

Second Mid-Term Business Plan (Fiscal 2021 – 2024)

RAIZNEXT Corporation

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Representative Director,
President

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Introduction



Representative Director, President

Teruhiko Mouri

I would like to express my sincere gratitude for your continuing support.

The Company has formulated its Second Mid-Term Business Plan: RAIZNEXT SYNERGY POWER for the period from fiscal 2021 to fiscal 2024. As a result of the merger in July 2019, the Company started a new beginning as RAIZNEXT Corporation. In the First Mid-Term Business Plan, we set a theme of “Integration for generating synergistic effects,” and we have been working on system and internal integration for the past two years. However, this Mid-Term Business Plan will be a period of full-scale “Generation of synergistic effects,” so it can be said that RAIZNEXT starts from now in the true sense of the term.

In addition, in March 2021, the RAIZNEXT Group formulated “**RAIZNEXT Group V-2032**” as its long-term vision setting out what the Group wants to be by 2032 (the final fiscal year of the Fourth Mid-Term Business Plan). As well as representing the word **V**ision, the letter “**V**” incorporates our aspirations to be a company which can provide more **v**aluable services with **v**itality and allows employees to work with satisfaction.

The RAIZNEXT Group has not set out a long-term vision before. However, anticipating the advent of a carbon-neutral society, which the Japanese government aims to realize by 2050 and the progress of the digital revolution, we considered it necessary to prepare urgently for a new era of transformation. Accordingly, the Mid-Term Business Plan will also be the first step for achieving our long-term vision.

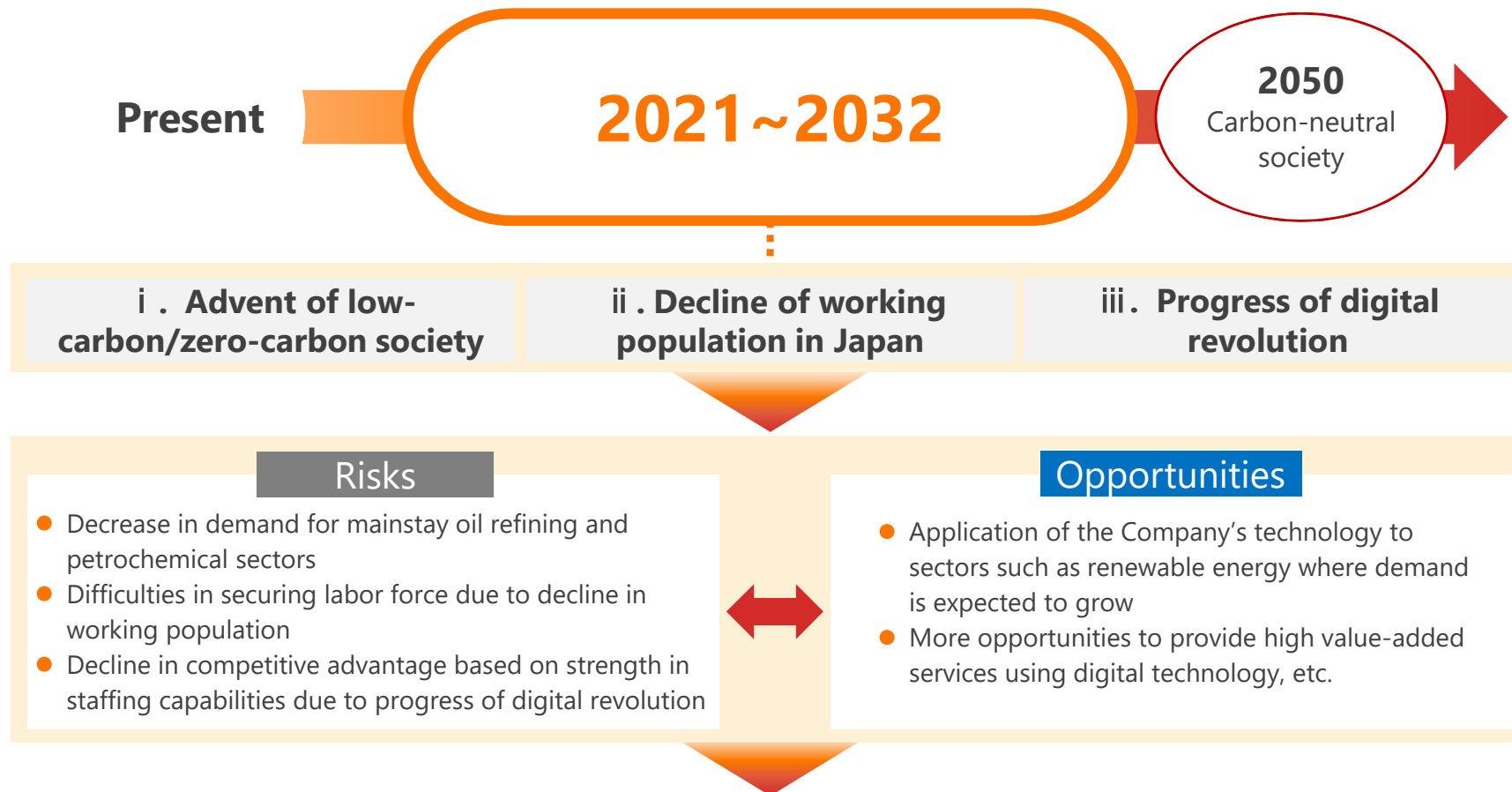
We believe the Group’s mission is to fulfill our social responsibilities as a company involved in the energy sector and provide maximum customer value while sharing our vision with all stakeholders and developing together.

