Chapter 3

Value Creation Story

This chapter explains the story of value creation that enhances “corporate value.” The corporate value of INFRONEER lies in transforming society through infrastructure service. We will introduce these initiatives.

Corporate value ↑ = (**Profit margin ↑** − **Capital costs ↓**) − **Expected growth rate ↑**

16 Social Challenges Surrounding Japan’s Infrastructure

17 Value Creation Process

18 INFRONEER’s Vision of Society
— Sustainability Statement

20 The Six Capitals Supporting Growth

22 Challenge the Status Quo:
Business Models and Competitive Advantages

25 Materiality and KPIs

28 Initiatives to Improve Corporate Value
Water Infrastructure Business

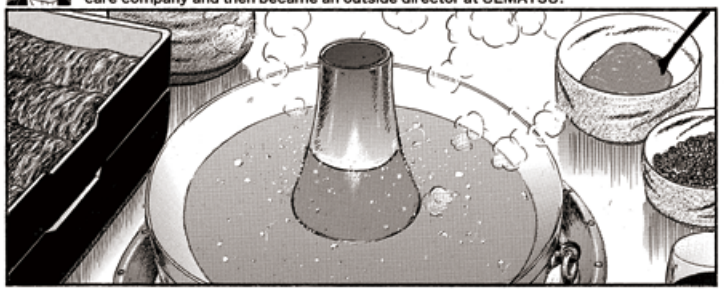


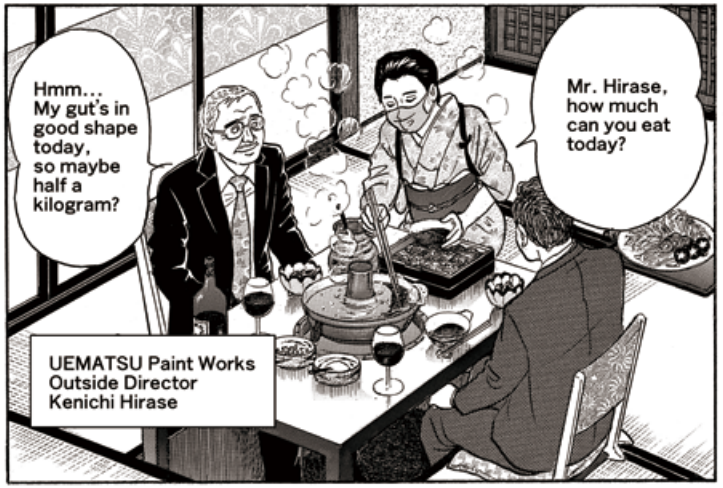
©JNSE
MUFG Stadium (Japan National Stadium)

©Kenshi Hirokane/Kodansha



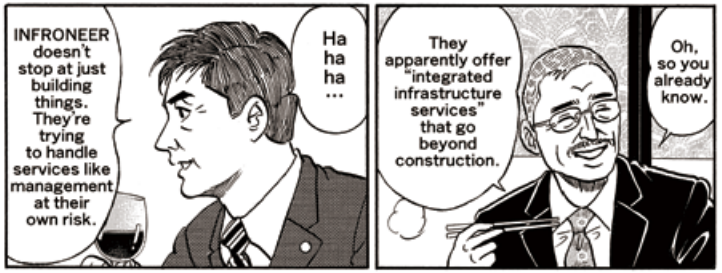
Kenichi Hirase :
Shima's sworn friend who started at Hatsushiba Electric when Shima did. After becoming the president of Hatsushiba France and later retiring, he started up a nursing care company and then became an outside director at UEMATSU.



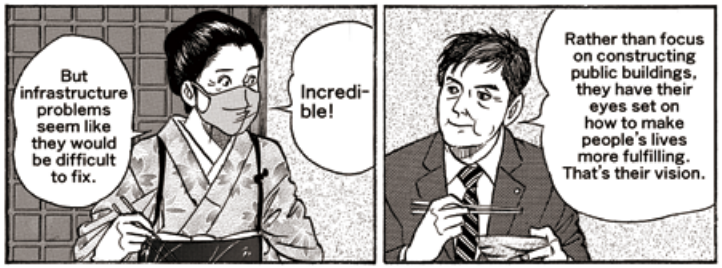




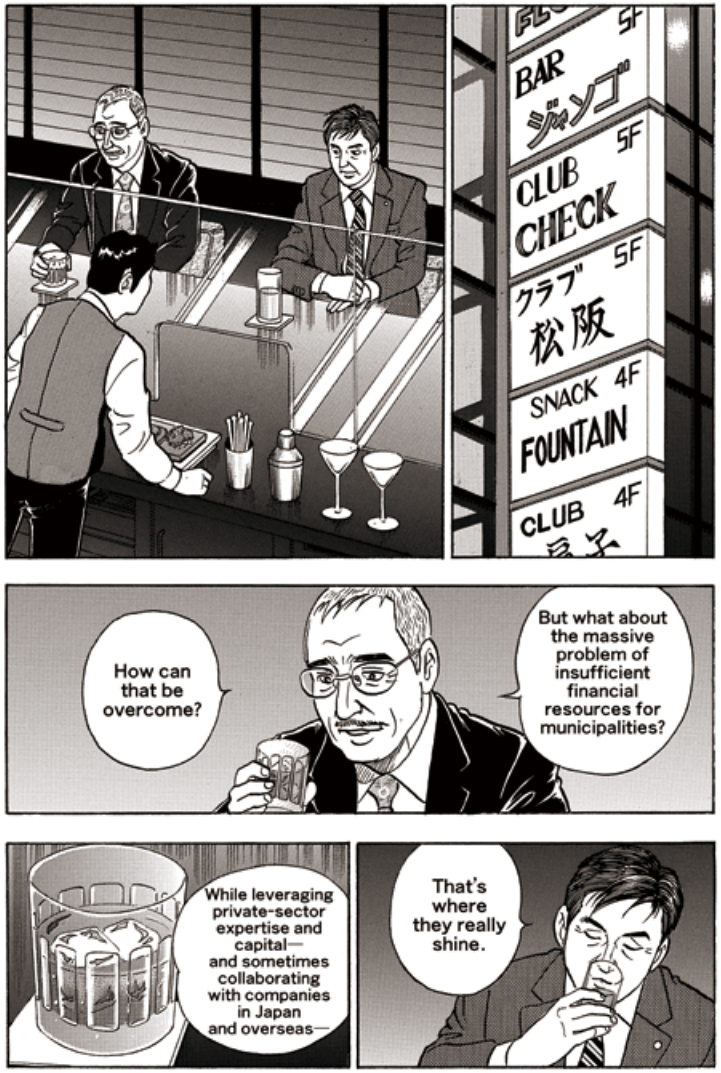






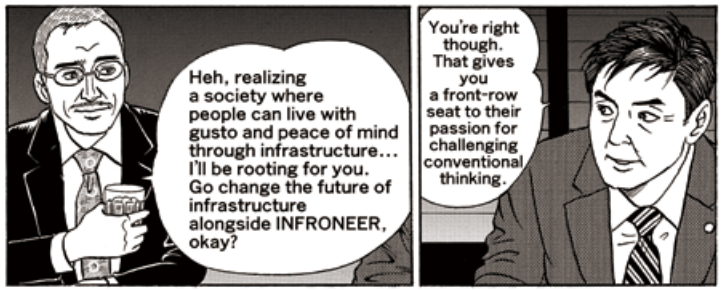


Read from right to left



3

4

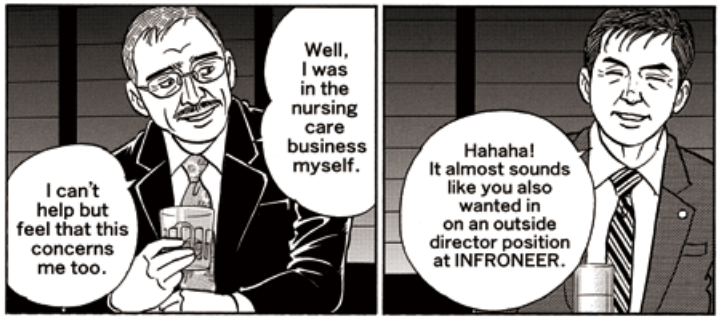

Heh, realizing a society where people can live with gusto and peace of mind through infrastructure... I'll be rooting for you. Go change the future of infrastructure alongside INFRONEER, okay?
You're right though. That gives you a front-row seat to their passion for challenging conventional thinking.


