addition, Retirement, and Other Changes of Facilities

(1) Addition of important facilities

No material facts to report.

(2) Retirement of important facilities

No material facts to report.

IV. Information about Reporting Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

(i) Total number of shares

Type	Total number of authorized shares (shares)
Common shares	160,000,000
Total	160,000,000

(ii) Issued shares

Type	Number of issued shares as of the end of the fiscal year (shares) (March 31, 2025)	Number of issued shares as of the filing date (shares) (June 24, 2025)	Name of stock exchange on which the Company is listed or names of authorized financial instruments firms associations where the Company is registered	Description
Common shares	54,168,053	54,168,053	Tokyo Stock Exchange Prime Market	The number of shares constituting one unit is 100 shares.
Total	54,168,053	54,168,053	–	–

(Note) Of the number of issued shares as of the filing date, 724,898 shares were contributed in-kind as restricted stock compensation upon the disposal of treasury shares (monetary compensation receivables of 1,318 million yen).

(2) Share acquisition rights, etc.

(i) Stock option plans

Not applicable.

(ii) Rights plan

Not applicable.

(iii) Other matters regarding share acquisition rights, etc.

Not applicable.

(3) Exercises, etc., of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in number of issued shares, share capital, etc.

Date	Changes in number of issued shares (shares)	Balance of number of issued shares (shares)	Changes in share capital (million yen)	Balance of share capital (million yen)	Changes in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
April 1, 2019 March 31, 2020	7,857,161	54,168,053	–	2,754	10,088	11,460

(Note) This increase is attributed to the merger with JX Engineering Corporation on July 1, 2019.

(5) Shareholding by shareholder category

As of March 31, 2025

Category	Status of shares (one unit = 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders, etc.		Individuals and other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (persons)	–	13	21	166	127	8	5,370	5,705	–
Number of shares held (units)	–	56,759	3,705	317,178	77,080	42	86,480	541,244	43,653
Ratio (%)	–	10.49	0.68	58.60	14.24	0.01	15.98	100.00	–

(Notes) 1. For the treasury shares of 208,723 shares, 2,087 units are included in “Individuals and other” and 23 shares in “Shares less than one unit.”

2. In the table above, the shares in “Other corporations” include 20 units held under the name of the Japan Securities Depository Center.

(6) Major shareholders

As of March 31, 2025

Name / Company name	Location	Number of shares held (in thousands)	Ratio (%) of the number of shares held to the total number of outstanding shares (excluding treasury shares)
ENEOS Holdings, Inc.	1-1-2 Otemachi, Chiyoda-ku, Tokyo	11,658	21.61
UH Partners 2, Inc.	2-9-9 Minamiikebukuro, Toshima-ku, Tokyo	4,904	9.09
HIKARI TSUSHIN, Inc.	1-4-10 Nishiikebukuro, Toshima-ku, Tokyo	4,054	7.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	3,927	7.28
NIPPO CORPORATION	1-19-11 Kyobashi, Chuo-ku, Tokyo	3,882	7.20
BBH FOR FIDELITY LOW-PRICED STOCK FUND (Standing Proxy: MUFJ Bank, Ltd.)	245 SUMMER STREET BOSTON, MA 02210 U.S.A. (Transaction Services Division; 1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	2,671	4.95
UH Partners 3, Inc.	2-9-9 Minamiikebukuro, Toshima-ku, Tokyo	1,919	3.56
RAIZNEXT Employee Shareholding Association	1-1-8 Sakuragicho, Naka-ku, Yokohama-shi, Kanagawa	1,749	3.24
SIL, Inc.	2-9-9 Minamiikebukuro, Toshima-ku, Tokyo	1,354	2.51
RAIZNEXT Supplier Shareholding Association	1-1-8 Sakuragicho, Naka-ku, Yokohama-shi, Kanagawa	1,259	2.33
Total	–	37,381	69.28

(Notes) 1. Of the above numbers of shares held, the numbers of shares related to trust business are as follows:
The Master Trust Bank of Japan, Ltd. (Trust Account) 3,927 thousand shares

2. In the statement of large-volume holdings (statement of changes), which was made available for public inspection on December 22, 2023, the Company was informed that FMR LLC held shares as described below as of December 15, 2023; however, the Company has not been able to confirm the number of shares actually held by the company as of the end of the fiscal year, and has therefore not included the company in the above list of Major Shareholders.

Name / Company name	Location	Number of shares held (in thousands)	Ratio (%) of the number of shares held to the total number of outstanding shares
FMR LLC	245 SUMMER STREET BOSTON, MA 02210 U.S.A.	5,140	9.49

(7) Voting rights

(i) Issued shares

As of March 31, 2025

Classification	Number of shares (shares)	Number of voting rights (units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (others)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Shares in treasury) Common shares 208,700	–	–
Shares with full voting rights (others)	Common shares 53,915,700	539,157	–
Shares less than one unit	Common shares 43,653	–	Shares less than one unit (100 shares)
Total number of issued shares	54,168,053	–	–
Total number of voting rights	–	539,157	–

(Notes) 1. Common shares in “Shares with full voting rights (others)” include 2,000 shares (20 voting rights) under the name of Japan Securities Depository Center.

2. The number of common shares in “Shares less than one unit” includes 23 shares of treasury shares held by the Company.

(ii) Treasury shares, etc.

As of March 31, 2025

Name of shareholders	Address of shareholders	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
(Shares in treasury) RAIZNEXT Corporation	1-1-8 Sakuragicho, Naka-ku, Yokohama-shi, Kanagawa	208,700	–	208,700	0.39
Total	–	208,700	–	208,700	0.39

2. Information on Acquisitions, etc. of Treasury Shares

[Type of shares, etc.] Acquisition of common shares under Article 155, Item 3, Article 155, Item 7, and Article 155 Item 13 of the Companies Act

(1) Acquisitions by a resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisitions by a resolution of the Board of Directors

Category	Number of shares (shares)	Total amount (million yen)
Resolution by the Board of Directors (February 9, 2024) (Acquisition period: from February 10, 2024 to June 30, 2024)	1,000,000	2,000
Treasury shares acquired before the current fiscal year	711,300	1,591
Treasury shares acquired during the current fiscal year	–	–
Total number and value of remaining shares subject to the resolution	288,700	408
Percentage of unexercised portion as of the fiscal year-end (%)	28.87	20.41
Treasury shares acquired during the current period	–	–
Ratio of unexercised portion as of the date of filing (%)	28.87	20.41

(3) Acquisitions not based on a resolution of the General Meeting of Shareholders or the Board of Directors

Category	Number of shares (shares)	Total amount (million yen)
Treasury shares acquired during the current fiscal year	8,186	0
Treasury shares acquired during the current period	1,776	–

(Notes) 1. The number of treasury shares acquired during the current fiscal year included 7,683 shares resulting from the acquisition of shares without consideration under the restricted stock incentive for employee shareholding association, and 503 shares resulting from the purchase of shares less than one unit.

2. The number of treasury shares acquired during the current period included 1,776 shares resulting from the acquisition of shares without consideration under the restricted stock incentive for employee shareholding association, and 0 shares resulting from the purchase of shares less than one unit.

3. The number of treasury shares acquired during the current period does not include the number of shares less than one unit purchased and the number of shares resulting from the acquisition of shares without consideration under the restricted stock incentive for employee shareholding association during the period from June 1, 2025 until the filing date of the securities report.

(4) Disposals or holding of acquired treasury shares

Category	Current fiscal year		Current period	
	Number of shares (shares)	Total disposition amount (million yen)	Number of shares (shares)	Total disposition amount (million yen)
Acquired treasury shares offered to subscribers for subscription	–	–	–	–
Acquired treasury shares canceled	–	–	–	–
Acquired treasury shares transferred due to merger, equity swap, issuance of shares, or corporate split	–	–	–	–
Other (disposal of treasury shares through restricted stock compensation)	40,392	83	–	–
Other (disposal of treasury shares through restricted stock incentive for employee shareholding association)	644,084	1,333	–	–
Number of treasury shares held	208,723	–	210,499	–

(Note) The number of treasury shares held during the current period does not include the number of shares less than one unit purchased and the number of shares less than one unit sold, and the number of shares resulting from the acquisition of shares without consideration under the restricted stock incentive for employee shareholding association during the period from June 1, 2025 until the filing date of the securities report.

3. Dividend Policy

Our basic policy is to distribute surplus twice a year as interim and year-end dividends. The decision-making body for dividends is the Board of Directors for interim dividends or the General Meeting of Shareholders for year-end dividends.

For retained earnings, we will use them effectively to further enhance the business base and expand business in the future to adapt to the changing business environment.

We believe that profit distribution to shareholders should be positioned as a management issue of the highest priority. Accordingly, we aimed to ensure a consolidated dividend payout ratio of 60% or more, fully keeping in mind that dividends should be paid in line with earnings, continuously, and stably, and we plan to distribute the surplus as an annual dividend of 91.00 yen per share (including the interim dividend of 35.00 yen per share) for the current fiscal year. As a result, the consolidated dividend payout ratio for the current fiscal year was 60.3%.

As for the dividends for the next fiscal year, based on the above basic policy, we are targeting a consolidated dividend payout ratio of 60% or more.

(Note) Dividends of surplus whose record date falls in the current fiscal year are as follows:

Date of resolution	Total dividend amount (million yen)	Dividend amount per share (yen)
November 8, 2024 Resolution of the Board of Directors	1,889	35.00
June 25, 2025 Resolution of the Annual General Meeting of Shareholders (Planned)*(Note)	3,021	56.00

(Note) The year-end dividend with the record date of March 31, 2025, which is proposed as proposal subject to resolution at the Annual General Meeting of Shareholders to be held on June 25, 2025.

4. Information on Corporate Governance, etc.

(1) Overview of corporate governance

(i) Corporate governance system

1) Basic views

The Company group believes that promoting compliance with laws, regulations, and corporate ethics, and ensuring transparency and soundness of management is the basis of all corporate activities. We will continue to improve and enhance our systems with each officer and employee of the Company group taking a resolute stance to comply with laws, regulations, and corporate ethics, as we aim for even higher transparency in our corporate activities. The Company group has established a code of conduct that is disseminated as a standard for officers and employees to act in compliance with laws, regulations, and internal rules.

The Company has established an Audit and Supervisory Committee in order to strengthen the supervision function of the Board of Directors and further enhance the corporate governance system, and management is supervised by the Audit and Supervisory Committee Members.

2) Implementation of initiatives for corporate governance

a. Details of organizations in the Company

a) The Board of Directors holds a monthly regular meeting as well as extraordinary meetings as needed to make decisions on transactions requiring the Board's approval under laws and other important management issues and to supervise the status of business execution.

The Board of Directors held 12 meetings during the current fiscal year. The following shows each Director's attendance at the Board of Directors meetings.

Position	Name	Number of meetings held	Number of meetings the member attended
Representative Director Chairman of the Board	Takashi Noro	12	12
Representative Director President	Teruhiko Mouri	12	12
Director Executive Vice President	Masaki Fukuhisa	12	12
Director Executive Vice President	Hideki Ueda	12	12
Director Executive Vice President	Hiroyuki Kimura	10	10
Director	Hiroto Yamanouchi	2	2
Director	Daisaku Nakatakuma	10	10
Outside Director	Noriaki Isa	12	12
Director (Audit and Supervisory Committee Member)	Kenji Kurosawa	2	2
Outside Director (Audit and Supervisory Committee Member)	Toshio Saburi	12	12
Outside Director (Audit and Supervisory Committee Member)	Keiko Suichi	12	12
Outside Director (Audit and Supervisory Committee Member)	Mayumi Nishida	12	12

(Note) In the table above, "Number of meetings held" represents the number of the Board of Directors meetings held during the member's term of office.

b) The Company is a company with an Audit and Supervisory Committee and has a structure consisting of three Directors serving as Audit and Supervisory Committee Members, all of whom are Outside Directors as of the filing date of the securities report. The Company has submitted "Election of Two (2) Directors serving as Audit and Supervisory Committee Members" as a proposal (matter to be resolved) for the Annual General Meeting of Shareholders to be held on June 25, 2025. If the proposal is approved, the Audit and Supervisory Committee will continue to consist of three Outside Directors.

c) The Company has introduced an executive officer system, under which the decision-making/supervision function for the Company's business operations is separated from the business execution function in order to strengthen both functions. Executive Officers formulate, implement, and manage the progress of divisional operation policies and priority targets, proactively propose targets, and supervise implementation in light of each fiscal year's corporate operation policy formulated in accordance with the corporate philosophy, long-term vision, and medium-term business plan. With regard to follow-ups, the progress is reported at biannual Management Review Meetings and the Board of Directors. Furthermore, Directors in charge of the respective items of the corporate operation policy evaluate the execution of operations from objective perspectives, and the President makes a final evaluation accordingly.

b. Establishment and operation of basic policy for building an internal control system

a) The Company resolved as follows at the Board of Directors regarding the basic policy for "System to Ensure that Directors Execute their Duties in Compliance with the Laws and Regulations and the Articles of Incorporation, and System for Ensuring Other Proper Business Execution." (Revised on June 25, 2024)

1. System to Ensure that Directors and Employees Execute their Duties in Compliance with the Laws and Regulations and the Articles of Incorporation

(1) Based on our corporate philosophy and spirit of compliance, we have established the RAIZNEXT Group Code of Conduct as guidelines for the officers and employees of the Company group to act in compliance with laws, regulations, the Articles of Incorporation, and social norms.

(2) We have established a Compliance Committee which, in addition to striving to establish a system of compliance and maintain and enhance awareness, conducts regular inspections of the status of compliance with laws and regulations and surveys on compliance-related matters, providing supervisory guidance; the chairperson of this committee reports on important matters to the Board of Directors in order to promote thorough compliance with laws, regulations, the Articles of Incorporation, internal rules, etc. Additionally, we ensure that Directors serving as Audit and Supervisory Committee Members have opportunities to attend the meetings of this committee.

(3) We have established the Company group compliance hotline system based on the Compliance Hotline Regulations for early discovery and correction of conduct that violates compliance, and established the General Manager of the Legal Department as the internal reporting contact, and a law firm as the external reporting contact. In addition, to ensure that no one is treated disadvantageously for making such a report via the compliance hotline system, the Company establishes and operates the necessary systems, such as clearly stating the prohibition of such treatment in the relevant regulations.

(4) To ensure the proper operation of the Board of Directors, we establish the Board of Directors Regulations, and based on these regulations the Board of Directors shall meet once each month in principle. The Board of Directors makes decisions on the execution of important business after due deliberation and as appropriate receives reports from Directors on the status of their execution of duties.

(5) Outside Directors attend the Board of Directors meetings and participate in deliberations, thereby ensuring objectivity and further enhancing the validity of decisions on business execution.

(6) The Internal Audit Division conducts audits based on the fiscal year plan independently from each division, compiles these into an audit report, and along with reporting this to the President and Representative Director, also reports the content of the report to the Management Officer Committee. In addition, important matters among the results of internal audits are reported to the Board of Directors.

(7) The Company establishes and operates an internal control system to ensure that reliability of financial reporting, and annually evaluates its effectiveness and makes the necessary corrections.

(8) In order to eliminate any relationship with antisocial forces, the Company establishes and operates regulations in

accordance with actual operation conditions of the Company, and ensures strict compliance with these regulations.

2. System for Storage and Management of Information Related to the Execution of Duties of Directors and Employees

(1) In principle, the execution of duties shall be conducted in writing, and regulations on the creation and management of documents shall be created and operated.

(2) Properly create minutes of Board of Directors meetings in accordance with laws and regulations, and create and operate regulations on the preparation, circulation, storage, etc. of approval documents for each member of management.

(3) Prevent unauthorized use, disclosure, and leakage of Company information, and maintain and operate regulations for the appropriate handling of confidential information and personal information. Also, ensure employee compliance with these regulations through internal training and other opportunities.

(4) Properly prepare business reports, financial statements, etc. in accordance with the Companies Act and other laws, and disclose Company information in a timely and appropriate manner.

3. Regulations and Other Systems for Management of Risk of Loss

(1) Based on the Risk Management Regulations, which aim for the early detection of risks and preventing their manifestation, the types of risks subject to management shall be identified and the department in charge of each risk category is responsible for overall management, and reports important risk information to the Board of Directors.

(2) In the event of a crisis or emergency that significantly affects the management of the Company group, an emergency task force headed by the President shall be launched to systematically respond to the situation in accordance with the Crisis Management Regulations.

(3) The Company shall ensure safety, quality, environmental conservation, and health, as well as take initiatives for respecting human rights and human resources development, and maintain and operate the systems and regulations necessary to do so.

(4) For the execution of contracted construction work, which is the Company’s principal business, the Company shall consider matters such as cost management and work on the same appropriately, and maintain and operate the systems and regulations necessary to do so.

4. System to Ensure that the Execution of Duties of Directors and Employees is Efficient

(1) In order to ensure the effectiveness and efficiency of the Directors' duties, formulate the RAIZNEXT Group Long-Term Vision and establish Mid-Term Business Plans, fiscal year corporate operation policies, etc., set specific targets for each division based on these, and regularly evaluate the appropriateness and degree of achievement of these targets.

(2) The executive officer system separates management's decision-making and supervisory functions from the business execution functions, and clarifies the responsibilities and authorities of officers and employees in the Regulations on Organization and Management, Work Division Regulations, Administrative Authority Regulations, etc., for the swift and efficient execution of duties.

(3) Matters to be resolved by the Board of Directors shall undergo prior approval by the President. In addition, the Management Officer Committee is established as a consultative body for such presidential decisions, and in principle the Company's management team shall collectively examine and discuss such matters to enable appropriate and efficient decision-making.

(4) Construct and maintain IT systems from the perspectives of appropriate information management, standardization and streamlining of operations, strengthening of internal controls, creation of new business opportunities, etc.

5. System to Ensure Proper Business Execution within the Corporate Group

(1) The Company works to ensure that the RAIZNEXT Group Code of Conduct, which is established as guidelines for the officers and employees of the Company group to act in compliance with laws, regulations, the Articles of Incorporation, and social norms, is thoroughly disseminated and implemented. Additionally, the applicable scope of the compliance hotline system is the entire Company group.

(2) The Company manages subsidiaries in accordance with the Affiliated Company Management Regulations and other regulations. These regulations stipulate that important items among the business execution matters of the Company's subsidiaries require a decision by a body of the Company, and are operated appropriately. Additionally, the Company's Internal Audit Division implements regular audits of subsidiaries.

(3) The Company regularly convenes the presidents of subsidiaries to receive reports on each company's business performance, the presence and location of significant risks, and other important information. The Company additionally ascertains the status of affiliated companies in a timely and appropriate manner by having such companies regularly report information such as their financial results in accordance with the Affiliated Company Management Regulations.

6. System to Ensure Effective Audits by the Audit and Supervisory Committee

(1) Respect the audit criteria and audit plans established by the Audit and Supervisory Committee, and cooperate with the smooth execution of audits and maintaining an audit environment.

(2) In addition to taking the necessary measures to ensure that Audit and Supervisory Committee Members can attend important meetings such as the Management Officer Committee and thus understand the process of decision-making on important matters and the status of work execution, along with making important documents related to the execution of business operations, such as documents related to major decisions, available for viewing, when Company group officers or employees are requested by the Audit and Supervisory Committee regarding matters related to the execution of work, they shall promptly make appropriate reports.

(3) Maintain and operate a system so that when any serious violation of laws, regulations, or the Articles of Incorporation, any misconduct, or any fact that may cause significant damage to the Company is discovered at the Company or an affiliated company, it can be reported promptly to the Audit and Supervisory Committee, as well as to report regularly on the status of internal reporting.

(4) Maintain and operate the necessary system to ensure that no one is treated disadvantageously for making such a report to the Audit and Supervisory Committee, such as clearly stating the prohibition of such treatment in the relevant regulations.

(5) The Representative Directors and other members of the management team shall hold regular meetings with the Audit and Supervisory Committee Members to report matters related to work execution and other matters necessary for the Audit and Supervisory Committee Members' duties, and exchange opinions.

(6) The Internal Audit Division shall strive to maintain close cooperation with the Audit and Supervisory Committee, such as exchanging opinions on audit plans and audit results.

(7) In the event that the Audit and Supervisory Committee requests the President and Representative Director to appoint employees who should assist the duties of said committee, employees shall be allocated to assist the duties of the Audit and Supervisory Committee. Also, in such cases, in order to ensure the effectiveness of the Audit and Supervisory Committee's instructions to such employees, the personnel treatment of such employees, i.e., their evaluation and transfer, shall be determined via prior consultation with the Audit and Supervisory Committee Member(s).

(8) Pursuant to Article 399-2, Paragraph 4 of the Companies Act, expenses and debts incurred in the performance of Audit and Supervisory Committee Member duties shall be appropriately paid by the Company based on claims from Audit and Supervisory Committee Members.

b) An overview of the operation of internal control system in the Company is as follows. The Company monitored the status of operation of the internal control system of the RAIZNEXT Group at the Management Officer Committee, and reported the results to the Board of Directors meeting held on May 14, 2025.

1. System to Ensure that Directors and Employees Execute their Duties in Compliance with the Laws and Regulations and the Articles of Incorporation

(1) We established the RAIZNEXT Group Code of Conduct for officers and employees of the Company group to act in compliance with laws, regulations, the Articles of Incorporation, and social norms, and disseminate this code and ensure its implementation.

(2) We convened the Compliance Committee and implemented a check on the status of legal compliance including subsidiaries, in accordance with the Compliance Regulations and Compliance Committee Regulations. As a result, we confirmed that no important matters requiring report to the Board of Directors had occurred.

(3) We maintain and operate an internal reporting system in cooperation with lawyers, in accordance with the Compliance Hotline Regulations. We also maintain and operate the system prohibiting disadvantageous treatment, such as by clearly stating in these regulations that no one will be subjected to any disadvantageous treatment because of the fact that they have made a report.

(4) In accordance with the Board of Directors Regulations, in the fiscal year ended March 31, 2025, we held 12 Board of Directors meetings, where in addition to making decisions on important business execution matters, reports on the execution status of Director duties were received.

(5) Outside Directors attended the Board of Directors meetings and participated in deliberations, thereby ensuring objectivity and further enhancing the validity of decisions on business execution.

