Q2 FY2023 Consolidated Results (Year Ended September 30, 2023)

RAIZNEXT Corporation

Security code: 6379

Contents

1. Q2 FY2023 Financial Results

1） Details of Operations

➢ **Through its network of numerous bases throughout Japan, RAIZNEXT provides maintenance and engineering services to plants in a wide range of industries.**

Maintenance + **Engineering**

×

Petroleum	Petrochemicals	General chemicals	Pharmaceuticals	Gas
Electrical power	Steelmaking	Nonferrous metals	Food	Paper

2） Business Environment in FY2023

➢ In October 2020, the Japanese government issued a “carbon neutral by 2050” declaration.

● Petroleum industry

Refineries are merging or closing due to declining demand for petroleum products.

⇒The role of oil refineries is being taken over by low-carbon fuel production facilities such as solar generating facilities and production facilities for sustainable aviation fuel (SAF) and other renewables and synthetic fuels. This trend is generating demand for construction of new plants.

● Electrical power industry

To reduce carbon emissions, companies are introducing new technologies such as ammonia co-combustion and hydrogen power generating equipment.

⇒Demand is growing for upgrading of equipment and construction of infrastructure to supply power stations with ammonia and hydrogen.

● General-chemical and nonferrous-metal industries

Demand is strong for high-performance materials for semiconductor manufacturing and electronic materials, to prepare for a carbon-free society.

⇒Demand is increasing for construction of chemical plants and electronic-material plants.

RAIZNEXT’s response:

Launch of measures to respond to the changing business environment

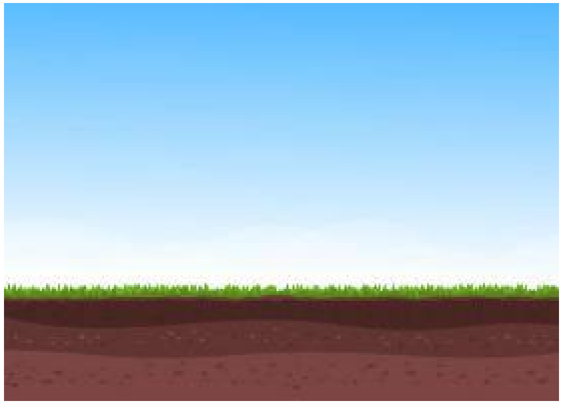
3）Company Efforts to Respond to Changes in the Business Environment

■ 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.

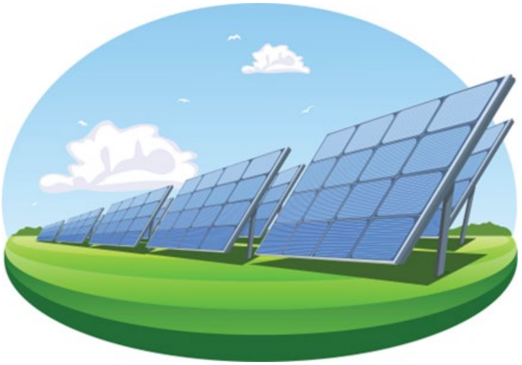
- **Detoxification projects for refinery equipment: Removal and cleanup of hazardous materials remaining in equipment, piping and tanks**
- **Equipment removal projects: Removing equipment and clearing land**
- **Participation in upcoming plans: Response and acquisition of new contracts from feasibility study based on upcoming plans to construction projects**



3） Company Efforts to Respond to Changes in the Business Environment

■ 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.

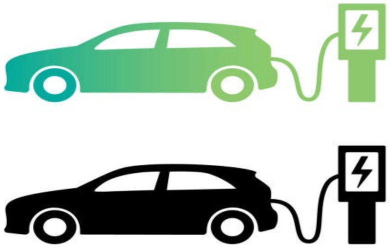


- **Solar generating plants → 39 projects completed (cumulative capacity: approx. 267 MW)**
  1 projects under way (capacity: approx. 22MW)
- **RAIZNEXT has received an order to build a green ammonia demonstration facility in Namie Town, Fukushima Prefecture.**

■ Response for plants making high-performance products related to semiconductors

RAIZNEXT is actively receiving orders for chemical plants related to semiconductor manufacturing and plants for production of electronic materials.

- **Projects for construction of plants to produce high-performance chemicals for new semiconductor plants**
- **Projects for construction of plants to produce new electronic materials**
- **Projects for construction of recycling facilities for various electronic materials**



4） Earnings Summary

➢ **New contracts, net sales and all measures of earnings in Q2 fell short of the initial forecast. However, the forecast for the full fiscal year is not affected.**

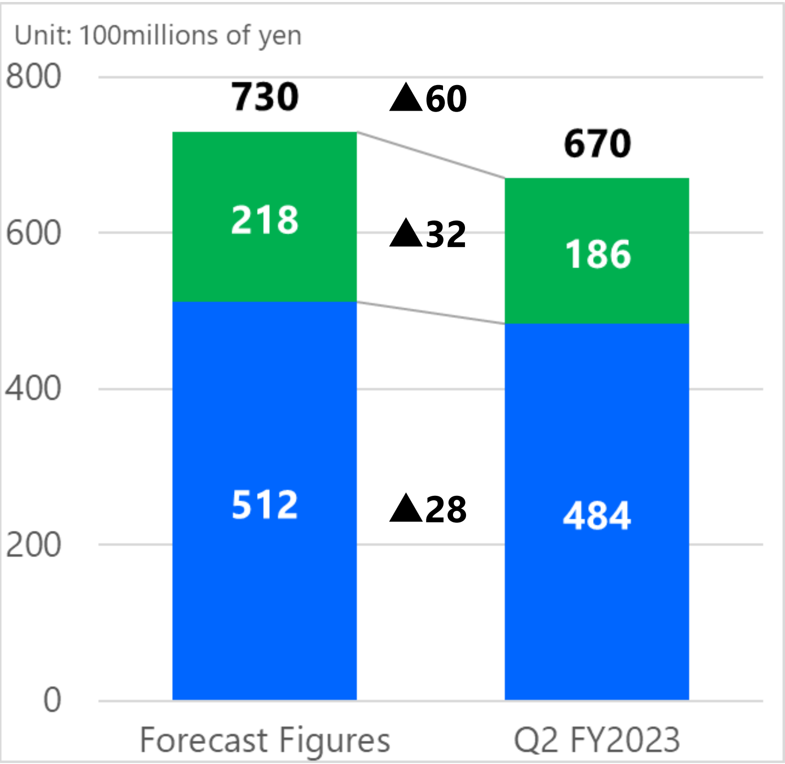
(Unit: 100 millions yen)

	Initial Forecast	**Q2 FY2023 Results**	Difference	Percent Change	Full-year forecast **(No change)**	Q2 FY2022 Results	Difference	Percent Change
New Contracts	730	670	-60	-8.2%	1,410	675	-5	-0.8%
Net Sales	765	702	-63	-8.2%	1,410	687	+14	+2.1%
Gross Profit	102.0	78.5	-23.5	-23.0%	181.0	90.5	-11.0	-13.2%
Percentage (%)	13.3%	11.2%	-2.1%	—	12.8%	13.2%	-2.0%	—
Operating Income	63.0	41.9	-21.1	-33.5%	103.0	54.9	-13.0	-23.8%
Percentage (%)	8.2%	6.0%	-2.2%	—	7.3%	8.0%	-2.0%	—
Ordinary Profit	64.0	43.6	-20.3	-31.8%	106.0	57.2	-13.0	-23.7%
Percentage (%)	8.4%	6.2%	-2.2%	—	7.5%	8.3%	-2.1%	—
Profit attributable to owners of parent	43.0	28.6	-14.4	-33.3%	71.0	39.6	-10.0	-27.7%
Percentage (%)	5.6%	4.1%	-1.5%	—	5.0%	5.8%	-1.7%	—