Yeah.


Here we go.


That's sure to motivate the employees actually doing the work too.
—they're taking on new businesses through public-private partner-ships.


Organizations whose people tangibly feel that their work is making someone happy instead of just paying lip service to abstract ideals are strong, no doubt about it.


I can't help but feel that this concerns me too.
Well, I was in the nursing care business myself.
Hahaha! It almost sounds like you also wanted in on an outside director position at INFRONEER.

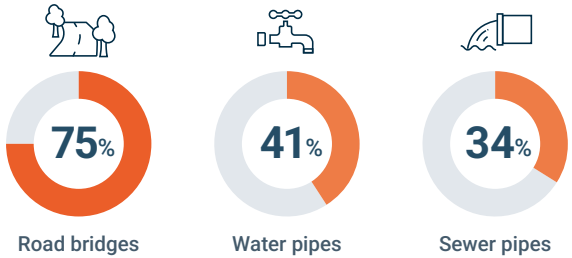
Social Challenges Surrounding Japan's Infrastructure

As infrastructure continues to age, its maintenance and management require significant costs. However, due to a shortage of workers and financial resources, regional sustainability is at risk. It is for this very reason that the Group will continue to tackle social challenges by becoming an integrated infrastructure service company.

Aging Infrastructure

As the percentage of infrastructure that has been in use for over 50 years since construction—a benchmark for renewal—is expected to increase at an accelerating rate, we are facing the challenge of aging infrastructure. Operation and management require costs and skilled workers.

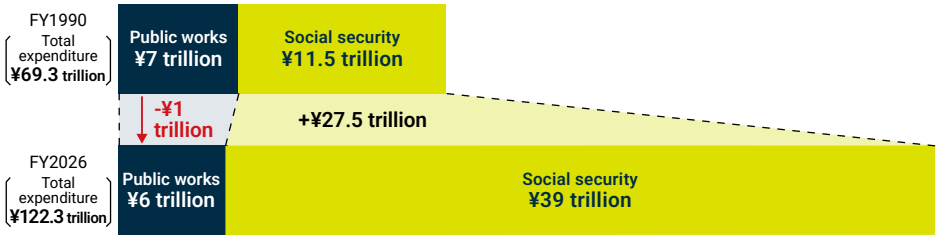
Percentage of infrastructure that will have been in use for over 50 years by 2040



Fiscal Limitations at the National Level

While social security costs have more than tripled, infrastructure investment, including public works and maintenance costs, has decreased.

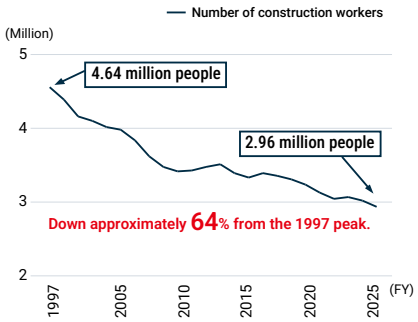
National expenditures



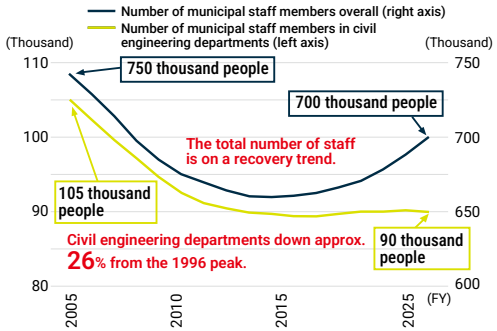
Shortage of Workers

The number of construction workers and technical staff in local governments is on a downward trend, leading to a shortage of infrastructure workers in both the public and private sectors.

Trends in the number of construction workers



Number of municipal staff members (overall, civil engineering departments)



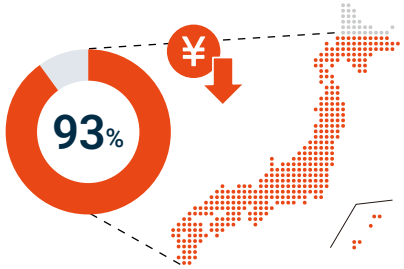
Outflow of Energy Costs to Outside the Region

Most local governments have a deficit in their energy balance, making it necessary to promote the local production and local consumption of energy. In Japan, which has resource constraints, the demand for renewable energy is increasing further.

Energy cost balance of each local government (2022)

90% of all local governments are in deficit

Local production and local consumption of energy are necessary



[Sources] Aging Infrastructure: Ministry of Land, Infrastructure, Transport and Tourism "Infrastructure Maintenance Information"; Fiscal Limitations at the National Level: Ministry of Finance "Trend in the Share of Public Works Expenses in the General Account (Initial Budget)" and "Composition of FY2026 General Account Budget Revenue and Expenditure"; Shortage of Workers: Japan Federation of Construction Contractors "Construction Industry Digital Handbook" and Ministry of Land, Infrastructure, Transport and Tourism "Materials Distributed at the 1st Infrastructure Management Strategy Subcommittee Meeting"; Growing Demand for Renewable Energy: Ministry of the Environment "Regional Economic Circulation Analysis Database (2022 Edition)"

Value Creation Process

INFRONEER is working on new business models to solve social challenges with free, unconventional ideas.

Business model

Social Challenges Surrounding Infrastructure

Materiality

> P.16 > PP.25-27

Challenge the status quo

Civil Engineering Business > PP.48-49

Infrastructure Management Business > PP.50-51

Road Civil Engineering Business > PP.52-53

Machinery Business > PP.54-55

Related Businesses

Building Construction Business > PP.46-47

"Construction" × "De-construction" > P.22

Comprehensive System × Area Expansion > P.23

Capital Recycling > P.24

INFRONEER^ (INFRONEER Caret) > P.5

Input

The Six Capitals Supporting Growth > PP.20-21

Growth Investment > P.36

Output

KPI

Financial Indicators > PP.90,92

Non-financial Indicators > PP.91,93

Functional Value

Environmental Value

Convivial Value

Outcome

INFRONEER's Vision of Society > PP.18-19

with the Earth

with Society



INFRONEER's Vision of Society

— Sustainability Statement

Achieving Sustainability for All Stakeholders of the INFRONEER Group and Our Planet by Providing Optimal Infrastructure Services

In view of the ways in which society is changing, the INFRONEER Group has formulated the INFRONEER Group Sustainability Statement (IGSS). The IGSS is our compass, showing our vision for society and the social value we can deliver and guiding us along a path toward achieving them. It describes INFRONEER's vision, mission, and value (VMV) for the future in specific terms.

