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May 14, 2021

To whom it may concern:

Company MAEDA CORPORATION
Representative President and Representative
Director Soji Maeda
(Code No.: 1824, TSE 1st Section)
Contact Executive Officer, Deputy General Manager of
Management Innovation Division and General
Manager of Corporate Planning Department
Shinya Sakaguchi
(TEL: +81-3-3265-5551)

Company MAEDA ROAD CONSTRUCTION CO., LTD.
Representative President and Representative Director
Yasuhiko Imaizumi
(Code No.: 1883, TSE 1st Section)
Contact General Manager, Accounting & Finance
Division, Administration Headquarters
Seiji Nishi
(TEL: +81-3-5487-0020)

Company MAEDA SEISAKUSHO CO., LTD.
Representative President & Representative Director
Masaaki Shioiri
(Code No.: 6281, JASDAQ)
Contact General Manager, Management Department,

Business Administration Division
Kazuhiko Yamaguchi
(TEL: +81-26-292-2222)

Notice on Creation of “Medium- to Long-Term Management Strategy for the Establishment of a New Holding Company”

On May 14, 2021, Maeda Corporation (“Maeda Corporation”), Maeda Road Construction Co., Ltd. (“Maeda Road”), and Maeda Seisakusho Co., Ltd. (“Maeda Seisakusho”; and Maeda Corporation, Maeda Road, and Maeda Seisakusho are collectively referred to as the “Three Companies”) executed a business integration agreement and prepared a joint share transfer plan pursuant to resolutions of their respective boards of directors today. In this regard, the Three Companies have formulated the “Medium- to Long-Term Management Strategy for the Establishment of a New Holding Company” (the “Medium- to Long-Term Management Strategy”) as the management strategy framework of the joint holding company (the “Holding Company”) scheduled to be incorporated on October 1, 2021.

1. Purpose of Creating the Medium- to Long-Term Management Strategy

As stated by the Three Companies in the press release “Notice on Execution of a Business Integration Agreement and Preparation of a Share Transfer Plan Regarding Establishment of a Joint Holding Company of Maeda Corporation, Maeda Road Construction Co., Ltd., and Maeda Seisakusho Co., Ltd.” issued today, with the goal of achieving continuous growth for the whole group, the Three Companies have set the goal of transforming into an “integrated infrastructure service company” over the medium to long term, and have agreed to switch to a business model that will enable us to expand our business, and continuously produce stable, strong profits and enhance the management base through cooperative promotion of digitalization strategies targeting productivity reforms, technical development, and personnel development, etc., while enhancing the existing businesses of the Three Companies.

An “integrated infrastructure service company” which the Three Companies have as their goal is a company that aims to develop new construction services by taking on and expanding all kinds of projects, with de-contracting as our core principle, while further strengthening our engineering capabilities which are the profit source for each group company, by carrying out one-stop management ranging from infrastructure planning proposals through to operation, maintenance, and management. The Three Companies aim to become “a company trusted by all stakeholders” by establishing the aforementioned strong profits and stable, new revenue base, as well as realizing agile and appropriate management by means such as creating an effective governance framework and promotion of DX, and enhancing our adaptability to social changes.

To achieve this, we have created the Medium- to Long-Term Management Strategy based on discussions among the Three Companies. The details of what the joint holding company should strive to become through the transition to a new holding company structure and details of the Medium- to Long-Term Management Strategy to achieve such goal are as follows.

2. Details of the Medium- to Long-Term Management Strategy

I. Business Environment Forecast

Our forecast for the business environment in which the Three Companies operate, which is the background to the establishment of the Holding Company, is as follows:

- Domestic construction investment is not expected to increase significantly in the future, and the new construction market is expected to shrink due to constraints on national and local government budgets;
- On the other hand, as a solution, it is predicted that new markets such as infrastructure maintenance, repair, renewal, and new construction utilizing public-private partnerships (PPP) and carbon-neutral initiatives will expand rapidly;
- In order to deal with the labor shortages, it is essential to promote work-style reforms and make drastic productivity reforms;
- For medium-to long term corporate growth, it is necessary to further promote ESG management and even implement an even better corporate governance framework; and
- The speed of social changes is accelerating, such as the rapid progress of digital technology, and there is an urgent need for a swift and agile system.

