

FY2023

Financial Results Presentation Materials

May 30, 2023



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1 | **Company Management Policies**

Message from the new President



Based on our management philosophy to “contribute to society through our business and seek higher corporate value through engineering that meets social needs and manufacturing with a sincere attitude,” we have supported the development of the energy and petrochemical industries as a maker of tanks and plants by meeting their needs with our engineering.

As the world moves toward a carbon-neutral society, our desire is to contribute to green transformation (GX) through our business.

**ISHII IRON WORKS
CO., LTD.**
Hiroaki ISHII,
**Representative
Director and President**

Apr. 1996 Joined Shimizu Corporation
May 2006 Advisor of the Company
June 2006 Director of the Company
July 2012 Managing Director of the Company
Apr. 2020 Executive Director of the Company
Mar. 2023 Representative Director and President
of the Company (present position)

Management philosophy

Contribute to society through our business. Seek higher corporate value through engineering that meets social needs and manufacturing with a sincere attitude.

Steel Structure
Business

Real Estate
Business

And now, to a company that contributes to GX
through engineering.

GX: Green Transformation

Establishment of GX Business Division

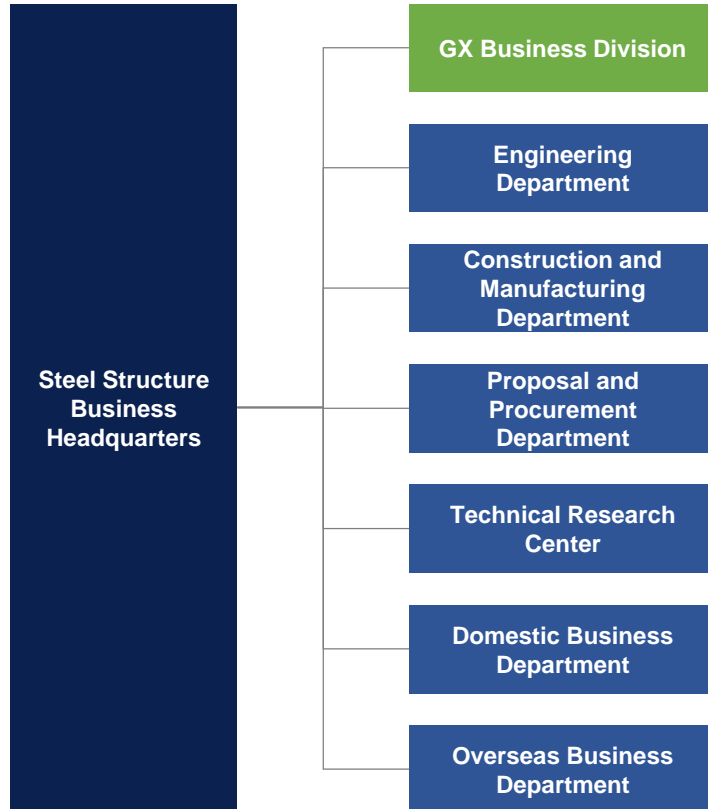
Newly set up GX Business Division in April 2023

**Participating in the next-generation energy market,
a promising path to carbon neutrality**

- Demand is growing in Japan and overseas for switching from fossil fuels to energies with less environmental impact, such as renewable energy, hydrogen, and ammonia. Amid this, we will enter the next-generation energy business and build a new, stable business foundation
- The new organization is designed to unify GX-related sections and strengthen technical development and construction capabilities through prompt and agile business operations to win orders and increase profitability



New Steel Structure Business organization





Scope of business for GX Business Division and existing sections



		GX Business Division	Existing sections
Specific construction work	Main scope of business	Storage plant projects related to GX in Japan and overseas <ul style="list-style-type: none"> • Estimation, design, and construction study for new construction and modification of low-temperature tanks, spherical tanks, etc. • Research and development 	Mainly projects related to normal temperature and atmospheric storage tanks <ul style="list-style-type: none"> • Design work for new construction and maintenance of petroleum tanks, etc.
	New construction	Construction of domestic and overseas GX-related low-temperature/spherical tanks and ancillary facilities	Construction of petroleum tanks, etc.
	Renovation/maintenance	<ul style="list-style-type: none"> • Seismic reinforcement of existing spherical tanks • Conversion/renovation of existing low-temperature tanks, etc. 	Maintenance of petroleum tanks, etc.

Forecast of the business environment and its impact

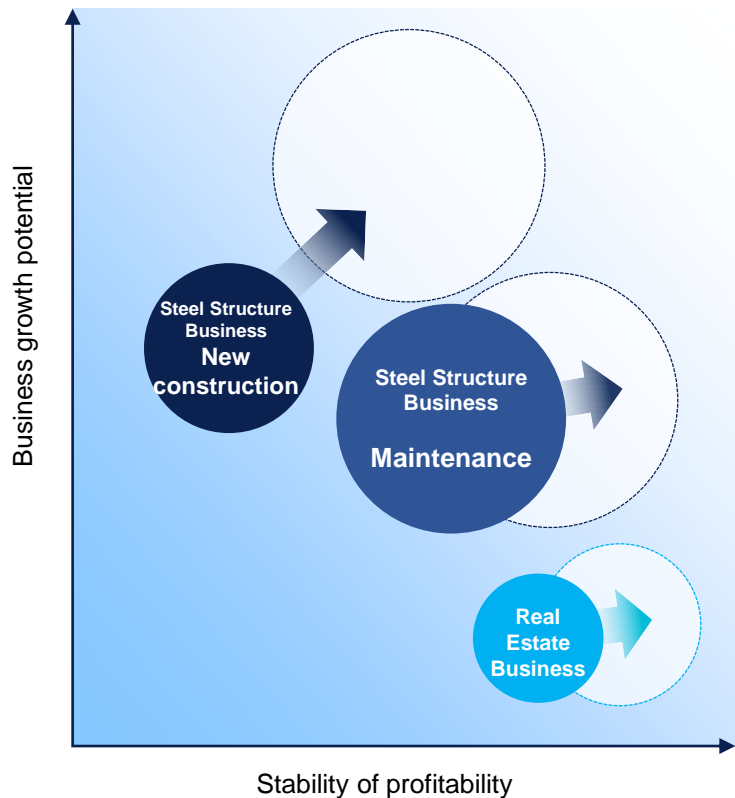
Steel Structure Business

	Content	Degree of business and financial impact	
		Short-term	Medium to long-term
 Opportunities	Expanding of new energy markets through carbon neutrality	Large	Large
	Increasing renovation of plant equipment due to plant aging	Medium	Medium
	Declining workforce and experienced engineers	Medium	Medium
	Responding to natural disasters, such as earthquakes, tsunamis, and major typhoons due to global warming, as well as development of energy infrastructure and measures to make it more resilient	Medium	Medium
	Expanding energy and petrochemical markets and environmental and safety-related investments in Southeast Asia	Large	Large
 Risks	Declining petroleum tank maintenance work due to lower demand for oil	Medium	Medium
	Decreasing number of field workers and aging workforce reduces responsiveness	Medium	Large

Real Estate Business

	Content	Degree of business and financial impact	
		Short-term	Medium to long-term
 Opportunities	Government support for carbon neutral initiatives	Small	Medium
 Risks	Declining value due to aging of buildings	Small	Medium

