

Translation

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Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: INFRONEER Holdings Inc.
 Stock exchange listing: Tokyo
 Stock code: 5076 URL <https://www.infroneer.com>
 Representative: Representative Executive Officer and Kazunari Kibe
 President
 Inquiries: General Manager of Financial Strategy Kazutaka Deguchi TEL 03-6380-8253
 Scheduled date of ordinary general meeting of shareholders: June 23, 2022
 Scheduled date to file Securities Report: June 23, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	682,912	—	37,489	—	38,036	—	26,689	—
Fiscal year ended March 31, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥16,756 million [-%]
 Fiscal year ended March 31, 2021: ¥— million [-%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	94.73	—	8.7	4.1	5.5
Fiscal year ended March 31, 2021	—	—	—	—	—

(Reference) Share of profit (loss) of entities accounted for using equity method: Fiscal year ended March 31, 2022: ¥652 million
 Fiscal year ended March 31, 2021: ¥— million

- (Notes) 1. The Company was established by joint share transfer on October 1, 2021; therefore, there are no year-on-year results.
 2. The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc., has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022 of Maeda Corporation, the former parent company, which has become a wholly-owned subsidiary of the Company resulting from the share transfer, and figures for the fiscal year ended March 31, 2022 are based on the application of this Accounting Standard, etc.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	926,432	355,865	37.4	1,312.19
As of March 31, 2021	—	—	—	—

(Reference) Equity: As of March 31, 2022: ¥346,911 million
 As of March 31, 2021: ¥— million

- (Notes) 1. The Company was established by joint share transfer on October 1, 2021; therefore, there are no year-on-year results.
 2. The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc., has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022 of Maeda Corporation, the former parent company, which has become a wholly-owned subsidiary of the Company resulting from the share transfer, and figures as of March 31, 2022, are based on the application of this Accounting Standard, etc.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2022	(16,333)	(22,547)	15,288	76,018
Fiscal year ended March 31, 2021	—	—	—	—

(Note) The Company was established by joint share transfer on October 1, 2021; therefore, there are no year-on-year results.

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	—	—	—	—	—	—	—	—
Fiscal year ended March 31, 2022	—	—	—	40.00	40.00	10,770	42.2	2.9
Fiscal year ending March 31, 2023 (Forecast)	—	—	—	40.00	40.00		32.4	

(Notes) 1. The Company was established by joint share transfer on October 1, 2021; therefore, there are no results for the preceding year or through the six months ended September 30, 2021.

2. The source of all dividends for the fiscal year ended March 31, 2022 is to be other capital surplus. For more details, please refer to “Breakdown of the dividends paid out of other capital surplus” described later.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	730,600	7.0	42,600	13.6	43,500	14.4	32,400	21.4	123.55

* Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Notes on changes in significant subsidiaries during the year ended March 31, 2022

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

Notes on changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	291,070,502 shares	As of March 31, 2021	— shares
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2) Number of treasury shares at the end of the period

As of March 31, 2022	26,694,723 shares	As of March 31, 2021	— shares
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3) Average number of shares during the period

Fiscal year ended March 31, 2022	281,728,696 shares	Fiscal year ended March 31, 2021	— shares
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(Notes) 1. The Company's shares held by the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan Trust are included in the number of treasury shares at the end of the period (4,221,300 shares at the end of the year ended March 31, 2022). The Company's shares held by the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan Trust are included in the number of treasury shares deducted in the calculation of the average number of shares during the period (324,715 shares at the end of the year ended March 31, 2022).

2. The Company's shares held by Board Benefit Trust (BBT) are included in the number of treasury shares at the end of the period (657,500 shares at the end of the year ended March 31, 2022). The Company's shares held by Board Benefit Trust (BBT) are included in the number of treasury shares deducted in the calculation of the average number of shares during the period (657,500 shares at the end of the year ended March 31, 2022).

* These financial results are outside the scope of audit by certified public accountants or audit corporations.

* Explanation of the proper use of performance forecast and other notes

- The above forecasts are based on assumptions in light of information available as of the date of announcement of this material and factors of uncertainty that may possibly impact the future results of operation. These statements do not indicate that the Company pledges to realize these forecasts. Actual results may differ significantly from those presented herein as a result of numerous factors.
- The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road Construction Co., Ltd. (hereinafter “Maeda Road”) and Maeda Seisakusho Co., Ltd. (hereinafter “Maeda Seisakusho”) by means of a joint share transfer. Prior to the business integration, Maeda Road and Maeda Seisakusho were consolidated subsidiaries of Maeda Corporation, and as there has been no substantial change in the scope of consolidation of the Company due to the integration, the business results of the Company will be calculated based on full-year consolidated business results of the former Maeda Corporation.

Breakdown of the dividends paid out of capital surplus

Of the year-end dividends for the fiscal year ended March 31, 2022, the breakdown of the dividends paid out of capital surplus is as follows.

Record date	Fiscal year-end	Total
Dividend per share	¥40.00	¥40.00
Total dividends	¥10,770 million	¥10,770 million

(Note) Percentage decrease in net assets: 0.037

○ Table of Contents

1. Overview of Operating Results, etc.	5
(1) Overview of Operating Results for the Fiscal Year under Review	5
(2) Overview of Financial Position for the Fiscal Year under Review	6
(3) Overview of Cash Flows for the Fiscal Year under Review	6
(4) Future Outlook.....	7
(5) Basic Policy on Distribution of Profit and Dividends for Current and Next Fiscal Years.....	8
2. Status of Corporate Group.....	8
3. Basic Approach to the Selection of Accounting Standards	9
4. Consolidated Financial Statements and Primary Notes.....	10
(1) Consolidated Balance Sheet.....	10
(2) Consolidated Statement of Income and Comprehensive Income.....	12
Consolidated Statement of Income.....	12
Consolidated Statement of Comprehensive Income.....	13
(3) Consolidated Statement of Changes in Shareholders' Equity	14
(4) Consolidated Statement of Cash Flows.....	15
(5) Notes to Consolidated Financial Statements	17
(Notes on going concern assumption)	17
(Important matters that form the basis for preparation of consolidated financial statements)	17
(Changes to accounting policies)	21
(Additional information)	22
(Notes to consolidated balance sheet)	25
(Notes to consolidated statement of income)	27
(Notes to consolidated statement of changes in shareholders' equity).....	28
(Notes to consolidated statement of cash flows)	30
(Segment information, etc.).....	30
(Per share information).....	32
(Business combination)	33
(Significant subsequent event)	34
5. Others	35
(1) (Building Construction Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog ..	35
(2) (Civil Engineering Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog	36
(3) (Road Civil Engineering Segment) Classified by Type: Orders Received, Net Sales and Backlog	36
(4) Summary of Forecast of Consolidated Financial Results	37
(Reference) Maeda Corporation: Supplementary Information	38

1. Overview of Financial Results, etc.

The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road Construction Co., Ltd. (hereinafter “Maeda Road”) and Maeda Seisakusho Co., Ltd. (hereinafter “Maeda Seisakusho”) by means of a joint share transfer. Prior to the business integration, Maeda Road and Maeda Seisakusho were consolidated subsidiaries of Maeda Corporation, and there has been no substantial change in the scope of consolidation of the Company due to the integration. However, as the current fiscal year ended March 31, 2022 is the first consolidated accounting period since the establishment of the Company, no comparison with the previous fiscal year ended March 31, 2021 has been done.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2022, the Japanese economy continued to face difficult conditions due to an uncertain outlook caused by concern over the spread of the novel coronavirus infection (COVID-19) variants and the situation in Ukraine, although signs of recovery appeared owing to the gradual relaxation of COVID-19 restrictions on socioeconomic activities given the effects of vaccinations and various policies.

In the construction industry, although public investment remained at high levels due to the execution of related budgets, capital investments, which had included weakness in both this area and in housing construction, showed signs of movement toward recovery.

Under these circumstances, the Company was established on October 1, 2021, as a wholly-owning parent company of the three companies of Maeda Corporation, Maeda Road, and Maeda Seisakusho by means of a joint share transfer. With the objective of the entire group achieving sustained growth under the Company, the Company will strive to be a “company trusted by all stakeholders” by determining to aim for the mid- to long-term state of being an “integrated infrastructure service company,” establishing a “highly profitable and stable revenue base” without being influenced by external factors, operating expeditiously and appropriately, such as by building an effective governance structure and promoting digital transformation, and strengthening the ability to deal with social changes.

In addition, the Company resolved at the Board of Directors’ Meeting held on December 16, 2021 to select the Prime Market, and having applied for selection in accordance with the prescribed procedure, transition to the Prime Market was made on April 4, 2022.

Furthermore, at the Board of Directors’ Meeting held on March 22, 2022, the Company Group decided to acquire common shares of Toyo Construction Co., Ltd., an equity method affiliate, through a tender offer for the purpose of strengthening the group’s overall competitiveness while enhancing its corporate value. A tender offer for that company has been in effect since March 23, 2022.

The business results for the fiscal year ended March 31, 2022 are as follows.

1) Net sales

Consolidated net sales for the fiscal year amounted to about ¥682.9 billion.

2) Profit

In the fiscal year under review, strong performance in the construction business segment generated operating profit of around ¥37.4 billion and ordinary profit amounted to roughly ¥38.0 billion. Profit attributable to owners of parent was about ¥26.6 billion.

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., has been applied from the beginning of the first quarter of the fiscal year ended March 31, 2022 of Maeda Corporation, the former parent company, which has become a wholly-owned subsidiary of the Company resulting from the share transfer. Please refer to “4. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Changes to accounting policies)” for details.

Performance results by business segment are as follows.

[Building Construction]

In the building construction business, which engages in construction work primarily for multi-dwelling complexes and office buildings, as well as related activities, net sales were about ¥216.1 billion primarily due to domestic construction operations that had work in hand remaining firm on account of orders for large-scale projects, as well as solid work volume during the period. Segment profit was around ¥8.4 billion on efforts to raise profits generated by construction work.

