

Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]



November 15, 2021

Company name: INFRONEER Holdings Inc. (for Maeda Seisakusho Co., Ltd.)

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5076

URL: <https://www.infroneer.com>

Representative: Kazunari Kibe, Representative Executive Officer and President

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Scheduled date of filing quarterly securities report: –

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Not Available

Schedule of quarterly financial results briefing session: Scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 - September 30, 2021)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------------------------|-------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Six months ended September 30, 2021 | 16,768 | 14.4 | 600 | 16.1 | 639 | 11.3 | 428 | 8.7 |
| Six months ended September 30, 2020 | 14,660 | (17.3) | 517 | (19.9) | 574 | (15.5) | 394 | (11.9) |

(Note) Comprehensive income: Six months ended September 30, 2021: 126 million yen [(80.0)%]

Six months ended September 30, 2020: 634 million yen [67.6%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2021 | 27.03 | – |
| Six months ended September 30, 2020 | 24.83 | – |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of September 30, 2021 | 30,001 | 13,949 | 46.5 |
| As of March 31, 2021 | 31,151 | 13,973 | 44.9 |

(Reference) Equity: As of September 30, 2021: 13,949 million yen

As of March 31, 2021: 13,973 million yen

2. Dividends

| | Annual dividends per share | | | | |
|--|----------------------------|-----------------|-----------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2021 | – | 0.00 | – | 10.00 | 10.00 |
| Fiscal year ending March 31, 2022 | – | – | – | – | – |
| Fiscal year ending March 31, 2022 (Forecast) | – | – | – | – | – |

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: –, Excluded: –
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

| | |
|---------------------------|-------------------|
| As of September 30, 2021: | 15,821,648 shares |
| As of March 31, 2021: | 16,100,000 shares |
 - 2) Total number of treasury shares at the end of the period:

| | |
|---------------------------|----------------|
| As of September 30, 2021: | – shares |
| As of March 31, 2021: | 226,953 shares |
 - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

| | |
|--------------------------------------|-------------------|
| Six months ended September 30, 2021: | 15,867,369 shares |
| Six months ended September 30, 2020: | 15,892,017 shares |

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2021, the Japanese economy continued to experience ups and downs due to strengthening and easing restrictions on activities caused by the COVID-19 pandemic, with consumer spending also going down and up, repeatedly. The ups and downs of performance by industry were also clear, and business sentiment remained polarized. While vaccination rates have increased and economic activity is expected to pick up, the emergence of new variants continues to be a concern. The balance between preventing the spread of COVID-19 and boosting economic activity is entering a new phase.

In the construction industry, the Group's major customer, civil engineering-related work remained solid, in preparation for disaster recovery works and national resilience. Meanwhile, there are growing concerns about pressure on earnings due to soaring raw materials prices and rising labor costs caused by labor shortages. Partly because it remains hard to tell when the COVID-19 pandemic will be brought under control, the outlook remains uncertain.

Under such a business environment, the Group has responded flexibly to various changes in the environment without being bound by conventions, to aim to ensure growth and profitability by proactively working on digital technology and expanding its business domain. As a result, consolidated net sales for the six months ended September 30, 2021 increased by 14.4% year on year to 16,768 million yen. On the profit side, the Company posted 600 million yen in consolidated operating profit (up 16.1% year on year), 639 million yen in consolidated ordinary profit (up 11.3% year on year), and 428 million yen in profit attributable to owners of parent (up 8.7% year on year). As the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard") and other standards, consolidated net sales increased by 81 million yen, and both consolidated operating profit and consolidated ordinary profit increased by 18 million yen.

Overview of net sales by segment for the six months ended September 30, 2021, is as follows.

Construction Machinery-related Business

The construction machinery-related business posted net sales of 10,935 million yen, up 9.7% year on year.

Net sales of construction machinery-related merchandise increased by 17.3% year on year to 6,105 million yen, net sales of construction machinery-related rental decreased by 3.4% year on year to 1,661 million yen, and net sales of construction machinery-related services increased by 4.2% year on year to 3,168 million yen.

