Q2 FY2022 Consolidated Results (Quarter ended September 30, 2022)

RAIZNEXT Corporation

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1. Business Environment For FY2022

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1）Business Environment

Japanese economy

● The economy is slowly picking up because of various government policies, during the promotion of the transition to exist with COVID-19. On the other hand, there are fears that the downturn in overseas economies will put a downward pressure on the domestic economy, as well as risks such as price increases, supply-related limitations, and fluctuations in the financial capital market.

Business environment

● New contracts reached a high level in FY 2021due to several large construction orders, but are expected to decrease in FY2022 as compared to the previous year

● Net sales are expected to recover in FY2022, although there were few cases of turnaround maintenance in FY 2021

Our response

● In the maintenance field, making efforts on expanding maintenance work such as daily maintenance and repairs

● In the engineering field, making efforts on expanding high-performance product manufacturing plants for general chemicals and electronic materials, as well as carbon-neutral construction

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2. Q2 FY2022 Financial Results

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1） Earnings Summary

- **New contracts and net sales were almost in line with the initial forecast, and each measure of profit slightly exceeded the initial forecast.**

(Reference)

(Unit: 100 millions yen)

	Initial Forecast	Q2 FY2022 Results	Difference	Percent Change	Q2 FY2021 Results	Difference	Percent Change
New Contracts	670	675	+5	+0.7%	620	+55	+8.9%
Net Sales	700	687	-13	-1.9%	673	+14	+2.1%
Gross Profit	88.0	90.5	+2.5	+2.8%	89.3	+1.2	+1.3%
Percentage (%)	12.6%	13.2%	+0.6%	—	13.3%	-0.1%	—
Operating Income	53.0	54.9	+1.9	+3.6%	56.2	-1.3	-2.3%
Percentage (%)	7.6%	8.0%	+0.4%	—	8.3%	-0.3%	—
Ordinary Profit	54.0	57.2	+3.2	+5.9%	57.6	-0.4	-0.7%
Percentage (%)	7.7%	8.3%	+0.6%	—	8.6%	-0.3%	—
Profit attributable to owners of parent	35.5	39.6	+4.1	+11.5%	34.7	+4.9	+14.1%
Percentage (%)	5.1%	5.8%	+0.7%	—	5.2%	+0.6%	—

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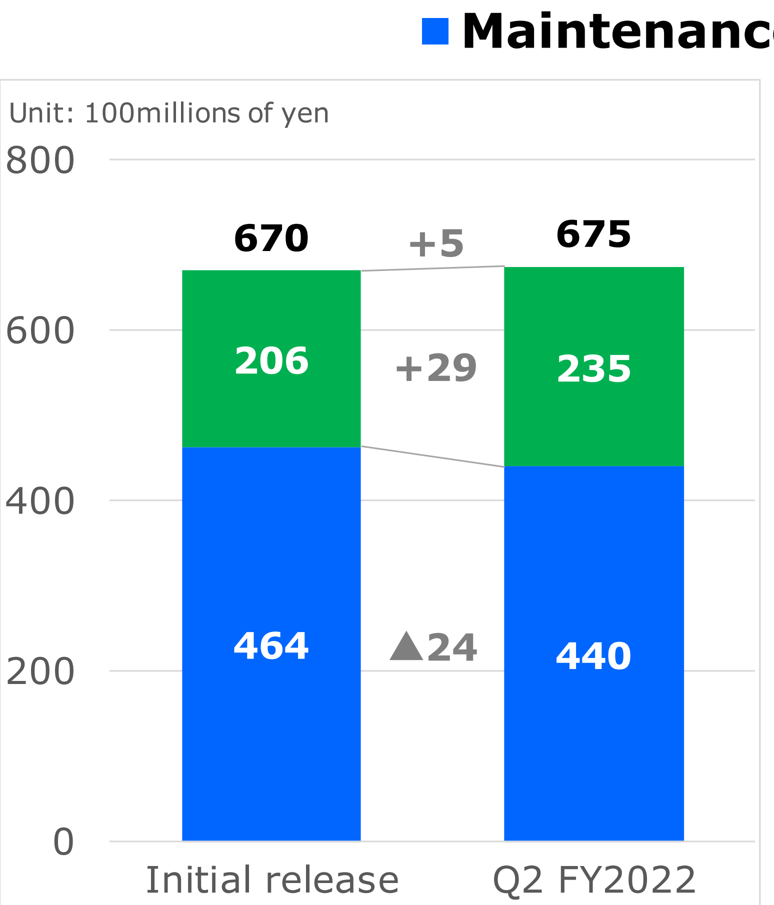
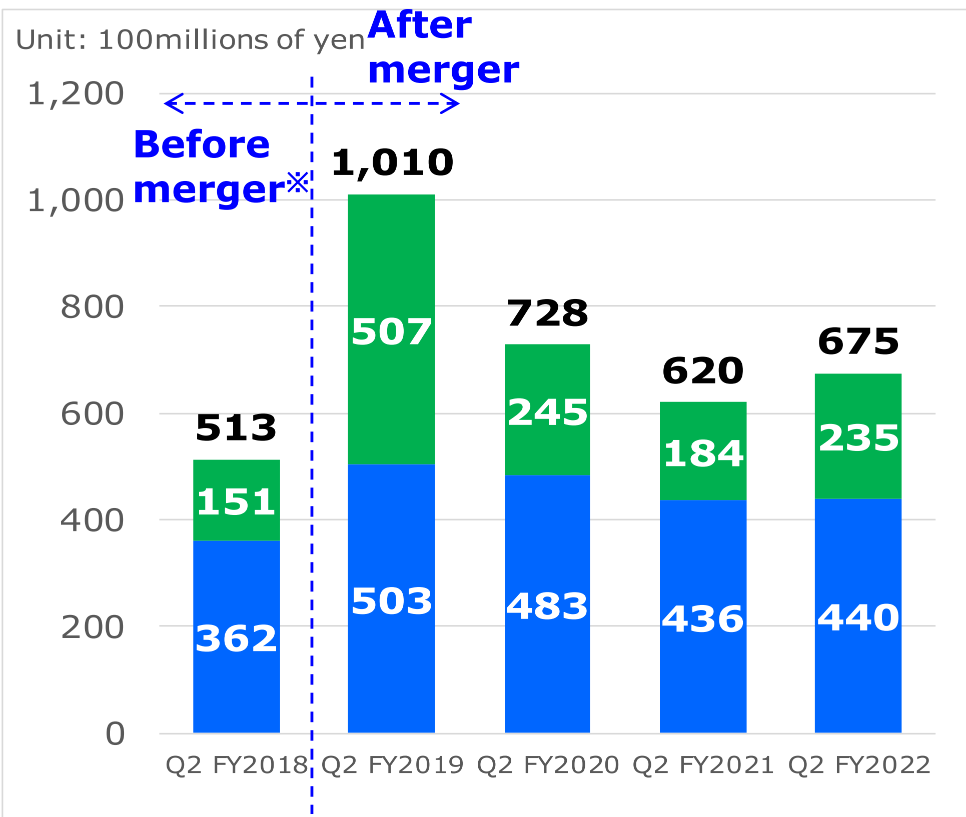
2） New Contracts

