Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code 6379)
June 7, 2024
(Electronic Provision Measures Commencement Date: June 3, 2024)

To Shareholders:

Teruhiko Mouri
Representative Director, President
RAIZNEXT Corporation
1-1-8 Sakuragicho
Naka-ku, Yokohama-shi, Kanagawa,
Japan

NOTICE OF
THE 120TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:
You are cordially invited to attend the 120th Annual General Meeting of Shareholders of RAIZNEXT Corporation (the "Company"). The meeting will be held for the purposes described below.
If you are unable to attend the meeting, you can exercise your voting rights via the Internet or by the postal mail. Please review the Reference Documents for the General Meeting of Shareholders as described below and exercise your voting rights by 5:30 p.m. on Monday, June 24, 2024 (Japan time), the day before the Annual General Meeting of Shareholders.

1. **Date and Time:** Tuesday, June 25, 2024 at 10:00 a.m. Japan time
(The reception starts: 9:00 a.m.)
2. **Place:** Nisseki Yokohama Hall on the first floor of the Nisseki Yokohama Building located at 1-1-8 Sakuragicho, Naka-ku, Yokohama-shi, Kanagawa, Japan
3. **Meeting Agenda:**

Matters to be reported:
1. The Business Report and Consolidated Financial Statements for the Company's 120th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 120th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Seven (7) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
Proposal No. 3: Election of One (1) Director Serving as an Audit and Supervisory Committee Member

4. Electronic provision measures

When convening this general meeting of shareholders, the Company has taken measures for providing information in electronic format (the "electronic provision measures") and has posted matters subject to the electronic provision measures on the website below.

Please access the website below, and click on "Investor Relations," "Stock & Creditor Information" and "General Meeting of Shareholders" to review the information.

The Company website:
https://www.raiznext.co.jp/e/

In addition to the website shown above, the Company has also posted this information on the Tokyo Stock Exchange website. Please access the website below, input "RAIZNEXT" in "Issue name (company name)" or "6379" in "Code," and click on "Search" to find search results. Then select "Basic information" and "Documents for public inspection/PR information" in this order to review the column of "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting" in "Filed information available for public inspection."

The Tokyo Stock Exchange website:
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

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● Matters to be noted for the Annual General Meeting of Shareholders

◎ We do not hand out gifts to our shareholders at Annual General Meeting of Shareholders. We appreciate your understanding.

◎ With the system for electronic provision of materials enforced due to the revision of the Companies Act, reference documents for the General Meeting of Shareholders, etc. are provided on the Company website. However, the respective documents marked with ■ were attached to this notice of convocation for general shareholders as well as shareholders who have requested the paper copy to be sent*.

◎ Item excluded from paper-based documents in accordance with laws and regulations as well as Article 16, Paragraph 2 of the Articles of Incorporation of the Company are provided on the Company's website, etc., and are not included in the this notice of convocation. The Audit and Supervisory Committee and Accounting Auditor audit the documents subject to audit including the relevant matters.

◎ If any amendments are made to matters subject to the electronic provision measures, such amendments will be posted on the respective websites where the matters are posted.

* Table of documents is omitted in this translation.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company has positioned the distribution of dividends as the most important management issue. Taking into consideration the commitment to implementing continuous and stable dividends in line with revenues and profits, the Company is targeting a consolidated payout ratio of 40% or higher.

The Company would like to propose, as the year-end dividend, 40 yen per share, based on the above and in comprehensive consideration of our full-year consolidated performance, , and as the total amount, combined with the commemorative dividend of 65 yen per share for the 5th anniversary of the merger, 105 yen per share, as set out below.

1. Type of dividend property
   Cash
2. Matters concerning the allotment of dividend property and the total amount
   105 yen per share consisting of the year-end dividend of 40 yen per share and the commemorative dividend of 65 yen per share of common stock
   The total amount of dividends in this case is 5,594,719,200 yen.
   (Reference) The annual dividend, combined with the interim dividend, will be 135 yen per share.
3. Effective date of distribution of surplus
   June 26, 2024

Proposal No. 2: Election of Seven (7) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all six (6) Directors (excluding Directors serving as Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. In order to further enhance the management structure, we will increase the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) by one (1), and the election of seven (7) is proposed.

Furthermore, with respect to this Proposal, the opinion of the Audit and Supervisory Committee that all the candidates are suitable has been obtained.

The candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are as follows:

No.		Name	Positions and responsibilities in the Company	The rate of attendance at the Board of Directors meetings in FY2023
1	Reappointment Male	Takashi Noro	Representative Director Chairman of the Board	12/12 (100%)
2	Reappointment Male	Teruhiko Mouri	Representative Director President	12/12 (100%)
3	Reappointment Male	Masaki Fukuhisa	Director Executive Vice President Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Digital Strategy Department)	12/12 (100%)
4	Reappointment Male	Hideki Ueda	Director Executive Vice President Assistant President (Project Operation Division and Safety & Quality Assurance Division) Responsible for Sales Division and Tank Engineering Division	12/12 (100%)
5	New appointment Male	Hiroyuki Kimura	Executive Vice President Assistant President (Project Division and Engineering Division)	–
6	New appointment Male	Daisaku Nakatakuma	Senior Managing Executive Officer Responsible for Maintenance Division	–
7	Reappointment Outside Independent Male	Noriaki Isa	Outside Director	12/12 (100%)

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions
1	Reappointment Male Takashi Noro (Nov. 5, 1955) Number of shares of the Company held: 13,702 5 years in office (at the conclusion of this Annual General Meeting of Shareholders)	Apr. 1980 Joined Nippon Petroleum Refining Co., Ltd. Jun. 2008 General Manager, Muroran Refinery of Nippon Petroleum Refining Co., Ltd. Jul. 2010 Senior Vice President Deputy Senior General Manager, Refining, Manufacturing & Engineering Division of JX Nippon Oil & Energy Corporation Jun. 2012 Senior Vice President General Manager, Oita Refinery of the above-mentioned company Jun. 2014 Senior Vice President General Manager, Negishi Refinery of the above-mentioned company Jun. 2015 Director Senior Vice President Responsible for Refining & Manufacturing Dept. and Engineering Dept. of the above-mentioned company Apr. 2017 Director Executive Vice President Assistant President (Safety, Health & Environment Dept., Quality Assurance Dept., Central Technical Research Laboratory, and Refining & Manufacturing Division), JXTG Nippon Oil & Energy Corporation Apr. 2019 President and Representative Director President and Chief Executive Officer, JX Engineering Corporation Jul. 2019 Vice President and Representative Director Executive Vice President Assistant President of the Company Jun. 2020 Representative Director, Chairman of the Board of the Company (current position)
		Reasons for nomination Mr. Takashi Noro has been engaged in refining, manufacturing, engineering, and the operation of refineries for many years and has a wealth of experience and achievements. He has also successively served as Director, Executive Vice President of JXTG Nippon Oil & Energy Corporation, President and Representative Director of JX Engineering Corporation, and Representative Director, Chairman of the Board of the Company, and has driven the management of the said companies. The Company has judged that he is qualified to promote business execution of the Group and appropriately implement supervision of the execution of duties by Directors through his experience and achievements, thus continuing to designate him a candidate for Director.

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions
2	Reappointment Male Teruhiko Mouri (Jan. 31, 1963) Number of shares of the Company held: 25,372 6 years in office (at the conclusion of this Annual General Meeting of Shareholders)	Apr. 1988 Joined Niigata Construction Co., Ltd. Apr. 2011 General Manager, Sendai Branch Office Division-1 of the Company Sep. 2013 General Manager, Chiba Branch Office Division-2 of the Company Jun. 2016 Executive Officer Senior General Manager, Project Operation Division of the Company Jun. 2018 Director Executive Managing Officer Responsible for Project Operation Division Senior General Manager, Project Operation Division of the Company Jul. 2019 Director Executive Managing Officer Responsible for Project Operation Division Senior General Manager, Project Operation Division of the Company Apr. 2020 Director Executive Managing Officer Responsible for Project Operation Division of the Company Jun. 2020 Representative Director, President of the Company (current position)
		Reasons for nomination Mr. Teruhiko Mouri has been engaged primarily in business and project operation divisions, and after serving as General Manager, Sendai Branch Office, General Manager, Chiba Branch Office, and Senior General Manager, Project Operation Division, assumed the position of Director in June 2018 and the position of Representative Director, President in June 2020, taking responsibility for the management of the Company. The Company has judged that he is qualified to promote business execution of the Group and appropriately implement supervision of the execution of duties by Directors because of his wealth of experience thus far and high-level insights with respect to construction and installation, thus continuing to designate him a candidate for Director.

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions
3	Reappointment Male Masaki Fukuhisa (Jun. 27, 1960) Number of shares of the Company held: 17,796 6 years in office (at the conclusion of this Annual General Meeting of Shareholders)	Apr. 1985 Joined Niigata Construction Co., Ltd. Jul. 2007 General Manager, Personnel Department of the Company Jun. 2013 Executive Officer General Manager, General Administration & Personnel Department of the Company Jun. 2015 Executive Officer Responsible for Corporate Planning Department General Manager, General Administration & Personnel Department of the Company Jun. 2018 Director Executive Managing Officer Assistant Division Director, Management Division (Responsible for General Administration & Personnel Department and Corporate Planning Department) of the Company Jul. 2019 Director Executive Managing Officer Responsible for Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Information System Department of the Company Jun. 2020 Representative Director Executive Vice President Responsible for Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Information System Department of the Company Representative Oct. 2020 Director Executive Vice President Assistant President Responsible for Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Information System Department of the Company Jun. 2021 Director Executive Vice President Assistant President of the Company Sep. 2021 Director Executive Vice President Assistant President General Manager, Business Strategy Office of the Company Apr. 2023 Director Executive Vice President Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, and Accounting Department) Responsible for Digital Strategy Department of the Company Apr. 2024 Director Executive Vice President Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, Accounting Department and Digital Strategy Department) of the Company (current position) Reasons for nomination Mr. Masaki Fukuhisa has been engaged primarily in technology design, corporate planning and general administration & personnel divisions, and he assumed the position of Director in June 2018. As a Director, he has been in charge of corporate divisions and in his current position as Director, Executive Vice President, and Assistant President, he has wealth of experience and high-level insights into overall corporate management. For these reasons, the Company has judged that he is qualified to promote business execution of the Group and appropriately implement supervision of the execution of duties by Directors, thus continuing to designate him a candidate for Director.

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions
4	Reappointment Male Hideki Ueda (Dec. 16, 1960) Number of shares of the Company held: 9,096 5 years in office (at the conclusion of this Annual General Meeting of Shareholders)	Apr. 1983 Joined Koa Oil Co., Ltd. Jun. 2012 General Manager, Marifu Refinery of JX Nippon Oil & Energy Corporation Apr. 2016 President and Representative Director of Kawasaki Natural Gas Power Generation Co., Ltd. Apr. 2018 Executive Officer Deputy Senior General Manager, Project Division of JX Engineering Corporation Apr. 2019 Director Executive Officer (Special Missions) of the above-mentioned company Jul. 2019 Director Executive Managing Officer Responsible for Sales Division, Metal & Material Facilities Project Division and Technical Service Division of the Company Jun. 2020 Director Executive Managing Officer Responsible for Sales Division, Project Operation Division, Tank Engineering Division and Technical Service Division of the Company Jun. 2021 Director Executive Managing Officer Responsible for Sales Division, Project Operation Division and Technical Service Division of the Company Apr. 2023 Director Executive Vice President Assistant President (Project Operation Division and Safety & Quality Assurance Division) Responsible for Sales Division and Tank Engineering Division of the Company (current position)
		Reasons for nomination Mr. Hideki Ueda, to date, has been engaged primarily in the operation of refineries and has a wealth of experience and achievements. Furthermore, he has successively assumed the positions of President and Representative Director of Kawasaki Natural Gas Power Generation Co., Ltd., and currently Director, Executive Vice President, and Assistant President in charge of sales and business divisions, and the project operation division of the Company. The Company has judged that he is qualified to promote business execution of the Group and appropriately implement supervision of the execution of duties by Directors, thus continuing to designate him a candidate for Director.