II. Our Goal

Under the Holding Company structure, we will move forward with the following to achieve continuous growth for the whole group and aim for a “company trusted by all stakeholders.”

- Set our business model to aim for as an “integrated infrastructure service company” that manages both upstream and downstream of the infrastructure operation business on an one-stop basis and strongly promote such business model as the entire group’s strategy so as to create a “stable and highly profitable revenue base” that will not be influenced by external factors
- Realize prompt and appropriate management and reinforce our “ability to deal with social changes” through such measures as the establishment of an effective corporate governance system and promotion of digital transformation (DX)

III. Three Core Strategies and Important Measures

The three core strategies to achieve the “goal” of the Holding Company and the main important measures for each strategy are as follows.

- Productivity reforms: Maximization of added value; optimization of fixed costs and administrative costs; and promotion of group financing strategies
- Creation of a stable and highly profitable revenue base: Enhancement of competitiveness in infrastructure operating business globally; and further expansion of business fields
- Strengthening and improvement of corporate culture: Promotion of the group human resources strategy; and ramping up governance

IV. Numerical Management Targets

As the management targets of the Holding Company, we have set the numerical targets for the fiscal year ending March 31, 2030 and the dividend payout ratio for the fiscal year ending 2021 onwards as follows.

	Targets for fiscal year ending March 31, 2030
Operating profit	100 billion yen or more
Profit	70 billion yen or more
ROE	12% or more

	Fiscal year ending 2021 onwards
Dividend payout ratio	30% or more

End

Medium-to Long term Strategy

for the establishment of a new Joint Holding Company

May 14, 2021

MAEDA CORPORATION

MAEDA ROAD CONSTRUCTION CO., LTD.

MAEDA SEISAKUSHO CO., LTD.

Overview of a Joint Holding Company

Name INFRONEER Holdings Inc.

Established October 1, 2021

Capital 20 billion yen

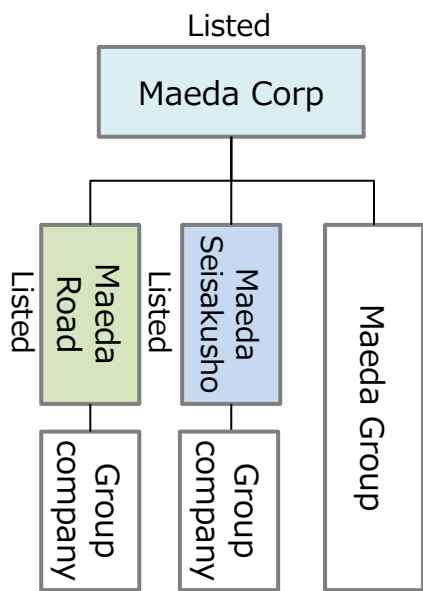
Structure of Corporate Organs Company With Nominating Committee, etc.

※Holding Company will not get Construction Business License

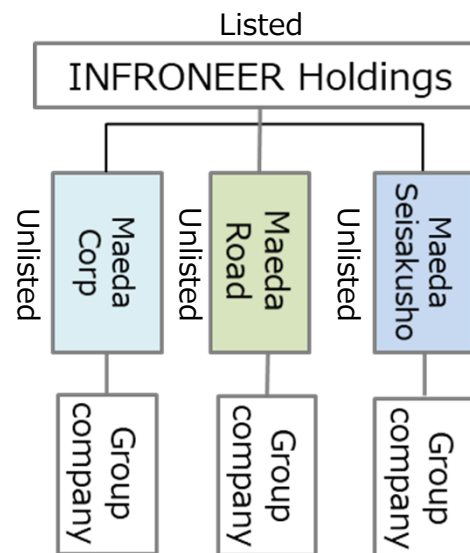
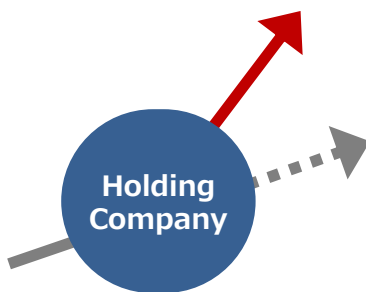