[Civil Engineering]

The civil engineering business is engaged in construction work, mainly bridges and tunnels, as well as related businesses. Net sales amounted to roughly ¥142.6 billion on account of a decrease in the completion of large-scale projects for domestic civil engineering projects. Segment profit was about ¥14.6 billion due to the reversal of losses in line with the conclusion of disputed projects in overseas construction work.

[Road Civil Engineering]

Road civil engineering mainly engages in pavement work and other construction business, and manufacture and sale of asphalt mixture. As a result of firm sales, the segment posted net sales of around ¥232.7 billion. Segment profit was about ¥2.6 billion due to a steep rise in oil prices on account of a sustained and coordinated production cut policy in oil-producing countries and the situation in Ukraine.

[Machinery]

For machinery, which focuses on the manufacture and sale of construction machinery, net sales amounted to roughly ¥35.3 billion and segment profit was around ¥1.6 billion due to steady sales of construction machinery-related products, etc. and improved sales of industrial machinery-related products, etc., mainly for overseas export.

[Infrastructure Management]

For infrastructure management, which is mainly engaged in renewable energy and concession business, net sales amounted to around ¥18.6 billion and segment profit was about ¥6.0 billion due to solid results at Aichi Road Concession Co., Ltd. and other business companies, as well as the sale of two solar power energy generation businesses.

[Others]

The others business segment ranges from the retail business to manufacturing and sale of construction materials, building management, and real estate business, etc. Net sales amounted to roughly ¥37.4 billion and segment profit was about ¥1.8 billion.

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets for the current fiscal year were about ¥926.4 billion. Liabilities stood at around ¥570.5 billion. Net assets amounted to roughly ¥355.8 billion. As a result of the above, equity, which is net assets minus non-controlling interests, amounted to about ¥346.9 billion, and the equity ratio was 37.4%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Net cash used in operating activities in the current fiscal year was about ¥16.3 billion. Net cash used in investing activities amounted to roughly ¥22.5 billion. Net cash provided by financing activities amounted to around ¥15.2 billion. As a result of the above, the balance of cash and cash equivalents at the end of the current fiscal year decreased by about ¥22.9 billion from the end of the previous fiscal year, to roughly ¥76.0 billion.

Trends in Cash Flow Indices

	Fiscal year ended March 31, 2022
Equity ratio (%)	37.4
Equity ratio at market price (%)	31.7
Interest-bearing debt to cash flow ratio (times)	—
Interest coverage ratio (times)	—

(Notes) Equity ratio: Equity/Total assets

Equity ratio at market price: Current aggregate value of shares/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses

*All indicators are calculated based on consolidated financial figures.

*The current aggregate value of shares is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding (less treasury shares) at the end of the period.

*Cash flows from operating activities in the consolidated statement of cash flows are used for the cash flows from operating activities.

Interest-bearing debt covers all debt bearing interest recorded in the consolidated balance sheet. In addition, for interest payments, the amount of interest paid in the consolidated statement of cash flows are used.

(4) Future Outlook

Signs of a recovery from the COVID-19 pandemic had appeared owing to measures to prevent the spread of infection and the effects of various policies, but concerns of new variants of the virus have led to uncertainties about the timing of containment.

In line with government policies, together with placing utmost priority on ensuring the safety of our customers and employees, and preventing the spread of infection by continuing to take actions promptly, it is necessary to pay sufficiently close attention to the impact on socioeconomic activities such as employment and income environment.

We also need to keep a close eye on the impact of raw material price increases due to the uncertain situation in Ukraine, fluctuations in financial and capital markets, and supply-side constraints.

We will closely monitor future trends and promptly disclose any revisions to our management policies or strategies as necessary.

In the business environment surrounding the Company Group, national and local governments' finances are expected to become increasingly severe due to declining tax revenues on account of a declining population and increasing social security costs caused by the aging of society, while the constant deterioration of social infrastructure will make it difficult to invest in new construction, let alone in the maintenance and renewal of existing infrastructure. In addition, given increasingly critical labor shortages due to the shrinking working-age population caused by the falling birthrate and aging population, we also believe that a transformation to digitalization and responding to global environmental issues will be unavoidable, and that conventional values in the construction industry will evolve, while the industrial structure will itself be transformed.

Even in this environment, the Company Group has shifted to a holding company structure through the business integration of the three companies, namely, Maeda Corporation, Maeda Road, and Maeda Seisakusho, to sustain corporate development as a company that earns the trust of all its stakeholders.

We are committed to heightening synergies within the Company Group more than ever before, and to forge ahead in unison, further strengthening management by aggressively investing in human resource development, promoting greater use of IT, digital transformation, and other digital tools, improving productivity, establishing new revenue bases and increasing profitability, while bolstering and enhancing governance.

3) Net sales

On a consolidated basis, we expect net sales of ¥730.6 billion for the next fiscal year. By segment, we project net sales of ¥238.3 billion in building construction, ¥155.5 billion in civil engineering, ¥240.1 billion in road civil engineering, ¥35.5 billion in machinery, ¥21.7 billion in infrastructure management, and ¥39.5 billion in others.

4) Profit

For the next fiscal year, on a consolidated basis, we forecast ¥42.6 billion in operating profit, ¥43.5 billion in ordinary profit, and ¥32.4 billion in profit attributable to owners of parent.

(5) Basic Policy on Distribution of Profit and Dividends for Current and Next Fiscal Years

The Company regards the return of profits to shareholders as one of its most important management policies. The Company's returns policy is based on that of the medium-term management plan "INFRONEER Medium-term Vision 2024," and is planned to be 30% or more.

In addition, in order to further return profits to shareholders and enhance share value through the execution of a flexible capital policy, the Company began a share buyback program of up to ¥20.0 billion on November 16, 2021, which was completed on April 13, 2022.

The Company will pay a dividend of ¥40 per share to shareholders for the current fiscal year, in line with the year-end dividend forecast announced on February 8, 2022.

Shareholder dividends in the following fiscal year are planned to be ¥40 per share.

2. Status of Corporate Group

The Group (the Company and its subsidiaries and affiliates) is comprised of 58 subsidiaries and 24 affiliates, led by Maeda Corporation, Maeda Road Construction Co., Ltd. (hereinafter "Maeda Road") and Maeda Seisakusho Co., Ltd. (hereinafter "Maeda Seisakusho"). It engages primarily in building construction, civil engineering, road civil engineering, machinery, and infrastructure management businesses. It also conducts a wide array of other businesses, from retail to real estate. The segmentation is the same as that described in the segment information in "4. Notes to Consolidated Financial Statements."

[Building Construction]

The building construction business engages in construction work primarily for multi-dwelling complexes and office buildings and related activities. Subsidiary Maeda Corporation, affiliate Toyo Construction Co., Ltd. (hereinafter "Toyo Construction") and other companies operate this business, and these companies place orders with subsidiaries and affiliates for a portion of the construction work and delivery of materials.

[Civil Engineering]

The civil engineering business engages in construction work, mainly of bridges and tunnels, and related businesses. Subsidiary Maeda Corporation and affiliate Toyo Construction operate this business, and these companies place orders with subsidiaries and affiliates for part of the construction work they execute and for the delivery of materials.

[Road Civil Engineering]

Road civil engineering engages in pavement work and other construction business, and manufacture and sale of asphalt mixture. Subsidiary Maeda Road and other companies operate this business, and places orders for certain portions of construction and delivery of materials to subsidiaries and affiliates.

[Machinery]

The machinery business is engaged in the manufacture and sale of construction machinery, and the rental business. This business is operated by subsidiary Maeda Seisakusho and other companies, and these companies sell or lease certain machinery to subsidiaries and affiliates.

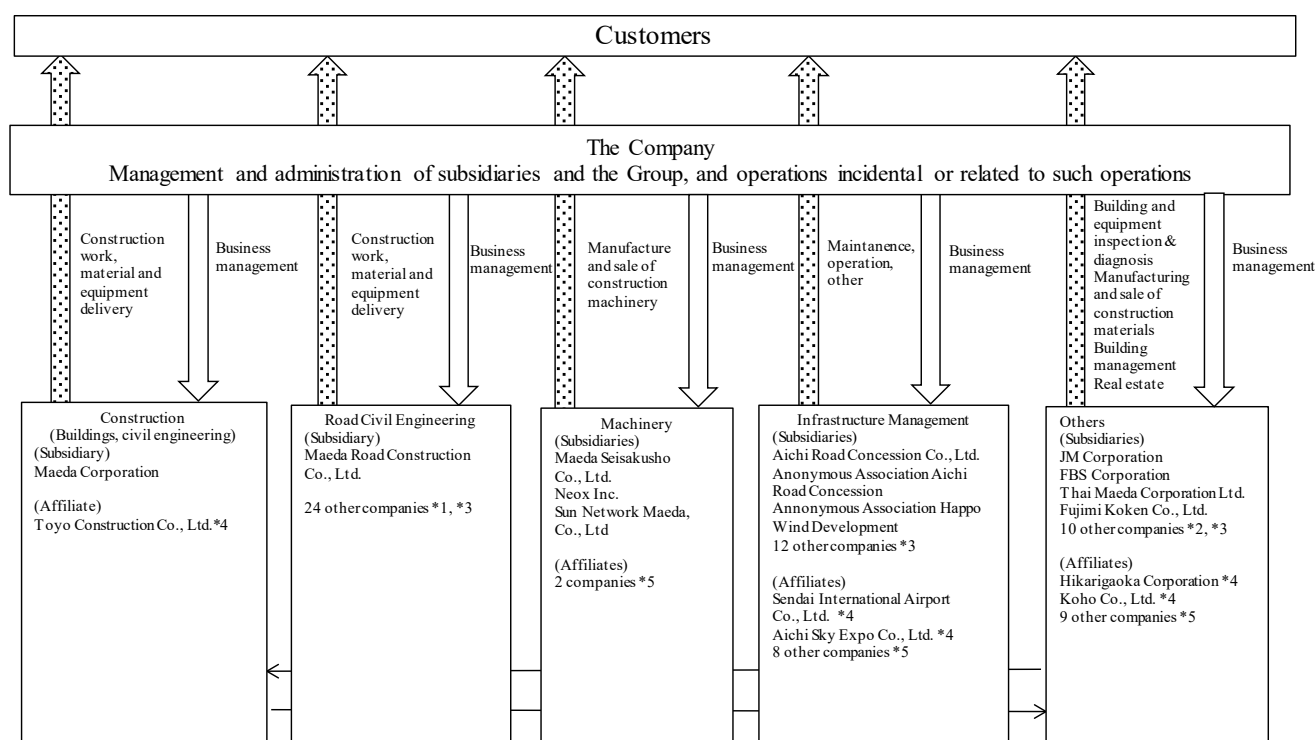
[Infrastructure Management]

Infrastructure management focuses on developing the renewable energy and concession businesses. Subsidiary Anonymous Association Happo Wind Development maintains and manages the wind power generation project, subsidiaries Aichi Road Concession Co., Ltd. and Anonymous Association Aichi Road Concession engages in the road maintenance and administration business, affiliate Sendai International Airport Co., Ltd. conducts airport maintenance and administration business, Aichi Sky Expo Co., Ltd. engages in exhibition maintenance and administration business, and subsidiary Maeda Corporation and other companies accept construction work orders.

