

Translation

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Consolidated Financial Results
for the Six Months Ended September 30, 2022
(Based on Japanese GAAP)**

November 11, 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 to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 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	%
Six months ended September 30, 2022	313,490	–	14,693	–	16,047	–	13,292	–
Six months ended September 30, 2021	–	–	–	–	–	–	–	–

(Note) Comprehensive income: Six months ended September 30, 2022: ¥13,071 million [–%]

Six months ended September 30, 2021: ¥– million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	50.65		–	
Six months ended September 30, 2021	–		–	

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	877,946	354,334	39.3
As of March 31, 2022	926,432	355,865	37.4

(Reference) Equity: As of September 30, 2022: ¥344,971 million

As of March 31, 2022: ¥346,911 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	0.00	–	40.00	40.00
Fiscal year ending March 31, 2023	–	0.00			
Fiscal year ending March 31, 2023 (Forecast)			–	40.00	40.00

(Note) Revision to the forecast of dividends announced most recently: No

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	705,000	3.2	35,000	(6.6)	36,800	(3.3)	31,500	18.0	121.50

(Note) Revision to the forecast of consolidated financial results announced most recently: Yes

* Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) 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

(Note) Please refer to “(Changes to accounting policies)” of “2. (4) Notes to Quarterly Consolidated Financial Statements” on page 12 for details.

(4) Number of issued shares (common shares)

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

As of September 30, 2022	274,845,024 shares	As of March 31, 2022	291,070,502 shares
--------------------------	--------------------	----------------------	--------------------

2) Number of treasury shares at the end of the period

As of September 30, 2022	14,094,016 shares	As of March 31, 2022	26,694,723 shares
--------------------------	-------------------	----------------------	-------------------

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	262,454,907 shares	Six months ended September 30, 2021	– shares
-------------------------------------	--------------------	-------------------------------------	----------

(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 (3,668,500 shares at the end of the six months ended September 30, 2022, and 4,221,300 shares at the end of the fiscal 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 (3,958,600 shares at the end of the six months ended September 30, 2022, and 324,715 shares at the end of the fiscal 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 (377,500 shares at the end of the six months ended September 30, 2022, and 657,500 shares at the end of the fiscal 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 (577,500 shares at the end of the six months ended September 30, 2022, and 657,500 shares at the end of the fiscal year ended March 31, 2022).

* These quarterly financial results are outside the scope of quarterly review 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.

○ Table of Contents

1. Qualitative Information on Quarterly Financial Results	4
(1) Explanation of Operating Results	4
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information	5
2. Quarterly Consolidated Financial Statements and Primary Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
(3) Quarterly Consolidated Statement of Cash Flows	10
(4) Notes to Quarterly Consolidated Financial Statements	12
(Notes on going concern assumption)	12
(Notes in the case of significant changes in amount of shareholders' equity)	12
(Changes in scope of consolidation and application of equity method)	12
(Changes to accounting policies)	12
(Additional information)	12
(Segment information)	14
(Significant subsequent event)	14
3. Supplementary Information	15
(1) (Building Construction Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog ..	15
(2) (Civil Engineering Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog	15
(3) (Road Civil Engineering Segment) Classified by Type: Orders Received, Net Sales and Backlog	16
(4) Summary of Forecast of Consolidated Financial Results	17
(Reference) Maeda Corporation: Supplementary Information	18

1. Qualitative Information on Quarterly Financial Results

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. Therefore, no comparison with the six months ended September 30, 2021 has been done.

(1) Explanation of Operating Results

During the six months ended September 30, 2022, the Japanese economy generally and moderately recovered in corporate production activities, employment, and personal consumption, as moves toward normalization of economic and social activities gained momentum amid progress in the shift to a new phase coexisting with the novel coronavirus infection (COVID-19), despite persisting concerns about the economic downturn overseas putting downward pressure on the Japanese economy in the context of the prolonged situation in Ukraine and the continued monetary tightening across the globe, among other situations.

In the construction industry, public investment and housing construction remained firm, and capital investment showed signs of picking up on the back of improved corporate earnings and other factors.

Under these circumstances, 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” with one-stop style management from upstream to downstream of infrastructure operations, 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.

For the six months ended September 30, 2022, net sales were about ¥313.4 billion. For profit and loss, operating profit was about ¥14.6 billion, ordinary profit was about ¥16.0 billion, and profit attributable to owners of parent was about ¥13.2 billion.

