RAIZNEXT

Report for the 119th Fiscal Year

From April 1, 2022 to March 31, 2023

RAIZNEXT Corporation

Stock exchange code: 6379

We contribute to the growth of business through maintenance and engineering for plants in various fields

Corporate 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

We aggressively take on challenges with unconventional ideas.

Sincerely and Devotedly

We sincerely work on every single business, meeting our customers' needs.

Coexistence and Coprosperity

We respect all of the people concerned, and evolve together with stakeholders.

Maintenance business — Plant maintenance

To keep plants operating stably, regular and effective maintenance is crucial. We support maintenance in a broad range of fields, such as various devices, tanks, plumbing, instrumentation and electricity, rotating machinery, and civil engineering and construction, and contribute to ensuring that plants operate safely and stably for 24 hours, 7 days a week.

Based on close communication with customers and a deep understanding of their specific situations, we can propose optimal maintenance plans and provide consistent services from daily maintenance to regular repair works to meet needs for higher-quality and cost-optimized plants.

[Business field]

Device | Tank | Plumbing | Instrumentation/Electricity | Rotating machinery | Civil engineering/Construction

Engineering business — Optimize plants

With our strengths in not only constructing new plants but also remodeling or renovating existing plants for longer operating life, improved quake resistance, and enhanced capabilities, we support plant engineering in various industries, such as petroleum, petrochemicals, general chemicals, medical products, and food.

We have established a system to provide consistent support from initial commercialization planning, EPC* business, trial operation after construction, to follow-up activities. As a good consultant for our customers, we help them implement valuable plants optimized for various needs.

*Stands for Engineering, Procurement, and Construction.

[Business field]

Petroleum refining plant | Petrochemical plant | Chemical plant | Renewable energy | Tank | Buildings and structures

Greetings

I would like to express my deepest gratitude to our shareholders for your valued patronage.

This report provides an overview of our business for the 119th fiscal year (from April 1, 2022 to March 31, 2023).

I would greatly appreciate it if you could take the time to read this report.

Representative Director
President
Teruhiko Mouri

Overview of Business Results for the Fiscal Year Ended March 31, 2023

The economy of Japan for the fiscal year ended March 31, 2023 showed moderate improvement with the recovery of personal consumption and corporate earnings, partially due to the effects of various political measures to co-exist with COVID-19, while weakness remains in some areas due to the increase in prices. On the other hand, under the monetary tightening trend to continue globally, the possibility of the downturn of overseas economies as the downward pressure on the domestic economy, and the risks of the increase in prices, constraints in supply, and volatility in financial and capital markets have remained a concern.

Regarding the Company's business environment, the declining trend for product demand has continued in the petroleum industry with the reduction in refining capacity and the adjustment of operations due to a structural decline in demand primarily caused by the shift to more fuel-efficient vehicles, in addition to soaring crude oil prices triggered by the invasion in Ukraine. Also, in the petrochemical and general chemical industries, while some signs of a recovery in demand have been seen, overall demand for products has not recovered due to the decline in the production volume of automobiles and sluggish product demand for industrial applications.

Although prices of certain materials used in construction works, such as stainless steel, have remained high due to the prolonged situation in Ukraine, inventories in Japan were secured and there were no major problems in securing materials in the fiscal year ended March 31, 2023. However, going forward, delivery times of materials have to be carefully monitored due to the prolonged situation in Ukraine.

For the Company group, new contracts in the fiscal year ended March 31, 2023 increased over the previous fiscal year, driven by the increase in regular repairs in the maintenance field. In the engineering field, while large-scale construction works related to carbon neutrality were received, overall new contracts decreased over the previous fiscal year (the fiscal year ended March 31, 2022) as a result of repercussions from the orders for multiple large-scale construction works received in the previous fiscal year. In the same token as the new contracts, net sales in the maintenance field increased over the previous fiscal year driven by the increase in regular repairs. Net sales in the engineering field also increased over the previous fiscal year driven by the recording of large-scale construction works for which the orders were received in the previous fiscal year.