Approach to our business portfolio



*The size of each circle represents the scale of sales

Medium-term policy

Steel Structure Business

Make proactive investments to drive sales and profit growth

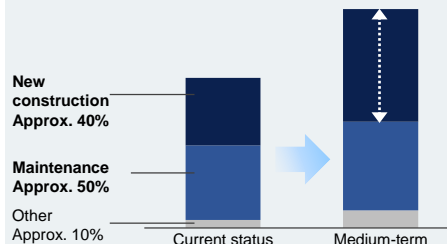
- Secure profitability base through stable receipt of orders for tank maintenance work
- Participate in the carbon neutrality market
- Deepen our presence in Southeast Asia, where energy infrastructure investment is growing

Real Estate Business

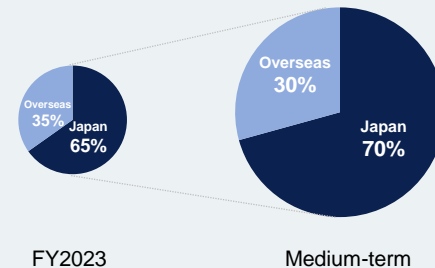
Secure stable long-term profitability by adding high value to rental properties

- Increased value and redevelopment to improve profitability

Sales composition of the Steel Structure Business



Sales composition of the Steel Structure Business in Japan and overseas



Medium-term policies and investments by business

Steel Structure Business New construction

Steel Structure Business Maintenance

Real Estate Business

Strategy

- Participating in new energy markets through carbon neutrality in Japan
- Participating in energy and petrochemical markets in Southeast Asia

- Securing stable profitability by strengthening competitiveness

- Further improving profitability by redeveloping company-owned real estate, etc.
- Preventing loss of value by maintaining existing properties

Investment

- New energy-related capital investment
- R&D for large tanks

- Introducing labor-saving and efficiency-enhancing equipment
- Training engineers and technicians

- Redeveloping the Haneda district
- Conducting large-scale repair work at existing properties
- Constructing new solar power generation facilities

Cash flows during the period of the Medium-term Management Plan

Cash in



Procuring funds

1 billion yen

- Stable cash management through long-term fixed-rate working capital loans



Operating CF

1.6 billion yen

- In addition to stable Real Estate Business profitability, the Company continues to improve the profitability of the Steel Structure Business.

Cash out



Investment

1.6 billion yen

- Steady investment based on the medium- to long-term growth investment policy: "investment in growth with a target of about 5% of net sales to increase corporate value"



Returning profits to shareholders

1 billion yen

- Dividends for FY2022 was 60 yen per share. Dividends for FY2023 will increase by 10 yen to 70 yen. In the final year of the medium-term management plan (FY2024), a dividend payout ratio of around 30% is targeted (expected dividends: 70 yen)
- Conduct share buybacks in 2022 and 2023

Breakdown of investments and progress

Capital investment

1 billion yen

- Haneda district redevelopment plan
- Renewal of production facilities at Haneda Branch
- Renewal of facilities at Headquarters and Haneda Branch (IT, business environment improvement)

Strategic investments

500 million yen

New energy-related capital investment (Low-temperature tank construction-related facilities, etc.)

Infrastructure enhancement

100 million yen

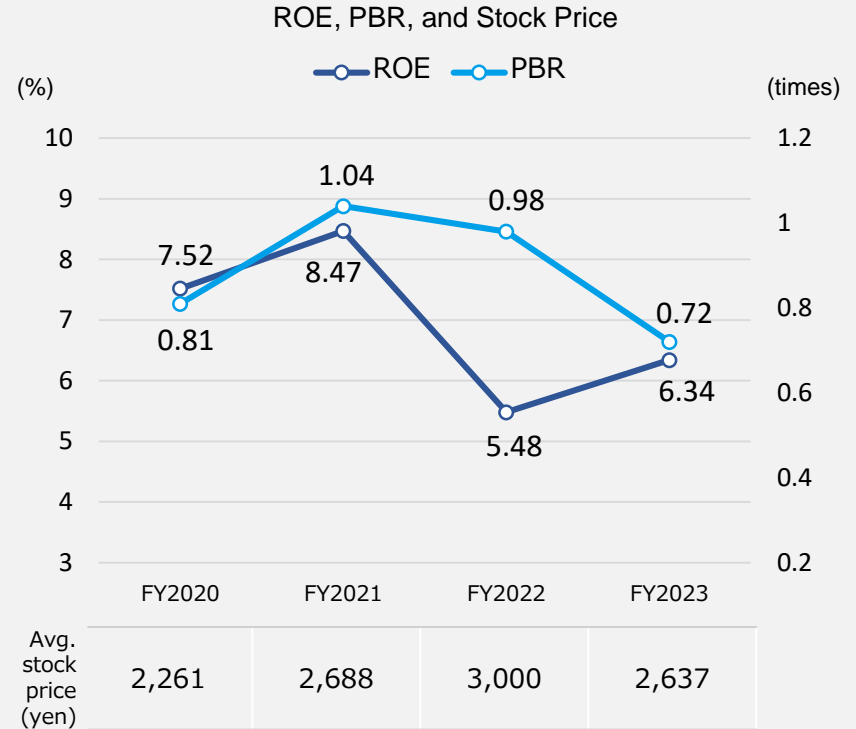
Developing human resources, developing new products, deepening existing technologies, updating systems, addressing sustainability, etc.

Policy for improving PBR (1)