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions
5	New appointment Male Hiroyuki Kimura (Oct. 8, 1963) Number of shares of the Company held: 0	Apr. 1986 Joined Nippon Mining Co. Jun. 2015 General Manger, Engineering Dept. of JX Nippon Oil & Energy Corporation Jan. 2016 General Manger, Engineering Dept. of JX Nippon Oil & Energy Corporation Apr. 2017 General Manager, Engineering & Capital Planning Dept., Refining & Manufacturing Division of JXTG Nippon Oil & Energy Corporation Apr. 2018 Executive Officer General Manager, Refining & Manufacturing Dept., Refining & Manufacturing Division of the above-mentioned company Apr. 2020 Senior Vice President Responsible for Safety, Health & Environment Dept., Quality Assurance Dept. and Renewable Energy Division of the above-mentioned company Jun. 2020 Senior Vice President Responsible for Safety, Health & Environment Dept., and Quality Assurance Dept. of ENEOS Holdings, Inc. Managing Executive Officer Responsible for Safety, Health & Environment Dept., Quality Assurance Dept., and Renewable Energy Division of ENEOS Corporation Apr. 2021 Senior Vice President Responsible for Refining & Manufacturing Dept., Mechanical Engineering Dept., Engineering & Capital Planning Dept., Refineries & Plants of ENEOS Corporation Apr. 2024 Director Executive Vice President Assistant President (Project Division and Engineering Division) of the Company (current position)
		Reasons for nomination Mr. Hiroyuki Kimura has been engaged in refining, manufacturing, engineering division, project operation division, and quality assurance division, etc. at nonferrous metals companies and oil refinery companies for many years and has a wealth of experience and achievements. He has also served as Senior Vice President of ENEOS Holdings, Inc. and ENEOS Corporation, having been responsible for promotion of renewable energy business field that can be a pillar of new business and playing a central role for sustainable management. The Company has judged that he can be expected to strengthen the management structure of the Company, thus designate him a candidate for Director.

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions
6	New appointment Male Daisaku Nakatakuma (Dec. 21, 1963) Number of shares of the Company held: 4,550	Apr. 1982 Joined Niigata Construction Co., Ltd. Jun. 2013 General Manager, Mizushima Branch Office, Division-3 of the Company Apr. 2016 Deputy Senior General Manager, Division-3 of the Company Jun. 2016 Executive Officer Senior General Manager, Division-3 of the Company Jun. 2018 Managing Executive Officer, Senior General Manager, Division-3 of the Company Apr. 2023 Managing Executive Officer Responsible for Maintenance Division of the Company Apr. 2024 Senior Managing Executive Officer Responsible for Maintenance Division of the Company (current position)
		Reasons for nomination Mr. Daisaku Nakatakuma has been mainly engaged in business operation division. He has also successively served as General Manager of Mizushima Branch Office and Senior General Manager of Division-3 and managed maintenance division with expertise on the Company's field business. The Company has judged that he can be expected to enhance the management structure of the Company because of his wealth of experience thus far and high-level insights with respect to construction and installation, thus designates him as a candidate for Director.

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions
7	Reappointment Outside Independent Male Noriaki Isa (Jul. 14, 1957) Number of shares of the Company held: 400 2 years in office (at the conclusion of this Annual General Meeting of Shareholders)	Apr. 1980 Joined Marubeni Corporation Apr. 2006 General Manager, General Power Department, Power Division of the above-mentioned company Apr. 2013 Executive Officer General Manager, Human Resources Department of the above-mentioned company Apr. 2017 Executive Officer and Assistant CSO of the above-mentioned company Outside Auditor, Avanti Staff Corporation Apr. 2018 Director and Chairman of Marubeni Power Retail Corporation Apr. 2021 Advisor, NSG Holdings Co., Ltd. (current position) Jan. 2022 Visiting Professor, Kaishi Professional University (current position) Visiting Professor, Niigata Agro-Food University (current position) Jun. 2022 Outside Director of the Company (current position) Jul. 2022 Director and Chairman, Power Retail Niigata K.K. (current position) Reasons for nomination and expected roles Mr. Noriaki Isa has a wealth of experience and broad insights, such as engaging in the management strategies of a trading company. The Company has judged that he can be expected to strengthen the management structure of the Company by drawing on his experience and insights, providing advice and guidance to the Company's management, and conducting appropriate supervision from an objective viewpoint, thus continuing to designate him as a candidate for Director.

(Notes)

1. There are no special interests between each candidate and the Company.
2. Mr. Noriaki Isa is a candidate for Outside Director.
3. The Company has designated Mr. Noriaki Isa as an Independent Officer as stipulated by the Tokyo Stock Exchange, and has made a submission to the aforementioned Exchange. If his reelection is approved, he will continue to be an independent officer.
4. The Company has entered into an agreement with Mr. Noriaki Isa to limit his liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act, and if his reelection is approved, the Company plans to renew the contract. Furthermore, the maximum amount of liability for damages based on the contract is the amount stipulated in Article 425, Paragraph 1 of the Companies Act.
5. The Company has entered into a liability insurance agreement for directors and officers with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. This insurance agreement covers litigation expenses and damages arising from legal liabilities to be incurred by the insured. If the candidates are elected and appointed as directors, the Company intends to include them as the insured under the insurance agreement. The Company intends to renew this insurance agreement with the same content at the time of the next renewal.

Proposal No. 3: Election of One (1) Director Serving as an Audit and Supervisory Committee Member

The terms of office of Directors serving as Audit and Supervisory Committee Members, Mr. Kenji Kurosawa and Ms. Mayumi Nishida will expire at the conclusion of this Annual General Meeting of Shareholders. As the Company judged that the effectiveness of audit can be ensured continuously, given the current status of the audit structure of the Company including collaborations, etc. with the Internal Audit Division, the Company will reduce the number of Directors serving as Audit and Supervisory Committee Members by one (1) to establish three (3) Directors structure. Therefore, the election of one (1) Director serving as an Audit and Supervisory Committee Member is proposed. The Audit and Supervisory Committee has given its approval to this proposal.

The candidate for Director serving as an Audit and Supervisory Committee Member is as follows:

	Name	Positions and responsibilities in the Company	The rate of attendance at the Board of Directors meetings in FY2023	The rate of attendance at the Audit and Supervisory Committee meetings in FY2023
Reappointment Outside Independent Female	Mayumi Nishida	Outside Director (Audit and Supervisory Committee Member)	12/12 (100%)	8/8 (100%)

Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions	
Reappointment Outside Independent Female Mayumi Nishida (Feb. 27, 1957) Number of shares of the Company held: 500 4 years in office (at the conclusion of this Annual General Meeting of Shareholders)	Jul. 1998	Assistant Professor, Utility Research Development Department, Faculty of Pharmaceutical Sciences, Hokkaido University
	Aug. 2009	Visiting Professor, Renmin University of China (current position)
	Apr. 2011	Executive Officer, Director, Research Laboratory, Development & Marketing, KOEI CHEMICAL COMPANY, LIMITED
	Apr. 2014	Professor, Hokkaido University, Institute for Catalysis Advisor, CHEMICALSOFT Co., LTD. (current position) Advisor, Kagashin Global Network Pvt Ltd. Advisor, West Corner Company, Limited
	Apr. 2015	Cross-Appointment Fellow, The National Institute of Advanced Industrial Science and Technology
	Jun. 2020	Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
	Apr. 2022	Research Support Professor, Institute for Catalysis, Hokkaido University (current position) CEO and President, West Corner Company, Limited (current position)
	Jun. 2022	Emeritus Professor, Hokkaido University (current position)
	Reasons for nomination and expected role Ms. Mayumi Nishida has extensive academic expertise and experience as an expert in pharmacy. She has a high-level of insight, having been involved in the management of a number of companies so far. The Company has judged that she is qualified to appropriately implement supervision of the execution of duties by Directors by using her wealth of experience and high-level insights from an objective and fair standpoint, thus designating her a candidate for Outside Director serving as an Audit and Supervisory Committee Member. Following her election, we expect she will continue to fulfill the above roles.	

(Notes)

1. There are no special interests between Ms. Mayumi Nishida and the Company.
2. Ms. Mayumi Nishida is a candidate for Outside Director serving as an Audit and Supervisory Committee Member.
3. The Company has designated Ms. Mayumi Nishida as an Independent Officer as stipulated by the Tokyo Stock Exchange and has made a submission to the aforementioned Exchange. If her reelection is approved, she will continue to be an independent officer.
4. The Company has entered into an agreement with Ms. Mayumi Nishida to limit her liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act. If her reelection is approved, the Company plans to renew the said agreement with her. Furthermore, the maximum amount of liability for damages based on the contract is the amount stipulated in Article 425, Paragraph 1 of the Companies Act.
5. The Company has entered into a liability insurance agreement for directors and officers with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. This insurance agreement covers litigation expenses and damages arising from legal liabilities to be incurred by the insured. If Ms. Mayumi Nishida is elected and appointed as a director serving as an Audit and Supervisory Committee Member, the Company intends to include them as the insured under the insurance agreement. The Company intends to renew this insurance agreement with the same content at the time of the next renewal.

(Reference)

The Company selects Directors who have the knowledge, experience, ability, and other qualities necessary for achieving the objectives upheld by the Company mainly based on the corporate philosophy, long-term vision, the Mid-Term Business Plan.

Additionally, Directors serving as Audit and Supervisory Committee Members are selected based on a comprehensive review giving consideration to a balance of knowledge of the Company's business fields, insight into finance, accounting, and legal affairs, diverse perspectives and experiences in corporate management, and advanced expertise, among other factors.

Furthermore, the directors' expertise and experience after the conclusion of this Annual General Meeting of Shareholders are shown in the following chart.

	No.	Name	Gender	Corporate Management	Finance/ Accounting	Sales/ Business Strategy	Engineering / Quality	Personnel Management	Compliance/ Risk Management	Sustainability
Directors	1	Takashi Noro	Male	○			○		○	
	2	Teruhiko Mouri	Male	○		○	○	○	○	○
	3	Masaki Fukuhisa	Male	○	○			○	○	○
	4	Hideki Ueda	Male	○		○	○	○		○
	5	Hiroyuki Kimura	Male			○	○			○
	6	Daisaku Nakatakuma	Male			○	○			○
	7	Noriaki Isa	Male	○		○		○		○
Directors serving as Audit and Supervisory Committee Members	–	Toshio Saburi	Male	○	○				○	
	–	Keiko Suichi	Female	○				○	○	○
	–	Mayumi Nishida	Female	○			○			○

(Note) Among the expertise and experience possessed by each director, those which the director is particularly expected to demonstrate are marked with a circle.

(Reference) Criteria for Assessing Independence of Outside Directors of the Company

The Company shall, in addition to the requirements under the Companies Act and the Criteria for Independence stipulated by Tokyo Stock Exchange, determine that an Outside Officer (including a candidate thereof) is independent when he or she falls into none of the following:

1. A person who was or had been an executing person (as defined in Article 2, Paragraph 3, Item 6 of Ordinance For Enforcement of the Companies Act; the same applies hereinafter) of the Company or its subsidiaries (collectively called "the Group"; the same applies hereinafter) for any period during 10 years before his/her office
2. A person who is a major shareholder (meaning a shareholder that holds, either directly or indirectly, 10% or more of the total voting rights of the Company; the same applies hereinafter) of the Group, or an executing person thereof
3. A person who is an executing person of a company of which the Group currently is a major shareholder
4. A person whose major business partner is the Group (a person who received 2% or more of his/her consolidated annual gross sales for the previous fiscal year from the Group), or an executing person thereof
5. A person who is a major business partner of the Group (a person who made payment to the Group of 2% or more of the Company's consolidated annual gross sales for the previous fiscal year), or an executing person thereof
6. A person who is a director (limited to persons executing operations) of an organization that receives donations or grants that exceed a specified amount (the higher of 10 million yen on average during the past three fiscal years or 30% of the average total annual expenses of said organization) from the Group, or other executing person thereof
7. A person who is an executing person of a financial institution or other major creditors that is imperative to the Group's funding and on whom the Group is dependent to the extent that it cannot be replaced
8. A person who is a certified public accountant (or tax accountant), or a partner or an employee of an auditing firm (or a tax accountant firm), who serves as an accounting auditor or accounting advisor of the Group
9. A person who is an attorney at law, certified public accountant, tax accountant or other consultant that does not fall under item 8 above, and who receives the average of 10 million yen or more of cash or other financial benefits annually from the Group for the past three years besides remuneration as Officer
10. A person who is a partner, an associate or employee of a law firm, an auditing firm, a tax accountant firm, a consulting firm or other professional advisory firm whose major business partner is the Group (the firm that receives the average of 2% or more of its consolidated annual gross sales from the Group for the past three years) that does not fall under item 8 above
11. A person who fell under any of the items 2 to 10 above for any period during 3 years before his/her office
12. A person who is an executing person of a company that has a director/directors from the Group
13. A person who is a close family member (within the second degree of kinship) of a person (excluding a person who is not significant) that falls under any of the items 1 to 12 above
14. A person whose total term of office as an independent Outside Director exceeds 8 years

(Attachments to the Notice of the General Meeting of Shareholders)

Business Report

(April 1, 2023 - March 31, 2024)

1. Basic Management Policy

(1) Basic Management Policy

[Corporate Philosophy]

Support Industrial Infrastructures, Create a Prosperous Future.