For the Company group's consolidated performance, new contracts were 138,849 million yen (down 1.7% YoY), net sales were 140,061 million yen (up 7.9% YoY), operating income was 10,918 million yen (down 0.6% YoY), ordinary profit was 11,243 million yen (down 0.2% YoY), and profit attributable to owners of parent was 7,741 million yen (down 0.1% YoY).For the Company's non-consolidated performance, new contracts were 131,308 million yen (down 0.7% YoY), net sales were 132,322 million yen (up 9.2% YoY), operating income was 9,956 million yen (down 1.3% YoY), ordinary profit was 10,458 million yen (down 1.3% YoY), and profit was 7,365 million yen (down 14.5% YoY).

Overview of Financial Position for the Fiscal Year Ended March 31, 2023

Total assets at the end of the fiscal year ended March 31, 2023 amounted to 114,168 million yen, increased by 13,386 million yen from the end of the previous fiscal year. This is mainly attributable to an increase in cash and deposits of 4,927 million yen and an increase in notes receivable, accounts receivable from completed construction contracts, and contract assets of 7,395 million yen, and an increase in land of 1,229 million yen.

Total liabilities at the end of the fiscal year ended March 31, 2023 amounted to 30,884 million yen, increased by 9,446 million yen from the end of the previous fiscal year. This is mainly attributable to an increase in notes payable, accounts payable for construction contracts of 4,920 million yen, an increase in other of 4,888 million yen, and an increase in

Breakdown of New Contracts by Construction Type

(Unit: Million yen)

New Contracts		Current FY (FY ended March 31, 2023)	Previous FY (FY ended March 31, 2022)	YoY	Rate of change
	Maintenance	93,196	90,167	3,028	3.4%
	Engineering	45,653	51,062	–5,409	–10.6%
Engineering work		138,849	141,229	–2,380	–1.7%

Breakdown of Net Sales by Construction Type

(Unit: Million yen)

Net Sales		Current FY (FY ended March 31, 2023)	Previous FY (FY ended March 31, 2022)	YoY	Rate of change
	Maintenance	89,884	87,032	2,852	3.3%
	Engineering	50,067	42,679	7,387	17.3%
Engineering work		139,952	129,711	10,240	7.9%
Other business		109	121	–11	–9.8%
Total		140,061	129,832	10,228	7.9%

(Note) “Other business” refers to real estate leasing, insurance agency business, etc.

Return to Shareholders

Dividends are paid with due consideration for continuity and stability.

	Dividend per share	Consolidated dividend payout ratio
119th FY (FY ended March 31, 2023)	72 yen	50.4%

retirement benefit liability of 837 million yen, despite a decrease in income tax payable of 948 million yen and a decrease in advances received on construction contracts in progress of 512 million yen.

Total net assets at the end of the fiscal year ended March 31, 2023 amounted to 83,283 million yen, increased by 3,940 million yen from the end of the previous fiscal year. This is mainly attributable to an increase in retained earnings of 4,599 million yen, despite a decrease in remeasurements of defined benefit plans of 576 million yen.

Overview of Cash Flows for the Fiscal Year Ended March 31, 2023

For the fiscal year ended March 31, 2023, consolidated cash and cash equivalents amounted to 17,758 million yen, increased by 4,923 million yen from the end of the previous fiscal year (38.4% YoY).

Cash flows from operating activities were an inflow of 10,069 million yen, resulting in a decrease of 1,087 million yen from the previous fiscal year. The main expenses include an increase in trade receivables of 6,656 million yen and income taxes paid of 4,447 million yen, and the main incomes include profit before income taxes of 11,408 million yen.

Cash flows from investing activities were an outflow of 1,880 million yen, resulting in an increase of 344 million yen from the previous fiscal year. This is mainly attributable to purchase of property, plant and equipment and intangible assets of 1,910 million yen.

Cash flows from financing activities were an outflow of 3,281 million yen, resulting in a decrease of 432 million yen from the previous fiscal year. The main expenses include dividends paid of 3,140 million yen.

Forecast for the Next Fiscal Year

For the next fiscal year (ending March 31, 2024), although the economy is expected to pick up as socioeconomic activities move toward normalization driven by the downgrading of COVID-19 to Class 5, etc., there are concerns about the trend of consumer price increases and the effects of the prolonged situation in Ukraine and other factors on raw material prices and supply-side constraints, and the situation is expected to remain uncertain.

