FY2022 Consolidated Results (Year Ended March 31, 2023)

RAIZNEXT Corporation

Security code: 6379

Contents

RAIZNEXT

1. FY2022 Financial Results

1） Business Environment for FY2022

Domestic Economy

- Japan's economy was affected by rising prices but staged a modest recovery with the effects of policies for coexisting with COVID-19.
- A downturn in the global economy put downward pressure on the Japanese economy, stoking continuing concerns about risks from rising prices, supply restrictions and fluctuations in financial and capital markets.

Business Environment

- In the petroleum industry, slack domestic demand for oil caused a declining trend in product demand to persist.
- Demand in the petrochemical and general chemical industries failed to recover as automobile production volumes declined and demand for products with industrial applications slumped.
- Although prices remained at high levels for some materials used in construction and installation, no major problems occurred in terms of material sourcing.

Our Response

- In the maintenance field, RAIZNEXT strove to expand projects in routine maintenance, tank repairs and the like.
- In the engineering field, RAIZNEXT made efforts to expand projects at plants that manufacture general chemicals and high-performance products such as electronic materials and projects related to carbon-neutrality.

2） Earnings Summary for FY2022

➢ **New contracts and net sales came in generally as forecast. Income in each category outperformed forecasts.**

(Reference)

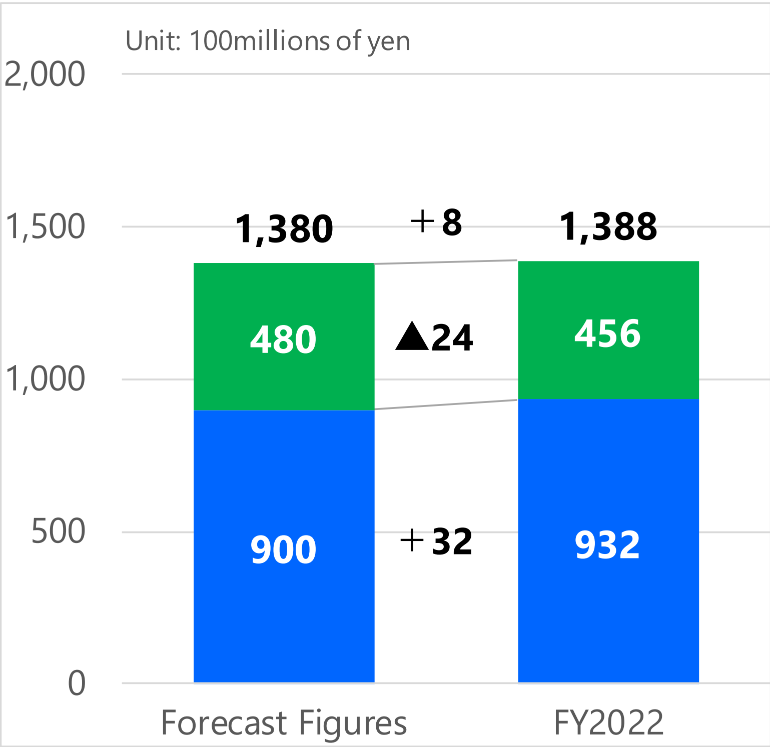
(Unit: 100 millions yen)

	Forecast Figures	**FY2022 Results**	Difference	Percent Change	FY2021 Results	Difference	Percent Change
New Contracts	1,380	1,388	+8	+0.6%	1,412	-24	-1.7%
Net Sales	1,360	1,400	+40	+2.9%	1,298	+102	+7.9%
Gross Profit	164.0	180.5	+16.5	+10.1%	177.4	+3.1	+1.7%
Percentage (%)	12.1%	12.9%	+0.8%	—	13.7%	-0.8%	—
SG&A	70.0	71.3	1.3	+1.9%	67.6	+3.7	+5.5%
Operating Income	94.0	109.1	+15.1	+16.1%	109.8	-0.7	-0.6%
Percentage (%)	6.9%	7.8%	+0.9%	—	8.5%	-0.7%	—
Ordinary Profit	96.0	112.4	+16.4	+17.1%	112.7	-0.3	-0.3%
Percentage (%)	7.1%	8.0%	+0.9%	—	8.7%	-0.7%	—
Profit attributable to owners of parent	63.0	77.4	+14.4	+22.9%	77.4	+0.0	+0.0%
Percentage (%)	4.6%	5.5%	+0.9%	—	6.0%	-0.5%	—

3） New Contracts

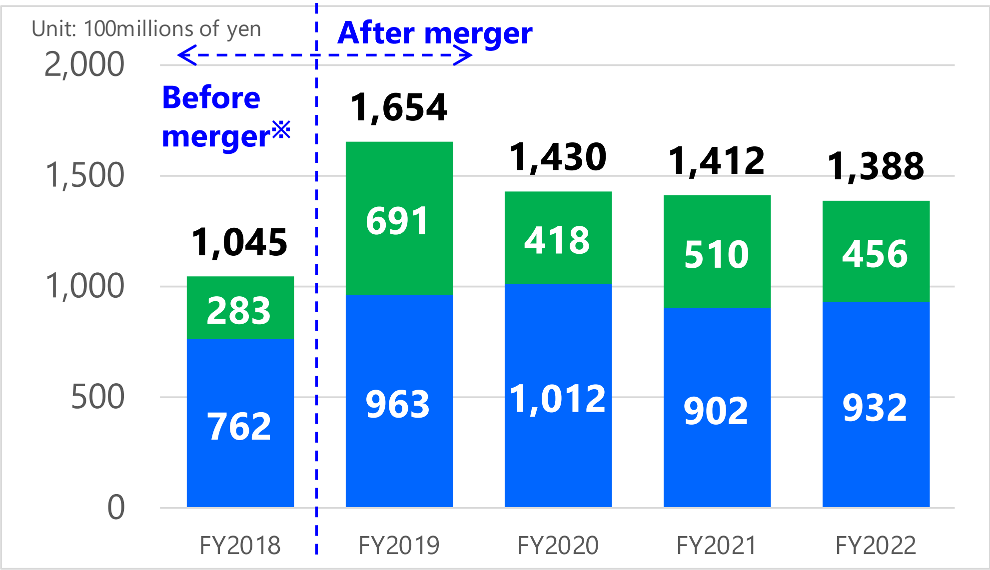
Maintenance: Higher than initial forecast due to increase in additional projects for turnaround maintenance
Engineering: Lower than initial forecast due to factors such as lost orders and suspended projects.