(6) Audits by the Internal Audit Division were implemented in accordance with the internal audit plan, and the report was submitted to the Management Officer Committee after being presented to the Representative Directors. Afterward, it was circulated to Directors serving as Audit and Supervisory Committee Members. In addition, important matters among the results of internal audits shall be reported to the Board of Directors. However, no matters requiring report to the Board of Directors occurred in the fiscal year ended March 31, 2025.

(7) We implement a validity assessment of internal controls pertaining to financial reporting in accordance with the Financial Instruments and Exchange Act. In addition, in the fiscal year ended March 31, 2025, we responded to revisions made by the Financial Services Agency to the "Criteria for Evaluation and Auditing of Internal Controls over Financial Reports" and "Implementation Criteria for Evaluation and Auditing of Internal Controls over Financial Reports."

(8) In order to prevent any relationship with antisocial forces, we investigate business partners, implement contractual measures, etc. in accordance with the Basic Regulations Addressing Antisocial Forces.

2. System for Storage and Management of Information Related to the Execution of Duties of Directors and Employees

(1) In principle, duties are to be executed in writing in accordance with the Document Handling Rules and Rules on Storing Materials, which cover matters such as document creation and management.

(2) In addition to creating Board of Directors meeting minutes in accordance with laws, regulations, and the Board of Directors Regulations, we create approval documents for each member of management and store and manage them appropriately in accordance with the Administrative Authority Regulations and Application for Approval Regulations.

(3) We appropriately manage Company information including confidential information and personal information in accordance with regulations such as the Basic Regulations on Information Security and Personal Information Protection Regulations. We also ensure compliance with these regulations through internal training and other occasions for all

employees.

(4) We properly prepare and disclose business reports, financial statements, securities reports, and other documents in accordance with the relevant laws and regulations and the timely disclosure rules of stock exchanges.

3. Regulations and Other Systems for Management of Risk of Loss

(1) Other than monitoring by each division in accordance with the Risk Management Regulations, we strive for the early discovery of risks through monitoring including internal audits and project reviews. In addition, when bringing important business execution matters before the Board of Directors, after review by the Management Officer Committee we work to identify risks anticipated in the approval form, joint opinion form, and other documents, and prevent the manifestation of such risks in accordance with the Administrative Authority Regulations. Furthermore, no significant risks requiring report to the Board of Directors occurred during the reporting period.

(2) We have established the Crisis Management Regulations in preparation for the occurrence of crises or emergencies such as natural disasters or accidents that significantly affect the management of the Company group.

(3) In order to ensure safety, quality, environmental conservation, and health in Company business, we maintain various regulations and strive for the early detection of risks through monitoring of quality management audits and safety audits.

(4) In the execution of contracted construction work, measures such as cost management are appropriately implemented by the department in charge. In addition, for construction deemed to have a particularly large impact on Company business performance, we maintain and operate a system enabling the department in charge of supervision of operation management to check the status in a timely manner.

4. System to Ensure that the Execution of Duties of Directors and Employees is Efficient

(1) Together with formulating the RAIZNEXT Group Long-Term Vision, the Mid-Term Business Plan and fiscal year corporate operation policy, we determine the fiscal year budget and numerical targets, and confirm the status of progress on such matters at the Management Officer Committee, Board of Directors, etc.

(2) The executive Officer system separates management's decision-making and supervisory functions from the business execution functions, and clarifies the responsibilities and authorities of officers and employees in accordance with the Regulations on Organization and Management, Work Division Regulations, Administrative Authority Regulations, etc., for the swift and efficient execution of duties.

(3) Matters to be resolved by the Board of Directors undergo prior approval by the President. Also, in receiving presidential approval, the Management Officer Committee shall be held, which is the consultative body for such decisions.

(4) We are tackling the development, maintenance, and utilization of IT environments for the purposes of appropriate information management, standardization and streamlining of operations, strengthening of internal controls, and creation of new business opportunities, etc.

5. System to Ensure Proper Business Execution within the Corporate Group

(1) We work to disseminate and ensure that the officers and employees of each group company act in compliance with laws, regulations, the Articles of Incorporation, and social norms, in accordance with the RAIZNEXT Group Code of Conduct. Additionally, the applicable scope of the compliance hotline system is the entire Company group.

(2) We have established the Affiliated Company Management Regulations and ensure that group companies comply with these regulations. Additionally, we systematically implement internal audits of subsidiaries in accordance with the Internal Audit Regulations, and after the audit results are reported to the Representative Directors of the parent company, the results are reported to the Management Officer Committee of the parent company. Afterward, they are circulated to Directors serving as Audit and Supervisory Committee Members of the parent company.

(3) In accordance with the Affiliated Company Management Regulations, we regularly held a Subsidiaries Presidents Meeting between the management team of the parent company and the presidents of each subsidiary, where we received reports on each subsidiary's business performance and important matters.

6. System to Ensure Effective Audits by the Audit and Supervisory Committee

(1) Respect the audit criteria and audit plans established by the Audit and Supervisory Committee, and cooperate with the smooth execution of audits and maintaining an audit environment.

(2) Along with attending important meetings such as the Management Officer Committee and providing opinions as necessary, Audit and Supervisory Committee Members view applications for approval and other important documents related to Directors' execution of work, and as necessary request explanations from each officer or employee. Additionally, officers and employees shall promptly make appropriate reports regarding items requested by an Audit and Supervisory Committee Member.

(3) Reporting to the Audit and Supervisory Committee when serious violations of laws or regulations occur, and regular reporting on internal reporting are established in the Compliance Regulations and Compliance Hotline Regulations, respectively, and are operated accordingly.

(4) We have established provisions in the Compliance Regulations prohibiting any officer or employee who makes a report to the Audit and Supervisory Committee from being treated disadvantageously for making such a report, and have thoroughly disseminated this fact to the officers and employees of the Company and group companies.

(5) Other than regular meetings held to exchange opinions among the Representative Directors, other members of the management team, and Audit and Supervisory Committee Members, we aimed to communicate with the Audit and Supervisory Committee Members as necessary on individual matters.

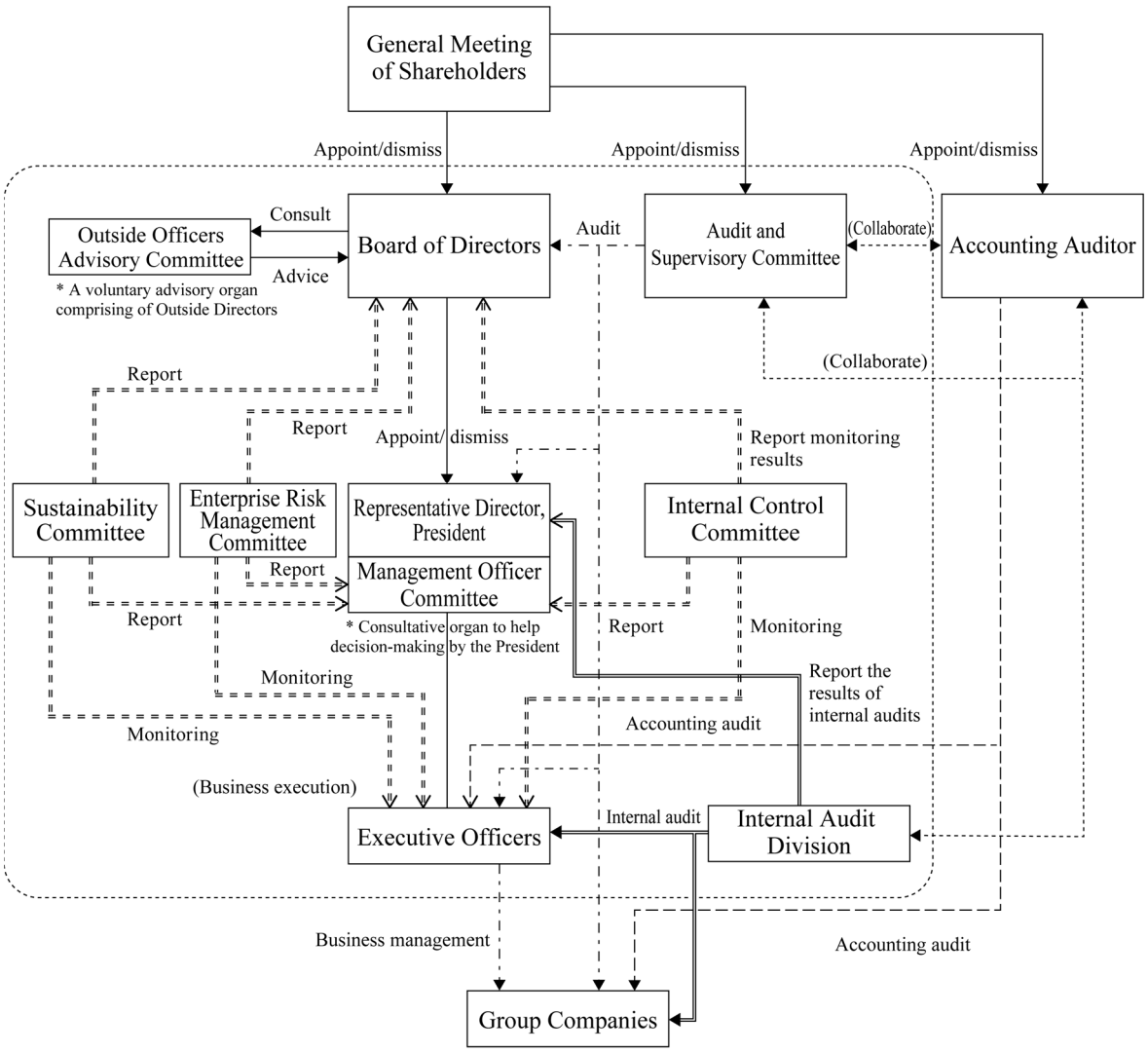
(6) The Internal Audit Division worked in close cooperation with the Audit and Supervisory Committee, such as by exchanging opinions on audit plans and audit results.

(7) The Office of Audit and Supervisory Committee was established, and employees to assist full-time with the duties of the Committee have been executing duties under the instruction of the Committee Members.

(8) Expenses incurred in the performance of Audit and Supervisory Committee Member duties are paid based on claims from Audit and Supervisory Committee Members.

The following figure illustrates the corporate governance structure related to the Company's business execution and audits.

Corporate Governance Structure Chart



(ii) Other matters regarding corporate governance system

The Company has entered into a liability insurance agreement for directors and officers with an insurance company, as stipulated in Article 430-3 of the Companies Act. This insurance agreement covers litigation expenses and damages arising from legal liabilities to be incurred by the insured.

The insured under this liability insurance agreement for directors and officers are Directors and Executive Officers of the Company, Directors and Auditors of the subsidiaries, and the insurance premiums for each of the insured are paid in full by the Company.

(iii) Resolutions of the General Meeting of Shareholders that can be resolved by the Board of Directors

1) Purchase of treasury shares

The Articles of Incorporation stipulate that the Company may, in accordance with Article 165, Paragraph 2 of the Companies Act, acquire its own shares by a resolution of the Board of Directors.

2) Interim dividends

To provide prompt redistribution of profits to shareholders, the Articles of Incorporation stipulate that the Company may, in accordance with Article 454, Paragraph 5 of the Companies Act, pay interim dividends on the basis of September 30 each year as the record date by a resolution of the Board of Directors.

(iv) Number of Directors

The Articles of Incorporation stipulate that the maximum number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) of the Company is 12 and that the maximum number of Directors serving as Audit and Supervisory Committee Members is 6.

(v) Resolutions requirements for the election of Directors

The Articles of Incorporation of the Company stipulate that resolution for election of Directors shall be adopted by a majority vote of the shareholders present, whose voting rights shall represent one-third or more of the voting rights of all shareholders entitled to vote. The Articles of Incorporation also stipulate that cumulative voting shall not be used in resolutions for the election of Directors.

(vi) Special resolutions requirements for the General Meeting of Shareholders

To ensure the smooth operation of the General Meeting of Shareholders, the Articles of Incorporation of the Company stipulate that the resolutions requirements for the General Meeting of Shareholders provided in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the votes of the shareholders present, whose voting rights shall represent one-third or more of the voting rights of all shareholders entitled to vote.

(2) Directors and Officers

(i) List of Directors and Officers

1) The status of Directors and Officers of the Company as of June 24, 2025 is as follows.

Men: 8, Women: 2 (Percentage of women among Directors and Officers: 20.0%)

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
(Representative Director) Chairman of the Board	Takashi Noro	Nov. 5, 1955	Apr. 1980 Jun. 2008 Jul. 2010 Jun. 2012 Jun. 2014 Jun. 2015 Apr. 2017 Apr. 2019 Jul. 2019 Jun. 2020	Joined Nippon Petroleum Refining Co., Ltd. General Manager, Muroran Refinery of Nippon Petroleum Refining Co., Ltd. Senior Vice President Deputy Senior General Manager, Refining, Manufacturing & Engineering Division of JX Nippon Oil & Energy Corporation Senior Vice President General Manager, Oita Refinery of the above-mentioned company Senior Vice President General Manager, Negishi Refinery of the above-mentioned company Director Senior Vice President Responsible for Refining & Manufacturing Dept. and Engineering Dept. of the above-mentioned company Director Executive Vice President Assistant President (Safety, Health & Environment Dept., Quality Assurance Dept., Central Technical Research Laboratory, and Refining & Manufacturing Division), JXTG Nippon Oil & Energy Corporation President and Representative Director President and Chief Executive Officer, JX Engineering Corporation Vice President and Representative Director, Executive Vice President Assistant President of the Company Representative Director, Chairman of the Board of the Company (current position)	(Note) 3	19
(Representative Director) President	Teruhiko Mouri	Jan. 31, 1963	Apr. 1988 Apr. 2011 Sep. 2013 Jun. 2016 Jun. 2018 Jul. 2019 Apr. 2020 Jun. 2020	Joined Niigata Construction Co., Ltd. General Manager, Sendai Branch Office Division-1 of the Company General Manager, Chiba Branch Office Division-2 of the Company Executive Officer Senior General Manager, Project Operation Division of the Company Director Executive Managing Officer Responsible for Project Operation Division Senior General Manager, Project Operation Division of the Company Director Executive Managing Officer Responsible for Project Operation Division Senior General Manager, Project Operation Division of the Company Director Executive Managing Officer Responsible for Project Operation Division of the Company Representative Director, President of the Company (current position)	(Note) 3	33

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Director Executive Vice President Assistant President (Project Operation Division and Safety & Quality Assurance Division) Responsible for Sales Division and Tank Engineering Division	Hideki Ueda	Dec. 16, 1960	Apr. 1983 Jun. 2012 Apr. 2016 Apr. 2018 Apr. 2019 Jul. 2019 Jun. 2020 Jun. 2021 Apr. 2023	Joined Koa Oil Co., Ltd. General Manager, Marifu Refinery of JX Nippon Oil & Energy Corporation President and Representative Director of Kawasaki Natural Gas Power Generation Co., Ltd. Executive Officer Deputy Senior General Manager, Project Division of JX Engineering Corporation Director Executive Officer (Special Missions) of the above-mentioned company Director Executive Managing Officer Responsible for Sales Division, Metal & Material Facilities Project Division and Technical Service Division of the Company Director Executive Managing Officer Responsible for Sales Division, Project Operation Division, Tank Engineering Division and Technical Service Division of the Company Director Executive Managing Officer Responsible for Sales Division, Project Operation Division and Technical Service Division of the Company Director Executive Vice President Assistant President (Project Operation Division and Safety & Quality Assurance Division) Responsible for Sales Division and Tank Engineering Division of the Company (current position)	(Note) 3	13

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Director Executive Vice President Assistant President (Project Division and Engineering Division)	Hiroyuki Kimura	Oct. 8, 1963	Apr. 1986 Jun. 2015 Jan. 2016 Apr. 2017 Apr. 2018 Apr. 2020 Jun. 2020 Apr. 2021 Apr. 2024 Jun. 2024	Joined Nippon Mining Co. General Manager, Engineering Dept. of JX Nippon Oil & Energy Corporation General Manager, Engineering Dept. of JX Nippon Oil & Energy Corporation General Manager, Engineering & Capital Planning Dept., Refining & Manufacturing Division of JXTG Nippon Oil & Energy Corporation Executive Officer General Manager, Refining & Manufacturing Dept., Refining & Manufacturing Division of the above-mentioned company Senior Vice President Responsible for Safety, Health & Environment Dept., Quality Assurance Dept. and Renewable Energy Division of the above-mentioned company Senior Vice President Responsible for Safety, Health & Environment Dept., and Quality Assurance Dept. of ENEOS Holdings, Inc. Managing Executive Officer Responsible for Safety, Health & Environment Dept., Quality Assurance Dept., and Renewable Energy Division of ENEOS Corporation Senior Vice President Responsible for Refining & Manufacturing Dept., Mechanical Engineering Dept., Engineering & Capital Planning Dept., Refineries & Plants of ENEOS Corporation Executive Vice President Assistant President (Project Division and Engineering Division) of the Company Director Executive Vice President Assistant President (Project Division and Engineering Division) of the Company (current position)	(Note) 3	2

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Director Executive Vice President Assistant President (DX Division and Maintenance Division)	Daisaku Nakatakuma	Dec. 21, 1963	Apr. 1982 Jun. 2013 Apr. 2016 Jun. 2016 Jun. 2018 Apr. 2023 Apr. 2024 Jun. 2024 Apr. 2025	Joined Niigata Construction Co., Ltd. General Manager, Mizushima Branch Office, Division-3 of the Company Deputy Senior General Manager, Division-3 of the Company Executive Officer Senior General Manager, Division-3 of the Company Managing Executive Officer, Senior General Manager, Division-3 of the Company Managing Executive Officer Responsible for Maintenance Division of the Company Senior Managing Executive Officer Responsible for Maintenance Division of the Company Director Senior Managing Executive Officer Responsible for Maintenance Division of the Company Director Executive Vice President Assistant President (DX Division and Maintenance Division) of the Company (current position)	(Note) 3	7

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Director	Masaki Fukuhisa	Jun. 27, 1960	Apr. 1985	Joined Niigata Construction Co., Ltd.	(Note) 3	22
			Jul. 2007	General Manager, Personnel Department of the Company		
			Jun. 2013	Executive Officer General Manager, General Administration & Personnel Department of the Company		
			Jun. 2015	Executive Officer Responsible for Corporate Planning Department General Manager, General Administration & Personnel Department of the Company		
			Jun. 2018	Director Executive Managing Officer Assistant Division Director, Management Division (Responsible for General Administration & Personnel Department and Corporate Planning Department) of the Company		
			Jul. 2019	Director Executive Managing Officer Responsible for Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Information System Department of the Company		
			Jun. 2020	Representative Director Executive Vice President Responsible for Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Information System Department of the Company		
			Oct. 2020	Representative Director Executive Vice President Assistant President Responsible for Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Information System Department of the Company		
			Jun. 2021	Director Executive Vice President Assistant President of the Company		
			Sep. 2021	Director Executive Vice President Assistant President General Manager, Business Strategy Office of the Company		
			Apr. 2023	Director Executive Vice President Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department and Accounting Department) Responsible for Digital Strategy Department of the Company		
			Apr. 2024	Director Executive Vice President Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Digital Strategy Department) of the Company		
			Apr. 2025	Director of the Company (current position)		

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Outside Directors	Noriaki Isa	Jul. 14, 1957	Apr. 1980 Apr. 2006 Apr. 2013 Apr. 2017 Apr. 2018 Apr. 2021 Jan. 2022 Jun. 2022 Jul. 2022	Joined Marubeni Corporation General Manager, General Power Department, Power Division of the above-mentioned company Executive Officer General Manager, Human Resources Department of the above-mentioned company Executive Officer and Assistant CSO of the above-mentioned company Outside Auditor of Avanti Staff Corporation Director and Chairman of Marubeni Power Retail Corporation Advisor of NSG Holdings Co., Ltd. (current position) Visiting Professor of Kaishi Professional University (current position) Visiting Professor of Niigata Agro-Food University (current position) Outside Director of the Company (current position) Director and Chairman of Power Retail Niigata K.K. (current position)	(Note) 3	1
Outside Director Audit and Supervisory Committee Member	Toshio Saburi	Jun. 2, 1949	Oct. 1982 Mar. 1986 Sep. 1993 Jan. 1999 Jun. 2004 Jun. 2005 Oct. 2008 May 2010 Nov. 2012 Jun. 2015 Jul. 2019	Joined Chuo Audit Corporation Registered as a certified public accountant Partner, Chuo Audit Corporation Joined Tempstaff Co., Ltd. (currently PERSOL TEMPSTAFF CO., LTD.) Director General Manager, Support Division and General Manager, Finance Department of the above-mentioned company Managing Director General Manager, Corporate Planning Division of the above-mentioned company Managing Director General Manager, Group Corporate Planning Division of Temp Holdings Co., Ltd. (currently PERSOL HOLDINGS CO., LTD.) Director of Kelly Services, Inc. CEO of TS Kelly Workforce Solutions Co., Ltd. Outside Director of Japan Medical Dynamic Marketing, Inc. (current position) Outside Director (Audit and Supervisory Committee Member) of the Company (current position)	(Note) 4	6

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Outside Director Audit and Supervisory Committee Member	Keiko Suichi	Apr. 23, 1955	Apr. 1983 Apr. 1983 Apr. 1999 Jan. 2010 Apr. 2010 Apr. 2014 Jul. 2018 Jul. 2019 Jun. 2021	Registered as a lawyer (Yokohama Bar Association) (currently Kanagawa Bar Association) Joined Mori Law Office Vice President of Yokohama Bar Association (currently Kanagawa Bar Association) Member of the Board, Social Welfare Corporation Shinzen-Fukushi Association President of Yokohama Bar Association (currently Kanagawa Bar Association) Vice President of Japan Federation of Bar Associations Chairperson of City of Yokohama Personnel Commission (current position) Outside Director (Audit and Supervisory Committee Member) of the Company (current position) Chairperson of Social Welfare Corporation Shinzen-Fukushi Association (current position)	(Note) 4	–

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Outside Director Audit and Supervisory Committee Member	Mayumi Nishida	Feb. 27, 1957	Jul. 1998 Aug. 2009 Apr. 2011 Apr. 2014 Apr. 2015 Jun. 2020 Apr. 2022 Jun. 2022	Assistant Professor, Utility Research Development Department, Faculty of Pharmaceutical Sciences, Hokkaido University Visiting Professor, Renmin University of China (current position) Executive Officer, Director, Research Laboratory, Development & Marketing, KOEI CHEMICAL COMPANY, LIMITED Professor, Institute for Catalysis, Hokkaido University Advisor, CHEMICALSOFT Co., LTD. (current position) Advisor, Kagashin Global Network Pvt Ltd. Advisor, West Corner Company, Limited Cross-Appointment Fellow, The National Institute of Advanced Industrial Science and Technology Outside Director (Audit and Supervisory Committee Member) of the Company (current position) Research Support Professor, Institute for Catalysis, Hokkaido University (current position) CEO and President, West Corner Company, Limited (current position) Emeritus Professor, Hokkaido University (current position)	(Note) 5	1
Total						108

(Notes) 1. Of Directors, Noriaki Isa is an Outside Director not serving as an Audit and Supervisory Committee Member.