As an integrated infrastructure service company, we provide a diverse range of services across the globe, which enables us to contribute to solving issues in various settings, create value, and achieve sustainability.

We know it is difficult to predict the future, which is why we depict a future vision for society and incorporate it into our medium- to long-term strategies.

But we cannot realize the kind of society INFRONEER envisions alone. We will therefore find more allies who empathize with the IGSS and work together to take on challenges.

1. We strive to realize a symbiotic society where we can coexist with the planet and its people.
2. We strive to simultaneously pursue three types of social value, namely, "functional value," "environmental value," and "convivial value*" in addition to economic value through a virtuous cycle of applying INFRONEER's strengths.
3. We will enhance our execution capabilities by refining our growth drivers that bolster INFRONEER's strengths to create social value.

* Convivial value: Conviviality is a term that means "a state of festivity and liveliness." It is a concept introduced by Austrian philosopher Ivan Illich (1926–2002). The term has the meaning of creating and communally enjoying a society where people can express their inherent abilities in a creative manner through relationships with others and nature.

> Symbiotic Society INFRONEER Hopes to Realize

As an integrated infrastructure service company, INFRONEER will provide optimal infrastructure services across the globe and work with its stakeholders to realize a symbiotic society like the following.

with the Earth

A society in which there are no trade-offs between the global environment and economic activities and that is in harmony with nature

It is a society that can achieve the goals of both environmental conservation and economic development at the same time, instead of sacrificing the environment in the pursuit of economic growth, and wherein they complement each other. By achieving harmony with nature, an abundant natural environment and economic opportunities can be provided to both present and future generations.

with Society

A society where individual diversity is respected and personal well-being is achieved

It is a society where people with diverse characteristics and values can enjoy good mental and physical health throughout their lives while acknowledging each other's differences. We strive to create a society where people support and cooperate with each other to create more prosperous and healthy communities, which will lead to the sustainable development of society.

INFRONEER's Growth Strategy and Vision for Society



Drivers for Further Growth

Ability to generate ideas
Business models for market creation and collaboration partnerships, etc.

Corporate culture
Culture that encourages employees to take on challenges

DX
Changing rules using digital technology

+

INFRONEER Holdings Inc.

INFRONEER's strengths

"Construction"
Further enhancing engineering capabilities

"De-construction"
Establishing a new revenue base

Strengthening corporate structure
Balancing centrifugal force and centripetal force

> Social Value Created by INFRONEER

By operating businesses that contribute to the sustainable development of society, INFRONEER can deliver three types of value to society as a whole.

Functional Value

that enables the safe, secure, and sustainable use of infrastructure

Examples of social issues to be solved

Aging infrastructure, insufficient financial resources, energy supply instability (self-sufficiency rate and renewable energy adoption rate), and shortage of workers

Environmental Value

provided to communities through the circulation and development of natural resources

Examples of social issues to be solved

Abnormal weather, stable energy supply, destruction of biodiversity, and achievement of carbon neutrality

Convivial Value

of respecting the joys of each other's lives and enjoying life together

Examples of social issues to be solved

Declining birth rate and aging population, regional challenges, promotion of safe towns and comfortable living, and diversity

> Growth Drivers to Create Social Value

INFRONEER's infrastructure service business creates new value for the future by taking an out-of-the-box approach. We believe infrastructure can play a part in transforming lifestyles and culture, depending on how it is managed and operated. INFRONEER strives to create "functional value," "environmental value," and "convivial value" by leveraging its strengths to achieve further growth.

The Six Capitals Supporting Growth

Among the various types of business foundations that constitute a source of value creation, we attach particular importance to the following six types: human capital; financial capital; business know-how; infrastructure service provision bases; long-term partnerships; and natural capital. While enhancing each of these business foundations built up over many years, we are promoting their efficient and effective combination with the objective of facilitating sustainable development of society and the Earth as well as the INFRONEER Group's sustained growth.

1 Human Capital

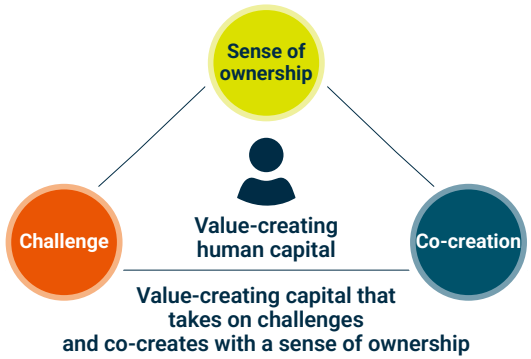
People who can create value with passion

We regard "value-creating talent" as an important part of our human capital and focus on developing and empowering these individuals.

We are investing in our people to build an organization that fosters autonomously growing individuals and creates new value while respecting diverse perspectives. To execute our growth strategy, we are working to acquire key target talent, develop workplace environments where diverse personnel can demonstrate their abilities, and cultivate talent to lead group management. Through these initiatives, we aim to foster a corporate culture with high engagement.

> Human Capital Strategies P.58

The Group's concept of human capital



2 Financial Capital

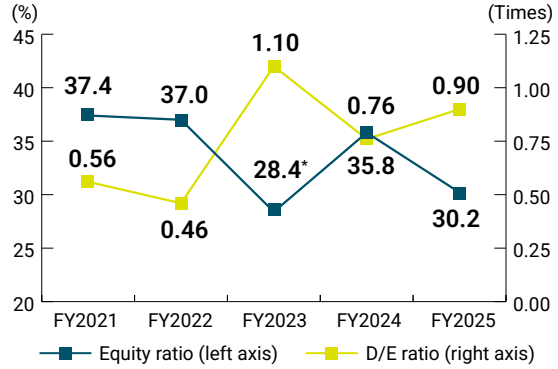
Offensive and defensive financial management

To "challenge the status quo" and build the future of infrastructure, we must make bold, proactive investments, embracing the risks that come with being a pioneer. For investments in infrastructure management businesses, which we position as growth areas, increasing financial leverage, principally through borrowings, is expected to raise a return on investment in comparison with equity.

At the same time, we need to secure a sound financial base in order to ensure ongoing investment activities. In our financial management, we determine the allocation of shareholder returns and growth investments based on earnings generated from our highly competitive "construction" business, while continuing to optimize our funding based on financial discipline, such as maintaining the D/E ratio, equity ratio, and external credit ratings defined in our financial KPIs.

> Financial Strategy P.37 Financial Summary P.92

Equity ratio and D/E ratio



*Equity ratio temporarily decreased due to an increase in interest-bearing debt resulting from financing to make Japan Wind Development a subsidiary.

3 Business Know-How (Intellectual Capital)

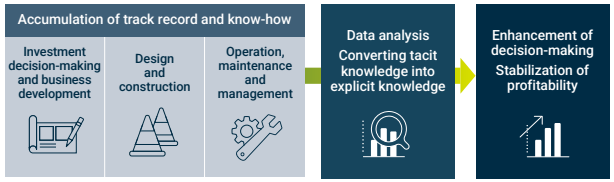
Consolidating and upgrading know-how accumulated by each business company

We possess practical experience and know-how in design and construction technologies accumulated over many years, as well as in project management related to infrastructure operation, maintenance, and business development and investment. In recent years, we have also accelerated efforts to standardize conventional, person-dependent know-how into organizational capital. Specifically, we are realizing more sophisticated decision-making and stabilized profitability by promoting data-driven management that utilizes accumulated performance data, such as through the standardization of order simulations and cost management, and systems that detect signs of problems at work sites.