Industrial and Steel Structure Machinery-related Business

The industrial and steel structure machinery-related business posted net sales of 4,818 million yen, up 32.3% year on year.

Net sales of industrial machinery-related products increased by 48.6% year on year to 2,894 million yen, and net sales of industrial machinery-related merchandise decreased by 10.4% year on year to 495 million yen.

Net sales of steel structure machinery-related products increased by 14.2% year on year to 695 million yen, and net sales of industrial machinery-related - others increased by 37.4% year on year to 733 million yen.

As the Company has applied the Revenue Recognition Accounting Standard, etc., net sales increased by 81 million yen, and operating profit increased by 18 million yen.

Nursing Care Equipment-related Business

The nursing care equipment-related business posted net sales of 760 million yen, up 7.5% year on year.

Other Business

The other business posted net sales of 253 million yen, down 26.2% year on year.

(2) Explanation of Financial Position

Current assets as of September 30, 2021 decreased by 415 million yen from the end of the previous fiscal year to 17,687 million yen. This was mainly due to a decrease in notes and accounts receivable - trade, and contract assets despite an increase in cash and deposits.

Non-current assets decreased by 734 million yen from the end of the previous fiscal year to 12,313 million yen. This was mainly due to a decrease in investment securities as a result of a drop in the market prices of shares held.

As a result, total assets decreased by 1,150 million yen from the end of the previous fiscal year to 30,001 million yen.

Current liabilities as of September 30, 2021 decreased by 441 million yen from the end of the previous fiscal year to 12,589 million yen. This was mainly due to a decrease in income taxes payable.

Non-current liabilities decreased by 685 million yen from the end of the previous fiscal year to 3,461 million yen. This was mainly due to decreases in long-term borrowings (down 286 million yen) and lease obligations (down 263 million yen).

As a result, total liabilities decreased by 1,126 million yen from the end of the previous fiscal year to 16,051 million yen.

Total net assets as of September 30, 2021 decreased by 24 million yen from the end of the previous fiscal year to 13,949 million yen. This was mainly due to a decrease in valuation difference on available-for-sale securities. As the Company has applied the Revenue Recognition Accounting Standard, etc., net assets increased due to a 7 million yen increase in retained earnings at the beginning of the period.

As a result, the equity ratio as of September 30, 2021 stood at 46.5% (44.9% as of the end of the previous fiscal year).

Status of cash flows

During the six months ended September 30, 2021, cash and cash equivalents amounted to 5,832 million yen (5,133 million yen as of the end of the previous fiscal year).

(Cash flows from operating activities)

During the six months ended September 30, 2021, net cash provided by operating activities was 1,488 million yen (an inflow of 1,632 million yen in the same period of the previous fiscal year). This was mainly due to the recording of profit before income taxes of 638 million yen (568 million yen in the same period of the previous fiscal year) and depreciation of 898 million yen (913 million yen in the same period of the previous fiscal year).

(Cash flows from investing activities)

During the six months ended September 30, 2021, net cash used in investing activities was 723 million yen (an outflow of 1,295 million yen in the same period of the previous fiscal year). This was mainly due to purchase of property, plant and equipment, including assets for rent.

(Cash flows from financing activities)