2. Of Directors, Toshio Saburi, Keiko Suichi, and Mayumi Nishida are Directors Serving as Audit and Supervisory Committee Members.

3. The term of office of the Directors runs from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2024 to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2025.

4. The term of office of the Directors runs from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2023 to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2025.

5. The term of office of the Directors runs from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2024 to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2026.

6. Executive Officers who do not concurrently serve as Directors are as follows:

Name	Position
Yutaka Sakuma	Senior Managing Executive Officer Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department and Accounting Department)
Tomohide Arima	Managing Executive Officer Responsible for Internal Control Office, General Administration Department and Accounting Department
Yasunori Chiba	Managing Executive Officer Responsible for Project Division
Hideya Matsue	Managing Executive Officer Responsible for Project Operation Division and Safety & Quality Assurance Division
Kenji Maruyama	Managing Executive Officer Senior General Manager, Maintenance Division
Hiroshi Ando	Managing Executive Officer Responsible for Engineering Division
Masahiko Kawamura	Managing Executive Officer Responsible for Maintenance Division
Tooru Misumi	Senior Executive Officer Senior General Manager, Safety & Quality Assurance Division
Hiroyuki Hayashi	Senior Executive Officer Responsible for DX Division
Hirohisa Nagai	Senior Executive Officer Deputy Senior General Manager, Maintenance Division
Toshihiko Katsuta	Senior Executive Officer Deputy Senior General Manager, Maintenance Division
Takeshi Akazawa	Senior Executive Officer Senior General Manager, Tank Engineering Division
Katsuhiko Saito	Senior Executive Officer Senior General Manager, Project Division
Takatsugu Kamata	Executive Officer Deputy Senior General Manager, Engineering Division
Takashi Suzuki	Executive Officer Senior General Manager, Sales Division
Yoshitaka Kitagawa	Executive Officer Senior General Manager, Engineering Division
Shouji Mori	Executive Officer Deputy Senior General Manager, Safety & Quality Assurance Division
Shigeki Yamaoka	Executive Officer General Manager, Mizushima Branch Office Maintenance Division
Hiroyuki Matsumura	Executive Officer General Manager, Kawasaki Branch Office Maintenance Division
Tsuyoshi Kobayashi	Executive Officer Deputy Senior General Manager, Project Operation Division General Manager, Fabrication Technology Department
Hideaki Eguchi	Executive Officer Responsible for Legal Department, Personnel Department and Corporate Planning Department
Jum Shibayama	Executive Officer Deputy Senior General Manager, Engineering Division
Ryouji Kuroki	Executive Officer Deputy Senior General Manager, Maintenance Division General Manager, Tokuyama Branch Office
Seiichi Sakai	Executive Officer Senior General Manager, Project Operation Division
Takayuki Miyazawa	Executive Officer Deputy Senior General Manager, Maintenance Division General Manager, Divisional Administration Department

2) The Company has submitted “Election of Seven (7) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)” and “Election of Two (2) Directors Serving as Audit and Supervisory Committee Members” as proposals (matters to be resolved) for the Annual General Meeting of Shareholders to be held on June 25, 2025. If the proposals are approved, the status and term of office of Directors and Officers of the Company will be as follows.

The position, etc. of Directors and Officers include the contents (position, etc.) to be resolved by the Board of Directors meeting scheduled to be held immediately after the Annual General Meeting of Shareholders.

Men: 8, Women: 2 (Percentage of women among Directors and Officers: 20.0%)

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
(Representative Director) President	Teruhiko Mouri	Jan. 31, 1963	Apr. 1988 Apr. 2011 Sep. 2013 Jun. 2016 Jun. 2018 Jul. 2019 Apr. 2020 Jun. 2020	Joined Niigata Construction Co., Ltd. General Manager, Sendai Branch Office Division-1 of the Company General Manager, Chiba Branch Office Division-2 of the Company Executive Officer Senior General Manager, Project Operation Division of the Company Director Executive Managing Officer Responsible for Project Operation Division Senior General Manager, Project Operation Division of the Company Director Executive Managing Officer Responsible for Project Operation Division Senior General Manager, Project Operation Division of the Company Director Executive Managing Officer Responsible for Project Operation Division of the Company Representative Director, President of the Company (current position)	(Note) 3	33
(Representative Director) Executive Vice President Assistant President (Project Operation Division and Safety & Quality Assurance Division) Responsible for Sales Division and Tank Engineering Division	Hideki Ueda	Dec. 16, 1960	Apr. 1983 Jun. 2012 Apr. 2016 Apr. 2018 Apr. 2019 Jul. 2019 Jun. 2020 Jun. 2021 Apr. 2023	Joined Koa Oil Co., Ltd. General Manager, Marifu Refinery of JX Nippon Oil & Energy Corporation President and Representative Director of Kawasaki Natural Gas Power Generation Co., Ltd. Executive Officer Deputy Senior General Manager, Project Division of JX Engineering Corporation Director Executive Officer (Special Missions) of the above-mentioned company Director Executive Managing Officer Responsible for Sales Division, Metal & Material Facilities Project Division and Technical Service Division of the Company Director Executive Managing Officer Responsible for Sales Division, Project Operation Division, Tank Engineering Division and Technical Service Division of the Company Director Executive Managing Officer Responsible for Sales Division, Project Operation Division and Technical Service Division of the Company Director	(Note) 3	13

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
				Executive Vice President Assistant President (Project Operation Division and Safety & Quality Assurance Division) Responsible for Sales Division and Tank Engineering Division of the Company (current position)		
			Jun. 2025	Representative Director Executive Vice President Assistant President (Project Operation Division and Safety & Quality Assurance Division) Responsible for Sales Division and Tank Engineering Division of the Company (scheduled)		

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Director Executive Vice President Assistant President (Project Division and Engineering Division)	Hiroyuki Kimura	Oct. 8, 1963	Apr. 1986 Jun. 2015 Jan. 2016 Apr. 2017 Apr. 2018 Apr. 2020 Jun. 2020 Apr. 2021 Apr. 2024 Jun. 2024	Joined Nippon Mining Co. General Manager, Engineering Dept. of JX Nippon Oil & Energy Corporation General Manager, Engineering Dept. of JX Nippon Oil & Energy Corporation General Manager, Engineering & Capital Planning Dept., Refining & Manufacturing Division of JXTG Nippon Oil & Energy Corporation Executive Officer General Manager, Refining & Manufacturing Dept., Refining & Manufacturing Division of the above-mentioned company Senior Vice President Responsible for Safety, Health & Environment Dept., Quality Assurance Dept. and Renewable Energy Division of the above-mentioned company Senior Vice President Responsible for Safety, Health & Environment Dept., and Quality Assurance Dept. of ENEOS Holdings, Inc. Managing Executive Officer Responsible for Safety, Health & Environment Dept., Quality Assurance Dept., and Renewable Energy Division of ENEOS Corporation Senior Vice President Responsible for Refining & Manufacturing Dept., Mechanical Engineering Dept., Engineering & Capital Planning Dept., Refineries & Plants of ENEOS Corporation Executive Vice President Assistant President (Project Division and Engineering Division) of the Company Director Executive Vice President Assistant President (Project Division and Engineering Division) of the Company (current position)	(Note) 3	2
Director Executive Vice President Assistant President (DX Division and Maintenance Division)	Daisaku Nakatakuma	Dec. 21, 1963	Apr. 1982 Jun. 2013 Apr. 2016 Jun. 2016 Jun. 2018 Apr. 2023 Apr. 2024 Jun. 2024 Apr. 2025	Joined Niigata Construction Co., Ltd. General Manager, Mizushima Branch Office, Division-3 of the Company Deputy Senior General Manager, Division-3 of the Company Executive Officer Senior General Manager, Division-3 of the Company Managing Executive Officer, Senior General Manager, Division-3 of the Company Managing Executive Officer Responsible for Maintenance Division of the Company Senior Managing Executive Officer Responsible for Maintenance Division of the Company Director Senior Managing Executive Officer Responsible for Maintenance Division of the Company Director Executive Vice President Assistant President (DX Division and Maintenance Division) of the Company (current	(Note) 3	7

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
				position)		

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Director Senior Managing Executive Officer Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department and Accounting Department)	Yutaka Sakuma	Jun. 30, 1963	Apr. 1987 Jun. 2017 Apr. 2019 Jul. 2019 Jun. 2021 Apr. 2023 Apr. 2025 Jun. 2025 	Joined Nippon Oil Corporation General Manager, Legal Affairs Department of JXTG Holdings Corporation Executive Officer General Manager, General Administration and Personnel Department of JX Engineering Corporation Executive Officer General Manager, Legal Department of the Company Senior Executive Officer Responsible for Internal Control Office, Legal Department, Accounting Department and Information System of the Company Managing Executive Officer Responsible for Internal Control Office, Legal Department and Personnel Department of the Company Senior Managing Executive Officer Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department and Accounting Department) of the Company (current position) Director Senior Managing Executive Officer Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department and Accounting Department) of the Company (scheduled)	(Note) 3	6
Director Managing Executive Officer Responsible for Maintenance Division	Masahiko Kawamura	Oct. 9, 1966	Apr. 1989 Jun. 2016 Apr. 2019 Jun. 2022 Jun. 2023 Apr. 2025 Jun. 2025 	Joined Niigata Construction Co., Ltd. General Manager, Chiba Branch Office Division-2 of the Company Deputy Senior General Manager, Division-2 General Manager, Chiba Branch Office of the Company Executive Officer Deputy Senior General Manager, Division-2 General Manager, Kashima Branch Office of the Company Executive Officer Senior General Manager, Project Operation Division of the Company Managing Executive Officer Responsible for Maintenance Division of the Company (current position) Director Managing Executive Officer Responsible for Maintenance Division of the Company (scheduled)	(Note) 3	12

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Outside Directors	Noriaki Isa	Jul. 14, 1957	Apr. 1980 Apr. 2006 Apr. 2013 Apr. 2017 Apr. 2018 Apr. 2021 Jan. 2022 Jun. 2022 Jul. 2022	Joined Marubeni Corporation General Manager, General Power Department, Power Division of the above-mentioned company Executive Officer General Manager, Human Resources Department of the above-mentioned company Executive Officer and Assistant CSO of the above-mentioned company Outside Auditor of Avanti Staff Corporation Director and Chairman of Marubeni Power Retail Corporation Advisor of NSG Holdings Co., Ltd. (current position) Visiting Professor of Kaishi Professional University (current position) Visiting Professor of Niigata Agro-Food University (current position) Outside Director of the Company (current position) Director and Chairman of Power Retail Niigata K.K. (current position)	(Note) 3	1
Outside Director Audit and Supervisory Committee Member	Toshio Saburi	Jun. 2, 1949	Oct. 1982 Mar. 1986 Sep. 1993 Jan. 1999 Jun. 2004 Jun. 2005 Oct. 2008 May 2010 Nov. 2012 Jun. 2015 Jul. 2019	Joined Chuo Audit Corporation Registered as a certified public accountant Partner, Chuo Audit Corporation Joined Tempstaff Co., Ltd. (currently PERSOL TEMPSTAFF CO., LTD.) Director General Manager, Support Division and General Manager, Finance Department of the above-mentioned company Managing Director General Manager, Corporate Planning Division of the above-mentioned company Managing Director General Manager, Group Corporate Planning Division of Temp Holdings Co., Ltd. (currently PERSOL HOLDINGS CO., LTD.) Director of Kelly Services, Inc. CEO of TS Kelly Workforce Solutions Co., Ltd. Outside Director of Japan Medical Dynamic Marketing, Inc. (current position) Outside Director (Audit and Supervisory Committee Member) of the Company (current position)	(Note) 4	6
Outside Director Audit and Supervisory Committee Member	Keiko Suichi	Apr. 23, 1955	Apr. 1983 Apr. 1983 Apr. 1999 Jan. 2010 Apr. 2010 Apr. 2014 Jul. 2018 Jul. 2019	Registered as a lawyer (Yokohama Bar Association) (currently Kanagawa Bar Association) Joined Mori Law Office Vice President of Yokohama Bar Association (currently Kanagawa Bar Association) Member of the Board, Social Welfare Corporation Shinzen-Fukushi Association President of Yokohama Bar Association (currently Kanagawa Bar Association) Vice President of Japan Federation of Bar Associations Chairperson of City of Yokohama Personnel Commission (current position) Outside Director (Audit and Supervisory Committee Member) of the Company (current position)	(Note) 4	–

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
			Jun. 2021	Chairperson of Social Welfare Corporation Shinzen-Fukushi Association (current position)		

Position	Name	Date of birth	Past experience		Term of office	Number of shares held (in thousands)
Outside Director Audit and Supervisory Committee Member	Mayumi Nishida	Feb. 27, 1957	Jul. 1998 Aug. 2009 Apr. 2011 Apr. 2014 Apr. 2015 Jun. 2020 Apr. 2022 Jun. 2022	Assistant Professor, Utility Research Development Department, Faculty of Pharmaceutical Sciences, Hokkaido University Visiting Professor, Renmin University of China (current position) Executive Officer, Director, Research Laboratory, Development & Marketing, KOEI CHEMICAL COMPANY, LIMITED Professor, Institute for Catalysis, Hokkaido University Advisor, CHEMICALSOFT Co., LTD. (current position) Advisor, Kagashin Global Network Pvt Ltd. Advisor, West Corner Company, Limited Cross-Appointment Fellow, The National Institute of Advanced Industrial Science and Technology Outside Director (Audit and Supervisory Committee Member) of the Company (current position) Research Support Professor, Institute for Catalysis, Hokkaido University (current position) CEO and President, West Corner Company, Limited (current position) Emeritus Professor, Hokkaido University (current position)	(Note) 5	1
Total						85

(Notes) 1. Of Directors, Noriaki Isa is Outside Director not serving as an Audit and Supervisory Committee Member.

2. Of Directors, Toshio Saburi, Keiko Suichi, and Mayumi Nishida are Directors Serving as Audit and Supervisory Committee Members.

3. The term of office of the Directors runs from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2026.

4. The term of office of the Directors runs from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2027.

5. The term of office of the Directors runs from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2024 to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2026.

6. Executive Officers who do not concurrently serve as Directors are as follows:

Name	Position
Tomohide Arima	Managing Executive Officer Responsible for Internal Control Office, General Administration Department and Accounting Department
Yasunori Chiba	Managing Executive Officer Responsible for Project Division
Hideya Matsue	Managing Executive Officer Responsible for Project Operation Division and Safety & Quality Assurance Division
Kenji Maruyama	Managing Executive Officer Senior General Manager, Maintenance Division
Hiroshi Ando	Managing Executive Officer Responsible for Engineering Division
Tooru Misumi	Senior Executive Officer Senior General Manager, Safety & Quality Assurance Division
Hiroyuki Hayashi	Senior Executive Officer Responsible for DX Division
Hirohisa Nagai	Senior Executive Officer Deputy Senior General Manager, Maintenance Division
Toshihiko Katsuta	Senior Executive Officer Deputy Senior General Manager, Maintenance Division
Takeshi Akazawa	Senior Executive Officer Senior General Manager, Tank Engineering Division
Katsuhiko Saito	Senior Executive Officer Senior General Manager, Project Division
Takatsugu Kamata	Executive Officer Deputy Senior General Manager, Engineering Division
Takashi Suzuki	Executive Officer Senior General Manager, Sales Division
Yoshitaka Kitagawa	Executive Officer Senior General Manager, Engineering Division
Shouji Mori	Executive Officer Deputy Senior General Manager, Safety & Quality Assurance Division
Shigeki Yamaoka	Executive Officer General Manager, Mizushima Branch Office Maintenance Division
Hiroyuki Matsumura	Executive Officer General Manager, Kawasaki Branch Office Maintenance Division
Tsuyoshi Kobayashi	Executive Officer Deputy Senior General Manager, Project Operation Division General Manager, Fabrication Technology Department
Hideaki Eguchi	Executive Officer Responsible for Legal Department, Personnel Department and Corporate Planning Department
Jum Shibayama	Executive Officer Deputy Senior General Manager, Engineering Division
Ryouji Kuroki	Executive Officer Deputy Senior General Manager, Maintenance Division General Manager, Tokuyama Branch Office
Seiichi Sakai	Executive Officer Senior General Manager, Project Operation Division
Takayuki Miyazawa	Executive Officer Deputy Senior General Manager, Maintenance Division General Manager, Divisional Administration Department

(ii) Outside Directors

1) The Company has four Outside Directors, Mr. Noriaki Isa, Mr. Toshio Saburi, Ms. Keiko Suichi, and Ms. Mayumi Nishida. The Company has set the following criteria for assessing the independence of Outside Directors when electing Outside Directors:

Criteria for Assessing Independence of Outside Directors of the Company

The Company shall, in addition to the requirements under the Companies Act and the Criteria for Independence stipulated by Tokyo Stock Exchange, determine that an Outside Officer (including a candidate thereof) is independent when he or she falls into none of the following:

1. A person who was or had been an executing person (as defined in Article 2, Paragraph 3, Item 6 of Ordinance For Enforcement of the Companies Act; the same applies hereinafter) of the Company or its subsidiaries (collectively called "the Group"; the same applies hereinafter) for any period during 10 years before his/her office
2. A person who is a major shareholder (meaning a shareholder that holds, either directly or indirectly, 10% or more of the total voting rights of the Company; the same applies hereinafter) of the Group, or an executing person thereof
3. A person who is an executing person of a company of which the Group currently is a major shareholder
4. A person whose major business partner is the Group (a person who received 2% or more of his/her consolidated annual gross sales for the previous fiscal year from the Group), or an executing person thereof
5. A person who is a major business partner of the Group (a person who made payment to the Group of 2% or more of the Company's consolidated annual gross sales for the previous fiscal year), or an executing person thereof
6. A person who is a director (limited to persons executing operations) of an organization that receives donations or grants that exceed a specified amount (the higher of 10 million yen on average during the past three fiscal years or 30% of the average total annual expenses of said organization) from the Group, or other executing person thereof
7. A person who is an executing person of a financial institution or other major creditors that is imperative to the Group's funding and on whom the Group is dependent to the extent that it cannot be replaced
8. A person who is a certified public accountant (or tax accountant), or a senior partner, a partner or an employee of an auditing firm (or a tax accountant firm), who serves as an accounting auditor or accounting advisor of the Group
9. A person who is an attorney at law, certified public accountant, tax accountant or other consultant that does not fall under item 8 above, and who receives the average of 10 million yen or more of cash or other financial benefits annually from the Group for the past three years besides remuneration as Officer
10. A person who is a senior partner, a partner, an associate or employee of a law firm, an auditing firm, a tax accountant firm, a consulting firm or other professional advisory firm whose major business partner is the Group (the firm that receives the average of 2% or more of its consolidated annual gross sales from the Group for the past three years) that does not fall under item 8 above
11. A person who fell under any of the items 2 to 10 above for any period during 3 years before his/her office
12. A person who is an executing person of a company that has a director/directors from the Group
13. A person who is a close family member (within the second degree of kinship) of a person (excluding a person who is not significant) that falls under any of the items 1 to 12 above
14. A person whose total term of office as an independent outside director exceeds 8 years

2) Mr. Noriaki Isa, Outside Director, has a wealth of experience and broad insights, such as engaging in the management strategies of a trading company. The Company has deemed that he can be expected to strengthen the management structure of the Company by drawing on his experience and insights, providing advice and guidance to the Company's management, and conducting appropriate supervision from an objective viewpoint. In addition, he meets requirements for Independent Officer stipulated by the stock exchange, and it is determined that there is no concern of a conflict of interest with general shareholders. The Company has thus designated him as its Independent Officer.

3) The Company has deemed that Mr. Toshio Saburi, Outside Director serving as Audit and Supervisory Committee Member, has experience as a CPA and in corporate management and specialist knowledge in finance and accounting, which enables him to audit Directors' execution of business from an objective and fair viewpoint. In addition, he meets requirements for Independent Officer stipulated by the stock exchange, and it is determined that there is no concern of a conflict of interest with general

shareholders. The Company has thus designated him as its Independent Officer.

4) The Company has deemed that Ms. Keiko Suichi, Outside Director serving as Audit and Supervisory Committee Member, can utilize her advanced understanding of laws in auditing Directors' execution of business from an objective and fair viewpoint. In addition, she meets requirements for Independent Officer stipulated by the stock exchange, and it is determined that there is no concern of a conflict of interest with general shareholders. The Company has thus designated her as its Independent Officer.

5) Ms. Mayumi Nishida, Outside Director serving as Audit and Supervisory Committee Member, has extensive academic expertise and experience as an expert in pharmacy. She also has a high-level of insight, having been involved in the management of a number of companies so far. The Company has deemed that she is qualified to appropriately implement supervision of the execution of duties by Directors by using her wealth of experience and high-level insights from an objective and fair standpoint. In addition, she meets requirements for Independent Officer stipulated by the stock exchange, and it is determined that there is no concern of a conflict of interest with general shareholders. The Company has thus designated her as its Independent Officer.