Furthermore, through collaboration with diverse partners both inside and outside the Group, we are integrating technologies and knowledge to create new value. By leveraging this intellectual capital, we are evolving as a management resource that flexibly responds to changing social issues and customer needs, serving as a driving force for value creation that supports the future of infrastructure services.

> Business Introduction P.44 IT and DX Strategies P.56

For more details on our businesses, visit our website at:
https://www.infroneer.com/jp/sustainability/segment (in Japanese)

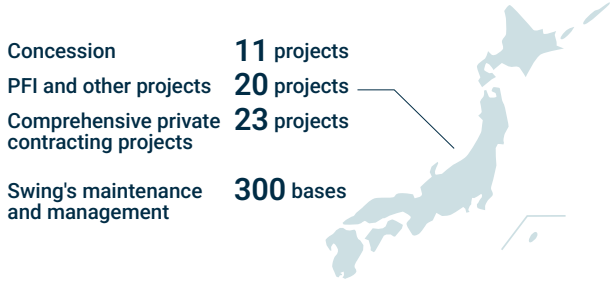


4 Infrastructure Service Provision Bases (Manufacturing Capital)

Businesses locations and regional network

Our group provides infrastructure services utilizing PPP methods in 54 projects (11 concession projects, 20 PFI and other projects, 23 comprehensive private contracting projects), which is a top-tier track record in Japan (as of the end of March 2026). Infrastructure services consistent with our group's business model are provided at each base. For example, in water and sewage projects, we aim to curb increases in user fees while effectively addressing aging infrastructure through cost reductions achieved by advancing maintenance and operations. Furthermore, on July 1, 2026, Swing joined our group, adding the 300 maintenance and management bases it possesses. This has established a system to promote Water PPP and regional infrastructure group regeneration strategy management*, which the government is promoting as a policy.

The know-how related to the infrastructure services provided by each base will become a strength for acquiring new PPP projects, and by consolidating it as group-wide know-how, further strengthening of the business model becomes possible.



(As of the end of March 2026)

* Infrastructure group regeneration strategy management: An initiative to manage infrastructure across multiple local governments and multiple fields efficiently and effectively by treating them as a "group."

5 Long-term Partnerships (Social and Relationship Capital)

Realizing an integrated infrastructure service company together

We are collaborating with diverse stakeholders to continuously provide infrastructure services.

In particular, in the civil engineering, building construction, and road civil engineering businesses, we proceed with construction work through collaboration with numerous specialized construction companies. Our Group possesses a network of partner companies with whom we have built a track record and trust over the years, ensuring a stable and high-quality supply capacity. In addition, we have established policies and guidelines related to sustainability procurement as a foundation for enhancing the sustainability of the entire supply chain, and we are engaging in continuous communication with our supply chain. Moving forward, we will accelerate initiatives that also address the expansion of our overseas business.

> Supply Chain Management P.88

In the infrastructure management business, we are expanding our business domains upstream and downstream by forming international alliances with leading players in relevant fields. We will not only continue to meet the trust of our many clients but also actively promote the strengthening of cooperation with local residents and businesses who are users of our infrastructure.

Cooperating companies (number of member companies)	Civil engineering and building construction business: Zenyu-kai (639 companies) and Shinei-kai (1,742 companies) Road civil engineering segment: Kyoei-kai (93 companies) and Rekiyu-kai (55 companies)
Alliance partners	NTT, Inc., TOKYU CORPORATION, Accenture Japan Ltd, Toshiba Corporation, Aqualia, OVG, Pixie Dust Technologies, Inc., GL events, AEG, Suez, Macquarie Group Limited, and others
Customers	Government agencies, real estate companies, transportation infrastructure companies, energy companies, and others

6 Natural Capital

Treating the Earth as a valuable stakeholder

The sustainable growth of our Group is built upon the benefits of the Earth's environment, which is a finite natural capital. We recognize that the worsening of climate change and the loss of biodiversity are significant management risks that could shake our Group's supply chain, while at the same time being important opportunities to accelerate the transition to environmentally friendly businesses. We identify materiality (critical themes) from both the perspective of how our business activities depend on natural capital (such as raw material procurement and energy use) and the impact our business activities have (such as greenhouse gas emissions and waste), and we thoroughly manage these issues. Specifically, we have set goals for reducing greenhouse gas emissions and improving resource productivity toward achieving carbon neutrality by 2050, and we are promoting technological innovation aimed at expanding the introduction of renewable energy and maximizing resource efficiency.

> Materiality PP.25-27 Environment PP.84-87

Our Group positions the "Earth" as one of our important stakeholders. The "Earth," or natural capital, is the foundation upon which we create added value, and as a return and allocation to maintain that foundation, we have implemented "Dividends for the Earth," contributing to the planet and local communities with a target of 2% of consolidated net income.



Caretan

For more details on "Dividends for the Earth," visit our website at: https://www.infroneer.com/jp/sustainability/dividend.html (in Japanese)

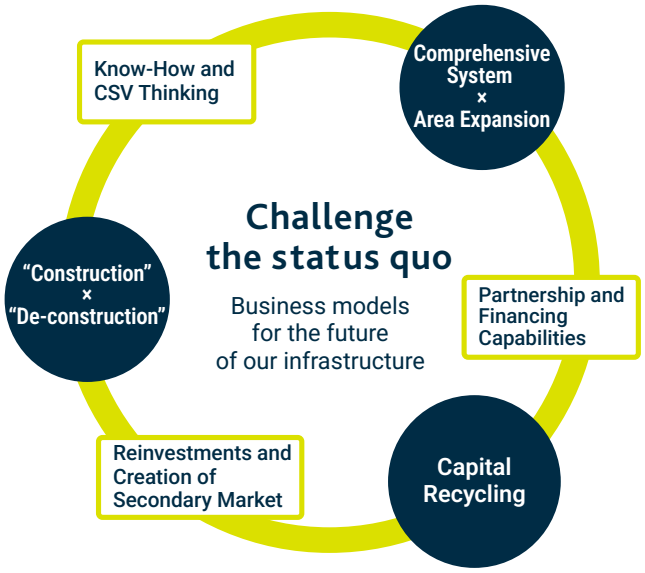
Challenge the Status Quo: Business Models and Competitive Advantages

Aiming to evolve social infrastructure and solve challenges, the INFRONEER Group is pursuing sustainable competitive advantages by creating new value through three business models while continuing to grow.

> Overview of Business Models

The INFRONEER Group is focusing on three business models to deal with each of the following themes: "construction × de-construction," "comprehensive system × area expansion," and "capital recycling."

In pursuit of establishing business models that enable sustained growth unaffected by external factors such as the economy and policies, we will aggressively promote the integrated infrastructure service company model, which offers a comprehensive range of infrastructure management services from upstream to downstream, as the Group's overall priority strategy while capitalizing on the strengths of business companies. The Group is able to approach various fields by utilizing expertise accumulated over many years of engaging in business development and operations; human capital possessing diverse and rich knowledge and experience; and financial competence based on minimization of life-cycle costs and accurate risk assessment. With these advantages, we intend to maximize our competitiveness while creating a highly profitable and stable revenue base.



1 "Construction" × "De-construction"

Achieving a Virtuous Growth Cycle by Strengthening "Construction" and Expanding "De-construction"

While aiming to strengthen and expand our own revenue, we will take on operational risks and improve our corporate value through the creation of added value and the continuous provision of infrastructure services to society that can be realized because we are an integrated infrastructure service company.