Comparison with initial forecast



5-year trend

- **Maintenance held to a stable trend.**
- **Engineering trended consistently around the 40–50 billion yen range.**
- **Overall, new contracts trended sideways, with gains in some areas offsetting declines in others.**



■ Maintenance ■ Engineering

Remarks:
①Prior to the merger, the figures are for the former SHINKO PLANTECH (consolidated) only.
②New contracts for the fiscal year ended September 30th, 2019 include those that RAIZNEXT added to the outstanding contracts for the former JX Engineering as of June 30th, 2019 to its new contracts figures on July 1st.

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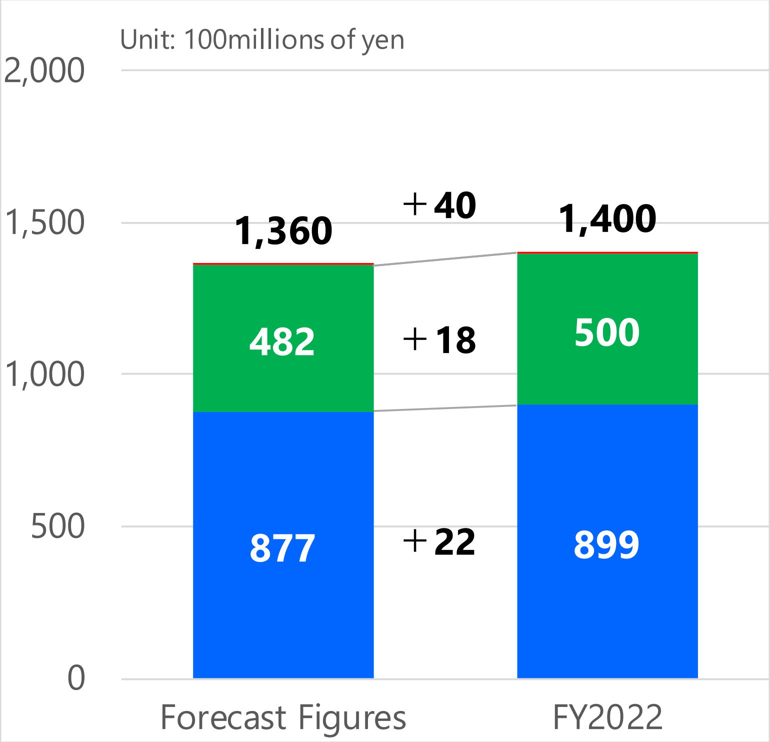
4） Net Sales

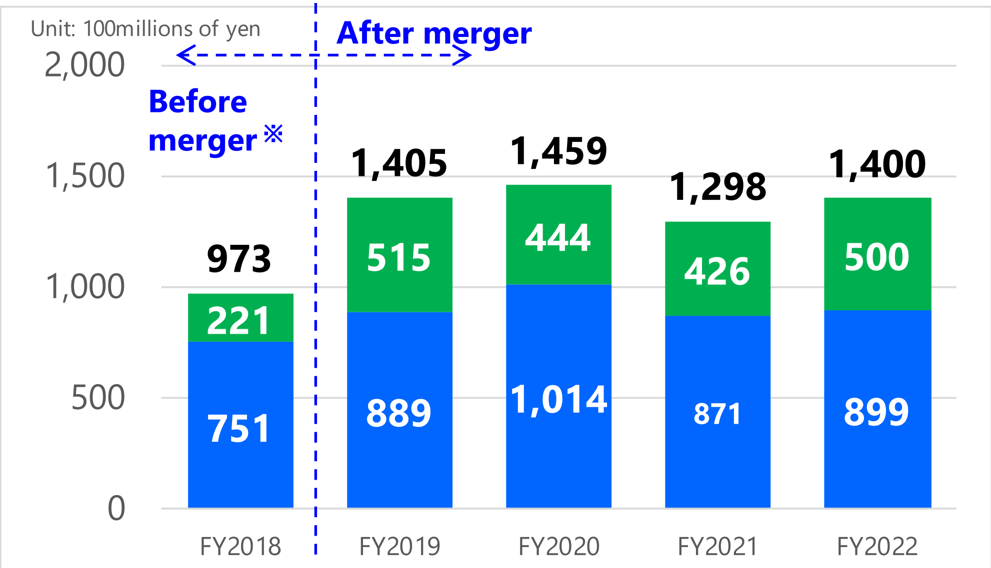
- Maintenance: Exceeded initial forecast due to increase in additional projects for turnaround maintenance.
- Engineering: Exceeded initial forecast due to increase in project volume for plant modification and faster-than-expected progress on major projects.

Comparison with initial forecast



5-year trend

- Maintenance fluctuated due to cycles of turnaround maintenance.
- Engineering proceeded on a stable trend as did new contracts.
- Net sales overall followed a similar trend to maintenance.



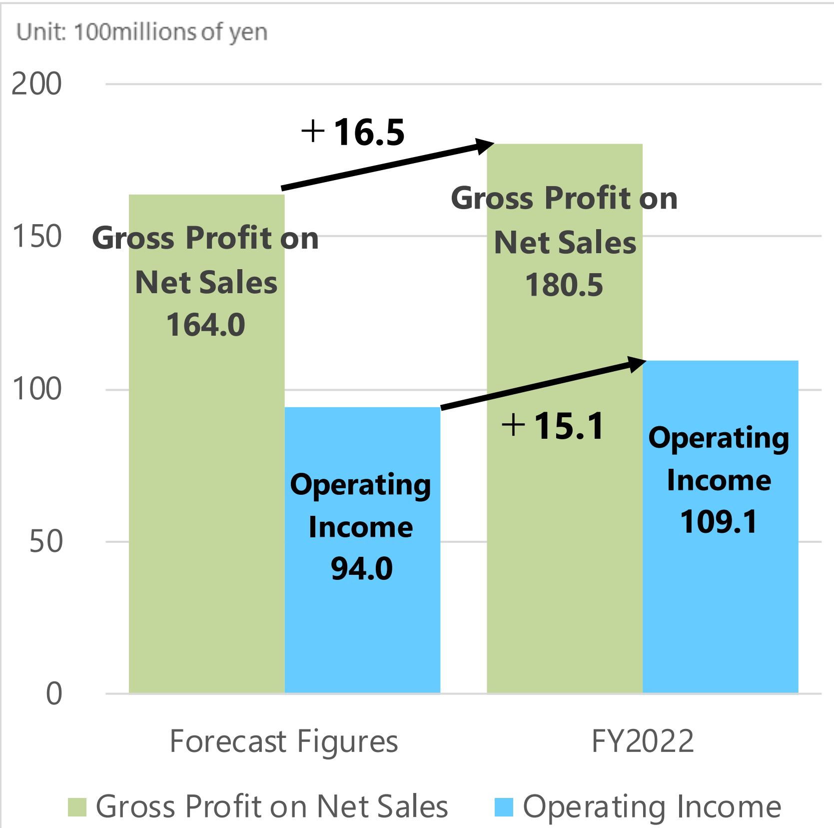
■ Maintenance ■ Engineering

Remarks:
①Prior to the merger, the figures are for the former SHINKO PLANTECH (consolidated) only.