[Others]

The others business segment is involved in a wide array of businesses, from retail to the manufacture and sale of construction materials, as well as building management, real estate, and other operations. JM Corporation, a subsidiary, is engaged in the inspection, diagnosis, and repair of buildings and equipment. In addition, Fujimi Koken Co., Ltd. is engaged in the manufacture and sale of secondary concrete products, and FBS Corporation is engaged in building renewal and building management, etc. Affiliate Hikarigaoka Corporation is engaged in the real estate business, mainly leasing and selling land and buildings, and our subsidiary entrusts the leasing rights of land and buildings to affiliates and receives orders for construction work.

The following is a schematic diagram of the business.



Construction work, manufacture and sale of equipment and materials, real estate sales and leasing, etc.

- (Notes) 1. Unmarked: 12 consolidated subsidiaries; *1: 15 consolidated subsidiaries; *2: One non-consolidated subsidiary accounted for by the equity method; *3: 30 non-consolidated subsidiaries not accounted for by the equity method; *4: Five affiliates accounted for by the equity method; and *5: 19 affiliates not accounted for by the equity method.
 2. In addition to the construction business, Toyo Construction Co., Ltd. is engaged in certain other businesses.

3. Basic Approach to the Selection of Accounting Standards

The Company has decided, and is preparing to voluntarily adopt, International Financial Reporting Standards (IFRS) in place of Japanese GAAP for the consolidated financial statements at the end of the fiscal year ending March 31, 2024, for the purpose of further streamlining and maintaining the quality of the financial and management reporting system for Group business management, and to improve the comparability of international financial information in capital markets.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

As of March 31, 2022

Assets	
Current assets	
Cash and deposits	*3 78,035
Notes receivable, accounts receivable from completed construction contracts and other	*3 310,801
Securities	30
Real estate for sale	1,987
Merchandise and finished goods	1,573
Costs on construction contracts in progress	*7 13,698
Raw materials and supplies	*3 3,444
Other	43,149
Allowance for doubtful accounts	(117)
Total current assets	<u>452,602</u>
Non-current assets	
Property, plant and equipment	
Buildings and structures	*3, *5 107,476
Machinery, vehicles, tools, furniture and fixtures	*3 171,647
Land	83,599
Leased assets	1,334
Construction in progress	2,550
Accumulated depreciation	(203,029)
Total property, plant and equipment	<u>163,578</u>
Intangible assets	
Right to operate public facilities	*3 109,721
Assets related to replacement investment to operate public facilities	24,122
Goodwill	19,891
Other	14,988
Total intangible assets	<u>168,724</u>
Investments and other assets	
Investment securities	*1, *2 120,123
Long-term loans receivable	221
Distressed receivables	354
Deferred tax assets	840
Retirement benefit asset	14,907
Other	*2 5,418
Allowance for doubtful accounts	(402)
Total investments and other assets	<u>141,464</u>
Total non-current assets	<u>473,767</u>
Deferred assets	<u>62</u>
Total assets	<u>926,432</u>

(Millions of yen)

As of March 31, 2022

Liabilities	
Current liabilities	
Electronically recorded obligations - operating	6,933
Account payable for works in progress and other	110,997
Short-term borrowings	84,492
Current portion of non-recourse loans	*3 1,194
Lease liabilities	236
Accounts payable - other	9,614
Income taxes payable	10,896
Advances received on construction contracts in progress	34,862
Provision for repairs	181
Provision for bonuses	8,080
Provision for bonuses for directors (and other officers)	406
Provision for share awards	379
Provision for warranties for completed construction	1,083
Provision for loss on construction contracts	836
Liabilities related to right to operate public facilities	4,555
Liabilities related to replacement investment to operate public facilities	1,016
Other	23,468
Total current liabilities	299,236
Non-current liabilities	
Bonds payable	45,000
Long-term borrowings	52,851
Non-recourse loans	*3 9,947
Lease liabilities	451
Deferred tax liabilities	14,305
Retirement benefit liability	16,767
Liabilities related to right to operate public facilities	103,843
Liabilities related to replacement investment to operate public facilities	24,588
Other	3,573
Total non-current liabilities	271,330
Total liabilities	570,566
Net assets	
Shareholders' equity	
Share capital	20,000
Capital surplus	134,117
Retained earnings	198,273
Treasury shares	(24,342)
Total shareholders' equity	328,048
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	18,275
Deferred gains or losses on hedges	3
Foreign currency translation adjustment	(95)
Remeasurements of defined benefit plans	680
Total accumulated other comprehensive income	18,863
Non-controlling interests	8,953
Total net assets	355,865
Total liabilities and net assets	926,432

(2) Consolidated Statement of Income and Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

Fiscal year ended
March 31, 2022

Net sales	
Net sales of completed construction contracts	390,678
Sales in other businesses	292,234
Total net sales	682,912
Cost of sales	
Cost of sales of completed construction contracts	*2 338,718
Cost of sales in other businesses	*1,*2 252,583
Total cost of sales	591,302
Gross profit	
Gross profit on completed construction contracts	51,959
Gross profit - other business	39,651
Total gross profit	91,610
Selling, general and administrative expenses	*3 54,120
Operating profit	37,489
Non-operating income	
Interest income	221
Dividend income	2,253
Foreign exchange gains	543
Share of profit of entities accounted for using equity method	652
Other	407
Total non-operating income	4,078
Non-operating expenses	
Interest expenses	2,571
Other	960
Total non-operating expenses	3,531
Ordinary profit	38,036
Extraordinary income	
Gain on sale of non-current assets	*5 331
Gain on sale of investment securities	7,808
Other	320
Total extraordinary income	8,460
Extraordinary losses	
Loss on retirement of non-current assets	*6 529
Loss on valuation of investment securities	686
Impairment losses	*7 494
Other	261
Total extraordinary losses	1,972
Profit before income taxes	44,524
Income taxes - current	14,649
Income taxes - deferred	95
Total income taxes	14,744
Profit	29,779
Profit attributable to non-controlling interests	3,089
Profit attributable to owners of parent	26,689

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022
Profit	29,779
Other comprehensive income	
Valuation difference on available-for-sale securities	(13,905)
Deferred gains or losses on hedges	46
Foreign currency translation adjustment	(71)
Remeasurements of defined benefit plans, net of tax	854
Share of other comprehensive income of entities accounted for using equity method	52
Total other comprehensive income	<u>(13,023)</u>
Comprehensive income	<u>16,756</u>
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	17,029
Comprehensive income attributable to non-controlling interests	(273)

(3) Consolidated Statement of Changes in Shareholders' Equity
Fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	28,463	37,549	178,526	(2,833)	241,706
Cumulative effects of changes in accounting policies			(177)		(177)
Restated balance	28,463	37,549	178,348	(2,833)	241,528
Changes during period					
Dividends of surplus			(7,144)		(7,144)
Profit attributable to owners of parent			26,689		26,689
Purchase of treasury shares				(22,406)	(22,406)
Disposal of treasury shares		589	0	1,374	1,964
Cancellation of treasury shares		(97,782)	(141)	97,923	-
Change in ownership interest of parent due to transactions with non-controlling interests		(78)		0	(78)
Change in scope of consolidation		(26)	520		494
Increase by share transfers	(8,463)	193,866		(98,401)	87,001
Net changes in items other than shareholders' equity					
Total changes during period	(8,463)	96,567	19,925	(21,509)	86,519
Balance at end of period	20,000	134,117	198,273	(24,342)	328,048

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	29,218	(19)	2	(883)	28,317	97,504	367,527
Cumulative effects of changes in accounting policies							(177)
Restated balance	29,218	(19)	2	(883)	28,317	97,504	367,350
Changes during period							
Dividends of surplus							(7,144)
Profit attributable to owners of parent							26,689
Purchase of treasury shares							(22,406)
Disposal of treasury shares							1,964
Cancellation of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							(78)
Change in scope of consolidation							494
Increase by share transfers							87,001
Net changes in items other than shareholders' equity	(10,942)	23	(98)	1,563	(9,453)	(88,551)	(98,004)
Total changes during period	(10,942)	23	(98)	1,563	(9,453)	(88,551)	(11,484)
Balance at end of period	18,275	3	(95)	680	18,863	8,953	355,865