"Construction"

The "construction" business represents a pillar of the Company and its key strength. The robust engineering capabilities and regional networks built up over many years will provide us an essential advantage for promoting the "de-construction" business for reducing operational risks and reducing costs. In this sense, strong "construction" business capabilities are important for maximizing returns from engaging in "de-construction" businesses.

"De-construction"

By leveraging the engineering capabilities and financial expertise we have cultivated in the "construction" business, the "de-construction" business enables us to minimize risks and generate large returns. Specifically, it involves concession projects of acquiring the right to construct, operate, maintain, and manage public infrastructures such as airports, water supply and sewerage systems, and toll roads. It also includes such businesses as renewable energy projects that make investments in everything from business development and construction to operation, maintenance, management, and sales.

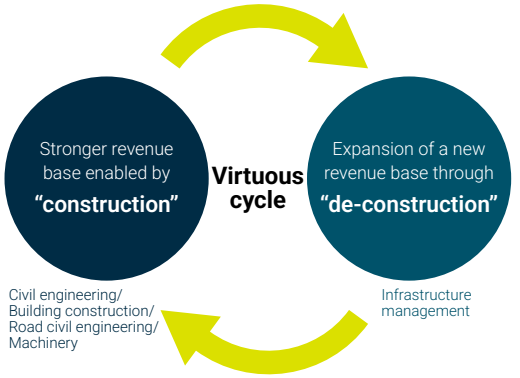
We will be able to differentiate our "construction" business by applying the know-how we have accumulated through "de-construction" and leveraging opportunities to demonstrate technologies at infrastructure facilities that we operate.

> Business Introduction P.44

For more details, visit our website at:
https://www.infroneer.com/en/company/ourbusiness.html

Our engineering approach

- Creation of opportunities by leveraging our existing regional networks
- Mitigation of operational risk through refined life-cycle cost management



Differentiation with a "de-construction" mindset

- Shift toward proposal-driven solutions from the business owner's perspective
- Ability to demonstrate technologies at infrastructure facilities we operate

2 Comprehensive System × Area Expansion

Creation of High Added Value Through Comprehensive System and Area Expansion

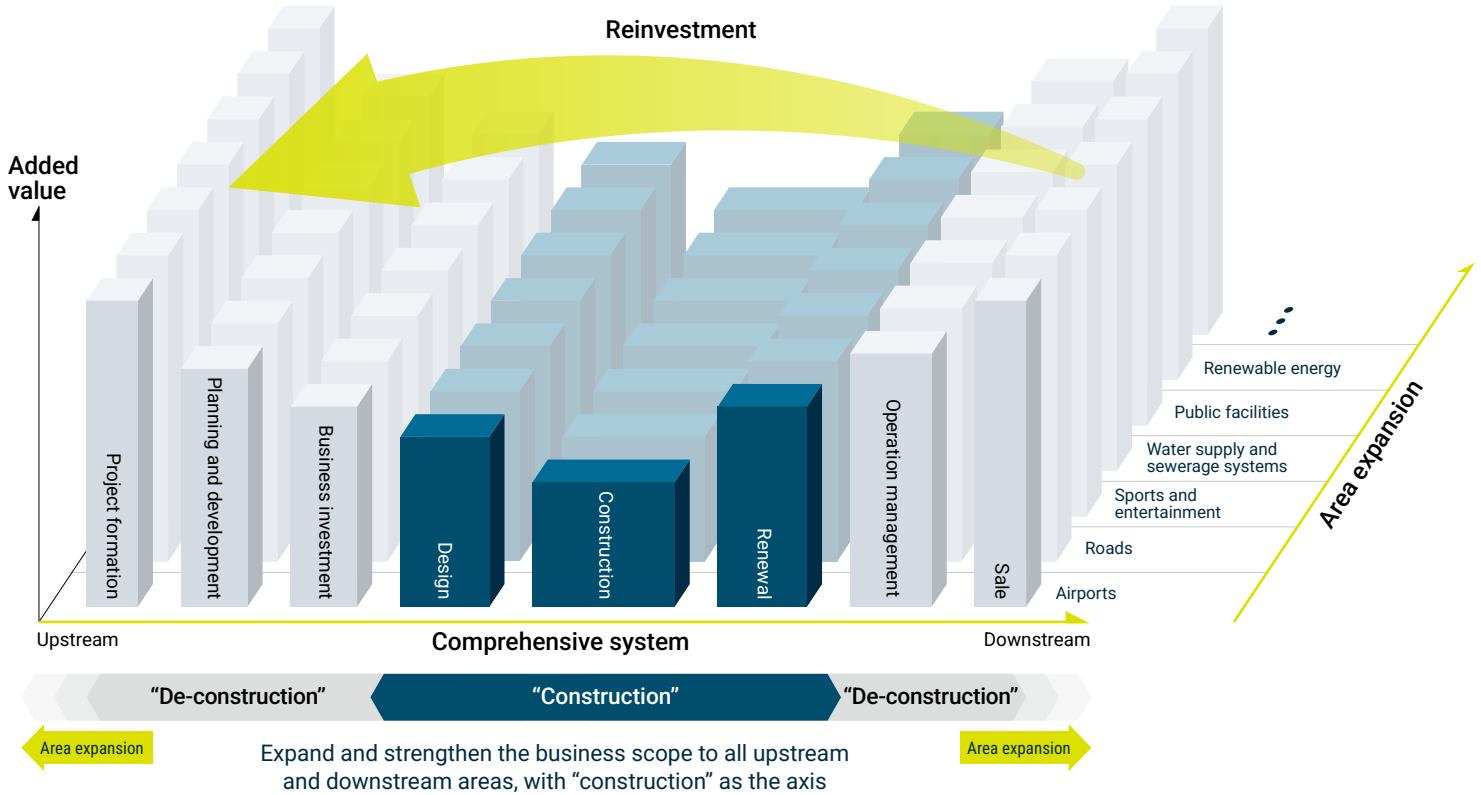
Comprehensive system

Based on the "construction" business, we will build a high-value-added value chain with an integrated approach from upstream to downstream to develop a business model that aims to improve profit margins.

Area expansion

In order to increase corporate value through our growth strategy, we will expand our business through M&A and alliances, in addition to the growth of the core businesses of our group companies and cooperating companies.

By expanding our business into a variety of infrastructure fields, including roads, airports, and water supply and sewerage systems, and combining multiple fields, we will be able to provide more comprehensive and efficient services to towns and cities, as well as all of society. As a result, we will contribute extensively to solving various problems faced by the national government, local governments, and private business owners.



Expand and strengthen the business scope to all upstream and downstream areas, with "construction" as the axis
[Active utilization of M&A and alliances]

Alliance companies × INFRONEER Holdings Inc. **INFRONEER Group** × **Cooperating companies** = ∞

3 Capital Recycling

Creation of Added Value Through Capital Recycling

1 Revenue base

We have formed a revenue base that allows us to maximize added value by comprehensively covering the entire infrastructure lifecycle with an integrated approach from project formation (upstream) to reinvestment (downstream) within the Group.

