FY2020 Consolidated Results
(Year Ended March 31, 2021)

RAIZNEXT Corporation

RAIZNEXT
Security code: 6379

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1. FY2020 Financial Results

1) Business Environment for FY2020

- **Conditions remained tough in the Japanese economy due to the impact of the ongoing COVID-19 pandemic.**
- **Economic activity was stagnant and consumer spending sluggish, and disparities in business confidence and corporate earnings between industries widened. As such, the outlook for the future remains uncertain.**
- **In the petroleum industry, refining capacity was cut, and the rate of operation of refineries was adjusted. In addition, product demand declined due to the impact of COVID-19, etc.**
- **In the petrochemical and general chemical industries, despite signs of a recovery in demand in some products, overall product demand remained sluggish due to the impact of COVID-19.**
- **New contracts were affected by the cancellation or postponement of capital investments due to the impact of COVID-19.**
- **Net sales were strong, as this was a year in which we had a large volume of turnaround maintenance in the petroleum and petrochemical industries, our major customers.**
- **Amid the rising cost in subcontracts due to a shortage of labor, we endeavored to secure and improve profitability in individual works by reducing direct construction costs, cutting expenditure, streamlining operations, etc.**

2) Earnings Summary for FY2020

➢ **New contracts, net sales and profits were generally in line with forecasts.**

(Reference)

(Unit: 100 millions yen)

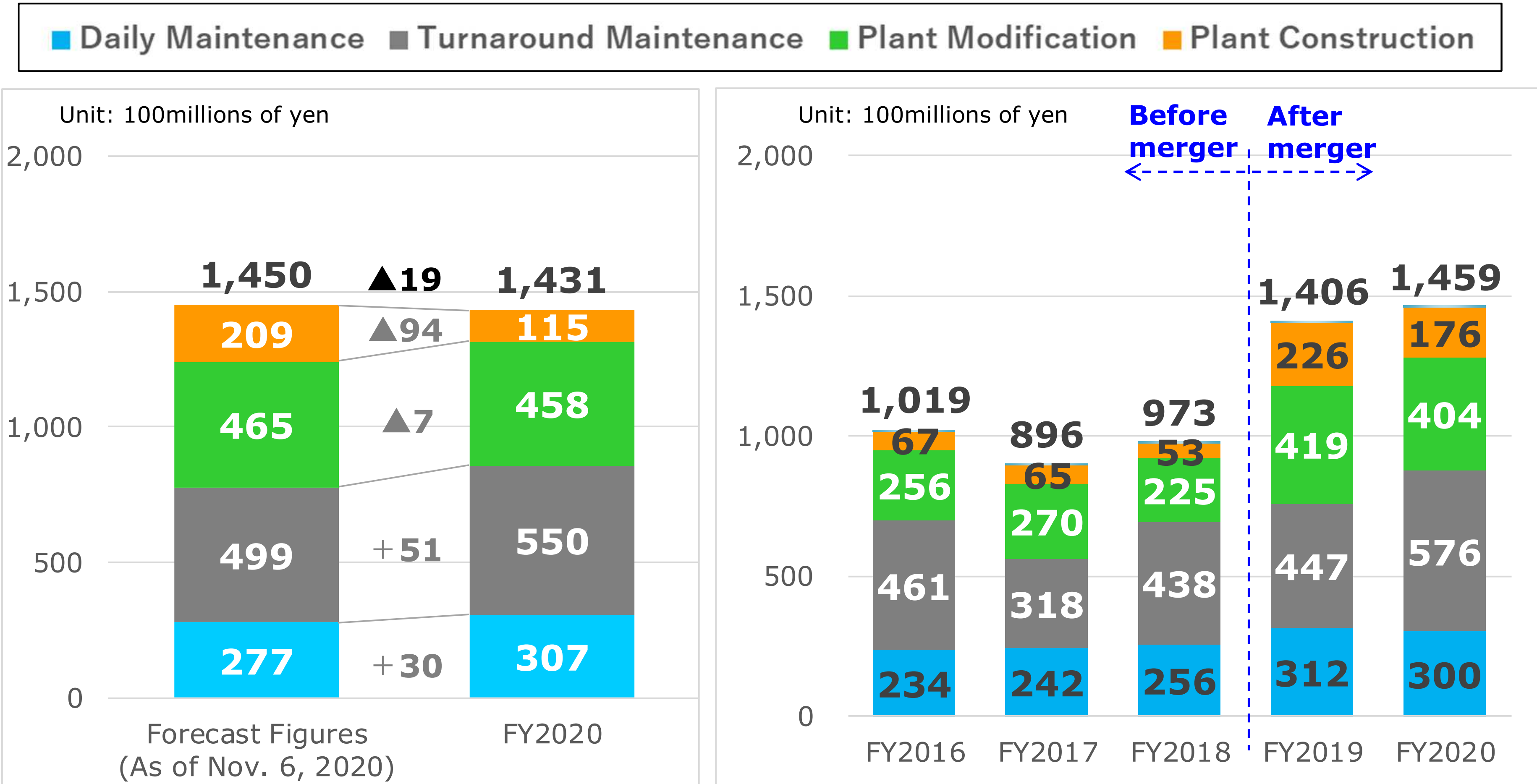
	Forecast Figures (As of Nov. 6, 2020)	**FY2020 Results**	Comparison with Forecast Figures	Percent Change	FY2019 Results		
						Difference	Percent Change
New Contracts	1,450	1,431	-19	-1.3%	1,654	-223	-13.5%
Net Sales	1,450	1,459	+9	+0.6%	1,405	+54	+3.8%
Gross Profit	164.5	164.1	-0.4	-0.2%	168.4	-4.3	-2.6%
Percentage (%)	11.3%	11.3%	0.0%	—	12.0%	-0.7%	—
Operating Income	104.0	103.8	-0.2	-0.2%	100.4	3.4	+3.4%
Percentage (%)	7.2%	7.1%	-0.0pt	—	7.1%	0.0%	—
Ordinary Profit	106.5	106.5	0.0	+0.0%	102.3	4.2	+4.1%
Percentage (%)	7.3%	7.3%	0.0%	—	7.3%	0.0%	—
Profit attributable to owners of parent	69.5	73.4	3.9	+5.6%	71.5	1.9	+2.7%
Percentage (%)	4.8%	5.0%	+0.0pt	—	5.1%	-0.1%	—

Remarks

1. The financial results for FY2019 include the twelve-month period for the former Shinko Plantech company and the nine-month period from July 2019 to March 2020 for the former JX Engineering.
2. The large increase in new contracts compared with the previous term was due to the receipt of the former JX Engineering's outstanding contracts as of the end of June as RAIZNEXT's new contracts on July 1st.
3. Gain on bargain purchases (5,100 million yen) is excluded from the profit attributable to owners of parent in FY2019.