5） Gross Profit on Net Sales and Operating Income

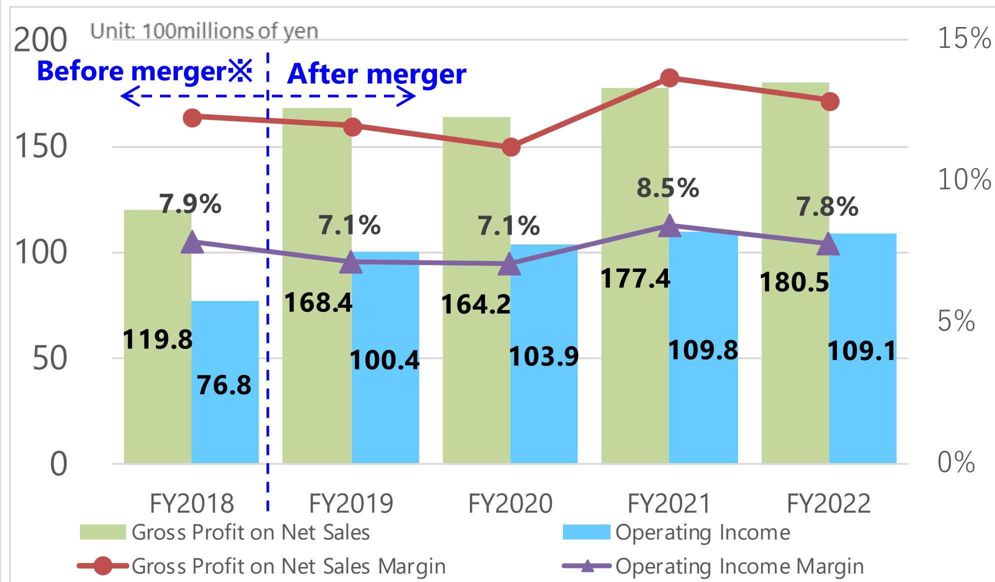
- Gross profit on net sales and operating income exceeded forecast as a result of net sales exceeding initial forecast and efforts to raise operating efficiency.

Comparison with initial forecast



5-year trend

- Gross profit on net sales margin generally held to a level of 12% or greater.
- Operating income margin was consistently maintained at 7% or greater.



Remarks:
①Prior to the merger, the figures are for the former SHINKO PLANTECH (consolidated) only.

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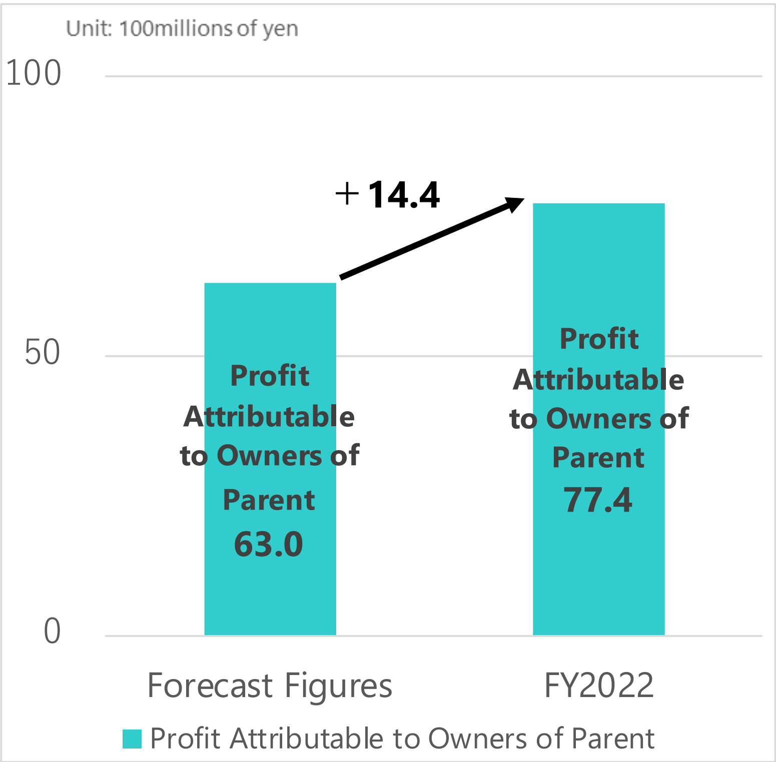
6） Profit Attributable to Owners of Parent

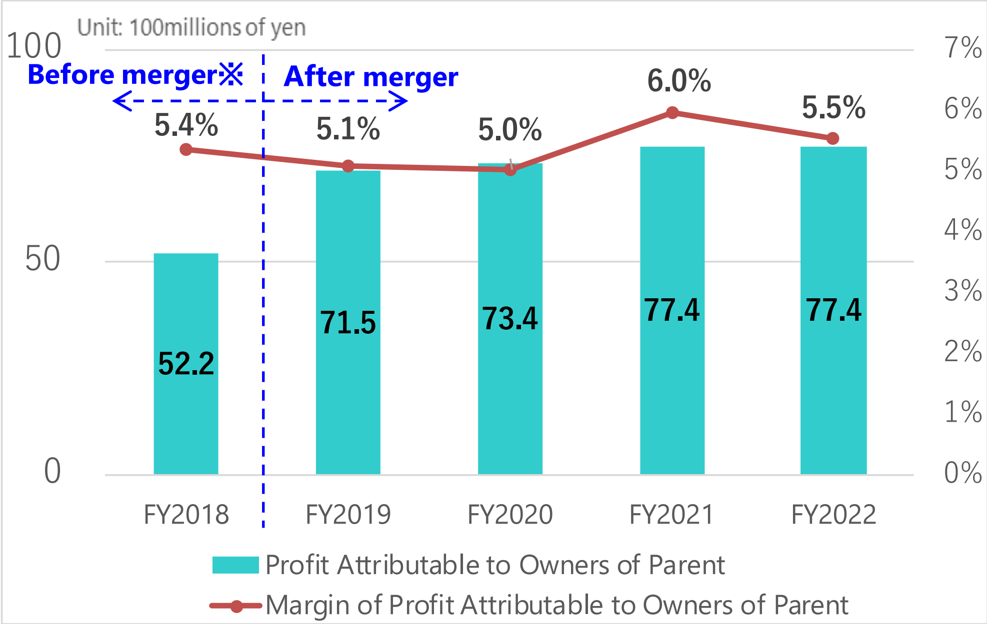
The profit attributable to owners of parent exceeded initial forecast due to an increase in gross profit on net sales.