As for the consolidated financial results forecast, the same level as the current fiscal year with new contracts at 141,000 million yen, net sales at 141,000 million yen, operating profit at 10,300 million yen, ordinary profit at 10,600 million yen, and profit attributable to owners of parent at 7,100 million yen are forecasted. We continuously strive to increase new contracts of conventional maintenance-related works including routine maintenance, regular repair and renovation. We also make efforts to secure new contracts for plants which manufacture high-performance products, such as general chemicals and electronic materials, and for fields related to carbon neutrality, aiming to achieve the Second Mid-Term Business Plan "RAIZNEXT SYNERGY POWER" (FY2021-FY2024) under execution.

Basic Policy on Profit Distribution and Dividends for This and Next Fiscal Years

Our group's business is based on maintenance and engineering services for plants in the petroleum, petrochemical, general chemical, and other industries. Our industry revolves around the acquisition of new contracts, meaning that we are easily affected by fluctuations in private capital investment.

Given the nature of our business, we believe that we can increase our corporate value if we build a stable management foundation by strengthening our corporate structure in anticipation of changes in the business environment and future business developments, which in turn will help secure future benefits for our shareholders, customers, business partners, employees, and other stakeholders.

With this understanding, we position profit distribution to shareholders as the most important management issue, and we believe that dividend measures should be implemented in line with earnings. As such, we aim to ensure a consolidated dividend payout ratio of 40% or more, paying full attention to dividend continuity and stability.

Based on the above, comprehensively taking into account consolidated business performance for the full-year, the year-end dividend for the fiscal year ended March 31, 2023 was determined as 72 yen per share.

For the next fiscal year, the annual dividend is planned to be 65 yen per share, consisting of the interim dividend of 30 yen per share and the year-end dividend of 35 yen per share, in order to increase opportunities for profit returns to shareholders and to encourage shareholders to hold our shares continuously.

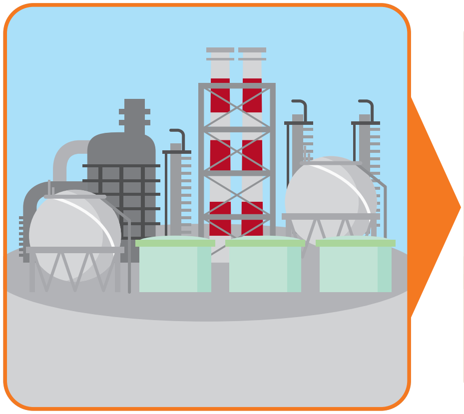
Our initiatives to respond to changes in the business environment

We view the transformation of the energy industry to realize a carbon-neutral society as an opportunity to create new businesses, and are proactively addressing this issue.

1 Participation in the future plans of closed petroleum refining plants

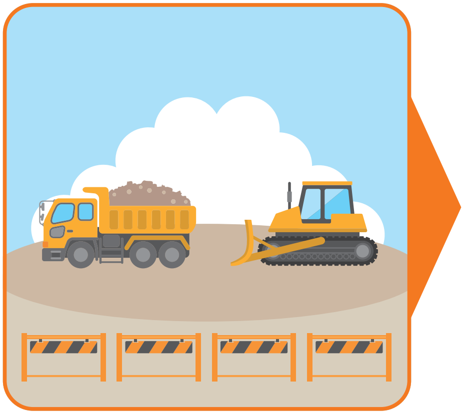
We have secured infrastructure development works for closed petroleum refining plants (detoxification works of plants and facility removal works) and also participated in the future plans.

Closure of petroleum refining plants is a new business opportunity for us



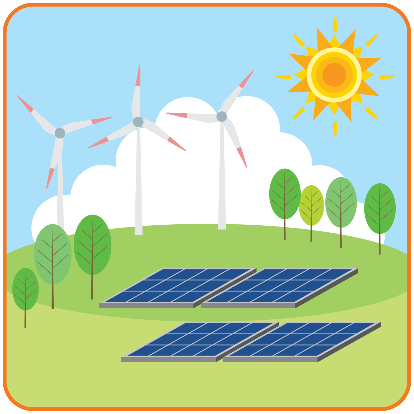
Detoxification works of the petroleum refining plant facilities

Removal and cleaning of hazardous materials remaining in machinery/plumbing/tanks



Facility removal works

Removal of facilities and cleaning of land



Participation in the future plans

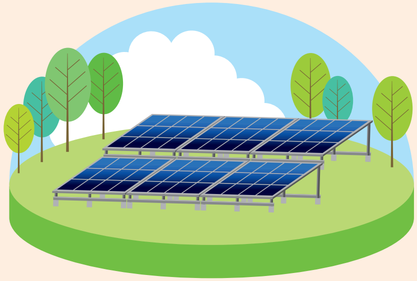
Provision of support from the examination of FS* study based on the future plans through construction works and order receipt

*Feasibility Study (study of feasibility and profitability of the project)

2 Addressing a carbon-neutral society

In addition to solar power plant construction, which is one of our strengths, we are proactively aiming for new contracts for other carbon-neutral projects.