- **Maintenance: Lower than initial forecast due to postponement of new contracts for turnaround maintenance.**
- **Engineering: Exceeded the forecast due to factors such as new contracts in the first half for construction work for plants scheduled for the second half of the year.**





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

Remarks: New 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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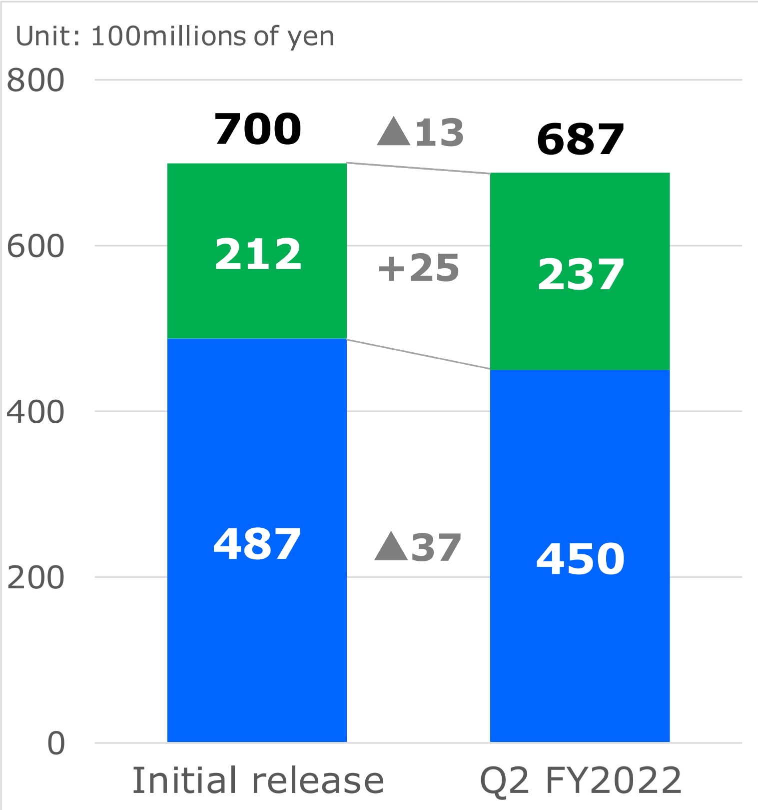
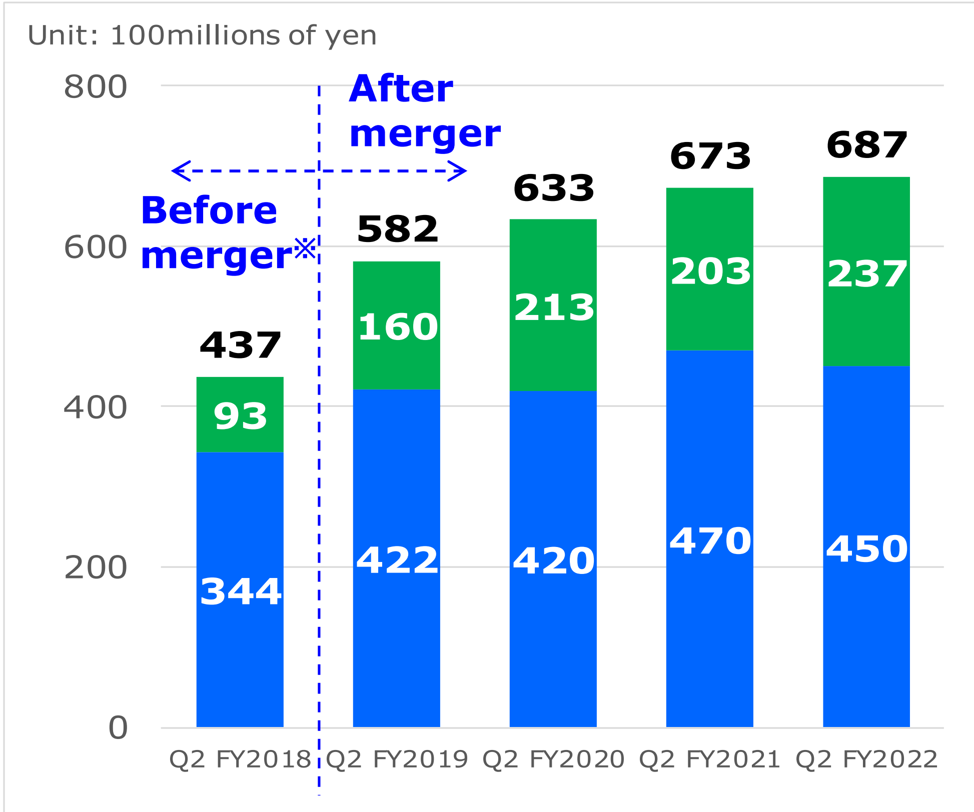
3）Net Sales