During the six months ended September 30, 2021, net cash used in financing activities was 500 million yen (an outflow of 439 million yen in the same period of the previous fiscal year). This was mainly due to repayments of long-term borrowings.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,590,484 | 5,852,045 |
| Notes and accounts receivable - trade | 8,618,748 | - |
| Notes and accounts receivable - trade, and contract assets | - | 7,841,064 |
| Inventories | 3,633,819 | 3,739,580 |
| Accounts receivable - other | 235,498 | 192,958 |
| Other | 66,417 | 86,533 |
| Allowance for doubtful accounts | (41,652) | (24,339) |
| Total current assets | 18,103,315 | 17,687,842 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Assets for rent | 17,553,281 | 17,449,264 |
| Accumulated depreciation | (13,767,509) | (13,992,562) |
| Assets for rent, net | 3,785,772 | 3,456,701 |
| Buildings and structures | 8,446,306 | 8,684,426 |
| Accumulated depreciation | (6,411,939) | (6,502,993) |
| Buildings and structures, net | 2,034,367 | 2,181,433 |
| Machinery, equipment and vehicles | 2,547,956 | 2,617,513 |
| Accumulated depreciation | (2,017,686) | (2,061,569) |
| Machinery, equipment and vehicles, net | 530,270 | 555,944 |
| Land | 3,072,136 | 3,073,518 |
| Leased assets | 955,659 | 939,782 |
| Accumulated depreciation | (409,518) | (451,787) |
| Leased assets, net | 546,140 | 487,995 |
| Other | 1,070,340 | 976,189 |
| Accumulated depreciation | (793,052) | (769,120) |
| Other, net | 277,287 | 207,069 |
| Total property, plant and equipment | 10,245,975 | 9,962,662 |
| Intangible assets | | |
| Leasehold interests in land | 41,148 | 41,148 |
| Software | 53,478 | 46,991 |
| Other | 242 | 230 |
| Total intangible assets | 94,868 | 88,369 |
| Investments and other assets | | |
| Investment securities | 2,553,013 | 2,136,239 |
| Deferred tax assets | 47,077 | 36,965 |
| Other | 169,266 | 167,183 |
| Allowance for doubtful accounts | (62,046) | (78,260) |
| Total investments and other assets | 2,707,311 | 2,262,127 |
| Total non-current assets | 13,048,155 | 12,313,159 |
| Total assets | 31,151,470 | 30,001,002 |

INFRONEER Holdings Inc. (Maeda Seisakusho Co., Ltd.) (5076)
Consolidated Financial Results for the Six Months Ended September 30, 2021

(Thousand yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 6,551,461 | 6,521,136 |
| Short-term borrowings | 4,121,029 | 4,176,837 |
| Lease obligations | 135,202 | 335,267 |
| Income taxes payable | 406,865 | 202,391 |
| Provision for bonuses | 625,350 | 563,060 |
| Provision for bonuses for directors (and other officers) | 44,110 | - |
| Other | 1,147,199 | 791,265 |
| Total current liabilities | 13,031,218 | 12,589,958 |
| Non-current liabilities | | |
| Long-term borrowings | 1,469,314 | 1,183,090 |
| Lease obligations | 439,940 | 176,822 |
| Deferred tax liabilities | 228,159 | 133,181 |
| Retirement benefit liability | 1,874,816 | 1,855,768 |
| Other | 134,320 | 112,514 |
| Total non-current liabilities | 4,146,550 | 3,461,377 |
| Total liabilities | 17,177,769 | 16,051,336 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 3,160,000 | 3,160,000 |
| Capital surplus | 111,020 | 100,000 |
| Retained earnings | 9,346,616 | 9,526,466 |
| Treasury shares | (109,190) | - |
| Total shareholders' equity | 12,508,446 | 12,786,466 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,258,698 | 964,289 |
| Remeasurements of defined benefit plans | 206,556 | 198,910 |
| Total accumulated other comprehensive income | 1,465,255 | 1,163,199 |
| Total net assets | 13,973,701 | 13,949,665 |
| Total liabilities and net asset | 31,151,470 | 30,001,002 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30, 2020 and 2021