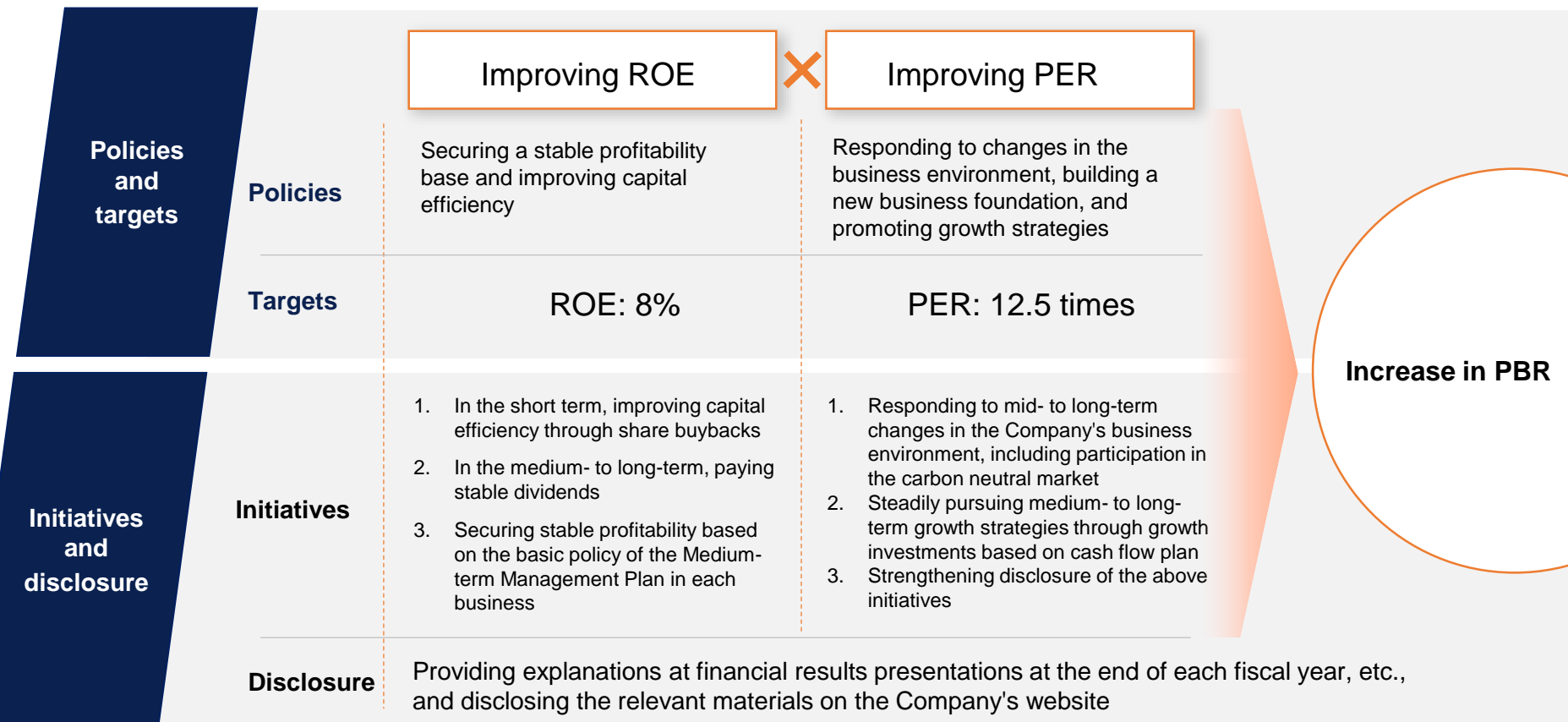
Current assessment

Managing cost of capital with WACC

- The Company has long endeavored to properly understand its cost of capital, and to use that knowledge in formulating Medium-term Management Plans, to make important investment decisions and so forth.
- Although cost of capital is not disclosed, it is calculated using the weighted average cost of capital (WACC) method.



Policy for improving PBR (2)

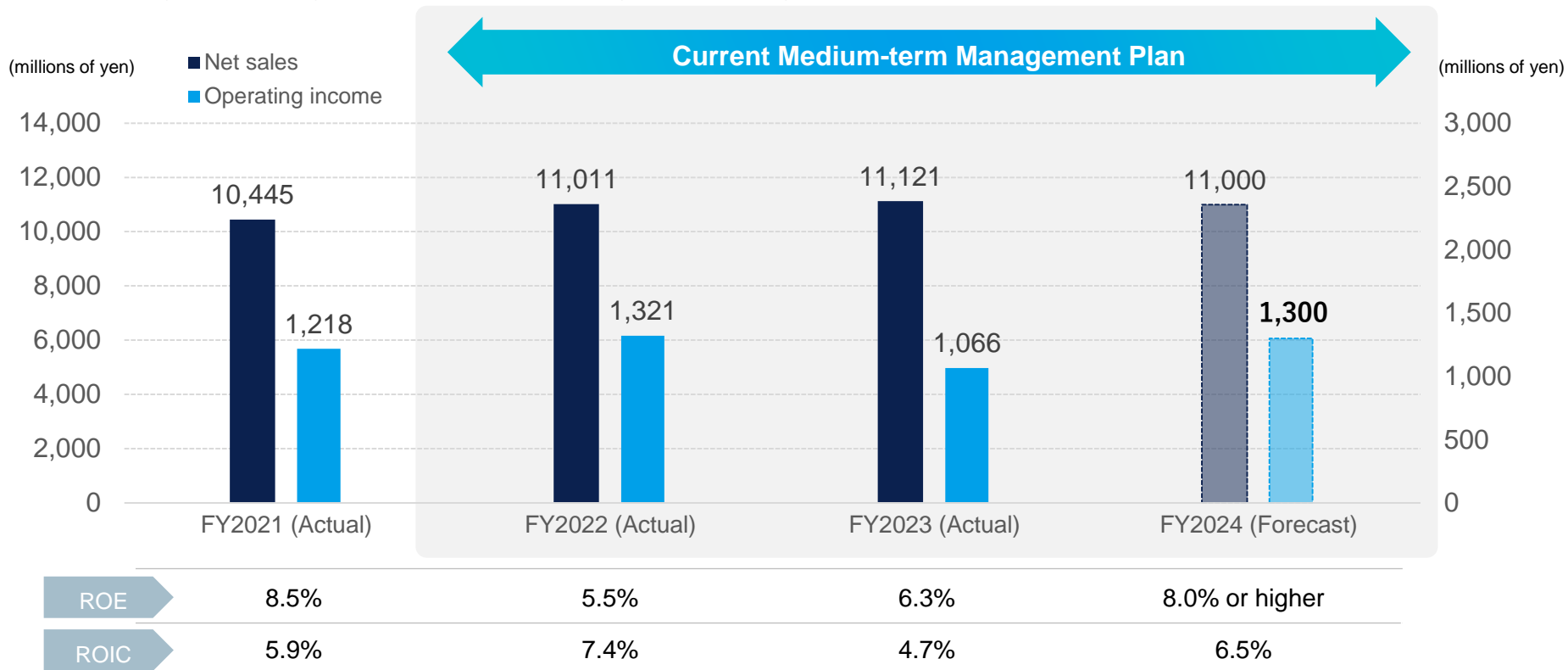


2

Progress of Medium-term Management Plan and Future Strategies

Progress of the Medium-term Management Plan

In FY2024, although it will be difficult to reach our net sales target, the Company expects to make progress toward reaching our operating income target thanks to accumulating profits during the period



Progress of the Medium-term Management Plan's basic policy

Basic policy			Actual performance to date and future initiatives	
Steel Structure Business	Domestic	Low-temperature tank	<ul style="list-style-type: none"> Accumulate orders and profit by differentiation through enhancement of engineering capabilities 	<ul style="list-style-type: none"> Delivered Japan's largest (24,000 tons) low-temperature ammonia tank Collaborated with JFE Engineering Corporation to receive orders for large low-temperature ammonia tanks for the introduction of fuel ammonia
		Maintenance	<ul style="list-style-type: none"> Secure orders and profit by differentiation through service capabilities 	<ul style="list-style-type: none"> Expanded orders of tank maintenance work by deepening relationships with existing customers and cultivating new customers (FY2023) Achieved labor savings and efficiency, and secured profitability by introducing and strengthening automation and mechanization technologies that take advantage of the technologies of specialized manufacturers
	Overseas		<ul style="list-style-type: none"> Leverage service and engineering capabilities gained in Japan and strengthen collaboration with local subcontractors 	<ul style="list-style-type: none"> Delivered one of the largest (30,000 tons) low-temperature ammonia tank Increased orders through collaboration with local companies based on extensive experience in constructing low-temperature tanks
	New Business		<ul style="list-style-type: none"> Enrich our existing engineering capability to develop into the new market related with steel structure business 	<ul style="list-style-type: none"> Delivered safety equipment for nuclear fuel cycle operation Renovated existing tanks to support new energy
Real Estate Business			<ul style="list-style-type: none"> Promote the use of former material storage yards, etc. 	<ul style="list-style-type: none"> Continued to recruit tenants based on the premise of advanced use Promoted the construction of new solar power generation facilities, etc., and appropriately carried out large-scale repair work
Management Infrastructure			<ul style="list-style-type: none"> Establish robust management structure Develop human resources for next-generation Promote SDGs initiatives 	<ul style="list-style-type: none"> Reviewed administrative authority and budget system, reformed personnel system (personnel evaluation, etc.), strengthened IR, established the Sustainability Promotion Committee, etc.