I look forward to your continuing support.



Long-Term Vision of the RAIZNEXT Group (RAIZNEXT Group V-2032)

i Background to Formulation (Changes in Medium- to Long-Term Business Environment)



Formulate business plan that uses “change” as “opportunity for growth” given the severity and risks of the business environment

ii Plan Direction: Aimed at the Vision for 2032

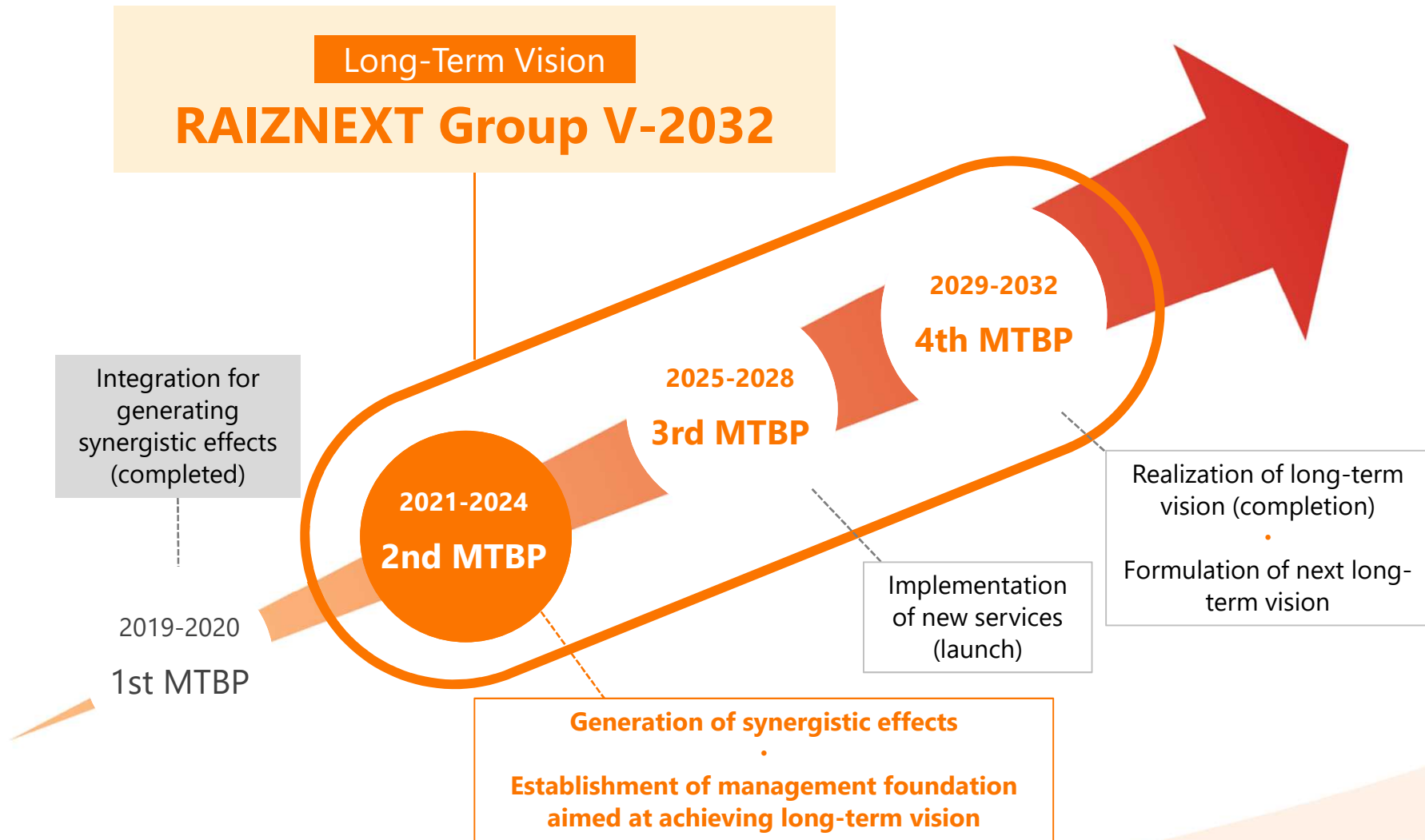
Long-Term Vision

RAIZNEXT Group V-2032

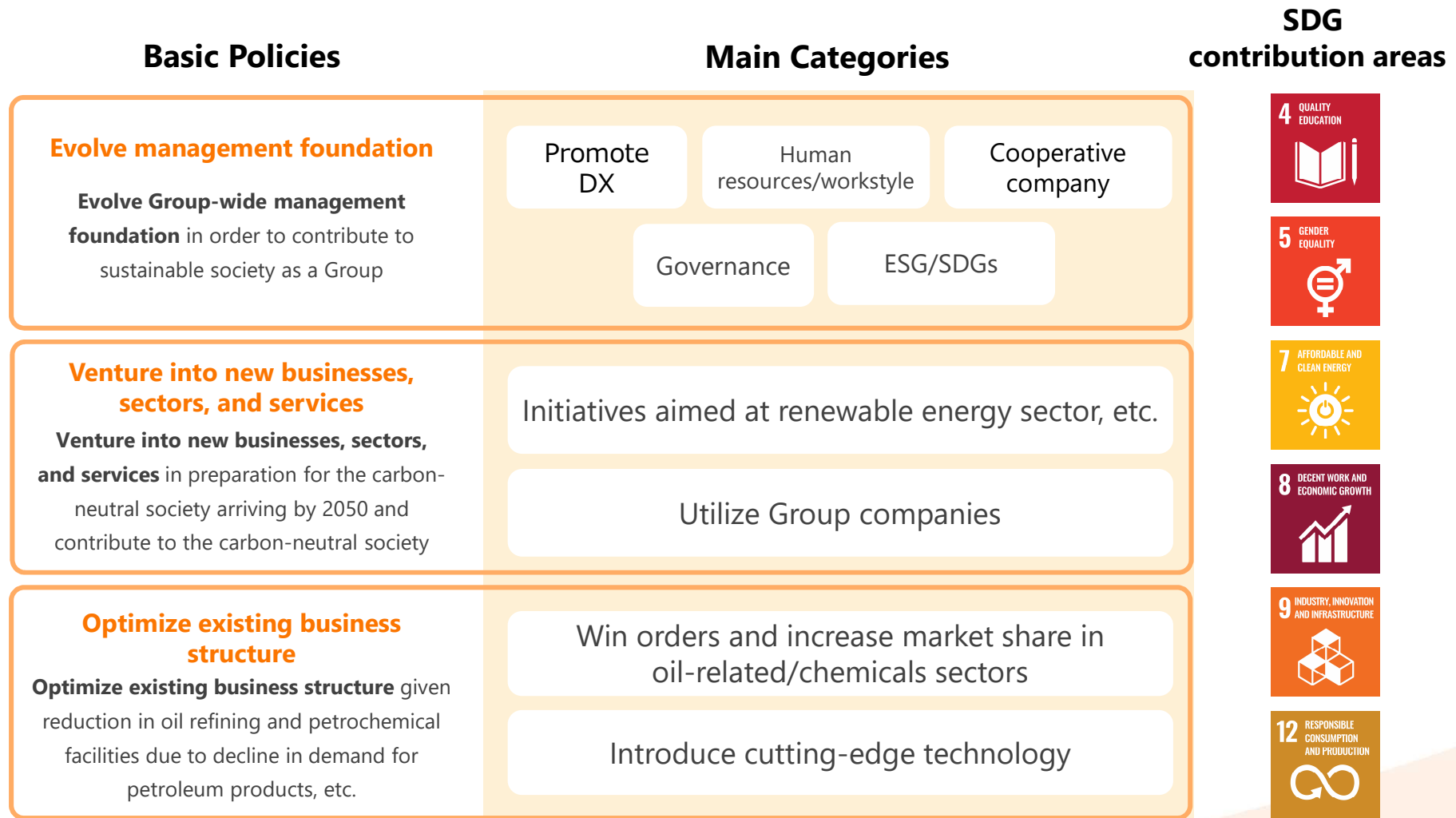
Toward advanced plant services in changing times