6) The current Articles of Incorporation stipulate that the Company may enter into agreements with Directors (excluding those who are executive directors, etc.) to limit their liability for damages to the Company to a certain extent. The outline of the agreement is as follows:

"After entering into the agreement, regarding liability under Article 423, Paragraph 1 of the Companies Act, the directors shall assume liability for damage up to the minimum liability amount provided in Article 425, Paragraph 1 of the Companies Act if they have performed their duties in good faith and without gross negligence."

(3) Audits

(i) Audits by the Audit and Supervisory Committee

1) Organization, members, and procedures of the Audit and Supervisory Committee

As of the filing date of the securities report, the Audit and Supervisory Committee of the Company and its members consists of three Outside Directors. The Audit and Supervisory Committee meets once or more every three months. To conduct audits, the Audit and Supervisory Committee defines audit policy, plans, and others every year, communicates with Directors (excluding Directors serving as Audit and Supervisory Committee Members), the Internal Audit Division, employees, and others, and works to gather information and enhance the audit environment. The committee independently defines primary audit items in the audit plans and visits major branch offices and subsidiaries to conduct audits. To monitor how Directors (excluding Directors serving as Audit and Supervisory Committee Members) execute their duties, all Directors serving as Audit and Supervisory Committee Members attend the Board of Directors meetings, and the chairperson of the Audit and Supervisory Committee attends important meetings such as the Management Officer Committee. In addition, the members express their opinions at the Board of Directors meetings as needed, and Representative Directors and all Directors serving as Audit and Supervisory Committee Members have information exchange meetings regularly to exchange their candid opinions actively with each other. The Company has established the Office of Audit and Supervisory Committee to assist the Audit and Supervisory Committee in its duties, in order to ensure the effective and efficient execution of audit duties of the Audit and Supervisory Committee.

The Company has submitted “Election of Two (2) Directors serving as Audit and Supervisory Committee Members” as a proposal (matter to be resolved) for the Annual General Meeting of Shareholders to be held on June 25, 2025. If the proposal is approved, the Audit and Supervisory Committee will continue to consist of three Outside Directors.

2) Activities of the Audit and Supervisory Committee and its members

The Audit and Supervisory Committee held ten meetings during the current fiscal year. As key agenda at the Audit and Supervisory Committee, matters resolved include audit planning for the current fiscal year, the creation of audit reports for the previous fiscal year, decisions on the election of Directors (excluding Directors serving as Audit and Supervisory Committee Members), the reappointment of the Accounting Auditor, and agreement on fees for the Accounting Auditor, and matters reported include audit plans from the Accounting Auditor, the status of internal audit execution (quarterly), quarterly reviews of the Accounting Auditor, and interviews with Executive Officers.

The following describes how each Audit and Supervisory Committee Member attended the Audit and Supervisory Committee meetings held during the current fiscal year:

Position	Name	Number of meetings held	Number of meetings the member attended
Standing Audit and Supervisory Committee Member	Kenji Kurosawa	5	5
Part-time Audit and Supervisory Committee Member	Toshio Saburi	10	10
Part-time Audit and Supervisory Committee Member	Keiko Suichi	10	10
Part-time Audit and Supervisory Committee Member	Mayumi Nishida	10	10

(Note) Mr. Kenji Kurosawa retired as Standing Audit and Supervisory Committee Member at the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024.

(ii) Internal audits

The Company has set up the Internal Control Office (five members) as the Internal Audit Division. Internal audits are implemented according to the fiscal year internal audit plan, covering the entire RAIZNEXT Group.

The results of internal audits are reported to the President, and then to the Management Officer Committee. Important matters among the results of internal audits are reported to the Board of Directors.

In addition, the fiscal year internal audit plan and the results of internal audits are regularly reported from the Internal Control Division to the Audit and Supervisory Committee Members.

Audit and Supervisory Committee Members, the Accounting Auditor, and the Internal Audit Division maintain close cooperation by regularly holding meetings, etc.

(iii) Accounting audits

Name of Accounting Auditor

Ernst & Young ShinNihon LLC

Duration of audit

25 years from the fiscal year ended March 31, 2001

Certified public accountants who executed the audit duties

Certified public accountant: Kenji Sato

Certified public accountant: Toyokazu Ukai

Assistants for the audit duties

Assistants for the audit duties of the Company consist of four certified public accountants and ten other persons.

Policy and reason for selection of Accounting Auditor

The Company considers the following conditions to select an Accounting Auditor:

• The Accounting Auditor does not fall under any item of Article 340, Paragraph 1 of the Companies Act.

• There is no problem when comprehensively taking into consideration the independence of the Accounting Auditor and its execution of the duties.

Evaluation on the Accounting Auditor by the Audit and Supervisory Committee and its members

The Audit and Supervisory Committee of the Company and its members evaluate the Accounting Auditor in accordance with the Practice Guidelines for Audit & Supervisory Board Members to Define Criteria on Evaluation and Selection of Accounting Auditors. It is determined that there is no problem with the Accounting Auditor of the Company, Ernst & Young ShinNihon LLC, in terms of both independence and expertise.

(iv) Details of audit fees

1) Fees to certified public accountants

Category	Previous FY		Current FY	
	Fees for audit or attestation services (million yen)	Fees for non-audit services (million yen)	Fees for audit or attestation services (million yen)	Fees for non-audit services (million yen)
Reporting company	66	–	62	–
Consolidated subsidiaries	–	–	–	–
Total	66	–	62	–

2) Fees to the same network such as audit certified public accountants, etc. (excluding 1))

Category	Previous FY		Current FY	
	Fees for audit or attestation services (million yen)	Fees for non-audit services (million yen)	Fees for audit or attestation services (million yen)	Fees for non-audit services (million yen)
Reporting company	–	–	–	2
Consolidated subsidiaries	–	–	–	–
Total	–	–	–	2

The non-audit services for the Company in the current fiscal year mainly consist of consigned services related to tax

return filing and consigned services related to responses to BEPS.

3) Fees for other important audit or attestation services

Not applicable.

4) Policy on determining audit fees

Not applicable.

5) Reasons for the Audit and Supervisory Committee's agreement to the Accounting Auditor's fees, etc.

The Audit and Supervisory Committee of the Company verified the appropriateness of the audit plan from the Accounting Auditor, actual accounting audit work records, and calculation factors for estimating fees, comprehensibly examined the validity of fees for the Accounting Auditor proposed by the Board of Directors, and then agreed in accordance with Article 399, Paragraph 1 of the Companies Act.

(4) Compensation, etc. of Directors

(i) Total amount of compensation, etc. for Directors

Officer category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of applicable officers (persons)
		Base compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (excluding Directors serving as Audit and Supervisory Committee Members) [Outside Directors]	276 [6]	155 [6]	90 [-]	31 [-]	8 [1]
Directors serving as Audit and Supervisory Committee Members [Outside Directors]	26 [21]	26 [21]	- [-]	- [-]	4 [3]

(Note) The breakdown of the total amount of non-monetary compensation, etc. for Directors (excluding Directors serving as Audit and Supervisory Committee Members) is stock compensation of 31 million yen.

(ii) Total amount of consolidated compensation, etc. for each officer

Not applicable because there is no one whose total amount of consolidated compensation, etc. is 100 million yen or more.

(iii) Matters related to performance-linked compensation, etc.

To foster a heightened awareness of enhancing the Company's business performance each fiscal year, the bonus is paid annually at a determined time on the basis of an amount calculated in accordance with the degree of achievement of the key performance indicators (KPIs) for consolidated operating profit, comprehensively taking into account dividends, trends of other companies, our medium- to long-term business performance, the track record of past payments, etc.

Consolidated operating profit was selected as the business performance indicator because consolidated operating profit was set as a target in the Mid-Term Business Plan.

As the financial results for the current fiscal year against the target of 9.3 billion yen for consolidated operating profit at the beginning of the fiscal year was 10.8 billion yen, the amount calculated based on the KPI achievement rate of 116% will be paid.

(iv) Material salaries that are paid as employees' salaries for officers concurrently serving as employees

The portions of salaries as employees for Directors concurrently serving as employees are not paid.

(v) Matters related to General Meeting of Shareholders resolutions on Director compensation, etc.

The amount of monetary compensation to Company Directors (excluding Directors serving as Audit and Supervisory Committee Members) was, at the 112th Annual General Meeting of Shareholders held on June 24, 2016, resolved to be 400 million yen or less annually (not including employee salaries for Directors with concurrent duties as an employee). The maximum amount of the monetary compensation receivables for granting its share of common stock with restrictions on transfer

to Company Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) was resolved to be 100 million yen or less annually within the amount resolved at the aforementioned General Meeting of Shareholders, and the maximum number of shares for allotment was resolved to be 100,000 shares or less annually (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors), at the 119th Annual General Meeting of Shareholders held on June 27, 2023. The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) was nine as of the conclusion of the 112th Annual General Meeting of Shareholders, and the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) as of the conclusion of the 119th Annual General Meeting of Shareholders was five.

The amount of monetary compensation to Company Directors serving as Audit and Supervisory Committee Members was, at the 112th Annual General Meeting of Shareholders held on June 24, 2016, resolved to be 70 million yen or less annually. The number of Directors serving as Audit and Supervisory Committee Members was five as of the conclusion of the 112th Annual General Meeting of Shareholders (of which, three were Outside Directors).

(vi) Matters related to the policy for deciding individual Director compensation, etc.

1) Method of deciding the policy for deciding individual Director compensation, etc.

For the policy for deciding individual Director compensation, etc. (hereinafter, "Decision Policy"), a draft was prepared by the Representative Directors who then consulted with the Outside Directors Advisory Committee. Respecting the committee's report, the Board of Directors resolved to adopt the following Decision Policy.

2) Decision policy for Director compensation

a. Basic policy

a) Directors (excluding Directors serving as Audit and Supervisory Committee Members)

i) Compensation for Company Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) shall consist of monthly compensation, bonuses, and stock compensation, and shall be structured to reflect responsibilities and results. However, in the event that the payment of a lump-sum payment, etc., relating to a commemorative event, ceremony, etc., occurs, such payment shall be determined separately by the Board of Directors.

ii) Compensation for Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall consist of monthly compensation only.

b) Directors serving as Audit and Supervisory Committee Members

Monthly compensation only shall be paid.

b. Policy for deciding the amount of individual compensation, etc. for monetary compensation (including policy for deciding the timing and terms for providing compensation, etc.)

a) Directors (excluding Directors serving as Audit and Supervisory Committee Members)

Monthly compensation shall be decided in accordance with each Director's position.

b) Directors serving as Audit and Supervisory Committee Members

Shall be decided through consultation among the Audit and Supervisory Committee Members taking into account their role, duties, etc.

c. Policy for deciding the calculation method for the details, amount or quantity of performance-linked compensation, etc. and non-monetary compensation (including policy for deciding the timing and terms for providing compensation, etc.)

a) Bonuses for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) shall be paid annually as cash bonuses at a determined time on the basis of an amount calculated in accordance with the degree of achievement of the key performance indicators (KPIs) for consolidated operating profit in each fiscal year; after comprehensively taking into account dividends, trends of other companies, our medium- to long-term business performance, the track record of past payments, etc., the Representative Directors shall prepare a draft compensation proposal and consult with the Outside Directors Advisory Committee on the appropriateness of the draft compensation proposal, and ultimately the Board of Directors shall make a decision respecting the committee's report.

b) For stock compensation, its share of common stock with restrictions on transfer shall be granted to Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) immediately after the commencement of applicable period.

d. Policy for deciding amounts of monetary compensation, performance-linked compensation, etc., or non-monetary

compensation, etc. as a ratio of individual Director compensation, etc.

The ratio of compensation by type for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) shall be structured such that performance-linked compensation and stock compensation are weighted more heavily as Director position ranks higher, using as a benchmark the level of compensation of companies with similar business scale and in related industries and business categories as those of the Company.

If the Board of the Directors decides or amends the ratio of compensation by type for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors), it shall first consult with the Outside Directors Advisory Committee regarding the appropriateness of the draft decision proposal, and shall respect the report from that committee.

Furthermore, the standard percentage of each type of compensation, etc. is described in the following table. (It assumes 100% achievement of KPIs.)

Position	Monthly compensation	Bonuses	Stock compensation
Representative Director	51%	34%	15%
Director	64%	27%	9%

e. Matters related to deciding the compensation, etc. of individual Directors (excluding Directors serving as Audit and Supervisory Committee Members)

In accordance with resolution by the Board of Directors, the specific details regarding the amount of compensation for each individual shall be delegated to President and Representative Director Teruhiko Mouri, and the content of this authority shall be the amount of monthly compensation, bonuses and stock compensation for each Director (excluding Directors serving as Audit and Supervisory Committee Members). The reason for delegating this authority is that Mr. Mouri is most familiar with the environment surrounding the Company group, the Company group's management situation, etc., and it was determined that he is able to comprehensively determine the amount of compensation for directors.

In order to ensure that the President and Representative Director exercises this authority appropriately, the Board of Directors consults with the non-statutory Outside Directors Advisory Committee consisting of Outside Directors to obtain a report on the draft. The delegated President and Representative Director above must determine the amount of compensation for individual Directors in accordance with the content of the report. In this way, the Board of Directors has deemed that the content thereof is in line with the above Decision Policy because measures are taken to ensure that decisions are not made arbitrarily and that authority is appropriately exercised.

(5) Shareholdings

(i) Criteria and concept for classification of investment securities

The Company does not hold any investment securities for pure investment purposes. For investment securities other than for pure investment purposes, the Company targets stocks that are expected to create business synergies for the purpose of maintaining and expanding medium- to long-term transactional relationships, and decides which stocks to hold in accordance with the basic policy to enhance our corporate value and contribute to the interests of shareholders, investors, and other stakeholders by holding these stocks. The Company's policy is to sell shares that are considered to have little need to be held as promptly as possible.

(ii) Investment securities held for purposes other than pure investment

1) Policy for holding shares, methods to verify the rationality of holding shares, and details of verification at the Board of Directors, etc. concerning the appropriateness of holding specific issues

While the new purchase, continued holdings, etc., for cross-shareholdings of the Company is in principle decided at the Board of Directors, decisions on holdings are assessed each year in accordance with the Cross-Shareholdings Management Regulations which describe the standards for decisions on cross-shareholdings, standards for decisions on exercise of voting rights and the decision flow for cross-shareholdings, etc. and the results of review on the appropriateness of continued holdings is reported by the Outside Officers Advisory Committee.

2) Number of issuers and amounts on the balance sheet

	Number of issuers	Total amount on the balance sheet (million yen)
Unlisted stocks	9	59
Other than unlisted stocks	19	4,605

(Increase in number of stocks in the current fiscal year)

	Number of issuers	Total amount of acquisition cost due to increase in stocks (million yen)	Reason for stock increase
Unlisted stocks	–	–	–
Other than unlisted stocks	4	0	Due to joining the client shareholding association, etc.

(Decrease in number of stocks in the current fiscal year)

	Number of issuers	Total amount of sales value due to decrease in stocks (million yen)
Unlisted stocks	–	–
Other than unlisted stocks	6	695

3) Information about the number of shares and the amount on the balance sheet for each stock name of specified investment shares and deemed shareholdings

Specified investment

Stock name	Current fiscal year Number of shares (shares) Balance sheet amount (million yen)	Previous fiscal year Number of shares (shares) Balance sheet amount (million yen)	Purpose of holding, overview of business alliance, etc., quantitative effect of holding (Note), and reason for increase in the number of shares held	Ownership of the Company's shares: Yes/No
ENEOS Holdings, Inc.	1,672,011 1,308	1,672,011 1,222	(Purpose of holding) The Company holds this company's shares continuously as it is the most important customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company.	Yes
Zeon Corporation	592,000 885	592,000 782	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company.	Yes
NIPPON SHOKUBAI CO., LTD.	348,800 607	87,200 511	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company. (Reason for increase in the number of shares held) The number of shares held increased due to stock split.	Yes
SHIONOGI & CO., LTD.	123,000 276	41,000 317	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company. (Reason for increase in the number of shares held) The number of shares held increased due to stock split.	No
ADEKA Corporation	93,832 252	93,831 302	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company. (Reason for increase in the number of shares held) The number of shares held increased due to dividend reinvestment, etc. through the client shareholding association.	No
MEISEI INDUSTRIAL CO., LTD.	188,000 243	188,000 246	(Purpose of holding) The Company holds this company's shares continuously as it is a subcontractor in the execution of construction work of the Company, and in order to maintain and enhance the business partnership with the said company.	Yes
Takeda Pharmaceutical Company Limited	40,500 178	40,500 169	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said	No

Stock name	Current fiscal year	Previous fiscal year	Purpose of holding, overview of business alliance, etc., quantitative effect of holding (Note), and reason for increase in the number of shares held	Ownership of the Company's shares: Yes/No
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (million yen)	Balance sheet amount (million yen)		
			company.	

Stock name	Current fiscal year Number of shares (shares) Balance sheet amount (million yen)	Previous fiscal year Number of shares (shares) Balance sheet amount (million yen)	Purpose of holding, overview of business alliance, etc., quantitative effect of holding (Note), and reason for increase in the number of shares held	Ownership of the Company's shares: Yes/No
Cosmo Energy Holdings Co., Ltd.	24,615 157	24,615 188	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company.	No
Hokuetsu Corporation	100,000 122	100,000 192	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company.	No
NICHIAS Corporation	25,000 115	25,000 101	(Purpose of holding) The Company holds this company's shares continuously as it is a subcontractor in the execution of construction work of the Company, and in order to maintain and enhance the business partnership with the said company.	Yes

Stock name	Current fiscal year Number of shares (shares) Balance sheet amount (million yen)	Previous fiscal year Number of shares (shares) Balance sheet amount (million yen)	Purpose of holding, overview of business alliance, etc., quantitative effect of holding (Note), and reason for increase in the number of shares held	Ownership of the Company's shares: Yes/No
HISAKA WORKS, LTD.	104,000 102	104,000 105	(Purpose of holding) The Company holds this company's shares continuously as it is a subcontractor in the execution of construction work of the Company, and in order to maintain and enhance the business partnership with the said company.	Yes
Sato Foods Industries Co., Ltd.	42,100 98	195,500 390	(Purpose of holding) The Company had held this company's shares as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company; however, the Company sold a portion of its holdings during the current fiscal year.	Yes
FUJI OIL HOLDINGS INC.	29,172 89	29,166 69	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company. (Reason for increase in the number of shares held) The number of shares held increased due to dividend reinvestment, etc. through the client shareholding association.	No
Hodogaya Chemical Co., Ltd.	41,000 64	20,500 74	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company. (Reason for increase in the number of shares held) The number of shares held increased due to stock split.	No
Tosoh Corporation	27,500 56	27,500 56	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company.	No
JAPAN INSULATION CO., LTD.	21,700 20	21,700 22	(Purpose of holding) The Company holds this company's shares continuously as it is a subcontractor in the execution of construction work of the Company, and in order to maintain and enhance the business partnership with the said company.	Yes
Asahi Kasei Corp.	13,308 13	13,308 14	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company.	No

Stock name	Current fiscal year Number of shares (shares) Balance sheet amount (million yen)	Previous fiscal year Number of shares (shares) Balance sheet amount (million yen)	Purpose of holding, overview of business alliance, etc., quantitative effect of holding (Note), and reason for increase in the number of shares held	Ownership of the Company's shares: Yes/No
KANEKA CORPORATION	2,116 8	2,116 8	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company.	No
JFE Holdings, Inc.	3,400 6	3,400 8	(Purpose of holding) The Company holds this company's shares continuously as it is a customer in the Company's engineering work, and in order to maintain and enhance the business partnership with the said company.	No
Nippon Seiro Co., Ltd.	– –	200,000 34	The Company had held this company's shares in order to maintain and enhance the business partnership with the said company; however, the Company sold all of its holdings during the current fiscal year.	No
OSAKA ORGANIC CHEMICAL INDUSTRY LTD.	– –	50,000 158	The Company had held this company's shares in order to maintain and enhance the business partnership with the said company; however, the Company sold all of its holdings during the current fiscal year.	No

Stock name	Current fiscal year Number of shares (shares) Balance sheet amount (million yen)	Previous fiscal year Number of shares (shares) Balance sheet amount (million yen)	Purpose of holding, overview of business alliance, etc., quantitative effect of holding (Note), and reason for increase in the number of shares held	Ownership of the Company's shares: Yes/No
RIKEN VITAMIN CO., LTD.	– –	42,000 108	The Company had held this company's shares in order to maintain and enhance the business partnership with the said company; however, the Company sold all of its holdings during the current fiscal year.	No
Daiichi Sankyo Co., Ltd.	– –	9,039 43	The Company had held this company's shares in order to maintain and enhance the business partnership with the said company; however, the Company sold all of its holdings during the current fiscal year.	No
DIC Corporation	– –	5,300 15	The Company had held this company's shares in order to maintain and enhance the business partnership with the said company; however, the Company sold all of its holdings during the current fiscal year.	No

(Note) Quantitative effect of holding is not stated as it relates to trade secrets between the Company and its business partners. The Company has confirmed quantitative effect of holding by comprehensively judging the significance of shareholdings in terms of management strategy and the relationships among business sites, and other factors, in addition to factors such as dividends and transaction amounts, in light of the capital costs.

Deemed Shareholdings

Not applicable.

(iii) Investment securities held solely for investment purpose

Not applicable.

(iv) Investment securities reclassified from held solely for investment purpose to held for purposes other than pure investment in the current fiscal year

Stock name	Number of shares (shares)	Balance sheet amount (million yen)	Fiscal year in which investment purpose was changed	Reason for change in investment purpose and policy on holding or sale after change
–	–	–	–	–

(v) Equity securities reclassified from held for purposes other than pure investment to held solely for investment purpose in the four fiscal years preceding the current fiscal year and the current fiscal year

Stock name	Number of shares (shares)	Balance sheet amount (million yen)	Fiscal year in which investment purpose was changed	Reason for change in investment purpose and policy on holding or sale after change
–	–	–	–	–

V. Financial Information

1 Preparation Methods of Consolidated Financial Statements and Financial Statements

(1) The Consolidated Financial Statements of RAIZNEXT Corporation (the "Company") are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976) and prepared in accordance with the "Regulation for Enforcement of the Construction Business Act" (Ministry of Construction Order No. 14 of 1949).