3) New Contracts

- Daily maintenance and turnaround maintenance exceeded the forecast due to an increase in work volume.
- Plant construction fell below the forecast due to the cancellation or delay of work caused by COVID-19.

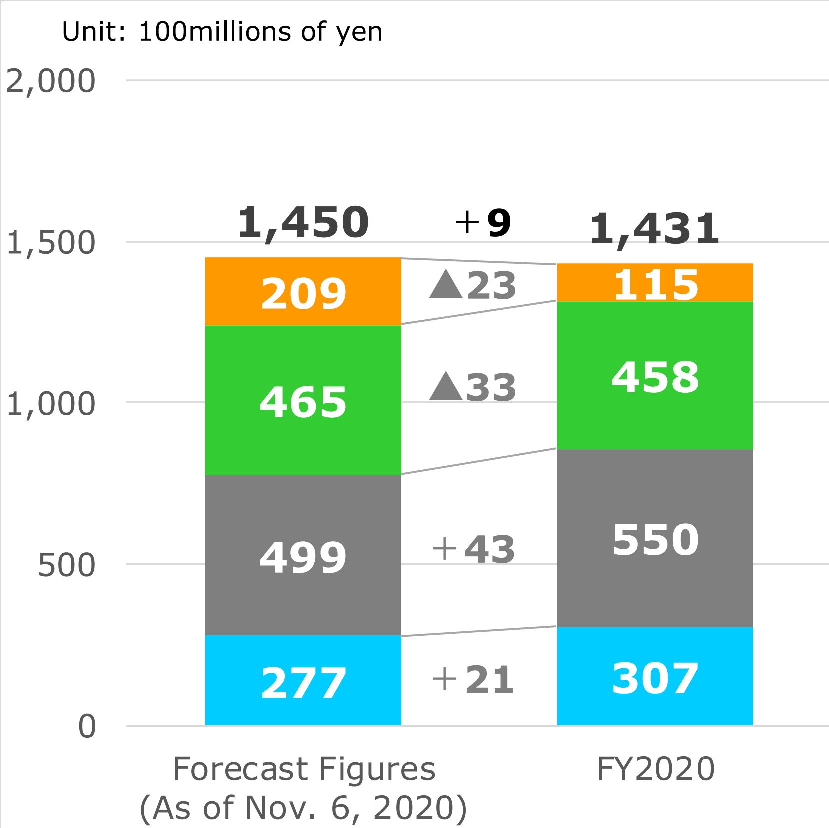


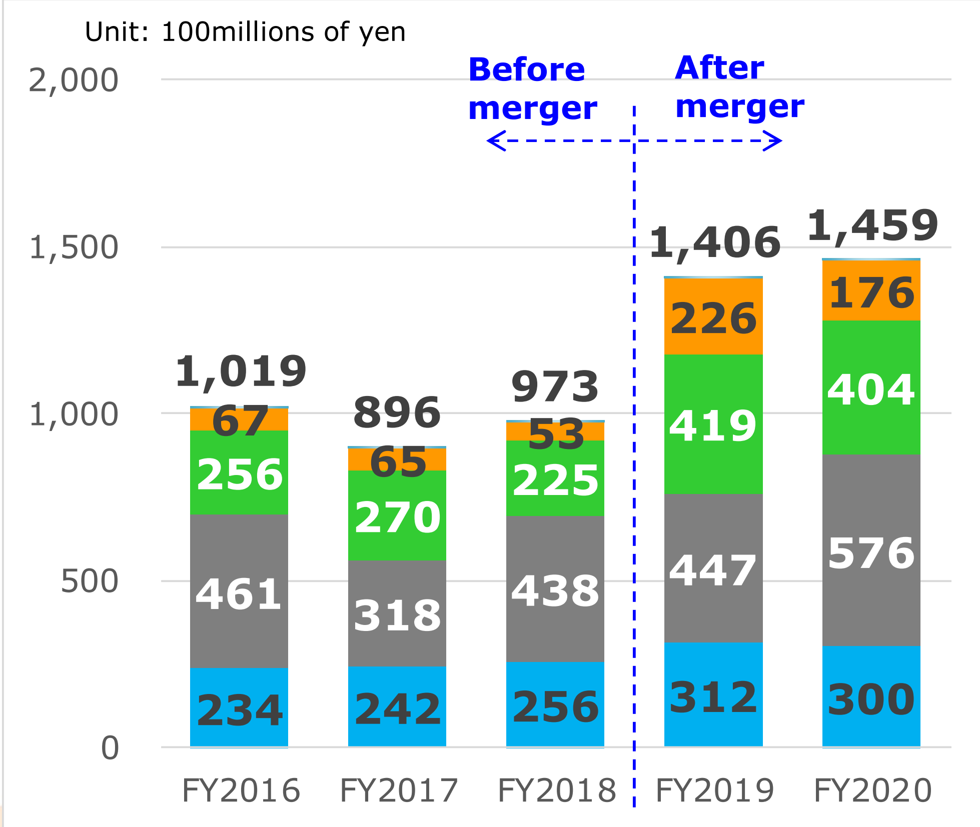
Remarks: New contracts for FY2019 include those that RAIZNEXT added to the outstanding contracts for the former JX Engineering as of June 30th to its new contracts figures on July 1st.