- Solar power plant construction works ▶ 38 construction works completed (cumulative total of approximately 258 MW)
  2 plants under construction (approximately 30 MW in total)

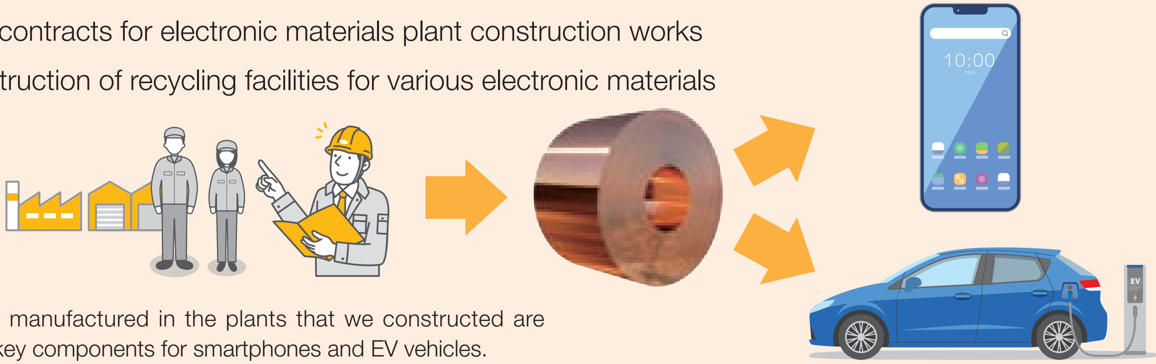


- New contracts for green ammonia manufacturing plant construction works (Namie-machi, Fukushima)

3 Addressing the field of nonferrous metals

We are proactively participating in the field of nonferrous metals by leveraging our long-term business relationships with our customers.

- New contracts for electronic materials plant construction works
- Construction of recycling facilities for various electronic materials



Materials manufactured in the plants that we constructed are used as key components for smartphones and EV vehicles.

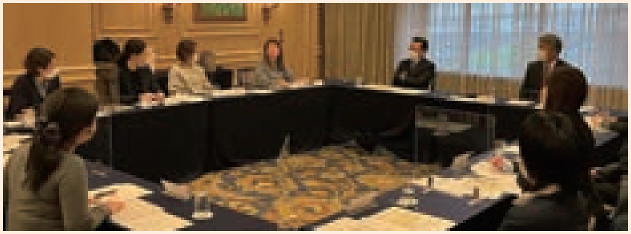
Realize satisfying and attractive work environment for everyone

We are working to foster a new corporate culture by incorporating the opinions of employees, regardless of their positions and gender, with the aim of creating a satisfying and attractive work environment.

Foster a new corporate culture through improved employee engagement

Meetings for exchanging opinions between the management and employees


Exchanging opinions with new employees

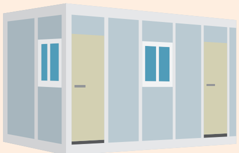

Exchanging opinions with female employees

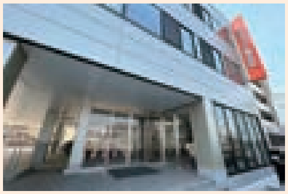
Improving management based on the results of employees awareness survey

Improving the work environment

New work styles such as free address

Installation of containerized comfort restrooms at construction sites




Reconstruction of offices

Consolidated Balance Sheet

(Unit: Million yen)