(2) The Company's Financial Statements are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963) and prepared in accordance with the "Regulation for Enforcement of the Construction Business Act" (Ministry of Construction Order No. 14 of 1949).

2 Audit Certification

The Company's Consolidated Financial Statements for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) and the Financial Statements for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) have been audited by Ernst & Young ShinNihon LLC pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

i. Consolidated Balance Sheet

(Unit: Million yen)

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	12,492	3,575
Notes receivable, accounts receivable from completed construction contracts and contract assets	Note 1 67,832	Note 1 80,979
Electronically recorded monetary claims - operating	1,192	1,012
Costs on construction contracts in progress	Note 2 1,061	Note 2 799
Other	1,492	947
Allowance for doubtful accounts	(2)	–
Total current assets	84,069	87,315
Non-current assets		
Property, plant and equipment		
Buildings and structures	Note 3 11,870	14,012
Accumulated depreciation	(6,236)	(6,568)
Buildings and structures, net	5,633	7,443
Machinery, equipment and vehicles	5,132	5,198
Accumulated depreciation	(4,229)	(4,237)
Machinery, equipment and vehicles, net	902	960
Tools, furniture and fixtures	2,073	2,173
Accumulated depreciation	(1,657)	(1,480)
Tools, furniture and fixtures, net	416	692
Land	Note 3 9,418	8,806
Leased assets	174	263
Accumulated depreciation	(94)	(158)
Leased assets, net	80	105
Construction in progress	985	471
Total property, plant and equipment	17,437	18,480
Intangible assets		
Other	1,883	1,684
Total intangible assets	1,883	1,684
Investments and other assets		
Investment securities	5,252	4,711
Shares of subsidiaries and associates	Note 5 736	Note 5 736
Long-term prepaid expenses	20	9
Deferred tax assets	1,004	1,653
Other	506	775
Allowance for doubtful accounts	(166)	(170)
Total investments and other assets	7,355	7,716
Total non-current assets	26,676	27,881
Total assets	110,746	115,196

(Unit: Million yen)

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	14,011	14,083
Electronically recorded obligations - operating	165	132
Short-term borrowings	Notes 3, 4 0	Note 4 1,500
Income taxes payable	1,655	2,460
Advances received on construction contracts in progress	266	611
Provision for loss on construction contracts	Note 2 581	Note 2 656
Provision for warranties for completed construction	185	168
Provision for bonuses	1,945	2,402
Provision for bonuses for directors (and other officers)	30	34
Other	4,522	4,365
Total current liabilities	23,364	26,414
Non-current liabilities		
Deferred tax liabilities	93	129
Provision for retirement benefits for directors (and other officers)	4	1
Retirement benefit liability	2,949	2,817
Other	211	178
Total non-current liabilities	3,258	3,127
Total liabilities	26,622	29,541
Net assets		
Shareholders' equity		
Share capital	2,754	2,754
Capital surplus	11,839	11,687
Retained earnings	67,390	68,007
Treasury shares	(1,833)	(434)
Total shareholders' equity	80,151	82,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,910	1,721
Deferred gains or losses on hedges	3	15
Foreign currency translation adjustment	116	158
Remeasurements of defined benefit plans	1,094	1,135
Total accumulated other comprehensive income	3,124	3,031
Non-controlling interests	847	608
Total net assets	84,123	85,654
Total liabilities and net assets	110,746	115,196

ii. Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Net sales of completed construction contracts	Note 1 140,366	Note 1 157,371
Cost of sales of completed construction contracts	Note 2 123,164	Note 2 138,445
Gross profit on completed construction contracts	17,201	18,926
Selling, general and administrative expenses	Note 3 7,232	Note 3 8,067
Operating profit	9,968	10,858
Non-operating income		
Interest income	9	7
Dividend income	167	203
Reversal of allowance for doubtful accounts	0	–
Rental income	88	36
Foreign exchange gains	35	3
Other	38	44
Total non-operating income	340	294
Non-operating expenses		
Interest expenses	10	29
Provision of allowance for doubtful accounts	–	1
Rental expenses	10	–
Compensation expenses	4	–
Other	22	26
Total non-operating expenses	48	58
Ordinary profit	10,261	11,094
Extraordinary income		
Gain on sale of non-current assets	Note 4 262	Note 4 65
Gain on sale of investment securities	81	428
Total extraordinary income	344	494
Extraordinary losses		
Loss on sale of non-current assets	Note 5 1	Note 5 9
Loss on retirement of non-current assets	Note 6 36	Note 6 93
Impairment losses	90	–
Loss on sale of investment securities	0	–
Other	0	–
Total extraordinary losses	128	103
Profit before income taxes	10,477	11,485
Income taxes - current	3,295	3,908
Income taxes - deferred	(127)	(579)
Total income taxes	3,167	3,328
Profit	7,309	8,156
Profit attributable to non-controlling interests	60	55
Profit attributable to owners of parent	7,249	8,100

Consolidated Statement of Comprehensive Income

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Profit	7,309	8,156
Other comprehensive income		
Valuation difference on available-for-sale securities	749	(190)
Deferred gains or losses on hedges	3	12
Foreign currency translation adjustment	88	42
Remeasurements of defined benefit plans, net of tax	(31)	40
Total other comprehensive income	Note 1 808	Note 1 (95)
Comprehensive income	8,117	8,061
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,055	8,007
Comprehensive income attributable to non-controlling interests	62	54

iii. Consolidated Statement of Changes in Net Assets

Previous FY (from April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,754	11,845	65,660	(101)	80,158
Changes during period					
Dividends of surplus			(5,519)		(5,519)
Profit attributable to owners of parent			7,249		7,249
Purchase of treasury shares				(1,791)	(1,791)
Disposal of treasury shares		(5)		59	54
Net changes in items other than shareholders' equity					–
Total changes during period	–	(5)	1,730	(1,732)	(7)
Balance at end of period	2,754	11,839	67,390	(1,833)	80,151

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,163	–	28	1,126	2,318	806	83,283
Changes during period							
Dividends of surplus					–		(5,519)
Profit attributable to owners of parent					–		7,249
Purchase of treasury shares					–		(1,791)
Disposal of treasury shares					–		54
Net changes in items other than shareholders' equity	746	3	88	(31)	806	41	847
Total changes during period	746	3	88	(31)	806	41	840
Balance at end of period	1,910	3	116	1,094	3,124	847	84,123

Current FY (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,754	11,839	67,390	(1,833)	80,151
Changes during period					
Dividends of surplus			(7,483)		(7,483)
Profit attributable to owners of parent			8,100		8,100
Purchase of treasury shares				(18)	(18)
Disposal of treasury shares		(152)		1,417	1,265
Net changes in items other than shareholders' equity					–
Total changes during period	–	(152)	617	1,399	1,863
Balance at end of period	2,754	11,687	68,007	(434)	82,015

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,910	3	116	1,094	3,124	847	84,123
Changes during period							
Dividends of surplus					–		(7,483)
Profit attributable to owners of parent					–		8,100
Purchase of treasury shares					–		(18)
Disposal of treasury shares					–		1,265
Net changes in items other than shareholders' equity	(188)	12	42	40	(93)	(239)	(332)
Total changes during period	(188)	12	42	40	(93)	(239)	1,531
Balance at end of period	1,721	15	158	1,135	3,031	608	85,654

iv. Consolidated Statement of Cash Flows

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	10,477	11,485
Depreciation	966	1,226
Amortization of goodwill	27	27
Share-based payment expenses	–	1,247
Increase (decrease) in allowance for doubtful accounts	(0)	1
Increase (decrease) in provision for warranties for completed construction	12	(17)
Increase (decrease) in provision for loss on construction contracts	225	75
Increase (decrease) in provision for bonuses	(162)	457
Increase (decrease) in provision for bonuses for directors (and other officers)	17	3
Increase (decrease) in retirement benefit liability	153	(45)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(2)	(3)
Interest and dividend income	(177)	(210)
Interest expenses and loss on sale of notes receivable - trade	10	29
Foreign exchange losses (gains)	(11)	(3)
Loss (gain) on sale of non-current assets	(261)	(56)
Loss (gain) on sale of investment securities	(81)	(428)
Loss on retirement of non-current assets	36	93
Decrease (increase) in trade receivables	1,053	(12,945)
Decrease (increase) in costs on construction contracts in progress	311	262
Increase (decrease) in trade payables	(1,533)	31
Increase (decrease) in advances received on construction contracts in progress	127	341
Increase (decrease) in accrued consumption taxes	(3,650)	857
Other, net	(627)	444
Subtotal	6,910	2,874
Interest and dividends received	177	210
Interest paid	(10)	(29)
Income taxes paid	(3,512)	(3,162)
Net cash provided by (used in) operating activities	3,565	(107)
Cash flows from investing activities		
Payments into long-term time deposits	(2)	–
Proceeds from withdrawal of long-term time deposits	–	46
Purchase of property, plant and equipment and intangible assets	(2,548)	(3,453)
Proceeds from sale of property, plant and equipment and intangible assets	575	686
Purchase of investment securities	(5)	(0)
Proceeds from sale of investment securities	182	695
Other, net	59	(277)
Net cash provided by (used in) investing activities	(1,738)	(2,304)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	1,500
Repayments of long-term borrowings	(9)	(0)
Purchase of treasury shares	(1,791)	(0)
Dividends paid	(5,343)	(7,650)
Dividends paid to non-controlling interests	(20)	(293)
Other, net	(15)	(44)

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Net cash provided by (used in) financing activities	(7,181)	(6,490)
Effect of exchange rate change on cash and cash equivalents	41	31
Net increase (decrease) in cash and cash equivalents	(5,312)	(8,870)
Cash and cash equivalents at beginning of period	17,758	12,446
Cash and cash equivalents at end of period	Note 1 12,446	Note 1 3,575

Notes to Consolidated Financial Statements

(Significant matters that serve as the basis for preparation of the consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 8

Names of consolidated subsidiaries:

RAIZNEXT Sogo Service Co., Ltd.

SMS Co., Ltd.

Tokai Engineering & Construction Co., Ltd.

RAIZAQT Co., Ltd.

Kounan Tsusho Co., Ltd.

Keihin Kako Co., Ltd

Kashima Engineering Co., Ltd

PT. SHINKO PLANTECH

Toshin Seisakusyo Co., Ltd., the Company's consolidated subsidiary, merged with Ikeda Kiko Co., Ltd. during the current fiscal year. As a result, Ikeda Kiko Co., Ltd. was excluded from the scope of consolidation from the current fiscal year. Further, Toshin Seisakusyo Co., Ltd. has changed its name to RAIZAQT Co., Ltd.

Since this is a merger between wholly owned subsidiaries of the Company, the impact of the merger on the consolidated financial results of the Company is immaterial.

2. Application of equity method

Names, etc. of affiliated companies not accounted for by the equity method

Number of affiliated companies: 4

Names of main companies:

Ibaraki Nikko Kensetsu Co., Ltd.

JX Nippon Mining & Metals Plant Saganoseki Co., Ltd.

FUTABA MANUFACTURING CO., LTD.

Saikai Engineering Services Co., Ltd.

Reason for exclusion from the scope of consolidation

The affiliated companies not accounted for by the equity method are excluded from the scope of consolidation as the impact of excluding each of them in terms of profit (amount corresponding to equity) and retained earnings (amount corresponding to equity), etc. is minimal on the consolidated financial statements, and their overall materiality is insignificant.

3. Fiscal years, etc. of consolidated subsidiaries

The consolidated subsidiary PT. SHINKO PLANTECH has its closing date on December 31, and RAIZNEXT Sogo Service Co., Ltd., SMS Co., Ltd., Tokai Engineering & Construction Co., Ltd., RAIZAQT Co., Ltd., Kounan Tsusho Co., Ltd., Keihin Kako Co., Ltd, and Kashima Engineering Co., Ltd have their closing date on March 31. In preparing the consolidated financial statements, financial statements for the individual companies as of their closing dates are used. Adjustments necessary for consolidation are made for material transactions that occurred from the next day of such closing dates to March 31, the consolidated closing date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

a) Securities

Bonds held to maturity

Stated at amortized cost (straight-line method)

Other securities

Securities other than shares, etc. without a market price

Market value method based on the market price, etc. on the closing date

(Valuation differences are reported directly as a component of net assets and the cost of securities sold is calculated using the moving average method)

Shares, etc. without a market price

Stated at cost using the moving average method

b) Derivative transactions

Stated at market value

c) Inventory assets

Costs on construction contracts in progress

Stated at cost using the specific identification method

(2) Depreciation and amortization methods for significant assets

a) Property, plant and equipment (excluding leased assets)

Declining balance method is applied. However, the straight-line method is applied to buildings (excluding their attached facilities), as well as facilities attached to buildings and structures acquired on or after April 1, 2016.

The principal useful lives of property, plant and equipment are as follows:

Buildings and structures	2 to 55 years
Machinery, equipment and vehicles	2 to 12 years

b) Intangible assets (excluding leased assets)

Straight-line method is applied.

In addition, straight-line method is applied based on the estimated useful life within the Company (5 years) for software for internal use.

c) Leased assets

Leased assets from finance lease transactions where ownership is not transferred

Leased assets from finance lease transactions where ownership is not transferred are depreciated by the straight-line method over the lease terms with no residual value.

(3) Accounting standards for significant allowance and provisions

a) Allowance for doubtful accounts

To prepare for potential credit losses from accounts receivable such as completed construction contracts, allowance for doubtful accounts is recorded based on past experience for general receivables and on an estimated uncollectable amount for specific doubtful receivables where individual recoverability is considered.

b) Provision for loss on construction contracts

To prepare for potential losses on construction contracts, potential losses on undelivered construction works at the end of the current fiscal year are estimated and recorded where the amount of the construction can be reasonably estimated.

c) Provision for warranties for completed construction

To prepare for potential expenses arising from guarantee for defects, etc. related to completed construction, aside from the amount based on past results of construction expenses for warranties to net sales of completed construction contracts in the past fiscal years, the estimated amount for specific construction work is recorded where construction expenses for warranties are anticipated to occur.

d) Provision for bonuses

To provide for the payment of bonuses for employees, the estimated payment amount for the current fiscal year is recorded.

e) Provision for bonuses for directors (and other officers)

For consolidated subsidiaries, to provide for the payment of directors' bonuses, the estimated payment amount for the current fiscal year is recorded.

f) Provision for retirement benefits for directors (and other officers)

For consolidated subsidiaries, to prepare for the payment of retirement benefits for directors and other officers, the amount payable at the end of the fiscal year is recorded in accordance with internal rules.

(4) Accounting treatment for retirement benefits

(i) Method for attributing estimated retirement benefits into periods

To calculate retirement benefit obligations, the straight-line attribution method is used to allocate the estimated retirement benefits to the period up to the end of the current fiscal year.

(ii) Actuarial difference and treatment for past service costs

Past service costs are recognized by the straight-line method over a certain period within the average remaining service period of employees (5 years) at the time of its occurrence.

The resulted actuarial differences are each recognized in the following fiscal year by the straight-line method over a certain period within the average remaining service period of employees (1 to 11 years) at the time of its occurrence.

(5) Accounting standards for significant revenue and expenses

Main performance obligations in the principal businesses related to revenue arising from contracts with customers

(i) Maintenance business

In terms of the maintenance business, the Company and its consolidated subsidiaries provide routine maintenance work and regular repair work for customers' plants.

(ii) Engineering business

In terms of the engineering business, the Company and its consolidated subsidiaries provide plant construction work as well as remodeling and renovation work.

Timing when performance obligations related to revenue arising from contracts with customers are typically satisfied

(i) Construction work where the progress of the fulfillment of performance obligations can be reasonably estimated

Performance obligations are deemed satisfied over a certain period and revenue is recognized in reference to the progress related to the fulfillment of the performance obligations. The progress is measured by comparing the accumulated amount of costs incurred by the end of the current fiscal year with the estimated total costs until the construction is completed (input method).

(ii) Construction work where the progress of the fulfillment of performance obligations cannot be reasonably estimated

Cost recovery method

(iii) Maintenance work where the construction period is short

Revenue is recognized at the time when the performance obligations are fully satisfied.

(6) Hedge accounting

(i) Hedge accounting

Deferred hedge accounting is applied.

However, the shortcut method ("*furiate-shori*") is applied to forward exchange transactions that satisfy the criteria thereof.

(ii) Hedging instruments and hedged items

Hedging instruments	Forward exchange transactions
Hedged items	Forward transactions denominated in foreign currencies

(iii) Hedging policies

Based on the Company's internal control system regulating derivative transactions, derivative transactions are conducted to hedge the risks of fluctuating exchange rates of forward transactions denominated in foreign currencies.

(iv) Assessment of hedge effectiveness

For forward exchange transactions, as the hedging instruments and hedged items involve the same currencies and with the same due dates, the assessment of their hedge effectiveness is omitted.

(7) Standards for converting assets and liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the consolidated balance sheet date, with translation differences recognized as gains or losses.

Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate on the date of account settlement,

while revenues and expenses are translated into yen at the average exchange rate during the period, with translation differences included in foreign currency translation adjustments and non-controlling interests in net assets.

(8) Amortization method and period of goodwill

Goodwill is amortized over 8 years by the straight-line method.

(9) Scope of funds in the consolidated statement of cash flows

The scope of funds consists of cash on hand, readily available deposits that can be withdrawn at any time, and short-term investments which can be readily convertible to cash or cash equivalents with maturities of three months or less from the date of acquisition and bear only an insignificant risk of changes in value.

(Significant accounting estimates)

1. Estimates of total construction cost in applying the method where revenue is recognized as performance obligations are satisfied over time

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

(million yen)

	Previous FY	Current FY
Net sales of completed construction contracts	140,366	157,371
Net sales of completed construction contracts where revenue is recognized as performance obligations are satisfied over time included in net sales of completed construction contracts	32,663	45,901
As of the end of the fiscal year, net sales of completed construction contracts related to ongoing projects	12,386	22,371

(2) Information related to significant accounting estimates pertaining to identified items

(i) Calculation method

Revenue from specific construction contracts that satisfy certain criteria is recorded in accordance with the progress of such construction contracts as of the end of the current fiscal year. The progress is measured by comparing accumulated amount of costs incurred at the end of the current fiscal year with the estimated total cost until the construction is completed (input method).

(ii) Key assumptions

Estimated total cost is measured for each contract based on various information such as the content of the construction contracts, required specifications, local circumstances, and actual costs incurred in similar contracts in the past and calculated using assumptions such as the price and quantity of required materials and equipment and labor hours.

(iii) Impact on consolidated financial statements for the following fiscal year

As these specific contracts are relatively long-term contracts, the estimated total cost may change due to changes in the environment during the construction process, such as higher than expected prices of equipment and materials due to market trends or exchange rate fluctuations, as well as a shortage of construction personnel such as construction supervisors and construction workers due to delays in the work process or the occurrence of unexpected events.

Although the estimates are made in line with latest information at the time of recording, if the actual results deviate from the estimates due to future changes in circumstances, it may have an impact on operating results of the Company group.

(Changes in accounting policies, etc.)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter, the "Revised Accounting Standard 2022"), etc. from the beginning of the current fiscal year.

With regard to the revisions concerning categories in which income taxes should be recorded (taxes on other comprehensive income), the Company has applied the transitional treatment provided in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment provided in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "Revised Guidance 2022"). This change in accounting policies has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies are deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of the current fiscal year. This change in accounting policies has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been restated accordingly. This change in accounting policies has no impact on the consolidated financial statements for the fiscal year ended March 31, 2024.

(Accounting standards not yet applied, etc.)

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

As part of its efforts to align Japanese GAAP with international standards, the Accounting Standards Board of Japan (ASBJ) has been discussing the development of a lease accounting standard that would require lessees to recognize assets and liabilities for all leases, in line with international standards. As a basic policy, the ASBJ has adopted the single accounting model of IFRS 16, but instead of incorporating all of its provisions, it has included only the key provisions. Accordingly, the new accounting standard was issued with the aim of creating a simple and practical framework that generally does not require any adjustments when the provisions of IFRS 16 are applied to non-consolidated financial statements.

Regarding lessees' accounting treatment, a single accounting model is applied to the allocation of lease expenses, in the same manner as IFRS 16. Lessees are required to recognize depreciation on right-of-use assets and interest expense on lease liabilities for all leases, regardless of whether the lease is a finance or an operating lease.

(2) Planned date of application

To be applied at the beginning of the fiscal year ending March 31, 2028.

(3) Impact of the application of such accounting standards, etc.

The impact amount is still under evaluation at the time of the preparation of the consolidated financial statements.

(Changes in presentation)

(Consolidated statement of income)

Effective from the current fiscal year, “Selling, general and administrative expenses,” which had been separately presented by expense item, is now collectively presented as “Selling, general and administrative expenses” to enhance the presentation and clarity in the consolidated statement of income.

The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

The major items and amounts of selling, general and administrative expenses for the previous and current fiscal years are as stated in “Notes to Consolidated Financial Statements (Consolidated statement of income).”

(Consolidated balance sheet)

Note 1 Presentation of notes receivable, accounts receivable from completed construction contracts and contract assets

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Notes receivable	16 million yen	35 million yen
Accounts receivable from completed construction contracts	44,920 million yen	56,800 million yen
Contract assets	22,895 million yen	24,143 million yen

Note 2 Presentation of costs on construction contracts in progress and provision for loss on construction contracts

(Previous fiscal year)

For construction contracts where losses are expected, costs on construction contracts in progress and provision for loss on construction contracts are presented separately without offsetting.

For costs on construction contracts in progress of construction contracts where losses are expected, there is no corresponding amount of provision for loss on construction contracts.

(Current fiscal year)

For construction contracts where losses are expected, costs on construction contracts in progress and provision for loss on construction contracts are presented separately without offsetting.

For costs on construction contracts in progress of construction contracts where losses are expected, there is no corresponding amount of provision for loss on construction contracts.

Note 3 Assets pledged as collateral and collateral liabilities

Assets pledged as collateral

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Buildings	44 million yen	– million yen
Land	220 million yen	– million yen
Total	265 million yen	– million yen

Liabilities secured by the collateral

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Short-term borrowings (including the current portion of long-term borrowings)	0 million yen	– million yen

Note 4 The Company has entered into syndication-type committed line of credit contracts with five correspondent banks to efficiently procure working capital.