Forecast of the FY2024 business environment

*Weather indicators used for comparison with the previous fiscal year

Steel Structure Business

Domestic

Overseas

Real Estate Business



- Decrease in tank repair work due to oil refinery closures and conversion to oil depots
- Increase in demand for low-temperature tanks, etc. due to expansion of the carbon neutral market

- Increase in demand for low-temperature tanks, etc. due to expansion of the carbon neutral market
- Increase in demand for energy and petrochemical product storage plants due to ongoing economic growth in the Southeast Asian region

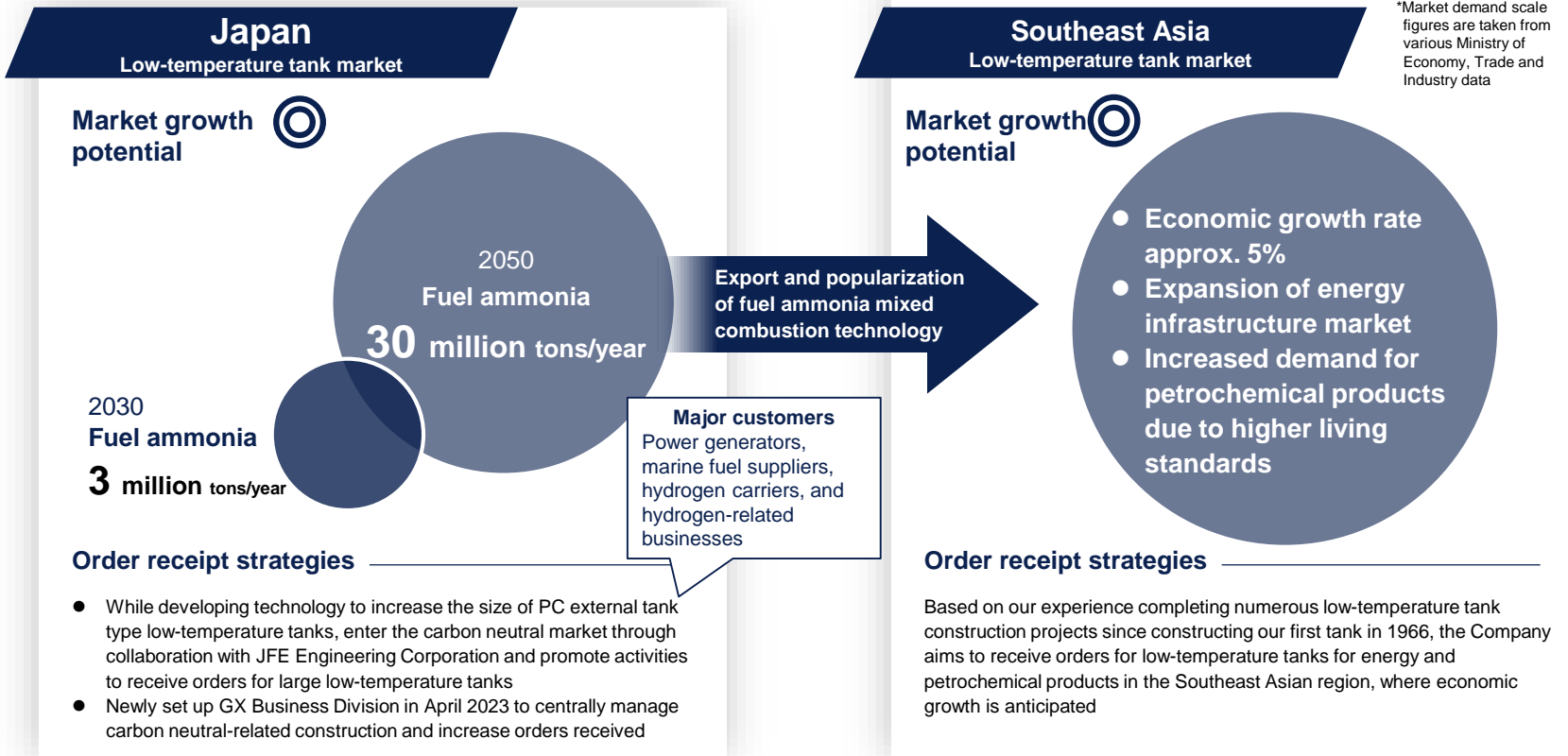
- Residences: Recovery in rental housing demand in Tokyo
- Logistics facilities: Expected increase in vacancy rates due to continued new supply in large volumes

Strategies and investment plan for FY2024

	Steel Structure Business		Real Estate Business
	Domestic	Overseas	
Strategy	<ul style="list-style-type: none"> Improving competitiveness in tank repair business through differentiation* from competitors <small>*Safety, process, quality, technical service, and price</small> Reinforcing response to increase in carbon neutrality construction work 	<ul style="list-style-type: none"> Increasing competitiveness in the expanding carbon neutral market Deepening our presence in the energy infrastructure market in Southeast Asia, where ongoing economic growth is expected 	<p>Further improving profitability by redeveloping company-owned real estate, etc. and preventing loss of value by maintaining existing properties</p>
Investment	<ul style="list-style-type: none"> Introducing labor-saving and efficiency-enhancing equipment Introducing facilities for carbon neutral construction work Investing in R&D for larger tanks 	<ul style="list-style-type: none"> Capital participation to strengthen relationships with local subcontractors Developing sales locations in Southeast Asia 	<ul style="list-style-type: none"> Redeveloping the Haneda district Conducting large-scale repair work at existing properties Constructing new solar power generation facilities

Participating in the carbon neutral market / Ammonia

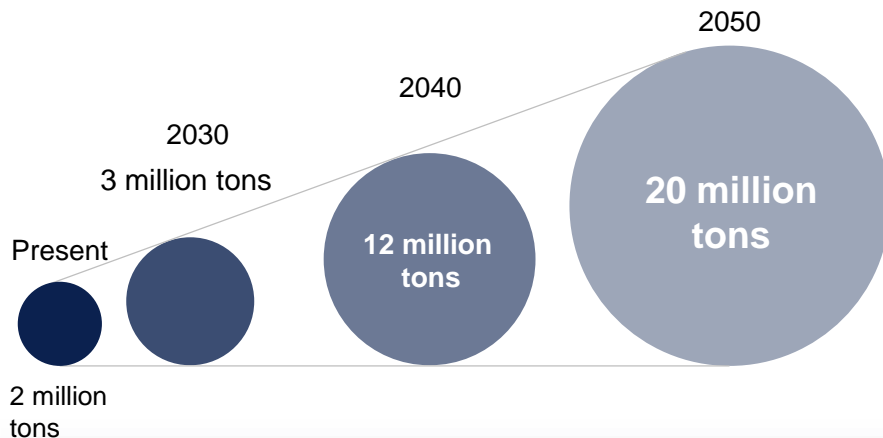
Aggressively working to receive orders in the expanding carbon neutral and Southeast Asian markets



Participating in the carbon neutral market / Hydrogen Domestic demand forecast*

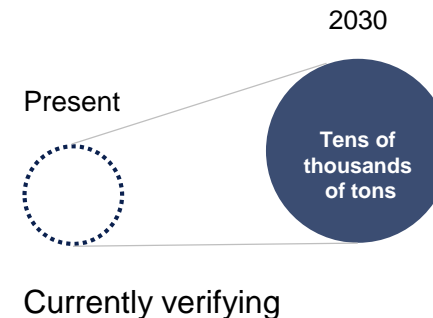
*Market demand scale figures are taken from various Ministry of Economy, Trade and Industry data