(Thousand yen)

| | For the six months ended September 30, 2020 | For the six months ended September 30, 2021 |
|--|--|--|
| Net sales | 14,660,205 | 16,768,554 |
| Cost of sales | 11,656,677 | 13,478,228 |
| Gross profit | 3,003,527 | 3,290,325 |
| Selling, general and administrative expenses | 2,486,467 | 2,690,154 |
| Operating profit | 517,060 | 600,170 |
| Non-operating income | | |
| Interest income | 8,385 | 7,592 |
| Dividend income | 37,274 | 34,747 |
| Foreign exchange gains | 5,777 | - |
| Rental income from real estate | 10,756 | 10,948 |
| Other | 28,586 | 20,067 |
| Total non-operating income | 90,780 | 73,356 |
| Non-operating expenses | | |
| Interest expenses | 17,841 | 15,092 |
| Foreign exchange losses | - | 7,864 |
| Loss on sale of notes receivable - trade | 5,003 | 4,936 |
| Other | 10,045 | 5,911 |
| Total non-operating expenses | 32,891 | 33,805 |
| Ordinary profit | 574,950 | 639,721 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 6,064 | 1,124 |
| Impairment losses | 264 | 422 |
| Total extraordinary losses | 6,329 | 1,546 |
| Profit before income taxes | 568,621 | 638,174 |
| Income taxes - current | 122,196 | 170,495 |
| Income taxes - deferred | 51,901 | 38,712 |
| Total income taxes | 174,097 | 209,207 |
| Profit | 394,524 | 428,966 |
| Profit attributable to owners of parent | 394,524 | 428,966 |

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30, 2020 and 2021

(Thousand yen)

| | For the six months ended September 30, 2020 | For the six months ended September 30, 2021 |
|--|--|--|
| Profit | 394,524 | 428,966 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 238,782 | (294,409) |
| Remeasurements of defined benefit plans, net of tax | 888 | (7,646) |
| Total other comprehensive income | 239,670 | (302,055) |
| Comprehensive income | 634,194 | 126,910 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 634,194 | 126,910 |
| Comprehensive income attributable to non-controlling interests | - | - |

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

| | For the six months ended September 30, 2020 | For the six months ended September 30, 2021 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 568,621 | 638,174 |
| Depreciation | 913,356 | 898,087 |
| Impairment losses | 264 | 422 |
| Increase (decrease) in allowance for doubtful accounts | 918 | (1,099) |
| Increase (decrease) in provision for bonuses | (36,130) | (62,290) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (43,450) | (44,110) |
| Increase (decrease) in retirement benefit liability | 17,282 | (26,694) |
| Interest and dividend income | (45,660) | (42,339) |
| Interest expenses | 17,841 | 15,092 |
| Foreign exchange losses (gains) | 29 | 3,392 |
| Loss on retirement of property, plant and equipment | 6,064 | 1,124 |
| Decrease (increase) in trade receivables | 2,078,586 | - |
| Decrease (increase) in trade receivables and contract assets | - | 777,683 |
| Decrease (increase) in inventories | (1,241,731) | (105,213) |
| Decrease (increase) in accounts receivable - other | 216,288 | 42,539 |
| Increase (decrease) in trade payables | (422,227) | 79,335 |
| Increase (decrease) in accrued expenses | (16,403) | (9,507) |
| Increase (decrease) in advances received | 219,774 | (38,085) |
| Increase (decrease) in accrued consumption taxes | (72,836) | (183,800) |
| Other, net | (89,231) | (111,967) |
| Subtotal | 2,071,357 | 1,830,743 |
| Interest and dividends received | 45,659 | 42,338 |
| Interest paid | (17,727) | (15,002) |
| Income taxes paid | (466,628) | (369,776) |
| Net cash provided by (used in) operating activities | 1,632,660 | 1,488,302 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,270,654) | (721,102) |
| Purchase of intangible assets | (4,388) | (5,300) |
| Purchase of investment securities | (7,391) | (4,629) |
| Loan advances | (5,517) | (3,000) |
| Proceeds from collection of loans receivable | 5,472 | 5,234 |
| Other, net | (13,317) | 5,705 |
| Net cash provided by (used in) investing activities | (1,295,795) | (723,092) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 338,359 | 150,430 |
| Repayments of long-term borrowings | (464,858) | (380,846) |
| Repayments of finance lease obligations | (80,984) | (67,414) |
| Repayments of installment payables - property and equipment | (73,061) | (43,695) |
| Dividends paid | (158,748) | (158,730) |
| Net cash provided by (used in) financing activities | (439,293) | (500,257) |
| Effect of exchange rate change on cash and cash equivalents | (29) | (3,392) |
| Net increase (decrease) in cash and cash equivalents | (102,458) | 261,560 |
| Cash and cash equivalents at beginning of period | 5,235,861 | 5,570,484 |
| Cash and cash equivalents at end of period | 5,133,403 | 5,832,045 |