- Demonstrate strengths in engineering in group companies
- Lack of group-wide strategies for the entire group and the effective use of management resources

- Executing Group-wide Strategy by sharing value
- Reinforcement by uniting engineering and group synergies
- Maximize the liquidity of group management resources
- Prompt and appropriate decision-making by reinforcement corporate governance
- Expansion of business fields by M&A



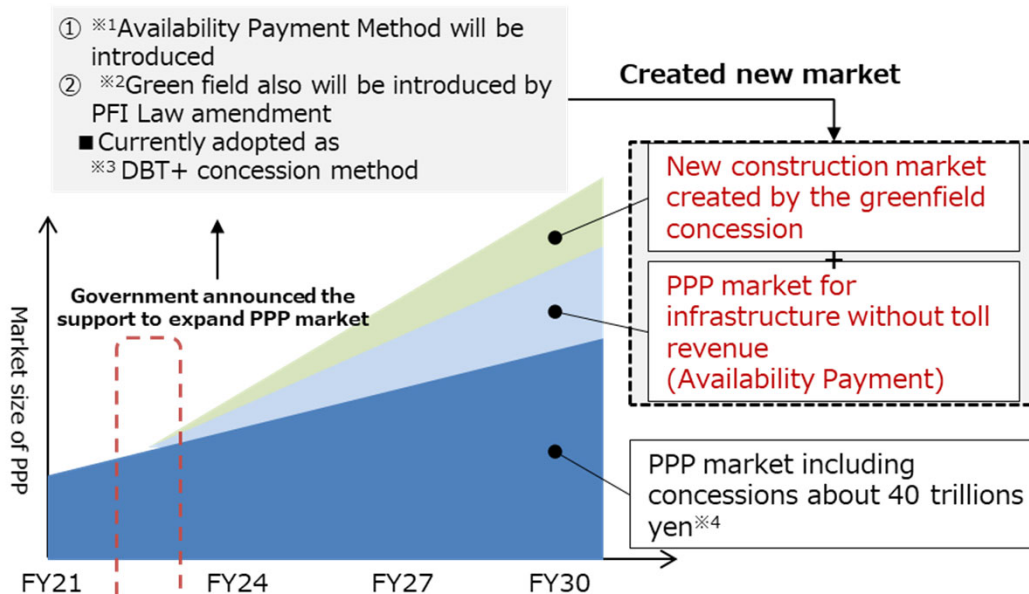
Improve the group-wide corporate value of the entire group and Accelerate growth



- Domestic construction investment is not predicted to increase significantly in the future, and **the new construction market is predicted to shrink** due to shortage of national and local government budgets .
- On the other hand, as a solution, it is predicted that **new markets** such as infrastructure maintenance, repair, renewal and new construction by using public-private partnership method(PPP) and carbon-neutral initiatives **will expand rapidly**.
- In order to deal with **the shortage of workers**, it is essential to promote work style reforms and make drastic productivity reforms.
- For medium-to long term corporate growth, it is necessary to reinforce **ESG management** and **corporate governance**.
- The speed of social changes is accelerating, such as **the rapid progress of digital technology**, and there is an urgent need for **a prompt and agile system**.