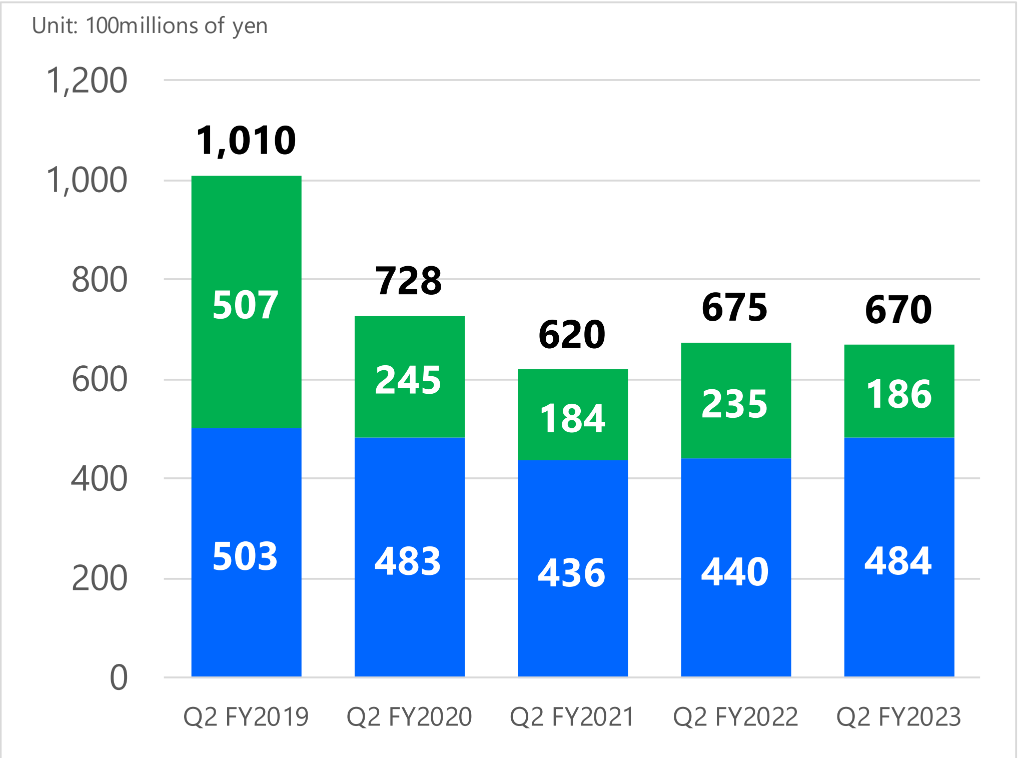
5） New Contracts

- Contract periods in both maintenance and engineering extended longer than expected, causing new contracts to fall short of the initial forecast. However, the forecast for the full fiscal year is not affected.
- Overall, new contracts overall were roughly in line with the same period of the previous fiscal year.

Comparison with initial forecast



5-year trend



■ Maintenance ■ Engineering

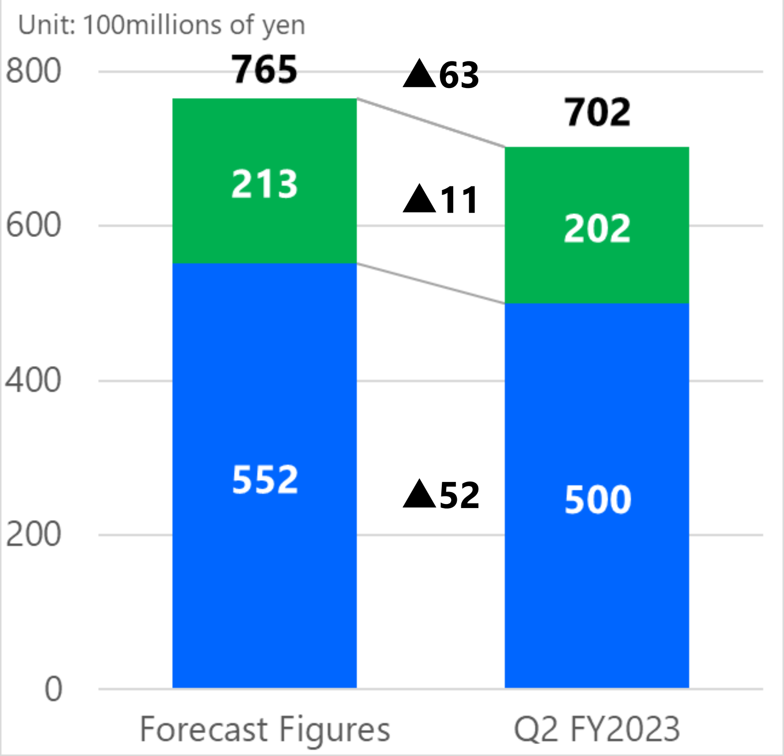
Note:
New contracts for the fiscal year ended September 30th, 2019 include those that RAIZNEXT added to the outstanding contracts for the former JX Engineering as of June 30th, 2019 to its new contracts figures on July 1st.