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022
Cash flows from operating activities	
Profit before income taxes	44,524
Depreciation	24,890
Impairment losses	494
Amortization of goodwill	6,748
Increase (decrease) in allowance for doubtful accounts	84
Increase (decrease) in provision for loss on construction contracts	206
Increase (decrease) in retirement benefit liability	(2,985)
Interest and dividend income	(2,475)
Interest expenses	2,571
Foreign exchange losses (gains)	(169)
Share of loss (profit) of entities accounted for using equity method	(638)
Loss (gain) on sale of short-term and long-term investment securities	(7,807)
Loss (gain) on valuation of short-term and long-term investment securities	686
Loss (gain) on sale of non-current assets	(309)
Loss on retirement of non-current assets	529
Decrease (increase) in trade receivables	(41,622)
Decrease (increase) in costs on construction contracts in progress	(1,238)
Decrease (increase) in inventories	(287)
Decrease (increase) in consumption taxes refund receivable	1,391
Increase (decrease) in trade payables	122
Increase (decrease) in advances received on construction contracts in progress	(2,119)
Increase (decrease) in deposits received	(20,840)
Other, net	(2,963)
Subtotal	(1,208)
Interest and dividends received	3,131
Interest paid	(2,286)
Income taxes paid	(15,970)
Net cash provided by (used in) operating activities	(16,333)

(Millions of yen)

Fiscal year ended
March 31, 2022

Cash flows from investing activities	
Purchase of property, plant and equipment and intangible assets	(21,698)
Purchase of rights to operate public facilities	(4,168)
Payments for replacement investment to operate public facilities	(1,676)
Proceeds from sale of property, plant and equipment and intangible assets	686
Purchase of investment securities	(4,551)
Proceeds from sale and redemption of investment securities	11,018
Purchase of shares of subsidiaries and associates	(3,311)
Loan advances	(20)
Proceeds from collection of loans receivable	704
Other, net	469
Net cash provided by (used in) investing activities	(22,547)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	72,490
Repayments of long-term borrowings	(21,893)
Decrease in non-recourse payable	(1,313)
Redemption of bonds	(5,000)
Repayments of finance lease liabilities	(433)
Proceeds from sale of treasury shares	1,690
Purchase of treasury shares	(17,876)
Dividends paid	(7,144)
Dividends paid to non-controlling interests	(5,304)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	160
Other, net	(86)
Net cash provided by (used in) financing activities	15,288
Effect of exchange rate change on cash and cash equivalents	163
Net increase (decrease) in cash and cash equivalents	(23,429)
Cash and cash equivalents at beginning of period	98,976
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	471
Cash and cash equivalents at end of period	*1 76,018

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Important matters that form the basis for preparation of consolidated financial statements)

The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. by means of a joint share transfer.

The Company, the wholly-owning parent company established through the joint share transfer, has succeeded to and prepared the consolidated financial statements of Maeda Corporation, the former parent company that became a wholly owned subsidiary through the share transfer.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 27

Names of consolidated subsidiaries

Maeda Corporation

Maeda Road Construction Co., Ltd.

Maeda Seisakusho Co., Ltd.

Effective from the current fiscal year, Neox Inc. and Sun Network Maeda Co., Ltd. which had been non-consolidated subsidiaries, are included in the scope of consolidation due to their increased importance. In addition, Anonymous Association Goyozan Solar Power and Anonymous Association Mine Solar Power, which were consolidated subsidiaries, were excluded from the scope of consolidation due to their sale to an anonymous association equity interest.

(2) Number of major non-consolidated subsidiaries

Company name: J.CITY Corporation

(Reason for excluding from scope of consolidation)

Non-consolidated subsidiaries are excluded because they are small companies and their combined total assets, net sales, net income/loss (the amount equivalent to equity), and retained earnings (the amount equivalent to equity) have no material impact on the consolidated financial statements.

2. Matters with regard to the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: 1

Company name: J.CITY Corporation

(2) Number of affiliates accounted for by the equity method: 5

Name of principal company: Toyo Construction Co., Ltd.

(3) Non-consolidated subsidiaries (Chiba City Consumer Life PFI Service Co., Ltd., others) and affiliates (Toyota City Eastern School Lunch Center Co., Ltd., others), which are not accounted for by the equity method, are excluded from the application of the equity method because they have only a minor impact on net income or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity), and lack overall importance.

3. Matters with regard to the fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, the account settlement date of Maeda Pacific Corporation is December 31. Consequently, in preparing the consolidated financial statements, the Company uses the financial statements of the subsidiaries as of their fiscal year-end, and makes necessary adjustments for significant transactions that occurred between their fiscal year-end and the consolidated fiscal year-end.

4. Matters with regard to accounting policies

(1) Valuation standard and valuation method of important assets

1) Securities

Bonds held to maturity

Stated using the amortized cost method (straight-line method)

Available-for-sale securities

Those other than shares, etc. without market value

Stated using the market price method (Net unrealized gains or losses on these securities are included directly in overall net assets, and costs of securities sold are calculated based on the moving-average method).

Shares, etc. without market value

Mainly stated at cost determined by the moving-average method.

2) Derivatives
Stated at fair value.

3) Inventories

Costs on construction contracts in progress

Stated at cost by the specific identification method.

Real estate for sale, merchandise and finished goods, project costs for development and others, and raw materials and supplies

Stated using the specific identification cost method (write-down according to decreased profitability).

Certain consolidated subsidiaries state raw materials and supplies at cost determined by the last purchase price method (write-down according to decreased profitability).

(2) Depreciation and amortization method for significant depreciable assets

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

Stated using the declining-balance method. However, buildings (excluding building fixtures) acquired on or after April 1, 1998 and equipment and structures attached to buildings acquired on or after April 1, 2016 are depreciated by the straight-line method.

Useful life and residual value are mainly based on the same standard as stipulated in the Corporation Tax Law of Japan.

Certain assets of consolidated subsidiaries are depreciated using either the straight-line method or the unit-of-production method, and the useful life of the straight-line method is based on the economic useful life of the asset.

2) Intangible assets (excluding leased assets) and long-term prepaid expense

Stated using the straight-line method. However, the unit-of-production method is used for right to operate public facilities and assets related to replacement investment to operate public facilities. Software of the Company is amortized by the straight-line method over 5 years, the useful life set by the Company.

3) Leased assets

The leased assets under finance lease contracts that transfer ownership to the lessee are depreciated by the same method applicable to the Company's own fixed assets, but the leased assets that do not transfer ownership are fully depreciated to a zero residual value by the straight-line method over the period of the lease contract.

(3) Handling method of deferred assets

1) Bond issuance expenses and inaugural expenses

Bond issuance expenses and inaugural expenses are fully amortized at the time of expenditure.

2) Opening expenses

Amortized on a straight-line basis over 5 years

(4) Basis for recognition of significant reserves

1) Allowance for doubtful accounts

To provide for losses due to bad debt, an allowance is provided for general receivables based on historical bad debt ratios, and for specific doubtful receivables based on a case-by-case determination of collectability.

2) Provision for repairs

A provision for repair costs of heavy machinery has been provided based on an estimated cost until the current fiscal year.

3) Provision for bonuses

To provide for the payment of bonuses to employees, a provision is provided for the estimated amount of bonuses to be paid, which is to be borne by the Company in the current fiscal year.

4) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to directors and other officers, a provision is provided for the estimated amount of bonuses to be paid in the current fiscal year.

5) Provision for warranties for completed construction

To provide for expenses related to defect guarantees on completed construction contracts, a provision is provided based on actual results over a certain period of time in the past.

6) Provision for loss on construction contracts

To prepare for future losses on construction contracts, a provision is provided for estimated losses on construction contracts in progress at the end of the current fiscal year for which losses are expected and the amount of such losses can be estimated in a reasonable manner.

7) Provision for share awards

To prepare for future payments of the Company's shares to directors and other officers in accordance with the Officers' Share Benefit Regulations, a provision is provided for the estimated amount of the share benefit obligation as of the end of the current fiscal year.

(5) Accounting method for retirement benefits

1) Method of attributing estimated retirement benefits to periods

In calculating the retirement benefit obligation, the estimated amount of retirement benefits is attributed to the period up to the end of the current fiscal year based on the benefit formula method. Certain consolidated subsidiaries use the straight-line attribution method.

2) Method of amortizing actuarial gains and losses and prior service cost

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (10 to 15 years) within the average remaining service period of employees at the time the gains or losses are recognized, and the amount is expensed from the following fiscal year.

Prior service cost is amortized by the straight-line method over a fixed number of years (10 to 15 years) within the average remaining service period of employees at the time the cost is incurred.

3) Adoption of the simplified method by small enterprises, etc.

Certain consolidated subsidiaries apply the simplified method in which the retirement benefit amount required for voluntary termination at year-end is deemed a retirement benefit obligation for the calculation of retirement benefit liability and retirement benefit expenses.

(6) Significant hedge accounting methods

1) Hedge accounting methods

Deferred hedge accounting is applied. Forward exchange contracts that qualify for hedge accounting are accounted for using the allocation method, and interest rate swaps that qualify for special matching criteria are accounted for using special accounting treatment.

2) Hedging instruments and hedged items

Hedging instruments

Derivative transactions (interest rate swap transactions and forward exchange contracts)

Hedged items

Assets or liabilities with potential losses due to market fluctuations, etc., for which cash flows are fixed and fluctuations are avoided.

3) Hedging policy

Intended to avoid the risk of future fluctuations in interest rates and foreign exchange rates.

4) Methods of assessing the hedging effectiveness

The cumulative cash flow fluctuation of the hedged item and the hedging instrument are compared for the respective periods.

(7) Basis for recording significant revenues and expenses

The Group applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) and recognizes revenue based on the following five-step approach.

Step 1. Identify the contract(s) with a customer

Step 2. Identify the performance obligations in the contract

Step 3. Determine the transaction price

Step 4. Allocate the transaction price to the performance obligations in the contract

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation

The identification of performance obligations and the point in time at which revenue is recognized in the Company Group's principal operations are as follows

1) Revenue recognition with regard to construction work

The Group enters into construction contracts with customers, mainly in the civil engineering, construction, and road civil engineering businesses, to construct buildings or structures and to perform related services. The Group identifies the work it performs with respect to these contracts as performance obligations.