4) Net Sales

- Daily maintenance and turnaround maintenance exceeded the forecast due to an increase in work volume.
- Plant modification fell below the forecast due to the postponement of work to the next fiscal year through an extension of the construction period, etc.
- Plant construction fell below the forecast due to delays in the progress of large-scale construction work, which was postponed to the next fiscal year.

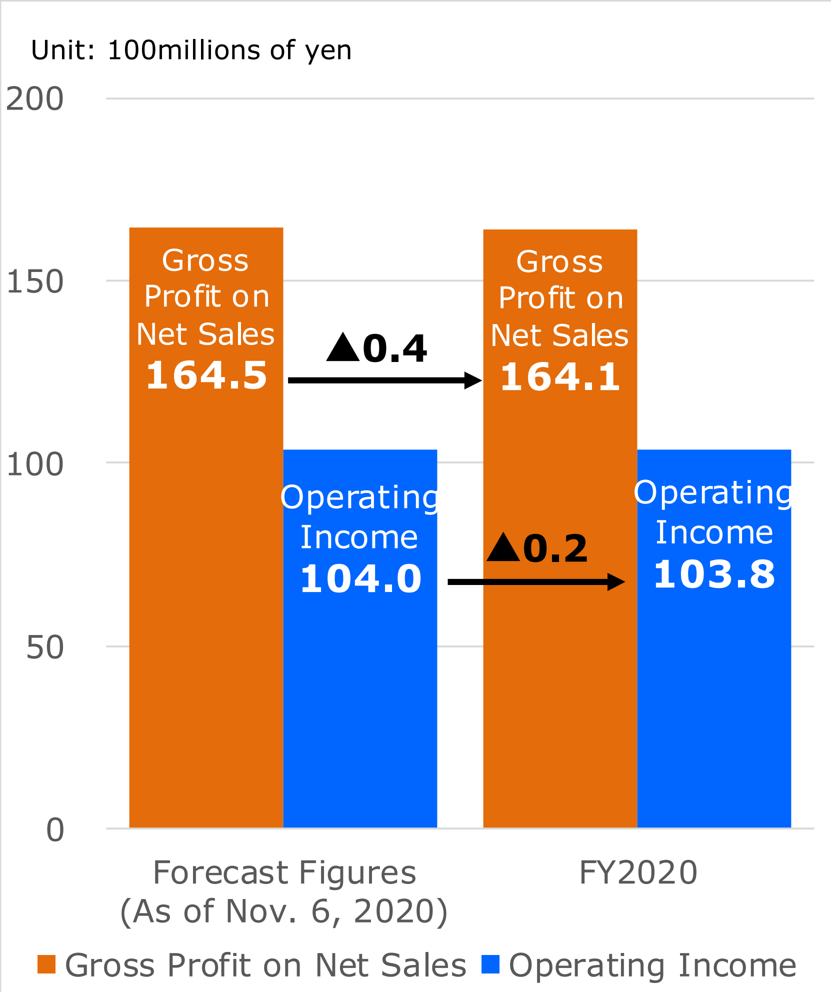
Daily Maintenance ■ Turnaround Maintenance ■ Plant Modification ■ Plant Construction