Liquid hydrogen



MCH

*MCH: Methylcyclohexane (a hydrogen carrier)



Major customers

Power generators
 Fuel suppliers to vehicles, etc
 Steel businesses
 Gas suppliers

Our initiatives

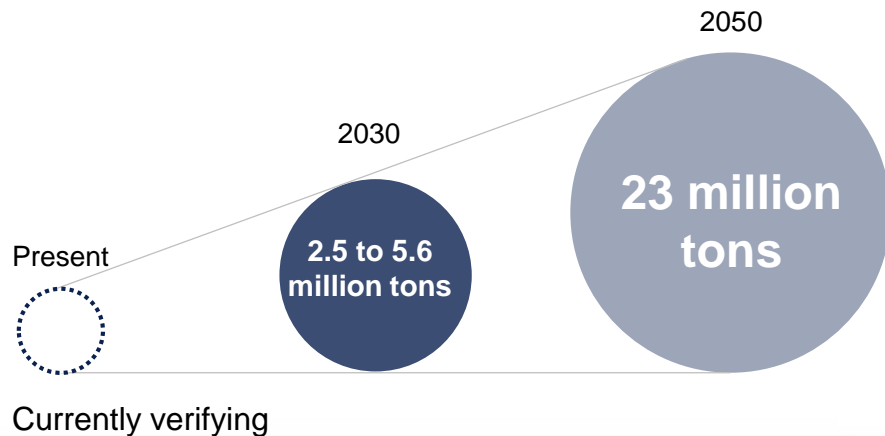
- Participating in hydrogen gas spherical tanks
- Participating in liquid hydrogen tanks
- Participating in MCH tanks

Participating in the carbon neutral market / SAF and emitted carbon dioxide gas

Domestic demand forecast*

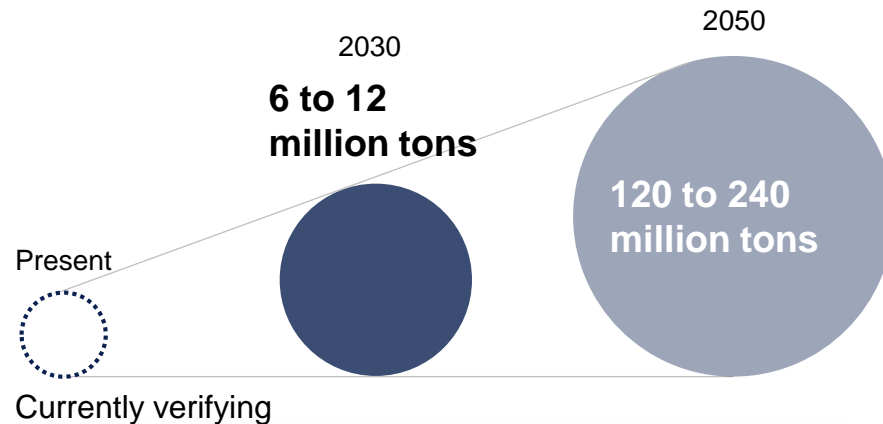
*Market demand scale figures are taken from various Ministry of Economy, Trade and Industry data

Sustainable aviation fuel (SAF)



Emitted carbon dioxide gas

(underground storage volume/year)



Major customers

Aviation fuel producers and suppliers

Our initiatives

Participating in new construction and modification work of existing petrochemical tanks

Major customers

CCS businesses
Businesses that store liquefied emitted carbon dioxide gas

Our initiatives

- Participating in spherical tanks to the emitted carbon dioxide gas businesses both in domestic and Southeast Asian market
- Participating in carbon dioxide gas spherical tanks at underground storage bases

Acquired DBJ Green Building Certification

Company-owned rental housing property Residence Charmant Tsukishima acquired DBJ Green Building Certification as a "building with excellent environmental and social awareness."

Property name	Residence Charmant Tsukishima
Location	Tsukishima, Chuo-ku, Tokyo
Completed	January 2004
Usage	Apartments, offices, and nursery schools
Ownership type	Compartmentalized co-ownership (the Company portion: 43%)

Points earning high evaluation

(1) Energy and resource conservation

- Entrance utilizing natural light
- Use of LEDs in corridors and other common areas
- Planning toward long building lifespan through repairs

(2) Tenant convenience and comfort

- Secured soundproofing of residential units
- Barrier-free common areas
- Arrangement of nursery schools, guest rooms, etc.



Exterior view of Residence Charmant Tsukishima



Certificate

Construction of new solar power generation facilities

New solar power generation facilities have been constructed on the rooftop of a property owned and leased by the Company. All electricity generated is consumed by tenants



**SUSTAINABLE
DEVELOPMENT
GOALS**

This project was selected for the Tokyo Metropolitan Government-subsidized Local Production and Consumption Renewable Energy Enhancement Project

Facility location	Ota-ku, Tokyo
Facility scale	59.4 kW
Annual power generation	75,000 kWh

Schedule

Aug. 2022	Subsidy project approval
Jan. 2024	Completion of construction and start of electricity sales



The Company's first project subsidized by the Tokyo Metropolitan Government (Higashi-Kojiya Fourth Power Plant)

3

Overview of Results for FY2023

Consolidated financial results

Increased revenues due to progress in large-scale construction projects in Japan and overseas.

Operating income decreased due to losses in domestic construction projects and an increase in selling, general and administrative expenses

(millions of yen)	FY2022 (Actual)	FY2023 (Actual)	YoY	
			Amount	Ratio
Net sales	11,010	11,121	+111	+1.0%
Operating income	1,321	1,066	(255)	(19.3%)
Operating income margin	12.0%	9.6%	–	(2.4P)
Ordinary income	1,469	1,107	(362)	(24.6%)
Profit attributable to owners of parent	595	717	+122	+20.5%
Earnings per share (yen)	161.20	198.04	+36.84	+22.9%

Earnings forecast (announced on Nov. 9)	Versus forecast	
	Amount	Ratio
11,000	(121)	(1.1%)
950	+116 –	+12.2% +1.0P
950	+157	+16.5%
650	+67	+10.3%
183.18	+14.86	+8.1%

Earnings by business segment

Steel Structure Business

Increased revenues due to progress in large-scale construction projects in Japan and overseas. Operating income decreased due to losses in domestic construction projects and higher selling, general and administrative expenses

(millions of yen)	FY2022 (Actual)	FY2023 (Actual)	YoY	
			Amount	Ratio
Net sales	9,248	9,322	+74	+0.8%
Segment profit	210	(48)	(258)	—
Orders received	10,703	6,961	(3,742)	(35.0%)