Expansion of new market

Public infrastructure goes to PPP market



※1~3 Please see the references(7page)

※4 We originally calculated from the Cabinet Office "PPP / PFI Promotion Action Plan (Reiwa 2nd Revised Edition)"

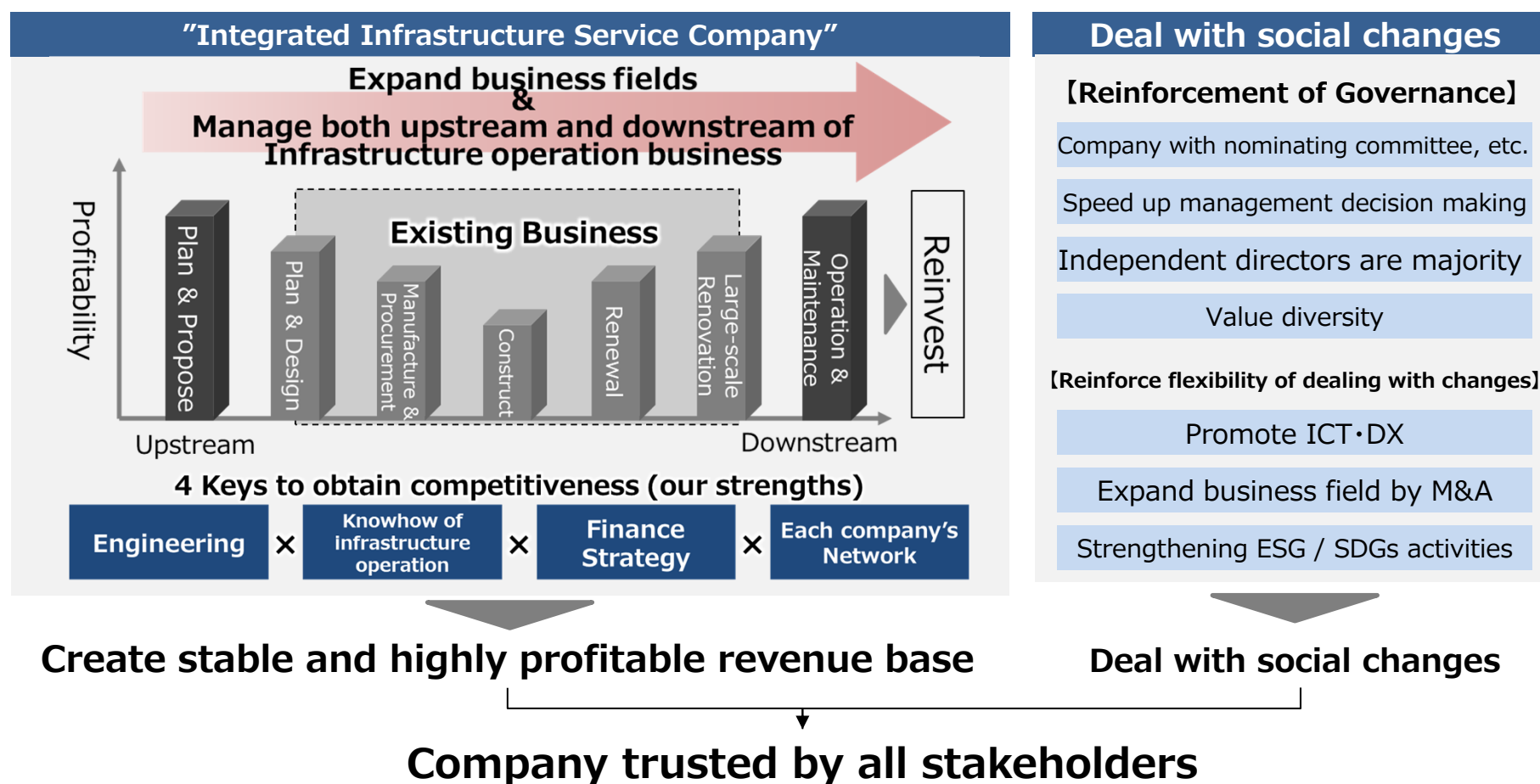
Demand from society

- Further promotion of management based on the cost of capital, such as implementation of business portfolio strategy
- Reinforcement group governance
- Ensuring the reliability of audits
- Consideration ability for medium to long-term sustainability
- Improving the quality of outside directors