2 Reinvestments

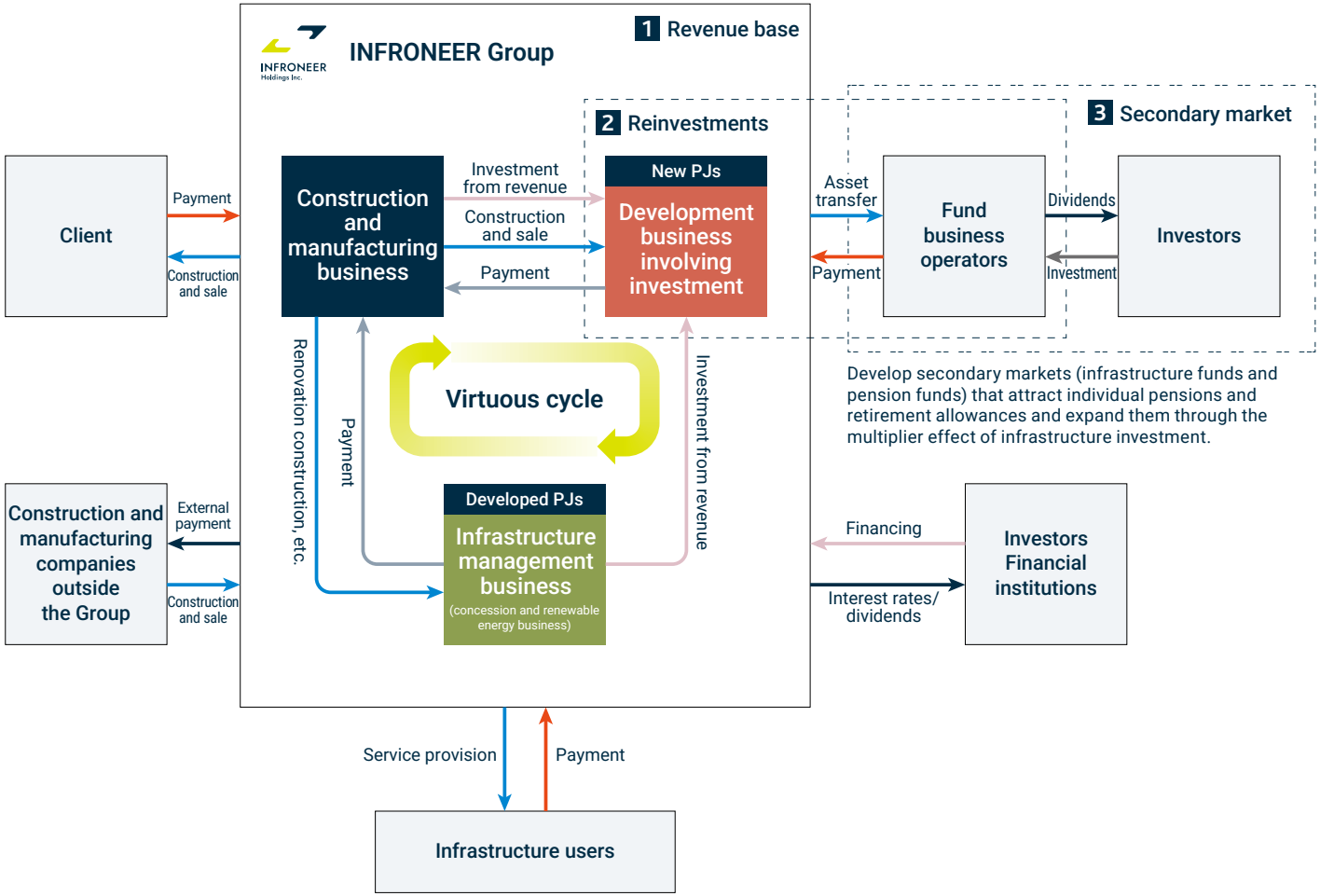
Our engineering capabilities and financial expertise allow us to take on project risk, develop and operate infrastructure, and turn projects into assets that generate long-term returns. The project is then transferred principally to pension funds, which pursue stable investment performance, with the goal of using gains on the transfer of the project to invest in new projects.

3 Secondary market

We aim to generate stable returns through the enhancement of added infrastructure value and efficient operation and maintenance, while at the same time, revitalizing the infrastructure investment market by circulating infrastructure equity to investors such as pension funds.

Global Infrastructure Management Co., Ltd., in which INFRONEER and TOKYU CORPORATION are joint shareholders, is building a new infrastructure business platform and creating a secondary market.

For details on Global Infrastructure Management, visit their website at:
https://www.gimc.jp/ (in Japanese)

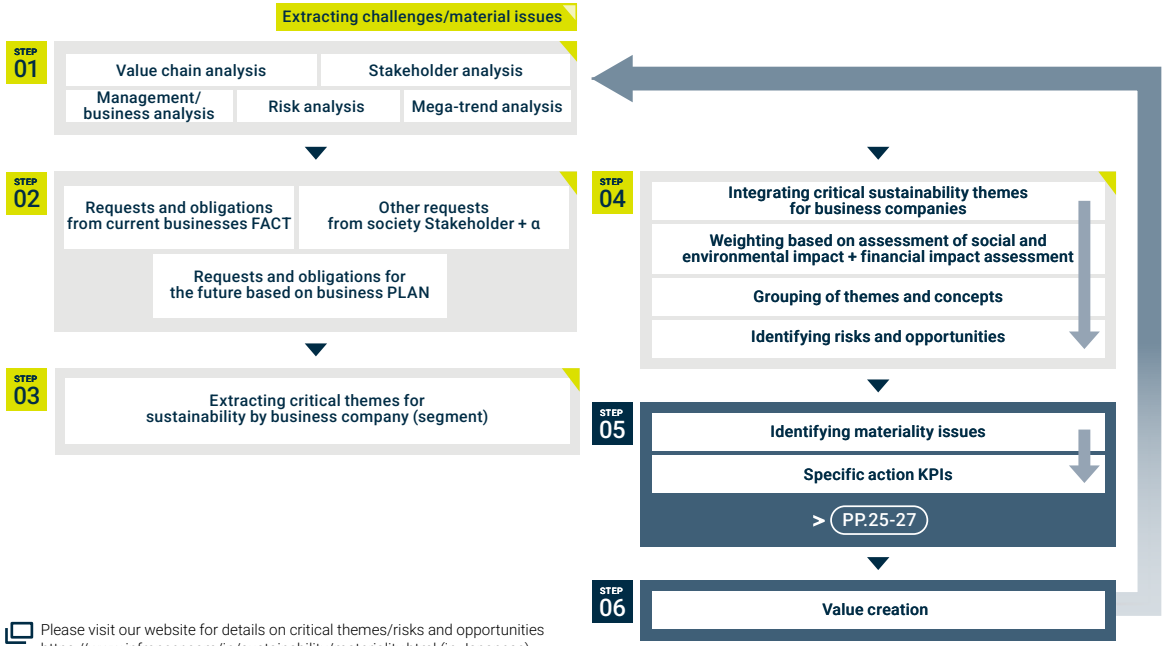


Materiality and KPIs

In response to evolving societal expectations, the INFRONEER Group has established the INFRONEER Group Sustainability Statement. To quickly promote and implement solutions to social issues, and to improve corporate value and contribute to society by continuously creating and providing added value, we have identified five material issues. Following the inclusion of ARSOCIA CONSTRUCTION in the Group, we reviewed a number of our KPIs in July 2026. In addition, we intend to continue to review them as appropriate in the future, taking into account changes in the business environment and society.

Identifying Issues for Our Materiality Assessment

To add to discussions undertaken at management meetings and by the Board of Directors, committee members, who work in a variety of fields at business companies, discussed social issues that should be addressed and identified material issues. To give our stakeholders a deeper understanding of the challenges surrounding infrastructure and the Group's activities, we reviewed our material issues in July 2025. We also strengthened the alignment between our material issues and the INFRONEER Medium-term Vision 2027.