Account	Current FY (As of March 31, 2023)	Previous FY (As of March 31, 2022)
Assets		
Current assets	90,427	78,379
Non-current assets	23,740	22,401
Property, plant and equipment	15,251	14,713
Intangible assets	1,874	1,251
Investments and other assets	6,615	6,435
Total assets	114,168	100,781
Liabilities		
Current liabilities	27,822	19,180
Non-current liabilities	3,062	2,258
Total liabilities	30,884	21,438
Net assets		
Shareholders' equity	80,158	75,659
Share capital	2,754	2,754
Capital surplus	11,845	11,845
Retained earnings	65,660	61,060
Treasury shares	–101	–0
Total accumulated other comprehensive income	2,318	2,904
Valuation difference on available-for-sale securities	1,163	1,169
Foreign currency translation adjustment	28	30
Remeasurements of defined benefit plans	1,126	1,703
Non-controlling interests	806	778
Total net assets	83,283	79,342
Total liabilities and net assets	114,168	100,781

Consolidated Profit and Loss Statement

(Unit: Million yen)

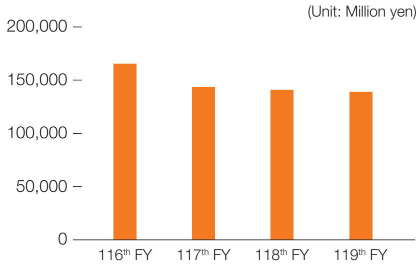
Account	Current FY (April 1, 2022 – March 31, 2023)	Previous FY (April 1, 2021 – March 31, 2022)
Net sales of completed construction contracts	140,061	129,832
Cost of sales of completed construction contracts	122,006	112,084
Gross profit on completed construction contracts	18,055	17,748
Selling, general and administrative expenses	7,136	6,765
Operating income	10,918	10,982
Non-operating income	357	399
Non-operating expenses	32	112
Ordinary profit	11,243	11,270
Extraordinary income	173	200
Extraordinary losses	8	153
Profit before income taxes	11,408	11,316
Income taxes - current	3,532	3,716
Income taxes - deferred	82	–212
Profit attributable to non-controlling interests	52	64
Profit attributable to owners of parent	7,741	7,748

Consolidated Cash Flow Statement

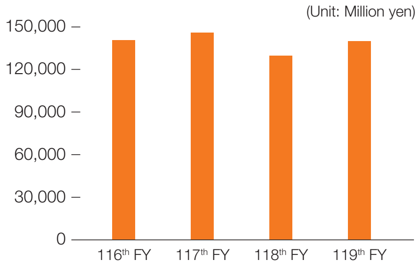
(Unit: Million yen)

Account	Current FY (April 1, 2022 – March 31, 2023)	Previous FY (April 1, 2021 – March 31, 2022)
Cash flows from operating activities	10,069	11,157
Cash flows from investing activities	–1,880	–2,225
Cash flows from financing activities	–3,281	–2,849
Effect of exchange rate change on cash and cash equivalents	16	66
Net increase (decrease) in cash and cash equivalents	4,923	6,148
Cash and cash equivalents at beginning of period	12,835	6,686
Cash and cash equivalents at end of period	17,758	12,835

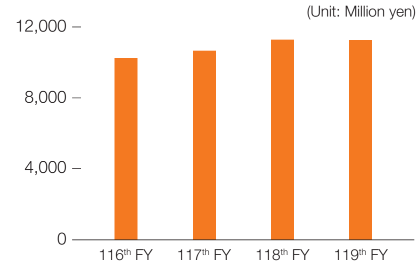
New Contracts



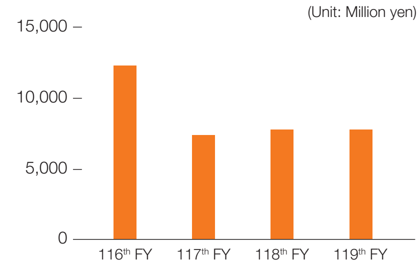
Net Sales



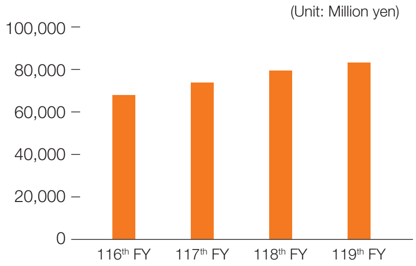
Ordinary Profit



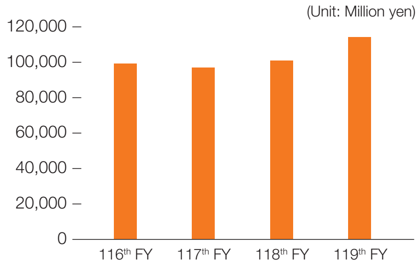
Profit attributable to owners of parent



Net Assets



Total Assets



(Unit: Million yen)