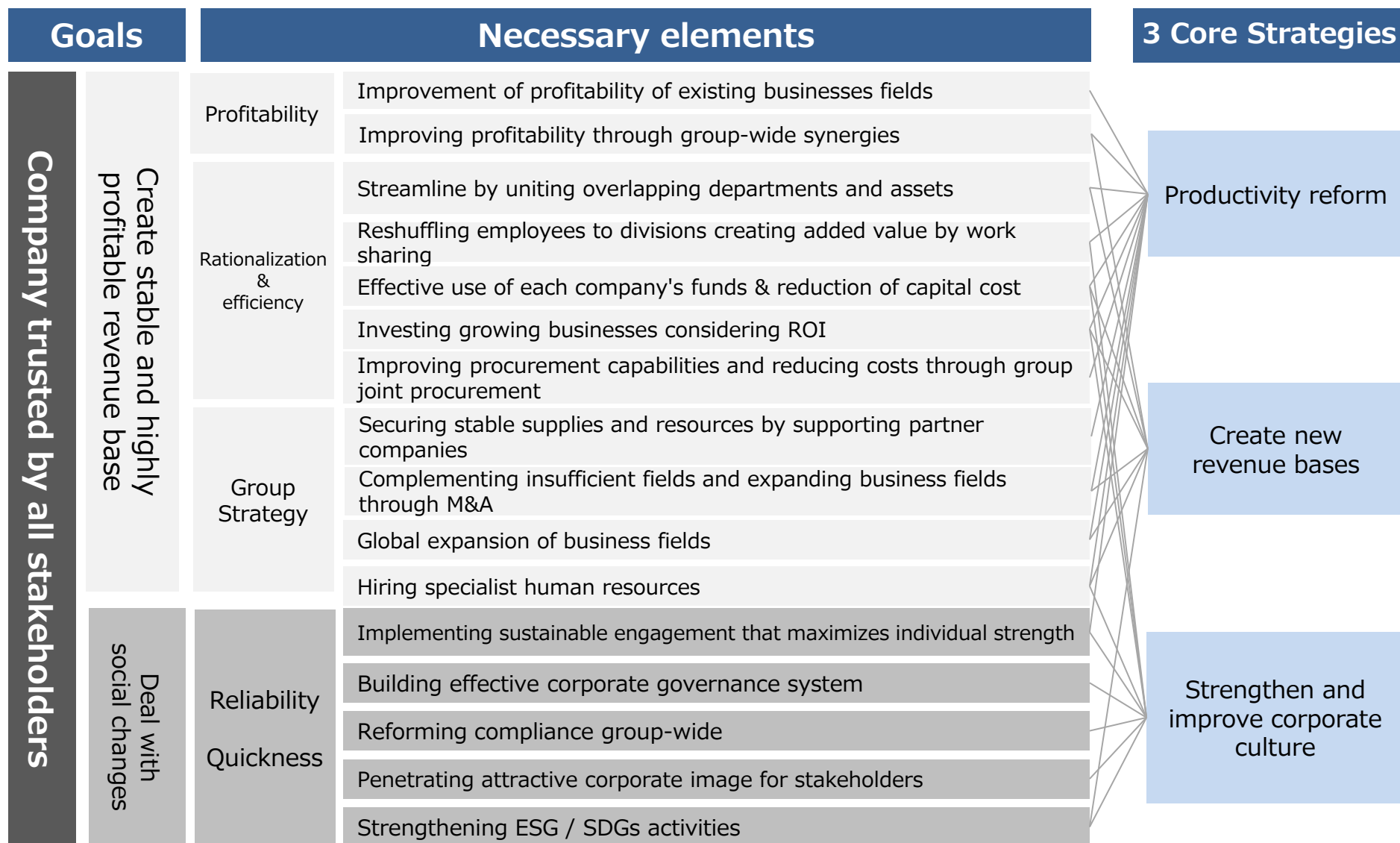
Shortage of construction labors

- Shortage of skilled labors
- Aging construction labors (26.2% of all labors aged 60 and over)