- 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.

ii Plan Direction: Aimed at the Vision for 2032



iii Basic Policies for Achieving the Long-Term Vision





Second Mid-Term Business Plan





i Review of First Mid-Term Business Plan (Numerical Targets)

We largely achieved the financial targets and management indicator targets.

- New contracts slightly decreased due to suspensions and delays, etc. to customer investment projects during the COVID-19 pandemic in the EPC sector.
- Net sales slightly increased due to an increase in project volume in the maintenance sector, such as shutdown maintenance work, etc.
- Operating income and Profit attributable to owners of the parent increased due to such factors as an increase in gross profit resulting from a decrease in direct costs in individual projects, reductions in indirect costs, and an increase in capacity utilization, and a reduction in expenses (general and administrative expenses) due to the impact of the COVID-19 pandemic.
- Targeted figures for management indicators, ROE and Dividend payout ratio (consolidated), were achieved.

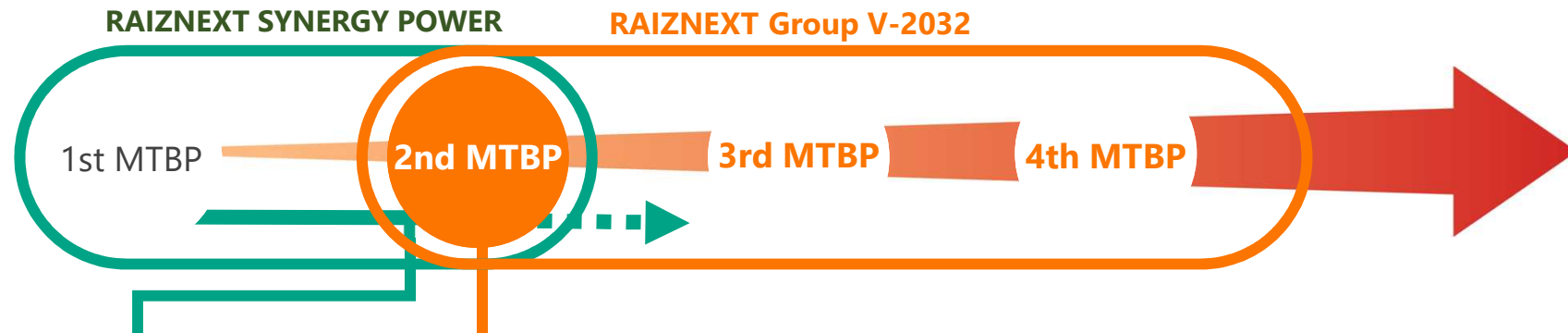
(Consolidated)	Category	Fiscal 2020 (Fiscal Year Ended March 31, 2021)	
		Results	Targets
Financial Targets	New contracts	143.1 billion yen	145 billion yen
	Net sales	145.9 billion yen	145 billion yen
	Operating income (margin)	10.4 billion yen (7.2%)	9.4 billion yen (6.5%)
	Profit attributable to owners of the parent (margin)	7.3 billion yen (5.0%)	6.3 billion yen (4.3%)
Target Figures for Management Indicators	Return on equity (ROE)	10.5%	At least 9%
	Dividend payout ratio (consolidated)	40.6%	At least 40%

i Review of First Mid-Term Business Plan (Achievements and Issues in Each Business)