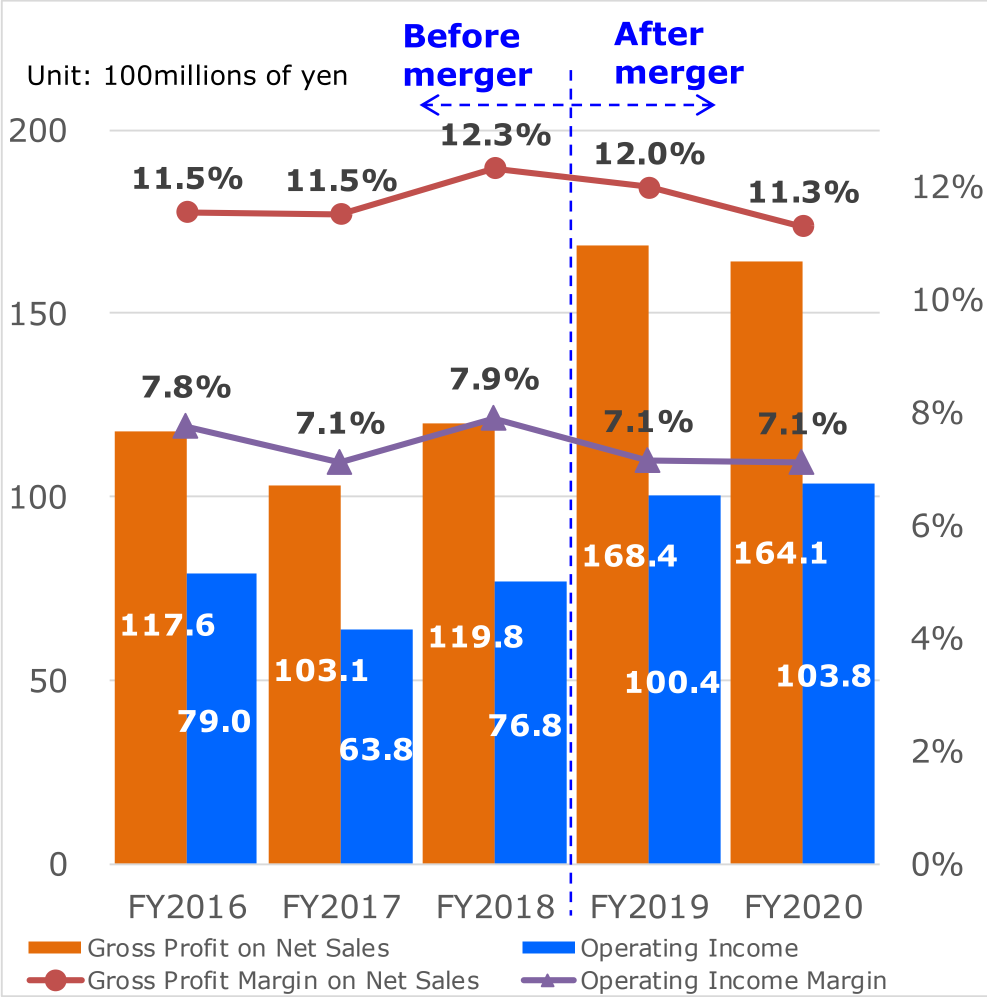




5) Gross Profit on Net Sales and Operating Income

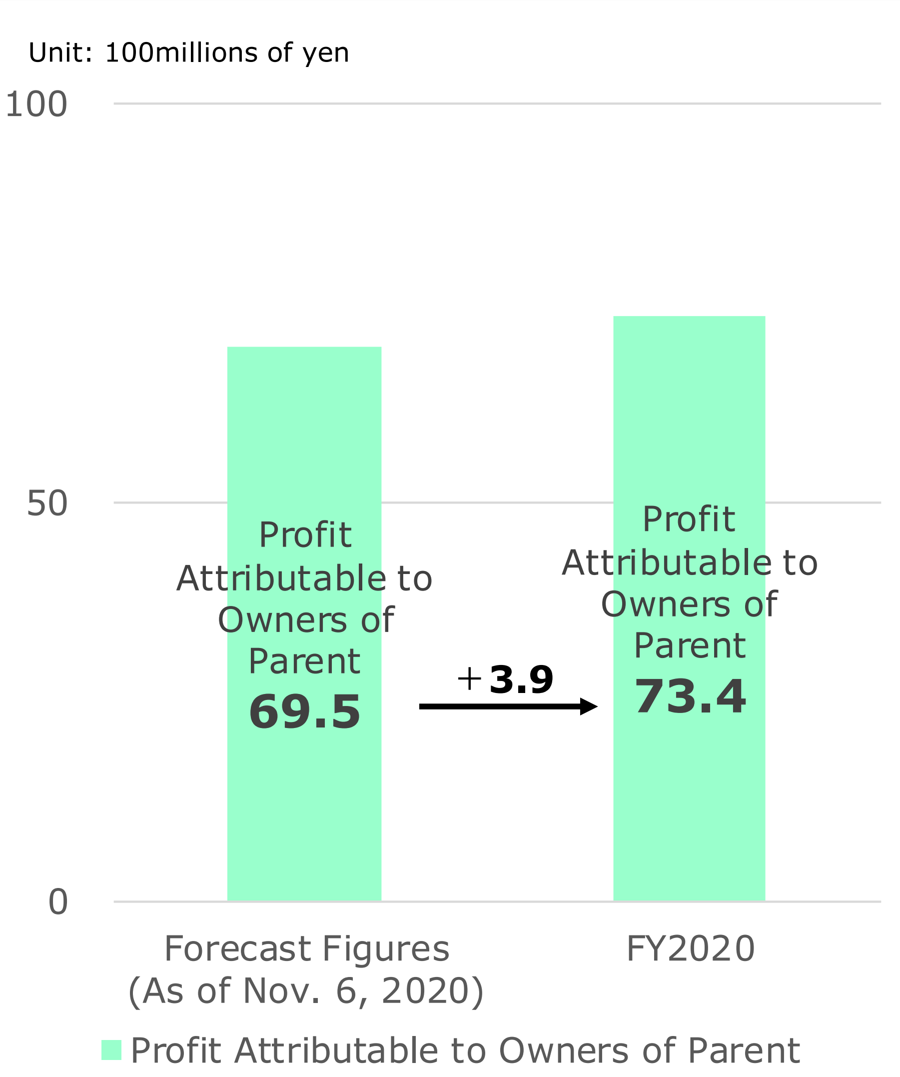
➢ **Gross profit on net sales and operating income were largely in line with the forecast as a result of net sales being in line with the forecast and efforts to reduce costs and improve operating efficiency.**