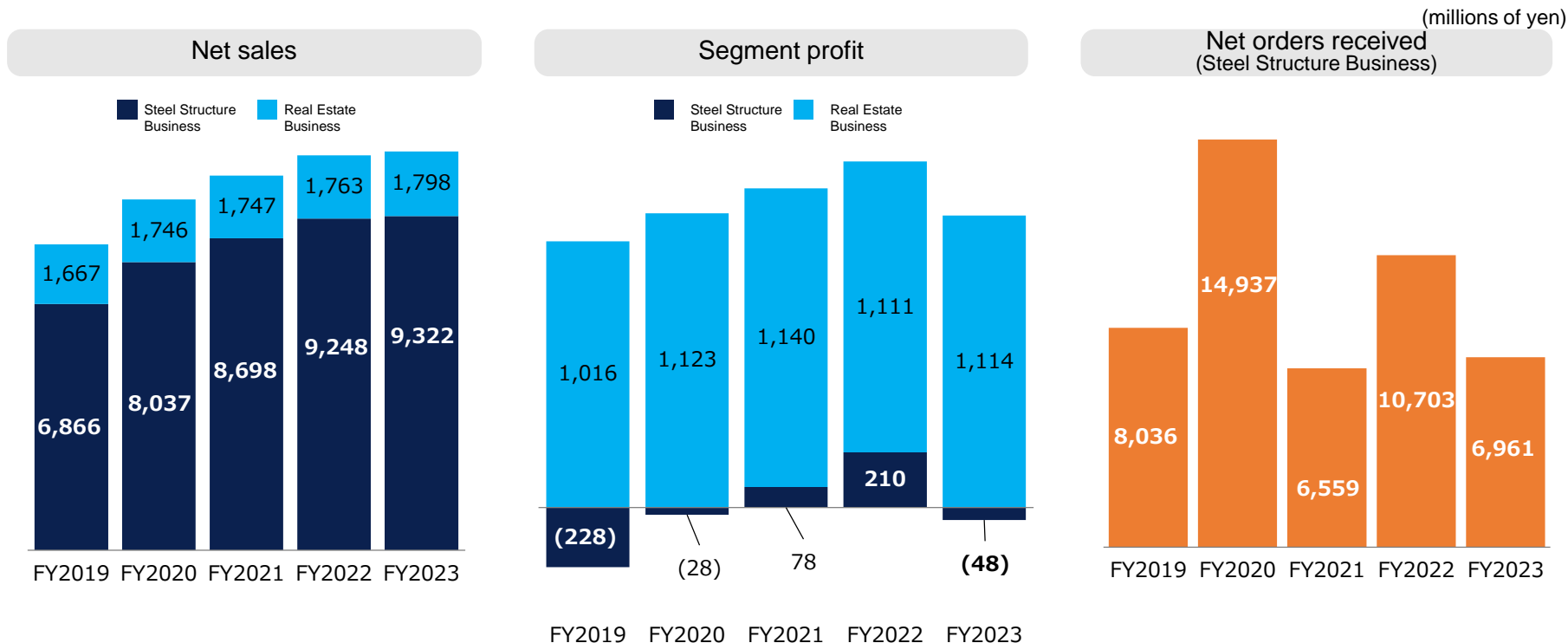
Real Estate Business

Nearly unchanged due to stable rental income

(millions of yen)	FY2022 (Actual)	FY2023 (Actual)	YoY	
			Amount	Ratio
Net sales	1,762	1,798	+36	+2.0%
Segment profit	1,111	1,114	+3	+0.3%

Earnings by business segment

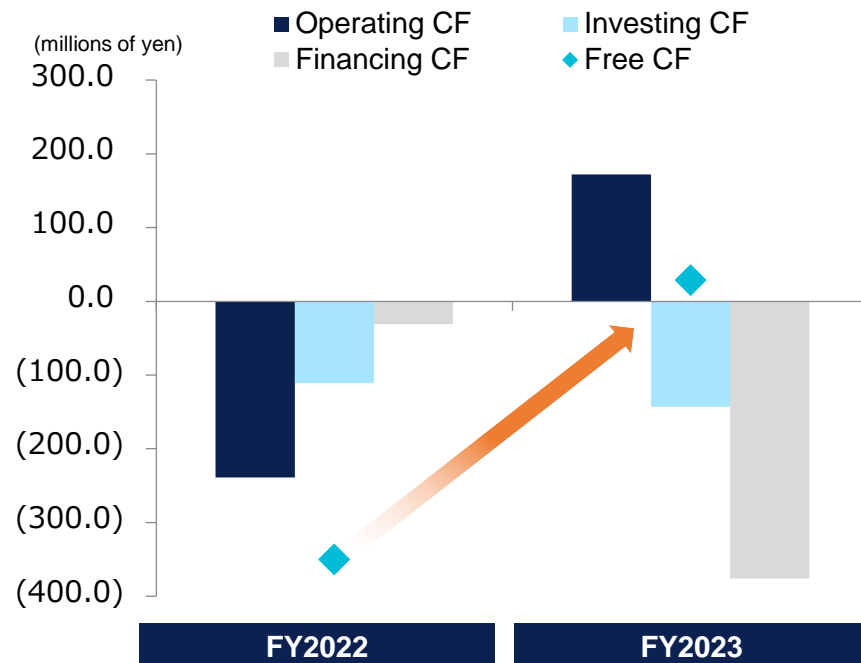
Net sales are trending upward in the Steel Structure Business. Real Estate Business is continuing to record stable rental income. Net orders received in the Steel Structure Business averaged approx. 10 billion yen per year, although this varied depending on the number of orders received for large projects.



Consolidated balance sheet/Cash flows

Free cash flow has improved mainly due to positive Operating cash flow.

(millions of yen)	FY2022 (Year-end)	FY2023 (Year-end)	Change
Current assets	8,117	8,131	+14
Cash and deposits	1,233	932	(301)
Non-current assets	12,237	12,320	+83
Total assets	20,354	20,451	+97
Current liabilities	5,125	3,868	(1,257)
Non-current liabilities	4,151	5,020	+869
Net assets	11,078	11,563	+485
Total liabilities and net assets	20,354	20,451	+97
Shareholders' equity to total assets	54.4%	56.5%	2.1p
ROE	5.5%	6.3%	0.8p
ROIC	7.4%	4.7%	(2.7p)



4 | Earnings Forecast for FY2024

Full-year forecast for FY2024

While net sales are expected to be at the same level as FY2023, operating income is expected to increase due to steady progress in domestic and overseas construction in the Steel Structure Business. ROE and ROIC are also expected to increase due to higher profit

(millions of yen)	FY2023 (Actual)	FY2024 (Forecast)	YoY	
			Amount	Ratio
Net sales	11,121	11,000	(121)	(1.1%)
Operating income	1,066	1,300	+234	+22.0%
Operating income margin	9.6%	11.8%	—	+2.2P
Ordinary income	1,107	1,300	+193	+17.4%
Profit attributable to owners of parent	717	900	+183	+25.5%
Earnings per share (yen)	198.04	248.30	+50.26	+25.4%
ROE	6.3%	8.0%	—	+1.7P
ROIC	4.7%	6.5%	—	+1.8P

Earnings forecast by segment

Steel Structure Business

While net sales are expected to be at the same level as FY2023, operating income is expected to increase due to steady progress in domestic and overseas construction

(millions of yen)	FY2023 (Actual)	FY2024 (Forecast)	YoY	
			Amount	Ratio
Net sales	9,322	9,200	(122)	(1.3%)
Segment profit	(48)	170	218	—