Comparison with initial forecast



5-year trend

➢ **Margin of profit attributable to owners of parent was consistently maintained at 5% or greater.**

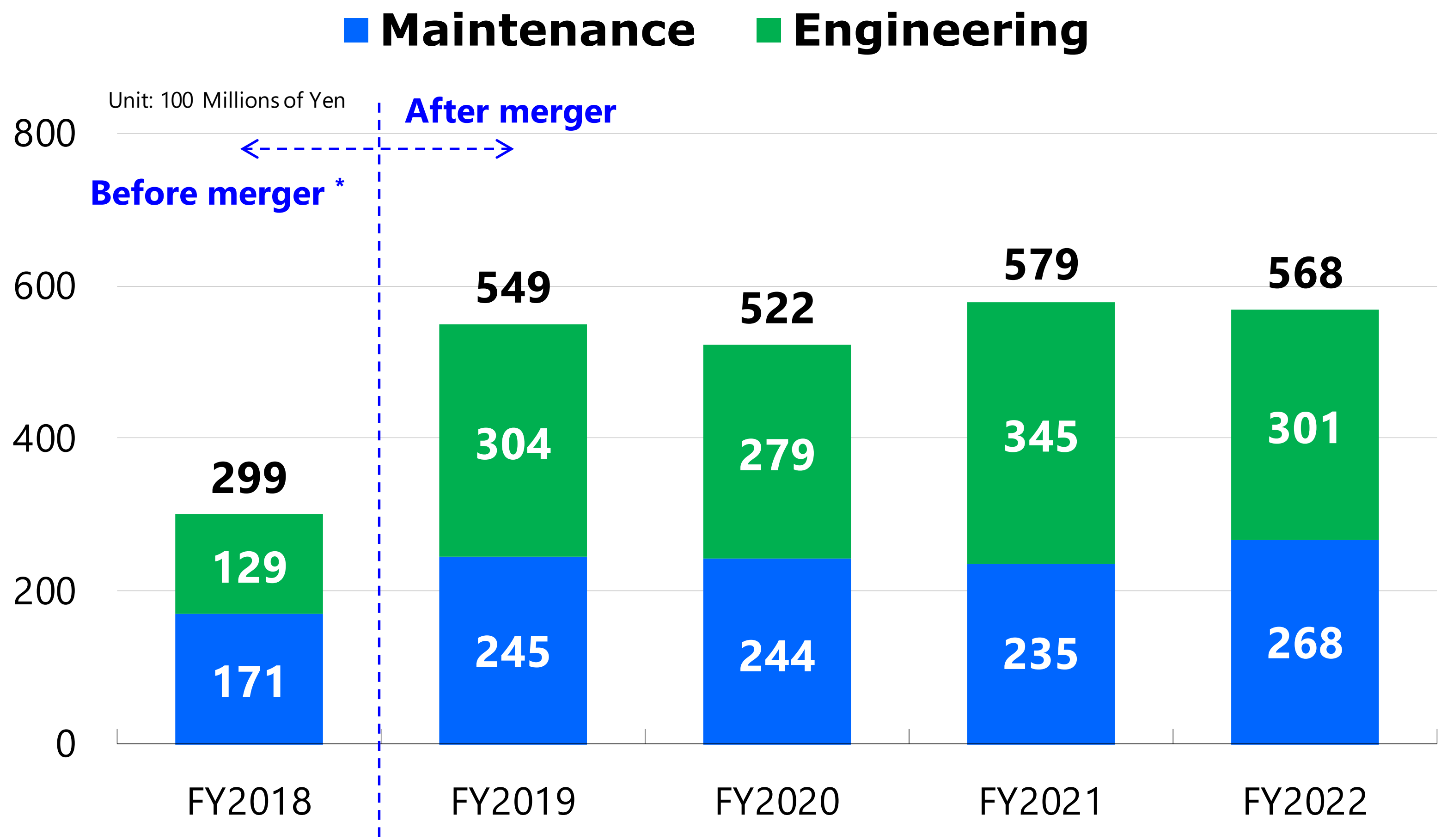


Remarks:
①Prior to the merger, the figures are for the former SHINKO PLANTECH (consolidated) only.

②Note: The FY2019 figures on the graph above exclude gain on bargain purchases (5,100 million yen) from the profit attributable to owners of parent.

7) Outstanding Contracts

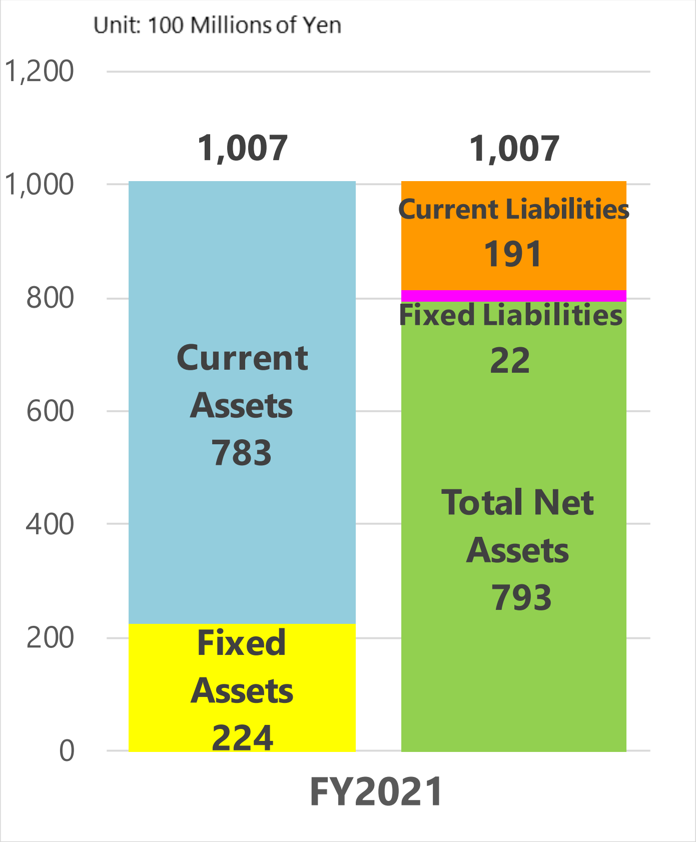
➢ **Maintenance increased, and engineering declined, year-on-year.**