RAIZNEXT

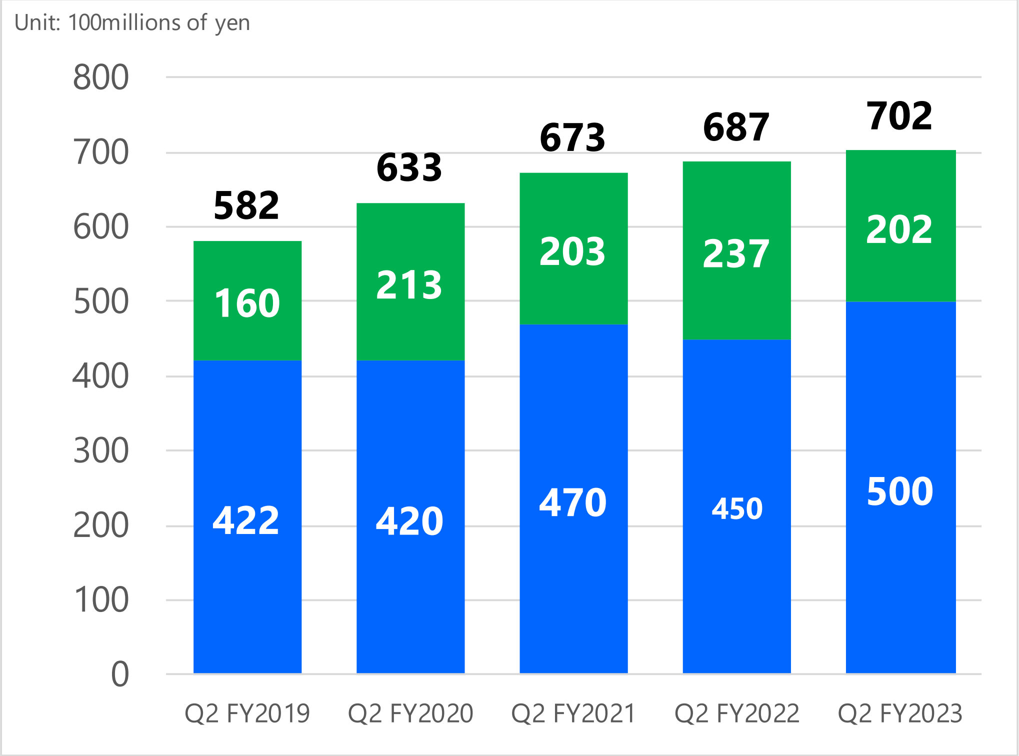
6） Net Sales

- In maintenance, net sales fell short of the initial forecast, in part because the timing of appropriation of net sales from large turnaround maintenance projects was set to Q3 and later. However, the forecast for the full fiscal year is not affected.
- Overall, net sales were stronger than in the same period of the previous fiscal year.

Comparison with initial forecast



5-year trend

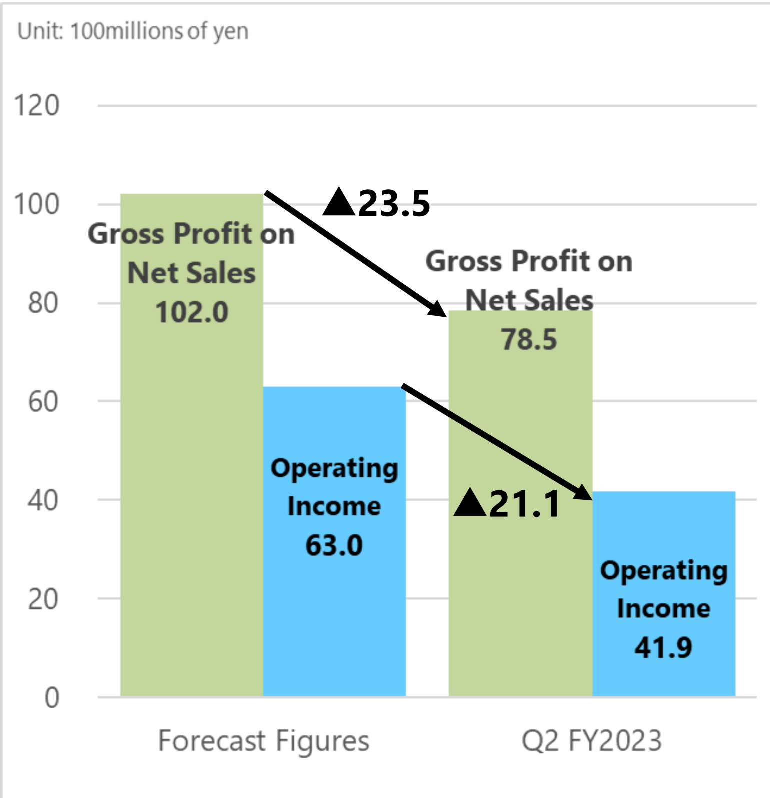


■ Maintenance ■ Engineering

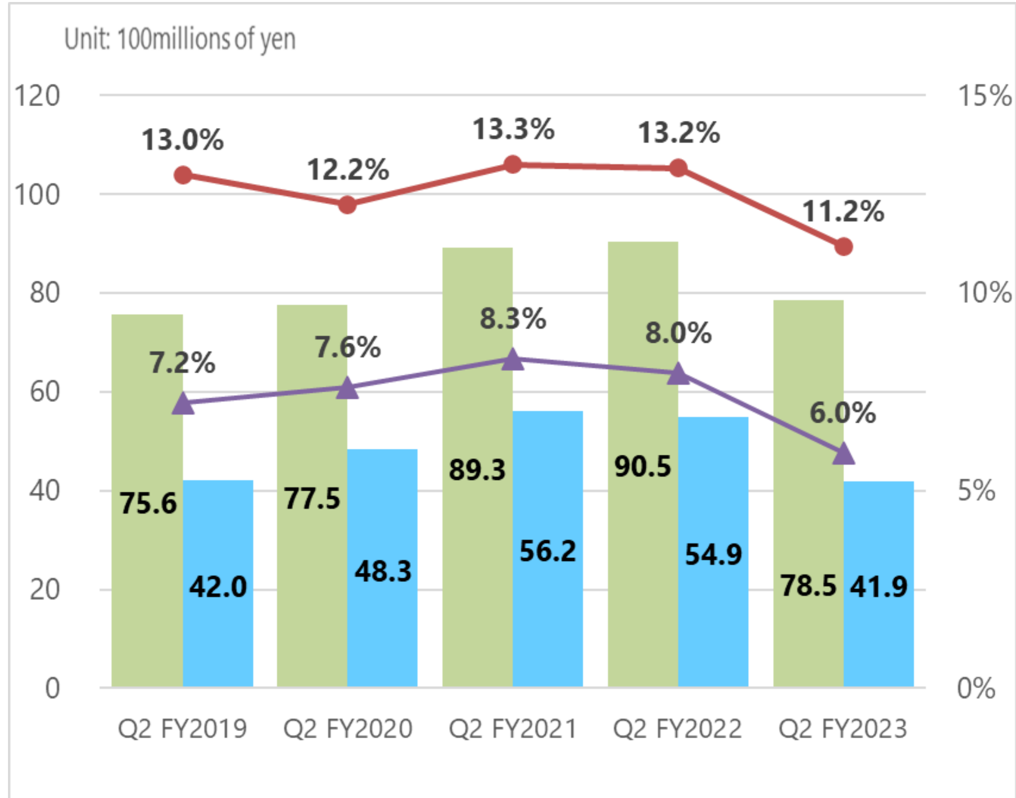
7） Gross Profit on Net Sales and Operating Income

➢ **Gross profit on net sales and operating income fell short of the initial forecast, in part because the timing of appropriation of net sales from large turnaround maintenance projects was set to Q3 and later. However, the forecast for the full fiscal year is not affected.**