- Maintenance: Lower than initial forecast due to postponement of turnaround maintenance to the second half of the year.
- Engineering: Exceeded the initial forecast due to an increase in construction volume, etc.

■ Maintenance ■ Engineering





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

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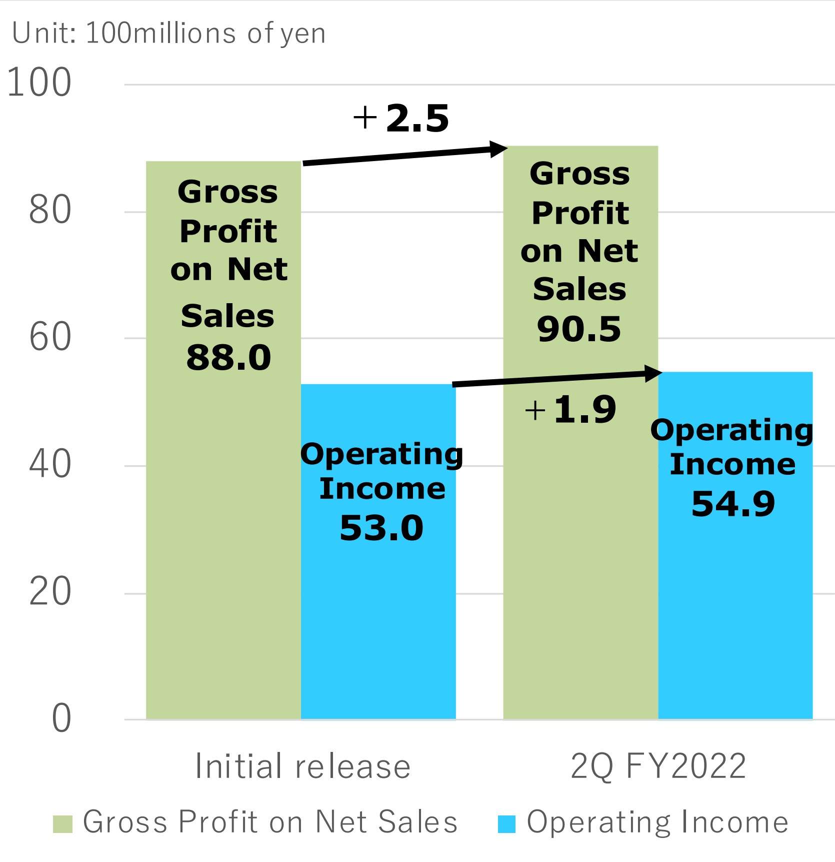
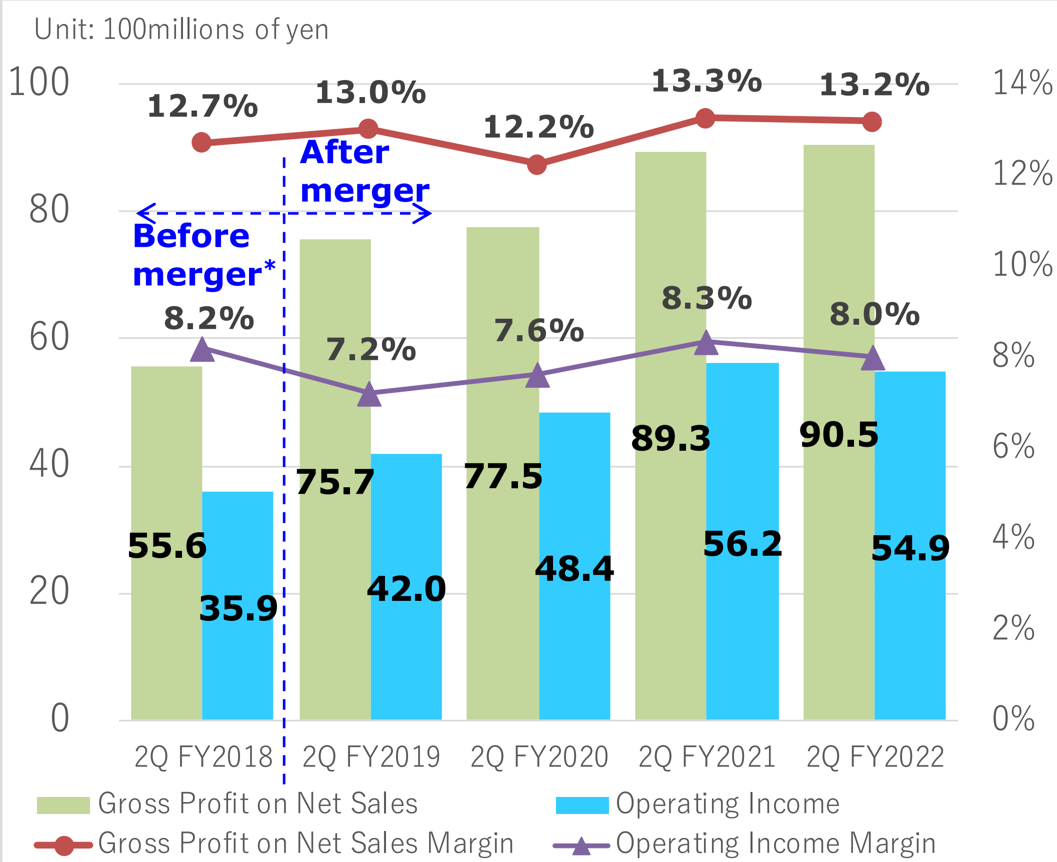
4） Gross Profit on Net Sales and Operating Income