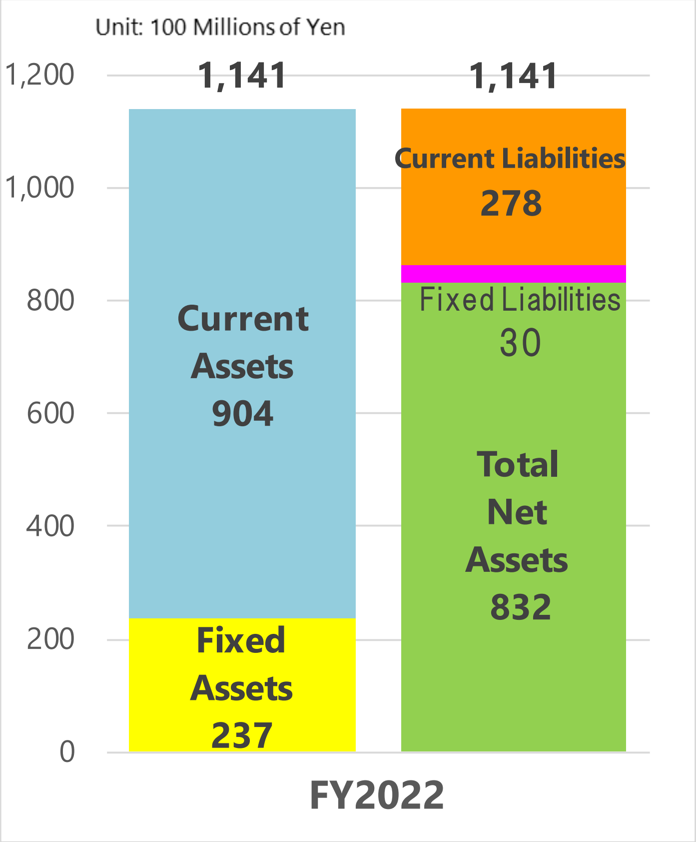


Remarks:
①Prior to the merger, the figures are for the former SHINKO PLANTECH (consolidated) only.

8） Balance Sheet

- Assets: In current assets, accounts receivable on net sales increased.
- Liabilities: In current liabilities, accounts payable on projects increased.
- Net assets: Increased due to increase in profit attributable to owners of parent.
- Shareholder's equity ratio: 72.2%; return on equity (ROE): 9.6%





Shareholder's equity ratio：78.0%
Return on Equity：10.2%

Shareholder's equity ratio：72.2%
Return on Equity： 9.6%

2. Earnings Forecast for FY2023

1） Outlook for the Business Environment in FY2023

Domestic Economy

- **Recovery is expected as normalization of socioeconomic activities progresses amid the shift to coexisting with COVID-19.**
- **Concerns are expected to linger due to continuing uncertainty, prompted by rising consumer prices and the impact on material prices and supplies from the situation in Ukraine.**

Business Environment

- **In the petroleum industry, despite continuing weakening of product demand due to a drop in domestic demand, new demand is expected to emerge from base refurbishment at shuttered refineries, idle land and other sites to effective use.**
- **Demand In the general chemical industry will continue for plants that manufacture high-performance products, such as semiconductor foundries.**
- **In the nonferrous-metal industry, demand for copper will grow amid the spread of EVs and renewable energy, resulting in increase in new and additional plant construction.**

Our Response

- **Leveraging its twin strengths in maintenance and engineering, RAIZNEXT will focus on expanding the scope of projects with existing customers and attracting new ones.**
- **RAIZNEXT will respond vigorously to opportunities in base refurbishment at sites such as shuttered refineries.**
- **RAIZNEXT will focus on new contracts in plants manufacturing general chemicals and high-performance products such as electronic materials and on projects related to carbon neutrality.**

2） Earnings Forecast for FY2023

- **New contracts, net sales and gross profit on net sales should come in at about the same level as the previous fiscal year.**
- **Operating income, ordinary profit and profit attributable to owners of parent are expected to decline against the previous fiscal year, as advancement of DX pushes up SG&A expenses.**

(Unit: 100 millions yen)

	Interim				Full-Year			
	H1 FY2022 Ressults	H1 FY2023 Forecast	Change	Percent Change(%)	FY2022 Ressults	FY2023 Forecast	Change	Percent Change(%)
New Contracts	675	730	+55	+8.1%	1,388	**1,410**	+22	+1.6%
Net Sales	687	765	+78	+11.4%	1,400	**1,410**	+10	+0.7%
Gross Profit	90.5	102.0	+11.5	+12.7%	180.5	181.0	+0.5	+0.3%
Percentage (%)	13.2%	13.3%	+0.1%	-	12.9%	12.8%	-0.1%	-
SG&A	35.5	39.0	+3.4	+9.6%	71.3	78.0	+6.6	+9.3%
Percentage (%)	5.2%	5.1%	-0.1%	-	5.1%	5.5%	+0.4%	-
Operating Income	54.9	63.0	+8.1	+14.8%	109.1	**103.0**	-6.1	-5.6%
Percentage (%)	8.0%	8.2%	+0.2%	-	7.8%	7.3%	-0.5%	-
Ordinary Profit	57.2	64.0	+6.8	+11.9%	112.4	106.0	-6.4	-5.7%
Percentage (%)	8.3%	8.4%	+0.1%	-	8.0%	7.5%	-0.5%	-
Profit attributable to owners of parent	39.6	43.0	+3.4	+8.6%	77.4	**71.0**	-6.4	-8.3%
Percentage (%)	5.8%	5.6%	-0.2%	-	5.5%	5.0%	-0.5%	-