Comparison with initial forecast



5-year trend

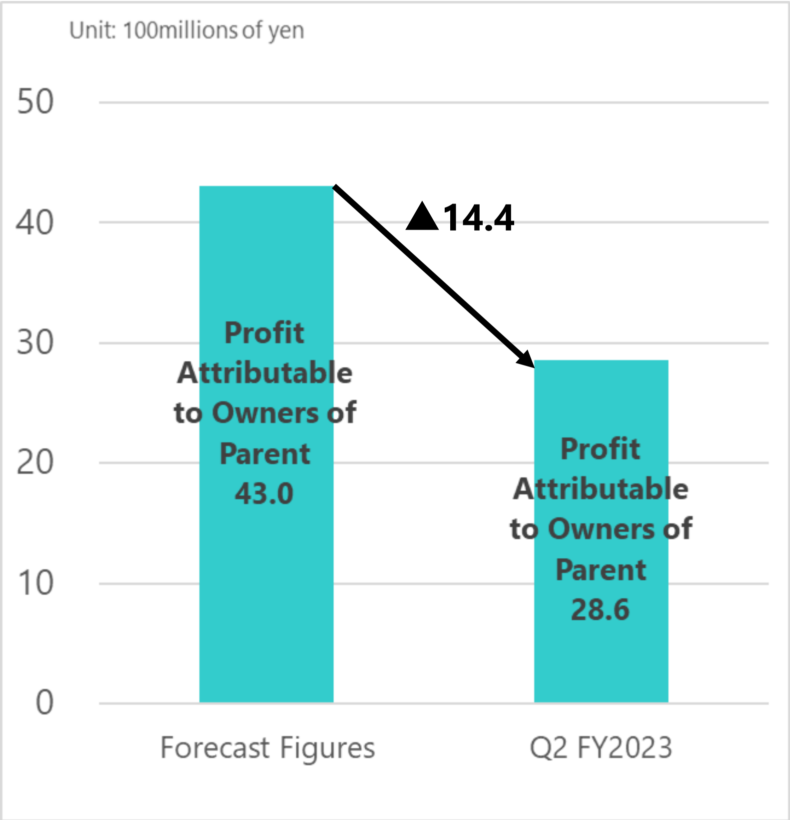


Gross Profit on Net Sales
Operating Income
Gross Profit on Net Sales Margin
Operating Income Margin

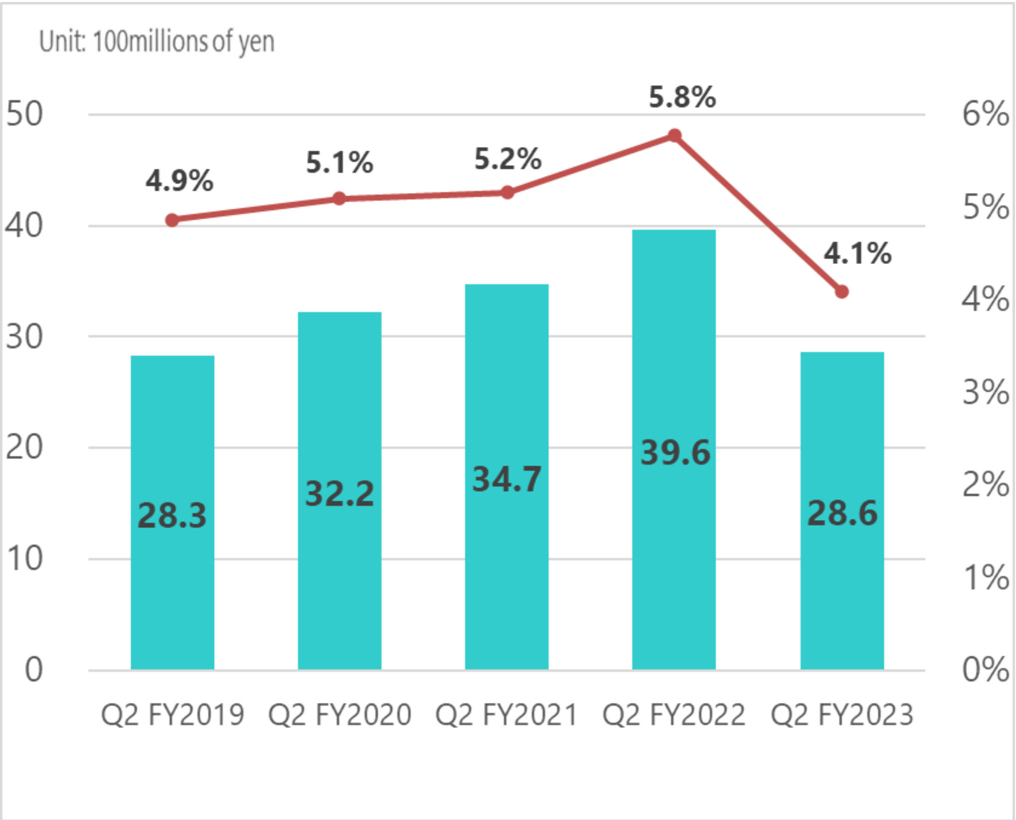
8） Profit Attributable to Owners of Parent

➢ **Profit attributable to owners of parent fell short of the initial forecast, as a result of a decline in gross profit on net sales. However, the forecast for the full fiscal year is not affected.**

Comparison with initial forecast



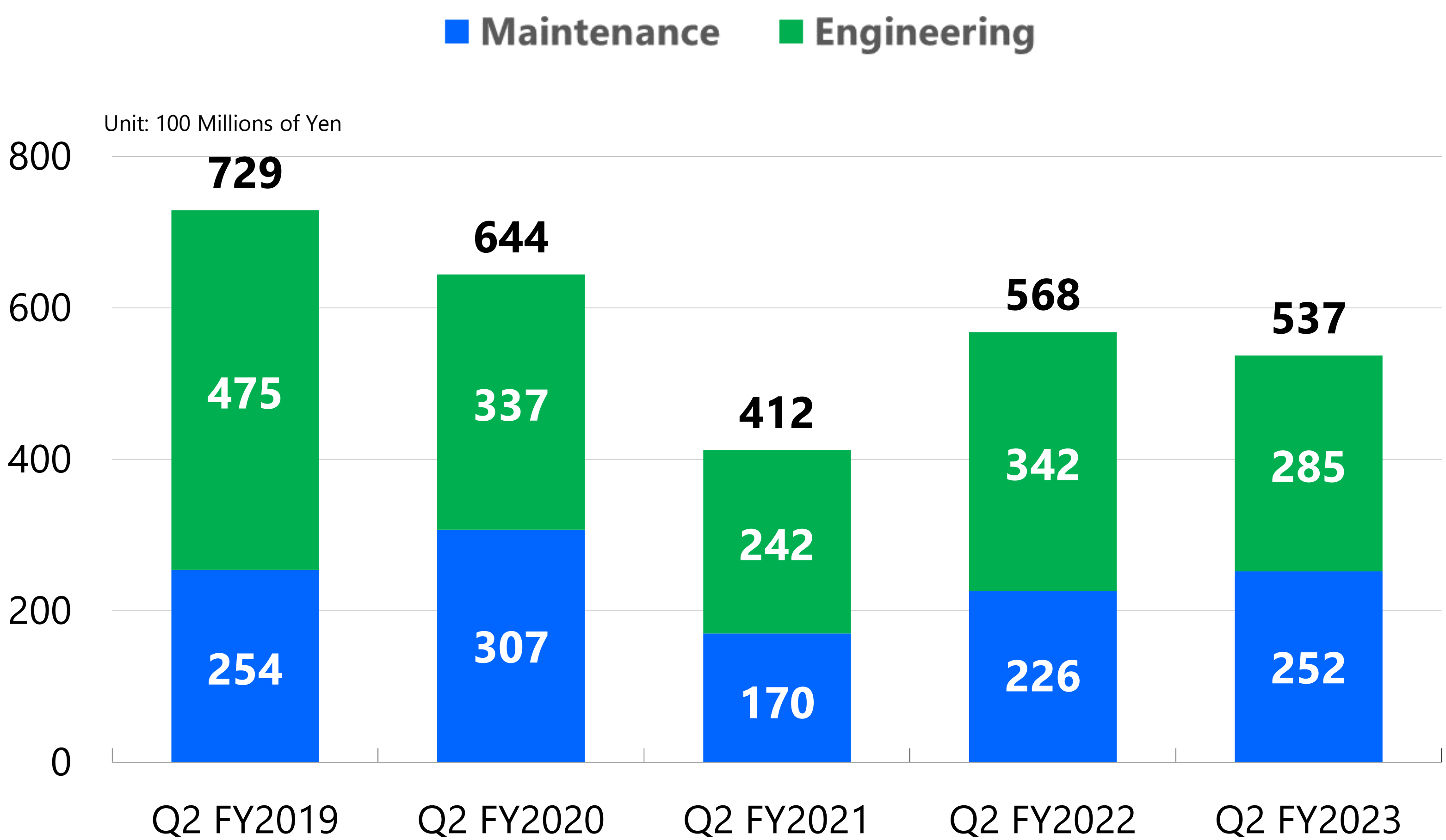
5-year trend



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.