- Net sales were in line with forecast, and gross profit on net sales and operating income slightly exceeded initial forecast due to the efforts made to reduce costs and improve operating efficiency





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

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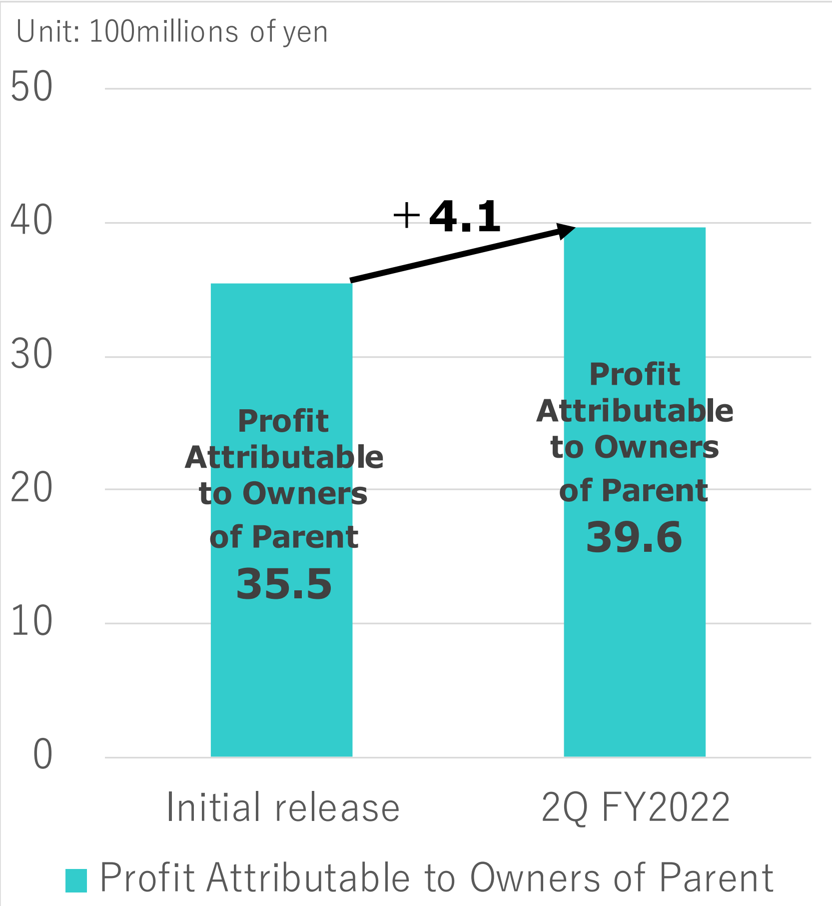
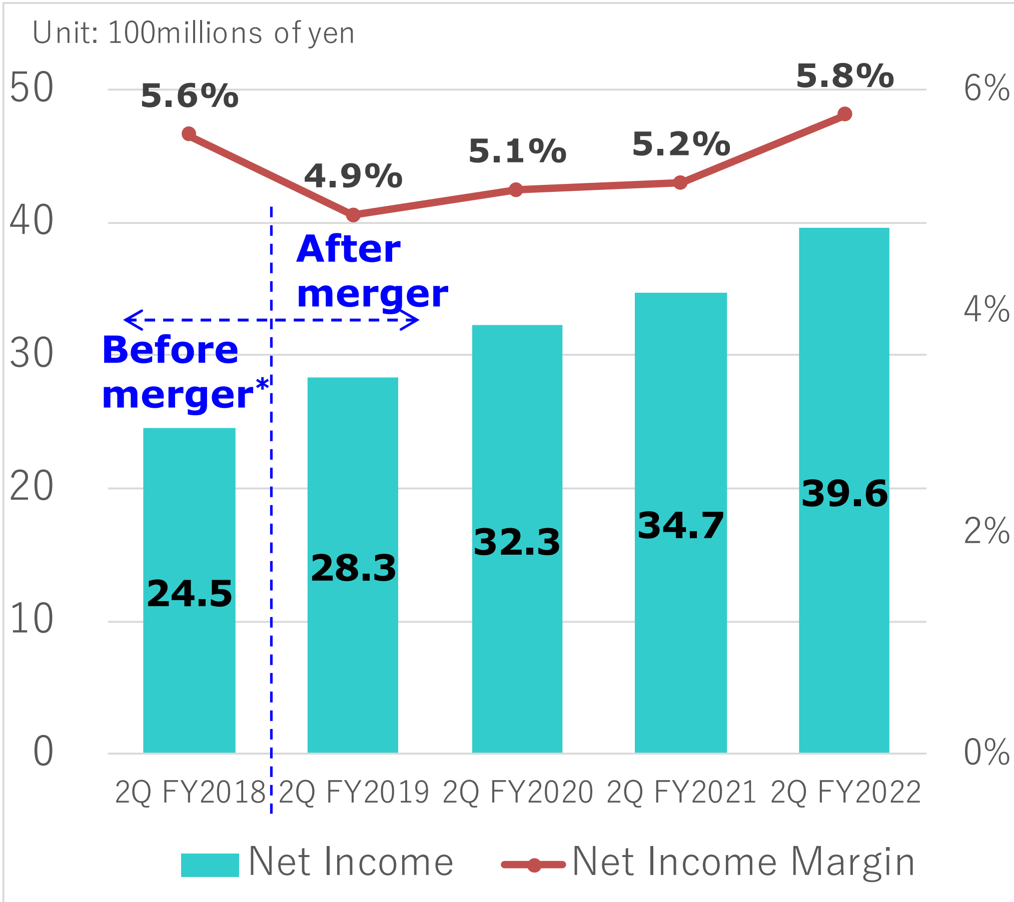
5) Profit Attributable to Owners of Parent