- Strongly promote **“integrated infrastructure service company”** that manages both upstream and downstream of infrastructure operation business aiming to establish a business model that realizes sustainable growth without being influenced by external factors.
- **Create stable and highly profitable revenue base** by uniting the engineering of each group company, expanding the business fields by M&A and reinforce competitiveness.
- Aim for **“company trusted by all stakeholders”** by establishment of an effective corporate governance system, promote Digital Transformation (DX), realize prompt and appropriate management and reinforcement our **“ability to deal with social changes.”**



3 Core Strategies to Achieve Our Goals

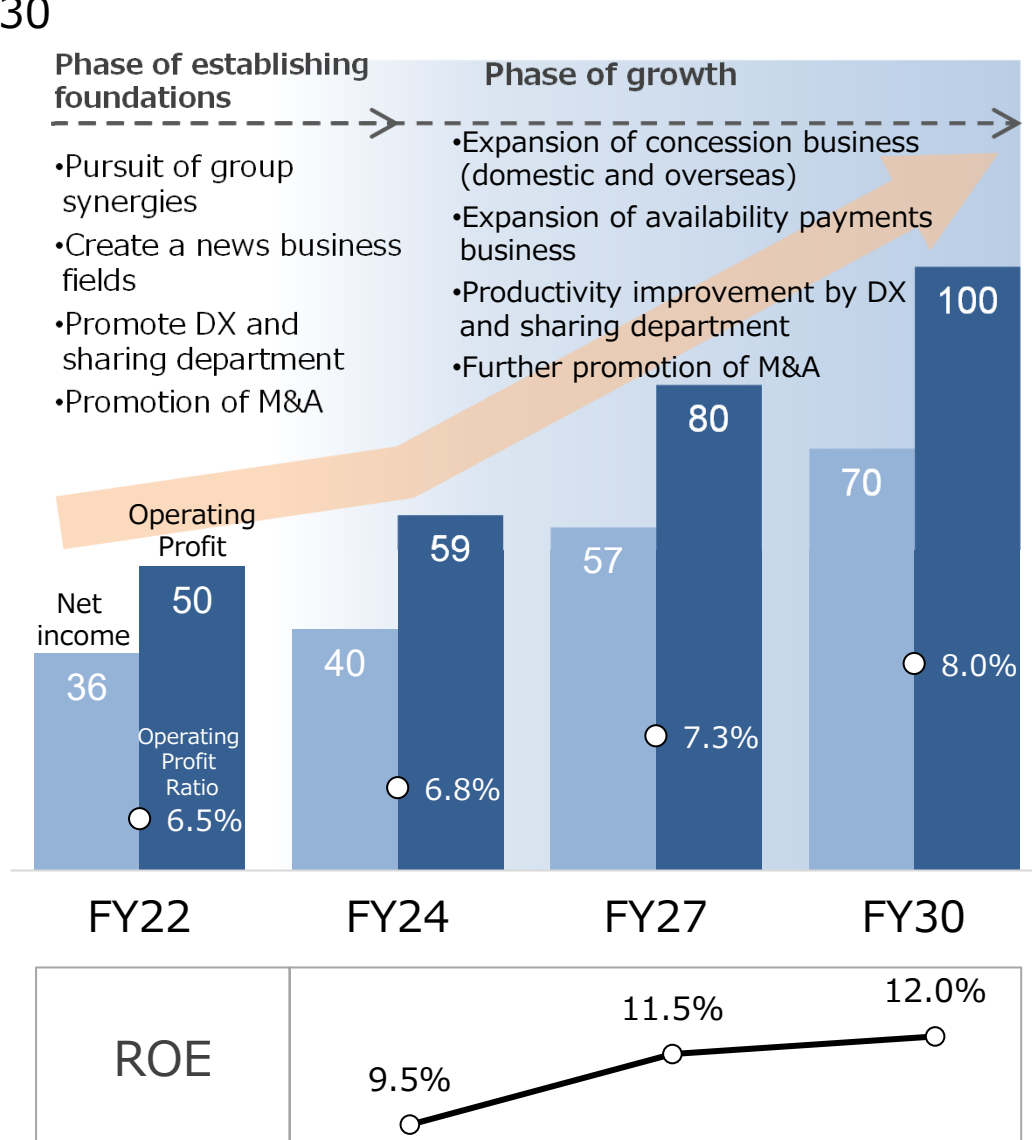


Important Measures of the 3 Core Strategies

Core Strategies		ESG	Important Measures
Productivity Reforms	Maximize added value	ES	Enhance competitiveness in existing business fields by gathering achievements and knowhow of infrastructure operation business.
		ES	Reinforce business foundation by using the group company's networks (including global expansion)
		ES	Reduce costs for materials and equipment by group joint procurement and centralized purchasing
		S	Secure stable and high-quality supply through cooperation with our partner companies
		ES	Accelerating research and development speed by gathering our strengths
		G	Investing growing businesses considering ROI
	Optimization of costs	G	Relocate workforce to high value-added business by integrating overlapping departments
		S	Optimizing and streamlining workloads through accumulation and centralized management of big data and development of digital tools
		EG	Optimization of fixed costs by effective utilization (consolidation) of group assets
Finance	G	Reduce capital cost by managing group finance	
Create stable and highly profitable revenue base	Enhance competitiveness in infrastructure operating business globally	ES	Enhance competitiveness in infrastructure operating business by mutually sharing management resources
		SG	Global business expansion of infrastructure operation business with our overseas networks
	Expansion of business fields	ES	Reinforce renewable energy business that leads to a carbon-free society and sustainable urban development
		ES	Reinforce the competitiveness of business fields by sharing our various strengths