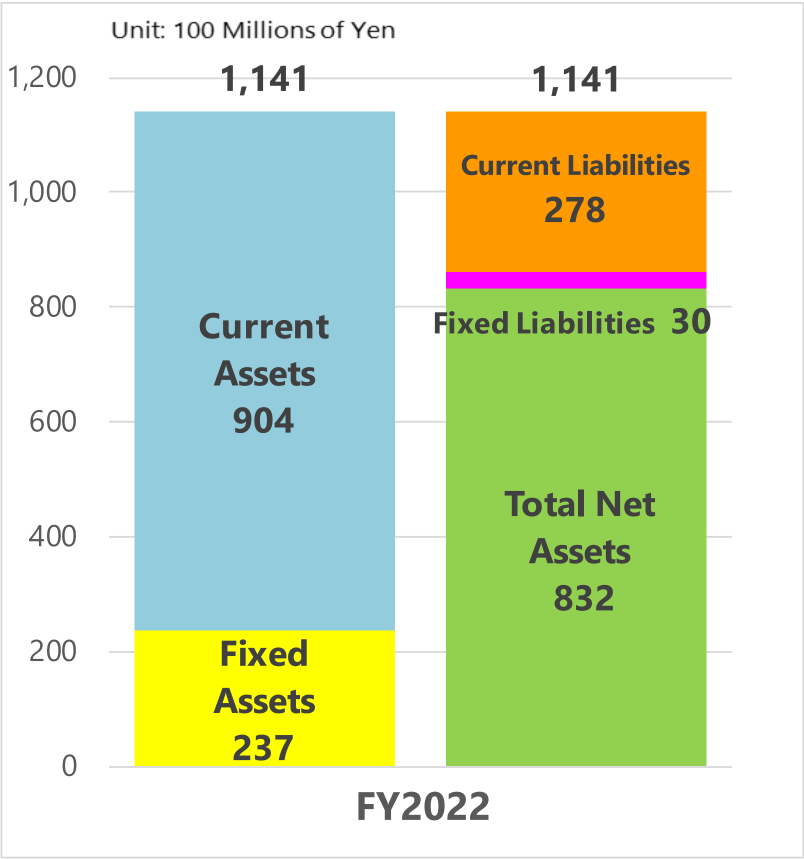
9）Outstanding Contracts

➢ **Outstanding contracts increased over the same period of the previous fiscal year in maintenance but declined against the same period of the previous fiscal year in engineering.**

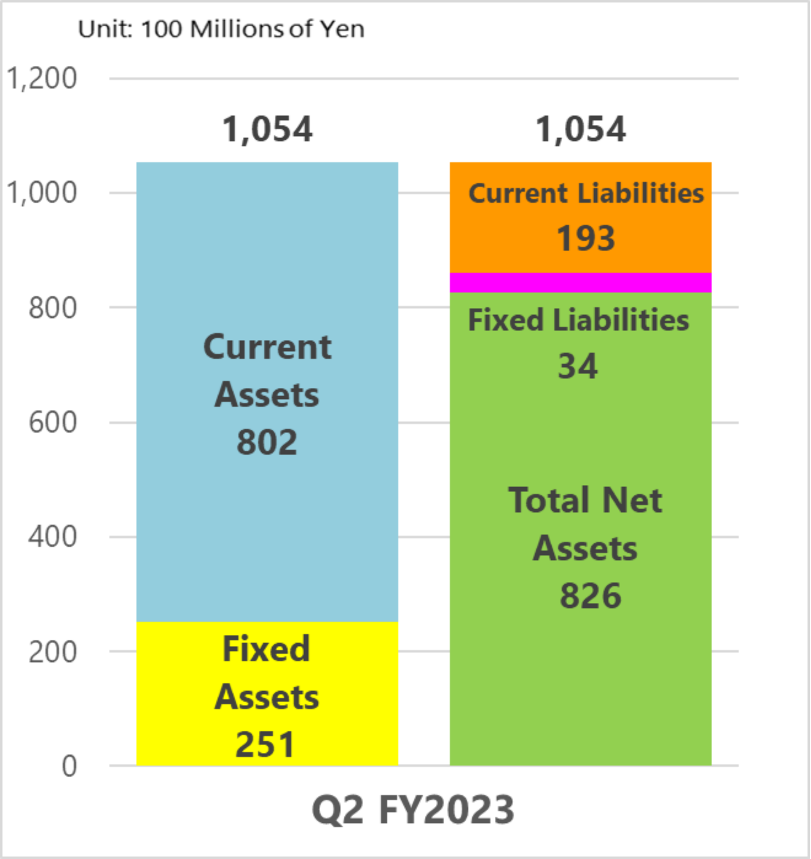


10） Balance Sheet

- Assets: In current assets, cash and deposits declined due to factors such as payment of dividends and payment of taxes.
- Liabilities: In current liabilities, accounts payable on projects and other items declined.
- Net assets: No major changes occurred.
- Shareholder's equity ratio: 77.6%