	Main Achievements	Issues
Management Foundation 	<ul style="list-style-type: none"> Developed corporate governance and Group internal control system Integrated personnel systems, introduced human resource development programs Introduced employment systems and developed infrastructure aimed at working style reforms 	<ul style="list-style-type: none"> Further action to address regulations on maximum overtime Promotion of ESG-focused management
Maintenance Business 	<ul style="list-style-type: none"> Constructed company-wide production planning system Mechanized on-site operations, promoted use of ICT 	<ul style="list-style-type: none"> Effective operation of company-wide production planning system Transfer of technology and skills
Engineering Business 	<ul style="list-style-type: none"> Integrated and developed EPC work execution system Increased new contracts using in-house JV system <p>*JV (Joint Venture): a system under which a number of business divisions cooperate to contract for large and medium-sized projects and the associated investigation work that are difficult for a single department or business site to undertake alone</p>	<ul style="list-style-type: none"> Further strengthening of project execution system and technical capabilities
Tank Business 	<ul style="list-style-type: none"> Strengthened work execution system through establishment of specialist tank division 	<ul style="list-style-type: none"> Strengthening collaboration with partner companies Increase number of welding engineers

See ⑤ Synergistic Effects (Results and Targets) on p. 15 for more details about synergistic effects.

ii Approach for Formulation of Second Mid-Term Business Plan



<First Step Toward Achieving Long-Term Vision>

- Indicate a future-oriented direction with a sense of crisis around the shrinking plant market for RAIZNEXT in the oil and petrochemical industry due to major changes in the social and customer environment
- To maximize the effects of activities, promote strategies for each business (“Strengthen our maintenance business,” “Strengthen our engineering business,” and “Strengthen our tank business,” based on “Strengthen our management foundation” as in the First Mid-Term Business Plan

<Generation of Synergistic Effects>

- Work to enhance corporate value and the interests of stakeholders as the leading plant maintenance company in Japan with advanced engineering capabilities
- During the period of the First and Second Mid-Term Business Plans, generate synergistic effects with at least 20.0 billion yen in net sales and 2.0 billion yen in ordinary profit as cumulative totals

iii Business Environment and Business Strategy of Second Mid-Term Business Plan

Business Environment for RAIZNEXT Group

- Slowing economy in Japan and overseas and increasing uncertainty due to COVID-19 pandemic
- Accelerating corporate digital transformation in response to future decline of working population in Japan
- Increasing importance of CSR activities, ESG-focused management, and SDGs
- Trend toward carbon-free society, including shift from fossil fuels to renewable energy
- Shrinking plant maintenance market for RAIZNEXT, given future decline in demand for petroleum products
- Robust demand for facilities and new plant in Japan for manufacture of products with advanced functionality in general chemicals and non-ferrous metals industries
- Expansion in renewable energy backed by government energy policy, with aggressive investment forecast going forward
- Respond to regulations on overtime upper limit to be applied to construction industry from 2024

Second Mid-Term Business Plan



Strengthen our maintenance business



Strengthen our engineering business



Strengthen our tank business



Strengthen our management foundation

iv Strengthening our Management Foundation and Strategies for Each Business



Strengthening our maintenance business

- Operate company-wide production planning system effectively
- Strengthen network of partner companies and maintain staffing capabilities



Strengthening our engineering business

- Further strengthen project execution system and technical capabilities
- Increase orders in new fields, such as renewable energy and hydrogen



Strengthening our tank business

- Further strengthen company-wide management system and strengthen partner company system
- Research and examine design and construction technologies for hydrogen storage tanks