For construction contracts for which the degree of completion can be reasonably estimated, the percentage of completion is estimated by the input method based on the cost incurred, and revenue is recognized over a period of time as the performance obligation to transfer goods or services to the customer is satisfied. Except for the initial stages of a contract, revenue is recognized on a cost recovery basis for construction projects for which the progress of completion cannot be reasonably estimated.

For construction contracts with a very short period of time between the transaction commencement date and the point in time when the performance obligation is expected to be fully satisfied, revenue is recognized when the performance obligation is fully satisfied.

For construction projects that require a long period of time from the satisfaction of performance obligations to the receipt of consideration from the customer and for which a significant financial component is recognized, an adjustment shall be made for the portion that corresponds to financial income.

2) Revenue recognition with regard to sales of merchandise, product manufacturing and sales

The Group manufactures and sells asphalt mixture, emulsion, and other construction materials in the road civil engineering business, and sells construction equipment products and manufactures and sells industrial machinery and other equipment in the machinery business. The Group recognizes the work it performs with respect to these as performance obligations.

For the sale of these goods and products, the Company Group recognizes revenue at the time of their delivery because control is transferred to the customer and the performance obligation is satisfied when the goods or products are delivered to the customer.

The Group does not recognize a significant financing component because the consideration is generally received within approximately one year of satisfaction of the performance obligation.

3) Revenue recognition with regard to renewable energy and concession businesses

In infrastructure management, the Company Group sells electricity from renewable energy sources and maintains, manages, and operates public facilities for which the Company Group holds operating rights. In these businesses, revenue is recognized at a point in time because the performance obligation is satisfied when the services are rendered to the customer.

The Group does not recognize a significant financing component because the consideration is generally received within approximately one year of satisfaction of the performance obligation.

(8) Amortization of goodwill and amortization period

In the case the amount is significant, goodwill is amortized on a straight-line basis over 5 years. In case the amount is immaterial, goodwill is charged to expense in the current fiscal year.

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

Consists of cash, demand deposits, time deposits with maturities of three months or less, certificates of deposit, and commercial paper.

(10) Other important matters for preparation of consolidated financial statements

Accounting treatment principles and procedures adopted in the absence of clear provisions of related accounting standards, etc.

Method of accounting treatment for construction joint ventures (JVs)

Assets, liabilities, income and expenses are recognized primarily in proportion to the member's investment.

(Changes to accounting policies)

Application of Accounting Standard for Revenue Recognition, etc.

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Standard”), etc., has been applied from the beginning of the current fiscal year, and revenue is recognized at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

Previously, the Company Group applied the percentage-of-completion method for construction projects for which the outcome of construction activity is deemed certain during the course of the activity, and the completed-contract method for other projects. From the beginning of the current fiscal year, for construction projects for which the degree of completion pertaining to the satisfaction of performance obligations can be reasonably estimated, the Company Group recognizes revenue over a certain period of time as performance obligations are satisfied. The Company Group primarily applies the input method based on the cost incurred as a method of estimating the degree of completion pertaining to the satisfaction of performance obligations. Except for the initial stage of a contract, the Company Group recognizes revenue using the cost recovery method for construction projects for which the degree of completion pertaining to the satisfaction of performance obligations cannot be reasonably estimated but for which the Company Group expects to recover the costs incurred. For construction contracts with a very short period between the commencement date of the transaction in the contract and the date when the performance obligations are expected to be fully satisfied, the Company Group recognizes revenue when the performance obligations are fully satisfied.

For the application of the Revenue Recognition Standard, etc., the Company Group has followed the transitional treatment prescribed in the proviso to Paragraph 84 of the Revenue Recognition Standard, and the cumulative effect of retroactively applying the new accounting policies prior to the beginning of the current fiscal year has been added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policies have been applied from the balance at the beginning of said period. However, the Company Group has applied the method prescribed in Paragraph 86 of the Revenue Recognition Standard and has not applied the new accounting policies retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current fiscal year. In addition, the Company Group has applied the method prescribed in Paragraph 86, Subparagraph 1 of the Revenue Recognition Standard to account for contract changes made prior to the beginning of the current fiscal year based on the contract terms after reflecting all contract changes, and has added or subtracted its cumulative effect to retained earnings at the beginning of the current fiscal year.

As a result, operating profit decreased by ¥34 million, as net sales and cost of sales for the current fiscal year increased by ¥1,646 million and ¥1,681 million, respectively. Due to an increase of ¥162 million in non-operating income, ordinary profit and profit before income taxes both increased by ¥127 million. In addition, the balance of retained earnings at the beginning of the current period decreased by ¥177 million.

Application of Accounting Standard for Fair Value Measurement, etc.

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Accounting Standard”), etc., has been applied from the beginning of the current fiscal year, and the new accounting policies prescribed by the Fair Value Accounting Standard, etc., will be prospectively applied in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The effect of the application of the Fair Value Accounting Standard, etc., on the consolidated financial statements is immaterial.

(Additional information)

Transactions to offer the Company's shares to employees, etc. through trust

(1) Stock Benefit Trust Disposition-type Employee Stock Ownership Plan

The Company conducts transactions to offer the Company's shares to the employee stock ownership plan through trust, with the aim of enhancing employees' benefits and providing incentives for the Company and Group employees to increase corporate value.

1. Descriptions of transactions

In March 2022, the Company introduced a "Stock Benefit Trust Disposition-type Employee Stock Ownership Plan" (hereinafter the "ESOP").

To initiate the ESOP, the Company concluded the "Stock Benefit Trust (Disposition-type ESOP) Agreement" (hereinafter the trust established pursuant to the agreement shall be referred to as the "ESOP Trust"), whereby the Company is to act as the administrator and the role of trustee is assigned to Mizuho Trust & Banking Co., Ltd. (hereinafter the "Trustee"). In addition, an agreement was concluded under which the Trustee is to re-entrust shares of the Company and other assets of the ESOP Trust to an account with ancillary trustee, Custody Bank of Japan, Ltd. (hereinafter the "Trust Account E"). The Trust Account E acquires shares of the Company that the Maeda Corporation Employee Stock Holding Partnership, the Maeda Road Employee Stock Holding Partnership, and the Maeda Seisakusho Employee Stock Holding Partnership (hereinafter collectively the "Stock Holding Partnership"), is expected to obtain over five years after the trust was set up, and periodically sells its holdings to the Stock Holding Partnership. If, by the time of the ESOP Trust's termination, gains equivalent to capital gains on sales of shares are accumulated within the ESOP Trust through sales of Company's shares by the Trust Account E to the Stock Holding Partnership, then those gains will be distributed as residual assets to Stock Holding Partnership enrollees that meet the requirements for eligible beneficiaries. Furthermore, to guarantee funds borrowed by the Trustee that enable the Trust Account E to acquire the Company's shares, the Company is to repay any such remaining borrowings pursuant to a guarantee agreement, in the event there are any remaining borrowings equivalent to losses on sales of shares due to a downturn in the price of Company's shares up until termination of the ESOP Trust.

2. Company's shares remaining in trust

The Company's shares remaining in trust were recorded as treasury shares in the net assets section at the book value in trust (excluding the amount as ancillary expenses). At the end of the current fiscal year, the book value and number of shares of the relevant treasury shares were ¥4,501 million and 4,221 thousand shares, respectively.

3. Book value of borrowings recorded using the gross method

Borrowings at the end of the current fiscal year amounted to ¥4,545 million.

(2) Board Benefit Trust (BBT)

The Company's consolidated subsidiary Maeda Corporation conducts transactions to offer shares of the Company to directors (excluding outside directors) and executive officers (hereinafter collectively the "Directors") of Maeda Corporation through trust, in order to clarify a linkage among the Directors' rewards, the Maeda Corporation's financial results, and the value of stock, and to strengthen incentives to the Directors aiming to increase the corporate value for the purposes of sharing values with stockholders.

1. Descriptions of transactions

Maeda Corporation introduced a performance-based stock compensation plan called "Board Benefit Trust" (hereinafter the "BBT") by the resolution approved at the 74th general shareholders meeting held on June 21, 2019.

Under the BBT, in accordance with the Regulations on Stock Benefits for Officers (hereinafter the "Regulations") stipulated by Maeda Corporation, points will be granted to the Directors according to the standards prescribed by the Company based on the degree of achievement of business results, etc., and on a certain date immediately after the end of the Medium Term Business Plan period, the Company's shares will be granted to the Directors who satisfy the requirements for the beneficiaries set forth in the Regulations (hereinafter the "Beneficiaries") in proportion to the number of points granted to the Beneficiaries. However, if the Beneficiaries satisfy the requirements set forth in the Regulations, cash equivalent to the fair value of the Company's shares will be provided for a certain percentage of the points.

2. The Company's shares remaining in trust

The Company's shares remaining in trust are recorded as treasury shares in the consolidated balance sheet at the book value in trust (excluding the amount as ancillary expenses). At the end of the current fiscal year, the book value and number of shares of the relevant treasury shares are ¥549 million and 657 thousand shares, respectively.

Tender Offer for Toyo Construction Co., Ltd.

The Company resolved at a meeting of its Board of Directors held on March 22, 2022 to acquire shares of common stock (the "Target Company Shares") of its equity method affiliate, Toyo Construction Co., Ltd. (Tokyo Stock Exchange, Inc., Prime Market, Securities Code: 1890, the "Target Company") through a tender offer (the "Tender Offer") under the Financial Instruments and Exchange Act.

(1) Reason for the Tender Offer

With the aim of achieving sustainable growth for the entire Group, we have defined our medium- to long-term vision as being an "integrated infrastructure service company," and we will vigorously promote this as the Company Group's overall strategy. Based on the Medium Term Business Plan, "INFRONEER Medium-term Vision 2024," which covers the period from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024, we will establish a highly profitable and stable revenue base that is unaffected by external factors by being quick off the mark to maximize our competitiveness through the integration of the engineering capabilities of each Group company and the expansion of business domains accomplished by aggressive M&A activities. Our aim is to be a company that is trusted by all stakeholders by achieving prompt and proper management through the establishment of an effective governance system, and by promoting digital transformation (DX)*, among other initiatives, while strengthening our ability to respond to social changes.