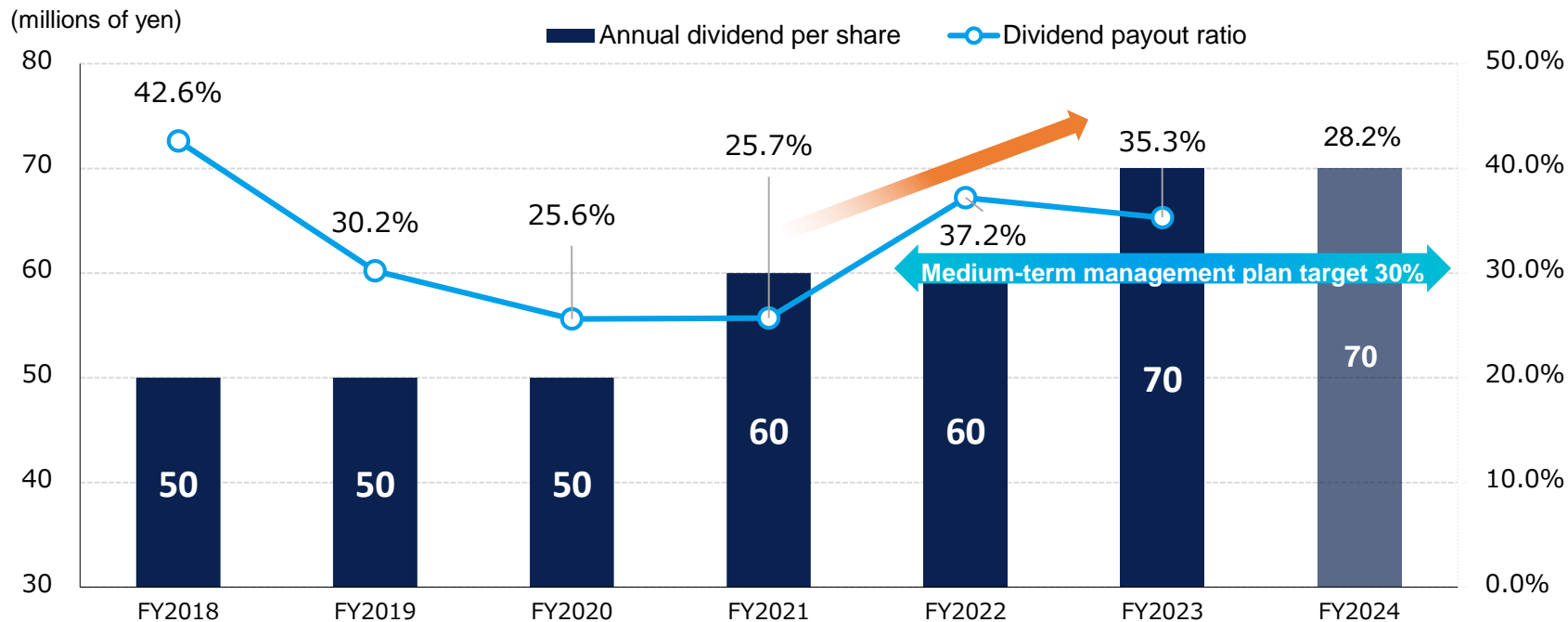
Real Estate Business

Expected to be at the same level as the current fiscal year due to stable rental income

(millions of yen)	FY2023 (Actual)	FY2024 (Forecast)	YoY	
			Amount	Ratio
Net sales	1,798	1,800	2	+0.1%
Segment profit	1,114	1,130	16	+1.4%

Returning profits to shareholders

Under the basic policy of "aiming to returning profits to shareholders through stable distribution, etc.," the Company paid a dividend of 60 yen per share in FY2022 and plans to pay 70 yen per share in FY2023, increased by 10 yen (total shareholder return ratio of 69.2%). The Company plans to continue to pay a dividend of 70 yen in FY2024



*Share buybacks of 85,000 shares (acquisition cost of 243,525 thousand yen) through ToSTNet-3 on May 31, 2022.

*In May 2023, announced share buyback via ToSTNet-3 for (maximum) 150,000 shares and a (maximum) total acquisition cost of 450,000 thousand yen

APPENDIX

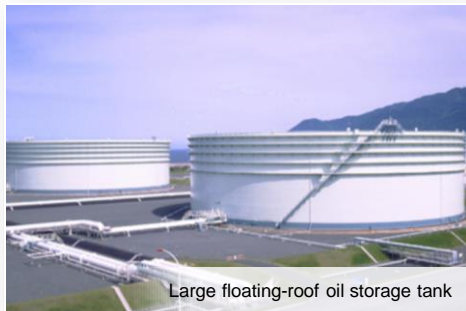
Corporate profile

Corporate name	ISHII IRON WORKS CO., LTD.
Headquarters	26-11, 3-Chome, Tsukishima, Chuo-ku, Tokyo
Date of establishment	Founded: March 1900 / Incorporated: November 1919
Representative	Hiroaki ISHII, Representative Director and President
Paid-in capital	1,892 million yen (as of March 31, 2023)
Business description	Steel Structure Business, Real Estate Business
Number of employees	139 (consolidated basis, as of March 31, 2023)
Group companies	Subsidiaries: 2, affiliates: 1
Fiscal year end	March 31
Qualifications	<ul style="list-style-type: none"> • ISO9001 Certification • Specific construction business license No.122476(Specific-1) issued by the Governor of Tokyo • First-Class Registered Architect's Office Registration No. 7001 issued by the Governor of Tokyo • Seismic structural calculation programs certified business site for high-pressure gas facilities, etc. (Class A and Class B)
Stock listings	Tokyo Stock Exchange Standard Market (Securities Code: 6362 / Loan-Transaction Stock)

Steel Structure Business

As a specialist tank manufacturer, Ishii Iron Works Co., Ltd. provides integrated engineering services from design to fabrication, installation, and commissioning, focusing on products for petroleum refineries, city gas companies, petrochemical companies, and electric power companies.

— Petroleum refineries



— Petrochemical companies



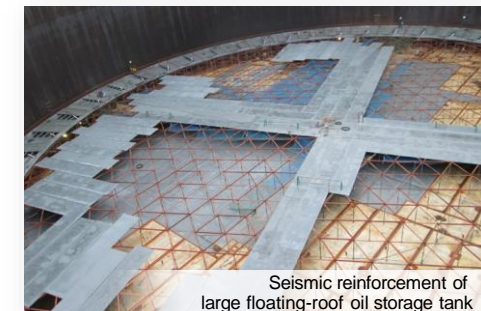
— City gas companies



— Other storage tanks



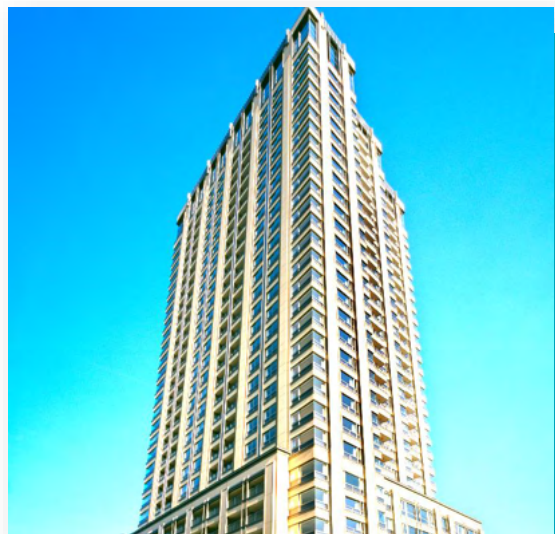
— Seismic reinforcement and maintenance



Real Estate Business

Ishii Iron Works Co., Ltd. develops and manages real estate that meets society's changing requirements, and provides high value-added buildings such as condominiums, logistics facilities, and commercial facilities that take advantage of company-owned land locations. In recent years, the Company has also entered the solar power generation business.