Performance results by business segment are as follows.

[Building Construction]

In the building construction business, net sales were about ¥86.9 billion and segment loss was about ¥0.2 billion.

[Civil Engineering]

In the civil engineering business, net sales were about ¥68.5 billion and segment profit was about ¥8.1 billion.

[Road Civil Engineering]

In the road civil engineering business, net sales were about ¥109.1 billion and segment loss was about ¥1.7 billion.

[Machinery]

In the machinery business, net sales were about ¥16.3 billion and segment profit was around ¥0.6 billion.

[Infrastructure Management]

In the infrastructure management business, net sales were about ¥14.7 billion and segment profit was about ¥7.4 billion.

[Others]

In the others business segment, net sales were about ¥17.8 billion and segment profit was about ¥0.4 billion.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets as of September 30, 2022 were about ¥877.9 billion, down roughly ¥48.4 billion compared to the previous fiscal year, mainly due to a decrease in notes receivable and accounts receivable from completed construction contracts. Liabilities stood at around ¥523.6 billion, a decrease of about ¥46.9 billion compared to the previous fiscal year, mainly due to a decrease in short-term borrowings. Net assets amounted to about ¥354.3 billion, down roughly ¥1.5 billion. As a result of the above, equity, which is net assets minus non-controlling interests, amounted to about ¥344.9 billion, and the equity ratio increased from 37.4% in the previous fiscal year to 39.3%.

2) Cash flows

Net cash provided by operating activities in the six months ended September 30, 2022 was about ¥68.4 billion. Net cash used in investing activities amounted to roughly ¥6.7 billion. Net cash used in financing activities amounted to around ¥49.1 billion. As a result of the above, the balance of cash and cash equivalents at the end of the six months ended September 30, 2022 increased by about ¥13.1 billion from the end of the previous fiscal year, to roughly ¥89.1 billion.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

Based on financial results for the six months ended September 30, 2022, the financial results forecast announced at the time of the financial results announcement on May 13, 2022 was revised as follows.

1. Revision to forecast of the consolidated financial results

for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (Yen)
Previously announced forecast (A)	730,600	42,600	43,500	32,400	123.26
Revised forecast (B)	705,000	35,000	36,800	31,500	121.50
Difference (B-A)	(25,600)	(7,600)	(6,700)	(900)	
Increase/decrease (%)	(3.5)	(17.8)	(15.4)	(2.8)	
[Reference] Results for the fiscal year ended March 31, 2022	682,912	37,489	38,036	26,689	94.73

2. Reasons for the revision to the financial results forecast

Net sales are expected to surpass the result of the previous fiscal year in the building construction business and the civil engineering business, but are projected to decrease by ¥25.6 billion from the previous forecast, mainly because construction progress fell short of initial expectations.

Gross profit is expected to achieve a high profit margin on a par with the previous fiscal year in the building construction business and the civil engineering business. Operating profit is projected to decrease by ¥7.6 billion. This is mainly because construction progress fell short of expectations in the building construction business, and profitability deteriorated in the road civil engineering business due to soaring raw material prices, while operating profit in the civil engineering business is expected to exceed the previous forecast.

As a result of the foregoing, although we maintain the forecast of a new record-high profit, ordinary profit and profit attributable to owners of parent are expected to decrease by ¥6.7 billion and ¥0.9 billion, respectively, compared to the previous forecast.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	78,035	91,716
Notes receivable, accounts receivable from completed construction contracts and other	310,801	230,980
Securities	30	30
Real estate for sale	1,987	1,894
Merchandise and finished goods	1,573	1,754
Costs on construction contracts in progress	13,698	26,413
Raw materials and supplies	3,444	3,736
Other	43,149	43,318
Allowance for doubtful accounts	(117)	(184)
Total current assets	452,602	399,659
Non-current assets		
Property, plant and equipment	163,578	158,227
Intangible assets		
Right to operate public facilities	109,721	107,653
Assets related to replacement investment to operate public facilities	24,122	27,969
Goodwill	19,891	16,525
Other	14,988	14,089
Total intangible assets	168,724	166,237
Investments and other assets		
Investment securities	120,123	116,630
Deferred tax assets	840	1,063
Retirement benefit asset	14,907	15,828
Other	5,994	20,646
Allowance for doubtful accounts	(402)	(374)
Total investments and other assets	141,464	153,794
Total non-current assets	473,767	478,258
Deferred assets	62	27
Total assets	926,432	877,946