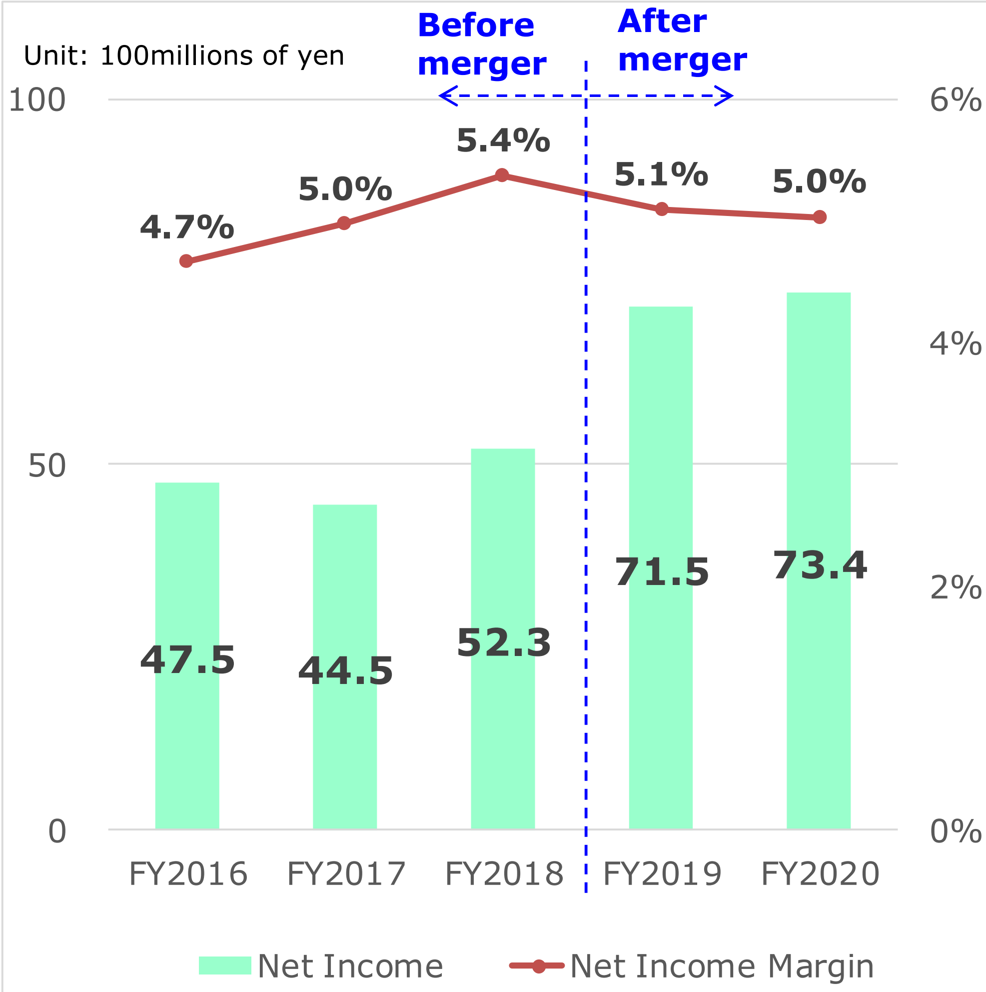




6) Profit Attributable to Owners of Parent

- **Profit attributable to owners of parent exceeded the forecast due to a decrease in corporation tax and other factors.**

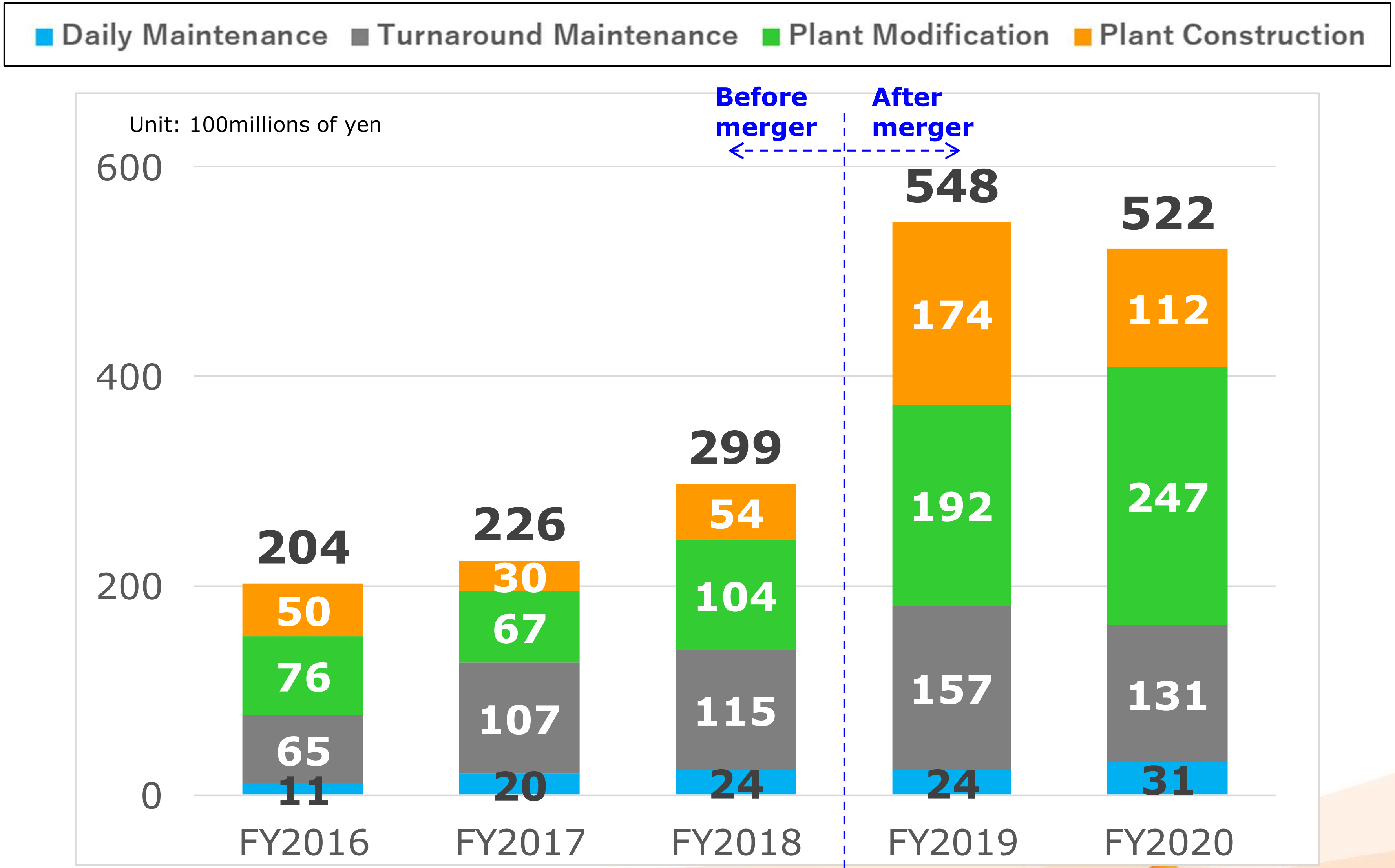




Note: The FY2019 figures on the graph above exclude gain on bargain purchases (5,100 million yen) from the profit attributable to owners of parent.