The balance of unused credit under such committed line of credit contracts is as follows:

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Lines of credit	4,000 million yen	4,000 million yen
Credit utilized	– million yen	– million yen
Available credit	4,000 million yen	4,000 million yen

Note 5 Notes on non-consolidated subsidiaries and affiliated companies

Current FY (As of March 31, 2025)

Shares of subsidiaries and associates 736 million yen

(Consolidated statement of income)

Note 1 Revenue from contracts with customers

For net sales, revenue arising from contracts with customers and revenue from other sources are not presented separately. The amount of revenue arising from contracts with customers is disclosed in the Consolidated Financial Statements, “Notes to Consolidated Financial Statements (Revenue recognition)”.

Note 2 The amount of provision for loss on construction contracts included in cost of sales of completed construction contracts is as follows:

Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
520 million yen	1,741 million yen

Note 3 Major items and amounts of selling, general and administrative expenses are as follows:

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Provision for bonuses for directors (and other officers)	26 million yen	30 million yen
Employees' salaries and allowances	1,437 million yen	1,628 million yen
Provision for bonuses	353 million yen	442 million yen
Provision for retirement benefits for directors (and other officers)	0 million yen	0 million yen
Retirement benefit expenses	47 million yen	56 million yen
Miscellaneous expenses	906 million yen	1,007 million yen

Research and development expenses included in administrative expenses are as follows:

Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
77 million yen	85 million yen

Note 4 Breakdown of gain on sale of non-current assets is as follows:

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Buildings and structures	250 million yen	– million yen
Machinery, equipment and vehicles	7 million yen	1 million yen
Tools, furniture and fixtures	0 million yen	– million yen
Land	4 million yen	64 million yen
Total	262 million yen	65 million yen

Note 5 Breakdown of loss on sale of non-current assets is as follows:

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Buildings and structures	1 million yen	0 million yen
Machinery, equipment and vehicles	0 million yen	9 million yen
Tools, furniture and fixtures	– million yen	0 million yen
Total	1 million yen	9 million yen

Note 6 Breakdown of loss on retirement of non-current assets is as follows:

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Buildings and structures	11 million yen	80 million yen

Machinery, equipment and vehicles	0 million yen	1 million yen
Tools, furniture and fixtures	0 million yen	0 million yen
Telephone subscription right	23 million yen	5 million yen
Software	0 million yen	6 million yen
Total	36 million yen	93 million yen

(Consolidated statement of comprehensive income)

Note 1 Reclassification adjustments, income taxes and tax effect related to other comprehensive income

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Valuation difference on available-for-sale securities		
Amounts arising during period	1,082 million yen	152 million yen
Reclassification adjustment	– million yen	(428) million yen
Before income taxes and tax effect	1,082 million yen	(275) million yen
Income taxes and tax effect	(332) million yen	85 million yen
Valuation difference on available-for-sale securities	749 million yen	(190) million yen
Deferred gains or losses on hedges		
Amounts arising during period	4 million yen	(0) million yen
Reclassification adjustment	– million yen	18 million yen
Before income taxes and tax effect	4 million yen	17 million yen
Income taxes and tax effect	(1) million yen	(5) million yen
Deferred gains or losses on hedges	3 million yen	12 million yen
Foreign currency translation adjustment		
Amounts arising during period	88 million yen	42 million yen
Remeasurements of defined benefit plans, net of tax		
Amounts arising during period	332 million yen	579 million yen
Reclassification adjustment	(382) million yen	(493) million yen
Before income taxes and tax effect	(49) million yen	85 million yen
Income taxes and tax effect	17 million yen	(45) million yen
Remeasurements of defined benefit plans, net of tax	(31) million yen	40 million yen
Total other comprehensive income	808 million yen	(95) million yen

(Consolidated statement of changes in net assets)

Previous FY (from April 1, 2023 to March 31, 2024)

1 Matters related to issued shares

Type of shares	At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year
Common shares (shares)	54,168,053	–	–	54,168,053

2 Matters related to treasury shares

Type of shares	At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year
Common shares (shares)	68,927	856,508	40,422	885,013

(Overview of reason for change)

Purchase of treasury shares by resolution of the Board of Directors on December 1, 2023: 144,800 shares

Purchase of treasury shares by resolution of the Board of Directors on February 9, 2024: 711,300 shares

Increase due to purchase of shares less than one unit: 408 shares

Decrease due to disposal of treasury shares as restricted stock compensation: 40,422 shares

3 Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total dividend amount (million yen)	Dividend paid per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 27, 2023	Common shares	3,895	72	March 31, 2023	June 28, 2023
Board of Directors meeting held on November 10, 2023	Common shares	1,624	30	September 30, 2023	December 6, 2023

(2) Dividends with a record date during the fiscal year, but an effective date during the following fiscal year

Resolution	Type of shares	Source of dividends	Total dividend amount (million yen)	Dividend paid per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2024	Common shares	Retained earnings	5,594	105	March 31, 2024	June 26, 2024

(Note) The dividend paid per share of 105 yen includes a commemorative dividend of 65 yen per share for the fifth anniversary of the business integration.

Current FY (from April 1, 2024 to March 31, 2025)

1 Matters related to issued shares

Type of shares	At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year
Common shares (shares)	54,168,053	–	–	54,168,053

2 Matters related to treasury shares

Type of shares	At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year
Common shares (shares)	885,013	8,186	684,476	208,723

(Overview of reason for change)

Increase due to purchase of shares less than one unit: 503 shares

Increase due to acquisition of treasury shares without consideration under the restricted stock compensation plan: 7,683 shares

Decrease due to disposal of treasury shares as restricted stock compensation: 40,392 shares

Decrease due to disposal of treasury shares as restricted stock incentive for the employee shareholding association: 644,084

shares

3 Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total dividend amount (million yen)	Dividend paid per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2024	Common shares	5,594	105	March 31, 2024	June 26, 2024
Board of Directors meeting held on November 8, 2024	Common shares	1,889	35	September 30, 2024	December 6, 2024

(Note) The dividend paid per share of 105 yen includes a commemorative dividend of 65 yen per share for the fifth anniversary of the business integration .

(2) Dividends with a record date during the fiscal year, but an effective date during the following fiscal year

The Company plans to submit the following proposal to the Annual General Meeting of Shareholders to be held on June 25, 2025.

Resolution	Type of shares	Source of dividends	Total dividend amount (million yen)	Dividend paid per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2025	Common shares	Retained earnings	3,021	56	March 31, 2025	June 26, 2025

(Consolidated statement of cash flows)

Note 1 Reconciliations between cash and cash equivalents at end of period and the amounts of items in the consolidated balance sheet

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Cash and deposits	12,492 million yen	3,575 million yen
Time deposits with maturities of more than three months	(46) million yen	– million yen
Cash and cash equivalents	12,446 million yen	3,575 million yen

(Financial instruments)

1. Matters related to the status of financial instruments

(1) Policy for financial instruments

The Company group determines the demand for funds in accordance with the business plan and the capital investment plan, and raises necessary capital through bank loans. The Company's policy is to invest its temporary surplus funds in highly secure financial assets, and, in principle, does not engage in high-risk or speculative derivative transactions.

(2) Contents and risks of financial instruments

Notes receivable, accounts receivable from completed construction contracts and electronically recorded monetary claims - operating are trade receivables, which are exposed to customer credit risk. Investment securities and shares of subsidiaries and associates mainly comprise bonds held to maturity and stocks of companies with which the Company group has business partnerships, and are subject to market price fluctuation risk.

Most notes payable, accounts payable for construction contracts, electronically recorded obligations - operating and income taxes payable are trade liabilities due within one year. Although some of these liabilities are denominated in foreign currencies for settlements at overseas branches, etc., and exposed to foreign exchange rate fluctuation risk, amounts are constantly maintained to be within the scope of accounts receivable that are denominated in the same foreign currencies. Borrowings are to procure funding for equipment and operating capital for the reporting company, and the repayment date is a maximum one month from the end of the fiscal year.

Derivative transactions are forward exchange transactions used to hedge the risk of foreign exchange rate fluctuations associated with forward transactions denominated in foreign currencies.

(3) Risk management system related to financial instruments

(i) Management of credit risk (risks related to breach of contract with business partners)

The Company manages closing dates and balances of trade partners of each division in accordance with the credit management rules related to trade receivables to ensure early identification and mitigation of potential doubtful recoveries associated with the deterioration of their financial position. Similar management is conducted at consolidated subsidiaries in accordance with the Company's claim management rules.

For bonds held to maturity, investment is restricted to highly rated debt securities solely based on the Company's capital management rules, and the credit risk of these investments is minimal.

The maximum risk amount as of the consolidated closing date of the current fiscal year has been represented as the balance sheet amount of financial assets subject to credit risk.

(ii) Management of market risks (risks associated with changes in exchange and interest rates)

The Company and some of its consolidated subsidiaries determine and enter into forward exchange contracts, etc., for trade receivables and payables denominated in foreign currencies to hedge against the fluctuation risks in foreign currency exchange rates which are monitored on a monthly basis and according to each currency.

In terms of investment securities and shares of subsidiaries and associates, fair value and the financial conditions of the issuing companies (business partners) are monitored on a regular basis, and the holding status of securities classified in categories other than bonds held to maturity are continuously reviewed in consideration of the relationship with business partners.

When engaging in derivative transactions, the Company ensures that they are conducted in strict accordance with internal management rules that stipulate authority and amount limits for transactions.

(iii) Management of liquidity risk (risk of not being able to execute payment on payment date)

The Company manages liquidity risk by having the Accounting Department prepare and update a cash flow management plan as appropriate based on the reports by respective departments, and by entering into committed line of credit contracts with correspondent banks to ensure liquidity at hand and cope with sudden demand for funds.

(4) Supplementary explanation of matters related to the fair value of financial instruments, etc.

The fair value of financial instruments is based on market prices or estimates determined using reasonable calculations when market prices are not available. Since factors that may result in fluctuations in value are taken into account in calculating the fair value of financial instruments, this price may fluctuate when differing assumptions are adopted.

2. Matters related to the fair value of financial instruments, etc.

The consolidated balance sheet amounts, fair value and differences between them are shown below.

Shares, etc. without market prices of 59 million yen are not included in “Other securities.” Information on cash and deposits, notes receivable, accounts receivable from completed construction contracts, electronically recorded monetary claims - operating, electronically recorded obligations - operating, notes payable, accounts payable for construction contracts, short-term borrowings, and income taxes payable is omitted, as they comprise cash and short-term instruments with book values that are a reasonable approximation of their fair value due to having a short period until settlement.

Previous FY (from April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities and shares of subsidiaries and associates			
(i) Bonds held to maturity	10	9	(0)
(ii) Other securities	5,182	5,182	–

Current FY (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Consolidated balance sheet amount (*1)	Fair value (*1)	Difference
(1) Investment securities and shares of subsidiaries and associates			
(i) Bonds held to maturity	10	9	(0)
(ii) Other securities	4,641	4,641	–
(2) Derivative transactions			
(i) Currency related	21	21	–

(*1) Net Receivables and payables arising from derivative transactions are presented in net amount.

(Note) 1 Shares, etc. without a market price

Previous FY (from April 1, 2023 to March 31, 2024)

(Unit: Million yen)

Category	Consolidated balance sheet amount
Unlisted stocks	59
Shares of subsidiaries and associates	736

Current FY (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

Category	Consolidated balance sheet amount
Unlisted stocks	59
Shares of subsidiaries and associates	736

The above items are not included in "(1) Investment securities and shares of subsidiaries and associates," because they have no market price and it is considered extremely difficult to determine their fair value.

(Note) 2 Redemption schedule of monetary claims and securities with fixed maturities after the consolidated closing date

Previous FY (from April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Cash and deposits	12,487	–	–	–
Notes receivable, accounts receivable from completed construction contracts	44,937	–	–	–
Electronically recorded monetary claims - operating	1,192	–	–	–
Total	58,617	–	–	–

Current FY (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Cash and deposits	3,575	–	–	–
Notes receivable, accounts receivable from completed construction contracts	56,835	–	–	–
Electronically recorded monetary claims - operating	1,012	–	–	–
Bonds held to maturity	–	10	–	–
Total	61,424	10	–	–

(Note) 3 Repayment schedule for borrowings after the consolidated closing date

Previous FY (from April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Long-term borrowings	0	–	–	–	–	–

Current FY (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Short-term borrowings	1,500	–	–	–	–	–

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 fair value: Fair value measured using observable inputs other than those in Level 1, either directly or indirectly

Level 3 fair value: Fair value measured using significant unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

Previous FY (As of March 31, 2024)

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	5,182	–	–	5,182
Total assets	5,182	–	–	5,182

Current FY (As of March 31, 2025)

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	4,641	–	–	4,641
Derivative transactions				
Currency related	–	21	–	21
Total assets	4,641	21	–	4,663

(2) Financial instruments other than those recorded in the consolidated balance sheet at fair value

Current FY (As of March 31, 2025)

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Bonds held to maturity				
Local government bonds	–	9	–	9
Total assets	–	9	–	9

Note: A description of the valuation technique(s) and inputs used in fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1. On the other hand, the fair value of local government bonds is classified as Level 2 because they are traded less frequently in public markets and not considered to have quoted prices in active markets.

Derivative transactions

The fair value of derivative transactions is measured using prices provided by counterpart financial institutions and is classified as Level 2.

(Securities)

1. Bonds held to maturity

Current FY (As of March 31, 2025)

Category	Consolidated balance sheet amount (million yen)	Fair value (million yen)	Difference (million yen)
Securities whose consolidated balance sheet amount exceeds acquisition cost	–	–	–
Securities whose consolidated balance sheet amount does not exceed acquisition cost	10	9	(0)
Total	10	9	(0)

2. Other securities

Previous FY (As of March 31, 2024)

Category	Consolidated balance sheet amount (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose consolidated balance sheet amount exceeds acquisition cost			
(i) Stocks	5,182	2,456	2,725
Subtotal	5,182	2,456	2,725
Securities whose consolidated balance sheet amount does not exceed acquisition cost			
(i) Stocks	–	–	–
Subtotal	–	–	–
Total	5,182	2,456	2,725

Current FY (As of March 31, 2025)

Category	Consolidated balance sheet amount (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose consolidated balance sheet amount exceeds acquisition cost			
(i) Stocks	4,641	2,190	2,451
Subtotal	4,641	2,190	2,451
Securities whose consolidated balance sheet amount does not exceed acquisition cost			
(i) Stocks	–	–	–
Subtotal	–	–	–
Total	4,641	2,190	2,451

3. Other securities sold during the fiscal year

Previous FY (from April 1, 2023 to March 31, 2024)

Category	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
Stocks	182	81	0
Total	182	81	0

Current FY (from April 1, 2024 to March 31, 2025)

Category	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
Stocks	695	428	–
Total	695	428	–

(Derivative transactions)

1. Derivatives to which hedge accounting is not applied

Current FY (As of March 31, 2025)

Not applicable.

2. Derivatives to which hedge accounting is applied

Currency related

Current FY (As of March 31, 2025)

Method of hedge accounting	Type of derivative transactions	Main hedged items	Contract amount (million yen)	Contract amount due after one year (million yen)	Fair value (million yen)
Principle method	Forward exchange transactions	Forward transactions denominated in foreign currencies			
	Buying				
	USD		129	–	12
	EUR		234	–	9
Total			363	–	21

(Retirement benefits)

1. Summary of retirement benefit plans

The Company and its consolidated subsidiaries have defined retirement benefit plans that mainly consist of a defined benefit corporate pension plan and a lump-sum severance payment plan.

A premium on employee retirement benefits may be added upon the retirement of said employee.

Some consolidated subsidiaries adopt a simplified method in calculating retirement benefit liability and retirement benefit expenses by using retirement benefits payable assuming the voluntary retirement of employees at the end of the fiscal year as the retirement benefit obligation.

2. Defined benefit plan

(1) Reconciliation between beginning and ending balances of retirement benefit obligations (excluding plans adopting the simplified method)

(million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Retirement benefit obligations at beginning of period	9,849	9,642
Service costs	670	645
Interest expenses	50	71
Actuarial differences	(350)	(574)
Past service costs	(26)	–
Retirement benefit paid	(562)	(799)
Other	11	(11)
Retirement benefit obligations at end of period	9,642	8,974

(2) Reconciliation between beginning and ending balances of pension assets (excluding plans adopting the simplified method)

(million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Pension assets at beginning of period	7,167	6,761
Expected return on plan assets	6	6
Actuarial differences	(17)	5
Retirement benefit paid	(394)	(547)
Pension assets at end of period	6,761	6,225

(3) Reconciliation between beginning and ending balances of retirement benefit liability for plans adopting the simplified method

(million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Retirement benefit liability at beginning of period	65	68
Retirement benefit expenses	16	22
Retirement benefit paid	(4)	(3)
Contribution to plans	(8)	(18)
Retirement benefit liability at end of period	68	69

(4) Reconciliation between retirement benefit obligations/pension assets at end of period and retirement benefit liability/retirement benefit asset recorded on consolidated balance sheet

(million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Retirement benefit obligations for funded plans	5,715	4,997
Pension assets	(6,913)	(6,365)
	(1,197)	(1,367)
Retirement benefit obligations for unfunded plans	4,147	4,185
Net liabilities and assets recorded on consolidated balance sheet	2,949	2,817
Retirement benefit liability	4,147	4,185
Retirement benefit asset	1,197	1,367
Net liabilities and assets recorded on consolidated balance sheet	2,949	2,817

(5) Amount of retirement benefit expenses and item breakdown

(million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Service costs	670	645
Interest expenses	50	71
Expected return on plan assets	(6)	(6)
Amortization of actuarial differences	(53)	(165)
Retirement benefit expenses calculated by a simplified method	16	22
Amortization of past service costs	(328)	(328)
Retirement benefit expenses for defined benefit plans	349	239

(6) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans consist of the following (before income taxes and tax effect).

(million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Past service costs	328	328
Actuarial differences	(279)	(414)
Total	49	(85)

(7) Accumulated remeasurements of defined benefit plans

Accumulated remeasurements of defined benefit plans consist of the following (before income taxes and tax effect).

(million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Unrecognized past service costs	(739)	(410)
Unrecognized actuarial differences	(831)	(1,246)
Total	(1,571)	(1,656)

(8) Matters related to pension assets

(i) Major breakdown of pension assets

The ratios of major classifications to total pension assets are as follows:

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Cash and deposits	92 %	92 %
Other	8 %	8 %
Total	100 %	100 %

(ii) Method for determining the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on pension assets, the current and expected portfolio of pension assets and the current and future expected long-term profitability of the various assets comprising the pension assets are taken into consideration.

(9) Matters related to assumptions used in actuarial calculations

Major assumptions used in actuarial calculations as of the end of the fiscal year (represented as a weighted average)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Discount rate	0.7 %	1.5 %
Long-term expected rate of return on plan assets	0.1 %	0.1 %
Expected rate of salary increase	4.8 %	4.8 %

(Tax effect accounting)

1. Breakdown of significant components of deferred tax assets and deferred tax liabilities

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Deferred tax assets		
Allowance for doubtful accounts	52 million yen	53 million yen
Accumulated impairment losses	137 million yen	24 million yen
Loss on valuation of investment securities	21 million yen	21 million yen
Loss on valuation of golf club membership	54 million yen	56 million yen
Provision for loss on construction contracts	177 million yen	200 million yen
Provision for warranties for completed construction	56 million yen	51 million yen
Provision for bonuses	600 million yen	740 million yen
Retirement benefit liability	861 million yen	854 million yen
Accrued enterprise taxes	109 million yen	162 million yen
Accrued social insurance expenses	97 million yen	116 million yen
Loss carryforwards	– million yen	11 million yen
Restricted stock for employee shareholding association	– million yen	363 million yen
Auxiliary materials	63 million yen	69 million yen
Other	122 million yen	271 million yen
Deferred tax assets subtotal	2,355 million yen	3,000 million yen
Valuation allowance for tax loss carried forward (Note 2)	– million yen	– million yen
Valuation allowance for total deductible temporary differences	(168) million yen	(194) million yen
Valuation allowance subtotal (Note 1)	(168) million yen	(194) million yen
Total deferred tax assets	2,186 million yen	2,805 million yen
Deferred tax liabilities		
Valuation of shares of subsidiaries and associates	444 million yen	433 million yen
Valuation difference on available-for-sale securities	811 million yen	727 million yen
Other	20 million yen	120 million yen
Total deferred tax liabilities	1,275 million yen	1,281 million yen
Net deferred tax assets	910 million yen	1,523 million yen

Net deferred tax assets are included in the following items of consolidated balance sheet.

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Non-current assets - Deferred tax assets	1,004 million yen	1,653 million yen
Non-current liabilities - Deferred tax liabilities	93 million yen	129 million yen

(Notes) 1. Valuation allowance increased by 26 million yen. This was mainly due to an increase in valuation allowance of 22 million yen for remuneration for directors (and other officers).

2. Amount of tax loss carried forward and their deferred tax assets carried forward by maturity date

Previous FY (As of March 31, 2024)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years	Total
Tax loss carried forward (a)	–	–	–	–	–	–	– million yen
Valuation allowance	–	–	–	–	–	–	– million yen

(a) Tax loss carried forward is calculated by multiplying by the statutory tax rate.

Current FY (As of March 31, 2025)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years	Total
Tax loss carried forward (a)	–	–	–	–	–	11	11 million yen
Valuation allowance	–	–	–	–	–	–	– million yen
Deferred tax assets	–	–	–	–	–	11	11 million yen

(a) Tax loss carried forward is calculated by multiplying by the statutory tax rate.