Please visit our website for details on critical themes/risks and opportunities
https://www.infroneer.com/jp/sustainability/materiality.html (in Japanese)

Critical Themes (Materiality)

Vision	A world where there's no limit to what can be asked from and what can be delivered by infrastructure services.
Materiality	To quickly promote and implement solutions to social issues, and to improve corporate value and contribute to society as a whole by continuously pursuing and providing added value, the Group will work on the following five material issues:
	Creating a safe, secure, and more comfortable society
	Building a society that is conscious of the environment
	Strengthening value chain
	Value-creating human capital and mutual respect
	Strengthening governance
INFRONEER Medium-term Vision Relationship with the Three Strategic Pillars	Establishing a revenue base based on INFRONEER's business model
	Maximizing added value
	Strengthening and improving our corporate culture

Achieved (maintained continuously)
Progressing better than planned
Progressing as planned

Materiality & KPIs

Materiality	Critical themes	Medium- to long-term targets/KPIs (FY2030 targets)		FY2025 results	Progress	Related pages
Creating a safe, secure, and more comfortable society	● Expanding our infrastructure management business (contributing to solving social issues through the concession business) ● Promoting the development, sale, and construction of products and methods that contribute to improving the functionality and comfort of buildings and infrastructure services ● Ensuring the safety and quality of buildings, structures, and products ● Promoting disaster prevention and mitigation technology	Business profit ratio between "construction" and "de-construction"*1	60:40*1	103:-3*2	→	> Business Introduction PP.44-55
		Civil engineering Construction performance rating Building construction Customer satisfaction survey*3 Road civil engineering Construction performance rating Machinery Customer satisfaction survey	Over 80 pts/100 pts Over 80 pts/100 pts Over 80 pts/100 pts 4 or higher on a 5-point scale	81.1 points (MK) 83.1 points (ASC) 88.5 points (MK) 91.5 points (ASC)*3 81.4 points 3.8	→	
		Infrastructure management Availability indicators for infrastructure management*4	95% or more	91%		
Building a society that is conscious of the environment	● Generating electricity using renewable energy and constructing power generation facilities	Contribution of renewable energy to reducing greenhouse gas emissions in society	FY2030 1.57 million t-CO_2 FY2050 2.4 million t-CO_2	310 thousand t-CO_2	↗	> Environment PP.84-87
	● Promoting the design, construction, and manufacturing of (respectively) construction methods, equipment, and products with reduced environmental impact ● Reducing greenhouse gas emissions across the entire value chain ● Reducing the use of raw materials derived from fossil resources ● Reducing the environmental impact of manufacturing plants	Calculation of whole-life carbon*5 reduction for all design and construction projects (new construction and renovation)	100% calculation rate	100%	✓	
		Reduction of greenhouse gases Scopes 1 and 2 (compared to 2021)	45.8% reduction by 2030 Substantially zero emissions by 2050	33% reduction	↗	
		Scope 3 (compared to 2021)	25% reduction by 2030 Substantially zero emissions by 2050	18% reduction		
		Achievement of RE100	2030 RE100	82%		
	● Conserving biodiversity ● Improving the utilization rate of recycled materials to achieve zero waste ● Managing and properly disposing of hazardous substances ● Appropriately managing water resources ● Reducing harmful emissions into the atmosphere ● Managing specific chemical substances in building materials	Acquisition of certification as a site coexisting with nature	1 case or more	1 case (cumulative)	✓	
		Wood procurement volume	2,000 m³ or more	8,933 m³	✓	
		Improvement of recycling rate to reduce the amount of final waste disposal	98% or more (MK/ASC)* *Excluding items that are hazardous and cannot be recycled	95.5%	→	
		Ratio of recycled materials used in asphalt mixture	50% or more	46%	→	
		Improvement of resource productivity of key materials (steel, concrete, and asphalt)	¥25/kg or more	¥33/kg	✓	

For the full version of the materiality & KPIs, visit our website at:
https://www.infroneer.com/jp/sustainability/materiality.html (in Japanese)

*1 The business profit ratio target has been changed due to the participation of ARSOCIA CONSTRUCTION.
*2 Business profit was negative in FY2025 due to investment in start-up costs.
*3 Methods for customer satisfaction surveys differ between MK (MAEDA CORPORATION) and ASC (ARSOCIA CONSTRUCTION).
*4 Percentage of time that infrastructure is available, excluding operational (business) suspension time due to SPC reasons
*5 Greenhouse gas emissions generated throughout the entire building life cycle (from material procurement to disposal)

Materiality	Critical themes	Medium- to long-term targets/KPIs (FY2030 targets)		FY2025 results	Progress	Related pages
Strengthening value chain	● Improving public benefits for local communities/ preferential in-region procurement	Rate of local employment in SPC employees hired for concession projects operated by MAEDA CORP.*6	65.0%	65.4%	✓	
	● Promoting the design, construction/ development, and manufacturing of (respectively) construction methods, technologies, and products that save labor and contribute to efficiency on the construction site ● Promoting support for sustainability across the entire supply chain ● Strengthening collaboration with cooperating companies/strengthening supply capacities and improving productivity	Added value amount	¥334 billion by FY2027	¥272.4 billion	↗	> Financial Highlights P.90
		Number of technology development releases posted through Group synergies	Total of 20 projects from FY2024	8 cases (cumulative)	↗	
		Request rate for suppliers to comply with the Sustainability Procurement Guidelines	100%	100%	✓	> Supply Chain Management P.88
		Construction Career Up System site registration rate	100%	Registration rate of companies: 82.3% Registration rate of workers: 82.6% Registration rate of sites: 100%	→	
		Zero major accidents (four or more days of lost work time) and reduction of frequency rate	Keep frequency rate at or below 0.6 up to FY2030	Frequency rate: 0.71 (MK) 0.63 (ASC) Severity rate: 0.43 (MK) 0.41 (ASC)	-	
Value-creating human capital and mutual respect	● Improving the working environment and conditions of workers/promoting safety and health ● Accepting diversity in human capital and expanding opportunities for them to play an active role ● Preventing illegal work/forced labor (supporting foreign laborers) ● Improving understanding of human rights and preventing violations ● Enhancing and promoting education and training	Female employment rate Ratio of females in managerial positions Employment rate of persons with disabilities Female parental leave utilization rate Male parental leave or time off utilization rate	FY2027 20% 4.8% 2.8% 100% 75%	17% 3.1% 2.34% 100% 53%	→	> Human Capital Strategies P.58
		Continuous implementation of human rights due diligence		Continuously implemented	→	> Society P.88
		Group-wide training hours per person aimed at creating common understanding and synergy throughout the Group	Improvement compared with previous fiscal year	Implemented from FY2025	—	
Strengthening governance	● Strengthening governance ● Observing compliance and preventing unfair competition and corruption ● Customer privacy ● Strengthening risk management ● Network security	Outside director ratio	Majority	Outside director ratio: 85.7% (6/7)	✓	> Governance P.75
		Appointment of independent outside directors as chairpersons of the Board of Directors and of the Nominating, Compensation, and Audit Committees		Appointment	✓	
		Implementation of PDCA under a Sustainability Committee led by the President and CEO		Number of times held: 5/year	✓	
		Reduction of the number of serious legal violations to zero	0	0	→	
		Customer data breaches	0	Number of incidents discovered: 0	→	
		Operation of an effective risk management system		Implemented Risk Management Committee	→	
		Expansion of companies subject to information security governance	INFRONEER and its subsidiaries	INFRONEER and major subsidiaries: 5 Group companies conducting trials: 17 Total: 22 companies risk assessments conducted	→	

*6 Limited to SPCs that prioritize local recruitment as a priority measure



Initiatives to Improve Corporate Value

Water Infrastructure Business

Protecting Water Infrastructure Through Public-Private Partnerships

Background to Our Challenge in the Water Field

Promoting "Water PPPs" to resolve social issues

Japan's infrastructure business currently faces a serious situation. In the water field in particular, the decreasing population is resulting in decreased usage-fee income, municipalities face a shortage of technical staff, and the aging of facilities is leading to increased management fees, all of which is making sustainable operations more difficult to achieve.