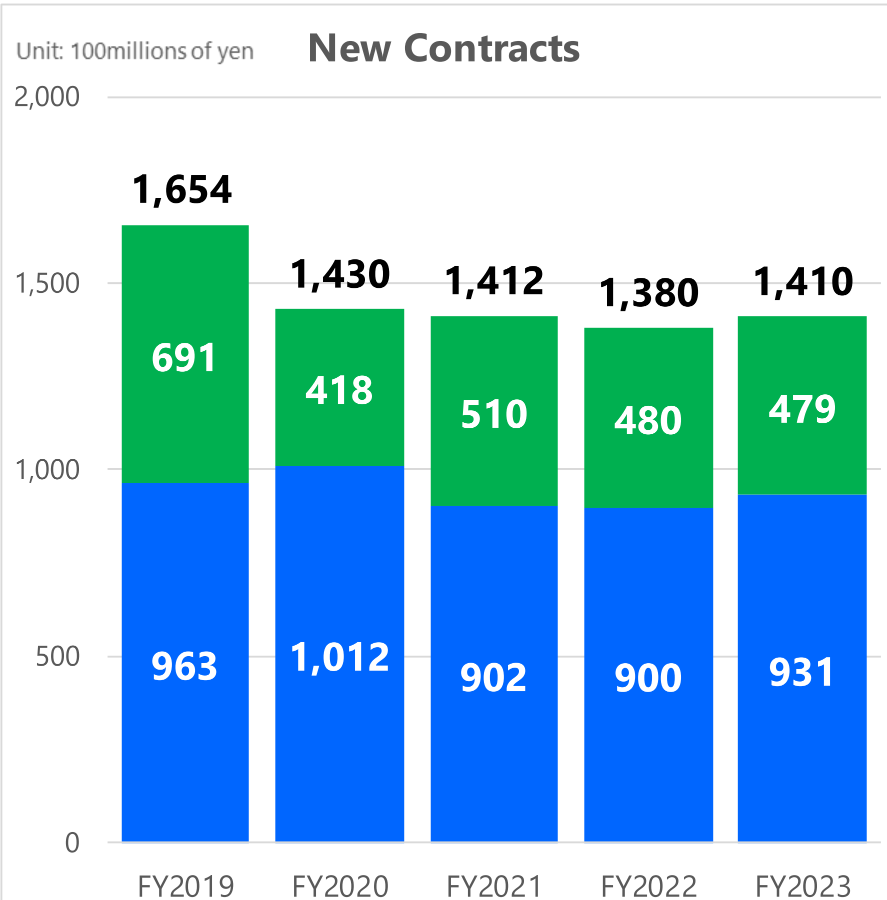
EPS	73.26 yen	79.39 yen	+6.13 yen	+8.4%	142.92 yen	131.09 yen	-11.83 yen	-8.3%

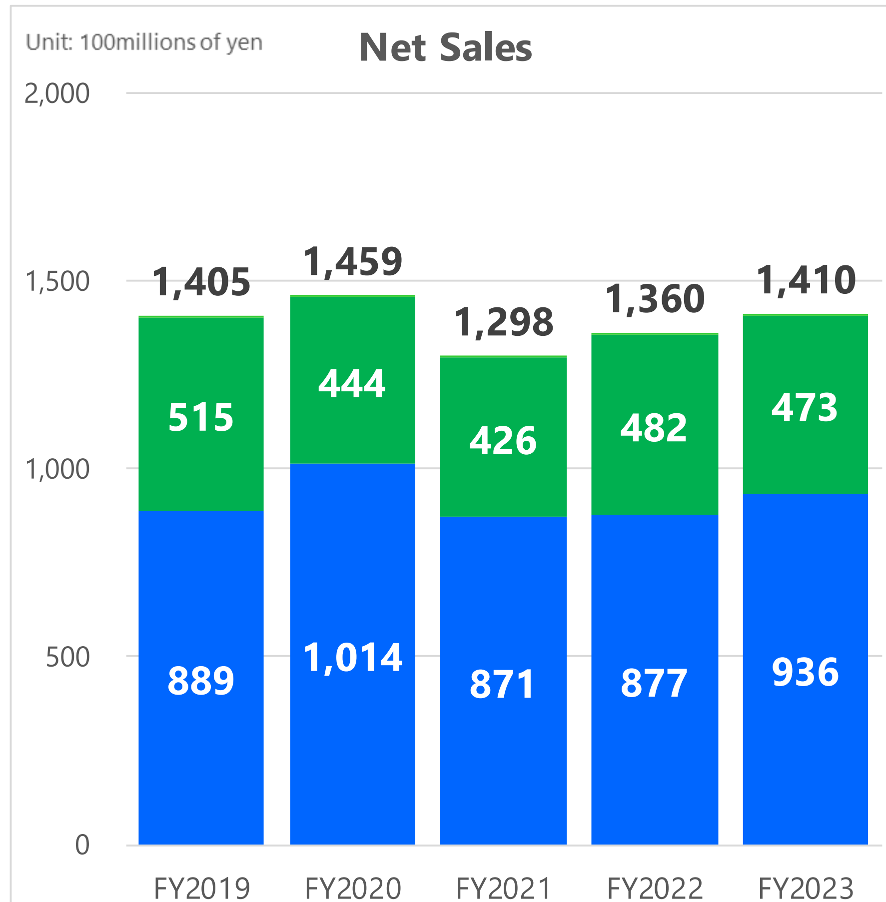
Outstanding Contracts	568	534	-34	-6.0%	568	569	+1	+0.2%

3) New Contracts and Net Sales

- New contracts in maintenance are forecast to rise year-on-year, but in engineering they are expected to remain at a similar level to the period under review.
- Net sales in maintenance are forecast to rise year-on-year, but in engineering they are expected to remain at a similar level to the period under review.

■ Maintenance ■ Engineering





Note: Figures for FY2023 are forecasts.