2. Breakdown of significant components of difference between statutory tax rate and effective tax rate after adoption of tax effect accounting

	Previous FY (As of March 31, 2024)		Current FY (As of March 31, 2025)	
Statutory tax rate for company submitting consolidated financial statements	–	%	30.5	%
(Adjustments)				
Non-deductible items such as entertainment expenses	–	%	1.2	%
Inhabitants taxes per capita	–	%	0.5	%
Non-taxable items such as dividend income	–	%	(0.3)	%
Net change in valuation allowance	–	%	0.2	%
Tax credits	–	%	(2.9)	%
Difference in tax rates with overseas subsidiaries	–	%	(0.4)	%
Increase in deferred tax assets at end of period due to change in tax rate	–	%	(0.4)	%
Other	–	%	0.4	%
Effective tax rate after adoption of tax effect accounting	–	%	28.9	%

(Note) Notes are omitted for the previous fiscal year because the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting is less than 5% of the statutory tax rate.

3. Adjustments to the amount of deferred tax assets and deferred tax liabilities due to change in income tax rates

Following the enactment of the “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 13 of 2025) by the Japanese National Diet on March 31, 2025, a special corporation tax for national defense will be imposed from fiscal years beginning on or after April 1, 2026.

Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences expected to reverse in or after the fiscal year beginning April 1, 2026 has been changed from 30.58% to 31.47%.

As a result of this change in the tax rate, deferred tax assets, net of deferred tax liabilities increased by 50 million yen in the current fiscal year, and income taxes - deferred increased by 50 million yen.

(Business combinations)

Previous FY (from April 1, 2023 to March 31, 2024)

Not applicable.

Current FY (from April 1, 2024 to March 31, 2025)

(Transactions under common control)

Effective July 1, 2024, the Company group implemented an absorption-type merger between consolidated subsidiaries with Toshin Seisakusyo Co., Ltd. as a surviving company.

1. Overview of the business

(1) Name of the combined entity and business description

(i) Merged company (surviving company)

Company name: Toshin Seisakusyo Co., Ltd.

Business description: Maintenance services

(ii) Company to be combined (absorbed company)

Company name: Ikeda Kiko Co., Ltd.

Business description: Maintenance services

(2) Date of merger

July 1, 2024

(3) Legal form of business merger

Absorption-type merger with Toshin Seisakusyo Co., Ltd. as a surviving company and Ikeda Kiko Co., Ltd. as an absorbed company

(4) Name of company after merger

RAIZAQT Co., Ltd.

(5) Purpose of the business merger

The purpose is to further strengthen construction execution and sales capabilities by mutually utilizing the resources of both companies, which operate mainly in Ehime Prefecture.

2. Overview of accounting procedures

In accordance with the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” the business combination was accounted for as a transaction under common control.

(Revenue recognition)

1. Breakdown of revenue from contracts with customers

Previous FY (from April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Engineering work			Other (Note)	Total
	Maintenance	Engineering	Total		
Goods transferred at a point in time	26,521	1,982	28,504	–	28,504
Goods transferred over time	73,767	37,992	111,759	–	111,759
Revenue from contracts with customers	100,288	39,975	140,264	–	140,264
Revenue from other sources	–	–	–	101	101
Net sales to external customers	100,288	39,975	140,264	101	140,366

Note: “Other” includes businesses such as real estate leasing and other services that are not considered engineering work.

Current FY (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Engineering work			Other (Note)	Total
	Maintenance	Engineering	Total		
Goods transferred at a point in time	29,864	4,328	34,192	35	34,228
Goods transferred over time	83,138	40,005	123,143	–	123,143
Revenue from contracts with customers	113,002	44,333	157,336	35	157,371
Revenue from other sources	–	–	–	–	–
Net sales to external customers	113,002	44,333	157,336	35	157,371

Note: “Other” includes businesses such as temporary staffing services and insurance services that are not considered engineering work.

2. Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue is as presented in “(Significant matters that serve as the basis for preparation of the consolidated financial statements), 4. Accounting policies, (5) Accounting standards for significant revenue and expenses.” The promised consideration is generally received within a short period of time after the performance obligation is satisfied, and the amount of such consideration does not include a significant financing component.

3. Information concerning the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows arising from those contracts, and the amount and timing of revenues expected to be recognized in and after the following fiscal year from contracts with customers that exist at the end of the current fiscal year

Previous FY (from April 1, 2023 to March 31, 2024)

(1) Balances of contract assets and contract liabilities

(Unit: Million yen)

	Previous FY
Receivables from contracts with customers (balance at beginning of period)	49,278
Receivables from contracts with customers (balance at end of period)	46,129
Contract assets (balance at beginning of period)	20,781
Contract assets (balance at end of period)	22,895
Contract liabilities (balance at beginning of period)	136
Contract liabilities (balance at end of period)	266

Contract assets relate to the right of the Company and its consolidated subsidiaries to consideration for completed and delivered construction for which construction contracts with customers have been completed but an invoice has not yet been issued as of the end of the period. Once the Company and its consolidated subsidiaries have an unconditional right to the consideration, it reclassifies contract assets to receivables from contracts with customers. The consideration for construction is charged and received in accordance with payment terms in construction contracts. Contract liabilities primarily relate to advances received from customers based on the payment terms in construction contracts. Contract liabilities are reversed as revenue is recognized. The amount of revenue recognized in the previous fiscal year from performance obligations that were satisfied (or partially satisfied) in previous periods (mainly changes in transaction price) is 2,703 million yen.

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and does not disclose contracts with an original expected duration of one year or less. The performance obligations that are unsatisfied (or partially unsatisfied) amounted to 61,186 million yen as of the end of the previous fiscal year. The performance obligation relates to construction undertaken by the engineering business. The Company expects to recognize this revenue within one year from the end of the period.

Current FY (from April 1, 2024 to March 31, 2025)

(1) Balances of contract assets and contract liabilities

(Unit: Million yen)

	Current FY
Receivables from contracts with customers (balance at beginning of period)	46,129
Receivables from contracts with customers (balance at end of period)	57,848
Contract assets (balance at beginning of period)	22,895
Contract assets (balance at end of period)	24,143
Contract liabilities (balance at beginning of period)	266
Contract liabilities (balance at end of period)	577

Contract assets relate to the right of the Company and its consolidated subsidiaries to consideration for completed and delivered construction for which construction contracts with customers have been completed but an invoice has not yet been issued as of the end of the period. Once the Company and its consolidated subsidiaries have an unconditional right to the consideration, it reclassifies contract assets to receivables from contracts with customers. The consideration for construction is charged and received in accordance with payment terms in construction contracts. Contract liabilities primarily relate to advances received from customers based on the payment terms in construction contracts. Contract liabilities are reversed as revenue is recognized. The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in previous periods is 3,111 million yen.

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and does not disclose contracts with an original expected duration of one year or less. The performance obligations that are unsatisfied (or partially unsatisfied) amounted to 66,823 million yen as of the end of the current fiscal year. The performance obligation relates to construction undertaken by the engineering business. The Company

expects to recognize this revenue within one year from the end of the period.

(Segment information, etc.)

[Segment information]

This information has been omitted as the Group's only reportable segment is engineering work and "Other" does not have material significance in the consolidated business performance of the Group. "Other" includes businesses such as temporary staffing services, insurance services, and other services.

[Related information]

Previous FY (from April 1, 2023 to March 31, 2024)

1. Information by product and service

This information is omitted because net sales from engineering work account for more than 90% of the net sales on the consolidated statement of income.

2. Information by geographical area

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of the net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Unit: Million yen)

Customer name	Net sales	Related segment
ENEOS Corporation	57,037	Engineering work

Current FY (from April 1, 2024 to March 31, 2025)

1. Information by product and service

This information is omitted because net sales from engineering work account for more than 90% of the net sales on the consolidated statement of income.

2. Information by geographical area

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of the net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Unit: Million yen)

Customer name	Net sales	Related segment
ENEOS Corporation	66,882	Engineering work

[Information concerning impairment loss of non-current assets by reportable segment]

Previous FY (from April 1, 2023 to March 31, 2024)

An impairment loss of 90 million yen was recorded in the engineering work.

Current FY (from April 1, 2024 to March 31, 2025)

Not applicable.

[Information concerning amortization of goodwill and balance of unamortized goodwill by reportable segment]

Previous FY (from April 1, 2023 to March 31, 2024)

This information is omitted as it does not have material significance.

Current FY (from April 1, 2024 to March 31, 2025)

This information is omitted as it does not have material significance.

[Information concerning gain on bargain purchase by reportable segment]

Previous FY (from April 1, 2023 to March 31, 2024)

Not applicable.

Current FY (from April 1, 2024 to March 31, 2025)

Not applicable.

[Related parties]

Previous FY (from April 1, 2023 to March 31, 2024)

Transactions with related parties

Transactions between company submitting consolidated financial statements and related parties

Affiliated company

Type	Company name	Location	Capital (million yen)	Description of business	Percentage of voting rights owned (%)	Relationship	Transactions	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Company in which major shareholders (companies, etc.) hold a majority of voting rights	ENEOS Corporation	Chiyoda-ku, Tokyo	30,000	Manufacture of petroleum and petrochemical products	–	Construction work and maintenance	Contracted construction	56,286	Accounts receivable from completed construction contracts	13,236
									Contract assets	11,485
									Advances received on construction contracts in progress	0

(Note) 1. Transaction terms and policy for deciding transaction terms
The amount of orders received is determined in the same manner as for general transactions (competition) by presenting price quotations.

Current FY (from April 1, 2024 to March 31, 2025)

Transactions with related parties

Transactions between company submitting consolidated financial statements and related parties

Affiliated company

Type	Company name	Location	Capital (million yen)	Description of business	Percentage of voting rights owned (%)	Relationship	Transactions	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Company in which major shareholders (companies, etc.) hold a majority of voting rights	ENEOS Corporation	Chiyoda-ku, Tokyo	30,000	Manufacture of petroleum and petrochemical products	–	Construction work and maintenance	Contracted construction	65,949	Accounts receivable from completed construction contracts	20,575
									Contract assets	7,934
									Advances received on construction contracts in progress	93

(Notes) 1. Of the amounts above, the transaction amount does not include consumption taxes, and the balance at end of period includes consumption taxes.

2. Transaction terms and policy for deciding transaction terms
The amount of orders received is determined in the same manner as for general transactions (competition) by presenting price quotations.

(Per share information)

The basis for calculation of net assets per share and basic earnings per share is as follows:

Previous FY (As of March 31, 2024)		Current FY (As of March 31, 2025)	
Net assets per share	1,562.89 yen	Net assets per share	1,576.12 yen
(Basis for calculation)		(Basis for calculation)	
Total net assets on consolidated balance sheet	84,123 million yen	Total net assets on consolidated balance sheet	85,654 million yen
Net assets for common shares	83,275 million yen	Net assets for common shares	85,046 million yen
Breakdown of difference		Breakdown of difference	
Non-controlling interests	847 million yen	Non-controlling interests	608 million yen
Number of common shares issued	54,168,053 shares	Number of common shares issued	54,168,053 shares
Number of common shares held in treasury shares	885,013 shares	Number of common shares held in treasury shares	208,723 shares
Number of common shares used for calculating the amounts of net assets per share	53,283,040 shares	Number of common shares used for calculating the amounts of net assets per share	53,959,330 shares

Previous FY (From April 1, 2023 to March 31, 2024)		Current FY (From April 1, 2024 to March 31, 2025)	
Basic earnings per share	134.20 yen	Basic earnings per share	150.89 yen
Diluted earnings per share are not presented because diluted shares did not exist.		Diluted earnings per share are not presented because diluted shares did not exist.	
(Basis for calculation)		(Basis for calculation)	
Profit attributable to owners of parent on consolidated statement of income	7,249 million yen	Profit attributable to owners of parent on consolidated statement of income	8,100 million yen
Profit attributable to owners of parent for common shares	7,249 million yen	Profit attributable to owners of parent for common shares	8,100 million yen
Major breakdown of amount not attributable to ordinary shareholders		Major breakdown of amount not attributable to ordinary shareholders	
Not applicable.		Not applicable.	
Average number of common shares outstanding during the period	54,020,785 shares	Average number of common shares outstanding during the period	53,685,653 shares

v. Annexed Consolidated Detailed Schedules

[Annexed consolidated detailed schedule of corporate bonds]

Not applicable.

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at beginning of period (million yen)	Balance at end of period (million yen)	Average interest rate (%)	Repayment date
Short-term borrowings	–	1,500	0.9	–
Current portion of lease obligations	29	38	–	–
Long-term borrowings (excluding current portion)	–	–	–	–
Lease obligations (excluding current portion)	46	70	–	June 23, 2026-March 13, 2031
Total	75	1,608	–	–

(Notes) 1. "Average interest rate" represents the weighted-average interest rate for the balance at end of period.
The "average interest rate" for lease obligations is not presented because the amount equivalent to interest included in total lease payments is allocated to each fiscal year using the straight-line method.

2. The repayment schedule for long-term borrowings and lease obligations (excluding current portion) due within four years from the consolidated closing date are as follows:

	Over one year and within two years (million yen)	Over two years and within three years (million yen)	Over three years and within four years (million yen)	Over four years and within five years (million yen)
Lease obligations	30	22	13	3

[Annexed consolidated detailed schedule of asset retirement obligations]

This information is omitted as the amount of asset retirement obligations at the beginning and the end of the current fiscal year is 1% or less of total liabilities and net assets at the beginning and end of the current fiscal year.

(2) Other

Semi-annual information for the fiscal year ended March 31, 2025

	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)	121st fiscal year (From April 1, 2024 to March 31, 2025)
Net sales (million yen)	36,561	75,155	116,439	157,371
Profit before income taxes (million yen)	2,362	3,968	7,434	11,485
Profit attributable to owners of parent (million yen)	1,557	2,634	4,996	8,100
Basic earnings per share (yen)	29.23	49.34	93.23	150.89

	First quarter of the fiscal year (From April 1, 2024 to June 30, 2024)	Second quarter of the fiscal year (From July 1, 2024 to September 30, 2024)	Third quarter of the fiscal year (From October 1, 2024 to December 31, 2024)	Fourth quarter of the fiscal year (From January 1, 2025 to March 31, 2025)
Basic earnings per share (yen)	29.23	20.13	43.76	57.52

(Note) Review of financial information for the three months ended June 30, 2024 and the nine months ended December 31, 2024: Yes

2. Financial Statements

(1) Financial Statements

i. Balance Sheet

(Unit: Million yen)

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	8,328	1,284
Notes receivable - trade	4	28
Electronically recorded monetary claims - operating	1,192	1,009
Accounts receivable from completed construction contracts	43,067	54,134
Contract assets	22,786	23,863
Costs on construction contracts in progress	834	497
Other	1,753	804
Allowance for doubtful accounts	(2)	–
Total current assets	77,965	81,622
Non-current assets		
Property, plant and equipment		
Buildings	9,777	11,777
Accumulated depreciation	(4,955)	(5,207)
Buildings, net	4,821	6,570
Structures	993	1,098
Accumulated depreciation	(544)	(594)
Structures, net	449	504
Machinery and equipment	3,941	4,027
Accumulated depreciation	(3,200)	(3,202)
Machinery and equipment, net	741	825
Vehicles	296	280
Accumulated depreciation	(272)	(264)
Vehicles, net	23	15
Tools, furniture and fixtures	1,907	1,970
Accumulated depreciation	(1,512)	(1,322)
Tools, furniture and fixtures, net	395	647
Land	8,916	8,304
Leased assets	71	147
Accumulated depreciation	(25)	(75)
Leased assets, net	45	71
Construction in progress	985	471
Total property, plant and equipment	16,379	17,410
Intangible assets		
Other	1,480	1,332
Total intangible assets	1,480	1,332
Investments and other assets		
Investment securities	5,216	4,675
Shares of subsidiaries and associates	3,098	3,098
Long-term prepaid expenses	19	8
Deferred tax assets	1,406	2,088
Other	490	759
Allowance for doubtful accounts	(166)	(170)
Total investments and other assets	10,065	10,460
Total non-current assets	27,925	29,202
Total assets	105,891	110,824

(Unit: Million yen)

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	13,293	13,098
Short-term borrowings	Note 1 1,700	Note 1 3,570
Income taxes payable	1,550	2,361
Advances received on construction contracts in progress	177	581
Provision for loss on construction contracts	581	656
Provision for warranties for completed construction	185	168
Provision for bonuses	1,825	2,270
Accounts payable - other	3,261	1,888
Other	1,047	2,313
Total current liabilities	23,622	26,908
Non-current liabilities		
Provision for retirement benefits	4,295	4,297
Other	197	158
Total non-current liabilities	4,493	4,456
Total liabilities	28,116	31,364
Net assets		
Shareholders' equity		
Share capital	2,754	2,754
Capital surplus		
Legal capital surplus	11,460	11,460
Other capital surplus	378	226
Total capital surplus	11,839	11,687
Retained earnings		
Legal retained earnings	408	408
Other retained earnings		
General reserve	500	500
Retained earnings brought forward	62,202	62,818
Total retained earnings	63,110	63,726
Treasury shares	(1,833)	(434)
Total shareholders' equity	75,871	77,733
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,900	1,711
Deferred gains or losses on hedges	3	15
Total valuation and translation adjustments	1,903	1,726
Total net assets	77,774	79,459
Total liabilities and net assets	105,891	110,824

ii. Statement of Income

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Net sales of completed construction contracts	132,544	148,769
Cost of sales of completed construction contracts	Note 1 117,107	Note 1 131,719
Gross profit on completed construction contracts	15,437	17,049
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	205	196
Employees' salaries and allowances	1,229	1,425
Employees' bonuses	386	413
Provision for bonuses	328	413
Directors' bonuses	64	98
Retirement benefit expenses	48	40
Legal welfare expenses	390	434
Welfare expenses	262	505
Repair and maintenance expenses	266	154
Stationery expenses	112	80
Communication and transportation expenses	409	272
Power utilities expenses	23	26
Advertising expenses	139	144
Entertainment expenses	133	143
Donations	10	0
Rent expenses on land and buildings	91	142
Depreciation	470	530
Taxes and dues	401	531
Insurance expenses	31	16
Fee expenses	434	459
Research and development expenses	Note 2 77	Note 2 85
Miscellaneous expenses	788	983
Total selling, general and administrative expenses	6,306	7,101
Operating profit	9,130	9,948
Non-operating income		
Interest income	3	2
Dividend income	354	779
Rental income	99	45
Reversal of allowance for doubtful accounts	0	–
Foreign exchange gains	33	3
Other	32	32
Total non-operating income	524	863
Non-operating expenses		
Interest expenses	16	42
Rental expenses	10	–
Provision of allowance for doubtful accounts	–	1
Other	17	17
Total non-operating expenses	44	61
Ordinary profit	9,611	10,750

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Extraordinary income		
Gain on sale of non-current assets	Note 3 9	Note 3 65
Gain on sale of investment securities	81	428
Total extraordinary income	91	493
Extraordinary losses		
Loss on sale of non-current assets	Note 4 1	Note 4 9
Loss on retirement of non-current assets	Note 5 35	Note 5 93
Impairment losses	80	–
Other	0	–
Total extraordinary losses	118	102
Profit before income taxes	9,584	11,140
Income taxes - current	3,012	3,645
Income taxes - deferred	(142)	(603)
Total income taxes	2,870	3,041
Profit	6,714	8,099

Cost of Sales of Completed Construction Contracts Report

Category	Note number	Previous FY (From April 1, 2023 to March 31, 2024) Amount (million yen)	Previous FY Composition ratio (%)	Current FY (From April 1, 2024 to March 31, 2025) Amount (million yen)	Current FY Composition ratio (%)
I Material costs		10,014	8.6	11,508	8.7
II Labor costs		9,920	8.5	10,546	8.0
III Outsourcing costs		82,973	70.9	92,816	70.5
IV Expenses		14,199	12.0	16,849	12.8
[Personnel expenses]		[3,798]		[4,200]	
Total		117,107	100.00%	131,719	100.00%

(Note) The cost accounting method is job costing, which aggregates the actual cost for each construction.
Furthermore, for labor costs and a part of expenses, the planned costs are applied and the cost difference is adjusted at the end of the fiscal year.

iii. Statement of Changes in Net Assets

Previous FY (from April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	2,754	11,460	384	11,845	408	500	61,007	61,915
Changes during period								
Dividends of surplus				–			(5,519)	(5,519)
Profit				–			6,714	6,714
Purchase of treasury shares				–				–
Disposal of treasury shares			(5)	(5)				–
Net changes in items other than shareholders' equity				–				–
Total changes during period	–	–	(5)	(5)	–	–	1,195	1,195
Balance at end of period	2,754	11,460	378	11,839	408	500	62,202	63,110

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(101)	76,413	1,160	–	1,160	77,573
Changes during period						
Dividends of surplus		(5,519)				(5,519)
Profit		6,714				6,714
Purchase of treasury shares	(1,791)	(1,791)				(1,791)
Disposal of treasury shares	59	54				54
Net changes in items other than shareholders' equity		–	740	3	743	743
Total changes during period	(1,732)	(542)	740	3	743	201
Balance at end of period	(1,833)	75,871	1,900	3	1,903	77,774

Current FY (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	2,754	11,460	378	11,839	408	500	62,202	63,110
Changes during period								
Dividends of surplus				–			(7,483)	(7,483)
Profit				–			8,099	8,099
Purchase of treasury shares				–				–
Disposal of treasury shares			(152)	(152)				–
Net changes in items other than shareholders' equity				–				–
Total changes during period	–	–	(152)	(152)	–	–	615	615
Balance at end of period	2,754	11,460	226	11,687	408	500	62,818	63,726

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(1,833)	75,871	1,900	3	1,903	77,774
Changes during period						
Dividends of surplus		(7,483)				(7,483)
Profit		8,099				8,099
Purchase of treasury shares	(18)	(18)				(18)
Disposal of treasury shares	1,417	1,265				1,265
Net changes in items other than shareholders' equity		–	(189)	12	(177)	(177)
Total changes during period	1,399	1,862	(189)	12	(177)	1,685
Balance at end of period	(434)	77,733	1,711	15	1,726	79,459

Notes to Financial Statements

(Significant accounting policies)

1. Valuation standards and methods for securities

Shares of subsidiaries

Stated at cost using the moving average method

Bonds held to maturity

Stated at amortized cost (straight-line method)

Other securities

Securities other than shares, etc. without a market price

Market value method

(Valuation differences are reported directly as a component of net assets and the cost of securities sold is calculated using the moving average method)

Shares, etc. without a market price

Stated at cost using the moving average method

2. Valuation standards and methods for inventory assets

Costs on construction contracts in progress

Stated at cost using the specific identification method

3. Valuation standards and methods for derivatives

Stated at market value

4. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Declining balance method is applied. However, straight-line method applies to buildings (excluding their attached facilities), as well as facilities attached to buildings and structures acquired on or after April 1, 2016.