- We support the secure and stable operation of plants, contributing to the future of people, life and the environment;
- We realize the optimization of plants and facilities through our maintenance and engineering; and
- We respect diversity and initiatives that seek happiness for our employees and partner companies.

[Long-Term Vision]

RAIZNEXT Group V-2032

Toward advanced plant services in changing times

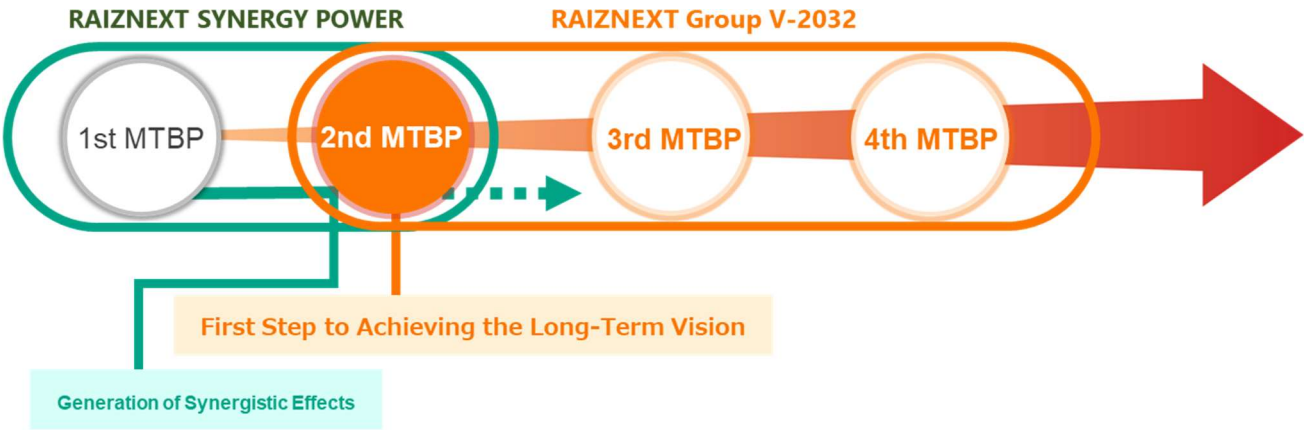
- We will fulfill our social responsibilities as a company involved in the energy sector and contribute to the realization of a carbon-neutral society.
- We will constantly introduce and refine the latest technology to continue providing maximum customer value in maintenance and engineering together 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.

[Action Guideline]

Aggressively with Brave Spirits	**Sincerely and Devotedly**	**Coexistence and Coprosperity**
We aggressively take on challenges with unconventional ideas.	We sincerely work on every single business, meeting our customers' needs.	We respect all of the people concerned, and evolve together with stakeholders.

(2) Long-Term Vision and Mid-Term Business Plan

In March 2021 the Company group formulated the Second Mid-Term Business Plan "RAIZNEXT SYNERGY POWER" (FY2021–FY2024) based on our long-term vision. While this Second Mid-Term Business Plan follows the First Mid-Term Business Plan as a part of our period of "generation of synergistic effects," it is positioned as the first step toward achieving our long-term vision.



(3) Capital Policy

In our Second Mid-Term Business Plan, the Company group has formulated earnings forecasts and target management indices based on an understanding of cost of capital.

Furthermore, we position profit distribution to shareholders as the most important management issue. Taking into consideration the commitment to implementing continuous and stable dividends in line with revenues and profits, we are targeting a consolidated dividend payout ratio of 40% or higher.

As for the dividends of the next fiscal year, as announced in "Measures for achieving management that is mindful of capital cost and share price" on February 9, 2024, we are targeting a consolidated dividend payout ratio of 60% or higher.

(4) Basic Policy on Cross-Shareholdings and Standards for Exercising Voting Rights

1) Policy on Cross-Shareholdings

For the purpose of maintaining and expanding medium- to long-term transactional relationships, the Company targets stocks that are expected to create business synergies, and decides which stocks to hold based on the basic policy to enhance our corporate value and contribute to the interests of shareholders, investors, and other stakeholders by holding these stocks. Please note that we do not hold any stocks for the purpose of pure investment.

2) Standards for Ensuring Appropriate Exercise of Voting Rights Regarding Cross-Shareholdings

Regarding the exercise of voting rights regarding cross-shareholdings, the Company comprehensively judges whether the matter will contribute to the sustainable growth and enhancement of medium- to long-term corporate value of the relevant company. We believe this contributes to enhancing our own corporate value as well as the medium- to long-term interests of shareholders, investors, and other stakeholders.

In addition, while the new purchase of shares to hold, continued holdings, etc., are in principle decided at the Board of Directors, decisions on holdings are assessed each year based on the Cross-Shareholdings Management Regulations which describe the standards for decisions on cross-shareholdings, standards for decisions on exercise of voting rights, the decision flow for cross-shareholdings, etc., and the results of review on the appropriateness of continued holdings are reported by the Outside Officers Advisory Committee.

2. Corporate Governance Initiatives

(1) Basic Policy on Corporate Governance

The Company group believes that promoting compliance with laws, regulations, and corporate ethics, and ensuring transparency and soundness of management is the basis of all corporate activities. We will continue to improve and enhance our systems with each officer and employee of the Company group taking a resolute stance to comply with laws, regulations, and corporate ethics, as we aim for even higher transparency in our corporate activities. The Company group has established a code of conduct which is disseminated as a standard for officers and employees to act in compliance with laws, regulations, and internal rules.

(2) Corporate Governance Structure

1) Institutional Design

The Company is a company with an Audit and Supervisory Committee, and management is supervised by the Audit and Supervisory Committee Members.

2) Composition of the Board of Directors

The Company's Board of Directors consists of Directors (excluding Directors serving as Audit and Supervisory Committee Members) having the knowledge, experience, ability, global perspective, etc., necessary to operate business and address management issues, and Directors serving as Audit and Supervisory Committee Members (including Outside Directors) who can be expected to provide expert constructive advice, have appropriate knowledge of finance, accounting, and legal matters, and are capable of monitoring and supervision; the composition is balanced with the election of two (2) female Directors as Directors serving as Audit and Supervisory Committee Members (Outside Directors).

As of the end of the consolidated fiscal year ended March 31, 2024, the Board was comprised of ten (10) Directors, with six (6) Directors (of which, one (1) was an Outside Director) (excluding Directors serving as Audit and Supervisory Committee Members) and four (4) Directors serving as Audit and Supervisory Committee Members (of which, three (3) were Outside Directors), which we believe is an appropriate scale for swift decision-making and promoting management.

3) Outside Officers Advisory Committee

The Company has established the Outside Officers Advisory Committee comprised solely of Outside Directors as an advisory body to the Board of Directors. By establishing the Outside Officers Advisory Committee, we are endeavoring to further enhance governance functions, with the committee chairperson being selected by the committee from among its members; the committee chairperson strives to improve the cooperative structures with the Board of Directors, Audit and Supervisory Committee, and Management Officer Committee.

(3) Policies and Procedures for Director Election

1) Policies

i) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Candidates having the knowledge, experience, ability, and other qualities necessary for achieving the Company's stated objectives based on, e.g., the corporate philosophy, long-term vision, and the Mid-Term Business Plan are nominated. At the same time, candidates are nominated in consideration of the composition of the Board of Directors so that throughout the Company the Board of Directors can make accurate and swift decisions, appropriately manage risks, and monitor business execution.

ii) Directors Serving as Audit and Supervisory Committee Members

Candidates are nominated based on a comprehensive review, giving consideration to a balance of knowledge of the Company's business fields, knowledge of financial, accounting, and legal matters, diverse perspectives and experiences in corporate management, and high-level expertise, among other factors.

2) Procedures

i) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Based on the above policy, the Representative Directors prepare a candidate proposal which is evaluated by the Outside Officers Advisory Committee which then reports its evaluation to the Board of Directors; the Board of Directors ultimately resolves to nominate candidates after hearing the opinion of the Audit and Supervisory Committee.

ii) Directors Serving as Audit and Supervisory Committee Members

Based on the above policy, the Representative Directors prepare a candidate proposal after obtaining the consent of the Audit and Supervisory Committee, and the Board of Directors ultimately resolves to nominate candidates.

(4) Plans for Successors of the Chief Executive Officer (President and CEO) and Others

We select candidates for the next generation of senior management who possess the qualities, abilities, experience, skills, etc. as successors, set issues for the Company's future vision, and implement a succession plan to present these considerations to Directors in an effort to develop candidates in a planned way. Additionally, it is assumed that the candidates for the next generation of senior management will continue serving as Directors and Executive Officers, and accumulate sufficient time, experience, and results to become candidates to succeed the Chief Executive Officer (President and CEO). The Outside Officers Advisory Committee provides advice to the Representative Directors as appropriate regarding succession plans for the Chief Executive Officer (President and CEO) and others.

(5) Assessments of the Effectiveness of the Board of Directors

Regarding the effectiveness of the Board of Directors, we strive to enhance the function of the Board and have each Director conduct a self-assessment questionnaire on the effectiveness of the Board of Directors based on assessment standards for Board of Directors effectiveness; the Board then receives a report from the Outside Officers Advisory Committee on the results of the Board of Directors self-assessment based on the questionnaire results.

Regarding the effectiveness of the Board of Directors during the fiscal year ended March 31, 2024, at the Board of Directors meeting held on May 24, 2024, the Outside Officers Advisory Committee reported that the results of the Board of Directors self-assessment were appropriate, and the Company believes that the effectiveness of the Board of Directors has been ensured.

3. Matters Concerning the Current Status of the Company Group

(1) Business Progress and Results

The economy of Japan for the fiscal year ended March 31, 2024 showed moderate recovery with the improvements in the employment and income environment, and partially due to the effects of various political measures, despite some signs of hesitation in the rebound. On the other hand, concerns persist about the potential downturn in overseas economies exerting downward pressure on the domestic economy, amidst global monetary tightening and uncertainties regarding the future of the Chinese economy. Additionally, risks related to rising prices, geopolitical tensions in the Middle East, and volatility in financial and capital markets remain significant concerns.

Regarding the Company's business environment, overall demand for products has not been recovered due to a structural decline in demand for petroleum products and the deterioration of the market conditions for petrochemical products caused by the decline in domestic demand in China. On the other hand, the government has announced "The Basic Policy for the Realization of GX*," and industries have begun to formulate new capital investment plans toward a carbon-neutral society. In the construction industry, with a shortage of construction workers becoming apparent, the introduction of regulations on long working hours is scheduled from the fiscal year 2024, and addressing the issue of reforming the working conditions at construction sites, in line with societal demands, is a pressing issue.

For the Company group, new contracts in the fiscal year ended March 31, 2024 increased over the previous fiscal year. In the maintenance field, new contracts increased over the previous fiscal year, primarily due to the increase in regular repairs. In the engineering field, similar to the previous fiscal year, new contracts remained at the same level as the previous fiscal year, attributable to the acquisition of large-scale construction works. Net sales remained at the same level as the previous fiscal year. In the same token as the new contracts, net sales in the maintenance field increased over the previous fiscal year, driven by the increase in regular repairs. Net sales in the engineering field decreased over the previous fiscal year, attributable to the decrease in modification works and new construction works. Gross profit on completed construction contracts decreased over the previous fiscal year as a result of repercussions from the recording of multiple highly-profitable works in the previous fiscal year.

For the Company group's consolidated performance, new contracts were 151,781 million yen (up 9.3% YoY), net sales were 140,366 million yen (up 0.2% YoY), operating income was 9,968 million yen (down 8.7% YoY), ordinary profit was 10,261 million yen (down 8.7% YoY), and profit attributable to owners of parent was 7,249 million yen (down 6.4% YoY).

For the Company's non-consolidated performance, new contracts were 144,193 million yen (up 9.8% YoY), net sales were 132,544 million yen (up 0.2% YoY), operating income was 9,130 million yen (down 8.3% YoY), ordinary profit was 9,611 million yen (down 8.1% YoY), and profit was 6,714 million yen (down 8.8% YoY).

*GX: Abbreviation for Green Transformation

(2) Status of Capital Investments

The total amount of capital investment for the Company group during the fiscal year ended March 31, 2024, was 3,560 million yen for engineering work, and mainly included land and buildings for business sites.