(Note) Digital transformation (DX) refers to companies' response to severe changes in the business environment, and by using data and digital technologies, transforming their products, services, and business models based on the needs of customers and society. It also means taking a new look at the way they do things, making changes to organizations, processes, and corporate culture and climate, and securing a position that gives an exceptional competitive advantage.

Looking at the future long-term business environment in Japan, it is expected that national and local governments' finances will become even tighter due to changes in the social structure caused by the declining birthrate and aging population, and while measures to deal with deteriorating infrastructure will quickly gather momentum, it will be challenging to invest in new construction, let alone maintenance and renewal of existing infrastructure managed by national and local governments, including roads, bridges, ports, water supply and sewage systems, and airports. In addition, the depletion of the financial adjustment funds due to the recent COVID-19 pandemic is expected to accelerate the trend of reduced construction investment, and as a solution, new markets for public-private partnerships such as comprehensive management outsourcing of public infrastructure, PPP, and concessions are expected to expand over the next few years.

The Target Company's strength is in marine civil engineering, mainly port construction, and the Tender Offer will further deepen the strong bonds it has across the Company Group as a linchpin of the organization for future planned port infrastructure concession business and renewable energy businesses, such as offshore wind power generation. Utilizing the technology and know-how cultivated by the Target Company in the port sector, we believe this will contribute to the establishment of a new profit base for the Company Group and the Target Company, and that further profit expansion can thus be expected. Furthermore, we reviewed the business strategy centered on the domestic market, which will shrink in the mid- to long-term, and we believe in our ability to demonstrate a competitive advantage by applying the overseas business technology and know-how cultivated by the Target Company in overseas concession projects that the Company aims to develop.

The worker shortage due to the impact of the declining working-age population caused by the falling birthrate and aging population has become particularly noticeable in the construction industry in recent years, and thus improving productivity through labor saving is an urgent issue that the industry must address. At the same time, as is already seen in city development, such as smart cities and smart infrastructure, there have been remarkable advancements in digital technologies, which have drawn businesses from other industries outside the construction industry, such as the information industry, to aggressively enter this business sector, which was previously dominated by construction companies. We therefore believe that the competitive environment will become more diverse and fierce in the near future.

Accumulation and maximum utilization of big data related to construction production, infrastructure management, and human resource development are essential requirements for growth strategies in such an environment, and since these are not a stand-alone efforts, the Company believes that, in addition to working as a group, it is important to cooperate and establish ties with a wide variety of partners, and that effects can be maximized by coordinating the technological and human resources development bases of each company. By using the Tender Offer to enable the best use of big data, such as technologies and

know-how possessed by Group companies, going forward, we believe it will contribute to improving operational efficiency and productivity across all the businesses of Group and the Target Company, and enable us to create value through synergies faster and more reliably.

Based on the above, we will not consider maintaining the Target Company's listing as a consolidated subsidiary of the Company because measures to strengthen the competitiveness of the entire Group in the medium to long term may not be consistent with measures to maximize the short-term profits of the target group, and we will eliminate potential conflicts of interest between the Company and the Target Company's general shareholders by making the Target Company a wholly owned subsidiary of the Company. We are convinced that in this way we will contribute to the greater corporate value of both companies, unifying Group strategy to achieve sustained growth for the Company Group as a whole. We have also decided that it is optimal to make the Target Company a wholly owned subsidiary through this transaction, including the Tender Offer, and have therefore decided to conduct this Tender Offer.

(2) Overview of the Tender Offer

As of March 22, 2022, the Company owned 100 shares (ownership ratio: 0.00%) of the Target Company. The Company's wholly owned subsidiary Maeda Corporation owned 19,047,510 shares (ownership ratio 20.19%) of the Target Company shares. With direct ownership combined with the indirect ownership through Maeda Corporation, the Company owns 19,047,610 shares (ownership ratio: 20.19%) of the Target Company shares.

In the Tender Offer, the Company has set the lower limit on the number of shares planned to be acquired at 43,837,790 shares (holding ratio: 46.47%), and if the total number of issued share certificates, etc. (hereinafter referred to as the "Tendered Share Certificates") applied for purchase in response to the Tender Offer falls short of the lower limit, the Company will not purchase the whole of the tendered share certificates, etc.

The Tender Offer is intended to make the Target Company a wholly owned subsidiary of the Company. If the Company is unable to acquire all shares of the Target Company in the Tender Offer, the Company plans to acquire all the shares of the Target Company and to implement a series of procedures to make the Target Company a wholly owned subsidiary of the Company.

1. Outline of the Target Company

Name	Toyo Construction Co., Ltd.
Location	4-1-1 Koraihashi, Chuo-ku, Osaka
Job title and name of representative	Kyoji Takezawa, Representative Director and President
Description of business	Domestic civil engineering, domestic construction, overseas construction, and real estate businesses
Share capital	¥14,049 million (as of December 31, 2021)
Date of establishment	July 3, 1929

2. Tender Offer period

From Wednesday, March 23, 2022 to Thursday, May 19, 2022 (38 business days)

3. Tender Offer price

¥770 per common share

4. Number of share certificates, etc., scheduled to be purchased

Number of shares scheduled to be purchased	75,280,468
Minimum number of shares scheduled to be purchased	43,837,790
Maximum number of shares scheduled to be purchased	-

5. Purchase price

¥57,965,960,360

(Note) The "Purchase price" is the Tender Offer number of shares scheduled to be purchased (75,280,468 shares) multiplied by the Tender Offer Price (¥770).

6. Settlement commencement date

Thursday, May 26, 2022

(Notes to consolidated balance sheet)

*1. The amounts related to non-consolidated subsidiaries and affiliates is as follows

(Millions of yen)	
As of March 31, 2022	
Investment securities (stocks)	22,000

*2. Collateral assets

Assets pledged as collateral are as follows.

(Millions of yen)	
As of March 31, 2022	
Investment securities	88
Investments and other assets (others)	400
Total	489

Collateral assets corresponding to non-recourse debt are presented as included in “3. Assets corresponding to non-recourse debt.”

*3. Assets corresponding to non-recourse debt are as follows.

(Millions of yen)		
As of March 31, 2022		
Cash and deposits	13,352	(—)
Notes receivable, accounts receivable from completed construction contracts and other	1,446	(—)
Raw materials and supplies	23	(23)
Buildings and structures	1	(1)
Machinery, vehicles, tools, furniture and fixtures	5,510	(5,506)
Right to operate public facilities	109,721	(—)
Total	130,056	(5,531)

The figures in parentheses represent the amounts pledged as revolving mortgages to the factory foundations of consolidated subsidiaries and the corresponding assets.

4. Guarantee obligations

The Company has guaranteed the following companies' borrowings from financial institutions.

(1) Loan guarantees

* Izumon Retailing Co., Ltd. is an affiliate.

(Millions of yen)	
As of March 31, 2022	
Asai Construction Co., Ltd.	765
Izumon Retailing Co., Ltd.	45
Total	810

(2) Construction bidding, performance guarantees, etc.

*Maeda Vietnam Co., Ltd. is an affiliate.

(Millions of yen)	
As of March 31, 2022	
Maeda Vietnam Co., Ltd.	393

*5. The reduction entry amount deducted from the acquisition cost of property, plant and equipment due to government subsidies, etc., is as follows

(Millions of yen)	
As of March 31, 2022	
Buildings and structures	286

6. Discounted notes receivable and endorsed trade notes receivable

(Millions of yen)	
As of March 31, 2022	
Endorsed trade notes receivable	8,243
Transfer of notes receivable through liquidation	12

*7. The amount of costs on construction contracts in progress related to construction contracts that are expected to incur losses and the provision for loss on construction contracts are not offset, but are presented as two separate items. The amount of costs on construction contracts in progress related to construction contracts expected to incur losses that corresponds to the provision for loss on construction contracts is as follows.

(Millions of yen)	
As of March 31, 2022	
Costs on construction contracts in progress	87

(Notes to consolidated statement of income)

*1. The ending inventory is the amount after devaluation of the book value due to the decline in profitability, and the following loss on valuation of inventories is included in cost of sales.

(Millions of yen)	
Fiscal year ended March 31, 2022	
<hr/>	
33	

*2. Provision for loss on construction contracts included in cost of sales is as follows.

(Millions of yen)	
Fiscal year ended March 31, 2022	
<hr/>	
389	

*3. Major expense items and amounts within selling, general and administrative expenses are as follows.

(Millions of yen)	
Fiscal year ended March 31, 2022	
<hr/>	
Employee salary allowance	17,666
Research study expenses	7,125
Amortization of goodwill	6,748
Retirement benefit expenses	1,068
Provision for bonuses	3,160
Provision of allowance for doubtful accounts	6
Provision for bonuses for directors (and other officers)	247

4. Total R&D expenses included in general and administrative expenses and manufacturing costs for the period under review are as follows.

(Millions of yen)	
Fiscal year ended March 31, 2022	
<hr/>	
5,669	

*5. Breakdown of gain on sale of non-current assets is as follows.

(Millions of yen)	
Fiscal year ended March 31, 2022	
<hr/>	
Land	128
Buildings and structures	68
Machinery, vehicles, tools, furniture and fixtures	134
Total	331

*6. Breakdown of loss on retirement of non-current assets is as follows.

(Millions of yen)	
Fiscal year ended March 31, 2022	
Buildings and structures	224
Machinery, vehicles, tools, furniture and fixtures	244
Other	60
Total	529

*7. Impairment loss

The Group posted impairment loss on the following asset groups.