Shareholder's equity ratio：72.2%



Shareholder's equity ratio：77.6%

2. Earnings Forecast for FY2023

1） Earnings Forecast

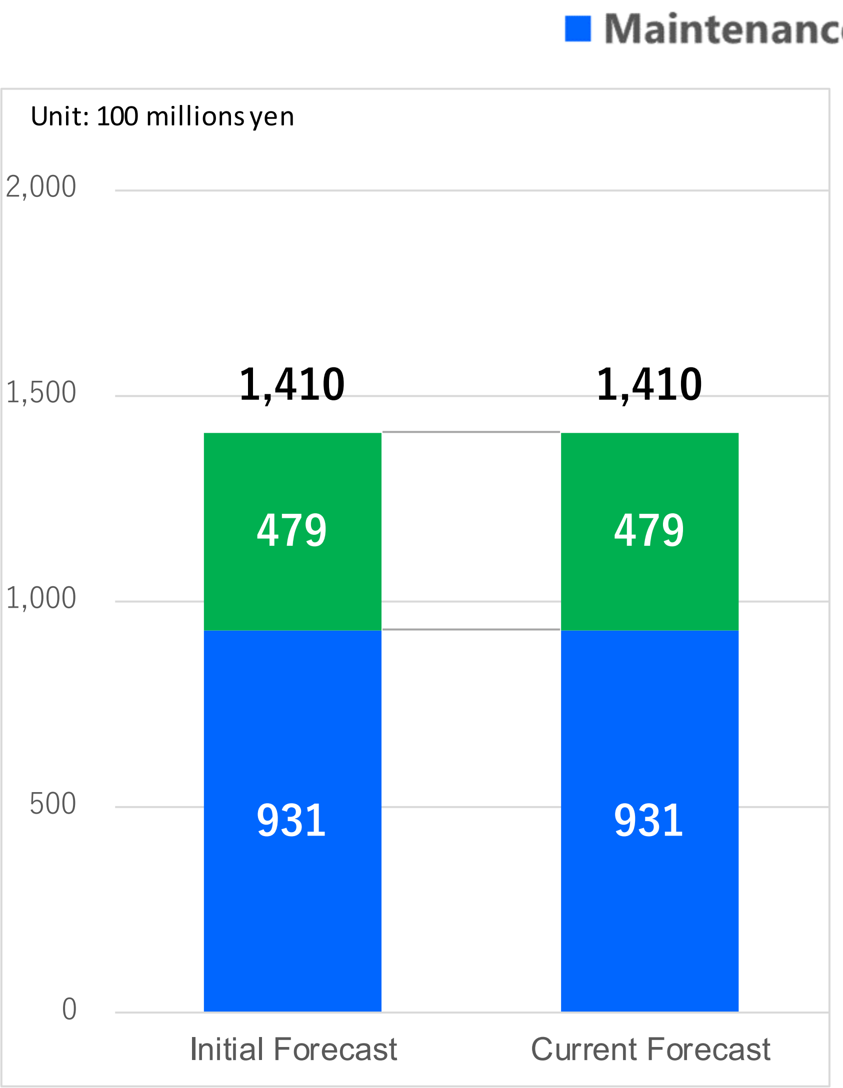
➢ **The forecast of new contracts, net sales and all measures of earnings is unchanged from the initial forecast.**

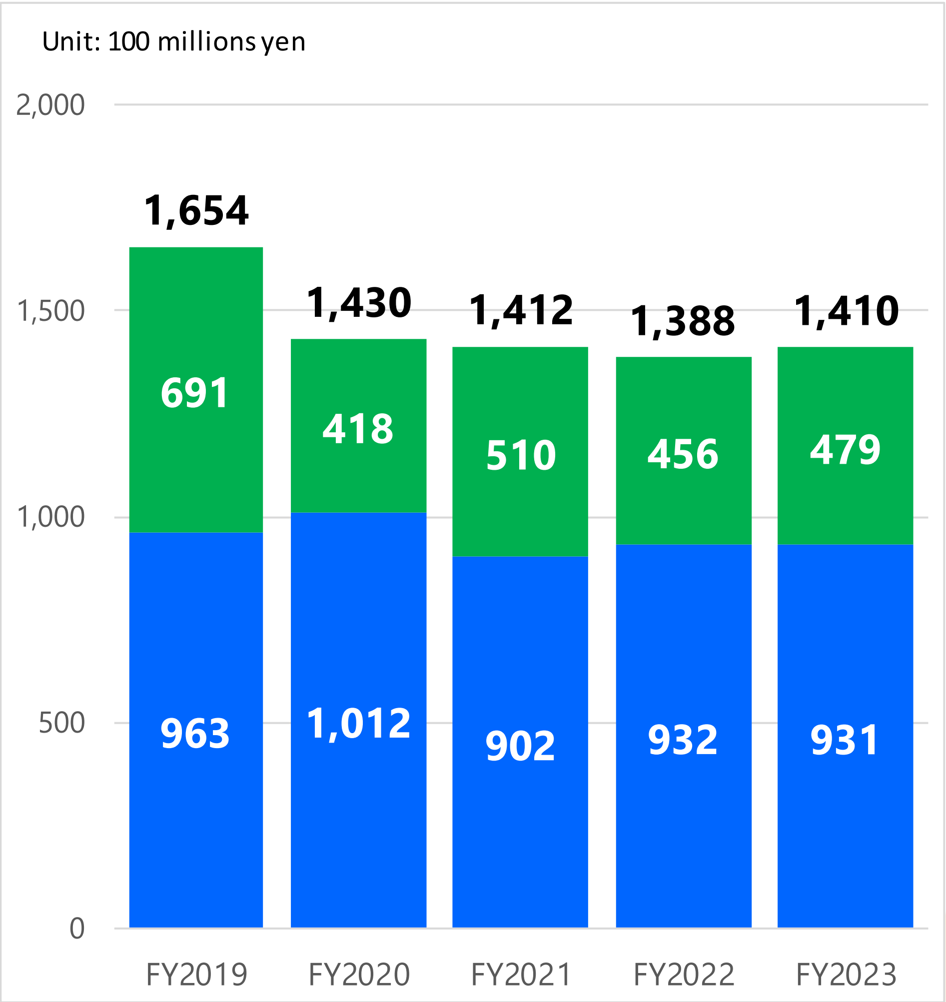
(Unit: Millions of yen)

	Full-Year				
	Initial release	Current Forecast		Release comparison	Percent Change
		1st Half Results	Full-Year forecast		
New Contracts	1,410	670	1,410	+0	+0.0%
Net Sales	1,410	702	1,410	+0	+0.0%
Gross Profit	181.0	78.5	181.0	+0.0	+0.0%
Percentage (%)	12.8%	11.2%	12.8%	+0.0%	—
Operating Income	103.0	41.9	103.0	+0.0	+0.0%
Percentage (%)	7.3%	6.0%	7.3%	+0.0%	—
Ordinary Profit	106.0	43.6	106.0	+0.0	+0.0%
Percentage (%)	7.5%	6.2%	7.5%	+0.0%	—
Profit Attributable to Owners of Parent	71.0	28.6	71.0	+0.0	+0.0%
Percentage (%)	5.0%	4.1%	5.0%	+0.0%	—
EPS	131.09Yen	53.02Yen	131.09Yen	0.00Yen	+0.0%
Outstanding Contracts	561	538	561	+0	+0.0%