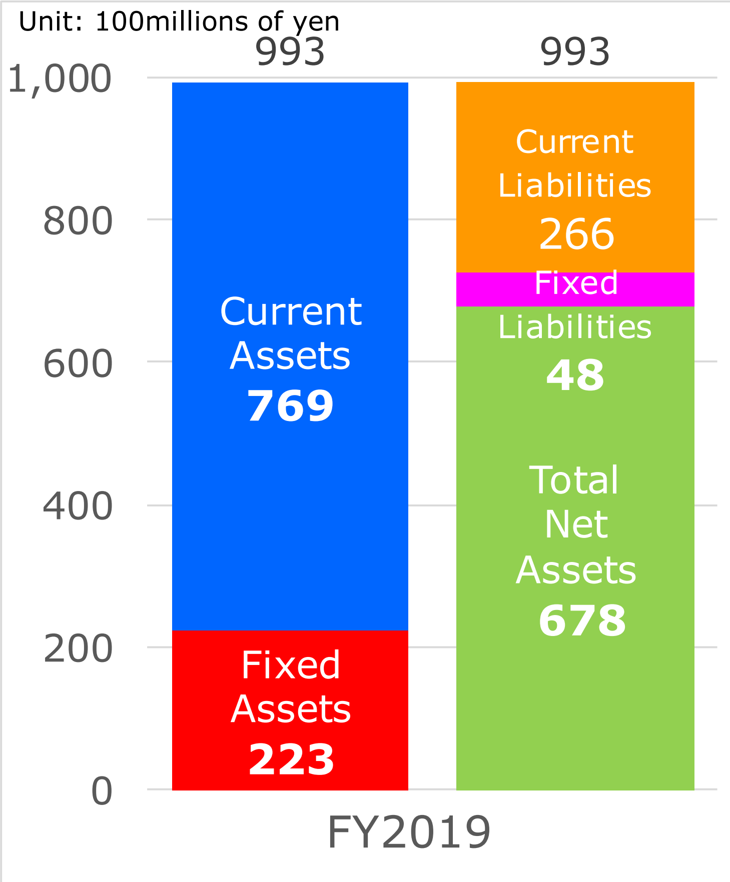
7) Outstanding Contracts

➤ **Outstanding contracts decreased from the end of the previous fiscal year due to a decrease in new contracts for plant construction.**

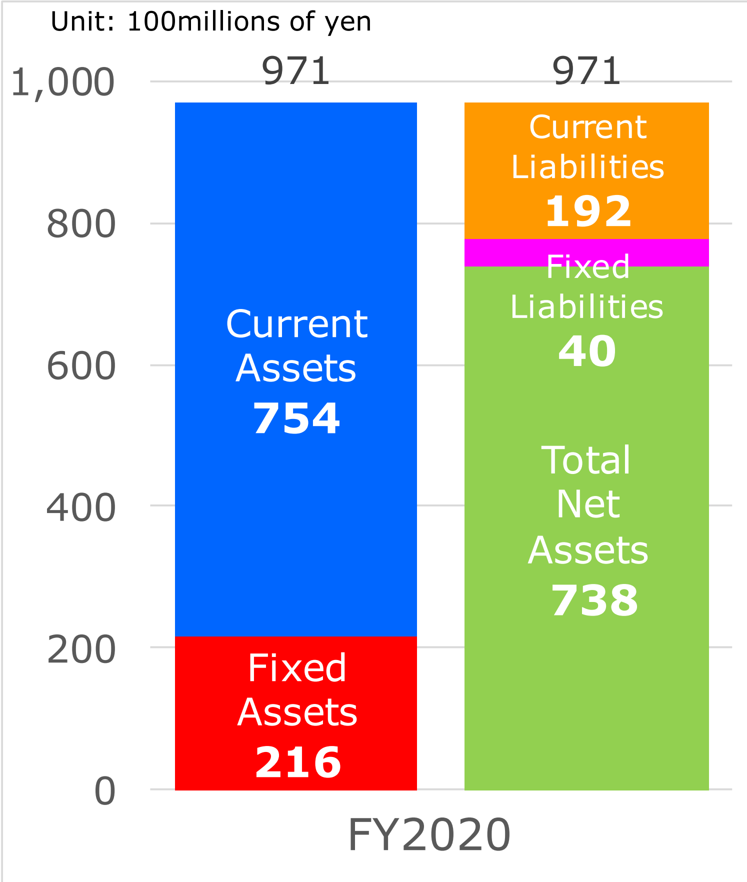


8) Balance Sheet

- **Assets: No significant changes in current assets and fixed assets**
- **Liabilities: Decrease in short-term debts, income taxes payable in current liabilities**
- **Net assets: Increase in profit attributable to owners of parent, etc.**
- **Shareholders' equity ratio: 75.0%; return on equity (ROE): 10.5%**



Shareholder's Equity Ratio : 67.3%
Return on Equity : 12.6%



Shareholder's Equity Ratio : 75.0%
Return on Equity : 10.5%

2. Earnings Forecast for FY2021

1) Outlook for the Business Environment in FY2021

- **There is continued concern about stagnation or slowdown in economic activity due to the COVID-19 pandemic.**
- **With no end to the pandemic in sight, it will be difficult to return to the level of economic and social activities enjoyed prior to COVID-19.**
- **As the petroleum industry continues to optimize facilities by reducing refining capacity, the maintenance market relating to our company looks set to shrink.**
- **While we undertook a large volume of contracted turnaround maintenance in the previous fiscal year, we expect a lower volume of turnaround maintenance in this fiscal year, resulting in a decrease in new contracts and net sales.**
- **We will aim to increase orders for maintenance work, including daily maintenance and plant modification.**
- **We will also work to secure orders for plants manufacturing high-performance products such as general chemicals and electronic materials, and in fields related to renewable energy.**

2) Earnings Forecast for FY2021

- **While we undertook a large volume of contracted turnaround maintenance in the previous fiscal year, we expect a lower volume of turnaround maintenance in this fiscal year. As a result, we forecast decreases in new contracts, net sales and each measure of profit.**