(3) Status of Financing

The Company has entered into syndication-type committed line of credit contracts with five correspondent banks to efficiently procure working capital. In addition, there was no balance of loans outstanding at the end of the fiscal year ended March 31, 2024.

(4) Trends in Assets and Income

Category		117th FY (FY ended Mar. 31, 2021)	118th FY (FY ended Mar. 31, 2022)	119th FY (FY ended Mar. 31, 2023)	120th FY (Current FY) (FY ended Mar. 31, 2024)
New Contracts	(million yen)	143,095	141,229	138,849	151,781
Net Sales	(million yen)	145,914	129,832	140,061	140,366
Ordinary Profit	(million yen)	10,657	11,270	11,243	10,261
Profit attributable to owners of parent	(million yen)	7,344	7,748	7,741	7,249
EPS	(yen)	135.58	143.04	142.93	134.20
Net Assets	(million yen)	73,890	79,342	83,283	84,123
Total Assets	(million yen)	97,121	100,781	114,168	110,746

(Notes)

1. The Company group does not conduct build-to-order manufacturing except for engineering work.
2. Earnings per share (EPS) is calculated based on the average total number of issued shares during the fiscal year.

(5) Issues to be Addressed

The consumption of fossil fuel including petroleum products will be reduced in the future due to the global trend to shift toward a carbon-neutral society. Following the trend, plant maintenance and engineering markets related to petroleum refining and petrochemical as our main business are expected to shrink. On the other hand, aggressive capital investment in renewable energy is newly expected, and further exploration of this field is an issue for us.

Additionally, we must address the maximum overtime regulations which will also be applied to the construction industry from 2024, and the utilization of digital transformation technology to improve work efficiency and the introduction of more ICT technology to improve productivity are pressing issues.

While managing these issues, in FY2021, the Company group formulated a long-term vision, "RAIZNEXT Group V-2032," and the Second Mid-Term Business Plan, "RAIZNEXT SYNERGY POWER," aiming for the medium- to long-term improvement of our corporate value.

The Second Mid-Term Business Plan covers the period from FY2021 to FY2024, and aims for the creation of synergistic effects with the targets of "at least 20.0 billion yen in net sales" and "at least 2.0 billion yen in ordinary profit" as a cumulative total amount in combination with the First Mid-Term Business Plan after the company merger. The Second Mid-Term Business Plan consists of four pillars: 1) Strengthening our maintenance business, 2) Strengthening our engineering business, 3) Strengthening our tank business, and 4) Strengthening our management foundation, and we aim for the achievement of the targets by FY2024 as the final year.

The progress of the Second Mid-Term Business Plan is as follows.

1) Strengthening our maintenance business

In the maintenance business, as a result of the organizational integration aiming for the total optimization, we have achieved to expand new contracts and profits, participating in large-scale regular repair works and works in new factories.

2) Strengthening our engineering business

In the engineering business, we have achieved to secure contracts of works in new areas toward a carbon-neutral society, including the construction of new mega solar power plants and green ammonia manufacturing plants.

We have also tried to aggressively participate in the future plans of closed petroleum refining plants. In addition to securing infrastructure development works including detoxification works of plants and facility removal works, we have actively explored possibilities toward the implementation of new businesses in collaboration with our customers. We have also constantly secured contracts of new works and expansion works in the field of nonferrous metals with surging demand, backed by the widespread use of electric vehicles and utilization of IT in our society.

3) Strengthening our tank business

In the tank business, we have newly secured contracts of tank construction works of oil storage companies and oil refinery companies as untapped areas. We have also tackled the research and examination of the design and construction technologies of storage tanks of hydrogen and ammonia which are expected as alternative energies to fossil fuel in the future.

4) Strengthening our management foundation

In strengthening the management foundation, we have disclosed ESG data to external parties and formulated and disclosed GHG emissions reduction targets (Scope 1 & 2), in order to promote the sustainability management of the Company by pursuing the sustainable growth of the Company and the improvement of its corporate value.

For employees, in order to materialize pleasant working environment, we have continued to improve the working environment of temporary offices in construction sites, and expanded hot desking in the head office. We have also actively proceeded with the reconstruction of aging office facilities.

In response to the maximum overtime regulations in 2024, we have implemented initiatives aimed at achieving compliance one year ahead of schedule across the entire Company and addressed identified issues proactively, improving the efficiency of work with the increase in the number of construction supervisors to be dispatched and the standardization of regular repair works.

In addition, the numerical management targets for the Second Mid-Term Business Plan are as follows.

1) Performance Plan

Performance Targets for the Final Fiscal Year of the Second Mid-Term Business Plan (FY 2024, FY ending March 31, 2025)

<Consolidated>

	FY2024 Target (FY ending Mar. 31, 2025)
Net Sales	145.0 billion yen
Operating income (margin)	10.5 billion yen (7.2%)
Profit attributable to owners of the parent (margin)	7.0 billion yen (4.8%)

2) Management Indicator Targets

Return on equity (ROE): At least 8%
Consolidated dividend payout ratio: At least 40%

For details on the long-term vision and the Second Mid-Term Business Plan, please refer to our website (https://www.raiznext.co.jp/e/index.html)

(6) Main Business Activities (as of March 31, 2024)

Business Category	Main Business Activities
Engineering work	The following businesses as they relate to devices, machinery, equipment, facilities, materials and equipment, academic research, systems, and processes in fields including petroleum, petrochemicals, gas, general chemicals, nonferrous metals, metal processing, electronic materials, resource recycling, electric power, nuclear power, renewable energy, distributed energy, steelmaking, coal, desalination, livestock feed, biochemicals, food, medical products, medical care, information and communications, transportation, distribution, provisions, air conditioning and plumbing, pollution prevention, disaster prevention, and environmental protection: 1. Comprehensive engineering and consulting work 2. Production, procurement, sale, repair, and leasing of machinery and devices 3. Installation of machinery and devices; design, supervision, and execution of construction for civil engineering, electrical instrumentation, plumping, etc. 4. Maintenance work for equipment and machinery 5. Research, development, technical support, and commissioned work
Other business	Comprehensive real estate management and rental, temporary staffing services, non-life insurance agency business

(7) Status of Material Subsidiaries (as of March 31, 2024)

Company name	Capital	The Company's percentage of equity participation	Principal business
Tokai Engineering & Construction Co., Ltd.	40 million yen	60.0 %	Various types of plant construction and maintenance
Toshin Seisakusyo Co., Ltd.	28 million yen	100.0 %	Various types of plant construction and maintenance
SMS Co., Ltd.	10 million yen	100.0 %	Rotating machinery maintenance and repair
Ikeda Kiko Co., Ltd.	10 million yen	100.0 %	Rotating machinery maintenance and repair
Kounan Tsusho Co., Ltd.	70 million yen	100.0 %	Various types of plant cleaning
Kashima Engineering Co., Ltd	20 million yen	100.0 %	Loading and unloading of plant catalysts
Keihin Kako Co., Ltd	20 million yen	100.0 %	Maintenance on various types of tanks
RAIZNEXT Sogo Service Co., Ltd.	85 million yen	100.0 %	Comprehensive real estate management and rental services; temporary staffing services; non-life insurance agency business
PT. SHINKO PLANTECH	1,300 thousand USD	99.8 %	Construction and maintenance of various types of plants

(Notes)

1. There are no subsidiaries that fall under the category of specified wholly owned subsidiary.
2. The Company has decided to merge Toshin Seisakusyo Co., Ltd. and Ikeda Kiko Co., Ltd. effective on July 1, 2024, with Toshin Seisakusyo Co., Ltd. being the surviving company. The name of the new company is planned to be RAIZAQT CO.,LTD.

(8) Principal Business Locations, etc. (as of March 31, 2024)

Company name	Name	Location
The Company	Head office	Yokohama-shi, Kanagawa
	Sendai Branch Office	Tagajo-shi, Miyagi
	Kashima Branch Office	Kamisu-shi, Ibaraki
	Chiba Branch Office	Ichihara-shi, Chiba
	Kawasaki Branch Office	Kawasaki-shi, Kanagawa
	Negishi Branch Office	Yokohama-shi, Kanagawa
	Niigata Branch Office	Niigata-shi, Niigata
	Tokai Branch Office	Shizuoka-shi, Shizuoka
	Nagoya Branch Office	Tokai-shi, Aichi
	Osaka Branch Office	Sakai-shi, Osaka
	Wakayama Branch Office	Arida-shi, Wakayama
	Mizushima Branch Office	Kurashiki-shi, Okayama
	Iwakuni Branch Office	Iwakuni-shi, Yamaguchi
	Tokuyama Branch Office	Shunan-shi, Yamaguchi
Tokai Engineering & Construction Co., Ltd.	Head office	Ichihara-shi, Chiba
Toshin Seisakusyo Co., Ltd.	Head office	Niihama-shi, Ehime
SMS Co., Ltd.	Head office	Yokohama-shi, Kanagawa
Ikeda Kiko Co., Ltd.	Head office	Saijo-shi, Ehime
Kounan Tsusho Co., Ltd.	Head office	Yokohama-shi, Kanagawa
Kashima Engineering Co., Ltd	Head office	Yokohama-shi, Kanagawa
Keihin Kako Co., Ltd	Head office	Kurashiki-shi, Okayama
RAIZNEXT Sogo Service Co., Ltd.	Head office	Yokohama-shi, Kanagawa
PT. SHINKO PLANTECH	Head office	Jakarta, Indonesia

(Note) In the organizational change on April 1, 2024, Sendai Branch Office was renamed as the North Japan Branch Office, Negishi Branch Office and Tokai Branch Office were closed, and Yokohama Branch Office (located in Yokohama-shi, Kanagawa) was established.

(9) Status of Employees (as of March 31, 2024)

1) Status of Company Group Employees

Business category	No. of employees	Change from the end of last FY
Engineering work	1,961	+22
Other business	164	+20
Total	2,125	+42

2) Status of Company Employees

No. of employees	Increase or decrease from the end of last FY	Average age	Average length of service
1,641	+25	42.0	15.6 years

(Note) The figure under "No. of employees" indicates the number of employed personnel (excluding those on secondment from the Company group to outside the group, but including those on secondment from outside the group to the Company group).

(10) Major Lenders (as of March 31, 2024)

No material facts to report.

4. Matters Regarding Company Shares (as of Mar. 31, 2024)

(1) Total number of shares authorized to be issued 160,000,000 shares

(2) Total number of shares outstanding 54,168,053 shares
(including 885,013 treasury shares)

(3) Number of shareholders 6,827 persons

(4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
ENEOS Holdings, Inc.	11,658	21.88
UH Partners 2, Inc.	4,904	9.20
HIKARI TSUSHIN, Inc.	4,054	7.61
NIPPO CORPORATION	3,882	7.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,604	6.77
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	3,094	5.81
UH Partners 3, Inc.	1,876	3.52
SIL, Inc.	1,354	2.54
RAIZNEXT Business Partners Shareholding Association	1,200	2.25
Custody Bank of Japan, Ltd. (Trust Account)	1,081	2.03

(Note) Shareholding ratios are calculated after deducting treasury shares (885,013 shares).

(5) Shares of Stock Granted to Company Officers as a Compensation for Their Services during the Current Fiscal Year

	Number of shares	Number of eligible persons
Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors)	Common stock of the Company 17,462	5
Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members)	–	–
Directors serving as Audit & Supervisory Committee Members	–	–

(Note) The Company has introduced a compensation plan for its shares of stock with restrictions on transfer to Directors of the Company (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors) (hereinafter referred to as "Eligible Directors"), with the aims of providing incentives for the Eligible Directors to contribute to the sustainable enhancement of the Company's corporate value and promoting their sharing of value with the Company's shareholders.

(6) Other Significant Matters regarding the Shares of Stock

(Introduction of a Compensation Plan for Its Shares of Stock with Restrictions on Transfer to the Employee Shareholding Association)

At the Board of Directors meeting held on February 9, 2024, the Board of Directors of the Company resolved to introduce a compensation plan for its shares of stock with restrictions on transfer to the Employee Shareholding Association, as a new incentive plan for its employees. In addition to assist in the asset formation of our employees, the plan is introduced with the aims of providing incentives for our employees to contribute to the sustainable enhancement of the Company's corporate value and promoting their sharing of value with the Company's shareholders.