3. Dividend

Planned Dividend Payout for FY2022

● **Year-end dividend: 72 yen (Consolidated dividend payout ratio: 50.4%)**

✓ **This dividend is 14 yen higher than the dividend of 58 yen forecast at the beginning of the fiscal year.**

Dividend Forecast for FY2023

● **Annual dividend: 65 yen (Consolidated dividend payout ratio: 49.6%)**

✓ **An interim dividend will be distributed (the company forecasts an interim dividend of 30 yen and a year-end dividend of 35 yen).**

✓ **The consolidated dividend payout ratio is at about the same level as forecast at the beginning of FY2022 (49.9%).**

Second Medium-term Management Plan (Progress in 2022)

Management Targets in Numbers

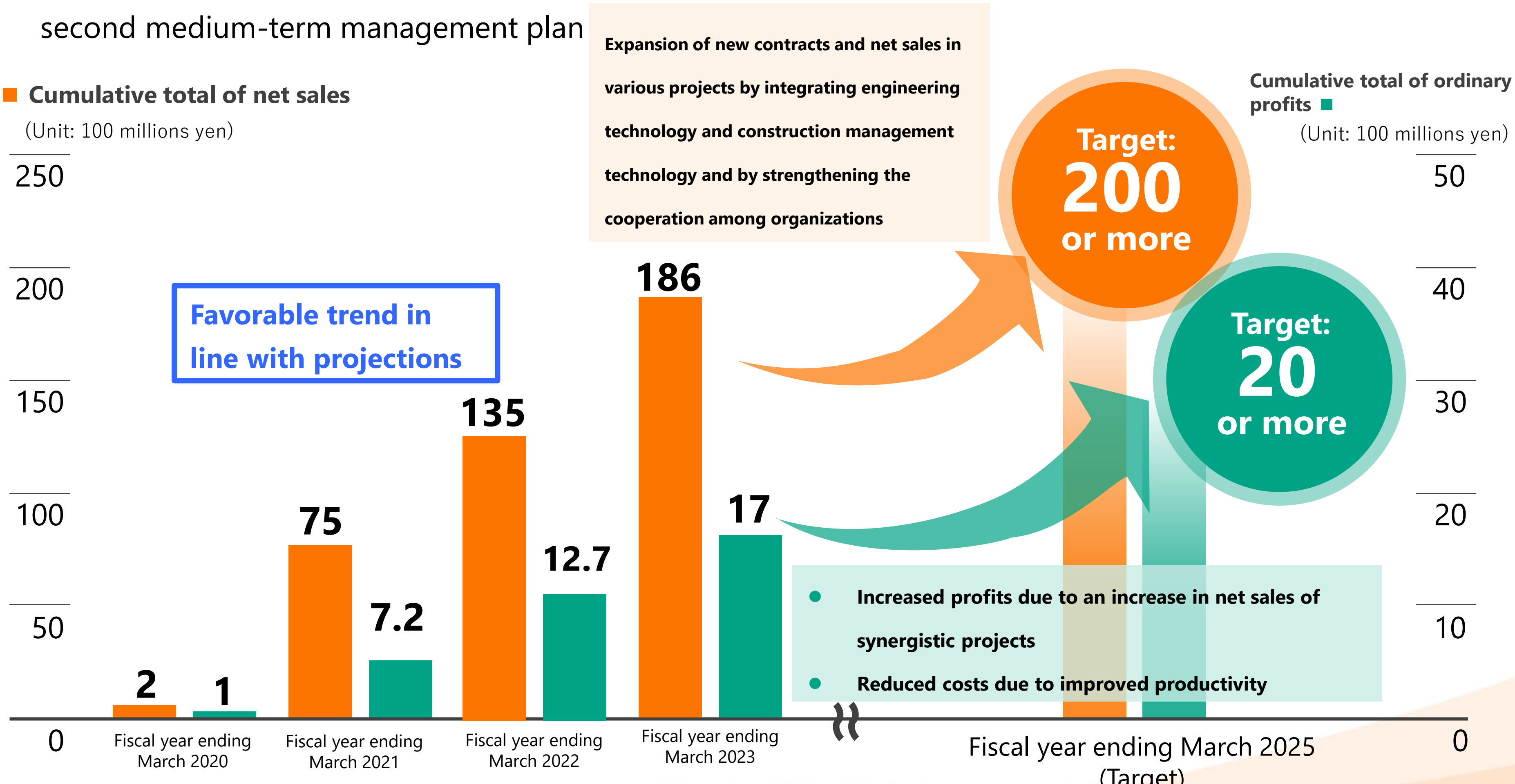
The final annual targets and actual annual results for the second medium-term management plan are as follows

(Unit: 100 millions yen)

(Consolidation)	Item	2022 (Fiscal year ending March 2023)	2024 (Fiscal year ending March 2025)
Performance targets	Net sales	**1,400**	**1,450**
	Operating income (Profit ratio)	**109** (**7.8**%)	**105** (**7.2**%)
	Profit attributable to owners of parent company (Profit ratio)	**77** (**5.5**%)	**70** (**4.8**%)
Target values of management index	Return on equity (ROE)	**9.6**%	**8**% or more
	Consolidated dividend payout ratio	**50.4**%	**40**% or more

Synergistic Effect (Targets and Results)

We aim to generate synergistic effect with a cumulative amount of "Net sales of **200** (100 millions yen) or more" and "Ordinary profits of **20** (100 millions yen) or more" in total during the first and second medium-term management plan



Strengthen Our Management Foundation and Various Business Strategies

Strengthen our **maintenance business**

- Effective operation of production planning systems across the company
- Strengthening the partner company network and maintaining mobilization capacity

Strengthen our **engineering business**

- Further strengthening business execution system and technical capabilities
- Expanding new contracts in new fields such as renewable energy

Strengthen our **tank business**

- Further strengthening management systems across the company and strengthening the systems of our business partners
- Investigating and examining the design and construction technology of hydrogen storage tanks

- Expanding new contracts and profits
- Strengthen technical capabilities

Strengthen our **management foundation**

- Reinforcement of governance systems in the entire group
- Regulating overtime work limits/ responding to new work styles
- Personnel recruitment and training
- ESG management including CSR activities and SDGs
- Promoting DX
- Generation of synergistic effects

Progress in Strengthening Our Management Foundation and Various Business Strategies

Strengthen our maintenance business

- Effective operation of production planning systems across the company
- Strengthening the network of our business partners and maintaining mobilization capacity
- Expanding new contracts and profits
- Strengthening technical capabilities

- Launch of a maintenance framework with the goal of overall optimization (shift from Division-1, 2, and 3 to the Maintenance Division)
- Setting appropriate unit prices with customers and partner companies
- Actively bidding for entry into a new market area of turnaround maintenance for oil wholesalers and chemical manufacturers
- Achievement of entry into new areas of daily-maintenance and turnaround-maintenance projects
- Development of various technologies (automatic cleaning equipment for heat exchangers, flameless pipe cutting, DX of various maintenance tasks)