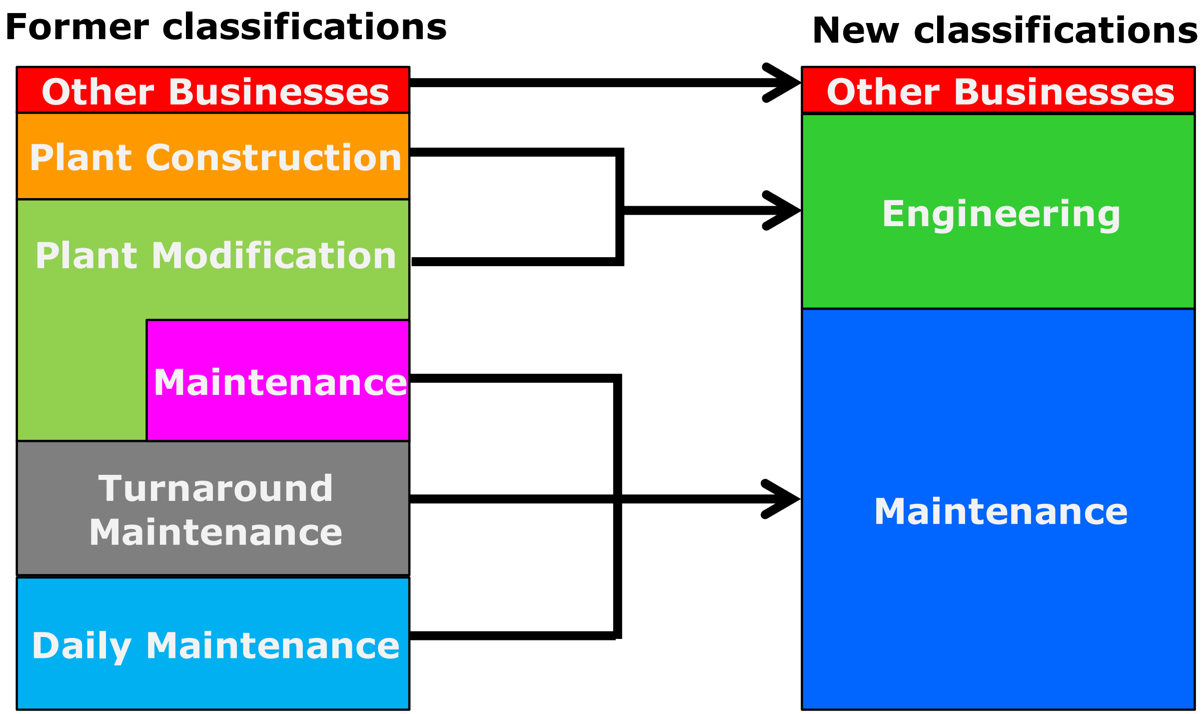
(Unit: 100 millions yen)

	Interim				Full-Year			
	H1 FY2020 Ressults	H1 FY2021 Forecast	Change	Percent Change (%)	FY2020 Ressults	FY2021 Forecast	Change	Percent Change (%)
New Contracts	728	655	-73	-10.0%	1,431	1,380	-51	-3.6%
Net Sales	633	685	+52	+8.2%	1,459	1,330	-129	-8.8%
Gross Profit on Net Sales	77.5	77.0	-0.5	-0.6%	164.1	143.0	-21.1	-12.9%
Percentage (%)	12.2%	11.2%	-1.0%	-	11.3%	10.8%	-0.5%	-
Operating Income	48.3	44.5	-3.8	-7.9%	103.8	78.0	-25.8	-24.9%
Percentage (%)	7.6%	6.5%	-1.1%	-	7.1%	5.9%	-1.2%	-
Ordinary Profit	49.6	45.5	-4.1	-8.3%	106.5	80.0	-26.5	-24.9%
Percentage (%)	7.8%	6.6%	-1.2%	-	7.3%	6.0%	-1.3%	-
Profit attributable to owners of parent	32.2	29.5	-2.7	-8.4%	73.4	51.5	-21.9	-29.8%
Percentage (%)	5.1%	4.3%	-0.8%	-	5.0%	3.9%	-1.1%	-
EPS	59.59 yen	54.46 yen	-5.13 yen	-8.6%	135.58 yen	95.08 yen	-40.50 yen	-29.9%
Outstanding Contracts	644	493	-151	-23.4%	522	574	+52	+10.0%

3) New Contracts and Net Sales

(1) Change of disclosure classifications

- We changed our disclosure classifications in FY2021, when the 2nd Medium-term Management Plan started.
- The previous disclosure classifications were too detailed and used uncommon terminology, so we changed them to "Maintenance" and "Engineering," which are easier to understand from the outside.
- We reduced the disclosure classifications from five to three classifications, as follows: "Maintenance," "Engineering," and "Other Businesses."



3) New Contracts and Net Sales

(2) Forecasts under new classifications

- **Both new contracts and net sales are expected to decrease in maintenance and increase in engineering compared to the previous fiscal year.**

New Contracts (Unit: 100 millions yen)