(Millions of yen)

As of March 31, 2022

As of September 30, 2022

Liabilities	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	6,933	20,641
Account payable for works in progress and other	110,997	85,512
Short-term borrowings	84,492	28,729
Current portion of non-recourse loans	1,194	1,116
Current portion of bonds payable	–	10,000
Income taxes payable	10,896	5,796
Advances received on construction contracts in progress	34,862	42,344
Provision for loss on construction contracts	836	497
Other provisions	10,132	9,414
Liabilities related to right to operate public facilities	4,555	4,650
Liabilities related to replacement investment to operate public facilities	1,016	564
Other	33,319	33,693
Total current liabilities	299,236	242,961
Non-current liabilities		
Bonds payable	45,000	48,000
Long-term borrowings	52,851	62,312
Non-recourse loans	9,947	4,222
Deferred tax liabilities	14,305	13,999
Retirement benefit liability	16,767	16,995
Other provisions	–	56
Liabilities related to right to operate public facilities	103,843	101,894
Liabilities related to replacement investment to operate public facilities	24,588	29,032
Other	4,025	4,137
Total non-current liabilities	271,330	280,651
Total liabilities	570,566	523,612
Net assets		
Shareholders' equity		
Share capital	20,000	20,000
Capital surplus	134,117	106,349
Retained earnings	198,273	211,551
Treasury shares	(24,342)	(10,929)
Total shareholders' equity	328,048	326,971
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,275	17,163
Deferred gains or losses on hedges	3	235
Foreign currency translation adjustment	(95)	(285)
Remeasurements of defined benefit plans	680	886
Total accumulated other comprehensive income	18,863	18,000
Non-controlling interests	8,953	9,362
Total net assets	355,865	354,334
Total liabilities and net assets	926,432	877,946

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statement of income

Six months ended September 30, 2022

(Millions of yen)

	Six months ended September 30, 2022
Net sales	
Net sales of completed construction contracts	170,946
Sales in other businesses	142,543
Total net sales	313,490
Cost of sales	
Cost of sales of completed construction contracts	148,688
Cost of sales in other businesses	121,977
Total cost of sales	270,666
Gross profit	
Gross profit on completed construction contracts	22,258
Gross profit - other business	20,565
Total gross profit	42,824
Selling, general and administrative expenses	28,130
Operating profit	14,693
Non-operating income	
Interest income	126
Dividend income	1,218
Foreign exchange gains	1,089
Share of profit of entities accounted for using equity method	294
Other	230
Total non-operating income	2,959
Non-operating expenses	
Interest expenses	1,121
Other	484
Total non-operating expenses	1,606
Ordinary profit	16,047
Extraordinary income	
Gain on sale of non-current assets	60
Gain on sale of investment securities	2,930
Other	140
Total extraordinary income	3,131
Extraordinary losses	
Loss on retirement of non-current assets	96
Loss on valuation of investment securities	190
Other	48
Total extraordinary losses	335
Profit before income taxes	18,843
Income taxes - current	5,009
Income taxes - deferred	(79)
Total income taxes	4,930
Profit	13,912
Profit attributable to non-controlling interests	620
Profit attributable to owners of parent	13,292

Quarterly consolidated statement of comprehensive income
Six months ended September 30, 2022

	(Millions of yen)
	Six months ended September 30, 2022
Profit	13,912
Other comprehensive income	
Valuation difference on available-for-sale securities	(1,108)
Deferred gains or losses on hedges	238
Foreign currency translation adjustment	(179)
Remeasurements of defined benefit plans, net of tax	194
Share of other comprehensive income of entities accounted for using equity method	13
Total other comprehensive income	(841)
Comprehensive income	13,071
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	12,429
Comprehensive income attributable to non-controlling interests	641