Progress in Strengthening Our Management Foundation and Various Business Strategies

Strengthen our engineering business

- Further strengthening business execution system and technical capabilities
- Expanding new contracts in new fields such as renewable energy
- Expanding new contracts and profits
- Strengthening technical capabilities

- New contracts in the renewable-energy field
  → New contracts for continuous projects in new mega-solar power plants
  (Cumulative total: Approx. 258 MW; Under construction: Approx. 30 MW)
  → New contracts for construction of green ammonia production plants

- New contracts for base refurbishment for the future of shuttered refineries (detoxification and equipment-removal work)
  → Continuing active participation in upcoming plans
- Strengthening of new contracts in the nonferrous-metal field for new construction and plant modification
  → New contracts for additional production lines in copper-foil-rolling equipment plants and structures for housing heavy machinery

Progress in Strengthening Our Management Foundation and Various Business Strategies

Strengthen our tank business

- Further strengthening operating structure across the company and strengthening the systems of our business partners
- Investigating and examining the design and construction technology of hydrogen storage tanks
- Expanding new contracts and profits
- Strengthening technical capabilities

- Improving the tank production management system and strengthening the business execution system

→ Sharing of tank-engineer resources in-house, increasing new contracts and income by boosting utilization rates

- Conducting research and collecting information about the technology, demand and environment involved in hydrogen and ammonia storage tanks
- New contracts for tank projects at newly contacted oil storage companies and oil refining companies

Progress in Strengthening Our Management Foundation and Various Business Strategies

Strengthen our management foundation

- Reinforcement of governance systems in the entire group
- Regulating overtime work limits/ responding to new work styles
- Personnel recruitment and training
- ESG management including CSR activities and SDGs
- Promoting DX
- Generation of synergistic effects

- Establishment of a company-wide risk management system
- Disclosure of materialities and KPIs in sustainable management
- Responding to restrictions on overtime in 2024
- Making the work environment more supportive (improvement of construction site environments, introduction of free-address work systems)
- Raising operating efficiency by increasing numbers of dispatched supervisors and standardization of regular maintenance work
- Formation of medium-to-long term training plans for engineering personnel
- Establishment of a Digital Strategy Department for further advancement of DX

Company Efforts to Respond to Changes in the Business Environment

(1) Participation in upcoming plans for shuttered refineries

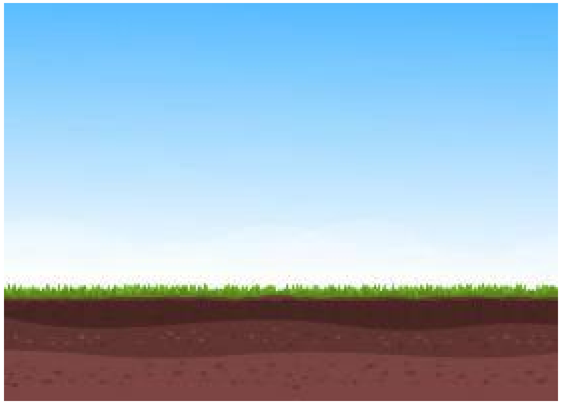
New contracts and participation in upcoming plans for base refurbishment projects at shuttered refineries (detoxification/equipment removal projects)

The shutting-down of refineries is a business opportunity for RAIZNEXT.

1) Detoxification projects for refinery equipment: Removal and cleanup of hazardous materials remaining in equipment, piping and tanks

2) Equipment removal projects: Removing equipment and clearing land

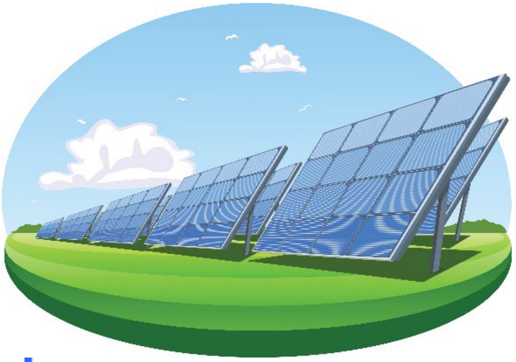
3) Participation in upcoming plans: Response and acquisition of new contracts from feasibility study based on upcoming plans to construction projects



Company Efforts to Respond to Changes in the Business Environment

(2) Responding to a carbon-neutral society

In addition to solar generating plants, a strength of the Company, RAIZNEXT will vigorously target new contracts for other carbon-neutral projects.

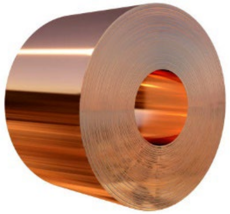


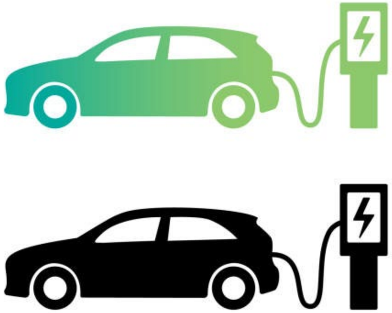
- Solar generating plants → 38 projects completed (cumulative capacity: approx. 258 MW)
  2 projects under way (total capacity: approx. 30 MW)
- New contract for construction of a green ammonia plant in Namie, Fukushima Prefecture

(3) Responding to electronic-material projects in nonferrous metals

Leveraging long-established customer relationships to mount a vigorous response in the nonferrous-metal field

- New contracts for construction of electronic-material plants
- Construction of recycling equipment for various electronic materials





Achieving an Attractive and Supportive Work Environment for Everybody

Fostering a new corporate culture by improving employee engagement

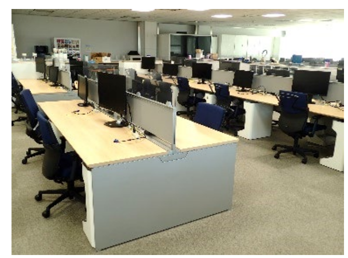
Brainstorming sessions between management and employees

Participation by female employees and young employees, workplace visits, etc.

Improvement of management based on results of employee awareness surveys

Improving work environments

Free-address systems and other workstyle improvements



Comfortable container-style washrooms on-site

Refurbishment of office buildings

This material includes projections based on future forecast and plans that was available on May 18, 2023.

There is a possibility that these projections may be different from actual results, affected by risks such as fluctuations in economic conditions and other uncertain factors.

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