Fiscal year ended March 31, 2022

			(Millions of yen)
Region	Main applications	Types	Impairment loss
Shizuoka Prefecture	Business assets	Land, buildings and structures, machinery, vehicles, tools, furniture and fixtures	330
Tokyo	Leasing business assets, others	Buildings and structures, machinery, vehicles, tools, furniture and fixtures	84
Chiba Prefecture	Business assets	Buildings and structures	29
Fukushima Prefecture	Business assets	Buildings and structures, machinery, vehicles, tools, furniture and fixtures	19
Shimane Prefecture	Business assets	Land, buildings and structures, machinery, vehicles, tools, furniture and fixtures	16
Akita Prefecture, others	Business assets, others	Land, buildings and structures, machinery, vehicles, tools, furniture and fixtures	12

The Group categorizes business assets for its own use by business office, and by each individual item for leasing business assets, golf courses, and other assets that are scheduled for disposal.

Due to a decline in profitability of business assets, etc., the book value of the above assets was reduced to the recoverable amount, and the amount of the reduction was recorded as an impairment loss (¥494 million) under extraordinary losses.

The major breakdown is ¥208 million for buildings and structures, ¥279 million for machinery, vehicles, tools, furniture and fixtures, and ¥6 million for land.

The recoverable amount of such assets is the higher of either net realizable value or value in use. Net realizable value is calculated based on market value, etc., while for value in use, the recoverable amount is zero for those assets with negative future cash flows.

(Notes to consolidated statement of changes in shareholders' equity)

Fiscal year ended March 31, 2022

1. Class and total number of issued shares and treasury Shares

	Number of shares as of beginning of fiscal year under review (thousands of shares)	Number of increased shares in fiscal year under review (thousands of shares)	Number of decreased shares in fiscal year under review (thousands of shares)	Number of shares as of end of fiscal year under review (thousands of shares)
Issued shares				
Common shares	194,608	391,539	295,077	291,070
Total	194,608	391,539	295,077	291,070
Treasury shares				
Common shares	7,348	121,994	102,648	26,694
Total	7,348	121,994	102,648	26,694

(Notes) 1. The increase in issued shares is due to the establishment of the Company by means of a joint share transfer (hereinafter the "Share Transfer") conducted by Maeda Corporation, Maeda Road Construction Co., Ltd. and

Maeda Seisakusho Co., Ltd. on October 1, 2021.

2. The decrease of 295,077 thousand issued shares represents a decrease of 160 thousand shares due to the cancellation of treasury shares based on the resolution of the Board of Directors meeting held by Maeda Corporation in September 2021, a decrease of 194,447 thousand shares in issued shares of Maeda Corporation, which became a wholly owned subsidiary, and a decrease of 100,469 thousand shares due to the cancellation of treasury shares based on the resolution of the Board of Directors meeting held by the Company in November 2021.
3. The number of treasury shares at the beginning of the current fiscal year includes 496 thousand shares of the Company's shares held by the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan implemented by Maeda Corporation, and 657 thousand shares held by the Board Benefit Trust (BBT) introduced by Maeda Corporation.
4. The increase of 121,994 thousand shares in treasury shares is composed of 100,675 thousand shares of the Company allocated to subsidiaries as a result of the Share Transfer, an increase of 17,066 thousand shares from the acquisition of treasury shares based on a resolution of the Board of Directors, an increase of 20 thousand shares from the acquisition of shares with transfer restrictions without compensation, an increase of 10 thousand shares from the purchase of shares of less than one unit, and an increase of 4,221 thousand shares from the acquisition of Company shares by the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan that the Company has adopted.
5. The decrease of 102,648 thousand shares in treasury shares is due to a decrease of 160 thousand shares resulting from the cancellation of treasury shares based on the resolution of the Board of Directors meeting held by Maeda Corporation in September 2021, the decrease of 100,469 thousand shares resulting from the cancellation of treasury shares based on the resolution of the Board of Directors meeting held by the Company in November 2021, the decrease of 1,762 thousand shares due to the disposal of treasury shares based on a resolution of the Board of Directors, the decrease of 164 thousand shares due to treasury share disposal as restricted stock compensation, and the decrease of 92 thousand shares due to the sale of shares to the employees stock ownership plan through the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan introduced by Maeda Corporation.
6. The number of treasury shares at the end of the current fiscal year includes 4,221 thousand shares held by the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan that the Company has adopted and 657 thousand shares held by the BBT introduced by Maeda Corporation.

2. Dividends

(1) Payment of dividends

The Company was established on October 1, 2021 by means of a joint share transfer as a wholly owning parent company of Maeda Corporation Maeda Road Construction, Co., Ltd., and Maeda Seisakusho Co., Ltd., and for that reason the amount of dividends paid is the amount resolved at Maeda Corporation, which was the former parent company that became a wholly owned subsidiary through the joint share transfer.

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General shareholders meeting held on June 23, 2021	Common shares	7,144	38.0	March 31, 2021	June 24, 2021

(Notes) 1. The total amount of dividends is the amount after deducting dividends on parent company shares held by subsidiaries and affiliates.

2. The total amount of dividends resolved at the general shareholders meeting held on June 23, 2021 includes dividends of ¥3 million for the Company's shares held by the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan introduced by Maeda Corporation, and dividends of ¥24 million for the Company's shares held by the Board Benefit Trust (BBT) introduced by Maeda Corporation.

- (2) Dividends with a record date that falls within the fiscal year under review but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2022	Common shares	10,770	Capital surplus	40.0	March 31, 2022	June 24, 2022

(Notes) 1. The total amount of dividends is the amount after deducting dividends on parent company shares held by subsidiaries and affiliates.

2. The total amount of dividends resolved by the Board of Directors at a meeting held on May 13, 2022 includes dividends of ¥168 million for the Company's shares held by the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan that the Company has adopted, and dividends of ¥26 million for the Company's shares held by the Board Benefit Trust (BBT) introduced by Maeda Corporation.

(Notes to consolidated statement of cash flows)

- *1. Relationship of balance of cash and cash equivalents at fiscal year-end and amount of items presented in consolidated balance sheet

(Millions of yen)	
Fiscal year ended March 31, 2022	
Cash and deposits	78,035
Deposits with a term longer than 3 months	(1,842)
Time deposits	
Separate deposits in trusts*	(174)
Cash and cash equivalents	76,018

(Note) Included in Stock Benefit Trust Disposition-type Employee Stock Ownership Plan and Board Benefit Trust (BBT)

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are components of the group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Group consists of business and service segments based on consolidated subsidiaries, etc., and has five reportable segments: building construction, civil engineering, road civil engineering, machinery, and infrastructure management.

An overview of each reportable segment is as follows.

Building construction: Contracting of construction work and related business

Civil engineering: Contracting of civil engineering work and related businesses

Road civil engineering: Contracting for pavement construction, manufacture and sale of asphalt mixture and other materials, and related businesses

Machinery: Manufacture and sale of construction equipment and related businesses

Infrastructure management: Renewable energy business and concession business, and related business

Effective from the third quarter of the current fiscal year, following the transition to a holding company structure through a joint stock transfer, the Company has reorganized its business segments into five reportable segments: building construction, civil engineering, road civil engineering, machinery, and infrastructure management.

2. Method of calculation of sales, profit or loss, and other items by reportable segment

The accounting method used for the reported business segments is generally the same as that described in “Important matters that form the basis for preparation of consolidated financial statements.” Profits of reportable segments are based on operating profit. Inter-segment transactions are transactions among consolidated companies and are based on market prices, etc.

3. Information on sales, profit or loss, and other items by reportable segment

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statement of income (Note 3)
	Building Construction	Civil Engineering	Road Civil Engineering	Machinery	Infrastruc- ture Manage- ment	Total				
Net sales										
Goods transferred at a point in time	8,941	2,718	183,675	29,667	18,610	243,613	26,057	269,670	—	269,670
Goods transferred over time	205,443	139,920	48,927	51	—	394,343	11,350	405,693	—	405,693
Income from contracts with customers	214,384	142,639	232,602	29,719	18,610	637,956	37,407	675,363	—	675,363
Other income	1,717	—	164	5,603	63	7,548	—	7,548	—	7,548
Net sales to outside customers	216,102	142,639	232,767	35,322	18,673	645,505	37,407	682,912	—	682,912
Inter-segment net sales or transfers	2,461	(125)	2,832	1,823	293	7,284	14,764	22,049	(22,049)	—
Total	218,563	142,513	235,599	37,146	18,966	652,790	52,171	704,962	(22,049)	682,912
Segment profit	8,497	14,661	2,668	1,693	6,095	33,616	1,890	35,506	1,983	37,489
Other items										
Depreciation	3,196	2,085	10,744	1,791	6,506	24,324	515	24,840	(130)	24,709
Amortization of goodwill	—	—	6,748	—	—	6,748	—	6,748	—	6,748

(Notes) 1. “Others” is the segment which is not included in reportable segments, namely businesses operated by some subsidiaries

2. Adjustment of segment profit includes inter-segment transactions of ¥1,983 million.

3. Adjustments are made to reconcile segment profit to operating profit reported on the consolidated statement of income.

4. Assets are not allocated to business segments, so the amount of assets for each segment is not shown.

(Per share information)

	Fiscal year ended March 31, 2022
Net assets per share	1,312.19
Earnings per share	94.73

(Notes) 1. Diluted earnings per share is not shown because there are no diluted shares.

2. Earnings per share for the current fiscal year is calculated by multiplying the average number of shares of Maeda Corporation during the period from April 1, 2021 to September 30, 2021, which is before the establishment of the Company by means of a joint share transfer on October 1, 2021, by the share transfer rate.

3. Shares of the Company remaining in the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan and the Board Benefit Trust (BBT), which are recorded as treasury shares in shareholders' equity, are included in treasury shares as a deduction in the calculation of average number of shares outstanding during the period for the purpose of calculating earnings per share. The Stock Benefit Trust Disposition-type Employee Stock Ownership Plan introduced by Maeda Corporation was concluded in the second quarter of the current fiscal year. The number of such treasury shares at the end of the period deducted for the calculation of net assets per share is 4,221 thousand shares for the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan introduced by the Company and 657 thousand shares for the Board Benefit Trust (BBT) introduced by Maeda Corporation at the end of the current fiscal year.