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





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

Note: The Q2 FY2019 figures on the graph above exclude gain on bargain purchases (5.5 billion yen) from the profit attributable to owners of parent.

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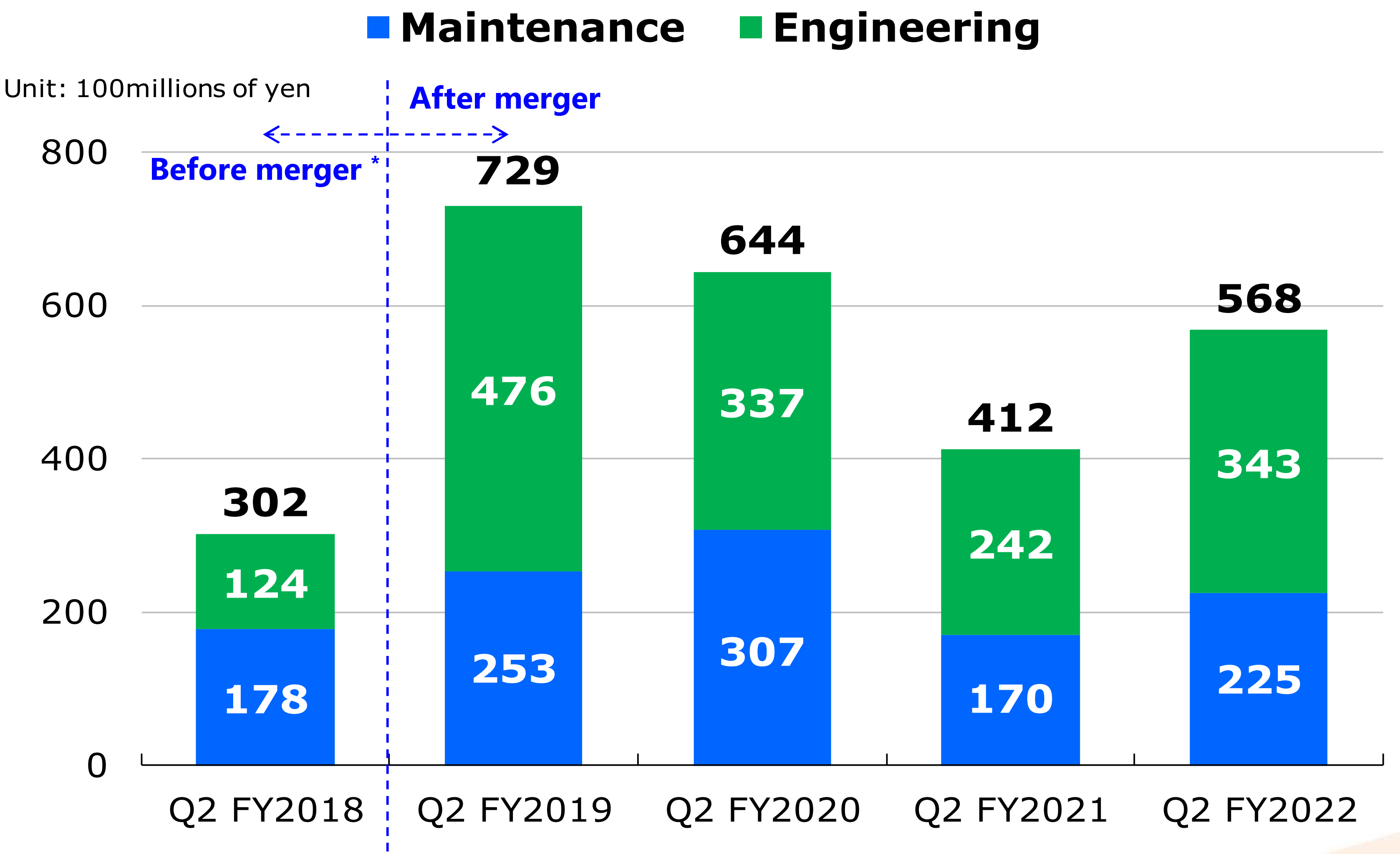
6) Outstanding Contracts