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard") and other standards since the beginning of the three months ended June 30, 2021, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time the control of those goods or services is transferred to customers. Sales of some individual custom-made products and construction contracts were previously recognized at a point in time; however, the Company has adopted a method where sales are recognized over a certain period of time based on the degree of progress calculated using the cost-to-cost method.

The Company has applied the Revenue Recognition Accounting Standard, etc., in accordance with the transitional treatment as provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of retroactively applying new accounting policies prior to the beginning of the three months ended June 30, 2021, has been added to or deducted from retained earnings at the beginning of the three months ended June 30, 2021, and new accounting policies have been applied to the balance from the beginning of the said period. However, applying the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standard, the Company does not retroactively apply the new accounting policies to the contracts almost all of whose revenue was recognized in compliance with the conventional method before the beginning of the three months ended June 30, 2021. In addition, applying the method prescribed in the note (1) for Paragraph 86 of the Revenue Recognition Accounting Standard, the Company accounts for contract changes made prior to the beginning of the three months ended June 30, 2021, based on the contract terms after reflecting all contract changes, and added or deducted their cumulative effect to or from retained earnings at the beginning of the three months ended June 30, 2021.

As a result, for the six months ended September 30, 2021, net sales increased by 81 million yen, cost of sales increased by 63 million yen, and operating profit, ordinary profit, and profit before income taxes each increased by 18 million yen. In addition, retained earnings at the beginning of the period increased by 7 million yen.

As a result of the application of the Revenue Recognition Accounting Standard, etc., "notes and accounts receivable-trade," stated under "current assets" in the consolidated balance sheets for the previous fiscal year, is included in "notes and accounts receivable-trade, and contract assets" from the three months ended June 30, 2021. In addition, "decrease (increase) in trade receivables," stated under "cash flows from operating activities" in the quarterly consolidated statements of cash flows for the six months ended September 30, 2020, is included in "decrease (increase) in trade receivables and contract assets" from the six months ended September 30, 2021. The Company has made no reclassification for the previous fiscal year by using the new presentation method in accordance with the transitional treatment as provided for in Paragraph 89-2 of the Revenue Recognition Accounting Standard. Furthermore, the Company does not state information on the breakdown of revenue generated from the contracts with customers for the six months ended September 30, 2020, in accordance with the transitional treatment as provided for in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard") and other measurements since the beginning of the three months ended June 30, 2021, prospectively applying new accounting policies defined in the Fair Value Measurement Accounting Standard, etc. in accordance with the

transitional treatment as provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and in Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This application has no impact on the Company’s quarterly consolidated financial statements.

(Significant subsequent events)

[Business integration by establishing a joint holding company]

The Company, Maeda Corporation, and Maeda Road Construction Co., Ltd. (hereinafter referred to as “Maeda Road”; these three companies hereinafter collectively referred to as the “Three Companies”) established INFRONEER Holdings Inc. as a wholly-owning parent company of the Three Companies (hereinafter referred to as the “Holding Company”) through a joint share transfer (hereinafter referred to as the “Share Transfer”) to integrate the businesses on October 1, 2021 (hereinafter referred to as the “Business Integration”).

1. Purpose of the Share Transfer

As the business environment changes significantly in the future, in order to achieve lasting growth throughout the Group together, we believe that it is essential to maximize the synergy effect as the whole Group, with the Three Companies enhancing their coordination more than ever, building a solid management foundation that can respond to changes in the environment, and optimally allocating the management resources, among other initiatives. We are confident that implementing the Group’s strategy in a unified manner through the transition to a holding company structure in the Business Integration will contribute to improving the corporate value of the Three Companies as well as the whole Group.