To resolve such issues, it is essential to promote public-private partnership methods (PPPs and PFIs). The Japanese government has set related targets under its PPP/PFI Promotion Action Plan, and, through the utilization of water PPPs, the government is aiming to take advantage of the know-how of private business operators to increase the efficiency of operations and ensure their sustainability.

Transitioning from conventional public-private partnership methods to the concession method

Of the public-private partnership methods currently being promoted by the Japanese government, INFRONEER is focusing on the concession* method in particular. Unlike conventional methods, which involve undertaking contracted work from municipalities according to their specifications, under the concession method, private business operators work to satisfy the requirements of municipalities by managing the business income and expenses as they handle all the operation, maintenance, and management of facilities in the medium to long term. Therefore, this method makes it easier for business operators to take advantage of their ingenuity and thus offers a higher degree of business freedom. > * Concession Glossary P.94

The INFRONEER Group has received three orders for concession projects in the water field so far, and we are focusing on further reducing our costs and enhancing our operational capabilities. Compared to stadiums, arenas, etc., the water infrastructure business is especially challenging in terms of increasing income, so it is important to generate profit through comprehensive cost control and achieve sustainable operations.

In particular, the BT+concession method, which involves handling everything from water-purification-plant construction to facility operations, enables design and construction that anticipate medium- to long-term operations, and this project scheme therefore makes it easier for us to demonstrate our engineering capabilities, which is one of our strengths. The Toyohashi Water Purification Plant Concession project is the first example of this method ever being used for Japan's water supply and sewerage systems business, and this project involves comprehensive systems used to handle everything from water-purification-plant construction to operations.

"Construction" × "De-construction"

For the Toyohashi Water Purification Plant Concession, it was necessary to operate an existing water purification plant in a confined space while renewing it, so we used a water purification scheme proposed by a private business operator. By leading a consortium and using technology that offers superior space-saving performance, we successfully formulated a plan that would enable completion in 9.5 years, which was faster than the municipality's requirement of 14 years. By enabling both construction-cost reduction and stable water treatment, our proposal fully demonstrated the technical capabilities we have cultivated through contracting.

Comprehensive system × Area expansion

In July 2026, Swing joined our Group, further strengthening our comprehensive systems for handling water infrastructure business. Going forward, we will utilize this company's operation, maintenance, and management know-how as we promote more efficient water infrastructure business. > Column: Introduction to Swing Corporation P.40

INFRONEER Group's Track Record of Orders

Miotsukushi Industrial Water Concession



Client	Osaka City Waterworks Bureau
SPC	Miotsukushi Industrial Water Concession Co., Ltd.

https://www.osakakousui.com/ (in Japanese)

Miura Sewerage Concession



Client	Miura City
SPC	Miura Sewerage & Concession Co., Ltd.

https://www.miuragesuido.com/ (in Japanese)

Toyohashi Water Purification Plant Concession



Client	Aichi Prefecture
SPC	AICHI Water Co., Ltd.

https://www.infroneer.com/jp/news-article/2025/11/10/1080.html (in Japanese)

Examples of Value Creation in the Water Field

Through our concession projects, we provide stable, sustainable water-infrastructure services that are essential for the daily lives of citizens by utilizing the engineering capabilities we have cultivated over the years to apply our creativity to operations in various ways.

POINT 1 Utilizing our engineering capabilities to offer optimal options and implementation

In terms of the maintenance and management of infrastructure facilities, due to the characteristics of public services, it is necessary to make overall systems as reliable as possible and guarantee continuous operations. Therefore, the general approach is to use the manufacturer's specifications at the time of construction, which guarantee overall facility performance, as the standard and to use a management system under which cause investigation and repair requests are generally entrusted to the manufacturer when problems occur. However, under such a comprehensive management structure, there are fewer opportunities for facility managers to independently conduct technical evaluations and make decisions, which makes it a challenge to accumulate in-house engineering capabilities. As a result, even in the case of partial deterioration of facilities or minor repairs, there is a tendency for overall facility renewal to be recommended from the standpoint of guaranteeing overall system operations (which is similar to so-called vendor lock-in), and this factor can hinder cost reduction.

Through the Miotsukushi Industrial Water Concession, we are striving to address this structural issue by pursuing optimization through the establishment of a system under which business operators assume responsibility (and bear risk) related to technology and quality. By taking advantage of advanced engineering capabilities that enable business operators to properly evaluate and diagnose the deterioration situation, we are aiming to achieve a flexible approach that is not necessarily bound to the manufacturer's specifications. By enabling business operators to assume responsibility for considering and implementing the best available operations, including partial repairs and the utilization of replacement parts, it is possible to guarantee safety and reliability while also optimizing costs and increasing the service life of facilities.

Miotsukushi Industrial Water Concession initiatives



1. Advanced engineering capabilities
2. Assumption of technology and quality risks by business operators
3. Comprehensive comparative consideration of partial repairs, service life extension, renewal, and replacement
4. Cost optimization and service life extension

POINT 2 Infrastructure management based on data

Through the Miotsukushi Industrial Water Concession, we are utilizing a massive amount of pipeline and environmental data to achieve the AI-powered prediction of water leak risks, thereby efficiently narrowing down investigation target locations and increasing both the sophistication and efficiency of water leak investigations. In addition, with the "Asset Ledger AI System" developed by our Group, we can automatically link the massive amount of asset-related materials, including drawings and inspection records, possessed by municipalities to our asset ledger at the start of infrastructure management business, which has enabled us to establish an environment under which we can efficiently manage data and promptly access necessary drawings as well as past inspection and repair records when facility problems occur.

For the Toyohashi Water Purification Plant Concession, we have used our asset ledger AI system as a foundation to achieve integrated asset management, thereby centrally managing the status of facilities and equipment. Through this approach, we are increasing the accuracy of our service life extension plan and medium to long-term repair plan while also optimally allocating human capital, goods, and capital to promote efficient, sustainable infrastructure management.

> Asset Ledger AI P57

POINT 3 Introducing renewable energy

Through the Miura Sewerage Concession, we utilized the post-FIT* wind and solar power generation capabilities of Japan Wind Development, one of our Group companies, to achieve 100% renewable-energy-based sewerage facility operations starting in FY2026. Through the stable procurement of identifiable renewable energy for power plants, we are contributing to reducing the risk of electricity-price fluctuations and stabilizing the operations of sewerage business with a high public benefit. In addition, this initiative is helping Miura City to achieve its "Zero Carbon City Miura" vision in specific ways, and it is enabling us to promote decarbonization through the sewerage business, which is core infrastructure.

* Post-FIT refers to the time after FIT (Feed-In Tariff), a system under which electricity from renewable energy sources is purchased for a certain period of time at a fixed price set by the government, has ended. The purchasing period for wind power generation is 20 years.



Choshi Obama Wind Farm, which is run by Japan Wind Development (post-FIT)