➢ **Both maintenance and engineering increased year on year.**



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

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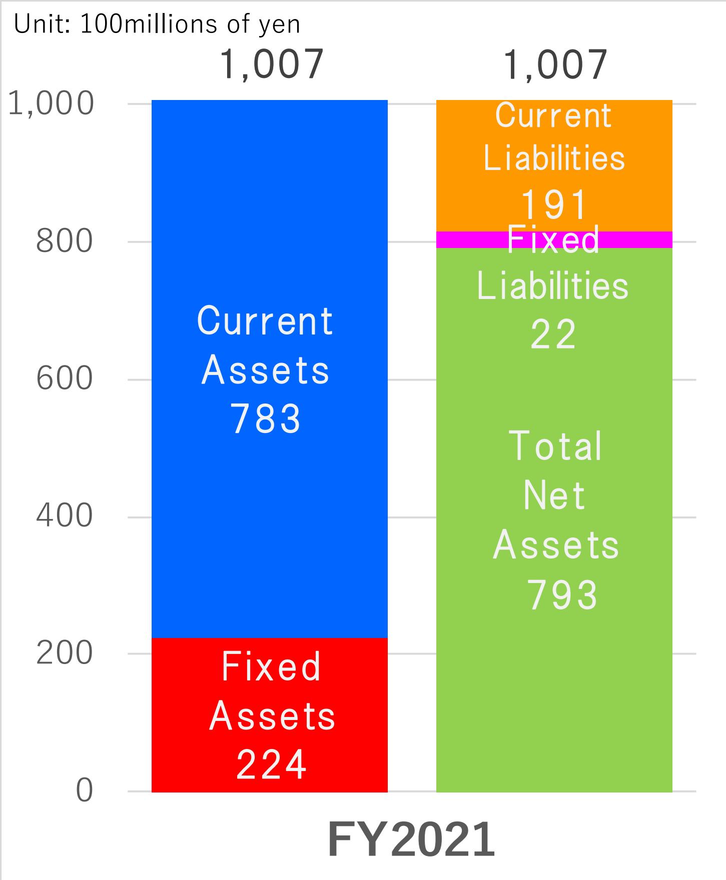
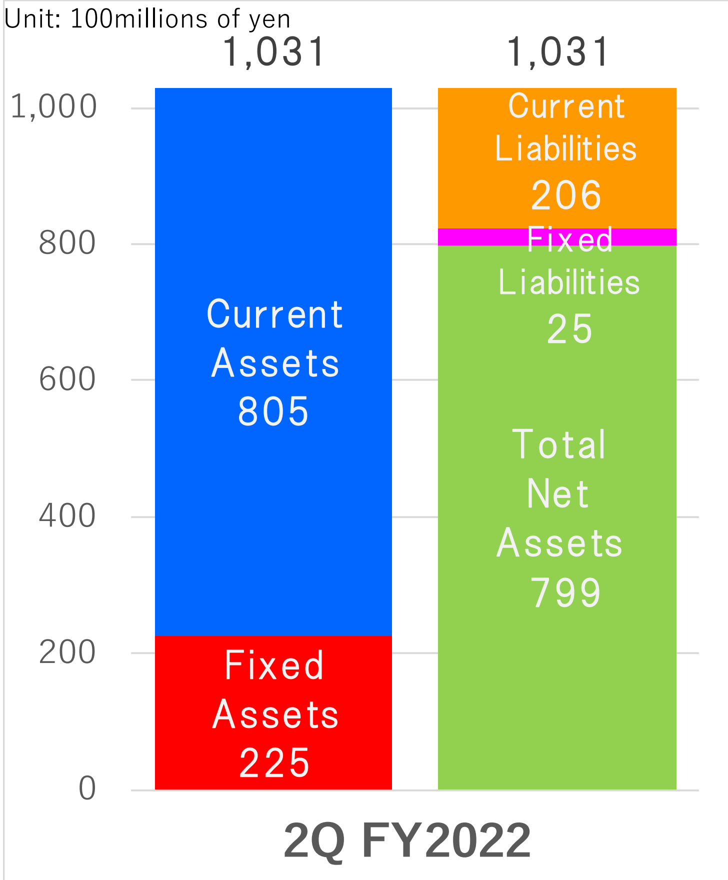
7） Balance Sheet

- Assets: No significant changes in current and fixed assets
- Liabilities: No significant changes in current and fixed liabilities
- Net assets: No significant changes
- Shareholder's equity ratio:76.7%



Shareholder's equity ratio：78.0%



Shareholder's equity ratio：76.7%

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3. Earnings Forecast for FY2022

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1） Earnings Forecast

➢ **No changes in initial forecasts for new contracts, net sales, and various profits**

(Unit: Millions of yen)

	Full-Year				
	Initial Forecast	Current Forecast		Difference	Percent Change
		1st Half Results	Full-Year forecast		
New Contracts	1,380	675	1,380	+0	+0.0%
Net Sales	1,360	687	1,360	+0	+0.0%
Gross Profit	164.0	90.5	164.0	+0.0	+0.0%
Percentage (%)	12.1%	13.2%	12.1%	+0.0pt	-
Operating Income	94.0	54.9	94.0	+0.0	+0.0%
Percentage (%)	6.9%	8.0%	6.9%	+0.0pt	-
Ordinary Profit	96.0	57.2	96.0	+0.0	+0.0%
Percentage (%)	7.1%	8.3%	7.1%	+0.0pt	-
Profit Attributable to Owners of Parent	63.0	39.6	63.0	+0.0	+0.0%
Percentage (%)	4.6%	5.8%	4.6%	+0.0pt	-
EPS	116.31Yen	73.26Yen	116.31Yen	0.00Yen	+0.0%
Outstanding Contracts	562	568	562	+0	+0.0%