5. Matters Regarding Company Officers

(1) Directors (as of March 31, 2024)

Name	Position	Areas of responsibility, significant concurrent positions, etc.
Takashi Noro	Representative Director Chairman of the Board	
Teruhiko Mouri	Representative Director President	President and Chief Executive Officer
Masaki Fukuhisa	Director Executive Vice President	Executive Vice President Assistant President (Internal Control Office, Legal Department, General Administration Department, Personnel Department, Corporate Planning Department, and Accounting Department) Responsible for Digital Strategy Department
Hiroto Yamanouchi	Director Executive Vice President	Executive Vice President Assistant President (Maintenance Division, Project Division, and Engineering Division)
Hideki Ueda	Director Executive Vice President	Executive Vice President Assistant President (Project Operation Division and Safety & Quality Assurance Division) Responsible for Sales Division and Tank Engineering Division
Noriaki Isa	Outside Director	Visiting Professor, Kaishi Professional University Visiting Professor, Niigata Agro-Food University Director and Chairman, Power Retail Niigata K.K.
Kenji Kurosawa	Director (Audit and Supervisory Committee Member)	
Toshio Saburi	Outside Director (Audit and Supervisory Committee Member)	Certified public accountant Outside Director, Japan Medical Dynamic Marketing, Inc.
Keiko Suichi	Outside Director (Audit and Supervisory Committee Member)	Lawyer Chairperson, City of Yokohama Personnel Commission Chairperson, Social Welfare Corporation Shinzen-Fukushi Association
Mayumi Nishida	Outside Director (Audit and Supervisory Committee Member)	Visiting professor, Renmin University of China Research Support Professor, Institute for Catalysis, Hokkaido University CEO and President, West Corner Company, Limited Emeritus Professor, Hokkaido University

(Notes)

1. Director Mr. Noriaki Isa, Directors serving as Audit and Supervisory Committee Members Mr. Toshio Saburi, Ms. Keiko Suichi, and Ms. Mayumi Nishida are Outside Directors, and as Independent Officers, a submission has been made to the Tokyo Stock Exchange.
2. Director serving as an Audit and Supervisory Committee Member Mr. Toshio Saburi possesses the qualification of certified public accountant, and has considerable knowledge on financial and accounting matters.
3. Mr. Kenji Kurosawa has been selected as a standing Audit and Supervisory Committee Member for the purpose of increasing the effectiveness of the Audit and Supervisory Committee and strengthening cooperation with the internal control division and other parts of the organization on information gathering and other matters.

(2) Summary of the Agreement on Limitation of Liability

In accordance with the provisions of the Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with all Outside Directors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. The limit amount of liability based on this agreement is the amount specified in Article 425, Paragraph 1 of the Companies Act.

(3) Summary of the Agreement on Liability Insurance for Officers and Others

The Company has entered into a liability insurance agreement for Directors and Officers with an insurance company, as stipulated in Article 430-3 of the Companies Act. This insurance agreement covers litigation expenses and damages arising from legal liabilities to be incurred by the insured.

The insured under this liability insurance agreement for Directors and Officers are Directors and Executive Officers of the Company, Directors and Auditors of the Company's subsidiaries, and the insurance premiums for each of the insured are paid in full by the Company.

(4) Amount of Director Compensation, etc. for the Fiscal Year Ended March 31, 2024

1) Total Amount of Compensation, etc., for Directors

Officer category	Total compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			
		Base compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	No. of applicable Officers
Directors (excluding Directors serving as Audit and Supervisory Committee Members)	229	139	69	21	6
[of which, Outside Directors]	[6]	[6]	[–]	[–]	[1]
Directors serving as Audit and Supervisory Committee Members	41	41	–	–	4
[of which, Outside Directors]	[20]	[20]	[–]	[–]	[3]

(Notes)

1. Employee salaries for Directors with concurrent duties as an employee are not included in the total amount of Director compensation.
2. The details of the non-monetary compensation, etc. are described in "4. Matters Regarding Company Shares."

2) Matters Related to Performance-Linked Compensation, etc.

To foster a heightened awareness of enhancing the Company's business performance each fiscal year, this compensation is paid annually at a determined time as a bonus based on an amount calculated in accordance with the degree of achievement of the key performance indicator (KPI) for consolidated operating income, comprehensively taking into account dividends, trends of other companies, our medium- to long-term business performance, the track record of past payments, etc.

Consolidated operating income was selected as the business performance indicator because consolidated operating income was set as a target in the Mid-Term Business Plan.

For the fiscal year ended March 31, 2024, we paid amounts calculated based on a 106% KPI achievement rate, as consolidated operating income on our financial results was 9.9 billion yen, compared to our target of 9.3 billion yen.

3) Matters Related to General Meeting of Shareholders Resolutions on Director Compensation, etc.

The amount of monetary compensation to Company Directors (excluding Directors serving as Audit and Supervisory Committee Members) was, at the 112th Annual General Meeting of Shareholders held on June 24, 2016, resolved to be 400 million yen or less annually (not including employee salaries for Directors with concurrent duties as an employee). The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) was nine as of the conclusion of said General Meeting of Shareholders (of which, none were Outside Directors). Within the aforementioned monetary compensation limit, at the 119th Annual General Meeting of Shareholders held on June 27, 2023, it was resolved that the total amount of the stock compensation (the compensation plan for shares of common stock with restrictions on transfer) to be up to 100 million yen a year and the total number of shares of the Company's common stock to be up to 100,000 shares a year for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors). The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) was five as of the conclusion of said General Meeting of Shareholders.

The amount of monetary compensation to Company Directors serving as Audit and Supervisory Committee Members was, at the 112th Annual General Meeting of Shareholders held on June 24, 2016, resolved to be 70 million yen or less annually. The number of Directors serving as Audit and Supervisory Committee Members was five as of the conclusion of said General Meeting of Shareholders (of which, three were Outside Directors).

4) Matters Related to the Policy for Deciding Individual Director Compensation, etc.

1. Method of Deciding the Policy for Deciding Individual Director Compensation, etc.

For the policy for deciding individual Director compensation, etc. (hereinafter, "Decision Policy"), a draft was prepared by the Representative Directors who then consulted with the Outside Officers Advisory Committee. Respecting the committee's report, the Board of Directors resolved to adopt the following Decision Policy at its June 27, 2023 meeting.

2. Decision Policy for Director Compensation

a. Basic Policy

i. Directors (excluding Directors serving as Audit and Supervisory Committee Members)

i) Compensation for Company Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall consist of monthly compensation, bonuses and stock compensation, and shall be structured to reflect responsibilities and results.

ii) Monthly compensation only shall be paid to Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members).

ii. Directors Serving as Audit and Supervisory Committee Members

Monthly compensation only shall be paid.

b. Policy for Deciding the Amount of Individual Compensation, Etc., for Monetary Compensation (including policy for deciding the timing and terms for providing compensation, etc.)

i. Directors (excluding Directors serving as Audit and Supervisory Committee Members)

The amount of monthly compensation shall be decided based on each Director's position.

ii. Directors Serving as Audit and Supervisory Committee Members

The amount of compensation shall be decided through consultation among the Audit and Supervisory Committee Members taking into account their role, duties, etc.

c. Policy for Deciding the Calculation Method for the Contents, Amount or Quantity of Performance-Linked Compensation, Etc., and Non-Monetary Compensation, Etc. (including policy for deciding the timing and terms for providing compensation, etc.)

i. Bonuses for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) shall be paid annually as cash bonuses at a determined time based on an amount calculated in accordance with the degree of achievement of the key performance indicator (KPI) for consolidated operating income in each fiscal year; after comprehensively taking into account dividends, trends of other companies, our medium- to long-term business performance, the track record of past payments, etc., the Representative Directors shall prepare a draft compensation proposal and consult with the Outside Officers Advisory Committee on the appropriateness of the draft compensation proposal, and ultimately the Board of Directors shall make a decision respecting the committee's report.

ii. As for stock compensation, shares of stock with restrictions on transfer shall be granted to Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) immediately after the commencement of applicable period.

d. Policy for Deciding Amounts of Monetary Compensation, Performance-Linked Compensation, Etc., or Non-Monetary Compensation, Etc., as a Ratio of Individual Director Compensation, Etc.

The ratio of compensation by type for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) shall be structured such that performance-linked compensation and stock compensation are weighted more heavily as Director position ranks higher, using as a benchmark the level of compensation of companies with similar business scale and in related industries and business categories as those of the Company.

In the event that the Board of the Directors decides or amends the ratio of compensation by type for directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors), it shall first consult with the Outside Officers Advisory Committee regarding the appropriateness of the draft decision proposal, and shall respect the report from that committee.

Furthermore, the standard percentage of each type of compensation etc., is described in the following chart (assumes 100% achievement of KPI).

Position	Monthly compensation	Bonuses	Stock Compensation
Representative Director	51%	34%	15%
Director	64%	27%	9%

e. Matters Related to Deciding the Compensation, Etc., of Individual Directors (excluding Directors serving as Audit and Supervisory Committee Members)

Based on the resolution of the Board of Directors, the specific details regarding the amount of compensation for each individual shall be delegated to Representative Director, President and CEO Teruhiko Mouri, and the content of this authority shall be the amount of monthly compensation, bonuses and stock compensation for each Director (excluding Directors serving as Audit and Supervisory Committee Members). The reason for delegating this authority is that Mr. Mouri is most familiar with the environment surrounding the Company group, the Company group's management situation, etc., and it was determined that he is able to comprehensively determine the amount of compensation for Directors.

In order to ensure that the President and Representative Director exercises this authority appropriately, the Board of Directors consults with the Outside Officers Advisory Committee to obtain a report on the draft, and the policy that the President and Representative Director will determine the amount of compensation for individual Directors in accordance with the content of the report of said Committee is made clear. In this way, the Board of Directors has judged that the content thereof is in line with the above Decision Policy because measures are taken to ensure that decisions are not made arbitrarily and that authority is appropriately exercised.

(5) Matters Related to Outside Officers

1) Status of Concurrent Positions of Executives at Other Companies and Relationships Between the Company and Such Companies

Director Mr. Noriaki Isa is Director and Chairperson of Power Retail Niigata K.K. There are no special relationships between the Company and this company.

Director (Audit and Supervisory Committee Member) Ms. Keiko Suichi is Chairperson of City of Yokohama Personnel Commission, and Chairperson of Social Welfare Corporation Shinzen-Fukushi Association. There are no special relationships between the Company and any of these entities.

Director (Audit and Supervisory Committee Member) Ms. Mayumi Nishida is CEO and President of West Corner Company, Limited. There is no special relationship between the Company and this company.

2) Status of Concurrent Positions of Outside Officers at Other Companies and Relationships Between the Company and Such Companies

Director (Audit and Supervisory Committee Member) Mr. Toshio Saburi is an Outside Director of Japan Medical Dynamic Marketing, Inc. There is no special relationship between the Company and this company.

3) Principal Activities During the Fiscal Year Ended March 31, 2024

Position	Name	Principal activities
Outside Director	Noriaki Isa	Attended all 12 of the 12 Board of Directors meetings (100% attendance rate) held during the fiscal year, and posed pertinent questions and expressed opinions from an outside perspective based on his wealth of experience and insight from his involvement in the management of many companies.
Outside Director (Audit and Supervisory Committee Member)	Toshio Saburi	Attended all 12 of the 12 Board of Directors meetings (100% attendance rate) and all eight of the eight Audit and Supervisory Committee meetings (100% attendance rate) held during the fiscal year, and posed pertinent questions and expressed opinions from an outside perspective based on his wealth of experience and insight as a certified public accountant.
Outside Director (Audit and Supervisory Committee Member)	Keiko Suichi	Attended 11 of the 12 Board of Directors meetings (97.9% attendance rate) and all eight of the eight Audit and Supervisory Committee meetings (100% attendance rate) held during the fiscal year, and posed pertinent questions and expressed opinions from an outside perspective based on her wealth of experience and insight in the legal field.
Outside Director (Audit and Supervisory Committee Member)	Mayumi Nishida	Attended all 12 of the 12 Board of Directors meetings (100% attendance rate) and all eight of the eight Audit and Supervisory Committee meetings (100% attendance rate) held during the fiscal year, and posed pertinent questions and expressed opinions from an outside perspective based on her wealth of experience and insight from her involvement in the management of many companies.