– Condominiums



Suncity Ginza East

– Logistics facilities



DS・L・HQ HANEDA

– Solar power generation



Higashi-Kojiya Fourth Power Plant

120 years of value creation

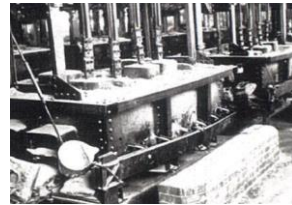
From “Technological contributions for our country” to “Technological contributions for the world”

From our founding period to the end of WW2

In 1900, Takichi ISHII founded an iron works shop in Tsukishima, Tokyo. The shop developed technologies related to the energy industry, including gas and oil, and provided a variety of equipment



Founder Takichi ISHII



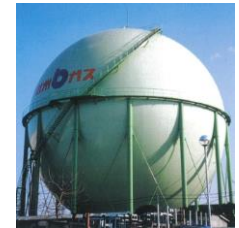
Manufactured the first alumina electrolyzer in Japan

From the oil crises to our 100th anniversary

Over many years of research and development, the Company was able to provide new equipment and construction methods, such as PS (pre-stressed) concrete tanks. Started real estate leasing business



Low-temperature tank made of PS concrete. Received many authorized certifications, including the Technological Progress Certification from the JPI (Japan Petroleum Institute) in 1978



Completed construction of one of the Japan's largest city gas holders in 1995

1900–1945

1945–1973

1973–2000

2000–Present

From the end of WW2 to the oil crises

Firmly established a position as a tank and plant manufacturer along with the development of the domestic energy industry. Having actively expanded overseas, the Company has become known as “ISHII—the tank fabricator.” Entered into new businesses such as leisure industry



Largest wet seal gas holder in East Asia (at that time)

Our 100th anniversary to today

Promoted the development of new facilities for a recycling-oriented society and real estate for an aging society



Low-temperature tank terminal completed in Singapore in 2015



Completed construction of Japan's first five tsunami-resilient structured tanks in Kesenumma, Miyagi in 2020



Completed construction of Japan's largest low-temperature ammonia tank in 2022

The Ishii DNA

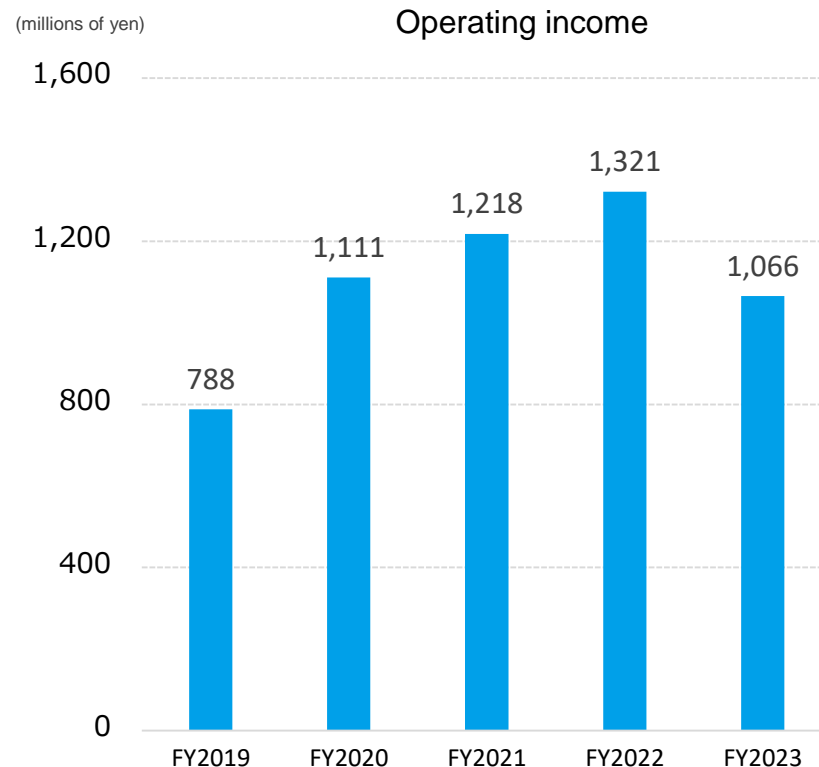
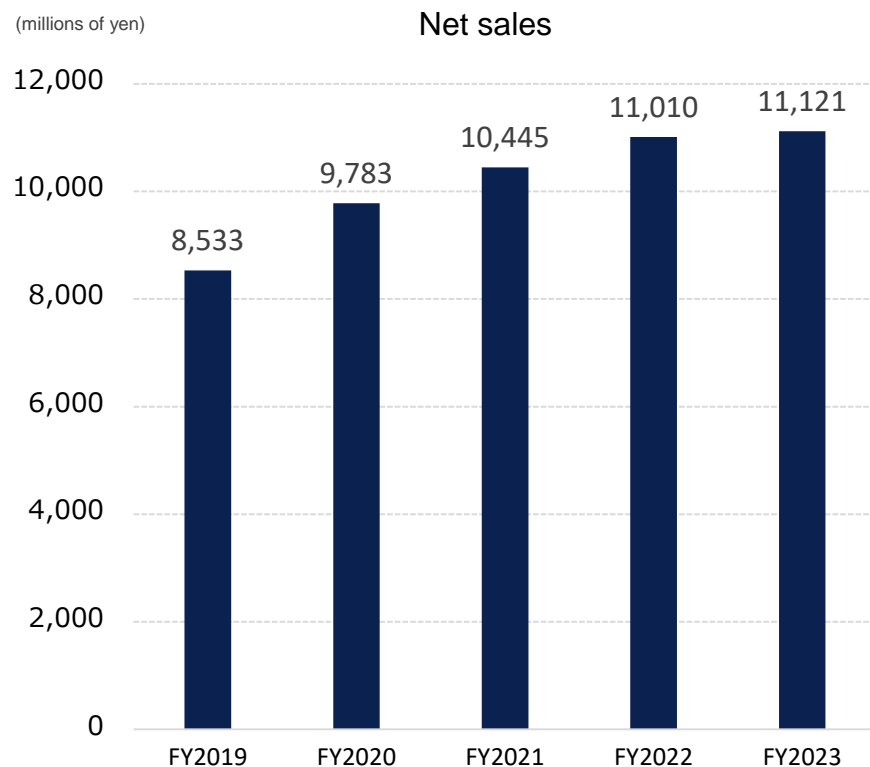
From EPC operations, which include planning, engineering, procurement, and construction, to commissioning and maintenance operations, we provide safe, reliable and highly efficient tanks and plants that meet our customers' requirement while complying with required regulations and standards within limited cost and time constraints.



Since its establishment in 1900, the Company has been supplying tank and plant facilities essential to customers in key industries such as petroleum, chemicals, steel, electric power, and gas throughout the world. Over the course of more than a century of history, we have inherited our DNA of a manufacturing company with technological know-how.

Focusing on the three points of (1) improving problem-solving skills, (2) improving communication skills, and (3) improving sensitivity backed by experience and qualifications, we develop global human resources.

Business results



Disclaimer

Forward-looking statements contained in this document are based on currently available information and current assumptions regarding uncertain factors that may affect future results. Accordingly, actual results may differ from these forecasts due to changes in various factors.