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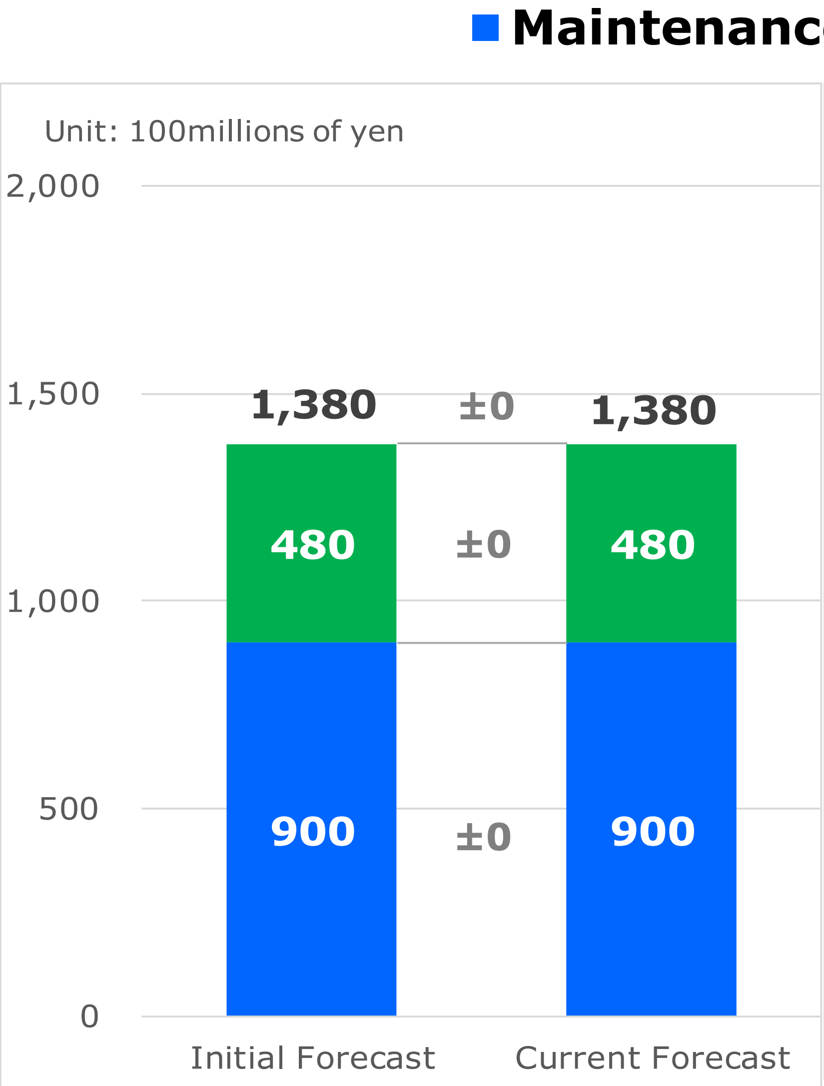
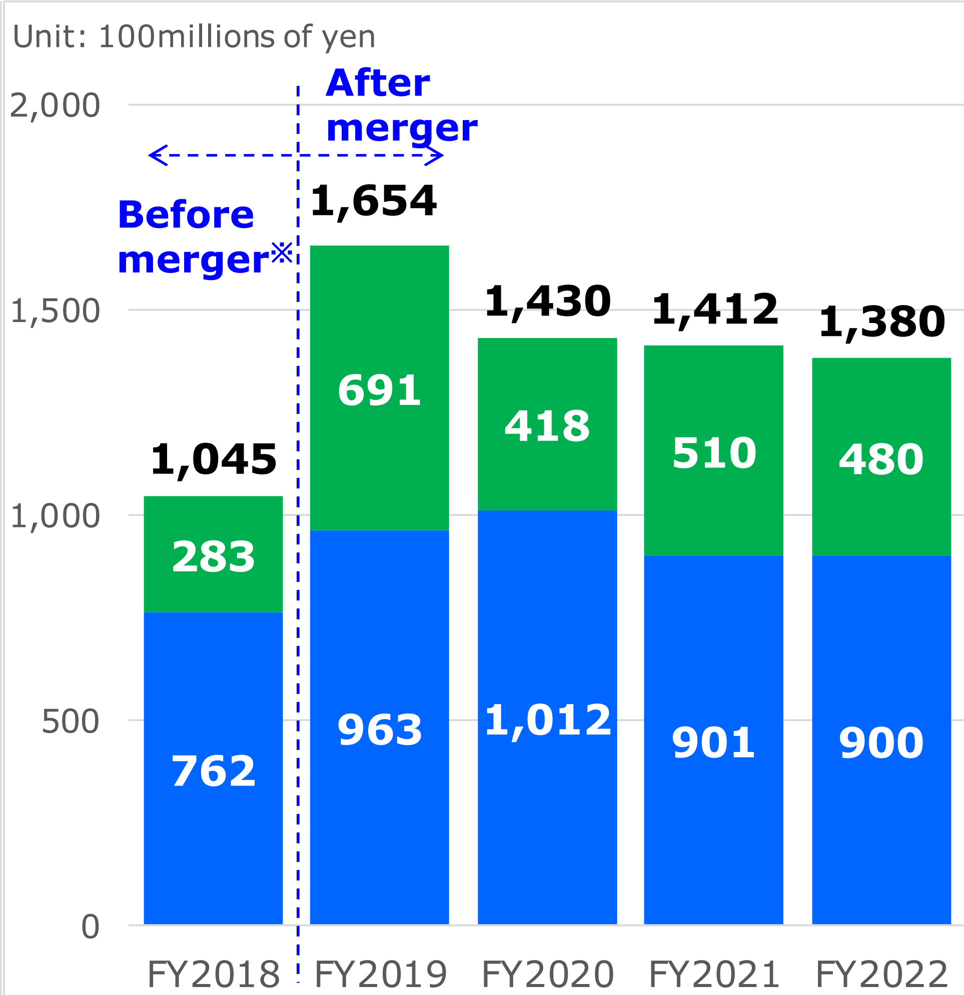
2) New Contracts

➢ **No changes in initial forecast for both maintenance and engineering.**





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

Note: Figures for FY2022 are forecasts.