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

Six months ended
September 30, 2022

Cash flows from operating activities	
Profit before income taxes	18,843
Depreciation	12,277
Amortization of goodwill	3,366
Increase (decrease) in allowance for doubtful accounts	39
Increase (decrease) in provision for loss on construction contracts	(338)
Increase (decrease) in retirement benefit liability	(500)
Interest and dividend income	(1,344)
Interest expenses	1,121
Foreign exchange losses (gains)	(495)
Share of loss (profit) of entities accounted for using equity method	(294)
Loss (gain) on sale of short-term and long-term investment securities	(2,930)
Loss (gain) on valuation of short-term and long-term investment securities	190
Loss (gain) on sale of non-current assets	(60)
Loss on retirement of non-current assets	96
Decrease (increase) in trade receivables	79,728
Decrease (increase) in costs on construction contracts in progress	(12,714)
Decrease (increase) in inventories	(394)
Decrease (increase) in consumption taxes refund receivable	(7,215)
Decrease (increase) in long-term prepaid expenses	(14,660)
Increase (decrease) in trade payables	(11,776)
Increase (decrease) in advances received on construction contracts in progress	7,481
Increase (decrease) in deposits received	2,591
Other, net	4,428
Subtotal	77,438
Interest and dividends received	1,760
Interest paid	(833)
Income taxes paid	(9,929)
Net cash provided by (used in) operating activities	68,436
Cash flows from investing activities	
Purchase of property, plant and equipment and intangible assets	(8,105)
Purchase of rights to operate public facilities	(2,102)
Payments for replacement investment to operate public facilities	(726)
Proceeds from sale of property, plant and equipment and intangible assets	153
Purchase of investment securities	(38)
Proceeds from sale and redemption of investment securities	4,835
Purchase of shares of subsidiaries and associates	(48)
Loan advances	(36)
Proceeds from collection of loans receivable	19
Other, net	(661)
Net cash provided by (used in) investing activities	(6,710)

(Millions of yen)

Six months ended
September 30, 2022

Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(57,310)
Proceeds from long-term borrowings	15,000
Repayments of long-term borrowings	(3,474)
Decrease in non-recourse payable	(323)
Proceeds from issuance of bonds	12,937
Repayments of finance lease liabilities	(249)
Purchase of treasury shares	(4,695)
Dividends paid	(10,770)
Dividends paid to non-controlling interests	(252)
Other, net	(33)
Net cash provided by (used in) financing activities	(49,172)
Effect of exchange rate change on cash and cash equivalents	495
Net increase (decrease) in cash and cash equivalents	13,048
Cash and cash equivalents at beginning of period	76,018
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	96
Cash and cash equivalents at end of period	89,163

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Changes in scope of consolidation and application of equity method)

Significant changes in scope of consolidation

From the first quarter of the current fiscal year, the newly established MAEDA AMERICA Inc. and INFRONEER Digital Solutions Inc., as well as Mio Tsukushi Industrial Water Concession Co., the importance of which increased, were included in the scope of consolidation.

In the first quarter of the current fiscal year, Aoisangyo CO., Ltd, which was a consolidated subsidiary, was excluded from the scope of consolidation because it was dissolved in an absorption-type merger with a consolidated subsidiary Aonokensetsu CO., Ltd

In addition, in the first quarter of the current fiscal year, consolidated subsidiary Anonymous Association Happo Wind Development, was excluded from the scope of consolidation due to the sale of the equity interest in the anonymous association it held.

(Changes to accounting policies)

Application of Guidance on Accounting Standard for Fair Value Measurement, etc.

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Guidance") has been applied from April 1, 2022, and the new accounting policies prescribed by the Fair Value Measurement Guidance will be prospectively applied in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Guidance. The application of the Fair Value Measurement Guidance has no effect on the quarterly consolidated financial statements.

(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 previous fiscal year, the book value and number of shares of the relevant treasury shares were ¥4,501 million and 4,221 thousand shares, respectively. As of September 30, 2022, the book value and number of shares of the relevant treasury shares were ¥3,767 million and 3,668 thousand shares, respectively.

3. Book value of borrowings recorded using the gross method

Borrowings at the end of the previous fiscal year amounted to ¥4,545 million and as of September 30, 2022 amounted to ¥4,026 million.

(2) Board Benefit Trust (BBT)

The Company's consolidated subsidiary Maeda Corporation introduced a performance-based stock compensation plan called "Board Benefit Trust" for directors (excluding outside directors) and executive officers (hereinafter collectively the "Directors") of Maeda Corporation. On September 1, 2022, in place of the former performance-based stock compensation plan for Directors, the Company introduced a new performance-based stock compensation plan called "Board Benefit Trust" (hereinafter "BBT") for directors (excluding outside directors) and executive officers of the Company (hereinafter, directors and executive officers of the Company are collectively referred to as the "Eligible Directors"), in order to clarify a linkage among the Eligible Directors' rewards, the Company's financial results, and the value of stock, and to enhance their motivation to contribute to the improvement of mid- to long-term business performance and the increase in corporate value by making them share not only the benefits of higher share prices, but also the risks of lower share prices with shareholders.