2） New Contracts

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

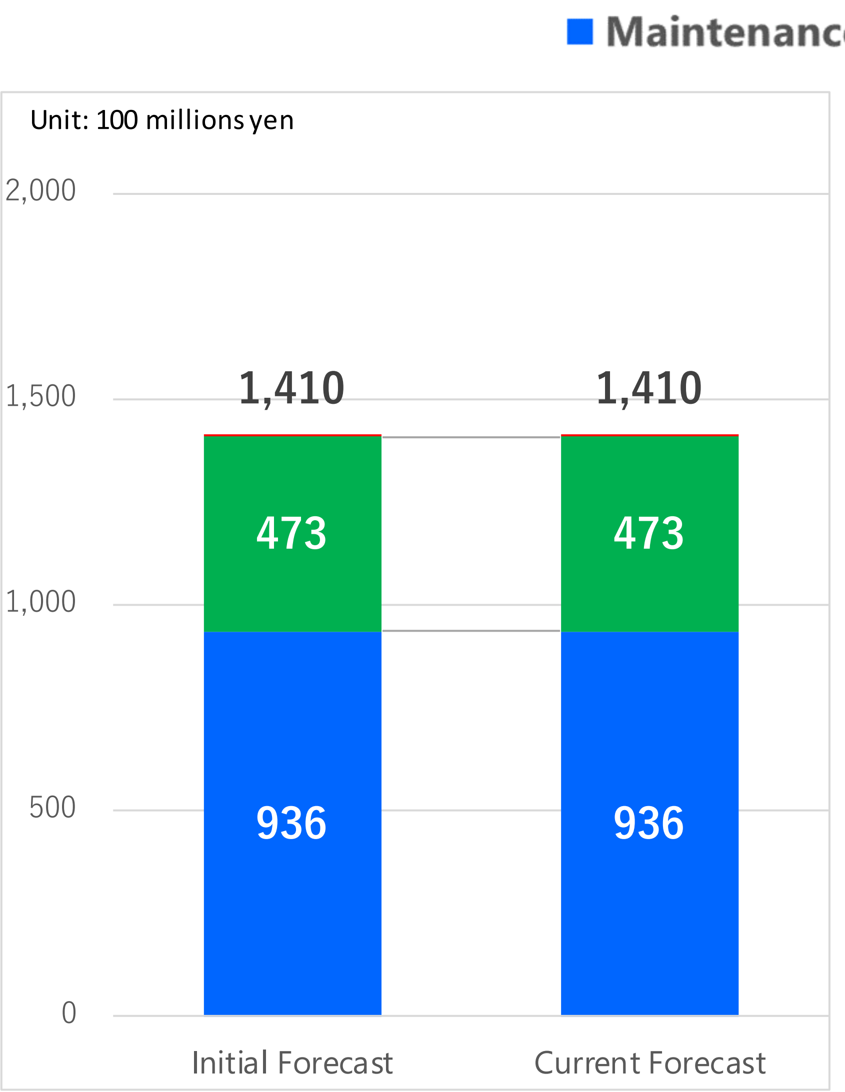


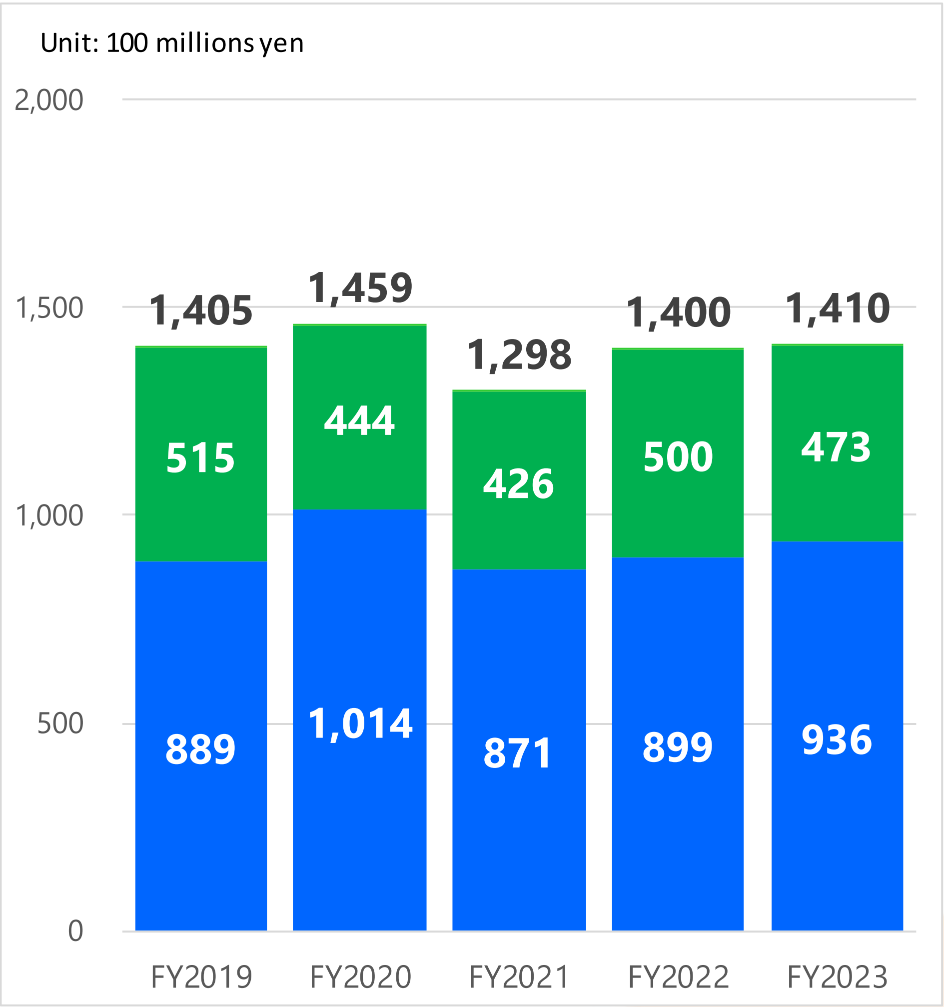


Note: Figures for FY2023 are forecasts.