The average number of such treasury shares deducted from the calculation of earnings per share is 18 thousand shares for the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan introduced by Maeda Corporation, 324 shares for the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan introduced by the Company and 657 thousand shares for the Board Benefit Trust (BBT) introduced by Maeda Corporation during the current fiscal year.

4. The basis for calculating earnings per share is as follows.

		Fiscal year ended March 31, 2022
Profit attributable to owners of parent	(Millions of yen)	26,689
Amount not attributable to common shareholders	(Millions of yen)	—
Profit attributable to owners of the parent for common stock	(Millions of yen)	26,689
Average number of shares during the period	(Thousands of shares)	281,728

(Business combination)

1. Common control transactions, etc.

(1) Descriptions of transactions

1) Name of combined business and details of operations

Wholly-owned subsidiaries by share transfer: Maeda Corporation (civil engineering and construction contracts, design, and operation of public infrastructure, etc.)
Maeda Road Construction Co., Ltd. (construction, manufacturing, and sales)
Maeda Seisakusho Co., Ltd. (sales, service, rental, etc. of construction materials and products)

2) Business combination date

October 1, 2021

3) Legal form of business combination

Establishment of a holding company by joint share transfer

4) Name of business after combination

Wholly-owning parent company by share transfer: INFRONEER Holdings Inc.

5) Other matters concerning descriptions of transactions

In order for the entire group to work together to achieve sustainable growth in the face of significant changes in the business environment in the future, we believe it is essential for Maeda Corporation, Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. (hereinafter the “Three Companies”) to work more closely together than ever before, and to maximize synergies for the entire group by building a solid management base that can respond to changes in the business environment and optimally allocating management resources. We firmly believe that carrying out group strategies in an integrated manner by transitioning to a holding company structure through the business combination will contribute to the enhancement of the corporate value of the Three Companies and the Company Group as a whole.

(2) Descriptions of implemented accounting treatment

Based on the “Accounting Standard for Business Combinations” and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” transactions are treated as transactions with non-controlling interests, under common control transactions, etc.

(3) Matters concerning additional acquisition of subsidiary shares

Breakdown of acquisition cost and consideration by type

Fair value of the Company’s common stock issued on the business combination date	¥94,203 million
Acquisition cost	¥94,203 million

(4) Transfer ratio by share type, calculation method thereof, and number of issued shares

1) Transfer ratio by share type

1.00 share of common stock of the Company was allotted for each share of common stock of Maeda Corporation, 2.28 shares of common stock of the Company were allotted for each share of common stock of Maeda Road, and 0.58 shares of common stock of the Company were allotted for each share of common stock of Maeda Seisakusho.

2) Calculation method of share transfer ratio

Calculation of the share transfer ratio was commissioned to several financial advisors, and the ratio has been calculated upon discussion between the parties concerned based on the reports submitted from the advisors.

3) Number of issued shares

391,539,797 shares

2. Common control transactions, etc.

(1) Descriptions of transactions

1) Name of subject operations and details of those operations

Name of operations: Management of bonds pertaining to issue by the Company's wholly-owned subsidiary Maeda Corporation

Details of operations: Operations pertaining to bonds issued by Maeda Corporation

2) Business combination date

December 20, 2021

3) Legal form of business combination

Absorption-type company split making Maeda Corporation the split company and the Company the succeeding company

4) Name of business after combination

No change.

5) Other matters concerning descriptions of transactions

The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road and Maeda Seisakusho by means of a joint share transfer. The business combination centralizes the Company Group's bond management operations in the Company through the Company's inheritance of the rights and obligations for bond management of Maeda Corporation, the Company's wholly-owned subsidiary.

(2) Descriptions of implemented accounting treatment

Based on the "Accounting Standard for Business Combinations" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," transactions are treated as transactions under common control.

(Significant subsequent event)

Not applicable.

5. Others

(1) (Building Construction Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog

1. Orders Received (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Public Works	72,735	27.8
Private Works	188,677	72.0
Overseas	487	0.2
Total	261,900	100.0

2. Net Sales (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Public Works	37,533	17.2
Private Works	180,891	82.8
Overseas	138	0.1
Total	218,563	100.0

3. Backlog (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Public Works	79,241	20.1
Private Works	315,297	79.8
Overseas	359	0.1
Total	394,898	100.0

(Note) Net sales include inter-segment transactions.

(2) (Civil Engineering Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog

1. Orders Received (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Public Works	62,504	38.7
Private Works	97,397	60.3
Overseas	1,645	1.0
Total	161,548	100.0

2. Net Sales (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Public Works	76,741	53.8
Private Works	64,134	45.0
Overseas	1,751	1.2
Total	142,627	100.0

3. Backlog (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Public Works	145,654	45.0
Private Works	177,264	54.8
Overseas	560	0.2
Total	323,479	100.0

(Note) Net sales include inter-segment transactions.

(3) (Road Civil Engineering Segment) Classified by Type: Orders Received, Net Sales and Backlog

1. Orders Received (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Pavement Construction	132,179	56.1
Civil Engineering Works	29,886	12.7
Manufacturing/Sales	72,887	30.9
Other	572	0.2
Total	235,525	100.0

2. Net Sales (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Pavement Construction	132,703	56.3
Civil Engineering Works	29,436	12.5
Manufacturing/Sales	72,887	30.9
Other	572	0.2
Total	235,599	100.0

3. Backlog (Millions of yen)

	Fiscal year ended March 31, 2022	
	Amount	%
Pavement Construction	46,154	78.2
Civil Engineering Works	12,900	21.8
Manufacturing/Sales	—	—
Other	—	—
Total	59,054	100.0

(Note) Net sales include inter-segment transactions.

(4) Summary of Forecast of Consolidated Financial Results

(Millions of yen)

		Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023		
		Results for the current period	Full-year forecast	YoY change	Rate of change
Net sales		682,912	730,600	47,687	7.0%
	Building Construction	216,102	238,300	22,197	10.3%
	Civil Engineering	142,639	155,500	12,860	9.0%
	Road Civil Engineering	232,767	240,100	7,332	3.2%
	Machinery	35,322	35,500	177	0.5%
	Infrastructure Management	18,673	21,700	3,026	16.2%
	Other	37,407	39,500	2,092	5.6%
Gross profit		91,610	98,500	6,889	7.5%
		13.4%	13.5%	0.1%	
	Building Construction	23,403	25,900	2,496	10.7%
		10.8%	10.9%	0.1%	
	Civil Engineering	26,036	24,100	(1,936)	(7.4)%
		18.3%	15.5%	(2.8)%	
	Road Civil Engineering	22,462	26,300	3,837	17.1%
		9.7%	11.0%	1.3%	
	Machinery	7,367	7,500	132	1.8%
		20.9%	21.1%	0.2%	
	Infrastructure Management	7,583	10,000	2,416	31.9%
		40.6%	46.1%	5.5%	
	Other	4,756	4,700	(56)	(1.2)%
		12.7%	11.9%	(0.8)%	
Selling, general and administrative expenses		54,120	55,900	1,779	3.3%
Operating profit		37,489	42,600	5,110	13.6%
Ordinary profit		38,036	43,500	5,463	14.4%
Profit		26,689	32,400	5,710	21.4%

(Note) Percentages in the lower row of gross profit indicate profit margin.

(Reference) Maeda Corporation: Supplementary Information

1) Summary of non-consolidated financial results forecast

(Millions of yen)

	Fiscal year ended March 31, 2022			Fiscal year ending March 31, 2023		
	Results for the previous period	Results for the current period	YoY change	Full-year forecast	YoY change	Rate of change
Net sales	366,086	365,772	(314)	402,500	36,727	10.0%
Construction Total	363,038	358,322	(4,715)	393,500	35,177	9.8%
Building Construction	214,393	216,842	2,449	238,500	21,657	10.0%
Civil Engineering	148,644	141,480	(7,164)	155,000	13,519	9.6%
Infrastructure Management	1,423	4,580	3,156	7,500	2,919	63.7%
Real Estate	1,624	2,868	1,243	1,500	(1,368)	(47.7)%
Gross profit	53,670	54,136	466	57,000	2,863	5.3%
	14.7%	14.8%	0.1%	14.2%	(0.6)%	
Construction Total	51,526	48,011	(3,514)	48,750	738	1.5%
	14.2%	13.4%	(0.8)%	12.4%	(1.0)%	
Building Construction	20,831	22,662	1,831	25,250	2,587	11.4%
	9.7%	10.5%	0.8%	10.6%	0.1%	
Civil Engineering	30,694	25,349	(5,345)	23,500	(1,849)	(7.3)%
	20.6%	17.9%	(2.7)%	15.2%	(2.7)%	
Infrastructure Management	1,409	4,536	3,126	7,500	2,963	65.3%
	99.0%	99.0%	0.0%	100.0%	1.0%	
Real Estate	735	1,589	853	750	(839)	(52.8)%
	45.2%	55.4%	10.2%	50.0%	(5.4)%	
Selling, general and administrative expenses	23,947	26,816	2,868	26,400	(416)	(1.6)%
Operating profit	29,722	27,320	(2,401)	30,600	3,279	12.0%
Ordinary profit	45,241	35,194	(10,046)	32,100	(3,094)	(8.8)%
Profit	36,247	28,512	(7,734)	28,000	(512)	(1.8)%

(Note) The percentages in the lower row of Gross profit indicate the profit margin.

2) Non-consolidated forecast of orders received for the construction business

(Millions of yen)

	Fiscal year ending March 31, 2023		Fiscal year ended March 31, 2022	
	Full-year forecast	YoY change (%)	Results for the current period	YoY change (%)
Building Construction	260,000	(0.1)	260,136	6.1
Civil Engineering	160,000	(0.2)	160,401	(2.0)
Total	420,000	(0.1)	420,537	2.9