4) Summary of Duties Performed in Relation to Roles Expected of Outside Directors

In addition to the activities described in 3) above, from the perspective of ensuring transparency and objectivity in management, each Outside Director receives consultations from the Board of Directors, and the Outside Officers Advisory Committee comprised of all the Outside Directors assesses and considers important decisions of the Board of Directors, such as the nomination of candidates and removal of Directors (excluding Directors serving as Audit and Supervisory Committee Members); the election and removal of Executive Officers; compensation, etc. for Directors (excluding Directors serving as Audit and Supervisory Committee Members) and Executive Officers; the effectiveness of the Board of Directors; agenda items receiving a considerable number of opposing votes for a General Meeting of Shareholders resolution; the rationality and necessity of capital policy; and the appropriateness of continuing to hold cross-shareholdings. The Outside Officers Advisory Committee then reports its opinion to the Board of Directors. Additionally, through regular meetings with the Representative Directors and other Executive Directors, the Outside Directors ascertain the state of the Company's management and management issues, and express their opinions as Outside Directors. Furthermore, they participate in discussions on the formulation of the Basic Sustainability Policy and Company-wide Basic Risk Management Policy, express various opinions from their positions as Outside Directors, and provide advice.

6. Matters Related to Accounting Auditor

(1) Accounting Auditor's Name

Ernst & Young ShinNihon LLC

(2) Accounting Auditor's Compensation, etc.

Classification	Compensation based on audit and attestation services (million yen)	Compensation based on non-audit services (million yen)
The Company	66	–
Consolidated subsidiaries	–	–
Total	66	–

(Notes)

1. Based on the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Committee confirms changes in time taken to audit each audit item and audit compensation, as well as audit plans and results from previous fiscal years, and provides consent pursuant to Article 399, Paragraph 1 of the Companies Act regarding the Accounting Auditor's compensation after considering the appropriateness of the estimated audit time and amount of compensation for the fiscal year ended March 31, 2024.
2. Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the amount of "Compensation based on audit and attestation services" above reflects total compensation.
3. The Company's subsidiary PT. SHINKO PLANTECH is audited by an audit corporation other than the Company's Accounting Auditor.

(3) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditor

In the event that the Company's Accounting Auditor is deemed to have met any of the grounds set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit and Supervisory Committee Members.

In addition, in the event that the Accounting Auditor is deemed unable to properly execute audits for a reason other than the above, or if otherwise judged necessary, the Company's Audit and Supervisory Committee shall abide by the provisions of Article 399-2, Paragraph 3, Item 2 of the Companies Act and determine the details of the proposal to terminate or not to reappoint the Accounting Auditor for submission to the General Meeting of Shareholders.

7. System to Ensure Proper Business Execution and Matters Related to Operating Status

(1) Details of Board of Directors Resolution on Creating a System to Ensure Proper Business Execution

The following are details on the Board of Directors resolution regarding "System to Ensure that Directors Execute their Duties in Compliance with the Laws and Regulations and the Articles of Incorporation, and System for Ensuring Other Proper Business Execution."

(a) System to Ensure that Directors and Employees Execute their Duties in Compliance with the Laws and Regulations and the Articles of Incorporation

1) Based on our corporate philosophy and spirit of compliance, we have established the RAIZNEXT Group Code of Conduct as guidelines for the officers and employees of the Company group to act in compliance with laws, regulations, the Articles of Incorporation, and social norms.
2) We have established a Compliance Committee which, in addition to striving to establish a system of compliance and maintain and enhance awareness, conducts regular inspections of the status of compliance with laws and regulations and surveys on compliance-related matters, providing supervisory guidance. The chairperson of this committee reports on important matters to the Board of Directors in order to promote thorough compliance with laws, regulations, the Articles of Incorporation, and internal rules, etc. Additionally, we ensure that Directors serving as Audit and Supervisory Committee Members have opportunities to attend the meetings of this committee.
3) We have established the Company group compliance hotline system based on the Compliance Hotline Regulations for early discovery and correction of conduct that violates compliance, and established the General Manager of the Legal Department as the internal reporting contact, and a law firm as the external reporting contact. In addition, to ensure that no one is treated disadvantageously for making such a report via the compliance hotline system, the Company establishes and operates the necessary systems, such as clearly stating the prohibition of such treatment in the relevant regulations.
4) To ensure the proper operation of the Board of Directors, we establish the Board of Directors Regulations, and based on these regulations the Board of Directors shall meet once each month in principle. The Board of Directors makes decisions on the execution of important business after due deliberation and as appropriate receives reports from Directors on the status of their execution of duties.
5) The Internal Audit Division conducts audits based on the fiscal year plan independently from each division, compiles these into an audit report, and along with reporting this to the President and Representative Director, reports this to the Management Officer Committee and also reports important matters in the results of internal audits to the Board of Directors.
6) The Company establishes and operates an internal control system to ensure that reliability of financial reporting, and annually evaluates its effectiveness and makes the necessary corrections.
7) In order to eliminate any relationship with antisocial forces, the Company establishes and operates regulations in accordance with actual operation conditions of the Company, and ensures strict compliance with these regulations.

(b) System for Storage and Management of Information Related to the Execution of Duties of Directors and Employees

1) In principle, the execution of duties shall be conducted in writing, and regulations on the creation and management of documents shall be created and operated.
2) Properly create minutes of Board of Directors meetings in accordance with laws and regulations, and create and operate regulations on the preparation, circulation, storage, etc. of approval documents for each member of management.
3) Prevent unauthorized use, disclosure, and leakage of Company information, and maintain and operate regulations for the appropriate handling of confidential information and personal information. Also, ensure employee compliance with these regulations through internal training and other opportunities.
4) Properly prepare business reports, financial statements, etc. in accordance with the Companies Act and other laws, and disclose Company information in a timely and appropriate manner.

(c) Regulations and Other Systems of the Company for Management of Risk of Loss

1) The types of risks subject to management shall be identified based on the "Company-wide Basic Risk Management" Regulations which aim to specify the basic system and procedures in the

implementation of company-wide risk management. The department in charge of each risk category is responsible for overall management of risks, and reports important risk information to the Board of Directors.

2) In the event of a crisis or emergency that significantly affects the management of the Company group, an emergency task force headed by the President shall be launched to systematically respond to the situation in accordance with the Crisis Management Regulations.
3) The Company shall take appropriate initiatives for ensuring safety and quality management, and maintain and operate the systems and regulations necessary to do so.
4) For the execution of contracted construction work, which is the Company's principal business, the Company shall consider matters such as cost management and work on the same appropriately, and maintain and operate the systems and regulations necessary to do so.

(d) System to Ensure that the Execution of Duties of Directors and Employees is Efficient

1) In order to ensure the effectiveness and efficiency of the Directors' duties, formulate Mid-Term Business Plans, fiscal year corporate policies, etc., set specific targets for each division based on these, and regularly evaluate the appropriateness and degree of achievement of these targets.
2) The Executive Officer system separates management's decision-making and supervisory functions from the business execution functions, and clarifies the responsibilities and authorities of officers and employees in the Regulations on Organization and Management, Work Division Regulations, Administrative Authority Regulations, etc., for the swift and efficient execution of duties.
3) Matters to be resolved by the Board of Directors shall undergo prior approval by the President. In addition, the Management Officer Committee is established as a consultative body for such presidential decisions, and in principle the Company's management team shall collectively examine and discuss such matters to enable appropriate and efficient decision-making.
4) Tackle the construction, maintenance, and utilization of IT environments from the perspectives of appropriate information management, standardization and streamlining of operations, strengthening of internal controls, and creation of new business opportunities, etc.

(e) System to Ensure Proper Business Execution within the Corporate Group

1) The Company works to ensure that the RAIZNEXT Group Code of Conduct, which is established as guidelines for the officers and employees of the Company group to act in compliance with laws, regulations, the Articles of Incorporation, and social norms, is thoroughly disseminated and implemented. Additionally, the applicable scope of the compliance hotline system is the entire Company group.
2) The Company manages subsidiaries in accordance with the Affiliated Company Management Regulations and other regulations. These regulations stipulate that important items among the business execution matters of the Company's subsidiaries require a decision by a body of the Company, and are operated appropriately. Additionally, the Company's Internal Audit Division implements regular audits of subsidiaries.
3) The Company regularly convenes the presidents of subsidiaries to receive reports on each company's business performance, the presence and location of significant risks, and other important information. The Company additionally ascertains the status of affiliated companies in a timely and appropriate manner by having such companies regularly report information such as their financial results in accordance with the Affiliated Company Management Regulations.

(f) System to Ensure Effective Audits by the Audit and Supervisory Committee

1) Respect the audit criteria and audit plans established by the Audit and Supervisory Committee, and cooperate with the smooth execution of audits and maintaining an audit environment.
2) In addition to taking the necessary measures to ensure that Audit and Supervisory Committee Members can attend important meetings such as the Management Officer Committee and thus understand the process of decision-making on important matters and the status of work execution, make important documents related to the execution of business operations, such as documents related to major decisions, available for viewing. When Company group Officers or employees are requested by the Audit and Supervisory Committee regarding matters related to the execution of work, they shall promptly make appropriate reports.
3) Maintain and operate a system so that when any serious violation of laws, regulations, or the Articles of Incorporation, any misconduct, or any fact that may cause significant damage to the Company is discovered at the Company or an affiliated company, it can be reported promptly to the Audit and Supervisory Committee, as well as to report regularly on the status of internal reporting.

4) Maintain and operate the necessary system to ensure that no one is treated disadvantageously for making such a report to the Audit and Supervisory Committee, such as clearly stating the prohibition of such treatment in the relevant regulations.
5) The Representative Directors and other members of the management team shall hold regular meetings with the Audit and Supervisory Committee Members to report matters related to work execution and other matters necessary for the Audit and Supervisory Committee Members' duties, and exchange opinions.
6) The Internal Audit Division shall strive to maintain close cooperation with the Audit and Supervisory Committee, such as exchanging opinions on audit plans and audit results.
7) In the event that the Audit and Supervisory Committee requests the President and Representative Director to appoint employees who should assist the duties of said committee, employees shall be allocated to assist the duties of the Audit and Supervisory Committee. Also, in such cases, in order to ensure the effectiveness of the Audit and Supervisory Committee's instructions to such employees, the personnel treatment of such employees, i.e., their evaluation and transfer, shall be determined via prior consultation with the standing Audit and Supervisory Committee Member(s).
8) Pursuant to Article 399-2, Paragraph 4 of the Companies Act, expenses and debts incurred in the performance of Audit and Supervisory Committee Member duties shall be appropriately paid by the Company based on claims from Audit and Supervisory Committee Members.

(2) Summary of Operational Status of System to Ensure Proper Business Execution

The operational status of "System to Ensure that Directors Execute Their Duties in Compliance with the Laws and Regulations and the Articles of Incorporation, and System for Ensuring Other Proper Business Execution" is as follows.

(a) System to Ensure that Directors and Employees Execute Their Duties in Compliance with the Laws and Regulations and the Articles of Incorporation
1) We established the RAIZNEXT Group Code of Conduct for officers and employees of the Company group to act in compliance with laws, regulations, the Articles of Incorporation, and social norms, and disseminate this code and ensure its implementation.
2) We convened the Compliance Committee and implemented a check on the status of legal compliance including subsidiaries, in accordance with the Compliance Regulations and Compliance Committee Regulations. As a result, we confirmed that no important matters requiring report to the Board of Directors had occurred.
3) We maintain and operate an internal reporting system in cooperation with lawyers, in accordance with the Compliance Hotline Regulations. We also maintain and operate the system prohibiting disadvantageous treatment, such as by clearly stating in these regulations that no one will be subjected to any disadvantageous treatment because of the fact that they have made a report.
4) In accordance with the Board of Directors Regulations, in the fiscal year ended March 31, 2024, we held 12 Board of Directors meetings which were also attended by Outside Directors, where in addition to making decisions on important business execution matters, reports on the execution status of Director duties were received.
5) Audits by the Internal Audit Division were implemented in accordance with the internal audit plan, and the report was submitted to the Management Officer Committee after being presented to the Representative Directors. Afterward, it was circulated to Directors serving as Audit and Supervisory Committee Members. Important matters in the results of internal audits were reported to the Board of Directors.
6) We implement a validity assessment of internal controls pertaining to financial reporting in accordance with the Financial Instruments and Exchange Act.
7) In order to prevent any relationship with antisocial forces, we investigate business partners, implement contractual measures, etc. in accordance with the Basic Regulations Addressing Antisocial Forces.

(b) System for Storage and Management of Information Related to the Execution of Duties of Directors and Employees
1) In principle, duties are to be executed in writing in accordance with the Document Handling Regulations and Regulations on Storing Materials, which cover matters such as document creation and management.
2) In addition to creating Board of Directors meeting minutes in accordance with laws, regulations, and the Board of Directors Regulations, we create approval documents for each member of management

and store and manage them appropriately in accordance with the Administrative Authority Regulations and Application for Approval Regulations.

3) We appropriately manage Company information including confidential information and personal information in accordance with regulations such as the Basic Regulations on Information Security and Personal Information Protection Regulations. We also ensure compliance with these regulations through internal training for all employees.