Following the introduction of the new plan, the operating entity of the BBT was changed from Maeda Corporation to the Company, with the trust assets transferred to the Company.

1. Descriptions of transactions

The BBT is a performance-based stock compensation plan under which the Company's shares are acquired through a trust (hereinafter the trust that is established based on the BBT is referred to as the "Trust"), using money contributed by the Company as the source of funds, and the Eligible Directors are provided with the Company's shares and an amount of money equivalent to the market value of the Company's shares (hereinafter the "Company's Shares, etc.") through the Trust in accordance with the Regulations on Stock Benefits for Officers stipulated by the Company. The Eligible Directors shall receive the Company's Shares, etc. at a certain time after the end of each period of the Company's Medium Term Business Plan (an initial applicable period and each three consecutive fiscal years following the initial applicable period), in principle.

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 previous fiscal year, the book value and number of shares of the relevant treasury shares were ¥549 million and 657 thousand shares, respectively. As of September 30, 2022, the book value and number of shares of the relevant treasury shares were ¥303 million and 377 thousand shares, respectively.

(Segment information)

I For the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

1. Information on sales, profit or loss by reportable segment and decomposition of income

(Millions of yen)

	Reportable Segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly 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	3,404	439	85,508	14,013	7,806	111,172	11,842	123,014	—	123,014
Goods transferred over time	82,541	68,113	23,520	96	—	174,271	6,011	180,283	—	180,283
Income from contracts with customers	85,945	68,553	109,029	14,109	7,806	285,443	17,853	303,297	—	303,297
Other income	971	—	82	2,211	6,928	10,192	—	10,192	—	10,192
Net sales to outside customers	86,916	68,553	109,111	16,320	14,734	295,636	17,853	313,490	—	313,490
Inter-segment net sales or transfers	1,326	25	2,109	1,029	—	4,491	5,802	10,293	(10,293)	—
Total	88,243	68,578	111,220	17,350	14,734	300,127	23,655	323,783	(10,293)	313,490
Segment profit (loss)	(201)	8,129	(1,727)	600	7,498	14,298	480	14,778	(85)	14,693

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

2. Adjustment of segment profit (loss) includes inter-segment transactions of ¥(85) million.

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

(Significant subsequent event)

Not applicable.

3. Supplementary Information

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

1. Orders Received (Millions of yen)

	Six months ended September 30, 2022	
	Amount	%
Public Works	24,175	21.8%
Private Works	85,978	77.7%
Overseas	523	0.5%
Total	110,677	100.0%

2. Net Sales (Millions of yen)

	Six months ended September 30, 2022	
	Amount	%
Public Works	12,702	14.4%
Private Works	75,131	85.1%
Overseas	408	0.5%
Total	88,243	100.0%

3. Backlog (Millions of yen)

	Six months ended September 30, 2022	
	Amount	%
Public Works	90,713	21.7%
Private Works	326,110	78.1%
Overseas	474	0.1%
Total	417,298	100.0%

(Note) Net sales are before adjustment and 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)

	Six months ended September 30, 2022	
	Amount	%
Public Works	21,023	61.9%
Private Works	12,906	38.0%
Overseas	54	0.2%
Total	33,985	100.0%

2. Net Sales (Millions of yen)

	Six months ended September 30, 2022	
	Amount	%
Public Works	36,680	54.1%
Private Works	31,200	46.0%
Overseas	(55)	(0.1)%
Total	67,824	100.0%

3. Backlog (Millions of yen)

	Six months ended September 30, 2022	
	Amount	%
Public Works	129,997	44.9%
Private Works	158,970	54.9%
Overseas	671	0.2%
Total	289,639	100.0%

(Note) Net sales are before adjustment and include inter-segment transactions.