The principal useful lives of property, plant and equipment are as follows:

Buildings	2 to 55 years
Machinery and equipment	2 to 12 years

(2) Intangible assets (excluding leased assets)

Straight-line method is applied

In addition, straight-line method is applied based on the estimated useful life within the Company (5 years) for software for internal use.

(3) Leased assets

Leased assets from finance lease transactions where ownership is not transferred

Leased assets from finance lease transactions where ownership is not transferred are depreciated by the straight-line method over the lease terms with no residual value.

5. Accounting standards for allowance and provisions

(1) Allowance for doubtful accounts

To prepare for potential credit losses from accounts receivable such as completed construction contracts, allowance for doubtful accounts is recorded based on past experience for general receivables and on an estimated uncollectable amount for specific doubtful receivables where individual recoverability is considered.

(2) Provision for loss on construction contracts

To prepare for potential losses on construction contracts, potential losses on undelivered construction works at the end of the current fiscal year are estimated and recorded where the amount of the construction can be reasonably estimated.

(3) Provision for warranties for completed construction

To prepare for potential expenses arising from guarantee for defects, etc. related to completed construction, aside from the amount

based on past results of construction expenses for warranties to net sales of completed construction contracts in the past fiscal years, the estimated amount for specific construction work is recorded where construction expenses for warranties are anticipated to occur.

(4) Provision for bonuses

To provide for the payment of bonuses for employees, the estimated payment amount for the current fiscal year is recorded.

(5) Provision for retirement benefits

To prepare for retirement benefits, it is recorded on the basis of the estimated amounts of retirement benefit obligations and pension assets at the end of the current fiscal year.

(i) Method for attributing estimated retirement benefits into periods

To calculate retirement benefit obligations, the straight-line attribution method is used to allocate the estimated retirement benefits to the period up to the end of the current fiscal year.

(ii) Actuarial differences and treatment of past service costs

Past service costs are recognized by the straight-line method over a certain period within the average remaining service period of employees (5 years) at the time of its occurrence.

The resulted actuarial differences are each recognized in the following fiscal year by the straight-line method over a certain period within the average remaining service period of employees (5 to 11 years) at the time of its occurrence during each fiscal year.

6. Accounting standards for significant revenue and expenses

(1) Main performance obligations in the principal businesses related to revenue arising from contracts with customers

(i) Maintenance business

In terms of the maintenance business, the Company provides routine maintenance works and regular repair works for customers' plants.

(ii) Engineering business

In terms of the engineering business, the Company provides plant construction work as well as remodeling and renovation work.

(2) Timing when performance obligations related to revenue arising from contracts with customers are typically satisfied

(i) Construction work where the progress of the fulfillment of performance obligations can be reasonably estimated

Performance obligations are deemed satisfied over a certain period and revenue is recognized in reference to the progress related to the fulfillment of the performance obligations. The progress is measured by comparing the accumulated amount of costs incurred by the end of the current fiscal year with the estimated total costs until the construction is completed (input method).

(ii) Construction work where the progress of the fulfillment of performance obligations cannot be reasonably estimated

Cost recovery method

(iii) Maintenance work where the construction period is short

Revenue is recognized at the time when the performance obligations are fully satisfied.

7. Hedge accounting

(1) Hedge accounting

Deferred hedge accounting is applied.

However, the shortcut method ("*furiate-shori*") is applied to forward exchange transactions that satisfy the criteria thereof.

(2) Hedging instruments and hedged items

Hedging instruments	Forward exchange transactions
Hedged items	Forward transactions denominated in foreign currencies

(3) Hedging policies

Based on the Company's internal control system regulating derivative transactions, derivative transactions are conducted to hedge the risks of fluctuating exchange rates of forward transactions denominated in foreign currencies.

(4) Assessment of hedge effectiveness

For forward exchange transactions, as the hedging instruments and hedged items involve the same currencies and with the same due dates, the assessment of their hedge effectiveness is omitted.

8. Standards for converting assets and liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing on the balance sheet date, with translation differences recognized as gains or losses.

9. Other significant matters that serve as the basis for preparation of the financial statements

Accounting treatment for retirement benefits

The accounting treatment of unrecognized actuarial differences and unrecognized past service costs with regard to retirement benefits is different than the accounting treatment used in the consolidated financial statements.

(Significant accounting estimates)

1. Estimates of total construction cost in applying the method where revenue is recognized as performance obligations are satisfied over time

(1) Amount recorded in the financial statements for the fiscal year ended March 31, 2025

(million yen)

	Previous FY	Current FY
Net sales of completed construction contracts	132,544	148,769
Net sales of completed construction contracts where revenue is recognized as performance obligations are satisfied over time included in net sales of completed construction contracts	32,663	45,901
As of the end of the fiscal year, net sales of completed construction contracts related to ongoing projects	12,386	22,371

(2) Information related to significant accounting estimates pertaining to identified items

Omitted as it is the same as the notes on "Consolidated Financial Statements, 'Notes (Significant accounting estimates).'"

(Changes in accounting policies, etc.)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "Revised Accounting Standard 2022"), etc. from the beginning of the current fiscal year.

With regard to the revisions concerning categories in which income taxes should be recorded (taxes on other comprehensive income), the Company has applied the transitional treatment provided in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022. This change in accounting policies has no impact on the financial statements.

(Balance sheet)

Note 1 The Company has entered into syndication-type committed line of credit contracts with five correspondent banks to efficiently procure working capital.

The balance of unused credit under such committed line of credit contracts is as follows:

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Lines of credit	4,000 million yen	4,000 million yen
Credit utilized	– million yen	– million yen
Available credit	4,000 million yen	4,000 million yen

(Statement of income)

Note 1 The amount of provision for loss on construction contracts included in cost of sales of completed construction contracts is as follows:

Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
520 million yen	1,741 million yen

Note 2 Research and development expenses included in administrative expenses are as follows:

Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
77 million yen	85 million yen

Note 3 Breakdown of gain on sale of non-current assets is as follows:

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Buildings	0 million yen	– million yen
Machinery and equipment	2 million yen	0 million yen
Vehicles	2 million yen	0 million yen
Tools, furniture and fixtures	0 million yen	– million yen
Land	4 million yen	64 million yen
Total	9 million yen	65 million yen

Note 4 Breakdown of loss on sale of non-current assets is as follows:

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Buildings	1 million yen	0 million yen
Machinery and equipment	– million yen	9 million yen
Vehicles	0 million yen	– million yen
Tools, furniture and fixtures	– million yen	0 million yen
Total	1 million yen	9 million yen

Note 5 Breakdown of loss on retirement of non-current assets is as follows:

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Buildings	10 million yen	80 million yen
Structures	0 million yen	– million yen
Machinery and equipment	0 million yen	1 million yen
Vehicles	0 million yen	0 million yen
Tools, furniture and fixtures	0 million yen	0 million yen
Telephone subscription right	23 million yen	5 million yen
Software	0 million yen	6 million yen
Total	35 million yen	93 million yen

(Securities)

Previous FY

The fair value of shares of subsidiaries and associates is not presented because they are shares, etc. without a market price.

The balance sheet amount of shares, etc. without a market price of subsidiaries and associates is as follows:

Category	Previous FY (As of March 31, 2024)
Shares of subsidiaries	2,361 million yen
Shares of associates	736 million yen
Total	3,098 million yen

Current FY

The fair value of shares of subsidiaries and associates is not presented because they are shares, etc. without a market price.

The balance sheet amount of shares, etc. without a market price of subsidiaries and associates is as follows:

Category	Current FY (As of March 31, 2025)
Shares of subsidiaries	2,361 million yen
Shares of associates	736 million yen
Total	3,098 million yen

(Tax effect accounting)

1. Breakdown of significant components of deferred tax assets and deferred tax liabilities

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
(Deferred tax assets)		
Allowance for doubtful accounts	51 million yen	53 million yen
Accumulated impairment losses	137 million yen	24 million yen
Loss on valuation of investment securities	21 million yen	21 million yen
Loss on valuation of shares of subsidiaries and associates	35 million yen	36 million yen
Loss on valuation of golf club membership	54 million yen	56 million yen
Provision for loss on construction contracts	177 million yen	200 million yen
Provision for warranties for completed construction	56 million yen	51 million yen
Provision for bonuses	558 million yen	694 million yen
Provision for retirement benefits	1,314 million yen	1,352 million yen
Accrued enterprise taxes	100 million yen	155 million yen
Accrued social insurance expenses	92 million yen	108 million yen
Auxiliary materials	63 million yen	69 million yen
Restricted stock for employee shareholding association	million yen	million yen
Other	109 million yen	266 million yen
Deferred tax assets subtotal	2,773 million yen	3,454 million yen
Valuation allowance	(203) million yen	(230) million yen
Total deferred tax assets	2,570 million yen	3,223 million yen
(Deferred tax liabilities)		
Valuation of shares of subsidiaries and associates	341 million yen	341 million yen
Valuation difference on available-for-sale securities	803 million yen	720 million yen
Other	17 million yen	72 million yen
Total deferred tax liabilities	1,163 million yen	1,134 million yen
Net deferred tax assets	1,406 million yen	2,088 million yen

2. Breakdown of significant components of difference between statutory tax rate and effective tax rate after adoption of tax effect accounting

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Statutory tax rate for company submitting financial statements	– %	30.5 %
(Adjustments)		
Non-deductible items such as entertainment expenses	– %	1.1 %
Inhabitants taxes per capita	– %	0.5 %
Non-taxable items such as dividend income	– %	(1.7) %
Change in valuation allowance	– %	0.2 %
Tax credits	– %	(2.9) %
Increase in deferred tax assets at end of period due to change in tax rate	– %	(0.4) %
Other	– %	(0.1) %
Effective tax rate after adoption of tax effect accounting	– %	27.2 %

(Note) Notes are omitted for the previous fiscal year because the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting is less than 5% of the statutory tax rate.

3. Adjustments to the amount of deferred tax assets and deferred tax liabilities due to change in income tax rates

Following the enactment of the “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 13 of 2025) by the Japanese National Diet on March 31, 2025, a special corporation tax for national defense will be imposed from fiscal years beginning on or after April 1, 2026.

Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences expected to reverse in or after the fiscal year beginning April 1, 2026 has been changed from 30.58% to 31.47%.

As a result of this change in the tax rate, deferred tax assets, net of deferred tax liabilities increased by 50 million yen in the current fiscal year, and income taxes - deferred increased by 50 million yen.

(Business combinations)

Previous FY (from April 1, 2023 to March 31, 2024)

Not applicable.

Current FY (from April 1, 2024 to March 31, 2025)

Not applicable.

(Revenue recognition)

Useful information in understanding revenue from contracts with customers is omitted as the same details are presented in “Notes (Revenue recognition)” in the consolidated financial statements.

iv. Annexed Detailed Schedules

[Annexed detailed schedule of securities]

[Stocks]

Issue	Number of shares (shares)	Balance sheet amount (million yen)
(Investment securities)		
Other securities		
ENEOS Holdings, Inc.	1,672,011	1,308
Zeon Corporation	592,000	885
NIPPON SHOKUBAI CO., LTD.	348,800	607
SHIONOGI & CO., LTD.	123,000	276
ADEKA Corporation	93,832	252
MEISEI INDUSTRIAL CO., LTD.	188,000	243
Takeda Pharmaceutical Company Limited	40,500	178
Cosmo Energy Holdings Co., Ltd.	24,615	157
Hokuetsu Corporation	100,000	122
NICHIAS Corporation	25,000	115
HISAKA WORKS, LTD.	104,000	102
Sato Foods Industries Co., Ltd.	42,100	98
FUJI OIL HOLDINGS INC.	29,172	89
Hodogaya Chemical Co., Ltd.	41,000	64
Tosoh Corporation	27,500	56
JAPAN INSULATION CO., LTD.	21,700	20
Yokohama Tekko Kensetsu Co., Ltd.	35,000	17
Asahi Kasei Corp.	13,308	13
Rinkai Nissan Construction Co., Ltd.	400	12
KANEKA CORPORATION	2,116	8
Wakayama Petroleum Refining Co., Ltd.	60,000	6
ASAHI INDUSTRY Co., Ltd.	8,400	6
JFE Holdings, Inc.	3,400	6
Shinminami Aichi Country Club Co., Ltd.	1	5
Hon-Atsugi Country Club Co., Ltd.	30	4
Tapyrus Holdings Corporation	80,000	4
Hamano Golf Club Co., Ltd.	2	3
Heat Transfer Research, Inc.	1	0
(Bonds held to maturity)		
Kanagawa prefecture public offering public bond (green bond)	100,000	10
Total	3,775,890	4,675

[Annexed detailed schedule of property, plant and equipment, etc.]

Asset type	Balance at beginning of period (million yen)	Increase during period (million yen)	Decrease during period (million yen)	Balance at end of period (million yen)	Accumulated depreciation/ amortization at end of period (million yen)	Depreciation/ amortization during period (million yen)	Net balance at end of period (million yen)
Property, plant and equipment							
Buildings	9,777	2,063	62	11,777	5,207	311	6,570
Structures	993	105	–	1,098	594	50	504
Machinery and equipment	3,941	281	195	4,027	3,202	183	825
Vehicles	296	6	22	280	264	11	15
Tools, furniture and fixtures	1,907	412	349	1,970	1,322	159	647
Land	8,916	0	613	8,304	–	–	8,304
Leased assets	71	79	3	147	75	26	71
Construction in progress	985	2,301	2,814	471	–	–	471
Total property, plant and equipment	26,889	5,250	4,062	28,077	10,667	741	17,410
Intangible assets							
Other	3,239	480	850	2,869	1,535	354	1,332
Total intangible assets	3,239	480	850	2,869	1,535	354	1,332
Long-term prepaid expenses	33	2	7	28	9	7	18 [10]

(Note) 1. Long-term prepaid expenses are depreciated using the straight-line method stipulated in the Corporate Tax Act. The amount in parentheses in the net balance at the end of the period is to be expensed within one year and is therefore included in “Other” under current assets on the balance sheet.

[Annexed detailed schedule of provisions]

Category	Balance at beginning of period (million yen)	Increase during period (million yen)	Decrease during period (Intended use) (million yen)	Decrease during period (Other) (million yen)	Balance at end of period (million yen)
Allowance for doubtful accounts	168	1	–	–	170
Provision for loss on construction contracts	581	1,741	812	853	656
Provision for warranties for completed construction	185	34	37	14	168
Provision for bonuses	1,825	2,270	1,825	–	2,270

(Notes) 1. “Decrease during period (Other)” in provision for loss on construction contracts is a reversal due to a decrease in the estimated amount of potential losses.

2. “Decrease during period (Other)” in provision for warranties for completed construction is a reversal due to a decrease in the estimated amount of construction expenses for warranties.

(2) Components of major assets and liabilities

This information is omitted as the Company prepares consolidated financial statements.

(3) Other

Not applicable.

VI. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Annual general meeting of shareholders	In June
Record date	March 31
Record date of distribution of surplus	September 30, March 31
Number of shares per unit	100 shares
Purchase of shares less than one unit	
Handling location	(Special account) Corporate Agency Division Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	(Special account) Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Agency	–
Purchase handling fee	Amount separately determined as the amount equivalent to the purchase handling fee related to the consignment of stock trading
Announcement method	Announcements are delivered electronically. In the event that electronic delivery is not possible, we will publish announcements in the Nihon Keizai Shimbun. In addition, the electronic delivery is posted on the Company's website, and its address is as follows: https://www.raiznext.co.jp/
Benefits for shareholders	Not applicable.

(Note) Shareholders of the Company may not exercise any rights other than those listed below with respect to the shares less than one unit held.

Rights listed in each item of Article 189, Paragraph 2 of the Companies Act

Right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act

Right to receive allotment of offered shares and allotment of offered stock acquisition rights according to the number of shares held by shareholders

VII. Reference Information of Reporting Company

1. Information on Parent Company, etc., of Reporting Company

The Company does not have a parent company, etc.

2. Other Reference Information

The following documents have been submitted between the start date of the fiscal year ended March 31, 2025 and the submission date of the annual securities report.

(1) Annual securities report, its attached documents, and confirmation report

Fiscal year: 120th fiscal year (from April 1, 2023 to March 31, 2024) Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2024.

(2) Internal control report and its attached documents

Fiscal year: 120th fiscal year (from April 1, 2023 to March 31, 2024) Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2024.

(3) Extraordinary report

Submitted an extraordinary report based on the provisions of Article 19, Paragraph 2, Item 2-2 (Disposal of treasury shares) of the Cabinet Office Order on Disclosure of Corporate Affairs to the Director-General of the Kanto Local Finance Bureau on May 24, 2024.

Submitted an extraordinary report based on the provisions of Article 19, Paragraph 2, Item 9-2 (Results of exercising voting rights at a general meeting of shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs to the Director-General of the Kanto Local Finance Bureau on June 26, 2024.

(4) Semi-annual securities report, confirmation report of the semi-annual securities report

First half of the 121st fiscal year (from April 1, 2024 to September 30, 2024) Submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2024.

(5) Share repurchase report

Submitted to the Director-General of the Kanto Local Finance Bureau on July 10, 2024.

Part 2. Information on Guarantee Company, etc., of Reporting Company

Not applicable.

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Independent Auditor's Report

The Board of Directors
RAIZNEXT Corporation.

Opinion

We have audited the accompanying consolidated financial statements of RAIZNEXT Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Estimate of total construction cost in applying the method where revenue is recognized as performance obligations are satisfied over time	
Description of Key Audit Matter	**Auditor's Response**
RAIZNEXT Corporation (the "Company") and its consolidated subsidiaries (collectively, the "Group") are engaged in the design, manufacture, construction, sale and	In order to assess the reasonableness of the estimate of total construction cost in applying the method where revenue is recognized as performance obligations are satisfied over

maintenance and other businesses related to industrial equipment and machinery and equipment used for industrial pollution prevention. As described in 4. Accounting policies, (5) Accounting standards for significant revenue and expenses, revenue from construction contracts in the engineering business is mainly recognized using a method where revenue is recognized as performance obligations are satisfied over time for measuring the progress of construction work up to the end of the fiscal year ended March 31, 2025 for which the performance obligations are deemed to have been satisfied (progress in satisfying performance obligations is estimated using a cost-based input method). As described in (Significant accounting estimates), the amount of completed construction accounted for under the method where revenue is recognized as performance obligations are satisfied over time for the fiscal year ended March 31, 2025 was 45,901 million yen, of which the amount for construction projects in progress at the end of the current fiscal year was 22,371 million yen. Revenue recognized using the method where revenue is recognized as performance obligations are satisfied over time is measured based on progress made in satisfying performance obligations, which is determined based on the proportion of the cumulative	time for engineering construction contracts in the engineering business, we mainly performed the following audit procedures. (1) Evaluation of internal controls We assessed the design and operating effectiveness of internal controls related to the estimation process for the total construction cost. In this assessment, we focused on the following internal controls: ・ Internal control relevant to ensuring the appropriateness of the estimated total construction cost for each construction contract by having project managers review and approve the construction schedule, documents prepared for cost management purposes and purchase orders from customers prepared by persons in charge of construction work. ・ Internal control relevant to ensuring that any changes in circumstances after the commencement of construction are reflected in the estimated total construction cost in a timely manner by having persons in charge of construction work report the status of construction costs to project managers on a monthly basis. (2) Evaluation of estimated total construction cost In order to evaluate the estimate of the total construction cost determined for each construction contract, we mainly performed the following audit procedures

amount of costs incurred as of the end of the fiscal year to the estimated total cost. In applying the method where revenue is recognized as performance obligations are satisfied over time, it is necessary to reasonably estimate total construction revenue and total construction cost. In particular, total construction cost is estimated using assumptions such as the price and quantity of the required materials and equipment and the labor hours based on various types of information such as the nature of the relevant construction contracts, required specifications, local conditions and the actual cost incurred for similar contracts in the past. As a characteristic of the Group's business, the construction contracts to which the method where revenue is recognized as performance obligations are satisfied over time has been applied are relatively long term. Therefore, the Group's business operations during the construction process are affected by various environmental factors, such as unexpected increases in the prices of materials and equipment due to varying market trends and exchange rate fluctuations, a shortage of construction personnel (including construction supervisors and workers) due to delays in the work process and the occurrence of events not originally anticipated. Due to the above-mentioned factors, the Group revises its estimates in applying the	for material construction work, construction work with other characteristics, and other components: ・ We inspected the documents prepared for cost management purposes and analyzed trends in the cost structure ratio of main cost items such as material costs, labor costs and outsourcing costs to the total construction cost and considered whether there were any abnormalities in the cost items. ・ Regarding changes in operating costs, which serve as the basis for the estimate of total construction cost, we compared the estimate of total construction cost at the time of receiving the construction orders with the revised estimate and evaluated the differences, if any. ・ We evaluated whether there were factors resulting in changes in operating costs, such as changes in specifications during the construction period, extensions of construction periods, changes in contracts, and suspensions in construction work, by comparing the schedule with the construction progress based on the input method and making inquiries of persons in charge of construction work, and considered whether such factors resulting in changes in operating costs were reflected in the revised estimation of the

method where revenue is recognized as performance obligations are satisfied over time, in particular the total construction cost, in a timely manner. However, the determination of the necessity of such revisions and the assumptions used in making estimates involve the subjective judgment of management. Based on the above, we have determined that the estimate of total construction cost in applying the method where revenue is recognized as performance obligations are satisfied over time for construction contracts in the engineering business was a significant matter in our audit of the consolidated financial statements for this fiscal year, and accordingly, it is a key audit matter.	total construction cost. ・ We considered the accuracy of the Company's estimates for completed construction work by comparing the actual total construction cost with the most recent total construction cost estimate.

Other Information

The other information comprises the information included in the Annual Securities Report that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

December 23, 2025

Kenji Sato
Designated Engagement Partner
Certified Public Accountant

Toyokazu Ukai
Designated Engagement Partner
Certified Public Accountant