4) We properly prepare and disclose business reports, financial statements, securities reports, and other documents in accordance with the relevant laws and regulations and the timely disclosure rules of stock exchanges.

(c) Regulations and Other Systems for Management of Risk of Loss

1) Other than monitoring by each division in accordance with the Company-wide Risk Management Regulations, we strive for the early discovery of risks through monitoring including internal audits and project reviews. In addition, when bringing important business execution matters before the Board of Directors, after review by the Management Officer Committee we work to identify risks anticipated in the approval form, joint opinion form, and other documents, and prevent the manifestation of such risks in accordance with the Administrative Authority Regulations. Furthermore, no significant risks requiring report to the Board of Directors occurred during the reporting period.

2) We have established the Crisis Management Regulations in preparation for the occurrence of crises or emergencies such as natural disasters or accidents that significantly affect the management of the Company group.

3) In order to ensure safety and quality in Company business, we maintain various regulations and strive for the early detection of risks through monitoring of quality management audits and safety audits.

4) In the execution of contracted construction work, measures such as cost management are appropriately implemented by the department in charge. In addition, for construction deemed to have a particularly large impact on Company business performance, we maintain and operate a system enabling the department in charge of supervision of operation management to check the status in a timely manner.

(d) System to Ensure that the Execution of Duties of Directors and Employees is Efficient

1) Together with formulating the Mid-Term Business Plan and fiscal year corporate policy, we determine the fiscal year budget and numerical targets, and confirm the status of progress on such matters at the Management Officer Committee, Board of Directors, etc.

2) The Executive Officer system separates management's decision-making and supervisory functions from the business execution functions, and clarifies the responsibilities and authorities of officers and employees in accordance with the Regulations on Organization and Management, Work Division Regulations, Administrative Authority Regulations, etc., for the swift and efficient execution of duties.

3) Matters resolved by the Board of Directors shall, in principle, be approved by the President. Also, in receiving presidential approval, the Management Officer Committee shall be held, which is the consultative body for such decisions.

4) We tackle the development, maintenance, and utilization of IT environments for the purposes of appropriate information management, standardization and streamlining of operations, strengthening of internal controls, and creation of new business opportunities, etc.

(e) System to Ensure Proper Business Execution within the Corporate Group

1) We work to disseminate and ensure that the officers and employees of each group company act in compliance with laws, regulations, the Articles of Incorporation, and social norms, in accordance with the RAIZNEXT Group Code of Conduct. Additionally, the applicable scope of the compliance hotline system is the entire Company group.

2) We have established the Affiliated Company Management Regulations and ensure that group companies comply with these regulations. Additionally, we systematically implement internal audits of subsidiaries in accordance with the Internal Audit Regulations, and after the audit results are reported to the Representative Directors of the parent company, the results are circulated to Directors serving as Audit and Supervisory Committee Members.

3) In accordance with the Affiliated Company Management Regulations, we regularly hold an Affiliated Company Presidents Meeting between the management team of the parent company and the presidents of each subsidiary, where we receive reports on each subsidiary's business

performance and important matters.

(f) System to Ensure Effective Audits by the Audit and Supervisory Committee

1) Respect the audit criteria and audit plans established by the Audit and Supervisory Committee, and cooperate with the smooth execution of audits and maintaining an audit environment.
2) Along with attending important meetings such as the Management Officer Committee and providing opinions as necessary, Audit and Supervisory Committee Members view applications for approval and other important documents related to Directors' execution of work, and as necessary request explanations from each Officer or employee. Additionally, officers and employees shall promptly make appropriate reports regarding items requested by an Audit and Supervisory Committee Member.
3) Reporting to the Audit and Supervisory Committee when serious violations of laws or regulations occur, and regular reporting on internal reporting are established in the Compliance Regulations and Compliance Hotline Regulations, respectively, and are operated accordingly.
4) We have established provisions in the Compliance Regulations prohibiting any Officer or employee who makes a report to the Audit and Supervisory Committee from being treated disadvantageously for making such a report, and have thoroughly disseminated this fact to the officers and employees of the Company and group companies.
5) Other than regular meetings held to exchange opinions among the Representative Directors, other members of the management team, and Audit and Supervisory Committee Members, we aimed to communicate with the Audit and Supervisory Committee as necessary on individual matters.
6) The Internal Audit Division worked in close cooperation with the Audit and Supervisory Committee, such as by exchanging opinions on audit plans and audit results.
7) Though no employees to assist full-time with the duties of the Audit and Supervisory Committee had been allocated, the Office of Audit and Supervisory Committee was established on April 1, 2024, and employees to assist full-time with the duties of the Committee have been executing duties under the instruction of the Committee Members.
8) Expenses incurred in the performance of Audit and Supervisory Committee Member duties are paid based on claims from Audit and Supervisory Committee Members.

Notes to Consolidated Financial Statements

1. Notes on Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements

Figures stated are rounded down to the nearest million yen.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 9

Names of consolidated subsidiaries:

RAIZNEXT Sogo Service Co., Ltd.
SMS Co., Ltd.
Ikeda Kiko Co., Ltd.
Tokai Engineering & Construction Co., Ltd.
Toshin Seisakusyo Co., Ltd.
Kounan Tsusho Co., Ltd.
Keihin Kako Co., Ltd
Kashima Engineering Co., Ltd
PT. SHINKO PLANTECH

2. Application of equity method

Names, etc. of affiliated companies not accounted for by the equity method

Number of affiliated companies: 4

Names of main companies:

Ibaraki Nikko Kensetsu Co., Ltd.
JX Nippon Mining & Metals Plant Saganoseki Co., Ltd.
FUTABA MANUFACTURING CO., LTD.
Saikai Engineering Services Co., Ltd.

Reason for exclusion from the scope of consolidation

The affiliated companies not accounted for by the equity method are excluded from the scope of consolidation as the impact of the exclusion of each of them in terms of profit (amount corresponding to equity) and retained earnings (amount corresponding to equity), etc. is minimal on the consolidated financial statements, and their overall materiality is insignificant.

3. Fiscal years, etc. of consolidated subsidiaries

Consolidated subsidiaries Ikeda Kiko Co., Ltd. and PT. SHINKO PLANTECH have their closing date on December 31, and RAIZNEXT Sogo Service Co., Ltd., SMS Co., Ltd., Tokai Engineering & Construction Co., Ltd., Toshin Seisakusyo Co., Ltd., Kounan Tsusho Co., Ltd., Keihin Kako Co., Ltd., and Kashima Engineering Co., Ltd. have their closing date on March 31. In preparing the consolidated financial statements, financial statements for the individual companies as of their closing dates are used. Adjustments necessary for consolidation are made for material transactions that occurred from the next day of such closing dates to March 31, the consolidated closing date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

a) Securities

Bonds held to maturity	Stated at amortized cost (straight-line method)
Other securities	
Securities other than shares, etc. without a market price	Stated at market value, etc. as of the end of the period (Valuation differences are reported directly as a component of net assets and the cost of securities sold is calculated using the moving average method)
Shares, etc. without a market price	Stated at cost using the moving average method

b) Derivative transactions

Stated at market value.

c) Inventory assets

Costs on construction contracts in progress	Stated at cost using the specific identification method

(2) Depreciation and amortization methods for significant depreciable assets

a) Property, plant and equipment (excluding leased assets)

Declining balance method is applied. However, the straight-line method is applied to buildings (excluding their attached facilities), as well as facilities attached to buildings and structures acquired on or after April 1, 2016.

The principal useful lives of property, plant and equipment are as follows:

Buildings and structures	2 to 55 years
Machinery, equipment and vehicles	2 to 12 years

b) Intangible assets (excluding leased assets)

Straight-line method is applied.

In addition, straight-line method is applied based on the estimated useful life within the Company (5 years) for software for internal use.

c) Leased assets

Leased assets from finance lease transactions where ownership is not transferred

Leased assets from finance lease transactions where ownership is not transferred are depreciated by the straight-line method over the lease terms with no residual value.

(3) Accounting standards for significant allowance and provisions

a) Allowance for doubtful accounts	To prepare for potential credit losses from accounts receivable such as completed construction contracts, allowance for doubtful accounts is recorded based on past experience for general receivables and on an estimated uncollectable amount for specific doubtful receivables where individual recoverability is considered.
b) Provision for loss on construction contracts	To prepare for potential losses on construction contracts, potential losses on undelivered construction works at the end of the current fiscal year are estimated and recorded where the amount of the construction can be reasonably estimated.
c) Provision for warranties for completed construction	To prepare for potential expenses arising from guarantee for defects, etc. related to completed construction, aside from the amount based on past results of construction expenses for warranties to net sales of completed construction contracts in the past fiscal years, the estimated amount for specific constructions is recorded where construction expenses for warranties are anticipated to occur.

d) Provision for bonuses	To provide for the payment of bonuses for employees, the estimated payment amount for the current fiscal year is recorded.
e) Provision for bonuses for directors (and other officers)	For consolidated subsidiaries, to provide for the payment of Directors' bonuses, the estimated payment amount for the current fiscal year is recorded.
f) Provision for retirement benefits for directors (and other officers)	For consolidated subsidiaries, to prepare for the payment of retirement benefits for directors and other officers, the amount payable at the end of the fiscal year is recorded in accordance with internal rules.

(4) Accounting treatment for retirement benefits

a) Method for attributing estimated retirement benefits into periods

To calculate retirement benefit obligations, the straight-line attribution method is used to allocate the estimated retirement benefits to the period up to the end of the current fiscal year.

b) Actuarial difference and treatment for past service costs

Past service costs are recognized by the straight-line method over a certain period within the average remaining service period of employees (5 years) at the time of its occurrence.

The resulted actuarial differences are each recognized proportionally beginning in the following fiscal year by the straight-line method over a certain period within the average remaining service period of employees (1 to 11 years) at the time of its occurrence.

(5) Accounting standards for net sales of completed construction contracts and cost of sales of completed construction contracts

a) Construction work where the progress of the fulfillment of performance obligations can be reasonably estimated

Method in which revenue is recognized as performance obligations are satisfied over time

The progress is measured by comparing accumulated amount of costs incurred at the end of the current fiscal year with the estimated total cost until the construction is completed (input method).

b) Construction work where the progress of the fulfillment of performance obligations cannot be reasonably estimated

Cost recovery method

c) Maintenance work where the construction period is short

Method in which revenue is recognized at the time when the performance obligations are fully satisfied

(6) Hedge accounting

a) Hedge accounting

Deferred hedge accounting is applied.

However, the shortcut method ("furiate-shori") is applied to forward exchange transactions that satisfy the criteria thereof.

b) Hedging instruments and hedged items

Hedging instruments	Forward exchange transactions
Hedged items	Forward transactions denominated in foreign currencies

c) Hedging policies

In accordance with the Company's internal control system regulating derivative transactions, derivative transactions are conducted to hedge the risks of fluctuating exchange rates of forward transactions denominated in foreign currencies.

d) Assessment of hedge effectiveness

For forward exchange transactions, as the hedging instruments and hedged items involve the same currencies and with the same due dates, the assessment of their hedge effectiveness is omitted.

(7) Scope of funds in the consolidated statement of cash flows

The scope of funds consists of cash on hand, readily available deposits that can be withdrawn at any time, and short-term investments which can be readily convertible to cash or cash equivalents with maturities of three months or less from the date of acquisition and bear only an insignificant risk of changes in value.

2. Notes on Accounting Estimates

Estimates of total construction cost in applying the method where revenue is recognized as performance obligations are satisfied over time

a) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

Net sales of completed construction contracts: 140,366 million yen

Net sales of completed construction contracts in applying the method where revenue is recognized as performance obligations are satisfied over time included in net sales of completed construction contracts: 32,663 million yen

(Of this amount, as of the end of the fiscal year ended March 31, 2024, net sales of completed construction contracts related to ongoing projects was 12,386 million yen)

b) Information related to significant accounting estimates pertaining to identified items

• Calculation method

Revenue from specific construction contracts that satisfy certain criteria is recorded in accordance with the progress of such construction contracts as of the end of the current fiscal year. The progress is measured by comparing accumulated amount of costs incurred at the end of the current fiscal year with the estimated total cost until the construction is completed (input method).

• Key assumptions

Estimated total cost is measured for each contract based on various information such as the content of the construction contracts, required specifications, local circumstances, and actual costs incurred in similar contracts in the past and calculated using assumptions such as the price and quantity of required materials and equipment and labor hours.