3） Net Sales

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



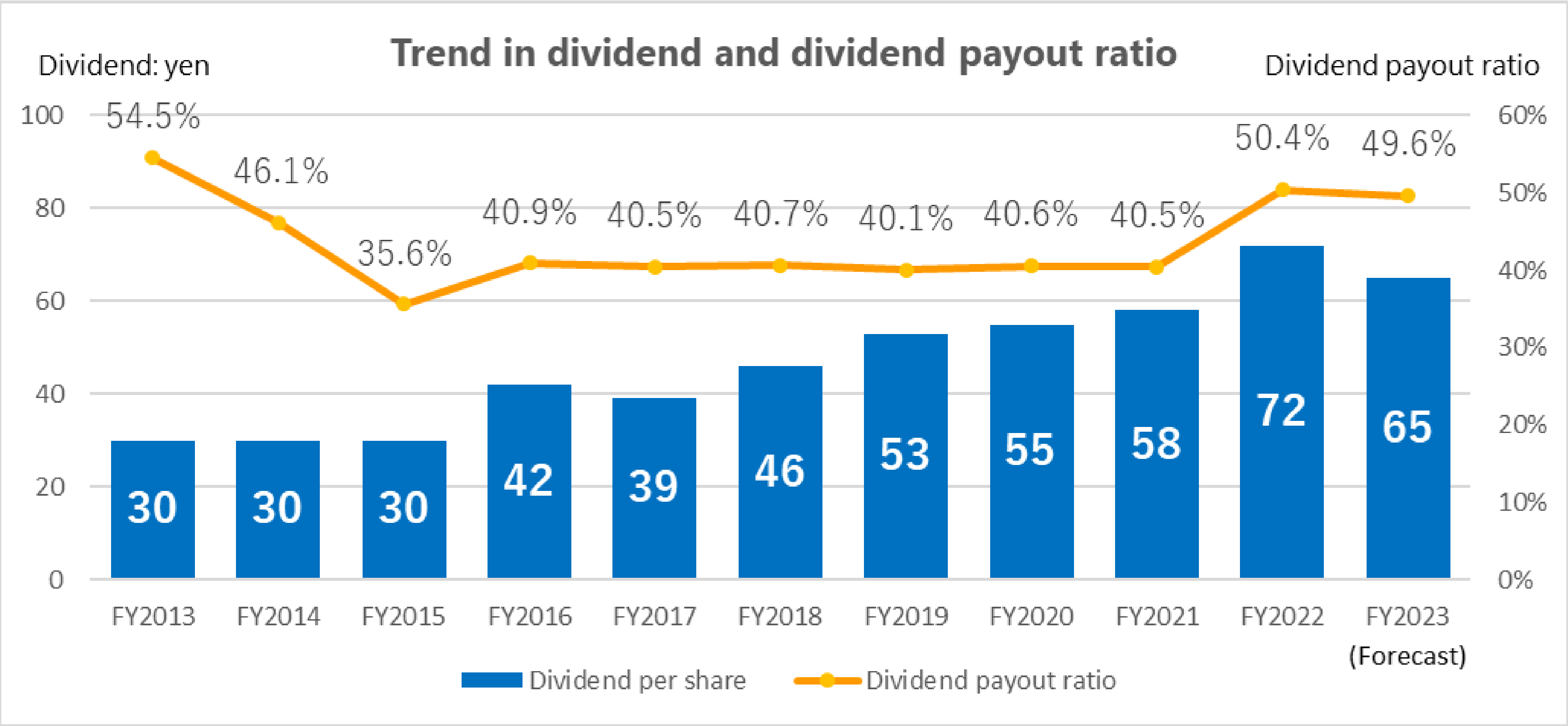


Note: Figures for FY2023 are forecasts.

3. Dividends

1） Dividend Forecast for FY2023

- **Annual dividend: 65 yen (Consolidated dividend payout ratio: 49.6%)**
- **Interim dividend: 30 yen Year-end dividend: 35 yen (This forecast is unchanged from the beginning of the fiscal year.)**

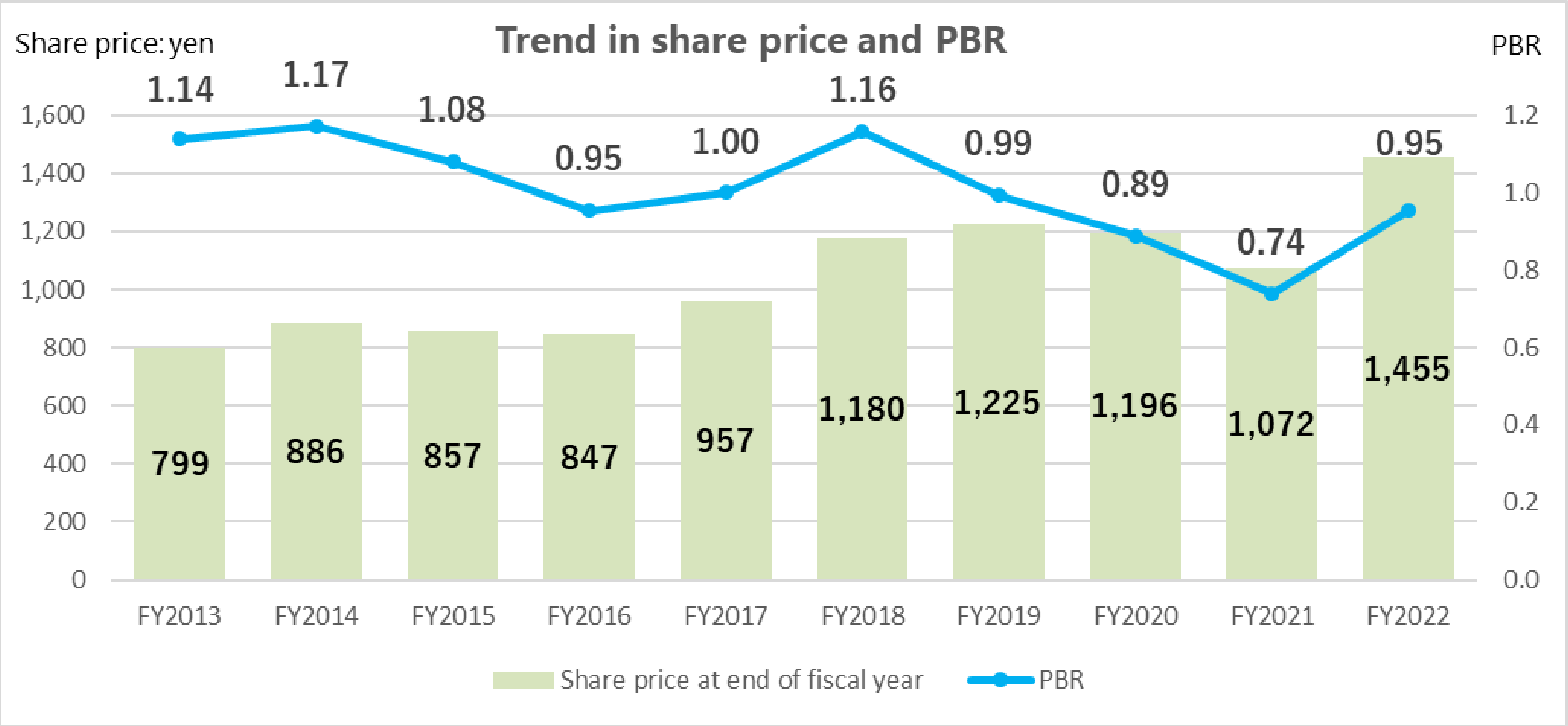


Note: The figure in the above graph for FY2019 does not include gain on bargain purchases of 5,500 million yen.

4. Improving Corporate Value

1) Management That is Mindful of Capital Cost and Share Price

- **Recently price-to-book ratio (PBR) has been trending at around 1, with the most recent figure (as of October 31, 2023) being 0.93.**
- **RAIZNEXT is considering measures to improve indicators such as capital efficiency in response to a request from the Tokyo Stock Exchange to "take steps to implement management that is mindful of capital cost and share price."**



2) Advancing Sustainable Management

➢ **RAIZNEXT is actively advancing sustainable management. As part of that effort, the Company is publishing* data related to Environmental, Social and Governance (ESG) matters.**

Environmental

Greenhouse-gas emissions (Scopes 1 & 2)

7,488t-CO2

30% reduction by FY2030 (compared with FY2021)

Cumulative generating capacity of renewable-energy equipment installed by RAIZNEXT

258MW

Social

Uptake rate of annual paid leave

81.3%

Uptake rate of childcare leave

Men 64% / Women 100%

Average overtime hours

16.9 hours/month

Educational and training expenses per employee

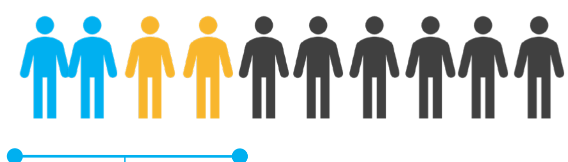
135,000 yen

Governance

Number of directors

10

Breakdown of 10 directors



Outside directors: 4 (including 2 women)

*On the RAIZNEXT website

This material includes projections based on future forecast and plans that was available on November 16, 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.

Contact

RAIZNEXT Corporation

1-1-8, Sakuragicho, Naka-ku, Yokohama-shi, Kanagawa, 231-0062, Japan

Budget Control & IR Group　Corporate Planning Department

Tel: +81-45-415-1500 Fax: +81-45-415-1120

E-Mail: ir-info@raiznext.co.jp / URL: https://www.raiznext.co.jp

RAIZNEXT Corporation