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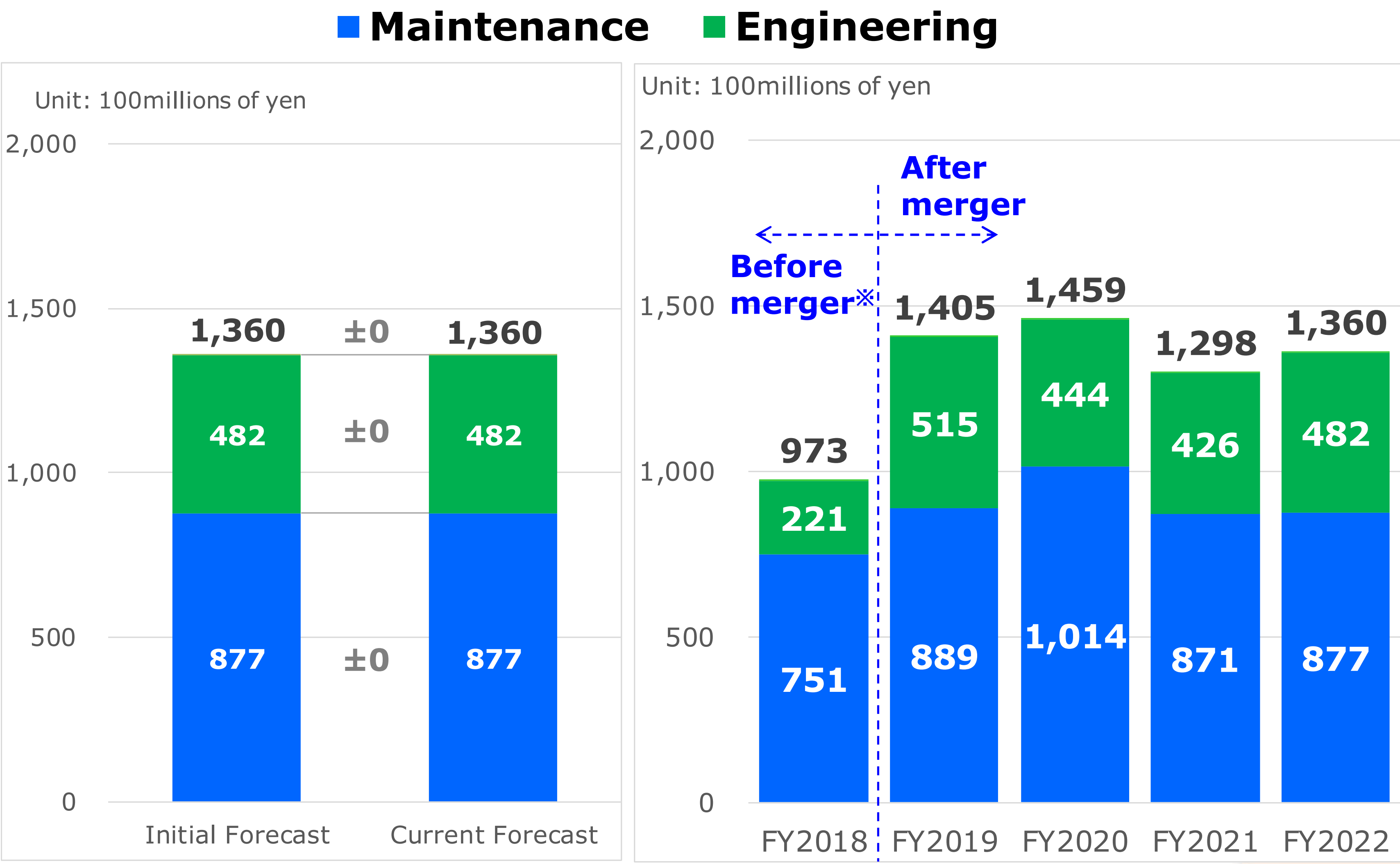
3) Net Sales

➢ **No changes in initial forecast for both maintenance and engineering.**



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

Note: Figures for FY2022 are forecasts.

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4. Dividend

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1) Dividend Forecast for FY2022

Dividends: Basic Understanding and Dividend Policy

Our group provides 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 base by strengthening our corporate structure in anticipation of changes in the business environment and future business developments, which in turn will help bring future benefits for our shareholders, customers, business partners, employees, and other stakeholders.
Based on this understanding, we believe that profit distribution to shareholders should be positioned as a management issue of the highest priority, and 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.

Dividend Forecast for FY2022

● Year-end dividend: 58 yen (Consolidated dividend payout ratio: 49.9%)

***No changes in the year-end dividend from the initial announcement.**

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This material includes projections based on future forecast and plans that was available on November 17, 2022.

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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