2. Overview of the Share Transfer

(1) Method of the Share Transfer

The Share Transfer is a joint share transfer in which the Three Companies become wholly-owned subsidiaries resulting from a share transfer and the joint holding company becomes a wholly-owning parent company.

(2) Contents of the allotment pertaining to the Share Transfer (share transfer ratio)

| | Maeda Corporation | Maeda Road | the Company |
|----------------------|-------------------|------------|-------------|
| Share transfer ratio | 1.00 | 2.28 | 0.58 |

Notes:

1. Allotment ratio of shares:

The shares were issued and allocated at ratios of 1.00 common shares of the Holding Company for one common share of Maeda Corporation, 2.28 common shares of the Holding Company for one common share of Maeda Road, and 0.58 common shares of the Holding Company for one common share of the Company.

2. Number of shares per unit of the Holding Company is 100 shares.

3. Total number of new shares issued by the Holding Company:

391,539,797 common shares

(3) Overview of the newly established company by the Share Transfer

| | |
|--------------------------------------|---|
| Name | INFRONEER Holdings Inc. |
| Location | 2-10-2 Fujimi, Chiyoda-ku, Tokyo |
| Name and title of the representative | Kazunari Kibe, Representative Executive Officer and President |
| Business category | Provision of all sorts of infrastructure services from planning and proposal to design, construction, and operation & maintenance of infrastructures, as well as management and control of the group and subsidiaries operating the construction business (civil engineering and architecture), paving and manufacturing & sales of construction machinery, and all businesses incidental or related thereto. |
| Capital | 20,000 million yen |
| Fiscal year end | March 31 |

(Segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

1. Information on amounts of net sales and profit (loss) by reportable segment

(Thousand yen)

| | Reportable segments | | | | Others (Note 1) | Total | Adjustment (Note 2) | Amount recorded in Quarterly Consolidated Statements of Income (Note 3) |
|-------------------------------------|---|---|---|------------|--------------------|------------|------------------------|---|
| | Construction Machinery- related Business | Industrial and Steel Structure Machinery- related Business | Nursing Care Equipment- related Business | Total | | | | |
| Net sales | | | | | | | | |
| Net sales to external customers | 9,965,277 | 3,643,358 | 707,775 | 14,316,411 | 343,794 | 14,660,205 | — | 14,660,205 |
| Inter-segment sales or transfers | 23,462 | 210,616 | 51 | 234,129 | 210,702 | 444,832 | (444,832) | — |
| Total | 9,988,739 | 3,853,974 | 707,826 | 14,550,540 | 554,497 | 15,105,037 | (444,832) | 14,660,205 |
| Segment profit (loss) | 750,480 | 46,894 | 101,241 | 898,617 | (30,773) | 867,843 | (350,782) | 517,060 |

- (Notes) 1. “Others” refer to business segments not included in the reportable segments, which include planning and sales of products in new fields, automobile sales, insurance agency business, and manufacturing and sales of cylinders, etc.
2. Adjustment in segment profit (loss) of (350,782) thousand yen includes an adjustment of (3,475) thousand yen due to elimination of intra-company transactions and (347,307) thousand yen for corporate expenses not allocated to reportable segments. Corporate expenses consist mainly of general and administrative expenses and test and research costs that are not attributable to any reportable segments.
3. Segment profit (loss) is adjusted with the operating profit stated in the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

(Thousand yen)

| | Reportable segments | | | | Others | Corporate/ elimination | Total |
|-----------------|---|--|---|-------|--------|---------------------------|-------|
| | Construction Machinery- related Business | Industrial and Steel Structure Machinery- related Business | Nursing Care Equipment- related Business | Total | | | |
| Impairment loss | — | — | — | — | — | 264 | 264 |