- Increase orders and profit

- Strengthen technical capabilities

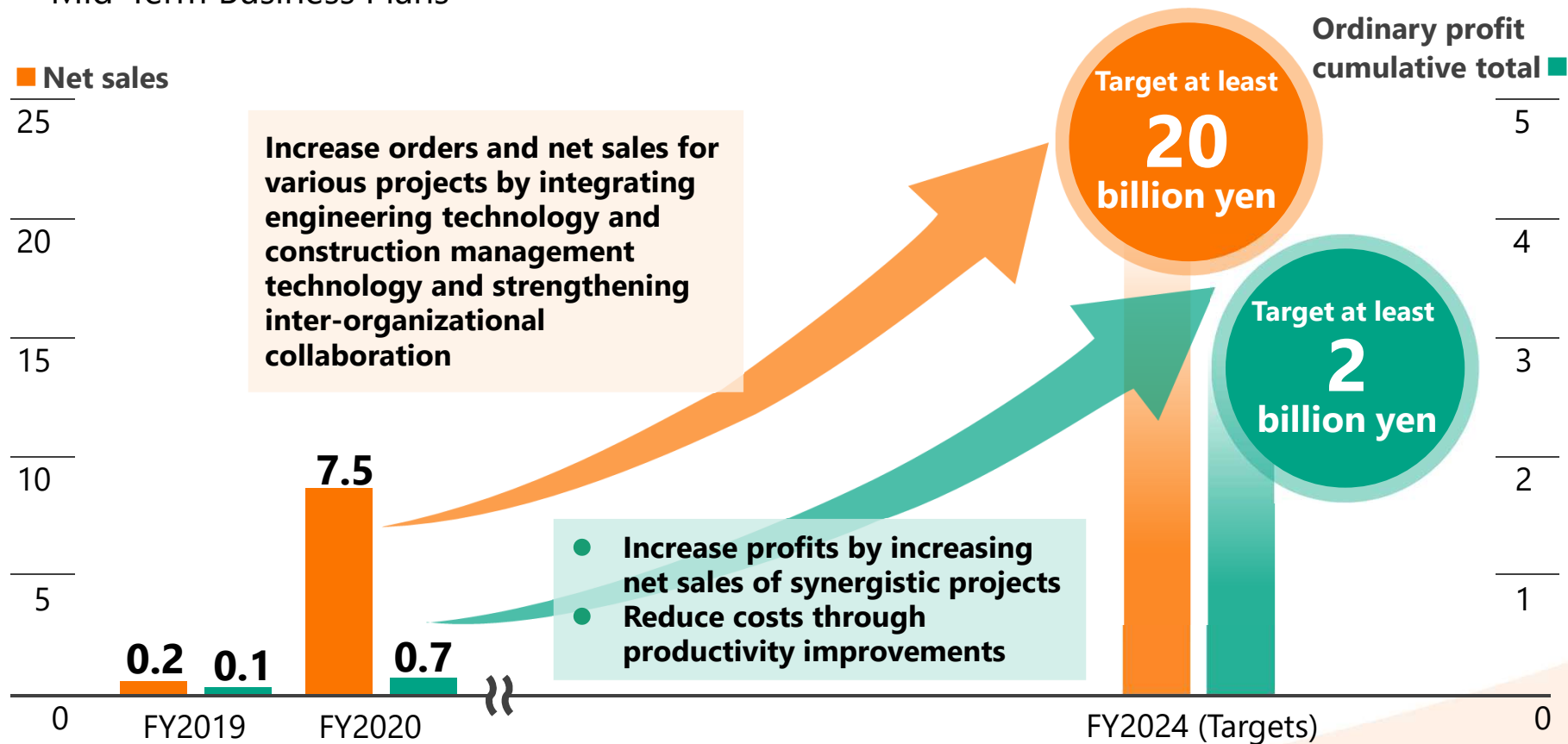


Strengthening our management foundation

- Strengthen Group-wide governance system
- Take action to address regulations on maximum overtime and new working styles
- Secure and develop human resources
- ESG-focused management, including SDGs and CSR activities
- Promote digital transformation
- Generate synergistic effects

V Synergistic Effects (Results and Targets)

Aim for synergistic effects with a cumulative total of “at least **20.0** billion yen in net sales” and “at least **2** billion yen in ordinary profit” during the period of the First and Second Mid-Term Business Plans



vi Target Management Indices

Aim to achieve the following figures in the final fiscal year of the Second Mid-Term Business Plan

(Consolidated)	Category	Fiscal 2024 (Fiscal Year Ending March 31, 2025)
Financial Targets	Net sales	145 billion yen
	Operating income (margin)	10.5 billion yen (7.2%)
	Profit attributable to owners of the parent (margin)	7 billion yen (4.8%)
Target Figures for Management Indicators	Return on Equity (ROE)	At least 8%
	Dividend payout ratio (consolidated)	At least 40%

vii Precautionary Statement

The management policy, strategies, and figures related to forward-looking statements in these materials have been prepared based on the judgement of the Company's management using information available as of the date of publication.

There are also risks and uncertain factors, and actual results may differ significantly from forecasts due to the economic environment for business, changes in demand, customer preferences and other factors.