		ESG	Expand into new fields of business by mergers and acquisitions
		ESG	Active recruitment of specialist human resources
		SG	Carry out employee engagement surveys to improve employee's motivation
Strengthen and improve corporate culture	Promotion of group human resources strategy	SG	Pursuit of human resource development and management that makes employees feel rewarding
		ESG	Penetration of management philosophy and human resource education (CSV thinking, etc.) that leads to sustainable growth
		S	Reinforce group personnel strategy to enhance individual ability
		G	Implementation of management that realizes transparent, fair, speedy and decisive decision-making
	Strengthening corporate governance	ESG	Improve compliance awareness by continuous training
		SG	Improve corporate value by strengthening corporate governance
		SG	Fostering a corporate culture in which diverse human resources can play an active role

Management Target

- Aim for Operating Profit of 100 billion or more (Operating Profit Ratio approximately 8%), Net income of 70 billion or more, and ROE of 12% or more in FY2030



(billions of yen)

FY2030 Target	
*Operating Profit	100 or more
Net income	70 or more
ROE	12% or more
FY2021~	
Dividend payout ratio	30% or more

*Includes both equity and sales gain of infrastructure operations. Excluding goodwill.

※1 Availability Payment Method

A fee structure that public agency makes payments according to concession contractor's performance on operation and management of infrastructure.

The payments are covered by public agency budgets.

In Europe and the United States, Availability Payment have been introduced in many projects such as schools, hospitals, courts, roads, transportation, and water service.

※2 Green field

Project structure that includes various stages of project such as new construction, acquirement of operating rights, maintenance, large-scale repairs and renewals.

On the other hand, Brown field is project structure that includes only acquirement with operating rights of existing facility, large-scale repairs and renewals.

※3 DBT + concession

Project structure that combines DBT (Design Build Transfer) and the concession.

Private company constructs a facility and transfers ownership to the public agency.

After transferring the ownership to the public, a private company will acquire the operating right of the facility and do maintenance, large-scale repairs, renewals.