II. For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

1. Information on amounts of net sales and profit (loss) and information on breakdown of revenue by reportable segment

(Thousand yen)

| | Reportable segments | | | | Others (Note 1) | Total | Adjustment (Note 2) | Amount recorded in Quarterly Consolidated Statements of Income (Note 3) |
|---|---|---|---|------------|--------------------|------------|------------------------|---|
| | Construction Machinery- related Business | Industrial and Steel Structure Machinery- related Business | Nursing Care Equipment- related Business | Total | | | | |
| Net sales | | | | | | | | |
| Merchandise and finished goods | 6,105,280 | 4,085,545 | 16,344 | 10,207,171 | 200,273 | 10,407,444 | — | 10,407,444 |
| Services | 3,168,314 | 583,114 | — | 3,751,428 | 15,047 | 3,766,476 | — | 3,766,476 |
| Rental (Note 4) | 1,661,636 | 150,300 | 726,320 | 2,538,258 | — | 2,538,258 | — | 2,538,258 |
| Others | — | — | 17,972 | 17,972 | 38,403 | 56,375 | — | 56,375 |
| Total | 10,935,232 | 4,818,961 | 760,637 | 16,514,830 | 253,723 | 16,768,554 | — | 16,768,554 |
| Goods transferred at a point in time | 9,273,595 | 4,587,274 | 34,317 | 13,895,186 | 253,723 | 14,148,909 | — | 14,148,909 |
| Goods transferred over time (Note 4) | 1,661,636 | 231,686 | 726,320 | 2,619,644 | — | 2,619,644 | — | 2,619,644 |
| Total | 10,935,232 | 4,818,961 | 760,637 | 16,514,830 | 253,723 | 16,768,554 | — | 16,768,554 |
| Net sales to external customers | 10,935,232 | 4,818,961 | 760,637 | 16,514,830 | 253,723 | 16,768,554 | — | 16,768,554 |
| Inter-segment sales or transfers | 40,912 | 770,790 | — | 811,702 | 244,351 | 1,056,054 | (1,056,054) | — |
| Total | 10,976,144 | 5,589,751 | 760,637 | 17,326,533 | 498,074 | 17,824,608 | (1,056,054) | 16,768,554 |
| Segment profit (loss) | 785,604 | 152,814 | 133,291 | 1,071,711 | (17,648) | 1,054,062 | (453,891) | 600,170 |

- (Notes) 1. “Others” refer to business segments not included in the reportable segments, which include planning and sales of products in new fields, and manufacturing and sales of cylinders, etc.
2. Adjustment in segment profit (loss) of (453,891) thousand yen includes an adjustment of (166,648) thousand yen due to elimination of intra-company transactions and (287,243) thousand yen for corporate expenses not allocated to reportable segments. Corporate expenses consist mainly of general and administrative expenses and test and research costs that are not attributable to any reportable segments.
3. Segment profit (loss) is adjusted with the operating profit stated in the quarterly consolidated statements of income.
4. Revenue generated from other sources other than revenue generated from the contracts with customers is included. The Company has applied the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) to rental sales.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

(Thousand yen)

| | Reportable segments | | | | Others | Corporate/ elimination | Total |
|-----------------|---|--|---|-------|--------|---------------------------|-------|
| | Construction Machinery- related Business | Industrial and Steel Structure Machinery- related Business | Nursing Care Equipment- related Business | Total | | | |
| Impairment loss | — | — | — | — | — | 422 | 422 |

3. Notes relating to changes in reportable segments, etc.

The Company has applied the Revenue Recognition Accounting Standard, etc. and changed the way of accounting methods for revenue recognition since the beginning of the three months ended June 30, 2021, as described above in “Changes in accounting policies.” Therefore, the Company has similarly changed the method of measuring segment profit or loss.

As a result, net sales and segment profit in the industrial and steel structure machinery-related business for the six months ended September 30, 2021, increased by 81 million yen and 18 million yen, respectively, compared with the conventional method.