	116th FY FY ended March 31, 2020	117th FY FY ended March 31, 2021	118th FY FY ended March 31, 2022	119th FY FY ended March 31, 2023
New Contracts	165,404	143,095	141,229	138,849
Net Sales	140,578	145,914	129,832	140,061
Ordinary Profit	10,239	10,657	11,270	11,243
Profit attributable to owners of parent	12,258	7,344	7,748	7,741
Net Assets	67,819	73,890	79,342	83,283
Total Assets	99,348	97,121	100,781	114,168

Company Overview (as of March 31, 2023)

Overview

● Trade name	RAIZNEXT Corporation RAIZNEXT Corporation
● Location of head office	1-1-8, Sakuragicho, Naka-ku, Yokohama-shi, Kanagawa, 231-0062, Japan
● Contact	Main telephone number: +81-45-415-1111
● Established on	July 20, 1938
● Capital	2,754,473,003 yen
● Listed stock exchange	Prime Market of the Tokyo Stock Exchange
● No. of employees	Consolidated: 2,083 Non-consolidated: 1,616

Board of Directors (as of June 27, 2023)

Representative Director Chairman of The Board	Takashi Noro
Representative Director President	Teruhiko Mouri
Director Executive Vice President	Masaki Fukuhisa
Director Executive Vice President	Hiroto Yamanouchi
Director Executive Vice President	Hideki Ueda
Outside Director	Noriaki Isa
Director (Audit and Supervisory Committee Member)	Kenji Kurosawa
Outside Director (Audit and Supervisory Committee Member)	Toshio Saburi
Outside Director (Audit and Supervisory Committee Member)	Keiko Suichi
Outside Director (Audit and Supervisory Committee Member)	Mayumi Nishida

Stock Information (as of March 31, 2023)

● Total number of shares authorized to be issued 160,000,000 shares

● Total number of shares outstanding 54,168,053 shares (including 68,927 treasury shares)

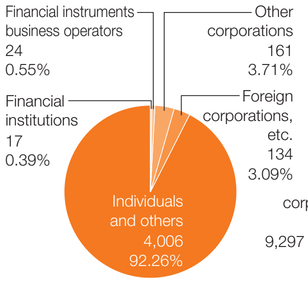
● Number of shareholders 4,342 (decreased by 161 from the end of the previous fiscal year)

● Major shareholders

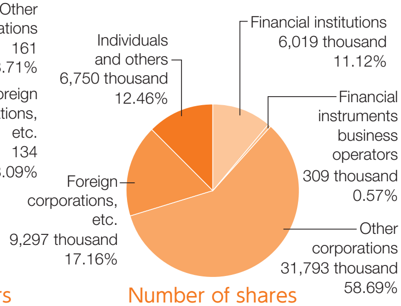
Shareholder's name	State of investment in the Company	
	Number of shares (in thousand shares)	Shareholding ratio (%)
ENEOS Holdings, Inc.	11,658	21.55
UH Partners 2, Inc.	4,904	9.07
HIKARI TSUSHIN, Inc.	4,054	7.50
NIPPO CORPORATION	3,882	7.18
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,857	7.13
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	3,135	5.80
UH Partners 3, Inc.	1,854	3.43
System Integrating Laboratory Co., Ltd.	1,354	2.50
Custody Bank of Japan, Ltd. (Trust Account)	1,318	2.44
RAIZNEXT Business Partners Shareholding Association	1,175	2.17

*Shareholding ratios are calculated after deducting treasury shares (68,927 shares).