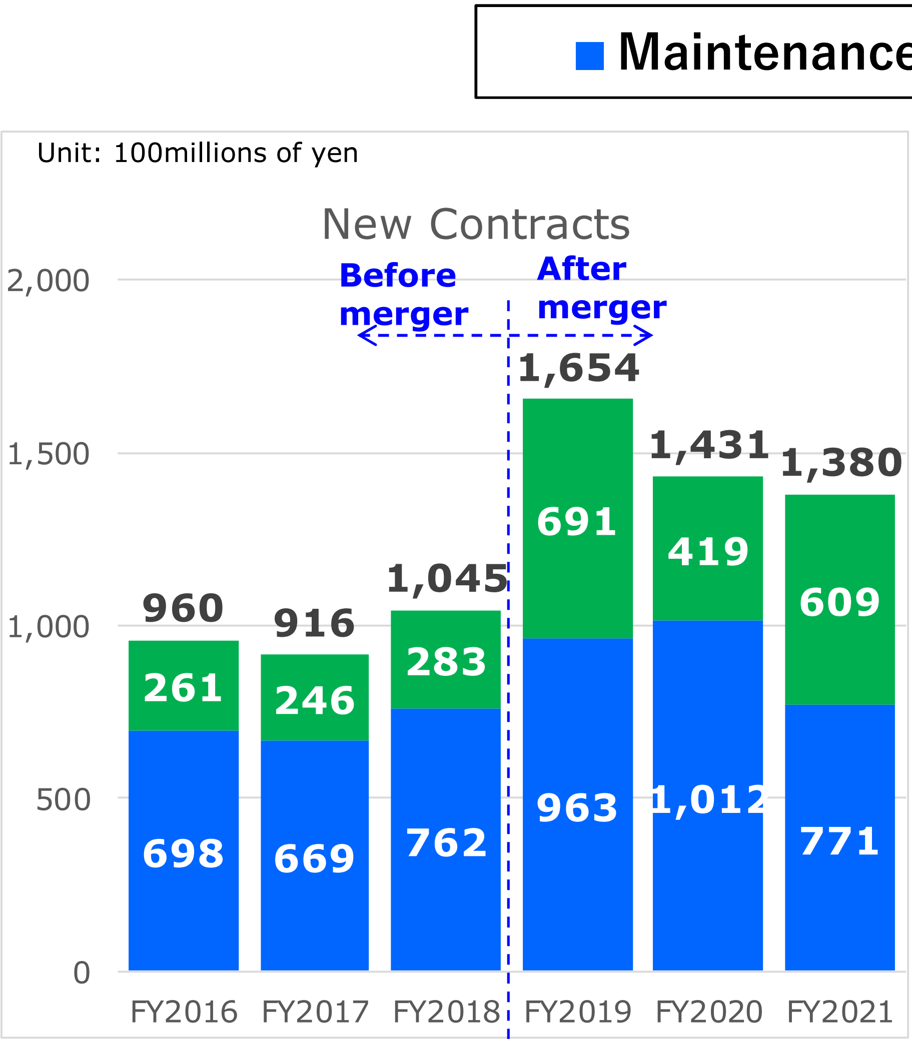
	FY2020	FY2021		Change	Percent Change(%)
	Full-Year	1st Half	Full-Year		
Maintenance	1,012	387	771	-241	-23.8%
Engineering	419	268	609	+190	+45.3%
Engineering	1,431	655	1,380	-51	-3.6%

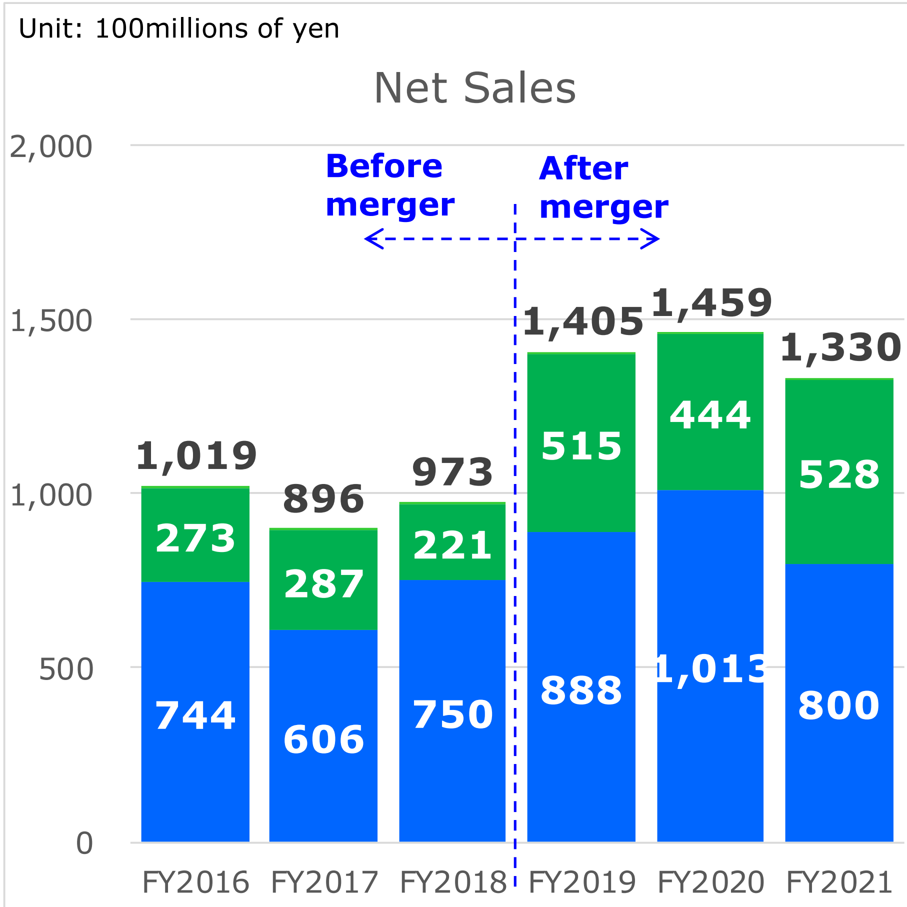
Net Sales (Unit: 100 millions yen)

	FY2020	FY2021		Change	Percent Change(%)
	Full-Year	1st Half	Full-Year		
Maintenance	1,013	462	800	-213	-21.0%
Engineering	444	222	528	+84	+18.9%
Engineering	1,458	684	1,328	-130	-8.9%
Other Businesses	1	1	2	+1	+100.0%
Total	1,459	685	1,330	-129	-8.8%

3) New Contracts and Net Sales

(3) Changes in performance under the new classifications





Note: Figures for FY2021 are forecasts.

3. Dividend

1) Planned Dividend Payout for FY2020 and Dividend Forecast for FY2021

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.

Planned Dividend Payout for FY2020

● Year-end dividend: 55 yen (Consolidated dividend payout ratio: 40.6%)

Dividend Forecast for FY2021

● Year-end dividend: 47 yen (Consolidated dividend payout ratio: 49.4%)

✓ **Paying full attention to dividend stability, we will pay out the same amount as the dividend forecast issued at the beginning of FY2020 (47 yen).**

This material includes projections based on future forecast and plans that was available on May 20, 2021.

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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