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

1. Orders Received (Millions of yen)

	Six months ended September 30, 2022	
	Amount	%
Pavement Construction	71,868	59.5%
Civil Engineering Works	14,397	11.9%
Manufacturing/Sales	34,156	28.3%
Other	287	0.2%
Total	120,710	100.0%

2. Net Sales (Millions of yen)

	Six months ended September 30, 2022	
	Amount	%
Pavement Construction	62,467	56.2%
Civil Engineering Works	14,308	12.9%
Manufacturing/Sales	34,156	30.7%
Other	287	0.3%
Total	111,220	100.0%

3. Backlog (Millions of yen)

	Six months ended September 30, 2022	
	Amount	%
Pavement Construction	55,555	81.0%
Civil Engineering Works	12,989	19.0%
Manufacturing/Sales	—	—
Other	—	—
Total	68,545	100.0%

(Note) Net sales are before adjustment and include inter-segment transactions.

(4) Summary of Forecast of Consolidated Financial Results

(Millions of yen)

	Six months ended September 30, 2022	Fiscal year ending March 31, 2023		
	Results for the current period	Full-year forecast	YoY change	Progress
Net sales	313,490	705,000	22,087	44.5%
Building Construction	86,916	228,400	12,297	38.1%
Civil Engineering	68,553	147,000	4,360	46.6%
Road Civil Engineering	109,111	236,000	3,232	46.2%
Machinery	16,320	35,500	177	46.0%
Infrastructure Management	14,734	21,500	2,826	68.5%
Other	17,853	36,600	(807)	48.8%
Gross profit	42,824	92,100	489	46.5%
	13.7%	13.1%	(0.4)%	
Building Construction	7,382	24,000	596	30.8%
	8.5%	10.5%	(0.3)%	
Civil Engineering	13,687	25,400	(636)	53.9%
	20.0%	17.3%	(1.0)%	
Road Civil Engineering	8,122	21,000	(1,462)	38.7%
	7.4%	8.9%	(0.8)%	
Machinery	3,360	7,500	132	44.8%
	20.6%	21.1%	0.3%	
Infrastructure Management	8,586	10,000	2,416	85.9%
	58.3%	46.5%	5.9%	
Other	1,684	4,200	(556)	40.1%
	9.4%	11.5%	(1.2)%	
Selling, general and administrative expenses	28,130	57,100	2,979	49.3%
Operating profit	14,693	35,000	(2,489)	42.0%
Ordinary profit	16,047	36,800	(1,236)	43.6%
Profit attributable to owners of parent	13,292	31,500	4,810	42.2%

(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)

	Six months ended September 30, 2022			Fiscal year ending March 31, 2023		
	Results for the previous period	Results for the current period	YoY change	Full-year forecast	YoY change	Progress
Net sales	165,342	163,082	(2,260)	383,900	18,127	42.5%
Construction Total	162,776	155,097	(7,679)	374,800	16,477	41.4%
Building Construction	101,258	87,272	(13,986)	228,300	11,457	38.2%
Civil Engineering	61,518	67,824	6,306	146,500	5,019	46.3%
Infrastructure Management	566	7,013	6,447	7,400	2,819	94.8%
Real Estate	1,999	971	(1,028)	1,700	(1,168)	57.1%
Gross profit	20,025	27,506	7,481	56,300	2,163	48.9%
	12.1%	16.9%	4.8%	14.7%	(0.1)%	
Construction Total	18,297	20,037	1,739	48,100	88	41.7%
	11.2%	12.9%	1.7%	12.8%	(0.6)%	
Building Construction	8,795	6,981	(1,813)	23,200	537	30.1%
	8.7%	8.0%	(0.7)%	10.2%	(0.3)%	
Civil Engineering	9,501	13,055	3,553	24,900	(449)	52.4%
	15.4%	19.2%	3.8%	17.0%	(0.9)%	
Infrastructure Management	565	7,008	6,443	7,400	2,863	94.7%
	99.8%	99.9%	0.1%	100.0%	1.0%	
Real Estate	1,162	460	(701)	800	(789)	57.6%
	58.1%	47.4%	(10.7)%	47.1%	(8.3)%	
Selling, general and administrative expenses	13,620	14,217	596	28,500	1,683	49.9%
Operating profit	6,404	13,289	6,884	27,800	479	47.8%
Ordinary profit	13,527	15,528	2,001	30,200	(4,994)	51.4%
Profit	12,778	14,491	1,712	28,700	187	50.5%

(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		Six months ended September 30, 2022	
	Full-year forecast	YoY change	Results for the current period	Progress
Building Construction	260,000	(0.1)%	109,703	42.2%
Civil Engineering	160,000	(0.2)%	33,985	21.2%
Total	420,000	(0.1)%	143,688	34.2%