● Distribution of shares by number of shares held



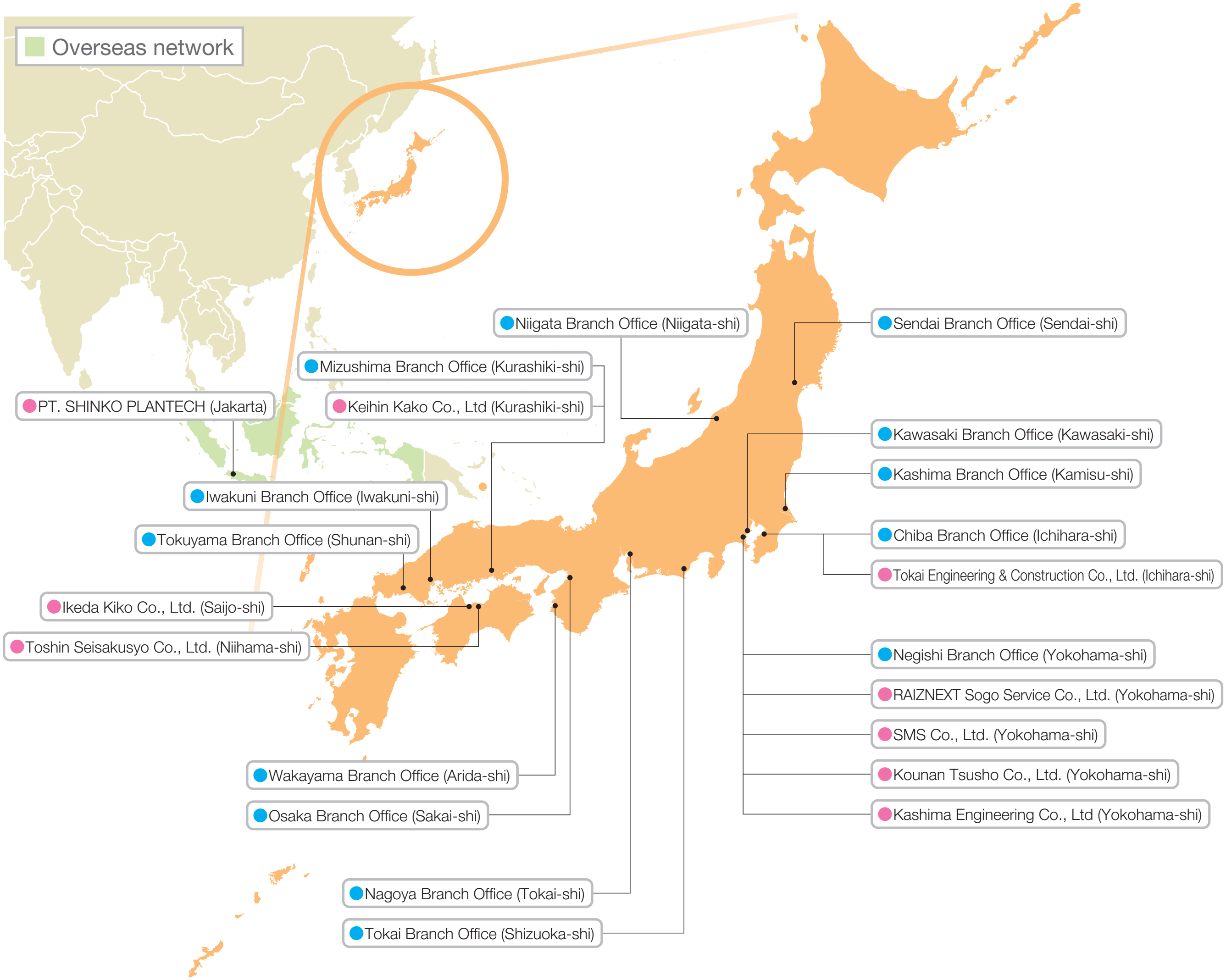
Number of shareholders



Number of shares

Branch Offices and Related Companies

- Thirteen branch offices
- Nine subsidiaries



Shareholder Memo

Fiscal Year	Ending March 31
General Shareholders' Meeting	During June
Record Date	March 31 for the General Meeting of Shareholders. Additional announcements will be made as necessary.
Dividend Payout Confirmation Date	March 31; if an interim dividend is to be paid, confirmation of payout will be made on September 30
Administrator of Shareholders' Registry	1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
The location for the handling of its business	1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
Mailing Address and Telephone Number	Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 1-1 Nikko-cho, Fuchu-shi, Tokyo Phone: 0120–232–711 (toll free) Mailing address:PO Box 29, Shin-Tokyo Post Office, 137-8081 Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation
Announcement Method	Announcements are delivered electronically. In the event that electronic delivery is not possible, we will publish announcements in the Nihon Keizai Shimbun.
Share Unit	100 shares

About our website

Our website provides information about us through various pages for the company overview, services and products, investor relations, and more. We are looking forward to your visiting us.

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