• Impact on consolidated financial statements for the following fiscal year

As these specific construction contracts are relatively long-term contracts, the estimated total cost may change due to changes in the environment during the construction process, such as higher than expected prices of equipment and materials due to market trends or exchange rate fluctuations, as well as a shortage of construction personnel such as construction supervisors and construction workers due to delays in the work process or the occurrence of unexpected events.

Although the estimates are made in line with latest information at the time of recording, if the actual results deviate from the estimates due to future changes in circumstances, it may have an impact on operating results of the Company Group.

3. Notes on Consolidated Balance Sheet

1. Assets pledged as collateral and collateral liabilities

(1) Assets pledged as collateral

Buildings	44 million yen
Land	220 million yen
Total	265 million yen

(2) Liabilities secured by collateral

Short-term borrowings (including the current portion of long-term borrowings)	0 million yen
Long-term borrowings	– million yen
Total	0 million yen

2. Accumulated depreciation of property, plant and equipment 12,587 million yen

Accumulated depreciation includes accumulated impairment loss.

4. Notes on Consolidated Statement of Changes in Equity

1. Type and total number of issued shares at the end of the fiscal year ended March 31, 2024

Common shares 54,168,053 shares

2. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total dividend amount (million yen)	Dividend paid per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 27, 2023	Common shares	3,895	72	March 31, 2023	June 28, 2023

(2) Dividends with a record date during the fiscal year, but an effective date during the following fiscal year

The proposal for the following mattes related to dividends on common shares is placed on the agenda of the Annual General Meeting of Shareholders scheduled on June 25, 2024.

a) Total dividend amount 5,594 million yen
b) Dividend to be paid per share 105 yen
c) Record date March 31, 2024
d) Effective date June 26, 2024

Dividends will be sourced from retained earnings.

5. Notes on Financial Instruments

1. Matters related to the status of financial instruments

The Company Group makes it a rule to rely only on short-term investment securities and deposits, etc. in the management of its funds.

Efforts are being made to reduce credit risk from customers concerning notes receivable and accounts receivable from completed construction contracts, in accordance the credit management rules. Investment securities involved are mainly stocks, and for listed shares, their fair values are monitored on a quarterly basis.

2. Matters related to the fair value of financial instruments, etc.

The consolidated balance sheet amounts, fair value and differences between them as of March 31, 2024, are shown below.

Shares, etc. without market prices of 60 million yen are not included in "Other securities." Information on instruments other than investment securities is omitted, as their book values are a reasonable approximation of their fair value due to the short period until settlement.

(Unit: Million yen)

	Consolidated balance sheet amount(*)	Fair value(*)	Difference
(1) Investment securities Other securities	5,192	5,192	—

(Note) A description of the valuation technique(s) and input method used in fair value measurements

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 fair value: Fair value measured using observable inputs other than those in Level 1, either directly or indirectly

Level 3 fair value: Fair value measured using significant unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

6. Notes on Real Estate for Lease, etc.

1. Matters related to real estate for lease, etc.

The Company leases land and other properties owned in Kanagawa and other areas.

2. Matters related to fair value of real estate for lease, etc.

(Unit: Million yen)

Consolidated balance sheet amount	Fair value
1,108	761

(Notes) 1. The consolidated balance sheet amount is the acquisition cost less accumulated depreciation.

2. The amounts of fair value as of the end of the fiscal year ended March 31, 2024 (including those adjusted using indices, etc.), are calculated by the Company based mainly on the Real Property Appraisal Standard.

7. Notes on Revenue Recognition

1. Disaggregation of revenue from contracts with customers

The Company Group's revenue disaggregated by the timing of revenue recognition and relations between revenue and services are as shown below.

Useful information in understanding revenue is as presented in "4. Accounting policies, (5) Accounting standards for net sales of completed construction contracts and cost of sales of completed construction contracts."

(Unit: Million yen)

	Engineering work			Other (Note)	Total
	Maintenance	Engineering	Total		
Goods transferred at a point in time	26,521	1,982	28,504	–	28,504
Goods transferred over time	73,767	37,992	111,759	–	111,759
Revenue from contracts with customers	100,288	39,975	140,264	–	140,264
Revenue from other sources	–	–	–	101	101
Net sales to external customers	100,288	39,975	140,264	101	140,366

(Note) "Other" includes businesses such as real estate leasing and other services that are not considered engineering work.

2. Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue from contracts with customers is as presented in "1. Notes on Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements, 4. Accounting policies, (5) Accounting standards for net sales of completed construction contracts and cost of sales of completed construction contracts."

8. Notes on Per Share Information

1. Net assets per share 1,562.89 yen
2. Basic earnings per share 134.20 yen

Notes to Non-Consolidated Financial Statements

1. Notes on Matters Related to Significant Accounting Policies

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

Bonds held to maturity	Stated at amortized cost (straight-line method)
Shares of subsidiaries	Stated at cost using the moving average method
Other securities	
Securities other than shares, etc. without a market price	Stated at market value, etc. as of the end of the period (Valuation differences are reported directly as a component of net assets and the cost of securities sold is calculated using moving average method)
Shares, etc. without a market price	Stated at cost using the moving average method

(2) Valuation standards and methods for derivatives

Stated at market value

(3) Valuation standards and methods for inventory assets

Costs on construction contracts in progress	Stated at cost using the specific identification method

2. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Declining balance method is applied. However, straight-line method applies to buildings (excluding their attached facilities), as well as facilities attached to buildings and structures acquired on and after April 1, 2016.

(2) Intangible assets (excluding leased assets)

Straight-line method is applied.

In addition, straight-line method is applied based on the estimated useful life within the Company (5 years) for software for internal use.

(3) Leased assets

Leased assets from finance lease transactions where ownership is not transferred are depreciated by the straight-line method over the lease terms with no residual value.

3. Accounting standards for allowance and provisions

(1) Allowance for doubtful accounts	To prepare for potential credit losses from accounts receivable such as completed construction contracts, allowance for doubtful accounts is recorded based on past experience for general receivables and on an estimated uncollectable amount for specific doubtful receivables where individual recoverability is considered.
(2) Allowance for investment loss	To prepare for potential losses on shares of subsidiaries and associates, the necessary amounts are recorded considering the financial position of the relevant company.
(3) Provision for loss on construction contracts	To prepare for potential losses on construction contracts, potential losses on undelivered construction works at the end of the current fiscal year are estimated and recorded where the amount of the construction can be reasonably estimated.

(4) Provision for warranties for completed construction	To prepare for potential expenses arising from guarantee for defects, etc. related to completed construction, aside from the amount based on past results of construction expenses for warranties to net sales of completed construction contracts in the past fiscal years, the estimated amount for specific construction work is recorded where construction expenses for warranties are anticipated to occur.
(5) Provision for bonuses	To provide for the payment of bonuses for employees, the estimated payment amount for the current fiscal year is recorded.
(6) Provision for retirement benefits	To prepare for retirement benefits, it is recorded on the basis of the estimated amounts of retirement benefit obligations and pension assets at the end of the current fiscal year. a) Method for attributing estimated retirement benefits into periods To calculate retirement benefit obligations, the straight-line attribution method is used to allocate the estimated retirement benefits to the period up to the end of the current fiscal year. b) Actuarial differences and treatment of past service costs Past service costs are recognized by the straight-line method over a certain period within the average remaining service period of employees (5 years) at the time of its occurrence. The resulted actuarial differences are each recognized in the following fiscal year by the straight-line method over a certain period within the average remaining service period of employees (5 to 11 years) at the time of its occurrence during each fiscal year.

4. Accounting treatment for retirement benefits

The accounting treatment of unrecognized actuarial differences and unrecognized past service costs with regard to retirement benefits is different than the accounting treatment used in the consolidated financial statements.

5. Accounting standards for revenue and expenses

The main performance obligations in the principal businesses related to revenue arising from contracts with customers

Maintenance business

In terms of the maintenance business, the Company provides routine maintenance works and regular repair works for customers' plants.

Engineering business

In terms of the engineering business, the Company provides plant construction work as well as remodeling and renovation work.

Timing when performance obligations related to revenue arising from contracts with customers are typically satisfied

Construction work where the progress of the fulfillment of performance obligations can be reasonably estimated

Performance obligations are deemed satisfied over a certain period and revenue is recognized based on the progress related to the fulfillment of the performance obligations.

The progress is measured by comparing accumulated amount of costs incurred at the end of the current fiscal year with the estimated total cost until the construction is completed (input method).

Construction work where the progress of the fulfillment of performance obligations cannot be reasonably estimated

Cost recovery method

Maintenance work where the construction period is short

Revenue is recognized at the time when the performance obligations are fully satisfied.

6. Hedge accounting

(1) Hedge accounting

Deferred hedge accounting is applied.

However, the shortcut method ("furiate-shori") is applied to forward exchange transactions that satisfy the criteria thereof.

(2) Hedging instruments and hedged items

Hedging instruments	Forward exchange transactions
Hedged items	Forward transactions denominated in foreign currencies

(3) Hedging policies

Based on the Company's internal control system regulating derivative transactions, derivative transactions are conducted to hedge the risks of fluctuating exchange rates of forward transactions denominated in foreign currencies.

(4) Assessment of hedge effectiveness

For forward exchange transactions, as the hedging instruments and hedged items involve the same currencies and with the same due dates, the assessment of their hedge effectiveness is omitted.

2. Notes on Accounting Estimates

Estimates of total construction cost in applying the method where revenue is recognized as performance obligations are satisfied over time

(1) Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2024

Net sales of completed construction contracts: 132,544 million yen

Net sales of completed construction contracts in applying the method where revenue is recognized as performance obligations are satisfied over time included in net sales of completed construction contracts: 32,663 million yen

(Of this amount, as of the end of the fiscal year ended March 31, 2024, net sales of completed construction contracts related to ongoing projects was 12,386 million yen)

(2) Information related to significant accounting estimates pertaining to identified items

Omitted as it is the same as "Notes to Consolidated Financial statements, 3. Notes on Accounting Estimates."

3. Notes on Balance Sheet

1. Accumulated depreciation of property, plant and equipment	10,510 million yen
2. Monetary claims and obligations to subsidiaries and associates	
Short-term monetary claims	13,679 million yen
Long-term monetary claims	– million yen
Short-term monetary obligations	2,034 million yen

4. Notes on Statement of Income

Amount of transactions with subsidiaries and associates

Amount of transactions from operating transactions	
Net sales of completed construction contracts	56,289 million yen
Outsourcing costs	2,255 million yen
Other expenses	820 million yen
Amount of transactions from transactions other than operating transactions	217 million yen

5. Notes on Statement of Changes in Equity

Type and number of treasury shares at the end of the fiscal year ended March 31, 2024

Common shares	885,013 shares

6. Notes on Tax Effect Accounting

Breakdown of significant components of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Allowance for doubtful accounts	51 million yen
Loss on valuation of investment securities	21 million yen
Loss on valuation of shares of subsidiaries and associates	35 million yen
Accrued loss on golf club membership	54 million yen
Provision for retirement benefits	1,314 million yen
Provision for bonuses	558 million yen
Accrued enterprise taxes	100 million yen
Accrued social insurance expenses	92 million yen
Provision for loss on construction contracts	177 million yen
Provision for warranties for completed construction	56 million yen
Impairment losses	137 million yen
Auxiliary materials	63 million yen
Other	109 million yen
Deferred tax assets subtotal	2,773 million yen
Valuation allowance	(203) million yen
Total deferred tax assets	2,570 million yen
Deferred tax liabilities	
Valuation of shares of subsidiaries and associates	341 million yen
Valuation difference on available-for-sale securities	803 million yen
Other	17 million yen
Total deferred tax liabilities	1,163 million yen
Net deferred tax assets	1,406 million yen

7. Notes on Transactions with Related Parties

Affiliated company

Type	Company name	Percentage of voting rights owned (%)	Relationship	Transactions	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Company in which major shareholders (companies, etc.) hold a majority of voting rights	ENEOS Corporation	—	Construction work and maintenance	Contracted construction	56,286	Accounts receivable from completed construction contracts	13,236
						Contract assets	11,485
						Advances received on construction contracts in progress	0

(Notes) 1. Of the amounts stated above, the transaction amount is exclusive of consumption tax, etc., while the balance at end of period is inclusive of consumption tax, etc.

2. Transaction terms and policy for deciding transaction terms
The amount of orders received is determined in the same manner as for general transactions (competition) by presenting price quotations.

8. Notes on Revenue Recognition

Notes on revenue recognition are as stated in "Notes to Consolidated Financial Statements, 8. Notes on Revenue Recognition."

9. Notes on Per Share Information

1. Net assets per share 1,459.65 yen
2. Basic earnings per share 124.29 yen